

**For information**

**LegCo Panel on Food Safety and Environmental Hygiene**

**Further Extension of Public Market Stall Rental Freeze**

**Purpose**

This note informs Members of the Administration's decision to further extend the rental freeze of public market stalls for two years until 31 December 2015.

**Details**

2. The rental of public market stalls was reduced across-the-board by 30% in 1998 and has been frozen at the reduced level since then. The Administration announced in October 2012 the extension of the rental freeze for one year until 31 December 2013. The Administration has now decided to further extend the rental freeze for two years until 31 December 2015. The Food and Environmental Hygiene Department will arrange tenancy renewal with the relevant public market stall tenants.

3. Over the past few years, the Administration has consulted the Legislative Council Panel on Food Safety and Environmental Hygiene ("the Panel") on several occasions regarding the proposed rental adjustment mechanism for public market stalls. The Administration recognises that any proposed adjustment in rental should not be radical and has to be made in a gradual way sensitive to the overall affordability of public market stall traders. Different proposals were put forward to the Panel in 2009 and 2010 respectively. Having considered the views of the Panel and representatives of stall tenants on the proposals, the Administration had further revised the proposal and submitted it to the Panel for discussion in January 2013. Under this latest proposal, the

market rentals will be adjusted in accordance with the movement of the average Consumer Price Index (A) of the past three years, with the increase capped at 5% or the open market rental (“OMR”), whichever is the lower. We believe that the financial impact of the further revised proposal on stall tenants is gentle.

4. At the Panel meeting in January 2013, Members of the Panel and the attending trade representatives opined that the Administration should conduct a comprehensive review covering the policy and usage of public markets and improve their operating environment before considering implementing the new rental adjustment mechanism. At the Panel’s request, the Administration undertook to examine the positioning and functions of public markets in present-day circumstances and will engage a consultant to assist in developing proposals for improving the operating environment of public markets thereby enabling them to fulfil their functions in a manner befitting their positioning. The work for engagement of the consultant is underway with a view to commencing the study in the fourth quarter of this year; and if everything goes well, the consultant is expected to submit the preliminary findings of the study in mid-2014.

5. Since 1998, the rental freeze of public market stalls had been extended several times, and the majority of public market tenants have been paying rents below the OMR. In order to rationalise the rental adjustment mechanism for public market stalls and related issues as soon as possible, the proposal on the rental adjustment mechanism and related issues will be brought up again for the Panel’s discussion in due course.

**Food and Health Bureau**  
**Food and Environmental Hygiene Department**  
**October 2013**