

立法會

Legislative Council

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LegCo Panel on Environmental Affairs and and LegCo Panel on Transport

**Minutes of joint meeting held on
Tuesday, 11 December 2001, at 10:45 am
in the Chamber of the Legislative Council Building**

Members present : Members of the LegCo Panel on Transport

- * Hon Miriam LAU Kin-yee, JP (Chairman)
- * Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
- * Ir Dr Hon Raymond HO Chung-tai, JP
Hon CHAN Kwok-keung
- * Hon LAU Kong-wah
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
- * Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon LAU Ping-cheung

Members of the LegCo Panel on Environmental Affairs

Hon CHOY So-yuk (Chairman)
Hon Cyd HO Sau-lan (Deputy Chairman)
Hon CHAN Yuen-han, JP
Hon WONG Yung-kan
Hon Emily LAU Wai-hing, JP
Hon LAW Chi-kwong, JP
Hon Michael MAK Kwok-fung
Dr Hon LO Wing-lok
Hon Audrey EU Yuet-mee, SC, JP

Non-Panel member attending : Hon IP Kwok-him

Members absent : Members of the LegCo Panel on Transport

Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon Albert HO Chun-yan
Hon Andrew WONG Wang-fat, JP
Hon LAU Chin-shek, JP
Hon LEUNG Fu-wah, MH, JP
Hon WONG Sing-chi

Members of the LegCo Panel on Environmental Affairs

Hon Martin LEE Chu-ming, SC, JP
Hon SIN Chung-kai
Hon Henry WU King-cheong, BBS

(* Also members of the LegCo Panel on Environmental Affairs)

Public officers attending : **Agenda Item II**

Environment and Food Bureau

Mr Thomas CHOW
Deputy Secretary for the Environment and Food

Mr Howard CHAN
Principal Assistant Secretary for the
Environment and Food

Transport Bureau

Mr Patrick HO
Principal Assistant Secretary for Transport

Environmental Protection Department

Mr TSE Chin-wan
Assistant Director of Environmental Protection (Air)

Transport Department

Mr Daniel AU
Assistant Commissioner for Transport

Electrical and Mechanical Services Department

Mr Thomas FU
Chief Engineer/Gas Production and Supply of
Electrical and Mechanical Services

**Attendance by
invitation**

: Agenda Item II

Private Hire Car for Young Child Association Ltd.

譚富平女士
會長

Ms LIN So-ching
Chairman

Young Children School Mini-Buses Operators
Association Ltd.

劉少瑜女士
會長

吳王家榮女士
主席

汽車交通運輸業總工會

Mr AU-YEUNG Ming
理事

Public Light Bus General Association

Mr LING Chi-keung
Deputy Chairman

HK Public-light Bus Owner & Driver Association

Mr YAU Che-kong
Chairman

Mr LAI Ming-hung
Secretary

Hong Kong Public & Maxicab Light Bus United
Associations

Mr WONG Shui-fun
Chairman

Lam Tin Wai Hoi Public Light Bus Merchants
Association Ltd.

Mr NGAI Choi
Chairman

荃灣公共小型巴士商會有限公司

Mr CHAN Chet-yin
副主席

Mr PIK Chin
執行委員

香港九龍新界公共專線小型巴士聯合總商會

Mr LEUNG Hung
Chairman

Mr TAM Chun-tat
Vice Chairman

G.M.B. Maxicab Operators General Association Ltd.

Mr WU Tze-hang
Member

The Environmental Light Bus Alliance

Mr CHAN Man-chun
Member

Mr TSE Kin-wai
Member

Crown Motors Ltd.

Mr Godfrey TSANG
Director - Sales Division

Mr Joseph TSANG
Technical Support Manager

Zung Fu Co. Ltd.

Mr Raymond CHAU Chak-kin
General Manager, Commercial Vehicle Division

Mr Wilson LAM Kit
Sales Manager, Commercial Vehicle Division

Honest Motors Ltd.

Mr MA Hon-ming
General Manager - Public Vehicles Department

Mr CHEUNG Wai-man
Assistant Manager - Public Vehicles Department

Vicmax Tech. Ltd.

Mr LO Chee-pui
Chief Executive Officer

Mr WU Ho-chow
Director

Harmony Motors Ltd.

Ms Emma LEUNG
Fleet Sales Manager

Clerk in attendance : Mr Andy LAU
Chief Assistant Secretary (1)2

Staff in attendance : Ms Alice AU
Senior Assistant Secretary (1)5

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I Election of Chairman

In the absence of a quorum at the time when the joint meeting started, members agreed that the meeting should begin as a meeting of the Environmental Affairs Panel until a quorum for the joint meeting was attained. Miss CHOY So-yuk therefore took the chair.

2. The Chairman welcomed deputations from the public light bus (PLB) trade, private light bus trade and vehicle manufactures to the meeting and invited them to take turn to present their views on the Administration's 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 (details of which were set out in the discussion paper provided by the Administration for the joint meeting on 26 November 2001 (LC Paper No. CB(1)391/01-02(01)).

II Light buses using cleaner fuel

Views presented by deputations

3. The Chairman drew members' attention to the submission from Kowloon Fung Wong Public Light Bus Merchants & Workers' Association Ltd (LC Paper No. CB(1)515/01-02(06)) which was unavailable to attend the meeting.

Private Hire Car for Young Children Association Ltd.

4. While expressing the trade's support for the Government's incentives to clean up the air, 譚富平女士 of Private Hire Car for Young Children Association Ltd. stated the Association's strong objection that under the present proposal, private light buses and PLBs were given different incentives when these two types of vehicles were the same for all practical purposes including repair and maintenance costs, vehicle price and emission level. The Association was gravely dissatisfied that the private light bus trade were being treated unfairly and ignored on the pretext that they had more flexibility on refilling. Hence, the Association was opposed to the proposed incentive scheme for private light buses, which was in the form of First Registration Tax (FRT) exemption amounting to 4% of the taxable value of a light bus. She said that without adequate financial assistance, the private light bus trade would have great difficulty in switching to LPG light buses.

Young Children School Mini-Buses Operators Association Ltd.
[LC Paper No. CB(1)515/01-02(01)]

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5. 劉少瑜女士 of Young Children School Mini-Buses Operators Association Ltd. expressed support for any initiatives made by the Government to improve Hong Kong's environment and highlighted the following points for members' consideration:

- (a) The Administration's effort was only half-hearted because its proposal could only encourage owners of diesel PLBs to switch to vehicles using cleaner fuel as they were given an one-off grant. However, diesel private light buses which run on the same road and emitted the same pollutants were left to continue operation. Under the circumstances, the Association was highly doubtful about the success of the proposed scheme.
- (b) In order to achieve the Administration's stated objective of encouraging replacement of diesel light buses to reap early environmental benefits, owners of private light bus should be treated equally as regards their entitlement to the one-off grant as for PLB operators.

汽車交通運輸業總工會

6. Mr AU-YEUNG Ming of 汽車交通運輸業總工會 stated the following views for members' consideration:

- (a) The Union had always been supportive of measures to improve the environment. Hence, the Administration's present proposal to encourage the use of cleaner fuel was supported. However, in a recent event organized by the Union where emission test on LPG taxis was conducted, it was found that 30% of the vehicles tested were not up to the prescribed emission standards. As such, the Union was concerned about the environmental benefits of LPG vehicles in general.
- (b) The switch to LPG light buses would have the greatest impact on red minibus (RMB) rentee drivers because the rental for LPG light buses would be higher than diesel ones. Referring to the experience of LPG taxi scheme, the daily rental of LPG light buses might increase by about \$150.
- (c) As LPG was much less efficient than diesel (one litre of diesel would allow a PLB to run 87% higher mileage than one litre of LPG), the Administration should undertake that the present duty exemption on motor LPG would be maintained to offset the additional fuel costs incurred by PLB operators. Otherwise, if the operators felt that their

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long-term viable operation might be affected, they would be less inclined to switch to LPG light buses.

Public Light Bus General Association

7. Mr LING Chi-keung, Deputy Chairman of Public Light Bus General Association, considered that it would be most important to ensure that adequate supporting infrastructure was available for LPG light buses. In this respect, he suggested that instead of end-2003 for diesel PLBs aged 10 or above and end-2004 for diesel PLBs below 10 years old as presently proposed, the application deadline for the one-off grant should be set within a reasonable time, say one or two years, after all 45 LPG stations were completed.

HK Public-light Bus Owner & Driver Association
[LC Paper No. CB(1)515/01-02(02)]

8. Mr YAU Che-kong, Chairman of HK Public-light Bus Owner & Driver Association, presented the main points of the Association's views on the proposed incentive scheme as follows:

- (a) The Association supported the Administration's present proposal on the condition that the livelihood of the operators would not be adversely affected.
- (b) Fairness was essential in ensuring the success of the proposed scheme. In this respect, both the operators of public and private light buses should be entitled to the one-off grant. Furthermore, incentives should be provided to all those operators who replaced their existing diesel light buses with new ones which met the prescribed emission standards, regardless of whether they were LPG, electric or Euro III diesel light buses.
- (c) The proposed incentive scheme should be revised as follows: a one-off grant of \$120,000 and \$60,000 should be provided respectively for owners of diesel light buses below 5 years old and those aged between 6 and 10. No subsidy would be given to owners of diesel light buses aged 10 or above. However, if they replaced their vehicles within one year after the implementation of the incentive scheme, an ex-gratia payment of \$30,000 would be given. The application deadline for the one-off grant should be end-2005.
- (d) To prevent the market from being monopolized, the existing weight limit of PLBs should be relaxed immediately so that different types of vehicles which run on cleaner fuel could be supplied to Hong Kong.

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- (e) After the scheme was implemented, the Administration should not seek to tighten the emission standard for existing Euro II diesel light buses to deter the continued use of such vehicles. Otherwise, it would be tantamount to requiring the owners to replace their Euro II diesel light buses before their useful life expired.

*Hong Kong Public & Maxicab Light Bus United Associations
[LC Paper No. CB(1)515/01-02(03)]*

9. While stating support for the Government's initiative to encourage the trade to switch to light buses using cleaner fuel, Mr WONG Shui-fun, Chairman of Hong Kong Public & Maxicab Light Bus United Associations, was concerned about the lack of actions to tackle the problem with emission from franchised buses. He then highlighted the following points for members and the Administration to consider:

- (a) Sufficient time should be allowed for the switch to LPG light buses. Otherwise, a sudden surge in demand for LPG light buses within a short conversion period might lead to inflated price. For the purpose of phasing out conversion, another application deadline of end-2006 should be set for diesel light buses below 5 years.
- (b) In the context of its recent decision to relax the weight limit of PLBs, the Administration should also consider the trade's long-standing request for increasing the seating capacity of PLBs.

Lam Tin Wai Hoi Public Light Bus Merchants Association Ltd.

10. Mr NGAI Choi, Chairman of Lam Tin Wai Hoi Public Light Bus Merchants Association Ltd., put forward the following views for members' consideration:

- (a) In view of the operational difficulties faced by the trade, the conversion programme should be implemented in a progressive manner. Adequate compensation should be provided for owners to replace their diesel light buses with LPG ones which cost about \$400,000. As diesel PLBs could normally run for 10 years, special consideration should be given to those who had just replaced their PLBs during the past two years.
- (b) The Administration should ensure that adequate supporting infrastructure such as LPG stations and repair workshops should be made available to meet the demand of additional LPG vehicles in Hong Kong. The Association was particularly worried that if operators could only rely on vehicle manufacturers to provide repair and maintenance services, a longer queuing time might be required and hence, affecting their income.

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荃灣公共小型巴士商會有限公司
[LC Paper No. CB(1)515/01-02(04)]

11. Mr CHAN Chet-yin of 荃灣公共小型巴士商會有限公司 stated the Association's views on the proposed incentive scheme as follows:

- (a) The level of financial assistance provided to the PLB trade was less than that under the LPG taxi scheme. For the conversion of LPG taxis, a one-off grant of \$40,000 was given to the owners and it represented about 21% of the price of a LPG taxi then (i.e. about \$190,000). However, under the present scheme, the one-off grant of \$60,000 was less than 17% of the price of a LPG light bus which cost about \$360,000.
- (b) The amount of one-off grant provided for owners of diesel light buses below 6 years old and those aged 6 or above should be revised to \$90,000 and \$70,000 respectively.
- (c) The application deadline for diesel PLBs below 10 years old should be extended to end-2005.

香港九龍新界公共專線小型巴士聯合總商會

12. Mr LEUNG Hung, Chairman of 香港九龍新界公共專線小型巴士聯合總商會, made the following comments on the proposed incentive scheme:

- (a) When implementing the scheme, the Administration should ensure that additional types of LPG and Euro III light buses would be available for the trade to choose from.
- (b) The one-off grant for switching to LPG and electric light buses should be increased to \$120,000 and \$150,000 respectively. Owners of diesel light buses aged 7 or below who replaced their vehicles with Euro III light buses should also be entitled to financial assistance.
- (c) The Association suggested that PLBs above 10 years old at the time of replacement could apply for the one-off grant within two years after the completion of all 45 LPG stations while the application deadline for those aged below 10 below should be four years after that date.
- (d) The Administration should consider providing interest-free loans to assist individual owners who might have financial difficulty in replacing their diesel PLBs with those using cleaner fuel.

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- (e) The Administration should not seek to tighten the emission standard for existing Euro II diesel light buses to deter the continued use of such vehicles.

G.M.B. Maxicab Operators General Association Ltd.

13. Sharing the general views expressed by other PLB deputations about the adequacy of supporting infrastructure, Mr WU Tze-hang of G.M.B. Maxicab Operators General Association Ltd. enquired about the Administration's plan for the provision of additional LPG stations beyond mid-2002 when all 45 LPG stations were expected to be completed. He also called on the Administration to consider extending the application deadlines for the one-off grant.

*The Environmental Light Bus Alliance
[LC Paper No. CB(1)515/01-02(05)]*

14. Mr CHAN Man-chun of the Environmental Light Bus Alliance referred members to the submission tabled at the meeting (issued subsequently to members vide LC Paper No. CB(1)576/01-02(01)) and highlighted the following concerns raised by the Alliance:

- (a) The incentive scheme should really be a voluntary measure. In this respect, the Administration should not seek to tighten the emission standard for existing Euro II diesel light buses to deter the continued use of such vehicles.
- (b) The application deadline for the one-off grant should be set in relation to the provision of LPG stations. The Alliance suggested that the deadline should be 1½ or 2 years after the proposed completion of all 45 LPG stations in mid-2002.
- (c) The Administration should ensure that a genuine choice of LPG and diesel light buses was available to tie in with the scheme so that the market would not be monopolized by some vehicle manufacturers. The Alliance was worried that notwithstanding the interest expressed by some vehicle manufacturers, a ready supply of different light bus models in the market was still not guaranteed if these manufactures eventually decided not to import their vehicles to Hong Kong.
- (d) The Alliance was concerned about the application of different emission standards for light buses using different fuels, i.e. Euro II standard for LPG light buses while diesel light buses were required to meet the more stringent Euro III standard.

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- (e) Adequate financial assistance should be provided to the trade, especially those owners who replaced their existing diesel light buses early. In this respect, the one-off grant should apply to those owners who replaced their existing diesel light buses with Euro III diesel models.
- (f) According to some press reports, Euro III diesel vehicles were still being procured by many government departments. Hence, the Alliance queried whether the policy of promoting the use of cleaner fuel was consistently applied by the Government.
- (g) The one-off grant could only provide temporary relief towards the capital costs associated with the replacement of their diesel light buses. However, given the larger fuel consumption of LPG light buses and longer refuelling time, many PLB operators would be faced with significant reduction of recurrent income after conversion. As such, the Alliance called on the Administration to take heed to the views expressed by the trade and formulate suitable measures to assist the trade in switching to cleaner fuel. In particular, more LPG stations should be provided in urban areas to facilitate the trade's operation.
- (h) In view of the rapid pace of technological advancement, new types of vehicles which run on other environmentally-friendly fuel might be available. The Administration should keep an open mind in this matter to allow for introduction of such vehicles to Hong Kong if considered suitable for local conditions.

Crown Motors Ltd.

15. Regarding the supply of LPG light buses to Hong Kong, Mr Godfrey TSANG, Director - Sales Division of Crown Motors Ltd., advised that Crown was ready to import Toyota LPG light buses to Hong Kong and orders were being taken for delivery.

Zung Fu Co. Ltd.

16. Mr Raymond CHAU Chak-kin, General Manager, Commercial Vehicle Division of Zung Fu Co. Ltd., advised that both diesel and LPG light buses were manufactured by Mercedes Benz. At present, Euro III diesel light buses were already available in the market. Plans were being made by the company to make available its LPG light bus to Hong Kong in March 2002.

Honest Motors Ltd.

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17. Mr MA Hon-ming, General Manager - Public Vehicles Department of Honest Motors Ltd., indicated that Nissan was interested in supplying LPG light buses to Hong Kong but a final decision had yet to be made. Subject to Nissan's decision, the first batch of LPG light buses would be available in the market in December 2002 at the earliest.

Vicmax Technology Ltd.

[LC Paper No. CB(1)553/01-02(01)]

18. Mr LO Chee-pui, Chief Executive Officer of Vicmax Technology Ltd., put forward the following views on the use of electric light buses in Hong Kong for members to consider:

- (a) Electric vehicle was emission-free and its use should be encouraged in Hong Kong. In other developed countries where incentive scheme was offered to promote the use of vehicles which run on cleaner fuel, electric vehicles which were the most environmentally-friendly option would be entitled to the greatest incentives. However, this emphasis was not apparent in the proposed scheme.
- (b) As an electric light bus was approximately 18% (i.e. about \$70,000) more expensive than a LPG model, the extra \$20,000 subsidy provided for electric light buses was not enough to make up for their actual cost difference. It would deter the PLB operators to switch to electric light buses.
- (c) As compared with the measures taken by the Administration to provide the necessary supporting infrastructure for LPG vehicles, not enough was done to facilitate the use of electric light buses in Hong Kong. In particular, assistance was urgently required in respect of identifying suitable locations to build recharging stations for public use.
- (d) Apart from financial initiatives, the Administration should also consider other measures, such as allowing more seats on electric light buses and designating specific routes to be served by electric light buses only, to promote the use of the cleanest light buses in Hong Kong.

Harmony Motors Limited

19. Ms Emma LEUNG, Fleet Sales Manager of Harmony Motors Limited, advised that Euro III light buses from Volkswagen were already available in Hong Kong. However, the development of LPG light buses was still in progress and no definite timetable had been set at this stage. The company would support equal

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treatment for promoting the use of different types of vehicles which run on cleaner fuel, including LPG, electric and Euro III light buses.

Discussion with deputations and the Administration

- (LC Paper No. CB(1)419/01-02 - Submission from a group of red public light bus drivers (issued for joint meeting on 26 November 2001);
- LC Paper No. CB(1)553/01-02(02) - The Administration's response to the submission from a group of red public light bus drivers;
- LC Paper No. CB(1)515/01-02(07) - Information paper provided by the Administration; and
- LC Paper No. CB(1)553/01-02(03) - List of follow-up actions arising from the discussion at the joint meeting on 26 November 2001)

20. The Chairman invited the Administration to respond to the views and suggestions raised by the deputations at the meeting.

21. Noting the views and concerns expressed by the deputations, the Deputy Secretary for the Environment and Food (DS/EF) said that details of the proposed incentive scheme were by no means final. The Administration would carefully consider the views expressed by members as well as the feedback received from the trade and the public before presenting its final proposal to the Legislative Council for funding approval.

22. As regards the procurement of Euro III diesel light buses by government departments, DS/EF advised that subject to the availability of suitable types of vehicles, the most stringent emission standard would be adopted when purchasing vehicles for Government use. As confirmed by the departments concerned, only diesel models were available for the types of vehicles they required and they were mostly heavy vehicles. As far as light buses in the Government fleet were concerned, LPG models would be acquired.

23. In respect of the emission standard applied for testing LPG light buses in the earlier alternative fuel light bus trial, the Assistant Director of Environmental Protection (Air) (AD/EP(Air)) explained that as Euro III emission standard had yet to be legally required for light buses in Hong Kong, the trade might be under the impression that Euro II standard would be used for LPG light buses. He stressed that although the legal standard was Euro II, the trial LPG light buses emitted 87% less carbon monoxides and half of the hydrocarbons and nitrogen oxides (NOx) than the Euro III diesel light buses, and the particulate and smoke emissions were eliminated. Hence, the Administration considered that LPG light buses were a cleaner alternative in the foreseeable future.

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24. Responding to one trade deputation's concern about excessive emissions from LPG taxis in a recent test, AD/EP(Air) advised that according to information provided by the vehicle maintenance trade association who conducted the emission test in the said event, the test was not performed under proper circumstances as the LPG taxis being tested did not have enough time to warm up their engines. He added that the event was in fact staged to increase the awareness of motorists on the need of proper vehicle maintenance. DS/EF also said that all vehicles were required to meet stringent emission standard prescribed under the law. The owners had a duty to ensure that their vehicles were well maintained.

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25. Nevertheless, both Miss Emily LAU and Mr IP Kowk-him considered that the matter should be taken seriously by the Administration so as to maintain the public's confidence in the environmental benefits of LPG vehicles. While agreeing to follow up on the matter, DS/EF said that the Administration was also mindful of the need to regulate excessive emissions from LPG and petrol vehicles as these vehicles did not emit black smoke which was more easily detected. In this connection, a proposal was being drawn up to introduce new equipment for testing roadside emission of LPG and petrol vehicles in addition to the emission check required under the annual roadworthiness inspection.

26. While reiterating her concerns about harmful emissions from LPG vehicles, Miss Cyd HO pointed out that the roadside emission checks being contemplated by the Administration might be very difficult to enforce. If no objective criterion could be established for selecting vehicles for testing, dispute might easily arise. Given the implications on the trade's operation, she considered that details of the plan should be made known to PLB operators as early as possible so that they could make an informed decision on the choice between LPG and Euro III light buses.

27. In response, AD/EP(Air) explained that with remote sensors, infrared beam would be used to detect the pollutant concentrations in the exhaust of a passing vehicle. Hence, excessive emissions from LPG and petrol vehicles could be detected without having to stop the vehicles concerned. DS/EF supplemented that while such technology was available in overseas countries, its application would have to be thoroughly tested in Hong Kong and the views of relevant trades would also be consulted. As such, it might take some time before a proposal would be ready. When further details were available, the Panels would be consulted in due course.

Impact of the switch

28. Referring to the concerns raised by some deputations about the loss of recurrent income upon the switch to LPG light buses, Mr LAU Kong-wah sought the views of both attending PLB trade deputations and the Administration on feasible measures to resolve the problem so that more PLB owners would switch to LPG light buses. He was particularly concerned about those 32% of PLB operators whom the Administration had identified as the ones who would face net income reduction upon

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the switch. As these PLBs mainly operated in urban areas where the problem of air pollution was most serious, Mr LAU was worried that notwithstanding the huge sum of public monies committed, the resulting environmental benefits would be seriously undermined if the more polluting Euro II diesel light buses were still allowed to run on the roads. In this respect, he enquired about the feasibility of providing LPG stations in urban areas and asked whether the Administration would consider providing greater financial incentive to this particular group of PLB operators.

29. In response, DS/EF clarified that not all of the 32% of PLB operators were operating in urban areas. According to the route-by-route analysis conducted by the Transport Department, these operators were mainly plying along more densely-populated areas which made it difficult to identify suitable locations for LPG stations. Because of loss in business time owing to longer travelling distances for refilling and more frequent refilling, they would face net income reduction if they switched to LPG vehicles. As there might not be LPG stations located near every light bus route, the incentive scheme proposed would be implemented on a voluntary basis. DS/EF stressed that those owners who did not wish to switch to LPG or electric light buses could still operate their existing diesel light buses until the end of the normal life.

30. Mr Albert CHAN opined that the one of the most effective ways to improve air quality in urban areas was to relax the existing confinement policy on RMBs. If RMBs were diverted from busy urban thoroughfares to new towns and new housing developments, great improvement could be achieved. As such, he called on the Environment and Food Bureau and the Transport Bureau to co-operate and examine the relevant issues involved.

31. In reply, the Principal Assistant Secretary for Transport said that according to the existing policy on PLBs, RMBs would be encouraged to convert to green minibuses (GMBs) which might operate in new towns. Over the years, the number of RMBs had been decreasing. At present, GMBs made up of about 56% of the total PLB fleet.

Incentives to encourage the switch to Euro III light buses

32. Ms Miriam LAU opined that if the Administration was really committed to bringing about early improvement in air quality, an incentive scheme should also be introduced to encourage the switch from Euro II to Euro III diesel light buses.

33. In response, DS/EF reaffirmed the Administration's commitment for improving air quality. He pointed out that starting from 1995, the Administration had been working progressively towards upgrading the emission standard in Hong Kong. At present, all types of vehicles newly registered in Hong Kong had to comply with Euro III emission standard except for diesel light buses. As the Administration now proposed to encourage light bus operators to replace their diesel vehicles with LPG or

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electric ones and to allow the continued use of diesel light buses, it was intended that legislative amendments would also be introduced to upgrade the emission standard for newly registered diesel light buses to Euro III.

34. DS/EF further said that as LPG was a cleaner type of fuel than diesel in terms of particulate and NO_x emission, its use was encouraged under the proposed incentive scheme. Moreover, there was no justification in using public money to subsidize PLB operators to replace their existing diesel light buses that were beyond economic repair with new diesel models. Same as other vehicle owners, PLB owners had to replace their vehicles which met the prevailing standards.

35. Responding to the Chairman's enquiry about the emissions from Euro III vis-à-vis LPG light buses, Mr Raymond CHAU of Zung Fu Co. Ltd. said that he could only comment on vehicles manufactured by Mercedes Benz. In terms of particulate emission, diesel light buses currently in production would comply with Euro III standard while LPG models would meet Euro IV standard to be adopted by the European Union in 2005. Generally speaking, an LPG light bus emitted almost zero respirable suspended particulate (RSP) and much lower levels of NO_x, carbon monoxide and hydrocarbon than a Euro III diesel model. However, he emphasized that emissions from vehicles would to a large extent depend on the state of their maintenance. Hence, it might not be appropriate to draw a simplistic conclusion.

36. As regards the suggestion to provide an incentive scheme for promoting early replacement of Euro II diesel light buses, DS/EF said that there were about 150 000 diesel vehicles in Hong Kong and their situation must be considered as a whole. If there was a consensus view within the community that early replacement of all older diesel vehicles was desirable, the Administration would be prepared to consider a package of measures including a mix of positive incentives to acquire cleaner replacements and disincentives against keeping older diesel vehicles on the road.

Provision of supporting infrastructure

37. On the provision of supporting infrastructure for LPG light buses, DS/EF explained that subject to relevant safety requirements, LPG stations could also be located in urban areas, such as the existing dedicated LPG station in Wai Lok Street, Kwun Tong near Laguna City. Mr TSE Kin-wai of the Environmental Light Bus Alliance however pointed out that if LPG stations were not provided in busy urban areas such as Yau Tsim Mong area, Causeway Bay or Central, the difficulty faced by the trade in respect of income reduction could not be addressed. In reply, DS/EF said that the Administration would continue to liaise with operators of individual PLB routes, Lands Department and oil companies with a view to improving the geographical distribution of LPG stations where practicable.

38. Ms Miriam LAU was also concerned that not all 45 LPG stations as currently planned by the Administration would be completed by mid-2002. In response,

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DS/EF said that as at 5 December 2001, there were 18 LPG stations in Hong Kong, 8 of which were large-scale dedicated stations. By around mid-2002, the number would increase to around 45 and 12 of which would be large-scale dedicated ones. Apart from 3 dedicated LPG stations which had yet to be tendered out, the construction of other new LPG stations were already in progress. He reiterated that as replacement was not mandatory, PLB operators could decide for themselves the optimal time for switching to LPG light buses taking into account the availability of LPG stations within their areas of operation. In this respect, the Administration would closely monitor and follow up progress.

39. Addressing the PLB trade's concerns about special maintenance requirements of LPG PLBs, DS/EF explained that the maintenance requirements of diesel and LPG light buses were similar, except that work on the latter's fuel system would have to be carried out in LPG vehicle workshops for safety reasons. The majority of repair work, i.e. those not involving the LPG fuel system, could be carried out in ordinary vehicle workshops. Among the 25 LPG vehicle workshops in operation or under construction, 12 were relatively small and not run by the vehicle manufacturers. As the maintenance requirements of LPG light bus would gradually increase with the growth in the number of LPG light buses and their age, the Administration believed that the number of such maintenance facilities would increase as demand increased and market forces could be relied on to provide the required facilities.

40. Regarding supporting infrastructure for electric light buses, DS/EF advised that notwithstanding the constraints in installing charging facilities for electric light buses such as the lack of space and presence of underground utilities, the Administration would provide assistance to PLB operators and interested parties in setting up such facilities where practicable. The land on which such charging facilities were installed would be granted at nil premium.

Application deadlines for the one-off grant

41. While expressing reservation about the Administration's assertion that 45 LPG stations would be provided in Hong Kong by mid-2002, Ms Miriam LAU considered that it was neither fair nor realistic to set the application deadlines at the present stage when the actual availability of LPG stations in future was still uncertain. In this connection, she asked whether the Administration would consider the suggestion made by some PLB trade deputations that the application deadlines should be set within a reasonable period after all 45 LPG stations were completed.

42. In response, DS/EF explained that as the relevant construction work was already rolling forward, there was no need to wait until all 45 LPG stations were completed before the application deadlines could be set. By setting definite deadlines as proposed, early replacement of existing diesel light buses could be ensured. In this respect, DS/EF assured members with the scheduled completion of about 45 LPG stations around mid-2002, there was still ample time for the owners to make a

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decision as the application deadline for those diesel PLBs aged more than 10 years was end-2003 and that for those diesel PLBs aged below 10 was end-2004.

Admin

43. Notwithstanding the Administration's reply, Ms Miriam LAU called on the Administration to seriously consider the views of the PLB trade in this matter. If their concerns about the provision of adequate LPG stations were left un-addressed, they might be less inclined to switch to LPG. DS/EF replied that the Administration would consider the views put forward by the trade regarding the application deadlines.

The one-off grant

44. Ms Miriam LAU opined that fair and adequate financial assistance was the key to success of the proposed incentive scheme. In this connection, she 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, PLB operators actually had less financial assistance from the Government for conversion to LPG. While it was unclear on what basis the Administration came up with the one-off grant of \$60,000 for conversion to LPG light buses, she called on the Administration to make reference to the calculations provided by the Environmental Light Bus Alliance in its submission which suggested that the one-off grant should be set at \$120,000.

45. In reply, DS/EF stated that the one-off grant was not set on the basis of any scientific assessment. The Administration had taken into account various relevant factors such as the price of a LPG light bus, operating conditions of the PLB trade as well as the voluntary nature of the proposed scheme. He further said that it was not appropriate to make a comparison with the LPG taxi scheme which was mandatory. The Administration believed that the one-off grant of \$60,000 or 80,000 for the replacement of a diesel PLB with an LPG or electric one respectively should attract many PLB owners to switch to vehicles running on cleaner fuel.

Admin

46. Ms Miriam LAU however remarked that in order to encourage early replacement of more diesel PLBs, a higher one-off grant should be provided to those owners whose PLBs were relatively new. DS/EF agreed that the Administration would further consider the views expressed by members and the trade at the meeting.

47. In reply to Ms Miriam LAU's enquiry about eligibility of the one-off grant, DS/EF stated that for the purpose of encouraging early replacement, the one-off grant would be made available to owners who had already replaced their diesel PLBs with LPG or electric ones before the Administration started accepting applications for the one-off grant. Discussions had also been held with the PLB trade as to who should be entitled to receive the one-off grant. It was agreed that when an existing diesel PLB was scrapped and replaced with an LPG or electric one, the first registered owner of the replacement LPG or electric PLB would be entitled to the one-off grant.

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Availability of light buses for the conversion

48. Ms Miriam LAU was concerned that at present, only LPG light buses from one manufacturer was available in the market while supply from other manufacturers were only being planned or contemplated. Under the circumstances, it was highly unfair that the trade should be forced to make a decision before the respective application deadlines in end-2003 and end-2004. Echoing this concern, the Chairman opined that the Administration's present proposal was tantamount to channelling sales to a particular vehicle manufacturer. Underlying the importance for the Administration to maintain open and fair competition in the market, Mr Albert CHAN maintained the strong view that sufficient lead-time should be allowed for vehicle manufacturers to develop and manufacture suitable LPG light buses for use in Hong Kong so that comparable models could be available in the market at more or less the same time. Miss Emily LAU also said that more should be done by the Administration to keep the vehicle manufacturers informed about the latest developments so as to ensure that when the scheme was implemented, the market would not be monopolized by certain light bus manufactures.

49. In reply, DS/EF assured members that the same information about the proposed incentive scheme was disseminated to members and all parties concerned including vehicle manufacturers and trade associations. He added that the Administration would not interfere with the import of vehicle types as this was a commercial decision to be made by the companies concerned. As requested by members at the last joint meeting, the Administration had enquired with vehicle manufactures and provided relevant information about the timeframe within which they would make available their vehicles to the Hong Kong market in LC Paper No. CB(1)515/01-02(07) for members' information. As the proposed incentive scheme was still at the consultation stage, there was absolutely no question of any particular vehicle manufacturer being given a head start. Individual vehicle manufacturers would plan for their production and sales according to their own strategy. In that case, Miss Emily LAU said that if the PLB trade detected any signs of monopoly in the LPG light bus market, they should inform members so that the matter could be followed up with the Administration.

50. While concurring with other members' concern about monopoly in the market, Mr IP Kwok-him pointed out that an early decision on the way forward was urgently required as the replacement of many old PLBs was being delayed. In this connection, he enquired about the Administration's proposed timetable for implementing the scheme.

51. Mr TSE Kin-wai of the Environmental Light Bus Alliance also pointed out that given the uncertainty about the way forward on alternative-fuel light buses and future weight limit of PLBs, the manufacturers were unwilling to commit themselves and hence, the market did not have a ready supply of Euro III light buses. As a related matter, the Chairman asked whether the Administration would also consider the

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request stated by some PLB deputations that the weight limit of light buses be relaxed to more than 5 tonnes so as to enable a wider choice of vehicles in the market.

52. In reply, DS/EF stated that the Administration had already written to the Motor Traders Association of Hong Kong (MTAHK) to urge its Members to make available more light bus models, including LPG light buses, for the Hong Kong market. With the planned relaxation of the current light bus weight of 4 tonnes to 5 tonnes, it was expected that more vehicle manufacturers would consider supplying LPG light buses for the Hong Kong market. He added that from the point of view of improving the environment, the Administration would like to see the proposed scheme implemented as soon as possible. However, the Administration would need to further examine the proposed scheme and consult the trade in the light of all the views and suggestions received. It was hoped that a final proposal that was generally acceptable to all parties concerned could be ready early next year.

53. To supplement, the Assistant Commissioner for Transport explained that discussions had been held with MTAHK. After careful study, the Administration was convinced that 5 tonnes was the right weight limit to adopt. Vehicles over 5 tonnes in weight were mostly long vehicles and they were considered not suitable for PLB operation. Moreover, the weight limit of 5 tonnes as proposed would fit into the M2 category of the relevant United Nations regulations which laid down uniform technical prescriptions on the construction of vehicles for the purpose of improving road safety. Notwithstanding the Administration's explanation, the Chairman requested the Administration to discuss further with the PLB trade on their suggestion to relax the weight limit of PLBs to 5.5 tonnes.

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Financial incentives for private light buses

54. As the Administration's policy intention was to encourage early replacement of more polluting diesel light buses to achieve an overall reduction in RSP and NOx emissions from motor vehicles, Ms Miriam LAU was unconvinced that private light buses should be treated differently. While the operation of private light buses might be different from PLBs, the operators would still face the same problems of more frequent refilling and foregone earnings as PLB operators. Hence, they would also suffer a loss if they switch to LPG. She considered that if the Administration was really committed to improving the air quality, the same incentive for PLB operators should be made available to private light bus operators. Echoing similar views, both Mr Albert CHAN and Mr IP Kwok-him called on the Administration to consider providing the same one-off grant to the private light bus trade. In this connection, Miss Emily LAU enquired about the amount of additional financial commitment incurred should the one-off grant be extended to the private light bus trade.

55. In response, DS/EF stressed that when considering the matter, the Administration had to assess the financial implications and the justifications for spending public money. Different incentives were proposed for private and public

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light buses because their operating conditions were different. As most private light buses did not run schedules as intensive as PLB operators and would have less constraints on refilling, there was no justification to offer them the same incentives as for PLB operators. Moreover, there was no strong reason to compel the replacement of 16-seat diesel private light buses as their emission contribution to the entire diesel light bus fleet was only 10%. In order to maximize the use of limited financial resources, the Administration's priority must be on the heavy polluters and hence, the different treatment was neither unfair nor discriminatory. However, he agreed that the Administration would further consider the views expressed by members and the trade in this matter.

56. DS/EF further said that currently, there were about 1 000 16-seat private light buses. Assuming that half of them would take up the incentive of FRT exemption under the present proposal and replace their vehicles with LPG ones, the revenue foregone was \$6 million. However, if the same one-off grant was also extended to these 16-seat private light buses, \$60 million would be required if they all took up the offer and replace their vehicles with LPG ones.

III Any other business

57. There being no other business, the meeting ended at 1:05 pm.

Legislative Council Secretariat
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