

\$220m return seen for sale of desalter and site

By Adrian Cheung

SALE of the Lok On Pai desalter and its site will probably realise about \$220 million.

This would cover less than half of the total construction and maintenance costs, amounting to an estimated \$500 million.

The sale of the plant — dubbed a white elephant since it was built in 1976 — and the site comes after Hongkong and Guangdong authorities met earlier this month to initial a new agreement on water supplies from China.

It is expected that the plant's eight hectare site could raise \$200 million for the Treasury at current market values — and the plant itself would have a price tag of \$17 million.

A confidential paper tabled before Legislative Council's Finance Committee is said to recommend that "once additional water has been obtained from China on a firm basis, the desalter and its site will be sold".

The existing water-supply agreement will expire in 1995 and the new one will increase the quantity of water Hongkong will get each year.

The Finance Committee endorsed the new water agreement and the proposal to sell the desalter last month.

The new agreement is expected to be announced within two weeks, pending a formal

Desalter will g.

By Wilson Wong and Frank Choi
HONGKONG'S much-debated Lok On Pai desalter will be sold or dismantled if Guangdong Province agrees to give Hongkong more water in emergencies. The Executive Council has ruled this in principle pending talks with Guangdong officials. The plant was built in 1976.

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signing by the Hongkong and Guangdong authorities.

Under the new agreement, China will supply an extra 86 million cubic metres of water this year at \$1.226 per cubic metre, compared with \$1.112 per cubic metre for the 430 million cubic metres supplied each year under the existing agreement.

All water supplied by China will cost eight percent more each year from next May to February 1991. Further negotiations will be held to fix the price from 1992-95.

For the next two years, an extra 35 million cubic metres will be pumped across the border each year. China will supply an extra 40 million cubic metres a year between 1991 and 1995.

Hongkong also has to pay China \$56 million, which is about 35 percent of the cost of building new facilities in Guang-

dong to provide increased pumping capacity.

Hongkong's successful request for additional water supplies from China will let the Executive Council amend the Water Supplies Planning Standard, which was laid down in 1969.

The old standard was to maintain Hongkong's water reserves at a level which provided a 24-hour water supply for 90 percent of the year.

The new standard will require the reserves to be increased to a level which can provide a full day's supply for 99 percent of the year.

Exco considered that present economic conditions and the increasing demand for water meant Hongkong should raise the supply standard.

The water-storage level stood at 28.5 percent of its total capacity at 9 am yesterday. There were 162.2 million cubic metres of water in the reservoirs yesterday morning, compared with 312.2 million cubic metres at the same time last year.

The Deputy Director of Water Supplies, Mr Chan Yan-kee, said several foreign buyers were interested in buying the desalter.

Mr Chan said his department was considering whether to dismantle the plant to sell the components or to sell it as a unit.