

立法會
Legislative Council

LC Paper No. ESC34/17-18

(These minutes have been
seen by the Administration)

Ref : CB1/F/3/2

Establishment Subcommittee of the Finance Committee

**Minutes of the 2nd meeting
held in Conference Room 1 of Legislative Council Complex
on Wednesday, 25 October 2017, at 8:30 am**

Members present:

Hon Mrs Regina IP LAU Suk-yee, GBS, JP (Chairman)

Hon Alvin YEUNG (Deputy Chairman)

Hon James TO Kun-sun

Hon LEUNG Yiu-chung

Hon WONG Ting-kwong, GBS, JP

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon WONG Kwok-kin, SBS, JP

Hon Paul TSE Wai-chun, JP

Hon Steven HO Chun-yin, BBS

Hon WU Chi-wai, MH

Hon Charles Peter MOK, JP

Hon CHAN Chi-chuen

Dr Hon KWOK Ka-ki

Hon KWOK Wai-keung, JP

Dr Hon Fernando CHEUNG Chiu-hung

Hon IP Kin-yuen

Dr Hon Elizabeth QUAT, BBS, JP

Hon Martin LIAO Cheung-kong, SBS, JP

Hon POON Siu-ping, BBS, MH

Dr Hon CHIANG Lai-wan, JP

Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Hon CHUNG Kwok-pan

Hon CHU Hoi-dick

Hon HO Kai-ming

Hon Holden CHOW Ho-ding

Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho

Members absent:

Hon Abraham SHEK Lai-him, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP

Public Officers attending:

Ms Carol YUEN Siu-wai, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Eddie MAK Tak-wai, JP	Deputy Secretary for the Civil Service 1
Dr CHUI Tak-yi, JP	Under Secretary for Food and Health
Miss Diane WONG	Principal Assistant Secretary for Food and Health (Food)2
Mr David WONG, JP	Deputy Director of Food and Environmental Hygiene (Administration and Development)
Mr LAM Wing-hong	Assistant Director of Food and Environmental Hygiene (Operations)2

Clerk in attendance:

Ms Connie SZETO	Chief Council Secretary (1)4
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Staff in attendance:

Mr Keith WONG	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Miss Yannes HO	Legislative Assistant (1)6
Ms Haley CHEUNG	Legislative Assistant (1)9

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Application for late membership

The Chairman drew members' attention to Mr WU Chi-wai's application for late membership and the relevant application letter was circulated to members on 18 October 2017 vide LC Paper No. ESC9/17-18. She advised that in accordance with paragraph 3B of the Establishment Subcommittee Procedure, a request for late membership on grounds other than indisposition or absence from Hong Kong should be put to the Subcommittee. The Subcommittee should accept such applications only when sufficient grounds had been provided. The Chairman invited members' views on Mr WU Chi-wai's application.

2. No member objected to Mr WU Chi-wai's application for late membership. The Chairman declared that the Subcommittee accepted Mr WU Chi-wai's application.

3. The Chairman drew members' attention to the information paper ECI(2017-18)8, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the two items on the agenda. She then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the item under discussion at the meeting before they spoke on the item. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2017-18)6

Proposed creation of one supernumerary post of Administrative Officer Staff Grade C (D2) to lead a new Market Division in the Food and Environmental Hygiene Department for five years with immediate effect upon approval of the Finance Committee to take forward a fundamental review to revitalize and modernize the hardware, operation and management of these markets

4. The Chairman remarked that the staffing proposal was to create one supernumerary post of Administrative Officer Staff Grade C (D2) to lead a new Market Division in the Food and Environmental Hygiene Department ("FEHD") for five years with immediate effect upon approval of the Finance Committee ("FC") to take forward a fundamental review of the facilities and management of public markets to revitalize and modernize the hardware, operation and management of these markets. She pointed out

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that discussion of the item was carried over from the meeting on 3 July 2017.

Improving the mode of management of public markets

5. Mr CHAN Chi-chuen expressed support in principle for the creation of the proposed post to seek improvement to the management problems of public markets. Mr CHAN, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Mr SHIU Ka-chun were worried that the work of the proposed post would promote the outsourcing of operation of all public markets, thereby leading to a significant rise in shop rentals. They requested the Administration to explain whether it had any plan for outsourcing public market management, and whether the work of the proposed post would include consulting the public on the policy on public market management.

6. Principal Assistant Secretary for Food and Health (Food)2 ("PAS(F)2") advised that the proposed post would lead the Market Division in taking forward a fundamental review of the management mode of public markets. The Government would study different management approaches with an open mind and would not rule out the prospect of participation in the operation by non-governmental organizations. The Government might consider assigning individual public markets as trial points. Deputy Director of Food and Environmental Hygiene (Administration and Development) ("DD(A&D)") supplemented that the Government was determined to improve the management of public markets and therefore suggested creating the proposed post. The Government would fully consult the Legislative Council ("LegCo") and the public when formulating a new policy on market management.

7. Ms YUNG Hoi-yan expressed support for the staffing proposal. She pointed out that the Food and Health Bureau ("FHB") had commissioned a consultant to conduct a study on improving the policy on market management and selected six representative public markets for detailed study. However, no markets in New Territories East were included, and she was worried that New Territories East would not be able to benefit from the new policy on market management. She hoped that the Administration would complete the improvement works at the six markets as soon as possible and extend the new policy on market management to all the public markets in Hong Kong.

8. PAS(F)2 said that to achieve effective use of resources, the consultancy team had selected six representative public markets and put forward specific and feasible improvement recommendations. The

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recommendations could serve as examples for reference by other public markets in future improvement works. She added that the proposed post would review the operation of all public markets in Hong Kong and receive tenants' views while taking forward various improvement works.

9. Mr CHAN Chi-chuen and Mr SHIU Ka-chun enquired whether the proposed post would examine improvement to the market rental adjustment mechanism and whether it would consult tenants when formulating a new mechanism.

10. DD(A&D) replied that the Government had implemented a transitional rental adjustment arrangement in July 2017 under which the rental of public market stalls would be adjusted annually upon renewal of tenancy agreement or on the due date for rental adjustment as to be specified in the tenancy agreement in line with the average of the year-on-year rates of change in Consumer Price Index (A) in the past 12-month period. The proposed post would review the rental policies and adjustment mechanism for public market stalls, and the Government would consider Members' suggestion of consulting the public and tenants on the relevant issues.

Large-scale improvement works at public markets

11. Dr KWOK Ka-ki and Dr Fernando CHEUNG criticized the Administration for its slow progress in the air-conditioning system retrofitting works for old public markets including the Tai Wai Market. Some markets recorded a room temperature as high as 40 degrees Celsius during summer, imposing immense hardship on tenants and members of the public shopping there. Dr KWOK, Dr CHEUNG and Mr CHAN Chi-chuen enquired about the measures to be taken by the proposed post to expedite the implementation of the air-conditioning system retrofitting works at public markets.

12. Mr James TO pointed out that the Government, being the owner of public markets, was duty-bound to provide traders and members of the public with an appropriate environment for operation and shopping. Mr CHU Hoi-dick requested the Administration to provide statistics on the room temperature of the Tai Wai Market.

13. PAS(F)2 advised that there were currently 11 public markets which had obtained agreement for retrofitting air-conditioning systems from 80% of the tenants, the threshold of tenants' support needed for commencing relevant works. After taking office, the proposed post holder would carry on the efforts of the existing team to proactively follow up the

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air-conditioning system retrofitting works at the 11 markets, including studying how to expedite the works progress, such as soliciting traders' support for closing the markets on a temporary basis for contractors of the Architectural Services Department ("ArchSD") to carry out the works at full speed. As far as the works at the Tai Wai Market was concerned, the Government would seek funding from FC in the first half of 2018. At present, FEHD had arranged mobile air coolers at the Tai Wai Market and installed fans to extract the hot air inside the market so as to reduce the room temperature.

14. As regards the concern about the slow progress in retrofitting the air-conditioning systems, DD(A&D) added that due to constraints in respect of the design of some old markets, some stall operators needed to move out temporarily or permanently to make room for installing relevant electrical and mechanical equipment for the retrofitting of air-conditioning systems. Therefore, even if 80% of the tenants of the markets agreed to commence the works, it would still take time for FEHD to discuss the works arrangements with tenants and properly relocate the affected tenants. The public works funding procedure could only commence after consensus from both parties had been reached. To further expedite the taking forward of the air-conditioning system retrofitting works at public markets, ArchSD had increased manpower and would handle the air-conditioning system works at several markets concurrently.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 6 December 2017 vide LC Paper No. ESC33/17-18(01).]

15. Mr LEUNG Yiu-chung pointed out that tenants in public markets currently did not have the power to determine the mode of operation of the air-conditioning systems, and some tenants objected to the works as they were worried about the need to pay high air-conditioning charges, resulting in the failure of many markets to reach the threshold of tenants' support required for commencing the works. He urged the holder of the proposed post to review the operation and charging modes of public market air-conditioning systems after taking office, so as to increase the incentives for tenants to support retrofitting the air-conditioning systems.

16. Mr Steven HO advised that members of the Democratic Alliance for the Betterment and Progress of Hong Kong supported the staffing proposal. He opined that the Administration should consider adjusting the threshold of tenants' support and changing the established practice so as to solicit tenants' support for retrofitting the air-conditioning systems. The Administration should also increase FEHD's frontline staff to improve

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public market management. Mr Holden CHOW also enquired how the creation of the proposed post could enhance the coordination in respect of the air-conditioning system retrofitting works at various markets.

17. Mr SHIU Ka-fai expressed support for the creation of the proposed post to deal with the issue of market management. He pointed out that the current 80% threshold of tenants' support for retrofitting air-conditioning systems at public markets was too high, resulting in works not being able to commence in many markets. He suggested that the Administration should consider paying the air-conditioning charges out of public money so as to solicit support from tenants.

18. PAS(F)2 advised that the costs of the air-conditioning system retrofitting works at various public markets were funded by public money. According to the Government's established "user pays" principle, tenants needed to bear air-conditioning charges of the stalls and shared the air-conditioning charges of the public areas with other tenants. She supplemented that the proposed post would, by making reference to how private market operators implemented large-scale improvement works, formulate a set of efficient works implementation procedures applicable to public markets. Furthermore, the proposed post would also consider various proposals which would help facilitate the retrofitting of air-conditioning systems at public markets including reviewing the experience of implementing the 80% threshold level for tenants' support.

19. Mr LEUNG Yiu-chung pointed out that due to their dilapidated conditions or poor geographical locations, some public markets failed to attract the public and the occupancy rate of market stalls would also be affected. He enquired whether the Administration would consider demolishing old markets for redevelopment and relocating those in poor geographical locations so as to improve the operation of markets.

20. Mr Jeremy TAM was concerned that the improvement works at public markets require some tenants to suspend their business temporarily, move to other locations or even move away permanently. He requested the Administration to provide supplementary information explaining the policies or compensation proposals in place to assist the tenants who needed to suspend their business temporarily or move away permanently. Mr CHU Hoi-dick also enquired whether the Administration would consider setting up temporary markets near the public markets which required to undergo large-scale improvement works to allow all tenants to move out on a temporary basis, so as to expedite the works progress.

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21. PAS(F)2 said that the proposed post would study ways to improve the operation of existing markets. She pointed out that any plans for large-scale improvements to markets would affect the operation of existing tenants, so full support from stakeholders was needed. DD(A&D) supplemented that if market tenants supported closing markets for carrying out large-scale improvement works, the Government would consider whether tenants could be relocated to other markets for temporary operation. Besides, the proposed post would look into strategies to help the tenants who needed to suspend their business temporarily or to be relocated permanently including providing incentives and devising suitable compensation packages.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 6 December 2017 vide LC Paper No. ESC33/17-18(01).]

22. Mr KWOK Wai-keung pointed out that Link Asset Management Limited ("the Link"), which operated the markets in public housing estates, could fully renovate its old markets and change the mode of operation of markets within a short time, thereby increasing the patronage of the markets. On the contrary, the renovation works at public markets taken forward by the Government were inefficient, thus affecting the operation of tenants. He enquired whether the proposed post would expedite the renovation of older markets by making reference to the modes of market management as adopted by private companies.

23. DD(A&D) replied that private operators would generally request tenants to suspend their business in carrying out large-scale renovation works at markets, and hence the efficiency was relatively higher. Meanwhile, FEHD staff had to discuss with tenants the plans for the public market renovation works first and seek consensus on business operation arrangements during the works period before relevant works commenced, so it would inevitably cause delay to the works. He added that if tenants from individual markets supported closing the markets on a temporary basis for carrying out full-scale market renovation works, they could serve as examples for demonstration to help the Government persuade the tenants of other markets to make similar arrangements.

24. Mr WU Chi-wai requested the Administration to provide the timetable on the improvement works at the six representative markets, and provide the statistics on the current occupancy rates of all the public markets in Hong Kong.

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25. PAS(F)2 said that among the six representative markets, the improvement works at Lockhart Road Market involving an estimated cost of \$21.2 million had commenced in the second quarter of 2017 and were expected to complete in the fourth quarter of 2019. As regards the improvement works at Sheung Fung Street Market, it would be implemented after approval of the funding. She undertook to provide the detailed works schedule and the statistics on the occupancy rates in due course.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 6 December 2017 vide LC Paper No. ESC33/17-18(01).]

Constructing new public markets

26. Mr Holden CHOW said that as mentioned in the latest Policy Address presented by the Chief Executive, provision of new public markets would be studied proactively. He urged the Administration to construct a municipal services building in Tung Chung town centre to meet the aspirations of the residents of the district. He opined that the fact that the Government only planned to provide new markets in Tung Chung East had disappointed the residents in the district.

27. Mr KWONG Chun-yu urged the Government to provide new public markets in Tin Shui Wai as soon as possible so as to counteract the Link's monopoly in the operation of markets within the district, thereby providing the residents with more choices.

28. PAS(F)2 remarked that the Planning Department had reserved land in the new reclamation area at Tung Chung East for providing new public markets, and it was believed that these markets, together with other existing markets in the housing estates within Tung Chung, could meet the needs of the residents. She undertook to provide the details on the new municipal services building at Tung Chung East later, including the site selected, facilities at the building, works schedule and expected completion date. Separately, the Government had started to identify land in Tin Shui Wai for constructing new public markets, and would timely report the progress to the Panel on Food Safety and Environmental Hygiene.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 6 December 2017 vide LC Paper No. ESC33/17-18(01).]

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29. Ms YUNG Hoi-yan said that the New People's Party supported the Government to construct more municipal services buildings with public markets in all the districts of Hong Kong. Dr CHIANG Lai-wan commented that the Government should consider constructing new municipal services buildings with other cultural and recreational facilities as well when constructing new public markets, so as to optimize the use of land resources.

30. DD(A&D) replied that in its planning for new development areas, the Government would plan public markets and other government facilities together in the light of district needs with a view to optimizing land utilization.

Performance targets of the proposed post

31. Mr POON Siu-ping expressed support for the staffing proposal. He noted from paragraph 16 of and Enclosure 4 to the Government's paper that the Administration would create more non-directorate posts to support the work of the new Market Division, and enquired about the creation of these additional posts and whether the work of the new Market Division would continue after the expiry of the five-year term of the proposed post.

32. PAS(F)2 replied that the New Market Division would comprise about 10 or so members, some of whom would be redeployed internally from FEHD. The Government would review the need to continue the team's work before the expiry of the proposed post taking into account the work progress of the Market Division.

33. Mr CHU Hoi-dick and Mr KWOK Wai-keung pointed out that the consultant commissioned by the Administration had completed its report in 2015 and made recommendations on ways to improve market management. They were of the view that the proposed post should focus its work on executing the recommendations made in the consultancy report, rather than reviewing afresh the mode of management of markets.

34. PAS(F)2 replied that apart from attending to the recommendations made in the consultancy report, the proposed post would also need to study the improvement strategies for all public markets with a view to enhancing the overall operating environment and competitiveness of the public markets in Hong Kong.

35. Dr CHIANG Lai-wan, Mr KWOK Wai-keung, Mr CHAN Chun-ying and Mr CHU Hoi-dick were of the view that the Government's paper only listed the major responsibilities and tasks of the proposed post

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during its five-year term, and did not give an account of the timetable for the post to complete the various tasks or its major performance targets, making it difficult for members to monitor and quantify the work effectiveness of the post within its five-year term, as well as to measure the progress of improvement made to markets. These members requested the Administration to provide a list of work objectives of the proposed post within its five-year term, as well as the timetable on projected completion of the tasks. Separately, Mr CHU Hoi-dick requested the Administration to explain the justifications for setting the duration of the proposed post at five years.

36. PAS(F)2 replied that the Government would timely report to LegCo through the Panel on Food Safety and Environmental Hygiene on the progress of various tasks so as to facilitate LegCo to monitor the effectiveness of implementing the work of improving market management. DD(A&D) supplemented that the proposed post would need to review the operation of each public market. It was estimated that the proposed post would take five years to achieve specific work targets given the diverse backgrounds of various markets and complexities of the management problems to be tackled. The duration of the post was therefore set at five years. The Government would provide supplementary information on the performance targets of the proposed post.

[*Post-meeting note:* The supplementary information provided by the Administration was circulated to members on 6 December 2017 vide LC Paper No. ESC33/17-18(01).]

(At 10:22 am, the Chairman enquired if members agreed to extend the meeting by 15 minutes to conclude the discussion and put this item to vote. No members expressed objection.)

37. Mr WU Chi-wai opined that reforming the mode of management of markets involved consideration of commercial operations, but civil servants were generally professionals in respect of administrative management and lacked commercial sense. He was concerned that if the proposed post was filled through deployment within the Government, market management reform would be more on reviewing administrative procedures rather than studying ways to improve the operating environment and competitiveness of public markets from a commercial perspective. Both Mr WU and Dr CHIANG Lai-wan enquired whether the Administration would consider engaging a talent from the business sector through open recruitment to fill the proposed post.

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38. PAS(F)2 advised that public markets was a service rendered by the Government, and the proposed post could not review the mode of market management merely from a commercial perspective. Hence, it was appropriate to fill the proposed post by a civil servant. She added that in addition to possessing administrative experience, civil servants could absorb and learn from the business experiences of commercial talents through various communication channels, such as consultative committees relating to business issues set up by the Government, etc.

Voting on the item

39. The Chairman put the item EC(2017-18)6 to vote. At the request of Mr CHU Hoi-dick, the Chairman ordered a division and the division bell rang for five minutes. Twenty-three members voted for the item and three against it. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval. The votes of individual members were as follows:

For

Mr James TO
Dr Priscilla LEUNG
Mr Steven HO
Mr Charles Peter MOK
Mr IP Kin-yuen
Mr Martin LIAO
Dr CHIANG Lai-wan
Mr CHUNG Kwok-pan
Mr SHIU Ka-fai
Dr Pierre CHAN
Ms Tanya CHAN
Mr Jeremy TAM
(23 members)

Mr WONG Ting-kwong
Mr WONG Kwok-kin
Mr WU Chi-wai
Mr CHAN Chi-chuen
Dr Elizabeth QUAT
Mr POON Siu-ping
Ir Dr LO Wai-kwok
Mr Holden CHOW
Mr Wilson OR
Mr CHAN Chun-ying
Mr KWONG Chun-yu

Against

Dr Fernando CHEUNG
Mr SHIU Ka-chun
(3 members)

Mr CHU Hoi-dick

(At 10:44 am, the Chairman suggested extending the meeting by 5 minutes to complete the division procedures. No members expressed objection.)

40. Dr Fernando CHEUNG requested that the item be voted on separately at the relevant FC meeting.

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41. The meeting ended at 10:46 am.

Council Business Division 1
Legislative Council Secretariat
7 December 2017