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Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 10th meeting
held at the Legislative Council Chamber
on Friday, 28 April 2006, at 2:30 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Dr Hon David LI Kwok-po, GBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, JP
Hon Bernard CHAN, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon LEUNG Yiu-chung
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Dr Hon YEUNG Sum
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP

Hon Miriam LAU Kin-ye, GBS, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LI Kwok-ying, MH
Dr Hon Joseph LEE Kok-long
Hon Daniel LAM Wai-keung, BBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG
Hon KWONG Chi-kin
Hon TAM Heung-man

Members absent:

Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon Martin LEE Chu-ming, SC, JP
Hon SIN Chung-kai, JP
Hon LAU Chin-shek, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon LEE Wing-tat
Hon MA Lik, GBS, JP

Public officers attending:

Mr Frederick MA Si-hang, JP	Secretary for Financial Services and the Treasury
Mr Alan LAI Nin, GBS, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Miss Amy TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Wilson FUNG, JP	Deputy Secretary for Economic Development and Labour (Economic Development)
Mr Darryl CHAN	Principal Assistant Secretary for Economic Development and Labour (Economic Development)
Mr Y K LEUNG, JP	Deputy Director-General of Civil Aviation
Mrs Carrie YAU, JP	Permanent Secretary for Health, Welfare and Food
Mrs Stella HUNG, JP	Director of Agriculture, Fisheries and Conservation
Mr Eddy CHAN, JP	Deputy Secretary for Health, Welfare and Food (Food and Environmental Hygiene)
Mr Wallace LAU	Principal Assistant Secretary for Health, Welfare and Food (Food and Environmental Hygiene)
Mr CHAN Chi-chiu	Senior Market Development Officer, Agriculture, Fisheries and Conservation Department

Clerk in attendance:

Miss Becky YU	Chief Council Secretary (1)1
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Staff in attendance:

Mrs Mary TANG	Senior Council Secretary (1)2
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Mr Frankie WOO	Legislative Assistant (1)2

Item No. 1 - FCR(2006-07)3

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 6 APRIL 2006**

The Chairman put the item to vote. The Committee approved the proposal.

Item No. 2 - FCR(2006-07)4

**CAPITAL WORKS RESERVE FUND
HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND
EQUIPMENT**

Civil Aviation Department

♦ **New Subhead “Replacement of air traffic control radar simulator”**

2. The Chairman informed members that the Panel on Economic Services (ES Panel) was consulted on the proposal at its meeting on 27 March 2006.

3. Mr James TIEN, Chairman of ES Panel, said that while the Panel was supportive of the proposal in principle, some members were concerned about the long lead time for the delivery of the new air traffic control (ATC) radar simulating system. Given the fast pace of technological development, they urged the Administration to expedite the implementation process as otherwise the system would easily become obsolete. After critically reviewing the implementation timetable, the Administration was able to bring forward the commissioning of the replacement simulator by three months to September 2007.

4. The Deputy Secretary for Economic Development and Labour (Economic Development) (DS(ED)) said that pursuant to the Panel’s request, efforts had been made to compress the implementation timetable for the replacement ATC simulator. If everything went well in the procurement and tendering process, the Administration would endeavour to further advance the commissioning date as well.

5. Mr Howard YOUNG emphasized the need to ensure the adequacy of the capacity of the new ATC simulating system to cater for the robust air traffic growth in the Pearl River Delta airspace. The new system should be able to enhance coordination and efficiency of air traffic as otherwise aircraft would need to spend extra fuel while awaiting landing. DS(ED) said that the Civil Aviation Department and the Economic Development and Labour Bureau would be working together in simulating ATC scenarios and evaluating the design of new air routes to enhance the safety and efficiency of air traffic. The ES Panel would be briefed on the progress in due course.

6. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 3 - FCR(2006-07)5

GENERAL REVENUE ACCOUNT

**HEAD 22 – AGRICULTURE, FISHERIES AND CONSERVATION
DEPARTMENT**

♦ **Subhead 700 General non-recurrent**

New Item “Ex-gratia payments to pig farm licencees”

New Item “One-off grants to assist affected pig farm and live pig transport workers”

LOAN FUND

HEAD 262 – PRIMARY PRODUCTS

♦ **New Subhead “Loans to live pig transporters”**

7. The Chairman informed members that the Panel on Food Safety and Environmental Hygiene (FSEH Panel) was consulted on the proposal at its meeting on 11 April 2006. She also drew members’ attention to an information note on the progress of payment of the one-off grants to poultry trade workers tabled at the meeting. As the present funding proposal bore similarities to the voluntary surrender scheme (VSS) on live poultry trade, she had requested the Administration to provide more information on the outcome of the Scheme for the live poultry trade.

8. Mr Fred LI, Chairman of FSEH Panel, said that the Panel generally supported the VSS for live pig farming, which aimed at encouraging pig farmers to voluntarily surrender their Livestock Keeping Licences (LKLs) and cease rearing pigs permanently, thereby reducing the associated public health and environmental pollution problems. While not objecting to the proposal, some Panel members noted that the criteria for calculating the ex-gratia payments (EGP) were very lenient. As a result, the compensation package was rather generous. Therefore, they urged the Administration to be prudent in spending public money.

9. Ms LI Fung-ying enquired about the outcome of VSS for live poultry trade, for instance, the number of applications for one-off grants from local workers of live poultry farming/transport industry, the number of applications which had been approved/rejected, the number of workers who had joined the retraining programmes offered by the Labour Department (LD) and were able to secure alternative employment, and the number of workers who remained unemployed and had to rely on Comprehensive Social Security Allowance.

10. In response, Deputy Secretary for Health, Welfare and Food (DS(HWF)) said that about 145 live poultry workers were granted one-off grants under the VSS for live poultry trade. Of these, 45 had completed the retraining courses provided by the Employees’ Retraining Board as arranged by LD. He also agreed to provide, as far as possible, the other information on the VSS for live poultry trade as requested by Ms LI, adding that such information might not be easy to find as some workers might have changed their jobs without leaving their forwarding address. Similar information on workers of the live pig farming/transport industry would also be collated for follow-up by the FSEH Panel.

One-off grants for local workers of the live pig farming/transport industry

11. Ms LI Fung-ying enquired about the eligibility criteria for the one-off grants for local workers of pig farms affected by VSS. The Permanent Secretary for Health Welfare and Food (PSHWF) explained that, to be eligible for the one-off grants, workers had to work for licensed pig farmers for at least 90 days during the one-year period immediately before 1 January 2006 and had remained working in the pig farm until the pig farmer concerned had submitted an application to the Agriculture, Fisheries and Conservation Department (AFCD) for surrendering the LKL. Such eligibility criteria were worked out in consultation with the trade associations.

12. Mr WONG Kwok-hing expressed regret that workers of the live poultry trade and the live pig farming trade had to be subject to VSSs. He was concerned that these workers would become unemployed after receipt of the one-off grants of \$18,000 since it would be hard for them to find alternative employment. He also expressed concern that farming workers who were unable to prove to the satisfaction of the Administration that they were engaged in the farming work would not be eligible for the one-off grants. Given the few employment opportunities for the affected workers, he cautioned that the Administration might have to provide welfare payments for these workers in the long run.

13. While supporting the proposal which would help reduce public health and environmental pollution problems, Dr KWOK Ka-ki asked whether, apart from the one-off grant of \$18,000, other assistance would be provided to the local workers of the live pig farming/transport industry to help them to find alternative employment. His concern was shared by Miss TAM Heung-man.

14. The DS(HWF) said that LD would arrange retraining programmes for the affected workers of live pig farming to facilitate them in finding alternative employment. PSHWF added that the 500 local workers of the live pig farming who were low skilled workers would likely be engaged as construction or restaurant workers after ceasing employment with the pig farms. As for the 200 transport workers, they would likely continue to find jobs in the transport industry. LD was prepared to provide the assistance as necessary to help these workers in finding alternative employment.

Ex-gratia payment to pig farmers

15. Noting that the present VSS for live pig farming was modelled after that for live poultry trade, Miss TAM Heung-man asked if a review had been made on the efficacy of the latter, and if not, whether consideration could be given to conducting a review before the actual implementation of VSS for live pig farming. PSHWF explained that the two VSS packages were similar in their formulation of EGP for farm operation and farm structures. The main difference was that the VSS for live pig farming had taken into account the capital investments made by pig farmers in the provision of the "wet-muck-out" waste treatment facilities while the VSS for live

poultry trade had made reference to the biosecurity investments in protecting live poultry from diseases. As the VSS for live poultry trade would only expire at the end of August 2006, a review of its efficacy had yet to be made. The proposed VSS for live pig farming had been worked out in consultation with the affected trades over the last 12 months.

16. Noting that 30% of EGP under the VSS for live poultry trade would be retained until the employers had discharged their responsibilities, the Chairman enquired about the progress in this respect. The Director of Agriculture, Fisheries and Conservation (DAFC) said that there were 10 applications from poultry farm workers and these had all been approved. DS(HWF) added that out of the 162 applications from retail workers, 143 had been approved, 11 rejected and 8 under process, five of which involved the retention of the 30% of EGP.

17. Mr Patrick LAU enquired about the basis upon which the EGP for pig farms was arrived at and whether this had taken into account the conditions of the pig farms. The Senior Market Development Officer, AFCD (SMDO,AFCD) explained that the EGP calculation would broadly follow the current formula as approved by the Finance Committee (FC) for calculating EGP for pig farmers and pig farm buildings affected by land resumption and clearance for public works projects. A higher rate had been adopted on the assumption that all farm structures were fully enclosed. It was also assumed that the farm structures were new so that the lowest depreciation factor as currently adopted in public development clearance would be used for calculating the EGP for pig farms. DAFC said that the formula was worked out with the Financial Services and the Treasury Bureau and was approved by FC. At members' request, the Administration undertook to provide the method for calculating EGP for pig farms.

18. Mr CHEUNG Hok-ming recalled that back in the 1980s when the chicken farmers surrendered their licences, their chicken sheds were left unattended and had posed hygiene problems to the surrounding areas. He then enquired about the use of the pig sheds after the pig farmers surrendered their licences to prevent similar recurrences. SMDO,AFCD said that pig farmers could choose to use their land for farming-related purposes such as greenhouses. If they wanted to change their land use, they would need to apply to the Lands Department.

19. Dr KWOK Ka-ki enquired about the resources required for treating the 520 tonnes of excrement generated by the existing pig farms per day. As not all pig farmers would join the proposed VSS, resources might still be required to treat the excrement from the remaining pig farms. He sought information on the resource implications in this respect. PSHWF agreed to ask the relevant department to provide the cost incurred in treating the excrement generated by pig farms. She added that as nearly 90% of pig farmers had expressed interest in participating in the proposed VSS, there would be a drastic reduction in the number of pigs, particularly when no new licence would be issued for pig farms following the implementation of VSS. As a result, the amount of excrement generated per day would be substantially reduced.

20. Mr WONG Yung-kan said that he was sad about the diminishing of pig farming, which had once provided employment opportunities for many workers in the 1960s. He opined that the environmental nuisances associated with pig farming were a result of poor land use planning where residential developments were allowed in close proximity to pig farms. The Environmental Protection Department should also be blamed for failing to assist farmers in the abatement of the environmental nuisances associated with pig farming. To assist local pig farmers, he said that the best way was for the Administration to negotiate with the Mainland authorities on the relocation of local pig farms to the hilly regions in the eastern and northern parts of Guangdong, similar to the practice adopted by the Shenzhen and Dongguan Provincial Governments. This would enable the continuation of operation of pig farms by local farmers and pig transporters. He said that he had travelled to many parts of the Mainland pursuing for the proposed relocation and he hoped that the Administration could take a more proactive role in liaising with the Mainland authorities with a view to assisting the pig farmers who were are facing livelihood problems.

21. PSHWF said that Mr WONG's proposed relocation plan had been conveyed to the authorities in Beijing for consideration and the response was so far positive since the proposal was seen as an investment by Hong Kong farmers. However, as the proposal would straddle different Mainland authorities responsible for agriculture, commerce, export, food safety and hygiene, more time was needed to assess the feasibility and mode of operation. She added that while the Administration would encourage local farmers to relocate their operation to the Mainland, it was not prepared to consider any provision of financial subsidy on the proposed relocation.

22. Mr WONG Ting-kwong said that the Administration had failed to take into account the difficulties of the trades, such as the monopoly currently enjoyed by Ng Fung Hong Limited in the fresh pork market, in working out the compensation package. He expressed support for Mr WONG Yung-kan's proposal on relocation of local pig farms to remote areas in the Mainland so that pig farmers could continue their business as in the case of relocation of pig farms in both Shenzhen and Dongguan following their industrialization. Consideration should also be given to facilitating the direct import of live pigs from these pig farms, without involving the Ng Fung Hong Limited. The Administration should follow up with the Mainland authorities with a view to working out a special arrangement on the import of live pigs from these farms before the implementation of VSS. PSHWF explained that discussions with the Mainland authorities on the relocation of pig farms were ongoing, and any arrangements which would deviate from the existing practice would have to be worked out and agreed upon accordingly. She said that pig farmers were in support of the early implementation of VSS and would not wish to have the Scheme delayed. They were well aware that the proposed relocation of farms was being pursued by the Administration.

23. Mr Albert CHAN opined that the VSS for live pig farming would create a win-win-win situation for the Government, pig farmers and general public. With the compensation under VSS, pig farmers could cease struggling with their operation in

order to meet the tightened hygiene standards. This would in turn help relieve residents in Tin Shui Wai and Yuen Long from the odour nuisances associated with pig farming and save much administrative cost in the licensing of pig farms. As one of the forerunners in advocating the need for VSS, he had suggested that compensation should be based on the number of pigs. However, the proposed VSS took into account the size of the pig farms and as a result the compensation was much higher. To enable Hong Kong to have its own farming products and farmers not being left out of job, he considered that a farming policy should be formulated to allow for the centralization of pig farming to ensure effective control. As regards the proposed relocation of local pig farms to the Mainland, Mr CHAN agreed that the Administration should play a proactive role and not simply regard this as an investment option. Special zones should be designated in the Mainland for pig farming by Hong Kong farmers and their operations to be monitored by AFCD. The proposal had had the support of local pig farmers.

24. PSHWF said that recent discussion with local pig farmers revealed that they would prefer to opt for the compensation package under the proposed VSS given the high cost of pig farming in Hong Kong. If they chose to continue pig farming, they would rather do so in the more remote areas in the Mainland where the costs were much lower. Therefore, the Administration would not be considering the proposed designation of a centralized farming area in Hong Kong.

Loans to live pig transporters

25. Mr Howard YOUNG was concerned that the unsecured loan of \$50,000 for live pig transporters would not be sufficient to upgrade/convert their vehicles for conveying chilled/frozen products or for other business operations. He also noted that the loans would be repayable in 24 equal monthly instalments, which was different from car loans in the market with a repayment period of 36 months. Mr Vincent FANG echoed that the Administration should take into account the difficulties faced by pig transporters following the implementation of VSS, and provide them with a fair compensation package to enable them to upgrade/convert their vehicles so that they could continue their business in transporting chilled pork or other goods. Expressing similar concerns, Mr WONG Yung-kan said that the local pig transporters would unlikely be able to compete with their counterparts in the Mainland for the delivery of chilled pork which required a Mainland vehicle licence.

26. DS(HWF) said that the unsecured loan of \$50,000 was meant to facilitate the live pig transporters in upgrading/converting their vehicles for conveying chilled/frozen products and/or delivery of goods. As pig transporters could seek to convert their vehicles and change to other business operations, it was considered more appropriate to offer loans rather than EGP to facilitate such changes. Besides, the loan arrangement was similar to that offered to live poultry transporters. Applicants would need to provide evidence on the upgrading/conversion of their vehicles before approval of loans. For a vehicle to be converted for conveying chilled pork, it would need to be equipped with a refrigerator, the cost of which would vary between \$50,000 and \$100,000.

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27. Mr Tommy CHEUNG said that he would not object to the proposal which was well supported by pig farmers. He however shared the concern about the inadequacy of compensation to live pig transporters. He considered that the Administration should have approached the affected transporters direct and tried to understand their needs and resolve their problems. SMDO, AFCD said that before deciding on the amount of unsecured loans to be offered to live pig transporters, AFCD had made reference to the retrofitting cost provided by vehicle repair shops. It was found that the retrofitting costs, such as the installation of elevated platforms would be around \$40,000 to \$50,000 and the fitting of refrigeration facilities would be around \$100,000. DAFC added that the installation of elevated platforms was useful in the delivery of goods and arrangements for reimbursement could be made after the retrofitting. DS(HWF) said that the Administration had held meetings with the affected transporters to explain the provision of loans.

28. Mr Vincent FANG said that the Administration had failed to recognize the difficulties faced by transporters who were struggling to survive in the flagging transport industry and facing keen competition from their fellow counterparts. It would not be easy for pig transporters to change their operations simply by upgrading/converting their vehicles. Mr Howard YOUNG added that apart from retrofitting their vehicles, pig transporters wishing to engage in the transport of chilled pork from the Mainland to Hong Kong would need to have the appropriate vehicle licence from the Mainland. Therefore, there was a need to tie in the implementation of the proposed VSS with the importation of chilled pork so that the affected transporters could continue their business.

Importation of chilled pork from the Mainland

29. Mr Tommy CHEUNG expressed concern that live pig transporters, even if they had retrofitted their vehicles, might not be able to transport imported chilled pork, particularly those from the Mainland which had yet to be approved. DS(HWF) explained that a consensus had yet to be reached on the importation of chilled pork from the Mainland as some members had requested for the introduction of “one licence for one shop” legislation to protect consumers’ interest. The Administration had been trying to resolve the differences between affected parties on the importation of chilled pork. Meanwhile, live pig transporters could choose to transport live pigs from the Mainland or consider transporting other goods.

30. PSHWF supplemented that as the proposed VSS would be valid for 12 months, pig farmers would have enough time to decide whether they would join the Scheme. A further six months from the date of approval of EGP applications would also be allowed for pig farmers to raise and sell their pigs before surrendering their licences. In other words, there would be a period of 12 to 18 months before the actual surrender of licences under VSS. By then, a clear policy on the import of chilled pork from the Mainland should be worked out. She nevertheless agreed that it would be very time-consuming if the import of chilled pork had to await the legislation on “one licence for one shop” which had yet to be drafted. Given that it

would be in the interest of consumers that chilled pork from the Mainland could be allowed for import to Hong Kong, she urged members to support the proposed importation.

31. Mrs Selina CHOW said that the proposed VSS was worth supporting from an environmental point of view. Besides, it was well supported by pig farmers. However, it appeared that the Administration had not been able to resolve the conflicts among the affected trades, particularly in respect of the importation of chilled pork from the Mainland. She considered it necessary for the Administration to provide a timetable on the importation of chilled pork from the Mainland. PSHWF said that the importation of chilled pork had been discussed at length by the FSEH Panel. Some Panel members had requested that amendments to the Food Business Regulation (Cap. 132) providing for the “one licence for one shop” arrangement should be introduced before approval was given for the importation of chilled pork from the Mainland. While preparatory work for the “one licence for one shop” was underway, it would take time for the passage of the Amendment Regulation. The importation of chilled pork from the Mainland could only be expedited if there was general support from members.

32. The Chairman enquired about the stance of the FSEH Panel on the importation of chilled pork from the Mainland. Mr Fred LI, Chairman of FSEH Panel, explained that Panel members had divided views. While a few members considered it necessary that the Amendment Regulation should be enacted before chilled pork could be imported from the Mainland, more members preferred to start the importation without having to await the said legislation given that chilled pork was allowed to be imported from Thailand in the absence of the “one licence for one shop” arrangement. They failed to see why such an arrangement had to be put in place before chilled pork from the Mainland was allowed to be imported in Hong Kong, particularly when the Administration was satisfied with their hygiene standards. PSHWF said that with members’ support, she would liaise with the Secretary for Health, Welfare and Food (SHWF) with a view to arranging for the importation of chilled pork from the Mainland in one to two months’ time.

33. Mr TAM Yiu-chung said that the trades were concerned about possible profiteering by some unscrupulous meat dealers who would sell chilled meat under the disguise of fresh meat. The “one licence for one shop” arrangement would ensure that chilled pork and fresh pork would be sold separately to protect consumers’ interest. Such an arrangement had been discussed at length by the FSEH Panel and more careful thoughts should be given before allowing the importation of chilled pork from the Mainland. He said that he would have reservation on the importation if this was to proceed in haste. Mr WONG Yung-kan echoed that the importation of chilled pork which started in 1998 had given rise to a lot of problems since some dealers had been selling chilled pork as fresh pork. The trades therefore put forward the “one licence for one shop” arrangement to prohibit the sale of fresh and chilled meat in the same fresh provision shop. The proposed arrangement was meant to ensure food safety and to protect consumers’ interest.

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34. PSHWF said that she would consult SHWF on the feasibility of importing chilled pork from the Mainland. As a start, only a limited amount of chilled pork would be imported to reduce the impact on the trades. The Chairman said that it might be necessary for the FSEH Panel to further discuss the matter before proceeding with the importation of chilled pork from the Mainland.

35. Mr Tommy CHEUNG said that he failed to see why chilled pork from Thailand was allowed to be imported to Hong Kong while chilled pork from the Mainland was not. He also queried why the “one licence for one shop” arrangement was not applicable to chilled pork from Thailand. Besides, the Environmental and Food Hygiene Department had already imposed heavier sanction against unscrupulous meat traders to deter the malpractice of mishandling or mixing of chilled and fresh meat, and the problem was under control. While supporting the importation of chilled pork from the Mainland, Mrs Selina CHOW said that the implementation of VSS would bring about livelihood problems to the affected trades which would need to be urgently addressed. She hoped that the FSEH Panel would hold a special meeting shortly and try to resolve the problems with the Administration.

36. PSHWF said that that preparatory work for the importation of chilled pork from the Mainland was underway. The importation could start soon if not for the proposed introduction of the “one licence for one shop” arrangement. The Administration would endeavour to resolve the differences on the proposed importation and hopefully chilled pork from the Mainland could be imported to Hong Kong within one to two months. She also agreed to reflect members’ views to SHWF and request the FSEH Panel to convene a special meeting to discuss the importation of chilled pork from the Mainland. A written response to members’ concerns raised at the current meeting would be provided to the Panel for discussion.

Compensation for local fresh meat buyers

37. Given the adverse impact of live pig farming on public health and environmental hygiene, Mr Vincent FANG said that he would support the funding proposal in principle. He however noted with concern that while the proposed VSS would provide compensation to pig farmers, farm workers and live pig transporters, it failed to provide the same to local fresh meat buyers, many of whom had been in business for over 20 years. With the shrinking supply of fresh pork from live pig farms in Hong Kong following the surrender of LKLs under VSS, and the monopoly of pork supply by NG Fong Hong Limited, these local fresh meat buyers would soon be forced out of business. He was of the view that these local fresh meat buyers, numbering about 20 to 30, should not be left out from the compensation package under VSS. DS(HWF) said that although the supply of pork from local pig farms would reduce after the introduction of VSS, it was envisaged that the supply of pork from the Mainland would increase. These fresh meat buyers could still continue their business to buy fresh meat from the Mainland. As their livelihood would not be adversely affected by the VSS for live pig farming, no compensation would be provided for fresh meat buyers. Mr Vincent FANG however pointed out that Ng

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Fung Hong Limited, being the sole supplier of live pigs from the Mainland, had their own buyers and would not employ these local fresh meat buyers. DS(HWF) said that with the increased demand for Mainland pork, the local fresh meat buyers should be able to secure employment with Ng Fung Hong Limited.

38. Mr LEUNG Kwok-hung expressed concern about the inadequacy of the one-off grants for local workers of the live pig farming/transport industry which were much less than the compensation for pig farmers. He stressed that the interest of workers should not be sacrificed for the sake of preserving the environment, and that assistance should be provided to enable these workers to seek alternative employment. Given that changes to the long-standing monopoly of pork supply from Ng Fung Hong Limited was unlikely, and that there was no timetable for the importation of pork, Mr LEUNG said that he was not prepared to support the proposal.

39. The Chairman put the item to vote. The Committee approved the proposal.

40. The meeting was adjourned at 4:20 pm.

Legislative Council Secretariat
24 August 2006