

立法會
Legislative Council

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(These minutes have been seen
by the Administration)

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**Subcommittee on Two Proposed Resolutions under Section 5(3)(b) of the
Public Bus Services Ordinance (Cap. 230)**

**Minutes of first meeting on
Wednesday, 6 January 2016, at 9:00 am
in Conference Room 2A of the Legislative Council Complex**

Members present : Hon CHAN Han-pan, JP (Chairman)
Hon Alan LEONG Kah-kit, SC
Hon WU Chi-wai, MH
Hon TANG Ka-piu, JP

Member absent : Hon LEE Cheuk-yan

Public Officers : **Agenda item II**
Attending

Mr Andy CHAN, JP
Deputy Secretary for Transport and Housing
(Transport) 2

Miss Carrie CHANG
Principal Assistant Secretary for Transport and
Housing (Transport) 1

Miss Rachel KWAN
Assistant Commissioner/Bus and Railway
Transport Department

Mr Alex LAI
Government Counsel
Department of Justice

Clerk in attendance : Ms Sophie LAU
Chief Council Secretary (4)6

Staff in attendance : Miss Evelyn LEE
Assistant Legal Adviser 10

Ms Macy NG
Senior Council Secretary (4)6

Miss Katherine CHAN
Council Secretary (4)6

Ms Emily LIU
Legislative Assistant (4)6

Action

I. Election of Chairman

Mr Alan LEONG, the member who had the highest precedence among those present at the meeting, presided at the election of Chairman of the Subcommittee. He invited nominations for the chairmanship of the Subcommittee.

2. Mr WU Chi-wai nominated Mr CHAN Han-pan, and the nomination was seconded by Mr TANG Ka-piu. Mr CHAN Han-pan accepted the nomination.

3. There being no other nominations, Mr CHAN Han-pan was elected Chairman of the Subcommittee.

Application for late membership

4. The Chairman referred to the letter dated 5 January 2016 from Mr LEE Cheuk-yan, which was tabled at the meeting, and consulted members on whether the application for late membership from Mr LEE should be accepted. The Subcommittee accepted the application for late membership from Mr LEE Cheuk-yan.

(*Post-meeting note:* The letter from Mr LEE Cheuk-yan dated 5 January 2016 was circulated to members on 11 January 2016 vide LC Paper No. CB(4)449/15-16(01).)

II. Meeting with the Administration

(File Ref: THB(T)CR6/5541/00 - Legislative Council Brief

LC Paper No. LS13/15-16 - Legal Service Division Report

LC Paper No. CB(4)438/15-16(01) - Paper on Two Proposed Resolutions under Section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230) prepared by the Legislative Council Secretariat (Background brief)

5. The Administration briefed members on the Two Proposed Resolutions under Section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230) ("Two Proposed Resolutions").

6. The Subcommittee deliberated (index of proceedings attached at **Annex**).

7. The Chairman concluded that the Subcommittee had completed scrutiny of the Two Proposed Resolutions. The Subcommittee supported the Two Proposed Resolutions and would not propose any amendment.

III. Any other business

8. There being no other business, the meeting ended at 9:40 am.

**Proceedings of first meeting of
Subcommittee on Two Proposed Resolutions under Section 5(3)(b) of
the Public Bus Services Ordinance (Cap. 230)
on Wednesday, 6 January 2016, at 9:00 am
in Conference Room 2A of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
Agenda Item I – Election of Chairman			
000715 – 001334	Mr Alan LEONG Mr TANG Ka-piu Mr CHAN Han-pan Mr WU Chi-wai	<ul style="list-style-type: none"> - Election of Chairman - Mr CHAN Han-pan was elected Chairman of the Subcommittee. 	
001335 – 001444	Chairman Mr Alan LEONG Mr WU Chi-wai Mr TANG Ka-piu	<ul style="list-style-type: none"> - The Subcommittee accepted the application for late membership from Mr LEE Cheuk-yan. 	
Agenda Item II - Meeting with the Administration			
001445 – 001837	Chairman Administration	<ul style="list-style-type: none"> - The Administration's briefing on the Two Proposed Resolutions under Section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230) ("Two Proposed Resolutions") 	
001838 – 003043	Chairman Mr TANG Ka-piu Administration	<ul style="list-style-type: none"> - Mr TANG Ka-piu expressed the following concerns: <ul style="list-style-type: none"> (a) given the decrease in operating cost as a result of the considerable drop in oil prices, whether the relevant bus companies would lower the fares or provide more fare concessions; (b) the concrete plans of the Citybus Limited and New Lantao Bus Company (1973) Limited ("the two bus companies") to provide real time bus arrival information to passengers; (c) the plans of the two bus companies to deploy electric buses for short-haul or circular routes, or routes providing overnight services; and (d) the commitments made by the two bus companies to deploy low-floor buses, in particular, the reasons for not deploying low-floor buses for the newly introduced 	

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		<p data-bbox="683 259 927 293">bus route no. 37H.</p> <p data-bbox="587 331 1094 365">- The Administration responded that:</p> <p data-bbox="635 409 1257 954">(a) there was a passenger reward arrangement under the existing Fare Adjustment Arrangement for franchised buses ("FAA"). Under this arrangement, any return achieved by a franchised bus operator exceeding the rate of return on average net fixed asset of 9.7% would be shared on a 50:50 basis between the operator and passengers. The passengers' share maintained as "passenger reward balance" would facilitate the offer of bus fare concessions. Passengers could then benefit in the case of reduction in the overall operating costs of bus operators due to factors such as drop in fuel cost;</p> <p data-bbox="635 994 1257 1319">(b) under the FAA, the Government would take into account a basket of factors, including changes in operating costs and revenue since the last fare adjustment, when assessing each franchised bus fare adjustment application. Passengers could then benefit in the case of reduction in the overall operating costs of bus operators due to factors such as drop in fuel cost;</p> <p data-bbox="635 1359 1257 1796">(c) under the FAA, the Government would also monitor the outcome of the supportable fare adjustment formula on a quarterly basis. The formula reflected, among other things, the changes in the Composite Consumer Price Index which took fuel price into account. If the formula outcome reached -2%, the Administration would proactively initiate a fare review to decide whether bus fare should be adjusted downwards. The formula outcome had never reached -2%;</p> <p data-bbox="635 1836 1257 2018">(d) the two bus companies had committed to providing real time bus arrival information to passengers under the new franchises. The Administration would closely monitor the progress;</p>	

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		<p>(e) as a matter of standing practice, franchised bus operators would do their utmost to operate with low-floor buses whenever road conditions permitted. The Transport Department would approach the operator concerned accordingly; and</p> <p>(f) the new franchises would require the grantees to acquire the most environmentally friendly buses in terms of vehicle exhaust emissions that were technologically proven and commercially available as far as practicable, with the ultimate objective of switching to zero emission buses. In addition, the Environmental Protection Department was subsidising franchised bus companies for purchasing electric buses for trial in Hong Kong.</p>	
003044 – 003614	Chairman Mr WU Chi-wai Administration	<p>- Mr WU Chi-wai raised the following enquiries:</p> <p>(a) how the threshold of 9.7% for the passenger reward arrangement under FAA was determined;</p> <p>(b) whether inter-company bus-bus interchange ("BBI") fare concessions could be offered; and</p> <p>(c) whether the Administration would consider removing the provisions of the profit control scheme ("PCS") from the Public Bus Services Ordinance (Cap 230) by legislative amendments.</p> <p>- The Administration advised that:</p> <p>(a) the threshold of 9.7% was set in the past with reference to statistics and data of bus operation. The Administration would review the threshold under the Public Transport Strategy Study ("PTSS");</p> <p>(b) the Administration would examine the role and positioning of franchised bus services under the PTSS. Issues to be covered would include BBI arrangements for strengthening the role of franchised bus</p>	

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		<p>services; and</p> <p>(c) moving the Two Proposed Resolutions was an effective legislative avenue to achieve the purpose of disapplication and such a disapplication exercise would need to be conducted only infrequently (normally, a franchise for a bus network was granted once every 10 years). Nonetheless, the Administration would consider amending the relevant provisions of Cap. 230 as and when an opportune opportunity arose, such as when amendments were also required to other provisions of the Ordinance.</p>	
003615 – 004022	Chairman Mr Alan LEONG Administration	- Discussion on whether the Administration had taken the opportunities in the past to remove the provisions of PCS when it amended Cap 230.	
004023 – 004044	Chairman	<ul style="list-style-type: none"> - Members considered it unnecessary to invite the public to give views on the Two Proposed Resolutions. - Completion of scrutiny of the Two Proposed Resolutions. 	
Agenda Item III - Any other business			
004045 – 004050	Chairman	Closing remarks	