

Fresh food wholesale markets

The Audit Commission ("Audit") conducted a review of the Agriculture, Fisheries and Conservation Department's ("AFCD") efforts in the provision and management of public fresh food wholesale markets.¹

2. Fresh food wholesale markets are an integral part of the supply chain for distributing five types of fresh food, i.e. vegetables, fruits, eggs, live and fresh fishes and live poultry. As at December 2015, there were 12 public fresh food wholesale markets, comprising four government fresh food wholesale markets operated by AFCD, seven wholesale fish markets operated by the Fish Marketing Organization ("FMO") and one wholesale vegetable market operated by the Vegetable Marketing Organization ("VMO").² Also, there were three privately operated fresh food wholesale markets including the Yau Ma Tei Fruit Market. In the past 10 years, fresh food distributed through the public wholesale markets had decreased both in quantum and market share. In 2014-2015, total throughput of the 12 public fresh food wholesale markets was 666 000 tonnes, which was down 14% from 776 000 tonnes in 2005-2006. On the other hand, as a result of the increase in total local consumption of the five types of fresh food from 1 339 000 tonnes in 2005-2006 to 1 802 000 tonnes in 2014-2015 (an increase of 35%), the percentage of fresh food supplied through the 12 public markets had decreased from 58% in 2005-2006 to 37% in 2014-2015.

3. The Committee noted the following findings from the Director of Audit's Report:

- aggregate throughput of the four AFCD markets decreased by 3% during 2005-2006 to 2014-2015. Moreover, some trade offices and ancillary facilities at the four markets were unutilized. To improve utilization of the markets, AFCD had allocated 26 (50%) trade offices

¹ Audit conducted a review of "The provision of government wholesale food markets" in 1996 (Chapter 6 of the Director of Audit's Report ("Audit Report") No. 27), a review of "Wholesale marketing of marine fish" in 2000 (Chapter 1 of Audit Report No. 35) and a review of "Management of government fresh food wholesale markets" in 2007 (Chapter 4 of Audit Report No. 48). The Public Accounts Committee considered the 1996 and 2007 Reports, and expressed serious concern that, among others, there was little progress in the reprovisioning of the Yau Ma Tei Fruit Market.

² FMO and VMO are self-financing non-profit-making organizations established under the Marine Fish (Marketing) Ordinance (Cap. 291) and the Agricultural Products (Marketing) Ordinance (Cap. 277) respectively to promote the development of the agriculture and fisheries industries and provide facilities and services for the orderly marketing of fresh marine fishes and fresh vegetables. Both organizations are administered by the Director of Marketing, who is also the Director of Agriculture, Fisheries and Conservation.

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and 9 (28%) ancillary facilities for use by government departments. These facilities were used by the departments for storage only, instead of letting to traders for fresh food wholesaling activities;

- the Yau Ma Tei Fruit Market, operated privately since 1913, has become outdated, causing traffic and environmental nuisances in the vicinity. In accordance with the Executive Council's decision of 1969, the Administration should re-provision the fruit market to a government-built wholesale market. In 2007, the Committee expressed serious concern and strongly urged the Administration to provide a definite relocation timetable. As at March 2016, after a lapse of some 47 years since the 1969 Executive Council decision, the fruit market had yet to be re-provisioned. Records indicated that, during 2007 to 2013, a total of 1 533 complaints in relation to the fruit market were lodged with various government departments;
- in 1994, the Planning Department commented that the continued operation of the Cheung Sha Wan Vegetable Wholesale Market at the Cheung Sha Wan sites would be a misuse of valuable land. In 1998, the relevant areas were zoned for residential use, with the intention of using the land for public housing developments. While the Planning Department had proposed different relocation sites for the vegetable market, AFCD did not consider the sites suitable and had no plan of relocating the vegetable market. In 2011, a review conducted by the Food and Health Bureau in consultation with AFCD concluded that relocation of the vegetable market would be planned to provide land supply for residential developments. However, as at March 2016, there was little progress in the re-provisioning of the vegetable market;
- during 2005-2006 to 2014-2015, the Cheung Sha Wan Temporary Wholesale Poultry Market had a 76% decrease in throughput.³ As at December 2015, the poultry market had 48 (56%) vacant stalls, with vacancy periods over five years. The Administration has commissioned a consultancy study on the way forward for the live poultry trade in Hong Kong, and the proposed relocation of the poultry market to Sheung Shui has been put on hold; and

³ To address the risk of outbreak of avian influenza, the Administration had launched schemes to help live poultry traders voluntarily end their business, resulting in diminution of the live poultry trade.

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- during 2005-2006 to 2014-2015, the fresh marine fishes throughput of the seven FMO markets decreased by 20%, and the local vegetables throughput of VMO's Cheung Sha Wan Wholesale Vegetable Market decreased by 59%. To sustain their operation, FMO has let extensive market areas to traders for live marine fish trading and car parking, and VMO has sold predominantly imported vegetables. There is a need to review the use of lands by FMO and VMO for purposes other than originally intended to ensure that it represents an optimal use of public resources against competing demands.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the utilization of public fresh food wholesale markets, management of AFCD markets, follow-up actions taken on non-compliance cases in accordance with the tenancy terms, progress of the reprovisioning of Yau Ma Tei Fruit Market and Cheung Sha Wan Wholesale Vegetable Market and reviewing the roles and functions of fresh food wholesale markets in Hong Kong. The consolidated replies from Secretary for Food and Health and Director of Agriculture, Fisheries and Conservation are in *Appendix 11*.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.