

## INFORMATION NOTE

### Public Subsidies for Parliamentary Election Expenses in Canada, Germany and Australia

#### 1. Background

1.1 This information note provides some basic information on public subsidies for parliamentary election expenses in Canada, Germany and Australia. All three countries provide public funding for the payment of expenses in parliamentary elections incurred by candidates and political parties.

#### 2. Canada

2.1 Canada is a federal state with a parliamentary system of government. It has a bicameral federal legislature (the Senate and House of Commons). Senate Members are appointed by the Governor General on the recommendation of the Prime Minister. Members of the House of Commons are elected through a first-past-the-post system<sup>1</sup> (single seat) from electoral districts known as ridings.

2.2 Each candidate may run in one riding only, either independently or under the banner of a registered political party. Each party may endorse only one candidate per riding. Political parties must be properly registered before an election is called. To be qualified for registration, a political party must nominate at least 50 candidates at a general election.

2.3 Before 1974, Canada had no effective laws with respect to election finance, and there were many party and election scandals reported. Amendments to the *Canada Elections Acts* were passed in 1974, and one of them was the introduction of public subsidy for election expenses.<sup>2</sup>

#### Eligibility

2.4 In Canada, public funding to increase access to the electoral process is provided directly through a scheme for the payment of candidate and registered party expenses and indirectly through a scheme of income tax credits (see paragraph 2.16).

---

<sup>1</sup> In every electoral district, the candidate with the most votes wins a seat in the House of Commons and represents that district as its Member of Parliament.

<sup>2</sup> For more information on these amendments, see Rand Dyck, *Canadian Politics*, 3rd ed., Ontario, Nelson Thomson Learning, 2000, p. 271.

2.5 A candidate who is elected or receives at least 15 per cent of the valid votes cast in his or her riding is eligible for public financial support.

2.6 If a candidate is endorsed by a political party, both the candidate and the party may receive reimbursements. Registered parties, that have received at least two per cent of the valid votes cast nationally, or at least five per cent of the valid votes cast in the electoral districts in which they have endorsed a candidate, are eligible for public financial support.

### Entitlement

2.7 An eligible candidate is entitled to a reimbursement of 50 per cent of actual election expenses, up to a maximum of 50 per cent of the election expenses limit in that riding. Eligible registered parties are entitled to a refund of 22.5 per cent of their election expenses.

2.8 In the 2000 general election, five registered parties received reimbursements, with the average reimbursement being CAN\$1,536,072 (HK\$7,680,360).

### Election expenses limits

2.9 The *Canada Elections Act* restricts the amount that candidates, political parties and "third parties"<sup>3</sup> may spend on election expenses. The expenses limits for both candidates and political parties are calculated according to a formula based on the number of electors on the voters lists for each riding.<sup>4</sup>

2.10 Election expenses are expenses incurred to directly promote or oppose a registered political party, its leader, or a particular candidate during an election. These expenses include amounts paid, liabilities incurred, and the commercial value of goods and services donated (other than volunteer labour) or acquired at less than commercial value, regardless of when the goods and services are acquired or paid for.

### Payment arrangement

2.11 Each candidate must have an official agent who acts as the treasurer of the campaign. Only election expenses that are paid by the official agent out of the campaign bank account, and personal expenses of the candidate either paid by the official agent out of the campaign bank account or directly by the candidate, are included in the calculation for reimbursement.

---

<sup>3</sup> "Third parties" mean persons and groups who play a role in the election process, but are not candidates for office, political parties or their riding associations.

<sup>4</sup> The average expenses limit for a candidate in the 2000 election was CAN\$68,019 (HK\$340,095).

---

---

2.12 Reimbursement of candidates' election expenses is paid by instalments. Qualified candidates receive a reimbursement of 15 per cent of the expenses limit for their ridings shortly after the election. If such candidates also comply with all the post-election requirements, they receive a second instalment, which represents a reimbursement of 50 per cent of actual election and personal expenses paid, minus the amount they have already received, to a maximum of 50 per cent of the election expenses limit for their ridings.

2.13 A registered party can get a refund of its election expenses after the party submits its election expenses return and auditor's report.

#### Disclosure of election expenses

2.14 A registered political party must submit an audited return of its election expenses within six months after the election. Parties must also submit audited annual fiscal period returns disclosing the amount and sources of all contributions, with the names and addresses of those whose contributions exceed CAN\$200 (HK\$1,000).

2.15 Each candidate must submit an audited return of election expenses within four months after the election. The candidate's return, which the Chief Electoral Officer must publish, shows all election expenses incurred, the amount and sources of all contributions, and the names and addresses of those whose contributions exceed CAN\$200 (HK\$1,000).

#### Tax credit and aid in-kind

2.16 Although contributions can be in the form of money, goods or services, only a monetary contribution to a registered political party or a confirmed candidate qualifies for an income tax credit under the *Canada Elections Act*. The maximum tax credit permitted for a contributor is CAN\$500 (HK\$2,500) (corresponding to a contribution of CAN\$1,075 (HK\$5,375) or more) in any one calendar year.

2.17 To obtain an income tax credit, contributors must obtain an official receipt and submit it when filing their tax returns. Only the official agent of a confirmed candidate or a registered agent of a registered political party may issue receipts for contributions.

2.18 All broadcasters must make available a specified amount of both free and paid air time to registered political parties during a general election. Under the *Canada Elections Act*, the Chief Electoral Officer appoints a Broadcasting Arbitrator, who allocates such time slots to individual parties according to a formula set out in the legislation.

---

---

### Election deposit

2.19 All candidates are required to pay a deposit of CAN\$1,000 (HK\$5,000), which is reimbursed when their election expenses returns and unused official receipts (for income tax credit) are submitted within the required time.

### Provincial/State level subsidies

2.20 In Canada, all provinces except Alberta, British Columbia, the Yukon, Nunavut and Northwest Territories provide for a partial reimbursement of candidates' election expenses. Quebec, Ontario, Manitoba and Saskatchewan also provide for a partial reimbursement of political parties' election expenses.<sup>5</sup>

## **3. Germany**

3.1 Germany is a federal state with a parliamentary system of government. It has a bicameral federal legislature (the Bundestag and Bundesrat). The Bundesrat comprises Members appointed by the state governments. Half of the Members of the Bundestag are elected in constituencies (single seat), while the other half are elected by proportional representation from lists of candidates drawn up by political parties.

3.2 Each voter has two votes. The first vote is for a constituency candidate, with the candidate who wins the most votes being elected. The second is a party vote, given to a party list of candidates. The electoral system is known as a mixed member proportional system.

3.3 In Germany, political parties are formally recognized by Article 21 of the *Basic Law* (the German Constitution).<sup>6</sup> Political parties are considered as vital links between state and society. Public funding for political parties is well acknowledged.<sup>7</sup> The Federal Constitutional Court first ruled in favour of public financing of political parties in 1958.

---

<sup>5</sup> For more information on election financing in Canada, see Tim Mowrey & Alain Pelletier, "Election Financing in Canada," *Electoral Insight*, Vol. 4, No. 1, May 2002, available at [http://www.elections.ca/eca/eim/insight0502\\_e.pdf](http://www.elections.ca/eca/eim/insight0502_e.pdf).

<sup>6</sup> Article 21 provides:

"(1) Parties contribute towards the formation of the political will of the people. They may be freely established. Their internal order must correspond to democratic principles. They must render public account regarding the origin and use of their means as well as their property.

(2) Parties which, according to their goals, or according to the conduct of their adherents, aim at prejudicing or setting aside the free democratic basic order or endangering the stability of the Federal Republic of Germany, are unconstitutional. The Federal Constitutional Court decides on the question of unconstitutionality.

(3) The details are to be regulated by federal statutes."

<sup>7</sup> See Donald P. Kommers, *The Constitutional Jurisprudence of the Federal Republic of Germany*, 2nd ed., US: Duke University Press, 1997, pp. 200-217 and Thomas Saalfeld, "Court and Parties: Evolution and Problems of Political Funding in Germany," in Robert Williams ed., *Party Finance and Political Corruption*, UK: Macmillan Press Ltd., 2000, pp. 89-121.

3.4 *The Law on Political Parties (LPP)* was passed in 1967.<sup>8</sup> It sets out rules for party and campaign finance.

#### Eligibility

3.5 Section IV of *LLP* is on state funding for political parties. Political parties which win at least 0.5 per cent of the party votes in the Bundestag or European Parliament elections are eligible for state funding. A political party which does not present a party list of candidates may also be eligible if it wins at least 10 per cent of the votes in any given constituency.

3.6 Article 49b of the *Federal Electoral Law* provides that an independent candidate who receives at least 10 per cent of valid first votes cast in a constituency is entitled to public funding.

#### Entitlement

3.7 Each year, eligible parties are entitled to DM1.30 (HK\$5.43) for each vote received in the latest Bundestag election, up to a limit of five million votes and DM1.00 (HK\$4.18) for each vote beyond that limit. The parties are also entitled to DM0.50 (HK\$2.09) for each DM1.0 (HK\$4.18) they receive in membership subscriptions or donations on an annual basis.

3.8 There is a limit on the total amount of public funding available to support eligible parties each year. That limit is set at DM245 million (HK\$1,024 million). If the total amount of all the parties' entitlements goes over the limit, the share of each party is proportionately scaled down so as not to exceed the limit.

3.9 Eligible independent candidates are entitled to DM4.00 (HK\$16.72) per valid vote.

#### Election expenses limits

3.10 There are no restrictions on the amount which political parties can spend during an election campaign.

#### Payment arrangement

3.11 Eligible political parties or independent candidates are required to submit their applications for public funding to the President of the Bundestag, who is responsible for determining their eligibility and allocating funding to both parties and candidates.

---

<sup>8</sup> The law is available at [http://www.bundeswahlleiter.de/rechtsgr/e/partg\\_e.htm](http://www.bundeswahlleiter.de/rechtsgr/e/partg_e.htm).

---

### Disclosure of election expenses

3.12 Political parties are required to submit an annual public statement of their accounts to the President of the Bundestag. The statement indicates the origins and uses of funds received during the year, and includes a listing of party assets. All donations to a party or its regional branches of DM20,000 (HK\$83,600) or more must be recorded on the statement along with the donors' names and addresses.

### Tax deductions and aid in-kind

3.13 Individuals can claim tax deductions for donations to political parties up to a total of DM6,000 (HK\$25,080) or DM12,000 (HK\$50,160) for married couples. Corporate bodies cannot claim tax deductions for their donations.

3.14 Political parties in Germany cannot purchase radio or television time on public broadcasters to promote their candidates and their political positions, although they may buy air time on private broadcasters.

### Provincial/State level subsidies

3.15 Political parties that win one per cent in state elections are eligible for public funding similar to the arrangement for the federal election.

## **4. Australia**

4.1 The Australian Federal Parliament consists of the House of the Representatives and the Senate. The House of Representatives is elected by preferential voting (single seat).<sup>9</sup> It has 150 Members, each of them representing an electoral division and being elected for a term of up to three years. The Senate is elected by proportional representation.<sup>10</sup> It consists of 76 Senators, 12 from each of the six states and two from each of the mainland territories.

---

<sup>9</sup> Preferential voting (alternative vote) for the House of Representatives is designed to secure the election of one candidate with a majority of votes. If no candidate receives more than 50 per cent of first preference votes, the next preferences of the voters for the least successful candidates are distributed until one candidate emerges with a majority of votes.

<sup>10</sup> Proportional representation voting (single transferable vote) is designed to secure the election of several candidates in each state (six in the case of a regular half-Senate election). Each of these candidates has obtained a number of votes equal to or exceeding a required quota (or proportion of votes) necessary for election. The quota is obtained by dividing the total number of formal votes by one more than the number of candidates to be elected, and adding one to the result. Thus, if the total number of formal votes in a state at an election for six Senators is 700,000, the quota is 100,001. That is, a candidate will need to win at least 100,001 votes to be elected.

---

---

4.2 Public subsidies known as election funding or public funding are provided for the elections of both houses. *The Commonwealth Electoral Act 1918* was amended in 1983 to introduce a regime to regulate public funding and public disclosure of donations and election expenses to political parties, groups and independent candidates. The objective of this scheme is that publicly funded campaigns may remove the dependence of parties and candidates on donations, which in turn may reduce the perceived influence of donors on government decisions and political flavours.

### Eligibility

4.3 To be entitled to a payment of election funding, a candidate must win at least four per cent of the formal first preference votes cast in the electorate contested. For Senate groups<sup>11</sup>, it is sufficient if the group as a whole, wins at least four per cent of the votes.

4.4 Before 1995, election funding was only available to reimburse electoral expenses or expenses incurred in connection with the election campaign. The Australian Election Commission (AEC) would reject claims which were not made in the prescribed form or were not supported by sufficient evidence.

4.5 In 1995, the direct link between funding and costs incurred in a federal election campaign was broken by the amendments to *the Commonwealth Electoral Act*. The reimbursement based funding scheme was changed to a direct payment scheme. Parties, groups and candidates are no longer required to submit detailed claims, enabling payments to be processed more promptly.<sup>12</sup> In other words, they are entitled to receive election funding as of right when they have obtained four per cent or more of the votes.

### Entitlement

4.6 Payment is based on the number of votes received. The amount to which a party is entitled is calculated by multiplying the number of votes cast for a candidate or Senate group by the election funding rate per vote at the time. No upper limit is imposed on the payment received by each party or candidate, and on the total amount disbursed to all parties and candidates.

4.7 The funding rate is indexed to the increase in the Consumer Price Index every six months. Deflation does not cause the rate to adjust downwards. The public funding rate for the period between 1 July and 31 December 2002 was AUS\$1.84 (HK\$8.29) per eligible vote.

---

<sup>11</sup> Two or more candidates standing together as a group for election to the Australian Senate.

<sup>12</sup> Australia Election Commission, Funding and Disclosure Report of the 1996 Election, Part 2.

---

4.8 The public funding for federal elections has grown significantly since the 1984 federal election. The original rate was AUS\$0.60 per vote in the House of Representatives and AUS\$0.30 per vote in the Senate. The rates for both houses rose to the same level of AUS\$1.50 in 1995 before reaching the present level.

4.9 The total amount of election funding disbursed was AUS\$7.01 million in 1984 and rose to AUS\$38.56 million (HK\$173.52 million) in 2001. The increase in the number of electors on the Roll during the same period was 29 per cent.

4.10 The two major parties, namely the Australian Labour Party and the Liberal Party of Australia, got the largest share of the election funding payments for the federal elections in 1998 and 2001. The two parties together got nearly 80 per cent of the total election funding payments for those two federal elections.

#### Election expenses limit

4.11 Prior to 1980, there was a limit of electoral expenses by candidates in a Federal election. In 1980, the limit was repealed by the amendments to *the Commonwealth Electoral Act*. Therefore, there is no longer any maximum limit on campaign expenses.

#### Payment arrangement

4.12 AEC is responsible for disbursing election funding at the federal level. Payment is made automatically by cheque to the agent of each eligible registered party, candidate and Senate group. Payment is made in the fourth week after the polling day.

4.13 *The Commonwealth Electoral Act* as amended requires AEC to pay at least 95 per cent of the entitlement on the basis of the votes counted as at the 20<sup>th</sup> day after the polling day. The payment may actually be 100 per cent of the final entitlement, depending on the progress of the count. Any balance will be paid as soon as the vote count is finalized.

4.14 The entitlements of candidates and Senate groups endorsed by registered political parties<sup>13</sup> are paid to the agents of their parties, while those for unendorsed candidates and Senate groups are paid directly to their agents.<sup>14</sup>

---

<sup>13</sup> A political party registered federally must have at least one member who is a member of a Federal or State Parliament or a Territory legislature; or 500 members who are entitled to enrolment on the Commonwealth electoral roll. While it is not compulsory for political parties to register, most parties do register because unregistered parties do not qualify for the rights and public funding entitlements in elections. Parties must also register before their names can appear on ballot papers.

<sup>14</sup> An independent candidate is deemed to be his own agent should the candidate fail to appoint one prior to the close of nominations for that election.

4.15 Under the statutory provisions, both the Australian Democrats and the Australian Labour Party are able to centralize the collection of their election funding instead of having the funds going to the State/Territory branch of the parties. Legislation also allows the Liberal Party to specify the respective share of their funding going to the federal party and the State branch.

#### Disclosure of Electoral Expenses

4.16 Although candidates and parties participating in the election do not need to submit detailed claims of their election expenses and there are no maximum limits on campaign expenses, Returns of Election Donations and Electoral Expenditure must be lodged on behalf of candidates and Senate groups.

4.17 Only the totals of a candidate's or Senate group's campaign expenditure in each of the six specified categories<sup>15</sup> must be reported. All election donations in cash and in-kind received on behalf of a candidate or a Senate group must also be disclosed.<sup>16</sup> Anonymous donations of AUS\$200 (HK\$900) or more to a candidate or AUS\$1,000 (HK\$4,500) or more to a Senate group are unlawful.

4.18 Although political parties and associated entities<sup>17</sup> do not have to file Returns of Electoral Expenditure, they have to file annual returns with AEC, disclosing both donations and loans. Organizations, trust funds closely associated with registered political parties, and "third parties"<sup>18</sup> have to file as well.

4.19 "Third parties" who take part in an election campaign may be required to disclose gifts made and received, and other election expenses. Broadcasters and publishers are also required to give details of electoral advertising placed with them.

#### Tax deduction and aid in-kind

4.20 A participant of election can deduct expenditure incurred in contesting a parliamentary seat with the exception of entertainment expenses<sup>19</sup> from the assessable income. If the participant receives an amount as recoupment of the expenses, the amount may be included in his or her assessable income.

---

<sup>15</sup> The six specified categories are broadcasting advertisements; publishing advertisements; displaying advertisements at a theatre or other place of entertainment; costs of campaign material where the name and address of the author is required (e.g. posters); direct mailing; and opinion polling or other research relating to the election.

<sup>16</sup> Donations total AUS\$200 (HK\$900) or more to a candidate, or AUS\$1,000 (HK\$4,500) or more to a Senate group, are considered to be of potential influence. Therefore, details of the donor, including the name and address, and the date and value of each donation must be disclosed.

<sup>17</sup> An associated entity is an organization which is either controlled by, or operates wholly or to a significant extent for the benefit of, one or more registered parties.

<sup>18</sup> "Third parties", i.e. not being a political party, an associated entity, a candidate or member of a group, who make certain donations during the disclosure period or incur election expenditure of over AUS\$1,000 (HK\$4,500) must also file a Return.

<sup>19</sup> Section 25-60 of the Income Tax Assessment Act 1997.

4.21 There is no free mailing or any other aid in-kind provided by the government but a candidate or a party is allowed to receive gifts or aid in-kind from other sources provided they disclose them in their respective returns.

4.22 The Australian Broadcasting Commission (ABC), the public broadcasting authority, is not obliged by law to provide free broadcasting time to participating parties in an election. It is at the discretion of ABC's Election Coverage Committee to determine the coverage on "issues of current debate." All in all, it has been ABC's policy to allocate free time to participating parties in an election.

#### Election deposits

4.23 Senate candidates each pay a deposit of AUS\$700 (HK\$3,150) with their nomination and House of Representatives candidates each pay AUS\$350 (HK\$1,575). These deposits are returned if a candidate wins more than four per cent of the total first preference votes, or if the candidate is in a group of Senate candidates which polls at least four per cent of the total first preference votes.

#### Provincial/State level subsidies

4.24 Apart from the federal level, public funding is also available for the elections of three of the states and territories, namely New South Wales, Queensland and the Australian Capital Territory. The funding regime at the state level is similar to that of the federal level, with the exception of the variation in New South Wales.<sup>20</sup> Voting at both federal and state levels is compulsory.

---

<sup>20</sup> There are two campaign funds in New South Wales, the Central Fund and the Constituency Fund. The Central Fund provides funding for the Legislative Council (Upper House) election of which the whole state is a single electorate. The 'Constituency Fund' provides funding for the Legislative Assembly (Lower House) election where the state is divided into ninety-three electorates, emphasizing campaign activities at the local or state level, in the context of rising emphasis on national campaigns. No party, group or candidate can receive more than 50 per cent of the electoral funding available in the two funds. In addition, the funding is limited to the amount of election expenditure actually incurred by the candidate or the party.

---

---

## 5. Comparison

5.1 Table 1 summarizes various attributes of public subsidies for election expenses in Canada, Germany, Australia and Hong Kong.

5.2 In all three countries studied, candidates or parties are eligible to election subsidies mainly based on a certain percentage of the valid votes they win in an election. In Germany and Australia, eligibility is based solely on securing a specified percentage of votes. In Canada, eligibility for funding is achieved either by being elected, or by securing a specified percentage of the votes. These vote-based schemes provide a threshold where only candidates and parties with public support receive funds from the public purse.

5.3 Germany's scheme sets subsidy levels based on the number of votes received, party membership and private contributions. Australia's scheme is similar to Germany's, with the election subsidy received by each party or candidate being determined by multiplying the number of votes received and a rate of election funding at the time.

5.4 When the amount of subsidy received is based on votes, such scheme inevitably results in the major party/parties getting the lion's share of the subsidy. The funding scheme in Germany is designed to lessen the advantage of the winning or major party/parties. Instead of a flat rate per vote, the rate is scaled so that the rate per vote is set at a particular level up to a certain number of votes received and at a lower level per vote thereafter. In this way, the winning party still receives the largest share of the public subsidy but the gap between what it gets and what a smaller party receives narrows.

5.5 Since public funds are only available to eligible parties and candidates after an election, it is assumed that candidates have sufficient private resources to run in an election campaign. There is an opinion that spending money in an election campaign in the hope of recouping that money after an election is a big risk to bear for smaller parties and independent candidates.<sup>21</sup> In particular, Germany's scheme does not provide a lump sum of subsidies to political parties to pay off their debts after the election. Instead, they receive a smaller amount each year between elections.

5.6 The three countries studied use different approaches in placing a cap on public funding disbursed to eligible candidates or parties. In Canada's scheme, although the reimbursement is based on actual election expenses, two levels of caps are imposed on the amount received by each candidate. The first cap is based on actual expenses, with only half of the actual expenses being reimbursed. The second cap is based on the election expenses limit, with up to a maximum of half of the election expenses limit being reimbursed.

---

<sup>21</sup> Australian Electoral Commission, "Submission to the Joint Standing Committee on Electoral Matters Inquiry into Electoral Funding and Disclosure," 2000.

5.7 If subsidies received by each party or candidate are capped up to a certain percentage of actual expenses, a more popular party or candidate may end up with less public subsidy simply because its actual election expenses are less than those of the less popular party or candidate. If subsidies are capped up to a certain percentage of the election expenses limit, two parties winning different numbers of votes may receive the same amount of subsidy when they have reached the ceiling imposed. No cap is imposed on the amount of subsidies each party or candidate receives in the funding schemes of both Germany and Australia, and thus they do not have these problems.

5.8 If a cap is not imposed on the subsidy each party or candidate receives, there will be uncertainty and a lack of control on the amount of public money for election subsidies. The German model does not have this problem because it caps the total amount of public money available as subsidies in each election. If the total amount of all the parties' entitlements goes beyond the limit, the share of each party is proportionately scaled down so as not to exceed the limit.

5.9 Since Canada's scheme reimburses actual election expenses, parties and candidates are more likely to spend the maximum allowable amount of money. The scheme also involves high administrative costs because there is a need to verify in great details the claims of election expenses of each candidate and party.

5.10 In Australia, although the submission of detailed claims is not required for receiving the subsidies, the required disclosure of donations and election expenses helps ensure that campaign funding comes from appropriate sources. Not only do parties and candidates have to disclose such donations and expenses, "third parties" which make donations or take part in the election are also required to disclose details of their expenses and donations.

**Table 1 - Comparison of public subsidies for election expenses in Canada, Germany, Australia and Hong Kong<sup>22</sup>**

| Attributes            |                       | Canada <sup>23</sup>  | Germany <sup>24</sup>             | Australia <sup>25</sup>   | Hong Kong   |
|-----------------------|-----------------------|---|-----------------------------------|---|---|
| Electoral system      |                       | First-past-the-post system.   | Mixed member proportional system. | Preferential voting for election of the House of Representatives and proportional representation for the Senate election. | The list system of proportional representation in geographical constituency election; the first-past-the-post system in functional constituency election; and the block vote system in election committee election. <sup>26</sup> |
| Compulsory voting     |                       | No.   | No.                               | Yes.  | No.   |
| Funding available for | (a) Candidates        | Yes.  | Yes.                              | Yes, if the candidate is not endorsed by a registered political party.  | Yes.  |
|                       | (b) Political Parties | Yes.<br>If a candidate is endorsed by a registered party, both the party and the candidate may receive funding. | Yes.                              | Yes   | No.   |

<sup>22</sup> Items related to the subsidy scheme in Hong Kong are proposed by the Constitutional Affairs Bureau

<sup>23</sup> The public subsidy scheme is available to election for the House of Commons only as Senate Members are appointed.

<sup>24</sup> The public subsidy scheme is available to election for the Bundestag only as Members of the Bundesrat are appointed.

<sup>25</sup> The public subsidy scheme is the same for elections in both the House of Representatives and the Senate.

<sup>26</sup> In the next Legislative Council election, half of the Members will be returned by geographical constituency election and the other half by functional constituency election.

Table 1 (cont'd)

| Attributes          |                       | Canada   | Germany  | Australia   | Hong Kong  |
|---------------------|-----------------------|--|--|---|--|
| Eligibility         | (a) Candidates        | A candidate who is elected or receives at least 15 per cent of the valid votes cast in his or her riding.  | Independent candidate who receives at least 10 per cent of valid first votes cast in a constituency.   | A candidate of the House of Representatives or a Senate group as a whole must win at least four per cent of the formal first preference votes cast in the electorate contested.   | Candidates who get elected, or have received five per cent of valid votes or more. |
|                     | (b) Political Parties | Registered parties which have received at least two per cent of the valid votes cast nationally, or at least five per cent of the valid votes cast in the electoral districts in which they have endorsed a candidate. | Political parties which win at least 0.5 per cent of the party votes in Bundestag or European Parliament elections<br><br>A political party which does not present a party list of candidates may also be eligible if it wins at least 10 per cent of the votes in any given constituency. | A candidate or a Senate group endorsed by a registered party must win at least four per cent of the formal first preference votes cast in the electorate contested for the party to be eligible to public election funding. | Not applicable.  |
| Limits on Subsidies |                       | Yes.   | Yes, a limit on the total amount of public funding available each year.  | No.   | Yes.   |

Table 1 (cont'd)

| Attributes  |                       | Canada  | Germany   | Australia  | Hong Kong  |
|-------------|-----------------------|---|---|--|--|
| Entitlement | (a) Candidates        | A reimbursement of 50 per cent of actual election expenses, up to a maximum of 50 per cent of the election expenses limit in that riding. | DM4.00 (HK\$16.72) per valid vote.  | <p>The entitlement of a candidate is calculated by multiplying the number of votes cast for a candidate by the funding rate at the time.</p> <p>The funding rate is indexed to the increases in the Consumer Price Index every six months but it is not adjusted to deflation. The rate for the second half of 2002 was AUS\$1.84253 (HK\$8.29).</p> | HK\$10 per vote, up to a maximum of 50 per cent of the actual election expenses. |
|             | (b) Political Parties | A refund of 22.5 per cent of their election expenses.   | <p>Each year, eligible parties are entitled to DM1.30 (HK\$5.43) for each vote received in Bundestag elections, up to a limit of five million votes and DM1.00 (HK\$4.18) for each vote beyond that limit.</p> <p>The parties are also entitled to DM0.50 (HK\$2.09) for each DM1.0 (HK\$4.18) they receive in membership subscriptions or donations.</p> | Same as above.   | Not applicable.  |

Table 1 (cont'd)

| Attributes                      | Canada   | Germany   | Australia  | Hong Kong  |
|---------------------------------|--|---|--|--|
| Limits on Election Expenses     | Yes.   | No.   | No.  | Yes.   |
| Disclosure of Election Expenses | <p>Every registered political party must submit an audited return of its election expenses within six months after the election.</p> <p>Each candidate must submit an audited return of election expenses within four months after the election.</p> | <p>Political parties are required to submit an annual public statement of their accounts to the President of the Bundestag. The statement indicates the origins and uses of funds received during the year, and includes a listing of party assets.</p> | <p>The totals of each of the six categories of election expenses and election donations received have to be reported by a candidate. Details are not required.</p> <p>Other individuals and organizations take part in the election campaign are also required to disclose details of election donations in cash and in-kind received and other election expenses.</p> <p>Parties do not have to file Returns of Electoral Expenditure but have to file Annual Returns disclosing donations and loans.</p> | <p>A return and declaration of election expenses incurred and donations received has to be submitted to the Chief Electoral Officer. It must be submitted with supporting invoices or receipts for all payments each of HK\$100 or more, together with receipts for donations each of more than HK\$1,000 and any unspent or excessive donations.<sup>27</sup></p> |

<sup>27</sup> Requirements in the previous election.

---

Prepared by CHAU Pak Kwan and Kitty LAM  
16 January 2003  
Tel: 2869 9593

-----  
*The Legislative Council Secretariat welcomes the re-publication, in part or in whole, of this document, and also its translation in other languages. Materials may be reproduced freely for non-commercial purposes, provided acknowledgement is made to the Research and Library Services Division of the Legislative Council Secretariat as the source and one copy of the reproduction is sent to the Legislative Council Library.*

## References

### Books and Articles

1. Department of the Parliamentary Library, "Bills Digest- Commonwealth Electoral Amendment Bill 2001," Parliament of Australia, 2001, available at <http://www.parlinfoweb.aph.gov.au>.
2. Department of the Parliamentary Library, "Bills Digest- Commonwealth Electoral Amendment Bill (No. 2) 1994," Parliament of Australia, 1994, available at <http://www.parlinfoweb.aph.gov.au>.
3. Dyck, Rand. *Canadian Politics*, 3rd ed., Ontario, Nelson Thomson Learning, 2000.
4. Kommers, Donald P. *The Constitutional Jurisprudence of the Federal Republic of Germany*, 2nd ed., US: Duke University Press, 1997.
5. Mowrey, Tim & Pelletier, Alain. "Election Financing in Canada," *Electoral Insight*, Vol. 4, No. 1, May 2002, available at [http://www.elections.ca/eca/eim/insight0502\\_e.pdf](http://www.elections.ca/eca/eim/insight0502_e.pdf).
6. New South Wales Parliamentary Library Research Service, "Briefing paper- Election Finance Law: Public Funding, Donations and Expenditure, 2001," available at <http://www.parliament.nsw.gov.au>.
7. Plasser, Fritz. *Global Political Campaigning: A Worldwide Analysis of Campaign Professionals and Their Practices*, Westport, Connecticut: Praeger, 2002.
8. Saalfeld, Thomas. "Court and Parties: Evolution and Problems of Political Funding in Germany," in Robert Williams ed., *Party Finance and Political Corruption*, UK: Macmillan Press Ltd., 2000.

### Other Materials

#### *Canada*

1. Elections Canada, "Canada's Electoral System," available at [http://www.elections.ca/gen/canelecsys\\_e.pdf](http://www.elections.ca/gen/canelecsys_e.pdf).
2. Elections Canada, "2000 General Election Post-event Overview," available at [http://www.elections.ca/loi/rec/overview\\_e.pdf](http://www.elections.ca/loi/rec/overview_e.pdf).

3. Elections Canada, "Registration of Federal Political Parties," available at: <http://www.elections.ca/content.asp?section=gen&document=ec90530&dir=bkg&lang=e&textonly=false>.
4. Elections Canada, "Election Handbook for Candidates, Their Official Agents and Auditors," available at: <http://www.elections.ca/content.asp?section=pol&document=index&dir=ehc&lang=e&textonly=false>.
5. Elections Canada, "Election Expenses and Reimbursements, by Registered Political Party – 2000 General Election," available at: <http://www.elections.ca/content.asp?section=fin&document=table1&lang=e&textonly=false>.

### *Germany*

1. Federal Returning Officer, "ABC of the Bundestag Election 2002," March 2002, available at <http://www.bundeswahlleiter.de/download/abc2002e.pdf>.
2. "Party and Campaign Finance in Germany: An Overview," available at: <http://www.germany-info.org/relaunch/info/archives/background/partyfinance.html>.

### *Australia*

1. Australian Electoral Commission, "2001 Federal Election Funding Payments," available at [http://www.aec.gov.au/content/how/funding\\_payments/2001\\_payments.htm](http://www.aec.gov.au/content/how/funding_payments/2001_payments.htm).
2. Australian Electoral Commission, *Funding and Disclosure Report Following the Federal Election held on 2 March 1996*, available at <http://www.aec.gov.au>.
3. Australian Electoral Commission, "Funding and Disclosure Report Following the Federal Election Held on 3 October 1998," available at <http://www.aec.gov.au>.
4. Australian Electoral Commission, "Funding and Disclosure Handbook for Candidates, 2002," available at [http://www.aec.gov.au/content/how/political\\_disclosures/handbook/candidates](http://www.aec.gov.au/content/how/political_disclosures/handbook/candidates).
5. Australian Electoral Commission, "Funding and Disclosure Handbook for Parties, 2002," available at [http://www.aec.gov.au/content/how/political\\_disclosures/handbook/political\\_parties](http://www.aec.gov.au/content/how/political_disclosures/handbook/political_parties).

### *Hong Kong*

1. Electoral Affairs Commission, *Guidelines on Election-related Activities in respect of the 2000 Legislative Council Elections*, 15 May 2000.
2. Constitutional Affairs Bureau, "2004 Legislative Council Elections: Functional Constituencies & Other Electoral Arrangements," LegCo Paper No. CB(2)661/02-03 (06), 10 December 2002.
3. Constitutional Affairs Bureau, "2004 Legislative Council Elections: Provision of Partial Financial Support to Candidates," LegCo Paper No. CB(2)684/02-03(01), 13 December 2002.

### Websites:

#### *Canada*

1. Election Canada On-line: <http://www.elections.ca/>.

#### *Germany*

1. Federal Returning Officer—2002 Bundestag Election:  
[http://www.bundeswahlleiter.de/e/index\\_e.htm](http://www.bundeswahlleiter.de/e/index_e.htm).

#### *Australia*

1. Australian Electoral Commission: <http://www.aec.gov.au>.
2. Department of the Parliamentary Library of Australia:  
<http://www.parlinforweb.aph.gov.au>.
3. New South Wales Parliamentary Research Service:  
<http://www.parliament.nsw.gov.au>.
4. Parliament of Australia: <http://www.aph.gov.au>.

#### *Others*

1. Administration and Cost of Election Project: <http://www.aceproject.org/>.
2. Election Process Information Collection: <http://www.epicproject.org/>.