

TOWN OF AJAX REPORT



REPORT TO: General Government Committee

SUBMITTED BY: Rob Ford, CPA, CMA, AMCT
Chief Administrative Officer

PREPARED BY: Alexander Harras, MPA
Manager of Legislative Services/Deputy Clerk

SUBJECT: **2018 Municipal Elections - Contribution Rebate Program**

WARD(S): All

DATE OF MEETING: Monday, November 14, 2016

REFERENCE: General Government Committee Report, "Election Rebate Program",
October 4, 2012

RECOMMENDATION:

That Committee endorses Option **X** in this report and the associated by-law, if necessary, be recommended to Council to authorize the Contribution Rebate Program for the 2018 municipal election.

BACKGROUND:

Under the *Municipal Elections Act, 1996*, municipalities may implement a contribution rebate program to reimburse individuals for donations made to candidates in municipal elections. The purpose of the program is to reduce financial barriers to candidates running for municipal office and to increase civic engagement in municipal elections.

The program was first introduced in Ajax for the 2000 municipal elections and was last reviewed in October of 2012. The approved program for the 2014 municipal election operated under the following eligibility requirements:

Minimum Contribution:	\$50
Rebate Amount:	75%
Maximum Rebate:	\$200

Eligible Contributions include donations of money from Ajax electors given to a candidate between the date of the candidate's submission of their nomination papers and Voting Day.

Ineligible Contributions include goods and services, inventory from prior elections, corporate and trade union donations, proceeds from fundraisers, and contributions from a candidate or their spouse and children.

In 2012, Council opted to increase the maximum rebate amount from \$150 to \$200, increase the minimum eligible contribution from \$25 to \$50, and simplify the rebate formula to 75% of any contribution. The implementing By-law #138-2012 expired after the 2014 election, necessitating a review and approval from Council to implement the program again for 2018.

Recently, the *Municipal Elections Modernization Act*, also known as Bill 181, amended the *Municipal Elections Act* to prohibit corporate and trade union donations to municipal election candidates. As a result, campaigns may only be financed by donations from individuals, fundraising events, and self-financing by candidates. This important change will increase the necessity of individual contributions to municipal election candidates, and may therefore increase the necessity of the rebate program.

DISCUSSION:

This report reviews the program's history and achievement of its core objectives, provides comparative data with other rebate programs in Ontario, and proposes program options for 2018. Data for rebates offered during the 2008 by-election has been excluded to ensure consistency when comparing program years. Some rebate program information for 2003 has also been excluded due to a lack of available data.

2014 Rebate Program Summary

The table below illustrates usage of the rebate program in 2014:

2014 Rebate Program Statistics	
# of Rebate Applications	89
Contributions Applied for Rebate	\$ 20,835.00
\$ Issued in Rebates	\$ 12,266.25
Average Rebate Amount	\$ 137.82
# of Candidates Participating	10 of 21

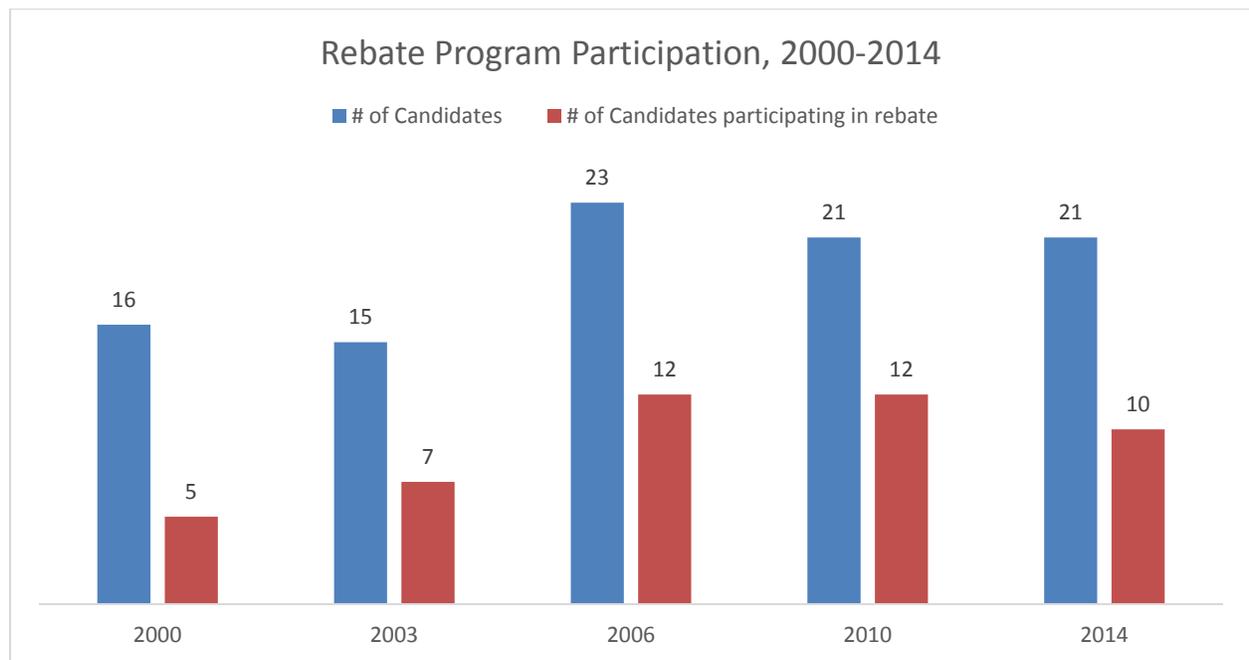
Compared with prior elections, the 2014 rebate program was used by fewer individuals that donated larger sums of money. The average rebate amount increased to \$137.82 in 2014, higher than in any prior election:

	2000	2006	2010	2014
# of Rebate Applications	66	174	139	89
Rebate \$ Issued	\$ 5,962	\$ 16,364	\$ 10,662	\$ 12,266
Average Rebate Amount	\$ 90.34	\$ 94.05	\$ 76.71	\$ 137.82

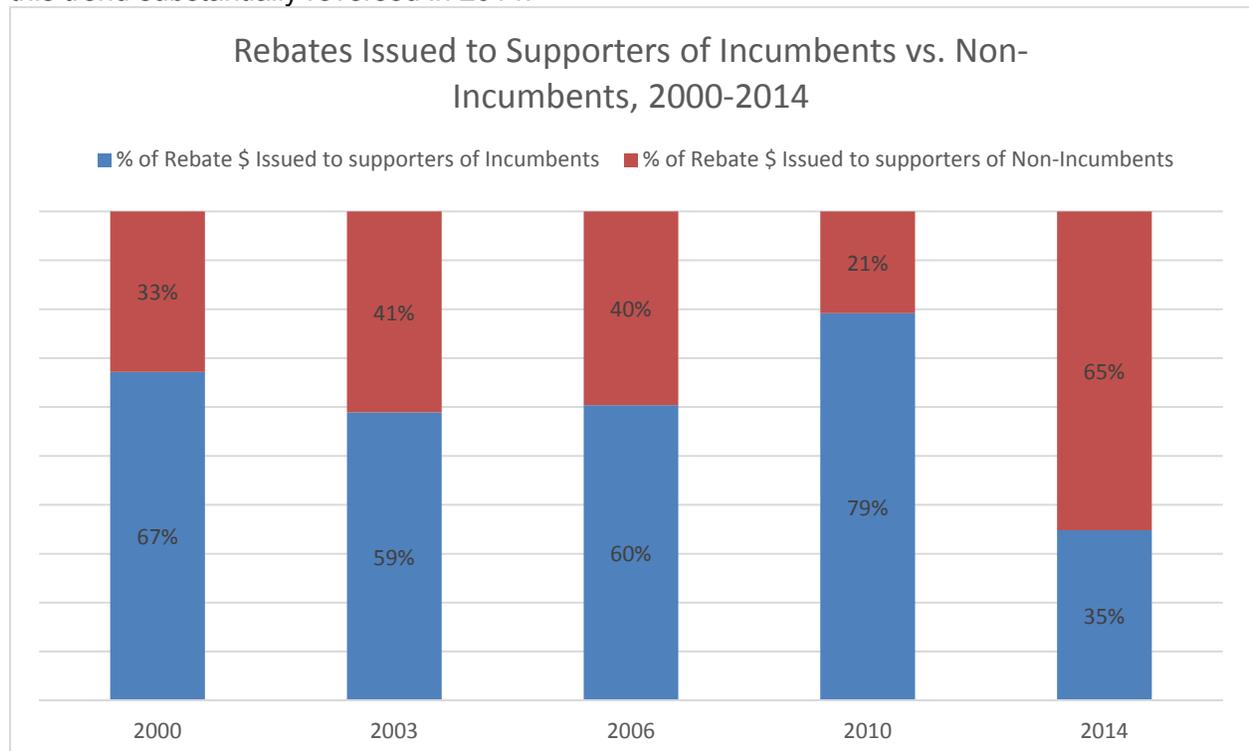
**2003 data unavailable*

Candidate Participation

The program’s first objective is to increase candidate participation by reducing financial barriers to running for office. The number of candidates participating in Ajax elections and those that use the rebate program have remained stable over time. Participation in the program is typically half of the total number of candidates running for office in Ajax:

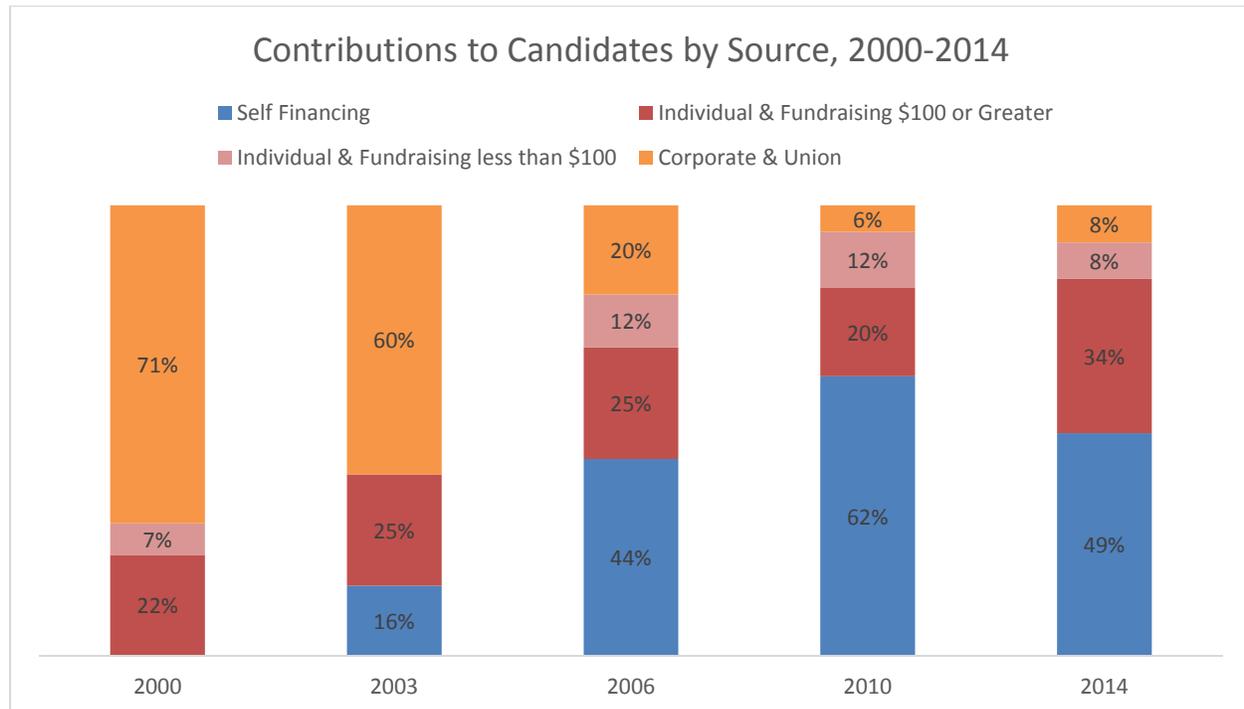


Traditionally, the program has been utilized by incumbents more than non-incumbents. However, this trend substantially reversed in 2014:



Usage of the program by non-incumbents is a positive trend that should be encouraged as it is in direct support of the program's objectives.

As previously noted, donations from corporations and unions are now prohibited in municipal elections. The impact of this change is expected to be minimal in Ajax, as candidates have reduced corporate contributions and increased self-financing of their campaigns over time:



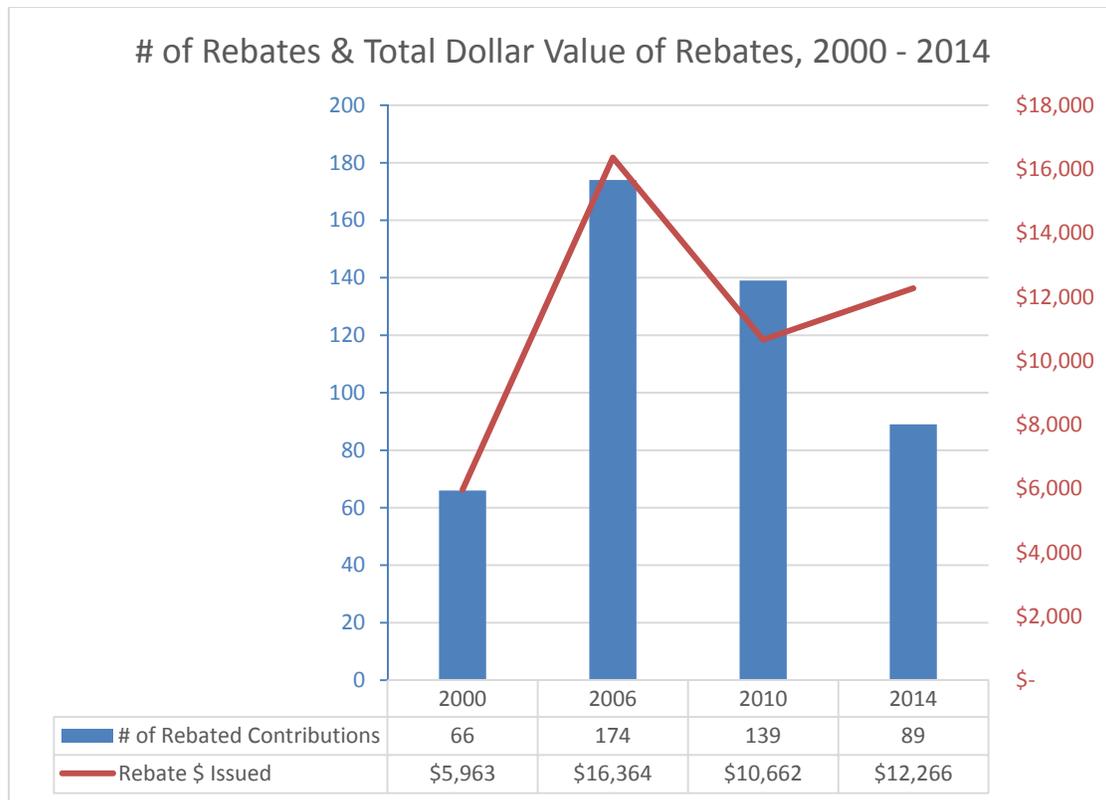
**2000 data for self-financing unavailable; 2003 data for individual donations less than \$100 unavailable*

Reliance on self-financing limits the competitiveness of candidates that cannot self-finance their campaigns. The rebate program therefore may provide much-needed assistance to candidates by reducing their reliance on self-financing.

Overall, candidate usage of the program remains steady, with a notable change in non-incumbents making greater use of the program in 2014. Participation by all candidates should be encouraged and promoted.

Donor Participation

The program's second objective is to increase civic engagement in municipal elections by reducing financial barriers to making contributions to candidates. A higher quantity of rebates issued is indicative of broader civic engagement in the electoral process. However, the total number of rebate applications declined in 2014 compared to 2010, while issued rebate dollars increased.



**2003 data unavailable*

In the future, the base of program users should be broadened to provide a larger number of smaller rebates, rather than a smaller number of larger rebates.

Comparative Rebate Programs

Six other municipalities across Ontario have implemented contribution rebate programs. A comparison table is included as ATT-1 to this report that illustrates the differences between each program.

While eligibility rules and program administration are comparatively similar between municipalities, there is variation between minimum donation requirements, rebate calculation formulae, and maximum rebate amounts. The rebate calculation formula used by Ajax is simple compared to those used elsewhere, which is beneficial as donors can easily understand how much of their donation will be rebated.

Summary and Proposed Program Changes

The rebate program has been generally successful over its tenure. However, some trends in campaign financing and rebate use are noteworthy. In the absence of corporate donations that have declined in Ajax and that will now be prohibited, candidates have increasingly self-financed their campaigns rather than rely on donations from individuals. Additionally, fewer donors participated in the rebate program in 2014 but gave larger amounts, increasing program costs while simultaneously reducing the number of benefitting donors.

Nevertheless, the rebate program may be more necessary in 2018 as a result of the ban on corporate and union donations, and should be considered an investment by the Ajax community in supporting greater choice in municipal elections.

In light of these facts, three options are presented below for consideration, with rationales for their adoption provided:

Option 1: Status Quo

Rationale: While changes to the *Municipal Elections Act* now prohibit corporate and union donations, the impact of this change will be minimal as this funding source has declined over the last several elections in Ajax. The higher maximum of \$200 instituted in 2014 was used extensively by participating donors and will be sufficient if participation in the program is steady or increases in 2018.

1. Retain the existing rebate amount of 75%;
2. Retain the existing maximum rebate of \$200; and
3. Retain the existing minimum donation of \$50.

Option 2: Expanded Rebate Program

Rationale: The program was not used extensively by donors giving smaller amounts of money in 2014, possibly because of the increase to a \$50 minimum eligibility requirement. Additionally, an increase to the maximum rebate amount may be justified on the basis of the prohibition of corporate and union donations. One or both changes could be implemented.

1. Retain the existing rebate amount of 75%;
2. Increase the maximum rebate amount to \$250; *and/or*
3. Reduce the minimum contribution to \$25.

Option 3: Eliminate the Rebate Program

Rationale: Over time, candidate participation in Ajax elections has not substantially increased, nor has participation in the rebate program. Similarly, applications for rebates declined in 2014 despite the program providing more money in rebates than in 2010. The rebate program has therefore not clearly demonstrated its contribution to greater candidate or voter engagement in the election process. Eliminating the rebate program will save approximately \$10,000-\$20,000 in election related expenses.

Administrative Changes

Should either Option 1 or 2 be preferred, the following administrative changes to the program are recommended to ensure conformity with new rules and procedures under the amended *Municipal Elections Act, 1996*:

1. Clarify that donations to registered third parties are ineligible for a rebate (to avoid any confusion with the new third party registration category).
2. Remove sub-section 2. iii. of the by-law specifying that contributions from corporations and unions are ineligible for a rebate (the provision is null as such contributions are now prohibited).
3. Add an eligibility criteria specifying that the individual receiving a rebate has not exceeded their contribution limits specified in the Act (being \$750 maximum for each candidate and \$5,000 total for all council races within the municipality).

- a. Under the revised *Municipal Elections Act*, the Clerk is obligated to prepare a report to the compliance audit committee identifying all instances of individuals that exceeded their contribution limits. Any individual contributors found to be in contravention of the Act should therefore not be eligible for a rebate.
4. Clarify that payment of rebates will occur after a candidate files their **final** financial statements.
 - a. A late filing period was introduced in the amended Act that concludes on April 30th, 2019. Additionally, candidates may now submit revised financial statements up until the submission deadline. The timeline for issuing rebates should be clarified to ensure that all submitted financial statements are final before disbursing rebates.

These changes are incorporated into the draft by-law included with this report as ATT-2.

FINANCIAL IMPLICATIONS:

The current contribution rebate program (option 1) typically incurs costs between \$10,000 and \$20,000 each election. Funding for the program is provided through the Town's election reserve. Should the program be expanded (option 2), it is expected that costs could exceed this range if there is an increase in rebate applications. Small changes to the rules can have a large impact on the financial implications of the program, as the Town cannot control the volume of rebate applications in a given election. If the program is eliminated (option 3), the Town will save the same amount.

Estimated Program Costs Based on Options Presented:

Option 1: Status Quo	Option 2: Enhance Program	Option 3: Eliminate Program
\$10,000-20,000 (estimate)	\$15,000-25,000 (estimate)	\$0

COMMUNICATION ISSUES:

Should rebates be authorized for the 2018 municipal elections, information will be provided on the Town's website for candidates and electors to review closer to the 2018 municipal elections. Additional program information will be provided to candidates upon submission of their nomination papers.

CONCLUSION:

In 2014, the contribution rebate program continued to provide financial resources to candidates running for municipal office in Ajax. With recent changes to the *Municipal Elections Act* prohibiting corporate and union donations to municipal election candidates, there remains a benefit to providing financial assistance to facilitate greater participation in municipal elections.

This report requests direction regarding whether to maintain the program as it was implemented in 2014 (option 1), modify the program by either increasing the maximum rebate available, reducing the minimum eligible donation, or both (option 2), or eliminating the program (option 3).

ATTACHMENTS:

ATT-1: Rebate Program Comparison Table

ATT-2: Contribution Rebate Program By-law for the 2018 Municipal Elections

Alexander Harras, MPA – Manager of Legislative Services/Deputy Clerk

Rob Ford, CPA, CMA, AMCT - Chief Administrative Officer

TOWN OF AJAX – WORK INSTRUCTION			Page 1 of 3
DOCUMENT TITLE: Municipal Elections - Special Polling Locations			NO.: ME-WI-004
AUTHORED BY:	Lorraine Billings	ISSUE # 1	
APPROVED BY:	Nicole Cooper	ISSUE DATE:	Click here to enter a date.

1 PURPOSE

- 1.1 To establish standardized procedures for the selection and set up at Special Polling Locations in regular elections and by-elections in the Town of Ajax.

2 DEFINITIONS

- 2.1 Definitions and abbreviations applicable to this work instruction are listed in ME-OP-001 Municipal Elections Governing Operating Procedures.

3 RESPONSIBILITIES

- 3.1. In accordance with the Act, it is the responsibility of the Town to provide a voting place at the following locations:
 - 1. An institution for the reception, treatment or vocational training of members or former members of the Canadian Forces.
 - 2. An institution in which, on September 1 in the year of the election, 20 or more beds are occupied by persons who are disabled, chronically ill or infirm.
 - 3. A retirement home in which, on September 1 in the year of the election, 50 or more beds are occupied.
- 3.2. The Town may provide additional Special Voting Places not required under the Act, if deemed desirable.

4 RESOURCES

- 4.1 N/A

5 INSTRUCTIONS

Scheduling & Inspections

- 5.1. During preparations for a regular election or by-election, Election Staff shall check if any new Long Term Care Facilities or Senior Residences have opened in the Town since the last election.
- 5.2. A list of all mandatory Special Voting Places shall be developed, along with a list of all optional/desirable Special Voting Places.

THIS DOCUMENT IS VALID ONLY ON THE DAY OF PRINTING. PLEASE REFER TO THE DMS FOR THE MOST CURRENT VERSION.

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- 5.3. It is the practice of the Town to provide voting at mandated Special Voting Places during the Advance Voting Period.
- 5.4. Election Staff will contact the Facility Director at each location to arrange for a site visit to determine the most suitable location within the facility for the voting to occur, taking into account accessibility, space, layout, and technical requirements.
- 5.5. Election Staff will complete the Voting Assistance Centre Inspection Report (Form ME-001) during the inspection for each voting location.
- 5.6. Following the inspection, Election Staff will confirm a date and time for each Special Voting Place with the Facility Director, and develop a comprehensive schedule listing all Special Voting Places.
- 5.7. Election Staff will takes measures to actively advertise and promote the availability of special voting opportunities within selected facilities.
- 5.8. In the event of an Emergency that prevents a scheduled Special Voting Place from occurring, Election Staff shall reschedule the Special Voting Place with the Facility Director.

Conducting Special Voting Places

- 5.9. During a regular election, Election Staff will contact each Facility Director in September to ensure that the voters list accurately represents the tenants of these facilities and to re-confirm the scheduled date and time for the special voting place.
- 5.10. During the scheduled date and time of each special voting place, Election Staff shall attend the location and provide voting services in accordance with the established standard practices and principles of the Act.
- 5.11. Election Staff will attend each Special Voting Place in the schedule. Eligible Electors at any Special Voting Place that are unable to attend the special poll may still vote using the Town’s Voting System at any time during the Voting Period.

Accessibility, Diversity & Inclusion

- 5.12. When scheduling Special Voting Places, Election Staff shall inquire with Facility Directors if there are any accessibility barriers at the facility to be aware of, and if there is a predominant language other than English spoken by residents at the location. In such cases, the Town Clerk or their designate shall make reasonable efforts to send Election Staff with commensurate language skills

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or translation tools to conduct voting at the Special Voting Place for the benefit of electors at that location.

6 RELATED DOCUMENTATION

- 6.1. ME-OP-001 Municipal Elections Governing Operating Procedure
- 6.2. ME-WI-001 Selection of Voting Method
- 6.3. ME-WI-002 Advance Voting Period
- 6.4. ME-WI-003 Selection of Voter Assistance Centre (VAC) Locations
- 6.5. Form ME-001 Voter Assistance Centre Inspection Report

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