

Annex

**Government's response to submission from
Incorporated Owners of Beacon Heights dated 16 December 2004 to
Legislative Council Panel On Transport**

In response to the Government's invitation, the Transport Advisory Committee set up a Working Group on Review of Regulation of Non-franchised Bus Operation ("TACWG") towards the end of 2003 to review the licencing system and regulatory framework of NFB operation. The TACWG consulted various transport trades during the process of the review before it finalised its recommendations in July 2004.

2. The proposal of requiring the sponsor of NFB service to obtain approval-in-principle from Transport Department ("TD") before they approach NFB operators for the operation of the service was considered by the TACWG. When consulted on the proposal, the NFB trade expressed concern that making it a mandatory requirement for the sponsors to obtain approval-in-principle from TD would put the sponsors under additional administrative burden. This might discourage certain sponsors from hiring NFB services and thus negatively affect the business of the NFB trade. Having regard to the views of the trade, the TACWG recommended that the sponsors and the NFB operators should continue to submit joint application for residents' service ("RS") to show the sponsors' support for proposed service. The joint application arrangement will ensure that both the sponsors and operators would clearly understand that they should not operate the proposed service before TD approves the services.

3. If the sponsor of a service wish to obtain TD's initial assessment on a proposed service before inviting tender for the service, they are welcomed to approach TD with the proposed operational details of the planned service to obtain TD's initial indication as to whether the proposed service would be agreeable in principle. Whether the proposal and the subsequent formal application will be approved depends on a number of factors including but not limited to the requirements stipulated in section 28 of the Road Traffic Ordinance (Cap. 230), TD's general principles for processing RS applications, the proposed operational

details of the concerned RS and past record of the operator in complying with Passenger Service Licence conditions.

4. In order to maintain a balanced and efficient public transport system, TD has the responsibility to assess applications for NFB services stringently. As factors to be considered for each NFB service application and the circumstances related to each case may not be the same, the time required to process each application varies. Instead of specifying the period during which application for a proposed service must be submitted, we consider that maintaining the flexibility on timing for submission of application would best meet different needs of sponsors and operators of NFB services. Nonetheless, we welcome sponsors to indicate their proposal to introduce RS and operators to apply for approval of the service as early as possible.

5. After the completion of the review by TACWG on the regulation of NFB operation in July 2004, the Government consulted the Legislative Council Panel on Transport (“the Panel”) on the review results, including the proposed measures to improve the regulation of NFB operation, on 19 July 2004. Since then, the Government has consulted the NFB trade, the Travel Industry Council, and received opinions from some residents’ groups on the measures recommended by the TACWG. We have taken into account the views received when considering the TACWG’s recommendations and have made suitable adjustments to the recommendations when proposing the measures to be implemented.