

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 11, 2017

Item 2, Report No. 46 of the Committee of the Whole (Working Session), which was adopted, as amended, by the Council of the City of Vaughan on December 11, 2017, as follows:

By receiving Communication C2 from the City Clerk, dated December 8, 2017.

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2018 CONTRIBUTION REBATE PROGRAM

The Committee of the Whole (Working Session) recommends:

- 1) That the Contribution Rebate Program be continued in 2018 based on the same requirements as the 2014 contribution rebate program, including maintaining the funding formula for rebates at 75% of the value of the contribution;**
- 2) That any campaign surpluses fund the contribution rebate program;**
- 3) That the deadline for rebate applications be changed to 90 days from the appropriate financial filing deadline; and**
- 4) That the requirement to file an audited financial statement for candidates who opt into the program and subsequently withdraw their nomination paper, be removed;**
- 5) That the necessary by-law be enacted;**
- 6) That the presentation by the City Clerk and the Manager of Elections and Special Projects, and Communication C2, presentation material titled “2018 Contribution Rebate Program”, dated December 6, 2017, be received; and**
- 7) That the following report of the City Clerk/Returning Officer, dated December 6, 2017, be received.**

Recommendation

The City Clerk/Returning Officer recommends:

- 1. That Council provide direction on whether the Contribution Rebate Program should be continued for the 2018 municipal election.**

Contribution to Sustainability

The administration of fair elections in an impartial manner is a fundamental statutory responsibility of Municipal Clerks in Ontario. The highest priority for Municipal Clerks is to carry out their duties in accordance with the provisions of the Municipal Elections Act, 1996 as amended (“the Act”). It is also the responsibility of election administrators to manage expenditures and other resources in a manner which contributes to the financial and operational sustainability of the municipality.

Economic Impact

The Contribution Rebate Program distributed \$61,717.50 in rebates to eligible contributors for the 2010 municipal election and \$48,615.00 in the 2014 municipal election.

It is difficult to accurately estimate the cost of the program for the 2018 municipal election as the cost is largely dependent on the number of participating candidates and contributors. As noted in this report, with recent amendments to the Municipal Elections Act now prohibiting campaign

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contributions from corporations and trade unions, an increase in individual contributions can be expected which in turn could increase the cost of any contribution rebate program approved for 2018.

Funding for the Contribution Rebate Program is provided from the City's election reserve.

Communications Plan

A detailed communications plan for the 2018 election will be prepared, including notification to candidates and voters, of the details of the 2018 Contribution Rebate Program should Council direct its continuation. This report and Council's decision will be made publicly available on the City's website.

Purpose

This report provides an analysis of the Contribution Rebate Program which has been in effect since the 2010 municipal election and provides a recommended framework for the program should Council direct that it be continued for the 2018 municipal election.

Background – Analysis and Options

The Contribution Rebate Program was first established for the 2010 Municipal Election as part of an overall strategy of encouraging candidate participation and increasing citizen engagement in the electoral process.

Section 88.11 of the Municipal Elections Act, 1996, as amended, allows a municipality to pass a by-law to provide for payment of rebates to individuals who make contributions to candidates for office on municipal council.

In 2009, following on the recommendation of the City of Vaughan's Task Force on Democratic Participation and Renewal, Council approved the establishment of a Contribution Rebate Program for the 2010 municipal election to allow rebates to eligible individuals who made donations to Council candidates. The Contribution Rebate Program was introduced with two key objectives:

- 1) To reduce registered candidates' dependence on financial contributions from corporations and trade unions (and thereby support their participation in the electoral process); and
- 2) To increase citizen engagement in the electoral process.

The Contribution Rebate Program included the following requirements:

- Candidate participation in the program was voluntary;
- Individual contributors had to be residents of Vaughan, and an eligible elector on the final voters lists as amended, in order to be eligible to receive a rebate;
- Contributions from corporations and trade unions were not eligible for a rebate;
- Candidates, their spouse, siblings, grandparents, parents, children and grandchildren were not eligible to receive a rebate;
- Contributions of less than \$50 were not eligible for a rebate;
- Contributions of goods and services were not eligible for a rebate;

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- Contributions of inventory or money from a prior election were not eligible for a rebate;
- Proceeds from fundraisers were not eligible for a rebate; and
- Participating candidates were required to file an audited financial statement, regardless of the amount of money raised or spent;

Rebates were calculated as follows:

- The minimum contribution qualifying for a rebate was \$50;
- The rebate was 75% of the contribution; and
- The maximum rebate was \$150 regardless of the number of contributions made by any individual eligible contributor.

The Contribution Rebate Program was continued for the 2014 municipal election as outlined above with only minor administrative modifications.

The number of rebates issued under the Contribution Rebate Program declined between 2010 and 2014, largely due to the decline in the number of Council candidates over this same period.

The number of rebates issued declined from 434 in 2010 to 341 in 2014, representing an approximate 20% decline in rebates issued. In 2010 the total value of rebates issued amounted to \$61,717.50, and in 2014, the total value of rebates issued was \$48,615.00.

The most significant factor contributing to the decline in the number of rebates issued between 2010 and 2014 was the decrease in the number of candidates for Council participating in the election, from 46 in 2010 to 32 in 2014. A detailed comparison of the 2010 and 2014 programs is contained in Attachment 1.

Amendments to the Municipal Elections Act have introduced significant changes to campaign finance rules which could impact the Contribution Rebate Program, if approved for the 2018 municipal election.

In 2016, the Province introduced amendments to the Municipal Elections Act which changed the rules for campaign contributions. Significant changes to municipal campaign finances, include:

- The prohibition of campaign contributions from corporations and trade unions; and
- An increase in the maximum contribution by an individual to any one candidate, from \$750.00 to \$1200.00.

In 2014, municipal candidates in the City of Vaughan received a total of 670 monetary contributions from corporations and trade unions, amounting to \$398,713.14. While these contributions were previously ineligible to receive a rebate, with the elimination of corporate and trade union contributions, it is anticipated that some individuals from corporate or trade union entities may choose to contribute as individuals in 2018. This could result in additional eligible contributions under the Contribution Rebate Program should it be continued for the 2018 municipal election.

As an example, of the 670 contributions made by corporations and trade unions in 2014, 484 of these were from entities registered to an address in Vaughan. If individuals residing in Vaughan contributed in lieu of contributing under these entities, and also contributed to a level where they were eligible for the maximum \$150 rebate, the additional cost to the program would be an estimated \$75,000.

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As noted, the maximum contribution by individuals to any one candidate has been increased from \$750 to \$1200 for the 2018 municipal elections. Notwithstanding this change, with the uncertainty regarding the potential number of individual contributions, staff recommend maintaining the maximum value of the contribution rebate at \$150 should Council wish to continue the program for 2018.

Proposed Revisions to Vaughan's Contribution Rebate Program

Should Council direct that the Contribution Rebate Program be continued for the 2018 municipal election, staff have identified four recommended changes to be made to the program. These changes are highlighted in Attachment 2:

1. Change the formula used to calculate the rebate from 75% of the contribution, to 50% of the contribution.

The Contribution Rebate Program relies on a formula which establishes the percentage of the contribution which is returned as a rebate. Under the current formula, if an individual contributes \$100 to a campaign, they would receive a rebate of \$75 (75% of their contribution).

In addition to maintaining the maximum rebate at \$150, staff also recommend adjusting the rebate formula to further limit potential cost increases to the program. Under the proposed formula for 2018, the same individual contributing \$100 would receive a \$50 rebate (50% of their contribution) rather than 75%.

As shown in Attachment 3, this formula is consistent with the Town of Oakville's program and elements of the graduated formulas used by the cities of Ottawa, Markham and Toronto.

2. Direct any candidate campaign surpluses to fund the contribution rebate program.

The Municipal Elections Act provides that surplus campaign funds are paid to the Clerk and become the property of the municipality. Without further direction from Council, this means that the surplus campaign funds would be used to contribute to the general operations of the municipality. Given that most campaigns receive funds through donations, staff recommend directing surplus funds towards the Contribution Rebate Program/election reserve fund as an appropriate option.

It should be noted that the total amount of surplus campaign funds from 2014 was \$7,924.45.

3. Change the deadline for rebate applications to 90 days after the financial filing deadline, final or supplementary.

Amending the filing deadline for rebate applications will create administrative efficiencies in the processing times of submitted applications under the Program. This revised application deadline is also consistent with other municipalities' contribution rebate programs, including the Town of Oakville and the cities of Ottawa and Toronto.

4. Remove the requirement for candidates who opt in to the Program and subsequently withdraw their nomination paper to file an audited financial statement.

Currently, any nominated candidate who opts into the Contribution Rebate Program but withdraws their nomination must file an audited financial statement, even if they have not raised any contributions or have returned any contributions due to the withdrawal of their nomination. This requirement similarly applies in instances where a withdrawn candidate has incurred minimal expenses during their campaign.

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Staff recommend that in those circumstances, a candidate not be required to file an audited financial statement unless they spend \$10,000 or more.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report supports the Term of Council Priority: Continue to advance a culture of excellence in governance by promoting the involvement in citizens in the City's democratic process.

Regional Implications

There are no regional implications associated with this report. The Region of York does not currently intend to implement a contribution rebate program in respect to the election of the Regional Chair in 2018.

Conclusion

The Contribution Rebate Program provides rebates to individual residents of the City of Vaughan who contribute funds to the campaigns of Council candidates during an election. While the number of rebates issued has declined since the program was first introduced for the 2010 municipal election, a greater participation rate is expected for 2018 should Council decide to continue the program.

The costs incurred through the implementation of the program will be borne by the election reserve as has been the case in previous elections. Recommended changes to the provisions of the program identified in this report will also introduce administrative efficiencies should Council direct the program's continuation.

Attachments

1. Comparison of 2010 and 2014 Contribution Rebate Program Statistics
2. Comparison of 2014 and Proposed 2018 Contribution Rebate Program Requirements
3. Comparison of Municipal Election Contribution Rebate Programs

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)