

Hearing on 30 April 2007

Public Accounts Committee, Legislative Council

The Director of Audit's Report No. 48

Chapter 4 – Management of Government Fresh Food Wholesale Markets

Speech by the Director of Agriculture, Fisheries and Conservation Department

Mr Chairman,

First of all, I would like to thank the Director of Audit for his valuable opinions on the management of fresh food wholesale markets. My colleagues and I will actively implement the recommendations on areas which are found not entirely satisfactory so as to improve the management of these markets.

The Director of Audit has noted the vacancies in government wholesale markets. We will follow up with the Government Property Agency, Lands Department, Architectural Services Department and other departments concerned to rent out the vacant facilities for alternative use. However, there is a point that I wish to add: the rental positions of market facilities are affected by many factors. For example, the AFCD has stopped to rent out live poultry stalls at Western Wholesale Food Market and Cheung Sha Wan Temporary Wholesale Poultry Market because we need to reduce the risk of the spreading of avian influenza. There is also a rising trend in recent years for retailers of eggs and fruit to import products directly from importers without the help of wholesalers, whose demand for wholesale market stalls, therefore, declines accordingly. We have been working on how to improve the utilization of wholesale markets. In 2002, a quarter of the poultry market of the Western Wholesale Food Market was modified to accommodate the tenants of the Central Market affected by redevelopment. Vacant trade offices were also allocated to other departments for their use as offices or stores, which would produce savings in rental expenditure as required in leasing accommodation in commercial buildings.

The Director of Audit is also concerned about the rentals in arrears. The AFCD has been working with the Department of Justice (D of J) to recover arrears. When a tenant is found in default, we will issue a demand letter for settlement. If the tenant still fails to pay up, the case will be referred to the D of J in the fourth month of default for legal actions. In regard to the outstanding arrears of \$6.429 million as at 31 June 2006 listed in Table 6 of the Audit Report, I would like to point out that a total of 84 tenants were involved. All of these cases, except four whose default periods were under four months at the time, had been referred to the D of J for recovery. Among them, 13 tenants had been declared bankrupt. As soon as the liquidation process of these cases comes to an end, we will proceed to write off the outstanding sum. In addition, 17 tenants have already settled the defaulting amounts, while another 11 tenants have made partial payments or started to repay in instalments. The D of J has also issued letters or legal documents to 19 tenants to recover the arrears, and has applied to the court for bankruptcy orders for another five tenants with a view to recovering the arrears from their remaining assets. I would like to stress that the AFCD will follow up on the remaining cases in accordance with the Audit Commission's recommendations and recover the arrears in cooperation with the D of J. We will also implement other recommendations for improvement to prevent such cases to appear in future.

The Audit Report also puts forward a number of recommendations for improvement in the management work. We have already deployed staff to ensure that the inspections in each shift are completed. The service contractors have also been required to deploy one supervisor and two foremen for each shift at each market so as to step up supervision of their frontline staff in completing the assigned jobs. We are also updating and improving the inspection guidelines, which will give clear instructions to market staff on inspection and reporting of non-compliance with the tenancy requirements with a view to improving market management.

As a Chinese saying goes: "A bystander is always more clear-minded", I believe that the Audit Report will help us improve our market management work. I would like to express my gratitude to the Director of Audit once again. We will actively follow up on his recommendations. Thank you.