

**For discussion on
26 October 2015**

**LEGISLATIVE COUNCIL
PANEL ON ENVIRONMENTAL AFFAIRS**

Progress of Phasing Out Pre-Euro IV Diesel Commercial Vehicles

PURPOSE

This paper updates Members on the latest progress of phasing out pre-Euro IV diesel commercial vehicles (DCVs).

BACKGROUND

2. DCVs are one of the major sources of roadside air pollution in Hong Kong. To improve roadside air quality and better protect public health, the Environmental Protection Department (EPD) launched an incentive-cum-regulatory scheme (the scheme) in March 2014 with an aim to phasing out by the end of 2019 some 82 000 pre-Euro IV DCVs (about 60% of the diesel commercial vehicle fleet) including goods vehicles, light buses and non-franchised buses.

3. To assist the affected vehicle owners, the Government offers an ex-gratia payment up to 33% of the average taxable values of new vehicles to eligible vehicle owners for phasing out their pre-Euro IV DCVs. The Finance Committee of the Legislative Council approved on 10 January 2014 a funding commitment of \$11.4 billion for the ex-gratia payment. The scheme commenced operation on 1 March 2014. The ex-gratia payment application deadlines for four types of DCVs are set out below:

DCVs	Application deadlines
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Pre-Euro	December 31, 2015
Euro I	December 31, 2016
Euro II	December 31, 2017
Euro III	December 31, 2019

The levels of ex-gratia payment are set out in **Annex A**. It inversely correlates with the age of the vehicles and remains the same throughout the scheme.

4. The Air Pollution Control (Air Pollutant Emission) (Controlled Vehicles) Regulation for effecting the DCV's retirement deadlines and service life limit was passed by the Legislative Council on 18 December 2013 and took effective on 1 February 2014. Under the Regulation, the Government will stop the renewal of vehicle licences for pre-Euro IV DCVs in phases, with pre-Euro from 1 January 2016, Euro I from 1 January 2017, Euro II from 1 January 2018 and Euro III from 1 January 2020. We also limit the service life of DCVs first registered on or after 1 February 2014 to 15 years to help timely retirement of DCVs in the long run for better roadside air quality.

IMPLEMENTATION

5. EPD has set up a register for vehicle scrapping companies under the scheme to strengthen the governance of the scheme and facilitate application for the ex-gratia payment by vehicle owners. Only the scrapping certificates issued by vehicle scrapping companies registered with EPD are accepted for application of the ex-gratia payment. As at 30 September 2015, there were 436 vehicle scrapping companies registered under the scheme.

6. The Transport Department (TD) is responsible for administering the scheme, including receiving applications, vetting eligibility, approving applications and arranging payment to the eligible vehicle owners for approved applications.

PUBLICITY

7. In order to facilitate vehicle owners and the transport trades to understand the application details and make early preparation for phasing out their DCVs, we have launched a series of publicity activities for the scheme. Our publicity activities include –

- (a) issuing reminder letters to eligible vehicle owners and relevant transport trade associations;

- (b) broadcasting of the Announcements for Public Interests (API) at television and radio;
- (c) distributing promotional leaflets to vehicles owners;
- (d) organizing briefing sessions for the transport trades and the public;
- (e) operating a dedicated telephone hotline to handle enquiries on the scheme; and
- (f) set up a dedicated EPD website ^[1] to provide details of the scheme, including eligibility criteria, application procedures and checklist and the latest list of registered vehicle scrapping companies.

8. For eligible pre-Euro DCVs owners who have yet to participate in the scheme, we had stepped up our publicity work since early 2015 to remind them of the application deadline of 31 December 2015 and urge them to make the necessary preparation early. Apart from sending out letters to the relevant vehicle owners, the message was widely disseminated through various public media and channels, broadcasting of the advertisements at radio, placing advertisement in newspapers and displaying posters. A summary of publicity activities is in **Annex B**.

PROGRESS

9. Since the launch of the scheme on 1 March 2014, the response has been encouraging. Up to 30 September 2015, about 33 900 pre-Euro IV DCVs (i.e. about 41% of the eligible vehicles) were retired under the scheme in the first 19 months of this 70 month-long scheme. A total of around 33 200 applications were approved, involving about \$4.36 billion of ex-gratia payment. Detailed statistics on the number of vehicles participated in the scheme is in **Annex C**.

10. For pre-Euro DCVs, 18 113 vehicles were eligible for applying for ex-gratia payment in early 2014. As at 30 September 2015, about 13 800 pre-Euro DCVs were given approval for ex-gratia payment upon scrapping. Of the remaining some 4 000 pre-Euro DCVs, around 1 600 of them had their vehicle registrations cancelled by TD as their vehicle licences had not been renewed within two years from the expiry date of the vehicle licences. Thus, it is likely that these vehicles had been phased out by their owners before the scheme. Excluding these vehicles, nearly 90% of eligible pre-Euro DCVs

¹ Dedicated webpage: www.epd.gov.hk/epd/english/preEU4dcv

had been phased out by 30 September 2015.

AIR QUALITY BENEFITS

11. Phasing out pre-Euro IV DCVs can help reduce vehicular emissions of respirable suspended particulates (PM10) and nitrogen oxides (NOx) and reduce the cancer risk associated with exposure to diesel engine exhaust fumes. As the number of pre-Euro IV DCVs progressively dropped starting from March 2014, there would be steady improvement in roadside quality. We will provide a more detailed impact analysis to the Panel when air quality data over a longer horizon is gathered.

WAY FORWARD

12. We will continue to closely monitor the implementation of the scheme for phasing out pre-Euro IV DCVs. Members are invited to note the latest progress of the scheme.

Environmental Protection Department
October 2015

Annex A

Levels of ex-gratia payment for different classes of pre-Euro IV DCVs

Classes of Diesel Commercial Vehicles		Ex-gratia Payment for Scrapped Vehicles of Different Ages* (HK\$)		
		16 years or above	13, 14 or 15 years	below 13 years
Light Goods Vehicles	permitted gross vehicle weight (pgvw) \leq 1.9 tonnes	59,700	66,400	73,000
	van-type, 1.9 tonnes < pgvw \leq 5.5 tonnes	71,300	79,200	87,200
	non van-type, 1.9 tonnes < pgvw \leq 5.5 tonnes	91,000	101,100	111,200
Medium Goods Vehicles	5.5 tonnes < pgvw \leq 10 tonnes	112,000	124,500	136,900
	10 tonnes < pgvw \leq 13 tonnes	137,300	152,500	167,800
	13 tonnes < pgvw \leq 16 tonnes	184,500	205,000	225,500
	16 tonnes < pgvw \leq 24 tonnes	224,500	249,400	274,400
Heavy Goods Vehicles	pgvw > 24 tonnes	252,200	280,300	308,300
Non-franchised Buses	single-deck, 17-30 seats	178,000	197,800	217,600
	single-deck, \geq 31 seats	294,700	327,500	360,200
	double-deck	729,900	811,000	892,100
Light Buses		146,900	163,200	179,500

* Counting from the first registration date of the vehicle to the cancellation of its vehicle registration.

Summary of Publicity Activities

Date	Promotion Activity
10 January 2014	Issued press releases announcing the scheme to be launched on 1 March 2014 for phasing out pre-Euro IV DCVs
10 February 2014	Set up a dedicated EPD webpage providing details of the scheme Commencement of a dedicated hotline for answering public enquiries
14 February 2014	Broadcasting of the API at television and radio Displaying posters and distributing leaflets at the offices of EPD, the licencing offices of the Transport Department, the Government Vehicle Examination Centers and the Public Enquiry Service Centers of the Home Affairs Department
19 & 21 February 2014	Organized briefing sessions for the public and vehicle scrapping companies
24 February 2014	Issued letters to all eligible pre-Euro IV DCV owners
28 February 2014	Issued a press release informing the public that the scheme would be launched on 1 March 2014
26 January 2015	Organized briefing sessions for vehicle scrapping companies
25 February 2015	Sent out letters to all eligible pre-Euro IV DCVs owners
2 April 2015	Issued a press release to remind pre-Euro DCVs owners of the application deadline of 31 December 2015 and urge them to make the

Date	Promotion Activity
	necessary preparation early
15 April 2015	Sent out letters to the relevant transport associations to seek their assistance in reminding their members of the pre-Euro DCVs' application deadline
June 2015	Published a reminder in TD's non-franchised buses bulletin
8 June 2015	Placed advertisements on newspapers
6 July 2015	Broadcasting radio advertisements from July 2015 to December 2015
25 August 2015	Issued a press release to remind pre-Euro DCVs owners to submit ex-gratia applications by 31 December 2015
15 September 2015	Displaying posters with highlight on the application deadline of pre-Euro DCVs at designated poster sites of the Information Services Department between 15 September 2015 and 14 October 2015
21 September 2015	Sent out letters to all eligible pre-Euro DCV owners
24 September 2015	Sent out letters to the relevant transport associations to remind their members of the pre-Euro DCVs' application deadline

Annex C

**Number of applications for the ex-gratia payment scheme
by emission standards and vehicle types
(as at 30 September 2015)**

Vehicle Type	Number of applications for the ex-gratia payment scheme (Take up rate)					No. of applications approved
	Pre-Euro	Euro I	Euro II	Euro III	Total	
Light goods vehicles	7 636 (78%)	6 591 (62%)	3 936 (37%)	2 152 (12%)	20 315 (42%)	19 905
Medium goods vehicles	5 584 (78%)	1 417 (59%)	2 453 (40%)	1 298 (13%)	10 752 (42%)	10 574
Heavy goods vehicles	458 (67%)	122 (39%)	225 (29%)	73 (14%)	878 (38%)	859
Public light buses	12 (80%)	128 (45%)	46 (9%)	14 (3%)	200 (16%)	193
Private light buses	262 (83%)	135 (38%)	47 (12%)	16 (8%)	460 (36%)	449
Non-franchised buses	126 (71%)	75 (57%)	193 (32%)	878 (34%)	1,272 (36%)	1 218
Total	14 078 (78%)	8 468 (60%)	6 900 (36%)	4 431 (14%)	33 877 (41%)	33 198