



中華人民共和國香港特別行政區政府總部食物及衛生局
Food and Health Bureau, Government Secretariat
The Government of the Hong Kong Special Administrative Region
The People's Republic of China

Our Ref.: FH/F 3/4/4/1
Tel No. : (852) 2973 8232
Fax No.: (852) 2136 3281

15 December 2008

Ms Serena CHU
Clerk to Public Accounts Committee
Legislative Council Building
8 Jackson Road,
Central,
Hong Kong
(Fax: 2537 1204)

Dear Ms CHU,

**Public Accounts Committee Public Hearing - Report No. 51:
Management of Public Markets (Chapter 6)
Follow-up to the Meeting on 9 December 2008**

Our bureau's response to question items (b) to (i) in the letter dated 10 December 2008 from the Public Accounts Committee (PAC) Secretariat are as follows:

(b) The accounting principle adopted in calculating the operating expenses and deficits of public markets

FEHD calculates the operating expenses and deficits of public markets on a cash basis.

(c) Calculation of operating deficits of individual markets in Appendix A

The operating deficits of individual markets in 2006-07 as set out in Appendix A of the Director of Audit's Report were calculated by deducting rental income from the operating costs, including staff cost

such as emolument and pension, departmental expenditure such as market cleansing and security fees, electricity tariff and maintenance fee of electrical & mechanical equipment, administration overhead cost and cost of services provided by other departments (e.g. the property maintenance fee charged by the Architectural Services Department and water charges).

(d) Details of market promotional activities

The Food and Environmental Hygiene Department (FEHD) organizes promotional activities for its public markets every year. In 2007-08, the FEHD spent about \$3.2 million on these market promotional activities.

In general, the promotional activities are mainly organized around some traditional festivals so as to attract patrons. During the four major festivals over the past year, i.e. Tuen Ng Festival, Mid-Autumn Festival, Christmas and Chinese New Year, the FEHD organized market promotional activities such as festive decorations, cooking demonstrations, souvenir giving and lucky draws in almost 60 markets. In addition, two workshops promoting vegetarian cooking, three exhibitions about hygiene and health, one territory-wide quiz and three shopping reward activities for refurbished markets were organised. Besides, the FEHD also organized similar festive activities around the time of the festivals through the contractors for the markets whose management has been outsourced so as to attract patrons. In 2008, in view of the commissioning of service of two new markets, i.e. the Wan Chai and Aldrich Bay Markets, we widely promoted their openings to the residents in the districts, including distributing handbills in the main residential areas in the districts, putting up posters and promotional banners on footbridges, public light buses, bus stops and outside of the markets. Directional signs will also be installed at the relevant MTR station exits to facilitate the patrons from other districts going to the market. For the details of the market promotion activities in 2007/08 and those for the two newly commissioned markets, please see Annex A.

The FEHD will conduct opinion surveys after every promotional activity such as festive activities and workshops, etc. The results showed that on average 94% or above of the participants were satisfied/very satisfied with the activities, while 93% of the participants supported the organization of similar activities.

The FEHD will continue organizing promotional activities for public markets so as to encourage the public to shop in public markets. In organizing promotional activities in the coming year, FEHD will explore ways to enhance market tenants' participation and their sense of involvement so as to promote their sense of belonging to the public markets.

(e) Recommendations about the vacant live poultry stalls

After the Ex Gratia Payment (EGP) scheme in July this year, 106 live poultry stalls in FEHD's public markets have been transformed from selling live poultry to chilled poultry, with another 68 live poultry stalls left vacant. The FEHD is actively considering introduction of new uses for the vacant stalls such as selling traditional snacks, desserts, bread and pastries, etc. When assessing whether a stall is suitable for other uses, we will take into account, for example, the number of vacant live poultry stalls and their locations, whether there are still live poultry sold at the stalls nearby, the ventilation system and the design of the stalls, and whether such uses will compete badly with operators in the cooked food centres. We have preliminarily identified a number of markets that may be suitable for such uses, including Luen Wo Hui Market, Yee On Street Market, Lei Yue Mum Market and Plover Cove Road Market. Our next step will be to liaise with the relevant Market Management Consultation Committees (MMCC), market tenants and District Councils (DCs) to listen to their comments and suggestions.

In relation to the terms of lease, the FEHD will review from time to time, and make appropriate relaxations to the terms so as to create a business-friendly environment. For example, as the public's demand for chilled and frozen meat increases, the FEHD has allowed tenants selling fresh meat to apply for selling chilled or frozen meat. Besides, according to the information from the Planning Department (Plan D), planning permit application is not required for 21 out of the 80 existing public markets if service trade is to be introduced. The FEHD is actively studying on the practical arrangement.

(f) When did the FEHD become aware of the viability problems of the markets in Appendix D of the Audit Report (Shau Kei Wan Market, Tsuen King Circuit Market and Plover Cove Road Market)? What

improvement measures have been/ will be taken by FEHD? And how is the effectiveness of the relevant measures?

The FEHD conducts monthly surveys on the vacancy rate, the types of the stalls rent out and the number of vacant stalls of all public markets in the territory. For example, the number of vacant stalls at Tsuen King Circuit Market has increased from 55 stalls in 2000 to 127 stalls recently. In view of the viability problem of the three markets in Appendix D, the FEHD has taken/ will take the following measures-

Tsuen King Circuit Market

The stalls in Tsuen King Market are located on the ground floor and first floor respectively. The FEHD is aware that the vacancy rate on the first floor is more severe. As such, the FEHD discussed with the tenants on the market improvement plan through the MMCC in June 2005. Tenants put forward a market stall rearrangement plan. However, the plan was not implemented as the tenants had different views on the EGP arrangement. In July this year, the FEHD put forward a new stall rearrangement plan for the tenants' consideration, suggesting the relocation of tenants on the first floor to the ground floor and using the vacant first floor for other uses. Preliminarily, the tenants reacted actively. The FEHD is currently discussing with the tenants on the detailed arrangements. Besides, the FEHD has organized festive decorations and game activities in the market for the past two years.

The occupancy rates for Tsuen King Circuit Market are 48% and 47% in November 2006 and in recent period respectively.

Plover Cove Road Market

With the consent of the MMCC, the FEHD has changed the use of two vacant stalls into selling Chinese herb medicine and providing Chinese medicine services in December 2006. Since this market is located next to a residential area, the FEHD examined with the MMCC and the tenants in August this year a plan to make use of some vacant stalls for the services trades such as real estate company. The recommendation was supported by the tenants. The FEHD will keep contact with the trade and follow up the recommendation. Besides, the market underwent general improvement works from 2005 to 2007 at a cost of

\$7 million. The occupancy rate has improved by 8% after the works. In the past two year, the market has organized promotional activities such as festive decorations, health exhibitions, food cure workshops and games, etc.

The occupancy rate of Plover Cove Road Market has increased from 50% in November 2006 to 70% recently.

Shau Kei Wan Market

The occupancy rate of Shau Kei Wan market has little change in the past two years, dropping slightly from 64% in November 2006 to 62% recently. The market tenants have not been operating actively in the market. In November this year, the FEHD discussed with the MMCC options to improve the market, including tenants' suggestion to change the specified uses of individual stalls, so as to increase the variety of products sold. The FEHD will also step up identification of non-trading stalls, take enforcement actions to encourage the tenants to re-open, and consider terminating the tenancies of stalls which are continuously out of business. In addition, this market finished upgrading of fire safety installations at a cost of \$1.5 million. In the past two years, festive decorations and exhibitions were mounted at this market.

- (g) **What recommended measures have been considered by FEHD to improve the viability of Bridges Street Market, Mong Kok Market, Kwong Choi Market and Tang Lung Chau Market? Have these recommendations been implemented? If so, please provide the details of the measures including expenses and effectiveness. If not, please give reason.**

In his Report No. 41, the Director of Audit recommended the Government to conduct a comprehensive review as soon as possible to confirm the markets that have to be closed down and work out an action plan to handle the closure of markets in accordance with the result of the review. In accordance with the above recommendation, the Food and Health Bureau (FHB) and the FEHD submitted a paper to the relevant Legislative Council (LegCo) Panel in May this year, suggesting closures of some markets with viability problems and consultation with the relevant DCs.

The aforementioned four markets have recorded over 60% vacancy rate for the past three consecutive years. The FEHD discussed with the relevant DCs on whether to keep the four markets. Details of the individuals markets are as follows-

Bridges Street Market

The Bridges Street Market has already been included in the Staunton Street/ Wing Lee Street redevelopment scheme under the Urban Renewal Authority (URA) since 2002/03. The scheme is supported by the DC. In following up this redevelopment scheme, the DC noted that there would be no reprovisioning upon the closure of the market and had no objection to the arrangement. The relevant papers and DC minutes are appended in Annex B

Mong Kok Market

In its discussion in March 2005 and July 2006, the Yau Tsim Mong DC supported the recommendation of the closure of the Mong Kok Market, and urged the Administration to close down the market. At the same time, the DC expressed concerns on the EGP arrangement for the affected tenants. Later, FEHD further studied the issue of EGP with the relevant bureaux. In October this year, the FEHD discussed with the DC again on the arrangement for the affected tenants. At the meeting, members unanimously agreed that the Administration should close down the market as soon as possible so as to make available the site for other uses and supported the EGP arrangement put forward by the Administration. The relevant papers and DC minutes are appended in Annex C

Kwong Choi Market

There are currently only 17 tenants operating in Kwong Choi Market. The FEHD discussed with the DC on whether to keep the market in July this year. Members hoped to keep the market and made some suggestions to revitalize the market such as allowing social enterprises to operate the market stalls, transforming it into a thematic market by using the vacant part of the market for selling organic agricultural products. The FEHD is following up with a working group under the DC, and is liaising with the relevant organizations and the trade to

examine the feasibility of various suggestions. The relevant papers and DC minutes are appended in Annex D. In the past two years, we have organized 6 festive decoration activities, including Christmas this year, for the market.

Tang Lung Chau Market

There are currently only 16 tenants operating in Tang Lung Chau Market. The FEHD discussed with the Wan Chai DC on whether to keep the market in July this year. Members inclined towards keeping a part of the market, and suggested rearrangement of the market stalls, which involves relocating the three stalls on the first floor of the market to the ground floor so as to make way for other community uses. We are discussing with the tenants on the feasibility of the stall rearrangement, and also examining appropriate uses for the vacant first floor. The relevant papers and DC minutes are appended in Annex E. In the Mid-Autumn Festival this year, we organized festive decoration and distributed souvenirs at this market. We will also organize promotional activities in Christmas and Lunar New Year.

- (h) **Whether the Provisional Urban Council and Provisional Regional Council had sought the then Finance Branch's approval of not recovering rates from the stall tenants?**

According to file records, the Government recommended in 1988 to the then Urban Council to accept collecting the rates of public markets by way of block assessment and paying rates on behalf of the stall tenants. At the same time, the Government also let the Council decide whether and when to collect rates from individual market tenants. The then Urban Council agreed to pay rates on behalf of market tenants and had not collected rates from the individual tenants. The then Regional Council adopted the same practice. The relevant practice was implemented since 1 June 1989 and is still being followed.

- (i) **What is the estimation of the additional manpower required by the FEHD to arrange for renewal of tenancy agreements, so that air-conditioning cost from all stall tenants can be recovered?**

The FEHD estimates that additional 2500 man-days (66 days x 38 men) are required to complete preparation work for the renewal of the some 10 400 tenancy agreements.

Yours sincerely,

A handwritten signature in black ink, appearing to be the initials 'FHO' with a stylized flourish.

(Francis HO)

for Secretary for Food and Health

c.c. Director of Food and Environmental Hygiene (Fax: 2524 1977)
Secretary for Financial Services and the Treasury
(Attn: Ms Bernadette LINN) (Fax: 2596 0729)
Director of Audit (Fax: 2824 2087)

**Note by Clerk, PAC: Annexes B to E not attached.*

I. The details of the market promotion activities in 2007/08

A. Festive Celebration Activities

(i) 2007 Tuen Ng Festival

- **Decoration** [39 markets]
- **Activity** (showing cooking demonstration video) [36 markets]
- **Cooking demonstration** [3 markets]
- **Souvenir giving** [3 markets]
- **Total number of participants:** 41 000

(ii) 2007 Mid-Autumn Festival

- **Decoration** [68 markets]
- **Activity** (lantern riddles) [37 markets]
- **Cooking demonstration** [3 markets]
- **Lucky draw** [8 markets]
- **Souvenir giving** [3 markets]
- **Total number of participants:** 80 000

(iii) 2007 Christmas

- **Decoration** [11 markets]
- **Souvenir giving** [7 markets]
- **Lucky draw** [7 markets]
- **Total number of participants:** 15 000

(iv) 2008 Chinese New Year

- **Decoration** [63 markets]
- **Activity** (taking free photographs with the God of Wealth) [25 markets]
- **Cooking demonstration** [3 markets]
- **Lucky draw** [10 markets]
- **Red packet envelop and calendar distribution** [8 markets]
- **Total number of participants:** 40 000

B. Workshops

(i) “Novelty in Vegetarian Cooking” in March 2007

- **Participating markets:** 9
- **Total number of participants:** around 1 800

(ii) **“Bean Cuisine Cooking Workshop” in January 2008**

- **Participating markets:** 8
- **Total number of participants:** around 1 300

C. Three Public Exhibitions

(i) **“Viral Hepatitis” from April to September 2007**

- **Participating markets:** 19
- **Total number of participants:** around 2 000

(ii) **“Prevention of Infectious Gastro-intestinal Disease” from October 2007 to February 2008**

- **Participating markets:** 19
- **Total number of participants:** around 2 000

(iii) **“Exercise and Health – Child” from February to June 2008**

- **Participating markets:** 19
- **Total number of participants:** around 2 000

D. Territory-wide Competition

(i) **“Know More about Our Markets” Quiz**

- To enhance citizen’s knowledge on public markets through the quiz
- **Total number of participants:** around 5 300

E. Shopping Reward Activities for Refurbished Markets

(i) **“Shop Here – Scratch and Win” at San Hui Market in May 2007**

- Gift were redeemed for purchase over certain amount to encourage citizens to shop and consume in the market.
- **Total number of participants:** around 9 800

(ii) **“Reward Shopping in Plover Cove Road Market” in October 2007**

- Gift were redeemed for purchase over certain amount to encourage citizens to shop and consume in the market.
- **Total number of participants:** around 5 500

(iii) **“Reward Shopping in Tai Po Hui Market” in November 2007**

- Gift were redeemed for purchase over certain amount to encourage citizens to shop and consume in the market.
- **Total number of participants:** around 9 500

II. The details of the promotional activities for the two newly-completed markets

A. Wan Chai Market

(i) Promotional work before the market opening (August to September 2008)

- Hanging banners and curtains in the new market building and other major buildings in the district to promote the market opening
- Installing outwall stickers and lighting decoration at different new market exits so as to make the market building and exits more eye-catching.
- Introducing the new market and publishing press release which promotes the market opening on the FEHD's website.
- Publishing advertisement on the light boxes of main tram stops and bus stops, and bus stops near the new market for four consecutive weeks.
- Mailing advertising posters to residential organizations and community organizations in the district, markets and Government offices in Wan Chai district.
- Publishing advertisement on local free newspapers and regional periodicals.
- With cooperation from MTR Corporation, the sign for 'Wan Chai Market' will be shown in the maps and on the exit signs in the Wan Chai MTR station, starting from February next year, and
- Introducing the new market in the FEHD market newsletter published on September

(ii) Promotional activities for market opening (October 2008)

- Opening Ceremony was held on 23 October to enhance promotional effect.
- Shopping reward activity was launched on the opening day to attract citizens to shop in the market, and
- Organizing cooking demonstrations and health talks for three consecutive weeks to attract patrons to buy relevant food ingredients. (Every demonstration and talk had about 200 participants, over 97% participants were satisfied and supported the organization of similar activities.)

B. Aldrich Bay Market

(i) Promotional work before the market opening (June to July 2008)

- Publishing press release and the details of the new market such as market map, floor plan, product categories and list of market facilities on the FEHD's website.
- Introducing the new market in the special column in the FEHD market newsletter published on June.
- Publishing advertisement in local newspapers with high volume of circulation to let the members of public get the information of the open auction of market stalls and the opening
- Publishing advertisement of the new market opening and the open market stall open auction on the three public light buses which come and forth between Aldrich Bay and Chai Wan and between Aldrich Bay and Quarry Bay for twelve consecutive weeks.
- Mailing advertising posters to residential organizations and community organizations in the district and posting advertising posters in the markets and Government offices in Eastern district, and
- Hanging banners in major buildings in the district and places nearby the new market.

(ii) Promotional activities for market opening (August 2008)

- Hanging large-sized banners/ outwall stickers on the side of the new market building which faces Shau Kei Wan MTR exit.
- Installing outwall stickers and lighting decoration at different new market exits so as to make the market building and exits more eye-catching.
- Publishing press release on the FEHD's website to promote the market opening.
- Publishing advertisement on the light boxes of the bus stops nearby the new market for four consecutive weeks.
- Contacting the MTR Corporation to show the Aldrich Bay Market in the maps in Shau Kei Wan MTR station and on the direction signs in the exits from February 2009, and
- Publishing advertisement in local newspapers with high volume of circulation to promote the new market.

(iii) Promotional activities during Mid-Autumn Festival (August to September 2008)

- Organizing cooking demonstrations, food cure talks and Mid-Autumn

Festival celebrating activities on three consecutive Saturdays.
(Every aforementioned activity had a hundred and more participants on average, especially the Mid-Autumn Festival celebrating activities which attract more than 1000 participants. According to the questionnaire survey of the activities, 90% of the participants of the cooking demonstrations and the food cure talks consumed in the new market on the same day of the activities, while 60% of the participants of the Mid-Autumn Festival did the same.)

(iv) Promotional activities for the market full opening cum the fall season (October to November 2008)

- Organizing health talks for three consecutive Saturdays to attract citizens to buy food ingredients after the activities.
- Launching “Reward Shopping in Aldrich Bay Market” . Gift were redeemed for purchase over certain amount to encourage citizens to consume in the market.
- Hanging banners in places with high pedestrian flow such as MTR stations and bus stops to promote the market full opening.
- Mailing promotional handbills to the residents of four housing estates nearby the market (Tung Yuk Court, Oi Tung Estate, Aldrich Garden and Tung Tao Court) through the mean of circulars, and
- Arranging distribution of posters to residential buildings in the area from Grand Promenade to Ming Wah Dai Ha, covering 145 000 residential population in estimation.

(v) Establishment of task force

- Establishing task force which consists of District Councilors, tenant representatives and representatives from the FEHD to plan with the MMCC on series of promotional activities in the future.
- The FEHD will keep close liaison with the MMCC and keep improving the different facilities in the market to attract patrons, including installation of chairs in appropriate location and broadcasting free TV programs.