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DAILY INFORMATION BULLETIN

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GOVERNMENT TO TAKE A HARD LOOK AT EXPENDITURE

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THE GOVERNMENT NEEDS TO TAKE A VERY HARD LOOK AT EXPENDITURE, PARTICULARLY RECURRENT EXPENDITURE, THE GOVERNOR, SIR MURRAY MACLEHOSE, SAID THIS (WEDNESDAY) EVENING.

IN THE PRESENT DIFFICULT WORLD ECONOMIC SITUATION, THIS WAS NOT THE TIME FOR SPENDING ON INESSENTIALS, HE TOLD A DINNER OF THE GENERAL CHAMBER OF COMMERCE IN THE HONG KONG CLUB.

"I DO NOT THINK PEOPLE WOULD BE READY TO SHOULDER INCREASED BURDENS UNLESS ASSURED THAT THE GOVERNMENT FOR ITS PART HAD DONE EVERYTHING POSSIBLE TO ELIMINATE FROM THE LOAD EVERYTHING THAT IN PRESENT CIRCUMSTANCES WAS INESSENTIAL," HE SAID.

SIR MURRAY SAID THAT NO ONE WAS MORE ACUTELY CONSCIOUS OF THE PRESENT DIFFICULTIES THAN HIMSELF, BUT HE FELT THE PROBLEM WAS A TEMPORARY ONE — "THERE IS A BAD PATCH BUT A BRIGHT FUTURE."

THE GOVERNOR NOTED THAT WHEREVER DEMAND EXISTS NOW HONG KONG'S INDUSTRY WAS WELL PLACED TO FILL IT AT A COMPETITIVE PRICE, AND WHEN THE UP-TURN COMES, AS HE FELT SURE IT WOULD, HONG KONG SHOULD BE THE FIRST TO BENEFIT.

IT WAS DIFFICULT TO SAY WHEN WORLD ECONOMIC CONDITIONS WOULD RE-ADJUST ITSELF, HE SAID, BUT IN THE MEANTIME EVERYONE'S EFFORTS SHOULD CONCENTRATE ON MAINTAINING HONG KONG'S LIVELIHOOD.

DESPITE WHAT THE CRITICS MIGHT SAY, HE ADDED, HONG KONG HAD GREAT CREDIT IN THOSE CIRCLES OF THE WORLD THAT MATTER ECONOMICALLY.

"IT REPRESENTS ONE OF THE GREATEST AND MOST ADAPTABLE CONCENTRATIONS OF INDUSTRIAL AND FINANCIAL SKILL AND ENTERPRISE THE WORLD HAS EVER SEEN, WITH A WORKFORCE WHOSE PATIENCE IN ADVERSITY AND RESILIENCE IN PROSPERITY I ADMIRE MORE AND MORE WITH EVERY YEAR I STAY HERE.

"THIS MUST NOW BE DEPLOYED TO GET US THROUGH THE BAD PATCH AND CLIMB OUT ON THE OTHER SIDE."

IMAGINATIVE AND AGGRESSIVE SALESMANSHIP, HE STRESSED, WAS OF PARTICULAR IMPORTANCE AT THIS TIME, AND HE ACKNOWLEDGED THE REDOUBLING OF EFFORTS BY LOCAL INDUSTRIALISTS TO FIND NEW MARKETS AND NEW SALES IN OLD ONES.

AS AN INDICATION OF THE IMPORTANCE HE PERSONALLY ATTACHES TO SALES PROMOTION, THE GOVERNOR DISCLOSED THAT HE INTENDED TO SPEND A WEEK IN EARLY APRIL WITH SIR YUET-KEUNG KAN AND THE TRADE DEVELOPMENT COUNCIL TEAM AT HONG KONG'S CLOTHING DRIVES IN PARIS AND LONDON.

/"ANOTHER ITEM .....

+ANOTHER ITEM OF EQUAL IMPORTANCE IN THIS PERIOD IS A SYMPATHETIC AND UNDERSTANDING RELATIONSHIP BETWEEN MANAGEMENT AND LABOUR,+ HE SAID. +THIS IS CERTAINLY NO TIME FOR HASTY OR ROUGH ACTIONS BY EITHER SIDE.+

THE GOVERNOR SAID THAT UNTIL THE WORLD HAD RE-ADJUSTED TO THE NEW SITUATION WE WILL NOT BE ABLE TO BREATHE FREELY AGAIN. +IT IS AN UNEASY SITUATION BECAUSE WE CANNOT KNOW EXACTLY HOW LONG THE PROCESS WILL TAKE, THOUGH THERE IS A REASONABLE ASSUMPTION THAT THE LEVEL OF WORLD ECONOMIC ACTIVITY WILL GRADUALLY RISE IN 1976.+

SIR MURRAY ALSO SPOKE ABOUT THE GOVERNMENT'S LONG TERM AIMS AND COMMENTED GENERALLY ON SOME OF THE CONSIDERATIONS CONFRONTING THE GOVERNMENT IN PREPARING THE BUDGET FOR THE COMING YEAR.

THE GOVERNOR SYMPATHISED WITH THE FINANCIAL SECRETARY, BUT SAID THAT WHEN THE LATTER ANNOUNCES THE BUDGET HE WOULD BE DOING SO WITH HIS FULL SUPPORT.

THE GOVERNMENT WAS VERY CONSCIOUS OF THE FACT THAT MANY PEOPLE FELT DOWN HEARTED, AND THE DECISIONS THAT HAD TO BE TAKEN WERE DIFFICULT, HE WENT ON. +WE ALSO REALISE THE DANGER OF FALTERING IN OUR PROGRAMMES AND THE AGGRAVATION THIS COULD BRING TO OUR PRESENT SITUATION.+

SIR MURRAY SAID: +OBVIOUSLY WE MUST AS FAR AS POSSIBLE MAINTAIN THE MOMENTUM OF GOVERNMENT PROGRAMMES, NOT ONLY BECAUSE THEY ARE URGENTLY NEEDED, BUT BECAUSE OF THE EMPLOYMENT THEY PROVIDE IN THIS TIME OF RISING UNEMPLOYMENT AND DROPPING FAMILY BUDGETS.

+TO DO THIS IN PRESENT CIRCUMSTANCES MEANS INCREASING REVENUE BY RAISING TAXES AND CHARGES.+

THE GOVERNOR NOTED, HOWEVER, THAT THERE WERE SEVERE LIMITATIONS AND THAT MANY AT THE LOWER END OF THE INCOME BRACKET WERE ALREADY FEELING THE PINCH.

FOR EMPLOYMENT TO BE MAINTAINED, SO MUST PROFITABILITY, AND HONG KONG MUST BE KEPT COMPARATIVELY MORE ATTRACTIVE TO INVESTORS AND EMPLOYERS THAN HONG KONG'S COMPETITORS.

ANOTHER CONSIDERATION, HE SAID, WAS FOR HONG KONG TO BORROW, BUT OBVIOUSLY THERE WERE LIMITS ON HOW MUCH BECAUSE LOANS HAD TO BE SERVICED AND REPAID OUT OF FUTURE REVENUES.

ON THE LONG TERM TARGETS, THE GOVERNOR SAID THE FIRST PRIORITY WAS THE GROWTH OF THE ECONOMY, AND THUS THE LIVELIHOOD OF THE POPULATION. +THIS HAS TO BE MAINTAINED AND ALL ELSE DEPENDS ON IT.+

MUCH HAD TO BE DONE AND QUICKLY, HE SAID, NOT ONLY BECAUSE IT WAS NEEDED BUT ALSO BECAUSE THE WORLD COULD PROVE DANGEROUSLY UNSYMPATHETIC TO HONG KONG IF IT WAS UNABLE OR UNWILLING TO SOLVE ITS SOCIAL PROBLEMS.

/IN THIS .....

IN THIS REGARD, THE MAIN LINES WERE CLEAR -- HOUSING MUST BE MADE ADEQUATE, SO MUST EDUCATION, AND MEDICAL SERVICES MUST KEEP PACE. THERE MUST ALSO BE A SAFETY NET OF SOCIAL SERVICES TO CATCH THE DESTITUTE, THE HANDICAPPED AND THE INFIRM.

HOWEVER, NONE OF THESE COULD BE ENJOYED UNLESS PROGRESS WAS ALSO MADE IN THE FIELDS OF CRIME, VICE AND CORRUPTION, HE ADDED.

IN ADDITION, CONTACT BETWEEN THE GOVERNMENT AND THE PEOPLE MUST BE MAINTAINED AND DEVELOPED AT EVERY LEVEL, AND ADEQUATE RECREATIONAL FACILITIES PROVIDED.

+SOME OF THESE THINGS ARE VERY EXPENSIVE, SOME ARE NOT, BUT BECAUSE THIS IS AND MUST REMAIN A COMPARATIVELY LOW TAX SOCIETY THERE CAN BE NO FRILLS ANYWHERE,+ SIR MURRAY SAID.

NOTE TO EDITORS: COPIES OF THE FULL TEXT OF THE GOVERNOR'S SPEECH ARE DISTRIBUTED SEPARATELY IN THE PRESS BOXES.

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INCREASE IN TELEPHONE CHARGES
UNOFFICIALS GIVE CONDITIONAL APPROVAL
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THE FINANCIAL SECRETARY, MR. PHILIP HADDON-CAVE, SAID THIS AFTERNOON THAT THE INCREASED TELEPHONE CHARGES WHICH SUBSCRIBERS WOULD BE CALLED ON TO MAKE UNTIL THE COMMISSION OF INQUIRY'S RECOMMENDATIONS HAVE BEEN CONSIDERED WOULD BE, IN EFFECT, IN THE NATURE OF +PROVISIONAL DEPOSITS+.

HE MADE THE STATEMENT IN HIS SPEECH WINDING UP THE DEBATE ON THE RESOLUTION TO REVISE TELEPHONE CHARGES WHICH WAS SUBSEQUENTLY APPROVED. THE REVISION INCLUDES A 28-1/2 PER CENT INCREASE IN RESIDENTIAL LINES AND A 29 PER CENT INCREASE IN BUSINESS LINES.

MR. HADDON-CAVE WAS COMMENTING ON THE ACCEPTANCE OF THE RESOLUTION BY UNOFFICIAL MEMBERS OF LEGISLATIVE COUNCIL SUBJECT TO TWO QUALIFICATIONS.

THE QUALIFICATIONS, ANNOUNCED BY DR. THE HON. CHUNG SZE-YUEN, WERE, FIRST, THAT THE INCREASE IN RENTAL CHARGES SHOULD NOT BE REGARDED AS GENERAL REVENUE OF THE COMPANY, BUT AS A SEPARATE IDENTIFIABLE ACCOUNT PENDING THE FINDINGS AND RECOMMENDATIONS OF THE COMMISSION OF INQUIRY.

SECONDLY, THAT NO DIVIDEND PAYMENTS SHOULD BE MADE BY THE COMPANY UNTIL THE COMMISSION OF INQUIRY HAD REPORTED ITS FINDINGS.

MR. HADDON-CAVE SAID: +I BELIEVE THESE QUALIFICATIONS WILL HELP TO MAKE IT DOUBLY CLEAR THAT THESE INCREASED CHARGES ARE PROVISIONAL.+

THE FINANCIAL SECRETARY ADDED THAT THE FACT THAT SOME IMMEDIATE STEPS WERE +ABSOLUTELY NECESSARY+ DID NOT MEAN THE LONG TERM SOLUTION WAS BEING PREJUDGED IN ANY WAY.

EARLIER IN MOVING THE RESOLUTION, MR. HADDON-CAVE DESCRIBED IT AS ONE OF THE +INTERIM MEASURES REQUIRED TO MAINTAIN TELEPHONE SERVICES, WHILE A COMMISSION OF INQUIRY EXAMINES THE AFFAIRS OF THE TELEPHONE COMPANY.+

HE RECALLED THAT THE OTHER MEASURES WERE THAT THE COMPANY SHOULD MAKE NO DIVIDEND PAYMENTS IN 1975= A GOVERNMENT DIRECTOR SHOULD BE APPOINTED TO THE BOARD= AND THAT ROYALTY PAID BY THE COMPANY FOR 1974 AND 1975 SHOULD BE WAIVED.

MR. HADDON-CAVE ADDED THAT THE FOUR INTERIM MEASURES FORMED A PACKAGE WHICH MUST BE CONSIDERED AS A WHOLE. +WHATEVER THEIR CAUSE THE COMPANY'S DIFFICULTIES ARE REAL AND, I THINK, ARE GENERALLY RECOGNISED TO EXIST.+

/REFERRING TO .....

REFERRING TO A SUGGESTION THAT ANY INCREASED CONTRIBUTION SHOULD BE DEFERRED UNTIL THE COMMISSION OF INQUIRY HAS REPORTED, THE FINANCIAL SECRETARY SAID THAT THIS WAS JUST NOT POSSIBLE.

+EVEN WITH THE INCREASES IN RENTALS AND IN OTHER CHARGES NOW PROPOSED ON AN INTERIM BASIS, TOGETHER WITH THE FOREGOING OF DIVIDENDS AND THE WAIVER OF ROYALTY, THE COMPANY IS EXPECTED TO FACE A CASH SHORTFALL IN 1975 OF ALMOST $90 MILLION, WHICH WILL HAVE TO BE MET BY THE COMPANY'S BANKERS= AND THE COMPANY'S DEBT LIABILITIES ARE ALREADY VERY SUBSTANTIAL INDEED.+

+SIMPLY TO REQUIRE SHAREHOLDERS TO FOREGO DIVIDEND PAYMENTS AND FOR THIS COUNCIL TO WAIVE ROYALTY PAYMENTS FOR TWO YEARS, WOULD ONLY REDUCE THE CASH SHORTFALL IN 1975 TO $190 MILLION WHICH, GIVEN THE DEBT BURDEN ALREADY ASSUMED BY THE COMPANY, WOULD BE BEYOND THE LIMITS OF BANKING PRUDENCE TO FINANCE, PARTICULARLY HAVING REGARD TO THE COMPANY'S OVERALL DEBT LIABILITIES.+

MR. HADDON-CAVE ADDED THAT AN INCREASE IN CHARGES NOW WAS UNAVOIDABLE.

HE EMPHASISED THAT THERE WERE A NUMBER OF INTERESTED PARTIES INVOLVED WHO HAD TO MAKE SOME CONTRIBUTION TO THE INTERIM MEASURES UNTIL A DEFINITIVE, LONGER TERM SOLUTION HAD BEEN DEVISED BY THE COMMISSION OF INQUIRY.

THESE WERE THE COMPANY, THE SHAREHOLDERS, THE COMPANY'S BANKERS, THE ADVISORY COMMITTEE, THE GOVERNMENT AND THE COMPANY'S EXISTING AND NEW SUBSCRIBERS.

+AND I SHOULD PERHAPS ADD TO THIS LIST, THE PUBLIC AS A WHOLE, AS DISTINCT FROM THE SUBSCRIBERS. I SAY THIS BECAUSE I REALLY DO THINK THE PUBLIC MUST TRY TO UNDERSTAND THAT, IN AN ADMITTEDLY UNPALATABLE SITUATION, THE GOVERNMENT IS DOING ITS BEST TO ENSURE THE CONTINUANCE OF AN ESSENTIAL PUBLIC SERVICE FOR THE COMMUNITY AND, IN DOING SO, TO BE FAIR TO ALL CONCERNED,+ MR. HADDON-CAVE CONCLUDED.

LATER THE COUNCIL PASSED A BILL WHICH PROVIDES FOR THE APPOINTMENT OF A GOVERNMENT DIRECTOR TO THE BOARD OF THE TELEPHONE COMPANY AND THE WAIVING OF ROYALTY PAYMENTS BY THE COMPANY FOR 1974 AND 1975.

THE FINANCIAL SECRETARY STRESSED THAT THE PRIMARY RESPONSIBILITY OF THE GOVERNMENT DIRECTOR WOULD PLAY A PART IN +FOSTERING THE EFFICIENT EMPLOYMENT OF RESOURCES AND TO MONITOR THE IMPLEMENTATION OF THOSE RECOMMENDATIONS OF THE COMMISSION OF INQUIRY WHICH MAY BE ACCEPTED BY THE GOVERNMENT.+

/HE ADDED THAT .....

HE ADDED THAT BY SUCH DIRECT PARTICIPATION IN THE COMPANY'S AFFAIRS, THE DIRECTOR WOULD BE ABLE TO BRING THE GOVERNMENT'S INFLUENCE TO BEAR ON THE POLICY AND MANAGEMENT OF THE COMPANY AND, +I HOPE WITH HIS FELLOW DIRECTORS, TO FOSTER THE EXPANSION AND GOOD HEALTH OF THE COMPANY TO THE BENEFIT OF THE COMPANY AND THE COMMUNITY ALIKE.+

EARLIER, THE SENIOR UNOFFICIAL MEMBER, DR. THE HON. CHUNG SZE-YUEN, SPEAKING ON THE MOTION BY THE FINANCIAL SECRETARY, SAID THE TWO QUALIFICATIONS WERE NECESSARY IN ORDER TO SAFEGUARD THE INTERESTS OF TELEPHONE SUBSCRIBERS.

FOR A PUBLIC UTILITY, HE SAID, ONE MUST ADMIT THAT AN AVERAGE RATE OF RETURN OF 13.6 PER CENT WAS GOOD.

SINCE THE COMPANY WAS IN SUCH A PROFITABLE SITUATION IN 1973 AND HAD A 17-19 PER CENT INCREASE IN TELEPHONE RENTALS AS FROM FEBRUARY 1974, ANY LAYMAN WOULD QUESTION THE COMPANY'S PUBLIC STATEMENT IN AUGUST 1974 (WHICH WAS ONLY SIX MONTHS AFTER THE INCREASE) THAT THE COMPANY WOULD NOT BE FINANCIALLY VIABLE UNLESS A FURTHER 70 PER CENT INCREASE IN TELEPHONE RENTAL WAS GRANTED.

DR. CHUNG NOTED THAT THE GOVERNMENT HAD PROPOSED A 30 PER CENT INCREASE BECAUSE +THE COMPANY IS FACING A CHRONIC CASH SHORTFALL DUE TO THE LARGE CAPITAL EXPANSION PROGRAMME IT HAS EMBARKED UPON IN RECENT YEARS AND (MUCH INCREASED) INTEREST COSTS ON PAST BORROWINGS, TOGETHER WITH A CONSIDERABLE SLOWING DOWN IN 1974 IN THE DEMAND FOR NEW TELEPHONE LINES+.

HE REFERRED TO THE PUBLISHED ANNUAL REPORTS AND ACCOUNTS OF THE COMPANY WHICH, HE SAID, SHOWED THAT BETWEEN 1969 AND 1972 INTEREST COSTS ON BORROWINGS AROUND $150 MILLION TO $250 MILLION WERE FLUCTUATING BETWEEN $2 MILLION AND $5 MILLION PER YEAR.

+SUDDENLY, IN THE YEAR 1973 THE INTEREST COSTS INCURRED BY THE COMPANY ROSE TO $12 MILLION AND BORROWINGS AS AT 1973 YEAR END INCREASED TO NEARLY $450 MILLION,+ HE SAID.

+WITH INTEREST RATES RISING RAPIDLY DURING 1974 TO 10 PER CENT TO 12 PER CENT PER ANNUM, THESE PAST BORROWINGS ALONE COST THE COMPANY A CASH DRAIN OF ABOUT $45 TO $55 MILLION AND THIS SUBSTANTIALLY REDUCED THE COMPANY'S PROFIT.+

AS A RESULT, DR. CHUNG SAID, IT WOULD CREATE DIFFICULTIES OF CASH FLOW AND IN TURN THE COMPANY WOULD REQUIRE MORE BORROWINGS WHICH AGAIN WOULD FURTHER AGGRAVATE BOTH THE PROFITABILITY AND CASH-FLOW SITUATION.

/HE POINTED OUT .....

HE POINTED OUT THAT THIS HAD A SPIRAL EFFECT AND UNLESS SOME INTEREST FREE OR VERY LOW INTEREST FUNDS WERE MADE AVAILABLE TO THE COMPANY, IT WOULD SOON BECOME INSOLVENT I.E. UNABLE TO MEET ITS DEBTS AS THEY BECAME DUE.

IF THIS WERE ALLOWED TO HAPPEN THE COMPANY WOULD BE LIABLE TO WINDING-UP.

REFERRING TO THE POSSIBLE SOURCES OF INTEREST FREE OR VERY LOW INTEREST FUNDS, DR. CHUNG SAID: "NATURALLY, UNDER NORMAL CONDITIONS, THIS EXTRA FINANCING WOULD BE THE RESPONSIBILITY OF THE SHAREHOLDERS. LET US MAKE NO MISTAKE ABOUT IT.

"HOWEVER, IN THE LIGHT OF THE PRESENT POSITION OF THE COMPANY AND OF THE STOCK MARKET, IT SIMPLY CANNOT ATTRACT NEW CAPITAL INVESTMENT FROM SHAREHOLDERS.

"WE WERE INFORMED THAT UNLESS THE COMPANY'S REVENUES WERE BOLSTERED FROM SOME OTHER SOURCE THE BANKS WOULD NOT REGARD THE COMPANY AS BEING CREDITWORTHY AND SO WOULD NOT PROVIDE MORE LOANS TO THE COMPANY EVEN AT CURRENT MARKET RATES OF INTEREST, LET ALONE INTEREST FREE LOANS."

DR. CHUNG SAID OF COURSE, SOME PEOPLE MIGHT SAY THAT THE GOVERNMENT SHOULD SUBSIDISE OR EVEN NATIONALIZE THE COMPANY.

BUT HE ADDED THAT ONE COULD HARDLY SEE THE LOGIC OF USING PUBLIC FUNDS TO SUBSIDISE PUBLIC UTILITIES OF THIS NATURE.

ON THE ASPECT OF NATIONALIZATION, HE SAID, IT DID NOT NECESSARILY MEAN A MORE EFFICIENT AND ECONOMICAL OPERATION. IN MANY INSTANCES, THE RESULT WAS THE REVERSE.

DR. CHUNG OPPOSED THE IDEA THAT THE GOVERNMENT SHOULD GIVE AN INTEREST FREE LOANS TO THE COMPANY.

"IN OUR PRESENT TIGHT FINANCIAL SITUATION," HE EXPLAINED, "WE WOULD NOT WISH TO SEE FURTHER CUT BACKS IN OUR SOCIAL SERVICES, SUCH AS EDUCATION, HOUSING, MEDICAL SERVICE AND SOCIAL WELFARE.

"IF SUCH A LOAN WERE PROVIDED OUT OF OUR RESERVES WE WOULD LOSE THE INTEREST WHICH THAT AMOUNT IS NOW EARNING AND WE CANNOT AFFORD TO LOSE SUCH REVENUE IN THESE TIMES."

DR. CHUNG STRESSED THAT IF AN EFFICIENT TELEPHONE SERVICE WERE TO BE MAINTAINED IN HONG KONG, THERE WAS NO ALTERNATIVE BUT THAT THE SUBSCRIBERS IN THEIR OWN INTERESTS SHOULD HELP SOLVE THE URGENT AND SERIOUS ISSUE.

/HE SAID THERE WERE .....

HE SAID THERE WERE SUGGESTIONS THAT THE SUBSCRIBERS' ASSISTANCE SHOULD BE IN THE FORM OF A LOAN OR A DEPOSIT WHILE SOME OTHERS TALKED ABOUT THE POSSIBILITY OF ISSUING PREFERRED STOCKS OR REDEEMABLE SHARES TO SUBSCRIBERS.

HE RECOMMENDED THAT THESE SUGGESTIONS BE GIVEN CAREFUL AND THOROUGH CONSIDERATION BY THE COMMISSION OF INQUIRY.

TURNING TO THE OPERATION OF THE COMPANY, DR. CHUNG DESCRIBED IT AS A VERY COMPLICATED ONE.

THE ADVISORY COMMITTEE ON TELEPHONE SERVICES EVEN WITH THE EXPERTISE AT ITS DISPOSAL IN TELEPHONE COMMUNICATION TECHNOLOGY, COST ACCOUNTING, FINANCING, MANAGEMENT, AND EVEN AFTER THREE MONTHS INQUIRY, STUDY AND DELIBERATION COULD NOT GET ALL THE ANSWERS IT WANTED TO ITS QUESTIONS DESPITE THE CO-OPERATION OF THE TELEPHONE COMPANY, HE ADDED.

HOWEVER, DR. CHUNG SAID THAT IN HIS CAPACITY AS A MEMBER OF THE ADVISORY COMMITTEE ON TELEPHONE SERVICES HE HAD HAD THE ADVANTAGE OF CLOSELY STUDYING THE FINANCIAL POSITION OF THE COMPANY FOR THE PAST MONTH.

WHILE ADMITTING THAT HIS KNOWLEDGE OF ITS AFFAIRS WAS STILL INCOMPLETE, DR. CHUNG ASSURED MEMBERS OF THE COUNCIL AND THE PUBLIC THAT +SOME POSITIVE ACTION MUST BE TAKEN AS SOON AS POSSIBLE AS THE COMPANY IS VERY SHORT OF CASH AND ITS FINANCING COSTS ARE MOUNTING.+

AT THE SAME TIME, HE EMPHASISED THAT SUCH ACTION IF TAKEN SHOULD BE OF AN INTERIM NATURE AND SUBJECT TO REVIEW IN THE LIGHT OF THE FINDINGS OF THE COMMISSION OF INQUIRY WHOSE TASK WOULD BE TO MAKE RECOMMENDATIONS FOR A SUBSTANTIVE SOLUTION WHICH WOULD BE FAIR TO ALL CONCERNED.

HE ADDED THAT THE POSITIVE ACTION MUST TAKE THE FORM OF PROVIDING THE COMPANY IN THE INTERIM WITH MORE CASH.

THE FINANCIAL SECRETARY HAD SAID THAT THE COMPANY IN ORDER TO OVERCOME ITS CASH SHORTFALL IN 1975 WOULD NEED AN ADDITIONAL SUM OF ABOUT $100 MILLION APART FROM THE WAIVING OF ROYALTY PAYMENT OF $6 MILLION, THE FOREGOING OF DIVIDEND PAYMENT OF $48 MILLION, AND THE NEW LOAN FROM THE COMPANY'S BANKERS AMOUNTING TO $90 MILLION.

SPEAKING ON THE SAME MOTION, ANOTHER UNOFFICIAL MEMBER, THE HON. LO TAK-SHING SAID THAT BASED ON THE FIGURES SHOWING MAIN ITEMS OF EXPENDITURE AND INCOME OF THE TELEPHONE COMPANY, THE COMPANY COULD NOT POSSIBLY REACH AN EIGHT PER CENT DIVIDEND RETURN ON PAID UP CAPITAL AND CONSEQUENTLY IT WAS ENTITLED TO AN INCREASE.

/HOWEVER, ...

HOWEVER, HE POINTED OUT THAT SOME OF THOSE FIGURES WERE ONLY FORECASTS AND THESE WERE MADE IN LATE 1974 ON CERTAIN ASSUMPTIONS AS TO OVERHEADS, INTEREST RATES, INFLATIONARY TRENDS AND EXPECTED DEMANDS.

IF THE SITUATION CHANGED, HE ADDED, THE FIGURES WOULD LOOK VERY DIFFERENT.

MR. LO THEN TURNED TO SOME OF THE POINTS WHICH, HE SAID, HAD CAUSED CONSIDERABLE RESENTMENT IN THE COMMUNITY.

FIRSTLY, HE SAID: +THE GOVERNMENT HAS NEVER CLEARLY STATED WHAT RESPONSIBILITY IT CONSIDERS THAT IT OWES TO THE PUBLIC IN RESPECT OF UTILITIES IN GENERAL AND THIS UTILITY IN PARTICULAR.+

REFERRING TO THE GOVERNMENT'S INTENTION OF APPOINTING A DIRECTOR WHO WOULD HAVE ACCESS TO ALL NECESSARY INFORMATION OF THE TELEPHONE COMPANY, MR. LO THOUGHT THE POSTMASTER GENERAL ALREADY HAD THESE POWERS PARTLY BECAUSE OF SECTION 31 OF THE TELEPHONE ORDINANCE AND PARTLY BECAUSE HE WAS A MEMBER OF THE ADVISORY COMMITTEE.

ANOTHER REASON WHY MEMBERS OF THE PUBLIC REACTED IN THE WAY THEY DID WAS BECAUSE THEY WERE KEPT IN THE DARK ON THE FIGURES WHICH FORMED THE BASIS OF THE ADVISORY COMMITTEE'S REPORT AND THOSE WHICH FORMED THE BASIS OF GOVERNMENT'S DECISION IN THE EXECUTIVE COUNCIL.

HE HOPED THAT THE COMMISSION'S REPORT WOULD BE DISCLOSED FULLY.

MR. LO ALSO POINTED OUT THAT THE TELEPHONE ORDINANCE WAS EXPIRING IN FIVE MONTHS TIME.

+THE LEGISLATION ITSELF IS ARCHAIC. IF THE GOVERNMENT QWISHES TO SHOW THAT IT DOES FEEL A DEFINITE RESPONSIBILITY TOWARDS THIS UTILITY, I TRUST THAT WORK WILL SOON START ON IT TO REVISE IT AND BRING IT UP-TO-DATE,+ HE ADDED.

ANOTHER UNOFFICIAL MEMBER, THE HON. JAMES WU CALLED ON MANAGEMENT OF ALL BUSINESS, LARGE AND SMALL, IN A COMPACT COMMUNITY LIKE HONG KONG AND AT A TIME OF ECONOMIC UNCERTAINTY, TO DEMONSTRATE A SENSE OF SOCIAL CONSCIENCE AND RESPONSIBILITY IN THE CONDUCT OF BUSINESS.

/HE SAID THAT .....

HE SAID THAT MEMBERS OF THE LEGISLATIVE COUNCIL WOULD HAVE FAILED IN THEIR DUTIES IN NOT ADVOCATING A MOST SEARCHING INVESTIGATION BY A COMMISSION OF INQUIRY AS TO WHETHER OR NOT OR HOW MUCH OF THE 30 PER CENT SHOULD BE REGARDED AS GENERAL REVENUE OF THE COMPANY FROM THE PROPOSED SEPARATE IDENTIFIABLE ACCOUNT.

SPEAKING ON THE MOTION, THE HON. OSWALD CHEUNG, SHARED THE VIEW OF DR. CHUNG THAT THE TELEPHONE COMPANY WAS IN FINANCIAL DIFFICULTIES AND THAT THE COMPANY WOULD BE LIABLE TO BE WOUND UP IF NO FUNDS WERE FORTHCOMING.

+HONG KONG, A TRADING AND MANUFACTURING COMMUNITY, CANNOT LET IT HAPPEN,+ HE SAID.

TO AVOID THIS, MR. CHEUNG SAID: +THE FUNDS MUST BE MADE AVAILABLE, AND AVAILABLE WHILE THE COMMISSION ENQUIRES.+

HOWEVER, IF THE GOVERNMENT'S ASSESSMENT WAS WRONG, THE COMPANY MUST BE MADE LIABLE TO PAY BACK ALL OR PART OF THE FUNDS, HE ADDED.

MR. CHEUNG SAID THAT OVER THE PAST 10 OR 15 DAYS, UNOFFICIAL MEMBERS OF THE EXECUTIVE AND LEGISLATIVE COUNCILS HAD BEEN GIVEN THE MOST SINCERE AND WELL-INTENTIONED ADVICE DURING DISCUSSIONS WITH REPRESENTATIVES OF MANY ORGANISATIONS.

ONE OF THE PROPOSALS, HE SAID, WAS THAT EVERY SUBSCRIBER SHOULD BE MADE TO DEPOSIT $200 WITH THE TELEPHONE COMPANY.

+IT IS ONE WAY TO PROVIDE THE COMPANY WITH LIQUIDITY. IT IS ONE THAT OUGHT CERTAINLY BE SUGGESTED TO THE COMMISSION OF INQUIRY,+ HE SAID.

BUT MR. CHEUNG POINTED OUT THAT $200 IN ONE SUM AT THIS TIME WAS A VERY MUCH HEAVIER BURDEN THAN $20 OR $30 A QUARTER.

MR. CHEUNG ALSO MENTIONED SOME OTHER PROPOSALS HE SAID THAT ALL THE VIEWS EXPRESSED HAD BEEN TAKEN INTO CONSIDERATION AND DEBATED AT LENGTH AMONG THE UNOFFICIALS.

HOWEVER, MR. CHEUNG WAS CONVINCED THAT +WE CANNOT WAIT, AND WE HAVE RELUCTANTLY COME TO THE CONCLUSION THAT IT IS BEST, THAT IS MOST EQUITABLE, THAT THE CASH SHORTFALL OF $100 MILLION SHOULD BE CONTRIBUTED IN SMALL SUMS FROM THOSE WHO DIRECTLY BENEFIT FROM THIS ESSENTIAL SERVICE.+

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NO IMPROPER TRADING OF TELEPHONE SHARES
SAYS FINANCIAL SECRETARY

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UP TO THE PRESENT TIME, THERE HAS BEEN NO INDICATION OF ANY IMPROPER TRADING IN THE SHARES OF THE TELEPHONE COMPANY, THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE SAID TODAY.

HE WAS REPLYING TO THE HON. T.S. LO IN LEGISLATIVE COUNCIL WHO WANTED TO KNOW WHAT THE GOVERNMENT'S CONSIDERATIONS WERE, IN VIEW OF THE COMPANY'S FINANCIAL UNCERTAINTIES, FOR NOT SUSPENDING THE SHARES FROM BEING TRADED TO PREVENT ANY POSSIBILITY OF THOSE MORE KNOWLEDGEABLE IN ITS AFFAIRS GAINING AN UNFAIR ADVANTAGE OVER THOSE MORE IGNORANT...

HE NOTED THAT IT WAS ONLY WHEN THE GOVERNMENT DECIDED, AS PART OF THE PACKAGE OF INTERIM MEASURES HE ANNOUNCED IN THE COUNCIL ON JANUARY 22, TO ASK THE COMPANY'S BOARD TO RECOMMEND TO SHAREHOLDERS THAT NO DIVIDEND PAYMENTS SHOULD BE MADE IN 1975 THAT THE QUESTION OF A POSSIBLE EFFECT ON THE SHARE PRICE AROSE.

BUT THIS INFORMATION, HE SAID, WAS ONLY PUT TO THE CHAIRMAN OF THE COMPANY, AS A MATTER OF COURTESY, ON THE MORNING THE ANNOUNCEMENT WAS MADE.

+EFFECTIVELY, THEREFORE, THE GENERAL BODY OF SHAREHOLDERS WERE AWARE OF THE POSITION AT VIRTUALLY THE SAME TIME AS THE COMPANY WHEN I MADE MY ANNOUNCEMENT.+

MR. HADDON-CAVE RECALLED THAT THE COMPANY'S APPLICATION FOR INCREASED CHARGES WAS PASSED TO THE ADVISORY COMMITTEE ON TELEPHONE SERVICES FOR THEIR CONSIDERATION AND ADVICE AFTER IT WAS RECEIVED TOWARDS THE END OF AUGUST, AND THIS WAS A MATTER OF PUBLIC KNOWLEDGE.

AT THE SAME TIME, HE SAID, A DETAILED ANALYSIS OF THE COMPANY'S FINANCIAL POSITION WAS STARTED WITHIN THE GOVERNMENT AND THIS ANALYSED INFORMATION WAS THEN PASSED ON TO THE ADVISORY COMMITTEE AND ITS FINANCE SUB-COMMITTEE.

THE FINANCIAL SECRETARY ADDED THAT ALL THIS WAS PART OF THE NORMAL PROCESS OF VETTING BY THE GOVERNMENT OF ANY APPLICATION FOR AN INCREASE IN PUBLIC UTILITY CHARGES AND IT IN NO WAY JUSTIFIED ANY SUSPENSION OF TRADING IN THE SHARES OF THE COMPANY.

+INDEED, AND IN FACT, DURING THIS PERIOD AND UP TO THE PRESENT TIME, THERE WAS NO SIGN OF ANY IMPROPER TRADING IN TELEPHONE COMPANY SHARES,+ HE SAID.

/HE EMPHASISED .....

HE EMPHASISED THAT NOTHING HAD HAPPENED UNTIL VERY RECENTLY TO MAKE ANY INSIDER TRADING WORTHWHILE BY THOSE MORE KNOWLEDGEABLE IN ITS AFFAIRS, AND HE ALSO POINTED OUT THAT IN FACT, UNTIL VERY RECENTLY, THE COMPANY WAS STILL PLANNING TO MAKE DIVIDEND PAYMENTS TOTALLING SOME $48 MILLION IN 1975.

+I SHOULD PERHAPS ADD,+ HE SAID, +THAT THE SUSPENSION OF DEALINGS IN THE SHARES OF ANY COMPANY PUTS THE SHAREHOLDERS AT A SERIOUS DISADVANTAGE BECAUSE THEY ARE LOCKED IN AND CANNOT REALISE THEIR MONEY.

+FOR THIS REASON, SUSPENSION OF TRADING IS A SERIOUS MATTER WHICH SHOULD ONLY BE INVOKED AS A LAST RESORT.+

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PROVISIONS FOR REVIEWING COURT SENTENCES TO BE EXTENDED FOR ANOTHER THREE YEARS

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THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) APPROVED A RESOLUTION TO EXTEND FOR A FURTHER THREE YEARS THE PROVISIONS FOR THE REVIEWING OF ANY SENTENCE PASSED BY ANY COURT UNDER THE CRIMINAL PROCEDURE ORDINANCE.

THESE PROVISIONS, WHICH ENABLE THE ATTORNEY-GENERAL TO SEEK A REVIEW OF THE SENTENCE IMPOSED BY A COURT ON A CONVICTED PERSON, HAVE BEEN IN OPERATION FOR THREE YEARS AND ARE DUE TO EXPIRE ON APRIL 30 THIS YEAR.

WHEN MOVING THE RESOLUTION, THE ATTORNEY GENERAL, THE HON. JOHN HOBLEY, POINTED OUT THAT THE PROVISIONS HAD SERVED THE PURPOSE FOR WHICH THEY WERE INTENDED.

HE ADDED THAT THE PROPOSED EXTENSION HAD THE SUPPORT OF THE JUDICIARY.

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NO POLICY OF ASSISTANCE FOR UNPROFITABLE COMPANIES

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THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE SAID TODAY HE DID NOT THINK THAT THE GOVERNMENT SHOULD HAVE A POLICY OF KEEPING UNPROFITABLE COMPANIES AFLOAT.

HE WAS REPLYING TO THE HON. JAMES WU IN LEGISLATIVE COUNCIL WHO HAD ASKED WHAT MEASURES THE GOVERNMENT WAS TAKING TO ASSIST INDUSTRY AND TO AVOID BANKRUPTCIES DUE TO CASH FLOW PROBLEMS.

MR. HADDON-CAVE SAID HE KNEW THE NUMBER OF BANKRUPTCIES HAD INCREASED, BUT HE WAS NOT SURE THAT THIS WAS BECAUSE OF CASH FLOW OR OTHER EQUALLY IMPORTANT PROBLEMS, SUCH AS PROFITABILITY AND THE LENGTH OF ORDER BOOKS, ADDING THAT THERE WAS NOTHING HE COULD DO TO PUT RIGHT THE MAIN EXPORT MARKETS WHICH WERE IN RECESSION.

+THE HELP WHICH THE GOVERNMENT GIVES TO INDUSTRY IS MAINLY THE PROVISION OF A PROPER WORKING ENVIRONMENT, WITH A LOW STANDARD RATE OF DIRECT TAXATION APPLICABLE SOLELY TO INCOME DERIVED WITHIN HONG KONG ITSELF, FREEDOM FROM CONTROLS AND INTERFERENCE, AND FREEDOM FROM IMPORT OR EXPORT DUTIES.

+ASSISTANCE AND ENCOURAGEMENT IS ALSO PROVIDED IN CERTAIN SPECIFIC AREAS THROUGH THE COMMERCE AND INDUSTRY DEPARTMENT AND VARIOUS STATUTORY AGENCIES AND SUBVENTED BODIES,+ HE SAID.

HE POINTED OUT THAT CASH FLOW PROBLEMS ELSEWHERE HAD ARISEN LARGELY AS A RESULT OF INFLATION, AND OF TAX SYSTEMS WHICH BEAR HEAVILY ON PROFITS REFLECTING STOCK APPRECIATION AS WELL AS FROM PRIVATE CONTROLS.

+IN HONG KONG WE HAVE BEEN FREE FROM INTERNALLY GENERATED INFLATION= AND ALTHOUGH WE HAVE TO LIVE WITH IMPORTED INFLATION, THE PRICES OF RAW MATERIALS FROM ABROAD, OTHER THAN OIL, HAVE FALLEN SHARPLY OVER THE LAST SIX MONTHS OR SO.

+AS REGARDS STOCK APPRECIATION, OUR LOW STANDARD RATE OF PROFITS TAX WILL HAVE MADE THE PROBLEM LESS ACUTE THAN ELSEWHERE, AND OUR MOVE TO A CURRENT YEAR BASIS FOR CALCULATING ASSESSABLE PROFITS WILL HELP MANUFACTURERS WHO ARE NOW RUNNING OFF STOCKS BOUGHT AT HIGH PRICES -- IN THAT RELIEF WILL BE AVAILABLE SOONER THAN PREVIOUSLY IF THERE IS A DOWN TURN OF PROFITS IN EXCESS OF 10 PER CENT,+ HE SAID.

MR. HADDON-CAVE ADDED THAT HE BELIEVED ANY MEASURES OF A MORE GENERAL KIND TO ASSIST INDUSTRY COULD POSSIBLY BE DAMAGING TO OUR COMPETITIVE POSITION IN THE LONGER TERM.

+IN ANY CASE, ASSISTANCE INVOLVING ACTUAL EXPENDITURE WOULD, I FEAR, HAVE BUDGETARY IMPLICATIONS WHICH COULD NOT BE ACCEPTED AT PRESENT.

+AND IF, AS WOULD INEVITABLY BE THE CASE, WE FOUND OURSELVES LOCKED IN TO A POLICY OF ASSISTANCE, THERE WOULD BE CONSEQUENTIAL IMPLICATIONS FOR FISCAL POLICY,+ HE WARNED.

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INCREASE OF HOTEL ACCOMMODATION TAX
FROM TWO TO THREE PER CENT IN APRIL THIS YEAR
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THE RATE OF HOTEL ACCOMMODATION TAX, WHICH CONTRIBUTES TO THE HONG KONG TOURIST ASSOCIATION'S INCOME, IS TO BE INCREASED FROM TWO PER CENT TO THREE PER CENT FROM APRIL 1 THIS YEAR AND TO FOUR PER CENT FROM APRIL 1, 1976.

WHEN SPEAKING ON A RESOLUTION ON THIS INCREASE IN LEGISLATIVE COUNCIL TODAY, THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE SAID THE INCREASE HAD BEEN AGREED BY THE HONG KONG HOTELS ASSOCIATION AND SHOULD ENSURE THAT THE TOURIST ASSOCIATION IS +WELL-PLACED TO MEET THE CHALLENGE POSED BY THE CURRENT UNCERTAIN ECONOMIC CLIMATE AND INCREASED COMPETITION FROM OTHER DESTINATION+.

MR. HADDON-CAVE RECALLED THAT ALTHOUGH THE ASSOCIATION'S TOTAL INCOME HAD INCREASED FROM $10.7 MILLION TO $16.7 MILLION IN THE PAST THREE YEARS, IT WAS AT A TIME WHEN COSTS HAD BEEN RISING AT AN EXCEPTIONAL RATE, ESPECIALLY IN SOME OVERSEAS CENTRES.

TO HELP THE ASSOCIATION MAINTAIN AN EFFECTIVE LEVEL OF OPERATION DURING THESE YEARS, THE GOVERNMENT HAS PROVIDED ADDITIONAL GRANTS ON AN AD HOC BASIS, OVER AND ABOVE THE ANNUAL SUBVENTION, OF BETWEEN $1.2 MILLION AND $1.5 MILLION PER YEAR, HE SAID.

HE EXPLAINED THAT THE MAIN REASON FOR THE GROWING IMBALANCE BETWEEN INCOME AND EXPENDITURE, UNDER THE PRESENT FORMULA, WAS A LACK OF BUOYANCY IN THE YIELD FROM HOTEL ACCOMMODATION TAX.

+THIS, IN TURN, HAS BEEN CAUSED BY A GROWTH IN THE PROPORTION OF VISITORS, CURRENTLY ABOUT 45 PERCENT, WHO COME ON GROUP TOURS AND ENJOY DISCOUNTED ROOM RATES,+ MR. HADDON-CAVE SAID.

HE ADDED THAT EVEN AT FOUR PERCENT, THE TAX WOULD BE LOWER THAN THAT IMPOSED ELSEWHERE PARTICULARLY WITHIN THE REGION AND WAS NOT EXPECTED TO DETER WOULD-BE VISITORS.

THE HON. J.H. BREMRIDGE WHO IS ALSO CHAIRMAN OF THE TOURIST ASSOCIATION SPOKE IN SUPPORT OF THE RESOLUTION.

+I BELIEVE THAT ALL MEMBERS OF THIS CHAMBER, OF THE TOURIST INDUSTRY, AND THE PUBLIC AT LARGE ACKNOWLEDGE THE TASK THAT THE TOURIST ASSOCIATION IS PERFORMING TO THE BEST OF ITS ABILITIES IN DIFFICULT ECONOMIC CIRCUMSTANCES ON BEHALF OF THE COMMUNITY,+ HE SAID.

+THE CONTRIBUTION THAT VISITORS MAKE TO HONG KONG'S ECONOMY -- A NET INCOME OF OVER HK$1,800 MILLION A YEAR-- UNDERLINES THE IMPORTANT FUNCTION OF THE TOURIST ASSOCIATION IN SELLING HONG KONG'S ATTRACTIONS+.

/HE ALSO .....

HE ALSO PAID TRIBUTE TO THE HOTEL INDUSTRY IN GENERAL TO WHICH HE SAID HONG KONG OWE A PUBLIC DEBT.

+THIS IS A DEBT WHICH IS NOT OFTEN ACKNOWLEDGED. NOR IS THE FACT THAT THIS IS A MAJOR EXPORT INDUSTRY,+ HE SAID.

FURTHERMORE, IN HIS OPINION, THE FACT THAT THE HOTELS ASSOCIATION HAVE BEEN ABLE TO AGREE TO THE TAX INCREASE +REFLECTS BOTH A VERY RESPONSIBLE APPROACH AND AT THE SAME TIME A TOKEN OF THEIR APPRECIATION OF WHAT THE TOURIST ASSOCIATION IS ATTEMPTING TO DO FOR THEM.+

HE BELIEVED THE PROPOSED INCREASE IS +FAIR AND BALANCED+ AND HE WAS CONFIDENT THAT THE TOURIST ASSOCIATION WILL REGULATE ITS BUDGETS ACCORDINGLY.

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BILLS PASSED AT LEGCO

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FOUR BILLS COMPLETED THEIR PASSAGE THROUGH THE LEGISLATIVE COUNCIL THIS (WEDNESDAY) AFTERNOON.

THEY WERE THE TELEPHONE (AMENDMENT) BILL 1975; THE PUBLIC TRANSPORT SERVICES (EXTENSION OF GRANTS) BILL 1975, THE CHILD CARE CENTRES BILL 1974 AND THE EMPLOYMENT (AMENDMENT) BILL 1975.

A RESOLUTION SEEKING APPROVAL FOR INCREASES IN ANNUAL TELEPHONE RENTALS AND INSTALLATION CHARGES WAS APPROVED BY THE COUNCIL.

TWO OTHER MOTIONS -- ONE ON THE HOTEL ACCOMMODATION TAX ORDINANCE AND THE OTHER ON THE CRIMINAL PROCEDURE ORDINANCE -- WERE ALSO APPROVED.

FOUR OTHER BILLS WERE ALSO INTRODUCED INTO COUNCIL FOR THEIR FIRST AND SECOND READINGS. THEY WERE THE POST OFFICE BILL 1975, THE EVIDENCE (AMENDMENT) BILL 1975, THE MERCHANT SHIPPING (RECRUITING OF SEAMEN) (AMENDMENT) BILL 1975 AND THE POLICE FORCE (AMENDMENT) BILL 1975.

SESSIONAL PAPERS TABLED WERE THE SCHEDULE OF SUPPLEMENTARY PROVISIONS APPROVED BY THE URBAN COUNCIL DURING THE THIRD QUARTER OF 1974/75, THE SUPPLEMENTARY PROVISIONS FOR THE QUARTER ENDED SEPTEMBER 30, 1974, THE STATEMENT OF ACCOUNTS OF THE GRANTHAM SCHOLARSHIPS FUND FOR THE YEAR ENDED AUGUST 31, 1974, THE HONG KONG POLYTECHNIC ANNUAL REPORT 1973/74 AND THE BALANCE SHEET AND INCOME AND EXPENDITURE ACCOUNT OF THE HONG KONG POLYTECHNIC FOR THE YEAR ENDED JULY 31, 1974.

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TDC INCREASE PROMOTION ACTIVITIES
IN MIDDLE EAST, AFRICA AND EASTERN EUROPE

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THE DIRECTOR OF COMMERCE AND INDUSTRY, THE HON. DAVID JORDAN, SAID TODAY THAT THE TRADE DEVELOPMENT COUNCIL WILL INCREASE ITS TRADE PROMOTION ACTIVITIES THIS YEAR IN THE MIDDLE EAST, AFRICA AND EASTERN EUROPE.

HE WAS REPLYING TO THE HON. JAMES WU IN THE LEGISLATIVE COUNCIL WHO ASKED WHAT MEASURES THE GOVERNMENT WAS TAKING TO SEEK NEW MARKETS AND STIMULATE TRADE.

MR. JORDAN POINTED OUT THAT THE GOVERNMENT WAS NOT DIRECTLY INVOLVED IN THE SEARCH FOR NEW MARKETS NOR IN THE PROMOTION OF HONG KONG'S OVERSEAS TRADE, BUT THAT THE TRADE DEVELOPMENT COUNCIL WAS.

HOWEVER, AS A MEMBER OF THE TRADE DEVELOPMENT COUNCIL HE SAID HE KNEW THAT THE COUNCIL WAS KEENLY AWARE OF THE NEED TO SEEK NEW MARKETS FOR HONG KONG'S PRODUCTS.

"THIS IS PARTICULARLY SO WHEN THE DEMAND IN OUR MAJOR MARKETS IN NORTH AMERICA AND WESTERN EUROPE HAS SLACKENED AND THE DAYS OF EASY EXPORT GROWTH ARE OVER, AT LEASE FOR THE TIME BEING," HE SAID.

HE EXPLAINED THAT IT WAS WITH THIS IN MIND THAT THE COUNCIL HAD DECIDED TO STEP UP ITS ACTIVITIES IN THE COMING YEAR IN THE MIDDLE EAST, AFRICA AND EASTERN EUROPE.

"IN 1975/1976 JUST OVER 30 PER CENT OF THE COUNCIL'S OVERSEAS TRADE PROMOTION BUDGET OF 8.6 MILLION DOLLARS WILL BE SPENT IN THESE AREAS WHICH TOOK ONLY SEVEN AND A HALF PER CENT OF HONG KONG'S EXPORT IN 1974," MR. JORDAN SAID.

HE SAID THAT THE COUNCIL WOULD, OF COURSE, CONTINUE ITS ACTIVITIES IN HONG KONG'S ESTABLISHED MARKETS, OPERATING FROM 15 OFFICES IN NORTH AMERICA, WESTERN EUROPE, JAPAN AND AUSTRALIA, AND WOULD CONTINUE TO PARTICIPATE IN MAJOR TRADE AFFAIRS IN THESE MARKETS AND ORGANISE BUSINESS MISSIONS TO THEM.

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BUS FRANCHISES EXTENDED UNTIL END OF MAY

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THE FRANCHISES OF HONG KONG'S MAJOR BUS COMPANIES -- CMB AND KMB -- HAVE BEEN EXTENDED UNTIL MAY 31.

THIS WAS MADE POSSIBLE BY THE PASSAGE IN THE LEGISLATIVE COUNCIL TODAY OF THE PUBLIC TRANSPORT SERVICES (EXTENTION OF GRANTS) BILL 1975, WHICH SEEKS TO EXTEND THE BUS COMPANIES' EXISTING FRANCHISES.

COMMENTING ON THE BILL, THE ATTORNEY GENERAL, THE HON. JOHN HOBLEY, SAID THE EXTENSION WOULD PROVIDE FURTHER AND MORE ADEQUATE TIME FOR FULL CONSIDERATION IN THE COUNCIL OF THE PUBLIC OMNIBUS SERVICES BILL, WHICH HE DESCRIBED AS +A MEASURE OF GREAT IMPORTANCE+.

THE EXISTING FRANCHISES OF THE TWO BUS COMPANIES ARE DUE TO EXPIRE ON FEBRUARY 14.

WHEN SPEAKING IN SUPPORT OF THE BILL, THE HON. T.S. LO SAID THAT THE REASON FOR EXTENDING THE PRESENT FRANCHISES FOR A FEW MONTHS WAS THAT THE OFFICIALS FELT THAT MORE TIME WOULD BE REQUIRED BY THEM TO CONSIDER UNOFFICIAL MEMBERS' PROPOSALS.

HE POINTED OUT THAT IN GENERAL TERMS THE AMENDMENTS SUGGESTED BY THE UNOFFICIALS WERE IN THE MAIN RELATED TO ENSURING THAT THE TERMS OF FRANCHISES WERE MADE PUBLIC AND MIGHT BE AMENDED BY THE COUNCIL AND TO A SYSTEM OF STATUTORY CONTROL OF PROFITS NOT ENVISAGED IN THE BILL.

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REPORT ON CERTIFICATED MASTERS' DISPUTE

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THE GOVERNMENT HAS NOT YET DECIDED ON WHETHER THE REPORT OF THE SPECIAL COMMISSION OF ENQUIRY ON THE CERTIFICATED MASTERS' DISPUTE BE PUBLISHED OR NOT.

THIS WAS THE REPLY GIVEN AT THE LEGISLATIVE COUNCIL TODAY BY THE COLONIAL SECRETARY, THE HON. DENYS ROBERTS, TO THE HON. LI FOOK-WO WHO ASKED WHEN THE GOVERNMENT WOULD PUBLISH THE REPORT PREPARED BY THE SPECIAL COMMISSION WHICH WAS APPOINTED IN 1973.

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COOKED F OD BAZAARS IN INDUSTRIAL ESTATES

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PLACES WHERE WORKERS CAN GO TO HAVE CHEAP HOT MEALS, SUCH AS COOKED FOOD BAZAARS, WILL BE INCLUDED IN THE AMENITY AREAS OF THE NEW INDUSTRIAL ESTATES, THE SECRETARY FOR THE ENVIRONMENT, THE HON. JAMES RODSON SAID IN LEGISLATIVE COUNCIL TODAY.

HE WAS REPLYING TO A QUESTION BY THE HON. ALEX S.C. WU WHO WANTED TO KNOW IF THE GOVERNMENT INTENDED TO PROVIDE PROPER COOKED FOOD BAZAARS IN THE NEW INDUSTRIAL ESTATES.

+THE PLANNING AND COSTINGS OF THE PROJECTS HAVE THEREFORE TAKEN INTO ACCOUNT THE PROVISION OF SUCH AMENITY AREAS.

+BUT THEIR DETAILED PLANNING HAS NOT BEEN CARRIED TO THE POINT WHERE I COULD SAY JUST WHAT TYPE OF CATERING WILL, IN FACT, BE PROVIDED IN THEM,+ HE SAID.

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REPORT ON UNREGISTRABLE DOCTORS TO BE SUBMITTED IN TWO MONTHS

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THE REPORT OF THE WORKING PARTY ON UNREGISTRABLE DOCTORS IS EXPECTED TO BE SUBMITTED TO THE GOVERNOR IN ABOUT TWO MONTH'S TIME.

THIS WAS DISCLOSED BY THE SECRETARY FOR SOCIAL SERVICES, THE HON. LI FOOK-KOW IN REPLY TO THE HON. HARRY S.Y. FANG IN LEGISLATIVE COUNCIL THIS AFTERNOON.

MR. LI SAID THE CHAIRMAN OF THE WORKING PARTY HOPED TO SUBMIT THE REPORT IN THAT TIME, AND SUBJECT TO THE GOVERNOR'S DIRECTION, THE REPORT WOULD BE PUBLISHED IN BOTH ENGLISH AND CHINESE AS SOON AS PRACTICABLE AFTER IT HAD BEEN RECEIVED.

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AMBULANCEMEN ANSWERED RECORD NUMBER OF CALLS

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THE AMBULANCE COMMAND OF THE FIRE SERVICES DEPARTMENT HAS BROKEN THROUGH THE FOUR HUNDRED CALLS PER DAY BARRIER -- AFTER COMING CLOSE ON A NUMBER OF OCCASIONS.

DURING THE 24-HOUR PERIOD ENDING AT 7.00 A.M. TODAY (WEDNESDAY) THE COMMAND ANSWERED A TOTAL OF 412 CALLS, WHICH IS MORE THAN 17 PER HOUR.

OF THE CALLS, 281 (OR 68.2 PER CENT) WERE EMERGENCY AND 131 NON-EMERGENCY.

KOWLOON DIVISION ANSWERED 201 CALLS, HONG KONG DIVISION 143 AND NEW TERRITORIES DIVISION 68.

THE PREVIOUS HIGHEST NUMBER OF CALLS WAS 393 RECEIVED SHORTLY BEFORE CHRISTMAS.

MR. G. DOORE, CHIEF AMBULANCE OFFICER, SAID HE EXPECTED THE UPWARD TREND TO CONTINUE AND, FOR THIS REASON, THE NUMBER OF AMBULANCES AND DEPOTS WAS BEING INCREASED.

+WE ARE GETTING A FURTHER FIVE AMBULANCES IN MAY AND AN ADDITIONAL EIGHT IN NOVEMBER,+ MR. DOORE SAID. +THIS WILL BRING OUR FLEET TO 99 AMBULANCES.+

DURING 1975, DEPOTS WILL BE OPENED AT MOUNT DAVIS AND CHAI WAN ON HONG KONG ISLAND.

MR. DOORE REVEALED THAT AMBULANCEMEN WERE BEING TRAINED TO INCREASINGLY HIGH STANDARDS AND THAT THE RANGE OF FACILITIES ON AMBULANCES WOULD CONTINUE TO EXPAND.

+WE HAVE EVEN GOT MEN ON DETACHMENT TO THE MEDICAL AND HEALTH DEPARTMENT LEARNING HOW TO DEAL WITH EMERGENCY CHILD BIRTH PROBLEMS,+ HE SAID.

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PASSING-OUT PARADE

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EIGHTEEN ASSISTANT IMMIGRATION OFFICERS, INCLUDING SIX WOMAN RECRUITS OF THE IMMIGRATION DEPARTMENT, WILL TAKE PART IN A PASSING-OUT PARADE TO BE HELD THIS FRIDAY (FEBRUARY 7) AT THE ROYAL HONG KONG REGIMENT PARADE GROUND, HAPPY VALLEY.

MRS. ELSIE ELLIOTT, URBAN COUNCILLOR, WILL ADDRESS AND INSPECT THE PARADE.

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NOTE TO EDITORS:

THE PASSING-OUT PARADE WILL START AT 9.30 AM ON FRIDAY. YOU,ARE INVITED TO HAVE THE EVENT COVERED.

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ASIA FOUNDATION DONATES 150 BOOKS TO TECHNICAL TEACHERS' COLLEGE

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THE HONG KONG TECHNICAL TEACHERS' COLLEGE HAS RECEIVED FROM THE ASIA FOUNDATION TWO DONATIONS OF BOOKS TOTALLING 150 VOLUMES.

+THIS TIMELY GIFT IS VERY MUCH APPRECIATED BY THE COLLEGE AS IT MAKES AVAILABLE TO PROSPECTIVE TEACHERS UP-TO-DATE TEXTS ON EDUCATION AND TECHNICAL SUBJECTS,+ THE PRINCIPAL OF THE COLLEGE, MR. PETER SMITH, SAID TODAY.

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