

財經事務及庫務局
(庫務科)

香港下亞厘畢道
中區政府合署

FINANCIAL SERVICES AND THE
TREASURY BUREAU
(The Treasury Branch)

Central Government Offices,
Lower Albert Road,
Hong Kong

傳真號碼 Fax No. : 2530 5921
電話號碼 Tel. No. : 2810 2370
本函檔號 Our Ref. : FIN CR 1/2310/99
來函檔號 Your Ref. :

11 April 2003

Ms Connie Szeto
Clerk to the Legislative Council Panel
on Financial Affairs
Legislative Council Secretariat
Legislative Council Building
Central
Hong Kong
(By Fax: 2869 6794)

Dear Ms Szeto,

LegCo Panel on Financial Affairs Meeting on 19 February 2003

I refer to the discussion at the FA Panel on the Boundary Facilities Improvement Tax (BFIT) on 19 February 2003. Members asked at the meeting for additional information on the Automatic Vehicle Recognition System (AVRS) and the reasons for recommending this option. Some supplementary information is provided below.

For the purpose of collecting BFIT from private cars, we would require a system which could either capture the information of private cars crossing the boundary control points, or a system which would be able to deduct the tax directly from the car owners' account or pre-paid cards. There are various choices, including the existing AVRS system which we recommend, the Autotoll and the Octopus. In examining which would be the most appropriate option, we have examined the cost-effectiveness and public acceptability of different options.

The AVRS is part of the Customs and Excise Department's initiative to reduce the customs clearance time for vehicles at land control points. It has newly been installed at customs clearance kiosks at all land departure points. It is basically a camera system which captures the licence plate and other necessary information when a cross-boundary vehicle undergoes clearance at customs kiosks. Customs officers stationed in the kiosks will double-check the accuracy of the information captured by the computer by eyesight. The data will then be transferred to the Customs Land Boundary System to facilitate customs clearance. Some photos showing how the AVRS works are enclosed. Our recommended option is to make use of the information captured by the AVRS for BFIT billing. Under this proposal, the Transport Department, which is the collection agency for BFIT regarding land departures, will develop a software programme for preparing and issuing bills to owners whose private cars have crossed any land departure points.

From the cost-effectiveness point of view, both the capital and recurrent costs for AVRS are already funded, and only the marginal cost of developing the software system for billing and the recurrent cost of collection would be incurred. The capital cost for the AVRS option is estimated to be 82% and 86% less than those for Autotoll and Octopus respectively. The AVRS's estimated recurrent cost is 23% and 53% less than those for Autotoll and Octopus respectively. The Autotoll and Octopus options would incur higher costs on depreciation, administration and maintenance payable to Autotoll and Octopus service providers. (The comparison is based on cost estimates provided by the concerned providers.) Even when there are changes to the boundary facilities, such as upon co-location at Huanggang, no additional cost will be incurred for BFIT. Private car owners would not be required to install any additional gadget in their cars but only have to settle their bills on a monthly basis. From the view point of vehicle flow management, which is the overriding factor, the AVRS option will not cause any difference to the customs clearance procedure while enabling the BFIT to be collected. This system will not be disrupted by any driver who does not have with him pre-arranged Autotoll facility or a valid pre-paid Octopus card, or who has to search the whereabouts of the latter.

As explained at the Panel meeting, we have consulted the Department of Justice, which advises that personal data collected or held for the purpose of collection or assessment of any tax are exempted from Data Protection Principle 3 of the Personal Data (Privacy) Ordinance, Cap. 486 ("PDPO") in that data for these

purposes can be used in the absence of the data subject's prescribed consent (s.58 of the PDPO). We have also consulted the Privacy Commissioner for Personal Data, who has no objection to our proposed use of AVRS so long as the Data Protection Principle 3 exemption applies.

Against the above background, we are inclined to adopt the AVRS and a billing system for collecting BFIT from private cars.

Yours sincerely,

(Miss Erica Ng)
for Secretary for Financial Services
and the Treasury

Encl.

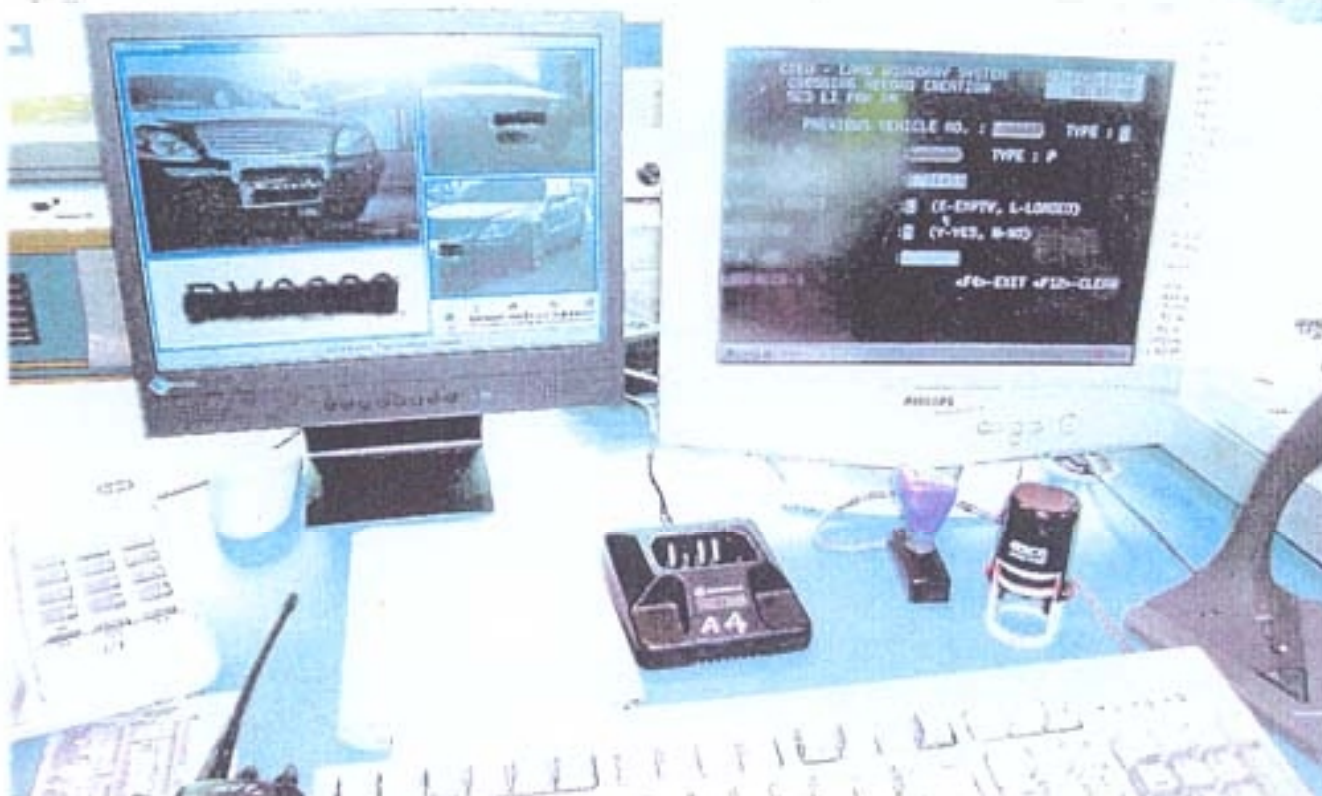
c.c. C for Transport
Privacy Commissioner for Personal Data

Automatic Vehicle Recognition System



3 Sets of Camera Installed At One Side Of The Access Road Leading To A Customs Clearance Kiosk To Capture The Licence Plate And Vehicle Image Of Cross-Boundary Vehicles

Automatic Vehicle Recognition System



**Licence Plate and Vehicle Image Captured By The AVRS
For BFIT Billing**

Automatic Vehicle Recognition System



**Customs Officer Stationing In A Kiosk Double-checks
The Accuracy Of The Information Captured By The Computer**