

# LCQ15: "One-for-One Replacement"

## Scheme

Following is a question by the Hon Tanya Chan and a written reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (October 24):

Question:

On February 28 this year, the Government introduced a "One-for-One Replacement" Scheme (Replacement Scheme) under which a vehicle owner who scraps his old private car (PC) and buy a new electric PC (e-PC) may enjoy a higher first registration tax concession. The application criteria include: (a) that the old PC having been first registered for six years or more (the vehicle age requirement) and (b) that the applicant having been the registered owner of that vehicle for three years or more without interruption (the ownership period requirement), etc. Some environmentalists have criticised that the above criteria are stringent, which, coupled with the grossly inadequacy in public charging facilities for electric vehicles (EVs), have impeded the popularisation of EVs in Hong Kong. In this connection, will the Government inform this Council:

- (1) of (i) the end-of-month number of registered PCs, and (ii) the number of newly registered e-PCs, in each month from March to September this year;
- (2) of the respective (i) monthly and (ii) up-to-date numbers of applications for tax concession received and approved by the authorities since the launch of the Replacement Scheme;
- (3) of the respective numbers of registered PCs, as at March 31 this year, which (i) satisfied the two aforesaid application criteria, and (ii) met the vehicle age requirement and were owned by the existing owners for one year or more; the relevant projected numbers for the coming three years;
- (4) whether the authorities will lower the ownership period requirement to one year so as to expand the scope of the Replacement Scheme; if so, when this will be implemented; if not, of the reasons for that;
- (5) how the authorities publicise the Replacement Scheme and the amount of public expenditure incurred to date;
- (6) whether it knows the total numbers of (i) standard, (ii) medium and (iii) quick public EV chargers as at October 1 this year throughout the territory, with a breakdown by District Council district;
- (7) whether it has studied the appropriate ratio of the number of EVs to that of public chargers; if so, of the study outcome; if not, whether it will expeditiously commence such a study; and
- (8) whether it will regularly publish reports on the work of the Steering

Committee on the Promotion of Electric Vehicles to enable members of the public to monitor the Committee's work and the effectiveness thereof; if so, of the details; if not, the reasons for that, and the measures the authorities will take to enhance the transparency of the operation of the Committee?

Reply:

President,

Commercial vehicles (CVs) account for 95 per cent of the vehicular emissions of respirable suspended particulates and nitrogen oxides, both of which are major air pollutants. CVs have thus been a major target of the Government's measures to improve roadside air quality. As electric vehicles (EVs) have no tailpipe emissions, replacing conventional vehicles, especially CVs, with EVs can help improve roadside air quality.

The Government has all along been committed to promoting the use of electric CVs (e-CVs). Measures taken include waiving the first registration tax (FRT) of e-CVs in full since 1994; putting in place since March 2011 a \$300 million Pilot Green Transport Fund to support the transport sector to try out green innovative transport technologies (including e-CVs); and subsidising franchised bus companies to test out electric buses.

As for electric private cars (e-PCs), the Government's standing policy is to encourage the public to use public transport as far as possible. For members of the public who need to acquire private cars (PCs), we provide them with appropriate financial incentives such as tax concession and lower annual vehicle licence fee to encourage them to choose e-PCs.

When drawing up the FRT concessions for e-PCs, the Government considered that while the FRT would continue to be a means of controlling the overall growth of PCs to avoid causing traffic congestion and aggravating roadside air pollution, FRT concessions could be offered to aptly encourage vehicle buyers to go for EVs when purchasing PCs. Taking due account of these two factors, the technological development and market situation of EVs, as well as road traffic conditions and views of stakeholders, we decided to continue with the FRT concessions of up to \$97,500 for e-PCs from February 28, 2018 to March 31, 2021. For the same period, a new "One-for-One Replacement" Scheme (Replacement Scheme) has also been introduced to allow eligible existing vehicle owners who buy a new e-PC and scrap their own eligible old PC to enjoy a higher FRT concession of up to \$250,000.

My responses to the various parts of the question raised by the Hon Tanya Chan are as follows:

(1) The end-of-month number of registered PCs and the number of newly registered e-PCs in each month from March to September this year are listed at Annex I.

(2) The monthly and up-to-date numbers of applications received and approved since the launch of the Replacement Scheme are set out at Annex II.

(3) Based on the records of registered vehicles as at March 31, 2018 kept by the Transport Department (TD), the respective numbers of registered PCs that satisfied the criteria of "having been first registered for six years or more" and "its owner having own the PC for three years or more without interruption", and that satisfied the criteria of "having been first registered for six years or more" and "its owner having owned the PC for one year or more without interruption", as well as the relevant projected numbers for the coming three years are tabulated at Annex III.

(4) As mentioned above, on the premises of not increasing the total number of PCs, the Government has introduced the Replacement Scheme to provide existing PC owners with incentive to choose EVs when they need to replace their old PCs. To be eligible for the scheme, a vehicle owner must be the registered owner of an old PC for three years or more without interruption. While this requirement serves to encourage registered PC owners to opt for EVs when replacing their old PCs, it also prevents people from gathering a large number of old PCs from overseas or second-hand markets to participate in the scheme for profit making. As illustrated in Annex III, by the time the Replacement Scheme ends on March 31, 2021, the total number of PCs meeting the two criteria of "having been first registered for six years or more" and "its owner having owned the PC for three years or more without interruption" will be around 470 000, i.e. about three-fourth of the total number of PCs. At this stage, the Government has no plan to revise the application criteria for the Replacement Scheme.

(5) On promoting the use of EVs and the arrangements for making applications under the Replacement Scheme, details are available at the websites of the Environmental Protection Department (EPD) and the TD for PC owners who are interested. When hosting or attending seminars on promoting the use of EVs, the EPD would publicise the Government's policy on promotion of EVs, including the Replacement Scheme. The TD also assists the EPD in processing applications under the Scheme, with publicity posters on the Scheme not only displayed in all TD Licensing Offices but also distributed to the registered distributors concerned for reference purposes. Both the EPD and TD take up the related work with their existing resources.

(6) Based on the latest statistics, figures on public EV chargers (provided for public use in both government and non-government car parks) as at the end of September 2018 in each of the 18 districts across the territory are set out at Annex IV.

(7) Regarding the charging arrangements for e-PCs, it has always been the Government's policy direction that e-PC owners shall perform daily charging of their e-PCs by using charging facilities at their home, workplaces or other suitable places (including charging facilities provided by e-PC suppliers). Public charging facilities in Hong Kong are supplementary in nature, set up for EVs to top up their batteries at times of occasional needs. They do not serve as daily charging facilities or their alternatives. Potential buyers of e-PCs shall fully consider the daily charging arrangements required and shall not rely on public charging facilities for daily charging of their e-PCs.

The demand for public charging facilities hinges on a number of factors such as the technological development and market situation of e-PCs and charging facilities. It may not be necessary to set a ratio between the number of public charging facilities and that of e-PCs. The report published by the International Council on Clean Transportation in October 2017 also pointed out that there were no universal benchmark for the ratio of the number of EVs to that of public chargers, as the ratio may vary from several times to 25 times in different places. Such figures only serve to reflect the distribution of EVs chargers under different actual circumstances in different places.

In the light of the rapid changes in the usage of EVs, the Government is reviewing various policies and measures on promoting the use of EVs. Our efforts include exploring ways to encourage installation of charging facilities to tie in with the usage of EVs.

(8) The Steering Committee on the Promotion of Electric Vehicles (the Committee) discusses and advises the Government on strategies and initiatives in promoting the use of EVs. The Committee's meetings are conducted confidentially to encourage frank and open discussion. The Government will consider various factors including the Committee's advice in decision-making and implementation. We have no plan at this stage to disclose the discussion of the Committee.