

立法會
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Panel on Transport
Meeting on 17 July 2015

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 grantees operating six bus franchises. They are The Kowloon Motor Bus Company (1933) Limited, Citybus (which operates two franchises, i.e. Franchise 1 and another for the Airport and North Lantau bus network, New World First Bus Services Limited, NLB and Long Win Bus Company Limited.

3. Under section 5 of the Public Bus Services Ordinance (Cap. 230) ("the Ordinance"), 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. According to the established practice, a grantee who is able to prove its ability to provide a proper and efficient service, and is willing to further invest in franchised bus operation may be considered for being granted a new franchise for a period of 10 years.

Expiry of franchises of Citybus (Franchise 1) and NLB

5. The current franchise of Citybus (Franchise 1) commenced on 1 July 2006 and will expire on 1 June 2016, and that of NLB commenced on 1 April 2007 and will expire on 1 March 2017. The Administration advised the Panel in June 2014 that the two grantees have indicated interests to apply for new 10-year franchises. According to the Administration, based on the assessment of the service performance and operational efficiency, safety and service enhancement measures, public opinions on bus services and financial performance, the C for T was of the view that Citybus (under its Franchise 1) and NLB had all along been providing a proper and efficient bus service and were willing to continue to invest for further enhancement of bus service. Taking all things into account, the Government informed the Panel in June 2014 that it planned to commence the discussion with Citybus and NLB for new 10-year franchises to ensure the continuation of public bus service which would be essential to the passengers. According to the Administration, the new franchises would take effect immediately upon expiry of the current ones in 2016 and 2017 respectively. This arrangement would facilitate a smooth transition between the current and new franchises without service disruption.

Discussions by Members on franchises of Citybus (Franchise 1) and NLB

6. The Panel was consulted on 23 June 2014 on the new franchises of Citybus (Franchise 1) and NLB. Members expressed the following major concerns while discussing the matter.

Lost trip rate of Citybus

7. Having noted the annual average lost trip rate of 1.8% for Citybus (Franchise 1), Panel members urged the Administration to closely monitor the problem and called on the Transport Department ("TD") to review its

mechanism for monitoring the frequencies of bus services. Some members suggested that electronic display panels should be installed at bus terminus to provide better information on bus frequencies and to facilitate monitoring of the lost trip problem.

8. The Administration advised that it attached great importance on the service performance of bus companies. Under the current franchise, the annual average lost trip rate of Citybus of 1.8% was lower than the average of about 3% for the industry during the same period. The Administration added that in response to the Ombudsman's recommendations, TD was studying with bus companies the feasibility of calculating the lost trip rate for different time periods of the day.

9. When the Panel discussed the Topical Study under Public Transport Strategy Study on franchised bus service on 20 March 2015, the Administration advised that TD and franchised bus companies had introduced the following four different periods for calculation of lost trip rates starting from 2015 –

Peak periods

- (a) Morning peak period: from the first departure to 9:59 am;
- (b) Evening peak period: from 4:00 pm to 7:59 pm;

Off-peak periods

- (c) Inter-peak period: from 10:00 am to 3:59 pm; and
- (d) After evening peak period: from 8:00 pm to the last departure.

10. Based on the new method of calculation, any difference between the number of journeys for a bus route actually recorded during a particular period and the number specified in the Schedule of Service for that route would be regarded as lost trips¹. According to the Administration, the new method would enhance the public's understanding of service performance during peak and off-peak periods. It also enabled TD and the franchised bus companies to obtain a more accurate picture of the lost trip situation for specific periods for appropriate follow-up action.

Adequacy of bus services provided by NLB on Lantau Island

11. A number of members expressed concern that the bus service provided by NLB for local residents was far from sufficient, particularly during weekends and public holidays.

¹ Under the new calculation method, excess trips made in one period cannot compensate for lost trips in another period.

12. The Administration advised that according to the latest five-year Forward Planning Programme submitted by NLB, the company planned to acquire a total of about 54 new buses (amounting to around 50% of its bus fleet) to replace its old buses and to meet the rising passenger demand.

Bus-bus interchange concessions

13. The Panel also considered that bus-bus interchange concessions should be provided to passengers and passed the following motion at the meeting on 23 June 2014 -

"That this Panel requests that while the Government grants new franchises to any bus companies, the companies concerned must provide interchange concessions at designated bus-bus interchanges in the form of a free ride offered to passengers on the second leg journey upon interchange to bus routes with same fares."

14. The Administration advised that it had always been encouraging bus companies to offer more bus-bus interchange concessions as the circumstances would permit. It would bear in mind members' view on the matter during the negotiation with the relevant bus companies.

Driving safety of buses of NLB

15. In reply to a question raised by a Member at the Council meeting of 29 April 2015 regarding the driving safety of buses of NLB subsequent to an accident happened in early April 2015², the Secretary for Transport and Housing ("STH") said that all newly-recruited bus captains of NLB would receive training for three to five days provided by NLB to learn and familiarize themselves with the bus operation, road conditions of bus routes and the location of bus stops en route. Moreover, NLB would arrange bus captains to attend road safety courses and seminars so as to enhance their road safety awareness.

16. STH further said that NLB had installed an electronic tachograph (commonly known as "black box") on its whole fleet to record the operational data of vehicles to help monitor the bus captains' behaviour and investigate accidents. Over the past three years, NLB was involved in about 50 traffic accidents, accounting for less than 0.8% of the total franchised bus traffic accidents (NLB fleet makes up of about 2% of the total franchised bus fleet); and its accident rate per million vehicle-kilometre is lower than that of the overall rate of franchised buses.

² In the accident, a bus of NLB nearly fell off the hill when it was travelling down a slope on its way from Tung Chung to Tai O. It was suspected that the failure of the braking system of the bus had caused the accident.

17. STH added that apart from employing regular bus captains, the NLB would employ part-time bus captains to meet the needs of daily manpower deployment and additional passenger demand on some specific dates and hours. The employment of part-time bus captains could help reduce the need for regular bus captains to work overtime and could give them sufficient rest time, thereby enhancing driving safety.

Public consultation

18. In December 2014, the Administration advised the Panel that a public consultation exercise had been carried out to invite views from the public on the requirements of the new franchises³. Comments received during the exercise mainly fell under the following three areas:

- (a) **Service quality** – to suggest grantees to enhance the provision of passenger information improve passenger facilities and provide safe bus services. A greater number of comments were on the provision of real time bus arrival information.
- (b) **Fare concessions** – to suggest grantees to provide various fare concessions. Most of the comments were on the provision of bus-bus interchange schemes and various types of sectional fares.
- (c) **Government regulation** – to suggest the Government to strengthen the regulation on bus services. A greater number of comments were on the strengthening of the monitoring on service frequency.

19. The Administration added that owing to rising operating costs (a major proportion being staff costs), fluctuation of fuel prices and keen competition from other public transport services, the grantees must continue to actively rationalize their existing services so as to avoid wastage of resources. They also had to explore new service areas to keep their operation sustainable. While the Administration would strive for the franchise terms that could meet the demand and expectation of the public as far as possible, it would also take into account the actual operating environment. The Administration aimed to conclude the discussion in the first half of 2015 and would report the result to the Panel afterwards.

³ LC Paper No. CB(4)301/14-15(01)

Relevant questions raised at Council meetings

20. During the Fifth Legislative Council, a total of seven questions relating to bus service and bus franchises were raised at the Council meetings of 29 May, 4 and 18 December 2013, 12 February, 11 June 2014, and 29 April and 24 June 2015. The hyperlinks to the questions and the Administration's responses, together with other relevant papers, are in the **Appendix**.

Latest position

21. The Administration will report to the Panel relating to the franchises of Citybus (Franchise 1) and NLB at the Panel meeting to be held on 17 July 2015.

Council Business Division 4
Legislative Council Secretariat
13 July 2015

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

(A) Panel on Transport

Date of meeting	Minutes/Paper	LC Paper No.
17 and 25 November 2005 16 December 2005	Administration's paper on "Application for New Franchises by Citybus Limited (Franchise for Hong Kong Island and Cross Harbour Routes), New Lantao Bus Company (1973) Limited and Kowloon Motor Bus Company (1933) Limited"	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 on 17 November 2005 (Item I)	CB(1)549/05-06 http://www.legco.gov.hk/yr05-06/english/panels/tp/minutes/tp051117.pdf
	Minutes of the meeting on 25 November 2005 (Item V)	CB(1)694/05-06 http://www.legco.gov.hk/yr05-06/english/panels/tp/minutes/tp051125.pdf
	Minutes of the meeting on 16 December 2005 (Item V)	CB(1)713/05-06 http://www.legco.gov.hk/yr05-06/english/panels/tp/minutes/tp051216.pdf

Date of meeting	Minutes/Paper	LC Paper No.
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
23 June 2014	Administration's paper on franchises of Citybus Limited (Franchise for Hong Kong Island and Cross Harbour Bus Network) and New Lantao Bus Company (1973) Limited	CB(1)1621/13-14(04) http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tp0623cb1-1621-4-e.pdf
	Background brief on franchises of Citybus Limited (Franchise for Hong Kong Island and Cross Harbour Bus Network) and New Lantao Bus Company (1973) Limited prepared by the Legislative Council Secretariat	CB(1)1621/13-14(05) http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tp0623cb1-1621-5-e.pdf
	Minutes of meeting	CB(1)79/14-15 http://www.legco.gov.hk/yr13-14/english/panels/tp/minutes/tp20140623.pdf
-	Information paper on the requirements of the new franchises for the bus networks of Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour Bus Network) and New Lantao Bus Company (1973) Limited provided by Transport and Housing Bureau and Transport Department in December 2014	CB(1)301/14-15(01) http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tpcb4-301-1-e.pdf

Date of meeting	Minutes/Paper	LC Paper No.
20 March 2015	Administration's paper on Public Transport Strategy Study - Franchised bus service	CB(4)655/14-15(04) http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150320cb4-655-4-e.pdf

(B) Questions raised at Council meetings

Date of meeting	Subject	Link
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
29 April 2015	Dr Hon KWOK Ka-ki raised a question on driving safety of New Lantao Bus	http://www.info.gov.hk/gia/general/201504/29/P201504280671.htm

Date of meeting	Subject	Link
24 June 2015	Hon WONG Kwok-hing raised a question on fare payment system of franchised buses	http://www.info.gov.hk/gia/general/201506/24/P201506240416.htm

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