

**立法會**  
**Legislative Council**

LC Paper No. CB(2)247/17-18  
(These minutes have been seen  
by the Administration)

Ref : CB2/PL/FE

**Panel on Food Safety and Environmental Hygiene**

**Minutes of special meeting**  
**held on Friday, 22 September 2017, at 2:30 pm**  
**in Conference Room 1 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  
Hon Starry LEE Wai-king, SBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Hon Claudia MO  
Hon Steven HO Chun-yin, BBS  
Hon CHAN Chi-chuen  
Hon LEUNG Che-cheung, SBS, MH, JP  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung, JP  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Dr Hon Elizabeth QUAT, BBS, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Hon SHIU Ka-fai  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH  
Dr Hon Pierre CHAN  
Hon Tanya CHAN  
Hon HUI Chi-fung  
Hon KWONG Chun-yu

**Members absent** : Prof Hon Joseph LEE Kok-long, SBS, JP  
Hon WONG Ting-kwong, GBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon CHAN Han-pan, JP  
Hon Martin LIAO Cheung-kong, SBS, JP  
Dr Hon CHIANG Lai-wan, JP  
Hon HO Kai-ming  
Hon CHEUNG Kwok-kwan, JP  
Hon LUK Chung-hung  
Hon Kenneth LAU Ip-keung, BBS, MH, JP  
Hon Jeremy TAM Man-ho

**Public Officers attending** : The Administration

Dr CHUI Tak-yi  
Under Secretary for Food and Health

Miss Diane WONG  
Deputy Secretary for Food and Health (Food)1 (Acting)

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

Mr LI Ka-kei  
Assistant Director (Operations) 1  
Food and Environmental Hygiene Department

Mrs Claudia TSANG  
Chief Treasury Accountant  
Food and Environmental Hygiene Department

Mr Eric CHEUNG  
Senior Superintendent (Licensing)  
Food and Environmental Hygiene Department

**Attendance by invitation** : The Civic Party

Mr Steve CHEUNG Kwan-kiu  
District Developer of the New Territories West

Liberal Party

Mr HO On-chan  
Member

Hong Kong Federation of Restaurants & Related Trades

Mr LAM Kwok-leong  
Vice Chairman

Entertainment Business Rights Concern Group

Ms CHAN Yun-lin  
Chairperson

The Federation of Hong Kong and Kowloon Ballroom  
and Night Club Merchants

Mr LI King-cheung  
Secretary

Mini Club

Mr Kelvin LEE  
Representative

Hong Kong Bars and Karaoke Rights Advocacy

Miss Anita TO  
Representative

Hong Kong Catering Industry Association

Mr LEUNG Chun  
Representative

Hong Kong Wine Chamber of Commerce

Mr Henry HO  
President

Democratic Party

Miss CHUNG Siu-king  
Spokesperson

Hong Kong General Chamber of Wine & Spirits

Mr Michael KAM Yuk-ming  
Member

Institution of Dining Art

Mr Ray CHUI  
First Vice-Chairman

Hong Kong Bar & Club Association

Mr CHIN Chun-wing  
Vice Chairman

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

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

Miss Cally LAI  
Legislative Assistant (2) 2

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- I. Government's review of fees and improvement measures for liquor licensing services**  
(LC Paper Nos. CB(2)2019/16-17(01) and CB(2)2080/16-17(01))

Presentation of views by deputations

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, 13 deputations presented their views. A summary of the deputations' views is in the **Appendix**.

The Administration's response to deputations' views

2. At the invitation of the Chairman, Under Secretary for Food and Health ("USFH") explained the rationale for the Government's review of fees

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and charges for liquor licensing services, as detailed in the Administration's paper (LC Paper No. CB(2)2019/16-17(01)). He and Deputy Director of Food and Environmental Hygiene (Administration and Development) ("DDFEH(A&D)") gave the following response to deputations' views:

- (a) the Administration would follow the "user pays" principle and adjust/set the fees for public services at levels sufficient to recover the full cost of providing the services, including the liquor licensing services. This notwithstanding, if some form of mitigation measures were warranted to alleviate the impact on the trade, the Administration might consider implementing the fees adjustment on an incremental basis. The Administration would continue to review and introduce measures to improve the efficiency in processing liquor licence applications, with a view to facilitating the trade and lowering operating costs where possible;
- (b) regulation 17 of the Dutiable Commodities (Liquor) Regulations (Cap. 109B) stipulated that the Liquor Licensing Board ("LLB") should not grant a liquor licence unless it was satisfied that (i) the applicant was a fit and proper person to hold the licence; (ii) the premises to which the application related were suitable for selling or supplying intoxicating liquor; and (iii) the grant of the licence was not contrary to the public interest. In considering applications for issuance of a new liquor licence or renewal/transfer of a licence, LLB had to consult the relevant government departments, including, where appropriate, the Police, the Buildings Department, the Fire Services Department, the District Offices via the Licensing Office of the Food and Environmental Hygiene Department ("FEHD"). These departments examined the applications (covering matters including the background of the applicants, the suitability of the premises and views of the neighbourhood, if any), made analysis and assessment, and provided advice to LLB. The annual cost for providing the liquor licensing services by the Government was calculated with reference to the expenditure incurred by the relevant departments in examining/processing the applications. Expenditure on enforcement (e.g. investigation into complaints and Police's inspection of licensed premises), however, was not included in the cost calculation; and
- (c) according to a recent robust costing exercise, FEHD had found out that the overall cost recovery rate for liquor licensing services was only 38%. This translated into a subsidy by

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taxpayers of around \$24 million per annum. The Administration therefore proposed to adjust the fees for liquor licensing services based on the rationalized fee structure (as set out at Annex A to the Administration's paper) to recover eventually the full cost of providing the services. The Administration would take into account views from stakeholders and the public before finalizing the fee revision proposal for submission to the Panel in late 2017.

Discussion

*Adjustment of fees for liquor licensing services*

3. Mr Tommy CHEUNG, Mr SHIU Ka-fai, Mr Steven HO, Ms Claudia MO and Ir Dr LO Wai-kwok were concerned that the substantial increase in the fees for liquor licensing services, aiming to recover the full cost of the services rendered, would add undue burden to the trade. Mr CHEUNG and Mr SHIU were opposed to the fee revision proposal. Mr CHEUNG pointed out that the licensing regime was introduced by the Government to impose control on liquor-licensed premises. It would be unfair to require the trade to bear the full cost of the services rendered by the Government in accordance with the "user pay" principle.

4. Mr SHIU Ka-fai said that the retail trade, including restaurants and bars, had been operating in severe adversity in recent years. With the Government having accumulated huge fiscal reserves, he queried the justification for increasing the fees for liquor licensing services to achieve full cost recovery. In Ir Dr LO Wai-kwok's view, the fees for liquor licensing services should be set at levels that were considered reasonable by the trade.

5. Ms Claudia MO and Mr Steven HO objected to the huge increase in the fees for application for authorization of a person to manage the premises during the illness or temporary absence of the licensee, i.e. from \$10 charged on an administrative basis to \$695 (for a period not more than 30 days) and to \$4,260 (for a period exceeding 30 days). Ms MO was concerned that other government bureaux/departments might follow suit to substantially increase the fees for other government services which were currently charged on an administrative basis.

6. Mr Steven HO was also concerned about the substantial increase in the fees for issue of new liquor licence (for the category of "liquor licence (no bar)"), expressing worry that the fee revision proposal framed under the scenario of recovering the full cost of the licensing services in two years' time would constitute a heavy burden to the trade, in particular small and medium enterprises. In his view, consideration should be given to implementing the

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fees adjustment in a gradual manner over a much longer period of time so to alleviate the possible impact on the trade. Mr HO also considered that in setting the liquor licence fees, the Administration should take into account the scale of operation of restaurants and bars and give consideration to applying different rates for different categories of applicants depending on their business size.

7. The Chairman said that as the fees for liquor licensing services had not been adjusted for about two decades, Members belonging to the Democratic Party were supportive of the proposal to revise the fees, which however, in their view, should be reasonable and preferably in line with inflation on a regular basis. She asked whether the Administration would consider adopting a lower cost recovery rate (e.g. 50% or 70% of the operating costs) for liquor licensing services.

8. USFH responded that the Administration's established fiscal discipline was to follow the "user pays" principle and adjust/set the fees for public services at levels sufficient to recover the full cost of providing the services, including the liquor licensing services. The Administration would consider stakeholders' views before finalizing the fee revision proposal and if necessary, implementing the fees adjustment on an incremental basis as a mitigation measure to alleviate the impact on the trade. DDFEH(A&D) supplemented that as the processing of applications for authorization of a person to manage the premises during the illness or temporary absence of the licensee involved the substantive procedure of assessing whether the applicant was a fit and proper person, which was not a mere formality, the Administration proposed to adjust the fee levels of this item to reflect the true cost of the work involved.

9. The Chairman, Dr KWOK Ka-ki, Ms Tanya CHAN, Mr CHAN Chi-chuen sought information on (i) how the annual costs for provision of different liquor licensing services (e.g. new issue/renewal/transfer of licence) to restaurants and bars were worked out in accordance with the "user pays" principle and (ii) the government departments involved in examining/processing liquor licence applications, the services they provided and the respective costs incurred by these departments for provision of such services. Mr CHAN also requested the Administration to provide examples to illustrate the calculation of the costs for different fee items. In these members' view, the requested information would facilitate members' consideration of whether the fee revision proposal was justifiable and whether the licensing procedures adopted by LLB and the relevant government departments should be streamlined to improve efficiency and to lower the operating costs. USFH undertook to provide the information after the meeting.

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10. Dr KWOK Ka-ki and Ms Tanya CHAN suggested that the Administration should consider reviewing the fees and charges for liquor licensing services on a regular basis (e.g. once every five or seven years) to avoid too drastic an increase in one go, causing undue burden to the trade. USFH and Deputy Secretary for Food and Health (Food) 1 (Acting) ("DSFH(F)1(Atg)") said that the Administration would consider the suggestion.

11. Mr Steven HO enquired whether other government bureaux/departments had followed the "user pays" principle and the Government policy that fees and charges of Government services should in general be set at levels sufficient to recover the full cost of providing the services, in determining the fees and charges for services under their purviews. DSFH(F)1(Atg) responded that about 4 600 fee items of public services were subject to the full cost recovery principle. The cost recovery rate for a majority of these fee items (about 70%) reached 95% or above. The charges for the remaining 30% would be adjusted based on the costing exercises to be carried out by respective bureaux/departments. The Chairman requested the Administration to provide a written response after the meeting.

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12. In response to Mr Steven HO's further enquiry, USFH said that the current fee adjustment proposal only covered fee items applicable to liquor licensing services. Mr Steven HO requested the Administration to provide information on whether it anticipated any need in the coming few years to review the fees and charges for other types of licences/permits that had to be obtained by food premises and clubs/bars for engaging in catering business and if yes, details of the plans.

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*Improvement measures for liquor licensing services*

13. Mr Tommy CHEUNG expressed concern about the long processing time required for some liquor licence applications and the slow progress of LLB in handling new liquor licence applications during the summer recess. In his view, the Administration should introduce measures to improve LLB's efficiency in processing liquor licence applications. He suggested that consideration be given to granting liquor licences to body corporates or companies instead of natural persons, so as to minimize the disruption to business when the licensee left the business without transferring the licence.

14. The Chairman enquired about the reasons for the long lead time required for processing liquor licence applications. She considered it necessary for the Administration to introduce measures to expedite the process for liquor licensing. DDFEH(A&D) responded that during the period from 2007 up to present, the average time taken for processing non-contested



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applications was 37 days, whereas that for contentious and contested applications was longer. As mentioned earlier, LLB had to consult the relevant government departments on each application as appropriate and would be advised as to whether the applicant was a fit and proper person, the premises were suitable for selling and supplying liquor and any objection from the public was received. The processing time for an application was contingent upon the complexity of the case in question, the handling of objections raised by the public or other departments concerned, if any, and the resolution of open hearings if held.

*Nuisances caused by bars and restaurants*

15. Mr HUI Chi-fung expressed concern that the noise and hygiene problems caused by bars in some districts had seriously affected the daily lives of residents living nearby. In his view, the Administration should explore measures to address the nuisances caused by the operation of bars to the surrounding environment. LLB, being a statutory body tasked to consider liquor licence applications, should put in place a complaint handling mechanism to receive and handle complaints lodged by the public against bars and restaurants. In considering applications for issue/renewal of liquor licence, it should take into account the complaints received. The Administration should consider funding LLB's complaint handling and mediation work. The Chairman and Ms Claudia MO shared Mr HUI's view.

16. USFH responded that the Administration noted members' concerns and enforcement departments would take appropriate actions in case of complaints against the operation of bars. The Chairman requested the Administration to brief members on the measures to be taken to minimize the nuisances caused by bars and restaurants in the community when issues about liquor licensing services were discussed in the future.

17. Mr SHIU Ka-fai considered that adjustment of fees for liquor licensing services and regulation over liquor-licensed premises were two separate issues. To his understanding, most of the cases reported as causing noise and hygiene nuisances involved upstairs bars. Restaurants supplying liquor seldom attracted complaints from residents. In his view, increasing liquor licence fees would not help abate the nuisances caused by bars under complaint. The Administration should instead step up enforcement actions targeting those bars. Mr Steven HO shared a similar view.

18. Ms Tanya CHAN opined that the sale and purchase of intoxicating liquor from liquor stores and convenience stores for off-premises consumption by the public might also bring about noise and hygiene nuisances to the nearby residents. She and Dr KWOK ka-ki expressed

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concern that under the existing liquor licensing regime, only those persons intending to sell or supply liquor for on-premises consumption were required to obtain a liquor licence or a club liquor licence from LLB before commencement of such business. They enquired whether consideration would be given to extending the existing liquor licensing regime to cover all retailing premises (including supermarkets, liquor stores and convenience stores), with a view to addressing the problems/nuisances caused by persons who bought intoxicating liquor from non-licensed premises for off-premises consumption. USFH and DSFH(F)1(Atg) responded that the Administration would take into account societal developments when reviewing the liquor licensing policy.

**II. Any other business**

19. There being no other business, the meeting ended at 4:28 pm.

Council Business Division 2  
Legislative Council Secretariat  
7 November 2017

**Panel on Food Safety and Environmental Hygiene**  
**Special meeting held on Friday, 22 September 2017, at 2:30 pm**  
**in Conference Room 1 of the Legislative Council Complex**

**Item I - Government's review of fees and improvement measures**  
**for liquor licensing services**

**Summary of views and concerns expressed by deputations**

No.	Name of deputation	Submission / Major views and concerns
1.	The Civic Party	<ul style="list-style-type: none"> <li>● LC Paper No. CB(2)2099/16-17(01)</li> </ul>
2.	Liberal Party	<ul style="list-style-type: none"> <li>● LC Paper No. CB(2)2112/16-17(01)</li> </ul>
3.	Hong Kong Federation of Restaurants & Related Trades	<ul style="list-style-type: none"> <li>● The substantial increase in the fees for liquor licensing services, aiming to recover the full cost of the services rendered, would add undue burden to operators of restaurants.</li> <li>● As most restaurants complied with the relevant licensing conditions in supplying liquor to customers, the Administration should review whether the number of compliance checks/inspections on restaurants conducted by various departments could be reduced, so as to lower the cost of the provision of the liquor licensing services.</li> </ul>
4.	Entertainment Business Rights Concern Group	<ul style="list-style-type: none"> <li>● LC Paper No. CB(2)2080/16-17(02)</li> </ul>
5.	The Federation of Hong Kong and Kowloon Ballroom and Night Club Merchants	<ul style="list-style-type: none"> <li>● The substantial increase in the fees for liquor licensing services was objected as it would add undue burden to the trade.</li> <li>● The Administration should introduce measures to shorten the processing time for new liquor licence applications. Consideration should be given to issuing liquor licences to body corporates or companies instead of natural persons to minimize the disruption to business when the licensee left the business without transferring the licence.</li> </ul>
6.	Mini Club	<ul style="list-style-type: none"> <li>● The substantial increase in the fees for liquor licensing services was objected as it would add undue burden to the trade.</li> <li>● The Administration should introduce measures to shorten the processing time for new liquor licence applications. Consideration should be given to issuing liquor licences to body corporates or companies instead of natural persons to minimize the disruption to business when the licensee left the business without transferring the licence.</li> </ul>

<b>No.</b>	<b>Name of deputation</b>	<b>Submission / Major views and concerns</b>
7.	Hong Kong Bars and Karaoke Rights Advocacy	<ul style="list-style-type: none"><li>● The substantial increase in the fees for liquor licensing services was objected as it would add undue burden to the trade.</li><li>● The Administration should introduce measures to streamline the licensing procedure for new liquor licence applications.</li></ul>
8.	Hong Kong Catering Industry Association	<ul style="list-style-type: none"><li>● LC Paper No. CB(2)2099/16-17(02)</li></ul>
9.	Hong Kong Wine Chamber of Commerce	<ul style="list-style-type: none"><li>● LC Paper No. CB(2)2080/16-17(03)</li></ul>
10.	Democratic Party	<ul style="list-style-type: none"><li>● LC Paper No. CB(2)2099/16-17(03)</li></ul>
11.	Hong Kong General Chamber of Wine & Spirits	<ul style="list-style-type: none"><li>● LC Paper No. CB(2)2099/16-17(04)</li></ul>
12.	Institution of Dining Art	<ul style="list-style-type: none"><li>● LC Paper No. CB(2)2080/16-17(04)</li></ul>
13.	Hong Kong Bar & Club Association	<ul style="list-style-type: none"><li>● LC Paper No. CB(2)2112/16-17(02)</li></ul>