

立法會
Legislative Council

LC Paper No. CB(1)1011/12-13
(These minutes have been seen
by the Administration)

Ref: CB1/SS/4/12

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

**Minutes of the first meeting held on
Friday, 25 January 2013, at 10:45 am
in Conference Room 2 of the Legislative Council Complex**

Members present : Hon CHAN Kam-lam, SBS, JP (Chairman)
Hon TAM Yiu-chung, GBS, JP
Hon WONG Kwok-hing, MH
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon CHAN Han-pan
Dr Hon KWOK Ka-ki
Hon TANG Ka-piu
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Member absent : Hon LEE Cheuk-yan

Public Officers attending : **Agenda item II**
Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

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

Ms Marcella LEE
Assistant Commissioner/Special Duties
Transport Department

Mr Manuel NG
Government Counsel
Department of Justice

Clerk in attendance : Ms Sophie LAU
Chief Council Secretary (1)2

Staff in attendance : Miss Evelyn LEE
Assistant Legal Adviser 10

Ms Macy NG
Senior Council Secretary (1)2

Mr Noel SUNG
Senior Council Secretary (1)5

Ms Clara LO
Legislative Assistant (1)9

Action

I Election of Chairman

Mr CHAN Kam-lam, 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 TAM Yiu-chung nominated Mr CHAN Kam-lam, and the nomination was seconded by Mr Frankie YICK. Mr CHAN Kam-lam accepted the nomination. As Mr CHAN was nominated, Mr TAM Yiu-chung, who had the next highest precedence among those present at the meeting, took over the election of the Chairman.

Action

3. Mr TAM Yiu-chung asked whether there were other nominations. There being no other nominations. Mr CHAN Kam-lam was elected Chairman of the Subcommittee.

II Meeting with the Administration

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| (File Ref: THB(T)CR2/5591/99 | - Legislative Council Brief |
| LC Paper No. LS18/12-13 | - Legal Service Division Report |
| LC Paper No. CB(1)465/12-13(01) | - Paper on Three Proposed Resolutions under Section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230) prepared by the Legislative Council Secretariat (Background brief) |
| LC Paper No. CB(1)476/12-13(01) and | - Letter dated 8 January 2013 from the legal adviser to the Subcommittee to the Administration and the Administration's response) |
| LC Paper No. CB(1)476/12-13(02) | |

(Letter dated 8 January 2013 from the legal adviser to the Subcommittee to the Administration and the Administration's response dated 9 January 2013 (LC Papers Nos. CB(1)476/12-13(01) and (02)) were tabled at the meeting.)

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

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

6. The Chairman concluded that the Subcommittee had completed examination of the Three Proposed Resolutions and would report its deliberations to the House Committee on 1 March 2013.

III Any other business

7. There being no other business, the meeting ended at 11:22 am.

Action

- 4 -

Council Business Division 1
Legislative Council Secretariat
9 May 2013

**Proceedings of the first meeting of
Subcommittee on Three Proposed Resolutions under Section 5(3)(b)
of the Public Bus Services Ordinance (Cap. 230)
on Friday, 25 January 2013, at 10:45 am
in Conference Room 2 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
Agenda item I – Election of Chairman			
000156 – 000337	Mr TAM Yiu-chung Mr CHAN Kam-lam	- Election of Chairman - Mr CHAN Kam-lam was elected Chairman of the Subcommittee	
Agenda item II – Meeting with the Administration			
000338 – 001025	Chairman Administration	- Briefing by the Administration on the three Proposed Resolutions under Section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230)	
001026 – 001532	Chairman Dr KWOK Ka-ki Administration	<p>- Dr KWOK Ka-ki expressed that he would support the motions to exclude the new franchises for the three bus companies concerned from the application of the Profit Control Scheme ("PCS"). He remarked that the number of lost trips of the three bus companies had been high, in particular that of the New World First Bus Services Limited ("NWFB"). Dr KWOK enquired whether consideration would be given to granting franchises of a shorter period to the bus companies, and including sanctions in the franchises for bus companies with a large number of lost trips and complaints.</p> <p>- The Administration responded that the bus companies had to provide service in compliance with legal and franchise requirements and public bus operation was under the close monitoring the Commissioner for Transport. The Transport Department had an established mechanism to ensure that the operations of bus companies were in compliance with the requirements. Between 2003 and 2012, the lost trip rate of the three bus companies was between 0.7% and 2.5%. The rate of NWFB in the past year had been slightly higher than the average and that was mainly due to the special operating environment on Hong Kong Island. In October 2012, the Transport Department had issued a warning letter to NWFB regarding lost trips and the company was making every effort to improve the situation.</p>	

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		<ul style="list-style-type: none"> - The Administration supplemented that based on past practice, usually a franchise of 10 years would be granted to a bus company which had proven to be capable of providing proper and efficient bus services and was willing to continue to invest in the provision of bus services. Given the huge investment required for the operation of public bus service, and the need to provide a stable employment environment for its staff, a franchise period of 10 years was considered appropriate. There were already provisions under the relevant legislation for imposing sanctions on a bus company which failed to meet the requirements stipulated by the Transport Department. 	
001533 – 001850	Chairman Mr Christopher CHUNG Administration	<ul style="list-style-type: none"> - Mr Christopher CHUNG was concerned that in addition to the bus services provided by NWFB and Citybus Limited (Citybus) on Hong Kong Island, The Kowloon Motor Bus Co. Ltd. (KMB) also provided cross-harbour tunnel bus services on Hong Kong Island. It would lead to unfair competition among the bus companies if KMB was subject to the PCS whilst the other two companies were not. - In response, the Administration clarified that KMB was not subject to the PCS since 1997. Indeed, the PCS was not applicable to any of the existing bus franchises. - Mr Christopher CHUNG was concerned that since both the NWFB and Citybus belonged to the same holding company, it might lead to duplication of facilities and services. Mr CHUNG opined that the two bus companies could be merged in order to save resources. - The Administration responded that the bus franchises were granted individually and under different background. The capability of individual bus companies in meeting the requirements regarding facilities and service was assessed independently. 	
001851 – 002151	Chairman Mr YIU Si-wing Administration	<ul style="list-style-type: none"> - Mr YIU Si-wing enquired whether any new company had expressed an interest in obtaining the franchises for operating bus services, and whether consideration would be given to inviting companies to bid for the franchises through an 	

Time marker	Speaker	Subject(s)	Action required
		<p>open tender.</p> <ul style="list-style-type: none"> - The Administration responded that during the public consultation on the proposal for negotiating new franchises with the three incumbent bus companies, no newcomer had expressed an interest in providing the bus services or objected to the proposal of granting new franchises to the incumbent operators. The Administration had followed the established practice of negotiating new franchises with the existing bus companies after assessing their past performances, experience, and investment plans, etc. - Mr YIU further enquired whether the three bus companies had any plans to implement cross-company bus rationalization measures on an area basis. - The Administration responded that the Transport Department, in conjunction with the bus companies, was mapping out bus route re-organization plans using an area approach . 	
002152 – 002800	Chairman Mr WU Chi-wai Administration	<ul style="list-style-type: none"> - Mr WU Chi-wai enquired whether, during the review of bus franchises, there were procedures to invite newcomers for bus franchises. Mr WU further asked if consideration would be given to granting franchises to new companies to operate bus routes on a district basis, e.g. in Tseung Kwan O district. - The Administration responded that the granting of bus franchises could be done through open tender or franchise renewal with the existing operators. In view of a shrinking patronage resulting from the expanding railway network, the huge investment involved in bus operations, and the capability and experience of the existing bus companies in meeting the requirements of bus services, the Administration had decided to renew the franchises with the three bus companies after public consultation and consultation with Legislative Council's Panel on Transport. In respect of the introduction of new competitors, the Administration agreed to consider any views that LegCo may have when other franchises were due to expire in 2016/17, having regard to the benefits of scale of 	

Time marker	Speaker	Subject(s)	Action required
		<p>economy in bus operation and the need for the franchised bus operators to provide proper and efficient bus services for Hong Kong.</p> <ul style="list-style-type: none"> - Mr WU Chi-wai enquired whether there would be any interim review during the 10-year franchise period in order to ensure the bus companies complied with the requirements of the franchises. - The Administration responded that the Transport Department monitored the performance of the bus companies on an on-going basis in order to ensure that their services met the relevant requirements. Besides, there were already provisions in the franchises for the Administration to conduct mid-term review any time after the fourth year from the commencement of the franchises. - Mr WU Chi-wai enquired about the reorganization of bus service with the commissioning of new railways. The Chairman remarked that the question was outside the purview of the Subcommittee, and should be discussed by the Panel on Transport. 	
002801 – 002943	Chairman Mr Frankie YICK	<ul style="list-style-type: none"> - Mr Frankie YICK declared that one area of the business of his corporation was operating under a franchise. Mr YICK opined that the depreciation period of new buses normally exceeded 10 years, and if the new franchise was shorter than 10 years, the bus companies might not be interested in continuing the business. Mr YICK was of the view that given the decrease in bus patronage as railway services became the backbone of the public transport system, it would be very difficult to find new companies to provide the bus services. Besides, a comprehensive bus routes rationalization programme was necessary to solve problems, including lost trips and air pollution caused by emission from buses. 	
<i>Clause-by-clause examination of the Proposed Resolutions</i>			
002944 – 003759	Chairman Assistant Legal Adviser 10 Administration	ALA10 sought clarifications on whether the new bus franchises would be excluded totally from the application of the PCS as the three Proposed Resolutions merely specify that they are not subject to sections 27, 28 29 and 31, as per the letter dated 8	

Time marker	Speaker	Subject(s)	Action required
		January 2013 (LC Paper No. CB(1)476/12-13(01)). The Administration responded that by disapplying sections 27, 28, 29 and 31, as clarified in the letter dated 9 January 2013 (LC Paper No. CB(1)476/12-13(02)), there would no longer be any PCS mechanism in place in substance. The Administration further explained the needs of the remaining sections of Part V of the Public Bus Services Ordinance.	
003800 – 003838	Chairman Administration	Completion of scrutiny of the three proposed resolutions. Date of report to House Committee.	

Council Business Division 1
Legislative Council Secretariat
9 May 2013