

For Information

LegCo Panel on Food Safety and Environmental Hygiene

**Surrender of licences/tenancies by live poultry farmers,
wholesalers and transporters**

INTRODUCTION

This paper briefs Members on the revisions made to the voluntary surrender packages to encourage live poultry farmers, wholesalers and transporters to surrender their licences/tenancies and cease operation permanently after further discussions with the live poultry trade.

BACKGROUND

2. At the last meeting of the Legislative Council Panel on Food Safety and Environmental Hygiene (the Panel) held on 14 June 2005, Members were briefed inter alia on the Administration's proposal to launch a voluntary surrender scheme to encourage live poultry farmers, wholesalers and transporters to surrender their licences/tenancies and cease operation in the live poultry trade. Members expressed comments on various aspects of the proposed packages, including the amount of ex-gratia payments (EGPs), long-term policy on local poultry farming, etc. A motion was also passed to urge the Government to formulate a sustainable policy on agriculture to ensure the continuous operation of the live poultry industry.

3. Subsequent to the said meeting, the Administration has further discussed the proposed packages with the trade. After taking into account the views of the trade and without compromising the principle of protecting public health, we have decided to -

- (a) increase the EGP for chicken and pigeon farms by \$150,000 and \$50,000 per farm respectively to account for their investment in biosecurity facilities as specified in the licencing conditions;
- (b) set the maximum licensing capacity of local poultry farms at a level of 2 million (instead of the earlier announced ceiling of 1.85 million); and

- (c) maintain the existing level of support to the poultry farmers remaining in operation in terms of loans for the upgrading of biosecurity measures and other forms of technical assistance.

4. We propose to increase the EGP for chicken and pigeon farms to account for their investment in biosecurity facilities because they are mandatory requirements specified in the licensing conditions. After considering the averaged capital investment, we propose to enhance the EGP by \$150,000 per chicken farm. As regard pigeon farms, since the biosecurity facilities are of a relatively smaller scale, we propose to enhance the EGP by \$50,000 per pigeon farm. There will be no enhancement for duck farms as none of them is in active commercial operation. As a result of such enhancement, the maximum EGP ceiling for poultry farms would be revised from \$4 million to \$4.15 million per farm. The total funding required for providing EGPs and one-off grant for affected workers will also be increased from \$342.1 million to about \$366.1 million, or by about 7%.

5. Furthermore, after further discussions with poultry farmers, the Administration has decided not to further reduce the maximum licensing capacity of individual farms if the maximum ceiling of 2 million live poultry is achieved through the voluntary surrender scheme. While we acknowledge that there is a slight increase in the maximum licensing capacity from the previous 1.85 million (i.e. at half of the existing maximum licensing capacity of about 3.7 million live poultry) as set out in the paper submitted to this Panel on 14 June 2005, we consider that a moderate increase of about 150,000 should not increase substantially the risk of an outbreak of avian influenza.

6. In the event that the target reduction of the maximum licensing capacity has been exceeded (i.e. the total number of poultry reared in local poultry farms falls below 2 million) through the voluntary surrender scheme, any subsequent application to increase the licensing capacity of the remaining farms will only be considered exceptionally on a case by case basis. The overall cap on the licensing capacity remains at 2 million. The Licensing Authority will also be required to consult the relevant health authorities and to take the following factors into consideration:

- (a) the increase in the licensing capacity of a particular farm in situ will not result in an increased risk of an outbreak of avian influenza; and
- (b) the extent to which the licensee is able to comply with any additional or heightened biosecurity measures that may need to be imposed from time to time to reduce the risk of an outbreak of avian influenza.

7. It is also to be noted that our agreement to maintain the maximum licensing capacity at 2 million set out above will not affect our policy to introduce, by legislation, a compulsory buyout scheme for all existing live poultry farmers, wholesalers and retailers should there be a local avian influenza outbreak which entails the culling of all live poultry in the territory.

8. Last but not least, we have also undertaken to maintain the existing level of support to the poultry farmers remaining in operation, including loans for the upgrading of biosecurity measures and other technical assistance.

WAY FORWARD

9. It is our target to introduce the revised voluntary surrender scheme within one month following funding approval by the Finance Committee of the Legislative Council. The Director of Agriculture, Fisheries and Conservation (DAFC) will closely monitor the response to the scheme during the initial six-month period of implementation. If we are unable to reach the target reduction within the six month period of implementation, DAFC will exercise the power conferred by section 4 of the Public Health (Animal and Birds) (Licensing of Livestock Keeping) Regulation (Cap. 139L) to impose such licence condition relating to the keeping of livestock and public health to reduce the maximum licence capacity of the remaining individual farms as he thinks fit.

Health, Welfare and Food Bureau
Agriculture, Fisheries and Conservation Department
July 2005