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## Australian group wins LRT deal 17-p

An Australian consortium has won the contract for phase one of Hongkong's light rail transit system at a price close to \$1 billion.

The contract comprises a fixed-rate Hongkong dollar-based loan package with repayments stretching over 11½ years.

Mr Peter Quick, managing director of the Kowloon-Canton Railway Corpn which will own and operate the LRT planned for Tuen Mun and Yuen Long, said the system should be running by mid-1988 as planned.

Mr Quick told a press conference yesterday construction would begin early next month.

Of five contending consortiums, KCRC's board of directors favoured Leighton-MTA (Leighton Construction Asia — Metropolitan Transit Authority of Victoria) which provided the "best technical solution at the cheapest cost."

Mr Quick said the loan package would protect the KCRC and the future LRT system from the risk of currency fluctuations.

He said Leighton-MTA had offered a combination of loans supported by Australian export credit and commercial loans.

Mr Quick said about 40 per cent of the

first phase project would be supported by export credit with interest rate fixed at 10.7 per cent for a five-year repayment term and 11.2 per cent for seven-year loans.

There are several options offered in fixed-interest rate Hongkong dollar commercial loans and the KCRC has yet to decide which to choose, Mr Quick said.

"But we will enter the market at a relatively good time," he said, pointing to the current low interest rates in the money market.

Under the terms of the contract, Mr Quick said the KCRC could also exercise an option within two to four years from now to initiate the construction of further phases of the LRT to be completed by the consortium.

And the finance package for the construction of further phases will be on similar terms as offered for phase one.

"Very probably we will go ahead with the other phases," he said.

A full LRT system, as first proposed in 1982, will comprise 34 km of double track and 66 stops along 16 routes.

Meanwhile, Mr Quick said the first phase — seven routes with 41 stops over 23 kms of double track and manned by 600 people — would be able to attract 300,000 passengers a day in its first year of operation.

"The system will achieve operating profit virtually on its first day of operation," he said.

The KCRC has established a fare policy for the new system, but details will be worked out nearer the day.

Mr Quick anticipated positive cash flow some time after the peak debt-servicing period of 1991-92.

"As far as we are concerned, it is extremely unlikely we will need any refinancing for the phase one project," he said.

Mr Quick said revenue from property development now being considered by the KCRC on top of a depot at Pier Head in Tuen Mun would help.

"Likely revenue from advertisement and property development was never taken into account when we considered the viability of the LRT scheme," he said.