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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.

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Please quote our reference in response to this letter.

2 June 2017

By Fax and By Despatch
(Fax: 2543 9197)

Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn: Mr. Anthony CHU)

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 68
Management of Squatter and Licensed Structures

I refer to your letter dated 17.5.2017.

Please find attached our responses (both Chinese & English versions) to the issues mentioned in your letter.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Doris Chow'.

(Ms. Doris CHOW)
for Director of Lands

Encl.

c.c.

Commissioner of Rating and Valuation
Director of Civil Engineering and Development
Director of Buildings
Secretary of Development
Secretary of Financial Services and the Treasury
Director of Audit

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Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 68
Management of squatter and licensed structures

For the Lands Department

Part 2: Monitoring of squatter and licensed structures

1. According to paragraph 2.11 of the Audit Report (all paragraph number hereinafter refers to that of the Audit Report), the Audit Commission ("Audit")'s site visit in December 2016 found that 50 structures located at a red patrol area on Hong Kong Island might not have complied with the squatter control ("SC") policy, the Lands Department ("LandsD") subsequently revealed that the surveyed squatter ("SS") structures of 19 cases were confirmed to be not complying with the SC Policy including seven new non-compliant cases. Meanwhile, according to paragraphs 2.11(d) and 2.14(c), LandsD was still investigating 44 cases in total as to whether or not these cases complied with the SC Policy. In these connections, will LandsD inform this Committee the followings:
 - a) the general practice and procedures of LandsD to ensure SS structures are in compliance with its SC policy under the tri-colour system (red, yellow and green areas), such as the resources deployed for ensuring compliance and the frequency of inspections on SS structures for each category under the tri-colour system;

Reply:

Following the substantial downsizing of squatter control staff strength by Housing Department ("HD") before its transfer of squatter control functions to LandsD by phases in 2002 and 2006, the tri-colour system used to be adopted by HD could no longer be adopted.

Instead, LandsD has over the years adopted a different approach under which the routine patrols focus on the functions of deterring and detecting new illegal structures as well as the erection of new unauthorized extensions to SS structures. Given this focus, the routine patrols have, until recently, focused largely on works-in-

progress (WIP), rather than monitoring changes to the materials, dimensions or uses of individual SS structures.

On the other hand, proactive detailed inspections of an individual SS structure for changes to materials, dimensions and/or uses are conducted mainly upon receipt of a report/complaint/referral from other government departments. Further, LandsD is adopting a risk-based approach on the patrol strategy to combat breaches of the Squatter Control Policy. Individual squatter areas vulnerable to illegal squatting will be selected as black spots for intensive checking. On Hong Kong Island, intensive checking is being conducted in the Shek O district.

At present, there are 9 patrol teams and 11 patrol areas in SC(HK&LYM) Office covering all areas on Hong Kong Island. The patrol routes are designed by the individual Squatter Control Office (SCO) according to number of structures, case priority, distance from office, topography, volume of work, etc. Electronic Team Patrol Monitoring System (ETPMS) has been adopted to collect patrol data and assist supervisors in monitoring site attendance of the patrol team. Any suspected irregularities found during patrol are subject to office verification against survey records, plans and other related documents. If irregularity is confirmed, case file will be opened for detailed investigation and follow-up action.

Since LandsD's announcement of various strengthened measures on 22 June 2016, SCOs are required to hold bi-monthly Case Monitoring Meetings to come up with a way forward for each individual case and details are recorded into the Case Monitoring Report (CMR) for follow-up. The CMR is also required to be submitted to Squatter Control (Headquarters) for monitoring. The said monitoring system makes sure that all patrol teams report and follow up on breaches promptly.

- b) reasons for LandsD failing to detect the seven new non-compliant cases in paragraph 2.11(a) bearing in mind that red areas are deemed the most vulnerable to non-compliance;

Reply:

LandsD admits that there are deficiencies in the existing patrol system and that the monitoring of routine patrols should also be strengthened to enhance their effectiveness. On this, LandsD has recently appointed a directorate officer dedicated to reviewing the existing patrol system of all district SCOs and putting forward improvement recommendations to strengthen the effectiveness of monitoring and enforcement actions.

- c) whether LandsD has detailed records about its inspections on the SS structures in the red patrol area mentioned in paragraph 2.11; if so, the details (time, dates, area/structure inspected, methods and procedures of the inspection, remarks given/problems identified); if not the reasons; and

Reply:

The patrol team is required to complete a patrol report after each patrol. Given the focus of the routine patrols as explained in (a) above, the standard patrol report contains information including patrol date, patrol time, location, check-points visited and name of patrol team members but does not contain information on SS structures inspected. If WIP is detected during the patrol, a case file will be opened to follow up with necessary enforcement action. As part of the review on the existing patrol system mentioned in our reply to Q1b above, the form of patrol report will also be reviewed.

- d) the timetable, progress, results and follow-up actions for LandsD's investigations on the 44 cases stated in paragraphs 2.11(d) and 2.14(c), and how many additional cases are confirmed to be associated with non-compliant SS structures?

Reply:

Among the 44 cases stated in paragraphs 2.11(d) and 2.14(c), as at 19 May 2017, 7 cases were found without irregularities. 27 cases were confirmed not complying with the SC policy. 10 cases are under

investigation.

Among the 27 non-compliant cases, warning letters were issued to occupiers for rectification in 8 cases, while the SC numbers of 4 cases have been deleted and SCO is taking enforcement action according to s(6)1 of Land (Miscellaneous Provisions) Ordinance (Cap. 28) or have referred the cases to District Lands Offices (DLOs) for lease enforcement action. As to the remaining 15 non-compliant cases, enforcement action including deletion of SC numbers has been temporarily suspended due to appeal against SC enforcement actions through the Shek O Residents' Association and concerned Legislative Council (LegCo) Members.

Generally speaking, strong resistance from squatter occupants has been encountered recently against LandsD's stepped up enforcement action at the squatter areas in Shek O district (including Shek O, Big Wave Bay, Hok Tsui and Ngan Hang Villages), with many claiming that the enforcement would lead to displacement of households. LandsD is also facing difficulties in conducting the inspections/investigations as a result of intensified resistance by the occupants. Despite the issuance of Sent-for Letters, the concerned occupants did not cooperate and refused to allow entry by SC staff for site inspection. They demanded that any action (including investigation) should be suspended before a response on their appeal was received. LandsD is looking into the situation, particularly the extent to which households would be displaced if the department proceeds with enforcement by cancelling the squatter numbers of structures found to be rebuilt and asking for demolition of unauthorized extensions.

2. According to paragraph 2.12, concerning the three cases selected and reviewed by Audit, Audit found that LandsD had failed to detect the significant irregularities of the SS structures despite the Squatter Control Offices ("SCO")'s routine patrols. According to paragraph 2.14(a), LandsD was also not aware of nine new non-compliant cases before Audit's site visit. In this connection, will LandsD inform this Committee the reasons for failing to detect the irregularities during SCO's routine patrols and whether it has detailed records about the SCO's routine patrols relating to the three cases (time, dates, area/structure inspected, methods and

procedures of the inspection, remarks given/problems identified)? How did LandsD undertake its investigations on the cases for which significant irregularities of the SS structures had been identified? Are there any differences in forms of methods and procedures adopted in the investigations compared with those by SCO for its routine inspections?

Reply:

For routine patrols, SCO patrols squatter areas regularly by visual inspection with emphasis on WIP cases, and takes immediate control and enforcement actions in case of irregularity/works-in-progress is detected. On the other hand, when a report/complaint/referral from other government departments is received, SCO will carry out in-depth investigation with internal inspection and on-site measurement of the structure under complaint. Since the announcement of strengthened SC measures on 22 June 2016, SC numbers will be deleted for extensions completed after 22 June 2016 and no rectification will be allowed. Unmanned aerial systems and aerial photogrammetry technology are deployed to identify breaches committed after 22 June 2016. For other cases, i.e. extension before 22 June 2016, warning letter will be issued to occupier/landowner for rectification if a beach is confirmed. If the occupier/landowner fails to complete the rectification works before the specified deadline, SCO will cancel the relevant SC records and carry out enforcement action.

As mentioned in our reply to Q1b above, LandsD considers that the existing patrol mechanism needs to be improved to enhance its effectiveness. On this, LandsD has already appointed a directorate officer dedicated to reviewing the existing patrol systems of all district SCOs and putting forward improvement recommendations on the matter to strengthen the effectiveness of monitoring and enforcement actions.

3. According to paragraph 2.16, for SCO/New Territories East (1), of the 206 cases associated with non-compliant SS structures from January 2015 to September 2016, 181 cases (88%) were originated from public complaints or referrals from other government bureaux or departments ("B/Ds"), and only 25 cases (12%) were detected during SC patrols. Moreover, according to paragraph 2.26, from January 2015 to September 2016, the two patrol teams selected for review by Audit had conducted patrols in the two patrol

areas on 257 and 208 working days respectively. However, only 2 of the 465 (257 + 208) daily patrol reports recorded irregularities found during the patrols. Given the high percentage of non-compliant cases involving irregularities being detected through public complaints or B/D referrals, has LandsD investigated why the responsible patrol team was unable to detect these non-compliant cases during its routine patrols? If yes, what are the investigation results; If not, why not? Does LandsD consider SCO's omission out of negligence which is condonable or dereliction of SCO's duties?

Reply:

As explained in our reply to Q1 above, the routine patrols conducted by the SCO in squatter areas focus on the functions of deterring and detecting new illegal structures as well as the erection of new unauthorized extensions to SS structures. Given this focus, the routine patrols have, until recently, focused largely on WIP by detecting through visual inspection, rather than monitoring changes to the materials, dimensions or uses of individual SS structures with the assistance of physical measurement. As a result of the approach adopted, physical measurement of individual structure has not been conducted during routine patrol (and has been done primarily upon receipt of complaint or referral), as a result of which the number of structures with irregularity recorded in daily patrol reports has been small.

As mentioned in our reply to Q1b above, LandsD considers that the existing routine patrol system needs to be strengthened to enhance its effectiveness. LandsD has already appointed a directorate officer dedicated to reviewing the existing patrol systems of all district SCOs and putting forward improvement recommendations to strengthen the effectiveness of monitoring and enforcement actions.

Meanwhile, as mentioned in our reply to Q1 above, LandsD is adopting a risk-based approach in patrol strategy to combat breaches of the squatter control policy. Individual squatter areas vulnerable to illegal squatting are selected as black spots for intensive checking. With the number of complaints and referral cases increasing over the years, much effort has been put in to establish whether a squatter structure under a complaint is in

breach of SC Policy and in-depth investigation has to be conducted including internal inspection and on-site measurements. To enhance the effectiveness of ground patrol in squatter areas, LandsD has, since the announcement of strengthened squatter control measures in June 2016, stepped up investigation and information gathering efforts through using unmanned aerial systems and aerial photographs to actively identify suspected illegal extension/re-building cases.

4. According to paragraphs 2.15, 2.16 and 2.18, of the seven SCOs, only one (namely SCO/New Territories East (1)) maintained information on the source of identifying non-compliant SS structures. Is maintaining information on the source of identifying non-compliant SS structures a voluntary practice at the discretion of individual SCOs? In an absence of such information for the other six SCOs, has LandsD's work of regulating non-compliant SS structures been hindered? Will LandsD make it mandatory for all SCOs to maintain information on the source of identifying non-compliant SS structures? Given that most (88%) of the non-compliant SS structures were not detected during SC patrols by SCO/New Territories East (1), does it suggest that the work of SC patrols had been ineffective in the area?

Reply:

Since the introduction of strengthened SC measures on 22 June 2016, all SCOs are required to maintain complaint registers containing information on the source of identifying non-compliant SS structures. LandsD admits that its routine patrols which have been focusing more on WIP is more effective in deterring new illegal squatting rather than irregularities with existing SS structures. To strengthen the effectiveness of monitoring and enforcement actions, LandsD has appointed a directorate officer dedicated to reviewing the existing patrol systems of all district SCOs and putting forward recommendations for improvement.

5. According to paragraph 2.19, some of the SS structure occupants had claimed hardship in rectifying the non-compliances with the SC Policy, what was the hardship concerned with? What assistance had been given by LandsD to the SS structure occupants to deal with their hardship?

Reply:

Generally speaking, it is not uncommon for SS structure occupants to claim hardship on the following grounds: enforcement by LandsD resulting in deletion of SS number or demolition of an unauthorized extension would lead to displacement of the household; the grace period allowed for rectification/vacating the structure is too short; lack of financial means to carry out rectification works, etc. For instance, for Case 5 cited in the Audit Report, a warning letter was served on the concerned occupant requiring rectification by a specified date. However, the occupant requested for suspension of SC enforcement action on grounds of financial hardship (lack of money for rectification works) and the difficulty in taking care of a 93-year-old occupant. The occupant had been advised to give SCO a written consent so that we could refer the case to the Social Welfare Department for possible assistance.

6. According to case 4 in paragraph 2.19, a de-registered SS structure was being re-occupied but, mainly due to unclear responsibilities among different LandsD units, enforcement actions had not been taken on the structure since SCO/Hong Kong & Lei Yue Mun received a complaint on illegal re-occupation in July 2015. Will LandsD inform this Committee of the LandsD units involved and their respective responsibilities? What unresolved issues/difficulties had deterred LandsD from taking enforcement actions since July 2015? What efforts had been taken by LandsD to tackle and overcome these issues and difficulties, in particular on enhancing the collaboration and cooperation of different LandsD units?

Reply:

The concerned sections are Squatter Control Unit (SCU) and Clearance Unit (CU). There has been grey area of which Unit should take the lead in evicting occupiers who occupy a structure which has once been vacated and boarded up in Non-Development Clearance (NDC) projects

LandsD has reviewed the duties and responsibilities of the two units and has decided as follows:

- SCU is responsible for the patrol of squatter areas, NDC areas and

development clearance (DC) areas; and to take enforcement action for unauthorized structures in these areas. In the patrol of squatter areas, SCU will also check if the vacant structures boarded up by them have been re-occupied and will take the lead to evict to occupiers and seek assistance from CU if required. In the patrol of NDC areas and DC areas, SCU will check if the vacant structures boarded up by them at the request of CU have been re-occupied and will inform CU of any re-occupations. CU will take the lead to evict the occupiers in NDC/DC areas and seek assistance from SCU if required.

- CU's function in a DC and NDC exercise is to process the rehousing and EGA application and eviction of the occupiers of the structures within the clearance limits. CU will deliver on site annually before rainy season letters to Cat. II NDC occupiers to encourage them to accept re-housing. CU will also take this opportunity to check if the boarded up structures have been re-occupied and take the lead to evict the occupiers, with the assistance from SCU if required.
 - Vacated structures should be demolished as soon as possible and if the demolition is not feasible, SCU shall carry out permanent sealing up work as soon as practicable, by either brick/concrete work or metal sheet welding, where appropriate to seal up all doors and windows of the vacated structures.
7. According to paragraph 2.19, the Audit found that despite repeated control actions taken on a non-compliant SS structure in 2013 and 2014 (case 5), repeated actions taken from November 2015 to October 2016 on two non-compliant SS structures for substantial height increase (case 6), and the cancellation of squatter survey numbers and issuance of demolition notices in August/September 2016 on three SS structures due to their non-compliance with the SC Policy (case 7), LandsD had failed to rectify each of the situations. What were the reasons for the ineffective enforcement actions concerning these cases (e.g. high cost to be incurred, insufficient manpower, technical problems, etc.)? Are LandsD's existing enforcement actions toothless? What is the latest position of each of these cases?

Reply:

Case 5

- The irregularities had once been rectified upon enforcement actions taken in 2013 and 2014 respectively. The irregularities were discovered again during a routine patrol in July 2016.
- The occupant was interviewed in December 2016. In January 2017, the occupant requested for suspension of enforcement action on grounds of financial hardship, and that she had difficulty in taking care of her 93-year-old father (one of the occupants). The request was turned down in February 2017 and the occupant raised another request for extension of time until August 2017 owing to financial hardship. That request was rejected again in mid-February 2017.
- Despite that the occupant's requests have been rejected, enforcement action is put on hold temporarily pending the outcome of LandsD's deliberation on the appeal raised by the Shek O Residents' Association and concerned LegCo Member(s) mentioned in our reply to Q1d above.

Case 6

- A complaint against unauthorized extension at the concerned surveyed structure was received in October 2015. Upon being asked for rectification, the occupant complained about the nearby structures which, as he alleged, had similar irregularities.
- After interviews and discussions, the occupant showed his willingness to rectify. Owing to the complexity of demolition concerning structurally-linked parts of the structure and high demolition cost, the elderly couple needed longer time to get the necessary works done.
- Suspected irregularities at the nearby structures are being investigated and will be followed up if violation of SC Policy is established.

Case 7

- Strict enforcement in the area is likely to adversely affect the business operations in the area, with knock-on impact on tourism, local development, and people's livelihood.
- The stakeholders have called upon the Government as a whole to formulate appropriate policies to allow the continued operation of the existing shops and restaurants in Lei Yue Mun. LandsD is deliberating the request.

8. According to Case 7 in paragraph 2.19, in addition to SS Structures G, H and I, there were 48 SS structures not complying with the SC Policy. What enforcement actions have been taken on these SS structures? Moreover, there were 77 SS structures (located along the seafront at which SS Structures G, H and I situated) pending inspections by LandsD. What is the progress?

Reply:

As mentioned in our reply to Q7 above, the stakeholders have called upon LandsD to withhold enforcement action against those SS structures and have urged Government as a whole to formulate appropriate policies to allow the continued operation of the existing shops and restaurants in Lei Yue Mun. LandsD is deliberating the request.

There are about 136 SS structures currently occupied for commercial purposes along the seafront at Lei Yue Mun. SC(HK & LYM) of LandsD has, since August 2016, commenced detailed checking of the said 136 structures against the Squatter Control Record. Inspection has not been completed yet due to strong resistance encountered from occupants and local community. After lengthy lobbying, some occupants have softened their confrontational attitude. The progress of the checking as at 30.4.2017 is as follows:

Inspection results		No. of Structures	
Confirmed having irregularities	Rebuilt	36	59
	Change of Dimensions	12	
	Change of use	11	
Confirmed having no irregularities		9	
Inspection not yet completed		68	
Total		136	

9. According to paragraphs 2.26 to 2.28, in their daily patrols of Patrol Areas A and B, Teams A and B often spent one to two minutes between visiting two check-points. Can LandsD explain why? Given the short time spent between visiting two check-points, how could the patrol teams inspect 18 SS structures covered under one check-point on average? What measures

will LandsD take to enhance the effectiveness of routine patrols of SCOs?

Reply:

At present, SCO conducts routine patrol in squatter areas by visual inspection and mainly focuses on WIP. There has not been measurement of individual structures and checking against the survey record. As the focus is on detecting WIP, the patrol teams spend short time between visiting two check-points.

As pointed out in earlier parts, LandsD has recently assigned a directorate officer dedicated to reviewing the existing patrol systems of all district SCOs and putting forward improvement recommendations to strengthen the effectiveness of monitoring and enforcement actions.

10. According to paragraph 2.47, despite that a warning letter had been issued in February 2005 to a licensee requiring him to demolish an unauthorized rooftop structure constructed on a licensed structure (case 8), the unauthorized structure had not been demolished in January 2017. In case 9, up to January 2017, despite that the death of the licensee of a licensed structure was made known to District Lands Office ("DLO")/Islands in November 2011, and in the absence of an application and approval of a transfer of the Government Land License ("GLL") concerned, LandsD had not taken the necessary licence enforcement actions. What were the reasons for the inaction of LandsD concerning the two cases when LandsD had been aware of the irregularities for 12 years and around 6 years respectively? What are the latest positions of the two cases and actions taken/to be taken by LandsD?

Reply:

Case 8 was handled by two different officers in 2005 and 2009 and the case was not brought up for follow-up action after the issuance of the warning letters. Moreover, no handover list of outstanding cases had been provided to their successors when both of them were posted out of DLO/Islands. On resuming enforcement action by DLO/Islands, the licensee removed the rooftop structure and reinstated the same to the permitted dimension in April 2017.

In order to improve the situation, an instruction has been issued such that case officers are required to prepare a handover list of outstanding cases to their successors upon their posting/transfer out of district.

The reason for inaction in Case 9 is similar to that of case 8. The licence concerned was cancelled on 17 March 2017 with effective date on 17 July 2017 and Squatter Control Unit has been asked to resume squatter control action on the subject structure which is a tolerated squatter control surveyed structure. SCO will investigate if the structure still complies with the relevant SC records. If it is found not complying with the SC records, appropriate enforcement action will be taken.

Internal instruction has also been given to all case officers that when the death of licensee is made known to DLO/Islands, actions should be taken to terminate the GLLs as soon as possible.

11. According to paragraphs 2.38, 2.47 and 2.48, SCOs and 12 DLOs kept the time of inspecting each SS structure, the irregularities observed and the follow-up actions taken in individual case files, and there was no centralized database to record such information. In this light, how does LandsD follow up on the status of SS structures for assuring their compliance with the SC policy? Is there any procedure for SCOs and DLOs to follow to maintain the integrity of individual case files? Does LandsD have any plans to maintain a centralized database to record relevant information to facilitate the implementation of the SC policy and its compliance?

Reply:

Since June 2016, Bi-monthly Case Monitoring Meeting (CMM) and Bi-monthly Case Monitoring Report (CMR) have been implemented to enhance the effectiveness of monitoring SC cases. Each individual case with source of case, action taken and follow-up action would be recorded.

Furthermore, the Squatter Control Action Work Flowchart was devised in September 2016 as part of the squatter control instructions to set out clearly the actions required and timeline.

LandsD has planned to bid new resources to set up and maintain the Squatter Control Record geospatial database which is to digitize the paper-based geographical and textual squatter control records.

12. According to paragraph 2.53(b), LandsD would consider to give serious thoughts to setting up a Central Action Team. What is the progress?

Reply:

The idea of a Central Action Team as proposed years ago is just a concept under which any proposed changes in establishment and redeployment are subject to staff consultation.

As it is always easier and more practicable to start small, a pilot scheme to cover selected district(s) to test out the effectiveness of assigning LandsD staff to perform squatter control duties has been proposed and the various staff unions are being consulted on this pilot proposal. Experience gained in the pilot scheme will provide useful feedback on how it should be effected in other districts.

Part 3: Rates, government rent and licence fees on squatter and licensed structures

13. According to paragraphs 1.6, 1.14, 3.2 to 3.4 and 3.7, concerning omissions in charging rates and government rent on squatter and licensed structures ("S&L structures"), why had LandsD failed to provide the Rating and Valuation Department ("RVD") with information on all the 262 128 SS structures erected on private agricultural land and all the licensed structures covered under 15 214 GLLs as of March 2016 for the latter to assess and charge rates and government rent as appropriate? What were the estimated rates, government rent and licence fees foregone as a result of the LandsD's omissions as of now? Has LandsD taken any steps to provide RVD with the information so that the latter will be able to assess and charge rates and government rent as appropriate? Please provide details.

Reply:

RVD requested LandsD to provide all information for STTs for assessing and charging rates in 1998. Upon reviewing the subject matter, LandsD in 2000 amended the internal instruction such that RVD is to be informed should there be any changes in occupation areas, rentals and terms etc. upon renewal, termination or transfer of existing tenancies and licences etc. As a result, RVD now has information of about 6 000 GLLs.

Whilst licence fees are collected by LandsD annually, rates and government rents are assessed and collected by RVD. In this connection, LandsD has no information on the estimated revenue foregone,

A meeting was convened between RVD and LandsD on 16 May 2017 to examine how the information on GLLs and SC records may be provided to RVD for assessing and charging rates. Out of the existing 15 200 GLLs, RVD has already had the information of some 6 000 GLLs. It has been agreed that RVD will provide to LandsD the list of the 6 000 GLLs and LandsD will provide information of the rest of GLLs to RVD. Regarding the SS structures, it has been agreed that LandsD will by phases provide all SC records to RVD for their follow up action.

14. According to paragraphs 3.6, 3.8 and 3.10, regarding the SS structures erected on private agricultural land and premises located in remote areas, whether LandsD considered these areas secondary and these premises relatively low rateable values and thus held an indifferent attitude in collecting and maintaining relevant information for RVD to assess and charge rates and government rent and took no proactive actions to improve the situations identified by Audit?

Reply:

LandsD is responsible for the control of SS structures while assessment of rateable value falls outside the function of LandsD. LandsD has not been approached by RVD before to provide information of SS structures. As informed in the response to Q13 above, LandsD will by phases provide all SC records to RVD for their follow up action.

15. According to paragraph 3.19, licence fees for occupying government land for erecting licensed structures had not been revised since enactment of the Land (Miscellaneous Provisions) Ordinance (Cap. 28) in 1972. According to paragraphs 3.25(a) and 3.26, LandsD agreed to expedite actions on conducting a review of GLL fee levels. What is the timeframe for completing the review? Furthermore, according to paragraph 3.23, while the Government has adopted a policy to convert non-domestic GLLs into short-term tenancies ("STTs") since mid-1970s, as of March 2016, 4 733 non-domestic GLLs had not been converted into STTs. According to paragraphs 3.25(b) and 3.26, LandsD agreed to ascertain non-domestic GLLs suitable for conversion into STTs, and take conversion actions in a timely manner. What is the progress?

Reply:

LandsD has commenced comprehensive review of the licence fees prescribed in the Land (Miscellaneous Provisions) Ordinance (Cap. 28), including identification of those fee items warranting review and those which are no longer applicable. We aim to complete our review from the department's perspectives and put forward initial recommendations to the Development Bureau for consideration by the first quarter of 2018.

To start with, LandsD will look into the nature of the 15 214 GLLs to ascertain if any of them should be converted to STTs. To this end, LandsD is preparing a new instruction for districts to set up District Review Boards to conduct a review to ascertain the number of non-domestic GLLs suitable for conversion into STTs and to take conversion actions accordingly. In respect of the rest which has to be remained as GLLs, LandsD will examine if the rates can be revised having regard to the nature of use. For certain uses, e.g. domestic, it is likely to be difficult to introduce substantial increase in fees. Subject to further deliberation, such increases may also not be warranted for those GLLs to be phased out in the short to medium term as a result of development clearances in the pipeline.

Part 4: Clearance of squatter and licensed structures

16. According to paragraph 4.10, concerning a household not meeting Public

Rental Housing ("PRH") re-housing criteria but had nonetheless been referred to the Housing Department for allocation of PRH flat, what were the justifications for LandsD's referral decision? Has LandsD conducted a review to ascertain whether there are similar cases in other clearance operations? What measures will be taken to prevent recurrence of the problem?

Reply:

The head of the household concerned had lived in the structure in question since 1978. In 1997, a part of the structure was damaged by a land slip. The structure was subsequently required to be cleared for the implementation of a public works project. The said household head then advised that he had approached the relevant office and was advised not to rebuild since the structure had been included in the clearance limit. The then Assistant Manager (now retired) considered that the applicant had never abandoned the structure, but was unable to reoccupy the structure as the structure was partially damaged and could not be rebuilt. The then Assistant Manager concluded that the household had fulfilled the residence requirement.

We have reviewed the cases referred to HD for processing of rehousing application for the past two years and cannot find any other similar case. We have reviewed the procedures and have decided that written approval from Manager/Clearance should be obtained prior to referral of cases to HD for processing of rehousing application in order to ensure that only eligible cases are referred to HD. For doubtful cases, they will be submitted to the Senior Manager/Clearance for consideration. The instruction will be disseminated to all staff in the upcoming staff meeting.

Audit recommendations

17. What are the Government's executive plans and timetables to adopt Audit's recommendations in respect of monitoring of S&L structures, rates, government rent and licence fees on S&L structures, and clearance of S&L structures?

Reply:

As mentioned in preceding paragraphs, LandsD has already appointed a directorate officer dedicated to reviewing the existing patrol systems of all district SCOs and putting forward improvement recommendations to strengthen the effectiveness of monitoring and enforcement actions. LandsD aims to complete the review and put in place revised patrol arrangements within the third quarter of 2017. In parallel, deliberation is being made on further refinements to the strengthened and improved SC measures implemented in June 2016.

As to the review of GLL fee levels and timely conversion of non-domestic GLLs suitable for conversion into STTs, LandsD has already commenced work to identifying those GLL fees that warrant review and those that are no longer applicable. As the said fee review will involve legislative amendments, LandsD is not able to provide an estimate on the time required but will make its best endeavor to complete its part of the review by the first quarter of 2018. Parallel action will be taken to require DLOs to identify those non-domestic GLLs suitable for conversion.

LandsD will bid resources this year to set up and maintain the Squatter Control Record geospatial database to facilitate the implementation of the SC Policy and its compliance.