



# Money and Politics in **Simcoe County**

## Shining a Light on Municipal Election Financing

Campaign Lake Simcoe

March 2010

## ACKNOWLEDGEMENTS

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The authors would like to thank all the individuals who were involved in the production and review of this report. In particular, we wish to acknowledge Professor Robert MacDermid for his invaluable assistance and the assistance of Hugh MacDermid in dataset building.

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## EXECUTIVE SUMMARY

Developers play a disproportionate role in financing municipal politics. Through seeking out and funding pro-development candidates, they are able to fill municipal councils across the GTA with supporters of sprawl. Pro-environment candidates for municipal office do not have access to developer money, making it very challenging for them to get elected. Developer support for ‘growth at all costs’ candidates contributes to a system that perpetuates low-density growth, with all its attendant social and environmental costs.

This report looks at developer contributions to municipal elections in five Simcoe-area municipalities: Barrie, Bradford West Gwillimbury, Collingwood, Innisfil, and New Tecumseth. In these municipalities, the development industry gave 43% of all contributions to elected councillors. Of these developer contributions, 58% came from outside the relevant municipalities, meaning that many councillors are being supported by outside interests.

To protect local democracy, build transparency and oversight, and give candidates not supported by the development industry a fair chance, the Ontario government needs to act now to ban corporate and union contributions to municipal elections. The City of Toronto has enacted such a ban for its municipal elections; similar bans exist for provincial elections in Quebec and Manitoba, as well as at the federal level. Banning corporate and union contributions will help put ordinary citizens on the same level as the development industry at municipal councils. The province should also require that contributors be qualified electors in the municipality where the candidate they are supporting is running for office. Recommendations for reform are discussed in more detail on pages 7 and 8 of this report.

## INTRODUCTION

Campaign Lake Simcoe advocated for a Lake Simcoe Protection Act for two years leading up to its introduction in 2007. Two days after the Lake Simcoe Protection Plan was released in June 2009, the province produced *Simcoe Area: A Strategic Vision for Growth*. After years of campaigning to protect the lake from the environmental damage caused by paving the watershed, Campaign Lake Simcoe was dismayed to read that five of the seven proposed areas for urban expansion were to be in the fragile Lake Simcoe watershed. Indeed, our formal response was called *Paving Simcoe County*. We knew that developer interests and pro-sprawl municipal governments seemed to be complicit in what we saw as a violation of the principles of the *Lake Simcoe Protection Act*. That’s why Campaign Lake Simcoe began to investigate the relationships between money, politics, and development in Simcoe County.

When the Greenbelt Act was passed in 2005, Simcoe County was almost entirely excluded from the Ontario Greenbelt. Not only has this denied the area much-needed protection, but it has sparked a development frenzy as poorly planned growth leapfrogs over the current Greenbelt area. Developers are buying up land in Simcoe County and trying to convince provincial and municipal governments to approve their proposals. It is completely illogical to approve major new developments in Simcoe County when there are 85,000 acres of land already approved for urbanization in the Greater Toronto Area and Hamilton.<sup>1</sup> The area lacks sufficient infrastructure (public transit, water pipes, sewers, etc.) to accommodate increasing demands on the system.

Moreover, rampant development threatens the sensitive Lake Simcoe watershed. Intensification within existing urban areas, by contrast, would satisfy southern Ontario's need for growth without jeopardizing its environment. It would also concentrate development where there is existing infrastructure to accommodate it.

Many of Ontario's municipalities are starved of funding; in this environment, developers can play one municipality off against another in order to maximize their profits from unsustainable suburban growth. Moreover, many municipal politicians are backed by campaign funds from the development industry. This situation is unfair to residents, detrimental to local democracy, and needlessly harmful to the environment. It also hurts those developers who play by the rules and seek more compact and environmentally-friendly growth.

Financing election campaigns is one way developers can try to influence local politics. The maximum legal contribution for most municipal elections, \$750, will not buy a councillor's vote. Instead, developers seek out pro-sprawl candidates and fund their campaigns. This concentration of developer money and support helps pack municipal councils with proponents of "growth at all costs". Simultaneously, it makes it very hard for pro-environment candidates who lack the support of the development industry to get elected.

This report breaks down the data on election contributions for Barrie, Bradford West Gwillimbury, Collingwood, Innisfil, and New Tecumseth, which all face major development pressures. The report describes who gave the money, looks at whether or not they reside in the municipality where they contributed, and makes recommendations to the Ontario government on how to curtail this influence. The provincial government recently passed some amendments to the Municipal Election Act that are a positive first step, but this report shows that it needs to go further in order to restore transparency and accountability to municipal elections.

## **THE RULES OF ELECTION FINANCING**

Candidates have four sources of cash for their campaigns. They can try to raise money from corporations that do business in Ontario, from unions representing workers in Ontario, from citizens residing anywhere in Ontario, or they can finance their campaigns from their own pockets. The sources of disclosed contributions in excess of \$100 can be determined from campaign financial statements. It is impossible to know the source of the undisclosed contributions, which are less than or equal to \$100<sup>2</sup>, but they made up less than 3.7% of all funds raised by candidates in the five municipalities.

The Ontario Municipal Elections Act, overseen by the Ministry of Municipal Affairs and Housing, sets the spending limit for heads of council at \$7,500, plus 70 cents per voter. All other members of councils are limited to \$5,000, plus 70 cents per voter<sup>3</sup>.

<sup>i</sup> With the exception of the City of Toronto, where corporate and union contributions are now banned.

Individuals normally resident in Ontario, as well as corporations and unions that are active in the province, can contribute up to \$750 to municipal election campaigns. In contrast, corporate and union contributions are banned in federal elections, as well as in provincial elections in Manitoba and Quebec<sup>4</sup>.

In Ontario, there is no limit on how many candidates a contributor may support. Likewise, contributions can be made to candidates in an unlimited number of municipalities, regardless of whether contributors are members of the local community. For example, the Greater Toronto Sewer and Watermain Contractors' Association gave to 95 candidates (72 of them elected) in 10 GTA municipalities in 2006<sup>5</sup>. Unlike in federal and most provincial elections, municipal candidates and their spouses can spend unlimited amounts of money on their own campaigns. All these rules combine to give a substantial political and funding advantage to wealthier interests, many of them from outside the municipality whose election campaign(s) they finance.

## METHODS AND RESULTS

Campaign Lake Simcoe partnered with Robert MacDermid, a York University professor and well-known expert on municipal election financing. This report collected data on election contributions from the campaign financial statements that candidates must file with city clerks. These statements list the contributors' names and addresses. This report analyzes the campaign contributions for all the 2006 municipal election winners in Barrie, Bradford West Gwillimbury, Collingwood, Innisfil, and New Tecumseth. Together, these hotspots represent 79% of the Ontario government's proposed population growth figures for the Simcoe area, up to 2031<sup>6</sup>.

Contributions are divided into four types: corporate, individual, union, and candidate self-financing (**Table 1**). Corporations contributed more than half of all of the disclosed contributions in Barrie, Collingwood, and New Tecumseth, and just under half in Bradford West Gwillimbury. Individual contributors were the next largest source of campaign financing, giving 29% of total contributions across all municipalities and more than one third of the total raised in Barrie and Innisfil. The candidates themselves provided 21% of all funding, though that varied from highs of 54% in Innisfil and 35% in New Tecumseth to under 4% in Barrie. Union contributions were non-existent in three municipalities and negligible in the others, adding up to just over 1% overall.

The composition of candidates' funding sources varied considerably. Sixteen of the forty-seven council members in the five municipalities relied on corporate contributions for over 60% of their disclosed funding, while just four attracted a similar proportion from individuals and nineteen did not have a single contribution greater than \$100 from an individual. Nine council members self-funded their entire campaigns, and another four self-funded more than 60% of their expenditures. Seventy-five per cent of the contributions from corporations (and 43% of total contributions) came from the development industry.

**Table 1: Total contributions by municipality and contributor type**

City	Corporation (% of total contributions)	Individual (% of total contributions)	Union (% of total contributions)	Candidate (% of total contributions)	Total (dollars)
Barrie	56.9	36.6	3.0	3.5	\$127,185.05
Bradford West Gwillimbury	49.1	20.8	0.0	30.1	\$52,770.21
Collingwood	57.4	23.5	0.0	19.1	\$50,918.50
Innisfil	10.1	34.4	1.0	54.4	\$48,915.53
New Tecumseth	58.2	6.5	0.0	35.3	\$17,000.32
<b>Total (dollars)</b>	<b>\$142,335.54</b>	<b>\$87,391.00</b>	<b>\$4,300.00</b>	<b>\$62,763.07</b>	<b>\$296,789.61</b>
<b>Total (%)</b>	<b>48.0</b>	<b>29.4</b>	<b>1.4</b>	<b>21.1</b>	<b>100</b>

Development industry contributions include those of developers and development-related companies. Developers derive the bulk of their business from land assembly and financing. Indicators used to identify contributions as coming from developers include individuals or corporations with development-related applications to municipal or regional councils, the Ontario Municipal Board, etc., as well as the Tarion website, a new home warranty program that lists participating developers.

Development-related companies do not participate in land assembly and financing, but all or most of their activities are related to development. In the application stage, they include surveyors, planners, lawyers, architects, and engineers working for the developer. In the construction phase, there are contractors for site preparation, house framing and concrete forming, plumbers, roofers, electricians, dry-wallers, bricklayers, etc. They are also retailers of lumber, concrete, and so on; without building materials, no development could happen. In the post-construction phase, they may include the real estate agents, property managers, or marketing companies that help sell developments. Contributions from citizens were also classed as “developer” or “development-related” if they were from individuals clearly connected to companies in those classes.

Developers and development-related industries (referred to collectively as the “development industry”) contributed \$124,033.96 to 2006 municipal campaigns (**Table 2**). This accounted for 53% of all disclosed money that came from outside campaigns (i.e., not from the candidates’ own pockets). The figures for the proposed population growth for 2031 were taken from the Ontario government’s *Simcoe Area: a Strategic Vision for Growth*. Together, these five municipalities account for 79% of the province’s growth allocations for the Simcoe area<sup>7</sup>, which gives an idea of the substantial development pressures they face.

**Table 2: Developer contributions by municipality**

City	Sum of development industry contributions	Development Industry as a percentage of outside contributions , %	Proposed population growth by 2031
Barrie	\$70,183.96	57.2	76,500 (33% of total Simcoe area growth)
Bradford West Gwillimbury	\$21,450.00	58.2	27,000 (12% of total Simcoe area growth)
Collingwood	\$19,150.00	46.5	15,400 (7% of total Simcoe area growth)
Innisfil	\$5,500.00	24.7	31,200 (14% of total Simcoe area growth)
New Tecumseth	\$7,750.00	70.5	31,200 (14% of total Simcoe area growth)
<b>Total</b>	<b>\$124,033.96</b>	<b>53.0</b>	<b>181,300 (79% of Simcoe area growth)</b>

Contributions came from outside a given municipality were identified based on the address listed for the contributor on the campaign financial statement. On average, 58% of development industry contributions came from addresses outside the municipality in question (**Table 3**). More than three quarters of development industry contributions in Bradford West Gwillimbury and Innisfil came from outside the respective municipalities.

**Table 3: Development industry contributions coming from outside the municipality**

City	Percentage of Development Industry Contributions Coming from Outside the Municipality
Barrie	52.3
Bradford West Gwillimbury	81.4
Collingwood	60.1
Innisfil	77.3
New Tecumseth	32.3
<b>Total-Percentage</b>	<b>58.3</b>
<b>Total-Sum</b>	<b>\$71,850.00</b>

ii “Outside contributions” – refers to all contributions except those coming from candidate self-financing

iii Percentages may not add up due to rounding

## CONCLUSION

A \$750 election campaign contribution will not buy councillors' votes, but it can get a donor access to them. In the five municipalities discussed in this report, the development industry – developers, builders, construction material retailers, etc. – was the single largest donor to municipal election campaigns. It provided 53% of all outside contributions to the 2006 election contributions in Barrie, Bradford West Gwillimbury, Collingwood, Innisfil, and New Tecumseth. Increased funding to campaigns means more money for advertising and events, presenting a significant advantage to candidates that have the support of the development industry. Because of this, 'green' candidates or those taking an anti-sprawl stance may face a substantial funding disadvantage relative to candidates supported by the development industry.

Of course, developers as *individuals* should be entitled to contribute to electoral campaigns, as are all citizens. However, under current law, developers can also give through the company or companies they control, thus multiplying their influence. Moreover, in the five Simcoe municipalities we surveyed, 58% of contributions from the development industry came from addresses outside the municipality where the election campaign was being held. Outside money is playing a big role in Simcoe politics.

The entwining of municipal politics and development interests is not unique to the Simcoe area. The development industry was on average the single largest contributor in the 2006 elections in nine suburban GTA municipalities. The industry accounted for 48% of the total contributions in these municipalities<sup>8</sup>.

As it stands, Ontario's municipal election system is grossly lacking in transparency, regulation, and oversight. Many campaigns are more dependent on the money of a handful of developers than on citizens at large. This twilight zone of money and politics both reflects and contributes to the profound citizen disconnect with municipal politics; turnout for the 2006 Ontario municipal elections averaged a paltry 39%<sup>9</sup>.

## RECOMMENDATIONS TO THE ONTARIO GOVERNMENT

The Ontario government introduced Bill 212, part of which contains amendments to the Municipal Elections Act. Bill 212 was passed in December 2009. It eliminates a loophole that allowed the use of fundraising events for non-fundraising purposes, caps the sum of all contributions to candidates in a single municipality at \$5,000, and requires that clerks post electronic versions of campaign statements online. It also establishes citizen committees to review complaints relating to violations of election finance rules.

These amendments are a start, but they need to go much further. To protect local democracy, build transparency and oversight, and give candidates not supported by the development industry a fair chance, Campaign Lake Simcoe has four recommendations for reforming the Ontario municipal election system.

### **1. *Ban corporate and union campaign contributions.***

Section 70(3) of the Ontario Municipal Elections Act should be amended to remove corporations and unions as eligible contributors to election campaigns. Corporations cannot vote or run for office, they are not citizens, and they do not hold the rights of citizens<sup>10</sup>. Moreover, allowing citizens who own or control corporations to donate once in their own name and again in the name of their corporation(s) is undemocratic, in that it elevates them above other voters. Corporations should not be allowed to participate in electoral politics by contributing money to campaigns.

Banning corporate and union campaign contributions is a common-sense move. Such a ban has been enacted for the City of Toronto, in Quebec provincial and municipal elections and Manitoba's provincial elections<sup>11</sup>, and at the federal level.

### **2. *Financial contributors to a candidate's campaign must be qualified electors in the municipality where the candidate is running.***

The Municipal Elections Act should be amended to allow only those who are qualified electors in the municipality to make contributions to candidates for municipal office. This would mean that they must reside and/or own property in a municipality in order to contribute to local candidates' campaigns. Combined with the contribution limits mentioned below, this would prevent outside interests from participating in municipal politics when they are not part of the local community.

### **3. Limit the number and value of contributions by a single contributor.**

The Municipal Elections Act should limit the number of campaigns a contributor can support. Unrestricted contributions allow wealthy lobbies to extend their access to multiple candidates and councillors, creating a favorable political environment for them to advance their interests.

Once again, a similar limit is already in place in both federal and provincial elections. In federal elections, contributors are limited to giving \$1,100 to all candidates of the same party, while in Ontario they are limited to \$6,200<sup>12</sup>.

Contributors should be limited to donating to four candidates—for example three running for Council and one for Mayor. They should also not be able to contribute more than \$3,000 in total to *all* of the candidates whose campaigns they finance.

### **4. The value of paid volunteer labour must be included as a contribution from the employer.**

The Ontario government should amend the Municipal Elections Act to include as a contribution the wages paid by an employer to an employee who volunteers to work on a campaign. Section 66 (2) (2) (ii) currently allows an employer to, at his or her discretion, pay the normal rate of compensation to an employee who volunteers to work on a campaign without the value of these wages being a contribution to a candidate's campaign<sup>13</sup>.

This rule allows employers to exceed contribution limits by not including the cost of wages as a contribution. It also permits employers to cherry-pick which campaigns their employees will be paid to 'volunteer' for. Candidates who can attract support from employers are handed an advantage over those who cannot attract such support.

## **WHAT YOU CAN DO: RECOMMENDATIONS FOR ONTARIO CITIZENS**

- Encourage people who make the environment a priority to run for Council in the 2010 elections.
- Call your Councillor and Mayor and ask them what their policy is on accepting developer contributions, especially from developers who do not live in the community.
- Elect Councillors who do not take developer contributions.

## END NOTES

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