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11 May 2018

Mr Lemuel Woo  
Clerk to Panel on Transport  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Mr Woo,

**Legislative Council Panel on Transport  
Fare Adjustment of Green Minibus**

Thank you for your letter of 18 April 2018, enclosing the views from Hon Chan Han-pan on the fare adjustment of green minibus (“GMB”).

The Government has earlier increased the maximum seating capacity of public light buses (“PLBs”) to 19 seats through legislative amendment. This could enhance the overall carrying capacity of PLBs to meet the passenger demand and reduce passengers’ waiting time, in particular during peak periods, without the need to increase the total number of PLBs and increase the burden on road traffic. When studying and deciding on the appropriate maximum seating capacity, we have considered the supply and demand for PLBs and the need to maintain the delicate balance amongst various public transport services. PLB operators may take into account the condition of existing vehicles, passenger demand, actual operational and financial conditions of a particular route or route package, in deciding on their own whether to increase the seating capacity of their light buses, as well as the exact number of seats to be added and the time of implementation.

We understand the public concerns over fare increase of PLB services. As pointed out by the Government at the relevant Legislative Council (“LegCo”) meetings for discussing the increase of the maximum seating capacity of PLBs, the Transport Department (“TD”) will carefully take into account various relevant factors in accordance with the established procedures when assessing the fare adjustment applications from GMB operators. These factors include –

- (i) the financial conditions of GMB operators, including the operating costs and revenue;
- (ii) the service quality and service improvement plan;
- (iii) the availability of other public transport services with similar routing and their respective fares; and
- (iv) passengers’ acceptability.

The TD collects views of members of the local community through the District Offices before approving a fare increase application from a GMB operator. Meanwhile, the TD will continue to closely monitor the operational conditions of GMB operators, and will continue to encourage GMB operators to consider offering fare concessions, taking into account their operational and financial conditions, in order to alleviate passengers’ burden of travelling expenses.

Between August 2017 and March 2018, the TD received fare adjustment applications for 132 GMB routes (of which 25 routes have deployed 19-seat light buses). The major reasons for the applications are to cope with the rising costs in recent years (in particular drivers’ salaries and insurance premium), and to improve the loss-making operating environment (in particular facing the challenges posed by the opening of new railway lines), etc. As at 25 April 2018, after due consideration in accordance with the aforementioned mechanism, the TD has approved the fare increase applications of two routes (both routes have deployed 19-seat light buses) and rejected the applications of four routes (one of which has deployed 19-seat light buses). The fare adjustment applications of the remaining 126 routes are still being processed.

The Honourable Member mentioned that the PLB operators had promised to freeze fares after increasing the maximum seating capacity of PLBs. According to our records, it is believed that it was raised by the trade when they proposed to increase the maximum seating capacity of PLB to 20 seats back in 2010, and the proposal was not implemented at that time. With reference to the relevant documents and meeting minutes of the LegCo

since the issue of increasing the maximum seating capacity of PLBs was discussed again in 2014, although some Members had opined that the PLB operators should freeze fares subsequent to the implementation of the increase of the maximum seating capacity of PLBs to 19 seats, relevant records did not show that the operators had made such a commitment. In any case, as we mentioned at the earlier LegCo meetings, the TD will process the GMB fare adjustment applications in accordance with the established mechanism. In the course of processing these applications, the TD will only consider the depreciation cost of vehicles over a reasonable period of time, instead of calculating as a one-off cost for acquisition or replacement of vehicles. In other words, GMB fares will not be increased significantly at a certain point of time due to the acquisition or replacement of vehicles (including deployment of new 19-seat light bus) by operators. Meanwhile, the TD will also take into account the increase in revenue of the GMB operators subsequent to the acquisition or replacement of vehicles. Besides, in considering passengers' acceptability, the TD will also make reference to the inflation factor and relevant data of a particular route since its last fare adjustment.

The TD will launch a regular survey on the market occupancy rate of PLBs in the fourth quarter of 2018, in order to understand the supply of, the demand for, and the operation of PLB services subsequent to the implementation of the new maximum seating capacity. The TD will consider how to further enhance PLB services based on the survey findings.

Yours sincerely,



( Dominic Ho )

*for* Secretary for Transport and Housing

c.c. Commissioner for Transport ( Attn.: Mr Joseph Tsui )