

J. R. M. P.

21 July 1982

\$1.46b Tin Shui Wai deal 'was a fair one'

The Government's decision to purchase 52 million square feet of land at Tin Shui Wai represented a new initiative and the price paid was a "fair one."

A senior official who made this statement yesterday, said details of the deal would be announced following the exchange of documents within the next week to 10 days.

The purchase price paid by the Government has been reported as \$1.46 billion.

The official denied suggestions that the Government had paid an excessive price for the land, pointing out that the land was originally privately-held and had been changing hands since 1916.

The land had not been previously owned by the Government.

"The intention has always been that the land would be acquired by the Government essentially as a land bank, and that a relatively small area would be developed," he said.

"Until recently, we have never considered a land bank. We have reclaimed or resumed land in response to short- and medium-term need.

"Recently we had the opportunity of acquiring a land bank, so we grasped the opportunity of acquiring 488 hectares of land."

He denied that the land had been bought because of the glut of Letters B now in private hands, but said later, when the land was formed, it could be used in exchange for Letters B.

While the present intention was to build estates on part of the land, ultimately the area could become a new town.

Just when this will be is uncertain.

Government consultants have completed studies on a number of other sub-regional areas such as Junk Bay.

One of the major questions overhanging a decision to go ahead and develop them is the far greater decision on the new airport at Chek Lap Kok, north Lantau.

For if a decision is made on the airport, it will also involve a crossing from Kowloon to Lantau and the development of north Lantau as a new township.

The cost of this has been estimated at \$40 billion and the Government is understood

to be hesitant about committing itself to such an expenditure until the need for the larger airport is shown to be overwhelming.

It will also have to be able to obtain the bridging finance at an acceptable rate to cover itself during the interim when it would sell the land at Kai Tak and reap higher premiums from redevelopment of residential and commercial buildings in Kowloon.

It is felt that so far the need for the second airport is not of such urgency that a decision must be made immediately.

Much depended, furthermore, on the development of regional flights from China which was the major new element in the growth of aviation in Hongkong.