

**For discussion
on 4 July 2002**

**Subcommittee to Follow Up the Outstanding
Capital Works Projects of the Former Municipal Councils**

**Retro-fitting of Air-conditioning and General Improvement Works
to 19 Existing Markets and/or Cooked Food Centres**

Purpose

The purpose of this paper is to brief Members on –

- (a) the outcome of the Food and Environmental Hygiene Department's ("FEHD") consultation with stall lessees concerned on the proposed retro-fitting of air-conditioning ("A/C") and general improvement works to 19 individual markets and/or cooked food centres ("CFC"); and
- (b) the proposed way forward for the A/C retro-fitting projects.

Background of Consultation

2. At the Subcommittee meeting on 2 May 2002, Members were informed that FEHD had consulted the relevant District Councils ("DCs") on the A/C retro-fitting projects. We also reported that on completion of the schematic design for the A/C retro-fitting projects, FEHD had organized briefings for the stall lessees concerned and the relevant Market Management Consultative Committees ("MMCCs") in February/March 2002. After meeting the stall lessees and individual MMCCs, FEHD issued a letter of intent to individual lessees concerned to provide them with project details, including the proposed layout plan and the likely recurrent A/C cost to be incurred, and to obtain their views on the implementation of the project. Since there had been a number of queries raised by the stall lessees and some lessees had requested for extension of deadline for returning the letter of intent, we informed Members that FEHD would approach individual lessees to clarify any queries they might have and extend the consultation period.

Latest Position of Consultation

3. In mid-May 2002, FEHD sent letters to individual stall lessees providing them with supplementary information on project details and the related issues such as the detailed scope of works, rental waiver arrangement, proposed works arrangement etc. Supplementary information was worked out based on the common enquiries made by lessees. FEHD approached individual lessees to explain further the project details and encourage lessees concerned to return the letter of intent. The deadline for returning the letter of intent was extended to mid-June to allow ample time for the lessees to respond.

Consultation Outcome

4. Based on the response to the letter of intent, the latest support rates for implementation of the individual A/C retro-fitting projects are set out at Annex. The markets and/or CFCs that have a support rate of 85% or more include:

	<u>Market/CFC</u>	<u>Support Rate</u>
(a)	Fa Yuen Street Market CFC	89.5%
(b)	Shek Wu Hui CFC	85.2%
(c)	Ngau Tau Kok Market CFC	85.0%

5. The major reasons given by the lessees for not supporting the projects include :

- (a) A/C recurrent cost is too high;
- (b) Their profit would not be able to cover the extra cost; and
- (c) The proposed works would adversely affect their business.

Way Forward

6. We have informed Members at the Subcommittee meeting held on 4 April 2001 that the A/C retro-fitting projects would only proceed if there was at least 85% support from the lessees concerned. This percentage would ensure that the project receives a reasonable level of support from the lessees even with turnover of the lessees during and after the completion of the projects.

7. Accordingly, we propose to proceed with the A/C retro-fitting works for the three CFCs named in paragraph 4 above. Architectural Services Department (Arch SD) has confirmed the technical feasibility of implementing the retro-fitting and general improvement works to the CFC portion of Fa Yuen Street Market and Ngau Tau Kok Market, and would proceed with the detailed design for the projects. Should everything go smoothly, it is anticipated that the projects would be upgraded to the Public Works Programme Category A in early 2003 the earliest, and construction work contracts would be awarded in mid-2003 with completion dates in mid-2004. For the rest of the markets/CFCs which have less than 85% support rate, we would consider implementing essential general improvement works such as fire services upgrading works and necessary repair and improvement works in a smaller scale.

8. Subject to any views that Members may have, we would inform the relevant DCs and MMCCs of the consultation outcome and the proposed way forward for the retro-fitting projects mentioned in paragraph 7 above.

Environment and Food Bureau
Food and Environmental Hygiene Department
June 2002

Retro-fitting of A/C and general improvement works to 19 existing markets and/or Cooked Food Centres
Outcome of consultation with stall lessees

	Market/CFC	No. of occupied stalls	No. of Letter of Intent returned		No. of lessees supporting the proposed works and agreeing to pay A/C recurrent cost	
			No.	%	No.	%
1.	Po On Road Market	411	331	80.5	71	17.3*
	Po On Road Market CFC	17	15	88.2	6	35.3*
2.	Tokwawan Market	243	243	100	22	9.1
3.	Bowrington Road Market	259	228	88	110	42.5*
	Bowrington Road Market CFC	12	12	100	10	83.3
4.	Shek Wu Hui CFC	27	27	100	23	85.2*
5.	Kwun Chung Market	151	151	100	0	0
	Kwun Chung Market CFC	12	12	100	0	0
6.	Fa Yuen Street Market	160	159	99.4	117	73.1
	Fa Yuen Street Market CFC	19	19	100	17	89.5
7.	Ngau Tau Kok Market	404	376	93.1	215	53.2*
	Ngau Tau Kok Market CFC	20	19	95	17	85 *
8.	Ngau Chi Wan Market	359	329	91.6	86	24
	Ngau Chi Wan Market CFC	14	14	100	1	7.1

	Market/CFC	No. of occupied stalls	No. of Letter of Intent returned		No. of lessees supporting the proposed works and agreeing to pay A/C recurrent cost	
			No.	%	No.	%
9.	Sheung Wan Market	161	161	100	4	2.5
10.	Aberdeen Market	279	221	79.2	53	19*
	Aberdeen Market CFC	10	10	100	1	10
11.	Yue Wan Market	301	236	78.4	100	33.2*
	Yue Wan Market CFC	20	14	70	2	10
12.	Tung Yick Market	273	273	100	169	61.9*
13.	San Hui Market	274	250	91.2	195	71.2
14.	Sai Kung Market	164	164	100	109	66.5*
15.	Tsuen Wan Market	385	205	53.2	52	13.5*
16.	Tsuen King Circuit Market	140	129	92.1	3	2.1
17.	Yeung Uk Road Market	323	236	73.1	34	10.5*
18.	North Kwai Chung Market	222	222	100	32	14.4*
19.	Wing Fong Street Market	114	114	100	25	21.9*

Note:

- (*) For markets/CFCs with an asterisk, some lessees, who have indicated support for the project and agreed to pay the A/C recurrent cost, have put down various requests/conditions in the letters of intent such as lower A/C recurrent cost, compensation from Government, shorter business suspension period for some stalls during constructions etc. Some of the requests/conditions like compensation from Government could not be entertained. If the lessees with requests/conditions that could not be entertained are discounted, the support rate for these markets/CFCs will be reduced by about 1% to 39%.