



P.O. Box 821, Stn. B, Ottawa K1P 5P9
Tel: 613-241-5179 Fax: 613-241-4758
Email: info@democracywatch.ca Internet: <http://democracywatch.ca>

Stopping Foreign and Big Money Funneling and Undemocratic Influence

Submission to the Yukon Legislative Assembly's Special Committee on Electoral Finance for its Review of the Yukon Political Finance System

(August 2026)

A. Summary

On April 16, 2026, the Yukon Legislative Assembly unanimously approved *Motion No. 77 – Committee examination of financial contributions to political parties* to establish the Special Committee on Electoral Finance and mandate it to review the political finance law in the Yukon and report its findings back to the Assembly by October 31, 2026.

Democracy Watch is filing this brief submission to the Special Committee containing links to much more detailed policy papers and reports that give the Committee extensive information concerning the flaws in the current political finance laws at the federal in Canada and in the provinces and other territories, and how they do not comply with the “egalitarian model” for a democratic and fair political finance system established in constitutional *Charter* rulings by the Supreme Court of Canada.

As the detailed policy papers linked in this submission detail, Newfoundland and Labrador, Saskatchewan and the Yukon have the most inequalitarian, undemocratic and unethical political donation and loan systems that are wide open to foreign interference in Canada as they not only have no limits on donations from businesses, unions, other organizations and individuals, they also allow donations from outside the jurisdiction, including from foreign businesses, entities and individuals).

However, as the policy papers and reports linked in this submission detail, while the laws governing political donations and loans at the federal level and in the other provinces and territories have been changed to prohibit donations from corporations,

unions and other organizations, and to set an annual limit on donations from individuals, the laws all have significant flaws and loopholes in them that make them undemocratic, unethical and unfair (except Quebec's donations law which is world-leading).

The laws governing political loans at the federal level and in the other provinces and territories (including Quebec) also all have loopholes and flaws that make them undemocratic, unethical and unfair.

The laws governing third-party spending in Newfoundland and Labrador, Prince Edward Island, Saskatchewan, the Yukon and the other two territories are all undemocratic, unethical and unfair because they do not require third parties to register, disclose their donors and they do not limit third-party spending. However, the third-party laws at the federal level and in the other provinces and territories are also full of loopholes that also make them undemocratic, unethical and unfair (Quebec also has a very different third-party law, but it is undemocratic and unfair in a very different way because it essentially bans all third-party spending).

These flaws and loopholes in the current laws for political donations and loans, and for third-party spending, at the federal level and in the other provinces and territories are regularly exploited by wealthy individuals, businesses and organizations to have secret, unethical and/or undemocratic influence over political parties and politicians and policy-making processes and elections, and the weaknesses also facilitate foreign interference in political processes across the country.

The egalitarian model established by the Supreme Court essentially states that, in order to be democratic, ethical and fair, the provisions in a jurisdiction's political finance law must comply with the fundamental democratic principle of one person one vote by ensuring every voter has a substantively equal opportunity for substantively equal participation in any political process (including elections), and ensuring the system has integrity (i.e. is ethical), and ensuring voters receive adequate information to make informed political choices.

Therefore, to comply with that model politicians and political parties must receive financial support, and third parties must be allowed to spend, based only on the number of voters who support them, and not based at on the wealth of the voters who support them, and not based at all on support from businesses (including financial institutions), unions or other organizations that do not vote.

None of the political finance laws across Canada currently fully comply with that principle in every way. Until all of the flaws are corrected and loopholes closed at the federal level, and in every province and territory, their political finance systems will remain undemocratic, unethical and unfair, and will continue to facilitate foreign

interference, and will remain unconstitutional as they will continue to violate one or more of the requirements of the Supreme Court's egalitarian model.

In a [May 19, 2026 CBC article](#), the Yukon's Chief Electoral Officer Max Harvey is paraphrased as admitting that "the rules around who can donate to political parties and how much they can give could be better" but also saying "what works in other, larger jurisdictions might not be the best fit for the Yukon...Cut the cloth to fit the child...If the balance is to be able to support funding of political parties so that they can do their job and get their messages out to the public and inform them for their voting, and that there is transparency and accountability and fairness, then that's what I would fully support."

In fact, as summarized below, and detailed in the policy papers and reports linked below, the size of the jurisdiction is not a factor that should be taken into account at all in order to have a political finance system that is democratic, ethical and, therefore, fair. As well, transparency and accountability alone do not make any political finance system fair, let alone democratic or ethical. Political parties (and candidates) do need funding to do their job and inform voters, but no matter what the size of the jurisdiction, very specific requirements must be complied with to make the system fair, democratic and ethical.

The choices before the Special Committee, and Yukon's Legislative Assembly, are simple and clear – will they make all the changes needed to Yukon's law to make Yukon's political finance system democratic, ethical, transparent and fair or will they, as other jurisdictions have, fail to correct flaws and close loopholes so that Yukon's system will remain an undemocratic, unethical, secretive and unfair "legalized bribery" and "best government money can buy" system.

B. Changes needed to Yukon's political donations law to make it democratic, ethical, transparent and fair

[Click here to see](#) details of how donations have been funneled from businesses and others to parties in every jurisdiction that has prohibited business and organization donations and limited individual donations (again, except in Quebec which again has a world-leading political donations law).

If the law allows politicians and parties that are supported by a few wealthier voters to have more money for pre-election and election campaigns than politicians and parties that are supported by more voters who have less money, then the law remains undemocratic and unfair. The law does not stop the undemocratic, unethical influence of big money in politics, it just shifts big donations from businesses, unions and organizations to executives and employees of those

businesses, unions and organizations which actually makes it more difficult to track which businesses, unions and organizations are using donations to influence politicians and parties as it is sometimes difficult to connect an individual donation to a specific business or organization.

In other words, while the federal donation law, and the laws in the other provinces and territories, are somewhat better than the laws in Newfoundland and Labrador, Saskatchewan and the Yukon given there is ban on business and organization donations and a limit on individual donations, they still remain essentially “legalized bribery” and “best government money can buy” laws that are a recipe for corruption, waste and policy-making decisions that protect wealthy private interests and violate the public interest.

This is the situation at the federal level, and in every province and territory that has prohibited donations from businesses and other organizations and set an annual limit on donations from individuals (except Quebec), because the individual donation limit was set at an amount (\$1,000 or more annually) that most voters cannot afford. That means that those individuals who can afford to donate the top allowable amount are more valuable to the politician and/or party, and are allowed to use money to have undemocratic and undemocratic influence. Only Quebec, by setting its \$100 annual individual donation limit in 2011, has a democratic, ethical and fair system.

In addition, and worse, most jurisdictions (other than Quebec) allow a candidate to donate an additional amount to their own election campaign, and allow a contestant in a party leadership contest to donate a much higher amount to their own contest campaign (even Quebec allows donations from individuals of up to \$500 to a leadership contestant). These higher donation limits also favour wealthy candidates and contestants who are supported by wealthy donors.

For example, [click here to see](#) details about how the federal political finance system favours wealthy candidates and parties supported by wealthy donors (including through the tax credit system for political donations, and the publicly funding campaign spending reimbursement system), and how most donors only donate \$75 annually (which means that should be the annual individual donation limit), and how and why loans from financial institutions should also be prohibited.

However, even Quebec made a mistake because it also established annual per-vote public funding for parties (based on the number of votes received in the last election) and a donation-matching system (donations matched with public funds) in 2013. What it should have done first is see whether that public funding was needed by the parties and candidates or whether they could raise the amounts they needed only from individual donations of up to \$100 each donor.

The first core mistake that Quebec, and federal government and Parliament, and the governments and legislatures and all the provinces and territories that have prohibited donations from businesses and other organizations and set an annual limit on donations from individuals, also made was not studying how much money parties need to run their operations between elections, and how much parties and candidates need to inform voters during election campaigns (which is a principle of the Supreme Court's egalitarian model), before establishing individual donation limits, public funding systems and campaign spending limits. As a result, their laws are all based on assumptions, not on evidence-based assessments.

Finally, despite the other changes they have made, the federal government, seven provinces and two territories have also failed to require regular disclosure of donations and donors by parties (only Ontario requires this), and regular disclosure of spending by parties (usually only annual disclosure is required which is not often enough – it should at least be required quarterly). And they have failed to require disclosure by parties and candidates of all donations and donors, and election campaign spending, before voters vote. This is key information concerning who is bankrolling parties and candidates that voters have a right to know, and need to know in order to cast an informed vote.

The Special Committee, and the Yukon Legislative Assembly, have a simple choice to make. They can propose and enact no changes to the Yukon's current political donations law, or propose and enact changes that are similar to what other provinces and territories have enacted (outside of Quebec) – both of these actions will mean that Yukon's political donations law will remain essentially "legalized bribery" and "best government money can buy" scheme that is a recipe for corruption, waste and policy-making decisions that protect wealthy private interests and violate the public interest.

Or the Special Committee and the Assembly can actually make the Yukon's political donations law democratic, ethical and fair by, as Quebec did, setting the annual individual donation limit at an amount that an average voter can afford (i.e. no more than \$100 annually), and cancelling the tax credit for donations (as Quebec did when it set its \$100 annual individual donation limit in 2013).

And the Special Committee and the Assembly can also make Yukon's political finance system transparent by requiring regular disclosure of donations, donors and spending by political parties, riding associations and candidates, including before voters vote in any election or by-election.

But the Special Committee, and the Yukon Legislative Assembly, should not make the same mistake as all the other jurisdictions by failing to study how much money parties need to run their operations between elections, and how much parties and candidates need to run their election campaigns, before making changes to Yukon's

political donation system. This evidence is needed to assess the effects of any changes, especially whether, after business and organization donations are prohibited as they should be, and individual donations are limited to an annual amount that an average voter can afford as they should be, whether public funding is actually needed for parties and candidates.

[Click here to see](#) a detailed policy paper that Democracy Watch submitted in October 2024 to the Hogue Commission on Foreign Interference in Canadian Politics on changes needed to make the political donations law and system democratic, ethical and fair.

C. Changes needed to Yukon's political loans law to make it democratic, ethical and fair

At the federal level, and in every province and territory that has prohibited donations from businesses and other organizations and set an annual limit on donations from individuals, loans from individuals are also limited to the same amount as the donation limit (except in Quebec, where a loan from an individual can be as high as \$25,000), but loans from financial institutions (on the same terms as any other loan) are unlimited.

As with political donations, to have a democratic, ethical and fair system, and comply with the Supreme Court's egalitarian model, loans from individuals must also be limited to the amount an average voter can afford (i.e. no more than \$100 at any one time), and loans from businesses, unions and organizations must be prohibited, including loans from financial institutions.

Financial institutions are businesses like any other, and are regulated by the government in the same way other businesses are, and so they can't be allowed to use money as a means of undemocratic and unethical influence, and so loans from financial institutions must be prohibited just like donations and loans are from other businesses.

Even if a loan from a financial institution to candidates or political parties is required to be given on the same terms as a loan to any other person or entity, it is still a favour for a financial institution to extend a loan, and offers the opportunity for the financial institution to give even more favours in very subtle, secretive ways by, for example, extending the deadlines for payments of the loan, changing the loan terms in highly technical, obscure ways that favour the candidate or party, etc.

The Special Committee, and the Yukon Legislative Assembly, again have a simple choice to make. They can propose and enact no changes to the Yukon's current

political loans law, or propose and enact changes that are similar to what other provinces and territories have enacted – both of these actions will mean that Yukon’s political loans law will remain essentially “legalized bribery” and “best government money can buy” scheme that is a recipe for corruption, waste and policy-making decisions that protect wealthy private interests and violate the public interest.

Or the Special Committee and the Assembly can actually make the Yukon’s political loans law democratic, ethical and fair by only allowing loan from individuals of a total amount at any one time that is the same amount as the annual individual donation limit, both set at an amount that an average voter can afford (i.e. no more than \$100 annually).

[Click here to see](#) a detailed policy paper that Democracy Watch submitted in October 2024 to the Hogue Commission on Foreign Interference in Canadian Politics on changes needed to make the political loans law and system democratic, ethical and fair.

D. Changes needed to Yukon’s third-party spending law to make it democratic, ethical and fair

Again, the egalitarian model established by the Supreme Court essentially states that, in order to be democratic, ethical and fair, the provisions in a jurisdiction’s political finance law must comply with the fundamental democratic principle of one person one vote by ensuring every voter has a has a substantively equal opportunity for substantively equal participation in any political process (including elections), and ensuring the system has integrity (i.e. is ethical), and ensuring voters receive adequate information to make informed political choices.

Therefore, to comply with that model third parties (whether an individual, union or organization) must be allowed to spend based only on the number of voters who support them, and not based at on the wealth of the voters who support them.

Again, the laws governing third-party spending in Newfoundland and Labrador, Prince Edward Island, Saskatchewan and all three territories are all undemocratic, unethical and unfair because they do not require third parties to register, disclose their donors and they do not limit third-party spending.

However, the third-party laws at the federal level and in the other provinces (except Quebec) are also full of loopholes that also make them undemocratic, unethical and unfair and, as a result, they do not comply with the Supreme Court’s egalitarian model, and they all facilitate foreign interference. Quebec’s law is undemocratic and unfair in a very different way because it essentially bans third-party spending. That

is undemocratic and unfair because if voters support third parties they should have a voice in policy-making processes and during election campaign periods.

Again, the first mistake all the other jurisdictions made was failing to study what it actually costs to inform voters, and so they set arbitrary third-party spending limits that are not connected to reality.

Second, they all set limits that are the same for an individual voter, businesses and citizen groups. As a result, a wealthy individual (who only represents one voter, themselves) is allowed to spend as much as a union or citizen group that is supported by tens of thousands of voters. The spending limit for an individual voter should be very low, and the limit for a union or citizen group should be a multiple of that amount based on the actual number of voters support the union or group.

Given businesses are directed by only a few individual executives, and do not represent their employees concerning political issues (employees represent themselves or a union represents them on political issues), and do not represent their individual shareholders or customers on political issues (as investors do not invest in companies and customers do not buy from businesses mainly or at all based on a business' stand on political issues), businesses should be prohibited from spending as third parties to affect political processes or during pre-election or election campaign periods.

Third, the spending limits are usually much lower than the limits for political parties, which the Supreme Court of Canada in its ruling in the Working Families Coalition case spring 2025 declared was unconstitutional. [Click here to see](#) an article summarizing that ruling, and [click here to see](#) the ruling.

Fourth, the spending limits in some jurisdictions only cover third-party advertising, not on other activities such as door-to-door canvassing, phone-bank calling, robocalls, mass texts and other activities that, like advertising, are aimed at influencing voters.

Fifth, they imposed third-party limits only during election campaign periods and, in some cases, during brief pre-election campaign periods. The limits should also apply between elections as third parties should not be allowed to have undemocratic, unethical or unfair influence over any political process, including policy-making processes.

Sixth, the federal government and Parliament, and the governments and legislatures in six provinces, failed to require third parties to disclose all of their donors.

Seventh, these governments and legislatures failed to require them to disclose all their donors, donations and spending before voters vote. The federal law requires

disclosure of most, but still not all, spending by, and donations and donors to, third parties before election day, but not before advanced voting begins, and some spending, donations and donors are not required to be disclosed until months after election day.

Eighth, these governments and legislatures failed to require third parties to register and disclose their spending, donations and donors during nomination contests and party leadership contests.

Finally, the provinces have failed to enact third-party spending limits and disclosure requirements for municipal elections.

The Special Committee, and the Yukon Legislative Assembly, again have a simple choice to make. They can propose and enact no changes to the Yukon's current third-party spending law, or propose and enact changes that are similar to what other provinces and territories have enacted – both of these actions will mean that Yukon's third-party spending law will remain essentially “legalized bribery” and “best government money can buy” scheme that is a recipe for corruption, waste and policy-making decisions that protect wealthy private interests and violate the public interest.

Or the Special Committee and the Assembly can actually make the Yukon's third-party spending law democratic, ethical and fair by enacting a law that corrects all of the flaws, and closes all the loopholes, listed above that are in the third-party laws at the federal level and in seven provinces (again, with Quebec's ban being flawed in the opposite way to the other jurisdictions which allow undemocratic, unethical, unfair and, in some ways, secretive spending).

[Click here to see](#) a webpage that summarizes the flaws and loopholes in third-party spending laws across Canada.

[Click here to see](#) a detailed policy paper that Democracy Watch submitted in October 2024 to the Hogue Commission on Foreign Interference in Canadian Politics on changes needed to make a third-party spending law and system democratic, ethical and fair.

E. If it can be proven that it is needed, how Yukon's public political funding system should be changed to ensure it is democratic, ethical and fair

This section is based on the assumption that the Special Committee and the Yukon Legislative Assembly undertake a study of what it actually costs to operate between elections, run an election campaign, and inform voters as it should before making

any changes to the Yukon's system. And it is also based on the assumption that the Special Committee and Assembly then propose and change the Yukon's political finance system as recommended in Parts A to D above to make the system fully democratic, ethical, transparent and fair by correcting all of the flaws and closing all the loopholes listed above, as they should and hopefully will for the sake of all voters in the Yukon, as it is clearly in the public interest of all voters to make these changes.

If that study is undertaken, and Yukon's political finance system is changed as proposed above, what happens after the system is changed may show that the political parties and candidates (and, possibly, citizen group third parties) are not raising enough to operate between elections, run an election campaign, and inform voters.

If that occurs, then how must a public funding be designed to ensure it is democratic, ethical and fair? See the policy papers linked above in Parts B to D for details.

First, as mentioned above in Part B, the tax credit for political donations should be eliminated. With a maximum \$100 annual individual donation limit, the tax credit would be minimal in any case for any one individual.

Second, establishing public funding that matches donations is the most democratic way to have public funding, but the matching must be on a very specific sliding scale to ensure that each party and candidate receives essentially the same amount of money if they have the same number of donors (no matter whether the average donation they receive is \$10 or \$100). Quebec has a sliding scale of publicly funded matching donations, but its sliding scale does not fully equalize the amount of money a party receives based on the number of donors that support the party. For example, if one party has 500 donors who each give \$10 in a year (= \$5,000), and another party has 500 donors who each give \$100 (= \$50,000), the donation matching system must be weighted so that both parties end up with the same amount of money. Public funding for donation-matching for donations to third parties should also be considered if it can be shown to be needed by any disadvantaged group.

Third, if annual per-vote public funding is provided, it should only be a base-level amount, and the federal Auditor General or another fully independent official should be empowered to assess whether a party has violated its election promises to prevent a party from misleading voters with false election promises in order to win their votes, and then breaking those promises after the election but still receiving the per-vote funding from all of those deceived voters.

Finally, if public funding is provided in the form of reimbursements to pay some or all of the expenses incurred by candidates and parties after any election, to be democratic, egalitarian and fair the reimbursements must be given to all candidates and all parties no matter how many votes they receive.