



Naheed K. Nenshi, Mayor

December 22, 2017

The Honourable Christina Gray
Minister Responsible for Democratic Renewal
107 Legislature Building
10800 - 97 Avenue
Edmonton, AB T5K 2B6



Re: Municipal Campaign Finance Reform

Dear Minister Gray, *Christina!*

The recent municipal elections, particularly my own in Calgary, have again revealed the pressing need for your government to reform Alberta's rules governing municipal campaign finance and disclosure in the *Local Authorities Election Act* ("LAEA"). Before I ran for mayor in 2010 I began advocating for improvements to how municipal candidates and campaigns fundraise, spend their funds and disclose their donors. My consistent view is that Alberta's municipal elections should be about who has the best ideas, not who has the most money.

I have previously called for many specific solutions in order to reform our system which I continue to stand by. But I recently came to understand the clear and pressing need for additional reforms, such as addressing the involvement of anonymous third parties in our elections, for instance. This letter outlines my views on each of these issues for your consideration. I am writing you to share my views as someone who has extensively studied this issue, in and out of public life. I have not received direction from my council to draft this letter and it does not reflect council policy.

Financial Disclosure

The LAEA requires that municipal campaign donations only be disclosed long after the election is over, by March 1 in the year following a general election and 120 days after a by-election. Currently Albertans do not have the ability to see who is contributing financially to a campaign prior to casting their ballots unless candidates step up and voluntarily disclose their donors.

In addition to the comprehensive post-election disclosure requirements currently in place, candidates should be required to disclose the names of their donors and the broad amounts of each donation in categories prior to Election Day.

Limiting When Donations Are Allowed

Campaign donations are currently allowed at any time, up to a maximum of \$5,000 per year. Over a four year term an incumbent mayor or councillor could fundraise \$20,000 from a single donor. Allowing donations at any time gives incumbents an unfair advantage over potential challengers, and makes the donation limits misleading.

My solution is to only allow donations during the calendar year of a general election. By-elections could have a prescribed period before and after the election where fundraising is permitted. Limiting the fundraising period in this manner would allow adequate time before an election for candidates to fundraise and immediately afterward to address any campaign debts.

Limiting the Size of Donations

The current donation limit is \$20,000 per election cycle at \$5,000 per year. This amount is much too high. Candidates fundraising the maximum amount from corporations and wealthy individuals have a significant advantage over candidates fundraising through individual, grassroots donations from members of the public.

The LAEA should limit contributions from any one donor to a maximum of \$2,500 for the entire four year election cycle. Strengthening the limitations on donations will help ensure that successful candidates attract a breadth of support from across the community and not just from a relatively small number of wealthy donors and corporate contributors.

Limiting the Total Spending in an Election

Currently, the LAEA does not limit what any candidate can spend in a municipal election. Allowing unlimited campaign spending is likely to further entrench the advantage incumbent members of council have over their challengers. The LAEA should establish a spending limit of about \$0.75 per resident for candidates for council and \$0.60 per resident for mayoral candidates. The limit could be adjusted based on the civic census and for inflation between election cycles.

According to the 2017 Civic Census, Calgary's total population was 1,246,337 – or about 89,000 per ward. In the 2017 Calgary mayoral race for example, my proposed spending cap would limit mayoral campaign spending to about \$747,000. Campaign spending for council candidates would be capped at approximately \$67,000.

Addressing Campaign Surpluses

Currently, section 147.5(1) of the LAEA allows candidates to carryover any money not spent in a municipal campaign period to the next election. Allowing the use of a campaign surplus in a subsequent election provides another significant advantage to incumbent members of council over their potential challengers. All campaign surpluses should be donated to the municipality or to a registered charity after the election in order to give future challengers an equal playing field, so that everyone starts at zero.

Corporate and Union Donations

If the other reforms I've suggested in this letter are adopted, I do not believe there will be a need to bar municipal candidates from accepting corporate or union donations. Unlike our federal and provincial

counterparts, donors to municipal candidates do not receive a tax receipt. The generous tax credits provided for provincial and federal political donations are a significant incentive.

If your government does enact rules to ban or restrict corporate and union donations, this change should be offset by extending to the existing provincial tax receipt system to all municipal donors to encourage grassroots participation and fundraising.

Rules for Third Parties

Unaccountable third parties, operating as Political Action Committees ("PACs") raised and spent significant funds to influence the recent municipal election in Calgary. Currently, fundraising and disclosure rules for candidates do not apply to these third-parties engaging in political advertising or voter identification activities. As it stands, anonymous donors are able to spend unlimited money to influence Alberta's municipal elections through PACs. This is unacceptable. There is also a significant risk that candidates could coordinate with PACs in order to effectively circumvent the LAEA's fundraising and disclosure rules.

The solution is to impose an even higher standard on third parties than we do for candidates. In addition to limiting the size and timing of donations used for political advertising and voter identification activities during municipal elections by PACs, I believe your government should mandate strong, recurring disclosure requirements. The names of all donors and the amounts donated to a PAC engaging in political advertising should be disclosed on a weekly basis during a municipal campaign period and in a more comprehensive manner immediately after Election Day. In addition, PACs should be required to disclose the names of their organizers, staff, and directors. PACs should also be required to disclose their expenses incurred during a municipal campaign period. Significant, rapidly escalating financial penalties should be established for non-compliance with donation and disclosure requirements.

Encouraging participation in our municipal elections is critical to the health and success of Alberta's democracy, but we must ensure that those who do are operating in good faith, in a transparent manner and are accountable for their words and actions.

During the election Calgarians reaffirmed that they share these concerns about the state of fundraising and disclosure rules governing municipal elections. I promised Calgarians that I would strongly advocate on their behalf to the Government of Alberta to enact these reforms. To that end, I would be pleased to meet with you or any other officials to discuss these issues and, where possible, directly participate in the process of seeing these proposed reforms enacted in law.

Thank you for considering these points in your coming review of the LAEA. I would be pleased to discuss further. Please contact Franca Gualtieri at (403) 268-8126 to set up a conversation.

Sincerely,



Naheed K. Nenshi
Mayor

Thank you for your attention to this!

Cc: Premier Rachel Notley
Hon. Marlin Schmidt, Acting Minister of Justice
Constituency Office of Kathleen Ganley, MLA, Calgary-Buffalo