

Legislative Council
Panel on Planning, Lands and Works Meeting on 5 July 2002

**Review of Land Resumption Administrative
Arrangements and Ex-gratia Allowance
for the Resumption of Industrial Properties**

Purpose

This note sets out the administrative measures taken by Government to further improve arrangements for land resumption. It also sets out Government's position on the existing Ex-gratia Allowance (EGA) for the resumption of industrial properties.

Background

2. At a motion debate held on 5 July 2001, the Administration undertook to review the land resumption procedures and the EGA relating to the resumption of industrial properties.

3. Government may resume private land, including industrial premises, to carry out public projects e.g. roads and railways, drainage works etc. Land resumption procedures are governed by the statutory provisions in the relevant legislation.

4. Under current practice, a resumption notice would be published in the Gazette and posted on or near the affected premises three months before the day on which the affected land reverts to Government. In cases where the affected property owners' correspondence addresses are known, the notice would also be sent to them by recorded delivery.

5. Any person who has a compensatable interest in the resumed properties may seek statutory compensation from Government under the relevant legislation. As affected clearances may take time and require

professional assistance in making statutory claims, it has been Government's practice to offer EGAs to eligible clearerees as a quicker alternative to receiving statutory compensation. Under some circumstances, clearerees who have no claim to land ownership would also receive relevant EGAs if they meet the specified criteria. EGAs are calculated on the basis of the formulas approved by the Finance Committee of Legislative Council.

6. Legal owner and occupiers of industrial properties resumed by Government would be offered compensation on the basis of the open market value of their interest in the affected properties e.g. property values for owners, rental values of unexpired lease terms for tenants. Eligible clearerees would also be offered EGAs (as an alternative to statutory claims) to cover their business losses caused by the land resumption.

7. If a clearere does not accept Government's offer of compensation as full and final settlement, he may accept it as a provisional payment and continue to negotiate with Government regarding his claim in relation to the resumed industrial property. If agreement cannot be reached on the amount claimed by the clearere, either side may refer the claim to the Lands Tribunal for determination.

New administrative arrangements relating to land resumption

8. A number of new administrative measures have been adopted by Lands Department (Lands D) to further improve the arrangements for land resumption. The measures are summarized as follows:

- (a) publication of a pamphlet on land resumption procedures and compensation arrangements, and distributing it for the guidance of concerned parties e.g. surveying firms, owners and tenants affected by land resumption. The pamphlet increases the concerned parties' understanding about the land

resumption process. A copy of the pamphlet is attached for reference;

- (b) availability of standard notification letters at District Lands Offices to facilitate clearees' reporting of changed addresses to Lands D. Such information would ensure timely delivery of resumption notices and compensation/EGA offer letters;
- (c) posting of extra land resumption notices at conspicuous locations on or near the affected land so that the affected clearees are fully aware of the resumption timetable and to plan their removal accordingly;
- (d) provisional payment of compensation to owners of agricultural lots in the New Territories if they do not accept Government' zonal compensation offers and opt for the alternative of making statutory claims;
- (e) greater flexibility in allowing owners of agricultural lots to include in their compensation claims, the expenses incurred in hiring surveyors to help them prepare claims;
- (f) more frequent follow up on those clearees who have not responded to or have refused to accept Government's compensation/EGA offers. For more complex cases, special meetings are set up between the clearees and the departments concerned to go over their cases;
- (g) setting up of a special team, chaired by an Assistant Director of Lands D, to expedite the processing of business loss claims for large scale resumption of industrial properties. The special team would go over the claims with the claimants and their surveyors on a case-by-case basis;

- (h) for the resumption of industrial premises, business loss claimants will be provided with a breakdown of the major items of claims as assessed by Lands D. In the past, Lands D used to provide only the outcome of assessment without making reference to specific items; and
- (i) paying, within 28 days after disbursing compensation payment, interest on the amount paid. Calculation of interest would date back to the time when the resumed land was reverted to Government. Previously, there was no specific time limit within which Government must pay interest to the claimants.

Review of EGA for resumed industrial properties

9. Government has looked at the existing EGA for owners and occupiers of legal industrial properties affected by land resumption. In this connection, a number of claims arising from the resumption of Wah Kai Industrial Centre have still not been settled. Also, some of the claim cases have yet to be heard by the Lands Tribunal. Hence, Government has taken the view that it is not appropriate to consider any further changes to the EGA for the resumption of legal industrial properties at the present time.

Lands Department
Housing, Planning and Lands Bureau
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