

# Follow the Money

Part II

## Federal Political Contributions

by Canada's Broadcasting Industry

1993 - 2000

FRIENDS of Canadian Broadcasting

February 4<sup>th</sup>, 2002

Canada's broadcasting industry is regulated by the federal government and directly supervised by the CRTC. Like other regulated industries, such as the financial services sector, Canada's large broadcasting companies have a long history of cultivating relationships with influential politicians who may be involved in decisions that affect their corporate and industrial interests.

While viewed as private enterprise, the broadcasting industry is heavily dependent on Ottawa for protection against foreign and even domestic competition – through licensing, simultaneous substitution, as well as tax and financial subsidies, such as the Canadian Television Fund and Telefilm. In addition, broadcasting licensees need federal approval for acquisitions.<sup>1</sup>

**Follow the Money: Part II** was prepared by the industry watchdog FRIENDS of Canadian Broadcasting (<http://friendscb.ca>).<sup>2</sup> It examines the federal political contributions of Canada's broadcasting industry<sup>3</sup> from 1993 to 2000. This report analyses both the annual financial contributions made to political parties, and the financial contributions made to candidates who were members of the Cabinet going into the 1993, 1997 and 2000 federal general elections. The source of all financial contributions data is Elections Canada's database, and includes the most recently available data.<sup>4</sup>

**Follow the Money: Part II** demonstrates that Canada's licensed broadcasters and their owners continue to be among the most enthusiastic contributors to federal political parties. An appendix detailing the political contributions to federal parties and candidates summarized in **Follow the Money: Part II** is available at:<sup>5</sup>

Parties: <http://friendscb.ca/research/partycontrib93-00.pdf>  
Candidates: <http://friendscb.ca/research/cabmincontrib93-00.pdf>

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<sup>1</sup> Recent billion-dollar examples include Rogers Communications Inc.'s acquisition of Maclean Hunter, CanWest Global Communications Corp. and Shaw/Corus' acquisition of Western International Communications, and BCE Inc.'s acquisition of CTV.

<sup>2</sup> **Follow the Money: Part II** is a successor report to the original **Follow the Money: Who Paid for Canadian Television, 1990-2000?** (<http://friendscb.ca/research/followthemoney.pdf>) published by FRIENDS of Canadian Broadcasting in September 2001 and submitted to the House of Commons Standing Committee on Canadian Heritage as a contribution to that Committee's current study of broadcasting policy.

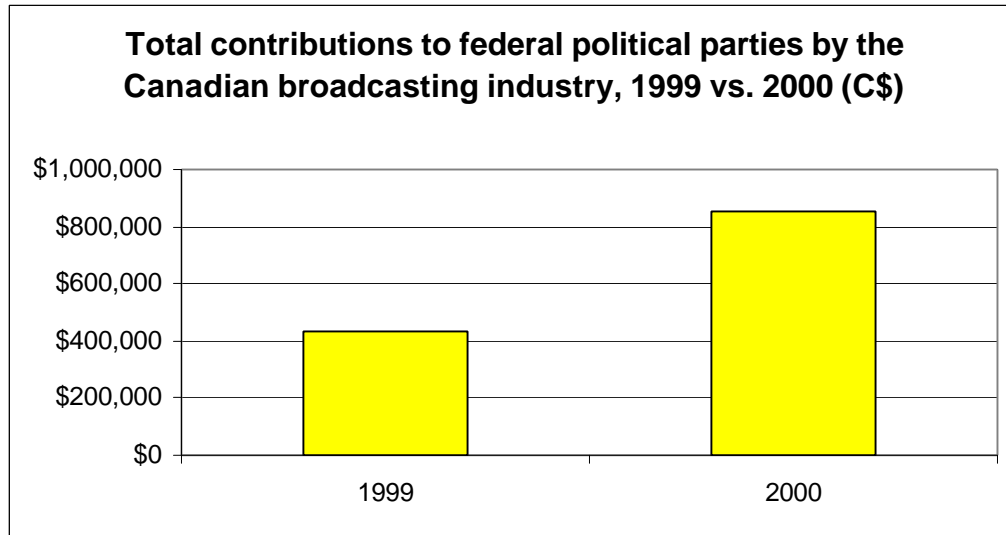
<sup>3</sup> Companies that control broadcasting or broadcasting distribution licences, their subsidiaries, known controlling shareholders as well as members of those shareholders' immediate families.

<sup>4</sup> See <http://www.elections.ca/>.

<sup>5</sup> The broadcasting licensees whose donations have been tracked in this report are listed in an appendix: <http://friendscb.ca/research/broadcasters93-00.pdf>.

## 1. Financial Contributions to Federal Political Parties <sup>6</sup>

Donations from the broadcasting sector have increased steadily over the past decade, with consolidation in the industry translating into fewer companies making larger contributions. Peaks occur during election years. For example, contributions made to political parties by the broadcasting industry doubled in 2000, an election year, compared to 1999 (\$855,011 vs. \$431,167):



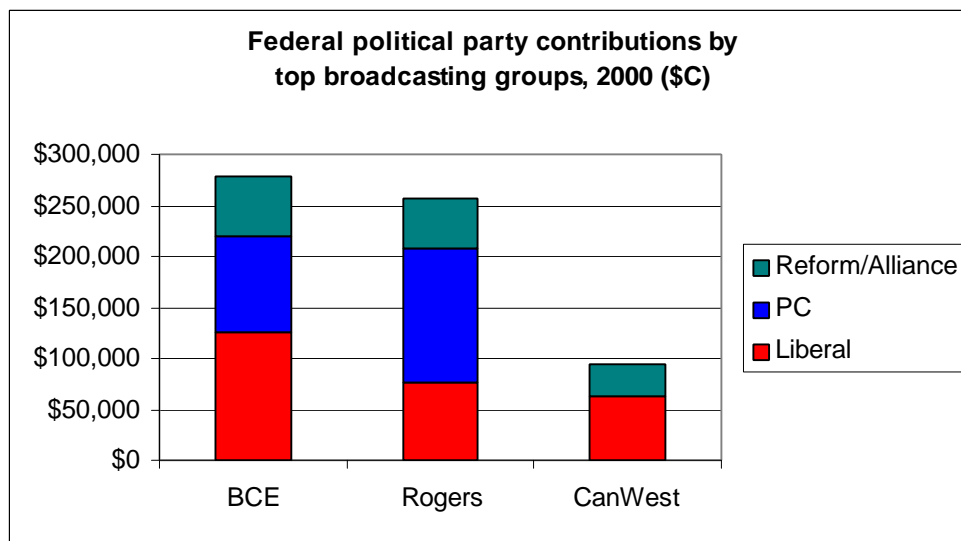
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<sup>6</sup> Financial contributions to the New Democratic Party and the Bloc Québécois are not reported because, with a few minor exceptions, these two Parties have not received contributions from Canada's broadcasters.

### Year 2000 contributions to federal political parties by the top broadcasting groups

Taken together, Bell Canada Enterprises (BCE Inc.) and its subsidiaries were the most generous contributors to federal political parties, followed by Rogers Communications and its subsidiaries and then CanWest Global Communications and its subsidiaries:

	Liberal	PC	Reform/ Alliance	Total
BCE companies <sup>7</sup>	\$125,134	\$95,451	\$58,580	\$279,165
Rogers companies. <sup>8</sup>	\$76,626	\$131,386	\$48,950	\$256,962
CanWest Global companies <sup>9</sup>	\$62,878	-	\$31,674	\$94,552



<sup>7</sup> Includes the following companies: BCE Inc., BCE Emergis Inc., BCE Media Inc., Bell Canada, Bell Expressvu Inc., CTV Inc., CTV Television Network Ltd.

<sup>8</sup> Includes the following companies and individuals: Rogers Communications Inc., Rogers Group of Companies, Rogers Publishing Ltd., Edward S. Rogers

<sup>9</sup> Includes the following companies and individuals: CanWest Global Communications Corp., Global Television Alberta, Global Television Network, David, Gail and Leonard Asper.

### **Broadcasters among the top 50 Liberal Party contributors in 2000**

Canada's major broadcasting companies were among the most generous contributors to the Liberal Party of Canada in 2000. The three largest broadcasting companies (or one of their subsidiaries) were among the top 20 single contributors to the Liberals:

<b>Company</b>	<b>Rank</b>	<b>Year 2000 Contribution</b>
Rogers Group of Companies	12	\$66,342.00
BCE Inc.	18	\$59,562.00
CanWest Global Communications Corp.	20	\$56,156.00

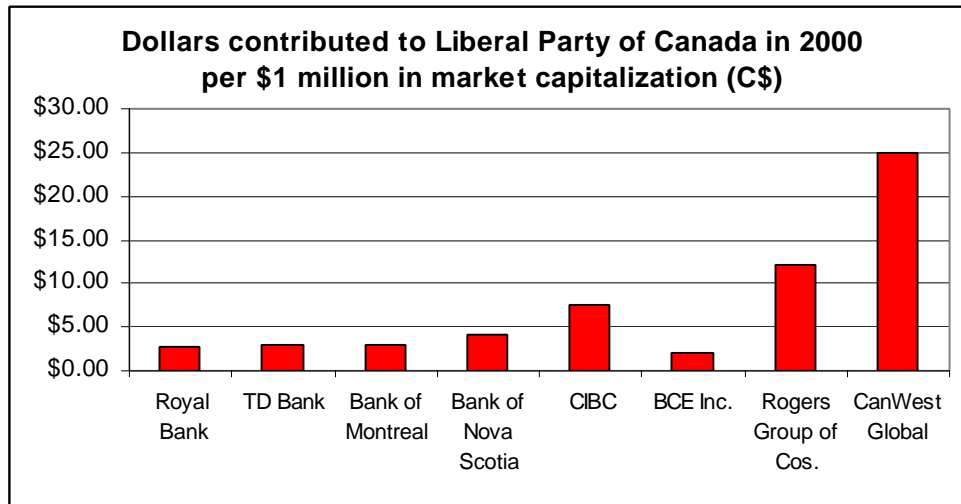
Two other Canadian broadcasting companies ranked among the top 50 contributors to the Liberal Party in the year 2000:

<b>Company</b>	<b>Rank</b>	<b>Year 2000 Contribution</b>
Craig Broadcasting Systems	47	\$36,784.00
Shaw Communications Inc.	50	\$35,512.00

### Year 2000 contributions to the Liberal Party of Canada compared to market capitalization

Relative to their size, CanWest Global and Rogers made substantially larger donations to the Liberal Party of Canada in 2000 than most corporations, including, for example, Canada's big banks:

Company	Market Capitalization <sup>10</sup> (C\$millions)	Year 2000 Contribution to Liberal Party of Canada (C\$)	Dollars contributed per \$1 million of market cap (C\$)
CanWest Global Communications Corp.	\$2,243	\$56,156	\$25.04
Rogers Group of Companies	\$5,446	\$66,342	\$12.18
BCE Inc.	\$29,020	\$59,562	\$2.05
CIBC	\$20,248	\$154,637	\$7.64
Bank of Nova Scotia	\$24,021	\$98,469	\$4.10
Bank of Montreal	\$17,191	\$52,578	\$3.06
Toronto Dominion Bank	\$26,646	\$77,171	\$2.90
Royal Bank of Canada	\$33,923	\$90,618	\$2.67



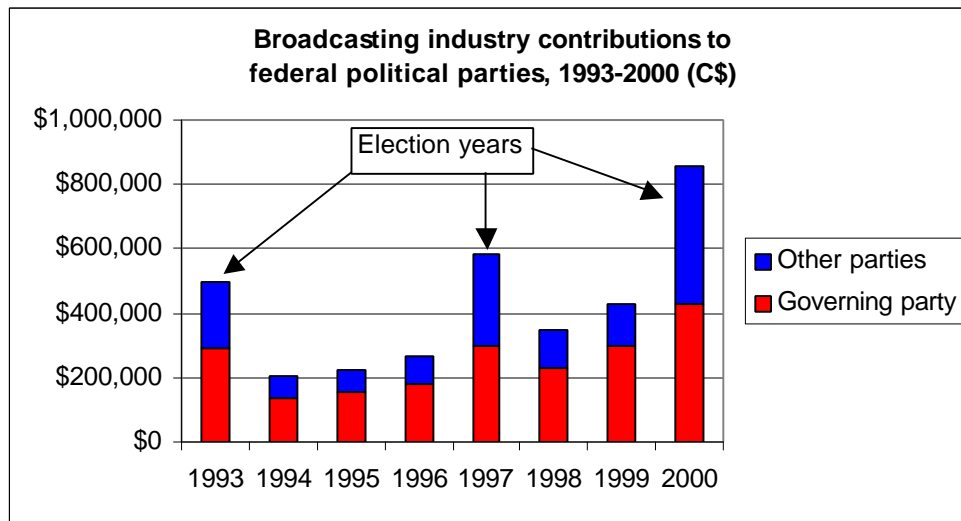
<sup>10</sup> Source: Globeinvestor.com, January 2002

### Contributions to federal political parties, 1993 to 2000

Since 1993, broadcasters have contributed more than \$3.4 million to federal parties, including more than \$2.0 million to the governing party. During election years, total contributions are typically double those made in non-election years. In non-election years, the trend to increasing donations is even more pronounced, with 1999 donations more than double those in 1994:

Year	<b>1993*</b>	1994	1995	1996	<b>1997</b>	1998	1999	<b>2000</b>	Total
Total industry contribution	<b>\$499,714</b>	\$207,224	\$223,236	\$267,247	<b>\$584,284</b>	\$349,249	\$431,167	<b>\$855,011</b>	\$3,417,132
Total industry contribution to the governing party	<b>\$290,644</b>	\$135,578	\$156,497	\$178,672	<b>\$299,879</b>	\$229,644	\$297,850	<b>\$429,247</b>	\$2,018,011

\*election year data are shown in **bold text**



## 2. Financial Contributions to Cabinet Ministers

Donations made to individual Cabinet Ministers<sup>11</sup> during an election campaign provide a highly visible demonstration of “support”.

### Top 10 Cabinet recipients of broadcasting contributions in 2000

By far the largest single broadcasting industry contribution to a Minister during the 2000 general election was received by Brian Tobin, whose campaign banked a \$10,000 gift from Regional Cable Systems,<sup>12</sup> an Oakville, Ontario firm that owns more than 1,000 small rural cable systems. As a result, Tobin also ranked number one in overall donations received from the broadcasting industry. These broadcasting contributions constituted 19% of his campaign’s reported expenditures.

The following table summarizes the 10 largest recipients of contributions by the broadcasting industry in the recent election:

Minister	Astral*	BCE	CanWest Global	Craig	Regional Cable	Rogers	Shaw	Telemedia	Total	Ministers' total campaign expenditures
Tobin		\$500	\$1,000		\$10,000	\$750			\$12,250	\$66,425
McLellan			\$1,000				\$5,000		\$6,000	\$65,990
Copps	\$750	\$2,000	\$3,000						\$5,750	\$62,426
Manley		\$1,000	\$3,000			\$300		\$1,000	\$5,300	\$70,863
Martin		\$1,000	\$3,000					\$500	\$4,500	\$67,893
Duhamel			\$2,250	\$2,000					\$4,250	\$60,681
Pagtakhan			\$1,000	\$1,000					\$2,000	\$56,272
Chrétien			\$2,000						\$2,000	\$61,925
Anderson		\$500	\$1,000			\$500			\$2,000	\$70,962
Rock		\$1,000	\$1,000						\$2,000	\$66,876
TOTAL	\$750	\$6,000	\$18,250	\$3,000	\$10,000	\$1550	\$5,000	\$1,500	\$46,050	

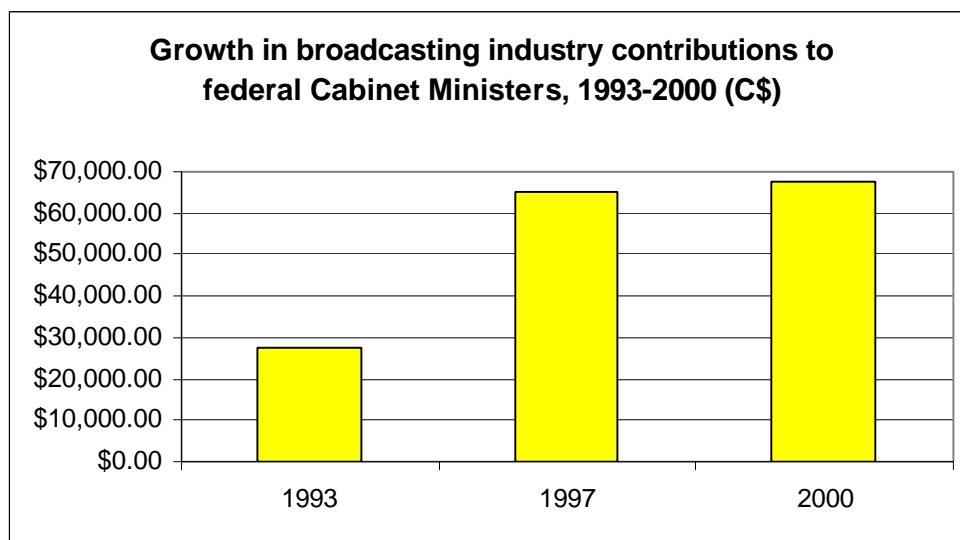
\* The table refers to corporate groups including their subsidiaries.

<sup>11</sup> Candidates who were Cabinet Ministers at the time of dissolution of Parliament for the 2000 general election. The detailed appendix (see links on page 1) provides information on broadcaster gifts to the entire Cabinet for this election as well as for the 1993 and 1997 elections.

<sup>12</sup> See <http://www.crtc.gc.ca/Ownership/cht85.pdf> and <http://www.crtc.gc.ca/Ownership/cht85a.pdf> and [http://www.regionalcable.com/corp\\_info.html](http://www.regionalcable.com/corp_info.html)

Overall, contributions to Cabinet Ministers were up marginally in 2000 compared to 1997, and have steadily increased every election since 1993:

	1993 PCs <sup>13</sup>	1993 Liberals	1997	2000
Total industry contributions	\$12,031.00	\$15,450.00	\$65,017.66	\$67,347.13



CanWest Global companies led contributions to Cabinet Ministers in 2000 with gifts totaling \$25,750.00. BCE companies contributed \$16,114.82.

	1993	1997	2000
CanWest Global companies	\$8,500.00	\$36,500.00	\$25,750.00
Rogers companies	\$12,388.00	\$10,633.66	\$5,232.31
BCE companies	\$943.00	-	\$16,114.82

### 3. Summary & Recommendation

**Follow the Money: Part II** demonstrates that fewer, larger media conglomerates are increasing their financial contributions to Canada's federal political parties. Over the past decade they have become top-level donors at the national level as well as to influential Cabinet Ministers.

FRIENDS of Canadian Broadcasting recommends that the Canada Elections Act be amended to prohibit corporations or individuals who control broadcasting licences from making financial contributions to a federal political party or candidate for federal office.

<sup>13</sup> PC candidates who were in Cabinet when the 1993 election writs were issued and Liberal candidates who joined Cabinet following the election of the Liberal government that year.