

**立法會**  
**Legislative Council**

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**Panel on Environmental Affairs**

**Special Meeting on 15 May 2013**

**Background brief on "One-off grant to encourage early replacement of  
Euro II diesel commercial vehicles"  
prepared by the Legislative Council Secretariat**

**Purpose**

This paper provides background information on the voluntary incentive scheme for early replacement of Euro II diesel commercial vehicles, and gives a brief account of the views and concerns expressed by Members on the subject.

**Background**

2. Diesel vehicles are the dominant source of air pollution at street level in Hong Kong. To improve roadside air quality, the Government has been implementing various measures targeting at emissions from diesel commercial vehicles over the years.

3. Following the conclusion of the voluntary incentive scheme to encourage vehicle owners to replace their pre-Euro and Euro I diesel commercial vehicles with new ones in March 2010, the Government set aside about \$540 million for launching another voluntary incentive scheme to promote early replacement of Euro II diesel commercial vehicles from 1 July 2010. The salient features of the scheme are summarized below –

- (a) a one-off grant of the levels set out in **Appendix I** is provided to vehicle owners for scrapping their Euro II diesel commercial vehicles and replacing them with new vehicles that comply with the prevailing statutory emission standard required for new vehicle registration;
- (b) in line with the voluntary incentive scheme for replacing pre-Euro and Euro I diesel commercial vehicles, Euro II diesel commercial

vehicles are classified according to their first registration dates as shown in **Appendix II**;

- (c) the scheme is open for application by eligible vehicle owners for 36 months from commencement; and
- (d) the level of grant is pegged to that applicable to the original or replacement vehicle class, whichever is lower.

4. The scheme was approved by the Finance Committee ("FC") at its meeting on 28 May 2010.

5. As at October 2012, a total of 3 956 applications were approved, involving a grant of about \$340 million. Among the vehicles eligible for the incentive scheme, the participation rates of diesel light buses, light goods vehicles and heavy goods vehicles were 5%, 11% and 12% respectively which are comparatively low. Participation in the vehicle replacement incentive scheme is voluntary, and whether vehicle owners replace their vehicles or not is purely their commercial and personal decision. The scheme will be ended on 30 June 2013.

## **Deliberations by Members**

### Subcommittee on Improving Air Quality

6. The Subcommittee on Improving Air Quality ("the Subcommittee"), which was formed under the Panel on Environmental Affairs in the previous term, discussed the proposal to earmark \$540 million for the voluntary incentive scheme to encourage eligible vehicle owners to replace their Euro II diesel commercial vehicles at its meetings on 10 March and 11 May 2010.

7. Noting the low take-up rate of the incentive scheme for pre-Euro and Euro I diesel commercial vehicles, some members stressed the need to conduct a survey to ascertain the adequacy of the grant levels in order to ensure the success of the scheme. They also requested the Administration to give consideration to testing the performance of Euro V vehicles to ease concerns of the transport trades and encourage participation in the scheme.

### Finance Committee

8. The funding proposal was submitted to FC for approval at its meeting on 28 May 2010. Some members were of the view that the Administration should consider raising the grant levels or introducing additional incentives to attract owners of Euro II diesel commercial vehicles to make early replacement of their vehicles, or else the scheme would end up with a low take-up rate as in the case

of the scheme for pre-Euro and Euro I diesel commercial vehicles. The Administration should also act vigilantly in tackling the technical problems with Euro IV and Euro V to attract the transport trades to join the scheme. In respect of the prices of replacement vehicle, members noted that the Administration had implemented other measures to help owners of aged polluting vehicles to replace their vehicles. In this connection, the introduction of the scheme should not result in an unreasonable increase in replacement vehicle prices as the market was competitive. To assess the effectiveness of the scheme, members suggested the Administration to conduct a review after some time of operation. Consideration should also be given to raising the grant levels if the take-up rate of the scheme was not satisfactory. FC approved the funding proposal.

### **Council questions**

9. Hon CHAN Hak-kan raised a question relating to the control of emission of diesel commercial vehicles at the Council meeting on 21 November 2012. Details of the Council question are hyperlinked in **Appendix III** for ease of reference.

### **Latest development**

10. The Administration will consult the Panel on Environmental Affairs at the special meeting scheduled for 15 May 2013 on the proposed increase in commitment for one-off grant to encourage early replacement of Euro II diesel commercial vehicles.

### **Relevant papers**

11. A list of relevant papers is set out in **Appendix III**.

**The One-off Grant Scheme for  
Replacing Euro II Diesel Commercial Vehicles**

One-off Grant Level

The grant level is set at 18% of the annual average vehicle taxable values of newly registered vehicles in 2009. Details of the grant level are shown in the following tables (Euro I vehicle replacement grant levels are shown for comparison purpose only) –

**Goods Vehicles**

| <b>Vehicle Class</b>               | <b>Permitted Gross Vehicle Weight (W) in Tonnes</b> | <b>Grant Levels for Replacement of Euro II vehicles (\$)</b> | <b>Grant Levels for Replacement of Euro I vehicles (\$)</b> |
|------------------------------------|---|--|---|
| Light Goods Vehicle (Van Type)     | $W \leq 1.9$  | 17,000   | 14,000  |
|                                    | $1.9 < W \leq 5.5$                                  | 36,000   | 30,000  |
| Light Goods Vehicle (Non-van Type) | $W \leq 1.9$  | 27,000   | 25,000  |
|                                    | $1.9 < W \leq 5.5$                                  | 47,000   | 43,000  |
| Medium Goods Vehicle               | $5.5 < W \leq 10$                                   | 59,000   | 51,000  |
|                                    | $10 < W \leq 13$                                    | 70,000   | 61,000  |
|                                    | $13 < W \leq 16$                                    | 88,000   | 77,000  |
|                                    | $16 < W \leq 24$                                    | 121,000  | 97,000  |
| Heavy Goods Vehicle                | $24 < W$  | 139,000  | 113,000   |

**Non-franchised Public and Private Buses**

| <b>Non-franchised Public and Private Buses</b> | <b>Grant Levels for Replacement of Euro II vehicles (\$)</b> | <b>Grant Levels for Replacement of Euro I vehicles (\$)</b> |
|--|--|---|
| 17 to 30 seats                                 | 84,000   | 73,000  |
| 31 seats and above                             | 203,000  | 173,000   |

**Public and Private Light Buses\***

| <b>In-use Old Diesel Light Buses</b> | <b>Grant Levels for Replacement Vehicles</b> |  |                           |
|--------------------------------------|--|--|---------------------------|
|                                      | <b>Euro IV Diesel Light Bus</b>              | <b>Euro IV liquefied petroleum gas (LPG) Light Bus</b> | <b>Electric Light Bus</b> |
| Euro II                              | \$77,000                                     | \$88,000   | \$92,000                  |

\* The grant levels for LPG and electric light buses have been adjusted in the light of a 14% increase of vehicle taxable value of LPG light buses between 2006 and 2009.

## Appendix II

### The One-off Grant Scheme for Replacing Euro II Diesel Commercial Vehicles

#### First Registration Dates for Identifying Euro II Diesel Commercial Vehicles

| <b>Vehicle Class</b> | <b>Permitted Gross Vehicle Weight (W) (Tonnes)</b> | <b>First Registration Date (both dates inclusive)</b> |
|----------------------|--|---|
| Goods Vehicles       | $W \leq 3.5$                                       | 1 <sup>st</sup> Oct 1998 to 31 <sup>st</sup> Dec 2001 |
|                      | $3.5 < W \leq 4$                                   | 1 <sup>st</sup> Oct 1998 to 30 <sup>th</sup> Sep 2001 |
|                      | $4 < W$  | 1 <sup>st</sup> Apr 1997 to 30 <sup>th</sup> Sep 2001 |
| Non-franchised Buses | N.A.   | 1 <sup>st</sup> Apr 1997 to 30 <sup>th</sup> Sep 2001 |
| Diesel Light Buses   | $W \leq 3.5$                                       | 1 <sup>st</sup> Oct 1998 to 31 <sup>st</sup> Dec 2001 |
|                      | $3.5 < W \leq 4$                                   | 1 <sup>st</sup> Oct 1998 to 31 <sup>st</sup> Jul 2003 |
|                      | $4 < W$  | 1 <sup>st</sup> Oct 1998 to 30 <sup>th</sup> Sep 2001 |

## List of relevant papers

| Council/<br>Committee                | Date of meeting     | Paper   |
|--------------------------------------|---------------------|---|
| Panel on<br>Environmental<br>Affairs | 20 December<br>2006 | <p>Administration's paper on "Encouraging owners of Pre-Euro and Euro I diesel commercial vehicles to replace their vehicles by offering one-off grant" (LC Paper No. CB(1)513/06-07(03))<br/> <a href="http://www.legco.gov.hk/yr06-07/english/panels/ea/papers/ea1220cb1-513-3-e.pdf">http://www.legco.gov.hk/yr06-07/english/panels/ea/papers/ea1220cb1-513-3-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1)734/06-07)<br/> <a href="http://www.legco.gov.hk/yr06-07/english/panels/ea/minutes/ea061220.pdf">http://www.legco.gov.hk/yr06-07/english/panels/ea/minutes/ea061220.pdf</a></p>   |
| Panel on<br>Environmental<br>Affairs | 5 January 2007      | <p>Administration's paper on "Encouraging owners of Pre-Euro and Euro I diesel commercial vehicles to replace their vehicles by offering one-off grant" (LC Paper No. CB(1)513/06-07(03))<br/> <a href="http://www.legco.gov.hk/yr06-07/english/panels/ea/papers/ea1220cb1-513-3-e.pdf">http://www.legco.gov.hk/yr06-07/english/panels/ea/papers/ea1220cb1-513-3-e.pdf</a></p> <p>Updated background brief on "Air pollution control" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)617/06-07(14))<br/> <a href="http://www.legco.gov.hk/yr06-07/english/panels/ea/papers/ea0105cb1-617-14-e.pdf">http://www.legco.gov.hk/yr06-07/english/panels/ea/papers/ea0105cb1-617-14-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1)930/06-07)<br/> <a href="http://www.legco.gov.hk/yr06-07/english/panels/ea/minutes/ea070105.pdf">http://www.legco.gov.hk/yr06-07/english/panels/ea/minutes/ea070105.pdf</a></p> |

| <b>Council/<br/>Committee</b>         | <b>Date of meeting</b>                           | <b>Paper</b>   |
|---------------------------------------|--|--|
| Panel on Environmental Affairs        | 24 November 2008                                 | <p>Administration's paper on "Early Replacement of Old Commercial Vehicles"<br/>(LC Paper No. CB(1)223/08-09(08))<br/><a href="http://www.legco.gov.hk/yr08-09/english/panels/ea/papers/ea1124cb1-223-8-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ea/papers/ea1124cb1-223-8-e.pdf</a></p> <p>Updated background brief on "Early replacement of pre-Euro and Euro I diesel commercial vehicles" prepared by the Legislative Council Secretariat<br/>(LC Paper No. CB(1) 223/08-09(09))<br/><a href="http://www.legco.gov.hk/yr08-09/english/panels/ea/papers/ea1124cb1-223-9-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ea/papers/ea1124cb1-223-9-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1)595/08-09)<br/><a href="http://www.legco.gov.hk/yr08-09/english/panels/ea/minutes/ea20081124.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ea/minutes/ea20081124.pdf</a></p>  |
| Panel on Environmental Affairs        | Tabled in the Legislative Council on 8 July 2009 | <p>Report of the Panel on Environmental Affairs for submission to the Legislative Council<br/>(LC Paper No. CB(1)1944/08-09)<br/><a href="http://www.legco.gov.hk/yr08-09/english/panels/ea/reports/ea0708cb1-1944-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ea/reports/ea0708cb1-1944-e.pdf</a></p>   |
| Subcommittee on Improving Air Quality | 10 March 2010                                    | <p>Administration's paper on "Early Replacement of Old Diesel Commercial Vehicles"<br/>(LC Paper No. CB(1)1250/09-10(01))<br/><a href="http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0310cb1-1250-1-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0310cb1-1250-1-e.pdf</a></p> <p>List of follow-up actions arising from the discussion at the meeting on 4 January 2010<br/>(LC Paper No. CB(1)1250/09-10(02))<br/><a href="http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0310cb1-1250-2-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0310cb1-1250-2-e.pdf</a></p> <p>Administration's response to CB(1)1250/09-10(02)<br/>(LC Paper No. CB(1)1339/09-10(07))<br/><a href="http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0310cb1-1339-7-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0310cb1-1339-7-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1)1767/09-10)<br/><a href="http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/minutes/iaq20100310.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/minutes/iaq20100310.pdf</a></p> |



| Council/<br>Committee                       | Date of meeting | Paper   |
|---|-----------------|---|
| Subcommittee<br>on Improving<br>Air Quality | 11 May 2010     | <p>Administration's paper on "Early Replacement of Old Diesel Commercial Vehicles"<br/>(LC Paper No. CB(1)1250/09-10(01))<br/><a href="http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0310cb1-1250-1-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0310cb1-1250-1-e.pdf</a></p> <p>List of follow-up actions arising from the discussion at the meeting on 10 March 2010<br/>(LC Paper No. CB(1)1405/09-10(01))<br/><a href="http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0511cb1-1405-1-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0511cb1-1405-1-e.pdf</a></p> <p>Administration's response to items 1 and 2 of CB(1)1405/09-10(01)<br/>(LC Paper No. CB(1) 1405/09-10(02))<br/><a href="http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0511cb1-1405-2-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0511cb1-1405-2-e.pdf</a></p> <p>Administration's response (Annex I to deputations' written submissions and CB(1)1824/09-10(02) while Annex II to item 3 of CB(1) 1405/09-10(01))<br/>(LC Paper No. CB(1) 1838/09-10(02))<br/><a href="http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0511cb1-1838-2-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/papers/ea_iaq0511cb1-1838-2-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1)2619/09-10)<br/><a href="http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/minutes/iaq20100511.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/minutes/iaq20100511.pdf</a></p> |
| Finance<br>Committee                        | 28 May 2010     | <p>Administration's paper on "One-off grant to encourage early replacement of Euro II diesel commercial vehicles with new ones complying with the prevailing statutory emission standard"<br/>(LC Paper No. FCR(2010-11)19)<br/><a href="http://www.legco.gov.hk/yr09-10/english/fc/fc/papers/f10-19e.pdf">http://www.legco.gov.hk/yr09-10/english/fc/fc/papers/f10-19e.pdf</a></p> <p>Minutes of meeting (LC Paper No. FC16/10-11)<br/><a href="http://www.legco.gov.hk/yr09-10/english/fc/fc/minutes/fc20100528a.pdf">http://www.legco.gov.hk/yr09-10/english/fc/fc/minutes/fc20100528a.pdf</a></p>   |

| <b>Council/<br/>Committee</b>                                     | <b>Date of meeting</b> | <b>Paper</b>  |
|---|------------------------|---|
| Subcommittee on Improving Air Quality                             | 17 September 2010*     | Report of the Subcommittee on Improving Air Quality for submission to the Panel on Environmental Affairs (LC Paper No. CB(1)2869/09-10)<br><a href="http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/reports/ea_iaqcb1-2869-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ea/ea_iaq/reports/ea_iaqcb1-2869-e.pdf</a>  |
| Panel on Environmental Affairs                                    | 28 January 2013        | Administration's paper on "2013 Policy Address – Policy Initiatives of Environment Bureau: Environmental protection" (LC Paper No. CB(1)431/12-13(02))<br><a href="http://www.legco.gov.hk/yr12-13/english/panels/ea/papers/ea0128cb1-431-2-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ea/papers/ea0128cb1-431-2-e.pdf</a><br><br>Minutes of meeting (LC Paper No. CB(1)732/12-13)<br><a href="http://www.legco.gov.hk/yr12-13/english/panels/ea/minutes/ea20130128.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ea/minutes/ea20130128.pdf</a>  |
| Subcommittee on Issues Relating to Air, Noise and Light Pollution | 29 January 2013        | Administration's paper on "Current legislation and administrative measures on the control of air pollution and the associated public expenditure" (LC Paper No. CB(1)474/12-13(01))<br><a href="http://www.legco.gov.hk/yr12-13/english/panels/ea/ea_anlp/papers/ea_anlp0129cb1-474-1-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ea/ea_anlp/papers/ea_anlp0129cb1-474-1-e.pdf</a><br><br>Minutes of meeting (LC Paper No. CB(1)743/12-13)<br><a href="http://www.legco.gov.hk/yr12-13/english/panels/ea/ea_anlp/minutes/anlp20130129.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ea/ea_anlp/minutes/anlp20130129.pdf</a> |

\* Date of issuance of papers

Hyperlink to relevant Council Question:

| <b>Date</b>      | <b>Council Question</b>  |
|------------------|--|
| 21 November 2012 | Council question raised by Hon CHAN Hak-kan<br><a href="http://www.info.gov.hk/gia/general/201211/21/P201211210463.htm">http://www.info.gov.hk/gia/general/201211/21/P201211210463.htm</a> |