

PRESS RELEASE

Civic Exchange cautious about pollution-busting Budget initiatives

“Carrots without sticks” will limit swift transition to a cleaner fleet

Hong Kong 25 February, 2010 ... Independent public policy think tank Civic Exchange noted the Financial Secretary’s introduction of incentives to clean up roadside pollution in the 2010-2011 Budget¹, but remains concerned that unless mandatory measures requiring the worst polluters to clean up are adopted, these incentives will be slow to deliver pollution reductions, and the threat to public health will remain unacceptably high.

The three incentive measures are:

- A HK\$300 million Pilot Green Transport Fund aimed at encouraging public transport operators to trial new environmentally-friendly technologies to reduce pollution and carbon emissions;
- Accelerated tax deduction on the purchase of environmentally-friendly vehicles for commercial vehicles; and
- A HK\$540 million fund to subsidise the speedy replacement of Euro II commercial vehicles.

“Civic Exchange acknowledges the incentives to stimulate the replacement of polluting trucks and buses with more environmentally-friendly technologies, but unless the cost of ownership of polluting vehicles is increased, or they are banned, past experience suggests that the take-up rate may be disappointing,” said Mike Kilburn, Environmental Programme Manager, Civic Exchange.

Mandatory measures to reduce roadside emissions could include introducing progressively higher licence charges or setting mandatory retirement dates for the most polluting vehicles. In both cases a clear timeframe, coupled directly with the incentives proposed above, would allow commercial vehicle owners to plan for the replacement of their vehicles, with a clear idea of what support would be available to help them make the transition.

Civic Exchange is also concerned that the previous scheme to subsidise early replacement of commercial vehicles was poorly supported, and that unless the approach is refined, the new scheme is equally unlikely to prove an effective means of reducing pollution. It is hoped that the Financial Secretary will explain what refinements have been introduced.

Mr. Kilburn also noted the open nature of the Pilot Green Transport Fund, which encourages public transport operators to devise their own solutions, rather than follow a prescribed path. “We believe that the private sector is well equipped to find the most efficient and cost-effective solutions. If this also leads to the development of a green-tech industry, the benefits to Hong Kong will be wider still.”

1 <http://www.budget.gov.hk/2010/eng/speech.html> Paragraphs 91-96.



Civic Exchange also recognized the initiatives to promote wider use of electric vehicles, particularly the Government's policy of introducing commercial electric vehicles into Hong Kong in addition to private cars, and for its plans to increase the number of charging facilities for electric vehicles.

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