

**立法會**  
**Legislative Council**

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Tel : 3919 3302

Date : 7 March 2013

From : Clerk to the Legislative Council

To : All Members of the Legislative Council

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**Council meeting of 20 March 2013**

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

The Secretary for Transport and Housing will move, at the Council meeting of 20 March 2013, three proposed resolutions under section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230) in relation to the following three bus companies:

- (a) New World First Bus Services Limited (**Appendix 1**);
- (b) Long Win Bus Company Limited (**Appendix 2**); and
- (c) Citybus Limited (**Appendix 3**).

The proposed resolutions are attached for Members' consideration. The President has directed that they 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 three proposed resolutions are in **Appendix 4**.

(Ms Dora WAI)  
for Clerk to the Legislative Council

Encl.

## Public Bus Services Ordinance

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### Resolution

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

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**Resolved** that the franchise granted on 24 April 2012 under section 5 of the Public Bus Services Ordinance (Cap. 230) to New World First Bus Services Limited (新世界第一巴士服務有限公司) and published in the Gazette as G.N. 3180 of 2012 is not subject to sections 27, 28, 29 and 31 of that Ordinance for the entire period of the franchise.

## Public Bus Services Ordinance

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### Resolution

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

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**Resolved** that the franchise granted on 24 April 2012 under section 5 of the Public Bus Services Ordinance (Cap. 230) to Long Win Bus Company Limited (龍運巴士有限公司) and published in the Gazette as G.N. 3181 of 2012 is not subject to sections 27, 28, 29 and 31 of that Ordinance for the entire period of the franchise.

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## Public Bus Services Ordinance

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### Resolution

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

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**Resolved** that the franchise granted on 24 April 2012 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. 3182 of 2012 is not subject to sections 27, 28, 29 and 31 of that Ordinance for the entire period of the franchise.

**Draft**

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

**Draft Speech to be delivered by the  
Secretary for Transport and Housing  
to Move the Motions  
at the Legislative Council Meeting on 20 March 2013**

**[The first motion: New World First Bus Services Limited]**

President,

I move that the first motion under my name, as printed on the Agenda, be passed.

The Chief Executive in Council (“CE-in-Council”) approved the granting of new ten-year franchises to New World First Bus Services Limited (“NWFB”), Long Win Bus Company Limited (“LW”) and Citybus Limited (Franchise for Airport and North Lantau Bus Network) (“Citybus”) on 24 April 2012. The new franchise of NWFB will commence on 1 July 2013 while those of LW and Citybus on 1 May 2013.

To better safeguard the interest of passengers, all new bus franchises granted since the 1990s are not subject to the Profit Control Scheme (“PCS”). Neither do the aforementioned new franchisees contain any PCS arrangements. We therefore propose LegCo to make reference to the established practice and pass the motions on the Agenda to exclude the application of the PCS to the three 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 Public Bus Services Ordinance (“the Ordinance”), a franchise shall be subject to the PCS as stipulated in the Ordinance unless LegCo by resolution excludes the application of the related

provisions. Under the PCS, bus fares of the bus companies are to be set at a level which allows cost recovery plus a pre-determined and specific level of profit. This in effect links the bus fares directly with the profit level of the franchisees, so that bus fares have to be adjusted according to the pre-determined and specific level of profit.

In the past, LegCo and the community strongly criticized that the PCS guaranteed a profit level irrespective of performance of the franchised bus companies, thereby reducing the incentive for the bus companies to enhance cost effectiveness and reduce expenditure. The PCS also in effect encouraged the franchised bus companies to over-expand and inflate their asset value. In view of this, the then Governor in Council decided that the PCS would not be applicable to all new bus franchises granted after 1992. Since then, the policy secretary responsible for the transport portfolio would, after each grant of a new franchise, move a motion at LegCo that a resolution to exclude the application of the PCS to the franchise be passed. LegCo has passed a total of 17 resolutions since the 1990s to exclude the application of the PCS to the new franchises.

After the disapplication of the PCS to the new franchises since 1992, the Government would take into account a basket of factors in assessing franchised bus fare adjustment applications. Such factors include public acceptability and affordability.

### Current Situation

At present, the PCS is not applicable to any existing bus franchises. When negotiating with NWF, LW and Citybus on the new franchises which will take effect later this year, the Government has already made it clear that there would not be any arrangements on permitted return. Indeed, the new franchises granted by the CE-in-Council in April 2012 do not contain any arrangements concerning a permitted return. Moreover, in paragraph 19 of the LegCo Brief (THB(T)CR 2/5591/99) issued in the same month, the Government has set out the plan to seek LegCo's resolutions for not applying the PCS to the three new franchises before they commence operation.

### Substantive Motion

In view of the foregoing and in keeping with past practice, we have to make the provisions in sections 27, 28, 29 and 31 of the Ordinance on development fund, permitted return and the PCS not applicable to the

aforementioned new franchises.

I move the first motion so as to disapply the PCS to the new franchise of NWFB. Thank you, President.

**[The second motion: Long Win Bus Company Limited]**

President,

I move that the second motion under my name, as printed on the Agenda, be passed so as to disapply the PCS to the new franchise of Long Win Bus Company Limited. Thank you, President.

**[The third motion: Citybus Limited (Franchise for Airport and North Lantau Bus Network)]**

President,

I move that the third motion under my name, as printed on the Agenda, be passed so as to disapply the PCS to the new franchise of Citybus Limited (Franchise for Airport and North Lantau Bus Network). Thank you, President.