



Premier  
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December 14, 2016

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Interim Leader of the Progressive Conservative Party of PEI  
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Dr. Peter Bevan-Baker  
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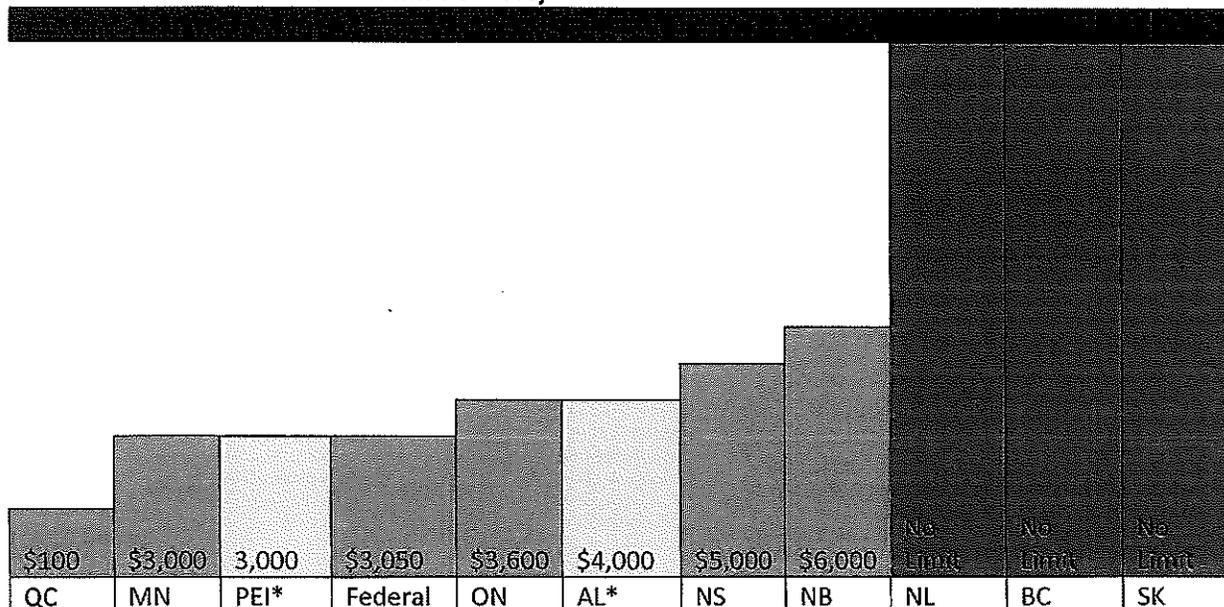
Dear Party Leaders;

As Prince Edward Island continues to adopt new measures to improve accountability and transparency, I believe we need to address the issue of campaign finance reform prior to the next general election.

For all intents and purposes, our current rules are quite relaxed - and there is an opportunity to take the initiative, and build a stronger system that will help to reinforce public confidence in the way each of our respective parties raises funds.

First of all, there is currently no annual contribution limit. As a first step in our process, I believe it will be useful to set maximum contributions in legislation. As you know, the federal contribution limit is \$3,050 - divided between central party and constituency donations.

**Annual Political Contribution Limits Per Party**



\*proposed

In that context, I am proposing a Prince Edward Island annual limit of \$3,000 per party -including contributions both to the central parties and riding organizations. Additionally, I would propose a further \$1,000 be permitted for any registered party during a leadership contest. I believe it would also be useful to consider an annual escalator - which in the federal context is \$50 per year.

While there has been some discussion of prohibiting union and corporate donations, I am concerned that this may limit legitimate political participation by those who have a real interest in our province and its democratic process. As you know, the support of political parties by firms, partnerships and unions at fundraising dinners is a well-established and well-understood reality. And as you also know, these events are open to all Islanders who wish to attend - and are all widely advertised to the general public. This type of support is not limited to the political sphere. I think we all recognize that small and large businesses generously contribute funds to a range of community and humanitarian organizations in a spirit of corporate citizenship. Furthermore, this approach is in line with at least four other provinces: Newfoundland and Labrador, New Brunswick, Saskatchewan, and British Columbia. I would draw your attention to the July 2016 report from New Brunswick's Select Committee on Electoral Reform:

“... with a limited population from which to raise funds, adopting such ban in New Brunswick could be detrimental to political parties unless the contribution threshold and/or the amount of public funding are raised.”

That said, I do believe that certain limitations would be useful. First, I believe that only those corporations that are registered to do business on Prince Edward Island should be permitted to make contributions. Similarly, I believe only those unions that represent workers in the province should be permitted to make contributions. Second, I believe we should limit individual donations to those who have a demonstrable interest in the Island - for example, those who pay property taxes in our province.

However, I do believe we need to be explicit in our rejection of fundraising activities that may be misconstrued. For that reason, I believe we should consider strict rules surrounding fundraising events. First, they should be publicly advertised. And second, these events must be open to any person or group that chooses to participate. In effect, this would prohibit events offering exclusive access to elected officials.

Another item I believe we should consider in the framework of legislation is the current system of political subsidies. Across Canada, there are many different approaches when it comes to subsidies for political parties. I have attached a table to this letter that provides a brief jurisdictional scan.

Our present system offers a series of rebates to parties that achieve certain thresholds in electoral success. Following the 2015 general election, the Liberals qualified for \$80,986; the Progressive Conservative Party were eligible for \$80,986; the Green Party received \$11,474 and the New Democrat Party were provided with \$11,357. As I said, I believe this system deserves further consideration. However, as a starting point, it may be useful to introduce a floor amount for any party that receives more than 10 per cent of the vote. In my opinion, this will lead to greater flexibility for all parties during election campaigns - and help to ensure a greater mixture of voices.

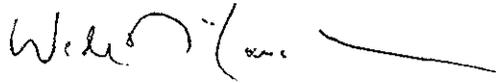
Another matter for further discussion is administrative oversight. In my opinion, Elections Prince Edward Island is the most appropriate body for this role.

In moving this file forward, I have instructed staff at the Department of Justice and Public Safety to begin the process of preparing draft legislation to institutionalize a new approach to political finance reform. My intention is to make the draft legislation available to each of you for comment - and to invite written public submissions as well. If this work goes well, I would anticipate having a bill ready for the House in either the spring or fall of 2017.

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I do believe that, by working together, we can contribute toward an important new chapter in the accountability and transparency of political finance rules on Prince Edward Island. I expect our work to continue to evolve and improve into the future - but I do believe we have the opportunity now to make an important first step.

Sincerely,

A handwritten signature in black ink, appearing to read "Wade MacLauchlan", followed by a long horizontal flourish line.

H. Wade MacLauchlan  
Premier of Prince Edward Island

Attachment # 1: Cross-jurisdictional Subsidy Scan

**Scan of Political Party Expenditure Reimbursement by Province**

<b>Province</b>	<b>District Reimbursement</b>	<b>Provincial Party Reimbursement</b>
<i>Newfoundland and Labrador</i>	33.33% of included expenses for candidate receiving over 15% of vote	Not available
<i>Nova Scotia</i>	\$1.50 dollars per elector for candidates receiving 10% of vote	No reimbursement but annual grant based on election results.
<i>Prince Edward Island</i>	\$1.035 dollars per vote(2011) - (Minimum \$1,500 maximum of 3000) for candidate receiving over 15% of vote	No reimbursement.
<i>New Brunswick</i>	Candidates receiving 15%(based on number of voters and reimbursement rate)	Not available
<i>Quebec</i>	50% of allowable election expenses for candidates receiving 15% of vote	50% for parties receiving 1% of vote
<i>Ontario</i>	20% of expenditures - allowance also made for large/isolated districts	5 cents per voter where candidate received 15% in a district
<i>Manitoba</i>	10% of expenses for candidates receiving 10% of vote	
<i>Saskatchewan</i>	60% of expenses for candidates receiving 15% of vote	Up to 50% of expenses
<i>Alberta</i>	Not available	Not available
<i>British Columbia</i>	Not available	Not available

Attachment #2; Q&A

1. Do other Canadian provinces have political party contribution limits?

*Yes. Six provinces have contribution limits (Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba and Alberta)*

2. What are the political party contribution limits in other provinces?

*Political party donation limits range from \$100 per party annually in Quebec to \$4,000 per party annually in Alberta to \$6,000 per party annually in New Brunswick. Four provinces, including Prince Edward Island, have no limits.*

3. What are the political party donation limits being proposed for Prince Edward Island?

*It is being proposed that contribution limit on Prince Edward Island be \$3,000 per party annually for each individual who lives in the province or is a non-resident who has an interest in the province (i.e. pays property tax). A business and union would also be permitted to make a contribution of up to \$3,000 annually provided they are registered to do business in the province or represent workers in the province.*

4. Do other provinces permit businesses and unions to make donations to political parties?

*Yes. The following five provinces permit political donations by businesses and unions: Newfoundland and Labrador, New Brunswick, Saskatchewan, British Columbia and Prince Edward Island.*

5. Does Prince Edward Island currently subsidize political parties?

*Following each general election, the government provides a one-time only grant based on a formula that takes into account Party candidate results in each electoral district. The level of subsidy provided to each party following the 2015 election can be found at the following url:  
[http://www.gov.pe.ca/photos/original/elec\\_prtyrfd15.pdf](http://www.gov.pe.ca/photos/original/elec_prtyrfd15.pdf)*

6. What subsidy arrangements exist in other provinces?

*At least six provinces (Newfoundland and Labrador, Nova Scotia, Quebec, Ontario, Manitoba and Saskatchewan) provide district subsidies like that of Prince Edward Island.*

*Quebec and Saskatchewan provides a one-time reimbursement to political parties for up to 50% of election expenses.*

*Nova Scotia provides an annual grant of approximately \$672,000 to all eligible political parties based on 2013 election results.*

7. Will donations from out-of-province contributors continue to be permitted?

*Yes. It is proposed that out-of-province businesses and unions would be permitted to make a contribution of up to \$3,000 annually provided they are registered to do business in the province or represent workers in the*

*province. Non-resident individuals will be permitted to make a contribution of up to \$3,000 annually provided they have an interest in the province (i.e. pay property tax).*

8. Will political party donations be required to be publicly disclosed?

*In keeping with current practice, all donations greater than \$250 will have to be disclosed.*

9. "Pay for play" contributions have been controversial in other jurisdictions. Will this be permitted on Prince Edward Island?

*No. All political party fundraising events must be publicized and open to everyone.*

10. Will the political party contribution tax credit remain the same?

*Political party contribution tax credits will remain unchanged.*

11. Who will provide oversight of the political party contribution limits?

*It is proposed that oversight will continue to be provided by the Chief Electoral Officer.*