

## **LEGISLATIVE COUNCIL BRIEF**

### **HKSAR to Support Reconstruction in the Sichuan Earthquake Stricken Areas**

#### **INTRODUCTION**

This note informs Members of Hong Kong Special Administrative Region Government (HKSARG)'s intention to participate in the reconstruction support work in the Sichuan earthquake stricken areas (the stricken areas). We intend to –

- (a) propose to the Finance Committee of the Legislative Council (FC) to create a commitment of \$2 billion, being HKSARG's financial commitment to the reconstruction support work at the initial stage.
- (b) establish a "Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas" (the Fund) as a vehicle to receive government funding and public donation. At the initial stage, we plan to inject the above proposed commitment of \$2 billion to the Fund and solicit public donation in parallel to support the reconstruction work.
- (c) submit funding proposals to the FC by stages. The funding injection arrangement will be decided having regard to the use of funds, amount of public donation received, and the cost estimate, progress and needs of individual reconstruction projects. Our preliminary assessment is that the overall commitment should not exceed \$10 billion. After off-setting donation from the private organisations and the public, HKSARG's funding commitment will be less than \$10 billion.
- (d) encourage Hong Kong's professional and non-government organisations to participate in the reconstruction work.

## JUSTIFICATION

### Need for Reconstruction in the Quake Stricken Areas

2. The Sichuan Wenchuan massive earthquake is the most devastating and extensive earthquake, and the most challenging disaster rescue and relief work since the establishment of the People's Republic of China in 1949. The stricken areas are in dire need of assistance. According to the State Council Headquarters for Resisting Earthquake and Providing Disaster Relief, as at 10 July noon, the death toll stood at 69 197, with 374 176 injured and 18 377 missing. The total number of victims was over 46.24 million. The earthquake affected a wide expanse of 440 000 km<sup>2</sup>, of which 125 000 km<sup>2</sup> was hard-hit. 417 counties and 4 656 villages/towns and 47 789 village sub-areas in Sichuan, Gansu, Shaanxi and Chongqing were affected. In Sichuan alone, the quake-stricken area reached 250 000 km<sup>2</sup>, of which 100 000 km<sup>2</sup> was hard-hit. Premises of over 4.5 million households collapsed or were seriously damaged to the extent that they became uninhabitable. Beichuan, Wenchuan and Yingsiu counties were nearly flattened. 22 000 km of expressways, trunk-roads and village roads, 940 bridges; 16 national/provincial trunk-roads; and six railway lines including the Bao-cheng Railway were broken<sup>1</sup>.

3. Emergency support required by the stricken areas includes –
- (a) providing victims with temporary housing, such as tents, movable plank houses and makeshift shelters, with an aim to providing each evacuee household with a temporary accommodation as soon as possible;
  - (b) addressing the basic needs of the victims by providing them with daily necessities such as quilts, clothing, food, potable water, cooking-wares and beds;

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<sup>1</sup> Revealed by Mr Wei Hong, Vice-governor of the Sichuan Provincial Government, on 6 July 2008 during his meeting with the Hong Kong Legislative Council delegation visiting the quake-stricken areas in Sichuan.

- (c) assisting in the reconstruction of the stricken areas, including the reconstruction of residential buildings and restoration of infrastructure, etc.; and
- (d) assisting in the restoration and development of the economy of the stricken areas by enhancing economic cooperation and providing technical advice etc.

4. Post-quake reconstruction is a colossal task lasting for at least several years. Damage assessment and reconstruction planning are being conducted. Owing to the massive scale of the devastation, it is estimated that post-quake reconstruction will require substantial financial support. The overall financial arrangement is to fund the rebuilding work through allocations from both the Central Government and local authorities in the Mainland. The financial expenditure involved for reconstruction of the stricken areas in Sichuan is roughly estimated to be over RMB1,000 billion, equivalent to 12 times of Sichuan's local government revenue for 2007. On reconstruction, the Sichuan Provincial Government preliminarily plans to give priority to basic living and public services facilities affecting people's livelihood<sup>2</sup>, such as –

- (a) Reconstructing 3.5 million sets of village residential premises and 1 million sets of urban residential premises;
- (b) Expediting reconstruction of public facilities such as schools and hospitals. To fully restore the public health services system at the four levels of municipality, county, rural and village areas. Planning for reconstruction of 18 million m<sup>2</sup> of schools and 11 000 medical and health institutions (with an area of over 7 million m<sup>2</sup>) throughout the province;
- (c) Reconstructing 15 national/provincial truck roads with a total length of 4 290 km, other economically important truck roads with a total length of 715 km, and village roads with a total length of 22 000 km;

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<sup>2</sup> Same as footnote 1.

- (d) Reconstruction of cultural and sports facilities at strategic locations within the four levels of municipality, county, rural and village areas.

### Preliminary Proposal for HKSAR's Support Work

5. In the eleven years since Reunification, we have successfully implemented the "One Country, Two Systems" principle and maintained HKSAR's stability and prosperity with the staunch support of the Central Government and local governments at all levels. Subscribing to the concept of "When one place suffers misfortune, aids come from all sides", HKSAR will actively participate in the post-quake reconstruction work. Taking into account our resource capability, we would focus on individual project items. We have been in close contact with the Central Government and have reflected the keen desire of the Hong Kong community to join the reconstruction work. The Chief Executive has just led a government delegation to visit the disaster-stricken areas in Sichuan from 27 to 29 June to exchange views with the Sichuan government officials on the mechanism and related arrangements regarding HKSAR's participation in the reconstruction work. After communication with the Central Government and Sichuan Provincial Government, we understand that Sichuan's preliminary idea was to request the Hong Kong and Macao Special Administrative Regions to assist in –

- (a) the reconstruction of public services facilities in the hard-hit counties of Sichuan, such as schools, hospitals, rehabilitation centres for the disabled, homes for the aged, orphanages, women and children healthcare centres, and cultural and sports facilities;
- (b) the key elements of specific infrastructural projects of Sichuan, including roads and bridges;
- (c) the reconstruction of the Wolong Giant Panda Reserve.

Besides, HKSAR can offer assistance in accordance with actual needs of

the stricken areas in a number of post-quake support services, such as medical and rehabilitation services, emotional support and counselling services, and other areas of professional training.

6. HKSARG agreed in principle to Sichuan's proposal above, and will follow up with the latter on the scope, mode, contents and priorities regarding HKSAR's support work. On the support work mentioned in paragraph 5(a) above, following initial contact, a more practicable way forward is for Hong Kong to assist in the reconstruction of public services facilities in designated hard-hit counties of Sichuan on a project basis and by phases, with particular focus on public services facilities such as hospitals and schools. We will liaise with the Sichuan side on the relevant details, including the contents of individual project items, location and estimated cost etc. On the support work mentioned in paragraphs 5(b) and (c) above, we will further liaise with the Sichuan side on the details.

7. The initial assessment is that our participation in the post-quake reconstruction work will last about three to five years. Early commencement of the reconstruction work will help alleviate the pressing needs of the victims in the stricken areas. HKSAR should make early preparation in finalising its plan on reconstruction support work and establishing the Fund as soon as possible. These steps will enable Hong Kong's professional and non-government organisations to have an early understanding of HKSARG's policy direction on reconstruction support work and help facilitate their deliberation on the extent of their involvement. Early establishment of the Fund will also help HKSAR in complementing the overall reconstruction plan.

8. The HKSARG and the Sichuan Provincial Government will set up a liaison mechanism with a view to ensuring efficient coordination of the reconstruction support work. A "Hong Kong – Sichuan Liaison and Coordination Group on Post-quake Reconstruction" will be formed to take forward implementation of the concrete post-quake reconstruction work items. The Sichuan side will be led by a vice governor, with representatives from the provincial Development and Reform Commission and provincial Hong Kong and Macao Affairs Office. The Hong Kong side will be led by the Chief Secretary for Administration,

with representatives from concerned bureaux and departments.

### Steering Committee for Reconstruction in Sichuan Earthquake Stricken Areas

9. Many voluntary organisations in Hong Kong have been actively engaging in the post-quake relief work, including provision of emergency relief materials, medical, health and hygiene support, psychological counselling and temporary accommodation; assistance in reconstruction of public facilities and resumption of agricultural production; promotion of community-based disaster prevention; and establishment of local offices, etc. In the long run, since HKSAR's participation in reconstruction work involves various professional expertise and resources from different sources, an overseeing and coordination mechanism has to be put in place to ensure effective coordination of work and deployment of resources matching the needs of the stricken areas. For this purpose, the Steering Committee on the Hong Kong Special Administrative Region's Support for Reconstruction in the Sichuan Earthquake Stricken Areas (the Steering Committee), chaired by the Chief Secretary for Administration, was formed. The Steering Committee will oversee and co-ordinate the HKSARG's efforts in support of the reconstruction of the quake stricken areas, liaise with its Mainland counterparts, and participate in the work of the Hong Kong – Sichuan Liaison and Coordination Group on Post-quake Reconstruction. Members of the Steering Committee include the relevant Secretaries of Bureaux and Heads of Departments. The terms of reference and membership of the Steering Committee are given at **Annex 1**.

Annex 1

10. The reconstruction support work is heavy and requires professional expertise in its implementation. The Steering Committee will have regard to the proposed specific reconstruction support arrangements and tasks proposed by Sichuan in paragraph 5 above and the needs of the stricken areas in setting up dedicated working groups. The working groups will follow a “government-led, full community involvement” approach in consolidating efforts of different sectors of the community, and coordinating and implementing individual items of work. Subject to the finalisation of the mode and details of HKSAR's

reconstruction support work, the preliminary plan is to set up five working groups under the Steering Committee dedicated to the following specific areas of work -

- (a) Working Group on Reconstruction Works: Led by the Development Bureau, the working group will assist local authorities in the stricken areas in mapping out reconstruction plans, and assist in the reconstruction of infrastructure and community facilities, including technical support for planning, engineering, architectural design, ecological environment restoration, surveying and project implementation.

The Hong Kong Construction Sector 5.12 Reconstruction Joint Conference, initiated by the Development Bureau and set up jointly with the professional bodies of the construction sector, had a meeting on 12 June. Individual Legislative Councillors from the concerned professional sector joined the meeting<sup>3</sup>. The Joint Conference has commenced the preparatory work of developing a website for recruiting professional volunteers. It has also invited several retired former Secretaries/Permanent Secretaries of the Works Bureau as advisors to offer advice on the management of the reconstruction work.

- (b) Working Group on Medical, Health, Hygiene and Rehabilitation Services: Led by the Food and Health Bureau, the working group will help provide post-quake medical and rehabilitation services, prostheses and related fitting and training, hygiene facilities in the stricken areas, as well as relevant technical support of the above areas, etc.

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<sup>3</sup> The Joint Conference comprises 10 trade associations and professional institutes, namely the Hong Kong Construction Association, Hong Kong Electrical and Mechanical Contractors' Association, Hong Kong Federation of Electrical and Mechanical Contractors Ltd., Association of Consulting Engineers of Hong Kong, Hong Kong Institute of Architects, Hong Kong Institution of Engineers, Hong Kong Institute of Planners, Hong Kong Institute of Landscape Architects, and Hong Kong Institute of Surveyors and Real Estate Developers Association of Hong Kong. The participating Legislative Councillors are Dr Hon Raymond Ho, Prof Hon Patrick Lau and Hon Abraham Shek.

- (c) Working Group on Home Affairs: Led by the Home Affairs Bureau, the working group is mainly responsible for receiving and coordinating donation in cash and in kind from community groups/individuals for the stricken areas. Donation from community groups/individuals, which will be tax deductible, will be put under the proposed fund. The working group may also render appropriate support and assistance on cultural/sports facilities.
- (d) Working Group on Social Work: Led by the Labour and Welfare Bureau, the Working Group will provide emotional support and counselling services to the residents of the stricken areas in need through non-government organisations, including the orphans, widows/widowers, as well as the aged and disabled. The work will be carried out mainly through training of Mainland professionals in these fields or sharing of experiences.
- (e) Working Group on Education and Training: Led by the Education Bureau, the Working Group will provide education-related support and assistance to schools in the stricken areas according to their needs, including assisting in reconstruction of school premises and provision of educational equipment. It will also enhance exchanges on professional knowledge, technical support and teacher training between schools in Hong Kong and those in the stricken areas in Sichuan.

11. Having regard to the workload and technical requirements of the support work, the Steering Committee intends to commission well-established major professional bodies and non-government organisations to undertake implementation work of individual items as far as possible. The Working Groups will be led by relevant policy bureaux. Depending on the needs of individual Working Group, its membership may comprise representatives of concerned bureaux and departments, as well as non-official members, such as representatives of the relevant professional bodies or organisations, as appropriate. The Working

Groups will liaise with their Mainland counterparts to take forward HKSAR's reconstruction support work.

12. On support for reconstruction of infrastructural facilities, we propose to introduce Hong Kong's planning and management experience, advice on professional skills and technologies, as well as practices concerning project supervision and completion inspection. Reconstruction items funded by the HKSARG, whether through entrusting Hong Kong professional/non-government organisations or as joint cooperation initiatives with the concerned Mainland authorities or organisations, should have regard to the following principles –

- (a) There should be a definitive list setting out the location, scale, scope, estimated budget and number of beneficiaries for each individual item of works;
- (b) Technical standards for the concerned works items shall comply with Mainland's rules and regulations, and with appropriate monitoring mechanism;
- (c) The allocation of funds shall make reference to Hong Kong's practice of phased arrangement in accordance with the actual progress of works. Flexibility will be exercised to meet the funding requirements at the initial stage to kick-start the related works.

We will regularly release information on the concerned works items and their latest progress.

## **IMPLICATIONS OF THE PROPOSAL**

### Financial Implications

13. Having regard to the substantial number of infrastructural and hardware facilities involved under the proposed scope of HKSAR's reconstruction support work as mentioned in paragraphs 5 and 6 above, it is estimated that the financial implications of the proposal will be substantial. We propose that -

- (a) Taking into account the overall expenditure required for the reconstruction work, the proposed mode of HKSAR's participation in the reconstruction work, and the government's financial capability, and on the premise that our work to improve Hong Kong's economy and livelihood will not be adversely affected, the FC to create a commitment of \$2 billion to support HKSARG's reconstruction support work for the stricken areas at the initial stage.
- (b) Owing to the urgent need for implementation, we plan to set up a "Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas" under the Secretary for Home Affairs Incorporated (SHAI), and inject the above proposed commitment of \$2 billion into the Fund to support the reconstruction of the quake-hit areas.
- (c) The SHAI will act as the trustee of the Fund and accepts donation from private organisations/the public on top of the Government funding.
- (d) On subsequent arrangements for funding commitment and allocation, HKSARG will take into account its financial capability, the actual situation, as well as the amount of public donation, and the cost estimate, actual progress and needs of the reconstruction support work items. We will have regard to the above and assess the need for funding commitment for the next stage. We will also submit regular reports to the Legislative Council on the progress of the reconstruction work, and the use of funds under the Fund. Our preliminary assessment is that the overall commitment should not exceed \$10 billion. After off-setting donation from private organisations and the public, HKSARG's financial commitment will be less than \$10 billion. A summary of proposed objectives and operational mechanism of the Fund is in **Annex 2**.

Annex 2

14. The Working Groups mentioned in paragraph 10 above will

advise the Steering Committee on the Fund's funding allocation arrangement for the various reconstruction support work, which may include –

- (a) For major reconstruction works items, direct allocation of funds from the Fund to HKSARG's entrusted bodies in cooperation with the concerned Mainland authorities;
- (b) Entrusting professional bodies and other non-government organisations to implement individual reconstruction or support items;
- (c) Making reference to the practices and funding criteria of the Disaster Relief Fund, to allow Hong Kong professional bodies and non-government organizations (excluding Mainland government departments or organisations) to apply for funding allocation under the Fund to support individual project proposals for reconstruction in the stricken areas.

The Steering Committee will decide on the policies and modus operandi relating to the release of funds in support of the reconstruction work, resolve on the actual amount allocated to the subsidised bodies, and monitor the use of funds.

15. HKSAR's reconstruction support work will involve substantial financial resources. To ensure efficient implementation of the reconstruction works and proper deployment of financial resources under the Funds, the use of funds must be closely monitored. The terms of reference of the Steering Committee include overseeing and coordinating HKSARG's work in support of the reconstruction in the stricken areas of the Sichuan earthquake, and liaising with relevant Mainland counterparts to take forward the related work. While the Steering Committee will be responsible for overseeing and coordinating HKSARG's overall reconstruction support work, its working groups will maintain close contacts with the related professional sectors and non-government organisations to assist in planning, implementation and monitoring of individual items. In the event that the working groups should entrust or sponsor non-government organisations to assist in implementing

individual reconstruction items, the concerned organisations shall submit independent auditor's reports and progress reports to the concerned working group every year. These organisations shall also enter into cooperation agreements with the concerned Sichuan authorities/organisations and take forward the work under the rules and regulations and monitoring procedures of the Mainland. The Steering Committee will maintain close contact with Sichuan's relevant monitoring authorities to ensure that the relevant work items will be managed in strict accordance with the monitoring system of the Mainland.

16. Besides, under the Secretary for Home Affairs Incorporation Ordinance (Cap 1044), a copy of the SHAI's audited statement of accounts, together with the Director of Audit's report and a report by the corporation on the administration of the Fund during the period covered by the audited statement of accounts, shall be laid upon the table of the Legislative Council not later than three months after the audited statement of accounts and the report thereon are received by the corporation from the Director of Audit. The SHAI's audited statement of accounts will incorporate the Fund's audited statement of accounts.

#### Civil Service Implications

17. Relevant bureaux and departments will endeavour to redeploy internal manpower resources to meet the additional workload arising from the above efforts in support of the Sichuan earthquake reconstruction work, and the establishment of the Fund. We will assess the need for additional staffing support in the light of the actual workload and seek the additional manpower resources required when necessary. The related financial expenditure will be absorbed by the Fund.

#### Other Implications

18. The proposal has no implications on the overall economy of Hong Kong, the environment or sustainability. The related reconstruction works will provide an opportunity for Hong Kong's professional services sectors (including the construction sector) to

showcase their advance experience.

19. The proposal is in conformity with the Basic Law, including the provisions concerning human rights and BL 106(2). BL 106(2) states that “The Hong Kong Special Administrative Region shall use its financial revenues exclusively for its own purposes, and they shall not be handed over to the Central People’s Government.” According to the advice of the Department of Justice, on the strength of this provision, HKSAR may, on its own, dispose of and utilise the local financial resources and revenues and decide on the expenditures of the HKSAR (including any donation which the HKSAR deems appropriate). BL106(2) does not preclude the HKSAR from acting altruistically (such as deciding on its own to offer relief assistance to persons or organisations outside Hong Kong). Accordingly, the HKSARG’s decision on its own to deploy its financial resources to provide post-disaster support, and the proposed establishment of the Fund are in conformity with the Basic Law, including the provisions of BL106(2).

## **PUBLIC CONSULTATION**

20. To enable Legislative Councillors to have a better grasp of the importance of the proposed funding commitment, and the colossal scale of the reconstruction work, we have helped arrange a Legislative Council study mission to visit the stricken areas of Sichuan from 4<sup>th</sup> to 6<sup>th</sup> July this year. We intend to brief the FC on 14 July 2008 and consult Members’ views on HKSARG’s planned participation in reconstruction work in the stricken areas, and the related financial arrangements. We also intend to submit our funding proposal to the FC at its meeting on 18 July 2008.

## **PUBLICITY**

21. When we submit the funding proposal to the FC, we will issue a press release to outline HKSARG’s proposal. We will also make further publicity efforts on the arrangements of the Fund and how the public can be involved after the Fund has been formally established.

## **BACKGROUND INFORMATION**

22. After the Wenchuan Sichuan major earthquake, the FC approved on 14 May 2008 a supplementary provision of \$350 million for injection to Disaster Relief Fund. As at 7 July 2008, the Disaster Relief Fund has made a cumulative total donation of \$330 million to the State Council Headquarters for Resisting Earthquake and Providing Disaster Relief, the Disaster Relief Command of Yingxiu Town in Wenchuan County, the Amity Foundation, Hong Kong Red Cross, Cedar Fund, Oxfam Hong Kong, and World Vision Hong Kong for emergency relief purpose. In mid-May this year, the Home Affairs Department has put in place a mechanism to allow the public to deposit their donation into “The Secretary for Home Affairs Incorporated – Donations” dedicated account. The account has so far received public donation of over \$172.9 million, in which \$170 million has been allocated to five relief organisations, namely Hong Kong Red Cross, World Vision Hong Kong, Oxfam Hong Kong, The Hong Kong Committee for United Nations Children’s Fund and The Salvation Army for the dedicated purpose of providing emergency relief in the stricken areas. In addition, we understand that the Liaison Office of the Central People’s Government in the HKSAR and five major voluntary organisations of Hong Kong (i.e. Hong Kong Red Cross, World Vision Hong Kong, Oxfam Hong Kong, The Hong Kong Committee for United Nations Children’s Fund and The Salvation Army) has raised a total of over \$2.2 billion.

23. The ambit of the Disaster Relief Fund covers disaster relief in places outside Hong Kong, but does not cover reconstruction of the stricken areas. The Secretary for Home Affairs Incorporated – Donations dedicated account mentioned in paragraph 22 above also does not provide for funding applications by voluntary organisations and professional bodies to support reconstruction work in the stricken areas. On account of the uniqueness of the Sichuan Earthquake reconstruction support work, we consider that the setting up of a dedicated trust fund under the SHAI is the most effective way to take forward the proposed initiative.

24. A total of 136 officers from the Fire Services Department, Department of Health, Government Flying Service, Food and

Environmental Hygiene Department, Water Supplies Department, and Hospital Authority were deployed to the stricken areas to provide support in rescue operations, environmental hygiene control, and medical support services such as medical operations, psychological counselling and rehabilitation treatment.

25. At the Central Government level, a sum of RMB25 billion has been set aside for emergency relief earlier on. In addition, the Central Government will deploy RMB70 billion from the central budget to set up a Post-quake Restoration Reconstruction Fund. Similar capital injection will be made in the next two years. At the local level, in accordance with the “Post-Wenchuan Earthquake Restoration and Reconstruction One-on-One Support Scheme” (the One-on-One Support Scheme) promulgated by the State Council on 11 June 2008, 18 provinces and municipalities directly under the Central Government in central and eastern China are designated to support the 18 hard-hit counties/municipalities in Sichuan. Support for reconstruction of the counties/municipalities/districts not included in the One-on-One Support Scheme will be undertaken by the local governments of the concerned provinces. Under the One-on-One Support Scheme, every year, each province and municipality should offer aid in kind worth at least 1% of its local government revenue for the past year. The above One-on-One Support Scheme is not applicable to the Hong Kong and Macao Special Administrative Regions.

26. The Macao SAR Government has indicated that they would set aside a dedicated fund to support reconstruction work in the Sichuan quake-stricken areas in their budgets of the coming five years. A coordination committee led by its Secretary for Social Affairs and Culture will be formed to liaise with the counterpart of the Sichuan Provincial Government and coordinate Macao’s reconstruction support work.

Constitutional and Mainland Affairs Bureau  
July 2008

**Steering Committee on the Hong Kong Special  
Administrative Region's Support for Reconstruction  
in the Sichuan Earthquake Stricken Areas**

**Terms of Reference**

- (1) To oversee and coordinate Hong Kong Special Administrative Region Government's work in support of the reconstruction in the stricken areas of the Sichuan earthquake.
- (2) To liaise with relevant Mainland counterparts to take forward HKSAR's work in support of the reconstruction.

**Membership**

Chief Secretary for Administration (Convenor)  
Financial Secretary  
Secretary for Education  
Secretary for Constitutional and Mainland Affairs  
Secretary for Food and Health  
Secretary for Home Affairs  
Secretary for Labour and Welfare  
Secretary for Development  
Secretary for the Civil Service/ Permanent Secretary for the Civil Service  
Secretary for Financial Services and the Treasury/ Permanent Secretary  
for Financial Services and the Treasury (Treasurer)  
Director of Information Services  
Director of Administration

*Note: Representatives of other policy bureaux/ departments and co-opted members will attend committee meetings as and when necessary.*

**Objectives and Modus Operandi of the  
Trust Fund in Support of Reconstruction  
in the Sichuan Earthquake Stricken Areas**

**The Fund**

The Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas (the Fund) is a trust fund<sup>1</sup> set up by the HKSAR Government under a trust deed with the Secretary for Home Affairs Incorporated (SHAI) as the Trustee in accordance with the Secretary for Home Affairs Incorporation Ordinance (Cap 1044) (the Ordinance). The Fund comprises funding allocation from government and public donation. The Fund's objectives/use of funds and modus operandi will be specified in the trust deed.

**Objectives**

2. On the advice of the Steering Committee on Hong Kong Special Administrative Region's Support for the Reconstruction of Stricken areas of the Sichuan Earthquake (the Steering Committee), the Trustee of the Fund shall deploy funds from the Fund for the following purposes in support of the reconstruction work in the Wenchuan Sichuan earthquake stricken areas -

- (a) reconstruction of public services facilities in the hard-hit counties of Sichuan, such as schools, hospitals, rehabilitation centres for the disabled, homes for the aged, orphanages, women and children's healthcare centres, and cultural and sports facilities;
- (b) specific infrastructural projects of Sichuan, including roads and bridges;
- (c) reconstruction of the Wolong Reserve, a panda conservation area of Sichuan;
- (d) other post-quake support services which the Hong Kong Special

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<sup>1</sup> In accordance with the Secretary for Home Affairs Incorporation Ordinance section 8, it shall be lawful for the Corporation to accept trusts if it first obtains the approval of the Chief Executive.

Administrative Region may participate in, such as medical and rehabilitation services, emotional support and counseling services, and other areas of professional training including teachers development; and

- (e) any other support work related to the post Sichuan earthquake reconstruction as agreed by the Steering Committee, such as community resources support.

### **Fund Management**

3. The Steering Committee will decide on the policies and modus operandi relating to the release of funds under the Fund in support of the reconstruction work, resolve on the actual amount allocated to the subsidised bodies (including entrusted bodies receiving direct funding allocation, and professional bodies and non-government organizations) entrusted to undertake designated support work items) and monitor the use of funds. The Fund may receive donation from the public. It may also allow Hong Kong professional bodies and non-government organisations (excluding Mainland government departments or organisations) to apply for funding allocation under the Fund to support individual project proposals for reconstruction in the stricken areas. Working groups focusing on different specific areas of work will be set up under the Steering Committee.

### **Accounts**

4. A number of dedicated accounts shall be kept for the release of funds approved by the various working groups led by the relevant bureaux and endorsed by the Steering Committee. The relevant bureaux shall be responsible for the management, auditing and reporting of the dedicated accounts under their charge, and answering questions from the Legislative Council and public enquiries.

5. Under the Ordinance, a copy of the SHAI's audited statement of accounts, together with the Director of Audit's report and a report by the corporation on the administration of the Fund during the period covered by the audited statement of accounts, shall be laid upon the table of the Legislative Council not later than three months after the audited statement of accounts and the report thereon are received by the corporation from the Director of Audit. The SHAI's audited statement of accounts will incorporate the Fund's audited statement of accounts.