

LCQ4: Promoting use of electric private cars

Following is a question by the Hon Kenneth Leung and a reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (December 12):

Question:

Since April 1 last year, the Government has reduced the concessions on first registration tax (FRT) for electric private cars (e-PCs) from full exemption in the past to putting in place a cap at \$97,500. The measure led to a significant drop in the number of first registered e-PCs, which plunged from 4 294 in the six-month period prior to its implementation to 300 in the 17-month period after its implementation. However, the number of first registered fuel-powered private cars rose from 19 382 in the six-month period before the implementation of the measure to 21 345 in the six-month period after. On the other hand, among the public chargers for electric vehicles across the territory, about 40 per cent are standard chargers that have relatively lower charging speed. As at August this year, less than 2 per cent of private cars are e-PCs. In respect of promoting the popularisation of e-PCs, will the Government inform this Council:

(1) whether it will reinstate the full exemption of FRT for e-PCs; if so, of the details; if not, the reasons for that;

(2) given that the Government introduced, at the end of February this year, a "One-for-One Replacement" Scheme under which a vehicle owner who scraps an old private car and buys a new e-PC may enjoy a greater amount of FRT concession, of the respective numbers of applications received, approved and rejected by the Government so far, and the reasons for some applications being rejected; as there have been criticisms that the eligibility criteria of the Scheme are stringent, whether the Government will review the effectiveness of the Scheme and relax the eligibility criteria; if so, of the details; if not, the reasons for that; and

(3) whether it has plans to upgrade, in the coming two years, the public chargers to medium or quick chargers across the board; if so, of the estimated expenditure, work timetable and detailed plans; if not, the reasons for that?

Reply:

President,

My responses to the questions raised by Hon Kenneth Leung are as follows:

(1) 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 encourage them to choose electric private cars (e-PCs).

When drawing up the first registration tax (FRT) concessions for e-PCs, the Government considered that while refraining from promoting the overall growth of PCs causing traffic congestion and aggravating roadside air pollution, vehicle buyers could be aptly encouraged to go for electric vehicles (EVs) when purchasing PCs. Taking 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 (the 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.

With ongoing technology development in e-PCs, a number of vehicle manufacturers have already marketed relatively more affordable e-PC models which are priced between \$240,000 and \$400,000 (FRT excluded), with their laboratory-tested driving range reaching 280 kilometers (km) to 400 km and fairly meeting most Hong Kong drivers' general needs of daily mileage of only a few tens of km. Out of the 15 e-PC models type-approved by the Transport Department (TD) in the local market, most of them (eight models) are eligible for full FRT exemption under the Scheme. The Scheme would be able to motivate more vehicle manufacturers to introduce different types of e-PCs, particularly the relatively more affordable models, in the local market to popularise the use of e-PCs.

The Government will, as scheduled, review the existing FRT arrangements for EVs before their expiry on March 31, 2021, and has no plan to revise the established arrangements at this stage.

(2) To be eligible for the Scheme, the old PC must have been first registered in Hong Kong for at least six years, the vehicle owner must have been the registered owner of the old PC for three years or more without interruption, and the old PC must have been licensed for at least 20 months within the 24 months immediately before its de-registration. The objective of such measures is to prevent people from gathering a large number of old PCs from overseas or second-hand markets to participate in the Scheme for profit making. Data shows that, by the time the Scheme ends on March 31, 2021, the total number of PCs meeting the two criteria of old PC 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, accounting for about three-fourth of the total number of PCs, which is not a small number. At this stage, the Government has no plan to revise the application criteria for the Scheme.

Till the end of this November, the TD received a total of 274 applications under the Scheme, of which 268 were approved and three were rejected. The remaining three are still under process. For the three rejected applications, one is rejected because the old PC has been first registered in Hong Kong for less than six years, and the other two fail to meet the

criterion that the old PC must have been licensed for at least 20 months.

(3) Regarding the charging arrangements for e-PCs, it is 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. The public charging network in Hong Kong mainly serve as supplementary charging facilities, enabling e-PC owners to top up their e-PC batteries to complete their journeys when necessary. They do not serve as daily charging facilities or their alternatives.

In a relatively small place like Hong Kong, the daily mileage of PCs in general is only a few tens of km. By charging with medium chargers for less than an hour, EVs may run for at least another 30 km, implying that the supplementary charging facility is sufficient to top up their batteries at times of occasional needs. The installation cost of quick chargers is expensive and their electricity demand is very high. The power supply systems in some buildings may not be able to cope with such electricity demand. Hence, medium chargers would serve as the backbone of public charging facilities.

The Government has been progressively upgrading the standard chargers installed at those government car parks that are open to the public and managed by the TD or Government Property Agency (GPA) to medium chargers over the past few years. Except for the 61 chargers located at TD car parks that are planned for demolition and some chargers which are capable of charging at both standard and medium speeds, all other public standard chargers installed at TD or GPA car parks have been upgraded to medium chargers. The two power companies will continue to upgrade their existing public standard chargers to medium chargers and install multi-standard quick chargers. EV suppliers have also been proactive in setting up more EV charging facilities for their EV models at public venues.

With the increase in the number of e-PCs, the Government is reviewing relevant policies and measures relating to the ancillary facilities for charging e-PCs, including proactively considering the provision of more chargers in government car parks.

Thank you, President.