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Panel on Transport
Meeting on 16 December 2016

**Updated background brief on
increasing the seating capacity of public light buses**

Purpose

This paper provides background information on increasing the seating capacity of public light buses ("PLBs") and summarizes the major views and concerns expressed by Legislative Council ("LegCo") Members on the subject.

Background

Role and operations of PLBs

2. Under the current public transport policy¹, railway is the backbone of the local public transport system complemented by other public transport services. PLBs provide feeder service to public transport interchanges, and serve areas where passenger demand is comparatively lower or the use of high-capacity transport modes is not suitable. With the opening of new railway lines in recent years, the role of railway in the public transport system will be further enhanced. According to the Administration, the other public transport services, including PLB service, would then be coordinated to ensure their healthy development.

3. It is the Government's established policy to set a limit on the number of PLBs. The current cap is 4 350, of which about 3 180 (about 70%) are green minibuses ("GMBs") and the rest are red minibuses ("RMBs"). GMBs provide scheduled service with fixed routes, fares, vehicle allocation and timetable

¹ Source: The Administration's press release on "LCQ11: Operation of public light buses" issued on 17 December 2014

approved by the Transport Department. 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 policy². The Administration encourages RMBs to convert to GMBs through planning and introducing new GMB routes. According to the paper provided by the Administration in November 2015³, the average daily total PLB patronage is approximately 1.8 million passenger trips. This corresponds to a generally stable share of around 15% of the public transport services market over the past five years. A detailed breakdown of patronage by year is in **Appendix I**.

Seating capacity of PLBs

4. According to the information provided by the Administration, the law⁴ provides that each PLB can carry 16 passengers at most. GMB trade has from time to time indicated to the Administration that its operating environment is becoming more difficult as the railway network expands. Since the start of 2014, GMB trade has proposed to the Administration 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;
- (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

² The Administration's established policy is to restrict the total number of PLBs 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 Administration 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.

³ Source: The Administration's paper on "Public Transport Strategy Study – statutory cap on the number of public light buses" issued in November 2015 [LC Paper No. CB(4)119/15-16(06)]

⁴ 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.

- (c) the pressure to increase fare can be alleviated if the financial viability of PLB service can be maintained.

5. 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 reduce service efficiency and 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.

Public Transport Strategy Study

6. The Administration⁵ has studied the proposal to increase the seating capacity of PLBs under the Role and Positioning Review ("RPR") of the Public Transport Strategy Study ("PTSS")⁶. According to the Administration, if the seating capacity of all PLBs increases from 16 to 20-24, it would represent an increase of 25% to 50% in passenger capacity. This would be equivalent to an addition of about 1 087 to 2 175 16-seat PLBs. Any increase in seating capacity would also require legislative amendments.

7. On 21 June 2016, the Administration reported the progress made on the RPR on increasing the seating capacity of PLBs and canvassed views of the Panel on Transport ("the Panel")⁷. The Administration advised that passenger demand for GMB service differed significantly between peak and non-peak periods. On the other hand, the service supply of most GMB routes during the peakiest one hour had almost reached saturation. To meet the existing and future passenger demand, there was a need to increase the carrying capacity of PLBs. Based on the findings of the consultancy study, the Administration has given its preliminary views on the proposal to increase the seating capacity of

⁵ Source: The Administration's paper on "Public Transport Strategy Study – work plan" issued in November 2014 [LC Paper No. CB(1)238/14-15(06)]

⁶ PTSS is a comprehensive and systematic review of the roles and positioning of various public transport services to enhance their complementarity. It comprises two parts, namely the Role and Positioning Review and the Topical Study. The former would review the roles and positioning of various public transport services, while the latter would look into important topics that are of concern to LegCo Members, the public and the public transport trades.

⁷ Source: The Administration's paper on "Public Transport Strategy Study – Role and Position Review " issued in June 2016 [LC Paper No. CB(4)1124/15-16(01)]

PLBs in its paper submitted to the Panel in June 2016 (LC Paper No. CB(4)1124/15-16(01)). In brief, the Administration considers that:

- (a) the existing cap on the number of PLBs at 4 350 should be maintained, and the number of seats on PLBs should be suitably added to increase the overall carrying capacity of PLBs;
- (b) the situation of inadequate GMB service, particularly during the peakiest one hour, can be significantly improved through increasing the seating capacity by not more than three seats;
- (c) should there be an increase in the maximum seating capacity of GMBs in the future, the same maximum seating capacity should also apply to RMBs;
- (d) it is more desirable to allow all GMBs, instead of only those GMB routes to which service supply is insufficient, to increase their seating capacity; and
- (e) only the maximum seating capacity of PLBs is to be increased and PLB operators may decide on their own whether to increase the seating capacity of their vehicles and, if so, the exact number of seats to be added and time of implementation.

Major views and concerns of Members

8. At the Council meetings and the Panel meetings held in the Fifth LegCo, Members had expressed views and concerns about the seating capacity of PLBs. Their major views and concerns are summarized in the ensuing paragraphs.

Impact of increasing the seating capacity of PLBs

9. Some Members supported the proposal to increase the seating capacity of PLBs as it would bring about an increase in the overall public transport capacity without increasing vehicle number, thus more environmental-friendly. Some Members considered that the proposal could make more efficient use of the existing PLB capacity, reduce passengers' waiting time during peak hours and enhance the financial viability of PLB trade, resulting in a higher income for drivers and alleviating the pressure on fare increase.

10. Notwithstanding this, some Members opined that the proposal to increase the seating capacity of PLBs might have an adverse impact on other public transport services. Therefore, the Administration should review holistically the impact of the proposal. The Administration should listen to the views of other public transport trades in working out a proposal which would be acceptable to all stakeholders concerned.

11. Some Members enquired whether the Administration would consider requiring PLB operators to share the benefits they would gain from the increased seating capacity by raising the salaries of PLB drivers to attract and retain PLB drivers in the trade, and providing fare concessions to passengers. Some Members considered that since the patronage of PLBs was not expected to increase sharply in the future, the Administration should consider allowing PLBs to increase fares so as to raise the salary level of drivers.

12. In response, the Administration advised that increasing the number of passenger seats would consequentially increase the overall capacity of PLBs. In considering whether the suggestion was feasible and desirable or not, the Administration said it had to study the long-term operational and financial implications for PLB trade and the impact on other public transport services, as well as road traffic management. One of the issues of concern would be the overall supply of and demand for public transport services as well as the division of labour among the different modes.

13. On sharing the benefits generated by the increase in the seating capacity of PLBs, the Administration advised that the objective of the proposal to increase the seating capacity of PLBs was to meet passenger demand without the need to increase the number of vehicles on the road. The Administration pointed out that the operating environment for GMB was not very good with about 60% of GMB routes operating in deficit, but it still encouraged the trade to take the opportunity to carry out improvement measures for PLB services, such as installing an additional half-step at the middle door and handrails to facilitate boarding and alighting by passengers with minor mobility difficulties and elderly, in view of the increase in the maximum seating capacity of PLBs and possible improvement in revenue.

Number of seats to be increased

14. Members noted the Administration's initial view that the seating capacity of PLBs should be increased by not more than three seats (i.e. not more than 19 seats), which deviates from the suggestions made by some members of the PLB trade on increasing the number to 20 seats. Some members opined

that the Administration should respect the trade's views on the number of seats to be increased as they had first-hand knowledge of the operations and their needs.

15. The Administration advised that in considering the number of seats to be increased, the Administration had considered a host of factors, including the passenger demand for PLB service which differed quite significantly during peak and non-peak hours, the profit and loss situation of PLB routes, as well as the responses of other public transport trades towards the proposal. The Administration would not consider the number of seat increase based on the vehicle models being commonly used by PLB operators, and would not favour any particular models or manufacturers.

16. The Administration further advised that given the occupancy rates of PLBs during peak and non-peak hours differed significantly, an increase in seating capacity to 20 might lead to surplus supply of PLB service, especially for those routes with lower patronage. In addition, other public transport trades held strong views against the seat increase proposal and expressed worry that a substantial increase would affect the current delicate balance amongst various public transport services. Taking into account the above factors, the Administration considered it appropriate that the seat number should be increased by not more than three.

Timetable of implementation

17. In October 2016, a subcommittee was formed to study the Road Traffic (Public Light Buses: Limit on Number) Notice 2016, which aims to impose the cap on the number of PLBs (i.e. 4 350) which may be registered⁸. Members enquired about the timing of implementing the proposal to increase the seating capacity of PLBs.

18. The Administration advised that subject to the support of the Panel in December 2016, the Administration would begin preparing for the necessary

⁸ The Secretary for Transport and Housing gave notice to move a motion at the LegCo meeting of 6 January 2016 to seek LegCo's approval to extend the period for which the cap on the number of PLBs specified under the now repealed Public Light Buses (Limitation on Number) Notice (Cap. 374K) ("the Repealed Notice") would remain in force for five years up to 20 June 2021 ("the Proposed Resolution"). However, the Proposed Resolution was not dealt with by the Council before the expiry of the cap on 20 June 2016. Given that the cap on the number of PLBs set out in the Repealed Notice could not be extended after it ceased to be in force after 20 June 2016, the Road Traffic (Public Light Buses: Limited on Number) Notice 2016 ("the Notice") was made to re-impose the same cap on the number of PLBs which may be registered.

legislative amendments with a view to submitting the legislative proposal to the LegCo for scrutiny in the first half of 2017. It was expected that if everything went smoothly, the first batch of PLBs with increased seats would come into operation starting from the first half of 2018, the earliest, if the relevant legislative amendments were to be passed by LegCo.

Policy on PLB service

19. Some Members considered that the existing transport policy on PLB service was outdated and inadequate for the sustainable development of the trade. Even though there was an emerging demand for PLB service arising from the development of new towns, the role of PLBs as providing supplementary feeder service had not changed over the years. They opined that the Administration did not have any long-term planning on how to maximize the supplementary role and functions of PLBs against the expanding railway network. Therefore, they called on the Administration to conduct a comprehensive review of the policy.

20. Some Members also expressed concern about the operating difficulties faced by PLB trade as many PLB routes were operating at a loss due to the shortage of drivers, difficulties in increasing fares for GMBs, restrictions on their operating areas and direct competition from new railway lines. They urged the Administration to consider implementing immediate measures that could address the operating difficulties faced by the trade. Some of the suggestions included introducing new GMB routes in new districts where there was a keen demand for public transport services; relaxing restricted or prohibited zones in busy districts to allow PLBs to pick up and drop off passengers; gauging the views of the trade when considering the rationalization of GMB routes; enhancing the financial viability of those loss-making routes; and allocating bus routes with lower patronage for operation by PLBs.

21. In response to a question raised at the Council meeting of 24 February 2016 on ways to ensure that GMB drivers would have a share of the economic gains generated by the increase in the seating capacity of PLBs, the Secretary for Transport and Housing advised that while increasing the seating capacity might increase the farebox revenue, the operating costs would also be on the rise. Therefore, whether the proposal could help improve the overall operating environment of the PLB trade would require an in-depth study. If the proposal could indeed help improve the overall operating environment of PLBs, the Administration trusted that it should also bring positive impact on operators on recruitment and retention of drivers.

Latest development

22. The Administration plans to report to the Panel the policy framework and key implementation arrangements for increasing the seating capacity of PLBs at the Panel meeting to be held on 16 December 2016.

Relevant papers

23. A list of relevant papers is in **Appendix II**.

Council Business Division 4
Legislative Council Secretariat
13 December 2016

**Changes in Patronage of Public Light Buses (“PLBs”)
from 2011 to 2015**

Year	Green Minibuses (a)		Red Minibuses (b)		PLBs (a) + (b)		Average daily total passenger trips for all public transport services (’000)
	Average daily patronage (’000)	Share in the public transport service market	Average daily patronage (’000)	Share in the public transport service market	Average daily patronage (’000)	Share in the public transport service market	
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	1 510.8	12.1%	349.0	2.8%	1 859.9	14.9%	12 519.0
2015*	1 505.7	12.1%	340.7	2.7%	1 846.4	14.8%	12 461.8

* Provisional figures as at July 2015.

Source: The Administration's paper on "Public Transport Strategy Study - statutory cap on the number of public light buses" issued in November 2015 [LC Paper No. CB(4)119/15-16(06)] (Annex 2)

Increasing the seating capacity of public light bus

List of relevant papers

Date of meeting	Panel/ Committee	Minutes/Paper	LC Paper No.
17.12.2014	Council meeting	Hon Michael TIEN Puk-sun raised a question on the operation of public light buses	http://www.info.gov.hk/gia/general/201412/17/P201412170436.htm
25.11.2014 & 5.5.2015	Panel on Transport ("TP")	Administration's paper on the Public Transport Strategy Study – work plan	CB(1)238/14-15(06) http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20141125cb1-238-6-e.pdf
		Minutes of meeting	CB(4)437/14-15 http://www.legco.gov.hk/yr14-15/english/panels/tp/minutes/tp20141125.pdf CB(4)209/15-16 http://www.legco.gov.hk/yr14-15/english/panels/tp/minutes/tp20150505.pdf
16.1.2015	TP	Administration's paper on transport-related policy initiatives of the Transport and Housing Bureau under the 2015 Policy Agenda	CB(4)349/14-15(04) http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150116cb4-349-4-e.pdf

Date of meeting	Panel/ Committee	Minutes/Paper	LC Paper No.
12.5.2015	TP	Administration's paper on Public Transport Strategy Study – seating capacity of public light buses	CB(4)922/14-15(06) http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150512cb4-922-6-e.pdf
		Minutes of meeting	CB(4)85/15-16 http://www.legco.gov.hk/yr14-15/english/panels/tp/minutes/tp20150512.pdf
6.11.2015	TP	Administration's paper on Public Transport Strategy Study Topical Study – review on the statutory cap on the number of public light buses	CB(4)119/15-16(06) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20151106cb4-119-6-e.pdf
		Background brief on the statutory cap on the number of public light buses prepared by the Legislative Council Secretariat	CB(4)119/15-16(07) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20151106cb4-119-7-e.pdf
		Administration's follow-up paper	CB(4)267/15-16(01) http://www.legco.gov.hk/yr15-16/chinese/panels/tp/papers/tp20151106cb4-267-1-c.pdf
		Minutes of meeting	CB(4)513/15-16 http://www.legco.gov.hk/yr15-16/english/panels/tp/minutes/tp20151106.pdf

Date of meeting	Panel/ Committee	Minutes/Paper	LC Paper No.
24.2.2016	Council meeting	Hon TANG Ka-piu raised a question on green minibus drivers	http://www.info.gov.hk/gia/general/201602/24/P201602240432.htm
21.6.2016	TP	Administration's paper on Public Transport Strategy Study - Role and Positioning Review on premium taxis and increasing the seating capacity of public light buses	CB(4)1124/15-16(01) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20160621cb4-1124-1-e.pdf
		Background brief on increasing the seating capacity of public light buses prepared by the Legislative Council Secretariat	CB(4)1124/15-16(03) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20160621cb4-1124-3-e.pdf
		Minutes of meeting	CB(4)1315/15-16 http://www.legco.gov.hk/yr15-16/english/panels/tp/minutes/tp20160621.pdf
29.6.2016	Council meeting	Hon Frankie YICK raised a question on manpower in transport industry	http://www.info.gov.hk/gia/general/201606/29/P201606290525.htm
10.2016	Subcommittee on Road Traffic (Public Light Buses : Limit on Number) Notice 2016	Legislative Council Brief on Road Traffic (Public Light Buses : Limit on Number) Notice 2016	THB(T)CR19/5591/72 http://library.legco.gov.hk:1080/articles/1189574_281673/1.PDF

Date of meeting	Panel/ Committee	Minutes/Paper	LC Paper No.
		Legal Service Division Report	LS1/16-17 http://www.legco.gov.hk/yr16-17/english/hc/papers/hc20161014ls-1-e.pdf
		Report of the Subcommittee on Road Traffic (Public Light Buses: Limit on Number) Notice 2016	CB(4)163/16-17 http://www.legco.gov.hk/yr16-17/english/hc/papers/hc20161125cb4-163-e.pdf

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