

ITEM FOR FINANCE COMMITTEE

HEAD 49 - FOOD AND ENVIRONMENTAL HYGIENE DEPARTMENT

Subhead 700 General non-recurrent

New Item “Assistance Scheme for Hawkers in Fixed-pitch Hawker Areas”

Members are invited to approve the creation of a new commitment of \$230 million for launching the Assistance Scheme for Hawkers in Fixed-pitch Hawker Areas.

PROBLEM

Encl. 1

To reduce fire risk posed by on-street hawking activities in the 43 fixed-pitch hawker areas (the hawker areas) (Enclosure 1), the Government considers it necessary to improve the fire resisting capability and design of hawker stalls, and to relocate stalls away from staircase discharge points of buildings or emergency vehicular access.

PROPOSAL

2. The Director of Food and Environmental Hygiene (DFEH), with the support of the Secretary for Food and Health, proposes to create a new non-recurrent commitment of \$230 million for launching a five-year assistance scheme for the licensed hawkers operating in the 43 hawker areas (the Assistance Scheme).

JUSTIFICATION

3. Two major fires broke out at the hawker stalls at Fa Yuen Street in Mongkok in December 2010 and November 2011, with the latter causing a considerable number of casualties in the adjoining buildings. The Food and Environmental Hygiene Department (FEHD) has since strengthened its work on

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the management of the 43 fixed-pitch hawker areas, with particular regard to fire safety issues, to reduce the fire risks posed by on-street hawking activities. These measures include requiring stall hawkers to comply with the stall area requirements during and outside business hours, enforcement actions against stall canopies constructed of combustible materials and the overnight storage of commodities outside the approved stall areas, in order to reduce fire risks as far as possible. A Steering Committee, chaired by DFEH, was set up in 2012 to formulate and oversee the implementation of specific measures to improve management and to reduce fire risks in each hawker area. To establish a partnership and collaborative relationship with all stakeholders, Hawker Management Consultative Committees (HMCCs) covering all hawker areas have also been set up. Members include representatives of licensed hawkers, relevant District Council and District Fire Safety Committee members. The HMCCs provide a platform for two-way communication and for FEHD district staff to discuss day-to-day management, regulatory and safety issues, as well as to encourage self-compliance and good practices among hawkers.

4. The 43 hawker areas are located on street, and the majority of them are close to residential, commercial or commercial/residential buildings in densely populated areas. In addition, some hawker stalls are close to staircase discharge points of adjacent buildings or emergency vehicular access. In the event of a fire at the stalls, flames, dense smoke and hot fumes may block the discharge points of buildings, thus creating the “chimney effect” and hindering the escape of residents. To further reduce fire risks posed by on-street hawking activities in the hawker areas, the Government considers it necessary to improve the fire resisting capability and design of hawker stalls, and to relocate stalls away from staircase discharge points of buildings or emergency vehicular access. The Assistance Scheme aims to provide one-off financial assistance to hawkers in the hawker areas for stall reconstruction and relocation in order to expedite the work of reducing fire risks in those areas. Besides, an ex-gratia payment (EGP) is offered under the Assistance Scheme for voluntary surrender of hawker licences. This would help expedite the release of vacant pitches and hence facilitate the relocation of stalls which pose higher fire risks.

THE ASSISTANCE SCHEME

5. Specifically, we propose that the Assistance Scheme should last for five years and be implemented in the 43 hawker areas with the following features:

- (a) hawkers who are required by FEHD to move their stalls to new pitch spaces for fire safety reasons may apply for a one-off relocation grant;

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- (b) hawkers who are not required to relocate their stalls under (a) may apply for a one-off reconstruction grant to carry out partial or full reconstruction of their stalls in-situ for reducing fire risks; and
- (c) an EGP will be paid to hawkers (except those whose licences are newly issued pursuant to the hawker licensing policy review in 2008-09) who opt for voluntary surrender of their hawker licences to the Government.

Eligibility of Applicants

6. In the hawker areas, there are currently around 4 300 fixed-pitch hawker stalls. Of these, around 2 600 are “cabinet-type” stalls, whilst the remaining 1 700 are “Hawker Permitted Place” (HPP) stalls. Around 550 of the 4 300 stalls are located directly in front of staircase discharge points of buildings or obstructing emergency vehicular access and/or the operation of aerial ladders, thus posing higher fire risks.

Relocation and In-situ Reconstruction of Stalls

7. FEHD will relocate around 550 stalls which are located directly in front of staircase discharge points of buildings or obstructing emergency vehicular access and/or the operation of aerial ladders. The hawkers concerned may apply for a one-off relocation grant to dismantle their old stalls and build new ones at the newly assigned pitch spaces. For the remaining 3 750 stalls which are not required to be relocated, the hawkers concerned may apply for a one-off grant to reconstruct their stalls at the same locations, i.e. in-situ reconstruction, for reducing fire risks and improving their stall functionality.

Voluntary Surrender of Hawker Licences

8. Under the Assistance Scheme, hawkers may opt for voluntary surrender of their hawker licences to the Government and apply for an EGP. However, this option is not applicable to the 141 hawkers whose licences were issued after the hawker licensing policy review in 2008-09. As they have only recently chosen to enter the hawking trade, there is no strong case for allowing them to surrender their licences in order to apply for an EGP shortly after such licences have been issued.

9. Hawkers who have obtained a grant for in-situ reconstruction or relocation of their stalls under the Assistance Scheme (as set out in paragraph 7 above) will not be eligible for obtaining the EGP, if they surrender their hawker licences subsequently.

Amount of Grants and EGP

Relocation and In-situ Reconstruction of Stalls

Encl. 2

10. For applications for in-situ reconstruction, we propose that a maximum grant of \$40,000, \$47,000 or \$54,000, depending on the size of the stall¹, be provided to hawkers holding a “cabinet-type” stall licence to subsidise the cost incurred for stall reconstruction by reimbursement. All stalls which are constructed with the grant provided must meet the prescribed specifications. FEHD is finalising details of the fire-resisting specifications (the latest revised specifications are at Enclosure 2). Subject to full compliance with the fire-resisting specifications, hawkers may adopt different stall designs to suit their operation needs. Also, we propose to allow applicants to opt for reconstructing one or more of the following component parts: (a) the canopy; (b) the electricity supply system and relevant fittings; and/or (c) the body of the stall. A maximum grant amount would be assigned to each component part, and each hawker may only apply for the grant for each component part once.

11. As for “cabinet-type” stalls which are required to relocate, we propose that in addition to the amount of grant set out in paragraph 10 above, a non-accountable amount of \$10,000 be given to each eligible applicant, having regard to the more substantive disruption possibly caused to the hawkers. In other words, the maximum grant available for hawkers who relocate their stalls will be \$50,000, \$57,000 or \$64,000, depending on the size of the stall.

12. For HPP hawkers, taking into account the more flimsy/make-shift structure of their stalls, the maximum grants for in-situ reconstruction are proposed to be half of those for “cabinet-type” stalls, i.e. \$20,000, \$23,500 or \$27,000, depending on the size of the stall. For those HPP hawkers who are required to relocate their stalls, we propose to offer (on a similar footing) an additional non-accountable sum of \$10,000 on top of the maximum grants for in-situ reconstruction. In other words, the maximum grant available for HPP hawkers who relocate their stalls will be \$30,000, \$33,500 or \$37,000, depending on the size of the stall.

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¹ Currently, the approved pitch areas are divided into three categories, i.e. (1) not exceeding 1.1 m²; (2) exceeding 1.1 m² but not exceeding 1.7 m²; and (3) exceeding 1.7 m² but not exceeding 2.2 m².

13. The Assistance Scheme will not cover costs for works that are minor or for routine maintenance and repair of stalls (e.g. adding display/frames/racks, installing awning to existing canopy, carrying out regular inspections, maintenance and repair of the electrical fittings installed in the stall). Besides, the Assistance Scheme will not have retrospective effect. In other words, all reconstruction and relocation works that have commenced or completed before the implementation of the Assistance Scheme will not be eligible for assistance under the Assistance Scheme. All future maintenance costs in relation to the stalls constructed under the Assistance Scheme will be borne by the hawkers themselves.

14. FEHD will give approval-in-principle to applications for grant for relocation and in-situ reconstruction of stalls with cost estimates subject to the relevant caps if FEHD considers that the proposed new stalls meet the specifications. Reimbursement of the reconstruction costs as approved in the relevant applications will be made after the applicants have provided proof of completion of works and subject to confirmation of compliance, including the provision of certifications as required in the specifications.

Voluntary Surrender of Hawker Licences

15. We propose that a one-off EGP of \$120,000 be provided to eligible hawkers, “cabinet-type” and HPP alike, who opt for voluntary surrender of their hawker licences, in order to encourage take-up and facilitate timely vacation of space for the early implementation of the Scheme in the interest of public safety.

Encl. 3 16. A summary of the package under the Assistance Scheme is at Enclosure 3.

FINANCIAL IMPLICATIONS

Encl. 4 17. We propose to create a new commitment of \$230 million for launching the Assistance Scheme. A breakdown of the projected expenditure is at Enclosure 4. The estimated cash flow requirement² of the proposal is set out below –

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² The Assistance Scheme will last for five years from the date of its launch. We expect that some reimbursement will be made after the deadline for application. The cash flow set out in the table below is a rough estimation for reference only.

<u>Year</u>	<u>\$ million</u>
2013-14	38
2014-15	48
2015-16	48
2016-17	48
2017-18	48
Total	230

18. Regarding manpower, FEHD will create 13 civil service posts for five years starting from the 2013-14 financial year to implement the Assistance Scheme, and will employ non-civil service contract staff to assist in the preparatory work and provide other support for the Assistance Scheme. The total estimated cost is about \$33 million which will be included in the Estimates of the relevant years.

PUBLIC CONSULTATION

19. We consulted the Legislative Council Panel on Food Safety and Environmental Hygiene on the details of the Assistance Scheme on 5 February 2013. The Panel indicated support for submitting the proposal to the Finance Committee (FC).

20. With respect to the voluntary licence surrender arrangement mentioned in paragraph 8 above, there was a suggestion that since the arrangement is to help expedite the release of vacant pitches for the relocation of stalls with higher fire risks, the Administration should consider handling this with flexibility. Specifically, the Administration should consider allowing the 141 hawkers whose licences were issued after the hawker licensing policy review in 2008-09 to join the voluntary licence surrender arrangement. The view is noted. Based on the principle set out in paragraph 8 above, we consider that these 141 hawkers should not be the priority candidates to be covered under the voluntary licence surrender arrangement. As the Assistance Scheme will last for five years, we will, after the Assistance Scheme has been implemented for a period of time, consider whether there is a case for adjusting the coverage of the arrangement, taking into account the response of the hawker areas concerned to the arrangement and the number of vacant stalls available in such hawker areas for relocation.

21. Another suggestion was that if the voluntary licence surrender arrangement receives overwhelming response, resulting in a lot of vacant stalls in an individual hawker area which far exceed the number of stalls to be relocated, hence affecting its sustainability, the Administration should consider re-issuing new hawker licences to fill the vacant stalls. The suggestion is noted. We will examine the suggestion after the Assistance Scheme has been implemented for a period of time, taking into account the circumstances of each hawker area, including the business environment, fire safety and environmental hygiene considerations and the views of District Councils and local residents.

22. Members also considered that the Administration should enhance communication with stakeholders to ensure smooth implementation of the Assistance Scheme and relevant policies. We will continue reaching out to stakeholders to explain to them the details of the Assistance Scheme.

NEXT STEP

23. Subject to funding approval by FC, we plan to launch the Assistance Scheme this summer. FEHD has already commenced local consultation on the specific resiting proposals for each hawker area and arranged briefing sessions on the details of the Assistance Scheme for the relevant District Councils. FEHD will also issue letters to all licensed hawkers in the 43 hawker areas to inform them of the details of the Assistance Scheme and invite applications. Moreover, FEHD will arrange briefings for contractors who are interested in constructing hawker stalls to facilitate their understanding of the prescribed specifications and requirements of a new stall.

BACKGROUND

24. To further improve the fire resistance capability and design of hawker stalls, the Secretary for Food and Health announced on 3 September 2012 a plan to launch a five-year assistance scheme for hawkers operating in the 43 hawker areas.

43 Fixed-pitch Hawker Areas

District	Location of Fixed Pitches
Eastern	1. Chun Yeung Street
	2. Marble Street
	3. Kam Wa Street
	4. Tai Tak Street
	5. Mong Lung Street
Central and Western	6. Pottinger Street
	7. Graham Street
	8. Gage Street
	9. Li Yuen Street East
	10. Li Yuen Street West
	11. Peel Street
	12. Wing Kut Street
	13. Upper Lascar Row
Wan Chai	14. Man Wa Lane
	15. Gresson Street
	16. Cross Street
	17. Tai Yuen Street
Yau Tsim	18. Jardine's Crescent
	19. Reclamation Street
	20. Pak Hoi Street
	21. Saigon Street
	22. Canton Road
Mongkok	23. Bowring Street
	24. Temple Street
	25. Tung Choi Street
	26. Canton Road
	27. Fife Street
	28. Yin Chong Street
	29. Ki Lung Street
Sham Shui Po	30. Poplar Street
	31. Fa Yuen Street
	32. Nelson Street
	33. Wing Lung Street
	34. Fat Tseung Street
	35. Cheung Fat Street
	36. Fuk Wa Street
	37. Fuk Wing Street
	38. Pei Ho Street
	39. Apliu Street
Kowloon City	40. Ki Lung Street
	41. Tai Nan Street
	42. Kweilin Street
	43. Pau Chung Street

**Specifications of Stalls Constructed under
the Assistance Scheme for Hawkers in Fixed-pitch Hawker Areas**

(Latest Revised Version)

1. The stall structure (including fixed canopy and stall body) shall be constructed of metal, and retractable canopy shall be constructed of fire retardant materials (e.g. polyvinyl chloride (PVC) tarpaulin).
2. All metalwork of the stall structure, including the exposed and concealed structural framework, shall be rust-resistant. The exterior metal surfaces of the stall shall be painted with at least two coats of polyurethane paint.
3. If galvanized mild steel (GMS) is used as the main construction material for the stall body, its thickness shall not be less than 2 mm. If other materials are to be used, certificates or proofs shall be provided to show that the material is non-combustible to an extent that it is comparable to 2 mm-thick GMS, is suitable for use as the main construction material for the stall and is durable for at least eight years.
4. If the stall is used for sale of dry goods, the stall body (including the door) shall be fully enclosed. For stall selling wet goods, the portion of the stall body that is at least 2 m above the ground may have ventilation openings covered internally with metal wire gauze of nominal aperture size, and the remaining parts of the stall shall be fully enclosed.
5. All materials shall be new and free from defects.
6. The stall area shall not exceed the pitch area approved on the licence.
7. Unless with the approval of the Food and Environmental Hygiene Department (FEHD), the height of the stall including its canopy shall not exceed 2.5 m.
8. Unless with the approval of FEHD, fixed canopy or any retractable awning when fully retracted shall not exceed any side of the pitch by 0.45 m. The canopy at the sides of the stall shall not be connected with the canopies of neighbouring stalls, and the canopy at the rear of the stall shall not be connected to or in contact with the external wall of adjoining buildings.

9. Individual electricity meter boxes shall be installed for stalls with electricity supply, and it is suggested that meter boxes be located at the back of the stalls. Electricity supply to a stall shall be provided directly by the China Light and Power Company Limited or the Hong Kong Electric Company Limited (as the case may be).
10. A hawker who applies for the grant for stall relocation or in-situ reconstruction (“applicant”) shall submit the design of the stall and the construction works quotations for endorsement by FEHD. If FEHD is satisfied that the proposed new stall meets the required specifications, FEHD would give approval-in-principle, subject to the relevant caps of individual categories.
11. Upon completion of the construction works, the applicant shall submit to FEHD certificates or proofs issued by the relevant contractors, manufacturers, suppliers or accredited laboratories to ensure that all materials used for construction of the stall conform to the required specifications. If there is electrical installation at the stall, Work Completion Certificate certified under Regulation 20 of the Electricity (Wiring) Regulations (Cap. 406 sub. leg.) covering the entire electrical installation of the stall shall be submitted to FEHD for inspection and making a photocopy of which for retention.

**Proposed amounts of Grant/Ex-gratia Payment (EGP) under
the Assistance Scheme for Hawkers in Fixed-pitch Hawker Areas**

Type	Size	Maximum Grant		EGP for Voluntary Surrender of Licence
		In-situ Reconstruction	Relocation	
“Cabinet-type” Hawker Stalls	Not exceeding 1.1 m ²	\$40,000	\$50,000	\$120,000
	Exceeding 1.1 m ² but not exceeding 1.7 m ²	\$47,000	\$57,000	
	Exceeding 1.7 m ² but not exceeding 2.2 m ²	\$54,000	\$64,000	
Hawker Permitted Places Hawker Stalls	Not exceeding 1.1 m ²	\$20,000	\$30,000	\$120,000
	Exceeding 1.1 m ² but not exceeding 1.7 m ²	\$23,500	\$33,500	
	Exceeding 1.7 m ² but not exceeding 2.2 m ²	\$27,000	\$37,000	

**Breakdown of the Projected Expenditure of
the Assistance Scheme for Hawkers in Fixed-pitch Hawker Areas**

Items	Number of Eligible Hawkers	Projected Expenditure (\$ million)
Voluntary surrender of hawker licences	About 4 300	104 ¹
Relocation of stalls	About 550	20 ²
In-situ reconstruction of stalls	About 3 750	104 ³
Total		228 (around 230)

Notes:

- ¹ Expenditure estimated on the basis of the assumption that 20% of eligible hawkers will opt for surrender of licences.
- ² Expenditure estimated on the basis of the assumption that 80% of eligible hawkers will opt for relocation of stalls. The actual expenditure will hinge on the number of hawkers who opt for the licence surrender arrangement.
- ³ Expenditure estimated on the basis of the assumption that 80% of eligible hawkers will opt for in-situ reconstruction of stalls. The actual expenditure will hinge on the number of hawkers who opt for the licence surrender arrangement.
