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# \$15bn PAA tender bill

Political desk

**T**he Government has asked for \$15.1bn in advance funding from the Legislative Council's finance committee to cover the cost of the Chek Lap Kok airport terminal and other related projects.

If approved, the request will allow the Provisional Airport Authority (PAA) to go to tender with key airport contracts as early as next month.

Within the amount, \$4.93bn is sought for the construction of the first runway and other civil engineering works at Chek Lap Kok, while \$1.08bn will be used for the manufacture and installation of the airport baggage handling and automated people-moving systems.

Another \$277m will be spent on any increases in the PAA's expenses.

It is believed the Government considers the money critical to maintaining the momentum of the airport project and the PAA, which needs to go to tender for the construction of the terminal and the first runway in order to meet

its schedule. The money will be needed before the PAA can go seeking the most competitive bids.

The Government is concerned that companies will underprice themselves if the PAA appears not to have sufficient funds.

"The best way for the PAA to get the competitive bid is for the money to be voted before they go out for tender," a government official said yesterday.

Papers concerning the fund application were distributed yesterday among legislators.

The Legislative Council airport core programme sub-committee will discuss it on Monday before the application goes for a final finance committee vote on July 1.

A government spokesman said the application was in line with the territory's commitment to the Memorandum of Understanding to complete as much of the new airport as possible by June 1997.

He said the PAA needed funding for these construction works so that urgent tendering could begin.

"The Government's first

priority is to reach an early agreement with the Chinese side on financing the airport and airport railway," he said.

The spokesman said the funding application was in line with updated Airport Core Programme cost estimates published in January.

The \$15.18bn that was being sought would bring the PAA's advances from the capital investment fund to \$31.45bn.

This is still within the \$36.6bn government equity provided for the PAA in the Government's fourth financing proposal to the Chinese side.

The Government intends that the advance funding would be converted into equity when an agreement had been reached on financing with Beijing.

The government spokesman said the PAA had made good progress on the formation of the airport site, which was now more than 60 per cent completed, and on design and other preparatory work.

The Government submitted to China details of the fund application several days ago.