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Panel on Welfare Services

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 10 November 2008**

Short-term food assistance

Purpose

This paper summarizes the deliberations of the Panel on Welfare Services (the Panel) on issues relating to short-term food assistance for the low-income group.

Provision of temporary in-kind food assistance

2. At present, non-governmental organizations (NGOs) and local organizations in the community are providing temporary in-kind food assistance to assist individuals and families in need. The target service users of these organizations include individuals/families who are of low income or in poverty, street sleepers, single parent families, new arrivals, and individuals/families in need of emergency relief due to unexpected incidents. These organizations usually operate their services without Government subvention.

Deliberations of the Panel

3. Financial hardship faced by the low-income group as a result of soaring food prices is a subject of prime concern to the Panel. At the Panel meeting on 12 June 2008, members were briefed on the Government's support measures for the low-income group in face of rising food prices. A total of 21 deputations attended the meeting to give views on the subject. The major deliberations of the Panel at the meeting are summarized below.

Measures to facilitate NGOs to provide food assistance for those in need

4. Members were advised that NGOs which provided short-term food assistance usually operated their services without Government subvention, and the Social Welfare Department (SWD) would provide appropriate assistance to these organizations. If these organizations had to identify premises for providing in-kind food assistance services, SWD would assist as appropriate. For instance, SWD was assisting St. James' Settlement to identify a suitable premises in Sham Shui Po to operate in-kind food assistance services. Relevant organizations might also apply to SWD for rent and rate subsidy for the provision of food assistance services provided they met the eligibility criteria and passed the financial and service assessment. According to the Administration, among the service units of SWD, 20 units (including 14 Integrated Family Service Centres (IFSCs)) had established partnership with the food banks operated by St. James' Settlement.

5. The Administration further advised that there did not appear to be a lack of donations of food and other daily necessities from individuals, community groups and business organizations. SWD would refer interested donors to the relevant NGOs. The Administration was also discussing with the Hong Kong Hotels Association on how to make use of their food to serve the disadvantaged groups in the community. In addition, the NGOs concerned could partner with the business sector and apply for funding from the Partnership Fund for the Disadvantaged. For example, the Fund had supported the services of the Kwun Tong Methodist Social Service and St. James' Settlement. SWD was exploring the further expansion of the existing network of food banks to enhance timely provision of food assistance to the low-income group.

Immediate measures to alleviate the financial hardship faced by the low-income group

6. Deputations attending the meeting highlighted the financial difficulties encountered by the low-income group in face of rising food prices. Deputations suggested that the Administration should set up food banks to provide free meals or issue food coupons to low-income families, and provide meal allowance to primary and secondary school students from these families.

7. Expressing similar concerns raised by deputations, members took the view that the rapidly worsening inflation problem had affected adversely the livelihood of the low-income group. This would upset social harmony. Members considered that the Administration should introduce immediate measures to alleviate the financial hardship faced by the low-income families (including those who were not on Comprehensive Social Security Assistance (CSSA)), as some needy individuals and families were reluctant to apply for the CSSA Scheme due to various reasons.

8. The Government responded that it had announced a number of specific initiatives in the 2008-2009 Budget to help relieve inflation pressure on the low-income group. These initiatives included the \$1,800 electricity charge subsidy for each residential account; rates exemption for the whole year; and payment of one month's rent for low-income families living in public rental housing units. Individuals and families in need might also seek assistance from IFSCs operated by SWD/NGOs or Medical Social Service Units which would render appropriate assistance to them according to the circumstances and needs of individual cases, such as applying for charitable trust funds to relieve their financial hardship.

9. As for those who were on social security, one additional month of standard payment rates and allowance would be provided to the CSSA and Disability Allowance recipients respectively. Each Old Age Allowance recipient would be given a one-off grant of \$3,000. The CSSA standard payment rates would also be adjusted ahead of the normal schedule in June 2008. Moreover, CSSA children who were full-time students and had to take lunch away from home were provided with an additional monthly meal allowance of \$200.

10. Members pointed out that since the inflation problem had been worsening rapidly after the Budget initiatives were drafted, these initiatives were inadequate in easing the inflationary pressure on the low-income group. Members strongly urged the Administration to come up with immediate measures to alleviate the pressure created by the rising cost of living. The Administration advised that it fully appreciated the pressure caused by the continuous rise in inflation on the low-income group. It was contemplating additional measures to mitigate the impact of inflation on the low-income group, and concrete proposals would be outlined in the Policy Address 2008-2009.

Review of CSSA standard payment rates

11. Deputations giving views to the Panel strongly urged the Administration to review the adequacy of the CSSA payment rates to ensure that the payments could support the livelihood of recipients at times of high inflation.

12. Given that the rise in food prices had forced many low-income people to reduce their expenditure on food or buy food products of poorer quality, members took the view that the Administration should make inflationary adjustments to the CSSA standard payment rates on a more frequent basis to ensure that the recipients could pay for their daily meals. Members also urged the Administration to review expeditiously the weighting of food in the Social Security Assistance Index of Prices (SSAIP) so that the CSSA recipients could maintain their purchasing power for food.

13. The Administration reiterated that a package of relief measures as mentioned in paragraphs 8 and 9 above had been unveiled in the 2008-2009 Budget. This included an adjustment of the CSSA standard payment rates upwards by 4.4% ahead of the normal schedule in accordance with the movement of SSAIP so as to maintain the purchasing power of the payment. The new rates would be effected on 1 August 2008. The SSAIP reflected the expenditure pattern of CSSA households with food representing the largest component at a weighting of 55%. While agreeing that the Administration could consider making additional adjustments to the CSSA standard payment rates at times of persistently high inflation, the technical feasibility of conducting the adjustments at an interval shorter than half a year would need to be further studied. The Administration also advised that the weighting system of SSAIP was updated once every five years on the basis of the findings of the Household Expenditure Survey on CSSA households. The next round of survey would be conducted in 2009-2010, and preparation was in the pipeline. To provide target assistance to the CSSA recipients during the inflationary period, the Panel urged the Administration to advance the preparatory work for the next round of the Household Expenditure Survey on CSSA households.

Relevant motion and questions moved/raised at Council meetings

14. A motion on "Providing food and nutrition support to the grassroots" was moved by Mr KWONG Chi-kin at the Council meeting on 11 June 2008 urging the Administration to, among other things, formulate measures to assist the grassroots in countering the surge in food prices. The motion, as amended, was carried. The progress report provided by the Labour and Welfare Bureau on the follow-up action taken by the Administration in regard to the motion is in **Appendix I**.

15. Details of the questions relating to the impact of rising food prices on the grassroots raised in the Third Legislative Council are in **Appendix II**.

Latest development

16. The Chief Executive (CE) announced at the Question and Answer Session on 16 July 2008 that an \$11 billion package of relief measures comprising 10 initiatives would be introduced to further reduce the pressure generated by increasing daily expenditure. One of these initiatives is to enhance the food assistance services, and the Government has earmarked \$100 million for SWD to invite NGOs to provide short-term food assistance services to individuals and families in need.

17. As stated in the CE's Policy Address 2008-2009, the proposed short-term food assistance will provide immediate and direct aid to all needy individuals and families, including new arrivals, single parent families, individuals and families in need of emergency relief, street sleepers, and needy individuals who have not benefited from the Administration's relief measures over the past year. The Administration advised that it will submit the relevant proposal to the Finance Committee for approval as soon as possible.

18. The Administration will brief the Panel on 10 November 2008 on the funding proposal.

Relevant papers

19. A list of relevant papers is in **Appendix II** for members' reference. The papers are available on the Council's website at <http://www.legco.gov.hk>.

Council Business Division 2
Legislative Council Secretariat
4 November 2008

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

Relevant Papers/Documents

<u>Meeting</u>	<u>Meeting Date</u>	<u>Papers/Questions/Motions</u>
Legislative Council (a) Questions	31 October 2007	Written question on "Inflation problem" raised by Hon Emily LAU
	19 December 2007	Written question on "Impact of rising food prices on the grass roots" raised by Hon Emily LAU
		Written question on "Government's assistance to low-income people" raised by Hon Frederick FUNG
	7 May 2008	Oral question on "Measures to assist low-income people" raised by Hon CHAN Yuen-han
	4 June 2008	Oral question on "Rising inflation" raised by Hon Frederick FUNG
(b) Motion	11 June 2008	Proceedings of the motion debate on "Providing food and nutrition support to the grassroots"
Panel on Welfare Services	12 June 2008	Administration's paper LC Paper No. CB(2)2162/07-08(03) Minutes of meeting LC Paper No. CB(2)2754/07-08