

**Legislative Council Panel on Welfare Services
Support measures for low-income group in face of rising food prices**

Purpose

This paper briefs Members on the Government's support measures for the low-income group in face of rising food prices.

Present Situation

2. Inflation is a global phenomenon and Hong Kong, being an open economy, is not immune to its impact. In the first four months of 2008, Hong Kong's headline consumer price inflation was 4.8%, which is higher than the average of 2.0% in 2007.

3. Inflation is closely related to the state of the economy. The strong global economic expansion over the past four years or so has been one of the important factors leading to higher global inflationary pressures. Hong Kong's economy has also experienced a robust growth in the past four years with an average growth rate of 7.2%, while the unemployment rate has fallen to a more than ten-year low of 3.3%. With increased household income for most families, as well as higher rentals and wages, inflationary pressures in Hong Kong have been building up over the past few years.

4. Yet the more distinct pick-up in inflation in recent months was mainly caused by global food inflation. The near-term outlook for inflation also depends much on food prices in the international markets, which are expected to be rather volatile. Apart from food prices, the elevated oil and other commodity prices in the international markets, the weakness of the US dollar, the renminbi appreciation as well as the strength of the local economy will all continue to exert inflationary pressures going forward. The Government will continue to monitor the situation closely.

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

5. The Government fully appreciates the pressure caused by the continuous rise in inflation (especially the increase in food prices) on the low-income group. Apart from the on-going support in health services, social security, public housing and education, the Government has introduced a number of specific initiatives to help relieve inflation pressure on the low-income group.

6. These initiatives include 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 the 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). In addition, one additional month of standard rate payments and allowance will also be provided for the Comprehensive Social Security Assistance (CSSA) and Disability Allowances recipients respectively. Each Old Age Allowance recipient will be given a one-off grant of \$3,000. We will also adjust the CSSA standard payment rates ahead of the normal schedule, according to the movement of the Social Security Assistance Index of Prices (SSAIP) in June this year. The index reflects the expenditure pattern of CSSA households with food representing the largest component at a weighting of 55%.

Subsidising the lunch expenses of poor students

7. Under the CSSA Scheme, able-bodied children are provided with higher standard rates (from \$1,330 to \$2,010 per month) than other able-bodied adults (from \$1,200 to \$1,675 per month). There are also a range of special grants for CSSA students to meet their school-related expenses, such as fares to and from school, books and stationery. CSSA children are entitled to an additional monthly meal allowance of \$200, provided that they are full-time students and have to take lunch away from home. This allowance will be adjusted in accordance with the SSAIP and ahead of the normal schedule in accordance with the existing mechanism in the middle of the year as well.

Measures to facilitate non-governmental organisations (NGOs) to offer food assistance for those in need

8. At present, there are local and non-governmental organisations

(NGOs) in the community providing temporary in-kind food assistance to assist individuals and families in need. The target service users of these organisations 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 because of unexpected circumstances. These organisations which provide food assistance usually operate their services without Government subvention.

9. If these organisations need to identify suitable premises for providing the above services, the Social Welfare Department (SWD) will assist as appropriate. SWD will also give its support when these organisations apply for premises managed by the Housing Department at concessionary rents for operating services providing temporary in-kind food assistance. Relevant organisations may also apply to SWD for rent and rate subsidy for the provision of these services provided 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 (IFSCs)) have established partnership with the food bank operated by St. James' Settlement, which helps expand the network for distributing food to those in need. SWD is exploring the further expansion of the existing network to enhance timely provision of assistance to those in-need.

10. NGOs running such services can also partner the business sector and apply for funding from the Partnership Fund for the Disadvantaged (the Fund). For example, the Fund has supported the services of the Kwun Tong Methodist Social Service and the St. James' Settlement.

11. Our experience indicates that there is currently no lack of donations of food and other daily necessities from individuals, community groups and business organisations and SWD will refer interested donors to the relevant NGOs. SWD is also exploring with the hotel sector on how the sector may better assist in this regard.

12. Besides, individuals or families in-need may, at any time, seek assistance from IFSCs operated by SWD / NGOs or Medical Social Service Units. Social workers will, according to the circumstances and need of individual cases, render appropriate assistance to the individuals or families concerned such as applying for charitable trust fund to relieve their temporary financial hardship.

Way Forward

13. The Government will continue to closely monitor the situation and adopt a multi-pronged approach in alleviating the situation of the low-income group.

14. Members are invited to note the content of this paper.

Labour and Welfare Bureau
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