

Legislative Council Panel on Transport

Promoting the Conversion of Red Minibuses to Green Minibus Operation

PURPOSE

This paper sets out the basic framework of a possible trial scheme for facilitating incumbent drivers of red minibuses (“RMBs”) operating in the service area of the West Rail (“WR”) to operate green minibus (“GMB”) services via Route 3. It also sets out the Administration’s deliberation on the recommendations of the Working Group of the Transport Advisory Committee on the selection criteria and marking scheme for GMB operator selection exercises (“TAC WG”).

BACKGROUND

Policy direction

2. GMBs operate scheduled services on fixed routes and their service levels and fares are regulated and monitored by Transport Department (“TD”). On the other hand, the services and fares of RMBs are not regulated. To better ensure the quality of service, it has been Government’s established policy to encourage the conversion of RMBs to GMB operation. Consistent with this established policy, if the operation of PLBs along individual expressways is considered necessary and appropriate, new PLB services will be introduced in the form of GMB services in the areas concerned.

Progress in the conversion of RMBs to GMB operation

3. At present, there are a total of 2,621 GMBs (about 60% of the PLB fleet) which operate on 347 scheduled routes, and 1,729 RMBs which operate on about 140 flexible routes. In the past three years, a total of 261 RMBs have converted to GMB operation, increasing the GMB fleet by 11%. TD continues to plan and develop new GMB route packages for tender from time to time and all PLB operators including RMB operators are invited to submit applications in the GMB operator selection exercises.

Recent developments

4. In June 2003, a group of RMB drivers who operate services between Northwest New Territories (“NWNT”) and the urban area raised strong demand for opening up Route 3 to RMB operation on the ground that the commissioning of WR would divert passengers from their service and would seriously affect their livelihood. The Administration appreciates their concerns. TD has maintained close liaison with the representatives of this group of RMB drivers to explore measures that could assist them.

5. In July 2003, the TAC decided to set up the TAC WG to conduct a review of the existing selection criteria and marking scheme for GMB operator selection exercises, with a view to improving the opportunities for RMB operators (in particular the small operators) to convert to GMB operation. The TAC WG also examined practical measures to facilitate participation of small RMB operators in the selection exercises and measures to enhance better understanding by the PLB trade of the selection criteria and marking scheme. Members were informed of the recommendations of the TAC WG on the selection criteria and marking scheme for GMB operators selection exercises vide LC paper no. CB(1)2359/02-03(01) in August this year.

TRIAL GMB SCHEME ON ROUTE 3

6. The NWNT RMB drivers urged the Administration to explore possible scheme to allow them to operate via Route 3 so as to enhance the competitiveness of their services. Taking into account the comments made by the representatives of the concerned RMB drivers at the several rounds of discussions, we have developed a framework of a possible trial scheme.

Basic framework of the possible trial GMB scheme

Annex A

7. The main features of the possible trial scheme are given at Annex A.

Response of PLB trades and affected RMB drivers

8. The NWNT RMB operators indicated acceptance of the above framework of the possible trial scheme at a meeting with TD on 17 October

2003. They supported the proposal as it could meet their request that all interested incumbent RMB drivers would be allowed to participate in the trial. They were also agreeable to the operation of trial services as normal GMB services on Day One of the trial period.

9. In addition, TD held separate meetings with the RMB and GMB trades on 6 November 2003 to gauge their views on the framework of the proposed trial scheme. Majority of the RMB representatives indicated a neutral position and did not make any comment, whereas one representative asked that the same arrangement should be applied to similar requests to allow existing RMB operators operating along corridors parallel to other expressways such as Island Eastern Corridor and Tolo Highway to operate on these expressways in the same manner. In our view, the proposed trial GMB scheme on Route 3 is a very special case in view of the impact of a new railway (i.e. WR) on existing RMB drivers in the area concerned. We have no plan to consider similar trial schemes on other expressways.

10. In order to reach out to the “freelance” drivers (i.e. those who operate between Yuen Long and Tsuen Wan/Jordan Road but do not call at fixed terminal points) to keep them informed of the proposed trial scheme, TD distributed leaflets with a short questionnaire to the incumbent drivers at suitable locations on Castle Peak Road on 14 November 2003. A briefing session was also organized for interested drivers on 21 November 2003. This would help improve transparency of the trial scheme.

Further issue to be considered

11. It is possible that the RMB drivers registered within the same group under the possible trial scheme may fail to reach consensus on arrangements and requirements relating to the formation of company for various reasons. There are several options to cope with such situation:

- (a) All or nothing, i.e. the trial for that group would be cancelled.
- (b) The group to resolve disagreement by the “majority rule”, provided the decision making process was fair and open to all drivers.

- (c) In case the drivers concerned split into two opposing sub-groups of similar size, joint operation of the GMB route by the two sub-groups may be considered.

12. Option (a) may be too rigid, while option (c) would lead to serious operational and regulatory problems. Option (b) is a compromise. However, there may be some drivers who would not join the company and may oppose this option. We may have to accept this reality since, in such circumstances, there is no ideal solution to ensure that all drivers would be able to participate in the trial.

13. It would therefore be necessary to reach a clear understanding with all concerned at the beginning that they have to resolve any starting up difficulties in a reasonable way themselves and with the agreement of the drivers concerned. In brief, the trial would depend on the drivers coming together to form companies in harmony. In the absence of such agreement, TD may have to cease the relevant routes or the trial scheme completely.

SELECTION CRITERIA AND MARKING SCHEME FOR GMB OPERATOR SELECTION EXERCISES

14. The marking scheme recommended by the TAC WG is reproduced at Annex B. The PLB trades were consulted on the recommendations through meetings of the regular RMB Conference and GMB Conference respectively and TD's meetings with other interested parties. TD also received a written representation from an alliance of PLB operators. In general, the RMB trade welcomed the proposed modifications to the existing selection criteria and marking scheme. They felt that their chance in competing with bigger operators would be enhanced. As for the GMB trade, several major operators considered that the new marking scheme would be unfair to GMB operators due to the increase of the maximum score of the "new entrant to GMB trade" factor from 10 to 15. Moreover, they raised strong objection to the deduction of up to 20 marks for poor performance of existing GMB operators. The extension of the marking scheme from 100 marks to 135 marks to take into account major infrastructural changes was well received by the GMB trade in general. We have summarized the major issues raised during the consultations and set out our considerations in Annex C.

Annex B

Annex C

15. In brief, the Administration accepts the full set of TAC WG's recommendations subject to a revision of the criterion for the award of the maximum score on the provision of elderly concession fare, i.e. full marks will be awarded to applicants who offer 50% fare discount or above to elderly passengers and a modification of the existing arrangement on the deduction/addition of marks to an applicant based on his past performance as a GMB operator as explained in Point 2 at Annex C, i.e. adopting a symmetrical scheme comprising a penalty of a maximum of 10 marks for poor past GMB performance and awarding a maximum of 10 years for very good past GMB performance.

WAY FORWARD

16. We aim to firm up our plan on the possible trial scheme on Route 3 taking account of all comments received and start accepting applications for registration of incumbent drivers around end December 2003. Members' comments will be welcomed.

Environment, Transport and Works Bureau
November 2003

Basic Framework of the Proposed Trial GMB Scheme on Route 3

Three routes to be operated

1. There would be three routes under the trial scheme from Yuen Long to Tsuen Wan, Jordan and Mong Kok respectively. They replicate the origins/destinations of the existing RMB routes operating along Castle Peak Road between Yuen Long and urban areas.

Registration of incumbent RMB drivers

2. Transport Department (“TD”) would establish a central register open for application by incumbent RMB drivers, to be verified against the results of TD’s screenline surveys conducted during the period from May to September 2003 and information to be provided by the concerned PLB associations. Each driver who applies to participate in the trial scheme would be given the choice to join any one of three groups of the central register that correspond to the three proposed GMB routes. A Vetting Committee would be formed to monitor the registration process, and an Appeal Committee would also be formed to consider appeals. The committees would comprise representatives from TD, Police and the Home Affairs Department. The Transport Advisory Committee will be invited to nominate a member to join the Appeal Committee.

3. There are also “freelance” incumbent RMB drivers who operate different numbers of trips along the Castle Peak Road corridor between Yuen Long and Tsuen Wan/Jordan Road although they do not call at fixed terminal points. These “freelance” drivers would also be eligible to apply for registration.

Operating right to be allocated to the companies to be formed by the registered drivers

4. Drivers who registered in each group of the central register would be given the right to operate on the corresponding route through a company operator, which is to be formed by and among themselves. The incumbent drivers on the relevant group of the register would be the shareholders of the company concerned. TD would not accept separate biddings from different groups of drivers from the same part of the central register, i.e. consensus

among all the drivers registered in the same group of the central register is a prerequisite for implementation of the trial scheme for the particular route. This would allow all registered drivers to participate, thus avoiding the need for balloting in case there are competing bids from different groups of registered drivers, which would result in exclusion of some of the interested drivers.

5. The three groups of incumbent drivers would be free to seek assistance from the PLB associations concerned or indeed any other parties to make necessary preparation and arrangements for the operation of the trial GMB routes including formation of companies, hiring of PLBs, drawing up of driver rotation plan, etc. The companies would be required to assign their own manager(s).

6. The groups must form companies and secure rental arrangements with owners of PLBs, before TD would issue the passenger service licences (“PSLs”) for the GMB services under the trial scheme. The PSLs would be issued to the concerned companies, not the drivers.

The trial services to be operated as normal GMB services

7. The three routes would be operated as normal GMB services during the trial scheme with all PLBs painted green and yellow on their outside bodies. The vehicles concerned would be allowed to operate on Route 3 in accordance with the approved routeing. The total number of vehicles involved would be fixed beforehand, which would be about 60 (i.e. 20 GMBs for each route).

TD to regulate the fares and service aspects only

8. TD would regulate the fare and service aspects of the trial GMB operation. TD would not set any limit on the number of incumbent drivers for each company operator, and driver rotation plan would be a matter for the internal management/agreement among the drivers of the same company. In case there is serious service disruption arising from internal disputes among the participating drivers affecting the GMB operation, TD would terminate the trial scheme.

Duration of the trial

9. The period of the trial will be not longer than six months.

Vehicle requirement and change of vehicles during the trial period

10. As in the case of other normal GMB operation, TD would specify the vehicle allocation for the trial routes in the Schedule of Service and would keep a list of the approved GMB fleet for individual routes concerned. In case change of vehicle is needed during the trial period for operational reasons, TD may approve vehicle replacement in accordance with current practice.

Direct allocation of operating right of the GMB routes to the incumbent company operators if the trial is successful

11. The success or otherwise of the trial would be assessed according to the following considerations -

- (a) Compliance with licensing and schedule requirements;
- (b) Occurrence of malpractice or irregularities: the number of complaints will be taken account under this category and warning letters will be issued for substantiated complaints; and
- (c) A reasonable utilization of the trial GMB services to justify their operation from the transport perspective.

At the end of the trial period, if the trial were successful, the existing company operators would be granted directly the right to operate the GMB routes concerned.

12. If the trial is not successful, the scheme would end upon expiry of the trial period. However, if the termination is due to poor performance of the company operators but there remain substantial passenger demand for the GMB services, TD would examine if an open selection exercise should be conducted to continue the concerned GMB routes.

Marking Scheme for Green Minibus (“GMB”) Operators Selection Exercises
Recommended by the Working Group of the Transport Advisory Committee

<u>Broad Selection Criteria</u>	<u>Assessment Factors</u>	<u>Recommended Scheme</u>	
		<u>Criteria for maximum score</u>	<u>Maximum Score</u>
Management capability of the applicant (27.5 marks)	• Applicant’s experience in public transport service	• 8 years or more	+2.5
	• Percentage of required PLB fleet owned by applicant	• Owning 75% or more <i>(Ownership of PLBs in the following is counted –</i> <ul style="list-style-type: none"> ■ <i>Individual applicant: PLBs owned by the applicant or his/her spouse</i> ■ <i>Company applicant: PLBs registered in the name of the company or owned by its shareholders/directors or their spouses)</i> 	+10.0
	• Training to improve driver behaviour and driving attitude	• Provision of training for drivers	+5.0
	• Plans to operate and enhance service	• Vehicle replacement plan	+5.0
		• Other operational and monitoring proposals e.g. appointment of fleet manager, setting up passenger liaison group, carrying out passenger opinion survey etc.	+5.0

<u>Broad Selection Criteria</u>	<u>Assessment Factors</u>	<u>Recommended Scheme</u>	
		<u>Criteria for maximum score</u>	<u>Maximum Score</u>
Quality of vehicles to be used (35.0 marks)	<ul style="list-style-type: none"> • Age of vehicles 	<ul style="list-style-type: none"> • Average age of the vehicle fleet is 2 years or less (Based on date of first registration of the vehicles. Accept purchase orders or undertaking to purchase new vehicles upon successful application as proof of deployment of new PLBs) 	+15.0
	<ul style="list-style-type: none"> • Number of environmentally friendly vehicles 	<ul style="list-style-type: none"> • 100% of the vehicle fleet are Euro III diesel, liquefied petroleum gas or electric PLBs 	+5.0
	<ul style="list-style-type: none"> • Vehicle examination records of the proposed vehicles in the past 3 years 	<ul style="list-style-type: none"> • 100% passing rate 	+10.0
	<ul style="list-style-type: none"> • Facilities for people with disabilities 	<ul style="list-style-type: none"> • Provision of braille registration number plate, non-skid floor, priority for boarding or seat reservation for disabled passengers etc. 	+2.5
	<ul style="list-style-type: none"> • Safety features 	<ul style="list-style-type: none"> • Provision of speed display device, seat belt etc. 	+2.5

<u>Broad Selection Criteria</u>	<u>Assessment Factors</u>	<u>Recommended Scheme</u>	
		<u>Criteria for maximum score</u>	<u>Maximum Score</u>
Financial resources of the applicant (5.0 marks)	<ul style="list-style-type: none"> • Amount of liquid capital 	<ul style="list-style-type: none"> • Not less than \$50,000 per vehicle 	+5.0
Customer services to be provided (7.5 marks)	<ul style="list-style-type: none"> • Provision of passenger facilities 	<ul style="list-style-type: none"> • Provision of handrails or other vehicle features, etc. 	+2.5
	<ul style="list-style-type: none"> • Other innovative and practical proposals 	<ul style="list-style-type: none"> • Provision of driver uniform, display of service information/opinion box at terminals etc. 	+5.0
New entrant to GMB trade (15.0 marks)	<ul style="list-style-type: none"> • Number of GMBs operated by the applicant 	<ul style="list-style-type: none"> • No GMB in operation 	+15
Fares (10.0 marks)	<ul style="list-style-type: none"> • Fare level proposed by the applicant 	<ul style="list-style-type: none"> • Proposed fare is lower than or equal to 75% of the maximum fare specified by TD 	+7.5
		<ul style="list-style-type: none"> • Provision of elderly concession fare 	+2.5

<u>Broad Selection Criteria</u>	<u>Assessment Factors</u>	<u>Recommended Scheme</u>	
		<u>Criteria for maximum score</u>	<u>Maximum Score</u>
Impact of infrastructural changes* (35.0 marks)	• Percentage of “incumbent” vehicles	• 100% of the vehicle fleet are “incumbent” vehicles	+15.0
	• Percentage of “incumbent” drivers	• 100% of the drivers to operate the fleet are “incumbent” drivers	+20.0
Past GMB performance (Poor past GMB performance will be taken into account in all cases. For past GMB performance of satisfactory or above levels, it will be taken into account in the pair-wise comparison between GMB applicants but not in the pair-wise comparison between an RMB applicant and a GMB applicant at the final selection stage.)	• GMB performance in the past two years	• Very good performance [#]	+3.0

* Applicable for operators selection exercises for GMB routes in areas with impact of infrastructural changes e.g. introduction of new railways.

Deduction of up to 20 marks for poor performance.

**TAC Working Group’s recommendations on
the selection criteria and marking scheme
for GMB operator selection exercises –
Major issues**

1. New “fare” factor

Issue

- The existing marking scheme does not give any weight to consideration of fare level which is one of the factors affecting passengers’ choice of transport modes. TAC WG’s recommendation is to introduce a new assessment factor under which a maximum of 7.5 marks would be awarded to applicants whose proposed fare is lower than or equal to 75% of the maximum fare specified by TD. Some PLB operators objected strongly to the introduction of this new factor, whereas there was strong support from others for competition based on fare suggesting to increase the weighting of the “Fare” factor and remove the lower fare limit for obtaining maximum marks under this factor.

Administration’s deliberation

- The working group’s recommendation to introduce the new fare factor can achieve a reasonable balance between the different views and should be maintained.

2. Deduction of 20 marks for poor past GMB performance

Issue

- Some PLB operators raised strong objection to the existing arrangement (to which the working group did not propose any change) whereby a maximum of 20 marks would be deducted from an applicant if he is an existing GMB operator whose performance is ranked by TD as poor, whereas a maximum of only 3 additional marks would be awarded to the operator if his GMB performance is ranked by TD as very good.

Administration’s deliberation

- The existing arrangement should be modified by adopting a symmetrical scheme under which the penalty for poor performance should be reduced from a maximum of 20 marks to 10 marks and the additional marks awarded for very good performance should be increased from 3 marks to a maximum of 10 marks as follows:

Addition/Deduction of Marks for Past GMB Performance	Marks	
	Existing	Proposed
Very good	+3	+10
Good	+1	
Satisfactory	0	0
Poor	-20	-10

3. Additional marks to new entrants to GMB trade

Issue

- Under the existing factor on “Entrant to GMB trade”, marks are given accordingly to the scale of GMB operation of the applicants, i.e. applicants with more GMBs will gain lower marks than those with less GMBs and new entrant to the GMB trade will gain the highest marks. The working group recommended to increase the weighting of this factor from 10 marks to 15 marks. RMB bidders would be given the maximum of 15 marks. Some PLB operators objected that the weighting of this factor is too high. They asked to delete this factor from the normal marking scheme and only include it in the extended marking scheme (for cases where infrastructural changes would impact on existing PLB operators in the areas concerned).

Administration’s deliberation

- The increase of the weighting to 15 marks is appropriate given the objective of encouraging more RMBs to convert to GMB operation.

Therefore we propose no change to the working group's recommendation.

4. Credit lines from banks

Issue

- Some PLB operators suggested that credit lines from banks should be taken into account in the award of marks under "Financial Resources".

Administration's deliberation

- It is likely that only the big PLB operators would be able to obtain credit lines from banks, hence giving them unfair advantage. Therefore the suggestion is not supported.

5. Priority treatment to GMB operators

Issue

- Some PLB operators suggested that priority should be accorded to GMB operators if both GMBs and RMBs are affected by infrastructural changes in an area.

Administration's deliberation

- The suggestion is not consistent with the policy of encouraging RMB conversion into GMB operation and therefore is not supported.

6. Selection factor on provision of concessionary fares to elderly passengers

Issue

- The current practice is to give full marks to an applicant who has proposed the highest percentage of fare discount to elderly passengers for a route package with reference to the fare level as specified by TD.

Administration's deliberation

- In future, we will accord full marks to applicants who offer 50% fare discount or above to elderly passengers with reference to their respective proposed fare levels. The change is made having regard to the experience that the highest discount for elderly concessionary fare proposed by applicants in past GMB operators selection exercises was 50% and that half fare concession is being offered by the rail and franchised bus operators to elderly passengers.

Environment, Transport & Works Bureau
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