

The Audit Commission ("Audit") conducted a review of the Government's management of squatter structures and licensed structures covered by Government Land Licences ("GLLs").<sup>1</sup>

2. Hon SHIU Ka-fai declared that he was a non-official member of the Hong Kong Housing Authority.

3. Since mid-1970s, the Lands Department ("LandsD") has not issued new GLLs. Meanwhile, under LandsD's squatter control ("SC") Policy, new squatter structures and unauthorized extensions of squatter structures are not allowed to be erected on government land or private agricultural land after the 1982 Squatter Survey.<sup>2</sup> However, surveyed squatter structures ("SS structures") are allowed to remain in existence on "temporary" basis, provided that the location, dimensions, building materials and use of each structure are the same as those recorded in the 1982 Squatter Survey, and until they are cleared for development, safety or environmental reasons, or until they are phased out through natural wastage. Unauthorized squatter structures erected or rebuilt after the 1982 Squatter Survey and SS structures not complying with the SC Policy are subject to LandsD's enforcement actions. In recent years, media reports have unveiled significant unauthorized extensions of squatter and licensed structures ("S&L structures") while some of them are susceptible to landslide risks. As of March 2016, there were 388 497 SS structures and 15 214 GLLs in force.

4. The Committee noted the following findings from the Director of Audit's Report:

- Audit's site visit in December 2016 revealed that 50 structures located at a red patrol area<sup>3</sup> on Hong Kong Island might not have complied with the SC policy. LandsD subsequently investigated and confirmed

---

<sup>1</sup> Under the Land (Miscellaneous Provisions) Ordinance (Cap. 28), on payment of a prescribed fee, the Lands Department ("LandsD") may issue a GLL permitting a licensee to erect structures of specified dimensions, for specified purposes and for a specified period of time on a piece of unleased government land. GLL is not transferable, and LandsD may cancel a GLL if there is a breach of any licence conditions.

<sup>2</sup> In 1982, the Housing Department conducted a territory-wide survey on the squatter areas and squatter structures in Hong Kong.

<sup>3</sup> Under a tri-colour system adopted for Squatter Control Offices routine-patrol purposes, squatter areas in the territory were classified into red, yellow and green areas in descending order of vulnerability to new squatting activities.

that 19 of the 50 cases did not comply with the SC Policy, including seven new cases which LandsD did not notice previously. For two of the seven cases, the total areas of the two SS structures had increased by 16% and 100% respectively, and the height by 170% and 118% respectively. However, the Squatter Control Office ("SCO")'s routine patrols had not detected the irregularities. Meanwhile, as of January 2017, LandsD was still investigating 21 of the 50 cases to see whether or not they complied with the SC Policy;

- in late February 2017, Audit conducted site visits to two squatter areas under the monitoring of SCO/Kowloon, Tsuen Wan and Kwai Tsing and SCO/New Territories East (2) respectively, and noted that 40 structures might not have complied with the SC Policy, while 9 of the 40 cases were new non-compliant cases that LandsD was not aware of before Audit's site visit. As of March 2017, LandsD was still investigating 23 of the 40 cases to see if they complied with the SC Policy;
- of the seven SCOs,<sup>4</sup> only SCO/New Territories East (1) maintained information on the source of identifying non-compliant SS structures. From January 2015 to September 2016, SCO/New Territories East (1) discovered 25 cases during SC patrols, and 181 cases were originated from public complaints or referrals from other Bureaux/Departments;
- Audit examined SCO/Hong Kong and Lei Yue Mun ("HK&LYM")'s Case Monitoring Report<sup>5</sup> of October 2016 and discovered that in July 2015, SCO/HK&LYM received a complaint on illegal re-occupation of a de-registered SS structure which should have been vacated and boarded up during a non-development clearance exercise in 2001. However, due to the unclear responsibilities among SCO/HK&LYM and LandsD's Clearance Unit, no enforcement actions had been taken since the complaint was lodged. Audit also found that LandsD had failed to rectify the non-compliance of six SS structures (SS Structures E, F1, F2, G to I) mentioned in Cases 5 to 7 despite its follow-up actions. In Case 7, LandsD conducted site inspections from August to December 2016 on 133 SS structures occupied for commercial purposes along the seafront at which SS Structures G to I

---

<sup>4</sup> The seven SCOs are Hong Kong and Lei Yue Mun; Kowloon, Tsuen Wan and Kwai Tsing; Islands; New Territories East (1); New Territories East (2); New Territories West (1); and New Territories West (2).

<sup>5</sup> Since June 2016, each SCO was required to hold bi-monthly Case Monitoring Meetings and prepare Case Monitoring Reports for monitoring the progress of enforcement actions taken on SS structures not complying with the SC Policy.

were situated, but as of December 2016, inspections for 77 SS structures were still pending, and 48 SS structures were confirmed having irregularities;

- Audit selected 2 of the 13 patrol areas which were patrolled by Teams A and B of SCO/HK&LYM for review, and discovered that from January 2015 to September 2016 (comprising 432 working days), the two teams had respectively conducted patrols to the two patrol areas on 257 and 208 working days respectively, but only 2 of the 465 (257 + 208) daily patrol reports recorded irregularities found during the patrols. Also, the two teams often spent only one to two minutes between visiting two check-points. Audit criticized that given the short time spent on conducting inspections of areas covered by check-points (on average one check-point covered 18 SS structures), it was unlikely that the patrol teams could effectively carry out their patrol functions;
- seven SCOs and 12 District Lands Offices ("DLOs")<sup>6</sup> did not maintain a centralized database to record the time of inspecting each SS structure, the irregularities observed and the follow-up actions taken. Instead, these information was kept in individual case files. As such, there was no assurance that SS structures had satisfactorily complied with the licence conditions;
- in Case 8, an unauthorized rooftop structure on a licensed structure had not been rectified 12 years after LandsD's issuance of a warning letter in February 2005. In Case 9, despite the death of the licensee of a licensed structure made known to DLO/Islands in November 2011, and in the absence of an application and approval of a transfer of GLL concerned, no enforcement actions had been taken up to January 2017;
- LandsD had not provided the Rating and Valuation Department ("RVD") with information on 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. In February 2017, Audit sample checked structures covered by 30 GLLs, and discovered that RVD had not assessed and charged rates on structures covered by 18 GLLs (60%) in remote areas involving relatively low rateable values. In this

---

<sup>6</sup> The 12 DLOs are DLO/Hong Kong East, DLO/Hong Kong West and South, DLO/Kowloon East, DLO/Kowloon West, DLO/Islands, DLO/North, DLO/Sai Kung, DLO/Sha Tin, DLO/Tai Po, DLO/Tsuen Wan and Kwai Tsing, DLO/Tuen Mun and DLO/Yuen Long.

connection, RVD would, having regard to resource availability and work priority, assess the outstanding licensed structures by phases based on LandsD's information. Meanwhile, upon receipt of the addresses, locations and boundaries of the abovementioned 262 128 SS structures, data matching would be conducted by RVD to check whether the pertinent SS structures had been assessed or exempted from assessment to rates and/or government rent;

- the licence fees, which had not been revised since 1970s, were significantly lower than the market rent of similar premises, e.g. the licence fee for a domestic licensed structure located in the New Territories was only \$0.3 per square metre a year;
- as of March 2016, 4 733 non-domestic GLLs had not been converted into short-term tenancies in accordance with the Government's policy;
- in Case 10, a household which was affected by the clearance operation for a works project was referred to the Housing Department by LandsD for allocating of Public Rental Housing flat. A Public Rental Housing flat was eventually allocated to the household even though it did not meet the re-housing criteria;
- as of February 2017, upgrading works for 940 (59% of 1 582) government man-made slopes posing landslide risks to S&L structures had not commenced, and studies for 106 (7% of 1 582) government man-made slopes were still in progress. Moreover, as of January 2016, while 199 squatter structures were prone to landslide risks posed by natural terrains, natural terrain hazard studies had not been conducted to identify required mitigation measures; and
- as of January 2017, 210 Dangerous Hillside Orders on private slopes posing landslide risks to S&L structures had not been satisfactorily complied with, while 34 (16%) of these 210 Dangerous Hillside Orders had been outstanding for 10 to 21 years.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the underlying reasons for LandsD failing to detect non-compliant SS structures and take enforcement actions in a timely manner, follow-up progress of the non-compliant SS structures identified by Audit, improvement measures to enhance the effectiveness of SC patrols, the assessing progress on the outstanding licensed structures, and the follow-up actions relating to

the upgrading works for the government man-made slopes posing landslide risks to S&L structures as well as the Dangerous Hillside Orders. The replies from **Director of Lands, Commissioner of Rating and Valuation, Director of Civil Engineering and Development** and **Director of Buildings** are in *Appendices 17* to *20* respectively.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.