

**Ref: 2008-MM27.1**

December 8, 2008

**EXECUTIVE COMMITTEE:**

City Council on December 1, 2 and 3, 2008, referred the following Motion to the Executive Committee:

**MM27.1     Municipal Election Finance Reform – By-law to Prohibit Corporate and Trade Union Contributions**

*Moved by Councillor Walker, seconded by Councillor Jenkins and Councillor Lee*

City Council at its meeting on September 28, 29, 30 and October 1, 2004, adopted, as amended, by a vote of 35 to 8, Policy and Finance Committee Report 7, Clause 3, headed "Toronto Election Finance Review Task Force Recommendations", for reform of municipal election campaign finances in the City of Toronto. This matter was then forwarded to our Provincial Minister of Municipal Affairs and Housing on October 6, 2004.

These reforms were adopted by City Council to improve electoral fiscal transparency and accountability, to reduce the influence of special interests and to mitigate the financial advantages of incumbency.

On October 26, 27, 28 and 31, 2005, City Council, adopted, without amendment, by a vote of 29 to 3, Notice of Motion J(1), headed "Election Campaign Finance Reform", and, in so doing, re-affirmed its support for these reforms by adopting a motion regarding the urgent implementation of the Toronto Election Finance Review Task Force recommendations.

The main recommendations of this reform package are:

1. Prohibit all corporate and trade union contributions to municipal election campaigns.
2. Disallow candidates from transferring financial surpluses from one campaign to the next.
3. Update spending limits and redefine rules with respect to excluded expenses.
4. Require Elections Ontario to be responsible for the monitoring and enforcement of the provisions of the Municipal Elections Act, 1996.

The Province did not include permissive legislation City Council needed to implement any of the Toronto Election Finance Review Task Force recommendations until Bill 53, City of Toronto Act - Stronger City of Toronto for a Stronger Ontario Act, 2006, which was enacted January 1, 2007. Further, the Provincial government did not include in the City of Toronto Act, 2006, the required permissions to implement all the recommendations of the Toronto Election Finance Review Task Force adopted by City Council, except to prohibit corporate and union donations to municipal election campaigns; with the City of Toronto Act, 2006, the Province amended the Municipal Elections Act, 1996 (Section 70.1), to allow any municipality to prohibit contributions from corporations and trade unions to candidates for municipal election. Because the Provincial government held off on passing the needed reforms for the City of Toronto, this prevented City Council from implementing new election campaign finance rules for the 2006 Municipal Election.

Since January 2008, the City of Toronto Election Services has been in discussion with the Ministry of Municipal Affairs and Housing regarding further amendments to the City of Toronto Act, 2006, and the Municipal Elections Act, 1996, which would implement further reform of the City of Toronto municipal election process, including implementation of the remaining portions of the Toronto Election Finance Review Task Force recommendations. The formal portion of these discussions has concluded and the Ministry has promised to circulate draft amendments to the Provincial Cabinet later this year.

As shown by the previous City Council votes on this issue, there is significant support among Members of City Council for banning contributions from corporations and trade unions to municipal election candidates. Most recently, the Chair of the Toronto Transit Commission, Councillor Adam Giambrone, stated in an October 28, 2008 Globe and Mail article that "he would support a Council-wide ban on corporate and union donations."

Now there is no reason to delay; City Council now has the power under the City of Toronto Act, 2006, to implement a by-law prohibiting contributions from trade unions and corporations to municipal candidates for Councillor and Mayor.

**RECOMMENDATIONS:**

1. That City Council enact a by-law to prohibit corporations and trade unions from contributing to any candidate for Mayor and Councillor in the City of Toronto from the 2010 municipal election onwards.
2. That City Council reaffirm its decisions of September 28, 29, 30 and October 1, 2004 and October 31, 2005, in support of the amended recommendations of the Toronto Election Finance Review Task Force.
3. That the City Clerk be directed to report to the March 2009 meeting of the Executive Committee on the current status of negotiations with the Provincial government regarding municipal election legislation reform.

Council also considered the following:

- (December 1, 2008) letter from George Milbrandt, Co-Chair, FoNTRA, submitted by Councillor Michael Walker, Ward 22, St. Paul's (MM.New.MM27.1.1)
- (November 30, 2008) e-mail from Geoff Kettel (MM.New.MM27.1.2)
- (December 1, 2008) submission from Councillor Michael Walker, Ward 22, St. Paul's - Toronto Star article entitled "Reform City Elections" (MM.New.MM27.1.3)

for City Clerk

M. Toft/cd

Attach.