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Panel on Food Safety and Environmental Hygiene

Subcommittee on Issues Relating to Public Markets

Updated background brief prepared by the Legislative Council Secretariat for the meeting on 29 June 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not addressed the fundamental problems faced by stall operators in public markets including poor operating environment, outdated market facilities and low patronage.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 rental adjustment 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 markets¹.

¹ According to the Administration's information note provided to the Panel in August 2013 [LC Paper No. CB(2)1694/12-13(01)], the scope of the consultancy study included (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.

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.

4. At the meeting on 20 January 2015, the Subcommittee was briefed on the key findings of the consultancy study and the Administration's preliminary thinking on the consultant's proposed measures. Members were advised that the Administration agreed with the consultant's views about the positioning of public markets as "one of the major sources of fresh food provisions for the general public". The Administration also agreed that it should let public markets fully fulfill their functions by making them more attractive to the general public and boost their usage rate. While the consultant had developed improvement proposals for six "prototype" markets² (i.e. Tsuen Wan Market, Yau Ma Tei Market, Ngau Chi Wan Market, Sheung Fung Street Market, Lockhart Road Market and Wing Fong Street Market), the Administration advised that no decision had been made on which public markets would be included as the first batch of markets for implementing these improvement proposals. Whether these improvement proposals would be implemented would be subject to factors including the availability of funding, and the views of relevant government departments (such as the Architectural Services Department) and stall tenants.

Members' concerns

5. Members' main 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

6. Members urged the Administration and the consultant to develop improvement proposals which would - (a) enhance the design of public markets; (b) improve the operating environment of public markets; (c) increase the patronage of public markets; and (d) ensure that public markets would provide the public with clean and hygienic shopping environment and good quality commodities at affordable prices. Members also considered that the final report of the consultancy study should provide a detailed account of the

² According to the Administration's paper, the experience gained and lessons learnt from taking the improvements forward at these six markets would provide reference for pursuing improvements to other public markets of similar categories in future.

positioning and functions of public markets, and of how the six "prototype" public markets would provide reference to other public markets.

7. 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

8. Members noted that the consultant had developed improvement plans for the six "prototype" markets with a view to improving the physical operating environments, enhancing the functionality and efficiency of operations for tenants and offering comfortable shopping experience for patrons. The Administration was urged to ensure that there would be adequate consultation with stall tenants before implementing these proposals, and to avoid disruption to stall tenants' business as far as possible during the course of the improvement works, if implemented.

9. The Administration advised that it would further study the consultant's physical improvement plans in consultation with relevant government departments, such as the Architectural Services Department. It would take into account tenants' views and any technical and operational constraints in developing the concrete design proposals. While the non-physical improvement plans recommended by the consultant could be implemented in a shorter timeframe, the Administration would also need to further study related issues such as whether existing resources were sufficient for implementing the proposed measures, and whether greater synergy could be created through combining the physical and non-physical improvement plans. It was the Administration's plan to put forward its improvement proposals for public markets later in 2015.

Provision of air-conditioning in public markets

10. 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 ("the 85% threshold"), and to comprehensively review the criteria adopted in the retrofitting of air-conditioning systems.

11. 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

12. Members expressed worries that the Food and Environmental Hygiene Department ("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. In some members' view, the Administration should devise a new management model with a view to developing a partnership between FEHD and stall tenants and cultivating a sense of ownership and responsibilities among stall tenants. However, there was another view that the Administration should set up a self-financing statutory body to take over the responsibility of managing public markets.

13. According to the Administration, while FEHD had made sustained efforts over the years to enhance the operating environment and competitiveness of public markets, the consultant made some recommendations on FEHD's management of public markets in order to sustain long term improvement. The Administration would explore various options, including stepping up FEHD's management and enforcement work, strengthening tenants' input in the management of markets, and reviewing the market management consultative mechanism.

Utilization of public markets

14. 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.

15. 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 developments

16. When the Subcommittee received deputations' views on measures to improve the operating environment of public markets at the meeting on 1 June 2015, members in general shared the deputations' views that the provision of air-conditioning facilities could significantly improve the operating environment of public markets and the Administration should review and lower the 85% threshold. The Administration undertook to update members of its latest position relating to the provision of air-conditioning facilities and air-conditioning charging arrangements when reverting to the Subcommittee on its proposals to implement the improvement plans for public markets at the meeting on 29 June 2015.

Relevant papers

17. A list of relevant papers on the Legislative Council website is in the **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
	20.1.2015 (Item I)	Agenda Minutes
	1.6.2015 (Item I)	Agenda