

2 April 2019



19A, Nathan Commercial Building
430, Nathan Road
Yau Ma Tei
Hong Kong
T:(852)23828380
F:(852)31162467

Dear Sir/Madam,

Development of Artificial Islands in the Central Waters

On behalf of the Institution of Public Private Partnerships, we like to express our views as follows:

Most Hong Kong people are living in cramped environment and many live in sub-divided flats in run-down residential apartments and industrial buildings. The average waiting time for public rental housing flat applicants is over lengthy years, and to date the private property prices in the city are continuing to skyrocket.

It is our hope that the government can promptly create new land for housing. It appears land reclamation has proven instrumental in Hong Kong's development over the last 100 years or more, should continue its role to provide land for housing.

Our airport development has demonstrated a success in land reclamation that construction has little impact on the environment. We are confident that the Government will protect the shorelines of high ecological value and develop the major infrastructure projects in the western waters.

We support the concept of Lantau Tomorrow Vision development of an East Lantau Metropolis ("ELM") for accommodating new population for promoting economic development and providing job opportunities. However, it should be borne in mind that unless East coast of Lantau Island is further densely developed, the local population in the artificial island is critical to the success of a new CBD.

The Government advised that it was preliminarily estimated that the reclamation for the artificial islands would cost about \$13,000 to \$15,000 per square metre ("sq m"), i.e. broadly comparable to the cost of resuming private agricultural land at \$14,500 per sq m. We opine that the merits of reclamation lie in the fact that it will not have any major impact on the planned use of existing land and

Honorary Advisors

Ir Dr the Hon LO Wai Kwok

SBS, MH, JP

Professor Cao Fu Guo

Central University of Finance
and Economics

Professor Albert Chan

Hong Kong Polytechnic University

Professor Chan Man Wai

University of Hong Kong

Professor Lalit Johri

University of Oxford

Professor Albert Kwan

University of Hong Kong

Professor Kerry London

Western Sydney University

Professor Wang Shou Qing

Tsinghua University

Patrons

China Road and Bridge Corporation

Autodesk Far East Ltd

Aedas

isBIM Limited

TPMA Consulting Ltd



19A, Nathan Commercial Building
430, Nathan Road
Yau Ma Tei
Hong Kong
T:(852)23828380
F:(852)31162467

Honorary Advisors

Ir Dr the Hon LO Wai Kwok

SBS, MH, JP

Professor Cao Fu Guo

Central University of Finance
and Economics

Professor Albert Chan

Hong Kong Polytechnic University

Professor Chan Man Wai

University of Hong Kong

Professor Lalit Johri

University of Oxford

Professor Albert Kwan

University of Hong Kong

Professor Kerry London

Western Sydney University

Professor Wang Shou Qing

Tsinghua University

Patrons

China Road and Bridge Corporation

Autodesk Far East Ltd

Aedas

isBIM Limited

TPMA Consulting Ltd

relocating the residents to other areas should be supported.

The Government estimated that the KYC Artificial Islands are capable of providing 150 000 to 260 000 housing units, 70% of which are public housing. The KYC Artificial Islands will also support the development of the third Core Business District (CBD3)2 providing some 200 000 diversified employment opportunities. The Government ballpark construction cost estimate is in the order of \$624 billion in September 2018 prices. And the Hong Kong Institute of Surveyors (HKIS) has published their professional estimate of the land sale revenue to be generated from the KYC Artificial Islands alone in the order of \$974 billion to \$1,143 billion. We suggest that major linking infrastructure and major infrastructural facilities such as schools, hospitals and aged homes should be delivered using PPP approach, the upfront Government fund could therefore be reduced. We also suggest that a study on the PPP procurement methods to include PPP, NEC, application of Blockchain and Green Finance for various projects inside Central Waters.

Walter Chan

Chairman

Institution of Public Private Partnerships