

立法會
Legislative Council

LC Paper No. LS38/02-03

**Paper for the House Committee Meeting
on 10 January 2003**

**Legal Service Division Report on
Proposed Resolutions under section 5(3)(b) of the
Public Bus Services Ordinance (Cap. 230)**

The Secretary for the Environment, Transport and Works (the Secretary) has given notice to move three motions at the Legislative Council meeting of 22 January 2003. The purpose of the motions is to seek the Legislative Council's approval to exclude the application of the profit control scheme to the new franchises granted by the Chief Executive in Council on 22 October 2002 to Long Win Bus Company Limited (Long Win), New World First Bus Services Limited (New World) and Citybus Limited (Citybus).

2. Under section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230) (the Ordinance), a franchise granted by the Chief Executive in Council shall, except where the Legislative Council by resolution excludes the application of all or any of the provisions of the profit control scheme, be subject to the profit control scheme. The profit control scheme, which is set out in sections 27, 28, 29 and 31 in Part V of the Ordinance, provides for a permitted return that a franchised bus company can make in an accounting year, calculated by reference to a percentage per annum on its average net fixed assets as specified in its franchise.

3. According to the draft speech of the Secretary, the Government's current policy for processing fare adjustment applications from franchised bus companies is to strike an appropriate balance between the interests of commuters and that of the bus companies. Under the current fare adjustment mechanism which has been established since December 2000 after consultation with the Legislative Council, the Government will take into consideration a number of factors in handling fare adjustment applications from franchised bus companies. These factors include changes in operating costs and revenue of the relevant bus company since its last fare adjustment, forecasts of its future costs, revenue and return, the need to provide the operator with a reasonable rate of return, public acceptability and affordability and the quality and quantity of service provided. Based on this policy, the Government has made it clear to the relevant franchised bus companies when negotiating the new bus franchises that there would not be arrangements for a permitted return in the new franchises.

4. The three new bus franchises will confer upon Long Win, New World and Citybus the right to operate public bus services on the routes specified respectively in the Schedule of Routes (Long Win Bus Company Limited) Order 2001 (L.N. 72 of 2001), Schedule of Routes (New World First Bus Services Limited) Order 2001 (L.N. 74 of 2001) and the Schedule of Routes (North Lantau and Chek Lap Kok Airport) (Citybus Limited) Order 2001 (L.N. 75 of 2001), and in any subsequent order made by the Chief Executive in Council. The effect of the proposed resolutions is that the new franchises granted to Long Win, New World and Citybus, like their existing franchises, will not be subject to the profit control scheme.

5. For further information on the three new franchises, Members may refer to the information papers issued by the Administration to the LegCo Panel on Transport in May and June 2002 (LC Papers No. CB(1)1764/01-02(04) and CB(1)2108/01-02(01)). At the meetings of the Transport Panel on 24 May 2002 and 28 June 2002, members discussed matters relating to application for renewal of franchises by Long Win, New World and Citybus. Taking into account members' views, the Administration agreed to introduce a clause in the new franchises to the effect that the relevant franchised bus companies would take into account the factors as set out in paragraph 3 above when applying for upward or downward adjustment of bus fares.

6. No difficulties relating to the legal and drafting aspects of the proposed resolutions have been identified.

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