

For information

**LEGISLATIVE COUNCIL  
PANEL ON TRANSPORT**

**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 informs Members of the latest progress of the negotiations with New World First Bus Services Limited (“NWFB”), Long Win Bus Company Limited (“LW”) and Citybus Limited (“Citybus”) in respect of its franchise for the Airport and North Lantau bus network (“Franchise 2”) on the proposed granting of new franchises upon the expiry of their current ones in 2013.

**Background**

2. At the meeting of this Panel on 9 March 2012, the Administration informed Members of the latest position of the negotiations with NWFB, LW and Citybus (Franchise 2) on the proposed new franchises (LC Paper No. CB(1)1157/11-12(05)). The Panel requested the Administration to provide progress reports on the subject for Members’ information.

**Progress of the Negotiations on the New Franchises**

3. We have been discussing with NWFB, LW and Citybus (Franchise 2) to include new or amended clauses in the new franchises and to make commitments on specific measures in respect of introduction of fare concessions, enhancement in facilities and information for passengers, and environmental improvement measures, which are the three areas which have attracted the most attention during public consultation and discussions at this Panel. We are making substantial progress on our discussions with the bus companies. The major new/amended clauses and commitments of the emerging proposed new franchises are set out in paragraphs 4 to 9 below.

## Fare Concessions

4. Over the years, NWFB, LW and Citybus (Franchise 2) have been providing fare concession schemes to better meet passenger needs. At present, the three bus companies are providing 116 bus-bus interchange concession schemes (“BBIs”) and fare discounts on 113 routes (out of the total of 128 routes) in the form of section fares, same day return discounts and/or special discount for airport workers, etc. Having regard to the fact that existing fare concessions offered by the bus companies already cover 88% of all routes operated by them, we have placed emphasis on new fare concession proposals that can meet specific local needs and long-standing requests from local passengers in our discussions with the bus companies. Such proposals include, for example, more BBIs between the airport routes (commonly known as “A” routes) and external routes (commonly known as “E” routes) serving the Airport and Tung Chung for added convenience and fare savings, new inter-company BBIs to further improve the bus network coverage, as well as more section fares for short-distance passengers, and possible fare discounts to airport workers on suitable routes.

5. This Panel has requested the franchised bus companies to fully implement distance-based section fares. We have discussed with the bus companies the proposal and they have grave concerns on the operational and financial difficulties of implementing the proposal. Full implementation of distance-based section fares would require a fundamental revamp in the current bus fare structure<sup>1</sup> and bring major changes to passenger travelling pattern. Operationally, with distance-based fares, passengers may be prompted to take a long-distance route even if they only need to travel a short distance, thereby affecting the occupancy and journey time of the long-distance route. The bus operator would also have to deploy additional vehicles on the long-distance route to meet short-distance demand, resulting in misallocation of resources and reduction in efficiency of the overall bus networks. This would have considerable implications operationally and financially, and such implications would eventually be reflected in the basic fares. After taking the views of the bus companies into consideration and having examined the possible financial and fare implications, we consider that it is more pragmatic and practicable to provide more new BBIs and sections fares on suitable routes to meet the practical needs of the passengers.

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<sup>1</sup> The existing fare scales of franchised buses are determined based on journey distance and the nature of the bus services (such as local routes, cross-harbour routes, express routes, airport routes, and special services), having regard to relevant factors (such as journey time, operating costs, number and distribution of passengers).

## Enhancing Standard of Bus Services

6. In the paper discussed by this Panel in March 2012 (LC Paper No. CB(1)1157/11-12(05)), we reported that we had been discussing with the bus companies on adding new franchise clauses or revising existing clauses relating to the provision of enhanced facilities and information to passengers. Thus far, the bus companies have agreed –

- (a) to include a new clause in the franchise to empower the Commissioner for Transport (“the Commissioner”) to require the bus companies to provide service and safety enhancement facilities or design features on their buses; and
- (b) to amend and update the relevant clauses in the current franchises so as to enhance the Commissioner’s regulatory power over the type, form and manner of information to be provided by the bus companies to passengers.

7. Futhermore, they have agreed to implement the following major specific measures to enhance the standard of bus service -

- (a) adopting bus design with barrier-free and elderly-friendly features<sup>2</sup> when setting specifications for new buses;
- (b) providing higher quality buses (e.g. with more comfortable seat design) on airport routes (operated by LW and Citybus (Franchise 2) currently);
- (c) providing facilities and installation to further enhance bus safety, such as fire alarm or suppression system in engine compartment, and cameras for bus reversing and surveillance;
- (d) allowing foldable bicycles, which are properly folded and packed, and would not cause any hazard to other passengers, to be carried on franchised buses; and
- (e) providing enhanced passenger information including more and better route information, bus service enquiry system through web browsers,

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<sup>2</sup> The major barrier-free features and facilities include low-floor and wheelchair accessible designs, provision of wheelchair parking spaces and the associated safety restraint system, designated priority seats for persons in need, enhanced railing design, easily reached pushed buttons, bus stop announcement system, large electronic destination and route number display panels.

installation of electronic display panels at major termini and on-board buses etc.

In response to a suggestion at the Panel meeting in March 2012, the bus companies have further agreed to provide seating facilities at new bus stop shelters where practicable.

### Environmental Improvement Initiatives

8. In relation to environmental improvement, all the three bus companies have agreed to include new/amended clauses in the franchises to, as far as reasonably practicable, acquire the most environmentally friendly buses (including zero emission buses) and adopt products that are technologically proven and commercially available to reduce emissions, having regard to the feasibility as well as affordability for the passengers and operators.

9. To further help improve roadside air quality, the bus companies agreed to make commitments on the deployment of low emission buses for operation at pilot low emission zones in Causeway Bay, Central and Mongkok delineated by the Environmental Protection Department, with the target of having only low emission buses in these pilot low emission zones by 2015.

### **Consultation with the Transport Advisory Committee and Action Ahead**

10. We reported the progress of the franchise negotiations to the Transport Advisory Committee (“TAC”) at its meeting on 27 March 2012, and would take into account the advice of TAC in taking forward the matter.

11. We shall continue with our discussions with the bus companies on the details of the new/amended clauses as well as their commitments on fare concessions and service enhancement measures. As previously mentioned, we will endeavour to complete the procedures on bus franchise renewal by mid-2012 and will make further reports to this Panel.

### **Advice Sought**

12. Members are invited to note the content of this paper.

**Transport and Housing Bureau  
Transport Department  
March 2012**