

ITEM FOR FINANCE COMMITTEE

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 700 General non-recurrent

Item 811 Short-term food assistance

Members are invited to approve an increase in commitment by \$100 million from \$100 million to \$200 million for the continuation and enhancement of the short-term food assistance service.

PROBLEM

Additional funding is required for the continuation and enhancement of the short-term food assistance service (the service) commissioned by the Social Welfare Department (SWD).

PROPOSAL

2. The Director of Social Welfare, with the support of the Secretary for Labour and Welfare, proposes to increase the commitment of the service by \$100 million for the continuation and enhancement of the service.

JUSTIFICATION

3. In February 2009, SWD commissioned five non-governmental organisations (NGOs) to operate service projects which provided short-term food assistance to people who had temporary difficulty coping with basic food expenditure. The service has been running smoothly since and is widely supported by the community. By the end of October 2011, the service had provided assistance to over 66 000 persons in total. While the service demand fluctuated over the past two years, it has been rising steadily in recent months from an average of around 1 870 users per month before February 2011 to around 2 550 thereafter.

4. As the service is meant to help people tide over urgent and short-term needs, users normally receive dry rations, such as canned food. Service users whose needs cannot be met fully by dry rations may be provided with appropriate fresh and frozen food, hot meals, hot meal coupons, baby food, baby formula, etc. In exceptional circumstances where the operating NGOs have difficulty in meeting the special needs of service users for specific types of food not stocked by the NGOs, food coupons may be issued. In response to calls to provide fresh and nutritious food to service users (in particular children) on a more regular basis, and taking into account operating NGOs' practical difficulties in storing and distributing fresh food, SWD considers it desirable for the operating NGOs to give service users food or hot meal coupons which can be redeemed at designated food stalls, supermarkets and restaurants. To benefit the service users as soon as possible, SWD has implemented the above enhancement measure since late October 2011.

5. Given the increasing demand for the service and taking into account implementation of the enhanced measures mentioned in paragraph 4 above, SWD estimates that the remaining balance (\$33.7 million as at October 2011) may only last until the beginning of 2012. An increase in the approved commitment by \$100 million will enable the enhanced service to continue up to 2013-14.

IMPLEMENTATION

6. The enhanced service will continue to be provided by the five existing operating NGOs through over 400 service points across the territory. In line with the existing practice, service fees will be allocated to the operating NGOs by instalments according to actual utilisation of the service.

7. The operating NGOs have already put in place a mechanism to guard against abusive use of the service and to ensure the smooth distribution and proper handling of food and food/hot meal coupons. They are also required to submit audited annual financial statements and statistics on performance indicators and service utilisation to SWD regularly. SWD will continue to monitor the service closely by examining reports submitted by the NGOs and conducting regular and surprise visits to the service points.

FINANCIAL IMPLICATIONS

8. We propose to increase the approved commitment for the service by \$100 million, including –

(a)

- (a) \$95 million for meeting the operational expenses of the service, including expenses for purchasing, delivering and storing food, plus daily administration expenses; and
- (b) \$5 million for meeting miscellaneous expenses of the operating NGOs in supporting the enhancement measure discussed in paragraph 4, including replenishing or upgrading furniture and equipment of the operating NGOs and their partner organisations for the storage of fresh food.

9. The estimated cash flow, based on the current level of service consumption, is as follows –

Financial Year	\$ million
2011-12	4.8
2012-13	45.4
2013-14	49.8
Total	100.0

10. The actual cash flow will depend on service demand. We will provide supplementary provision for continuing the service in 2011-12 under delegated authority and include sufficient funds in the Estimates of subsequent financial years for meeting the expected cash flow requirements.

11. The workload arising from the implementation of the short-term food assistance service projects will continue to be met by SWD through internal deployment.

PUBLIC CONSULTATION

12. We consulted the Legislative Council Panel on Welfare Services on 14 November 2011. Members supported the proposal to allocate an additional \$100 million to continue and enhance the service.

/BACKGROUND

BACKGROUND

13. On 5 December 2008, the Finance Committee approved vide FCR(2008-09)47 the creation of a new commitment of \$100 million for providing the service. In February 2009, five NGOs were commissioned by SWD to operate five projects over the territory.

14. In his 2011-12 Budget, the Financial Secretary reserved an additional \$100 million for the continuation of the service. The Chief Executive further announced in his 2011-12 Policy Address that additional funding would be allocated to the service if necessary.

Labour and Welfare Bureau
Social Welfare Department
December 2011