



中華人民共和國香港特別行政區政府總部食物及衛生局  
Food and Health Bureau, Government Secretariat  
The Government of the Hong Kong Special Administrative Region  
The People's Republic of China

[Translation]

14 May 2019

Clerk to Subcommittee on  
Issues Relating to Public Markets  
Legislative Council Complex  
1 Legislative Council Road,  
Central, Hong Kong  
(Attn: Ms Alice LEUNG)

Dear Ms LEUNG,

**Panel on Food Safety and Environmental Hygiene  
Subcommittee on Issues Relating to Public Markets**

**Motions raised and passed at the meeting on 21 January 2019**

Thank you for the letter of 23 January 2019. Regarding the two motions passed at the above meeting, I write to provide the Government's response below.

**The rental level for the affected tenants after relocation under the Market Modernisation Programme**

The Office of The Ombudsman (The Ombudsman) released its direct investigation report on the rental management of market stalls by the Food and Environmental Hygiene Department (FEHD) in August 2018. It was pointed out that the low level of and great disparity among stall rentals had resulted in an unlevel playing field for tenants. The Ombudsman considered that FEHD should devise a

step-by-step and effective rental adjustment mechanism in a comprehensive manner, with a view to resolving the problems relating to market stall rentals so as to foster a healthier business environment which is conducive to fair competition. We believe that the MMP would provide a prime opportunity for the Government to bring in a new running model. Most importantly, the hefty financial investment to be made into totally overhauling a candidate MMP market with brand new layout design, air-conditioning systems, etc. is meant to bring significant, real change only to those sitting tenants who are prepared to operate proactively and embrace the present day competition for their own good and to benefit the public at large. To join the MMP, they will need to come to terms with the new management rules (including the rental adjustment).

Sitting tenants wishing to return to the overhauled market may benefit from a certain restricted auction. Given that the new stalls after relocation would be different from the existing stalls in terms of location and size, according to the existing practice, restricted auction is considered a fair, transparent and expeditious mechanism to ensure proper allocation of stalls to the affected tenants. Returning tenants must pay for a new rental reflecting the full economic value of the new stalls, but we may allow some flexible arrangements for a smooth transition.

When considering the direction for the new rental adjustment mechanism, the Government will abide by the reform principles as set out in the papers submitted to the Subcommittee in June and November 2018. Among these principles, the key ones are allowing market forces to play in full swing and individual stalls to compete on a level-playing field, and serving the public interest. We hope to nurture a fair business environment and encourage active operation of market tenants through a review of the rental adjustment mechanism.

**To implement the management reform of public markets as soon as possible and conduct consultation on the reform**

In our papers submitted to the Subcommittee in June and November 2018, we confirm that public markets should be one of the major sources of shopping fresh food provisions for the general public, which should be kept reasonably decent, clean, neat and tidy without being unduly upmarket. We also identified the reform principles to abide by in reforming the management of public markets:

- (a) Public markets should principally be operating on a commercial basis allowing market forces to play in full swing.
- (b) Individual stalls should be allowed to compete on a level-playing field.
- (c) Public markets as municipal infrastructure should ultimately serve the public interest benefitting the community at large.

The dedicated team in FEHD is reviewing the whole approach and developing the ideas above further for translation into concrete management measures. Stakeholder engagement would be an important aspect in the process of taking forward the management reform of public markets. During the process, we will consider the views of respective stakeholders, which in general include consulting the Market Management Consultative Committee, to ensure that the future concrete management measures are in the overall interest of the community.

Taking into account also the circumstances of different types of markets (new markets, markets under the MMP and other existing markets), we will carry out the review tasks and consider how to take forward the specific measures of the management reform of public markets in a pragmatic, prudent and reasonable manner.

Yours sincerely,

[signed]

(Miss Irene CHEUNG)

for Secretary for Food and Health

c.c. Director of Food and Environmental Hygiene (Attn: Mr Gordon WU)