

CONTROLLING OFFICER'S REPLY

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(Question Serial No. 0270)

Head: (91) Lands Department
Subhead (No. & title): (-) Not Specified
Programme: (1) Land Administration
Controlling Officer: Director of Lands (Thomas CHAN)
Director of Bureau: Secretary for Development

Question:

Will the Lands Department inform this Committee of the following:

- 1) the rank of the officials who make final decisions on the actual processes for land disposal and lease modifications/land exchanges at present, and the Department's measures to streamline such processes as mentioned in the Estimates;
- 2) in connection with "continue to implement and keep under review the extended Pilot Scheme for Arbitration on Land Premium ("Pilot Scheme") to facilitate agreement on land premium" as mentioned by the Department, the number of cases with agreements reached since the implementation of the Pilot Scheme, the extent to which the approval processes have been expedited under the Pilot Scheme, and the indicators to be adopted for evaluating the effectiveness of the Pilot Scheme.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 60)

Reply:

- 1) Under the established practice, Assistant Directors of the Lands Department (LandsD) are delegated with authority and act in the capacity of the Chairman of the respective District Lands Conference to approve land disposals and lease modifications (including land exchanges).

The time required for processing and concluding each lease modification application varies from case to case and depends on various aspects, such as the necessary time taken for finalisation of development parameters and other terms in the leases, resolution of technical constraints, negotiations on premium, etc. It is an interactive and dynamic process during which the applicants' development proposals and decisions may also be influenced by the property market. In some cases, premium negotiation takes considerable time as the Government and the applicants hold divergent views over the level of land premium payable.

In recent years, LandsD has implemented a number of measures to streamline and expedite the processing of lease modification applications and premium assessments. These measures include the implementation of the Pilot Scheme for Arbitration on Land Premium (Pilot Scheme) to facilitate early agreement on land premium payable for lease modifications; streamlining the consultation process where local consultations have been conducted within a reasonably short time on essentially the same development proposal to avoid duplication; centralising the premium assessments in respect of lease modifications; adopting a new set of updated construction cost data as a common reference by the Government and market practitioners to facilitate agreement in premium negotiations.

In addition to the above, LandsD has established two new dedicated teams, namely “Land Supply Section” and “Development Control Section”. The Land Supply Section specialises in handling land sales under the Government’s Land Sale Programme and major lease modifications cases with an aim to fast track processing of the cases that will generate land supply for residential, commercial and industrial uses. The Development Control Section, with its Building Plan Unit, is responsible for handling the entire building plan checking process for all new building plan submissions of residential sale sites and large scale residential developments, including railway property developments and developments of the Urban Renewal Authority and the Hong Kong Housing Society, so as to expedite the approval of development submissions under lease. LandsD will also continue to identify ways to further streamline the lease modification and premium negotiation processes through on-going discussion with stakeholders.

- 2) The Pilot Scheme was launched in October 2014 and was extended in October 2018 up to October 2020. As at the end of February 2019, one case involving a net increase of about 30 flats had proceeded to arbitration and was concluded in December 2015.

Under the existing arrangement for premium negotiation for processing lease modification/land exchange, there are no limits on the number of appeals that an applicant can lodge against premium offers made by LandsD. Arbitration is a consensual dispute resolution process where the applicant of a lease modification/land exchange case and LandsD (collectively “both parties”) agree to submit their disputes to an arbitral tribunal for resolution, the award of which is final and binding. It will provide an additional avenue for both parties to expedite the conclusion of land premium negotiations.

The effectiveness of the Pilot Scheme depends on whether applicants opt for the arbitration scheme to bring about settlement of the premium payable. The Government is exploring possible refinements to the detailed implementation arrangements, and will consult relevant professionals and stakeholders at an appropriate time, with a view to encouraging arbitration applications during the extension period.

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