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26 January 2004

Clerk, Public Accounts Committee (Attn.: Mr. Colin Chui) Legislative Council Legislative Council Building 8 Jackson Road Central Hong Kong

Dear Mr. Chui,

The Director of Audit's Report on the results of value for money audits (Report No. 41)

Chapter 2: Public markets managed by the Food and Environmental Hygiene Department

Thank you for your letter of 8 January. The additional information required by the Public Accounts Committee is set out below:

- (a) The Food and Environmental Hygiene Department (FEHD) has spent \$1,203,526 between January 2000 and December 2003 for leasing the four premises in the New Territories for District Environmental Hygiene Offices. Details of annual rental and total rental expenditure incurred for respective leased premises are set out at **Annex**.
- (b) We consider it unrealistic to aim at an occupancy rate of 100% for our market stalls because:
 - i) we do have operational needs to set aside a number of stalls in FEHD markets for reasons such as planned re-development, resite commitments, and improvement works. Given such needs, it will never be possible to achieve full occupancy.
 - ii) The occupancy rate of our market is determined by a host of

factors and some such as the prevailing economic situation, shopping habits of the public, competition from other retail outlets in the neighbourhood are beyond the control of the FEHD.

We will continue to make our best efforts to improve our market facilities and their management with a view to boosting their occupancy rate.

Yours sincerely,

(Dr S P Mak)

Director of Food and Environmental Hygiene (Acting)

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Branch / Division / District	Location	Date of Allocation from GPA	Annual Rental (\$)				Rental Expenditure up to Dec 2003 ((A) + (B) + (C) + (D))
			2000 (A)	2001 (B)	2002 (C)	2003 (D)	(\$)
Sha Tin District Environmental Hygiene Office (DEHO)	Chung Wo House, Chung On Estate, Ma On Shan	11/2000	13,000	78,000	78,000	77,000 (Note 1)	246,000
Sha Tin DEHO	Tower II, Grand Central Plaza	12/2001		35,467	413,374 (Note 2)	410,928	859,769
Sai Kung DEHO	Yan Lam House, Tsui Lam Estate, Tseung Kwan O	6/2002			32,429 (Note 3)	50,628	83,057
Sha Tin DEHO	Lee Hing House, Lee On Estate, Ma On Shan	6/2003				14,700	14,700
		Total	13,000	113,467	523,803	553,256	1,203,526

Note

- 1. The lease at the monthly rate of \$6,500 ended in Oct 2003 and a new lease was renewed at a monthly rate of \$6,000 with effect from Nov 2003.
- 2. The lease at the monthly rate of \$35,467 ended in Feb 2002 and a new lease was renewed at a monthly rate of \$34,244 with effect from Mar 2002.
- 3. The lease at the monthly rate of \$4,943 ended in Sept 2002 and a new lease was renewed at a monthly rate of \$4,219 with effect from Oct 2002.