DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES
BEACONSFIELD HOUSE, HONG KONG. TEL.: 842 8777

Friday, March 17, 1995

Contents **Page No.**

Inland Revenue (Amendment) Bill 1995 gazetted 1

Hong Kong Government delegation to visit China 2

Statement by Secretary for Housing 3

FS thanks businessmen for support of 1995/96 Budget 4

First tunnel unit successfully placed in position 6

Contract awarded for new airport 8

Committee appointed to advise on candidates' qualification 8

Tenders invited for infrastructural works 9

Australian MP briefed on shipping matters 10

New computerised drug information hotline 10

Student slogan designers awarded 12

Hong Kong Monetary Authority money market operations 13

Inland Revenue (Amendment) Bill 1995 gazetted

* * * * *

The Government has proposed legislation to combat the use of an interposed "service company" to disguise what is in substance a contract of employment so as to avoid or significantly reduce tax liability.

Details of the proposal are contained in the Inland Revenue (Amendment) Bill 1995 which was gazetted today (Friday).

A Government spokesman said in the 1994 Budget Speech, the Financial Secretary highlighted two types of tax avoidance arrangements of particular concern to the Government.

The first amounts to an attempt to disguise what is, in substance, an employer-employee relationship. The second involves the payment of inflated management fees by a firm to a service company that is controlled by the firm's proprietor or its partners.

The spokesman said: "Following the announcement in the 1994 Budget Speech, we have conducted consultations on how best to address these areas of concern. We have listened carefully to views expressed by the LegCo Panel on Financial Affairs, leading professionals and tax experts on the proposal.

"As a result, we have decided to limit the bill to the first type of arrangements (disguised employment) and to deal with the second type (payment of inflated management fees to service companies controlled by connected persons) by a Practice Note to be issued by the Commissioner of Inland Revenue.

"This compromise aims to achieve our basic objective of protecting public revenue whilst meeting interested parties' concerns about the equity and effectiveness of the original proposal."

In brief, the bill will tackle cases of disguised employment by treating remuneration paid to a company for services rendered by a person who controls that company as income derived by the person from employment and chargeable to salaries tax accordingly.

"We have, however, provided safeguards for genuine service companies, that is where employer-employee relationships are not in substance involved," the spokesman said.

"Given our low taxes, there is no excuse for not paying in full the modest tax obligations which we impose to finance our public services and facilities. There is widespread support for our efforts to tackle tax avoidance and evasion. The bill is another attempt to protect public revenue and thereby prevent those who seek to avoid tax from shifting the burden of financing public services unfairly onto the rest of the community," he added.

End/Friday, March 17, 1995

Hong Kong Government delegation to visit China

* * * * *

The Secretary for Trade and Industry, Mr T H Chau, is heading a Hong Kong Government delegation to Dalian and Beijing.

The delegation will leave next Tuesday (March 21) and return on March 29 (Wednesday).

Mr Chau said the purpose of the trip was to understand the work of his counterpart departments in China, to exchange views on subjects of mutual interest and to increase and improve contacts with Chinese Government officials.

The delegation will first spend two days in Dalian where the mayor, Mr Bo Xilai, will host a dinner for the delegation. There will also be calls on the Municipal Commission of Foreign Economic Relations and Trade and the Municipal Economic Commission.

They will visit the Economic and Technology Development Zone, a Hong Kong company operating there and the port of Dalian.

In Beijing, the delegation will call on the counterpart departments of the Trade and Industry Branch and its group of departments.

Other members of the delegation are: the Principal Representative of the Hong Kong Economic and Trade Office in Tokyo, Mr David Lan; Deputy Commissioner of Customs and Excise, Mr Lawrence Li; Principal Assistant Secretaries for Trade and Industry, Ms Sally Wong and Ms Au King-chi; Assistant Director-General of Industry, Ms Windy Kwok; Assistant Director-General of Trade, Ms Jennifer Mak; Assistant Secretary for Trade and Industry, Mr Wallace Lau and a Chinese Language Officer, Mr Rueben Leung.

End/Friday, March 17, 1995

Statement by Secretary for Housing

* * * * *

The Secretary for Housing, Mr Dominic Wong, today (Friday) urged rooftop occupants of Kingland Apartments in Mong Kok to remain calm in pursuing their case relating to the clearance of their illegal structures.

Mr Wong said: "Staff of the Housing Branch and the Housing Department have met them twice in the last two weeks, and are prepared to meet them again in small groups for further discussions on rehousing arrangements before demolition of their illegal structures by the Buildings Department."

"It is unfortunate that they refused to meet us yesterday. However, we are willing to meet them again in Housing Department premises next week.

Mr Wong reiterated that it was the Government's policy to offer rehousing to those in need prior to any clearance or demolition. No one would be made homeless under this policy.

"Problems arise only when occupants refuse to accept the type of rehousing to which they are eligible. Clearly, it is in their own interest to co-operate with the Housing Department. To do otherwise will only delay the rehousing process, and in any case will not change their eligibility status."

Commenting on this morning's incident, Mr Wong said: "The Building Management requested the protesters to remain outside the building following receipt of complaints from tenants about the noise the protesters made yesterday morning and afternoon outside the Housing Branch office on the ninth floor of the building.

He regretted that some members of the group resorted to violence. This led to the arrest of three people (including a social worker) and subsequently the laying of charges of common assault or assaulting police officers.

"Violence will not serve any useful purpose. This is particularly so when we already have well-established procedures to take care of those to be cleared from their illegal structures," he said.

Mr Wong repeated his appeal to all rooftop occupants who wished to be rehoused in public rental flats to come forward to register with the Housing Department and place themselves on their General Waiting List.

"This is the proper way to ensure that they will be considered for rehousing together with other eligible applicants on the General Waiting List on a fair and equitable basis."

He emphasised that the existing rehousing criteria were reasonable and fair, and should not be changed in favour of a particular group.

"We do not consider it reasonable to provide immediate rehousing in public rental flats for rooftop occupants who do not satisfy the eligibility criteria. To do so would lead to accusations of 'queue jumping', which would be unfair to other eligible applicants already on the General Waiting List," he said.

End/Friday, March 17, 1995

FS thanks businessmen for support of 1995/96 Budget

* * * * *

The Financial Secretary, Sir Hamish Macleod, today (Friday) thanked businessmen for their support of the 1995/96 Budget and urged them to adopt a realistic approach in assessing the economic prospects for Hong Kong.

Speaking to the Hong Kong General Chamber of Commerce, Sir Hamish said the public reaction to the Budget had been balanced and positive, noting that the two most frequently used words to describe it were "conservative" and "cautious".

He said the projected level of reserves at $151 billion by March 1997 was a comfortable and reassuring cushion - both to the local community and the international audience - during the transitional period.

"When we have crossed the transitional period, it will be up to the SAR Government to decide what good use it will make of the reserves.

"But the SAR Government will need to adhere to the prescriptions in the Basic Law and, in particular, to continue to 'live within our means'.

"I would say that most of us welcome the additional comfort the very healthy reserves offer," he said.

Sir Hamish said the Government's budgetary policy was to keep the growth of Government expenditure in line with the growth of the economy.

He added that this did not mean that for every single year, Government expenditure must rise by no more than GDP.

"We have, in the past, been accused of a 'stop-go' approach. Our present approach is designed precisely to avoid 'stop-go': to ensure that, over time, the increase in Government expenditure will be contained within the trend growth rate of GDP," he said.

He added that over the three year period from 1993-94 to 1995-96 (in other words, using 1992-93 as the base year), the Government estimated that recurrent expenditure would have grown in real terms by 16 per cent, compared to the cumulative real growth in GDP of 17.2 per cent.

"Over the same period, capital works expenditure (at 1994-95 prices) will reach $83.2 billion, against a permitted expenditure ceiling of $93 billion," he said.

"All this growth in expenditure, I must add, has been funded by the additional wealth generated by the economy, not higher taxes," he added.

On the Government forecast of 5.5 per cent GDP growth for 1995, Sir Hamish noted that the most recent Financial Survey of the Asian Wall Street Journal, which regularly looks at key economic forecasts by 20 well-known analysts, showed that the mean GDP forecast for 1995 was 5.6 per cent (the lowest being 4.8 per cent, highest 6.2 per cent).

"They may of course be wrong, but it is perverse to give this consensus less publicity than one firm that has come out with a much lower forecast," he said.

Sir Hamish said other projections were reassuring too.

He said the Chinese Government had forecast lower economic growth for this year. "But at 8 per cent to 9 per cent it will still be very high by international standards," he said. "And you can add to this the fact that OECD (Organisation for Economic Co-operation and Development) has forecast growth for the United States and the European Union.

"And then there is the significant progress that has been made towards freer international trade.

"It is always useful to remember that not so long ago, many people doubted whether the Uruguay Round would be ever concluded or that APEC (Asia Pacific Economic Co-operation) would be more than a talking shop.

"So, overall, there are good reasons to be cautiously optimistic about our prospects," he said.

End/Friday, March 17, 1995

First tunnel unit successfully placed in position

* * * * *

Work on the Western Harbour Crossing reached a major milestone this morning (Friday) when the first immersed tube tunnel unit was successfully lowered into position on the seabed off Sai Ying Pun.

Mr Eric Glenville, Chief Engineer for the Western Harbour Link Office of the Highways Department, said: "This is the first of the 12 tunnel units which will be lowered and joined to form the 1,363 metres long immersed tube tunnel."

The Western Harbour Crossing, which links Sai Ying Pun on Hong Kong Island and reclaimed land in West Kowloon, is one of the 10 projects in the Airport Core Programme. It is being developed under a 30-year build-operate-transfer franchise awarded by the Government to the Western Harbour Tunnel Company Limited in September 1993.

When completed in mid-1997, the crossing will provide three traffic lanes in each direction and be Hong Kong's third cross-harbour road tunnel.

The immersed tube tunnel will be formed by 12 pre-cast reinforced concrete units, each weighing 35,000 tonnes and each of the size of a football pitch, measuring 113.5 metres long, 33.4 metres wide and 8.5 metres high.

"This is a major milestone in the project, and comes two months after the first four tunnel units were completed and towed from the casting basin at Shek O to a temporary mooring area near Tseung Kwan O. There, additional works were carried out to prepare them for the lowering and joining operation," said Mr John Mundy, the Project Manager of Nishimatsu Kumagai Joint Venture, which is responsible for design and construction of the works.

The concrete unit was towed by four tug boats early Wednesday (March 15) morning from Tseung Kwan O through the harbour to Sai Ying Pun. On arrival, it was manoeuvred into position near the Sai Ying Pun ventilation building, and attached to anchors to hold it in position.

On completion of the preparatory work, the lowering process began at about 3 pm yesterday afternoon (Thursday) by pumping 800 tonnes of sea water into tanks inside the unit. The unit was supported from two steel pontoons by cables attached to winches. It was then lowered in stages into the pre-dredged trench and onto its foundation pads.

The precise depth and position of the unit was checked at each stage by a team of engineers inside the control tower and by surveyors on land with divers being co-ordinated to confirm the underwater positions.

By 7 am this morning (Friday), the massive 35,000-tonne unit was resting on foundation pads at the bottom of the harbour.

This first unit has now been successfully secured in position against the connection structure. This is a short section of tunnel which has already been built on the seaward side of the ventilation building at Sai Ying Pun.

Mr Mundy said the lowering of the other three concrete units, now berthed at Tseung Kwan O, will take place over the next two months.

"Meanwhile, at the Shek O casting basin, work has already started on the casting of the second batch of four concrete units, which is expected to be ready in September.

"About 35 per cent of the works on the Western Harbour Crossing have been completed and the tunnel is on programme to open for traffic by mid-1997," said Mr Mundy.

End/Friday, March 17, 1995

Contract awarded for new airport

* * * * *

The Secretary for the Treasury, on the advice of the Central Tender Board, has approved the award of an Airport Core Programme (ACP) contract for the provision of Very High Frequency and Ultra Frequency Radio Communications Equipment for the new airport at Chek Lap Kok.

The contract, valued at $30.6 million, has been awarded by the Civil Aviation Department to Motorola Military and Aerospace Electronics Incorporation of the United States.

The company will be responsible for the provision of the communication equipment to enable a reliable two-way voice communications between aircrafts, vehicles and various air traffic control units at the airport.

Work will start later this month for completion in August next year.

End/Friday, March 17, 1995

Committee appointed to advise on candidates' qualification

* * * * *

The Boundary and Election Commission (BEC) has appointed Mr Lawrence Lok Ying-kam, QC to be the Nominations Advisory Committee (NAC) from March 17 to August 21 in relation to the Legislative Council Elections in September.

The appointment was gazetted today (Friday).

The NAC is to provide advice to prospective candidates on their qualification for candidature before an election.

It will also provide Returning Officers with timely and impartial advice, thus ensuring consistency in their decisions on the validity of any nominations in which they have doubts. They can seek advice from the start of the nomination period until one day after its expiry.

To provide for the setting up of the NAC, the BEC has made the Boundary and Election Commission (Nominations Advisory Committee) Regulation which was gazetted on February 10.

A BEC spokesman said a prospective candidate for the LegCo elections might apply in writing for the advice of the NAC. Application should be sent to the Chief Electoral Officer on or before July 17.

End/Friday, March 17, 1995

Tenders invited for infrastructural works

* * * * *

The Hong Kong Island and Islands Development Office of the Territory Development Department is inviting tenders for a works contract under the Phase IIB of the Tung Chung Development project.

The works of the contract include site formation for a village resite area north of Pa Mei Village, construction of access roads, car parks and associated storm water and foul drainage, and a sewage treatment plant.

The works are scheduled to begin in June for completion in 17 months.

A notice of the tender invitation was gazetted today (Friday).

Tender forms and further particulars may be obtained from Mott MacDonald Hong Kong Limited, 12th floor, Sun Kung Kai Centre, 30 Harbour Road, Wan Chai.

The tender closing date is noon on April 7.

End/Friday, March 17, 1995

Australian MP briefed on shipping matters

* * * * *

The Marine Department has set an annual target for 1995 for Port State Control inspections on ship at four per cent and it aims to gradually increase the level to 15 per cent by the year 2000, the Director of Marine, Mr Ian Dale, told an Australian Member of Parliament, Mr Peter Morris, this (Friday) morning.

Mr Morris, Chairman of the Australian House of Representatives Standing Committee on Transport, Communications and Infrastructure, is on a two-day visit in Hong Kong.

He met Mr Dale and senior officials of the Marine Department this morning and was briefed on the ship and crew safety issues including Hong Kong's participation in the Tokyo Memorandum, living conditions and welfare of seafarers.

Mr Morris also called on the Secretary for Economic Services, Mr Gordon Siu, later in the morning.

He will visit the Seamen's Training Centre in Tai Lam tomorrow.

End/Friday, March 17, 1995

New computerised drug information hotline

* * * * *

Members of the public can now obtain information on commonly used drugs through a computerised hotline introduced by the Department of Health.

The hotline 2836 3880 provides recorded messages on drug information round the clock.

Speaking at a press conference to launch the hotline today (Friday), Assistant Director of Health, Dr Chan Wai-man, said: "Information on 11 types of commonly used drugs for the treatment of diseases and their side-effects will be provided in Cantonese."

"This hotline service is part of the department's effort to promote primary health care and health education, and to remind the public of the importance of proper use of drugs, " Dr Chan said.

The following subjects are covered:

* proper use of drugs
* preparations for common cold and influenza
* non-steroidal anti-inflammatory drugs
* antibiotics
* peptic ulcer drugs
* laxatives and anti-diarrhoeals
* antihypertensives
* drugs for angina
* drugs for asthma
* hypoglycaemic drugs
* drugs for the treatment of gout
* topical corticosteroids

These subjects will be varied from time to time to cover the more commonly used drugs.

"To coincide with the launching of the hotline, leaflets on the use of drugs will be distributed at all 59 General Out-patient clinics to improve patients' knowledge of drugs to ensure effective treatment," Dr Chan said.

She added that health talks on the proper use of drugs would also be conducted at the General Out-patient clinics.

Dr Chan said the hotline would also provide information covering 50 items on registration and licensing procedures in Cantonese, Putonghua and English.

"As the Pharmaceutical Service Division handles about 80,000 applications for registration and licensing every year, the hotline will offer greater convenience to the applicants and improve efficiency," she said.

Printed application forms and drug information sheets are available by fax upon request.

End/Friday, March 17, 1995

Student slogan designers awarded

* * * * *

More than 950 students from 33 schools put their thoughts into catchy slogans to bring home to the public the importance of safety at work.

The Slogan Design Competition on Safety at Work for Students '95, held earlier this year, attracted a total of 952 entries.

The general high standard of the entries made judgment a painstaking job for the judges, the Chief Factory Inspector of the Labour Department, Mr Chan Tat-king, said at the prize-presentation ceremony today (Friday).

"Since doing summer jobs is a common practice among students, I hope they can cultivate a sense of safety awareness at work, both for their own good and for the benefit of other people," he added.

The competition, aimed at promoting students' awareness of the importance of work safety, was divided into the junior, senior and English sections.

The winners are as follows :

Junior Section

First Prize :	Lam Yee-shing, Buddhist Sin Tak College
Second Prize :	Lam Ka-yan, Fung Kai No. 1 Secondary School
Third Prize :	Kwok Chun-shing, TWGHs S.C. Gaw Memorial College

Senior Section

First Prize :	Wong Ka-wai, Buddhist Sin Tak College
Second Prize :	Tjong Lee-ping, Buddhist Sin Tak College
Third Prize :	Lee Wai-kuen, St. Stephen's College

English Section

First Prize :	Gunawan, Ferawati Vera, St. Stephen's College
Second Prize :	Chan Sze-wing, Madam Lau Kam Lung Secondary School
Third Prize :	Lam Yok-yiu, Agnes, Madam Lau Kam Lung Secondary School

Winners were awarded with cash prizes ranging from $1,000 to $3,000 and a certificate.

The competition was organised by the Labour Department, Education Department, Hong Kong Association of Careers Masters and Guidance Masters as well as the Occupational Safety and Health Council.

End/Friday, March 17, 1995

Hong Kong Monetary Authority money market operations

* * * * *

	$ million	Time (hours)	Cumulative change ($million)
Opening balance in the account	1,567	0930	+1,049
Closing balance in the account	2,209	1000	+1,049
Change attributable to :		1100	+1,092
Money market activity	+1,044	1200	+1,044
LAF today	-402	1500	+1,044
		1600	+1,044

LAF rate 4.25% bid/6.25% offer TWI 118.2 *+0.0* 17.3.95

Hong Kong Monetary Authority

EF bills		EF notes/Hong Kong Government bonds				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	4.80	14 months	2605	6.35	100.06	6.38
1 month	5.13	23 months	2702	7.50	101.45	6.80
3 months	5.55	28 months	3707	6.95	100.27	6.94
6 months	5.87	34 months	3801	8.00	102.35	7.20
12 months	6.22	57 months	5912	8.15	102.40	7.68

Total turnover of bills and bonds - $14,211 million

Closed March 17, 1995

End/Friday, March 17, 1995