

Oxfam Hong Kong Policy Recommendations on Food and Poverty in Hong Kong

Oxfam Hong Kong asserts that “*All governments should provide a safety net for people who cannot produce or buy enough food*”. The measures adopted by the Hong Kong SAR Government to assist poor people cope with the rising food prices have been insufficient: poverty and hunger remain.

POLICY ANALYSIS

1. Short-term Food Assistance / Food Banks and Meal Allowance

In 2009, the Hong Kong SAR Government allocated an initial HK\$60 million to 5 non-governmental organisations to operate Short-term Food Assistance Services (colloquially known as “food banks”), providing free food for people for up to 6 weeks. Another HK\$27.5 million was reserved for meeting service demands in excess of the initial provision. The Social Welfare Department estimates that the funding is sufficient to operate until 2013.

Yet, the coverage of beneficiaries has been severely limited, and in the current crisis, it will be more limited. From February 2009 to January 2011, only 43,827 people received food assistance support, less than four per cent of the 1.26 million people in Hong Kong (2010) living in poverty, which is measured as a household income of less than half the median.

The Hong Kong SAR Government food assistance scheme was designed to help individuals and families to meet their daily food expenses, with deprived groups such as unemployed people, low income workers, and poor elderly people as target beneficiaries. After passing an assessment, people receive free food such as rice, canned food or instant food for a maximum of six weeks. Although recipients can try to extend the service, it is difficult, as the scheme is designed as a short-term service. It has been observed that the assessment for an extension is stricter than the original application.

Furthermore, the food provided at food banks is of low nutritional value: canned, instant and preserved food is typically high in fat, oil, salt, sugar, and/or monosodium glutamate. Some NGOs have been issuing food vouchers to enable people to purchase fresher, higher quality food, such as fruit, vegetables and meat at wet markets, yet high administrative costs have made this option financially unviable within the official approved budget. Some food banks have been trying to provide eggs, frozen meat and other better quality food for recipients, but people living in partitioned rooms do not have refrigerators for storage, and recipients who work outdoors have to eat outdoors.

1. No measures targeted to assist low income workers with food expenses

Low income families with employed persons spend a significant proportion of their expenditure on transportation and food, and subsidies for meals and work-related transport can help relieve their financial burden and can promote sustained employment. While the Hong Kong SAR Government introduced the Work Incentive Transport Subsidy (WITS) Scheme in 2007, it seems that apart from funding Short-term Food Assistance Services, the government has no measures targeted to assist low income workers with food expenses. Work-related meal subsidies should be provided to relieve their burden, especially during the current crisis.

2. Student Meal Allowances under Community Care Fund and CSSA are inadequate

Under the Community Care Fund, primary school students whose family income meets the application requirement are given an allowance of about HK\$220 per month for 10 (school) months. For a family receiving CSSA, a monthly meal allowance of HK\$225 is provided as a lunch subsidy for each full-time student in that family.

The Boys’ and Girls’ Club Association of Hong Kong calculates that a full-time student now buys a lunch in school at an average price of \$16 per day, or about HK\$384 a month (\$16 x 24

school days), which far exceeds the allowance from both Community Care Fund and CSSA. (See <http://legco.hk/yr10-11/chinese/panels/ws/papers/ws0118cb2-833-3-c.pdf>) Poor families must skimp on other living expenses to cover meal expenses, especially at this time, when food prices are rising. Worse still, the student meal programme under the Community Care Fund is only on a short-term basis, with no full funding commitment from the Hong Kong SAR Government.

3. The Standard Rate of CSSA cannot provide poor children with a nutritious meal

The standard CSSA allowance for children is insufficient to cover the costs of nutritious meals. In a four-person family for example (Table 1), the standard allowance for each child is HK\$1,505. According to the Social Security Assistance Index of Prices (SSAIP, 2006), the monthly expenditure for an adequate supply of food per child is HK\$832, or HK\$9.2 per meal. Meanwhile, in order to ensure a nutritious diet, the Centre of Health Protection of the Department of Health suggests children aged 6-12 to eat 5 taels (about 200g) of meat a day. With the average cost of meat at HK\$68.7/kg according to Monthly Report on Consumer Price Index (July 2011), the cost of meat alone reaches HK\$13 per day, plus costs for dairy, vegetable, fruit and grain.

Table 1: CSSA allowances for children

Family Size	Standard CSSA rate for Children (a)	Food amount according to SSAIP food weighting (55.26%) (b) = (a) x 55.26%	Maximum meal cost per day (c) = (b)/30days	Maximum cost per meal (d) = (c)/3meals
2	\$1,880	\$1039	\$34.6	\$11.5
3	\$1,690	\$934	\$31.1	\$10.3
4 or above	\$1,505	\$832	\$27.7	\$9.2

Source: Social Welfare Department, 2011

4. Higher Food Prices in Outer Districts

Residents living in outer districts such as Tin Shui Wai and Tung Chung face higher food prices than people in more centrally located districts. According to a survey by the Community Development Alliance in January 2011, food at the private wet markets in Tin Shui Wai was priced higher than at government markets in Yuen Long, Tuen Mun and Wanchai, with the price of *choi sum* being 21 per cent higher than in Wai Chai and Tuen Mun. Their survey concludes that food prices are higher in Tin Shui Wai because the retail market lacks competition due to the domination of high rent shopping malls and fewer street vendors. Community organisations in other districts such as Tung Chung also report higher food prices, with poor families there struggling to cope.

5. Insufficient Rental Allowance under Community Care Fund and CSSA

In Hong Kong, rent also takes up a large proportion of a family's expenditure. According to the survey "Living situation of CSSA and Low income Households", conducted by the CSSA Alliance and Neighborhood and Workers' Service Center in October 2010, over 80 per cent of respondents said that they have had to cut back on expenses such as meals and transport to make sure they could pay rent. This has resulted in less nutritious diets.

Under CSSA, recipients are entitled to a rental allowance according to the Maximum Level of Rent Allowance (MRA), which differs according to the total number of family members. According to Hong Kong SAR Government figures of December 2010 (Table 2), 56.8 per cent of recipients in private housing find CSSA payments insufficient to cover their (rising) rent. Most recipients in public housing find CSSA payment sufficient; only 2.4 per cent find it insufficient.

Table 2: The Number of Comprehensive Social Security Assistance (CSSA) cases with the actual rent less than, equal to and higher than the Maximum Levels of Rent Allowance (MRA)

2010-11(as at the end of December 2010)					
Public Housing			Private Housing		
Actual rent less than or equal to MRA	Actual rent higher than MRA	Total	Actual rent less than or equal to MRA	Actual rent higher than MRA	Total
152,998	3,697	156,695	17,519	23,009	40,528
97.6%	2.4%	100%	43.2%	56.8%	100%

Source: Social Welfare Department, Census and Statistic Department, 2010

To address the situation, the Hong Kong SAR Government proposes to use the Community Care Fund to provide one-off rental subsidies to CSSA recipients living in private housing: \$1,000 to one-person households and \$2,000 to families with two or more members. Although helpful, this one-time subsidy cannot address the problem in the long run. There must be a fundamental change in CSSA policy.

Also, this rental allowance only supports CSSA recipients and neglects families who are poor but who choose not to apply for CSSA. According to Hong Kong SAR Government figures, (<http://www.info.gov.hk/gia/general/200905/27/P200905270112.htm>) a total of 26,200 households resided in rooms, bed spaces or cocklofts in private housing in 2008. As the poor population has increased since then, this number has also surely risen.

6. The Shortage of Public Rental Housing

For poor people paying high rent in private housing, a public housing unit is usually their goal. Yet the supply of public rental housing does not meet the demand. The waiting list is 38 per cent longer than it was seven years ago, from 90,240 applications in 2003 to 145,000¹ in 2010 (of which 60,300 are from non-elderly singletons). The average number of public housing units allotted during this period was less than 15,000 units per year, which will not change under the current Hong Kong SAR Government plans to produce 75,800 public rental housing flats² from 2010-11 to 2014-15. This means that 69,200 applicants may need to wait for more than three years for their new home.

Only eight per cent of new rental public housing flats are allocated to non-senior singletons, who comprise 42 per cent of the applicants on the waiting list. In the current quota and point system, they usually need three years to earn the sufficient points for a public housing unit.

With the relaxation of the income limit and asset limit for the application of public rental housing instituted on April 2011, the number of eligible households for public housing will increase by 25,000. It is very doubtful that the Hong Kong SAR Government can maintain the average waiting time at 3 years without a large scale production of new public rental housing.

POLICY RECOMMENDATIONS

Oxfam Hong Kong maintains that all people have the basic right to a decent minimum standard of living for themselves and their families. This includes the right to food, water, an education and more. The rising prices of food and rent have severely affected poor families in Hong Kong, increasing their hardship and causing them to have no choice but to eat less, and less nutritiously. The existing policies and measures of the Hong Kong SAR Government cannot substantially help poor people to resist the inflationary pressures. In order to alleviate people's poverty and suffering, we recommend that the Hong Kong SAR Government to consider the following policy recommendations.

1. Food Banks and Meal Allowance

¹ Brief Review on Public Housing. March, 2011.

² Public Housing Construction Programme as at March 2011.

1.1 Increase the accessibility to food bank assistance and extend the food bank assistance period

The Hong Kong SAR Government should more actively promote the food bank service to the public and should increase the number of locations of food banks so that needy people know where and how to access the free food.

The food bank assistance period should also be extended from 6 weeks to 6 months for needy families during this long period of high inflation. This will require increasing the resources for all food banks from an estimated HK\$20 million to about HK\$80 million per year.

In order to reduce the financial hardship of poor people and to provide them with continuous assistance, we recommend that food banks arrange re-assessments for recipients as early as possible *before* the completion of the existing service.

We also recommend the Hong Kong SAR Government to turn the food bank into a regular service so as to provide food assistance for poor people in the long run.

1.2 Provide poor people with fresh food and hot meals

Currently, food banks do not provide nutritious foods for poor people. It is suggested that the Hong Kong SAR Government should help food banks to liaise with the Link REIT's markets and other government-managed markets to provide fresh food for food bank users. Food vouchers or other meal allowance could be the ways to enable poor people to purchase fresh food at wet markets or to buy hot meals. This approach will also benefit those low income earners as their working places normally have no refrigerator provided for them to store food.

It would also be worthwhile to explore the feasibility for various kinds of district-based hot meal services, such as community kitchens. Simultaneously, the Hong Kong SAR Government needs to increase funding support to food banks and their collaborators in order to compensate service providers for the administration costs of managing food vouchers and other hot meal services.

1.3 Introduction of "Work Incentive Meal Subsidy Scheme"

In the *Oxfam Hong Kong Poverty Report: Employment and Poverty in Hong Kong Families* (September 2010), it was recommended that on top of the Short-term Food Assistance Services (Food Banks), the Hong Kong SAR Government should also provide extra meal allowances for low income workers.³ In this current report, we now propose a new **"Work Incentive Meal Subsidy Scheme" (WIMS) which is similar to the current Work Incentive Transport Subsidy (WITS) Scheme.**

To make the WIMS feasible and user-friendly, it can adopt the same eligibility criteria as the WITS Scheme, including monthly income and assets limits of households, and the number of working hours per month required for full-rate and half-rate subsidies. Similar to WITS, the subsidies can also be administered by the Labour and Welfare Bureau.

Another reason for taking WITS as a reference is that both schemes share the same spirit and rationale: they both aim at helping low income workers reduce their burden of work-related expenses and they promote sustained employment. Like WITS, WIMS embodies government policy of encouraging employment.

The calculation of subsidy amounts for WIMS can be based on average lunch expenses of

³ http://www.oxfam.org.hk/en/news_1301.aspx

low income workers, which is about \$30 per day.⁴ To reduce this expense for **FULL-TIME workers**, it is proposed that **WIMS provide a lunch subsidy for covering HALF of the cost, or \$15 per day / \$390 per month (\$15 per day x 26 working days)**. For **PART-TIME workers**, it is proposed that the **WIMS subsidy be half, or \$7.5 per day / \$195 per month**.

In order to reduce administrative costs for WIMS and to improve accessibility for users, it is proposed that the meal allowance be issued together with the WITS transport subsidy. So, if a low income employee is eligible to receive the transport subsidy of \$600 (full-rate) or \$300 (half-rate) per month, s/he is also eligible to receive the meal subsidy of \$390 (full-rate) or \$195 (half-rate) per month at the same time.

As the budget for the implementation of WITS is about \$4.8 billion for the initial three years, it is **estimated that the implementation of WIMS would require a financial commitment of \$3.1 billion (\$4.8 billion x \$390/\$600) for three years, or just over \$1 billion annually**.

2. Food for Poor Children

2.1 Increase Meal Allowances for Children under CSSA and Community Care Fund

Student meal allowances under CSSA scheme should be increased from HK\$225 to HK\$384 (HK\$16 per meal for 24 school days per month), and should be reviewed annually. A similar scheme for non-CSSA students aided under Community Care Fund should also be adjusted; it is recommended that the amount be increased from HK\$225 to around HK\$384 per month and should be provided on a long-term basis.

2.2 Increase Level of Standard Rate for Children under CSSA

The Hong Kong SAR Government should review the level of standard rate of children CSSA so as to ensure that poor children can be assured a nutritious diet.

3. Better services and more diversified economies in outer districts

We recommend the Hong Kong SAR Government to explore the feasibility to set up vendor areas in various districts, especially in outer areas, for selling less expensive basic necessities such as food. This would also create job opportunities for local residents. The Government should also set up public markets in public housing estates, especially those in outer districts. This will improve access to lower-priced food and other basic goods, and will enhance market competitiveness.

4. Better Assistance for Poor People living in Private Rental Housing

Many low income families in private housing have to sacrifice food in order to cover their higher rents, and a rental assistance scheme similar to the one for people in public housing should be considered. The scheme should apply to non-CSSA private housing tenants who are on the public housing waiting list. The level of assistance for these tenants can take reference from the allowance under the CSSA scheme.

5. Raising the Maximum Level of Rent Allowance (MRA) under the CSSA scheme

The maximum level of rent allowance for different household sizes should be increased by the median of the difference between the actual rent and the maximum level of rent allowance for different household sizes (Table 3), meaning an increase of up to 26.8 per cent. In summary, the increase in rent allowance for corresponding family sizes should range from 13 to 27 per cent, and the rate should be reviewed annually in the SSAIP Index.

⁴ According to the *Report on Basic Needs Study in Hong Kong (2005)* conducted by Prof. Wong Hung of the Chinese University of Hong Kong, the average lunch cost for working adult is about \$24. Compared with the period October 2004 to September 2005, the Consumer Price Index for July 2011 has risen by 18.8% (http://www.censtatd.gov.hk/hong_kong_statistics/statistical_tables/index.jsp?subjectID=10&tableID=52A). Thus, the average lunch cost for working adult in July 2011 can be estimated as \$29 (\$24 x 118.8%).

Table 3: The median amount of rent payment on top of the MRA in CSSA cases with the actual rent exceeding the MRA, by the number of family members eligible for CSSA in 2010-11

Number of eligible members	2010-11 (as at the end of December 2010)			
	Maximum levels of rent allowance (MRA) (a)	Median of the amount paid on top of MRA (b)	Suggested level of MRA (a)+(b)	% increase
1	\$1,265	\$236	\$1,501	18.7
2	\$2,550	\$450	\$3,000	17.6
3	\$3,330	\$670	\$4,000	20.1
4	\$3,545	\$755	\$4,300	21.3
5	\$3,550	\$950	\$4,500	26.8
6 or above	\$4,435	\$565	\$5,000	12.7

Source: Social Welfare Department, Census and Statistic Department, 2011

6. Increase the Supply of Public Rental Housing

Due to the recent relaxation of the eligibility for public housing, the total number of applicants on the waiting list will soon exceed 84,700 (on top of the 60,300 non-elderly singletons). The Hong Kong SAR Government should increase the production of public rental housing flats from 15,000 to 30,000 flats per year so as to ensure that applicants do not have to wait more than 3 years for their unit.