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Panel on Environmental Affairs

Meeting on 20 December 2010

Background brief on Pilot Green Transport Fund

Purpose

This paper sets out the background to the Pilot Green Transport Fund (PGTF), and gives a brief account of the views and concerns expressed by the Panel on Environmental Affairs (the Panel).

Background

2. The transport sector (including road and marine transport) is the second largest air pollution source in Hong Kong, accounting for about 6% of the local emissions of sulphur dioxide and 37% of the local emissions of respirable suspended particulates (RSP) and nitrogen oxides (NO_x) each. The exhaust emissions of motor vehicles are also the main cause of roadside air pollution. In respect of greenhouse gases, the share of the transport sector is about 16% of local emissions. Promotion green transport will therefore not only improve air quality, but also reduce carbon emissions, thereby helping to avert global climate changes.

Pilot Green Transport Fund

3. To encourage the transport sector to test out green and low-carbon transport technologies, the Financial Secretary has proposed in his Budget Speech 2010-2011 to set up a \$300 million PGTF for application by the transport industry, initially by public transport operators. PGTF will encourage the transport

industry to introduce more innovative green technologies, contributing to better air quality and health of people living in Hong Kong. It will also help nurture the budding of green technologies in Hong Kong for the promotion of a low-carbon economy.

Target transport sector

4. The Administration proposes to start PGTF with the operators of the public transport services, including taxis, public light buses, franchised buses, non-franchised buses (such as tourist coaches, estate coaches, school buses, etc.) and ferries. As goods vehicles (including special purpose vehicles) are the single most important emission source, accounting for 61% and 41% of RSP and NO_x emitted from the transport sector, the Administration also sees merits in including their operators as eligible applicants under PGTF.

Types of green and innovative technologies

5. New fossil fuel engine technology that involves a substantial degree of innovativeness in engine design or construction should be eligible for PGTF. The Administration will consult the relevant stakeholders, including potential suppliers of green transport technologies and the transport trades in finalizing specific qualifying criteria on the green technologies and products.

Eligible applicants

6. It is expected that applications should initially come from the local transport operators (including cross-boundary transport). In order to achieve the objective of the scheme to promote green technologies, the Administration suggests that eligible applicants should be encouraged to pair up with potential suppliers of green transport technologies, research institutes or other relevant stakeholders in their applications.

Participation of the transport sector

7. The Administration considers it desirable for successful applicants to contribute towards part of the cost of the trial so that Government support will be matched by participating operators' commitment. This will also enable PGTF to benefit more potential applicants and guard against frivolous applications.

Evaluation of trial performance

8. The Administration considers commissioning a third-party to evaluate the environmental performance of the new technology under the trial, as well as collating data and reporting to the Environmental Protection Department. It may also consider retaining a suitable agent to help administer PGTF.

Other incentive schemes to encourage the use of cleaner vehicles

9. The Administration's initial views are that eligible applicants under PGTF may continue to be eligible to other incentive schemes, including the proposed subsidy scheme to encourage the replacement of Euro II commercial vehicles by Euro IV and above commercial vehicles, the concession in First Registration Taxes for environment-friendly commercial vehicles and environment-friendly petrol private cars, so long as they fulfill the relevant conditions under the schemes concerned.

Deliberations by the Panel

10. At the Panel meeting on 26 April 2010, members were consulted on how best PGTF was to be set up and operated.

11. Some members stressed the need for more flexibility in assessing applications to encourage participation. This would not only enable the budding of green technologies, but also promote a low-carbon economy in Hong Kong. Given the ready availability of green transport technologies overseas, other members considered that PGTF should aim at testing out their suitability for day-to-day operation rather than encouraging their development in Hong Kong. Care should be taken in vetting applications to avoid possible abuse and cases where funding was provided for technologies which were later found to be impractical for use in Hong Kong. Consideration should be given to setting up a committee to invite expert views on the types of technologies to be introduced. They pointed out that PGTF would not serve its purpose if the trades were not prepared to continue with the use of the new technologies after successful trials.

Latest development

12. The Administration will brief the Panel on the implementation details of PGTF at the meeting on 20 December 2010.

Relevant papers

Information paper provided by the Administration for the Environmental Affairs Panel meeting on 26 April 2010

<http://www.legco.gov.hk/yr09-10/english/panels/ea/papers/ea0426cb1-1663-3-e.pdf>

Minutes of the Environmental Affairs Panel meeting on 26 April 2010

<http://www.legco.gov.hk/yr09-10/english/panels/ea/minutes/ea20100426.pdf>

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