

**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
March 2005

**List of More Common Regulatory Activities for
Catering/Food and Supermarkets/Convenience Stores**

Types of Regulatory Activities ^{(1), (2)}		Executing Agency	Catering / Food	Supermarkets / Convenience Stores
1	Pesticide Licence	AFCD	X	X
2	Permit to Use and Operate Kiddie Ride	EMSD	X	X
3	Licence for Discharge from Industrial, Commercial and Institutional Premises	EPD	X	X
4	Waste Disposal Licence	EPD	X	
5	Registration of Waste Producers	EPD	X	
6	Approval for Storage of Chemical Waste in Large Container > 450 Litres	EPD	X	
7	Places of Public Entertainment Licence	FEHD	X	
8	Bakery Licence and Provisional Bakery Licence	FEHD	X	X
9	Milk Permit	FEHD	X	X
10	Frozen Confection Permit for Packaged Confection	FEHD	X	X
11	Non-bottled Drinks Permit	FEHD	X	X
12	Restricted Food Permit	FEHD	X	X
13	Restricted Food (Sale of Sashimi/Sushi/Oyster & Meat to be eaten in raw) Permit	FEHD	X	X
14	Food Factory Licence and Provisional Food Factory Licence	FEHD	X	X
15	Frozen Confection Factory Licence and Provisional Frozen Confection Factory Licence	FEHD	X	X
16	Fresh Provision Shop Licence and Provisional Fresh Provision Shop Licence	FEHD	X	X
17	Siu Mei and Lo Mei Shop Licence / Provisional Siu Mei and Lo Mei Shop Licence	FEHD	X	X
18	Liquor Licence	FEHD	X	
19	Coin-operated Automatic Vending Machine Permit	FEHD	X	X
20	Import Licence (Frozen Meat, Chilled Meat, Frozen Poultry and Chilled Poultry)	FEHD		X
21	Permission for Importation of Mainland Chilled Chicken into Hong Kong	FEHD		X
22	Approval of Goods Vehicle for Transporting Mainland Chilled Chicken	FEHD		X
23	Licence for Storage of Dangerous Goods (Categories 2 to 10 (Excluding Category 9A))	FSD	X	

Types of Regulatory Activities ^{(1), (2)}		Executing Agency	Catering / Food	Supermarkets / Convenience Stores
24	Licence for Listed Sellers of Poisons	DH		X
25	Retailer Licence in Chinese Herbal Medicines	DH		X ⁽²⁾
26	Registration of Boilers and Pressure Vessels	LD	X	X
27	Temporary Liquor Licence	HKPF	X	
28	Mobile Radio System Licence (System Consisting of Portables Only)	OFTA	X	
29	Radio Dealer (Unrestricted) Licence	OFTA	X	
30	Trade Promotion Competition Licence	TELA	X	X
Total number of licences under each retail category			25	21
Total number of executing agencies			9	7

Source:

Extracted from the Business Licensing Information Centre web-site and confirmed by the trade.

Note :

- (1) Regulatory activities depend on the nature and the extent of business. The above lists the more common ones for the two food business related retail categories.
- (2) Amendment proposed by a supermarket operator at a working group meeting held on 18 March 2005.

Legend :

AFCD - Agricultural, Fisheries and Conservation Department

DH - Department of Health

EMSD - Electrical and Mechanical Services Department

EPD - Environmental Protection Department

FEHD - Food and Environmental Hygiene Department

FSD - Fire Services Department

LD - Labour Department

HKPF - Hong Kong Police Force

OFTA - Office of the Telecommunications Authority

TELA - Television and Entertainment Licensing Authority

Types of license for Company A

	Type of license/ Permit	Responsible Government Department	Time Taken for issuing a Provisional License	Time Taken for issuing of a Full License / Permit
1	Milk Permit	Food and Environmental Hygiene Department	N/A	2 months
2	Frozen Confection Permit	Food and Environmental Hygiene Department	N/A	2 months
3	Non-Bottled Drinks Permit	Food and Environmental Hygiene Department	N/A	2 months
4	Restricted Food (Cut Fruit) Permit	Food and Environmental Hygiene Department	N/A	2 months
5	Restricted Food (Sushi & Sashimi) Permit	Food and Environmental Hygiene Department	N/A	2 months
6	Fresh Provision Shop License	Food and Environmental Hygiene Department	2-2.5 months	5-6 months
7	Food Factory License (Hot Roasting & Take Away Cooked Food)	Food and Environmental Hygiene Department	2-2.5 months	6-7 months
8	Food Factory License (Sushi and Sashimi)	Food and Environmental Hygiene Department	2-2.5 months	5-6 months
9	Food Factory License (Cheese)	Food and Environmental Hygiene Department	2-2.5 months	5-6 months
10	Frozen Confection Factory License (Soft ice-cream)	Food and Environmental Hygiene Department	2-2.5 months	5-6 months
11	Modified Food Factory License (Fish Ball Counter)	Food and Environmental Hygiene Department	2-2.5 months	5-6 months
12	General Restaurant License (Food Court)	Food and Environmental Hygiene Department	2-2.5 months	7-8 months
13	Light Refreshment Restaurant License (Café Counter)	Food and Environmental Hygiene Department	2-2.5 months	7-8 months
14	Liquor License	Food and Environmental Hygiene Department	N/A	3 months
15	Part II of Poison	Department of Health	N/A	3 weeks
16	Water Pollution Control Ordinance (WPCO)	Environmental Protection Department	N/A	1 month
17	Pesticides License	Agriculture, Fisheries and Conservation Department	N/A	3 weeks
18	Business Registration Certificate	Inland Revenue Department	N/A	1 day
19	Mobile Radio System Mobile Station License	Telecommunication Authority	N/A	1 month

Types of licence for Company B

Type of Licence	Responsible Government Department	Licence Coverage	
		Basic Categories	Optional Endorsement
Fresh Provision Shop Licence	Food and Environmental Hygiene Department	<ul style="list-style-type: none"> • Butchery • Poultry • Chinese Deli • Seafood • Iced Fish • European Meat • Delicatessen 	<ul style="list-style-type: none"> • Frozen Confections • Milk • Sushi & Sashimi (Prepacked) • Non-bottled Drinks • Cut Fruit
Ditto (Provisional)	Food and Environmental Hygiene Department	<ul style="list-style-type: none"> • Butchery • Poultry • Chinese Deli • Seafood • Iced Fish • European Meat • Delicatessen 	<ul style="list-style-type: none"> • Frozen Confections • Milk • Sushi & Sashimi (Prepacked) • Non-bottled Drinks • Cut Fruit
Food Factory Licence	Food and Environmental Hygiene Department	<ul style="list-style-type: none"> • Asian Dishes • Roasted Chicken • Sushi & Sashimi • Snack Corner • Hot Food Showcase • Take Away Cooked Food • Kitchen • Bakery 	<ul style="list-style-type: none"> • Frozen Confections • Milk • Sushi & Sashimi (Prepacked) • Non-bottled Drink • Cut Fruit
Ditto (Provisional)	Food and Environmental Hygiene Department	<ul style="list-style-type: none"> • Asian Dishes • Roasted Chicken • Sushi & Sashimi • Snack Corner • Hot Food Showcase • Take Away Cooked Food • Kitchen • Bakery 	<ul style="list-style-type: none"> • Frozen Confections • Milk • Sushi & Sashimi (Prepacked) • Non-bottled Drink • Cut Fruit

Type of Licence	Responsible Government Department	Licence Coverage	
		Basic Categories	Optional Endorsement
Siu Mei & Lo Mei Shop Licence	Food and Environmental Hygiene Department	<ul style="list-style-type: none"> Chinese BBQ 	NIL
Ditto (Provisional)	Food and Environmental Hygiene Department	<ul style="list-style-type: none"> Chinese BBQ 	NIL
Frozen Confections Permit	Food and Environmental Hygiene Department	<ul style="list-style-type: none"> In manufacturer's cups and wrappers 	NIL
Milk Permit	Food and Environmental Hygiene Department	<ul style="list-style-type: none"> Milk and Milk Beverage 	NIL
Restricted Food Permit	Food and Environmental Hygiene Department	<ul style="list-style-type: none"> Cut Fruit 	NIL
Non-bottled Drink Permit	Food and Environmental Hygiene Department	<ul style="list-style-type: none"> Fresh fruit juices extracted on the premises 	NIL
Licence for Listed Sellers of Poisons	Department of Health	<ul style="list-style-type: none"> Retail sale of the Poisons under Section 25 (Part II) 	NIL
Retailer Licence in Chinese Herbal Medicines	Department of Health	<ul style="list-style-type: none"> Retail sale of the Chinese Medicines Ordinance under Section 135 	NIL
Business Registration Certificate (B.R.)	Inland Revenue Department	<ul style="list-style-type: none"> Nature of Business: Supermarket 	NIL
Water Pollution Control Ordinance (WPCO)	Environmental Protection Department	<ul style="list-style-type: none"> Commercial sewage discharge 	NIL
Pesticides Licence	Agriculture, Fisheries and Conservation Department	<ul style="list-style-type: none"> Sale of pesticides 	NIL

Composite Supermarket Licensing

The Third Option

Food Manufacturing + Retail* Licence

Bakery

Food Factory

** Retail involves the sale of food manufactured at the site, not re-sale of foods from suppliers.*

Retail Food Licence

Fresh Food Provision

Ready-to-Eat Food

- Chinese herb tea
- Cut fruits
- Frozen confections (packaged, soft ice-cream)
- Meat to be eaten in raw state
- Milk
- Non-bottled drinks
- Pre-cooked food requiring re-heating facilities
- Oysters to be eaten in raw state
- Siu mei and lo mei
- Sushi/Sashimi

(No separate endorsements required)

Composite Supermarket Licensing

Standard Requirements and Conditions for all Licence Types

Types of requirement	Type of Licence		
	Food Manufacturing + Retail	Fresh Provisions	Ready-to-eat Food
1. Basic health and hygiene	✓	✓	✓
2. Food manufacturing and preparation	✓		
3. Fresh provisions (meat, seafood, shellfish, etc.)		✓	
4. Ready-to-eat foods - no individual endorsement required for subsequent product change			✓

Composite Supermarket Licensing

Standard Requirements and Conditions for all Licence Types

1. Basic Health Requirements and Conditions

- Basic food handling hygiene
- Ceiling and internal walls
- Cleaning of equipment
- Dustbins
- Food storage
- Food temperature control
- Lighting
- Use of licensed or approved suppliers
- Preparation area
- Refrigerator
- Staff hygiene
- Wash hand and sink basin
- Water supply and waste disposal, etc.

Mandatory for
all food
businesses

2. Food Manufacturing Requirements

- Air conditioning and ventilation
- Building structure safety
- Electrical installation compliance
- Fire safety
- Fuel and electricity
- Gas installation
- Grease trap
- Public place and passageways
- Refrigerator/Walk-in freezer
- Staff hygiene training
- Sterilisation facilities and equipment
- Storage of cooked and raw foods
- Storage of utensils, crockery, cutlery
- Sump and pump tanks
- Toilets, etc.

Composite Supermarket Licensing

Standard Requirements and Conditions for all Licence Types

3. Fresh Provisions (Includes frozen and chilled chicken, raw meat, seafood, shellfish, processed meats)

- Cold storage facilities
- Cutting and slicing equipment
- Filtration and disinfection facilities for keeping marine live fish
- Handling of raw and cooked foods to avoid cross-contamination
- Labelling and packing of imported chilled chicken
- Record keeping of imported chilled chicken
- Storage of fresh and frozen meats, etc.

4. Ready-to-eat Foods (Includes non-bottled drinks, cut fruit, sushi, sashimi, oyster eaten raw, meat eaten raw, frozen confections, milk, siu mei/lo mei, reheating of pre-cooked foods) – *Note some requirements may apply only for specific products*

- Bacteria sampling
- Chopping block/bench
- Drainage
- Electric warmer/heating equipment
- Food hygiene training for supervisor
- Food preparation counter
- Grease trap
- Handling of dispensing machine (for soft ice-cream/frozen carbonated drinks)
- Labelling of consumption date
- Minimum area for preparation counter and display showcase
- Sterilisation facilities and equipment
- Storage of straws, containers, serving cups, crockery
- Use of licensed or approved suppliers
- Ventilation system, etc.