

Legislative Council Panel on Transport
Franchised bus services on Hong Kong Island

Purposes

The purpose of this paper is to inform Members of:

- (a) the co-operation possibilities between Citybus Limited (“Citybus”) and New World First Bus Services Limited (“NWFB”);
- (b) the bus service changes on Hong Kong Island for implementation under the Route Development Programme in 2004 and 2005; and
- (c) recent labour issues of Citybus and NWFB.

Co-operation possibilities between Citybus and NWFB

2. At the joint meeting of the Legislative Council Panel on Transport and Panel on Economic Services on 27 June 2003, Members were informed of the acquisition of Citybus by the Chow Tai Fook Enterprises Limited (“CTF”), and that CTF and NWS Holdings Ltd. (“NWSH”) would consider co-operation possibilities between Citybus and NWFB. CTF is the major shareholder of New World Development Co. Ltd., which in turn has interests in NWSH (which was the holding company of NWFB).

3. CTF and NWSH announced in December 2003 that they had entered into a Share Exchange Agreement under which their respective transport and related businesses, including Citybus and NWFB, would be placed under Merryhill Group Limited (“Merryhill”), an indirect wholly-owned subsidiary of CTF which held Citybus. The share exchange was completed in March 2004 and Citybus and NWFB have since then become member companies of Merryhill.

4. The corporate restructuring of their holding companies did not involve any change in the bus franchises separately granted to Citybus and NWFB. The two franchised bus companies remain to be two separate legal entities and continue to operate their respective route networks to provide

proper and efficient bus services as required under the Public Bus Services Ordinance ("PBSO") (Cap. 230) and the terms of their respective franchises.

5. Citybus and NWFB have taken the opportunity of the corporate restructuring to realign their management resources and offered voluntary exit schemes to the affected staff in early 2004. The schemes were well received and the staff who joined the schemes have started to be released gradually since February 2004.

6. Citybus and NWFB have also been examining the scope to modify their networks to enhance efficiency, achieve synergies in depot operation, and offer further fare concessionary measures including joint fare concession schemes to benefit passengers, taking into account their operating conditions and the likely synergies that can be achieved.

7. The changes in services and fare reduction or concessions so far identified by the two companies are set out in paragraphs 8-10 below.

Bus service changes on Hong Kong Island in 2004 and 2005

8. In August 2003, Citybus and NWFB submitted proposals on bus service changes in their respective Route Development Programmes ("RDPs") including introduction of new routes, frequency adjustments, route cancellation, truncation and modification, and change of service operation period for implementation in 2004 and 2005.

9. Transport Department ("TD") has evaluated carefully the proposals having regard to all relevant factors including passenger demand, availability of alternative services, network efficiency and traffic and environmental considerations. In February / March 2004, the concerned District Councils were consulted on the relevant proposals. Taking into account the views obtained during the consultation, TD has agreed to a total of 39 items of bus service changes involving 58 routes for implementation in 2004 and 11 items involving 11 routes for 2005. The 11 proposals for 2005 would be reviewed in the forthcoming Route Development Programme for 2005 and 2006, on which the relevant District Councils would be consulted.

10. After implementation of the agreed items, many passengers will benefit from lower fares offered by the two companies through the following:

- (a) fares of 5 bus routes will be reduced ranging from \$0.7 to \$1.7;
- (b) new section fares will be introduced on 5 bus routes; and
- (c) a total of 11 bus-bus interchange schemes with fare concessions ranging from \$1.3 to \$8.4 will be introduced on 42 bus routes.

11. Implementation of the rationalization schemes in 2004 would lead to a reduction of 57 bus trips in a morning peak hour in busy corridors in Causeway Bay, Admiralty and Central. This will help relieve traffic congestion and reduce road-side emission. Through the introduction of bus-bus interchange schemes with fare concessions, passengers would continue to have adequate bus services at the same or lower fares.

Recent Labour Issues

12. Since 2001, Citybus and NWFB had 4 and 7 labour incidents respectively which might possibly lead to industrial actions. The incidents largely arose from disagreement on pay increase / provision of benefits, disciplinary arrangement of the companies and staff's support of industrial actions initiated by staff unions of other franchised bus companies.

13. When the labour incidents occurred, the two companies maintained dialogue with their staff with a view to addressing their concern and resolving the incidents as quickly as practicable. Labour Department ("LD") and TD also assisted in the discussions as appropriate to facilitate conciliation.

14. There was only one incident in which some drivers resorted to working to rule during the morning peak hours on 9 September 2003. To minimize the impact of the incident, Citybus and NWFB put in place plans to mobilize their management and other operational staff to operate supplementary bus services. TD coordinated with other public transport operators for provision of additional service if in case this should be required, and worked with the Police to ensure smooth traffic flow. The Emergency Transport Coordination Centre was also activated to monitor the traffic and

transport situation on the ground during the incident. It was observed that the work-to-rule action¹ had an insignificant impact on the traffic and transport situation that day. The issue was eventually settled between management and the staff with the assistance of LD.

15. To ensure provision of proper and efficient bus services without interruption, TD has reminded Citybus and NWFB to take necessary actions to minimize the possibility of industrial actions:

- (a) to cultivate a better relationship and improve communication with respective staff unions, and to reach out to staff as far as possible;
- (b) to develop skills and techniques in handling staff issues; and
- (c) to solicit advice from LD on labour disputes where appropriate.

16. The Government will continue to closely monitor the performance of both Citybus and NWFB to ensure that proper and efficient bus services are provided to passengers.

Environment, Transport and Works Bureau
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¹ The work-to-rule launched on 9 September 2003 was in the form of:

- (a) driving at a safe speed;
- (b) keeping to the left and no overtaking;
- (c) opening the door of buses for boarding / alighting only after the buses are parked right at the bus stop sign;
and
- (d) checking the fare paid by each passenger carefully before allowing the next passenger in.