

Rentals at hawker centres do not directly affect food prices: Amy Khor

Amir Hussain

Yahoo News Singapore, 19 November 2018

A study on the factors determining food prices at hawker centres has found that stall rentals comprised only 12 per cent of the overall costs incurred by hawkers, said Senior Minister of State for the Environment and Water Resources Dr Amy Khor in Parliament on Monday (19 November).

The same 2014 study by the National Environment Agency (NEA) and the Ministry of Trade and Industry (MTI) showed that raw materials and manpower made up 76 per cent of hawkers' cost.

Studies by the Institute of Policy Studies (IPS) also revealed that hawkers generally price food according to what the market can bear, influenced by competition in the area and the demographic profile of customers. "Hence, stall rentals do not directly affect food prices," said Dr Khor.

Replying to questions filed by MPs on social enterprise hawker centres (SEHCs), Khor also shared that the median rental of stalls in SEHCs is about \$2,000 per month, instead of \$4,000 per month cited in media reports. Comparatively, rentals at private coffee shops and food courts can range from \$4,000 to \$13,000 a month, before other operating costs.

The median rental of stalls in comparable existing hawker centres is \$1,700 per month, similar to that in new centres after accounting for the larger stall size, better-designed stalls and amenities at the new centres, Dr Khor said.

At between 10 and 21 sq m, the stall sizes at SEHCs are much larger than existing centres, which are between 5 and 13 sq m. The monthly stall rentals at SEHCs range from \$750 to \$3,700, in line with rentals of non-subsidised stalls at comparable existing centres from \$640 to \$3,900, she added.

Operating costs at SEHCs 'comparable'

The operating costs at SEHCs and existing centres are also comparable, Khor said. Service and conservancy charges are between \$110 and \$350 a month at SEHCs, while it is between \$130 and \$450 a month at existing centres. Table-cleaning fees are between \$300 and \$550 a month at SEHCs, while the range is \$200 to \$830 a month at existing centres.

Dr Khor noted that operating costs payable by hawkers at existing centres often do not factor in the costs for dishwashing.

"At the majority of existing centres without centralised dishwashing (CDW), stallholders may have to hire dishwashers, which could cost up to \$1,500 a month, which is much higher than average CDW charges. Moreover, these hawkers often have difficulties hiring and retaining such hawker assistants," she said.

Striking a balance

In her speech, Dr Khor said the NEA, as a regulator, must strike a balance between serving the public well, and ensuring the well-being of hawkers, while working to achieve the social objectives of hawker centres. Residents should have access to affordable food in a clean setting while hawkers must be able to make a decent living.

Dr Khor said it is difficult to get the model of socially-conscious enterprise hawker centres right from the start, given that Singapore has not built new hawker centres for almost 30 years.

“So we set some key parameters, let the market work; and when we get feedback, or issues are raised, we will move to address them swiftly and decisively, as we have done in the past month or so. We are not done with the stock-take of the model, and will continue to refine it to better serve Singaporeans.”

Last week, NEA announced that, from 1 January 2019, it will extend its Productive Hawker Centre grant to new stallholders at SEHCs for two years. Eligible stallholders will enjoy a 50 per cent co-funding for their centralised dishwashing costs for the first year, and 30 per cent for the second year.

Social enterprises currently manage seven new hawker centres, out of a total of 114 centres. There are five SEHC operators – Fei Siong Social Enterprise, OTMH, Timbre+Hawkers, Hawker Management, and NTUC Foodfare Co-operative.

SEHCs have come under scrutiny in recent months, following issues raised by hawkers on issues such as costly tray-return deposit schemes, long working hours, unreasonable penalties for contract termination and incurrence of additional fees for dishwashing, tray returns and quality control.

Tenants at Jurong West Hawker Centre, for instance, submitted a petition in August to its operator, Hawker Management – a subsidiary of food centre operator Koufu – complaining about a scheme in which they had to pay customers 20 cents each time a tray was returned.

Singapore food critic and Makansutra founder K F Seetoh also highlighted several of the issues on his website, even penning an open letter to Dr Khor, urging her and the government to help preserve public hawker centres.