

EMERGENCY RELIEF FUND

ANNUAL REPORT

BY THE TRUSTEE

FOR THE YEAR ENDED

31 MARCH 2019

Emergency Relief Fund

Annual Report

by the Trustee

for the year ended

31 March 2019

Emergency Relief Fund

Annual Report by the Trustee for the Year Ended 31 March 2019

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 2019 was as follows:

Chairman	Director of Social Welfare
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Members	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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Secretary	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 2018;
- investment return;
- annual revision of the payment rates; and
- the revised Emergency Relief Fund Payment Schedule.

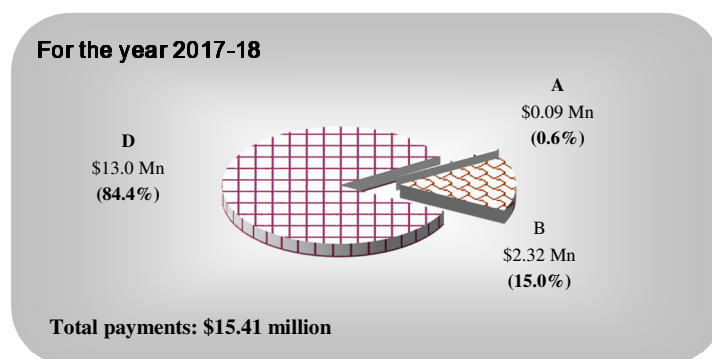
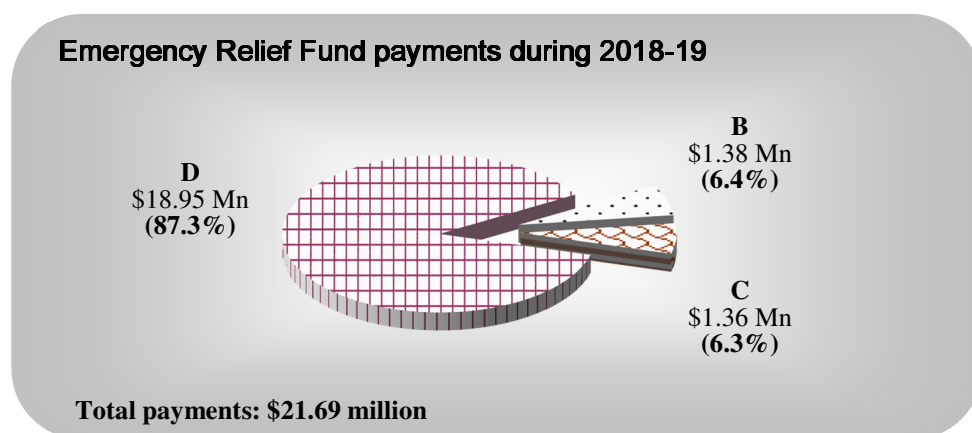
Payments

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 2018 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 \$21.69 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 \$38.25 million, including \$36 million from the Government. On 31 March 2019, the Fund's general account stood at \$102.5 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"> 1. Fishing gear or fishing or working boats lost or damaged beyond economic repair 2. Fishing gear or fishing or working boats damaged but not beyond economic repair 3. Licensed dwelling vessels <ul style="list-style-type: none"> - total destruction and severe damage 	<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>D. <u>Primary producer grants</u></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 1.4.2018)

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
A. Grants in respect of death or personal injury		
1. Burial grant	\$15,130 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	\$162,600 for one dependent family member plus \$13,550 for each additional dependent family member, up to a maximum of \$230,350.	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	\$81,300 for one dependent family member plus \$13,550 for each additional dependent family member, up to a maximum of \$149,050.	
(c) Loss of a parent who was not a wage earner but there are children under 15 years of age	\$81,300 for one child under 15 plus \$13,550 for each additional child under 15, up to a maximum of \$149,050.	

Type of Payment	Level of Grant	Condition of Grant
3. Disability grant	Up to a maximum of \$195,120, 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	\$724 up to a maximum of \$60,270 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 \$13,550 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 \$2,190 for a single person, \$3,270 for a family of 2 persons, and \$1,090 for each additional family member where there is loss of property.</p> <p>(ii) Re-accommodation grant of -</p> <p>(a) \$5,365 for a single person;</p> <p>(b) \$12,005 for a family of 2 to 3 persons;</p> <p>(c) \$15,756 for a family of 4 to 5 persons;</p> <p>(d) \$20,251 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 \$2,190 for a single person, \$3,270 for a family of 2 persons, and \$1,090 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) \$7,160 for a single person; (b) \$13,460 for a family of 2 persons; (c) \$14,490 for a family of 3 persons; (d) \$16,510 for a family of 4 persons; (e) \$18,920 for a family of 5 persons; (f) \$21,630 for a family of 6 persons and above. (iii) Site formation grant of \$1,390 per structure.	Same as B 1
	(i) Repair grant of - (a) \$3,400 for a single person; (b) \$6,750 for a family of 2 persons; (c) \$7,280 for a family of 3 persons; (d) \$8,280 for a family of 4 persons; (e) \$9,460 for a family of 5 persons; (f) \$10,840 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 \$2,190 for a single person, \$3,270 for a family of 2 persons, and \$1,090 for each additional family member where there is loss of property.</p> <p>Repair grant of \$4,060 per family irrespective of size.</p> <p>(i) Re-accommodation grant of -</p> <p>(a) \$5,365 for a single person;</p> <p>(b) \$12,005 for a family of 2 to 3 persons;</p> <p>(c) \$15,756 for a family of 4 to 5 persons;</p> <p>(d) \$20,251 for a family of 6 persons and above.</p> <p>(ii) Re-equipment grant of \$2,190 for a single person, \$3,270 for a family of 2 persons, and \$1,090 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) \$7,160 for a single person;</p> <p>(b) \$13,460 for a family of 2 persons;</p> <p>(c) \$14,490 for a family of 3 persons;</p> <p>(d) \$16,510 for a family of 4 persons;</p> <p>(e) \$18,920 for a family of 5 persons;</p> <p>(f) \$21,630 for a family of 6 persons and above.</p> <p>(ii) Re-equipment grant of \$2,190 for a single person, \$3,270 for a family of 2 persons, and \$1,090 for each additional family member where there is loss of property.</p> <p>(iii) Site formation grant of \$1,390 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) \$3,320 for a single person;</p> <p>(b) \$5,520 for a family of 2 persons;</p> <p>(c) \$6,790 for a family of 3 persons;</p> <p>(d) \$8,210 for a family of 4 persons;</p> <p>(e) \$9,690 for a family of 5 persons;</p> <p>(f) \$11,240 for a family of 6 persons and above.</p>	Same as B1

Type of Payment	Level of Grant	Condition of Grant
C. Grants to repair or replace vessels and fishing gear		
1. Fishing gear or fishing or working boats lost or damaged beyond economic repair	(a) 50% of the cost of replacement up to a maximum of \$261,750 for non-mechanised vessels. (b) 50% of the cost of replacement up to a maximum of \$405,140 for mechanised vessels. (c) 50% of the cost of replacement up to a maximum of \$34,070 for gear lost or damaged beyond economic repair.	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.
2. Fishing gear or fishing or working boats damaged but not beyond economic repair	(a) 50% of the cost of minimum repairs up to a maximum of \$130,880 for non-mechanised vessels. (b) 50% of the cost of minimum repairs up to a maximum of \$202,570 for mechanised vessels. (c) 50% of the cost of replacement up to a maximum of \$17,040 for gear partially damaged.	Same as C1
3. Licensed dwelling vessels	Total destruction same as B1	Same as B1
	Severe damage same as B2	Same as B1

Type of Payment	Level of Grant	Condition of Grant
D. <u>Primary producer grants</u>		
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 \$220 and \$446 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 674.5m² or 7 260 ft².</p> <p>(b) Livestock -</p> <p>(i) \$798 per pig plus \$446 cost for extra labour per farm up to a maximum of \$8,430 for 10 pigs;</p> <p>(ii) \$13 per bird plus \$446 cost for extra labour per farm up to a maximum of \$5,650 for 400 birds;</p> <p>(iii) \$11,810 per working cattle-calf/heifer to a maximum of \$11,810.</p> <p>(c) Mushroom - \$8.6 per m² of damaged bedding area plus \$446 cost for extra labour per farm up to a maximum of \$2,940.</p>	Generally, only genuine small full-time farmers adversely affected by a natural disaster could be eligible for consideration.

Type of Payment	Level of Grant	Condition of Grant
	<p>(d) Pond fish - \$2.2 per m² for cost of basic material inputs up to a maximum of \$14,830 for 6 740 m² plus \$0.1 per m² 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 - \$460 per m² for cost of basic material inputs up to a maximum of \$9,200 for 20 m² plus \$2.9 per m² for cost of extra labour up to a maximum of \$580.</p> <p>(g) Fish rafts/cages - 50% of the cost of minimum repairs or replacement if beyond economic repair to a maximum of - rafts : \$15,910 cages : \$4,490.</p> <p>(h) Bund damage - 50% of the cost of minimum repairs to a maximum of \$3,070.</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 1.4.2018)

Loss of Earning Capacity %	Payment (\$)	Loss of Earning Capacity %	Payment (\$)
0.1	195		
0.5	976		
1	1,951	51	99,511
2	3,902	52	101,462
3	5,854	53	103,414
4	7,805	54	105,365
5	9,756	55	107,316
6	11,707	56	109,267
7	13,658	57	111,218
8	15,610	58	113,170
9	17,561	59	115,121
10	19,512	60	117,072
11	21,463	61	119,023
12	23,414	62	120,974
13	25,366	63	122,926
14	27,317	64	124,877
15	29,268	65	126,828
16	31,219	66	128,779
17	33,170	67	130,730
18	35,122	68	132,682
19	37,073	69	134,633
20	39,024	70	136,584
21	40,975	71	138,535
22	42,926	72	140,486
23	44,878	73	142,438
24	46,829	74	144,389
25	48,780	75	146,340
26	50,731	76	148,291
27	52,682	77	150,242
28	54,634	78	152,194
29	56,585	79	154,145
30	58,536	80	156,096
31	60,487	81	158,047
32	62,438	82	159,998
33	64,390	83	161,950
34	66,341	84	163,901
35	68,292	85	165,852
36	70,243	86	167,803
37	72,194	87	169,754
38	74,146	88	171,706
39	76,097	89	173,657
40	78,048	90	175,608
41	79,999	91	177,559
42	81,950	92	179,510
43	83,902	93	181,462
44	85,853	94	183,413
45	87,804	95	185,364
46	89,755	96	187,315
47	91,706	97	189,266
48	93,658	98	191,218
49	95,609	99	193,169
50	97,560	100	195,120

Note

(a) According to percentage of a maximum of \$195,120.

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

Assessment Table for Injury Grant

(For injuries sustained on or after 1.4.2018)

No. of Days of Sick Leave	Payment (\$)	No. of Days of Sick Leave	Payment (\$)	No. of Days of Sick Leave	Payment (\$)
1	724	61	23,149	121	41,865
2	1,448	62	23,461	122	42,177
3	2,172	63	23,773	123	42,489
4	2,896	64	24,085	124	42,801
5	3,620	65	24,397	125	43,113
6	4,344	66	24,709	126	43,425
7	5,068	67	25,021	127	43,737
8	5,792	68	25,333	128	44,049
9	6,516	69	25,645	129	44,361
10	7,240	70	25,956	130	44,673
11	7,552	71	26,268	131	44,985
12	7,864	72	26,580	132	45,297
13	8,176	73	26,892	133	45,609
14	8,488	74	27,204	134	45,921
15	8,800	75	27,516	135	46,233
16	9,112	76	27,828	136	46,545
17	9,424	77	28,140	137	46,857
18	9,736	78	28,452	138	47,168
19	10,047	79	28,764	139	47,480
20	10,359	80	29,076	140	47,792
21	10,671	81	29,388	141	48,104
22	10,983	82	29,700	142	48,416
23	11,295	83	30,012	143	48,728
24	11,607	84	30,324	144	49,040
25	11,919	85	30,636	145	49,352
26	12,231	86	30,948	146	49,664
27	12,543	87	31,259	147	49,976
28	12,855	88	31,571	148	50,288
29	13,167	89	31,883	149	50,600
30	13,479	90	32,195	150	50,912
31	13,791	91	32,507	151	51,224
32	14,103	92	32,819	152	51,536
33	14,415	93	33,131	153	51,848
34	14,727	94	33,443	154	52,160
35	15,039	95	33,755	155	52,471
36	15,350	96	34,067	156	52,783
37	15,662	97	34,379	157	53,095
38	15,974	98	34,691	158	53,407
39	16,286	99	35,003	159	53,719
40	16,598	100	35,315	160	54,031
41	16,910	101	35,627	161	54,343
42	17,222	102	35,939	162	54,655
43	17,534	103	36,251	163	54,967
44	17,846	104	36,562	164	55,279
45	18,158	105	36,874	165	55,591
46	18,470	106	37,186	166	55,903
47	18,782	107	37,498	167	56,215
48	19,094	108	37,810	168	56,527
49	19,406	109	38,122	169	56,839
50	19,718	110	38,434	170	57,151
51	20,030	111	38,746	171	57,463
52	20,342	112	39,058	172	57,774
53	20,653	113	39,370	173	58,086
54	20,965	114	39,682	174	58,398
55	21,277	115	39,994	175	58,710
56	21,589	116	40,306	176	59,022
57	21,901	117	40,618	177	59,334
58	22,213	118	40,930	178	59,646
59	22,525	119	41,242	179	59,958
60	22,837	120	41,554	180	60,270

Note

- (a) \$724 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. \$ (60,270 – 7,240) / 170 to be rounded up or down as appropriate.

Assessment Table for Interim Maintenance Grant

(For injuries sustained on or after 1.4.2018)

No. of Days of Loss of Earnings	Scale of Payment (\$)
1	452
2	903
3	1,355
4	1,807
5	2,258
6	2,710
7	3,162
8	3,613
9	4,065
10	4,517
11	4,968
12	5,420
13	5,872
14	6,323
15	6,775
16	7,227
17	7,678
18	8,130
19	8,582
20	9,033
21	9,485
22	9,937
23	10,388
24	10,840
25	11,292
26	11,743
27	12,195
28	12,647
29	13,098
30	13,550



Emergency Relief Fund

Financial statements for the year ended 31 March 2019

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 15, which comprise the balance sheet as at 31 March 2019, 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 2019, 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

13 September 2019

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

Emergency Relief Fund

Balance Sheet as at 31 March 2019

	Note	2019 HK\$	2018 HK\$
NON-CURRENT ASSETS			
Placement with the Exchange Fund	3	27,602,070	26,388,212
CURRENT ASSETS			
Interest receivable		699,491	641,094
Time deposits with original maturities over 3 months		36,254,360	26,307,505
Cash and cash equivalents	4	38,072,397	32,933,338
		75,026,248	59,881,937
CURRENT LIABILITIES			
Accounts payable		(117,008)	(4,200)
NET CURRENT ASSETS		74,909,240	59,877,737
NET ASSETS		102,511,310	86,265,949
Representing:			
ACCUMULATED FUND		102,511,310	86,265,949

The accompanying notes 1 to 9 form part of these financial statements.



(Ms Carol Yip)
 Director of Social Welfare Incorporated
 Trustee of the Emergency Relief Fund
 13 September 2019

Emergency Relief Fund

Income and Expenditure Account for the year ended 31 March 2019

	2019 HK\$	2018 HK\$
INCOME		
Grant from the Government	36,000,000	5,000,000
Refund of grants	4,200	-
Interest	2,246,377	1,818,887
Exchange difference	-	473,393
	<u>38,250,577</u>	<u>7,292,280</u>
EXPENDITURE		
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	(1,384,541)	(2,317,455)
Grants to repair or replace vessels and fishing gear	(1,357,752)	-
Primary producer grants	(18,954,634)	(12,999,684)
Exchange difference	(308,289)	-
	<u>(22,005,216)</u>	<u>(15,410,949)</u>
SURPLUS / (DEFICIT) FOR THE YEAR	16,245,361	(8,118,669)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u><u>16,245,361</u></u>	<u><u>(8,118,669)</u></u>

The accompanying notes 1 to 9 form part of these financial statements.

Emergency Relief Fund

Statement of Changes in Equity for the year ended 31 March 2019

ACCUMULATED FUND	2019 HK\$	2018 HK\$
Balance at beginning of year	86,265,949	94,384,618
Total comprehensive income / (loss) for the year	16,245,361	(8,118,669)
Balance at end of year	<u>102,511,310</u>	<u>86,265,949</u>

The accompanying notes 1 to 9 form part of these financial statements.

Emergency Relief Fund

Statement of Cash Flows for the year ended 31 March 2019

	Note	2019 HK\$	2018 HK\$
Cash flows from operating activities			
Surplus / (Deficit) for the year		16,245,361	(8,118,669)
Adjustments for:			
Interest income		(2,246,377)	(1,818,887)
Exchange difference		308,289	(473,393)
Increase in accounts payable		112,808	4,200
Net cash from /(used in) operating activities		<u>14,420,081</u>	<u>(10,406,749)</u>
Cash flows from investing activities			
Interest received		2,178,435	1,687,068
(Increase) / Decrease in time deposits with original maturities over 3 months		(10,245,599)	10,101,504
Increase in placement with the Exchange Fund		<u>(1,213,858)</u>	<u>(718,745)</u>
Net cash (used in) / from investing activities		<u>(9,281,022)</u>	<u>11,069,827</u>
Net increase in cash and cash equivalents		5,139,059	663,078
Cash and cash equivalents at beginning of year		<u>32,933,338</u>	<u>32,270,260</u>
Cash and cash equivalents at end of year	4	<u><u>38,072,397</u></u>	<u><u>32,933,338</u></u>

The accompanying notes 1 to 9 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 (HKICPA).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Fund. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Fund for the current and prior accounting periods reflected in these financial statements.

(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 reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Fund. Of these, the Fund has adopted the requirements of HKFRS 9 "Financial Instruments" from 1 April 2018.

HKFRS 9 replaces Hong Kong Accounting Standard (HKAS) 39 "Financial Instruments: Recognition and Measurement". It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Fund has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements without restating comparative information (i.e. the comparative information continues to be reported under HKAS 39). The carrying amounts of the items at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

Further details of the nature and effect of the changes to previous accounting policies are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The Fund's financial assets, comprising placement with the Exchange Fund, interest receivable, time deposits and cash and cash equivalents, were previously classified as loans and receivables carried at amortised cost under HKAS 39. These were reclassified to financial assets measured at amortised cost under HKFRS 9. The carrying amounts at 31 March 2018 were the same as those at 1 April 2018.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

(ii) Credit losses and impairment

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the “expected credit loss” model. The expected credit loss model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises expected credit losses earlier than under the “incurred loss” accounting model in HKAS 39. The Fund applies the new expected credit loss model to the financial assets measured at amortised cost. The initial application of the new impairment requirements had no impact on the carrying amounts of the financial assets at 1 April 2018.

(d) Financial assets and financial liabilities

(i) Initial recognition

Financial assets and financial liabilities are recognised on the date the Fund becomes party to the contractual provisions of the financial instruments. They are initially stated at fair value plus or minus transaction costs that are directly attributable to the acquisition of financial assets or issue of financial liabilities.

(ii) Categorisation and subsequent measurement from 1 April 2018

Financial assets measured at amortised cost

This category comprises placement with the Exchange Fund, interest receivable, time deposits and cash and cash equivalents. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost, net of loss allowance, if any (note 2(d)(v)).

Financial liabilities measured at amortised cost

This category comprises accounts payable. They are subsequently measured at amortised cost.

(iii) Categorisation and subsequent measurement before 1 April 2018

The Fund’s financial assets and financial liabilities included placement with the Exchange Fund, interest receivable, time deposits, cash and cash equivalents and accounts payable. Financial assets were subsequently measured at amortised cost using the effective interest method, less impairment losses, if any (note 2(d)(vi)). Financial liabilities were subsequently measured at amortised cost using the effective interest method.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred. A financial liability is derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

(v) Impairment of financial assets from 1 April 2018

For placement with the Exchange Fund, interest receivable, time deposits and cash and cash equivalents, the Fund measures the expected credit losses to determine the loss allowance required to be recognised.

Expected credit losses are a probability-weighted estimate of credit losses. They are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Fund expects to receive, discounted at the effective interest rate. They are measured on either of the following bases:

- 12-month expected credit losses for financial instruments for which there has not been a significant increase in credit risk since initial recognition: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime expected credit losses for financial instruments for which there has been a significant increase in credit risk since initial recognition: these are losses that are expected to result from all possible default events over the expected life of the financial instrument.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Fund compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Fund considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Fund in full; or (ii) the financial asset is 90 days past due. The Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(vi) Impairment of financial assets before 1 April 2018

The carrying amounts of financial assets were reviewed at each reporting date to determine whether there was objective evidence of impairment. If any such evidence existed, an impairment loss was recognised in the income and expenditure account as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. If in a subsequent period, the amount of such impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through the income and expenditure account. A reversal of impairment losses was limited to the asset's carrying amount that would have been determined had no impairment losses been recognised in prior years.

(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 time deposits with original maturities within three months, cash with a government department and cash at bank.

(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 reporting 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 2.9% per annum for the year 2019 and at 4.6% per annum for the year 2018.

As at 31 March 2019, the total balance of the placement with the Exchange Fund amounted to HK\$27.6 million (2018: HK\$26.4 million), being the principal sum of HK\$25 million (2018: HK\$25 million) plus interest paid but not yet withdrawn at the end of the reporting period of HK\$2.6 million (2018: HK\$1.4 million).

4. Cash and cash equivalents

	2019 HK\$	2018 HK\$
Time deposits with original maturities within 3 months	32,920,882	31,779,930
Cash with a government department	3,969,624	20,000
Cash at bank	1,181,891	1,133,408
	<u>38,072,397</u>	<u>32,933,338</u>

5. Financial risk management

The Fund's major financial instruments include placement with the Exchange Fund, deposits with banks and cash with a 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 as at the reporting date in relation to each class of financial assets is the carrying amount of those assets as stated at the reporting date.

The Fund limits its exposure to credit risk by transacting with banks with high credit ratings in Hong Kong. Hence, the credit risk associated with time deposits and cash at bank is considered to be low. The credit risk in respect of placement with the Exchange Fund and cash with a government department is considered minimal. As such, the credit risk on these financial instruments is assessed as not having increased significantly since initial recognition and the Fund determines the loss allowance required to be recognised based on 12-month expected credit losses.

The credit quality of bank balances, analysed by the ratings designated by Moody's or their equivalents, at the reporting date is shown below:

	2019 HK\$	2018 HK\$
Time deposits and bank balances, by credit rating		
Aa1 to Aa3	1,181,891	1,133,408
A1 to A3	69,175,242	58,087,435
	<u>70,357,133</u>	<u>59,220,843</u>

The Fund has estimated that 12-month expected credit losses on these financial instruments are immaterial and considers that no loss allowance is required.

(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 surplus 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) Currency risk

(i) Exposure to currency risk

The Fund maintained net financial instruments denominated in Renminbi totalling CNY4,172,210 (2018: CNY4,010,981) at the reporting 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 2019, should the Renminbi strengthen/weaken by 5% (2018: 10%) against the Hong Kong dollar, with all other variables being held constant, the surplus of the Fund would increase/decrease by HK\$244,000 (2018: the deficit of the Fund would decrease/increase by HK\$500,000).

The above sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at the reporting date and for financial instruments in existence at that date. The 5% (2018: 10%) 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.

As at 31 March 2019, the remaining contractual maturities of all financial liabilities, based on contractual undiscounted cash flows and the earliest date on which the Fund can be required to pay, were three months or less (2018: three months or less).

(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 2019, a 50 basis point increase/decrease in the interest rates for 2018 and 2019, with all other variables held constant, would increase/decrease the surplus and the accumulated fund by HK\$138,000 (2018: decrease/increase the deficit and increase/decrease the accumulated fund by HK\$132,000).

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.

9. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2019

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been early adopted in the financial statements. The Fund is in the process of making an assessment of the impact expected of these amendments, new standards and interpretations in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Fund's financial performance and financial position.