

立法會
Legislative Council

LC Paper No. CB(1)2384/10-11
(These minutes have been seen
by the Administration)

Ref : CB1/SS/11/10

Subcommittee on Public Revenue Protection
(Motor Vehicles First Registration Tax) Order 2011

Minutes of the first meeting held on
Thursday, 24 March 2011, at 8:30 am
in Conference Room A of the Legislative Council Building

Members present : Hon WONG Ting-kwong, BBS, JP (Chairman)
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon CHEUNG Hok-ming, GBS, JP
Hon KAM Nai-wai, MH
Hon CHAN Hak-kan
Hon CHAN Kin-por, JP
Hon WONG Sing-chi
Hon IP Kwok-him, GBS, JP
Hon Tanya CHAN
Hon Albert CHAN Wai-yip

Members absent : Hon James TO Kun-sun
Dr Hon Philip WONG Yu-hong, GBS
Hon Abraham SHEK Lai-him, SBS, JP

Public Officers attending : **Agenda item II**

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

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Mr Alan CHU
Deputy Secretary for Transport and Housing
(Transport)

Miss Petty LAI
Principle Assistant Secretary for Transport and
Housing (Transport)

Mr Kasper NG
Assistant Secretary for Transport and Housing
(Transport)

Mr Anthony LOO, JP
Assistant Commissioner for Transport (Planning)
Transport Department

Ms Yolanda LEE
Principle Executive Officer (VALID & Licensing)
Transport Department

Mr CHENG Kim-fung
Senior Assistant Law Draftsman
Department of Justice

Clerk in attendance : Ms Joanne MAK
Chief Council Secretary (1)2

Staff in attendance : Ms Clara TAM
Assistant Legal Adviser 9

Ms Anki NG
Council Secretary (SC)1

Mr Franco KWONG
Council Secretary (1)2

Ms Emily LIU
Legislative Assistant (1)2

Action

I Election of Chairman

Mrs Sophie LEUNG, the member who had the highest precedence in the Council among all members of the Subcommittee present, presided over the election of the Chairman of the Subcommittee. She invited nominations for the chairmanship of the Subcommittee.

2. Mr KAM Nai-wai was nominated by Ms Audrey EU and the nomination was seconded by Mr WONG Sing-chi. Mr KAM accepted the nomination. Mrs LEUNG called for other nominations. Mr WONG Ting-kwong was nominated by Mr CHAN Kin-por and the nomination was seconded by Ms Miriam LAU. Mr WONG accepted the nomination.

3. The Subcommittee took a vote by secret ballot to elect the Chairman of the Subcommittee. Mrs Sophie LEUNG announced that Mr WONG Ting-kwong was elected as Chairman by a majority vote of 7 to 4. Mr WONG then took the chair.

4. The Subcommittee agreed that it was not necessary to elect a Deputy Chairman.

II Meeting with the Administration

(L.N. 33 of 2011

- Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011 (the Order)

LC Paper No. CB(1)1683/10-11

- The Legislative Council Brief issued by the Transport and Housing Bureau

LC Paper No. LS 33/10-11

- Legal Service Division Report on subsidiary legislation gazetted on 23 February 2011

LC Paper No. CB(1)1677/10-11(01)

- Marked-up copy of the provisions of the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330) to be amended by the bill contained in the Schedule to the Order (prepared by the Legal Service Division)

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LC Paper No. CB(1)1680/10-11 - Paper on Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011 prepared by the Legislative Council Secretariat (background brief))

5. The Subcommittee deliberated (index of proceedings attached at **Annex**).

ALA9 Clerk 6. The Subcommittee requested the Assistant Legal Adviser to provide written advice on the Legislative Council (LegCo)'s power to amend the Order and the Clerk to provide information on the First Registration Tax (FRT) rates on private cars under the Revenue Ordinance 2003 and the Administration's original proposal announced in the 2003-2004 Budget.

7. Members agreed to receive public views on the Order at the next meeting to be scheduled. In this connection, members also agreed to invite views from the public by placing a notice on the website of LegCo.

Admin 8. To facilitate discussion at the next meeting, the Administration was requested to provide supplementary information and response to the following issues raised by members -

- (a) statistics for the past 3 years :
 - (i) a breakdown by years of the number of newly registered private cars;
 - (ii) a breakdown by years of the number of private cars which have been written off;
 - (iii) percentages of the newly registered private cars which were environment-friendly petrol private car models that have been type-approved by Environmental Protection Department (EPD), and a breakdown by number of these environment-friendly petrol private car models;
 - (iv) the number and models of the newly registered private cars purchased by the Administration;

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- (b) information on the increase in road surface and in the number of private cars in Hong Kong;
- (c) the number of Euro I or II private cars out of the existing car fleet;
- (d) information on the effect of the introduction of tax increase on private cars in 2003 in curbing the increase of private cars, and when the number of private car registrations started to pick up again and rose back to its previous level before the tax increase;
- (e) the daily number of new registrations of private cars since announcement of the current proposal at 11:00 am on 23 February 2011;
- (f) the rates of FRT on private cars and tax relief measures adopted in neighbouring places such as Singapore;
- (g) the mechanism for the offer of a 30% reduction in the FRT to buyers of newly registered environment-friendly petrol private cars, subject to a cap of \$50,000 per car;
- (h) explanation of whether buyers of newly registered environment-friendly petrol private cars would first be subject to the 15% increase in FRT before receiving the above 30% reduction offer. If these buyers would be exempted from the tax increase, explanation on whether such an exemption would be provided by administrative or legislative means;
- (i) response to a suggestion that exemption from the 15% increase in FRT (or a tax refund) should be granted to a private car buyer if he/she deregistered his/her old car when buying a new car;
- (j) the anticipated effect of the proposed FRT increase in curbing the growth of private cars;
- (k) information on the roads where serious traffic congestion was found and to explain why alternative measures such as those set out below were not adopted for tackling the congestion -

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- (i) deploying specified route buses or buses of smaller capacity with lower emission during non-busy hours;
 - (ii) introducing park-and-ride;
 - (iii) restricting number of vehicles driving to busy areas e.g. Central;
 - (iv) buying back the Western Harbour Crossing and the Eastern Harbour Crossing;
 - (v) imposing a "congestion tax" on drivers driving on the road in a busy district; and
- (l) response to a suggestion that private car purchase orders placed before the Order took place should be exempted.

III Any other business

- Clerk 9. Members noted that the Clerk would propose time slots for holding the next meeting for members' indication of preference. The date of the next meeting would be fixed in consultation with the Chairman, taking into account members' preference.
10. There being no other business, the meeting ended at 10:30 am.

Council Business Division 1
Legislative Council Secretariat
14 June 2011

**Proceedings of the first meeting of the
Subcommittee on Public Revenue Protection
(Motor Vehicles First Registration Tax) Order 2011
on Thursday, 24 March 2011, at 8:30 am
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
Agenda item I – Election of Chairman			
000007 – 000602	Mrs Sophie LEUNG	Opening remarks and election of Chairman	
Agenda item II – Meeting with the Administration			
000603 – 001240	Chairman Administration	Briefing on the Administration's paper issued vide LC Paper No. CB(1)1691/10-11 on 23 March 2011 which responded to the letter from the Clerk to the Subcommittee dated 18 March 2011	
001241 – 002001	Chairman Ms Audrey EU Administration Assistant Legal Adviser 9	<p>Suggestions on granting tax rebate and exemption from the proposed First Registration Tax (FRT) increase to buyers of newly registered private cars if they had their old cars deregistered, to buyers of newly registered environment-friendly petrol private cars as approved by the Environmental Protection Department (EPD) and to owners of private cars for which orders had been placed before the Order took effect.</p> <p>The Administration considered that buyers of newly registered environment-friendly petrol private cars as approved by EPD and electric vehicles had already been granted tax rebate and exemption. In order not to cause confusion, the Administration would follow the previous practice of not granting exemption to owners of private cars who had placed orders before the Order took effect.</p> <p>Request for the Assistant Legal Adviser (ALA) to provide written advice on the Legislative Council (LegCo)'s power to amend the Order.</p>	ALA to provide written advice (para. 6 of minutes)
002002 – 002810	Chairman Ms Miriam LAU Administration	Request for the Clerk to provide information on the FRT rates on private cars under the Revenue Ordinance 2003 and the Administration's original proposal announced in the 2003-2004 Budget.	Clerk to provide information (para. 6 of minutes)

Time marker	Speaker	Subject(s)	Action required
		<p>Suggestion on inviting deputations for submissions and attending the next meeting.</p> <p>Request for the Administration to explain whether buyers of newly registered environment-friendly petrol private cars would first be subject to the 15% increase in FRT before receiving the 30% reduction offer, to explain whether the 5.4% year-on-year increase in number of licensed private cars in December 2010 was net increase in private cars and to explain the effectiveness of the proposed increase in FRT in easing traffic congestion.</p> <p>The Administration indicated that environment-friendly petrol private cars were subject to tax rebate paying only 70% of the tax. For 2010, the number of net increase in private cars was around 21,000 after deducting the number of deregistered private cars.</p>	
002811 – 003644	Chairman Mr KAM Nai-wai Administration	<p>Concern on the effectiveness of the proposed increase in FRT in easing traffic congestion.</p> <p>Request for the Administration to provide information on the estimated effect on car growth after the increase in FRT and what other measures were available in easing traffic congestion.</p>	Admin to provide information (para. 8 of minutes)
003645 – 004148	Chairman Miss Tanya CHAN Administration	<p>Concern that the proposed tax increase for private cars would discourage vehicle purchasers from replacing old cars with new ones with lower emission, and the effectiveness of the proposed increase in FRT in easing traffic congestion.</p> <p>Request for the Administration to provide information on a breakdown by years of the number of newly registered private cars and private cars which had been written off for the past 3 years, the percentages of the newly registered private cars which were environment-friendly petrol private car models approved by EPD and a breakdown by number of these models for the past 3 years, and other measures for easing traffic congestion.</p>	Admin to provide information (para. 8 of minutes)

Time marker	Speaker	Subject(s)	Action required
004149 – 004745	Chairman Mr CHAN Hak-kan Administration	<p>Request for the Administration to provide information on the effect of the introduction of FRT increase in private cars in 2003 in (i) curbing the growth of private cars and when the number of private car registrations rose back to its previous level before the tax increase and (ii) easing traffic congestion.</p> <p>Concern that the proposed tax increase for private cars would discourage vehicle purchasers from replacing old cars with new ones, and the emission from old cars would affect air quality.</p> <p>The Administration pointed out that in 2003, the actual FRT rates were slightly increased, which resulted in a 25% decrease in newly registered private cars. They undertook to explain in detail the effectiveness of the increase in FRT in 2003 and other measures to ease traffic congestion. They indicated that out of the total private cars fleet, about two-thirds were in compliance with the Euro III and IV emission standards, and the rest were in compliance with the Euro I and II emission standards.</p>	Admin to provide information (para. 8 of minutes)
004746 – 005427	Chairman Mr WONG Sing-chi Administration	<p>Concern on the lack of initiatives for encouraging private cars owners to deregister their old cars, and to replace their old cars with environment-friendly petrol private cars.</p> <p>Concern that the introduction of FRT increase in private cars in 2003 was ineffective in curbing the growth of private cars but the Administration was proposing to use the same measure to curb the growth of private cars in 2011.</p> <p>The Administration indicated that there were already measures in place to encourage the use of environment-friendly private cars; it was willing to listen to views of LegCo members.</p>	
005428 – 005933	Chairman Mr IP Kwok-him Administration	<p>Concern on the effectiveness of the proposed increase in FRT in easing traffic congestion.</p> <p>Concern on the number of environment-friendly petrol private cars out of the total number of newly registered private cars in 2010 and when</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>the Bill would be introduced into LegCo.</p> <p>The Administration indicated that more than 16% (6 600) newly registered private cars in 2010 were environment-friendly petrol private cars and they intended to introduce the Bill into LegCo on 13 April 2011.</p>	
005934 – 010530	Chairman Mrs Sophie LEUNG Administration	<p>Suggestion on granting tax exemption from the proposed FRT increase to owners of private cars for which orders had been placed before the Order took effect.</p> <p>The Administration indicated that there would be enforcement difficulties in verifying the timing of orders placed by vehicle buyers and the Administration made reference to the LegCo decision in 2003 and found it justified.</p>	
010531 – 010812	Chairman Mr CHAN Kin-por Administration	<p>Suggestion on granting tax exemption from the proposed FRT increase to owners of private cars for which orders had been placed before the Order took effect and request for the Administration to provide information on the rates of FRT on private cars and tax relief measures in neighbouring places such as Singapore.</p> <p>The Administration pointed out that the suggestions and requests could be further discussed at meetings of the Bills Committee.</p>	Admin to provide information (para. 8 of minutes)
010813 – 011618	Chairman Mr Albert CHAN Administration	<p>Request for the Administration to provide more detailed information on the roads where serious traffic congestion was found, why alternative measures were not considered for tackling traffic congestion, the social groups to which the owners of newly registered private cars belong and the number and models of newly registered private cars purchased by the Administration.</p> <p>The Administration undertook to provide the information requested. They advised that since 2003, the Gross Domestic Product had increased by about 40%, the proposed increase in FRT rate should be in line with economic growth.</p>	Admin to provide information (para. 8 of minutes)

Time marker	Speaker	Subject(s)	Action required
011619 – 012300	Chairman Ms Audrey EU Administration	<p>Request for the Administration to provide information on when the number of private car registrations rose back to its previous level before the tax increase in 2003, whether owners of environment-friendly petrol private cars would be exempted from the tax increase and if so, whether the exemption would be provided by administrative or legislative means, whether tax rebate would be provided to buyers of newly registered private cars if they had their old cars deregistered and whether the Administration would consider imposing a congestion tax on drivers driving on the roads in busy districts.</p> <p>The Administration undertook to provide the information requested.</p>	Admin to provide information (para. 8 of minutes)
012301 – 012932	Chairman Mr KAM Nai-wai Administration	<p>Request for the Administration to provide information on the increase in road surface and in the number of private cars, and other measures to ease traffic congestion.</p> <p>Concern on whether the proposed increase in FRT would be inconsistent with the policy of encouraging owners to buy environment-friendly petrol private cars to improve air quality.</p> <p>The Administration undertook to provide the information requested and advised that the growth in the percentage of licensed private car fleet had been higher than the increase in total length of roads in the past 3 years.</p>	Admin to provide information (para. 8 of minutes)
012933 – 013445	Chairman Ms Miriam LAU Administration	<p>Concern on the emission from old cars as the proposed increase in FRT might encourage buyers to turn to buy second-hand private cars which might also cost more due to an increased demand. Concern on whether the proposed increase in FRT would be inconsistent with the policy of the Environment Bureau.</p> <p>Request for the Administration to provide information on the rates of FRT on private cars and tax relief measures in Singapore.</p> <p>The Administration undertook to provide the information requested.</p>	Admin to provide information (para. 8 of minutes)

Time marker	Speaker	Subject(s)	Action required
013446 – 013606	Chairman Mr IP Kwok-him	The Administration was requested to consider the suggestions raised by members.	
013607 – 014108	Chairman Mr WONG Sing-chi Administration	<p>Concern on the large increase in imported used private cars in past few years. Concern about the impact of the current proposal on residents of remote areas who belonged to low-income groups and had a genuine need for use of private cars.</p> <p>The Administration considered that environment-friendly petrol private cars at affordable price level were available in the market for those residents. Moreover, residents of remote areas were encouraged to use public transport as far as practicable.</p>	
014109 – 014522	Chairman Mr KAM Nai-wai Administration	<p>Concern that the increase in FRT would discourage private car owners from car replacement and air quality would be adversely affected if more old cars were on the roads.</p> <p>The Administration pointed out that diesel commercial vehicles, rather than private cars, were the major source of roadside air pollution.</p>	
014523 – 014722	Chairman Ms Audrey EU Administration	<p>Request for the Administration to provide information on the daily number of new registrations of private cars since announcement of the current proposal for increase in FRT and the expected number of people who would be affected since then up to the passage of the relevant Bill.</p> <p>The Administration undertook to provide the information requested.</p>	Admin to provide information (para. 8 of minutes)
014723 – 015233	Chairman Mr IP Kwok-him Administration Ms Audrey EU Mr CHAN Kin-por Mr KAM Nai-wai	Discussion on the consequences of and timetable for repealing the Order.	
015234 – 015449	Chairman Mr IP Kwok-him Mr CHAN Kin-por Mr KAM Nai-wai	Discussion on whether to invite deputations to attend meetings of the Subcommittee and/or the future Bills Committee to be formed to scrutinize the relevant Bill. The Subcommittee agreed to	

Time marker	Speaker	Subject(s)	Action required
		<p>invite deputations to attend meetings of the Subcommittee.</p> <p>Some members' expression of views that if the Subcommittee decided to hold a public hearing on the Order, there should be no need for the relevant Bills Committee to repeat holding another public hearing on the Bill which was about the same Budget proposal of increasing FRT for private cars.</p>	
015450– 015754	Chairman Ms Audrey EU Mr CHAN Kin-por Mr KAM Nai-wai	Date of next meeting.	

Council Business Division 1
Legislative Council Secretariat
14 June 2011