

FINANCE COMMITTEE

## Approval for more Post Office funds

THE weakened Hong-kong dollar and an unexpected surge in the volume of mail traffic had prompted the Post Office to seek supplementary Government funds of \$115 million to pay its foreign creditors.

The additional commitment was approved.

On top of an earlier allotment of \$134 million, the Post Office was granted \$72.5 million for payments to overseas postal administrations. The amount will cover charges for mail carried in transit through intermediate countries, terminal charges for parcels and payments in respect of mail sent to other countries which is in excess of that received here from those places.

A separate fund of \$42.1 million was granted to the Post Office to enable it to pay the conveyance charges to airlines, shipping agents and railway authorities for overseas mail. The Post Office has earlier been given \$227 million for the purpose.

The Office's estimates for the current fiscal year was prepared on the basis that

one Special Drawing Rate (SDR) was equivalent to HK\$9.5. The SDR is an International Monetary Fund unit used in settling international mail accounts and conveyance charges.

The average exchange rate for November and December in 1987 turned out to be 1 SDR to HK\$10.68, resulting in a 12.4 per cent rise in charges.

The increase in the amount of mail traffic over the past few months has also taken the Post Office by surprise.

The officials originally expected a total of 9.2 million kg of airmail for this fiscal year but latest statistics suggest the estimate would be surpassed by about 15.4 per cent.

The Post Office's growth in income, however, is expected to be more than adequate to offset the increase in its expenditure. Last year, the Office recorded a net income of \$109 million.

The figure was even higher for the fiscal year 1985-86 when the office registered a profit of \$116 million.