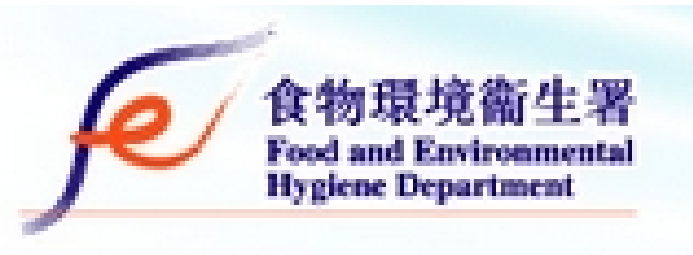


The Public Market and The Private Market



submission on

The business environment of public market stalls, including rental adjustment mechanism and air-conditioning charges

Deadline: 26 Dec 2012

[http://www.legco.gov.hk/general/english/
sec/invite_s/fe20121213.htm](http://www.legco.gov.hk/general/english/sec/invite_s/fe20121213.htm)

獅子山學會

The Lion Rock Institute

Brief background

Historical and cultural background:

- Towards the 20th century permanent wet markets took over from the periodic markets
- Early 20th century Government started building organised and formal wet markets in buildings



Brief background

- In the 1980's and 1990's city development prompted government to incorporate wet markets into its agenda for city planning
- In 2005 the government began to privatise some of the wet markets



Current Situation

- Markets are dying out with lack of vendors and customers
- Report by Singpao Daily: Choi Hung Road Market has a vacancy rate of 70%, the Mong Kok market is 61%, and Kwong Choi market is 73%
- Some government-run markets like the Bridge Street markets in Sheung Wan and the Yau Ma Tei Markets are unused entirely

Public v. Private

Government-run markets:

- Most markets built in 1970's-80's lack basic facilities e.g. air conditioning, less hygienic
- Lack of innovation
- Excessive regulation



Private-run markets:

- Better facilities e.g. air conditioning, renovations to be more hygienic and appealing
- Innovative solutions to attract customers



Rent

Features	The Link	The Government
Rent	\$398/m2	\$293/m2
Occupancy	93%	73%
Retention	79.3%	
Rent Increases	9%	rents frozen



Examples

Tai Yuen Market

- Previously government owned vendors were dissatisfied with government management
- 2010- privatised by The Link who spent \$95 million in renovation
- This increased and diversified the customer base
- Some vendors have doubled their sales
- Won award at the Asian Institute of Management



Examples

Stanley Markets

- Government recently renovated the wet markets on the HK\$14 million Stanley waterfront promenade
- 14 of the 20 stores are vacant
- Vendors claim that high rents, poor management by the government have driven customers away
- Public anger about government waste of public resources



The Problems

- Small business owners lose their livelihoods as a result of poor government management
- Government failure to allow the private sector take over--> the public are restricted in terms of consumer choice
- Due to government mismanagement, demise of the Hong Kong wet markets --> loss of vital Hong Kong culture and history



Cause of Problems

- The reason why the private markets are doing so well is that they offer the customer a better quality of market
- The Link markets are cleaner, more hygienic and as a result safer
- One the cited methods of distribution of the deadly SARS virus was poor quality wet-markets
- The consumer wants a hygienic marketplace



Rental Proposals

- Quality in government run wet-markets must be increased
- Amenities and hygiene must be improved
- This will result in higher rents and more customers
- This will allow government wet-markets to compete with private ones



Alternative Solutions

Privatise the government-run wet markets which are failing

- Innovative solutions can be found in the private-sector to revive wet markets and attract more customers
- Cost of improving wet markets can be borne by private enterprises (no waste of public resources)
- Private- run wet markets provide a more sustainable business environment --> provides a source of income for more small business owners
- Government needs to encourage entrepreneurship which is difficult to achieve in a public-sector model