



食物環境衛生署署長
Director of
Food and Environmental Hygiene

香港金鐘道六十六號金鐘道政府合署四十五樓
45/F Queensway Government Offices, 66 Queensway, Hong Kong
電話 Tel: 2867 5333 傳真 Fax: 2877 9507 電郵 Email: gleung@fehd.gov.hk

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19 December 2003

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 10 December 2003. The additional information required by the Public Accounts Committee is set out at below :

- (a) The vacancy rate of 10.7% for private commercial premises used for retail business was drawn from the Hong Kong Property Review 2003 published by the Rating and Valuation Department. The latter has made no purposeful deductions for frozen space in working out the vacancy rate. Since private landlords have no resite commitments towards their tenants, and given the landlords' intention to maximize income, it is reasonable to believe that any purposely frozen

space in the private commercial market will be kept at a minimum. In explaining our situation to the Director of Audit, we felt that it would be appropriate to express the vacancy rate of market stalls based on available space, that is, excluding those stalls that had been frozen. I apologize should this approach have caused some misunderstanding. For the future, we shall review how best to express the market stall vacancy rate with a view to presenting a full picture to the readers.

- (b) We undertook in paragraph 2.17 (h) of the Audit Report that FEHD will explore ways to reduce its market stall vacancy rate. These measures would include the following :
- (i) Enhance the operating environment of the markets, including improvement to the lighting, ventilation, drainage, signage, floor and wall finishes and so on;
 - (ii) assist the stall holders to improve their business viability by providing customer service training and organizing promotion activities;
 - (iii) improve and maintain a high standard of cleanliness in the markets to attract customers and improve overall viability;
 - (iv) rationalize the layout inside the markets, where possible, such as by merging adjoining vacant small stalls into larger ones to make them more attractive to potential tenants;
 - (v) reduce the upset price for stalls which have been vacant for a considerable period to make them more attractive to potential bidders;
 - (vi) identify alternative uses of market stalls by bringing in new types of trade, such as banking machines, tradesmen services, photo-processing and others; and

- (vii) in cases where a market remains unviable with high vacancy rate, consider closing down part of or the entire market and use the space for other purposes.
- (c) To follow up commitments made by the former Municipal Councils, FEHD has agreed to install air-conditioning systems in 18 public markets, subject to such proposal obtaining an 85% majority consensus from stall lessees. Based on the above criterion, we have obtained funding for providing air-conditioning in Yue Wan Market and are planning to seek funding for similar works in San Hui Market and Fa Yuen Street Market.

We maintain an open mind on the provision of these proposed air-conditioning systems. In view of the concerns expressed on value for money for such works, we shall review the need and cost-effectiveness of these projects and consult the Legislative Council Food Safety and Environmental Hygiene Panel in early 2004 on whether we should continue to proceed with the project in Yue Wan Market which has already been tendered, and whether to seek funding approvals for the other works. We shall inform PAC as soon as we have consulted the Panel and made a decision.

- (d) In determining whether a market may be closed, FEHD would largely rely on the following criteria for its decision :
 - (i) the stall vacancy rate in the market and whether there are cost-effective measures which we can apply to improve this vacancy rate;
 - (ii) the size of the Government deficit in operating the market, and whether there are practical measures to reduce Government expenditure;

- (iii) the availability of retail facilities in the vicinity of the market and the ability of the market stall holders to compete successfully with these facilities; and
- (iv) the social considerations that require the retention of a public market in the locality despite heavy deficit, such as in cases where there is a general lack of retail facilities in the area.

We fully understand that closing a public market is a controversial issue, which may have significant impact on the existing stall holders and the community. We shall conduct detailed studies, bearing in mind the criteria set out above, and consider other possible options before proposing to close any markets. We shall consult the views of the District Councils and the stall operators.

Given that the cleansing and security services of the markets have been outsourced, the closing of a market will involve mainly the deletion of the supervisory posts. Generally, the closing of a market may involve the deletion of up to 1 Overseer, 3 Foreman and 3 Workman posts. We do not expect that we need to make any civil servant redundant because of market closure, outsourcing or transfer of market operation to private operators. Any surplus staff identified will be taken care of through redeployment or natural wastage.

- (e) Please find at attached two tables setting out the location and floor areas of office accommodation provided to the former Urban Services Department and FEHD respectively since the commissioning of To Kwa Wan Market and Fa Yuen Street Market. Part 6 and Appendix I of the Audit Report have set out the various proposals that have been explored for putting these two vacant market floors to permanent use. The two floors are designed for market purpose, and it is not certain whether they are suitable for turning into offices, and if so,

what would be the conversion costs. FEHD will take the lead in exploring the feasibility of this option together with Government Property Agency and Architectural Services Department, and if this is not a desirable option, to identify possible alternative permanent uses.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gregory Leung'.

(Gregory Leung)

Director of Food and Environmental Hygiene

Office Accommodation provided to ex-USD 1984 - 1999

Branch/Division/District	Location	Date of Allocation	Floor Area (m ²)	Remarks
Eastern District	Quarry Bay Municipal Services Building (MSB)	1988	527	District Environmental Hygiene Office (DEHO)
Wanchai District	Lockhart Road MSB	1987	2,709	DEHO
	Wong Nai Chung MSB	1996	116	DEHO
Central & Western Districts	Sheung Wan MSB	1989	2,094	DEHO
	Shek Tong Tsui MSB	1991	187	DEHO
	Smithfield MSB	1996	110	DEHO
Kwun Tong District	Shui Wo Street MSB	1988	1,200	DEHO
Kowloon City District	To Kwa Wan Market & Government Offices	1984	466	DEHO
	Kowloon City MSB	1988	1,500	DEHO
	Hung Hom MSB	1996	1,270	DEHO
Wong Tai Sin District	Tai Shing Street Market Building	1998	2,130	DEHO
Yau Tsim District	Kwun Chung MSB	1991	1,351	DEHO
Mong Kok District	Fa Yuen Street MSB	1988	1,802	DEHO

Branch/Division/District	Location	Date of Allocation	Floor Area (m ²)	Remarks
Sham Shui Po District	Po On Road MSB	1988	130	DEHO
	Pei Ho Street MSB	1995	2,447	DEHO
	Un Chau Street MSB	1985	1,323	DEHO

Office Accommodation allocated to FEHD since 2000I. Government Premises

Branch / Division / District	Location	Date of Allocation from Government Property Agency	Floor Area (m ²)	Remarks
Food and Public Health (FPH) Branch, Headquarters	Canton Road Government Offices (CRGO)	3/2000	416	Pest Control Advisory Section
Cemeteries and Crematoria Section, Headquarters	Cheung Sha Wan Government Offices	10/2000	119	Cremation Booking Office
Yuen Long District	Yuen Long Government Offices	3/2001	65	District Environmental Hygiene Office (DEHO)
Kwai Tsing District	Kwai Hing Government Offices	9/2001	136	DEHO

Branch / Division / District	Location	Date of Allocation from GPA	Floor Area (m ²)	Remarks
Administration and Development (A&D) Branch, Headquarters	CRGO	11/2001	776	Temporary accommodation for Complaints Management (CM) & Quality Assurance (QA) Sections
FPH Branch, Headquarters	CRGO	12/2001	150	Insect Control Operation Team and Dengue Fever Control and Prevention Unit
Eastern District	Chai Wan Municipal Services Building (MSB)	3/2001	3,880	DEHO
Islands District	Harbour Building, Central	4/2002	71.5	DEHO
FPH Branch, Headquarters	Middle Road Carpark Building	4/2002	240	Food Labelling Sub-Unit
Yuen Long District	Au Tau Departmental Quarters, Yuen Long	4/2002	90	DEHO
Sai Kung District	Sai Kung Government Offices	7/2002	105	DEHO
Central District	Western Wholesale Food Market	11/2002	97	DEHO

Branch / Division / District	Location	Date of Allocation from GPA	Floor Area (m ²)	Remarks
A&D Branch, Headquarters	Harbour Building, Central	3/2003	155	Special duties team
A&D Branch, Headquarters	Queensway Government Offices, Low Block	4/2003	413	Long-term accommodation for CM & QA Sections

II. Leased Premises

Branch / Division / District	Location	Date of Allocation from GPA	Floor Area (m ²)	Remarks
Sha Tin District	Chung Wo House, Chung On Estate, Ma On Shan	11/2000	62.5	DEHO
Sha Tin District	Tower II, Grand Central Plaza	12/2001	159	DEHO
Sai Kung District	Yan Lam House, Tsui Lam Estate, Tseung Kwan O	6/2002	43.4	DEHO
Sha Tin District	Lee Hing House, Lee On Estate, Ma On Shan	6/2003	17	DEHO