

**Panel on Environmental Affairs
Follow-up Actions of the Meeting on 15 May 2013**

Retirement of Pre-Euro IV Diesel Commercial Vehicles

Item 2.1 (a): to provide an analysis on the financial implications of the proposal and the means to prevent abuse by parties who sought to profiteer from the phasing-out programme through transfer of benefits.

Reply

Financial Implications

As stated in the 2013 Policy Address, the Government has earmarked \$10 billion for implementing the proposal to phase out pre-Euro IV diesel commercial vehicles. As of end December 2012, there were about 86,000 pre-Euro IV diesel commercial vehicles. Based on the proposal announced by the Government in January 2013, the proposed ex-gratia payment will involve a one-off non-recurrent funding of about \$8.7 billion.

Abuse Prevention

Only eligible owners of pre-Euro IV diesel commercial vehicles can receive the proposed ex-gratia payment under the proposed scheme. Similar to previous incentive schemes initiated by the Environmental Protection Department (EPD) to encourage the phasing out of pre-Euro III diesel commercial vehicles, we will guard against abuses by requiring the pre-Euro IV diesel commercial vehicles to be phased out must have a valid vehicle licence at the time of scrapping. In other words, vehicles scrapped before the implementation of the proposal will not be entitled for the proposed ex-gratia payment.

As for the concern that vehicle vendors might pocket part of the ex-gratia payment by raising vehicle prices, it is worth noting that owners of pre-Euro IV diesel commercial vehicles have a free choice on the procurement of replacement vehicles. Besides, Hong Kong is an open market, new players are always welcomed to enter the local market by bringing in vehicles complying with our statutory requirements. The potential market competition is thus the best safeguard against vehicle vendors from profiteering in the scheme unscrupulously.

Item 2.1 (b): to provide information on the number of single-vehicle owners and the impact of the proposal on them.

Reply

Among the owners of the 86,000 pre-Euro IV diesel commercial vehicles registered as at end of December 2012, about 38,000 of them have only one such vehicle registered under their names.

We do not have information that indicates the financial status of vehicle owners. As such, we cannot infer that the impact of the proposal on single-vehicle owners will be different from that on other vehicle owners.

Increase in Commitment for One-off Grant to Encourage Early Replacement of Euro II Diesel Commercial Vehicles

Item 2.2: to provide more information on the owners of Euro II diesel commercial vehicles who had applied for the one-off grant scheme, i.e. whether they were company owners or single-vehicle owners.

Reply

EPD launched an incentive scheme to facilitate the early retirement of Euro II diesel commercial vehicles from July 2010 to June 2013. We received about 7,200 applications in this incentive scheme. Among these applications, about 4,700 were from company owners and about 2,500 were from individual owners. We do not have statistics on the number of vehicles that each applicant owned at the time of application.

**Environment Bureau/Environmental Protection Department
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