

Background

for Proposed Policies from the CivicCamp Governance Group

September 8, 2010

CivicCamp Campaign Finance Reform Policy

Principle #1

Campaign contribution limits from individuals and organizations and any subsidiaries thereof: \$2,000 limit for aldermanic campaigns and \$3,500 for mayoral.

Background

These amounts are considered reasonable because of the importance of encouraging broader participation in the electoral process and reducing the reliance of candidates on a few major contributors. These limits are generally lower than current federal, provincial, and municipal requirements (Table 1).

The limits would apply to any money, personal property, real property, or service that is provided to or for the benefit of a candidate or the candidate's election campaign without fair market value compensation from that candidate but does not include services provided by a volunteer who voluntarily performs the services and receives no compensation, directly or indirectly, in relation to the services or time spent providing the services.¹

The inclusion of organizations' subsidiaries is similar to the current provisions of the [Local Authorities Election Act](#) (s. 147.1(1)).

Sources

Elections Canada, [Election Handbook for Candidates, Their Official Agents and Auditors](#)

Government of Alberta, "[Contributor Search](#)"

Government of Alberta, [Local Authorities Election Act](#)

¹ Government of Alberta, [Local Authorities Election Act](#), s. 147.1(1)(a)

Table 1	
Examples of Current Federal, Provincial, and Municipal Political Contribution Limits	
Federal	<p>Individuals</p> <p>Annual limit: \$2,200 (\$1,100 to each registered political party and \$1,100 in total to a candidate or other entities of each registered political party)</p> <p>Candidate's contribution: An additional \$1,000 per election for nomination and election campaigns</p> <p>No indirect contributions</p> <p>No cash contributions greater than \$20</p> <p>Restrictions on accepting gifts and other advantages</p>
Provincial - Alberta	<p>Individuals and Corporations, Trade Unions, and Professional Associations Operating in Alberta</p> <p>Annual limits: \$15,000 to each registered party and \$1,000 to a registered constituency association up to a total maximum of \$5,000 to registered constituency associations</p> <p>Campaign limits: \$30,000 to each registered party less money contributed during the remainder of the year and \$2,000 to any registered candidate up to a total maximum of \$10,000 to candidates of each party.</p> <p>Other restrictions and special rules for senatorial campaigns apply.</p>
Municipal - Alberta	<p>Individuals and Corporations, Trade Unions, and Employee Organizations Operating in Alberta</p> <p>Annual limits: \$5,000 to each candidate</p> <p>Money paid by a candidate: \$10,000 during any campaign period (three years for a general election)</p>

Principle #2

Total limits on spending at \$0.75 per ward resident for aldermanic and mayoral campaigns. Population figures to be determined by the most recent City of Calgary census data.

Background

These limits are consistent with average expenditures during Calgary's 2007 City Council races.

Analysis

During Calgary's 2007 election for mayor and aldermen, there was wide variation in how much money individual candidates spent. Despite this variation, based on mean and median expenditures, a range of \$30,000 to \$60,000 is a good estimate of the reasonable cost of running an aldermanic campaign in 2007 (Table 2). This is particularly true for tight aldermanic races, those in which the winner did not receive a majority of votes.

Adjusting for Alberta's inflation rate, this range for aldermanic candidates would today be between \$32,000 and \$65,000. This means, city-wide, average expenditures of 42¢ to 85¢ per resident based

on the 2009 population. Because of the variation in population among wards, it is estimated the limits for individual candidate expenditures would be between \$27,000 and \$74,000 (Table 3).

There is too small of a sample and too much variation to reliably identify a range of expenditures for the 2007 race for mayor. However, looking at the averages for the top three candidates, a limit of between 70¢ and 80¢ per resident would appear to be reasonable.

Methodology

Currently, there are not reliable, publicly-available estimates of the reasonable cost of running a campaign for mayor or alderman in Calgary. The expenditures from the 2007 municipal election can, though, give us a sense of what it takes to finance a campaign.

Data on the 2007 expenditures of candidates for mayor and aldermen are available from the City of Calgary – as submitted by the candidates. Expenditures include money spent on pre-election fundraising and on the election campaign itself.

There is too small of a sample and too much variation among expenditures by mayoral candidates to reliably identify a range of expenditures.

The expenditures by aldermanic candidates vary widely, with much of the variation due to four candidates (among 42) who spent over \$100,000. Using a combination of mean, median, minimum, and maximum expenditures is the better statistical option in that situation.

The expenditures by all aldermanic candidates were calculated and, to account for different circumstances, calculations were also made for:

- Candidates who received more than 5% of the vote
- Candidates who won by acclamation
- Candidates who won their races
- Candidates who were involved in tight races, that is, races in which the winner did not receive a majority of votes.

To estimate the potential for candidates to reduce non-essential expenditures, calculations were also made of expenditures after subtracting spending on:

- food, beverages, and entertainment
- pre-election fundraising functions, that is, limiting expenditures to actual campaign spending.

This does not, of course, mean that all those expenditures are non-essential nor does it mean that other expenditures would not fall within the category of non-essential.

Sources

City of Calgary, [2007 Disclosure of Candidate Campaign Contributions](#)

City of Calgary, [2009 Civic Census Summary](#)

City of Calgary, [2009 Population and Dwelling Count by Voting Subdivision](#)

City of Calgary, [2010 October Ward Boundaries](#)

City of Calgary, [Population Comparisons by Community and Structure Type](#)

Statistics Canada, [“Consumer price index, historical summary, by province or territory”](#)

Table 2: Summary of Overall 2007 Election Campaign Expenses: Calgary City Council

	All Expenses (\$)				All Expenses Less FBE (\$)				Campaign Expenses Only				N
	Mean	Median	Minimum	Maximum	Mean	Median	Minimum	Maximum	Mean	Median	Minimum	Maximum	
Mayor's Race													
All candidates	370,648	-	568	1,545,021	337,681	-	568	1,531,476	329,808	-	0	1,531,476	7
Candidates with more than 5% of the vote city-wide	863,355	-	29,374	1,545,021	786,433	-	29,374	1,531,476	768,608	-	29,374	1,545,021	3
Aldermanic Races													
All candidates	40,356	20,110	100	215,875	32,176	17,818	100	211,407	28,931	16,926	100	185,975	42
Candidates with more than 5% of the vote in the ward	46,898	30,884	100	215,875	37,355	24,116	100	211,407	33,569	22,245	100	185,975	36
Acclaimed candidates	50,665	-	35,539	65,791	34,091	-	23,509	44,674	32,705	-	17,274	48,137	2
Winners	70,814	53,598	5,261	215,875	58,777	39,526	5,261	211,407	48,022	35,633	5,261	185,975	14
Tight races	55,300	31,650	1,146	202,432	43,531	30,119	1,146	179,297	45,510	31,650	1,146	185,975	17
Tight races: Candidates with more than 5% of the vote in the ward	62,437	38,207	2,460	202,432	49,099	36,482	2,460	179,297	51,342	38,207	2,460	185,975	15

All expenses = Fundraising and campaign expenses

FBE = Food, beverages, and entertainment

Tight races = Races where the winner did not receive a majority of the votes.

"-" = Insufficient number of candidates to calculate a meaningful statistic

Extremely small sample size

Table 3

**Estimated
Ward Campaign Spending Limits (\$) @ 42¢ and 85¢ per resident**

Ward	Campaign Spending Limit		Ward	Campaign Spending Limit	
	@ 42¢ per resident	@ 85¢ per resident		@ 42¢ per resident	@ 85¢ per resident
1	34,866	70,562	8	32,573	65,921
2	28,698	58,079	9	30,799	62,331
3	34,090	68,991	10	31,055	62,849
4	36,371	73,607	11	32,779	66,339
5	33,164	67,119	12	26,921	54,483
6	31,062	62,863	13	33,309	67,410
7	32,628	66,032	14	29,177	59,050

Based on 2009 population calculated with 2010 ward boundaries.

Principle #3

Campaign surplus options:

- a. to be given to the City of Calgary to fund voter awareness and campaign monitoring and compliance efforts; or
- b. donated to a registered charity.

Background

It is inappropriate for candidates to keep money leftover after their campaign expenses have been paid. They should not benefit personally from what is an effort by contributors to encourage what they feel is in the public interest.

Instead, surplus campaign contributions should be used to promote initiatives that provide a public benefit. As a result, it was decided that surplus contributions should be donated to a registered charity or charities, chosen by the candidate, or given to the City to assist with future elections.

The [Local Authorities Election Act](#) (s. 147.5) currently requires that a campaign surplus over \$500 be paid to the municipality to be held in trust and returned to the candidate with interest if he or she files nomination papers for the next election. When a candidate chooses not to run in the next election, the money and interest will be donated to a registered charity as directed by the candidate. If no direction is provided, the money and interest becomes the property of the municipality.

Compared to the current requirements, the principle provided here reduces the administrative burden on municipalities, levels the playing field for the next election, specifies that a municipality must use the money to benefit the electoral process, and allows a candidate an affirmative choice in providing money to the municipality.

It is recognized that a donation to a registered charity can be used reduce income tax. It was felt the benefit from assisting the work of charitable organizations would outweigh any personal benefit a candidate might receive.

Principle #4

Immediate disclosure of contributions:

- a. Within two business days of the contribution it shall be posted on the candidate's website. No contributions will be allowed during the final two days of the election campaign.
- b. No anonymous contributions or contributions from numbered companies shall be permitted.

Background

It is important that voters know who is contributing to a candidate prior to and during the election campaign, not afterwards. In addition to promoting transparency and accountability, this will give voters additional insight into which sectors of society favour the candidate or vice versa.

With today's technology, it is entirely feasible for candidates to provide information on current contributions within a two-day period. It is also expected that most candidates will have a website on which contributions can be posted.

To ensure full transparency during the election campaign, no contributions should be allowed during the final two days of the campaign.

To ensure transparency that is both timely and convenient for voters, anonymous contributions should not be accepted. Contributions from numbered companies should also not be allowed unless the commercial entities it operates and/or is accountable to are clearly identified.

Principle #5

Calendar year limit: Contributions are only to be solicited and received during the calendar year of the election.²

Background

There should be limits on when candidates can solicit and receive contributions. This will:

- reduce the pressure on incumbents to divert time and energy away from civic affairs and their personal lives
- provide a safeguard against people trying to use contributions to influence or reward decisions on specific issues.

Limiting contributions to the year of the municipal election will provide sufficient time for candidates to raise money both prior to the election or afterwards if the campaign incurs a deficit. Disclosure of post-election contributions would be required according to the 4th principle.

Principle #6

Tax consequences: Create tax parity between contributions from individuals and contributions from organizations for municipal elections.

Background

Unlike political contributions at the federal and provincial levels, contributions by individuals to municipal election candidates and campaigns are not eligible for a tax credit. Donations by corporations and other organizations, though, can be included as an expense when calculating taxes and other government levies and requesting financial assistance. There is a need for parity between both types of contribution.

CivicCamp Financial Disclosure Policy

Principle #1

A mandatory **registry** will be established of all financial interests (assets and liabilities) including real estate holdings, of candidates for municipal office and the Mayor, aldermen, and immediate family members.

Background

A registry of financial interests will provide a safeguard to ensure that candidates, if elected, will

² The [Local Authorities Election Act](#) (s. 147.1(1)(c)(i) & 147.2) currently allows a three-year "campaign period" for a candidate's own contributions towards a general election and an unlimited period (with annual limits) for contributions from others.

- carry out their powers, duties and functions with impartiality and dignity, recognizing that the function of council members is, at all times, service to their community and the public³
- do not use their position to secure privileges, favours or advantages for themselves, or any other person.⁴

It is essential that such a registry be mandatory to provide a level playing field for all candidates and elected officials.

Analysis

Current provincial and City of Calgary policies on ethics, conduct, and conflict of interest were reviewed.

It is clear the intent and expectation of the policies are to ensure that all financial interests are considered and all potential conflicts eliminated when public officials make decisions and act on behalf of the City.

Current policies place the burden for identifying and resolving conflicts of interest on the individual. A well-defined, public data base does not exist to assist both Council members and Calgarians in identifying and resolving conflicts of interest.

Definitions

Financial interest: Something which could monetarily affect the candidate, an immediate family member, an employer of the candidate or immediate family member, or a business in which the candidate or immediate family member has an interest.⁵

Immediate family member: An immediate family member is a husband, wife, child, parent, brother, sister, parent-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, domestic partner, common law spouse, or any person with a similar relationship developed through foster care, re-marriage, or other change in household composition⁶

Privileges, favours or advantages: Includes but is not limited to money, property, gifts, and such items as meals, beverages, invitations to social or recreational outings, accommodation and travel.⁷

Sources

Alberta Government, [Municipal Government Act](#)

Alberta Municipal Affairs, [Municipal Councillors' Guidelines for Conflict of Interest](#), 2010

City of Calgary, [Conflict of Interest Policy](#), Policy Number HR-LR-004, 2004

City of Calgary, [Ethical Guidelines of Conduct for Members of Council](#), Policy Number CC028, 2008.

City of Calgary, [Personal and Corporate Gifts Policy](#), Policy Number CC021, 1992

³ City of Calgary, [Ethical Guidelines of Conduct for Members of Council](#), p. 1

⁴ City of Calgary, [Ethical Guidelines of Conduct for Members of Council](#), p. 2

⁵ Based on the definition of "pecuniary interest" in the [Municipal Government Act](#), s. 170

⁶ Based on the definition of "relative" in the City of Calgary's [Conflict of Interest Policy](#), p. 3

⁷ Based on the definition of "gifts, favors and services" in the City of Calgary's [Conflict of Interest Policy](#), p. 3