

立法會
Legislative Council

LC Paper No. CB(1)2982/10-11
(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 second meeting held on
Monday, 4 April 2011, at 4:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon WONG Ting-kwong, BBS, JP (Chairman)
Hon James TO Kun-sun
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon Miriam LAU Kin-ye, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon KAM Nai-wai, MH
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 CHEUNG Hok-ming, GBS, JP
Hon CHAN Hak-kan

Public Officers attending : **Agenda item I**
Mr YAU Shing-mu, JP
Acting Secretary for Transport and Housing

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

**Attendance by
Invitation** : **Agenda item I**

Individual

Mr CHAN Chung-yau

Individual

Mr LEUNG Kong-yui
Associate Head
Centre for Logistics and Transport, HKU School
of Professional and Continuing Education

The Motor Traders Association of Hong Kong

Mr Chong GOT
Chairman

Mr Daniel CHAN
Executive Committee Member

Right Hand Drive Motors Association (Hong
Kong) Limited

Mr LAW Chi-yin
Meritorious Chairman

Mr YUEN Ping-hang
Chairman

Individual

Professor William H K LAM
Chair Professor and Associate Head of Department
of Civil and Structural Engineering
The Hong Kong Polytechnic University

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

Ms Emily LIU
Legislative Assistant (1)2

Action

I Meeting with deputations and the Administration

[LC Paper Nos. CB(1)1760/10-11(01) to (04), CB(1)1780/10-11(03) to (05), CB(1)1780/10-11(07) and CB(1)1816/10-11(01) to (02)]

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

Declaration of interest

2. Dr Philip WONG declared that he had purchased a private car before the announcement of the increase in the first registration tax (FRT) for private cars by about 15% in the 2011-2012 Budget Speech.

Meeting with deputations

3. The Subcommittee received views from five deputations attending the meeting.

4. The Subcommittee noted that a total of 10 written submissions had been provided by organizations/individuals, of which three were provided by the five deputations attending the meeting and the rest was provided by organizations/individuals who did not attend the meeting. A summary of the views and suggestions made by the deputations was issued vide LC Paper No. CB(1)2044/10-11(01). The Administration's response to the suggestions made by the deputations was issued vide LC Paper No. CB(1)2041/10-11(01).

Follow-up actions required of the Administration

Admin 5. To facilitate members' further deliberation, the Administration was requested to provide the following information and response -

- (a) justifications to support the Administration's view that traffic congestion in Hong Kong was caused by the growth in private cars;
- (b) explanation of how the average vehicle journey speeds on all strategic roads were calculated, and information on these average vehicle journey speeds for the past 5 to 10 years;
- (c) the number of imported second-hand private cars for the past five years and explanation of the applicability of FRT and required emission standard for such vehicles; and
- (d) response to a proposal that the Administration should relaunch the scheme implemented between 1996 and 2002 of granting concessions to private car owners to encourage them to write off old private cars aged over 10 years.

II Any other business

6. Members noted that the next meeting would be held on 11 April 2011 at 10:45 am in the Chamber of the Legislative Council Building.

7. There being no other business, the meeting ended at 6:30 pm.

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

**Proceedings of the second meeting
on Monday, 4 April 2011, at 4:30 pm
in the Chamber of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
Agenda item I – Meeting with deputations and the Administration			
000402 – 000819	Chairman Dr Philip WONG	<u>Opening Remarks</u> <u>Declaration of interest by Dr Philip WONG</u>	
000820 – 000856	Chairman Mr CHAN Chung-yau	<u>Meeting with deputations</u> Presentation of views	
000857 – 001415	Chairman Mr LEUNG Kong-yui, HKU School of Professional and Continuing Education	Presentation of views	
001416 – 001830	Chairman Mr Chong GOT, The Motor Traders Association of Hong Kong	Presentation of views [LC Papers Nos. CB(1)1760/10-11(01) and CB(1)1816/10-11(01)]	
001831 – 002113	Chairman Mr LAW Chi-yin, Right Hand Drive Motors Association (Hong Kong) Limited	Presentation of views [LC Paper No. CB(1)1780/10-11(03)]	
002114 – 002549	Chairman Prof William LAM, The Hong Kong Polytechnic University	Presentation of views	
002550 – 002932	Chairman Administration	The Administration's response to the views of deputations – (a) explanation of the policy intent of the proposed increase, which was to curb the growth of licensed private cars and contain traffic congestion; and (b) the overall average car journey speed of Kowloon and Hong Kong Island as well as the New Territories had decreased by 5.1%	

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		<p>and 9.7% respectively from 2008 to 2010. The Administration had all along adopted a multi-pronged approach in improving traffic condition and other measures to contain traffic congestion were also considered.</p>	
002933 – 003610	Chairman Mr Albert CHAN Administration	<p>Concern about the lack of detailed information on the increase in the number of licensed private cars in the past few years and on the economic loss caused by traffic congestion.</p> <p>Request for the Administration to provide the volume to capacity ratio of the relevant strategic roads which illustrated the traffic flow.</p> <p>The Administration's advice that the increase in licensed private cars for the past few years was set out in Annex I of LC Paper No. CB(1)1780/10-11(01) and the drop in average car journey speed in the major roads was also provided in paragraph 5 of the paper.</p>	Admin to provide information (para. 5 of the minutes)
003611 – 004416	Chairman Mr KAM Nai-wai Administration	<p>Concern about what other measures would be implemented by the Administration to ease traffic congestion and what further actions would be taken if the proposed increase in FRT could not ease traffic congestion.</p> <p>Request for the Administration to provide information on the number of imported second-hand private cars for the past five years.</p> <p>The Administration's response that on easing traffic congestion, other measures recommended by the White Paper on Transport Policy 1990 and the Transport Strategy for the Future 1999 were pursued, including integrating transport and land use planning to reduce reliance on road-based transport; having the public transport system as the main transport mode, with railway as the backbone, and encouraging the public to use public transport services. The number of imported second-hand private cars in 2010 was around 9 000.</p>	Admin to provide information (para. 5 of the minutes)
004417 – 005150	Chairman Ms Miriam LAU Administration	Concern that public buses on the roads might have caused traffic congestion. Objected to the proposed increase in FRT for private cars as no convincing evidence and statistics were provided	

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		<p>to support that traffic congestion was caused by the growth in private cars.</p> <p>The Administration pointed out that as revealed by the Travel Characteristics Survey of the Transport Department (TD), people with access to private cars made about 60-80% more trips than others, and 55% of them used their private cars at least five days a week. As a result, increase in private cars would lead to higher road usage. About 10% of passenger trips used private car which accounted for 40% of road usage; whereas 60% of passenger trips were carried by road-based transport which had a road usage of only 30%. The growth in private cars directly reduced the overall efficiency of vehicles on roads and affected traffic condition.</p>	
005151 – 005931	<p>Chairman Mr IP Kwok-him Mr Chong GOT, The Motor Traders Association of Hong Kong Mr LAW Chi-yin, Right Hand Drive Motors Association (Hong Kong) Limited Administration</p>	<p>Concern about the increase in number of imported second-hand private cars in recent years. The number of imported second-hand private cars had increased from 4 649 in 2009 to 9 412 in 2010.</p> <p>Request for the Administration to consider relaunching the scheme implemented between 1996 to 2002 of granting concessions to private car owners to write off old private cars.</p> <p>The Administration's advice that the overall age of the private car fleet was relatively young and 70% private cars complied with Euro III and IV emission standards.</p>	Admin to provide response (para. 5 of the minutes)
005932 – 010401	<p>Chairman Mr CHAN Kin-por Mr LAW Chi-yin, Right Hand Drive Motors Association (Hong Kong) Limited Mr Chong GOT, The Motor Traders Association of Hong Kong Administration</p>	<p>Discussion on granting tax exemption from the proposed FRT increase to private car owners who had placed orders for purchase of private cars before the Order took effect subject to documentary proof available for verification of the date on which the transaction or the deposit was made.</p> <p>Request for the Administration to provide information on the required emission standard of the imported second-hand private cars.</p> <p>Mr LAW and Mr GOT did not consider it difficult to verify the date of payment of deposit or the date of transaction as the bank-in slips would provide the necessary proof and the possibility of creating fraudulent documents to backdate the</p>	Admin to provide information (para. 5 of the minutes)

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		<p>transactions was low as it would be a criminal offence to provide fraudulent documentation.</p> <p>The Administration pointed out that the prevailing emission requirements for motor vehicles seeking first registration in Hong Kong were set at Euro IV level. For home-delivery private cars that were registered in the name of the importer overseas, the relevant depreciation rate and taxable value would be calculated to determine the FRT payable.</p>	
010402 – 010947	Chairman Mr WONG Sing-chi Administration	<p>Suggestion of granting concessions to private car owners to encourage them to write off old private cars.</p> <p>The Administration considered that most of the private cars complied with Euro III and IV emission standards and were not the main source of road side air pollution. In addition, if owners chose to buy environment-friendly petrol private cars approved by the Environmental Protection Department (EPD), they would be entitled to concessions.</p>	
010948 – 011542	Chairman Mr Chong GOT, The Motor Traders Association of Hong Kong Mr LAW Chi-yin, Right Hand Drive Motors Association (Hong Kong) Limited Administration	<p>Request for the Motor Traders Association of Hong Kong (MTA) to provide information on the number of private cars pre-ordered before the Order took effect.</p> <p>Suggestion on initiatives to encourage private car owners to deregister old private cars without buying new cars.</p> <p>The Administration considered that for vehicles pre-ordered before the Order took effect, it had been the practice for adjustments in the past that the new rates applied to all vehicles which had not been registered when the changes took effect. On initiatives for owners to deregister old private cars, it might not be necessary as the overall age of the private cars in Hong Kong was relatively young when compared to overseas private cars and most of the private cars were in compliance with Euro III and Euro IV emission standards.</p>	
011543 – 012206	Chairman Mr KAM Nai-wai Mr Chong GOT, The Motor Traders	Request for MTA to give views on whether the proposed increase in FRT of 15% would achieve the policy intent to contain the number of private cars.	

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	Association of Hong Kong Administration	<p>Request for the Administration to advise on the effect expected to be achieved by the proposed increase in FRT.</p> <p>MTA's view that it was doubtful whether the proposed increase in FRT of 15% would achieve the purpose of containing the number of private cars. The increase in imported second-hand private cars due to the proposed increase in FRT might outweigh the number of newly registered private cars curbed by the current increase.</p> <p>The Administration's response that the policy intent was to curb the growth of private cars, including brand new and imported second-hand private cars as both of them would be subject to the new FRT rates. The Administration was also actively pursuing measures for tackling the uneven traffic distribution among the road harbour crossings.</p>	
012207 – 013131	Chairman Ms Miriam LAU Administration	Concern on the increase in number of imported second-hand private cars in recent years and on the emission level of these cars and their impact on the environment. Suggestion of granting tax exemption to private car owners who had placed orders for purchase of new cars before the Order took effect if relevant documentary proof could be produced.	
013132 – 013528	Chairman Mr WONG Sing-chi Administration	<p>Concern about the effectiveness of the proposed increase in FRT in easing traffic congestion and what further actions would be taken by the Administration if the proposed increase was not effective in easing traffic congestion.</p> <p>The Administration's response that the policy objective was to contain the number of private cars, which was one of the ways to contain traffic congestion.</p>	
013529 – 013648	Chairman Administration	Briefing on the Administration's paper (issued vide LC Paper No. CB(1)1790/10-11 on 1 April 2011) providing response to the list of follow-up actions arising from the meeting on 24 March 2011.	
013649 – 014248	Chairman Ms Miriam LAU Administration	Discussion on the effectiveness of the increase in FRT for private cars in containing the growth in private cars and the traffic congestion on the	

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		<p>strategic roads mentioned in paragraph 5 of the Administration's paper (LC Paper No. CB(1)1780/10-11(01)).</p> <p>The Administration's advice that the overall car journey speed on the strategic roads had dropped over the past three years. For instance, the average car journey speed on Tolo Highway was 80 km/hr in 2008, 77 km/hr in 2009 and 75 km/hr in 2010.</p>	
014249 – 014544	Chairman Mr Albert CHAN	Expression of concern that the increase in FRT for private cars would not ease traffic congestion.	
014545 – 015023	Chairman Mr KAM Nai-wai Administration	<p>Concern on how the average car journey speeds on all strategic roads of Hong Kong were calculated and whether any factor such as traffic accidents had been taken into account in the calculation. Requested for the Administration to provide information on the average car journey speeds on the major roads for the past 5 to 10 years and the number of licensed private cars in the same period.</p> <p>The Administration responded that the average car journey speeds were measured during the morning peak hours (from 8:00 am to 9:30 am) on a normal weekday. Additional re-runs would be arranged for if the car journey speed was affected by road works or traffic accident at the time of the survey to ensure that the survey results accurately reflected the real situations. The Administration undertook to provide the information requested.</p>	Admin to provide information (para. 5 of the minutes)
015024 – 015122	Chairman Mr Albert CHAN	Discussion on the Administration's policy considerations in proposing to introduce an increase in FRT for private cars.	
015123 – 015858	Chairman Mr KAM Nai-wai Mr Albert CHAN Ms Miriam LAU Mr IP Kwok-him Assistant Legal Adviser 9	<p>Discussion on the timetable and procedure for repealing the Order.</p> <p>The Chairman's advice that the relevant Bill would be gazetted on 8 April 2011 and introduced into the Legislative Council on 13 April 2011. The House Committee would decide at its meeting on 15 April 2011 whether a Bills Committee would be formed to study the Bill.</p>	

Time marker	Speaker	Subject(s)	Action required
		Date of next meeting.	

Council Business Division 1
Legislative Council Secretariat
19 September 2011