

立法會

Legislative Council

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Paper for the House Committee meeting on 26 May 2017

Report of the Subcommittee on Proposed Resolution under Section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230)

Purpose

This paper reports on the deliberations of the Subcommittee on Proposed Resolution under section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230) ("the Ordinance").

Background

2. The Secretary for Transport and Housing ("STH") gave notice to move a motion at the Legislative Council ("LegCo") meeting on 17 May 2017 to seek LegCo's approval to exclude the application of the Profit Control Scheme ("PCS") set out in sections 27, 28, 29 and 31 of the Ordinance to the new 10-year franchise granted by the Chief Executive in Council to the Kowloon Motor Bus Company (1933) Limited ("KMB"), commencing on 1 July 2017.

3. Section 5(3)(b) of the Ordinance provides that a franchise shall be subject to PCS except where the LegCo by resolution excludes the application of the provisions of PCS. Under PCS, a franchised bus company can earn an annual permitted return, whereas bus fares are to be set at a level which allows cost recovery plus a certain level of profit not exceeding the permitted return.

4. In light of strong criticisms that PCS will guarantee franchisees' a profit level irrespective of their performance, the then Executive Council decided in 1992 that PCS would not be applicable to new bus franchises granted thereafter. Since then, the Government will, after granting each franchise, move a motion in the LegCo to exclude the application of PCS to the franchise.¹ In keeping with this practice, it is necessary to seek the LegCo's approval for disapplying the provisions concerning PCS to the new franchise of KMB.

¹ A total of 22 resolutions have hitherto been passed.

The Subcommittee

5. At the House Committee meeting on 5 May 2017, Members agreed to form a Subcommittee to study the proposed resolution in **Appendix I**. At the House Committee's request, STH withdrew his notice for moving the motion at the Council meeting of 17 May 2017 to allow time for the Subcommittee to study in detail the proposed resolution. Under the chairmanship of Hon Charles MOK, the Subcommittee held a meeting on 16 May 2017 with the Administration. The membership list of the Subcommittee is in **Appendix II**.

Deliberations of the Subcommittee

6. Members are aware that the proposed resolution is of technical nature and indicate that they will not object to it. Nevertheless, members have taken the opportunity to express concerns about the current arrangement for handling PCS, fare adjustment arrangement for franchised buses ("FAA"), as well as KMB's interchange arrangements, fare concession schemes, opening up of "Big Data" and service enhancement.

Repeal of provisions concerning PCS

7. Members hold the view that the Administration should consider amending the Ordinance by repealing the provisions concerning PCS, instead of continuing the practice of moving a resolution every now and then to exclude the application of PCS to a new franchise. The Administration explains that the Government will consider amending the Ordinance by repealing the provisions concerning PCS as and when an opportunity arises, i.e. when amendments are also required for other provisions of the Ordinance. This will be a more productive use of the legislative slot resource. In the meantime, the Government will continue the practice of moving a resolution to achieve the purpose of disapplication of PCS to a new franchise.

Fare adjustment arrangement

8. The Subcommittee notes that there is a passenger reward arrangement under FAA. Any return achieved by a franchised bus company in a financial year in excess of the rate of return on average net fixed assets, currently set at 9.7%, has to be shared with passengers on a 50/50 basis in the form of fare concessions. Some members express concern that the aforesaid 9.7% threshold might be on the high side as compared with the permitted rate of return of 8% that will apply to the two power companies under their new Scheme of Control Agreements as announced by the Environment Bureau recently. Hon LUK Chung-hung opines that as 50% of profit above the 9.7% threshold can be

retained by a franchised bus company, the return can be higher than 9.7%. He suggests the Administration to review FAA and consider requiring bus companies not to retain any return exceeding the 9.7% threshold, and explore whether it will be more desirable for bus companies to share part of the profits exceeding the threshold with their employees as a bonus. Hon Frankie YICK points out that at present, public transport operators may only achieve reasonable return occasionally. There is a need for the public transport operators to earn a reasonable return so as to sustain service enhancement.

9. The Administration explains that the 8% profit threshold for the power companies and the 9.7% profit-sharing threshold for the franchised bus operators are very different in nature and serve different purposes. The 8% cap for the power companies serves as a target for them to achieve in making profits. In a sense, it is a guaranteed profit threshold, though it also serves as a cap. The 9.7% threshold for franchised buses only serves as the point for triggering the passenger reward arrangement. It is not a guaranteed profit level. Franchised bus companies can, in practice, only reach the 9.7% threshold occasionally. KMB has recorded loss for two years under the current 10-year franchise indeed. As KMB's return exceeded the 9.7% threshold in 2016, it has been offering a fare discount of 5% on every single trip from 1 May to 30 June 2017. As regards Hon Luk Chung-hung's suggestion, the Administration will relay Hon Luk's suggestion to the bus companies to see if they can share part of the 50% of the profit made in excess of the 9.7% threshold with their employees. The Administration further advises that it has commenced a review on FAA to explore if there will be any room for improvement regarding the individual factors of the current FAA basket with a view to ensuring that public interest will continue to be best protected and healthy development of bus services can be sustained. Progress of the review will be set out in the Final Report of the Public Transport Strategy Study to be released next month.

Interchange arrangements

10. Hon CHAN Han-pan is of the view that the Administration should continue to explore with KMB the feasibility of providing more bus-bus interchange ("BBI") concession schemes and district-based BBIs at existing large-scale bus termini, such as Cheung On Bus Terminus at Tsing Yi, to ease traffic congestion and enhance the efficiency of the bus network. The Administration advises that KMB has offered 177 BBI concession schemes as at end-2016. To ensure that bus services will be adjusted in a timely manner in response to changes in passenger demand, there is an established arrangement for the Transport Department to consult all District Councils on the Route Planning Programmes each year. The Transport Department will also hold regular meetings with KMB and canvass the views from the community for monitoring the quality of KMB's services. The Administration will convey Hon CHAN Han-pan's views to KMB for consideration.

Fare concession schemes

11. Members are of the view that KMB should offer more fare concessions, such as enhancing the fare concessions for full-time students and introducing monthly passes. The Administration advises that KMB will roll out the same-day return fare concessions for full-time students on long-haul routes on the commencement date of the new franchise (i.e. 1 July 2017). There will be a review on the scheme around six months after its implementation. As regards monthly passes, KMB has yet to submit its proposal. The Administration indicates that it has expressed back in January 2017 that the monthly pass scheme should achieve three objectives - the coverage of the monthly passes should not be too restrictive so as to meet passenger demand in an appropriate manner; the price of the monthly passes should not be too high so that the fare concession would be useful; and bus companies should introduce such monthly passes without passing the costs to non-monthly pass users in order to avoid generating pressure for fare increase in future. While agreeing with the need to ensure that the monthly pass scheme will be launched in a most money-saving manner, Hon CHAN Han-pan considers it necessary to have a definite time frame for introducing the scheme. The Administration advises that it will also like to have KMB introduced its monthly passes the soonest possible. The Administration will keep chasing KMB.

Opening up of transport data

12. The Chairman and Dr Hon Fernando CHEUNG point out that various overseas cities are opening up their Big Data in the transport sector for public use and Hong Kong is actually lagging behind in this respect. The opening up of Big Data is for the benefit of the general public. They are of a strong view that the Administration should step up its effort in requiring bus companies to fully open up their bus service Big Data. The Administration explains that it has followed up with KMB on this suggestion during the discussion on the new franchise, but KMB is not yet ready to open up its Big Data for use by third party for free. The Administration explains that unlike elsewhere where bus services are more commonly operated by the public authorities or under government subsidies and so the opening up of transport data does not involve the issue of private ownership, franchised bus services are provided by private operators in Hong Kong in accordance with commercial principles basically without government subsidies. Meanwhile, KMB has in fact made available its real-time arrival information of all regular routes to passengers through the operator's website, smartphone application and display panels installed at various bus shelters. The Administration is subsidising, on a matching basis, the installation of such display panels at bus shelters across the territory, with a view to completing the installation at around 1 300 bus shelters with electrical installations in about three years' time.

Service enhancement

13. On measures to enhance bus service for Persons with Disabilities ("PWDs"), the Subcommittee notes that about 98% of KMB's bus fleet are low-floor ones. All franchised buses (excluding a small number of New Lantao Bus Company (1973) Limited buses) will be wheelchair-accessible low-floor models by end-2017. A trial is being carried out by KMB to reconfigure the bus compartments of its existing super-low-floor buses so that two wheelchair passengers can be accommodated in the lower deck at the same time. For the convenience of the visually impaired, all buses of KMB are equipped with bus stop announcement systems inside the bus compartments. KMB will also introduce a text-to-speech function in its smartphone application within this year such that the visually impaired can obtain bus services information in audio form. Dr Hon Fernando CHEUNG considers that bus companies should continue to be asked to explore additional measures to enhance the accessibility of bus service for PWDs.

14. Pointing out that there are cases in which bus captains have denied boarding by passengers with unfolded paediatric wheelchairs as they have mistaken them for infant strollers which should be folded up on buses, Dr Hon Fernando CHEUNG considers that training for frontline staff should be strengthened. The Administration advises that bus companies have issued internal notices on the handling of paediatric wheelchairs to frontline staff and undertakes to follow up with bus companies on this matter specifically.

Recommendation

15. The Subcommittee supports the Administration to give a notice for STH to move the motion at the Council meeting of 14 June 2017 to seek LegCo's approval to exclude the application of provisions in the Ordinance concerning PCS to KMB's new franchise.

Advice sought

16. Members are invited to note the recommendation of the Subcommittee.

Resolution of the Legislative Council

1

Public Bus Services Ordinance

Resolution

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

Resolved that the franchise granted on 28 March 2017 under section 5 of the Public Bus Services Ordinance (Cap. 230) to The Kowloon Motor Bus Company (1933) Limited (九龍巴士(一九三三)有限公司) and published in the Gazette as G.N. 1773 of 2017 is not subject to sections 27, 28, 29 and 31 of that Ordinance for the entire period of the franchise.

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

Membership list

Chairman Hon Charles Peter MOK, JP

Members Hon Frankie YICK Chi-ming, JP
 Hon CHAN Han-pan, JP
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon Andrew WAN Siu-kin
 Hon LUK Chung-hung
 Hon Jeremy TAM Man-ho

(Total : 7 Members)

Clerk Ms Angel WONG

Legal Adviser Miss Winnie LO

Date 16 May 2017