



**Submission on Electric Vehicle Policy for 2020 and beyond
by Charged Hong Kong**

With regard to our Air Quality, and the measures we are taking to improve it, Hong Kong continues to lose out to competing countries in our region. The health and fiscal consequences of this are impacting us every day. According to the Hedley Index, in 2016 there were 1,686 premature deaths, 113,000 hospital bed days and 2.6 million doctor visits caused by air pollution. Total economic loss was HK\$21 billion.

We offer the following suggestions to Government and Legco, for 2020 and beyond:

1. Purchasers of Electric Vehicles ("EVs") in Hong Kong used to enjoy a 100% exemption for First Registration Tax of new vehicles (an exemption that had been the policy for more than 20 years). In the 2017/2018 budget, the Financial Secretary abruptly announced a cap on this exemption for private cars at HK\$97,500 - effectively making only the first HK\$200,000 of an electric private car purchase, tax free. Since the cap came into effect, new sales of EVs have dropped to a tiny fraction of what they were, and show no signs of recovery to anywhere near past levels. Only 116 EVs were registered from Apr 2017 to Feb 2018. The total number of registered private vehicles exceeded 610,000 in 2018 but only 1.78% of those are EVs. Prior to this policy change, recent years had seen a dramatic increase in the number of Electric Vehicles on our roads; purchasers have now simply switched back to polluting petrol/diesel vehicles, with no reduction in the growth rate of the private vehicle fleet.

Electric Vehicles are currently more expensive than their internal combustion engine counterparts primarily as a result of the expensive batteries they contain. Limited charging infrastructure also leads to the requirement for bigger, more expensive, batteries. We urge government and Legco to waive FRT on the batteries in electric vehicles. This can be done in a fiscally neutral manner by increasing the corresponding tax on petrol/diesel vehicles.

This First Registration Tax policy for Electric Vehicles should also be clearly defined, with appropriate long-term commitments. These recent abrupt changes in policy, and short-term (one to three) year renewals, has led to a lack of confidence in the market.

2. Several national governments have pledged their intention to end sales or registrations of new internal combustion engine vehicles. For example:
 - France: Commits to end sales of petrol and diesel vehicles by 2040.
 - Norway: Only sales of 100% electric or plug-in hybrid cars allowed by 2025.
 - Netherlands: All cars must be emission free by 2030.
 - UK: All new cars being electric or ultra-low emission by 2040.

We urge government to announce a clear timeline and long-term plan for Electric Vehicles in Hong Kong, and for Legco to support this. The targets for EV adoption should be set for the next 5 to 10 years. It is important that the fledgling electric vehicle industry, as well as purchasers of the vehicles, have a clear commitment from government to support this growing trend. A clear timeframe would encourage investment in EV charging infrastructure (see point 4 below).

3. We urge the government to reconsider the restrictions on the incentives for the trade-in and scrapping of petrol/diesel vehicles, and their replacement with electric alternatives. Such incentives (such as the switch of aged buses) have worked well in the past, and have been effective at getting the most polluting vehicles off our roads. The introduction of the “One-for-One Replacement” scheme in Feb 2018 has proven ineffective due to its strict requirements. Only 268 applications under the Scheme were approved from Mar – Nov 2018 (an average of just 30 per month). The revisions to the scheme for 2019 improved this, but not to the levels seen prior to the 2017/2018 budget policy change.
4. The single biggest issue facing electric vehicle users in Hong Kong is the lack of home apartment and workplace car park charging facilities. Vehicle owners are willing and eager to install chargers in their own home or office car parks, but the buildings management (“BM”) companies and owners corporations (“OC”) block such installations - in particular where the installations must interface or pass through common areas of the building. There is, quite simply, no incentive for BM or OC to permit such installations; all they see are risks and extra workload. Our Hong Kong Government has implemented effective measures for new buildings (with the GFA concession being tied to EV enabling car parks), but nothing substantial has been done for existing buildings.

Government has now announced a HK\$2billion scheme to fund EV enabling existing buildings, and this is welcomed by the community. This fund should be used to kickstart the process of enabling installation of EV charging facilities in existing buildings by incentivising BM and OC to be early adopters (thus able to take advantage of the fund) rather than continue delaying (as the fund will run out after its term expires). However, now that the scheme has been announced, deployment of this infrastructure has ground to a halt (while the community waits for the launch). We urge Government to set the guidelines for this fund as soon as possible, and to allow as much flexibility as possible. We also urge Legco to support the finance approval for this.

It should be emphasised that EV charging facilities are used by both commercial and private electric vehicles. The more electric vehicles on the road, no matter whether private or commercial, the more pressure there is on BM and OC to permit installation of charging facilities, and the greater the commercial viability (and competition) within the EV charging networks and providers.

5. On the subject of public charging, the government car parks around Hong Kong provide electric vehicle charging facilities. Such facilities are not dedicated to electric vehicle charging (so the car park spaces are taken by petrol vehicles and unavailable to electric vehicles). We urge the government to dedicate those spaces to electric vehicle charging and to continue the deployment of medium speed chargers to government facilities.
6. Regarding the Steering Committee on the Promotion of Electric Vehicles, membership of that committee should be expanded to include representatives from the trade offering EVs for sale in Hong Kong, as well as the electricity companies (CLP Power Hong Kong Limited and HK Electric Investments Limited). These are the people that should be steering the direction of the EV market in Hong Kong.

We thank our Government and Legco for its policy support for electric vehicles and a cleaner environment. However, the 2017/2018 budget hit the industry badly, and was a huge step backwards. With data from the past three years, we hope that Government can see this clearly, and make appropriate policy and regulatory adjustments to improve the situation. We hope that the administration will reconsider and strengthen its support for Electric Vehicles and the improvements to our air quality that a transition to electrified transportation will bring.

Sincerely,
Charged Hong Kong
Registered Hong Kong society (#54000)
Registered charity #91/14340