

Legislative Council Panel on Constitutional Affairs

Election Expense Limits for the 2004 Legislative Council Elections

Introduction

This paper sets out the Administration's proposals on the election expense limits for the 2004 Legislative Council (LegCo) elections.

Background

2. Under section 45 of the Elections (Corrupt and Illegal Conduct) Ordinance (Cap. 554), the Chief Executive in Council is empowered to prescribe the maximum amount of election expenses which may be incurred in respect of a candidate or a list of candidates running for LegCo elections.

3. Election expense limits allow candidates to compete on a level playing field in an election. In setting the election expense limits, our principle has always been that the limits must strike an appropriate balance. Limits which are too low will place unreasonable restrictions on candidates' election activities, whereas limits which are too high will deter less well-off candidates from standing in the elections.

4. The current election expense limits for LegCo elections are as follows –

Geographical Constituency Elections

Constituency	Population	Election Expense Limits
Hong Kong Island <i>(Central & Western, Wan Chai, Eastern, Southern)</i>	1 343 400	\$2,000,000
Kowloon West <i>(Sham Shui Po, Kowloon City, Yau Tsim Mong)</i>	1 029 000	\$1,500,000

Constituency	Population	Election Expense Limits
Kowloon East <i>(Kwun Tong, Wong Tai Sin)</i>	1 016 100	\$1,500,000
New Territories East <i>(North, Tai Po, Shatin, Sai Kung)</i>	1 543 500	\$2,500,000
New Territories West <i>(Islands, Kwai Tsing, Tsuen Wan, Tuen Mun, Yuen Long)</i>	1 804 900	\$2,500,000

Functional Constituency Elections

Constituency	Election Expense Limits
Heung Yee Kuk, Agriculture and Fisheries, Insurance, and Transport FCs	\$100,000
Constituencies with not more than 5 000 registered voters	\$160,000
Constituencies with 5 001 to 10 000 registered voters	\$320,000
Constituencies with over 10 000 registered voters	\$480,000

5. As the 2004 LegCo elections approach, we need to decide on the relevant election expense limits.

Previous Consultation with the LegCo

6. At the meeting of this Panel on 20 January 2003, the Administration briefed Members on, among other things, our preliminary proposals on the election expense limits for the LegCo elections in 2004. In brief, we recommended that, for geographical constituency (GC) elections, the election expense limits should be calculated by following the same formula used in 2000, i.e. multiplying the population in a given GC by \$1.5 then rounding the resulting number to the nearest \$500,000. For functional constituency (FC) elections, we recommended that the election expense limits used in 2000 should continue to apply.

7. Having reviewed the subject in the light of Members' earlier feedback, we have set out, in paragraphs 8 to 16 below, our proposals for Members' comments.

Proposed Election Expense Limits

GC Elections

8. As regards the election expense limits for the five GCs, we have identified three options, which are discussed below.

Option 1 - \$1.5 per head

9. This option essentially follows the formula adopted for the 2000 elections, i.e. \$1.5 per head of the population in a given GC, rounded to the nearest \$500,000. Under this option, the election expense limits for the five GCs will be as follows –

Constituency	Projected population as at 30.6.2004	Election expense limits before rounding	Election expense limits after rounding
Hong Kong Island <i>(Central and Western, Wan Chai, Eastern and Southern)</i>	1 274 600	\$1,911,900	\$2,000,000
Kowloon West <i>(Yau Tsim Mong, Sham Shui Po and Kowloon City)</i>	999 600	\$1,499,400	\$1,500,000

Constituency	Projected population as at 30.6.2004	Election expense limits before rounding	Election expense limits after rounding
Kowloon East <i>(Wong Tai Sin and Kwun Tong)</i>	1 034 300	\$1,551,450	\$1,500,000
New Territories East <i>(North, Tai Po, Sha Tin and Sai Kung)</i>	1 644 900	\$2,467,350	\$2,500,000
New Territories West <i>(Tsuen Wan, Tuen Mun, Yuen Long, Kwai Tsing and Islands)</i>	2 004 300	\$3,006,450	\$3,000,000

10. As can be seen from the above table, the proposed election expense limits are the same as the existing ones, except for New Territories West where the limit will be increased by \$500,000 to \$3,000,000. The increase is due to population growth in the constituency by nearly 200 000 since 2000. On the one hand, it may be said that as candidates contesting in New Territories West have to face a larger electorate, it is reasonable that they be allowed to spend more to publicize their platforms. On the other hand, it is for consideration whether a limit of \$3,000,000 might not be on the high side for some aspiring candidates.

Option 2 - Deflation Adjustment

11. The second option follows a previous suggestion by a Panel Member that, in calculating the election expense limits, account should be taken of the deflationary effect over the past few years. There was a downward adjustment of 7.3% in the Composite Consumer Price Index during the period between September 2000 and October 2003. Applying this percentage, the basis of \$1.5 per head would be reduced to \$1.39 or, say, \$1.4. For better precision, we would also propose rounding the resulting figures to the nearest \$250,000 (instead of \$500,000). Following this approach, the election expense limits for the five GCs will be as follows –

Constituency	Projected population as at 30.6.2004	Election expense limits before rounding	Election expense limits after rounding
Hong Kong Island <i>(Central and Western, Wan Chai, Eastern and Southern)</i>	1 274 600	\$1,784,440	\$1,750,000
Kowloon West <i>(Yau Tsim Mong, Sham Shui Po and Kowloon City)</i>	999 600	\$1,399,440	\$1,500,000
Kowloon East <i>(Wong Tai Sin and Kwun Tong)</i>	1 034 300	\$1,448,020	\$1,500,000
New Territories East <i>(North, Tai Po, Sha Tin and Sai Kung)</i>	1 644 900	\$2,302,860	\$2,250,000
New Territories West <i>(Tsuen Wan, Tuen Mun, Yuen Long, Kwai Tsing and Islands)</i>	2 004 300	\$2,806,020	\$2,750,000

12. The net effect of this option is that the election expense limits for two constituencies (i.e. Kowloon East and Kowloon West) will remain the same; those for Hong Kong Island and New Territories East will be reduced by \$250,000, whilst the limit for New Territories West will be increased by \$250,000. The increase in the limit for New Territories West is a reflection of the population growth in that constituency (see paragraph 10 above). At the same time, Members may wish to consider the desirability of reducing the limits for two constituencies on ground of deflation.

Option 3 – Status Quo

13. The status quo option is based on the premise that the present election expense limits have worked well since 1998, and that there has not been any strong voice demanding an adjustment of the expense limits, either upwards or downwards. Moreover, as shown in **Annex A**, the great majority of candidates for the 2000 LegCo GC elections spent well below the legally permissible limits. If the status quo option is adopted, the election expense limits for the five GCs will be as follows –

Constituency	Projected population as at 30.6.2004	Proposed Election expense limits
Hong Kong Island <i>(Central and Western, Wan Chai, Eastern and Southern)</i>	1 274 600	\$2,000,000
Kowloon West <i>(Yau Tsim Mong, Sham Shui Po and Kowloon City)</i>	999 600	\$1,500,000
Kowloon East <i>(Wong Tai Sin and Kwun Tong)</i>	1 034 300	\$1,500,000
New Territories East <i>(North, Tai Po, Sha Tin and Sai Kung)</i>	1 644 900	\$2,500,000
New Territories West <i>(Tsuen Wan, Tuen Mun, Yuen Long, Kwai Tsing and Islands)</i>	2 004 300	\$2,500,000

FC Elections

14. As mentioned in paragraph 6 above, our earlier proposal was that the same four-tier election expense limits used in 2000 FC elections should continue to apply to the 2004 elections. We consider that the status quo is an appropriate way forward, as there has not been any strong demand for adjustment of the limits, either upwards or downwards.

15. In brief, the proposed election expense limits are as follows –

Constituency	Election Expense Limits
Heung Yee Kuk, Agriculture and Fisheries, Insurance, and Transport FCs	\$100,000
Constituencies with not more than 5 000 registered voters	\$160,000
Constituencies with 5 001 to 10 000 registered voters	\$320,000
Constituencies with over 10 000 registered voters	\$480,000

16. The number of registered voters in each FC as shown in the latest final register is at **Annex B** for Members' reference.

Advice Sought

17. Members are invited to express their views on –
- (a) the three options for the GC election expense limits; and
 - (b) whether the status quo should be adopted for the FC election expense limits.

Subject to Members' views, we will proceed with any necessary legislative work as soon as practicable.

Constitutional Affairs Bureau
12 December 2003

Actual Expenses of Candidates Running in the 2000 Legislative Council Elections

Constituency	Election expense limits (\$)	Number of candidates or lists of candidates	Range of Actual expenses (\$)	Actual election expenses as a percentage of election expense limits			
				50% or below	Over 50% to 70%	Over 70% to 90%	Over 90%
Hong Kong Island	2,000,000	11	234,614 – 1,759,075	8	1	2	0
Kowloon West	1,500,000	3	953,802 – 1,146,345	0	2	1	0
Kowloon East	1,500,000	4	46,976 – 1,249,671	1	2	1	0
New Territories East	2,500,000	10	379,845 – 2,304,394	5	3	1	1
New Territories West	2,500,000	8	357,006 – 1,635,396	6	2	0	0

Number of Registered Electors for Functional Constituencies
(As Shown in 2003 Final Register of Electors for Functional Constituencies)

	Name	Total No. of Electors Registered
1	Heung Yee Kuk	141
2	Agriculture and Fisheries	159
3	Insurance	153
4	Transport	151
5	Education	62 546
6	Legal	4 487
7	Accountancy	13 151
8	Medical	7 380
9	Health Services	28 737
10	Engineering	5 793
11	Architectural, Surveying and Planning	4 437
12	Labour	454
13	Social Welfare	7 319
14	Real Estate and Construction	694
15	Tourism	799
16	Commercial (First)	1 021
17	Commercial (Second)	1 609
18	Industrial (First)	673
19	Industrial (Second)	503
20	Finance	141
21	Financial Services	501
22	Sports, Performing Arts, Culture and Publication	1 209
23	Import and Export	1 294
24	Textiles and Garment	3 640
25	Wholesale and Retail	3 160
26	Information Technology	3 815
27	Catering	5 906
28	District Council	429
	TOTAL	160 302