

**For Discussion on
25 May 2004**

LegCo Panel on Food Safety and Environmental Hygiene

Voluntary Surrender of Live Poultry Retail Licences or Tenancies

Purpose

The paper is to seek Members' views on a proposed voluntary scheme to encourage live poultry retailers to surrender their fresh provision shop (FPS) licences with endorsement to sell live poultry or live poultry stall tenancies in wet markets of the Food and Environmental Hygiene Department (FEHD).

Background

2. Since 1998, we have put in place a comprehensive preventive and surveillance programme to reduce the risk of avian influenza outbreaks in Hong Kong. However, these measures are not foolproof. Although all our chickens have been vaccinated against H5 avian influenza, vaccination itself cannot eradicate the risk that any H5N1 avian influenza virus may reassort or mutate to the extent that it may pose a threat to public health. Moreover, the vaccine that we use would have no effect on other types of avian influenza viruses (such as H7-type which may be highly pathogenic). The virus has been found to jump across species to affect humans. There remains a risk that the virus may reassort with other human influenza virus to produce a lethal human pandemic strain.

3. Past experience has shown that the principal mode of transmission of the virus from poultry to human is through contact with live poultry or their faeces. Hence, the most effective way to minimize the health risk posed by avian influenza is to reduce as much as possible the contact between human and live poultry.

4. In Hong Kong, consumers can also come into close contact with live poultry easily because it is sold in the retail outlets. The crowded living environment in Hong Kong further amplifies the risk. While the Government is still consulting the public on the best way to separate humans from contact with live poultry, we consider that as a medium-term measure we need to improve the design and layout of live poultry stalls by enlarging the size of individual stalls, among others, in retail markets in order to implement our

policy objective of separating customers from live poultry. This would require a significant reduction in the number of live poultry stalls in retail markets in order to enable us to reconfigure the existing live poultry stalls. Some members of the trade who are not able to adapt to the new mode of operation may choose to cease business and may need financial assistance. Some FPS licensees, particularly those operating in private premises, might need financial assistance to change the configuration of their stalls to meet our more demanding requirements.

The Proposal

5. We propose that the following financial assistance be offered to live poultry retailers –

- (a) ***Ex-gratia payment (EGP) to live poultry retailers who choose to cease live poultry trading permanently on a voluntary basis*** – The objective of the proposed voluntary surrender package is to reduce as much as possible the number of retail outlets, in particular the very small ones that may not be able to incorporate the various improvement measures because of physical constraints. The principles and criteria that we have adopted in arriving at an equitable basis for the EGP are as follows:-
 - (i) The proposed formula is based on 27 months' average rental of live poultry stalls at FEHD markets drawing reference from the EGP for the compulsory resumption of the Central Market; but enhanced by including an additional 12 months rental taking into account that the retailer will not be allowed to reestablish another live poultry stall elsewhere;
 - (ii) The EGP for small-sized outlets, i.e. those up to 25 m², is further enhanced by applying 25% and 10% increase respectively to outlets up to 15 m² and over 15 m² to 25 m², in order to encourage their operators to surrender their licences or tenancies within one year after the commencement of the surrender scheme;
 - (iii) A maximum ceiling has been set for the large-sized outlets, i.e. stalls over 45 m² as unlike small-size stalls they should have less difficulties in implementing the various improvement measures for separating customers from live poultry;

- (iv) They will be required to surrender their existing licences or tenancies¹ if they choose to receive the EGP.
- (b) *Loans on an unsecured basis to live poultry retailers who choose to continue operation* – This will provide some financial assistance to those live poultry retailers holding FPS licences with endorsement to sell live poultry who wish to continue operation to make investment in upgrading their stalls to meet the new public health requirements

Retraining and financial assistance to live poultry workers

6. To assist those live poultry retail workers who will become unemployed as a result of their employers ceasing operation under the proposed voluntary buyout package, we propose to provide up to 6 weeks of retraining courses through the Employees Re-training Board to those affected workers, with a view to assisting them in finding employment in other sectors. Workers taking full-time courses could receive up to \$1,000 each week during the 6-week retraining period. For those affected workers who continue to remain unemployed after the 6-week retraining period, a one-off grant will be provided to assist them to meet their immediate financial needs. Workers with further financial hardship would then come under the Government's general protection for the unemployed. However, these unemployed live poultry retail workers would be subject to the usual terms and conditions of the Comprehensive Social Security Assistance if they apply for such assistance.

7. The total amount of funding required for the above proposed surrender scheme is estimated to be about \$239 million.

Advice Sought

8. Members' views are sought on the proposed voluntary surrender of licences and tenancies proposal as outlined in paragraphs 5 to 6 above. Subject to Members' views, we intend to seek funding approval from the Finance Committee in June 2004.

Health, Welfare and Food Bureau
May 2004

¹ We have not issued new FPS licences or leased out live poultry stalls in FEHD markets since August 2003 to reduce/contain the number of live poultry retail outlets in Hong Kong for public health reasons.