

**For discussion  
on 12 May 2015**

**Legislative Council Panel on Transport  
Public Transport Strategy Study –  
Seating Capacity of Public Light Buses**

**Purpose**

Eight topical issues will be covered by the Topical Study under the Public Transport Strategy Study (“PTSS”). One of the topical issues is a preliminary assessment over the proposal to increase the seating capacity of public light buses (“PLBs”) as being put forth by the PLB trade. This paper aims to brief Members on the progress of our preliminary assessment, and includes a summary of the views of the PLB trade and other stakeholders on the proposal as well as of matters that the Government should take into account when deciding whether the proposal is feasible and desirable later on. After listening to the views of the Panel, the Government will carry out an in-depth analysis under the Role and Positioning Review (“RPR”) of the PTSS in due course to decide whether the seating capacity of PLBs should be increased.

**Background**

2. Under the current public transport policy, railway is the backbone of our public transport system complemented by other public transport services. In tandem with the further development of the heavy rail network, we consider it necessary to examine the overall strategic arrangements of the public transport system so as to enhance the complementarity amongst the various public transport services, having regard to the availability of multi-modal choices and balance of operating environment of our public transport system. This is to ensure that the public can enjoy efficient services with reasonable modal choices on the one hand, and public transport operators can enjoy sustainability on the other. To this end, the Government has commenced the PTSS. As

explained in our work plan presented to the Legislative Council (“LegCo”) Panel on Transport in November 2014, the PTSS comprises two parts, namely the RPR and the Topical Study. The RPR will review the roles and positioning of various public transport services, while the Topical Study will look into important topics that are of concern to LegCo members, the public and the public transport trades. The workflow of the two parts is repeated at **Annex 1**.

3. Among the various public transport services, PLBs play a role in providing supplementary feeder service and serving areas where passenger demand is comparatively lower or where the use of high-capacity transport modes is not suitable. Whilst taxis and non-franchised buses (“NFBs”) also play a similar role in providing supplementary feeder service within the public transport system, they serve different functions. Taxis provide point-to-point transport service that is more comfortable and at a higher fare. NFBs, with a higher passenger capacity, provide different types of transport service for client groups such as students, tourists, residents, hotel guests, etc. The sources of passengers of these three modes of transport overlap in some cases. Yet, given their different functions as well as the difference in compartment design, passenger capacity, fares and routeing, the three modes have generally struck a balance in terms of their operating environment over the years. Passengers can also have reasonable choices.

### **Operation of PLBs**

4. At present, there are 4,350 PLBs in Hong Kong. There are two types, i.e. green minibuses (“GMBs”) and red minibuses (“RMBs”). GMBs provide scheduled service with fixed routes, fares, vehicle allocation and timetable approved by the Transport Department (“TD”). RMBs are not required to operate on fixed routes or timetable and can set their own fares, and are subject to certain restrictions on their service area

under existing policy<sup>1</sup>. The Government encourages RMBs to convert to GMBs through planning and introducing new GMB routes. By the end of 2014, there were 3,143 GMBs (72%) operating about 350 routes and carrying an average of about 1,500,000 passengers per day. At the same time, there were 1,207 RMBs (28%) in operation, carrying an average of about 347,000 passengers per day. The average daily patronage of PLBs at over 1,800,000 passengers makes up of about 15% of the total public transport patronage. In the past decade, the overall number of passengers using public transport services has increased by about 12%, from 11,700,000 in 2005 to 12,500,000 in 2014. Nevertheless, the patronage of PLBs has registered a slight drop. Details on PLB patronage on a per year basis are shown at Annex 2. In brief, the average daily patronage of PLBs has declined from about 1,895,000 at its peak in 2011 to about 1,857,000 in 2014 (a decrease of 38,000 or 2%).

5. Similar to other public transport trades, PLBs are facing changes in their operating environment in recent years. The major problems faced by GMB operators are a rise in operating costs (particularly on maintenance, insurance and staff) as well as shortage of drivers. Due to their relative smaller scale of operation, GMB operators find it relatively more difficult to retain existing drivers or recruit new ones. On the other hand, measures to improve the financial viability of GMBs, such as fare increases, frequency reduction and route truncation and cancellation, can often not be implemented smoothly due to strong local resistance. According to the financial records submitted to the TD by GMB operators in the past three years, about 70% of GMB routes were operating at a loss every year. Please see Annex 3 for details.

6. For RMBs, their operators and drivers may flexibly adjust their routes and fares having regard to actual passenger demand and market situation. However, RMBs also face competition from new

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<sup>1</sup> The Government's established policy is to restrict the total number of public light buses and contain their service area. Taking into account the road congestion problem in Hong Kong and the objective to encourage the conversion of RMBs to GMBs, the Government has imposed certain restrictions on RMB operation. RMBs can operate in their existing service area but are not allowed access to new towns or new housing developments. Besides, there are also restrictions on RMBs in using expressways.

railway lines in recent years. Its share in the more profitable market in the urban area is shrinking. For instance, patronage of certain RMB routes serving the Western District has dropped significantly after the opening of the West Island Line. The opening of more new railway lines in the coming few years may pose further challenges to RMB operation. We plan to introduce more GMB routes where necessary and, in the process, encourage RMBs to convert to GMBs.

7. Although the overall operating environment of PLBs is becoming more difficult, there are still some routes with good passenger volume. Service of these routes is in short supply during peak hours, whereby passengers have to wait for the vehicles. Besides, whenever a new railway comes into operation, GMB service for the district(s) concerned has to be reorganised. Existing routes may be cut or merged, but new routes may also be introduced. GMBs should thus still have room to develop after the opening of new railway lines.

### **Views of the PLB trade on the seating capacity of PLBs**

8. The law<sup>2</sup> provides that each PLB can carry 16 passengers at most. The GMB trade<sup>3</sup> has from time to time indicated to the Government that its operating environment is becoming more difficult as the railway network expands. Since the start of 2014, the GMB trade has proposed to the Government to increase the seating capacity of PLBs from 16 to 20-24. Key justifications for the proposal are as follows:

- (a) an increase in the seating capacity of PLBs can help meet passenger demand and reduce waiting time during peak hours;

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<sup>2</sup> Section 27 of the Road Traffic (Construction and Maintenance of Vehicles) Regulations (Cap 374A) regulates the maximum passenger seating capacity of different classes of vehicles. The passenger seating capacity for a Light Bus is set at 16 persons.

<sup>3</sup> The GMB trade is mainly represented by two GMB organisations, namely the Hong Kong Scheduled (GMB) Licensee Association and GMB Maxicab Operators General Association Limited. As at the end of 2014, around half of the GMB operators have joined these two associations.

- (b) an increase in the seating capacity of PLBs can enable each vehicle to carry more passengers, thereby improving the financial position of the trade. This helps to facilitate the sustainable development of the trade and further enhancement of service quality; and
- (c) the pressure to increase fare can be alleviated if the financial viability of PLB service can be maintained.

9. Nevertheless, some RMB trade associations (particularly those representing frontline RMB drivers) have indicated that an increase in the seating capacity of all PLBs would lead to higher daily rental for RMBs as well as longer waiting time to fully load a vehicle. This might lower service efficiency and reduce its attractiveness to passengers. Moreover, some RMB trade representatives have suggested that the seating capacity of PLBs should only be increased to 18, instead of 20-24. As shown from the above, there are indeed differing views within the PLB trade as to whether and how the seating capacity of PLBs should be increased.

### **Views of other public transport trades on the seating capacity of PLBs**

10. Operators of franchised buses, taxis and NFBs are against the GMB trade's proposal to increase the seating capacity of PLBs. They are concerned that such an arrangement would lead to unhealthy competition among the various public transport modes, and muddle the roles played by the different modes within the public transport system.

### **Views of the stakeholders**

11. Apart from the transport trades, the public (including some members of LegCo and district councils) have expressed views on the proposal to increase the seating capacity of PLBs. Their major arguments for and against the proposal are summarised below.

### Arguments for the proposed increase

12. The major views that we have come across which are in support of the increase in the seating capacity of PLBs are summarised as follows:

- (a) an increase in the seating capacity of PLBs can help better cater for passenger demand and reduce waiting time during peak hours. This is particularly important for GMB routes with a higher demand;
- (b) the operating income of each PLB should increase because of the increased seating capacity. This will reduce the pressure for fare increases and generate more income for acquisition of new vehicles and replacement of compartment facilities. This should help enhance service efficiency and alleviate roadside air pollution;
- (c) with an increase in seating capacity, the trade may use fewer PLBs to provide the same level of service (especially for routes with keen demand). This would help address the issue of driver shortage; and
- (d) if the proposal to increase seating capacity is supported by the public, it should first be implemented on PLB routes with a higher patronage to mitigate the negative impact of loss of passengers for taxis. Partial, instead of full, implementation of the proposal can also reduce the tendency for PLB drivers to speed in order to operate additional trips to cope with the higher demand during peak hours.

### Arguments against the proposed increase

13. The major views that we have come across which are against the increase in the seating capacity of PLBs are summarised as follows:

- (a) patronage of PLBs has been in decline in recent years. The current overall passenger capacity is sufficient for meeting demand. Increasing the seating capacity may result in an oversupply of PLB service, which may upset the balance between supply and demand. Besides, an increase in the seating capacity of PLBs will change its supplementary role in the public transport system. This will affect the roles and positioning of various public transport modes as well as their operating environment (particularly that for taxis and NFBs), leading to an unhealthy competition among the different transport services and undermining their healthy development in the long term;
- (b) with an increase in the seating capacity, it is anticipated that the PLB drivers will spend more time at the terminal or en route stops to wait for passengers in order to fill the additional seats. This situation would be more prevalent during non-peak hours, and may lead to traffic congestion as well as more roadside emission;
- (c) whether an increase in the seating capacity of PLBs will lead to a corresponding increase in service demand, which in turn could help improve the financial position and reduce the pressure to increase fare, remains uncertain. Even if there is an increase in revenue, a larger and heavier vehicle will be more costly to operate. As such, it is yet to be known whether the proposal will bring overall benefit to the trade. Moreover, the income of rentee drivers may not necessarily improve even when the revenue generated does go up as vehicle rental may also rise; and
- (d) an increase in the seating capacity of PLBs may prompt the drivers to drive faster in order to pick up more passengers. This may worsen the speeding problem.

## **Overall considerations and follow-up work**

14. As shown from the above, there are indeed mixed views on the pros and cons of the proposed increase in the seating capacity of PLBs. Whether the proposal is feasible and desirable is yet to be seen. Therefore, the Government will conduct an in-depth study on the following key issues:

- (a) The patronage of PLBs has been dropping in recent years, which results in a drop in the income of the trade. Will an increase in the number of seats bring extra income to the operators? Will the passengers also benefit from such an arrangement?
- (b) How will the increase in the seating capacity of PLBs affect the operation and long-term development of PLBs and other public transport trades? Will there be adverse impacts (such as the emergence of unhealthy competition among the various public transport services)? Or will it generate positive impacts (e.g. complementarity among different public transport modes in terms of vehicle types, routeing and service network)?
- (c) What impact will an increase in the seating capacity of PLBs have on road traffic management and roadside air quality?
- (d) If the outcome of the detailed study is that it is generally desirable to increase the seating capacity of PLBs, what will the details of implementation be? For instance, exactly how many seats should be added? Should the increase be applied to all PLBs? If the seating capacity of all PLBs is raised according to the proposal of the trade and the modus operandi remains unchanged, this will represent an increase of 25-50% in passenger capacity, and is equivalent to an increase of about 1,087 to 2,175 16-seat PLBs. If only some PLBs are to increase their seating capacity, what are the criteria for deciding whether a PLB



should be eligible for such an increase?

- (e) The number of seats of a PLB is regulated statutorily. All PLBs have to comply. Regulation 27 of the Road Traffic (Construction and Maintenance) Regulations (Cap. 374A) stipulates that the maximum number of passenger seats on a “Light Bus” is 16. Meanwhile, a “Bus”, as defined under the law, refers to a vehicle that can carry more than 16 passengers. Changing the maximum number of seats on PLBs would require legislative amendments. Due considerations should also be given to the corresponding impacts on bus service.

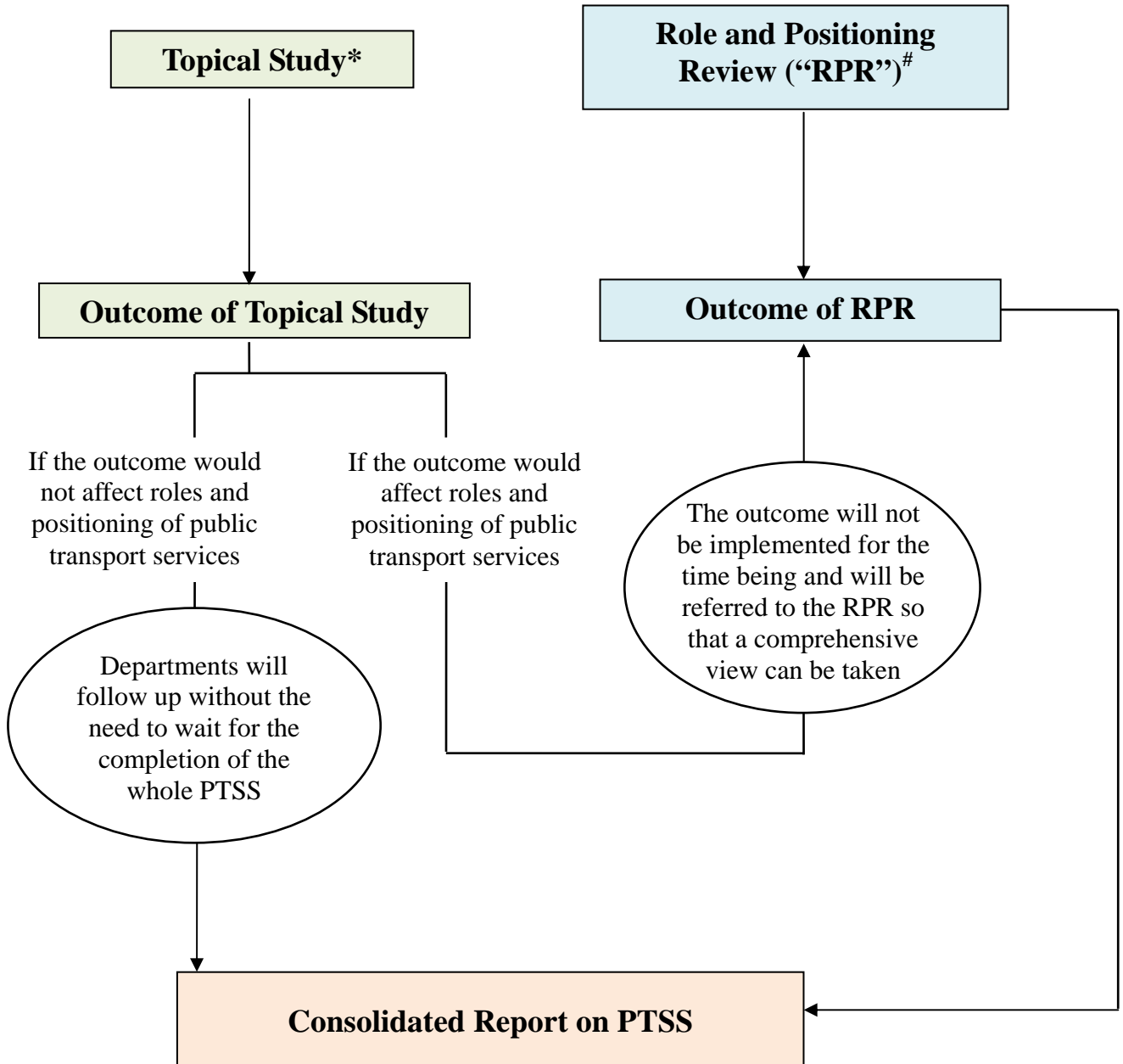
15. The Government will conduct an in-depth study under the RPR of the PTSS. According to the present work plan, the RPR will commence around mid-2015 and is expected to be completed in about two years’ time.

#### **Advice sought**

16. Members’ views are sought on the proposal to increase the seating capacity of PLBs.

**Transport and Housing Bureau**  
**May 2015**

**Two-part Work Flow under the  
Public Transport Strategy Study (“PTSS”)**



\* We will report the outcome of individual issues covered by the Topical Study to the Legislative Council (“LegCo”) Panel on Transport starting from the first quarter of 2015.

# The RPR will commence after the required manpower is approved under the established procedures.

**Annex 2****Change in Patronage of Public Light Buses from 2005 to 2014**

<b>Year</b>	<b>GMBs (a)</b>		<b>RMBs (b)</b>		<b>PLBs (a)+(b)</b>		<b>Total average daily passenger trips of all public transport services (thousands)</b>
	Average daily passenger trips (thousands)	Share of public transport market (%)	Average daily passenger trips (thousands)	Share of public transport market (%)	Average daily passenger trips (thousands)	Share of public transport market (%)	
2005	1 306.2	11.7%	453.2	4.1%	1 759.4	15.8%	11 170.8
2006	1 365.6	12.0%	434.5	3.8%	1 800.1	15.8%	11 364.8
2007	1 400.4	12.2%	414.9	3.6%	1 815.3	15.8%	11 522.6
2008	1 439.4	12.6%	398.0	3.5%	1 837.3	16.1%	11 415.2
2009	1 463.0	12.9%	390.1	3.4%	1 853.1	16.3%	11 345.1
2010	1 505.6	12.9%	375.4	3.2%	1 881.1	16.2%	11 630.0
2011	1 531.6	12.9%	363.4	3.1%	1 895.0	15.9%	11 898.4
2012	1 526.8	12.6%	353.3	2.9%	1 880.1	15.6%	12 078.6
2013	1 512.3	12.2%	351.8	2.8%	1 864.1	15.1%	12 350.2
2014 (provisional figures)	1 507.8	12.1%	349.0	2.8%	1 856.9	14.8%	12 508.3

### Annex 3

#### Financial Situation of GMB Routes from 2011-12 to 2013-14

<b>GMB Route Packages</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
Number of GMB route packages	155	154 <sup>Remark</sup>	156 <sup>Remark</sup>
GMB route packages with profits (Percentage of analysed packages)	48 (31%)	41 (28.9%)	39 (27.1%)
GMB route packages with losses (Percentage of analysed packages)	107 (69%)	101 (71.1%)	105 (72.9%)

**Remark:** The financial information of 12 GMB route packages has not been submitted to the Transport Department for analysis.