

Following is the English translation of the opening remarks by the Secretary for Home Affairs, Mr TSANG Tak-sing, at the public hearing of the LegCo Public Accounts Committee on the Director of Audit's Report No.61 today (November 23):

Mr Chairman,

People of our generation can surely recall Hong Kong's "1997 problem" which was initially an issue related to land leases. Hong Kong subsequently smoothly rejoined the Motherland, with the Basic Law ensuring that all principles and policies, including the leases of land in Hong Kong will remain unchanged for 50 years. There is a dedicated section in the Basic Law on land leases. For example, Article 120 states that "All leases of land granted, decided upon or renewed before the establishment of the Hong Kong Special Administrative Region which extend beyond 30 June 1997, and all rights in relation to such leases, shall continue to be recognized and protected under the law of the Region."

Accordingly, the newly established SAR Government decided in July 1997 that upon expiry Private Recreational Leases (PRLs) could be extended by 15 years and the decision received public support.

Fifteen years has passed and we need once again to consider the issue of PRL lease expiry. Before renewing the leases, we have conducted a detailed study taking various factors into consideration, including legal advice, public interest, the demand for and supply of sports facilities, the investments that private sports clubs have made over the years and the expectations of their members. We recognize the contribution of PRLs and have decided to renew the leases for another 15 years. In granting these renewals, we have also made it clear to the lessees that:

- (a) there should be no expectation that their leases would be further renewed upon expiry of the extended term on the same terms and conditions as contained in the leases as so extended; and
- (b) they should agree with the Home Affairs Bureau a scheme to open up their sports facilities to outside bodies and the agreed "opening-up scheme" will be part of the new lease conditions.

As always, before supporting the renewal of any specific land lease, we make sure that the land is not planned for any public purposes. In addition, there is a condition specified in the lease that the Government has the right to resume the concerned lot for a public purpose as long as the lessee has been given appropriate prior notice.

To date, we have renewed ten PRLs held by private sports clubs and 4 PRLs held by non-governmental organisations (NGOs). The ten private sports clubs include the South China Athletic Association, Kowloon Cricket Club, Kowloon Bowling Green Club, India Club Kowloon, Pakistan Association and Filipino Club, whilst the NGOs include Hong Kong Softball Association. Some of these clubs provide sports facilities which are not readily available at government venues and contribute to the development of different types of sport in Hong Kong.

Although the Government now provides more public sports facilities than it did in the past, there remains a strong demand for sports and recreational facilities in the community. By providing various facilities to over 140 000 members, private sports clubs have helped to relieve the pressure on the public sector. Some private sports clubs, after years of development, possess sports facilities suitable for hosting major international sports events, which helps to attract international competitions to Hong Kong.

We will continue to monitor the progress of the opening-up schemes, and follow up on cases with a relatively low degree of opening-up. For clubs which have not developed satisfactory opening-up schemes, we would not agree to renewal of their leases.

The issue of PRLs is one with a long history; some PRLs have been in existence for over a century. We understand the recent changes in public sentiment. The current Administration has been particularly concerned about land and housing supply since assuming office. It is against this background that we initiated a comprehensive policy review of PRLs in September this year. During the review, consideration will be given to different development objectives, the public interest on various fronts, long-term policy objectives for sports and recreation, other potential uses of and revenue from the concerned lots, facilities and supporting hardware of the private sports clubs, as well as the interests of the lessees, their members and staff. Apart from the Home Affairs

Bureau, other policy bureaux and departments such as the Development Bureau, Lands Department, Planning Department and Rating and Valuation Department are taking part in the review.

As highlighted in the Director of Audit's report, the Government has a long history of leasing land to private sports clubs to develop sports and recreational facilities for use by their members. The policy on PRLs involves the needs and demands of different stakeholders and will require in-depth deliberation in order to strike a proper balance between different objectives. Given the extensive scope and complicated nature of the review, we expect preliminary results to be available by the end of 2014.

I would like to thank the Audit Commission for its efforts and its report on this subject, and I agree with the various recommendations laid out in paragraphs 5.8 and 5.9 of the report. As for cases of suspected non-compliance with lease conditions mentioned in the report, we will follow up on a case-by-case basis.

This is my brief introduction to the issue; my colleagues and I will be pleased to answer Members' questions. Thank you Mr Chairman.

ENDS