

Legislative Council Panel on Transport

Policy on Non-franchised Bus Services

Purpose

This paper provides information requested by Members when the subject of non-franchised bus (“NFB”) operation was last discussed by the Panel. It also gives an account of the review on the regulatory framework and licensing system for NFB operation currently being undertaken by the Transport Advisory Committee (“TAC”).

Background

Role of Non-franchised Buses

2. Given the limited road space and community concerns about environmental impact from road transport, Government’s transport policy is to accord priority to the mass carriers viz railways and franchised buses. The other modes including public light buses (“PLBs”), taxis and NFBs supplement the mass carriers. The supplementary role of NFBs include:

- (a) relieving heavy demand on the franchised bus and green minibus services primarily during the peak hours; and
- (b) filling gaps of passenger demand which cannot be met viably by the regular public transport services.

Based on the above criteria, NFBs are to provide tailor-made service to specific groups of passengers, for example hotel service, cross-boundary trips, student service, residents’ service (with no or limited stops only) and employees’ service.

Licensing of Non-franchised Buses

3. NFB services are authorised by Passenger Service Licence (“PSL”) issued by Transport Department (“TD”) under the Road Traffic Ordinance (Cap. 374) (“RTO”). A PSL may authorize the holder to operate one or more of the following 8 types of NFB service:

<u>Service Type</u>	<u>Code</u>
Tour Service	A01
Hotel Service	A02
Student Service	A03
Employees' Service ("ES")	A04
International Passenger Service	A05
Residents' Service ("RS")	A06
Multiple Transport Service	A07
Contract Hire Service	A08

According to the existing licence conditions on contract hire service, any service with a fixed route or a fixed destination area on which carriage is offered to any member of the public other than at separate fares and its operation is for more than 14 days either consecutively or intermittently during a continuous period of 12 months is subject to prior approval from TD. Such service is commonly known as free bus service ("FBS").

Statistics on Applications for Non-franchised Bus Services and Enforcement Actions against Unauthorised Operation

4. At the Panel meeting on 23 May 2003 when the subject of NFB operation was last discussed, Members asked for statistics on the number of applications for new NFB routes and their results and the enforcement actions taken against unauthorised NFB operation in the past six months.

Annex A

5. Annex A sets out the relevant statistics on new applications and applications for renewal in respect of ES, RS and FBS in the past three years. In determining an application for operation of NFB service, TD is required by section 28 of the RTO to take into account, in addition to any other matter which is relevant to the application:

- (a) any policy direction from the Chief Executive in respect to the provision of public transport services;
- (b) any limit in force on the number of vehicles that may be registered;
- (c) the need for the services to be provided by the applicant;

- (d) the level of service already provided or planned by other public transport operators;
- (e) traffic conditions in the areas and on the roads where the services are to be provided; and
- (f) the standard of service to be provided by the applicant.

6. TD took into account the factors mentioned above in processing applications for PSL to operate NFB service. During the last five years between 1998 and 2003 (up to September), the registered fleet size of NFBs increased from 5,868 to 7,047, representing an increase of 20%. In terms of service type, the greatest growth is in the hotel service (+267%) and contract hire service (+120%) whilst student service (+40%), international passenger service (+29%), tour service (+29%) and residents' service (+21%) also registered an above-average growth.

Annex B

7. Statistics on enforcement actions taken in the first three quarters in 2003 are provided in Annex B. The Government will continue its efforts in tackling unauthorised NFB operation.

Recent Concerns about Regulation of Non-franchised Bus Operation

8. Recently, individual operators of NFB services have gone beyond their established scope of operation and taken on services which are not in accordance with the spirit and intent of the legislation and policy. There are increasing concerns among other transport trades that the flexibility allowed to NFB operation has been abused by individual NFB operators and affect their "living space". Whilst such NFB services may provide alternative services to passengers, their mode of operation would undermine the regular transport services. This would not be in the long term interest of the public. It is important to maintain regular transport services and allow them to operate in a level playing field since they provide steady and reliable services in terms of routing, fares and frequencies.

9. TD maintains continuous dialogue with the PLB, taxi and NFB trades over the issue through regular conferences with their representatives and other meetings. The Secretary for the Environment, Transport and Works also met with the trades on 26 November 2003 to exchange views on the matter. To address the issue, the TAC has been invited to conduct a review on the regulatory framework and licensing system for NFB operation.

Transport Advisory Committee's Review

10. The TAC has set up a Working Group to conduct the review. The terms of reference of the Working Group are:

- (a) to review the role of NFBs in the public transport services sector;
- (b) to review the regulatory framework and licensing system for NFB operation, including those for the operation of contract hire services and the 14-day provision for prior approval for FBS;
- (c) to review the enforcement procedures and measures for tackling unauthorized operation of NFB services; and
- (d) to recommend to the TAC measures to strengthen the regulation of NFB operation, taking into account the results of these reviews and views of the public and the public transport trade.

11. The TAC aims to complete the review in about six months by mid 2004. The Working Group will meet with the trades concerned in the review process.

Way Forward

12. The Government will take into account the review findings and recommendations of the TAC and consult the Panel before deciding on the way forward.

Environment, Transport and Works Bureau
15 December 2003

**Statistics on Applications for Employees' Service, Residents' Service and
Free Bus Service**
(January 2000 – September 2003)

Employees' Service

Year	New applications		Applications for renewal	
	<u>Applied</u>	<u>Approved</u>	<u>Applied</u>	<u>Approved</u>
2000	201	191	71	71
2001	84	78	112	111
2002	117	104	127	126
2003 (up to Sept)	86	69	82	69
Total:	488	442	392	377

Residents' Service

Year	New applications		Applications for renewal	
	<u>Applied</u>	<u>Approved</u>	<u>Applied</u>	<u>Approved</u>
2000	153	71	144	144
2001	69	5	177	177
2002	37	7	236	236
2003 (up to Sept)	31	7	209	209
Total:	290	90	766	766

Free Bus Service

Year	New applications		Applications for renewal	
	<u>Applied</u>	<u>Approved</u>	<u>Applied</u>	<u>Approved</u>
2000	50	6	19	15
2001	55	4	18	14
2002	73	6	34	29
2003 (up to Sept)	32	5	12	9
Total:	210	21	83	67

Statistics on Enforcement Actions on NFB Operation
(January – September 2003)

<u>Enforcement actions</u>	<u>No. of cases</u>
Fixed penalty tickets issued	2,869
Warnings issued	343
Summonses issued	459
Inquiries conducted	3

Note: There is no breakdown of figures by the types of offence committed.