

立法會
Legislative Council

LC Paper No. CB(1) 595/08-09
(These minutes have been seen
by the Administration)

Ref : CB1/PL/EA/1

Panel on Environmental Affairs

Minutes of meeting
held on Monday, 24 November 2008, at 1:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Hon CHAN Hak-kan (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon James TO Kun-sun
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Albert CHAN Wai-yip
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon CHEUNG Hok-ming, SBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun

Public officers attending : **For item IV**

Dr Kitty POON
Under Secretary for the Environment

Mr Albert LAM
Deputy Director of Environmental Protection (2)

Mr Alfred LEE
Assistant Director (Waste Management Policy)
Environmental Protection Department

For item V

Dr Kitty POON
Under Secretary for the Environment

Mr Carlson K S CHAN
Deputy Director of Environmental Protection (3)

Mr W C MOK
Acting Assistant Director (Air Policy)
Environmental Protection Department

Mr S W PANG
Principal Environmental Protection Officer (Air Policy)
Environmental Protection Department

For item VI

Dr Kitty POON
Under Secretary for the Environment

Mr Carlson K S CHAN
Deputy Director of Environmental Protection (3)

Mr W C MOK
Acting Assistant Director (Air Policy)
Environmental Protection Department

Mr S W PANG
Principal Environmental Protection Officer (Air Policy)
Environmental Protection Department

For item VII

Dr Kitty POON
Under Secretary for the Environment

Mr Carlson K S CHAN
Deputy Director of Environmental Protection (3)

Mr W C MOK
Acting Assistant Director (Air Policy)
Environmental Protection Department

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

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

Miss Mandy POON
Legislative Assistant (1)4

Action

I. Confirmation of minutes

(LC Paper No. CB(1) 222/08-09 — Minutes of the meeting held on 27 October 2008)

The minutes of the meeting held on 27 October 2008 were confirmed.

II. Information paper issued since last meeting

2. Members noted that no information papers had been issued since last meeting.

III. Items for discussion at the next meeting

(LC Paper No. CB(1) 223/08-09(01) — List of follow-up actions
LC Paper No. CB(1) 223/08-09(02) — List of outstanding items for discussion)

3. The Chairman advised that it was decided at the last meeting that the next regular meeting on 15 December 2008 would be devoted to discuss "Banning idling vehicles with running engines", and that a special meeting to be held in early December to deal with selected items from the list of outstanding items for discussion. However, the Administration had advised that it would need more time to consult relevant bureaux and departments as well as the trades on exemption arrangements for banning idling vehicles. Hence, it was unlikely that the subject would be ready for discussion in December 2008. Mr LEE Wing-tat queried the need for further consultation since the subject had been discussed over a prolong period of time. Expressing similar concern, Mr Andrew CHENG enquired about the issues which would need to be further consulted. The Under Secretary for the Environment (USEN) said that the Administration had consulted the trades and would need to coordinate with the relevant departments regarding enforcement of the ban. She agreed to provide for members' reference the issues which would require further consultation. Members subsequently agreed that to hold a special meeting on 15 January 2009 at 4:30 pm to discuss the subject.

4. The Chairman said that according to the work schedule as set out in the list of outstanding items for discussion, the following items would be discussed at the next regular meeting scheduled for Monday, 15 December 2008, at 4:30pm -

(a) Provision of a District Cooling System at the Kai Tak Development;

(b) 348DS - North District and Tolo Harbour sewerage, sewage treatment and disposal - regional sewerage works, part 1 - sewerage upgrade;

- (c) 341DS - Harbour Area Treatment Scheme Stage 2A - construction of the sewage conveyance system and upgrading of Stonecutters Island Sewage Treatment Works and preliminary treatment works; and
- (d) Government efforts in addressing climate change.

However, if members later agreed to set up the Subcommittee on Improving Air Quality, item (d) could be taken up by the Subcommittee. If not, the meeting might need to be advanced to start at 1:30 pm to allow sufficient time for discussion.

5. Ms Miriam LAU expressed reservation at the proposed advancement of meeting time to 1:30 pm as this would disrupt members' schedules. Besides, members would have a hard time coping with the many regular and special meetings of the Panel as well as meetings of the Subcommittee, let alone meetings of Bills Committees to be formed. As not all subjects under the list of outstanding items for discussion required discussion, consideration could be given for the Administration to circulate the relevant information papers to members, who would later decide whether specific subjects should be included in an agenda for discussion. The Chairman said that members should also let her know the items which did not require discussion.

6. Referring to the list of outstanding items for discussion, Mr WONG Yung-kan pointed out that "Banning of commercial fishing in marine parks" might not be ready for discussion in January 2009, since consultation with the trades had not been completed.

IV. Implementation details of the environmental levy scheme on plastic shopping bags under the proposed Product Eco-responsibility (Plastic Shopping Bags) Regulation

(LC Paper No. CB(1) 223/08-09(03) — Administration's paper on implementation details of the environmental levy scheme on plastic shopping bags under the proposed Product Eco-responsibility (Plastic Shopping Bags) Regulation

LC Paper No. CB(1) 223/08-09(04) — Paper on implementation details of environmental levy scheme on plastic shopping bags under the proposed Product Eco-responsibility (Plastic Shopping Bags) Regulation prepared by the Legislative Council Secretariat (Background brief))

7. USEN briefed members on the implementation details of the environmental levy scheme on plastic shopping bags (PSBs) (the Scheme) under the proposed

Product Eco-responsibility (Plastic Shopping Bags) Regulation (the Regulation). The Chairman also drew members' attention to the submission from the Hong Kong Retail Management Association (HKRMA) which was tabled at the meeting.

(Post-meeting note: The submission from HKRMA was circulated vide LC Paper No. CB(1) 271/08-09(01) on 25 November 2008)

Definition of PSB

8. Given the different sizes and materials of PSBs, Mr CHAN Hak-kan enquired whether the levy of 50 cents would apply across the board to all PSBs, irrespective of their sizes and materials. USEN explained that Schedule 1 to the Product Eco-Responsibility Ordinance (Cap.603) (the Ordinance) provided that a bag would be a PSB to which the Ordinance applied if it was made wholly or partly of plastic and there was a hole, perforation, handle or string on or attached to it. All PSBs, regardless of their sizes and materials, given out at registered retail outlets would be subject to the levy of 50 cents as long as they fell within the definition of PSB under the Ordinance.

9. Mr KAM Nai-wai considered it absurd that PSBs referred only to those which had a hole, perforation, handle or string on or attached to it. He cautioned that registered retail outlets could easily get round the Scheme by providing PSBs which had no holes, perforations, or handles. On the other hand, non-registered retail outlets might be able to profiteer by charging 50 cents for each PSB provided to consumers, who might not be aware of the non-application of the levy to such outlets. He stressed the need for the Administration to step up publicity on the scope of application of the levy. Mr Andrew CHENG echoed that the exemption for PSBs without holes, perforations and handles might encourage the use of such PSBs. In order for the Scheme to be successful, the fewer exemptions the better. He also urged the Administration to review the definition of PSB, and the exemptions to be granted with a view to reducing the use of PSBs.

10. USEN said that the definition of PSB had been deliberated at length during the scrutiny of the Product Eco-Responsibility Bill (the PER Bill). The exemption for PSBs which had no holes, perforations, or handles from the levy was made taking into account the need for separate plastic bags to contain fresh food, such as fish and fruits, for hygienic purpose. Announcements of Public Interests had been released to encourage the public to make the best use of PSBs before disposal. The Deputy Director of Environmental Protection (2) (DDEP(2)) added that the Administration had discussed with the trades on the means to differentiate registered and non-registered outlets. It was agreed that labels/posters would be displayed at the cashier counters of registered retail outlets where levy on PSBs was required.

Implementation details of the Scheme

11. Ms Miriam LAU said that there was general support for the Scheme because it would help reduce the number of PSBs to be disposed of at the landfills. She however cautioned that the many implementation details of the Scheme, such as registration of retailers, keeping of record, submission of returns and payment of levies

etc, might pose compliance difficulties on the affected trades. As it seemed that the Administration had only consulted the Business Facilitation Advisory Committee, she enquired whether the retail trade was made aware of the implementation details. USEN said that the implementation details of the Scheme were worked out in close liaison with the retail trade. As a performance pledge, applications for registration of new outlets under a registered retailer would be processed within 10 working days, instead of 21 working days as originally proposed to the retail trade.

12. While supporting the Scheme, Ms Cyd HO expressed concern that the implementation details were too cumbersome and might incur additional administrative cost, which might not be cost-effective. DDEP(2) explained that the procedures under the Scheme were simple, and that only very basic information would be required from retailers in the keeping of records and submission of returns. These procedures were not expected to create operational difficulties on the part of the retailers. He stressed that the purpose of the Scheme was not to ban the use of PSBs but to encourage consumers to establish a habit of reducing reliance on PSBs when making their purchases.

13. Mr LEE wing-tat said that Members belonging to the Democratic Party were supportive of the Scheme which had been discussed for a long time. Given that some infrequent shoppers, who were also advocates of environmental practices, might forget to bring their own shopping bags, he opined that measures, such as lending of reusable bags, should be devised to reduce their guilty feeling of having to buy a PSB. USEN reiterated that the objective of the Scheme was to foster a habit among consumers to bring their own shopping bags so that they would not rely on PSBs to be provided by registered retailers. The Scheme would be reviewed in about a year's time after implementation to see what further improvements could be made.

Extension of the coverage of the Scheme

14. Referring to the submission from HKRMA which supported the extension of the Scheme to all retailers to allow more effective reduction of PSBs, Ms Miriam LAU expressed concern about the impact of the extension on the retail trade, which would likely have a difficult time in complying with the procedures under the Scheme. USEN said that the first phase of the scheme would cover about 2 000 chain or large supermarkets, convenience stores and personal health and beauty stores which accounted for about 20% of PSBs disposed at landfills. Based on the outcome of review of the first phase of the Scheme, the Administration would consider proceeding with the second phase to cover more retailers.

15. While agreeing with HKRMA on the need to extend the Scheme to all retailers, Ms Cyd HO opined that the levy should also apply to manufacturers. She further enquired about the interfacing arrangements between the first and second phase of the Scheme. Mr Andrew CHENG echoed that a reduction target should be set for PSBs. Mr KAM Nai-wai also enquired about the factors to be taken into consideration in deciding when to proceed with the second phase of the Scheme. USEN said that the Scheme aimed at discouraging the indiscriminate use of PSBs. It was expected that one billion PSBs per year would be saved after implementation of the Scheme. The Administration would carry out a review of the Scheme one year after its

implementation and views from the public were most welcomed.

16. Mr Albert CHAN said that apart from introducing the Scheme, the Government should also take the lead in avoiding the indiscriminate use of plastic bags, such as those large black plastic bags used in street cleaning. Reference should be made to the successful experience of Taipei in reducing the use of PSBs. Given the lack of a comprehensive plan to reduce the use of PSBs, Members belonging to the League of Social Democrats would object to the Scheme. Mr Jeffrey LAM asked whether the Administration would consider using plastic bags made from environment-friendly materials. USEN said that the Government had implemented a green procurement policy in 2000. A review would be conducted with a view to identifying more environment-friendly products for use by the Government. Efforts would also be stepped up to advocate green practices within the Government.

Use of levy

17. Mr CHAN Hak-kan was disappointed that the Administration had previously turned down members' request of using the environmental levy to set up a fund to take forward environmental initiatives, which in his view would better meet public aspirations. He enquired about the estimated amount of levy to be collected under the Scheme, and the percentage of which to be used for environmental purposes. USEN explained that the objective of the Scheme was to promote an environment-friendly practice, and not to generate revenue as the more successful the Scheme, the less levy would be collected. It was expected that around \$200 million of levy would be collected under the Scheme. Regardless of the actual amount of levy that would be collected, sufficient funds had been earmarked for taking forward environmental initiatives.

Legislative time-table of the Regulation

18. Responding to the Chairman's enquiry on the legislative time-table for the Regulation, USEN said that as the levy scheme was expected to be implemented in mid 2009, the Regulation would be introduced into LegCo before end 2008 under the positive vetting procedure. The Chairman emphasized the need for sufficient time for LegCo to scrutinize the Regulation.

V. A proposal to control the contents of Volatile Organic Compounds in vehicle refinishing paints, marine vessel paints, pleasure craft paints, adhesives and sealants

(LC Paper No. CB(1) 223/08-09(05) — Administration's paper on a proposal to control the contents of Volatile Organic Compounds in vehicle refinishing paints, marine vessel paints, pleasure craft paints, adhesives and sealants

LC Paper No. CB(1) 223/08-09(06) — Paper on extending the scope of Air Pollution Control (Volatile Organic Compounds) Regulation

to control vehicle refinishing paints, marine paints, adhesives and sealants prepared by the Legislative Council Secretariat (Background brief))

19. USEN briefed members on the proposal to limit the contents of volatile organic compounds (VOCs) in vehicle refinishing paints, marine vessel paints, pleasure craft paints, adhesives and sealants (collectively referred as newly regulated products), and to control emissions from paint works.

20. Noting the proposal would limit the VOC content of vehicle and vessel paints, Ms Miriam LAU enquired whether the affected vehicle and vessel repairers had been consulted as they would need to source the compliant paints. USEN confirmed that the affected trades had been consulted, and their views had been taken into consideration when formulating the proposal. In view of the time required for development of compliant products, the Administration intended to implement the proposal by phases during the period from 1 January 2010 to 1 April 2012. This would allow sufficient time for the affected trades and the public to adapt to the change. The Deputy Director of Environmental Protection (3) added that the proposal should not have much impact on the trades as the newly regulated products only constituted a small part of their operating costs, but they would need time to source and adapt to the compliant products.

21. Mr Jeffrey LAM noted that toy manufacturers had been trying to identify water-based paints with low VOC content for use in their production, but these products were found to be much more expensive. Besides, suppliers were not keen in supplying water-based paints given their small market share. He enquired about the availability, durability and price of water-based paints with low VOC content. He also considered it necessary for the Administration to devise a more comprehensive plan in consultation with the affected trades, suppliers and manufacturers to ensure the ready supply of affordable compliant products in the local market before imposing the new VOC limits. USEN said that as water-based paints were less volatile, they would require a longer drying time than paints with higher VOC content. The price of compliant products was expected to drop when more of these were introduced into the local market. The Principal Environmental Protection Officer (Air Policy) (PEPO(AP)) added that paints used in the manufacture of toys were not included in the present proposal, which only applied to vehicle refinishing paints, marine vessel paints, pleasure craft paints, adhesives and sealants. Forums would be held to introduce to the affected trades the compliant products and apprise them of the techniques in using these products to ensure a smooth implementation of the new VOC limits. Mr LAM however pointed out that the paints used in toy cars were very much similar to vehicle refinishing paints. As such, there was a need for further consultation with the affected trades.

22. Mr Andrew CHENG noted that during the scrutiny of the Air Pollution Control (Volatile Organic Compounds) Regulation (the Regulation), the relevant Subcommittee had raised concern that some unscrupulous retailers might smuggle non-compliant regulated products into Hong Kong if retailers were not held liable for

selling regulated products exceeding the prescribed VOC limits. The Administration had subsequently agreed to further consult the trades on the feasibility of imposing liability on retailers. He did not consider further consultation necessary because it was only fair that retailers should be held liable if they knowingly sold regulated products exceeding the prescribed VOC limits. The Chairman echoed that the Administration should consider imposing liability on retailers who knowingly sold regulated products exceeding the prescribed VOC limits in the current proposal. USEN said that there was a need to strike a balance between the interest of the public and retailers. PEPO(AP) said that the Administration had conducted a review of the proposal to impose liability on retailers and the outcome of the consultation was set out in a paper submitted to the Panel on Environmental Affairs in July 2008. While there were three suspected cases of non-compliance, the retailers were cooperative in providing information for the enforcement staff to trace the importers. So far, there was no evidence of smuggling of non-compliant products for sale at the retail level, nor retailers knowingly selling such products. Hence, it was not considered necessary to impose liability on retailers at this stage. Nevertheless, the Administration would continue to monitor and review the situation.

23. Mr CHAN Hak-kan expressed support for extension of the coverage of the Regulation to include more products. Noting that most furniture used in Hong Kong was manufactured in the Mainland, he enquired whether there was any control over the VOC limits of paints and sealants used in the manufacture of furniture imported from the Mainland. USEN said that there were difficulties in imposing VOC limits on cross-order trades, but efforts would be made to resolve the problem. In response to Mr CHAN's further enquiry on whether the new VOC limits were applicable to products procured by the Government, USEN answered in the affirmative.

24. Referring the annexure to the Administration's paper which set out the proposed VOC control on the newly regulated products, Professor Patrick LAU enquired about the basis upon which the VOC limits of various products were arrived at. Given that many of these products were construction materials, he asked whether the construction industry was consulted. PEPO(AP) said that different VOC limits would apply to different regulated products taking into account the nature and usage of such products. The limits were set with reference to the Californian standards. Professional bodies, including the Hong Kong Construction Association, the Hong Kong Institution of Engineers, Hong Kong Institute of Architects and Hong Kong Institute of Surveyors, had been consulted and there was no objection to the proposed VOC control.

25. As the new controls would affect the construction industry, Professor Patrick LAU asked if the Administration would consider commissioning the Construction Industry Council to conduct studies on the proposed VOC limits to ascertain the applicability of the Californian VOC standards to Hong Kong where most construction materials were imported. PEPO(AP) said that the Californian VOC standards were adopted because California was facing similar smog problems as Hong Kong. Hence, the California experience would provide useful reference to Hong Kong in tackling the problem. He agreed to further work with the affected trades, including conducting more workshops, to facilitate their compliance with the proposals. Professor LAU suggested that the Government should take the lead in applying the

new VOC limits in its works projects. In this way, the Government would be able to set an exemplary role and provide the trades with the needed confidence on the availability and practicality of the compliant products.

VI. Enhancing the control of ozone depleting substances

(LC Paper No. CB(1) 223/08-09(07) Administration's paper on enhancing the control of ozone depleting substances)

26. USEN briefed members on the Administration's proposal to enhance the control of ozone depleting substances (ODS) for fulfilling the additional international obligations of the Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol) on ozone layer protection.

27. Noting that the import of products using hydrochlorofluorocarbons (HCFC)-22, including window-type air conditioners, would be banned as from 1 January 2012, Mr KAM Nai-wai enquired about the estimated number of such window-type air conditioners which were in use and in stock at that time, and whether the stock could be exhausted before 2012. He also enquired whether retailers who sold banned HCFC-22 products after 2012 would be held liable. PEPO(AP) said that under the Energy Efficiency Labeling Scheme, there were four registered models of HCFC-free window-type air conditioners. Consultation with the trades also revealed that the technology in the manufacture of HCFC-free window-type air conditioners was well developed. As agreed with manufacturers, new production lines would be set up to provide Hong Kong consumers with sufficient supply of HCFC-free window-type air conditioners. It was expected that all window-type air conditioners with HCFC-22 as refrigerants would be phased out by the time the proposed ban on all products using HCFC-22 took effect on 1 January 2012. USEN added that the proposed ban on the import of HCFC-containing products aimed at controlling the problem at source. Hence, liability would not be imposed on retailers in view of the significant resources required for enforcement.

28. The Chairman was concerned about the supply of HCFC-free window-type air conditioners to meet demand as there were only four models available in the market. PEPO(AP) explained that unlike their counterparts in most overseas countries where split-type air conditioners were used, households in Hong Kong had also to rely on window-type air conditioners due to space constraints. As a result, manufacturers would need to set up a separate production line for HCFC-free window-type air conditioners for use in Hong Kong. These HCFC-free window-type air conditioners were not expected to be more expensive than conventional ones using HCFC-22 as refrigerants since only minor changes in the air ducts were required to accommodate the use of HCFC-free refrigerants. The price difference of 10% to 25% was expected to decrease over time with the scheduled phasing out of HCFC and when more HCFC-free window-type air conditioners were available in the market.

29. Ms Miriam LAU expressed concern about the sale of banned HCFC-containing products smuggled to Hong Kong by unscrupulous retailers if they would not be held liable. She also enquired whether the same control would apply to

refrigerators using HCFC-22 as refrigerants. The Deputy Director of Environmental Protection (3) (DDEP(3)) said that unlike window-type air conditioners with HCFC-22 as refrigerants which were still in use by some households in Hong Kong, refrigerators had already switched to ODS-free refrigerants. In order to meet the Montreal Protocol on ozone layer protection, there was a need to amend the Ozone Layer Protection (Products Containing Scheduled Substances) (Import Banning) Regulation (Cap. 403C) to ban the import of HCFC-containing products. However, the proposed ban would not apply to HCFC-containing products, including window-type air conditioners, imported before 2012.

30. While supporting the proposal to enhance the control of ODS, Dr Priscilla LEUNG asked if assistance would be provided to the affected trades in complying with the control. USEN said that the relevant trades had been made aware of the control on ODS, which had been accelerated by the Montreal Protocol. Amid the financial tsunami, some of the trades had indicated that they would have resource problems in complying with the enhanced control. While the Administration would endeavour to meet the obligations under the Montreal Protocol, it would assist the trades in complying with the ban as far as possible. Dr LEUNG further enquired about the cost implications of using HCFC-free window-type air conditioners. USEN explained that HCFC-free window-type air conditioners were 10% to 25% more expensive than those which used HCFC-22 as refrigerants. However, with the increase in the supply of the more environment-friendly HCFC-free window-type air conditioners, it was expected that the prices of these air conditioners would become more competitive. Dr LEUNG said that consideration should be given to providing incentives to encourage the switch to the use of HCFC-free products.

31. The Chairman enquired whether most developed economies were parties to the Montreal Protocol and if so, there would be a higher demand and hence a greater supply of HCFC-free window-type air conditioners. As a result, the prices would become more competitive. USEN confirmed that most developed economies were parties to the Montreal Protocol. She added that European Union countries had already implemented the ban while countries like Canada would be phasing out HCFC by 2010. The prices of HCFC-free products were expected to decrease when there was more demand and supply.

VII. Early replacement of old commercial vehicles

(LC Paper No. CB(1) 223/08-09(08) — Administration's paper on early replacement of old commercial vehicles

LC Paper No. CB(1) 223/08-09(09) — Paper on early replacement of pre-Euro and Euro I diesel commercial vehicles prepared by the Legislative Council Secretariat (Background brief)

32. USEN briefed members on the progress of replacement of old commercial vehicles and the option to increase the licence fees of old commercial vehicles to accelerate their replacement.

33. Noting from paragraph 3 of the Administration's paper that diesel commercial vehicles, mainly light buses, goods vehicles and coaches, had accounted for about 90% and 75% of the total vehicular emission of respirable suspended particulates (RSP) and nitrogen oxides (NO_x) respectively, Ms Miriam LAU queried the accuracy of the information if the diesel commercial vehicles referred to did not include the 6 000 franchised buses which were frequently on the roads. The Acting Assistant Director of Environmental Protection (Air Policy) (Acting ADEP(AP)) said that the percentage contribution of vehicular emissions was worked out by using an internationally accepted emission estimation model, taking into account the composition of the existing fleet of diesel commercial vehicles and the local driving conditions. If franchised buses were included, the total NO_x and RSP emissions from diesel commercial vehicles would increase to 96% and 85% respectively.

34. Ms Miriam LAU said that it was hard to believe that the 6 000 franchised buses only accounted for 6% of the total RSP emissions from vehicles. Acting ADEP(AP) explained that all of the pre-Euro and Euro I franchised buses were retrofitted with diesel oxidation catalysts and some newer buses had more advanced particulate removal devices, which could reduce their RSP emissions more effectively. Ms LAU however pointed out that many other pre-Euro and Euro I diesel commercial vehicles were also retrofitted with particulate removal devices, and these should be just as effective as that of franchise buses. To facilitate better understanding of the emission statistics, the Administration was requested to provide the basis for arriving at the percentage emissions from diesel commercial vehicles.

Admin

One-off grant to encourage the early replacement of pre-Euro and Euro I diesel commercial vehicles

35. Ms Miriam LAU said that the one-off grant scheme was not well received because the transport trades were suffering from financial hardship under the present state of the economy. Another reason was that the Euro IV diesel replacement vehicles were found to be quite problematic, and that was why the application period of pre-Euro diesel commercial vehicles had to be extended for 18 months. USEN said that with the introduction of the one-off grant scheme, the number of pre-Euro and Euro I diesel commercial vehicles replaced had increased from an average of 430 and 70 a month to 560 and 180 a month respectively. The Administration was well aware of the situation of the transport trades, and hence had agreed to extend the application period for pre-Euro diesel commercial vehicles to 31 March 2010 (i.e. same as that of Euro I diesel commercial vehicles). She also undertook to provide an information paper on the problems associated with Euro IV diesel vehicles and the progress of improvements made so far as requested by members.

Admin

36. Mr LEE Wing-tat opined that the low participation rate of the one-off grant scheme was partly attributed to the high price of new heavy diesel vehicles. Noting that the new CRT particulate removal device could effectively reduce RSP emission from diesel vehicles, he enquired about the price of such device and how this compared with the replacement cost of a Euro IV model. Acting ADEP(AP) said that the price of CRT particulate removal device was around \$40,000, depending on vehicle engine size. However, there were technical constraints in retrofitting such device in pre-Euro and Euro I heavy diesel vehicles. In order for the particulate removal

device to operate effectively, there was a need to maintain a certain ratio of RSP and NO_x in the exhaust gases to promote the reduction of RSP. As it was difficult for these diesel vehicles to maintain the said ratio, the device would be damaged in a short time. Mr LEE held the view that the transport trades should have the social responsibility to reduce emissions from their vehicles. Apart from replacement of old vehicles or retrofitting of vehicles with particulate removal devices, a more practicable way to reduce vehicular emissions was through proper maintenance and regular inspection of vehicles. Efforts should also be made to step up the Smoky Vehicle Control Programme to deter smoky vehicles on the roads. USEN said that the cost of repair and maintenance of aged vehicles was also very expensive. The purpose of the proposed option to increase the licence fees of old commercial vehicles was to encourage owners to make use of the one-off grant to replace their vehicles. However, replacement plans of franchised bus companies were made separately between bus companies and the Transport Department on a regular basis. Meanwhile, continued efforts, including spotting and inspection of smoky vehicles, would be made to reduce vehicular emissions.

37. Noting that only \$0.4 billion of the \$3.2 billion earmarked for the one-off grant scheme had been taken up, Mr CHAN Kin-por held the view that more subsidies, such as through trade-in of vehicles, should be given to the transport trades to encourage the replacement of aged commercial vehicles. He would also welcome more views from the trade members who were in the best position of advising on what should be done to encourage early replacement of old commercial diesel vehicles

Proposal to increase licence fees of aged commercial vehicles

38. Ms Miriam LAU considered it unacceptable that owners, who could not afford to replace their vehicles even with the one-off grants, should be penalized by an increase in licence fees just for retaining their old vehicles. USEN said that apart from continuing to offer financial incentives to vehicle owners to expedite the retirement of old commercial vehicles, the Administration believed it was also worth considering the option of introducing certain financial disincentives to deter continued ownership and usage of these more polluting vehicles, such as raising the vehicle licence fees of these aged commercial vehicles. To help owners of existing aged commercial vehicles, particularly those facing higher increase, a possible option was to effect the increase immediately after the expiry of the one-off grant scheme on 31 March 2010. This would also prevent pre-mature retirement of vehicles because by the time the application deadline expired, pre-Euro vehicles would be over 15 years old. The vehicle age of 15 could also be adopted as the threshold of vehicle age for the licence fee increase. She added that the Administration had considered the option of mandating the retirement of old commercial vehicles. This had been ruled out on account of its grave implications on the transport trades, since vehicle owners who could not afford to replace their old commercial vehicles would be forced out of business.

39. While acknowledging that the original idea of increasing licence fees of old commercial vehicles to accelerate their replacement might have come from members, Mr CHAN Kin-por said that this was not worth pursuing amid the financial tsunami. It would be better for the Administration to halt the proposal to increase licence fees at

this stage than withdrawing it at a later stage when this was found to be impractical. Dr Priscilla LEUNG also shared similar views. USEN said that environmental objectives should not be stopped even during financial downturn, as evidenced by the general support for the environmental levy on plastic shopping bags. Mr CHAN however pointed out that unlike the environmental levy which was only 50 cents per plastic shopping bag, the proposal to increase licence fees would have serious financial implications on the trades which were struggling for survival. He said that members would unlikely give their support to the proposal.

40. Ms Miriam LAU said that she fully agreed with Mr CHAN Kin-por, and that she would object to the introduction of financial disincentives to deter the continued ownership and usage of aged commercial vehicles. Given that the transport trades were facing much difficulty in their operation amid the financial turmoil, the Administration should refrain from introducing any punitive measures, including the proposed increase in licence fees. Instead, more assistance, such as allowing owners who wished to replace their vehicles to apply for the small and medium loan schemes, should be provided. USEN agreed to find out the applicability of these schemes for vehicle owners.

41. Mr KAM Nai-wai said that amid the financial turmoil, the one-off grant scheme for the replacement of aged vehicles would not be well received even with the extension of the application period. The proposed carrot and stick approach of providing incentives for replacement and introducing financial disincentives to deter continued ownership of polluting vehicles would not have helped in accelerating the replacement. Other measures, such as stepping up of enforcement against smoky vehicles as well as retrofitting of devices to reduce vehicular emissions, should be implemented. He also considered it necessary to accelerate the replacement of polluting buses and the use of more environment-friendly buses in busy commercial districts. USEN explained that franchised bus companies were not subject to licence fees and they normally replaced their buses within a period of 17 years as a practice. They were also required to submit to the Commissioner for Transport their five-year plans, which would include the number of buses to be replaced. It was expected that a few hundreds of buses would be replaced by 2015. She added that the Administration would step up measures, such as enforcement against smoky vehicles and tightening of emission standards, to reduce vehicular emissions.

42. Referring to the submission from the Federation of Hong Kong Transport Worker Organizations (FHKTWO) tabled at the meeting, Dr Priscilla LEUNG enquired if the Administration would consider FHKTWO's proposal of buying back the licences of aged vehicles with a view to reducing the number of polluting vehicles on the roads. She also opined that the Government should endeavour to assist the transport trade which was facing much difficulty in its operation amid the economic downturn. Consideration should be given to providing some additional loans to assist the transport trades to replace their vehicles. Instead of punitive measures, a more positive approach of promoting cleaner practices should be adopted. Ms Miriam LAU echoed that FHKTWO's proposal was worth considering as it would help reduce the number of polluting vehicles on the roads which was indeed the Government's intention. The proposed buying back of aged vehicles by the Government from owners who ceased business would also prevent the re-sale of these

vehicles which would continue to pollute the environment. USEN said that the proposal of increasing the licence fees of aged vehicles aimed at accelerating the replacement of these vehicles. The one-off grant scheme was put in place to encourage the early replacement of polluting vehicles so that the vehicles on the roads would be cleaner and more environment-friendly. However, if the vehicle owners were to cease business and scrap their aged vehicles, the Administration did not consider it proper for the Government to pay for these vehicles which were due to retire.

43. On the Chairman's enquiry on whether the trades had been consulted on the option, Acting ADEP(AP) said that the Administration had been in discussion with members of the transport trades from time to time and was aware of their views. However, the air quality was at stake and there was a need to accelerate the replacement of aged vehicles with cleaner models for the sake of the environment. USEN added that the Administration was merely seeking members' views on the proposed principles to increase the licence fees for old commercial vehicles. The extent of the increase had yet to be decided and further consultation would be held with the trades.

VIII. Any other business

(LC Paper No. CB(1) 223/08-09(10) Setting up of the Subcommittee on Improving Air Quality)

44. The Chairman said that the proposal of setting up the Subcommittee on Improving Air Quality (the Subcommittee) was raised at the last Panel meeting on 27 October 2008. The proposed terms of reference and work plan of the Subcommittee were set out in the paper prepared by the LegCo Secretariat. She said that if members agreed to the proposed terms of reference, issues on air quality improvements, such as Government efforts in addressing climate change, would be taken up by the Subcommittee. To avoid duplication of work, it was recommended that the Panel would continue to discuss legislative and financial proposals related to air quality, such as banning of idling vehicles with running engines. Mr Andrew CHENG however held the view that some legislative proposals could first be put to the Subcommittee for discussion. This would relieve the work of the Panel.

45. Given the long list of outstanding items to be discussed by the Panel, Mr KAM Nai-wai said that the setting up of the Subcommittee would facilitate the division of labour such that issues relating to air quality could be discussed by the Subcommittee. He said that he preferred to leave it to the Chairman to decide on the issues to be taken up by the Subcommittee and those to be discussed by the Panel to ensure that the same issue should not be discussed twice.

46. The Chairman sought the Administration's views on the scope of work of the Subcommittee. USEN said that the Administration was concerned that issues, such as those relating to the review of Hong Kong's Air Quality Objectives, discussed by the Subcommittee would still have to be re-submitted to the Panel for further discussion. If so, the Administration would much prefer to discuss major issues, including legislative proposals, with the Panel rather than the Subcommittee as all

Panel members could participate. This would also avoid duplication of work and prolongation of the legislative process. However, it would be for members to decide on the forum at which subjects should be discussed.

47. Referring to her experience as the Chairman of the Subcommittee on Matters Relating to Railways, Ms Miriam LAU said that there was a division of labour between the Subcommittee and the Transport Panel in that financial proposals were discussed by the Panel while other matters, such as service quality, were discussed by the Subcommittee. The same logic should apply in the present case. The Subcommittee should also invite other Panel members to join discussion on major issues concerning air quality, and report to the Panel on its deliberation. She said that members, rather than the Administration, should decide on which issues should be discussed by the Subcommittee or the Panel. As the Subcommittee would focus on improving air quality, issues relating to the review of Hong Kong's Air Quality Objective should be discussed by the Subcommittee.

48. The Chairman said that members would decide on the forum for discussion of relevant subjects as appropriate. Members subsequently agreed to the setting up of the Subcommittee on Improving Air Quality, as well as the proposed terms of reference and work plan of the Subcommittee as set out in LC Paper No. CB(1) 223/08-09(10). The Clerk was instructed to issue a notice to invite Panel members to join the Subcommittee.

49. There being no other business, the meeting ended at 4:30 pm.