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Panel on Transport
Meeting on 23 June 2014

Background brief on
franchises of Citybus Limited (Franchise for Hong Kong Island and
cross-harbour bus network) and New Lantau Bus Company (1973)

Purpose

This paper provides background information on the franchises of Citybus Limited ("Citybus") (Franchise for Hong Kong Island and cross-harbour bus network) ("Franchise 1") and New Lantau Bus Company (1973) ("NLB"). It also summarizes the major views and concerns expressed by members of the Panel on Transport ("the Panel") on the subject in the past discussions.

Background

2. At present, there are five franchised bus companies operating six bus franchises. They are The Kowloon Motor Bus Company (1933) Limited, Citybus (which operates two franchises, Franchise 1 and another for the Airport and North Lantau bus network ("Franchise 2")), New World First Bus Services Limited ("NWFB"), New Lantau Bus Company (1973) ("NLB") and Long Win Bus Company Limited ("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 ten 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 ten 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. According to the Administration, 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 ("C for T") a proper and efficient public bus service.

5. The current franchise of Citybus (Franchise 1) commenced on 1 July 2006 and will expire at 0400 hours on 1 June 2016, and that of NLB commenced on 1 April 2007 and will expire at 0400 hours on 1 March 2017.

Past discussions on bus franchises by Members

6. Members expressed the following major concerns while discussing matters relating to the granting/renewal of bus franchises.

Fare concessions

7. Members had all along been concerned about the bus fares and requested the bus companies to offer more fare concessions to better meet passengers' needs.

8. When discussing the granting of the franchises of Citybus (Franchise 1) and NLB at its meetings on 17 November 2005, 25 November 2005 and 16 December 2005, Panel members requested for removing the advance payment arrangement of the fare reduction initiatives of the above companies, and increase the extent of the proposed fare reduction so as to benefit more passengers. Members also urged the Administration to take the opportunity to request bus companies to provide concessionary fares to the elderly and persons with disabilities. The advance payment arrangement was subsequently removed by the bus companies concerned and the fare reduction initiatives were modified.

9. When the Panel discussed the granting of the existing franchises of NWFB, LW and Citybus (Franchise 2) in 2011 and 2012, members urged that the Administration should add some fare-related requirements while discussing the franchise renewal with bus companies. These fare-related requirements included fare reduction or concession schemes, more bus-bus interchange schemes; introducing inter-company bus-bus interchange schemes; fare discounts/monthly tickets for frequent users; more section fares; and fare concessions for persons with disabilities, the elderly and students.

Enhancing standard of bus service

10. At the Council meetings of 29 May 2013, 4 December 2013, 18 December 2013 and 11 June 2014, Members raised concern over the performance of franchised bus service and urged the Administration to take the opportunity of franchise renewal to require service improvement by bus companies, for example, provision of real-time bus service information to passengers, provision of more low-floor buses and improvement of lost trip rate.

Provision of real-time bus service information to passengers

11. According to the Administration, Transport Department ("TD") had all along encouraged franchised bus companies to make use of information technology in providing passengers with service information. The relevant clauses had been updated in the new franchises of NWFB, LW and Citybus Limited (Franchise 2) commencing in 2013 to enhance the regulatory power of C for T over the type, form and manner through which service information was provided by bus companies to passengers. Revised franchise clauses specifically required the provision of service information by bus companies at their websites in accordance with the requirements of C for T. Furthermore, these companies had committed to provide passenger information and enquiry system via the internet and smart phone applications, and to further enhance the system as necessary in future. The Government planned to include similar clauses and request the franchisees to make similar service commitments in the other three franchises when they expire in 2016/2017.

Low-floor buses

12. In respect of Members' concern over the number of low-floor buses to facilitate wheelchair users, the Administration advised that since 2001, franchised bus companies had been acquiring wheelchair-accessible low-floor models when purchasing new buses or replacing existing buses whenever possible, with the only exception of NLB. This was because low-floor buses were not suitable for operation on some roads with steep gradient and sharp bends in South Lantau. NLB could therefore only procure as far as possible wheelchair-accessible low-floor buses for use on bus routes not covering roads with steep gradient. All buses operated by LW and Citybus (Franchise 2) were now accessible by wheelchair users.

Lost trips of franchised buses

13. On the lost trips of franchised buses, the Administration advised that the major reasons for lost trips in franchised bus service included shortage of bus

captains, shortage of buses due to repair and maintenance, mechanical breakdown of vehicles and road congestion or traffic accidents, etc. TD had all along been closely monitoring and following up on deviation from service schedules and lost trips. Under section 18 of the Ordinance and the current franchise clauses, a franchised bus company should keep, to the satisfaction of C for T, proper records in respect of bus operation, including the number of buses in use on each route; the number of journeys and total kilometres travelled per day; and the number of lost trips due to accidents, vehicle breakdown as well as vehicle and staff shortages. According to the Administration, the bus company should furnish copies of the records to C for T at such times and in such form and manner (e.g. computer output) as C for T might require. Currently, TD could directly access the above operational information electronically via computer terminals. If lost trips of individual routes were identified at a particular location and during a certain time period, TD would take follow-up actions. This arrangement, together with site inspections by TD, allowed effective monitoring of the situation.

14. The Administration advised that with TD's directive for improvement and franchised bus companies' active implementation of rectification measures, the lost trip situation had improved considerably since mid-2012.

Occupational safety and health of bus captains

15. Members were also concerned about the occupational safety and health of bus captions and requested the bus companies to provide more rest time for them. In response to a question raised at the Council meeting of 12 February 2014 regarding the working environment for bus captions, the Administration advised that TD met with the franchised bus companies from time to time and discussed with them bus services and related matters, such as route planning, service frequency, service level, operational safety and working environment of bus captains. TD also met with the representatives of bus captain unions to understand and discuss issues of their concern. They were mainly on work arrangements, measures for improving operational safety, working environment of bus captains, etc. TD, together with franchised bus companies, had taken appropriate and feasible follow-up actions on the comments and requests raised by bus captain unions. Examples include the provision of mobile toilets or facilities such as microwave ovens and refrigerators for use by staff at a number of bus termini.

Environmental improvement measures

16. Regarding members's concern about the environmental improvement initiatives of bus companies when the Panel discussed the granting of the existing franchises of NWFB, LW and Citybus (Franchise 2) in 2011 and 2012, the Administration advised that all the above bus companies had 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.

17. The Administration further advised that to further help improve roadside air quality, the above 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.

Latest position

18. The Administration will brief the Panel on the franchises of Citybus Limited (Franchise 1) and NLB at the Panel meeting to be held on 23 June 2014.

19. A list of relevant papers is in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
19 June 2014

Appendix

Franchises of of Citybus Limited (Franchise for Hong Kong Island and cross-harbour bus network) and New Lantao Bus Company (1973)

List of relevant papers

Date of meeting of Panel on Transport	Minutes/Paper	LC Paper No.
17 November 2005	Administration's paper	CB(1)309/05-06(02) http://www.legco.gov.hk/yr05-06/english/panels/tp/papers/tp1117cb1-309-2e.pdf
	Minutes of the meeting	CB(1)549/05-06 http://www.legco.gov.hk/yr05-06/english/panels/tp/minutes/tp051117.pdf
25 November 2005	Minutes of the meeting	CB(1)694/05-06 http://www.legco.gov.hk/yr05-06/english/panels/tp/minutes/tp051125.pdf
16 December 2005	Minutes of the meeting	CB(1)713/05-06 http://www.legco.gov.hk/yr05-06/english/panels/tp/minutes/tp051216.pdf
January 2006	Legislative Council brief	ETWB(T) CR 2/5591/99 http://www.legco.gov.hk/yr05-06/english/panels/tp/papers/etwb_t_cr_2_5591_99e.pdf
11 July 2011	Administration's paper	CB(1)2647/10-11(04) http://www.legco.gov.hk/yr10-11/english/panels/tp/papers/tp0711cb1-2647-4-e.pdf

Date of meeting of Panel on Transport	Minutes/Paper	LC Paper No.
	Minutes of the meeting	CB(1)220/11-12 http://www.legco.gov.hk/yr10-11/english/panels/tp/minutes/tp20110711.pdf
7 November 2011	Administration's paper	CB(1)227/11-12(03) http://www.legco.gov.hk/yr11-12/english/panels/tp/papers/tp1107cb1-227-3-e.pdf
	Minutes of the meeting	CB(1)1363/11-12 http://www.legco.gov.hk/yr11-12/english/panels/tp/minutes/tp20111107.pdf
5 December 2011	Administration's paper	CB(1)464/11-12(04) http://www.legco.gov.hk/yr11-12/english/panels/tp/papers/tp1205cb1-464-4-e.pdf
	Minutes of the meeting	CB(1)1482/11-12 http://www.legco.gov.hk/yr11-12/english/panels/tp/minutes/tp20111205.pdf
9 March 2012	Administration's paper	CB(1)1157/11-12(05) http://www.legco.gov.hk/yr11-12/english/panels/tp/papers/tp0309cb1-1157-5-e.pdf
	Background brief	CB(1)1161/11-12 http://www.legco.gov.hk/yr11-12/english/panels/tp/papers/tp0309cb1-1161-e.pdf

Date of meeting of Panel on Transport	Minutes/Paper	LC Paper No.
	Administration's follow-up paper	CB(1)1481/11-12(01) http://www.legco.gov.hk/yr11-12/english/panels/tp/papers/tp0309cb1-1481-1-e.pdf
	Minutes of the meeting	CB(1)2490/11-12 http://www.legco.gov.hk/yr11-12/english/panels/tp/minutes/tp20120309.pdf
29 May 2013	Dr Hon KWOK Ka-ki raised a question on bus route rationalisation	http://www.info.gov.hk/gia/general/201305/29/P201305280641.htm
4 December 2013	Hon WU Chi-wai raised a question on improvement to the services provided for bus passengers	http://www.info.gov.hk/gia/general/201312/04/P201312040450.htm
18 December 2013	Dr Hon CHIANG Lai-wan raised a question on franchised bus services	http://www.info.gov.hk/gia/general/201312/18/P201312180270.htm
12 February 2014	Hon WONG Kwok-hing raised a question on facilities at bus termini	http://www.info.gov.hk/gia/general/201402/12/P201402120303.htm
11 June 2014	Hon MA Fung-kwok raised a question on lost trips of franchised buses	http://www.info.gov.hk/gia/general/201406/11/P201406110345.htm