

LCQ17: Land leases expiring in 2047

Following is a question by the Hon Chiang Lai-wan and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (November 27):

Question:

The Government has indicated that there are more than 30 000 leases for lands in the New Territories (including New Kowloon) which were made for terms expiring in mid-2047. Regarding the extension of such land leases and related matters, will the Government inform this Council:

(1) of the following information on the lands, which are under the aforesaid land leases at present and in multiple ownerships, for residential use or for both commercial and residential uses: (i) the total land area, (ii) the number of lots and (iii) the total number of residential units involved (including units for both commercial and residential uses); if the Lands Department (LandsD) has not kept such information, when LandsD will finish the work to keep the information;

(2) as LandsD indicated in March 2017 that (i) the compilation of the reference materials on the specific procedures and workflow involved in the processing of lease extension was expected to complete by mid-2017, and (ii) the possibility of further streamlining and shortening the workflow involved would be explored, whether the two tasks have been completed and whether the reference materials have been made public at present; if the tasks have not been completed or the materials have not been made public, of the reasons for that;

(3) given that a large number of land leases will be expiring in mid-2047, whether LandsD has assessed the additional manpower and financial resources needed for coping with the relevant work, such as collating and compiling information on land leases and extending land leases; if LandsD has, of the additional manpower and estimated expenditure needed;

(4) whether it will expeditiously make public the terms and procedures for extension of the aforesaid land leases; if not, when it will do so;

(5) whether financial institutions relayed to the authorities in the past three years that the uncertainty about whether and for how long those land leases could be extended in 2047 had affected their decisions on the applications for mortgage loans related to the properties concerned; if so, of the details; and

(6) whether it knows if there were cases in the past three years in which financial institutions refused to grant mortgage loans with a term beyond mid-2047 for the properties on a particular land on the grounds that the land lease concerned will expire in that year; if so, of the details?

Reply:

President,

The Government has clear and unequivocal policy for handling matters related to the extension of expiring land leases all along.

According to the policy statement promulgated by the Hong Kong Special Administrative Region (HKSAR) Government in July 1997, leases not containing a right of renewal (excluding short term tenancies and special purpose leases) may, upon expiry and at the sole discretion of the Government, be extended for a term of 50 years without payment of an additional premium, but an annual rent shall be charged equivalent to three per cent of the rateable value of the property, adjusted in step with any changes in rateable value thereafter. Under this policy, generally the lease terms of land leases granted since the establishment of the HKSAR Government have been for 50 years and extending beyond 2047.

Depending on the date of grant and the term of the lease, currently effective land leases will expire on different dates, including on, before, or after June 30, 2047.

Since the establishment of the HKSAR, the Lands Department (LandsD) has been dealing with matters related to the extension of expiring land leases in accordance with the aforementioned policy. Factors to be taken into account when considering lease extension include whether serious breaches are found under the original lease and whether such breaches were purged before the specified period; and if the original lease was granted on certain policy considerations (e.g. promoting the development of an individual industry), whether such policy considerations remain valid.

As regards specific procedures, under the existing arrangements where the land lease is approved for extension, for land under single ownership, or multiple ownership with all owners unanimously agreeing to the lease extension arrangement, the lease will generally be extended through the execution of a lease extension document between the LandsD and all owners. For land under multiple ownership but owners not unanimously agreeing on or having difficulties in unanimously agreeing on the arrangement for lease extension (e.g. residential buildings with alienated units), after the expiry of the current lease, the Government will grant a new lease to the Financial Secretary Incorporated, which will then assign the undivided shares of the individual premises to their registered owners. This arrangement ensures that even if individual owners do not agree with or cannot execute the lease extension arrangement, the interests of other owners who are ready to accept the lease extension and complete the assignment procedures will not be affected. Generally speaking, the LandsD will begin processing extension of a lease three years before its expiry. For more complicated cases or those with a large number of owners, the department may commence relevant work earlier.

My answer to the various parts of the question is as follows:

(1) A large number of land leases will expire on June 30, 2047. The LandsD is collating the information on the number of lots involved, their user categorisation, and the number of interests, etc. The compilation exercise will be completed by phases from 2021 onwards.

For land leases expiring on or before June 29, 2047, according to the statistics compiled by LandsD based on information from the Land Registry, currently effective land leases for general commercial/residential/industrial purposes will expire in 2025 the earliest. From 2025 to June 29, 2047, land leases of a total of about 2 400 lots (on sub-divided lot basis) for general commercial/residential/industrial purposes will be expiring. Statistics of number of interests involved is being collated.

(2) to (4) As aforementioned, the Government has a policy and a set of mechanism in place to handle matters related to the extension of expiring land leases. To assist the understanding of the public, the website of LandsD has a dedicated page to provide relevant policy information, regularly updated lease extension statistics and relevant releases.

As regards the procedures of lease extension, we are exploring whether there are other suitable arrangements under which the extension could be effected through streamlined procedures and more convenient means. We will announce the specific arrangements at a suitable juncture.

(5) and (6) The Government has particularly explained to relevant professional sectors matters related to lease extension, including communicating with the banking sector via the Hong Kong Monetary Authority (HKMA) in October 2016, making clear that the Government has unequivocal policy to deal with extension of land leases, including reaffirming its authority to grant land leases with terms extending beyond June 30, 2047; as well as meeting with the Hong Kong Institute of Surveyors in May 2017 to explain the specifics in the execution of land lease extension. The professions considered the Government's policy as clear and unequivocal.

The HKMA considers that the Government's explanation has properly and comprehensively addressed the concerns of the banking industry. It does not see the need for the banks to alter their mortgage policies. In fact, currently there are banks arranging mortgage loans with terms longer than those of the leases of the relevant premises. The HKMA has not received any complaint in this respect.

LCQ11: Review of Air Quality Objectives

Following is a question by the Hon Kenneth Leung and a written reply by

the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (November 27):

Question:

The Government conducted a public consultation on 2025 Air Quality Objectives Review from July to October this year. The consultation paper recommends, among others, that the average 24-hour concentration limit stipulated for fine suspended particulates (i.e. PM_{2.5}) in the Air Quality Objectives (AQOs) be tightened, but that the number of exceedances allowed be relaxed from the current level of nine to 35 a year. In this connection, will the Government inform this Council:

(1) as an environmental group has pointed out that the longer the duration for which members of the public are exposed to air pollutants, the greater the health risks they will face, whether the Government will consider afresh shelving the aforesaid recommendation of relaxing the number of allowable exceedances; if not, of the justifications for that;

(2) as the findings of the 2025 air quality assessment have shown that the concentrations of ozone and respirable suspended particulates (i.e. PM₁₀) in most parts of Hong Kong will exceed the relevant levels set by the World Health Organization, whether the Government will consider exploring expeditiously the tightening of the concentration limit targets of those two types of air pollutants; if so, of the details; if not, the justifications for that; and

(3) as the Police have frequently fired tear gas rounds during public events in recent months, and according to some academics, it is very likely that tear gas rounds will give off dioxins during the combustion process, whether the Government will consider installing additional equipment at the 13 existing general air quality monitoring stations or adopting other measures for real-time monitoring of dioxin concentrations, so that members of the public may take actions to minimise personal health risks as necessary; if not, of the justifications for that?

Reply:

President,

The Environment Bureau completed the review of the Air Quality Objectives (AQOs) in December 2018, and reported the review outcomes to the Panel on Environmental Affairs (EA Panel) of the Legislative Council in March 2019. Subsequently, a three-month public consultation was conducted from July 12 to October 11, 2019 to solicit public views on the review findings and proposed tightening of the AQOs. During the consultation period, over 280 submissions were received. After consolidating and analysing the views collected, we will consult the EA Panel on the final recommendations for tightening the AQOs.

Replies to the questions raised by the Hon Kenneth Leung are as follows:

(1) and (2) The Government has been striving to improve air quality for the

protection of public health. According to the air quality assessment results of the AQOs review, there would be continuous improvement in the ambient fine suspended particulates (PM_{2.5}) concentration level in 2025. As such, the review recommended that the annual and 24-hour AQOs of PM_{2.5}, which are currently set at Interim Target (IT)-1 level of the World Health Organization (WHO) Air Quality Guidelines (AQGs), can be tightened to IT-2 level. Based on local studies, the health risks associated with long-term exposure to PM_{2.5} (in terms of annual mean concentration) is about ten times higher than that of the short-term exposure to PM_{2.5} (in terms of 24-hour concentration). According to the WHO AQGs, lowering the annual mean of PM_{2.5} from IT-1 to IT-2 level could reduce the risk of premature death by about 6 per cent.

As for the recommendation to tighten the 24-hour AQO of PM_{2.5} to IT-2 level (i.e. 50µg/m³) with 35 allowable exceedances, between 2011 and 2017, the ambient air quality monitoring network recorded 17 exceedances against the prevailing 24-hour AQO of PM_{2.5} while there were 30 exceedances against the recommended new AQO, suggesting that the recommended AQO is more stringent than the prevailing one. As aforesaid, we are analysing the views collected during the public consultation for drawing up the final recommendations to tighten the AQOs, including the 24-hour AQO of PM_{2.5}, and will consult the EA Panel on the final recommendations in due course.

The current review aims at setting the AQOs for 2025. Owing to the high regional background concentrations of respirable suspended particulates (PM₁₀) and ozone, the 2025 air quality assessment results revealed that concentrations of these pollutants would not be able to meet the next level, i.e. WHO AQG's IT-3 level for PM₁₀ and the ultimate AQG level for ozone. Therefore, the review did not recommend to tighten the AQOs of PM₁₀ and ozone at this stage. To continuously improve the air quality, Guangdong and Hong Kong have launched the Study on Post-2020 Regional Air Pollutant Emission Reduction Targets and Concentration Levels. We shall consider the study findings in the next review period (i.e. 2019-2023) to explore further scope for tightening the AQOs of PM₁₀ and ozone.

(3) According to the information from the Department of Health and the Hospital Authority, there is no literature or scientific evidence on dioxin poisoning caused by the use of tear gas.

There are only a few emission sources of dioxin in Hong Kong. Furthermore, the Government has banned open burning since 1996 and eliminated this major source of dioxin. As such, the dioxin level in the territory is largely associated with the background level in the region and the dioxin concentrations across the territory is quite uniform. The Environmental Protection Department (EPD) has set up two dioxin monitoring points at the Central/Western and Tsuen Wan air quality monitoring stations respectively. The data can represent the level of dioxin exposure of the public. In fact, the dioxin concentrations recorded at the two monitoring stations in the past five years were similar, indicating that setting up two dioxin monitoring points is sufficient. The EPD has no plan to extend dioxin monitoring to other general air quality monitoring stations. Also, the dioxin concentrations recorded at the two stations in the past few months have not deviated from their normal levels.

Dioxins are not a single compound but a family of compounds that share distinct chemical structures and characteristics. The extraction of samples and chemical analytical processes are complex and require the use of sophisticated instruments. The chemical analysis of the sample usually takes several weeks to complete. As far as we know, there are no instruments on the market that can measure dioxin concentrations in real time.

LCQ 20: Complaints against unlawful acts and improper remarks by civil servants

Following is a question by the Hon Holden Chow and a written reply by the Secretary for the Civil Service, Mr Joshua Law, in the Legislative Council today (November 27):

Question:

Recently, some civil servants made remarks on the Internet discrediting the "one country, two systems", and a civil servant was arrested for alleged participation in an unlawful assembly. Moreover, the Education Bureau (EDB) earlier on issued a letter of condemnation to two teachers who had made hostile remarks on the Internet against the Police. Some parents hold the view that such disciplinary action is inadequate to reflect the severity of that kind of incidents as the relevant remarks may incite students to take part in unlawful activities. In this connection, will the Government inform this Council:

(1) of the number of complaints received, since June this year, about civil servants taking part in unlawful assemblies or violent activities, or openly making remarks that discredit the "one country, two systems"; the disciplinary mechanism established for those complaints substantiated, including the circumstances under which the person under complaint will be interdicted; the to-date number of persons interdicted for such acts; and

(2) of the number of complaints received by EDB, since June this year, about teachers of government schools making hostile remarks against the Police or/and seditious remarks; the disciplinary mechanism established for those complaints substantiated, including the circumstances under which the person under complaint will be suspended from duty; the to-date number of persons suspended from duty for such acts?

Reply:

President,

The Government adopts a zero-tolerance attitude towards civil servants who violate the law. We have from time to time reminded civil servants that they must not take part in any unlawful activities. We are extremely concerned about the arrest of individual civil servants for their suspected involvement in unlawful public activities. The Government would not tolerate civil servants breaching the law. It would be difficult for the community to accept if a civil servant arrested for participating in illegal activities could still return to work as normal and continue to exercise the powers and functions of his office.

Having consulted the Education Bureau (EDB), my consolidated reply to the Hon Holden Chow's question is as follows:

(1) Since June this year, the Civil Service Bureau has received complaints against 43 civil servants, alleging their participation in unlawful assemblies or violent activities, or openly making remarks that discredit the "one country, two systems". Under the established mechanism, these complaints have been referred to their respective departments for follow up.

In accordance with the established mechanism, the Government will, having regard to public interest, interdict a civil servant who is under investigation for serious misconduct or criminal offence or that disciplinary or judicial proceedings have been or are to be taken against him or her. There are currently only an extremely small number of officers being interdicted. The vast majority of civil servants remain to be dedicated to serve the community and committed to the rule of law.

Civil servants convicted of criminal offence would not only be penalised under the law, the Government would also take disciplinary action against them in accordance with the established mechanism with zero tolerance. On disciplinary action, if there is evidence that a civil servant has misconducted himself upon investigation, or a civil servant has been convicted of criminal offence by the Court, the management will take appropriate follow-up actions, including imposing disciplinary punishment of verbal warning, written warning, reprimand, severe reprimand, reduction in rank, compulsory retirement and dismissal. In determining the appropriate punishment, the disciplinary authority will examine the record of the court proceedings and sentence and take into account factors including the nature and gravity of the misconduct or criminal offence, level of punishment for similar misconduct or criminal offence, any mitigating factors, and the concerned civil servant's rank, service and disciplinary records.

(2) Since June this year, the EDB has received a total of four complaint cases about government school teachers making hate messages against the Police on the social media. If a complaint is found substantiated and the officer concerned is found guilty of disciplinary offence upon investigation, the EDB will take appropriate follow-up actions against the officer according to established civil service disciplinary mechanism having regard to the gravity, particulars and merits of individual case. If the officer is a registered teacher, the EDB will follow up the case in the light of the professional code of conduct of registered teacher and in accordance with the relevant provisions of the Education Ordinance (Cap. 279).

If criminal or disciplinary proceedings have been instituted against an officer or his conduct is under investigation by the EDB, the Independent Commission Against Corruption, the Police or other law enforcement agencies and the EDB considers that he should cease exercising the powers and functions of his public office, the officer may be interdicted from duty. In considering whether an officer should be interdicted, the EDB should take into account the nature and gravity of the alleged misconduct or criminal charges, possible conflict between the misconduct and his official duties, possibility of recurrence of the same misconduct or offence and availability of alternative posting.

Regarding the complaints mentioned above, one case was found to be unsubstantiated while three cases are still under investigation. So far, no officer has been interdicted from duty. Yet, for the interests of students, two civil service teachers have been redeployed temporarily from government schools to other positions in the EDB during the course of investigation.

Special arrangements for reserving Shenzhen Bay Ad Hoc Quota for Cross Boundary Private Cars in relation to long holidays

The Transport Department (TD) today (November 27) announced that special arrangements will be implemented for reserving the Shenzhen Bay Ad Hoc Quota for Cross Boundary Private Cars in relation to the suspension of operation of relevant Mainland government agencies from January 24 to 30, 2020, during the Chinese New Year holiday.

"Due to the fact that relevant Mainland government agencies will suspend operation during the Chinese New Year holiday, to ensure sufficient time for applicants to complete the application procedures and other required formalities, the reservation service for the Shenzhen Bay Ad Hoc Quota for Cross Boundary Private Cars will be adjusted accordingly for qualified vehicle owners to make advance reservation," a TD spokesman said.

Qualified vehicle owners interested in making reservations under the quota with start dates falling within the period from January 24 to February 27, 2020, may refer to the Annex for making advance reservations.

Applicants are reminded that, as in normal application procedures, they will need to complete the formalities required by the Mainland at agencies in Hong Kong designated by the Mainland authorities upon approval of application before departure.

Result of the tenders of RMB Sovereign Bonds held on November 27, 2019

The following is issued on behalf of the Hong Kong Monetary Authority:

Result of the tenders of RMB Sovereign Bonds held on November 27, 2019:

Tender Result

Tender Date	:	November 27, 2019
Bonds available for Tender	:	2-year RMB Bonds
Issue Number	:	BCMKFB19023 (Re-open)
Issue and Settlement Date	:	November 29, 2019
Maturity Date	:	June 24, 2021 (or the closest coupon payment date)
Coupon Rate	:	2.95 per cent
Application Amount	:	RMB 12,580 million
Issue Amount	:	RMB 3,500 million
Average Accepted Price	:	100.49
Lowest Accepted Price	:	100.34
Highest Accepted Price	:	100.77
Allocation Ratio	:	Approximately 64 per cent

Tender Result

Tender Date : November 27, 2019

Bonds available for Tender : 5-year RMB Bonds

Issue Number : BCMKFB19024 (Re-open)

Issue and Settlement Date : November 29, 2019

Maturity Date : June 24, 2024 (or the closest coupon payment date)

Coupon Rate : 3.03 per cent

Application Amount : RMB 7,199.5 million

Issue Amount : RMB 1,500 million

Average Accepted Price : 101.39

Lowest Accepted Price : 100.98

Highest Accepted Price : 102.94

Allocation Ratio : Approximately 17.76 per cent