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Panel on Food Safety and Environmental Hygiene
Background Paper prepared by Legislative Council Secretariat

**Arrangements for stallholders affected by
the redevelopment of Central Market**

Purpose

This paper summarises the discussions of the Legislative Council (LegCo) since the 2000/01 session on the arrangements for stallholders affected by the redevelopment of the Central Market.

**Discussion of the Panel on Food Safety and Environmental Hygiene on
8 January 2001**

Background

2. The Panel discussed the Administration's proposed arrangements for stallholders affected by the redevelopment of the Central Market at the meeting on 8 January 2001.
3. According to the Administration's paper, Government and the former Urban Council set up a working group in 1997 to discuss the future of the Central Market, as the use of the site as a public market had been considered a waste of scarce land resources. The Public Accounts Committee of the Provisional Legislative Council also pointed out in its report No. 29 in February 1998 that "*the Central Market is located on a prime and valuable site and the use of this premium site for a highly under-utilised bulk sale market is totally unjustified in present day circumstances.*"
4. In January 2000, following the abolition of the two provisional municipal councils, Government assumed the responsibilities for the provision and management of public markets. The land where the Central Market situated was allocated to the Food and Environmental Hygiene Department (FEHD) on a temporary basis from 1 October 2000 to 30 June 2001. The Lands Department subsequently informed FEHD that the site would be needed for redevelopment after the expiry of the allocation. Based on the short-term tenancy agreements signed between FEHD and the 168 stallholders in the

Central Market, FEHD gave six months' notice to the stallholders in December 2000 to terminate the tenancy on 30 June 2001.

5. According to Government's original plan in 1998, a new market was to be built at the ex-Police Staff Quarters at Hollywood Road to re-provision the Central Market. The Hollywood Road site was intended to be disposed of through public tender for residential development. The successful bidder would be required to build a market as a tender condition, but the market would be funded and managed by Government upon completion.

6. In late 2000, FEHD completed a review on the viability of the proposed new market at Hollywood Road, having regard to the Director of Audit's recommendations in his Report No. 29 issued in October 1997 that "*viability should be the overriding consideration in planning public markets*". FEHD had grave doubts about the viability of the proposed Hollywood Road Market, for the following reasons -

- (a) The relatively inconvenient location and poor accessibility of the new market site would likely affect its long-term viability;
- (b) The stallholders in the Central Market were expected to be vacated around mid 2001. As there was no suitable site for building any temporary market facilities, there would be a three to four year gap between the clearance of stallholders from the Central Market and the opening of the new market. It was far from certain how many stallholders would re-establish their business in the new market after they had started business elsewhere; and
- (c) Retail demand within the area was relatively small and the presence of other market facilities in the vicinity might further affect the viability of the proposed new market. According to FEHD's planning guidelines, markets should preferably be located within 10-minute walking distance from areas of population. Based on this standard, 50% of the catchment area of the proposed Hollywood Road Market would overlap with that of Sheung Wan Market. Apart from Sheung Wan Market, consumers could also shop in Centre Street Market, Bridges Street Market, Sai Ying Pun Market, 26 fresh provision shops and about 8 supermarkets selling a wide range of fresh food items.

7. The Administration considered that it was not prudent to proceed with the construction of the proposed Hollywood Road Market and suggested an alternative arrangement for stallholders in the Central Market.

8. The Administration proposed to offer eligible stallholders a special

package which included an ex-gratia payment and preferential terms for relocating their business to vacant stalls in existing FEHD markets. The package was drawn up having regard to the practice of the former municipal councils and the existing arrangement of the Housing Authority. Details of the proposed package are set out in **Appendix I**.

Views of stallholders

9. The affected stallholders and some members of the Central and Western District Council had forwarded submissions to the Panel expressing strong dissatisfaction that Government had reneged on its promise to re-provision the affected stalls to the proposed Hollywood Road Market. They also disagreed with FEHD's assessment of the viability of the proposed market.

Views of Panel members

10. Panel members did not accept the Administration's proposed arrangements for stallholders in the Central Market. They were not convinced that re-provisioning the affected stallholders to a new market at the ex-Police Staff Quarters at Hollywood Road was not viable. The Panel considered that Government should honour its undertaking, as stated in a letter dated 26 May 1998 from the Secretary for Planning, Environment and Lands (SPEL) to the Chairman of the Provisional Urban Council, that stalls in the Central Market would be re-provisioned to a new market at Hollywood Road.

11. At the Panel meeting, the Administration explained that SPEL's suggestion made in his letter in 1998 was based solely on planning considerations. However, having reviewed the viability of the proposed market at Hollywood Road, the Administration decided not to pursue the proposal. The Administration also pointed out that the Central Market was mainly a bulk sale market, but the current policy on provision of market facilities was to meet retail demands.

12. A Panel member was of the view that the proposed ex-gratia payment of about \$128,000 on the average to eligible stallholders of the Central Market was unreasonable as the amount was insufficient to maintain their livelihood. He also considered that the suggestion of giving the stallholders a right to restricted auction of existing vacant stalls in FEHD markets was unattractive, because the existing vacant stalls were largely at inconvenient locations.

13. The Panel urged the Administration to take note of the Panel's views in proceeding with the arrangements for the redevelopment of the Central Market. The following motion was passed unanimously at the Panel meeting -

"Regarding the Government's proposal on the redevelopment of the Central Market, the Panel opines that the Government should build a new market for the affected stallholders and that the

existing stallholders of the Central Market should be allowed to continue their business in the Central Market pending the completion of the new market."

Case conference held by the Complaints Division

14. On 11 April 2001, three Duty Roster Members (Dr Hon YEUNG Sum, Hon Fred LI and Hon Audrey EU) met with a group of stallholders and shop tenants of the Central Market. A case conference was subsequently held with the Administration on 20 April 2001.

15. On 2 May 2001, Dr Hon YEUNG Sum, convenor of the case conference, wrote to the Director of Lands (D of L) requesting that the sites of the ex-Police Staff Quarters at Hollywood Road and the Central Market should be removed from the 2001/02 Land Sale Programme, pending a decision on the arrangements for the stallholders in the Central Market. D of L replied on 4 May 2001 that the ex-Police Staff Quarters site at Hollywood Road and the Central Market site had been scheduled for land sale in September 2001 and March 2002 respectively. However, depending on FEHD's discussion with the stallholders on the arrangements for the redevelopment of the Central Market, D of L would review the land sale dates of the two sites.

Latest developments

16. The Administration informed the Panel on 11 June 2001 that it would extend its tenancies with the stallholders in the Central Market to 31 December 2001 in order to work out a mutually acceptable solution with the stallholders. The Administration proposed to report the current position to the Panel at the meeting on 25 February 2002.

List of relevant papers

17. A list of relevant papers/documents is in **Appendix II** for members' easy reference. These papers/documents are available on the Research and Library Information System and the Council's website at <http://www.legco.gov.hk>.

Council Business Division 2
Legislative Council Secretariat
20 February 2002

**The Administration's proposed package
for stallholders in the Central Market
[LC Paper No. CB(2) 485/00-01(01)]**

- (a) A stallholder would receive an ex-gratia payment (EGP) equivalent to 15 months' net current market rent as stated on the tenancy agreement, exclusive of rates. The amount of EGP that they would receive ranged from about \$56,000 to \$178,000, with an average payment of about \$128,000;
- (b) On top of the EGP in (a) above, the Administration would give the stallholders a right to restricted auction of existing vacant stalls in FEHD markets, with upset auction price of the stalls concerned set at 50% of the open market rent. The stallholders would also be given a three-month rental waiver; and
- (c) The Administration would also offer a stallholder who chose to forgo their right to restricted auction under (b) above an extra lump sum payment equivalent to three months' net current market rent. The stallholder would receive a lump sum ranged from \$11,000 to \$35,000, with an average of about \$25,000.

Relevant Papers/Documents

<u>Meeting</u>	<u>Meeting Date</u>	<u>Papers/Motion Passed/Council Question</u>
Panel on Food Safety and Environmental Hygiene	8 January 2001	<p>Administration's paper - Paper No. CB(2) 485/00-01(01)</p> <p>Minutes of meeting (LC Paper No. CB(2) 1147/00-01)</p> <p>Submissions from Central and Western District Council members and stallholders in the Central Market [LC Paper No. CB(2)647/00-01(01)]</p> <p>Submission from a Central and Western District Council member [LC Paper No. CB(2)647/00-01(02)]</p> <p>Joint submission from the Hong Kong Fresh Meat Merchants' Association and the Pork Traders General Association [LC Paper No. CB(2)891/00-01(01)]</p>