

ANNUAL REPORT

OF THE

CHIEF ELECTION OFFICER
OF ONTARIO

FOR THE YEAR 2004

Elections Ontario

51 Rolark Drive
Toronto, Ontario
M1R 3B1

Telephone: 416-326-6300
Toll Free: 1-888-668-8683
Fax: 416-326-6200

www.electionsontario.on.ca
info@electionsontario.on.ca

ISSN 1712-5944



This report is printed on chlorine-free
50% recycled fibre and 10% post-consumer paper us-
ing vegetable based inks.

Office of the
Chief Election Officer
of Ontario



Bureau du directeur
général des élections
de l'Ontario

November 24, 2005

The Honourable Michael A. Brown
Speaker of the Legislative Assembly
Room 180, Legislative Building
Queen's Park
Toronto ON
M7A 1A2

Dear Mr. Speaker:

It is my pleasure to submit the Annual Report covering the affairs of my Office under the *Election Finances Act* and the *Taxpayer Protection Act, 1999* during the year 2004, as required by subsection 2(4) of the *Election Finances Act*.

In this Report, I have addressed annual activity related to political party registration, filings by the registered political parties and constituency associations, the first returns for the Progressive Conservative Party's 2004 leadership contest, as well as the returns specific to the by-election in the Electoral District of Hamilton East held on May 13, 2004. There was no activity under the *Taxpayer Protection Act, 1999*, in 2004.

Despite the absence of any requirement to do so, I have taken advantage of the delivery of this Report to provide you and the Members of the Assembly with an update on my activities under the *Election Act* over the period since the last general election.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John L. Hollins".

John L. Hollins
Chief Election Officer

TABLE OF CONTENTS

Activities Under the *Election Act* 4

2004 Annual Report Under the *Elections Finances Act* 10

Appendices

A Auditor’s Report and Statement of Expenditure
for the Year Ended March 31, 2004 17

B Registered political parties as of December 31, 2004
and requests to register the name of a new political
party during 2004 26

C History of election activity since the 1975 enactment of the
Election Finances Reform Act 28

D Registered constituency associations changes by party
during 2004 30

E Summary of financial data, as submitted, extracted from registered
political parties’ 2003 annual financial statements 32

F Summary of financial data, as submitted, extracted from registered
constituency associations’ 2003 annual financial statements 33

G Summary of financial data, as submitted, extracted from registered
political parties’ 2004 annual financial statements 34

H Summary of financial data, as submitted, extracted from registered
constituency associations’ 2004 annual financial statements 35

I Summary of financial data, as submitted, extracted from registered
political parties’ financial statements for May 13, 2004
Hamilton East By-election campaign period 36

J Summary of financial data, as submitted, extracted from registered
candidates’ and constituency associations’ May 13, 2004
Hamilton East by-election campaign period 37

K Summary of financial data, as submitted, extracted from registered
leadership contestants’ contest period financial statements 38

ACTIVITIES UNDER THE *ELECTION ACT*

In the Report I published following the 2003 general election, I suggested that the accountability of my Office and the transparency of the electoral process would benefit from the creation of a formal reporting structure.

“Public trust in democratic institutions is invaluable. The role of the Chief Election Officer is unique in protecting the fundamental rights of citizens. For this public trust to work, there must be a clear and open accountability structure that assures citizens and political interest groups that his actions are clearly in support of the principles of fairness, secrecy, transparency and accessibility.

While reporting to the Assembly on Election Act administration when he chooses may be to the advantage of the Chief Election Officer, the public is not well served.

Mandatory annual reporting and the opportunity to give the Advisory Committee of Registered Political Parties some status as a provider of political counsel to the CEO will provide a necessary balance of his ability to act and his protection of the public trust.”

ACCESS, INTEGRITY AND PARTICIPATION: Towards Responsive Electoral Processes for Ontario, page 48
Tabled in the Legislative Assembly of Ontario, September 2, 2004

At present, there is no statutory framework for me to report on my activity under the *Election Act*. Consequently, I have used the opportunity presented by the publication and tabling of the annual *Election Finances Act* Report, to provide an update to the Speaker and the Members of the Assembly.

BY-ELECTIONS

In the period following the 38th Provincial General Election on October 2, 2003, my Office administered two by-elections; in Hamilton East on May 13, 2004, following the death of Mr. Dominic Agostino, and in Dufferin-Peel-Wellington-Grey on March 17, 2005, following the resignation of Mr. Ernie Eves. The financial returns for the Hamilton East by-election can be found in Appendices I and J of this Report.

The following tables summarize the activity in each by-election.

Electoral District: Hamilton East by-election - May 13, 2004

| Number of Candidates | List of Electors | | | Polling Places | | |
|----------------------|------------------|-----------|--------|----------------|-------|---------|
| | Registered Names | Revisions | Total | Rural | Urban | Advance |
| 5 | 65,415 | 842 | 66,257 | 0 | 192 | 4 |

| Ballots from Boxes | | | | Voter Turnout | |
|--------------------|----------|----------|------------------|---------------|-----------|
| Valid | Rejected | Unmarked | Declined Ballots | Total | % of List |
| 23,890 | 125 | 27 | 9 | 24,051 | 36.06 |

Hamilton East By-election Results

| Valid Votes Cast | | Political Interest* | Candidate |
|------------------|------|---------------------|-----------------|
| Total | % | | |
| 15,185 | 63.6 | ONDP | Andrea Horwath |
| 6,362 | 26.6 | OLP | Ralph Agostino |
| 1,772 | 7.4 | PC Party | Tara Crugnale |
| 449 | 1.9 | The Ontario Greens | Raymond Dartsch |
| 122 | 0.5 | Independent | John C. Turmel |

* See Appendix B for a list of the official party names and abbreviations.

Electoral District: Dufferin-Peel-Wellington-Grey By-election - March 17, 2005

| Number of Candidates | List of Electors | | | Polling Places | | |
|----------------------|------------------|-----------|--------|----------------|-------|---------|
| | Registered Names | Revisions | Total | Rural | Urban | Advance |
| 8 | 86,687 | 3,310 | 89,997 | 196 | 117 | 11 |

| Ballots from Boxes | | | | Voter Turnout | |
|--------------------|----------|----------|------------------|---------------|-----------|
| Valid | Rejected | Unmarked | Declined Ballots | Total | % of List |
| 27,787 | 90 | 38 | 14 | 27,929 | 30.88 |

Dufferin-Peel-Wellington-Grey By-election Results

| Valid Votes Cast | | Political Interest* | Candidate |
|------------------|------|---------------------------|-----------------|
| Total | % | | |
| 15,633 | 56.3 | PC Party | John Tory |
| 4,621 | 16.7 | OLP | Bob Duncanson |
| 3,891 | 14.0 | ONDP | Lynda McDougall |
| 2,767 | 10.0 | The Ontario Greens | Frank de Jong |
| 488 | 1.7 | Ontario Coalition | Paul Micelli |
| 164 | 0.6 | Independent | Bill Cook |
| 135 | 0.5 | Ontario Libertarian Party | Philip Bender |
| 88 | 0.3 | Independent | John C. Turmel |

* See Appendix B for a list of the official party names and abbreviations.

INNOVATION AND TESTING IN BY-ELECTIONS

As in the by-elections that preceded the 2003 general election, Elections Ontario took advantage of the opportunity to refine processes and procedures deployed in the field as well as to evaluate new approaches to basic responsibilities such as elector register updates and address quality improvement.

Through a Tripartite agreement with Elections Canada and the Municipal Property Assessment Corporation (MPAC), the agency responsible for municipal lists of electors, Elections Ontario has

been able to share elector register data and use information provided by its partners to assist in improving the quality of the data in the Permanent Register of Electors for Ontario (PREO).

In early 2004, shared address data was matched with the PREO for the Dufferin-Peel-Wellington-Grey electoral district. This project showed that approximately 90% of addresses in that electoral district could be directly matched between the databases, with basic corrections to address spelling and street numbering.

Beyond the immediate improvement in quality, the success of the matching project helped to validate Elections Ontario's decisions to proceed with the development of the Ontario Address Register, making use of data updates from MPAC.

The by-election in Dufferin-Peel-Wellington-Grey provided an opportunity to evaluate different approaches to revising elector register information. Through the Elections Ontario call centre, a telephone-based list revision "call-out" process was initiated. This approach was then compared with a traditional door-to-door method, using revising agents who enumerated in target areas.

The telephone approach delivered a 32% participation rate and the traditional door-to-door method returned a 45% participation rate. These results were evaluated against their relative costs (call centre activity being less costly per response) and other factors (such as poor weather affecting field activity). These results are being evaluated to determine the contribution of each approach to improved and cost-effective register maintenance in future.

As a result of the improved processes, participation in the revisions in Dufferin-Peel-Wellington-Grey reached 3.68% of the total number of electors in comparison with the 1.27% achieved 10 months earlier in Hamilton East.

Also in the Dufferin-Peel-Wellington-Grey by-election, Elections Ontario was able to explore automated recording technology for electors voting at advance polls. The test was conducted in parallel with the traditional manual elector strike-off process that records advance poll electors and provides candidates with revised lists of electors. The initial results are very positive, reducing the time required to record voter information, improving accuracy of the records, and providing more timely information for candidates, while preserving complete separation from the actual voting activity. This process also facilitated expanded access to advance polls.

Area advance polls in Dufferin-Peel-Wellington-Grey were increased from four to nine and the percentage of voters taking advantage of the advance polls almost doubled from 7.47% (2,452 voters) in the 2002 by-election to 14.17% (3,937 voters) in 2005.

A satellite returning office was also set up in Dufferin-Peel-Wellington-Grey. This office provided improved elector access for 309 advance poll electors.

Beyond technical innovations, the by-elections provided opportunities to enhance the administration of elections. Deputy Returning Officers and Poll Clerks in Dufferin-Peel-Wellington-Grey used new reference sheets that summarized and simplified directions for some of the more common procedures.

In both by-elections, we developed and provided a new Braille guide reflecting the content of the official Notice to Voters and containing the information printed on the ballot, to assist blind and visually impaired electors to make use of the traditional notched ballot template.

TECHNICAL DEVELOPMENTS

While the 2003 election was delivered using a significant array of technological products and processes, the long-term development of the PREO continues to be a primary responsibility and focus for my Office.

Successful electoral events depend on high quality and accurate elector information. This means much more than just correctly identifying the name of the elector, it also means having a very accurate and complete inventory of address and geographic information to ensure that electors can be located and directed to the correct, closest and most convenient polling place for their address. This information also means that accurate maps are available to parties and candidates as well as election workers and the public.

Over the period from early 2004, Elections Ontario has begun the development and construction of the Ontario Address Register. The Register will provide a significant tool for electoral management and administration and will enable accurate data to be shared between provincial, federal and municipal electoral agencies in Ontario, resulting in greater efficiency and lower costs to electors.

Through the summer of 2005, Elections Ontario took advantage of a work placement program for University of Waterloo co-op students. The program reviewed and validated Elections Ontario's address data in preparation for the Register creation that will take place over the next several months and provided the students with necessary work experience making use of their technical skills.

The broader technical environment for Elections Ontario was subjected to intense scrutiny immediately after the 2003 general election. The lessons we learned showed that there were significant opportunities to improve the efficiency and accuracy of electoral information and processes by linking systems, ensuring a single authoritative source for critical information and building better monitoring and measurement tools.

Beginning with a corporate review of the Strategic Plan 2002 -2006, each division of Elections Ontario has undertaken a thorough analysis of its event readiness, event preparation and event delivery plans and its day-to-day business delivery obligations.

A primary result of these reviews was a reconfirmation of the validity of the Strategic Plan and the development of an Operational Plan with detailed deliverables and milestones that will take us forward to the next general election.

From this process, we have established a technology strategy that will position Elections Ontario to support events over the next two electoral cycles and will position us to support technical changes that may arise from future initiatives related to electoral reforms and democratic renewal.

As a result of the close cooperation between members of the federal-municipal-provincial Tripartite Group we have been able to begin the development of business rules that will enable electoral data sharing to become a routine and predictable process.

In a related environment, the chief electoral officers for all jurisdictions across Canada have signed a Technology Accord aimed at developing more opportunities for sharing the value of best practices and technological approaches to our business processes.

ADMINISTRATIVE DEVELOPMENTS

Early results of the business review process have seen the development and implementation of a detailed planning and executive committee management structure. During the high pressure environment of the period preceding the 2003 general election, several necessary administrative functions received limited attention in the drive to be ready for the election call, whenever it came. We recognized the risks that this presented to Elections Ontario and have assigned a high priority to identifying problems and correcting them.

Since the election, through 2004 and into 2005, we have been able to address our attention to these areas, most significant among which was the completion of key administrative policies and procedures that had been left as drafts in early 2003. As a result, several new policies have been put in place. Examples include policies and procedures for procurement, travel and hospitality.

In other areas, Elections Ontario has embarked on the implementation of a complete records management system for its paper and electronic records. An additional summer student project was undertaken in 2005, in which the paper records were reviewed and classified. As a result of this activity, key records have been identified for transfer that will enhance the collections of the Archives of Ontario.

In mid-2004, Elections Ontario senior management determined that there would be significant value for the organization and increased integrity for the electoral process, if a formal quality management program was implemented. Following research and evaluation of competing approaches, Elections Ontario has embarked on a plan to achieve ISO registration following the next general election. One significant benefit of this activity in the short term will be a close scrutiny of the records keeping, policy and procedural practices of the Office, ensuring the integrity of the administrative framework and the resulting improvement in the quality of electoral processes.

FINANCIAL FACTS

Elections Ontario's total expenditures for 2004/05 were as follows:

| Expense Category | \$ |
|------------------------------------------------------------------------------------------|--------------|
| Salaries and wages | 3,689,451 |
| Employee benefits | 672,257 |
| Transportation and communication | 653,397 |
| Services | 6,358,414 |
| Supplies and equipment | 834,265 |
| Other transactions: Election Expense Subsidies under the <i>Election Finances Act</i> | 4,197,293 |
| Less: Recoveries | (72,122) |
| Total Operating Expenses (as reported in the Public Accounts, 2004 - 2005) | \$16,332,955 |

One of the more significant undertakings that we hope to be able to accomplish over the next 12 months is the development of a framework for presenting the costs of electoral activity in

reasonable detail and within a consistent and clear framework. We are looking at the approaches taken by our sister organizations across Canada to develop the best format for the Members of the Assembly, for Ontario's electors and for Elections Ontario.

Once the format is determined, and before the next general election, we intend to publish estimates of the costs for the event in a format that clearly reflects our business activities and event delivery model.

I will continue to provide Members of the Assembly with reports on the affairs of my Office under the *Election Act* as opportunities present themselves.

2004 ANNUAL REPORT UNDER THE *ELECTION FINANCES ACT*

The primary responsibilities of the Chief Election Officer under the *Election Finances Act* fit broadly into five areas:

- The registration of Ontario's political parties, constituency (or riding) associations, contestants for the leadership of a registered political party and the candidates in general elections and by-elections;
- Supervising the limits on campaign expenses and political contributions;
- Providing subsidies for campaign expenses;
- Issuing tax credit receipt forms for contributions to parties, constituency associations and candidates; and
- Publishing information and materials filed under the Act.

This section of the Report covers the registration activities under the *Election Finances Act* in 2004 and also includes the financial returns submitted by registered political parties and constituency associations for the calendar years 2003 and 2004 (the filing deadline is May 31 of the following year). The timing of this Report allows Elections Ontario to include financial returns covering two calendar years.

In addition, this Report includes the financial returns submitted by registered political parties, constituency associations and candidates for the May 13, 2004 by-election held in the Electoral District of Hamilton East (the filing deadline was November 15, 2004). Finally, it includes the financial returns submitted for the Progressive Conservative Party of Ontario Leadership Contest held on September 18, 2004 (the filing deadline was March 18, 2005).

All financial reports filed with Elections Ontario are reviewed to ensure compliance with the provisions of the *Election Finances Act*. All relevant errors and omissions are discussed with the Chief Financial Officer, with any subsequent revisions included as part of an amended return.

The financial information in this Report and the accompanying Appendices reflect the information as filed with the Chief Election Officer and as subsequently revised to the date of publication. Our review of some filings continues and, as a result, some of the information in this Report may be revised after this publication. Election Finances references within the Elections Ontario Web site will be adjusted to reflect more up-to-date information as it becomes available.

MANAGEMENT ISSUES

During 2004, the Election Finances division continued to manage the workload related to reviewing more than 900 campaign returns associated with the 2003 general election. The contents of these returns were reported as part of the 2003 Annual Report released in April 2005. In order to facilitate this seasonal work load, Elections Ontario engages temporary staff to provide support to ensure returns are processed and reviewed in a timely manner.

Elections Ontario continues to put significant effort into achieving the appropriate balance necessary to administer the *Election Finances Act*. In our Annual Report for 2003 we made a commitment to more rigorously pursue the enforcement options and penalties available under the Act and balance these with our continued efforts to support and assist our stakeholders, most of whom are volunteers, with their compliance obligations.

In support of the 2004 filings, it is worth noting that Elections Ontario introduced a new initiative in the first half of 2005 to post the 2004 annual returns filed with this office on an 'as submitted' basis. Historically we have published summary financial statements, along with the list of those making political contributions in excess of \$100, to Elections Ontario's Web site on a delayed basis only after the returns have been reviewed and approved. In the spirit of improved transparency, for the first time, we posted the 2004 annual returns to the Web site on an 'as submitted' basis shortly after the returns were filed.

Elections Ontario remains committed to modernizing its election finances processes in administering filing requirements. Our ultimate goal is to introduce the electronic transmission of financial information in a prescribed format. Among other benefits, the introduction of an electronic filing system could facilitate timelier and more accurate financial reporting.

Outreach Activities

Although the primary focus of the Election Finances division was on reviewing the large number of campaign and annual financial returns, representatives from Elections Ontario participated in the 2004 Conference of the Council on Governmental Ethics Law (COGEL) which was held in the United States.

The Election Finances division continues to work with political parties in an effort to ensure chief financial officers (CFO's) have the necessary support to remain compliant with the requirements of the *Election Finances Act*. In this regard, Elections Ontario staff participated in two separate training sessions (75 participants), one facilitated by the Ontario Liberal Party and the other by the Green Party of Ontario, on filing processes and requirements. In addition to these formal sessions, Elections Ontario staff were in regular contact with representatives of political parties, constituency associations and candidates, answering specific election finances related questions.

The regular meetings of the Advisory Committee of Registered Political Parties continue to provide an excellent opportunity to discuss election finance issues. During 2004, issues discussed included redistribution to new electoral boundaries, the impact of pending legislation and other compliance-related issues.

Indexation Factor

The *Election Finances Act* requires the Chief Election Officer to calculate and publish an indexation factor every five years based on the Consumer Price Index. This factor is used to calculate contribution limits and audit subsidies, as well as campaign expense limits and subsidies. The indexation factor of 1.12 came into effect on January 1, 2004 and remains effective for the calendar years 2004 to 2008. This factor was calculated based on the 60 month period ending October 31, 2003.

Legislation

The Annual Report under the *Election Finances Act* for 2003 provided specific recommendations for legislative change and identified other areas for consideration. The issues raised in that Report are still relevant.

Bill 114 received Royal Assent on June 24, 2004. This bill amended section 44.1 of the *Election Finances Act*, and modified the process of the dissolution of “old” constituency associations and the registration of “new” ones after a boundary readjustment. As a result of this legislation, all constituency associations will automatically be dissolved on December 31, 2006 or at the dissolution of the Legislature, whichever comes first.

Under the *Representation Act, 1996*, the boundaries of Ontario’s electoral districts are amended, based on the most recent federal Representation Order. The Representation Order under the *Federal Electoral Boundaries Readjustment Act* was proclaimed on August 23, 2003, with the new electoral boundaries used in the 2004 federal election. Under the provincial *Representation Act, 1996*, Ontario would adopt these same boundaries.

At the time of this report, Bill 214 was amended by the Standing Committee on the Legislative Assembly and reported to the Legislature on October 13, 2005. This Bill replaced the previously introduced Bill 176, and includes the *Representation Act, 2005*. It proposes that beginning with the next provincial election, Ontario will be divided into 107 electoral districts rather than the current 106 federal districts. The new provincial boundaries will include 11 northern electoral districts that are identical (except for a minor boundary adjustment) to the ones that existed on October 2, 2003, and 96 southern electoral districts that are identical to the federal boundaries that existed on September 1, 2004. If passed, the new boundaries will come into effect for the next provincial general election following Royal Assent to the legislation.

REGISTRATION ACTIVITIES

Party Name Reservation

Appendix B provides a summary of all requests for the reservation of names for new political parties submitted to the Chief Election Officer in 2004. There were a total of four requests to reserve party names made during 2004, of which the Chief Election Officer approved three and rejected the remaining request as the name in question had already been reserved.

Once a name has been reserved, the party has a period of one year to meet the qualifications defined in the Act to be registered as a political party. This includes either nominating candidates in at least 50 per cent of electoral districts following the issuance of the writ in a general election or, alternatively, providing the Chief Election Officer with the names, addresses and signatures of 10,000 eligible electors who endorse the registration of that political party.

Party Registration

No new political parties were registered and no provincial political parties were deregistered under the *Election Finances Act* during 2004.

Association Registration

Appendix D provides a breakdown of the constituency associations, by registered political party, at the beginning and the end of 2004.

In summary, there were a total of eight new associations registered and seven associations deregistered in 2004. Of those deregistered, three were as a result of not filing the required audited financial statements, two were at the request of the party, while the remaining two were deregistered on a voluntary basis.

FINANCIAL RETURNS

Annual Returns

Appendices E and F provide a summary of the financial statements submitted by all registered political parties and their respective constituency associations for 2003, while G and H correspond to those submitted for 2004. A detailed presentation of all returns submitted by individual constituency associations is available in the Election Finances section of the Elections Ontario Web site www.electionsontario.on.ca.

In total, political parties and their associations raised \$17.8 million in net contributions in 2003 and \$12.5 million in 2004. In 2003, \$10.9 million (61%) was raised by the central parties, with the remaining \$6.9 million (39%) by constituency associations. In 2004, roughly \$9.1 million (73%) was raised by the central parties, with the remaining \$3.4 million (27%) being contributed to constituency associations.

Collectively, political parties (including their associations) raised 55 percent of all contributions from individuals, 40 percent from corporations and 5 percent from trade unions in 2003. In 2004, 59 percent of contributions came from individuals, 37 percent from corporations and 4 percent from trade unions. The following table summarizes the source of political contributions for each of the registered political parties, including their respective associations, as reported in the 2003 and 2004 annual financial returns.

| Party* | | Registered Political Parties and Constituency Associations | | | | | |
|---------------------------------------------------------------------------|---------|------------------------------------------------------------|--------------------|-----------------------|--------------------------|--------------------|-----------------------|
| | | 2003 Contribution Source | | | 2004 Contribution Source | | |
| | | Individuals \$ | Corporations \$ | Trade Unions \$ | Individuals \$ | Corporations \$ | Trade Unions \$ |
| CPC Ontario | Total | 12,078 | - | - | 16,446 | - | - |
| | Average | 242 | - | - | 365 | - | - |
| Ont. C.O.R. Party | Total | 296 | - | - | 1,464 | - | - |
| | Average | 16 | - | - | 81 | - | - |
| Ontario Coalition | Total | 65,688 | 190 | - | 77,811 | 300 | - |
| | Average | 115 | 95 | - | 103 | 100 | - |
| FP | Total | 51,665 | 1,700 | - | 49,866 | 1,700 | - |
| | Average | 434 | 1,700 | - | 437 | 1,700 | - |
| The Ontario Greens | Total | 140,127 | 702 | - | 196,669 | 3,596 | - |
| | Average | 124 | 100 | - | 138 | 899 | - |
| OLP | Total | 2,576,043 | 2,526,653 | 383,576 | 2,444,153 | 3,538,886 | 171,619 |
| | Average | 157 | 667 | 760 | 180 | 715 | 565 |
| Ontario Libertarian Party | Total | 13,643 | - | - | 17,521 | 50 | - |
| | Average | 182 | - | - | 209 | 50 | - |
| ONDP | Total | 2,670,321 | 72,545 | 258,529 | 2,249,621 | 28,501 | 256,110 |
| | Average | 102 | 672 | 968 | 97 | 770 | 545 |
| PC Party | Total | 4,272,828 | 4,443,349 | 267,206 | 2,353,779 | 1,073,613 | 4,617 |
| | Average | 132 | 602 | 1,104 | 98 | 504 | 420 |
| * See Appendix B for a list of the official party names and abbreviations | | | | | | | |

In 2003, central parties collectively reported net annual deficits totalling \$11.3 million, while their associations reported net deficits of \$0.2 million. In 2004 central parties collectively reported a net surplus of \$3.6 million and their associations reported a net surplus of \$2.2 million.

The cumulative deficit of all parties and their associations as at December 31, 2003 amounted to \$15.9 million, declining to a deficit of \$8.1 million at the end of 2004. The central parties collectively had deficits of \$13.1 million at the end of 2004, while the associations had cumulative surpluses of \$5.0 million.

Audit subsidies for political party and constituency association annual returns totalled approximately \$200,000 for 2003 and \$250,000 for 2004.

COMPLIANCE ISSUES

For both the 2003 and 2004 reporting periods, approximately 80 percent of all constituency association returns had been filed by the deadline of May 31. In addition, one party return was filed

after the deadline in each of the reporting years.

The following table provides the breakdown by party of the percentage of constituency associations which filed their financial returns by the deadlines as defined in the *Election Finances Act* between 2000 and 2004. Late filings continue to be a challenge for Elections Ontario, with 18 to 20 percent of all associations filing their annual financial statements (AR-1) after the May 31 deadline in each of the past five years. The percentage of late filers for the 2003 General Election was higher at 24 percent for candidates (CR-1) and 38 percent for associations (CR-3) filing the required campaign returns.

| Party* | 2000 | 2001 | 2002 | 2003 | | | 2004 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | AR-1 % | AR-1 % | AR-1 % | CR-1 % | CR-3 % | AR-1 % | AR-1 % |
| CPC Ontario | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Ont. C.O.R. Party | 100 | 100 | 80 | 100 | 100 | 75 | 100 |
| Ontario Coalition | 81 | 82 | 84 | 75 | 50 | 83 | 79 |
| FP | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| The Ontario Greens | 90 | 84 | 79 | 74 | 68 | 85 | 80 |
| OLP | 76 | 74 | 86 | 85 | 75 | 88 | 78 |
| Ontario Libertarian Party | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| ONDP | 77 | 88 | 74 | 61 | 33 | 66 | 79 |
| PC Party | 78 | 80 | 81 | 74 | 64 | 77 | 76 |
| Independents | n.a. | n.a. | n.a. | 83 | n.a. | n.a. | n.a. |
| Total | 80 | 82 | 81 | 76 | 62 | 80 | 80 |

* See Appendix B for a list of the official party names and abbreviations

As discussed in previous Reports, our office continues its efforts to review processes and procedures, as well as offering support and guidance to the large volunteer community that carries out the reporting obligations, in an attempt to ensure that the filing requirements are met in a timely fashion.

EVENT REPORTING

Hamilton East By-Election

As mentioned previously, a by-election was held in the Electoral District of Hamilton East on May 13, 2004. Appendix I for the parties, and Appendix J for combined associations and candidates, provide a summary of the information submitted for this event.

As of the date of publication of this Report, one association and one candidate had not filed the

required financial returns for the Hamilton-East by-election. As a result of not filing, the candidate faces a ban on candidacy through to the next general election under subsection 43 (1) of the *Election Finances Act*, unless the filing requirement is met. The association was deregistered during 2004.

Campaign subsidies paid for the by-election totalled \$21,233 and party subsidies amounted to \$3,316. A total of \$10,080 was paid in audit subsidies.

Progressive Conservative Party Leadership Contest

The Progressive Conservative Party of Ontario held a contest to choose a new leader for the party on September 18, 2004. Appendix K provides a summary of the information submitted for this activity. This is the first of two required financial filings and covers the period from June 13, 2004 to November 18, 2004.

Financial filings for the three leadership candidates were received by the March 18, 2005 filing deadline. In aggregate, the three candidates reported a total of \$2.6 million in income and deficits totalling \$481,712. The filing deadline for financial statements corresponding to the second reporting period (from November 19, 2004 to November 18, 2005) is May 18, 2006.

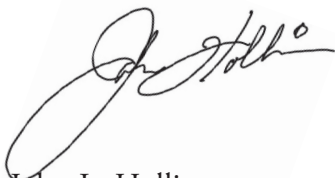
APPENDIX A

Responsibility for Financial Reporting

The accompanying balance sheet and statement of revenues and expenses under the *Election Finances Act* have been prepared in accordance with the accounting policies described in Note 2 of the financial statements, and are the responsibility of management. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to October 18, 2004.

Management is responsible for the integrity of the financial statements and maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The financial statements have been audited by the Provincial Auditor. The Provincial Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with the accounting principles described in Note 2 to the financial statements. The Auditor's Report, which appears on the following page, outlines the scope of the Auditor's examination and opinion.



John L. Hollins
Chief Election Officer
October 18, 2004



Auditor's Report

To the Chief Election Officer

I have audited the balance sheet of the Office of the Chief Election Officer - *Election Finances Act* as at March 31, 2004 and the statements of revenue and expenses and changes in net assets for the year then ended. These financial statements are the responsibility of the Chief Election Officer. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the Chief Election Officer - *Election Finances Act* as at March 31, 2004 and the results of its operations and its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
October 18, 2004

Gary R. Peall, CA
Acting Assistant Provincial Auditor

OFFICE OF THE CHIEF ELECTION OFFICER - *ELECTION FINANCES ACT*
 Balance Sheet
 As at March 31, 2004

| | 2004 \$ | 2003 \$ Restated (Note 2a) |
|-------------------------------------------------|------------|-------------------------------------|
| Assets | | |
| Current | | |
| Accounts receivable - consolidated revenue fund | 3,855,963 | 244,983 |
| Capital assets (Note 3) | 1,053 | 1,870 |
| Total Assets | 3,857,016 | 246,853 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 3,855,963 | 244,983 |
| Net Assets | | |
| Invested in capital assets | 1,053 | 1,870 |
| Total liabilities and Net Assets | 3,857,016 | 246,853 |

See accompanying notes to financial statements



 Chief Election Officer

