

Speech

LC: Speech by SFST in moving resolution under Loans Ordinance to raise the maximum amount of borrowings under Government Bond Programme

Wednesday, May 22, 2013

Following is the speech (English translation) by the Secretary for Financial Services and the Treasury, Professor K C Chan, in moving the resolution under the Loans Ordinance to raise the maximum amount of borrowings under the Government Bond Programme in the Legislative Council today (May 22):

President,

I move the motion on the Agenda pursuant to the Loans Ordinance.

This Resolution seeks to authorise the Government to borrow, under section 3 of the Loans Ordinance, a maximum amount of HK\$200 billion or equivalent that may be outstanding by way of principal under the Government Bond Programme.

To further promote the sustainable development of the local bond market, the Financial Secretary proposed in the 2013-14 Budget expanding the size of the Government Bond Programme from the current HK\$100 billion to HK\$200 billion so as to provide adequate room for the Programme to continue.

Pursuant to a resolution passed by this Council under section 3 of the Loans Ordinance on July 8, 2009, the prescribed maximum amount of borrowings under the Government Bond Programme is HK\$100 billion or equivalent at present. The outstanding amount of bonds issued under the Programme is projected at HK\$87 billion at end August 2013, leaving an issuance quota of HK\$13 billion. Such a size is not sufficient for further issuance of Government Bonds from September 2013 onwards, not to mention expanding it to a scale eligible for inclusion in some widely tracked global bond benchmark indices.

The Government proposes that the maximum amount of borrowings under the Government Bond Programme be raised to HK\$200 billion to continue to operate the Government Bond Programme in a sustainable manner to cater for the increasing demand of local and international investors for high quality bonds issued by the public sector. This will help promote the sustainable development of the local bond market as a financial intermediation channel to complement the banking sector and

equity market, thereby strengthening the competitiveness of Hong Kong as an international financial centre and asset management centre.

President, the Government Bond Programme has been instrumental to the development of the local bond market since its launch in July 2009. We have briefed the Financial Affairs Panel of this Council on April 8 and received its support. I invite Members to pass this Resolution. Thank you.

Ends