

# **EMERGENCY RELIEF FUND**

## **ANNUAL REPORT**

**BY THE TRUSTEE**

**FOR THE YEAR ENDED**

**31 MARCH 2018**

# **Emergency Relief Fund**

## **Annual Report**

**by the Trustee**

**for the year ended**

**31 March 2018**

# Emergency Relief Fund

## Annual Report by the Trustee for the Year Ended 31 March 2018

### The Fund

The Emergency Relief Fund Ordinance, Chapter 1103 of the Laws of Hong Kong, provides for the establishment and administration of a trust fund known as the Emergency Relief Fund.

2. The Fund aims to provide prompt assistance for persons who are in need of urgent relief as a result of fire, flooding, tempest, landslide, typhoon or other natural disasters. Grants from the Fund are intended for relief rather than compensation.

3. The Fund consists of an annual allocation from the General Revenue and donations received from the public from time to time. It is vested in the Director of Social Welfare Incorporated as Trustee.

### The Committee

4. The Emergency Relief Fund Committee advises the Trustee on matters relating to the administration of the Fund. The Committee, as laid down in the Ordinance, comprises three ex-officio members and two or more non-official members appointed by the Chief Executive. Membership as at 31 March 2018 was as follows:

<b>Chairman</b>	Director of Social Welfare
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<b>Members</b>	Miss AU Hiu-lam, Helen
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	Ms CHAN Yeo-ting, Jolanda
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	Mr LAW Ka-chun, Joseph
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	Director of Housing or representative
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	Director of Home Affairs or representative
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<b>Secretary</b>	Senior Social Security Officer (Accident Compensation), Social Welfare Department
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5. During the year, papers on matters below were issued to members of the Committee for information or agreement:

- quarterly reports on payments made;
- annual report by the Trustee for the year ending 31 March 2017;
- investment return;
- annual revision of the payment rates; and
- the revised Emergency Relief Fund Payment Schedule.

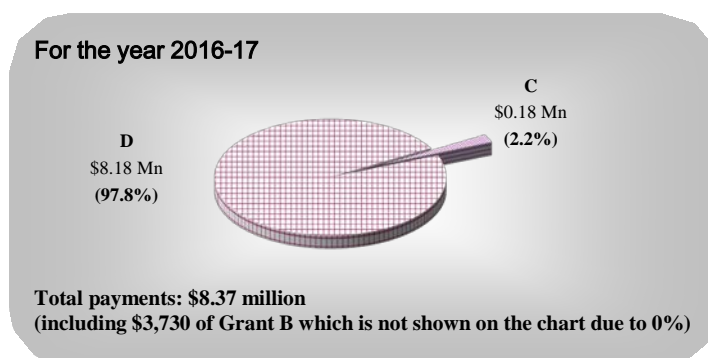
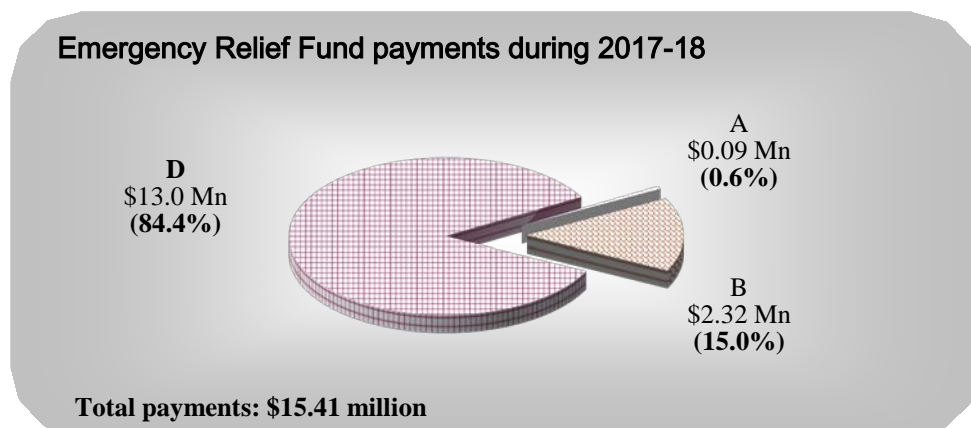
## **Payments**

6. There are five major types of grants under the Fund as detailed in Annex I of Appendix I. Payments of grants are made on the basis set out in the Emergency Relief Fund Payment Schedule, which is subject to periodic revision to reflect changes in prices and wages. The payment rates were last revised on 1 April 2017 as set out in Annex III of Appendix I.

7. The responsibility for approving grants and making payments in accordance with the Operational Guidelines set out in Appendix I is, in most cases, vested in the Agriculture, Fisheries and Conservation Department, the Marine Department, the Social Welfare Department and the Lands Department, while the Home Affairs Department is responsible for overall co-ordination at the district level.

8. As the Fund is meant for urgent relief, applications for various types of grants must be made within the respective time limits as laid down in Annex II of Appendix I.

9. During the year, payments totalling \$15.41 million were made from the Fund. A breakdown by type of grant is provided below (preceding year inset):



#### Section

- A** : Grants in respect of death or personal injury
- B** : Domestic re-accommodation, re-equipment, site formation & repair grants and grant for severe damage to home appliances
- C** : Grants to repair or replace vessels and fishing gear
- D** : Primary producer grants
- E** : Special grants

## **Financial position**

10. Income for the year amounted to \$7.29 million, including \$5 million from the Government. On 31 March 2018, the Fund's general account stood at \$86.3 million. Details of the accounts are shown in Appendix II.

## **Acknowledgements**

11. As the Trustee of the Fund, I would like to express my appreciation for the continued support and assistance rendered by all government departments and other parties concerned. I also wish to extend my thanks to all members of the Committee for their contribution in the past year.

Ms Carol YIP Man-kuen  
Director of Social Welfare Incorporated Trustee  
Emergency Relief Fund

# Emergency Relief Fund

## Operational Guidelines

### Types of Grants

There are five types of grants: death or personal injury grants; domestic re-accommodation, re-equipment, site formation and repair grants and grant for severe damage to home appliances; repair or replacement of vessels and fishing gear grants; primary producer grants; and special grants. A table listing the types of grants and the government departments responsible for investigation and payment is at Annex I.

### Time Limits for Application

2. An application for Emergency Relief Fund must be made within the time limits from the date of incident for the respective types of grants as specified in Annex II.

### Definitions

#### 3. Dependent Family Members

“Dependent Family Members” should include -

- (a) those family members, however distantly related, who were living under the same family roof, functioning as one household and were financially dependent on the deceased (these “dependent” members may be wage earners themselves who have been partially dependent on the deceased, e.g. a working teenage distant cousin);
- (b) those family members, usually closely related family members not living under the same family roof, who have been financially dependent on the deceased and can show this to be so (that is, remittance receipts, letters and statutory declarations, and the financial dependency must be regular);
- (c) a conceived baby of the family members in (a) and (b) at the time of the victim’s death (the baby will be included as a dependent family member only if he is subsequently born alive and survives up to the time when payment is made); and

- (d) close family members include spouse, children, parents, grandparents, unmarried brothers and sisters, step-parents, grand-children, step-children, daughters-in-law, sisters-in-law and such persons whose relationship is created by any adoption recognised as valid by the laws of Hong Kong. In all other cases of less closely related family members not living under the same family roof but having been financially dependent on the deceased, discretion may be exercised to decide whether they should be included in the assessment of assistance payable.

## **General Criteria**

4.1 To be eligible for relief from the Fund, a person must be in need to an extent which merits relief as set out in Section 4 of Chapter 1103 of the Laws of Hong Kong. The agents of the Fund must constantly bear this requirement in mind.

4.2 Grants are intended for relief rather than compensation.

4.3 Grants may be made to a person who is legally staying in Hong Kong and who appears to be in need as a result of a natural disaster such as tempest, typhoon, rainstorm, landslide and flooding, which has caused suffering or loss to an extent which merits assistance. In addition, victims of fire, house collapse, boat capsize, shipwreck, explosion, eviction from a dangerous building or building affected by a Court Order as a result of natural disaster are also eligible for assistance.

4.4 No payment will be made in respect of any occurrence resulting from a criminal act (e.g. arson) or an act of deliberate negligence (e.g. breach of marine regulations).

4.5 Eligibility criteria relating to individual government departments are set out in paragraphs 5 to 6 below. The Payment Schedule is set out in Annex III.

4.6 The level and conditions of payment should be in accordance with the Payment Schedule in effect on the day when the natural disaster occurs.

4.7 Public donations specifically given for victims of a particular incident should be disbursed exclusively to the designated victims and paid in addition to any entitlement under the Payment Schedule, regardless of the purpose of the donation.



## **Eligibility Criteria Relating to Individual Departments in respect of Sections A – D of the Payment Schedule**

### Lands Department

- 5.1
- (a) Grants for emergency relief would be payable irrespective of whether the victims have any insurance coverage. The victims may be required to repay the amount of the grants received if they subsequently recover compensation for the structures or equipment damaged from the insurance companies.
  - (b) Cases due to piling in the neighbourhood or other occurrences resulting from human acts cannot qualify for assistance. Cases where a forced eviction takes place as a result of a house or private tenement being rendered uninhabitable by a natural occurrence may qualify for assistance provided that compensation has not been provided by the landlord.
  - (c) For damaged or evacuated (either moved to rental housing, interim housing or resited) unauthorized domestic structures including unsurveyed squatter structures, only re-equipment grant is payable where there is loss of property; re-accommodation grant, site formation grant or repair grant is not payable.

### Agriculture, Fisheries and Conservation Department

- 5.2
- (a) *Farmers*
    - (1) Generally, only genuine small full-time farmers should be considered and large-scale farmers or high income farmers will not be eligible except in unusual circumstances of extreme hardship.
    - (2) Where the source of half of the income of the applicant is not farming, the application should be rejected.
    - (3) If less than one-third of the whole farm is damaged, no grant should be given unless there are exceptional circumstances.
    - (4) For mixed farms, farmers are allowed to claim grants under the appropriate enterprises but subject to one applicable maximum whichever is the highest.
    - (5) If a farmer has received or will receive a grant as a result of a previous natural disaster which happened less than 7 days ago and no significant new damage occurred in the farm, no grant should be given except in unusual circumstances of extreme hardship.

(b) *Fishermen*

- (1) Only bona fide Hong Kong fishermen, and at least 50% of whose family income comes from fishing will be considered for relief.
- (2) Applicants must be the owners of the damaged/lost vessels which were used for fishing.
- (3) The damaged/lost vessel must be the subject of a valid fishing vessel licence issued by the Marine Department.
- (4) The damage/losses must have resulted from fire, strong wind, heavy rain, thick fog or other occurrence.
- (5) Application will not be considered if the damaged/lost vessel is owned by a fish trader or fishing company except in unusual circumstances of extreme hardship.
- (6) If the damaged/lost vessel has insurance coverage, the fisherman may be required to repay the amount of the grants received if he subsequently recovers compensation from the insurer.

(c) *Pond Fish Farmers*

- (1) Only genuine small-scale fish farmers will be considered; damage suffered by commercial farming concerns and comparatively high income fish farmers will not be considered except in unusual circumstances of extreme hardship.
- (2) Where the source of half of the family income of the applicant is not fish farming, the application will be rejected.
- (3) If less than one-third of the whole fish farm is damaged, no grant should be given unless there are exceptional circumstances.

(d) *Marine Fish Farmers*

- (1) Only licensed small-scale fish farmers with at least 50% of the family income coming from marine fish culture will be considered for relief.
- (2) Regarding loss or damage to rafts or cages, only those cases involving loss or damage of at least one-third of the rafts or

cages in use will be considered for relief unless there are exceptional circumstances.

- (3) Regarding loss of fish, only those cases involving a loss of at least one-third of the total fish stock by value will be considered for relief unless there are exceptional circumstances.
- (4) For both (2) & (3) above, the amount of grant in respect of the rafts, cages or fish stock should not exceed the value of the actual losses in the respective items.
- (5) Commercial farming concerns and large-scale farms will not be considered except in unusual circumstances of extreme hardship.
- (6) If the fish stock/rafts have insurance coverage, the fish farmer may be required to repay the amount of the grants received if he subsequently recovers compensation from the insurer.

#### Marine Department (for working boats)

- 5.3
- (a) Payment will only be made to the owner of a working boat that has been certificated and licensed under the Merchant Shipping (Local Vessels) (Certification and Licensing) Regulation Cap. 548D, irrespective of whether the owner has effective insurance coverage. However, the victim may be required to repay the amount of the grants received if he subsequently recovers compensation for the damage to his working boat(s) from the insurance company.
  - (b) The licence of the working boat must be valid when the natural disaster occurs.
  - (c) The working boat must be certificated and licensed in the name of the owner in person. For avoidance of doubt, no payment will be made if the owner of the working boat is a company, unless under exceptional circumstances.
  - (d) No payment will be made to the owner of a working boat if he owns more than one working boat and only one is damaged, unless under exceptional circumstances.

#### Social Welfare Department

- 5.4
- (a) If burial expenses were paid either in full or in part by the Government (such as under the Comprehensive Social Security Assistance Scheme) or by any charitable fund, the amount of burial grant shall be reduced by the amount of such payment.

- (b) Payment of a burial grant is made to the person who is responsible for the funeral expenses or to a relative of the deceased, as considered appropriate by the Department.

### **Eligibility Criteria Relating to all Departments Concerned in respect of Section E of the Payment Schedule**

- 6.
  - (a) The level of grant stipulated under Section E of the Payment Schedule refers to the total sum of payments for an event of natural disaster and not the payment for a victim.
  - (b) Ex-gratia grants may be payable to victims of natural disasters who are not covered by the standard grants but in need of some financial assistance. Therefore, grants are only payable to victims who cannot benefit from the provisions under Sections A - D of the Payment Schedule. Ex-gratia grants should not be paid in addition to any of the entitlements as listed under Sections A - D.
  - (c) The general criteria and eligibility criteria relating to Sections A - D of the Payment Schedule (set out in paragraphs 4.1 to 5.4 above) should not be violated.

### **Payment Schedule and Administrative Procedures**

- 7. These are laid down in detail in Annexes I to III and they must be complied with accordingly.

## Emergency Relief Fund

### Types of Grants and the Departmental Officers Responsible for the Various Procedures

Type of Grants	Department Responsible for Investigation and Payment	Officer Responsible for Reporting, Verification, Test Check and Approval
<p>A. Grants in respect of death or personal injury</p> <p>1. Burial grant</p> <p>2. Death grant</p> <p style="padding-left: 40px;">(a) Loss of the sole wage earner where there are dependants</p> <p style="padding-left: 40px;">(b) Loss of a wage earner where there are dependants and another wage earner remaining in the family</p> <p style="padding-left: 40px;">(c) Loss of a parent who was not a wage earner but there are children under 15 years of age</p> <p>3. Disability grant</p> <p>4. Injury grant</p> <p>5. Interim maintenance grant</p>	<p>Social Welfare Department</p>	<p>Reporting by Social Security Officer II/Senior Social Security Assistant/Social Security Assistant; co-ordination, supervision and recommendation by Supervisor of Social Security Field Units; approval by District Social Welfare Officer/ Senior Social Security Officer and test check by staff of the Internal Audit Section, Social Welfare Department.</p>

Type of Grants	Department Responsible for Investigation and Payment	Officer Responsible for Reporting, Verification, Test Check and Approval
<p>B. Domestic re-accommodation, re-equipment, site formation and repair grants and grant for severe damage to home appliances *</p> <hr/> <p>1. Domestic structures rendered uninhabitable - victims moving to Housing Authority permanent rental housing or multi-storey interim housing or private housing</p> <p>2. Domestic structures rendered uninhabitable - victims resited and allowed to rebuild, or victims rebuild in situ</p> <p>3. Domestic structures damaged - victims repair in situ - structures substantially damaged/ structures not substantially damaged but warrant some assistance</p> <p>4. Domestic structures (undamaged) to be permanently evacuated - victims moving to Housing Authority permanent rental housing or multi-storey interim housing or private housing/ victims resited</p>	<p>Lands Department</p>	<p>Reporting and investigation by Clearance Officers; verification by Assistant Manager; test check and recommendation by Manager; approval by Senior Manager.</p> <p>(Note: The Clearance Unit, Lands Department is responsible for applications relating to Section B1)</p> <p>Reporting and investigation by Squatter Control Officer; verification by Assistant Manager, test check and recommendation by Manager, approval by Senior Estate Surveyor or Principal Land Executive.</p> <p>(Note: The Squatter Control Unit, Lands Department is responsible for applications relating to Section B2)</p> <p>Same as Section B2</p> <p>Same as Section B1</p>

Type of Grants	Department Responsible for Investigation and Payment	Officer Responsible for Reporting, Verification, Test Check and Approval
<p>5. Domestic structures not substantially damaged but victims suffer from damage or extensive loss to their home appliances, furniture and other personal belongings</p>	<p>In the case of dwelling vessels, investigation and verification by Marine Department and payment by Lands Department</p>	<p>Same as Section B2</p> <p>For investigation and verification in respect of dwelling vessels, by Marine Inspector II or above.</p>

Type of Grants	Department Responsible for Investigation and Payment	Officer Responsible for Reporting, Verification, Test Check and Approval
<p>C. Grants to repair or replace vessels and fishing gear</p> <ol style="list-style-type: none"> <li>1. Fishing gear or fishing or working boats lost or damaged beyond economic repair</li> <li>2. Fishing gear or fishing or working boats damaged but not beyond economic repair</li> <li>3. Licensed dwelling vessels <ul style="list-style-type: none"> <li>- total destruction and severe damage</li> </ul> </li> </ol>	<p>Marine Department for working boats</p> <p>Agriculture, Fisheries and Conservation Department for fishing boats and gear</p> <p>Marine Department</p>	<p><u>For working boats</u> Reporting by Marine Inspector II or above; verification and check by Marine Inspector I or above and approval by District Marine Officer or Senior Marine Officer.</p> <p><u>For fishing boats and gear</u> Reporting by Fisheries Supervisors I/II and Craft Technician I/II; verification by Senior Fisheries Supervisor or Fisheries Officer and approval by Senior Fisheries Officer.</p> <p>Same as C1 and 2 for working boats.</p>



Type of Grants	Department Responsible for Investigation and Payment	Officer Responsible for Reporting, Verification, Test Check and Approval
<p><b>D. <u>Primary producer grants</u></b></p> <p>1. Stock houses and farm buildings destroyed or severely damaged *</p> <p>2. Rehabilitation grants for loss of crops or livestock and fish **</p> <p>(a) vegetables and other crops</p> <p>(b) livestock</p> <p>(c) mushroom</p> <p>(d) pond fish</p> <p>(e) silting</p> <p>(f) mariculture fish</p> <p>(g) fish rafts/cages</p> <p>(h) bund damage</p>	<p>Lands Department</p> <p>Agriculture, Fisheries and Conservation Department</p>	<p>Same as Section B2</p> <p>Reporting by Field Officers or Field Assistants; verification by Field Officers; approval by Senior Field Officers or Agricultural Officers; test check by Agricultural Officers; approval of exceptional hardship cases by Senior Agricultural Officers.</p> <p>Same as (a).</p> <p>Same as (a).</p> <p>Reporting by Fisheries Supervisor I/II; verification and test check by Senior Fisheries Supervisor or Fisheries Officer and approval by Senior Fisheries Officer.</p> <p>Same as (a).</p> <p>Same as (d).</p> <p>Same as (d).</p> <p>Same as (d).</p>

Type of Grants	Department Responsible for Investigation and Payment	Officer Responsible for Reporting, Verification, Test Check and Approval
<p>E. <u>Special grants</u></p> <p>Ex-gratia grant</p>	<p>Operating department(s) concerned [The operating department has to provide details and justifications, including the total estimated amount of the ex-gratia grants, when seeking the approval of the Emergency Relief Fund Committee (where the amount is above the level of grant stipulated under Section E of the Payment Schedule) or the Director of Social Welfare for the release of the ex-gratia grant.]</p>	<p>Same as Sections A to D.</p>

### Notes

\* *Sections B & D1*

Cases due to piling in the neighbourhood or other occurrences resulting from human acts cannot qualify for assistance. Cases where a forced eviction takes place as a result of a house or a private tenement being rendered uninhabitable by a natural occurrence may qualify for assistance provided that compensation has not been provided by the landlord.

\*\* *Section D2*

The captioned grant is issued on a household basis, and hence each household can only submit one application per incident.

## Time Limits for Application for Emergency Relief Fund

Section	Type of Grants	Time Limit for Application #
A	Grants in respect of death or personal injury	6 months
B	Domestic re-accommodation, re-equipment, site formation and repair grants and grant for severe damage to home appliances	6 months  30 working days
C	Grants to repair or replace vessels and fishing gear	30 working days
D	Primary producer grants (i) Stock houses and farm buildings destroyed or severely damaged  (ii) Rehabilitation grants for loss of crops or livestock and fish	30 working days  7 working days
E	Special grants	According to the time limits for individual items under Sections A to D depending on the nature of the event of disaster

### Notes

# Application for the Emergency Relief Fund must be made within the respective time limit.

In reckoning the time limit for application, the day on which the incident takes place is excluded. If the last day of the time limit is a public holiday, a gale or rainstorm warning day (i.e. Tropical Cyclone Warning Signal No. 8 or above or Black Rainstorm Warning Signal is issued), the period shall include the next normal working day.

## Emergency Relief Fund Chapter 1103 of the Laws of Hong Kong Payment Schedule

(Effective from 1.4.2017)

Payment of grants included in this Payment Schedule  
is governed by the definitions and criteria set out in the Operational Guidelines

Type of Payment	Level of Grant	Condition of Grant
<b>A. Grants in respect of death or personal injury</b>		
1. Burial grant	\$14,910 per person.	If the burial expenses were paid either in full or in part by Government (such as under the Comprehensive Social Security Assistance Scheme) or by any charitable fund, the amount of grant shall be reduced by the amount of such payment.
2. Death grant		
(a) Loss of the sole wage earner where there are dependants	\$157,800 for one dependent family member plus \$13,150 for each additional dependent family member, up to a maximum of \$223,550.	If the beneficiary is an adult who is mentally unsound or found unconscious or is a minor without surviving parent or legal guardian, payments will be made on the advice of the Social Welfare Department.
(b) Loss of a wage earner where there are dependants and another wage earner remaining in the family	\$78,900 for one dependent family member plus \$13,150 for each additional dependent family member, up to a maximum of \$144,650.	
(c) Loss of a parent who was not a wage earner but there are children under 15 years of age	\$78,900 for one child under 15 plus \$13,150 for each additional child under 15, up to a maximum of \$144,650.	

Type of Payment	Level of Grant	Condition of Grant
3. Disability grant	Up to a maximum of \$189,360, abated to 2/3 for persons aged 60 and over, discounted on account of degree of disability as provided for under the Employees' Compensation Ordinance (see Assessment Table attached).	
4. Injury grant	\$713 up to a maximum of \$59,380 depending on gravity of injury (see Assessment Table attached).	<p>For cases where the injury period is 7 days or more before death -</p> <p>(a) injury grant is payable;</p> <p>(b) it is payable to the victim or to his family after his death as appropriate.</p> <p>Injury grant should cease from the date on which the victim becomes eligible for the disability grant, or upon the death of the victim.</p>
5. Interim maintenance grant	Up to \$13,150 per month for a maximum of six months (one month is regarded as 30 days) (see Assessment Table attached).	<p>In case of incapacity of a wage earner or a non-wage-earning parent where there are children under 15 years of age.</p> <p>Payment of this grant should cease upon the death of the victim.</p>

Type of Payment	Level of Grant	Condition of Grant
<p>B. Domestic re-accommodation, re-equipment, site formation and repair grants and grant for severe damage to home appliances *</p> <hr/> <p>1. Domestic structures rendered uninhabitable</p> <p>Victims moving to Housing Authority permanent rental housing or multi-storey interim housing with improved facilities comparable in quality to permanent rental housing or private housing</p>	<p>(i) Re-equipment grant of \$2,160 for a single person, \$3,220 for a family of 2 persons, and \$1,070 for each additional family member where there is loss of property.</p> <p>(ii) Re-accommodation grant of -</p> <p>(a) \$5,126 for a single person;</p> <p>(b) \$11,714 for a family of 2 to 3 persons;</p> <p>(c) \$15,438 for a family of 4 to 5 persons;</p> <p>(d) \$19,649 for a family of 6 persons and above.</p>	<p>(a) An “unborn baby” which is medically certified to be not less than 16 weeks of pregnancy at the time of rehousing should be eligible for assistance under Section B of the Payment Schedule.</p> <p>(b) Grants payable under Section B of the Payment Schedule can be used for appropriate purposes at the discretion of the victims.</p>
<p>2. Domestic structures rendered uninhabitable - victims resited and allowed to rebuild, or victims rebuild in situ</p>	<p>(i) Re-equipment grant of \$2,160 for a single person, \$3,220 for a family of 2 persons, and \$1,070 for each additional family member where there is loss of property.</p>	<p>Same as B1</p>

Type of Payment	Level of Grant	Condition of Grant
3. Domestic structures damaged – victims repair in situ  (a) Structures substantially damaged	(ii) Re-accommodation grant of -  (a) \$7,050 for a single person;  (b) \$13,260 for a family of 2 persons;  (c) \$14,280 for a family of 3 persons;  (d) \$16,270 for a family of 4 persons;  (e) \$18,640 for a family of 5 persons;  (f) \$21,310 for a family of 6 persons and above.  (iii) Site formation grant of \$1,370 per structure.	Same as B1
	(i) Repair grant of -  (a) \$3,350 for a single person;  (b) \$6,650 for a family of 2 persons;  (c) \$7,170 for a family of 3 persons;  (d) \$8,160 for a family of 4 persons;  (e) \$9,320 for a family of 5 persons;  (f) \$10,680 for a family of 6 persons and above.	

Type of Payment	Level of Grant	Condition of Grant
<p>(b) Structures not substantially damaged, but warrant some assistance</p> <p>4. Domestic structures (undamaged) to be permanently evacuated</p> <p>(a) Victims moving to Housing Authority permanent rental housing or multi-storey interim housing with improved facilities comparable in quality to permanent rental housing or private housing</p>	<p>(ii) Re-equipment grant of \$2,160 for a single person, \$3,220 for a family of 2 persons, and \$1,070 for each additional family member where there is loss of property.</p> <p>Repair grant of \$4,000 per family irrespective of size.</p> <p>(i) Re-accommodation grant of -</p> <p>(a) \$5,126 for a single person;</p> <p>(b) \$11,714 for a family of 2 to 3 persons;</p> <p>(c) \$15,438 for a family of 4 to 5 persons;</p> <p>(d) \$19,649 for a family of 6 persons and above.</p> <p>(ii) Re-equipment grant of \$2,160 for a single person, \$3,220 for a family of 2 persons, and \$1,070 for each additional family member where there is loss of property.</p>	<p>Same as B1</p>



Type of Payment	Level of Grant	Condition of Grant
(b) Victims resited	<p>(i) Re-accommodation grant of -</p> <p>(a) \$7,050 for a single person;</p> <p>(b) \$13,260 for a family of 2 persons;</p> <p>(c) \$14,280 for a family of 3 persons;</p> <p>(d) \$16,270 for a family of 4 persons;</p> <p>(e) \$18,640 for a family of 5 persons;</p> <p>(f) \$21,310 for a family of 6 persons and above.</p> <p>(ii) Re-equipment grant of \$2,160 for a single person, \$3,220 for a family of 2 persons, and \$1,070 for each additional family member where there is loss of property.</p> <p>(iii) Site formation grant of \$1,370 per structure.</p>	
5. Domestic structures not substantially damaged but victims suffer from damage or extensive loss to their home appliances, furniture and other personal belongings	<p>(a) \$3,280 for a single person;</p> <p>(b) \$5,440 for a family of 2 persons;</p> <p>(c) \$6,680 for a family of 3 persons;</p> <p>(d) \$8,080 for a family of 4 persons;</p> <p>(e) \$9,540 for a family of 5 persons;</p> <p>(f) \$11,060 for a family of 6 persons and above.</p>	Same as B1

Type of Payment	Level of Grant	Condition of Grant
<p><b>C. Grants to repair or replace vessels and fishing gear</b></p> <p>1. Fishing gear or fishing or working boats lost or damaged beyond economic repair</p>	<p>(a) 50% of the cost of replacement up to a maximum of \$220,920 for non-mechanised vessels.</p> <p>(b) 50% of the cost of replacement up to a maximum of \$381,230 for mechanised vessels.</p> <p>(c) 50% of the cost of replacement up to a maximum of \$31,350 for gear lost or damaged beyond economic repair.</p>	<p>Applicants must be owners (excluding companies or fish-dealers) of the damaged/lost vessels. If the damaged/lost vessel has insurance coverage, the applicant may be required to repay the amount of the grants received if he subsequently recovers compensation from the insurer.</p>
<p>2. Fishing gear or fishing or working boats damaged but not beyond economic repair</p>	<p>(a) 50% of the cost of minimum repairs up to a maximum of \$110,460 for non-mechanised vessels.</p> <p>(b) 50% of the cost of minimum repairs up to a maximum of \$190,610 for mechanised vessels.</p> <p>(c) 50% of the cost of replacement up to a maximum of \$15,670 for gear partially damaged.</p>	<p>Same as C1</p>
<p>3. Licensed dwelling vessels</p>	<p>Total destruction same as B1</p> <p>Severe damage same as B2</p>	<p>Same as B1</p> <p>Same as B1</p>

Type of Payment	Level of Grant	Condition of Grant
<b>D. <u>Primary producer grants</u></b>		
1. Stock houses and farm buildings destroyed or severely damaged *	Assessment is to be made on the basis of 50% of cost of replacement, up to a maximum of \$26,460.	Grants only payable to those who claim or appear to earn livelihood by farming.
2. Rehabilitation grants for loss of crops or livestock and fish **	<p>(a) Vegetables and other crops - \$1,870 per dau chung (including cost of \$215 and \$432 for soil conditioner and extra labour respectively) up to a maximum of \$11,220 for 6 dau chung.</p> <p>1 dau chung is equal to 674.5m<sup>2</sup> or 7 260 ft<sup>2</sup>.</p> <p>(b) Livestock -</p> <p>(i) \$915 per pig plus \$432 cost for extra labour per farm up to a maximum of \$9,580 for 10 pigs;</p> <p>(ii) \$13 per bird plus \$432 cost for extra labour per farm up to a maximum of \$5,630 for 400 birds;</p> <p>(iii) \$12,100 per working cattle-calf/heifer to a maximum of \$12,100.</p> <p>(c) Mushroom - \$8.4 per m<sup>2</sup> of damaged bedding area plus \$432 cost for extra labour per farm up to a maximum of \$2,870.</p>	<p>Generally, only genuine small full-time farmers adversely affected by a natural disaster could be eligible for consideration.</p>

Type of Payment	Level of Grant	Condition of Grant
	<p>(d) Pond fish - \$2.1 per m<sup>2</sup> for cost of basic material inputs up to a maximum of \$14,150 for 6 740 m<sup>2</sup> plus \$0.1 per m<sup>2</sup> for cost of extra labour up to a maximum of \$2,360.</p> <p>(e) Silting - \$18 per cubic metre or \$3,500 per dau chung paid according to actual damage up to a maximum of \$10,500.</p> <p>(f) Mariculture fish - \$405 per m<sup>2</sup> for cost of basic material inputs up to a maximum of \$8,100 for 20 m<sup>2</sup> plus \$3.4 per m<sup>2</sup> for cost of extra labour up to a maximum of \$680.</p> <p>(g) Fish rafts/cages - 50% of the cost of minimum repairs or replacement if beyond economic repair to a maximum of - rafts : \$16,350 cages : \$4,290.</p> <p>(h) Bund damage - 50% of the cost of minimum repairs to a maximum of \$2,630.</p>	<p>If the fish stock/rafts have insurance coverage, the mariculturist may be required to repay the amount of the grants received if he subsequently recovers compensation from the insurer.</p> <p>If the fish stock/rafts have insurance coverage, the mariculturist may be required to repay the amount of the grants received if he subsequently recovers compensation from the insurer.</p>

Type of Payment	Level of Grant	Condition of Grant
<p>E. <u>Special grants</u></p> <p>Ex-gratia grant</p>	<p>Amounts above \$30,000 to be at the discretion of the Committee; others to be decided by the Trustee.</p>	

### Notes

\* *Sections B & D1*

Cases due to piling in the neighbourhood or other occurrences resulting from human acts cannot qualify for assistance. Cases where a forced eviction takes place as a result of a house or a private tenement being rendered uninhabitable by a natural occurrence may qualify for assistance provided that compensation has not been provided by the landlord.

\*\* *Section D2*

The captioned grant is issued on a household basis, and hence each household can only submit one application per incident.

## Assessment Table for Disability Grant

(For injuries sustained on or after 1.4.2017)

Loss of Earning Capacity %	Payment (\$)	Loss of Earning Capacity %	Payment (\$)
0.1	189		
0.5	947		
1	1,894	51	96,574
2	3,787	52	98,467
3	5,681	53	100,361
4	7,574	54	102,254
5	9,468	55	104,148
6	11,362	56	106,042
7	13,255	57	107,935
8	15,149	58	109,829
9	17,042	59	111,722
10	18,936	60	113,616
11	20,830	61	115,510
12	22,723	62	117,403
13	24,617	63	119,297
14	26,510	64	121,190
15	28,404	65	123,084
16	30,298	66	124,978
17	32,191	67	126,871
18	34,085	68	128,765
19	35,978	69	130,658
20	37,872	70	132,552
21	39,766	71	134,446
22	41,659	72	136,339
23	43,553	73	138,233
24	45,446	74	140,126
25	47,340	75	142,020
26	49,234	76	143,914
27	51,127	77	145,807
28	53,021	78	147,701
29	54,914	79	149,594
30	56,808	80	151,488
31	58,702	81	153,382
32	60,595	82	155,275
33	62,489	83	157,169
34	64,382	84	159,062
35	66,276	85	160,956
36	68,170	86	162,850
37	70,063	87	164,743
38	71,957	88	166,637
39	73,850	89	168,530
40	75,744	90	170,424
41	77,638	91	172,318
42	79,531	92	174,211
43	81,425	93	176,105
44	83,318	94	177,998
45	85,212	95	179,892
46	87,106	96	181,786
47	88,999	97	183,679
48	90,893	98	185,573
49	92,786	99	187,466
50	94,680	100	189,360

### Note

(a) According to percentage of a maximum of \$189,360.

(b) Abated to 2/3 for victims aged 60 and over.

## Assessment Table for Injury Grant

(For injuries sustained on or after 1.4.2017)

No. of Days of Sick Leave	Payment (\$)	No. of Days of Sick Leave	Payment (\$)	No. of Days of Sick Leave	Payment (\$)
1	713	61	22,805	121	41,246
2	1,426	62	23,112	122	41,554
3	2,139	63	23,420	123	41,861
4	2,852	64	23,727	124	42,168
5	3,565	65	24,034	125	42,476
6	4,278	66	24,342	126	42,783
7	4,991	67	24,649	127	43,090
8	5,704	68	24,956	128	43,398
9	6,417	69	25,264	129	43,705
10	7,130	70	25,571	130	44,012
11	7,437	71	25,879	131	44,320
12	7,745	72	26,186	132	44,627
13	8,052	73	26,493	133	44,934
14	8,359	74	26,801	134	45,242
15	8,667	75	27,108	135	45,549
16	8,974	76	27,415	136	45,856
17	9,281	77	27,723	137	46,164
18	9,589	78	28,030	138	46,471
19	9,896	79	28,337	139	46,779
20	10,204	80	28,645	140	47,086
21	10,511	81	28,952	141	47,393
22	10,818	82	29,259	142	47,701
23	11,126	83	29,567	143	48,008
24	11,433	84	29,874	144	48,315
25	11,740	85	30,181	145	48,623
26	12,048	86	30,489	146	48,930
27	12,355	87	30,796	147	49,237
28	12,662	88	31,104	148	49,545
29	12,970	89	31,411	149	49,852
30	13,277	90	31,718	150	50,159
31	13,584	91	32,026	151	50,467
32	13,892	92	32,333	152	50,774
33	14,199	93	32,640	153	51,081
34	14,506	94	32,948	154	51,389
35	14,814	95	33,255	155	51,696
36	15,121	96	33,562	156	52,004
37	15,429	97	33,870	157	52,311
38	15,736	98	34,177	158	52,618
39	16,043	99	34,484	159	52,926
40	16,351	100	34,792	160	53,233
41	16,658	101	35,099	161	53,540
42	16,965	102	35,406	162	53,848
43	17,273	103	35,714	163	54,155
44	17,580	104	36,021	164	54,462
45	17,887	105	36,329	165	54,770
46	18,195	106	36,636	166	55,077
47	18,502	107	36,943	167	55,384
48	18,809	108	37,251	168	55,692
49	19,117	109	37,558	169	55,999
50	19,424	110	37,865	170	56,306
51	19,731	111	38,173	171	56,614
52	20,039	112	38,480	172	56,921
53	20,346	113	38,787	173	57,229
54	20,654	114	39,095	174	57,536
55	20,961	115	39,402	175	57,843
56	21,268	116	39,709	176	58,151
57	21,576	117	40,017	177	58,458
58	21,883	118	40,324	178	58,765
59	22,190	119	40,631	179	59,073
60	22,498	120	40,939	180	59,380

### Note

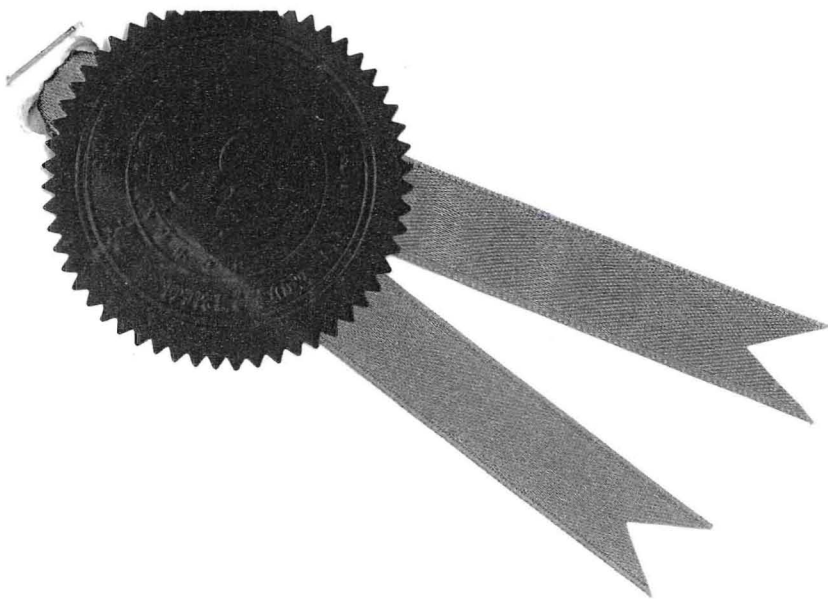
- (a) \$713 is used as the base for the scale and rate of payment per day for the first 10 days.
- (b) The payment rate for the 11th day onwards is 1/170 of the difference between the maximum grant and the grant per day for the first 10 days, i.e. \$ (59,380 – 7,130) / 170 to be rounded up or down as appropriate.

### Assessment Table for Interim Maintenance Grant

(For injuries sustained on or after 1.4.2017)

No. of Days of Loss of Earnings	Scale of Payment (\$)
1	438
2	877
3	1,315
4	1,753
5	2,192
6	2,630
7	3,068
8	3,507
9	3,945
10	4,383
11	4,822
12	5,260
13	5,698
14	6,137
15	6,575
16	7,013
17	7,452
18	7,890
19	8,328
20	8,767
21	9,205
22	9,643
23	10,082
24	10,520
25	10,958
26	11,397
27	11,835
28	12,273
29	12,712
30	13,150





## Emergency Relief Fund

Financial statements for the year ended 31 March 2018

# ***Report of the Director of Audit***



**Audit Commission**

**The Government of the Hong Kong Special Administrative Region**

## **Independent Auditor's Report To the Legislative Council**

### ***Opinion***

I certify that I have audited the financial statements of the Emergency Relief Fund set out on pages 4 to 12, which comprise the balance sheet as at 31 March 2018, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Emergency Relief Fund as at 31 March 2018, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with section 10(1) of the Emergency Relief Fund Ordinance (Cap. 1103).

### ***Basis for opinion***

I conducted my audit in accordance with section 10(2) of the Emergency Relief Fund Ordinance and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Emergency Relief Fund in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### ***Responsibilities of the Director of Social Welfare Incorporated for the financial statements***

The Director of Social Welfare Incorporated is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA

and section 10(1) of the Emergency Relief Fund Ordinance, and for such internal control as the Director of Social Welfare Incorporated determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Social Welfare Incorporated is responsible for assessing the Emergency Relief Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### *Auditor's responsibilities for the audit of the financial statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Emergency Relief Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director of Social Welfare Incorporated;
- conclude on the appropriateness of the Director of Social Welfare Incorporated's use of the going concern basis of accounting and, based on the audit evidence

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Emergency Relief Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Emergency Relief Fund to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



LIANG Kar-lun, Ken  
Principal Auditor  
for Director of Audit

28 August 2018

Audit Commission  
26th Floor  
Immigration Tower  
7 Gloucester Road  
Wanchai, Hong Kong



## Emergency Relief Fund

### Balance Sheet as at 31 March 2018

	Note	2018 HK\$	2017 HK\$
<b>NON-CURRENT ASSETS</b>			
Placement with the Exchange Fund	3	<u>26,388,212</u>	<u>25,669,467</u>
<b>CURRENT ASSETS</b>			
Interest receivable		641,094	507,641
Time deposits with original maturity over 3 months		26,307,505	35,937,250
Cash and cash equivalents	4	<u>32,933,338</u>	<u>32,270,260</u>
		59,881,937	68,715,151
<b>CURRENT LIABILITIES</b>			
Accounts payable		(4,200)	-
<b>NET CURRENT ASSETS</b>		<u>59,877,737</u>	<u>68,715,151</u>
<b>NET ASSETS</b>		<u>86,265,949</u>	<u>94,384,618</u>
<b>Representing:</b>			
<b>ACCUMULATED FUND</b>		<u>86,265,949</u>	<u>94,384,618</u>

The accompanying notes 1 to 8 form part of these financial statements.



(Ms Carol Yip)

Director of Social Welfare Incorporated  
Trustee of the Emergency Relief Fund

28 August 2018

## Emergency Relief Fund

### Income and Expenditure Account for the year ended 31 March 2018

	2018 HK\$	2017 HK\$
<b>INCOME</b>		
Grant from the Government	5,000,000	5,000,000
Refund of a grant	-	150,590
Interest	1,818,887	1,681,666
Exchange difference	473,393	-
	<u>7,292,280</u>	<u>6,832,256</u>
<b>EXPENDITURE</b>		
Death and personal injury grants	(93,810)	-
Domestic re-accommodation, re-equipment, site formation and repair grants and grants for severe damage to home appliances	(2,317,455)	(3,730)
Grants to repair or replace vessels and fishing gear	-	(185,073)
Primary producer grants	(12,999,684)	(8,183,153)
Exchange difference	-	(299,290)
	<u>(15,410,949)</u>	<u>(8,671,246)</u>
<b>DEFICIT FOR THE YEAR</b>	(8,118,669)	(1,838,990)
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<u><u>(8,118,669)</u></u>	<u><u>(1,838,990)</u></u>

The accompanying notes 1 to 8 form part of these financial statements.

## Emergency Relief Fund

### Statement of Changes in Equity for the year ended 31 March 2018

<b>ACCUMULATED FUND</b>	<b>2018 HK\$</b>	<b>2017 HK\$</b>
Balance at beginning of year	94,384,618	96,223,608
Total comprehensive loss for the year	(8,118,669)	(1,838,990)
Balance at end of year	<u>86,265,949</u>	<u>94,384,618</u>

The accompanying notes 1 to 8 form part of these financial statements.

## Emergency Relief Fund

### Statement of Cash Flows for the year ended 31 March 2018

	Note	2018 HK\$	2017 HK\$
<b>Cash flows from operating activities</b>			
Deficit for the year		(8,118,669)	(1,838,990)
Adjustments for:			
Interest income		(1,818,887)	(1,681,666)
Exchange difference		(473,393)	299,290
Increase/(Decrease) in accounts payable		4,200	(3,010)
<b>Net cash used in operating activities</b>		<u>(10,406,749)</u>	<u>(3,224,376)</u>
<b>Cash flows from investing activities</b>			
Interest received		1,687,068	1,376,034
Decrease in time deposits with original maturity over 3 months		10,101,504	10,118,307
Increase in placement with the Exchange Fund		(718,745)	(669,467)
<b>Net cash from investing activities</b>		<u>11,069,827</u>	<u>10,824,874</u>
<b>Net increase in cash and cash equivalents</b>		663,078	7,600,498
<b>Cash and cash equivalents at beginning of year</b>		<u>32,270,260</u>	<u>24,669,762</u>
<b>Cash and cash equivalents at end of year</b>	4	<u><u>32,933,338</u></u>	<u><u>32,270,260</u></u>

The accompanying notes 1 to 8 form part of these financial statements.



# **Emergency Relief Fund**

## **Notes to the Financial Statements**

### **1. General**

The Emergency Relief Fund (the Fund) was established for the purpose of making grants and loans and providing material assistance to persons who are in need thereof as a result of fire, flood, tempest, typhoon or other occurrence which has caused suffering or loss in accordance with section 4 of the Emergency Relief Fund Ordinance (Cap. 1103).

The address of the Fund's principal place of business is Unit A-D, 8/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong.

### **2. Significant accounting policies**

#### **(a) Statement of compliance**

The financial statements have been prepared in accordance with section 10(1) of the Emergency Relief Fund Ordinance and all applicable Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants.

#### **(b) Basis of preparation**

The financial statements have been prepared on an accrual basis and under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements involved in the application of the Fund's accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

**(c) Adoption of new/revised HKFRSs**

The Fund has adopted all new/revised HKFRSs which are effective and relevant to the Fund for the current accounting period.

The Fund has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. The Fund is in the process of making an assessment of what the impact of these new amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Fund's results of operations and financial position.

**(d) Financial assets**

The Fund's financial assets include placement with the Exchange Fund, interest receivable, deposits with banks and cash and cash equivalents. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the assets, and subsequently measured at amortised cost using the effective interest method, less impairment losses (if any).

**(e) Revenue recognition**

- (i) Grant from the Government is recognised in the income and expenditure account when there is reasonable assurance that it will be received and that the Fund will comply with the conditions attaching to it.
- (ii) Interest income from deposits with banks and the placement with the Exchange Fund is recognised as it accrues using the effective interest method.

**(f) Expenditure on grants/refund of grants**

Grants are recognised as expenditure when they are approved and due for payment. Refund of grants is recognised when the right to receive payment is established.

**(g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, having been within three months of maturity when acquired.

**(h) Foreign currency translation**

Hong Kong dollar is the currency of the primary economic environment in which the Fund operates. Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income and expenditure account.

### 3. Placement with the Exchange Fund

In March 2016, HK\$25 million was placed with the Exchange Fund. The term of the placement is six years from the date of placement, during which the amount of the original placement cannot be withdrawn. Interest on the placement is at a rate determined each year in January and shall be paid annually in arrears on 31 December of each year. The rate is the higher of the average annual rate of return of the Exchange Fund's Investment Portfolio for the past six years and the average annual yield of 3-year government bond in the past year subject to a minimum of zero percent. The interest rate has been fixed at 4.6% per annum for the year 2018 and at 2.8% per annum for the year 2017.

As at 31 March 2018, the total balance of the placement with the Exchange Fund amounted to HK\$26.4 million (2017: HK\$25.7 million), being the principal sum of HK\$25 million (2017: HK\$25 million) plus interest paid but not yet withdrawn at the end of the reporting period of HK\$1.4 million (2017: HK\$0.7 million).

### 4. Cash and cash equivalents

	2018 HK\$	2017 HK\$
Time deposits with original maturity within 3 months	31,779,930	31,078,493
Cash with another government department	20,000	20,000
Cash at bank	1,133,408	1,171,767
	<u>32,933,338</u>	<u>32,270,260</u>

### 5. Financial risk management

The Fund's major financial instruments include placement with the Exchange Fund, deposits with banks and cash with another government department. The major risks associated with these financial instruments are set out below.

#### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund's maximum exposure to credit risk at the balance sheet date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet. The Fund limits its exposure to credit risk by transacting with banks with high credit ratings in Hong Kong. The credit risk in respect of placement with the Exchange Fund and cash with another government department is considered minimal.

#### (b) Interest rate risk

Interest rate risk is the risk of loss arising from changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Since the Fund's bank deposits bear interest at fixed rates, their fair value will fall when market interest rates



increase. As they are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's deficit and equity.

Cash flow interest rate risk is the risk that future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to cash flow interest rate risk is small as it has no major financial instruments bearing interest at floating rates.

**(c) Foreign currency risk**

**(i) Exposure to currency risk**

The Fund maintained net financial instruments denominated in Renminbi totalling CNY4,010,981 (2017: CNY4,430,158) at the balance sheet date. Since no foreign currency rate hedging is made by the Fund, the carrying amounts of the financial instruments in Renminbi represent the maximum exposure of the Fund to foreign currency risk in respect of Renminbi.

**(ii) Sensitivity analysis**

It was estimated that as at 31 March 2018, should the Renminbi strengthen/weaken by 10% (2017: 5%) against the Hong Kong dollar, with all other variables being held constant, the deficit of the Fund would decrease/increase by HK\$500,000 (2017: HK\$250,000).

The above sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at the balance sheet date and for financial instruments in existence at that date. The 10% (2017: 5%) strengthening/weakening in Renminbi represents the assessment by the Fund of a reasonably possible change in foreign exchange rate over the period until the end of next year.

**(d) Liquidity risk**

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is considered adequate to finance its operations.

**(e) Other financial risk**

The Fund is exposed to financial risk arising from the placement with the Exchange Fund due to changes in interest rate which is determined every January (note 3). It was estimated that, as at 31 March 2018, a 50 basis point increase/decrease in the interest rates for 2017 and 2018, with all other variables held constant, would decrease/increase the deficit and would increase/decrease accumulated fund by HK\$132,000 (2017: HK\$128,000).

## **6. Capital management**

The capital structure of the Fund consists solely of the accumulated fund. The Fund's objectives when managing capital are:

- (a) to comply with the Emergency Relief Fund Ordinance; and
- (b) to maintain a capital base for carrying out the purpose of the Fund as stated in note 1 above.

The Fund manages capital to ensure that its level is adequate to fund expenditure, taking into account its projected cash flow requirements, future financial obligations and commitments.

## **7. Cost of administration of the Fund**

The cost of administration of the Fund has been borne by the Government of the Hong Kong Special Administrative Region in accordance with section 11 of the Emergency Relief Fund Ordinance.

## **8. Fair values of financial assets and liabilities**

All financial assets and liabilities are stated in the balance sheet at amounts equal to or not materially different from their fair values.