

**Hearing of Public Accounts Committee
of Legislative Council on 30 April 2007**

**Report No. 48 of the Director of Audit
Chapter 4 – Management of Government Fresh Food Wholesale Markets**

Opening Speech by the Secretary for Health, Welfare and Food

First of all, the Health, Welfare and Food Bureau welcomes the valuable comments from the Director of Audit on the management of Government fresh food wholesale markets in his Report No. 48. The Director of Audit's Report has examined in detail the economic effectiveness and efficiency of the fresh food wholesale markets under the Government. The scope of his review mainly covers letting of market facilities, daily management and outsourcing of market operation, reprovisioning of outdated wholesale markets as well as other areas for improvement.

2. We accept the various Audit recommendations. We will strive to follow up on the observations in the Report and report on the progress to the public in a timely manner. In fact, we have already acted on some of the recommendations of the Director of Audit. Later on, the Director of Agriculture, Fisheries and Conservation will report on the progress of the Agriculture, Fisheries and Conservation Department (AFCD) in this respect. But let me first brief you on the work of the Health, Welfare and Food Bureau in reviewing the Government's responsibility for the construction of wholesale markets.

3. The Director of Audit has recommended the Government to expedite its review of the Government's responsibility for the construction of wholesale markets, consider the various developments noted in the Report, and plan for the future construction of wholesale market. We agree with the Director of Audit that the modes of fresh food consumption and delivery are changing in Hong Kong. Records of AFCD showed that the market throughput of fresh food wholesale markets in Hong Kong has been on steady decline in the past decade. Between 1997 and 2006, the annual market throughput has dropped from over 1.47 million tonnes to 1.13 million tonnes, a decline of more than 23%. Moreover, since the public has taken to consuming chilled food, the per

capita consumption of fresh food has dropped by about 18% over the past 15 years, from an annual amount of 238 kg per person in 1991 to 195 kg in 2006. Developments in private distribution centres for fresh food in recent years have also undermined the traditional wholesale food markets. In view of this, the Government is reviewing the responsibility for construction of wholesale market. But we do not expect the review to affect the projects already committed by the Government.

5. The Director of Audit also recommended the Government to plan for the early reprovisioning of the Yau Ma Tei Fruit Market and set the way forward for Phase 2 of the Cheung Sha Wan Wholesale Food Market project. The Yau Ma Tei Fruit Market has a very long history. Its bustling operations have given rise to many environmental hygiene and traffic problems and caused nuisances to residents in the neighbourhood. Indeed, the local residents have strongly demanded for the relocation of the Yau Ma Tei Fruit Market many times. Though many fresh fruit traders are accustomed to operate at the existing site and are reluctant to move, the Government considers that the right of local residents to a comfortable living environment should not be neglected. To resolve this long-standing problem, the Government can consider constructing a new wholesale market for fresh fruits in part of the Cheung Sha Wan Wholesale Food Market Phase 2 site for relocating the Yau Ma Tei Fruit Market. We will have open discussion with the District Councils, fruit traders and related trades on the proposal through District Officers.

5. I hereby conclude my response to the No. 48 Report of the Director of Audit on management of government fresh food wholesale markets. I will now give the floor to the Director of Agriculture, Fisheries and Conservation. She will report on her Department's progress in implementing other recommendations in the Report. Then, we will be glad to take questions from Members.