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FINANCE COMMITTEE MEETING

\$100m goes to Britain in bases deal

Reports by Stanely Leung, Ngo Tak-wing and Tonny Chan

THE Finance Committee yesterday approved the payment of \$100 million to the British government for the purchase of military buildings already largely paid for by the Hongkong Government.

The payment was approved despite strong opposition from eight Legislative Councillors. The vote was 24-8, with three abstentions.

The payment arises from the 1976 and 1981 Defence Costs Agreements, which required the British government to contribute 25 percent of the cost of military building work in Hongkong.

whether buildings in the military estate were property of the British Forces or the Hongkong Government.

They could only confirm that the land belonged to the Hongkong Government.

"The buildings are used by the garrison and we cannot precisely tell to whom they belong," one official said.

But they said that after the payment the Government would have complete ownership.

Under the 1988 agreement payment would be made this year but the garrison would continue

to occupy the military estate until it was surrendered. This is expected to be in 1994-95.

Government officials also said that after the payment, the garrison would not be required to pay any rent, although the Hongkong Government would be solely responsible for building maintenance.

Several members of the council, including Mr Martin Lee and Mr Jimmy McGregor, demanded a renegotiation, saying the arrangement was unreasonable and unjustifiable in principle.

They said the military

estate would continue to be used by the garrison and there was no point in the Government purchasing and maintaining the buildings for nothing.

But the Chief Secretary, Sir David Ford, repeatedly warned that the failure to make the payment would disrupt the whole Defence Costs Agreement.

He said fresh negotiation would not necessarily bring a better result because the British government would seek other compensation.

Legislative Councillors also attacked the way the payment was calculated.

Mr Martin Lee said the

British government contributed only 25 percent of the original cost of the buildings, but its return would be much greater because of inflation.

He said the payment should be based on the valuation of the military estate in 1997, the year when the garrison is due to formally surrender the estate.

"Normally assessors will make a nominal valuation of \$1 for properties in 1997. As a result Hongkong should only pay 25 cents to the British government," he said.

In response to questions from Mrs Miriam

Lau, officials said the valuation method was not addressed in the agreements.

The Government refused a request by members for disclosure of the valuation report, citing security reasons.

The payment was approved after a debate of more than an hour. Opposing it were Mr Martin Lee, Mr Szeto Wah, Mr Jimmy McGregor, Mr Sit Ho-yin, Mr Ronald Chow, Mr Michael Cheng, Mr Hui Yin-fat and Mr Daniel Lam. The three members who abstained were Mr Poon Chi-fai, Mr David Li and Dr Daniel Tse.

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Linton