

**For discussion on
21 May 2013**

**Legislative Council Panel on Welfare Services
Additional Funding for Short-term Food Assistance Service**

Purpose

This paper briefs Members on the Administration's proposal to seek additional funding of \$200 million for the continuation and enhancement of the short-term food assistance service (the service).

Background

2. On 5 December 2008, the Finance Committee (FC) of the Legislative Council approved an allocation of \$100 million for the service. Since February 2009, the Social Welfare Department (SWD) has commissioned five non-governmental organisations (NGOs) to operate five short-term food assistance service projects (the projects) to help individuals / families having temporary difficulty cope with basic food expenditure. There is one project in each of the following areas – (a) Tsuen Wan, Kwai Tsing, Hong Kong Island and other Islands (including Tung Chung); (b) Sham Shui Po, Kowloon City and Yau Tsim Mong; (c) Kwun Tong, Wong Tai Sin and Sai Kung; (d) Shatin, Tai Po and North; and (e) Tuen Mun, Yuen Long and Tin Shui Wai.

3. To better meet the needs of service users, SWD, in October 2011, enhanced the service by adding the provision of food and hot meal coupons which can be redeemed at designated food stalls, supermarkets and restaurants. This was in addition to the usual provision of dry rations (such as canned food) normally offered for people to tide over urgent and short-term needs. On 16 December 2011, the FC approved an additional \$100 million for continuing the service.

Present Position

4. The five operators and their local partners have set up 482 service points all over the territory, of which 110 are also venues for food distribution. Up to the end of March 2013, they had served over 115 400 needy persons. The majority of the service users were low-income families and the unemployed.

5. As at the end of March 2013, the total expenditure of the service was around \$148.4 million. The remaining balance of about \$51.6 million is estimated to be able to sustain the service until December 2013. As announced by the Financial Secretary in his 2012-13 and 2013-14 Budgets, a total of \$200 million has been earmarked for continuing the service. We propose that the additional \$200 million be allocated in one go to extend the service and implement the enhancement measures set out in paragraphs 9 to 17 below.

Operating Experience

6. The Labour and Welfare Bureau and SWD have met representatives of the existing five operators, the other NGOs running different types of food assistance services on a self-financing basis or using other sources of public funding (e.g. the Partnership Fund for the Disadvantaged), and the Hong Kong Council of Social Service (HKCSS) to exchange views on the service and to explore possible service enhancements.

7. The five existing service operators generally consider the existing provision sufficient to cover their food cost, but suggest that the provision for food cost could be adjusted in accordance with inflation. Some of them also suggest that more administrative fees be provided, given that NGOs would need to provide counselling on some cases and refer users to other organisations or units for other services, e.g. child caring, financial assistance, etc. They also comment that a wide district network for food and coupons distribution is very important as service users would not have to commute long distance to receive food assistance. The current operation mode of the services allows the flexibility of building such a network.

Service Enhancements

8. Having taking into account the views expressed by the NGOs and HKCSS at our earlier meeting as referred to in paragraphs 6 – 7 above, we propose the following service enhancements.

(a) Service duration

9. The service is meant to help people tide over urgent and short-term needs. The target users are individuals or families who have proven difficulties in coping with daily food expenditure, including those among the unemployed, low-income earners, new arrivals and street sleepers, individuals or families encountering sudden changes and facing immediate financial hardship, as well as the “N have-nots”, etc. Users normally receive food assistance for up to six weeks. Provision of further assistance may be considered by the operating NGOs subject to individual case merits. Among the 115 400 service users as at end-March 2013, 21.3% received assistance under the service for up to four weeks; 68.0% received assistance under the service for four to six weeks; while 7.8% received assistance for over six weeks. Another 2.9% were still receiving assistance under the service as at end-March 2013.

10. While NGOs may consider providing support beyond the service duration on a case-by-case basis, we propose extending the service period from a maximum of six weeks to a maximum of eight weeks with effect from October 2013. Based on past experience, SWD estimates that the extended service period by two weeks could cover the vast majority of the needy cases. NGOs will continue to be able to exercise discretion to provide support to deserving users beyond the eight-week period on a case-by-case basis.

(b) Food cost and variety

11. At present, the operating NGOs will assess the needs of each case in determining the appropriate kinds and mixture of food to be provided. For example, families with infants will be given baby formula and baby food. Families living in flats with little cooking facilities may be given more meal coupons. Those with special dietary needs (e.g. ethnic minorities) will also be catered for.

12. In view of the increase in food price¹, SWD proposes that the allocation per meal-day for the operators be adjusted upwards by 10% with effect from October 2013. This should be adequate to catch up with inflation². The proposed increase will also allow more flexibility for the operators in offering different kinds and mixture of food items to the service users, based on their needs. SWD will also encourage service operators to strengthen collaboration with the existing hot-meal canteens (for instance, buying service from these hot-meal canteens) with a view to providing more food assistance options for the needy families.

(c) Administrative fee

13. The administrative fee is currently set at 15% of the operational expenses allocated to the service operators (the remaining 85% being food cost). The need to provide brief counselling to the service users is already reflected in the current administrative fee level; whereas cases in need of more in-depth social work intervention should be referred to the mainstream services such as integrated family service centre. With the upward adjustment of the allocation per meal-day as referred to in paragraph 12 above, more administrative fee will be given to the service operators, while having the 15% proportion unchanged. This will ensure that the bulk of the allocation will benefit the service users direct, while keeping the administrative cost at a reasonable level.

(d) Administrative arrangements

14. After four years of service delivery, it is an opportune time to bring in new ideas with a view to further enhancing the service provision. In this regard, SWD plans to conduct a new round of invitation of proposals and to re-demarcate the service boundary to facilitate more effective management and delivery of the service.

15. According to the service statistics, there is persistently higher service demand in the areas of Sham Shui Po, Kowloon City and Yau Tsim Mong; as well as Tuen Mun, Yuen Long and Tin Shui Wai. SWD suggests that the two service projects currently serving the said districts be split into four. After re-demarcation of service boundary, the total number of service

¹ The Consumer Price Index (A) (Food) has increased 6.4% between December 2011 and March 2013.

² The inflation rate between December 2011 and March 2013 is about 4.8% (based on the change on the Composite Consumer Price Index).

projects will increase from five to seven.

16. Subject to allocation of additional funding by FC, the new round of invitation of proposal will commence in July and complete in December 2013. The allocation of \$200 million in one go (instead of \$100 million each in two allocations) will provide more financial certainty so that we could allow a longer service period for the operators. This is particularly important for the potential new service operators as the longer time span would make it more conducive for them to achieve economies of scale in bulk purchase of food, establish efficient partnership and network for identification of those in need and prompt distribution of in-kind assistance, and keep administrative cost at a minimum yet reasonable level. We expect services operated under the new contracts to commence in March 2014 and run for around 22 months until end-2015 (subject to the actual demand of service).

17. If required and justified by individual operating NGOs, a maximum of \$2.5 million for each project will be provided to cover the operators' one-off set up cost, such as fitting out of premises, purchase of food storage / processing equipment, minor furniture and equipment items, and transportation arrangement for collection and delivery, etc.

Next Step

18. Subject to Members' views, we shall seek approval from FC in June 2013 for allocating an additional \$200 million to extend and enhance the service.

Labour and Welfare Bureau
Social Welfare Department
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