

立法會
Legislative Council

LC Paper No. CB(1)1409/17-18
(These minutes have been seen
by the Administration)

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**Subcommittee on Proposed Resolution under Section 3(1)
of the Loans Ordinance (Cap. 61)**

**Minutes of the second meeting held on
Thursday, 19 July 2018, at 9:00 am
in Conference Room 2 of the Legislative Council Complex**

Members present : Ir Dr Hon LO Wai-kwok, SBS, MH, JP (Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon CHAN Kin-por, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon CHAN Chi-chuen
Hon Kenneth LEUNG
Hon KWOK Wai-keung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Elizabeth QUAT, BBS, JP
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon Holden CHOW Ho-ding
Hon Tanya CHAN
Dr Hon CHENG Chung-tai
Hon AU Nok-hin

Member absent : Hon James TO Kun-sun
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon CHAN Chun-ying, JP
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung, JP
Hon Vincent CHENG Wing-shun, MH

Public Officers attending : Agenda item I

Financial Services and the Treasury Bureau

Mr Joseph CHAN, JP
Under Secretary for Financial Services and the Treasury

Ms Estrella CHEUNG
Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)
International and Mainland Affairs

Hong Kong Monetary Authority

Mr Enoch FUNG
Head (Market Development), External Department

Mr Kenneth HUI
Senior Manager, Market Development Division,
External Department

Department of Justice

Miss Celia HO
Government Counsel

Environmental Protection Department

Mr Francis CHENG
Assistant Director (Cross-Boundary &
International)

**Attendance by
invitation**

: Agenda item I

Miss Dominique DUVAL
Head of Sustainable Banking APAC
Credit Agricole Corporate and Investment Bank

Mr CHEUNG Pok-yu
Senior Researcher
Our Hong Kong Foundation

Mrs Florence YIP
Council Member
Financial Services Development Council

魯湛思先生

梁德明先生

Miss SO Man-ying
成員
香港里山倡議研究所

Mr Benjamin MCQUHAE
HK Green Finance Task Force; HK Green Finance
Association; GPS Legal LLP

Mr LAU Tsz-hong

Mr LO Chun-man

Miss CHAN Ka-lam

TAM Kai-hei
會員
土地正義聯盟

Miss FUNG Siu-yin

Mr LEUNG Kwok-hung

Miss CHAN Po-ying

Mr CHUNG Chin-kiu

Mr CHAN Kok-hin

Mr MA Wut-yin

Mr MAK Chi-kit
Senior Research Officer
Green Sense

梁進先生
黨員
Liberal Party

Mr Mushtaq KAPASI
Chief Representative, Asia-Pacific
International Capital Market Association

Ms Rita CHAN Yinnei

Dr CHOW Sung-ming

Mr Lester SHUM

Mr WOO Pat-nie

Miss Qing LAM

Mr Terry CHICK

Miss Hannah ROUTH
Partner
Deloitte China

Clerk in attendance : Mr Derek LO
Chief Council Secretary (1)5

Staff in attendance : Ms Vanessa CHENG
Assistant Legal Adviser 5

Mr Raymond SZETO
Council Secretary (1)5

Ms Michelle NIEN
Legislative Assistant (1)5

I. Meeting with deputations and the Administration

Matters arising from previous meeting

(LC Paper No. CB(1)1248/17-18(01) —List of follow-up actions arising from the meeting on 9 July 2018

LC Paper No. CB(1)1248/17-18(02) —Administration's response to the follow-up questions and issues raised

LC Paper No. CB(1)1260/17-18(01) —Letter from Hon WU Chi-wai dated 12 July 2018 (Chinese version only)

LC Paper No. CB(1)1245/17-18(01) —Joint letter from Hon CHU Hoi-dick and Hon AU Nok-hin dated 9 July 2018 (Chinese version only)

Other relevant papers

(File Ref: B&M/3/1/4C —Legislative Council Brief

LC Paper No. LS71/17-18 —Legal Service Division Report)

Submission from deputation/individual not attending the meeting

(LC Paper No. CB(1)1248/17-18(07) —Submission from Liber Research Community (Chinese version only)

LC Paper No. CB(1)1248/17-18(08) —Submission from Hong Kong Quality Assurance Agency (English version only)

(Post meeting note: A letter from Hon CHU Hoi-dick and two submissions which were tabled at/received after the meeting were circulated to members vide LC Paper Nos. CB(1)1296/17-18(01) to (03) on 19 July 2018 in electronic form.)

Presentation of views by deputations/individuals

The Chairman reminded the deputations that their written submissions provided to the Subcommittee and views presented at the meeting would not be covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance, Cap. 382. At the invitation of the Chairman, 27 deputations attending the meeting presented their views on the Proposed Resolution under Section 3(1) of the Loans Ordinance (Cap. 61) ("the Proposed Resolution").

2. The Subcommittee deliberated (index of proceedings in the **Appendix**).

Follow-up actions to be taken by the Administration

3. The Administration was requested to provide information to the Subcommittee as follows:

- (a) provide response to views and questions raised by the deputations;
- (b) provide response to questions raised by Hon CHU Hoi-dick in his letter of 19 July 2018 tabled at the meeting (LC Paper No. CB(1)1296/17-18(01));
- (c) provide the following information requested by Hon AU Nok-hin:
 - (i) cases of green bonds issued by governments of other jurisdictions, with the amounts of funds raised and commitments to emission reduction;
 - (ii) a comparison of the mechanisms for green bond issuance between the Hong Kong Government and governments of other jurisdictions;
 - (iii) the number, issuance dates, associated expenses and tenors of bonds issued by the Hong Kong Government in the past five years;
 - (iv) the strategy for investing the sums raised by green bonds and the associated financial and legal responsibilities; specific measures to ensure that the investment will generate sufficient return and to deal with investment losses;

- (v) the specific ways and legal bases to use the proceeds from green bonds for paying interest expenses, certification expenses and repayment of the principal;
 - (vi) details of the Administration's plan to provide additional subsidy to green bond issuers in the cost of obtaining external review under the Green Bond Grant Scheme;
 - (vii) the specific workflows of issuing green bonds to raise funds for green public works projects and obtaining approval for these projects; and
- (d) consider making undertaking in the speech of the Secretary for the Financial Services and the Treasury when moving the proposed resolution at the Council meeting to address concerns of some members that the Administration might bypass the scrutiny of the Finance Committee ("FC") on public works projects or influence its scrutiny by, for instance, earmarking these projects for issuance of green bonds before they are considered/approved by FC.

(Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. CB(1)1316/17-18(02) on 6 August 2018.)

4. The Chairman said that the Administration could give fresh notice to the Clerk to Legislative Council ("LegCo") to move the Proposed Resolution in accordance with Rule 29(1) of the Rules of Procedure, usually after the submission of the Subcommittee's report on its deliberations to the House Committee ("HC"). The Administration indicated its intention to move the Proposed Resolution at the LegCo meeting on 24 October 2018. The Chairman said that as such, he aimed to submit the Subcommittee's report at the HC meeting on 5 October 2018.

II. Any other business

5. There being no other business, the meeting ended at 1:10 pm.

**Proceedings of second meeting of the
Subcommittee on Proposed Resolution under Section 3(1) of the Loans Ordinance (Cap. 61)
on Thursday, 19 July 2018, at 9:00 am
in Conference Room 2 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
Agenda item I – Meeting with deputations and the Administration			
000625 – 001031	Chairman	Opening remarks	
001032 – 001352	Credit Agricole Corporate and Investment Bank	Presentation of views [LC Paper No. CB(1)1248/17-18(03)]	
001353 – 001649	Our Hong Kong Foundation	Presentation of views [LC Paper No. CB(1)1248/17-18(04)]	
001650 – 001958	Financial Services Development Council	Presentation of views [LC Paper No. CB(1)1248/17-18(05)]	
001959 – 002303	魯湛思先生	Presentation of views	
002304 – 002608	梁德明先生	Presentation of views	
002609 – 002915	香港里山倡議 研究所	Presentation of views	
002916 – 003220	HK Green Finance Task Force; HK Green Finance Association; GPS Legal LLP	Presentation of views	
003221 – 003525	Mr LAU Tsz-hong	Presentation of views	
003526 – 003830	Miss CHAN Ka-lam	Presentation of views	
003831 – 004141	土地正義聯盟	Presentation of views	

Time marker	Speaker	Subject(s)	Action required
004142 – 004448	Miss FUNG Siu-yin	Presentation of views	
004449 – 004800	Mr LEUNG Kwok-hung	Presentation of views	
004801 – 005111	Miss CHAN Po-ying	Presentation of views	
005112 – 005400	Mr CHUNG Chin-kiu	Presentation of views	
005401 – 005708	Mr CHAN Kok-hin	Presentation of views	
005709 – 010012	Mr MA Wut-yin	Presentation of views	
010013 – 010337	Green Sense	Presentation of views	
010338 – 010629	Liberal Party	Presentation of views	
010630 – 010938	International Capital Market Association ("ICMA")	Presentation of views [LC Paper No. CB(1)1248/17-18(06)]	
010939 – 011246	Ms Rita CHAN Yinnei	Presentation of views	
011247 – 011555	Dr CHOW Sung-ming	Presentation of views	
011556 – 011902	Mr Lester SHUM	Presentation of views	
011903 – 012208	Mr WOO Pat-nie	Presentation of views	
012209 – 012510	Deloitte China	Presentation of views	
012511 – 012812	Miss Qing LAM	Presentation of views	
012813 – 013116	Mr Terry CHICK	Presentation of views	

Time marker	Speaker	Subject(s)	Action required
013117 – 013423	Mr LO Chun-man	Presentation of views	
013424 – 014455	Administration	<p>The Administration gave a consolidated response to deputations' views as follows –</p> <ul style="list-style-type: none"> (a) the primary objective of the Government Green Bond Programme ("the Programme") was to promote the development of green finance in Hong Kong as well as to signify the Government's support for sustainable development and determination to combat climate changes; (b) it was envisaged that the Programme could encourage issuers to finance their green activities through Hong Kong's capital market, and help promote the development of green bond market and green finance in Hong Kong; (c) the legislative intent of the Proposed Resolution under section 3(1) of the Loans Ordinance (Cap. 61) ("the Proposed Resolution"), which was to seek authorization to issue green bonds, was clearly stated in the Explanatory Note of the Proposed Resolution and the Legislative Council ("LegCo") Brief thereof, and would be included in the speech of the mover of the Proposed Resolution; (d) since all public works projects, including green projects to be financed by proceeds from green bonds under the Programme, would require the approval of the Finance Committee ("FC") of LegCo, there was no question of the Government circumventing the scrutiny of LegCo; (e) there were several standards/guidelines widely accepted by global investors for green bond issuance. The issuance framework under the Programme would align with such standards/guidelines and the Government would engage independent external reviewer(s) to verify and/or certify alignment of green bond framework with these standards/guidelines; (f) most of the green bonds issued mainly targeted institutional investors. To follow the international experience and practice, for the initial tranches of green bonds under the Programme, the Government should target institutional investors. The Government might consider retail issuances after getting more experience; and 	

Time marker	Speaker	Subject(s)	Action required
		<p>(g) the proposed borrowing ceiling of HK\$100 billion was intended to provide flexibility for issuing bonds in a long period of time under the Programme instead of an one-off issuance. The Administration planned to issue an inaugural government green bond with a size between US\$500 million and US\$1 billion.</p>	
014456 – 015024	Chairman Dr CHENG Chung-tai Administration	<p>Dr CHENG Chung-tai enquired about –</p> <p>(a) the expected credit rating of green bonds issued under the Programme; and</p> <p>(b) whether there was any uncertainty over the Administration's legal power and obligations with respect to green bonds with maturity dates after 2047.</p> <p>The Administration advised that –</p> <p>(a) given that the HKSAR Government was financially prudent and funds were not raised to support public expenditure in general, the issuance of green bonds would not have any adverse effect on the overall credit rating of the HKSAR Government; and</p> <p>(b) there were precedent cases in which the Government issued bonds through the Government Bond Programme ("the Bond Programme") with no end day and the Administration did not expect any issue in fulfilling its debt obligations beyond 2047.</p>	
015025 – 015535	Chairman Mr AU Nok-hin Administration	<p>Mr AU Nok-hin expressed concerns as follows –</p> <p>(a) as the primary objective of the Programme was to develop green finance in Hong Kong, it was doubtful whether the Administration was genuinely committed to taking forward green initiatives;</p> <p>(b) the prospect of having to tap into the reserves of the Capital Works Reserve Fund ("CWRP") to pay the coupon interests on the Government green bonds;</p> <p>(c) the possibility of a green bond market giving rise to "greenwashing" – where organizations would, through the issuance of green bonds, recast projects as environmentally-friendly as a sugarcoating strategy; and</p> <p>(d) the questionable legal basis of the Proposed Resolution with respect to the provisions of section 3(1) of the Loans Ordinance (Cap. 61) ("the Ordinance"), which would preclude LegCo from holding the Administration accountable to the gain/loss arising from investing the proceeds from Government green bonds.</p>	

Time marker	Speaker	Subject(s)	Action required
015536 – 015959	Chairman Mr CHU Hoi-dick Credit Agricole Corporate and Investment Bank	<p>Mr CHU Hoi-dick sought clarifications from the deputation of Credit Agricole Corporate and Investment Bank on –</p> <p>(a) the terms and pledges on environmental protection associated with sovereign green bond issuances in France and other European Union countries; and</p> <p>(b) whether project-based green bond issuance was common.</p> <p>Miss Dominique DUVAL, Head of Sustainable Banking APAC, Credit Agricole Corporate and Investment Bank advised that –</p> <p>(a) green bond issuances in France would usually be matched with a green initiative on the issuer side, with guidelines on environmental benefits;</p> <p>(b) liquidity was an important feature for green bond financing in France, which could provide additional funds to encourage banks and investors to choose to invest in green assets over non-green assets; and</p> <p>(c) there were a variety of ways to utilize the proceeds of Government green bonds, such as funding tax credits for specific green projects, or supporting the promotion of biodiversity in a particular rural area.</p>	
020000 – 020538	Chairman Administration	meeting break	
020539 – 021351	Chairman Administration	<p>The Administration's response to matters arising from the last meeting (in LC Paper No. CB(1)1248/17-18(02)).</p> <p>The Chairman declared that he was the Chairman of the Hong Kong Quality Assurance Agency.</p>	
021352 – 022303	Chairman Mr AU Nok-hin Administration	<p>In response to enquiries by Mr AU Nok-hin, the Administration advised that –</p> <p>(a) in order to attract green investors, external review would be engaged to verify/certify the alignment of the issuance framework under the Programme with standards/guidelines acceptable by global investors and such a high standard would set a good example to other potential green issuers;</p> <p>(b) all public works projects had to be approved by FC before they could be considered to be included under the Programme;</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(c) proceeds from green bonds would be credited to CWRP and retained therein until expended on green projects under the Public Works Programme ("PWP");</p> <p>(d) the Administration was committed to the Paris Agreement and combatting climate change, and had since promulgated the Climate Action Plan 2030+, providing a comprehensive strategy with ambitious emission reduction targets and a variety of initiatives, including the development of green finance;</p> <p>(e) ICMA had provided a list of sovereign green bonds in its submission (LC Paper No. CB(1)1248/17-18(06)) which suggested that the proposed borrowing ceiling at HK\$100 billion was not very large; and</p> <p>(f) the Proposed Resolution provided flexibility for the Government to issue bonds in various tenors on a long-term basis as well as expanding the Programme to cover also retail investors.</p>	
022304 – 022936	Chairman Mr CHU Hoi-dick Administration	<p>Mr CHU Hoi-dick asked about the extent to which the Administration was convinced that green finance was a key component in combatting climate change. He remarked that there were initiatives other than green finance that could also benefit the environment.</p> <p>The Administration reiterated its commitment to reducing emissions to combat climate change and added that –</p> <p>(a) both the 2015 United Nations Climate Change Conference ("COP21") and the G20 leaders at its 2016 summit acknowledged that green finance would play an important role in raising funds to combat climate change; and</p> <p>(b) the Administration envisaged that the issuance of Government green bonds would help promote the development of green bond market in Hong Kong, which could be beneficial for the development of green finance.</p>	
022937 – 023701	Chairman Dr CHENG Chung-tai Administration	<p>Dr CHENG Chung-tai queried that green bond issuance might give rise to "greenwashing", and enquired about the following –</p> <p>(a) whether the Administration had plans to amend the Buildings Ordinance (Cap. 123) ("BO") to mandate estate developers to adopt more environmental-friendly approaches for building constructions; and</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(b) whether the Programme was in any way linked to the Greater Bay Area Initiative.</p> <p>The Administration replied as follows –</p> <p>(a) combatting climate changes required a multi-pronged approach, and green finance would be one of the key components;</p> <p>(b) all public works projects were subject to FC's approval under the existing mechanism and the Programme only provided an additional financing channel for projects with environmental benefits approved by FC;</p> <p>(c) the Administration would, from time to time, review and update the relevant legislative/guidance note to keep abreast of the latest technological advancements on environmental-friendly construction methods; and</p> <p>(d) sums under the Programme would only be used for projects with environmental benefit under PWP .</p>	
023702 – 024630	Chairman Mr AU Nok-hin Administration	<p>Mr AU Nok-hin enquired about the following –</p> <p>(a) how the standards/guidelines accepted by global investors would be adopted as green bond framework for green bonds under the Programme;</p> <p>(b) whether the Administration would include the definition of the term "green" in the wording of the Proposed Resolution; and</p> <p>(c) the cost of obtaining external review for green bond issuances.</p> <p>The Administration advised that –</p> <p>(a) the Green Bond Principles published by ICMA and the Climate Bonds Standard promulgated by the Climate Bonds Initiative were examples of guidelines/standards widely accepted by global investors;</p> <p>(b) the Administration would only finance green projects already approved by FC with proceeds from green bonds. These green projects might include public works projects relating to</p> <p>(i) renewable energy;</p> <p>(ii) enhancing energy efficiency; and</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(iii) pollution control and mitigation etc.;</p> <p>(iv) but the final list of projects to be financed by inaugural green bond issuance had yet been drawn up at this stage;</p> <p>(c) the proposed borrowing ceiling of HK\$100 billion was intended to provide flexibility for multiple issuances of green bond in a long time; and</p> <p>(d) the cost of obtaining external review would depend on the complexity of the issuance and in general would be about several hundred thousand dollars which was insignificant when comparing to the overall cost of an issuance.</p>	
024631 – 025326	Chairman Mr CHU Hoi-dick Administration	<p>Mr CHU Hoi-dick remarked that the Administration had not put forth a concrete blueprint with substantive policy objectives to face climate change, and enquired whether the Administration had an understanding of the requisite financial commitment (reported to be about US\$90 trillion) for combatting climate change;</p> <p>The Administration advised that various international summits, such as COP21, had estimated that the requisite financial commitment for combatting climate change amounted to around several tenths of trillion US dollars and there was a need to explore ways to raise funds to support related efforts. The Administration considered that development of green finance and issuance of Government green bonds would be consistent with the international efforts to combat climate change.</p>	
025327 – 025823	Chairman Mr AU Nok-hin Administration	<p>Mr AU Nok-hin called on the Administration to elaborate on the benefits of developing green finance to justify limiting the issuance to institutional investors and providing incentives through the GBGS for financial institutions. Mr AU also enquired about the investment strategies for the proceeds from green bonds.</p> <p>The Administration replied that –</p> <p>(a) yield and tenor for each issuance under the Programme would be subject to prevailing market condition;</p> <p>(b) environmental impacts of public works projects would be subject to FC's scrutiny under the existing mechanism whilst only projects with environmental benefit aligned with issuance framework would be included in the Programme; and</p>	

Time marker	Speaker	Subject(s)	Action required
		(c) the proceeds of issuance would be credited to CWRP and invested according to existing mechanism.	
025824 – 030038	Chairman Mr CHU Hoi-dick	The Chairman's clarification with Mr CHU Hoi-dick on procedural matters.	
030039 – 030832	Chairman Mr CHU Hoi-dick Administration	<p>Mr CHU Hoi-dick expressed concerns as follows –</p> <p>(a) the Administration should conduct public consultation on the Programme so as to enlighten the public on the details of Government green bonds;</p> <p>(b) the Administration should make use of existing fiscal and foreign reserves to finance green initiatives instead of issuing green bonds; and</p> <p>(c) the Administration should give an account of its engagement, if any, in international efforts to raise the requisite funds for combatting climate change.</p> <p>The Administration replied that –</p> <p>(a) as stated in paragraph 16 of the Administration's response (LC Paper No. CB(1)1248/17-18(02)), the Programme was widely discussed among the public after its announcement in the 2018-19 Budget and the LegCo Panel on Financial Affairs was briefed on the Programme among other initiatives to develop green finance in Hong Kong on 3 April 2018;</p> <p>(b) the Hong Kong Monetary Authority had already incorporated environmental, social and governance factors in its investment analysis process;</p> <p>(c) the Administration was actively observing and participating in international dialogue on climate change and the development of green finance. For example, Hong Kong hosted the 2018 Green and Social Bond Principles Annual General Meeting and Conference attended by participants worldwide; and</p> <p>(d) the Paris Agreement applied to the Hong Kong SAR, and the Government was committed to the pledge to contain global temperature rise below two degrees Celsius in this century, the progress of which would be formally reviewed every five years.</p>	
030833 – 031100	Chairman Mr CHU Hoi-dick	Enquiries by Mr CHU Hoi-dick about the way forward and the deadline for proposing amendments.	

Time marker	Speaker	Subject(s)	Action required
Examination of the provisions of the Proposed Resolution			
031101 – 031259	Chairman Administration	Examination of the provisions of the Proposed Resolution	
031300 – 031715	Chairman Mr CHU Hoi-dick Administration	<p>Mr CHU Hoi-dick sought clarification on the purpose of including clause (b), a clause already provided in the resolution on CWRP (Cap. 2A), in the Proposed Resolution.</p> <p>The Administration replied that the inclusion of clause (b) in the Proposed Resolution would provide a convenient reference for readers.</p>	
031716 – 032426	Chairman Mr AU Nok-hin Administration	<p>Mr AU Nok-hin expressed dissatisfaction that key words indicating the Administration's legislative intent such as "green bonds" and "green public works projects" were omitted from body text of the Proposed Resolution. He called on the Administration to address the comments and suggestions made by LegCo Members on a similar resolution made under the Ordinance to implement the Bond Programme in 2009.</p> <p>The Administration responded that the provisions of Proposed Resolution were consistent with the Ordinance and the resolution on CWRP (Cap. 2A).</p>	
032427 – 033004	Chairman Mr CHU Hoi-dick Assistant Legal Adviser 5 ("ALA5") Administration	<p>Mr CHU Hoi-dick enquired about the difference in the legal effect of Administration's legislative intent between being expressly provided in the body text of the Proposed Resolution and being stated in the Explanatory Note to it.</p> <p>ALA5 advised that in the event that there were ambiguities in the provisions of the Proposed Resolution, the court might refer to the legislative history of the Proposed Resolution including the LegCo Brief and statements made by the responsible official of the Government in relation to the Proposed Resolution in LegCo in ascertaining the legislative intent of the Proposed Resolution.</p> <p>The Administration advised that given that the concept of "green" for green finance and green public works project was evolving, it was more appropriate to include it in the explanatory note rather than in the body text of the Proposed Resolution.</p>	
033005 – 033338	Chairman Mr AU Nok-hin Administration	<p>Mr AU Nok-hin enquired about whether the Administration would include in the Proposed Resolution –</p> <p>(a) the arrangements for issuing green bonds; and</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(b) the financial arrangement to cover the administration costs and subsidies for green bond issuers to arrange for external review.</p> <p>The Administration reiterated that the present way that the provisions of the Proposed Resolution were drafted was consistent with the Ordinance and the resolution on CWRP (Cap. 2A).</p>	
033339 – 034000	Chairman Mr Holden CHOW Administration	<p>Mr Holden CHOW enquired about the following –</p> <p>(a) policy aims and benefits of issuing green bonds under the Programme; and</p> <p>(b) the Administration's consideration in tabling the Proposed Resolution without expressly providing the definition of "green" in the wording.</p> <p>The Administration replied that –</p> <p>(a) the global green finance market was growing quickly with green bond issued in 2017 amounted to about US\$160 billion. The Administration aimed to seize the opportunity to issue green bonds to promote the development of green finance as well as to signify the Government's support for sustainable development and determination to combat climate changes;</p> <p>(b) ICMA had provided a list of sovereign green bonds in its submission (LC Paper No. CB(1)1248/17-18(06)); and</p> <p>(c) there were precedent cases where the LegCo authorized the Government under the Loans Ordinance to borrow for more than one occasions.</p>	
034001 – 034605	Chairman Mr CHU Hoi-dick Administration	<p>Comments by Mr CHU Hoi-dick on the lack of clarity and restraints on the Government to confine its use of the proceeds from green bonds to the promotion of environmental-friendly projects in the wording of the Proposed Resolution</p> <p>Mr CHU Hoi-dick enquired about the arrangements of green bond issuance.</p> <p>The Administration replied that it intended to pursue the Programme on a long-term basis and the current Proposed Resolution would provide the necessary flexibility.</p>	

Time marker	Speaker	Subject(s)	Action required
034606 – 035042	Chairman Mr AU Nok-hin Administration	<p>Mr AU Nok-hin reiterated his comment that the Administration should address comments and suggestions made by LegCo Members on a similar resolution made under the Ordinance to implement the Bond Programme in 2009. Mr AU also expressed concern on the fairness of green bond issuance.</p> <p>The Administration reiterated that the provisions of Proposed Resolution were consistent with the Ordinance and the resolution on CWRP (Cap. 2A). The Administration would observe fairness in the issuance of green bonds in accordance with the existing market practices.</p>	
035043 035322	Chairman Mr Holden CHOW Administration	Comments by Mr Holden CHOW in support of the wording of the Proposed Resolution to provide the necessary flexibility for the Administration to implement the Programme	
035323 040024	Chairman Mr CHU Hoi-dick Administration	<p>Mr CHU Hoi-dick enquired whether the Administration would amend the Proposed Resolution to expressly undertake that it would not earmark proceeds raised by green bonds to a specific green public works project giving a favourable impression on the public whereby FC's scrutiny of the project might somehow be influenced.</p> <p>The Administration replied that the Government would make multiple issuances of green bonds under the Programme and the proceeds from a particular issuance might be used to finance at least one public works project with environmental benefit.</p> <p>The Chairman said that all public works projects including projects with environmental benefits were subject to FC's approval. As such, LegCo would have the opportunity to decide whether to support or reject the any public works projects including those with environmental benefits and might be financed by the Programme.</p>	
040025 040249	Chairman Mr AU Nok-hin Administration	Enquiries raised by Mr AU Nok-hin	The Administration to follow up as stated in paragraph 3(c) of the minutes
040250 040628	Chairman Mr CHU Hoi-dick Administration	Comments by Mr CHU Hoi-dick on the wording of the Proposed Resolution	

Time marker	Speaker	Subject(s)	Action required
		<p>On Mr CHU Hoi-dick's enquiry about the procedure of financing a green public works project with proceeds of a green bond, the Administration advised that only public works projects with environmental benefits would be considered to be included under the Programme and whether a project would be included in a particular issuances would depend on many factors including the market conditions at the time of issuance.</p>	
Agenda item II – Any other business			
040629 – 041410	Chairman Mr CHU Hoi-dick ALA5 Administration	<p>Closing remarks</p> <p>Legislative timetable</p> <p>Enquiry by Mr CHU Hoi-dick</p> <p>Comment by ALA5 that the Secretary for Financial Services and the Treasury might consider making undertaking in his speech when moving the Proposed Resolution at the LegCo meeting to address concerns of some members that the Administration might bypass the scrutiny of FC on public works projects or influence its scrutiny by earmarking these projects for issuance of green bonds before they were considered or approved by FC.</p>	The Administration to follow up as stated in paragraph 3(d) of the minutes