



DAILY INFORMATION BULLETIN

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Three bills to address traffic congestion

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The Governor-in-Council has given approval for three bills to be introduced into the Legislative Council to empower the administration to implement fiscal measures to address traffic congestion when the need arises.

The bills - the Road Traffic (Amendment)(No 3) Bill 1995, the Eastern Harbour Crossing Road Tunnel (Passage Tax) Bill and the Inland Revenue (Amendment)(No 4) Bill 1995 will be published in the Government Gazette on Friday (December 29).

A government spokesman said today (Wednesday) that the bills were part of a number of measures to address traffic congestion endorsed by the Governor-in-Council at its meeting on July 25, 1995.

The Road Traffic Ordinance (Amendment)(No 3) Bill 1995 will empower the administration to raise the Annual Licence Fees (ALF) of vehicles for reasons other than cost recovery.

The spokesman said the administration did not intend to raise ALF or the First Registration Tax for the time being as there had been a significant decline in new car registrations recently.

"However, we require the power to increase ALF as a measure to deter car ownership should this prove necessary in future," the spokesman said.

"Actual implementation would be subject to the approval of the Legislative Council by resolution," he added.

The Eastern Harbour Crossing Road Tunnel (Passage Tax) Bill will enable a tax to be imposed on vehicles using the Eastern Harbour Crossing Road Tunnel.

The spokesman said the cross harbour tunnels were operating at full capacity and there could be no relief until the Western Harbour Crossing opened in 1997.

"In recognition of this, the Governor-in-Council has decided that enabling legislation should be drafted to permit the imposition of and increase in passage tax at cross harbour tunnels.

"Proposals on the timing of the introduction of such tax and the actual amounts involved will be submitted to the Executive Council for consideration, and actual implementation will also be subject to the approval of the Legislative Council by resolution," he added.

At present, the Cross Harbour Tunnel (Passage Tax) Ordinance already provides that the passage tax at the Cross Harbour Tunnel can be increased by means of a Legislative Council resolution.

The Inland Revenue (Amendment)(No 4) Bill 1995 seeks to amend the existing law to discontinue tax concessions given in relation to acquisitions and use of company-owned cars.

"The administration considered that these tax concessions provide a positive incentive for companies to purchase private cars which, given our congestion problem, is not acceptable," the spokesman said.

"Under the new provisions, no outgoings or expenses incurred in connection with the acquisition, financing, leasing, maintenance, operation or use of a private car shall be deducted in the calculation of a person's assessable income as well as in the calculation of taxable profits.

"An exception will be made for car dealers, who will continue to be entitled to such deductions in respect of their trading stock.

"The exception will be made because such expenses arise directly as an integral part of the cost of stock-in-trade rather than through the ownership and use of private cars," he said.

The bill also excludes private cars from the ambit of machinery or plant so that depreciation allowance grantable under the ordinance will not be granted in respect of private cars.

The three bills will be introduced into the Legislative Council on January 10, 1996.

End

Investigations into sinking of pleasure vessel continue

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The Marine Department is continuing its investigations into the incident in which a pleasure vessel with four persons on board sank near Tung Chung, North Lantau around 12.30 am on December 25, a Marine Department spokesman said today (Wednesday).

It was reported that the pleasure vessel collided with an unknown object or a private mooring near the Brothers.

Marine Department records show that the pleasure vessel is an outboard motor cruiser of 7.3 metres long, fitted with a 255 horsepower outboard petrol engine capable of cruising at a maximum speed of about 35 knots.

The department this afternoon interviewed the owner of the vessel, who holds a valid master certificate for this type of vessels.

Investigations also revealed that the four persons on board the pleasure vessel at the material time were not holding master and engineer certificates for this type of vessels.

The spokesman pointed out that private moorings in the area were assigned to vessels engaged in various airport core programme projects.

"All private moorings in Hong Kong waters are not required to be fitted with lights as they are always away from all shipping lanes," he said.

"Nevertheless since the beginning of this month, the department has broadcast at hourly intervals a navigational warning concerning unlit buoys in the area."

The buoy in question together with other such buoys in the area have recently been repainted with highly visible paint.

In response to suggestions put forth by the Marine Police, the department has taken a series of action which included the removal of one illegal mooring buoy.

"Contractors have been instructed to make sure that the lights on marker buoys are properly displayed and owners of all unlit mooring buoys have been instructed to repaint the buoys with highly visible paint," the spokesman said.

End

Draft civic education guidelines issued for consultation

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A 10-week public consultation exercise started today (Wednesday) on the Draft Guidelines on Civic Education in Schools, which is intended for implementation from the 1996-97 school year.

Copies of the draft guidelines are being sent to schools, educational bodies and district boards.

The draft guidelines are the work of the Working Group on the Review of the Guidelines on Civic Education. The working group, with non-official members coming from schools, tertiary institutions and educational bodies, was appointed by the Director of Education.

The new guidelines are to replace the existing ones issued in 1985, and will be discussed by the Curriculum Development Council before implementation in schools in September 1996.

The Education Department will organise four seminars in February 1996 to brief school heads, teachers and educational bodies on the draft guidelines.

Comments and suggestions on the draft guidelines are welcome and should be sent to the Secretary, Working Group on the Review of the Guidelines on Civic Education, 13th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai not later than March 9, 1996.

End

Renminbi to be included as prescribed currency

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The currency of China, Renminbi, will be included as a prescribed currency in Hong Kong under the Money Changers Ordinance.

The Money Changers Ordinance (Amendment of Schedules) Notice 1995, which seeks to include Renminbi as a prescribed currency and to make some textual amendments to the Schedules to the Ordinance, will be gazetted on Friday (December 29).

A government spokesman said: "The ordinance provides for the disclosure by money changers of exchange rates on exchange transactions.

"At present, a total of 15 currencies are prescribed under Schedule 3 to the ordinance."

He noted: "Following the change in China's policy on exchange control, it was estimated that in 1993, spending by visitors from China after March 1993 constituted nearly 14 per cent of the total spending from all visitors during the year.

"The figure went up to 17 per cent in 1994 and reached 19 per cent in the first half of 1995.

"This share of spending, which exceeded those by visitors from Europe, the United States and even Japan, indicates the substantial volume of Renminbi being involved in money changing transactions in Hong Kong and warrants the need to include Renminbi as a prescribed currency under the Money Changers Ordinance, for the better protection of the visitors."

"Letters were sent to all money changers known to the Government earlier this month informing them of the need to comply with the provisions under the Ordinance," the spokesman added.

"They are required to display the net rates of exchange of Renminbi on their notice boards as soon as the amendment notice is gazetted."

End

New regulation for insurance companies

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A new regulation to provide a standard and prudent basis for the valuation of assets and liabilities in respect of general business for the purposes of determining an insurer's solvency under the Insurance Companies Ordinance will be gazetted on Friday (December 29).

The new regulation prescribes different valuation requirements for different categories of assets and liabilities, which include land and buildings, shares and securities, and investments in subsidiary companies.

The regulation also stipulates the percentage limits permissible for different categories of assets in order to ensure a prudent spread of investments by an insurer.

A government spokesman said today (Wednesday) that in the past, there had been no standard valuation basis on which the assets and liabilities in respect of general business were to be valued.

"Although the existing ordinance provides some guidelines for valuation, they are non-specific and non-standard," the spokesman said.

"The absence of a standard valuation basis is undesirable as any overstatement of asset values or understatement of liability values would undermine the protection to policy holders intended by the solvency margin requirement under the ordinance.

"Following the introduction of this regulation, the protection of policy holders' interest, as well as the financial stability of the insurance industry, will be enhanced," the spokesman said.

A transitional period of 12 months is allowed for existing insurers to prepare for compliance with the regulation.

"The regulation will however apply immediately to an insurer which is authorised after its commencement," the spokesman added.

End

Water storage figure

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Storage in Hong Kong's reservoirs at 9 am today (Wednesday) stood at 87 per cent of capacity or 509.822 million cubic metres.

This time last year the reservoirs contained 435.188 million cubic metres of water, representing 74.3 per cent of capacity.

End

Hong Kong Monetary Authority tender results

Tender date	27 Dec 95	27 Dec 95
Paper on offer	EF bills	EF bills
Issue number	Q552	Y597
Issue date	28 Dec 95	28 Dec 95
Maturity date	27 Mar 96	27 Dec 96
Coupon	-	-
Amount applied	HK\$5,430 MN	HK\$2,360 MN
Amount allotted	HK\$1,500 MN	HK\$500 MN
Average yield accepted	5.53 PCT	5.50 PCT
Highest yield accepted	5.54 PCT	5.52 PCT
Pro rata ratio	About 50 PCT	About 10 PCT
Average tender yield	5.56 PCT	5.54 PCT

Hong Kong Monetary Authority

Tenders to be held in the week beginning January 2, 1996 -

Tender date	2 Jan 96	2 Jan 96
Paper on offer	EF bills	EF bills
Issue number	Q601	H655
Issue date	3 Jan 96	3 Jan 96
Maturity date	3 Apr 96	3 Jul 96
Tenor	91 days	182 days
Amount on offer	HK\$1,500+300 MN	HK\$800+160 MN

End

Hong Kong Monetary Authority money market operations

	\$ million	Time (hours)	Cumulative change (\$million)
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Opening balance in the account	2,134	0930	+169
Closing balance in the account	2,260	1000	+169
Change attributable to :		1100	+146
Money market activity	+146	1200	+146
LAF today	-20	1500	+146
		1600	+146

LAF rate 4.25% bid/6.25% offer TWI 122.6 *+0.0* 27.12.95

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.93	2 years	2711	5.60	100.13	5.60
1 month	5.66	3 years	3810	6.15	101.03	5.83
3 months	5.57	5 years	5012	6.38	100.43	6.38
6 months	5.55	7 years	7211	6.82	101.10	6.73
12 months	5.54	5 years	M502	7.30	102.76	6.73

Total turnover of EF bills and notes - \$12,401 million

Closed December 27, 1995

End