

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1161/11-12

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**Panel on Transport**  
**Meeting on 9 March 2012**

**Updated background brief on**  
**franchises of New World First Bus Services Limited, Long Win Bus**  
**Company Limited and Citybus Limited (Franchise for airport and North**  
**Lantau bus network)**

**Purpose**

This paper provides background information on the subject of "Franchises of New World First Bus Services Limited (NWFB), Long Win Bus Company Limited (LW) and Citybus Limited (Citybus) (Franchise for airport and North Lantau bus network) (Franchise 2)". It also summarizes the major views and concerns expressed by members of the Panel on Transport (the Panel) in its past discussion.

**Background**

Bus franchises

2. At present, there are five franchised bus companies operating six bus franchises. They are The Kowloon Motor Bus Company (1933) Limited (KMB), Citybus (which operates two franchises, Hong Kong Island and cross-harbour routes (Franchise 1) and Franchise 2), NWFB, New Lantau Bus Company (1973) and LW.

3. Under section 5 of the Public Bus Services Ordinance (the Ordinance) (Cap. 230), the Chief Executive in Council (CE-in-Council) may grant to a company a franchise conferring the right to operate a public bus service. Under section 6 of the Ordinance, a franchise may be granted for a period not exceeding 10 years. If the CE-in-Council thinks fit, the CE-in-Council may grant a new franchise to an existing grantee for a period not exceeding 10 years

to begin immediately upon the expiry of the existing franchise. Section 6 also provides that an existing grantee may request an extension of its franchise for a further period not exceeding five years.

4. The Government's key consideration in awarding or extending a bus franchise is the provision of a proper and efficient public bus service. Section 12 of the Ordinance prescribes that a grantee of a bus franchise shall, at all times during the franchise period, maintain to the satisfaction of the Commissioner for Transport a proper and efficient public bus service.

### **Expiry of franchises of NWFB, LW and Citybus (Franchise 2)**

5. The current franchises of LW<sup>1</sup> and Citybus<sup>1</sup> (Franchise 2) commenced on 1 June 2003 and will expire on 1 May 2013. NWFB<sup>1</sup>'s current franchise commenced on 1 August 2003 and will expire on 1 July 2013. The three franchised bus companies have indicated an interest to renew their franchises for another 10 years to take effect upon the expiry of their current ones.

6. To assess whether the franchised bus companies have been providing proper and efficient services, the Transport Department (TD) has been conducting regular reviews of their performance through passenger satisfaction surveys, site surveys, vehicle inspections, examination of regular returns and public feedback.

### Renewal of franchises

7. According to the Administration, based on the assessments of the performance of the three franchised bus companies, the Commissioner for Transport is of the view that NWFB, LW and Citybus (Franchise 2) have been providing proper and efficient bus services. The three bus companies have also demonstrated their willingness to invest for further improvements. The Administration plans to negotiate with the three franchised bus companies respectively new 10-year franchises to take effect immediately upon the expiry of their existing franchises in 2013. The Administration aims to conclude the negotiations by early 2012 and shall report the outcome of the negotiations to the Panel.

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<sup>1</sup> The main operating areas for LW and Citybus (Franchise 2) are in North Lantau and the Airport. The main operating areas for NWFB are on Hong Kong Island.

## **Discussion of the Panel on franchises of NWFB, LW and Citybus (Franchise 2)**

8. The last franchise negotiation of the three bus companies was carried out by the Administration in 2002. The Panel discussed the matter on 24 May 2002 and 28 June 2002 and made various suggestions to refine the proposed terms of the franchises with a view to enhancing the efficiency of bus services.

9. At the Panel meeting on 11 July 2011, the Administration briefed the Panel on its plan to renew the franchises of NWFB, LW and Citybus (Franchise 2) upon expiry of their current franchises in 2013, and invited views of Panel members on the requirements of the new franchises. On 7 November 2011, the Panel received public views on the improvements that should be made to bus services. At its meeting on 5 December 2011, Panel members further discussed the requirements of the new franchises for the three bus companies.

10. During previous discussions of the Panel, members have expressed the following major views and concerns -

- (a) Need for improvements to facilities especially for the elderly and disabled passengers
  - to ensure compliance of the requirements of providing necessary facilities for the elderly and disabled passengers, such requirements should be laid down in the relevant bus franchises;
  - although proposals on elderly-friendly bus design had been made to the Administration for consideration almost one year, no progress had been made in taking forward the proposals;
  - the Administration should discuss with the bus operators on the request for installing bus number announcement facility outside the bus to facilitate blind persons identifying the buses they were waiting for;
- (b) Provision of bus fare concessions and enhancement of Bus-Bus Interchange (BBI) schemes
  - there was a need to ensure the provision of fare concessions for the elderly and the disabled by including this requirement in the relevant franchise negotiations;

- the Administration should seriously consider establishing a fund using public money for providing fare concessions for the elderly and the disabled, and reference could be made to relevant overseas experience. The three franchised bus companies should be required to undertake to provide administrative support for the provision of fare concessions;
- the Administration should play a co-ordinating role to ensure bus companies would introduce more BBI schemes to facilitate the travelling public and incorporate the BBI Schemes in the new franchises;
- the relevant bus companies should be required to offer fare concessions/monthly tickets for airport staff and enhance the current BBI schemes on airport bus routes;
- the Administration should introduce a compulsory requirement in the new franchise contract that comprehensive BBI schemes (i.e. implementing the schemes on all routes instead of selective routes, and among different bus companies) had to be provided by the bus companies concerned;

(c) Enhancement of performance in environmental improvement

- bus companies concerned should be required to expedite the replacement of franchised buses with environmentally-friendly or zero-emission buses. Consideration should be given to specifying in the new franchises the types of environment-friendly buses which the bus companies should switch to and their proportion;
- the Administration should incorporate more environmental protection requirements in the new franchises to improve air quality in Hong Kong;

(d) Monitoring and improving the performance of bus companies

- requirements for the conduct of medium-term reviews should continue be included in the franchises, so as to enable the Administration to terminate the franchises if the bus companies concerned fail to meet the performance targets;

- the Administration should review the service adequacy of individual bus routes (e.g. airport staff had been complaining about the frequency of Citybus's external routes and the airport bus routes during mid-night in general);
  - the Administration should consider including bus companies' performance in improving staff remuneration and welfare as one of the factors for assessing their overall performance;
- (e) Enhancement of information to passengers
- the relevant bus companies should be required to install Global Positioning System in their bus fleet and display panels at bus termini/stops to facilitate provision of instant bus information to passengers; and
- (f) Carriage of bicycles on buses
- bus companies should be requested to work out feasible measures to facilitate carriage of bicycles on buses.

11. The Administration advised that it would endeavour to negotiate with the relevant bus companies on all the suggestions/requests it received, including the enhancement of bus services and provision of fare concessions.

### **Latest development**

12. The Panel will hold a meeting on 1 March 2012 to further discuss issues relating to franchises of NWFB, LW and Citybus (Franchise 2) with the Administration.

13. A list of relevant papers is in **Appendix**.

**Appendix**

**Franchises of New World First Bus Services Limited, Long Win Bus Company Limited and Citybus Limited (Franchise for airport and North Lantau bus network)**

**List of relevant papers**

<b>Date of meeting of Panel on Transport</b>	<b>Minutes/Paper</b>	<b>LC Paper No.</b>
24 May 2002	Administration's paper on Applications for Renewal of Bus Franchises (i) Citybus Limited (Franchise for Airport and North Lantau routes) (ii) Long Win Bus Company Limited (iii) New World First Bus Services Limited	CB(1)1764/01-02(04)
	Minutes of the meeting	CB(1)2084/01-02
28 June 2002	Supplementary information paper provided by the Administration	CB(1)2108/01-02(01)
	Minutes of the meeting	CB(1)2450/01-02
11 July 2011	Administration's paper on Franchises of New World First Bus Services Limited, Long Win Bus Company Limited and Citybus Limited (Franchise for airport and North Lantau bus network)	CB(1)2647/10-11(04)
	Minutes of the meeting	CB(1)220/11-12

<b>Date of meeting of Panel on Transport</b>	<b>Minutes/Paper</b>	<b>LC Paper No.</b>
7 November 2011	Administration's paper on franchises of New World First Bus Services Limited, Long Win Bus Company Limited and Citybus Limited (Franchise for airport and North Lantau bus network)	CB(1)227/11-12(03)
5 December 2011	Administration's paper on franchises of New World First Bus Services Limited, Long Win Bus Company Limited and Citybus Limited (Franchise for airport and North Lantau bus network)	CB(1)464/11-12(04)

Council Business Division 1  
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