

Legislative Council Panel on Constitutional Affairs

The Administration's Response to Members' Proposal to Extend the Financial Assistance Scheme to Candidates for District Council Elections

This paper sets out the estimation of resources required for Members' proposal to extend the financial assistance scheme to candidates for District Council (DC) elections.

Estimation of resources required

2. We are not in a position to assess accurately the amount of resources required if financial assistance is to be provided to candidates standing in the 2003 DC elections, since this involves a number of factors, including the number of candidates and voters, the voter turnout rate, as well as the number of votes and amount of election expenses of each candidate. That said, we can take the 1999 DC elections as an illustration to assess the possible financial implications of this proposal.

3. In our estimation, we have assumed that the same set of criteria for the provision of financial assistance to candidates standing in the 2004 Legislative Council (LegCo) elections would apply to the 2003 DC elections. These criteria are set out below.

- (a) The Administration should provide financial assistance to candidates in accordance with the number of valid votes received and at a rate of \$10 per vote .
- (b) Only candidates who get elected and those who have received at least 5% of valid votes should be provided with financial assistance.
- (c) The amount of financial assistance given to candidates should be capped at 50% of the amount of their election expenses.

4. The methodology of calculation is set out below.

- (a) There were 798 candidates standing in the 1999 DC elections. All but five (that is, 793 candidates) were able to secure 5% of valid votes.

- (b) A total of 810 863 valid votes were cast. Flowing from this, each candidate would have received an average of 1 016 votes, and hence an amount of \$10,160 (1 016 votes x \$10) as financial assistance. The average amount of election expenses incurred by each candidate at the elections was \$27,610. In accordance with the criterion set out in paragraph 3(c), the amount of financial assistance provided to each candidate should be capped at 50% of \$27,610, i.e. \$13,805. In this regard, the lesser of the two amounts (i.e. \$10,160 and \$13,805) should be taken as the average amount of financial assistance provided to each candidate.
- (c) The calculation is as follows.

Financial assistance provided to candidates standing in the 1999 DC elections		
Number of candidates	Average amount of financial assistance for a candidate (\$)	Total (\$m)
793 <i>(elected or have received at least 5% of valid votes)</i>	10,160	8.06
5 <i>(could not secure 5% of valid votes)</i>	0	0
<i>Total amount of financial assistance provided</i>		8.06

The Administration's position

5. The proposed provision of financial assistance to candidates is aimed at furthering the development of local political parties and political groups, and encouraging independent candidates to run in elections. Our wish is to introduce the scheme first in the 2004 LegCo elections.

6. The Administration attaches much importance to the role of DCs. Nevertheless, having examined the factors listed below and taken into account the differing views expressed, we consider that it would be difficult to introduce a financial assistance scheme in the DC elections at this juncture.

- (a) First, there are concerns that, in view of the sizeable budget deficit which we face, the Government should not, at this stage, incur additional public expenses to provide financial assistance to political parties, political groups and independent candidates to run in elections. As set out in paragraph 4 above, this proposal involves additional expenditure of more than \$ 8 million.
- (b) At present, only one round of free mailing service is provided in respect of DC elections. This service is of considerable value to candidates who have limited financial means, and it would be difficult for this assistance to be cutback.

7. In fact, on top of one round of free mailing service, candidates are entitled to other assistance in kind. Among other things, they are provided with free air time on Radio Television Hong Kong to promote their election platforms. Besides, leaflets are produced by the Registration and Electoral Office to introduce candidates to the public.

Constitutional Affairs Bureau
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