

**立法會**  
***Legislative Council***

LC Paper No. CB(3) 553/08-09

Ref. : CB(3)/M/OR

Tel : 2869 9205

Date : 4 May 2009

From : Clerk to the Legislative Council

To : All Members of the Legislative Council

---

**Council meeting of 20 May 2009**

**Proposed resolution under  
the Public Finance Ordinance**

I forward for Members' consideration a proposed resolution which the Financial Secretary will move at the Council meeting of 20 May 2009 under the Public Finance 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 speech, in both English and Chinese versions, which the Financial Secretary will deliver when moving the proposed resolution, is also attached.

( Mrs Justina LAM )  
for Clerk to the Legislative Council

Encl.

## PUBLIC FINANCE ORDINANCE

---

### RESOLUTION

(Under section 29 of the Public Finance Ordinance (Cap. 2))

---

RESOLVED that –

- (a) there is established a fund to be known as the "Bond Fund" in English and "債券基金" in Chinese;
- (b) the Fund is to be administered by the Financial Secretary, who may direct or authorize other public officers to administer the Fund and delegate the power of administration to other public officers;
- (c) the following are to be credited to the Fund –
  - (i) sums borrowed under section 3 of the Loans Ordinance (Cap. 61) that are required to be credited to the Fund by any resolution of the Legislative Council approving the borrowing;
  - (ii) sums received by way of interest, dividends or investment income earned in respect of the sums held in the Fund;
  - (iii) any appropriations from the general revenue that may be approved by the Legislative Council;

- (iv) any other sums that may be received for the purposes of the Fund;
- (d) earnings from interest or dividends on investments of the Fund are to be retained for the purposes of the Fund;
- (e) the Financial Secretary may expend money from the Fund for the purposes of –
  - (i) repaying or, if appropriate, paying the principal of, interest on, and expenses incurred in relation to, any sums that have been borrowed under section 3 of the Loans Ordinance (Cap. 61) for the purposes of the Fund; and
  - (ii) investing in the manner the Financial Secretary may determine, and paying the expenses incurred in relation to the investments;
- (f) the Director of Accounting Services, under the authority of a funds warrant issued by the Financial Secretary, is to pay from the Fund any sums that may be required to meet expenditures from the Fund; and
- (g) the Financial Secretary may transfer from the Fund to the general revenue the balance held in the Fund, if so approved by the Legislative Council, when all financial obligations and liabilities are met in relation to any sums that have been borrowed under section 3 of the Loans Ordinance (Cap. 61) for the purposes of the Fund.

**[DRAFT]**

**SPEECH BY  
THE FINANCIAL SECRETARY  
IN THE LEGISLATIVE COUNCIL  
ON 20 MAY 2009**

**GOVERNMENT BOND PROGRAMME**

**PUBLIC FINANCE ORDINANCE (CHAPTER 2)**

**Resolution to Set Up a Bond Fund**

President,

I move the motion standing in my name on the Agenda pursuant to section 29 of the Public Finance Ordinance.

2. In the 2009-10 Budget Speech, I proposed launching the Government Bond Programme, under which bonds will be issued in a systematic manner with a view to developing the bond market. We believe that a local bond market with sufficient breadth, depth and liquidity would complement our banking and equity markets as an effective channel of financial intermediation, thereby contributing to the financial stability of Hong Kong, consolidating Hong Kong's status as an international financial centre and as a conducive and efficient platform for capital-raising, investment and intermediation, as well as promoting economic growth.

3. We propose that the borrowing ceiling under the Programme be set at HK\$100 billion. Borrowing ceiling refers to the maximum amount of all borrowings that may be outstanding by way of principal at any time under the Programme, i.e. principal amount of bonds issued minus that of bonds redeemed. This borrowing ceiling is reasonable and necessary. It fully reflects the long-term and on-going nature of the Programme and will provide enough room for the public debt market to grow into a critical mass, thereby enabling the Programme to bring about its intended effect. We shall make adjustments to

the issuance size and tenor of individual tranches in response to market needs when implementing the Programme. We shall announce the relevant details in due course.

4. To facilitate the implementation of the Programme, we propose setting up the “Bond Fund” under the Public Finance Ordinance, to which sums raised under the Programme will be credited. The “Bond Fund” will not be treated as part of the fiscal reserves and will be managed separately from the general revenue. It will be used to repay principal, meet the financial obligations and liabilities associated with the Programme and make investments. I would like to stress that the purpose of the Government Bond Programme is to promote the further and sustainable development of the local bond market. Sums contained in the “Bond Fund” will not be used to cover government expenses. If there is a positive balance in the “Bond Fund” after all financial obligations and liabilities are met in relation to the Programme, the surplus funds may be transferred to the general revenue. Any shortfall of funds for fulfilling the financial obligations and liabilities in respect of the Programme may be financed from the general revenue in accordance with the Loans Ordinance.

5. We need the sequential approval of the Legislative Council of two relevant Resolutions, one for setting up the “Bond Fund” pursuant to section 29 of the Public Finance Ordinance for managing sums raised under the Programme, and the other for authorizing the Government to borrow up to a ceiling of HK\$100 billion or equivalent for the purpose of the “Bond Fund” in accordance with section 3 of the Loans Ordinance, for implementation of the Programme.

6. The further and sustainable development of the local bond market will be conducive to promoting the financial and economic developments of Hong Kong. Implementation of the Government Bond Programme is definitely an important step in promoting the development of the local bond market.

7. President, I earnestly hope that Members will support the Resolution under section 29 of the Public Finance Ordinance.

《END》