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

**Minutes of Joint Meeting
held on Tuesday, 23 May 2000 at 9 am
in the Chamber of the Legislative Council Building**

Members Present : Panel on Environmental Affairs

Hon Christine LOH (Chairman)
Hon HUI Cheung-ching (Deputy Chairman)
* Ir Dr Hon Raymond HO Chung-tai, JP
Hon Fred LI Wah-ming, JP
* Hon CHAN Wing-chan
Hon Emily LAU Wai-hing, JP
* Hon Andrew CHENG Kar-foo
Hon LAW Chi-kwong, JP
* Dr Hon TANG Siu-tong, JP
Dr Hon LEONG Che-hung, JP
Hon WONG Yung-kan

Panel on Transport

+ Hon Mrs Miriam LAU Kin-ye, JP (Chairman)
Hon LEE Kai-ming, SBS, JP
Hon CHAN Kam-lam
Hon FUNG Chi-kin

(* Also members of the LegCo Panel on Transport)

(+ Also member of the LegCo Panel on Environmental Affairs)

Action

- Members Absent** : Panel on Environmental Affairs
- Pro Hon NG Ching-fai
Hon Martin LEE Chu-ming, SC, JP
Hon Margaret NG
Hon Ronald ARCULLI, JP
Hon CHEUNG Man-kwong
Hon Mrs Sophie LEUNG LAU Yau-fun, JP
* Hon LAU Kong-wah
(Deputy Chairman of the LegCo Panel on Transport)
Hon CHOY So-yuk
- Panel on Transport
- Hon Edward HO Sing-tin, SBS, JP
Hon Albert HO Chun-yan
Hon LEE Wing-tat
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon Andrew WONG Wang-fat, JP
Hon LAU Chin-shek, JP
Hon TAM Yiu-chung, GBS, JP
- (* Also member of the LegCo Panel on Transport)
- Members Attending** : Hon James TIEN Pei-chun, JP
Hon LEUNG Yiu-chung
- Public Officers Attending** : Mrs Lily YAM
Secretary for the Environment and Food
- Mr Kim SALKELD
Deputy Secretary for the Environment and Food (B)
- Mr Thomas CHOW
Deputy Secretary for the Environment and Food (C)
- Mr Howard CHAN
Principal Assistant Secretary for the Environment and Food
- Mr Rob LAW
Director of Environmental Protection

Action

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

Miss Margaret FONG
Deputy Secretary for Transport

Mr Alan LUI
Assistant Commissioner (Management & Licensing)
Transport Department

Mrs Judy LI WU Wai-kok
Assistant Commissioner (Ferry and Paratransit)
Transport Department

Mr Thomas THUMB
Assistant Commissioner (Transport Planning)
Transport Department

Miss Angela LUK
Principal Assistant Secretary for Health and Welfare

Dr Cindy LAI
Principal Medical and Health Officer
Health Department

Mr FU Tai-pun
Chief Engineer/Gas Production & Supply
Electrical and Mechanical Services Department

Mr WONG Sek-cheung
Senior Engineer/Gas Systems
Electrical and Mechanical Services Department

Mr Lawrence S P WONG
Assistant Commissioner (Administration and Excise)
Customs and Excise Department

Attendance by Invitation : Committee for the Transport Industry's New Millennium Environmental Protection Action Group

Mr Ricky K WONG

Mr LEUNG Hung

Action

Mr IP Moon-lam

Mr AU YEUNG Kan

Mr YAM Tai-ping

Clerk in Attendance : Miss Flora TAI
Chief Assistant Secretary (2) 6

Staff in Attendance : Mr LEE Yu-sang
Senior Assistant Legal Adviser

Mr Andy LAU
Chief Assistant Secretary (1) 2

Miss Betty MA
Senior Assistant Secretary (2) 1

I. Follow-up discussion on control of vehicle emissions

[Paper Nos. CB(2)1909/99-00(01), CB(2)1948/99-00(01) and CB(2)2073/99-00(01)]

Miss Christine LOH was elected Chairman of the joint meeting.

Meeting with the deputation

2. The Chairman welcomed representatives of the Preparation Committee for the Transport Industry's New Millennium Environmental Protection Action Group (the Action Group) to the meeting. Mr Ricky WONG of the Action Group said that the transport industry attached great importance to the air pollution problem. The Action Group, comprised 66 organizations, was formed in 1999 and made 21 recommendations to the Administration on improving air quality in Hong Kong. The Action Group was, however, disappointed that while the Administration had adopted some of their recommendations about publicity and education, concrete measures against air pollution proposed by the Action Group had yet to be implemented. The gist of the representation was summarized below.

- (a) To extend the use of the ultra low sulphur diesel (ULSD) to all diesel vehicles as early as possible;

Action

- (b) As the trial result of diesel catalysts launched in collaboration with the transport industry and the Hong Kong Polytechnic University was unsatisfactory, the industry considered that the trial should be extended to including more brands of diesel catalysts so that a specification for diesel catalysts suitable for large diesel vehicles could be established as early as possible;
- (c) To impose mandatory requirements on the Motor Traders Association (MTA) to release the relevant parts of the vehicle service manuals. The maintenance trade could not fully master the techniques for repairing smoky vehicles in the absence of the relevant maintenance manuals; and
- (d) To accelerate the pace of scrapping pre-Euro vehicles and replacement by new vehicles would be the most effective way to curb air pollution problem. The industry urged for the early introduction of an incentive scheme in this respect.

3. Mr YAM Tai-ping and Mr AU YEUNG Kan from the Action Group briefed members on the concerns of the taxi trade. Whilst the taxi trade was in support of the switch to liquefied petroleum gas (LPG) taxi with a view to improving air quality in Hong Kong, the trade expressed reservation about the effectiveness of the proposal because complementary facilities were insufficient. Their views were summarized below.

- (a) According to the Administration, there would be 12 LPG filling stations by the end of 2000. Based on operational experience, it would take about ten minutes instead of five minutes as estimated by the Administration to fill up an empty tank of a taxi. Hence, the trade doubted about the refilling capacity of 12 LPG filling stations for serving some 8 000 LPG taxis came on stream by the end of this year. Moreover, given that the price of LPG offered in the five dedicated LPG filling stations would be cheaper than that in other filling stations, LPG taxi drivers would patronize only the dedicated LPG filling stations and thereby caused traffic congestion in the vicinity especially during the peak shift-change hours;
- (b) Some diesel taxi owners had difficulties in securing a loan for a new LPG taxi because their diesel taxis had become negative assets. The Administration should provide financial assistance to these taxi owners;
- (c) There were insufficient LPG vehicle repair workshops to cope the anticipated demand. The Administration might consider leasing land at low premium for the operation of LPG vehicle maintenance workshops; and

Action

- (d) The taxi trade urged that the Administration should fully implement the LPG taxi scheme only when the complementary facilities were ready. Otherwise, the conversion scheme would cause great operational difficulties to the taxi trade. To combat the air pollution problem, the Administration might fit particulate traps onto all diesel taxis as an interim measure.

4. Mr LEUNG Hung from the Action Group presented views from the public light bus trade. He said that a trial period of six months for alternative light buses might be too short, given that new fuel and technology was used in electric light buses and LPG light buses. Pending the outcome of the trial, the Administration should encourage the use of ULSD by public light buses and retrofitting diesel vehicles with particulate traps and diesel catalysts.

5. Mr IP Moon-lam of the Action Group then presented views from the light diesel vehicle trade which comprised light vans and light goods vehicles. He commented that the proposal to phase out light diesel vehicles by petrol alternatives was a backward approach as a similar proposal had been put forward by the Administration in 1996. The then proposal was veto because the study carried out by the Hong Kong Polytechnic University showed that use of petrol light vans was not environmental friendly. It was also held that LPG was the most environmental friendly fuel as compared with diesel and petrol. He then said that the transport industry had obtained information from the vehicle manufacturers in Korea during a visit in August 1999 that LPG light vans were available on the market. As such, he urged the Administration to launch a trial of LPG light vans instead of promoting the replacement of diesel light vans by petrol alternatives.

6. Ms Emily LAU noted that most taxi drivers tended to refill their vehicles during shift-change hours. To enhance the vehicle refilling capacity of the filling stations and to relieve the demand at the peak hours, she asked whether LPG taxi drivers could avoid refilling their vehicles during the shift-change hours of taxis.

7. Mr YAM Tai-ping responded that LPG taxi drivers had already tried to avoid refilling their vehicles during the shift-change hours. However, although LPG taxi drivers would try to limit refilling their LPG taxi to one time per day, they had to make several visits to the filling stations in a day because LPG was out of stock. Moreover, due to the price difference in filling stations and dedicated LPG filling stations, LPG taxi drivers would patronize the five dedicated LPG filling stations and thereby causing traffic congestion nearby.

8. The Chairman thanked the representatives from the Action Group for attending the meeting.

Action

Meeting with the Administration

9. Secretary for the Environment and Food (SEF) assured the meeting that the Administration would continue to work closely with the transport industry to address the air pollution problem.

10. Responding to the deputation's views, Deputy Secretary for the Environment and Food (C) (DS(EF)C) made the following points -

- (a) the Government's diesel vehicle fleet would start to use ULSD in July 2000. By the end of 2000, all Government diesel vehicles would use ULSD. All drivers of diesel vehicles would be encouraged to switch to ULSD at a later stage. The Administration would devise a differential duty to offset the higher cost of ULSD so that it could be sold at a competitive price with standard diesel. Pending the information from the oil companies, a legislative proposal would be introduced to the Legislative Council within this session.
- (b) The trial of diesel catalysts for pre-Euro large diesel vehicles was underway. It would take some time to complete the trial which aim was to identify suitable diesel catalysts for different types of heavy diesel vehicles. The Administration would provide financial assistance to owners of pre-Euro heavy diesel vehicles to install these catalysts.
- (c) Progress had been made in connection with making vehicle maintenance manuals available to the public. The major manufacturer of local diesel light vehicles and taxis had agreed to release relevant parts of the vehicle service manuals. MTA had indicated recently that most of its members agreed to release information related to emission repairing of pre-Euro vehicles.
- (d) The Task Force to Improve Air Quality would consider measures to encourage the scrapping of pre-Euro vehicles and replacement by cleaner new alternatives.
- (e) The calculation of savings in fuel cost of about \$45,000 a year for an LPG taxi compared to a diesel taxi was worked out with reference to the general operation in the taxi trade. It was estimated that a taxi ran 322 km per day and a taxi driver worked 27 days per month. Based on the difference in fuel cost between LPG and diesel per day (\$234-\$92), it would lead to savings in fuel at about \$45,000 to \$46,000 a year (\$142 x 27 x 12).
- (f) According to the awarded contract for the five dedicated LPG filling stations, the price of LPG would be around \$2.0 per litre in

Action

the first year of operation. It would serve as an indicator for the LPG market price.

- (g) Regarding the inadequate LPG refilling capacity, the current problem was with the limited storage capacity in the temporary LPG filling stations. It was anticipated that the situation would improve when the five dedicated LPG filling stations came into operation. The Administration was considering the proposal to withhold the issue of LPG taxi licences until the LPG refilling capacity was increased.
- (h) The trial of electric and LPG light buses would start in July 2000 and last for six months. In the meantime, light bus drivers would be encouraged to switch over to ULSD.
- (i) The Task Force to Improve Air Quality would study the feasibility of cleaner alternatives to diesel light vans and consult the industry before making a decision. Although LPG light vans were considered more environmental friendly than petrol light vans, adequate LPG refilling capacity was a problem.

LPG refilling capacity and price

11. Mr Fred LI noted that the price of LPG would be around \$2.0 per litre in the five dedicated LPG filling stations in the first year of operation. He asked whether the LPG price level was subject to price control in subsequent years; if so, he expressed concern that LPG taxi drivers would only patronize these dedicated filling stations as there was a substantial difference in LPG price in these stations and existing petrol filling stations.

12. Mrs Miriam LAU shared Mr Fred LI's concern. She pointed out that oil companies complained that the sale of LPG was not transacted in a level playing field. Dedicated LPG filling stations could set a lower LPG price because their operation incurred no land premium. Some oil companies had indicated that they would not join the LPG market because of the disadvantage which had undermined their competitive power. She also sought clarification on whether LPG price level in non-dedicated LPG filling stations was subject to any control and whether there was any plan to impose duty on the use of LPG in future. She was of the view that LPG price level at dedicated and non-dedicated filling stations should be maintained at similar level and the success of LPG taxi scheme would set a good example for other types of diesel vehicles to switch to LPG.

13. Principal Assistant Secretary for the Environment and Food (PAS(EF)) responded that the price of LPG in the five dedicated LPG filling stations would be set at the level of about \$2.0 per litre in the first year of operation. Price adjustment in subsequent 20 years of operation would be subject to a

Action

formula that LPG price would be determined on the basis of price fluctuation in the international LPG market, and inflation adjustment for local operation cost. It was believed that the price of LPG in local market would be rather stable. As for the LPG price in other LPG filling stations, PAS(EF) said that although oil companies concerned were not subject to price regulation, they faced very keen competition in the LPG market. They would unavoidably have to make reference to the price of LPG in dedicated filling stations in determining a competitive price level. In addition, the Administration was offering some concession terms related to land lease for oil companies to convert existing petrol filling stations into petrol cum LPG stations. Should oil companies accept the terms, they might be subject to certain pricing mechanism. He added that the Administration had no plan to introduce duty for the use of LPG.

14. Mr LEUNG Yiu-chung inquired whether the Administration would actively consider granting more sites for dedicated LPG filling stations. DS(EF)C said that the Administration was actively discussing with oil companies to incorporate LPG filling facilities into some suitable existing petrol filling stations. SEF added that the Administration was confident that the filling network would have 12 LPG filling stations by the end of 2000 with capacity for some 7 000 vehicles. With regard to the retrofitting of existing petrol filling stations to incorporate LPG filling facility, SEF said that the Administration was discussing the issue with oil companies concerned with a view to reaching an agreement within the coming two months. Although the smooth implementation of the LPG taxi scheme would play a crucial role in the comprehensive control of diesel vehicle emissions, the Administration would give due regard to the overall public interest in negotiations with oil companies on the terms of the retrofitting programme. Notwithstanding that retrofitting existing petrol filling stations would be the most efficient way to increase the provision of LPG filling stations, the Administration would not rule out the possibility of tendering out further sites for use as dedicated LPG filling stations at nil land premium.

15. Mr Fred LI said that while he welcomed the possible lowering of LPG price from \$3.88 per litre in existing temporary filling stations to about \$2.0 per litre to meet competition, he was concerned as to whether LPG price would reduce to the level as anticipated by the Administration. Mr LI also asked about the cost composition of LPG in temporary filling stations.

16. PAS(EF) responded that LPG price level in temporary filling stations was originally determined by making reference to the price of LPG for domestic use. The Administration considered the price of about \$2.0 per litre in dedicated filling price was reasonable as the tender price was offered after taking into account international market price and operation cost. In the light of market mechanism, it was expected that LPG price in temporary filling stations would adjust downward to a competitive level.

Action

17. Mr Fred LI pointed out that the conversion of existing petrol filling stations in urban areas to petrol cum LPG stations would be the most preferable option as most LPG taxis ran in urban areas. However, he shared the doubt of some oil companies as to whether it was viable to convert some existing petrol filling stations to incorporate LPG filling facility because of the safety distance requirement.

18. PAS(EF) said that while he agreed that not all existing petrol filling stations might be suitable for conversion due to various reasons, about 60 petrol filling stations were preliminarily assessed to be suitable for conversion. Of the 40 LPG filling stations estimated to be ready by the end of 2001, 23 were located in Hong Kong Island, Kowloon and Kwai Tsing district.

19. Mr James TIEN pointed out that the Working Group on All Party Clean Air Alliance had recently met with representatives of oil companies regarding the conversion of petrol filling stations to LPG cum petrol filling stations. He was given to understand that oil companies concerned considered the calculation of processing time taken by a nozzle at a rate of about 5 minutes to fill up an empty tank of a taxi was unrealistic. Mr TIEN sought clarification on the calculation of vehicle refilling capacity as provided by the Administration.

20. Senior Engineer/Gas Systems, Electrical and Mechanical Services Department said that according to the operational experience of oil companies in refilling LPG taxis, each nozzle could fill up an empty tank of a taxi within 3 to 6 minutes and thereby adopted an average of 5 minutes for refilling in the calculation. Each nozzle refilled 80 to 90 vehicles in a day. Nevertheless, the vehicle refilling capacity per nozzle was calculated on the basis of 60 vehicles per day. With reference to the data recorded on 18 May 2000, there were 781 licensed LPG taxis which refilled 968 times on that day. It was observed that most of the taxi operators were co-operative in limiting refilling their vehicles to once per day. Hence, when the respective numbers of LPG filling stations and nozzles increased to 12 and 132 by the end of this year, the vehicle refilling capacity was estimated to be over 7 000 vehicles.

21. PAS(EF) added that the Administration had consulted the relevant oil companies in calculating vehicle refilling capacity. The filling station operators considered the estimated daily vehicle refilling capacity of 60 vehicles per nozzle reasonable. The maximum capacity could reach 288 vehicles per day if refilling was carried out round-the-clock.

22. Mr James TIEN said that during the meeting with oil companies, one of the leading oil companies claimed that the Administration had rejected its application for site conversion in Hong Kong Island. PAS(EF) disagreed with the allegation made by some oil companies that no urban sites under their operation were assessed to be suitable for conversion. Although the number of suitable sites varied amongst different operators, he confirmed that there

Action

Admin

were adequate converted sites in the urban areas. At the request of members, PAS(EF) agreed to provide further information on the future distribution of converted sites for LPG filling stations and the filling capacity.

LPG taxi scheme

23. Mrs Miriam LAU said that as pointed out by the deputation, some taxi owners had difficulties in securing a loan to buy a new LPG taxi because their diesel vehicles had become negative assets. She asked whether the Administration would consider providing more assistance to these taxi owners.

24. DS(EF)C advised that the Administration had discussed the issue of negative assets with a number of banks and financial institutions. Their comment was that whether they would provide a loan to this category of taxi owners would depend on the financial situation of the individuals and their loan repayment records. According to these institutions, it was estimated that the number of taxis which had become negative assets dropped from some 4 000 in last year to some 2 000 recently. The financial situation of these taxi owners was improving. DS(EF)C stressed that it would be inappropriate to use public money to provide a loan guarantee to taxi owners simply because their taxis had become negative assets. He added that these taxis had become negative assets more because of a drop in the price of the taxi licences than a drop in the price of the vehicles.

25. Mrs Miriam LAU considered that the effectiveness of the LPG taxi scheme depended very much on the adequate refilling capacity and maintenance service. She pointed out that the taxi trade had repeatedly raised their concerns about the inadequate number of LPG vehicle maintenance workshops to cope with the demand. She commented that the Administration had not fully consulted the trade in reaching the conclusion that there were adequate refilling capacity and maintenance workshops for the implementation of LPG taxi scheme. Although the transport industry was in full support of environmental protection measures, its smooth implementation could not be achieved at the expense of the industry's operation. She urged the Administration to hold discussions with the transport industry to achieve a win-win situation.

26. DS(EF)C assured that the relevant parties had been and would be consulted for the implementation of the measures to control vehicle emissions. Deputy Secretary for the Environmental and Food (B) (DS(EF)B) emphasized that the Administration regarded the transport industry as a partner in carrying out the emission control measures. However, the more assurance stated by the Administration publicly, the more difficult would be for the Administration to get favorable terms in the course of negotiation with respective oil companies. In order not to prejudice the outcome, the Administration would reserve its position bearing in mind the importance of safeguarding public interest.

Action

Making vehicle maintenance information available to the public

27. Mrs Miriam LAU asked when and what information on vehicle maintenance would be released to the maintenance trade. Deputy Secretary for Transport advised that the major manufacturer for diesel taxis and light buses in local market, i.e. the Crown Motor Company, which occupied nearly 90% of the market share, had agreed to provide information on vehicle emission system, such as maintenance steps, illustrative diagrams. The information had already been made available to the Working Group on Vehicle Maintenance Services which comprised representatives of the Administration, maintenance trade and professional bodies including MTA. The maintenance trade indicated that the information released was useful. She added that other members of MTA had indicated yesterday that they were prepared to release maintenance information on par with that provided by the Crown Motor Company. She assured members that the Administration would pursue additional information if the trade considered necessary.

28. Mrs Miriam LAU opined that as far as she was aware, the information released, though useful to some extent, was general and preliminary and did not cover information on the emission system. In the absence of detailed information, especially the specification on various parts, the maintenance trade could not master the necessary techniques and skill for repairing smoky vehicles.

29. PAS(EF) reiterated that it was Government's stance that vehicle maintenance information should be made available to the public. The Administration would continue to monitor the sufficiency of the information to be released by the relevant vehicle suppliers so far. He assured that the Administration would not rule out the possibility of imposing mandatory requirement on motor manufacturers to release maintenance information.

Phasing out diesel light buses and vans

30. Mr LEUNG Yiu-chung said that the transport industry expressed support for the measures on controlling vehicle emissions for a better environment. He commented that the slow progress made so far was due to the inadequate support provided by the Administration to the industry. For example, there were inadequate LPG filling stations, a lack of relevant vehicle maintenance information and inadequate vehicle maintenance workshops. He asked why the Administration was reluctant to carry out a trial of LPG light vans having regard to the repeated requests made by the trade.

31. DS(EF)C replied that LPG taxi scheme was part and parcel of the package of measures to control vehicle emissions. Having regard to the fact that there were some 18 000 taxis, 6 000 light buses and 70 000 strong light vans currently running on roads and the inadequate complementary facility to cope with the demand for LPG vehicles, the Administration had to accord

Action

priority for carrying trial of different types of LPG vehicles. The Administration would launch a trial of electric light buses and LPG light buses in June 2000. Should the findings of the trial be proven satisfactory, assistance would be provided to diesel light bus owners to switch over to LPG light buses. The switch over to LPG light vans would be considered at a later stage pending the availability of adequate supporting facilities.

Standardization of emission tests

Admin

32. Ms Emily LAU asked whether there was a specific timetable for the standardization of the emission tests adopted by the Environmental Protection Department (EPD) and Transport Department (TD). DS(EF)C responded that EPD and TD had agreed to adopt EPD's emission standard. The Department of Justice had been requested to prepare the necessary legislative amendment. The Administration would revert to the Panel on the progress.

33. Mrs Miriam LAU sought clarification on whether the standardization of emission tests would lead to an adoption of more stringent threshold for smoky vehicles under which non-compliance was liable to a fine of \$1,000; if so, she considered that it was unfair to owners of pre-Euro vehicles as it would be extremely difficult for these vehicles to meet the more stringent emission standard. Mr CHAN Wing-chan shared a similar concern.

34. Director of Environmental Protection clarified that there were two smoky emission tests prevailing for different purposes. The Administration proposed no change to the statutory emission standard under which owners of smoky vehicles were liable to receive fixed penalty tickets given out by the Police. The emission tests to be standardized were for maintenance purpose. At present, a more stringent emission standard was adopted in EPD than the standard adopted for the annual roadworthiness inspections required by TD. After the standardization of emission tests adopted by EPD and TD, it would allow some margin for vehicles to satisfy the statutory emission requirement on the road. The proposal was feasible as owners of smoky vehicles were given ample time to carry out necessary maintenance work after their vehicles had been spotted for breaching the emission standard. He added that there were very few vehicles failed the emission tests and had their licences cancelled in the past.

Impact of air pollution on public health

35. Ms Emily LAU referred to paragraph 10 of the Administration's information paper [Paper No. CB(2)2073/99-00(01)] and noted that the annual cost in medical expenses and loss of productivity resulting from air pollution was amounted to \$3.8 billion. She asked for a breakdown of the calculation of \$3.8 billion and whether the Administration would carry out its own study of the long-term health effects of air pollution on Hong Kong people instead of relying on overseas findings.

Action

36. Assistant Director (Air), Environmental Protection Department (AD/EPD) responded that EPD had commissioned a consultant to study the economic impact of ambient air pollution on public health on the basis of the preliminary findings of two health studies conducted by the Chinese University of Hong Kong and University of Hong Kong. The methodology adopted was to calculate the direct cost of hospitalization and out-patient medical consultation, and indirect cost of loss of earnings and productivity. EPD would continue to commission studies in this respect with local universities. As for carrying out study of the long-term health effects of poor air quality on public health, AD/EPD pointed out that it would be a rather difficult exercise because long-term observation was required. In the absence of empirical data in Hong Kong, the analysis could not be proceeded. Nevertheless, the Department of Health (D of H) was reviewing its record system to keep such data for future studies.

37. Principal Medical and Health Officer, Health Department said that D of H fully supported the commission of studies of health effects of air pollution. It offered professional advice in the course of studies being carried out by EPD and local universities. Local studies were in line with overseas findings which gave a rough indicator that there was a strong association between admissions to hospital for cardio-pulmonary illness and high pollution incidents.

38. The Chairman shared Ms Emily LAU's observation that D of H had played an inactive role in addressing the air pollution problem.

39. AD/EPD disagreed with members' observation. He pointed out that D of H offered valuable advice especially when assessing whether the consultancy findings were acceptable. Principal Assistant Secretary for Health and Welfare added that D of H acted as Government's health adviser. As there was a clear linkage between air pollution and public health, the department was in full support of the formulation of the package of measures to improve air quality in Hong Kong. It would closely monitor the implementation of the improvement measures and offer professional advice whenever required. DS(EF)B said that D of H was responsible for analyzing the key reasons for the phenomenon shown in health studies. There was a misunderstanding that D of H was passive in the matter because it had not been requested to explain the policy openly in the past.

40. Ms Emily LAU further requested the Administration to provide information on whether the Secretary for Health and Welfare had advised the Chief Executive or Executive Council of the impact of air pollution on public health; if so, what the advice was. At the request of the Chairman and Ms Emily LAU, AD/EPD agreed to provide a full report of the consultancy study on the annual cost in medical expenses and loss of productivity (around \$3.8 billion) resulting from air pollution and the possible decrease in annual cost after introduction of the air pollution control initiatives.

Admin

Action

Use of other types of fuel

41. Mrs Miriam LAU pointed out that industrial diesel was widely use in commercial sector. As the sulphur content of industrial diesel was 10 times higher than the current vehicle diesel standard, she asked whether the Administration had any plan to encourage the switch over to the use of ULSD from industrial diesel; if so, what the timetable was.

42. AD/EPD replied that EPD was discussing with oil companies concerned to improve the quality of industrial diesel with a view to reducing the sulphur content. It was expected that a proposal could be drawn up within this year. DS(EF)C added that the use of industrial diesel would be examined in the context of ways to encourage the use of ULSD.

43. Ms Emily LAU expressed concern about the enforcement of the amount of sub-standard diesel brought into Hong Kong from the Mainland by cross-boundary traffic. She asked whether the Administration had held discussions with the relevant Mainland authorities in this respect.

44. DS(EF)C said that the matter would be followed up by the Task Force in its forthcoming meetings. DS(EF)B advised that the first meeting of the Joint Working Group on Sustainable Development and Environmental Protection would be held on 8 June 2000 in Guangdong. One of its working groups would be tasked to study the problem related to differences in fuel standards in Hong Kong and the Mainland.

45. Ms Emily LAU noted that the franchised bus companies would be asked to switch over to ULSD. She enquired about the implementation plan and the impact on bus fare.

46. Assistant Commissioner for Transport (Transport Planning), Transport Department (AC/TD) responded that as far as he was aware, individual franchised bus companies were discussing with the suppliers on the supply and price of ULSD. The use of ULSD by buses would depend on the progress of negotiation between bus companies and the suppliers. With regard to the impact of the switch to ULSD on bus fare, AC/TD said that it was estimated that the bus fare would increase by 4% to 5% assuming other factors attributed to fare adjustment remained constant. DS(EF)C added that ULSD could be ready for sale in local markets in three to six months' time.

47. Responding to Mrs Miriam LAU, DS(EF)C said that the Administration would introduce a legislative proposal within current legislative session to devise a differential duty to offset the higher cost of ULSD so that it could be sold at a competitive price with standard diesel.

Action

Other improvement measures

48. Responding to Mrs Miriam LAU's request for a timetable for introducing measures to accelerate the replacement of old vehicles, DS(EF)C said that the timetable was yet to be formulated by the Task Force. He assured that the Administration would revert to the Panel when details were available. Mrs Miriam LAU urged that a timetable should be drawn up as early as possible.

Admin 49. Mrs Miriam LAU noted that a trial of diesel catalyts was underway. To shorten the trial period, she urged the Administration to consider including different models of catalyts in the trial so that a suitable catalyts for a specific type of vehicle could be established as early as possible. AD/EPD agreed to follow up the request with the Hong Kong Polytechnic University which was responsible for the trial.

Admin 50. While appreciating the need to set priorities for the works ahead, the Chairman requested the Administration to provide a list of priorities of the Task Force on the implementation of air pollution control initiatives. DS(EF)C agreed to provide progress report of the Task Force to the relevant Panel(s).

II. Proposed resolution to be moved by SEF on 31 May 2000 to increase the fixed penalty on smoky vehicles
[LegCo Brief Ref : EFB 9/55/01/127(2000) Pt. 3]

51. While the All Party Clean Air Alliance Working Group expressed support for the proposed resolution which sought to increase the fixed penalty on smoky vehicles, Ms Emily LAU said that the All Party Clean Air Alliance Working Group also proposed to introduce severer penalties for repeated offenders so as to increase the deterrent effect (the Working Group's Proposal). However, it was advised that to implement the Working Group's Proposal by simply amending the resolution would not be legally feasible. Ms LAU asked whether the Administration would seek to introduce other legislative proposal along the line of the Working Group's Proposal.

52. While appreciating the support of the All Party Clean Air Alliance Working Group for the proposed resolution, SEF said that the Administration's legal advice had also indicated that it would not be possible to move an amendment to the resolution to provide for heavier penalties for repeated offenders. The proposal could only be implemented by means of an amendment bill. The introduction of a bill into the Legislative Council would unduly delay the entire legislative process, and this was considered undesirable. In addition to the technical constraints, the Task Force considered that the current system for dealing with smoky vehicles issued with fixed penalty tickets already provided sufficient deterrent. Under the current arrangement,

Action

apart from paying the fine, the owner of smoky vehicle had to ensure that the vehicle in question pass an emission test held by EPD within two weeks after receipt of the fixed penalty ticket. EPD would recommend cancellation of the vehicle licence to TD in case of failure in the emission test. Nevertheless, the Administration would review the deterrent effect of the current arrangement after the resolution had been brought into effect. SEF stressed that implementing the package of measures by phase would ensure that the transport industry had sufficient time to adapt to the new requirements on vehicle maintenance standards.

53. The Chairman was of the view that members could not propose amendment to the resolution was mainly due to the delay in introducing the legislative proposal by the Administration. She informed the meeting that she had given notice in her name to move an amendment to the resolution to increase the fixed penalty to \$5,000.

54. SEF said that although the legislative amendment was only introduced recently, the Administration had been exchanging views with members on the issue since last year. She said that the Administration would continue to seek members' views on new proposals at an early stage as far as practicable.

55. Mr CHAN Wing-chan urged that the Administration should bring the resolution into effect only when the complementary facilities for improving smoky vehicles were in place, e.g. adequate LPG filling stations and maintenance workshops.

56. Mr Fred LI said that according to some taxi drivers, it was a common practice in the trade to share the payment of fixed penalty between the driver and taxi owner. An increase in fixed penalty would therefore impose heavier burden on professional drivers. Mr LI suggested that consideration be given to sending fixed penalty tickets direct to the owner of a vehicle. The Chairman said that the Administration should have a clear stance on the matter as it was the responsibility of the vehicle owner to properly maintain his vehicle.

57. DS(EF)C said that it was Government's stance that the owner of a vehicle should assume the responsibility to ensure that the vehicle was properly maintained at all times. For convenient sake, a police officer would give a fixed penalty ticket to the driver concerned on the spot. A notice would be sent to the owner of the vehicle by mail subsequently.

58. Senior Assistant Legal Adviser advised that under regulation 31(1)(a) of the Road Traffic (Construction and Maintenance of Vehicles) Regulations, the owner of vehicle was responsible for the maintenance of his vehicle so that no excessive smoke or visible vapor was emitted therefrom. There were different liability provisions for a breach of the requirement. Under the Fixed Penalty (Criminal Proceedings) Ordinance (Cap. 240), the owner of a vehicle was

Action

liable to a fixed penalty. The resolution sought to increase the fixed penalty from \$450 to \$1,000. On the other hand, regulation 121 of the said Regulations provided that any person who used or caused or permitted to be used on any road a vehicle which did not comply with the requirement committed an offence and was liable to a fine of \$10,000 and to imprisonment for 6 months. Therefore if prosecution was brought under regulation 121, both the owner and driver of a vehicle in question would be liable.

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59. The Chairman requested and DS(EF)C agreed to provide breakdown of the numbers of fixed penalty tickets and summonses issued for smoky vehicles.

60. Members agreed to hold another joint meeting to follow up discussion on the control of diesel vehicle emission. The next meeting was scheduled for Monday, 12 June 2000 at 10:45 am.

(Post-meeting note : The next joint meeting was re-scheduled to Friday, 23 June 2000 at 9 am.)

61. The meeting ended at 11:35 am.

Legislative Council Secretariat

11 August 2000