

立法會
Legislative Council

LC Paper No. CB(1)1229/13-14
(These minutes have been seen by
the Administration)

Ref : CB1/SS/10/13/1

**Subcommittee on Proposed Resolution under Section 5(4) of the
Motor Vehicles (First Registration Tax) Ordinance**

**Minutes of first meeting held on
Wednesday, 5 March 2014, at 4:30 pm
in Conference Room 2A of the Legislative Council Complex**

Members present : Dr Hon Fernando CHEUNG Chiu-hung (Chairman)
Hon Alan LEONG Kah-kit, SC
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH

Public Officers attending : Agenda item II

Mr MOK Wai-chuen
Assistant Director (Air Policy)
Environmental Protection Department

Mr FONG Kin-wa
Principal Environmental Protection Officer
(Mobile Source)
Environmental Protection Department

Ms Monica LAW Man-yuen
Senior Assistant Law Draftsman
Department of Justice

Clerk in attendance : Ms Sharon CHUNG
Chief Council Secretary (1)6

Staff in attendance : Ms Clara TAM
Assistant Legal Adviser 9

Mr Anthony CHU
Senior Council Secretary (1)6

Mr Fred PANG
Council Secretary (1)6

Ms Christina SHIU
Legislative Assistant (1)6

Action

I Election of Chairman

Mr Alan LEONG, the member with the highest precedence in the Council among all members of the Subcommittee present, presided over the election of Chairman of the Subcommittee. He invited nominations for the chairmanship of the Subcommittee.

2. Mr Alan LEONG nominated Dr Fernando CHEUNG and the nomination was seconded by Mr Frankie YICK. There being no other nomination, Dr Fernando CHEUNG was elected Chairman of the Subcommittee. Members agreed that there was no need to elect a Deputy Chairman.

II Meeting with the Administration

(LC Paper No. CB(3)440/13-14 -- Proposed Resolution under Section 5(4) of the Motor Vehicles (First Registration Tax) Ordinance
LC Paper No. LS32/13-14 -- Legal Service Division Report
LC Paper No. CB(1)1027/13-14(01) -- Legislative Council Brief)

3. The Subcommittee deliberated (index of proceedings in the **Appendix**).

4. The Chairman concluded that --

(a) the Subcommittee had completed the scrutiny of the Proposed Resolution under Section 5(4) of the Motor Vehicles (First

Registration Tax) Ordinance (Cap. 330) ("the Proposed Resolution"); and

- (b) the Subcommittee had no objection to the Secretary for the Environment ("SEN") moving the Proposed Resolution at the Council meeting of 26 March 2014.

Follow-up actions

- Admin 5. The Administration was requested to report to the Panel on Environmental Affairs regularly the types and number of electric vehicles ("EVs") registered so that Panel members would be able to monitor whether the first registration tax exemption for EVs achieved its objective and was not abused.
- Clerk 6. The Subcommittee agreed that the issue on the use of electric bicycles on the roads should be referred to the Panel on Transport and the Panel on Environmental Affairs for joint discussions.

Legislative timetable

7. The Chairman advised members that the deadline for giving notice of amendment to the Proposed Resolution was 19 March 2014.

(Post-meeting note: At the instruction of the Chairman, the Clerk informed members on 13 March 2014 vide LC Paper No. CB(1)1079/13-14 that he intended to move an amendment in his own name to the Proposed Resolution to change the proposed expiry date (31 March 2017) for exempting EVs from the payment of first registration tax.)

III Any other business

8. There being no other business, the meeting ended at 6:03 pm.

**Proceedings of first meeting of the
Subcommittee on Proposed Resolution under Section 5(4) of the
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on Wednesday, 5 March 2014, at 4:30 pm
in Conference Room 2A of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
Agenda Item I – Election of Chairman			
000556 – 000746	Mr Alan LEONG Mr Frankie YICK	Election of Chairman	
Agenda Item II – Meeting with the Administration			
<u>Discussion on the Proposed Resolution</u>			
000747 – 001441	Chairman Administration	<p>Briefing by the Administration on the Proposed Resolution (LC Paper No. CB(1) 1027/13-14(01))</p> <p>The Chairman expressed concern on granting exemption to purchasers of luxury sports electric vehicles ("EVs") from paying first registration tax ("FRT").</p> <p>The Administration explained that --</p> <p>(a) FRT was a key element of the Administration's strategy in promoting the use of EVs. Given the limited supply of EVs in the market, it might be premature to bar certain uses or vehicles from enjoying the tax incentives.</p> <p>(b) A wider customer base would facilitate the improvement of the technology and design of EVs as well as technology transfer to other types of vehicles.</p> <p>(c) As for the exemption arrangement after the expiry of the proposed one, the Administration would review whether to continue the exemption or make the exemption conditional.</p>	
001442 – 002745	Mr WU Chi-wai Administration Chairman	<p>Mr WU Chi-wai's enquiries on --</p> <p>(a) other clean fuel technologies for vehicles;</p> <p>(b) the handling of waste batteries from EVs and the number of such waste batteries disposed of in the last five years;</p> <p>(c) the reasons for not allowing the use of electric bicycles on the roads.</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>The Administration responded that --</p> <p>(a) Fuel cell vehicles were also clean fuel vehicles but they were very expensive and not yet fully mature. Moreover, fuel cell vehicles needed the support of a network of hydrogen supply, which could be incompatible with the high development density in Hong Kong.</p> <p>(b) Some EV suppliers collected waste batteries from EVs and reused them for less demanding applications. Disposal of batteries was regulated under the Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C). It had no information about the number of waste batteries disposed of in Hong Kong in the last five years.</p> <p>(c) The Transport Department ("TD") had safety concerns on the use of electric bicycles on the roads, and its impact on other road users.</p> <p>Mr WU said that the prohibition on the use of electric bicycles on the roads was in conflict with the policy to promote green transport. He suggested that the Environmental Protection Department ("EPD") should liaise with TD on this issue.</p> <p>The Chairman suggested and the Subcommittee agreed that the issue of use of electric bicycles be referred to the Panel on Environmental Affairs ("EA Panel") and the Panel on Transport for joint discussions.</p> <p>In response to Mr WU's enquiry, the Administration advised that the number of registered EVs had increased from 74 in end-2010 to 592 in 2013.</p>	<p>The Clerk to take follow-up action as in paragraph 6 of the minutes</p>
002746 – 003821	Mr Frankie YICK Administration Chairman	<p>Mr Frankie YICK enquired how the Administration would promote wider use of EVs in Hong Kong other than granting FRT exemption, e.g. by installing more quick charging points.</p> <p>The Administration advised that --</p> <p>(a) At present, there were different standards adopted by EV manufacturers for the chargers. This had caused difficulties in further increasing charging facilities.</p> <p>(b) Apart from the existing 1 000 public charging facilities, the Administration would establish 100</p>	

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		<p>medium chargers, which could save the charging time by up to 60%, in various districts.</p> <p>(c) The Administration would launch a pilot scheme to enable suppliers of electric taxis to install up to 50 quick chargers at six car parks administered by TD.</p> <p>Mr YICK proposed that the Administration should explore the feasibility of using charging adaptors to overcome the problem arising from the difference among the standards of chargers.</p> <p>In response to Mr YICK's enquiry on how the Administration would monitor the disposal of waste batteries to be generated from EVs upon its wide adoption, the Administration said that the disposal of batteries was regulated under the Waste Disposal (Chemical Waste) (General) Regulation. The Administration would closely monitor the collection and disposal of waste batteries from EVs.</p> <p>The Chairman said that while there were barrier-free electric taxis to suit the needs of wheelchair users, the Liquefied Petroleum Gas ("LPG") taxis in Hong Kong had no barrier-free features. He urged the Administration to assist in introducing barrier-free LPG taxis to Hong Kong.</p>	
003822 – 004339	Mr WU Chi-wai Administration	<p>Mr WU Chi-wai said that EPD had not fully grasped the development of disposal of waste batteries from EVs and other devices in Hong Kong. He suggested that the Administration should provide information on this subject in its future discussions with EA Panel.</p> <p>Mr WU asked whether the trials for supercapacitor and battery electric buses had been extended to red and green mini-buses.</p> <p>The Administration advised that --</p> <p>(a) A supplier had recently introduced a new hybrid mini-bus to the local market. The industry had submitted an application to the Pilot Green Transport Fund to try out the new model and other innovative green and low carbon transport technologies.</p> <p>(b) Currently, there was no supercapacitor mini-bus available on the market.</p>	

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004340 – 005344	Chairman Administration	<p>The Chairman said that --</p> <ul style="list-style-type: none"> (a) An American EV manufacturer had publicized a message that purchasers of its electric sports cars would realize upfront tax saving of \$463,350 to \$673,570, should FRT exemption be extended beyond 31 March 2014. (b) In this connection, he was concerned whether public monies should be used to subsidize the purchases of these luxury sports EVs. (c) The Hong Kong dealer of the sports EV had announced that more than 300 orders had been received. This meant that tens of millions of dollars of tax revenue had been forgone. (d) He personally objected to granting FRT exemption for luxury sports EVs. <p>The Administration said that --</p> <ul style="list-style-type: none"> (a) The successful development of EV technology on high-performance cars such as sports cars had the potential to be transferred to other types of vehicles demanding high performance, e.g. taxis, goods vehicles, thus promoting the wider adoption of EVs and improving roadside air quality. (b) Imposing various restrictions on FRT exemption for EVs might hinder the development of the EV market and technology. (c) The proposed extension was three years, during which electric vehicles still needed the FRT exemption for promoting their use. As for the exemption arrangement after its expiry, the Administration would review whether to continue the exemption or make the exemption conditional. (d) Under section 5(4) of the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330) ("the Ordinance"), Legislative Council ("LegCo") was empowered to determine by resolution the expiry date of the FRT exemption but not any other conditions. 	
005345 – 010041	Mr Frankie YICK Chairman Administration	<p>Mr Frankie YICK said that --</p> <ul style="list-style-type: none"> (a) A vehicle should be entitled to the FRT exemption 	

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		<p>as long as it met the exemption criteria under the law.</p> <p>(b) It was difficult to draw a line with reference to the price or the use to exclude some EVs from the FRT exemption.</p> <p>The Chairman reiterated his opinion that it was not appropriate to exempt luxury sports EVs from FRT, in view of the public monies involved.</p> <p>The Administration advised that to ensure the continuity of the FRT exemption for EVs, which would expire on 31 March 2014, the Secretary for the Environment ("SEN") would have to move the Proposed Resolution at the Council meeting of 26 March 2014.</p>	
010042– 010513	Chairman Administration	<p>In response to the Chairman's enquiry, the Administration confirmed that under section 5(4) of the Ordinance, LegCo was empowered to determine by resolution only the expiry date of the FRT exemption.</p> <p>The Chairman said that when the Administration found it necessary to impose conditions or restrictions to the FRT exemption in future, it should introduce a bill to amend the Ordinance.</p> <p>The Administration reiterated that at this stage, FRT exemption for EVs, irrespective of the car prices, could help the development of the EV market and technology.</p>	
010514 – 011049	Mr WU Chi-wai Mr Frankie YICK	<p>Mr WU Chi-wai opined that --</p> <p>(a) Whether luxury goods should be subject to taxation was a separate and much bigger issue.</p> <p>(b) The present discussion should focus on FRT exemption for EVs for the purpose of promoting the adoption of EVs in Hong Kong.</p> <p>(c) Whether a progressive rate for partial FRT exemption for EVs could be considered in due course.</p> <p>Mr Frankie YICK disagreed that certain EVs be excluded from FRT exemption simply because of their prices.</p>	
011050 – 011829	Chairman Administration	The Chairman asked whether the two power companies in Hong Kong, which would benefit from increased	

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	Mr Frankie YICK	<p>electricity consumption, had any role to play in promoting the adoption of EVs in Hong Kong.</p> <p>The Administration replied that --</p> <p>(a) The two power companies were users of EVs as well as providers of a number of public charging facilities.</p> <p>(b) As regards the control of profits, the power companies had to abide by the Scheme of Control agreements.</p> <p>(c) It would be more effective to monitor and control the emissions from the two power companies than those from hundreds of thousands of vehicles on the road. That was an added merit of replacing conventional vehicles by electric ones, on top of the latter having no tailpipe emissions.</p> <p>In reply to the Chairman's enquiry, the Administration advised that the charging points installed by the Government were maintained by the Government while the respective owners would be responsible for maintaining the charging facilities in their properties.</p> <p>Mr Frankie YICK said that --</p> <p>(a) The profits in excess of the annual permitted return of the two power companies would be transferred to a fund under the Scheme of Control agreements.</p> <p>(b) If more EVs were used, the air quality would be improved and the health care costs for the society would be reduced.</p>	
<u>Examination of the provisions of the Proposed Resolution</u>			
011830 - 012134	Chairman Administration	Members raised no questions on the provisions.	
<u>Legislative timetable</u>			
012135 – 013249	Chairman Administration Mr Frankie YICK Assistant Legal Adviser 9	<p>The meeting agreed that it was not necessary to invite relevant organizations to give views on the Proposed Resolution or to hold a second meeting.</p> <p>The Administration advised that subject to the support of the Subcommittee, SEN would move the Proposed Resolution at the Council meeting of 26 March 2014.</p>	

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		<p>The Chairman said that the Subcommittee had no objection to SEN moving the Proposed Resolution but he personally had great reservation on using public monies to subsidize the purchases of luxury sports EVs.</p> <p>Mr Frankie YICK asked whether Members may propose amendments to the Proposed Resolution.</p> <p>The Chairman asked whether SEN could move the Proposed Resolution without the support of the Subcommittee.</p> <p>Assistant Legal Assistant 9 replied that --</p> <p>(a) Amendments by Members could be proposed so long as they were within the scope of the Proposed Resolution, i.e. the expiry date of the FRT exemption.</p> <p>(b) In the event that the Subcommittee did not support the Proposed Resolution, the Administration might nevertheless proceed to move it at a Council meeting. The Subcommittee's deliberations would serve as a reference for LegCo Members, who would decide whether to vote for the Proposed Resolution at the Council meeting.</p> <p>The Chairman advised that --</p> <p>(a) The Administration should report to EA Panel regularly the types and numbers of EVs registered, including information about registered luxury sports EVs, if any, so that Panel members would be able to monitor whether the FRT exemption arrangement achieved its objective and was not abused.</p> <p>(b) The deadline for giving notice of amendment to the Proposed Resolution was 19 March 2014.</p>	<p>The Administration to take follow-up action as in paragraph 5 of the minutes</p>