

**Confirmed Minutes of the 138th Meeting of
the Advisory Council on the Environment
held on 8 January 2007 at 2:30 pm**

Present:

Prof LAM Kin-che, SBS, JP (Chairman)
Prof WONG Yuk-shan, BBS, JP (Deputy Chairman)
Dr Dorothy CHAN, BBS
Mr James GRAHAM
Ms Betty HO
Prof Howard HUANG
Mr Edwin LAU
Ms Goretti LAU
Dr MAN Chi-sum, JP
Dr NG Cho-nam, BBS
Prof POON Chi-sun
Mr Markus SHAW
Mr TSANG Kam-lam
Mr Eddie WONG
Mr Simon WONG
Prof WONG Tze-wai
Dr YAU Wing-kwong
Mr Esmond LEE, JP (Secretary)

Absent with Apologies:

Prof Paul LAM

In Attendance:

Ms Anissa WONG, JP	Permanent Secretary for the Environment, Transport and Works (Environment)
Mr C C LAY	Assistant Director (Conservation), Agriculture, Fisheries and Conservation Department
Mr P Y TAM	Assistant Director/Technical Services, Planning Department
Ms Monica KO	Principal Information Officer, Environmental Protection Officer (EPD)
Ms Josephine CHEUNG	Chief Executive Officer (CBD), EPD
Miss Sarah NG	Executive Officer (CBD), EPD

In Attendance for Agenda Item 4 and 5:

Mr MOK Wai-chuen	Principal Environmental Protection Officer (Mobile Source Control), EPD
Mr LAU Hoi-nam	Senior Environmental Protection Officer (Mobile Source Control)1, EPD

Action

Agenda Item 1 : Welcome Remarks and General Briefing on Operation of the Council

The Chairman welcomed Dr Dorothy Chan, Ms Betty Ho, Mr Edwin Lau, Dr Man Chi-sum, Mr Eddie Wong, Mr Simon Wong and Dr Yau Wing-kwong, who had newly joined the Council and expressed a note of thanks to Prof Ho King-chung, Mr Peter Lee, Mrs Mei Ng and Ms Iris Tam, who had retired from the Council. He also welcomed the appointment of Prof Wong Yuk-shan as Deputy Chairman. Ms Anissa Wong welcomed all the new Members and looked forward to the support and advice of the Council in meeting challenges ahead for a better environment in Hong Kong.

2. The Chairman said that as it was the first Council meeting for the new term, it would be useful to have a general briefing on the operation of the Council.

Functions of the Council

3. The Chairman said that the Council was the Government's principal advisory body on matters relating to environmental protection and nature conservation. The Council was consulted on a wide range of issues including new legislative proposals and implementation of the existing pollution control and nature conservation measures. Major policy initiatives were also referred to the Council for advice before they were adopted by the Government.

Meetings and visits

4. The Chairman said that the full Council meetings were

conducted on a monthly basis. The agendas, papers and confirmed minutes of the meetings (with Members' names deleted) were uploaded onto the ACE's website. A press briefing would be held by the Chairman and Deputy Chairman after each Council meeting. Open fora were held on selected topics to allow the Council to exchange views with the stakeholders and members of the public. Site visits were arranged on a need basis to let Members better understand the issues to be discussed. The Chairman said that the proposed meeting schedule for the Council in 2007 had been circulated to Members before the meeting. Members endorsed the meeting schedule.

Subcommittees under the Council

5. The Chairman said that three Subcommittees under the Council assisted the Council in dealing with the respective subjects, i.e. the Environmental Impact Assessment (EIA) Subcommittee, Waste Management Subcommittee and Nature Conservation Subcommittee. Their terms of reference and related information had been circulated to Members before the meeting.

6. The Chairman informed Members that ten Members had signed up for the EIA Subcommittee, nine for the Waste Management Subcommittee and eight for the Nature Conservation Subcommittee. Members who had not signed up for the Subcommittees were welcome to join any time in the future. The Subcommittee Chairmen and/or Deputy Chairman would be elected among the Subcommittee Members.

Declaration of interest

7. The Chairman briefed Members on the existing one-tier system on declaration of interest which had been adopted by the Council since 1994. ACE paper 57/94, which contained details of the system, had been re-circulated to Members for reference before the meeting. Members agreed to maintain the existing system.

Opening up of meetings

8. A Member suggested the Council consider opening up the meetings of the full Council and Subcommittees to the public. He said that

the Country and Marine Parks Board had opened up its meetings and the Town Planning Board had opened up part of its meetings. He considered that the public had a right to know the discussion process. The Council Members were working for the public for a sustainable environment and thus should be monitored by the public. There would not be too many sensitive issues that could not be disclosed to the public.

9. A Member considered that a closer examination of the issue was necessary as the Council was still in the exploratory stage. Although some committees opened up their meetings, it was necessary to have more information on how similar advisory committees were doing. It was also necessary to consider the pros and cons of the proposal and how the Council's functions would be affected in the future. She noticed that the Transport Advisory Council did not open up its meetings as it needed to deal with some commercially sensitive issues.

10. A Member considered that the Council's role was advisory in nature and it was important to have a frank deliberation and exchange of views from the professional, expert and technological perspectives. The Council's composition was rather balanced in reflecting views from different sectors. Moreover, many issues discussed by the Council were rather technical and scientific. If the meetings were opened up to the public and media, it would not be conducive to frank exchange and in-depth discussion and thus would jeopardise the efficiency and compromise the objective of obtaining quality and constructive ideas. Since all the agendas, papers and minutes of meetings were in the public domain, the Council was already operating in a very open manner. Maintaining the status quo would be more effective and fulfil the Council's objectives. He disagreed with the Member that the Council should be monitored by the public. Being an advisory body, Members expressed their views from their personal and professional perspectives; otherwise, the Council would turn into a political organization.

11. A Member considered that there was no need for too much worry. The minutes of the meetings, which were relatively detailed, were already in the public domain. There was nothing that could not be disclosed to the public. He was always for opening up the meetings but he would respect the majority's views.

12. A Member supported the Member's suggestion as he considered

that the public had the right to observe the Council's meetings. Since the papers and minutes of meetings were on the web, he did not see why the public could not observe the meetings.

13. A Member considered that the principle of transparency should be supported. However, she understood the concerns of individual Members who might not wish their opinions and the deliberation process to come under close scrutiny and pressure. She considered that, as a starting point, the Council could make reference to the practice of the Town Planning Board which opened up the part on presentation by the applicants while the part on deliberation remained closed door.

14. A Member agreed that the Council could make reference to the practice of the Town Planning Board which had the merit of raising the public's awareness of town planning. The part on deliberation by Members was closed door to ensure a frank exchange of views. Opening up the whole process of the Council would easily make it politicized as in the case of District Councils. He considered that some agendas, such as reporting the progress of a certain programme, could be opened to the public while some agendas involving heated discussions should be kept closed door.

15. A Member considered that there were already a number of measures in making sure that the Council's business was transparent, including uploading the documents onto the web and organizing open fora on issues with community concerns which allowed the public to express their views. The important point was to make sure that the public were aware of the means to disseminate information. In the interest of maintaining efficiency and avoiding distracting the Council's objectives, it was important to guard against using the meetings as a platform or a vehicle for putting across individuals' points in length to the public or the media.

16. A Member did not support opening up the meetings. He considered that it would defeat the purpose of being invited to the advisory body. He shared the views that some Members might not want to put forth their honest views if the meetings were opened up.

17. A Member considered that it would be better for the Council to deliberate the issues first before presenting the Council's views or recommendations to the public. The meeting would easily be turned into a

show in front of the media which might detour the public to other irrelevant issues.

18. A Member suggested that more open fora could be held in the future on issues which involved significant public interest and have significant policy implications. Experience of holding these public fora in the past few years showed that the fora attracted much public attention and the public could have a better idea of the Council's work and Government's initiatives. This could further enhance transparency whilst maintaining the Council's closed-door deliberation during regular meetings.

19. The Chairman suggested and Members agreed to defer the discussion on the issue to a dedicated session after more background information (such as arguments for and against the proposal raised during previous meetings as well as the practices of similar advisory bodies) was gathered. Ms Anissa Wong said the discussion reflected the range of views on the issue and a dedicated session for a more in-depth discussion would be necessary.

Secretariat

Agenda Item 2 : Confirmation of the Draft Minutes of the 137th Meeting held on 13 November 2006

20. The draft minutes were confirmed subject to a Member's proposed amendment to delete the phrase "and there was a hypothesis that the fine particulates were more harmful" in line 10 of paragraph 34. The Member referred to the third sentence in paragraph 35 expressed by Mr Mok Wai-chuen and considered clarification was necessary.

(Post-meeting note: Mr Mok Wai-chuen confirmed that the third sentence in paragraph 35 reflected his meaning and proposed fine-tuning the phrase from "there was no evidence to show" to "he had not come across evidence".)

Agenda Item 3 : Matters Arising from the Minutes of the 137th Meeting held on 13 November 2006

21. There were no matters arising from the minutes of the last meeting.

Agenda Item 4 : Tax Incentives to Promote the Use of Environment Friendly Cars

(ACE Paper 1/2007)

22. Mr Mok Wai-chuen briefed Members on the proposal to promote the use of environment friendly cars by way of tax concession. To encourage people to reduce pollution through the use of new technologies, the Chief Executive announced in the Policy Address 2007-2008 that a 30% reduction in first registration tax (FRT) would be given to buyers of vehicles with low emissions and high fuel efficiency, subject to a ceiling of \$50,000 per vehicle.

23. In reply to a Member's enquiry about the comparison between Euro IV emission standards and Japanese 2005 emission standards. Mr Mok Wai-chuen said that the two emission standards were comparable in terms of stringency as they basically required similar vehicle emission control technologies.

24. A Member asked why Government vehicles were not mandated to comply with the specified qualifying standards to show the Government's commitment to protecting the environment. Mr Mok Wai-chuen explained that there were operational difficulties to mandate all Government vehicles to be environment friendly cars. For example, the under-cover operations of the enforcement authorities would be easily detected if all the Government vehicles were of the environment friendly type. Having said that, the Government would give priority as far as practicable to vehicles complying with the specified qualifying standards.

25. A Member said that he appreciated the rationale of the initiative. He asked whether any projection had been made on the effectiveness of the programme by estimating different levels of impacts on the overall air quality in Hong Kong based on different assumed take-up rates. The information would be useful to supporting and promoting the scheme.

26. Mr Mok Wai-chuen explained that it would be difficult to estimate the take-up rate precisely as there were a number of factors affecting the choice of a potential car buyer. It was estimated that if 15% of the petrol private car fleet were replaced by environment friendly cars, the vehicular emissions of carbon dioxide (CO₂), hydrocarbons (HCs) and nitrogen oxides (NO_x) would be reduced by about 1%, 5% and 1% respectively. On the

overall air quality of Hong Kong, the reduction of CO₂ would not have major impacts but it was a major greenhouse gas. The 1% reduction of NO_x would not have significant impacts on the overall air quality. However, NO_x and HCs were major contributing factors to regional smog formation. It was anticipated that the regional smog problem would improve if the take-up rate were high.

27. A Member said that the proposal was a good idea. On the other hand, he was very disappointed as the proposal was limited in vision. As at least 25% of the pollution sources in Hong Kong came from vehicles, he considered that the move should have been more courageous rather than nibbling around the edges. The opportunity had been missed to conduct a comprehensive review on the vehicle registration fee system which should be based on fuel efficiency or general emissions rather than cubic capacity, such as the UK system of registration fee based on the level of carbon emissions. It would be in line with the polluter-pays principle. While reducing vehicular emissions was important, reducing traffic volume was also an important area which should be addressed. On the proposal, he asked why it was necessary to set a ceiling of \$50,000 per vehicle which would encourage people to buy the cheaper hybrid or environment friendly vehicles. The impact of switching from a highly polluting petrol-driven limousine to a hybrid limousine would be greater than switching from a small cubic capacity car to a hybrid car. He also gathered that the claims for emission savings for hybrid vehicles were not as high as those claimed by the industry.

28. A Member shared the Member's view that the proposal was too small a step to move forward and the impact on the overall air quality would be minimal. He urged the Administration to take actions to control the vehicle population by making reference to the vehicle registration fee system in Singapore.

29. Mr Mok Wai-chuen explained that petrol vehicles were not the major source of vehicular emissions. Thus, the anticipated impacts of the proposal on the overall air quality would not be significant. To improve air quality, the Administration had put forward at the same time a proposal to reduce emissions from diesel commercial vehicles, which were a major source of vehicular emissions. As to the vehicle registration fee, the prevailing levels were pegged to the vehicle engine size such that vehicles having larger engines would have to pay more. Larger vehicles usually emitted more

pollutants than smaller ones. Thus, to a certain extent, the existing vehicle registration fee system was based on pollutant emission levels. As to the ceiling of \$50,000, it would also serve the purpose of encouraging the use of smaller cars. Even with the ceiling, most ordinary limousine or environment friendly cars would enjoy the full benefit of the tax concession. Those exceeding the ceiling would be luxurious models, which were usually big cars.

30. A Member said that the tax concession of \$50,000 would not influence much the decision of buyers of luxurious cars. He considered that the Government should focus on a different structure if the problem of vehicular emissions were to be tackled. The vehicles which performed better in terms of fuel efficiency with minimal environmental impacts should be rewarded more. The proposal should give incentives to people to reduce the level of emissions. It was wrong to deal with an environmental issue with a fiscal approach as the current proposal focused on revenue raising by reducing tax based on the vehicle value.

31. Mr Mok Wai-chuen said that while a cap of \$50,000 was set, the proposal would make car buyers consider more seriously environment friendly models though the effect might be less significant for luxurious cars, which were usually bigger and emitted more pollutants.

32. A Member said that assuming the FRT was about 15% of the vehicle value, the 30% reduction of the FRT would be equivalent to about 4.5% of the vehicle value. He considered that the reduction of 4.5% of the vehicle value might not be attractive enough for potential car buyers. In reply to the Chairman's enquiry, Mr Mok Wai-chuen said that the estimated market value of a car eligible for the ceiling of \$50,000 tax concession was about \$500,000.

33. A Member considered that the fiscal incentive was a good start. However, it was important to have information on the price difference between a more efficient hybrid model and a conventional model after the tax concession. He was doubtful whether the incentive was attractive enough as he learnt from some car dealers that the hybrid model was much more expensive which had affected the buyers' decisions. He pointed out that attention should be paid to the illegal petrol used by some vehicles which was much dirtier. He agreed that the Government should take more drastic steps to reduce vehicular emissions by making reference to overseas countries such

as higher licence fees and parking charges for large vehicles in the case of the UK.

34. Mr Mok Wai-chuen explained that environment friendly cars not only generated less emissions but also consumed much less fuel than conventional models. On top of the tax concession, the savings in fuel costs were also an attractive incentive to car buyers. The publicity would also focus on the responsibilities of the community to clean up the air by using environment friendly cars. To make substantial improvement to roadside air quality, diesel commercial vehicles should be targeted for emission reduction because they were the major source of vehicular emissions but not petrol vehicles. A Member agreed that savings in fuel costs would be an attractive incentive as car drivers were very sensitive to cost reduction in the long run.

35. A Member asked whether there was any estimate on the amount of revenue that the Government would forgo assuming the take-up rate of 15% and the effectiveness on reduction of emissions if the financial resources were spent on diesel commercial vehicles. Mr Mok Wai-chuen said that there was no information in hand as it was difficult to estimate the vehicle values and the take-up rates precisely. The Member said that the proposal seemed to be more a political statement than an actual proposal. Mr Mok disagreed and explained that the current proposal set out the fuel efficiency and emission limits and there were compliant models available in the market. Should car buyers opt for these models instead of conventional models, there would be emission reduction. In fact, other countries were adopting a similar approach in encouraging the use of environment friendly cars to help improve air quality. He added that they would work closely with the Hong Kong Automobile Association to promote the scheme.

36. A Member enquired about the estimated level of tax concession if the level of emissions were to be further reduced. He considered that the level of tax concession should be further increased given the large amount of Government fiscal reserve.

37. A Member supported the principle of encouraging the use of environment friendly cars. He considered that it should be careful when spending public money on subsidizing people buying luxurious cars. For wealthier classes who had the moral obligation of using environment friendly cars, they should have no financial difficulty in buying the cars with latest

clean technologies. Moreover, he suggested that a carrot-and-stick approach should be adopted. On top of the one-off incentive on FRT, the vehicle licence fee should be reviewed so as to link it with the level of emissions by making reference to the practice in European countries. A Member agreed that it would be effective to link the proposal with the vehicle licence fee.

38. A Member disagreed with another Member that the proposal should distinguish between the rich and the poor as it was not a social problem. It was purely the use of fiscal incentives to encourage people of any class to reduce emissions of the cars they bought.

39. A Member considered that when public money was being used to provide incentives, it was important to observe social justice by putting the resources to the general public rather than the rich class.

40. Mr Mok Wai-chuen said that Members' comments reflected diverse views on the proposal including the ceiling and the level of subsidy from government revenue. The objective of the proposal was to encourage the use of new and clean technologies to reduce pollution. It was also important for the Government to uphold the principle of encouraging the use of public transport and small cars. At the same time, it should be cautious not to be accused of using public money to subsidize people to buy luxurious cars. Thus, a balance had to be struck by taking into account various conflicting factors and the ceiling of \$50,000 was considered appropriate.

41. A Member supported the proposal but cautioned that the incentive might encourage people to buy more cars which would have adverse impacts on the environment. Another Member said that there was previously a proposal of providing tax incentives to encourage car owners to replace the old cars exceeding ten years old. She asked whether the current proposal would require the scrapping of old cars to achieve the objective of improving the environment. Mr Mok Wai-chuen said that the objective of the proposal was to encourage the use of new and clean technologies and it would not be restricted to existing car owners.

42. A Member considered that the proposal should be put in the perspective of sustainable transport strategy. The broad aim of a sustainable transport strategy, in mobility terms, was to allow output from transport to be maintained or even increased but reduce energy input. It was necessary to

see progress in this way and it was common for countries to consider fiscal measures to ensure a move towards more efficient fuel uses. In this sense, the proposal was only just one of the measures and it might not be able to meet the overall expectations of some of the Members.

43. The Chairman said that during the discussion on the review of air quality objectives, the Administration was determined to come up with a comprehensive package to deal with the problem in a holistic manner. He understood that the current proposal was only one of the many measures to be taken.

44. Upon a Member's enquiries about the publicity programme, Mr Mok Wai-chuen said that it was anticipated that the list of environment friendly car models that had been type-approved would be posted on the website in the coming two months before the implementation of the scheme on 1 April 2007. The department was working closely with the Hong Kong Motor Traders Association, whose members were keen to promote the scheme, and would work with the Hong Kong Automobile Association to disseminate the message to car owners.

45. A Member said that air quality was the most important environmental issue in the community today and the Council owed the community a request to the Government for doing something courageous to reduce vehicular emissions. While petrol vehicles were not a major source of vehicular emissions, responsible countries were getting very serious about global warming and carbon emissions, and were coming up with comprehensive fiscal incentives to encourage the purchase of fuel efficient cars.

46. A Member agreed with another Member that a more comprehensive study should be conducted on how to address the issue. A proposal without estimation of the revenue implications and effectiveness was not good enough. He inclined not to agree with the proposal with a simple structure.

47. A Member supported the proposal as it would create a market of green cars not only attracting buyers to choose environment friendly cars, but also attracting car dealers to import more environment friendly models to the market. He supported the Government to encourage all the car owners to do

their best to reduce emissions. In view of Members' concern about the impact of transport policy in reducing vehicular emissions, he suggested the Council invite the relevant transport authorities to brief Members the plans which might have impacts to the environment. To have a more comprehensive view other than transport issues, the Chairman suggested that the Council could have the opportunity to consider the report prepared by the Council for Sustainable Development on a comprehensive package dealing with various measures in tackling air pollution, including transport strategies.

Secretariat

48. A Member supported the proposal as the financial incentive would encourage the use of environment friendly cars. The success of the scheme would depend very much on whether the 30% tax concession was attractive enough to influence the decision of a car buyer and the price difference of a conventional and a hybrid model.

49. Mr Mok Wai-chuen considered that the 30% tax concession was considered appropriate. For a small car, the price difference between a conventional and a hybrid model was about \$20,000. The tax concession of FRT would be more than \$10,000 which would be rather attractive for car buyers given the additional incentive of reduction in fuel costs in the long run. The analysis showed that without the tax concession, it would take about five to seven years to recoup the higher initial outlay of a hybrid model. With the tax concession together with the savings in fuel cost, it would take about three years to recoup the higher initial outlay. By encouraging the use of environment friendly cars, it was hoped that the supply of environment friendly car models would increase and thus would narrow the price difference between conventional models and hybrid models. Moreover, some car users were environmentally conscious and the tax concession would give them incentives to switch to hybrid models showing that they cared for the environment. On the cap of \$50,000, there were diverse views. It was important that the incentive scheme would not be seen to be encouraging the use of large cars, which was against the environmental objective.

50. The Chairman concluded that although there was no complete consensus on the details, the Council was in general supportive of the principle and broad approach of the proposal. He summarized Members' views as follows –

- (a) the Council was very concerned about the air quality issue and

welcomed every step which worked towards combating air pollution, and looked forward to a comprehensive strategy on air quality in tackling the problem in a holistic manner;

- (b) the Council considered that it was essential to educate the public and work closely with the vehicle suppliers with a view to changing car purchasing and usage habits for a green environment by reducing the emissions of HCs, NO_x and CO₂; and
- (c) the Council considered that there was a need to put in place a monitoring and evaluation mechanism to assess the effectiveness of the proposal.

51. Ms Anissa Wong said that the message was loud and clear in that Members were looking forward to a comprehensive strategy to improve air quality including the control of traffic growth. The Administration was about to embark on a comprehensive review of the air quality objectives. The review would cover not only the figures but also the related management plans. It was noted that the request for emissions reduction was high on the agenda but it was also necessary to address the receptiveness and aspiration of the community towards the new initiatives introduced on environmental grounds. The comprehensive review would look into these related issues and the Council would be fully engaged. On how the structures of the FRT and vehicle licence fee could be formulated to influence people's choice in terms of environmental costs, the department would liaise closely with the relevant parties.

Agenda Item 5 : Encouraging Owners of Pre-Euro and Euro I Diesel Commercial Vehicles to Replace their Vehicles by Offering One-off Grant
(ACE Paper 2/2007)

52. Mr Mok Wai-chuen briefed Members on the proposal to encourage the early replacement of pre-Euro and Euro I diesel commercial vehicles with Euro IV models by a time-limited one-off grant. He highlighted that diesel commercial vehicles were key contributors to air pollution, accounting for 90% and 80% of the total vehicular emissions of respirable suspended particulates and NO_x respectively.

53. Upon the Chairman's enquiry, Mr Mok Wai-chuen said that the total number of pre-Euro and Euro I diesel commercial vehicles running on the road was about 74,000.

54. In response to a Member's enquiry, Mr Mok Wai-chuen said that Euro standards were a series of emission standards promulgated by the European Union for newly registered vehicles. Euro III was implemented in 2001 and was replaced by Euro IV, which was more stringent, in 2006. With advancement in vehicle emission control technology, it was expected that more stringent emission standards would be introduced in future. The Euro standards were emerging as a set of international standards. Many countries adopted the Euro standards or comparable standards. As Hong Kong did not have its own vehicle manufacturing industry, it was appropriate for Hong Kong to adopt a set of internationally recognized standards.

55. A Member enquired why the retirement scheme was not made mandatory to achieve substantial improvement in roadside air quality. Mr Mok Wai-chuen explained that the issue of mandatory retirement had been thoroughly discussed with the transport trade during the consultation process. Owing to the relatively poor business outlook of the transport sector, the transport trades were worried that mandatory retirement would force those who could not afford to replace their vehicles to be out of business. In view of the poor business outlook for the transport trades and the heavy financial burden of vehicle replacement, the Government had decided against making retirement of these vehicles mandatory.

56. A Member suggested the Government make the scheme mandatory and impose a time limit for replacement. For vehicle owners who encountered financial difficulties, the Government could consider offering financial subsidies. Another Member said that quite a number of goods vehicle owners had faced business operation difficulties since 2003. It was anticipated that the business outlook would not improve in the coming years. It would not be desirable to offer government financial subsidies to maintain the goods vehicle fleet if the industry was facing an uncertain business outlook.

57. A Member wondered whether the financial incentive was attractive enough to ensure a substantial take-up rate to achieve marked improvement in roadside air quality. Mr Mok Wai-chuen pointed out that the

transport trade had in the past requested the Government to encourage vehicle owners to replace their old vehicles by waiving the FRT. The incentive level of one-off grant was similar to the rate of FRT and was thus considered attractive enough. In reply to the Member's question on whether financial resources had been allocated to the proposed scheme, Ms Anissa Wong said that the proposal was subject to funding approval by the Finance Committee of the Legislative Council.

58. A Member worried that the abandoned vehicles would cause a serious solid waste problem. Mr Mok Wai-chuen said that scrapped parts and metals from abandoned vehicles had a marketable value for recycling and would not pose a solid waste problem.

59. In reply to a Member's question about the administrative control measures to ensure that the abandoned vehicles were properly scrapped rather than running again on the road, Mr Mok Wai-chuen said that the recipients of the grant would have to submit a certificate to the Transport Department confirming that the vehicle was scrapped and de-register the scrapped vehicle from the department's vehicle registration system.

60. A Member asked whether it would be feasible to upgrade the engines of pre-Euro and Euro I vehicles to Euro III standard instead of replacing the old vehicles. Mr Mok Wai-chuen explained that there were technical difficulties as the engines of pre-Euro and Euro I vehicles were very different from those of the Euro III models. Moreover, it was doubtful whether there was sufficient engine space. Even if there was, the substantial modifications to the vehicle for the upgrading would make it more cost effective to replace the vehicle.

61. A Member enquired whether supporting facilities were required for filling additives such as urea solution for the Euro IV model. Mr Mok Wai-chuen said that most Euro IV vehicles were equipped with exhaust gas re-circulation systems for emission reduction. These systems did not require the use of urea solution. Only a small number of Euro IV models required the use of urea solution to support their selective catalytic reduction systems for emission reduction. Urea solution was currently provided by vehicle suppliers and could be stored in bottles. The consumption of urea solution was just about 5% of the diesel consumption. Besides, the vehicle suppliers were trying to persuade oil companies to provide urea solution at petrol filling

stations. With an increasing demand of urea solution, it was believed that the oil companies would take up the business opportunity.

62. A Member supported the spirit of encouraging vehicle owners to replace old vehicles with liquefied petroleum gas (LPG) or electric vehicles. Noting the availability of an increasing number of LPG filling stations, he queried whether the grounds for offering the one-off grant to light bus operators with fixed routes was still valid. Mr Mok Wai-chuen pointed out that some light bus routes did not have LPG filling stations nearby. It was not practicable for these operators to use LPG vehicles because of the additional downtime for LPG refilling. In view that the diesel light bus fleet also had pre-Euro and Euro I vehicles and every practicable measure would have to be taken to improve air quality, financial incentive was thus also offered to encourage the replacement of these more polluting light buses by Euro IV vehicles.

63. In response to a Member's enquiry, Mr Mok Wai-chuen confirmed that light bus operators had the option to choose LPG model or Euro IV diesel model. He highlighted that the running cost of a LPG light bus was cheaper than that of a diesel one. There were sufficient incentives for the light bus operators to change to the LPG model if there were LPG refilling stations nearby. There would be no need to take extra administrative measures to persuade them to change to the LPG model.

64. A Member was concerned about the effectiveness of the scheme in respect of the cross-boundary container trucks which might still continue to use Mainland diesel. Mr Mok Wai-chuen pointed out that even though the quality of diesel in Hong Kong and the Mainland was different, there would be a substantial reduction in emission levels should these container trucks be replaced by Euro IV diesel trucks.

65. In reply to a Member's concern about the compatibility of Mainland diesel with engines of Euro IV diesel model as sulphur content in Mainland diesel was higher, Mr Mok Wai-chuen confirmed that they were compatible. Moreover, based on information provided by vehicle manufactures, the warranty terms for trucks used locally or for cross-border operations were the same which also reflected the compatibility of Mainland diesel with engines of Euro IV model. In reply to the Member's enquiry about the implications of using Mainland diesel, Mr Mok said that compared

with local diesel, the use of Mainland diesel would result higher sulphur dioxide emissions and an increase in particulates by about 5 to 10%. He highlighted that even if the Mainland diesel was used, there would still be a substantial improvement in vehicular emissions as Euro IV model would emit 80% less particulates and 30% less NOx as compared with a Euro III model.

66. The Chairman concluded that the Council was in general supportive of the principle and approach of the proposal.

Agenda Item 6 : Any Other Business

Visit to the landfill site

67. A Member proposed arranging a visit to a landfill site to let Members better understand the operation, problems and plans related to the issue. Another Member suggested that the opportunity could also be taken to visit again some of the nearby sites in the Frontier Closed Area as quite a number of Members could not join the visit in December 2006.

Secretariat

Tentative items for discussion at the next meeting

68. The agenda was being compiled. Members would be informed in due course.

Agenda Item 7 : Date of Next Meeting

69. The next meeting was scheduled for 12 February 2007.