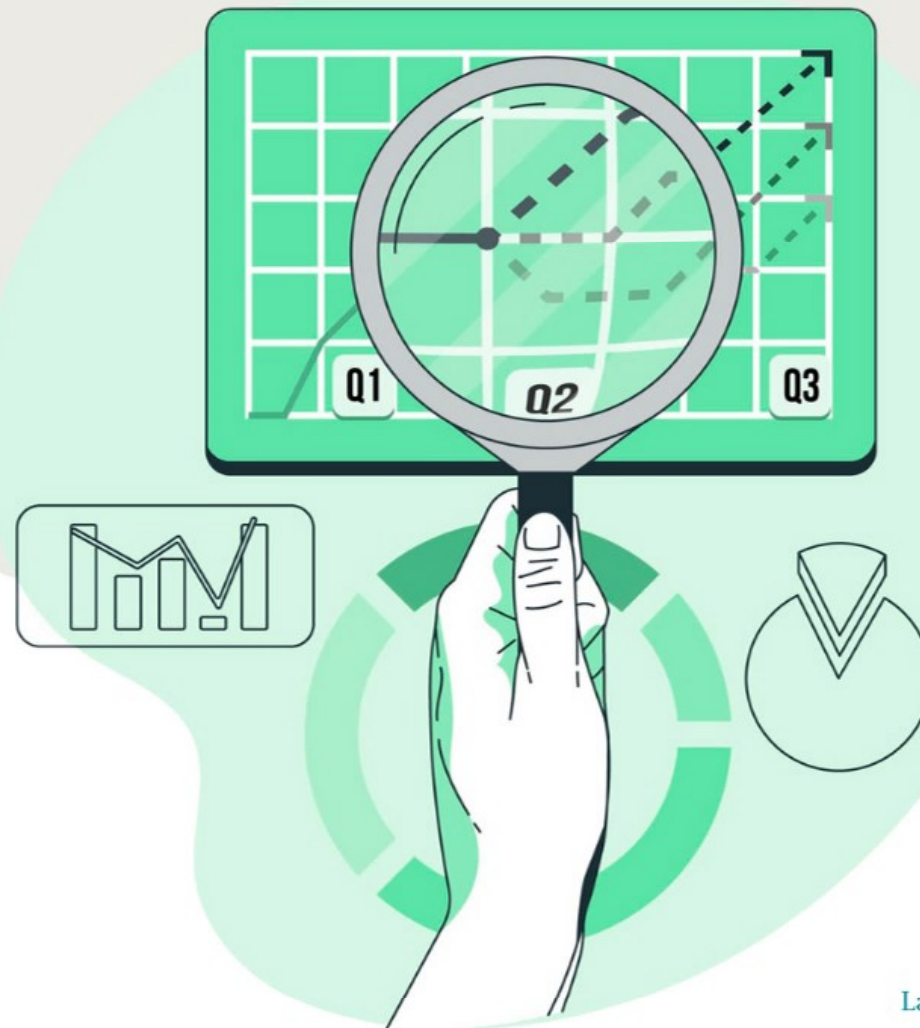


Key takeaways from Parliament on COE





How does the COE system work?

The COE system is an allocation mechanism for our vehicle quota, to achieve the zero-vehicle growth policy in order to manage traffic congestion in land-scarce Singapore.

COE prices fluctuate depending on the prevailing demand and supply. In the past year, as demand was strong, prices have increased.



Who is the largest driver of COE demand?

From Feb to Oct 2023, the largest driver of demand for COEs came from Singapore residents.

In comparison, foreigners won 1% of Cat A COEs and 4% of Cat B COEs.

Are the high COE prices caused by households who own multiple cars?

The percentage of multiple car-owning households has been reducing – from about 19% of car-owning households in 2012 to less than 15% today.

Since about one-third of households own cars, this translates to just 5% of all households in Singapore.

They do not have a significant impact on COE prices.





Are car-leasing companies pushing up COE prices?

The data shows that COE prices have gone up in a period where demand from car-leasing companies has come down, so it is unlikely that they are the main factor for the increase in COE prices.

Car-leasing companies won about 21% of Cat A COEs and 23% of Cat B COEs from Feb to Oct 2023 which were respectively lower than the 27% and 24% in Cat A and Cat B COEs in 2022.

In the most recent bidding exercise, these companies won only 16% of the Cat A COE quota.

Why not create a separate COE category for car-leasing companies?

There are trade-offs to having a separate COE category for car-leasing companies. Quota for this new category would have to be drawn from existing categories.

Moving too much or too few quota from existing categories may cause further spikes in COE prices in these categories, or result in shortages in point-to-point services due to insufficient vehicles available for rent.

We will study if there are further options beyond COE bidding to address the concerns with car-leasing companies.





What is being done to discourage speculative bidding by car dealers?

The Temporary COE (TCOE) helps to discourage speculation as the TCOE bid for Cat A and B must be made in the buyer's name and transfers are not allowed. If it is not used to register a vehicle within its validity period, the bid deposit will be forfeited.

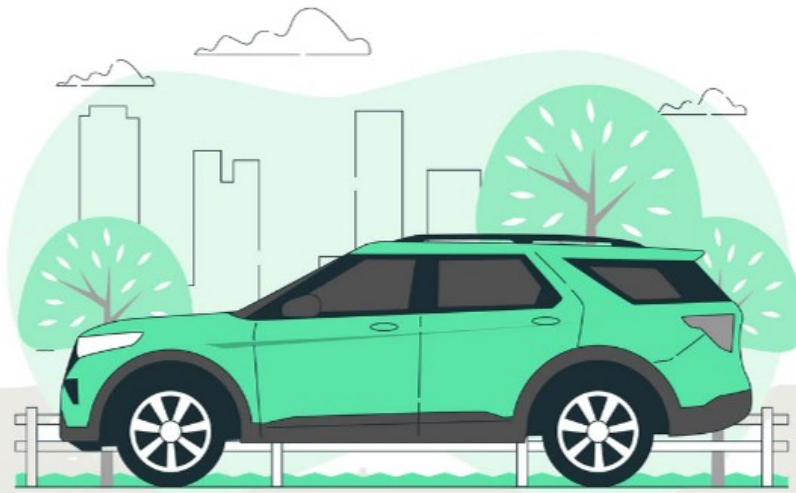
Specifically for Cat E, we have observed that the TCOEs are used to register vehicles on average within 14 days. This shows that dealers are not speculating, but bidding based on actual demand.

Will there be an increase in the growth rate of motorcycles?

Unlike commercial vehicles which are predominantly used for business needs, motorcycles (like private hire cars) can be used for both commercial and personal purposes. The zero-growth rate policy therefore applies to both cars and motorcycles.

To stabilise Cat D prices, we have raised the TCOE bid deposit to \$1,500 and reduced the TCOE validity period to one month.

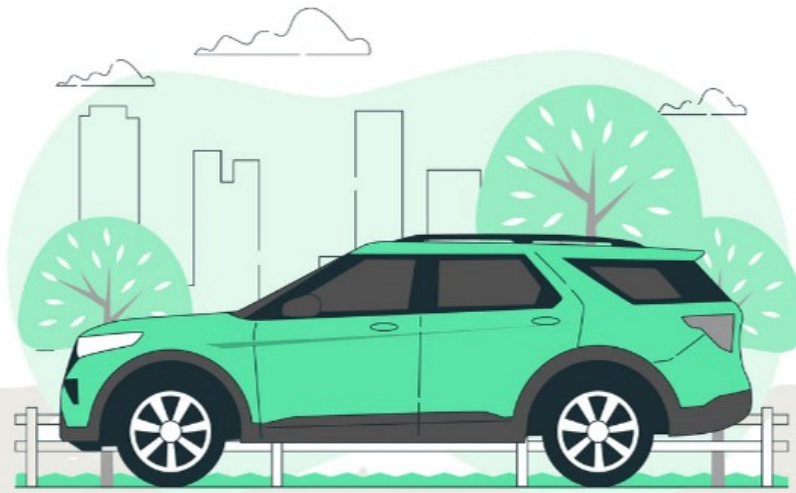




What is being done to stabilise the COE car market? (part 1)

Under a zero-vehicle growth policy, the no. of COEs available for bidding is based on the no. of deregistered vehicles. Currently, supply is tight as many of the existing vehicles are not due for deregistration.

To reduce volatility in quota supply, we have revised the COE quota computation method to the moving average of de-registrations in four preceding quarters instead of only the preceding quarter.



What is being done to stabilise the COE car market? (part 2)

We have also brought forward more quota from the peak years to fill the current troughs, while maintaining our zero-vehicle growth policy.

Potential buyers may want to take note that the COE quota for Categories A, B and C will continue to increase in 2024 before reaching the peak supply period from 2025, whilst Category D quota in 2024 is expected to remain comparable to 2023.

The increases in quota supply should moderate COE prices. However, prices depend on market demand and we will continue to monitor and explore ideas to improve the situation.