

LEGISLATIVE COUNCIL BRIEF

Road Traffic Ordinance
(Chapter 374)

**ROAD TRAFFIC (PUBLIC LIGHT BUSES : LIMIT ON NUMBER)
NOTICE 2016**

INTRODUCTION

At the meeting of the Executive Council on 21 June 2016, the Council **ADVISED** and the Chief Executive **ORDERED** that –

- (a) under section 23(2) of the Road Traffic Ordinance (Cap. 374) (the Ordinance), the limit of motor vehicles which may be registered as public light buses (PLBs) (at 4 350) should remain in force for 12 months beginning on 21 June 2016 on which the Road Traffic (Public Light Buses: Limit on Number) Notice 2016 (the 2016 Notice) (at **Annex**) takes effect; and
- (b) in support of implementation of (a), under section 23(1) of the Ordinance, the total permissible number of motor vehicles which may be registered as PLBs should again be set at 4 350 as in the 2016 Notice.

JUSTIFICATIONS

2. The total number of motor vehicles which may be registered as PLBs has all along been capped at 4 350¹ since 1976. Section 23(1) of the

¹ PLBs were first registered as a new class of vehicles in 1969 to supplement bus services. In view of the traffic management problems arising from the concentration of PLB's activities on busy thoroughfares as well as the considerable improvement in public transport services, the Government decided in 1976 that PLBs should be encouraged to operate scheduled services as far as possible to complement the major public transport modes such as rail and bus services. One of the measures implemented to meet this policy objective was the restriction of the maximum number of PLBs to 4 350. The PLB number cap has remained at the same level since then, whereas the seating capacity of a PLB has been increased from 14 to 16 since 1988.

Ordinance provides that the Chief Executive in Council may, by publication of notice in the Gazette, limit the number of vehicles which may at any time be registered by reference to, inter alia, the class or description of vehicle. According to section 23(2) and (3), the notice can remain in force for such period not exceeding 12 months unless it is extended by the Legislative Council (LegCo) by resolution. Over the past three decades or so, LegCo has time and again passed resolutions to extend the effective period of the limitation on the number of PLBs as specified under the Public Light Buses (Limitation on Number) Notice (the Notice) (Cap. 374K) pursuant to section 23(3) of the Ordinance. LegCo last passed a resolution in 2011 to extend the effective period of the cap for another five years until 20 June 2016.

3. On the basis of the considerations set out in paragraphs 9 - 10 below, the Government has taken the view that the PLB number cap should remain in force. According to past practice and in reliance on section 23(3) of the Ordinance, the Government accordingly tabled a resolution, on 6 January 2016, to extend the effective period of the cap for five years (the Resolution), following consultation with the LegCo Panel on Transport in November 2015 and the public transport trades before that (the LegCo Panel on Transport and the trades supported the proposed extension). The expiry of the original cap is on 20 June. Unless LegCo is able to pass the Resolution at the Council sitting of 15 June at the latest, the number cap would cease to have any statutory effects after 20 June. Because of the vast number of agenda items which LegCo had to deal with and the progress in the transaction of LegCo business, LegCo was unable to pass the Resolution in time before the 20 June 2016 expiry date. A legal lacuna would arise as there would be no statutory limit on the number of PLBs henceforth unless and until a new one is imposed.

4. To prevent the above scenario from arising, the Chief Executive in Council has re-imposed the same cap for 12 months by making the 2016 Notice in reliance on section 23(1) and (2). To ensure that there is no gap between the expiry of the original cap and the coming into effect of the new cap, the 2016 Notice comes into effect on 21 June 2016.

5. With the making of the 2016 Notice by the Chief Executive in Council, the Government has withdrawn the Resolution mentioned in paragraph 3 above. During the 12-month period that the 2016 Notice is in force, the Government will again arrange to table a resolution at LegCo to seek an extension of the effective period of the cap by five years (as from 21 June 2017) pursuant to section 23(3) of the Ordinance to ensure its continuity.

6. Paragraphs 9 – 10 below are on the review of the PLB number cap.

The Role of PLBs

7. Our transport policy is underpinned by public transport services with railways as its backbone. Other modes of public transport play supplementary roles. The role of PLBs is to provide supplementary feeder service, as well as to serve areas with relatively lower passenger demand or where the use of high-capacity transport modes is not suitable. There is a cap on the number of PLBs. There are two types of PLBs, namely green minibuses (GMBs) and red minibuses (RMBs). Within the existing cap of 4 350 PLBs, about 3 180 (approximately 73%) are GMBs and the rest RMBs. The average daily total PLB patronage is approximately 1.8 million passenger trips. This corresponds to a generally stable share of around 15% of the public transport market over the past five years.

8. GMBs operate scheduled services with their routes, fares, vehicle allocation and timetable subject to approval by the Transport Department (TD). At present, there are around 500 GMB routes in operation across Hong Kong. They are grouped under 160 route packages² granted by TD. RMBs are not required to operate on fixed routes or timetable and are free to set their own fares. They are subject to certain restrictions on their service area under existing policy³. The Government has all along been encouraging RMBs to convert to GMBs through introducing new GMB routes. Following the continuous development of the railway network in recent years, the network and service of PLBs are regularly adjusted so that they can continue to properly perform their supplementary function. Subsequent to the opening of the West Island Line in 2014, new railway lines including the South Island Line (East), Kwun Tong Line Extension and Shatin to Central Link will come into operation one after another in the coming few years. TD will enhance the routing and service of GMBs in a timely manner to ensure that they can serve the public in an even more efficient and competitive manner, thereby continuing to discharge effective feeder functions.

² It is the established practice for TD to group appropriate routes into a route package having regard to such factors as the service area and patronage of the individual routes for operation by the same operator. This practice ensures that no routes with unsatisfactory investment returns but of social needs will be left without an operator.

³ The Government's established policy is to contain and when possible reduce the total number of PLBs and contain their service area. Taking into account the road congestion problem in Hong Kong and the objective to encourage the conversion of RMBs to GMBs, the Government has imposed certain restrictions on RMB operation. RMBs can operate in their existing service area but are not allowed access to new towns or new housing developments. Besides, there are also restrictions on RMBs in using expressways.

Review of the PLB Number Cap

9. According to the findings of a survey conducted by TD between May and June 2015, depending on the routes and periods of the day, the average daily occupancy rate of GMBs was around 50%. The rate was as high as some 80% for some routes. The service of some routes was not sufficient to meet demand during peak periods. Overall speaking, cases in which passengers could not board the first vehicle available at the termini as it was already fully loaded happened to around 70% of GMB routes. Although the operating conditions might vary from one route package to another, the operating costs of PLBs have generally been on the rise in tandem with inflation. In addition, the labour market has remained tight in recent years and drivers are not easy to come by. There is also keen competition from other public transport services. Accordingly, the trade has indicated that the overall operating environment is becoming challenging. Nevertheless, as mentioned in paragraph 7 above, the demand and supply of PLB service remain generally stable, with PLB patronage accounting for some 15% of the public transport market share over the past five years.

10. Having regard to the above analysis, the Government considers that there is no need to adjust the PLB number cap downward. On the other hand, since there is generally greater service demand during peak periods, it is necessary to study whether the carrying capacity of PLBs is sufficient and whether an increase in capacity is warranted. If it is confirmed after the study that an increase in carrying capacity is warranted, one option would be to increase the number of PLBs. However, this will generate additional traffic flow and aggravate our road congestion problem. Increasing the number of PLBs may also not be advisable in view of the difficulties in recruiting drivers. A more desirable alternative would appear to be to increase the number of seats on PLBs. The Government is looking into this alternative, as part of the Public Transport Strategy Study⁴. We report the progress of the study to the LegCo Panel on Transport in June 2016, and will seek to finalise the policy framework and the details of some key implementation arrangements of increasing the seating capacity of PLBs by the end of 2016.

⁴ The Public Transport Strategy Study examines the overall strategic arrangements of the public transport system with a view to enhancing the complementarity amongst different services. This is to ensure that the public can continue to enjoy efficient services with reasonable modal choices on the one hand, and public transport operation can have long-term healthy development on the other.

LEGISLATIVE TIMETABLE

11. The legislative timetable for the 2016 Notice is as follows –

Publication in the Gazette	21 June 2016
Tabling at LegCo for negative vetting	22 June 2016
Commencement	21 June 2016

IMPLICATIONS OF THE MAKING OF THE NOTICE

12. The making of the 2016 Notice is in conformity with the Basic Law, including the provisions concerning human rights. It does not affect the current binding effect of the Ordinance. It has no civil service, economic, environmental, family, financial, gender, productivity and sustainability implications.

PUBLIC CONSULTATION

13. In June 2015, TD consulted all PLB registered owners, holders of PLB passenger service licences⁵, GMB associations and major RMB associations on whether the existing cap on the number of PLBs should be maintained. Of the 38 written submissions received by TD, 36 contain clear views on the cap on the number of PLBs and all support the retention of the existing cap of 4 350 PLBs. The main reason quoted is that increasing the number of PLBs under the current operating environment would intensify competition and adversely affect the operation of the trade. Noting the supplementary role played by PLBs in the public transport system, operators of other public transport services (including franchised buses, non-franchised buses and taxis) also relayed their views that the Government should maintain the cap on the number of PLBs at 4 350 without further increase to TD through regular communication channels. Separately, we briefed the LegCo Panel on Transport and Transport Advisory Committee on 6 and 24 November 2015 respectively on the findings of the review on the statutory cap on the number of PLBs. Members supported the recommendation to extend the effective period of the cap on the number of PLBs (i.e. 4 350) for five years. Indeed, LegCo has not seen a need to form any subcommittee on the Resolution after it was tabled in January 2016.

⁵ At present, there are over 800 holders of passenger service licences for PLBs.

PUBLICITY

14. A spokesperson will be available to answer media enquiries.

ENQUIRIES

15. Any enquiry concerning this Brief can be directed to Ms Macella LEE, Assistant Commissioner for Transport (Management and Paratransit), at 2829 5208.

**Transport and Housing Bureau
21 June 2016**

L.N. 101 of 2016

**Road Traffic (Public Light Buses: Limit on Number)
Notice 2016**

(Made by the Chief Executive in Council under section 23 of the Road Traffic Ordinance (Cap. 374))

1. Commencement

This Notice comes into operation on 21 June 2016.

2. Limit on number of public light buses

- (1) The total number of vehicles that may be registered as public light buses is limited to 4 350.
- (2) The limit remains in force for 12 months beginning on 21 June 2016.

3. Public Light Buses (Limitation on Number) Notice repealed

The Public Light Buses (Limitation on Number) Notice (Cap. 374 sub. leg. K) is repealed.

Kinnie WONG
Clerk to the Executive Council

COUNCIL CHAMBER

21 June 2016

Road Traffic (Public Light Buses: Limit on Number) Notice 2016

Explanatory Note
Paragraph 1

L.N. 101 of 2016
B2175

Explanatory Note

This Notice limits the total number of vehicles that may be registered as public light buses to 4 350. This limit remains in force for the period beginning on 21 June 2016 and ending on 20 June 2017.