

LegCo Deputation: Early replacement of old diesel commercial vehicles

1. We would like to point out a procedural defect of this deputation process. We were only alerted about this meeting through the office of Edward Yau – at the very last minute. According to the LegCo Secretariat, only transport companies and parties who participated previously in the discussion were invited to give deputations. That being the case, there was no mandatory representation of any green groups, meaning that the Hong Kong environment is not adequately represented in this crucial deliberative process. We thank the EPD for alerting us about this important meeting, since roadside emissions are the single greatest threat to human health when it comes to outside environmental air pollution.
2. Clean Air Network is currently conducting a major public awareness campaign to educate the public about the health dangers of air pollution, with a specific focus on roadside emissions. The focus on roadside emissions is due to two reasons: Road vehicle emissions pose the greatest threat to human health AND roadside emissions are within the control of Hong Kong itself. In other words, given sufficient political will, reducing roadside emissions is actually low-hanging fruit when it comes to the most expedient means of cleaning up Hong Kong's dangerous air pollution. We are conducting Hong Kong's biggest clean air campaign ever in order to muster support from the community, especially from district councils, so that legislators can finally support tighter clean air standards with the endorsement of their constituencies.
3. We have received feedback from a significant majority of the community that they would support the expenditure of public funds for clean-up measures as a top budget priority, on par with unemployment and other social benefits. However, it is our emphatically stated position that the public purse rather than the grassroots or the fare-paying passenger must bear the primary burden of clean-up.



4. Regarding the proposed subsidy of \$540 million for the early replacement of Euro II vehicles, there is room for major further improvement:
- One of the major criticisms from commercial vehicle owners of the current scheme was that the amount of subsidy per vehicle was not sufficiently enticing. Thus, further increasing the per-vehicle subsidy to an average of 25%, rather than the proposed 18%, of replacement value would provide an undeniable economic incentive to vehicle owners which would render the proposed subsidy much more attractive and therefore effective. For example, California recently announced an aggressive, hybrid vehicle early replacement voucher plan which grants applicants up to 50% of the cost of buying a new vehicle. Making the amount of subsidy per vehicle attractive is ESPECIALLY important if there is no meaningful “stick” to accompany the subsidy “carrot”.
 - We recommend shortening the scheme’s duration to 24 or even 18 months to genuinely accelerate early replacement.
 - The combination of both a stronger financial inducement and shortened subsidy period would result in marked, immediate reduction of dangerous roadside emissions.
 - The overall size of the subsidy, \$540 million, is based on the 26% take-up rate of the present subsidy scheme which was widely acknowledged to be a failure precisely because of the low take-up rate. The size of the present grant should not be predicated on base case, worst-case numbers. Rather, the subsidy scheme should be tweaked and refined to take account of the present scheme’s shortcomings, then, the overall amount augmented to assume a moderately higher take up rate of, say, 35%. Indeed, we would rather see funds earmarked for the Pilot Green Scheme shifted to an improved version of the Euro II subsidy scheme since, after all, the outcome of the subsidy is concrete, rather than speculative, and would definitely result in less roadside pollution.

Considering the weaknesses of the present scheme which are, to a large extent, reflected in the present proposal, we are not particularly optimistic about the



proposed scheme's chances for success. Thus, it is our strong view that, AT THE VERY LEAST, the subsidy per vehicle should be increased (and the overall size of the scheme increased) OR a "stick", such as a significant increase in license fees for older vehicles MUST be introduced. By "significant", we mean something like a 20% increase in license fees for the oldest vehicles in order to make vehicle owners reconsider the prudence of keeping their old polluting vehicles on the road. Without a stick and, considering the weaknesses of the proposed scheme, as is, the new subsidy will have very little of the accelerating replacement effect desired. Rather, replacement will take place only when vehicles approach near or total obsolescence, leaving many dangerously polluting vehicles on the road for many years to come.

We are certain that the public would support a larger per-vehicle subsidy if it increased the take-up rate and reduced roadside pollution. The same goes for shifting the funds earmarked for the speculative uses of the Pilot Green Scheme to an improved subsidy scheme. The Hong Kong public is well aware of the dangers of roadside emission these days. We point to a recent survey by the DAB of 553 respondents in which 58% stated that they were most dissatisfied with "roadside emission".

