

**The Administration's reply of 22 January 2003  
on issues raised by Heung Yee Kuk**

**Provisional compensation for land resumption in the New Territories**

As mentioned in paragraph 1 of LC Paper No. CB(1)815/02-03(04), the ex-gratia zonal compensation is generally more generous than statutory compensation. The ex-gratia compensation can be released to the land owners quickly upon proof of their land title. As most land owners opt for ex-gratia compensation, the need for provisional payment has not been an issue in the past.

2. Recently and before the outcome of the CFA's ruling was known, the Lands Department has observed an increase in the number of land owners declining the ex-gratia compensation offers and opted for the statutory claim instead. This may be due to the perception of some affected land owners that more compensation (including "hope value") could be obtained through the statutory claim process in view of Government's previous defeats over the "hope value" arguments in the lower courts.

3. As the CFA has now ruled in favour of the Government in the two cases, we believe that most land owners affected by land resumption will revert to the option of accepting ex-gratia zonal compensation. They should therefore be able to receive their compensation quickly. Under existing practice, if an owner wishes to proceed with a statutory claim, upon request, the Lands Department will offer a provisional payment of its assessment of the statutory compensation payable.