

**Economic and Employment Council
Retail Task Force**

Composite licence for food retail business

Purpose

This paper presents a draft proposal on combining permits and licences for the food retail business for Members' discussion.

Background

2. The food retail trade has reported that there are too many food licences and permits that a potential operator must apply in order to commence a certain type of food business. The approval process involves a number of departmental policies and requirements, thus making the procedures complicated and lengthy.

3. According to the Business Licensing Information Centre of the Trade and Industry Department, there are altogether 30 common licences and permits for supermarkets/convenience stores (**Annex 1**), 10 of them are food-related. Company A has also provided a list of licences and permits for supermarkets and 8 are food-related (**Annex 2A**).

4. The food retail trade considers that some flexibility and process streamlining could be introduced to improve the food business licensing regimes without compromising food safety. One recommendation of the trade is to reduce on the number of food licences.

Option for composite licensing

5. This paper presents three major options as follows –

Consultancy recommendations

6. The 2001 consultancy study on the licensing of food premises other than restaurants recommended, inter alia, replacing the different types of activity-based licences with two generic categories as follows –

- a) **Licence type one** – food manufacturing licence for storage, processing and manufacturing activities and it is intended for operations that do not involve selling of products directly to consumers; and
- b) **Licence type two** – combined retail and manufactured licence for operations which involve food retail, manufacturing and preparation work.

7. The primary benefits of the recommendations are that it would allow food premises with multiple product lines to operate under a single licence and licensed operators could introduce new products more readily.

8. There has not been any material progress in taking forward the recommendations. Legal advice has pointed out that it is not legally workable to have partial suspension of a licence if a licensee fails to comply with the licensing requirements or standards related to a specific product line.

Trade's recent proposal

9. In the recent round of trade consultation, we have received a proposal to license food products by two broad categories, i.e. raw and ready-to-eat products. All products under a category would be covered by a single licence and there should be a demerit point system for each sub-category so that penalty would not affect the business of the main licence or other sub-categories.

10. The trade has also proposed an operation licence for non-food matters. The trade's recommendations could be summarized in the following table –

Supermarket Food Licence (Raw)	Supermarket Food Licence (Ready-to-eat)	Supermarket Operation Licence
Separate endorsement for: <ul style="list-style-type: none"> • Fresh meat • Frozen/chilled meat • Imported frozen/chilled meat • Dressed poultry • Live water fish • Meat balls, etc. 	Separate endorsement for: <ul style="list-style-type: none"> • Bakery • Cut fruits • Milk • Frozen confections • Hot foods • Mobile snack counters • Non-bottled drinks • Siu mei & lo mei • Sushi & Sashimi, etc. 	Separate endorsement for: <ul style="list-style-type: none"> • Business registration certificate • Water pollution control ordinance (WPCO) licence for sewage/polluted water discharge • Chinese herbal medicines licence • Listed sellers of poisons licence • Pesticides licence, etc.

The third option

11. In a review of the licensing requirements and conditions of food licences and restricted permits, some common and product-specific features are identified. It is considered appropriate to simplify the licensing regimes by combining the existing food licences/permits based on the licensing requirements as follows –

- a) **Licence Type 1** to cover food manufacturing and retail on site; and
- b) **Licence Type 2** for food retail only, covering both fresh food provision and ready-to-eat food.

Details of the proposal are set out at **Annex 3**. To introduce this regime, standard and product-specific requirements and conditions should be laid down for both licence types. Operators may change the product mix without the need for a new licence provided that the new product meets the requirements and falls within the list of allowable product items stipulated in the licence.

Advice sought

12. Members are requested to comment on the options covered in Paragraphs 5 to 11 above.

EEC Subgroup on Business Facilitation Secretariat
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