

**Response to the Public Accounts Committee on Chapter 2 of the Director of Audit's Report No. 66**

Item [Addressee]	Question from PAC	Response to PAC
<b>Issue 1 : Utilization of public fresh food wholesale markets</b>		
(a) [for AFCD]	According to paragraph 1.8, total throughput of the 12 public fresh food wholesale markets was down 14% from 776 000 tonnes in 2005-2006 to 666 000 tonnes in 2014-2015. The percentage of the fresh food supplied through the 12 public markets had decreased from 58% in 2005-2006 to 37% in 2014-2015. Will the trend of decline in volume and market share continue?	The decline of throughput and market share was mainly due to the increasing competition from alternative food distribution channels, including internalisation of wholesale activities by supermarkets and direct purchase by retailers from suppliers. According to the trade, the downward trend would unlikely persist, as there is still steady demand from public wet markets. Wholesale markets would remain an important component of Hong Kong's food distribution system.
(b) [for AFCD]	According to paragraph 2.9(a), for the four unutilized piers at Western Food Market, construction work would commence in early 2016 for their conversion into a promenade by late 2017. Has the work commenced? Will it be completed on schedule?	The four piers were handed over to the Home Affairs Department on 29 January 2016 for implementation of the harbour-front enhancement and revitalisation project under the Signature Project Scheme. According to the Home Affairs Department, the construction works of the waterfront promenade commenced in early 2016 and the project is expected to be completed in late 2017.
(c) [for AFCD]	According to paragraph 2.9(b), an unutilized pier at Cheung Sha Wan Food Market was scheduled to be auctioned together with other sites for housing construction in 2017. Is there any plan for putting the pier into gainful use in the meantime?	The pier concerned is due to be surrendered to the Lands Department in 2017. There is no plan to let out the pier for other use for such a short interim period.
(d) [for AFCD]	According to paragraph 2.10, another unutilized pier at Cheung Sha Wan Food Market has to remain because it was very close to the sea water intake point of the condensing water cooling system of the Market.	In September 2008, AFCD consulted the Harbour-front Enhancement Committee's Sub-committee on Harbour Plan Review. The Sub-committee did not support the demolition of the under-utilized piers.

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	<p>According to paragraph 2.11, the unutilized pier had to be maintained even unused. Does the Administration agree that it is unsatisfactory to leave the pier unused but incurring maintenance cost? What further action will be taken in this regard?</p>	<p>It further advised that if the piers were no longer required by AFCD for wholesale market use, they should be returned to the Government for development into public facilities for enjoyment by the public.</p> <p>To save costs, AFCD has already requested its maintenance agent, the Civil Engineering and Development Department (CEDD), to carry out basic maintenance work only for maintaining the structural safety of the pier. To make good use of the pier in the interim, in May 2016, AFCD agreed to let CEDD use the under-utilized pier for loading/unloading of construction materials from March 2017. CEDD is now seeking approval from the Lands Department in accordance with the provisions of the relevant Short Term Tenancy.</p>
<p>(e) [for AFCD]</p>	<p>According to paragraphs 21.2 and 2.13, AFCD would conduct further investigation into possible alternative uses of the battery charging areas which had not been used for over 10 years. Has the investigation been conducted? What are the findings?</p>	<p>The only vacant battery charging area at Western Wholesale Food Market is no longer required due to changes in the practice of transporters. AFCD has earlier explored the technical feasibility of converting it into a market stall or a vehicle turning area. It is the advice of the Architectural Services Department (ArchSD) that such conversion is not feasible, as the ventilation of the adjoining toilet and hence food hygiene would be adversely affected. Furthermore, the proposed vehicle turning area may hinder maintenance of underground cables. AFCD would continue to consult market users and explore other possible uses of this battery charging area in conjunction with ArchSD.</p>
<p>(f) [for AFCD]</p>	<p>According to paragraph 2.15 (Photograph 2), an ancillary facility occupied by AFCD was seemingly used for storing/dumping purpose.</p>	<p>No tender bid for the ancillary facility concerned has been received despite AFCD's repeated invitations. As a result, the facility is currently</p>

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	<p>Was the Administration aware of this? What measures have been taken to ensure that facilities allocated to AFCD and other government departments are put to gainful use?</p>	<p>used by AFCD for storage purpose. AFCD has all along been working in tandem with the Government Property Agency (GPA) to ensure that surplus facilities are put to gainful uses in accordance with the relevant Accommodation Regulations. AFCD would bring to GPA's attention Audit's recommendation, namely that priority should be given to putting facilities surplus to requirement to more gainful use instead of storage.</p>
(g) [for AFCD]	<p>According to paragraph 2.17, during March 2014 to December 2015, of the 22 trade offices and 7 ancillary facilities at Cheung Sha Wan Food Market which had been allocated to government departments, 17 (77%) trade offices and 6 (86%) ancillary facilities were not advertised for letting to traders. Why? Does the Administration agree that such facilities should be let to traders if they need them for conducting wholesale and related activities?</p>	<p>The Administration agrees that first priority should be given to letting out such facilities to traders if they need them for conducting wholesale and related activities. AFCD has already amended the relevant guidelines and would start to include such facilities in the next quarterly advertisement exercise scheduled for June 2016.</p>
(h) [for AFCD]	<p>According to paragraph 2.24(c), FMO regularly reviewed and redeployed surplus market areas for other uses related to the wholesale marketing of marine fishes. According to paragraphs 2.29 and 2.30, in one FMO market some surplus areas were used to provide an excessive number of parking spaces. Has the Administration monitored the redeployment of surplus areas in FMO markets? What measures will be taken to ensure that surplus areas in all the seven FMO markets are put to gainful use related to the wholesale marketing of marine fishes?</p>	<p>AFCD in conjunction with FMO monitor and review regularly the use of FMO's market areas to meet the changing needs of the fisheries trade and allocates accordingly the areas to uses essential to the wholesaling of marine fish and other fisheries products, and other uses related to the trade. Areas surplus to requirement in all the seven FMO markets will be redeployed to uses related to wholesale marketing of marine fish, such as live marine fish wholesaling, provision of clean seawater, local fishery products promotional activities, etc. FMO will have regular meetings with market users so as to keep abreast of their needs, which would help ensure the optimal use of the market areas.</p>

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(i) [for AFCD]	According to paragraphs 2.35 and 2.36, there were legal issues relating to the wholesaling of "fresh marine fishes" and "live marine fishes" in FMO markets that had not been addressed. What measures will be taken to address them?	We consider that as long as there is still fresh marine fish trading in a FMO Market, its name and location would need to be retained in the notification. Besides, since the proportion of fresh marine fish and live marine fish varies over time, and operations relating to fresh marine fish and live marine fish are intermingled within traders' stalls, it is impracticable to demarcate a "live marine fish area" in an FMO Market for exclusion from the notification relating to that FMO Market. That said, the issues will be addressed when we review the roles and functions of FMO markets, and update the legal framework of the FMO markets set out in the Marine Fish (Marketing) Ordinance.
(j) [for AFCD]	According to paragraph 2.37, in the Tai Po Fish Market, 84% of the trading areas were not utilized as at September 2015. According to Note 12 to paragraph 2.38, most of the unutilized areas had been let to a trader who subsequently ceased business and FMO resumed the areas in June 2014. Why did AFCD fail to put the areas to gainful use after June 2014? What is the present position?	In the light of a successful pilot trial of weekend fishermen bazaar in Sai Kung Wholesale Fish Market introduced in 2015, FMO has been considering pursuing similar initiative for promoting local fisheries products in the Tai Po Wholesale Fish Market. To this end, FMO has reviewed and reassigned the areas within the trading areas of the market for different uses, including wholesaling and promotion of fisheries products. Currently, FMO is preparing a tender on the use of a portion of the trading areas in the market for wholesaling of fisheries products. The tender invitation will be issued soon.
<b>Issue 2 : Management of AFCD markets</b>		
(a) [for AFCD]	According to paragraph 3.6, in 2015, 7,373 inspections were conducted at AFCD markets and 85 verbal and written warnings against activities not complying with the tenancy terms were issued. However, according to paragraphs 3.7 and 3.9, the Audit Commission noted incidents of	AFCD has stepped up inspections of markets and issued notices reminding market users of the importance of compliance with the tenancy terms and market administrative rules. During the period from 16 February 2016 to 11 May 2016, AFCD issued two warning letters to the

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	non-compliance / suspected non-compliance with the tenancy terms in each of its visits to AFCD markets and referred to AFCD the relevant cases for follow-up. What follow-up actions have been taken by AFCD?	tenants found not complying with tenancy terms. AFCD will continue to monitor the situation closely and, where necessary, increase the frequency of market patrol.
(b) [for AFCD]	According to paragraph 3.14(a), AFCD will consider ways of enhancing compliance with the terms of tenancy agreements at AFCD markets. What measures will be taken in this regard?	In order to enhance compliance with the terms of tenancy agreement at AFCD markets, AFCD will - a) intensify supervisory inspections at markets; b) conduct ad hoc operations and step up enforcement action with the Police to detect non-compliance; and c) terminate tenancy for serious/repeated non-compliance.
(c) [for AFCD]	According to paragraph 3.14(b), AFCD is liaising with ArchSD to install light-weight metal framework at entrance to prevent birds from entering market blocks. What is the progress?	On the advice of the Electrical and Mechanical Services Department, ArchSD considers the installation of light-weight metal framework at the entrance (as a measure to prevent birds from entering market blocks) not technically feasible because it would involve large scale alteration or relocation of existing electrical and mechanical apparatus and building services facilities. AFCD now plans to install bird netting to embrace the outer side of the whole market blocks to physically block birds from entering market blocks. AFCD will kick off the tender exercise in June 2016.
(d) [for AFCD]	According to paragraph 3.20, for each of the two open tender exercises conducted in 2015 for procuring supporting services for AFCD markets, AFCD received only two tenders. What measure will be taken to obtain more tenders and enhance competition in future tender exercises?	AFCD would see if any measure could be taken to enhance competition in the upcoming exercise for the Poultry Market in 2016.

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(e) [for AFCD]	According to paragraph 3.25, it is the Audit's view that the prevailing tender assessment methodology is not conducive to improving contractor performance because contractors' past performance is not taken into account and staff deployment plan is not required to be submitted for assessment. Does the Administration agree with the Audit's views? How will the Administration improve the tender assessment methodology in future tender exercises?	AFCD would see if any measure could be taken to address those points on contractors' performance, staff deployment plan and tender assessment methodology in the upcoming tender exercise for the Poultry Market in 2016.
<b>Issue 3 : Reprovisioning of private and public fresh food wholesale markets</b>		
(a) [for FHB and AFCD]	According to paragraph 4.7, in January 2008, the Administration reported to PAC that fruit traders had strong reservations about the proposed relocation of the Yau Ma Tei Fruit Market to the Cheung Sha Wan Food Market Phase 2 site, and the Administration would continue to liaise with them. What specific actions had the Administration taken during the following three years, before FHB's review in 2011 which decided to release the Cheung Sha Wan Food Market Phase 2 site for residential development (paragraph 4.8)? Why did the Administration fail to commence the relocation project?	During the period from 2008 to 2011, the Administration had maintained dialogue with fruit traders on the proposed relocation plan. Fruit traders had reiterated on different occasions strong reservations about the proposed relocation of YMT Fruit Market to CSW Phase 2 site; and they considered that the proposed relocation site would cause serious traffic problems and operational conflicts. Hence, the decision not to take forward the proposed relocation at that juncture.
(b) [for FHB and AFCD]	According to paragraph 4.8, in May 2011, FHB, in consultation with AFCD, decided that the Cheung Sha Wan Food Market Phase 2 site would be released for residential development. Had an appropriate alternative site been identified when the decision was made?	After the Steering Committee meeting in June 2011 where the decision had been taken to release the CSWWFM Phase 2 site, FHB, in conjunction with AFCD, started to look for an alternative site to reprovision YMTFM. An inter-departmental meeting was convened by FHB on 30 August 2011 to discuss the requirements conveyed by AFCD to PlanD on 1 August 2011. Following site search and site visit, a preliminary alternative site at Kwai Chung was identified in October

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		2011. Follow-up actions have been taken by FHB and AFCD subsequently.
(c) [for FHB and AFCD]	According to paragraph 4.9, in October 2011, an alternative site at Kwai Chung was identified. AFCD's initial assessment confirmed the potential of the site for accommodating YMTFM, subject to a proper market design to overcome the area limitation and securing the support of fruit traders. Had the Administration started work immediately on the market design and on securing the support of fruit traders with a view to commencing the relocation project as soon as possible? If no, why?	<p>Following identification of the Kwai Chung site in October 2011, AFCD did an initial assessment which confirmed the potential of the site for accommodating YMTFM, subject to a proper market design to overcome the area limitation.</p> <p>In November 2011, FHB invited quotation for the consultancy study on wholesale markets which would, among others, assess the future of YMTFM, including the case for relocation.</p> <p>In October 2012, the Social Community and Manpower Policy Group deliberated the YMTFM relocation proposal and decided that there was no urgency to proceed with the relocation exercise for the time being. As a result, the engineering feasibility study for the Kwai Chung site was not commissioned.</p> <p>Unless a site is confirmed to be technically feasible and a decision to proceed with the relocation project has been made, there is no basis for AFCD to proceed to the stage of working on the market design and consulting the fruit trade on the relocation project.</p>
(d) [for FHB and AFCD]	According to paragraph 4.2, YMTFM had become outdated and the Executive Council approved as early as in 1969 that it should be reprovisioned and moved to a different location. However, according to	In October 2012, the Social Community and Manpower Policy Group noted the practical difficulties in relocating YMTFM and there was no development programme for the YMTFM site. The Policy Group

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	<p>paragraph 4.10, in October 2012, a meeting of the Administration's Social Community and Manpower Policy Group under the Chief Secretary for Administration's Office decided that there was no urgency to proceed with the relocation exercise. Why? Has the advice of the Executive Council been sought on the issue? If no, why not?</p>	<p>decided that there was no urgency to proceed with the relocation for the time being.</p> <p>A decision not to pursue the reprovisioning exercise at all has not been made.</p>
<p>(e) [for FHB and AFCD]</p>	<p>According to paragraph 4.10, in October 2012, FHB was tasked to work with the Yau Tsim Mong District Council to mitigate the environmental nuisance around the Yau Ma Tei Fruit Market. What measures had FHB taken since October 2012? Had the environmental nuisance been effectively mitigated? What further measures will be taken?</p>	<p>Since October 2012, meetings have been held from time to time among FHB, AFCD and other relevant government departments (including the Lands Department, the Home Affairs Department, the Transport Department, the Police and the Highways Department) on measures to mitigate environmental nuisance around the YMTFM. Concerted efforts have been made to making the best use of land resources available through short term tenancy (STT) to this end. The Administration has plans to enlarge the aggregate area of the two existing STT sites and provide one more STT site, thus making available a total area of about 8,940 m<sup>2</sup> (i.e. an increase of 4,470 m<sup>2</sup>) for meeting the operational needs of the trade and mitigating the environmental nuisance caused to the neighbouring community. Time is required for addressing stakeholders' views and resolving local objections in taking forward the measures.</p> <p>FHB and AFCD would continue to monitor closely the effectiveness of the measures that have been or will be put in place for mitigating the environmental nuisances posed by the operation of YMTFM to its neighbourhood, and keep in view the need for further enhancement.</p>
<p>(f)</p>	<p>According to paragraph 4.11, in March 2015, a consultancy study found</p>	<p>In January 2016, an inter-departmental meeting involving FHB, AFCD,</p>



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<p>[for FHB and AFCD]</p>	<p>that the site at Kwai Chung could be considered for relocating YMTFM. However, according to paragraph 4.12, in January 2016, the site was released for other competing uses and a candidate site in Tsing Yi (which would have to be enlarged through reclamation prior to relocation) was being considered. Given that the Kwai Chung site had been found to be an appropriate relocation site, why was it released when an appropriate alternative site had yet to be identified? Does the Administration have a definite plan and timetable for the reprovisioning of YMTFM? If no, why?</p>	<p>DEVB, PlanD and other relevant bureau and departments agreed that, as there was no concrete programme for the relocation of YMTFM to the Kwai Chung site and there were competing uses for the site (columbarium development (with part of the site already earmarked for that purpose) and barging point for construction materials for another part of the site), the Kwai Chung site should be released for other uses and an alternative site should be identified for possible relocation of YMTFM. The inter-departmental meeting agreed to further explore the preliminary suitability of another possible site on Tsing Yi for the relocation of YMTFM, among other facilities, through an engineering feasibility study should the need for using the site for the relocation of such facilities be confirmed.</p> <p>Unless a site is confirmed to be technically feasible and a decision to proceed with the relocation project has been made, there is no basis for AFCD to proceed to the stage of formulating an action plan and a time table and consulting the fruit trade and other stakeholders on the relocation project.</p> <p>Bureaux and departments would continue to work with each other in exploring a possible site for reprovisioning YMTFM and keep in view the progress of the possible site at Tsing Yi.</p>
<p>(g) [for FHB and AFCD]</p>	<p>According to paragraph 4.13, FHB and AFCD had been liaising with the district and the trade, and the Administration would continue to liaise with the trade on the practical requirements of the reprovisioned market</p>	<p>Although it was decided in October 2012 that there was no urgency to proceed with the plan for relocating YMTFM (to the Kwai Chung site), AFCD continued to liaise with the trade on the practical requirements of</p>

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	<p>in terms of size, facilities and other needs; and when more information has been obtained, a suitable site would be identified to cater for the needs of the trade. For how long had the liaison been conducted? What is the present position?</p>	<p>the reprovisioned market in terms of size, facilities and other needs. Under FHB's consultancy study which commenced in February 2012, for instance, the consultant met with the trade to tap their feedback. AFCD has also continued conducting regular surveys to update the information including distribution of stalls, staff population, vehicle quantity, and throughput of YMTFM etc.</p>
<p>(h) [for AFCD]</p>	<p>According to paragraph 4.14, during 2007 to 2013, a total of 1 533 complaints (e.g, about obstructions and noise) in relation to YMTFM were lodged with various government departments. What were the figures for 2014 and 2015? Has there been an increasing trend?</p>	<p>Pending confirmation from departments concerned, there were 307 and 300 complaints in relation to YMTFM in 2014 and 2015 respectively.</p>
<p>(h) [for FHB] and (i) [for AFCD]</p>	<p>According to paragraph 4.15, the Administration had plans to enlarge the aggregate area of the two existing short term tenancy sites at YMTFM and provide one more short term tenancy site for meeting the operational needs of the trade and mitigating the environmental nuisances caused to the neighbouring community. When will the plans be implemented? To what extent will the operational needs of the trade be met and the environmental nuisances mitigated by the enlarged area? Will the implementation of the Administration's plans make it harder to relocate the Market?</p>	<p>As set out in the meeting records of the Social Community and Manpower Policy Group in October 2012, FHB was tasked to work with the Yau Tsim Mong District Council to mitigate the environmental nuisance around YMTFM.</p> <p>The relevant STTs may be terminated by giving prior notice, and this fact alone does not add to the complexity of relocating YMTFM.</p> <p>The three short term tenancies referred to in the discussions back in October 2012 had since been put in place. As regards the arrangements for the new term, the Government is currently listening to the feedback from the trade and resolving the local objections. As shown by the combined size of the STT sites, the available area has been doubled, which helps better meet the operational needs of the trade and mitigate</p>

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		the environmental nuisance.
(i) [for FHB] and (j) [for AFCD]	According to paragraph 4.20(c), a review of AFCD markets conducted in 2003 concluded that the Fish Marketing Organization ("FMO") markets should be separately reviewed. However, according to paragraph 4.26, only one of the seven FMO markets (i.e. the Kwun Tong Fish Market) was reviewed in 2011 and the other six markets had not been reviewed, notwithstanding that the six markets included three which had a considerable decrease in throughput after 2003. Why were they not reviewed? What is the timetable to conduct a comprehensive review of all FMO markets?	The operations and management of FMO markets are regularly monitored and reviewed by AFCD on the advice of a statutory advisory board, the Fish Marketing Advisory Board. We will conduct a comprehensive review on throughput in 2016-17.
(j) [for FHB] and (k) [for AFCD]	According to paragraph 4.27, while the 2011 review indicated that the proposed relocation of the Kwun Tong Fish Market would proceed, as at March 2016 a suitable relocation site had still not been identified. What is the present position?	<p>Since 2010, FHB and AFCD have been responding positively to the suggestion of PlanD to relocate the Kwun Tong Fish Market (KTFM) within the Comprehensive Development Area (CDA) in Yau Tong Industrial Area.</p> <p>At an inter-departmental meeting in May 2013, a request was put to, and accepted by, FHB and AFCD to release the reprovisioned site on the then CDA site, to facilitate the residential development, amongst others, on the site. In February 2014, this was endorsed by the Committee on Planning and Land Development.</p> <p>At an interdepartmental meeting in January 2016, a request was put to, and accepted by, FHB and AFCD that the relocation of KTFM to a possible site on Tsing Yi should be further explored.</p>

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<p>(l) [for AFCD]</p>	<p>According to paragraph 4.31, as early as 1994, PlanD commented that the continued operation of the Cheung Sha Wan Vegetable Market at the Cheung Sha Wan sites would be a misuse of valuable land. In 1998, the relevant areas were zoned for residential use. However, according to paragraph 4.33, AFCD had no plan of relocating the Market at that time. Why didn't AFCD plan to relocate the Market to optimize land use?</p>	<p>In 1994, AFCD and the Marketing Advisory Board overseeing VMO considered in-situ market expansion utilizing adjacent government land should be the way forward, right after extension of its lease to 30 June 2047 passed through the departmental circulation stage without any objection from any bureau or department.</p>
<p>(m) [for AFCD]</p>	<p>According to paragraph 4.32, contrary to PlanD's advice in 1994, two more sites at Cheung Sha Wan were let to VMO in 1997 and 2011 for use by the Cheung Sha Wan Vegetable Market. Does the Administration agree that this had aggravated the problem of misuse of valuable land?</p>	<p>The allocation of the two additional sites was essential for supporting the operational efficiency and business improvement of the CSW Vegetable Market at that time. These sites could be released back to the Government if and when they become surplus to the operational requirements of the CSW Vegetable Market. It is not considered that this had aggravated the problem of misuse of valuable land.</p>
<p>(n) [for AFCD]</p>	<p>According to paragraph 4.36, during 2005-2006 to 2014-2015, the vegetable throughput of the Cheung Sha Wan Vegetable Market decreased significantly by 40%. However, according to paragraph 4.35, the required area of the relocation site for the Market was 32% larger than the existing total site area. Why? Does the Administration agree that the "throughput to land areas" ratio of the relocated market will be decreased, which is not conducive to the optimization of land use?</p>	<p>AFCD estimated the site requirements on the basis of operational needs (including suppressed needs under the current constraint), taking into account possible improvement to the existing operation. For example, at the moment, the CSW Vegetable Market does not have sufficient space to accommodate all wholesalers and some of them have to operate on vehicular passageways or are restricted to operating hours shorter than others.</p> <p>According to Note 27 of the Audit Report (see page 54), the proposed replacement site at Tat Yeung Road is irregular in shape, surrounded by highways / flyovers with high traffic volume, adjacent to an LPG</p>

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		<p>installation posing potential hazards (thus necessitating mitigation measures such as buffer area), above drainage reserve (thus necessitating measures to make way for maintenance works when required) and in lack of infrastructure. Hence, despite its stated gross area of some 26,100 m<sup>2</sup>, that site can only yield 5,880 m<sup>2</sup> of trading floor at best, after meeting various land, planning and construction constraints. This is 13.5% less than the existing trading floor area of 6,800 m<sup>2</sup> at the Cheung Sha Wan Vegetable Market.</p> <p>As transpired from the recommendations of the consultancy study which had been formulated based on its consultations with the trade, the operational requirements of VMO, and the limitations of the replacement site identified, the AFCD's requirement turns out to be a prudent assessment on which the site search exercise is based.</p> <p>Moreover, the estimated requirements are only intended as a starting position to facilitate site search. AFCD is always prepared to work with the relevant departments to make use of any reasonably suitable sites identified.</p>
<p>(k) [for FHB] and (o) [for AFCD]</p>	<p>According to paragraph 4.38, the Housing Department had commented that the housing project could only be completed around five years after the relocation of the Cheung Sha Wan Vegetable Market. What is the present position? When will the relocation be completed?</p>	<p>Notwithstanding the limitation of the Tat Yeung Road site, FHB and AFCD have been working diligently, in conjunction with other relevant bureaux and departments, to ascertain technical feasibility through refining the project definition and commencing various technical studies.</p> <p>The inter-departmental meeting in January 2016 agreed that should it turn</p>

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		<p>out that there are indeed insurmountable difficulties in taking forward the relocation of CSW Vegetable Market to that Tat Yeung Road site, the possible site on Tsing Yi or any other sites to be identified by PlanD should be further explored for the relocation of CSW Vegetable Market.</p> <p>At an interdepartmental meeting held in May 2016 involving FHB, AFCD, ArchSD, DEVB, PlanD, LandsD, ENB and EMSD, a work plan was mapped out to tackle the identified obstacles to the relocation proposal and to deal with the technical challenges of this site.</p>
<p>(p) [for AFCD]</p>	<p>According to paragraph 4.40, the “throughput to land areas” ratio of the North District Temporary Agricultural Products Market was only half of that of the Cheung Sha Wan Vegetable Market. According to paragraph 4.42, the North District Agricultural Products Market had stayed “temporary” for more than 26 years without improving its facilities. Why hadn’t the Administration taken measures to optimize the use of the site during the past 26 years? What is the Administration’s future plan in this regard?</p>	<p>The on-going all-year-round operation of the North District Market (NDTWM) in a fully utilized site has rendered any large scale renovation or improvement works very difficult. To make way for the proposed Fanling Bypass, NDTWM would need to be relocated to a nearby site by phases. AFCD has already liaised with the Civil Engineering Development Department to improve the market facilities, including the provision of toilets, a refuse collection point, adequate drainage within the market premises, and a steel canopy for the trading area etc. A better-equipped site would allow more room for AFCD to explore with interested parties measures for optimizing the use of this relatively remote and isolated site. Subject to the progress in taking forward the proposed Fanling Bypass, the improvement works described above are scheduled to commence in mid-2017.</p>
<p>(l) [for FHB]</p>	<p>According to paragraph 4.44, 48 (56%) stalls in the Cheung Sha Wan Temporary Poultry Market had been vacant for more than five years.</p>	<p>To reduce the likelihood of human contact with live poultry and the outbreak of avian influenza (AI) that poses severe threat to human health,</p>

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<p>and (q) [for AFCD]</p>	<p>However, according to paragraph 4.46, the proposed relocation of the Market to Sheung Shui had been put on hold pending conclusion of a consultancy study on the way forward for the live poultry trade in Hong Kong. What is the present position?</p>	<p>the Government introduced (a) a voluntary surrender scheme in 2004/05 and (b) a buyout scheme in 2008. As a result, the number of wholesalers operating in CSWTWPM was reduced from 86 prior to the introduction of the first voluntary surrender scheme to 23 at present. To tie in with the policy to reduce the number of live poultry wholesalers, AFCD has stopped leasing out any vacant stalls at the wholesale market to new and existing tenants since then. In order to enhance the bio-security measures at CSWTWPM, AFCD converted in 2013 some vacant wholesale stalls into additional overnight stocking areas to further reduce the AI risk.</p> <p>A consultancy study on the future of the live poultry trade in Hong Kong (including the question of whether the trading of live poultry remains appropriate in present-day circumstances) is currently underway. FHB plans to consult the public on the consultants' recommendations within 2016/17. Whether there is a need to re-provision the market or otherwise would become clearer when the outcome of the consultation exercise is known.</p> <p>AFCD has prepared the preliminary design and included the relocation project in the Capital Works Programme. It will take the project further as and when a decision to proceed is made.</p>
<p>(m) [for FHB] and (r)</p>	<p>According to paragraph 4.45, stalls at Cheung Sha Wan Temporary Poultry Market were open-sided structures and any contaminants in the Market might be carried a long way by wind. Moreover, components of</p>	<p>According to EPD, asbestos-containing materials pose little health risk as long as they remain intact and undisturbed. Should the condition of the corrugated asbestos cement sheets deteriorate, ArchSD will hire</p>

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[for AFCD]	stall roofs included corrugated asbestos cement sheets which could pose health risks. How does the Administration monitor the impact of the Market on the environment and public health? Has it taken any measures to mitigate the impact? If no, what mitigating measures will be taken before the relocation of the Market?	<p>registered asbestos professionals to remove and dispose of the asbestos sheets properly.</p> <p>Before the relocation of the Market, AFCD will continue to implement effective cleansing measures to ensure that the hygiene conditions in the market are up to the required standard. It will also conduct scheduled maintenance and timely renovation works to keep market structures and facilities in good operating condition.</p>
<b>Issue 4 : Way Forward</b>		
(a) [for FHB and AFCD]	According to paragraph 5.4, many fresh marine fishes were imported by air in recent years, bypassing FMO markets. According to paragraph 5.8, the direct import of fresh marine fishes by air was not contemplated by law and might not be permissible. What remedial actions will be taken to deal with this issue?	<p>One of the statutory functions of the Marine Fish Marketing Organization is to maintain orderly marketing of fresh marine fish by ensuring that the landing and wholesaling activities would be conducted at designated markets in order to minimize environmental nuisances.</p> <p>As required under the Ordinance, fresh marine fish caught and carried by fishing vessels and other vessels are landed and wholesaled in the FMO wholesale fish markets.</p> <p>However, there are no strong justifications, in relation to orderly marketing or environmental nuisances/hygiene, for restricting the landing and wholesaling of fresh marine fish imported into Hong Kong by air to FMO wholesale fish markets. Such fish, which is normally frozen and well packaged for air transportation and after landing at the airport, would be distributed in a highly efficient manner to different sales channels including directly to the retailers. The environmental nuisances and</p>



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		<p>hygiene concerns thus arising are minimal, if any.</p> <p>Requiring these marine fish products to be landed and wholesaled at FMO wholesale fish markets would only impose unnecessary burdens on the trade without any environmental or consumer benefits.</p> <p>That said, AFCD notes the legal issue, and will, in consultation with the Department of Justice, address it by taking measures to help FMO perform its roles and functions effectively and efficiently including updating the legal framework.</p>
<p>(b) [for FHB and AFCD]</p>	<p>According to paragraph 5.8, although the Agricultural Products (Marketing) Ordinance (Cap. 277) requires vegetables removed from Kowloon and the New Territories to be sold wholesale at the Cheung Sha Wan Vegetable Market, it was not the practice of AFCD to enforce the provision. Why hadn't the Administration proposed amendments to the provision? Has it planned to do so?</p>	<p>The Agricultural Products (Marketing) Ordinance (Cap. 277) was enacted in the 1960s when Hong Kong was largely self-sufficient in vegetable consumption.</p> <p>Its main objectives were to maintain orderly marketing of all vegetables in Kowloon and the New Territories with a view to helping local producers transport their vegetables to town for fair wholesaling and preventing unscrupulous middleman from dominating the vegetable trade.</p> <p>The control appears outdated as currently, nearly 98% of our vegetables consumed are imported. The supply sources are diverse. So are the marketing channels. Adherence to a set of controls introduced fifty years ago and no longer meeting present-day needs would impose unnecessary burdens on the farmers and traders without any environmental or consumer benefits.</p>

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		AFCD notes Audit's point on the legal issue, and will, in consultation with DoJ, address it by taking measures to help the VMO perform its roles and functions more effectively and efficiently, including updating the legal framework.
(c) [for FHB and AFCD]	According to paragraph 5.9(a), both the Vegetable Marketing Organization ("VMO")'s Cheung Sha Wan Vegetable Market and the nearby AFCD's Cheung Sha Wan Food Market are carrying out wholesale marketing of vegetables. During 2003-2004 to 2014-2015, throughput of the VMO market had decreased by 48%, indicating that it might have surplus capacity. What actions will be taken to minimize duplication of public resources and optimizing the land uses?	The VMO specializes in fresh leafy vegetables supplying retail wet markets, while wholesalers at AFCD's CSWWFM offers mainly contract supply services to catering outlets. The clientele are different though there may be some overlap. In fact, the two markets complement each other with different types of vegetables and services offered.
(d) [for AFCD]	According to paragraph 5.9(b), VMO conducts pesticide residual testing for traders in its wholesale market. Such service is not currently available to traders in wholesale markets of AFCD. Will the AFCD consider providing such service at its wholesale markets? If no, why?	Wholesalers at VMO market pay for the pesticide testing service themselves through a transaction levy without any subsidies from VMO. Wholesalers at other wholesale markets may similarly employ private laboratories to do the same if they consider investing in such services helpful for promoting their produce.
(d) [for FHB] and (e) [for AFCD]	According to paragraph 5.9(c), the lands of FMO and VMO markets are scarce resources. Use of the lands for purposes other than originally intended needs strong justifications against competing demands. According to paragraph 5.6, activities undertaken by FMO and VMO not intended at the time of their setting up included live marine fish trading in FMO markets, and sale of premium vegetables to household customers	One of the roles of VMO is to help local farmers market their produce. VMO has a role to help small local farmers who are less well-resourced, lack bargaining power and whose production volume does not make it viable for them to make their own logistics and direct sale arrangements. This should not be restricted to just wholesaling.

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	<p>and imported vegetables by the VMO market. Are there strong justifications for FMO and VMO to conduct such activities? Should any of such activities be more appropriately conducted by the private sector?</p>	<p>Regulation 15(a) of the Agricultural Products (Marketing) Regulations (Cap. 277A) stipulates that the Director may (i) provide such services as he may consider necessary or desirable for the improvement of agriculture or of the marketing of agricultural products; and (ii) engage in any activity which may improve or assist in the improvement of agriculture. We consider that the direct sale of premium vegetables to household customers is in line with this Regulation.</p> <p>In view of the fact that the supply and quality of local vegetables may fluctuate dramatically depending on weather conditions, it is not easy to attract the private sector to take part in the sales and promotion of local vegetables.</p> <p>AFCD in conjunction with FMO monitor and review regularly the use of FMO's market areas to meet the changing needs of the fisheries trade and allocates accordingly the areas to uses essential to the wholesaling of marine fish and other fisheries products.</p> <p>As stipulated in section 11(2) of the Marine Fish (Marketing) Ordinance, Cap. 291, the Organization may provide such services as may be deemed necessary for the improvement of the marketing of fishery products, including live marine fish.</p> <p>To cope with the decreasing trend in the landing of fresh marine fish at FMO markets and the increasing demand for wholesale marketing facilities for live marine fish as well as to optimise the utilisation of</p>
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		market space and facilities of FMO, FMO has enhanced its functions in providing the needed facilities and services to the live marine fish wholesaling sector. To market users, FMO also provides the wholesaling services for both fresh marine fish and live marine fish which could better meet their business needs.
(e) [for FHB] and (f) [for AFCD]	According to paragraph 5.10, the Administration was considering the results of a consultancy study on the roles and functions of fresh food wholesale markets in Hong Kong. What is the present position?	The consultancy study was completed in March 2015. A submission is scheduled to be put to the Steering Committee on Land Supply on 8 July 2016.