

(For discussion)

PCTF Paper 12

**Business Facilitation Advisory Committee
Pre-construction Task Force**

***Review of the Processing of Lease Modification and
Land Exchange Applications***

Background

At the 8th PCTF meeting in September 2005, a case study (Dragon Centre) was presented in which the developer had started work before all the negotiations had been completed, the time of almost one year was taken to process the lease modification and premium assessment which was typical for projects of this nature. The failure to reach an agreement between the Government and the developer in the end was a loss to all parties concerned and to the economy. Members were also concerned about the lengthy time spent by a developer to go through the premium assessment procedure.

2. In November 2005, the EABFU received a referral about a letter dated 20 September from a group of surveying firms to the Financial Secretary proposing to shorten the processing time for land transactions. The present performance pledge 24 weeks to issue “Provisional basic terms offer” was considered too long. Although Land Department claimed that the average time taken was 15.6 weeks only, this was mainly due to many other counting days were not included e.g. pending comment/approval from other departments, gazetting etc.

3. In May 2006, the EABFU met Lands Department and HPLB and agreed that a consultancy should be commissioned to examine the above issues and develop proposals for enhancing the processing of lease modification and land exchange applications.

Objectives of the Study

4. The objectives are to enhance the processing of lease modification and land exchange applications by the Lands Department with a view to speeding up the processes.

Scope and Terms of Reference

5. The Terms of Reference are
- (a) to document the current procedures, average time taken and the staff resources required for processing lease modification and land exchange applications;
 - (b) to examine the efficiency of and identify problems with the current procedures for processing lease modification and land exchange applications;
 - (c) to identify the scope for re-engineering the processes and introducing new measures to enhance operational efficiency;
 - (d) to develop and recommend measures to support the implementation of the study recommendations, and
 - (e) to estimate the potential benefits and costs of the recommendations including any additional resources required having due regard to all relevant factors and constraints including the existing workload of the District lands offices and Lands Department.

Duration of the Study

About 4 months

Tentative timeframe of the Study

July to October 2006

Composition of the Project Steering Group

Chairman : DD of Lands Department

Members : HPLB representatives
: Lands Department representatives
: PCTF representatives
: EABFU representatives

May 2006