

IF IT'S BROKE, FIX IT

A Report on the Money
in Municipal Campaign
Finances of 2014

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PREPARED BY
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Ontario Inc.**



=campaign fairness

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www.CampaignFairness.com

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EXECUTIVE SUMMARY

What is Campaign Fairness?

Campaign Fairness Ontario is a not-for-profit organization that traces its beginnings to 2009 and was officially formed in 2014 to raise awareness about and to advocate for banning corporate and union contributions to municipal election campaigns.

Campaign Fairness Ontario is concerned with the troubling relationship between corporate funding and election

outcomes in Ontario communities. We seek a level playing field for all municipal candidates by advocating for an end to corporate and union contributions to municipal election campaigns.

Currently Campaign Fairness is asking the Province of Ontario, and the Ministry of Municipal Affairs and Housing in particular, to ban corporate and union contributions to municipal election campaigns as part of their 2015-2016 review of the *Municipal Elections Act*.

Campaign Fairness asks that the Province of Ontario ban corporate and union contributions to municipal election campaigns to level the playing field among candidates.

What Have We Done?

POLLED 2014 CANDIDATES ABOUT CORPORATE AND UNION FUNDING

During the 2014 municipal election Campaign Fairness and the Rescue Lake Simcoe Coalition polled all candidates in the Lake Simcoe watershed.¹ There was a 70% response rate from candidates, indicating strong interest in this issue.

Seventy-nine percent of respondents pledged not to accept corporate and union contributions in their election campaigns.

Fifteen percent of respondents said they would accept corporate and union support, but many of those had strict criteria about which businesses they would accept money from. Many would not take development industry contributions.

See www.CampaignFairness.com for more poll results.

ANALYZED SOURCES OF CAMPAIGN CONTRIBUTIONS

Associate Professor of Political Science at York University, Robert MacDermid, analyzed the financial statements of Lake Simcoe watershed candidates in the 2014 Ontario municipal election.²



¹ Campaign Fairness staff and Professor Robert MacDermid analyzed the funding sources of municipal election candidates' 2014 campaigns, in 13 municipalities within or straddling the Lake Simcoe watershed boundary. Those are: Aurora, Barrie, Brock, Bradford West Gwillimbury, East Gwillimbury, Georgina, Innisfil, King, Newmarket, Orillia, Oro-Medonte, Ramara, and Whitchurch-Stouffville.

² More detail and references in sections "2014 Municipal Election Research Highlights", and "Methods and Results".

2014 RESEARCH HIGHLIGHTS

1. **Corporate funding influences the outcomes of elections.** Candidates taking contributions from the development industry were twice as likely to be elected as those who did not report such contributions.
2. **Too few citizens contribute to campaigns.** Less than half of one percent of the population contributed to a campaign. Corporations gave more money to candidates than did citizens.
3. **Money from the development industry makes up more than half of all money from corporations.** The development industry's contributions to candidates made up 54% of the total corporate donations.
4. **The development community spends more on elections where there is more development taking place.** Higher total values of construction activity for 2014 based on building permits issued were matched with high percentages of development industry contributions.
5. **More than half of the total contributions to candidates came from outside of the municipality where the candidate was campaigning.** Almost 60% of the corporate contributions to candidates came from outside the municipality where the candidate was running.
6. **The stigma of taking corporate funding may be affecting candidates' fundraising choices.** More candidates are self-funding their campaigns, perhaps due to changing values about campaign financing, or in response to public pressure or our awareness-raising campaign.



Why Ban Corporate & Union Funding?

MUNICIPAL ELECTIONS SHOULD BE FAIR FOR ALL CANDIDATES.

Candidates getting financial support from the development industry are more likely to get elected than those who don't get developer money.ⁱ **That's not fair.**

The playing field should be levelled for those candidates who prioritize the protection of the environment, natural heritage, and the concerns of the electorate over corporate interests. Allowing corporate and union donations is unfair because it allows corporations and unions to play a disproportionate role in the financing, and ultimately the election, of municipal candidates. Given the challenges Ontario faces with traffic congestion and the environmental and social impacts of poorly planned growth, the province should take steps to reduce the influence of the development community on planning decisions.

CORPORATIONS DON'T VOTE.

As long as corporate contributions are permitted, some individuals will be allowed to give in their own name and through the corporation they control as well. Corporations and unions can't run for office. They shouldn't be allowed to finance democratic political campaigns either.

CITIZEN ENGAGEMENT IN MUNICIPAL POLITICS IS ON LIFE SUPPORT – URGENT CARE NEEDED!

In the 2014 election, less than 0.20% of the population of the 13 municipalities we studied contributed an amount greater than \$100 to a candidate. Outside of candidate self-financing, 53% of the total remaining disclosed money was from corporations and 46% was from individuals (See Table 3). This low level of citizen engagement and contributions tells us that change is needed now to reverse the disinterest in and disconnection from local government.

BANNING CORPORATE CONTRIBUTIONS TO ELECTION CAMPAIGNS IS NOT RADICAL.

We want Ontario to catch up with modern election campaign financing practices applied in Canadian federal campaigns, in the City of Toronto, in municipal elections in Quebec and Manitoba, and in provincial elections in Alberta, Manitoba, Quebec, and Nova Scotia. Thirty-five percent of Canadians already vote in municipal elections where corporate and union donations are banned and nearly half (40%) of Canadians already vote in provincial elections where corporate and union donations are banned.ⁱⁱ It's time for municipal election campaign financing reform in Ontario.

✓ Canada did it ✓ Alberta ✓ Manitoba ✓ Quebec ✓ Nova Scotia ✓ Toronto did it.
IT'S TIME OTHER ONTARIO MUNICIPALITIES DID IT TOO.

2014 MUNICIPAL ELECTION RESEARCH HIGHLIGHTS

Campaign Fairness staff and Professor Robert MacDermid analyzed the funding sources of municipal election candidates' 2014 campaigns in 13 municipalities within or straddling the Lake Simcoe watershed boundary. Those are: Aurora, Barrie, Brock, Bradford West Gwillimbury, East Gwillimbury, Georgina, Innisfil, King, Newmarket, Orillia, Oro-Medonte, Ramara, and Whitchurch-Stouffville. (See map, next page.)

ANALYSIS OF CANDIDATES' FINANCIAL STATEMENTS REVEALED

1. Corporate funding influences the outcomes of elections.

One-quarter of the 297 candidates studied reported contributions from the development industry. They were twice as likely to be elected as those who did not report such contributions.

2. Citizen engagement and donations are very low.

In the 2014 election, just one person in every 650 in the 13 municipalities we studied contributed more than \$100 to a candidate. Outside of candidate self-financing, 53% of the total disclosed money donated was from corporations and 46% was from individuals other than the candidate. (See Table 5) This low level of citizen engagement reflects a disinterest and disconnection from local government.

3. Money from the development industry makes up more than half of all money from corporations.

The development industry's contributions totalled \$256,269, while the total of all other (non-development related) corporations combined was only \$219,563 (See Table 4). This means that 54% of the total corporate donations came from the development industry.

4. The development community spends more on elections where there is more development taking place.

Development industry funding is very low in municipalities with the lowest building permit totals in 2014 (Brock, Ramara, Oro-Medonte and East Gwillimbury).⁴ Development industry funding is far greater where the value of building permits is highest and where more developers have projects in the

approval process and are dependent on council decisions to realize their plans (Whitchurch-Stouffville, Barrie and Aurora) (See Table 1).

5. More than half of the total contributions to candidates came from outside of the municipality where the candidate was campaigning. Almost 60% of the corporate contributions to candidates came from outside the municipality where the candidate was running. Furthermore, 73% of all of the money from the development industry came from outside the municipality. This suggests an extraordinary level of influence on local politics by those who live elsewhere.

6. The stigma of taking corporate funding may be affecting candidates' fundraising choices. Compared with previous years studied, more winning candidates self-financed their campaigns in 2014. Winning candidates themselves made 42% of the total disclosed contributions (See Table 2), as opposed to only 21% in the 2006 municipal election.⁵ It appears that candidates would rather self-fund than answer questions about who funds them. It is significant to note that Campaign Fairness and the Rescue Lake Simcoe Coalition polled all candidates and raised awareness about this issue in the Lake Simcoe watershed in 2014. We suspect that public pressure and the visibility of campaign financing pushed many candidates to avoid corporate and union funding. Indeed, in nine other GTA municipalities where we did not run the public awareness campaign, candidates provided just 29% of the funding in 2014 (See Table 6).

Methods & Results

Research Methods

For this study, Campaign Fairness partnered with board member Robert MacDermid, a York University Associate Professor of Political Science and expert on municipal election financing. The data on election campaign contributions was collected from candidates' financial statements that were submitted to municipal clerks. These list campaign expenses, contribution totals and contributors' names (or business name), addresses and amounts for all contributions over \$100. This report analyzes the campaign contributions for all 2014 election candidates (both winners and losers) in the Lake Simcoe watershed study area.⁶

Campaign contributions were divided into five categories of contributor types. In the presentation of results, the first two categories, developer contributions and development-related contributions (described below) have been combined and labelled "development industry contributions".

⁴ Building permit totals from Ontario Ministry of Municipal Affairs and Housing Financial Information Returns filed annually by municipalities.

⁵ Only 5 municipalities in the Lake Simcoe watershed were analyzed following 2006: Barrie, Bradford West Gwillimbury, Collingwood, Innisfil, and New Tecumseth.

⁶ Campaign Fairness staff and Professor Robert MacDermid analyzed the funding sources of municipal election candidates' 2014 campaigns, in 13 municipalities within or straddling the Lake Simcoe watershed boundary. Those are: Aurora, Barrie, Brock, Bradford West Gwillimbury, East Gwillimbury, Georgina, Innisfil, King, Newmarket, Orillia, Oro-Medonte, Ramara, and Whitchurch-Stouffville.

CONTRIBUTOR TYPES

1. **Development industry contributions include developers and development-related companies.**

Developer contributions are from companies and/or individuals that derive the bulk of their business from land assembly and financing. A corporate contribution was classed as coming from a developer if that company had or has a development related application before a municipal or regional council, the Ontario Municipal Board, a local Conservation Authority or a school board, or if they could be identified as developers through their websites, through mentions in newspapers, or on the Tarion website, a home warranty program that lists participating developers. Individual contributors who could be linked to development industry companies were also included in this category.

The goal of developers is to bring land into development, redevelopment, or improvement. Few developers are large enough to carry out all the stages of development from land assembly to building completion and sale or rental, so much of the work of development, often including the financing and building, is contracted out to others described in the next category.

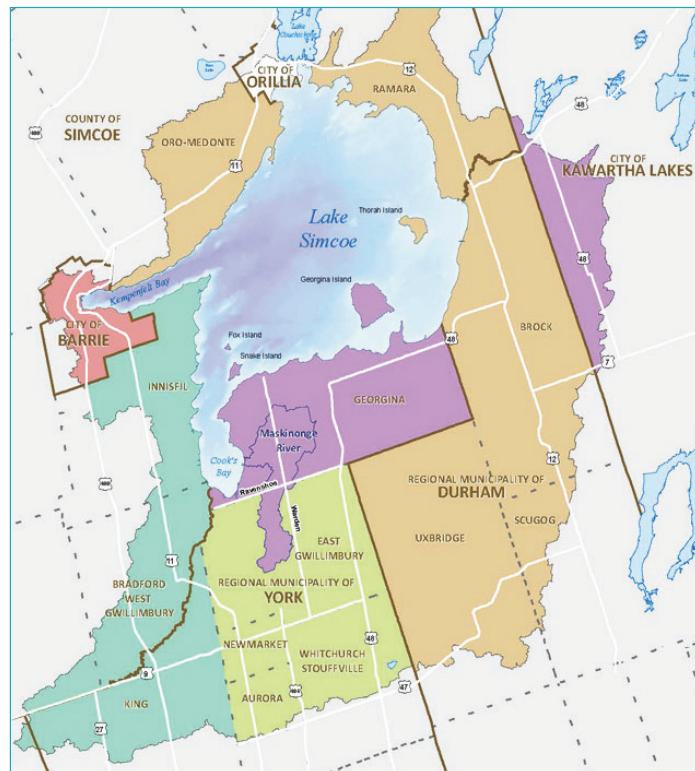
Most development companies have at least one well-known company name that is the public face of their developments⁷ but as a way of limiting liability they use complex and private multi-company structures where each development, building, or subdivision is its own corporation and ownership and control is sometimes divided amongst the extended family members. As private companies (i.e. those not traded on a stock exchange where rules require disclosure of ownership structures) it is impossible to make definite ownership links between companies; only the owners and the Canada Revenue Agency know this information. Thus there is little doubt that there are more developers in the contribution lists. However, there is enough information in development applications before local councils, in newspaper stories and the sources mentioned above to link companies with a high degree of certainty.

Development-related companies do not participate in land assembly and financing done by developers but all or most of their activities are related to development. Through the application stage, the development related industry includes planning approval consultants such as surveyors, planners, lawyers, architects, and engineers all working for the developer. In the construction phase there are contractors for site preparation, lumber framing and concrete forming, structural steel makers and erectors, plumbers, roofers, electricians, dry-wallers, bricklayers, and interior finishers. No development

could happen without building material such as concrete, brick, wood, steel, aluminum, windows, doors, gravel and so on. After completion, most development needs real estate agents, property managers or marketing companies that spin the dream of ownership and location. At the edge of the industry it is harder to judge whether a company predominately services the development industry or some other mostly unrelated sector.

2. **Other corporations** are all those not related to the development industry.
3. **Other citizens** of any age living in Ontario who are able to contribute in any municipality regardless of voting eligibility.
4. **Unions** holding bargaining rights for employees in Ontario.
5. **Candidates or their spouses** may provide unlimited amounts of money to their own campaigns.

The Lake Simcoe watershed, or basin^{viii}



⁷ For example, Fernbrook Homes for the Cortellucci group, Aspen Ridge Homes and DG Group for the Con-Drain group, and Arista Homes for the TACC group.

RESULTS: SOURCES OF CAMPAIGN FINANCE

Almost 50% of the \$1.65 million raised by contestants in the 99 races came from the candidates themselves. As Table 2 (below) shows, 48.6% of the total disclosed contributions were made by candidates or their spouses.⁸ Corporations provided just over one-quarter (27%) of the total amount but supported only 116 candidates or about 40% of those running for office. Citizens provided just less than one-quarter (24%) of all disclosed funds and gave to 136 campaigns. Unions contributed about one-half percent of all of the disclosed sums and contributed to just nine campaigns.

Table 5 breaks down the percentage of disclosed contributions from sources aside from candidate self-financing. This is an important distinction in this research because candidate self-financing made up a large part of total campaign contributions. In 8 of the 13 municipalities, money from corporations exceeded money from individuals (See Table 4), meaning that more than 60% of the municipal elections in the study area were funded by corporations to a greater extent than they were funded by the constituents. Likewise, without self-financing, development contributions are just under a third, or 29%, of all funding to winners making the development industry by far the largest single interest group on the donor lists. (See Table 3)

CANDIDATE SELF-FINANCING

Table 2 suggests a strong relationship between the size of municipalities and the importance of candidate contributions. In smaller municipalities like Brock, King, East Gwillimbury, and Ramara with fewer development pressures and less extensive citizen participation in local issues, candidates are left to fund themselves either unwillingly or in order to show that they will not favour the interests of contributors.

Candidate self-financing is much more prevalent in the 13 municipalities of the Lake Simcoe watershed study than in the 9 inner GTA municipalities found in the research below⁹ (See Tables 2 and 6): in the watershed study area, candidate self-financing represented 49% of total campaign contributions, whereas in the GTA municipalities, candidate self-financing only represented 29% of total campaign contributions. Furthermore, winning candidates' self-financing has increased significantly in Lake Simcoe municipalities between the 2006 and 2014 elections: winning candidates themselves made 42% of the total disclosed contributions in 2014 (See Table 2), as opposed to only 21% in the 2006

municipal elections.¹⁰ This indicates that in municipalities where there is an awareness or stigma around accepting corporate donations, candidates frequently chose to fund their own campaigns in order to avoid questions of loyalties.

INDIVIDUAL CITIZEN CONTRIBUTIONS

The narrowness of the base of municipal election financing is quite striking. Very few citizens gave any money to candidates. In these thirteen municipalities, just 911 individuals¹¹ made disclosed contributions greater than \$100 and the average was about \$417. Less than 0.20% of the population in the 13 municipalities gave any money to a candidate,¹² reflecting a profound disinterest and lack of connection to municipal politics and between candidates and voters.

CONTRIBUTIONS FROM CORPORATIONS

The contributions from corporations, with a few exceptions, did not come from a cross-section of corporate Canada. Most large corporations and financial institutions do not contribute to candidates for municipal office and of course may not have interests in any of the 13 municipalities in this study. The roughly 625 corporations that did contribute were largely small or mid-sized firms from municipalities in southern Ontario. Their donations averaged \$513 each, almost \$100 larger than the average contribution from individuals. When viewed without the contributions of candidates themselves, over half (53%) of all donations to the 297 municipal elections candidates came from corporations. (See Table 5)

Development Industry Contributions

As is known from previous research, the development industry is a major supporter of municipal candidates. However development is not spread equally across municipalities. Some are limited by Greenbelt and Oak Ridges Moraine constraints on developable land, while others, such as the Simcoe County municipalities, do not have the same limitations.

Our research shows, in the right-most column in Table 1, the total values of construction activity for 2014 based on permits issued for all classes of construction in each municipality in the study.¹³ Development activity varies from under \$15 million in Brock on the eastern shore of Lake Simcoe, to \$370 million in Barrie on the western shore and almost \$294 million in Aurora to the south of the lake. Neither Barrie nor Aurora fall under Greenbelt or Oak Ridges Moraine protections and are thus open for development at the discretion of the municipal councils.

Higher total values of construction activity for 2014 based on permits issued were matched with high percentages of development industry contributions. Table 4 shows that development industry funding is very low in municipalities with the lowest

8 Neither candidates nor their spouses are bound by the \$750 contribution limit. Candidate contributions can be reported as a sum paid during the campaign or as the assumption of a campaign deficit.

9 For purposes of comparison, Professor Robert MacDermid analyzed the funding sources of municipal election candidates' 2014 campaigns in 9 municipalities in the inner Greater Toronto Region. Those are: Ajax, Brampton, Markham, Mississauga, Oshawa, Pickering, Richmond Hill, Vaughan, and Whitby.

10 Only 5 municipalities in the Lake Simcoe watershed were analyzed following 2006: Barrie, Bradford West Gwillimbury, Collingwood, Innisfil, and New Tecumseth.

11 Because of misspellings and missing addresses in many cases it is impossible to determine if contributions are from the same individual.

building permit totals from 2014 (as shown in Table 1): Brock, Ramara, Oro-Medonte and East Gwillimbury. Conversely, it is far greater where the value of building permits is highest and where more developers have projects in the approval process and are dependent on council decisions to realize the business plans (Whitchurch-Stouffville, Barrie and Aurora). This is indicative of strategic donating on the part of the development industry, in the interest of funding pro-development councils in municipalities that seemed pro-development prior to the election.

Developer Contributions to Winning and Losing Candidates

Less than half of the winning candidates, 42 of 99, accepted contributions from the development industry. It is likely that some of the other winners either refused contributions from the industry, as many said that they would, or were known to be unreceptive of developer contributions and so were never offered support. Only 30 of the 198 losing candidates reported development industry contributions and many of these were defeated incumbents.

Table 3 presents the percentage of development industry contributions going to winning and losing candidates. Losing candidates, far more numerous of course than winning ones, were more likely to rely on self-funding than were the winners: losing candidates relied on self-financing for an average of 56% of their election funding, while winning candidates only relied on self-funding for 41% (See Table 3). The percentage of candidates financing from the development industry is not much different for winning and losing candidates, at 17% and 14% respectively (See Table 3). However the total sum of funding that candidates received from the development industry is very different for winning and losing candidates, at \$287,795 and \$188,036 respectively (See Table 3). But these figures obscure the fact that most candidates did not report contributions from the development industry, in fact amongst losing candidates \$58,450 of the \$115,104 in development industry donations were reported by just three candidates (See Table 3).

While Table 4 includes contributions from candidates, it is pertinent to look at the data without self-financing as well (See Table 5). When development contributions are seen in this light they are just under a third (29%) of all funding to winners and by far the largest single interest group amongst the donor lists. Moreover, because more than half of the candidates did not report industry contributions, that money was even more significant to the candidates who took it.

CONTRIBUTIONS FROM OUTSIDE MUNICIPALITIES

More than half of those who contributed to campaigns gave addresses outside the municipality where they made a contribution. Some individuals may have been able to vote in the municipality by virtue of owning or leasing real property, but many surely could not. Almost 60% of the corporate contributions to candidates came from outside the municipality where the candidate was running and 73% of all of the money from the development industry came from outside the municipality suggesting an extraordinary level of influence on local politics by those who live elsewhere.

INNER GTA COMPARISONS

Public Awareness of Candidate Funding

May Influence Fundraising

Corporate financing of municipal elections is somewhat greater in the inner GTA municipalities where Campaign Fairness and the Rescue Lake Simcoe Coalition did not raise awareness about campaign financing than in the Lake Simcoe watershed where awareness was raised. Compare 31% corporate financing in the nine inner-GTA municipalities (See Table 6), versus 27% in the Lake Simcoe study area (See Table 2). No doubt the far greater level of development activity in the inner GTA cities explains part of this difference as well. But we see a more significant difference in candidate self-financing in this comparison: 29% in the GTA area versus 49% in the Lake Simcoe area. It may be that when voters and candidates are thinking about the optics and ethics of taking corporate donations, candidates self-fund more, and take fewer corporate donations.

Contribution Rebate Programs

Table 6 shows that of the three municipalities in the inner GTA study where contribution rebate programs have been introduced (Ajax, Markham, and Vaughan), two of these municipalities (Markham and Vaughan) represent the highest percentages of citizen financing. While the average percentage of individual contributions for all 9 municipalities was 39%, individual contributions in Markham and Vaughan represented 61% and 51%, respectively, of total contributions. This indicates that while there are some exceptions, contribution rebate programs do encourage a higher rate of individual contributions, thus encouraging greater levels of citizen engagement in municipal politics.

TABLES

Table 1: 2014 Lake Simcoe study area election overview

Municipality	Number of candidates	Council size	Filing defaults ¹	Average contestants per seat	Acclamations	Incumbents/re-elected	Turnout % ²
Aurora	30	9	2	3.3		7/6	35.7%
Barrie	43	11	4	3.9	1	9/8	31.2%
Bradford West Gwillimbury	27	9	2	3.0		4/3	41.1%
Brock	20	7	1	2.9		3/1	43.7%
East Gwillimbury	13	5		2.6		4/3	39.9%
Georgina	20	7	2	2.9	1	5/2	37.5%
Innisfil	24	9	1	2.7	1	6/3	40.1%
King	15	7	1	2.1	2	7/6	32.2%
Newmarket	29	9	3	3.2		8/7	36.8%
Oro-Medonte	14	7		2.0	3	3/3	23.7%
Orillia	35	5	2	7.0		6/0	40.1%
Ramara	19	7	1	2.7		5/3	45.9%
Whitchurch-Stouffville	28	7	1	4.0		2/2	46.3%
TOTAL	317	99	20			69/47	

Municipality	Wards	Councillors	Deputy Mayor	Regional Councillor	Upper tier	2014 population ³	Total value of construction activity for 2014 based on permits issued ⁴
Aurora	1	8			York	56,200	\$294,124,097
Barrie	10	10				143,634	\$369,971,092
Bradford West Gwillimbury	7	7	1		Simcoe	33,615	\$70,662,421
Brock	5	5		1	Durham	11,700	\$14,904,637
East Gwillimbury	1	4			York	24,080	\$57,000,000
Georgina	5	5		1	York	49,700	\$78,403,980
Innisfil	7	7	1		Simcoe	34,968	\$178,056,723
King	6	6			York	19,899	\$205,414,920
Newmarket	7	7		1	York	85,744	\$69,352,864
Oro-Medonte	5	5	1		Simcoe	20,079	\$48,277,304
Orillia	4	4				30,754	\$70,978,268
Ramara	5	5	1		Simcoe	8,110	\$25,459,243
Whitchurch-Stouffville	6	6			York	44,500	\$126,000,000
TOTAL	69	79	4	3		562,983	

1. The number of candidates that did not file financial statements:

2. The Association of Ontario Municipalities 2014 Municipal elections result webpage www.amo.on.ca/election2014.aspx

3. Figures taken from the Ontario Ministry of Municipal Affairs and Housing Financial Information Returns filed annually by municipalities.

4. Building permit totals from the Ontario Ministry of Municipal Affairs and Housing Financial Information Returns filed annually by municipalities.

Table 2: Percentage contributions from different sources by municipality in 2014

Municipality	Candidate	Corporation	Individual	Union	Grand Total	Amount
Aurora	46.5%	24.7%	28.5%	0.3%	100.0%	\$171,670
Barrie	34.4%	42.4%	22.7%	0.4%	100.0%	\$233,528
Bradford West Gwillimbury	54.8%	27.6%	17.1%	0.5%	100.0%	\$154,113
Brock	80.0%	5.0%	14.7%	0.2%	100.0%	\$50,027
East Gwillimbury	81.3%	6.1%	12.6%	0.0%	100.0%	\$94,075
Georgina	36.7%	29.8%	30.1%	3.4%	100.0%	\$98,807
Innisfil	55.8%	7.3%	37.0%	0.0%	100.0%	\$105,475
King	47.5%	26.0%	26.5%	0.0%	100.0%	\$64,125
Newmarket	49.0%	24.1%	26.9%	0.0%	100.0%	\$277,947
Oro-Medonte	59.0%	18.2%	20.7%	2.0%	100.0%	\$99,783
Orillia	66.3%	27.2%	6.5%	0.0%	100.0%	\$18,371
Ramara	74.3%	15.1%	10.6%	0.0%	100.0%	\$52,406
Whitchurch-Stouffville	29.7%	46.6%	23.7%	0.0%	100.0%	\$229,185
AVERAGES & TOTALS	48.6%	27.3%	23.6%	0.5%	100.0%	\$1,649,514

Contribution Source	Winning Candidates		Losing Candidates	
	\$	%	\$	%
Candidate	\$340,925	42.4%	\$460,254	55.8%
Development industry	\$141,164	27.6%	\$115,104	14.0%
Other corporate	\$146,631	5.0%	\$72,932	8.8%
Individuals	\$192,436	6.1%	\$172,317	20.9%
Union	\$4,100	29.8%	\$3,650	0.4%
TOTAL	\$825,256	100.0%	\$824,258	100.0%

Table 3:
Lake Simcoe study area contributions to winning and losing candidates

Table 4: Monetary contributions from different sources by municipality in 2014 election

Municipality	Candidate	Dev Ind	Individual	Other Corporation	Union	Grand Total
Aurora	\$79,904	\$26,600	\$43,695	\$20,921	\$550	\$171,670
Barrie	\$80,364	\$57,850	\$52,297	\$42,017	\$1,000	\$233,528
Bradford West Gwillimbury	\$84,456	\$24,364	\$23,122	\$21,421	\$750	\$154,113
Brock	\$40,040	\$1,450	\$7,375	\$1,062	\$100	\$50,027
East Gwillimbury	\$76,502	\$2,750	\$11,094	\$3,730		\$94,075
Georgina	\$36,250	\$24,950	\$28,257	\$6,000	\$3,350	\$98,807
Innisfil	\$58,828	\$6,000	\$36,749	\$3,899		\$105,475
King	\$30,488	\$11,000	\$15,490	\$7,148		\$64,125
Newmarket	\$136,215	\$14,550	\$73,382	\$53,799		\$277,947
Oro-Medonte	\$58,899	\$900	\$20,679	\$17,305	\$2,000	\$99,783
Orillia	\$12,171	\$1,500	\$1,200	\$3,500		\$18,371
Ramara	\$38,913	\$5,500	\$5,568	\$2,425		\$52,406
Whitchurch-Stouffville	\$68,149	\$78,854	\$45,845	\$36,336		\$229,185
TOTAL	\$801,179	\$256,269	\$364,753	\$219,563	\$7,750	\$1,649,514

Table 5: Percentage of disclosed contributions from sources other than candidate self-financing in 2014

Municipality	Corporation	Individual	Unions	%	Union	Total \$
Aurora	46.2%	53.2%	0.6%	100%	\$550	\$91,765.00
Barrie	64.7%	34.7%	0.7%	100%	\$1,000	\$153,164.00
Bradford West Gwillimbury	61.1%	37.9%	1.1%	100%	\$750	\$69,658.00
Brock	25.2%	73.8%	1%	100%	\$100	\$9,987.00
East Gwillimbury	32.6%	67.4%	0%	100%		\$17,574.00
Georgina	47.1%	47.6%	5.4%	100%	\$3,350	\$62,557.00
Innisfil	16.4%	83.6%	0%	100%		\$46,648.00
King	49.5%	50.5%	0%	100%		\$33,637.00
Newmarket	47.2%	52.8%	0%	100%		\$141,732.00
Oro-Medonte	44.5%	50.6%	4.9%	100%	\$2,000	\$40,884.00
Orillia	80.6%	19.4%	0%	100%		\$6,200.00
Ramara	58.7%	41.3%	0%	100%		\$13,493.00
Whitchurch-Stouffville	66.3%	33.7%	0%	100%		\$161,036.00
TOTAL	53.1%	46%	0.9%	100%	\$7,750	\$848,334.00

Table 6: Source and amount of disclosed contributions to inner GTA region candidates in 2014

Municipality	Candidate	Corporation	Individual	Union	%	Total \$
Ajax	70.60%	4.90%	24.50%	0.00%	100.00%	\$155,187.00
Brampton	41.20%	31.50%	26.50%	0.80%	100.00%	\$1,796,232.00
Markham	23.70%	15.50%	60.70%	0.10%	100.00%	\$1,778,582.00
Mississauga	29.00%	36.80%	32.50%	1.70%	100.00%	\$1,910,553.00
Oshawa	51.70%	22.70%	23.40%	2.30%	100.00%	\$365,488.00
Pickering	21.40%	58.40%	18.70%	1.50%	100.00%	\$344,653.00
Richmond Hill	11.40%	42.20%	46.10%	0.30%	100.00%	\$570,776.00
Vaughan	11.10%	37.30%	50.80%	0.70%	100.00%	\$1,106,614.00
Whitby	45.30%	35.30%	18.60%	0.90%	100.00%	\$364,078.00
TOTAL	29.10%	31.20%	38.80%	0.90%	\$7,750	\$8,392,165.00

RELEVANT RULES OF THE MUNICIPAL ELECTIONS ACT

Recent Changes to the Municipal Elections Act

The *Municipal Elections Act* governs the rules and regulations for municipal elections across the province of Ontario. Following every municipal election, the MMAH reviews the Act to “determine if it meets the needs of Ontario communities.”ⁱⁱⁱ The review following the 2006 election resulted in some important amendments, such as ending candidates’ ability to carry forward campaign account surpluses onto their next campaign, capping total allowable contributions, and requiring municipalities to post candidates’ financial statements on their municipal websites. While these changes are progressive and improve election fairness, one key change was left out: banning corporate and union donations. Corporate and union donations are permitted under the Act, despite the fact that in 2006 the Act was amended to allow the City of Toronto to pass a bylaw to ban corporate and union donations in its own elections,^{iv} which it subsequently did.

Five Key Rules in the Municipal Elections Act that Obstruct Municipal Election Fairness in Ontario

1. Sources of campaign financing

Municipal candidates in Ontario municipalities outside the City of Toronto are allowed to raise money from corporations that carry on business in Ontario, from trade unions that hold bargaining rights for employees in Ontario, from individuals residing in any municipality in Ontario, or through the self-financing of campaigns.

There are two problems with this: the first is that this gives corporations the ability to collectively influence election results, since, according to our research, candidates receiving corporate support are more likely to get elected than those who don’t get corporate support. The second is that the owners and employees of corporations can already donate to campaigns as individuals; this allows some citizens to have greater influence on elections than citizens who can only donate as individuals.

OUR SOLUTION: Ban corporate and union contributions to municipal election campaigns.

2. Contribution rebate programs

An argument for maintaining corporate and union donations is that elections would be underfunded without corporate and union donations because citizen donations are so low. But individual citizen donations are low, in part, because there are few municipal rebate programs similar to federal and provincial political contribution tax credits. Under section 82 of the *Municipal Elections Act*, municipalities are permitted to pass a bylaw that would provide for the payment of rebates to individuals, corporations, or trade unions that made contributions to candidates for office on a municipal council.^v Ajax, Markham and Vaughan only provide rebates for individual contributors, and in Ajax and Vaughan, only to qualified voters. Markham and Vaughan enjoy significantly greater percentages of donations from individuals (61% in Markham and 51% in Vaughan) than do the other municipalities in the GTA study (39% on average).

OUR SOLUTION: Encourage support from individuals by requiring contribution rebate programs.

It would be beneficial to provide rebates only to donors from within the municipality, as Ajax, Markham, Vaughan, and Oakville do.^{vi} This will encourage candidates to ask for money from voters within municipal boundaries and keep rebate funds within the municipality.



3. Contribution limits

Each individual, corporation, and union can contribute up to \$750 to a candidate's campaign. Each individual, corporation, and union can contribute a maximum of \$5,000 in one municipality by giving to an unspecified number of candidates. These amounts include contributions of money, goods, or services. While there are strict donation limits, there is no limitation on the number of municipalities in which a donor can reach the \$5,000 limit, or on the number of candidates supported. This allows an individual, corporation or union to fund a slate of candidates in every municipality should they choose to do so. In this manner, certain wealthy donors can heavily influence the overall outcome of elections across entire regions or counties using their \$5,000 limit in each of the region's municipalities.

OUR SOLUTION: Limit contributions from any one person to \$3,000 total, for any number of candidates in the same municipality.

4. "Volunteer" labour

The value of paid volunteer time is a form of contribution to candidates' campaigns that is not reported or captured in financial statements. This should not be confused with the hours that unpaid workers on a campaign dedicate during time after the workday. The *Municipal Elections Act* allows employers, at their discretion, to pay the normal rate of compensation to an employee who volunteers to work on a campaign. The wages paid by the employer to a "volunteer" are not considered a contribution and the candidate need not consider it an expense. There is no way of knowing the extent of these contributions. It seems very likely that in the GTA region the total could be in the range of hundreds of thousands of dollars. Corporations, and particularly developers and to a lesser extent, unions, can take advantage of this provision to pay employees to work full-time or part-time on favoured candidates' campaigns.

OUR SOLUTION: Include external campaign labour under employer's contributions; include time worked on a campaign by a paid employee as part of an employer's contribution and subject to the normal limits.

Paid campaign labour should count towards a donors' contribution limit, and should be added to "services" under section 82 of the MEA.

5. Regulation and oversight

Section 94 of the MEA outlines 'general' penalties for individuals, corporations, or unions who contravene the Act. While this guides compliance with campaign finance rules, the Act provides few resources for municipalities to enforce these rules. Municipal clerks ensure that campaign financial statements are filed on time, but do not have the authority to ensure that they are properly completed. Section 81 of the MEA allows for "compliance audit applications;" a system allowing electors the ability to apply for a compliance audit of any candidate's election campaign finances in a brief time-window following the filing deadline. An audit is only performed if the city appointed Audit Committee calls for one. This results in flaunting of the election campaign rules by many candidates. For example, 6.3% of the 317 candidates in the 2014 election did not file statements and as such could not be included in this study; and of those candidates who did file financial statements, many were incomplete or incorrect.

OUR SOLUTION: Improve regulation and oversight by including a section in the *Municipal Elections Act* that gives the municipal clerk's office the responsibility to review candidate financial statements for completeness, and require revisions if improperly filed.

In combination these rules give a considerable advantage to wealthier interests – i.e., donors affluent enough to donate in numerous municipal ridings. Often these wealthier interests fund campaigns in municipalities outside of their own municipality, resulting in undue influence from outside interests on councils that should be focused on their constituents' interests.

THE RESULT: Unfair election campaigns that give candidates supported by corporate interests an advantage over those who are not.

i. Robert MacDermid, *Funding City Politics*, 2009, 15.
ii. Statistics Canada, Demographic Populations, Canada, www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo02a-eng.html, (accessed 15 February, 2016)
iii. Ontario Ministry of Municipal Affairs and Housing, *Municipal Elections Act Review*, www.mah.gov.on.ca/page11112.aspx, (accessed 20 February, 2016).

iv. Ontario *Municipal Elections Act*, 1996. section 70.1. www.ontario.ca/laws/statute/96m32
v. Ontario *Municipal Elections Act*, 1996. section 82. www.ontario.ca/laws/statute/96m32

CONCLUSIONS

MUNICIPAL ELECTIONS ARE UNFAIR

The aim of this research is to promote a level playing field for all candidates running in elections. All candidates, including those who prioritize the interests of the electorate and of the environmental and natural heritage of their municipality, should have a fair chance at winning their seat. A level playing field can only be achieved through elections that do not allow influence or participation by any corporation or union of any type and instead encourage increased participation of the electorate.

Our research found that candidate self-funding is up, compared to previous years, perhaps in response to public pressure not to accept corporate money. But when campaign self-funding is removed, corporate money represents more than half (53%) of the 2014 contribution totals (See Table 5), more than individual citizens' donations. The problem is that corporate-funded candidates are more likely to win, and that's not fair.

Donations from the development industry, the largest single interest group on the donor lists, are made strategically. Developers are more likely to donate to candidates in municipalities where building permit totals are highest. Since corporate-funded candidates are more likely to win, it follows that the development industry influences the results of the elections, which determine

the composition of councils. This suggests that councils are being unfairly stacked in the favour of the development industry; that's not good for democracy either.

The flip side of high corporate contributions is low individual contributions. Less than 0.20% of the population in the 13 Lake Simcoe watershed municipalities studied made a contribution to a municipal campaign during the 2014 election period. This does not make for a democratically-funded election.

What's promising is that candidates themselves have begun to recognize that corporate donations are an unfair, undemocratic part of municipal elections and the stigma associated with this may be affecting their fundraising choices. The fact that winning candidates in 2014 self-funded twice as much as they did in 2006 indicates that candidates would rather self-fund than have ambiguity about their trustworthiness.

CHANGE IS NEEDED

True democracy requires engaged and informed citizens. Unless the *Municipal Elections Act* is amended to ban corporate and union donations, municipal elections will not be held on a level playing field for all candidates. The time for reform is now.

RECOMMENDATIONS

Campaign Fairness makes the following recommendations for reforming the *Municipal Elections Act* to the Ministry of Municipal Affairs and Housing and to the Government of Ontario:

- ✓ Ban corporate and union contributions to municipal election campaigns; encourage support from individuals by requiring contribution rebate programs;
- ✓ Limit contributions from any one person to \$3,000 total, for any number of candidates in the same municipality;

- ✓ Include external campaign labour under an employer's contributions; include time worked on a campaign by a paid employee as part of an employer's contribution and subject to the normal limits;
- ✓ Improve regulation and oversight by including a section in the *Municipal Elections Act* that gives the municipal clerk's office the responsibility to review candidate financial statements for completeness, and require revisions if improperly filed.

YORK UNIVERSITY POLITICAL SCIENCE PROFESSOR ROBERT MACDERMID, EXPLAINS WHY CORPORATIONS AND UNIONS HAVE NO PLACE IN ELECTION CAMPAIGNS:

"Corporations cannot vote or run for office, they are not citizens and do not hold the rights of citizens. They should not be allowed to participate in electoral politics by contributing to candidate campaigns. Moreover, allowing citizens who own or control corporations to give once in their own name and again in the name of a company or companies is blatantly unfair. In a campaign finance system with limits on the size of contributions, this permits some citizens the opportunity to give two or more times as much as other citizens who do not own or control corporations."^{vii}

vi. CBC News, Toronto to pay roughly \$4.8M in rebates to political donors, www.cbc.ca/news/canada/toronto/toronto-to-pay-roughly-4-8m-in-rebates-to-political-donors-1.2604276, (accessed 20 February, 2016).

vii. Robert Macdermid, *Funding City Politics*, 2009, 42.

viii. Lake Simcoe Watershed Map: Lake Simcoe Region Conservation Authority, www.lsrc.ca/leap/contact.php

WHO ARE WE?

Board

David Donnelly is one of Canada's leading environmental lawyers and an award-winning advocate for smart growth. He has represented public interest groups and ratepayers in some of Ontario's key environmental battles. David has a law degree from the University of Windsor and a Master's degree in Environmental Studies (Urban and Regional Planning) from York University.

Robert Eisenberg is the co-founder and president of Campaign Fairness Ontario Inc., a founding partner of York Heritage Properties, and a Director at Environmental Defence, among many other charitable involvements. He has received numerous professional awards for supporting heritage communities and buildings, for architectural restoration, and for leadership in community development.

Jack Gibbons is the Chair of the North Gwillimbury Forest Alliance and the Chair of the Ontario Clean Air Alliance.

Robert MacDermid is an Associate Professor of Political Science at York University and an expert on municipal campaign financing and elections in Ontario.

Staff

Jenny Lugar is a Master's student at York University, pursuing a degree in Environmental Studies (Urban and Regional Planning). She holds a BA in History and English from Acadia University.

Claire Malcolmson is the manager of Campaign Fairness, and has worked in the environmental sector since 2001. She holds a BA in Anthropology from the University of Victoria and a Masters in Planning and Environmental Studies from York University.

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