



中華人民共和國香港特別行政區政府總部衛生福利及食物局  
Health, Welfare and Food Bureau  
Government Secretariat, Government of the Hong Kong Special Administrative Region  
The People's Republic of China

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27 April 2007

Clerk to Public Accounts Committee  
(Attn: Ms Miranda Hon)  
Legislative Council Building  
8 Jackson Road, Central  
Hong Kong  
(Fax: 2537 1204)

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 of 24 April 2007. Please see enclosed for bilingual information requested. Thank you.

Yours sincerely,

(Miss Ivy Chan)  
for Secretary for Health, Welfare and Food

Encl.

c.c. Director of Agriculture, Fisheries and Conservation	(Attn: Dr K K Liu)	2311 3731
Secretary for Financial Services and the Treasury	(Attn: Mr Oska Li)	2530 3444
Director of Audit	(Attn: Mr T W Chan)	2583 9063

**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**

**Questions from the  
LegCo Public Accounts Committee**

**The Administration's response**

***Actions taken by the Administration since the ExCo decision in 1969***

Arising from the Executive Council decision in 1969, the Government constructed Cheung Sha Wan Wholesale Market Phase 1 (CSW Phase 1) in 1993. Subsequently, the Government had planned the development of the Cheung Sha Wan Wholesale Market Phase 2 (CSW Phase 2), for relocating the Yau Ma Tei (YMT) Fruit Market, the Vegetable Marketing Organization (VMO) CSW Wholesale Vegetable Market and the traders operating at CSW Phase 1. Critical events are chronicled as follows.

2. The Government has always faced difficulties in reprovisioning the YMT Fruit Market owing to scarce land resources. In 1990, the Government planned to reprovision the YMT Fruit Market to CSW Phase 1. However, the plan had to be aborted due to the signing in 1991 of the Memorandum of Understanding on construction of the new airport. This is because to construct the new airport at Chek Lap Kok, the Government had to conduct the West Kowloon Reclamation project, so as to construct the West Kowloon Expressway serving the new airport at Chek Lap Kok. Relocation of the Fresh Water Fish Market, the Imported Vegetable Market and the Fish Marketing Organization's (FMO) Marine Fish Market to CSW Phase 1, which stood in the way of the project, had to take precedence. As for the YMT Fruit Market, the Government then decided to relocate it to CSW Phase 2, which was scheduled for completion by late 1997.

3. In October 1996, the Director of Audit's Report No. 27 reported, *inter alia*, that the YMT Fruit Market has yet to be reprovisioned. It also

recommended, amongst other things, that the Administration should explore the possibility of maximizing the development potential of the CSW Phase 2 site. In January 1997, the Legislative Council (LegCo) Public Accounts Committee (PAC) Report No. 27 urged the Administration to expedite the development of CSW Phase 2 project, and in particular, the reprovisioning of the YMT Fruit Market.

4. In April 1997, the Finance Committee approved the upgrading of the CSW Phase 2 project (including a wholesale market for fruits) to Category A. In May 1997, the Administration advised the PAC that the Government accepted the PAC's recommendation. In September 1997, invitation was issued to private developers to tender for the construction of a combined-user development (including wholesale market for fruits) at the CSW Phase 2 site. PAC was informed accordingly in October 1999.

5. In December 1997, the Government opened tender for the construction of a combined-user development at CSW Phase 2. Only 1 non-conforming tender was received. Therefore, the Chief Secretary's Lands, Works, Transport, Housing and Environmental Protection Policy Group decided in February 1998 that the Government should implement the CSW Phase 2 project by itself, and in order to make optimum use of the site which occupied a prime location in the urban area, the Government should explore the possibility of including other uses in developing the CSW Phase 2 site.

6. In August 1998, the Chief Secretary's Lands, Works, Transport, Housing and Environmental Protection Policy Group agreed to the proposal of developing a multi-storey market complex at the CSW Phase 2 site. The complex would accommodate five trades, namely, vegetable, eggs, fish, live poultry and fruits. Apart from reprovisioning the YMT Fruit Market and CSW Poultry Market, it would also reprovision CSW Phase 1 and the VMO Cheung Sha Wan Wholesale Vegetable Market.

7. Fruit wholesalers in YMT Fruit Market have requested a piece of land in the urban area in February 1999, preferably at the present site in YMT or in the vicinity of the Kwun Tong Public Cargo Works Area to operate a fruit market at rental charges that are commensurate with the amounts currently paid to the Lands Department under existing short-term tenancies. This proposal is considered not feasible as the Works Area is zoned "Open Space" on the draft

Kai Tak Outline Zoning Plan and the planning intention is to phase out the Works Area to provide a waterfront promenade in the long term. Moreover, no suitable site is available in YMT.

8. Following the 1998 decision of the Chief Secretary's Lands, Works, Transport, Housing and Environmental Protection Policy Group, the Agriculture, Fisheries and Conservation Department (AFCD) proceeded to consult the relevant trades in 1999. The parties consulted include wholesalers in fruit, vegetable (including VMO), live poultry, fish (including FMO) and egg. The trades objected strongly to the concept of accommodating all of them in a multi-storey complex. Objections were based on the ground that the multi-storey complex would cause serious traffic problems and operational conflicts, and the concept would not work in practice. The traders were also concerned about the high rental that would be charged in order to recover the high construction cost.

9. In May 2000, in the light of the outcome of the consultation, the then Environment and Food Bureau and the AFCD reviewed the scope of the CSW Phase 2 project and recommended that due to public health reasons, the CSW Poultry Market should be excluded from the CSW Phase 2 project, and the CSW Phase 2 site would only accommodate four trades (vegetables, eggs, fish and fruits).

10. In considering the revised proposal, the Chief Secretary's Lands, Works, Transport, Housing and Environmental Protection Policy Group agreed in June 2000 that the CSW Poultry Market should be excluded from the CSW Phase 2 project, and decided that the Government should explore alternatives sites to relocate the YMT Fruit Market, having considered factors such as the costs for the original CSW Phase 2 project, and the traders' unwillingness to move thereby creating the risk that the facility at CSW Phase 2 would be under-utilized.

11. In 2000, the Planning Department was requested to conduct a site search for relocating the YMT Fruit Market. The result was not fruitful. For all the shortlisted sites, there were genuine insurmountable problems associated with them. For sites outside urban areas, the traffic generated from the container vehicles was a concern and the retailers would consider these sites inconvenient and hence unacceptable. For sites in urban areas, the

environmental problems rendered them not feasible for fruit market use. An interdepartmental working group chaired by HWFB was formed in 2003 to explore various options.

12. In May 2004, the Administration advised the PAC that –
- (a) the Government had decided not to pursue the five-trade option for developing the Phase 2 site and the CSW Market Phase 1 should continue its operation;
  - (b) the Government was reviewing other options of developing the Phase 2 site for wholesale market purpose, taking into account current economic environment and land demand, concerns of relevant traders, as well as the need for reprovisioning some wholesale markets; and
  - (c) the Government would keep the LegCo Panel on Food Safety and Environmental Hygiene informed of the development.

13. Subsequently, the Health, Welfare and Food Bureau (HWFB) and AFCD discussed internally regarding possible options for reprovisioning the YMT Fruit Market. Meanwhile, the Government has been reviewing the overall policy on the construction of fresh food wholesale markets. The Administration has also continued to explore various options for developing the CSW Phase 2 site (including options for relocating the YMT Fruit Market) having due regard to the full utilization of land resources, value for money concerns and how the new market could accommodate for traders' needs.

14. In 2006, the government interdepartmental working group on YMT Fruit Market (convened by HWFB, with representatives from Home Affairs Bureau, Housing, Planning and Lands Bureau, Planning Department, Lands Department and AFCD) explored different options for reprovisioning the YMT Fruit Market. The HWFB and other relevant bureaux and departments have now taken a position on the project, and will brief the PAC at the public hearing on 30 April 2007.

### ***Complaints about the YMT Fruit Market***

15. We note that the continued growth of wholesale business within the limited space of the YMT Fruit Market site over the past decades, together with developments in the YMT district, has led to the spilling over of trading, parking, loading and offloading activities into the neighbouring areas, causing considerable environmental nuisance and traffic problems. Areas of complaint include soiling, accumulation of refuse, pest nuisance, noise nuisance, illegal parking, pavement obstruction and gambling. In response to complaints and concerns, various government departments have continuously taken follow up actions. Actions taken in the past 3 years are summarized as follows.

16. Noting that the noise complaints and traffic problems were mainly due to the on-street loading/unloading activities, the Yau Tsim Mong District Office (YTMDO) has helped identify suitable vacant sites in the vicinity for turning into car parks to relocate some of the on-street loading/unloading activities to the carpark. The YTMDO also co-ordinates among departments on improvement measures.

17. The Police issued a total of 48 summonses against the noise/obstruction offences and about 53 000 Fixed Penalty Tickets against traffic offences committed in the vicinity of the YMT Fruit Market. Regular liaison meetings with fruit traders representatives and associations have been held to appeal for their cooperation in minimizing noise nuisance and pavement obstruction, and to impress upon them the importance of road safety. A total of 56 operations were conducted to combat illegal gambling activities in the YMT Fruit Market. The latest major operation in July 2006 resulted in the arrest of 24 persons and neutralized the gambling syndicates in the YMT Fruit Market. Coupled with increased police patrols, gambling activities in YMT Fruit Market have been successfully deterred.

18. The Food and Environmental Hygiene Department (FEHD) conducts special tidy up operations at least twice a month. At least one joint operation with the Police is conducted every month. FEHD also holds regular meetings with the traders to appeal for their self-discipline. Large-scale cleansing operations are conducted at the end of every year. In the past 12 months, FEHD issued 683 verbal warnings to traders/operators, 148 notices to

owners ordering them to remove articles obstructing the scavenging services, 3 fixed penalty notices (for littering offence) and 1 Form 1A (for failing to remove the articles that causing obstruction to the scavenging services within the prescribed time). About 38 tonnes of refuse/junk were collected in the past 12 months.

19. The Transport Department implements traffic improvement schemes to facilitate the operation of YTM Fruit Market, e.g. lengthening the time for green traffic light at Ferry Street to enable delivery workers to have sufficient time to cross the street when transporting fruits from the nearby carparks to the YMT Fruit Market. Kerbsides/loading areas have been designed for loading/unloading activities of goods vehicles e.g. the loading areas underneath the Ferry Street Flyover, Tung Kun Street and Reclamation Street. Traffic signs such as “Slow” road markings and “Signal Control Ahead” warning signs have been added to warn drivers and pedestrians including delivery workers crossing Ferry Street and Lin Cheung Road. The Lands Department had arranged to tender 2 short-term tenancies in the vicinity for parking, loading and unloading in the area to alleviate the noise and traffic problems in April 2006.

20. All in all, the Government pays close attention to the problems created by the YMT Fruit Market, and has been devoting a large amount of resources to alleviate nuisances caused by the Market’s operations. We continue to appeal for the cooperation and self-discipline of the YMT Fruit traders so as to make the Government’s work more effective.

**Health, Welfare and Food Bureau**

**27 April 2007**