

1997 — and all that?

BOTH China Light and Hongkong Electric have now come out publicly in favour of our Government ultimately setting up a Water and Power Authority that would sell them electricity and at the same time produce fresh water from the sea for our Waterworks.

The assumption is producing both together (using increasingly expensive fuel oil) would be cheaper than producing each separately.

And the capital cost might be less onerous on both our Government and our power companies.

The idea seems certainly worthy of careful but quick investigation for a decision has to be made soon on our Government building another desalter to ensure a continuous water supply from about 1984 onwards.

A prerequisite to establishing a Water and Power Authority that would sell electricity to China Light and Hongkong Electric would, of course, have to be an integrated cross-harbour power supply system.

Hongkong Electric has now come out in favour of a technically integrated generating system.

Its Chairman says talks are going on with China Light about proposals to build power lines to interconnect the two power systems.

Hitherto each company has stuck rigidly to its own side of the harbour.

Nor has neither company hitherto publicly suggested even a modicum of nationalisation of their shared enfranchised public utility.

More than the increasing cost of fuel oil and our desalting needs could however be involved in the modest change of heart of these private sector power companies.

If our power companies are to continue to invest in expensive generating equipment they must soon reduce the amortisation period of that new equipment.

That must make our electricity increasingly dearer as 1997 comes closer and closer, unless our Government accepts the investment risk.

Our power companies would appear now to see light at the end of their tunnel and to have found as a reasonable formula, through desalting water, to get at least partly off the 1997 hook.

Of course, nothing may happen in 1997.

But long-term investors usually can't be expected to take risks like that.