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Expense Limits in Local Elections - Summary Report on Expense Limits Engagement



Ministry of
Community, Sport and
Cultural Development

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Highlights

- The Ministry of Community, Sport and Cultural Development released the Discussion Paper on Expense Limits in Local Elections on November 15th, 2013.
- The Discussion Paper marked the start of the consultation period which ran from November 15, 2013 to January 31, 2014. In total, 174 written responses were received through online submissions and hardcopy. The Minister of Community, Sport and Cultural Development also held in-person meetings with key stakeholders.
- In general, responses showed very strong support for the introduction of campaign expense limits.
- Key themes related to expense limits received during consultations include:
 - Support for expenses limits is generally stronger in larger communities compared to smaller communities.
 - Spending does not need to be “rolled back” in most communities, but there are some communities where there is an appetite for reducing spending from its current levels.
 - Third party advertising can impact elections in communities of any size; if candidates are subject to expense limits, third party advertisers should be as well.
 - Expense limits should be designed so that they do not deter candidates from running for office, especially in small communities.
 - Diversity of communities should be accommodated – no “one size fits all” approaches.
 - Strong support for the Province to set limits using a base amount plus per resident formula with some interest in other models.
- Other issues related to campaign finance were also raised:
 - Limits or bans on certain types of campaign contributions (e.g. corporate and union, anonymous, from outside Canada). This was often associated with conflict of interest concerns.
 - Additional disclosure requirements.
 - Allow tax receipts for donations.
 - Improved guidelines for in-kind donations and fair market value.

Part I: Background to the Consultation Process

Local Government Elections Reform

Expense limits reflect the direction provided by the Local Government Elections Task Force (Task Force). The Task Force was a joint Provincial and Union of BC Municipalities (UBCM) initiative that resulted in a report to government in May 2010. The Task Force made 31 recommendations in five broad categories:

- Ensure Accountability
- Enhance Transparency
- Increase Accessibility
- Strengthen Compliance and Enforcement
- Expand Education and Advice

Government has committed to implementing the Task Force recommendations in two phases. Phase I resulted in the *Local Elections Campaign Financing Act* (LECFA) which if passed, will implement the Task Force recommendations related to transparency, accountability, compliance and enforcement, as well as education and advice. The changes would be in force for the 2014 local elections.

Phase II will address the issue of accessibility – specifically, expense limits. The Task Force felt that expense limits could increase accessibility and fairness by levelling the playing field among candidates; encouraging candidate participation; and reducing the need for large contributions to fund expensive campaigns. The Task Force provided guidance on expense limits principles: that limits be reasonable, workable in all communities, and have a neutral impact on decisions whether to run independently or with an elector organization.

Government intends to introduce expense limits legislation in time for the local elections in 2018. Expense limit rules are intended to apply to municipalities, regional district electoral areas, boards of education, special purpose local governments and third party advertisers.

Further information on Phase I and II for Local Government Elections Reform can be found at:

www.localgovelectionreform.gov.bc.ca

Discussion Paper Consultation Process

The Ministry of Community, Sport and Cultural Development (Ministry) released the Discussion Paper on Expense Limits in Local Elections on November 15th, 2013. The primary purpose of the Discussion Paper was to help inform the stakeholder engagement process by outlining the policy building blocks and key issues involved in a potential framework for expense limits. Comments on the Discussion Paper, and on expense limits in general, were received from November 15, 2013 until January 31, 2014.

The website localgovelectionreform.gov.bc.ca provided access to the Discussion Paper and background information. The Discussion Paper was also mailed to all local governments and school boards.

In addition to accepting written submissions, the Minister met with stakeholders including the Union of BC Municipalities' (UBCM) executive, UBCM's area association boards and representatives from elector organizations¹. Approximately 70 people attended the stakeholder meetings with the Minister.

This Summary Report captures the tenor and content of the comments received in relation to expense limits – it does not provide an itemized listing of comments. Ministry notes are included where possible to provide clarification of certain issues that were raised.

All comments submitted, through written submissions and through stakeholder consultations, were documented for review and careful consideration by the Ministry. The nature of the responses ranged from brief comments regarding accessibility through to comprehensive suggestions for expense limit amounts and supporting rules.

As stated on the Ministry website, all of the information submitted was collected by the Ministry pursuant to s.26(c) of the *Freedom of Information and Protection of Privacy Act*.

The Ministry would like to thank the local governments, organizations and individuals throughout British Columbia who took their time to share their views, ideas and recommendations. The feedback is key to better understanding the full complexity of the issues involved and will ultimately help to improve accessibility in the local elections process.

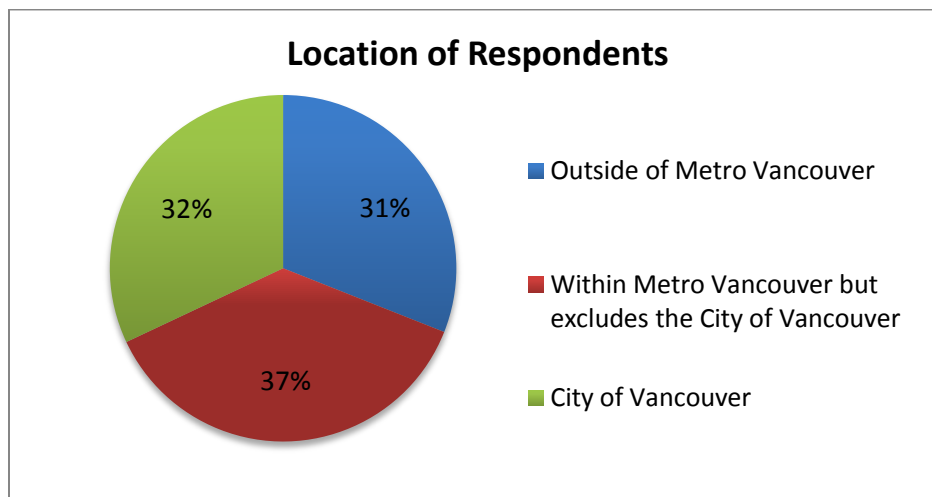
¹ Electoral organizations are groups that formally endorse candidates in local elections. The organization's endorsement appears on the ballot next to candidates' names. They are sometimes referred to as municipal 'political parties.'

Profile of Respondents

A total of 174 written responses were submitted and 14 different organizations were represented in stakeholder meetings.

1. Written Comments	
Local Government (Council, Board, Elected Official or Staff)	26
Elector Organization Representatives	6
Non-Governmental Organizations	8
School (Board, Trustee or Staff)	6
General Public or Unknown Affiliation	128
Subtotal:	174
2. Stakeholder Meetings	
UBCM / Local Government Area Associations	6*
Elector Organizations	12**
Subtotal (# of organizations represented):	18
Total:	192
* Approximately 51 people represented 6 local government organizations	
** 19 people represented 12 elector organizations	

The majority of submissions were from respondents located within Metro Vancouver. The City of Vancouver was identified in comments far more frequently than any other municipality. As the graph below shows, 32% of respondents identified the City of Vancouver in their submissions.



Part 2: What We Heard - Comments

Discussion Questions

The Discussion Paper invited responses to a range of questions that could affect setting expense limits numbers and the related framework rules. The sections below summarize feedback received. For more background information on the questions, please see the [Expense Limits Discussion Paper](#).

QUESTIONS

Q1: In your community, do you think the cost of campaigning is a deterrent to people considering running for office?

Responses: Approximately two-thirds of answers did not think that the cost of campaigning is a deterrent. Responses showed strong agreement that campaign costs are generally not a barrier in small communities. In some larger communities, such as those within Metro Vancouver, comments indicate that the cost of campaigning can be prohibitive for some candidates (e.g. independent candidates).

Q2: What are the most significant cost pressures in local campaigns?

Responses: Campaign signage was identified most often as the biggest cost pressure. Other costs include: brochures; newspaper; radio; television; digital ads; and postage. Comments from some smaller communities stated that there are no major cost pressures for running a campaign.

One submission noted that partly due to signage costs, candidates in the District of Tofino made an informal agreement in the 2008 and 2011 elections not to use plastic lawn signs.

Q3: Are campaign finance issues different in small communities than in large communities, and if so, in what ways?

Responses: Approximately 80% of responses that addressed this question believed that there are different campaign finance issues in small communities compared to large communities.

Some of the reasons respondents provided for this difference include:

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- In larger municipalities there can be many more candidates and all candidates may not be readily recognizable, making a significant campaign much more necessary
- In a very small municipality, most residents may know most or all of the candidates and very little advertising or campaigning may be required
- Larger centres may have elector organizations

With some exceptions, feedback from smaller communities generally indicated that campaign expenses were not a barrier to accessibility and that efforts should focus on large communities. Responses suggested that the dynamics of elections in larger communities (e.g. elector organizations, magnitude of fundraising) made it more challenging to compete in elections.

Q4: Are campaign finance issues different for board of education elections than for local government elections?

Responses: This question was seldom addressed in the submissions. Approximately 50% of people who did comment agreed that there are different campaign finance issues for board of education elections than for local government elections. Some of the reasons respondents provided for this difference include:

- More challenging to fund raise
- Less media exposure
- Lower public engagement

Q5: Do you think social media will impact (raise or lower) campaign spending? Why or why not?

Responses: This question was seldom addressed in the submissions. Approximately two-thirds of the responses that did address this question believe social media will increase campaign costs. The primary reason provided is that social media will be in addition to existing forms of advertising (i.e. will not replace it).

Q6: Do you think that the Task Force’s objectives and key policy concepts are a reasonable starting point for expense limits?

Responses: There was very strong support for the Task Force’s objectives and key policy concepts. Many responses suggested additional criteria and these are addressed in the General Comments section below. Two submissions had issue with the Task Force’s starting point, based on the concern that expense limits would infringe on freedom of expression.

Q7: Does the concept of a base amount, plus additional “per resident” amounts, seem like a reasonable approach for British Columbia?

Responses: Out of the submissions that identified a preferred approach, approximately 65% of respondents support the concept of a base amount + per resident amount such as the models used in Ontario and Quebec.

The Ontario formula is:

- Mayor - \$7,500 base amount + 85 cents per elector
- Council candidate - \$5,000 base amount + 85 cents per elector

The Quebec formula is:

- Mayor –\$3,780 base amount + 30 cents per elector up to 20,000 electors; 51 cents for each elector from 20,000 to 100,000 and 38 cents per elector for each elector over 100,000 electors
- Council candidate –\$1,890 base amount + \$0.30 per elector
- Municipalities under 5,000 people are generally exempt from expense limits

Some submissions suggested that a formula should be based on a “per elector” amount instead of a “per capita/per resident” amount. An “elector” is someone who is eligible to vote in the election of a government (e.g. 18 years of age or older on general voting day). The “per capita/per resident” approach is based on all residents living within an electoral area; not just those that are eligible to vote.

The Ministry used per capita/per resident in the Discussion Paper because maintaining an electors list is not mandatory in British Columbia. Many local governments do same-day registration and accordingly have no electors list. Some local governments use the Provincial voters list as their list of electors, and for those that do, the list is not necessarily an accurate reflection of the number of qualified electors.

Q8: Would “tiered” limits be a better approach?

Responses: Out of the submissions that identified a preferred approach, approximately 19% of respondents support the tiered limits approach. Tiered limits would be based on community population size (e.g. the same limit for all communities with fewer than 5,000 people; a higher limit for all communities of 5,000 to 10,000 people, and so on). Reasons for preferring a tiered approach were typically not provided; however, some submissions noted that it could help address potential accuracy issues with data used to calculate the per resident amount in the formula based model.

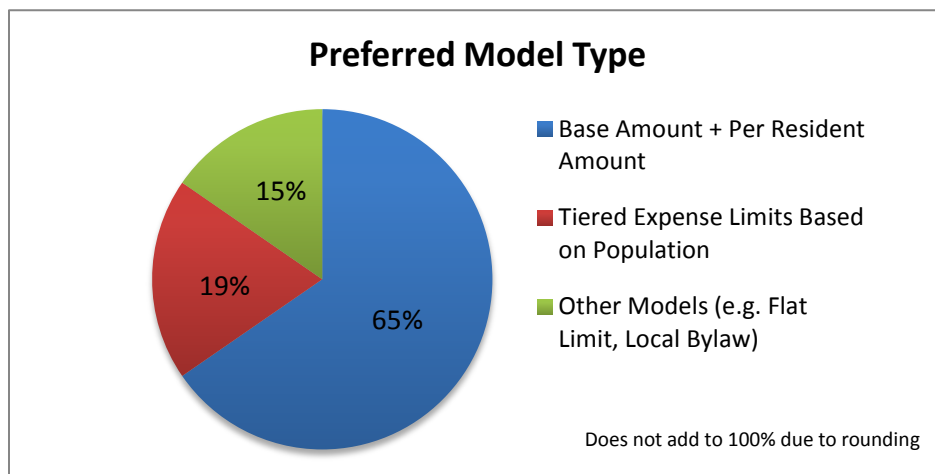
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Q9: Are there other models to consider?

Responses: Out of the submissions that identified a preferred approach, approximately 15% identified other models that should be considered. The other models were:

- a standard flat limit for all candidates (e.g. \$25,000)
- “per resident” or “per elector” amounts only (no base amount)
- “per resident” amount only up to a maximum total (e.g. \$50,000)
- local governments set their own campaign expense limits by bylaw.

The additional proposed models are being considered by the Ministry as it moves forward on developing a framework for expense limits.



Q10: If a model were established that resulted in different limits in each community (such as a base plus per resident model), would you support the Province making things simple for candidates and local governments by calculating the limit in each community and providing notice of the limits?

Responses: All answers received to this question were in support.

Q11: Are there other, additional factors beyond population that should be taken into account when setting expense limits?

Responses: In order to avoid additional complexity, feedback generally suggested that just one factor (population) should be used to calculate expense limits. Others factors that were raised include the physical size of the area and ward-based spending limits.

Q12: How should board of education candidate limits be set?

Responses: Respondents generally agreed that expense limits should be in line with limits for local government candidates. The main consideration that was discussed was the issue of population and boundaries. It was noted that trying to develop a separate population estimate for each school district would seem inefficient and potentially inaccurate. Some respondents contemplated using a tiered system to overcome this issue.

Q13: Should third party advertisers' limits be connected to the limits for candidates?

Responses: There was almost unanimous agreement that expenditures by third party advertisers be connected to the limits for candidates, or be otherwise limited. Many submissions called for third party advertisers' involvement to be fully disclosed and requested regulations to stop possible circumvention of restrictions.

The proposed LECFA will address transparency issues associated with third party advertisers in time for the 2014 elections. For example, new rules will make third party advertisers accountable by requiring them to register with Elections BC and file campaign financial disclosure statements that identify contributions received and money spent on third party advertising.

General Comments

The sections below provide an overview of general comments received that were not directly linked to the expense limit discussion questions. Responses are categorized into the most common themes that were identified by respondents.

1. Contribution Limits

Contribution limits – caps or bans on donations from certain sources - were frequently requested in the submissions and during stakeholder meetings. The Task Force received similar submissions and did not recommend contribution limits. The Task Force decided that campaign expense limits would be more effective than contribution limits in promoting accessibility.

2. Anonymous Contributions

A number of submissions expressed a desire to ban all anonymous contributions while some were in support of maintaining existing rules. As a result of feedback on the White Paper on Local Government Elections Reform, a ban on anonymous contributions is not being implemented.

The rules for anonymous contributions will remain essentially the same as they currently are, with some modifications to include third party advertisers. New rules will apply to "sponsorship contributions" so that the rules for third party advertising sponsors accepting anonymous contributions is consistent with the approach taken for candidates and elector organizations. The rules proposed in LECFA are:

- Candidates, elector organizations and third party advertisers (election participants) can accept anonymous contributions of \$50 or less.
- Anonymous contributions of more than \$50 are prohibited. If an election participant receives a contribution of more than \$50, the contribution must be turned over to Elections BC.
- Election participants must disclose the number and total value of all anonymous contributions they accept.

There has been confusion in the past around the difference between anonymous contributions and the rule providing that the names of contributors donating less than \$100 do not need to be included in the disclosure statement. Information about the contribution (e.g., name, value, contributor class) is recorded in relation to every campaign contribution

(except anonymous contributions); however, the contributor's information is only publicly disclosed if the contributor donates a total of \$100 or more.

3. Allow Tax Receipts for Donations

Some submissions and comments recommended that tax credits be issued for contributions to local campaigns.

The Task Force received similar submissions and felt it would be advisable to give priority to ensuring the financial costs of implementing the recommended changes can be met rather than exploring tax credits.

4. Minimize Additional Complexity

The Ministry will work to create a streamlined framework for expense limits; one that is practical and will minimize administrative impacts, particularly for candidates.

5. Disclosure

Several submissions requested improvements to various aspects of disclosure.

The broad changes being introduced by LECFA are in line with many of the suggestions that were received during consultation. For example:

- Elections BC will publish disclosures on-line.
- New requirement for disclosure and registration by third-party advertisers.
- Shorter time for filing campaign finance disclosure statements.
- Stronger monitoring and penalties in the event of non-compliance with disclosure requirements.

LECFA builds on existing rules to improve both accountability and transparency in local elections.

6. Determining Fair Market Value and In-kind Contributions

Some comments requested improved guidelines for determining fair market value and in-kind contributions.

Provisions in the draft LECFA provide additional clarity for these requirements. In addition, Elections BC guidance will be available for candidates who are unsure of how to value and disclose this type of contribution and expense.

There were also specific suggestions for changes regarding fair market value. For example, there was a request to change the requirement for re-used campaign signs to be valued at current fair market value. The purpose of requiring re-used items to be valued and disclosed is to provide fairness between incumbent and non-incumbent candidates.

7. Conflict of Interest

Several submissions expressed concern regarding a potential for conflict of interest around donations from those with a pecuniary interest in the deliberations of local governments. Suggestions to address this issue included contribution limits; prohibiting certain donation sources; conflict of interest guidelines and establishing new rules such as requiring elected officials to recuse themselves when voting on matters that pertain to their campaign contributors.

The Task Force received similar submissions and noted that there are conflict of interest and other ethical standards rules in place for elected officials to address any concerns of undue influence. The Task Force's direction was that it is more effective to focus on transparency of contributions (e.g. disclosure).

8. Election Cycle

Several submissions did not support a change in the election cycle from a three-year term to a four-year term. Moving to four-year terms was recommended by the Local Government Elections Task Force. Last year, the Union of British Columbia Municipalities (UBCM) passed a resolution supporting extension of the term of office for elected local government officials from three to four-years. The B.C. School Trustees Association also supports the change.

In February, 2014, Government announced its intent to legislate a change to four-year terms, commencing after the November 2014 local elections. This will give local governments more time to consult, plan and achieve community goals – and also help to manage election costs. All other Canadian provinces hold local elections every four years.

9. Set Expense Limits For 2014 Elections

Many submissions requested that expense limits be in place for 2014. Given the scope and magnitude of the proposed changes, local elections reform is being implemented in two phases. Phase I addresses of the Task Force’s recommendations, except for expense limits. The resulting legislation represents the most significant reforms to local government elections in more than 20 years.

Phase II will address expense limits and it is intended to be in place for the next local elections in 2018. The two phase approach is being used because Government felt it would not be appropriate to add expense limits to the mix of the significant reforms already proposed for an election year. This helps address stakeholders concerns that without adequate time and educational materials, candidates, elector organizations and third party advertisers will not fully understand or be compliant with the new rules.

10. Non-Serious Candidates

Some feedback expressed concern regarding candidates who run for office without a genuine intention of competing and winning a seat. Some people argued that candidates who run only to promote themselves, to promote a single issue, to have fun, or to mock the election or other candidates detract from the message that local elections are important. Some people also argued that it is difficult to campaign, and difficult for voters to learn about all the candidates, if the field of candidates is too large.

The right to run for office and participate in the democratic process is very important should not be subject to significant barriers. However, there are also benefits to encouraging candidates to take the process seriously and demonstrate that they are actively seeking community support as part of their campaign. Local governments may, by bylaw, require a larger number of nominators. They can require up to 10 nominators for each candidate, or if the community has more than 5,000 people, the local government can require up to 25 nominators. Additionally, local governments may charge a nomination deposit of up to \$100.

11. Order of Names on Ballot

Some people felt that ordering names on the ballot alphabetically may provide an advantage to candidates with names beginning with letters earlier in the alphabet.

Local governments may, by bylaw, decide to hold a draw to determine order of names on the ballot rather than relying on the default alphabetical order. If a local government holds a draw to determine name order, candidates have a right to attend to witness the draw.

12. Concerns Regarding a Specific Election Process

Some submissions raised issues with the operation of a particular election or referendum (e.g. third party advertising).

The new provisions in LECFA will address many of these issues by enhancing the accountability and transparency of local elections. In addition, Elections BC will strengthen compliance and enforcement.

13. Central Information Source

There were suggestions that local government should provide to all voters a booklet and/or a central website with a biography and platform information on each candidate.

There are many instances where local governments already provide this type of service. Ensuring the electorate has easy access to information is one strategy to help improve civic engagement and voter turnout. Please contact your local government to request the development of a central information source to support voter education.

Next Steps

The input received during the consultation period has helped to identify important considerations for local elections campaign expense limits. Feedback is being considered in developing a proposed framework for expense limits. Government intends to introduce expense limits legislation in time for the local elections in 2018.

The Ministry would again like to thank the local governments, organizations and individuals throughout British Columbia who took their time to share their views, ideas and recommendations.

For further information on Local Government Elections Reform, please visit:

www.localgovelectionreform.gov.bc.ca