

立法會
Legislative Council

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From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 2 March 2016

**Two proposed resolutions under
the Public Bus Services Ordinance**

The Secretary for Transport and Housing will move, at the Council meeting of 2 March 2016, two proposed resolutions under section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230) in relation to the following two bus companies:

- (a) Citybus Limited (**Appendix 1**); and
- (b) New Lantao Bus Company (1973) Limited (**Appendix 2**).

The two proposed resolutions are attached for Members' consideration. The President has directed that the proposed resolutions be printed in the terms in which they were handed in on the Agenda of the Council.

2. The speeches, in both Chinese and English, which the Secretary will deliver when moving the two proposed resolutions are in **Appendices 3 and 4** respectively.

(Ms Dora WAI)
for Clerk to the Legislative Council

Encl.

Public Bus Services Ordinance

Resolution

(Under section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230))

Resolved that the franchise granted on 22 September 2015 under section 5 of the Public Bus Services Ordinance (Cap. 230) to Citybus Limited (城巴有限公司) and published in the Gazette as G.N. 7692 of 2015 is not subject to sections 27, 28, 29 and 31 of that Ordinance for the entire period of the franchise.

Public Bus Services Ordinance

Resolution

(Under section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230))

Resolved that the franchise granted on 22 September 2015 under section 5 of the Public Bus Services Ordinance (Cap. 230) to New Lantau Bus Company (1973) Limited (新大嶼山巴士(1973)有限公司) and published in the Gazette as G.N. 7693 of 2015 is not subject to sections 27, 28, 29 and 31 of that Ordinance for the entire period of the franchise.

D R A F T

(Refer to the final speech to be delivered at LegCo)

**Speech by the Secretary for Transport and Housing
for Moving of the Motions proposed pursuant to
the Public Bus Services Ordinance
at the Legislative Council Meeting on 2 March 2016**

**(The first motion : Citybus Limited (Franchise for
Hong Kong Island and Cross-Harbour Bus Network))**

President,

I move that the first motion under my name and proposed pursuant to the Public Bus Services Ordinance (“the Ordinance”), as printed on the Agenda, be passed.

The Chief Executive in Council (“CE-in-Council”) granted new ten-year franchises to Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour Bus Network) (“Citybus”) and New Lantau Bus Company (1973) Limited (“NLB”) on 22 September 2015. The new franchise of Citybus will commence on 1 June 2016 while that of NLB on 1 March 2017.

All new bus franchises granted since 1992 are not subject to the Profit Control Scheme (“PCS”). Neither do the two aforementioned new franchises consist of any PCS arrangements. In keeping with the established practice, we propose that the motions on the Agenda be passed to exclude the application of the PCS to the two new franchises.

In this regard, I would like to thank the subcommittee formed by the LegCo for scrutinizing the resolutions. The subcommittee had completed its work and had no objection to the resolutions. I will now explain the background and situation regarding the disapplication of the PCS.

Legislative Background

Under section 5(3)(b) of the Ordinance, a franchise shall be subject to the PCS under the Ordinance unless the Legislative Council ("LegCo") by resolution excludes the application of the related provisions. Under the PCS, bus fares of a franchised bus company are to be set at a level which allows cost recovery plus a pre-determined level of profit. This in effect links the level of bus fares directly with the profit level of the franchise. Bus fares would accordingly have to be adjusted according to the pre-determined level of profit.

In the past, the then LegCo and the community had strongly criticised that the PCS would guarantee the franchised bus companies a profit level irrespective of their performance, thereby reducing the operators' incentive to enhance cost effectiveness and reduce expenditure. This in effect encouraged the franchised bus companies to over-expand and inflate their asset values. In view of this, the then Executive Council decided in 1992 that the PCS would not be applicable to new bus franchises granted thereafter. Since then, the Government would, after granting of each new franchise, move a resolution in the then LegCo and the current LegCo upon our return to China to exclude the application of the PCS to the franchise. A total of 20 such resolutions had been passed in respect of franchises granted since then (including all six franchises currently in force). Meanwhile, the Government would take into account a basket of factors (which include public acceptability and affordability) in assessing franchised bus fare adjustment applications instead.

Current Situation

At present, the PCS is not applicable to any bus franchises. When negotiating with Citybus and NLB on the new franchises, the Government has made it clear that there would not be any arrangements on permitted return; neither do the new franchises contain any such arrangements. Moreover, in paragraph 18 of the LegCo Brief (THB(T)CR 6/5541/00) issued on the day the new franchises were granted, the Government has indicated clearly that it would seek LegCo's resolutions to disapply the PCS to the two new franchises before their commencement.

The Motion

I move that the first motion to disapply sections 27, 28, 29 and 31 of the Ordinance to the new franchise of Citybus be passed so as to exclude the application of the PCS to that franchise. Thank you, President.

(Note : Please also refer to the speech for another motion to be moved at the same Legislative Council sitting in respect of the new franchise of New Lantao Bus Company (1973) Limited.)

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D R A F T

(Refer to the final speech to be delivered at LegCo)

**Speech by the Secretary for Transport and Housing
for Moving of the Motions proposed pursuant to
the Public Bus Services Ordinance
at the Legislative Council Meeting on 2 March 2016**

(The second motion : New Lantau Bus Company (1973) Limited)

President,

I move that the second motion under my name and proposed pursuant to the Public Bus Services Ordinance, as printed on the Agenda, be passed to disapply sections 27, 28, 29 and 31 of the Ordinance to the new franchise of New Lantau Bus Company (1973) Limited so as to exclude the application of the Profit Control Scheme to that franchise. Thank you, President.

(Note : Please also refer to the speech for another motion to be moved at the same Legislative Council sitting in respect of the new franchise of Citybus Limited (Hong Kong Island and Cross-Harbour Bus Network).)

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