

立法會
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**LegCo Panel on Environmental Affairs and
LegCo Panel on Transport**

**Minutes of joint meeting
held on Monday, 26 November 2001 at 2:30 pm
in Conference Room A of the Legislative Council Building**

Members present : Members of the LegCo Panel on Environmental Affairs

Hon CHOY So-yuk (Chairman)
Hon Cyd HO Sau-lan (Deputy Chairman)
* Ir Dr Hon Raymond HO Chung-tai, JP
Hon CHAN Yuen-han, JP
* Hon LAU Kong-wah
Hon LAW Chi-kwong, JP
Hon Emily LAU Wai-hing, JP
Hon Henry WU King-cheong, BBS
* Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Dr Hon LO Wing-lok
Hon Audrey EU Yuet-mee, SC, JP

Members of the LegCo Panel on Transport

Hon Miriam LAU Kin-yea, JP (Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Mrs Selina CHOW LIANG Shuk-yea, JP
Hon CHAN Kwok-keung
Hon Andrew WONG Wang-fat, JP
Hon LAU Chin-shek, JP
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP

Members attending : Hon LI Fung-ying, JP
Hon MA Fung-kwok

Members absent : Members of the LegCo Panel on Environmental Affairs

Hon Martin LEE Chu-ming, SC, JP
Hon SIN Chung-kai
Hon WONG Yung-kan
* Hon LAU Ping-cheung

Members of the LegCo Panel on Transport

Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon Andrew CHENG Kar-foo
Hon WONG Sing-chi

(*Also members of the LegCo Panel on Transport)

Public officers attending : Environment and Food Bureau

Mrs Lily YAM
Secretary for the Environment and Food

Mr Thomas CHOW
Deputy Secretary

Mr Howard CHAN
Principal Assistant Secretary

Transport Bureau

Mr Patrick HO
Principal Assistant Secretary

Transport Department

Mr Robert FOOTMAN
Commissioner for Transport

Mr Daniel AU
Assistant Commissioner for Transport

Environmental Protection Department

Mr TSE Chin-wan
Assistant Director (Air)

Clerk in attendance : Miss Becky YU
Chief Assistant Secretary (1)1

Staff in attendance : Mrs Mary TANG
Senior Assistant Secretary (1)2

I Election of Chairman

Miss CHOY So-yuk was elected Chairman of the joint meeting.

II Light buses using cleaner fuel

(LC Paper No. CB(1) 1658/00-01(04) — Background brief prepared by the
Legislative Council Secretariat

LC Paper No. CB(1) 391/01-02(01) — Information paper provided by the
Administration)

2. The Secretary for the Environment and Food (SEF) thanked the Chairmen of both Panels for agreeing to schedule discussion on the subject at such short notice. She said that it was the intention of the Administration to consult members and the public on the latest development of its proposals to improve the environment. In this way, the Administration would be able to gauge public views, balance the interests of parties concerned and obtain the needed support before introducing the proposals. She briefly introduced the proposed incentive scheme to encourage diesel light bus owners to replace their vehicles with ones that were run on liquefied petroleum gas (LPG) or electricity by highlighting the salient points in the discussion paper.

3. While welcoming the proposed incentive scheme, Mrs Selina CHOW noted that the focus of the scheme was on the switch to LPG light buses. She questioned whether the use of electric light buses was considered a viable alternative. SEF said that the Administration did not wish to give the public the impression that LPG light buses were preferable to electric light buses. The latter were in fact more environmental friendly as they were emission free and therefore a higher one-off grant of \$80,000 was proposed for switching to electric light buses. Although the six-month trial scheme for LPG and electric light buses had indicated that both types were suitable for use in Hong Kong, electric light buses were found to be suitable only for shorter routes because of battery constraints. Furthermore, the price of electric light buses was significantly higher than that of LPG and Euro III diesel light buses. There were also constraints in installing charging facilities for electric light buses due to the lack of space at PLB stops and

technical problems arising from the presence of underground utilities. These factors had led the Administration to believe that most of the public light bus (PLB) operators would prefer to switch to LPG light buses rather than electric models.

Impact of the switch

4. Mr Albert CHAN noted that the proposed incentive scheme would not only impact on PLB operators but also on manufacturers and owners. The Commissioner for Transport (C for T) agreed that there was a need to strike a balance of interest among the parties concerned. The proposed scheme would not adversely affect the balance but would provide for more choices for PLB owners and operators and keener competition among manufacturers of diesel and LPG light buses. At members' request, the Administration undertook to provide the measures which it would take to ensure a balance of interest among the manufacturers, owners and operators of PLBs upon the switch. Mr LAW Chi-kwong however pointed out that operators renting PLBs would be mostly affected by the switch as they might not be able to benefit from the scheme unless their rentals were suitably adjusted. C for T said the proposed incentive scheme would not undermine the interest of the drivers as the rentals paid were being set by market forces.

Admin

5. Mrs Selina CHOW expressed concern about the difficulties faced by the 32% of PLB operators who would face net income reduction upon switch to LPG light buses. SEF said that the main difficulty was that these operators would have to diverge from their usual routes to have their fuel tanks refilled, during which they would have to suspend operation and receive no fare. The Deputy Secretary for the Environment and Food (DSEF) supplemented that according to the Administration's estimate, 19% of PLB operators would face an income reduction from a marginal amount to a maximum of \$12,000 a month. The Chairman requested and the Administration agreed to provide a table showing the difficulties in respect of cost, income and emission etc which the 32% of PLB operators would experience in the event of the switch to Euro III diesel and LPG light buses.

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6. Mr Albert CHAN asked how the Administration would compensate these operators for their income loss. SEF advised that there were dissenting views on whether any one-off incentive should be provided for switching to LPG vehicles, since the operators concerned would experience a net income increase due to the lower price of LPG. There was therefore no question of "compensating" the remaining operators. DSEF added that despite the income reduction, some of the PLB operators might still choose to switch to LPG light buses if the reduction could be off-set by the benefits under the proposed incentive scheme.

Availability of light buses for the conversion

7. On the rationale for setting the two application deadlines, SEF explained that the deadlines were intended to achieve improvements to air quality as soon as practicable. To encourage early replacement, particularly of older PLBs, the deadlines for application

of the one-off grant for owners of diesel PLBs aged 10 or above at the time of replacing their vehicles would be end-2003 and for owners of diesel PLBs below 10 years old would be end-2004.

8. Mr Albert CHAN questioned if sufficient LPG light buses would be made available in the market for PLB operators to choose from. He was concerned that the sudden surge in demand for LPG light buses within a short conversion period might give a chance for certain light bus manufacturers to monopolize the market. Ms Emily LAU noted that the trade had expressed similar concern about monopolization of the market by some motor manufacturers and considered it necessary for the Administration to ensure that there would be a ready supply of LPG and Euro III diesel light buses to tie in with the scheme. Ms Miriam LAU was also concerned about the availability of diesel light buses since the Toyota Company would not be exporting its diesel light buses to Hong Kong.

9. In reply, SEF said that the Administration would not interfere with the import of vehicle types as this was a commercial decision to be made by the company concerned. At present, diesel light buses available for sale in Hong Kong were Mitsubishi and Benz models. As regards monopolization of the light bus market, SEF said that this would unlikely arise since apart from diesel light bus manufacturers, there were three LPG light bus manufacturers who were either already manufacturing or were interested in manufacturing LPG models for use in Hong Kong. DSEF added that one of the manufacturers of LPG light buses was in fact arranging imports to Hong Kong while another was in the process of manufacturing LPG buses suitable for use in Hong Kong. He said that the proposed incentive scheme which allowed for the co-existence of diesel, LPG and electric light buses had actually widened the vehicle market, leading to more choices and keener competition. At members' request, the Administration undertook to provide the names of manufacturers of LPG and diesel Euro III light buses and the time frame within which these light buses would be made available in the market to meet the surge in demand.

Admin

10. Ms Miriam LAU questioned if the proposed incentive scheme was really meant to be a voluntary measure. She was concerned that consequent to the implementation of the scheme, the Administration would introduce measures, such as limiting the availability of diesel models in Hong Kong, tightening diesel emission standards and penalizing diesel PLB operators, to deter the continued use of diesel light buses. In this way, PLB operators would have no alternative but to accept the switch to LPG models. She requested the Administration to give an assurance that the scheme would be implemented purely on a voluntary basis. SEF assured members that no mandatory measures would be adopted to require PLB operators to replace their light buses. It would be for the operators to decide whether they would switch to cleaner models.

The one-off grant

11. Ms Miriam LAU enquired how the one-off grant of \$60,000 was arrived at since no background information on the price of LPG light buses and their maintenance costs

were provided. In response, SEF stated that the one-off grant was not set on the basis of any scientific assessment. The Administration had taken into account the price of a LPG light bus, which was about \$30,000 to \$40,000 higher than that of a diesel light bus, and its operating costs. Reference had also been made to the Mandatory LPG Taxi Scheme launched earlier.

12. Ms LAU pointed out that unlike LPG taxis which were less expensive than diesel taxis, LPG light buses were more expensive than diesel light buses. As such, taxi operators were actually gaining more from the conversion to LPG than PLB operators. She therefore held the view that the one-off grant for the switch to LPG light buses should be higher than the switch to LPG taxis. While acknowledging that LPG taxis were less expensive than diesel taxis by \$10,000 to \$20,000, SEF reminded members that the switch to LPG taxi was introduced on a mandatory basis and the two schemes were therefore not identical. As the proposed scheme for the switch to LPG bus was voluntary, Ms LAU considered that its terms should be more attractive than a mandatory scheme in order to encourage the switch. In response, SEF stressed that the Administration had to assess the financial implications and the justifications for spending public money before making any policy decisions. While agreeing that the proposed scheme would be more attractive with a higher one-off grant and in fact some in the trade had asked for an one-off grant of \$150,000, she pointed out that there had been public concern on the need to provide any incentives at all to those PLB operators who would have net income increase upon the switch. The one-off grant of \$60,000 was considered attractive.

Supporting infrastructure for LPG light buses

13. DSEF said that there would be an expected increase in the number of LPG stations in the coming months. The second batch of dedicated LPG stations was expected to come into operation very soon. When the third batch of dedicated LPG stations was completed around mid-2002, the number of LPG stations would increase to 45. However, as the safety requirements for LPG stations were more stringent than that for petrol or diesel stations, it was not possible to increase the number of LPG stations in densely populated areas where some of the PLB routes were located. At present, LPG stations had to be located at a distance of at least 55 metres from multi-storey residential buildings, or 15 metres from commercial and industrial buildings. Although the problem of income reduction experienced by some PLB operators could not be resolved completely through the increase in the number of LPG stations, the Administration would continue to seek to improve the geographical distribution of LPG stations where practicable to encourage more diesel light bus owners to replace their vehicles with LPG ones. Responding to Mr LEUNG Fu-wah's question about the distribution of LPG stations, DSEF said that these stations were spread throughout Hong Kong and along many PLB routes. He agreed to provide a map showing the locations of LPG filling stations.

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14. Mr LAU Kong-wah expressed concern that if the 32% of PLB operators who would suffer net income reduction were operating along routes which were located in

densely populated areas, the pollution problem arising from diesel emissions could not be resolved. SEF explained that the percentage of PLB operators who would face net income reduction was worked out based on the provision of 45 LPG stations by mid-2002, which would provide adequate filling capacity to serve the fleet of 24 000 LPG taxis and light buses. She reiterated that although site constraints had limited the provision of LPG stations in densely populated area, the Administration would continue to identify and to consult the respective District Councils in providing more LPG stations to facilitate PLB operators in their switch to LPG light buses. As regards the measures to address the pollution problem arising from vehicle emissions in densely populated areas, SEF said that with the proposed upgrading of the emission standard for newly registered diesel light buses to Euro III, coupled with the retrofitting of particulate reduction devices on pre-Euro diesel vehicles and the use of ultra low sulphur diesel, the pollution arising from diesel emissions would significantly be reduced.

LPG price

15. Mr LAU further enquired if it was the Administration's intention to continue to maintain a low LPG price as an incentive to the switch to LPG. SEF said that at present, the average prices for LPG and diesel were \$2.20 and \$4 to \$5 per litre respectively. While agreeing a further increase in the price difference would not only provide a greater incentive for the switch but might also result in a decrease in the number of PLB operators who would face net income reduction upon the switch, SEF said that she was not in a position to comment on future LPG prices as taxation policy fell under the ambit of the Financial Secretary. She further pointed out that any adjustment in fuel tax would require the approval by the Legislative Council.

Incentives to encourage the switch to Euro III diesel light buses

16. As there was no fixed time frame for the conversion of the existing diesel to LPG light buses, Ms Cyd HO opined that there might be a need to introduce incentives to encourage the switch from Euro II to Euro III diesel light buses. Otherwise, the intended environmental improvement could not be attained if some of the PLB operators continued to operate on Euro II diesel light buses. The Chairman concurred that another similar incentive scheme with a two-year conversion period be introduced to encourage the switch to Euro III diesel models, in particular for those 32% of PLB operators who would face net income reduction upon the switch to LPG light buses. Ms Miriam LAU also supported the said proposal.

17. SEF responded that the Administration had been upgrading the emission standards to Euro III for newly registered diesel vehicles. It proposed to proceed with upgrading the emission standards for newly registered diesel light buses to Euro III and the relevant amendment regulation would be submitted to LegCo for approval shortly. As such, PLB owners, as in the case of other vehicles owners, who were to replace their vehicles would have to buy Euro III models. With the introduction of Euro IV in 2006, the emission standards would be progressively upgraded in line with international standards and would be applied to all vehicles. She saw no justification in using public

money to encourage PLB operators to switch to Euro III diesel light buses. Owners would need to replace their vehicles with ones meeting the latest standards when they had to replace them. They were also required to have their PLBs checked annually for emission.

Weight limit for light buses

18. C for T said that the existing weight limit for light buses was set at four tonnes. The Administration intended to increase it to five tonnes and would submit the proposal to LegCo within the next few months. The revised weight limit would apply to all currently known types of vehicles, including those for use in the incentive scheme. DSEF added that the Administration would notify the Hong Kong Motor Association of the proposed weight relaxation in the weight limit so that more Euro III diesel light bus models could be imported for use in Hong Kong.

19. Mr LAW Chi-kwong queried why the weight limit of light buses was set at five instead of five-and-a-half tons. He was concerned that the said limit would prevent the import of light buses weighing five-and-a-half tons currently used in other countries. Given the relatively small market of Hong Kong, there would not be many manufacturers interested in manufacturing models specifically for use in Hong Kong. The stringent application of weight limit and emission standards might also impede the importation of parallel imports, thereby limiting the choice of light buses available in Hong Kong. C for T said that the weight limit was harmonized with international standards and was meant to encompass all the vehicles which fitted the purpose of PLBs with 16 seats currently used in Hong Kong. Parallel imports should not pose a problem once the weight limit had been agreed to.

Increase in the seating capacity of PLBs

20. While supporting the early implementation of the proposed incentive scheme to further improve the air quality in Hong Kong, Ms Emily LAU enquire about the Administration's stance on the trade's request for an increase in the seating capacity of PLBs. Referring to the considerations for increasing the seating capacity of PLBs in the Annex to the Administration's paper, C for T said that there was no general shortage of supply in PLB capacity to meet passenger demand. Surveys conducted by the Transport Department (TD) indicated that waiting time for PLBs was generally quite short, and that 80% to 90% of passengers had to wait only up to 10 minutes or less. TD was prepared to examine suitable improvement measures for individual routes which required an exceptionally long waiting time. Given the generous carrying capacity in the public transport system, which included railways, franchise buses and taxis, TD had to ensure the efficient use of transport resources and to regulate the growth of each mode of transport. Besides, the existing situation whereby some PLBs drove very slow along busy corridors to wait for passengers was a major traffic problem. The provision of extra PLB seats would likely exacerbate this problem, which would mean longer waiting time, more delay to general traffic and hence higher emissions from vehicles on the road. There were also dissenting views on the increase of seating capacity from within and

outside the PLB trade. Taxi operators were particularly opposed to any increase in the PLB seating capacity as this might undermine their livelihood.

Way forward

21. On behalf of Miss CHAN Yuen-han who had left the meeting, Mr LEUNG Fu-wah requested that another joint meeting be held to receive the views of the trade. This proposal was supported by Ms Emily LAU who considered that members of the trade, which included owners and operators of PLBs, nanny bus operators etc, should be invited to attend the meeting. Ms Miriam LAU also referred members to a submission which she received from a group of red PLB operators. Mr Albert CHAN said that there might be a need to invite vehicle manufacturers to give their views on the availability of light buses. It was agreed that the next joint meeting would be held on 11 December 2001 at 10.45 am to continue discussion on the subject and to meet the trade.

(Post meeting note: The submission from the group of red PLB operators was circulated to members vide LC Paper No. CB(1) 419/01-02.)

III Any other business

22. There being no other business, the meeting ended at 3:40 pm.

Legislative Council Secretariat

12 December 2001