

**For discussion
on 16 April 2013**

LegCo Panel on Food Safety and Environmental Hygiene

**Improving the Operating Environment of Public Markets
and Related Issues**

Purpose

This paper updates Members on the Administration's plan to identify measures for improving the operating environment of public markets.

Background

2. We consulted the Panel at the meeting on 8 January 2013 on the Administration's latest proposed rental adjustment mechanism¹ for stalls in public markets.

3. At the meeting, Members and deputations attending the meeting offered views and advice on ways to improve the operating environment of public markets. Members requested the Administration to conduct a comprehensive review covering the policy and usage of public markets before the proposed rental adjustment mechanism was put into place. In a letter dated 28 February 2013 to the Panel Chairman, the Administration replied that the Food and Health Bureau ("FHB") was planning to examine the positioning and functions of public markets in the present-day circumstances including how best to further improve the operating environment of public markets. Taking note of the Administration's response, Members requested the Administration to report to the Panel at the meeting in April 2013 the latest work progress of the review exercise.

¹ Under our proposal, the market rentals would be adjusted annually in accordance with the movement of the Consumer Price Index (A) in the past three years, with the increase capped at 5% or the open market rental, whichever is the lower.

Latest developments

4. There are at present 77 public markets under the management of the Food and Environmental Hygiene Department (“FEHD”). For the purpose of developing proposals for improving the operating environment of public markets to enable them to fulfil their updated functions befitting their positioning, we plan to engage a consultant with expertise in retail consulting to assist in coming up with concrete improvement proposals for a sample of public markets, which differ in their location (i.e. in different districts of Hong Kong), physical conditions (e.g. some in better states of repair than others), business viability, the availability of other market facilities and retail outlets in the vicinity. In the process, the consultant could draw in experts from the retail, design and other professions as needed and collect views from different stakeholders. Expert advice from professionals with experience in helping clients to boost/maximise the patronage of retail/shopping outlets would be tapped. We would expect the consultant to take an overview of relevant factors affecting the operating environment of public markets such as consumer profile (e.g. income and age), shopping preference, transport network in the vicinity etc. The consultant is also expected to give general advice from their professional point of view that would help draw more customers to public markets and enhance customer satisfaction etc (i.e. advice that would provide handy reference on easy to administer measures or minor improvements when we roll forward the routine maintenance programme for public markets.).

5. Furthermore, we would set up an inter-departmental task force with participants from FEHD and other relevant departments (such as the Architectural Services Department, the Electrical and Mechanical Services Department, and the Efficiency Unit) for the purpose of enhancing co-operation among the departments concerned. The task force would help examine measures to improve the operating environment of public markets as recommended by the consultant and take forward the measures.

6. We will follow up as planned above and submit a report to the Panel in the second half of this year, for the purpose of keeping the Panel informed of progress.

7. As and when we report back in due course, the Administration would bring up the proposed rental adjustment mechanism for discussion, with a view to breaking the rental freeze early.

8. Meanwhile, we are also examining the opinion hitherto expressed by the Panel and tenant representatives, including the conditions under which installation of air-conditioning should be embarked upon and the basis on which air-conditioning charges are to be worked out. We would consult the Panel when we have a revised proposal.

Visits to Public Markets

9. Separately, at the Panel's request, we are arranging visits to a number of markets together with interested Panel Members, tentatively scheduled for 30 April and end May 2013.

Advice Sought

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

Food and Health Bureau
Food and Environmental Hygiene Department
April 2013