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Legislative Council

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**Meeting of the Panel on Food Safety and Environmental Hygiene
on 13 November 2007**

Background Brief prepared by Legislative Council Secretariat

Development of the poultry slaughtering and processing plant

Purpose

This paper provides an update on the discussions relating to the development of the poultry slaughtering and processing plant (the Plant) held at the meetings of the Panel on Food Safety and Environmental Hygiene (the FSEH Panel) and its joint meetings with the Panel on Health Services (HS Panel) since April 2004.

Background

2. On 2 April 2004, the Administration briefed the FSEH Panel on the public consultation paper on "Prevention of avian influenza: consultation on long term direction to minimise the risk of human infection". The Administration advised members that, to protect public health, the present mode of operation of the live poultry trade would have to be modified. Two possible long-term approaches were proposed in the Consultation Paper, i.e. the "cold chain" (or central slaughtering) and the "freshly slaughtered chickens" (or regional slaughtering).

3. The Administration advised the FSEH Panel on 14 March 2006 that, as a practical means to address the avian influenza problem, the Administration had been actively exploring the development of a poultry slaughtering plant in Hong Kong to put together poultry slaughtering activities.

4. On 13 October 2006, the FSEH Panel was advised that the Administration had identified a suitable site at Man Kam To Road in Sheung Shui for developing the Plant and consulted the North District Council. The Plant would be developed by the private sector under a Build, Own, Operate and Transfer arrangement, and would come into operation in 2009-2010. At the joint meeting of the FSEH Panel and the HS Panel on 12 December 2006, the Administration advised that an Invitation for Expression of Interest (EoI) would be conducted soon, with the deadline for reply by mid January 2007.

5. On 13 March 2007, the Administration briefed the FSEH Panel on the outcome of the invitation for the EoI exercise for the Plant. Members noted that six submissions were received from local and overseas prospective operators, and that there were proposals in the submissions suggesting that the Plant might operate as a slaughterhouse cum wholesaler or expand to provide higher-value added products and services, source live poultry from other provinces on the Mainland apart from Guangdong. The Administration advised that it intended to invite open tenders for developing the Plant by the end of 2007, following the introduction of the legislation on the Plant and the completion of the Environmental Impact Assessment. Upon the commissioning of the Plant, all live poultry would be delivered directly from import and local farms to the Plant, and the sale of live poultry in retail outlets would be prohibited.

The FSEH Panel's visit to overseas poultry slaughtering plants

6. A delegation of the FSEH Panel conducted a visit to Singapore and Kuala Lumpur to obtain first-hand information about the operation of poultry slaughtering plants in these places in July 2006. The observations of the delegation are in **Appendix I**.

Main discussions relating to the development of the Plant

Central slaughtering approach and regional slaughtering approach

7. The FSEH Panel held a special meeting to gauge the views of experts and the trade on the "cold chain" and "freshly slaughtered chickens" approaches. While the medical experts considered the "cold chain" option the most effective approach to prevent avian influenza, most members and representatives from the live poultry trade strongly opposed this option. They were concerned that the proposed "central" slaughtering plant would not be able to compete with the poultry processing plants on the Mainland, and the live poultry trade in Hong Kong would be wiped out eventually, as in the case of live geese and ducks trade after 1997.

8. While the live poultry trade also opposed the "freshly slaughtered chickens" option, some members considered that this approach could be further explored. Under this option, slaughtering of live poultry would be conducted in a few regional slaughtering plants.

9. When the FSEH Panel discussed the proposal for developing a poultry slaughtering plant in Hong Kong, some members considered that the Administration should proceed with the development of the slaughtering plant immediately so as to achieve the objective of segregating humans from live poultry. Some other members, however, held the view that re-configuration of poultry stalls in some markets to segregate live poultry from customers, as

advocated by the Administration, was effective in reducing customer contact with live poultry. They doubted the need for developing a "central" poultry slaughtering plant.

10. Some members expressed strong reservations about the proposed establishment of a "central" poultry slaughtering plant and doubted the effectiveness of the plant in reducing the risk of avian influenza outbreak.

11. The Administration explained that, under existing modus operandi of the live poultry trade, it would be difficult to achieve human-poultry segregation as there were poultry stalls in markets. The risk of avian influenza would be greatly reduced as the Plant was situated in Sheung Shui which was only about five-minute's drive from the border. Moreover, the Plant would adopt an enclosed and nuisance containing system where live chickens would be kept inside and within an entirely enclosed environment. Other safety measures would also be put in place to prevent the infection of avian influenza.

Impact on the livelihood of the live poultry trade and related trades

12. Some members pointed out that the "cold chain" approach would drive the live chicken operators out of business and could lead to unemployment of many live poultry workers. They urged the Administration to address the concerns of the trade.

13. According to the Administration, an extra-gratia payment (EGP) would be provided to those poultry farmers, wholesalers and retailers who chose to surrender their licences/tenancies under the voluntary surrender scheme. Assistance would be provided to those workers of live poultry farms/wholesalers/retailers/transporters who became unemployed as a result of their employers ceasing operation under the voluntary surrender scheme. The Administration's proposals for the voluntary surrender scheme of licences/tenancies for the live poultry retailers and for the live poultry farmers/wholesalers/retailers/transporters were approved by the Finance Committee on 2 July 2004 and 8 July 2005 respectively. A summary of the proposals are in **Appendix II**.

14. Some members considered that the Administration should provide financial assistance to the affected traders and workers to help them switch to other business. They expressed disappointment that the Administration did not have a specific plan to address the concerns and problems of the live poultry trade.

15. Some members reiterated their concern and urged the Administration to provide financial assistance to poultry workers. They expressed strong dissatisfaction that, despite the fact that a motion urging the Government to introduce relief measures and compensation policies to the live poultry trades was carried at the Council Meeting on 29 November 2006, the Administration did not consult the affected trades and work out any proposals to assist the live poultry trade and the affected trades. They pointed out that the change in

policy on the live poultry trade would wipe out the whole trade.

16. The Administration explained that, when the voluntary surrender scheme was launched, the live poultry trade was fully aware that the fundamental mode of operation of the poultry industry, including production, marketing and sales, would be changed. The Administration also pointed out that the local poultry farms could continue to operate even after the slaughtering plant came into operation. However, given that the sale of live poultry at retail outlets would be prohibited, all live poultry would have to be slaughtered at the proposed poultry slaughtering plant. A progress report from the Administration on the motion debate on "Relief Measures and Compensation Policies for Live Poultry Trades" is in **Appendix III**.

17. At the FSEH Panel meeting on 13 March 2007, some members reiterated their view that the Administration should consult the affected trade including live poultry wholesalers, retailers, workers and transporters on the proposals for EGP/financial assistance prior to the enactment of the relevant legislation and invitation for the tender. Hon Tommy CHEUNG pointed out that, when the Administration consulted the Panel on the proposals for the provision of EGP to the live poultry wholesalers, retailers, workers and transporters under the voluntary surrender scheme for returning the licences/tenancies, the Panel held the view that the EGP was insufficient and unattractive and was not supportive of the proposal.

Financial viability of the Plant

18. Members expressed concern about the financial viability of the proposed poultry slaughtering plant as it would face keen competition from chilled chicken supplied by the Mainland. Some members considered that the failure experience of the slaughtering plant for ducks and geese at the Western Wholesale Food Market provided valuable reference in making a decision on developing a slaughtering plant for live chickens.

19. Some members pointed out that one of the reasons attributing to the viability of the operation of poultry slaughtering plants in Singapore was the banning of chilled chickens from other places. They were worried that, if there was no response to the Administration's Invitation for EoI, the Administration would consider offering privileged terms to the operator of the plant such as land allocation or interest free loan.

20. The Administration advised that, according to the report of the financial feasibility study, the plant was considered commercially viable. With better regulatory control over the hygienic conditions of the plant, chilled chickens which were freshly slaughtered in Hong Kong should have an edge over chilled chickens from the Mainland.

Monopoly of the supply and distribution of freshly slaughtered chickens

21. Members expressed concern about the monopoly over the supply of

freshly slaughtered chickens, which would result in higher retail prices. Some members pointed out that most chilled chickens were sold at retail outlets operated by the two major supermarket chains. They expressed concern that the future market of chilled chickens would be monopolised by one of these supermarket chains if either one of them successfully bid for the operation of the slaughtering plant. Members reiterated their concern about the monopolistic situation of future supply of freshly slaughtered chickens at the joint meetings of the FSEH Panel and the HS Panel on 17 June and 12 December 2006.

22. When the Administration briefed members on the outcome of the invitation for EoI exercise for the Plant on 13 March 2007, members also expressed concern about the monopolistic situation of the future operator of the Plant if the Plant would provide slaughtering, dressing, chilling as well as food processing business.

23. The Administration explained that the plant operator would be selected through open tender and that provisions would be included in the tender documents to require the plant operator to reserve sufficient capacity to meet the demand of local farms and provide slaughtering service at the same charge for the importers of poultry from the Mainland, buyers of local poultry and local poultry farmers.

Supply of freshly slaughtered (or "warm") chickens

24. Hon Tommy CHEUNG pointed out that the public preferred freshly slaughtered or "warm" chickens to chilled chickens. He envisaged that there would be strong objection from the food trade if the Administration failed to honour its previous undertaking that freshly slaughtered chickens would be supplied to licensed food premises by the Plant. He was strongly of the view that the Administration should specify clearly the daily capacity of the Plant for chilled chickens and freshly slaughtered chickens in the tendering documentation.

25. At the briefing made by the Secretary for Food and Health on 12 October 2007, the Administration informed the FSEH Panel that the Food and Environmental Hygiene Department had conducted recently a study, the result of which revealed that slaughtered chickens without chilling would be suitable for consumption for up to 24 hours if stored at or below 7°C. In view of the study result, the Administration would allow the poultry slaughtering and processing plant to introduce "freshly slaughtered chickens" for the market. The Administration also advised that it planned to introduce the bill on the development of a poultry slaughtering and processing plant into the Legislative Council by the end of 2007 or early 2008.

Latest developments

26. The Administration will brief the FSEH Panel on 13 November 2007 on

the latest progress of the development of the Plant.

Relevant papers

27. A list of relevant papers and documents is in **Appendix IV** for members' easy reference. The papers and documents are available on the Council's website at <http://www.legco.gov.hk/english/index.htm>.

Council Business Division 2
Legislative Council Secretariat
7 November 2007

**Extract from the Report of the
Panel on Food Safety and Environmental Hygiene on its
duty visit to study the operation of poultry slaughtering in
Singapore and Kuala Lumpur**

Chapter 5 – Observations

General

5.1 The delegation is of the view that the information obtained during the visit on poultry slaughtering and food safety measures has provided useful reference for Hong Kong. The observations of the delegation are given in the following paragraphs.

Poultry slaughtering process

5.2 The delegation is impressed by the advanced technology adopted by the two poultry slaughtering plants which they visited in Singapore and Kuala Lumpur. The delegation finds both the water-chilled and air-chilled technologies in processing carcasses impressive, and the latter technology more advanced. The slaughtering process reduces human contamination as a result of the minimal physical contact. Particularly noteworthy is the attention given to the hygienic principles in design implemented by these plants in segregating “dirty” and “clean” operations, and the requirement for workers to don protective clothing and to undergo hand and boot wash when entering the processing area.

5.3 The delegation is highly impressed by the stringent monitoring by the AVA in Singapore over the regulation of the overall operation and the slaughtering process, and over the requirement for poultry slaughter-houses to comply with the relevant legislation. AVA has also taken active precautionary measures to prevent and control the outbreak of avian influenza in Singapore.

5.4 The delegation notes that the dressed chickens should be chilled down to 4°C after they have been shackled in high temperature, and the practice in Singapore is to bring down the temperature of the carcasses within 30 minutes after shackling. As the Hong Kong Special Administrative Region Government has proposed that freshly slaughtered or “warm” chickens would be delivered to customers within two hours in Hong Kong, the delegation has doubt over the viability of this proposal as bacteria can multiply rapidly.

Poultry slaughtering plants

5.5 The delegation has noted that although the slaughtering of live chickens in Singapore has to be carried out in a poultry slaughtering plant licensed by the AVA, such slaughtering is not handled centrally by one single plant. There are 10 plants in different locations in Singapore for slaughtering live chickens.

5.6 To minimise environmental impact, the delegation notes that the poultry slaughtering plants are located away from residential areas and the vehicles transporting live poultry pass through as few residential areas as possible.

5.7 As regards the viability of the poultry slaughtering plants, the delegation has noted that the banning of chilled chickens from Malaysia to Singapore is one of the main reasons attributing to their viability in Singapore. The delegation has also noted that the major competition faced by suppliers of chilled chickens in Singapore is from frozen chickens.

Markets/hawker centres in Singapore

5.8 The delegation has found the measures adopted by the NEA in Singapore very effective in ensuring food safety at the retail end. These include the requirement for meat stallholders to equip their stalls with display chillers for the sale of pork, poultry, beef and mutton, for all food handlers to attend basic food hygiene course and pass examination, be vaccinated against typhoid, and go for tuberculosis screening for those age 45 and above, and the adoption of a grading system to let the public know the hygiene standards of the cooked food stalls they patronise.

5.9 The delegation also finds the hygiene standards of markets/hawker centres they visited to be of a very high standard. This is attributed to the proactive health education and dialogue which the Singapore Government has conducted to raise the awareness of the public and the trade about the importance of environmental hygiene and food safety. Members consider particularly commendable the Hawker Centres Upgrading Programme launched by the NEA in 2001 at an estimated cost of S\$420 million to upgrade all Government markets/hawker centres over a period of 10 years. In addition, the arrangement for stallholders in Government markets to be allowed to prepare *siu mei* at their stalls is a testament of the flexible approach adopted by the NEA to meet the demand of consumers.

Conclusion

5.10 The delegation has found the visit to Singapore and Kuala Lumpur very enlightening and useful. The detailed briefings and exchange of views between the delegation and the officials and executives in Singapore and Kuala Lumpur have provided useful reference when Members consider the Government's proposal for the setting up of a central poultry slaughtering system in Hong Kong.

**A summary of the Administration's proposed incentive packages
for the live poultry retailers/farmers/wholesalers/transporters
and the affected workers**

The Finance Committee's meetings on 2 July 2004 and 8 July 2005

The Finance Committee (FC) at its meeting on 2 July 2004 approved an allocation of **\$329,000,000** for the Administration's proposed incentive package for live poultry retailers to surrender their licences or tenancies, loans to live poultry retailers continuing operation, and providing retraining and one-off grants to assist affected workers in the live poultry retail trade. On 8 July 2005, FC approved another allocation of **\$380.1 million** to fund the Administration's proposed incentive packages for live poultry farmers, wholesalers and transporters to encourage them to voluntarily surrender their licences/tenancies, to provide one-off grants to assist affected local workers of the live poultry farm/wholesale/transport industry, and to provide loans to live poultry transporters without monthly car park tenancies in the Wholesale Markets to upgrade/convert their vehicles.

Live poultry retailers

Voluntary surrender scheme of live poultry retailers

2. Under the voluntary surrender scheme, ex-gratia payment (EGP) was payable to poultry retailers who chose to surrender their tenancies of live poultry stalls in public markets or fresh provision shop (FPS) licences with endorsement to sell live poultry. According to the Administration, EGP was calculated on the basis of 39 months' average rental of live poultry stalls at public markets with particular reference to EGP for the resumption of stalls in the Central Market plus an additional 12-month average rental taking into account that the retailers were not allowed to re-establish their new business to sell live poultry elsewhere.

3. All live poultry stalls were divided into five major categories according to their size. EGP was based on the maximum size of that particular category, the details of which are provided below -

(a)	(b)	(c)	(d)	(e)
Size of stalls as assessed by FEHD (m ²)	Size for calculating EGP (m ²)	Estimated no. of stalls	Proposed EGP per stall (Note) (rounded up to nearest \$'000) (\$)	Total (c) x (d) (\$)
Up to 15	15	91	200,000	18,200,000
Above 15 – 25	25	425	252,000	107,100,000
Above 25 – 35	35	192	321,000	61,632,000

Above 35 – 45	45	42	412,000	17,304,000
Above 45	55	64	503,000	32,192,000
Total:		814		236,428,000

Loans to live poultry retailers

4. The Administration proposed to allocate **\$9,000,000** for offering loan facilities to licensees of all existing FPSs selling live poultry who chose to continue with their trading operations to upgrade their facilities so as to avoid human contacts with live poultry. The maximum amount of the proposed unsecured loan was set to **\$50,000 or 60%** of the refurbishment costs, whichever was less, per licence.

Extension of the application deadline for the voluntary surrender scheme and loan scheme

5. Under the Administration's original proposal approved by FC on 2 July 2004, the voluntary surrender scheme of licences/tenancies for live poultry retailers was for one-year only. Subsequent to FC's meeting, the Food and Environmental Hygiene Department invited live poultry retailers to submit EGP applications from 13 July 2004 to 12 July 2005.

6. At FC's meeting on 8 July 2005, the Administration proposed that the application deadline for the voluntary surrender scheme for live poultry retailers and the loan scheme for live poultry retailers to upgrade hygiene condition would also be extended to tally with the application deadline for the scheme for the live poultry farmers, wholesalers and transporters. The application deadline was subsequently extended to 4 August 2006.

Live poultry retail workers

Original proposal approved by FC on 2 July 2004

7. FC approved an allocation of **\$83,028,000** for funding the proposed tailor-made retraining courses inclusive of retraining allowance and one-off grants for live poultry retail workers. The Administration proposed to provide up to eight weeks of retraining courses to those affected workers within a six-month period from the date of cessation of business by their former employers who ceased operation under the voluntary surrender scheme. Workers could receive a special allowance of up to **\$8,000** if they had attended eight weeks of retraining courses and had attained at least 80% attendance in each of the retraining courses. For those affected workers who continued to remain unemployed after attending at least 80% of these tailor-made retraining courses within a six-month period from the date of cessation of business by their former employers, a one-off grant of **\$10,000** per affected worker was provided to assist them to meet their immediate financial needs.

Revised proposal approved by FC on 8 July 2005

8. FC approved the Administration's proposal to apply the same arrangements for providing a one-off grant of **\$18,000** to each worker of the live poultry farm, wholesale, retail and transport industry to those live poultry retail workers who become unemployed as a result of the employers ceasing operation under the voluntary surrender scheme. In view of the proposed arrangement, the retraining courses for live poultry retail workers and the associated arrangements (e.g. the provision of training allowance of \$8,000 and \$10,000 one-off grant after retraining for unemployed workers) were ceased.

Live poultry farmers

9. According to the Administration, EGP calculation broadly followed the formulae for calculating ex-gratia allowances for poultry farmers and farm buildings affected by land resumption and clearance for public work projects, as approved by FC. To provide a better incentive for the licensees to surrender their livestock keeping licences, the Administration would -

- (a) assume that all poultry farm structures were fully enclosed so that a higher EGP for fully (as compared with partially) enclosed farm structures would result in the farm structure component;
- (b) assume that all farm structures were new so that the highest modification factor (i.e. 0.75) currently adopted in public development clearance could be used for calculating EGP for live poultry farms;
- (c) include in the EGP calculation a component accounting for the average installation cost of metallic chicken-rearing cages which were devices required by the Government to facilitate cage disinfection and prevent the harbouring of pathogens in chicken farms; and
- (d) provide an additional lump sum payment to chicken and pigeon farms to account for their investment in biosecurity facilities. For chicken farms, these biosecurity measures were mandatory requirements set out in the licensing conditions. A lump sum payment of **\$150,000** would be provided for each chicken farm. For pigeon farms, since these biosecurity facilities were of relatively smaller scale, the lump sum payment was set at **\$50,000** per pigeon farm. No additional lump sum payment would be provided for duck farms as none of them was in active commercial operation.

10. In addition, the Administration proposed to set a minimum EGP payable to chicken farms at **\$450,000** per licence to encourage smaller poultry farms to surrender their licences. For pigeon farms, it was considered inappropriate to apply a minimum EGP because of the difference in the level of investment and operation costs. Instead, an enhancement of **\$100,000** per licence was added to EGP amount derived from the

formulae provided that the total amount of EGP payable per licence would not exceed \$350,000. For larger chicken farms with calculated EGP at \$450,000 and above and pigeon farms at \$350,000 and above, the eligible EGP was calculated using the formulae as set out in paragraph 9 above. For duck farms, as none of them were in active operation, EGP was calculated based on the above formulae but without the component accounting for farm operation. A maximum ceiling of **\$4.15 million** was set for EGP for larger poultry farms.

11. The total EGP for the chicken farms, pigeon farms and duck farms were as follows -

		Number	Range of Building Areas (m²)	Estimated Total EGP (\$ million)
EGP				
	Chicken farms	147	124 - 8 442	267.65
	Pigeon farms	42	9 - 836	24.60
	Duck farms	5	55 - 309	0.60
	Total	194		292.85 Say \$293.0 million

Live poultry wholesalers

12. The proposed EGP formula for live poultry wholesalers was based on 27 months' average rental of live poultry stalls at the Wholesale Markets with an additional 12 months rental. EGP for wholesalers was calculated by the size of their stalls in the Wholesale Markets. All stalls in the Wholesale Markets were divided into five major categories according to their size and EGP payable was based on the maximum size of that particular category with an enhancement ranging from about 40% to 60%. A minimum amount of EGP payable was set for the small-sized stalls (i.e. those up to 50 m²) and a maximum ceiling of 250 m² was set for the large-sized stalls (i.e. those stalls over 200 m²).

13. EGP for various categories of stalls in the Wholesale Markets was as follows -

Size of stalls as assessed by AFCD (m²)	Size for calculating EGP (m²)	No. of stalls	Proposed EGP after Enhancement (\$)
Up to 50	50	75	383,363
Above 50 - 100	100	0	662,603
Above 100 – 150	150	2	993,905
Above 150 – 200	200	1	1,325,206
Above 200	250	8	1,656,508
Total		86	45,317,305

Say \$45.5 million

Live poultry transporters

EGP for live poultry transporters with monthly car park tenancies at the Wholesale Markets

14. The Administration proposed to provide EGP to those live poultry transporters who had monthly car park rental at the Wholesale Markets to assist them in upgrading/converting their vehicles so as to transform their business from transporting live poultry to transporting chilled/frozen poultry/meat or other business operations. The amount of EGP was set at up to **\$50,000** per vehicle. The approved EGP would be disbursed to the applicant, subject to provision by the applicant of evidence to the satisfaction of the Agriculture, Fisheries and Conservation Department proving that the proposed vehicular upgrading/conversion work had been completed. It was estimated that there were about 120 eligible transporters and the financial commitment were around **\$6 million**.

Loans to live poultry transporters without monthly car park tenancies at the Wholesale Markets

15. The Administration proposed to allocate **\$14 million** for providing an unsecured loan of up to **\$50,000** per vehicle for those without a monthly car park tenancy at the Wholesale Markets for upgrading/converting their vehicles for conveying chilled/frozen products or for other business operations. Loan applicants were required to cease their live poultry transport business within six months from the date of application or on disbursement of the loan, whichever was sooner.

Local workers of the live poultry farm, wholesale, retail and transport industry

16. A one-off grant of **\$18,000** was provided to each worker of the live poultry farm, wholesale and transport industry (including vehicle drivers, if they were not the owner of the vehicle, and porters) who became unemployed as a result of their employers ceasing operation under the proposed voluntary surrender scheme. It was estimated that there were about 1 200 eligible recipients. The funding required for providing one-off grants to farm, wholesale and transport workers was around **\$21.6 million**.

Legislative Council Meeting on 29 November 2006

**Progress Report from Health, Welfare and Food Bureau on
Motion Debate on “Relief Measures and Compensation Policies
for Live Poultry Trades”**

Purpose

During the motion debate at the meeting on 29 November 2006, the Legislative Council urged the Government to expeditiously discuss with the live poultry trade, before the commencement of the poultry slaughtering and processing plant (the Plant), to formulate a scheme that offered reasonable compensation for the traders to exit the trade with due regard to the circumstances of live poultry farmers, wholesalers, retailers, transporters and workers. It also urged the Administration to introduce, prior to the implementation of central slaughtering of live poultry, temporary relief measures for the trade when import of Mainland live poultry and birds was suspended due to avian influenza outbreaks on the Mainland in order to mitigate the severe adverse impact on the trade. The Administration sets out below the follow-up actions it has taken after passage of the said motion.

Establishment of a poultry slaughtering and processing plant

2. A poultry slaughtering and processing plant will be established to centralize poultry slaughtering activities. When the plant comes into operation, all wholesale and retail activities of live poultry will be banned in order to completely segregate humans from poultry, thereby reducing the risk of avian influenza transmission through human contacts with poultry. We are making preparations for the establishment of the Plant and will discuss the arrangements for exiting the live poultry trade with operators who are likely to be affected by the establishment of the Plant in due course.

Provision of Emergency Relief/Rent Waiver and Low-interest Loans to the Trades

3. Over the years, the Government had offered financial assistance to the trade affected by avian influenza outbreaks and put in considerable resources in implementing preventive measures against avian influenza to enable the trade to operate in an environment with manageable and limited risks. To forestall the adverse impact to the trade caused by intermittent avian influenza outbreaks on the

Mainland that lead to suspension of Mainland poultry supply, and to further reduce the risk of an avian influenza breaking out in Hong Kong, the authorities concerned have launched a voluntary surrender scheme between July 2004 and August 2006 to encourage live poultry operators to surrender their licences or tenancies and to terminate their operations permanently in exchange for *ex gratia* payment or other financial assistance. Since 1997, the Administration had spent nearly \$670 million in total to assist the trade to address the risks posed by avian influenza.

4. In launching the voluntary surrender scheme, the Government has made it clear to the trade that the scheme was intended to help poultry operators who are reluctant to operate in an increasingly stringent regulatory environment, which is necessary in order to protect public health, to exit the live poultry trade permanently or to switch to other businesses. For operators who chose to continue their poultry operations, they should be prepared to take the risk. The Government, therefore, would not offer further temporary financial assistance, such as rent waiver or *ex gratia* payment, to the trade when they suffer any short-term impacts caused by avian influenza outbreaks. As to loans to the trade, we are discussing with the relevant departments to set up a fund to provide transitional loans to live poultry operators who suffer a relatively long-term impact because of avian influenza outbreaks. We are studying the feasibility and details of the fund and will consult the trade in due course.

Live Poultry Trade Workers Not Employed on Long-term Basis

5. On the request to provide emergency financial assistance to live poultry workers who are not employed on a long-term basis, the Government would like to reiterate that it is difficult to further consider the proposal in view of the lack of relevant supporting documents and evidence to ascertain the following facts: that these workers, who were not employed on a long term basis, were solely engaged in live poultry trade; the proportion of the working hours they engaged in live poultry trade against their total working hours; or that they could not or did not engage in other paid work during suspension of live poultry import.

Relevant Papers/Documents

<u>Meeting</u>	<u>Meeting Date</u>	<u>Papers/Motion Passed/Council Question</u>
Legislative Council	30 November 2005	Motion on "Preventing avian influenza" moved by Hon Fred LI Wah-ming
	1 March 2006	Oral question on "Banning sale of live poultry and implementing centralized slaughtering for live poultry" raised by Hon WONG Yung-kan
	10 May 2006	Oral question on "Measures to segregate live poultry from customers" raised by Hon Vincent FANG
	5 July 2006	Motion for adjournment on "Preventive and control measures adopted and emergency assistance provided to the trades by the Administration with regard to the repeated occurrence of human infection of avian influenza on the Mainland" raised by Dr Hon KWOK Ka-ki
	12 July 2006	Oral question on "Future use of Cheung Sha Wan Temporary Wholesale Poultry Market" raised by Hon Vincent FANG
	29 November 2006	Motion on "Relief measures and compensation policies for the live poultry trades" moved by Hon Tommy CHEUNG Yu-yan
	Finance Committee	2 July 2004

<u>Meeting</u>	<u>Meeting Date</u>	<u>Papers/Motion Passed/Council Question</u>
		<p>Loan Fund – Head 262 Primary products New Subhead "Loans to live poultry retailers" (Approved)</p> <p>Minutes of meeting – LC Paper No. FC 112/03-04</p>
	8 July 2005	<p>FCR(2005-06)28 Ex-gratia payment/loans for live poultry farmers, wholesalers, retailers, retail workers and transporters to surrender their licences/tenancies and/or cease operation on a permanent basis (Approved)</p> <p>Minutes of meeting – LC Paper No. FC 7/05-06</p>
Panel on Food Safety and Environmental Hygiene (the FSEH Panel)	2 April 2004	<p>Consultation paper provided by the Administration on "Prevention of avian influenza : Consultation on long term direction to minimize the risk of human infection"</p> <p>Administration's paper - Paper No. CB(2) 1930/03-04(01)</p> <p>Minutes of meeting LC Paper No. CB(2) 2777/03-04</p>
	25 May 2004	<p>Administration's paper - Paper No. CB(2) 2492/03-04(05)</p> <p>Minutes of meeting LC Paper No. CB(2) 2949/03-04</p>
	4 June 2004	<p>Minutes of meeting LC Paper No. CB(2) 3243/03-04</p>
	26 October 2004	<p>Administration's paper - Paper No. CB(2) 75/04-05(03)</p> <p>Background paper prepared by the LegCo Secretariat – Paper No.</p>

<u>Meeting</u>	<u>Meeting Date</u>	<u>Papers/Motion Passed/Council Question</u>
		CB(2) 75/04-05(04) Minutes of meeting LC Paper No. CB(2) 289/04-05 Follow-up papers provided by the Administration on the voluntary surrender scheme for live poultry retailers – Paper Nos. CB(2) 1189/04-05(01)-(03) & CB(2) 1448/04-05(01)
	11 January 2005	Administration's paper - Paper No. CB(2) 566/04-05(03) Minutes of meeting LC Paper No. CB(2) 758/04-05
	7 April 2005	Administration's paper - Paper No. CB(2) 1042/04-05(01)
	14 June 2005	Administration's paper - Paper Nos. CB(2) 1675/04-05(01) CB(2) 1860/04-05(04) Background brief prepared by the LegCo Secretariat – Paper No. CB(2) 1860/04-05(05) Minutes of meeting LC Paper No. CB(2) 2563/04-05
	17 October 2005 (Policy briefing)	Administration's paper - Paper No. CB(2) 26/05-06(01)
	14 March 2006	Administration's paper - Paper No. CB(2) 1335/05-06(03) Background brief prepared by the LegCo Secretariat – Paper No. CB(2) 1335/05-06(05) Minutes of meeting LC Paper No. CB(2) 1928/05-06

<u>Meeting</u>	<u>Meeting Date</u>	<u>Papers/Motion Passed/Council Question</u>
	11 April 2006	Administration's paper - Paper No. CB(2) 1663/05-06(03) Minutes of meeting LC Paper No. CB(2) 2114/05-06
	13 October 2006 (Policy briefing)	Administration's paper - Paper No. CB(2) 30/06-07(01) Minutes of meeting LC Paper No. CB(2) 468/06-07
	13 March 2007	Administration's paper - Paper No. CB(2) 1258/06-07(02) Background brief prepared by the LegCo Secretariat – Paper No. CB(2) 1258/06-07(03) Minutes of meeting LC Paper No. CB(2) 1498/06-07
	12 October 2007 (Policy Briefing)	The briefing made by <u>the Secretary for Food and Health on the Chief Executive's Policy Address</u> Paper No. <u>CB(2)53/07-08(01)</u>
Joint Meeting of the FSEH Panel and Panel on Health Services	14 March 2005	Administration's paper - Paper No. CB(2) 1042/04-05(01) Minutes of meeting LC Paper No. CB(2) 1463/04-05
	17 June 2006	Administration's paper - Paper No. CB(2) 2448/05-06(01) Minutes of meeting LC Paper No. CB(2) 89/06-07
	12 December 2006	Administration's paper - Paper No. CB(2) 587/06-07(01) Background brief prepared by the LegCo Secretariat – Paper No. CB(2) 587/06-07(04)

<u>Meeting</u>	<u>Meeting Date</u>	<u>Papers/Motion Passed/Council Question</u>
		Minutes of meeting LC Paper No. CB(2) 932/06-07

Council Business Division 2
Legislative Council Secretariat
7 November 2007