

**For discussion
On 22 April 2002**

LegCo Panel on Food Safety and Environmental Hygiene

ITINERANT HAWKER LICENCE

PURPOSE

This paper sets out our proposed alignment policy for itinerant hawker licences (“IHLs”) in the urban area and in the New Territories.

BACKGROUND

2. At the meeting of the LegCo Panel on Food Safety and Environmental Hygiene on 23 April 2001, Members discussed the paper “Itinerant Hawker Licence” (LC Paper No. CB(2) 1330/00-01(03)) and took note of the following different policies adopted by the two former Municipal Councils regarding IHLs -

- (a) For urban area, an IHL Compulsory Deletion Policy (“IHLCDP”) was introduced by the then Urban Council in March 1993 with a view to phasing out all IHLs in the urban area within three years. Under the IHLCDP, IHL holders who surrendered their licences have the options of receiving an ex-gratia payment (“EGP”) of \$30,000 or selecting either a vacant fixed pitch or a stall in public markets with concessionary rental arrangements. Details of the various options available at the time are set out at **Annex**.
- (b) For the New Territories, the Regional Council did not adopt a compulsory deletion policy but relied on natural attrition to phase out IHLs. None of the options available under the Urban Council IHLCDP were offered to IHL holders in the New Territories.

3. At the meeting, Members expressed the following views and requested the Administration to take them into consideration when reviewing its IHL policy -

- (a) There should be a consistent policy for IHLs in the urban area and in the New Territories;

- (b) It was not necessary to set a timetable to phase out all IHL holders; and
- (c) The amount of EGP for surrendering IHL should be increased.

TRADE CONSULTATION

4. Subsequently, we met with representatives of the hawker trade in May 2001 to solicit their views on our IHL policy. They generally objected to a compulsory deletion arrangement but supported a voluntary scheme applicable to IHL holders in both the urban area and in the New Territories to encourage the surrender of IHL. They also requested that the amount of EGP be increased.

LATEST POSITION

5. As at 28 February 2002, a total of 2,882 IHL holders in the urban area have surrendered their licences under the IHLCDP. About 70% of them opted for EGP upon surrendering their licences. Of the remaining 1,067 IHL holders, 544 were in the urban area and 523 in the New Territories.

POLICY CONSIDERATIONS

6. In reviewing the future arrangement for IHLs, particularly in deciding whether or not we should reinstate the IHLCDP and, if so, to extend it to the New Territories, we have considered the following factors -

(a) Prevailing economic/unemployment situation

The IHL trade currently provides employment for 1,067 IHL holders. If the IHLCDP is reinstated, many of these people will be put out of job in the next three years or so.

(b) Age profile of IHL holders

It is observed that the average age of IHL holders is increasing over the years: 74% of the IHL holders in the urban area and 60% in the New Territories are currently over 60 years of age. In a few years' time, the majority of these IHL holders would likely become too old to continue hawking.

(c) Consistency

After the reorganization of municipal services in 2000, the management of IHLs in both the urban area and the New Territories has come under the single administration of the Food and Environmental Hygiene Department. It would only be fair to adopt the same policy for IHL holders in both the urban area and in the New Territories.

(d) EGP

Over the past three years, an average of about 6% of urban IHL holders opted for EGP in lieu of their licences each year. This shows that the current level of EGP of \$30,000 is still attractive.

ALIGNMENT PROPOSAL

7. After careful deliberation, we put forward the following alignment proposal on IHL policy for Member's consideration -

(a) Alignment and no compulsory deletion of IHLs

We do not propose to impose a deadline on the phasing out of IHLs, i.e. there will be no compulsory deletion of IHLs. Further, for reasons of fairness and equity, the options currently available to urban IHL holders for surrendering their licences should be extended to IHL holders in the New Territories (existing options for urban IHL holders are set out at **Annex**).

However, to encourage the voluntary surrender of licences, we consider it appropriate to impose a time limit on the options offered. If no time limit is set for the options, IHL holders would have no incentive to surrender their licences as they could just carry on hawking and take the EGP option just before they retire.

A time limit of five years on the offer of the options is proposed. This limit should allow sufficient time for existing IHL holders to make necessary arrangements for the surrender of their licences if they so choose. In any event, we believe a considerable number of licence holders may choose to voluntarily surrender their licences in the next few years as most of them are already at an advanced age.

Any IHL holders wishing to carry on business after the five-year time limit would continue to be issued with IHL licences. They would have, however, forfeited their opportunity to take up the options as set

out in the **Annex** when they eventually surrender their licences.

(b) Level of EGP

Given that the current level of EGP is already at an effective level to encourage the voluntary surrender of licences, and the substantial extra outlay in extending the EGP to the New Territories, we consider raising the level of EGP is not justified at present.

IMPLEMENTATION

8. Subject to Members' agreement to the proposal, we propose to implement the new policy and arrangement in mid 2002.

ADVICE SOUGHT

9. Members are invited to comment on the proposed alignment arrangement.

**Food and Environmental Hygiene Department
April 2002**

**Existing package offered to IHL holders under the
IHL Compulsory Deletion Policy**

- (A) All IHL holders who voluntarily surrender their licences can choose any one of the following options :
- (i) to select a vacant fixed pitch in the urban area and be regarded as fixed pitch licensed hawker;
 - (ii) to select a vacant small stall in public market and pay only the IHL fee as annual market rental for the first 3-year tenancy agreement;
 - (iii) to select a vacant large stall in public market and pay 50% OMR as rental for the first 3-year tenancy agreement;
 - (iv) To receive an EGP of \$30,000.
- (B) In addition to the above, for IHL(Mobile Van) holders, they can select a vacant cooked food stall in public market to sell ice-cream and desert and pay 50% OMR as stall rental or select a vacant cooked food stall to sell cooked food and pay 75% OMR as stall rental for the first 3-year tenancy agreement.