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Government Borrowing (Miscellaneous Amendments) Bill

Bill No. 32/2021.

Read the first time on 4 October 2021.

A BILL

i n t i t u l e d

An Act to amend certain Acts to consolidate borrowing by the Government for debt market and investment purposes, to repeal the External Loans Act, the Local Treasury Bills Act and the Treasury Deposit Receipts Act, and to make consequential amendments to certain other Acts.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act is the Government Borrowing (Miscellaneous Amendments) Act 2021 and comes into operation on a date that the Minister appoints by notification in the *Gazette*.

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PART 1

AMENDMENTS TO DEVELOPMENTAL INVESTMENT FUND ACT

Amendment of long title

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2. The long title to the Developmental Investment Fund Act is amended by deleting the words “, to authorise the raising of loans for the Developmental Investment Fund”.

Amendment of section 2

3. Section 2 of the Developmental Investment Fund Act is amended —

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(a) by deleting the semi-colon at the end of the definition of “securities” and substituting a full-stop; and

(b) by deleting the definition of “sinking fund”.

Amendment of section 3

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4. Section 3(1) of the Developmental Investment Fund Act is amended by deleting paragraph (b).

Amendment of section 7

5. Section 7 of the Developmental Investment Fund Act is amended by deleting subsection (2).

Repeal of Part III

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6. Part III of the Developmental Investment Fund Act is repealed.

Amendment of section 20

7. Section 20 of the Developmental Investment Fund Act is amended —

- (a) by inserting the word “and” at the end of paragraph (a); and
- (b) by deleting paragraph (b).

PART 2

AMENDMENTS TO GOVERNMENT SECURITIES ACT

Amendment of long title

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8. The long title to the Government Securities Act is amended by inserting, immediately after the words “of Government securities”, the words “and Treasury Bills”.

Amendment of section 1

9. Section 1 of the Government Securities Act is amended by deleting the words “Government Securities Act” and substituting the words “Government Securities (Debt Market and Investment) Act”.

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Amendment of section 2

10. Section 2 of the Government Securities Act is amended —

- (a) by deleting the definition of “bearer bonds”;
- (b) by deleting the words “any stock or bond” in the definition of “book-entry Government securities” and substituting the words “any Government securities”;
- (c) by deleting the definition of “Government securities” and substituting the following definition:
 - ““Government securities” means any stock, bond, note, certificate or similar instruments issued under this Act other than any Treasury Bill;”;
- (d) by inserting, immediately after the words “Government securities” in the definition of “regulations”, the words “or Treasury Bills”; and
- (e) by deleting the definitions of “sinking fund” and “stocks” and substituting the following definitions:

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““repealed 1923 Act” means the Local Treasury Bills Act repealed by the Government

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Borrowing (Miscellaneous Amendments)
Act 2021;

“Treasury Bill” means a Treasury Bill issued in Singapore under the repealed 1923 Act or this Act, and includes a book-entry Treasury Bill, which is issued under either Act in the form of an entry on the records of the Authority;”.

Amendment of section 3

11. Section 3(1) of the Government Securities Act is amended by deleting paragraph (b) and substituting the following paragraph:

“(b) all sums representing the proceeds of loans raised on or after 1 April 1996 under the repealed 1923 Act;”.

Amendment of section 5

12. Section 5 of the Government Securities Act is amended by deleting paragraph (b) and substituting the following paragraph:

“(b) arising from or incidental to the borrowing and repayment of moneys under this Act, the repealed 1923 Act and under any other written law authorising moneys borrowed to be paid into the Government Securities Fund.”.

Amendment of section 6

13. Section 6 of the Government Securities Act is amended by deleting paragraph (b) and substituting the following paragraph:

“(b) to repay any principal sum payable on any Treasury Bill —

- (i) issued on or after 1 April 1996 under the repealed 1923 Act; or
- (ii) issued under this Act; or”.

Repeal and re-enactment of section 11 and new Division heading of Part III

14. Section 11 of the Government Securities Act is repealed and the following Division heading and section substituted therefor:

“Division 1 — General

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Borrowing limit for Government securities and Treasury Bills

11.—(1) The Minister may raise loans, in the manner provided in this Part, by the issue of Government securities and Treasury Bills in Singapore.

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(2) However, the Minister must not raise a loan under this Act if the aggregate amount borrowed by the issue of Government securities and Treasury Bills —

(a) under either or both as follows:

(i) the repealed 1923 Act;

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(ii) this Act, whether before, on or after the date of commencement of section 14 of the Government Borrowing (Miscellaneous Amendments) Act 2021; and

(b) outstanding at any time,

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exceeds \$1,065,000,000,000, or any higher amount specified in a resolution of Parliament with which the President concurs in the President’s discretion under Article 144(1)(a) of the Constitution.”.

Repeal of Part IV and new Division 2 of Part III

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15. Part IV of the Government Securities Act is repealed and the following Division heading and sections substituted therefor:

“Division 2 — Special provisions for Treasury Bills

Maturity of Treasury Bills

14. Every Treasury Bill issued under this Part must —

(a) have a maturity period ordinarily not exceeding one year; and

(b) be subject to such conditions as to repayment, redemption and other matters as may be prescribed by this Act and its regulations and, subject to the provisions of this Act and the regulations, by the Minister.

Principal charged on Government Securities Fund

15. The principal payable in respect of moneys borrowed and represented by Treasury Bills issued (or deemed issued) under this Part, are charged upon and are payable out of the Government Securities Fund without authority other than this section.”.

Amendment of heading to Part V

16. Part V of the Government Securities Act is amended by inserting, immediately after the words “GOVERNMENT SECURITIES” in the Part heading, the words “AND TREASURY BILLS”.

New section 22A

17. Part V of the Government Securities Act is amended by inserting, immediately after section 22, the following section:

“Application to book-entry Treasury Bills

22A. This Part applies to the issue, management, transfer and other dealing in book-entry Treasury Bills with the necessary modifications as this Part applies to book-entry Government securities.”.

Amendment of heading to Part VI

18. Part VI of the Government Securities Act is amended by deleting the words “AND CREATION OF SINKING FUND” in the Part heading.

Repeal of sections 25 and 26

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19. Sections 25 and 26 of the Government Securities Act are repealed.

Amendment of section 27

20. Section 27(1) of the Government Securities Act is amended by deleting the words “this Act” and substituting the words “Part III by the issue of Government securities”.

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Repeal of section 29

21. Section 29 of the Government Securities Act is repealed.

Amendment of section 29A

22. Section 29A(1) of the Government Securities Act is amended by inserting, immediately after the words “Government securities” in paragraphs (a) and (b), the words “, Treasury Bills”.

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Amendment of section 29D

23. Section 29D(8) of the Government Securities Act is amended by deleting the words “or Treasury bills” in paragraph (b) and substituting the words “, Treasury Bills or public debt securities”.

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Repeal and re-enactment of section 30

24. Section 30 of the Government Securities Act is repealed and the following section substituted therefor:

“Authority acts on Government’s behalf

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30.—(1) The Authority is, by this section, appointed to act on the Government’s behalf as an agent —

- (a) for issuing of Government securities or Treasury Bills for moneys borrowed under this Act; and

(b) for any other purpose connected with paragraph (a).

(2) Without limiting subsection (1), the Authority may —

(a) by public notice invite the public to apply to take up any Government securities or Treasury Bills issued under this Act; and

(b) refuse any application to take up Government securities or Treasury Bills issued under this Act without assigning any reason.

(3) Subsection (1) does not prevent the exercise by the Minister of any power under this Act.”.

Amendment of section 31

25. Section 31 of the Government Securities Act is amended —

(a) by deleting the words “Authority may, with the approval of the Minister,” in subsection (1) and substituting the words “Minister may”;

(b) by inserting, immediately after the words “Government securities” wherever they appear in subsections (1)(a), (b) and (c) and (2), the words “or Treasury Bills”;

(c) by deleting the words “Part IV” in subsection (1)(f) and substituting the words “this Act”; and

(d) by deleting the words “Authority may, with the approval of the Minister” in subsection (2) and substituting the words “Minister may”.

PART 3

FINAL PROVISIONS

Consequential amendment to Income Tax Act

26. Section 43N(4) of the Income Tax Act is amended by deleting the words “Local Treasury Bills Act 1923” in the definition of “Singapore Government securities” and substituting the words “repealed Local Treasury Bills Act 1923”.

Consequential amendment to Monetary Authority of Singapore Act

27. The Schedule to the Monetary Authority of Singapore Act is amended —

- (a) by deleting item 13 (relating to the Government Securities Act) and substituting the following item: 5

“13. Government Securities (Debt Market and Investment) Act 1992”; and

- (b) by deleting item 15 (relating to the Local Treasury Bills Act). 10

Repeal of certain Acts

28. The following Acts are repealed:

- (a) the External Loans Act 1968;
- (b) the Local Treasury Bills Act 1923;
- (c) the Treasury Deposit Receipts Act 1960. 15

Saving and transitional provisions

29.—(1) A reference in any written law in force on the date of commencement of section 9, or any contract or other document subsisting on that date, to the Government Securities Act as from time to time amended or revised, is a reference to the Government Securities (Debt Market and Investment) Act 1992. 20

(2) Despite section 19, section 26 of the Government Securities Act continues to apply with respect to any stock or bearer bonds issued under that Act before the date of commencement of section 19.

(3) The provisions of any regulations made by the Monetary Authority of Singapore under the Government Securities Act and in force immediately before the date of commencement of section 25 of this Act, continue in force as if made under section 31 of the Government Securities Act as amended by this Act, and may from time to time be amended or revoked under section 31 of the Government Securities Act as so amended. 25 30

(4) Despite section 28(b), any Treasury Bill that is issued under the Act repealed by that section and is current on the date of commencement of section 28(b), continues as if and is deemed issued under the Government Securities Act as amended by this Act.

- 5 (5) For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such additional provisions of a saving or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient.

EXPLANATORY STATEMENT

This Bill seeks to transfer the borrowing powers in the Local Treasury Bills Act to the Government Securities Act, and to amend the Developmental Investment Fund Act relating to borrowing by the Government, so as to consolidate borrowing by the Government for debt market and investment purposes.

The Bill also makes consequential amendments to certain other Acts and repeals the following Acts which are presently practically spent in effect or are made redundant by the consolidation in the Bill:

- (a) the External Loans Act;
- (b) the Local Treasury Bills Act;
- (c) the Treasury Deposit Receipts Act.

PART 1

AMENDMENTS TO DEVELOPMENTAL INVESTMENT FUND ACT

Part 1 has the object of abolishing the Government's power to borrow for the purposes of the Developmental Investment Fund.

Clause 2 amends the long title to the Developmental Investment Fund Act by removing the reference to words which authorise the raising of loans for the Developmental Investment Fund.

Clause 3 deletes the definition of "sinking fund" in section 2 of the Developmental Investment Fund Act, which is connected with borrowing.

Clause 4 amends section 3(1) of the Developmental Investment Fund Act because there will no longer be loan proceeds payable into the Developmental Investment Fund.

Clause 5 amends section 7 of the Developmental Investment Fund Act by removing references to expenses incidental to or arising from the raising of any loan and repayment of moneys under the Act, and to investment and management of any sinking fund created under the Act.

Clause 6 repeals the whole of Part III of the Developmental Investment Fund Act which contains the authority to borrow and the machinery to do so.

Clause 7 amends section 20 of the Developmental Investment Fund Act as regulations will no longer be needed to regulate the management of any loan raised under the Act.

PART 2

AMENDMENTS TO GOVERNMENT SECURITIES ACT

Part 2 sets out amendments to the Government Securities Act to transfer the borrowing powers in the Local Treasury Bills Act to the Government Securities Act and to introduce a combined loan limit for borrowing by the issue of Government securities and Treasury Bills.

Clause 8 amends the long title to the Government Securities Act by expanding its scope to include the issue of Treasury Bills.

Clause 9 amends the short title to the Government Securities Act to rename it as the Government Securities (Debt Market and Investment) Act.

Clause 10 amends definitions in section 2 of the Government Securities Act. The definition of “Government securities” is amended to still cover any stock, bond, note, certificate or similar instruments, but expressly excludes Treasury Bills as these are another category of debt instrument issued under the amended Act. The definitions of “bearer bonds”, “sinking fund” and “stocks” are also repealed as these will no longer be used in the Act with the repeal of Part IV.

There is a new definition of “Treasury Bill”, which is a Treasury Bill issued in Singapore under the repealed Local Treasury Bills Act or the renamed Government Securities (Debt Market and Investment) Act, and includes a book-entry Treasury Bill, which is issued under either Act in the form of an entry on the records of the Monetary Authority of Singapore (MAS).

Clauses 11 and 12 amend sections 3(1)(b) and 5(b), respectively, of the Government Securities Act by updating the cross-references in those provisions to the Local Treasury Bills Act to refer to the repealed Local Treasury Bills Act.

Clause 13 amends section 6(b) of the Government Securities Act to provide that the moneys in the Government Securities Fund are to be used to repay any principal sum payable on any Treasury Bill or book-entry Treasury Bill issued on or after 1 April 1996 under the repealed Local Treasury Bills Act or issued under the Act as amended.

Clause 14 repeals section 11 of the Government Securities Act and replaces that with a single borrowing limit for loans raised by the issue of Government securities and Treasury Bills, instead of separate borrowing limits for the 2 debt instruments.

The authority to raise a loan is capped at an aggregate amount of \$1,065,000,000,000, calculated with reference to whatever is borrowed by the issue of Government securities and Treasury Bills (even those issued under the repealed Local Treasury Bills Act) and is outstanding.

The amount \$1,065,000,000,000 is a result of merging the present borrowing limits under the Government Securities Act of \$960,000,000,000 and the Local Treasury Bills Act of \$105,000,000,000, respectively.

More loans cannot be raised under the Government Securities Act once the sums outstanding reach \$1,065,000,000,000 and there is no parliamentary resolution to increase the borrowing limit.

The borrowing limit of \$1,065,000,000,000 may be increased by a resolution of Parliament with which the President concurs in the President's discretion under Article 144(1)(a) of the Constitution.

The new section 11 does not retain the current section 11(3) as the role of the MAS will be provided for in the new section 30, introduced by clause 24.

Clause 15 repeals Part IV of the Government Securities Act, which presently covers registration of stocks and the issue of bearer bonds and the method and terms of their issue. Debt securities in these forms are presently not issued but if the issuing of these do become appropriate in future, they may then be issued. The method and terms of their issue may be set out in regulations instead.

Part IV is replaced by a new Division 2 of Part III of the Government Securities Act, consisting of new sections 14 and 15 relating to the issue of Treasury Bills.

The new section 14 provides that every Treasury Bill issued under the Act as amended has a maturity period ordinarily not exceeding one year, and is issued subject to such conditions as to repayment, redemption and other matters as may be prescribed by the Act and its regulations, or by the Minister if there is nothing in the provisions of the Act and its regulations otherwise.

The new section 15 makes clear that the principal payable in respect of moneys borrowed and represented by Treasury Bills issued (or deemed issued) are charged upon and are payable out of the Government Securities Fund.

Clause 16 makes textual amendments to the heading to Part V of the Government Securities Act to include mention of Treasury Bills.

Clause 17 introduces a new section 22A to the Government Securities Act, which provides that Part V applies to the issue, management, transfer and other

dealing in book-entry Treasury Bills with the necessary modifications as the Part applies to book-entry Government securities.

Clause 18 amends the Part heading to Part VI of the Government Securities Act by deleting the reference to the creation of sinking funds.

Clause 19 repeals sections 25 and 26 of the Government Securities Act. Section 25 provides for the setting up of sinking funds. Section 26 provides for the issue and administration of stocks and bearer bonds.

Clause 20 amends section 27(1) of the Government Securities Act to make clear that even though Treasury Bills may be issued under the Act, the MAS cannot be authorised to accept advance deposits in anticipation of the raising of a loan by way of Treasury Bills.

Clause 21 repeals section 29 of the Government Securities Act, which is spent.

Clause 22 amends section 29A(1) of the Government Securities Act to expand the scope of regulated activity for primary dealers to include purchasing or redeeming Treasury Bills on behalf of another.

Clause 23 makes a consequential amendment to section 29D(8) of the Government Securities Act to include mention of public debt securities so as to be consistent with the business of primary dealers in section 29A.

Clause 24 replaces the present section 30 of the Government Securities Act by clarifying that the MAS is statutorily appointed to act on the Government's behalf as an agent for issuing of any Government securities or Treasury Bills for moneys borrowed under the Act, and for any other purpose connected.

The MAS is further expressly conferred power, by public notice, to invite the public to apply to take up any Government securities or Treasury Bills issued under the Act, and to refuse any application to take up Government securities or Treasury Bills issued under the Act without assigning any reason.

The new section 30 makes it clear that it does not prevent the exercise by the Minister of any power under the Act.

Clause 25 amends the regulation-making power in section 31 of the Government Securities Act, by transferring the power away from the MAS to the Minister in charge of the Act, and by extending the regulation-making powers to cover both Government securities (as redefined) and Treasury Bills.

PART 3

FINAL PROVISIONS

Part 3 contains consequential amendments to certain Acts, repeals Acts which are presently practically spent in effect or are made redundant by the consolidation in the Bill, and provides for saving and transitional arrangements.

Clause 26 makes a consequential amendment to the definition of “Singapore Government securities” in section 43N(4) of the Income Tax Act because of the repeal of the Local Treasury Bills Act.

Clause 27 makes changes to the Schedule to the Monetary Authority of Singapore Act for the same purpose, and to update the cross-reference to the Government Securities Act to its new short title.

Clause 28 provides for the repeal of —

- (a) the External Loans Act;
- (b) the Local Treasury Bills Act; and
- (c) the Treasury Deposit Receipts Act.

Clause 29 is a saving and transitional provision.

EXPENDITURE OF PUBLIC MONEY

This Bill will involve the Government in extra financial expenditure, the exact amount of which cannot at present be ascertained.
