

LCQ17: Private Recreational Leases

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Home Affairs, Mr Caspar Tsui, in the Legislative Council today (July 14):

Question:

In February 2019, the Government published the public consultation outcome on the review of the policy on Private Recreational Leases (PRLs), and indicated that it would handle those PRLs which had expired or would soon expire according to the recommendations of the policy review. Some members of the public have relayed that some sports clubs holding PRLs are suspected of subletting their facilities to commercial organizations for making profits, or operating in a way that has deviated from the original purposes for which they were granted the sites. In this connection, will the Government inform this Council:

- (1) of the latest progress of the Government's efforts in implementing the recommendations of the policy review (including whether such recommendations have been implemented as scheduled), and whether it has reviewed the effectiveness of the related measures;
- (2) given that the lessees of PRLs granted before 2011 are not required to comply with the requirement of opening up facilities for use by eligible outside bodies, of the measures in place to encourage such lessees to increase the extent of opening up their facilities;
- (3) of the number of complaints about lessees breaching PRLs (including breaching the requirement of opening up facilities) received by the Government in the past three years, as well as the number of cases found to be substantiated and the penalties imposed on the lessees (if any); the measures in place to ensure that lessees' operations will not deviate from the original purposes for which they were granted the sites;
- (4) of the details of the proactive inspections conducted in the past three years by government departments on whether the lessees had breached PRLs, and the outcome of such inspections;
- (5) in respect of those lessees who have seriously and repeatedly breached their PRLs, whether the Government will consider terminating their PRLs prematurely and resuming the sites concerned; and
- (6) given that the Filipino Club was granted in 2011 by the Government the renewal of the PRL of a site located in the prime location of Jordan to until 2026, but it has been reported that the lessee is no longer living up to its name as it has long been dominated by Hong Kong people, and that the lessee has allegedly sublet the facilities of the site to other people for operating restaurants in breach of the PRL, of the outcome of the investigation conducted and follow-up actions taken by the Lands Department on the relevant

complaints (including whether penalties have been imposed)?

Reply:

President,

In view of the community's concerns over sites of Private Recreational Leases (PRLs), the Government completed a review on the policy on PRLs earlier and published the outcome of public consultation in February 2019. Submissions received during public consultation are, in general, supportive to the following recommendations of the policy review:

- (a) handling the leases held by "community organisations" and "private sports clubs" differently and granting new special purpose leases (instead of PRLs) to sports and recreational sites held by "community organisations";
- (b) continuing to handle the sites held by private sports clubs under the PRL policy with the lease conditions significantly modified to better meet the dual needs of supporting sports development and optimising land use;
- (c) taking into account the contribution of private sports clubs in promoting sports development in Hong Kong when considering renewal of their leases upon expiry;
- (d) charging private sports clubs suitable for lease renewal one-third of the full market value land premium;
- (e) requiring private sports clubs to open up 30 per cent of the total sports capacity of their sports and recreational facilities to eligible outside bodies and partner with sports organisations to organise sports programmes that are open for enrolment by individual members of the public with a minimum sports programme hours of 240 per month;
- (f) drawing up a list of allowable sports supporting facilities and ancillary facilities for PRLs;
- (g) enhancing the monitoring of PRLs and corporate governance of the lessees; and
- (h) defining the principles in approving applications for new sites for sports and recreational use.

My reply to the six parts of the question is as follows:

(1) The Government is handling the leases which have expired or will soon expire in accordance with the recommendations mentioned in items (a) to (c) and items (e) to (h) in the first paragraph above i.e. introducing the relevant clauses in new leases to require private sports clubs to further open up their sports and recreational facilities and to enhance the monitoring of PRL sites and corporate governance of the lessees, etc. As for the charging of concessionary premium mentioned in item (d) above, it will be implemented from 2026-27 onwards.

(2) In general, sites granted before 2011 are required to open up its sports and recreational facilities to eligible outside bodies for a maximum of three sessions per week, with each session lasting for three hours. Subsequently, in view of the modification of the PRL policy as approved by the Executive Council in 2011, lessees of these sites voluntarily adjusted the opening-up hours of their sports and recreational facilities to eligible outside bodies to a minimum of 50 hours per month.

For those private sports clubs with voluntary opening-up schemes, most of their leases will expire between 2021 and 2024. The Government will renew these leases up to June 30, 2027 and include relevant clauses in the renewed leases requiring the relevant lessees to comply with the requirement of further opening up their facilities, including opening up at least 30 per cent of the total capacity of their sports facilities to eligible outside bodies and partnering with sports organisations to organise sports programmes that are open for enrolment by individual members of the public with a minimum sports programme hours of 240 per month.

Like other sites held by private sports clubs, the Home Affairs Bureau (HAB) will examine the contribution rendered by each of the private sports club towards sports development (including their extent of opening up of sports facilities during the current lease period) over a reasonable period before lease expiry in 2027 and ascertain whether there are sufficient justifications for further lease renewal.

(3) & (4) Private sports clubs are required to operate according to the lease requirements. To ensure that the sites concerned are used in accordance with the PRL policy and in compliance with clauses on land use, operation, service delivery and opening-up requirements in the leases, the HAB will conduct annual inspections and verify the information submitted by the lessees in their quarterly reports. The Bureau will also conduct surprise checks against suspected non-compliant cases where necessary for monitoring purpose.

In addition, Lands Department (LandsD) carries out inspections of the concerned sites upon receipt of complaints or referrals related to breaches of lease conditions by the PRL lessees and when processing lease renewal applications. In the past three years (2018 to 2020), LandsD carried out site inspections in respect of eight complaints and referrals related to suspected breaches of lease conditions for PRLs. After investigation, no breach of lease conditions was found for one case, while breach of lease conditions was substantiated for seven cases. LandsD has taken lease enforcement actions against these seven cases. The breaches in two cases have subsequently been purged by the concerned lessees. For the remaining five cases, the concerned lessees are taking actions to rectify the identified breaches. LandsD will continue to follow up on the cases.

(5) As regards to the suspected breaches of lease conditions, the Government will take appropriate lease enforcement actions (including issuing warning letters in the capacity of Government land agent and making registration of the sites concerned at the Land Registry) in light of the circumstances. If the lessees ignore the warning letters or make repeated breaches of lease conditions, the LandsD will, in consultation with HAB, take appropriate lease

enforcement actions in light of the circumstances (including resumption of the sites concerned).

(6) The major sports facility at the Filipino Club (the Club) is the lawn bowl greens. The Club provides facilities for holding lawn bowls competitions at different levels.

Upon receipt of the complaint against a suspected lease breach of the Club, LandsD conducted several site inspections and requested the Club to provide information relating to their operations. Having consulted the relevant policy bureau and considered the information in hand and the legal advice received back then, it was considered that there was no evidence to substantiate that the Club had breached the covenant under lease against underletting. However, regarding the Club's mode of operation of the catering service, LandsD issued a warning letter to the Club and required its rectification in 2019. When LandsD carried out inspection in April 2020, it was revealed that the catering outlet of the Club had ceased operation. However, during the inspection this month, LandsD discovered that the catering service of the Club was resumed. LandsD, in collaboration with the relevant bureau, are closely monitoring its mode of operation and will take appropriate actions when necessary.