

A. Introduction

The Audit Commission (“Audit”) conducted a review on the work of the Food and Environmental Hygiene Department (“FEHD”) on the licensing of food premises.

2. Hon SHIU Ka-fai declared that he served as an unremunerated honorary adviser/an unremunerated member of some non-governmental organizations or trade associations upon their invitations.

Background

3. FEHD is the licensing authority of food premises and exercises control through its licensing regime, inspections and enforcement actions in accordance with the Public Health and Municipal Services Ordinance (Cap. 132) and its subsidiary legislation. The Environmental Hygiene Branch (“EHB”) of FEHD is responsible for planning and directing the provision of environmental hygiene services, including the licensing and regulatory control of food premises, under which the three Regional Licensing Offices (“RLOs”) are mainly responsible for processing applications for new food business licences and online sale of restricted food permits, and the 19 District Environmental Hygiene Offices (“DEHOs”) are mainly responsible for conducting inspections of licensed and unlicensed food premises and enforcing Cap. 132. In 2022-2023, the expenditure of the FEHD offices responsible for the work on licensing and regulatory control of food premises, among other duties, amounted to about \$497 million.

4. Food businesses that are required to be licensed are classified into various types, such as general restaurant (use of any kind of cooking method for food preparation is allowed), light refreshment restaurant (only simple cooking methods for food preparation are allowed) and food factory. FEHD also issues restricted food permits for sale of restricted foods (e.g. sushi and milk) including that for selling such foods online and permissions for outside seating accommodation (“OSA”) for open area used for alfresco dining business. To facilitate the setting up of food businesses, FEHD operates a provisional licensing system in which a provisional food business licence is issued to premises that have satisfied all essential health, ventilation, building and fire safety requirements. A provisional food business licence is valid for six months, during which time the licensee has to complete all outstanding requirements for the issue of a full licence. In 2022, FEHD received 10 227 applications for new food business licences and permits. As at 31 March 2023, there were 34 640 valid food business licences, 11 071 valid restricted food permits and 403 valid OSA permissions.

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5. The Committee held two public hearings on 12 December 2023 and 5 January 2024 to receive evidence. The opening statement made by **Mr TSE Chin-wan, Secretary for Environment and Ecology**, at the first public hearing is in *Appendix 9*.

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6. With reference to Table 1 in paragraph 1.7 of the Director of Audit’s Report No. 81 (“the Audit Report”), the Committee sought the rationales behind the classification of different types of food business licence, and asked whether such classification could be streamlined to accelerate the processing of applications. **Ms Irene YOUNG Bick-kwan, Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that the classification of different types of food business licence largely followed the relevant legal provisions of the Food Business Regulation (Cap. 132X), the Milk Regulation (Cap. 132AQ) and the Frozen Confections Regulation Cap. 132AC), which were made under Cap. 132. There were different licensing requirements, conditions and fees for different types of licences, and different government bureaux/departments (“B/Ds”) might be involved when processing the applications. The trade was accustomed to the current regime, and the classification system would not prolong the application process. FEHD would continue to take into account the views of the catering trade and improve the licensing regime.

7. With reference to paragraph 1.10 of the Audit Report, the Committee asked whether FEHD had regularly reviewed the organization structure of EHB as shown in Appendix A with a view to shortening the processing time of applications for food business licences and permits, and reducing the workload and operating expenditure of FEHD. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that the divisions and offices under EHB carried out different functions with respect to food premises. For example, the three RLOs were responsible for processing new food business licence applications, while the 19 DEHOs were responsible for the regulatory control of the existing food business. The offices were also responsible for other regulatory and enforcement duties, such as regulatory control of non-food related licences and investigation of environmental hygiene-related complaints. The current organization structure had largely enabled EHB to perform its functions, and no particular organizational issues hindered the processing of applications or caused unnecessary costs. FEHD would continue to monitor and review various work processes with a view to identifying room for improvement and enhancing efficiency.

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8. According to paragraph 1.10 of the Audit Report, the revenue received from the issue of food business licences and permits in 2022-2023 was about \$5 million while the expenditure of FEHD offices responsible for the work in licensing and regulatory control of food premises, among other duties, amounted to about \$497 million. The Committee asked how FEHD could ensure that the processing of applications for food business licences and permits could achieve full cost recovery. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that:

- to ease the operating pressure of food businesses during the epidemic of Coronavirus Disease 2019, fees for all types of food business licences and permits were waived (except for temporary food factory licence and administration fee/levy such as amendment fee on transfer of licences) in 2022-2023. The revenue received from the issue of food business licences and permits was therefore exceptionally low in 2022-2023. For comparison purpose, the relevant revenue received was about \$166 million in 2018-2019 before the fee waiver exercise;
- the expenditure of about \$497 million included the expenditure of some other environmental hygiene services of the respective offices. FEHD did not maintain a breakdown of expenditure which only involved the licensing and regulatory control of food premises; and
- the fees for food business licences and permits were generally set in accordance with the user-pay principle, taking into account the work and costs involved in processing the respective types of licences and permits. FEHD was currently conducting a fees and charges review to study whether the fees for food business licences and permits continued to adhere to the aforementioned principle.

9. With reference to paragraph 1.11 of the Audit Report, the Committee enquired about the operation of the referral mechanism adopted by FEHD for processing the applications for food business licences and permits, including the circumstances under which referrals of applications were required to be made to relevant B/Ds for comments. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that upon receipt of an application for food business licence, FEHD would conduct a preliminary screening of the proposed plan(s) to ensure that the application and the plan(s) conformed to the requirements. On passage of preliminary screening, depending on the type of food business licence,

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the application would be referred to relevant B/Ds as appropriate.¹ Depending on the circumstances of individual cases, case officers might refer a case to B/Ds other than those set out in the protocols as necessary. For example, for cases involving New Territories Exempted Houses, FEHD would refer the cases to the Lands Department for comments.

10. With reference to paragraph 1.13 of the Audit Report, the Committee asked how and when an operator whose food business licence/permit had been suspended or cancelled under the Demerit Points System and Warning Letter System could resume his/her business or re-apply for a new licence/permit, and enquired about the consequences/penalties for an operator who had his/her food business licence/permit suspended or cancelled as well as measures to prevent such an operator from applying for new licences/permits repeatedly. **Director of Food and Environmental Hygiene** and **Mr Gabriel TSANG Wing-lok, Assistant Director (Operations)1, FEHD** responded at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that:

- the suspension or cancellation of licence was administered by FEHD as a penalty due to contravention of legislative or licensing requirements or conditions. For suspension of licence/permit, the licensee/permittee might resume business after the suspension period specified by FEHD. No application was required. For a licence/permit which had been cancelled, if the operator wished to carry on business on the same premises, a fresh application for licence/permit had to be submitted. Under the current licensing regime, for a licence which had been cancelled under section 125(1)(b) of Cap.132² or surrendered for cancellation before sanction, any fresh application from the licensee or from his/her representative or business partner/proprietor for the same type of licence in relation to the same premises would not be accepted within 12 months from the date of cancellation of the licence;
- suspension or cancellation of food business licence/permit would lead to loss of business revenue and reputational damage on the part of the licensee/permittee. For cancellation of licence/permit, the operator was also required to bear the administrative cost for obtaining a fresh licence/permit in order to continue the business; and

¹ The general referral protocols could be accessed vide https://www.fehd.gov.hk/english/howtoseries/forms/new/general_referral%20protocols.pdf

² Under section 125(1)(b) of Cap. 132, the Director of Food and Environmental Hygiene may exercise discretion to cancel any licence.

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- for premises with food licence cancelled by FEHD, the incoming applicant of the same type of business was required to submit relevant documents like business registration certificate to prove that he/she had no business connection with the former licensee or former business partner/proprietor. This was to prevent an ex-licensee from applying for food business licence repeatedly by submitting application through his/her business partner/proprietor. FEHD would also check an application against the particulars of ex-licensee.

Use of information technology

11. Referring to paragraph 1.15 of the Audit Report about the use of information technology by FEHD, the Committee enquired about the features of the Licensing Management Information System (“LMIS”) 2 and 3, and the Online Licence Application Tracking Facility (“ATF”). **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** elaborated in his letter dated 2 January 2024 (*Appendix 10*) that:

- LMIS 2 was rolled out in May 2023. It adopted business process management system to handle new applications for licences and permits, so that all vital information including dates of incoming and outgoing correspondences, submissions and approvals could be tracked. The system automatically recorded key milestones of the application process. Alerts and notifications were in place to remind FEHD officers the important milestones and timeframes. The system also facilitated information exchange with other B/Ds with its functions of sending out and receive memoranda, documents, plans, etc. Furthermore, LMIS 2 compiled management reports for supervisory staff to monitor the progress of licence applications;
- LMIS 3 was scheduled to be rolled out in 2025. It would make use of the business process management system to control process handling of existing licences and permits, including renewal, transfer, layout and alteration. Enforcement functions associated with the Demerit Points System and Warning Letter System would also be provided in LMIS 3 to replace manual paper recording and counting. In addition, “e-inspection” for licensed and permitted premises would be enabled by LMIS 3, under which the findings and actions taken by staff during inspections would be recorded by electronic means and synchronized in the system. Annual risk assessment and classification of licensed premises would be handled by the system. LMIS 3 would also enable

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a licensee to check inspection results and various information by electronic means on the licensing portal; and

- ATF provided a platform for food business licence applicant to keep track of and follow up with his/her application. After logging in, the applicant can check the status of the application and submit relevant documents or plans through the platform. By the first quarter of 2024, applicants may also have access to all correspondences sent from FEHD through the platform.

Monitoring the implementation of enhancement measures

12. According to paragraph 1.18 of the Audit Report and as advised by the Secretary for Environment and Ecology at the public hearings, the Environment and Ecology Bureau (“EEB”) would provide policy steer and oversight for FEHD to take forward the Audit’s recommendations. The Committee sought the specific measures taken by EEB to enhance the collaboration between FEHD and relevant B/Ds in facilitating the processing of applications for food business licences and permits, particularly in respect of formulating timeframes for providing comments by B/Ds. **Secretary for Environment and Ecology** advised at the public hearings and in his letter dated 2 January 2024 (*Appendix 10*) that EEB would take forward the following measures:

- tasking FEHD to set up a working group with relevant B/Ds to explore room for streamlining the procedures for handling the applications and enhancing communication, including better defining each other’s functions and the time required for providing comments and processing the applications;
- ensuring that the working group would complete its work by the first half of 2024, with an agreed implementation plan listing tasks to be accomplished with effective dates;
- overseeing FEHD’s review of its operational guidelines and overall performance pledges as appropriate;
- providing policy support for FEHD to make good use of technology to enhance communication with B/Ds and applicants, including exploring the feasibility of expanding the scope of and advancing the timeframes for the second and third stages of enhancements to the existing LMIS to meet service needs; and

- seeking funding support for new or enhanced initiatives to put in place all necessary IT infrastructure for service improvements.

B. Processing of applications for new food business licences and permits

13. According to paragraphs 2.8(b) and 2.10(b) of the Audit Report, it was not uncommon for applicants to submit revised layout plans after passing the initial screening despite that FEHD had strongly advised applicants not to revise the proposed layout as it would lengthen the processing time for the issue of licences. The Committee sought FEHD's views on the root causes for and measures to tackle the problem, and asked whether the possible causes might include insufficient guidance to applicants on their submission of layout plans and lenient approach adopted by FEHD in granting of provisional food business licences. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that the requirements for food business had been set out in the legislation or publicly available materials to which applicants might refer when drawing up layout plans. That said, applicants might revise layout plans during the application process out of business considerations or in response to comments made by B/Ds. FEHD considered that it was in an applicant's own interest to avoid repeated or unnecessary revisions to layout plans as it would inevitably prolong the processing time of application. FEHD would continue to convey the message to the trade and applicants through different means.

14. With reference to Note 17 and Note 4 for Table 5 in paragraph 2.9 of the Audit Report, the Committee sought explanations about the adverse implications that might have on the delivery of FEHD's services if the timeframes for referrals of applications to B/Ds and providing comments to FEHD by B/Ds were disclosed, and asked whether FEHD had set any performance pledges in this regard for monitoring purpose. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that unlike the performance pledges that FEHD had published for members of the public to monitor its performance in different areas, there were a number of timeframes in FEHD's internal guidelines and documents which were set for staff reference and management supervision. These timeframes might change from time to time taking into account the manpower and workload situation as well as departmental priorities. Given their different natures and the flexibility needed, FEHD was of the view that these internal timeframes should not be made public as in the case of performance pledges. Otherwise, there might be unnecessary misunderstanding in cases where these internal timeframes had to be adjusted on

justifiable grounds. The performance pledges were set by FEHD for members of the public to monitor its performance. These pledges naturally focused on the work or processes of which FEHD had full control. For processes involving external parties or other B/Ds, FEHD considered that they might not be suitable for the purpose of making performance pledges. At the request of the Committee, the relevant timeframes for referring applications and receiving comments adopted by FEHD were provided in the above letter, including the timeframe for each procedure in the workflow of processing new restaurant licence applications by FEHD as shown in Figure 3 in paragraph 2.5 of the Audit Report.

15. Referring to paragraphs 2.10 and 2.12 of the Audit Report about the delays in making referrals of the 50 applications for new food business licences to and receiving comments from relevant B/Ds, FEHD had agreed, according to paragraph 2.32, to take measures to address the problem. The Committee asked whether FEHD would draw up formal guidelines on the issuance of reminders to B/Ds with delays in providing comments to FEHD, and enquired about the progress and details of the follow-up actions taken by FEHD as well as the collaborative efforts made by FEHD, the Buildings Department (“BD”) and the Fire Services Department (“FSD”) to expedite the processing of applications. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** elaborated in his letter dated 2 January 2024 (*Appendix 10*) that:

- having taken into account the Audit’s recommendation, FEHD issued guidelines in November 2023 to RLOs, advising them to issue reminder to B/Ds every two weeks as long as the response was outstanding. Relevant B/Ds had also stepped up their internal monitoring mechanisms to ensure that responses to FEHD’s consultations would be given in a timely manner; and
- FEHD had already established with BD and the Independent Checking Unit under the Office of the Permanent Secretary for Housing an electronic referral system that enabled efficient two-way information transmission by electronic means. FEHD and FSD had agreed to pursue a gradual migration to the electronic referral system in line with the schedule of FSD’s internal system upgrade. As to other B/Ds, FEHD had already approached them to explore the adoption of the electronic referral system. In the meantime, except those documents with size constraints, transmission of application documents between FEHD and B/Ds was already conducted by electronic means (e.g. email).

16. **Mr Andy YEUNG Yan-kin, Director of Fire Services** responded at the public hearing and added in his letter dated 28 December 2023 (*Appendix 11*) that:

- FSD had taken the initiative to put forward measures on the adoption of electronic means for receiving referrals from and providing comments to FEHD. FSD was developing an e-Issuance of Licences and Certificates System, which was expected to be launched by the second quarter of 2024, under which various correspondences by FSD, including letters, fire safety requirements, memorandum as well as certificates, could be issued to applicants and exchanged with FEHD electronically, so as to ensure referrals were received from and comments were provided to FEHD in a timely manner; and
- FSD was also revamping its Integrated Licensing, Fire Safety and Prosecution System (“LIFIPS”), which provided a common platform for case handling and information sharing encompassing scope of licensing, fire safety inspection and prosecution processes among FSD’s different units. The revamp was expected to be completed by 2026, by then LIFIPS would be connected with the systems of other B/Ds to further facilitate the food business licences application process.

17. The Committee asked about the corresponding measures/actions taken by FEHD to dovetail with the launch of the e-Issuance of Licences and Certificates System by FSD, with a view to expediting the processing of applications for food business licences and permits. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that FEHD and FSD had reached a consensus on referring applications and receiving comments through electronic means to improve efficiency. FEHD would continue to liaise closely with FSD to ensure smooth interface of the systems of FSD and FEHD, so as to expedite information exchange and the processing time of application for food business licences and permits.

18. **Ms Clarice YU Po-mei, Director of Buildings** advised at the public hearing and in her letter dated 2 January 2024 (*Appendix 13*) that BD had implemented the electronic-referral system under FEHD’s LMIS 2 since May 2023. BD had also reminded its staff to provide comments to FEHD in a timely manner and was enhancing its computer system to monitor the progress of referrals automatically with newly added alert functions. The enhancement to BD’s computer system was expected to be completed in the second quarter of 2024.

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19. With reference to paragraphs 2.13(a)(i) to (iii) of the Audit Report, the Committee sought explanations about the causes for the time lags in the written communication between FEHD and relevant B/Ds, in particular those cases with time lags of 10 working days or more, and asked about FEHD's investigation of such irregularities. **Director of Food and Environmental Hygiene** and **Assistant Director (Operations)1, FEHD** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that FEHD had looked into the cases and noted that the time lags were mainly attributable to the use of fax machine or ordinary dispatch for the transmission of documents. The time lags could be avoided with the transmission of documents through electronic means.

20. According to paragraph 2.13(a)(iv) of the Audit Report, while FEHD had set a timeframe for FSD to provide comments, it had not taken into account the time required by FSD to handle its referrals. The Committee asked whether FEHD considered it necessary to liaise with FSD and relevant B/Ds on the timeframe required for handling its referrals with a view to achieving better collaboration in processing food business licence applications. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that according to FEHD's performance pledge, an Application Vetting Panel ("AVP") meeting would be scheduled within 20 working days after an licence application had been accepted for further processing. If FEHD could refer the application to other B/Ds within its internal timeframe of three working days, other B/Ds should have sufficient time to respond before the scheduled AVP date. FEHD would take steps to ensure that referrals were made in a timely manner.

21. According to paragraphs 2.17 and 2.19 of the Audit Report, for the period from 2018 to 2022, only 75 (0.8%) of 8 945 scheduled AVP meetings were convened. Audit's examination of 30 applications for restaurant licences also revealed that all the 30 scheduled AVP meetings were not convened and not rescheduled. The Committee enquired about the details of arrangements for AVP meetings and the progress of the review on such arrangements by FEHD as mentioned in paragraph 2.32. The Committee also asked whether FEHD would consider discontinuing the current practice and instead only holding AVP meetings on need basis in view of the low attendance rate.

22. **Director of Food and Environmental Hygiene** and **Assistant Director (Operations)**¹, **FEHD** advised at the public hearings, and **Secretary for Environment and Ecology** further explained in his letter dated 2 January 2024 (*Appendix 10*) that FEHD scheduled an AVP meeting with the applicant within 20 working days after the licence application had been accepted for further processing. AVP meetings were scheduled on a particular day of a week. Before the scheduled AVP meeting, FEHD would contact the applicant to confirm his or her attendance. If the applicant was not attending, the AVP meeting would not be convened. If necessary, the AVP meeting could be rescheduled at the request of the applicant. Usually four public officers would attend an AVP meeting, with two from FEHD (one acting as the Chairman), one from BD and one from FSD. As AVP meetings might be useful for some applicants, FEHD was inclined to continue to offer an opportunity for applicants to attend such meetings.

23. The Committee further asked about the rationales behind the practice of counting those scheduled AVP meetings which were not convened as meeting the target in reporting the achievement of the performance measure in relation to holding AVP meetings. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that FEHD considered that in this case, the focus of the relevant performance pledge was on whether AVP meetings had been scheduled in a timely manner. Whether an AVP meeting was actually convened depended on the preference of the applicant, which might not reflect FEHD's performance. Nevertheless, FEHD would adjust the wordings of the relevant performance pledge in public documents to avoid misunderstanding.

24. With reference to paragraph 2.28 of the Audit Report, the Committee sought the details of the follow-up/enforcement actions taken by FEHD regarding the two suspected cases of food businesses took place in Tuen Mun and Tsuen Wan respectively which were operating prior to the grant of provisional licences. The Committee was told at the public hearing on 12 December 2023 that the two inspections were conducted on 27 June 2023, and no referral was made to the Tuen Mun DEHO for the case in Tuen Mun because the operator concerned was granted a provisional food licence on 28 June 2023. **Director of Food and Environmental Hygiene** and **Mr WAN Chi-shun, Senior Superintendent (Hygiene)**, **FEHD** clarified at the public hearing on 5 January 2024, and **Secretary for Environment and Ecology** further explained in his letter dated 19 January 2024 (*Appendix 12*) that on the enquiries of the Committee, FEHD further examined the relevant files and found records showing that:

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- for the case in Tuen Mun, staff of RLO had referred the observations during the joint inspection with Audit to the premises on 27 June 2023 to the Tuen Mun DEHO on 5 July 2023;
- as for the case in Tsuen Wan, staff of RLO had referred the observation during the joint inspection with Audit to the premises on 27 June 2023 to the Tsuen Wan DEHO on 7 July 2023; and
- as the above referral records were not found before the release of the Audit Report and public hearings, the relevant follow-up actions were not clearly set out to the Committee earlier at the hearings. The chronology of events in relation to the above two cases were subsequently provided in the letter dated 19 January 2024 from the Secretary for Environment and Ecology (*Appendix 12*).

25. Referring to the Tuen Mun case above, the Committee further asked whether there were similar cases that DEHOs did not take enforcement actions on unlicensed food premises which operated during the licence application period. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** added in his letters dated 2 and 19 January 2024 (*Appendices 10 and 12*) that as long as DEHOs had collected sufficient evidence, prosecution action would be taken. FEHD would not knowingly refrain from taking enforcement actions against unlicensed food businesses. Currently, such prosecution action would not affect the processing of provisional licence. For unlicensed food premises operating during the licence application period, FEHD currently prosecuted on a monthly basis. If continuous operation was observed at the premises during the month, FEHD would take record of it and apply to the Magistrate for imposition of daily fine upon conviction in Court. FEHD was actively exploring options to enhance the deterrent effect against the carrying on of unlicensed food business before the issue of provisional licence. One possible option was to reject the licence application and debar the same applicant from applying for the same type of licence for the same premises for a certain period of time.

26. The Committee enquired about FEHD's guidelines on conducting inspections of food premises and taking enforcement actions against unlicensed food premises, particularly in respect of the coordination work between RLOs and DEHOs in handling cases of unlicensed food premises under application for licence. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that upon receiving notification of a new licence application from RLO,

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staff of the respective DEHO would inspect the concerned premises within a week, followed by weekly inspections thereafter. If any unlicensed food business was detected during inspection, DEHO staff would initiate immediate prosecution. Monitoring and relevant enforcement actions would continue to be taken on a weekly basis. At the same time, RLO staff would inspect the premises as part of the licence application process. If any suspected unlicensed food business was detected by RLO staff, they would notify DEHO of their observations.

27. The Committee asked whether there was a referral mechanism for cases of unlicensed food premises between FEHD and relevant B/Ds, in particular BD and FSD, in view of the potential risks to public life and property. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that FEHD referred all cases of new applications for food business licences to relevant B/Ds, which might carry out inspections and take enforcement actions against irregularities as necessary. As a general principle, if FEHD officers had detected any irregularities during their inspections that were under the purview of other B/Ds, the officers should refer the cases to other B/Ds for follow-up. FEHD would liaise with BD and FSD to establish a mechanism to refer all unlicensed food business cases to them for their necessary actions.

28. **Director of Fire Services** advised at the public hearing and supplemented in his letter dated 28 December 2023 (*Appendix 11*) that under the existing mechanism, upon receipt of fire hazard complaints raised by the public, referrals from 1823 or other B/Ds, FSD would conduct inspections to the subject premises and take necessary enforcement actions in accordance with the Fire Services Ordinance (Cap. 95). If there was suspected operation of unlicensed food premises or other irregularities out of the purview of this department, FSD would make referral to FEHD and/or B/Ds concerned for necessary actions. While there was currently no referral mechanism established for cases of unlicensed food premises between FSD and FEHD, FSD welcomed and would provide advice to FEHD for its establishment of a referral mechanism for cases of unlicensed food premises with relevant B/Ds.

29. **Director of Buildings** responded at the public hearing and supplemented in her letter dated 2 January 2024 (*Appendix 13*) that BD advised FEHD from building safety point of view on the suitability of the premises for food business use in response to FEHD's referrals during the food business licence/permit application process. While there was no established referral mechanism specifically for cases involving suspected unlicensed food premises, FEHD might refer such cases to BD for follow-up

on building safety aspects in accordance with the prevailing enforcement policy. If BD in the course of carrying out its duty discovered unlicensed food premises, it would also refer the cases to FEHD for appropriate actions under the licensing regime.

30. Referring to Table 9 in paragraph 2.36 of the Audit Report about the discrepancies in the calculation of average processing times for restaurant licence applications between FEHD and Audit for the period from 2018 to 2022, the Committee sought the rationales behind the calculation method adopted by FEHD, which was based on applications received and approved in the same year. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that with a view to measuring the performance in a given year, FEHD had been adopting a calculation method based on the applications received and approved in that given year. FEHD accepted Audit’s recommendation and would review the calculation method. Other than including all licences issued in the year in the calculation, FEHD would consider whether using median instead of mean would better reflect the situation.

31. Referring to paragraphs 2.44 to 2.47 of the Audit Report about the processing of applications for permissions for OSA during the period from 2018 to 2022, the Committee queried why FEHD took longer time on average to handle the cases involving inclusion of OSA into existing licensed premises (ranging from 15 to 23 months) than those cases submitted concurrently with new restaurant licences (9 to 19 months) given that both types of applications should go through similar procedures. The Committee asked whether the time taken by the Home Affairs Department (“HAD”) to conduct local consultations was one of the contributing factors for the long processing time required, how the opposing views collected from local consultations would be handled and followed up, and whether there was an appeal mechanism for applicants to address the opposing views received.

32. **Director of Food and Environmental Hygiene** and **Miss Winnie CHAU Wing-chi, Senior Superintendent (Licensing), FEHD** explained at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that:

- FEHD handled OSA permission applications for existing licensed premises and those concurrent with new licence applications in a similar manner. According to FEHD’s observation, the key determining factor for the processing time of an application was often the time taken by the

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applicant in complying with B/Ds' licensing requirements and in addressing the concerns raised by local residents. For example, the applicant might revise the layout plan to adjust the size of OSA; and

- on receipt of public objection from local consultations, depending on the nature of objection (such as obstruction, noise nuisance and environmental hygiene problem), FEHD would seek comments from the relevant B/Ds and/or the concerned DEHO as to whether the objection was substantiated. In parallel, the OSA applicant would be informed of the public objection and should propose measures to address the concerns. An application would only be approved if the relevant B/Ds raised no objections and the applicant could adequately address all the substantiated concerns. There was no established appeal mechanism for OSA permission applications. At the request of the Committee, the numbers of OSA permission applications declined, withdrawn or abandoned from 2018 to 2022 were provided in the above letter.

33. **Mrs Alice CHEUNG CHIU Hoi-yue, Director of Home Affairs** explained at the public hearing and in her letter dated 29 December 2023 (*Appendix 14*) that FEHD asked the relevant District Offices of HAD to revert with consultation results within 20 working days. The consultation period normally took two weeks' time. Even for the 10 OSA permission applications with long processing times examined by Audit, the time taken from FEHD's issue of request for local consultation to its receipt of HAD's reply on local consultation results ranged from 19 to 75 working days (on average 33 working days, and 28 working days on average if the longest processing case with complications was excluded). For applications involving a further round of local consultation, each further local consultation took 23 working days on average. As such, the time taken by HAD to conduct local consultation was not a major part of FEHD's processing of OSA permission applications.

34. The Committee asked whether the format of the "Request for Local Consultation" proforma which had been used since 2009 would be reviewed to better facilitate the conducting of local consultations. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that FEHD had adopted the standard proforma with a view to providing HAD with sufficient relevant information for the conduct of local consultation and stood ready to provide further information as requested. FEHD and HAD had agreed to conduct a joint review on the relevant procedure and standard proforma to further improve the workflow. **Director of Home Affairs** explained at the public hearing

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and supplemented in her letter dated 29 December 2023 (*Appendix 14*) that the proforma was to facilitate initiating B/Ds in requesting District Offices to conduct local consultation for various specific issues. A key was whether sufficient relevant information was provided to facilitate District Offices' conduct of local consultation. HAD would explore with FEHD room for streamlining the local consultation procedure for OSA permission applications to enhance efficiency. Subject to the outcome of the review on consultation workflow, HAD would consider whether there was a need to revise the "Request for Local Consultation" proforma.

35. The Committee asked about the measures taken by FEHD to expedite the processing of OSA permission applications, and to improve the coordination with relevant B/Ds in processing OSA permission applications in response to Audit's recommendation in paragraph 2.51(e) of the Audit Report. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that FEHD would continue with the enhancement work to LMIS 2, including the introduction of a function to notify case officers in accordance with relevant timeframes. There was a detailed guide in place for OSA applicants and FEHD would review the guide from time to time. FEHD and relevant B/Ds had agreed to make referrals, send and receive comments through electronic means to enhance efficiency. FEHD would also continue to explore with relevant B/Ds on possible ways to expedite the processing of applications.

C. Management of food business licences and permits

36. With reference to paragraphs 3.9(a) and 3.36 of the Audit Report, the Committee enquired about the follow-up actions taken by FEHD in response to the Audit's recommendation of setting target processing time for restricted food permits. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that FEHD would review the workflows, procedures and guidelines, etc. in relation to the licensing regime and make improvement in order to meet the changing needs of the society. In particular, FEHD would review its various guidelines and timeframes to make them more realistic and to facilitate all parties to comply with the requirements.

37. With reference to paragraph 3.10 of the Audit Report, the Committee sought the reasons for the different understanding between FEHD and FSD on the referral mechanism agreed by the two departments for processing food business licence/permit

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transfer applications involving petrol filling stations (“PFS”), and the number of food business licence/permit transfer applications involving PFS that were received but had not been referred to FSD during the period from May 2017 to October 2023. The Committee asked whether FEHD would refer these cases to FSD for review. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that according to the agreement, the new arrangement should apply to “all licence applications” received on or after 5 June 2017, which FEHD took to mean new licence/permit applications while FSD considered that the arrangement should also apply to alteration, transfer and renewal. Noting FSD’s views, FEHD had revised the guidelines and informed all staff concerned to follow FSD’s interpretation. Currently, there were 33 restricted food permits issued by FEHD with addresses at PFS and/or liquefied petroleum gas filling stations. According to the records, there were 7 cases completing the transfer application during the period in question. FEHD had referred the information of the permits abovementioned to FSD for review.

38. **Director of Fire Services** responded at the public hearing and further explained in his letter dated 28 December 2023 (*Appendix 11*) that as the regulatory authority of dangerous goods on land in Hong Kong, FSD regulated the licensing of storage and use of dangerous goods at PFS in accordance with the Dangerous Goods Ordinance (Cap. 295). PFS posed a higher risk of fire and explosion than a normal premises, as it involved the storage, handling, and dispensing of flammable substances. The presence of these substances, combined with the potential for ignition sources, would increase the risk level of fire and explosion. Considering the catastrophic consequence and damage of a fire incident in PFS, FSD had been of the view that all activities, including those not associated with vehicle fuel sales, such as a food business that might potentially attract a large number of customers, should be monitored and controlled with extra care and supervision, and a detailed risk assessment should be conducted for the applications for food business licences or permits located at PFS. Against the above background and for the sake of public safety, a referral mechanism had been established with FEHD since mid-2017 that all applications (i.e. new, renewed, alteration and transfer applications included) for food business licences or permits located at PFS should be referred to FSD for detailed risk assessments.

39. According to paragraph 3.14 of the Audit Report, a full food business licence was valid for 12 months and renewable, subject to no cancellation or revocation as a result of accumulation of demerit points or breaches of licensing requirements and/or conditions. The Committee asked whether EEB and FEHD would consider providing an option for those operators with good track records to renew their food

business licences with a longer validity period so as to allow more flexibility to these operators and reduce the workload of FEHD. **Secretary for Environment and Ecology** and **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** further explained in his letters dated 2 and 19 January 2024 (*Appendices 10 and 12*) that FEHD understood from trade practitioners that a licence with longer validity period (and a higher licence fee) might not be preferable as the business might close before the end of the validity period and the licence fee for the remaining period could not be refunded. In response to the concern raised by the Committee, EEB and FEHD would further study the issue taking into account the views of the trade and stakeholders as well as other factors.

40. With reference to paragraphs 3.15 and 3.20 of the Audit Report, the Committee queried whether there was negligence committed by FEHD in processing the case of renewal of corporate licence mentioned in paragraph 3.15. The Committee asked about the areas of improvement identified by FEHD in the renewal procedures and the corresponding actions taken by FEHD to enhance the procedures. **Secretary for Environment and Ecology, Director of Food and Environmental Hygiene** and **Senior Superintendent (Hygiene), FEHD** responded at the public hearings, and **Secretary for Environment and Ecology** further explained in his letter dated 19 January 2024 (*Appendix 12*) that:

- licence applicants had responsibility to provide correct information in their applications to FEHD. Any person who intentionally misled or made false statements should bear criminal liability. When deciding whether and how to verify the information provided by applicants, FEHD would consider various factors, such as the nature of the information, any previous cases of providing false information, resources required for verification checks and impact on application processing time; and
- in response to Audit's recommendations, FEHD was improving the procedures of the licence renewal process. Corporate licensees would be requested to make declaration and confirm the validity of the corporates at the time of renewal application submission using the application form under the Oaths and Declarations Ordinance (Cap. 11).

41. The Committee further enquired about the details of the operation of the risk-based verification checks against the validity of the company registration of corporate licensees/permittees in processing their renewal applications by FEHD, and asked how this new mechanism could effectively identify non-compliance cases,

particularly those cases of overseas registered companies. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 19 January 2024 (*Appendix 12*) that FEHD was formulating the details of the verification checks. This included selecting a specific ratio of cases to verify the information of the corporates through the Companies Registry's system. The number of cases to undergo verification checks would be adjusted depending on whether provision of false information was found to be common. For verification checks of overseas registered companies, FEHD would consult the Companies Registry and the Department of Justice for professional advice.

42. With reference to paragraph 3.22 of the Audit Report, the Committee queried whether there were loopholes for abuse of provisional licences if an applicant whose provisional licence was lapsed without obtaining a related full licence repeatedly applied for provisional licences to operate food businesses at other food premises. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letters dated 2 and 19 January 2024 (*Appendix 10* and *12*) that to prevent abuse of the provisional licensing system, FEHD had introduced the measure since 2006 to refuse any application for a provisional licence submitted by a person who had been a holder of a provisional food business licence for the same nature of food business on the same premises within three years from the date of expiry of that provisional food business licence. This mechanism was established for preventing food business licence applicants from operating a food business on a provisional licence continuously on the same premises without getting a full licence. On the other hand, if an operator's licence was cancelled due to contravention of legislative or licensing requirements, and they wished to carry on business at the same premises, they must apply for a new licence but such new application would not be accepted within 12 months from the date of licence cancellation. This had taken into consideration a higher risk of repeated violation at the same premises. Indeed, some contraventions were caused by constraints of the premises concerned and might cease if the operators were to move to a different premises.

43. The Committee noted that if an operator who had his/her food business licence/permit cancelled submitted a fresh application for licence/permit but on different premises, he was free from the 12-month time limit. Similarly, the three-year time limit did not apply to applications for provisional food business licences in relation to new premises. The Committee queried whether the current licensing regime might create a loophole whereby an unscrupulous ex-licensee, whose food business licence/provisional licence/restricted food permit had been suspended or

cancelled, could apply for a new licence/permit on other premises to resume business again. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** elaborated in his letter dated 19 January 2024 (*Appendix 12*) that:

- debarring an individual from the food business industry from applying food business licence for a year was a severe punishment and would significantly impact not only the individual’s livelihood but also that of his/her employees. The 12-month arrangement had been designed to strike a balance between the impact on the trade and the need to ensure food safety;
- the reason for the three-year time limit being inapplicable to applicants for provisional food business licences at new premises was to allow flexibility for a licence applicant to opt for starting a new business at another suitable premises in case its previous application failed in meeting the requirements of a full licence due to constraints of the premises. If the three-year time limit applied to applications for provisional food business licences in relation to new premises, a licence applicant failing to obtain a full licence at one premises would be prohibited from starting a new business at another location for three years, which would impose substantial restrictions to the trade; and
- taking note of the Committee’s concerns, the Government would review the need for alternative measures to tackle contravention not related to premises.

44. With reference to paragraph 3.27 of the Audit Report, the Committee asked about the circumstances under which FEHD would extend the grace period for conversion from provisional food business licences to full licences, and the details of the two applications as mentioned in paragraph 3.27(b) with grace periods extended for five and eight months respectively as well as the relevant justifications. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** elaborated in his letters dated 2 and 19 January 2024 (*Appendices 10 and 12*) that:

- the purpose of granting a provisional licence was to facilitate the food business operators to legally run their food businesses when they had complied with the basic requirements and while they were taking steps to comply with all the licensing requirements for a full licence. FEHD

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would issue reminders at different stages to applicants to urge them to comply with all the licensing requirements as soon as possible;

- if an applicant had made significant investment to comply with the licensing requirements but was not able to comply with all of them before the expiry date of the provisional licence, FEHD in general would not cancel the application in the first instance. Instead, FEHD would continue to process the application within a grace period (i.e. three months for applications received after 1 March 2023 and six months for applications received before that). FEHD accepted the Audit's recommendation that the applicant had to provide sufficient justifications and supporting evidence if the grace period had to be further extended, and FEHD would duly record the justifications; and
- in both cases in paragraph 3.27(b) of the Audit Report, the applicants had actively contacted the respective RLO and submitted a revised plan for their applications. It was believed that the RLO staff concerned, at that time, considered that the applicants had taken the initiative to fulfill the licensing requirements and invested considerable resources for that. As a result, the respective RLO continued to process the applications beyond the grace period. It was undesirable that the relevant justifications for extension were not recorded. FEHD had required the staff concerned to improve this situation.

45. With reference to paragraph 3.32 of the Audit Report, the Committee asked why there were instances where the performance measures were not achieved but FEHD reported an achievement of 100% in its Controlling Officer's Report or website. **Secretary for Environment and Ecology** and **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 19 January 2024 (*Appendix 12*) that:

- the initial findings of FEHD's investigation indicated that there were discrepancies in some FEHD staff's interpretation of individual work measures. For example, in case where delay was due to reasonable grounds, some still considered that the case met the performance measures. FEHD did not rule out the possibility that some colleagues were careless and did not fully verify the information before submission. The investigation by FEHD was underway, meanwhile both EEB and FEHD considered the above situation unacceptable; and

- FEHD had immediately requested supervisors of relevant sections to review the quarterly returns and performance measures to ensure the accuracy of figures, and would strengthen relevant elements in internal training. Furthermore, after the launch of the enhanced LMIS in May 2023, information in relation to key dates of cases would be automatically recorded in and could be directly extracted from the system. This would minimize possible deviations caused by manual input and figure compilation.

D. Other related issues

46. According to paragraph 4.4 of the Audit Report, FEHD would expand the scope of the “Professional Certification System” (“PCS”) to cover more food business licences. The Committee enquired about the time that could be shortened by adopting PCS in processing the food licence applications by FEHD, and sought the updated statistics on the respective numbers of food business licence applications adopting PCS for light refreshment restaurants and food factories since the implementation of PCS from 1 March 2023 as well as the percentages of such applications in the total number of applications. **Director of Food and Environmental Hygiene and Senior Superintendent (Licensing), FEHD** advised at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that:

- under the general licensing regime, after receiving the written report of compliance with the final layout plans and other required documents from the applicant, FEHD officers would conduct a final verification inspection on site within eight working days. Once the applicant’s compliance with all licensing requirements was confirmed, FEHD would issue a full licence to the applicant within seven working days;
- PCS adopted an approach of “licence first, inspection later” which simplified the licence application process. Upon receiving all required documents from an applicant, FEHD officers would check the submitted documents. If all the documents were accepted, FEHD would inform the applicant of the approval of a full licence within two working days without the need of a site inspection. FEHD officers would conduct the on-site audit and confirmation check afterwards. Compared to the general licensing regime, applicants could obtain a full licence 13 working days earlier; and

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- from 1 March 2023 to 31 December 2023, there were approximately 1 570 applications for light refreshment restaurant licences and food factory licences. Among them, 10 applications opted for PCS and six applications had been approved to date.

47. The Committee queried whether the approach of “licence first, inspection later” adopted under PCS would undermine the regulatory power of the existing licensing regime. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that under PCS, FEHD officers would conduct an on-site audit and confirmation check within a short period of time (seven working days) after the applicant had obtained the full licence. If any certifications/documents submitted with the application were subsequently found to be incorrect, false or misleading in a material particular, FEHD would take follow-up action, which included considering instigating prosecution, revoking the licence issued, or referring the case to law enforcement B/Ds for follow-up.

48. Referring to paragraph 4.6 of the Audit Report about the small number of applications for composite food shop licences, the Committee asked whether FEHD had reviewed this measure and why FEHD was still planning to introduce composite permit for restricted food items given the low application rate of composite food shop licence. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** elaborated in his letter dated 19 January 2024 (*Appendix 12*) that:

- under Cap. 132X, a licence holder was allowed to conduct food handling procedures, such as food preparation and cooking, at the premises. The application process for a licence was relatively complicated and must comply with various requirements including building safety, fire safety, ventilation equipment and sanitary fitments. A permit, on the other hand, allowed an operator to sell restricted foods specified in Schedule 2 to Cap. 132X but did not allow any food handling procedure, and thus only compliance with simple ablution facilities requirements was required and most of the applications did not need to be referred to other B/Ds for comments;
- the composite food shop licence was a food business licence that was implemented in 2010 in response to request from the trade after years of consultation. At its peak, there were nearly 40 applications for composite food shop licences. However, due to the changes in food

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business operation mode and commercial considerations, there was currently only one valid composite food shop licence that was still operating. In view of Audit’s recommendation, FEHD would seek to gauge feedback on the composite food shop licence from the licensee and the trade, in order to explore the future direction; and

- currently, if an operator intended to sell more than one restricted food item, he/she had to apply for separate permit for each restricted food item. In order to reduce compliance costs of the trade and enhance flexibility in the local business environment, meanwhile without compromising food safety, the Chief Executive announced in the “2023 Policy Address” to introduce a composite permit that covered multiple restricted food items to obviate the need for separate applications.

49. Referring to paragraphs 4.7 and 4.8 of the Audit Report about the implementation of restriction relaxation on light refreshment restaurant licences, the Committee sought the updated number of applications received from licensees for switching to the relaxed regime and the percentage for such switching in the total number of applications. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that FEHD would issue licences in accordance with the new regime when processing new applications for light refreshment restaurant licences and when those existing licensees applied for changes. Since the introduction of the new regime, over 580 existing and new light refreshment restaurants had benefited from the relaxed regime and were allowed to sell a wider variety of food items. Before launching the new regime and during its implementation, FEHD had conducted extensive consultations and maintained communication with the trade. Feedback from the trade was that the new regime was well-received. FEHD would continue to communicate with the trade and relevant stakeholders, monitor the mode of operation of the trade, and review relevant arrangements in a timely manner.

50. According to paragraph 4.11 of the Audit Report, FEHD had agreed with Audit’s recommendations of reviewing various business facilitation measures as mentioned in paragraph 4.10. In paragraph 1.18 of the Audit Report, the Secretary for Environment and Ecology had pledged to provide policy steer and oversight for FEHD to take forward Audit’s recommendations. The Committee asked about the specific measures taken by EEB to support the work of FEHD. **Secretary for Environment and Ecology** responded at the public hearings and elaborated in his letter dated 19 January 2024 (*Appendix 12*) that the management of EEB and FEHD

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held regular meetings to review matters of concern. As a follow-up on the Audit Report, EEB had requested FEHD to provide monthly reports on the implementation of Audit's recommendations, which included the review of the business facilitation measures. EEB would provide policy steer and monitor the progress of implementation as needed.

51. According to paragraphs 4.13 and 4.16 of the Audit Report, FEHD planned to extend the online payment service to all payment of fees related to food business licences/permits by the second quarter of 2024 and launch an online platform for applications for renewal of food business licences/permits by the end of 2023. According to paragraph 4.15 of the Audit Report, electronic submission of applications for food business licences/permits was rolled out in January 2013. The Committee asked why the use of technology by FEHD to facilitate processing of applications for food business licences/permits had taken such a long time, and enquired about the measures taken by FEHD to expedite the process. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 19 January 2024 (*Appendix 12*) that as various tasks involved different systems, taking into account factors such as resource availability and trade's opinions, FEHD enhanced these systems step by step. FEHD would continue to make good use of technology to enhance its public services. For example, online payment services would be expanded to cover all licenses/permits in the second quarter of 2024 and all food business licences would be issued through electronic means.

52. The Committee enquired about the measures taken by FEHD to promote the use of electronic application service for food business licences/permits, and the usage rates of online submission of food business licences/permits from 2021 to 2023. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** added in his letters dated 2 and 19 January 2024 (*Appendices 10 and 12*) that:

- FEHD noted that the adoption rate for electronic application was on the low side (ranging from 22% in 2021 to 26% in 2023), and would consult the trade on the reasons behind and explore the possible ways to boost its usage;
- FEHD organized bi-monthly "Seminar on Restaurant Licensing" which covered introduction on how to submit a food business licence application online. FEHD officers also participated in various meetings organized by the Business Facilitation Advisory Committee for

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the trade each year to enhance communication with the trade and promote online licence application services; and

- FEHD would provide guidelines in the first quarter of 2024 on “DIY application for food business licences” to encourage applicants to submit food business licence applications online.

53. With reference to paragraph 4.23(d) of the Audit Report, the Committee enquired about the implementation schedule for the electronic-referral system. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** further explained in his letter dated 2 January 2024 (*Appendix 10*) that as the taking forward of the electronic referral system involved a number of B/Ds which might had to adjust their own systems, FEHD was not able to formulate a concrete implementation schedule at the moment. FEHD would set up a working group to work closely with relevant B/Ds with a view to speeding up the process. The target was to draw up an implementation schedule in the first half of 2024.

54. With reference to paragraphs 4.25 to 4.27 of the Audit Report, the Committee enquired about the follow-up actions taken by FEHD in response to Audit’s recommendation of enhancing the search function of licensed/permitted food premises on its website. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** advised in his letter dated 19 January 2024 (*Appendix 12*) that FEHD had enhanced the search page for licensed premises on the department’s website. The public at present could simply enter the address or shop sign of the premises concerned, without the need to choose the licence/permit type, to obtain relevant search results.

55. Referring to paragraphs 4.28 to 4.31 of the Audit Report about dissemination of application and licensing-related information to the public, the Committee asked about the publicity and promotional efforts made by FEHD to enhance its work in this regard. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 19 January 2024 (*Appendix 12*) that:

- FEHD had reminded all RLOs that they had to display the latest version of key information materials regarding licence application in prominent places of the office to facilitate access and reference by the public;

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- FEHD had been placing advertisements in free newspapers to promote information about upcoming “Seminar on Restaurant Licensing” to the public, and would announce information about upcoming seminars on the FEHD website and in the three RLOs to enable more members of the public to learn about the seminars;
- FEHD had updated, compiled and uploaded both Chinese and English versions of the seminar presentation materials onto the FEHD website. FEHD would review and update relevant information in a timely manner in the future; and
- FEHD would produce “DIY application for food business licences” in the first quarter of 2024 to enhance the trade’s understanding about the licence application process.

E. Conclusions and recommendations

Overall comments

56. The Committee:

- stresses that:
 - (a) food premises are closely related to people’s livelihood. Eating out and ordering takeaways are ways of life in Hong Kong. Moreover, Hong Kong has long been renowned as one of the world’s culinary capitals with a great number of restaurants offering cuisines from all over the world to enhance tourism experience. Licensing of food premises therefore plays a crucial role in safeguarding public health and safety as well as supporting the development of the tourism industry; and
 - (b) being the licensing authority of food premises under Cap. 132 and its subsidiary legislation, FEHD is duty-bound to ensure that food premises comply with all statutory requirements through an efficient and effective licensing regime, inspections and enforcement actions. On the other hand, in view of the fact that the catering trade has made significant contribution to the economy of Hong Kong, FEHD should endeavour to improve the licensing regime to facilitate trade operation as far as possible;

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- notes that:
 - (a) food businesses that are required to be licensed are classified into various types, such as general restaurants, light refreshment restaurants, food factories and fresh provision shops. FEHD also issues restricted food permits for sale of restricted foods (e.g. sushi and milk) and grants permissions for OSA for open area used for alfresco dining business;
 - (b) EHB of FEHD is responsible for planning and directing the provision of environmental hygiene services, including the licensing and regulatory control of food premises. Under the Operations Divisions of EHB, three RLOs are mainly responsible for processing applications for new food business licences, and 19 DEHOs are mainly responsible for conducting inspections of food premises and enforcing Cap. 132;
 - (c) food business licence holders are allowed to conduct food handling procedures (such as food preparation and cooking) at the premises. In deciding the suitability of premises for food businesses, FEHD refers applications for food business licences to relevant B/Ds for comments, e.g. BD on building safety, FSD on fire safety and ventilation plan requirements, and the Planning Department on compliance with statutory plan restrictions. Internally, RLOs also refer applications to DEHOs for comments in respect of the premises concerned;
 - (d) to facilitate the setting up of food businesses before a full licence is granted, FEHD operates a provisional licensing system in which a provisional food business licence³ is issued to premises that have satisfied all essential health, ventilation, building and fire safety requirements. A provisional food business licence is valid for six months, during which time the licensee is required to fulfil all outstanding requirements for the issue of a full licence;
 - (e) a restaurant licensee may apply for an inclusion of OSA in existing licensed premises, or an applicant may submit concurrent applications for new restaurant licence and OSA permission.

³ Application for a provisional licence is optional. It can be made concurrently with the application for a full licence, or before the issue of a full licence, but will not be considered without applying for a full licence.

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Applications for OSA will be subject to an assessment of local public opinion. After receiving FEHD's request for local consultation, the respective district office of HAD will assist in conducting local consultation;

- (f) a restricted food permit only allows an operator to sell restricted foods specified in Schedule 2 to Cap. 132X but does not allow any food handling procedure. As such, only compliance with simple ablution facilities requirements is required for issuance of restricted food permits, and most of these applications do not need to be referred to other B/Ds for comments; and
- (g) FEHD mainly uses two information technology systems to support its work on licensing and regulatory control of food premises as follows:
 - LMIS, which was launched in 2006 to facilitate the processing of applications and administration of food business licences/permits issued and provide statistical reports. FEHD launched LMIS 2 in May 2023 to improve operational efficiency in the food business licensing process (e.g. streamlining work processes, minimizing paper files routing and enhancing online application). LMIS 3 project is scheduled for rollout in 2025 to provide electronic platforms for actions on the regulatory control of licensed food premises (e.g. maintenance of inspection records and determination of risk levels for conducting inspections); and
 - ATF, which was introduced in 2008 to facilitate applicants of food business licences to check the status of their applications through the Internet;

Processing of applications for new food business licences

- expresses grave concern about the inaccurate performance reporting and long processing time for issuing new food business licences by FEHD, as evidenced by the following:
 - (a) according to FEHD, the average processing times for issuing different types of new full food business licences ranged from 138 to 217 working days in 2022. These figures were calculated based on applications received and approved in the same year only

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(i.e. applications approved in calendar year(s) subsequent to the year of application were excluded), and excluding applications with exceptionally long processing times;

- (b) although FEHD has stipulated in its guidelines and/or referral memoranda the timeframes for RLOs to refer applications to relevant B/Ds and DEHOs, as well as for B/Ds and DEHOs to provide comments, there was no timeframe set on the overall processing times for most types of food business licences, and no regular reporting on the average processing time for issuing food business licences for monitoring purposes;
- (c) for the period from 2018 to 2022, AVP meetings⁴ were scheduled for 8 945 applications but only 75 (0.8%) meetings were convened. AVP meetings scheduled but not convened were counted by FEHD as meeting the target regarding “holding of AVP meeting within 20 working days from passing of initial screening for 99% of applications”; and
- (d) Audit’s examination of 50 applications for new food business licences received in 2021 and 2022 with long processing time (including 30 applications for restaurant licences and 20 applications for non-restaurant licences) revealed the following inadequacies:
 - there were instances where the performance measures were not achieved in the applications examined but FEHD reported an achievement of 100% in its Controlling Officer’s Report or website. For example, for restaurant licence applications examined, letter of requirements was not available for issue at a scheduled AVP meeting,⁵ despite that the premises concerned was confirmed suitable for licensing;⁶

⁴ An AVP meeting facilitates the applicant and his/her representative to understand the licensing requirements and conditions. Representatives from FEHD, BD and FSD will discuss with the applicant any problems identified and remedies required. It will be arranged within 20 working days of acceptance of the application.

⁵ For the 30 restaurant licence applications examined, letters of requirements were dated after the scheduled AVP meetings, ranging from 1 to 188 working days (averaging 52 working days).

⁶ After all relevant B/Ds have confirmed that the premises are suitable for licensing, FEHD should issue a letter of requirements listing out the licensing requirements for issue of licence to the applicant at the AVP meeting.

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- the time taken in making referrals of new food business licence applications to relevant B/Ds and DEHOs for comments had exceeded the stipulated timeframes. For example, for the 30 restaurant licence applications examined, out of a total of 89 first referrals to relevant B/Ds, the time taken in making 35 (39%) referrals had exceeded the stipulated timeframe;
- the applicants of the 50 applications examined made revisions to layout plans for a total of 569 times. On 61 (11%) occasions, the processing of the revised plans was not completed within the specified timeframe. The delay ranged from 1 to 173 working days (averaging 17 working days);
- there were delays in receiving comments from the relevant B/Ds and DEHOs for the 50 applications examined. For example, for first referrals to other relevant B/Ds, there were delays in 28 (31%) of the 89 referrals for restaurant licences and 15 (35%) of the 43 referrals for non-restaurant licences, ranging from 1 to 128 working days (averaging 19 working days);
- FEHDs' inspections were not always conducted according to the specified timeframes.⁷ For example, while first site inspection for restaurant licence applications should be conducted before AVP meetings, there were delays in 4 (13%) of the 30 restaurant licence applications examined. In addition, progress inspections were not conducted for some applications;
- of the 30 restaurant licence applications examined, all the 30 AVP meetings scheduled were not convened and not rescheduled;
- applicants should report compliance with the licensing requirements in letters of requirements to the RLO concerned for verification as soon as all the requirements have been

⁷ In processing applications, officers of FEHD conduct inspections to ensure that the premises are suitable for operating food businesses, namely first site inspections, progress inspections and final verification inspections. The timeframes for conducting inspections are stipulated in FEHD's guidelines.

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complied with.⁸ However, the quarterly and/or final reminder letters reminding applicants to comply with licensing requirements for verification were not issued on a timely basis in 32 (64%) of the 50 applications examined; and

- of the 50 applications examined, 48 applications were issued with both full and provisional licences. The grace period for conversion from provisional food business licences to full licences had been extended in some cases. However, there was no documentation on the justifications for extending the grace period;

Processing of applications for new OSA permission

- expresses serious concern about the long time taken in processing applications for new OSA permission, as evidenced by the following:

(a) for the period from 2018 to 2022, the average processing times for approving new OSA permissions ranged from 15 to 23 months for inclusion of OSA into existing licensed premises, and from 9 to 19 months for applications made concurrently with new restaurant licences; and

(b) Audit's examination of 10 applications for OSA permission with long processing times (including nine applications for inclusion of OSA into existing licensed premises and one application made concurrently with a new restaurant licence) from 2020 to 2022 revealed that:

- while according to FEHD the time required for handling a simple and straight forward application for inclusion of OSA permission in existing licensed premises should be 46 working days, the actual time taken to process the nine applications examined ranged from 84 to 341 working days (averaging 160 working days);

⁸ The maximum times allowed for compliance are as follows: (a) for a full licence without provisional licence issued, 12 months after the issue of a letter of requirements; and (b) for provisional licence, three months after the expiry of the licence and six months after the expiry of the licence for applications received before 1 March 2023. The application will be deemed to have been withdrawn after the specified period unless the applicant can demonstrate that the delay is due to factors beyond his/her reasonable control.

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- while a timeframe of 20 working days had been set for receiving comments from relevant B/Ds on applications for inclusion of OSA permission in existing licensed premises, the time taken in the nine applications examined exceeded the timeframe by 51 to 195 working days (averaging 104 working days); and
- for the 10 applications for OSA permission examined, FEHD took 1 to 134 working days (averaging 39 working days) to inform the applicants of the objections raised by the public or relevant B/Ds, and 1 to 47 working days (averaging 19 working days) to refer the applications to HAD for conducting further local consultations after receiving the revision of the applications from the applicants;

Transfer and renewal of food business licences/permits

- expresses serious concern about the inaccurate performance reporting and long processing time for processing applications for transfer and renewal of food business licences/permits as evidenced by the following:
 - (a) according to FEHD, the average processing time of 39 working days for transfer applications for restaurant licences in 2022 was calculated based on applications received and approved in the same year (i.e. applications completed in year(s) subsequent to the year of application were excluded);
 - (b) some applications recorded in LMIS were wrongly classified as transfer cases, and the processing time data for some transfer applications was incomplete or inaccurate;
 - (c) of the 30 food business licence/permit transfer applications examined by Audit, the processing times of 12 cases exceeded 180 working days. Audit further examined the case with the longest processing time (i.e. 784 working days) and noted that:
 - long time was taken by FEHD in issuing letter of response to the applicant;
 - referrals to relevant B/Ds and request for information from the applicant were not sent timely; and
 - there was delay in seeking approval; and

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- (d) there were delays in FEHD's follow-up actions on non-renewal of food business licences/permits (i.e. making recommendation/endorsement for revocation and issuing letter for revocation);
- expresses serious concern that:
 - (a) FEHD and FSD had different understanding on the referral mechanism for processing food business licence/permit transfer applications involving PFSs; and
 - (b) there was no requirement for corporate licensee/permittee to submit documents for proving the validity of its corporate status when submitting application for renewal of food business licence/permit;

Processing of applications for new restricted food permits

- expresses concern that although the FEHD's guidelines stipulate timeframes of the various procedures for processing the applications for restricted food permits, Audit's examination of 10 applications for new restricted food permits received in 2021 and 2022 with long processing times (including two applications for online sale of restricted food permits and eight applications for other types of restricted food permits) revealed that:
 - (a) in one of the eight applications for other types of restricted food permits examined, there was no documentation showing that a site inspection had been conducted before receipt of the notification of compliance; and
 - (b) in two applications for online sale of restricted food permits and seven of the eight applications for other types of permits, the timeframes for processing the applications were not always complied with (e.g. delays in conducting inspections);
- notes that:
 - (a) the processing time for food business licence applications can vary significantly. FEHD has to consult various B/Ds when reviewing applications. B/Ds will conduct multiple on-site inspections and maintain communication with licence applicants, whereas applicants are required to provide supplementary information,

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modify plans, and take measures to meet licensing requirements according to B/D's comments. Besides, this audit exercise covered the period of Coronavirus Disease 2019 epidemic, therefore certain operations of FEHD were affected;

- (b) to streamline the application procedures and shorten processing time, FEHD introduced PCS in early 2023 which adopts an approach of "licence first, inspection later" into the licences for light refreshment restaurants and food factories to shorten the processing time, as well as relaxed the restrictions on the scope of food items that can be sold at light refreshment restaurants. In the first quarter of 2024, FEHD will expand the scope of PCS to cover general restaurants, and introduce a "composite permit"⁹ to cover multiple restricted food items to obviate the need for separate applications for each individual items;
- (c) taking into account the Audit's recommendations, FEHD:
- will set up a working group with relevant B/Ds to explore room for streamlining the procedures for handling the applications and enhancing communication, including better defining each other's functions and the time required for providing comments;
 - has established with BD and the Independent Checking Unit of the Office of the Permanent Secretary for Housing an electronic referral system that enables efficient two-way information transmission by electronic means;
 - has agreed with FSD to pursue a gradual migration to the electronic referral system in line with the schedule of FSD's internal system upgrade;
 - has approached other B/Ds to explore the adoption of the electronic referral system. In the meantime, except those documents with size constraints, transmission of application documents between FEHD and B/Ds is already conducted by electronic means (e.g. email);

⁹ Currently, if an operator intends to sell more than one restricted food item, he has to apply for separate permit for each restricted food item.

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- has agreed with HAD to conduct a joint review on the relevant procedure and the “Request for Local Consultation” proforma used for processing applications for OSA to improve the workflow;
 - has issued guidelines in November 2023 to RLOs advising them to issue reminder to B/Ds every two weeks as long as the response is outstanding;
 - has noted FSD’s view that all applications (i.e. new, renewed, alteration and transfer applications included) for food business licences or permits located at PFS should be referred to FSD for detailed risk assessments. Accordingly, FEHD has revised the guidelines and referred the related cases completed during the period in question to FSD for review; and
 - is formulating the details of the verification checks to verify the information of corporate licensees/permittees through the Companies Registry’s system to improve the procedures of renewal of food business licences/permits to ensure the eligibility of applicants, and will consult the Companies Registry and the Department of Justice for advice on verification checks of overseas registered companies; and
- (d) the Director of Food and Environmental Hygiene has generally agreed with Audit’s recommendations in paragraphs 2.30, 2.40, 2.51, 3.12, 3.19, 3.29 and 3.37 of the Audit Report;
- strongly urges that FEHD should:
- (a) improve the procedures in reporting its performance on processing food business licence/permit applications as well as transfer and renewal of licences/permits, including reviewing the reporting basis and exploring the use of technology to ensure that the achievement of performance measures is accurately reported;
 - (b) review the reporting basis of the performance measures for conducting of AVP meetings, including whether in assessing the achievement of the target on holding of AVP meetings, meetings scheduled but not convened should not be considered as meetings being held;

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- (c) review the arrangements for conducting AVP meetings and consider holding such meetings on need basis in view of the low attendance rate;
 - (d) consider setting realistic performance pledges for processing different types of food business licence/permit applications for members of the public's reference; and
 - (e) consider setting quantifiable key performance indicators for measuring and evaluating the performance of EHB in processing applications for various food business licences/permits, in particular the increase in productivity of staff and the reduction of time in processing applications after the implementation of LMIS 2 and LMIS 3;
- strongly recommends that FEHD should:
- (a) review the procedures for processing applications for food business licences/permits as well as the organization structure of EHB under FEHD with a view to shortening the processing time and reducing the workload and operating expenditure of FEHD;
 - (b) make good use of technology to streamline the procedures for processing applications and enhance communication with B/Ds as well as the applicants, including exploring the feasibility of expanding the scope of and advancing the timeframe for implementing LMIS 2 and LMIS 3 to meet service needs;
 - (c) enhance service efficiency through improving the licensing procedures as well as the various guidelines and timeframes concerning the licensing processes, including issuing reminder letters in a timely manner and documenting the justifications for not meeting the timeframes; and
 - (d) set target processing times for different types of food business licence/permit applications as well as transfer and renewal of licences/permits, and monitor the compliance with the timeframes set out in FEHD guidelines, in particular the cases with longer processing times;

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- strongly urges that FEHD should:
 - (a) devise measures to plug the current loophole whereby an unscrupulous ex-licensee, whose food business licence/provisional licence/restricted food permit has been suspended or cancelled, can apply for a new licence/permit on other premises to resume his/her business again;
 - (b) maintain the respective breakdowns of expenditure of FEHD offices covering both licensing and regulatory control of food premises so as to assess whether the processing of applications for food business licences/permits could achieve full cost recovery;
 - (c) study the feasibility of providing an option for those operators with good track records to renew their food business licences with a longer validity period so as to provide more flexibility to these operators and reduce the workload of FEHD; and
 - (d) keep under review the implementation of PCS and the introduction of composite permit, and step up promotional efforts to enhance the catering trade's understanding of such measures;

Carrying on unlicensed food business before the issue of provisional licence

- expresses grave concern about FEHD's failure to ensure that all cases of suspected unlicensed food premises are referred from RLOs to DEHOs timely for taking of enforcement actions and FEHD's inadequate record-keeping, as evidenced by the following:
 - (a) according to paragraph 2.28 of the Audit Report, Audit accompanied 10 inspections to food premises conducted by FEHD from June to August 2023 and found that in two inspections, food businesses were operating prior to the grant of provisional licences. For these two inspections, there was no documentation showing that the RLO concerned had referred the cases to the DEHOs concerned for follow-up actions in accordance with FEHD's guidelines. In this connection, the Committee was told at the public hearing on 12 December 2023 that the two inspections were conducted on 27 June 2023 in Tuen Mun and Tsuen Wan respectively, and for the case in Tuen Mun, no referral was made to the Tuen Mun DEHO because the operator concerned was granted a provisional food licence on 28 June 2023; and

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- (b) upon further inquiry by the Committee at the public hearing on 5 January 2024, FEHD re-examined the relevant files of the above two unlicensed food business cases and found that the RLO (New Territories) had referred its observations identified during the above two inspections conducted together with Audit to the Tuen Mun DEHO and the Tsuen Wan DEHO on 5 July and 7 July 2023 respectively (i.e. about one week after the issue of the provisional food licence to the operator for the case in Tuen Mun). According to FEHD, such records were not found before the release of the Audit Report and the public hearings, hence the relevant follow-up actions were not clearly set out earlier;
- strongly urges that FEHD should:
 - (a) review whether the current regulatory measures are effective to curb the act of carrying on unlicensed food business before the issue of provisional licence as prosecution action taken against unlicensed food business will not affect FEHD's processing of licence applications, and consider adopting new measures, for example, rejecting the licence application and debarring the same applicant from applying for the same type of licence for the same premises for a certain period of time;
 - (b) take measures to ensure that RLOs refer all cases of suspected unlicensed food premises to DEHOs on a timely basis in order for DEHOs to take the appropriate follow-up actions and properly document the relevant referral records;
 - (c) enhance the coordination and collaboration between RLOs and DEHOs in dealing with cases of unlicensed food premises operating during the licence application period; and
 - (d) establish a referral mechanism for cases of unlicensed food premises between FEHD and relevant B/Ds, in particular BD and FSD, in view of the potential risks to public safety; and
- notes that:
 - (a) FEHD will liaise with BD and FSD to establish a mechanism to refer all unlicensed food business cases to them for their necessary action; and

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- (b) FEHD is exploring options to enhance the deterrent effect against the carrying on of unlicensed food business before the issue of provisional licence.

<p>Specific comments</p>

57. The Committee:

- expresses grave concern that:
 - (a) since the introduction of composite food shop licence¹⁰ in August 2010 and up to June 2023, there were only 39 applications and only one food premises holding this licence as of June 2023. However, no review has been conducted by FEHD on the use of this licence;
 - (b) the usage of the online payment service for the period from 2018 to 2022 had been on the low side, accounting for less than 2% of licence/permit payment transactions each year. As of June 2023, such service was not available for new issue of provisional licences, and transfer and renewal of food business licences/permits;
 - (c) as of August 2023, electronic application service was not available for renewal applications of food business licences/permits. Besides, as of June 2023, ATF adopted by FEHD did not cover applications for temporary food factory licences and restricted food permits;
 - (d) the use of technology by FEHD to facilitate processing of applications for food business licences/permits has taken a long time. For example, the electronic-referral system was planned in 2019 but data interfaces were launched with two B/Ds in May 2023 and planned for another B/D by 2026. Consultation with other relevant B/Ds on the system was pending;

¹⁰ The composite food shop licence is a food business licence covering the sale and/or preparation for sale of various specified types of simple or ready-to-eat foods that do not involve complicated preparation for human consumption off the licensed premises. It was implemented in 2010 in response to request from the trade.

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- (e) the design of FEHD’s website was not user-friendly to members of the public. For instance, a member of the public had to first select the licence type and then the sub-type before inputting shop sign or address if he/she wanted to check on the FEHD’s website whether a food premises was licensed/permitted;
 - (f) some key information materials related to food business licences/permits (e.g. the application forms for food business licence and restricted food permit (online sale of restricted foods)) were not available at the three RLOs and Restaurant Licensing Resource Centre or were outdated; and
 - (g) the number of attendees at the seminars on restaurant licensing¹¹ was generally decreasing. While information about FEHD’s services on its website should be in Chinese and English, the presentation materials of the seminar on restaurant licensing uploaded to FEHD’s website as of August 2023 were only available in Chinese. Some of the information disseminated during the seminar in June 2023 was not up-to-date; and
- notes that:
- (a) in the first half of 2024, FEHD will issue e-licences for all food business applications and provide applicants with more information on the application status online;
 - (b) in the first quarter of 2024, FEHD will publish a “DIY application for food business licences” to facilitate applicants to better understand the licence application process from the users’ angle;
 - (c) FEHD will expedite the implementation of electronic application referral mechanism with more B/Ds in order to make collaboration smoother and more efficient;
 - (d) FEHD has enhanced the search page for licensed premises on FEHD’s website. The public now can simply enter the address or shop sign of the premises concerned, without needing to choose the licence/permit type, to obtain relevant search results;

¹¹ To enhance prospective applicants’ understanding of restaurant licence application procedures and the licensing requirements, and the roles of other relevant B/Ds, FEHD organizes free bi-monthly seminars on restaurant licensing to the public.

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- (e) the Director of Food and Environmental Hygiene has generally agreed with Audit's recommendations in paragraphs 4.10, 4.23 and 4.34 of the Audit Report; and
- (f) the Secretary for Environment and Ecology has undertaken to oversee the work of FEHD at a policy level and support the department in actively following up on and implementing the recommendations in the Audit Report. EEB will continue to keep in view the implementation of various enhancement measures to ensure that the licensing system keeps pace with the times.

<p style="text-align: center;">Follow-up action</p>
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58. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by the Committee and Audit.