

**立法會**  
**Legislative Council**

LC Paper No. CB(2)2037/16-17  
(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, 14 March 2017, at 2:30 pm**  
**in Conference Room 3 of the Legislative Council Complex**

**Members present** : Dr Hon Helena WONG Pik-wan (Chairman)  
Hon LAU Kwok-fan, MH (Deputy Chairman)  
Hon LEUNG Yiu-chung  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Prof Hon Joseph LEE Kok-long, SBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon LEUNG Kwok-hung  
Hon Claudia MO  
Hon Steven HO Chun-yin, BBS  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan, JP  
Hon LEUNG Che-cheung, BBS, MH, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Elizabeth QUAT, JP  
Dr Hon CHIANG Lai-wan, JP  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Hon HO Kai-ming  
Hon SHIU Ka-fai  
Hon SHIU Ka-chun  
Hon Tanya CHAN  
Hon LUK Chung-hung  
Hon KWONG Chun-yu  
Hon Jeremy TAM Man-ho  
Dr Hon YIU Chung-yim  
Dr Hon LAU Siu-lai

**Members absent** : Hon WONG Ting-kwong, SBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon Martin LIAO Cheung-kong, SBS, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon Wilson OR Chong-shing, MH  
Dr Hon Pierre CHAN  
Hon CHEUNG Kwok-kwan, JP  
Hon HUI Chi-fung  
Hon Kenneth LAU Ip-keung, MH, JP  
Hon Nathan LAW Kwun-chung

[According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.]

**Public Officers attending** : Item IV

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

Mr Kenneth CHAN Siu-yum  
Principal Assistant Secretary for Food and Health (Food) 1

Dr LIU Kwei-kin, JP  
Assistant Director (Agriculture)  
Agriculture, Fisheries and Conservation Department

Dr Geraldine LUK So-mui  
Senior Veterinary Officer (Risk Assessment)  
Food and Environmental Hygiene Department

Item V

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

Miss Diane WONG Shuk-han  
Principal Assistant Secretary for Food and Health (Food) 2

Mr FORK Ping-lam  
Assistant Director (Operations) 3  
Food and Environmental Hygiene Department

Mr LEE Ming-wai  
Pest Control Officer-in-charge  
Food and Environmental Hygiene Department

Item VI

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

Mrs Avia LAI, JP  
Deputy Director of Food and Environmental Hygiene  
(Administration and Development)

Miss Diane WONG Shuk-han  
Principal Assistant Secretary for Food and Health (Food) 2

Mr LAM Wing-hong  
Assistant Director (Operations) 2  
Food and Environmental Hygiene Department

**Clerk in attendance** : Ms Wendy LO  
Chief Council Secretary (2) 2 (Acting)

**Staff in attendance** : Miss Michelle TANG  
Council Secretary (2) 2

Mr Roger CHUNG  
Council Secretary (2) 4

Miss Emma CHEUNG  
Legislative Assistant (2) 2

Ms Camy YOONG  
Clerical Assistant (2) 2

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**I. Confirmation of minutes**  
(LC Paper Nos. CB(2)943/16-17 and CB(2)944/16-17)

The minutes of the meetings held on 13 December 2016 and 10 January 2017 were confirmed.

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**II. Information paper(s) issued since the last meeting**

2. Members noted that no information paper had been issued since the last meeting.

**III. Date of next meeting and items for discussion**

(LC Paper Nos. CB(2)946/16-17(01) and (02))

3. Members agreed to discuss the following items at the next regular meeting scheduled for Tuesday, 11 April 2017 at 2:30 pm:

- (a) Proposed creation of a supernumerary directorate post in the Food and Environmental Hygiene Department ("FEHD");
- (b) Public consultation on the way forward for the live poultry trade; and
- (c) Implementation of the Food Safety Ordinance.

4. Mr Tommy CHEUNG declared that he owned a company with business in the import and sale of hairy crabs. The company had imported hairy crabs from the Mainland in 2016 and been affected by the incidents of hairy crabs from two aquaculture farms in Jiangsu Province detected with dioxins. He suggested that the Panel should discuss as early as possible the latest developments of the incidents including issues relating to the import arrangements of hairy crabs in 2017. The Chairman said that she would discuss with the Administration after the meeting on whether arrangement could be made for discussion of the item proposed by Mr CHEUNG at the April meeting.

*(Post-meeting note: Having considered the request of Mr Tommy CHEUNG and discussed with the Administration, the Chairman decided to add an item "Issues relating to the arrangement for import of hairy crabs" to the agenda of the April meeting and to defer the discussion on the item "Implementation of the Food Safety Ordinance" to a future meeting. The notice of meeting was issued on 20 March 2017 vide LC Paper No. CB(2)1027/16-17. The item "Implementation of the Food Safety Ordinance" was subsequently deferred to the meeting on 9 May 2017.)*

**IV. Regulating the production of organic food**  
(LC Paper Nos. CB(2)946/16-17(03) and (04))

5. At the invitation of the Chairman, Under Secretary for Food and Health ("USFH") briefed members on matters relating to the regulation of organic food production, details of which were set out in the Administration's paper (LC Paper No. CB(2)946/16-17(03)). Members noted the background brief prepared by the Legislative Council ("LegCo") Secretariat on the subject (LC Paper No. CB(2)946/16-17(04)).

Need to regulate the production and sale of organic food

6. Mr HO Kai-ming said that organic products were perceived to be more nutritious and healthier than ordinary food. In his view, consumers might not be willing to pay a premium price for organic produce if there was no significant difference between organic food and ordinary food in terms of food safety as stated in the Administration's paper. Noting that ordinary food and organic food were governed by the same set of statutory food safety standards, he was concerned whether the current monitoring system for organic food products in Hong Kong had lagged behind the development of the industry.

7. In response, USFH explained that the major differences between organic food and ordinary food were their ways of production, processing and handling. As such differences could not be detected by testing the food products (including vegetables), there was no significant difference between organic food and ordinary food in terms of food safety. Assistant Director (Agriculture)/Agriculture, Fisheries and Conservation Department ("AD(A)/AFCD") added that organic farming, in general, were featured with practices that strived to recycle resources, promote ecological balance and conserve biodiversity. Consumers who supported the concept of organic farming might have a preference for organic food products which were produced using natural sources of nutrients.

8. Ms Claudia MO cast doubt over the effectiveness of the voluntary certification service for organic food provided by the Hong Kong Organic Resource Centre ("HKORC") in the absence of legislation regulating organic food. She expressed concern on when, and how, the Administration would review the need to regulate the production and sale of organic food having regard to international developments and prevailing local circumstances. Ms MO and Dr KWOK Ka-ki both considered that the Administration should enact legislation to regulate the production and sale of organic food. Ms Tanya CHAN opined that the lack of a legal definition of the term "organic" in Hong Kong might pose difficulties to the authorities in carrying

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out enforcement work. She asked whether consideration would be given to clearly defining in law the term "organic".

9. USFH responded that the Administration commissioned a consultancy study in 2011 to assess the need for regulating the production and sale of local organic food products. In view of the small scale of the local organic food sector (i.e. organic vegetables only accounted for less than 0.3% of the total fresh vegetables supply in Hong Kong) and the fact that the Government's main policy objectives in respect of food were to safeguard food safety and supply stability, the consultancy report advised that there was no pressing need to introduce new legislation to regulate the production and sale of local organic food products. The Administration accepted the consultant's recommendations and had enhanced consumer education about organic food and promotion on organic food labelling. With funding from the Agricultural Development Fund under the Vegetable Marketing Organization, HKORC had started to provide voluntary certification service to farmers since December 2002. HKORC had established a set of stringent guidelines with reference to international standards to ensure that the process adopted by organic farms complied with the certification standards of organic farming and production. The Agriculture, Fisheries and Conservation Department ("AFCD") also provided support to local farms on organic farming through the Organic Farming Support Service ("OFSS").

10. Mr Steven HO urged the Administration to provide farmers with comprehensive guidelines on organic farming and production, including the transportation process of organic produce from farms to retail outlets. In his view, the Administration should encourage the industry to comply with the standards and guidelines on organic farming through promotion and publicity instead of resorting to legislative means. USFH said that AFCD, the Centre for Food Safety ("CFS") and HKORC would continue to enhance public education on organic food. AD(A)/AFCD said that through OFSS, AFCD helped local farmers convert from conventional farming to organic farming in accordance with the established standards and guidelines on organic farming and production. HKORC had also issued guidelines on the production and packaging of organic food. The relevant information had been uploaded onto the websites of AFCD and HKORC for the trade's reference.

11. The Chairman said that as the consultancy study was conducted six years ago, the Administration should re-examine the need to introduce legislative control over organic food in view of the growing consumption of organic food products in Hong Kong in recent years.

## The work of HKORC

12. Mr LEUNG Che-cheung suggested HKORC step up promotion on the units/organizations certified under HKORC's certification system to facilitate consumers in making informed purchasing decisions. He was concerned whether HKORC had sufficient resources to monitor the proliferation of non-authentic organic products in the market and to combat the abuse of HKORC's organic certification labels and certificates. He asked whether the Administration would consider setting up one or more organizations like HKORC to provide certification service and monitor the sale of organic food in Hong Kong.

13. USFH advised that at present, more than 140 units were certified under HKORC's certification system. HKORC had been conducting regular surveys to monitor the market situation. It should be noted that all food for sale in Hong Kong for human consumption (whether organic or ordinary food) should comply with the same set of statutory standards for food safety and quality, as well as labelling requirements to ensure its fitness for human consumption. All food (including ordinary and organic food) was regulated by relevant legislation such as the Public Health and Municipal Services Ordinance (Cap. 132) and the Trade Descriptions Ordinance (Cap. 362) ("TDO"). Through its risk-based food surveillance programme, CFS also took food samples (including organic food) at the import, wholesale and retail levels for testing to safeguard food safety.

14. The Chairman enquired about the division of work among the government departments and HKORC in promoting organic food labelling. AD(A)/AFCD responded that HKORC was responsible for providing voluntary certification service, conducting surveys to monitor the market situation and promoting consumer education, whereas AFCD provided technical support to local farms on organic farming. The Chairman requested the Administration to provide supplementary information on (i) details of the standards/guidelines established by HKORC to ensure that the process adopted by organic farms complied with the certification standards of organic farming and production; and (ii) the scope of work of HKORC in promoting organic food labelling, including details of its voluntary certification service provided to farmers, regular surveys conducted to monitor the use of organic certification labels in the market and consumer education on organic food.

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*(Post-meeting note: The Chinese and English versions of the Administration's response were issued to members vide LC Paper Nos. CB(2)1115/16-17 and CB(2)1241/16-17 on 31 March and 19 April 2017 respectively.)*

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15. In response to Ms Claudia MO's enquiry, AD(A)/AFCD said that HKORC had drawn up a list of recommended organic fertilizers and pesticides to facilitate the trade's compliance with the organic production and processing certification standards. The information could be found on HKORC's website.

Enforcement against the sale of fake organic food and consumer education

16. Dr KWOK Ka-ki said that according to a previous survey conducted by HKORC, among those market stalls which claimed that they were selling organic vegetables or aquatic products, only 5% of vegetable stalls and 1% of fish stalls had displayed HKORC's organic labels/certificates. He was concerned that the failure on the part of the Customs and Excise Department ("C&ED") to take enforcement actions in accordance with TDO against the sale of counterfeit organic food products would undermine consumers' confidence in organic produce. Dr CHIANG Lai-wan also expressed concern about the abuse of HKORC's organic certification labels/certificates by some vegetable stalls in order to sell non-organic vegetables disguised as higher-priced organic vegetables. She said that such dishonest acts would hamper the development of the organic food sector. In her view, there should be a definition of the term "organic" in Hong Kong for regulating the sale of organic products.

17. Mr HO Kai-ming asked whether the authorities would establish a mechanism to investigate and follow up on complaints related to false claim of organic produce. Mr CHAN Chi-chuen enquired whether HKORC would conduct surprise checks on those units certified under its certification system as well as retail outlets selling organic food products. USFH responded that as some farmers and traders might choose not to participate in any voluntary organic certification scheme, the sale of food products claimed to be organic without displaying certification labels/certificates did not necessarily mean that the products involved were fake organic products.

18. USFH further said that CFS, ACFD and HKORC would continue to exchange intelligence and follow up on complaints relating to sale of fake organic products. AD(A)/AFCD added that under the certification system, HKORC conducted unannounced sudden inspections on the certified units to monitor whether their operations and sale arrangements met the certification requirements and standards. It also conducted regular surveys on retail outlets selling organic produce and took food samples from the outlets for testing. HKORC would publicize its monitoring efforts for public information. If any irregularity was found, including sale of fake organic products, use of organic certification label without permission by the certification agent or display of invalid certificates, HKORC would provide

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information of these cases to C&ED, for conducting in-depth investigation and gathering evidence under TDO, and taking appropriate enforcement actions having regard to the particular facts and evidence of the cases. Between 2011 and 2016, C&ED initiated four prosecutions against persons for violations of TDO.

19. Ms Tanya CHAN enquired about the main difficulties encountered by the Administration in initiating prosecutions against contraventions of TDO and the amounts of fines imposed on the offenders in the above four cases. USFH advised that the four cases were convicted with fines ranging from \$2,000 to \$10,000. AD(A)/AFCD said that some cases could not be pursued further due to insufficient evidence. While the disguise of non-organic food as organic one by applying organic certification labels/certificates would contravene the relevant provisions of TDO, the sale of products claimed to be organic itself might not necessarily constitute an offence under the laws of Hong Kong.

20. AD(A)/AFCD added that CFS and HKORC had been stepping up consumer education on organic food, through organizing various types of promotional and public relations activities to introduce recognized certification labels to the public and encourage them to read the organic certificates of vegetable outlets carefully and buy vegetables with organic certification at reputable shops. Mr Tommy CHEUNG and Mr Steven HO agreed that traders selling organic food which had not been certified with HKORC should not be considered as selling fake organic products. They considered that the Administration should continue to promote certification of organic products and enhance consumer education on organic food.

21. Mr LEUNG Yiu-chung noted that while some unscrupulous traders displayed invalid organic certification labels/certificates to sell non-organic food products under the disguise of higher-priced organic vegetables, some other traders might sell organically grown produce without displaying such labels/certificates since their products had not been certified with HKORC. The Chairman and Mr LEUNG expressed concern that it was difficult for consumers to distinguish between organic and non-organic products. They asked how the Administration could ensure that consumers could purchase genuine organic products in the market.

22. USFH said that consumers could make use of organic certification labels/certificates to identify organic products. She stressed that from the perspective of food safety, all food for sale in Hong Kong, whether organic or ordinary food, had to comply with the same set of food safety standards as well as the labelling requirements. C&ED would take enforcement actions in accordance with TDO to protect consumers' interests. Mr LEUNG Kwok-

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hung urged CFS and HKORC to strengthen their promotion and publicity efforts on organic food labelling and to enhance consumer education to raise their knowledge of organic food. In Mr LEUNG's view, the Administration should explain to the public the different roles played by CFS, HKORC and C&ED.

23. Mr Tommy CHEUNG asked whether organic food products imported from overseas countries had already been certified with relevant overseas certification bodies before export and how the Administration would verify the authenticity of imported organic products. Dr CHIANG Lai-wan considered that importers should be requested to produce proof of their imported organic food products having been certified with relevant certification agents/bodies.

24. USFH responded that the certification service provided by HKORC was voluntary in nature. The Administration would follow up with HKORC on how to promote a better understanding of the organic label and certification service. AD(A)/AFCD added that a list of recognized organic certification labels and logos was published on HKORC's website for the public's information.

**V. Rodent prevention and control measures**

(LC Paper Nos. CB(2)946/16-17(05) and (06))

25. At the invitation of the Chairman, USFH briefed members on the rodent prevention and control measures implemented by FEHD in 2016 and the major initiatives in 2017, as detailed in the Administration's paper (LC Paper No. CB(2)946/16-17(05)). Members noted the background brief prepared by the LegCo Secretariat on the subject (LC Paper No. CB(2)946/16-17(06)).

26. Noting that the overall rodent infestation rate ("RIR") had risen from 1.5% in 2010 to 4% in 2016, Mr SHIU Ka-fai urged the Administration to improve the environmental hygiene condition of various districts to tackle rodent problem at root. Mr CHAN Han-pan said that he had received complaints from members of the public that more than a hundred of large rodents had been spotted in public refuse collection points at night time. He enquired whether FEHD would review the effectiveness of its rodent control measures and adopt new measures and techniques by making reference to the experience of the Mainland and other countries.

27. USFH responded that FEHD had been taking a variety of rodent control measures, including poisoning and trapping of rodents and destroying rat holes in related rear lanes, strengthening street cleansing in various

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districts, encouraging active participation of the public in anti-rodent work, and strengthening publicity and education programmes in rodent prevention and control. She invited Mr CHAN Han-pan to refer the complaint cases, together with relevant information he had, to FEHD for its follow-up. Assistant Director (Operations) 3/FEHD ("AD(Ops)3/FEHD") said that upon receipt of complaints, FEHD pest control teams would conduct on-site inspections to assess whether targeted rodent control actions had to be taken.

28. Expressing concern about the worsening rodent infestation problem in Sham Shui Po District and Hung Hom, Dr CHIANG Lai-wan urged the Administration to step up its anti-rodent operations across the territory so as to prevent outbreak of diseases transmitted by rodents (e.g. plague or hantavirus infection). USFH said that FEHD would continue to undertake intense anti-rodent operations in districts jointly with relevant stakeholders.

29. Mr Jeremy TAM said that some market stall tenants had relayed to him that the rodent problem at some FEHD's public markets was very serious. Noting that baits were not set in the public markets to collect statistics for compiling RIRs, he asked whether the Administration would review the locations for setting baits and widen the network of surveyed areas for the rodent surveillance programme to include public markets. He also requested FEHD to step up the rodent prevention and control work in public markets.

30. Pest Control Officer-in-charge/FEHD ("PCO I-c/FEHD") responded that as rodents could easily find food in fresh markets, the ratio of baits bitten by rodents might not genuinely reflect the rodent problem in fresh markets if baits were placed inside the fresh markets. To combat rodent infestation in public markets, FEHD had been carrying out routine anti-rodent operations including poisoning and trapping of rodents. In 2016, FEHD had conducted trappings with cage traps for over 20 000 trap nights (i.e. number of nights x number of traps set for each night) in public markets to enhance the effectiveness of rodent control. The efficacy of FEHD's rodent control work in public markets could be reflected by the rates of bait consumption and the trapping rates of rodents. At Mr Jeremy TAM's request, the Administration would provide supplementary information on how FEHD monitored the situation of rodent infestation in public markets and the targeted measures taken by FEHD to control the rodent problem in public markets.

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31. Mr KWOK Wai-keung said that some residents of Sau Kei Wan had complained that rodents got out from nearby public markets/retail outlets and sneaked into apartments and houses of members of the public. He urged FEHD to step up anti-rodent operations and offer professional advice to the public on rodent control. Mr SHIU Ka-chun called on FEHD to strengthen anti-rodent work in the vicinity of Tung Chau Street Temporary Market where many street sleepers lived.

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32. Mr CHAN Chi-chuen sought information on whether any stall tenants had been penalized for keeping cats in public markets. In his view, the Administration should consider allowing public market tenants to keep cats, so as to help eradicate rodent infestation. Mr Tommy CHEUNG held the view that FEHD should step up anti-rodent work at fresh markets and piers to eliminate harborage for rodents. The keeping of cats in public markets could be an effective measure to eliminate rodent infestation.

33. In response, AD(Ops)3/FEHD explained that although cats had the ability to prey on rodents, their predation targets were not limited to rodents. Besides, the keeping of cats in public markets might cause environmental hygiene problem. The Administration thus had reservations about the suggestion of keeping cats in public markets. He further said that with enhanced anti-rodent measures, the rodent infestation situation in public markets had largely been brought under control. Regarding the rodent problem in private markets, AD(Ops)3/FEHD said that while the anti-rodent control work in private markets was carried out by Link REIT and the respective property management companies, FEHD would offer technical advice on rodent control where necessary.

34. Mr LEUNG Yiu-chung expressed concern about the rodent infestation problem in public housing estates. He considered that territory-wide rodent disinfestation operations should be carried out by the authorities concerned, with a view to eradicating rodent infestation in public housing estates. Specific actions should also be taken by the Housing Department to prevent rodents from getting into public housing units through climbing up the pipes on the external walls of the buildings. AD(Ops)3/FEHD responded that FEHD would render assistance and offer advice to the Housing Department in implementing anti-rodent measures. As issues relating to the management of public housing fell under the purview of the Panel on Housing, the Chairman suggested that the above issue raised by Mr LEUNG be referred to the Panel on Housing for consideration.

*(Post-meeting note: The above issue was referred to the Panel on Housing for consideration on 22 March 2017 via LC Paper No. CB(1)721/16-17(01).)*

35. The Chairman expressed concern about the rodent infestation situation in some housing estates (including Kai Ching Estate, Tak Long Estate and Oi Man Estate) in Kowloon City District. She reckoned that the construction sites within the district might have provide shelter/habitat for rodents. She called on the relevant departments to step up anti-rodent operations in those housing estates which she had referred to.

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36. Mr KWOK Wai-keung expressed concern whether the regular exchanges with overseas rodent control experts had helped FEHD improve its rodent control techniques and methodologies. PCO I-c/FEHD responded in the affirmative, advising that FEHD would keep in view the latest advances in rodent control methodologies and techniques and would carry out tests to assess the suitability of such methodologies/techniques for local use. FEHD would also carry out assessments on rodenticides adopted by other places as back-up plans. When the current rodenticides used by FEHD were no longer effective, FEHD would consider using other rodenticides as replacement.

*(To allow sufficient time for discussion, the Chairman ordered that the meeting be extended for 15 minutes to end at 4:45 pm.)*

**VI. Public market stall rentals after 30 June 2017**  
(LC Paper Nos. CB(2)946/16-17(07) and (08))

37. At the invitation of the Chairman, USFH briefed members on the market rental adjustment arrangement that would be put in place with effect from 1 July 2017, as detailed in the Administration's paper (LC Paper No. CB(2)946/16-17(07)). Members noted the background brief on the subject prepared by the LegCo Secretariat (LC Paper No. CB(2)946/16-17(08)).

38. In response to Mr Steven HO's concern whether the Panel could complete the discussion on the item at this meeting, the Chairman said that the meeting could be extended for more than 15 minutes beyond the appointed ending time if no Panel member present at the meeting raised objection to the proposal. Mr HO objected to the further extension of the meeting. He said that it would upset the work schedules of individual members as they might have other commitments.

39. Considering that the agenda item should not be deferred to the next Panel meeting, Mr Steven HO suggested that the Panel deal with the motions put forward by some members first and continue with the discussion on the subject matter afterwards. The Chairman informed members that Mr SHIU Ka-fai and Dr LAU Siu-lai had respectively indicated their intention to move motions under this agenda item. In her view, it would be more appropriate for members to have discussed the subject matter before taking a decision on the motions.

40. The Chairman said that voting on the motions could be deferred to the next Panel meeting, if the Panel did not have sufficient time to deal with/vote on them at this meeting. Mr Tommy CHEUNG expressed worries that the Administration might soon kick start the preparation work for the market rental adjustment, such as issuing letters to market tenants informing them of

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the new arrangement. He considered that the Panel should discuss this agenda item and deal with the relevant motions at this meeting. Mr LEUNG Kwok-hung expressed a similar view.

41. The Chairman suggested that members should present their views on the subject matter in a succinct manner, so as to reserve time for dealing with the motions. Members agreed.

Discussion

42. Mr Steven HO said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong objected to the public market rental adjustment arrangement that would be put in place with effect from 1 July 2017. Noting from the Administration's paper that there were great differences among the rentals of market stalls leased out at different times, Mr HO was concerned that the across-the-board rental increase by 2.9% for tenancy agreements to be renewed after 1 July 2017 would widen the gap among the market rentals paid by existing stall operators. In his view, the Administration should conduct a comprehensive review of the market rental adjustment mechanism and other related charges before adjusting the rentals for market stalls. Dr LAU Siu-lai, Mr LEUNG Kwok-hung and Mr CHAN Chi-chuen shared similar views.

43. Mr LEUNG Che-cheung expressed worries that the increase in market rentals might, in turn, accelerate inflation. Enquiring whether the Administration would seek market tenants' views before proceeding with the arrangement, he said that the Federation of Hong Kong Kowloon New Territories Hawker Associations had complained that the Administration had not consulted the Federation on the proposed market rental adjustment arrangement. USFH responded that the market rental adjustment arrangement merely sought to catch up with annual inflation, after a 19-year long rental freeze. For tenancy agreements due for renewal on 1 July 2017, the rental would increase by only 2.9% in the first year of the renewed tenancy.

44. Mr SHIU Ka-fai said that Members belonging to the Liberal Party were opposed to the proposed market rental adjustment arrangement. In his view, given that the local retail trade had been operating in severe adversity in recent years and the fiscal reserves of the Government had exceeded \$930 billion, the Administration should shelve the plan of effecting rental increase after 1 July 2017. He also expressed concern that public market tenants were excluded from the one-year waiver of licence fees for travel agents, hotels and guesthouses, restaurants, hawkers, etc. announced in the 2017-2018

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Budget. USFH responded that the one-year waiver of licence fees was an initiative aiming to alleviate the pressure on the tourism and related industries.

45. Mr Tommy CHEUNG said that it was his understanding that various political parties had raised objection to the implementation of different proposals in relation to the market rental adjustment mechanism put forwarded by the Administration over the past few years. He urged the Administration to shelve the plan of effecting rental increase after 1 July 2017.

46. Dr LAU Siu-lai considered that the Administration should not proceed with the market rental adjustment arrangement in view of the adverse operating environment of market tenants and the large fiscal reserves of the Government. In her view, FEHD should take targeted actions to tackle fundamentally the sub-optimal use of market stalls (e.g. use of stalls as storage) which in turn dampened the vibrancy of public markets, instead of increasing the rentals of public market stalls. She urged the Administration to conduct a comprehensive review of the market rental adjustment mechanism before implementing the adjustment.

47. Mr LEUNG Kwok-hung held the view that the Government should subsidize the operation of public markets to benefit the general public. Mr CHAN Chi-chuen recalled that the Panel had passed in January 2013 a motion relating to installation of air-conditioning systems in public markets and improvements to the operating environment of public markets. He considered it undesirable that the Administration decided to adjust market rental before completing the retrofitting of air-conditioning systems in public markets.

48. Mr SHIU Ka-chun, Mr KWOK Wai-keung, Ms Starry LEE and Dr KWOK Ka-ki opined that the Administration should improve the operating environment of public markets before considering any rental adjustment. Ms LEE and Dr KWOK expressed dissatisfaction about the Administration's slow progress in installing air-conditioning systems in public markets. Mr KWOK said that as the Treasury was "flooded with cash" and the proposed rental adjustment which aimed to catch up inflation would not help much in alleviating the operating deficit of public markets, the Administration should shelve the rental increase plan.

The Administration's response

49. USFH said that the Administration was committed to improving the operating environment of public markets, and had been putting a lot of efforts to this end. She undertook to provide supplementary information on the

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measures taken by FEHD to improve the facilities and operating environment of public markets and the resources involved.

50. USFH stressed that the operating deficit of public markets had been rising from \$168 million to \$294 million between 2011-2012 and 2015-2016. There was little reason to depart from the established fiscal principle that there should be due return to taxpayers of commercial activities conducted on premises constructed and maintained with public funds. Moreover, the Administration found that the assumption that stalls paying lower rents would charge lower prices thus benefitting consumers was neither supported by market logic nor facts. Tenants of public markets were free to determine and adjust the prices of their goods having regard to relevant factors including prices of comparable goods sold in the vicinity, relative abundance/scarcity of the goods sold and operating costs. According to on-site observations conducted at 22 FEHD markets during the period from September to October 2016, stalls charging identical and almost identical prices for the same food item could be paying very diverse levels of rentals.

*(At the suggestion of the Chairman, members agreed to further extend the meeting so that members could deal with and vote on the motions proposed before the appointed ending time of this meeting.)*

Motions proposed by members

51. The Chairman ruled that the motions proposed by Mr SHIU Ka-fai and Dr LAU Siu-lai were directly related to the agenda item under discussion. Members present agreed that the motions should be dealt with.

*Motion 1*

52. Mr SHIU Ka-fai moved the following motion, which was seconded by Mr LEUNG Kwok-hung, Mr Steven HO, Mr CHAN Chi-chuen, Mr LEUNG Che-cheung, Mr KWOK Wai-keung, Mr CHU Hoi-dick, Mr SHIU Ka-chun and Dr LAU Siu-lai:

(議案中文措辭)

鑒於近年香港的零售市道一直處於嚴冬，零售業總銷貨值至今已經連跌達 23 個月，公眾街市的租戶正面對極大的經營困難；反觀政府的庫房"水浸"，2016-2017 年度經修訂的財政盈餘達到 928 億元，財政儲備高逾 9,300 億元，本委員會要求政府當局擱置擬於 2017 年 7 月 1 日後實施的有關加租計劃，並維持凍結公眾街市的租金，以紓緩業界困難，改善民生。

(English translation of the motion)

Given that the retail industry of Hong Kong has all along been operating in severe adversity in recent years with the value of total retail sales having decreased for 23 months in a row so far, and public market tenants are facing great operational difficulties; on the contrary, the Treasury is "flooded with cash" as the revised fiscal surplus for the 2016-2017 financial year amounted to \$92.8 billion and the fiscal reserves have exceeded \$930 billion, this Panel requests the Administration to shelve the plan of effecting rental increase after 1 July 2017 and maintain the rental freeze for public markets so as to alleviate the difficulties faced by the industry and improve the livelihood of the people.

53. The Chairman put Mr SHIU's motion to vote. The Chairman declared that 15 members voted for the motion, and no member voted against the motion or abstained from voting. The motion was carried.

*Motion 2*

54. Mr SHIU Ka-fai moved the following motion, which was seconded by Mr LEUNG Kwok-hung, Mr Steven HO, Mr CHAN Chi-chuen, Mr LEUNG Che-cheung, Mr KWOK Wai-keung, Mr CHU Hoi-dick, Mr SHIU Ka-chun and Dr LAU Siu-lai:

(議案中文措辭)

儘管政府當局多年前已提出改善公眾街市的營運環境，但至今一直未見明顯改善，公眾街市租戶的生意額持續下降；而2017-2018年度財政預算案宣布豁免旅行社、酒店和旅館、食肆、小販等的一年牌照費用，但公眾街市的租戶不僅未獲任何豁免，反而遭到加租，對他們極不公平，本委員會要求政府當局向公眾街市的租戶豁免兩個月租金，以還富於民，共享政府財政豐裕的成果。

(English translation of the motion)

Given that notwithstanding the Administration's introduction of various measures to improve the operating environment of public markets years ago, there has been no notable improvement so far and the business turnover of public market tenants has been declining persistently; it is also extremely unfair that public market tenants are not only excluded from the one-year waiver of licence fees for travel agents, hotels and guesthouses, restaurants, hawkers, etc. announced in

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the 2017-2018 Budget, but they also have to suffer from rental increases, this Panel requests the Administration to offer a two-month waiver of rentals for public market tenants for the purpose of returning wealth to the people and allowing the people to have a fair share of the pie brought by the sound financial position enjoyed by the Government.

55. The Chairman put Mr SHIU's motion to vote. The Chairman declared that 15 members voted for the motion, and no member voted against the motion or abstained from voting. The motion was carried.

*Motion 3*

56. Dr LAU Siu-lai moved the following motion:

(議案中文措辭)

本委員會反對政府向公眾街市加租，並要求政府只能在租金調整機制及其他相關收費的全面檢討進行後，才可考慮是否有需要加租。

(English translation of the motion)

This Panel opposes the Government's plan to increase the rentals of public markets, and requests that the Government may consider the need of effecting rental increase only after comprehensively reviewing the rental adjustment mechanism and other related charges.

57. The Chairman put Dr LAU's motion to vote. Members present at the meeting unanimously voted in favour of the motion. The Chairman declared that the motion was carried.

*(Post-meeting note: The Administration's consolidated response to the motions was issued to members vide LC Paper No. CB(2)1085/16-17 on 28 March 2017.)*

**VII. Any other business**

58. There being no other business, the meeting ended at 4:45 pm.