

CONTROLLING OFFICER'S REPLY

FHB(FE)123

(Question Serial No. 0962)

Head: (49) Food and Environmental Hygiene Department

Subhead (No. & title): (-) Not specified

Programme: (3) Market Management and Hawker Control

Controlling Officer: Director of Food and Environmental Hygiene (Miss Vivian LAU)

Director of Bureau: Secretary for Food and Health

Question:

During 2016-17, the Food and Environmental Hygiene Department will continue to enhance the viability of public markets by improving management, upgrading facilities, providing a more flexible mix of trade, and carrying out promotional activities. Please provide information on the specific measures to improve the management and upgrade the facilities of public markets in the coming year, and on the estimated expenditure and manpower in this respect. Please also advise whether the rising market rental, which would put stall holders under pressure and cause prices to rise, has been monitored; if yes, the details; if not, the reason(s).

Asked by: Dr Hon LAM Tai-fai (Member Question No. 14)

Reply:

The consultant commissioned by the Food and Health Bureau put forward recommendations on the functions and positioning of public markets, ways to improve their operating environment and the modes of management of public markets. The consultant selected six representative markets for detailed study and put forward specific improvement recommendations. The Government is following up the specific improvement proposals for these markets by phases. Specifically, the Food and Environmental Hygiene Department (the Department) consulted the Market Management Consultative Committees (MMCCs) of Sheung Fung Street Market and Lockhart Road Market in the fourth quarter of 2015 on the recommended improvement works. The MMCCs expressed support for some of the proposals that do not require temporary closure of stalls or suspension of business. The Department is carefully considering their views and will conduct feasibility studies and seek funding according to the established mechanism for taking forward the improvement works at these two markets, and the implementation timetable will be worked out accordingly. We will start following up the Consultant's recommended improvements for the remaining four markets in 2016-17. The experience gained and the improvement recommendations taken forward will serve as reference for pursuing improvements to other similar markets in future.

In 2016-17, in addition to regular maintenance and daily management of markets, the Department will carry out improvement works in Fo Tan Cooked Food Market (East), Fo Tan Cooked Food Market (West), Kwun Chung Market, Haiphong Road Temporary Market, Pei Ho Street Market and Tsuen Wan Market. The estimated cost of these improvement works is \$68.5 million. The works may include installation of a goods lift, improvement of ventilation, lighting systems and fire services, refurbishment of external walls and refurbishment of toilets.

At the same time, as an on-going initiative, the Department will continue to conduct promotional activities to enhance the patronage of existing public markets. These include thematic exhibitions and workshops, festive celebration activities, display of multi-language recipes as well as publication of booklets and quarterly newsletters to provide updated market information. In addition, the Department will attempt to let out long-standing vacant stalls at reduced upset auction prices and introduce a greater variety of service trade stalls to enhance the occupancy rate of public markets. The estimated cost of these promotional activities in 2016-17 is \$7 million. The Department also plans to create an additional 13 civil service foreman posts in 2016-17 with an annual expenditure of \$3 million to strengthen the existing manpower in market management.

In 1998, due to the then poor state of the economy, the rental of public markets was reduced across-the-board by 30% and has since been frozen at the reduced level. The rental freeze has been extended in 2015 to 30 June 2017. Not only does the low market rental lead to operating deficits in the management of public markets, resulting in subsidisation of commercial operations by public money, it also causes various management problems. The absence of a reasonable rental adjustment mechanism that incentivizes tenants to put their stalls to optimal use is hardly conducive to the vibrancy of the markets. In fact, some tenants use public market stalls as a low-cost storage facility for their business operation elsewhere. The Government hitherto presented three different rental adjustment proposals to the Legislative Council (LegCo) Panel on Food Safety and Environmental Hygiene (the Panel) in July 2009, December 2010 and January 2013 respectively. LegCo Members did not support the proposals.

The Government considers it necessary to identify a reasonable rental adjustment mechanism. Deliberation and consultation with other relevant bureau/departments are ongoing. The Government aims to revert to the Panel with a proposal in 2016-17.

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