

## **Legislative Council Panel on Constitutional Affairs**

### **Financial Assistance Scheme for Candidates in District Council Elections**

#### **Introduction**

This paper seeks Members' views on our proposal to introduce a financial assistance scheme for candidates in the District Council (DC) elections.

#### **Background**

2. Financial assistance for election candidates was first introduced in the 2004 Legislative Council (LegCo) election with the aim of encouraging more public-spirited candidates to participate in the LegCo elections and cultivating an environment to facilitate the development of political talents in Hong Kong. Under the scheme, candidates who are elected or who receive 5% of valid votes or more are eligible for financial assistance. The subsidy rate is set at \$10 per vote, capped at 50% of the actual election expenses of the candidates, or the difference between their actual election expenses and election donations (if any), whichever is the lower. For the 2004 LegCo election, the Registration and Electoral Office received 47 applications for financial assistance from the candidates. The total amount of subsidy provided was around \$14 million.

3. There have been calls to extend the financial assistance scheme to DC elections. We have given the matter careful consideration. As an initiative to encourage participation in public elections and the development of political talents in Hong Kong, we propose that financial support be provided to candidates in DC elections to help them meet part of their election expenses. The details of our proposed scheme are set out in paragraphs 4 to 6 below.

#### **Amount of Financial Assistance Provided to Candidates**

##### *Subsidy Rate*

4. The subsidy rate at \$10 per vote for the financial assistance

scheme for LegCo election candidates was set with reference to the average election expense limit of five geographical constituencies and the number of votes received by the most popular geographical constituency candidates. The LegCo geographical constituency elections and the DC elections are both geographical in nature; the aggregate size of the electorate in both elections is also the same (i.e. a registered electorate of about 3 million). Further, past experience has shown that the nature and methods of electioneering activities conducted by the candidates in these two elections are more or less similar. Indeed, based on election expenses declared by candidates, the election expenses per vote in both the 2003 DC election and the 2004 LegCo election is around \$20. We therefore propose that the same level of financial assistance (i.e. \$10 per vote, capped at 50% of a candidate's actual election expenses) should be provided to candidates in the DC elections.

### ***Threshold of Valid Votes***

5. Under the financial assistance scheme for LegCo election candidates, only candidates who are elected or who receive votes surpassing the threshold (currently set at 5% of valid votes) are given financial support. For consistency, we propose to apply the same threshold (i.e. 5% of valid votes) to the proposed financial assistance scheme for DC election candidates.

### ***Amount Payable***

6. Similar to the financial assistance scheme for LegCo election candidates, we recommend that eligible applicants of the proposed scheme for DC elections will be given financial assistance to offset part of their election expenses as follows-

- (a) in respect of candidates in a contested constituency, the amount payable is -
  - (i) the amount obtained by multiplying the total number of valid votes cast for the candidate by the specified rate (i.e. \$10 per vote); or
  - (ii) 50% of the declared election expenses of the candidate,

whichever is the lower;

(b) in respect of uncontested constituencies, the amount payable is -

(i) the amount obtained by multiplying 50% of the number of registered electors for the constituency by the specified rate (i.e. \$10 per vote); or

(ii) 50% of the declared election expenses of the candidate,

whichever is the lower.

7. We will set out details of the formula for calculating the amount payable to candidates in the amendment legislation to be introduced.

8. For Members' reference, if the proposed scheme set out in paragraph 6 above was applied to the 2003 DC election, 46% of the eligible candidates would receive a subsidy that was equivalent to 41 to 50% of their election expenses. The median of the amount of subsidy payable to the candidates would be \$8,470, and 49% of the eligible candidates would receive an amount of over \$9,000.

### **Free Mailing**

9. When the financial assistance scheme for LegCo election candidates was introduced in 2004, we had reduced the free mailing entitlements of each LegCo election candidate from two rounds to one round. Under existing legislation, each DC election candidate is entitled to one round of free mailing service only. We propose to maintain the one round of free mailing service for DC election candidates after the introduction of the financial assistance scheme.

### **Financial Implications**

10. At this stage we cannot assess with complete accuracy the financial implications of the proposal because the total amount of financial assistance payable to the candidates will depend on a number of factors, such as the number of candidates, votes obtained by each candidate and the actual election expenses of each candidate. Using the actual figures in the 2003 DC election, the total amount of financial

assistance payable would be around \$6.75 million if a subsidy of \$10 per vote was paid to the eligible candidates.

### **Way Forward**

11. Members are invited to offer views on the proposed financial assistance scheme for candidates in DC elections as set out in paragraphs 4 to 6 above. Subject to any comments that Members may have on the scheme, we will proceed with the legislative process to amend the District Councils Ordinance to provide a legal basis for the proposed scheme for the 2007 DC election. The Electoral Affairs Commission will also make subsidiary legislation under the Electoral Affairs Commission Ordinance to set out the detailed operational procedures of the scheme.

Constitutional Affairs Bureau  
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