

Motion Debate on “Providing food and nutrition support to the grassroots”

at Legislative Council Meeting on 11 June 2008

Progress Report

Purpose

In response to the motion on “Providing food and nutrition support to the grassroots” carried in the Legislative Council (LegCo) meeting on 11 June 2008, this paper briefs Members on the major initiatives of the Government in assisting the low-income groups in face of inflation and their latest progress.

Measures to support the low-income groups in face of inflation

2 These measures include rates exemption for the whole year; payment of three months’ rent for low-income families living in rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society (HS) (including tenants of the Elderly Persons’ Flats in HS Group B estates); \$3,600 electricity charge subsidy for each residential account; and \$1,000 allowance to students who are eligible for various means-tested financial assistance schemes administered by the Student Financial Assistance Agency or flat-rate grant for school-related expenses under the Comprehensive Social Security Assistance (CSSA) Scheme.

Provision of short-term food assistance for low-income groups

3 The Government is deeply concerned about the impact of rising food prices on the livelihood of low-income groups. The Labour and Welfare Bureau (LWB) and Social Welfare Department (SWD) will submit funding application of \$100 million to the Finance Committee (FC) of LegCo and invite proposals from non-governmental organisations (NGOs) / local organisations to render short-term food assistance to the disadvantaged groups. Besides, SWD has allocated \$1.2 million in August for strengthening the existing food assistance provided by two NGOs.

4 The short-term food assistance will serve the whole territory, including less well-off districts such as Tung Chung, Sham Shui Po, Tin Shui Wai, Kwun Tong and Kwai Chung. Target clients include individuals / families who are of low income or in poverty, such as single-parent families, new arrivals, individuals and families in need of emergency relief because of unexpected circumstances and street sleepers.

5 The Government will continue to support the NGOs and local organisations to strengthen the existing food assistance service. If these organisations need to identify suitable premises for providing the above services, SWD will assist as far as practicable. SWD will provide assistance when these organisations apply for premises managed by the Housing Department at concessionary rents for operating services to provide temporary in-kind food assistance. Relevant organisations may also apply to SWD for rent and rate subsidy for the provision of these services provided that they meet the eligibility criteria and pass the financial and service assessment. Among the service units of SWD, 20 (including 14 Integrated Family Service Centres) have established partnership with the food bank operated by St. James' Settlement, which helps to expand the network for distributing food to those in need. SWD will explore the further expansion of the existing network to enhance the timely provision of assistance to those in-need. Moreover, NGOs running such services can also partner with the business sector and seek funding from the Partnership Fund for the Disadvantaged (the Fund). For example, the Fund has supported the services of Kwun Tong Methodist Social Service and St. James' Settlement.

6 At present, food banks receive donations of food and daily necessities from individuals, community groups and business organisations. SWD will refer interested donors to the relevant NGOs. Recently, SWD has been exploring with the Hong Kong Hotels Association on how to make use of their food to serve the disadvantaged groups in the community.

Increase the frequency of making inflationary adjustments to the CSSA standard payment rates and Social Security Allowance standard rates

7 The CSSA Scheme provides a safety net for those who cannot support themselves financially to meet their basic needs. The annual adjustment cycle of the CSSA standard payment rates and Social Security Allowance (SSA) standard rate take into account the Social Security Assistance Index of Prices (SSAIP) movement for the

past 12 months ending in October each year. The new rates will be effected in February of the following year upon the approval by the FC of LegCo in December. If the movement of the SSAIP and other economic indicators point to persistently high inflation, the Government will consider seeking approval for additional inflationary adjustments to the standard CSSA rates ahead of the annual adjustment cycle. Following the adjustment on 1 February 2008, FC of LegCo approved on 6 June 2008 the increase of CSSA standard payment rates by 4.4% in accordance with the established mechanism. The new rates have been effected on 1 August 2008. Therefore, we consider that the existing mechanism has flexibility to help recipients cope with inflationary pressure.

8 As for the Old Age Allowance (OAA), the Government agrees that more assistance should be provided to the elderly in need. Yet, in view of an ageing population, the Government has to explore a feasible long-term option which can provide additional assistance to the elderly in need without further increasing the burden of OAA on public finances in the long run. The option should provide effective and adequate assistance to the elderly in need, ensure the proper use of public money, and be a sustainable and affordable one for the community. LWB is now conducting an in-depth study and we hope that a decision can be made by the end of this year.

9 In order to share the fruits of our economic prosperity with social security recipients, the Government provided one additional month of the standard rate payment for CSSA recipients, one additional month of allowance for Disability Allowance (DA) recipients, and a one-off grant of \$3,000 for OAA recipients in June this year. In order to further relieve the pressure on the CSSA and SSA recipients in meeting daily expenses, the Government has further provided one additional month of the standard rate payment to CSSA recipients, one additional month of allowance to DA recipients, and two additional months of allowance to OAA recipients in September this year.

Review the CSSA System and the proportion of food in the SSAIP

10 As mentioned above, the Government has been adjusting annually the standard rates of CSSA and SSA in accordance with the movement of SSAIP. On top of the annual adjustment, SWD will conduct a household expenditure survey for CSSA households once every five years to update the weighting system of SSAIP, in order to ensure that up-to-date expenditure patterns of CSSA households are

accurately reflected in the compilation of SSAIP.

11 Amongst all consumption items in the current SSAIP, food (55%) is already the largest component. SWD is also planning to conduct a new round of household expenditure survey for CSSA households in 2009-10 with a view to accurately reflecting the latest expenditure patterns of CSSA households and updating the weighting system of SSAIP.

12 The CSSA standard rates have already covered the basic needs of recipients. The existing review mechanism has reflected the expenditure and living patterns of recipients. We will adjust the CSSA standard rates in accordance with inflation / deflation to ensure that the purchasing power of CSSA payments can be maintained.

13 The average CSSA monthly payment for a 4-person CSSA household without any income is \$9,451, which is higher than the average monthly income of \$9,200 of a 4-person non-CSSA household in the lowest 20% income group. We are of the view that the existing CSSA payments have provided an effective safety net for families who cannot support themselves financially to meet their basic needs. On top of cash assistance, all CSSA recipients are given free medical services in public hospitals and clinics. Furthermore, the Government has devoted a lot of resources in public housing and education.

Subsidising the lunch expenses of poor students

14 The monthly standard rates have already covered CSSA recipients' expenses on food. Children on CSSA are provided with higher standard rates and a range of special grants to meet their school-related expenses. At present, full-time students on CSSA who have to take lunch away from home can receive an additional meal allowance to meet their additional expenses. Besides, the standard payment rates (including the standard rates and the meal allowance for students) of the CSSA Scheme are adjusted in accordance with the movement of the SSAIP so that the purchasing power of the payments can be maintained. As mentioned earlier, in view of the persistent inflation, the Government has adjusted the CSSA standard payment rates upwards by 4.4% in August, ahead of the normal schedule under the existing mechanism.

Allocating additional resources to provide meal delivery services to elders

15 To support elders to age in the community, the Government now provides elders in need with meal delivery services through the subsidised Integrated Home Care Services and Enhanced Home and Community Care Services operated by NGOs. Elderly users pay a small fee for the services based on their affordability. For elders who have financial difficulties, the NGOs will assist them to apply for allowances under the CSSA Scheme to pay for the meal delivery services. We will continue to monitor the demand for home-based services for the elderly and will increase the capacity of such services when necessary.

Strengthen the monitoring of and support to NGOs to ensure that the quality of meals delivered to the elderly and that provided in residential care homes for the elderly will not be affected by the increase in food prices

16 SWD is committed to upholding the quality of meal services both in community care and residential services for the elders. In this regard, SWD has issued a letter to NGOs and service operators concerned reminding them to maintain the service quality of meal services for elders despite the rising food costs. These NGOs are well aware of the need to deploy flexibly their Lump Sum Grant subventions or contract service fees to cope with the impact of the increase in food costs. Both the subventions and contract service fees will be adjusted by SWD annually to reflect the inflation effect in the year, if any. Besides, SWD has allocated a one-off subsidy of \$200 million and an additional recurrent subvention of \$200 million to NGOs for improving service quality.

17 As regards residential care homes for the elderly (RCHEs), Chapter 13 of the Code of Practice for Residential Care Homes (Elderly Persons) (the Code) details the requirements on provision of meals in RCHEs with emphasis on adequate and nutritionally-balanced diet as well as hygienic preparation of food. As a standing practice, social work inspectors and health inspectors of SWD's Licensing Office of Residential Care Homes for the Elderly directly observe during routine inspections whether the meals being provided to residents are satisfactory. They also check for compliance with other requirements as stipulated in Chapter 13 of the Code, such as food hygiene, meal time, special diet and so on.

18 SWD will continue to monitor the quality of meal provisions through the existing monitoring systems, keep a close dialogue with NGOs and RCHE operators,

and offer assistance in case of need, with the ultimate aim of maintaining the quality of meal services.

Ensure stable food supply and increase transparency of market

19 The Government's policy on food supply is to ensure food safety and a stable supply of food. The Food and Health Bureau will continue to keep abreast of the supply situation and the market price of various foodstuffs, and publicise the relevant information, so as to enhance the flow of information and increase transparency of the market. The Government will also continue to maintain close liaison with relevant authorities in the Mainland and agents of foodstuffs, as well as encourage the trade to promote to the public the consumption of various types of food, such as chilled or frozen meat, and diversify the food source. This will reduce the chance that food prices become unstable due to supply problems from a single region.

20 To alleviate the adverse impact brought by inflation, the Commerce and Economic Development Bureau will assist the Consumer Council to further expand the latter's price surveillance of food products and daily necessities, and to enhance consumer education work.

21 Since late August 2008, the Consumer Council has implemented progressively the following new measures, including:

- (i) conducting weekly survey in a district of approximately 40 food products and daily necessities that are most frequently purchased by the public. Survey results and the names of the outlets surveyed will be disseminated;
- (ii) comparing the Internet prices of about 200 products from major supermarket chains;
- (iii) disseminating daily the prices of major non-staple food from three to four wet markets; and
- (iv) educating the public on measures on cost-saving.

Conclusion

22 We will continue to closely monitor the effect of increase in food prices on the low-income groups and adopt a multi-pronged approach to improve their livelihood.

Labour and Welfare Bureau
September 2008