

CONTROLLING OFFICER'S REPLY

FHB(FE)142

(Question Serial No. 1151)

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:

The Office of The Ombudsman (the Office) published a direct investigation report on the rental management of market stalls by the Food and Environmental Hygiene Department in August 2018. It was stated in the report that there were a total of 1 193 stalls (8% of stalls in public markets) withheld by the Department for specific reasons (hereinafter referred to as “frozen stalls”). Frozen stalls have been left idle for years, resulting in serious wastage of public resources. The Office pointed out the problem by citing Tung Yick Market in Yuen Long as an example, where more than 200 stalls have been left vacant for 20 years.

With regard to the follow-up actions on the report, please advise this Committee of the following:

- (a) What is the expenditure on subsidising public market management in the past 3 years?
- (b) What are the changes in the number of frozen stalls in the past 3 years? What is the economic loss incurred by frozen stalls or the amount of rental loss involved?
- (c) What improvement measures have been taken in the light of the report? What are the timetable and progress of implementation?
- (d) At present, how many stalls in public markets are vacant and what is the vacancy rate? What is the average and longest vacancy period?
- (e) It was pointed out in the report that “the overall occupancy rate of stalls in public markets stands at 90%. However, in recent years there have been media reports and public complaints from time to time of serious problems of idling stalls in public markets. Many stalls are either not operating or used for storage only, without selling foods or commodities to the public”. In response to this problem, what are the follow-up actions taken by the Department? Has the Department assessed the number of operators involved in inactive operation of their stalls?

Asked by: Hon HO Chun-yin, Steven (LegCo internal reference no.: 41)

Reply:

The information sought is provided as follows -

- (a) For 2016-17 and 2017-18, the Food and Environmental Hygiene Department (the Department) recorded deficits of \$401.9 million and \$369.5 million respectively in the management of public markets. The deficit for 2018-19 (revised estimate) is \$419.9 million.
- (b) The information in respect of change in the number of frozen stalls in the past 3 years is provided as follows –

As at	Number of frozen stalls
31 December 2016	995
31 December 2017	1 019
31 December 2018	1 222

When market improvement works are being planned or when markets are in the course of consolidation/closure, it may be necessary for the Department to reserve or freeze some vacant stalls in a market to relocate stall operators to be affected to such stalls to continue their business if they so wish.

- (c) In the light of the report of the Office of the Ombudsman on frozen stalls in public markets, we are studying the feasibility of letting out vacant stalls through short-term tenancy so that a sufficient number of vacant stalls can be maintained to relocate sitting tenants while others can be put to gainful use in the interim. We will engage the stakeholders, and expect to complete the review and work out the detailed arrangements by mid 2019.
- (d) Vacant stalls refer to stalls that are not let out. The degree of activity of let-out stalls varies. As at 31 December 2018, 1 535, or 11%, out of a total of 14 068 stalls in public markets were not let out. The figure includes stalls frozen for various reasons, such as those in markets undergoing improvement works or stalls that may be needed for accommodating tenants from other public markets being planned for closure. Information on the average and longest period of vacancy is not available.
- (e) We have stepped up inspection of market stalls especially to those which are found not in operation, or in an inactive state such as short business hours or being used for storage purpose, etc. The Department issued 1 063 verbal warnings and 1 166 warning letters, and terminated 26 stall tenancy agreements in 2018. In addition, 339 tenants had voluntarily surrendered their stalls before we issued the final warning letter. Our enforcement action against inactive stalls will continue.

- End -