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 本署檔號 Our Ref.: (17) in LD 1/1900/06 IV
 來函檔號 Your Ref. CB(3)/PAC/R47
 覆函請註明本署檔號
 Please quote our reference in response to this letter.



地政總署
 LANDS DEPARTMENT

我們矢志努力不懈，提供盡善盡美的土地行政服務。
 We strive to achieve excellence in land administration.

香港北角渣華道三三三號北角政府合署二十樓
 20/F., NORTH POINT GOVERNMENT OFFICES
 333 JAVA ROAD, NORTH POINT, HONG KONG



BY FAX : 2537 1204

Clerk, Public Accounts Committee
 Legislative Council,
 Legislative Council Building,
 8 Jackson Road, Central,
 Hong Kong
 (Attn. : Ms. Miranda Hon)

8 June 2007

Dear Madam,

**The Director of Audit's Report on the
 Results of value for money audits (Report No. 47)
 Chapter 2 : Administration of Short Term Tenancies**

I refer to your letter dated 4th June 2007 to the Director of Lands, Mr. Patrick Lau, requesting for progress reports on certain items mentioned in the Audit Report.

I wish to advise that action has been taken on these items. The updated position are as follows :

- Paragraph 2.12 - Measures have been implemented.
- Paragraph 2.21 - For paragraphs 2.18(a) and 2.18(b)(iv), LandsD agrees to require a personal guarantee from all new tenderers with nominal paid up capital and to require a statutory declaration of ownership of all related companies, including overseas registered companies from all new tenderers. At the present moment, the revised tender documents are being scrutinized by our legal advisers. It is expected that this measure can be implemented within one month.

Measures mentioned in paragraph 2.18(b)(i) to (iii) have been implemented.

- Paragraph 2.29 - Existing tenants will be asked to submit their company accounts to LandsD for checking in order to ascertain their ability to tender for further tenancy with the LandsD. This measure is being implemented.
- Paragraph 3.17 - Measures have been implemented.
- Paragraph 4.16 & 4.31 - All measures have been implemented except those mentioned at paragraphs 4.16(b) and 4.31(i). LandsD had completed a full survey on all STTs in the territory in January 2007. Out of 4,472 STTs surveyed, 2,034 STTs (i.e. about 45%) are detected with breaches. Action on major breaches are being taken. As for other cases, in view of the substantial number involved and resources constraint, a practical and pragmatic approach to tackle the issue is being explored. This would be finalized within one month.
- Paragraph 4.43 - Measures have been implemented.
- Paragraph 4.53 - For sharing of management information, views from relevant government departments have been sought. LACO has expressed concern on privacy matters. LandsD is seeking further advice from D of J. Implementation of this measure depends on outcome of the advice.
- Internal Audit Team - The internal audit team, named as management services team (MST), has been set up in May 2007. Its overall objective is to ensure that, in our administration work, actions being or have been taken are in full compliance with the guidelines, procedures and prescribed timeframe that have been set down in departmental instructions. At the organizational level, the MST will identify areas within the existing operation systems where changes can be made to enhance efficiency and effectiveness.

A Chinese translation of this letter is being prepared and will be sent to you shortly.

Yours faithfully,



(H.K. NG)
for Director of Lands

c.c. Secy. for Financial Services and the Treasury (Attn.: Mr. Martin Glass)
Director of Audit (Attn : Mr. Benjamin Tang)