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Panel on Financial Affairs
Special meeting on 10 November 2004

Background Brief
on the proposed Personalized Vehicle Registration Marks Scheme

Purpose

This paper sets out the background of the Administration's proposal of introducing the "Personalized Vehicle Registration Marks Scheme", and summaries the major concerns expressed by Members and the responses made by the Financial Secretary (FS) on the subject during the Second Reading debate on the Appropriation Bill 2004.

Background

2. At present, a vehicle owner is allocated a vehicle registration mark upon registration of a vehicle or he may get a registration mark of his own preference through auction. Ordinary vehicle registration marks are in the format of a maximum of two letters of the alphabet followed by a maximum of four numerals.

3. In his speech for the 2004-05 Budget delivered on 10 March 2004, FS announced the Administration's proposal of introducing a "Personalized Vehicle Registration Marks Scheme" (PVRMS) in addition to the existing arrangements for allocating and auctioning vehicle registration marks. It is a new revenue raising measure and the proposed scheme is expected to generate additional revenue of about \$70 million for the Government per year.

4. FS has also pointed out in his Budget Speech that under the proposed PVRMS, a vehicle owner can choose his preferred vehicle registration mark and use it upon approval of his application by the Transport Department (TD) and following a bidding exercise. To allow for more choices and add to the attraction of the scheme, TD will relax the restrictions on vehicle registration marks for participating vehicle owners to allow for combinations of up to eight letters and numerals. TD will develop the details for implementing the

PVRMS. The Administration will introduce legislation into the Legislative Council (LegCo) for the implementation of the proposed scheme.

Major concerns expressed by Members during the resumption of the Second Reading debate on the Appropriation Bill 2004

5. During the resumption of the Second Reading debate on the Appropriation Bill 2004 on 22 April 2004, some Members have expressed their view that the PVRMS is an innovative and creative proposal which will help raising revenue and provide more choices for vehicle owners. Some Members have however expressed the following concerns on the proposed scheme:

- (a) The results of the PVRMS may not be necessarily good from the financial point of view. After the implementation of the scheme, the traditional auctions for special vehicle registration marks will become less popular and the proceeds from such auctions will reduce. This will in turn reduce the income of the Lotteries Fund, thus indirectly reducing the resources available to social welfare organizations. The Government may consider the idea of transferring part of the proceeds from PVRMS to the Lotteries Fund. But if there is an overall decline in revenue, the scheme should be withdrawn and reconsidered;
- (b) The PVRMS will result in a great variety of combinations of vehicle registration marks which may cause difficulties in law enforcement; and
- (c) A similar scheme implemented in the Mainland two years ago was cancelled in about ten days' time because it might lead to some very complicated problems of libel or commercial dispute. It is not certain how the Administration is going to prevent these problems from arising.

Responses made by FS when concluding the Second Reading debate on the Appropriation Bill 2004

6. When concluding the Second Reading debate on the Appropriation Bill 2004 at the Council meeting on 28 April 2004, FS responded to the concerns on the PVRMS. On the concern about possible reduction on the proceeds from the auctioning of special vehicle registration marks upon the implementation of the PVRMS, FS pointed out that combinations of personal vehicle registration marks under the scheme would differ greatly from those under the existing arrangements. The PVRMS and the existing arrangements would appeal to different vehicle owners and would not be a "zero-sum game".

7. As regards the concern over the possible impact of the PVRMS on law enforcement, FS pointed out that similar schemes had been implemented smoothly in other places such as the United States, Australia, New Zealand and the United Kingdom. He also pointed out that the Police Force and TD had been fully consulted on the enforcement aspects to ensure that the implementation of the scheme would not jeopardize road safety or increase the burden on the law enforcement agencies.

Recent developments

8. At the LegCo meeting on 13 October 2004, the Chief Secretary for Administration presented the Legislative Programme for the 2004-05 session. The Legislative Programme includes the Revenue Bill which aims to implement the PVRMS.

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