



財經事務及庫務局  
Financial Services and the Treasury Bureau

LC Paper No. CB(1)399/2024(01)

## Loans Ordinance (Chapter 61)

### Resolution to Raise the Maximum Amount of Borrowings for the Purposes of the Capital Works Reserve Fund for the Infrastructure Bond Programme and Government Sustainable Bond Programme



# Government Budget

---

- **2023-24 Budget Speech**
  - “... **I propose the setting up of an Infrastructure Bond Scheme** to enable us to better manage the cashflow needs of major infrastructure projects and facilitate the early completion of projects for the good of the economy and people’s livelihood, so that members of the public can enjoy the benefits early...” (Para. 216)
  - “...**The Government will further expand the scope of the GGBP to cover sustainable finance projects...**” (Para. 215)
- **2024-25 Budget Speech**
  - “...**We will set a borrowing ceiling of a total of \$500 billion for these two programmes to allow more flexibility in quota re-allocation. The sums borrowed will be credited to the Capital Works Reserve Fund** for investment in projects which are conducive to long-term development. ...” (Para. 142)
  - “The issuance of Government bonds is conducive to the development of the bond market and allows the use of the capital raised from the market to drive green/sustainable and infrastructure projects. **I emphasise that proceeds from bond issuance will not be used for funding government recurrent expenditure.** ... We plan to issue bonds of about \$95 billion to \$135 billion per annum in the next five years to drive the development of the Northern Metropolis and other infrastructure projects...” (Para. 240-241)

# Infrastructure Bond Programme (“IBP”)

---

- **Purpose**
  - To enable better management of the cashflow needs of major infrastructure projects and facilitate their early completion for the good of the economy and people’s livelihood.
- **Scope**
  - Projects under the Government’s capital works programme of the Capital Works Reserve Fund (“CWRF”).
  - Including projects under major infrastructure initiatives such as the Northern Metropolis.

# Government Sustainable Bond Programme (“GSBP”)

---

- **Purpose**

- Building on the success of the Government Green Bond Programme and further consolidating Hong Kong’s position as a green and sustainable finance hub, its scope will be further expanded to cover sustainable projects. To be renamed as the Government Sustainable Bond Programme.

- **Scope**

- Government green projects covered by the CWRF, falling under the **nine eligible categories under the Green Bond Framework**, namely renewable energy; energy efficiency and conservation; pollution prevention and control; waste management and resource recovery; water and wastewater management; nature conservation / biodiversity; clean transportation; green buildings; and climate change adaptation.
- The concept of sustainable finance covers the financing of green projects and **social projects**.

# Implementation of the IBP and GSBP – Issuance Arrangement

---

- The Government plans to issue **\$120 billion** worth of bond under the IBP and the GSBP in 2024-25, of which –
  - **\$70 billion** will be **retail tranche**, for public subscription to enhance a “sense of participation” in infrastructure and sustainable development among the public, including -
    - \$50 billion worth of Silver Bond and
    - \$20 billion worth of retail bonds.
  - **\$50 billion** will be **institutional tranche**, with a certain portion to be earmarked for priority investment by Mandatory Provident Fund Schemes.

# Implementation of the IBP and GSBP – Proceeds

---

- All proceeds raised under the IBP and GSBP will be **credited to the CWRP**.
- The proceeds from bond issuance **will not be used for funding government recurrent expenditure**.
- The Government plans to issue bonds of about \$95 billion to \$135 billion per annum in the next five years. It is expected that the ratio of Government debt to GDP will be in the range of about 9% to 13% from 2024-25 to 2028-29.

# Oversight of the IBP and GSBP

---

- The implementation and development of the IBP and the GSBP will be overseen by a Steering Committee:
- Chairman: Financial Secretary  
Members : Financial Services and the Treasury Bureau  
Environment and Ecology Bureau  
Development Bureau  
Hong Kong Monetary Authority (“HKMA”).
- The Government and the HKMA will monitor market conditions closely to decide the appropriate issuance timing and parameters. The bond issuance parameters and the individual projects supported by the bond proceeds under the two programmes will be determined taking account of the actual market conditions at the time of arranging the bond issuance, and will be submitted for approval by the Steering Committee.

# The Resolution

---

- To invite the Legislative Council (“LegCo”) to approve a new resolution under section 3(1) of the Loans Ordinance (Cap. 61) to authorise the Government to borrow, for the purposes of the CWRF, sums not exceeding in total \$500 billion or equivalent, being the maximum amount of all sums borrowed that may be outstanding by way of principal at any time, under the IBP and GSBP.
- It requires the sums borrowed to be credited to the CWRF, and replaces the resolution passed by LegCo in July 2021 on the current maximum amount of borrowings of \$200 billion for the Government Green Bond Programme.





財經事務及庫務局

Financial Services and the Treasury Bureau

Thank You