

For Information

**LEGISLATIVE COUNCIL
PANEL ON ENVIRONMENTAL AFFAIRS**

**One-off Grant to Encourage Early Replacement of
Euro II Diesel Commercial Vehicles**

Special Arrangement

PURPOSE

This paper informs Members of a special arrangement under the one-off grant scheme to encourage owners of Euro II diesel commercial vehicles to replace their vehicles with new ones complying with prevailing statutory emission standard. This special arrangement seeks to allow eligible vehicle owners who have ordered new replacement vehicles which cannot be made ready for application for the grant before the expiry of the scheme on 30 June 2013 to retain their eligibility for the grant.

BACKGROUND

2. In July 2010, the Administration launched a one-off grant scheme with an approved commitment of \$539.4 million to provide subsidies to encourage owners of Euro II diesel commercial vehicles (excluding franchised buses) to replace their vehicles with new ones that comply with the prevailing statutory emission standard. The one-off grant scheme lasts for 36 months and will end on 30 June 2013.

3. Under the grant scheme, a one-off grant equivalent to 18% of the annual average vehicle taxable values of newly registered vehicles in 2009 is provided to vehicle owners for scrapping their Euro II diesel commercial vehicles and replacing them with new vehicles complying with the prevailing statutory emission requirements.

4. On 15 May 2013, we sought the support of this Panel for our proposal to increase the approved commitment for the one-off grant scheme by \$120 million to meet the forecast funding requirements. Members supported the funding proposal. Subsequent to the Panel meeting, some transport trade representatives requested us to provide a special arrangement as in the previous one-off grant scheme for pre-Euro and Euro I diesel commercial vehicles to cater for some prospective applicants who cannot have their new vehicles delivered or the registration of their new vehicles cannot be completed (because of reasons such as unfinished body-building work) on time for applying for the grant before 30 June 2013.

SPECIAL ARRANGEMENT

5. To address the above concern, we plan to provide a special arrangement for those who have already placed orders for new commercial vehicles on or before the application deadline of the one-off grant scheme (i.e. 30 June 2013) to retain their eligibility for the grant until 30 June 2014. Details of the special arrangement, modelled on that for the one-off grant scheme for pre-Euro and Euro I diesel commercial vehicles launched in 2007, are set out at the **Annex**. Eligible Euro II diesel commercial vehicle owners who have received the one-off grant under the current scheme or have been allowed to retain their eligibility for the grant under the special arrangement will not be eligible to participate in the proposed mandatory retirement scheme for pre-Euro IV diesel commercial vehicles which is still under consultation. Hence, there will be no overlapping of beneficiary vehicle owners between the one-off grant scheme and the proposed mandatory retirement scheme for pre-Euro IV diesel commercial vehicles.

6. Members are invited to note the above special arrangement.

Environmental Protection Department
June 2013

Special Arrangement
The One-Off Grant Scheme for Euro II Diesel Commercial Vehicles

This special arrangement seeks to allow vehicle owners eligible for the one-off grant who have ordered new replacement vehicles which cannot have them delivered, or the registration of the replacement vehicles cannot be completed (because of reasons such as unfinished vehicle body-building work) on or before 30 June 2013 to retain their eligibility for the grant until 30 June 2014. The relevant vehicle owners will have to fulfill the following requirements so as to retain their eligibility for the one-off grant –

- (i) The vehicle owner has to place an order for a new commercial vehicle which is eligible for the grant on or before 30 June 2013.
- (ii) He/She has to submit an application to Environmental Protection Department (EPD) for retention of eligibility using a prescribed form on or before 8 July 2013. Applications submitted after the deadline will be rejected. If the applicant is required to provide supplementary information, he/she must submit the information within 14 working days from the date of the written notice by EPD. Otherwise, the application will be rejected.
- (iii) The order form must include information of the Euro II diesel commercial vehicle that will be replaced (such as the registration number, vehicle class, chassis number, first registration date and fuel type of the old vehicle) together with the vehicle class, make, model and the tentative arrival date of the new vehicle.
- (iv) The new commercial vehicle to be registered must be of the same vehicle model as stated in the application form for retention of eligibility.
- (v) If the vehicle owner sells his/her Euro II commercial vehicle after 30 June 2013, both he/she and the new owner of the vehicle will not be eligible for the grant.
- (vi) Euro II diesel commercial vehicle owners who have been allowed to retain their eligibility for the grant under the special arrangement must complete all the necessary procedures and submit their application for the grant on or

before 30 June 2014. Otherwise, he/she will forfeit his/her eligibility for the grant.

- (vii) Euro II diesel commercial vehicle owners who have been allowed to retain their eligibility for the grant under this special arrangement will not be eligible for the proposed mandatory retirement scheme for pre-Euro IV diesel commercial vehicles should it be launched¹.

The application form for “Retention of Eligibility for the One-off grant up to 30 June 2014” can be obtained via fax on demand from EPD hotline 2824 0022 or downloaded from EPD’s website <http://www.epd.gov.hk/epd/>. The applicant is advised to read the Notes for Attention on the application form before completing the form.

The applicant must submit the duly completed application form together with the photocopy of following documents to the EPD on or before 8 July 2013:

- (i) The applicant’s Hong Kong Identity Card or passport for non-identity cardholders; in the case of a private owner or in the case of a Limited Company, both the Certificate of Incorporation and Business Registration Certificate;
- (ii) The vehicle registration document of the Euro II diesel commercial vehicle;
- (iii) The contract (i.e. the order form) with the vehicle supplier for purchasing the new commercial vehicle and deposit receipt; the contract must contain information of the Euro II diesel commercial vehicle which is intended to be replaced (such as the registration mark, vehicle class, chassis number, first registration date and fuel type of the old vehicle) together with the vehicle class, make, model and the tentative arrival date of the new vehicle, etc.; and
- (iv) The contract should state the name of the applicant as the buyer; in case the applicant has appointed an agent to order the new vehicle on his/her behalf, the application must be accompanied by an authorization letter issued by the applicant for purchasing the new vehicle.

¹ The 2013 Policy Address proposes setting aside \$10 billion as subsidies to owners of heavily polluting pre-Euro IV diesel commercial vehicles in order to progressively phase out these vehicles through an incentive-cum-regulatory approach. EPD is now consulting the transport trades on the proposal.