

## LCQ13: Regulation of inappropriate trade practices

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Following is a written reply by the Acting Secretary for Commerce and Economic Development, Mr Gregory So, to a question by the Hon Fred Li in the Legislative Council today (May 13):

Question :

The results of a survey recently released by the Consumer Council (CC) indicated that the two major supermarket chains very often substantially raised the prices of some goods before publicising extensively that these goods were being sold at reduced prices, so as to create a false impression that the goods were real bargains, but the promotional prices of some of these goods were in fact higher than those prior to the price increase, and such practice of raising and then lowering the prices may arouse suspicion of misleading consumers. In this connection, will the Government inform this Council whether:

(a) at present it has measures and policies to deal with the aforesaid dishonest trade practices adopted by retailers; whether the Customs and Excise Department is authorised to carry out follow-up actions in respect of the retailers concerned; and whether the Government will provide additional resources to CC to step up monitoring the prices of supermarket goods;

(b) it will provide support, through implementing policies such as offering rent concessions, for social enterprises and non-profit-making organisations to operate co-operative societies which sell daily necessities, so as to break the oligopoly of major supermarkets; and

(c) it will, in the long run, follow the practice adopted by the United Kingdom and Australia to legislate against the use of dishonest promotional tactics by retailers to mislead consumers?

Reply :

President,

(a) At present, the Trade Descriptions Ordinance (Cap. 362) prohibits suppliers of goods from providing in the course of trade false trade descriptions, false, misleading or incomplete information, and false marks or misstatements, including false or misleading price indications. As for pricing strategies, they are commercial decisions of the suppliers.

In mid 2008, the Government has already provided the Consumer Council with additional resources for undertaking three price surveillance projects i.e. "Weekly Price Survey", "Internet Price Watch" and "Daily Wet Market Report". These projects seek to enhance price transparency and facilitate the flow of market information, thereby helping customers make better choices.

(b) The Government has been actively promoting the development of non-profit-making organisations. Regarding the rental of premises, the Hong Kong Housing Authority (HA) has been letting out its non-domestic premises for welfare purposes to eligible non-profit-making organisations at concessionary rents, such that direct welfare services can be provided to estate residents. The Link Real Estate Investment Trust also, in accordance with its covenant with HA, lets out certain floor areas of its shopping centres at concessionary rents to eligible non-profit-making organisations for operating welfare facilities. In addition, the Government would consider leasing out vacant government premises at nominal rents to eligible non-profit-making organisations. These organisations can decide on the detailed content of the services they provide, including whether to operate co-operative societies, as long as the services are in line with their missions and directions, and are compliant with the terms and conditions on which the concessionary rents are granted. The services should also not meet with local objections.

The aim of the Government's promoting the development of social enterprises is to create job opportunities for socially disadvantaged groups, thereby achieving the social policy objectives of enhancing community integration and self-reliance, as well as fostering a caring culture. Since social enterprises should operate on a self-financing basis, the Government has no plans at this stage to grant them concessionary rents.

(c) The Consumer Council has earlier submitted a report on the regulation of inappropriate trade practices. Some of the recommendations therein are related to commercial promotion. We agree in principle that we should strengthen the regulation of inappropriate trade practices. Nevertheless, the Consumer Council's recommendations are very complicated, and we are now carefully examining them in detail.

Ends/Wednesday, May 13, 2009