



Hamilton

# INFORMATION REPORT

**CITY WIDE  
IMPLICATIONS**

<b>To:</b>	Chair and Members Audit and Administration Committee		
	Outstanding Business Item: Referred from Council on February 25, 2009 Audit and Administration Committee Outstanding Business Item M		
<b>From:</b>	Kevin C. Christenson City Clerk Corporate Services	<b>Telephone:</b> <b>Facsimile:</b> <b>E-mail:</b>	905 546-2728 905 546-2095 kevin.christenson@hamilton.ca
<b>Date:</b>	May 15, 2009		
<b>Re:</b>	<b>Trade Union Contributions to Municipal Election Campaigns (CL09004) (City Wide)</b>		

## **Council Direction:**

At its meeting of February 25, 2009, Council directed staff to report back on correspondence from the Town of Ajax respecting authority to prohibit corporate and trade union contributions to municipal election campaigns.

## **Information:**

Currently the *Municipal Elections Act, 1996* only allows the City of Toronto to pass a by-law prohibiting donations from a corporation that carries on business in Ontario, or a trade union that holds bargaining rights for employees in Ontario.

For the City of Hamilton to have the same legislative authority, with regard to corporate and trade union donations, City Council would need to petition the Minister of Municipal Affairs and Housing to amend the *Municipal Elections Act, 1996*.

The issue of corporations and trade unions donating to municipal campaigns has been a contentious and debated subject for many years.

Historically corporations and trade unions have donated significantly more to incumbent candidates than other candidates.

In the 2006 City of Hamilton municipal election \$766,923 were donated to candidates running for office on City Council. The following chart breaks down the donations by incumbents and other candidates, as well as those who donated;

	Corporation	Trade Unions	Individuals	Self Financed	\$100.00 or less
Incumbents	\$252,636	\$24,275	\$121,903	\$17,231	\$35,016
Other Candidates	\$75,877	\$14,637	\$77,941	\$98,996	\$48,456
Totals	\$328,513	\$38,912	\$199,844	\$116,227	\$83,472

This chart shows that 76.9% of all corporate donations and 62.4% of trade union donations went to incumbents. Additionally 85.1% of non incumbent candidates gave partial or full funding to their campaigns out of their personal resources.

Of the 33 non incumbent candidates that raised funds from the 2006 municipal election, 5 were elected to Council. These 5 ranked 1, 2, 3, 11 and 13 in funds raised. Although representing only 15% of the non incumbent candidates they accounted for 37.6% of the corporate donations and 52.5% of the trade union donations to these candidates.

Although not identical with other Ontario municipalities, the imbalance of donations from corporations and trade unions is similar.

Those arguing for the ban of corporate and trade union donations believe that:

- (1) It can create the perception that these donations influence the political process and bring into question the fairness and transparency of the process.
- (2) The name recognition of incumbent candidates, either through print media coverage, their ability to distribute municipally funded newsletters to their constituents, or televised council meetings provides them with a benefit not available to other candidates.
- (3) A corporation, trade union or individual may donate to as many candidates as they choose. Due to their resources a company would have a greater opportunity to contribute to numerous candidates.
- (4) Owners of corporations may also donate to campaigns, in addition to the donations of their companies. This creates an unlevelled playing field as the average individual may only be able to contribute to one candidate, and in all probability not at the \$750.00 level. This could be viewed as contravening the donation limit by allowing an owner to donate from his/her business and from his/her personal funds as well.
- (5) It is difficult to determine the ownership of some companies and their associated companies. This makes the ability to enforce campaign contribution limits difficult to ascertain.

Those in favour of maintaining the current process feel that:

- (1) Corporations pay taxes on their businesses and they should have the opportunity to contribute to those candidates that believe in the same programs and principles as they do.
- (2) Donations by individuals are no less influential than those of corporations and trade unions. If you want a park, speed bump or other neighbourhood program you are going to donate to the candidate most likely to bring that program or service to you.
- (3) Compared to federal or provincial elections municipal elections currently receive limited exposure. The main reason is a lack of a political party machine driving the process. By restricting corporate and trade union donations it will make it more difficult to raise funds, thus reducing the opportunities for candidates to get their message across to the electorate.
- (4) By eliminating corporate and trade union donations candidates will be required to provide more of their own funds for campaigns, which will give an unfair advantage to the wealthy.

City Councils, candidates and the general public continue to debate this controversial issue. The Province of Ontario has solely granted the City of Toronto the authority to pass a by-law to implement a ban on these donations. There has been no direction that the *Municipal Elections Act, 1996* will be amended to add other municipalities for the 2010 Municipal Election.

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Kevin C. Christenson  
City Clerk  
Corporate Services

**Rebate Calculations for Participating Municipalities**

	Minimum Contribution for Rebate	Formula One	Formula Two	Maximum rebate per Individual	Candidates and Spouses Eligible	Corporations and Trade Unions Eligible	Campaign Surplus to Municipality	2003 Rebates Paid	2006 Rebates Paid	% Increase or Decrease
Ajax	\$25.00	Contribution between \$25.00 and \$75.00, rebate is 75%	Contribution greater than \$100.00, rebate is \$75.00 plus 50% of the difference between the total contribution and \$100.00	\$150.00	No	No	No	\$18,000	\$16,364	-9%
Markham	\$50.00	Contribution \$300.00 or less, rebate is 75%	Contribution greater than \$300.00, rebate is 75% of \$300.00 plus 50% of the difference between the total contribution and \$300.00	\$350.00	Yes	No	Yes	\$149,700	\$368,435	146%
Oakville	\$25.00	Contribution of \$25.00 or more, rebate is 50%	NA	\$200.00	No	No	Yes	\$19,205	\$25,008	30%
Ottawa	\$50.00	Contribution between \$50.00 and \$150.00, rebate is 75%	Contribution greater than \$150.00, rebate is 75% of \$150.00 plus 50% of the difference between the total contribution and \$150.00	\$187.50	No	No	Yes	\$155,440	\$503,322	224%
Toronto	\$25.00	Contribution \$300.00 or less, rebate is 75%, Contribution greater than \$300.00 but not more than \$1,000.00, rebate is \$225.00 plus 50% of the difference between the total contribution and \$300.00	Contribution greater than \$1,000.00 rebate is lesser of \$575.00 plus 33 1/3 %of the difference between the contribution and \$1,000.00 or \$1,000.00	\$1,000.00	Yes	No	Yes	\$3,200,000	\$2,116,000	-34%
Winnipeg	\$25.00	Contribution \$300.00 or less, rebate is 75%, Contribution greater than \$300.00 but not more than \$1,000.00, rebate is \$225.00 plus 50% of the difference between the total contribution and \$300.00	Contribution greater than \$1,000.00 rebate is lesser of \$575.00 plus 33 1/3 %of the difference between the contribution and \$1,000.00 or \$1,000.00	\$1,000.00	Yes	No	No	Not Available	Not Available	Not Available