

立法會

Legislative Council

LC Paper No. CB(2)2168/16-17

(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, 13 June 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 Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon HO Kai-ming
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Dr Hon Pierre CHAN
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon Kenneth LAU Ip-keung, MH, JP

Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Dr Hon LAU Siu-lai

**Members
absent** : Hon LEUNG Yiu-chung
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon LEUNG Kwok-hung
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon LUK Chung-hung
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim

[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 : Item IV
attending

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

Dr HO Yuk-yin, JP
Consultant (Community Medicine) (Risk Assessment
and Communication), Centre for Food Safety
Food and Environmental Hygiene Department

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

Item V

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

Mr Bill WONG Kwok-piu
Principal Assistant Secretary for Food and Health (Food) 3

Miss Swing YAU
Assistant Secretary for Food and Health (Food) 5

Dr Thomas SIT Hon-chung
Assistant Director (Inspection and Quarantine)
Agriculture, Fisheries and Conservation Department

Dr Benedict TSANG Yin-chau
Senior Veterinary Officer (Animal Health) (Acting)
Agriculture, Fisheries and Conservation Department

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

Dr Sarah CHOI Mei-yee, JP
Assistant Director (Food Surveillance and Control),
Centre for Food Safety
Food and Environmental Hygiene Department

Item VI

The Administration

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

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

Mr David WONG
Deputy Director of Food and Environmental Hygiene
(Administration and Development)

MVA Hong Kong Limited
(Consultant commissioned by the Administration)
("the Consultant")

Mr Wayne YEH
Research Director

Miss Jenny LEE
Senior Research Manager

Mr Shawn CHAN
Senior Research Executive

Clerk in attendance : Miss Josephine SO
Chief Council Secretary (2) 2

Staff in attendance : Ms Wendy LO
Senior Council Secretary (2) 2

Miss Michelle TANG
Council Secretary (2) 2

Miss Cally LAI
Legislative Assistant (2) 2

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I. Confirmation of minutes
(LC Paper No. CB(2)1575/16-17)

The minutes of the special meeting held on 8 April 2017 were confirmed.

II. Information papers issued since the last meeting
(LC Paper Nos. CB(2)1578/16-17(01), CB(2)1579/16-17(01),
CB(2)1415/16-17(01) to (07) and CB(2)1605/16-17(01))

2. Members noted that the following papers had been issued since the last meeting:

- (a) referral from the Bills Committee on Private Columbaria Bill on issues relating to the implementation of the Private Columbaria Ordinance;
- (b) referral on food safety issues arising from the meeting between Legislative Council ("LegCo") Members and Wong Tai Sin District Council members on 29 May 2017;
- (c) seven written submissions on the public market rental adjustment arrangements after 30 June 2017; and
- (d) the Administration's response to the seven written submissions on the public market rental adjustment arrangements after 30 June 2017.

III. Date of next meeting and items for discussion
(LC Paper Nos. CB(2)1580/16-17(01) and (02))

Regular meeting in July 2017

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

- (a) Labelling system for genetically modified food and proposal on introduction of pre-market safety assessment on genetically-modified food items;
- (b) Progress of the initiatives under the New Agriculture Policy; and
- (c) Review of fees for liquor licences.

4. Members also agreed that the July meeting would be extended by half an hour to end at 5:00 pm to allow sufficient time for discussion of all items on the agenda.

(Post-meeting note: Having considered the requests of some members and discussed with the Administration, the Chairman decided to add an item "Enforcement strategy relating to hawker control" to the agenda of the regular meeting on 11 July 2017 in replacement of the item "Progress of the initiatives under the New Agriculture Policy" originally proposed by the Administration. The revised agenda for the July meeting was issued on 22 June 2017 vide LC Paper No. CB(2)1705/16-17. To keep members abreast of the latest progress of the major initiatives under the New Agriculture Policy, the Administration provided the Panel with an information paper on the subject, which was circulated to members on 10 July 2017 vide LC Paper No. CB(2)1857/16-17(01). Members noted that arrangement would be made for discussion of the New Agriculture Policy in the future.)

IV. Public consultation on the proposed regulation of metallic contamination in food
(LC Paper Nos. CB(2)1567/16-17(01) and CB(2)1580/16-17(03))

5. At the invitation of the Chairman, Under Secretary for Food and Health ("USFH") briefed members on the proposed amendments to the Food Adulteration (Metallic Contamination) Regulations (Cap. 132V) ("the Regulations"), as set out in the Administration's paper (LC Paper No.

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CB(2)1567/16-17(01)). With the aid of power-point presentation, Consultant (Community Medicine) (Risk Assessment and Communication), Centre for Food Safety ("C(CM)(RAC)/CFS") elaborated on the proposed amendments.

(Post-meeting note: The softcopy of the power-point presentation materials was issued to members vide LC Paper No. CB(2)1627/16-17(01) on 13 June 2017.)

Proposed regulatory standards for metallic contaminants in food

6. The Chairman, the Deputy Chairman, Dr KWOK ka-ki, Dr LAU Siu-lai, Mr Jeremy TAM, Ms Tanya CHAN, Dr CHIANG Lai-wan and Mr Kenneth LAU supported the Administration's proposals to amend the Regulations to enhance and update the Regulations with a view to aligning with the principle of the Codex Alimentarius Commission ("Codex") and modern international regulatory trends of specifying metallic contamination standards for individual food/food groups of significant dietary exposure. Mr Steven HO said that Members belonging to the Democratic Alliance for the Betterment of Hong Kong welcomed the Administration's proposed amendments to the Regulations.

7. The Chairman noted that the total number of maximum levels ("MLs") proposed for metallic contaminants under the Regulations would increase from 19 to 145, with 90 of them more stringent than the existing maximum permitted concentrations and six of them less stringent than the existing maximum permitted concentrations. She said that Members belonging to the Democratic Party welcomed the adoption of more stringent MLs but had reservations about the proposed relaxation on MLs relating to a few metallic contaminants at this stage, worrying that food items which were not able to comply with the existing standards under the Regulations might be able to enter the local market, thereby compromising food safety and protection for public health. Mr Jeremy TAM agreed that the adoption of more stringent standards in respect of metallic contamination in food would help prevent problematic products from entering the local market.

8. Noting that the Administration proposed to amend the Regulations to replace the existing food categories of "all food in sold/liquid form" with specific MLs targeting individual food/food groups, the Deputy Chairman asked how the Administration determined the types of individual food/food groups that should be covered under the specified MLs of the Regulations and what criteria it adopted for setting the proposed MLs for food/food groups which were of significance to the population in Hong Kong and where there was no relevant ML recommended by Codex. Mr Steven HO enquired about the Administration's considerations in revising/proposing metallic contamination standards for individual food/food groups.

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9. USFH and C(CM)(RAC)/CFS advised that one of the objectives of implementing the proposed amendments was to promote harmonization between local and international standards. The Administration thus proposed to adopt the Codex MLs unless there were strong scientific justifications to adopt a different standard. When setting the proposed MLs for individual food/food groups with no relevant Codex MLs, the Administration had taken into account factors including the local food dietary practice, risk assessment results of CFS, recent food incidents in Hong Kong and other jurisdictions as well as the Codex principle that contaminant levels in food should be "as low as reasonably achievable".

Proposed maximum level for cadmium in polished rice

10. Members including the Chairman, the Deputy Chairman, Dr KWOK Ka-ki, Dr LAU Siu-lai, Mr Jeremy TAM and Dr CHIANG Lai-wan expressed concern about the proposed revision to ML for cadmium in polished rice, husked rice and wheat from 0.1 mg/kg to 0.2 mg/kg, which in their view suggested a relaxation of the existing standard. Questioning the rationale behind this specific proposal, these members had grave reservations about the proposed revision. Highlighting the potential health risks caused by excessive intake of cadmium, Dr LAU Siu-lai and Dr CHIANG Lai-wan were particularly concerned that a relaxation of the existing standard might be dangerous or prejudicial to public health. Mr Steven HO considered that the Administration should clearly explain to the public the justifications for such a revision.

11. USFH and C(CM)(RAC)/CFS responded that currently, Codex had established an ML of 0.4 mg/kg for cadmium in polished rice. Having regard to the dietary habit of the Hong Kong population and the relevant standards adopted by different jurisdictions for cadmium in polished rice (e.g. the European Union, Korea, the Mainland and Singapore had adopted an ML of 0.2 mg/kg; Vietnam had adopted an ML of 0.4 mg/kg; and Thailand did not set any ML for polished rice), a proposed ML for cadmium in polished rice at 0.2 mg/kg, which was more stringent than Codex, was considered justified to protect public health in Hong Kong. C(CM)(RAC)/CFS further said that under the relevant requirements of the World Health Organization, member economies had to provide strong and robust scientific justifications for adopting a standard different from the one recommended by Codex.

12. Mr Jeremy TAM and Mr Steven HO asked whether the existing ML for cadmium in polished rice under the Regulations (i.e. 0.1 mg/kg) was based on scientific justifications when it was established in 1983, and whether there was new scientific evidence supporting the revision of the standard. In Mr HO's view, the Administration should make particular reference to the

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standards adopted by other Asian economies, in reviewing and setting the proposed ML for cadmium in polished rice. C(CM)(RAC)/CFS responded that the existing standard was established in 1980s having regard to the local circumstances, the Codex standard and the standards adopted by other countries/places prevailing at that time. The Chairman requested the Administration to provide further information on the scientific evidence and relevant factors considered by the Administration when setting the existing ML for cadmium in polished rice at 0.1 mg/kg.

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13. The Chairman, the Deputy Chairman, Mr Jeremy TAM and Dr LAU Siu-lai opined that as the existing ML for cadmium in cereals (including polished rice) had been adopted for decades, revising the standard to 0.2 mg/kg should not be considered simply for the reason of harmonizing the food standards of Hong Kong with international food standards. Noting that the adoption, in the past, of a more stringent standard (i.e. 0.1 mg/kg) did not have any adverse impact on the supply of rice in Hong Kong, they held the view that it was more appropriate to retain the existing ML for cadmium in cereals for better protection of public health. The Chairman also expressed concern about the results of a survey conducted by the Consumer Council in 2013 which revealed that three samples of rice imported from the Mainland were detected with cadmium levels exceeding the legal limit of 0.1mg/kg, resulting in the suspension of sale of the affected batch of rice in the Hong Kong market. She asked whether more brands of rice would be allowed to enter the local market if ML for cadmium in polished rice was to be relaxed from 0.1mg/kg to 0.2 mg/kg.

14. C(CM)(RAC)/CFS responded that rice, being staple food for the local population, was mainly imported from Thailand, Vietnam and the Mainland; and rice imported from the Mainland accounted for about 10% of the total rice import of Hong Kong. According to the Codex principles for establishing MLs in food, MLs should be set in such a way that the consumers were adequately protected. At the same time, other legitimate factors (e.g. promotion of fair practices in food trade) needed to be considered, and MLs should be based on scientific principles leading to standards which were designed to assure the quality and safety of food so that there was no unjustified barrier to international trade. Should the Hong Kong Government continue to adopt 0.1mg/kg as ML for cadmium in polished rice without strong scientific justifications, it might face the challenges from those economies supplying rice to Hong Kong through the World Trade Organization mechanism.

15. Noting that the Joint Food and Agriculture Organization of the United Nations and the World Health Organization Expert Committee on Food Additives had established in 2010 a provisional tolerable monthly intake for

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cadmium of 25µg/kg body weight, Dr KWOK ka-ki expressed concern whether the Administration had considered the average amount of rice normally consumed by Hong Kong people, in proposing the adoption of ML of 0.2 mg/kg for cadmium in polished rice/husked rice/wheat. C(CM)(RAC)/CFS responded that according to total diet studies conducted by CFS, Hong Kong people's dietary exposure to cadmium was low and rice was not recognized as the main source of cadmium intake for exposed people.

Proposed maximum level for methylmercury in fish

16. Ms Tanya CHAN noted from the consultation document that fish was the major dietary source of methylmercury exposure in human. The dietary exposure to methylmercury of about 11% of average women aged 20-49 of the local population exceeded the relevant health-based guidance value and methylmercury exposure during pregnancy was a public health concern. Given that methylmercury was only one of the many forms of mercury in fish, Ms CHAN queried whether the Administration's proposal to adopt an ML of 0.5 mg/kg for methylmercury in fish (including predatory fish) to replace the existing ML for total mercury in fish at 0.5 mg/kg might pose potential health risks to the public if no ML was applied/expressed in total mercury. In her view, to afford better protection to public health, the Administration should consider setting MLs for both methylmercury and total mercury in fish.

17. C(CM)(RAC)/CFS responded that there was no relevant Codex ML for total mercury in fish, but Codex had established guideline levels ("GLs") for methylmercury in fish (other than predatory fish) and predatory fish at 0.5 mg/kg and 1 mg/kg respectively. As fish had been known as the major dietary source of methylmercury which was more toxic than inorganic mercury, the Administration considered it inappropriate, from a local public health perspective, to strictly follow the relevant Codex GL which was less stringent than the existing ML for mercury in predatory fish in Hong Kong. As such, an ML of 0.5 mg/kg for methylmercury in fish, including predatory fish, was proposed. C(CM)(RAC)/CFS advised that according to the report of the first Hong Kong total diet study on metallic contaminants, about 11% of women of childbearing age had dietary exposure to methylmercury exceeding the relevant health-based guidance value even though the average population was not at risk. Methylmercury exposure during pregnancy was therefore of a public health concern due to potential health risks to the foetus. The Chairman requested the Administration to provide supplementary information on different forms of mercury found in fish and their associated health risks.

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Proposed maximum levels for lead in food

18. The Chairman and Mr Jeremy TAM welcomed the Administration's proposal to set more stringent standards for lead in food. Dr CHIANG Lai-wan enquired about the rationale for revising ML for lead in tea leaves from 6 mg/kg to 5 mg/kg. C(CM)(RAC)/CFS responded that there was no relevant Codex ML for lead in tea leaves. The Administration had made reference to the standards of the Mainland, in proposing the revised standard of 5 mg/kg for lead in tea leaves.

Potential implications on food supply

19. Given that a significant number of MLs proposed were more stringent than the existing maximum permitted concentrations under the Regulations, Mr Tommy CHEUNG and Mr Kenneth LAU expressed concern whether the enhancement would have an adverse impact on the supply and prices of food in Hong Kong, thereby affecting the retail sector. Mr LAU was particularly concerned about the supply and prices of vegetables in the local market after the implementation of the new standards. Mr CHEUNG hoped that the Administration would consult the relevant sectors before finalizing the amendments to the Regulations.

20. C(CM)(RAC)/CFS responded that according to the results of CFS' routine food surveillance programme and additional studies conducted by CFS, the levels of metallic contamination in food in the local market could generally comply with the proposed MLs. Even though most of the proposed MLs were more stringent than the existing ones, the Administration expected that they would have minimal impact on the supply of food.

Food surveillance and testing capability

21. Noting the substantive updates proposed to be made to the Regulations in respect of the types and standards of metallic contaminants in food, Dr KWOK Ka-ki raised concern as to whether there were adequate laboratory testing facilities in Hong Kong for testing of metallic contaminants and whether CFS would step up its food surveillance work after the implementation of the revised standards on metallic contamination. Mr Kenneth LAU asked whether additional resources would be allocated to enhance CFS' food surveillance work.

22. USFH and C(CM)(RAC)/CFS advised that CFS conducted a routine food surveillance programme and regularly took food samples at the import, wholesale and retail levels for various food safety testing, including the testing of metallic contaminants. The findings would be regularly announced

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for the reference of the public. CFS had discussed with the local private testing and laboratory sector its capacity on testing metallic contaminants in food. The local private testing and laboratory sector's initial feedback was that it would be capable of providing testing services for the metallic contaminants as proposed in the amendments to the Regulations, provided that the sector was given sufficient time in advance to gear up for making available such testing services. The Administration would consider giving a reasonable grace period before the relevant Amendment Regulations came into effect, so that the trade and the private testing and laboratory sector would have reasonable time to get prepared for the updated standards. Since the number of individual food/food groups under the Regulations would be increased, the types of samples to be collected under CFS' food surveillance programme might be adjusted accordingly. CFS would ensure that sufficient manpower resources would be deployed for conducting routine food surveillance through the established mechanism.

23. In response to the Chairman's enquiry on the legislative timetable, USFH said that the Administration would take into account the views received during the public consultation exercise before finalizing the legislative proposals and introducing the Amendment Regulations into LegCo for scrutiny under the negative vetting procedure. The Administration would hold two consultation forums between July and August 2017 to solicit public views on the proposed amendments to the Regulations. The Chairman suggested and members agreed that a special meeting be held on Monday, 3 July 2017, at 10:45 am to receive public views on the Administration's proposed amendments to the Regulations.

(Post-meeting note: The notice of the special meeting was issued to members vide LC Paper No. CB(2)1633/16-17 on 14 June 2017.)

24. The Chairman suggested that consideration be given to also reviewing the regulation over heavy metals in Chinese herbal medicines. USFH responded that the issue fell under the purview of the Health Branch of the Food and Health Bureau and the Department of Health.

V. Way forward for the live poultry trade in Hong Kong
(LC Paper Nos. CB(2)1577/16-17(01), CB(2)1531/16-17(01) and
CB(2)1580/16-17(04))

25. At the invitation of the Chairman, USFH briefed members on the views collected during the public consultation exercise on the way forward for the live poultry trade in Hong Kong and the Government's position in the light of the views received, as detailed in the Administration's paper (LC Paper No. CB(2)1577/16-17(01)). Members noted the background brief

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on the subject prepared by the LegCo Secretariat (LC Paper No. CB(2)1580/16-17(04)).

Maintaining the local poultry industry

26. Mr SHIU Ka-fai and Mr Tommy CHEUNG supported the Government's decision to maintain the status quo, i.e. sale of live poultry at retail level should be continued and import of live poultry from the Mainland should not be banned. Noting that the Administration would proceed to implement the improvement measures recommended by the Consultant to strengthen the control against the risk of Avian Influenza ("AI"), Mr SHIU called on the Administration to strike a balance between safeguarding public health and the viability of the trade, when implementing the improvement measures.

27. The Chairman and Dr KWOK Ka-ki opined that notwithstanding that a consultancy study had been commissioned with a view to advising on the way forward for the live poultry trade, the situation remained unchanged without getting out of the impasse. Dr KWOK hoped that the Administration would proactively put in place the improvement measures in order to further safeguard public health. Ms Tanya CHAN expressed concern about the Administration's next course of action after taking the position of maintaining the status quo of the live poultry trade.

28. USFH responded that the Consultant's recommendation of maintaining the status quo of the live poultry trade was made having regard to Hong Kong people's culinary preference, Hong Kong's comprehensive safeguards against AI and the hitherto efficacious system with no locally infected human case of H5 and H7 AI virus for about two decades. Having carefully considered the Consultant's findings and recommendations, as well as views collected during the public consultation period, the Government agreed with the broad direction that the status quo should be maintained, i.e. continuing sale of live poultry at retail level and no need to ban the importation of live poultry from the Mainland. To go along with the above direction, the Administration would consider introducing those biosecurity and safeguarding improvement measures along the live poultry supply chain, as recommended by the Consultant. The measures included:

- (a) introducing additional vaccination against H7N9 AI virus;
- (b) strengthening pre-sale AI test at local farms;
- (c) reducing the staying time of minor poultry in the wholesale market;

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- (d) upgrading live poultry retail outlets to improve the segregation between consumers and live poultry; and
- (e) relocating the Cheung Sha Wan Temporary Wholesale Poultry Market ("CSWTWPM").

29. USFH advised that the Administration had taken note of the divergent views received regarding the Consultant's recommendations on upgrading live poultry retail outlets as well as relocating CSWTWPM. In taking forward the proposed measures, the Administration would proceed to identify options and, in doing so, engage the trade so that the options developed would be pragmatic and feasible.

30. In response to the Chairman's enquiry about the resources spent on the prevention and control of AI, Principal Assistant Secretary for Food and Health (Food) 3 ("PASFH(F)3") advised that the Government implemented a range of preventive and control measures against the risk of AI. The expenditure of the Agriculture, Fisheries and Conservation Department ("AFCD") on this front was \$49.5 million in 2015-2016, and that of the Food and Environmental Hygiene Department ("FEHD") on related work in the same year was about \$13.5 million. As regards AFCD's and FEHD's estimated expenditure on this front in 2017-2018, the figures were \$50.8 million and \$17.1 million respectively. Given that AI preventive and control measures were implemented in a holistic manner covering but not limited to the live poultry supply chain, the expenditure on the measures if the sale of live poultry was to be banned could not be separately estimated.

Supply of live poultry

31. Mr SHIU Ka-fai and Mr Tommy CHEUNG supported the Consultant's recommendation that importation of live poultry from the Mainland should not be banned, as it would help meet the local demand for and stabilize the retail prices of live poultry. They hoped that the Administration would continue to liaise with the relevant Mainland authorities on the early resumption of live poultry supply from the Mainland.

32. USFH responded that since February 2016, there had not been live chickens imported from the Mainland notwithstanding that the Hong Kong Government had not imposed any ban against the importation of live poultry from the Mainland. The Administration was given to understand that the current supply situation was primarily a commercial decision on the part of the Mainland farms. The Food and Health Bureau would continue to liaise with the relevant Mainland authorities on the supply of live poultry.

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33. Dr KWOK Ka-ki wondered whether imported live poultry from farms on the Mainland carried higher risk of AI than local live poultry. In his view, safeguarding public health should have priority over economic concerns. Consideration should therefore be given to banning the importation of live poultry from the Mainland. In the long run, the Administration should continue to promote in Hong Kong poultry rearing with a view to meeting the local demand for live poultry.

34. USFH responded that according to the consultancy study, AI incidents happened on both local and imported live poultry in the past, and there was no concrete evidence showing higher risk of AI in imported live poultry. There was no strong basis for banning importation of live poultry from the Mainland.

Funding support to the local poultry trade

35. Mr Tommy CHEUNG, Mr SHIU Ka-fai, Mr Steven HO, Ms Tanya CHAN and Dr KWOK Ka-ki considered that the Administration should review and relax the control on the rearing capacity of local chicken farms to increase local supply, providing the farms could meet the health and hygiene requirements. Dr KWOK expressed disappointment with the lack of initiatives under the New Agriculture Policy that promoted the sustainable development of the local poultry industry.

36. Mr Steven HO considered that the Administration should review and increase the permitted number of live poultry retail outlets and ensure their even distribution within the territory. He also suggested that consideration be given to lifting the restrictions on transfer of fresh provision shop licence specifically required for the selling of live poultry such that live poultry operators could transfer their licences to a third party in addition to their immediate family members. This could inject vitality into the live poultry industry. Mr SHIU Ka-fai said that according to his understanding, some trade operators had expressed a wish to surrender their licences in exchange for one-off grants. He hoped that the Administration would consider rolling out another round of voluntary surrender scheme.

37. PASFH(F)3 responded that the total rearing capacity of the existing 29 local chicken farms as licensed by AFCD was about 1.3 million chickens. In 2016, local chicken farms supplied about four million live chickens to the market. The supply was quite stable throughout the year and could by and large meet the market demand, even though the rearing capacity of some farms had not been put to full use. Hence, there was a lack of market need for increasing the rearing capacity of local chicken farms. USFH added that the Administration did not have any plan to expand the operational scale of

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the local poultry industry, mindful of the need to prevent the risk of human infection of AI.

Enhancing human and live poultry separation at retail outlets

38. Mr SHIU Ka-fai expressed concerns about the readiness of live poultry retail outlets to implement upgrading work for enhancing the segregation between consumers and live poultry as well as the investment and operation costs to be incurred on/shouldered by trade operators for carrying out the relevant renovation work. He enquired whether the Administration would provide trade operators with technical support and financial assistance to help them implement the upgrading work. Dr KWOK Ka-ki considered it necessary for the Administration to set out clearly the requirements on separation facilities to be provided in retail outlets.

39. USFH responded that the Administration appreciated that the suggested separation might be conducted in different degree in view of various constraints confronted by different live poultry retail outlets such as their physical locations, scale of operation, need for re-designing the market, etc., and should thus be handled with certain flexibility. Dedicated study and layout design might be required for individual outlets to enhance separation to some extent. While the trade was in support of the principle of minimizing AI risk at retail outlets, views from the trade were somewhat divided on how existing retail outlets could be further enhanced to achieve better separation of consumers and the live poultry. The Administration would engage the trade on how the suggested separation could be achieved. It was too early to state at the present stage whether financial support should be provided to help retailers install the necessary facilities.

Relocation of the wholesale market

40. Mr SHIU Ka-fai said that some trade operators had reservations about relocating CSWTWPM to Fu Tei Au, which, due to the latter's relatively remote location in Sheung Shui, would inconvenience the trade and potentially increase their operating costs. The live poultry trade had suggested that the Administration should segregate imported live poultry from local ones and hold the imported live poultry at a suitable location until AI test results were available before they were allowed to be delivered to the wholesale market. Mr SHIU hoped that the Administration would actively consider the trade's suggestion and look for appropriate sites (including Fu Tei Au and other sites) for the temporary holding of imported live poultry.

41. Mr Steven HO said that local residents in the vicinity of the proposed site(s) might raise objection to the relocation plan for fear of the potential risk

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of AI exposure. He suggested that the Administration should step up public education on the AI risk level associated with the wholesale market and provide proper health advice in this respect to allay public concerns.

42. The Chairman considered that due to the growing population in the neighbouring areas of CSWTWPM, the existing wholesale poultry market should be relocated and the land so vacated could be used for provision of housing estates and leisure facilities for the benefit of the community as a whole. She said that Members belonging to the Democratic Party considered that the Administration should expedite the relocation of CSWTWPM. Echoing the Chairman's view, Dr KWOK Ka-ki said that the proposed relocation of CSWTWPM to a less populated suburban area could help reduce the risk of AI virus exposure to the public. The Chairman and Ms Tanya CHAN enquired about the Administration's concrete timetable for taking forward the relocation of CSWTWPM.

43. USFH responded that the Administration noted the calls for relocating CSWTWPM and the aspiration of the trade that the relocated site should be easily accessible. While Fu Tei Au was cited by the Consultant as a possible option, the Administration was exploring with the Development Bureau suitable sites for relocating CSWTWPM. In assessing the options, it would consider relevant factors and consult stakeholders.

44. In response to the Chairman's enquiry about the occupancy rate of market stalls in CSWTWPM, PASFH(F)3 advised that, since the recent suspension of imported live poultry from the Mainland, some wholesalers who solely traded imported live poultry had become inactive. To enhance the biosecurity measures at CSWTWPM, AFCD had converted some vacant stalls into additional overnight stocking areas to further reduce AI risk. At the request of the Chairman, PASFH(F)3 undertook to provide information on CSWTWPM including (a) the occupancy rate of market stalls there; (b) the number of wholesalers solely engaged in the trading of imported live poultry; and (c) the number of wholesalers engaged in the wholesaling of live chickens reared in local farms.

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VI. Survey results on prices of fresh food items in public markets and other retail outlets

(LC Paper Nos. CB(2)1580/16-17(05) and (06))

45. At the invitation of the Chairman, USFH briefed members on the results of a survey on prices of food items sold in four major fresh food retail channels (namely public markets managed by FEHD, Link REIT markets ("Link markets"), supermarkets and other fresh food retail outlets in the neighbourhood), as detailed in the Administration's paper (LC Paper No.

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CB(2)1580/16-17(05)). With the aid of power-point presentation, Research Director of MVA Hong Kong Limited further briefed members on the findings of the survey.

(Post-meeting note: The softcopy of the power-point presentation materials was issued to members vide LC Paper No. CB(2)1627/16-17(02) on 13 June 2017.)

Discussion

46. Dr LAU Siu-lai said that according to media reports, fresh foods sold in Link markets in new districts, such as Tin Shui Wai and Tung Chung, where public markets were not provided were far more expensive than those sold in districts where people's affordability was higher, e.g. Wan Chai. In some districts, although some food items sold in FEHD markets might be higher than those sold in Link markets, the prices of foods in Link markets were on average higher, particularly in those districts where there was a lack of competition. She expressed concern that the survey conducted by the Consultant in the latter half of 2016 only compared the retail prices of fresh food items sold in different retail channels under a competitive environment but not the prices of the same items sold in districts where the fresh food markets were monopolized by Link REIT. In Dr LAU's view, the survey results were misleading as the sampling method adopted by the Consultant could not reflect the real market situation.

47. Echoing Dr LAU's view, the Chairman expressed concern that wet markets in public housing estates managed by the Hong Kong Housing Authority and fresh markets managed by private contractors/entities were not covered in the survey. She requested the Administration to conduct a follow-up survey, the scope and coverage of which should be expanded to include areas/housing estates where public markets were not provided and fresh food markets were being monopolized by Link REIT or private enterprises.

48. Mr KWOK Wai-keung, Mr Steven HO and Mr CHAN Chi-chuen challenged the Consultant's sampling method. They considered the survey coverage far from comprehensive and its conclusion misleading. Mr CHAN also said that it was his understanding that many residents living in Tung Chung went to and bought fresh food items from public markets in other districts such as Tsuen Wan. He suggested the Administration compare the price levels of fresh foods available in markets respectively in Tung Chung and Tsuen Wan, so as to find out factors affecting the pricing of fresh food items sold in different districts.

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49. In response, USFH advised that some quarters of the community had raised questions about the existence, if any, of factors that might affect the pricing of fresh food items sold in different fresh food retail channels. In order to find out, in particular, whether there was any relationship between the prices of fresh food items and market rentals, FEHD had commissioned a consultant in the latter half of 2016 to carry out a survey. The survey sought to compare prices of fresh food items sold in four major fresh food retail channels including FEHD markets, and see whether there was any relationship between pricing of the fresh food items and rentals as far as FEHD markets were concerned. Regarding the survey coverage, Research Director of MVA Hong Kong Limited advised that 22 relatively more vibrant FEHD markets across the territory, as well as a total of 18 Link markets, 51 supermarkets and 154 neighbourhood fresh food retail outlets in the vicinity of the 22 FEHD markets were selected for price comparison. Over 17 000 price data were collected in respect of 31 popular and common food items in nine food categories. The survey did not cover wet markets in public housing estates managed by the Hong Kong Housing Authority with the focus placed on FEHD public markets.

50. USFH added that according to the survey findings, the assumption that items sold at FEHD markets were necessarily cheaper than those sold at other retail outlets was not supported by facts nor data. Despite the lower rentals paid by the tenants of public markets, no significant price difference had been observed in the public markets when compared to Link markets, supermarkets and neighbourhood fresh food retail outlets. While no simple, causal relationship between rent and price levels was observed, rent was only one of the components of operating costs. It was not the determinant of retail price. Other factors were also at play, such as costs of goods, staff costs, transportation costs, supply and demand in the vicinity (especially the availability or otherwise of substitute outlets/products), market positioning, established consumer relationship, reputation, etc.

51. Notwithstanding the explanations provided by the Administration and the Consultant, Dr LAU Siu-lai remained of the view that the survey should have compared the prices of fresh food items sold in retail channels in districts where public markets were not provided and fresh food markets were being monopolized by Link REIT or private enterprises, in order to find out whether fresh foods sold in such districts were more expensive than those sold in other districts and whether the price difference was caused by market monopolization. She agreed with the Chairman that a follow-up survey should be conducted, with its scope expanded to cover price comparison among different retail channels in areas/districts (a) where all fresh food markets were managed by Link REIT; (b) where no Link REIT market was provided and (c) where all four major fresh food retail channels were

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available in the same district. She also hoped that the Administration would conduct a study on the levels of market rentals paid by stall tenants operating in Link markets and assess whether they had any difficulties in continuing the business. The Chairman considered that the Administration should consult members on the scope of the survey and the sampling method to be adopted, before conducting similar surveys in the future.

52. Mr Steven HO opined that tenants in public markets tended to determine and set the retail prices of their goods having regard to the demand and supply. In his view, the Administration should study whether there were other determinants and their impact on the retail prices of goods sold in FEHD markets.

53. Mr KWOK Wai-keung said that there had been repeated calls from LegCo Members and the community for the provision of public markets in new development areas ("NDAs") so as to break the monopoly of Link REIT and for the continued freeze on the rentals for public market stalls to enhance competitiveness of FEHD public markets. Mr KWOK, Mr Steven HO and Mr CHAN Han-pan opined that the survey results were disadvantageous to stall tenants of public markets as the findings suggested that the prices of fresh food items sold in FEHD markets were not generally lower, despite the low rentals for many of the stalls in public markets. They queried whether the Administration had a pre-determined stance on the subject before commissioning the Consultant to conduct the survey; and whether it aimed to divert the focus in order to justify rental increase after 1 July 2017. They called on the Administration to identify suitable sites in NDAs to build public markets and to improve the operating environment of public markets.

54. The Chairman said that Members belonging to the Democratic Party also hoped that the Administration could provide more public markets, particularly in newly developed districts, and implement effective improvement measures so as to introduce competition and facilitate residents in buying fresh food and daily necessities.

55. In response, USFH stressed that the objective of the survey was to compare the prices of fresh food items sold in different channels including FEHD markets and to obtain more information on the possible correlation between the level of market rental and the prices of goods sold in public markets. The Consultant's analysis was based on true price information collected from different retail channels. USFH assured members that the Government was committed to improving the operating environment of public markets. Apart from building sizable public markets in the Tung Chung New Town Extension Area and Hung Shui Kiu NDA, it would continue to identify suitable sites in other NDAs for building new public

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markets. The Administration would also continue with its efforts in implementing improvement measures on various fronts to improve the operating environment of public markets. A supernumerary directorate post and a dedicated team would be created for steering and overseeing the implementation of various measures to bring about hardware and management enhancement to public markets.

(The Chairman ordered that the meeting be extended for 15 minutes.)

56. Mr Steven HO said that customers normally visited fresh food markets/retail outlets which were close to their homes/working places. He noted with concern that some Link markets selected for price comparison were not geographically close to the selected FEHD markets (e.g. in the cases of San Hui Market vs. H.A.N.D.S Market and Java Road Market vs. Yiu Tung Market). Mr KWOK Wai-keung also pointed out that some Link markets selected for price comparison were small in size and not comparable with the more vibrant FEHD markets in terms of their operating scale and food choices. They queried the representativeness of the survey results in the above cases. Research Director of MVA Hong Kong Limited responded that Yiu Tung Market was chosen because it was the nearest Link market to Java Road Market in the vicinity.

57. Mr CHAN Han-pan said that consumers would consider a number of factors such as food quality, variety of products, prices of the food items and location of the fresh food markets/retail outlets in choosing which market/retail outlet to visit. He questioned the representativeness of the survey results, as the survey only focused on a single theme i.e. price. He sought information on how the price information from different retail channels was collected and analysed. Research Director of MVA Hong Kong Limited responded that to avoid distortion of the price information due to the potential price fluctuation before the closing time of the fresh food markets/retail outlets, the data collection was mainly conducted between 8:00 am to 11:15 am. Detailed information about the mode of data collection and data analysis could be found in the full survey report which had been uploaded to FEHD's website for public access.

58. In response to Mr CHAN Chi-chuen's enquiry about the mode of data collection, Research Director of MVA Hong Kong Limited responded that to ensure "like-with-like" comparison, the type, size, brand and quantity as appropriate had been specified for each food item for the survey before conducting the fieldwork. Certain types of food products, such as organic food or high-end imported fresh food, were excluded from the survey. Reference had also been made to the monthly reports on average prices and

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price ranges of selected food items issued by the Census and Statistics Department in compiling the price comparison.

Motion proposed by a member

59. Mr KWOK Wai-keung indicated his intention to move the following motion:

(議案中文措辭)

本會促請政府，就新市鎮(包括天水圍、東涌、馬鞍山及將軍澳)內街市的經營、分佈、需求等狀況進行調查，並立即在這些地區及其他有需要地區興建由食物環境衛生署管理的公眾街市，引入競爭，打破領展壟斷。

(English translation of the motion)

This Panel urges the Government to conduct a survey in respect of the operation and distribution of and demands for public markets in new towns (including Tin Shui Wai, Tung Chung, Ma On Shan and Tseung Kwan O), and immediately build, in these districts as well as other districts in need, public markets managed by the Food and Environmental Hygiene Department, so as to introduce competition and break the monopoly of the Link Real Estate Investment Trust.

However, as a quorum was not present at the meeting, the Chairman said that the motion could not be dealt with. Mr KWOK said that he would withdraw the motion.

VII. Any other business

60. There being no other business, the meeting ended at 5:12 pm.