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Panel on Food Safety and Environmental Hygiene

Subcommittee on Issues Relating to Public Markets

Background brief prepared by the Legislative Council Secretariat for the meeting on 20 January 2015

Measures to improve the operating environment of public markets

Purpose

This paper provides background information on issues relating to measures to improve the operating environment of public markets, and summarizes the main concerns of members of the Subcommittee on Issues Relating to Public Markets ("the Subcommittee") on the subject.

Background

2. When discussing the Administration's various proposals for rental adjustment mechanism for public market stalls at the meetings in July 2009, December 2010 and January 2013, members of the Panel on Food Safety and Environmental Hygiene ("the Panel") expressed grave concerns that the Administration had not addressed the fundamental problems faced by stall operators in public markets including poor operating environment, outdated market facilities and low patronage. Members urged the Administration to take action to improve the operating environment of public markets, and stressed that they would not support the Administration's proposals to increase the rentals of public market stalls unless there had been substantial improvements in the operating environment of public markets. Members were subsequently advised at the Panel meeting on 9 July 2013 that the Administration would engage a consultant to explore ways to improve the operating environment of public markets.

3. When the Subcommittee was briefed by the Administration and the consultant on the progress of the consultancy study on improving the operating environment of public markets ("the consultancy study") at the meeting on 29 April 2014, members were advised that the consultancy study would comprehensively analyze all relevant factors affecting the operating environment of public markets and formulate recommendations. The scope of the consultancy study included the following four areas -

- (a) tendering views on the functions and positioning of public markets;
- (b) surveying the public markets and coming up with concrete improvement proposals for five or six representative ones;
- (c) providing some general suggestions for the routine improvement works for public markets; and
- (d) suggesting ways and pragmatic measures to preserve market stalls that are selling traditional commodities or involving traditional specialty.

The Administration undertook to brief the Subcommittee on the outcome of the consultancy study upon its completion.

Members' concerns

4. Members' major concerns on issues relating to measures to improve the operating environment of public markets expressed at various Subcommittee meetings are summarized below.

The consultancy study

5. Members were of the view that the Administration and the consultant should take into account members' views in formulating measures to improve the operating environment of public markets. Members urged the Administration and the consultant to work closer with the Subcommittee with a view to (a) enhancing the design of public markets; (b) improving the operating environment of public markets; (c) increasing the patronage of public markets; and (d) ensuring that public markets would provide the public with clean and hygienic shopping environment and good quality commodities at affordable prices.

6. According to the Administration, the consultancy study was tasked with, among others, formulating concrete and pragmatic proposals for improving the operating environment of public markets amid competition posed by other retail outlets including supermarkets. While reaffirming that the consultancy study was intended to provide concrete improvement proposals that could be generalized to other public markets, the consultant pointed out that the consultancy study should not be expected to solve all problems facing public markets as each public market had its own characteristics and problems.

Improvement proposals for selected public markets

7. Members were concerned about the selection criteria for the five to six public markets which the consultant would conduct detailed case study with a view to developing concrete improvement proposals. There was a view that the public markets selected should be representative so that useful reference could be drawn from the improvement proposals. There was another view that public markets selected should include different types of public markets (such as those with high and low patronage, and both success and failure cases) so that the improvement proposals could be widely applicable. Members also expressed a view that in order to improve the operating environment of public markets, it was important to find the right trade mix for and enhance the patronage of public markets.

8. According to the Administration and the consultant, the consultancy study would review the historical development of public markets so as to give advice on the updated positioning and functions of public markets. It would also formulate viable business models for public markets, and put forward concrete improvement plans for five to six public markets with a view to demonstrating to market stall operators and the general public that public markets could meet present-day shoppers' expectations.

Provision of air-conditioning in public markets

9. Members considered that the provision of air conditioning was one of the key factors in affecting whether patrons and stall operators of public markets would be satisfied with the overall conditions of public markets. A motion was passed at the meeting on 18 November 2014, urging the Administration to remove the threshold of tenants' support at 85% as the requirement for the retrofitting of air-conditioning systems in public markets, and to comprehensively review the criteria adopted in the retrofitting of air-conditioning systems.

10. The Administration advised that the consultancy study would address many issues relating to improving the operating environment of public markets including the need for air-conditioning facilities. Nevertheless, the Administration reiterated that it had been maintaining the 85% threshold for good reasons, one of which was that it needed to take into account the views of market stall operators who disagreed to install the air-conditioning facilities. As all stall operators would have to pay for the electricity charges and costs of general maintenance once the air-conditioning facilities were installed, those stall operators who did not wish to pay would have no choice but to move out of the public market. These additional charges had not been taken into account by the existing stall operators when they bid for the public market stalls in the first place.

Management of public markets

11. Members urged the Administration and the consultant to review issues relating to the management of public markets by the Food and Environmental Hygiene Department ("FEHD"), such as the tender system, rental adjustment mechanism and hygiene related services. There were worries that FEHD had been preoccupied with administration issues (such as occupancy rate and maintenance of hygienic conditions), thus failing to make adequate efforts to improve the operating environment of public markets. There was also another view that the Administration should review whether public markets should continue to be managed by FEHD.

12. According to the Administration, while it was FEHD's responsibility to maintain high occupancy rates and good hygienic conditions in public markets, FEHD had also made sustained efforts over the years to enhance the operating environment and competitiveness of public markets. In 2014-2015, \$31.5 million was earmarked for improvement works (including installation of lifts and escalators, and improvement of ventilation and lighting systems) in selected public markets.

Utilization of public markets

13. Members expressed grave concern about the high vacancy rates in a number of public markets, and urged the Administration to take action to ensure that all public market stall operators were bona-fide stall operators who would be keen to operate the stalls and willing to cooperate to improve the operating environment and patronage of public markets. There was a view that the Administration should consider better utilizing public markets with very low occupancy rates (such as Tsuen King Circuit Market) by converting them into community facilities for leisure and cultural services and/or other social services.

There was another view that the Administration should consider closing down a few public markets (such as Tang Lung Chau Market and Shaukeiwan Market) that had very low utilization rates and were too old to be revitalized.

14. According to the Administration, FEHD had consistently looked into the feasibility of converting the function of those public markets that had very low occupancy rates. To enhance the utilization of public markets, FEHD had carried out inspection regularly, and enforcement action would be taken against stall operators that were found to be not operating their business for seven consecutive days.

Latest development

15. The Administration and the consultant will brief the Subcommittee on the proposed measures to improve the operating environment of public markets at the meeting on 20 January 2015.

Relevant papers

16. A list of relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
16 January 2015

Appendix

Relevant papers on Measures to improve the operating environment of public markets

Committee	Date of meeting	Paper
Panel on Food Safety and Environmental Hygiene	14.7.2009 (Item IV and V)	Agenda Minutes
	14.12.2010 (Item IV)	Agenda Minutes
	8.1.2013 (Item IV)	Agenda Minutes
	9.7.2013 (Item III)	Agenda Minutes
Subcommittee on Issues Relating to Public Markets	25.3.2014 (Item II)	Agenda Minutes
	29.4.2014 (Item II)	Agenda Minutes
	23.6.2014 (Item III)	Agenda Minutes
	18.11.2014 (Item II)	Agenda Minutes

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