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**Panel on Food Safety and Environmental Hygiene**

**Background brief prepared by the Legislative Council Secretariat  
for the meeting on 11 November 2008**

**Review on the provision of public markets in Hong Kong**

**Purpose**

This paper gives an account of the past discussions by the Panel on Food Safety and Environmental Hygiene (the Panel) on the review on the provision of public markets in Hong Kong.

**Background**

2. Public markets were provided by the former Municipal Councils to meet the needs of the community and to resite hawkers who would otherwise be trading on-street causing environmental nuisance and congestion to pedestrians and vehicular traffic. Since the dissolution of the former provisional Municipal Councils in 2000, the Food and Environmental Hygiene Department (FEHD) has taken up the responsibility of managing public markets. As at May 2008, FEHD manages 79 such markets providing a total of about 14 000 stalls.

**Past discussions**

Need for the review

3. At the meeting on 13 May 2008, the Administration briefed the Panel on the need for the review on the provision of public markets in Hong Kong. Members noted that in recent years, fresh provision shops and mega size supermarkets had changed some people's shopping habits and posed strong competition to public markets in terms of price and variety of products. Furthermore, the number of supermarkets in Hong Kong had increased substantially by about 40% from some 1 160 in 2001 to over 1 600 in 2007. Due to demographic changes and new development/redevelopment projects, some public markets had also lost their traditional clientele resulting in high vacancy rates. As at March 2008, about one-third of the 79 public markets managed by FEHD had a vacancy rate of 30% or above, of which five had a vacancy rate of 60% or above. In 2003, the Director of Audit published a report and raised a number of issues related to the management of

public markets, including high vacancy rates and large operating deficits in some markets. The report recommended that FEHD should conduct a review and identify those public markets that should be closed down.

4. Members further noted that the Food and Health Bureau and FEHD were conducting a review on the provision of public markets in Hong Kong to examine -

- (a) whether making reference to the prevailing Hong Kong Planning Standards and Guidelines, which stipulated that one public market stall should be provided for about 55-65 households. or approximately 40 to 45 stalls per 10 000 persons, was still valid; and
- (b) what actions should be taken to deal with public markets with viability problems.

*The Administration's preliminary views on the review*

5. The Administration suggested that future planning of new markets could be considered on a case-by-case basis, taking into account not only the population of the area, but also a host of other relevant factors, such as demographic mix, community needs, provision of both public and private market facilities nearby, the number of fresh provision retail outlets in the vicinity, and public sentiments towards preservation of hawker areas in the particular locality.

6. On actions to take to deal with markets with viability problems, the Administration suggested that for markets with high deficits, cost-reducing measures (such as streamlining market management and/or outsourcing) should first be explored; whereas for markets with high vacancy rates, in-depth investigation should be conducted to explore the potential for improving the situation and revitalise the market(s). In the event that appropriate measures could not be identified or that the viability of the market(s) would be unlikely be enhanced significantly through various means, the option of closing down the market(s) would be considered if there were other public markets, supermarkets or fresh provision retail outlets in the vicinity to meet public demands in the locality.

7. Subject to members' views on the criteria stated in paragraphs 5-6 above, the Administration intended to conduct a more in-depth review of public markets so as to identify those with consistently high vacancy rate exceeding 60% and with high deficits. On the basis of such findings, the Administration would inform the District Council(s) (DCs) concerned and the tenants of the market(s) identified to have viability problems; ascertain if there were prospects for improvement and whether there were alternative sources for fresh provisions; explore appropriate expenditure-cutting and revenue-raising measures as well as improvement works to deal with each of the markets identified with viability problem (such as consolidation of stalls onto a single floor if the market has more than one floor so that the vacant floor can be put to other use); and consult the relevant DC and the affected tenants on the possibility of closing down the market if no other alternative was considered feasible.

8. The Administration planned to report to the Panel its discussions with the DCs concerned within the next six months.

9. Hon Tommy CHEUNG and Hon Alan LEONG were of the view that in order to improve the vacancy rates of public markets, the Administration should seek expert advice from the business sector in the planning, design, facilities and management of public markets. Hon Vincent FANG also asked whether consideration would be given to re-aligning the market stalls located above the ground floor of the public markets to improve patronage. The Administration advised that there would be practical difficulties to do so, as this would invariably affect tenants of better located stalls.

10. Hon Fred LI was of the view that the Administration should provide compensation to the affected tenants, if the option of closing down public markets with viability problems was to be taken forward. The Administration did not see the justification for doing so, as there were termination provisions in the tenancy agreement entered by the tenants of the markets with FEHD.

11. Hon WONG Yung-kan and Hon Alan LEONG asked about the considerations that the Administration would take into account in deciding whether a public market should be closed down.

12. The Administration advised that closing down of public markets would only be pursued as a last resort. The Administration would continue to introduce measures to improve the viability and attractiveness of the existing public markets, such as market improvement works, promotional activities especially at festive seasons, maintaining cleanliness in markets and the enforcement of the monthly market cleansing day, maintaining flexibility in determining and changing the trade of individual stalls (e.g. switch between sale of fresh and frozen meat), and where feasible, merging selected vacant small stalls to form larger ones to attract potential bidders.

### **Relevant papers**

13. Members are invited to access the Legislative Council's website (<http://www.legco.gov.hk>) for details of the relevant paper and minutes of the meeting.