

**For meeting on
10 November 2004**

Legislative Council Panel on Financial Affairs

Personalized Vehicles Registration Marks Scheme

PURPOSE

This paper sets out the Administration's proposals regarding the new Personalized Vehicle Registration Marks (PVRM) Scheme. Members are invited to offer their views on the proposed Scheme.

BACKGROUND AND ARGUMENT

Announcement in Budget

2. The Financial Secretary proposed in the 2004-05 Budget that, in addition to the existing arrangements for allocating and auctioning vehicle registration marks, a new PVRM Scheme should be introduced to raise revenue for the Government, and to provide more choices of vehicle registration marks to vehicle owners. Under the Scheme, a vehicle owner can choose his preferred vehicle registration mark, apply to the Transport Department (TD) and use it upon approval following a bidding exercise.

3. 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, numerals and/or blank spaces. The Government has also undertaken to introduce legislation into the Legislative Council as soon as possible to implement the PVRM Scheme.

Existing arrangements regarding vehicle registration marks

4. At the moment, only letters of the alphabet and numerals are allowed in vehicle registration marks (VRMs). There are two types of VRMs-

- (a) ordinary VRMs (OVRMs) which are in the format of a maximum of two letters of the alphabet followed by a maximum of four numerals, e.g. “EN3452”. OVRMs are assigned/allocated according to the alphabetical order of the letters. A vehicle owner will be assigned an OVRM upon registration. Alternatively, he may choose another OVRM that is available for reservation for allocation by auction. The OVRMs assigned recently start with the letters LS.
- (b) special VRMs (SVRMs) consist of numbers alone, or a maximum of two letters together with any of the special numbers set out in Schedule 5 to the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub.leg. E). Examples of SVRMs include “7” and “EN7”. SVRMs are generally regarded as lucky numbers. Members of the general public may bid for SVRMs through public auctions.

5. Any vehicle owner who applies to the Commissioner for Transport to reserve any unassigned OVRMs for auction is required to pay a deposit of \$1,000. The reserved OVRM will then be put up for public auction. If the reserved OVRM is sold to a person other than the applicant in the auction, the deposit paid by the applicant will be refunded. The OVRMs obtained through auction may be transferred together with the vehicles to which they are assigned, upon payment of a fee. OVRMs are not transferable on their own.

6. Unlike OVRMs, SVRMs are not transferable even with the vehicles to which they are assigned. The restriction is intended to curb speculation. However, as vehicles may be registered under the name of a company, some people have circumvented the restriction by assigning an SVRM to a vehicle registered under the name of a company and then selling all the shares of the company to another party, thus in effect

transferring the SVRM.

7. The proceeds from the auction of OVRMs and SVRMs are paid into the Lotteries Fund.

THE PVRM SCHEME

General Features

8. We propose that the new PVRM Scheme should have the following features-

- (a) PVRM combinations should be combinations of up to a maximum of eight letters of the alphabet (other than the exceptions set out below), numerals and/or blank spaces; blank space will count as one of the permitted characters and there may only be one blank space between two letters/numerals or between a letter and a numeral;
- (b) PVRM combinations which are likely to cause enforcement problems will not be approved. For example, the letters “I”, “O” and “Q” will not be allowed as they resemble the numerals “1” and “0” respectively, and there should be no more than four identical letters or numerals placed side by side in a PVRM;
- (c) PVRM combinations must not cause any person to believe that the vehicles bearing them belong to or the persons using the vehicles represent the Government of Hong Kong, any country or the government of any country, an international organisation in which Hong Kong Government participates, the offices of the Central People’s Government in Hong Kong, or any public body in Hong Kong;;
- (d) PVRM combinations must not be offensive to good taste or decency, confusing to law enforcement or detrimental to road safety;

- (e) PVRM combinations must not duplicate with existing VRMs or be of a similar pattern to existing forms of VRMs or permit/licence numbers, e.g. village vehicle permits (start with “VV” and followed by numerals), trade licences (start with “T” and followed by numerals) and trailer registration numbers (end with “T”) etc. to ringfence the existing system. PVRMs must also not duplicate the marks specially assigned to certain types of vehicles, e.g. marks with prefixes “A” and “F” which are used by the Fire Services Department for the department’s ambulances and other vehicles, “AM” for government vehicles and “LC” for the Legislative Council’s vehicles;
- (f) PVRMs may be transferred together with the vehicles to which they are assigned, subject to a payment of a fee. The mechanism will be similar to that for transferring OVRMs and the fees are the same. The known transfers of SVRMs through transferring company ownership, despite the non-transferability rule, have shown that it is not possible to effectively enforce the non-transferability rule; and
- (g) the Commissioner for Transport (C for T) may recall a PVRM after allocation should it be found afterwards that the mark is inappropriate or is no longer appropriate for allocation. The PVRM holder would be refunded the full amount of the auction price and offered an OVRM at no charge. An appeal channel will be provided for such recall cases.

9. A number of overseas places including Georgia, Utah, Montana and Wisconsin in the United States of America, Western Australia, New Zealand and the United Kingdom also have in place a PVRM-type scheme.

Applications for PVRMs

10. We propose that the application procedures for the new PVRM Scheme should be administratively simple and familiar to vehicle owners. Therefore, we propose to follow as far as applicable the existing arrangements for OVRMs and SVRMs.

11. An applicant will be required to set out in the application form the way he will display his proposed PVRM. In line with the existing arrangement for the auction of OVRMs, TD will require an applicant for a PVRM to pay a deposit. We propose to set the deposit for each PVRM at \$20,000. This has taken into account affordability and the need to generate meaningful revenue.

12. C for T will consider whether to approve the PVRM on the basis of the proposed PVRM as stated in the application form. Applications for PVRMs will be processed on a 'first come first served' basis. If a proposed PVRM has already been applied for by another person, the application will not be processed and the applicant will be advised to bid for the PVRM in question at an auction to be arranged by C for T. C for T will then consider the PVRM applications in accordance with the above set of criteria (para 8 refers). C for T will be assisted by the Police, the Home Affairs Bureau (HAB), any other departments as appropriate and one or more non-officials in his consideration of the applications.

13. We also propose to reserve for auctioning certain PVRM combinations that should be more popular for revenue protection purposes. Our intention is to reserve single letters, identical letters placed side by side and sequential letters or numerals. This is in the same spirit as the existing practice of reserving special numbers for auctioning under SVRM arrangements. PVRMs proposed by applicants which are the reserved combinations will not be approved. The applicants will be advised to bid for such PVRMs at auctions to be arranged by C for T.

Allocation and Use of PVRMs

14. C for T will notify applicants of his approval or disapproval of proposed PVRMs and the dates of auction. For administrative simplicity, at the auction, the \$20,000 deposit will be the reserve price. If a PVRM is not auctioned to the applicant, the deposit will be refunded to the applicant. If the PVRM is not sold at auction, the PVRM will be allocated to the applicant and the deposit paid will be taken as the price paid by him. TD will issue to the successful bidder a certificate of

allocation of PVRM which will set out the auction price, date of allocation, the name of the allocatee, etc..

15. In line with the requirement applicable to both ordinary VRMs and SVRMs, we propose that an allocatee will have to assign his PVRM to his vehicle within 12 months of allocation.

PROPOSED LEGISLATIVE AMENDMENTS

16. The Road Traffic Ordinance (Cap. 374) and the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub.leg. E) provide for the application for, allocation and display of OVRMs and SVRMs. We propose to amend the legislation to provide for the new PVRM Scheme. Our intention is to submit the relevant Bill to this Council in the current legislative year.

17. We will also propose a number of amendments to the existing technical requirements on the display of VRMs under the Ordinance to ensure that the effectiveness of enforcement will not be compromised.

18. The existing arrangements for OVRMs and SVRMs will not be affected by the new PVRM Scheme. The revenue generated from the auctions of OVRMs and SVRMs will continue to be credited to the Lotteries Fund.

19. Intellectual properties (IP) have been considered in the context of the PVRM Scheme. The Intellectual Property Department has advised that the possibility is remote that the mere use of a PVRM would constitute an infringement of IP. Furthermore, if after allocation a PVRM is used in such a manner as to infringe IP rights, the IP owners are protected by the existing IP laws.

PUBLIC CONSULTATION

20. The proposed Scheme is a measure announced by the Financial Secretary in his 2004-05 Budget.

FINANCIAL IMPLICATIONS

21. The non-recurrent costs for various concerned departments (including TD, the Police and the Customs and Excise Department) to implement the new PVRM Scheme, which involve mainly the computer system development costs, are estimated to be around \$15 million. The recurrent costs for TD to operate the Scheme will be about \$6 million a year.

22. As the PVRM Scheme is new, the revenue to be generated from auctioning PVRMs is difficult to estimate. The ballpark estimate having regard to the likely demand is \$70 million a year. The eventual outturn would depend on the popularity of the Scheme.

ADVICE SOUGHT

23. Members are invited to note the Administration's plan to implement the new PVRM Scheme and provide comments on the proposed features of the Scheme.

Financial Services and the Treasury Bureau
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