## 立法會 Legislative Council

Ref : CB2/PL/FE <u>LC Paper No. CB(2)3044/05-06</u>

(These minutes have been seen

by the Administration)

### Panel on Food Safety and Environmental Hygiene

Minutes of Special Meeting held on Friday, 26 May 2006 at 10:45 am in the Chamber of the Legislative Council Building

**Members**: Hon Fred LI Wah-ming, JP (Chairman)

**present** Hon WONG Yung-kan, JP (Deputy Chairman)

Hon Andrew CHENG Kar-foo Hon TAM Yiu-chung, GBS, JP Hon Tommy CHEUNG Yu-yan, JP Hon Vincent FANG Kang, JP Dr Hon Joseph LEE Kok-long Hon Alan LEONG Kah-kit, SC

Members : Hon CHAN Yuen-han, JP attending Hon WONG Kwok-hing, MH

Members : Hon Bernard CHAN, JP absent Dr Hon KWOK Ka-ki

**Public officers** : Item I attending

Mr Eddy CHAN

Permanent Secretary for Health, Welfare and Food (Food and Environmental Hygiene) (Ag) / Deputy Secretary (Food and

Environmental Hygiene)

Mr Vincent LIU

Principal Assistant Secretary (Food & Environmental Hygiene) 2

Health, Welfare and Food Bureau

Dr S F LEUNG

Assistant Director (Fisheries)

Agriculture, Fisheries and Conservation Department

Item II

Mr Eddy CHAN

Permanent Secretary for Health, Welfare and Food (Food and Environmental Hygiene) (Ag) / Deputy Secretary (Food and Environmental Hygiene)

Mr Wallace LAU

Principal Assistant Secretary (Food & Environmental Hygiene) 1 Health, Welfare and Food Bureau

Mr Vincent LIU

Principal Assistant Secretary (Food & Environmental Hygiene) 2 Health, Welfare and Food Bureau

Ms Rhonda LO

Assistant Director (Operations)3

Food and Environmental Hygiene Department

**Clerk in** : Mrs Constance LI

**Attendance** Chief Council Secretary (2)5

**Staff in** : Miss Betty MA

**Attendance** Senior Council Secretary (2)1

Ms Anna CHEUNG

Legislative Assistant (2)5

Action

#### I Loan schemes for fishermen

[LC Paper No. CB(2) 2106/05-06(01)]

<u>The Chairman</u> said that the special meeting was convened to discuss the Administration's proposals to provide loan schemes for fishermen.

2. Permanent Secretary for Health, Welfare and Food (Food and Environmental

Hygiene) (Ag) (PS(FEH)(Ag)) said that the Administration proposed to seek the Finance Committee (FC)'s approval to increase the loan capital of the Fisheries Development Loan Fund (FDLF) by \$190 million and to inject \$60 million into the Fish Marketing Organization Loan Fund (FMOLF). The objective was to assist fishermen to pursue alternative modes of operation so as to conserve fishery resources, to help fishermen tide over the annual fishing moratorium, and to help fish farmers develop their aquaculture business with a view to upgrading the quality of culture fish.

- 3. <u>Principal Assistant Secretary for Health, Welfare and Food (Food and Environmental Hygiene)2</u> (PAS(FEH)2) briefed members on the details of the loan schemes as follows
  - (a) an additional \$150 million would be injected to FDLF to provide low interest loans to fishermen, in particular trawler fishermen, to assist them to switch to sustainable fisheries or related operations;
  - (b) \$40 million of the additional loan capital of FDLF would be set aside for mariculturists and pond fish farmers to develop their aquaculture business; and
  - (c) \$60 million would be injected into FMOLF for the Fish Marketing Organization (FMO) to provide loans to fishermen affected by the moratorium, to assist them to tide over the two months period in June and July and make preparation for resumption of fishing activities after the moratorium. Fishermen given the loan would not be allowed to fish in Hong Kong waters during the two months period, which would help protect local fisheries resources and marine environment.
- 4. <u>Mr WONG Yung-kan</u> asked the Administration to explain the reasons for adopting different interest rates, i.e. 2.5%, 5.859% and 2% respectively for the three kinds of loans. <u>The Chairman and Mr Tommy CHEUNG</u> expressed similar concerns.
- 5. PAS(FEH)2 explained that the loans under FDLF were to help the fishermen, in particular the trawlers, switch to sustainable fisheries and related operations, in order to address the overfishing problem and to conserve fisheries resources in local waters. Only proposals conducive to reduction of fishing efforts (e.g. switching from trawling to non-trawling operations or from fishing to non-fishing operations) would be considered. As the loan aimed to help address the overfishing problem and conserve fisheries resources in Hong Kong, the provision of a low interest rate of 2.5% was considered justified. As for loans for fish farmers, PAS(FEH)2 said that as the loans aimed to help mariculturists and pond fish farmers develop their business and upgrade their operations, the Administration should not incur a loss in providing such loans to fish farmers. Hence, the no-gain-no-loss rate (5.859% as at April 2006) was proposed for such loans. Similarly, the no-gain-no-loss principle would also

apply to the moratorium loans as fishing moratorium was a known business environment to the fishing industry. However, in view of the severe hardship faced by fishermen and having regard to the similar loans being provided by the FMO, the Administration proposed an interest rate of 2% per annum, and the differential between the no-gain-no-loss level and 2% would be absorbed by FMO.

- 6. <u>Mr WONG Yung-kan</u> asked whether the Administration would also provide technical assistance to assist fishermen to switch to other types of operation.
- 7. <u>Assistant Director (Fisheries)/Agriculture, Fisheries and Conservation Department</u> (AD/AFCD) said that AFCD had all along been assisting fishermen to switch to sustainable fisheries or related operations such as recreational fishing, offshore fishing, aquaculture and fisheries product processing. AFCD would continue to provide technical advice and support in this respect by arranging training and study tours and gathering relevant information for fishermen.
- 8. <u>Mr WONG Yung-kan</u> enquired about the work plan for organising training and workshops for the fishermen. He suggested that retraining programmes should also be provided to those fishermen who wished to change to other employment.
- 9. <u>AD/AFCD</u> replied that AFCD had maintained close liaison with the fishermen organisations, and the frequency of training and retraining courses could be increased based on demand. If the fishing industry expressed strong demand for such courses, the matter could be further discussed by the Aquaculture Subcommittee and Capture Fisheries Subcommittee.
- 10. Mr Tommy CHEUNG requested the Administration to provide more information on the funding proposals. He said that Members belonging to the Liberal Party held the view that the Administration should be prudent in providing capital injections to FDLF and FMOLF. He asked about the number of repayment cases and write-off cases under these Funds. He was concerned that the Administration would need to provide further capital injection to the Funds if there were many write-off cases. He also asked whether the surplus in the loan funds managed by Vegetables Marketing Organisation (VMO) could be used for providing loans to fishermen.
- 11. <u>PS(FEH)(Ag)</u> said that the FDLF was established for a long time. The present proposal of injecting \$150 million to the Fund aimed to provide loans to fishermen to assist them to switch to sustainable fisheries or related operations. In approving the applications, the ability of borrowers to repay the loans and to switch to other operations would be considered.
- 12. <u>AD/AFCD</u> said that the loan capital of FDLF had been increased to \$100 million in 1997. Since then, a total of 42 loans had been approved. While some fishermen had applied to defer the repayment of loans because of financial hardship given the recent soaring of fuel price, there had not been any write-off case so far.

The financial position and skills of the applicants would be carefully considered when processing the loan applications. As regards the surplus funds of VMO, <u>AD/AFCD</u> said that fishing operations were outside the jurisdiction of VMO.

- 13. Responding to Mr Tommy CHEUNG, <u>AD/AFCD</u> said that the Fisheries Development Loan Fund Advisory Committee would draw up criteria for approving loans and monitor the repayment of outstanding loans. It would take into account the circumstances of individual cases in approving applications for deferring repayment of loans. The Committee had so far approved those loan borrowers with genuine financial difficulties to suspend repayment for a total period of one year.
- 14. <u>Mr Tommy CHEUNG</u> further asked about the justifications for injecting funds into FDLF and FMOLF and the anticipated number of new applications for loans. He expressed concern that the proposed capital injection might not be able to meet the demand.
- 15. <u>PAS(FEH)2</u> explained that the Administration had received nine loan applications for switching to sustainable fisheries operations and the loans amounted to \$70 million. As FDLF currently had a balance of less than \$28 million, it would not be able to meet the future demand. It was therefore necessary to provide a capital injection to the Fund.
- 16. <u>Mr Tommy CHEUNG</u> said that Members belonging to the Liberal Party reserved their position on the Administration's proposal as it had not provided sufficient information in the paper for members' consideration.
- 17. <u>The Chairman</u> reminded the Administration to provide the relevant information in its paper for the Panel's consideration, before submitting the proposal to FC for approval.
- 18. Mr TAM Yiu-chung welcomed the Administration's proposal to inject additional funds into FDLF to assist fishermen to switch to sustainable fisheries or related operations. Mr TAM said that many fishermen had difficulties in continuing with their current fishing activities. He suggested that the Administration should consider providing interest-free loans to fishermen instead. He also asked whether fishermen were allowed to apply for FDLF loans only once in their lifetime.
- 19. <u>PS(FEH)(Ag)</u> said that providing interest-free loans to fishermen would have read-across implication to other trades, and the suggestion would need to be further discussed with the Financial Services and Treasury Bureau (FSTB) and other relevant bureaux. However, this would delay the submission of the funding proposal to FC and the granting of loans to fishermen. In view of the onset of the moratorium, the present proposal was the quickest way to provide assistance to the fishermen under current policies.

- 20. <u>AD/AFCD</u> added that fishermen would only be granted FDLF loan once for the purpose of switching from trawling to non-trawling operations or from fishing to non-fishing operations.
- 21. Mr TAM Yiu-chung asked whether assistance would be provided to those fishermen who had applied for FDLF loans but failed to switch from fishing to non-fishing operations. AD/AFCD said that AFCD would carefully assess the financial and technical ability of each applicant before approving an application. Moreover, AFCD would provide technical advice and assistance to the successful applicants to switch to other non-trawling or related operations.
- 22. Mr Vincent FANG agreed that assistance should be provided to fishermen to help them tide over the difficult period given that the fuel price had risen by 60% to 70% recently. He considered that more favourable terms such as lower interest rates or interest-free loans would provide better incentive for fishermen to switch to sustainable modes of operation. He suggested that low interest loans should also be provided for other trades, e.g. poultry farmers.
- 23. <u>Mr FANG</u> said that according to the Administration's paper, the current balance of FDLF was \$27 million. However, PAS(FEH)2 had advised members earlier that the balance of the fund was about \$28 million. <u>Mr FANG</u> asked the Administration to provide the up-to-date balance of FDLF. He questioned the need to increase the loan capital of FDLF if there was no write-off case. He also asked about the tenure of loans to fishermen.
- 24. <u>AD/AFCD</u> said that the tenure of loans under FDLF was up to 14 years, and the tenure of the moratorium loan was one year. The repayment period could be extended on a case-by-case basis in the light of individual circumstances. <u>AD/AFCD</u> further said that FDLF had a loan capital of \$100 million. FDLF had a balance of \$27 million at the time of preparing the Administration's paper, and the up-to-date balance was about \$28 million upon receiving loan repayments. As there were other loan applications from fishermen which amounted to \$70 million, it was necessary to inject new funds to meet new demands.
- 25. <u>Dr Joseph LEE</u> supported the Administration's proposals in principle. Referring to the proposed loans for trawler fishermen under FDLF, <u>Dr LEE</u> asked about the percentage of fishermen engaged in trawling in Hong Kong and how the Administration could ensure that the successful applicants for such loans would not engage in trawling any more. <u>Dr LEE</u> expressed concern that the new funds injected into FDLF would be left idle if the number of applications was fewer than expected.

- 26. <u>PAS(FEH)2</u> said that there were about 4 000 fishing vessels in Hong Kong, some 1400 vessels of which were trawlers. Some of these trawler fishermen had expressed interest in applying for the loan to change to other types of operations. <u>AD/AFCD</u> supplemented that some of these fishermen were getting old and they might retire in the coming years. It was estimated that about 10% to 20% of these trawler fishermen would apply for loans to switch to non-trawling operations or from fishing to non-fishing operations.
- 27. <u>AD/AFCD</u> also advised that loan applicants would be notified that they would need to stop trawling or fishing activities in Hong Kong waters upon receipt of the loan. The field and enforcement staff of AFCD would patrol Hong Kong waters and record the fishing vessels operating in Hong Kong waters. Should a loan recipient be found to engage in trawling or fishing activities in Hong Kong waters, he would be required to repay the loan immediately. <u>AD/AFCD</u> further advised that FDLF was a revolving loan fund financed by the Government, and according to his understanding, the injected capital would only be a commitment in Government's reserve account. The funds would not be left idle in the account of FDLF.
- 28. Mr WONG Kwok-hing said that he was sympathetic with those fishermen who had difficulties in continuing with their fishing operations. He considered that consideration should be given to providing interest-free loans or subsidies to these fishermen. Mr WONG asked how long it would take for the Administration to consider the suggestion of providing interest-free loans to fishermen.
- 29. <u>PS(FEH)(Ag)</u> said that providing subsidies to fishermen would have financial implications and impact on other trades, and the Administration had no intention to pursue this option. The suggestion of providing interest-free loans to fishermen also had policy implications and impact on other loan funds. As this would have to be carefully considered by FSTB, he was unable to provide a timeframe for the consideration of the suggestion.
- 30. Mr WONG Kwok-hing asked whether non-trawler fishermen who wished to switch to non-fishing operations, such as leisure fishing, could apply for loans under FDLF. AD/AFCD said that any loan proposals which would result in reduction of fishing efforts in Hong Kong waters would be within the scope of the proposed loan scheme.
- 31. <u>The Chairman</u> said that Members belonging to the Democratic Party supported the funding proposals. He said that consideration of providing interest-free loans or subsidies would need strong justifications.
- 32. <u>Mr WONG Yung-kan</u> urged that the Administration should set out clearly the criteria for approving loan proposals and the repayment terms before submitting the funding proposals to FC for approval.

#### Fuel subsidy

- 33. Mr WONG Yung-kan said that while he supported providing loans to fishermen, the Administration should also consider providing fuel subsidy to fishermen in view of the soaring fuel prices in recent months.
- 34. <u>PS(FEH)(Ag)</u> said that the increase in oil prices had affected many trades and not only the fishermen. He considered that fishermen could make use of the moratorium loan to tide over temporary financial hardship and make preparation for resumption of fishing activities such as purchase of fuel.
- 35. <u>PAS(FEH)2</u> added that the industrial marked diesel used by fishing vessels was duty-free and its price was far below the market price of diesel. The duty concessions in this respect amounted to a loss of tax revenue up to \$1 billion per annum.
- 36. Mr WONG Yung-kan said that the fishing industry was hard hit by the soaring fuel price. He urged the Administration to regulate the price adjustment mechanism of oil companies.
- 37. <u>PS(FEH)(Ag)</u> said that as Hong Kong practised free trade, the prices of fuel would be adjusted by the market. As regulation of fuel prices was under the purview of Economic Development and Labour Bureau, he would convey Mr WONG's concern to the Bureau for consideration.
- 38. In concluding the discussion, <u>the Chairman</u> said that while members did not object to the Administration seeking FC approval for the funding proposals on 9 June 2006, the Panel had not reached consensus on the details of the proposals.

# II Importation of chilled pork from the Mainland [LC Paper Nos. CB(2) 1920/05-06(01), CB(2) 2106/05-06(02)&(03)]

- 39. <u>The Chairman</u> said that two further submissions from Hong Kong Retail Management Association [LC Paper No. CB(2) 2147/05-06(01)] and Hong Kong Chilled Meat and Association [LC Paper No. CB(2) 2147/05-06(02)] were received.
- 40. <u>PS(FEH)(Ag)</u> briefed members on the latest development of the proposal to import chilled pork from the Mainland. <u>PS(FEH)(Ag)</u> said that it was the policy objective to separate the sale of fresh and chilled/frozen meat. In the light of subsequent views received from the trade that the sale of fresh and chilled meat in the same premises should be allowed to maintain the existing level of convenience to consumers, the Administration agreed that exemption would be granted provided that the chilled meat sold was pre-packaged, properly marked and labelled in the prescribed manner before distribution to the retail outlets. The label should contain information such as the food name, the "slaughter" and "use by" dates, the names and

address of the slaughtering plant, and the net weight. <u>PS(FEH)(Ag)</u> further said that subject to members' views, the Administration would work on the drafting of the amendment regulation and introduce the amendments by the end of June 2006.

- 41. Responding to the Chairman, <u>PS(FEH)(Ag)</u> said that pre-packaged chilled meat would also be subject to the food labelling regulations on pre-packaged food.
- 42. Mr WONG Kwok-hing said that he supported the "one licence for one shop" proposal which aimed to better protect consumers' interest. However, some supermarket chains had claimed that implementation of such proposal would lead to the laying off of some 1 000 meat stall workers in the supermarkets. He considered that it was irresponsible and disgraceful for the management of the supermarket chains to have made such statements. As regards the sale of roasted meat, Mr WONG asked whether the Administration would also require the labelling of roasted meat if it was made of chilled meat.
- 43. <u>PS(FEH)(Ag)</u> advised that as roasted meat made of chilled meat did not pose hygiene problem, it was not necessary to require roasted meat to be labelled that it was made of chilled meat. Moreover, it would be difficult to ascertain whether the roasted meat was made of chilled meat. <u>PS(FEH)(Ag)</u> stressed that the Administration's current proposal had balanced the interests of the consumers and the trade, and could facilitate enforcement by the Food and Environmental Hygiene Department (FEHD).
- 44. Mr WONG Kwok-hing reiterated that the Administration should follow up the problem of some unscrupulous traders selling roasted meat made of chilled meat. Mr Tommy CHEUNG said that consumers should be able to know from the price difference that the roasted meat was made of chilled meat. The Chairman advised that as Mr WONG's concern was more related to consumer protection instead of food safety, Mr WONG might wish to follow up the issue at other forum.
- 45. Mr Tommy CHEUNG said that as the Administration had pointed out in its paper that the meat trades had divergent views on the proposal, the Panel should hold a special meeting to gauge the views of the affected trades and concerned parties. Mr CHEUNG further said that while Members belonging to the Liberal Party had no strong views against the proposal of "one licence for one shop", the Administration should explain why such arrangement was necessary given that chilled meat was already being imported and sold at local market. He considered that the Administration should prove that there were enforcement difficulties to regulate the sale of chilled meat before introducing the legislation to implement the "one licence for one shop" proposal.
- 46. <u>Mr CHEUNG</u> further said that he did not see the rationale for withholding the import of chilled pork from the Mainland until the "one licence for one shop" proposal was implemented. <u>Mr CHEUNG</u> held the view that the Administration should allow chilled pork to be imported from the Mainland as soon as possible.

- 47. Regarding the proposed exemption for the sale of fresh and chilled meat in the same premises, Mr Tommy CHEUNG said that such exemption should not be limited to supermarkets, as wet markets with only a few meat stalls would also need to provide food choices for consumers. Mr CHEUNG considered that the Administration should state clearly in the legislation the circumstances under which the sale of fresh and chilled meat in the same premises would be allowed, instead of making exemptions on a case-by-case basis.
- 48. <u>PS(FEH)(Ag)</u> clarified that the proposed exemptions were not confined to supermarkets. Fresh provision shops would be allowed to sell fresh and chilled meat in the same premises, provided that the pre-packaging and labelling requirements were met.
- 49. Mr Vincent FANG welcomed the proposal of allowing the sale of fresh and chilled meat in the same premises under certain conditions. Mr FANG asked about the details of the exemption conditions, for example, whether there would be restrictions on sharing the meat processing area and the cutting of chilled pork, and whether meat suppliers would need to keep sales records for FEHD's inspection. He also asked about the timetable for allowing importation of chilled pork from the Mainland.
- 50. <u>PS(FEH)(Ag)</u> said that the proposed legislation would not impose restriction on the size and weight of chilled pork for each package, as these would be determined by the market.
- 51. <u>Assistant Director (Operations)3/FEHD</u> (AD/FEHD) added that at present, each slaughtered pig from Thailand was cut into six pieces and packed in two boxes for export to Hong Kong. Chilled meat for import into Hong Kong was required to meet the import and hygiene requirements, and there were no restrictions on the size and cutting of chilled meat.
- 52. <u>Dr Joseph LEE</u> expressed reservations about the need for introducing the "one licence for one shop" arrangements, as he did not see how the proposal would better protect public health. <u>Dr LEE</u> asked the Administration to provide information on the number of cases where traders were reported/convicted of selling chilled meat as fresh meat, and whether mixing chilled meat with fresh meat would give rise to cross contamination and pose risk to public health.
- 53. <u>PS(FEH)(Ag)</u> explained that the policy objective of the proposed legislation was to enhance food safety and protect consumers' interest. <u>PS(FEH)(Ag)</u> said that while the Administration was aware that some unscrupulous meat traders sold chilled meat as fresh meat, it was difficult to gather sufficient evidence to take action against such malpractice. <u>PS(FEH)(Ag)</u> further said that the present proposal would reduce the risk of cross contamination in mixing fresh meat and chilled meat at the retail

level.

- 54. <u>AD/FEHD</u> advised that since 2003, FEHD had taken enforcement actions in 38 cases involving food premises selling or displaying chilled meat as fresh meat, of which 17 licensees or market tenants had their licences or tenancies cancelled/terminated as a result. She said that in these cases, enormous efforts had been made by FEHD in gathering evidence for taking enforcement actions.
- 55. Mr WONG Yung-kan said that the problem of selling chilled pork as fresh pork had been discussed for a long time, ever since chilled pork was imported from Thailand. However, the Administration had not stepped up regulatory control over such malpractice or conducted studies on the risk of cross contamination between fresh and chilled pork at retail level. In view of the difficulties faced by the Administration in taking enforcement action against such malpractice under the existing monitoring mechanism and the impending importation of chilled pork from the Mainland, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) had put forward the "one licence for one shop" proposal. Mr WONG further said that such arrangement would deter unscrupulous traders from selling chilled meat as fresh meat, which would better protect consumers' interest and safeguard public health through reducing the risk of cross contamination between fresh and chilled meat at retail level.
- 56. Mr WONG added that there were divergent views on the "one licence for one shop" arrangement, and the Administration's present proposal aimed to strike a balance between the different interests. Mr WONG said that he had no objection to holding a special meeting to listen to the views of the affected trades and to clarify the implementation details.
- 57. Mr TAM Yiu-chung said that the Administration had been wavering in its stance on the "one licence for one shop" proposal, despite lengthy discussions at Panel meetings. Mr TAM further said that Members belonging to DAB did not object to the importation of chilled pork from the Mainland. However, they considered that the problem of some retailers selling chilled meat as fresh meat must first be resolved to better protect consumers' interest and food safety. Mr TAM pointed out that chilled pork would have to be stored under a temperature of 4°C. Displaying and selling defrosted chilled meat as fresh meat under room temperature would increase the risk of meat deterioration. As large quantities of chilled pork would likely to be imported from the Mainland, Members belonging to DAB considered that the Administration should first strengthen its control over the sale of chilled pork by implementing the "one licence for one shop" arrangement. Mr TAM said that the Administration would need to be careful in providing exemptions to the "one licence for one shop" arrangement, as the Administration's current proposal could not totally resolve the problem of selling chilled meat as fresh meat. Mr TAM also asked about the penalty for breaching the proposed legislation on the "one licence for one shop" arrangement.

- 58. <u>AD/FEHD</u> responded that the existing penalties under the Food Business Regulation would apply to breaches of the proposed Amendment Regulation. <u>PS(FEH)(Ag)</u> added that the licensees and stall tenants would also need to comply with the additional licensing requirements and conditions for the sale of chilled meat.
- 59. Mr Alan LEONG said that the Administration's proposal to separate the sale of fresh and chilled meat could not solve the problem of unscrupulous meat traders selling chilled meat as fresh meat. In such circumstances, he questioned whether it was necessary to introduce the legislation as it would affect 337 fresh provision shops.
- 60. <u>PS(FEH)(Ag)</u> explained that the proposed legislation would impose statutory requirements on the sale of chilled meat. Although the "one licence for one shop" proposal could not eradicate the problem of unscrupulous meat traders mixing chilled meat with fresh meat for sale in the same premises, the legislation would provide greater deterrence against such malpractice because contravention of the legislation would lead to a fine and imprisonment. The legislation would also facilitate enforcement action by FEHD.
- 61. Mr Alan LEONG said that the proposed legislation should then target at facilitating enforcement action by FEHD. He requested the Administration to provide more justifications in this respect when introducing the legislative proposal into LegCo.
- 62. <u>Miss CHAN Yuen-han</u> said that she supported the "one licence for one shop" proposal to enhance food safety and protect consumers' interest. <u>Miss CHAN</u> considered that the proposed exemption to allow the sale of fresh and chilled meat in the same premises was a compromise made by the Administration after the supermarket chains had stated that the "one licence for one shop" proposal would result in laying off 1 000 meat stall workers. <u>Miss CHAN</u> commented that the Administration's proposal would only benefit the supermarket chains and further weaken the competitiveness of meat stall holders operating in traditional markets.
- 63. <u>PS(FEH)(Ag)</u> said that it was Government's policy to prohibit the sale of fresh meat and chilled meat in the same premises. The proposal to grant exemptions subject to certain conditions was based on the consideration of the need to maintain the existing level of convenience to consumers who would like to stop at one shop to buy both fresh and chilled meat. <u>PS(FEH)(Ag)</u> stressed that the proposed arrangement would be applicable to all fresh provision shops, i.e. supermarkets and individual fresh provision shops.
- 64. <u>The Chairman</u> said that the Panel had discussed the "one licence for one shop" proposal at a number of meetings. While he did not object to the proposal, he was concerned about the enforcement and how the arrangements could balance the interests of the trade and the public. He did not consider that the "one licence for one

shop" proposal could effectively eliminate the malpractice of posing chilled pork for sale as fresh pork. However, he supported the introduction of the proposed legislation and imposing heavier penalty on selling chilled meat as fresh meat, in order to increase deterrence against such malpractice. He considered that the Administration's current proposal of providing exemptions under certain conditions could maintain the existing level of convenience to consumers. As regards the labelling requirement, the Chairman asked whether the label of the pre-packaged chilled meat would include the "best before" date or "used by" date.

- 65. <u>PS(FEH)(Ag)</u> responded that subject to members' support for the proposal, the Administration would proceed with the drafting of the relevant legislation and aim at introducing the legislation by the end of June. The Administration would further discuss the implementation details with the trade.
- 66. Mr Tommy CHEUNG reiterated that while he did not object to the "one licence for one shop" proposal, he disagreed that there was an imminent need for introducing the relevant legislation as there were only a few unscrupulous traders who posed chilled pork for sale as fresh pork. He considered that the existing requirement of keeping the sales record for 60 days could facilitate FEHD in taking enforcement actions. He held a strong view that chilled meat from the Mainland should be allowed to be imported as soon as possible. He also urged the Administration to discuss the pre-packaging requirements for chilled pork with the trade.
- 67. Mr Vincent FANG said that the chilled meat traders welcomed the Administration's proposal, as fresh provision shops would be allowed to sell both fresh and chilled meat subject to their meeting certain conditions. He considered that the present proposal could protect consumers' interest and reduce the malpractice of posing chilled pork for sale as fresh pork.
- 68. <u>Dr Joseph LEE</u> said that while he supported the spirit of the "one licence for one shop" arrangement, he reserved his position on the Administration's proposal as the proposed exemption arrangement had deviated from the original proposal. He considered that if chilled meat must be pre-packaged for sale, there was no need to introduce the legislation on the "one licence for one shop" arrangement. He urged the Administration to spell out clearly its policy direction in the LegCo brief on the legislative proposal.
- 69. Mr WONG Kwok-hing commented that the Administration's current proposal was only an interim measure to address the concerns raised by the supermarket chains. He strongly urged that the Administration should also address the problem of using chilled meat for roasted meat when drafting the proposed legislation.
- 70. Mr WONG Yung-kan asked whether the meat processing plant in the place of origin could also be sanctioned, if chilled pork was found to be supplied and sold as fresh pork.

- 71. <u>PS(FEH)(Ag)</u> said that the Administration would first ascertain which party should be responsible for selling chilled pork as fresh pork in such cases. If the problematic pork was found to be supplied by the Mainland plants, the Mainland authorities would be notified for taking follow-up actions.
- 72. Responding to the Chairman, <u>PS(FEH)(Ag)</u> said that the Amendment Regulation on the "one licence for one shop" arrangement would take effect upon gazettal.
- 73. Mr Tommy CHEUNG suggested that a special meeting should be held to meet with the trade and concerned parties to discuss the details of the Administration's proposal before gazettal of the legislation. Members agreed that a special meeting would be held on 6 June 2006 to meet with deputations and the Administration.
- 74. There being no other business, the meeting ended at 1:00 pm.

Council Business Division 2
<a href="Legislative Council Secretariat"><u>Legislative Council Secretariat</u></a>
19 September 2006