

立法會
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Panel on Transport
Meeting on 7 November 2011

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 10 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 10 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 10 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 (TD) 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 10-year franchises to take effect immediately upon the expiry of their existing franchises in 2013. The Administration aims to conclude the negotiations by early 2012 and shall report the outcome of the negotiations 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.

10. At the Panel meeting on 11 July 2011, Panel members expressed the following 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;

(b) Provision of bus fare concessions

- 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;

- (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;
 - the Administration should incorporate more environmental protection requirements in the new franchises to improve air quality in Hong Kong; and
- (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, which linked airport supporting area and/or Tung Chung New Town to major locations in Hong Kong and Kowloon);
 - the Administration should play a co-ordinating role to ensure bus companies would introduce more Bus-Bus Interchange (BBI) Scheme to facilitate the travelling public and incorporate the BBI Schemes in the new franchises; and
 - the Administration should consider including bus companies' performance in improving staff remuneration and welfare as one of the factors for assessing their overall performance.

11. The Administration advised that it would listen to the views from all sectors, and ask the three franchised bus companies to provide fare concessions as far as possible during the franchise negotiations. It would also work with the Environmental Protection Department to follow up on the implementation various transport-related environmental protection initiatives as highlighted by the Chief Executive in his Policy Address. In response to public concern on road safety and bus captains' rest times, the Administration had issued relevant guidelines to franchised bus companies and monitored their implementation of the guidelines. In addition, the Administration would encourage and arrange for introduction of BBI Schemes involving the three franchised bus companies where practicable.

12. Members considered that a meeting should be held early in 2011-2012 session to discuss and receive public views on the improvements that should be made to bus services.

Latest development

13. The Panel will hold a meeting on 7 November 2011 to further discuss issues relating to franchises of NWFB, LW and Citybus (Franchise 2) with the Administration and receive public views on the requirements of the new franchises.

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

Council Business Division 1
Legislative Council Secretariat
1 November 2011

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 on Applications for Renewal of Bus Franchises (i) Citybus Limited (Franchise for Airport and North Lantau routes) (ii) Long Win Bus Company Limited (iii) New World First Bus Services Limited	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
11.7.2011	Administration's paper 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)	CB(1)2647/10-11(04)