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the Administration)

Panel on Food Safety and Environmental Hygiene

**Minutes of meeting
held on Thursday, 19 December 2002 at 8:30 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Fred LI Wah-ming, JP (Chairman)
Hon Tommy CHEUNG Yu-yan, JP (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
Hon James TO Kun-sun
Hon CHAN Yuen-han, JP
Hon Andrew CHENG Kar-foo
Hon Michael MAK Kwok-fung
Hon LEUNG Fu-wah, MH, JP
Dr Hon LO Wing-lok
Hon WONG Sing-chi

Member attending : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP

Member absent : Hon WONG Yung-kan

Public Officers Attending : Items I to III

Mrs Ingrid YEUNG
Acting Deputy Secretary (Food and Environment Hygiene)
Health, Welfare and Food Bureau

Ms Rhonda LO
Assistant Director (Operation)³
Food and Environmental Hygiene Department

Mr Anthony LI
Acting Principal Assistant Secretary (Economic Development)
Economic Development and Labour Bureau

Item IV

Mrs Ingrid YEUNG
Acting Deputy Secretary (Food and Environment Hygiene)
Health, Welfare and Food Bureau

Dr S P MAK
Deputy Director (Food and Public Health)
Food and Environmental Hygiene Department

Ms Rhonda LO
Assistant Director (Operation)³
Food and Environmental Hygiene Department

Mr K K LIU
Deputy Director of Agriculture, Fisheries and Conservation

Clerk in Attendance : Mrs Constance LI
Chief Assistant Secretary (2)5

Staff in Attendance : Ms Joanne MAK
Senior Assistant Secretary (2)2

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I. Date of next meeting and items for discussion
[LC Paper Nos. CB(2)699/02-03(01) and (02)]

Members agreed to discuss the following items at the next regular meeting scheduled for 28 January 2003 at 10:45 am -

- (a) Anti-rodent campaign; and
- (b) Progress report on Clean Hong Kong Campaign.

2. Members also agreed to invite the Secretary for Health, Welfare and Food (SHWF) to brief members on the Policy Address 2003 at the next meeting. Acting Deputy Secretary (Food and Environment Hygiene) (DS(FEH)(Atg)) agreed to convey members' request to SHWF.

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II. Information paper(s) issued since last meeting

[LC Paper Nos. CB(2)421/02-03(01), CB(2)460/02-03(01) and CB(2)687/02-03(01)]

3. Members noted that the following information papers had been received since the last regular meeting -

- (a) submission from the New Territories Chicken Breeders Association Limited;
- (b) submission from a member of the public expressing opposition to the operation of "private kitchens" in residential buildings; and
- (c) information paper provided by the Administration on "Construction of Kwai Chung Ambulance Depot with Fire Services Department Offices and Refuse Collection Point at Hing Shing Road, Area 10B, Kwai Chung".

4. Regarding the information paper on item (c), the Chairman informed members that the Panel on Security would consider the proposed project together with another proposal, both involving the construction of ambulance depots. He said that members who wished to discuss the paper should notify the Clerk to the Panel on Security.

III. Follow-up discussion on problems relating to the supply of pork

[LC Paper Nos. CB(2) 699/02-03(03) and CB(2) 2764/01-02]

5. Referring to the paper provided by the Competition Policy Advisory Group (COMPAG), the Chairman criticised that COMPAG had evaded the question of whether Ng Fung Hong (NFH) had monopolised the fresh pork market. He pointed out that as NFH was the sole agent for the sale of Mainland live pigs which accounted for 80% of the fresh pork market, COMPAG should look into whether there was a monopoly problem regarding the sole agency system.

6. DS(FEH)(Atg) responded that COMPAG should not only look at the fresh pork market in isolation. She pointed out that competition did exist in the overall pork market, as there was also pork from local pigs, chilled pork and frozen pork. She said that in recent years, consumers had turned to use much more frozen or chilled pork instead of fresh pork, as demonstrated by -

- (a) the fact that the number of live pigs slaughtered had not increased despite the increase in population; and
- (b) the increase in the volume of frozen and chilled meat imported.

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DS(FEH)(Atg) added that local pig farms had all along met part of the supply. Therefore, COMPAG did not consider that NFH had monopolised the fresh pork market.

7. DS(FEH)(Atg) further said that there was no restriction on the origin of live pigs supplied to the market. Importers were free to import pigs from any place provided that the imported pigs met the stipulated health standards and sanitary requirements. There was also no restriction on the quantity of imported live pigs and live pigs supplied by local farms. DS(FEH)(Atg) said that before 1988, live pigs had been imported to Hong Kong from places other than the Mainland. In recent years, Mainland live pigs had been able to win over the Hong Kong market from their competitors and this had illustrated that competition existed in the market.

8. Referring to paragraph 15 of the paper, the Chairman criticised that COMPAG's conclusion that there was no evidence that the two large supermarket chains were practising predatory pricing was only based on its "observations". The Chairman queried how COMPAG could assess the profit margin of the two companies without information on their actual costs.

9. DS(FEH)(Atg) said that it was found that the purchase price of live pigs had the most important bearing on the retail price of fresh pork, and that the two large supermarket chains were buying live pigs at a price apparently lower than other retail outlets. DS(FEH)(Atg) said that other costs, such as the handling charges of live pigs, slaughtering fees, charges for splitting pig carcasses, etc. borne by supermarkets and other retail outlets were the same as these were standard charges. As to other costs such as staff costs and rental of the supermarkets, they should have very little bearing on the retail price of fresh pork, as these overheads were shared out by the large range of commodities sold at the supermarkets. COMPAG considered that the two large supermarket chains could still have a narrow profit margin by selling fresh pork at a price a bit lower than other retail outlets. COMPAG therefore concluded that at the present stage, there was no evidence to substantiate that the two large supermarket chains had adopted a strategy of predatory pricing.

10. In response to Dr David CHU, DS(FEH)(Atg) said that for the export of Mainland live pigs into Hong Kong, the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) had appointed NFH as the sole agent.

11. Dr David CHU suggested that the Administration should compare the prices of live pigs sold in Shenzhen and those imported for sale in Hong Kong. He said that if there was big difference in the prices, the Administration should liaise with MOFTEC to put in place competition mechanisms in the trading of live pigs in order to reduce the price of live pigs exported to Hong Kong.

12. DS(FEH)(Atg) responded that there could be large difference in the costs of the pigs sold in the Mainland and of those imported to Hong Kong, because of additional costs incurred by the control measures imposed on the latter to ensure that the

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imported pigs met Hong Kong's health standards and sanitary requirements. She explained that pigs imported from the Mainland must come from registered farms and be accompanied with health certificates issued by the Mainland authorities. After they were imported into Hong Kong, quarantine tests were carried out on them and there were also the fees charged by the local slaughterhouses were also different from Mainland slaughtering costs. She considered that it was not appropriate to compare the prices of the pigs sold in the Mainland and those imported into Hong Kong.

13. DS(FEH)(Atg) further said that at present, the Administration did not consider that there was a strong case to suggest MOFTEC to abolish the sole agency system. She reiterated that in the local pork market, there was a free play of market forces as there was no restriction on the places for supply of products. Moreover, local pig farms had all along been meeting part of the supply.

14. Dr David CHU considered that since it was only practicable to transport pigs to Hong Kong by land vehicle, pigs from other places of origin could hardly compete with the Mainland pigs for Hong Kong market. The Chairman also considered that the Administration should collect more data and information for cost analysis in respect of the Mainland live pigs. He believed that the Administration had no information, for example, on the profits earned by NFH in the trading of the Mainland pigs, which might have inflated the prices of the Mainland live pigs. He asked whether any pigs raised in the registered farms in the Mainland were for internal consumption and sought information on the costs of these pigs.

15. DS(FEH)(Atg) replied that some of the pigs raised in the Mainland registered farms were for internal consumption. However, the Administration did not know the costs of these pigs. DS(FEH)(Atg) drew members' attention to the fact that as the Administration could not impose control on pigs sold for internal consumption in the Mainland, it did not know whether or not these pigs met the quality standards stipulated in Hong Kong.

16. DS(FEH)(Atg) further said that since the Administration did not know the profits earned by the traders involved in the trading process of the Mainland pigs for internal consumption, it could not compare the profits earned by these traders and those by NFH. She added that as the registered farms scattered in a number of provinces and the cost could differ widely between provinces in the Mainland, it was difficult to make a comparison between Hong Kong and Mainland prices.

17. DS(FEH)(Atg) reiterated that the Hong Kong market was open to all suppliers and there was no barrier to entry. In fact, for a few decades before the late 1980s, live pigs had been shipped to Hong Kong. She added that it was not impossible to import livestock by sea. For example, earlier this year when the price of cattle had gone up because of floods in the Mainland, some traders had also explored importing cattle from other places.

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18. Mr LEUNG Fu-wah expressed support for the conclusions in COMPAG's paper. He considered that members should focus on whether the retail price of pork was unreasonably high and whether competition existed in the local pork market. He said that the price slash of pork by the two supermarkets did not seem to have much impact on the business of pork stalls in wet markets, but had only benefited consumers. He considered that supermarkets had provided convenience to consumers and enhanced their choice. He took the view that the Administration did not need to intervene in the operation of the pork market as it was not showing any serious problems. Moreover, as the sole agency system in respect of the export of livestock was part of the Mainland's economic and trade policy, the Government of the Hong Kong Special Administrative Region was not in a position to introduce any changes to the system.

19. In response to Mr LEUNG Fu-wah, DS(FEH)(Atg) said that since the two supermarkets had lowered the price of pork, the Administration had not found the sale of unhygienic pork in supermarkets or received any complaints in this regard.

20. In response to Mr LEUNG Fu-wah's further question, Acting Principal Assistant Secretary (Economic Development) said that COMPAG was chaired by the Financial Secretary. Its membership included senior officials such as the Secretary for Economic Development and Labour, Secretary for Financial Services and the Treasury, the Director-General of Trade and Industry, etc. The only non-official member was the Consumer Council.

21. Mr WONG Sing-chi was of the view that the price slash introduced by the two supermarkets would eventually drive pork stallholders out of business and the two supermarkets could then increase the price substantially. Mr WONG expressed disappointment that COMPAG had failed to see that problems were bound to arise under the sole agency system in the long term. He asked whether the Administration would negotiate with the Mainland authorities for abolishing the sole agency system in order to protect the interests of Hong Kong people.

22. DS(FEH)(Atg) reiterated that although NFH was the sole agent in importing live pigs from the Mainland, COMPAG did not consider that there was a monopoly problem in the pork market and there was no strong justification to suggest the abolition of the sole agency system. She pointed out that over the years, the local pork market had actually undergone many changes. She said that from 1997 to 2001, the consumption of frozen pork had increased from some 80,000 tons to some 160,000 tons. From January to July 2002, the consumption of frozen pork had already reached some 100,000 tons. There had also been a decrease in the number of live pigs slaughtered despite the increase in population. DS(FEH)(Atg) said that all these showed that there was competition in the larger pork market, as Mainland live pigs were not the sole source of pork for local people. She added that at the special meeting of the Panel held on 14 May 2002, the views expressed by the deputations on the desirability of abolishing the sole agency system were also divided.

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23. Mr WONG Sing-chi further asked whether the Administration recognised that NFH had monopolised the fresh pork market since the Mainland pigs accounted for 80% of the fresh pork consumed in Hong Kong. He also asked whether the Administration would take any action to prevent problems from arising under the sole agency system.

24. DS(FEH)(Atg) responded that to examine whether there was competition in the local pork alone, it was necessary to examine the overall market instead of the fresh pork market alone, as its market share was just 51%. She further said that according to the Statement on Competition Policy, competition was best nurtured and sustained by allowing free play of market forces and keeping Government intervention to the minimum. She said that in the local pork market, the Administration had maintained a level playing field for all at the import, wholesale and retail levels and there was no restriction to entry to the trade. Moreover, there was no restriction on the origin of live pigs supplied to the Hong Kong market. Importers were free to import pigs from any places provided that the imported pigs met the necessary health standards and sanitary requirements.

25. Dr LO Wing-lok expressed support for the conclusion drawn in COMPAG's paper that competition existed in the local pork market and the Administration did not need to intervene in its operation. He said that although NFH was the sole agent in importing live pigs from the Mainland, traders were still free to import live pigs from other places. He said that if NFH really boosted the prices of pigs imported from the Mainland to a very high level, pigs could be imported from other sources such as Taiwan. He considered that there was adequate competition in the pork market as long as the Administration maintained that the market was open to all players at the import, wholesale and retail levels and that it imposed the same conditions and requirements on all players at each level.

26. Dr LO Wing-lok expressed concern as to whether the limited number of service providers had pushed up the slaughtering charges in Hong Kong and inflated the price of fresh pork. He pointed out that the Sheung Shui Slaughterhouse managed by NFH was the major service provider and the Tsuen Wan Slaughterhouse only operated of a minor scale. He asked if the Administration had reviewed the provision of slaughtering services to ascertain whether competition existed between the two slaughterhouses.

27. DS(FEH)(Atg) responded that the operation of the Sheung Shui Slaughterhouse had been contracted out through open tender and NFH was the only company that had submitted tender. She said that the Administration would conduct open tender again when the current contract was about to expire. As to the Tsuen Wan Slaughterhouse, DS(FEH)(Atg) said that it was privately-owned and NFH was one of the shareholders. She explained that the output of a slaughterhouse was much restricted by its size and facilities, and the output of the Tsuen Wan Slaughterhouse was already quite large. Nevertheless, the capacity of the Tsuen Wan Slaughterhouse could still be increased to meet increases in demands for fresh pork occasionally.

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28. Mr Tommy CHEUNG said that even if the sole agency system was abolished and traders could place order direct with suppliers in the Mainland, it was still doubtful whether stallholders could buy live pigs at a price much cheaper than the two supermarkets, which bought pigs in large bulk. He considered that the present live pig auctioning system was fair, as buyers were free to offer prices after considering the quality of the pigs auctioned. He also pointed out that there had never been disruption in the supply of pork in Hong Kong and traders could import live pigs from other places, such as Thailand and Taiwan, if the price of fresh pork from Mainland pigs became excessively high.

29. Mr Tommy CHEUNG further said that he supported the conclusions made in COMPAG's paper and he did not see evidence of predatory pricing being practised by the two supermarkets. He considered that supermarkets and market stalls had their own competitive edge. He said that he had never heard people complaining that the price of pork was too high or unaffordable to them. He took the view that in a free market, there was no need to ask any party to lower their price charged, as consumers would cut their consumption of fresh pork if its price had become excessively high and the price would then fall. However, he considered that the Administration should continue to monitor the situation and prevent the pork market from being monopolised. It should also ensure fair competition in the market and protect the interests of small traders, such as the pork stallholders in wet markets.

30. Dr David CHU said that since pork was a major food item, the Administration should explore the possibility of lowering the retail price of pork. He said that the Administration should attempt to negotiate with the Mainland for the best price for the Mainland live pigs exported to Hong Kong.

31. Dr LO Wing-lok asked whether the Administration had information on the price of the Mainland pigs charged by the Mainland farmers. He said that if the price was already on the low side compared with Thailand and Taiwan, the Administration did not have a case to negotiate with the Mainland for a lower price. He suggested that the Administration should find out whether it was actually the local cost that had inflated the price of fresh pork.

32. DS(FEH)(Atg) responded that there were many registered farms in the Mainland scattered in different parts of the Mainland. As these farms were competing against each other, their production costs were trade secrets which would not be disclosed to the Administration for public use.

33. In response to Mr Tommy CHEUNG, DS(FEH)(Atg) confirmed that the pigs delivered to the Sheung Shui Slaughterhouse for auctioning were not priced before auction. The proceeds after auctioning were returned to the export farms concerned, and NFH only charged the farms commissions for the service it offered. She also confirmed that for animal health and other reasons, the Administration did not encourage the import of excessive livestock into Hong Kong each day. She agreed with Mr CHEUNG that when there was a downward adjustment of the price of fresh

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pork, naturally the Mainland export farms would reduce their supply of live pigs to Hong Kong in order to stabilise the price of pigs.

34. The Chairman reiterated that he did not accept the conclusions drawn in the Administration's paper. He said that the Administration had not collected the necessary information, such as the rate of commissions NFH charged and the overheads of the two supermarket chains. Referring to paragraph 18 of COMPAG's paper, the Chairman requested the Administration to explain how it could ensure that there would not be collusion between NFH and Shing Lee (Meat Supplies) Hong Limited (SLH) and that there would be fair trading of live pigs and no anti-competitive practices.

35. In response to the Chairman, DS(FEH)(Atg) said that the Administration had maintained liaison with NFH, SLH, pork traders and pig buyers. It had also kept a close watch of the price of pigs bid by SLH and the number of retailers who engaged its service. The Administration had also reached consensus with NFH that the latter would consult and notify the Administration if it wanted to change the rules for live pig auctioning.

36. DS(FEH)(Atg) shared the views of some members that when the price of a commodity was excessively high, consumers would cut their consumption of that commodity and this would eventually lead to downward adjustment of the price. She explained that the Administration did not determine whether or not a business activity was anti-competitive only by looking at the business volume, market share or level of profits. Instead, the Administration looked at whether any practices of such business actually contravened the principle of fair competition. She said that in the local pork market, the Administration carefully examined whether there was anti-competitive act at the import, auction/wholesale and retail levels, as well as the prices offered/set by all market participants at all these levels. The Administration also looked into the reasons for any price fluctuations and supply disruptions to decide whether there was anti-competitive act in the market.

IV. Follow-up discussion on the Report of the Investigation Team for the 2002 Avian Influenza Incident

[LC Paper Nos. CB(2) 699/02-03(04) and (05)]

37. Members noted that the Legislative Council Secretariat had prepared a background paper on "Discussion on the Report of the Investigation Team for the 2002 Avian Influenza Incident" for members' reference.

Detection of H5 avian influenza virus at the Penfold Park

38. At the Chairman's request, Deputy Director of Agriculture, Fisheries and Conservation (DD(AFC)) briefed members on the latest detection of H5 avian influenza virus in Hong Kong. He said that on 3 December 2002, some waterfowl

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had been found dead at the Penfold Park and the Agriculture, Fisheries and Conservation Department (AFCD) had been informed on the same day. On 4 December 2002, samples had been collected by AFCD for testing and on 9 December 2002, the test results indicated that the waterfowl had died from H5 avian influenza virus. A total of 31 waterfowl had died at the Penfold Park.

39. DD(AFC) said that after the detection of H5 influenza, the remaining 54 waterfowl in the Penfold Park had been destroyed as they had probably contracted the disease as well. The Penfold Park had been closed for cleansing and disinfection. AFCD was monitoring the situation and would further decide on the future arrangements of the Park in keeping waterfowl.

40. In response to Dr LO Wing-lok, DD(AFC) said that waterfowl was also found at Ocean Park, Kadoorie Farm, the Botanical Garden and Kowloon Park. However, the waterfowl at these parks/farm was generally separated from the public. It was only at the Penfold Park that the waterfowl was kept in open area and visitors were allowed to have direct contacts with and feed the waterfowl. At all these parks/farm, there were veterinary officers to monitor the health conditions of the waterfowl.

41. DD(AFC) further said that as avian influenza could spread through faeces of waterfowl, visitors who had come into contact with waterfowl should wash their hands to minimise the risk of exposure to the disease.

42. In response to Mr Tommy CHEUNG, DD(AFC) said that there was no previous case of horses contracting the influenza virus of waterfowl. Horses in Hong Kong had also been vaccinated against equine influenza.

Dead chickens found in Mui Wo Market and control mechanism at retail level

43. Assistant Director (Operation)3 (AD(Ops)3) of the Food and Environmental Hygiene Department (FEHD) said that 22 dead chickens at a poultry stall in Mui Wo Market had been discovered during inspections in the morning on 18 December 2002. As it was unusual for a single poultry stall to have so many dead chickens, FEHD staff had asked the stall owner to destroy the remaining 60 chickens in his stall. FEHD staff had also carried out thorough cleansing and disinfection in the stall. FEHD had ordered the poultry stall to cease business on 19 December 2002. In response to the Chairman, AD(Ops)3 said that the Administration did not have information on whether the chickens of the stall in question were from local farms or the Mainland. She agreed to provide such information to the Panel later.

44. AD(Ops)3 added that other than the above case, no abnormality had been found in other retail outlets. However, FEHD staff would remain vigilant in monitoring the situation of all live poultry retail outlets.

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45. In response to the Chairman, AD(Ops)3 confirmed that dead chickens had been found at the Yeung Uk Road Market and Tai Sing Street Market in the past few months. She said that under the avian influenza surveillance system, no abnormal number of chicken deaths had been found in retail markets in the past year. She said that except for three months in which no chicken had been found dead, dead chickens had been found in retail outlets from time to time. However, in all these cases, the number of chicken deaths was only sporadic.

46. Mr Tommy CHEUNG asked whether the Administration would improve the conditions of the Yeung Uk Road Market and Tai Sing Street Market, which were crowded with many live poultry stalls. He suggested the Administration to make use of the vacant stalls in these markets to improve the overcrowded conditions.

Adm 47. AD(Ops)3 said that there were 24 and 21 live poultry stalls respectively in the Yeung Uk Road Market and Tai Sing Street Market. She concurred that markets with many live poultry stalls had a higher risk than those with fewer such stalls. She agreed to take into consideration the suggestion of Mr CHEUNG.

Adm 48. Mr Tommy CHEUNG further suggested the Administration to provide incentives for the live poultry stallholders in the above two markets to relocate to other public markets. AD(Ops)3 said that the Administration would explore ways to improve the crowded situation of live poultry stalls in the two markets.

49. In response to Dr LO Wing-lok, AD(Ops)3 said that inspections were conducted to all the live poultry stalls in 74 FEHD-managed public markets twice a day. The first round of inspection was carried out at about 6 am every morning when the markets opened. If any chickens were found dead, samples would be taken for testing. Dead chickens had to be placed in a designated container in the market for collection by FEHD.

50. As to the poultry stalls in public markets managed by the Housing Department as well as fresh provision shops, AD(Ops)3 said that FEHD did not conduct inspections to them everyday due to manpower constraint. Instead, it conducted surprise inspections to each of them once a week. She added that live poultry stall/shop owners were all bound by licensing conditions to report to FEHD all incidents of abnormal number of deaths of chicken found on their premises.

Adm 51. Mr Michael MAK asked what actions FEHD took to deal with retail outlets which were found in breach of the licensing/tenancy conditions relating to hygiene requirements. DS(FEH)(Atg) responded that warnings were issued to these retail outlets, and revocation of licence would be considered if there were no improvements after repeated warnings. At the Chairman's request, DS(FEH)(Atg) agreed to provide the number of such cases to the Panel.

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52. Mr Michael MAK further asked what the Administration would do to enhance the alertness of retailers of the risk posed by avian influenza. DS(FEH)(Atg) responded that the Administration had frequently met with representatives of the various sectors of the local live chicken industry and seek their views on matters relating to their industry. She noted that over the years, the trade had become more alert than before of the risk posed by avian influenza, as this had great impact on their business.

Strategy to reduce the risk of recurrence of avian influenza outbreaks and the use of vaccine

53. Mr Michael MAK asked what the Administration's strategy was to reduce the risk of recurrence of avian influenza outbreaks and whether the importation of chilled chickens from the Mainland and the use of vaccines were some of the measures adopted.

54. DS(FEH)(Atg) responded that as the Investigation Team had pointed out, H5 avian influenza viruses existed as part of nature and could not be eliminated. The Administration's strategy was to minimise the chance of avian influenza outbreaks in Hong Kong and to control the spread of the virus when it was detected. She said that the Administration was of the view that the existing surveillance and control mechanisms were comprehensive and effective for the purposes.

55. DS(FEH)(Atg) further said that the Administration's strategy, as set out in the paper, had been devised based on the recommendations of the Report of the Investigation Team for the 2002 Avian Influenza Incident. The strategy mainly included -

- (a) improving the biosecurity standard of local farms to reduce the risk of incursion of virus onto farms;
- (b) introducing new measures at retail stalls/shops to further reduce the virus load; and
- (c) reviewing the effectiveness of vaccination before establishing its role in the control of H5N1 avian influenza virus in Hong Kong.

56. Regarding the development of a vaccination programme, DD(AFC) said that the programme had been introduced on a trial basis to all farms in the Pak Sha area in April 2001. So far, results of studies had revealed that the vaccine currently used in Hong Kong could help prevent mortality and disease associated with local strains of H5N1 virus in vaccinated chickens. DD(AFC) said that to gather more data to evaluate the role of vaccination in the control of H5N1 avian influenza in Hong Kong, the Administration was considering to extend the trial programme by vaccinating the chickens in farms in the vicinity of Pak Sha.

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57. Mr Andrew CHENG said that a lot of money and resources had been devoted to the control work of avian influenza and yet there was recurrence of avian influenza outbreaks from time to time. He asked under what circumstances the Administration would consider substituting live chickens with chilled chickens from the Mainland and other measures such as supplying live chickens only during major festivals.

58. DS(FEH)(Atg) responded that the Administration considered that the existing surveillance and control mechanisms had been effective in detecting H5 influenza virus at an early stage and in preventing major avian influenza outbreaks, as seen in the incident of Mui Wo Market. She further said that there had already been much discussion on avian influenza in recent years, and consumers had learnt much about the disease and the cost borne by the society for consumption of freshly slaughtered chickens. Nevertheless, it was clear that there was still a demand for live chickens in Hong Kong. The Administration considered that there should continue to be trade in live poultry to meet market demand as far as possible, and let consumers' choice determine the balance between chilled chickens and live chickens. She considered that it was too early to consider substituting live chickens with chilled chickens from the Mainland.

59. Mrs Selina CHOW disagreed that live chickens should be available in the market only during major festivals. She considered that Hong Kong people had a preference for freshly slaughtered chickens and there was still room for the live chicken trade to operate. Mr Tommy CHEUNG echoed Mrs CHOW's views and pointed out that consumers and the catering industry had a demand for freshly slaughtered chickens. He added that the trade had also provided employment opportunities to a lot of people.

60. Mrs Selina CHOW supported that the Administration should strictly enforce the hygiene requirements imposed on live chicken retail outlets and use vaccine for prevention of avian influenza outbreaks. She asked the Administration why it still had not introduced the vaccine being used in the Pak Sha area to all local farms, since the vaccine had been proven successful in the control of avian influenza infection in some overseas countries.

61. DD(AFC) responded that the Administration was considering the use of vaccine for prevention of avian influenza. However, he explained that the characteristic of influenza viruses was that they could mutate rapidly. It was necessary for the Administration to be very careful in developing the vaccination programme for control of the viruses, by gathering more data to evaluate its effectiveness and assess whether any side-effects would arise. DD(AFC) said that in order to obtain more data and expedite the trial programme, the Administration was considering extending the trial programme being implemented in the Pak Sha area to other farms in the vicinity. He said that when the trial programme was completed in April 2003, the results would be reviewed to determine its role in the control of avian influenza in Hong Kong.

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62. The Chairman requested the Administration to provide a report to the Panel on the results of the trial scheme in April 2003. DS(FEH)(Atg) responded that the Administration would make a further report to the Panel, in the second quarter in 2003, on its progress of following up the recommendations in the Investigation Team Report.

63. Mrs Selina CHOW further asked which countries were using the vaccine being used in Hong Kong to control avian influenza infection. DD(AFC) replied that vaccine for control of pathogenic avian influenza viruses was mainly used in South America, Italy and Pakistan. However, their experiences could not be directly applied to Hong Kong for the following reasons -

- (a) the influenza viruses identified in these countries were different from those of the Hong Kong strains;
- (b) Hong Kong had the experience of having a strain of virus that was able to cause fatal disease in human; and
- (c) many different types of live poultry and chickens were available in Hong Kong market than in the above countries.

Overstocking in retail outlets and introduction of an additional rest day to retail markets

64. Referring to the submission from the New Territories Chicken Breeders Association Limited [LC Paper No. CB(2)421/02-03(01)], Mr Michael MAK asked the Administration whether it considered that there was a serious problem of overstocking of chickens in live poultry retail outlets as described in the submission.

65. DS(FEH)(Atg) responded that in July 2001, the Administration had introduced additional licensing/tenancy conditions to tackle the problem of overstocking at the retail level. Strict enforcement was also carried out to ensure compliance with the space requirement for chickens in each cage. AD(Ops)3 said that, the problem of overstocking was found in some stalls on the rest days of the wholesale market. Nevertheless, overstocking in retail outlets was not a too serious problem as found by the Administration in November 2002.

66. AD(Ops)3 added that the Administration would implement additional rest days and increase the frequency of intensive cleansing and disinfection in live poultry retail outlets at times of high chicken consumption. For the winter season spanning from December 2002 to February 2003, the Administration would implement an additional rest day on 10 January 2003 and would add 15 days of intensive cleansing and disinfection.

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67. Miss CHAN Yuen-han also expressed concern about the problem of overstocking of chickens at retail outlets and asked whether the Administration had identified room for improvement in its enforcement work.

68. DS(FEH)(Atg) said that the Administration had carried out strict enforcement of the conditions on overstocking at the retail outlets. However, it noted that as the wholesale market had a rest day every 10 days, retail stalls/shops had tried to stock up for those rest days to ensure that they had sufficient stock to sell. The Investigation Team had therefore recommended introducing an additional rest day in retail markets to reduce the virus load, and to adjust the rest days so that both wholesale and retail markets had two sets of synchronised rest days each month. However, the trade objected to the proposal and the Administration also appreciated the hardship that would cause to the trade. DS(FEH)(Atg) said that the Administration had yet to decide whether or not an additional rest day should be implemented. She said that a balance had to be struck in the Administration's policies between safeguarding public health and protecting the viability of the trade.

69. Miss CHAN Yuen-han urged the Administration to maintain close dialogue with the live poultry trade on improvements to be made for prevention of avian influenza outbreaks. She supported that the Administration had to strike a balance between safeguarding public health and the viability of the trade which was also important to the economy of Hong Kong. DS(FEH)(Atg) said that the Administration attached great importance to the views and suggestions of the trade and had maintained close dialogue with it.

70. Mr Tommy CHEUNG opposed the proposed introduction of an additional rest day to the retail markets. He supported the new licensing condition imposed on retailers that their stalls/shops were ordered to suspend business for one day for thorough cleansing and disinfection if an abnormal number of chicken deaths was found on their premises.

71. Dr LO Wing-lok expressed doubt about the need for introducing an additional rest day to the retail markets, as the virus load in the markets would return to a high level just on the fourth day after the rest day each month. He considered that this measure would not bring much benefit in safeguarding public health but would only cause further difficulty to the trade. He said that as the Investigation Team had pointed out, avian influenza in Hong Kong could not be eliminated. He considered that the Administration had already introduced many control and monitoring measures after the 1997 outbreak to prevent and control avian influenza infection. He further said that from a global point of view, the threat of avian influenza would not be reduced by Hong Kong making efforts alone to break the virus cycle, without the same efforts being made by other places. He urged the Administration to carefully evaluate the pros and cons of the proposed additional rest day before making a decision.

Action

72. Deputy Director (Food and Public Health) of FEHD said that introducing an additional rest day to the retail markets aimed at breaking the virus cycle establishing in the markets, reducing the virus load and hence the chance of avian influenza outbreaks in markets. She reiterated that the Administration had yet to decide on the matter and as a temporary measure, the Administration would implement an additional rest day on 10 January 2003 and add 15 days of intensive cleansing and disinfection from December 2002 to February 2003. It would further review the effects achieved afterwards. The Chairman said that as the intensive cleansing and disinfection work might cause much inconvenience to the poultry retailers, the Administration should provide assistance to them as far as possible.

V. Any other business

73. The Chairman thanked Mrs Ingrid YEUNG, DS(FEH)(Atg), for her assistance rendered to the work of the Panel, as she would soon leave the Food and Environmental Hygiene Division of the Health, Welfare and Food Bureau for re-posting.

74. There being no other business, the meeting ended at 10:55 am.

Council Business Division 2
Legislative Council Secretariat
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