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From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 6 January 2016

**Proposed resolution under
the Road Traffic Ordinance**

The Secretary for Transport and Housing will move, at the Council meeting of 6 January 2016, a proposed resolution under section 23(3) of the Road Traffic Ordinance (Cap. 374). The proposed resolution (**Appendix 1**) is attached for Members' consideration. The President has directed that it be printed in the terms in which it was handed in on the Agenda of the Council.

2. The speech, in both Chinese and English, which the Secretary will deliver when moving the proposed resolution is in **Appendix 2**.

(Ms Dora WAI)
for Clerk to the Legislative Council

Encl.

Road Traffic Ordinance

Resolution

(Under section 23(3) of the Road Traffic Ordinance (Cap. 374))

Resolved that the period extended to 20 June 2016 by Legal Notice No. 54 of 2011, and for which there remains in force the limit on the number of vehicles which may be registered as public light buses specified in the Public Light Buses (Limitation on Number) Notice (Cap. 374 sub. leg. K), be further extended to 20 June 2021.

DRAFT

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

Appendix 2

**Speech by the Secretary for Transport and Housing
for moving a motion under the Road Traffic Ordinance
at the Legislative Council meeting on 6 January 2016**

Mr. President,

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

Section 23(1) of the Road Traffic Ordinance (“Ordinance”) provides that the Chief Executive in Council may, by publication of notice in the Gazette, limit the number of a class of vehicle which may at any time be registered. Section 23(3) of the Ordinance further provides that the Legislative Council (“LegCo”) may by resolution extend the period for which a limit remains in force. Since 1976, the number of public light buses (“PLBs”) has been capped at 4 350 by way of the Public Light Buses (Limitation on Number) Notice (“the Notice”). Over the years, LegCo has time and again passed resolutions to extend the effective period of the limitation on the number of PLBs as specified under the Notice. LegCo last agreed in 2011 to extend the effective period of the cap on the number of PLBs for another five years until 20 June 2016.

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 thus a cap on the number of PLBs, at 4 350 vehicles. Of these,

about 70% are green minibuses (“GMBs”) and 30% are red minibuses. 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.

Following the continuous development of the railway network in recent years, the network and service of PLBs are being adjusted accordingly so that they can continue to perform their supplementary function. Subsequent to the full commissioning of the West Island Line earlier on, 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.

As regards the operating environment of PLBs, according to the findings of a survey conducted by TD in mid-2015, the average daily occupancy rate of all GMBs was around 50%. The rate was as high as some 80% for some routes, and 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 in 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 increasing 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 more challenging, with close to 60% of route packages not being able to balance their books. Nevertheless, as mentioned 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.

TD consulted the PLB trade in mid-2015 on whether the existing cap on the number of PLBs should be maintained. Of the 38 written submissions received by TD, all those that contained clear views on the cap on the number of PLBs supported 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. Operators of other public transport services (including franchised buses, non-franchised buses and taxis) also hoped that the Government would maintain the cap on the number of PLBs at 4 350 without further increase.

We briefed the LegCo Panel on Transport and Transport Advisory Committee on 6 and 24 November 2015 respectively 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 at 4 350 for five years until 20 June 2021. The motion I am moving is to implement this recommendation.

As mentioned above, since the service of some GMB routes cannot fully meet demand during peak periods, the Government considers

it 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, a more desirable measure would appear to be increasing the number of seats of PLBs. The Government has, in the context of the Public Transport Strategy Study, accorded priority to study whether this proposal is feasible and the implementation details. We hope to complete the study by the third quarter of 2016.

I hereby, in accordance with section 23(3) of the Road Traffic Ordinance, move the motion to extend the effective period of the current limitation on the number of PLBs at 4 350 for another five years until 20 June 2021.

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