

**For discussion
on 18 November 2014**

**Legislative Council Panel on Food Safety and Environmental Hygiene
Subcommittee on Issues Relating to Public Markets**

Issues Relating to Establishing New Markets

PURPOSE

This paper provides the Administration's views on issues relating to establishing new public markets.

BACKGROUND OF PUBLIC MARKETS

2. At present, the Food and Environment Hygiene Department ("FEHD") manages 101 public markets¹, which are generally located in or near district centres. The distribution of FEHD's public markets in various districts is shown in **Annex**. Apart from FEHD's public markets, other parties, such as the Link Real Estate Investment Trust ("Link") and the Housing Authority, also operate market facilities. The Link and the Housing Authority manage 90 and 20 market facilities respectively and their market facilities are often located in or near public housing estates. Other than these, there are also private markets, supermarkets and fresh provision shops run by private operators.

3. In early years, public markets were provided by the two former Municipal Councils to resite hawkers who would otherwise be trading on-street causing environmental nuisance and obstruction to pedestrians and vehicular traffic. Hence, these markets were developed with their design and layout reflecting, to a large extent, the then prevailing hawker policy and resiting needs.

¹ For the purpose of this paper, public markets refer to the markets, cooked food centres and cooked food markets managed by FEHD.

4. In recent years, with enhanced hawker management, the problems concerning hawkers have largely been contained. Since the late 1990s, the function of public markets serving as a measure to support the hawker policy has significantly diminished. At the same time, there has been an increase in the number of supermarkets and other fresh provision shops, which have provided members of the public with alternatives to public markets and led to changes in shopping habits. For example, the number of outlets operating as supermarkets rose from below 100 in 1976² to around 900 in 2014³. At the same time, there have been changes in how the community views hawkers. More and more people opine that hawking activities should be preserved as traditional local characteristics. Proposals to resite hawkers in Tai Yuen Street into Wan Chai Market, for example, did not receive public support.

CONSIDERATION OF ESTABLISHING NEW PUBLIC MARKETS

5. In considering proposals for establishing new markets, it is worth noting that in Chapter 15 of the Director of Audit's Report No. 29 of October 1997, it was recommended that viability should be the overriding consideration in planning markets. Furthermore, in Chapter 6 of the Director of Audit's Report No. 51 of October 2008, it was recommended that, given the high cost of constructing a new public market⁴, the principle that the construction of any new market will only be considered after the conduct of a comprehensive viability study was recommended to be strictly adhered to. In 2009, the Planning Department also made revisions to that part of the "Hong Kong Planning Standards and Guidelines" pertaining to the provision of public markets. Under the revised guidelines, it is suggested that apart from the population in the district concerned, other relevant factors should also be taken into account, including demographic mix, community needs,

² Source : "Operating Characteristics and Business Performance of Supermarkets", published by the Census and Statistic Department in March 1997.

³ Source : "Quarterly Report of Employment and Vacancies Statistics", published by the Census and Statistic Department in June 2014.

⁴ For example, the cost of establishing the Aldrich Bay Market, which was completed in 2008 and consisted of 67 market stalls and 4 cooked-food stalls, was around \$90 million, with an average capital cost of over \$1.2 million per stall.

the availability of public and private market facilities nearby, the number of fresh provision retail outlets in the vicinity, and public sentiment towards the preservation of hawker areas, etc.

6. Therefore, when considering proposals for establishing new markets, FEHD will, on a case-by-case basis, take into consideration relevant factors including those listed in paragraph 5 above.

7. According to our experience, if there are many similar retail outlets in the vicinity of the newly established markets, the viability of the newly markets will be significantly reduced, resulting in an increase of vacant stalls and therefore weakening the function of these markets for the provision of services to the public. In fact, over the years, the number of retail shops providing fresh provision in both public and private housing estates and in various districts has been increasing; supermarkets have also set up retail points selling fresh provision. At present, in addition to the some 2 600 stalls selling fresh provision in public markets, there are around 2 700 licensed fresh provision shops (including those in supermarkets), providing a wide variety of choices to the public.

8. Many requests for new markets are driven by an assumption that public markets managed by FEHD offer cheaper goods than market facilities run by other parties as well as supermarkets and therefore may contribute to maintaining price stability of fresh food. Insofar as the prices of the goods sold in public markets are concerned, tenants of public markets are free to determine and adjust the prices of their goods with regard to such market forces as supply and demand, as well as their operating costs (including transportation costs, rentals, staff salaries, etc.). The Government does not control the prices of the goods sold in public markets. Nor is the Government in a position to guarantee that the goods sold in public markets would be cheaper than those in other shops. In fact, according to the Consumer Council's monthly report on market food prices released in November 2010, among the 52 markets covered in the survey⁵, the price indices of 25 markets were higher than the average prices, and 20 out of the 25 markets were public markets under the management of FEHD.

⁵ The report covered 36 markets managed by FEHD, 14 markets managed by the Link and 2 markets managed by the Housing Authority.

WAY FORWARD

9. FEHD will keep in view the demand for public markets in various districts and review proposals for establishing new markets on a case-by-case basis, taking into consideration the factors mentioned in paragraph 5 above.

ADVICE SOUGHT

10. Members are invited to note the content of this paper.

**Food and Health Bureau
Food and Environmental Hygiene Department
November 2014**

Annex

Distribution of Markets Managed by FEHD, the Link and the Housing Authority and Licensed Fresh Provision Shops in Various Districts

	District	Number of Markets Managed by FEHD		Number of Markets Managed by the Link		Number of Markets Managed by the Housing Authority		Number of Licensed Fresh Provision Shops	
			Subtotal		Subtotal		Subtotal		Subtotal
Hong Kong Island	Central and Western	6	34	-	6	-	2	114	551
	Wan Chai	5		-		-		78	
	Eastern	11		2		-		208	
	Southern	6		2		2		97	
	Islands	6		2		-		54	
Kowloon	Yau Tsim Mong	6	27	-	24	-	8	212	940
	Sham Shui Po	5		1		4		153	
	Kowloon City	4		2		1		130	
	Wong Tai Sin	4		10		2		178	
	Kwun Tong	8		11		1		267	
New Territories	Kwai Tsing	8	40	9	60	5	10	194	1 249
	Tsuen Wan	6		1		2		108	
	Tuen Mun	6		10		1		168	
	Yuen Long	8		6		1		180	
	North	4		6		-		71	
	Tai Po	2		5		-		100	
	Sha Tin	4		17		1		269	
	Sai Kung	2		6		-		159	
Total		101		90		20		2 740	