



**Chief Executive of the HKSAR Government  
Mr Donald Tsang**

19<sup>th</sup> October 2011

Dear Chief Executive,

Please find herewith newspaper articles (HK Standard) showing why we need urgent legislation on mandatory and transparent publication of all political party donations in Hong Kong and prevention of funding of our political parties by overseas entities. There are such laws in UK, USA, Singapore, Japan and Australia and numerous other first world countries also.

The Hong Kong public should be able to see which donors are influencing political party policy and actions and thereby, whether those policies benefit the interests of the electors or more so, the parties' funding sources.

There is no such thing as a free lunch.  
Donors do not keep on donating to causes that do not benefit their own ends.

The public demands the right to know what their legislators are doing in their best interests or whether their actions are contrary to the electors' interests and instead more beneficial to the Legco members and their donors only. Hence the need for political party donation funding transparency.

**WHO Treaty Framework Convention on Tobacco Control Article 5.3**

FCTC Article 5.3

[http://www.who.int/fctc/guidelines/article\\_5\\_3.pdf](http://www.who.int/fctc/guidelines/article_5_3.pdf)

4.10 Parties should not allow any official or employee of government or of any semi/quasi-governmental body to accept payments, gifts or services, monetary or in kind from the tobacco industry.

**4.11 Taking into account national law and constitutional principles, Parties should have effective measures to prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates or campaigns, or to require full disclosure of such contributions.**

Yours sincerely,

*James Middleton*

Chairman  
Clear the Air NGO

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Links:

- [Campaign finance in the United States](#)
- [Campaign finance reform in the United States](#)
- [Clean elections](#)
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- [Political funding in Japan](#)
- [Political funding in the United Kingdom](#)
- [Political financing in Canada](#)

[http://en.wikipedia.org/wiki/Campaign\\_finance](http://en.wikipedia.org/wiki/Campaign_finance)

<http://usgovinfo.about.com/od/thepoliticalsystem/a/contriblaws.htm>

[http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/Financing Political Parties en.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/Financing_Political_Parties_en.pdf)

[http://en.wikipedia.org/wiki/United\\_Nations\\_convention\\_against\\_Corruption](http://en.wikipedia.org/wiki/United_Nations_convention_against_Corruption)

“enhanced transparency in the financing of election campaigns and political parties”

<http://www.elections.gov.sg/registry.html> Singapore Government

<http://www.electoralcommission.org.uk/party-finance/legislation/legislation-on-political-parties>

UK Electoral Commission

[http://en.wikipedia.org/wiki/Campaign\\_finance\\_reform\\_in\\_the\\_United\\_States](http://en.wikipedia.org/wiki/Campaign_finance_reform_in_the_United_States)

[http://www.law.upenn.edu/journals/jil/articles/volume17/issue3/Powell17U.Pa.J.Int'lEcon.L.957\(1996\).pdf](http://www.law.upenn.edu/journals/jil/articles/volume17/issue3/Powell17U.Pa.J.Int'lEcon.L.957(1996).pdf)

<http://www.democracy4sale.org/>

<http://www.loc.gov/law/help/campaign-finance/australia.php>

Candidates, registered political parties (including associated entities), and donors must file annual or election period financial disclosure returns with the Australian Electoral Commission.[7] The Australian Electoral Commission makes such returns publicly available.[8]

Returns must detail:

- the total value of the donations received;
- the total number of donors;
- all individual donations received above the disclosure threshold (currently 10,900AUD);[9]
- the details of donations (such as date received, amount and name and address of donor); and,
- electoral expenditures (primarily advertising, printing and direct mail costs) incurred between the issue of the writ and polling day.[10]

[http://www.australiancollaboration.com.au/democracy/commentaries/Electoral Donations.pdf](http://www.australiancollaboration.com.au/democracy/commentaries/Electoral_Donations.pdf)

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<http://www.bbc.co.uk/news/world-asia-pacific-12709242>

<http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN013118.pdf>

[http://en.wikipedia.org/wiki/Political\\_funding\\_in\\_Japan](http://en.wikipedia.org/wiki/Political_funding_in_Japan)



China's Business Newspaper

### Just too close for comfort

**Pan-democrats risk their political independence because most of their funds come from a single donor - and yet they control 30 percent of the votes in the Legislative Council.**

Phila Siu

*Wednesday, October 19, 2011*

Pan-democrats risk their political independence because most of their funds come from a single donor - and yet they control 30 percent of the votes in the Legislative Council.

Veteran political commentator James Sung said the Democratic and Civic parties are in danger of being seen as too close to media tycoon Jimmy Lai.

Leaked documents show Lai donated more than HK\$14.5 million to the Civic Party and almost HK\$14 million to the Democratic Party since 2006.

"Without the donations, the two parties may have difficulty surviving," Sung said. "Lai's donation is like sending charcoal in snowy weather." He also said the two parties may face accusations that their policies are fixed and hardened by Lai, who is well-known for his pan-democratic and anti-government stance.

The money from Lai made up 99.4 percent of all donations from non-members to the Democratic Party between 2009 and 2010. For the Civic Party, the cash was about 40 to 68 percent of all donations from non-members in the same financial year.

The League of Social Democrats got HK\$1 million from Lai last year for its "de facto referendum" campaign.

Former legislator and chief secretary Anson Chan Fang On-sang received HK\$1.3 million between 2007 and 2009.

**Sung called for a political party law that requires parties to disclose the source of donations. He said tougher monitoring will increase transparency.**

A similar law in the United States requires political parties to publish a list of people who donate

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US\$200 (HK\$1,560) or more.

Meanwhile, both the Democratic and Civic parties refused to confirm they received cash from Lai, but insisted they do not accept donations that come with strings attached.

Civic Party leader Alan Leong Kah-kit said it needs to protect the privacy of every donor and he would not comment on any individual case.

"When we accept a donation, it cannot come with a condition attached," said Leong, who disagrees with the need for a disclosure law for political parties.

Democratic Party vice chairman Sin Chung-kai said the party's stance is not affected by donors. He supports a political party law to increase transparency of donations.

Lawmaker Tam Yiu-chung, chairman of the Democratic Alliance for the Betterment and Progress of Hong Kong, said that allowing a single source to dominate income would risk a party's political stance. The DAB's income comes from diverse sources, he added.

#### Top News



### Lai splashes \$60m on his democrat buddies

Tonny Chan

*Tuesday, October 18, 2011*

Media tycoon Jimmy Lai Chee-ying has spent nearly HK\$60 million since 2005 to back the pan-democratic camp - including about HK\$35 million given directly to leading political parties.



According to leaks to the media yesterday the *Civic Party and Democratic Party* received the lion's share, getting more than HK\$33 million of the pie.

Smaller parties such as the *League of Social Democrats and Frontier* were also among the recipients, securing HK\$1 million and HK\$400,000 respectively over the same period from 2005 to 2011.

Lai also donated HK\$1.3 million to former chief secretary Anson Chan Fang On-sang from 2007 to 2009.

League chairman Andrew To Kwan-hang confirmed the radical party received HK\$1 million in 2010 in support of the "de facto referendum"

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campaign that, however, failed to block passage of the political reform package for 2012.

*"Lai wasn't our most important donor," To said. "The HK\$1 million was used for the five-district referendum campaign, which cost the LSD HK\$3 million. His donation was only one third of it."*

To said the league would not accept any donation that came with conditions attached.

Others on Lai's donation list would not confirm or deny the information. Civic Party leader Alan Leong Kah-kit and Democratic Party vice chairman Sin Chung-kai offered no comment, taking shelter behind the absence of a political law requiring parties to disclose their funding sources.

Sin said the Democratic Party has no obligation to make public the information since there is not a party law.

Leong said the Civic Party accepted donations from all sectors but stressed it would not agree to conditions a donor may set for the money. He said the party will not comment on matters concerning donors to protect their privacy.



The leaks showed the Civic Party began to receive yearly donations from Lai from 2006, starting with HK\$2 million in 2006. This was raised to HK\$4 million in 2010 and HK\$6 million this year.

The boost came as society was caught in a bitter row over the radicals' "referendum" bid by having five quit the legislature to be re-elected in the ensuing by-election. The Democratic Party received even more until its split with the Civic Party on the referendum move. According to the leaks, the Democrats received HK\$3 million in 2006. The donation fell to HK\$1.5 million in 2007 but increased to HK\$3 million or more a year from 2008.

In 2011, despite Lai's commitment to donate HK\$3 million, the Democrats were overtaken by the Civic Party in terms of his political money.

Attempts to get Lai to comment last night failed. A call to his mobile phone was answered by a woman. Upon hearing the reporter asking for Lai, she asked for the reporter's identity and said it was a wrong number before hanging up. There is no law regulating political donations in Hong Kong. But political observers point out that donations made by media moguls to politicians could be a sensitive matter because of their access to the media.

In October last year, media tycoon Rupert Murdoch was forced to defend his

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two US\$1 million (HK\$7.8 million) donations ahead of the US midterm elections. Concerns were aired then whether the donations by Murdoch would affect the editorial policy of News Corp's media arm, despite his assurance that they had nothing to do with editorial policy.

At the height of the 2007 legislature by-election to fill the seat vacated by the death of Democratic Alliance for the Betterment and Progress of Hong Kong lawmaker Ma Lik, Lai played a key role in persuading the Democratic Party to drop its member and district councillor Kam Nai-wai as a contender.

Chan, also dubbed Hong Kong's conscience, defeated the pro-establishment candidate and former security secretary Regina Ip Lau Suk-yeet in the by-election.

A source close to Chan said last night the former chief secretary is not prepared to comment on the donations. But the source added it is public knowledge HK\$200,000 donated to Chan in 2007 was related to the Legislative Council by-election and HK\$100,000 received in 2009 was intended for eye-care charity Operation Light.

The document showed that Lai also donated HK\$1 million to Chan in 2008.

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## **Abbott can't shake the stink of the tobacco lobby**

Michael Danby



As every smoker knows, one of the worst things about the tobacco habit is the smell – it clings to you no matter what you do. That's the problem the Liberal Party now has. **They've been in the pocket of the tobacco lobby for so long that they can't shake off the stink, no matter how hard they try.**

The Liberal Party's last-minute turnaround on plain packaging of cigarettes, after much huffing and puffing, won't help them escape from the clutches of the tobacco companies who fill their party coffers. The question for Mr Abbott is: when will he kick the habit of taking money from the tobacco companies?

The Labor Party announced in 2004 that it would not on principle take money from Big Tobacco. Since then the tobacco companies have lavished more than \$1.5 million on the Coalition parties. This does not include donations to individual electorate campaigns who are under the disclosable limit of 10,000.

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According to the AEC data, since 1998 the Liberal Party has received \$1,618,353 from British American Tobacco (BAT) and \$1,440,595 from Phillip Morris. During last year's election the Liberal Party received \$145,035 from British American Tobacco and \$147,035 from Phillip Morris.

DONATIONS FROM TOBACCO COMPANIES TO AUSTRALIAN PARTIES 1998-2010 (\$AU)				
Year	British American		Philip Morris	
	ALP	COALITION	ALP	COALITION
1998-99	61 000	55 000	41 610	87 800
1999-2000	19 100	33 838	50 000	154 960
2000-01	122 025	130 543	61 800	106 720
2001-02	60 450	234 172	74 800	122 315
2002-03	26 150	127 200	72 720	114 765
2003-04	27 290	167 888	2 200	16 050
2004-05		159 267		139 200
2005-06		130 911		129 215
2006-07		164 709		122 150
2007-08		128 860		141 975
2008-09		140 930		158 410
2009-10		145 035		147 035
<b>TOTAL</b>	<b>316 015</b>	<b>1 618 353</b>	<b>303 130</b>	<b>1 440 595</b>
<b>COMBINED TOTAL</b>		<b>\$ 3 678 093</b>		

Source: Assembled from Donor Returns published in the website of the Australian Electoral Commission (Prepared: 31 May 2011)

As Health Minister Nicola Roxon stated in parliament last week, BAT makes political donations to political parties in only three countries in the world, and Australia accounts for nearly all that spending – 97% of BAT's donations go to the Liberal Party and the National Party.

During last year's election, the tobacco companies funded a \$5.5 million anti-Labor ad blitz with the help of Liberal strategists, headed by Jason Aldsworth of the Civic Group – a former Liberal parliamentary candidate – and including former Howard government adviser Mark Domitrak (now head of corporate affairs at BAT) and former Howard adviser Chris Argent (now corporate affairs director at Phillip Morris).

Phillip Morris International and BAT spent \$2.2 million each, and Imperial Tobacco Australia spent \$1.1 million.

This funded campaign was coordinated under the sham organisation, The Alliance of Australian retailers, who are controlled by tobacco companies under the guise of representing retailers. It was brought into existence solely as a medium for tobacco companies to influence public opinion, and was paid \$200,000 a month retainer. In emails to and from the parties involved, entitled "Your Commission", Jason Aldsworth of the Civic Group was asked whether he would like the commission to be transferred "to your bank, or hold it for drinks in Barbados?" Mr. Aldsworth responded "...Maybe the bank for this one - we'll use the next one for the drinks tab in Barbados" and provided the account details for the Civic Group.

Nothing illustrates the **persistent stink of tobacco that haunts the Liberal Party** than the unanswered questions about the Member for Indi, Sophie Mirabella, and the secret donation that BAT made to her in 2007 via a group called "Friends of Indi."

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The Friends of Indi failed to lodge a return for two financial years (2005-07), keeping its receipts and donations a secret. It wasn't until BAT lodged its return form that the Friends of Indi cover was blown. Two receipts were received by the AEC for 2005-06 from British Tobacco Australia Ltd to the value of \$7,500 each that was donated to the Friends of Indi.

**Ms Mirabella – a member of Mr Abbott's shadow ministry – was a direct beneficiary of donations made to the Friends of Indi, including the \$15,000 donation from BAT. She refused to answer questions at the time on this secret donation. This wasn't the first time BAT donated to Ms Mirabella. In 2004-05, Friends of Indi received \$5,000 from BAT. Only last year, Friends of Indi received \$35,000 dollars although the AEC notes no individual receipts were declared by this associated entity.**

Mr Abbott is increasingly isolated on this issue. Even the state Liberal parties are coming around to banning donations from the tobacco industry. In 2008 research published in the Australian and New Zealand Journal of Public Health shows that approximately **61.6% of smokers and 78.4% of non-smokers were against political parties accepting donations from the tobacco industry.** WA Liberal Premier Colin Barnett has stated his opposition to tobacco donations.

It's time that Mr Abbott and the Liberal party gave up their river of gold from the tobacco companies. About 20% of Australians are currently addicted to cigarettes. Of the total cost of drug abuse in 2004-05 of \$55 billion, **tobacco accounted for \$31.5 billion.** The cost of tobacco addiction is a "great big tax" on all Australians, one which Mr Abbott doesn't seem to care about.

But it seems that Mr Abbott won't be parting company with big tobacco any time soon. Last April he was asked directly whether he would stop taking donations from the tobacco industry. He said: **"It is legal to smoke, it is not the mafia. I don't see why if they want to make a donation we shouldn't accept."** So long as he takes this line, the stink of the tobacco lobby will cling to the Liberal Party.

*Michael Danby is the Federal Labor member for Melbourne Ports.* <http://www.abc.net.au/unleashed/2756764.html>

<http://www.abc.net.au/unleashed/33994.html>

10 May 2010



**Tobacco funding: time to quit**

[Mike Daube](#)



Tobacco companies are not philanthropic institutions. As long ago as 1967 the late Senator Robert Kennedy said, "the cigarette industry is peddling a deadly weapon. It is dealing in people's lives for financial gain".

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The Australian tobacco industry is dominated by three big companies (or in modern political parlance, three "great big" companies), British American Tobacco, Philip Morris and Imperial Tobacco - all overseas-owned, with decisions made not in Sydney or Melbourne but in London and New York.

These are tough and ruthless multinational corporations, promoting and selling a product that kills one in two of its regular users. They have known for sixty years that their product is lethal. During this time almost one million Australians have died because they smoked - while the tobacco companies have denied and downplayed the evidence, doing their utmost to oppose and delay any action that might be effective in reducing smoking. Around the world their products cause five million deaths a year - a figure which will only increase as their drive into developing countries bears lethal fruit.

The new Chief Executive of Imperial Tobacco, Alison Cooper, was recently reported in the UK media as still refusing to accept that smoking causes cancer. Small wonder that only last week a survey of the reputations of the UK's largest 150 companies had Imperial Tobacco at 147 and British American Tobacco at a rock bottom 150.

There is massive evidence from once-confidential industry documents now available following litigation in the US that for decades tobacco companies have acted more cynically than even tobacco campaigners might have thought - summarised by a quote from an industry executive - "We don't smoke this shit, we just sell it. We reserve the right to smoke for the young, the poor, the black and the stupid."

And as if all this were not enough, the industry has been found guilty of racketeering in the US.

Tobacco companies have only one aim, in London, New York or Canberra. In line with their responsibility to their shareholders, they spend money with the sole purpose of benefiting their interests.

So why would anybody want to take money from this pariah industry?

The Australian Electoral Commission website reports that in recent years both the Philip Morris company and British American Tobacco have been generous **donors to the Liberal Party and the National Party**. During the year 2008/9 Philip Morris contributed \$158,000 to the Liberal and National parties around Australia.

No doubt in addition to direct contributions there is also much indirect funding from groups supporting and representing tobacco companies, but this is much harder to pin down.

The only reason for these contributions is to further the interests of tobacco companies. The website of the British American Tobacco company is quite explicit about political donations: "Such payments can only be made for the purpose of influencing the debate on issues affecting the company or Group..."

A review of tobacco industry political donations in the US, published in the American Journal of Preventive Medicine, concluded that, "tobacco industry monetary contributions are closely related to the way a legislator votes on tobacco issues", and "The more campaign contributions received by a Congress member, the more likely he/she votes pro-tobacco on tobacco-related bills".

Political donations are not simply about an intention to buy direct support: they are also about much less tangible benefits gained through indirect support, influence, contacts, access and credibility.

The Greens and Democrats took the lead in refusing tobacco industry funding, followed by the ALP. The other major parties understand the dangers of smoking; they know exactly why tobacco companies want to give them money; it is hard to imagine that they would knowingly take money from drug dealers - and yet they seem content to accept contributions from an industry whose products cause more than 80 per cent of Australia's drug deaths. Surely there is something awry with the moral radar of anyone who accepts this kind of blood money.

The argument we sometimes hear that this is a "legitimate industry" is old and tired. If cigarettes were a new product they would not be allowed on the market. Our parliaments have decreed that the product is so harmful that it should

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not be sold to children and adolescents, should not be advertised, and that its sales should be subject to ever-increasing controls. This is no ordinary product, no ordinary industry.

The Australian government now leads the world in action to reduce smoking, complementing strong action in most jurisdictions (other than the Northern Territory, whose lack of interest in tobacco remains a mystery).

**It is time for all political parties to refuse tobacco funding, or for legislation that forbids such contributions** from companies that still seek to oppose the work and recommendations of governments and health authorities, and whose products cause 15,000 Australian deaths each year when used precisely as intended. Then we can be assured that all parties are making policy on this vital public health issue free of the taint of association with tobacco companies, **and free of any suspicion that their policies might be influenced by these disreputable, lethal donors.**

*Mike Daube is Professor of Health Policy at Curtin University.*

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