

Raising, Spending, and Regulating Party Finances in the Provinces

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Abstract: Money is essential for political parties and candidates. In this article, we probe the complicated relationship between money and electoral politics. Using the cases of Manitoba, Saskatchewan and British Columbia, we explore the potential for provincial political systems to serve as laboratories to examine how different regulatory regimes affect political financing. As such, this article is an exploratory analysis of the potential for the comparative study of provincial campaign finance.

Keywords: campaign finance; election law; Manitoba; Saskatchewan; British Columbia; provincial politics; party regulation; fundraising; spending

Résumé: L'argent est essentiel pour les partis politiques et les candidats. Dans ce chapitre nous explorons la relation compliquée entre l'argent et les politiques électorales. En utilisant les cas du Manitoba, Saskatchewan et de la Colombie Britannique, nous explorons la possibilité avec les systèmes politiques provinciaux à servir de laboratoire, pour étudier comment des régimes régulateurs affectent le financement politique. En fin, ce chapitre est une analyse d'exploration du potentiel d'une étude comparative des finances d'une campagne provinciale.

Mots-clés: financement des campagnes ; loi électorale ; Manitoba, Saskatchewan ; Colombie Britannique ; politique provincial ; régulation des partis, collecte de fonds ; dépenses électorales

Theoretical Framework

Without money, it is near impossible for political parties and candidates to successfully compete in elections. Leaders' tours, campaign signs, advertising and polling all cost money. This has always been the case, but in recent years, it has become even truer. Membership in and involvement with political parties in developed democracies has atrophied, leading to the phenomenon of "parties without members" (Scarrow, 2000). This concern has been echoed in Canada. Research by Bill Cross and Lisa Young revealed a Canadian party membership base that is aging and only intermittently involved with party activities (Cross, 2004; Cross and Young, 2004). Alongside this trend has come the increased professionalization and sophistication of political parties (Panebianco, 1988). Polling and data analysis are now essential to identifying segments of the electorate that might be open to persuasion and manufacturing targeted appeals to voters (Marland et al., 2012; Issenberg, 2012; Delacourt, 2013).

Financial resources are thus required to research and develop the message. Party supporters may not be able to develop and deliver a finely tuned electoral message, but they can donate to efforts to do so. In this environment, financial contributions to political parties are an indispensable form of political participation.

Although money is an essential resource for political parties and candidates, it can also pose particular problems for democracy. Money can exacerbate inequality, create opportunities for corruption, and erect barriers that may reduce the accessibility of the party system. Unlike votes, the

other essential currency of the electoral process, money is unequally distributed among citizens. If left unchecked and unregulated, this creates the potential for parties and candidates to be beholden to those who donate. Such a system can significantly advantage parties that appeal to the interests of those with money and create an unequal playing field. Ultimately, the influence of money could drive up the costs of participation in the electoral process to a level high enough to be a significant barrier to those without access to comparable financial resources (Harper v. Canada, 2004).

Political party finances are almost always subject to state regulation. This regulation typically takes a number of forms. The first is provisions for financial disclosure. Most jurisdictions in Canada require that political parties and candidates disclose their financial affairs. Most critically, regulatory regimes typically require parties and candidates to reveal the identity of donors who give above a certain threshold. Financial disclosure has become the norm in Canada, primarily so that the public can connect political messages from parties and candidates with those persons or entities that have helped to fund the dissemination of those messages.

The second typical component of a party finance regulatory regime is a limit on contributions and/or spending. Limits on contributions may restrict which actors are permitted to contribute to parties or candidates. Furthermore, legislation might limit donations to particular actors within a jurisdiction. A regulatory regime might also place limits on contributions, seeking to reduce the influence that any one donor might have on the process. There may also be limits on party and candidate expenditures

during elections or even during the period before an election.

The third component is some level of public financial support. Public funding can be provided directly or indirectly. Direct public support often comes in two forms. First, it can be provided as a reimbursement of election expenses in order to help defray the costs of electoral competition. Second, it can be provided in the form of an allowance; the amount of an allowance is typically calculated by factoring the number of votes obtained by a party or candidate. Both forms can help reduce barriers to entry. Indirect public support, on the other hand, is usually provided as a tax credit for monetary contributions. By giving a tax deduction to those who donate, the state is subsidizing the donation and encouraging monetary contributions as a form of political participation. Such indirect public financing can be a significant component of the income for political parties (Jansen & Young, 2011).

Although every jurisdiction in Canada regulates party and election finance, they each use a different mix of policy instruments (Elections Canada, 2012). Because of the importance of money to the electoral process, differing regulatory regimes can have a significant impact on the operation of parties within a political system. For example, there is a vigorous debate over the impact of extensive public support on the party system, with opponents of public financing arguing that such funding can estrange parties from their civil society roots and make it more difficult for new entrants to the party system to compete with established parties (Fisher, 2011; Beange, 2012).

One of the challenges of assessing the impact of different party finance regimes is that factors other than

campaign finance law also shape the activities and organization of political parties. Political parties respond to and mobilize divisions in the electorate, respond to institutional incentives created by the electoral system and legislative structures, and are shaped by the political culture in which they operate. Isolating the impact of electoral laws on party organization and activity can be difficult. For example, one of the important debates over the evolution of political parties involves the “cartel party” thesis, which posits extensive public financing for political parties as corresponding with a straining of the relationship between political parties and civil society as well as a decrease in competition between parties (Katz and Mair, 1995). Political scientists studying expanded public financing in Canadian national politics have found that a theory developed in the context of European politics does not fare as well in Canada given the countervailing pressures of Westminster parliamentary institutions and the single member plurality electoral system (Young et al., 2007; Katz, 2011). This makes the study of provincial party finance all that more important to test, and perhaps contest, existing theses.

Methodology

Canada’s provinces provide exciting possibilities for comparative analysis. Although there are some obvious differences between provinces in political culture and party systems, and some minor differences between their legislative structures and electoral processes, most provinces differ less than states typically used in comparative analyses. Furthermore, the broad components of Westminster style political institutions and the single member

plurality electoral system are in place across jurisdictions in Canada. At the same time, provincial party finance regimes differ (Elections Canada, 2012; Blake, 2001(a)). Some provinces provide more public financing (including allowances) while others provide almost none. Canada's provinces thus offer a laboratory to evaluate the impact of regulatory regimes.

The exciting potential for comparative research on provincial party finance comes crashing against the reality of existing data limitations. The quality of available provincial party financial data varies. Most provinces make extensive financial data available on the Internet, but not all do. Most provinces only provide financial data for the last decade or so, limiting the likelihood of more extensive longitudinal analysis. Often the available data is not provided in a way conducive to research, requiring the transcription of data from scanned financial statements. Provincial election agencies often do not disaggregate corporate, trade union or individual donations, making even an elementary level of analysis challenging. Finally, comparative analysis can also be constrained because different provinces define some fundamental concepts differently (Blake, 2001(b)). Finally, in some provinces, annual financial statements include all party financial activity within that province for a given year; in other provinces, that is not the case. These barriers are not insurmountable, but they may be worth consideration by those responsible for regulation.

In what follows, we embark on a preliminary and exploratory comparative analysis of provincial party finance in Canada. Our purpose is to illustrate the kinds of things that can be analyzed in

this type of comparative framework. We chose British Columbia, Saskatchewan and Manitoba as our three comparative cases. These three provinces display variation in their party finance regimes and have available reasonably high quality financial data. We analyze party finances for the same four-year period in all three provinces: 2009-2012, inclusive. This captures one complete election cycle for each province. British Columbia held an election in 2009 while voters in Saskatchewan and Manitoba went to the polls in 2011. In all three elections, the incumbent party was re-elected to form government. Another advantage of these cases is that the New Democratic Party (NDP) is a present and competitive political actor in all three provinces, allowing for comparison of a single party brand across jurisdictions. Furthermore, in all three provinces, there are two dominant parties – the NDP and a right-of-centre party.

One significant limitation of our analysis is that we examine only provincial-level party finances. More local political actors – candidates and the electoral district associations of parties – also raise and spend money, and there are often significant transfers between the central party and local entities. We recognize that the vibrancy of these local entities is an important element of Canadian political parties and party finance in Canada (Carty, 2002; Carty and Eagles, 2005). Furthermore, party finance regulations can have an important impact on the balance between central and local party organizations (Katz, 2011: 77; Coletto and Eagles, 2011; Coletto et al., 2011). Such analysis is beyond the scope of this article, but it is important to bear in mind that what follows is only part of the story of party financing in the provinces. We now turn to an

examination of each of the three cases and comparative analysis of provincial-level data on party financing.

Findings

British Columbia

Voters and parties in British Columbia are polarized between materialist and post-materialist policy options (Blake, 1996(a); Blake 1996(b); Blake, 1985). Although the NDP often earns about 40% of the popular vote, the Liberal Party has now won four consecutive majority governments (Smith, 2010). In such a competitive two-party system one might expect campaign finance law to be the subject of bitter dispute. However, campaign finance law does not appear to have been a major battleground.¹

The campaign finance provisions of the provincial *Election Act* have been subject to a series of amendments on two occasions during the past decade, in 2002 and 2008. In both instances, save provisions for third party spending, amendments have mostly been administrative (Western, 2008).

The 2002 amendments built upon the recommendations of the chief electoral officer following the administration of the 2001 general election. Perhaps the only significant amendment in 2002, relative to this article, was to prohibit charitable organizations from making financial contributions to political parties or candidates.

The amending legislation of 2008 changed over 30 provisions and was somewhat more significant for the purposes of our discussion. For example, whereas previously there was an election expense limit only pertaining to the

campaign period, the legislation was amended to establish two separate limits in order to govern both the 60 day pre-writ period as well as the campaign period. Also, the calculation of election expense limits would no longer be based on either the number of candidates endorsed by a party or the number of electors in an electoral district, but rather would be an absolute figure established by statute. Other changes included a prohibition on contributions from federal political parties, as well as the enabling of transfers between provincial constituency associations and between candidates of the same political party.

Although the amendments of 2002 and 2008 certainly affected how political contributions may be raised and election expenses incurred, the debate over campaign finance law in B.C. has been nowhere near as public or consequential as the debate over the broader electoral system.²

Campaign finance law in British Columbia displays three notable elements: (1) there are no overall contribution limits, except for a limit on anonymous contributions; (2) there is no public financing for parties or candidates; and, (3) there are separate election expense limits, fixed in statute, for the pre-writ and campaign periods.

As such, campaign finance law in British Columbia for candidates, constituency associations, and registered political parties, currently exhibits the following features:

Public Funding

- there is no direct public funding for parties, local associations, or candidates
- a tax credit is available for monetary contributions, the percentage of credit dependent

upon the amount given, up to a maximum of \$500 credit

Contributions:

- there is no overall limit on political contributions
- contributions may be accepted from individuals, corporations, or unions
- contributions may be accepted from outside of the jurisdiction
- single anonymous contributions cannot exceed \$50, and anonymous contributions may only be received at a fundraising function
- total anonymous contributions to a party or constituency association may not exceed \$10,000 in a calendar year, and to a candidate may not exceed \$3000 in relation to any one election

Expenses:

- during the 60 days before a campaign period, total expenses incurred by a political party must not exceed \$1.1 million
- during the 60 days before a campaign period, total expenses incurred by a candidate must not exceed \$70,000
- during a campaign period, total expenses incurred by a political party must not exceed \$4.4 million
- during a campaign period, total expenses incurred by a candidate must not exceed \$70,000

Saskatchewan

Politics in Saskatchewan is typically characterised by its distinctiveness, due in large part to the electoral success of provincial political parties committed to democratic socialism (Wesley, 2011; Smith, 2009; Smith 2007; Leeson, 2001). However, as

much as 'distinct' is an adjective apposite to describe the province's political history, it is inappropriate to describe the province's election laws. In a province where policy choices have so often been viewed as radical, electoral policy remains conventional. Perhaps one phenomenon explains the other: "Saskatchewan's distinctiveness, a large part of which was attributable to its innovative public policies, acted as a brake on change" (Smith, 2005: 49).

Changes to Saskatchewan's election laws have been cautious and infrequent. The current provincial *Election Act*, which includes provisions governing campaign finance, was assented to in 1996; since that time the Act has been subject to amendments on 12 occasions, and only five of these have been amendments directly pertaining to election administration rather than being corresponding amendments resulting from changes to other statutes.

Major changes to election law in Saskatchewan over the past 17 years include the establishment of the position of chief electoral officer (CEO) as an independent officer of the legislative assembly (1998), the introduction of fixed election dates (2009), a ban on government advertising during campaign periods (2009), and the enactment of more stringent voter identification rules (2011). Most of these changes arrived in Saskatchewan after being thoroughly tested in other Canadian jurisdictions.

Saskatchewan has little significant campaign finance reform to recount. In 2005, as part of a comprehensive bill to clarify and modernize several aspects of the Act, election expense reimbursement levels were increased "to match federal levels" (Saskatchewan, 2005).

The only other significant reform in the past 17 years has been the *Political*

Contributions Tax Credit Act (2001). This legislation introduced a system of tax credits for resident individuals and corporations making monetary contributions to parties or candidates as well as for paying party membership fees. The tax credit cannot exceed \$650. All 14 Canadian jurisdictions provide tax credits for political contributions.

Perhaps the most significant brake on change in recent times has been the state of the province's election agency, Elections Saskatchewan. Writing in 2009, David Hamilton, then a consultant, but a former CEO of the Northwest Territories, observed a critical lack of leadership and resources (Hamilton 2009: 16). A full-time CEO was finally appointed in 2012. The effect of this has already been seen in legislation amending Saskatchewan's electoral process, which was passed in 2014.

Saskatchewan's campaign finance regime is currently characterized by four notable aspects: (1) reimbursement of election expenses to registered political parties and candidates; (2) no limit on contributions; (3) contributions may be accepted from donors residing outside of the province, so long as they are from Canadian citizens; and, (4) election expense limits are differentiated by geographic location.

As such, campaign finance law in Saskatchewan for candidates, constituency associations, and registered political parties, currently exhibits the following features:

Public Funding

- reimbursement of up to 50% of election expenses incurred by a registered political party, if 15% of all valid votes cast are for the party
- reimbursement of up to 60% of election expenses incurred by a

candidate, if 15% of valid votes cast in the electoral district are for the candidate

- tax credits for monetary contributions to a party or a candidate, or for the payment of membership fees to a party, up to a maximum of \$650 credit

Contributions:

- no limit on contributions
- contributions may be accepted from individuals, corporations, or unions
- contributions may be accepted from outside of the jurisdiction, but must be from Canadian citizens
- a single anonymous contribution limit of \$250; no limit on the cumulative amount of anonymous contributions

Expenses:

- determination of election expense limits for registered political parties and candidates depends upon whether the election is being contested in a 'northern' or 'southern' electoral district (two of 58 electoral districts are 'northern')
- election expense limits for registered political parties adjusted using the Consumer Price Index, in accordance with a formula set out in legislation, or, in southern constituencies, the number of names on the voters list, whichever is greater
- election expense limits for candidates adjusted using either the Consumer Price Index or the number of names on the voters list for the candidate's electoral district, whichever is greater
- a separate, and additional, adjusted annual limit on election

advertising expenses for registered political parties and associated entities

- constituency associations are not required to report election contributions or expenses

Manitoba

Manitoba has long been an early adopter and innovator in the field of electoral policy. For example, in 1916, Manitoba became the first province to allow women to vote. In 1920, Manitoba was the first province to veer from the single member plurality electoral system for provincial elections, adopting STV in Winnipeg, and then later the alternative vote outside Winnipeg (Jansen, 2004). In 1957, “Manitoba became the first Canadian jurisdiction to establish a system whereby periodic, independent, arms-length redistributions of electoral districts would be guaranteed” (Courtney, 2001: 36). Political parties in Manitoba must subscribe to a code of ethics, the only jurisdiction in Canada where this is in place. More germane to the focus of this article, in 2000, Manitoba became only the second Canadian jurisdiction to outlaw political contributions from corporations and trade unions. And, in 2012, Manitoba became the first jurisdiction in Canada to appoint an allowance commissioner to independently decide on the allocation of allowances to registered political parties.

At the close of the 20th century, Manitoba had just elected an NDP government. At that time, its election laws were relatively comparable to those found in other jurisdictions in Canada. However, provincial election law came into sharp focus beginning in 1998 after an illegal vote-splitting scheme by the

Progressive Conservatives was uncovered (Monnin, 1999; Smith, 2003). The ensuing political scandal became an underlying issue of the 1999 campaign and in turn motivated NDP government-sponsored legislation to reform provincial campaign finance law (Wesley and Stewart, 2006).

The Election Finances Act was amended in 2000 so that:

- financial contributions from corporations, unions, and not-for-profit organizations were banned
- financial contributions from persons not ordinarily resident in the province were banned
- annual financial contributions were capped at \$3000 per individual
- expenditures for party advertising during non-election years were capped at \$50,000 per party, per annum.³

As of 2001, Manitoba was only the second jurisdiction in Canada, after Quebec, to ban political contributions from corporations and trade unions. During the ensuing 14 years, Canada, Nova Scotia and Alberta have joined this minority of jurisdictions. Once again, this demonstrates Manitoba’s position as a pole-sitter in Canadian election law.

Although reforms to Canadian election law are often portrayed as being non-partisan and consensus-based, the story of these amendments support the thesis that parties in power will, where possible, bend the rules of the game when there is a perceived opportunity or advantage (James, 2012). Wesley and Stewart document two facts to support this claim: first, they demonstrate that reforms in Manitoba were enacted absent

meaningful consultation or sufficient consensus; second, they reveal, empirically, how, over the ensuing years, these reforms were initially advantageous to the NDP.

Amendments in 2000 immediately affected provincial contribution and expenditure levels. First, they resulted in less total income for all political parties in Manitoba. Comparing general election years, Wesley and Stewart found that “combined party coffers were 51% lighter in 2003 compared against 1999” (2006: 11-12). Perhaps not surprisingly, these changes also resulted in lower levels of campaign expenditure, as “total party spending in 2003 amounted to less than half (49%) of what it was in 1999” (2006: 12). The story of these amendments is not simply one of an overall decrease, but more markedly one of fairness. Again, citing Wesley and Stewart: “In 2003, the New Democratic Party raised 173% more, and spent 191% more, than the Liberals and Conservatives, *combined*” (2006: 12).

The Election Finances Act was again amended in 2006, 2008, and 2012, but most of these amendments were less notable than what happened in 2000. They largely concerned the clarification of rules and the reasonable adjustment of limits. For example, in 2008, the legislature updated – from June 1996 to June 2008 – the base month for the Consumer Price Index used to calculate election expense limits.

The one additional reform that deserves probing is the 2008 introduction of an annual allowance for registered political parties. Initially, the allowance was based on the number of votes obtained by a party in the most recent preceding general election.⁴ However, despite the introduction of allowances, *both* major parties, the PCs and the NDP, declined to accept the allowance between

2009 and 2011 (Thomas 2013: 19). This bizarre outcome instigated the creation of an independent Allowance Commissioner in 2012. The Commissioner is responsible for making decisions (not recommendations) on the amount(s), timing, and manner of allowances to be paid to registered political parties (Thomas, 2013: 22). The allowance payable for 2012 was calculated according to a new formula established by regulation (see *Annual Allowance for Registered Political Parties Regulation*) and would be paid to parties for the first time in 2013.

In general, campaign finance law in Manitoba is distinguished by three primary characteristics: (1) direct public financing for parties and candidates; (2) a ban on contributions from corporations and unions; and, (3) election advertising expense limits both during and outside of campaign periods.

As such, campaign finance law in Manitoba for candidates, constituency associations, and registered political parties, currently exhibits the following features:

Public Funding:

- reimbursement of some election expenses for a registered political party, in accordance with a formula, if 10% of all valid votes are obtained by the party
- reimbursement of some election expenses for a candidate, in accordance with a formula, if 10% of all valid votes cast in an electoral district are obtained by the candidate
- an annual allowance to registered political parties to defray costs of administration and operations, in accordance with a formula, as determined by the Allowance

Commissioner and established in regulations

- tax receipts for monetary contributions to a party or a candidate (not to a constituency association)
- tax credits for contributions, subject to the amount contributed, and determined in accordance with a formula

Contributions:

- an individual annual contribution limit of \$3000
- a ban on contributions from corporations, trade unions, and not-for-profit organizations
- a ban on contributions from persons not ordinarily resident in the province
- a single anonymous contribution limit of \$10; no limit on the cumulative amount of anonymous contributions
- loans and transfers permitted and regulated

Expenses:

- election expense limits for registered political parties, by electoral district, calculated using the number of electors on the official list of electors
- election expense limits for candidates, by electoral district, calculated using the number of electors on the official list of electors and subject to the size of the district
- election advertising expense limits for registered political parties and candidates during a campaign period, calculated using the total number of electors on the official list of electors

- advertising expense limits for registered political parties during an election year but outside of a campaign period must not exceed \$268,000
- advertising expense limits for candidates during an election year but outside of a campaign period must not exceed \$6,500

This is the comparative state of party finance regulatory regimes in these three provinces. What do the data reveal?

Looking comparatively at the finances of the major parties in each of these three provinces, we develop a picture of provincial campaign finance. Our analysis begins with party revenue, particularly with a focus on contributions. The data presented below have been taken from the financial reports available on the websites of the provincial elections offices of each province. In order to improve comparability, we have adjusted the values below for inflation, using the Bank of Canada's inflation calculator ⁵ to convert the nominal values to real 2012 dollars. In addition, we have calculated per-capita expenditures and revenue using Statistics Canada's population calculations.⁶

Revenue

Table 1 presents the total party revenue for each of the four years in real 2012 dollars. The income figures exclude transfers from candidates and/or electoral district associations. Revenues are, not surprisingly, higher in election years than in other years during the cycle. The exception to that is Manitoba, where election expense reimbursements were paid the year after the general election (2012). Clearly, parties in these provinces seek to maximize their revenues at the

time when money is going to make the most difference. It is also likely that donors are more motivated to contribute when faced with an election.

There are significant interprovincial differences. In particular, political parties in Saskatchewan raise significantly more income than their counterparts in Manitoba and British Columbia. This partially reflects the fact that the Saskatchewan Party is especially adept at fundraising (a point to be discussed later), but also that the provincial party finance regime does not restrict access to any major revenue sources, including those from outside the province. Saskatchewan's political parties have access to public funding, individual donations, and to corporate and trade union donations, while parties in British Columbia do not have access to public financing and parties in Manitoba may not accept donations from corporations or unions. Although it can be difficult to make meaningful comparisons between the BC Liberals, the Saskatchewan Party, and the Manitoba Conservatives, we observe the same revenue disparity between the BC NDP, the Saskatchewan NDP and the NDP in Manitoba: the Saskatchewan NDP has much higher revenue per capita.

The smallest parties – the Greens in BC and the Liberals in Manitoba – struggle to keep up with their larger competitors.

In all three provinces, the major right-wing competitor to the NDP has more revenue than the NDP, but the revenue imbalance differs significantly from province to province. Although the Saskatchewan NDP raises a lot of money relative to its social democratic counterparts in BC and Manitoba, it lags significantly behind the Saskatchewan Party, which raised 2.4 times as much

money as the NDP over the four year period and in 2011 won the election with 63% of the popular vote. In BC, the ratio between Liberal and NDP fundraising is 1.8, in a province where the Liberals have won four consecutive elections but where the NDP remains quite competitive. Meanwhile, in Manitoba, the ratio between the PCs and NDP is only 1.3; this likely reflects the fact that the Manitoba NDP is the governing party, but is also likely due to party finance laws that prohibit contributions from corporations and unions. This is a reversal from the immediate aftermath of the 2000 campaign finance reforms in Manitoba, where the NDP initially fared much better than the PCs (Wesley and Stewart, 2006).

Partial support for the conclusion that party finance laws can affect the competitive balance between parties can be found in Table 2, which reports the proportion of donations from individuals, corporations, unions, and other sources. Table 1 reported all party income, including contributions, fundraising, and other revenue such as investment income. Table 2 is just based on contributions.

Manitoba stands out as distinctive, because all contributions are from individuals since the law prohibits donations from any alternative sources. The NDP in BC and Saskatchewan are broadly similar, with about two-thirds of income coming from individuals. The Saskatchewan NDP is slightly more dependent on corporate contributions than the BC NDP, which is more dependent on union contributions. The BC Liberals differ substantially from the Saskatchewan Party, despite the fact that both parties represent a right-of-centre option in the party system and both parties are in government. Nearly two-thirds of the BC Liberals' contributions come from corporations, while a majority

of the Saskatchewan Party's contributions come from individuals. It would appear from financial contribution data that, to a much greater extent than in

Saskatchewan, BC's party system is a proxy battle between business and trade union interests.⁷

Table 1: Party income (excluding transfers), real 2012 dollars

Province/party		2009	2010	2011	2012
British Columbia					
	NDP	<i>\$7,477,020</i> <i>(\$1.68)</i>	\$4,196,858 (\$0.93)	\$4,918,028 (\$1.07)	\$7,354,152 (\$1.59)
	Liberals	<i>\$13,022,933</i> <i>(\$2.92)</i>	\$9,992,737 (\$2.21)	\$9,414,829 (\$2.06)	\$10,580,499 (\$2.29)
	Greens	<i>\$194,047</i> <i>(\$0.04)</i>	\$149,336 (\$0.03)	\$143,117 (\$0.03)	\$164,321 (\$0.04)
Saskatchewan					
	NDP	\$2,711,038 (\$2.63)	\$2,941,256 (\$2.82)	<i>\$4,346,358</i> <i>(\$4.11)</i>	\$2,136,466 (\$1.98)
	Saskatchewan Party	\$3,837,579 (\$3.73)	\$6,398,118 (\$6.13)	<i>\$12,523,778</i> <i>(\$11.84)</i>	\$6,996,584 (\$6.48)
Manitoba					
	NDP	\$1,345,695 (\$1.12)	\$1,157,431 (\$0.95)	<i>\$1,893,285</i> <i>(\$1.53)</i>	\$1,966,792 (\$1.57)
	PC	\$1,226,440 (\$1.01)	\$2,051,089 (\$1.66)	<i>\$2,494,345</i> <i>(\$1.99)</i>	\$2,686,982 (\$2.12)
	Liberals	\$271,393 (\$0.23)	\$253,479 (\$0.21)	<i>\$260,135</i> <i>(\$0.21)</i>	\$281,516 (\$0.22)

Figures in italics are an election year; figures in parentheses are per-capita values

Table 2: Sources of contributions, 2009-2012

Province/Party		Individuals	Corporations	Unions	Other ^{viii}
British Columbia					
	NDP	67.9%	6.5%	23.5%	2.1%
	Liberals	29.2%	65.5%	0.1%	5.2%
	Greens	94.9%	5.0%	0%	0.1%
Saskatchewan					
	NDP	66.1%	16.9%	11.8%	5.2%
	Saskatchewan Party	51.8%	45.9%	0.1%	2.1%
Manitoba					
	NDP	100.0%			
	Progressive Conservative	100.0%			
	Liberals	100.0%			

Figures in italics are an election year; figures in parentheses are per-capita values.

Table 3: Individual contributions, real 2012 dollars

Province/party		2009	2010	2011	2012
British Columbia					
	NDP	<i>\$4,515,800</i> <i>(\$1.01)</i>	\$3,527,571 (\$0.88)	\$3,379,806 (\$0.98)	\$4,169,918 (\$1.51)
	Liberals	<i>\$2,713,500</i> <i>(\$0.61)</i>	\$2,443,847 (\$0.54)	\$3,137,197 (\$0.69)	\$3,847,613 (\$0.83)
	Greens	<i>\$192,460</i> <i>(\$0.04)</i>	\$145,790 (\$0.03)	\$140,284 (\$0.03)	\$163,288 (\$0.03)
Saskatchewan					
	NDP	\$911,787 (\$0.89)	\$943,533 (\$0.90)	<i>\$1,002,123</i> <i>(\$0.95)</i>	\$806,206 (\$0.75)
	Saskatchewan Party	\$1,659,132 (\$1.61)	\$3,043,552 (\$2.91)	<i>\$5,904,687</i> <i>(\$5.58)</i>	\$3,127,065 (\$2.90)
Manitoba					
	NDP	\$985,316 (\$0.81)	\$1,057,037 (\$0.87)	<i>\$1,785,566</i> <i>(\$1.43)</i>	\$963,237 (\$0.76)
	PC	\$1,056,792 (\$0.87)	\$1,850,328 (\$1.50)	<i>\$2,260,530</i> <i>(\$1.81)</i>	\$1,130,517 (\$0.89)
	Liberals	\$167,261 (\$0.14)	\$159,308 (\$0.13)	<i>\$171,955</i> <i>(\$0.14)</i>	\$130,258 (\$0.10)

Figures in italics are an election year; figures in parentheses are per-capita values.

This picture is confirmed in Table 3. When it comes to attracting individual donor support, the New Democratic parties in these provinces perform relatively similarly in fundraising from individuals, when measured per capita.

We found earlier that the BC Liberals had a larger advantage over the BC NDP than the Manitoba PCs had over the Manitoba NDP. Looking at the BC Liberals' comparatively anemic record at individual fundraising, the source of this is almost entirely due to corporate donations. Although the Manitoba PCs raise more from individual donations than that province's NDP, the same is not true of the BC Liberals, who trail the BC NDP in individual fundraising. The Manitoba PCs' success at this is somewhat surprising, as Manitoba is the only jurisdiction considered here which places

a limit on the maximum individual donation. The Saskatchewan Party's individual fundraising success, however, dwarfs that of all other parties. The Saskatchewan Party's per-capita individual donations in their worst year of fundraising (i.e., 2009) was higher than the best year for every other party except for the Manitoba Conservatives during an election year.

Thus far, we have focused on private or non-state income in our analysis. Looking at the extent of direct public financing for political parties over a four-year period, we note significant interprovincial differences. At one extreme, British Columbia provides no direct public financing to political parties. At the other, Manitoba provides both an annual allowance and reasonably generous reimbursements for election

expenses. The situation in Manitoba is complicated by the fact that the annual allowance is politically controversial and parties can choose whether to accept it. In the period under examination here, only the Manitoba Liberals accepted the annual allowance; 32% of the party's total income comes from public sources. Although the Manitoba Liberals lag significantly behind their two major competitors, they are undoubtedly in a stronger financial position because of this public support. The NDP and Conservatives received 15% and 16% of their total revenue from public sources in this period, respectively. Because both parties spent close to the same amount on their campaigns, their election reimbursements were close to the same amount. Because they both refused the allowance, the reimbursement is the only public money they received. Thus, the provision of public financing did little to alter the imbalance of resources between these two parties.

In Saskatchewan, the election expenses reimbursement represents a tiny fraction of the parties' financial support over the four-year period. The state contributed 2.5% of NDP revenue (excluding transfers), compared to only 1.6% for the Saskatchewan Party. Public support is a relatively insignificant component of party financing in Saskatchewan. Indeed, relative to Canadian national parties (Jansen and Young, 2011), the parties observed in this study are relatively independent of the state. It should be remembered, however, that this is only a measure of *direct* public financing. If we included the *indirect* public support through political contribution tax credits, the amount of financial support from the state would be much higher. Calculating the indirect public financing of parties, however, is

remarkably difficult (Jansen and Young, 2011).

There are clearly significant differences between the provinces in the total revenue available to parties, the mix of donations to parties, and the differential in financial competitiveness between the major parties. Although some of these differences are likely due to electoral legislation, others result from party cultures and party systems (Blake, 2001 (a)). The contrast between the BC Liberals and Saskatchewan Party illustrates this most clearly. In BC, the Liberals are clearly a vehicle for corporate support while the Saskatchewan Party is much more heavily funded by individuals. This is despite the fact that there are no major differences between the two provinces in restrictions placed upon the source of contributions or the value of tax credits for individual donations. In fact, were corporate donations to be banned in both provinces, the BC Liberals would be at a significant disadvantage relative to the NDP, while the Saskatchewan Party would continue to enjoy a significant advantage.

Election Expenditures

Raising revenue is an important component of electoral success. Ultimately, though, the goal for political parties is to muster financial resources to earn votes in a general election. In Figure 1, we look at real per-capita election spending in all three provinces. There are some important limitations in the comparisons here. Figure 1 only includes spending during the election campaign; pre-writ spending is not included. In addition, the provinces may define election spending differently.⁹ Consequently, interprovincial

comparisons should be interpreted with some caution.

It is somewhat surprising that Manitoba's two dominant parties spent more on their election campaigns than their counterparts in other the provinces, especially considering that their overall level of party financing was relatively lower. Conversely, Saskatchewan's parties spent relatively less, despite the large amounts of money raised by parties in the province. Part of the explanation for this rests in the spending limits. Manitoba's spending limit works out to \$1.16 per capita in real 2012 dollars, the highest of the three provinces under examination here. Conversely, Saskatchewan has the lowest spending limit at \$0.87 per capita in 2012 dollars. British Columbia is in the middle at \$1.02 per capita. To illustrate the importance of spending limits, in Alberta, which is the only province with no spending limits, the governing Progressive Conservatives spent \$1.20 per capita in the 2012 provincial election.

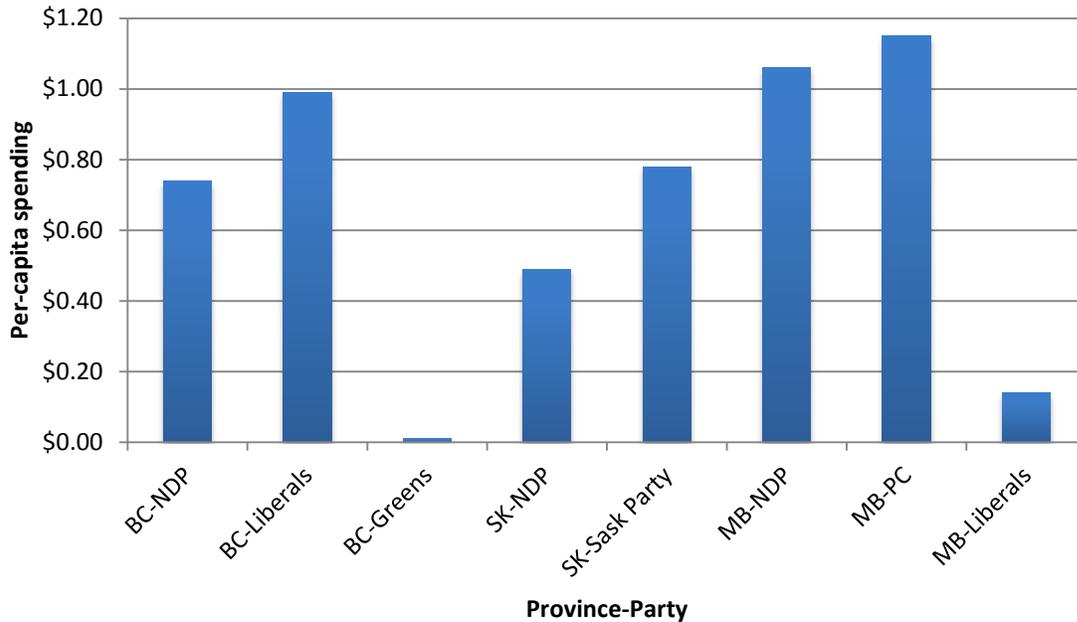
Despite the relatively higher limit, the Manitoba NDP and Progressive Conservatives approached parity in their election spending. The Conservatives spent slightly more, but the NDP was able to almost match their opponent's spending and marshal their financial resources to win the election. The spending gap between major parties in the other provinces was larger, but spending limits likely contributed to containing the gap. Given the Saskatchewan Party's huge advantage in overall revenue and in fundraising from individuals, the fact that its advantage in election spending was significantly

smaller in 2011 is testament to the importance of election expenses limits in preserving a degree of electoral competition. The same can be said about the spending limits in British Columbia.

Implications

Although limited to the major parties in just three provinces, this article demonstrates the potential for comparative analysis of provincial party and election finance in order to discern the effect of election finance regimes on political party competition. We find that provincial election laws affect the amount of money political parties have available to fund their operations. For example, the availability of individual, union, and corporate donations along with election expense reimbursements have meant that parties in Saskatchewan have much more revenue than do parties in Manitoba and British Columbia. At the same time, interestingly, election laws are insufficient to explain the success of parties in Saskatchewan when it comes to raising money from individuals. The Saskatchewan Party consistently raises more money than other parties in these three provinces and enjoys a significant lead over the Saskatchewan NDP. We also note the importance of corporate and union donations as sources of revenue in British Columbia, particularly when compared to the other two provinces. It is also notable that, although changes to party finance law can confer an initial advantage upon a particular party, the case of Manitoba demonstrates the ability of parties to successfully adapt.

Figure 1: Per-capita election expenditures in most recent election, real 2012 dollars



We also observed the significance of election expense limits. Despite having the lowest overall revenue, Manitoba's two dominant parties had approximate parity in spending, and during an election year spent the most money of any parties in these three provinces. The spending limit in Saskatchewan prevented the large advantage the Saskatchewan Party had in raising revenue from significantly distorting electoral competition, at least during the writ period.

Future research into provincial party finance could go in a number of directions. Most obviously, the number of provinces considered could be expanded. Alberta, which is without spending limits, and Quebec, with its public funding as well as ban on corporate and union donations, are attractive cases to consider. The analysis of party finance over a longer timeframe could also be valuable, as it would help to analytically separate a particular party's success at a particular time from the longer term

impact of electoral finance laws. For example, is the Saskatchewan Party's success in fundraising a reflection of party finance laws or merely indicative of the appeal of the party at a point in time? A more complete analysis of provincial party finance would also have to incorporate the financial activities of local manifestations of parties: the electoral district associations and candidates. Much party activity and membership engagement occurs at the local level (Carty, 2002); understanding financial activities at that level as well as relationships with the central party is critical to a complete picture of provincial party finance in Canada.

Ultimately, though, these analyses require data this is accessible and of high quality. The current dearth and dissimilarity of data from provincial election agencies limits the potential for more extensive and complete comparisons. The situation has improved over time, but we encourage provincial

and territorial election officials to ensure that financial data from political actors are reported in a way that is accessible and useful to the public. Although we fully recognize that assisting researchers is not the primary job of election officials, the quality and accessibility of data serves to enhance transparency in party and election finance. With better data, Canada's provinces and territories could be an even more important laboratory to deepen our understanding of party and election finance.

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Endnotes

¹ There has been substantial debate in the province over the regulation of third party election spending, an area not covered in this article.

² BC has adopted processes for initiative, referenda and recall, as well as held a provincial referendum on electoral system reform (e.g., see, Warren and Pearse, 2008),

³ Amendments effective 1 January 2001.

⁴ In addition, there was a minimum payment of \$10,000 when a party elected at least one Member of the Legislative Assembly and a base minimum payment of \$600 regardless of the number of votes obtained or the success of any candidates.

⁵<http://www.bankofcanada.ca/rates/related/inflation-calculator/>

⁶ Statistics Canada, CANSIM Table 051-0001

⁷ This phenomenon may also help explain why recent battles over the regulation of third party election spending have been so important to political actors in BC; e.g., see: *British Columbia Teachers' Federation v. British Columbia (Attorney General)*, 2009 BCSC 436.

^{viii} "Other" sources of income vary by province, but typically include contributions from non-profit associations or business associations.

⁹ The definition of an election expense is particularly crucial in jurisdictions with direct public support, because the public has an interest in ensuring that public subsidies are expended on legitimate election expenses.