

Legislative Council
Panel on Food Safety and Environmental Hygiene

Policy on Public Market Rental and Hawker Licence Fee

Purpose

This paper briefs Members on the current policy on public market rental and hawker licence fee.

Policy on Public Market Rental

2. The overall policy for public markets is to charge tenants according to the open market rental (OMR). The rentals of public markets are normally set according to the open auction prices. The upset auction prices of market stalls are determined with reference to the OMR as assessed by the Rating and Valuation Department (RVD). In assessing the rental value of market stalls, the RVD takes into account the general economic situation of Hong Kong, the actual conditions of individual markets and other relevant factors.

3. In the past, one of the main purposes of building public markets is to resite on-street hawkers. The Administration therefore offers rental concessions to attract hawkers to move into markets, i.e. in the first three years after moving into markets, resited hawkers only pay rentals at the level of hawker licence fee which is about \$100 per month instead of the OMR. The tenants affected by market relocation exercises bid stalls at 75% of the OMR as upset prices in stall auctions. Moreover, the rentals of public market stalls have been frozen for ten years since the 30% rental reduction by the then Provisional Municipal Councils in 1998. Earlier in May this year, the Government has announced the extension of the rental freeze to 30 June 2009. As such, many tenants are paying rentals far below the OMR.

4. In his Report No. 51 published last month, the Director of Audit pointed out that about 85% of the stall tenants were paying rentals lower than the OMR, 48% of the stall tenants were paying rental at 60% or less of the OMR. As the rentals are lower than the OMR, the Government has to subsidize to a certain extent. In the 2007/08 fiscal year, the Food and Environmental Hygiene Department (FEHD) subsidized \$160 million on market operation. The Director of Audit also recommended that the Administration should put up for the LegCo Panel's consideration as soon as practicable a suitable and aligned rental adjustment mechanism

Policy on Hawker License Fee

5. The purpose of hawker licensing is to regulate hawking activities. The nature of a hawker licence is similar to that of a licence or permit for certain types of business, such as karaoke establishment permit, restaurant licence and amusement game centre licence.

6. Hawker licence fee falls under the category of fees charged under the “user pays” principle, i.e. the Government recovers full costs from users for the provision of goods and services or implementation of regulatory schemes. Costs related to hawker management and law enforcement are not included. There has been no adjustment to the hawker licence fee since 1998 and the Government is currently unable to achieve full-cost recovery for licensing.

Consideration

7. For the above reasons, the Government has no plan to further reduce or waive public market rental and hawker licence fee. In fact, in relation to public markets, during the public hearing of the Public Accounts Committee on management of public markets under the FEHD on 9 December 2008, some members asked whether the Administration would increase the rentals of some tenants whose rentals are far below the market level so as to reduce the rental disparity between tenants in the same market and the level of Government subsidy. This shows that LegCo and the public have different expectations and views on the policy of public market rental.

Advice Sought

8. Members are invited to note the contents of this paper.

Food and Health Bureau
Food and Environmental Hygiene Department
December 2008