

Report No. 49 of the Director of Audit — Chapter 12

TEMPORARY USE OF VACANT GOVERNMENT SITES

Summary

1. Under the Government's policy, if there is a vacant government site which is not required for development in the near future, the Lands Department (Lands D) will consider: (a) letting the site to a user by way of a short term tenancy (STT); or (b) allocating it to a government department for temporary use. As at August 2007, the total land area let under STTs and allocated for temporary use was 2,291 hectares. The Audit Commission (Audit) has recently conducted a review of the Lands D's arrangements of putting vacant sites to temporary use and found that there are areas for improvement.

Management of vacant site information

2. *Need to ensure completeness of information in control lists of vacant sites.* With effect from June 2007, the Lands D has required its District Lands Offices (DLOs) to collate quarterly control lists of all available vacant sites under their management and submit the lists to the Lands D senior management. In a similar stocktaking exercise conducted in 2006, most of the DLOs made reference to their Land Control Records for compiling the control lists. However, Audit checking of the completeness of the Land Control Records revealed that five vacant sites were not included in such records of a DLO. *Audit has recommended that the Director of Lands should require the DLOs to include all vacant sites in the control lists of vacant sites submitted to the Lands D senior management.*

3. *Need to consider using new information technology for record keeping.* At present, the DLOs keep vacant site information in different types of records. It is cumbersome to collate the control lists of vacant sites from these records on a quarterly basis without the support of a computer system. *Audit has recommended that the Director of Lands should consider using a computerised database for maintaining vacant site information.*

4. *Need to review site selection criteria.* According to the new mechanism for collating control lists of vacant sites, the DLOs would set their own criteria for selecting sites for temporary use. Audit examination revealed that there were large variations in the selection criteria among the DLOs. In a test check of the DLOs' records, Audit found that the DLOs did not document the reasons for not putting four vacant sites to temporary use in

the subject files. *Audit has recommended that the Director of Lands should: (a) review the criteria set by the DLOs for selecting vacant sites for temporary use; and (b) require the DLOs to properly document the justifications for not putting vacant sites to temporary use.*

Vacant sites reserved by government departments

5. The Lands D has issued a guideline that the DLOs should consider temporary use of a reserved site while awaiting development by a project department. Audit examination revealed that: (a) a site in Kwai Chung reserved by the Civil Engineering and Development Department (CEDD) for developing a barging facility was left vacant from December 2002 to August 2007; and (b) a site in North Point reserved by the Education Bureau (EDB) for school development was left vacant from May 1999 to November 2005.

6. *Need to maximise the temporary use of large sites.* The Kwai Chung site covers a large area of 16,200 square metres. During the ten years from 1993 to 2002 when the site was put to temporary use, the main users were government departments. Audit examination revealed that, for more than eight years during the ten-year period, less than half of the site area was used. *Audit has recommended that the Director of Lands should maximise the utilisation of a large site by allocating its parts to different users, if a single user does not need the whole site.*

7. *Need for more proactive action to use a site with access restriction.* In December 2002, there was an inter-departmental proposal to close the only access road to the Kwai Chung site because the road had frequently been used for illegal activities. In January 2003, the District Office (Kwai Tsing) of the Home Affairs Department informed the DLO concerned that the access road to the site could be reopened when there was a need for it. In February 2003, after the closure of the access road, the DLO decided not to let the Kwai Chung site by an STT. Audit noted that government vehicles could still use the access road. However, the DLO did not proactively pursue the possibility of temporary use of the site by government departments. *Audit has recommended that the Director of Lands should take proactive action to address constraints affecting a vacant site so that it can be put to temporary use.*

8. *Need to comply with land allocation procedures.* According to Lands and Works Branch Technical Circular No. 26/85 (which is currently in force), a project department may ask for land allocation only when a project costing over \$15 million has been upgraded to Category B of the Public Works Programme. However, in November 1992, when the DLO concerned approved in principle the CEDD's application for the allocation of the Kwai Chung site, the CEDD's barging facility project had not yet been included in the Public Works Programme. The project was only upgraded to Category B in 2004. *Audit has recommended that the Director of Lands should obtain*

confirmation that a project costing over \$15 million has been upgraded to Category B of the Public Works Programme before allocating land for the project.

9. ***Need to inform EDB of putting the site to temporary use.*** There is a need to obtain a project department's agreement before putting a reserved site to temporary use. During the seven-year reservation period of the North Point site, the DLO concerned only informed the EDB on one occasion (in August 2004) that the site would be put to temporary use. *Audit has recommended that the Director of Lands should inform project departments that reserved sites may be put to temporary use if they are not required for development soon.*

Problems of some vacant sites

10. ***Need to conduct slope stability study for potential STT sites.*** The Lands D is responsible for ensuring that slopes affecting a proposed STT site are up to the prevailing safety standards before letting. In 2001, the DLOs reported that five potential STT sites could not be used because the stability of the slopes had not been examined. Some DLOs proposed that a stability study should be conducted but the proposal was not pursued. Of the five sites, Audit selected the largest site in Shek Kip Mei for review. Audit noted that the Shek Kip Mei site had been left vacant for more than six years since 2001. *Audit has recommended that the Director of Lands should consider the merits of conducting a cost-and-benefit analysis to help decide whether slope stability studies should be carried out for potential STT sites which have not been put to beneficial use owing to the lack of such studies.*

11. ***Need to update the slope maintenance responsibility records.*** In 1999, the Lands D implemented a Slope Maintenance Responsibility Information System (SMRIS) for keeping information on man-made slopes. In 2001, the Lands D took over the Shek Kip Mei site from the Housing Department (HD). Audit examination revealed that, as at July 2007, three of the four slopes adjacent to the Shek Kip Mei site were still recorded as under the HD's maintenance responsibility in the SMRIS. *Audit has recommended that the Director of Lands should promptly update the SMRIS.*

12. ***Need to expedite the site handover process.*** In December 2002, the HD informed the Lands D that a site in Ho Man Tin would be returned to the Lands D in March 2003. However, the HD and the Lands D took a long time to agree the fencing requirements. The site was handed over in November 2004, 20 months later than the original proposed date. *Audit has recommended that the Director of Lands should expedite action to take over returned sites, particularly those which have potential for letting by STTs.*

Term contract arrangements and performance information

13. *Scope for consolidating small contracts.* In 2007, the Lands D renewed the term contracts of three types of site management services, namely (a) security guard services; (b) maintenance of vegetation services; and (c) clearance-and-minor-works services. In renewing the contracts, the Lands D repackaged the contracts for security guard services from four into three larger-size ones. However, the Lands D did not adopt this good practice for the other two types of services, and still awarded four new contracts for maintenance of vegetation, and 13 contracts for clearance and minor works. *Audit has recommended that the Director of Lands should consolidate small-size term contracts into larger-size ones to save efforts in tendering and achieve economies of scale.*

14. *Need to disclose more performance information.* Performance measurement and reporting is an important management tool to promote value for money and public accountability in the delivery of public services. In the Lands D's 2007-08 Controlling Officer's Report (COR), there was only one performance indicator on temporary use of vacant government sites. *Audit has recommended that the Director of Lands should provide more performance indicators in the Lands D's COR on temporary use of vacant government sites by reference to practices of other government departments.*

Response from the Administration

15. The Administration has accepted the audit recommendations.

November 2007