

ITEM FOR FINANCE COMMITTEE

GENERAL REVENUE ACCOUNT HEAD 184 – TRANSFERS TO FUNDS Subhead 990 Payment to the Disaster Relief Fund

Members are invited to approve a supplementary provision of \$70 million under the General Revenue Account Head 184 Transfers to Funds Subhead 990 Payment to the Disaster Relief Fund to enable an injection to be made to the Disaster Relief Fund.

PROBLEM

The balance of the Disaster Relief Fund (the Fund) needs to be topped up to address the need for grants for providing emergency relief to the flood victims in the Mainland brought about by typhoon Doksur and to meet other calls for grants to relief organisations for disaster relief in the remainder of the 2023-24 financial year.

PROPOSAL

2. The Director of Administration proposes that a supplementary provision of \$70 million under the General Revenue Account Head 184 Transfers to Funds Subhead 990 Payment to the Disaster Relief Fund be approved to enable the transfer of additional funds from the General Revenue Account to the Fund.

JUSTIFICATION

(a) Emergency relief to be provided to the flood victims brought about by typhoon Doksur

3. Since mid-July 2023, the Beijing-Tianjin-Hebei region and Northeast China have been seriously battered by the heavy rain brought by typhoon Doksur, which caused severe floodings in many areas. To combat the disaster in Hebei Province, the Ministry of Emergency Management of the People's Republic of

China had put in place the fourth-grade emergency response on 31 July 2023. It is estimated that the affected population in various provinces of the Mainland arising from the flood has reached over 5 million. Many roads and bridges were inundated and inaccessible, landslides were triggered by the downpours and a large number of houses were damaged, causing severe destruction and sizeable casualties.

4. There is an urgent need to provide emergency relief to the flood victims. In consultation with the Disaster Relief Fund Advisory Committee (DRFAC), in-principle approval has been given to nine organisations for grants totalling about \$65 million to offer help in terms of relief items, etc., to the Mainland compatriots affected by the disaster. The list of the nine organisations with in-principle approval of grants is at Enclosure 1. In addition, we have received further applications and indications from other organisations to provide relief to the flood victims in the Beijing-Tianjin-Hebei region and Northeast China. The indicative aggregate amount of grants required by organisations which have immediate plans to mount relief operations for the flood, including the in-principle approval of grants of about \$65 million, is around \$88 million.

(b) Emergency relief to be provided for other disasters

5. Apart from the emergency relief for the flood victims in Mainland, we have received applications for grants totalling about \$9 million from various organisations to provide relief to typhoon victims in the Philippines and flood victims in India. As such, the total amount of grants required for the flood in Mainland, the typhoon in the Philippines and the flood in India which are known to us, if to be approved as proposed, is about \$97 million.

(c) Need for funding injection

6. The balance of the Fund stood at around \$90 million in April 2023. Taking into account a total of six grants approved amounting to some \$18 million, the unspent balance of the Fund is around \$72 million, which is insufficient to cover the known requirements of about \$97 million. There is therefore an imminent need for injection into the Fund to meet the requirements for emergency relief from organisations. Details of the grants approved and the balance of the Fund are at Enclosures 2 and 3 respectively.

7. Apart from meeting the imminent funding needs, the Government would need to leave a sufficient balance of the Fund to cater for other possible applications (including further applications from organisations for relief projects in Mainland) for the remainder of 2023-24. While we are unable to estimate with

certainty the amount of funds that may be required for disaster reliefs from September 2023 to March 2024, we consider that an additional amount at around half of the annual appropriation of \$100 million would be appropriate to cater for other possible requirements for the latter half of 2023-24. Together with the known shortfall of about \$25 million, we propose to seek a supplementary provision of \$70 million to top up the Fund.

8. Subject to approval of the supplementary provision sought, the DRFAC Secretariat will continue to, on receipt of applications, expeditiously process the funding proposals in accordance with established mechanism so as to enable the provision of early relief to the needy.

(d) Application and control mechanism

9. The Fund is established under the Public Finance Ordinance (PFO) by means of a resolution passed by the Legislative Council (LegCo). The purpose of the Fund is to provide a ready mechanism for Hong Kong to respond swiftly to international appeals for humanitarian aids in relief of disasters that occur outside Hong Kong. Financial Secretary, as the administrator of the Fund, has been authorised by the resolution to approve each individual disbursement of \$8 million or below. The Finance Committee's approval will be required for individual grants exceeding this delegated limit.

10. Disbursements from the Fund will be made on the advice of the DRFAC which is chaired by the Chief Secretary for Administration and comprises, among others, two Executive Council Members and two LegCo Members. The DRFAC advises on the policy and practices regarding the disbursement of funds for disaster relief and the specific amounts to specific recipients, as well as monitoring the use of grants. The membership list of the DRFAC is at Enclosure 4.

11. The DRFAC has been processing and disbursing relief grants on the basis of a set of guidelines and conditions. All approved grants have to be used only for the approved purposes. The DRFAC has put in place the following measures to monitor the use of grants –

- (a) the concerned relief organisation should report to the DRFAC the critical project milestones, such as the commencement date and the completion date of the project, within one month from the respective scheduled date;

/ (b)

Encl. 4

- (b) should there be signs of deviation from the approved targets, including the schedule, relief area, number of victims benefited, etc., the relief organisation is required to obtain prior approval from the DRFAC (save for those minor changes which relief organisations are allowed to handle without the need to seek DRFAC's prior approval);
- (c) the relief organisation should submit an evaluation report and an audited statement of accounts of the relief programme within six months after completion of the project; and
- (d) the evaluation report and the audited accounts are examined by the DRFAC Secretariat and reviewed by the Audit Commission during the annual audit of the Fund to ensure that the grants conditions are complied with.

FINANCIAL IMPLICATION

12. If members approve the supplementary provision of \$70 million, we will transfer the additional funds from the General Revenue Account to the Fund to effect the injection. Any unspent balance in the Fund will be taken into account when we determine the amount of funds to be transferred from the General Revenue Account to the Fund in the preparation of the 2024-25 draft Estimates.

PUBLIC CONSULTATION

13. In view of the urgency of the proposal, the Government has not been able to conduct any prior consultation with the relevant LegCo Panel.

BACKGROUND

14. A resolution under section 29 of the PFO was introduced into the LegCo on 1 December 1993 to establish the Fund for disaster relief in places outside Hong Kong with an initial appropriation of \$50 million from the General Revenue Account. The annual appropriation has been increased from \$50 million to \$80 million in 2016-17 and further increased to \$100 million in 2019-20. The Fund is topped up in the beginning of each financial year, and as necessary during the financial year, depending on calls for relief and the size of the Fund balance.

**List of Organisations with In-Principle Approved Grants
under the Disaster Relief Fund on 14 August 2023**

1. The HKFTU Disasters Relief Charity Fund
 2. Federation of Hong Kong Beijing Organisations
 3. World Vision Hong Kong
 4. H.K. United Youth Exchange Foundation
 5. The Hong Kong Island Social Services Charitable Foundation
 6. Hua Jing Youth Foundation
 7. Hong Kong CPPCC (Provincial) Members Association Foundation
 8. All-China Women's Federation Hong Kong Delegates Association Foundation
 9. Amity Foundation, Hong Kong
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Enclosure 2 to FCR(2023-24)50

**Grants from the Disaster Relief Fund
(from 1 April to 28 August 2023)**

Grants	Amount (\$ million)
Relief programme for earthquake victims in Türkiye – grant to Save the Children Hong Kong Limited	5.032
Relief programme for cyclone victims in Malawi – grant to World Vision Hong Kong	4.399
Relief programme for cyclone victims in Malawi – grant to Plan International Hong Kong Limited	3.005
Relief programme for cyclone victims in Malawi – grant to Oxfam Hong Kong	2.360
Relief programme for cyclone victims in Myanmar – grant to Plan International Hong Kong Limited	2.947
Relief programme for typhoon victims in the Philippines – grant to Amity Foundation, Hong Kong	0.544
Total	18.287

Enclosure 3 to FCR(2023-24)50

**Balance of the Disaster Relief Fund
(as at 28 August 2023)**

	\$million
(a) Balance in April 2023	90.076
(b) Refund of grants	0.408
(c) Total grants approved by the Disaster Relief Fund Advisory Committee from 1 April 2023 to 28 August 2023	(18.287)
(d) Unspent balance [(a) + (b) - (c)]	72.197

Disaster Relief Fund Advisory Committee

Terms of reference

The terms of reference of the Disaster Relief Fund Advisory Committee are as follows –

- (a) To advise on the policy and practices regarding the disbursements from the Disaster Relief Fund for disaster relief outside the Hong Kong Special Administrative Region;
- (b) To advise on the award of grants of specified amounts from the Disaster Relief Fund to specified recipients; and
- (c) To monitor the use of grants by the recipients of the disbursements from the Disaster Relief Fund.

/Disaster

Disaster Relief Fund Advisory Committee

Membership

	Name	Background
Chairman:	Chief Secretary for Administration	
Members:	Dr the Honourable LAM Ching-choi, SBS, JP	Executive Council Member
	The Honourable Gary CHAN Hak-kan, SBS, JP	Executive Council Member, Legislative Council Member
	The Honourable LAM So-wai	Legislative Council Member
	The Honourable Edmund WONG Chun-sek	Legislative Council Member
	Professor Emily CHAN Ying-yang	Assistant Dean (External Affairs) at Faculty of Medicine, The Chinese University of Hong Kong
	Mr Brian David LI Man-bun, BBS, JP	Co-Chief Executive, The Bank of East Asia
Ex-officio members:	Secretary for Financial Services and the Treasury or representative	
	Secretary for Labour and Welfare or representative	