

立法會
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Panel on Transport
Meeting on 25 May 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 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. 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 LW¹ and Citybus¹ (Franchise 2) commenced on 1 June 2003 and will expire on 1 May 2013. NWFB¹'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 ten 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 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 ten-year franchises to take effect immediately upon the expiry of their existing franchises in 2013. Its aims to complete the procedures on bus franchise renewal by mid-2012 and will make further reports to the Panel.

¹ 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 meetings on 5 December 2011 and 9 March 2012, 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;
 - seating facilities at bus stop shelters should be provided to facilitate elderly passengers waiting for buses;

(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;
- the Administration should require the relevant bus companies to provide section fares which were calculated according to the actual travel distance in kilometers;

(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;
 - the Administration should consider including a benchmark for deviation from the Schedule of Service in the bus franchise to address the problem of lost bus trips;
- (e) Enhancement of information to passengers
- the relevant bus companies should be required to put in place an electronic system or make use of Global Positioning System and install 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 had received, including the enhancement of bus services and provision of fare concessions.

12. At the request of the Panel, the Administration provided a progress report [LC Paper No. CB1481/11-12(01)] of the negotiations with NWF, LW and Citybus (Franchise 2) on the proposed new franchises.

Latest development

13. The Administration recently announced the grant of a new ten-year franchise to each of NWF, LW and Citybus (Franchise 2) upon the expiry of their current ones in 2013. The Panel will hold a meeting on 25 May 2012 to further discuss the relevant issues with the Administration.

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

Council Business Division 1
Legislative Council Secretariat
21 May 2012

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

Date of meeting of Panel on Transport	Minutes/Paper	LC Paper No.
24 May 2002	Administration's paper	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	CB(1)2647/10-11(04)
	Minutes of the meeting	CB(1)220/11-12
7 November 2011	Administration's paper	CB(1)227/11-12(03)
	Minutes of the meeting	CB(1)1363/11-12
5 December 2011	Administration's paper	CB(1)464/11-12(04)
9 March 2012	Administration's paper	CB(1)1157/11-12(05)
	Administration's follow-up paper	CB(1)1481/11-12(01)