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**SPS Communiqués are brief articles that deal with a singular public policy issue and are intended to provide the reader with a focused, concise critical analysis of a specific policy issue.**

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The University of Calgary is home to scholars in 16 faculties (offering more than 80 academic programs) and 36 Research Institutes and Centres including The School of Policy Studies. Supported by more than 100 academics and researchers, the work of The School of Policy Studies and its students contributes to a more meaningful and informed public debate on fiscal, social, energy, environmental and international issues to improve Canada's and Alberta's economic and social performance.

## Regulating Election Finances in Calgary's Municipal Elections

**Lisa Young**

Businesses in Calgary are not allowed to contribute so much as a dollar to the campaigns of candidates running for federal office or to any national political parties. Individuals may make a donation to federal candidates, but the amount cannot exceed \$1,100; candidates and political parties are also limited in the amount they can spend during an election. After the election, candidates must transfer any surplus funds to a registered party association, where the money will be used for partisan political purposes and is publicly accounted for.

But the amount that businesses can give to candidates running for mayor or alderman in Calgary is unlimited. Local candidates may spend as much money as they raise. And if any money is left over, candidates may do as they please with it: they can save it for the next election, give it to charity, or go on a vacation. There are no rules, and no requirement that they tell us how the money is spent.

The contrast between strict rules at the federal level and the absence of rules locally is troubling. The decisions municipal politicians make arguably are more immediately important to Calgarians' quality of life than those made in Ottawa. What is more, in the absence of party discipline, individual aldermen are much better able to influence policy outcomes and are not buffered from organized interests by a party organization. In short, we should be more concerned about the exercise of undue influence by donors over municipal politicians than over their federal counterparts.

To determine how laws governing election finance affect the competitiveness of municipal elections, Sam Austin and I undertook a comparative study of past municipal elections in Calgary and Toronto,<sup>1</sup> both of which are experiencing significant population and economic growth, but with very different laws governing election finance. While both cities require the disclosure of contributions and expenditures, Toronto also limits the size of contributions to candidates (\$750 for council and \$2,500 for mayor) as well as the amount candidates can spend, and gives a 75% rebate for all contributions of \$300 or less. This is similar to the income tax rebates available for contributions to federal or provincial political parties.

1 See Lisa Young and Samuel Austin, "Political Finance in City Elections: Toronto and Calgary Compared," *Canadian Political Science Review* 2 (3, 2008): 88-102; accessed online at <http://ojs.unbc.ca/index.php/cpsr/issue/view/8/showToc>.

We find that:

- candidates for council in Toronto rely more than those in Calgary on contributions from individuals and much less on contributions from corporations — almost half of the money Calgary candidates raise comes from business, while only a third that Toronto candidates raise comes from these sources;
- companies involved in the development industry (developers, home builders, and architects) are a more significant source of funds for Calgary candidates than for those in Toronto — just under 30% of all money raised by Calgary candidates comes from the development industry, and most of it goes to incumbents (more than \$15,000 each, on average);
- in both cities, incumbents raise more money than challengers, but the advantage is less in Toronto, where incumbents raise \$3.60 for every dollar available to challengers; in Calgary, incumbents raise \$5.80 for every dollar raised by challengers;
- municipal elections are more competitive in Toronto than in Calgary, both in terms of the candidates' ability to raise money and in the outcome of elections — Calgary candidates are much more likely to run unopposed, and where there is a contest, the vote margin between the two top candidates is smaller in Toronto than in Calgary.

The clearest effect of the different rules governing election finance in the two cities is in the patterns of fundraising. Toronto candidates are less heavily reliant on business, particularly on the development industry. This is due, in all likelihood, to rules embodied in two pieces of legislation: provincial law that limits the size of contributions to candidates, and a municipal bylaw that provides for rebates to donors, using city funds.

Calgary could easily emulate Toronto's practices. Calgary Council certainly has the legislative authority to create a rebate system, which could use the tax dollars the city raises to support the integrity of its elections. A modest program could rebate 75% of the value of contributions from individuals up to a maximum contribution of \$100, which would help candidates run campaigns financed by small contributions from individuals.

But taxpayers should not be asked to contribute to candidates' campaigns without receiving something in return. The rebate program should be made available only for contributions to candidates who opt in to a set of rules governing contribution and spending limits. To be eligible to issue receipts allowing donors to collect the rebate, candidates for alderman should have to agree not to accept any donations of more than \$750, and candidates for mayor should agree not to accept donations of more than \$2,500. This would go a long way toward convincing Calgarians that donors are not influencing their municipal government.

Finally, the city should close the loophole that allows candidates to dispose of their surpluses as they see fit. Instead, surpluses should be held in trust for future municipal campaigns. If the candidate chooses not to run again, the surplus should go into city revenues, which would remove the incentive for aldermen to raise campaign funds they do not need.

## About the Author

Lisa Young received her PhD in Political Science from the University of Toronto in 1996. She also holds an MA in Political Science from Carleton University and a BA in Political Science and Economics from the University of Winnipeg. Her research interests include Canadian political parties, women's participation in politics, interest groups and social movements and the regulation of electoral finance. She is the recipient of a University of Calgary Killam Research Fellowship (2003), and a Faculty of Social Sciences Distinguished Research Award (2000).