

立法會
Legislative Council

LC Paper No. CB(2)1956/10-11
(These minutes have been seen
by the Administration)

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Panel on Food Safety and Environmental Hygiene

**Minutes of special meeting
held on Tuesday, 22 February 2011, at 2:30 pm
in the Chamber of the Legislative Council Building**

Members present : Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon WONG Yung-kan, SBS, JP (Deputy Chairman)
Hon Fred LI Wah-ming, SBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, MH
Hon KAM Nai-wai, MH
Hon WONG Sing-chi
Hon Alan LEONG Kah-kit, SC
Hon WONG Yuk-man

Member attending : Hon LEUNG Yiu-chung

Members absent : Dr Hon Joseph LEE Kok-long, SBS, JP
Dr Hon LEUNG Ka-lau

Public Officers attending : Item I

Prof Gabriel M LEUNG, JP
Under Secretary for Food and Health

Mr Owin FUNG Ho-yin
Principal Assistant Secretary for Food and Health (Food) 3

Ms Rhonda LO Yuet-ye, JP
Assistant Director (Operations) 2
Food and Environmental Hygiene Department

Ms Sandy JIM Yuen-shan
Principal Valuer (Special Properties Division)
Rating and Valuation Department

Attendance : Item I
by invitation

Hong Kong Southern District Public Market
Development Concerns Group

Mr Carl CHING Lok-suen
President

Charter 10

Mr CHIN Wai-lok
Member

Federation of Hong Kong Kowloon New Territories
Hawker Association

Mr WONG Yin-wa
Secretary General

漁灣街市枱商協進會

Mr WONG Chiu-yen
Chairman

北河街街市枱商協會

Mr WONG Wing-nam
Chairman

紅磡街市枱商互助委員會

Mr CHAN Wai-bor
Chairman

荃灣楊屋道街市商戶聯會

Mr LAM Fook-chuen
Chairman

大埔小商聯誼會

Mr CHEUNG Chi-keung
Chairman

大成街街市枱商協會

Mr HUI Chi-kuen
Chairman

北角渣華道街市檯商互助委員會

Mr IP King-hoi
Deputy Chairman

大圍街市互助委員會

Ms CHEUNG Yuk-kiu
Chairman

Public Markets Hucksters Association (Ngau Chi Wan)

Ms WONG Sing-kwan
Treasurer

沙田街市商會

Mr TANG Ping-lung
Representative

九龍城街市販商事務委員會

Mr LUI Kwok-wai
Representative

雙鳳街街市枱商協會

Mr MAK Tai-chuen
Representative

牛池灣街市枱商委員會

Mr WONG Chai-kwok
Representative

Individual

Mr Mak Ip-sing
Yuen Long District Council member

Civic Party

Mr Thomas YU
Executive Committee

Hong Kong Public Market Hawkers Association

Mr WONG Chai-wai
Chairman

Democratic Alliance for the Betterment and Progress
of Hong Kong

Mr LAU Kwok-fan
Deputy Spokesperson for Food Safety and
Environmental Hygiene

Clerk in attendance : Mrs Sharon TONG
Principal Council Secretary (2)

Staff in attendance : Ms Catherina YU
Senior Council Secretary (2) 7

Ms Mina CHAN
Council Secretary (2) 7

Miss Michelle LEE
Legislative Assistant (2) 7

Action

I. Public market rentals and air-conditioning charges
(LC Paper Nos. CB(2)492/10-11(03) and CB(2)1042/10-11(01))

The Chairman reminded the deputations that when addressing the Panel, they were not covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382). Their written submissions would also not be covered by the Ordinance.

Action

Oral presentation by deputations

Charter 10

2. Mr CHIN Wai-lok said that Charter 10 objected to an increase in public market rentals. The rental adjustment mechanism proposed by the Administration would put extra financial pressure on market stall operators and as a result, the general public would suffer from high prices of goods. The market stall operators would be forced to cease operations when they could not afford the high rent. The Government should show regard to the livelihood of the general public.

3. Mr CHIN Wai-lok added that since the markets previously operated by the Housing Authority ("HA") were managed by the Link Management Limited ("The Link"), the Link had substantially increased the rent of these markets. Some political parties, including the Hong Kong Federation of Trade Unions ("HKFTU") and the Democratic Party ("DP"), which objected to the increase in the rentals by the Link were in fact those supported the public listing of the Link REIT. Although HKFTU had expressed its objection to the Administration's proposals, he was dubious about how firm it could maintain its stance. It was also true for DP. In his view, DP objected to the increase in public market rentals for the sheer purpose of gaining support from voters. He appealed to the trade not to count on the pro-government political parties and should fight against the Administration's proposal to increase public market rentals for their own interests.

4. The following organizations presented their views as detailed in their joint submission with Federation of Hong Kong Kowloon New Territories Hawker Association (LC Paper No. CB(2)1042/10-11(02) -

- (a) 漁灣街市枱商協進會
- (b) 北河街街市枱商協會
- (c) 紅磡街市枱商互助委員會
- (d) 荃灣楊屋道街市商戶聯會
- (e) 大埔小商聯誼會
- (f) 大成街街市枱商協會

Action

(g) 北角渣華道街市檯商互助委員會

(h) 大圍街市互助委員會

5. Mr WONG Wing-nam from 北河街街市枱商協會 supplemented that market stall operators had put a lot of efforts in carrying out the social functions of public market. The Government should not only look at the financial gains but should invest in public markets so as to serve the public and provide employment opportunities for the grassroots.

6. Mr CHAN Wai-bor from 紅磡街市枱商互助委員會 supplemented that over 90% of the operators in Hung Hom Market were street hawkers. They moved into public markets on the ground of the concessionary rental arrangements introduced by the Administration. Hence, the proposed rental adjustment mechanism should not apply to them. Public markets should be revitalized to attract more patrons so that market stall operators could benefit from the improving economy. He requested the Administration to extend the rental freeze in public markets for one more year.

7. Mr LAM Fook-chuen from 荃灣楊屋道街市商戶聯會 supplemented that there were five public markets in Tsuen Wan and all of them were part of the re-siting projects in the former Municipal Councils era. The competition within the public markets was very intense as there were many stalls selling the same category of goods. Despite the fact that many stall operators considered that the provision of air-conditioning could enhance the competitiveness of public markets, some of them did not support the installation of air-conditioning system as air-conditioning charges covered common areas in public markets. If they were only required to pay the air-conditioning charges for their own stalls, more stall operators would agree to the installation of air-conditioning system.

8. Mr CHEUNG Chi-keung from 大埔小商聯誼會 supplemented that the Administration had managed public markets poorly and attempted to adopt a convenient approach in the management of public markets by using the actual average rent ("AAR"). According to his findings, the prices of food products in the fourth quarter of 2010 were 16.9% higher than that in the third quarter of 2010. The survey conducted by the Administration concerning the positioning, functions and usage of public markets indicated that 40% of the patrons of public markets belonged to low-income families and less than 10% of public markets had more than 10 000 patrons a day. There would be an average

Action

of 69% increase in the rental in Tai Po Hui Cooked Food Centre and the increase would be as high as 111.68% for 20% of its stalls if the proposed rental adjustment mechanism was implemented. Currently Tai Po Hui Cooked Food Centre had provided 250 employment opportunities and the new mechanism would result in a loss of 20 jobs and another 20 job holders would face the threat of unemployment. The increase in public market rentals would also have an adverse impact on the supply chain of food products. When the prices went up, the stall operators might buy fewer commodities from the wholesalers and lay off some of their employees to save costs. The Administration should shelve the proposal of rental adjustment and continue to freeze the rent.

9. Mr HUI Chi-kuen from大成街街市枱商協會 supplemented that air circulation in Tai Shing Street Market was bad and the ventilation should be improved. The stalls were not well-organized and the stall operators were facing keen competition. The stall operators in Tai Shing Street Market were previously street hawkers and were re-sited to public markets. To them, the AAR was an unfair mechanism.

10. Ms CHEUNG Yuk-kiu from大圍街市互助委員會 supplemented that the purchasing desire of the general public was low given the prevailing economic situation and the threat of unemployment. The business environment had become very difficult because of competition and high prices of food products imported from the Mainland. The profit margin had dropped substantially. She hoped that the Government could understand the stall operators' difficulties and assist them to tide over the situation.

11. Ms CHEUNG Yuk-kiu said that the 25-year old Tai Wai Market needed improvement works. She requested the Food and Environmental Hygiene Department ("FEHD") to make up the stall operators' loss in business when Tai Wai Market was under renovation and that the renovation works should be carried out at night time. She also requested a rent waiver for three months.

Public Markets Hucksters Association (Ngau Chi Wan)
(LC Paper No. CB(2)1042/10-11(02))

12. Ms WONG Sing-kwan presented the views of Public Markets Hucksters Association (Ngau Chi Wan) as detailed in its submission.

Action

沙田街市商會

13. Mr TANG Ping-lung said that stall operators would not object to an increase in rentals if the Administration had taken steps to enhance the operating conditions in public markets. Nevertheless the Administration had done little in this regard. He hoped that the Administration could implement measures in time to help market stall operators to overcome their difficulties.

九龍城街市販商事務委員會

14. Mr LUI Kwok-wai said that since the temperature had become higher as a result of global warming, the stall market operators' request for the installation of air-conditioning system in public markets was sensible. As the common areas in public markets were not leased to stall operators, it was unreasonable for the Administration to require stall operators to pay the air-conditioning charges for common areas. The revitalization of public markets should not be confined to minor repair works. The Administration should also review the management and tenancy matters of public markets. He suggested that public markets should be privatized. Privatization of public markets could provide more room for stall operators to expand their business as they would be able to obtain bank loans easier. It could also address the Administration's concern about the risk of illegal transfer of tenancy. When the businesses in public markets flourished, public market tenants would be willing to pay a higher rent.

牛池灣街市枱商委員會

15. Mr WONG Chai-kwok said that all market stall operators who attended the consultation sessions held in 2009 had found it difficult to do business in public markets, particularly in markets where there was no air-conditioning. Given the fact that facilities in public markets had not progressed with time and there was keen competition, public markets had become the patrons' second choice and as a result, the number of patrons continued to decrease. The Administration had been passive in the enhancement of the operating environment of public markets including the installation of air-conditioning systems. The improvement works carried out by the Administration were only a result of the repeated requests of stall operators. The majority of stall operators were re-sited to public markets due to historical reasons. The Administration should shelve the proposal of the rental adjustment mechanism and endeavour to

Action

enhance the competitiveness of public markets having regard to the views of the trade. He suggested that district-based patronage surveys of public markets and their competitors should be conducted to provide information for the Administration to make improvements on the management of public markets.

16. Mr WONG Chai-kwok further said that the patronage in Ngau Chi Wan Market was low because the temperature in the market was very high in summer. The stall operators had raised the issues relating to air-conditioning many times in the Market Management Consultative Committee of Ngau Chi Wan Market but to no avail. The long delay in resolving the matter had given the public a bad impression of the Administration. As regards air-conditioning charges, he was disappointed to note that at the meeting of the Panel on Food and Environmental Hygiene held on 14 December 2010, the Administration maintained its view that stall operators should pay the air-conditioning charges for common areas in public markets. Since the Government was the owner of public markets, it should accede to the request of stall operators and install air-conditioning system in public markets so as to provide a comfortable environment for both the customers and the stall operators. Besides, there were some government premises not adopting the "user-pays" principle for air-conditioning charges. He sincerely wished members and the Administration could show regard to the concerns of market stall operators.

*Mr MAK Ip-sing, Yuen Long District Council member
(LC Paper No. CB(2)1144/10-11(01))*

17. Mr MAK Ip-sing presented his views as detailed in his submission.

*Civic Party
(LC Paper No. CB(2)1144/10-11(02))*

18. Mr Thomas YU presented the Civic Party's views as detailed in its submission.

Hong Kong Public Market Hawkers Association

19. Mr WONG Chai-wai said that Hong Kong Public Market Hawkers Association ("the Association") had not organized any petition or demonstration against the Administration's proposal relating to public market rental as it believed and hoped that the Administration would give due consideration to the views expressed by the trade in the 11

Action

consultation sessions held in 2009. Nevertheless, the Administration had neglected the trade's concerns. The Association would support the alignment of public market tenancy agreements only if the Administration adhered to the policies set out in 2008 relating to public markets, i.e. public markets should serve the lower income households. The Administration should take heed of the livelihood of the public at large and the living of stall operators.

Democratic Alliance for the Betterment and Progress of Hong Kong

20. Mr LAU Kwok-fan said that the Democratic Alliance for the Betterment and Progress of Hong Kong objected to the Administration's proposals on public market stall rentals and air-conditioning charges at this stage. The subject matter had not been finalized despite lengthy discussions as the Administration had failed to take into account the important factors including the actual situation, the social functions, positioning and historical background of public markets. Many stall operators were street hawkers and some of them moved into public markets because of the concessionary rental arrangements offered by the Administration. It would be unfair if they could no longer enjoy concessionary rentals with the introduction of the rental adjustment mechanism. The increase in public market rentals would bring about higher prices in goods. The Administration should consider the impact on the livelihood of the general public when setting public market rentals. As public markets were public facilities, the Administration should bear the air-conditioning charges for common areas in public markets. As it was envisaged that the business environment would continue to be difficult in the coming few years, the Administration should set the rental adjustment proposal aside and focus on enhancing the environment of public markets for the benefit of stall market operators and the community at large.

Hong Kong Southern District Public Market Development Concerns Group

21. Mr CHING Lok-suen said that currently, the Administration would not install air-conditioning system in public markets unless 85% or more of the tenants supported the installation and agreed to bear the relevant recurrent expenditures. He considered such a requirement unnecessary as air-conditioning system was essential in all public markets. The Administration should first stall air-conditioning system and pay the air-conditioning charges and review the arrangements for air-conditioning charges and rentals in public markets a few years later. The

Action

Administration should set up committees comprising representatives from the trade to study matters relating to rentals and air-conditioning charges in public markets.

Response of the Administration to deputations' views

22. Under Secretary for Food and Health ("USFH") thanked the deputations for their views and the support of the deputations and members in the past two years in the formulation of a number of measures related to public market stalls. He understood the difficulties the trades encountered and the different historical reasons for the operators to move into public markets such as environmental hygiene and hawker control. There were however operators doing business in public markets for reasons other than historical factors. He recognized the public concern over inflation, in particular the prices of food products, and would take this factor into account in drawing up the public market rental adjustment mechanism.

Discussion

23. Mr WONG Kwok-hing said that the comments made by Charter 10 on HKFTU relating to the Link REIT were incorrect. He clarified that the Legislative Council ("LegCo") Members belonging to HKFTU had raised objection to the divestment of retail and car-parking facilities in public rental housing estates of HA ("the divestment") at the Council meeting held on 1 December 2004. At the Council meeting held on 1 June 2005, HKFTU requested the divestment plans be held in abeyance and he had personally proposed amendment to the motion concerning the divestment.

24. Mr WONG Kwok-hing expressed full support to the requests of the deputations made at the meeting which he considered reasonable. He said that the business environment for market stall operators was already difficult because of the upsurge in the inflation rate. The proposed rental adjustment mechanism of bringing the existing rentals to the level of open market rent ("OMR") in three years would impose additional financial burden to market stall operators and in turn, the general public would suffer from higher prices in staple food and to him, it was unacceptable. In this connection, he moved the following motion -

Action

"That this Panel:

- "(一) 促請政府在大幅財政盈餘下繼續凍結街市租金及小販牌照費；
- (二) 反對政府以實際平均租金或市值租金作為新的租金調整機制；
- (三) 促請政府以租戶實際租用面積計算街市空調費用；
及
- (四) 促請政府增撥資源改善街市經營環境。"

(Translation)

- (a) urges the Government to continue to freeze public market rental and hawker licence fee given its huge fiscal surplus;
- (b) opposes to the Government's adoption of a new rental adjustment mechanism based on the actual average rental or market rental;
- (c) requests the Government to calculate the air-conditioning charges of stalls according to the actual rental area; and
- (d) requests the Government to allocate additional resources to improve the business environment of public markets."

The motion was seconded by Mr WONG Yung-kan and Mr Vincent FANG.

25. Mr WONG Kwok-hing elaborated on the motion and said that in his view, the motion had encompassed the requests of the deputations made at the meeting. To his knowledge, the fiscal surplus for the 2011-2012 financial year was estimated at around \$80 billion. In view of such a huge surplus, the Government should set aside a sum in the Budget for the 2011-2012 financial year to accede to the requests of the deputations as detailed in the motion. In his view, the proposed rental adjustment mechanism was unreasonable and had shown no regard to the problems which the trade was facing. The Administration had neglected the concerns of the deputations expressed in previous consultation

Action

sessions. He added that since the abolition of the two former Municipal Councils eleven years ago, there was no council with representation from the general public to pressurize the Administration and thus the Administration had done little to improve the business environment of public markets. On the contrary, its proposals had made the business environment of public markets more difficult. He appealed to members to support his motion.

26. Mr Vincent FANG said that members had expressed their reservations about the proposed rental adjustment mechanism several times before. The rental level was an indicator of the vibrancy and operating environment of commercial premises. A high rental level reflected that the premises were able to attract many customers and were well managed and the tenants would be willing to pay a higher rental for these premises. He pointed out that although the rentals of some public markets were substantially lower than OMR, their occupancy rate was still low. When considering an increase in the public market rentals, the Administration should first look into the customer flow and the management of public markets and take steps to improve these two aspects. He added that having regard to the high inflation rate, it was unreasonable for the Administration to increase the public market rentals. Furthermore, the increase in public market rentals had an adverse impact on the social functions of public markets in providing active market services to the community. He sought information on the basis of calculating OMR.

27. Mr Vincent FANG noted that the Administration had invited service trade such as real estate agents, beauty services, travel agents, financial-related service providers, etc. to do business in public markets. He opined that the introduction of service trade would bring in competition in the bidding for the stalls and thus had an impact on the rentals. Since the types of trades to be operated in public markets had already been stipulated in the tenancy agreements, he enquired whether the service trade mentioned above was among those prescribed trades in the tenancy agreements. Noting that the Administration had already issued several tender invitations for service trades in public markets, he sought information in this regard.

28. USFH responded that it might not be suitable to set public market rentals entirely from the commercial perspective given their social functions and historical background. While the rentals of stalls were usually determined by factors such as the consumers' bargaining power and the patronage in the district, it would be infeasible to reflect the

Action

customer flow of individual stalls in the rental. The Administration fully understood the social functions and historical factors of public markets and the difficult business environment that the market operators were facing because of the high inflation rate. The Administration's proposals relating to the public market rental adjustment mechanism did not aim at increasing market rentals. Instead, the Administration's goal was to come up with a rental adjustment mechanism which was agreeable by all the parties concerned.

29. Mr WONG Yuk-man opined that the policy direction of bringing public market rentals, air-conditioning charges and rates on the par with that of the market ran counter to the social functions of the public markets. He expressed objection to an increase in public market rentals and requested the Administration to withdraw its proposals. He said that the purpose of public markets was to address hygiene and environmental problems posed by street hawkers. Nevertheless, FEHD had managed public markets poorly and the government subsidies to public markets had not been cost-effective. One of the social functions of public markets was to provide self-employed opportunities for the grassroots so that they could improve their living. The Administration should enable a cosy and clean environment in public markets to facilitate this social function. The operating costs of public markets should be public expenditures and thus public market rentals should not be increased.

30. Mr WONG Yuk-man quoted an article written by Mr Fernando CHEUNG which stated that the prices of goods sold in the markets in Tin Siu Wai where 20% of the residents were Comprehensive Social Security Assistance Scheme households was higher than that in the markets in Wanchai where the median monthly domestic income was \$27,000. It was attributable to the high rentals in the markets operated by the Link in Tin Sui Wai and the reluctance of real estate developers to allow the Administration to run public markets in Tin Shui Wai.

31. Mr WONG Yuk-man added that the high inflation rate had already made the business environment for small business operators difficult. Increasing the rentals in public market would aggravate the financial burden on market stall operators. Since the Government had a huge surplus in the 2011-2012 fiscal year, coupled with fiscal reserves amounted to \$600 billion and an Exchange Fund of some \$2,000 billion, it should subsidize the operation of public markets. He expressed support for the motion moved by Mr WONG Kwok-hing.

Action

32. Mr WONG Yung-kan shared the views of Mr WONG Kwok-hing and Mr WONG Yuk-man that the Administration should not raise the public market rental having regard to the difficulties faced by the market stall operators and should help improve the operating environment of public markets. He said that as many supermarkets were situated in conspicuous locations in public markets, it was hard for other market stall operators to compete with them. The competition would even be keener if consortia monopolized the stalls in public markets. The Administration should therefore adopt measures to address the concerns in this regard.

33. As regards air-conditioning charges in public markets, Mr WONG Yung-kan considered it unreasonable for the Administration to recover the air-conditioning charges for common areas. It would be ideal for the Administration to bear all air-conditioning charges but if stall operators were required to pay the air-conditioning charges, they should only be responsible for the charges for their own stalls.

34. Mr WONG Yung-kan said that the issues relating to the operating environment of public markets had been discussed for a long time but there had yet a solution to the problem. He reiterated that for market stall operators to sustain their business, the foremost measure was to improve the operating environment of public markets particularly for the public markets without air-conditioning systems. He expressed support for the motion moved by Mr WONG Kwok-hing.

35. USFH reiterated that it was not the Administration's intention to increase public market rentals and make the business environment more difficult. The purpose of the Administration's proposals was to solicit views in order to arrive at a rental adjustment mechanism acceptable by all concerned.

36. Mr LEUNG Yiu-chung said that although he was not a member of the Panel on Food and Environmental Hygiene, he supported the motion moved by Mr WONG Kwok-hing. He suggested that members should move another motion requesting the Administration to withdraw its paper as it failed to address the crux of the concerns of members as well as of the trade. In the 11 consultation sessions conducted in 2009, the focus was the improvement of business environment for market stalls operators. According to the Administration, it had spent over \$230 million on improvement works in public markets in the past three years but in his view, the Administration had only carried out regular maintenance works. No new promotional strategies and new designs with respect to the enhancement of the business environment of public markets had been

Action

introduced. He said that Wing Fong Street Market was untidy and dark and the vacancy rate was high. The provision of air-conditioning in public markets was essential to improve the environment but there were still a number of public markets without air-conditioning. He called on the Administration to submit another paper the theme of which should be the enhancement of business environment of public markets.

37. USFH responded that in all previous consultation sessions, the Administration had explained the measures taken in enhancing the business environment of public markets. While it would not be possible to use the same promotional strategies as supermarkets and large shopping centres, the Administration had gauged the views of market stall operators in different districts regularly and endeavoured to improve the environment and hygiene in public markets, such as installing air-conditioning system. He added that the sum of \$230 million spent on improvement projects had not included the amount of subsidies spent on public markets annually. The Administration would try its best to take on the trade's suggestions on the improvement works for public markets subject to the availability of resources. The Administration could provide information on the improvement works carried out in individual public markets if necessary.

38. Mr Alan LEONG remarked that the motion moved by Mr WONG Kwok-hing was reasonable. He said that the Administration tended to refer to the comments made in Public Accounts Committee ("PAC") Report No. 51 when considering rental adjustment and air-conditioning charges for public markets. He pointed out that PAC had not objected to the use of public fund to subsidize public markets but was of the view that the Administration lacked a policy which was conducive to ensuring that public markets could give full play to their social functions. Hence, the Administration should ensure that public markets must serve their primary function of providing active market services to the community so as to justify its subsidies to public markets. He understood the discontent of market stall operators about the unclear positioning and the unsatisfactory operating environment of public markets and the proposed arrangements for air-conditioning charges. He wondered if the Administration would consider resolving these problems first before putting forward the proposal of the rental adjustment mechanism.

39. USFH explained that the issues raised by Mr Alan LEONG had in indeed been discussed in LegCo. The Administration was of the view that the operating environment and mechanisms for rental adjustment and air-conditioning charges should not be considered piecemeal. The

Action

Administration hoped that a consensus could be reached in this regard. On Mr Alan LEONG's enquiry about whether the Administration would take into account the health of the consumers and market stall operators in the improvement of the environment in public markets, USFH responded in the affirmative.

40. Mr Fred LI noted the submission of Federation of Hong Kong Kowloon New Territories Hawker Association that there was a 10 times difference in the rentals of the highest-rental paying stall and the lowest-rental paying stall belonging to the same category in Tai Po Hui Cooked Food Centre (the highest and lowest rentals were \$61,000 and \$6,000 respectively). Due to historical reasons, some stall operators were paying very low rent and hence a great disparity of rentals in market stalls. The Administration had proposed to use AAR of stalls of the same category of business in the same market as the basis of the rental adjustment mechanism. The highest-rental paying stall and the lowest-rental paying stall would be excluded in the calculation of AAR. Given the second highest and second lowest rentals varied greatly, AAR would still be very high and hence the increment in rentals would be substantial. He suggested that the Administration should consider freezing the existing rentals until the disparity in rentals became smaller.

41. Mr Fred LI said that some market stall operators had aired their grievances that the wholesale prices of fresh provisions from the Mainland had gone up a lot. The consumers had become very price-conscious and would buy less if the prices of goods increased. Stall operators dared not to raise the selling price in order to keep the customers but if they did not increase the prices, they would not be able to make ends meet. There might be a large number of patrons in some public markets but the business volume was not in proportion to the customer flow.

42. Mr Fred LI further said that market stall operators worried about having to pay OMR. As rightly stated in the Administration's paper, public markets served important social functions. They were the major sources of fresh provisions for the public at large and provided employment opportunities for the grassroots. In addition to facilitating the public markets' social functions, the Administration should help the small business operations to sustain by avoiding monopoly by supermarkets. Given the Government's sound financial position and the wide wealth gap in the community, the Administration should subsidize the operation of public markets. He supported Mr WONG Kwok-hing's motion.

Action

43. Mr TAM Yiu-chung said that it was necessary to retain public markets and improve their operating environment. Having regard to the historical reasons, the Administration should be prudent in handling the matters concerning public market rentals to avoid discontentment from the trade. The views of members and the deputations would be helpful for the Administration to explain to PAC about the need for the Administration to subsidize public markets. He remarked that the Administration should not look at the pecuniary returns from the market rentals alone but should consider the subject matter holistically. He said that it was unlikely that members would support the Administration's proposals and called on the Administration to revisit its proposals.

44. Mr KAM Nei-wai moved the following motion -

"要求政府收回公眾街市檔位的租金和空調費用文件，重新聽取立法會及街市販商意見。"

(Translation)

"That this Panel requests the Government to withdraw its paper on Public Market Stall Rentals and Air-conditioning Charges, to solicit afresh views of this Council and market traders."

45. Mr KAM Nei-wai said that according to the Administration, there were only 37% of the market stall operators paying rental not less than OMR. In other words, more than 60% of the stall operators would need to pay OMR if the proposed rental adjustment mechanism was approved. Under the prevailing economic situation and given the huge fiscal surplus, the Administration should be more generous in supporting the operation of public markets as it had supported the bid for the 2023 Asian Games. He said that members generally agreed that the Administration should subsidize the operation of public markets in view of its important social functions. When rewriting the paper, the Administration should address how a fair and reasonable mechanism could be adopted to subsidize public markets and enable them to fulfill their social functions which included the supply of fresh provisions and provision of employment opportunities for the grassroots. The problem of monopoly in public markets should also be addressed in the Administration's paper.

46. The Chairman said that the Liberal Party and he considered that public markets should be treasured and retained. In his view, market stall operators should not be required to pay any air-conditioning charges in public markets. The Administration should only consider an adjustment

Action

in public market rentals after it had improved the operating environment in public markets. Members would be willing to provide inputs on the key components of a good operating environment for public markets for the Administration's consideration.

47. The Chairman put to vote the motions moved by Mr WONG Kwok-hing and Mr KAM Nei-wai. All members present voted for the motions. No members objected to the motions and no members abstained. The Chairman declared that the two motions were carried.

II. Any other business

48. The meeting ended at 4:25 pm.

Council Business Division 2
Legislative Council Secretariat
2 June 2011