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# FAST FACTS

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## The Need for Municipal Campaign Finance Reform

**D**uring the 2004 U.S. presidential election campaign, the two main contenders spent a combined \$655 million in their bid for the job. The use of such tremendous resources has not gone unnoticed by the citizenry on either side of the border, who are increasingly questioning the influence that large corporations, unions and other interest groups may be gaining with politicians when they donate such sums.

While the \$148,600 spent by current Winnipeg Mayor Sam Katz in his 2006 bid may seem to pale in comparison, there is still cause for enquiry and concern. In a smaller pond the big fish can more easily make waves.

Winnipeg needs to have a debate about legislation dealing with campaign financing. Such legislation should at the very least enforce a few basic rules. For example, limits on campaign expenses should be enforced to enhance accessibility, so that running for office is not reserved for the wealthy. Limits on contributions should ensure that donations are made ethically, and not with the aim of gaining favour with decision makers. Full disclosure of campaign financing is necessary to reverse the trend of cynicism among the electorate.

Cities across Western Canada have varying ways of enforcing (or ignoring) these very basic rules. In Winnipeg, there is a contribution limit of \$1500 for

candidates seeking the office of Mayor and \$750 for prospective Councillors. A spending limit is in place for the campaign period and works out to \$0.30 per elector for the Mayoral race and \$0.75 per elector for candidates for Council, adjusted for inflation. The name and address is required for all donors who contribute \$250 or more, and anonymous donations are not permitted.

Calgary's campaign financing laws are among the most lax of major cities, and along with Vancouver, limits to contributions or spending during campaigns are nonexistent. However, Vancouver does have, at least on paper, more progressive rules related to transparency than Winnipeg. Moreover, Vancouver forces 'numbered' corporations (those without proper names) to submit the names of two 'principal members.' In Winnipeg a serious loophole exists surrounding this type of corporation since they are anonymous, with only an address to identify them, and because there are no rules concerning corporations that are subsidiaries or in some other way related to a numbered corporation.

In both Calgary and Vancouver however, there have been serious rumblings for drastic campaign finance reform. One of the amendments brought before Vancouver City Council last year was an outright ban on donations from corporations and unions. The City of Winnipeg should seriously consider this amendment as well.



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## *FAST FACTS continued ...*

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To get a sense of just how active corporations and unions have been in the city's municipal election, a group of concerned citizens examined the financial statements of the Mayor and his Council from their 2006 campaigns. Since only the records of contributions of \$250 or more are made public, the following analysis will be somewhat incomplete. Although it is the larger donors we are most concerned with, looking only at these estimates will understate the total dollar value of donations by organizations. It should be noted that there are no limits on total contributions by an individual entity during a campaign, and that a donor who gave \$100 to seven candidates is not reported publicly, while one who gave a single \$700 contribution is. To get an idea of the scale involved, total donations to the current mayor and 15 members of Council in the 2006 campaign period amounted to \$457,263.11, excluding donations in kind of nearly \$30,000.

Overall, for the Mayor and 15 Councillors elected in 2006, contributions of \$250 or more by businesses and unions made up 30 percent of total contributions and 55 percent of donations of \$250 and up. The proportion of total contributions made by these donors varied greatly between Councillors, however. For the Mayor, business and union donations of \$250 or more constituted 49 percent of total donations received, and for Councillors the proportion ranged from 8 percent to 42 percent.

What is of more concern is the amount laid out by only a handful of corporations that managed to donate heavily in the face of the contribution limits imposed. For the 15 Councillors, the four largest donors made up over 12 percent of all contributions of \$250 and up. Including contributions to the Mayor, these four donors provided over 5 percent of *all* donations received. That total could be higher if there are smaller, unrecorded donations given by these same firms. It is not necessarily the case that Council can be

bought, but perhaps some donors think differently. One Winnipeg-based corporation (and its CEO) which hopes to secure an upcoming \$7 million subsidy from the City donated a total of \$10,250 to seven Councillors and the Mayor. This does not include donations made by the same firm to at least two losing candidates.

Opponents of campaign finance reform will claim that any ban on such largesse by the wealthier entities of society restricts freedom of speech and political expression.

However, it takes great credulity to assume that the largest donors are simply expressing their political will and showing support for the most competent candidate. One reason is the type of corporation that donates is not exactly representative. Donors from the construction, real-estate and development industries are by far the most generous of corporate contributors. Are we to assume that these groups are simply the most politically active? Or do they hope that more immediate gains are on the way? One current member of Council received \$8300 from 12 businesses in the construction and development industry (considering only recorded donations of \$250 and up). This industry accounted for 55 percent of the Councillor's contributions of \$250 and up, and at least 23 percent of his total contributions received.

Winnipeg has a chance to become a leader among Canadian cities by enacting an outright ban on donations from corporations, unions and other organizations. The province of Manitoba has already amended its election finance legislation so that only *individuals* residing in Manitoba may donate. Following this example would be one step toward restoring citizens' confidence in City Hall, and with a voter turnout of only 38.2 percent in 2006, we cannot afford to wait any longer.

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