

漁農自然護理署

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AGRICULTURE, FISHERIES AND
CONSERVATION DEPARTMENT

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14 May 2007

Ms Miranda HON
Clerk
Public Accounts Committee
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Ms HON,

**The Director of Audit's Report on the
results of value for money audits (Report No.48)**

Chapter 4: Management of government fresh food wholesale markets

Thank you for your letter dated 4 May 2007. The following information is provided at the request of PAC.

(a) The maintenance costs of the vacant piers at the Western Wholesale Food Market as advised by the Civil Engineering Development Department (CEDD) in each of the past 5 years are: \$234,600 (02/03); \$168,000 (03/04); \$0 (04/05); \$535,000 (05/06) and \$120,700 (06/07). CEDD has also advised that the estimated cost for demolishing the vacant piers would be \$1.82M subject to future tender price changes.

(b) The overdue rent of \$6.4 M involved 84 tenants. Except for 4 cases involving less-than-4 months overdue rent as at 30 June 2006, all of the rest had been referred to the Department of Justice (DoJ) for debt recovery. Details of the rent recovery actions taken by AFCD are as follows.

Rent	Action Taken	Cases involved	Frequency of action	Rank of Officer**
Overdue for 1 month	Issued first reminder	84	1 reminder per case per month	SFO
Overdue for 2 months	Issued second reminder	84	1 reminder per case per month	SFO
Overdue for 3 months	Issued third reminder and invited tenant for interview	84	1 reminder and interview per case per month	SFO
Overdue for 4 months	Referred to DoJ for loan recovery	80	1 referral per case per month	AO

** AO Agricultural Officer
SFO Senior Field Officer

Following the discussion at the PAC meeting on 30 April, 2006, we have liaised with DoJ in establishing a 'b.u.' system for checking progress on cases that have been referred to them for loan recovery.

- (c) The longest default period is 126 months and the shortest is 1 month.
- (d) The longest, the shortest and the average default periods are 74 months, 4 months and 27 months respectively before the bankruptcy order was issued.
- (e) During the period from 1 March 2006 to 30 June 2006, the number of cases in which a tenant, whose rent had been in arrears for 14 days, subsequently paid back the rent within a four-month period of default is 303.
- (f) The instruction to refer default cases to DoJ for legal action is stipulated in the "Guidelines on Recovery of Overdue Rents for Government Wholesale Food Markets" (Appendix I). The memo from ICAC agreeing to the Guidelines is attached at Appendix II. The Guidelines were also reviewed by our Accounts and Supplies Division which is headed by a Senior Treasury Accountant seconded to AFCD from the Treasury.
- (g) We have sought DoJ's advice on the proposal of imposing a surcharge on overdue rental and working out the logistic arrangements. Subject to the advice from DoJ, we will proceed to consult the market tenants on the surcharge proposal and amend the existing tenancy agreement with the tenants which is due to expire on 31 March 2008. Depending on DoJ's advice, the surcharge proposal will be provided in the new tenancy agreement.

(h) According to the market inspection system, a Field Assistant carries out daily inspection of the market and records his findings in an inspection form. A supervisory staff at the Senior Field Assistant or Field Officer I level spot checks 20% of the inspected items on a daily basis. A Senior Field Officer spot checks the records of the supervisory staff at random to ensure that the work is carried out properly. Three samples of duly completed inspection forms are attached at Appendix III for your reference please.

(i) The total number of suspects arrested in Western Wholesale Food Market and Cheung Sha Wan Wholesale Food Market since the introduction of the entry registration system are 10 and 150 respectively.

(j) The actual figures for the performance indicators for the year of 2006 in the Controlling Officer's Report for 2006-2007 are as follows.

- Annual throughput (tonnes): 480,000
- Rental market stall space occupied (%): 86.6
- Area of wholesale markets managed (sq.m.): 295,645

Yours sincerely,



(Clive S. K. Lau)

for Director of Agriculture, Fisheries and Conservation

c.c.

SHWF (Attn.: Ivy Chan)

SFST (Attn: Amy TSE)

Director of Audit

***Note by Clerk, PAC: Appendices I, II and III not attached.**