

**立法會**  
**Legislative Council**

LC Paper No. CB(2)146/14-15  
(These minutes have been seen  
by the Administration)

Ref : CB2/PL/FE

**Panel on Food Safety and Environmental Hygiene**

**Minutes of meeting**  
**held on Tuesday, 10 June 2014, at 2:30 pm**  
**in Conference Room 3 of the Legislative Council Complex**

- Members present** : Dr Hon Helena WONG Pik-wan (Chairman)  
Hon Steven HO Chun-yin (Deputy Chairman)  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, BBS, MH  
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN  
Hon Cyd HO Sau-lan  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon WONG Kwok-kin, BBS  
Hon Alan LEONG Kah-kit, SC  
Hon Claudia MO  
Hon WU Chi-wai, MH  
Hon CHAN Chi-chuen  
Dr Hon Kenneth CHAN Ka-lok  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
- Members absent** : Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon WONG Yuk-man  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon CHAN Han-pan
- Public Officers attending** : Item III  
Professor Sophia CHAN Siu-chee, JP  
Under Secretary for Food and Health

Miss Hinny LAM Shuk-yee  
Principal Assistant Secretary for Food and Health (Food) 3

Item IV

Professor Sophia CHAN Siu-chee, JP  
Under Secretary for Food and Health

Mr Jeff LEUNG Wing-yan  
Deputy Secretary for Food and Health (Food) 2 (Acting)

Item V

Professor Sophia CHAN Siu-chee, JP  
Under Secretary for Food and Health

Miss Hinny LAM Shuk-yee  
Principal Assistant Secretary for Food and Health (Food) 3

Dr SO Ping-man  
Assistant Director (Fisheries)  
Agriculture, Fisheries and Conservation Department

Item VI

Professor Sophia CHAN Siu-chee, JP  
Under Secretary for Food and Health

Miss Vinci CHAN  
Assistant Secretary for Food and Health (Food) 7

Mr Peter MA Wai-chung  
Assistant Director (Agriculture) (Acting)  
Agriculture, Fisheries and Conservation Department

**Attendance** : Item III  
**by invitation**

Ng Fung Hong Limited

Mr YANG Jin-ping  
Deputy General Manager

Federation of Hong Kong Agricultural Associations

Mr CHAN Kin-yip  
Chairman

全港新鮮牛肉零售及批發商聯席會議

Mr HUI Wai-kin  
Spokesperson

發展機遇研究組

Mr CHAN Chi-hang  
Spokesperson

Hong Kong Pig Raising Development Federation

Mr FUNG Kin-chung  
Chairman

**Clerk in attendance** : Ms Alice LEUNG  
Chief Council Secretary (2) 2

**Staff in attendance** : Mr Richard WONG  
Senior Council Secretary (2) 2 (Acting)

Miss Emma CHEUNG  
Legislative Assistant (2) 2

---

Action

**I. Information paper(s) issued since the last meeting**  
(LC Paper Nos. CB(2)1572/13-14(01), CB(2)1664/13-14(01) and CB(2)1714/13-14(01))

Members noted that the following papers had been issued since the last meeting -

- (a) Referral memorandum from the Legislative Council ("LegCo") Members' meeting with Tai Po District Council members on 23 January 2014 relating to the development of recreational fisheries in Hong Kong;

Action

- (b) Administration's information paper on "Ex-gratia payments to live poultry operators affected by the suspension of live poultry imports from the Mainland"; and
- (c) Administration's information paper on the "Guidelines on New Measures for Compliance with Fire Safety Requirements by Food Premises".

2. The Chairman reminded members that the Administration's information paper providing supplementary information on concerns raised by members when discussing the item "the Implementation of the Nutrition Labelling Scheme" at the last regular meeting was issued to members on 9 June 2014 vide LC Paper No. CB(2)1755/13-14(01).

3. Referring to the Administration's information paper on "Ex-gratia payments to live poultry operators affected by the suspension of live poultry imports from the Mainland" mentioned in paragraph 1(b) above, Mr Vincent FANG said that he was unconvinced of the Administration's justification for not offering ex-gratia payments ("EGPs") to the 131 live poultry retailers who did not solely sell live pigeons. In his view, EGPs should also be provided to these 131 live poultry retailers as they were also affected to some extent by the suspension of live poultry imports from the Mainland. The Administration was requested to provide a written response to Mr FANG's view.

Admin

*(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(2)2126/13-14 on 24 July 2014.)*

**II. Date of next meeting and items for discussion**  
(LC Paper Nos. CB(2)1676/13-14(01) and (02))

4. The Chairman consulted members on the three items to be discussed at the next regular meeting as proposed by the Administration -

- (a) "Amendments to the Public Health (Animals and Birds) (Animal Traders) Regulations for better regulating pet trading";
- (b) "Rodent control"; and
- (c) "Further discussion on regulatory control on outside seating accommodation of and unauthorized extension of business area by restaurants".

Action

5. The Chairman also consulted members on holding a special meeting in July for discussing the item on "Private Columbaria Bill" in the list of outstanding items for discussion. Mr Tommy CHEUNG and Ms Claudia MO expressed similar concerns that as LegCo would have a heavy meeting schedule towards the end of the session in July, it might be difficult for the Panel to arrange a special meeting in July. Mr CHEUNG also considered that the item "Further discussion on regulatory control on outside seating accommodation of and unauthorized extension of business area by restaurants" was of less urgency, and suggested the item "Private Columbaria Bill" be advanced for discussion at the next regular meeting.

6. The Chairman said that should the item "Private Columbaria Bill" be advanced for discussion at the next regular meeting, the item "Further discussion on regulatory control on outside seating accommodation of and unauthorized extension of business area by restaurants" would be discussed at a future meeting. Members agreed.

7. To allow sufficient time for discussion of the items on "Amendments to the Public Health (Animals and Birds) (Animal Traders) Regulations for better regulating pet trading" and "Private Columbaria Bill", the Chairman suggested that the Administration be requested to provide an information paper on the item "Rodent control" to members for consideration whether there was a need to discuss the item at the July regular meeting. Members raised no objection.

Admin

*(Post-meeting note: the Administration's information paper entitled "Rodent prevention and control measures" was issued to members vide LC Paper No. CB(2)1926/13-14(01) on 27 June 2014. No requests for discussing the subject at the July meeting had been received from members.)*

8. Members agreed to discuss the following items at the next regular meeting scheduled for Tuesday, 8 July 2014 at 2:30 pm -

(a) Amendments to the Public Health (Animals and Birds) (Animal Traders) Regulations for better regulating pet trading; and

(b) Private Columbaria Bill.

Members further agreed that the July meeting would be extended for one hour to end at 5:30 pm.

*(Post-meeting note: In the light that the Private Columbaria Bill ("the Bill") was introduced into LegCo on 25 June 2014 and the House*

Action

Committee had scheduled to consider the Bill at its meeting on 27 June 2014, the Chairman decided, after consultation with the Administration, that the proposed item "Private Columbaria Bill" of the Panel meeting in July be replaced with "Columbarium policy - the three-pronged strategy", and the meeting would be held from 2:30 pm to 5:00 pm instead of from 2:30 pm to 5:30 pm. The notice informing members of the revised agenda was issued on 25 June 2014 vide LC Paper No. CB(2)1902/13-14.)

**III. Supply of live cattle in Hong Kong**

(LC Paper Nos. CB(2)1676/13-14(03) and (04))

9. The Chairman reminded the deputations attending the meeting that they were not covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) when addressing the Panel. At the invitation of the Chairman, five deputations presented their views on the subject.

*Ng Fung Hong Limited*

[LC Paper No. CB(2)1676/13-14(05)]

10. Mr YANG Jin-ping presented the views of Ng Fung Hong Limited ("NFH") as set out in its submission.

*Federation of Hong Kong Agricultural Associations*

[LC Paper No. CB(2)1771/13-14(01)]

11. Mr CHAN Kin-yip presented the views of Federation of Hong Kong Agricultural Associations ("FHKAA") as set out in its submission.

*全港新鮮牛肉零售及批發商聯席會議*

[LC Paper Nos. CB(2)1676/13-14(06) and CB(2)1750/13-14(01)]

12. Mr HUI Wai-kin presented the views of 全港新鮮牛肉零售及批發商聯席會議 as set out in its submission.

*發展機遇研究組*

[LC Paper No. CB(2)1750/13-14(01)]

13. Mr CHAN Chi-hang presented the views of 發展機遇研究組 as set out in its submission.

Action

*Hong Kong Pig Raising Development Federation*  
*[LC Paper No. CB(2)1771/13-14(02)]*

14. Mr FUNG Kin-chung presented the views of Hong Kong Pig Raising Development Federation as set out in its submission.

The Administration's response to deputations' views

15. At the invitation of the Chairman, Under Secretary for Food and Health ("USFH") made the following points in response to the deputations' views -

- (a) it was the policy objective of the Government to maintain a stable and adequate supply of foodstuffs from diverse sources, in addition to ensuring food safety. The Administration had been working to ensure the stable supply and food safety of live cattle in the market;
- (b) the supply of fresh beef had been getting tighter in recent years. However, the overall supply of beef in the market had been relatively abundant, as chilled and frozen beef were available in the local market. Even though the supply and consumption of fresh beef had been declining, the consumption of other types of beef was on the rise. Hong Kong imported about 259 540 metric tons of beef in 2013, representing an increase of 94% over 2012. In 2013, the share of frozen and chilled beef in the local market was 95% and 2.5% respectively, while fresh beef took up 2.5%;
- (c) as the wholesale price of fresh beef in the Mainland had gone up steadily in recent years, the import price of live cattle in Hong Kong had also recorded a rise. However, since NFH last adjusted the wholesale price of live cattle in May 2013, the wholesale prices of marbled beef and breeding beef had remained unchanged at HK\$4,690/picul and HK\$4,070/picul respectively up to the present;
- (d) as regards the suggestion of opening up the live cattle market in Hong Kong, the Food and Health Bureau ("FHB") relayed to the Ministry of Commerce ("MoC") in early 2013 the relevant views as well as FHB's analysis and assessment on the live cattle market in Hong Kong. Thereafter, the Secretary for Food and Health also met with the Minister of Commerce to exchange views on issues including the decline in the supply of live cattle to Hong Kong and the price rises. Both sides set up a working

Action

group which was tasked to solicit views from various trade associations in relation to the supply of live cattle to Hong Kong, and to evaluate the existing operation and management system for the supply of live cattle to Hong Kong; and

- (e) as the supply of live cattle in the Mainland remained at a low level and there was a shortage of beef supply in the Mainland market, both MoC and FHB considered it more appropriate to proceed further with the discussion to improve the operation and management system for the supply of live cattle to Hong Kong when the overall supply of live cattle in the Mainland had stabilized.

Discussion

*Prices and supply of live cattle*

16. Sharing the concerns of most deputations about the surge in price of fresh beef in recent years, Mr WONG Kwok-hing, the Deputy Chairman and Prof Joseph LEE considered it unsatisfactory that NFH, as the sole export agent of live cattle from the Mainland to Hong Kong, exercised too much control on the prices and supply of live cattle in the local market. Mr WONG urged the Administration to set up a mechanism to closely monitor the prices and supply of live cattle imported by NFH and assist the trade in broadening the sources of live cattle supply. The Deputy Chairman queried whether NFH had been manipulating the wholesale prices of live cattle and earning unreasonably high profits by charging a large amount of commission. Prof LEE wondered why the Administration did not bring in more import agents and whether the trade had explored other sources of live cattle other than the Mainland.

17. USFH responded that -

- (a) the Administration had been closely monitoring the situation of the supply of live cattle in Hong Kong and maintained regular liaison and communication with NFH and MoC;
- (b) the supply of live cattle to Hong Kong and the price increase were closely related to the development of the live cattle market in the Mainland. The upsurge in the demand for fresh beef, the shortage of cattle supply and the rise in commodity prices and operating costs had driven up the prices of fresh beef in the Mainland. The prices of fresh beef in Hong Kong had seen a comparable increase in recent years; and



Action

- (c) since it would take time for the Central Government's development plan for beef production to bear fruit in terms of stabilizing the supply of live cattle across the country, both MoC and FHB considered it appropriate to re-visit the overall situation at a later stage.

Admin

18. Expressing the view that the Government should not intervene into the market just because of price fluctuation, Mr Tommy CHEUNG wondered whether it was just fresh beef imported from the Mainland that recorded a sharp price increase over the past few years. He requested the Administration to provide information, in a table form, on the wholesale / retail prices of fresh beef imported from the Mainland as well as frozen beef imported from other countries (including Australia, Brazil, Canada, the New Zealand and the US) in 2012, 2013 and 2014.

*(Post-meeting note: The English and Chinese versions of the Administration's response were issued to members vide LC Paper Nos. CB(2)2133/13-14 and CB(2)2161 on 28 and 31 July 2014 respectively.)*

*The opening up of live cattle market*

19. Expressing disappointment that MoC and the Administration agreed not to proceed further the issue of opening up of live cattle market in Hong Kong until the overall supply of live cattle in the Mainland was stabilized, the Deputy Chairman urged the the Administration to expeditiously initiate further discussion with MoC about the need for opening up the live cattle market in Hong Kong. He also urged the Administration to provide support for local farmers to invest in live cattle farming in the Mainland and export live cattle to Hong Kong.

20. Mr Tommy CHEUNG expressed reservation as to whether opening up the live cattle market would ensure the stability of prices and supply of fresh beef in Hong Kong. The Chairman noted that the wholesale price of fresh beef in the Mainland increased from HK\$10.5/catty on average in 2006 to HK\$39.1/catty on average in 2013, while the import price of live cattle in Hong Kong rose from HK\$8.8/catty on average in 2006 to HK\$41.2/catty on average in 2013. She wondered whether the opening up of live cattle market would ensure stability of fresh beef prices in Hong Kong.

21. The Chairman invited deputations to give their views on the opening up of live cattle market. Mr CHAN Kin-yip of FHKAA said that the opening up of live cattle market might not lead to a significant drop in fresh beef prices, but there would likely be a slight decrease in fresh beef prices as a result of increased competition. Echoing the view of Mr CHAN, Mr HUI

Action

Wai-kin of 全港新鮮牛肉零售及批發商聯席會議 added that the trade was also concerned about the dwindling of supply and market share of fresh beef in the Hong Kong market. In their views, it was unsatisfactory for Hong Kong to have only one supplier of live cattle that controlled the prices and supply of live cattle, and more import agents should be brought into the live cattle market so that the prices and supply of fresh beef would be allowed to fluctuate based on market competition. Mr YANG Jin-ping of NFH said that it remained to be seen whether bringing in more import agents would lead to price decrease in fresh beef in the Hong Kong.

22. USFH advised that -

- (a) if the upward trend in the prices of live cattle was mainly attributable to tight supply and high demand in the market, an increase in the number of distributing agents might not help ameliorate the situation;
- (b) the authority to approve the export agent for the supply of live cattle to Hong Kong rested with MoC. When the overall supply of cattle in the Mainland had stabilized, the Administration would resume discussing with MoC on the suggestion of opening up the live cattle market in Hong Kong by bringing in more import agents.

*Other sources of beef*

23. Mr Tommy CHEUNG and Miss Alice MAK expressed similar views that it was unsatisfactory for chilled beef to be supplied only to supermarkets. Miss MAK considered that chilled beef could offer the public one more choice of lower-priced meat products and help alleviate the price surge in fresh beef. She urged the Administration to look into ways to increase the supply of chilled beef to other retail outlets.

24. USFH advised that starting from November 2013, the number of Mainland processing plants approved for supplying chilled beef to Hong Kong had been increased to seven. Subject to market demand, the Administration might liaise with the Mainland authorities regarding a further increase in the number of processing plants approved for supplying chilled beef to Hong Kong.

Conclusion

25. In concluding the discussion, the Chairman urged the Administration to closely follow up members' views and suggestions on the subject of the opening up of live cattle market.

#### **IV. Supply chain of powdered formula**

(LC Paper Nos. CB(2)1676/13-14(07) and (08))

26. At the invitation of the Chairman, USFH briefed members on the Administration's work in monitoring the supply and price levels of powdered formula, as well as efforts of the trade in improving the powdered formula, the details of which were set out in the Administration's paper (LC Paper No. CB(2)1676/13-14(07)).

27. Members also noted the background brief entitled "Supply chain of powdered formula" prepared by LegCo Secretariat.

#### The Import and Export (General) (Amendment) Regulation 2013

28. Noting that the supply chain failure in relation to powdered formula was mainly related to the shortage of two brands of powdered formula (i.e. Friso and Mead Johnson) at certain retail outlets, Mr Tommy CHEUNG and Prof Joseph LEE cast doubt on the necessity of prohibiting the export of all powdered formula to all places outside Hong Kong, as stipulated in the Import and Export (General) (Amendment) Regulation 2013 ("the IE Amendment Regulation"). Mr CHEUNG urged the Administration to devise measures targeted at ensuring stable supply of the above two brands of powdered formula. Prof LEE considered that the IE Amendment Regulation was ineffective in allaying the stress and anxieties of local parents.

29. While expressing support for the Government's policy objective of ensuring a stable and sufficient supply to meet local demand, the Deputy Chairman considered that the IE Amendment Regulation should be repealed as and when the supply of powdered formula was stable. In his view, priority should be given to improving the supply chain of powdered formula instead of combating parallel trading activities of powdered formula. Miss Alice MAK wondered under what circumstances the Administration would repeal the IE Amendment Regulation, and whether the Administration had set a timeline for such a decision to be made.

30. Expressing disappointment that the supply of powdered formula had not yet stabilized, Dr KWOK Ka-ki considered that the Administration should not rush into appealing the IE Amendment Regulation. He also urged the Administration to consider imposing stricter export restrictions on powdered formula should parallel trading activities continue to be so prevalent.

Action

31. In response to members' views and concerns, USFH advised that -
- (a) since the IE Amendment Regulation came into effect, there had been a continued expansion in the volume of import, re-export and retained import of powdered formula. As at 15 April 2014, the Trade and Industry Department had issued about 9 600 powdered formula export licences. It could be seen that to a certain extent the IE Amendment Regulation had catered for the needs of parents of local infants and young children for powdered formula while safeguarding free trade and commerce;
  - (b) the Administration had been closely monitoring the supply and price situation of powdered formula at the local retail level. A consultancy firm was commissioned to conduct regular surveys on the supply and price of major brands of powdered formula across the territory ("the consultant survey") and the survey results would be announced regularly; and
  - (c) the Administration would continue to listen to the views of both the Committee on Supply Chain of Powdered Formula and this Panel and take into account the progress on the improvements of powdered formula supply chain, before deciding the Government's position in respect of the IE Amendment Regulation.

Admin

32. In response to the Chairman's enquiry about the smuggling of powdered formula from Hong Kong to other regions, the Administration undertook to provide information on the enforcement actions taken by the Customs and Excise Department against the export of powdered formula without export licence or exemption since the IE Amendment Regulation came into operation on 1 March 2013, including (i) the total number of cases; (ii) the volume of powdered formula involved in each case; and (iii) a breakdown of the types of enforcement actions taken against these cases.

*(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(2)2377/13-14 on 3 October 2014.)*

#### Improvement measures undertaken by the trade

33. Noting that the consultant surveys conducted in late April and early May respectively revealed that shortages of the two brands of powdered formula (i.e. Friso and Mead Johnson) were still observed at the retail level, Mr Tommy CHEUNG and Prof Joseph LEE urged the Administration to follow up with the suppliers concerned so that they would make better efforts in ensuring the stable supply of the powdered formula concerned.

Action

34. Dr KWOK Ka-ki and Mr CHAN Chi-chuen noted with concern that the above mentioned consultant survey results also revealed shortages of powdered formula of the above two brands even in the Eastern District where the supply of powdered formula was supposed to be less affected by parallel trading activities. Expressing disappointment at the effectiveness of the measures undertaken by the trade in improving the supply chain of powdered formula, they queried whether powdered formula suppliers had put in their best efforts in improving the supply chain.

35. USFH advised that -

- (a) the seven major powdered formula suppliers had already set up various pre-order services of powdered formula. Apart from the "pre-order system" set up at designated pharmacies (i.e. the Coupon Scheme), local parents could also place orders through suppliers' hotlines for home delivery or collection from chain stores. Through separating local demand from non-local demand, these pre-order services could act as a "dedicated supply chain" for local infants and young children;
- (b) the suppliers indicated that they had reserved sufficient stock to cope with orders for powdered formula from various pre-order services in the above. They had strengthened the supporting measures, including more frequent replenishment of stock if needed, and boosting the manpower for manning the hotlines when required so that that all calls from customers could be returned within 24 hours; and
- (c) the Administration had been working closely with the Committee on Supply Chain of Powdered Formula with a view to ensuring stable supply of powdered formula. Requests had been made to the trade to provide more specific responses on the improvement of the supply chain, including devising an action timetable and performance indicators on how to expedite the supply chain improvement.

36. At the requests of Dr KWOK Ka-ki and Mr CHAN Chi-chuen, USFH agreed to provide further information on the following -

- (a) the implementation of suppliers' hotlines for pre-order services of powdered formula, including (i) the number of local parents using the service; and (ii) the number of orders placed through these hotlines and the total volume of powdered formula ordered in each month since its implementation; and

Admin

Action

- (b) the implementation of the "Coupon Scheme", including (i) the number of local parents using the service; (ii) the volume of powdered formula ordered through the service in each month since its implementation; and (iii) a breakdown of the number of participating pharmacies by the 18 districts.

*(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(2)2377/13-14 on 3 October 2014.)*

**V. Fisheries Development Loan Fund - Proposed increase in the approved commitment of the loan capital**  
(LC Paper Nos. CB(2)1676/13-14(09) and (10))

37. The Chairman reminded members that in accordance with Rule 83A of the Rules of Procedure of LegCo, they should disclose the nature of any direct or indirect pecuniary interests relating to the funding proposals under discussion at the meeting before they spoke on the item.

38. At the invitation of the Chairman, USFH briefed members on the proposal to increase the approved commitment of the Fisheries Development Loan Fund ("FDLF") from \$290 million by \$810 million to \$1,100 million, as set out in the Administration paper (LC Paper No. CB(2)1676/13-14(09)).

39. Members also noted the background brief entitled "Fisheries Development Loan Fund" (LC Paper Nos. CB(2)1676/13-14(09) and (10)) prepared by LegCo Secretariat.

The proposed funding injection to FDLF

40. The Deputy Chairman and Mr WONG Kwok-hing expressed support for the Administration's proposal to increase the approved commitment of FDLF from \$290 million by \$810 million to \$1,100 million. Noting that the number of applications for FDLF had increased significantly since the terms and conditions of FDLF were revised in April 2012 with a view to helping the trade to overcome the challenges brought about by the trawl ban, the Deputy Chairman enquired whether the proposed funding injection of \$810 million was adequate. Noting that most of the applications were made by owners of trawler vessels affected by the trawl ban, Mr WONG expressed concern that the livelihood of these applicants would be adversely affected should the funding proposal not be approved by the Finance Committee ("FC") in 2013-2014.

Action

41. The Chairman wondered whether the Administration envisaged the need for increasing the approved commitment of the loan capital of FDLF by such a large amount when it proposed to revise the terms and conditions of FDLF in 2012 with a view to helping the trade to overcome the challenges brought about by the trawl ban and encouraging it to upgrade themselves to sustainable fisheries.

42. Noting that the application deadline for the one-off loans provided by FDLF to owners of trawlers and fish collectors affected by the trawl ban would be 31 December 2015, Mr Tommy CHEUNG wondered how the Administration would manage the remaining fund of FDLF if the number of loan applicants turned out to be fewer than expected and the funding injection of \$810 million was not fully loaned out by the application deadline.

43. In response, USFH advised that -

- (a) in April 2012 when the Administration consulted the Panel and sought FC's approval for the revision of the scope of FDLF, some \$279 million was available under the FDLF. Although the Administration did envisage at that time that there would be an increase in the number of loan applications after the revision of the terms and conditions of the FDLF, the actual demand could only be told in the course of time. The Administration foreshadowed at the Panel meeting on 10 April 2012 that it would seek an injection of funds to lift the ceiling of the approved commitment as and when the actual demand for loans under the FDLF approached the upper limit of the funding available;
- (b) as at May 2014, there had been 69 applications seeking loans amounting to over \$600 million, which far exceeded the existing commitment of \$290 million. Without additional fund, FDLF would be unable to provide any further loans until it was replenished with repayments from the outstanding loans. As the majority of the loans were newly approved ones and most of them carried a repayment period of up to 14 years, this would in effect close the door for other fishermen who wished to seek a loan under the Fund before the 31 December 2015 deadline. This would defeat the policy objective of providing loans to assist fishermen, particularly those affected by the trawl ban, in switching to more sustainable fisheries operations; and
- (c) as the proposed funding injection was an increase in the approved commitment of the loan capital of FDLF, any amount of fund not loaned out would be retained in the Treasury.

Action

Expected outcomes of the funding injection

44. Mr Tommy CHUENG considered it unsatisfactory that the Administration only considered the financial implications of the proposed funding injection in terms of the total interest forgone (estimated at about \$164.2 million). Noting that the bad debt ratio of FDLF since its inception in 1960 was around 1.5 per cent, he queried why the Administration did not include potential bad debts in calculating the financial implications of the proposed funding injection. Mr CHEUNG said that the Liberal Party did not support the Administration's proposal to increase the approved commitment of the loan capital of FDLF.

45. Principal Assistant Secretary for Food and Health (Food) 3 responded that the Administration followed the usual practice in considering the financial implications of the proposed funding injection in terms of the total interest forgone. The Administration also undertook to consider including potential bad debts in the financial implications of the financial proposal to be submitted to FC.

46. Noting that FDLF would provide loans to owners of fish collectors / fishing vessels for the purpose of switching to more environmentally friendly operations, Mr WU Chi-wai wondered whether the Administration had assessed FDLF's positive impact on the environment. In response, USFH advised that as FDLF provided loans for the above purpose only after April 2012, the Administration had not yet completed its assessment. Mr WU requested the Administration to provide information on loans approved by FDLF for carrying out projects that would reduce fuel consumption or the carbon footprint of the fishing operations (without increasing fishing effort) since April 2012, including (a) the number of relevant applications; (b) the number of fishing vessels involved; and (c) the amount of loans involved.

Admin

*(Post-meeting note: the English and Chinese versions of the Administration's response were issued to members vide LC Paper Nos. CB(2)2176/13-14 and CB(2)2184/13-14 on 5 and 12 August 2014 respectively.)*

Conclusion

47. The Chairman concluded that the majority of members present supported the Administration's plan to submit the funding proposal to FC. She also reminded the Administration to address concerns raised by members in its funding proposal to be submitted to FC.



## **VI. Study on wholesale markets**

(LC Paper Nos. CB(2)1676/13-14(11) and (12))

48. At the invitation of the Chairman, USFH briefed members on the progress of actions being taken by the Administration to study the functions and purpose of wholesale markets in Hong Kong, as set out in the Administration's paper (LC Paper No. CB(2)1676/13-14(11)).

49. Members also noted the information note entitled "Study on wholesale markets" (LC Paper No. CB(2)1676/13-14(12)) prepared by LegCo Secretariat.

### Relocation of wholesale markets

50. Pointing out that many residential developments had been developed in the neighbouring areas of the Cheung Sha Wan Temporary Wholesale Poultry Market ("CSW Wholesale Poultry Market") over the past decade, the Chairman expressed disappointment that the Administration had not yet relocated the CSW Wholesale Poultry Market. She noted that the Administration had commissioned a consultant to study the present-day functions and purpose of the wholesale business in the sale of fresh food produce, and analyze the geographical spread of five wholesale markets (namely the Cheung Sha Wan Wholesale Food Market, the CSW Wholesale Poultry Market, the Cheung Sha Wan Wholesale Vegetable Market, the Yau Ma Tei Fruit Market and the Western Wholesale Food Market) from the perspective of land use and food safety ("the consultancy study"). She enquired whether and how the consultancy study could facilitate the relocation of wholesale markets including the CSW Wholesale Poultry Market.

*(Members agreed to extend the meeting by 10 minutes.)*

51. Envisaging that it was unlikely for residents in any district to willingly be in the vicinity of the new poultry wholesale market, Mr WONG Kwok-hing urged the Administration to explore the potential of moving some of the wholesale markets to a purpose-built multi-storey facility so as to facilitate better management and release land in urban areas. In his view, residents and operators would be more receptive to such a modernized facility as there would be much improvement on both the operating environment and food safety and environmental hygiene.

52. Pointing out that daily cleansing and disinfection was carried out in the CSW Wholesale Poultry Market, the Deputy Chairman considered that there should not be significant health risks for residents in the vicinity. He,

Action

however, urged the Administration to collaborate with the trade in finding a suitable site, such as in Yuen Long, for co-locating various wholesale markets so as to improve the operating environment and facilitate logistics management of the wholesale business in the sale of fresh food produce.

53. USFH advised that -

- (a) the scope of the consultancy study covered four areas - (i) to capture the evolution of the wholesale business in the last two decades and ascertain the current situation in terms of its role and function; (ii) to compare and contrast relevant overseas experience with the local situation and draw lessons for Hong Kong; (iii) to compare and contrast the operation modes of wholesale versus direct purchase, and to evaluate if more synergy could be achieved should there be changes to the location of some of the wholesale markets; and (iv) to recommend ways to improve provision of wholesale market facilities and service with a view to bringing enhanced efficacy and benefit to the Hong Kong community as a whole. As the consultancy study was currently underway, the Administration would revert to the Panel when the outcome of the consultancy study was ready;
- (b) the Administration had been exploring the feasibility of relocating the CSW Wholesale Poultry Market. In identifying a suitable replacement site for live poultry wholesale activities, the Administration had to take into account a number of factors. Apart from identifying a potential replacement site, the relevant departments would need to conduct detailed technical assessments. In designing and planning the new wholesale poultry market, consultation with relevant stakeholders would have to be conducted at different stages; and
- (c) the Agriculture, Fisheries and Conservation Department had been maintaining a clean and hygienic environment in the CSW Wholesale Poultry Market. Measures being taken included cleaning the stocking area every hour, disinfecting the market floor twice every week, conducting regular and surprise checks on wholesalers and their workers to ensure compliance with the bio-security requirements (including cleansing and disinfection of poultry holding cages), conducting additional inspection or cleansing where necessary, and collecting faecal and environmental swabs at the wholesale market on a regular basis for AI testing to ensure that the venue remained free of AI virus.

Action

54. Expressing similar concerns about the lack of parking spaces as well as loading and unloading areas in the vicinity of the Yau Ma Tei Fruit Market, the Chairman and the Deputy Chairman urged the Administration to seriously follow up the relocation of the Yau Ma Tei Fruit Market. The Chairman also said that the operation of the Yau Ma Tei Fruit Market had caused traffic and environmental nuisances to the nearby residents. USFH advised that the Administration had been in dialogue with the fruit traders on the location and design of the new fruit market with a view to alleviating their concerns about the proposed relocation. To ameliorate the environment nuisances in the vicinity of the Yau Ma Tei Fruit Market, the Administration had issued a tender notice inviting bids for the temporary use of a site underneath a flyover in Yau Ma Tei for storing wooden pallets and fresh fruit produce in connection with wholesale trade.

55. In summing up, the Chairman said that the Panel looked forward to receiving the consultancy report and follow-up actions taken by the Administration in relocating the wholesale markets, particularly the CSW Wholesale Poultry Market and the Yau Ma Tei Fruit Market.

**VII. Any other business**

56. There being no other business, the meeting ended at 5:04 pm.