

LCQ2: Kwu Tung North/Fanling North New Development Areas

Following is a question by the Hon Louis Loong and a reply by the Secretary for Development, Ms Bernadette Linn, in the Legislative Council today (March 19):

Question:

The Kwu Tung North and Fanling North New Development Area (NDA) project is the first NDA project in the Northern Metropolis to enter construction stage. The Government invoked the relevant legislation in 2019 and 2024 successively for the resumption of private lots for implementing the development of the NDAs. In this connection, will the Government inform this Council:

- (1) of the number and hectare of private lots resumed so far;
- (2) among the private lots resumed, of the respective numbers of lots for which compensation has been and has not yet been paid by the Government to the landowners; and
- (3) given that the Government is required by the relevant legislation to pay the interest that shall be borne from the date of reversion of private lot to the Government until the date of the compensation payment, whether it has estimated, in respect of the private lots which have been resumed but for which compensation has not yet been paid, the total interest expenses to be involved in the payment of compensation by the Government?

Reply:

President,

The Kwu Tung North/Fanling North New Development Area (KTN/FLN NDA) is the first NDA in the Northern Metropolis to enter the construction stage. It is being implemented in two phases where land has gradually been developed.

To implement the project, the Government resumed privately owned land in 2019 and 2024 in phases according to the Lands Resumption Ordinance and other relevant ordinances, and is required by law to pay statutory compensation to landowners. As an alternative to statutory compensation, the Government has introduced ex-gratia compensation which is administrative in nature and processed in a more simplified and speedier manner, in accordance with the policy.

When the Government resumes private land for a public purpose, a notice will first be gazetted specifying that the relevant lot will revert to the Government after a specified date, in general three months after a notice is published. According to the present mechanism and performance pledge, the

Lands Department will within four weeks of gazetting the resumption notice issue an ex-gratia compensation offer to the landowner, and mention that the relevant person may submit a claim for statutory compensation if the offer is not accepted. If both parties cannot reach an agreement on the amount of statutory compensation, either party may refer the claim to the Lands Tribunal for final determination of the compensation. Upon receipt of the letter of acceptance from the landowner and after checking and confirming the land title, the Lands Department will issue the ex-gratia compensation. According to the above mechanism, if a landowner does not accept the ex-gratia compensation offer and opts for making a statutory compensation claim, or may not be able to provide the required documents in a timely manner to prove its title, it will take longer time to process such cases.

In response to the respective parts raised by the Hon Loong, my reply is as follows:

(1) The KTN/FLN NDA requires the resumption of 2 498 private lots in total, involving a total area of about 178 hectares (ha). The Government resumed 784 private lots for the first phase development in December 2019 with an area of around 68 ha; and resumed 1 714 private lots for the remaining phase development in April and October last year with an area of around 110 ha.

(2) As of end February 2025, the Government has already paid compensation to landowners of over 90 per cent and 20 per cent of the land resumed for the first phase and remaining phase development respectively, with an amount of around \$10.7 billion and \$3.6 billion respectively, totalling around \$14.3 billion (interest included). While it is our goal to disburse the compensation as soon as possible after the land reverts to the Government, as mentioned above, the general circumstances of each case will also depend on factors such as whether and when the landowner accepts the compensation offer, whether land title checking can be smoothly conducted. According to the performance pledge of the Lands Department for issuing compensation, cheques would be made available for collection by the landowner within four weeks following the acceptance of proof of legal title or execution of compensation agreements. In the past two year, all of the cases met the performance pledge.

For this development area, the remaining compensation of around \$16.9 billion not yet paid mainly involves land resumed last year for the remaining phase development. Among the cases with compensation not yet disbursed, around half are due to land title not yet fully proven, incomplete land title documents and time required for title checking; while the other half are due to landowners being not contactable or not in Hong Kong.

(3) The Lands Resumption Ordinance and relevant ordinances stipulate that interest shall be awarded for the compensation payable for the period running from the reversion of land to the Government to the payment of compensation, and that the relevant interest rate is set at one-month Hong Kong Dollar Interest Settlement Rates (HIBOR). Under the current approval mechanism, the time required for disbursement of compensation for cases with no land title checking problem would generally be around three to six months from the date

of reversion of land to the Government. In other words, payment of interest is expected for resumption and compensation work, and is also reasonable to both the Government and the affected landowners under the current mechanism.

In the context of KTN/FLN NDA, cases with payment of compensation completed totaled around \$14.3 billion as mentioned above, and this includes interest payment of over \$49 million. As the interest rate fluctuates and the processing time of each case differs, the Government is unable to provide an estimate of the interest expense for the compensation amounts not yet paid.

In order to speed up the processing of cases, the Lands Department has introduced a range of streamlining measures since November 2023 to enhance the clarity and transparency of the title checking processes, which will be further streamlined to enable compensation to be issued as early as possible to landowners who have accepted the compensation amount.

Thank you, President.