

For discussion
on 18 June 2001

LegCo Panel on Food Safety and Environmental Hygiene

Licensing of Non-restaurant Food Premises

PURPOSE

This paper briefs Members on the present licensing system for non-restaurant food premises and the recommendations of a consultancy study to streamline the system.

PRESENT POSITION

2. Under the Public Health and Municipal Services Ordinance (Cap. 132), a food business licence is required for trades or businesses to engage in food handling. Other than restaurant licences, there are eight different types of food business licence, namely: Bakery, Cold Store, Factory Canteen, Food Factory, Fresh Provision, Frozen Confections Factory, Milk Factory and Siu Mei/Lo Mei Shop.

3. At present, the Food and Environmental Hygiene Department (FEHD) operates three Licensing Offices in Hong Kong, Kowloon and New Territories respectively to handle applications for non-restaurant food business licence. Under the current system, it may take about 3 to 8 weeks for FEHD to issue a letter of requirements (i.e. a list setting out the specific requirements to be complied with). A licence will be issued upon compliance with the stipulated requirements. A flow chart showing the existing licensing procedures for non-restaurant food business licence is at **Annex**.

4. The trade has been calling for the Department to simplify the licensing regime and to streamline the licensing procedures. At present, some food business (e.g. supermarkets) may require four to five different types of licences for the same premises in order to sell a variety of food. Besides, the number of abandoned and unsuccessful applications is high (554 abandoned/unsuccessful cases out of 1 349 applications for 2000). This not only frustrates the trade but also takes up valuable resources in FEHD that

could otherwise shorten the processing time. Moreover, some applicants complained about the requirement to submit revised plans even for minor alteration works done during the application period which may also cause delay.

CONSULTANCY STUDY AND ITS RECOMMENDATIONS

5. To address the concern of the trade and to put in place an open and business-friendly licensing system, the Administration engaged KPMG Consulting Asia Limited (the Consultant) in September 2000 to conduct a study to streamline the procedures and shorten the time for licensing of the non-restaurant food premises. The Consultant delivered its final report in May 2001 with key recommendations in three broad areas -

(a) Simplifying the Licensing System:

- (i) To combine the eight different types of licences into two generic groups: "manufacturing" and "manufacturing/retailing", thereby allowing food premises with multiple lines to operate under one single licence (e.g. one "manufacturing/retailing" licence to cover the fresh provision shop, bakery, food factory and siu mei and lo mei shop licences for a supermarket); and
- (ii) To standardize and simplify the existing licensing requirements and conditions (e.g. elimination of outdated or duplicated requirements).

(b) Streamlining the Application and Renewal Process:

- (i) To charge an application fee which amounts to about 50% of the full cost for issuing a license upon receiving an application (instead of charging the full amount upon issuing a licence) and improve training for FEHD licensing staff so as to reduce the number of unsuccessful/abandoned/withdrawn cases;
- (ii) To require an accurate "as-built" plan (finalized plan) to be submitted only when construction works is completed, thereby reducing frequent submission of revised plans during the application process without compromising critical licensing requirements;

- (iii) To improve the co-ordination among various Government departments and parties involved regarding application submission and vetting, site inspection, payment procedures and inter-departmental referral process with a view to further cutting the average response time; and
 - (iv) To enhance application status monitoring system by using computer systems to facilitate applicants and Government departments to keep track of application process.
- (c) Rationalizing Enforcement Activities:
- (i) To revise and improve the current demerit points system to give more incentives for the food establishments to improve their hygiene conditions; and
 - (ii) To implement a risk-based inspection system to ensure that food establishments with the highest health risk (e.g. the manufacturing of sushi and sashimi) would be subject to more inspections.

THE WAY FORWARD

6. The Administration is determined to streamline the licensing procedures for non-restaurant food premises and establish an open and more business-friendly licensing system. We are considering the above recommendations as well as other options, such as by making reference to the improved restaurant licensing system, to further improve the licensing system for non-restaurant food premises. We intend to consult the trade regarding our proposal in the third quarter of this year.

7. Subject to the outcome of the consultation, we plan to take forward the recommendations in two phases. We intend to implement in end 2001-02 the measures for streamlining the application procedures. These measures can be done administratively and do not require change in legislation. For those requiring legislative amendments such as combining different types of licences and rationalizing the application fee structure, we intend to pursue legislative amendments starting in 2001-02. Implementation will be contingent upon the passage of the required legislation.

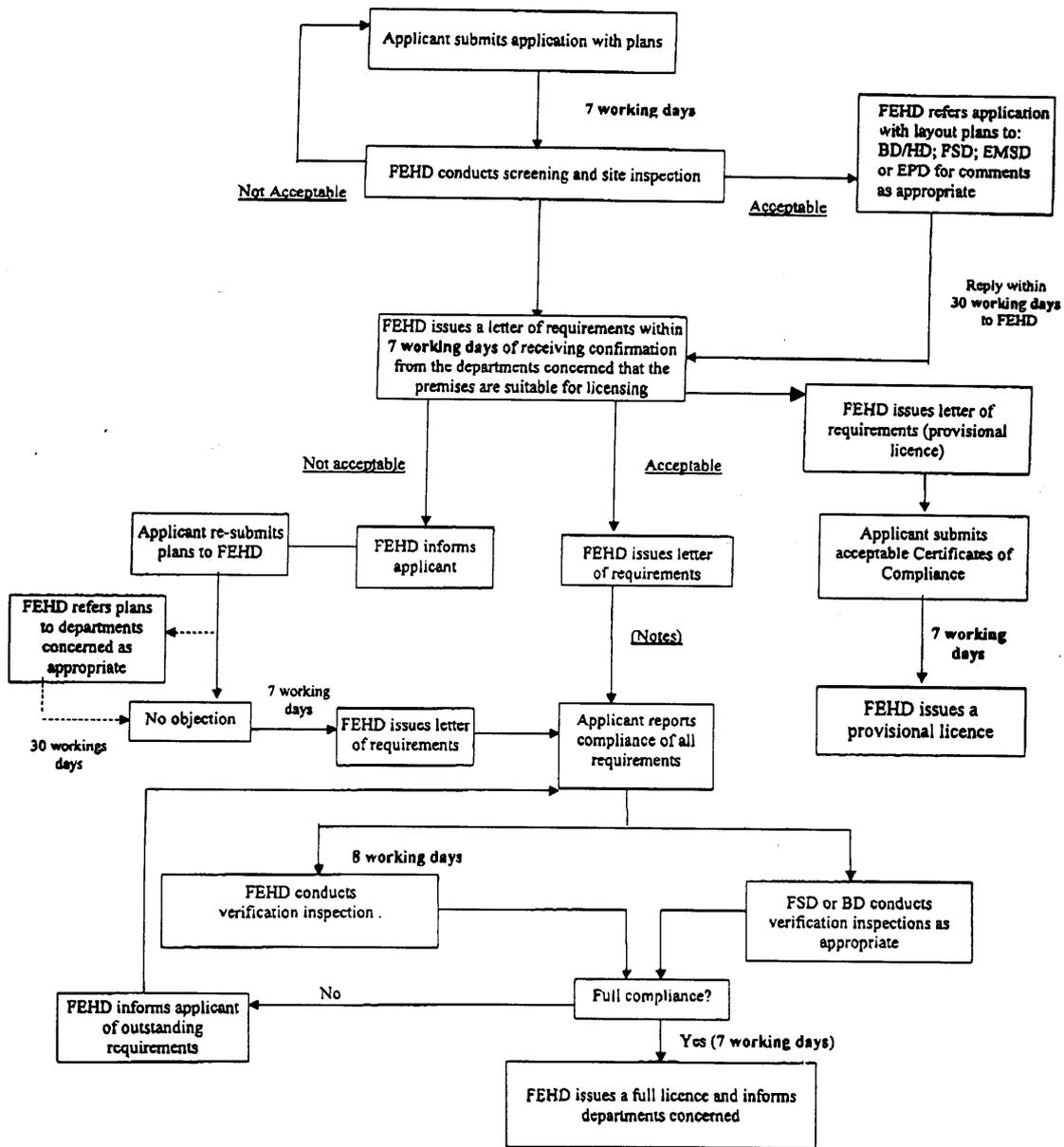
ADVICE SOUGHT

8. Members are invited to offer their views and comments on the Consultant's recommendations.

Food and Environmental Hygiene Department
June 2001

Annex

Flow Chart for Processing of Application for Non-Restaurant Food Business Licences



- Notes (1) Premises will be inspected every 3 months to check the progress.
 (2) An assumption letter will be issued if no effort is made by the applicant to meet the licensing requirements.