

# 立法會 *Legislative Council*

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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 10 July 2018**

#### **Issues relating to the positioning and functions of public markets**

#### **Purpose**

This paper provides background information on issues relating to the positioning and functions of public markets, and summarizes the major views and concerns raised by members of the two subcommittees formed under the Panel on Food Safety and Environmental Hygiene respectively in the Fifth and the Sixth Legislative Council to study issues relating to public markets.

#### **Background**

2. According to the Administration, public markets were provided by the two former Municipal Councils ("MCs") in early years for resiting hawkers with a view to improving street hygiene and alleviating street obstruction. To pursue this objective, the positioning and functions of public markets as well as market layout and stall design were to a large extent developed in the form of bazaars, while concessionary rental arrangements were made to encourage hawkers to move into public markets. Since the late 1990s, as the number of licensed hawkers has decreased significantly, the main positioning and functions of public markets as a means to resiting hawkers and supporting the hawker policy were no longer valid. The design and layout of newly built public markets have evolved to provide bigger stalls and wider passageways. Following the dissolution of the former MCs on 1 January 2000, the Food and

Environmental Hygiene Department ("FEHD") has taken over the responsibility for managing public markets. FEHD is currently managing 99 public markets<sup>1</sup> and over 60% of them were built before 1990s.

### **Members' major views and concerns**

3. Members' major views and concerns on the subject are summarized in the ensuing paragraphs.

#### Positioning and functions of public markets

4. Members generally were of the view that despite the proliferation of supermarkets and fresh provision shops in recent years, public markets still served as a major source of fresh provisions for the general public and provided employment opportunities for the grassroots. Public markets should provide convenient access to cheap and diversified food items for the benefit of the public. Some Members considered it desirable for the Government to subsidize the operation of public markets in view of its important social functions. In order to meet present-day shoppers' needs, the Administration should review the types of services/trade permissible in public markets.

5. The Administration advised Members that it generally agreed with the following views of the consultant commissioned by the Food and Health Bureau to conduct the consultancy study on improving the operating environment of public markets:<sup>2</sup>

- (a) as public markets were positioned as "one of the major sources of fresh food provisions for the general public", public markets should be kept decent, clean and tidy. Given their positioning and many existing constraints (e.g. large number of tenants and limited space), it was not necessary or practicable to upgrade public markets to upmarket shopping venues. Rather, the aim should be to boost the usage of public markets so as to better enable them to fulfil their functions;
- (b) the Administration would need a reasonable rental adjustment mechanism which would allow the rent of market stalls to catch up with rents of broadly comparable stalls which were recently

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<sup>1</sup> The 99 public markets managed by FEHD includes 35 wet markets, 39 wet markets and cooked food centres, as well as 25 cooked food markets.

<sup>2</sup> For details of the consultancy report, please refer to LC Paper No. CB(2)1815/14-15(01).

allocated through open bidding in other public markets. The lack of such a mechanism would prejudice the vibrancy of the markets as tenants might have less motivation to actively deploy the stalls for running business; and

- (c) depending on the unique situation of each market, for example its location, trade-mix in the vicinity, competitors and clientele, individual markets might develop different characteristics and niches befitting their competitive advantages, ranging from fresh provisions for the general public to relatively more premium food products (such as organic vegetables and fruits).

6. The Administration also advised that as FEHD did not control the price of products sold in public markets, tenants of public markets were free to determine and adjust the prices of their goods having regard to markets forces and their operating costs. Thus the general perception that products sold in FEHD markets had to be cheaper than other outlets might therefore not be true.

7. Members were concerned about the high vacancy rates in a number of public markets and the prevalence of non-operating stalls. Some Members considered that the Administration should take proactive measures to ensure that all public market stall operators were bona-fide stall operators who were keen to operate the stalls and willing to cooperate to improve the operating environment and patronage of public markets. Some Members suggested that the Administration could better utilize a few public markets with very low occupancy rates by converting them into community facilities providing leisure and cultural services and/or other social services. There was also a view that the Administration should make reference to the approach adopted by Link Real Estate Investment Trust ("Link") in revitalizing and managing its markets, with a view to increasing the appeal of public markets.

8. The Administration advised that it had made sustained efforts to enhance the operating environment and competitiveness of public markets. The occupancy of public markets was influenced by many factors, such as competition from retail outlets selling similar commodities in the vicinity and demographic changes in the district. In order to boost the occupancy rate of public markets, FEHD had lowered the upset auction prices to 80% and 60% of the open market rental for stalls which had been left vacant for six months and eight months respectively since February 2009. It had also widened the trade mix by introducing service trades, light refreshment and bakery stalls since July 2009.

### Management issues

9. Members were concerned about the management of public markets and the enforcement of the terms and conditions of the tenancy agreements. Some Members observed that tenancies were seldom or never terminated even when tenancy terms and conditions had been breached. According to the Administration, stall tenants were required to comply with the tenancy agreements and relevant legislative provisions, namely the Public Health and Municipal Services Ordinance (Cap. 132) and the Public Market Regulation made thereunder. Breach of the legislative provisions might result in prosecution and conviction of statutory offence. Tenancy could be terminated for tenants who breached the tenancy agreement or were repeatedly convicted.

### Review of public markets

10. Members were advised that a dedicated team had been set up in FEHD to conduct a comprehensive review of public markets and formulate concrete and effective measures to improve their facilities, management and operating environment. In undergoing the comprehensive review for taking forward the management reform, tenants would be engaged as key stakeholders and the wider communities that public markets were designed to serve would also be included. Members considered that public markets should be reviewed individually by consulting the respective District Councils ("DCs"), tenants and local residents, so as to identify their needs.

### Consolidation of public markets

11. As advised by the Administration at the meeting of the Subcommittee on Issues Relating to Public Markets ("the Subcommittee") on 12 June 2018, the Administration would consider the need for consolidation of public markets to release land resources for more gainful use to better serve the community. Many Members stressed that the Administration should take into account the views of the local residents in making its decision in consolidating markets. Some Members considered that more public markets should be built to compete with the markets managed by Link as the prices of food items sold in the Link markets are more expensive.

12. According to the Administration, it would take into account a host of factors when considering whether an under-utilized market was to be closed, including vacancy rate, prospects for improvement, availability of alternative sources of fresh provision outlets in the vicinity, and the likely cost-effectiveness of upgrading works. The Administration would also listen to the views of the community and the relevant DCs before reaching a decision

on the consolidation of public markets and the closing of under-utilized markets.

### **Latest development**

13. The Subcommittee will meet with deputations and the Administration on issues relating to the positioning and management of public markets and Market Modernization Programme (including retrofitting of air-conditioning systems at public markets) at its meeting on 10 July 2018.

### **Relevant papers**

14. A list of relevant papers on the Legislative Council's website is in **Appendix**.

Council Business Division 2  
Legislative Council Secretariat  
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## Appendix

### Relevant papers on Issues relating to the positioning and functions of public markets

Committee	Date of meeting	Paper
Subcommittee on Issues Relating to Public Markets formed under the Panel on Food Safety and Environmental Hygiene ("FSEH Panel") in the Fifth Legislative Council	23.6.2014 (Item III)	<a href="#">Agenda</a> <a href="#">Minutes</a>
	-	<a href="#">Final report of the consultancy study on ways to improve the operating environment of public markets</a>
FSEH Panel	-	<a href="#">Report of the Subcommittee on Issues Relating to Public Markets formed under FSEH Panel in the Fifth Legislative Council</a>
Subcommittee on Issues Relating to Public Markets formed under FSEH Panel in the Sixth Legislative Council	6.3.2018 (Item II)	<a href="#">Agenda</a> <a href="#">Minutes</a>
	12.6.2018 (Item I)	<a href="#">Agenda</a>