

## **Legislative Council Panel on Transport**

### **Issues relating to public light buses (“PLBs”) Follow-up items arising from the meeting on 25 February 2011**

The Panel on Transport discussed the item on “Issues relating to PLBs” at the meeting on 25 February 2011 and requested the Administration to provide written response and supplementary information on the following issues. The requested information is provided below -

#### **(I) Limitation on the Number, and Passenger Seating Capacity of PLBs**

##### **Public Transport Services and the Role of PLBs**

- *Provide the respective shares of different public transport services in the total public transport market during the past five years*

2. In the planning of public transport services, it has been the Government’s policy to encourage the provision of services by mass carriers (railways and franchised buses) to meet passenger demand. PLBs, on the other hand, perform a useful role in supplementing the mass carriers. The shares of different public transport services in the total public transport market during the past five years are tabulated in the Annex.

- *Long waiting time for green mini buses (“GMBs”) plying certain routes during peak hours*
- *Increase the number of GMBs serving certain routes the waiting time of which was long*
- *Allow franchised buses to serve districts which do not have adequate public transport services*

3. GMBs’ major role is to supplement the mass carriers by providing feeder services for passengers and serving areas with relatively fewer passengers. If there is an increase in passenger demand, GMB operators may deploy additional minibuses to shorten the waiting time of passengers. If the passenger demand being too great to be met by the GMB routes concerned, the Transport Department (“TD”) may consider introducing other high-capacity transport modes, such as franchised bus services, to meet the passenger demand.

##### **Financial Performance of GMBs**

- *Allow GMBs to increase their seating capacity to improve their financial performance*
- *Whether the proposal made by the Hong Kong Scheduled (GMB) Licensee*

***Association and the GMB Maxicab Operators General Association to increase the passenger seating capacity of GMBs would be able to improve the financial performance of GMBs, and enable them to freeze their GMB fares for three years and offer concessionary fares for the elderly as claimed***

4. TD has assessed the financial performance of GMB operators for the year 2009/10 through an analysis of their annual financial returns. The results show that about 50% of GMB operators suffer from operating losses. Freezing of fares for a period of three years as proposed by the two GMB associations does not seem financially viable in the long term, especially when the unforeseen changes in the operating environment such as oil prices are taken into account. An eventual failure of a GMB operator to sustain a “three-year period with no fare increase” (as claimed by GMB associations) could lead to fare increases, or deterioration of the quality and level of the GMB services.

5. As regards the red mini buses (“RMB”) trade, some of the RMB associations and RMB driver unions have pointed out that in order to earn sufficient income under the current market situation, it is common for RMB drivers to operate services along different corridors, and between different destinations to serve passengers as and when there is demand. An increase in the passenger seating capacity of GMBs could gradually result in a corresponding change in vehicle type available in the RMB rental market which could in turn lead to an increase in the RMB rental. Besides, with four additional passenger seats, the RMB drivers will have to compete keener for passengers, or wait longer at termini or en-route for passengers in order to fill up the RMBs as there may not be a corresponding increase in passenger demand. There is concern that the extended waiting time could drive away impatient passengers and reduce the number of trips that can be operated by the RMB drivers, adversely affecting the income of RMB drivers.

- ***The pressure to increase fares for PLBs and other public transport services was great***

6. GMB operators have to maintain their financial capabilities to provide efficient and proper public transport services to the community. On the other hand, we understand the public concerns over fare increase for public transport services. The Government has been cautious in processing fare increase applications from public transport operators, taking into account factors including the operators’ financial conditions, public acceptability and affordability.

7. In fact, we have established and adopted well-established mechanisms to assess fare adjustment applications from major public transport operators. Under these mechanisms, we will consider and balance all relevant factors, including public affordability while ensuring that the operators can sustain the provision of efficient public transport services to meet the needs of the public.

8. If GMB operators apply for fare increase because of rising operating cost in

order to maintain their financial capabilities and provide efficient services, TD will examine their applications based on individual merits. Furthermore, the operators can discuss with TD on rationalisation of routes and services with a view to containing the operating cost. TD also encourages the PLB trade to explore sources of non-fare revenue (such as vehicle body or vehicle compartment advertisements) to alleviate the pressure of fare increase.

### **Fare Concessions**

- *There was a need for PLBs to provide fare concessions for the elderly and persons with disabilities*

9. TD has all along been encouraging GMB operators to introduce fare concessions, taking into account the operators' respective operating and financial conditions. In line with the spirit of free enterprise, the provision of fare concession is the commercial decision of individual public transport operators. With TD's approval, GMB operators may provide time-limited or long-term fare concessions (e.g. for children, the elderly, students, people with disabilities, etc), in the light of their operating conditions and financial capability, so as to help reduce passengers' travelling expenses. Currently, 79 GMB routes are providing fare concessions for the elderly and 3 GMB routes are providing fare concessions for people with disabilities.

### **Pay of PLB Drivers**

- *Measures taken by the Administration to monitor the pay of GMB drivers to ensure that it is set at a reasonable level*

10. RMB drivers are mainly self-employed. They provide services by driving their own or rented minibuses. Their income depends on the operating hours of RMBs, level of fare, passenger demand and operating cost (including fuel, vehicle rental, maintenance and insurance, etc).

11. The pay of GMB drivers is agreed between the employee (individual driver) and the employer (GMB operator), and is governed by the relevant legislation on labour issues.

### **Replacement of Old PLBs with Greener Models**

- *To subsidize the replacement of old PLBs with greener PLBs*

12. Since 2002, the Government has introduced different incentive schemes to encourage owners of commercial vehicles (including owners of PLBs) to replace their old vehicles with new and greener models. Under the current incentive scheme (Incentive Scheme for Replacing Euro II Diesel Commercial Vehicles by New Commercial Vehicles) which was introduced on 1 July 2010 for application till 30

June 2013, a grant is offered to owners of Euro II diesel PLBs to replace their old vehicles with greener models that meet the Euro IV or more stringent emission standards. A respective grant of \$77,000 (diesel), \$88,000 (liquefied petroleum gas) and \$92,000 (electricity) per vehicle is offered under the scheme for different fuel used. Besides, to encourage the transport sector to test out green and low-carbon transport technologies, the Government has set up the \$300 million Pilot Green Transport Fund. The Fund will start accepting applications from 30 March 2011.

## **(II) Safety Equipment on PLBs**

- *There was a need to ensure (and subsidize if necessary) the installation of necessary safety equipments on PLBs*

13. The Government has all along adopted a multi-pronged approach through legislation, enforcement, as well as publicity and education to enhance safety of PLB operation.

14. PLBs are required to undergo TD's annual examination to ensure their roadworthiness. Furthermore, PLBs are required under the existing legislation to install speed display devices, passenger seat belts and high back seats (applicable to PLBs first registered on or after 1 August 2004). TD has also imposed new conditions on vehicle licences and passenger service licences of PLBs to require that all PLBs be retrofitted with speed limiters with technical standards meeting the international standards.

15. The Government plans to introduce in 2010-11 legislative session the following legislative proposals:

- (a) imposing a maximum speed limit of 80 kilometers per hour for PLBs;
- (b) mandating all PLBs to install speed limiters;
- (c) mandating electronic data recording device (commonly known as 'blackbox') as a basic equipment of newly registered PLBs;
- (d) requiring applicants of PLB driving licence to attend a mandatory pre-service training course; and
- (e) requiring the display of PLB driver identity plate inside the vehicle compartments while service is being provided.

16. The Police will continue to take enforcement actions against inappropriate driving behaviour of PLB drivers. Plainclothes officers are deployed to monitor their operation from time to time. In addition, TD will continue their efforts on the training and education of PLB drivers in order to enhance their safety awareness, improve service quality and instil in them proper driving behaviour.

## **Retrofitting of Seat Belts**

17. TD is working with the PLB trade to consider the proposal of extending the

requirement of retrofitting seat belts on PLBs to PLBs registered before 1 August 2004. It has been our policy that any vehicle equipment should be provided and installed by the owner if such equipment belongs to the basic vehicle equipment prescribed in the licensing conditions or stipulated under the legislation.

18. Regarding GMB operators, TD accepts that the expenditure incurred by the retrofitting of seat belts is part of the operating cost. If an operator sees a need to adjust the fare due to increased operating cost, it may submit an application to TD for consideration in accordance with the existing mechanism. RMB operators may adjust their fare in view of the market environment and operating cost, as RMBs fares are not regulated.

**Transport and Housing Bureau  
March 2011**

**Shares of different public transport modes in the total public transport market**

Year	Franchised bus		Railway		Public light bus		Ferry	
	Average daily patronage ('000)	Share in total public transport market	Average daily patronage ('000)	Share in total public transport market	Average daily patronage ('000)	Share in total public transport market	Average daily patronage ('000)	Share in total public transport market
<b>2006</b>	3,943.2	34.7%	4,124.6	36.3%	1,800.1	15.8%	154.2	1.4%
<b>2007</b>	3,963.8	34.4%	4,213.6	36.6%	1,815.3	15.8%	148.1	1.3%
<b>2008</b>	3,871.9	33.9%	4,187.8	36.7%	1,837.3	16.1%	147.1	1.3%
<b>2009</b>	3,811.8	33.6%	4,256.1	37.5%	1,853.1	16.3%	140.3	1.2%
<b>2010</b>	3,776.5	32.4%	4,521.5	38.8%	1,877.1	16.1%	135.5	1.2%

Year	Taxi		Residents' bus		MRT bus (West Rail Line/Light Rail)		Peak tram	
	Average daily patronage ('000)	Share in total public transport market	Average daily patronage ('000)	Share in total public transport market	Average daily patronage ('000)	Share in total public transport market	Average daily patronage ('000)	Share in total public transport market
<b>2006</b>	1,067.1	9.4%	181.0	1.6%	82.4	0.7%	12.1	0.1%
<b>2007</b>	1,097.3	9.5%	182.0	1.6%	88.9	0.8%	13.5	0.1%
<b>2008</b>	1,070.3	9.4%	192.1	1.7%	94.9	0.8%	13.6	0.1%
<b>2009</b>	954.3	8.4%	213.5	1.9%	102.8	0.9%	13.3	0.1%
<b>2010</b>	988.4	8.5%	220.7	1.9%	112.0	1.0%	14.7	0.1%

Note: The figures may not add up to 100% due to rounding.