

## **Legislative Council Panel on Home Affairs**

### **Review on Financial Assistance to Mutual Aid Committees**

#### **PURPOSE**

This paper seeks Members' views on the enhanced package of financial assistance to mutual aid committees (MACs) proposed by the Home Affairs Department (HAD).

#### **BACKGROUND**

2. The Government encourages residents of buildings to form MACs with the objectives of enhancing the spirit of mutual assistance in the neighbourhood and fostering a sense of belonging to the community among residents. There are currently around 2 700 MACs in Hong Kong. At present, HAD provides an accountable allowance in each quarter for MACs to meet basic daily expenses, including rates and Government rent, electricity charges, telephone bills, office equipment and stationery. The current maximum limit of the quarterly financial assistance is \$1,000 per MAC. Also, each MAC formed after 1 April 2006 which has an office may claim additional reimbursement of up to \$1,000 for setting up the new office.

3. At the Home Affairs Panel meeting on 9 April 2010, Members agreed to HAD's proposal of conducting a review on the financial assistance to MACs with a view to enabling MACs to better discharge their functions, while adhering to the principle of prudent use of public funds.

#### **PROPOSAL**

4. We propose that –

- (a) the maximum limit of quarterly financial assistance to MACs be increased from \$1,000 to \$1,500 per quarter with effect from 1 October 2010;

- (b) the maximum limit of one-off financial assistance for newly formed MACs to set up their office be increased from \$1,000 to \$5,000 with effect from 1 October 2010; and
- (c) all existing MACs with an office be eligible for applying for the new one-off assistance within a two-year period, from 1 January 2011 to 31 December 2012.

## **JUSTIFICATION**

5. MACs are voluntary bodies formed by the residents of a building with the primary aim of promoting a sense of friendliness, mutual help and responsibility among residents, and promoting better security, a better environment and generally more effective management within the building. MACs also provide a channel of two-way communication between the Government and residents on matters affecting the well-being of the residents and the community. Moreover, MACs provide a focal point for residents to participate in community activities.

6. We note that some MACs face difficulty in raising funds from residents, and mainly rely on financial assistance provided by HAD to meet expenses. After years of operation, some of the MAC offices are in need of refurbishment and replacement of furniture and equipment. The increase in the maximum limit of the one-off assistance to those MACs with an office will enable them to carry out refurbishment works, replace furniture and equipment which are no longer serviceable or beyond repair, or purchase additional electrical and electronic appliances necessary for efficient office operation.

7. It is anticipated that the increase in the maximum limit of the one-off assistance will enable MACs to purchase additional electrical and electronic appliances which are essential for office operation. This will lead to an increase in the recurrent operational expenses including electricity consumption, repair costs, associated operational expenses and accessories. We consider increasing the current maximum limit of quarterly financial assistance from \$1,000 to \$1,500 per quarter should be adequate for MACs to meet the increases in their recurrent operational expenditure.

8. To assess the usage of the increased quarterly financial assistance, we will review the maximum limit of the quarterly financial assistance by the end of the second year of the commencement of this newly enhanced package of financial assistance.

### **Streamlining Reimbursement Procedures**

9. To allow greater flexibility for MACs to purchase items that are essential for efficient operation, the list of items acceptable for reimbursement has been updated. To streamline the reimbursement procedures, the list has been simplified to set out the general categories of items eligible for reimbursement with sample items listed for reference. To further simplify the reimbursement procedures, duly certified bills, receipts and invoices (including receipted bill on postage and photocopying fees) will be acceptable for reimbursement. To ensure proper use of public funds, District Office staff will conduct random checks on selected items purchased with the financial assistance when visiting MACs. The revised list of reimbursable items is at Annex.

10. To facilitate MACs to apply for reimbursement under the new quarterly and one-off financial assistance scheme, the application form and explanatory notes will be simplified. Sample application forms and certified bills will be provided to MACs for reference. District Offices will provide briefing sessions to MAC office-bearers on the new financial assistance scheme and streamlined reimbursement procedures to help them make claims in a smooth manner.

### **FINANCIAL IMPLICATIONS**

11. The financial implication of increasing the quarterly financial assistance would depend on the number of MACs which will claim the financial assistance and the levels of their claims. We estimate that this proposal may entail an additional expenditure of about \$2.4 million per annum<sup>1</sup>.

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<sup>1</sup> This figure is based on the assumption that the MACs which have claimed the quarterly financial assistance in the past three financial years (i.e. 2007-08 to 2009-10) will claim the quarterly financial assistance up to the proposed new limit. It is estimated that of these 1 200 MACs, around 1 150 have an office, while 50 do not have an office.

12. The financial implication of increasing the one-off financial assistance to MACs would depend on the current number of MACs with an office, and the projection of newly formed MACs annually which will set up an office. We estimate that this proposal may entail an additional expenditure of \$6.176 million for the two-year-period of 2011 to 2012, and \$88,000 per annum from 2013 onwards<sup>2</sup>.

### **ADVICE SOUGHT**

13. Subject to Members' views and support, the Administration will proceed to seek the Finance Committee's approval on 9 July 2010 to increase the quarterly financial assistance to MACs as set out in paragraph 4 above.

Home Affairs Department  
June 2010

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<sup>2</sup> These figures are based on the assumption that the 1 200 MACs that have an office will claim the one-off financial assistance up to the proposed new limit, and the number of newly formed MACs which will set up an office to be 22 annually.

**Financial Assistance for Mutual Aid Committees (MACs)**

**List of Categories Normally Acceptable for Reimbursement**

**Category A (applicable to MACs with or without an office)**

**I. Desktop Stationery**

e.g. paper, pens, pen refills, notebooks, stamps, inks, calendars, erasers, correction fluid, rulers, rubber bands, clips, scissors, glues, adhesive tapes, drawing pins, staplers, staples, punches, calculators, etc.

**II. Files & Filing Accessories**

e.g. file jackets, document trays, clipboards, treasury tags, etc.

**III. Consumables For Computer & Fax Machine**

e.g. printer inkjet/toner cartridges, fax machine inkjet/toner cartridges, floppy disks, CD-R, DVD-R, USB flash drives, memory cards, card readers (for computers), etc.

**IV. Packing & Mailing Supplies**

e.g. envelopes, labels, postage stamps (Note 1), nylon strings, etc.

**V. General Supplies & Equipment**

e.g. loudhailers, two-way radios, whistles, batteries, rechargeable batteries, first aid boxes, first aid box refills, distilled water/mineral water, tea bags, suggestion boxes, letter boxes, frames for approval letter, blackboards, whiteboards, cork notice-boards, Hong Kong street guide, guest record books, festive decorations, ceremonial decorations, name badges with necklaces, etc.

**VI. Operating Expenses**

e.g. bank service charges, payment service charge, public liability insurance, expenses on lamination/photocopying/faxes/photofinishing, etc.

## **Category B (applicable only to MACs with separate offices)**

### **I. Fitting-out works on premises (applicable to newly set-up offices or subsequent refurbishment works only)**

e.g. wall painting/flooring materials and services, MAC signboard (including installation), electrical wiring, switches (including installation), replacement of wooden door/metal gate (including installation), construction waste disposal charges, etc.

### **II. Office Furniture & Equipment (also applicable to newly-set-up offices or subsequent refurbishment works)**

e.g. cabinets, storage boxes, shelves, tables, chairs, fluorescent tubes, light bulbs, windows, window grilles, typhoon shutters, computers and related software/accessories, printers, fax machines, air-conditioners (including installation), fans, dehumidifiers, purchase of telephone sets (including installation), clocks, locks (including installation), keys, fire extinguishers (and chemical refills), alarm bells (to be installed inside or on the external wall of MAC offices), repairs to electrical appliances/furniture/window frames/pipes, furniture delivery, deposits on water supply/electricity (applicable to newly set-up offices only) (Note 2), picture frames, hanging hooks, etc.

### **III. Office Operating Expenses**

e.g. telephone set and telephone line rentals (Note 3), telephone value-added services, fax line rentals, Internet access fees, electricity charges, water and sewage charges (Note 4), rent (inclusive of management fees), rates/Government rent, etc.

### **IV. Drinking Supplies**

e.g. electric kettles, tea pots, vacuum flasks, bottle-type water dispensers, cups, glasses, paper cups, etc.

### **V. Cleansing Supplies and Service**

e.g. bleaches, liquid cleaner, cleaning powder, soap, liquid soap, gloves, brooms, dust pans, mop heads (with handles), feather dusters, brushes, buckets, rubbish bins, garbage bags, scourers, cleansing service, etc.

### **VI. General Office Supplies**

e.g. toilet rolls, facial tissues, towels, screws, screw drivers, shovels, iron chains, extension sockets, adaptors, starters, ladders, lubricants, etc.

### **VII. Insecticides**

e.g. naphthalene balls, insecticides, mosquito repellents, etc.

- Note:
1. Receipts issued by the Hong Kong Post will be accepted for reimbursement of postage.
  2. If a mutual aid committee (MAC) had been reimbursed for the deposits on water supply or electricity but subsequently receives a refund on the deposits upon termination of the supply of water/electricity, the MAC is required to return the amount to the District Office concerned by a crossed cheque made payable to “The Government of the HKSAR”.
  3. Business lines should normally be installed for MAC offices.
  4. If electricity/water/telephone bills and rates/Government rent are paid by autopay/PPS/online payment, the MAC has to produce the original copies/photocopies of the bills or demand notes and the bank passbooks/statements as proof of payment when applying for reimbursement of expenses.
  5. Printed receipts showing the name of the company, date of purchase, purchased items and amount can be accepted as official receipts. If these are not shown on the printed receipts, the MAC has to provide the relevant information.
  6. MACs should submit official receipts as supporting documents. Invoices cannot be regarded as official receipts. If invoices are used by the company as receipts, they should be certified correct by the MAC. Moreover, the MAC should certify the following:
    - (i) a receipt is not available;
    - (ii) the related expenses have been actually paid on (date); and
    - (iii) the related expenses have not been reimbursed previously.
  7. Receipts on paper not printed with the name of the company are accepted as official receipts provided that the name and address of the company are stamped or written on them.

8. No alterations should be made to the receipts by the MACs. The companies concerned should sign and stamp their official chops against any alterations they made.
9. The expenditure items should be used solely for the operation of the MAC office or MAC business. Expenditure items not included in the List of Categories Normally Acceptable for Reimbursement but necessary for the operation of the MAC office or MAC business may be reimbursed subject to:
  - (i) a total maximum amount not exceeding \$500 per quarter; and
  - (ii) the endorsement of the relevant District Officer (or his delegated officer).
10. The following expenditure items are not reimbursable:
  - (i) surcharges on arrears and expenditure on refreshments, meals and entertainment;
  - (ii) non-essential items for office operation, e.g. television sets, CD/DVD players, air purifiers, fan heaters, heaters, laminators, electronic displays, flower baskets, hampers, wreaths, etc; and
  - (iii) items which are of high value and can easily be abused, e.g. cameras, digital cameras, mobile phones, etc.
11. The District Officer reserves the right to withhold any reimbursement if the expenditure item or its quantity or amount claimed is not fair and reasonable.
12. District Office staff may conduct random checks on reimbursed items during visits to MACs.