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31 March, 2011

Clerk to Subcommittee on Public  
Revenue Protection  
(Motor Vehicles First Registration  
Tax) Order 2011  
Legislative Council Secretariat  
3rd floor Citibank Tower  
3 Garden Road, Central, Hong Kong

Dear Sir/Madam,

**Re: Subcommittee on Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011 - Second meeting on Monday, 4 April 2011, at 4:30 pm in the Chamber of the Legislative Council Building**

I am writing in support of the government's proposal to increase the first registration tax (FRT) for private cars to cope with the surge in the number of private vehicles.

As one of the three approaches set out in the 1990 White Paper on Transport Policy, demand management has long been crucial and successful in managing road use in Hong Kong. In particular, the first registration tax, an easy to implement measure that is responsive to changing need, has helped to limit the growth of the vehicle fleet, contain traffic growth and encourage the use of public transport – an essential element in the promotion of sustainable transportation. If there is an environmental concern that an increase in this tax will lead to an aging fleet, the government could also consider raising the annual license fee in parallel with the FRT adjustment, and exploring a sliding scale whereby the annual license fee increases with the age of a vehicle. It would be irresponsible not to react promptly to the surge in private car ownership and thus deviate from the successful manner in which traffic demand has been managed over the past few decades.

To address traffic congestion over the medium term, the government should seriously reconsider electronic road pricing, which would help to combat congestion when and where it is likely to occur. The revenue generated could be used to improve the public transport system, which would benefit the public at large. However, before this more contentious measure is put in place, the proposed increase in FRT would be an effective and efficient measure for coping with traffic growth in a timely manner, and most certainly should be supported.

Thank you for your kind attention.

Yours sincerely,



Professor S.C. Wong