

CONTROLLING OFFICER'S REPLY

EEB(F)095

(Question Serial No. 3069)

Head: (49) Food and Environmental Hygiene Department

Subhead (No. & title): (-) Not specified

Programme: (3) Market Management and Hawker Control

Controlling Officer: Director of Food and Environmental Hygiene (Donald NG)

Director of Bureau: Secretary for Environment and Ecology

Question:

1. The financial provision in 2026-27 will increase by 3%. It is mentioned under Matters Requiring Special Attention this year that the Food and Environmental Hygiene Department will continue to implement and keep under review the new management model and improvement measures introduced in new and overhauled public markets. What is the estimated expenditure allocated by the Department in this regard? How will the relevant expenditure be distributed to continue enhancing market operation? What key performance indicators have the Department drawn up to assess the operational effectiveness of markets?
2. It is mentioned under Matters Requiring Special Attention in 2026-27 that the Department will close public markets which are under-utilised. In this connection, how will the Department distribute the estimated expenditure to close public markets which are under-utilised? Will manpower be increased for the closure of public markets? What indicators will the Department use to assess whether a market should be closed? How will the Department accommodate the stall tenants of closed public markets and what is the estimated expenditure?

Asked by: Hon KWOK Fu-yung (LegCo internal reference no.: 23)

Reply:

In 2026-27, the Food and Environmental Hygiene Department will continue to implement the new management model and improvement measures introduced in new and overhauled public markets, and take action to close public markets which are under-utilised.

Regarding the implementation of the new management model and improvement measures, the Department has adopted the new management model in overhauled public markets under the Market Modernisation Programme (MMP) as well as in new public markets to improve management standards and enhance services. Markets that have adopted the new management model include FEHD Skylight Market in Tin Shui Wai commissioned at the end of 2020, Sunlight Market in Tung Chung commissioned in March 2023, as well as Aberdeen Market and Lai Wan Market which re-opened in May 2023 and March 2024 respectively after overhaul. Under the new management model, in addition to undertaking daily management,

cleansing, security and minor repairs for the markets, the service contractors appointed by the Department are also required to formulate promotion and development strategies for the markets, conduct promotional activities, liaise and communicate with stakeholders, advise on the trade mix in the markets, etc. The Department has been closely monitoring the operation of markets that have adopted the new management model, including changes in patronage and occupancy rates, as well as the feedback from tenants and local stakeholders, to evaluate the effectiveness of the operational strategies of the service contractors responsible for formulating promotion and development strategies of their respective markets. The Department will conduct reviews in a timely manner and request the service contractors to adjust the promotion and development strategies for the relevant markets as necessary. At present, there is a 2 to 3-year contract covering market management, promotion and development, and operation associated services for each of the above 4 public markets that have adopted the new management model. The total contract value is about \$73.95 million.

As for market closure, with a view to optimising land use, the Department has been closely monitoring the utilisation of existing markets/cooked food markets (CFMs) and considering closing or consolidating under-utilised markets/CFMs to ensure that public resources are utilised effectively. Various factors will be taken into consideration, including vacancy rate, room for improvement, availability of fresh provision outlets in the vicinity and views of the local community, etc. According to the provisions of existing tenancy agreements between the Department and market stall tenants, either party may terminate the tenancy without making any compensation by giving to the other party a written notice of not less than one month. Nevertheless, considering that tenants moving out of markets permanently can facilitate the smooth closure of markets, which is in line with the overall interest of the community, the Department will consider making special concessionary arrangements, including providing a one-off ex-gratia payment for tenants who choose to close down the business or relocate to the vacant stalls of other designated markets under the Department to continue operation. Tenants who choose to relocate may also be allocated a new stall through a “restricted auction” with upset prices set at 50% of the reference rental of the stalls. Their new stalls will be granted a waiver of rental and air-conditioning charges (if applicable) for the first 2 months upon commencement of operation.

The Market Development Division (MDD) of the Department is responsible for implementing the new management model and improvement measures, as well as market closure. As the MDD is also responsible for other duties relating to public market development (e.g. new public market development projects and the MMP), we do not have a separate expenditure breakdown for the implementation of the new management model and improvement measures, or for market closure. The expenditure required for the disbursement of ex-gratia payment upon the closure of a public market depends on the number of eligible tenants. In 2026-27, the estimated manpower expenditure of the MDD of the Department is about \$33.9 million. Currently, the Department has no plans to increase the manpower for duties related to market consolidation/closure.

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