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\$405m bill to move problem factories

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Government picks up mammoth tab for Junk Bay resitings

by **Danny Lo**

THE cost of moving two pollutant-emitting factories from the future population centre of Junk Bay will be a mammoth \$405 million, it has been revealed.

The figure was finalised after the government concluded its protracted negotiations with the factories — Chiap Hua Comalco and Chiap Hua Shinko.

The arrangement is for the government to take over the land on which the factories stand. The factories will then pay rents to the government for the use of the sites until they are moved to new sites at a corner of the development in three years. The site-switching is necessary as the first batch of residents will move into Junk Bay next year.

Harmful gases emitted by the factories, both engaged in processing metal, would pose a serious health risks to them.

The government is also to pay the \$30 million bill for setting up all necessary equipment on the new site for Shinko at a cost of \$30 million.

After the factories are moved, the sites will be used to build roads and for commercial and residential development.

But this is not the end to the controversy.

It is almost certain that taxpayers will have to pay more for the installation of anti-pollution devices at the factories.

These are needed to protect the health of residents before the factories are moved to the new site.

The last obstacle for the payment of the \$405 million was cleared when the sum was approved by legislators sitting in the

Finance Committee on Wednesday.

Presenting its case to the committee, the government disclosed that it had originally estimated the cost at \$335 million, on the assumption that they would only need to pay to resume the land and clear the factories.

However, at the end of the negotiations with Chiap Hua, the government found itself also having to pay for relocating the factories and foot the bill of setting up Shinko on the new site.

Nevertheless, the government would be able to 'claw back' about \$47 million in the deal.

These 'consolations' will come mainly in the form of rents for temporary use of the resumed sites and premiums paid by the factories for the new sites.

The rent would amount to \$8.4 million and the premium \$31.5 million.

The new homes for the factories will be at a corner of Junk Bay, in what is designated as Area 28.

When considering the compensation package, the government had taken into consideration the value of the factories.

"Both factories are considered to be of economic importance to industry in Hong-kong and it is considered desirable that their operations should not be unduly interrupted," a government spokesman said.

It was understood that the government had proposed various other less-costly plans but these were all rejected by Chiap Hua as they would cause extended shut down periods.

The money is to be paid out from the Capital Works Reserve Fund (CWRP) under the heading of compensation and ex-gratia allowances in respect of projects in the Public Works Programme (PWP).

This heading is created to meet all kind acquisition costs other than direct work costs, and all ex-gratia allowances payable in respect of projects in the PWP.