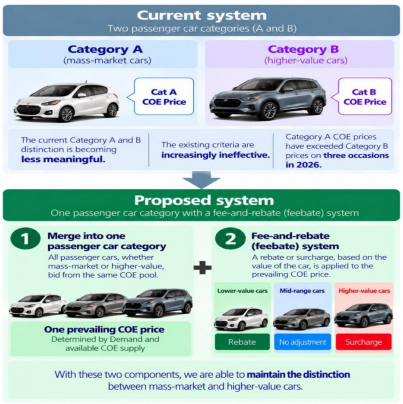


LTA to review cutting COE bid fees as most back a five-band feebate

Description

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Car buyers who bid for their own certificates of entitlement (COEs) could pay less to do so, and motor dealers could be made to show car prices without the COE. Transport Minister Jeffrey Siow has asked the Land Transport Authority (LTA) to review both, he told Parliament on Tuesday, 3 November.

He was answering MPsâ?? questions on the COE review, a day after LTA closed its public consultation on merging Categories A and B. No decision has been made on the proposal. â??We are studying the submissions, and have not yet decided on the outcomes,â?• Mr Siow told the House.

Where the feebate stands

The fee-and-rebate, or feebate, idea first came from MP Edward Chia a few months ago. Under LTAâ??s proposal, all passenger cars would bid in one category, and buyers would then get a rebate or pay a surcharge depending on the carâ??s value. The aim is to restore a lasting price gap between mass-market and luxury cars.

The majority of respondents backed such a scheme, and most preferred five bands to three, to reduce cliff effects. A cliff effect is the jump in cost when a car sits just above a band line rather than just below it.

Mr Chia had asked whether the feebate could be a percentage of the COE price instead of a fixed sum. That could smooth the cliffs further, the minister replied, but buyers â??would not know the exact rebate or surcharge before the auction beginsâ?•.

A separate feebate for electric vehicles was also proposed. Mr Siowâ??s view was that it â??would overcomplicate the systemâ?•, and the Government will keep supporting EVs through the Vehicle Emissions Scheme instead.

1 Determine the median OMV

Look at the OMVs from past registrations of the same car m
from lowest to highest, and identify the middle value (median



$31,000	$33,000	$34,000	$35,00

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Arrange from lowest to highest OMV

Median OMV = $34,000

2 Determine the feebate band

Compare the car model's median OMV against OMV perc
to determine its feebate band.

Lower OMV
(mass-market models)

Band 1	Band 2	Band 3	Band 4
(rebate)	(rebate)	(no adjustment)	(surcharg

3 What is the cut-off and quantum

How to set cut-offs as well as fees and rebates?

Most consultation respondents preferred five feebate bands to three. Image: LTA

The review exists because EVs have blurred the line between the two car categories. Their power output can be adjusted by software, so the same car can qualify for either category, and Category A premiums have overtaken Category B on a few occasions this year.

Bid fees and dealer prices

Some buyers still want their dealer to bid for them as a one-stop service, and the minister does not want to make that harder. â??But we can make it easier for individual buyers who wish to bid for COEs on their own,â?• he added. â??Iâ??ve asked LTA to review whether to further reduce COE bid fees for individuals, and whether to require motor dealers to publish car prices without COEs.â?•

Mr Chia had also asked when individuals could submit their initial COE bids online rather than at ATMs. The reply gave no date for that.

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Taxis, private-hire cars and large families

How taxis would be treated under a feebate is still under review. A separate COE category for private-hire cars has been ruled out: it would restrict the supply of COEs for those cars, push up rentals for drivers and drive up fares for commuters.

For large families, the Government is studying a transport grant â??which can be used more generallyâ?•, so it would not be tied to buying a car. LTA will give details later.



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How does the COE syster

The COE system is an allocation mechanism for ou
achieve the zero-vehicle growth policy in order to
congestion in land-scarce Singapore.

COE prices fluctuate depending on the prevailing
the past year, **as demand was strong, prices have**

Singapore has 660,000 passenger cars for 1.5 million households. Image: LTA

The bigger picture

Mr Siow framed the debate around land. Singapore has 660,000 passenger cars and 1.5 million households, and roads already take up more than 12 per cent of Singaporeâ??s total land area. The Government spends between S$6 billion and S$7 billion a year on public transport, while COE revenues have averaged in the region of S$5 billion a year over the past decade.

â??My first responsibility is to build a transport system that serves all Singaporeans,â?• he told MPs.

The current bidding round runs on the existing categories, and its first November exercise closes at 4pm today.

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