

立法會
Legislative Council

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From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 18 February 2004

Proposed resolution under the Loans Ordinance

I forward for Members' consideration a proposed resolution which the Secretary for Financial Services and the Treasury will move at the Council meeting of 18 February 2004 under the Loans Ordinance. The President has directed that "it be printed in the terms in which it was handed in" on the Agenda of the Council.

2. The draft speech, in both English and Chinese versions, which the Secretary for Financial Services and the Treasury will deliver when moving the proposed resolution, is also attached.

(Ray CHAN)
for Clerk to the Legislative Council

Encl.

LOANS ORDINANCE

RESOLUTION

(Under section 3(1) of the Loans Ordinance (Cap. 61))

RESOLVED, in exercise of the powers conferred by section 3(1) of the Loans Ordinance, that the Government be authorized to borrow, for the purposes of the Capital Works Reserve Fund established by resolutions passed under section 29 of the Public Finance Ordinance (Cap. 2), a sum or sums not exceeding in total \$6,000,000,000 or equivalent by way of securitizing Government revenue receivable from the tolls on any or all of the bridges and tunnels specified in the Schedule and such other Government revenue receivable from any or all of those bridges and tunnels as specified by the Financial Secretary.

SCHEDULE

1. Aberdeen Tunnel.
2. Cross-Harbour Tunnel.
3. Lion Rock Tunnel.
4. Shing Mun Tunnels.
5. Tseung Kwan O Tunnel.
6. Tsing Ma Bridge.
7. Ma Wan Viaduct.
8. Kap Shui Mun Bridge.

DRAFT

**SPEECH BY
SECRETARY FOR FINANCIAL SERVICES
AND THE TREASURY
IN THE LEGISLATIVE COUNCIL
ON 18 FEBRUARY 2004**

LOANS ORDINANCE (CHAPTER 61)

**Resolution to Authorise Securitisation of
Future Revenue from Government Toll Bridges and Tunnels**

Madam President,

I move the motion standing in my name on the Agenda.

2. The purpose of the resolution is to provide Government with the authority to raise up to \$6 billion by way of securitising future revenue from its toll tunnels and bridges, namely Aberdeen Tunnel, Cross-Harbour Tunnel, Lion Rock Tunnel, Shing Mun Tunnels, Tseung Kwan O Tunnel, Tsing Ma Bridge, Ma Wan Viaduct and Kap Shui Mun Bridge.

3. Government announced in the 2003-04 Budget that it would dispose of or securitise assets of an estimated value of \$21 billion within the current financial year. So far, we have already raised about \$15.5 billion of proceeds through sale of loans to the Hong Kong Mortgage Corporation. By securitising future revenue from our toll bridges and tunnels, we expect to receive up to \$6 billion of capital revenue in 2004-05.

4. The proposed securitisation will not affect commuters or the general public. Government will continue to own the concerned toll bridges and tunnels and operate them through operators contracted from the private sector. Toll levels will not be adjusted as a result of the

proposed securitisation. However, we would all stand to benefit from the exercise by raising revenue for investment in future capital projects and developing our local capital markets.

5. The toll bridges and tunnels covered by this resolution have brought in annual gross revenues of about \$1,500 million in each of the past three financial years. This kind of stable revenue stream is ideal for securitisation. The proposed securitisation would have no adverse impact on the users. It will however provide the public with an additional investment alternative and promote further development of Hong Kong's financial markets as this will be the first securitisation transaction initiated by the Government.

6. To implement the proposed securitisation, Government requires authorisation from this Council under the Loans Ordinance since such securitisation may be viewed as a borrowing, albeit one secured by specific future revenues. In addition, the existing Road Tunnels (Government) Ordinance and Tsing Ma Control Area Ordinance do not provide for the securitisation of revenue generated by the concerned toll bridges and tunnels. To put the matter beyond doubt, it is therefore prudent to propose a resolution to provide for the use of revenues from toll bridges and tunnels for repayment to investors. I wish to emphasise that the purpose of this securitisation is to provide an alternative source of funding for capital works projects or other capital investments.

7. Government is in the process of selecting financial institutions to act as arrangers. Upon their appointment, the arrangers will update and refine the proposed structure and indicative terms which we have developed with the assistance of our financial adviser. We aim to resolve all issues, finalise the structure, and execute the necessary legal documents before the end of April this year. Market conditions permitting, we plan to offer the securitisation notes to investors immediately thereafter.

8. Finally, I wish to thank Members of the Subcommittee for their scrutiny of this motion and their support for the current proposal. The proposed resolution has already incorporated drafting changes suggested by the Legal Service Division of the Secretariat of this Council. I hope

that Members will support the resolution

9. Madam President, I beg to move.