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**Joint Meeting of Panel on Food Safety and Environmental Hygiene  
and Panel on Health Services  
on 12 December 2006**

**Background Brief prepared by Legislative Council Secretariat**

**Measures to control avian influenza**

**Purpose**

This paper provides an update on the discussions relating to measures to control avian influenza held by the Panel on Food Safety and Environmental Hygiene (FSEH Panel) and the Panel on Health Services (HS Panel) since April 2004.

**Background**

2. The first case of human infection of the H5N1 virus in Hong Kong was confirmed in August 1997. As the virus spread among chicken farms and the Cheung Sha Wan Temporary Wholesale Poultry Market, some 1.5 million chickens were subsequently destroyed. In the outbreak in 1997, 18 persons were infected, of whom six died. Following the outbreak, the Administration introduced a series of control and preventive measures to minimise the risk of recurrence of the virus.
3. Two further outbreaks occurred in 2001 and 2002 and mass culling of live poultry was again carried out. Additional surveillance and control measures for chicken farms, wholesale and retail markets were implemented after these outbreaks.
4. In early 2004, there were extensive outbreaks of avian influenza in over 10 countries or places in Asia. Recent reports from the World Health Organisation (WHO) showed that avian influenza affected wide areas in the world other than Asia, and outbreaks or infections in birds were found also in Europe, South Africa and other places. As at 5 March 2006, there were 174 confirmed cases of human infections in Cambodia, Mainland China, Indonesia, Iraq, Thailand, Turkey and Vietnam, and 94 of these infected persons died.

5. The FSEH Panel held a series of meetings and joint meetings with the HS Panel between 2004 and 2006 to discuss with the Administration the preventive and contingency measures to guard against avian influenza outbreaks in Hong Kong.

## **Measures to control avian influenza**

### Preventive measures at farm, wholesale and retail levels

6. 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". Apart from the enhanced surveillance and monitoring measures put in place to prevent avian influenza outbreaks in local farms and wholesale/retail markets, the Administration informed the Panel that, for the protection of public health, the present mode of operation of the live poultry trade would have to be modified.

7. The Administration advised that its long-term vision was to sustain the goal of zero infection and transmission of the virus in Hong Kong. To achieve this, it was the policy to separate humans from live poultry and to minimise the contact between the public and live poultry. According to the consultation paper, there was an urgent need for the existing modus operandi of the live poultry trade, especially at the retail end, to change as and when the supply of live poultry from the Mainland was resumed after the outbreak situation in the region had stabilised.

8. Immediate improvement measures to minimise the contact between consumers and live poultry at the retail markets and fresh provision shops had been put in place. All cages holding live poultry at retail outlets should either be kept at a minimum distance of one metre or segregated from consumers by means of acrylic panels. At the wholesale level, the Administration planned to separate the wholesale markets for local and Mainland chickens. At the farm level, the biosecurity of local poultry farms would be further enhanced. The Administration would also review the transportation system for the conveyance of live poultry.

9. In the medium term, the Administration proposed to reduce the number and density of market stalls through a voluntary buy-out package (see paragraphs 10 to 16 below). This would provide space in retail markets to facilitate improvements to the market design, in order to further separate the storage and culling areas of live poultry from consumers.

## Voluntary surrender of licences/tenancies scheme

### *Live poultry retailers*

10. On 25 May 2004, the Administration consulted the FSEH Panel on the proposed voluntary scheme to encourage live poultry retailers to surrender their fresh provision shop licences (with endorsement to sell live poultry), or live poultry stall tenancies in markets under the Food and Environmental Hygiene Department (FEHD), in return for an ex-gratia payment (EGP).

11. According to the Administration, the scheme was targeted at those small poultry stalls, which had physical constraints to upgrade their hygiene conditions to meet the new requirements, to surrender their licences or tenancies.

12. Under the original proposal presented to the FSEH Panel, an EGP equivalent to 39 months' average rental of live poultry stalls at FEHD markets would be payable to those who surrendered their licences/tenancies. Financial assistance of up to \$10,000 and retraining courses would be provided to live poultry workers who would become unemployed after their employers surrendered their licences/tenancies. On the other hand, a loan would be granted to those retailers who wanted to continue operation and make investment in upgrading the hygiene conditions to meet the new public health requirements. The scheme would be valid for one year.

13. At its meeting on 25 May 2004, the FSEH Panel expressed reservations about the proposed scheme, particularly the basis for calculating the EGP and the assistance to live poultry workers. The Panel urged the Administration to further discuss with the trade and submit an improved package to increase the attractiveness of the scheme. After further discussion with the trade, the Administration submitted a revised proposal which was approved by the Finance Committee (FC) on 2 July 2004 (see **Appendix I**). In the revised proposal, the EGP for stalls measuring 15 square metres or less was increased from \$173,000 to \$200,000 per stall. As compared to the initial proposal presented to the FSEH Panel on 25 May 2004, the EGP for small stalls measuring 15 square metres or less had increased by about 60% and that for medium to large stalls measuring over 15 square metres by about 40%.

14. When discussing the progress of the voluntary surrender scheme on 26 October 2004, the FSEH Panel expressed concern that only a small number of ex-live poultry retail workers could attend the tailor-made retraining courses under the scheme. Some Panel members pointed out that many poultry workers did not have formal employment relationship with the retailers and therefore could not provide documentary evidence in support of their applications for retraining. The Panel passed a motion at the meeting urging

the Health, Welfare and Food Bureau to submit a revised paper to FC to provide training courses and one-off special grants to those unemployed live poultry retail workers whose employers had not surrendered their licences/tenancies.

15. The FSEH Panel expressed similar concern at the meetings on 11 January, 14 March and 7 April 2005. The Administration explained that, to ensure proper use of public funds, the requirement for documentary evidence could not be waived. However, the Administration would welcome suggestions from the industry on ways to help poultry workers who were unemployed. The Administration also advised that poultry workers could apply for ordinary retraining courses provided by the Employees Retraining Board if they were currently unemployed. The Administration did not consider it necessary or appropriate to amend the details of the voluntary surrender scheme as approved by FC on 2 July 2004.

16. As regards the response to the voluntary surrender scheme, the Administration advised the FSEH Panel in May 2005 that, of the 814 live poultry retail outlets, a total of 244 applications had been received as at 19 May 2005. To address members' concern that some tenancies could not be terminated prematurely because of contractual obligations, the Administration had decided to extend the three-month period for applications of the EGP to six months. The new arrangement also applied to live poultry retailers who had submitted the applications but had not yet entered into agreement with the Administration on the EGP as at 26 May 2005. The extension did not apply to applicants who had already signed the agreement before 26 May 2005.

*Live poultry farmers, wholesalers and transporters*

17. On 14 June 2005, the Administration informed the FSEH Panel that the voluntary surrender of licences/tenancies scheme would be extended to live poultry farmers, wholesalers and transporters. The Administration proposed that -

- (a) for poultry farmers, the EGP payable would follow broadly the formulae for public development clearance, with a minimum set at \$300,000 per licence to encourage smaller poultry farms to surrender their licences;
- (b) for live poultry wholesalers who chose to surrender their tenancies at the Cheung Sha Wan Temporary Wholesale Poultry Market and the Western Wholesale Food Market, the EGP would be 27 months' average rental plus an additional 12 months' rental;

- (c) for live poultry farm/wholesale/transport workers who would become unemployed as a result of their employers ceasing operation under the voluntary surrender scheme, an one-off grant of \$18,000 would be payable; and
- (d) a loan up to \$50,000 per vehicle would be provided to live poultry transporters who wished to upgrade their vehicles for the transport of chilled/frozen poultry. For live poultry transporters who chose to surrender their monthly tenancies of parking spaces at the Wholesale Markets, an EGP of \$50,000 would be provided instead.

18. In view of the strong reservations expressed by the live poultry trades about the voluntary surrender scheme, the FSEH Panel passed a motion at its meeting on 14 June 2005 opposing the proposed voluntary surrender packages. Some Panel members urged the Administration to improve the compensation package to increase its attractiveness. The Administration subsequently revised its proposal which was approved by FC on 8 July 2005 (see **Appendix II**). In the revised proposal, a minimum EGP payable to chicken farms was set at \$450,000 per licence to encourage smaller poultry farms to surrender their licences, and an additional lump sum payment of \$150,000 was provided to chicken farms to account for their investment in biosecurity facilities.

#### *Expiry of the scheme*

19. The Administration advised the FSEH Panel at its meeting on 13 October 2006 that the scheme for live poultry farmers, wholesalers and retailers had expired in August 2006. About 80% of live poultry farmers, 17% of wholesalers and 42% of retailers had surrendered or applied to surrender their licences/market tenancies to the Administration. The scheme had brought the current maximum licensing capacity of local poultry farms to well below two million of live poultry population and reduced the risk of avian influenza outbreak amongst the local poultry.

#### Development of a poultry slaughtering plant

20. At its meeting on 2 April 2004, the FSEH Panel was informed that two options were proposed in the Consultation Paper, i.e. the "cold chain" (or central slaughtering) approach, and the "freshly slaughtered chickens" (or regional slaughtering) approach. The Panel held a special meeting on 4 June 2004 to gauge the views of experts and the trade on these two options.

21. The medical experts preferred the "cold chain" option which was considered to be the most effective approach to prevent avian influenza. However, most members and representatives from the live poultry trade strongly opposed this option. They were concerned that the proposed central slaughterhouse would not be able to compete with poultry processing plants over the border, 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.

22. While the live poultry trade also opposed the "freshly slaughtered poultry" option, some Panel members considered that this approach could be further explored. Some medical experts also agreed that this option could help reduce human contact with live poultry and effectively prevent avian influenza. Under this option, slaughtering of live poultry would be conducted in a few regional slaughtering hubs. There would be retail outlets in the hubs which were separate from the poultry storage and culling areas. Consumers would have a choice of purchasing either chilled chickens or freshly slaughtered chickens. According to the Administration, although this option would be more expensive than the "cold chain" option, it would provide greater flexibility for the live poultry trade to change to a new mode of operation.

23. On 11 January 2005, the Administration informed the FSEH Panel that diverse views had been received during the public consultation exercise from the professional groups, the live poultry trade and the general public. As the live poultry trade raised strong objection to central slaughtering, the Administration had not taken a policy decision on whether central or regional slaughtering should be adopted. Nevertheless, it was actively exploring the feasibility of converting the Western Wholesale Food Market into a small to medium sized slaughterhouse on a pilot basis.

24. Panel members urged the Administration to fully consult the relevant trades and address their areas of concern in taking a decision on the development of the poultry slaughtering plant. They also urged the Administration to provide details of the pilot scheme to convert the Western Wholesale Food Market into a small to medium sized slaughterhouse.

25. The Administration advised the FSEH Panel on 17 October 2005 that a consultancy study was commissioned to explore the commercial viability of private sector involvement in the development of a poultry slaughtering plant, and the findings would likely be available by the end of 2005.

26. On 14 March 2006, the Administration advised the FSEH Panel that it would be more appropriate to identify a site for developing a poultry slaughtering plant in the New Territories as, if the plant was to be located in the urban area, the surrounding environment would inevitably be affected and the long transportation route of live poultry would not only cause possible nuisance to the urban area but also increase the risk of avian influenza. Some Panel

members considered that the re-configuration of poultry stalls in some markets to segregate live poultry from customers was effective and doubted the need for a poultry slaughtering plant which would wipe out the live poultry trade. Panel members also expressed concern about the financial viability of the proposed plant and the impact on the live poultry workers.

27. At the meeting of the FSEH Panel on 11 April 2006, the Administration advised that a site suitable for developing the proposed slaughtering plant had been identified in Sheung Shui. The Administration's intention was to have the proposed poultry slaughtering plant developed and operated by the private sector through open tender under a Build, Own, Operate and Transfer arrangement. Upon the operation of the proposed poultry slaughtering plant, the sale of live poultry at retail outlets would be prohibited and legislative amendments would be necessary to effect the implementation of the ban.

28. The Administration considered that the development of a slaughtering plant was the long-term measure to reduce the risk of human infection of H5N1. The Administration also explained that, while the biosecurity measures put in place in local chicken farms had been proven effective in preventing avian influenza outbreak in Hong Kong, it was uncertain whether measures adopted for retail outlets would remain effective. As poultry retail workers had close contact with live poultry in markets even with the new design of poultry stalls, which was commonly known as "chicken boutique", the risk of human infection still existed.

29. During the discussion on the development of the proposed poultry slaughtering plant, Panel members reiterated their areas of concern about the financial viability of the proposed poultry slaughtering plant, the monopoly of the supply and distribution of chilled chickens, and the assistance for the affected poultry workers.

30. 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 III**.

31. At the meeting of the FSEH Panel on 13 October 2006, the Administration informed Panel members that they had identified a suitable site at Man Kam To Road in Sheung Shui for developing a poultry slaughtering and processing plant and consulted the North District Council. A formal tender exercise would be conducted and a bill introduced into Legislative Council in 2007 to provide a regulatory framework for the operation of the plant. It was expected that the plant could come into operation in 2009-2010 at the earliest.

Comprehensive plan of action to deal with the global problem of avian influenza

32. On 14 March 2005, the FSEH Panel held a joint meeting with the HS Panel to discuss the comprehensive plan of action proposed by the Administration to deal with the global problem of avian influenza. The Administration informed members that there was an urgent need to put in place a comprehensive plan of action, given the regional development and the recent studies and warning issued by WHO.

33. As at 2 February 2005, WHO reported 55 cases of human infection of H5N1, of which 42 cases were fatal since 28 January 2004. WHO also conducted laboratory studies of H5N1 viruses in domestic ducks in October 2004 which confirmed that the H5N1 viruses found in ducks in Vietnam in 2004 had not only become resistant to some anti-viral drugs, but could also survive at 37°C in the environment for six days, compared with two days for the viruses found in 1997. Expressing grave concern about the likely occurrence of another influenza pandemic, WHO advocated that disease control would require profound changes in poultry production systems.

34. To reduce the risk of an epidemic outbreak in Hong Kong through close contact between humans and large numbers of live poultry, the Administration considered that the total live chicken population in Hong Kong should be reduced. To achieve this purpose, the Administration had proposed the following measures –

- (a) for existing farm licences, a ceiling would be imposed on the maximum number of live poultry that might be kept in a farm, in order that depopulation could be completed within one week if there was an outbreak in Hong Kong;
- (b) the daily supply of live chickens (including Mainland and local chickens) would be maintained at a level of not more than 60,000. The Administration would also stop issuing new poultry farm licences and fresh provision shop licences with endorsement to sell live poultry;
- (c) regional slaughtering of live poultry would be implemented, and the sale of live chickens in retail markets and fresh provision shops would be phased out over a period of time; and
- (d) a compulsory termination scheme would be introduced for all existing live poultry farmers, wholesalers and retailers, if there was a local avian influenza outbreak which entailed the culling of all live poultry in the territory.



35. While members of the two Panels generally agreed that the Administration should adopt better risk management measures to prevent an avian influenza epidemic in Hong Kong, they urged the Administration to fully assess the adverse impact on the trade and provide assistance to those affected by the proposals.

36. The FSEH Panel held a special meeting on 7 April 2005 to gauge the views of the live poultry industry on the Administration's proposals. While supporting the extension of the voluntary surrender of licence scheme to poultry wholesalers and farmers, some members considered that there should be greater flexibility for the financial assistance and re-training programmes so that casual workers affected by the policy could also benefit from the scheme.

37. Members of the FSEH Panel also urged the Administration to be cautious with the implementation of the compulsory termination policy in the event of an avian influenza outbreak in Hong Kong, and to consult the trades fully on the implications. Some members considered that the Administration should explore other options to prevent an avian influenza epidemic, instead of introducing such a drastic change to the live poultry trade.

38. Most representatives of the live poultry industry who gave views to the FSEH Panel objected to the Administration's proposals, especially the compulsory termination policy. They were gravely concerned about their livelihood if they were to be compelled to cease operation. They considered that the existing control measures had proven to be effective in preventing avian influenza, and it was not necessary to introduce the proposed measures which would wipe out the live poultry industry. These representatives also considered that the EGP under the voluntary surrender of licence scheme was insufficient and unattractive, and the proposed assistance scheme would not be able to help those piece-rated casual workers currently employed by the trade. Most operators indicated that they wanted to continue operation and would not want to surrender their licences or tenancies.

39. The Administration explained that compulsory termination of live poultry trade would be the last resort if warranted by circumstances to safeguard public health.

40. In an information paper provided to the FSEH Panel in May 2005, the Administration advised that WHO had expressed support for Hong Kong's action plan which featured a fundamental change to the existing modus operandi of the live poultry trade.

41. At its meeting on 14 March 2006, the FSEH Panel received a briefing from the Administration on the progress of implementing a comprehensive plan to deal with the problem of avian influenza in Hong Kong. In view of the spread of avian influenza around the world, the Administration would need to

reduce the total live chicken population in Hong Kong. According to the Administration, the target was to control the maximum licensing capacity in local chicken farms at 2 million of live poultry population. 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 and was looking for a suitable site for the purpose (see paragraphs 20 to 31 on the development of a poultry slaughtering plant). The Administration advised that, should there be evidence indicating that the existing control measures to prevent avian influenza had become ineffective, such as two cases of avian influenza outbreaks at local poultry farms or retail markets within a short period of time, the Administration would take decisive action to cull all live poultry in Hong Kong immediately in an attempt to minimise the risk of spreading the disease. The affected live poultry operators would receive the standard statutory compensation for the live poultry culled in such an outbreak situation. A compulsory termination scheme would be introduced for all existing live poultry farmers, wholesalers and retailers following the culling.

#### Precautionary measures against avian influenza outbreaks among local poultry

42. In view of the spread of avian influenza outbreaks in the world, the FSEH Panel held a special meeting on 31 October 2005 to discuss with the Administration the precautionary measures to prevent an outbreak in Hong Kong. A joint meeting was also held with the HS Panel on 5 November 2005 to discuss emergency measures to prepare for influenza pandemic in Hong Kong.

43. At the special meeting on 31 October 2005, the Administration briefed the FSEH Panel on the preventive measures including enhanced control and surveillance measures for pet birds and wild birds, and the contingency measures in case of an avian influenza outbreak in Hong Kong. The Administration reiterated its intention to cull all chickens in Hong Kong in the event of two confirmed H5N1 cases in local poultry farms and thereafter, to terminate local live poultry trade on a compulsory basis. The Administration also planned to cull all live poultry in Hong Kong's retail markets if there were two confirmed H5N1 cases in retail markets.

44. Members of the FSEH Panel expressed concern about the effectiveness of the current vaccination of chickens, and the "smuggling" of chickens from the Mainland. To guard against avian influenza outbreaks in Hong Kong, some members urged the Administration to expedite the establishment of a regional or central slaughtering plant, resume the screening of passengers at border control points, increase the number of rest days in retail markets for thorough cleansing, step up surveillance of migratory birds and pet birds, and also ban duck rearing at the Mai Po Reserve. Some members also expressed reservations about the proposal of culling all poultry when there were outbreaks of avian influenza in two local farms.

45. On the surveillance of wild birds and other types of birds, the Administration advised that the Agriculture, Fisheries and Conservation Department regularly inspected pet bird shops to ensure their compliance with licensing conditions and to prevent avian influenza. Samples of bird droppings were also taken for testing of H5N1.

46. At the meeting on 14 March 2006, the FSEH Panel discussed the measures to be taken to reduce the threat of avian influenza posed by wild birds, especially wild pigeons which were commonly found in urban areas. The Administration advised that about 3,000 to 4,000 samples of wild birds, including wild pigeons, were tested for H5 avian influenza virus in a year, and one of the samples from wild pigeons carried the H5 virus. As the assessment showed that the risk of avian influenza remained high in Mai Po Nature Reserve, the Administration advised that the Reserve was closed temporarily for protecting public health and they had stepped up surveillance on and collecting samples from pet birds sold at the Bird Garden.

47. Following receipt of a notification of a suspected and subsequently confirmed case of human avian influenza (H5N1) infection in Shenzhen, the FSEH Panel held a joint meeting with the HS Panel on 17 June 2006 to discuss the actions taken by Government on preparedness for avian influenza outbreaks in Hong Kong. The Administration advised that the supply of live poultry, day-old chicks and pet birds from Guangdong province was suspended on 16 June 2006, following receipt of notification of a confirmed case of H5N1 infection in Shenzhen on 15 June 2006. The Administration also advised that Hong Kong was at the Alert Response Level and that the on-going surveillance measures and public education against avian influenza had been stepped up.

48. Having regard to the fact that the confirmed case in Shenzhen was a case of human infection without avian influenza outbreaks in chicken farms and markets, members of the two Panels expressed concern on the backyard poultry keeping activities in Guangdong and Shenzhen, the environmental hygiene conditions in the wet markets in Guangdong and Shenzhen which sold live poultry, and the smuggling of live poultry and poultry meat into Hong Kong from across the border.

49. With members' agreement, Dr Hon KWOK Ka-ki, Chairman of the joint meeting, wrote to the Secretary for Health, Welfare and Food on 21 June 2006 requesting the Secretary to convey the following concerns and suggestions to the Ministry of Health and Health Department of Guangdong Province -

- (a) given the risk of smuggling of live poultry and poultry meat into Hong Kong from across the border, it would be desirable for backyard poultry keeping activities in Guangdong and Shenzhen to be regulated also and vaccination be introduced for such backyard poultry; and

- (b) more stringent actions would be desirable to ensure that the wet markets in Guangdong and Shenzhen selling live poultry comply with the hygiene standards set by the relevant authorities.

#### Banning of backyard poultry keeping

50. At its special meeting held on 31 October 2005, the FSEH Panel urged the Administration to regulate or prohibit backyard poultry keeping as a measure to prevent avian influenza outbreaks in Hong Kong. During the motion debate on "Preventing avian influenza" on 30 November 2005, SHWF stated that the amendment legislation to ban private poultry keeping was under consideration.

51. The Administration briefed the FSEH Panel on the legislative proposal to ban backyard poultry keeping at the special meeting on 7 February 2006. According to the Administration, the public health threat posed by backyard poultry keeping activities had become imminent following the discovery of presence of H5N1 in different species of wild birds, as this had increased the chance of cross infection with live poultry reared at backyard of households. It was necessary to amend the legislation to ban backyard poultry keeping immediately as many such keepers did not voluntarily surrender their backyard poultry.

52. The legislation on banning backyard poultry keeping was gazetted on 8 February 2006 and came into effect on 13 February 2006.

#### Impacts of suspension of supply of live poultry on the trade

53. At the joint meeting of the FSEH Panel and the HS Panel on 17 June 2006, there were discussions on the Administration's decision to suspend the supply of live poultry and day-old chicks from Guangdong province as from 16 June 2006 for a period of 21 days. Members expressed concerns about the impacts on poultry traders, local chicken farmers, poultry workers and transportation workers during the suspension period. Members urged the Administration to consider providing financial assistance or low interest loans to the traders to help them tide over the crisis.

54. A motion on "Providing immediate assistance to the affected trades" was passed at the joint meeting. The wording of the motion is in **Appendix IV**. With members' agreement, Dr Hon KWOK Ka-ki, Chairman of the joint meeting, sought the House Committee's support for his moving a motion for adjournment at a Council meeting to discuss 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 in

the Mainland. The House Committee's support was obtained and the motion for adjournment was moved at the Council meeting on 5 July 2006.

### **Latest developments**

55. The Administration will brief the FSEH Panel and the HS Panel on 12 December 2006 on the preparations for the peak seasons of avian influenza outbreaks.

### **Relevant papers**

56. A list of relevant papers and documents is in **Appendix V** 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 December 2006

**Extract from FCR(2004-05)25  
for the Finance Committee meeting on 2 July 2004**

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**GENERAL REVENUE ACCOUNT**

**HEAD 49 – FOOD AND ENVIRONMENTAL HYGIENE DEPARTMENT**

**Subhead 700 General non-recurrent**

**New Item “Ex-gratia payment to live poultry retailers surrendering their licences with endorsement to sell live poultry or public market tenancies”**

**New Item “Re-training and one-off grants to assist affected live poultry retail workers”**

**LOAN FUND**

**HEAD 262 - PRIMARY PRODUCTS**

**New Subhead "Loans to live poultry retailers"**

**THE PROPOSED PACKAGE**

8. We propose to allocate **\$329,000,000** to fund the proposed incentive package for live poultry retailers to surrender their licences or tenancies, loans to live poultry retailers continuing operation and provide retraining and one-off grants to assist affected workers in the live poultry retail trade.

*A. EGP to live poultry retailers who choose to surrender their FPS licences with endorsement to sell live poultry or public market tenancies on a voluntary basis*

9. To provide financial relief to those live poultry retailers who choose to surrender their FPS licences with endorsement to sell live poultry or public market tenancies voluntarily, we propose to provide EGP to live poultry retailers. The proposed EGP is calculated on the basis of 39 months' average rental of live poultry stalls at public markets with particular reference to the EGP for the resumption of stalls in the Central Market plus an additional 12-month average rental taking into account that the retailers will not be allowed to re-establish their new business to sell live poultry elsewhere. Because the live poultry stalls in public markets vary in sizes, there is a need to ensure that smaller-sized stalls (i.e. those up to 25 m<sup>2</sup>) are given the appropriate incentive to surrender their licences/tenancies as they are likely to be the most vulnerable to the risk of avian influenza and that there is virtually no scope for any improvements to the design and physical lay-out of the stalls. All stalls are therefore divided into five major categories according to their size and the EGP is based on the maximum size of that particular category. All stalls falling within the same category will receive the same amount of EGP although their actual sizes are smaller than the maximum size of that particular category. The EGP amount, for small-sized outlets are enhanced by applying a 25%

and 10% increase for stalls of sizes up to 15 m<sup>2</sup> and sizes between 15 m<sup>2</sup> to 25 m<sup>2</sup> respectively. On the other hand, a maximum ceiling of 55 m<sup>2</sup> has been set for the large-sized outlets, i.e. stalls over 45 m<sup>2</sup>, as unlike small-sized stalls, they should have less difficulties in enhancing their sanitary and hygiene requirements.

10. We consulted the LegCo Panel on Food Safety and Environmental Hygiene on the proposed package for live poultry retailers on 25 May 2004. The majority of Members supported the provision of an incentive package for live poultry retailers to surrender their licences or tenancies. However, some Members requested the Administration to offer a more generous package to the affected workers to alleviate the possible hardship that they might face if their employers chose to surrender the licences or tenancies. Some Members also considered that the proposed EGP amounts were not attractive enough. We also consulted representatives of the live poultry retail trade.

11. Having considered these views and the need for early implementation of our policy to separate humans from live poultry at the retail level, we propose to increase the EGP amounts by about 40% to **62.6%** of the initial offer to make them more attractive.

12. The EGP is only payable to poultry retailers renting live poultry stalls in public markets or holding valid FPS licences with endorsement to sell live poultry. The retailers will be required to surrender their existing tenancies or the FPS licences with endorsement to sell live poultry, as appropriate, before receiving the EGP.

13. The following table shows the EGP for various categories of stalls -

(a)	(b)	(c)	(d)	(e)
Size of stalls as assessed by FEHD (m <sup>2</sup> )	Size for calculating EGP (m <sup>2</sup> )	Estimated no. of stalls	Proposed EGP per stall (Note) (rounded up to nearest \$'000) (\$)	Total (c) x (d) (\$)
Up to 15	15	91	<b>200,000</b>	<b>18,200,000</b>
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
<b>Total:</b>		814		<b>236,428,000</b>

**Note -** The initial offer of EGP as presented to the LegCo Panel on Food Safety and Environmental Hygiene on 25 May 2004 ranged from \$123,000 to \$359,000. The proposed EGP rate as indicated in column (d) above has been enhanced by about 40% **to 60%**

14. The Government has the absolute discretion not to entertain applications from retailers where the situation warrants.

15. The market tenants/FPS licensees's decision to surrender the market tenancies/FPS licences selling live poultry is binding on them and is irreversible once the tenants/FPS licensees have entered into a contractual agreement with the Government. However, if any market tenant/FPS licensee concerned fails to cease the live poultry retail business so required under the agreement on the termination date, the Government will no longer be bound to pursue the agreement further.

16. To tie in with our policy to reduce the number of live poultry stalls, we will in future limit the transfer of FPS licences to immediate family members (i.e. parents, spouses, children) so as to avoid the sale of such licences by FPS licensees.

17. If the live poultry retailer has owed the Government any outstanding market stall rental or has failed to repay any loan and interest thereon under the loan schemes for retailers affected by the avian influenza outbreaks in 1997 and 2001 or the proposed new loan scheme under paragraph 22 below, the Government will deduct the outstanding market stall rental or unpaid loan and interest thereon from the EGP payable to the retailer.

18. We would also waive the one-month advance notice requirement for the termination of market tenancies for those stallholders leasing live poultry stalls in public markets who submit an EGP application provided they have ceased the live poultry retail business from the EGP application date and the tenancy termination will take effect within 30 days from the application date. Rental, if already paid, for the remaining period after the application date would be refunded.

***B. Retraining and financial assistance for live poultry workers***

19. To assist those live poultry retail workers to find employment in other sectors as a result of their employers ceasing operation under the proposed scheme, we propose to provide up to eight weeks<sup>1</sup> of retraining courses to those affected

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<sup>1</sup> In our initial proposal in May 2004, we proposed to provide only six weeks of retraining



workers within a six-month period from the date of cessation of business by their former employers. We shall invite the Employee's Retraining Board (ERB) to be the delivery agent of the retraining services under the scheme. Retraining courses will be tailor-made for the affected live poultry workers and ERB will recover the full cost of retraining from the Government. Workers could receive a special allowance of up to \$8,000 if they have attended eight weeks of retraining courses and have attained at least 80% attendance in each of the retraining courses. Where necessary, they can approach the Labour Department for employment assistance. Live poultry operators surrendering their licences or tenancies will not be allowed to attend such tailor-made courses for workers as they have already received EGP.

20. For those affected workers who continue 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 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 Scheme if they apply for such assistance. Given that live poultry operators surrendering their licences or tenancies would receive EGP, they would not be eligible for the one-off grant.

21. The total amount of funding required for the tailor-made retraining courses inclusive of retraining allowance and one-off grants is estimated to be about \$83,028,000.

***C. Loans to live poultry retailers continuing operation for the purpose of enhancing the sanitary and hygiene conditions***

22. We propose to offer loan facilities to licensees of all existing fresh provision shops selling live poultry who choose to continue with their trading operations to upgrade their facilities so as to avoid human contacts with live poultry. We propose to set the maximum amount of the proposed unsecured loan to \$50,000 or 60%<sup>2</sup> of the refurbishment costs, whichever is less, per licence. The loans, to be released to the applicants in a maximum of two phases, should attract an annual interest at the Government's "no gain, no loss" interest rate<sup>3</sup> and be repayable in 24 equal monthly installments, beginning three months after full draw-down of the loan or six months after the first drawdown, whichever is earlier. Interest will accrue upon draw-down and be paid together with each installment. If a live poultry

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courses for workers.

<sup>2</sup> In our initial proposal in May 2004, we proposed to set the maximum amount of the proposed loan to \$50,000 or 40% of the refurbishment costs, whichever is less, per licence.

<sup>3</sup> The Government's "no-gain-no-loss" interest rate is set at 2.174% below the average best lending rate of the note-issuing banks. The current "no-gain-no-loss" rate is 2.826% per annum.

retailer receiving the loan subsequently decides to accept EGP for the cessation of business, the outstanding loan amount together with the accrued interest would be deducted from the total amount of EGP the retailer would otherwise be eligible to. It is difficult to estimate the number of live poultry retailers who would apply for the loans. For budgetary purpose, we assume that the take up rate for the improvement loans is about 50%. As such, a commitment amounting to \$9,000,000 will be required for this purpose. Licensees operating in public housing estates will not be offered such loans in case Housing Authority (HA)/Housing Society (HS) are to fund the improvement works to upgrade the live poultry stalls. We have informed HA/HS of the proposed renovation works to live poultry stalls in public markets.

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Extract from FCR(2005-06)28  
for the Finance Committee meeting on 8 July 2005

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**GENERAL REVENUE ACCOUNT**  
**HEAD 22 – AGRICULTURE, FISHERIES AND CONSERVATION**  
**DEPARTMENT**

**Subhead 700 General non-recurrent**

**New item “Ex-gratia payments to live poultry farmers, wholesalers and related transporters”**

**New item “One-off grants to assist affected live poultry farm, wholesale and transport workers”**

**HEAD 49 – FOOD AND ENVIRONMENTAL HYGIENE DEPARTMENT**

**Subhead 700 General non-recurrent**

**Item 436 Ex-gratia payment to live poultry retailers surrendering their licences with endorsement to sell live poultry or public market tenancies**

**Item 437 Re-training and one-off grants to assist affected live poultry retail workers**

**LOAN FUND**

**HEAD 262 - PRIMARY PRODUCTS**

**New Subhead “Loans to live poultry transporters”**

**Subhead 151 Loans to live poultry retailers**

**THE PROPOSED PACKAGE**

5. We propose to allocate **\$380.1 million** to fund the 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.

**A. Ex-gratia payments**

*Poultry Farmers*

6. The objective of the proposed voluntary surrender scheme for poultry farmers is to reduce as much as possible the number of poultry farms in Hong Kong, in particular the very small ones which are unable to implement the required biosecurity measures fully because of physical and other constraints, and allow

those poultry farmers who do not wish to operate in the new environment to cease their operation permanently.

7. The EGP calculation will broadly follow the current 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 the Finance Committee (FC) of Legislative Council (LegCo) They will be calculated using the prevailing rates under these ex-gratia allowances at the time when an application is approved. Only structures in which applications have been submitted to the Agriculture, Fisheries and Conservation Department (AFCD) on or before 14 March 2005 for approval will be eligible for the EGP calculation. To provide a better incentive for the licensees to surrender their LKLs, we consider it reasonable to adopt more lenient factors for calculating the EGP. In this regard, we would –

- (a) assume that all poultry farm structures are 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 are 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 are 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 are mandatory requirements set out in the licensing conditions. We propose to set the lump sum payment at \$150,000 per chicken farm. For pigeon farms, since these biosecurity facilities are of relatively smaller scale, we propose to set the lump sum payment at \$50,000 per pigeon farm. There will not be any additional lump sum payment for duck farms as none of them is in active commercial operation.

8. In addition, we propose 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, we consider it inappropriate to apply a minimum EGP because of the difference in the level of investment and operating costs. Instead, an enhancement of \$100,000 per licence will be added to the EGP amount derived from the formulae provided that the total amount of EGP payable per licence will 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 will be

calculated using the formulae as set out in paragraph 7 above. For duck farms, as none of them is in active operation, the EGP will be calculated based on the above formulae but without the component accounting for farm operation. A maximum ceiling of \$4.15 million will be set for the EGP for larger poultry farms as they are likely to be able to implement the required licensing conditions fully.

9. The following table shows the total EGP for the existing types of farms –

	<b>Number</b>	<b>Range of Building Areas (m<sup>2</sup>)</b>	<b>Estimated Total EGP (\$ million)</b>
EGP			
Chicken farms	147	124 - 8 442	267.65
Pigeon farms	42	9 - 836	24.60
Duck farms	5	55 - 309	0.60
<b>Total</b>	<b>194</b>		<b>292.85</b> <b>Say \$293.0 million</b>

10. Similar to the EGP scheme for live poultry retailers, EGP applicants are required to cease their live poultry business and surrender their LKLs within nine months from the date of submission of their EGP applications. The LKLs will be revoked nine months from the date of application or on disbursement of the initial 70% of the EGP (details see paragraph 33 below), whichever is sooner. Any keeping of live poultry subsequent to licence cancellation will result in prosecution for illegal keeping. The EGP scheme for poultry farmers would be open for applications for 12 months.

#### *Live Poultry Wholesalers*

11. Similar to that of the prevailing voluntary surrender scheme for live poultry retailers, the proposed EGP formula for live poultry wholesalers is based on 27 months' average rental of live poultry stalls at the Wholesale Markets with an additional 12 months rental taking into account the fact that the live poultry wholesalers will have to terminate the tenancies of the stalls at the Wholesale Markets and cease operation at the Wholesale Markets permanently if they choose to receive the EGP.

12. The EGP for wholesalers will be calculated by the size of their stalls in the Wholesale Markets. Drawing reference from the arrangement for live poultry retailers, all stalls in the Wholesale Markets are divided into five major categories according to their size and the EGP payable is based on the maximum size of that particular category with an enhancement ranging from about 40% to 60%. A minimum amount of EGP payable will be set for the small-sized stalls (i.e. those up to 50 m<sup>2</sup>) and a maximum ceiling of 250 m<sup>2</sup> will be set for the large-sized

stalls (i.e. those stalls over 200 m<sup>2</sup>) as the business volume of live poultry wholesalers does not increase proportionately with the increase in stall size.

13. The following table shows the EGP for various categories of stalls in the Wholesale Markets –

Size of stalls as assessed by AFCD (m <sup>2</sup> )	Size for calculating EGP (m <sup>2</sup> )	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
	<b>Total</b>	<b>86</b>	<b>45,317,305</b>
			<b>Say \$45.5 million</b>

14. Wholesalers applying for EGP are required to cease their business at the Wholesale Markets and surrender their tenancy within six months from the date of application. The tenancy will be terminated six months from the date of application or on disbursement of the initial 70% of EGP, whichever is sooner. The poultry stall concerned will be repossessed by the Government after the termination of the tenancy. Rental, if already paid, for the remaining period after the date of termination of tenancy would be refunded.

15. To tie in with our policy to reduce the number of live poultry wholesalers, AFCD will stop leasing out any vacant stalls at the Wholesale Markets to new and existing tenants.

16. We would also waive the two-calendar-month advance notice requirement for the termination of market tenancies for those wholesalers participating in the voluntary surrender scheme. The EGP scheme for live poultry wholesalers would be open for applications for 12 months. The eligibility criteria for the EGP for live poultry wholesalers are at Enclosure 2.

*Live Poultry Transporters with monthly car park tenancies at the Wholesale Markets*

17. As the surrender of licences/tenancies by live poultry farmers and wholesalers would inevitably affect the businesses of some live poultry transporters, we propose to provide EGP or loans to assist live poultry transporters 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. Currently, there are two kinds of live poultry transporters - those that have rented parking spaces at the Wholesale Markets on a monthly basis, and those that have not.

18. For those who have monthly car park rental at the Wholesale Markets, their situation is very similar to that of the live poultry wholesalers who rented a stall in the Wholesale Markets. As we propose to provide EGP for wholesalers, we are convinced that we should apply a similar arrangement to transporters who have monthly car park tenancies at the Wholesale Markets. The approved EGP will be disbursed to the applicant, subject to provision by the applicant of evidence<sup>1</sup> to the satisfaction of AFCD proving that the proposed vehicular upgrading/conversion work has been completed. With reference to the loan arrangement for live poultry retailers, we consider it prudent to set the amount of EGP at up to \$50,000 per vehicle. The EGP scheme for live poultry transporters would be open for applications for 12 months.

19. There would be about 120 eligible transporters and the financial commitment would be around \$6 million. EGP applicants are required to cease their live poultry transport business and surrender their car park tenancy within six months from the date of such application or on disbursement of the initial 70% of EGP, whichever is sooner. The concerned vehicle will not be allowed to enter the Wholesale Markets and the parking space concerned will be repossessed by the Government after the termination of the tenancy. Rental, if already paid, for the remaining period after the date of termination of tenancy would be refunded.

20. As to transporters that have not rented parking spaces, the proposed arrangement is set out in paragraph 27 below.

21. The Government has the absolute discretion not to entertain applications from farmers/wholesalers/transporters where the situation warrants. Their decision to surrender the LKLs/tenancies is binding on them and is irreversible once the LKL licensees/market tenants/car park tenants have entered into a contractual agreement with the Administration. However, if any licensee/tenant concerned fails to cease business as required under the agreement on the termination date, the Government will no longer be bound to pursue the agreement further and to provide the EGP.

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<sup>1</sup> Acceptable evidence would include photos showing the situation of the vehicles before and after the conversion/upgrading work and an invoice/receipt showing the conversion/upgrading costs incurred for the full amount of EGP provided. Inspection of the vehicles by AFCD staff may be required if the documentary evidence provided by the tenant is considered insufficient. The vehicle proposed for conversion should meet the criteria set out in Enclosure 5.

22. If the live poultry farmer/wholesaler owes AFCD any outstanding loans/market rental, penalty or fees, or has failed to repay any loan and interest thereon under the loan schemes for live poultry farmers/wholesalers affected by the avian influenza outbreaks in 1997 and 2001, the Government will deduct the outstanding loan/rental, unpaid penalty and fees and interest thereon from the EGP payable to the licensee/wholesaler. Once a licensee/wholesaler has been granted the EGP, he/she will not be entitled to further financial assistance from Government for the live poultry trade, if any.

**B. One-off grant for local workers of the live poultry farm, wholesale, retail and transport industry**

23. To assist those local workers of the live poultry farm, wholesale and transport industry (including vehicle drivers, if they are not the owner of the vehicle, and porters) who become unemployed as a result of their employers ceasing operation under the proposed voluntary surrender scheme, we propose to provide a one-off grant of \$18,000 to each worker. We estimate that there would be about 1 200 eligible recipients. The funding required for providing one-off grants to farm, wholesale and transport workers is around \$21.6 million.

24. If an affected worker re-enters the livestock trade after receiving the grant, he/she would not be eligible to reapply for it even if he/she has become unemployed again as a result of his/her employer's participation in any of the voluntary surrender schemes in relation to the livestock trade.

**C. Retraining and one-off grants for live poultry retail workers**

25. As a matter of fairness, we propose to apply the same arrangements to those live poultry retail workers who become unemployed because of the voluntary surrender scheme, i.e. to provide a one-off grant of \$18,000 for each worker. Those retail workers who have already attended/signed up and received offer to attend retraining courses under the original scheme will no longer be eligible for the one-off grant under the new arrangement, irrespective of whether they have completed the course. However, qualified ex-workers previously registered by live poultry retailers in submitting their EGP applications but who have not attended/signed up and received offer to attend the retraining courses could also apply for the \$18,000 one-off grant within six months from the approval date of the proposed scheme for farmers/wholesalers/transporters if they remain unemployed at the time of their application for the one-off grant. As a consequence of the above arrangement, FEHD will also cease running the current 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).



26. Affected local workers of the live poultry farm, wholesale, retail and transport industry with further financial hardship would come under the Government's general protection for the unemployed. These unemployed local workers would be subject to the usual terms and conditions of the Comprehensive Social Security Assistance Scheme if they apply for such assistance. Where necessary, local workers can also apply to the Employee Retraining Board for employment retraining under the normal procedures.

#### **D. Loans to live poultry transporters**

27. While those live poultry transporters who surrender their monthly car park tenancies at the Wholesale Markets are entitled to EGP, we propose to provide 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 are required to cease their live poultry transport business within six months from the date of application or on disbursement of the loan, whichever is sooner. Upon cessation of operation, the loan applicant's vehicle will be refused entry to the Wholesale Markets for the purpose of live poultry transport. The Government has the absolute discretion not to entertain any loan application where the situation warrants. The transporters' decision to cease operation is binding on them and is irreversible once borrowers have entered into a contractual agreement with the Government. However, if any borrower fails to cease business as required under the agreement on the termination date, the Government will no longer be bound to pursue the agreement further and to provide the loan facility.

28. The loans, to be released to the approved applicants as a lump sum, should attract an annual interest at the Government's "no gain, no loss" interest rate<sup>2</sup> and be repayable in 24 equal monthly instalments, beginning six months after the draw-down of the loan. Interest will accrue upon drawdown and be paid together with each instalment. We estimate that there would be about 280 live poultry transporters who have not rented monthly parking spaces in the Wholesale Markets. It is difficult to give an accurate estimate of the number of live poultry transporters who would apply for the loans. For budgetary purpose, we have assumed a 100% take up rate. As such, a commitment amounting to \$14 million will be required for this purpose. The loan scheme for live poultry transporters would be open for applications for 12 months.

29. Under this proposed scheme, any person receiving EGP will not be allowed to receive the one-off grant, and vice versa. Likewise, any person receiving loans will not be allowed to receive the one-off grant, and vice versa.

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<sup>2</sup> The Government's "no-gain-no-loss" interest rate is set at 2.308% below the average best lending rate of the note-issuing banks. The current "no-gain-no-loss" rate is 3.525% per annum.

**E. Extend the application deadline for the voluntary surrender scheme for live poultry retailers**

30. On 2 July 2004, the FC approved the creation of non-recurrent commitments of about \$320 million for the Government to introduce a one-year incentive package to provide EGP to live poultry retailers to encourage them to surrender their licences/tenancies as appropriate and cease operation permanently on a voluntary basis. The FC also approved a loan commitment of \$9 million for making loan to retailers who wish to continue operating to upgrade the hygiene condition of their shops. The FEHD, which is responsible for administering this incentive package, invited live poultry retailers to submit EGP applications within the one-year period from 13 July 2004 to 12 July 2005. Since the implementation of the voluntary scheme for live poultry farmers, wholesalers and transporters will have significant impact on the local supply of live poultry and hence the business operations of the live poultry retailers, it is proposed that the application deadline for the voluntary surrender scheme for live poultry retailers should be extended to tally with the application deadline for the scheme for the live poultry farmers, wholesalers and transporters. This proposal would also to a certain extent address the concerns of those live poultry retailers currently operating in private premises and public housing shopping centres/markets under the management of single operators who would like to join the scheme but are unable to cease business until the expiry of their current tenancy agreements.

31. Similarly, the Government will also extend the application deadline for the loan scheme for live poultry retailers to upgrade hygiene condition to tally with the application deadline for the voluntary surrender scheme for live poultry farmers, wholesalers and transporters.

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**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.

**Wording of the motion moved by Hon Tommy CHEUNG Yu-yan  
and passed at the joint meeting of the FSEH Panel and the HS Panel  
on 17 June 2006**

"就內地多次發生人類感染禽流感個案，政府禁止內地活禽鳥進口的決定，對香港從事活家禽批發、運輸、零售、飼養行業構成嚴重打擊，食物安全及環境衛生事務委員會及衛生事務委員會聯席會議現促請政府：

- (a) 設立緊急援助基金，對受政府政策影響的業界提供援助或低息貸款以助業界渡時艱；
- (b) 在禁止內地活家禽和觀賞鳥進口期間，向政府轄下的批發及零售市場內的租戶提供免租；
- (c) 即時檢討活家禽零售、農場和批發行業自動退回牌照政策；  
及
- (d) 對非長期僱用的工人立即發放緊急援助金。"

(English translation)

"That, in view of the repeated occurrence of human infection of avian influenza in the Mainland and the Government's decision to suspend the import of live poultry and birds from the Mainland, which seriously affect the live poultry wholesaling, transportation, retailing and farming trades, the joint meeting of the Panel on Food Safety and Environmental Hygiene and Panel on Health Services urge the Government to -

- (a) set up an emergency relief fund to provide assistance or low interest loans to traders affected by the Government's policy so as to tide them over the crisis;
- (b) waive the rents of stall lessees in the Government's wholesale and retail markets during the suspension of the import of live poultry and pet birds from the Mainland;
- (c) immediately review the policy of voluntary surrender of licences by live poultry retailers, farmers and wholesalers; and
- (d) immediately provide emergency relief to workers not under continuous employment."

## Relevant Papers/Documents

<u>Meeting</u>	<u>Meeting Date</u>	<u>Papers/Motion Passed/Council Question</u>
Legislative Council	3 March 2004	Motion on "Restoring the public's confidence in consuming live poultry" moved by Hon Tommy CHEUNG Yu-yan
	9 June 2004	Oral question on "Import of chickens from the Mainland" raised by Hon WONG Yung-kan
	6 July 2005	Oral question on "Avian flu hazards posted by migratory birds" raised by Hon Vincent FANG
	2 November 2005	Oral question on "Preventing of a local outbreak of human infection of avian influenza" raised by Hon Andrew CHENG Kar-foo
	23 November 2005	Oral question on "Closure of borders in the event of an outbreak of human infection of avian influenza" raised by Hon Tommy CHEUNG Yu-yan
	30 November 2005	Motion on "Preventing avian influenza" moved by Hon Fred LI Wah-ming  Written question on "Preparation for the avian flu pandemic" raised by Dr Hon KWOK Ka-ki  Written question on "Use of Chinese medicines in the fight against human infection of avian influenza" raised by Hon LI Kwok-ying

	1 March 2006	Oral question on "Banning sale of live poultry and implementing centralized slaughtering for live poultry" raised by Hon WONG Yung-kan
	8 March 2006	Written question on "Public's access to information of carcasses of dead birds found to be carrying H5N1 avian influenza virus" raised by Hon LAU Kong-wah
	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 in 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	26 March 2004	FCR(2003-04)67 Subhead 700 General other non-recurrent New Item "Ex-gratia payment to live poultry operators affected by outbreak of avian influenza in the region" (Approved)  Minutes of meeting – LC Paper No. FC 85/03-04

	<p>2 July 2004</p>	<p>FCR(2004-05)25</p> <p>Subhead 700 General non-recurrent New Item "Ex-gratia payment to live poultry retailers surrendering their licences with endorsement to sell live poultry or public market tenancies" New Item "Re-training and one-off grants to assist affected live poultry retail workers"</p> <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>
	<p>8 July 2005</p>	<p>FCR(2005-06)28</p> <p>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>
<p>Panel on Food Safety and Environmental Hygiene (FSEH Panel)</p>	<p>12 February 2004</p>	<p>Administration's paper - Paper Nos. CB(2) 1306/03-04(01) &amp; CB(2) 1332/03-04(01)</p> <p>Minutes of meeting LC Paper No. CB(2) 2283/03-04</p>
	<p>16 February 2004</p>	<p>Minutes of meeting LC Paper No. CB(2) 2947/03-04</p>



25 February 2004	Administration's papers - Paper No. CB(2) 1382/03-04(05) & CB(2) 1493/03-04(01)  Minutes of meeting LC Paper No. CB(2) 2090/03-04
10 March 2004	Minutes of meeting LC Paper No. CB(2) 2225/03-04
19 March 2004	Minutes of meeting LC Paper No. CB(2) 2114/03-04
2 April 2004	Consultation paper provided by the Administration on "Prevention of avian influenza : Consultation on long term direction to minimize the risk of human infection"  Administration's paper - Paper No. CB(2) 1930/03-04(01)  Minutes of meeting LC Paper No. CB(2) 2777/03-04
15 April 2004	Minutes of meeting LC Paper No. CB(2) 3040/03-04
27 April 2004	Minutes of meeting LC Paper No. CB(2) 2812/03-04
25 May 2004	Administration's paper - Paper No. CB(2) 2492/03-04(05)  Minutes of meeting LC Paper No. CB(2) 2949/03-04
4 June 2004	Minutes of meeting LC Paper No. CB(2) 3243/03-04

	<p>26 October 2004</p>	<p>Administration's paper - Paper No. CB(2) 75/04-05(03)</p> <p>Background paper prepared by the LegCo Secretariat – Paper No. CB(2) 75/04-05(04)</p> <p>Minutes of meeting LC Paper No. CB(2) 289/04-05</p> <p>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) &amp; CB(2) 1448/04-05(01)</p>
	<p>11 January 2005</p>	<p>Administration's paper - Paper No. CB(2) 566/04-05(03)</p> <p>Minutes of meeting LC Paper No. CB(2) 758/04-05</p>
	<p>7 April 2005</p>	<p>Administration's paper - Paper No. CB(2) 1042/04-05(01)</p>
	<p>14 June 2005</p>	<p>Administration's paper - Paper Nos. CB(2) 1675/04-05(01) CB(2) 1860/04-05(04)</p> <p>Background brief prepared by the LegCo Secretariat – Paper No. CB(2) 1860/04-05(05)</p> <p>Minutes of meeting LC Paper No. CB(2) 2563/04-05</p>
	<p>17 October 2005 (Policy briefing)</p>	<p>Administration's paper - Paper No. CB(2) 26/05-06(01)</p>
	<p>31 October 2005</p>	<p>Administration's paper - Paper Nos. CB(2) 199/05-06(01) CB(2)301/05-06(01)</p>

	7 February 2006	Administration's paper - Paper Nos. CB(2) 1042/05-06(01) HWF(F) CR 5/6/1
	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
	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
	11 July 2006	Administration's paper - Paper No. CB(2) 2663/05-06(03)  Minutes of meeting LC Paper No. CB(2) 3179/05-06
	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
Joint Meeting of 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
	5 November 2005	Administration's paper - Paper No. CB(2) 294/05-06(01)

	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
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