INDEPENDENT REVIEW COMMITTEE ON HONG KONG'S FRANCHISED BUS SERVICE

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Public Transport Strategy Study

June 2017



Transport and Housing Bureau

Public Transport Strategy Study Final Report

Chapter 1 Introduction

1.1 Since 1976, the Government conducted three comprehensive transport studies ("CTS") to map out the strategic plans for transport planning and overall development, as well as formulate development plans for infrastructures so as to cater for the socio-economic development of Hong Kong. The mass transit railway system was put in place following the recommendations of the CTS-1 completed in 1976. Subsequently, following the recommendations of the CTS-2¹ completed in 1989, the Government took forward a number of road and railway infrastructural projects, including the North Lantau Expressway and Lantau Link, Airport Express/Tung Chung Line, Tseung Kwan O Line, and West Rail Lin, to tie in with the development of the airport at Chek Lap Kok, the Metroplan and various reclamation studies.

1.2 The CTS-3, completed in 1999, has laid down a number of broad directions. Key ones include:

- (a) better use of railway as the backbone of our passenger transport system;
- (b) provision of better public transport services and facilities;
- (c) wider use of advanced technologies in transport management; and
- (d) implementation of more environmentally-friendly transport measures.
- 1.3 The CTS-3 also sets out a hierarchy of the roles and positioning of the different public transport services having regard to their efficiency and functions. At the top of this hierarchy is heavy rail as it operates on dedicated rail corridor, providing high-capacity, convenient and emission-free services. The next level comprises franchised buses and Light Rail. They serve as mass carriers and provide feeder services to heavy rail. Other public transport services basically play a supplementary role. For instance, public light buses are used for routes with a relatively lower patronage, taxis offer personalised and point-to-point services for commuters who are willing to pay a higher fare, while ferries provide outlying island passengers with essential transport services and cross harbour passengers with another modal choice through inner harbour routes. These broad directions as well as the roles and positioning of different public transport services remain applicable today.
- Public transport services are closely related to the daily life of the public. Every day, over 12 million passenger trips are made through different public transport services in Hong Kong. This accounts for over 90% of the total passenger trips each day, which is the highest in the world². Given that Hong Kong is a small and densely-populated city with limited road space, and the public are concerned about the impact of road traffic on air quality, it is appropriate to continue to adopt the public transport-oriented policy and the policy to use the railway as the backbone of the public transport system.

¹ The study was updated in 1993.

According to a study conducted by the Land Transport Authority of Singapore in November 2014, the public transport usage rate in Hong Kong was the highest among 27 major cities. For other major cities, the public transport usage rate was around 60% in Singapore, 70% in Seoul, 50% in Tokyo, 30% in London and New York.

- In September 2014, the Government announced the Railway Development Strategy 2014 ("RDS-2014"). The RDS-2014 reaffirmed the policy of using railway as the backbone of our public transport system and mapped out the development and planning blueprint of our heavy rail network up to 2031. Upon full implementation of the 7 recommended projects³ which are subject to detailed feasibility studies, our railway network will cover areas accommodating some 75% of the local population and some 85% of job opportunities. A highly-efficient railway network with comprehensive coverage would not only facilitate the daily commute of the public and address passenger demand, but also promote the further development of the community, new towns and new development areas as well as facilitate passenger flow and goods flow. This would bring economic benefits and strengthen community ties.
- Our public transport services have generally been working well. Operating on a commercial basis, public transport operators are able to maintain efficient and quality service and provide multi-modal choices for the community. In fact, Hong Kong was ranked first in terms of public transport services among 84 cities in an international survey⁴. However, having regard to the expansion of the heavy rail network, we consider it necessary to carry out a systematic review on the overall strategic arrangements of the public transport system in order to maintain the quality and diversified public transport services and to draw up strategies conducive to the healthy and sustainable development of the trades, with a view to improving people's livelihood, facilitating development and maintaining efficiency.
- taking forward progressively the series of short-, medium- and long-term recommendations by the Transport Advisory Committee in its earlier Report on Study of Road Traffic Congestion in Hong Kong to ease the traffic congestion. For instance, upon completion of the first stage public consultation on the Central District Electronic Road Pricing Pilot Scheme this year, the Transport Department ("TD") will appoint a consultant to conduct an in-depth feasibility study. TD will also commence a two-year consultancy study on the parking for commercial vehicles to formulate appropriate measures to meet the parking demand of commercial vehicles. The Government will continue to study measures to contain private cars growth and to combat illegal parking and other illegal activities that create traffic congestion. For public transport services that need to share road space, the alleviation of traffic congestion can help enhance their service reliability and attract more people to commute by public transport. This will in turn help further ease road traffic congestion and reduce roadside air pollution.

The recommended projects include the Northern Link and Kwu Tung Station, Hung Shui Kiu Station, the Tung Chung West Extension, the Tuen Mun South Extension, the East Kowloon Line, the South Island Line (West) and the North Island Line.

⁴ Hong Kong was ranked first in terms of public transport services among 84 cities under The Future of Urban Mobility, a report published in April 2014 by Arthur D Little, a management consultancy. The report is available at:

http://www.adlittle.com/downloads/tx_adlreports/Arthur_D. Little___UITP_Future_of_Urban_Mobility_2_0.pdf

Chapter 2 Background

- 2.1 The Government has rolled out the Public Transport Strategy Study ("PTSS") since end of 2014. In tandem with the further development of the heavy rail network, the PTSS conducts a systematic review on the respective roles and positioning of public transport services other than heavy rail. It also looks into some important topical issues of the public transport sectors in detail. The objectives are to enhance the complementarity amongst the various public transport services with a view to ensuring that the public can enjoy efficient services with reasonable modal choices on one hand, and the public transport operators can enjoy long-term sustainability on the other.
- 2.2 The PTSS comprises two parts, namely the Role and Positioning Review ("RPR") and Topical Study.
- 2.3 In the light of the broad directions laid down through the CTS-3, **the RPR** examines the roles and positioning of various public transport services, including franchised buses, Light Rail, public light buses ("PLBs"), taxis, non-franchised buses, trams and ferries, against the background of using the railway as the backbone of our public transport system and taking into account the further expansion of the railway network. The RPR seeks to review whether some service adjustments should be made to ensure the long-term and healthy development of the public transport services. The Government has commissioned a consultancy to assist in the study. RPR has been completed.
- The **Topical Study** reviews 8 specified issues that are of greater concern to the public transport trades or have been given priority as they are time-sensitive. These issues include franchised bus service level, school bus service, seating capacity of PLBs, statutory cap on the number of PLBs, supply of taxis, taxi fuel surcharge, review of ferry services, as well as how people with disabilities' access to public transport services can be further enhanced. The Government reported all the findings of the studies to LegCo Panel on Transport ("Transport Panel"). The 8 Topical Studies have been uploaded onto the LegCo website⁵. The measures set out in these Topical Studies, together with the findings of the RPR, have been incorporated to constitute a consolidated final report.

School bus service (LC Paper No. CB(4)763/14-15(03)): http://www.legco.gov.hk/yr14-15/english/panels/tp/agenda/tp20150417.htm

Seating capacity of PLBs (LC Paper No. CB(4)922/14-15(06)): http://www.legco.gov.hk/yr14-15/english/panels/tp/agenda/tp20150512.htm

Statutory cap on the number of PLBs (LC Paper No. CB(4)119/15-16(06)): http://www.legco.gov.hk/yr15-16/english/panels/tp/agenda/tp20151106.htm

Supply of taxis (LC Paper No. CB(4)1143/14-15(03)): http://www.legco.gov.hk/yr14-15/english/panels/tp/agenda/tp20150616.htm

Taxi fuel surcharge (LC Paper No. CB(4)1306/14-15(03)): http://www.legco.gov.hk/yr14-15/english/panels/tp/agenda/tp20150717.htm

Review of ferry services (LC Paper No. CB(4)831/15-16(03)): http://www.legco.gov.hk/yr15-16/english/panels/tp/agenda/tp20160415.htm

How people with disabilities' access to public transport services can be further enhanced (LC Paper No. CB(4)831/15-16(05)):

http://www.legco.gov.hk/yr15-16/english/panels/tp/agenda/tp20160415.htm

1

Franchised bus service level (LC Paper No. CB(4)655/14-15(04)): http://www.legco.gov.hk/yr14-15/english/panels/tp/agenda/tp20150320.htm

Chapter 3 The Roles and Positioning of Current Public Transport Services

- 3.1 As mentioned in paragraph 1.3 above, the CTS-3 in 1999 sets out a hierarchy of the roles and positioning of different public transport services in accordance with their efficiency and functions. Following the broad directions laid down in the CTS-3, various public transport modes have served their functions according their respective roles and positioning, and have maintained a delicate balance.
- 3.2 **Heavy rail** operates on dedicated rail corridor and provides high-capacity, convenient and emission-free services. As such, Hong Kong has been adopting the policy of using railway as the backbone of our public transport system as set out in the CTS-3. As at 2016, there are 11 heavy rail lines (including an Airport Express⁶) in Hong Kong. They carry nearly 4.7 million passenger trips per day and account for around 37% of the local public transport patronage.
- 3.3 While heavy rail is the backbone of public transport system, other public transport modes continue to play an important role, particularly for serving areas inaccessible by railways and meeting new demands from new development areas, providing comprehensive services and choices for the public. Public transport modes other than heavy rail account for around 63% of the local public transport patronage in 2016.
- Among the public transport modes other than heavy rail, the **franchised bus services** have high capacity and can be deployed more flexibly, with their service patterns can be adjusted within a relatively short period to meet changes in demand. Hence, they will continue to be the mass carrier serving areas without direct railway access as well as providing feeder service connecting the railway network and inter-district service. As at end-2016, the 6 franchises under 5 franchised bus operators operate around 580 bus routes with a total of about 5 800 buses in their fleet. They offer around 74 000 trips to serve nearly 4.1 million passengers trips per day. These figures remain at a similar level as compared with that in 10 years ago. Currently, franchised buses account for around 33% of the public transport patronage.
- 3.5 The **Light Rail** plays an important role in the public transport system in Northwest New Territories ("NWNT"). It takes on dual roles: on one hand, it provides feeder service for the West Rail Line; on the other hand, it serves as an important rail-based public transport mode within Northwest New Territories (Tuen Mun and Yuen Long). As at 2016, Light Rail has 12 lines in total to carry around 490 000 passenger trips per day, which is higher than that a decade ago, accounting for about 3.9% of the public transport patronage in Hong Kong.

The 5 franchised bus operators include The Kowloon Motor Bus Company (1933) Limited ("KMB"), Citybus Limited ("CTB"), New World First Bus Services Limited ("NWFB"), Long Win Bus Company Limited ("LW") and New Lantao Bus Company (1973) ("NLB"). CTB operates two franchises, one for Hong Kong Island and Cross-Harbour Bus Network and another for Airport and North Lantau Bus Network.

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The heavy rail lines include Kwun Tong Line, Tsuen Wan Line, Island Line, South Island Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line, East Rail Line, Ma On Shan Line, West Rail Line and Airport Express.

⁸ Franchised buses include KMB, CTB, NWFB, LW and NLB. The MTR bus service serving Northwest New Territories is also included.

- 3.6 The role of **public light buses** is to provide supplementary feeder service and to serve areas with relatively lower passenger demand or where the use of high-capacity transport modes is not suitable. As at 2016, there are 4 350 PLBs, of which 3 254 are green minibuses ("GMBs") and 1 096 are red minibuses ("RMBs"). GMBs operate fixed route services and there are currently about 530 GMB routes. PLBs carry over 1.8 million passenger trips per day, which is similar to that in 10 years ago, accounting for around 15% of public transport patronage.
- Non-franchised buses ("NFBs") play a supplementary role in the public transport system through relieving the demand for franchised bus and GMB services during peak hours, and through providing services for districts where the operation of franchised buses and GMBs are not cost-effective. In addition, NFBs also provide tailor-made services for specific groups, such as students and tourists. As at 2016, there are around 7 000 NFBs. Among the services provided by NFBs, residents' services carry over 230 000 passenger trips per day, which is higher than that in 10 years ago, accounting for around 1.9% of public transport patronage.
- 3.8 **Taxis** provide a personalised, point-to-point and more comfortable public transport service at a higher fare. As at 2016, there are a total of 18 163 taxis, among which include 15 250 urban taxis, 2 838 New Territories taxis and 75 Lantau taxis ¹⁰. Taxis carry over 930 000 passenger trips per day on average, which is slightly lower than that in 10 years ago, accounting for about 7.4% of public transport patronage.
- 3.9 **Trams** serve their supplementary role by providing emission-free and affordable public transport services along the northern side of Hong Kong Island. As at 2016, there are 168 trams, running 7 lines and carrying about 180 000 passenger trips per day, which is slightly lower than that in 10 years ago, accounting for around 1.4% of public transport patronage.
- 3.10 **Ferries** provide essential links to the outlying island and offer an alternative choice for passengers who travel to/from other areas and across the harbour. There is currently one franchised ferry operator and 13 licensed ferry operators in Hong Kong, operating a total of 21 regular passenger ferry services, 2 dangerous goods vehicular ferry services and 2 special services ¹¹ to provide ferry services to/from other areas and outlying island ¹². As at 2016, ferries carry around 130 000 passenger trips per day ¹³, which is similar to that in 10 years ago, accounting for around 1% of the public transport patronage.

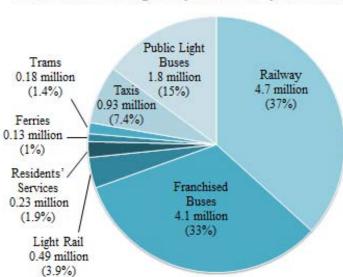
Residents' services serve passengers of specific housing developments with an aim to relieve heavy demand for regular public transport services primarily during peak hours and to fill the service gaps which cannot be met by regular public transport services. Operators of the residents' service have to operate in accordance with the operation details as specified in the Schedule of Service approved by the TD, including routing, service periods, timetable, stops for boarding and alighting, number of buses and carrying capacity.

The Government issued 25 new Lantau taxis licences through a tender exercise in December 2015. The new Lantau taxis had started providing services in the second quarter of 2016.

Special services refer to a vehicular ferry services to/from North Point and Kwun Tong provided for various types of vehicles under emergency situation as notified by the Commissioner for Transport and a passenger ferry service to/from North Point and Joss House Bay during the Tin Hau Festival.

¹² In addition, there are 69 supplementary "Kaitos" ferry services serving remote area. Their fares are not regulated by the Government and they mainly provide services on holidays.

¹³ Including passenger trips from franchised and licenced ferry services

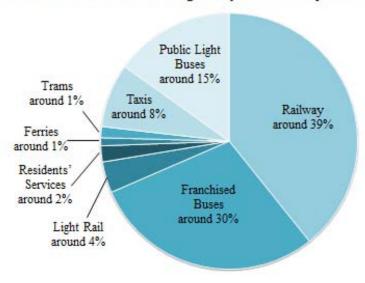


Distribution of Average Daily Public Transport Patronage in 2016

Note: Figures may not add up to 100% due to rounding.

- 3.11 To review the roles and positioning of various public transport services, including franchised buses, Light Rail, PLBs, NFBs, taxis, trams and ferries, under further expansion of the heavy rail network, the consultant has carried out a forecast and an analysis of the short-term (in 2021, i.e. the scheduled year for the commissioning of the Shatin to Central Link ("SCL")) and medium- to long-term (in 2031, i.e. after the full implementation of the heavy rail network recommended under RDS-2014) service demand of various public transport services. The consultant has taken into account various factors, such as population growth, land use planning, infrastructure development, the Government's public transport-oriented policy, etc., in the forecast. The methodology of the study is at **Annex 1**.
- 3.12 In 2021, the overall passenger demand for public transport is expected to rise. The number of passenger trips will increase from 12.59 million per day in 2016 to around 13.20 million per day. As the population and employment opportunities in New Territories West will grow most rapidly, the demand for public transport services in that area will have a more significant increase. With the commissioning of the SCL in a few years' time, the demand for heavy rail is expected to rise. Heavy rail ridership will increase from around 37% of local public transport patronage in 2016 to around 39% in 2021. anticipated drop in the passenger demand for other public transport services, their ridership will still make up approximately 61% of local public transport patronage. different public transport modes, franchised buses will continue to serve its role as a roadbased mass carrier, with the ridership accounting for around 30% of local public transport patronage. As a result of the increase in the demand for public transport services in NWNT, the Light Rail will still account for about 4% of local public transport patronage and serve as an important track-based road transport in NWNT. Other public transport services will continue to play an important supplementary role in the public transport system, especially serving areas inaccessible by railway and providing feeder services to heavy rail. The shares of these services in local public transport will roughly equal to the existing levels, with PLBs close to 15%, NFBs nearly 2%, taxis close to 8%, trams nearly 1%, and ferries almost 1%.

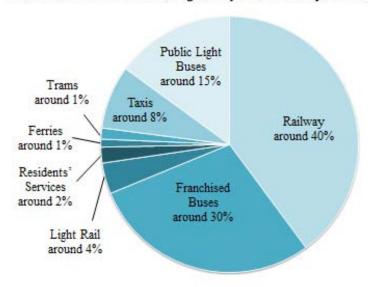




Note: Figures may not add up to 100% due to rounding.

3.13 In 2031, the overall passenger demand for public transport is expected to rise further. The number of passenger trips will increase from around 13.20 million per day in 2021 to about 13.81 million per day. Driven by the further development of various new development areas in New Territories North, including Hung Shui Kiu, Yuen Long South, Kwu Tung North and Fanling North, as well as the Tung Chung New Town Extension, the public transport demand in New Territories North and the Lantau Island will increase more significantly. If the 7 railway projects recommended by the RDS-2014 could be fully implemented, the passenger demand for heavy rail is expected to rise. Heavy rail ridership will make up around 40% of local public transport patronage. Despite the anticipated adjustment of the demand for other public transport services, their ridership will still represent about 60% of local public transport patronage. This shows that the roles and positioning of other public transport services in the public transport system will remain unchanged. Among which, franchised buses will continue to serve the role of road-based mass carrier with the ridership accounting for about 30% of the local public transport patronage. As a result of increase in demand for public transport services in New Territories West, the Light Rail will still account for around 4% of local public transport patronage. Other public transport services will continue to play an important supplementary role in the public transport system, especially serving areas inaccessible by railway and providing feeder services to heavy rail. The shares of these services in local public transport will roughly equal to that in 2021.





Note: Figures may not add up to 100% due to rounding.

- 3.14 The consultant's forecast suggests that the overall passenger demand for public transport services will keep increasing in the medium- to long-term. Under the policy of using the railway as the backbone of the public transport system, heavy rail, which is basically an off-street carrier with the highest carrying capacity, will further expand to meet the passenger demand in various new development areas and the New Town extension. Nevertheless, other public transport services can still provide more flexible services, especially playing an important role in serving areas inaccessible by railway and providing feeder services to heavy rail. Various new development areas and New Town Extension will also bring certain development opportunities to public transport services other than heavy rail. The improvement measures recommended under the PTSS can further enhance the existing strategic arrangements of public transport services so as to ensure the longterm, balanced, efficient, multi-modal and sustainable development of public transport services other than heavy rail. The recommended measures for various public transport services are set out in Chapters 4 to 12.
- 3.15 In addition, we are rolling out a series of "Walk in HK" initiatives to enhance the overall walkability of our city for Hong Kong people to commute, connect and enjoy, making walking an integral part of Hong Kong as a sustainable city. Encouraging people to use public transport services and to walk more will help reduce the use of private cars. This will in turn further ease road congestion and improve air quality so that Hong Kong can pursue sustainable development.

Chapter 4 Franchised Buses

- 4.1 As road-based mass carriers, franchised buses assume a pivotal role in the public transport system and should always strive for service excellence. Enhancements can be pursued along the following 5 avenues¹⁴:
 - (a) improving operational efficiency continuously;
 - (b) upgrading ancillary services for passengers;
 - (c) leveraging on distinctive edges to provide more diversified services;
 - (d) ensuring that the fare adjustment arrangement is up-to-date; and
 - (e) offering more fare concessions.

(a) Operational Efficiency

(i) Bus Route Rationalization

- 4.2 Franchised bus services are flexible and can be adjusted in accordance with changes Such flexibility is achievable through the continuous efforts in bus route This has all along been done through the annual bus route planning rationalisation. programmes by the TD and franchised bus companies. Bus route rationalisation proposals are formulated by franchised bus companies having regard to the growth or decline in Through cancellation or amalgamation of routes with persistently low patronage, franchised bus companies may redeploy the resources so saved to strengthen existing services with increased demand or introduce new services. Service level may therefore be adjusted in a timely manner having regard to patronage changes so as to utilise limited bus resources most efficiently. This will also alleviate traffic congestion and reduce roadside air pollution. In considering service adjustments, the TD will take into account changes in population, patronage and infrastructural developments, and draw reference to the Guidelines on Service Improvement and Reduction in Bus Route Programmes which was updated after consultation with the Legislative Council in 2010 (see Annex 2 for details). Service adjustments will then be implemented after consultation with the District Councils concerned.
- 4.3 Since the Chief Executive's announcement in the 2013 Policy Address that the Government would pursue bus route rationalisation with greater vigour, the TD and franchised bus companies have rationalised the bus routes in a number of districts (including North District, Tai Po, Tuen Mun, Yuen Long, Shatin, Kwai Tsing and Kowloon) by adopting the "Area Approach", under which bus services are reviewed holistically for a district as a whole rather than on a route-by-route basis, with a view to maximising the overall benefits to the district. In addition, with the successive opening of the West Island Line, Kwun Tong Line Extension and South Island Line (East), the TD has also rationalised the road-based public transport services in the Central and Western District, Southern District as well as those in the vicinity of Ho Man Tin and Whampoa in a similar manner so as to enhance the coordination among various public transport services and their complementarity. From 2013 to 2016, the TD and franchised bus companies have cancelled or amalgamated 31 routes of low patronage, truncated 14 routes and reduced the frequency of The daily volume of bus traffic in the Low Emissions Zones in Mong Kok, Central and Causeway was reduced by 3 885 trips (i.e. reduction by around 13% as compared

The Government completed a Topical Study in respect of franchised bus services in March 2015. The Topical Study covers 3 issues, namely bus route rationalisation, enhanced monitoring of lost trips and bus priority measures.

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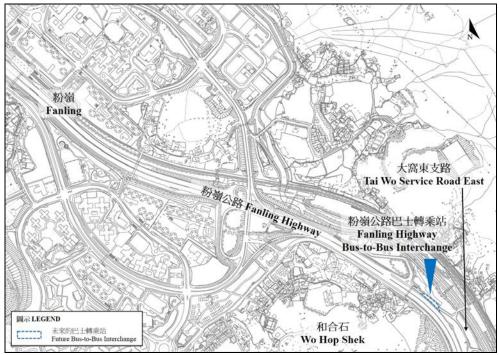
with 2012). During the period, franchised bus companies have introduced 40 new routes and increased the frequency of 278 routes.

- 4.4 From the above, the large-scale rationalisation exercises implemented by the TD and franchised bus companies under the "Area Approach" in recent years (including those for the opening of new railway lines) have basically covered most areas in Hong Kong to achieve improvement in operational efficiency of franchised bus services. In the coming few years, apart from the rationalisation of public transport services in connection with the commissioning of the SCL, other rationalisation exercises will mainly focus on enhancing individual routes/groups of routes at the local community level, which will be taken forward through the annual route planning programmes. To further enhance the reliability of patronage statistics gathered, some franchised bus companies will, as a new initiative, make use of information technology to gather statistics regarding the number of passengers alighting or boarding at individual bus stops. This is to facilitate early implementation of the rationalization proposals with the backing of reliable statistics. TD will liaise with these franchised bus operators to ensure that the patronage statistics so gathered are reliable and accurate. We will continue to pursue rationalisation in an on-going manner with varying intensity and depth having regard to the actual circumstances each year. Such efforts should be sustained to keep up the vitality of the bus network and its healthy financial development in the long run. In taking forward the rationalisation exercises, we may also consider introducing alternative road-based transport services (such as GMBs and non-franchised buses) as appropriate so as to better meet the demand from residents and the community.
- 4.5 In fact, in planning bus route rationalisation, the TD once explored the feasibility of replacing some franchised bus routes with low patronage by GMB routes. In conducting the assessment, the factors which the TD took into account included:
 - (a) the operational feasibility and financial viability of having these routes operated by GMBs;
 - (b) the acceptability of the affected passengers to the service arrangements upon the replacement, such as frequency, journey time, location of stops and fare, as well as whether the vehicle model may accommodate wheelchair passengers, etc.;
 - (c) the impact on road traffic;
 - (d) the implications of the replacement to other existing public transport services; and
 - (e) local views on the replacement.

With reference to the implementation experience, while the TD proposed replacing the franchised bus routes with low patronage with GMB services to tie in with the opening of new railways, it might not be cost-effective in view of the patronage during peak periods. There are also certain differences in the fare level of franchised buses and GMBs (with the fare of the latter being higher in general). Such proposals therefore were eventually shelved as they failed to gain support from the community.

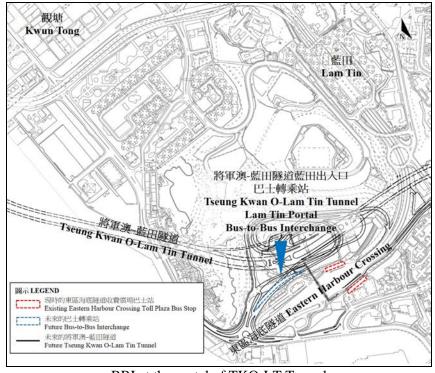
(ii) Bus-Bus Interchanges

- 4.6 Hong Kong is a small and densely-populated city with limited road space. public is concerned about the impact of road traffic on air quality. Bus route rationalisation has been implemented to reduce duplication of resources, enhance the efficiency of bus network and alleviate traffic congestion and improve air quality. To support these bus rationalisation plans, the Government has been actively searching for suitable locations to set up new Bus-Bus Interchanges ("BBIs") or upgrade the services and facilities of existing BBIs so that passengers can enjoy bus network with extended service coverage at the BBIs. also facilitates better resource allocation of the bus companies, reducing the total number of buses on road and thereby alleviating the problems of traffic congestion and air pollution. There are normally fare concessions for interchanges. Over the past few years, the TD and franchised bus companies have set up new or enhanced existing BBIs at Tuen Mun Road, Tsing Sha Highway and the Tai Lam Tunnel Toll Plaza. There are also a wider range of interchange routes and more attractive fare concessions to facilitate passengers commuting between New Territories, Kowloon and Hong Kong Island. The bus companies have also upgraded the facilities at these BBIs, such as installing estimated bus arrival time display system, providing free Wi-Fi network, large-scale bus route information maps and chairs, etc.. There is a one-stop kiosk at the Tai Lam Tunnel BBI to provide octopus add-value, cash withdrawal and payment services. These large-scale BBIs have been well-received by passengers, with about 88 000 passenger trips made per day on average.
- 4.7 With reference to the experiences of these BBIs, the Government has planned to construct BBIs in tandem with the development of certain new or extensions of major infrastructure projects such as tunnels, bridges and highways so as to facilitate passengers interchanging for more destinations. At present, the Government is constructing BBIs at Fanling Highway, the portal of Tseung Kwan O Lam Tin Tunnel ("TKO-LT Tunnel", the toll plaza of Tseung Kwan O Tunnel ("TKO Tunnel") and the toll plaza of northern connection of Tuen Mun Chep Lap Kok Link ("TM-CLKL"):
 - (a) Fanling Highway BBI: For the project of the Widening of Tolo Highway/Fanling Highway Stage 2, the Government will construct a link road connecting the widened Kowloon-bound Fanling Highway with the realigned Tai Wo Service Road East as well as the new Fanling Highway Interchange. A new Kowloon-bound BBI is also planned at the side of the link road and expected to be completed in or before 2019. The TD and the franchised bus companies will discuss the appropriate bus routes for the BBI;



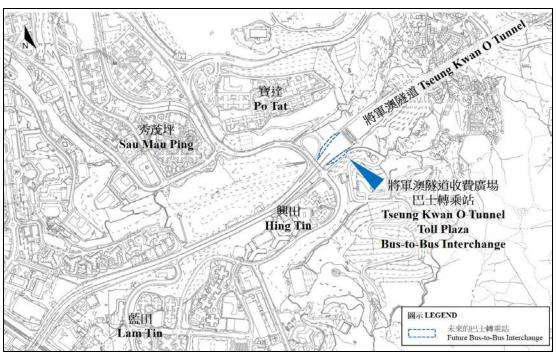
Fanling Highway BBI

(b) BBI at the portal of TKO-LT Tunnel: The TKO-LT Tunnel is under construction. The Government plans to add a BBI near the Administration Building of Eastern Harbour Crossing at the portal of Lam Tin Tunnel. The BBI will include a footbridge connecting to the bus stops at the toll plaza of Eastern Harbour Crossing to facilitate passengers travelling between TKO and Kowloon East and eastern Hong Kong Island. The construction work is expected to be completed in 2021. The TD and the franchised bus companies will discuss the appropriate bus routes for the BBI;



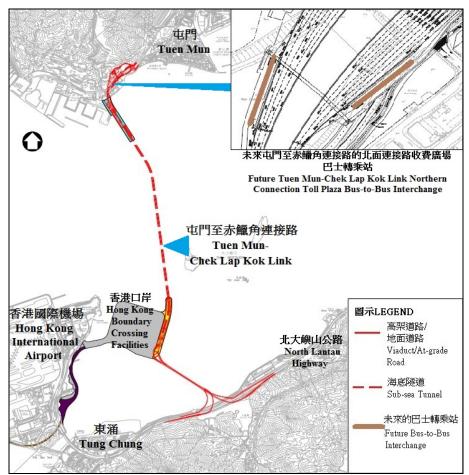
BBI at the portal of TKO-LT Tunnel

(c) BBI at the toll plaza of TKO Tunnel: The Government has planned to add a BBI at the toll plaza of TKO Tunnel to facilitate passengers travelling between Kowloon East and TKO, as well as to meet the demand for bus services from the residents of Sau Mau Ping, Po Tat and Hing Tin areas. The construction work is expected to be completed in 2020. The TD and the franchised bus companies will discuss the appropriate bus routes for the BBI; and



BBI at the toll plaza of TKO Tunnel

(d) BBI at the toll plaza of northern connection of TM-CLKL: The Government is constructing the TM-CLKL which connects the NWNT, North Lantau, the Hong Kong – Zhuhai – Macao Bridge Hong Kong Boundary Crossing Facilities and the Hong Kong International Airport at Chep Lap Kok. The Government plans to add a BBI at the toll plaza of northern connection of TM-CLKL to facilitate passengers travelling between Tuen Mun, Yuen Long and Lautau Island (including the Airport and Tung Chung). The construction work is expected to be completed in 2020. The TD and the franchised bus companies will discuss the appropriate bus routes for the BBI.



BBI at the toll plaza of northern connection of TM-CLKL

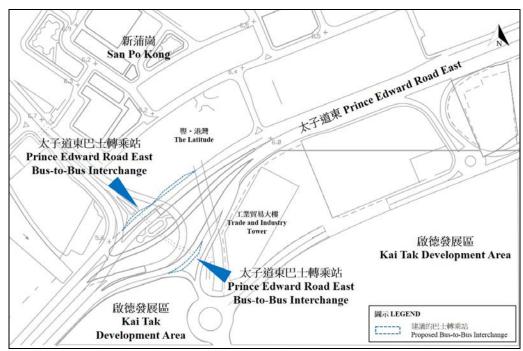
- 4.8 For developed urban areas with relatively high pedestrian and vehicular flows at narrower pavements and carriageways, it is not easy to set up large-scale BBIs similar to the one at Tuen Mun Road. The consultant has explored the setting up of new BBIs or upgrading existing bus stops in the urban areas for interchanges of passengers:
 - Mei Foo Bus Terminus and adjacent bus stops: It is proposed that the existing Mei Foo Bus Terminus and the adjacent bus stops should be upgraded to a BBI. At present, there are 11 bus routes operating at the Mei Foo Bus Terminus, while another 34 bus routes call at the adjacent bus stops. Around 58 000 passenger trips have used these facilitates per These bus routes mainly run between Mei Foo and New Territories West, New Territories East, Kowloon West, TKO and eastern Hong Kong Island. Apart from the bus network, Mei Foo connects the Tsuen Wan Line with the West Rail Line of the MTR. The green minibuses near the Mei Foo Bus Terminus also provide feeder services within the district. Upgrading the Bus Terminus to a BBI can facilitate the introduction of more combinations of interchange routes and fare concessions. It would help further develop Mei Foo as a public transport hub and hence, strengthen the linkage between NWNT and Central Kowloon, Kowloon West and Kowloon East. This will enhance the connectivity and complementarity among various public transport services. meantime, the Government also encourages bus companies to improve the facilities at BBIs for facilitating passengers making interchanges and improving the waiting environment. The improvement measures being

contemplated include redesigning the bus parking bays at Mei Foo Bus Terminus to provide more bus parking spaces and expand passenger waiting area, installation of a bus arrival time display panel, as well as the provision of a large-scale bus route information map and chairs, etc.. Given the busy traffic at the Mei Foo Bus Terminus and adjacent bus stops, together with the geographical constraints, technical feasibility on these improvement works and the temporary traffic arrangement during the construction period would require further study. The study, which is expected to last one to two years, will be commenced soon. If these improvement works are to be implemented, the Government would explore the feasibility of providing more combinations of interchange routes and fare concessions with franchised bus companies. The views of the stakeholders would also be fully considered in the course of discussion; and



Mei Foo Bus Terminus and adjacent bus stops

Bus stops at Prince Edward Road East: It is proposed that the existing (b) bus stops at Prince Edward Road East eastbound and westbound in San Po Kong outside the Latitude should be enhanced. At present, there are a total of 36 bus routes calling at the above bus stops which are made use of by about 17 000 passenger trips per day. These routes mainly provide linkage between Prince Edward Road East, San Po Kong and the Airport/Lantau Island, Tsing Yi, Sha Tin/Ma On Shan, Central Kowloon, Kowloon West, TKO and the Hong Kong Island. The Government will negotiate with the bus companies and encourage them to enhance bus stop facilities such as the possibility of providing more bus stop shelters, bus arrival time display panels, chairs, etc.. The Government will explore the feasibility of providing more combinations of interchange routes and fare concessions with franchised bus companies in order to strengthen linkage between Kowloon East, Kowloon West and the future Kai Tak Development Area. Upon the commissioning of the new SCL, this BBI can also enhance the connectivity and the complementarity among various public transport services in the future Kai Tak Development Area and the passengers can enjoy more efficient services. The views of the stakeholders will be fully taken account of during the process.



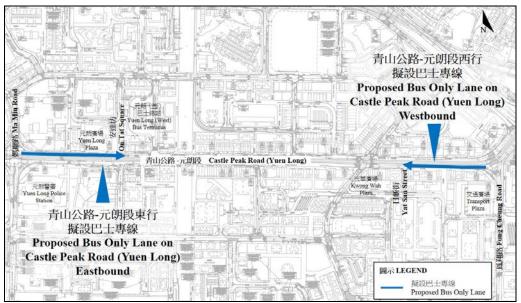
Bus stops at Prince Edward Road East

- 4.9 The Government will continue to search for other suitable locations to set up BBIs.
- (iii) Bus Priority Measures
- 4.10 The reliability of service frequency of road-based public transport services is easily affected by traffic congestion. **Under the public transport-oriented policy, buses are accorded priority use of roads as far as practicable**. At present, various bus priority measures are implemented in major trunk roads in Hong Kong if circumstances allow. These measures include:
 - (a) bus-only lanes;
 - (b) bus-only lane changing position;
 - (c) setting up bus stops at pick-up and drop-off restricted zones; and
 - (d) changing road junction design and adjusting road traffic light signal control.

Among these bus priority measures, bus-only lane is the most commonly used one. At present, there are a total of over 25 kilometres of bus-only lanes and 14 designated bus gates in Hong Kong.

4.11 It is worth noting that the implementation of bus priority measures will reduce the number of lanes for use by other vehicles on the same road section. The travelling speed of other vehicles may reduce as a result. When planning for bus priority measures, the Government will carefully assess factors such as the impact of measures on overall efficiency of bus services and the traffic flow, as well as other road users.

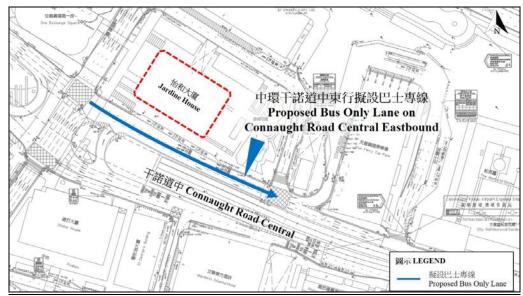
- 4.12 Based on the above principles, the consultant has looked into the feasibility of designating new bus-only lanes at various locations. Initial proposals are as follow:
 - (a) To designate a bus-only lane for use during morning and evening peak hours 15 by franchised buses along Yuen Long Main Road westbound (i.e. the section of Castle Peak Road (Yuen Long) westbound between Fung Cheung Road and Yat San Street) and eastbound (i.e. the section of Castle Peak Road (Yuen Long) eastbound between Ma Miu Road and On Tat Square, Yuen Long. At present, there are 23 and 21 bus routes pass through the Yuen Long Main Road westbound and eastbound during daytime respectively. Since this section is already designated a restricted zone effective from 7 a.m. to 12 midnight, passengers pick-up and drop-off or goods loading and unloading by vehicles is prohibited, except for franchised bus and authorised persons with permits. Preliminary assessment by the consultant shows that this proposal would have minimal impact on road traffic.



<u>Proposed bus-only lane at Yuen Long Main Road</u> eastbound and westbound

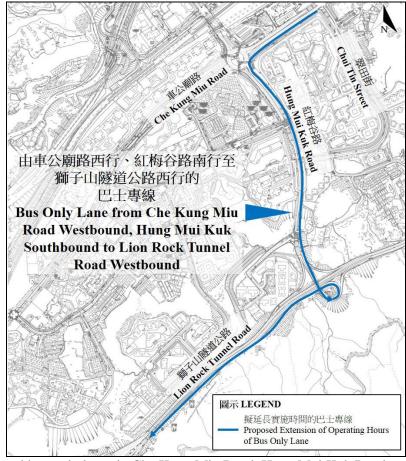
(b) To designate a bus-only lane at the road section outside Jardine House on Connaught Road Central eastbound for use by franchised buses from 7 a.m. to 8 p.m. in Central. At present, there are a total of 76 bus routes passing through this road section. Preliminary assessment of the consultant shows that the proposal would have minimal impact on road traffic.

The preliminary proposal is that the operating hours of bus-only lane in Yuen Long Main Road westbound should be effective from 8 a.m. to 10 a.m. and from 5 p.m. to 7:30 p.m, while the bus-only lane in Yuen Long Main Road eastbound should be effective from 7 a.m. to 9 a.m. and from 5 p.m. to 7 p.m..



Proposed bus-only lane outside Jardine House on Connaught Road Central eastbound

(c) To extend the operating hours of the existing bus-only lanes at the road section on Che Kung Miu Road, Tai Wai westbound between Chui Tin Street and Hung Mui Kuk Road, the road section on Hung Mui Kuk Road southbound between Che Kung Miu Road and Lion Rock Tunnel Road, and the road section on Lion Rock Tunnel Road westbound between Hung Mui Kuk Road and the Lion Rock Tunnel Toll Plaza, originally from 7 a.m. to 10 a.m. and 4 p.m. to 7 p.m., to 7 a.m. to 7:00pm. At present, there are a total of 14 bus routes passing through the road section between Che Kung Miu Road and Hung Mui Kuk Road and 32 bus routes passing through the road section between Lion Rock Tunnel Road and Lion Rock The consultant initially holds the view that extending Tunnel Toll Plaza. the operating hours of the bus-only lanes to cover the hours between 10 a.m. to 4 p.m. would help shorten bus journey time and increase travelling speed. Preliminary assessment of the consultant shows that the proposal would have minimal impact on road traffic because bus-only lanes are already in operation during peak periods on the road sections concerned.



<u>Proposed bus-only lanes in Che Kung Miu Road, Hung Mui Kuk Road and Lion Rock Tunnel Road for extending operating hours</u>

In the light of the above proposals, the TD will make accurate assessments of the long-term traffic flow changes according to actual traffic conditions, with a view to ascertaining the overall efficiency of the proposals. Further study on the implementation details will also be undertaken, which is expected to last for one to two years. Prior to implementation, the stakeholders will be consulted in accordance with established procedures. The proposals will be implemented if they receive support from the local community.

(b) Ancillary Facilities for Passengers

To further enhance franchised bus services, the Government is committed to providing more comprehensive ancillary facilities that can keep up with the times, with a view to providing passengers with a convenient and comfortable waiting environment. In this regard, the Government announced a new initiative in 2016, under which around \$88 million was earmarked for subsidizing the franchised bus companies to expedite the installation of real-time arrival information display panels and seats at bus stops for the convenience of passengers. Please see Chapter 11 on Barrier-free Public Transport for further details. Meanwhile, we will implement pilot projects which seek to improve the exterior design and facilities of existing covered public transport interchanges ("PTIs"). The pilot projects will be implemented at covered PTIs, whereas the scope of enhancement will encompass Wi-Fi services, toilets, passenger information panels, seats, exterior refurbishment, brighter lighting, etc. TD and the Architectural Services Department are in the course of identifying two sites for conducting the pilot projects and formulating the details of the improvement works for implementation after consultation with the District Councils. Upon the completion of the pilot projects, we will, having regard to the trial outcome,

consider rolling out renovation works at other locations. We will also examine applying such new standards when the Government builds the same type of facilities in future.

- 4.14 In addition, the KMB will set up Wi-Fi service for around 500 buses per year, and a total of around 2 000 buses (about half of KMB's fleet) will be equipped with Wi-Fi service in phases by end-2020 under the new franchise. The Wi-Fi service will be available for use by passengers free of charge. In order to optimise the use of the buses equipped with free Wi-Fi service, KMB will flexibly deploy these buses to operate on long-haul routes or routes with higher patronage. KMB will also conduct a trial by making use of suitable technology, through which passengers in the lower deck of the bus compartment will be given information on seat vacancy of the upper deck. This will reduce unnecessary passenger movements between the two decks. Subject to the trial outcome, KMB will provide the same on more buses progressively.
- 4.15 With the improvement of ancillary facilities, passengers of franchised buses can enjoy a better environment during their waiting time and throughout their journey. The Government will continue to work with franchised bus operators on the early implementation of works and initiatives for enhancing the ancillary facilities.

(c) Diversified Services

- 4.16 Without compromising the efficiency of the existing franchised services, franchised bus companies may proactively leverage on their distinctive edges to provide more diversified services for meeting various needs of the community.
- 4.17 Franchised bus services possess a number of distinctive edges over other road-based public transport services. Firstly, operators may exercise control over cost-efficiency by deploying bus models of various vehicle lengths and carrying capacity to operate on different routes having regard to their practical circumstances. Secondly, the compartments of franchises buses are more spacious such that they may be fitted with different kinds of special facilities (such as area for accommodating wheelchairs) or provide passengers with more space. Thirdly, barrier-free facilities on franchised buses are relatively more mature. Leveraging on these distinctive edges could help opening up possibilities for more diversified services.
- 4.18 Franchised bus companies may attempt to open up new services along the following 3 avenues, namely (i) introducing new long-haul services; (ii) deploying mid-sized single-deck buses to provide shuttle services for lower-density residential community with growth potential; and (iii) providing more low-floor buses with barrier-free facilities for hospital routes, or operating more new community hospital routes (i.e. "H" routes). Further details on low-floor buses and hospital routes will be discussed in Chapter 11 on Barrier-free Public Transport Services. This Chapter will elaborate on the new long-haul services and mid-sized single-deck bus services.

(i) New Long-haul Services

4.19 With reference to passengers' opinions on the new long-haul services canvassed by the consultant, it is observed that passengers generally consider that the new long-haul services should possess the following 3 key features. Firstly, their services should come with greater comfort (such as more spacious seating and no standees). Secondly, their journeys should be speedier (such as observing fewer stops or operating via expressways).

Thirdly, their bus compartments should be equipped with more passenger amenities (such as Wi-Fi services and charging dockets). Practically, the new services would be more suited for long-haul routes (especially during peak periods).

- 4.20 In fact, buses running on long-haul routes in general will be able to provide better services following KMB's commitment to provide free Wi-Fi services on 2 000 buses (about half of its fleet) by end-2020 under its new franchise. Individual operators have also introduced express direct services with very few stops that operate via expressways during the morning peak periods, such as KMB's Routes No. T270 and T277 (from the North District to Kowloon) and NWFB's Route No. 88X (from Siu Sai Wan/Chai Wan to Central and Western District). Such initiatives for service improvement can already satisfy passenger's demand for new services to a certain extent. Nevertheless, we will still encourage franchised bus companies to consider introducing new long-haul services during peak periods on a trial basis. The new services, which will be characterised by more spacious seating, no provision for standees, fewer stops and more comprehensive passenger amenities in the bus compartment, will cater for the aspirations of some passengers. Details (including routings and fares) are to be confirmed. Operators may put forward specific proposals having regard to the commercial principles and market needs.
- 4.21 The positioning of the new long-haul services seeks to provide passengers with more diversified choices. Operators will not reduce their existing services on account of introduction of new long-haul services. Meanwhile, the new long-haul services will be a kind of services offered under bus franchises. Same as ordinary services, the daily operation of the new long-haul services will likewise be subject to the regulation of the TD in accordance with the Public Bus Services Ordinance and the franchise conditions.
- 4.22 If the new services to be introduced by operators can carry less passengers due to more spacious seating or no provision for standees, it will become more costly to carry each passenger when compared with the existing services. Taking an existing double-deck bus as example, about 70% of its capacity is from seats and 30% from provision for standees. If there is no provision for standees in the bus compartment and if the seats are to made more spacious, the carrying capacity of each bus may decrease by 30% to 40%, whereas the cost of carrying each passenger may be 50% to 70% higher than that of ordinary services. According to the opinion survey conducted by the consultant earlier, close to 65% of the respondents considered it reasonable for the new services to charge a higher fare than that of existing ordinary services. Among these respondents, close to half indicated that they may consider using the new services so long as their fares are higher than those of existing ordinary services by not more than 30%. Meanwhile, over 40% of these respondents indicated that they would still consider using the new services if their fares are 60% to 100% higher those of existing ordinary services. Operators should exercise prudence in planning the new services, while the Government will consider providing suitable room for setting the fares to ensure that such services are financially viable on one hand while acceptable to the market on the other.

(ii) Mid-sized Single Deck Bus Services

4.23 Among the existing fleets of franchised bus companies, 90% are double-deck buses and 10% are single-deck buses. In terms of the operating cost, no matter whether it is single-deck or double deck buses, salary expenses make up about half of such cost. Other operating cost and maintenance expenses of these types of buses are also comparable. Bus operators have thus generally preferred large buses for their operation to achieve the best cost-

efficiency. However, we need to search for a new service model to serve the demand from those areas with growth potential while the population is yet to render the provision of bus services by large buses sustainable. In this regard, the Government will examine with the franchised bus companies the feasibility of introducing mid-sized single-deck buses (i.e. bus models equipped with barrier-free facilities but with shorter vehicle length and smaller carrying capacity), and conduct a trial of these buses in areas with patronage that is yet to support services to be provided using large buses. The initial idea for the trial is to provide short-haul shuttle services to/from transport nodes (such as major BBI locations) for individual districts in the New Territories with growth potential which currently have relatively lower population density. The Government will work with the franchised bus companies to examine the feasibility of the trial and the implementation details (including the timeframe for the trial).

4.24 Notwithstanding the above, the cost-efficiency of using mid-sized single-deck buses should be carefully assessed before introducing such new services to ensure their financial sustainability. If there is patronage growth on routes operated by the mid-sized single-deck buses afterwards, bus operators may consider switching back to using large buses to achieve better cost-efficiency.

(d) Fare Adjustment Arrangement

- (i) Current Arrangement
- 4.25 The Fare Adjustment Arrangement for franchised buses ("FAA") is the mechanism adopted by the Government over years to process applications for fare increase from franchised bus operators. Upon receipt of an application, the Government will make reference to a basket of factors under the FAA in considering the need of any fare adjustment and the rate of adjustment. Such factors are:
 - (a) changes in operating costs and revenue since the last fare adjustment;
 - (b) forecasts of future costs, revenue and return;
 - (c) the need to provide the bus operator with a reasonable rate of return;
 - (d) public acceptability and affordability;
 - (e) quality and quantity of service provided; and
 - (f) outcome of a fare adjustment formula. The formula is $(0.5 \times \text{Change in Nominal Wage Index for the Transportation Section}) + <math>(0.5 \times \text{Change in Composite Consumer Price Index ("CCPI")}) (0.5 \times \text{Productivity Gain})$). The productivity gain is set at zero in the last review.
- 4.26 The outcome of the fare adjustment formula (item (f) of paragraph 4.25 above) does not operate as an automatic determinant of the fare adjustment outcome. Due consideration will be given to all the 6 factors mentioned above in a comprehensive manner. Moreover, the Government keeps applying the formula of the FAA on a quarterly basis. If the formula outcome reaches -2%, the Government will proactively initiate a fare review with reference to these 6 factors of the FAA.
- 4.27 **There is a passenger reward arrangement under the FAA.** When the rate of return on average net fixed assets ("ANFA") for an operator reaches or exceeds the threshold of 9.7%, the operators will have to share the profit above this threshold with passengers through fare concessions. The sharing arrangement has worked well and benefitted passengers. Profits gained by the operators due to various causes, including the drop in oil

price, may also be shared with passengers and benefit them through this arrangement. In other words, passengers can already benefit when there is a considerable drop in oil price such that the above threshold for sharing of profits with passengers is reached ¹⁶. Recent examples include the 20% same day return discount concessions for a period of 88 days rolled out by KMB in 2016 as well as the 5% discount on every trip for a period of two months introduced in the second quarter of 2017.

4.28 The aforesaid existing arrangement was put in place in 2006 after consultation with the LegCo. The arrangement was subsequently fine-tuned having regard to the outcome of the review in 2009¹⁷. As the existing arrangement can basically strike a balance between the sound operation of bus service as well as public affordability and acceptability, there is no need for an overhaul of the FAA.

4.29 In this regard, the Government has conducted a review of the FAA. The initial findings indicate that the arrangement should be kept intact, while the data could be updated on two fronts:

- (a) Productivity gain value 18: The existing fare adjustment formula takes into account the productivity gain of franchised bus companies. Currently, the productivity gain value is set at zero, which is the outcome of the 2009 review on the changes in productivity of franchised bus companies at the time. The consultant has recommended updating the value of productivity gain with reference to the information on the operation of franchised bus companies and statistics. The initial data hinted that the value of productivity gain may revert from a negative value computed in the last review to a positive value. This will help moderating the formula outcome on the supportable rate of adjustment as and when franchised bus companies apply for fare increase in future 19.
- (b) <u>Passenger reward arrangement:</u> As mentioned above, the profit achieved by a franchised bus operator in excess of the 9.7% rate of return on ANFA shall be shared equally between the operator and passengers. The current

The existing mechanism enables passengers to enjoy the savings in expenses due to the drop in oil price in the form of fare concessions. In fact, even though the international oil price has remained at a relatively stable and low level in recent years, the influence of fuel cost is limited as it only accounts for about 11% of the total operating expenses of franchised bus companies in 2016. In comparison, expenses for salary for staff accounts for about half of the total operating expenses, while the franchised bus companies have been improving the remuneration and benefits of their staff over the past few years. The operating expenses of franchised bus companies on other fronts (such as maintenance and depreciation) have also been on a rising trend due to inflation.

As the productivity gain in the formula was calculated to be a negative value, the value was set at zero until the next review.

Under the FAA, productivity is computed from the ratio of the total of fare and non-fare box receipts to the total operating cost over a period of ten years.

The formula outcome is for reference only and does not operate as an automatic determinant of the fare adjustment outcome. The rate of fare adjustment is to be determined by the Chief Executive-in-Council with reference to the six factors under the FAA (see paragraph 4.25 above for details).

target rate of return was set in 2009²⁰ based on analysis of past performance and forward-looking projections made with reference to the economic and investment environment at that time. The consultant recommended that the triggering threshold of 9.7% should be adjusted downwards slightly having regard to the latest changes in the overall economic situation and investment environment.

4.30 The Government has initiated discussion with the franchised bus companies on the initial review outcome and the details of the above two data updates. We will announce the discussion outcome and expect to implement them in the first half of 2018 upon approval by the Chief Executive-in-Council.

(e) Offering More Fare Concessions

- 4.31 Franchised bus services in Hong Kong are provided by private operators in accordance with commercial principles basically without government subsidies. The Government has all along been encouraging operators to offer more fare concessions, but this should avoid imposing fare pressure that might eventually affect the basic fare level. By end-2016, all franchised bus companies offered a total of more than 700 fare concession items, including section fares for over 400 bus routes (around 70% of all routes), as well as over 400 BBI concession schemes. These BBI concession schemes benefit some 170 000 passenger daily on average, with the concession amount reaches \$390 million each year.
- 4.32 In the past 5 years, the Government has granted a total of 6 new franchises for a period of 10 years each. The operators have introduced a number of new forms of fare concessions in response to the public aspirations and to benefit more passengers. Specifically, Citybus (Franchise 2) and Long Win, which are operated by two different groups, have joined hands in launching the first ever inter-group bus-bus interchange discounts in 2013. This has set an important milestone and enhanced the bus network interchange arrangements for the bus network serving the Airport and North Lantau. In its new franchise which commenced in March 2017, the New Lantao Bus introduced for the first time a "ride 30 get 1 free/ride 40 get 2 free" fare concessions to benefit frequent riders of its South Lantau routes. Upon the commencement of its new franchise in July 2017, KMB will also roll out a long-haul route fare concession scheme for full-time students, and partner with the Hong Kong Tramways Limited to offer interchange concessions such that passengers riding on cross-harbour routes solely operated by KMB may interchange for trams for free on Hong Kong Island.
- 4.33 We will closely monitor the usage of various concession schemes and review them in a timely manner. Meanwhile, we will also continue to encourage franchised bus companies to introduce monthly pass schemes which have wide coverage and practical concessions without having to be subsidised by other passengers through increase in the general fare level.

The 9.7% threshold for the rate of return was first adopted in 2006 for implementation of the passenger reward arrangement.

Chapter 5 The Long-term Development of the Light Rail

- The Light Rail was commissioned in 1988. The then network comprised 6 routes and 70 Light Rail Vehicles ("LRVs") serving Tuen Mun and Yuen Long districts, with 43 LRVs providing service during peak hours. During the initial years of operation, the average daily patronage was about 150 000. In 1993, the Light Rail network was extended to Tin Shui Wai in tandem with the development of this new town. The number of Light Rail routes increased to 9 and the LRV fleet size was expanded to 100 LRVs, with 88 LRVs providing service during peak hours. Upon the Rail Merger in December 2007, the operation of the Light Rail was taken over by the MTRCL. In 2008, the average daily patronage was about 376 000. In 2016, the figure increased to about 490 000. With a total of 12 routes, the Light Rail serves as an important rail-based and at-grade transport mode in Yuen Long and Tuen Mun, as well as a feeder to the West Rail Line. In view of the justifications as set out in paragraph 5.28 below, the role of Light Rail will be continued and strengthened with the measures covered in this chapter.
- 5.2 The carrying capacity of the Light Rail system is determined by various factors, including the coverage of the network, number of LRVs, layout and design of the LRV compartments, service frequency, deployment of single-set and coupled-set LRVs, and design of Light Rail platforms. Also, operating at grade, the Light Rail adopts an open design and has to share certain space of the roads with other road users. The traffic at the junctions of the shared road sections will affect the number of LRVs which can be deployed, thereby affecting the carrying capacity of Light Rail. According to the on-site observation by MTRCL in 2016, the average loading of Light Rail was around 80% ²¹. During peak hours, most of the passengers can board the first arriving LRV. Details of the current utilisation are at **Annex 3.**
- 5.3 Similar to other MTR railway lines, the respective highest loading of the Light Rail routes is mostly found within an hour in the morning (the busiest hour slightly varies among different Light Rail routes and it is generally within 7:15 a.m. and 8:15 a.m.). The MTRCL has been closely monitoring the overall service demand for the Light Rail, the travelling pattern of passengers and the loading of the Light Rail routes. It endeavours to work out corresponding measures to increase the carrying capacity of the Light Rail. Currently, on average 133 LRVs²² are deployed to provide Light Rail service during the morning peak hours on weekdays.
- 5.4 The measures adopted by MTRCL in enhancing the carrying capacity of Light Rail include increasing frequency of service, improving the layout and design of LRV compartments, strengthening platform management, introducing short-haul special service,

As there may be a number of routes passing through a single Light Rail stop, the MTRCL cannot ascertain which routes the passengers take after they purchase tickets or pay by Octopus. Therefore, the MTRCL is unable to assess the loading of individual Light Rail routes by making reference to the entry/exit records of passengers. The approach of on-site observation has been adopted by the MTRCL in assessing the loading of Light Rail. MTRCL staff observe and assess the vacant space of LRV compartments at platforms during the busiest hour during morning peak hours. Data obtained within the hour will be consolidated for assessing the loading of individual Light Rail routes. In 2016, the loading of the 12 Light Rail routes ranged from 69% to 96%, with 80% as an average.

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The LRV fleet now consists of 140 LRVs. On average 133 LRVs are deployed to provide service during the peak hours every day, while 7 LRVs are sent to the Light Rail Depot on a rotational basis for routine maintenance. Besides, two LRVs were severely damaged in accidents and have been disposed of.

and increasing the number of coupled-set LRVs. Details are set out at **Annex 4**.

- 5.5 The Government conducted a systematic review in collaboration with the MTRCL on the long-term development of Light Rail. Topics covered include:
 - (a) the feasibility of increasing the carrying capacity of Light Rail under the original design of the system;
 - (b) the feasibility of upgrading the existing system to increase the carrying capacity;
 - (c) the long-term demand of NWNT for public transport services; and
 - (d) the roles of various public transport services including Light Rail in meeting such demand.
- 5.6 The Government and the MTRCL concluded from the study that the following measures for the short, medium and long term could be adopted to enhance the carrying capacity of the Light Rail, with a view to meeting the transport demand of Northwest New Territories:

Short-term measures

- (a) purchasing ten additional LRVs;
- (b) rationalising some Light Rail routes; and
- (c) adjusting traffic lights at busy junctions.

Medium-term measures

(d) undertaking a study on design improvements for busy junctions.

Long-term measures

- (e) improving the long-term operation model of the Yuen Long Main Road of the Light Rail; and
- (f) undertaking a long-term study of the feasibility of constructing a heavy rail to connect Northwest New Territories and the urban areas.

The feasibility of Increasing the Carrying Capacity of Light Rail under the Original Design of the System

(a) 10 Additional LRVs

- 5.7 To expand the Light Rail fleet, the MTRCL awarded a contract in July 2016 to purchase 40 new LRVs, of which 30 will be used to replace Phase 2 LRVs which have been in service since 1992, while the remaining ten would be deployed to expand the fleet. It is expected that these 10 additional LRVs will be delivered to Hong Kong by batches between 2019 and 2023.
- 5.8 The additional LRVs will be deployed to increase the number of coupled-set LRVs as far as practicable. Nevertheless, considering the current traffic condition and the capacity of the roads, the utilisation rates of certain road junctions covered by the Light Rail system are already very high and the room for increasing the Light Rail service frequency during morning peak hours is rather small. Therefore, before considering the addition of coupled-set LRVs to certain Light Rail routes, measures must be adopted to enhance the operational

efficiency of the current services, creating room for the deployment of these 10 additional LRVs²³.

(b) Rationalising Light Rail Routes

- Currently, there are three cross-district Light Rail routes connecting Yuen Long and Tuen Mun, including Route Nos. 610, 614 and 615. These three Light Rail routes completely overlap in Yuen Long district and all of them pass through the busy Yuen Long Main Road (i.e. Castle Peak Road Yuen Long Section) as well as three busy junctions along the way²⁴. The service frequencies of these three Light Rail routes are every 5 to 9, 10 to 17 and 10 to 18 minutes respectively. A total of 27 LRVs (including 25 single set LRVs and 2 coupled-set LRVs) are in operation during the morning peak hours.
- The Yuen Long Main Road has busy traffic and is used by many road users apart 5.10 Traffic congestion occurred from time to time, in particular at the busy road from LRVs. junctions mentioned above. Often LRVs have to move slowly and wait at traffic lights at junctions. As Route Nos. 610, 614 and 615 all pass through the Yuen Long Main Road, coupled with Route No. 761P that plies between Yuen Long and Tin Shui Wai, a large number of LRVs are travelling through the Yuen Long Main Road during peak hours. these LRVs are running according to different schedules, often there may be more than one LRV arriving at the stop simultaneously or in close succession. Headways are not evenly arranged and the Light Rail system cannot achieve maximum operational efficiency. operating speed and carrying capacity of the Light Rail system will be affected. According to MTRCL, the operating speed of LRVs travelling from Shui Pin Wai Stop to Yuen Long Terminus along the Yuen Long Main Road is around 15 km per hour, which is significantly lower than the operating speed of 25 km per hour for LRVs travelling from Siu Hong to Shui Pin Wai stops. Under the circumstances, even if the MTRCL deploys more LRVs for these routes, the Light Rail system will only become more congested and LRVs will then be unable to arrive at stops on time. In this case, the overall carrying capacity cannot be effectively increased.
- 5.11 On the other hand, Route Nos. 614 and 614P, 615 and 615P have completely overlapping alignments in Tuen Mun. Passengers can actually take Route Nos. 614P and 615P to get to any stop covered by Route Nos. 614 and 615 within Tuen Mun district.
- The Government requested the MTRCL to put forward feasible proposals to address the above route-overlapping problem, so as to improve the deployment of LRVs during peak hours and operational efficiency of the Light Rail, as well as to enhance the capability of increasing the number of LRVs, in a bid to increase the carrying capacity of Light Rail under the original design. After scrutinising the operational conditions of the Light Rail and its role as major public transport feeder to the West Rail Line, the MTRCL proposes the following route rationalization proposal for deliberation with the community:

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The Light Rail system is not unlimited in terms of the number of LRVs it can accommodate. Too many LRVs will result in congestion, which will lower the operating speed of LRVs, and further increase in the number of LRVs will not be able to enhance the carrying capacity of the network, or may even see a decrease. Actually, due to busy traffic and increase in LRVs, the average operating speed of LRVs has dropped by 6% in the past 8 years.

Including (1) Kuk Ting Street/Tai Tong Road and (2) Castle Peak Road-Yuen Long Section, Fung Cheung Road/Castle Peak Road – Yuen Long Section and (3) On Lok Road/Castle Peak Road – Yuen Long Section.

- (i) cancel Route Nos. 614 and 615 and retain Route No. 610 as a cross-district route connecting Yuen Long and Tuen Mun;
- (ii) introduce new Light Rail Route No. 610P that connects Siu Hong Stop and Yuen Long Terminus of the Light Rail, and runs along the current alignment of Route Nos. 614 and 615 within Yuen Long district; and
- (iii) deploy more LRVs to run Route No. 614P and 615P in order to increase their service frequencies and enhance the feeder service to West Rail Line stations (including Tuen Mun Station and Siu Hong stops).

The 3 above-mentioned measures combine to form a consolidated rationlisation proposal and cannot be implemented alone. Details are set out at **Annex 5**.

5.13 The Government and the MTRCL will consult the Traffic and Transport Committees of Yuen Long District Council and Tuen Mun District Council shortly in respect of the above route rationlisation proposal. Taking into account the discussion on the Light Rail route rationalisation proposal, the Government will also consider whether other road-based public transport services in NWNT, including MTR feeder buses²⁵, franchised buses and Green Minibuses, should be reviewed.

(c) Traffic Lights at Busy Junctions

- 5.14 The Light Rail enjoys priority in passing junctions. When an LRV is about to reach a junction, it will automatically send signals to the traffic light system of the junction, which will change to a white light within a short time (i.e. indicating that the LRV can pass through). In the meantime, the traffic light for other road users will turn into red so as to allow the LRV to pass through quickly. After a certain period of time, the white light for the LRV will turn into red to allow other road users to pass through the junction. If an LRV arrives at the junction at this time, it has to wait for the next white light for passing through.
- 5.15 Currently, the Light Rail network has 11 busy junctions (see <u>Annex 6</u>). The TD and MTRCL have reviewed the traffic light arrangements at these busy junctions to identify room for improvement, such that the priority enjoyed by Light Rail can be maximised to increase the operating efficiency of Light Rail. It was concluded that improvement works can be carried out at 3 junctions: (1) improvement works have been carried out at the Tin Ho Road/Tin Yiu Road; (2) improvement works can be carried out at Tin Shui Road/Tin Wing Road (near the Tin Shui Wai Hospital); and (3) improvement works can be carried out at Tin Fuk Road/Tin Yiu Road/Ping Ha Road.
- 5.16 Currently, there are 5 Light Rail routes passing the 3 junctions mentioned above, including Route No. 705, 706, 751P, 761P and 751. After the implementation of the above adjustments, the journey time of these routes will be slightly shortened and the on-time performance of LRVs will be enhanced. Also, as the journey time is shortened, it creates room for the MTRCL to introduce short haul special service on the basis of operational needs, which will enhance carrying capacity. The adjustment work involves modifying the hardware (the traffic signalling system components) and the software (system control). It is

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MTRCL provides feeder bus service to travel to and from a number of West Rail Line stations and Light Rail stops to provide convenience to railway passengers. The MTR feeder buses carry a total patronage of more than 130 000 passenger trips. Light Rail passengers using Octopus can enjoy free feeder bus service to and from a number of residential estates and Light Rail stops.

estimated that the work would be completed by 2018 the earliest.

Regarding other busy junctions, upon study, the TD reckons that the prevailing arrangement has already maximises the priority enjoyed by Light Rail, while giving adequate time for other road users to cross the junctions. In fact, other than the Light Rail, there are a large number of other road users, including other public transport modes and pedestrians etc, using the busy junctions. If the time allowed for the Light Rail to pass the junctions is substantially increased, other road users must be affected. Therefore, the adjustment of traffic light signal is only applicable to certain junctions.

Feasibility of Upgrading the Existing Light Rail System to Increase Carrying Capacity

- (d) Enhancing the Design of Individual Busy Junction
- 5.18 Unlike heavy rails that run on designated tracks, the Light Rail needs to share the road with other road users. This limits the number of LRVs which can be accommodated by the Light Rail system and thus the carrying capacity of the system. There are comments suggesting that only by segregating the Light Rail tracks with other road users can this issue be resolved. Theoretically, there can be two directions:
 - (i) to build overhead or underground Light Rail tracks at certain sections; and
 - (ii) to build overhead or underground roads or footpaths at certain sections.
- 5.19 Upon assessment, it is considered technically and practically not feasible to reconstruct the existing Light Rail tracks or roads/footpaths overhead or underground. Major reasons include
 - (i) the areas now covered by the Light Rail networks are already well developed. Along the routes of Light Rail (such as the Yuen Long Main Road), there are a large number of buildings and other structures (such as stations and tracks of the West Rail Line). Certain Light Rail tracks and stations are even integrated with other buildings such that it would not be possible to avoid affecting the structure of these buildings if the Light Rail tracks or road/footpath structures are to be hugely altered;
 - (ii) huge alteration of Light Rail tracks or road/footpath structures would entail the closure of certain road sections for a long time. This is not feasible given the high traffic volume of busy junctions at present; and
 - (iii) a large number of columns or facilities are required for supporting overhead structures, no matter if they are Light Rail tracks or roads or footpaths. These columns or facilities will likewise take up road surface, which is of permanent nature. If an underground option for Light Rail/roads/footpath (i.e. tunnel) is adopted, the problem encountered would be even more complex, including whether the construction of tunnels is geological permissible, whether there is enough space to build the access from road surface to underground, and whether public utilities (such as major drainage) would be affected.

- 5.20 The Government and MTRCL have also reviewed whether it is feasible to partially segregate the Light Rail system with roads/footpaths. For this, the Government and the MTRCL have conducted an assessment on the 11 busy junctions mentioned in paragraph 5.15 above. The initial review outcome is that it is technically not feasible to separate Light Rail tracks from roads/footpaths for 5 junctions, while further studies are required to ascertain the feasibility for the remaining 6 junctions. For details, please refer to Annex 7. In any event, the Government will carry out in-depth technical studies to examine whether the technical constraints can be overcome, so as to confirm how many of these busy junctions can undergo grade segregation works.
- 5.21 It must be pointed out that, whether or not grade segregation works are feasible is not on its own a technical issue, but it also involves the demolition of existing structures and building of new structures. Therefore, the works will need to be undertaken in phases and confined to limited area each time. As such, the projects may take a long time, possibly 5 to 10 years or even longer from planning to completion, and the cost would be high. At the same time, as alteration is required to the structures of existing roads and tracks, there may be temporary diversion or even partial suspension of Light Rail service during the construction. Roads may also need to be diverted.
- 5.22 If grade segregation is feasible at all or some of these 11 busy junctions eventually, the travelling time of the concerned Light Rail routes can be shortened, enabling the headway to be increased.
- 5.23 The Transport and Housing Bureau will strive for resources to conduct this detailed technical feasibility study in 2018. It is expected that the study will take two years' time.
- (e) Mode of Operation of Light Rail along Yuen Long Main Road
- The Yuen Long Main Road is a busy road with heavy traffic of Light Rail, vehicles and pedestrians. Congestion often occurs, affecting not only the operation of Light Rail but also transport efficiency on the whole. The Government plans to conduct studies with the MTRCL on improving the mode of operation along Yuen Long Main Road in the long run. Under consideration is the proposal to divert one of the two Light Rail tracks, such that the Yuen Long-bound Light Rail service will pass through Shui Pin Wai Road, Wan Tat Road and Long Yip Street and connect to the Yuen Long Terminus, while the Light Rail service departing from the Yuen Long Terminus for the Yuen Long Main Road will remain unchanged.
- 5.25 The above option should be able to increase the operational efficiency and expand the service coverage of the Light Rail. Besides, having a single Light Rail track along the Yuen Long Main Road will release more road space for vehicle use, widen the pedestrian walkway and ease the conflict among vehicles, pedestrians and railways. The Transport and Housing Bureau will strive for resources to conduct further research in determining the feasibility and desirability of this proposal.
- 5.26 Besides, the Government is considering the adoption of an environmentally friendly transport system in the Hung Shui Kiu New Development Area ("HSKNDA") and Yuen Long South Potential Development Area ("YLSPDA") as the major intra-district public transport mode in the areas. Connectivity with the Light Rail system will be considered. The preliminary idea on such connection, together with the possible diversion of the Light Rail at the Yuen Long Main Road is at **Annex 8**. It must be pointed out that such connection

and diversion of Light Rail are only conceptual ideas, and further studies are required to ascertain whether they are feasible and desirable. Even if they are considered to be pursuable, actual alignment may also be different from the current conceptual alignment.

Long Term Public Transport Demand for NWNT and the Role of Light Rail

- Recent years have seen the continuous increase of population in Yuen Long and Tuen Mun in NWNT. The figure grew from 1.07 million persons in 2011 to 1.1 million persons in 2016. Following the completion of new residential developments in the regions progressively, coupled with the growth in two new development areas under planning (i.e. HSKNDA and YLSPDA), the population of NWNT is expected to reach 1.24 million in 2024. The increasing population will naturally spur the rise in demand for public transport services in the region. The Government will make early planning, with a view to meeting residents' transport needs.
- 5.28 At present, the West Rail Line is the major transport mode linking up NWNT and the urban areas. Under the policy of railway as the backbone of public transport, the West Rail Line will continue to play a key role. Nevertheless, as heavy rail, the West Rail Line only covers several key locations in Yuen Long and Tuen Mun. For residents who live some distance away from stations of West Rail Line, they will rely on other public transport modes to travel to and from these stations. Among the various public transport modes in NWNT, the Light Rail plays the most prominent and effective role as a feeder to the West Rail Line. At present, the 12 Light Rail routes and 68 Light Rail stops have covered a number of relatively remote places in Yuen Long and Tuen Mun. As a road-based railway, the Light Rail has a higher carrying capacity than other public transport modes (including franchised buses). A single-set LRV has a maximum carrying capacity of 200 passengers. Moreover, Light Rail is electricity powered and emission-free. Since its commissioning in 1988, the Light Rail has been a popular mode for local residents and its patronage has been on the rise. At present, no other public transport mode can replace the function of the Light Rail in NWNT. Even if a better alternative mode is identified in future, it takes a long time to demolish the Light Rail and build a new system. During the course of construction, it is difficult to arrange substitute public transport modes to provide services for the some 500 000 passengers. Under the circumstances, the conclusion of the PTSS is that the Light Rail should maintain its operation in the long run and continue to serve as an important road-based railway in Yuen Long and Tuen Mun. The Government will work with the MTRCL to study in detail the measures mentioned above, to raise the carrying capacity and operational efficiency of the Light Rail and strive to ease the congestion of the Light Rail system during peak periods to meet the transport needs of the community.
- Nevertheless, with the continuous rise of population in NWNT, both the West Rail Line and the Light Rail Line will inevitably become more crowded. Passengers may also need to wait for a longer time to board a train/LRV. Therefore, in the longer run, the Government will study whether it is necessary to construct a new heavy rail to directly connect NWNT to urban areas, in parallel with West Rail Line and Light Rail. The Transport and Housing Bureau will take forward as early as possible the Strategic Studies on Railways and Major Roads beyond 2030 ("the Study") in the light of the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" Study, with a view to formulating the preliminary arrangement of the relevant infrastructure. The Study will cover the transport infrastructure required in areas including Lantau, NWNT and New Territories North.

Environmentally Friendly Public Transport System ²⁶ for Hung Shui Kiu New Development Area and Yuen Long South Potential Development Area

- As mentioned in paragraph 5.27 above, the Government is undertaking planning studies for HSKNDA and YLSPDA. Being strategically located in the NWNT and well connected to Tuen Mun, Tin Shui Wai and Yuen Long Town, HSKNDA will serve as a "Regional Economic and Civic Hub" for the NWNT. This NDA, spanning some 714 hectares in total, will have residential developments to accommodate about 218 000 people (including a new population of 176 000) and provide spaces for various economic land uses, such as office, retail, hotel and special industrial uses, creating about 150 000 job opportunities. As to YLSPDA, it is located south to Yuen Long Town with a total area of around 223 hectares and will be developed as a southern extension of the Town through integrated planning and improved connectivity. It will be mainly used for residential development to accommodate some 85 000 people (including a new population of 82 700) and will offer about 10 800 job opportunities. According to the Development Bureau, the first population intake of HSKNDA is expected to take place in 2024 and that of YLSNDA is expected to take place in around 10 years. Actual population growth will depend on the planning and implementation of individual development projects in the areas, which are subject to confirmation by the Development Bureau.
- Transport and Housing Bureau has also confirmed that the latest green transport mode would be deployed to provide public transport services within HSKNDA and YLSPDA. Efforts are being made to identify the most suitable transport mode and a final decision has yet to be made. It could be road-based rail mode (such as Light Rail or Modern Tramway) or road-based non-rail mode (such as electric bus), with the following basic characteristics:
 - (a) to possess medium carrying capacity (lower than heavy rail but higher than general road-based transport mode); and
 - (b) to provide convenient connection for residents to Light Rail to commute to and from nearby Tin Shui Wai and Yuen Long Town; and also connection to heavy rail to commute to and from the urban areas.
- 5.32 The Transport and Housing Bureau and TD, in collaboration with the Development Bureau and Civil Engineering and Development Department, which are responsible for the HSKNDA and YLSPDA projects, as well as expert consultants, are conducting an in-depth study to work out the most feasible and desirable environmentally friendly public transport system that meets the above-mentioned requirements. The study is expected to be completed in two years. Depending on the outcome of the study, different requirements of various transport modes and population growth rate, we may consider meeting transport needs through the provision of public bus service at the initial stage of population intake, and to plan

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The environmentally friendly public transport system for HSKNDA and YLSPDA is different from the proposed environmentally friendly linkage system of the Kai Tak Development proposed by the Government. The latter will incorporate elevated monorail which would, in addition to providing transport services, become a unique landmark in Hong Kong with high tourism appeal and offer tourists an amazing travelling and sightseeing experience.

and introduce higher capacity public transport mode (e.g. rail-based transport system) in time before the population grows rapidly.

5.33 When studying in depth on the connection of the environmentally friendly public transport system with West Rail Line and Light Rail, the Government will decide, inter alia, the detailed alignments/routes, the design of the stations, and the operators and the operating modes to be adopted, with a view to enhancing the interchange arrangement to provide convenience to residents. Regarding the connectivity with adjoining areas, the Government will consider the feasibility and desirability of taking a more holistic approach whereby this environmentally friendly public transport system would be considered and planned together with the conceptual proposal of diverting the Light Rail system in Yuen Long Town mentioned in paragraphs 5.24 and 5.26 above, as well as other pedestrian accessibility proposals (e.g. connecting the YLSPDA's environmentally friendly transport services with Yuen Long Main Road by pedestrian walkway). Subject to the outcome of the study, the Government will timely consult the public on the planning concept.

Chapter 6 Public Light Bus

- 6.1 There are two types of PLBs, namely green minibuses ("GMBs") and red minibuses ("RMBs"). GMBs operate scheduled services with their routes, fares, vehicle allocation and timetable subject to approval by the TD. At present, there are around 530 GMB routes²⁷ under about 160 route packages granted by the TD in operation across Hong Kong. When selecting operators for GMB routes, it is the established practice to group appropriate routes into a route package having regard to such factors as the service area and patronage of the individual routes for operation by the same operator. This is to ensure that no route with unsatisfactory return will be left without an operator, such that GMB services can fully meet the needs of the community. RMBs are not required to operate on fixed routes or timetable, and can set their own fares. They are subject to certain restrictions on their service area under the existing policy²⁸. There is an established statutory cap on the total number of PLBs, which has been stood at 4 350. As at 2016, there are 3 254 (approximately 75%) GMBs and the rest are RMBs.
- The TD will develop new routes suitable for GMB operation having regard to the demand for public transport and group these new routes into packages based on factors such as geographical locations and operational viability. Operators, including RMB operators, may then bid for operating the new GMB route packages. In order to encourage the conversion of RMBs into GMBs, applicants who are new entrants to the GMB trade (including incumbent RMB operators) will be given additional marks in the selection exercise since 2002. To further encourage RMB operators to bid for new GMB routes, the additional marks given to new entrants have increased from 10% to 15% of the total marks since 2004²⁹. The number of RMBs in 2002 was 1 809 and it reduced to 1 096 in 2016. Meanwhile, the number of GMBs has increased from 2 541 in 2002 to 3 254 at present.
- 6.3 With enhancement of the railway development, it is necessary to maintain and enhance the measures for helping operating environment of the PLB trade, so as to ensure the sustainable and healthy development of PLBs. Such measures include:
 - (a) maintaining the statutory cap on the number of PLBs;
 - (b) increasing the seating capacity of PLBs;
 - (c) providing interchange concessions for MTR and GMBs;
 - (d) introducing other measures to enhance the operating environment; and
 - (e) amending the Guidelines on Working Hours of GMB Drivers.

(a) Statutory Cap on the Number of PLBs

6.4 The total number of vehicles which may be registered as PLBs has all along been capped at 4 350 since 1976. This cap is statutory and its effective period can be extended by the LegCo by resolution from time to time. Over the past 4 decades, the LegCo has time and

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These include about 355 main routes and around 175 supplementary service routes.

Taking into account the road congestion problem in Hong Kong and the objective of encouraging the conversion of RMBs into GMBs, the Government 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.

²⁹ The full mark is 100 under all the assessment criteria.

again extended the effective period of the cap on the number of PLBs.

- 6.5 The Government completed a Topical Study on the statutory cap on the number of PLBs in November 2015. The study shows that overall speaking, the operating costs of PLBs have generally been increasing in tandem with inflation. In addition, the labour market has remained tight in recent years and it is not easy to recruit drivers. There is also keen competition from other public transport services. Therefore, the overall operating environment is becoming more challenging. As a result, close to 60% of route packages are not able to balance their books. Nevertheless, the demand and supply of PLB services remain generally stable, with PLB patronage accounting for some 15% of the public transport market share over the past 5 years. Moreover, under the study, the trade has been consulted on whether the existing cap on the number of PLBs should be maintained. view is in support of the retention of the existing PLB cap at 4 350. The main reasons are that increasing the number of PLBs under the current operating environment would intensify competition and adversely affect the operation of the trade. In fact, in view of the rising operating costs, recruitment difficulties and traffic congestion, the way to relieve the trade's pressure should first be considering increasing the seating capacity of PLBs, rather than relaxing the cap on the number of PLBs. Operators of other public transport services (including franchised buses, non-franchised buses and taxis) also hope that the Government would maintain the cap on the number of PLBs, in view of the supplementary role played by PLBs in the public transport system.
- 6.6 **As such, the current cap on the number of PLBs (i.e. 4350) should be maintained.** In May 2017, the Government moved a motion at the LegCo in accordance with the Road Traffic Ordinance to extend the effective period of the existing cap on the number of PLBs until June 2022, and the motion was passed by the LegCo.

(b) Increasing the Seating Capacity of Light Buses³⁰

- 6.7 Meanwhile, the Government proposes to increase the maximum seating capacity of PLBs (i.e. GMBs and RMBs) from the current 16 seats to 19 seats in order to enhance the overall capacity of PLBs for meeting the passenger demand, especially during peak periods. When studying and deciding on the suitable maximum seating capacity of PLBs, we have considered the supply and demand for PLB services and the need to maintain the delicate balance amongst various public transport services. If the number of seats is increased to 19, the number of GMB routes with left-behind passengers at termini during the peakiest one hour is expected to drop significantly from about 70% at present to less than 40%. Also, the ratio of GMB routes with waiting time of over 10 minutes will also reduce by nearly 80%. The loss-making GMB route packages are also expected to drop by half from close to 60% at present to about 30%. We introduced the Road Traffic (Amendment) Bill 2017 into the LegCo in April 2017 to amend the definitions of "light bus" and "bus" under the Road Traffic Ordinance and proposed other consequential amendments so as to implement the proposal of increasing the statutory maximum seating capacity of light buses to 19 seats.
- 6.8 Upon the enactment of the legislative amendments, PLB operators may take into account the operational conditions and passenger demand in deciding on their own whether to increase the seating capacity and, if so, the exact number of seats to be added and the time of

The Government carried out a Topical Study on increasing the seating capacity of PLBs in May 2015 to preliminarily explore the suggestion raised earlier by the PLB trade.

implementation. Likewise, this increase in statutory maximum seating capacity is applicable to private light buses.

(c) Interchange Concessions for MTR and GMBs

- The Government and MTRCL completed the review of Fare Adjustment Mechanism ("FAM") in March 2017. In response to Government's request, MTRCL agreed to offer interchange concessions with all GMB routes. Specifically, MTRCL will expand the current interchange discount scheme from the existing 62 GMB routes to some 530 routes. The discount will be \$0.3 per trip. For those GMB routes currently enjoying interchange discounts ranging from \$0.3 to \$3 per trip, the existing higher discounts will be retained and will not be adjusted downward to \$0.3. Passengers can benefit from the scheme when they interchange from MTR to GMBs, or vice versa.
- 6.10 MTRCL will need to take time to liaise with GMB operators (totaling over 160) on details and alternation of the fare collection systems. It is expected that the new interchange concession can be fully implemented within second quarter of 2018. This arrangement will be good for 5 years, until June 2023. The Government and MTRCL will review this interchange discount arrangement in end-2022, in the context of the next scheduled FAM review.

(d) Other Measures to Enhance the Operating Environment

- 6.11 In view of the rising operation costs (such as parts, insurance and staff costs), shortage of drivers, traffic congestion and railway expansion, the PLB trade is facing a tough operating environment.
- In particular, we have noted the challenges posed to the operation of PLBs arising from the commissioning of new railway lines (including the Kwun Tong Line Extension and the South Island Line (East) that have commissioned in 2016, and the SCL to be commissioned in phases starting from 2019). When formulating the public transport reorganisation plan, the TD will maintain close communication with GMB operators to enhance the routing and services of GMBs. This is to ensure that they can serve the public in a more efficient and competitive manner, thereby continuing to discharge effective feeder functions. For example, on the first day of the opening of the Kwun Tong Line Extension in October 2016, the TD arranged 4 GMB feeder routes to connect to the new MTR stations. Also, on the first day of the opening of the South Island Line (East), the TD arranged 9 GMB feeder routes to connect to the new MTR stations.
- 6.13 From a macro perspective, in tandem with the route rationalisation for franchised buses in districts, the TD will consider the operating conditions of PLBs so as to improve the overall efficiency of public road transport network. Upon bus route rationalisation, some passengers originally taking buses may switch to PLBs and, resulting in a rise in the passenger demand for PLBs. In response to the request of the GMB trade, the TD has actively studied the possibility of converting certain bus routes of lower patronage into GMB services. The TD has also studied the possibility of converting some GMB routes with high passenger demand to franchised bus routes having regard to the requests of members of the local community. However, both proposals face quite a number of implementation problems, such as the service frequency during peak and non-peak periods, journey time, locations of the stops, whether the vehicles are wheelchair-accessible and the fare level, etc. (in general, the fares of GMBs are higher than those of franchised buses). It

is relatively difficult to obtain the support and consensus from the stakeholders and members of the local community (may refer to paragraph 4.5 above).

6.14 To address the needs of passengers and enhance operation efficiency, individual GMB operators may apply to the TD and discuss the proposals to re-organise existing routes when necessary (such as amending alignments, increasing/decreasing frequencies and number of vehicles). The TD will consider the specific re-oranisation arrangements having regard to the actual circumstances.

6.15 To further improve the operating environment of the PLB trade, the TD has implemented and will implement a number of relief measures. Details are as follows:

- (i) The TD is committed to opening up business opportunities for the PLB trade in new development areas and areas with passenger demand. For instance, the TD introduced two new GMB routes to serve the developed areas with passenger demand (Yau Tong and Tsuen Wan) and 4 new GMB routes to serve the new development areas (Kai Tak, Shui Chuen O and Tsueng Kwan O, etc.). In 2015, the TD introduced 3 new GMB routes serving Hung Shui Kiu and Anderson Road. In April 2017, a new GMB route was also approved for serving Kau To Shan;
- (ii) As regards RMBs, the TD has relaxed or rescinded prohibited zones and no stopping for passenger pick up/drop-off restricted zones at the request of the RMB trade and in accordance with the actual situation of the locations concerned. For instance, the prohibited zone on West Kowloon The restriction for entering Island Eastern Corridor was rescinded. Corridor as well as the PLB prohibited zone at the slip road leading from Cherry Street to Lin Cheung Road Southbound were relaxed. Furthermore, the PLB prohibited zone at the section of East Kowloon Corridor between Chatham Road North and Kowloon City Road was temporarily rescinded while the RMB prohibited zone at Luen Wan Street leading to Bute Street in Mongkok was rescinded in 2016. The TD also plans to launch a pilot scheme in June 2017 for relaxing the PLB prohibited zone (from 7 p.m. to 12 midnight) at Sugar Street in Causeway Bay. Should the trial be satisfactory and receive local support, the TD will consider making the arrangement permanent;
- (iii) The trade is encouraged to open up sources of non-fare revenue, such as making use of the exterior of the vehicle and the interior of the passenger compartment for multi-media advertisements;
- (iv) PLBs are allowed to park at all PLB stands during non-peak periods to reduce parking expenses. The TD is currently conducting local consultation in relation to the additional installation of parking signs at various PLB stands across the territory. Subject to local support, the proposal will be implemented as soon as possible. The TD will strive to assist GMB operators in the flexible deployment of vehicles where feasible, so as to increase the carrying capacity of specific routes during peak periods;

- (v) Route rationalisation, rolling out of short-haul or supplementary routes, adjusting vehicle deployment, and revising of service schedule will be explored with GMB operators on a need basis, in order to enhance the competitiveness and efficiency of PLB services;
- (vi) GMB operators may apply to the TD for fare revision having regard to the operational and financial condition. As for RMB, operators can determine their own fares;
- (vii) It is planned to extend the validity period the PLB driver identity plates through legislative amendments, so as to reduce the frequency of renewal of the plates³¹; and
- (viii) In view of the difficulties in recruiting drivers, the TD has contacted the Labour Department and assisted the PLB operators in participating in the job fairs organised by the Labour Department, in order to ease the problems faced by the trade arising from the shortage of drivers. Furthermore, the Government proposes to amend the requirement for applicants for driving licence for PLB etc. to hold a valid driving licence for private car or light goods vehicle for at least 3 years³² to at least one year³³ (please see **Annex 9** for details).

For those proposals mentioned above involving legislative amendments, it is expected that they could be introduced within 2 to 3 years, the earliest.

(e) Guidelines on Working Hours

Routing arrangements aside, the remuneration of drivers is an equally important factor for the effective delivery of GMB services. The Government has all along been very concerned about the working and rest time arrangements for PLB drivers. In 2000, the TD, in consultation with the trade, introduced the Guidelines on Working Hours of GMB Drivers ("Guidelines"). The Guidelines covers the maximum number of duty hours and driving hours for drivers³⁴. The TD holds regular trade meetings with the GMB operators to discuss

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According to section 51 of the Road Traffic (Public Service Vehicles) Regulations, a PLB or taxi driver has to display a driver identity plates inside the vehicle compartment. The driver identity plate must bear the driver's photograph taken not earlier than 12 months before the day of display. As a result, drivers are required to renew their driver identity plates every year. The PLB and taxi trade generally considers that the renewal of the driver identity plates currently required is too frequent. Having regard to the trade's views, the Government will amend the law to reduce the frequency for the drivers to renew their driver identity plates. At present, the validity period for a driving licence can be as long as 10 years. The Government will make reference to this arrangement in formulating the legislative proposals.

If the full driving licence for private car or light goods vehicle was issued upon completion of a probationary driving period (of at least one year), the relevant driving licence holding period is at least two years.

If the applicant has already completed a probationary driving period of at least one year, he or she will only need to hold a full driving licence for private car or light good vehicle at the time of application.

³⁴ Under the Guidelines on Working Hours of GMB drivers, the maximum duty hours for a GMB driver, including all breaks, should not exceed 14 hours per day; and the driving hours of all GMB drivers (i.e. the maximum duty hours less all rest breaks which lasts for 15 minutes or more) should not exceed 11 hours per day.

matters such as manpower and working hours of drivers. The TD also maintains close contact with individual operators regarding their service management and operational matters on a need basis.

To enable the Guidelines to keep pace with the times, and to ensure the arrangements for the rest time and meal break arrangements for drivers are appropriate, the TD and the trade started to explore revising the Guidelines in mid-2016. As the majority of GMB operators are small-to-medium-sized operators, they do not employ a large number of staff. More flexibility is needed in manpower deployment and work arrangements to meet passenger demand. The TD will strive to balance the needs of all parties in order to enhance the Guidelines on the drivers' working hours. At present, the TD is discussing with the trade the proposals to amend the Guidelines. Having regard to the problems faced by the trade in terms of shortage of drivers and insufficient parking spaces at termini, the TD has initially worked out an amendment proposal (see Annex 10), which covers the rest time during the duty hours and the break between two consecutive working days for a GMB driver, as well as the meal break arrangements, etc.. The TD will further Should the proposal receive support from the trade, the new consult the operators. Guidelines are expected to be implemented within 2017. The above-mentioned Guidelines will be provided to the RMB trade for reference as well.

Chapter 7 Non-franchised Bus

(a) Role and Positioning

- 7.1 The major services provided by non-franchised bus ("NFB") include **resident's service**, **student service**, **employee's service and tour service**. At present, NFB services on the whole operate well. In the past 5 years, the number of NFBs remained at around 7 000 and the demand and supply was generally stable. According to TD's survey conducted in 2016, the fleet utilisation rate is about 90%. The number of NFBs having endorsements for residents' service remains at 1 100, student service at 3 200 to 3 400, employees' service at 1 700 and tour service at 3 200.
- 7.2 NFB services in general are directly arranged between the users/groups/organisations and the Passenger Service Licence ("PSL") holders. One vehicle may obtain more than one service endorsement³⁵, so as to provide more than one type of service. Fares need not be approved by the TD. The services can flexibly satisfy the market needs. As at end April 2017, the number of NFBs obtaining 3 or above service endorsements is 2 785, accounting for 36% of the total fleet.
- 7.3 As early as confirmed by the CTS-3 completed in 1999, NFBs, ferries, trams and taxis each perform their supplementary functions while serving their own niche markets.
- 7.4 We consider that **NFBs should continue to perform its role and positioning as a supplementary public transport facility**, achieving the following functions:
 - (a) relieving demand on the franchised bus and GMB services primarily during the peak hours; and
 - (b) providing services to specific passenger groups (e.g. tour groups, hotels and students) when the regular public transport services cannot provide appropriate services.

(b) Regulation of Supply

The Transport Advisory Committee in 2004 reviewed the regulation of NFBs. The review at that time mainly responded to the situation that there was rapid growth for NFBs but the growth for passengers for public transport was relatively slow, which resulted in oversupply of NFBs in the market. The Transport Advisory Committee also noted that at that time, some operators provided services without obtaining the endorsements. According to the review outcome, in order to contain the growth of NFBs, applicants for expanding their bus fleets or applicants for entering the market to provide NFB services must procure buses from the existing NFB fleets in the market. At present, since the supply of NFBs can meet the market demand in general, in order to avoid increasing the number of vehicles on road, this sourcing requirement should be maintained. If the supply falls short of the market demand in future, the TD may consider issuing new PSLs to new buses in

Endorsements which are issued at present include tour service (A01), hotel service (A02), student service (A03), employees' service (A04), international passenger service (A05), residents' service (A06) and contract hire service (A08). There is also the endorsement for multiple transport service (A07). The TD has not issued such endorsement for years owing to changes in market.

accordance with the law.

7.6 In fact, PSL holders for NFBs can apply for various types of service endorsements having regard to the market needs, and the approval work has all along been smoothly run. Meanwhile, the TD monitors the number and supply of each type of NFB service. In order to further enhance the NFB services, we have made adjustments as appropriate to the endorsement approval and supply regulation of the following types of services.

(i) Student Service Vehicle Arrangement

- As regards the student service vehicles, we completed the Topical Study in April 2015. In recent years, the public has raised concerns about the supply and some schools also reflected the difficulties in tendering their school bus service or that the bid price was too high. To increase the supply of school buses, the TD has since 2012 implemented a new measure to allow an operator in possession of student service endorsement to use all vehicles meeting the requirements in his/her fleet for carriage of students upon application. Despite having this measure in place, the number of NFBs with student service endorsement still decreased between 2012 and 2014. Some schools still faced difficulties in tendering their school bus service. In view of the above (i.e. the supply and demand situation since the implementation of the new measure in 2012), and the expected number of kindergarten and primary students remaining on the high side in the coming few years, the TD has considered increasing the flexibility of student service vehicles supply suitably, with a view to better catering for the market demand. The two new proposed measures are as follows:
 - (a) Private school buses will be exempted from the sourcing requirement, meaning that schools or school sponsoring bodies (only kindergartens, primary schools and secondary schools) will not be required to source existing vehicles in the market when using school private bus service and may procure new vehicles as needed. This measure has been implemented since May 2015; and
 - If NFBs are solely used for student service (only kindergartens, primary (b) schools and secondary schools), the operators will be exempted from the sourcing requirement, meaning that operators will not be required to source existing vehicles in the market and may procure new vehicles as needed. However, these NFBs will be issued with endorsement for "solely for student service". The NFB trade had reservations on this new measure to exempt NFBs which provided student service from the sourcing requirement. Subsequently, after discussion between the TD and the stakeholders of the trade and the education sector, it was agreed that a working group would be set up starting from the 2015-16 school year to study the demand and supply arrangement for school buses and to provide assistance to individual schools which were not able to provide school bus service. The TD will continue to closely monitor the supply and demand situation of student service and will maintain liaison with the trade on this issue.

The current supply and demand of the student service is in general stable since the implementation of the above measures. The Government will continue to keep a close eye on the situation.

(ii) Cross-boundary NFB Services

- 7.8 Cross-boundary NFB services are regulated under a quota system of the boundary crossings. In anticipation of the commissioning of the Hong Kong-Zhuhai-Macao Bridge, we originally proposed to exempt cross-boundary buses and cross-boundary shuttle buses from complying with the sourcing requirement with a view to reducing the operation costs of the trade and to reducing the fare burden on passengers, as well as ensuring that sufficient services are provided. This measure can also help avoid the need of deploying existing buses to run on the Bridge which will affect other local NFB services.
- 7.9 However, the number of tourists in recent years has dropped ³⁶, and a recent survey conducted by TD also indicated that the overall utilisation rate of NFBs dropped when compared with the previous years. Having consulted the views of the trade, we will refine the proposal as appropriate such that only the operators of the cross-boundary shuttle buses and the operators of the Hong Kong/Macao cross-boundary coaches holding Macao quota will be exempted from the sourcing requirement.

(iii) Tour Service

7.10 As mentioned above, since the number of tourists visiting Hong Kong has reduced in recent years (in particular tour groups), the number of NFBs providing tour service can generally meet the demand. Hence, we consider that it is not necessary to change the sourcing requirement for NFBs for tour service. As regards the view reflected by the trade that there is insufficient number of parking spaces for coaches, the TD is actively adding parking spaces for coaches at appropriate locations. Furthermore, the TD has all along been concerned about the supply and demand of parking spaces in Hong Kong, and has commenced the review on the parking policy, with priority accorded to considering and meeting the parking need of commercial vehicles. The TD will explore improvement measures having regard to the review outcome.

(iv) Residents' Service

Residents' service mainly provides point-to-point passenger service for residential developments. Following the development of the North-West and North-East New Territories, there is an increasing demand for public transport services from the residents in the region. Upon completion of new residential developments (particularly those not located near railway lines), residents may wish to be provided with feeder service connecting nearby railway stations and inter-district service with direct access to the urban areas. The Government understands their needs, and the TD has been furnishing the franchised bus companies with planning data of various districts for their reference, so as to enable them to submit service proposals to the TD via the annual bus route planning programmes. The proposals include introducing new routes; adjusting frequency, operating hours and routing; as well as cancelling or amalgamating routes. The TD will continue their efforts in this aspect and will further collaborate with the franchised bus companies by inviting them to

⁶ The number of tourists visiting Hong Kong in the past 3 years is as follows –

^{2014: 60.84} million

^{2015: 59.31} million

^{2016: 56.65} million

provide services upon the initial population intake of the new residential developments. In addition, the TD will introduce as appropriate new GMB routes to cope with the passenger demand arising from such new residential areas.

- 7.12 In case franchised buses and GMBs are unable to provide services to these new residential areas, the TD will, having due regard to the actual situation (e.g. remote locations, relatively low patronage and lack of other public transport modes to and from the urban districts), follow the established procedures in handling applications for NFB residents' service to ensure that there will be suitable public transport services for the residents in the vicinity. When vetting the applications for NFB services (including residents' service endorsement), the TD has all along taken into account, in accordance with the Road Traffic Ordinance, an array of factors including the need for the proposed services to be provided by the applicant, the level of service already provided or planned by other public transport operators, as well as the traffic conditions in the areas and on the roads where the services are to be provided. When handling new application for residents' service endorsement, the TD will also take into account the following general principles:
 - (a) the proposed residents' service should facilitate commuters to connect to the nearby railway station or public transport interchange to avoid adding congestion to busy urban districts;
 - (b) the proposed residents' service should not pose a significant adverse impact on regular public transport services in the area concerned;
 - (c) the operation of the proposed residents' service should only be approved when the existing or planned public transport services in the area concerned are inadequate or limited;
 - (d) the operation of the proposed residents' service should only be approved when the residential developments served by the proposed residents' service are distant from the railway stations, public transport interchanges or major franchised bus stops or GMB stops and use of alterative services will result in an excessive number of interchanges; and
 - (e) the proposed residents' service will not operate in congested areas or via local busy roads and will not cause traffic congestion.
- 7.13 We understand that some residents may wish to have residents' service in their estates because such services are provided in a nearby estate. We must emphasise that in considering approving new applications for residents' service or applications for renewal of existing residents' service, the TD will process having regard to the situations of each application, including whether the regular public transport services in the area concerned will need to be adjusted because of the residents' service, whether the residents can accept the arrangement if adjustment is required, and whether such residents' service will result in traffic congestion, etc. In any case, the backbone of the public transport services is still railway. Franchised bus will be the major transport facility if the areas do not have direct railway access. This is to be followed by GMBs which service routes with lower passenger demand. Residents' service mainly plays a supplementary role during peak hours, in particular as feeder services to and from railway stations and major public transport interchanges to relieve the public's demand on franchised buses and GMBs during the peak hours. **If we give up**

the public transport services which are of a high carrying capacity and a wider service coverage while allowing each estate to use its own residents' service (which occupies considerable road space) without any control, this will impose negative implications on the road traffic and will not be conducive to improving the road-side air quality. Besides, regarding those routes suitable for GMB operation, if the routes with stable patronage are mainly operated by the estates through residents' service, there will only be those routes with less stable or insufficient patronage for GMBs to operate, rendering it difficult for the GMB operators to balance their books. Other areas that could only rely on GMB services will also be greatly affected³⁷. Moreover, if franchised bus companies are not able to operate new routes or enhance their existing service level because most passengers are using NFB services, or even have to cut services, the overall arrangement of the public transport services of the area concerned must be affected.

(c) Measures for Facilitating Operation

- 7.14 To facilitate the operation of NFBs, the trade has put forward proposals on the vetting arrangements, licensing procedures, enforcement arrangements and enhancement of information transparency. **The TD will continue to follow up the following proposals with the trade:**
 - (a) reviewing the reserve vehicle arrangements for residents' service;
 - (b) studying ways to refine the restriction that prior approval being required for contract hire service that exceeds two days; and
 - (c) disseminating to the trade survey information on NFB services.
- Regarding the reserve vehicle arrangement for residents' service, the current arrangement is that the operator is allowed to keep one reserve bus for every 10 buses in service. The TD will consider raising the ratio of these reserve vehicles to enhance the flexibility in the operation of residents' service.
- As regards the contract hire service, the operation of any contract hire service with the same origin and destination areas, for more than two days either intermittently or consecutively in a period of 30 days, shall be subject to the prior approval of the TD under the existing arrangement. This is to avoid the contract hire service which is of temporary nature from being abused as regular service, and it will then overlap with other service endorsements. Having considered the trade's proposal to provide more flexible contract hire services, the TD will consider relaxing the two-day restriction so that services may be more flexibly provided to meet market needs.
- 7.17 Concerning the dissemination to the trade of the survey information on NFB services, the TD currently conducts surveys on NFB services on a regular basis to understand the usage of NFBs. To assist the trade in knowing the demand of various services, the TD will consider uploading the survey summary (including the utilisation rates of service endorsements) onto its website for the trade's reference.

It is the established practice for the TD to group appropriate routes into a route package, having regard to such factors as the service area and patronage of the individual routes, for operation by the same operator. This practice ensures that no routes with unsatisfactory investment returns but of social needs will be left without an operator.

7.18 If the proposals mentioned in paragraph 7.14 above receive support from the trade, they can be implemented within 2017.

Chapter 8 Personalised and Point-to-point Public Transport Services

- 8.1 At present, there are two types of personalised and point-to-point transport services, namely taxi services and hire car services (i.e. using private cars for carriage of passengers for hire or reward).
- 8.2 **Taxis** constitute the majority of personalised and point-to-point public transport services with the largest number in supply. At present, there are a total of 18 163 taxis in Hong Kong, of which 15 250 are urban taxis, 2 838 are New Territories taxis and 75 are Lantau taxis. Ordinary taxi licences are permanent in nature, and held by some 9 000 licence holders. Apart from that the fares and operating areas are regulated by the Government, taxi licences have been issued without any conditions directly related to service quality. Regarding the operating areas, taxis may pick up passengers on the street or at taxi stands or provide pre-booked services. In respect of fares, taxis shall either charge according to taximeter or be hired as a whole. The fares charged by taximeter are regulated by the Government, whereas the fare for hire-as-a-whole service will be agreed between the parties providing and receiving the service to allow for more flexibility in meeting different passenger needs.
- 8.3 **Hire car** provides another kind of personalised and point-to-point service. According to established policies, hire car does not come under the category of public transport services. A private car owner must obtain a hire car permit ("HCP") for operating the service under the law. The fare of hire cars is not subject to regulation. Generally speaking, the fare of hire cars is higher. The maximum number of HCPs for private service (including both cross-boundary and local) is capped at 1 500 under the law. As at April 2017, around 650 HCPs have been issued.
- 8.4 Under the PTSS, we have reviewed the following areas to ensure that personalised and point-to-point public transport services can meet the community's demand:-
 - (a) enhancing personalised and point-to-point transport services;
 - (b) issuing more taxi licences; and
 - (c) exploring taxi fuel surcharge.

(a) Enhancing Personalised and Point-to-point Transport Services

8.5 Under the existing Taxi service and the conduct of some taxi drivers (such as refusal of hire, poor service attitude towards passengers and overcharging) have been subject to increasing criticisms in the community in recent years. Meanwhile, a personalised and point-to-point passenger service of a higher fare in general but non-compliant with the legal requirement on holding a HCP for provision of passenger services, was provided through the use of car-hailing mobile applications. On the premise that provision of any passenger services must be lawful, there is a certain demand in the community for personalised and point-to-point public transport services of higher quality and fare. The Government commissioned a consultancy to conduct a telephone survey earlier on, of which

the outcome confirms that this new demand is both solid and pressing³⁸.

8.6 The existing taxi operation mode has posed a certain limitation on ensuring the overall quality of taxi service in a sustained fashion. At present, over 18 000 taxi licences have been issued. They are all permanent in nature. Renewal of the licences is not required. These licences have been issued without any conditions directly related to service quality. As such, we cannot impose any penalty against unsatisfactory service of taxi drivers or owners through the licence conditions. Since the existing taxi licences are permanent in nature, it is legally infeasible to impose new licence conditions for regulating the taxi services on the issued licences through legislative amendments³⁹. Moreover, under the present licensing regime, regulation of taxi services can only be carried out by enforcement action under the Road Traffic Ordinance and its subsidiary legislations. Yet, malpractices of drivers usually occur with the presence of the drivers and passengers only. The absence of other independent corroborating evidence renders it difficult to gather evidence for prosecution. At present, enforcement actions are usually conducted by carrying out decoy operations. Even if the existing legislation is amended to impose heavier penalties on malpractices of taxi drivers, the effectiveness of enforcement is still subject to constraints arising from the aforesaid high threshold for gathering of evidence for prosecution. Given the limitations of the existing regulatory regime and enforcement actions, the quality of the existing taxi services can only depend on the willingness or performance of individual owners or drivers. However, the ownership of ordinary taxi licences is scattered. There are over 9 000 licence holders 40. It is difficult for the taxi owners to centrally manage the service quality. Incomes of taxi drivers are not directly related to their service quality. Thus, there is a lack of an incentive mechanism to ensure drivers' service quality, resulting in variation of service quality. Taxi owners and drivers do not usually have an employer-employee relationship. It is thus difficult to maintain the service quality of the drivers in the long run. Without reforming the existing regime of taxi services, it will be difficult to meet the community's demand for quality personalised and point-to-point public transport services.

8.7 Meanwhile, we should not give up the principle that the provision of any passenger services must be lawful. If passenger services are not regulated, this will in effect mean that illegal passenger services are allowed. This will not only increase the number of vehicles on the road which worsen the traffic congestion, but also disrupt the planning of public transport system which is being used by over 90% of the commuters,

The Government commissioned a consultancy to conduct a telephone survey in May 2016. The outcome of the survey indicates that, even without knowing how much the fare of franchised taxis would be higher than that of ordinary taxis, over 60% of the respondents already indicate that they will consider using franchised taxis of higher quality than ordinary taxis and expect to use franchised taxis at least once a month. This suggests that there is demand for better quality personalised and point-to-point public transport services of higher fares.

Different from taxi licences, existing passenger service trades are regulated by the PSLs. The PSLs are time-limited (for 1 to 3 years in general). The Government may add new licence conditions when issuing new PSLs (i.e. renewing the PSLs). If the PSL holders do not comply with the licence conditions, the PSLs may be suspended or revoked in serious cases. At present, the taxi licences issued are permanent in nature. No renewal is required. Hence, it is legally infeasible to add new licence conditions on these licences.

As at March 2017, there are 18 163 taxi licences, of which around 60% are held by individuals, while the rest are held by companies. There are about a total of 9 000 individual and company licence holders. Among these licence holders, around 75% hold one taxi licence; around 5% hold 5 or more taxi licences; less than 2% hold 10 or more taxi licences.

thereby affecting the effectiveness, reliability and long-term healthy development of the public transport services. It is also highly likely that the passengers cannot be protected from the illegal passenger services.

- 8.8 Since taxis are the major providers of peronsalised and point-to-point services in the existing roles and positioning of public transport services, the community has certain demand for these services and hence, there is a need to study how to meet the demand. Therefore, the Government has conducted a comprehensive review on the demand for personalised and point-to-point transport services, including taxis and hire car services⁴¹, under the PTSS. In November 2015, the Government proposed to explore the feasibility and desirability⁴² of introducing **franchised taxis** (**formerly referred to as "premium taxis"**).
- 8.9 In June 2016, the Government presented the preliminary idea of franchised taxis ⁴³ to the Transport Panel. Franchised taxi is positioned as a new choice of personalised and point-to-point public transport services other than ordinary taxis to address the needs of passenger groups with higher disposable income. Its main features include: operating through a franchise model; setting of service standards in respect of vehicle types, compartment facilities, drivers' training, customer services and handling of complaints, etc. through franchise terms; and also proposing the requirement for the operators to maintain an employer-employee relationship with their drivers in order to monitor the service quality of drivers. The fares of the new services will be higher than that of ordinary taxis. The new services include the "online hailing" feature and can be arranged by mobile hailing applications.
- 8.10 Having regard to the views of various stakeholders and the latest analysis of the consultancy study, the Government submitted the latest proposals at the Panel meeting in April 2017⁴⁴, which included suitable adjustments to the preliminary proposals in June 2016. The latest proposals address the concerns and worries of the taxi trade and meet the public demand for more convenient and higher-quality "online hailing" services. A gist of the regulatory regime and services is set out below:
 - (a) It is proposed to introduce 600 franchised taxis in total (i.e. about 3% of the 18 000-odd taxis in Hong Kong). The cap on the total number of franchised taxis should be stipulated in law, which could only be revised with the consent of the LegCo;

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In response to the community views on hire car services, the Government has completed the study on how to enhance the processing of applications for HCPs. On the premise of maintaining the cap of the HCPs, new measures have been implemented starting from 1 February 2017 to facilitate new market entrants and ensure quality of vehicles. These measures include: interested parties may make a request for "pre-application assessment" without the need to submit private car registration documents; special consideration on individual merits may be given to applicants for Private Service (Limousine) Hire Car Permits who are unable to produce the required hiring records or future service contracts; and introducing the vehicle age requirement of Private Service (Limousine) Hire Car.

Please refer to LC Paper No. CB(4)119/15-16(08) for details: http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20151106cb4-119-8-e.pdf

Please refer to LC Paper No. CB(4)1124/15-16(01) for details: $\frac{1}{1000} \frac{1124}{15-16} \frac{1124$

Please refer to LC Paper No. CB(4)666/16-17(05) for details: http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170317cb4-666-5-e.pdf

- (b) Each franchisee should comprise 200 vehicles. This has been made reference to the present fleet operation experience of the taxi trade and taken into account the fact that a fleet must be of certain scale for serving passengers and maintaining operation efficiency. Operating in fleets can help address the current difficulty in managing centrally the service quality of ordinary taxis;
- (c) 3 franchises should be granted by fair and open tender. The Government will monitor the operators' services through the franchise terms, and the operators will be responsible for ensuring that their services (including the performance of the drivers) will be proper and efficient as prescribed in the franchise. If an operator fails to meet the service level or standards prescribed under the franchise, the Government will be able to impose penalties through franchise terms or even revoke the franchise in serious cases;
- (d) The overall fare level of franchised taxis will be about 35% to 50% higher than that of ordinary taxi fare so as to maintain a certain division of labour between franchised taxis, ordinary taxis and hire cars corresponding to their respective passenger groups;
- (e) The franchise will set clear requirements for the operation and service quality of franchised taxis, including an "online hailing" feature and requiring the operators' fleets to be comprised at least 50% of wheelchair-accessible vehicles. If a bidder for franchised taxi service proposes a percentage of wheelchair-accessible vehicles higher than that required, he/she will be given a higher score in the assessment;
- (f) The operators are required to propose a franchise fee when bidding for the franchise. They have to pay that specified amount of franchise fee once the franchises are granted;
- (g) Bidders are required to submit technical (company structure, proposed vehicles to be used and compartment facilities, driver monitoring as well as reward and penalty mechanism, drivers' training, customer services and complaint handling system, etc.) and financial (franchise fee) proposals. The technical proposal will be the primary consideration, while the financial proposal will only be the secondary consideration;
- (h) A company will not be issued with more than one franchise so as to maintain a healthy competition in the franchised taxi market. Participation of both existing taxi operators and new entrants are allowed. Companies with experiences in operating local taxis and other public transport services would be given higher scores in the bidding;
- (i) An employer-employee relationship helps enhance the occupation protection for drivers and attract new blood to the trade. Therefore, the applicants' proposed measures for monitoring driver service quality as well as reward and penalty mechanism will one of the considerations in the assessment; and

- (j) The duration of franchise should be 5 years under the trial scheme. The franchise is non-permanent and non-renewable. The operator must compete in bidding for a new franchise upon its expiry, so that the Government will be able to review and amend the terms of the franchise where necessary when new franchises are to be issued.
- 8.11 The Government has all along been communicating with taxi associations, unions as well as other stakeholders through various channels to canvass views from different parties. The Government has also taken note of the views and opinions of the community. Overall speaking, the public welcome the introduction of franchised taxis as a new alternative and expect the new services to be launched as soon as possible. Some members of the taxi trade are worried about the impact of the franchised taxi on existing taxi trade and have proposed that even if the franchised taxis are to be introduced, the Government should make use of some ordinary taxi licences to operate franchised taxis. The Government does not agree with this request since it would be equivalent to a closed market, which is contrary to the principle of open competition.
- 8.12 At the meeting of the Panel on 21 April 2017, members put forward a number of views on enhancing personalised and point-to-point services and passed 5 non-binding motions (see Annex 11). One of the motions requested the shelving of the proposal (7 affirmative, 5 negative and one abstention vote(s)). The remaining 4 motions, while basically supported the introduction of franchised taxi, put forward different views on the For instance, some members opined that while introducing implementation details. franchised taxis, efforts should be made to combat unlawful acts, strengthen drivers' training and introduce suitable service quality monitoring mechanism within the trade so as to enhance ordinary taxi services quality on all fronts; the new services should be offered in a manner different form the existing licensing regime and should be subject to a prescribed duration; the Government should review the policy on hire car services and introduce suitable regulatory mechanism for "online hailing" to meet the demand of the public; the Government should reconsider stipulating that franchised taxi operators should maintain an employer-employee relationship with their drivers; and to consider giving priority to existing ordinary taxis for converting their licences into operating right of franchised taxis.
- 8.13 In the light of the results of consultation with the Panel mentioned above and the generally supportive views from the community, the current-term Government concludes that the introduction of franchised taxis could meet the new demand in the community for personalised and point-to-point services of higher quality and fare. We propose that the next-term Government may formulate the legislations for implementation on the basis of the proposal on franchised taxis put forward by the current-term Government. Depending on the outcome of the scrutiny of the legislation on franchised taxis by the LegCo, consideration may have to be given on whether to explore other new services (such as regulated online hailing services).
- 8.14 **A two-pronged approach has to be adopted to enhance taxi services**. Ordinary taxis are cheaper and will continue to be the main taxi services used by the general public. After the introduction of franchised taxis, the current 18 000-odd taxis will continue to be the majority of the personalised and point-to-point public transport services. Therefore, **the Government will on one hand continue to strive to enhance the existing taxi service quality and operating environment** by, inter alia, (i) reviewing the current penalty for various taxi malpractices; (ii) relaxing permanently the no-stopping restrictions for taxi from peak hours and "7 a.m. to 7 or 8 p.m." on roads with speed limit less than 70 kilometres per

hour; (iii) extending the validity period of driver identity plates ⁴⁵; (iv) amending the requirement for applicants for driving licence for taxis etc. to hold a valid driving licence for private car or light goods vehicle for at least 3 years ⁴⁶ to at least one year ⁴⁷; and requiring applicants for full driving licence for taxi and non-franchised public bus to complete and pass a pre-service course designated and approved by the Commissioner for Transport. Details are at **Annex 9**; and (v) proactively considering subsidising taxi drivers to enrol in training courses. It is expected that the above measures could be introduced within 2 to 3 years.

8.15 On the other hand, the Government will continue to maintain close liaison with the taxi trade. We propose that under the existing taxi licensing system, we will strengthen the interaction and cooperation with the trade and other important stakeholders (including stakeholders such as the Chartered Institute of Transport, passenger concern groups, Consumer Council, Competition Commission and labour organizations), drive changes and discuss feasible supportive measures through comprehensive restructuring the current Quality Taxi Services Steering Committee under the TD. The restructuring will be commenced soon.

(b) Increasing the Number of Lantau Taxi Licences

8.16 According to the established policy, the Government will still issue new ordinary taxi licences as and when necessary, having regard to factors including the demand for taxi services, the operating status of the taxi trade and the likely impact of the increase in the number of taxis on traffic conditions. We completed the Topical Study on the taxi service level in June 2015. It was found that the supply of ordinary taxis could largely meet the demand, while there was a need to increase the supply of Lantau taxis. The Government issued 25 new Lantau taxi licences through open tender in December 2015 and these newly added Lantau taxis commenced operation in the second quarter of 2016. According to a recent survey conducted by the TD, the waiting time for passengers at the taxi stands in Lantau during the peak hours has been improved. The Government will review the demand and supply of taxi services on a regular basis (in particular after the introduction of franchised taxis).

According to section 51 of the Road Traffic (Public Service Vehicles) Regulations, a PLB or taxi driver has to display a driver identity plates inside the vehicle compartment. The driver identity plate must bear the driver's photograph taken not earlier than 12 months before the day of display. As a result, drivers are required to renew their driver identity plates every year. The PLB and taxi trade generally considers that the renewal of the driver identity plates currently required is too frequent. Having regard to the trade's views, the Government will amend the law to reduce the frequency for the drivers to renew their driver identity plates. At present, the validity period for a driving licence can be as long as 10 years. The Government will make reference to this arrangement in formulating the legislative proposals.

⁴⁶ If the full driving licence for private car or light goods vehicle was issued upon completion of a probationary driving period (of at least one year), the relevant driving licence holding period is at least two years.

⁴⁷ If the applicant has already completed a probationary driving period of at least one year, he or she will only need to hold a full driving licence for private car or light goods vehicle at the time of application.

(c) Study on Fuel Surcharge

8.17 At present, the vast majority of taxis (over 99%) are run on liquefied petroleum gas ("LPG")⁴⁸. When the LPG prices follow the changes of the international fuel prices, in particular when there are rather steep rises in a short period, pressure will be exerted on the operation of the taxi trade. The taxi trade has proposed earlier that, apart from the regular taxi fare adjustment mechanism, a fuel surcharge mechanism should also be put in place. The basic concept is that passengers will have to pay a certain amount of fuel surcharge when the fuel price reaches or exceeds a pre-set triggering point, and the surcharge level will increase along with the fuel price. When the fuel price has not reached or has fallen below the pre-set triggering point, passengers will not have to pay any fuel surcharge. However, the trade has not suggested that metered fare can be reduced when the fuel price falls substantially.

8.18 We completed the Topical Study on taxi fuel surcharge in July 2015. Having studied the experiences of 17 cities in both implementing and not implementing a taxi fuel surcharge⁴⁹ and the views of various stakeholders (including taxi passengers, taxi trade and academics), as well as considering the specific conditions in Hong Kong, we are of the view that a taxi fuel surcharge mechanism should not be introduced.

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⁴⁸ To reduce roadside emissions, the Air Pollution Control (Vehicle Design Standards) (Emission) Regulations (Cap. 311J) stipulates that any taxi registered on or after 1 August 2001 shall be operated on LPG or unleaded petrol unless the vehicle concerned is not powered by a positive-ignition engine (such as an electric taxi).

⁴⁹ Cities that have introduced a taxi fuel surcharge include Beijing, Shanghai, Guangzhou, Shenzhen and Hangzhou; cities that have not introduced a surcharge include Macao, Taipei, Singapore, Tokyo, London, Frankfurt, Amsterdam, Melborne, Sydney, Auckland, Washington D.C. and New York City.

Chapter 9 Tram

- 9.1 Trams have been running along the north shore of Hong Kong Island since 1904. There are at present a total of 7 routes in operation. Since the tramway provides public transport services at high frequency and low prices with zero roadside emission, trams perform an important supplementary function on the north shore of Hong Kong Island. This role and positioning will remain unchanged.
- 9.2 The Government encourages the Hong Kong **Tramways** Limited ("Tramways") to retain the over 100-year exterior design while modernising its facilities and enhancing service quality. In 2011, the Tramways launched the seventh-generation tram, which is a combination of modern interior design and traditional tram body exterior. Its features include an aluminium tram body structure in place of teak structure, which increases the durability of the tramcars; electronic display and voice next stop announcement systems installed inside the tramcar; and improved lighting and ventilation systems. As at May 2017, there are about 59 tramcars of the new generation. Furthermore, the Tramways has adopted a real-time positioning system using the radio frequency identification technology, which enhances the service frequency and fleet deployment, as well as providing real-time tram arrival information on its website. In June 2016, the Tramways launched its first air-conditioned tramcar for a trial run to increase the comfort of passengers. Tramways is now studying the feasibility of further promoting air-conditioned tramcars. The study will focus on technical issues including electricity loading and tram body design.
- 9.3 Meanwhile, to reduce the traffic impact arising from the track replacement works and provide more comfortable service for passengers, the Government has earmarked around \$20 million to subsidise the Tramways on a matching basis to expedite the track replacement of the key bends and junctions with the use of new technology from 2017-18 to 2019-20 financial years. The TD expects that the Tramways may start to apply for the subsidy in mid-2017 and commence the track replacement works in the fourth quarter of 2017. It is expected that the works will be completed in 3 years, during which about 2.4 kilometres of the tram tracks will be replaced.

The new technology is the "rail jacket technology". Unlike the existing traditional method where tram tracks are directly embedded in concrete, the new technology makes use of a layer of eco-friendly elastic rubber material to wrap the tracks before installing them onto the concrete road surface. Subsequent replacement of the same section of tracks will only require removal of the worn out section wrapped in the rubber jacket through boring holes without the need to excavate and repave the road surface. This will help reduce the work duration and impact on the surrounding traffic. The new technology can extend the track life and is effective in enhancing the track's capability of absorbing vibration and reducing the noise of tram operation, as well as providing more comfortable service for passengers. The Tramways has already replaced about 80 metres of tracks with the new technology at Shau Kei Wan Terminus.

Chapter 10 Ferry

(a) Role and Positioning

- 10.1 Local passenger ferry services consist of in-harbour routes and outlying island routes. Over the years, in tandem with the commissioning of the 3 cross-harbour tunnels⁵¹ and the continuous expansion of the railway network, the cross-harbour public transport network has become more comprehensive nowadays. **The in-harbour ferry services perform a supplementary role as an alternative public transport service to rail and road-based harbour-crossing services.** Services are adjusted in accordance with supply and demand in the market. According to established policy, the Government does not provide any direct subsidy to the seven in-harbour ferry routes⁵².
- Outlying island ferries will retain the role of providing public transport services that are basically essential for the outlying islands. Of the 14 outlying island ferry routes, the 6 major outlying island ferry routes⁵³ receive direct subsidies from the Government. In April 2016, we completed the Topical Study on the mid-term review of the Government's provision of Special Helping Measures ("SHM") to those ferry routes for the current 3-year licence period since 2014. As to whether the remaining 8 routes should be subsidised, the Government is now looking into the matter.

(b) Subsidy Model and Operation Model

(i) Current Subsidy Model – Special Helping Measures

10.3 It is the Government's established policy that public transport services should be run by the private sector in accordance with commercial principles to enhance efficiency and cost-effectiveness. There is no direct subsidy from the Government for public transport

The Cross Harbour Tunnel, Eastern Harbour Crossing and Western Harbour Crossing was opened in 1972, 1989 and 1997 respectively.

However, to help reduce the operating costs of ferry services, the Government has implemented various measures for all ferry routes where applicable. They include taking over the responsibility of pier maintenance, waiving fuel duty as well as reimbursing pier rental and exempting vessel licence fees under the Elderly Concessionary Fares Scheme. In addition, ferry operators are allowed to sub-let premises at piers for commercial and retail activities to generate non-fare box revenues for cross-subsidising the ferry operation so as to alleviate pressure for fare increase.

The 6 major outlying island ferry routes are: "Central – Cheung Chau"; "Inter-islands" between Peng Chau, Mui Wo, Chi Ma Wan and Cheung Chau; "Central – Mui Wo"; "Central – Peng Chau"; "Central – Yung Shue Wan"; and "Central – Sok Kwu Wan" routes.

services save for the 6 major outlying island ferry routes. The Government provides SHM⁵⁴ to these routes because, in the areas served by these routes, there is basically no alternative to the ferry services as a means of public transport⁵⁵, and short of the SHM, the ferry services cannot be maintained without periodic hefty fare increases. Therefore, the SHM help maintain the financial viability of the ferry services and alleviate the burden of fare increases on passengers.

- 10.4 The SHM were first launched for the 6 major outlying island ferry routes in **2011** and achieved the intended purpose during the past two licence periods (i.e. 2011-14 and 2014-17). The Government will continue to provide SHM for the 6 major outlying island ferry routes ⁵⁶ so that residents need not bear hefty fares.
- The subsidy amount increased from about \$110 million for the first round of SHM for the 3-year licence period commencing in mid-2011 to around \$190 million for the second round of SHM for the 3-year licence period commencing in mid-2014. For the next 3-year licence period from mid-2017 to mid-2020, the Government will provide SHM of around \$410 million. The substantial increase in the SHM amount is mainly attributable to the escalating cost and the Government's introduction of new item under the SHM. **Apart from reimbursing the vessel maintenance cost to ferry operators, with a view to encouraging operators to introduce new vessels or improve services, facilities or equipment, the Government will reimburse half of the depreciation expenses of the abovementioned capital investment.** With the latest SHM, the operators have already planned to introduce two new vessels and implement a series of measures to upgrade the facilities of the ferry fleet (such as replacement of air-conditioning and ventilation systems and refurbishment of passenger cabins/washrooms).
- 10.6 Apart from increasing the number of items and amount of subsidy, we established a profit-sharing mechanism in the mid-term review conducted in early 2016. Under the mechanism, ferry operators have to share the windfall profit (i.e. the profit exceeding the projected profit margin at the time of licence extension), with passengers on a 50:50 basis. The windfall profit earned in the first half of the licence period will be shared with passengers on a 50:50 basis in the second half of the licence period, while that earned in the second half of the licence period will be shared with passengers in the next licence period on a 50:50 basis. The same profit-sharing mechanism is applicable to the next licence period (i.e.

⁵⁴ The SHM include:

(1) reimbursing the operators of the ferry services concerned for the annual vessel survey fee and private mooring charge;

(2) reimbursing the pier electricity, water and cleansing charges;

- (3) reimbursing the balance of revenue foregone due to provision of elderly fare concessions after netting off the amount of pier rental reimbursement and vessel licence fee exemption under the established arrangement;
- (4) reimbursing the vessel maintenance cost;
- (5) reimbursing the depreciation cost relating to vessels;
- (6) reimbursing the revenue foregone due to provision of child fare concessions;
- (7) reimbursing the vessel insurance cost; and
- (8) launching the "Visiting Scheme to Outlying Islands".

Only Mui Wo is also linked by an external road network, but its cross-district land-based public transport services are very limited.

In this regard, the Finance Committee of the Legislative Council approved funding of \$410 million for the next 3-year licence period (i.e. from mid-2017 to mid-2020) in March 2017.

from mid-2017 to mid-2020) and has been formally incorporated into the terms of licence extension of the ferry services.

(ii) Maintaining the Long-term Financial Viability

10.7 In respect of the effectiveness of the above new arrangements in enhancing ferry service and maintaining their long-term financial viability, we will look into and make a decision on the most desirable long-term operation model for maintaining the financial viability of ferry services, in the mid-term review (in the first half of 2019) of the next 3-year licence period. The review will cover a study of the pros and cons of various options, including maintaining the existing SHM, extending the licence duration and enhancing the SHM at the same time, or letting the Government own the ferry fleet and outsource the service operation. The objective is to ensure enhanced service quality, financial viability and reasonable fare level of ferry services.

10.8 The Ferry Services Ordinance stipulates that a licence period for ferry service should be 3 years at the maximum. We are of the view that this requirement hampers the operators' capability for longer-term planning and investment for ferry operation. Therefore, we will explore extending the effective period of a licence through legislative amendments.

Currently, there are 8 other outlying island ferry routes⁵⁷ in addition to the 6 major 10.9 outlying island ferry routes. There are views that the SHM should be extended to these 8 We will study this issue and consider a host of factors, including the principle of prudent use of public money; the availability of alternative public transport services for these 8 routes; their respective operating environment (for example, some routes were launched in support of the new residential development projects at that time); their different financial situations (some are operating at a loss while there are individual routes that are relatively financially manageable for the time being); and their patronage, etc. The profit-sharing mechanism has become the terms of licence renewal for 2017-20 for the 6 major outlying island ferry routes. Whether it should be applicable to the other 8 routes needs to be studied. Besides, the duration of the licence periods of those 8 routes is not the same (the existing licence periods range from one to 3 years). Whether the future licence periods should be rationalised or unified also needs to be studied. When the Government makes a decision on the long-term operation model of the existing 6 major outlying island ferry routes in the first half of 2019, it will decide in one go whether and how the long-term operation model to be determined at that time should be applicable to the other 8 routes. We will then consult the Legislative Council.

(c) Enhancing Pier Facilities

10.10 We plan to carry out renovation projects for existing ferry piers to keep up the

The other 8 outlying island ferry routes include: "Aberdeen – Cheung Chau"; "Aberdeen – Yung Shue Wan (via Pak Kok Tsuen)"; "Aberdeen – Sok Kwu Wan (via Mo Tat)"; "Tuen Mun – Tung Chung – Sha Lo Wan – Tai O"; "Discovery Bay – Central"; "Discovery Bay – Mui Wo"; "Ma Wan – Central"; and "Ma Wan – Tsuen Wan". In addition, there are "kaitos", which mainly provide waterborne transport services to the remote areas which are generally inaccessible by land in the territories. There are 69 kaito routes in 2016. These kaitos do not provide daily public transport services for the general public. Instead, they operate on a relatively small scale and mostly provide non-regular services. The study of SHM and long-term operation model does not cover kaito routes. In fact, they could generally adjust their service frequencies and charges on their own initiative in the light of passenger demand.

exterior design and facilities of the piers with the times so as to provide the public with a better waiting environment. Our preliminary plan is to renovate one ferry pier on a pilot basis, through which we may explore enhancements such as installation of facilities for passengers' convenience, exterior refurbishment and brighter lighting. We are actively taking forward the preparatory work such as identifying the pilot site, scope of specific enhancement works, renovation budget and timetable. Upon completion of the pilot project, we will consider renovating more ferry piers in the light of the project outcome and passengers' feedback. We will also examine applying such new standards to newly-built ferry piers in future. Separately, the Development Bureau is launching a "Pier Improvement Programme" to enhance the structural and facility standard of some existing public piers at remote rural areas in phases.

Chapter 11 Barrier-free Public Transport Services

- The Government has all along been encouraging the elderly and people with disabilities ("PwDs") to integrate into the community. Since 2002, it has actively promoted the concept of "Transport for All" and engaged public transport operators in enhancing their facilities wherever possible to facilitate access by the elderly and PwDs.
- 11.2 Since June 2012, the Government has launched the Public Transport Fare Concession Scheme in phases, so that eligible PwDs and elderly people aged 65 or above can travel on general MTR lines⁵⁸, franchised buses⁵⁹, ferries and most of the GMBs⁶⁰ at a concessionary fare of \$2 per trip. In addition, the Government has all along been providing special care for the general transport needs of PwDs. Rehabus service, which is subsidised by the Government, has been provided to PwDs.
- 11.3 Having regard to public concerns about the transport needs of PwDs, the Government completed a Topical Study on the barrier-free facilities of public transport services in April 2016. As for the Rehabus service, it is a service under the welfare policy of the Labour and Welfare Bureau. The service is planned and funded by that Bureau to provide point-to-point special transport services to those PwDs who are not able to use ordinary public transport facilities. The positioning of Rehabus does not fall within the purview of public transport services.

(a) Progress of Promoting "Transport for All"

- 11.4 Under the concept of "Transport for All", the Government and various public transport service operators have been striving to promote "Better accessible transport services for all", "Better public transport infrastructure and facilities for all" and "Better partnership", so that barrier-free facilities will be provided in the compartments and at stations/platforms/piers of various public transport having regard to the actual circumstances. The major progress in recent years includes:
 - (a) All **franchised bus** companies have completed the installation of bus stop announcement system inside the compartments of their fleets. As at March 2017, over 90% of the buses are already wheelchair-accessible low-floor buses;
 - (b) All **MTR stations** are equipped with at least one barrier-free access, such as passenger lifts, ramps, stair lifts and wheelchair aids;
 - (c) The Government has been encouraging the **taxi** trade to use wheelchair-accessible models. As compared to early 2015 during which there were only 20 wheelchair-accessible taxis, there are now over 80 such taxis; and

Excluding the Airport Express, East Rail Line services to and from Lo Wu, Lok Ma Chau and Racecourse Stations, and first-class service of East Rail Line.

⁵⁹ Excluding "A" and "NA" routes to the airport and racecourse routes.

As at end April 2017, there is still one GMB operator involving 6 routes not joining the concession scheme. This operator has indicated that it will join the concession scheme, and preparation work is underway to meet the accounting and auditing requirements for joining the scheme.

- (d) The Government encourages the light bus trade to designate priority seats for persons in need as well as providing braille registration number plates, non-slip floor and additional handrails, etc. inside the compartment.
- 11.5 In addition, the TD and Highways Department have retrofitted, where possible, PTI, bus termini, PLB termini, public piers and landings with barrier-free facilities such as tactile guide paths, tactile warning strips, dropped kerbs and road signs. All new public transport facilities will come with facilities for ease of use by PwDs in accordance with TD's Transport Planning and Design Manual. Furthermore, to build up better partnership, the TD has actively engaged the public transport operators, relevant departments and PwD groups through regular meetings of the Working Group on Access to Public Transport by People with Disabilities. Through these meetings, the TD has sought to understand the needs of PwDs and deliberated proposals for improving barrier-free facilities.

(b) Further Enhancing Barrier-free Facilities

11.6 To further enhance barrier-free facilities to facilitate easy access of public transport services for the elderly and PwDs, the Government has maintained close communication with various public transport operators. The following are key measures that have been or will be introduced by the operators:

(i) Railways

11.7 MTRCL is exploring the provision of audio information to the visually impaired through the tactile guide paths at concourses and platforms at Shek Kip Mei Station, to facilitate them to obtain necessary information and proceed to their destinations. Besides, subject to actual circumstances, the MTRCL will install passenger lifts or vertical platform lift near the staircase at the remaining stations⁶¹, which are currently not provided with lift access between station concourse and the street level, in phases by end-2021. When constructing new railways, passenger lifts connecting station platform, concourse and street level will be regular items, subject to actual circumstances.

(ii) Franchised Buses

11.8 As mentioned in paragraph 4.13 above, the Government announced a new measure in 2016 that around \$88 million had been earmarked to **subsidise franchised bus companies in expediting the installation of real-time arrival information display panels and seats at bus stops** for the convenience of passengers (especially the elderly and those in need). Regarding the seats, in order to expedite the installation, the Government will subsidise franchised bus companies for installing seats at covered bus stops without seats. As regards real-time arrival information display panels, all franchised bus companies are gradually rolling out their real-time arrival information systems, and individual operators have already provided such information through display panels installed at some of their covered bus stops

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The stations are Diamond Hill, Fortress Hill and Tin Hau stations. For Diamond Hill Station, installation of lift is now underway alongside the construction works of the Shatin-to-Central Link. For Fortress Hill, the MTRCL plans to extend the two existing lifts adjacent to entrance/exit A connecting street level with midlevel downwards to the underground concourse of the Station. As to Tin Hau Station, the MTRCL plans to install a vertical platform lift at Entrance/Exit B near the staircase, connecting the station concourse and the King's Road.

with electrical installation. This has generally been well received by passengers. As the installation of display panels involves considerable capital and recurrent expenditure and may exert pressure on bus fare, the Government provides subsidy to franchised bus companies for the installation of display panels at covered bus stops with electrical installation on a matching basis.

- 11.9 The implementation of the subsidy scheme is currently in good progress. The TD and franchised bus companies are actively taking forward the necessary preparatory work and tendering exercise. Installation work is expected to commence progressively in the second half of 2017. It is expected that the franchised bus companies will have installed seats and display panels at around 870 and 380 bus stops respectively within a year. Our target is that the franchised bus companies will have installed display panels and seats at all suitable existing covered bus stops by 2019-20.
- 11.10 Meanwhile, all bus companies are upgrading their smartphone applications. Audio bus route information system was launched progressively since 2016 and **real-time bus arrival information for the visually impaired is expected to be fully rolled out before end-2018**. In order to assist the visually impaired to get hold of information on relocation or cancellation of bus stops, franchised bus companies have introduced a pilot scheme since the second quarter of 2016. Under the pilot scheme, braille question marks and braille telephone numbers will be displayed at the bus stops to be temporarily relocated or cancelled due to incidents such as road constructions or major public events.
- Moreover, with bigger compartment space and adequate barrier-free facilities, 11.11 franchised buses can provide more convenient services to the elderly and wheelchair users. It is expected that by end-2017, all fleets of franchised bus operators will be of low-floor models, except Lantau buses on account of topographical constraints, and there will be adequate handrails and priority seats for use by the needy passengers in bus compartments. In view of an aging population in Hong Kong, it is expected that there will be a growing demand for franchised bus services to hospitals. Frequencies and route planning aside, franchised buses running to and from hospitals should be equipped with extra facilities for the convenience of the needy passengers. In this regard, the Government started in 2016 to discuss with the franchised bus companies the feasibility of operating routes to and from hospitals ("H" routes) and the deployment of more low-floor buses which are equipped with more suitable facilities for PwDs to facilitate their boarding and alighting from At present, there are already some concrete proposals, including planning to operate new bus routes serving Tung Wah Eastern Hospital, United Christian Hospital and The TD has already submitted the proposals to the District Councils Yan Chai Hospital. concerned for consultation.
- 11.12 The Government is exploring with the franchised bus companies the feasibility of increasing the number of wheelchair parking spaces to two in the bus compartments. KMB will, on a trial basis, reconfigure the bus compartments of its existing low floor buses so that the lower deck can accommodate two wheelchair passengers at the same time. The trial will be conducted on a few selected routes serving hospitals, thereby enhancing the transport for PwDs. The first bus with dual wheelchair parking spaces has been arranged to serve route 273A (Choi Yuen-Wah Ming (Circular)) (operating via the North District Hospital) for the trial. KMB will also refigure another 4 buses by increasing the number of wheelchair parking spaces to two. It is expected that the works will be completed in mid-2017. KMB will select another 4 routes serving hospitals for the trials. Depending on passengers' views, KMB will consider increasing the number of buses installed with dual wheelchair parking

spaces.

11.13 Some patients having certain illnesses (such as Chronic Obstructive Pulmonary Diseases) at present have to receive oxygen therapy and have to carry oxygen cylinders for self-medical use when going out. The provisions under the existing Public Bus Services Regulations stipulate that any substance or article to which the Dangerous Goods Ordinance applies cannot be brought onto the bus and compressed oxygen is one of the dangerous goods regulated under the Dangerous Goods Ordinance. Hence, carrying oxygen cylinders for self-medical use onto franchised buses by passengers is restricted. In order to further enhance "Transport for All", we propose to amend the Public Bus Services Regulations to relax the restrictions on the premise that passengers' safety should continue to be fully protected during implementation. Subject to the progress of the discussion with the stakeholders on the specific arrangements, it is expected that the legislative proposal could be submitted to the Legislative Council in the 2017-18 legislative year.

(iii) GMBs

- 11.14 To tie in with the vehicle replacement of GMB operators for increasing the seating capacity of vehicles, the TD is working with the trade to follow up on the mandatory installations required for all newly registered GMBs, including half-step at the middle door, handrails and/or call bells with indication lights. These requirements are expected to be implemented together with the revised maximum seating capacity of PLBs.
- 11.15 Meanwhile, with TD's encouragement and support, the trade has identified new low-floor wheelchair-accessible PLB models suitable for use in Hong Kong. These vehicles will be introduced for trial at 3 hospital routes (operating via Queen Mary Hospital, Prince of Wales Hospital and St. Teresa's Hospital respectively). The trial scheme is expected to commence in the second half of 2017. When the operators formally apply to the TD for vehicle examination and type approval for the new low-floor PLB models, the Commissioner for Transport will consider exercising her statutory discretionary power to allow vehicle length to exceed the current statutory length limit of 7 metres and weight limit of 5.5 tonnes, so as to facilitate the trial run in Hong Kong. Upon commencement of the trial scheme, we will review with the operators the operational effectiveness of these vehicles, including the feasibility of technical operation, maintenance, actual operation on roads and passengers' feedback, etc.. If the trial scheme is proven effective, we will discuss with the trade on further promoting low-floor PLBs.

(iv) Taxis

11.16 As mentioned above, there are at present over 80 wheelchair-accessible taxis. To our understanding, a major supplier has planned to introduce a new model of wheelchair-accessible taxi, which complies with the laws and regulations of Hong Kong, in early 2018. We will continue to assist the taxi trade and vehicle suppliers in introducing of more such models of wheelchair-accessible taxis so as to provide wheelchair users with more choices. We will keep an eye on the use of these models among the public and the trade, and

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There should be a proper mechanism for implementation, which will enable the bus captains to easily identify whether the passenger carries an oxygen cylinder is for medical reason and how the requirement concerning the limit on the number of oxygen cylinders as specified in the Dangerous Goods Ordinance will be enforced.

consider ways to encourage their wider use in the trade. Meanwhile, to provide convenience to wheelchair users, we also propose that the franchised taxi operators' fleet will be required to comprise at least 50% of wheelchair-accessible taxis. If a bidder of franchised taxis proposes a percentage of wheelchair-accessible vehicles higher than the requirement, such application will be accorded with a higher score under the assessment.

Benefits

The implementation of the above measures will help cater for the various travel 11.17 needs of the elderly and PwDs. Regarding the visually impaired, MTRCL is exploring the provision of audio information through the guide paths at Shek Kip Mei Station; all franchised bus companies will also disseminate audio information system and real-time bus arrival information through smartphone applications, as well as providing braille question marks and braille telephone numbers at the bus stops which will be relocated or cancelled. These measures will facilitate the PwDs' use of the public transport facilities. As for those persons with impaired mobility, there will be a series of new measures to facilitate their use of the public transport services, which include: (1) MTRCL will install barrier-free facilitites at the three stations which currently do not have barrier-free corridor connecting the station concourse with the street level; (2) the Government is subsidising franchised bus companies to expedite the installation of seats; (3) the franchised bus companies will introduce buses with dual wheelchair parking spaces and exploring the provision of bus routes serving hospitals; (4) the GMB operators will introduce the trial scheme for low-floor light buses and requiring all newly registered GMBs to be equipped with half-step at middle door and handrails; (5) the taxi trade will introduce ordinary taxi models which are wheelchairaccessible; and (6) requiring the franchised taxi operators' fleet to comprise at least 50% of wheelchair-accessible taxis. For persons with chronic diseases, they may carry oxygen cylinders when travelling on franchised buses. The Government will continue to take heed of the technological development and make use of the latest technologies where appropriate, so as to further facilitate the travelling of the elderly and the PwDs.

Chapter 12 Environmentally-friendly Public Transport Services and Use of Technology

(a) Environmentally-friendly Public Transport Services

12.1 **The Government has been pushing forward "Green Transport"**. The Environmental Protection Department has made legislative amendments to tighten the statutory emissions standards of newly registered vehicles (including public transport vehicles). Specifically, any taxis newly registered on or after 1 July 2017 and any buses with design weight of over 9 tonnes newly registered on or after 1 October 2018 shall comply with Euro VI emissions standards. On another front, there are suggestions in the community that more public transport vehicles should be electric vehicles, but whether electric vehicles may gain wider adoption in public transport will hinge on their technical feasibility (e.g. the endurance, reliability and durability of the battery, as well as the adequacy of charging facilities), operational feasibility (e.g. the impact of the charging time on the use and functioning of the vehicle) and financial viability (e.g. the cost of acquiring and operating an electric vehicle).

(i) Hybrid Buses

- 12.2 The Environment Bureau allocated \$33 million in 2011 for franchised bus companies to procure 6 double-deck hybrid buses for a trial scheme of two years in order to ascertain their suitability for operation in Hong Kong. The trial was completed in November 2016 and the Environment Bureau submitted a paper to brief the LegCo Panel on Environmental Affairs on the outcome in May 2017. In terms of driving performance, the hybrid buses are comparable with conventional diesel buses. However, their fuel economy performance varies with their routes and shows a distinct seasonal pattern. Over the two-year trial period, the hybrid buses consumed on average 0.4% more fuel than the conventional diesel buses on the same routes 63, which fell far short of the 30% fuel saving as reported in overseas economies. The poor fuel economy performance of the hybrid buses should mainly be due to the high air-conditioning loading in the hot and humid summer in Hong Kong, which could account for up to 40% of the fuel consumption.
- 12.3 As mentioned in the paper by the Environment Bureau, the price of each hybrid bus is \$5.5 million, being about 60% to 80% more costly than its conventional counterpart, which may translate into pressure for significant fare increase if bus operators are to bear the cost. The lower bus availability of hybrid buses owing to more frequent breakdowns also means that passengers may experience more service disruptions. The emission performance of hybrid buses over Euro VI conventional buses is not substantial and their fuel economy performance in the local operating environment fell far short of expectation. As such, there is no strong justification for promoting the use of hybrid buses in franchised bus operation until their fuel economy performance has been significantly improved and their price has become more competitive. The Environment Bureau will continue to work with the hybrid bus manufacturer to improve the fuel economy of the 6 hybrid buses, and closely monitor the development of hybrid buses and other green bus technologies.

In general, the hybrid buses on highway routes with less start-stop operations tend to use more fuel; and fuel consumption in summer is higher than in cooler months. The best performing hybrid bus delivered a fuel saving of 10.7% whereas the worst one used 9.0% more fuel.

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(ii) Electric Buses

- 12.4 Apart from hybrid buses, the Environment Bureau has also allocated \$180 million to fully subsidise franchised bus companies to procure 36 single-deck electric buses, comprising 8 supercapacitor buses and 28 battery-electric buses as well as ancillary charging facilities, in order to make a comprehensive assessment on their performance under local conditions. This trial of electric buses lasts for two years. The scope of trial covers the reliability of buses, batteries, supercapacitors and charging facilities; maintenance requirements and economic feasibility, etc. for ascertaining whether they are suitable to be used as franchised buses in Hong Kong. Compared with public buses in other cities, local franchised buses are more intensively used. They generally operate with a high operation frequency, long service hours, high peak passenger loadings and on hilly terrains. Given the hot and humid summer weather in Hong Kong, the buses require heavy air-conditioning duties. These stringent operational conditions have put electric buses to a very severe test.
- 12.5 The trial of the first batch of 5 battery-electric buses procured by Citybus and NWFB commenced in end-2015 for operating on 5 routes on Hong Kong Island. Since the launch of the trial, there were incidents such as malfunction of bus doors, broken wheel bolts, and excessive regenerative braking torque affecting the braking performance of electric buses in rainy weather that led to concerns over skidding on wet road surfaces. As such, the trial for these 5 battery-electric buses will be extended for 5 months. The trial of the second batch of batter-electric buses by Citybus and NWFB has just commenced in early June 2017. As for the supercapacitor buses, the trial of two buses commenced in late March 2017 and the operation has been satisfactory so far. Trial of the remaining electric buses will start progressively. If the trial results are satisfactory, the Government will encourage franchised bus companies to use electric buses on a larger scale, taking into account the affordability of the franchised bus companies and passengers.

(b) Use of Technology

- The Government is committed to developing Hong Kong into a smart city by using innovation and technology to enhance city management and improve people's livelihood. Smart city development encompasses multiple themes, which includes Smart Mobility, i.e. raising the efficiency and service quality of urban transport. With regard to public transport services, the Government will continue to encourage public transport operators to make use of new technology for enhancing services. All franchised bus companies are progressively introducing real-time arrival information system, whereas the Government is also offering subsidies for them to expedite the installation of display panels for such real-time information. Both KMB and Long Wing have already applied the real-time arrival information system to all of their regular routes. Citybus, NWFB and NLB are in the process of conducting trial of providing real-time arrival information on individual routes, which will be extended to all of their regular routes progressively. It is anticipated that real-time arrival information will become available on all regular franchised bus routes by 2018. In addition, KMB is testing the use of suitable technology for providing real-time information on seat vacancy on the upper deck for passengers on the lower deck.
- 12.7 **The Hong Kong Tramways Ltd. has also introduced a real-time arrival information system**, enhanced operational efficiency and improved vehicle deployment. It also provides information on the next three tram departures through its website, QR code and smartphone application to the general public.

- 12.8 **The MTRCL's smart phone application "Next Train"** provides passengers with train arrival information of West Rail Line, East Rail Line, Tseung Kwan O Line and Airport Express. **Another smart phone application "Traffic News"** provides information on train service delay during incidents, as well as MTR free shuttle bus services.
- Since 2013, all MTR heavy rail stations have set up free Wi-Fi hotspots to allow free internet access for passengers within the MTR network. KMB will set up Wi-Fi service in around 500 buses per year, and a total of 2 000 buses (about half of KMB's fleet) will be equipped with Wi-Fi service in phases by end-2020.
- 12.10 Since 2009, the Government has provided one-stop service of point-to-point public transport route enquiry through "Hong Kong eTransport" website and smartphone application for the public to search the most appropriate public transport mode and route to reach their destination. The Government has added new features to "Hong Kong eTransport" in early 2017 to provide information on the next three tram departures. "Hong Kong eTransport" will also be connected with the smartphone applications of individual franchised bus companies for access to real-time bus arrival information beginning from mid-2017 in a progressive manner. The TD will continue to encourage all public transport operators to support the Government's open data policy by making the data in their possession available at the "data.gov.hk" portal co-ordinated by the Office of the Government Chief Information Officer. In addition, the Government has launched the "eTraffic news" smartphone application in 2016 to provide the latest traffic news and alerts on public transport service disruption, as well as notifications on planned public transport service arrangements.

Chapter 13 Looking Ahead

- 13.1 Hong Kong is a small and densely-populated city. A well-developed public transport system will satisfy the need of the community and support Hong Kong's development. The Government has been adopting a public transport-oriented policy with railway as backbone for years. This has resulted in an efficient and well-connected railway network to the benefit of the community. Meanwhile, the Government strives to develop other public transport services to complement the railway services and to provide more choices for the public to commute conveniently. The public transport services are now well-developed, allowing competition while maintaining a delicate balance. In 2014, the Government announced the RDS-2014 to set out the development blueprint for the further development of the railway in the coming decade. We will also soon take forward the Strategic Studies on Railways and Major Roads beyond 2030 with a view to preliminarily formulating the arrangement of the required transport infrastructure in areas including Lantau, NWNT and New Territories North.
- The objective of the Government to conduct PTSS is to continue promoting the diversified and sustained development of the public transport services while developing the railway services. In the course of the study, we have noted two key factors for the success of Hong Kong's well-developed public transport system:
 - (a) The highly cost-effective, efficient and reliable public transport services of Hong Kong are attributable to the fact that they have been operating on a commercial basis, essentially without any direct subsidy from the Government⁶⁴; and
 - (b) The diversity of public transport to cater for the different needs of the public relies on the delicate balance all along maintained among various public transport services. Different operators can effectively perform their functions and complement with each other to provide the most suitable services for the public.

The two key factors are fully retained in the PTSS, and reinforced through the series of measures set out in this report.

- 13.3 These measures will be implemented through the Government's existing mechanism for monitoring public transport services. Upon implementation, these measures will help reinforce the important roles played by public transport services other than the heavy rail, which will in turn help promote the long-term, healthy development and the complementarity among different public transport services so that the public can enjoy well-developed public transport services with the following features:
 - (a) **Highly-efficient public transport network with comprehensive coverage:** By continuing the effort to actively carry out bus route rationalisation, provide new BBIs or enhance existing ones to make available more combinations of route interchanges, put in place more bus priority measures, increase seating capacity of PLBs to meet passenger

The Government has not provided direct subsidy to public transport services except for the six major outlying island ferry routes. For details, please refer to paragraph 10.3 of the main text.

demand during peak periods, enhance road-based public transport services (including Light Rail and new environmentally-friendly public transport system) to tie in with the commissioning of the new railways and the development of NWNT, etc., a more efficient public transport network with comprehensive coverage will be provided for the public. Meanwhile, we will encourage operators to provide various fare concessions as far as possible and the public to take public transport for commuting;

- (b) **Diversified public transport services:** Various types of new public transport services (for example, franchised taxis, new long haul bus services and mid-sized single-deck bus services) will be rolled out to provide more different choices of services for the public, catering for the needs of different passenger groups; and
- (c) More convenient and environmentally-friendly public transport services that values "Transport for All": By providing better ancillary facilities for passengers (for example, rendering financial support to franchised bus companies for speeding up the installation of real-time bus arrival information display panels and seats at bus stops and enhancing facilities at BBIs), and barrier-free facilities (for example, operating bus routes to and from hospital and conducting trial runs of low-floor PLB models), together with the convenience brought by technological advancement, passengers will be able to enjoy more efficient and convenient services. We will continue to encourage public transport operators to provide environmentally-friendly public transport services, thereby reducing the impacts of vehicle emissions on the environment.
- 13.4 We are also rolling out a series of **Walk in HK** initiatives to enhance the overall walkability of our city for Hong Kong people to commute, to connect and to enjoy, making walking an integral part of Hong Kong as a sustainable city. **Encouraging the public to use public transport services and to walk more will help reduce the use of private cars. This will in turn further ease road congestion and improve air quality so that Hong Kong can pursue sustainable development.**

Transport and Housing Bureau June 2017

Methodology of the Forecast on the Demand for Public Transport Services

The consultant has forecast and analysed the demand for public transport services in the short-term (2021, i.e. the scheduled year for the commissioning of the Shatin to Central Link) and in the medium to long-term (in 2031, i.e. after the full implementation of the heavy rail network recommended under RDS-2014). The consultant has taken into account the following factors in carrying out the forecast:

- 1. The Government's public transport-oriented policy;
- 2. The anticipated population growth and forecast on employment in future;
- 3. The anticipated economic growth;
- 4. The planned transport infrastructure and development, including major highways and tunnels (e.g. Tuen Mun Chek Lap Kok Link, Central Wan Chai Bypass, Tseung Kwan O Lam Tin Tunnel, Widening of Fanling Highway, etc.) and the development of the heavy rail network (e.g. heavy rail lines to be opened in near future, such as Shatin and Central Link and 7 recommended projects under the Railway Development 2014¹);
- 5. Relevant territorial development studies such as Hung Shui Kiu New Development Area Planning and Engineering Study, Planning and Engineering Study for Housing Sites in Yuen Long South, Development of Kwu Tung North and Fanling North New Development Areas, Planning and Engineering Study for Kwu Tung South, North East New Territories New Development Areas Planning and Engineering Study, Planning and Engineering Study on Development of Lok Ma Chau Loop, Preliminary Feasibility Study on Developing the New Territories North, and Planning and Engineering Study on the Remaining Development in Tung Chung.

The recommended projects include the Northern Link and Kwu Tung Station, Hung Shui Kiu Station, the Tung Chung West Extension, the Tuen Mun South Extension, the East Kowloon Line, the South Island Line (West) and the North Island Line.

Guidelines on Service Improvement and Reduction in Bus Route Development Programmes

Service Improvement

(I) Frequency Improvement

If the occupancy rate of any bus route reaches 100% during any half-hour of the peak period and 85% during that one hour, or reaches 60% during the busiest one hour of the off-peak period, the Transport Department (TD) will consider the deployment of more vehicles to enhance the service level. In increasing the vehicle allocation, priority will be given to redeploying vehicles saved from other rationalisation items.

(II) New Bus Service

If the frequency improvement alone is not sufficient to meet demand and no practical alternatives are available, we will give consideration to the provision of new bus service, with priority to serve areas that are beyond the catchment area of existing railways or railway feeders. In approving any new bus service, we will also consider the impact of such new service on the traffic condition on major roads, and will as far as possible refrain from providing long haul bus routes or routes that operate via busy districts such as Mong Kok, Tsim Sha Tsui, Central, Wan Chai, Causeway Bay etc.

Service Reduction

In pursuance of our policy objective of providing a safe, efficient and reliable transport system in a sustainable environment, franchised bus routes with low utilisation would be rationalised from time to time to enhance bus operation efficiency while meeting passenger demand and matching local operating environment, reducing traffic congestion and roadside emission. These guidelines set out the situations whereby rationalisation measures such as adjustment to service frequency and timetable, route cancellation / amalgamation, route truncation, etc. would be pursue

(III) Reduction of Bus Trips along Busy Corridors

In view of concentration of activities in the urban areas leading to serious environmental and traffic concerns, TD is committed to reducing the number of bus trips along busy corridors and bus stoppings through various measures of service cancellation / reduction and route rationalisation. If it is inevitable for new routes or enhanced bus services to operate via these busy corridors, the bus operators will have to reduce the same number of trips plying through the same corridor from other routes in order not to aggravate the traffic and environmental conditions in these busy corridors.

(IV) Frequency Reduction

If the average occupancy rate of an individual route is below 85% during the peakiest half-hour of the peak period, or below 30% during the off-peak period, TD will consider reducing bus deployment for the route. Railway feeder routes, socially essential routes (such as bus routes serving remote areas or where the majority of the passengers are elderlies) with no alternatives available, and routes with peak headways at 15 minutes or more will be considered on individual merits.

(V) Route Cancellation / Amalgamation

If the utilisation of a low-frequency route does not improve (i.e. a bus route with average occupancy rate lower than 50% during peak hour, despite its headways having already been reduced to 15 minutes and 30 minutes during peak hours and off-peak hours respectively), TD will consider proposing cancellation of the route or amalgamation of the route with other route(s) in consultation with the bus operators.

(VI) Route Truncation

To optimise the use of resources, TD will review with relevant bus operators the feasibility of truncating routes, in particular those where majority of the passengers will have alighted en route. In formulating truncation proposals, TD will consider whether the number of affected passengers is excessive (i.e. the occupancy rate of not more than 20% to 30% at the proposed truncated section during the peakiest hour); whether enough roadside space is available to accommodate the affected passengers for interchange; and whether terminal space for the changed route is available.

Factors to be Considered in Bus Service Rationalisation

In formulating rationalisaton proposals, in particular those where drastic measures are to be adopted, TD would give due consideration to ensure that the interests of passengers would be taken care of and to minimise impact on them as far as possible. Factors that will be taken into account include:

- (a) nature of the services proposed to be cancelled: For services the utilisation rates of which have been consistently low but are socially essential (i.e. those serving remote areas or where majority of the passengers are elderlies) and without reasonable alternatives, TD would consider other means to improve the service performance, such as through the use of vehicles with smaller carrying capacities, provision of alternatives such as introduction of replacement green minibus services, etc;
- (b) availability of reasonable alternatives: In proposing service cancellation, measures have to be taken to ensure that reasonable alternatives for the affected passengers are provided as far as possible. Factors such as the availability of spare capacity of alternative services in taking up the diverted

passengers, the number and convenience of interchanges involved, the total journey time (including interchange and on-vehicle time) as compared with the existing services, etc, would be assessed carefully to ensure the reasonableness of the alternative services;

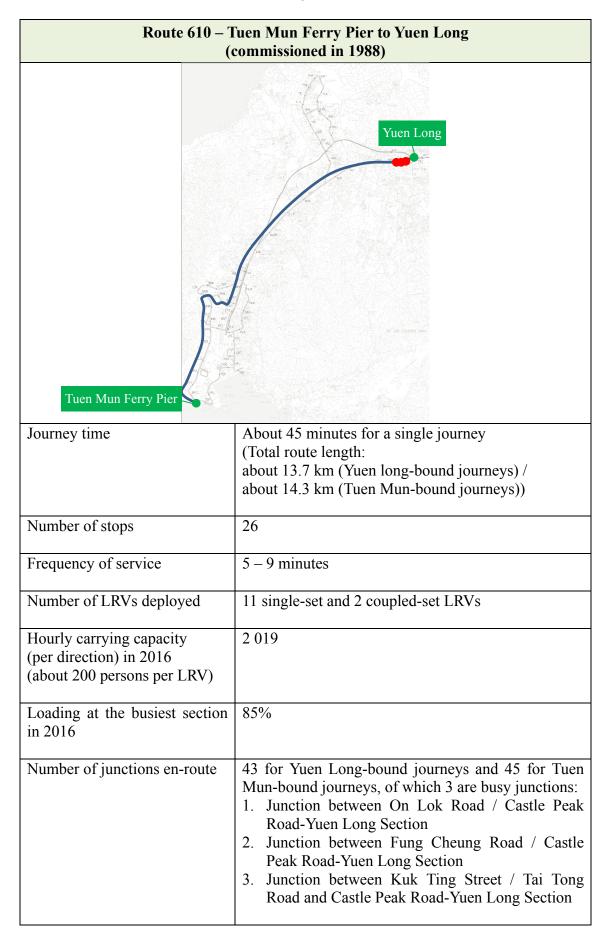
- (c) fare of the best available alternative service: The total journey fare as compared with the fare of the existing service would be assessed. Positive consideration to route cancellation will be given if the total journey fare is not higher than that of the service being considered for cancellation. The relevant bus operators would also be requested to consider the provision of fare concessions, such as interchange discounts, section fares, special discounts to elderly, and other incentives wherever appropriate and feasible, to provide attraction to the affected passengers to facilitate the implementation of the rationalisation proposals;
- (d) transport operational considerations: The proposed service rationalisation should not cause undue hardship to passengers or operational problems. Factors such as the number of passengers requiring interchanges, the availability of space for interchange activities, etc. would be carefully assessed. The deployment of the saved vehicles to improve services within the same district would also be spelt out where appropriate;
- (e) impact of the proposed service rationalisation on bus captains: Factors to be considered include the number of bus captains that would be affected by the proposed service rationalisation, and whether the excess bus captains could be absorbed through natural wastage or other means without causing any major staff issues; and
- (f) environmental benefits arising from the service rationalisation: Environmental benefits such as the reduction in emission, reduction of bus trips in busy corridors, etc. would be spelt out in the consultation documents for the public to take note of.

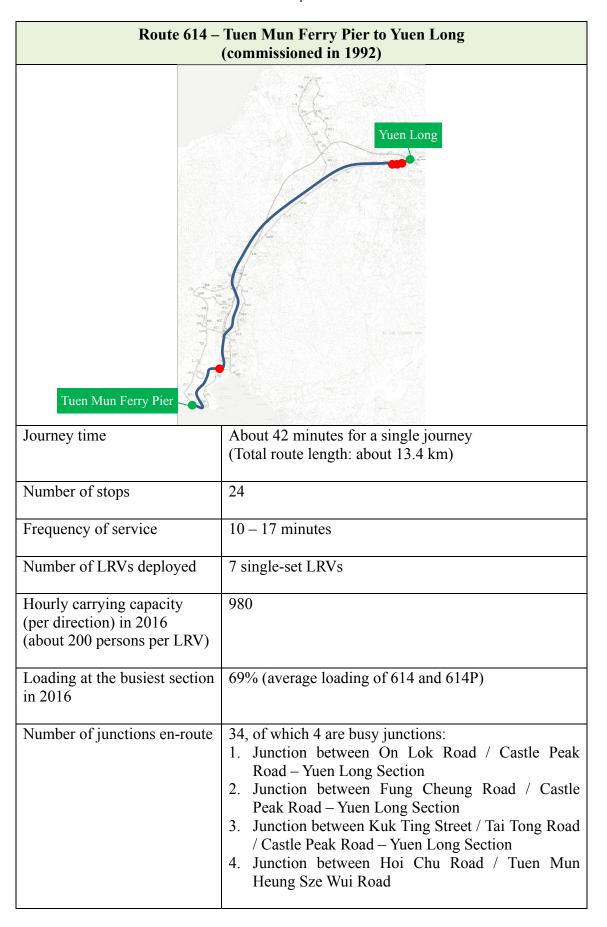
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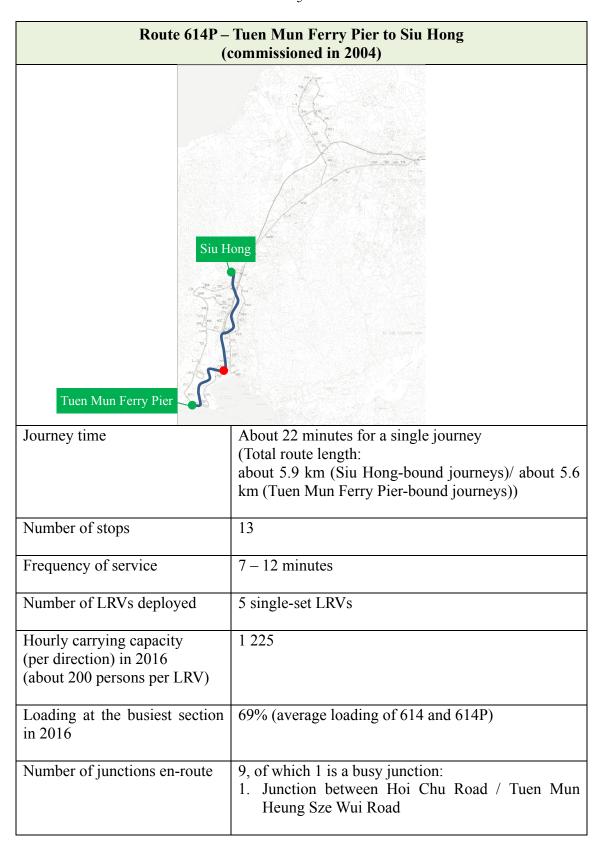
Utilisation of the 12 Light Rail routes during peak hours

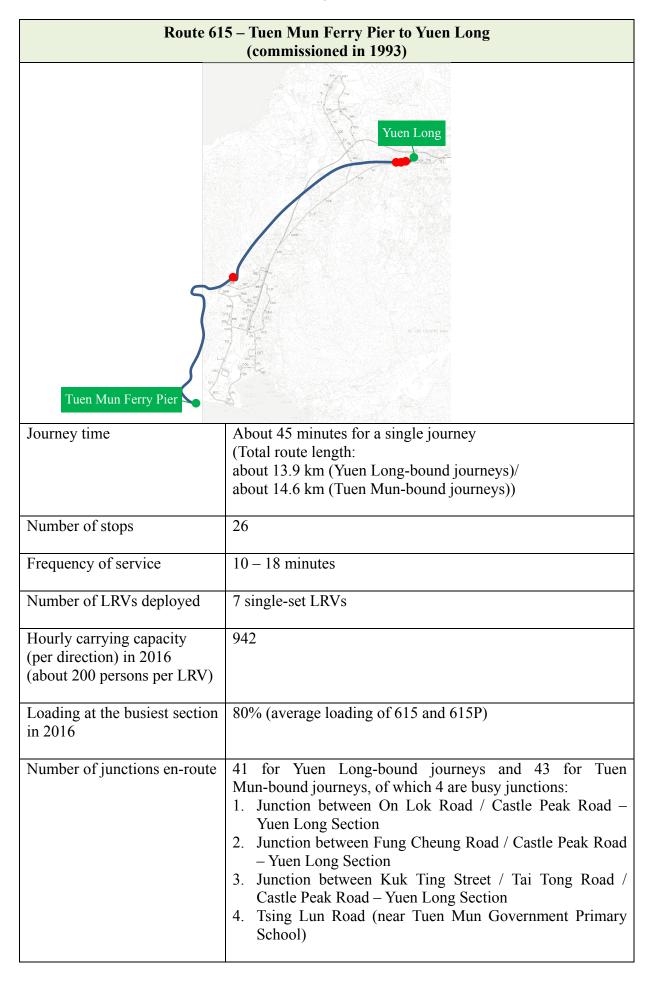
Route 505 – Sam Sl	ning to Siu Hong (commissioned in 1988)
	Siu Hong Siu Shing
Journey time	About 25 minutes for a single journey (Total route length: about 5.9 km)
Number of stops	16 (Siu Hong-bound journeys); 14 (Sam Shing-bound journeys)
Frequency of service	6 – 9 minutes
Number of LRVs deployed	6 single-set and 2 coupled-set LRVs
Hourly carrying capacity (per direction) in 2016 (about 200 persons per LRV)	2 356
Loading at the busiest section in 2016	74%
Number of junctions en-route	 for Siu Hong-bound journeys and 16 for Sam Shing-bound journeys, of which 2 are busy junctions: Tsing Lun Road (near Tuen Mun Government Primary School) Junction between Hoi Chu Road/Tuen Mun Heung Sze Wui Road

	Tuen Mun Ferry Pier to Tin King commissioned in 1989)
Tin Kin	T
Journey time	About 27 minutes for a single journey (Total route length: about 6.6 km)
Number of stops	16
Frequency of service	5 – 9 minutes
Number of LRVs deployed	10 single-set and 1 coupled-set LRVs
Hourly carrying capacity (per direction) in 2016 (about 200 persons per LRV)	2 430
Loading at the busiest section in 2016	83%
Number of junctions en-route	18, of which 1 is a busy junction: 1. Junction between Hoi Chu Road/Tuen Mun Heung Sze Wui Road









Route (615P – Tuen Mun Ferry Pier to Siu Hong (commissioned in 2004)
200 - 200 -	Hong We will constitute the second s
Journey time	About 24 minutes for a single journey (Total route length: about 6.6 km (Siu Hong-bound journeys)/ about 6.8 km (Tuen Mun Ferry Pier-bound journeys))
Number of stops	16
Frequency of service	9 – 12 minutes
Number of LRVs deployed	5 single-set LRVs
Hourly carrying capacity (per direction) in 2016 (about 200 persons per LRV)	1 225
Loading at the busiest section in 2016	80% (average loading of 615 and 615P)
Number of junctions en-route	18 for Siu Hong-bound journeys and 20 for Tuen Mun Ferry Pier-bound journeys, of which 1 is a busy junction: 1. Tsing Lun Road (near Tuen Mun Government Primary School)

Route 705 – Tin Shui Wai Circular (anti-clockwise) (commissioned in 2004) Tin Shui Wai Journey time About 25 minutes (Total route length: about 5.9 km) Number of stops 15 Frequency of service 5 - 6 minutes Number of LRVs deployed 5 coupled-set LRVs 4 900 Hourly carrying capacity (per direction) in 2016 (about 200 persons per LRV) 87% Loading at the busiest section in 2016 Number of junctions en-route 20, of which 6 are busy junctions: 1. Junction between Tin Shui Road / Tin Sau Road 2. Junction between Tin Shui Road / Tin Tan Street 3. Junction between Tin Shui Road / Tin Wing Road 4. Junction between Tin Yiu Road / Tin Ho Road 5. Junction between Tin Fuk Road / Tin Yiu Road and Ping Ha Road 6. Junction between Tin Wing Road/ Tin Shing Road

Route 706 – Tin Shui Wai Circular (clock-wise) (commissioned in 2004) Tin Shui Wai Journey time About 25 minutes (Total route length: about 5.8 km) Number of stops Frequency of service 5-7 minutes Number of LRVs deployed 5 coupled-set LRVs 4 900 Hourly carrying capacity (per direction) in 2016 (about 200 persons per LRV) Loading at the busiest section 91% in 2016 Number of junctions en-route 20, of which 6 are busy junctions: 1. Junction between Tin Shui Road / Tin Sau Road 2. Junction between Tin Shui Road / Tin Tan Street 3. Junction between Tin Shui Road / Tin Wing Road 4. Junction between Tin Yiu Road / Tin Ho Road 5. Junction between Tin Fuk Road / Tin Yiu Road and Ping Ha Road 6. Junction between Tin Wing Road/ Tin Shing Road

Route 751 – Yau Oi to Tin Yat (commissioned in 2003) Tin Yat Yau Oi About 41 minutes for a single journey Journey time (Total route length: 11.9 km) Number of stops 23 (Tin Yat-bound journeys)/ 22(Yau Oi-bound journeys) 4 - 9 minutes Frequency of service Number of LRVs deployed 6 single-set LRVs and 6 coupled-set LRVs 2 625 Hourly carrying capacity (per direction) in 2016 (about 200 persons per LRV) Loading at the busiest 96% section in 2016 Number 30 for Tin Yat-bound journeys and 32 for Yau Oi-bound of junctions en-route journeys, of which 5 are busy junctions: 1. Junction between Tin Shui Road / Tin Sau Road 2. Junction between Tin Shui Road / Tin Tan Street 3. Junction between Tin Shui Road / Tin Wing Road 4. Junction between Tin Wing Road / Tin Shing Road 5. Junction between Tin Fuk Road / Tin Yiu Road and Ping Ha Road

Route 751P – Tin Shui Wai to Tin Yat (commissioned in 2004) Tin Yat Tin Shui Wai About 15 minutes for a single journey Journey time (Total route length: about 3.3 km) Number of stops Frequency of service 7 – 15 minutes Number of LRVs deployed 4 single-set LRVs Hourly carrying capacity 1 532 (per direction) in 2016 (about 200 persons per LRV) Loading at the busiest section 78% in 2016 12, of which 4 are busy junctions: Number of junctions en-route 1. Junction between Tin Shui Road / Tin Sau Road 2. Junction between Tin Shui Road / Tin Tan Street 3. Junction between Tin Shui Road / Tin Wing 4. Junction between Tin Wing Road / Tin Shing Road

Route 761P – Tin Yat to Yuen Long (commissioned in 2005)			
	Tin Yat Tin		
Journey time	About 28 minutes for a single journey (Total route length: about 6.8 km (Tin Yat-bound journeys)/ about 7.4 km (Yuen Long-bound journeys))		
Number of stops	14		
Frequency of service	3 – 7 minutes		
Number of LRVs deployed	13 coupled-set LRVs		
Hourly carrying capacity (per direction) in 2016 (about 200 persons per LRV)	5 444		
Loading at the busiest section in 2016	81%		
Number of junctions en-route	 26, of which 8 are busy junctions: Junction between Tin Shui Road / Tin Sau Road Junction between Tin Shui Road / Tin Tan Street Junction between Tin Shui Road / Tin Wing Road Junction between Tin Yiu Road / Tin Ho Road Junction between Tin Fuk Road / Tin Yiu Road and Ping Ha Road Junction between On Lok Road/Castle Peak Road-Yuen Long Section Junction between Fung Cheung Road / Castle Peak Road-Yuen Long Section Junction between Kuk Ting Street / Tai Tong Road and Castle Peak Road-Yuen Long Section 		

Measures to increase the carrying capacity of the Light Rail

<u>Increase in frequency</u>

The MTRCL increases the frequency of the Light Rail service during peak and non-peak hours where practicable. Since 2009, 22 newly purchased LRVs had been delivered to Hong Kong by batches, and all of them were put into service by 2011. The number of LRVs in service was increased from 118 to 140. Since 2012, Light Rail trips have been added by about 660 per week, increasing the total number of trips from 20 370 to 21 030 per week, which represents an increase of 3%. However, since the Light Rail adopts an open design and has to share certain space of the roads with other road users, the shared road sections impose certain constraints on the number of operating LRVs. Considering the current traffic condition and the capacity of the roads, the utilisation rates of certain road junctions are already very high and the room for increasing the Light Rail service frequency during morning peak hours is rather small.

Layout and design of the LRV compartments

2. There are currently four generations of LRVs in operation. They came into operation at different times and vary slightly in their compartment designs. In particular, the carrying capacity of the Phase 1 LRVs was slightly lower than that of LRVs of the other three generations. The MTRCL completed the refurbishment of the Phase 1 LRVs in 2014. The refurbished compartments are basically the same as those of the Phase 4 LRVs and the average carrying capacity of these LRVs was increased by about 8%. As for LRVs of the other three generations, since the layouts of the compartments have already enabled the maximum carrying capacity, it would be difficult to further increase the carrying capacity by modifying the layouts of the compartments.

Platform Management

3. The MTRCL strengthens its management of passenger flow at platforms through different measures, including improving the locations of the entry/exit processors and the design of the access at Light Rail platforms, and widening the space for passengers at platforms with very high utilisation rates (such as the Tai Tong Road Stop) where practicable, so that passengers can enter and leave the LRV compartments and platforms more smoothly. This will enable LRVs to depart on time, and thereby raising the overall carrying capacity of Light Rail service.

Short-haul special service

4. The patronage of some sections of individual Light Rail routes is higher (particularly those connecting to the West Rail Line). To enable effective diversions of passenger flow in these busier sections and stops, the best way is to introduce short-haul special service. The MTRCL has introduced short-haul special service to some busier Light Rail sections (including Route Nos. 505, 507, 614, 614P, 615P, 751, 705 and 706) to carry passengers to and from the West Rail Line stations.

Nevertheless, the short-haul special service is not applicable to all sections of all routes. The prerequisite is that there should be enough track space between the original scheduled LRV trips to accommodate the extra short-haul special service. Also, similar to addition of ordinary LRV trips, when increasing the short-haul special service, the constraint imposed by the open design of the Light Rail system on the number of operating LRVs should be considered.

Coupled-set LRVs

LRVs can be operated in the form of single-set or coupled-set. Deploying 5. additional LRVs, either single-set or coupled-set, can increase the carrying capacity of the Light Rail. When a coupled-set LRV reaches a stop, passengers can alight from both compartments at the same time. Therefore, a coupled-set LRV can attain higher efficiency and achieve better on-time performance if compared with two single-set LRVs, enhancing the overall operational efficiency and the carrying capacity of the Light Rail. On the other hand, single-set LRVs can be deployed with greater flexibility. Nevertheless, in considering the use of more coupled-set LRVs for certain Light Rail routes or for certain sections of the routes, apart from facilities of a stop, the MTRCL will take into account traffic volume on the road, in particular the utilisation situation of junctions. At present, Light Rail routes pass through a number of busy junctions. At these junctions, the traffic volume is rather high as there are considerable numbers of other vehicles in addition to LRVs. determining the most effective deployment of LRVs for Light Rail routes passing by these junctions in order to increase the carrying capacity, the MTRCL has to take into account such factors as the waiting time for the traffic lights, the journey time, the carrying capacity of each LRV and the distance between junctions, so as to decide whether coupled-set or single-set LRVs should be deployed for the additional services. Considering the current road situations and capacity, the utilisation rates of certain junctions passed by Light Rail routes are already very high during peak hours. If a large number of additional coupled-set LRVs are deployed during peak hours, the LRVs may obstruct one another, reducing the overall driving speed and the operational efficiency of the Light Rail. The purpose of increasing the carrying capacity cannot be achieved. The length of a coupled-set LRV is twice as that of a single-set LRV. Coupled-set LRVs take longer time than single-set LRVs when turning or passing through turnouts or inner roads, thus affecting the journey time. To maximize effectiveness of service, the MTRCL has to carefully consider the number of single-set and coupled-set LRVs that can be accommodated by individual Light Rail route.

Light Rail route rationalisation proposal

Cancelling Route Nos. 614 and 615 and retaining Route No. 610

Since the commissioning of the West Rail Line in 2003, its service partly overlaps with that of Light Rail between Yuen Long and Tuen Mun, and the number of passengers using Light Rail as a long-haul transport mode (e.g. cross-district journeys between Yuen Long and Tuen Mun) has decreased. According to the MTRCL, generally speaking, long-haul passenger trips have dropped from 7% (about 25 700 passenger trips) of the daily total passenger trips in 2009 to 5% (about 23 000 passenger trips) in 2016.

2. Since the passenger demand for long-haul cross-district Light Rail routes has decreased, the MTRCL proposes cancelling two Light Rail routes between Yuen Long and Tuen Mun, namely Route Nos. 614 and 615, and retaining one, i.e. Route No. 610.

Increasing LRVs and service frequency for Route Nos. 614P and 615P

3. After the cancellation of Route Nos. 614 and 615, all the 14 LRVs (using single-set LRVs as an unit) originally used for these two routes will be deployed to other Light Rail routes in greater demand, such as Route Nos. 614P and 615P which overlap with Route Nos. 614 and 615 in Tuen Mun. The MTRCL also plans to re-deploy one LRV from each of Route No. 505 (Sam Shing – Siu Hong); Route No. 507 (Tuen Mun Ferry Pier – Tin King) and the maintenance pool of LRVs¹. Therefore, a total of 17 single-set LRVs will be made available for deployment. The MTRCL proposes to deploy ten of them to strengthen the service of Route Nos. 614P and 615P in Tuen Mun, and the remaining seven to the new Route Nos. 610P (Siu Hong – Yune Long)².

<u>Introducing new Light Rail Route No. 610P running between Light Rail Siu Hong Stop and Yuen Long Terminus</u>

4. The stops originally covered by Route Nos. 614 and 615 in Tuen Mun district (i.e. from Tuen Mun Ferry Pier to Siu Hong) will continue to be served by the enhanced Route Nos. 614P and 615P; while the section within Yuen Long district (i.e. from Siu Hong to Yuen Long) will be replaced by the new Route No. 610P. According to the vehicle deployment scheme mentioned above, 7 single-set LRVs will be serving the new 610P route. Meanwhile, the cross-district Route No. 610 will be retained and continue to ply between Siu Hong and Yuen Long. The MTRCL envisages that Route Nos. 610 and 610P will provide a combined carrying capacity which is comparable to that of Route Nos. 610, 614 and 615 during peak hours for stops between Siu Hong and Yuen Long. As the number of routes serving the section will be reduced by one and 610P will only provide short-haul service, there will be more effective deployment of LRVs and hence ease the congestion at the Yuen Long Main Road. The arrival time of LRVs at stops will even out and therefore the on-time performance will be enhanced. At the same

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¹ Currently, seven LRVs are sent to the Light Rail Depot on a rotational basis for routine maintenance. Upon review, the MTRCL concluded that keeping six LRVs in the Deport could already fulfill the needs of maintenance, and hence, the remaining one could be used for routine service.

² For details, please see paragraph 4.

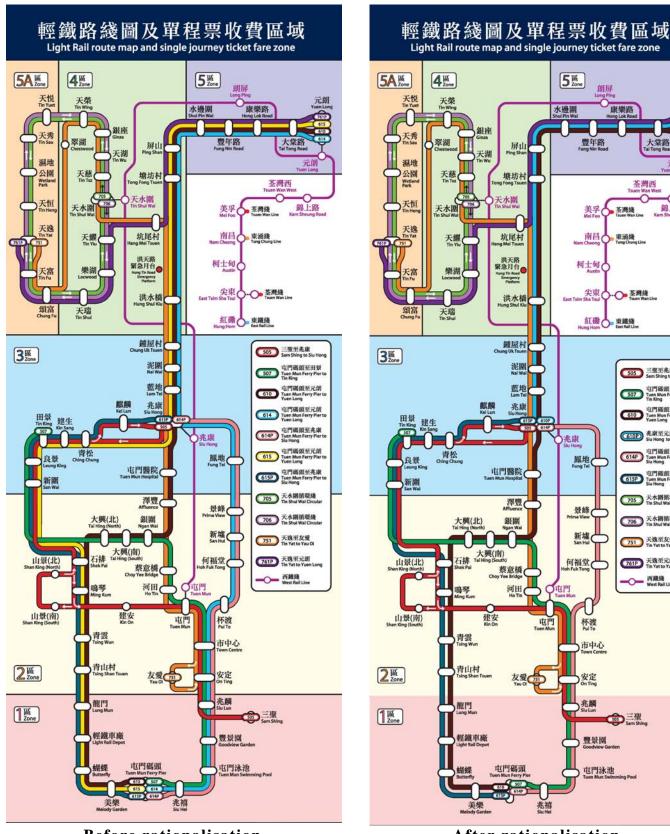
time, as the congestion at the Yuen Long Main Road will ease after rationalising the Light Rail routes, there will be more room for addition of short-haul special service during peak hours to enhance carrying capacity. If the route rationlisation proposal can be materialised, the MTRCL plans to deploy some of the 10 newly procured LRVs to serve the Yuen Long Main Road to run more short-haul special service, depending on the actual passenger demand in 2019 when the new LRVs will be gradually put into service. Other new LRVs will be deployed to routes with higher passenger demand.

5. The Light Rail system maps before and after rationalisation are at Graph 1.

Features and benefits of the route rationalisation proposal

- 6. The rationalisation of Light Rail routes aims not only at deploying LRVs from routes of low utilisation to those of higher utilization, but more importantly, it will address the issues of overlapping Light Rail routes in busy and congested section of the network (e.g. the Yuen Long Main Road) and unevenly distributed headway. Under the present proposal, passengers of both the Tuen Mun and Yuen Long districts will benefit from the Light Rail service with enhanced efficiency. For Tuen Mun District, in the busiest one hour, the carrying capacity of the critical links of Route No. 614P and 615P will be increased. Some 10 000 Light Rail passengers travelling within Tuen Mun District every day will benefit from this enhancement. Besides, apart from special services, 614P and 615P with enhanced carrying capacity can also serve passengers of Route No. 505 and 507 in most of the shared sections. As regards Yuen Long District, some 4 400 Light Rail passengers travelling within Yuen Long District every day will benefit from the 610 and new 610P services with more punctual and evenly distributed headway as compared to the current situation. Besides, as mentioned above, should the route rationlisation proposal be materialised, some of the 10 newly procured LRVs can be deployed to serve the Yuen Long Main Road to run more short-haul special service, further increasing the carrying capacity during peak hours.
- 7. Under the rationalisation proposals, Route Nos. 614 and 615 will be cancelled. Route Nos. 614P/615P and 610P will meet at Light Rail Siu Hong Stop, where cross-district passengers will interchange. According to the MTRCL's estimation, upon rationalising the routes, during the busiest one hour during mornings around 230 passengers travelling from Tuen Mun to Yuen Long will need to interchange at Siu Hong Stop from 614P or 615P to 610/610P, while around 380 passengers travelling from Yuen Long to Tuen Mun will need to interchange at Siu Hong Stop from 610P to 614P or 615P, with a total of 610 passengers per hour. The MTRCL has assessed the capacity and facilities of Siu Hong Stop and considers that the Stop can handle the needs of interchanging passengers. The MTRCL will further explore ways to enhance platform facilities (e.g. by providing more chairs) and provide sufficient indication and information at the Stop so as to bring convenience to the interchange passengers.

Graph 1 Light Rail system maps before and after rationalization



Before rationalisation

After rationalisation

錦上路

美孚

南昌

柯士甸C

鳳地(Fung Tel

景峰

新堪

市中心

豐景園

屯門泳池

紅磡 Hung Hom 東鐵錢 East Rail Une

505 三型至光康 Sam Shing to Si

751 天逸至友愛 Tin Yes to Yau Oi

761P 天逸亚元朗 Tin Yat to Yuen

一 丙業機 West Rail Li

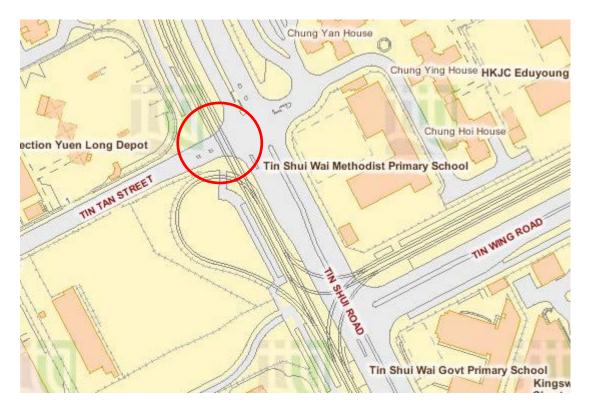
Annex 6

Busy junctions en-route for Light Rail routes

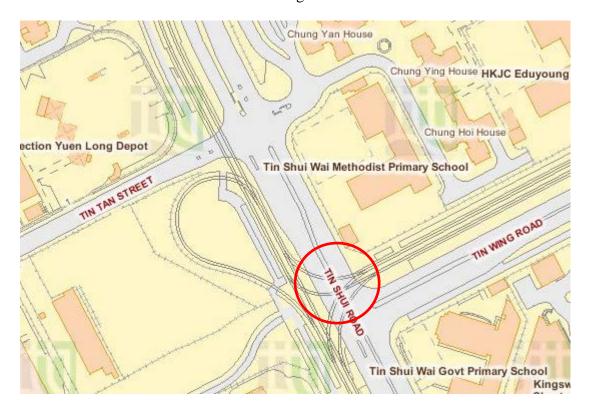
1. Junction between Tin Shui Road/ Tin Sau Road



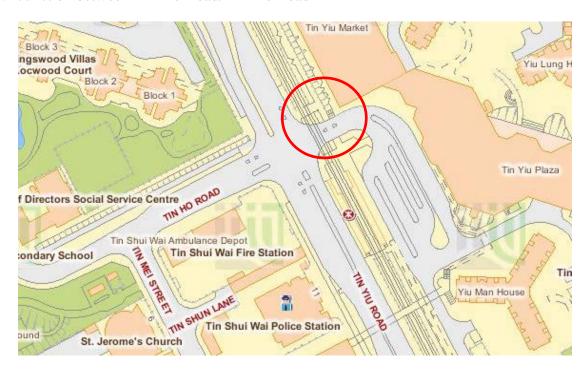
2. Junction between Tin Shui Road/ Tin Tan Street



3. Junction between Tin Shui Road/ Tin Wing Road



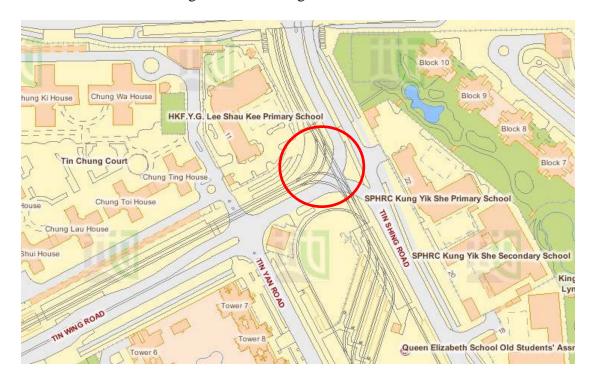
4. Junction between Tin Yiu Road/ Tin Ho Road



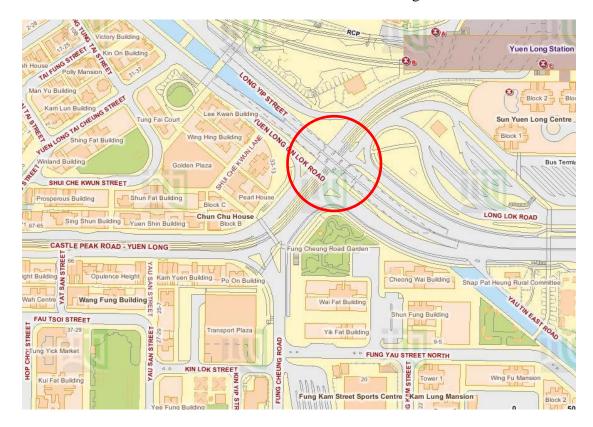
5. Junction between Tin Fuk Road/ Tin Yiu Road and Ping Ha Road



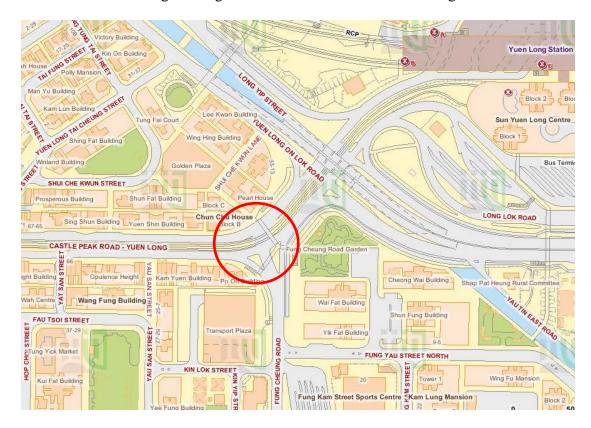
6. Junction between Tin Wing Road/ Tin Shing Road







8. Junction between Fung Cheung Road/ Castle Peak Road Yuen Long Section



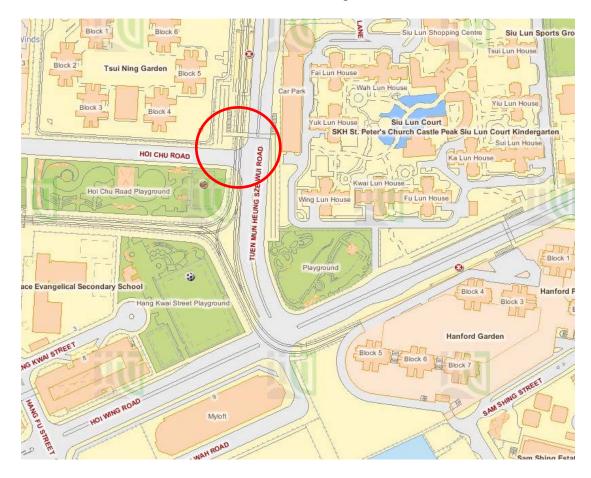
9. Junction between Kuk Ting Street/ Tai Tong Road and Castle Peak Road- Yuen Long Section



10. Tsing Lun Road (near Tuen Mun Government Primary School)

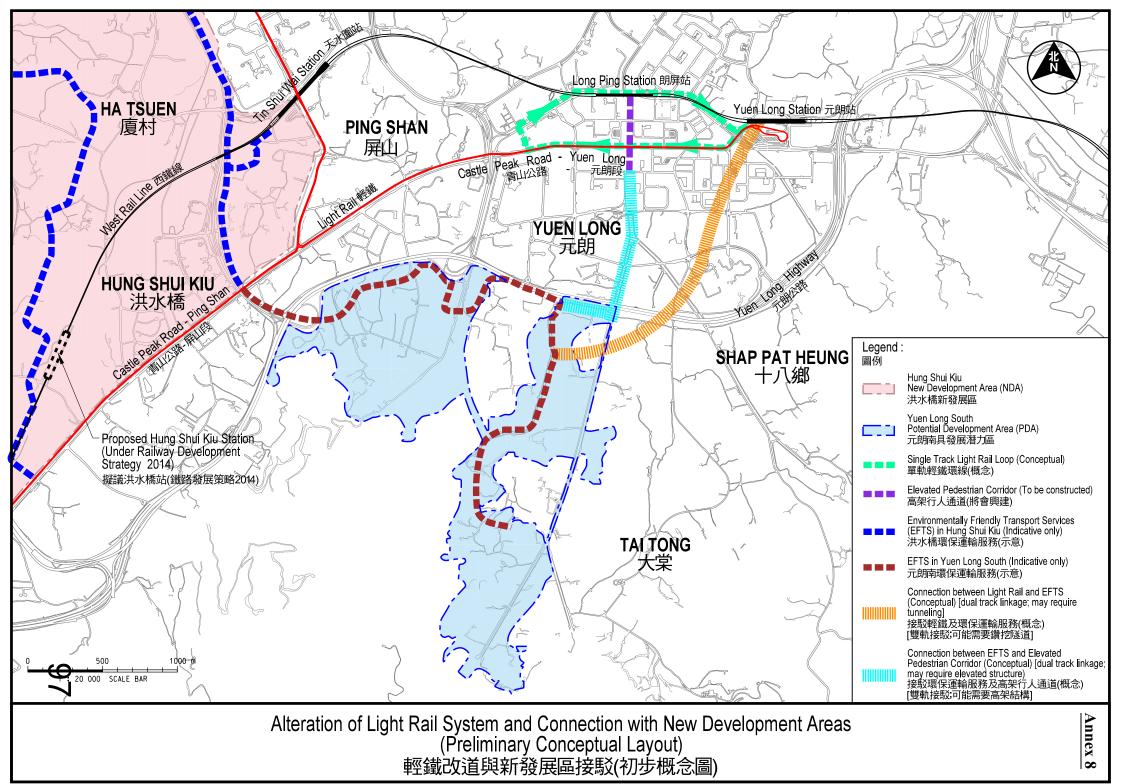


11. Junction between Hoi Chu Road/ Tuen Mun Heung Sze Wui Road



Preliminary assessment of technical feasibility of segregating Light Rail tracks from roads/footpaths at 11 busy junctions

Name of Junction	Technical Feasibility of Segregating Light Rail Tracks from Roads/Footpaths
Junction between Tin Shui Road and Tin Tan Street (near Tin Shui Wai Hospital)	Very difficult
Junction between Tin Shui Road and Tin Wing Road (near Tin Shui Wai Hospital)	Very difficult
Junction between Tin Yiu Road and Tin Ho Road	Very difficult
Junction between Tin Shui Road and Tin Sau Road	Very difficult
Junction between Tin Wing Road and Tin Shing Road	Very difficult
Junction between Kuk Ting Street/ Tai Tong Road and Castle Peak Road Yuen Long Section	Very difficult
Junction between Tin Fuk Road/ Tin Yiu Road and Ping Ha Road	Basically not feasible
Junction between Fung Cheung Road and Castle Peak Road Yuen Long Section	Basically not feasible
Junction between On Lok Road and Castle Peak Road Yuen Long Section	Basically not feasible
Tsing Lun Road (near Tuen Mun Government Primary School)	Basically not feasible
Junction between Hoi Chu Road and Tuen Mun Heung Sze Wui Road	Basically not feasible



Amendment on the eligibility requirement of driving licence for public light bus and taxi etc.

According to section 8(1) and (1A) of the Road Traffic (Driving Licences) Regulations, applicants for driving licence to drive taxi, public/private light bus, public/private bus, franchised bus, medium/heavy goods vehicles and special purpose vehicles (hereinafter referred to as "commercial vehicles") must have been holding the licence to drive a private car or light goods vehicles for at least 3 years¹. In response to the transport trade's request to ameliorate the lack of drivers, the Transport Department ("TD") has conducted a review and proposes to set the relevant driving licence holding period requirement at least one year², while maintaining the other eligibility requirements for driving licences for commercial vehicles (e.g. the age requirement of 21 years-old).

- 2. Having considered to the existing requirement for applicants for driving licences for commercial vehicles to pass the TD's rigorous driving test which ensures fitness and competence to drive the relevant vehicles, as well as the transport trade's demand to ameliorate the lack of drivers, the TD considers the proposal an appropriate arrangement. The TD has already consulted the respective transport trades and the Road Safety Council. The transport trade generally welcomes the proposal, and considers it a useful measure to mitigate the lack of drivers. The Road Safety Council also has no in-principle objection to the proposal.
- 3. To raise the service quality of passenger carrying public vehicles, instill a stronger sense of road safety and good driving behaviour in new drivers as well as promoting their understanding of the basics of passenger service and customer service techniques, applicants for full driving licences to drive public light bus are required to attend and pass a pre-service course designated and approved by the Commissioner since June 2015. The TD now proposes to extend the relevant requirement to applicants for full driving licence to drive taxi and non-franchised public bus to further enhance their service standard. In view of the relatively low traffic accident involvement rate of other passenger carrying vehicles such as private light bus/bus, the TD proposes to extend the pre-service course requirement to taxi and non-franchised public bus³ at the current stage. In future, we will review the need to extend the requirement to other passenger carrying vehicles when necessary.

If the full driving licence for private car or light goods vehicle was issued upon completion of a probationary driving period (of at least one year), the relevant driving licence holding period is at least 2 years.

² If the applicant has already completed a probationary driving period of at least one year, he or she will only need to hold a full driving licence for private car or light good vehicle at the time of application.

The franchised bus operators have been providing detailed and strict training courses to their drivers. We do not consider it necessary to require drivers of franchised buses to take part in pre-service course for now.

Proposed Revised Guidelines on Working Hours of Green Minibus Drivers

- For every 9 hours of duty, GMB drivers should have a rest time (including meal break) of at least 45 minutes, of which not less than 10 minutes should be within the first 4 hours of duty;
- Maximum duty of GMB drivers (including all rest times) should not exceed 14 hours per day;
- > Driving duty of GMB drivers (i.e. maximum duty less all rest times) should not exceed 11 hours per day;
- ➤ GMB drivers working for a duty of not less than 9 hours in a working day should be provided with a meal break; and
- The break between 2 consecutive working days should not be less than 10 hours.

Motions on personalised and point-to-point transport services passed at the Panel on Transport meeting on 21 April 2017

1. The first motion

Moved by: Hon Frankie YICK Chi-ming

Seconded by: Hon YIU Si-wing, Hon CHUNG Kwok-pan, Dr Hon Junius HO Kwan-

yiu and Hon LAU Kwok-fan

Given that the scheme introduced by the Government to issue 600 new "franchised taxi" licences fails to address the demand of the general public for enhancing the overall taxi service, while issuing 600 additional "franchised taxi" licences will only further aggravate the road traffic congestion problem, and the absence of any prior consultation with the taxi trade and the various political parties/groups of the Legislative Council ("LegCo") has drawn criticisms from the various political parties/groups of LegCo and a strong backlash from the taxi trade, this Panel now solemnly requests the Government to shelve the "franchised taxi" scheme and expeditiously form a working group with the taxi trade and the various political parties/groups of LegCo for formulating a comprehensive proposal to comprehensively upgrade the taxi service level.

2. The second motion

Moved by: Hon LUK Chung-hung Seconded by: Hon HO Kai-ming

This Panel supports the Government to upgrade the service level of the taxi trade, but before introducing the franchised taxi service, the Administration should communicate more with the taxi trade and needs to stipulate that an employer-employee relationship between franchised taxi operators and their drivers is an essential prerequisite, otherwise it is difficult to enhance service quality through improving the livelihood of drivers and employment protection; in the meantime, the Government also needs to make overall improvement to the operating environment of the trade, including relaxing the restrictions on picking up and dropping off passengers, and stepping up efforts to combat illicit acts involving "discount taxis" and "white licence cars" with a view to ensuring and enhancing the quality of taxi service in various aspects.

3. The third motion

Moved by: Hon Charles Peter MOK

This Panel is strongly dissatisfied with the quality of taxi service in Hong Kong. Along with the growth in the population in Hong Kong as well as the demand for local transport, and given the permanent and transferrable nature of taxi licences, Hong Kong's taxi licences have evolved into an investment tool, while taxi drivers have to pay high rentals for taxi licences, and there is hardly any incentive for them to improve their services. This Panel urges the Government to provide more personalised and point-to-point transport services, promote market competition,

reform the licensing system for Hong Kong taxis, and introduce franchised taxis with time-limited licences which are subject to regular renewal. This Panel also proposes that the Government should review the service licences of hire cars and introduce an appropriate regulatory regime for Internet car calling services in order to improve service quality as a whole and provide the public with diversified choices.

4. The fourth motion

Moved by: Hon Michael TIEN Puk-sun

Given that introduction of franchised taxis by the Government to expand the customer base and improve the service quality of the taxi trade will however definitely increase the traffic flows on the road, while giving priority to the conversion of existing taxi licences for operating new franchised taxis can be a win-win solution, conversion of existing taxi licences should therefore be included as one of the necessary conditions. As it is essential to ensure service quality, yet the Government's proposal of a fiveyear franchise has limited effect on the assurance of service quality, this Panel urges the Government to set up a "Steering and Assessment Committee on Premium Taxis ("the Committee"), with minor representation from the trade in its composition, to be tasked with vetting applications for franchises to operate franchised taxis. conditions for application should include but not limit to the installation of in-car closed-circuit television system. The franchise may be granted upon satisfaction of the relevant conditions. The Committee should be empowered to revoke, at any time, a franchise if the franchised taxi driver concerned delivers a poor service repeatedly without making improvement, so that franchisees will be mindful of any investment losses arising thereform.

5. The fifth motion

Moved by: Hon LAU Kwok-fan

In face of the increasing public demand, both in terms of quality and quantity, for personalised and point-to-point transport services, this Panel requests the Government to assist the taxi trade in improving service quality, enhance the training of practitioners, introduce an appropriate service quality monitoring mechanism for the trade, and review the policy and legislation relating to hire cars, so that the rapidly developing car calling service mode can be operated under appropriate regulation to meet the needs of the public.

Average daily public transport passenger journeys by public transport modes (December 2017)

Public transport mode	Average daily passenger journeys (% of total journeys)
Heavy Rail	5 055 000 (38.9%)
Franchised buses	4 040 000 (31.1%)
Public light buses ¹	1 814 000# (14.0%)
Taxis ²	891 000# (6.9%)
Light Rail	488 000 (3.8%)
Residents' services ³	231 000# (1.8%)
Tramway	182 000 (1.4%)
Ferries ⁴	144 000 (1.1%)
MTR Buses (Northwest New Territories)	142 000 (1.1%)

Provisional figures

Note: the sum of individual percentage does not equal to 100% owing to rounding.

Including green minibus and red minibus (RMB). However, there is no regular return collected from operators of RMB and RMB patronage figures are estimated based on the results of the Comprehensive Surveys on Red Minibus Services, having regard to the number of licensed RMB and the number of days in the respective months.

Taxi patronage figures are estimated using the operating data of taxis covered in the corresponding months.

Residents' services are services provided by or on behalf of the management, residents or owners of any residential development for the carriage of passengers to or from the residential development. Residents' services are a type of non-franchised public bus services. Non-franchised public buses also provide tour service, hotel service, student service, employees' service, international passenger service and contract hire service. But since relevant data are not available, the patronage figures for these services cannot be provided.

⁴ Ferries include franchised and licensed services but exclude Kaitos.

Chapter:	230	PUBLIC BUS SERVICES ORDINANCE	Gazette Number	Version Date
		Long title		30/06/1997

To provide for the granting of franchises to operate public bus services on specified routes, the regulation of the operation and maintenance of such services and for matters ancillary thereto and connected therewith.

[1 September 1975]

(Originally 59 of 1975)

Part:	I	PRELIMINARY	30/06/1997
Section:	1	Short title	30/06/1997

This Ordinance may be cited as the Public Bus Services Ordinance.

(Amended 75 of 1982 s. 114)

Section: 2 Interpretation 30/06/1997

In this Ordinance, unless the context otherwise requires-

- "bus" (巴士) has the same meaning as in the Road Traffic Ordinance (Cap374); (Replaced 75 of 1982 s. 114)
- "Commissioner" (署長) means the Commissioner for Transport;
- "franchise" (專營權) means the right to operate a public bus service granted under section 5;
- "franchise period" (專營期) means the period for which a franchise is granted under section 6(1) and any period for which the franchise is extended under section 6(2) or (3);
- "grantee" (專營公司) means a company to which a franchise has been granted;
- "North-west Transit Service Area" (西北鐵路服務範圍) means the North-west Transit Service Area within the meaning of the Kowloon-Canton Railway Corporation Ordinance (Cap 372); (Added 56 of 1986 s. 22)
- "passenger" (乘客) in relation to a bus means any person carried in or on it other than the driver or conductor or any other employee of the grantee who is in uniform and on duty; (Added 88 of 1988 s. 2)
- "profit control scheme" (利潤管制計劃) means the profit control scheme provided for by Part V;
- "programme" (計劃) means a programme in force under section 12A; (Added 44 of 1984 s. 2)
- "proper and efficient service" (適當而有效率的服務) means a proper and efficient public bus service within the meaning of section 12; (Added 44 of 1984 s. 2)
- "public bus service" (公共巴士服務) means a bus service for the carriage of passengers for reward at separate fares;
- "Schedule of Routes order" (路綫表令) means an order under section 5(1);
- "specified route" (指明路綫) means a route specified in the Schedule of Routes order applying in the case of a grantee and any new route on which a public bus service is operated by that grantee in accordance with a requirement under section 14 or 15, or an approval under section 16A. (Amended 44 of 1984 s. 2)

Section:	2A	Construction of references to the Ordinance in a franchise,	30/06/1997
		programme or agreement	

Unless the context otherwise requires, any reference to this Ordinance (whether as the Public Omnibus Services Ordinance 1975 (59 of 1975) or otherwise), or to any provision thereof, franchise, programme, agreement or other document under or in pursuance of this Ordinance shall be deemed to be a reference to this Ordinance or such provision thereof as amended from time to time.

(Added 44 of 1984 s. 3)

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Section:	3	Power of Chief Executive to give directions to a public	62 of 1999	01/07/1997
		officer		

Remarks:

Adaptation amendments retroactively made - see 62 of 1999 s. 3

- (1) The Chief Executive may give to a public officer such directions as he thinks fit with respect to the exercise or performance of his powers, functions and duties under this Ordinance, either generally or in any particular case.
- (2) A public officer shall, in the exercise or performance of his powers, functions and duties under this Ordinance, comply with any direction given by the Chief Executive under subsection (1).

(Amended 44 of 1984 s. 4; 62 of 1999 s. 3)

Part:	II	PUBLIC BUS SERVICE FRANCHISES	30/06/1997
Section:	4	Prohibition of operation of public bus service except under	30/06/1997
55551011.	1 '	i i onibition of operation of public bus set vice except under	50/00/177/

- (1) A public bus service shall not be operated except under a franchise granted under this Ordinance or another enactment.
 - (2) Any person who-
 - (a) operates, or manages or assists in the management of, a public bus service, or
 - (b) uses, or causes or permits to be used, a bus in the operation of a public bus service,

which is operated in contravention of subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine of \$100000.

- (3) This section does not apply to a public bus service which is-
 - (a) a tour service, that is to say, a service-
 - (i) for the carriage of passengers at separate fares;
 - (ii) entitling the passengers to travel together on a journey, with or without breaks, from the place or places at which they are taken up (being the same place or 2 or more places in the same vicinity) to one or more other places and back to the place or places at which they were taken up;
 - (iii) in which all the passengers are carried for the greater part of the journey; and
 - (iv) in which no passenger is a person who frequently, or as a matter of routine, travels, at or about the time of day at which the journey is made, to or to the vicinity of a place from or through which the journey is made; (Replaced 72 of 1976 s. 2)
 - (b) an international passenger service, that is to say, a service for the carriage of passengers in either direction between any one or more of the following places, that is to say, the Hong Kong International Airport, Hung Hom Railway Station, Macau Ferry Pier or any other pier, any Hong Kong border crossing, any hotel, airline office or ferry or similar terminal, where the passengers on the service consist only of-
 - (i) persons arriving in or intending to leave Hong Kong by aircraft, railway, ferry vessel, ship or motor vehicle;
 - (ii) persons meeting or accompanying the persons referred to in sub-paragraph (i); or
 - (iii) persons employed by an airline or the agent of an airline, or by any travel, shipping or railway agent; (Replaced 44 of 1984 s. 5)
 - (c) an hotel service, that is to say, a service for the carriage of passengers residing at an hotel where every passenger is taken up or set down at the hotel;
 - (d) a student service, that is to say, a service for the carriage to or from a school, university or other educational establishment of students thereof, persons accompanying or in charge of such students or who teach at the school, university or other educational establishment;
 - (e) an employees' service, that is to say, a service provided by an employer for the carriage to or from their place of work of passengers who are persons employed by him; (Amended 44 of 1984 s. 5)
 - (f) a residents' service, that is to say, a service approved by the Commissioner, after considering the interests of any grantee franchised to operate over any part of the route to be covered by the service and any other relevant matter, and provided by or on behalf of the management, residents or owners of

Cap 230 - PUBLIC BUS SERVICES ORDINANCE

- any residential development for the carriage of passengers to or from the residential development; (Added 44 of 1984 s. 5)
- (g) a multiple transport service, that is to say, a service (other than a service provided mainly for the carriage of passengers to or from a residential development) in which no passenger is a person who frequently or as a matter of routine travels, at or about the time of day at which the journey is to be made, to or to the vicinity of a place from or through which the journey is made, approved by the Commissioner, after considering the interests of any grantee franchised to operate over any part of the route to be covered by the service and any other relevant matter, for the carriage of passengers by a public bus service in combination with carriage by another mode or modes of public transport service from one departure point to one destination and where a combined fare is paid for the whole journey, single or return, at a place other than at the boarding point of the bus or on the bus. (Added 44 of 1984 s. 5. Amended 66 of 1984 s. 13)
- (4) For the purposes of this Ordinance, a payment made by a person entitling him to be carried as a passenger in a bus shall be treated as a separate fare notwithstanding that it is made in consideration of other matters in addition to the journey and irrespective of the person by or to whom it is made.

| Section: | 5 | | Grant of franchises | L.N. 163 of 2013 | 03/03/2014 |

- (1) Subject to this Ordinance, the Chief Executive in Council may grant to any company registered under the Companies Ordinance (Cap 622), or under the Companies Ordinance (Cap 32) as in force from time to time before the commencement date# of section 2 of Schedule 9 to the Companies Ordinance (Cap 622), the right to operate a public bus service on such routes as he specifies by order. (Amended 28 of 2012 ss. 912 & 920)
 - (2) A franchise may confer on the grantee the exclusive right to operate a service on any specified route.
 - (3) A franchise-
 - (a) may be granted following a public tender or in such other manner as the Chief Executive in Council thinks fit;
 - (b) shall, except where the Legislative Council by resolution excludes the application of all or any of the provisions of the profit control scheme, be subject to the profit control scheme;
 - (c) shall be subject to such conditions as the Chief Executive in Council specifies; and
 - (d) shall prescribe whether it may be extended under section 6(2) or (3).
- (4) Without prejudice to any other provision of this Ordinance, a franchise may, with the consent of the grantee, be amended by the Chief Executive in Council.
- (5) A franchise may, with or without the consent of the grantee, be amended by the Chief Executive in Council by order in the Gazette so as to restrict or prohibit the taking up or setting down of passengers within the North-west Transit Service Area or, where the boundaries of that Area are varied under section 2(3) of the Kowloon-Canton Railway Corporation Ordinance (Cap 372), to alter such a restriction or prohibition to take account of such variation. (Added 56 of 1986 s. 22)
- (6) Where an amendment to a franchise is made under subsection (5) without the consent of the grantee, the grantee shall be entitled to compensation for the loss of any permitted return (as defined in Part V) on any investment which the grantee may reasonably have been expected to make had the franchise not been so amended, subject to the deduction from that permitted return of any sum required to be deducted under sections 28 and 29. (Added 56 of 1986 s. 22)
- (7) In determining any compensation payable under subsection (6) account shall be had of any opportunity which the grantee may have had to mitigate his loss and to the effect the construction and operation of the North-west Railway under the Kowloon-Canton Railway Corporation Ordinance (Cap 372) would have had on the operations of the grantee (being an effect for which no compensation is payable) had his franchise not been amended. (Added 56 of 1986 s. 22)
- (8) Compensation payable under subsection (6) shall be in such amount as may be agreed between the Commissioner and the grantee or, in the event of a failure to agree, as may be determined by arbitration under the Arbitration Ordinance (Cap 609) and, for the purposes of that Ordinance, the reference in this subsection to arbitration shall be deemed to be arbitration under that Ordinance with 2 arbitrators, one appointed by the grantee and one by the Commissioner. (Added 56 of 1986 s. 22. Amended 17 of 2010 s. 112)
- (9) The powers conferred on the Chief Executive in Council by subsection (5) shall cease to be exercisable after a period of 20 years from the commencement* of the Kowloon-Canton Railway Corporation (Amendment) Ordinance 1986 (56 of 1986) or such further period or periods as may be authorized by resolution of the Legislative

Notes:

- 1. The Orders made under section 5(1) of the Ordinance specifying Schedules of routes in respect of the China Motor Bus Company Limited, the Kowloon Motor Bus Company (1933) Limited, the New Lantao Bus Company (1973) Limited, the Citybus Limited, Long Win Bus Company Limited and New World First Bus Services Limited have not been included in this Edition. For details of these Orders see L.N. 353 of 1991, L.N. 117 of 1997, L.N. 119 of 1997, L.N. 70 of 2001, L.N. 71 of 2001, L.N. 72 of 2001, L.N. 73 of 2001, L.N. 74 of 2001, L.N. 75 of 2001, L.N. 60 of 2003, L.N. 61 of 2003, L.N. 62 of 2003, L.N. 63 of 2003, L.N. 64 of 2003, L.N. 65 of 2003, L.N. 201 of 2004, L.N. 202 of 2004, L.N. 203 of 2004, L.N. 204 of 2004. L.N. 205 of 2004, L.N. 206 of 2004, L.N. 161 of 2006, L.N. 162 of 2006, L.N. 163 of 2006, L.N. 164 of 2006, L.N. 165 of 2006, L.N. 166 of 2006, L.N. 36 of 2008, L.N. 37 of 2008, L.N. 38 of 2008, L.N. 39 of 2008, L.N. 40 of 2008, L.N. 41 of 2008, L.N. 150 of 2009, L.N. 151 of 2009, L.N. 152 of 2009, L.N. 153 of 2009, L.N. 154 of 2009, L.N. 155 of 2009, L.N. 12 of 2011, L.N. 13 of 2011, L.N. 14 of 2011, L.N. 15 of 2011, L.N. 16 of 2011, L.N. 17 of 2011, L.N. 4 of 2012, L.N. 5 of 2012, L.N. 6 of 2012, L.N. 6 of 2013, L.N. 59 of 2013, L.N. 8 of 2014, L.N. 64 of 2014, L.N. 65 of 2014, L.N. 66 of 2014, L.N. 67 of 2015, L.N. 202 of 2015, L.N. 203 of 2015, L.N. 204 of 2015, L.N. 205 of 2015, L.N. 206 of 2017, published in the Gazette.
- 2. Resolutions of the Legislative Council under s. 5(3)(b) of the Ordinance have not been included in this Edition. For details of these resolutions see L.N. 254 of 1991, L.N. 254 of 1993, L.N. 255 of 1993, L.N. 19 of 1995, L.N. 546 of 1995, L.N. 249 of 1996@, L.N. 70 of 1997@, L.N. 71 of 1997@, L.N. 72 of 1997@, L.N. 425 of 1997, L.N. 284 of 1998, L.N. 20 of 2003, L.N. 21 of 2003, L.N. 22 of 2003, L.N. 45 of 2006, L.N. 46 of 2006, L.N. 47 of 2006, L.N. 41 of 2013, L.N. 42 of 2013, L.N. 43 of 2013, L.N. 102 of 2016, L.N. 103 of 2016 and L.N. 125 of 2017.
 - @ These resolutions have been amended by the Adaptation of Laws (No. 25) Ordinance 1999 (62 of 1999), Schedule 3, items 21 to 24.
- * In operation on 1 November 1986.
- # Commencement date: 3 March 2014.

Section: 6	Periods of grants and extensions thereof	L.N. 130 of 2007	01/07/2007
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Remarks:

For the saving and transitional provisions relating to the amendments made by the Resolution of the Legislative Council (L.N. 130 of 2007), see paragraph (12) of that Resolution.

- (1) A franchise may be granted for a period not exceeding 10 years, and in calculating a franchise period no account shall be taken of any change from time to time in the specified routes.
- (2) If, not less than 15 months before the expiry of the period for which a franchise was granted under subsection (1), the grantee has by notice in writing to the Chief Secretary for Administration requested an extension of such period, the Chief Executive in Council may, if he is satisfied that the grantee is capable of maintaining a proper and efficient service, extend the franchise for a further period not exceeding 5 years. (Amended 44 of 1984 s. 6; 82 of 1995 s. 2; L.N. 362 of 1997)
- (2A) Where notice has been given by a grantee under subsection (2), the Secretary for Transport and Housing shall, not less than 9 months before the expiry of the period for which the franchise was granted under subsection (1), submit to the Chief Executive in Council a report setting out his recommendation as to whether the franchise should be extended for a further period under this section. (Added 82 of 1995 s. 2. Amended L.N. 106 of 2002; L.N. 130 of 2007)
 - (3) The Chief Executive in Council may, at any time during a franchise period-
 - (a) whenever he considers it appropriate having regard to any circumstances affecting the franchise; and
 - (b) if he is satisfied that the grantee is capable of maintaining a proper and efficient service, (Replaced 44 of 1984 s. 6)

extend the franchise from time to time for a further period not exceeding 2 years. (Amended 44 of 1984 s. 6)

Notes:

1. The application of the amendment to this section under the Public Bus Services (Amendment) Ordinance 1995 (82 of 1995) is affected by section 7 thereof, which is reproduced as follows-

"7. Application

This Ordinance applies to franchises granted before the commencement of this Ordinance as it applies to franchises granted after such commencement.".

2. 82 of 1995 commenced operation on 4 August 1995.

Section: 7	Restriction on assignment or other disposition of franchise 62 of 19	01/07/1997

Remarks:

Adaptation amendments retroactively made - see 62 of 1999 s. 3

A grantee shall not assign or otherwise dispose of its franchise, or any part thereof, without the approval of the Chief Executive in Council.

(Amended 62 of 1999 s. 3)

Section:	8	Directors of grantee companies	28 of 1998; 62 of	01/07/1997
		_	1999	

Remarks:

Adaptation amendments retroactively made - see 28 of 1998 s. 2(1); 62 of 1999 s. 3

- (1) Save where the Chief Executive in Council otherwise permits on the granting of a franchise, a majority of the directors of a grantee shall be individuals who are ordinarily resident in Hong Kong. (Amended 80 of 1982 s. 2; 28 of 1998 s. 2; 62 of 1999 s. 3)
- (2) A majority of the directors required under subsection (1) shall participate actively in the direction of the grantee.

Section: 9 Chief Executive may appoint additional directors	L.N. 163 of 2013 03/03/2014
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- (1) The Chief Executive may, notwithstanding any provision of the Companies Ordinance (Cap 622), the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) or any other law or of any document, appoint not more than 2 persons to be additional directors of a grantee; and, notwithstanding any such provision as aforesaid, a person so appointed may not be removed from the board of a grantee except by the Chief Executive. (Amended 62 of 1999 s. 3; 28 of 2012 ss. 912 & 920)
- (2) A person so appointed to be an additional director of a grantee shall represent the Government and for that purpose shall be entitled to participate at meetings of the grantee and the board of the grantee, to have access to all material concerning the affairs of the grantee which is available to any other director and require such information with respect to the grantee's affairs as he may specify to be furnished to him, and, without prejudice to the foregoing but subject to subsection (3), any such person shall be treated for all purposes as if he had been appointed at a general meeting of the grantee as a director thereof.
- (3) No fee or reward, financial or otherwise, shall be paid by a grantee to a person appointed to be an additional director of the grantee under this section in respect of his performance of the functions of such a director.

Section:	10	Grantee not to alter memorandum or articles without	L.N. 163 of 2013	03/03/2014
Section.		Chief Executive's approval	2.11. 103 01 2013	03/03/2011

No alteration shall be made during the franchise period to the memorandum of association (if any) or articles of association of a grantee without the approval of the Chief Executive.

(Amended 62 of 1999 s. 3; 28 of 2012 ss. 912 & 920)

Part:	III	OPERATION AND CONTROL OF SERVICES	30/06/1997

ODED ATION AND CONTROL OF SERVICES

- 30/06/1997 Section: Grantee to operate on specified routes only
- (1) Subject to subsection (2), a grantee shall not operate a public bus service otherwise than on a specified route.
- (2) Whenever circumstances beyond the control of a grantee so require, a grantee may cause a public bus service to be diverted from a specified route for so long as such circumstances continue to so require.

Section:	12	Grantee to maintain proper service	30/06/1997

- (1) A grantee shall, at all times during the franchise period, maintain to the satisfaction of the Commissioner a proper and efficient public bus service.
- (2) Without prejudice to the generality of subsection (1), the grantee shall not be treated for any purpose of this Ordinance as maintaining a proper and efficient public bus service unless it maintains the service and operates the same in accordance with its franchise, this Ordinance, any direction or requirement under its franchise or this Ordinance and any programme or any approval under section 16A. (Amended 44 of 1984 s. 7)

Section:	12A	Forward planning programme	L.N. 130 of 2007	01/07/2007

Remarks:

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For the saving and transitional provisions relating to the amendments made by the Resolution of the Legislative Council (L.N. 130 of 2007), see paragraph (12) of that Resolution.

- (1) With effect from 1 January 1985, a grantee shall in each year, not later than 30 June, prepare a programme of the operations of the grantee for the following 5 years in respect of the matters specified in the Schedule, and the grantee and the Commissioner shall, subject to subsection (4), take all reasonable steps to reach agreement on the programme by 30 September in that year; and the programme as agreed under this subsection or as settled under subsection (4) shall be submitted to the Secretary for Transport and Housing by the Commissioner.
- (2) A programme submitted to the Secretary for Transport and Housing under subsection (1) in any year shall upon such submission come into force and supersede the programme (if any) so submitted in the immediately preceding year, but where a programme is not submitted in any year the programme submitted in the previous year shall, without prejudice to subsection (5), continue in force until it is superseded or it expires, whichever is the earlier.
- (3) A programme which is in force under this section may from time to time be altered by mutual consent of the Commissioner and a grantee and such alterations shall be submitted to the Secretary for Transport and Housing by the Commissioner and upon such submission the programme shall continue in force as altered.
- (4) If the grantee and the Commissioner fail to reach agreement on any point in a programme prepared by a grantee under subsection (1) in any year, or fail to mutually agree any alterations under subsection (3), the grantee and the Commissioner shall forward the details of the point in disagreement to the Secretary for Transport and Housing who shall decide on the point having regard to the submissions of the grantee and the Commissioner and such decisions of the Secretary for Transport and Housing shall, subject to section 33, be final and shall be incorporated in the programme and such programme shall be the settled programme.
- (5) Where, without reasonable excuse, a grantee fails to prepare a programme in compliance with subsection (1) it shall be deemed to be incapable of maintaining a proper and efficient service.

(Added 44 of 1984 s. 8. Amended L.N. 106 of 2002; L.N. 130 of 2007)

Section:	12B	Relevance of programme and non-compliance in certain	62 of 1999	01/07/1997
		circumstances		

Remarks:

Adaptation amendments retroactively made - see 62 of 1999 s. 3

20/06/1007

- (1) In the exercise of any power under this Ordinance, the Chief Executive in Council and the Commissioner shall have regard to a programme. (Amended 62 of 1999 s. 3)
- (2) Where a grantee fails to comply with a programme by reason of circumstances beyond its control, such failure shall not be taken as a breach of its franchise or a failure to maintain a proper and efficient services.

(Added 44 of 1984 s. 8)

Section: 13	Fares	62 of 1999	01/07/1997
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Remarks:

Adaptation amendments retroactively made - see 62 of 1999 s. 3

- (1) The Chief Executive in Council may determine- (Amended 62 of 1999 s. 3)
 - (a) the scale of fares which may be charged for the carriage of passengers, baggage and goods on any specified route or group of specified routes; and
 - (b) the maximum rate of increase which may be permitted by the Commissioner under subsection (3) in the scale of fares determined under paragraph (a).
- (2) Where the Commissioner requires a grantee under section 15, or approves an application by a grantee under section 16A, to-
 - (a) alter a specified route temporarily; or
 - (b) operate a temporary public bus service on a route, not being a specified route,

the Commissioner shall determine the fares which may be charged for the carriage of passengers, baggage and goods on such altered route or temporary service, and such fares shall be based on the appropriate scale of fares determined under subsection (1)(a):

Provided that the Commissioner shall not reduce the fares on a specified route under this subsection where the reason for the temporary alteration arises out of circumstances beyond the control of the grantee. (Replaced 44 of 1984 s. 9)

- (3) Where circumstances require a public bus service to be operated on a specified route-
 - (a) on any day at a frequency greater than that specified in a direction under section 16(1)(a) or in an application approved under section 16A;
 - (b) during a period or on a day other than that specified in a direction under section 16(1)(a) or in an application approved under section 16A; or
 - (c) with a bus of a carrying capacity or of a type other than that specified in a direction under section 16(1)(b) or in an application approved under section 16A,

the Commissioner may by notice in writing to the grantee permit the grantee to charge an increased fare for the carriage of passengers, baggage and goods on such route during such operation of a public bus service, and such increased fare shall be based on the appropriate scale of fares determined under subsection (1)(a) to which may be added such increase as the Commissioner may think fit at a rate not exceeding the rate of increase determined under subsection (1)(b). (Replaced 44 of 1984 s. 9)

- (4) A grantee shall not charge any passenger-
 - (a) a fare exceeding the fare determined in accordance with the appropriate scale of fares determined under subsection (1)(a) or the fare determined under subsection (2) or permitted under subsection (3); or
 - (b) except with the prior permission of the Commissioner, a fare lower than that so determined or, where applicable, the increased fare permitted under subsection (3). (Amended 44 of 1984 s. 9)

Section: 14	Altei	ration of routes and p	provision of additional routes	62 of 1999	01/07/1997

Remarks:

Adaptation amendments retroactively made - see 62 of 1999 s. 3

- (1) Subject to subsections (4) and (5), the Chief Executive in Council may by notice in writing to the grantee require it, before the expiry of such period as may be specified in the notice, to-
 - (a) alter a specified route in the manner specified in the notice, whether by way of extending or curtailing or otherwise varying the route;
 - (b) operate a public bus service on such route, not being a specified route, as may be specified in the

notice.

- (2) Where under subsection (1) the Chief Executive in Council requires a grantee to operate a service on a new route, he may confer on the grantee the exclusive right to operate a public bus service on that route.
 - (3) The period of notice referred to in subsection (1) shall be-
 - (a) in the case of a notice served under paragraph (a) thereof, not less than 3 months; and
 - (b) in the case of a notice served under paragraph (b) thereof, not less than 6 months.
- (4) A requirement shall not be made under subsection (1)(a) unless the Commissioner has consulted the grantee with respect thereto. (Amended 44 of 1984 s. 10)
- (5) Before a requirement under subsection (1)(b) is made, the Commissioner shall consult the grantee on the proposed service and satisfy himself that the grantee, if he is required to operate a public bus service on a new route, will-
 - (a) have available a sufficient number of buses for use on the new route and all existing routes; and
- (b) be able to maintain a proper and efficient service on the new route and all existing routes, and shall submit a report of his findings, and details of any points in disagreement between the grantee and him, to the Chief Executive in Council. (Added 44 of 1984 s. 10)

(Amended 44 of 1984 s. 10; 62 of 1999 s. 3)

Section:	15	Temporary alteration of routes and provision of additional	30/06/1997
		routes	

- (1) The Commissioner may, after consultation with a grantee, by notice in writing to the grantee, require it, before the expiry of such period (being not less than 3 months) as may be specified in the notice, to-
 - (a) alter a specified route temporarily in the manner specified in the notice, whether by way of extending or curtailing or otherwise varying the route;
 - (b) operate a temporary public bus service on such route, not being a specified route, as may be specified in the notice.
- (2) A requirement under subsection (1) shall have effect for such period, not exceeding 12 months, as may be specified in the notice, and may be extended by the Commissioner for a further period not exceeding 12 months.
- (3) Before a requirement under subsection (1)(b) is made, the Commissioner shall satisfy himself that the grantee, if he is required to operate a public bus service on a new route, will-
 - (a) have available a sufficient number of buses for use on the new route and all existing routes; and
 - (b) be able to maintain a proper and efficient service on the new route and all existing routes. (Added 44 of 1984 s. 11)

Section:	16	Commissioner to specify frequency of services and	30/06/1997
		carrying capacity and types of buses	

- (1) The Commissioner shall, after consultation with a grantee, from time to time as he thinks necessary, direct by notice in writing to the grantee-
 - (a) the frequency at and the period on each day during which a public bus service shall be operated on a specified route;
 - (b) the carrying capacity and types of the buses to be used on any such route.
- (2) Where the effect of a notice under subsection (1) is to alter the frequency at which a public bus service is being operated under such a notice in force at the time that the first-mentioned notice is given, such first-mentioned notice shall take effect on such day as the Commissioner may specify, being not less than 3 months after the service of the notice.
- (3) Subject to subsection (3A), a grantee may, on any specified route in respect of which it has the exclusive right to operate a public bus service, increase the frequency at which the service is operated on that route in accordance with a direction under subsection (1) whenever in its opinion circumstances so require. (Amended 44 of 1984 s. 12)
 - (3A) For the purposes of subsection (3)-
 - (a) subject to paragraph (b), before a grantee increases the frequency of service on any specified route he shall give to the Commissioner notice in writing of not less than 14 days or such lesser period as the Commissioner may allow;
 - (b) where due to the special circumstances of any case a grantee increases the frequency of service on any

specified route without notice as required under paragraph (a), he shall, within 7 days after the date on which the frequency of service is increased, give to the Commissioner notice in writing of such increase and of the circumstances necessitating it. (Added 44 of 1984 s. 12)

- (4) A grantee may, on any specified route in respect of which it does not have the exclusive right to operate a public bus service, increase the frequency at which the service is operated on that route in accordance with a direction under subsection (1) whenever in its opinion circumstances so require, if the increase in the frequency is-
 - (a) agreed between the grantee and any other grantee which operates a public bus service on that route; and
 - (b) approved by the Commissioner.
- (5) Before a direction under subsection (1) is given, the Commissioner shall satisfy himself that the grantee, if he is required to operate a public bus service on a route at the frequency required, will-
 - (a) have available a sufficient number of buses for use on the route and all other routes; and
 - (b) be able to maintain a proper and efficient service on the route and all other routes. (Added 44 of 1984 s. 12)

Section:	16A	Temporary variation of route, frequency of services,	30/06/1997	
		carrying capacity and types of buses on grantee's		
		application		

- (1) A grantee may apply in writing to the Commissioner-
 - (a) to alter a specified route temporarily by way of extending or curtailing or otherwise varying the route;
 - (b) to operate a temporary public bus service on a route, not being a specified route, or to suspend a public bus service on a specified route;
 - (c) to vary temporarily the frequency at and the period on each day during which a public bus service is operated on a specified route;
 - (d) to vary temporarily the carrying capacity and types of buses used on any route, whether specified or not.
- (2) An application under subsection (1) shall be delivered to the Commissioner not less than 14 days prior to the date upon which the grantee desires to introduce the variation set out in his application:

Provided that, where special circumstances exist, the Commissioner may shorten the period of notice to be given by the grantee.

- (3) The Commissioner may approve, subject to such conditions as he thinks fit, or may refuse any application under subsection (1), and where the Commissioner refuses any application he shall give the grantee in writing the reasons for such refusal.
- (4) An approval under subsection (3) shall have effect for such period, not exceeding 12 months, as the Commissioner shall specify.
- (5) The requirements of a notice under section 14 or 15 or a direction under section 16 shall, so far as they are inconsistent with an approval of an application under subsection (3), be suspended during the period of the approval and shall again take effect on the expiration of the period of the approval.

(Added 44 of 1984 s. 13)

Section:	17	(Repealed 72 of 1984 s. 2)	30/06/1997
Section:	18	Records	30/06/1997

- (1) A grantee shall keep, to the satisfaction of the Commissioner, proper records in respect of the following matters-
 - (a) the number and capacity of the buses in use on each specified route on each day;
 - (b) the number of journeys and the total kilometres travelled by each such bus on each day on each such route; (Amended 75 of 1982 s. 114; L.N. 307 of 1984)
 - (c) the number of passengers carried by each such bus on each day on each such route; (Amended 75 of 1982 s. 114)
 - (d) the daily receipts in respect of each such route;
 - (e) the total kilometres lost each day in relation to each such route due to accidents, breakdowns and

- vehicle and staff shortages, respectively; (Amended L.N. 307 of 1984)
- (f) the maintenance of vehicles and stores; (Amended 44 of 1984 s. 14)
- (g) the number and types of buses, and their carrying capacity, on order or under construction together with details of the likely availability of such buses for use in the operation of the public bus service. (Added 44 of 1984 s. 14)
- (2) A grantee shall furnish to the Commissioner, at such times and in such form as he may require, copies of the records kept by the grantee in accordance with subsection (1).
- (3) A grantee shall permit the Commissioner, and any person authorized in writing by him, to inspect at any reasonable time all such records and all accounts kept by the grantee in connection with its franchise; and the Commissioner or any such person may make copies of any such records or accounts.

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	Section:	19	Provision of vehicle maintenance facilities, etc.	30/06/1997

A grantee shall provide and maintain such premises as the Commissioner considers necessary for construction, repair and maintenance of vehicles used by the grantee in connection with its franchise and for the parking of all such vehicles when they are not in use.

Section:	20	Restrictions in connection with section 19	30/06/1997
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Except with the written permission of the Commissioner, a grantee shall not-

- (a) use any premises provided and maintained in accordance with section 19 other than for the construction, repair, maintenance or parking of vehicles used by the grantee in connection with its franchise; or
- (b) undertake or permit to be undertaken the construction, repair or maintenance of vehicles used by the grantee in connection with its franchise, or the parking of such vehicles when they are not in use, other than in premises provided and maintained in accordance with section 19.

(Replaced 82 of 1995 s. 3)

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Notes:

1. The application of this section is affected by section 7 of the Public Bus Services (Amendment) Ordinance 1995 (82 of 1995), which section is reproduced as follows-

"7. Application

This Ordinance applies to franchises granted before the commencement of this Ordinance as it applies to franchises granted after such commencement.".

2. 82 of 1995 commenced operation on 4 August 1995.

Section:	21	Inspection of premises, maintenance facilities and vehicles	30/06/1997

- (1) The Commissioner, and any person authorized in writing by him, may-
 - (a) at all reasonable times inspect-
 - (i) any premises used by a grantee in connection with its franchise and all facilities provided by a grantee for the construction, repair and maintenance of vehicles so used by it;
 - (ii) any vehicle used by a grantee in connection with its franchise;
 - (b) require a grantee to carry out in respect of all such vehicles, or such of those vehicles as he may specify, such repair, maintenance or other works, within such time (being not less than 3 months), as he may specify; (Amended 44 of 1984 s. 15)
 - (c) require a grantee to carry out in respect of all or any vehicles used by the grantee in connection with its franchise any maintenance and servicing in accordance with any programme. (Added 44 of 1984 s. 15)
- (2) A grantee shall afford such facilities for the inspections referred to in subsection (1)(a) as may be required by the Commissioner.

Cap 230 - PUBLIC BUS SERVICES ORDINANCE

Section: 22 Chief Executive in Council may impose financial penalty	62 of 1999	01/07/1997
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Remarks:

Adaptation amendments retroactively made - see 62 of 1999 s. 3

- (1) The Chief Executive in Council may, by notice in writing to a grantee, require the payment of the financial penalty specified in such notice. (Amended 62 of 1999 s. 3)
- (2) A financial penalty may be imposed in respect of any failure by a grantee to comply with its franchise or this Ordinance or any direction or requirement under its franchise or this Ordinance, or with any programme or any approval under section 16A. (Amended 44 of 1984 s. 16; 66 of 1994 s. 2)
- (2A) Without affecting the generality of subsection (2), a financial penalty may be imposed under this section in respect of a failure by the grantee as regards-
 - (a) a particular route operated by it; or
 - (b) 2 or more routes so operated. (Added 66 of 1994 s. 2)
- (3) A financial penalty imposed under this section shall not exceed \$10000 for the first occasion on which a penalty is imposed, and shall not exceed \$20000 for the second occasion on which a penalty is imposed, and shall not exceed \$50000 for any subsequent occasion on which a penalty is imposed. (Amended 66 of 1994 s. 2)
- (3A) In determining for the purposes of subsection (3) whether an occasion ("the occasion") is the first, second or a subsequent occasion on which a financial penalty was imposed, the following shall apply-
 - (a) a previous occasion on which a financial penalty was imposed and which occurred more than 5 years prior to the occasion shall not be taken into account; and
 - (b) a financial penalty previously imposed-
 - (i) either in respect of the same route or any other route (where the financial penalty being imposed relates to a failure as regards a route); or
 - (ii) for any other reason,

shall be taken into account. (Added 66 of 1994 s. 2)

- (4) A financial penalty shall not be imposed under this section unless-
 - (a) the Commissioner is satisfied that the grantee has had a reasonable opportunity of complying with its franchise or this Ordinance or the direction or requirement, or with any programme or any approval under section 16A, as the case may be;
 - (b) the Commissioner has notified the grantee of the failure and the details thereof; and
 - (c) the grantee has been given an opportunity of showing cause to the Commissioner why the penalty should not be imposed. (Replaced 44 of 1984 s. 16)
- (5) A financial penalty imposed under this section shall be recoverable as a civil debt.

Part:	IV	EMERGENCY AND REVOCATION	30/06/1997
Section:	23	Emergency	29 of 1998; 62 of 01/07/1997
			1999

Remarks

Adaptation amendments retroactively made - see 29 of 1998 s. 105; 62 of 1999 s. 3

- (1) If the Chief Executive in Council considers that an emergency exists he may direct that the franchise of a grantee be suspended, either altogether or in respect of any specified route he may specify, until the Chief Executive in Council declares that the emergency no longer exists. (Amended 62 of 1999 s. 3)
- (2) Where under subsection (1) a franchise is suspended altogether or in respect of any specified route, the Government may by written notice served on the company and published in the Gazette require the company to deliver to the Government possession of the following property, that is to say-
 - (a) any premises provided and maintained in accordance with section 19;
 - (b) any property (other than premises mentioned in paragraph (a)) used or kept by the company for the purposes of or in connection with its franchise,

and may at the time of or as soon as practicable after service of the notice take possession of such property.

(3) Any property taken possession of under subsection (2)-

- (a) may be retained by the Government until such time as the Chief Executive in Council declares that the emergency no longer exists, and may be so retained notwithstanding that the franchise period of the grantee has expired during the period of the emergency; and (Amended 62 of 1999 s. 3)
- (b) may during its retention be used by the Government or its nominee in the operation of such bus service as the Commissioner thinks fit.
- (4) Subject to subsection (9), where possession is taken under subsection (2) of any property, the person having for the time being the right to possession over the property during its retention by the Government under subsection (3) shall be entitled to compensation as provided in subsections (5) to (7).
- (5) The compensation payable under subsection (4) shall be an amount equal to the open market rental that a willing lessor might be expected to realize under a lease of the property on the following terms, that is to say a lease-
 - (a) which is terminable by either party upon the giving of 1 month's notice;
 - (b) which is subject to terms and conditions similar to the provisions applying by virtue of section 25A in respect of possession of the property under this section; and
 - (c) under which the rental is payable monthly in arrears.
 - (6) For the purposes of subsection (5)-
 - (a) in the case of property being a number of motor vehicles, reference to the open market rental shall be taken to be reference to the open market rental that a lessor might be expected to realize in respect of that number of vehicles leased as a single lot;
 - (b) in the case of property being land or buildings on land, reference to a lease of the property shall be construed as reference to a lease on terms prohibiting the use of the property other than in accordance with the terms of any Government lease under which the land is held. (Amended 29 of 1998 s. 105)
 - (7) Notwithstanding subsection (5)-
 - (a) the compensation payable in respect of property being spare parts and other consumables shall be an amount equal to the difference in book value of the stock of such consumables taken over the period of the Government's possession of the property under subsection (3);
 - (b) the compensation payable in respect of property being the fixed assets of the franchisee (including plant and machinery) other than motor vehicles and land or buildings on land shall be an amount equal to the depreciation in the value of the property over the period of the Government's possession of the property under subsection (3) as calculated at the rate of depreciation applicable in respect of that property for the purposes of section 30,

and any such compensation shall be payable at the end of that period of possession.

- (8) A grantee shall, in addition to any entitlement to compensation under subsection (4), be entitled to compensation for any loss or damage sustained during the franchise period in consequence of any suspension of its franchise under subsection (1), but nothing in this subsection shall be construed so as to entitle a grantee to receive compensation under both this subsection and subsection (4) in respect of the same loss or damage.
- (9) The liability of the Government under this section to pay compensation to any person under subsection (4) shall cease to accrue upon the making of a declaration by the Chief Executive in Council under subsection (1). (Amended 62 of 1999 s. 3)
 - (10) Compensation payable under this section shall, unless otherwise stated, be payable monthly in arrears.

(Replaced 82 of 1995 s. 4)

Section:	24	Revocation of right to operate a service on a specified	62 of 1999	01/07/1997
		route or of franchise		

Remarks:

Adaptation amendments retroactively made - see 62 of 1999 s. 3

- (1) If-
 - (a) it appears to the Chief Executive in Council that without good cause a grantee has failed, or is likely to fail, to maintain a proper and efficient public bus service, either generally or in respect of any specified route, in accordance with section 12; or
 - (b) a grantee has failed to pay any financial penalty imposed under section 22,

the Chief Executive in Council may direct the Commissioner to serve on the grantee a notice requiring the grantee to show cause in writing, within 28 days after the service of such notice-

(i) why its right to operate a public bus service on such specified routes as are set out in such notice

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should not be revoked: or

(ii) why its franchise should not be revoked altogether,

and any such notice shall specify the ground on which such right or the franchise may be revoked.

- (2) If, after the service of a notice under subsection (1)(i)-
 - (a) the grantee does not show cause why its right to operate a public bus service on the specified routes set out therein should not be revoked; or
 - (b) the Chief Executive in Council, having considered any representations made by the grantee, is of the opinion that the grantee has not shown good cause why such right should not be revoked,

the Chief Executive in Council may, with effect from such date as he may specify, revoke such right.

- (3) If, after the service of a notice under subsection (1)(ii)-
 - (a) the grantee does not show cause why the franchise should not be revoked altogether; or
- (b) the Chief Executive in Council, having considered any representations made by the grantee, is of the opinion that the grantee has not shown good cause why the franchise should not be revoked altogether, the Chief Executive in Council may, with effect from such date as he may specify, revoke the franchise.
- (4) Notice of the revocation of a right or franchise under this section shall be served on the grantee and, as soon as practicable thereafter, shall be published in the Gazette.
- (5) A grantee shall not be entitled to compensation in respect of the revocation of a right or franchise under this section and where a franchise is revoked altogether the grantee shall be liable to pay to the Government any expense incurred by the Government in connection with the franchise or the revocation thereof.

(Amended 62 of 1999 s. 3)

Section:	25	Temporary retention by Government of bus assets used by	29 of 1998; 62 of	01/07/1997
		company whose franchise is revoked or has expired	1999	

Remarks:

Adaptation amendments retroactively made - see 29 of 1998 s. 105; 62 of 1999 s. 3

- (1) Where-
 - (a) a franchise has been revoked under section 24(3); or
 - (b) a franchise period has expired and no new franchise has been granted under section 5(1) to the company,

the company shall deliver to the Government possession of such of the following property as may be specified by the Government in a notice served on the company and published in the Gazette, that is to say-

- (i) any premises provided and maintained in accordance with section 19 within the period of 3 months immediately prior to the service of a notice on the company under section 24(1) or within the period of 3 months ending with the expiry of the franchise period (as the case may be);
- (ii) any property (other than premises mentioned in paragraph (i)) used or kept by the company for the purposes of or in connection with its revoked or expired franchise within that period,

and the Government may take possession of such property as from the time that the notice has effect.

- (2) A notice served and published in accordance with subsection (1) shall have effect-
 - (a) where the notice was served and published prior to the revocation of the franchise or the expiry of the franchise period, as from such revocation or expiry;
 - (b) in any other case, as from the time of its service and publication.
- (3) Subject to subsection (8), any property taken possession of under subsection (1)-
 - (a) may be retained by the Government for such periods not exceeding 3 years in aggregate, and not exceeding 2 years in the case of any one such period, as the Chief Executive in Council may direct; and (Amended 62 of 1999 s. 3)
 - (b) may during its retention be used by the Government or its nominee, or by a third party designated by the Government for the purposes of this subsection, in the operation of such bus service as the Commissioner thinks fit.
- (4) Subject to subsection (8), where possession is taken under subsection (1) of any property, a person having for the time being the right to possession over the property during its retention by the Government under subsection (3) shall be entitled to compensation as provided in subsections (5) to (7).
- (5) The compensation payable under subsection (4) shall be an amount equal to the open market rental that a willing lessor might be expected to realize under a lease of the property on the following terms, that is to say a lease-

- (a) for the period specified in the notice given under subsection (1) as the period of the Government's intended possession of the property and terminable by the lessee on giving 3 month's notice;
- (b) which is subject to terms and conditions similar to the provisions applying by virtue of section 25A in respect of possession of the property under this section;
- (c) under which the rental is payable monthly in arrears.
- (6) For the purposes of subsection (5)-
 - (a) in the case of property being a number of motor vehicles, reference to the open market rental shall be taken to be reference to the open market rental that a lessor might be expected to realize in respect of that number of vehicles leased as a single lot;
 - (b) in the case of property being land or buildings on land-
 - (i) no regard shall be had to any improvements made to the property-
 - (A) after notice has been served on the company under section 24(1); or
 - (B) within a period of 1 year before the expiry of the franchise period, as the case may be, except that sub-subparagraph (B) shall not apply as regards any improvements made with the prior written approval of the Commissioner given for the purposes of this section; and
 - (ii) reference to a lease of the property shall be construed as reference to a lease on terms prohibiting the use of the property other than in accordance with the terms of any Government lease under which the land is held. (Amended 29 of 1998 s. 105)
- (7) Notwithstanding subsection (5)-
 - (a) the compensation payable in respect of property being spare parts and other consumables shall be an amount equal to the difference in book value of the stock of such consumables taken over the period of the Government's possession of the property under subsection (3);
 - (b) the compensation payable in respect of property being the fixed assets of the franchisee (including plant and machinery) other than motor vehicles and land or buildings on land shall be an amount equal to the depreciation in the value of the property over the period of the Government's possession of the property under subsection (3) as calculated at the rate of depreciation applicable in respect of that property for the purposes of section 30,

and any such compensation shall be payable at the end of that period of possession.

- (8) The liability of the Government under subsection (4) to pay compensation to any person shall cease to accrue, and its right to retain possession of any property under subsection (3) shall terminate-
 - (a) at the expiry of the period specified in the notice given under subsection (1) as the period for which the Government intends to retain possession of the property, or at the expiry of any extension of that period that the Government may specify by notice under this paragraph published in the Gazette; or
 - (b) on such earlier date as the Government may specify by notice under this paragraph published in the Gazette, being a date not earlier than 3 months after the date of publication of the notice.
 - (9) Compensation payable under this section shall, unless otherwise stated, be payable monthly in arrears.
 - (10) For the avoidance of doubt it is declared that subsection (4) has effect notwithstanding section 24(5).

(Replaced 82 of 1995 s. 5)

Notes:

1. The application of this section is affected by section 7 of the Public Bus Services (Amendment) Ordinance 1995 (82 of 1995), which section is reproduced as follows-

"7. Application

This Ordinance applies to franchises granted before the commencement of this Ordinance as it applies to franchises granted after such commencement.".

2. 82 of 1995 commenced operation on 4 August 1995.

Section:	25A	Terms upon which Government takes possession under	30/06/1997
		section 23 or 25	

(1) Where the Government takes possession of any property under section 23 or 25 (in either case referred to in this section as "the relevant section") the following provisions shall have effect-

- (a) if the property is land or buildings on land-
 - (i) the Government shall be liable to pay a fair and reasonable proportion (apportioned in respect of the period of its possession of the property under the relevant section) of all rates and other outgoings of a periodically recurring nature incurred in respect of the property during the period of its possession of the property under the relevant section;
 - (ii) the Government may replace from time to time any fixtures and fittings on the property which may be or become beyond repair at any time during the period of its possession of the property under the relevant section, without any obligation to reinstate the property at the termination of its right to possession of the property;
 - (iii) the Government shall be at liberty at any time during the period of its possession of the property under the relevant section to undertake any works that it may reasonably deem necessary to render the property safe or to ensure the safety of any person lawfully using the property, without any obligation to reinstate the property at the termination of its right to possession of the property, and the reasonable cost of any such work shall be recoverable from the owner of the property as a civil debt due to the Government;
 - (iv) subject to subparagraphs (ii) and (iii), at the termination of its right to possession of the property under the relevant section, the Government shall ensure that the property is left in its original condition, fair wear and tear excepted and excepting any damage not caused by any act or default of the Government or anyone on the property with the Government's authority and under the Government's control;
- (b) if the property is property other than land or buildings on land-
 - (i) the Government may during the period of its possession of the property under the relevant section fit any such new parts to any item of the property as shall from time to time be necessary, without any obligation to reinstate the property at the termination of its right to possession of the property;
 - (ii) the Government shall be liable to pay a fair and reasonable proportion (apportioned in respect of the period of its possession under the relevant section) of all outgoings of a periodically recurring nature incurred in respect of the property during the period of its possession of the property under the relevant section;
 - (iii) the Government may at its own expense during the period of its possession of the property under the relevant section add to or install on any item of the property any safety or other equipment, or make any alteration or modification to the property, as may be required under any Ordinance, without any obligation to reinstate the property at the termination of its right to possession of the property;
 - (iv) subject to subparagraphs (i) and (iii), at the termination of its right to possession of the property under the relevant section, the Government shall ensure that the property, other than such property as may have been acquired by the Government under section 25B, is left in its original state of repair and working order, fair wear and tear excepted, and excepting any damage not caused by any act or default of the Government or anyone in possession of the property with the Government's authority and under the Government's control.
- (2) In this section "original condition" (原來狀況) and "original state of repair and working order" (原來的維修及操作狀態) mean, in relation to any property, the condition or state of repair and working order of the property at the time of the Government's taking possession of it under the relevant section.

(Added 82 of 1995 s. 6)

Notes:

1. The application of this section is affected by section 7 of the Public Bus Services (Amendment) Ordinance 1995 (82 of 1995), which section is reproduced as follows-

"7. Application

This Ordinance applies to franchises granted before the commencement of this Ordinance as it applies to franchises granted after such commencement.".

2. 82 of 1995 commenced operation on 4 August 1995.

Section:	25B	Acquisition of bus assets (other than land) used by grantee	3	30/06/1997
		whose franchise is revoked or has expired		

- (1) Where-
 - (a) a franchise is revoked under section 24(3); or
- (b) a franchise period expires and no new franchise is granted under section 5(1) to the company, the Government may acquire, in its own name or in the name of a third party designated by the Government for the purposes of this section, any property (other than land, interests in land or buildings on land) used or kept by the company for the purposes of or in connection with its franchise within the period of 3 months immediately prior to the service of a notice on the company under section 24(1) or within the period of 3 months ending with the expiry of the franchise period (as the case may be).
- (2) In respect of any property of which the Government has taken possession under section 25(3), the power conferred by subsection (1) may be exercised at any time within the period of 1 year from the date of revocation or expiry of the franchise period, as the case may be.
- (3) Where the Government acquires any property under subsection (1), any person having an interest or right in or over that property shall be entitled to compensation in an amount equal to the open market value that a willing vendor might be expected to realize on the sale of such interest or right in the property.
- (4) In subsection (3), in the case of an interest or right in property being a number of motor vehicles reference to the open market value shall be taken to be reference to the open market value of the interest in that number of vehicles when dealt with as a single lot.
- (5) Where any property is acquired under this section the owner of the property or any person having an interest or right in or over the property shall, when called upon to do so by the Government, execute a transfer in favour of the Government or a third party designated by the Government for the purposes of subsection (1).

(Added 82 of 1995 s. 6)

Notes:

1. The application of this section is affected by section 7 of the Public Bus Services (Amendment) Ordinance 1995 (82 of 1995), which section is reproduced as follows-

"7. Application

This Ordinance applies to franchises granted before the commencement of this Ordinance as it applies to franchises granted after such commencement.".

2. 82 of 1995 commenced operation on 4 August 1995.

Section: 25C Power of entry	30/06/1997
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The Government or its nominee may, for the purpose of taking possession of property under this Part, enter upon any land or buildings on land where it is reasonably necessary to do so for that purpose.

(Added 82 of 1995 s. 6)

Notes:

1. The application of this section is affected by section 7 of the Public Bus Services (Amendment) Ordinance 1995 (82 of 1995), which section is reproduced as follows-

"7. Application

This Ordinance applies to franchises granted before the commencement of this Ordinance as it applies to franchises granted after such commencement.".

2. 82 of 1995 commenced operation on 4 August 1995.

Section: 25D Determination of compensation by arbitrator	L.N. 38 of 2011	01/06/2011
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(1) The Government may compromise or settle any claim for compensation under this Part.

(2) In default of an agreement between a claimant for compensation under this Part and the Government as regards the amount of compensation, if any, payable to the claimant the compensation shall be determined by arbitration under the Arbitration Ordinance (Cap 609) and for that purpose the Government and the claimant shall be regarded as having made an arbitration agreement within the meaning of that Ordinance whose provisions shall be deemed to include a provision that the compensation referred to shall, in the absence of an agreement, be determined by a single arbitrator. (Amended 17 of 2010 s. 112)

(Added 82 of 1995 s. 6)

Notes:

1. The application of this section is affected by section 7 of the Public Bus Services (Amendment) Ordinance 1995 (82 of 1995), which section is reproduced as follows-

"7. Application

This Ordinance applies to franchises granted before the commencement of this Ordinance as it applies to franchises granted after such commencement.".

2. 82 of 1995 commenced operation on 4 August 1995.

Section:	25E	Provisional payment pending determination of	30/06/1997
		compensation	

- (1) Where any offer of compensation made by the Government to any person under this Part in respect of any claim is not accepted, the Government may, pending the determination by the arbitrator of the compensation, if any, payable in respect of such claim under this Part, pay-
 - (a) an amount as a provisional payment of the amount payable by virtue of such determination; and
 - (b) interest on any payment made under paragraph (a), for the period from the date on which the amount becomes payable until the date on which the payment is made, calculated at a rate equal to the 7 day deposit rate plus 2%, where "7 day deposit rate" (7天通知存款利率) means the highest rate of interest (expressed as a percentage) paid from time to time by the continuing members of the Committee of The Hong Kong Association of Banks on deposits of that amount fixed for 7 days.
- (2) Any payment made by the Government under subsection (1) in respect of any claim shall be without prejudice to the claim or the submission of the claim to, or its determination by, the arbitrator under this Part; but the amount of compensation payable by virtue of such determination in respect of such claim shall be reduced by the amount of such payment.
- (3) Where the amount of compensation payable by virtue of a determination of the arbitrator under this Part is reduced under subsection (2) by the amount of any payment made under subsection (1), such compensation shall not as from the date on which the payment is made bear interest except on the amount of the compensation as so reduced.
- (4) Where the amount of any payment made by the Government under subsection (1) in respect of any claim exceeds the amount of the compensation determined by the arbitrator in respect of such claim, the amount of the excess shall be recoverable by the Government as a civil debt.

(Added 82 of 1995 s. 6)

Notes:

1. The application of this section is affected by section 7 of the Public Bus Services (Amendment) Ordinance 1995 (82 of 1995), which section is reproduced as follows-

"7. Application

This Ordinance applies to franchises granted before the commencement of this Ordinance as it applies to franchises granted after such commencement.".

2. 82 of 1995 commenced operation on 4 August 1995.

Section:	25F	Payment of compensation and interest	30/06/1997

- (1) At any time after agreement or determination by the arbitrator of the amount of compensation to be paid under this Part, the Government may by notice published in the Gazette require the person entitled to such compensation to collect the same within the time and at the place specified in the notice.
- (2) Subject to section 25E(3), any sum of money payable as compensation by virtue of an agreement under this Part or a determination of the arbitrator shall bear interest from the date on which it became payable until the expiration of the time specified in the notice referred to in subsection (1); but no interest shall be payable on any costs or remuneration.
- (3) The rate of interest for the purposes of subsection (2) shall be a rate equal to the 7 day deposit rate plus 2%, where "7 day deposit rate" (7天通知存款利率) means the highest rate of interest (expressed as a percentage) paid from time to time by the continuing members of the Committee of The Hong Kong Association of Banks on deposits fixed for 7 days of an amount equal to the amount of compensation payable.

(Added 82 of 1995 s. 6)

Notes:

1. The application of this section is affected by section 7 of the Public Bus Services (Amendment) Ordinance 1995 (82 of 1995), which section is reproduced as follows-

"7. Application

This Ordinance applies to franchises granted before the commencement of this Ordinance as it applies to franchises granted after such commencement.".

2. 82 of 1995 commenced operation on 4 August 1995.

Part:	V	PROFIT CONTROL SCHEME	30/06/1997
Section:	26	Interpretation	30/06/1997

In this Part, unless the context otherwise requires-

"accounting year" (會計年度) means the accounting year adopted by a grantee for drawing up its annual profit and loss accounts and balance sheet:

"average net fixed assets" (固定資產平均淨值) for any accounting year means the average of the opening and closing balances for that accounting year, as shown by the records of a grantee, of its net fixed assets;

"Development Fund" (發展基金) means the Development Fund referred to in section 27(1);

"fixed assets" (固定資產) means the stocks of capital items of stores and spares, investments in land, buildings, buses and other motor vehicles, plant, machinery and equipment, furniture, fixtures and fittings and other fixed assets (including assets in the course of construction, goods in transit and payments on account) used or kept by a grantee for the purposes of or in connection with its franchise;

"net fixed assets" (固定資產淨值) means the fixed assets of a grantee after any depreciation under section 30;

- (a) the total operating costs incurred by a grantee in connection with its franchise;
- (b) any realized and unrealized currency exchange losses arising after the date of commencement of the Public Bus Services (Amendment) Ordinance 1986 (30 of 1986) from transactions in connection with the franchise of a grantee; and
- (c) depreciation effected in accordance with section 30; (Added 30 of 1986 s. 2)
- "operating profit" (經營利潤) of a grantee means the difference between its operating receipts and its operating costs, to which difference is added the interest (referred to in section 29(1)(b)) on all borrowed capital of the grantee; (Added 30 of 1986 s. 2)
- "operating receipts" (經營收入) means-
 - (a) the total gross sums received by a grantee by way of-

[&]quot;operating costs" (經營成本) means-

- (i) the fares charged by the grantee for the carriage of passengers, baggage and goods on public buses:
- (ii) any charges imposed or other benefits obtained by the grantee under this Ordinance or its franchise; (Amended 30 of 1986 s. 2)
- (iia) any realized currency exchange profits arising after the date of commencement of the Public Bus Services (Amendment) Ordinance 1986 (30 of 1986) from transactions in connection with the franchise of the grantee; (Added 30 of 1986 s. 2)
- (iib) any proceeds of sale of obsolete or used stores and spares which were, when new or before being used, acquired by the grantee for the purposes of or in connection with its franchise; and (Added 30 of 1986 s. 2)
- (iii) any other revenue, including revenue from advertisements, derived from the use of fixed assets, but does not include interest or dividends on deposits or investments and the proceeds of the sale or redemption of investments or fixed or other assets; and
- (b) the gross value, as determined by the Financial Secretary, of any fixed assets, services or facilities received by a grantee in lieu of any part of such total gross sums;
- (c) the interest or dividends accruing in respect of cash or securities which are for the time being deposited by a grantee with the Director of Accounting Services for the purposes of section 4(4)(c) of the Motor Vehicles Insurance (Third Party Risks) Ordinance (Cap 272); (Added 88 of 1988 s. 3)

"permitted return" (准許收益) means the return allowed to a grantee in an accounting year and which is computed in accordance with section 28(1). (Replaced 30 of 1986 s. 2)

Section: 26A **Deduction of financial penalty payments** 30/06/1997

In ascertaining as regards a grantee, its-

- (a) operating costs; or
- (b) service related expenditure,

for any purpose related to this Ordinance or the franchise granted to such grantee under this Ordinance, neither of the following shall be taken into account-

- (i) any amount paid by or recovered from the grantee as a financial penalty imposed under section 22; or
- (ii) any costs paid or incurred by it in connection with the recovery of a financial penalty under section 22(5).

(Added 66 of 1994 s. 3)

Section: 27 Development Fund	30/06/1997
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- (1) A grantee shall, for the purposes of its franchise, maintain a Reserve to be called the Development Fund the purpose of which, subject to section 28(4) and (5), shall be to assist in the acquisition of fixed assets.
- (2) The balance in the Development Fund represents a liability of a grantee and shall not be applied except as provided in this Part or in the franchise of a grantee.

Section:	28	Permitted return		30/06/1997
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- (1) The permitted return to a grantee in an accounting year shall be an amount equal to the percentage per annum specified in its franchise of the average net fixed assets of the grantee in that accounting year. (Amended 30 of 1986 s. 3)
 - (2) There shall be deducted from the permitted return the amounts specified in section 29.
 - (3) Where in an accounting year the operating receipts of a grantee exceed the aggregate of-
 - (a) the operating costs of the grantee; (Replaced 30 of 1986 s. 3)
 - (b) any profits tax arising from the operating profit of the grantee; and (Replaced 30 of 1986 s. 3)
 - (c) any deferred tax (the inclusion of deferred tax in the accounts for that accounting year being at the discretion of the grantee), (Added 30 of 1986 s. 3)

for that accounting year, the grantee shall deduct the permitted return from such excess or so much thereof as is permitted by such excess, and in the former case any excess remaining thereafter shall be added to the Development Fund.

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- (4) Where in an accounting year-
 - (a) the operating receipts of a grantee are less than the aggregate of the amounts in respect of subsection (3)(a), (b) and (c); or (Amended 30 of 1986 s. 3)
 - (b) only part of the permitted return has been deducted under subsection (3),

the grantee shall, subject to subsection (5), deduct from the Development Fund-

- (i) in the case of paragraph (a), the deficiency in the operating receipts and the entire amount of the permitted return; and
- (ii) in the case of paragraph (b), such part of the permitted return as has not been deducted under subsection (3).
- (5) If in an accounting year there is no balance in the Development Fund, or the balance in the Development Fund is insufficient, for the purposes of subsection (4)(i) or (ii) as the case may be, the Financial Secretary may in writing permit the grantee to deduct from the Development Fund in subsequent years any amount due to it under that subsection in that accounting year.

Section:	29	Deductions from permitted return	30/06/1997

- (1) Subject to such conditions as may be specified in its franchise, there shall be deducted from the permitted return in each accounting year of a grantee-
 - (a) a charge at the rate specified in its franchise on the average of the opening and closing balances of the Development Fund in the accounting year; and
 - (b) interest at the rate specified in its franchise on all borrowed capital of the grantee.
- (2) Any amounts deducted under subsection (1)(a) shall be added to the Development Fund in the accounts of each accounting year and shall form part of the opening balance of the Development Fund in the next following accounting year.

Section:	30	Depreciation	3	30/06/1997

Subject to such conditions as may be specified in its franchise, the annual rates of depreciation and the residual value in respect of the fixed assets of a grantee shall be as specified in its franchise.

Section:	31	Review of profit control scheme	62 of 1999	01/07/1997
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Remarks:

Adaptation amendments retroactively made - see 62 of 1999 s. 3

The operation of the profit control scheme in respect of a grantee shall be reviewed by the Chief Executive in Council every 2 years.

(Amended 62 of 1999 s. 3)

Section:	32	Powers of Financial Secretary to require production of	30/06/1	1997
		accounts, etc.		

The Financial Secretary may require a grantee-

- (a) to produce to him, at such time and place as he may specify, such books and statements of account of the grantee; and
- (b) to provide to him such information in relation to the public bus service operations of the grantee, as he may require.

Part:	VI	MISCELLANEOUS	30/06/1997
Section:	33	Appeal by grantee	L.N. 130 of 2007 01/07/2007

Remarks:

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For the saving and transitional provisions relating to the amendments made by the Resolution of the Legislative Council (L.N. 130 of 2007), see paragraph (12) of that Resolution.

- (1) A grantee which is aggrieved by any decision, direction or requirement of the Secretary for Transport and Housing, or a public officer given directions under section 3, or the Commissioner, or any person authorized by him, under this Ordinance or its franchise may, within 28 days of the giving or making of the decision, direction or requirement, appeal by petition to the Chief Executive in Council, and the decision of the Chief Executive in Council on any such appeal shall be final. (Amended 44 of 1984 s. 17; L.N. 106 of 2002; L.N. 130 of 2007)
- (2) Where a grantee has appealed under subsection (1), the decision, direction or requirement, as the case may be, shall not have effect until the appeal has been determined, unless the Chief Executive in Council otherwise directs.

 (Amended 62 of 1999 s. 3)

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Section:	34	Amendment of Schedule of Routes orders	62 of 1999	01/07/1997

Remarks:

Adaptation amendments retroactively made - see 62 of 1999 s. 3

The Commissioner shall, whenever necessary in consequence of-

- (a) the exercise of any power conferred on the Chief Executive in Council by section 14;
 - (aa) a revocation of a right to operate a public bus service on any specified route by mutual consent of the Commissioner and a grantee or in consequence of an order under section 5(5); (Added 44 of 1984 s. 18. Amended 56 of 1986 s. 22)
 - (b) a revocation under section 24(2); or
 - (c) any decision of the Chief Executive in Council on an appeal under section 33,

by order amend the Schedule of Routes order affected thereby.

(Amended 62 of 1999 s. 3)

Section: 35 Secretary for Transport and Housing to make regulations* L.N. 130 of 2007 | 01/07/2007

Remarks:

For the saving and transitional provisions relating to the amendments made by the Resolution of the Legislative Council (L.N. 130 of 2007), see paragraph (12) of that Resolution.

- (1) The Secretary for Transport and Housing may make regulations for all or any of the following matters-(Amended 66 of 1994 s. 4; L.N. 106 of 2002; L.N. 130 of 2007)
 - (a) the provision of adequate signs and destination indicators on buses used by a grantee;
 - (b) the provision of uniforms and badges for the drivers, conductors and authorized persons employed by a grantee; (Amended 44 of 1984 s. 19)
 - (c) regulating the conduct of such drivers, conductors and authorized persons while so employed; (Amended 44 of 1984 s. 19)
 - (d) generally as to the conduct of passengers and intending passengers on buses used by a grantee; (Replaced 88 of 1988 s. 4)
 - (da) (Repealed 88 of 1988 s. 4)
 - (db) controlling or prohibiting the carriage of goods and dangerous items on such buses; (Added 44 of 1984 s. 19)
 - (dc) controlling or prohibiting the carriage of animals and birds on such buses; (Added 44 of 1984 s. 19)
 - (dd) the control and disposal of property lost on such buses; (Added 44 of 1984 s. 19)
 - (e) the method of payment of fares by passengers using such buses;
 - (f) the designation of bus stops and the erection of appropriate signs and notices thereon;
 - (fa) during the period referred to in section 5(9), prohibiting or restricting the putting down or taking up of passengers or of any class of passengers by a grantee within the North-west Transit Service Area otherwise than as may be permitted by its franchise; (Added 56 of 1986 s. 22)
 - (g) regulating the number of the seated passengers and standing passengers respectively whom a bus used by a grantee is constructed or adapted and fit to carry;
 - (h) regulating the number of such passengers respectively who may be carried in such a bus;

- (i) the marks to be carried on such a bus showing the numbers referred to in paragraphs (g) and (h) and the manner in which those marks are to be carried;
- (j) regulating, in relation to the drivers of buses used by a grantee-
 - (i) the maximum number of hours during which any such driver may be permitted to drive such a bus; and
 - (ii) the intervals to be provided by a grantee for the rest and refreshment of such drivers, in any period specified in the regulations; (Amended 44 of 1984 s. 19)
- (k) generally for the purposes of this Ordinance.
- (2) The Chief Executive in Council may by regulation provide- (Amended 62 of 1999 s. 3)
 - (a) that the contravention of any regulation made pursuant to subsection (1) is an offence; and
 - (b) in respect of such offence, a penalty of a fine not exceeding \$5000 and imprisonment not exceeding 6 months. (Added 66 of 1994 s. 4)

Note:

* (Amended L.N. 130 of 2007)

Section: 36 **By-laws** 30/06/1997

- (1) Subject to this Ordinance and its franchise, a grantee may make by-laws for all or any of the following matters-
 - (a) the protection of property owned or controlled by the grantee from damage or injury;
 - (b) the prevention of frauds on the grantee;
 - (c) the safe and efficient operation of the grantee's public bus service;
 - (d) the procedure to be followed in case of accident;
 - (e) generally as to the conduct of passengers while using the grantee's buses and in particular (but without prejudice to the generality of the foregoing) for-
 - (i)-(ii) (Repealed 44 of 1984 s. 20)
 - (iii) requiring a passenger to declare, if so requested by the driver or conductor, the journey he intends to take or has taken in the bus and to pay the fare for the whole of that journey and to accept any ticket provided therefor; (Amended 75 of 1982 s. 114)
 - (iv) requiring, on demand being made for the purpose by the driver or conductor or other person authorized by the grantee, production during the journey and surrender at the end of the journey by the holder thereof of any ticket issued to him;
 - (v) requiring a passenger, if so requested by the driver or conductor, to leave the bus on the completion of the journey the fare for which he has paid; (Amended 75 of 1982 s. 114)
 - (vi) requiring the surrender by the holder thereof on the expiry of the period for which it is issued of a ticket issued to him.
 - (2) All by-laws made under subsection (1) shall be subject to the approval of the Legislative Council.
- (3) Any such by-laws may provide that a contravention of specified provisions thereof shall be an offence and may provide penalties therefor not exceeding a fine of \$2000.
- (4) A grantee shall cause printed copies of all by-laws made under this section to be kept at its registered office and to be sold at a reasonable charge to any person applying therefor.

Section: 36A Further powers in relation to regulations and by-laws 30/06/1997

- (1) Any regulations made under section 35 or by-laws made under section 36 may-
 - (a) require a passenger or intending passenger to comply with any reasonable direction given in the interests of public safety by a driver, conductor or authorized person;
 - (b) authorize the removal from a bus of any person committing an offence against the regulations or bylaws, as the case may be, by the driver, the conductor or an authorized person, or by a police officer at the request of a driver, conductor or authorized person;
 - (c) require any person whom a driver, conductor or authorized person has reasonable grounds to believe has committed an offence against the regulations or by-laws, as the case may be, to give his name and proof of his identity to the driver, conductor or authorized person;
 - (d) authorize a driver, conductor or authorized person to arrest without a warrant and detain until he can be

handed over to a police officer, any person whom he has reasonable grounds to believe has committed an offence under the regulations or by-laws, as the case may be.

- (2) Any such regulations or by-laws may-
 - (a) authorize a police officer, to whom a person has been handed over under subsection (1)(d), to take such person into custody without a warrant; and
 - (b) apply sections 51 and 52 of the Police Force Ordinance (Cap 232) to persons taken into custody under the regulations or by-laws.

(Added 88 of 1988 s. 5)

Section:	37	Power to amend Schedule	62 of 1999	01/07/1997

Remarks:

Adaptation amendments retroactively made - see 62 of 1999 s. 3

The Chief Executive may, by order published in the Gazette, amend the Schedule.

(Added 44 of 1984 s. 21. Amended 62 of 1999 s. 3)

For the avoidance of doubt it is hereby declared that, notwithstanding the provisions of a franchise, agreement or other document under or in pursuance of this Ordinance, which franchise, agreement or document is in existence at the commencement of the Public Omnibus Services (Amendment) Ordinance 1984 (44 of 1984) ("the amending Ordinance"), the amendments to this Ordinance effected by the amending Ordinance shall apply to and in relation to such a franchise, agreement or document in the same manner and to the same extent as they would apply to a franchise, agreement or document granted or made after the commencement of the amending Ordinance.

(44 of 1984 s. 22 incorporated)

Section: 39 Saving of existing regulations	30/06/1997
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Any regulation made under this Ordinance-

- (a) whether in the exercise of the enabling powers in the Ordinance only or those and other enabling powers; and
- (b) which was in force immediately before the commencement of the Public Bus Services (Amendment) Ordinance 1994 (66 of 1994) (the "amending Ordinance"),

shall continue to be in force and have effect as if made by the authority who, having regard to the subject-matter of the regulation, is empowered to make that regulation on or after the commencement of the amending Ordinance and may be amended or revoked by such authority.

(Added 66 of 1994 s. 5)

Schedule: SCHEDULE	30/06/1997
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[section 12A]

CONTENTS OF PROGRAMME

A programme of the operations of a grantee for the following 5 years prepared in any year under section 12A shall contain-

- (a) a bus route development programme, together with details of proposed changes to the routes operated, their frequency and vehicle allocation, on a monthly basis for the first 2 years of the programme and half yearly thereafter;
- (b) an estimate of the number and types of buses required in daily service to meet the requirements of the route development programme referred to in paragraph (a);
- (c) an estimate of the overall number of buses required to meet the daily public bus servicerequirements, with allowance being made for a reasonable proportion of the buses being unavailable for use in the operation of the service due to accidents, breakdowns or for any other reason;

- (d) a programme for the scrapping of buses that are or are likely to be unfit for use in the operation of the public bus service, and for the purchase or construction of additional buses for the replacement of buses that are to be scrapped or for the expansion of the fleet of buses for use in the operation of the service;
- (e) a programme for the provision and equipment of premises necessary for the construction, repair and maintenance of vehicles used by the grantee in connection with its franchise and for the parking of all such vehicles when they are not in use;
- (f) a programme for the regular maintenance and servicing of all vehicles used by the grantee in connection with its franchise;
- (g) a forecast of the financial implications of the adherence to the overall programme prepared under section 12A, including estimates of the timing and magnitude of any adjustments to fare levels that may be necessary;
- (h) any other matters, whether or not specified in paragraphs (a) to
- (g) inclusive, as may be required by the Commissioner by notice in writing to the grantee.

(Schedule added 44 of 1984 s. 21)

Chapter:	230A	PUBLIC BUS SERVICES REGULATIONS	Gazette Number	Version Date
		Empowering section		30/06/1997

(Cap 230 section 35)

[29 August 1984]

30/06/1997

(Originally L.N. 313 of 1984)

Regulation: 1

Part:	I	PRELIMINARY	30/06/1997

These regulations may be cited as the Public Bus Services Regulations.

Regulation: 2	Inter	pretation	30/06/1997

In these regulations, unless the context otherwise requires-

Citation

- "authorized person" (獲授權的人) means any person employed by a grantee and authorized by it for the purposes of these regulations;
- "bus stop" (巴士站) means an area of road that has been designated as a bus stop under regulation 3; (L.N. 19 of 1989)
- "gangway" (通道), in relation to a bus, means the space provided for obtaining access from any entrance to the passengers' seats or from any such seat to an exit, other than an emergency exit, but does not include a staircase or any space in front of a seat which is required only for the use of passengers occupying that seat or that row of seats; (L.N. 19 of 1989)
- "identity card" (身分證) means an identity card issued under the Registration of Persons Ordinance (Cap 177); (L.N. 19 of 1989)
- "pass" (乘車證) means a pass issued by a grantee or by some other person and accepted by a grantee which, subject to these regulations and to any terms or conditions approved by the Commissioner under these regulations, entitles a person to travel (or the travel for a reduced fare) on a bus operated by the grantee under a franchise; (L.N. 19 of 1989)
- "ticket" (車票) means a single journey ticket, monthly ticket, student ticket or any other document (other than a pass) issued by a grantee or by some other person and accepted by a grantee which, subject to these regulations and to any terms or conditions approved by the Commissioner under these regulations, entitles a person to travel on a bus operated by the grantee under a franchise; (L.N. 19 of 1989)
- "travel document" (旅行證件) means a passport furnished with a photograph of the holder, or some other document establishing to the satisfaction of an employee of a grantee, the identity of the holder; (L.N. 19 of 1989)
- "Vietnamese refugee card" (越南難民證) means a card of identity issued by the Director, the Deputy Director or any Assistant Director of Immigration to a Vietnamese refugee. (L.N. 19 of 1989)

Part:	II	BUS STOPS	30/06/1997
Regulation:	3	Setting aside of bus stops	30/06/1997

- (1) The Commissioner may designate an area of road to be a bus stop. (L.N. 19 of 1989)
- (2) A bus stop may be restricted to-
 - (a) a specified grantee; or
 - (b) a specified route.

- (3) Subject to regulation 24A, a bus belonging to a specified grantee or on a specified route- (56 of 1986 s. 23)
 - (a) may stop at a bus stop to pick up or set down passengers;
 - (b) shall stop at a bus stop to set down a passenger if requested to do so and, if not at full capacity, to pick up an intending passenger when signalled to do so.
- (4) The Commissioner may require a grantee to erect and maintain a sign, of a type approved by the Commissioner, at a bus stop, or to remove any sign.
- (5) No person shall, without the permission of the Commissioner, erect or cause to be erected any sign on or near any road in such a manner that such sign might reasonably be believed to have been erected in accordance with subregulation (4).
- (6) Every sign which, at the commencement of these regulations, has been lawfully erected on or near a road by a grantee to indicate a bus stop shall be deemed to have been erected in accordance with subregulation (4).
 - (7) (Repealed L.N. 19 of 1989)

Part:	III	TICKETS AND FARES	30/06/1997
Regulation	· 1	Issue of tickets etc	30/06/1997

- (1) A grantee may issue tickets and passes, and accept tickets and passes issued by any other person, upon such terms and conditions as may be approved by the Commissioner.
- (2) A grantee shall ensure that a copy, in English and Chinese characters, of the conditions upon which any ticket or pass is issued, is prominently displayed at all times at every fixed place where such ticket or pass is sold and that, on demand, any person who buys such ticket or pass at any such fixed place may receive, without charge, a copy of such conditions.
- (3) Any person who, for the purposes of obtaining any ticket or pass issued under subregulation (1) for himself or any other person, knowingly makes a false statement commits an offence.

Regulation: 5	Fares	30/06/1997

A grantee shall ensure that fares are collected-

- (a) against the issue of a ticket; or
- (b) in such other manner as may be approved by the Commissioner.

(L.N. 19 of 1989)

Part:	IV	GRANTEES, DRIVERS, CONDUCTORS,	30/06/1997
		AUTHORIZED PERSONS AND PASSENGERS*	
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Note:

* (L.N. 19 of 1989)

Regulation:	6	General duties of grantees	30/06/1997

Every grantee shall ensure that-

- (a) every bus used by it in connection with its franchise is, at all times when the bus is so used, properly equipped to the satisfaction of the Commissioner with such signs and destination indicators as are referred to in regulation 7; and
- (b) every driver, conductor and authorized person employed by it is equipped with such uniform as is referred to in regulation 8.

	Regulation:	7	Sign boards and notices on buses		30/06/1997
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- (1) A driver and conductor of a bus when acting as such shall ensure that-
 - (a) there is displayed on the front and rear of the bus signs, of a design and construction approved by the Commissioner, showing the route number;

- (b) there is displayed on the front of the bus a destination indicator, of a design and construction approved by the Commissioner, showing in English and Chinese characters the destination of the bus;
- (c) the signs and indicator required to be displayed under paragraphs (a) and (b) are adequately illuminated at all times when, under the provisions of any other enactment, the lights of the bus are required to be illuminated;
- (d) a sign board with the words "BUS FULL" and the characters "滿座" displayed thereon, of a size and design approved by the Commissioner, is exhibited on the bus in such manner as to be easily visible by intending passengers, both by day and by night, whenever the maximum number of passengers which the bus is permitted to carry are travelling thereon, but on no other occasion and at no other time;
- (e) there is displayed on the bus, to the satisfaction of the Commissioner,-
 - (i) a statement, in English and Chinese characters, of the maximum number of seated and standing passengers authorized to be carried on the bus;
 - (ii) the authorized fare for passengers boarding on the section of the route on which the bus is currently operating; and
- (f) there are available on the bus written details, in both English and Chinese characters, of the fares and charges authorized to be taken on that route, such details to be available for inspection by passengers on reasonable request being made.
- (2) The Commissioner may permit the use of a temporary sign under subregulation (1)(a) and a temporary destination indicator under subregulation (1)(b) for such period and subject to such conditions as he may determine.

Regulation: 8 Uniform	30/06/1997
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Every driver and conductor of a bus and every authorized person employed by a grantee shall at all times when on duty wear such uniform and carry such badge as shall be approved by the Commissioner.

Regulation: 9 Conduc	t of driver 30/06/1997
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A driver of a bus, when acting as such-

- (a) shall not cause the bus to remain stationary on a road longer than is reasonably necessary to pick up or set down passengers except at a stand or place where the bus is permitted to stop for a longer time than is necessary for that purpose;
- (b) shall duly drive the bus by the appointed route to the appointed destination, except when prevented from doing so by accident or other emergency or when ordered not to do so by an authorized person or by a police officer;
- (c) shall stop his bus at every bus stop which bears an indication that all buses or all buses travelling the route on which his bus is travelling should stop there;
- (d) shall stop his bus, if signalled to do so, at every bus stop along the route on which his bus is travelling to allow passengers or intending passengers to alight from or to board his bus:

Provided that a driver shall be under no obligation to stop his bus in accordance with paragraph (d) for the purpose of picking up passengers when his bus is displaying the sign board specified in regulation 7(1)(d).

Regulation:	10	Conduct of conductor and of driver when no conductor is	30/06/1997
		carried	

- (1) A conductor of a bus when acting as such-
 - (a) shall, when a passenger in the bus gives adequate warning that he wishes to alight at the next bus stop, give to the driver such signal as will inform the driver that the bus should be stopped at such place;
 - (b) shall not, except for sufficient reason, by failing to signal the driver to start, cause the bus to remain stationary on a road longer than is reasonably necessary to pick up or set down passengers except at a stand or place where the bus is permitted to stop for a longer time than is necessary for that purpose.
- (2) A conductor of a bus, when acting as such, and in the case of a bus in which no conductor is carried, a driver-
 - (a) shall not neglect or refuse to admit and to carry at the lawful fare any passenger or intending passenger who can be accommodated without exceeding the authorized capacity of the bus and to whose

- admission no reasonable objection is made;
- (b) shall permit any passenger to bring with him such goods as may lawfully, safely and conveniently be carried on the bus;
- (c) shall not permit any animal, other than a guide dog accompanying a blind person, to be carried on the bus;
- (d) may refuse to permit any person who is in a dirty condition to enter in or travel in the bus;
- (e) may refuse to permit any person, whom he has reasonable cause to believe to be intoxicated, mentally unbalanced or suffering from an infectious or contagious disease, to enter in or travel in the bus;
- (f) may refuse to permit any person, whom he has reasonable cause to believe is carrying goods of a dangerous or offensive nature, to enter in or travel in the bus.

Regulation: 11 General conduct of driver and conductor 30/06/1997

A driver and a conductor of a bus, when acting as such-

- (a) shall behave in a civil and orderly manner;
- (b) shall be clean and tidy in his person;
- (c) shall not smoke in or on the bus during a journey or when it has passengers on board; (L.N. 19 of 1989)
- (d) shall take all reasonable precautions to ensure the safety of passengers in or on or entering or alighting from the bus;
- (e) shall, if requested by any police officer in uniform or any person authorized by the Commissioner, give particulars of his licence, if any, his name and the name and address of the grantee by whom he is employed;
- (f) shall not, at any reasonable time, obstruct, or neglect to give all reasonable information and assistance to, any police officer in uniform, or any person authorized by the Commissioner who produces such authority, to examine the bus.

Regulation:	1 1 A	Consumption of clockel	30/06/1997
Regulation.	HA	Consumption of alcohol	30/00/199/

A driver or conductor of a bus shall not while on duty as such consume any alcoholic drink.

(L.N. 19 of 1989)

Regulation:	12	General conduct of driver	30/06/1997	

A driver of a bus when acting as such-

- (a) shall, when picking up or setting down passengers, stop the bus as close to the left or near side of the road as is safe and practicable so to do;
- (b) shall not, when the bus is in motion, speak to any person unless it is necessary to do so on grounds of safety;
- (c) shall not unreasonably delay the bus on any journey;
- (d) shall shut off the engine and ensure that all the passengers are removed from the bus before filling the petrol or oil tank and keep such engine shut off and ensure that all passengers remain out of the bus until such filling is completed;
- (e) shall shut off the engine if, for any reason, he leaves the bus unattended.

Regulation: 13 Power to remove passengers etc.	2 of 2012	01/07/1997
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Remarks:

Adaptation amendments retroactively made - see 2 of 2012 s. 3

- (1) Any person who is an employee of a grantee and who is in uniform and on duty may remove from a bus any person whom he has reasonable cause to believe has contravened these regulations.
- (2) Any person who is an employee of a grantee and who is in uniform and on duty may require any passenger whom he has reasonable cause to believe has contravened these regulations to give his name and address and produce

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proof of identity. (L.N. 19 of 1989)

- (3) Any person who is an employee of a grantee and who is in uniform and on duty may arrest without a warrant any person whom he has reasonable cause to believe has contravened these regulations and may detain such person until he can be handed over to a police officer.
- (4) A police officer, to whom a person is handed over under subregulation (3), shall take such person into custody without a warrant and thereafter sections 51 and 52 of the Police Force Ordinance (Cap 232) shall apply. (L.N. 19 of 1989)
 - (5) In this regulation "proof of identity" (身分證明) in relation to any passenger means-
 - (a) his valid identity card;
 - (b) a document issued by the Commissioner of Registration acknowledging that that person has applied-
 - (i) to be registered under the Registration of Persons Ordinance (Cap 177); or
 - (ii) for a new identity card under regulation 13 or 14 of the Registration of Persons Regulations (Cap 177 sub. leg. A);
 - (c) a valid travel document held by him;
 - (d) documentary proof of identity officially issued to him for the purpose of his service in the Chinese People's Liberation Army; or (2 of 2012 s. 3)
 - (e) a Vietnamese refugee card issued to him. (L.N. 19 of 1989)

Regulation: 13A General conduct of passengers and intending passengers 30/06/1997

- (1) No passenger or intending passenger shall-
 - (a) wilfully obstruct, impede or distract the driver of the bus or any authorized person;
 - (b) wilfully obstruct the driver's view of the road or of any traffic;
 - (c) wilfully do or cause to be done with respect to any part of the bus or its equipment, anything which-
 - (i) obstructs or interferes with the workings of the bus or causes damage; or
 - (ii) causes injury, discomfort, annoyance or inconvenience to any other person;
 - (d) improperly interfere with the doors or any other mechanism, device or control which forms part of the bus or which is connected to the bus; or
 - (e) throw or wilfully drop anything from a bus.
- (2) No passenger shall stand-
 - (a) on any part of a bus other than the gangway;
 - (b) on the upper deck of a bus; or
 - (c) on a single-decked bus or on the lower deck of a double-decked bus, forward of the rearmost part of the driver's seat,

while the bus is moving.

(3) A line may be marked transversely on the gangway to indicate the area in which passengers may not stand while the bus is moving.

(L.N. 19 of 1989)

Regulation:	13B	Compliance with directions	30/06/1997

- (1) A driver or conductor of a bus when acting as such may give such directions as he considers necessary in the interests of public safety to any passenger or intending passenger.
 - (2) No passenger or intending passenger shall fail to comply with any direction given under subregulation (1). (L.N. 19 of 1989)

Part: V CARRIAGE OF GOODS AND LOST PROPERTY 30/06/1997

Regulation: 14	Carriage of goods	30/06/1997

(1) A passenger on a bus may carry, without further charge, a package or packages of a total weight not exceeding 5 kg and a total volume not exceeding 0.1 m3 so long as such package or packages may be safely or conveniently carried.

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- (2) A passenger on a bus which the Commissioner has authorized for the carriage of additional goods may carry, in addition to any goods carried under subregulation (1), such other goods as the Commissioner may permit on payment of the appropriate charge specified in the scale of fares determined under section 13(1) of the Ordinance.
 - (3) The carriage of goods under subregulations (1) and (2) is subject to the condition that-
 - (a) the goods shall not occupy any seat and are not placed in the gangway or stairway of the bus; and
 - (b) no goods of an offensive nature shall be carried. (L.N. 19 of 1989)

Regulation: 1	14A	Dangerous goods	30/06/1997

No person shall bring onto any bus any substance or article to which the Dangerous Goods Ordinance (Cap 295) applies.

(L.N. 19 of 1989)

Regulation:	15 P	Property to be handed to conductor		30/06/1997
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Any person who finds any property accidentally left in a bus shall immediately hand it in the state in which he finds it to the conductor, or, if no conductor is carried on the bus, to the driver, who shall deal with it in accordance with these regulations.

Regulation:	16	Duty of conductor to search a bus	30/06/1997

Immediately on the termination of any journey by a bus the conductor, or, if no conductor is carried, the driver, shall search the bus so far as is practicable for any property that has been accidentally left therein, and as soon as may be and in any case within 12 hours, shall hand any such property together with any property handed to him in accordance with regulation 15 in the state in which it came into his possession, to the grantee or such employee of the grantee as shall be authorized by the grantee to receive any such property, and such employee shall give the conductor or driver, as the case may be, a receipt for the property:

Provided that-

- (a) any property found by or handed to a conductor or driver may, if he goes off duty before the completion of the journey, either be dealt with by him in accordance with this regulation or handed by him, in the state in which it came into his possession, to the conductor or driver who goes on duty in his place who shall give him a receipt therefor and deal with it in accordance with this regulation; and
- (b) if, before the property has been handed to the grantee or to his duly authorized employee, it is claimed by a person who satisfies the conductor or the driver that he is the owner thereof it shall be returned to that person forthwith, without fee or reward, on such person giving a receipt therefor containing his name and address to the conductor or the driver who shall, as soon as may be, report the facts and give the claimant's receipt and a description of the property to the grantee or to its duly authorized employee.

Regu	lation:	17	Record of property	30/06/1997

A grantee shall keep a record of the particulars of any property handed in by a conductor or driver in accordance with regulation 16, the circumstances in which it was found and the name of the conductor or driver into whose possession it first came and the ultimate disposal of the property under these regulations and such record shall, at all reasonable times, be available for inspection by any police officer.

Regula		Safe keeping of property		30/06/1997
8		sure recepting or property	(,, . , ,

- (1) A grantee shall retain in safe keeping any property which comes into its possession in accordance with regulation 16 until claimed by the owner thereof or disposed of in accordance with these regulations.
- (2) A grantee shall return forthwith all official documents, including licences, passports and identity cards, to the appropriate Government Department or other body or person by whom they were issued.
- (3) Where the name and address of the owner of any property, other than a document referred to in subregulation (2) are readily ascertainable, the grantee shall forthwith notify him that the property is in its possession

and may be claimed in accordance with these regulations.

(4) If any property appears to the grantee to be of a perishable or offensive nature and is not claimed and proved to its satisfaction to belong to a claimant within 8 hours of the time of finding or if it becomes objectionable, the grantee may thereupon destroy or otherwise dispose of the property as it thinks fit and, if the property is sold, the grantee shall reward the conductor or driver in the manner provided in regulation 19.

Regulation: 19	Unclaimed property	30/06/1997
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If any property retained by a grantee is not proved to its satisfaction to belong to a claimant within 3 months of the date when the property was handed over to it by a conductor or driver, the property shall thereupon vest in the grantee and the grantee may either deliver the property to the conductor or driver or without delay sell the property and in respect of any article which realizes a sum in excess of \$2 shall award to the conductor or driver one-fifth, up to an amount not exceeding \$25, of the proceeds of such sale, and in computing the amount due to the conductor or driver any part of 10 cents shall be reckoned as 10 cents:

Provided that any document not returned to the owner or other appropriate person under regulation 18(3) and which has not been claimed by the person entitled to its return before the expiration of such period of 3 months shall not be delivered to the conductor or driver or sold but shall be dealt with in such manner as the grantee may deem appropriate.

Regulation: 20	Claimed property	30/06/1997

- (1) If any property retained by a grantee under regulation 18 is claimed within 3 months of the date on which it was handed over to the grantee by the conductor or driver and the claimant proves to the satisfaction of the grantee that it belongs to him, it shall thereupon be delivered to the claimant upon his signing a receipt therefor and upon payment by him to the grantee of a sum not exceeding 50 cents and, in the case of property of a value exceeding \$2, an additional sum, not exceeding \$25, of one-fifth of the value of the property, which additional sum shall be awarded by the grantee to the conductor or driver, and in computing the amount due to the conductor or driver any proportion of 10 cents shall be reckoned as 10 cents.
- (2) For the purposes of this regulation, the value of any property shall be deemed to be such sum as may be agreed between the claimant and the grantee or, failing agreement, such sum as may be fixed by an auctioneer licensed under the Miscellaneous Licences Ordinance (Cap 114), any fee payable to such auctioneer being paid by the claimant.

Regulation: 21	Person entitled to award	30/06/1997

The conductor or driver or other person into whose possession any property first came shall alone be entitled to an award under regulations 18, 19 and 20.

Regulation: 22 Costs of packing and carriage	30/06/1997
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Where any property is forwarded to a claimant, all costs of packing and carriage reasonably incurred shall be paid to the grantee by the claimant.

Regulation: 23 Liability of grantee, etc. 30/06/1997
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- (1) A grantee shall not be liable for any loss, damage or injury to lost property if all due diligence and care has been exercised by the grantee and by its employees in respect thereof.
- (2) Where lost property is returned by a conductor or driver in accordance with regulation 16(b) or is returned by a grantee in accordance with regulation 20(1), in good faith to a claimant, the conductor, driver or grantee shall not be liable to any further claim in respect of such property.

Regulation: 24 Examination of property	30/06/1997
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(1) Where any property is contained in a package, bag or other receptacle, the grantee may cause such package,

bag or receptacle to be opened and the contents examined if the grantee considers it necessary for the purposes of identifying and tracing the owner thereof or of ascertaining the nature of its contents.

(2) Where any property is claimed by any person, the grantee may require the claimant to open any receptacle in which it may be contained and to submit the contents to examination for the purpose of establishing his claim to ownership or of ascertaining the value of the property.

Part:	VA	PROVISIONS APPLICABLE IN THE NORTH-WEST	30/06/1997
		TRANSIT SERVICE AREA	

Regulation: 2	24A	Restrictions on putting down and taking up of passengers	30/06/1997

During the period referred to in section 5(9) of the Ordinance every grantee shall within the North-west Transit Service Area ensure that no bus used by it in connection with its franchise, otherwise than as may be permitted by its franchise, or as may be permitted by the Commissioner with the consent of the Kowloon-Canton Railway Corporation, or in an emergency-

- (a) puts down any passenger who has boarded the bus within the North-west Transit Service Area; or
- (b) takes up any passenger whose journey is to terminate within the North-west Transit Service Area.

(56 of 1986 s. 23)

Regulation: 24B Bus stop	30/06/1997
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In addition to any powers which the Commissioner may exercise under regulation 3 he may, during the period referred to in section 5(9) of the Ordinance, within the North-west Transit Service Area restrict a bus stop under that regulation so that it may only be used, or may not be used, by passengers who are travelling to, or arriving from, a point outside the North-west Transit Service Area.

(56 of 1986 s. 23)

Part:	VI	OFFENCES AND PENALTIES	30/06/1997
Regulation:	25	Offences and penalties	30/06/1997

- (1) Any person who without reasonable excuse contravenes any requirement made under regulation 3(4) or any of the provisions of regulation 3(3)(b), 3(5), 4(2), 5, 6, 7(1), 8, 9, 10(1), 10(2)(a), (b) or (c), 11(a), (b), (c), (e) or (f), 12(a), (b) or (c), 13A(2), 13B, 15, 16, 17 or 18 commits an offence.
 - (2) Any person who commits an offence under regulation 4(3) or subregulation (1) is liable to a fine of \$2000.
- (3) Any person who without reasonable excuse contravenes any of the provisions of regulation 11(d), 11A, 12(d) or (e), 13A(1) or 14A commits an offence and is liable to a fine of \$3000 and to imprisonment for 6 months.
- (4) Any grantee who fails to ensure compliance with regulation 24A commits an offence and is liable to a fine of \$2000.

(L.N. 19 of 1989)

Powers and responsibilities of the Secretary for Transport and Housing under the Public Bus Services Ordinance (Cap. 230)

- Section 6(2A) of Cap. 230: to submit to the Chief Executive in Council a report setting out his recommendations as to whether a franchise should be extended for a further period under section 6 of Cap. 230 if the grantee requests for an extension of its franchise;
- Section 12A(4) of Cap. 230: to decide on the point in disagreement between the franchise grantee and the Commissioner for Transport in relation to the annual forward planning programme under section 12A of Cap. 230; and
- Section 35(1) of Cap. 230: to **make regulations** for all or any of the matters stipulated under the section, such as designation of bus stops, control of the uniform and conduct of drivers, carriage of goods onto the bus, control and disposal of property lost on the bus, etc.

PUBLIC BUS SERVICES ORDINANCE (Chapter 230)

FRANCHISE

In exercise of the powers conferred by section 5 of the Public Bus Services Ordinance, the Chief Executive in Council hereby grants to The Kowloon Motor Bus Company (1933) Limited (九龍 巴士(一九三三)有限公司), a company registered under the Companies Ordinance, whose registered office is situated at 16/F, 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong, the right to operate a public bus service on the routes specified in the appropriate Schedule of Routes order from time to time in force in respect of the said company under section 5(1), and in any notices under sections 14 and 15, of the Public Bus Services Ordinance, subject to the conditions hereinafter contained namely:

PART I

PRELIMINARY

1. (1) In this franchise, unless the context otherwise requires:

Interpretation

"Bus Service"

means the Grantee's business of operating a public bus service under this franchise;

"Certification Body"

means a certification body accredited under the Hong Kong Certification Body Accreditation Scheme by the Hong Kong Accreditation Service, Innovation and Technology Commission:

"Clause"

means a clause of this franchise;

"Commencement Date"

means 04:00 Hours 1 July 2017;

"Facilities"

means each of the following and includes parts thereof:

bus stop signs, bus stop sign posts, canopies, shelters, seats, queue railings, lighting at bus stops, terminal points and termini; information panels and equipment; customer service centres; bus regulators' offices and kiosks; air-conditioned

passenger waiting areas; television broadcasting and all other audio-visual equipment; and such other facilities that are used by the Grantee for the purpose of or in connection with the Bus Service, and in the event of any dispute as to the meaning of any of the aforesaid, shall be determined by the Commissioner after consultation with the Grantee;

"Forward Planning Programme"

means a programme which is in force from time to time under section 12A of the Ordinance;

"Franchise Period"

means the period referred to in Clause 4;

"Grantee"

means The Kowloon Motor Bus Company (1933) Limited (九龍巴士(一九三三)有限公司);

"Hong Kong"

means the Hong Kong Special Administrative Region of the People's Republic of China;

"Kwai Chung Depot"

means the Grantee's former bus depot situated at Kwai Chung KCTL 215 which was disposed of by the Grantee in 2005;

"Kwun Tong Depot"

means the Grantee's former bus depot situated at Kwun Tong Inland Lot No. 240 which was disposed of by the Grantee in 2008;

"Open Tendering"

means a tendering exercise where all interested persons may participate;

"Ordinance"

means the Public Bus Services Ordinance (Cap. 230);

"Other Grantee"

means any other company which is a grantee of a public bus franchise under the Ordinance;

"Passenger Liaison Groups"

means the passenger liaison groups established pursuant to Clause 15(1);

"Qualified Auditor"

means a person who is qualified for appointment as an auditor of a company under section 393 of the Companies Ordinance (Cap. 622);

"Related Party" or "Related Parties"

means a party or parties that is/are considered to be related for the purposes of the Hong Kong Accounting Standard (HKAS) No. 24 (Revised) "Related Party Disclosures" issued by the Hong Kong Institute of Certified Public Accountants in November 2016 as the same may be amended from time to time;

"Schedule of Service"

means a schedule of service issued by the Commissioner from time to time in respect of each bus route of the Bus Service specifying, pursuant to the Ordinance, bus service arrangements including but not limited to the route, timetable, faretable, journey distance, journey time, carrying capacity and type of buses to be used;

"TM80 Depot"

means the Grantee's former bus depot situated at Tuen Mun Town Lot No. 80 which was disposed of by the Grantee in 2010; and

"West Kowloon Reclamation Depot"

means the Grantee's bus depot situated at 100 Hing Wah Street, West Kowloon Reclamation which is leased from the Government under short term tenancy number KX2536.

- (2) Any expression or word not specifically herein defined shall have the meaning assigned to it by the Ordinance and, if not defined therein, by the Interpretation and General Clauses Ordinance (Cap. 1) and/or the Hong Kong Reunification Ordinance (110 of 1997).
- (3) For the avoidance of doubt, unless there is express provision to the contrary, the Grantee shall at no cost to the Government comply with any direction and requirement given under this franchise by the Commissioner, the Financial Secretary or any other public officer.

- (4) For the avoidance of doubt:
 - (a) where this franchise confers upon any public officer power to do or enforce the doing of any act or thing, all such powers shall be also conferred as are reasonably necessary to enable the public officer to do or enforce the doing of the act or thing.
 - (b) without prejudice to the generality of Clause 1(4)(a) above, where this franchise confers power upon any public officer:
 - to grant approval, consent or exemption, such power shall include power to impose reasonable conditions subject to which such approval, consent or exemption may be granted;
 - (ii) to approve any person or thing, such power shall include power to withdraw approval thereof; and
 - (iii) to give directions, such power shall include power to couch the same in the form of prohibitions.
- 2. (1) This franchise is granted subject to the Grantee complying with the terms and conditions on its part to be performed in any franchise applicable to the Grantee under the Ordinance and in force in the period ending 04:00 Hours 1 July 2017 and with the provisions of the Ordinance.

Franchise subject to performance of obligations, etc

- (2) The Ordinance shall apply to this franchise in full and for all purposes. Nothing in this franchise is intended or shall be construed to affect, restrict, limit or diminish in any way, any of the powers (including discretion or privilege) of the Government, the Commissioner or any other public officer under the Laws of Hong Kong.
- 3. The Grantee shall have the non-exclusive right to operate a public bus service on the routes which are specified in the Schedule of Routes order for the time being in force.

Routes Order

4. This franchise is granted for the period from and including the Commencement Date until 04:00 Hours 1 July 2027 and such period may be extended under section 6(2) or (3) of the Ordinance.

Franchise Period

5. For the purposes of section 8 of the Ordinance, a majority of the directors of the Grantee shall be ordinarily resident in Hong Kong irrespective of their nationality.

Residential requirement

PART II

GENERAL

6. The Grantee shall, if requested by the Financial Secretary, take such steps as are necessary and reasonable to have and to continue to have its shares listed on the Stock Exchange Company as defined in section 1 of Schedule I to the Securities and Futures Ordinance (Cap. 571).

Grantee's shares to be listed on the Stock Exchange Company

7. (1) The Grantee shall, as far as practicable, acquire, provide, adopt, maintain, or modify to the satisfaction of the Commissioner such safety or service enhancement facilities, installation, fixtures, fittings, apparatus or equipment on its buses as may be reasonably required by the Commissioner after consultation with the Grantee.

Provision of the Facilities,

- (2) Subject to Clauses 9 and 10, the Grantee shall acquire, provide, adopt, maintain, modify or remove to the satisfaction of the Commissioner such Facilities as may be reasonably required by the Commissioner after consultation with the Grantee.
- 8. Subject to Clauses 9 and 10, the Grantee shall acquire, provide, adopt, maintain, modify or remove to the satisfaction of the Commissioner such canteens, washrooms and toilets for its employees and the employees of any Other Grantee as the Commissioner considers appropriate after consultation with the Grantee.

Provision of canteens, washrooms and toilets

9. (1) The Commissioner may, after consultation with the Grantee, direct in writing that for a specified period with effect from a specified date the Grantee shall share or permit the sharing of the use of any or all of the bus stops, terminal points, termini, Facilities (other than those provided on-bus), canteens, washrooms and toilets acquired, provided or adopted by the Grantee or any Other Grantee whether under this or any other franchise, as the case may be.

Shared use of bus stops, etc.

- (2) The Commissioner may, after consultation with the Grantee, direct in writing that with effect from a specified date the Grantee shall cease using, vacate or remove any bus stops, terminal points, termini and Facilities which are or have been used by the Grantee under this or any other franchise and which are not required for use by the Grantee for the Bus Service.
- (3) The Commissioner may, after consultation with the Grantee, direct in writing that with effect from a specified date the Grantee shall:

- (a) make available and transfer the Grantee's whole right, title and interest in the Facilities (other than those provided on-bus) acquired, provided or adopted by the Grantee under this or any other franchise to any Other Grantee; and
- (b) accept the transfer of and assume responsibility for any facilities (other than those provided on-bus) which are used by any Other Grantee and which are to be transferred to the Grantee by virtue of a direction given by the Commissioner to any Other Grantee under the provisions of any other franchise with similar effect to Clause 9(3)(a).
- (4) In the event that the Commissioner makes a direction:
 - (a) under Clause 9(1), the Grantee shall negotiate in good faith with the concerned Other Grantee to reach an agreement as to maintenance responsibilities and the fair and equitable apportionment of the expenses of maintaining the Facilities (other than those provided on-bus), canteens, washrooms and toilets between the Grantee and the Other Grantee; and
 - (b) under Clause 9(3)(a) or (b), the Grantee shall negotiate in good faith with the concerned Other Grantee to reach an agreement as to a fair and equitable price for acquiring or providing the facilities or Facilities (other than those provided on-bus).
- (5) In the event that the Grantee and the concerned Other Grantee fail to reach an agreement under Clause 9(4)(a) or (b) within a reasonable time to be specified by the Commissioner, the Grantee and the concerned Other Grantee shall enter into an agreement on what the Commissioner may determine to be a fair and equitable apportionment or price for the purpose of Clause 9(4)(a) and (b).
- 10. (1) No Facilities, installation, fixtures, fittings, apparatus or equipment shall be constructed, erected, installed or permitted at, on or in any bus stops, terminal points, termini or buses without the prior approval in writing of the Commissioner. The Commissioner may require the Grantee to remove any Facilities, installation, fixtures, fittings, apparatus or equipment which are constructed, erected, installed or permitted in contravention of this Clause.
 - (2) No canteens, washrooms or toilets referred to in Clause 8 shall be constructed, erected or installed nor shall any structural alteration or change in use be made thereto without the prior approval in writing of the Commissioner.

Approval of Commissioner required in connection with the Facilities, canteens, washrooms and toilets 11. (1) The Grantee shall not for the purposes of advertising, sponsorship or commercial promotion use or permit the use of, the Facilities, canteens, washrooms and toilets of the Grantee or any Other Grantee without the prior approval in writing of the Commissioner (such approval shall not be unreasonably withheld).

Advertising, etc.

- (2) Any agreement or arrangement in respect of any advertising, sponsorship or commercial promotion entered into by the Grantee with the prior approval in writing of the Commissioner under Clause 11(1) above shall be and be made subject to the terms and conditions of this franchise.
- 12. The Commissioner may by notice in writing direct the Grantee to use such terminal points or termini and facilities which will be made available by the Government at no cost to the Grantee for the purposes of parking and turn-around of buses used by the Grantee on any of the specified routes.

Government to provide parking facilities at terminal points

13. (1) Subject to Clause 13(3), the Grantee shall, at such place as the Commissioner may direct in writing, make available free of charge for inspection by members of the public a copy of the Schedule of Routes order for the time being in force and any notice given under section 15 of the Ordinance.

Display of routes and fares

- (2) Subject to Clause 13(3), the Grantee shall cause to be displayed free of charge for viewing by members of the public in a conspicuous place:
 - (a) at each terminal point or terminus of a specified route; and
 - (b) at such bus stops as may be specified by the Commissioner

information on the location of the bus stops and the fares and timetables applicable to the bus service on such specified routes.

(3) The Grantee shall provide the information mentioned in Clause 13(1) and (2) above in such form and manner, by such means, and at such times as may be reasonably required by the Commissioner, after consultation with the Grantee.

- 14. (1) The Grantee shall make available to the public, in relation to the bus service on each specified route, the following information:
 - (a) the bus fares;

Making available information on specified route, etc.

- (b) the route and timetable; and
- (c) the location of bus stops, journey time and any other related information, as may be reasonably required by the Commissioner after consultation with the Grantee

in such form and manner, by such means and at such times as may be specified from time to time by the Commissioner.

- (2) The Grantee shall make available to the public the information referred to in Clause 14(1)(a) to (c) above for free or for a fee not exceeding that determined by the Commissioner.
- (3) The Grantee shall also make available to the public, the information referred to in Clause 14(1)(a) to (c) above on the Grantee's website and through readily accessible common web browsers as may be reasonably required by the Commissioner after consultation with the Grantee.
- 15. (1) The Grantee shall, to the satisfaction of the Commissioner, make appropriate arrangements including the establishment of Passenger Liaison Groups to liaise, communicate with and receive opinions of the public for the purpose of assessing and improving standards of the Bus Service.

Passenger Liaison Groups

- (2) The Grantee shall, to the satisfaction of the Commissioner, provide the Passenger Liaison Groups with reasonable facilities for meetings including venues, postage and stationery, as they may require from time to time.
- (3) The Grantee shall promulgate such rules for membership and meetings of the Passenger Liaison Groups, rules for attendance by officers of the Transport Department as observers, terms of reference of the Passenger Liaison Groups and, without limitation, such other terms relating to the Passenger Liaison Groups, their members or constitution as the Commissioner may direct or approve in writing. Any officer of the Transport Department may attend the meetings of the Passenger Liaison Groups as an observer.
- (4) The Grantee shall use its reasonable endeavours to facilitate meetings of each of the Passenger Liaison Groups at least once every two months or as and when the Commissioner may reasonably require for the purpose of making proposals for maintaining or improving standards relating to the Bus Service.

- (5) The Grantee shall report to the Commissioner, at least once every two months or as and when directed by the Commissioner, the details of passenger liaison arrangements made by the Grantee, the proposals made by the Passenger Liaison Groups and implementation of those proposals.
- (6) The Grantee shall waive and forego all rights to sue each member or observer of the Passenger Liaison Groups in respect of any statement defamatory of the Grantee made by him during a meeting of a Passenger Liaison Group or in any communication published only to the members of a Passenger Liaison Group or to any officer of the Transport Department attending any such meeting as an observer in respect of the Bus Service unless such statement is made maliciously.
- 16. (1) The Grantee shall to the satisfaction of the Commissioner make appropriate arrangements to conduct passenger satisfaction surveys in such form and manner, by such means and at such times as may be reasonably required by the Commissioner, after consultation with the Grantee.

Passenger satisfaction

- (2) (a) The Grantee shall publish:
 - (i) its passenger service pledge setting a reasonable time frame for responding to complaints and suggestions from the public; and
 - (ii) the achievement rate of its passenger service pledge under Clause 16(2)(a)(i) above.
 - (b) The Grantee shall respond to complaints and suggestions referred to the Grantee by the Commissioner at such times and in such manner as may be reasonably required by the Commissioner after consultation with the Grantee.
- 17. (1) The Grantee shall furnish the Commissioner, on or before 15 January each year in such form as the Commissioner may specify from time to time, with information on:

List of premises and maintenance facilities

- (a) premises provided and maintained by the Grantee under section 19 of the Ordinance as at 31 December of the preceding year; and
- (b) facilities provided by the Grantee and their locations as at 31 December of the preceding year for the construction, repair and maintenance of the buses and other vehicles used or kept by the Grantee for the purposes of or in connection with this franchise.

- (2) The Commissioner may, after consultation with the Grantee, from time to time direct by notice in writing to the Grantee the manner in which the Grantee is to use any of the specified premises provided and maintained by the Grantee under section 19 of the Ordinance.
- 18. The Grantee shall, as and when directed by and to the satisfaction of the Commissioner:

Provision of control centre and contingency arrangement

- (a) provide and maintain for the purpose of regulating, controlling and directing bus movements a control centre which shall be:
 - (i) situated at such location as the Commissioner may direct; and
 - (ii) manned at all times by competent personnel of the Grantee;
- (b) provide and maintain at all times direct communication links between the control centre and the emergency contact point of the Transport Department designated by the Commissioner;
- (c) design a contingency plan to meet any exigency that may arise in respect of the Bus Service and shall promptly carry out the measures contained in the contingency plan when such exigency arises; and
- (d) provide assistance, including sending competent personnel to attend the emergency control centre of the Transport Department.
- 19. (1) The Grantee may provide, or permit the provision of, ancillary or add-on services subject to prior approval in writing of the Commissioner.

Provision of ancillary and add-on services

(2) The Grantee shall provide such ancillary or add-on services as may be reasonably required by the Commissioner for the purpose of the Bus Service after consultation with the Grantee.

PART III

FINANCIAL

20. In this Part, unless the context otherwise requires:

Definitions in Part III

"Appointed Actuary" means an actuary who:

- (a) has the qualifications as prescribed for the appointment of actuaries under the Insurance Companies (Actuaries' Qualifications) Regulations (Cap. 41A); and
- (b) is in practice with a firm providing actuarial consultancy services in Hong Kong;

"Contingency Fund"

means all contingency funds provided or to be provided by the Grantee for meeting its liabilities including without limitation those for third party risks in respect of the Bus Service but excluding any contingency funds for any loss of revenue due to any cause whatsoever;

"Fair Market Value" of any of the Fixed Assets means the market price at which the assets could be acquired in a transaction at arm's length between persons that are not Related Parties;

"Fixed Assets"

means:

- (a) land, buildings, furniture, fixtures and fittings, buses, coaches and other motor vehicles, plant, machinery and equipment;
- (b) other fixed assets;
- (c) all assets mentioned in (a) and (b) which are in the course of construction or in transit; and
- (d) payments on account of all assets mentioned in (a), (b) and (c)

in which the Grantee has any right, title or interest (including assets acquired through finance leases) and which are used or to be used or kept or to be kept by the Grantee for the purposes of or in connection with the Bus Service;

but excludes:

- (A) stores and spares including but not limited to items which have not been used but may form part of any buses, coaches or other motor vehicles, plant, machinery and equipment which are used or to be used or kept or to be kept by the Grantee for the purpose of or in connection with the Bus Service, irrespective of the amount of the unit cost of each item; and
- (B) any capital cost incurred prior to the dates specified below relating to modification or other works effected to or at any land or buildings forming part of the Grantee's undertaking as a result of or otherwise made necessary by reason of the disposal of the following depots:

Depot Specified Date

Kwai Chung Depot 14 December 2005

Kwun Tong Depot 23 December 2005

TM80 Depot 17 December 2008

"Funds"

means both the Contingency Fund and the Pension Fund unless the Commissioner determines otherwise;

"Gross Revenue"

means the total income or revenue of the Grantee derived or arising from or connected with the Bus Service, which, for the avoidance of doubt, includes inter alia:

- (a) revenue of the Grantee from fares directly or indirectly appertaining to the Bus Service;
- (b) income derived or realised directly or indirectly from Fixed Assets including but not limited to rents, advertising and private hire;
- (c) interest on cash and bank balances of the Grantee consisting of or representing funds derived or arising from the Bus Service:
- (d) income derived or realised directly or indirectly from any investment or commercial transactions, other than from Fixed Assets, made by the Grantee of funds derived or arising from the Bus Service;

- (e) income or revenue derived by the Grantee from any transaction, operation, business or activity connected with or otherwise related or ancillary, whether directly or indirectly to the Bus Service; and
- (f) currency gains realised by the Grantee in or in connection with:
 - (i) the acquisition of the Fixed Assets, stores and spares;
 - (ii) the making and maintenance of provision for payment of emoluments for staff engaged in the Bus Service;
 - (iii) deposits in foreign currency accounts of funds derived or arising from the Bus Service; and
 - (iv) other transactions which are directly related to the Bus Service,

but excludes capital gains or capital receipts of the Grantee derived or arising from or connected with the disposal of any right, title or interest in land;

"Pension Fund"

means the fund or funds provided or to be provided by the Grantee for the payment of employees' pensions or other retirement benefits in respect of employees engaged directly or indirectly in the operation of the Bus Service;

"Service-Related Expenditure"

means the total expenditure of the Grantee incurred or arising from or connected with the Bus Service, which, for the avoidance of doubt, includes inter alia:

- (a) operating costs directly or indirectly incurred by the Grantee appertaining to the operation of the Bus Service and contributions to the Funds required in accordance with the assessment made by the Appointed Actuary;
- (b) depreciation as charged in accordance with Clause 21;
- (c) expenditure in establishing and maintaining public liaison and arranging for passenger satisfaction surveys in accordance with Clauses 15 and 16(1); and

- (d) currency losses suffered by the Grantee in or in connection with:
 - (i) the acquisition of Fixed Assets, stores and spares;
 - (ii) the making and maintenance of provision for payment of emoluments for staff engaged in the Bus Service;
 - (iii) deposits in foreign currency accounts of funds derived or arising from the Bus Service; and
 - (iv) other transactions which are directly related to the Bus Service,

but excludes:

- (A) capital losses of the Grantee derived or arising from or connected with the disposal of any right, title or interest in land;
- (B) capital expenditure incurred in or arising from or connected with the Bus Service (other than that provided in sub-clause (d)(i) above);
- (C) any amount of over-provisioning in the accounts of the Grantee;
- (D) any amount of amortisation or depreciation effected (if any) in respect of any right, title or interest in land;
- (E) finance costs and depreciation charges in respect of such part of the construction costs of West Kowloon Reclamation Depot incurred prior to 11 February 2002; and
- (F) finance costs and depreciation charges in respect of the capital cost incurred prior to the dates specified below on relocation and modification work in connection with the disposal of the following depots:

Depot	Specified Date
Kwai Chung Depot	14 December 2005
Kwun Tong Depot	23 December 2005
TM80 Depot	17 December 2008

"Undertaking" means:

- (a) all the assets listed in Schedule I as the same is updated or revised in accordance with Clause 22(2); and
- (b) all Fixed Assets and stores and spares which have been acquired by the Grantee to be included in Schedule I but before the same have been included pursuant to Clause 22(2).
- 21. For the purpose of this franchise, the following practice shall be observed in the accounts of the Grantee:

Depreciation of Fixed Assets

(1) With effect from the Commencement Date, depreciation expenses of the Grantee's Fixed Assets shall be calculated at their costs of acquisition and by applying, on a straight-line basis, annual rates of depreciation derived from the useful lives, and subject to the residual values, as set out in the table below:

Fixed Assets Useful Life for Residual Value Depreciation

Land Not Applicable Not Applicable

Buildings (a) Permanent buildings: \$1 40 years

(b) Other buildings: \$1
Term of lease
including
extension or
renewal period

Buses and coaches, other than light duty coaches

(a) New ¹ buses and coaches: bus or coach 14 years unless otherwise approved by the Commissioner \$100 for each bus or coach

(b) Second-hand buses and coaches: bus or coach 14 years from the date of manufacture unless otherwise approved by the \$100 for each bus or coach

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¹ Means buses which have been acquired by the Grantee first hand

Commissioner

6 years \$100 for each Light duty coaches light duty coach Other motor 6 years Nil vehicles Computers 5 years Nil 7 years Nil Plant. machinery and equipment (other than computers), furniture, fixtures and fittings

- (2) When calculating the depreciation expenses of the Grantee's Fixed Assets, the cost of acquisition of the Fixed Assets shall be net of any subsidies received or receivable by the Grantee from the Government solely for the purpose of the acquisition of such Fixed Assets.
- (3) The cost of acquisition of Fixed Assets acquired through a finance lease shall be measured and depreciated in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and, where applicable, subject to the provisions in Clause 21(1) above.
- (4) Notwithstanding any other provisions of this franchise, Clause 21(5) shall not apply to any of the construction or building costs referred to in Clause 21(12).
- (5) When any Fixed Assets or part thereof are sold or otherwise disposed of or when compensation is received from insurers in respect of damage to or loss of any Fixed Assets or any part thereof, the difference between the proceeds and net book value will be deducted from or added to the Service-Related Expenditure, as the case may be.
- (6) For the purpose of Clause 21(5):
 - (a) Fixed Assets shall exclude land in respect of which the Grantee has any right, title or interest.
 - (b) Where the Fixed Assets comprise buildings which are sold or disposed of together with the land on which they stand,

and it is impossible to ascertain which portion of the sale proceeds is attributable to such buildings alone, the Grantee shall provide a valuation report prepared by an independent surveyor on the Fair Market Value of such buildings as of the date of disposal. Such Fair Market Value will be deemed to be the sale proceeds of the buildings for the purpose of Clause 21(5).

- (7) Depreciation of any Fixed Assets shall cease to be effected when the residual values as stipulated at Clause 21(1) have been reached.
- (8) No amortisation or depreciation shall be effected in respect of any land comprised in the Fixed Assets. Such land shall be valued at cost of acquisition.
- (9) Whether a building is to be regarded as a permanent building for the purpose of this Clause shall be determined by the Commissioner after having regard, inter alia, to the estimated useful life of that building, the unexpired period of the lease including any extension or renewal period, and land use zoning. If the Grantee disagrees with any determination of the Commissioner on what is or is not a permanent building for the purpose of this Clause, the Grantee and the Commissioner shall forward the point in disagreement to the Secretary for Transport and Housing who shall decide on the point having regard to the submissions of the Grantee and the Commissioner and such decision of the Secretary for Transport and Housing shall, subject to section 33 of the Ordinance, be final.
- (10) The cost of any structural addition to a permanent or other building comprised in the Fixed Assets shall, from the date the addition is made, be depreciated in accordance with Clause 21(1) along with such permanent or other building (as the case may be) over the remainder of the useful life of that permanent or other building.
- (11) The net book value of all Fixed Assets brought forward from any public bus franchise applicable to the Grantee immediately before the Commencement Date shall be depreciated in accordance with but over the remainder of the applicable useful life as stipulated in Clause 21(1).
- (12) The net book value of the West Kowloon Reclamation Depot as at 11 February 2002 is nil. For the avoidance of doubt, the construction cost of the West Kowloon Reclamation Depot incurred prior to 11 February 2002 and any cost that may be incurred by the Grantee at any time for rectifying any latent defects of any part of the West Kowloon Reclamation Depot constructed prior to 11 February 2002 shall not be counted

towards the average net fixed assets or charged against the Service-Related Expenditure of the Grantee.

- 22. (1) The Grantee represents that its Undertaking at the Commencement Date shall be as listed in Schedule I. Subject to Clauses 22(3) and (4) and except for that part of the Undertaking listed in Schedule I which is held on short term tenancies, the Grantee shall maintain at all times during the Franchise Period its Undertaking sufficient to operate a proper and efficient public bus service on the specified routes in accordance with section 12(1) of the Ordinance.
- Grantee's Undertaking and restrictions on disposal
- (2) The Grantee shall provide in writing to the Commissioner an annual update of Schedule I within five months after the close of an accounting year.
- (3) The Grantee shall not without the previous written consent of the Commissioner assign, transfer, mortgage, charge, lease, grant option to lease, part with possession or otherwise dispose of the whole or any part of its Undertaking falling within the following description:
 - (a) land, buildings and buses, or
 - (b) any other part of the Undertaking (except for plant, machinery, equipment, furniture, fixtures, fittings, motor vehicles (other than buses), stores or spares being disposed of with a view to replacement in the ordinary course of business), the disposal of which would result in an increase in the cost of the Bus Service

nor shall the Grantee without the previous written consent of the Commissioner cause or permit the forfeiture, surrender, loss, destruction or dissipation of its right, title or interest in the whole or any part of its Undertaking referred to in Clauses 22(3)(a) and (b) above. The Grantee shall observe and perform all the terms, conditions, covenants and provisions contained in any deed, agreement and other instrument under which the Grantee acquired the right, title or interest in the whole or any part of its Undertaking.

PROVIDED that:

- (i) consent to any disposition of landed property may be withheld if the consequence of the disposition would be to increase the cost to the Grantee of acquiring, using, holding or maintaining the premises referred to in section 19 of the Ordinance; and
- (ii) consent required under this Clause shall not be unreasonably withheld or delayed.

- (4) Without prejudice to the Ordinance and other provisions of this franchise, the Grantee shall not develop or cause or permit the development of any land or buildings forming part of its Undertaking or enter into any agreement to do so without the previous written consent of the Financial Secretary (which, subject to Clause 22(5), shall not be unreasonably withheld or delayed).
- (5) Notwithstanding any other provisions herein, consent to any disposition or development of any land or building under Clause 22(3) and (4) may be withheld by the Commissioner or the Financial Secretary if the consequence of the disposition or development of such land or buildings would be to increase the cost to the Grantee of acquiring, using, holding or maintaining premises referred to in section 19 of the Ordinance.
- 23. The Grantee shall not without the previous consent in writing of the Commissioner invest in or dispose of any securities, such consent shall not be unreasonably withheld or delayed.

Investment in securities

24. (1) (a) The Grantee shall, at such times as the Commissioner may direct in writing, cause the Funds to be examined by an Appointed Actuary for the purpose of assessing possible under-provisioning or over-provisioning of the Funds.

Contingency Fund and Pension Fund

- (b) The Grantee shall provide such information and give access to such of its business and financial records as the Appointed Actuary may reasonably require.
- (c) Any finding by the Appointed Actuary as to any under-provisioning or over-provisioning of the Funds shall be accepted as final and conclusive by the Grantee in the absence of manifest error.
- (d) The Grantee shall, subject to the prior approval in writing of the Commissioner, write back such amount which is certified in an actuarial report prepared by the Appointed Actuary for the purpose of Clause 24(1)(a) to be over-provided in the Funds to the profit and loss account kept by the Grantee in respect of the Bus Service.
- (2) The Grantee shall provide such information as the Commissioner may require in writing in respect of the Funds and their use within one month from the date of such request in writing by the Commissioner or within such other period as the Commissioner may reasonably require.

- (3) (a) The balance of the Contingency Fund shall represent liabilities in the accounts of the Grantee and shall not contribute towards its distributable profit or accrue to the benefit of shareholders of the Grantee.
 - (b) Notwithstanding the expiry of this franchise and any other terms or provisions herein, the balance of the Contingency Fund shall remain a liability in the accounts of the Grantee and shall not contribute towards its distributable profit or accrue to the benefit of shareholders of the Grantee and the balance of the Contingency Fund as at the expiry of this franchise, howsoever determined, shall be deposited with an authorised institution, other than a deposit-taking company, within the meaning of the Banking Ordinance (Cap. 155) as approved or directed from time to time by the Commissioner.
 - (c) The Commissioner may within six months prior to the expiry of this franchise or within three months thereafter appoint a trustee or a custodian to hold the Contingency Fund after the said expiry of this franchise and may require the title to the Contingency Fund to be vested in the said trustee or custodian for a period of ten years from the date of expiry of this franchise ("the ten-year period"). In such event, the said trustee or custodian shall:
 - (i) hold the Contingency Fund in accordance with the terms and conditions as may be determined or approved by the Commissioner;
 - (ii) apply the balance of the Contingency Fund to meet third party claims against the Grantee in accordance with the terms and conditions as may be determined or approved by the Commissioner; and
 - (iii) distribute the remaining balance in the Contingency Fund (if any) at the expiry of the ten-year period to the shareholders of the Grantee whose names appear on the register of shareholders of the Grantee on the date when the Contingency Fund is vested in the said trustee or custodian.
 - (d) For the avoidance of doubt, this Clause, in so far as it relates to the Contingency Fund, shall survive the expiry of this franchise until the date falling ten years thereafter.

- (4) The Grantee shall procure in such manner as it may be advised by the Appointed Actuary that the Pension Fund is held by an independent trustee under a retirement scheme registered under the Occupational Retirement Schemes Ordinance (Cap. 426) and, where applicable, the Mandatory Provident Fund Schemes Ordinance (Cap. 485).
- 25. (1) By virtue of section 13 of the Ordinance, the Chief Executive in Council may review the scale of fares to be charged for the Bus Service and may determine and adjust such scale of fares upward or downward at any time and from time to time during the Franchise Period as he deems fit.

Revenue and expenditure

- (2) Without derogation from the provisions of section 13 of the Ordinance and the powers conferred on the Chief Executive in Council thereunder, in making recommendations to the Chief Executive in Council for him to determine the scale of bus fares under the provisions of section 13 of the Ordinance, the Commissioner may have regard, inter alia, to:
 - (a) changes in Gross Revenue and Service-Related Expenditure since the last fare adjustment;
 - (b) forecasts of future Gross Revenue, Service-Related Expenditure, and return on average net fixed assets which takes into account net profit or loss and borrowing costs after tax attributable to the Bus Service:
 - (c) the need to provide the Grantee with a reasonable rate of return:
 - (d) public acceptability and affordability;
 - (e) the quality and level of the public bus service provided by the Grantee; and
 - (f) changes in price of cost elements and improvement in productivity of the franchised bus industry.
- (3) In applying for an upward or downward adjustment to the fares applicable to its Bus Service, the Grantee shall take into account, inter alia, the factors specified in Clause 25(2)(a) to (f).

PART IV

MISCELLANEOUS

26. (1) When acquiring new buses and setting specifications for such acquisition, the Grantee shall, as far as reasonably practicable:

Environmentally friendly buses

- (a) adopt the latest commercially available and proven technologies to reduce noise emissions; and
- (b) acquire the most environmentally friendly buses in terms of vehicle exhaust emission (with the ultimate objective of acquiring zero emission buses), that are technologically proven and commercially available

taking into account feasibility in terms of operational and passenger service requirements and affordability for the Grantee and passengers.

- (2) The Grantee shall adopt, at such times and in such manner, such commercially available and proven technologies and products on its buses as the Commissioner may reasonably specify after consultation with the Grantee for the purpose of reducing exhaust and noise emissions in the operation of the Bus Service.
- 27. (1) The Grantee shall comply with all the provisions, stipulations and requirements set out in a Forward Planning Programme for the time being in force.

Forward Planning Programme

- (2) If the Grantee fails to comply with any of the provisions, stipulations and requirements contained in a Forward Planning Programme, the Grantee shall, within such time as may be specified by the Commissioner, submit a report to the Commissioner with full details and the reasons for such failure.
- 28. (1) The Grantee shall:
 - (a) provide to the Commissioner the information relating to and records kept by the Grantee in respect of the Bus Service in accordance with Schedule II; and
 - (b) provide and maintain at such times and in such manner as may be specified by the Commissioner, including without limitation electronic means to enable the Commissioner to at all times access and directly retrieve the information and records referred to under Clause 28(1)(a).

Operational records and information to be supplied to Commissioner

- (2) The Grantee shall without delay provide in writing to the Commissioner such information as he may from time to time reasonably require for the purpose of assessing the financial position of the Grantee, including without limitation:
- Financial information to be supplied to the Commissioner
- (a) accounting system manual and costing system manual used by the Grantee for the preparation of accounts for the Bus Service; and
- (b) procurement policies, procurement procedures and practice manual of goods and services relating to the Bus Service including but not limited to fuel, buses, spare parts, tyres and tubes, plant and machinery, repair and maintenance and cleaning services.
- (3) The Grantee shall provide in writing to the Commissioner with financial information for the purpose of assessing the financial position of the Grantee, including without limitation:
 - (a) annual audited financial statements prepared and certified by a Qualified Auditor within four months after the close of each accounting year;
 - (b) monthly management accounts (including profit and loss account, balance sheet and cashflow statement) in such form and manner as the Commissioner may specify within two months from the ending date of the period concerned or such longer period as the Commissioner may specify; and
 - (c) monthly report on the fuel price, fuel cost, fuel consumption, hedging contracts on fuel, in such form and manner as the Commissioner may specify, within two months from the ending date of the period concerned.
- (4) (a) Subject to the provisions of the Ordinance, this franchise and the accounting policies approved by the Commissioner under Clause 28(4)(b), the Grantee shall prepare and keep its accounts related to the Bus Service in accordance with the prevailing accounting standards and principles generally accepted in Hong Kong.
 - (b) The Grantee shall, not later than three months before the end of each accounting year, submit for the approval of the Commissioner the accounting policies governing the accounts of the Grantee which are related to the Bus Service in the form and manner as the Commissioner may specify. Such approval shall not be unreasonably withheld or delayed. The Grantee shall comply with such accounting policies as approved by the Commissioner for

keeping and preparing its accounts relating to the Bus Service. The Grantee shall not make any change to the accounting policies approved by the Commissioner hereunder without the prior written approval of the Commissioner. Such accounting policies are subject to the provisions of the Ordinance and this franchise, and unless agreed otherwise between the Grantee and the Commissioner, shall be in accordance with the prevailing accounting standards and principles generally accepted in Hong Kong.

- (5) Without prejudice to the generality of Clause 28(4), the Commissioner may give direction as to the criteria for apportionment of the Grantee's general administration costs between the Bus Service and the Grantee's other businesses.
- (6) The Grantee shall ensure that contracts that are material to the Bus Service shall be put out for Open Tendering as far as practicable. Where it is not practicable for Open Tendering, prior approval for not pursuing Open Tendering shall be sought from the Grantee's board of directors. The Grantee is also required to specify in any internal paper on procurement of services or goods or both whether or not the tenderers or suppliers and the Grantee are Related Parties.
- (7) The Grantee shall obtain approval from the Grantee's board of directors before awarding any contract that is material to the Bus Service to a Related Party of the Grantee save and except where such award is effected as a result of an Open Tendering process participated by any third party which is not a Related Party. In seeking the board of directors' approval to award a contract to a Related Party of the Grantee without going through an Open Tendering process, the Grantee shall, in so far as practicable, provide relevant information to satisfy its board with supporting evidence that the terms and conditions of the proposed contract are no less favourable to the Grantee than those in a contract which might otherwise be entered into with a third party which is not a Related Party of the Grantee.
- (8) The Grantee shall procure and provide to the Commissioner financial information on all transactions which are related to the Bus Service made between the Grantee and any Related Party of the Grantee on an annual basis within five months after the close of each accounting year or as the Commissioner may from time to time require.

29. (1) The Grantee shall keep separate accounts for the Bus Service and its other businesses. The accounts of the Grantee which are related to the Bus Service shall be audited annually by a Qualified Auditor and published for the information of the public, in such form and manner as the Commissioner may from time to time require, within five months after the close of each accounting year.

Publication of accounts and operational information

(2) The Grantee shall publish for the information of the public such records kept by the Grantee which are related to the Bus Service, in such form and manner as the Commissioner may from time to time require after consultation with the Grantee within five months after the close of each accounting year.

Notices

- 30. (1) Any notice in writing or other document to be given to the Grantee by the Chief Executive in Council, the Financial Secretary, the Secretary for Transport and Housing, the Government or the Commissioner under or in relation to this franchise may be given under the hand of any duly authorised officer of the Government and may be served by sending the same in a letter addressed to the registered office of the Grantee.
 - (2) Any notice in writing or other documents to be given to the Chief Executive in Council, the Financial Secretary, the Secretary for Transport and Housing, the Government or the Commissioner by the Grantee under or in relation to this franchise may be served by sending the same in a letter to the Commissioner.
- 31. All meetings of the board of directors of the Grantee shall be held in Hong Kong unless all the directors of the Grantee unanimously agree to have a meeting elsewhere.

Board meetings in Hong Kong

32. (1) Without derogation from any provisions of the Ordinance, this franchise will be subject to review at any time and from time to time by the Commissioner during the Franchise Period starting from and including 1 July 2021. For this purpose, the Grantee shall comply without delay with all reasonable requests by the Commissioner and afford such assistance and co-operation in all respects to facilitate the conduct of the review as the Commissioner may reasonably require.

Mid-term review

(2) Without prejudice to the generality of Clause 32(1) and any other provisions of this franchise, the Grantee shall, for the purpose of this Clause:

- (a) upon request by the Commissioner, provide without delay to the Commissioner such information as may be reasonably required; and
- (b) appoint a person with such qualification or experience as the Commissioner may from time to time require to examine such aspects of the Bus Service as he may reasonably direct.
- (3) During the period of such review, the Commissioner may consult with and receive written submissions or recommendations from such persons as he sees fit.
- 33. The Grantee shall publish its code on corporate social responsibility within six months from the Commencement Date and, annually thereafter:

Corporate social responsibility

- (a) publish the achievement of individual items contained therein; and
- (b) review and update its content for the purpose of continuous improvement.
- 34. The Grantee shall, throughout the Franchise Period, submit to the Commissioner annually a report prepared by a Qualified Auditor or a Certification Body certifying that the Grantee has put in place internal control systems and procedures which are adequate to enable, as far as practicable, the Grantee to measure and record, in all material respects, its operation statistics and other information to ensure that such statistics and other information which may be required by the Commissioner under the Ordinance or this franchise are accurate in all material respects and if the Qualified Auditor or Certification Body forms the view that those control systems and procedures are not adequate, the nature and extent of such inadequacies.

System audit

Dated this 28th day of March 2017

COUNCIL CHAMBER

Clerk to the Executive Council

SCHEDULE I Clause 22(1) Grantee's Undertaking (As at 1 July 2017)

1. Buses

(A)	Requirement		
		Operating Requirement	Number of Buses Required in Fleet
(i)	For operating the Bus Service	3,622	
(ii)	Total requirement for operating the Bus Service based on 92.5% availability		3,916

(B) The requirement for buses in paragraph 1(A) above will be represented by:

	Bus Fleet	Number	Average Age (Year)	Estimated Written Down Value (HK\$)	Nature of Interest
(1)	Single Deck air-conditioned	164	6.5	147,140,000	Wholly Owned
(2)	Double Deck				
	2-/3-axles air-conditioned	3,752	8.2	4,627,810,000	Wholly Owned
	Total fleet	3,916	8.1	4,774,950,000	

2.	Land and Buildings	Approx. Site Area (m²)	Estimated Written Down Value (HK\$)	Nature of Interest
(A)	Depots		266,700,000	
	(1) A depot at Tuen Mun TMTL 81	10,554		Leasehold for a term of years expiring on 30.6.2047

	(2)	A depot at Tuen Mun TMTL 82	10,880		Leasehold for a term of years expiring on 30.6.2047
	(3)	A depot at Shatin STTL 241	21,070		Leasehold for a term of years expiring on 30.6.2047
	(4)	A depot at Kowloon Bay NKIL 5801	21,470		Leasehold for a term of years expiring on 30.6.2047
	(5)	A depot at West Kowloon Reclamation KX 2536	23,300		Short term tenancy. Seven years certain from 10.2.2009 and thereafter quarterly
(B)	Bus	s Parking Areas		69,300,000	
	(1)	KX 877 Yuet Lun Street, Lai Chi Kok for bus parking	7,431		Short term tenancy. Three years certain from 1.4.1983 and thereafter quarterly
	(2)	STT 665 Area 4A, Sheung Shui for refueling and bus parking	14,250		Short term tenancy. One year certain from 1.10.1987 and thereafter quarterly
	(3)	STT 1342 Area 14, Tin Shui Wai for refueling and bus parking	10,900		Short term tenancy. Five years certain from 1.7.1995 and thereafter quarterly
	(4)	STT 981 Area 16, Tuen Mun for bus parking	20,000		Short term tenancy. Three years certain from 1.8.1998 and thereafter quarterly
	(5)	STT 1676 Area 13, Tin Shui Wai	2,180		Short term tenancy. Three

for bus parking		years certain from 23.10.2000 and thereafter quarterly
(6) STT 3683 K&T Area 16, Tsing Yi for refueling and bus parking	23,600	Short term tenancy. Three years certain from 1.8.2007 to 31.7.2010 and thereafter quarterly until 1.7.2017
(7) STT 1097 Dai Fuk Street, Tai Po for refueling and bus parking	18,700	Short term tenancy. Three years certain from 22.12.2000 and thereafter quarterly
(8) STT 1229 Fo Tan, Shatin for bus parking	9,170	Short term tenancy. Two years certain from 19.5.2003 and thereafter quarterly
(9) STT 2545 Wang Lok Street, Yuen Long for bus parking	3,670	Short term tenancy. Three years certain from 1.12.2011 and thereafter quarterly
(10) SX 4125 Area 26, Tseung Kwan O for refueling and bus parking	7,480	Short term tenancy. A term certain from 1.2.2012 to 1.7.2017 and thereafter quarterly
(11) STT 2575 Fuk Wang Street for refueling and bus parking	5,590	Short term tenancy. Five years certain from 19.2.2013 and thereafter quarterly or co-terminus with the franchise

(12) STT 2567 Wang Lee 4,170 Street for bus parking

Short term tenancy. Three years certain from 19.2.2013 and thereafter quarterly

3.

(AD)

(AE)

	nery and Equipment	Estimated Written Down Value (HK\$)	Nature of Interest
Machi	nery and equipment including:	23,200,000	Wholly Owned
(A)	Underground oil tank & lubricating equipment		
(B)	Air-conditioning plant		
(C)	Waste water treatment plant		
(D)	Motor tyre retreading machine		
(E)	Forklift truck		
(F)	Welding machine		
(G)	Mobile crane		
(H)	Folding machine		
(I)	Drilling machine		
(J)	Shearing machine		
(K)	Grinder		
(L)	Forklift		
(M)	Hot water cleaner		
(N)	Bandsaw machine		
(O)	Cutting machine		
(P)	Brake lining turning machine		
(Q)	Lathe		
(R)	Air operated lift table		
(S)	Pump test bench		
(T)	Air dryer		
(U)	Hydraulic scissor lift		
(V)	Post service lift		
(W)	Metal cleaning machine		
(X)	Tyre changer		
(Y)	Mobile column lift		
(Z)	Injector calibrator		
(AA)	Portable dynamometer		
(AB)	Hydraulic press		
(AC)	Electric stand stacker		
(1 5)	- 1: 0 1:		

Fame cooling system flushing

Parts cleaning machine

machine

	(AF) (AG) (AH) (AI) (AJ) (AK) (AL) (AM) (AN)	Air compressor, air controllers Auto fare collection equipment Spray booth Brake tester Engine dynamometer Gearbox test bench Smoke tester Recovery recycling system Electrical test bench		
4.	Other F	ixed Assets	Estimated Written Down Value (HK\$)	Nature of Interest
Otl	her fixed	assets including:		
	(A)	Other vehicles Water tankers Trucks Vans Training buses Patrol cars Private cars	16,100,000	Wholly Owned
	(B)	Computer equipment and software	37,900,000	Wholly Owned
	(C)	Furniture and other equipment	16,100,000	Wholly Owned
	(D)	Passenger facilities, termini and passenger shelters	16,800,000	Wholly Owned
	(E)	Octopus System	700,000	Wholly Owned
	(F)	Major motor vehicle components	165,000,000	Wholly Owned
5.	Others		Estimated Written Down Value (HK\$)	Nature of Interest
	Spare p	arts and stores	112,100,000	Wholly Owned

SCHEDULE II

Information and Records Relating to the Bus Service to be Kept and Provided by the Grantee under Clause 28(1)

<u>Item</u> <u>Records and Information</u>

- (a) the number of passengers carried on every day on each specified route.
- (b) the number of passengers boarding and alighting at bus stops and the occupancy of buses when leaving each of the stops at hourly interval on each specified route as collected by surveys or any other means as the Commissioner may specify after consultation with the Grantee. For the purpose of this Clause, the Grantee shall collect such information at least once in each year on a weekday, other than a public holiday or a day on which the storm signal Number 8 (or higher) or a black rainstorm warning is issued.
- (c) the number of passengers and the occupancy of buses when leaving such stops at half-hourly interval on any of the specified routes as the Commissioner may specify.
- (d) the number of buses in use on each specified route on every day and the carrying capacity of each of such buses for the purpose of or in connection with this franchise.
- (e) the journey time for journeys between terminal points on each specified route as reflected from the survey hereinafter mentioned. For the purpose of this Clause, the Grantee shall conduct surveys at such times and in such manner as the Commissioner may specify.
- (f) (i) the scheduled and actual departure time of each journey on every day on each specified route, where the scheduled departure time refers to the time when the journey departs from the terminus in accordance with the Schedule of Service of each specified route; and
 - (ii) the actual departure time of adjusted journey departs from the designated stop.
- (g) the number of scheduled journeys, actual journeys and additional journeys operated by the Grantee on every day on each specified route in each of the periods of a day specified by the Commissioner, where the number of scheduled journeys refers to the number of journeys that shall be operated by the Grantee in accordance with the Schedule of Service of each specified route.
- (h) the number of scheduled journeys that the Grantee fails to operate on every day on each specified route due to vehicle breakdown, vehicle shortage, driver shortage, traffic congestion, accidents, inclement weather, public events, redeployment of buses and others, or any other categorisation of reasons as specified by the Commissioner.
- (i) the carrying capacity and technical specifications of buses kept by the Grantee for the

- purpose of or in connection with this franchise in each calendar month.
- (j) the number of buses of each bus type and other vehicles used and the number of buses ordered by the Grantee for the purpose of or in connection with this franchise in each calendar month.
- (k) the number of journeys and total kilometres travelled with breakdowns of revenue-generated kilometres and non-revenue-generated kilometres on each specified route on every day.
- (l) the number of bus driver duties scheduled to operate all specified routes in accordance with the Schedule of Service on a day required by the Commissioner and the percentage of bus drivers, selected on the sample size as specified by the Commissioner, in compliance with the guidelines on arrangements in relation to working hour and rest time of bus drivers issued by the Commissioner after consultation with the Grantee.
- (m) the number of bus drivers at the end of each calendar month required and available to operate all specified routes in accordance with the Schedule of Service; and the surplus or shortage of bus drivers.
- (n) the total number of bus drivers resigned, retired, separated with other reasons, newly recruited and re-employed in each calendar month.
- (o) the daily receipts from the passengers carried on every day on each specified route.
- (p) the maintenance schedule of the buses.
- (q) the maintenance schedule of other vehicles and inventory of stores.

For discussion on 15 January 2016

Legislative Council Panel on Transport

New Franchise for Bus Network of The Kowloon Motor Bus Company (1933) Limited

PURPOSE

This paper informs Members of the Government's plan to engage The Kowloon Motor Bus Company (1933) Limited ("KMB") for discussion on the granting of a new 10-year franchise for its bus network upon expiry of the current one on 1 July 2017. Members' views are invited on the requirements of the new franchise.

BACKGROUND

- 2. At present, there are five grantees operating six bus franchises¹ in Hong Kong. The current franchise of KMB commenced on 1 August 2007 and will expire on 1 July 2017. KMB has indicated an interest to apply for a new 10-year franchise upon the expiry of the existing one.
- 3. Under section 5 of the Public Bus Services Ordinance ("the Ordinance") (Cap. 230), the Executive 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 years². Section 12 of the Ordinance prescribes that a grantee of a bus franchise is required to maintain a proper and efficient public bus service to the satisfaction of the Commissioner for Transport ("the Commissioner") at all times during the franchise period.

The five grantees are KMB, Citybus Limited, New World First Bus Services Limited, Long Win Bus Company Limited and New Lantao Bus Company (1973) Limited. Citybus Limited is operating two franchises, one for the Hong Kong Island and cross-harbour bus network and the other for the Airport and North Lantau bus network.

If the Government has yet to decide on the long-term arrangements for a franchise, the Executive Council may extend an existing franchise for a further period not exceeding two years as a buffer. Meanwhile, a grantee may request and the Executive Council may extend an existing franchise for a further period not exceeding five years.

- 4. The Government's key consideration in granting a bus franchise is whether an operator is capable of providing a proper and efficient public bus service. According to the established practice, an incumbent operator which 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. As franchised bus operation is capital and investment intensive, a longer franchise period (say, 10 years) would facilitate a grantee's long-term planning and service development. These include
 - (a) operating certain loss-making but socially desirable routes on broader considerations over the long term;
 - (b) securing more favourable terms on financing to reduce operating costs and hence pressure to increase fare;
 - (c) being more resilient to business risks brought about by short-term market volatility; and
 - (d) providing a more stable working environment for its staff as bus industry is also labour intensive.

The aforesaid factors are conducive to ensuring the provision of a proper and efficient service to passengers.

5. To evaluate whether a grantee is providing a proper and efficient service, the Transport Department ("TD") has all along been reviewing the grantee's performance regularly through passenger satisfaction surveys, site surveys, vehicle inspections, examination of regular returns and feedback from the public, etc. The assessment on the performance of KMB is set out in paragraphs 6 to 13 below.

ASSESSMENT

(A) Service Performance and Operational Efficiency

6. As at end September 2015, KMB was operating 374 bus routes using 3 874 buses. Between August 2007 (commencement of its existing franchise) and September 2015 –

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- (a) the average lost trips rate³ of KMB was 4.0%, higher than the overall industry average of 3.4% during the same period. In view of relatively higher lost trip rates in 2011 (8.0%) and 2012 (4.6%), KMB has implemented a series of improvement measures. The implementation of such measures had brought the lost trip rate down to 2.8% in 2013 and 2.6% in 2014⁴. In the first three quarters of 2015, KMB's lost trip rate was at a low level of 1.4%, which was slightly better than the industry average of 1.5%;
- (b) the average number of complaints against KMB per million passengers received by the Transport Complaints Unit under the Transport Advisory Committee was 2.69, lower than the overall industry average of 3.44 during the same period;
- (c) the average number of KMB buses involved in accidents per million vehicle-kilometre travelled was 2.95, lower than the overall industry average of 4.16 during the same period; and
- (d) on the environment front, KMB's fleet has met the prevailing EURO emission standards at those times when they were purchased (currently set at EURO V emission standards). In addition, with funding support from the Government, KMB launched a trial involving three hybrid buses in late 2014 and will start another trial involving 18 single-deck electric buses (including eight supercapacitor buses and 10 battery-electric buses) progressively starting from the first quarter of 2016. Both trials will last for two years.
- 7. The average daily patronage of KMB decreased from about 2 762 000 passenger journeys in 2007 to about 2 632 000 passenger journeys in the first three quarters of 2015, representing a drop of about 5%. In tandem with the patronage drop, its fleet size decreased by about 4%, from 4 027 buses to 3 874 buses during the same period. Under the Ordinance, a grantee has to submit its five-year Forward Planning Programme ("FPP") on an annual basis. FPP includes proposals for service improvement and rationalisation, as well as vehicle purchase and replacement programme. Since 2013, KMB has pursued proposals of service rationalisation with greater

This refers to the percentage of trips not meeting the number as agreed with TD over the total number of trips.

The Occupy Movement protest which happened in the fourth quarter of 2014 had impacted on the service and frequency of franchised bus service. We have excluded the data of that quarter in the calculation of lost trip rates to eliminate such impact.

- 4 -

vigour. An "Area Approach" is adopted to review its bus service holistically for a district as a whole, with a view to maximising the overall benefits for the district. Between August 2007 and September 2015, KMB acquired a total of about 1 510 new buses⁵, implemented 247 service improvement⁶ items and 304 service rationalisation⁷ items to enhance service and network efficiency. According to its latest FPP (covering the period of 2016 to 2020), KMB plans to further acquire a total of about 1 680 new buses (amounting to around 40% of its bus fleet) to replace its old buses and further improve its bus service. As at September 2015, close to 90% of KMB's fleet are low-floor buses for the convenience of wheelchair passengers. KMB is expected to operate with a fully low-floor bus fleet by mid-2017.

(B) Safety and Service Enhancement Measures

- 8. KMB has all along been taking measures to further enhance safety. For example, KMB has
 - (a) fully implemented a new set of working hour and rest time arrangements for the bus captains since the fourth quarter of 2012. This provides the bus captains with longer rest time when they are on duty. For example, the time that a bus captain spends at a terminal point preparing for the next departure will not be regarded as rest time. The break between successive working days is increased from not be less than 9.5 hours to not less than 10 hours;
 - (b) strengthened bus captains' driving skills, improved their driving attitude and enhanced their safety awareness by providing enhancement, refresher and remedial training courses on safe driving;
 - (c) required bus captains aged 50 years or above to undergo annual health checks. Those aged 60 or more have to undergo an electrocardiogram ("ECG") as well. With effect from August 2013, bus captains of 50, 54 and 57 years old also have to undergo an ECG during their annual health checks; and

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⁵ These include the replacement of old buses and purchase of new additional buses.

Service improvement items mainly include introduction of new routes, frequency enhancement, extension of service hours and extension of routeing.

Service rationalisation items mainly include route cancellation, frequency reduction, route truncation and re-routeing.

- (d) completed the retrofit of black boxes and speed limiters on all buses to facilitate the monitoring of bus captains' driving performance.
- 9. To further enhance service standards, KMB has implemented a number of measures for continuous improvement on service quality during the current franchise period. They include:
 - (a) provision of real-time bus arrival information through mobile phone application and website, as well as by showing the information on display panels at major bus stops and bus interchanges (see also paragraph (b)(i) below);
 - (b) enhancement of passenger facilities at bus termini/stops and bus interchanges, including:
 - (i) as at September 2015, installation of a total of 182 display panels to at major bus termini/stops and bus interchanges⁸ to show the estimated bus departure time or real-time arrival information;
 - (ii) provision of conspicuous bus route maps, seats and free Wi-Fi at major bus termini/stops and bus interchanges;
 - (iii) set up customer service centres at nine major locations⁹; and
 - (c) installation of bus stop announcement system inside the compartment of all its buses.
- 10. As at end September 2015, KMB was offering 171 bus-bus interchange ("BBI") concession schemes. Of these, 143 schemes were offered solely by KMB. The remaining 28 scheme were jointly offered by KMB and another franchised bus company. These concession schemes cover 283 routes (amounting to about half of all bus routes in Hong Kong). In general, with the

They include Tuen Mun Road Bus Interchange, Tai Lam Tunnel Bus Interchange and Tsing Sha Highway Bus Interchange.

They include customer service centres at Cross Harbour Tunnel Bus Interchange, Tsim Sha Tsui Star Ferry Pier Public Transport Interchange ("PTI"), Mei Foo PTI, Lam Tin Station Bus Terminus ("BT"), Tuen Mun Town Centre (Tuen Mun Heung Sze Wui Road) BT, Sha Tin Central BT, Tsuen Wan Station PTI, Tin Shui Wai Tin Heng Estate PTI and Tai Lam Tunnel Bus Interchange (Yuen Long bound).

BBI concession, passengers may take the trip of lower fare free of charge. Separately, since August 2012, KMB has been participating in the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities funded by the Government. Under the scheme, elderly passengers and eligible persons with disabilities may ride on KMB's routes at a concessionary fare of \$2 per trip¹⁰.

(C) Public Opinions on Bus Services

- 11. TD and the operators conduct regular passenger satisfaction surveys to gauge passengers' opinions on their bus service. The findings of the passenger satisfaction surveys are used as the basis for TD and the bus operators to monitor service performance, keep track of passenger satisfaction, and identify areas for improvement.
- 12. Further, TD commissioned a consultancy firm to conduct an independent survey in November 2015 to collect passengers' overall opinions on KMB's bus service. The results show that 85% of the respondents are satisfied with the overall service quality. Survey findings are summarised at **Annex A**.

(D) Financial Performance

13. According to the franchise requirements, all grantees have to publish a booklet of "Fuller Disclosure" annually to present their operational and financial information over the past year. Information on the financial performance of KMB during its current franchise period is at **Annex B**.

NEW FRANCHISE

14. Based on the assessment in paragraphs 6 to 13 above, the Commissioner is of the view that KMB has all along been providing a proper and efficient bus service and is willing to continue to invest for further enhancement of the bus service. Meanwhile, KMB has indicated an interest to apply for a new 10-year franchise as mentioned in paragraph 2 above. Taking all things into account, the Government plans to discuss with KMB on a new 10-year franchise so that KMB can continue to operate its existing bus network. The new franchise will take effect immediately upon expiry of the current one in 2017. We shall also invite views from the public on the requirements of the new franchise (see paragraph 16 below).

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¹⁰ Excluding racecourse routes.

Although KMB has in-principle indicated an interest to continue to provide franchised bus service, the operating environment of the bus industry in the foreseeable future will continue to be rather difficult owing to rising operating costs (especially staff costs) and keen competition from other public transport modes. The market share of franchised buses will shrink in the coming few years upon the completion and opening of new railway lines¹¹. A grantee has to actively rationalise its existing service to reduce wastage and explore new service areas in response to public demand so as to maintain the overall sustainability of its operation. The Government would strive for the most favourable franchise terms for the public as far as possible in a pragmatic manner. We aim to conclude the discussion with KMB within 2016 and will brief this Panel.

PUBLIC CONSULTATION

16. The Government plans to invite views from the public on the requirements of the new franchise for the bus network of KMB in the first quarter of 2016. The relevant information will be uploaded to the websites of the Transport and Housing Bureau and TD as well as the Public Affairs Forum website of the Home Affairs Bureau for reference by and comments from the public. Besides, TD will invite views from the Traffic and Transport Committees of all District Councils.

ADVICE SOUGHT

17. Members are invited to note the Government's plan to engage KMB for discussion on the granting of a new franchise, and are welcome to offer views on the requirements of the new franchise.

Transport and Housing Bureau Transport Department January 2016

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Including the Kwun Tong Line Extension, South Island Line (East) and Shatin-Central Link.

Transport Department

Passenger Opinion Survey for The Kowloon Motor Bus Company (1933) Limited

- Summary of Survey Results -

Conducted and Prepared by



December 2015

Background & Objective

In order to collect views on the performance of the Kowloon Motor Bus Company (1933) Limited ("KMB"), the Transport Department has commissioned the Mercado Solutions Associates Limited ("MSA") to conduct passenger opinion survey via telephone in November 2015.

The Survey

The target population is the regular passengers aged 12 or above who take KMB at least once a week. In order to ensure the findings of the survey are representative, a random sample of household telephone numbers were selected. Within the selected households, all individuals aged 12 or above who used the service of KMB at least once a week were listed. After that, one target respondent of the selected household would be randomly picked by a random selection process.

The questionnaire includes eight core questions covering the following aspects of the service performance:

- (1) Overall quality of service
- (2) Level of comfort of buses
- (3) Facilities on buses
- (4) Passenger information
- (5) Reliability of bus services
- (6) Driving performance of bus drivers
- (7) Service attitude of bus drivers or staff
- (8) Performance of the bus on environmental protection

The respondents were asked to rate their satisfaction level on each service aspect in a five-point scale of (i) Very satisfied (ii) Satisfied (iii) Dissatisfied (iv) Very dissatisfied (v) No comment.

In total, 2,600 individuals were successfully interviewed during the survey period between 11 and 30 November 2015, representing an overall response rate of 82.1%.

Survey Results

1. Overall speaking, 85.1% of the respondents indicated that they were very

satisfied/satisfied with the overall quality of the service provided by KMB. The percentage was much higher than the 14.9% who were dissatisfied/very dissatisfied.

- 2. 85.5% of the respondents indicated that they were very satisfied/satisfied with the level of comfort of the buses of KMB. The percentage was much higher than the 13.5% who were dissatisfied/very dissatisfied.
- 3. 90.8% of the respondents indicated that they were very satisfied/satisfied with the facilities on the buses of KMB. The percentage was much higher than the 8.3% who were dissatisfied/very dissatisfied.
- 4. 81.2% of the respondents indicated that they were very satisfied/satisfied with the passenger information provided by KMB. The percentage was much higher than the 14.6% who were dissatisfied/very dissatisfied.
- 5. 63.6% of the respondents indicated that they were very satisfied/satisfied with the reliability of bus services of KMB. The percentage was higher than the 35.5% who were dissatisfied/very dissatisfied.
- 6. 87.7% of the respondents indicated that they were very satisfied/satisfied with the driving performance of KMB. The percentage was much higher than the 11.0% who were dissatisfied/very dissatisfied.
- 7. 89.0% of the respondents indicated that they were very satisfied/satisfied with the service attitude of drivers or staff of KMB. The percentage was much higher than the 9.0% who were dissatisfied/very dissatisfied.
- 8. 73.3% of the respondents indicated that they were very satisfied/satisfied with the performance of the buses of KMB on environmental protection. The percentage was higher than the 19.9% who were dissatisfied/very dissatisfied. For information, 6.8% of the respondents indicated "No comment".

 $\underline{\underline{Annex\;B}}$ Financial performance of KMB under the current franchise

Accounting Year	Average Daily Patronage (passenger journeys)	Total Revenue (\$ million)	Total Cost (\$ million)	Profit / Loss after Tax (\$ million)
2007	2,762,000	6,008	5,769	239
2008	2,695,000	6,163	6,060	104
2009	2,644,000	5,964	5,534	431
2010	2,594,000	5,991	5,695	296
2011	2,565,000	6,091	6,053	38
2012	2,576,000	6,178	6,221	-43
2013	2,610,000	6,388	6,401	-12
2014	2,617,000	6,534	6,329	205

For discussion on 21 June 2016

Legislative Council Panel on Transport

New Franchise for Bus Network of The Kowloon Motor Bus Company (1933) Limited

Report on the Public Consultation on the New Franchise

Purpose

The Government invited the public to offer views on the requirements of the new franchise for the bus network of The Kowloon Motor Bus Company (1933) Limited ("KMB"). This paper briefs Members on the views received.

Background

2. The current franchise of the bus network of KMB will expire on 1 July 2017. At the meeting of this Panel on 15 January 2016, Members had no objection to the Government's plan to engage KMB for discussion on the granting of a new franchise. Members also noted the Government's plan to invite views from the public on the requirements of the new franchise.

Public Consultation

- 3. Public consultation took place between 26 January and 18 April 2016. The consultation document was uploaded to the websites of GovHK, Transport and Housing Bureau, Transport Department ("TD") and Public Affairs Forum of the Home Affairs Bureau. Press releases inviting views from the public were issued on 26 January and 5 April 2016. Moreover, TD invited views from members of the Traffic and Transport Committees ("TTC") of all District Councils ("DCs") and at their invitation, attended the meetings of two TTCs¹.
- 4. A total of 135 submissions were received during public consultation. 27 of them were from DCs, different political parties, individual members of the Legislative Council and DCs, as well as various groups. The remaining 108

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¹ They are TTCs of Sham Shui Po and Tsuen Wan DCs.

submissions were from individual members of the public. The major comments received during public consultation are summarised at <u>Annex</u>. They fall under the following five major categories:

- (a) **Service quality** to suggest that KMB improve passenger facilities at major bus stops, provide free Wi-Fi in buses and enhance reliability of real-time bus arrival information. Comments on the audio-visual broad casting system installed on board were also received.
- (b) **Fare arrangements** to suggest that KMB provide more fare concessions of various kinds.
- (c) **Staff management** to suggest that KMB provide more guidelines and training for its bus captains on improving their driving behaviour and attitude towards passengers, and improve the welfare and rest facilities for its frontline staff.
- (d) **Environmental initiatives** to suggest that KMB use buses that are more environmentally-friendly and better maintain its buses to reduce exhaust and noise emissions.
- (e) **Government regulation** to suggest that the Government strengthen regulation over KMB's bus service and monitoring of the financial arrangements in respect of non-fare box revenue.

Next Step

5. The discussion with KMB on the new franchise will soon commence. During the discussion, we will take into full consideration comments canvassed through the consultation. It is worth noting that the operating environment of the bus industry in the foreseeable future will continue to be rather difficult. Competition from other public transport services will continue and may even intensify. Staff cost will continue to rise (the average annual increase in the salaries of KMB's staff since the commencement of the current franchise in August 2007 is about 3.6% and the cumulative increase comes to 32%). Moreover, the market share of franchised buses will shrink in the coming few years upon the opening of new railway lines². Currently, about 60% of KMB's routes are loss-making and only about 40% is profitable. In face of

They include the Kwun Tong Line Extension, South Island Line (East) and Shatin-Central Link.

these challenges, KMB has to actively rationalise its existing service to reduce wastage and explore new service areas in response to passenger demand in order to maintain the overall sustainability of its operation. The Government would do its utmost to seek the best possible franchise terms for the public, in a pragmatic manner. We aim to conclude the discussion with KMB within 2016 and will brief this Panel on the outcome.

6. Members are invited to note this paper.

Transport and Housing Bureau Transport Department June 2016

Major Comments Received during Public Consultation

A. Service quality

1. <u>Passenger facilities</u>

- (a) to enhance the passenger waiting environment at bus stops, termini and major bus-bus interchanges ("BBIs") (such as by provision of seating facilities and free Wi-Fi, provision of directional signs with better design, and improvement of ventilation and appearance);
- (b) to provide free Wi-Fi in buses;
- (c) to enhance the accuracy and reliability of the bus stop announcement system;
- (d) to provide suitable facilities to allow carriage of bicycles on buses¹;
- (e) to make the bus ride more comfortable (such as by the use of passenger seats with better design, improvement of ventilation system to cater for temperature changes and avoidance of blocking of natural lighting by bus body advertisement);
- (f) to procure more buses and buses of larger carrying capacity;
- (g) to provide an option to turn off the volume of the audio-visual broadcasting system (the "AV System") on buses and improve the content and quality of the programmes/airtime for advertisements. There were also comments that the AV System should not be retained²; and

KMB already allows carriage of foldable bicycles on buses as long as such bicycles are properly folded and will not cause hazard to other passengers.

In view of the comments received during public consultation, TD is actively working with KMB on improvement measures to be taken. The outcome will be made public. According to the Public Bus Services Ordinance and franchise conditions, revenue from advertisements shall be regarded as non-fare box revenue and shall be included in the franchise account. Non-fare box revenue helps relieve the pressure for fare increase. At present, a quiet zone has to be designated at the rear end of the lower deck of a bus. The sound volume of the AV System should be set to a level close to the ambient level, with a difference of no more than 2dB. There is also restriction over the airtime allocated for advertisements. A bus company is required to arrange regular checks on the sound volume of the AV System and submit reports to TD. TD also arranges spot checks from time to time. In addition, a bus company has to collect passengers' views on the AV System regularly and make improvement as necessary.

(h) to use barrier-free and elderly friendly bus facilities (including low-floor buses).

2. <u>Passenger information</u>

- (a) to enhance reliability of real-time bus arrival information and provide more information (such as vehicle registration number);
- (b) to provide more real-time information (such as information on traffic conditions and weather through display panels at bus stops and on buses);
- (c) to open up bus arrival data to third parties for development of software and applications³;
- (d) to provide more details about the BBI schemes; and
- (e) to provide information about the number of vacant seats on upper deck⁴.

3. Bus operation

- (a) to deploy buses more flexibly to maintain service during service disruption and temporary suspension;
- (b) to provide more bus interchanges; and
- (c) to convert jointly-operated cross-harbour routes into solely-operated ones.

4. Bus safety

- (a) to monitor bus captains' driving behavior more closely; and
- (b) to improve safety facilities on buses (such as by installation of additional horizontal bars on exit doors and at front windows on upper deck, as well as the use of stronger materials to build the bus

Same as other public transport services, franchised bus service is provided by the operators in accordance with commercial principles. The development and operation of real-time bus service information systems by the bus companies is for the purpose of service enhancement. As in the case of other service-related facilities, the bus companies have put in substantial resources in developing and operating the systems. The data are private property of the bus companies and pertain to their commercial operation. Disclosure of data for use by third parties free of charge would require consent of the bus companies.

⁴ KMB is studying the feasibility to provide information on the number of vacant seats on upper deck.

body).

B. Fare-related arrangements

1. More fare concessions

- (a) to provide more BBI schemes;
- (b) to provide more section fares;
- (c) to introduce new fare reduction schemes (such as monthly pass, discount for same day return, fare saver, and concessionary fares for specific passenger groups (such as students and passengers aged 60 to 64));
- (d) to narrow the fare differential between the section fare of cross-harbour routes after crossing the harbour and that of parallel local routes⁵:
- 2. to introduce a distance-based fare system or two-way section fares; and
- 3. to review the fare adjustment arrangement and passenger reward arrangement, and set up a fare stabilisation fund.

C. Staff management

- 1. to provide more guidelines and training for bus captains to improve their driving behaviour and attitude towards passengers; and
- 2. to improve staff welfare and rest time arrangements, and provide more rest facilities for frontline staff.

D. Environmental initiatives

- 1. to expedite the replacement of buses and use buses which are more environmentally-friendly (such as hybrid or electric buses);
- 2 to ensure that compartment temperature is properly adjusted; and

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TD is exploring with the three bus companies operating cross-harbour routes (i.e. KMB, Citybus Limited and New World First Bus Services Limited) a proposal to narrow the fare differential between cross-harbour routes after crossing the harbour and non-cross harbour routes. The target is to launch a small-scale trial scheme on some cross-harbour routes in the fourth quarter of this year.

3. to do a better job on vehicle maintenance for the bus fleet.

E. Government regulation

1. comments are received on franchise arrangements (including views which object or support the discussion with KMB on a new franchise; suggest opening all or part of KMB's bus network to bring in competition⁶; suggest a shorter or longer franchise period, and suggest a more detailed assessment on KMB's performance).

2. <u>Financial monitoring</u>

- (a) to require advertisement revenue be included in the franchise account and better regulation of related-party transactions;
- (b) to require profits generated from sale of property/land be included in the franchise account; and
- (c) to require fuel expenses be shown in the franchise account.

3. Bus service performance

- (a) to introduce a penalty and reward system in respect of service performance;
- (b) to strengthen regulation of service frequency; and
- (c) to allow pets on buses.

F. Grantee's public engagement measures

1. to improve communication with passengers or set up task groups to allow public participation in route planning and daily monitoring of bus

The TTC of Shatin DC passed a motion to urge the Government to seriously consider opening up the bus franchise and introducing competition with a view to enhancing service quality and setting more competitive fares. In this regard, as we pointed out in our paper to the Legislative Council in January 2016, the Commissioner for Transport was of the view that KMB had all along been providing a proper and efficient bus service based on its service performance and operational efficiency, safety and service enhancement measures, public opinions on bus service and financial performance; KMB was also willing to continue to invest for further enhancement of the bus service and indicated an interest to apply for a new 10-year franchise. Taking all factors into account, the Government is prepared to engage KMB for discussion on the granting of a new 10-year franchise so that KMB can continue to operate its existing bus network.

operation; and

2. to respond to public complaints and enquiries more expeditiously.

For discussion on 20 January 2017

Appendix G(3)

Legislative Council Panel on Transport

New Franchise for the Bus Network of The Kowloon Motor Bus Company (1933) Limited

PURPOSE

The current franchise for the bus network of The Kowloon Motor Bus Company (1933) Limited ("KMB") will expire on 1 July 2017. The Government had briefed Members of the Legislative Council ("LegCo") Panel on Transport ("the Panel") on matters concerning the granting of a new franchise twice, in January and June 2016 respectively. Members took note of the Government's plan to engage KMB for discussion on the granting of a new 10-year franchise, and offered views on areas relating to service quality and fares, etc. of the new franchise for the Government to follow up with KMB in the discussion. The discussion has largely been concluded. This paper briefs Members on the discussion outcome and the next steps.

BACKGROUND

- 2. Under the Public Bus Services Ordinance ("the Ordinance") (Cap. 230), the Executive Council may grant to a registered company a franchise conferring the right to operate public bus service for a period not exceeding 10 years. A grantee is required to maintain a proper and efficient public bus service to the satisfaction of the Commissioner for Transport during the franchise period. According to the established practice, a grantee which 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 the granting of a franchise for a period of 10 years.
- 3. As KMB has all along been providing proper and efficient bus service and is willing to continue to invest in further service enhancement, the Government briefed the Panel in January 2016 on the plan to engage KMB for discussion on the granting of a new 10-year franchise for its bus network. The Government also conducted public

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consultation to canvass views on the requirements of the new franchise thereafter from January to April 2016, and provided an update to the Panel on the major views canvassed in June 2016. The Panel did not object to the Government's plan to engage KMB for discussion on the granting of a new 10-year franchise, and offered views for the Government to follow up with KMB in the discussion. The Government expressed that it would strive for the most favourable franchise terms for the public as far as possible in a pragmatic manner, and would report to the Panel the outcome upon conclusion of the discussion with KMB.

4. The discussion with KMB on the new 10-year franchise commenced in the third quarter of 2016. We have actively followed up with KMB on various issues raised by the public and the Panel in the course of discussion. Please refer to **Annex A** for details.

CONDITIONS & COMMITMENTS OF THE NEW FRANCHISE

5. The Government has engaged KMB for discussion on the new 10-year franchise and made good progress. The work has largely been completed. In the course of discussion on the new franchise, we noted that the operating environment of KMB had come under mounting pressure since the commencement of KMB's current franchise in 2007 owing to rising operating cost (especially staff cost¹) and competition from other public transport services. The opening of new railway lines has also affected the prospects of KMB's operation to a certain extent. For instance, following the commissioning of the Kwun Tong Line Extension in October 2016, the overall patronage on KMB's bus routes serving Whampoa and Ho Man Tin has dropped by around 10% in the first month of the new railway's operation. Looking ahead, as the Shatin to Central Link (which is expected to come into operation by two phases in 2019 and 2021) as well as the three priority railway projects under the Railway Development Strategy 2014 (namely Northern Link and Kwu Tung Station, Tuen Mun South Extension and East Kowloon Line) will all be within the service catchment of KMB's network, KMB's market share in public transport services is expected to further shrink. Meanwhile, KMB has expressed that the ageing population is leading to rising long-term financial burden and exerting pressure on its fare

The cumulative increase in the salaries of KMB's staff since August 2007 is around 38%, i.e. around 3.6% per annum on average.

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revenue². With the bus replacement cycle entering its peak in the coming years, it is anticipated that KMB shall make a substantial investment of about \$3.8 billion in replacing its bus fleets in the coming five years.

- 6. Franchised bus services are regulated pursuant to the Ordinance, under which the Government may grant franchises for the provision of bus services. Generally speaking, generic and long-lasting requirements would be set out as franchise clauses, while specific initiatives or objectives required to be achieved within a certain timeframe are set out in terms of commitments. According to the established practice, the Government would request a grantee to take on board franchise clauses and commitments of the most recently granted franchises, and would introduce new franchise clauses and commitments as appropriate, having regard to the changing circumstances as well as the operating situation of an individual grantee and passenger demand.
- 7. The most recently granted franchises are those granted to Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour Bus Network) ("Citybus (Franchise 1)") and New Lantao Bus Company (1973) Limited ("NLB") in 2015. KMB has agreed to fully take on board the new clauses as well as the new commitments on enhancement to services and facilities made under these two franchises. Please refer to **Annex B** for details.
- 8. The outcome of the discussion with KMB on issues of particular interest to the Panel and the public is summarised in the ensuing paragraphs.

Since 1993, franchised bus companies have offered concessionary half fares to elderly passengers through the Elderly Concessionary Fare Scheme ("ECFS"). Under the ECFS, franchised bus companies are exempted from the annual vehicle licence fees and receive reimbursement of rentals paid in respect of government land so as to facilitate them to introduce, or continue to offer, fare concessions to the elderly. Franchised bus companies shall absorb the fare revenue forgone which cannot be offset by the subsidy. Under the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (i.e. the "\$2 Scheme") introduced in 2012, the franchised bus companies still have to absorb any fare revenue forgone arising from the provision of fare concessions for the elderly under the ECFS (i.e. the difference between full fare and the concessionary half fare), while the Government will only reimburse the difference between the \$2 fare and the concessionary half fare to the franchised bus companies. With the ageing population and growing number of elderly passengers, the financial burden borne by KMB for the provision of fare concessions to the elderly has kept on rising even after netting out government subsidies. amount of fare revenue forgone borne by KMB in 2015 was about \$310 million. KMB expects that such amount will continue to rise progressively over the next decade.

Service Quality

- 9. KMB has put in much effort over the past few years to enhance the service quality on various fronts. In terms of service reliability, KMB's overall lost trip rate has gradually decreased from the peak level of 8.0% in 2011 to 1.6% in 2016 (up to November). Moreover, KMB has made available real-time bus arrival information for all of its regular routes to passengers through smartphone applications and website, in addition to a total of some 450 display panels at major bus termini, bus stops and bus interchanges. KMB will further enhance its service quality under the new franchise in a bid to satisfy passengers' needs. The major new measures include
 - (a) Offering free Wi-Fi service in bus compartments: KMB will set up Wi-Fi service in around 500 buses per year, and a total of around 2 000 buses (about half of KMB's fleet) will be equipped with Wi-Fi service in phases by end-2020. The Wi-Fi service will be available for use by passengers free of charge. In order to optimise the use of the buses equipped with free Wi-Fi service, KMB will flexibly deploy these buses to operate on long-haul routes or routes with higher patronage to meet passengers' needs as far as possible;
 - (b) Enhancing ancillary facilities and passenger waiting environment: KMB will upgrade passenger facilities at highly-utilised bus termini and bus interchanges progressively throughout the period of the new franchise, such as setting up customer service kiosks, providing passengers with free Wi-Fi service, route enquiry service and Octopus card value-adding service, as well as providing passenger toilets subject to individual site conditions;
 - (c) <u>Upgrading ancillary facilities at bus stops and setting up more shelters</u>: The Government announced last year to provide subsidy to franchised bus companies (including KMB) for expediting their installation of real-time bus arrival information

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display panels and seats at covered bus stops³. preparatory work for the scheme is progressing well. expected that all existing and suitable covered bus stops of KMB will be equipped with seats and/or display panels by 2019-2020. Furthermore, KMB will erect or refurbish 20 shelters each year throughout the franchise period (i.e. a total of 200 shelters over the 10-year period of the new franchise). KMB will also explore alternative means to erect shelters at bus which have been constrained by the physical stops To improve the passenger waiting environment environment. and for passengers' convenience, KMB will equip all new shelters with seats and real-time bus arrival information display panels wherever practicable;

- (d) Partnering with "Hong Kong eTransport" to provide real-time arrival information: KMB will partner with the Transport Department ("TD") to provide new features in TD's "Hong Kong eTransport" smartphone application and website so as to provide convenience to users to obtain real-time arrival information of KMB's routes. We expect to introduce the new hyperlink function within the first half of 2017. TD is also discussing similar partnerships with other franchised bus companies;
- (e) Providing information on seat vacancy of the upper deck: KMB will conduct a trial by making use of suitable technology, through which passengers in the lower deck of the bus compartment will be given information on seat vacancy of the upper deck. This will reduce unnecessary passenger movements between the two decks. Subject to the trial's outcome, KMB will provide the same on more buses progressively; and

The expenditure of the subsidy scheme is estimated at around \$88 million for franchised bus companies to install display panels at around 1 300 covered bus stops with electrical installations and to install seats at around 2 700 covered bus stops. For real-time arrival information display panels, the Government will provide subsidy to franchised bus companies for their installation of the display panels at covered bus stops with electrical installation on a matching basis, i.e. for every display panel (inclusive of the protective case and data receiver) which a franchised bus company has committed to install, the Government will provide funding for the installation of another display panel. As regard seats, franchised bus companies will receive subsidy for installing seats at covered bus stops currently without seats. Franchised bus companies shall remain responsible for funding the installation of seats when erecting new covered bus stops.

(f) Improving transport for persons with disabilities and introducing hospital routes (i.e. "H" routes): In response to the ageing population, KMB plans to launch a pilot trial to compartments reconfigure the bus of its super-low-floor buses so that the lower deck can accommodate two wheelchair passengers at the same time. KMB expects to launch the trial progressively from mid-2017 onwards on a few selected routes serving hospitals, thereby enhancing the transport for persons with disabilities. Subject to passengers' feedback, KMB will consider further expanding the number of buses with dual wheelchair spaces. In addition, KMB has proposed to introduce two "H" routes, with one route serving United Christian Hospital to ply between Yau Tong and Shun Lee, and another route serving Yan Chai Hospital to ply between Cheung Shan Estate and Lai Chi Kok. These routes will provide local residents (particularly the elderly) with convenient access to these two hospitals. Buses operating on these new routes will be equipped with the aforesaid barrier-free facilities on board. Detailed proposals on their routeings will be submitted to the District Councils concerned for discussion under this year's Route Planning Programme.

Fare Concessions

- 10. Currently, KMB provides a variety of fare concessions to passengers (such as bus-bus interchange ("BBI") concession schemes and section fares) which basically encompass all of its regular routes. In 2016, an average of about 630 000 passenger trips are benefitted each day. According to KMB, the fare concessions offered under all BBI concession schemes amount to over \$360 million per annum (the fare receipts in 2015 was \$6.53 billion). During our discussion with KMB on proposals for new fare concession initiatives, we have focused on whether the new concession initiatives can address the long-standing requests of passengers and whether they can suit passengers' needs. KMB has committed that it will offer the following fare concession initiatives to benefit more passengers if granted a new 10-year franchise (please refer to Annex C for a list of applicable routes under different initiatives):
 - (a) <u>Introducing a long-haul route fare concession scheme for full-time students</u>: KMB has committed to introduce a long-haul route fare concession scheme for full-time students if it is granted a new franchise, under which students can enjoy

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concessionary half fare on their return trips on daytime routes solely operated by KMB with adult fare of \$12 or above⁴. A total of 78 KMB routes met these criteria as at end-2016. This concessions will be offered on a regular basis and will be rolled out on the commencement date of the new franchise (i.e. 1 July 2017);

(b) Offering more BBI concessions:

- (i) KMB and Long Win Bus Company Limited ("LW") have jointly introduced a BBI concession scheme for passengers interchanging between LW's Airbus routes ("A" routes) and KMB's routes. Passengers can enjoy a fare discount of up to \$6 under the scheme. The scheme is applicable to a wide range of routes, covering about 310 KMB solely operated routes and 13 LW "A" routes. KMB and LW have introduced the concession scheme in mid-November 2016 such that passengers travelling to and from the Airport could enjoy the fare concessions at the three peak travel periods, namely the Christmas, Lunar New Year and Easter holidays. Passengers' feedback has been positive, with about 48 000 passenger trips having benefitted from the scheme in the first month;
- (ii) KMB will partner with the Hong Kong Tramways Limited to roll out inter-modal interchange fare concessions by offering free connecting journeys on trams on Hong Kong Island for passengers of 23 cross-harbour routes solely operated by KMB. Passengers who have taken trams can enjoy a fare discount of \$2.3 per trip (equivalent to the existing adult single journey fare on trams) when interchanging for the aforesaid KMB routes on Hong

Any student must be aged between 12 and 25 and he/she must be currently enrolled in a full-time day course offered by an acceptable institution in Hong Kong in order to be eligible for this concession scheme. To be eligible for the half fare discount on the return journey, a student must use a Personalised Octopus with "Student Status" to take a KMB solely operated route with a single adult journey fare currently at \$12 or above, and to pay for the fare of the return trip on the same route or routes within the same group on the same operative day. Any new routes meeting the fare level under the existing fare scales will be included in the scheme. Certain single bound routes are presently not included in this scheme as they do not have corresponding return trip, or the fares of their return trips fall below \$12.

Racecourse routes, recreational routes, special routes (festive service) and feeder routes connecting Tai Po Market Station ("K" routes) are excluded.

Kong Island. KMB and Hong Kong Tramways Limited plan to launch the interchange concession initiative within the first half of 2017;

- (iii) KMB has committed to introducing 13 new BBI concession schemes, involving 78 routes, for enhancing intra-network interchange services under its new franchise. This will bring the total number of KMB's BBI schemes to around 190 to benefit more passengers, particularly those in new development areas and less accessible areas.
- (c) Alignment of fares for short-haul trips on cross-district routes and shuttle bus routes: At present, while the destinations and journey distances of certain cross-district routes and shuttle bus routes operated by KMB are comparable, their section fares offered at stops along trunk roads or bus interchanges (such as tunnel toll plazas) are different (or no section fare is offered at all). The Government and KMB have looked into the issue, and KMB has agreed to align the section fares of 72 routes with the aforesaid issue with effect from 1 July 2017. Routes with similar destinations and comparable journey distances will be placed under the same group, and the fare level for short-haul trips on all routes within the same group will be aligned with the lowest existing one. This will enable passengers to enjoy more route choices at the same fare⁶.

NEXT STEPS

11. The new franchise for KMB's bus network will be valid for a period of 10 years until 1 July 2027. Although KMB has been in a profitable position in recent years due to significant drop in fuel prices, having regard to the various challenges over the medium to long term as mentioned in paragraph 5 above, we have been discussing with KMB on the aforesaid commitments in a prudent and pragmatic manner, with the

For instance, there are currently four KMB routes plying via MTR Tsuen Wan Station with the same terminal point at Allway Gardens but their fares for this section of journey range from \$3.5 to \$6.4. KMB will align the fares of these four routes at \$3.5 for the above section of journey. Another example is the existing 19 KMB routes heading to Tuen Mun via Tuen Road Road and observing Tuen Mun Road BBI en route. KMB will align their fares to \$8.4 for that section of journey while their present fares range from \$8.4 to \$16.6.

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focus of the fare concessions and service improvement initiatives placed on areas which could benefit more passengers or specific cohorts, while ensuring that their implementation could be sustainable. While it is our established policy to encourage public transport operators to offer more fare concessions, it should be noted that public transport services are provided by private operators in accordance with commercial principles generally without government subsidies. The provision of fare concessions should thus avoid exerting fare pressure which might eventually affect the basic fare level. On this basis, after granting the new franchise, we will continue to explore with KMB and other operators the feasibility of introducing more practicable fare concessions initiatives. Meanwhile, it is noteworthy that the prevailing Fare Adjustment Arrangement for Franchised Buses can benefit passengers by enabling them to share the profits⁷ yielded by bus operators in a given year with good financial performance through fare concession initiatives from time The 20% same day return discount concessions currently to time. offered by KMB for a period of 88 days is a case in point.

12. Subject to Members' support and subsequent approval by the Executive Council, the granting of a new 10-year franchise to KMB may take place in the coming few months while the new franchise will commence immediately upon expiry of the current one on 1 July 2017. After the granting of the new franchise, we will, as a matter of the procedural formalities in accordance with the past practice, move a resolution at the LegCo for disapplication of the provisions concerning the Profit Control Scheme ("PCS") to the new franchise of KMB⁸.

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There is a Passenger Reward Arrangement under the Fare Adjustment Arrangement for franchised buses, through which any profits achieved by a franchised bus operator in a given financial year in excess of the 9.7% rate of return on average net fixed asset shall be shared equally between the operator and passengers.

The Government decided in 1992 that the PCS would not be applicable to bus franchises granted thereafter. As an established practice, the Government will seek the LegCo's resolutions pursuant to the Ordinance for disapplication of the PCS to a new franchise prior to its commencement. As mentioned in our response to the subcommittee on subsidiary legislation for scrutinising the resolutions for disapplication of the PCS to the new franchises granted of CTB(F1) and NLB in the previous LegCo term, the Government would consider amending the provisions concerning the PCS as and when an opportune opportunity arises, such as when amendments are also required to other provisions of the Ordinance. In the meantime, the Government will continue the practice of moving a resolution to achieve the purpose of disapplication of the PCS to a new franchise.

13. Members are invited to note the above and offer views.

Transport and Housing Bureau Transport Department January 2017

Follow-up on the Views of the Public

In the course of discussion on the new franchise with KMB, TD has followed up with KMB on the major views canvassed from the public consultation on the new franchise. The following suggestions raised by the public will be implemented through new franchise conditions or specific commitments to be made by KMB –

A. Service quality (including passenger facilities and information)

- to provide free Wi-Fi service in bus compartments (see paragraph 9(a) of this paper);
- to enhance passenger waiting environment at bus stops, termini and major bus interchanges (see paragraphs 9(b) and (c) of this paper);
- to provide information on seat vacancy on the upper deck (see paragraph 9(e) of this paper);
- to provide more comprehensive barrier-free facilities, bus stop announcement system and low-floor buses (*see* "Service quality" of Annex B); and
- to allow carriage of foldable bicycles on board (see "Service quality" of Annex B).

B. Fare concessions

- to introduce new fare concession schemes (see paragraph 10(a) of this paper);
- to provide more BBI concession schemes (*see paragraph* 10(b) of this paper); and
- to provide more section fares (see paragraph 10(c) of this paper).

C. Environmental initiative

- to use more environmentally-friendly buses (see "Environmental improvement" of Annex B).

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D. Government regulation on bus service

- to stipulate more clearly the timeframe for responding to passenger complaints and enquiries (see "Enhancement of government regulation" of Annex B).
- 2. Regarding the views on audio-visual broadcasting in bus compartments, there is at present a requirement for the sound volume of audio-visual broadcasting systems to be comparable with the ambient level, with a difference of no more than 2 dB. In addition, a "quiet zone" should also be designated at the rear part of the lower deck of a During the public consultation on the new franchise of KMB, some members of the public have expressed views on the sound volume of the As the existing regulatory arrangements for audio-visual systems. broadcasting systems are applicable to all bus operators, TD has been exploring improvement measures with all operators through the established channels. Starting from mid-2017, the "quiet zone" on the franchised buses will be expanded to cover the entire lower deck. will continue to regulate the sound volume of the audio-visual broadcasting systems and follow up on the views of passengers through the established mechanism.
- During the public consultation period, we have also received some comments on the arrangements concerning the Franchise Accounts (on aspects such as handling of advertising revenue, revenue from the disposal of property/land and fuel expenses). The scope of "operating receipts" under the Franchise Accounts is defined in section 26 of the Ordinance, which is equally applicable to all six bus franchises. Specifically, the provision stipulates that any other revenue, including revenue from advertisements, derived from the use of fixed assets by a grantee, is to be regarded as operating receipts and shall be included in the Franchise Accounts. Such non-fare box revenue may help relieving fare pressure. The same provision also stipulates that the proceeds of the sale of investments or fixed or other assets shall not be included in the Franchise Accounts. Meanwhile, according to the requirements of the respective franchises (including KMB's existing franchise), all grantees have to publish a booklet of "Fuller Disclosure" annually to disclose their operational and financial information over the past year for public This requirement will continue to be included in the new monitoring. franchise of KMB.
- 4. As regards the views on permitting the carriage of pets on

buses, the existing Public Bus Services Regulations (Cap. 230A) stipulates that no animal shall be permitted to be carried on the bus (other than a guide dog accompanying a blind person). Due to the limited space in the bus compartment and the crowdedness during certain periods of the day, in considering whether passengers are to be permitted to carry their pets on board the buses, we have to strike a balance among various factors, including the reaction of pets in a crowded and confined environment as well as the impact on other passengers. We will continue to keep in view the public views on this issue so as to consider whether there should be any changes to the existing arrangements.

5. As regards views on other issues, such as staff management (including bus captains' training and rest time arrangements), monitoring of service frequencies, route planning, general facilities and passenger information, daily bus operations, fare structure and adjustment arrangements, as well as enhancement of public engagement, etc., TD will continue to follow up with KMB through the established channels with a view to further enhancing service quality.

Clauses and commitments of the most recently granted franchises

KMB has agreed to take on board fully the clauses and commitments as adopted in the two most recently granted franchises in 2015 (i.e. the franchises for Citybus (Franchise 1) and NLB), details of which are provided below -

Bus service

 The new franchise will empower the Commissioner for Transport to require KMB to provide facilities and installation for enhancement of bus safety, and provide a barrier-free and elderly-friendly travel environment. Specific initiatives are as follows -

Service quality

- (i) adopting bus design with barrier-free and friendly features for the elderly and people with disabilities when setting specifications for new buses. Major ones include low-floor and wheelchair accessible designs, provision of wheelchair parking spaces and the associated safety restraint system, designated priority seats for persons in need, enhanced railing design, easily reached pushed buttons, bus stop announcement system, and large electronic destination and route number display panels;
- (ii) providing facilities and installation to further enhance safety, such as facilities and installation that can prevent or reduce potential fire hazards on all new buses. All buses of KMB will be retrofitted with such facilities by end-2021;
- (iii) allowing foldable bicycles, which are properly folded and will not cause any hazard to other passengers, to be carried on board; and
- (iv) providing passenger seating facilities at newly-built covered bus stops as far as practicable.

Passenger information

- (i) the new franchise will enhance the regulatory power of the Commissioner over the type, form and manner of information to be provided by KMB to passengers to ensure provision of suitable service information to passengers through better means; and
- (ii) providing real-time bus arrival information through website and smartphone application, and installing display panels at suitable bus stops in phases for disseminating such information.

Enhancement of government regulation

- The new franchise will require KMB to publish the service pledge, setting out a reasonable timeframe for responding to complaints and suggestions from the public, as well as the achievement rate of its passenger service pledge;
- The new franchise will strengthen regulation over the financial and accounting arrangements of KMB, for example, by specifying more clearly in the franchises the calculation of depreciation of fixed assets; and
- The new franchise will require KMB to conduct open tendering for all material procurement contracts as far as practicable, and to seek prior approval of the Board of Directors if open tendering cannot be arranged.

Environmental improvement

The new franchise will require KMB, as far as reasonably practicable, to acquire the most environmentally-friendly buses in terms of exhaust emissions that are technologically proven and commercially available, with the ultimate objective of switching to zero emission buses. To further improve roadside air quality, KMB is also required to deploy low emission buses (buses of emission standards of Euro IV or above) for operation at low emission zones in Central, Causeway Bay and Mong Kok as delineated by the Environmental Protection Department.

Annex C

Bus routes to be covered under new fare concession schemes as committed by KMB

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Table 1: Long-haul routes fare concession scheme for full-time students (78 routes meeting the qualifying criteria of the scheme as at end-2016)

KMB Route	Terminating Location	
52X	Tuen Mun Central – Mong Kok (Park Avenue)	
58X	Leung King Estate – Mong Kok East Station	
59X	Tuen Mun Pier Head – Mong Kok East Station	
60X	Tuen Mun Central – Jordan (To Wah Road)	
61X	Tuen Mun Central – Kowloon City Ferry	
62X	Tuen Mun Central – Lei Yue Mun Estate	
63X	Hung Shui Kiu (Hung Fuk Estate) – Jordan (To Wah Road)	
66X	Tai Hing – Olympic Station	
67X	Siu Hong Court – Mong Kok East Station	
68X	Hung Shui Kiu (Hung Fuk Estate) / Yuen Long (West) – Mong Kok (Park Avenue)	
69C	Tin Shui Wai (Tin Yan) – Kwun Tong Ferry	
69X	Tin Shui Wai (Tin Shui) – Jordan (To Wah Road)	
74C	Kau Lung Hang – Kwun Tong Ferry	
74D	Kau Lung Hang – Kwun Tong Ferry	
74E	Tai Mei Tuk – Kwun Tong Ferry	
252B	Handsome Court – Tsim Sha Tsui	
258D	Po Tin – Lam Tin Station	
258P	Hung Shui Kiu (Hung Fuk Estate) – Lam Tin Station	
258S	Shan King Estate – Lam Tin Station	
258X	Po Tin – Kwun Tong Ferry	
259B	Tuen Mun Pier Head – Tsim Sha Tsui	
259C	Sun Tuen Mun Centre – Tsim Sha Tsui	
259D	Lung Mun Oasis / Tuen Mun Pier Head (Siu Hei Court) – Lei Yue Mun Estate	
259X	Lung Mun Oasis / Tuen Mun Pier Head (Siu Hei Court) – Kwun Tong Ferry	
260B	Tuen Mun Central – Tsim Sha Tsui	
260X	Po Tin – Hung Hom Station	
261	Sam Shing – Tin Ping Estate	
261B	Sam Shing – Kowloon Station	
261P	Ng Lau Road (Tsing Lun Road) – Tin Ping Estate	
263	Tuen Mun Station – Sha Tin Station	
265B	Tin Heng Estate – Mong Kok (Park Avenue)	
265S	Tin Shui Wai Town Centre – Tai Po Industrial Estate	
267X	Siu Hong Court – Lam Tin Station	
268B	Long Ping Station – Hung Hom Ferry	
268C	Long Ping Station – Kwun Tong Ferry	

KMB Route	Terminating Location
268P	Yuen Long (Shan Shui House) – Kwun Tong Ferry
268X	Hung Shui Kiu (Hung Fuk Estate) – Jordan (To Wah Road)
269B	Tin Shui Wai Town Centre – Hung Hom Ferry
269C	Tin Shui Wai Town Centre / Tin Tsz Estate – Kwun Tong Ferry
269D	Tin Fu – Lek Yuen
269S	Tin Shui Wai Town Centre – Kwun Tong Ferry
270A	Sheung Shui – Tsim Sha Tsui East (Mody Road)
270B	Sheung Shui – Sham Shui Po
270C	Luen Wo Hui – Tsim Sha Tsui East (Mody Road)
270D	Luen Wo Hui – Sham Shui Po
270P	Sheung Shui – Kowloon Station
270S	Tsim Sha Tsui East (Mody Road) – Fanling (Luen Wo Hui)
277E	Tin Ping Estate – Lam Tin Station
277P	Tin Ping Estate – Lam Tin Station
277X	Luen Wo Hui – Lam Tin Station
278P	Luen Wo Hui – Tsuen Wan (Nina Tower)
278X	Sheung Shui – Tsuen Wan (Nina Tower)
279X	Luen Wo Hui – Tsing Yi Station
272	Sheung Shui – Central (Hong Kong Station Public Transport
373	Interchange)
603	Ping Tin – Central (Ferry Piers)
603P	Central (Ferry Piers) – Ping Tin
603S	Ping Tin – Central
673	Sheung Shui – Central (Hong Kong Station Public Transport
934	Interchange) Payviou Gordon Wan Chai
934A	Bayview Garden – Wan Chai Allway Gardens – Wan Chai (Fleming Road)
934A 935	· · · · · · · · · · · · · · · · · · ·
933	On Yam / Shek Lei (Tai Loong Street) – Wan Chai Lei Muk Shue Estate Public Transport Interchange –
936	Causeway Bay (Cotton Path)
	Kin Sang – Wan Chai (North) Temporary Public Transport
960	Interchange
960A	Central (Worldwide House) – Hung Shui Kiu (Hung Fuk Estate)
960B	Quarry Bay (King's Road) – Hung Shui Kiu (Hung Fuk Estate)
	Hung Shui Kiu (Hung Yuen Road) –
960P	Wan Chai (North) Temporary Public Transport Interchange
960S	Fu Tai Estate – Wan Chai (North) Temporary Public Transport
	Interchange
960X	Hung Shui Kiu (Hung Yuen Road) – Quarry Bay (King's Road)
961	Shan King Estate – Wan Chai (Hong Kong Convention and
	Exhibition Centre)

KMB Route	Terminating Location	
061D	Leung King Estate – Wan Chai (Hong Kong Convention and	
961P	Exhibition Centre)	
968	Yuen Long (West) – Causeway Bay (Tin Hau)	
968X	Yuen Long (West) – Quarry Bay (King's Road)	
978	Fanling (Wah Ming) – Wan Chai (North) Temporary Public	
978	Transport Interchange	
978A	Fanling (Luen Wo Hui) – Wan Chai (North) Temporary Public	
978A	Transport Interchange	
978B	Fanling (Chi Fuk Circuit) – Wan Chai (North) Temporary	
	Public Transport Interchange	
B1	Tin Tsz Estate – Lok Ma Chau Station	
T270	Fanling (Cheung Wah) – Tsim Sha Tsui East (Mody Road)	
T277	Sheung Shui – Lam Tin Station	

Table 2: Routes to be covered under the new interchange concession scheme with Hong Kong Tramways Limited (23 routes)

KMB Route	Terminating Location
108	Kai Yip – Braemar Hill
373	Sheung Shui – Central (Hong Kong Station Public Transport Interchange)
603	Ping Tin – Central (Ferry Piers)
603P	Central (Ferry Piers) – Ping Tin
603S	Ping Tin – Central
673	Sheung Shui – Central (Hong Kong Station Public Transport Interchange)
934	Bayview Garden – Wan Chai
934A	Allway Gardens – Wan Chai (Fleming Road)
935	On Yam / Shek Lei (Tai Loong Street) – Wan Chai
936	Lei Muk Shue Estate Public Transport Interchange – Causeway Bay (Cotton Path)
960	Kin Sang – Wan Chai (North) Temporary Public Transport Interchange
960A	Central (Worldwide House) – Hung Shui Kiu (Hung Fuk Estate)
960B	Quarry Bay (King's Road) – Hung Shui Kiu (Hung Fuk Estate)
960P	Hung Shui Kiu (Hung Yuen Road) – Wan Chai (North) Temporary Public Transport Interchange
960S	Fu Tai Estate – Wan Chai (North) Temporary Public Transport Interchange
960X	Hung Shui Kiu (Hung Yuen Road) – Quarry Bay (King's Road)
961	Shan King Estate – Wan Chai (Hong Kong Convention and Exhibition Centre)
961P	Leung King Estate – Wan Chai (Hong Kong Convention and Exhibition Centre)
968	Yuen Long (West) – Causeway Bay (Tin Hau)
968X	Yuen Long (West) – Quarry Bay (King's Road)
978	Fanling (Wah Ming) – Wan Chai (North) Temporary Public Transport Interchange
978A	Fanling (Luen Wo Hui) – Wan Chai (North) Temporary Public Transport Interchange
978B	Fanling (Chi Fuk Circuit) – Wan Chai (North) Temporary Public Transport Interchange

Table 3: Routes to be covered under new BBI concession schemes within KMB's network (78 routes)

KMB Route	Terminating Location	
1	Chuk Yuen Estate – Star Ferry	
1A	Sau Mau Ping (Central) – Star Ferry	
2	So Uk – Star Ferry	
2D	Chak On Estate – Tung Tau Estate	
2F	Tsz Wan Shan (North) – Cheung Sha Wan	
3C	Tsz Wan Shan (North) – China Ferry Terminal	
3D	Tsz Wan Shan (Central) – Kwun Tong (Yue Man Square)	
5M	Kai Tak (Tak Long Estate) – Kowloon Bay Station (circular)	
6	Lai Chi Kok – Star Ferry	
6D	Ngau Tau Kok – Mei Foo	
7	Lok Fu – Star Ferry	
11B	Kwun Tong (Tsui Ping Road) – Kowloon City Ferry	
11C	Chuk Yuen Estate – Sau Mau Ping (Upper)	
11D	Lok Fu – Kwun Tong Ferry	
12A	Whampoa Garden – Cheung Sha Wan (Sham Mong Road)	
14	Lei Yue Mun Estate – China Ferry Terminal	
15	Ping Tin – Hung Hom Ferry	
16	Lam Tin (Kwong Tin Estate) – Mong Kok (Park Avenue)	
16M	Kwun Tong Station – Lam Tin (Hong Wah Court) (circular)	
17	Kwun Tong (Yue Man Square) – Oi Man	
24	Kai Yip – Mong Kok (circular)	
28B	Kai Tak (Kai Ching Estate) – Choi Fook	
38	Kwai Shing (East) – Ping Tin	
40	Tsuen Wan (Nina Tower) – Laguna City	
42C	Cheung Hang – Lam Tin Station	
57M	Shan King Estate – Lai King (North)	
58M	Leung King Estate – Kwai Fong Station	
58P	Kwai Fong Station – Tin King Estate (Tin Yue House)	
59M	Tuen Mun Pier Head – Tsuen Wan Station	
60M	Tuen Mun Station – Tsuen Wan Station	
61M	Yau Oi (South) – Lai King (North)	
61X	Tuen Mun Central – Kowloon City Ferry	
62X	Tuen Mun Central – Lei Yue Mun Estate	
66M	Tai Hing – Tsuen Wan Station	
67M	Siu Hong Court – Kwai Fong Station	
69C	Tin Shui Wai (Tin Yan) – Kwun Tong Ferry	
74A	Tai Wo – Kai Yip	
74X	Tai Po Central – Kwun Tong Ferry	
75X	Fu Shin Estate – Kowloon City Ferry	

KMB Route	Terminating Location		
80	Mei Lam – Kwun Tong Ferry		
80P	Hin Keng – Kwun Tong Ferry		
80X	Chun Shek – Kwun Tong Ferry		
81K	Sun Tin Wai – Sui Wo Court		
82K	Mei Lam – Wong Nai Tau		
83A	Shui Chuen O – Kwun Tong Ferry		
83X	Wong Nai Tau – Kwun Tong Ferry		
84M	Chevalier Garden – Lok Fu		
85X	Ma On Shan Town Centre – Hung Hom Ferry		
87D	Kam Ying Court / Ma On Shan Town Centre – Hung Hom Station		
88X	Sha Tin Station – Ping Tin (circular)		
89	Lek Yuen – Kwun Tong Station		
89B	Sha Tin Wai – Kwun Tong Station		
89C	Heng On – Kwun Tong (Tsui Ping Road)		
89D	Wu Kai Sha Station – Lam Tin Station		
89X	Sha Tin Station – Kwun Tong Station		
91M	Po Lam – Diamond Hill Station		
91P	Diamond Hill Station / Choi Hung Station – Hong Kong University of Science and Technology		
98A	Hang Hau (North) – Ngau Tau Kok Station (circular)		
203C	Tai Hang Tung – Tsim Sha Tsui East (Mody Road)		
211	Tsui Chuk Garden – Wong Tai Sin Station (circular)		
219X	Laguna City – Tsim Sha Tsui (circular)		
258D	Po Tin – Lam Tin Station		
258P	Hung Shui Kiu (Hung Fuk Estate) – Lam Tin Station		
258S	Shan King Estate – Lam Tin Station		
259D	Lung Mun Oasis / Tuen Mun Pier Head (Siu Hei Court) – Lei Yue Mun Estate		
260C	Sam Shing – Kwai Fong Station		
268C	Long Ping Station – Kwun Tong Ferry		
269C	Tin Shui Wai Town Centre / Tin Tsz Estate – Kwun Tong Ferry		
276B	Tin Fu – Sheung Shui (Choi Yuen)		
277E	Tin Ping Estate – Lam Tin Station		
277P	Tin Ping Estate – Lam Tin Station		
277X	Luen Wo Hui – Lam Tin Station		
281A	Kwong Yuen – Kowloon Station		
288	Shui Chuen O – Sha Tin Central (circular)		
290	Choi Ming – Tsuen Wan West Station Public Transport Interchange		
290A	Choi Ming – Tsuen Wan West Station Public Transport Interchange		

KMB Route	Terminating Location	
296A	Sheung Tak – Ngau Tau Kok Station (circular)	
B1	Tin Tsz Estate – Lok Ma Chau Station	

Table 4: Cross-district routes and shuttle routes with fares for short-haul trips to be aligned (72 routes)

KMB Route	Terminating Location		
1A	Sau Mau Ping (Central) – Star Ferry		
2F	Tsz Wan Shan (North) – Cheung Sha Wan		
3C	Tsz Wan Shan (North) – China Ferry Terminal		
11C	Chuk Yuen Estate – Sau Mau Ping (Upper)		
23M	Lok Wah – Shun Lee (circular)		
26M	Choi Hung – Kwun Tong (circular)		
30	Allway Gardens – Cheung Sha Wan		
30X	Allway Gardens – Whampoa Garden		
21	Tsuen Wan West Station Public Transport Interchange – Shek		
31	Lei (circular)		
34	Kwai Shing (Central) – Bayview Garden		
35A	On Yam – Tsim Sha Tsui East		
36	Tsuen Wan West Station Public Transport Interchange – Lei		
30	Muk Shue Estate Public Transport Interchange (circular)		
36A	Lei Muk Shue Estate Public Transport Interchange –		
3071	Cheung Sha Wan (Sham Mong Road)		
36B	Lei Muk Shue Estate Public Transport Interchange –		
	Jordan (To Wah Road)		
37	Kwai Shing (Central) – Olympic Station		
38	Kwai Shing (East) – Ping Tin		
39A	Tsuen Wan West Station Public Transport Interchange – Allway		
	Gardens (circular)		
40X	Wu Kai Sha Station – Kwai Chung Estate		
46X	Hin Keng – Mei Foo		
47X	Sha Tin (Chun Shek / Shui Chuen O) – Kwai Shing (East)		
48X	Bayview Garden – Wo Che		
49X	Kwong Yuen – Tsing Yi Ferry		
57M	Shan King Estate – Lai King (North)		
58M	Leung King Estate – Kwai Fong Station		
58P	Kwai Fong Station – Tin King Estate (Tin Yue House)		
61M	Yau Oi (South) – Lai King (North)		
61X	Tuen Mun Central – Kowloon City Ferry		
67M	Siu Hong Court – Kwai Fong Station		
68E	Yuen Long Park – Tsing Yi Station		
72	Tai Wo – Cheung Sha Wan		
72A	Tai Wai Station – Tai Po Industrial Estate		
72X	Tai Po Central – Mong Kok (Park Avenue)		
73X	Tsuen Wan (Nina Tower) – Fu Shin Estate		
74A	Tai Wo – Kai Yip		

KMB Route	Terminating Location		
74B	Kowloon Bay – Tai Po Central		
74D	Kau Lung Hang – Kwun Tong Ferry		
74P	Kwun Tong Ferry – Tai Po Central		
74X	Tai Po Central – Kwun Tong Ferry		
75X	Fu Shin Estate – Kowloon City Ferry		
80	Mei Lam – Kwun Tong Ferry		
82K	Mei Lam – Wong Nai Tau		
85K	Heng On – Sha Tin Station		
85M	Kam Ying Court – Wong Tai Sin (circular)		
85X	Ma On Shan Town Centre – Hung Hom Ferry		
86	Wong Nai Tau – Mei Foo		
86C	Lee On – Cheung Sha Wan		
86K	Kam Ying Court – Sha Tin Station		
86S	Kam Ying Court – Sha Tin Station		
87D	Kam Ying Court / Ma On Shan Town Centre – Hung Hom Station		
89D	Wu Kai Sha Station – Lam Tin Station		
234X			
	Bayview Garden – Tsim Sha Tsui East (Mody Road)		
235	On Yam – Tsuen Wan (circular) Po Tin – Lam Tin Station		
258D			
259D	Lung Mun Oasis / Tuen Mun Pier Head (Siu Hei Court) – Lei Yue Mun Estate		
261	Sam Shing – Tin Ping Estate		
263	Tuen Mun Station – Sha Tin Station		
265S	Tin Shui Wai Town Centre – Tai Po Industrial Estate		
271	Fu Heng – Tsim Sha Tsui (Canton Road)		
274P	Wu Kai Sha Station – Tai Po Industrial Estate		
277E	Tin Ping Estate – Lam Tin Station		
277P	Tin Ping Estate – Lam Tin Station		
277X	Luen Wo Hui – Lam Tin Station		
279X	Luen Wo Hui – Tsing Yi Station		
286C	Lee On – Sham Shui Po		
286M	Ma On Shan Town Centre – Diamond Hill Station (circular)		
286X	Hin Keng – Sham Shui Po (circular)		
960	Kin Sang – Wan Chai (North) Temporary Public Transport Interchange		
960A	Central (Worldwide House) – Hung Shui Kiu (Hung Fuk Estate)		
960B	Quarry Bay (King's Road) – Hung Shui Kiu (Hung Fuk Estate)		
961	Shan King Estate – Wan Chai (Hong Kong Convention and		
978	Exhibition Centre) Fanling (Wah Ming) – Wan Chai (North) Temporary Public Transport Interchange		



香港添馬添美道二號政府總部東翼二十一樓 21/F, East Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong 電話 Telephone 3509 8198 傳真 Fax 3904 1774

2 March 2017

Professor the Honourable Anthony Cheung, GBS, JP Secretary for Transport and Housing 22/F, East Wing Central Government Offices 2 Tim Mei Avenue Tamar Hong Kong

Dear Professor Cheung,

New Franchise for the Bus Network of the Kowloon Motor Bus Company (1933) Limited

The current franchise for the bus network of the Kowloon Motor Bus Company (1933) Limited ("KMB") will expire on 1 July 2017. This Committee discussed at its meetings on 26 January 2016, 28 June 2016 and 16 February 2017 the matters related to the new franchise. This letter sets out this Committee's advice to the Chief Executive ("CE") in Council.

Factors for consideration

During the discussions on the matters related to the new franchise, this Committee considered various factors in making a recommendation to CE in Council. These factors include -

- (1) legal and other requirements concerning the grant of bus franchises;
- (2) performance of the grantee concerned;
- (3) passengers' opinion on the service of the grantee concerned; and

(4) new franchise terms and commitments agreed to be adopted by the grantee concerned.

(1) Legal and other requirements governing the grant of bus franchises

Services the Public Bus Ordinance According to ("the Ordinance") (Cap. 230), CE in Council may grant to a registered company a franchise conferring the right to operate public bus service for a period not exceeding 10 years. A grantee is required to maintain a proper and efficient public bus service to the satisfaction of the Commissioner for Transport during the franchise period. As per the established practice, a grantee that 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 of a franchise for a period of 10 years. The new franchise will commence upon the expiry of the current franchise.

(2) Performance of the grantee

This Committee noted that since the commencement of its current franchise in 2007, KMB had been providing proper and efficient services (in respect of service reliability, safety standard, service quality as well as environmental performance) to the satisfaction of the Commissioner. During its current franchise, KMB has actively enhanced its service and rationalised bus routes to meet passenger demand. Meanwhile, KMB is willing to further invest in franchised bus operation, including making an investment of around \$3.8 billion for bus fleet replacement in the coming five years.

(3) Passengers' opinion on the service of KMB

The Transport Department commissioned an independent survey in November 2015 to gauge passengers' opinions on the service of KMB. The results show that 85% of the respondents are satisfied with the overall service quality provided by KMB. With regard to the comparatively lower satisfaction level on environmental performance and service regularity, this Committee noted that the new franchise would require KMB to acquire the most environmentally friendly buses in terms of exhaust emissions and deploy low emission buses (buses of emission

standards of EURO IV or above) to operate in the low emission zones delineated by the Environmental Protection Department. As for service reliability, this Committee learnt that KMB's overall lost trip rate has encouragingly decreased from the peak level of 8.0% in 2011 to 1.6% in 2016 (up to November).

(4) New franchise terms and commitments agreed to be adopted by KMB

This Committee noted that according to the established practice, the Government would request a grantee to take on board franchise terms and commitments of the most recently granted franchises, and would introduce new franchise terms and commitments as appropriate, having regard to the changing circumstances as well as the operating situation of an individual grantee and passenger demand. To this end, KMB has agreed to fully take on board the new franchise terms of and commitments on service/facility enhancement made under the two most recently granted franchises (i.e. franchises of Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour Bus Network) and New Lantao Bus Company (1973) Limited granted in 2015). Such terms and commitments are mainly about enhancing service quality, providing more passenger information, improving the environment, and strengthening government regulation.

Moreover, this Committee noted that KMB would further enhance its service quality under the new franchise to meet passengers' needs. The major new measures included offering free Wi-Fi service in bus compartments, enhancing ancillary facilities and passenger waiting environment, upgrading ancillary facilities at bus stops and setting up more shelters, partnering with "Hong Kong eTransport" to provide real-time arrival information, providing information on seat vacancy of the upper deck, and improving transport for persons with disabilities and introducing hospital routes (i.e. "H" routes).

This Committee noted that KMB currently provided a variety of fare concessions to passengers (such as bus-bus interchange ("BBI") concession schemes and section fares) which basically encompassed all of its regular routes, benefitting an average of about 630 000 passenger trips

each day. Under the new franchise, KMB has agreed to introduce a long-haul route fare concession scheme for full-time students, offer more BBI concessions (including inter-modal interchange fare concessions with trams and new BBI concession schemes), and align fares for short-haul trips on cross-district routes and shuttle bus routes. These could benefit more passengers and respond to long-standing requests from the community. This Committee also noted that the Government would continue to explore with KMB the feasibility of introducing more practicable fare concessions initiatives (including monthly passes and enhancing fare concessions for students) after granting the new franchise on the basis that the provision of fare concessions should avoid exerting fare pressure which may eventually affect the basic fare level.

Transport Advisory Committee's advice

Having regard to the abovementioned factors, this Committee supports the Government's recommendation to grant a new ten-year franchise to KMB which shall commence upon the expiry of its current franchise on 1 July 2017.

I should be grateful if the Government would convey this Committee's advice to CE in Council for consideration. I confirm that this letter may be released for public information after CE in Council's decision is announced.

Yours sincerely,

(Larry Kwok) Chairman

Lloud

Transport Advisory Committee

Guidelines on Bus Captain Working Hours, Rest Times and Meal Breaks

(Revised in 2018)

- Guideline (1) Maximum duty hours in a shift should not exceed 12 (a) hours, and driving hours² therein should not exceed 10 hours.
 - (b) Duty hours in a special shift duty arranged to cater for service demand in the morning and evening peaks may exceed 12 hours but maximum duty hours should not exceed 14 hours, and driving hours therein should not exceed 10 hours. A rest break of no less than 3 consecutive hours should be provided in the special shift.
- Guideline (2) The off-duty break between 2 successive shifts should not be less than 10 hours. The total off-duty breaks in 3 successive shifts, other than special shift duties, should not be less than 22 hours.
- Bus captains should have a rest break³ of at least 40 Guideline (3) minutes after 6 driving hours², and within that 6-hour duty, they should have short rest breaks⁴ totalling not less than 20 minutes, of which no less than 12 minutes should be within the first 4 hours of duty. The time bus captains spend at a terminal point preparing for the next departure and monitoring boarding of passengers should not be regarded as rest break/short rest break.
- Guideline (4) Bus captains working for 8 hours or above in a shift should have a meal break of no less than 1 hour.

Short rest breaks refer to rest times of less than 40 minutes.

Duty hours refer to the total number of hours from the beginning to the end of a shift, including all the

Driving hours refer to the total hours performing driving duty plus short rest breaks in a shift.

Inclusive of meal breaks.

File Ref.: THB(T)L 2/4/120

LEGISLATIVE COUNCIL BRIEF

Public Bus Services Ordinance (Chapter 230)

FARE INCREASE APPLICATION FROM THE KOWLOON MOTOR BUS COMPANY (1933) LIMITED

INTRODUCTION

At the meeting of the Executive Council on 10 June 2014, the Council **ADVISED** and the Chief Executive **ORDERED** that, under section 13(1) of the Public Bus Services Ordinance ("the Ordinance"), the fare scale for the routes of The Kowloon Motor Bus Company (1933) Limited ("KMB") as detailed at <u>Annex A</u>, providing the basis for a weighted average fare increase rate of **3.9%**, should be approved for implementation on **6 July 2014**.

JUSTIFICATIONS

2. KMB submitted an application on 29 November 2013 for an average fare increase of 4.3%. The operator is seeking a fare increase of a rate having regard to the inflation in 2013, so as to enable it to meet rising operating costs and improve its financial health. KMB was running a loss for two consecutive years. It recorded a loss of \$43 million in 2012 and of \$12.4 million in 2013. It expects to continue to suffer greater losses in 2014 and 2015 if the fare level remains at the existing one. KMB last increased its fare on 17 March 2013 by an overall weighted average rate of 4.9%.

(A) Bus Fare Adjustment Arrangement

3. Under section 13(1) of the Ordinance, fares of franchised bus services are to be charged according to a scale of fares determined by the Chief Executive in Council. Under the Fare Adjustment Arrangement ("FAA") for franchised buses approved by the Chief Executive in Council on

10 January 2006, the Government should take into account the following factors in assessing a bus fare increase application –

- (a) changes in operating costs and revenue;
- (b) forecast of future costs, revenue and return;
- (c) the need to provide the bus company with a reasonable rate of return. Reference should be made to the Weighted Average Cost of Capital ("WACC") of the franchised bus industry ¹ in considering the reasonable rate of return, which is set at 9.7% rate of return on average net fixed assets² ("ANFA");
- (d) public acceptability and affordability. Reference should be made to the changes in Median Monthly Household Income ("MMHI") and in Composite Consumer Price Index ("CCPI");
- (e) the quality and quantity of service provided; and
- (f) the outcome of the formula for a supportable fare adjustment rate = 0.5 x Change in Wage Index for the Transportation Section + 0.5 x Change in CCPI 0.5 x Productivity Gain³. The formula is only for reference; the fare level will <u>not</u> be adjusted automatically to the formula outcome.

Unless otherwise specified, the factors under the FAA are intended to be applied with reference to the date of the last fare adjustment.

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WACC is the average cost of debt and equity weighted by their respective proportion in the bus industry as a whole. It can be regarded as the expected rate of return of the investors in general for the bus industry under the prevailing economic conditions. It was derived based on an established and widely used formula which takes into account financial data of the market reflecting the cost of debt and equity.

ANFA is the average value of fixed assets at original cost of acquisition less the cumulative depreciation, except for land for which no depreciation is charged.

As approved by the Chief Executive in Council, the value of productivity gain has been set at zero until the next FAA review.

(B) Assessment of the Fare Increase Application

4. The assessment by each of the six FAA factors is set out in paragraphs 5 to 9 below.

Changes in Operating Costs and Revenue since the Last Fare Adjustment

5. KMB last increased its fare in March 2013 by an overall weighted average rate of 4.9%. In 2013, KMB's average daily patronage is 2.61 million. As reflected in its audited franchise account for the same year, KMB registered a loss of \$12.4 million, representing a rate of return on ANFA of -0.2%.

Forecast of Future Costs, Revenue and Return at Existing Fares

6. In its application, KMB has provided information on its forecast patronage, revenue, operating costs and rate of return on ANFA, calculated on the basis of existing fares. The Government has reviewed KMB's financial projections and forecast, and made some slight adjustments to reflect the latest position. Taking into account the Government's adjustments and under the existing fare level, KMB may not be able to achieve breakeven for 2014 and 2015. The projected rate of return for both years is negative. As mentioned in paragraph 2 above, KMB already recorded a loss of \$43 million and \$12.4 million in 2012 and 2013 respectively.

Public Affordability and Acceptability

7. Since the last fare increase in March 2013, MMHI⁴ has increased by 4.55% from \$22,000 for the first quarter of 2013 to \$23,000 for the first quarter of 2014. The change in CCPI⁵ for the period from March 2013 to April 2014 is +4.65%.

⁵ CCPI is published by C&SD on a monthly basis. CCPI is 114.0 for March 2013 and 119.3 for April 2014. The April 2014 figure is the latest available one.

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MMHI is published by the Census and Statistics Department ("C&SD") on a quarterly basis. The figure for the first quarter of 2014 is the latest available one.

Quality and Quantity of Service

8. In monitoring the quality and quantity of bus services, the Government takes into account objective indicators such as the findings of passenger satisfaction surveys and site surveys, complaint figures and accident rates. In general, KMB provided satisfactory services to passengers. As at end-December 2013, key information of KMB's operation was as follows –

	KMB (a)	All franchised bus companies (b)	(a) over (b)
Number of routes	371	559	66%
Fleet	3,844 buses	5,791 buses	66%
Staff	About 12,200 persons	About 18,300 persons	67%
Average daily patronage in 2013 (as compared with 2012)	2.61 million (+1.3%)	3.91 million (+2.0%)	67%

The average age of KMB's fleet is about 11 years old, which is similar to that of the franchised bus fleet in Hong Kong. KMB's key service performance is summarised at **Annex B**.

Supportable Fare Adjustment Formula Outcome

9. With reference to the date of the last fare adjustment, the latest formula outcome for a supportable fare adjustment rate ("formula outcome") would be +4.21%, arrived at as below –

$$0.5 \times 3.77\%^6 + 0.5 \times 4.65\% - 0.5 \times 0 = +4.21\%$$

В

This represents the change in Wage Index for the Transportation Section from March 2013 (i.e. 166.9) to December 2013 (i.e. 173.2). Wage index is published by C&SD on a quarterly basis. The December 2013 figure is the latest available one.

(C) Approved Fare Increase

- 10. Franchised bus operation is capital and labour intensive. A good part of the operating costs is made up of fuel and salary cost which are subject to changes in market conditions. Inflation also has a bearing on the overall operating costs. Actively pursuing bus route rationalisation can reduce wastage and save costs, but this would take time to achieve. Bus operators are granted 10-year franchises to give them room to cope with short-term challenges. During the franchise period, it is important for a franchise, taken as a whole, to be financially viable so that the franchisee is able and willing to continue to provide a proper and efficient public bus service on which millions of commuters rely daily. This also enables the franchisee to make the necessary further investment in enhancing hardware (such as the purchase of new buses) and service (such as the provision of more bus-bus interchange arrangements). If an operator were to suffer from continued loss, this would not be conducive to the provision of a proper and efficient bus service or service improvement.
- 11. We are mindful that a balance needs to be struck between the need to enable KMB to have the financial stability to continue to provide a proper and efficient service and the need to lessen the burden of bus fare increase on passengers. Under the FAA, a fare increase application made by a franchised bus company should be assessed by making reference to a whole host of factors. They include passengers' affordability and acceptability as measured by the changes in MMHI and CCPI, KMB's current and projected financial position (including benefits brought about by bus route rationalisation on an Area Approach) as well as KMB's overall service performance.
- 12. Having considered all the factors under the FAA, the Chief Executive in Council **approved an overall weighted average fare increase rate of 3.9%** for KMB. This increase rate is lower than the changes in CCPI (+4.65%) and MMHI (+4.55%) since the last fare increase in March 2013, as well as the formula outcome (+4.21%). Having regard to passengers' affordability and acceptability and other relevant factors, the approved fare increase rate is appropriate. The Transport Department and franchised bus companies will continue to pursue route rationalisation vigorously to enhance the efficiency of the bus network and lessen the pressure of fare increase as detailed in paragraphs 14 and 15 below. Route rationalisation can also reduce unnecessary road congestion and emissions, thereby bringing about environmental benefits.

(D) Impact on passengers

<u>A</u> 13. Existing and new fare scales for KMB are at <u>Annex A</u>. KMB's existing average fare is \$6.5. With the approved fare increase of 3.9%, this would go up to \$6.7 with detailed impact as follows –

	Fare Impact	Passenger Ratio
(a)	About 25% of KMB's passengers will <u>not</u> be affected ⁷ .	
(b)	About 18% will pay 10 or 20 cents more per trip.	86%
(c)	About 43% will pay 30 or 40 cents more per trip.	
(d)	About 14% will pay 50 cents to \$1 more per trip.	
(e)	Less than 0.1% will pay \$1.1 to \$1.5 more per trip. All routes in this group are racecourse services.	14%

<u>C</u> A list of new fares for individual routes is at <u>Annex C</u>.

(E) Other Issues of Concern

Focus of future service development

14. The Government and franchised bus companies have been pursuing bus route rationalisation more vigorously since 2013, following announcement in 2013 Policy Address on the need to do so. In addition to the annual route development programmes, bus routes were rationalised through the Area Approach. Under this approach, an entire district, instead of individual routes, is used as the basis for reviewing and re-organising bus services in a holistic manner. Bus routes which are under-utilised will be cancelled or amalgamated, and new routes will be introduced to meet new

Under the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities, elderly aged 65 or above and eligible persons with disabilities can enjoy a concessionary fare of \$2 for each public transport trip. They will not be affected by the fare increase as the fare differential will be borne by the Government. Further, there will be no fare increase for cross-harbour routes jointly operated by KMB and another franchised bus operator to avoid confusing the public with different fares for buses plying the same route (though operated by different companies).

demand. Meanwhile, feeder and external routes as well as interchange arrangements will be strengthened, and bus companies will be encouraged to offer interchange concessions as far as possible. These arrangements can enable bus services to better meet the needs of local residents in overall terms, while alleviating traffic congestion and reducing roadside air pollution. Rationalisation proposals under the Area Approach for North District and Tuen Mun have been implemented by phases since August and September 2013 respectively and their operation has generally been satisfactory. Drawing on the experience in these two districts, the Government and KMB will continue to rationalise bus services under the Area Approach. The bus services of Yuen Long/Tin Shui Wai, Tai Po, Tsing Yi and Shatin/Ma On Shan will be rationalised using this approach this year, on consultation with District Councils ("DCs"). The consultation has started since January 2014.

- 7 -

15. Whether bus route rationalisation proposals could be successfully implemented would largely hinge on the support of districts and the community. The overall positive feedback on the Area Approach in North District and Tuen Mun demonstrates that bus companies need to provide better facilities and/or give interchange fare concessions to help gain passengers' acceptance. It is therefore important to maintain the financial viability of the franchised bus operators so that they are able to provide better facilities and make concessionary offers upfront.

Advertising and Depot Sites

Questions have been raised in some quarters in the community about whether the arrangements of KMB's advertising income and land sale proceeds are in order. The Government has looked into the issues carefully, confirmed that the relevant arrangements are in compliance with both the law and the franchise, and reported to the Executive Council. It is a common practice for Hong Kong's franchised bus operators to outsource advertising sales to advertising agents. KMB outsources advertising sales through tendering to advertising agents, including subsidiaries of RoadShow Holdings Limited ("RoadShow") which are related parties to KMB⁸. We have examined the issue and confirm that advertising income received by KMB from its advertising agents has been duly reflected in its franchise account. Further, the sites which were formerly used as bus depots by KMB were private properties of KMB and their purchase was not subsidised by the

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⁸ KMB is 100% owned by the Transport International Holdings Limited ("TIH"). TIH also owns 73% of RoadShow.

Government. The exclusion of the land sale proceeds of these sites from KMB's franchise account is in line with the provisions of its franchise.

IMPLICATIONS OF THE APPROVED FARE SCALE

17. The approved fare scale is in conformity with the Basic Law, including the provisions concerning human rights. It has no productivity, civil service, family or environmental implications. The economic, financial and sustainability implications of the approved fare scale are set out at **Annex D**.

PUBLIC CONSULTATION

D

- 18. We consulted the Legislative Council ("LegCo") Panel on Transport on KMB's fare increase application on 11 April 2014. Members' focus was more on the appropriate rate of fare increase. Some Members appeared to accept making reference to the formula outcome in determining the appropriate fare increase rate. In the course of the discussion, some Members contended that the Government's policy of using railways as the backbone of our public transport services had made the operating environment for franchised buses very difficult and that the Government should consider introducing appropriate helping measures for the bus industry. Some suggested introducing more point-to-point bus routes to help relieve crowdedness of busy railway sections. There were also calls for the Government to step up its monitoring over lost trips.
- 19. The Transport Advisory Committee ("TAC") was consulted on the application on 29 April 2014. TAC considered all the factors under the FAA, and supported the fare increase rate of 3.9%. TAC was of the view that KMB and the Government should pursue bus route rationalisation with greater vigour and convey to DCs and local communities more clearly the overall financial (in terms of bus fare) and other benefits so resulted. TAC's detailed advice is set out in its letter to the Secretary for Transport and Housing at **Annex E**.

The formula outcome based on the statistic available at that time was +3.99%. With latest statistics on the change in CCPI and wage index, the formula outcome is now +4.21% as shown in paragraph 9 above.

E

PUBLICITY

20. A LegCo brief and a press release will be issued on 10 June 2014. A media stand-up will be arranged and a spokesperson will be available for answering media enquiries.

ENQUIRIES

21. Any enquiry on this brief can be directed to Ms Macella Lee, Assistant Commissioner for Transport (Tel: 2399 2525).

Transport and Housing Bureau June 2014

Annex A

Existing and Approved Fare Scales for KMB

Route Group	Journey Distance Not Exceeding (km)	Existing Fare Scale Note (\$)	Approved Fare Scale Note (\$)
I AID CONDITIONED CEDVI	CEC	(Ψ)	(Ψ)
I. AIR-CONDITIONED SERVI		2.0	4.1
(a) Urban Kowloon and	3	3.9	4.1
New Territories	5	5.2	5.2
	9	7.7	8.1
	12	8.4	8.4
	15	9.4	9.4
	18	10.5	10.5
	25	12.7	13.2
	35	14.2	14.8
	47	17.7	18.4
	65	18.8	18.8
(b) Cross Harbour	18	13.4	13.4
	25	17.3	18.0
	35	19.1	19.1
	47	22.7	23.4
	65	23.6	24.3
	85	26.7	26.7
(c) Recreation and Special Ser			1
(i) Urban Kowloon and	3	4.7	4.7
New Territories	5	6.7	6.7
	9	9.4	9.4
	12	10.5	10.5
	15	12.3	12.9
	18	14.7	15.3
	25	16.9	16.9
	35	21.5	21.5
	47	23.9	23.9
	65	26.0	26.0
(ii) Cross Harbour	30	33.6	33.6
	35	35.3	35.3
	47	39.9	39.9
	65	41.2	41.2

	Route Group	Journey Distance Not Exceeding (km)	Existing Fare Scale Note (\$)	Approved Fare Scale Note (\$)	
(d) Racecourse					
	(i) Urban Kowloon and	5	11.0	11.1	
	New Territories	15	17.4	18.1	
		25	28.2	29.2	
		35	37.9	39.4	
		50	54.5	54.5	
	(ii) Cross Harbour	30	36.7	36.7	
		35	38.5	38.5	
II.	BOUNDARY SERVICES				
	(a) Urban Kowloon and	30	80.0	80.0	
	New Territories	50	100.0	100.0	
		70	140.0	140.0	
	(b) Cross Harbour	100	180.0	180.0	

Note: Denotes the maximum fare chargeable.

KMB's Key Service Performance in 2013

In terms of safety, KMB's accident rate was 3.18 accidents per million vehicle-km in 2013, vis-à-vis an industry average rate of 4.43 for the same period. All KMB's buses have already been equipped with black boxes to help monitor drivers' performance and investigate accidents when they happen.

- 2. On the environmental front, about 90% (3,421 buses) of KMB's fleet was of Euro II or above emission standard as at end-December 2013. The remaining 423 Euro I buses will all be phased out by end-2015.
- 3. All new buses placed now on delivery as from 2015 onwards will be of Euro V or above standard. To further cut particulate emission, KMB has completed retrofitting diesel particulate filters on all its Euro II and Euro III buses. KMB has also been working with the Environmental Protection Department to retrofit eligible Euro II and III buses¹ with selective catalytic reduction devices so as to meet the Euro IV nitrogen oxides emission standard. The retrofit is expected to be completed by end-2016. Meanwhile, KMB will conduct trials using three hybrid buses and 18 electric buses (including eight supercapacitor buses and 10 battery-electric buses) so as to assess their operational efficiency and performance under local conditions in Hong Kong. The trials of hybrid buses and electric buses will commence in the second half of 2014, and will last for two years.
- 4. According to the passenger satisfaction surveys on KMB's service, passengers are generally most satisfied with drivers' compliance with traffic regulations, travelling speed and driving skills. They are most dissatisfied with frequency and reliability of services.
- 5. The Transport Complaints Unit of TAC received 4,196 complaints and suggestions relating to KMB in 2013 (making up about 57% of all franchised bus-related complaints and suggestions, when KMB's fleet size and passenger volume account for around 66% of the industry total). The figure in 2012 is 3,631 (making up about 58% of all franchised bus-related complaints and suggestions). About half of the complaints and suggestions received on KMB in these two years are on "regularity of service".
- 6. The Government has all along been very concerned about the reliability of franchised bus service and has demanded KMB to take effective actions in bus captain

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Such as buses with a remaining service life of not less than two years after the retrofit.

recruitment and make adjustments to scheduled journey time having regard to prevailing traffic condition. With these efforts, the lost trip rate of KMB dropped from 4.6% in 2012 to 2.8% in 2013. The Transport Department will continue to closely monitor the situation and will review the current monitoring mechanism with a view to enhancing the quality of franchised bus service.

Annex C

KMB's New Fares for Individual Routes

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Air-conditioned Routes				
Urban Kowloon and New Territories	1	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	1A	\$6.9	\$7.2	\$0.3
Urban Kowloon and New Territories	2	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	2A	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	2B	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	2D	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	2E	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	2F	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	3B	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	3C	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	3D	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	3M	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	5	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	5A	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	5C	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	5D	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	5M	\$3.7	\$3.8	\$0.1
Urban Kowloon and New Territories	6	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	6C	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	6D	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	6F	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	7	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	7B	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	7M	\$3.7	\$3.8	\$0.1
Urban Kowloon and New Territories	8	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	8A	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	9	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	10	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	11	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	11B	\$4.9	\$5.1	\$0.2

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	11C	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	11D	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	11K	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	11X	\$7.2	\$7.5	\$0.3
Urban Kowloon and New Territories	12	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	12A	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	13D	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	13M	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	13X	\$7.2	\$7.5	\$0.3
Urban Kowloon and New Territories	14	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	14B	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	14D	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	15	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	15A	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	16	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	16M	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	17	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	18	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	21	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	23	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	23M	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	24	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	26	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	26M	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	27	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	28	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	28B	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	29M	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	30	\$6.1	\$6.4	\$0.3
Urban Kowloon and New Territories	30X	\$8.5	\$8.9	\$0.4
Urban Kowloon and New Territories	31	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	31B	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	31M	\$3.8	\$4.0	\$0.2
Urban Kowloon and New Territories	32	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	32M	\$4.5	\$4.7	\$0.2
Urban Kowloon and New Territories	33A	\$6.1	\$6.4	\$0.3
Urban Kowloon and New Territories	34	\$4.8	\$5.0	\$0.2

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	34M	\$3.7	\$3.8	\$0.1
Urban Kowloon and New Territories	35A	\$7.4	\$7.7	\$0.3
Urban Kowloon and New Territories	36	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	36A	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	36B	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	36M	\$3.8	\$4.0	\$0.2
Urban Kowloon and New Territories	37	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	37M	\$3.7	\$3.8	\$0.1
Urban Kowloon and New Territories	38	\$8.3	\$8.7	\$0.4
Urban Kowloon and New Territories	38A	\$4.5	\$4.7	\$0.2
Urban Kowloon and New Territories	39A	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	39M	\$3.4	\$3.5	\$0.1
Urban Kowloon and New Territories	40	\$8.4	\$8.8	\$0.4
Urban Kowloon and New Territories	40X	\$8.7	\$9.1	\$0.4
Urban Kowloon and New Territories	41	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	41A	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	41M	\$4.5	\$4.7	\$0.2
Urban Kowloon and New Territories	42	\$7.7	\$8.1	\$0.4
Urban Kowloon and New Territories	42A	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	42C	\$9.2	\$9.6	\$0.4
Urban Kowloon and New Territories	42M	\$4.5	\$4.7	\$0.2
Urban Kowloon and New Territories	43	\$4.5	\$4.7	\$0.2
Urban Kowloon and New Territories	43A	\$4.5	\$4.7	\$0.2
Urban Kowloon and New Territories	43B	\$4.5	\$4.7	\$0.2
Urban Kowloon and New Territories	43C	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	43M	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	43X	\$8.7	\$9.1	\$0.4
Urban Kowloon and New Territories	44	\$6.1	\$6.4	\$0.3
Urban Kowloon and New Territories	44M	\$4.5	\$4.7	\$0.2
Urban Kowloon and New Territories	45	\$6.6	\$6.9	\$0.3
Urban Kowloon and New Territories	46	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	46X	\$7.7	\$8.1	\$0.4
Urban Kowloon and New Territories	47X	\$7.7	\$8.1	\$0.4
Urban Kowloon and New Territories	48X	\$7.7	\$8.1	\$0.4
Urban Kowloon and New Territories	49X	\$8.7	\$9.1	\$0.4
Urban Kowloon and New Territories	51	\$8.5	\$8.9	\$0.4
Urban Kowloon and New Territories	52X	\$12.3	\$12.8	\$0.5

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	53	\$10.3	\$10.8	\$0.5
Urban Kowloon and New Territories	54	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	57M	\$9.0	\$9.4	\$0.4
Urban Kowloon and New Territories	58M	\$9.0	\$9.4	\$0.4
Urban Kowloon and New Territories	58X	\$12.3	\$12.8	\$0.5
Urban Kowloon and New Territories	59A	\$11.0	\$11.5	\$0.5
Urban Kowloon and New Territories	59M	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	59X	\$12.3	\$12.8	\$0.5
Urban Kowloon and New Territories	60M	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	60X	\$12.3	\$12.8	\$0.5
Urban Kowloon and New Territories	61M	\$8.7	\$9.1	\$0.4
Urban Kowloon and New Territories	61X	\$13.3	\$13.9	\$0.6
Urban Kowloon and New Territories	62X	\$15.9	\$16.6	\$0.7
Urban Kowloon and New Territories	63X	\$13.6	\$14.2	\$0.6
Urban Kowloon and New Territories	64K	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	65K	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	66M	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	66X	\$12.3	\$12.8	\$0.5
Urban Kowloon and New Territories	67M	\$9.0	\$9.4	\$0.4
Urban Kowloon and New Territories	67X	\$12.3	\$12.8	\$0.5
Urban Kowloon and New Territories	68A	\$10.7	\$11.2	\$0.5
Urban Kowloon and New Territories	68M	\$9.7	\$10.1	\$0.4
Urban Kowloon and New Territories	68X	\$13.6	\$14.2	\$0.6
Urban Kowloon and New Territories	69M	\$10.6	\$11.1	\$0.5
Urban Kowloon and New Territories	69X	\$14.5	\$15.1	\$0.6
Urban Kowloon and New Territories	70K	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	71A	\$3.8	\$4.0	\$0.2
Urban Kowloon and New Territories	71B	\$1.9	\$2.0	\$0.1
Urban Kowloon and New Territories	71K	\$4.5	\$4.7	\$0.2
Urban Kowloon and New Territories	71S	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	72	\$9.2	\$9.6	\$0.4
Urban Kowloon and New Territories	72A	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	72X	\$9.7	\$10.1	\$0.4
Urban Kowloon and New Territories	73	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	73A	\$10.1	\$10.5	\$0.4
Urban Kowloon and New Territories	73K	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	73X	\$9.7	\$10.1	\$0.4

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	74A	\$10.1	\$10.5	\$0.4
Urban Kowloon and New Territories	74K	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	74X	\$9.7	\$10.1	\$0.4
Urban Kowloon and New Territories	75K	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	75X	\$9.7	\$10.1	\$0.4
Urban Kowloon and New Territories	76K	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	77K	\$7.1	\$7.4	\$0.3
Urban Kowloon and New Territories	78K	\$7.2	\$7.5	\$0.3
Urban Kowloon and New Territories	79K	\$5.7	\$6.0	\$0.3
Urban Kowloon and New Territories	80	\$7.1	\$7.4	\$0.3
Urban Kowloon and New Territories	80K	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	80M	\$5.3	\$5.6	\$0.3
Urban Kowloon and New Territories	80X	\$6.8	\$7.1	\$0.3
Urban Kowloon and New Territories	81	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	81C	\$8.5	\$8.9	\$0.4
Urban Kowloon and New Territories	81K	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	82K	\$5.3	\$5.6	\$0.3
Urban Kowloon and New Territories	82S	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	82X	\$5.3	\$5.6	\$0.3
Urban Kowloon and New Territories	83K	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	83X	\$6.8	\$7.1	\$0.3
Urban Kowloon and New Territories	84M	\$6.2	\$6.5	\$0.3
Urban Kowloon and New Territories	85	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	85A	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	85B	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	85K	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	85M	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	85X	\$8.2	\$8.6	\$0.4
Urban Kowloon and New Territories	86	\$8.5	\$8.9	\$0.4
Urban Kowloon and New Territories	86A	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	86C	\$8.5	\$8.9	\$0.4
Urban Kowloon and New Territories	86K	\$5.8	\$6.1	\$0.3
Urban Kowloon and New Territories	87A	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	87B	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	87D	\$9.0	\$9.4	\$0.4
Urban Kowloon and New Territories	87K	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	88K	\$4.5	\$4.7	\$0.2

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	89	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	89B	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	89C	\$8.2	\$8.6	\$0.4
Urban Kowloon and New Territories	89D	\$8.5	\$8.9	\$0.4
Urban Kowloon and New Territories	89X	\$7.2	\$7.5	\$0.3
Urban Kowloon and New Territories	91	\$7.1	\$7.4	\$0.3
Urban Kowloon and New Territories	91M	\$5.8	\$6.1	\$0.3
Urban Kowloon and New Territories	92	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	93A	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	93K	\$8.5	\$8.9	\$0.4
Urban Kowloon and New Territories	93M	\$5.8	\$6.1	\$0.3
Urban Kowloon and New Territories	94	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	95	\$7.1	\$7.4	\$0.3
Urban Kowloon and New Territories	95M	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	98A	\$5.8	\$6.1	\$0.3
Urban Kowloon and New Territories	98C	\$10.1	\$10.5	\$0.4
Urban Kowloon and New Territories	98D	\$9.5	\$9.9	\$0.4
Urban Kowloon and New Territories	99	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	203C	\$4.7	\$4.9	\$0.2
Urban Kowloon and New Territories	203E	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	208	\$7.7	\$8.1	\$0.4
Urban Kowloon and New Territories	211	\$3.7	\$3.8	\$0.1
Urban Kowloon and New Territories	212	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	215X	\$7.2	\$7.5	\$0.3
Urban Kowloon and New Territories	216M	\$3.1	\$3.2	\$0.1
Urban Kowloon and New Territories	219X	\$7.2	\$7.5	\$0.3
Urban Kowloon and New Territories	224X	\$7.2	\$7.5	\$0.3
Urban Kowloon and New Territories	230X	\$9.2	\$9.6	\$0.4
Urban Kowloon and New Territories	234A	\$5.8	\$6.1	\$0.3
Urban Kowloon and New Territories	234B	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	234C	\$9.7	\$10.1	\$0.4
Urban Kowloon and New Territories	234S	\$5.8	\$6.1	\$0.3
Urban Kowloon and New Territories	234X	\$8.5	\$8.9	\$0.4
Urban Kowloon and New Territories	235	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	235M	\$3.8	\$4.0	\$0.2
Urban Kowloon and New Territories	237A	\$7.7	\$8.1	\$0.4
Urban Kowloon and New Territories	238M	\$3.4	\$3.5	\$0.1

Route Group Ro	ute No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	238X	\$7.7	\$8.1	\$0.4
Urban Kowloon and New Territories	242X	\$8.5	\$8.9	\$0.4
Urban Kowloon and New Territories	243M	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	248M	\$3.8	\$4.0	\$0.2
Urban Kowloon and New Territories	249M	\$3.8	\$4.0	\$0.2
Urban Kowloon and New Territories	251A	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	251M	\$9.7	\$10.1	\$0.4
Urban Kowloon and New Territories	252B	\$12.5	\$13.0	\$0.5
Urban Kowloon and New Territories	258D	\$15.9	\$16.6	\$0.7
Urban Kowloon and New Territories	259B	\$13.7	\$14.3	\$0.6
Urban Kowloon and New Territories	259C	\$13.1	\$13.7	\$0.6
Urban Kowloon and New Territories	259D	\$15.9	\$16.6	\$0.7
Urban Kowloon and New Territories	259E	\$8.5	\$8.9	\$0.4
Urban Kowloon and New Territories	260B	\$13.1	\$13.7	\$0.6
Urban Kowloon and New Territories	260C	\$9.2	\$9.6	\$0.4
Urban Kowloon and New Territories	260X	\$14.5	\$15.1	\$0.6
Urban Kowloon and New Territories	261	\$13.0	\$13.6	\$0.6
Urban Kowloon and New Territories	261B	\$13.1	\$13.7	\$0.6
Urban Kowloon and New Territories	263	\$14.2	\$14.8	\$0.6
Urban Kowloon and New Territories	264M	\$10.6	\$11.1	\$0.5
Urban Kowloon and New Territories	265B	\$14.5	\$15.1	\$0.6
Urban Kowloon and New Territories	265M	\$10.6	\$11.1	\$0.5
Urban Kowloon and New Territories	267S	\$13.1	\$13.7	\$0.6
Urban Kowloon and New Territories	268B	\$17.7	\$18.4	\$0.7
Urban Kowloon and New Territories	268C	\$17.7	\$18.4	\$0.7
Urban Kowloon and New Territories	269B	\$17.7	\$18.4	\$0.7
Urban Kowloon and New Territories	269C	\$17.7	\$18.4	\$0.7
Urban Kowloon and New Territories	269D	\$15.7	\$16.4	\$0.7
Urban Kowloon and New Territories	269M	\$10.6	\$11.1	\$0.5
Urban Kowloon and New Territories	270	\$3.4	\$3.5	\$0.1
Urban Kowloon and New Territories	270A	\$14.2	\$14.8	\$0.6
Urban Kowloon and New Territories	271	\$10.6	\$11.1	\$0.5
Urban Kowloon and New Territories	272K	\$3.7	\$3.8	\$0.1
Urban Kowloon and New Territories	272P	\$10.6	\$11.1	\$0.5
Urban Kowloon and New Territories	272S	\$7.2	\$7.5	\$0.3
Urban Kowloon and New Territories	273	\$3.4	\$3.5	\$0.1
Urban Kowloon and New Territories	273A	\$4.1	\$4.3	\$0.2

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	273B	\$3.4	\$3.5	\$0.1
Urban Kowloon and New Territories	273P	\$9.7	\$10.1	\$0.4
Urban Kowloon and New Territories	274P	\$7.6	\$7.9	\$0.3
Urban Kowloon and New Territories	276	\$8.8	\$9.2	\$0.4
Urban Kowloon and New Territories	276A	\$8.8	\$9.2	\$0.4
Urban Kowloon and New Territories	277X	\$14.2	\$14.8	\$0.6
Urban Kowloon and New Territories	278K	\$3.4	\$3.5	\$0.1
Urban Kowloon and New Territories	278X	\$12.5	\$13.0	\$0.5
Urban Kowloon and New Territories	279X	\$14.4	\$15.0	\$0.6
Urban Kowloon and New Territories	280P	\$7.7	\$8.1	\$0.4
Urban Kowloon and New Territories	281A	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	281M	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	282	\$3.7	\$3.8	\$0.1
Urban Kowloon and New Territories	283	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	284	\$3.7	\$3.8	\$0.1
Urban Kowloon and New Territories	286M	\$6.9	\$7.2	\$0.3
Urban Kowloon and New Territories	286X	\$6.8	\$7.1	\$0.3
Urban Kowloon and New Territories	289K	\$4.4	\$4.6	\$0.2
Urban Kowloon and New Territories	292P	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	296A	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	296C	\$7.9	\$8.3	\$0.4
Urban Kowloon and New Territories	296D	\$9.0	\$9.4	\$0.4
Urban Kowloon and New Territories	296M	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	297	\$9.5	\$9.9	\$0.4
Urban Kowloon and New Territories	298E	\$4.9	\$5.1	\$0.2
Urban Kowloon and New Territories	299X	\$9.9	\$10.3	\$0.4
Urban Kowloon and New Territories	B1	\$12.7	\$13.2	\$0.5
Urban Kowloon and New Territories	K12	\$3.8	\$4.0	\$0.2
Urban Kowloon and New Territories	K14	\$3.8	\$4.0	\$0.2
Urban Kowloon and New Territories	K17	\$3.8	\$4.0	\$0.2
Urban Kowloon and New Territories	K18	\$3.8	\$4.0	\$0.2
Cross Harbour	101	\$9.8	\$9.8	\$0.0
Cross Harbour	102	\$9.8	\$9.8	\$0.0
Cross Harbour	103	\$9.8	\$9.8	\$0.0
Cross Harbour	104	\$9.8	\$9.8	\$0.0
Cross Harbour	106	\$9.8	\$9.8	\$0.0
Cross Harbour	107	\$11.1	\$11.1	\$0.0

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Cross Harbour	108	\$10.3	\$10.8	\$0.5
Cross Harbour	109	\$9.3	\$9.3	\$0.0
Cross Harbour	110	\$9.3	\$9.3	\$0.0
Cross Harbour	111	\$9.3	\$9.3	\$0.0
Cross Harbour	112	\$9.3	\$9.3	\$0.0
Cross Harbour	113	\$9.8	\$9.8	\$0.0
Cross Harbour	115	\$9.3	\$9.3	\$0.0
Cross Harbour	116	\$9.8	\$9.8	\$0.0
Cross Harbour	117	\$9.3	\$9.3	\$0.0
Cross Harbour	118	\$9.8	\$9.8	\$0.0
Cross Harbour	170	\$16.0	\$16.0	\$0.0
Cross Harbour	171	\$11.1	\$11.1	\$0.0
Cross Harbour	182	\$16.0	\$16.0	\$0.0
Cross Harbour	301	\$8.4	\$8.4	\$0.0
Cross Harbour	302	\$10.5	\$10.5	\$0.0
Cross Harbour	305	\$16.0	\$16.0	\$0.0
Cross Harbour	307	\$21.2	\$21.2	\$0.0
Cross Harbour	336	\$17.3	\$18.0	\$0.7
Cross Harbour	373	\$23.6	\$24.3	\$0.7
Cross Harbour	601	\$9.8	\$9.8	\$0.0
Cross Harbour	603	\$11.6	\$12.1	\$0.5
Cross Harbour	606	\$9.8	\$9.8	\$0.0
Cross Harbour	619	\$9.8	\$9.8	\$0.0
Cross Harbour	621	\$10.5	\$10.5	\$0.0
Cross Harbour	641	\$10.5	\$10.5	\$0.0
Cross Harbour	671	\$11.1	\$11.1	\$0.0
Cross Harbour	678	\$21.6	\$21.6	\$0.0
Cross Harbour	680	\$19.0	\$19.0	\$0.0
Cross Harbour	681	\$19.0	\$19.0	\$0.0
Cross Harbour	681P	\$19.0	\$19.0	\$0.0
Cross Harbour	690	\$13.4	\$13.4	\$0.0
Cross Harbour	692P	\$13.4	\$13.4	\$0.0
Cross Harbour	904	\$9.8	\$9.8	\$0.0
Cross Harbour	905	\$9.8	\$9.8	\$0.0
Cross Harbour	914	\$9.3	\$9.3	\$0.0
Cross Harbour	934	\$17.3	\$18.0	\$0.7
Cross Harbour	935	\$17.3	\$18.0	\$0.7

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Cross Harbour	948	\$16.0	\$16.0	\$0.0
Cross Harbour	960	\$20.1	\$20.8	\$0.7
Cross Harbour	961	\$20.1	\$20.8	\$0.7
Cross Harbour	968	\$22.7	\$23.4	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	5R	\$6.7	\$7.0	\$0.3
Urban Kowloon and New Territories Recreation and Special Services	59S	\$18.0	\$18.7	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	96R	\$18.0	\$18.7	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	99R	\$14.7	\$15.3	\$0.6
Urban Kowloon and New Territories Recreation and Special Services	275R	\$10.2	\$10.6	\$0.4
Urban Kowloon and New Territories Recreation and Special Services	N73	\$19.2	\$19.9	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	N216	\$12.9	\$13.4	\$0.5
Urban Kowloon and New Territories Recreation and Special Services	N237	\$8.7	\$9.1	\$0.4
Urban Kowloon and New Territories Recreation and Special Services	N241	\$15.2	\$15.8	\$0.6
Urban Kowloon and New Territories Recreation and Special Services	N260	\$10.6	\$11.1	\$0.5
Urban Kowloon and New Territories Recreation and Special Services	N269	\$12.1	\$12.6	\$0.5
Urban Kowloon and New Territories Recreation and Special Services	N271	\$18.4	\$19.1	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	N281	\$16.3	\$17.0	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	N293	\$15.9	\$16.6	\$0.7
Cross Harbour Recreation and Special Services	101R	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	102R	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	N118	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	N121	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	N122	\$13.4	\$13.4	\$0.0

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Cross Harbour Recreation and Special Services	N170	\$24.0	\$24.0	\$0.0
Cross Harbour Recreation and Special Services	N171	\$16.5	\$16.5	\$0.0
Cross Harbour Recreation and Special Services	N182	\$24.0	\$24.0	\$0.0
Cross Harbour Recreation and Special Services	N368	\$33.5	\$34.2	\$0.7
Cross Harbour Recreation and Special Services	N619	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	N680	\$25.6	\$25.6	\$0.0
Cross Harbour Recreation and Special Services	N691	\$21.2	\$21.2	\$0.0
Urban Kowloon and New Territories Racecourse	848	\$28.1	\$29.2	\$1.1
Urban Kowloon and New Territories Racecourse	868	\$37.4	\$38.9	\$1.5
Urban Kowloon and New Territories Racecourse	869	\$45.0	\$46.5	\$1.5
Urban Kowloon and New Territories Racecourse	872	\$17.4	\$18.1	\$0.7
Urban Kowloon and New Territories Racecourse	885	\$17.4	\$18.1	\$0.7
Urban Kowloon and New Territories Racecourse	886	\$28.1	\$29.2	\$1.1
Urban Kowloon and New Territories Racecourse	887	\$17.4	\$18.1	\$0.7
Urban Kowloon and New Territories Racecourse	888	\$10.6	\$11.1	\$0.5
Urban Kowloon and New Territories Racecourse	889	\$28.1	\$29.2	\$1.1
Urban Kowloon and New Territories Racecourse	891	\$17.4	\$18.1	\$0.7
Urban Kowloon and New Territories Racecourse	893	\$37.9	\$39.4	\$1.5
Cross Harbour Racecourse	802	\$35.6	\$35.6	\$0.0
Cross Harbour Racecourse	811	\$35.6	\$35.6	\$0.0

Economic Implication

The fare increase rate of 3.9% in KMB's fares with effect from 6 July 2014 would lift CCPI by 0.02 of a percentage point in 2014 and another 0.02 of a percentage point in 2015.

Financial Implication

2. The Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ("the Scheme") under which eligible elderly and disabled persons can enjoy a concessionary fare of \$2 for each public transport trip has been extended to KMB since August 2012. Under the Scheme, the Government reimburses the operator the revenue forgone, i.e. the fare charged by the operator minus \$2 paid by an eligible beneficiary, on an accountable basis. With the fare increase rate of 3.9% in KMB's fares, the average monthly reimbursement from the Government to KMB under the Scheme would accordingly increase slightly.

Sustainability Implication

3. The fare increase of 3.9% would help maintain the financial viability of KMB and thus its ability to continue to provide a proper and efficient bus service on which millions of passengers rely. A financially viable operation would also help the operator make further investment to upgrade its fleet and service.



香港添馬添美道二號政府總部東翼二十一樓 21/F, East Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong 電話 Telephone 3509 8198 傳真 Fax 3904 1774

本會檔號 Our Ref.

來函檔號 Your Ref.

15 May 2014

Professor the Honourable Anthony Cheung, GBS, JP Secretary for Transport and Housing 22/F, East Wing, Central Government Offices 2 Tim Mei Avenue Tamar Hong Kong

Dear Professor Cheung,

Fare Increase Application from The Kowloon Motor Bus Company (1933) Limited

The Kowloon Motor Bus Company (1933) Limited submitted an application on 29 November 2013 to the Government to increase its fare by an average of 4.3%, to meet rising operating costs and improve its financial health. The application was considered by the Transport Advisory Committee ("TAC") at its meeting held on 29 April 2014. This letter sets out TAC's advice.

Basis of TAC's consideration

- 2. TAC considered the application based on the Fare Adjustment Arrangement for franchised buses ("FAA"). The FAA sets out the following factors that should be taken into account when assessing a bus fare increase application:
 - (a) changes in operating costs and revenue;
 - (b) forecast of future costs, revenue and return;

- (c) the need to provide the operator with a reasonable rate of return. Reference should be made to the Weighted Average Cost of Capital of the franchised bus industry in considering the reasonable rate of return, which is set at 9.7% rate of return on Average Net Fixed Assets ("ANFA");
- (d) public acceptability and affordability. Reference should be made to the changes in Median Monthly Household Income ("MMHI") and Composite Consumer Price Index ("CCPI");
- (e) the quality and quantity of service provided; and
- (f) a formula of a supportable fare adjustment rate = 0.5 x Change in Wage Index for the Transportation Section + 0.5 x Change in CCPI 0.5 x Productivity Gain¹. The formula is for reference only. The fare level will <u>not</u> be adjusted automatically according to the formula outcome.

Unless otherwise specified, the factors under the FAA are intended to be applied with reference to the date of the last fare adjustment.

Changes in operating costs and revenue since the last fare adjustment

3. KMB last increased its fare in March 2013 by an overall weighted average rate of 4.9%. Despite that, KMB's franchised bus operation recorded a loss of about \$12.4 million in 2013, representing a rate of return on ANFA of -0.2%. This is the second consecutive year that KMB's book is in the red. The loss in 2012 was \$43 million, representing a rate of return on ANFA of -1.1%.

As approved by the Executive Council, the value of productivity gain has been set at zero until the next FAA review. A new round of review is now underway.

Forecast of future costs and revenue

Members noted that an increase in KMB's total revenue from 2013 to 2014 was projected. The increase is mainly due to the additional patronage from the full-year effect of bus route rationalisation implemented in North District and Tuen Mun in 2013 and the planned phased implementation of bus route rationalisation in Yuen Long/Tin Shui Wai, Tai Po, Tsing Yi and Shatin/Ma On Shan in 2014, as well as the full-year effect of the last round of fare increase. KMB's total operating costs during the same period are also projected to increase. This is mainly due to inflation, annual pay rise, and increase in depreciation cost incurred in line with bus replacement cycle.

Rate of return on ANFA

5. Members noted that KMB suffered a loss and a negative rate of return on ANFA (-0.2%) again in 2013. As mentioned in paragraph 3 above, the rate of return on ANFA was -1.1% in 2012. At the existing fare level, the situation is expected to be even more challenging in 2014 and 2015, with projected negative rate of return for both years.

Public acceptability and affordability

Members noted that, based on the latest indices published by the Census and Statistics Department, the change since the last fare increase in MMHI (from the first quarter of 2013 to the fourth quarter of 2013) was +1.82%, while the change in CCPI (from March 2013 to March 2014) was +3.95%. Members noted that there could be updated readings for MMHI and CCPI, for the purpose of consideration of the fare increase application by the Executive Council ("ExCo") in due course.

Quality and quantity of service

7. Members noted that there had been public concern over KMB's service reliability. With a more aggressive recruitment drive and a review on the service schedules taking into account the prevailing traffic

situation, KMB has made notable progress in improving its lost trip situation. The lost trip rate has in 2013 dropped to 2.8%, a figure in line with the industry average. Meanwhile, KMB has also taken several initiatives to implement various service improvement measures on environmental protection and bus safety. About 90% of its fleet is of Euro II or above emission standard, with all Euro II and III buses retrofitted with diesel particulate filters. The eligible ones² would also be retrofitted with selective catalytic converters to reduce nitrogen oxides emission in the coming two years. Separately, KMB would commence the trials using three hybrid buses and 18 electric buses later this year to assess their operational efficiency and performance under local conditions in Hong Kong.

At the same time, the Government and franchised bus companies have pursued bus route rationalisation more vigorously since 2013. In addition to the annual route development programmes, bus routes have also been rationalised through the "Area Approach". Under this approach, an entire district, instead of individual routes, is used as the basis for re-organising overall bus services in a holistic manner. Bus routes under-utilised will be cancelled or amalgamated, and new routes will be introduced to meet new demand. Feeder and external routes as well as interchange arrangements will also be strengthened, and bus companies will be encouraged to offer interchange concessions as far as possible. These arrangements could enable bus services to better meet the needs of local residents in overall terms, while enhancing the efficiency of the bus network, alleviating traffic congestion and reducing roadside air pollution. "Area Approach" proposals for North District and Tuen Mun have been implemented by phases since August and September 2013 respectively and their operation has generally been satisfactory. The Transport Department ("TD") and KMB will continue to apply the "Area Approach" to other districts. Yuen Long/Tin Shui Wai, Tai Po, Tsing Yi and Sha Tin/Ma On Shan will be covered in 2014 for phased implementation. Local consultation is underway.

Such as buses with a remaining service life of not less than two years after the retrofit.

Formula outcome

9. On the basis of a +3.77% change in Wage Index for the Transportation Section from March 2013 to December 2013 and a +3.95% change in CCPI from March 2013 to March 2014, the outcome of the formula of a supportable fare adjustment rate is +3.86%. Members noted that when ExCo considered the fare increase application in due course, the formula outcome would be updated in the event that by then up-to-date readings for CCPI and the Wage Index were ready.

TAC's views

- 10. Taking into account all the factors under the FAA, TAC took the view that there was a case for a fare increase for KMB. Yet, TAC noted that KMB's applied fare increase rate of 4.3% was higher than the change in CCPI since the last fare increase, as well as the formula outcome. TAC also noted that the MMHI for the first quarter of 2014, which would only be released in around mid-May, had yet to be captured and the index might go up given the usual salary increase cycle. Having considered all factors, TAC was of the view that it would be justifiable to allow KMB to increase its fare by an average of 3.9%. This fare increase would strike a balance between the need to lessen the burden of additional transport expenses on passengers and the need for KMB to have financial sustainability to enable it continue to provide proper and efficient service.
- 11. In reaching the above view, TAC appreciated that franchised bus operation was capital and labour intensive. A good part of the operating cost is made up of fuel and salary cost which is inelastic in nature and subject to market situation. TAC was of the view that the bus operator and TD should re-double their efforts to communicate with District Councils and the local communities the overall financial (in terms of bus fare) and other benefits that route rationalisation could bring to the public. TAC took note that a sustainable financial model was important for the franchisee to be able to make the necessary further investment in

bus replacement³ and service improvement (e.g. more bus-bus interchange arrangements and concessionary fares), and urged KMB to provide attractive interchange concessions to help garner local support for bus route rationalisation.

12. I should be grateful if you would convey TAC's advice and views to ExCo for consideration. I confirm that TAC's advice and views as contained in this letter may be released for public information after ExCo's decision is announced.

Yours sincerely,

(Larry Kwok)

Chairman

Transport Advisory Committee

New buses purchased by KMB will be of Euro V or above models. Each Euro V double-deck bus would cost about \$3 million.

Extract of the Hong Kong 2016 Yearbook

Chapter 14

Transport

Hong Kong's public transport system, widely regarded as one of the best in the world, provides comprehensive, comfortable and safe travel options at affordable prices.

Administrative Framework

The government's Transport and Housing Bureau, headed by the Secretary for Transport and Housing, formulates policies on Hong Kong's internal and external transport, including land transport, maritime transport and logistics, and air services. The bureau is supported by the Civil Aviation Department, Highways Department, Marine Department and Transport Department.

Transport Strategy and Policy Objectives

The government aims to provide a safe, efficient, reliable and environment-friendly transport system that meets the community's economic, social and recreational needs, and that is capable of supporting sustainable development in Hong Kong. It does this by:

- expanding and improving the transport infrastructure in a timely manner;
- improving the coordination and, together with the operators, the quality of public transport services; and
- managing road use to reduce congestion and to promote safety.

The government also ensures these objectives are environmentally sustainable by supporting environmental improvement measures in transport-related areas. The government bases its plans for public infrastructure projects on sustainable development principles. Together with the operators, it also takes a range of measures to reduce the adverse impact on the environment of road-based transport, including the rationalisation of bus routes and the deployment of more environment-friendly buses.

The environmental impact of new transport projects, during both their construction and operation phases, is monitored closely. Environmental mitigation measures are implemented where necessary to reduce this impact.

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Extract of the Controlling Officer's Report of the Transport and Housing Bureau (Transort Branch) 2018-19

Appendix B

Head 158 — GOVERNMENT SECRETARIAT: TRANSPORT AND HOUSING BUREAU (TRANSPORT BRANCH)

Controlling officer: the Permanent Secretary for Transport and Housing (Transport) will account for under this Head.	expenditure
Estimate 2018–19	\$293.5m
Establishment ceiling 2018–19 (notional annual mid-point salary value) representing an estimated 183 non-directorate posts as at 31 March 2018 rising by two posts to 185 posts as at 31 March 2019	\$117.1m
In addition, there will be an estimated 24 directorate posts as at 31 March 2018 and as at 31 March 2019.	
Commitment balance	\$224.1m

Controlling Officer's Report

Pro	gra	m	m	es
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Programme (1) Director of Bureau's Office This

This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Transport and Housing).

Programme (2) Land and Waterborne Transport This programme contributes to Policy Area 21: Land and Waterborne Transport (Secretary for Transport and Housing).

Programme (3) Air and Sea Communications and Logistics Development This programme contributes to Policy Area 3: Air and Sea Communications and Logistics Development (Secretary for Transport and Housing).

Detail

Programme (1): Director of Bureau's Office

	2016–17	2017–18	2017–18	2018–19
	(Actual)	(Original)	(Revised)	(Estimate)
Financial provision (\$m)	15.8	14.7	15.8 (+7.5%)	15.8 (—)

(or +7.5% on 2017–18 Original)

Aim

2 The aim is to ensure the smooth operation of the Office of the Secretary for Transport and Housing.

Brief Description

3 The Office of the Secretary for Transport and Housing is responsible for providing support to the Secretary for Transport and Housing in undertaking political work. This includes the support provided by the Under Secretary and the Political Assistant. The Office is also responsible for providing administrative support to the Secretary for Transport and Housing in carrying out his duties. The work includes the planning, co-ordination and implementation of all arrangements for the Secretary's public, media and community functions.

Programme (2): Land and Waterborne Transport

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	99.6	102.8	108.9 (+5.9%)	1 04.7 (-3.9%)
				(au 1 00/ au

(or +1.8% on 2017–18 Original)

Head 158 — GOVERNMENT SECRETARIAT: TRANSPORT AND HOUSING BUREAU (TRANSPORT BRANCH)

Aim

4 The aims are to plan for and implement the construction and improvement of Hong Kong's transport infrastructure, promote the usage of public transport services by improving their quality and co-ordination; improve cross-boundary rail and road linkages; manage road use, alleviate road traffic congestion and promote road safety; promote the use of non-mechanised transport modes for short-distance commuting; and support environmental improvement measures in transport-related areas.

Brief Description

- 5 The Branch's main responsibility under this programme is to formulate policies on the development of transport infrastructure, the provision of transport services, the management of traffic, and the support of environmental improvement measures in transport-related areas.
 - 6 In 2017–18, the Branch:
 - oversaw the implementation of the Shatin to Central Link (SCL);
 - oversaw the construction and operational arrangements of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL);
 - continued to take forward the detailed planning work for the Northern Link (and Kwu Tung Station), the Tuen Mun South Extension, the East Kowloon Line, the Tung Chung West Extension (and Tung Chung East Station) and the North Island Line under the Railway Development Strategy (RDS) 2014;
 - oversaw the preparatory work for the Feasibility Study on Route 11;
 - oversaw the preparatory work for the Strategic Studies on Railways and Major Roads beyond 2030;
 - in conjunction with the governments of Guangdong and the Macao Special Administrative Region, oversaw the works for the Hong Kong-Zhuhai-Macao Bridge (HZMB) Main Bridge and formulated related cross-boundary transport arrangements;
 - oversaw the works for the Hong Kong Boundary Crossing Facilities, Hong Kong Link Road and Tuen Mun-Chek Lap Kok Link (TM-CLKL) under the HZMB project;
 - oversaw the works for the Central-Wan Chai Bypass and the Island Eastern Corridor Link, as well as the widening of Tolo Highway/Fanling Highway between Island House Interchange and Fanling – Stage 2;
 - oversaw the planning and design for the Tuen Mun Western Bypass, the Cross Bay Link, the Trunk Road T2, as well as the widening of Castle Peak Road – Castle Peak Bay;
 - oversaw the works for the Tseung Kwan O Lam Tin Tunnel;
 - oversaw the works for the dualling of Hiram's Highway between Clear Water Bay Road and Marina Cove and improvement to local access to Ho Chung;
 - · oversaw the detailed design and site investigation work for the widening of Tai Po Road (Sha Tin Section);
 - oversaw the proposed pedestrian environment improvement schemes in Yuen Long Town, Mong Kok and Causeway Bay;
 - · obtained funding approval for the construction of the Central Kowloon Route (CKR);
 - oversaw the technical feasibility studies, planning and design for the higher-ranking proposals on the provision
 of hillside escalator links and elevator systems (HEL), and obtained funding approval for the construction of the
 proposed lift and pedestrian walkway system between Tai Wo Hau Road and Wo Tong Tsui Street, Kwai Chung;
 - · oversaw the works for the construction of three HEL in Tsing Yi, Kwai Chung and Kowloon City respectively;
 - oversaw the works for the construction of the elevated walkway between Tong Ming Street and Tong Tak Street,
 Tseung Kwan O and the footbridge connecting Tsuen Wan Plaza, Skyline Plaza and the adjacent landscaping
 area;
 - oversaw the implementation of the "Universal Accessibility" Programme for the retrofitting of barrier-free access facilities at public footbridges, elevated walkways and subways including the next phase of the programme;
 - oversaw the review of highway roadworks safety requirements;
 - continued to promote walkability by progressively taking forward the construction of covers for suitable
 walkways in different districts, enhancing the function of HKeTransport App to enable citizens to plan/search for
 the best walking routes in major shopping areas of Causeway Bay, and commencing a study on enhancing
 pedestrian connectivity between Wan Chai and Sheung Wan as well as a study to review and improve the
 assessment for proposed HEL projects;
 - continued to jointly administer with the relevant Guangdong authorities the regulatory regime for cross-boundary vehicles;

Extract of THB's website - Policy Objectives

Home > Policy > Transport > Policy Objectives

Policy Objectives

- To plan for and implement the construction and improvement of our transport infrastructure, with emphasis on railways;
- To further promote the usage of public transport services by improving their quality and co-ordination;
- To effectively manage road use, reduce congestion and promote safety;
- To continue to support environmental improvement measures in transport-related areas;
- To enhance and promote Hong Kong as an international and regional transportation and logistics hub;
- To enhance, in partnership with the Airport Authority, the competitiveness of the Hong Kong International Airport and promote Hong Kong as an international and regional aviation centre; and
- To enhance the competitiveness of the Hong Kong port and to strengthen Hong Kong's position as an international shipping and maritime centre.

Extracts of the Safe Drving and Health Campaign for Commercial Vehicle Drivers

Appendix D

繁體 简体 ENG Graphic Version

Safe Driving and Health Campaign for Commercial Vehicle Drivers
Ceremony of Safe Driving and Health Campaign for Commercial Vehicle Drivers
Road Safety Tips Health Tips 安仔&全叔Tips

Safe Driving and Health Campaign for Commercial Vehicle Drivers

To enhance the safe driving skills and health awareness of commercial vehicle drivers, the Transport Department has been holding the Safe Driving and Health Campaign since 2009/10. Focusing on four major themes, which include "safe driving attitude and behavior", "respect other road users", "no drink driving and drug driving" and "maintain good health conditions", a wide range of services and activities are provided in the Campaign in 2017/18.

Radio Programme

From October 2017 to February 2018

- · Safe Driving and Health Tips
- · Warm reminder of health caring and periodical body-check for commercial drivers
- · Activity highlight of Ceremony of Safe Driving and Health Campaign
- Radio segments featuring commercial vehicle drivers sharing their safe driving and health tips
- Radio segment featuring celebrities and Ambassador of Safe Driving and Health sharing their safe driving and health tips

Health check and advice for commercial vehicle drivers

(The event had concluded successfully. Thank you for your support.)

Hong Kong Island:

Hong Kong Federation of Trade Unions Workers' Medical Clinics 3rd Floor, Siu Ying Commercial Building, 151-155 Queen's Road Central, Hong Kong

Kowloon

United Christian Nethersole Jockey Club Wo Lok Community Health Centre Unit 26-33, Ground Floor, Kui On House, Wo Lok Estate, Hip Wo Street, Kwun Tong, Kowloon

United Christian Nethersole Jordan Health Centre 13th Floor, Sino Cheer Plaza, No. 23 Jordan Road, Kowloon

New Territories East:

United Christian Nethersole Kwong Fuk Community Health Centre 19, Ground Floor, Kwong Yan House, Kwong Fuk Estate, Tai Po, New Territories

New Territories West:

United Christian Nethersole Community Health Service Jockey Club Tin Shui Wai Community Health Centre

Unit 103, 1/F, Tin Ching Amenity and Community Building, Tin Ching Estate, Tin Shui Wai, New Territories

Ceremony of Safe Driving and Health Campaign for Commercial Vehicle Drivers and Campaign Website Late December 2017 onwards

Ceremony of Safe Driving and Health Campaign for Commercial Vehicle Drivers 15 December 2017

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Dedicated webpage for the Campaign

Early January 2018 onwards onthe website of the Transport Department内

Community Promotion of Safe Driving and Health Campaign by Ambassadors Tentative on January 2018

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To assess whether KMB is providing proper and efficient public bus services, the Transport Department ("TD") has been reviewing its performance regularly through passenger satisfaction surveys, site surveys, vehicle inspections, examination of regular returns and feedback from the public. In the light of the assessment in paragraphs 6 to 8 below, we consider that KMB has been providing proper and efficient public bus services. As regards its willingness to invest in franchised bus operation, it is noted that KMB will enhance passenger facilities and offer new fare concessions as set out in paragraphs 9 to 12 below. the bus replacement cycle entering its peak in the coming years, KMB will need to make a substantial investment of about \$3.8 billion for purchasing 1 380 new buses (around 35% of its current fleet) in the coming five years for replacing older buses and further enhancing its Having taken all factors into account, the Executive-in-Council decided to grant to KMB a new franchise commencing upon the expiry of its current one and running for a period of ten years, from 0400 hours³ on 1 July 2017 to 0400 hours on 1 July 2027.

Assessment of Application

(A) Service Performance

6. As at end-2016, KMB was operating 384 bus routes using 3 916 buses. Between August 2007 (commencement of its existing franchise) and end-2016, KMB's average lost trip rate was 3.7%. In view of the relatively higher lost trip rates in 2011 (8.0%) and 2012 (4.6%), KMB implemented a series of improvement measures which had encouragingly brought the lost trip rate down to a low level of 1.5% in 2016, slightly better than the industry average of 1.6%. The average number of complaints against KMB per million passengers received by the Transport Complaints Unit under the Transport Advisory Committee ("TAC") was 2.73, lower than the overall industry average of 3.52 during the same period. The average number of KMB buses involved in accidents per million vehicle-kilometre travelled was 2.90, lower than the overall industry average of 4.19 during the same period. As at end-2016, over 95% of KMB's fleet were low-floor wheelchair-accessible buses for the convenience of wheelchair passengers; by mid-2017 the whole fleet is

The existing franchise ends at 0400 hours of 1 July 2017 to ensure continued operation of the bus services straddling the last day of a franchise onto the early hours of the next day in case of a change of bus operator following the expiry of that franchise. The new franchise will take effect immediately after the expiry of the current one.

expected to comprise low-floor buses.

- 7. With continual expansion of the railway network, the average daily patronage of KMB decreased slightly from about 2 762 000 passenger journeys in 2007 to about 2 705 000 passenger journeys in 2016. Nevertheless, KMB has strived to enhance its operational and network efficiency through vigorous rationalisation of bus routes in partnership with the Government. Between August 2007 and end-2016, KMB, with the assistance of TD, implemented 287 service improvement measures and 330 service rationalisation measures. It is noteworthy that in recent years, bus services in North District, Tai Po, Tuen Mun, Yuen Long, Sha Tin, Tsing Yi and Kowloon were rationalised under an "Area Approach", through which bus services were reviewed holistically for a district as a whole, rather than on a route-by-route basis, with a view to maximising the overall benefits to the community.
- TD commissioned an independent opinion survey in November 8. 2015 to collect passengers' overall opinion on KMB's services. results showed that 85% of the respondents were satisfied with the overall quality of services provided by KMB. A summary of the survey findings is at Annex B. Among the eight service performance aspects measured, KMB received satisfactory rating of over 80% in six aspects. The two performance aspects which received the comparatively lower satisfaction rating were environmental performance and service On environmental performance, all KMB's buses have met the prevailing statutory emission standards at the relevant time when they were purchased (currently set at EURO V emission standards), with 51% of its current fleet being EURO V buses as at end-2016. With the on-going bus replacement programme, the percentage of buses of EURO V emission standards or above will rise to around 73% and 87% respectively in the next three and five years. As for service reliability, as reflected by the improving average lost trip rate mentioned in paragraph 6 above, KMB has been making continuous effort and has achieved noticeable result.

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Service improvement measures mainly include introduction of new routes, frequency enhancement, extension of service hours and extension of routeing.

Service rationalisation measures mainly include route cancellation, frequency reduction, route truncation and re-routeing.

Annex B

KMB's Key Service Performance in 2013

In terms of safety, KMB's accident rate was 3.18 accidents per million vehicle-km in 2013, vis-à-vis an industry average rate of 4.43 for the same period. All KMB's buses have already been equipped with black boxes to help monitor drivers' performance and investigate accidents when they happen.

- 2. On the environmental front, about 90% (3,421 buses) of KMB's fleet was of Euro II or above emission standard as at end-December 2013. The remaining 423 Euro I buses will all be phased out by end-2015.
- 3. All new buses placed now on delivery as from 2015 onwards will be of Euro V or above standard. To further cut particulate emission, KMB has completed retrofitting diesel particulate filters on all its Euro II and Euro III buses. KMB has also been working with the Environmental Protection Department to retrofit eligible Euro II and III buses¹ with selective catalytic reduction devices so as to meet the Euro IV nitrogen oxides emission standard. The retrofit is expected to be completed by end-2016. Meanwhile, KMB will conduct trials using three hybrid buses and 18 electric buses (including eight supercapacitor buses and 10 battery-electric buses) so as to assess their operational efficiency and performance under local conditions in Hong Kong. The trials of hybrid buses and electric buses will commence in the second half of 2014, and will last for two years.
- 4. According to the passenger satisfaction surveys on KMB's service, passengers are generally most satisfied with drivers' compliance with traffic regulations, travelling speed and driving skills. They are most dissatisfied with frequency and reliability of services.
- 5. The Transport Complaints Unit of TAC received 4,196 complaints and suggestions relating to KMB in 2013 (making up about 57% of all franchised busrelated complaints and suggestions, when KMB's fleet size and passenger volume account for around 66% of the industry total). The figure in 2012 is 3,631 (making up about 58% of all franchised bus-related complaints and suggestions). About half of the complaints and suggestions received on KMB in these two years are on "regularity of service".
- 6. The Government has all along been very concerned about the reliability of franchised bus service and has demanded KMB to take effective actions in bus captain

¹ Such as buses with a remaining service life of not less than two years after the retrofit.

recruitment and make adjustments to scheduled journey time having regard to prevailing traffic condition. With these efforts, the lost trip rate of KMB dropped from 4.6% in 2012 to 2.8% in 2013. The Transport Department will continue to closely monitor the situation and will review the current monitoring mechanism with a view to enhancing the quality of franchised bus service.

Controlling officer: the Commissioner for Transport will account for expenditure under this Head.	
Estimate 2018–19	\$4,485.9m
Establishment ceiling 2018–19 (notional annual mid-point salary value) representing an estimated 1 676 non-directorate posts as at 31 March 2018 rising by 119 posts to 1 795 posts as at 31 March 2019	\$895.5m
In addition, there will be an estimated 29 directorate posts as at 31 March 2018 rising by three posts to 32 posts as at 31 March 2019.	
Commitment balance	\$1,262.6m

Controlling Officer's Report

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Programme (1) Planning and Development

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This programme contributes to Policy Area 21: Land and Waterborne Transport (Secretary for Transport and Housing).

Programme (2) Licensing of Vehicles and Drivers This programme contributes to Policy Area 21: Land and Waterborne Transport (Secretary for Transport and Housing) and Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury).

Programme (3) District Traffic and Transport Services These programmes contribute to Policy Area 21: Land and Waterborne Transport (Secretary for Transport and Housing).

Programme (4) Management of Transport Services

Programme (5) Transport Services for Persons with Disabilities and Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities This programme contributes to Policy Area 14: Social Welfare (Secretary for Labour and Welfare).

Programme (6) Public Transport Fare Subsidy Scheme This programme contributes to Policy Area 21: Land and Waterborne Transport (Secretary for Transport and Housing).

Detail

Programme (1): Planning and Development

, 9				
	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	397.8	446.3	456.7 (+2.3%)	562.3 (+23.1%)
				(or +26.0% on 2017–18 Original)

Aim

2 The aims are to assist in the formulation of transport policies and infrastructure development programmes for safe and efficient passenger, pedestrian and goods movements and to implement the Government's policy on public transport development, franchising and regulation, all of which contribute towards the sustainable development of Hong Kong.

Brief Description

- 3 The work of the Department involves:
- conducting studies for transport planning for Hong Kong, which forms the basis for formulating transport
 policies and strategies and developing transport infrastructure, public transport development programmes and
 measures to deal with traffic congestion;
- scrutinising traffic impact assessments for developments and advising on building development proposals and town planning matters;

- providing traffic and transport input for the planning and implementation of new railways and strategic highway projects;
- planning and developing franchised bus, non-franchised bus, tram, taxi, ferry and public light bus services, formulating regulatory measures for the services, and planning their related facilities;
- monitoring existing railway services, assessing the impact of new railways on other public transport modes and maintaining a co-ordinated network of public transport services along rail corridors; and
- processing service planning programmes and applications for fare adjustment for different public transport modes.
- 4 In 2017, the Department extended the ferry service licences of the six major outlying island ferry routes for the 2017–2020 licence period with the continued provision of the special helping measures (SHM) and service enhancement. It started negotiation with The "Star" Ferry Company, Limited on the new franchise upon the expiry of the current franchise in March 2018. It handled fare increase applications from franchised buses, green minibuses, trams, taxis as well as franchised and licensed ferry operators. It completed the phased implementation of the public transport service re-organisation plans to tie in with the change in passenger patronage pattern of different public transport modes after the commissioning of the Kwun Tong Line Extension (KTE) and the South Island Line (East) (SIL(E)). It formulated the public transport service plan for West Kowloon Station to tie in with the commissioning of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. It also commenced the study on public transport service re-organisation plans in association with the Shatin to Central Link (SCL) for its scheduled phased commissioning starting from 2019. It completed the negotiations with the Kowloon Motor Bus Company (1933) Limited (KMB), which was granted a new franchise for its bus network in March 2017. It worked with the franchised bus companies in pursuing route rationalisation proposals through the annual route planning programmes. In addition, it assisted the Transport and Housing Bureau (THB) to complete the Public Transport Strategy Study in examining the roles and positioning of public transport services other than the heavy rail. It assisted THB to take forward in phases the recommendations of the Report on Study of Road Traffic Congestion in Hong Kong compiled by the Transport Advisory Committee for alleviating road traffic congestion, and commenced a feasibility study on Electronic Road Pricing pilot scheme in Central and its adjacent areas. It continued to improve existing cycle tracks a
 - 5 The key performance measures in respect of planning and development are:

Indicators

	2016	2017	2018
	(Actual)	(Actual)	(Estimate)
public transport forward planning programmes processed processing of bus service rationalisation packages new or extension of licences for ferry services granted bus-bus interchange (BBI) schemes introduced project definition statements/technical feasibility statements	7	7	7
	79	140#	75
	33	57∧	28
	37¶	32¶	15
for inclusion of transport infrastructure projects in Public Works Programme processed	2	2	12Ψ

The number of bus service rationalisation packages processed in 2017 was higher than those in 2016 and 2018 as the majority of public transport re-organisation proposals arising from the commissioning of KTE and SIL(E) were implemented in 2017.

These licences include licensed ferry service and kaito ferry service. As kaito ferry licences are normally extended for a period of two years, and as historically the expiry of the majority of kaito licences fall within the same year, there is an upsurge in the number of extension of kaito ferry licences every two years. The figure of 2017 reflects such pattern.

The number of BBI schemes was much higher in 2016 and 2017, due to the 31 additional schemes offered by Citybus Limited (Franchise for Hong Kong Island and Cross-harbour Bus Network) under its new franchise which commenced in June 2016, 13 additional schemes offered by KMB under its new franchise which commenced in July 2017, and four schemes in connection with the bus route re-organisation plans associated with the commissioning of KTE and SIL(E).

Ψ The estimated number of project definition statements/technical feasibility statements to be processed in 2018 is higher than those in 2016 and 2017 as the Department is planning for the implementation of various

road/pedestrian improvement projects and public transport interchange projects in 2018.

Matters Requiring Special Attention in 2018-19

- 6 During 2018–19, the Department will:
- continue to plan and formulate bus route rationalisation proposals in conjunction with franchised bus companies through the annual route planning programme exercise and using the "Area Approach" where appropriate;
- commence stakeholder consultation on public transport service re-organisation proposals in connection with the commissioning of SCL;

- conduct a review study on the operating conditions of public light buses after the increase in the maximum seating capacity;
- · continue to implement the recommended measures under the Public Transport Strategy Study;
- assist THB in the legislative amendment exercise for the implementation of franchised taxis;
- continue to assist THB in updating the fare adjustment arrangement for franchised bus service;
- continue to encourage franchised bus companies to deploy environment-friendly buses at busy corridors and continue to support the Environmental Protection Department to carry out the on-going trial of electric buses;
- provide timely traffic and transport input for the planning and implementation of new railways, strategic highways and major new development projects;
- continue to update and enhance the transport model for planning purpose;
- subject to the funding approval of the Legislative Council (LegCo), commission the Strategic Study on Major Roads beyond 2030;
- continue to implement the SHM for the six major outlying island ferry routes for the 2017–2020 licence period
 and assist THB in making preparation for the review due for completion in 2019 on whether SHM would be the
 most desirable long-term operation model for maintaining the financial viability of ferry services;
- continue to assist THB in taking forward in phases the recommendations of the Report on Study of Road Traffic Congestion in Hong Kong compiled by the Transport Advisory Committee for alleviating road traffic congestion, in particular, undertaking the feasibility study on Electronic Road Pricing pilot scheme in Central and its adjacent areas;
- continue to assist THB in conducting a study on the overall strategy and feasible options for traffic distribution among the three road harbour crossings and three land tunnels between Kowloon and Sha Tin, with a view to putting toll adjustment proposals to LegCo Panel on Transport for discussion;
- assist THB in fostering a pedestrian-friendly environment and promoting "Walk in HK", including the undertaking of a study on enhancing walkability in Hong Kong, a study on reviewing and improving the assessment mechanism for hillside escalator links and elevator systems proposals, and a feasibility study on enhancing the pedestrian connectivity on Hong Kong Island North from Wan Chai to Sheung Wan;
- conduct a study on parking for commercial vehicles;
- continue to develop schemes to improve existing cycle tracks and associated facilities in nine new towns in the New Territories; and
- continue to carry out pilot renovation projects to enhance the design and facilities of a covered public transport interchange and a ferry pier for providing passengers with a more comfortable waiting environment.

Programme (2): Licensing of Vehicles and Drivers

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	377.9	379.9	390.4 (+2.8%)	432.8 (+10.9%)
				(or +13.9% on 2017–18 Original)

Aim

7 The aims are to operate an efficient vehicle and driver registration and licensing system, and to promote road safety through the efficient regulation of vehicles and drivers.

Brief Description

- 8 The work of the Department involves:
- handling the registration of vehicles, issue and renewal of vehicle and driving licences, transfer of vehicle ownership and issue and renewal of Closed Road Permits for cross-boundary vehicles;
- taking enforcement action on unauthorised operation of vehicles governed under the Passenger Service Licence (PSL) System;
- instituting prosecution action in relation to the Driving Offence Points (DOP) System, non-compliance cases of Mandatory Attendance of Driving Improvement Courses (MDIC), and traffic offences in the control areas of government tunnels and bridges;

- processing applications for PSLs and Hire Car Permits in respect of public service vehicles and other miscellaneous licences;
- inspecting the roadworthiness and emission condition of vehicles through government-operated vehicle examination centres;
- supervising the performance of the management contractor of the New Kowloon Bay Vehicle Examination Centre, regulating the operation of designated car testing centres, and monitoring the bus maintenance of franchised bus companies;
- promoting safer vehicles through reviewing and updating the relevant vehicle regulations and safety standards;
 and
- arranging written and road tests for drivers and driving instructors, monitoring the operation of designated driving schools, driving improvement schools and pre-service training schools, and promoting road safety through the driving improvement scheme and pre-service courses.
- 9 In 2017, the Department continued to provide support to the Environment Bureau in continuing the implementation of the Ex-gratia Payment Scheme for Phasing out Pre-Euro IV Diesel Commercial Vehicles and the promotion of the use of environment-friendly commercial vehicles.
 - 10 The key performance measures in respect of licensing of vehicles and drivers are:

7	arg	ets
-		000

Turgeis		PRINTED BY		
	T	2016	2017 (Actual)	2018 (Plan)
	Target	(Actual)	(Actual)	(Flail)
conducting road test				
within 82 days upon application for				
light bus, bus, medium and heavy				
goods vehicle and articulated				
vehicle driving licence (% of all				
cases)	95	100	100	95
conducting written test				
within 45 days upon application for				
learner driving licence (% of all				
cases)	98	100	100	98
within 60 days upon application for				
taxi driving licence (% of all				
cases)	98	100	100	98
announcing written test result within				
15 minutes upon completion of the				
test (% of all cases)	98	100	100	98
providing driving licence renewal service				
over the counter within 70 minutes (%				
of all cases)	98	100	99	98
providing vehicle licence renewal service				
over the counter within 70 minutes (%				
of all cases)	95	99	99	98
providing non-counter licensing services				
within ten working days upon				
application (% of all cases)	95	100	100	100
conducting annual examination of	,,,			
vehicles at government centres				
within ten working days upon				
application (% of all cases)	100	100	100	100
conducting recheck examination of	100	100		
vehicles at government centres				
within four working days upon				
application (% of all cases)	100	100	100	100
application (70 of all cases)	100	100		
Indicators				
Indicators				
		2016	2017	2018
		(Actual)	(Actual)	(Estimate)
111 - 1 - 1 - 1 1 - 1				
written tests arranged for	0			
private car, motorcycle and light goods vehicl	e	66 704	64 382	64 400
drivers		9 260	9 115	9 100
taxi drivers		9 200	7 113	7 100
road tests arranged for		53 434	54 028	54 100
private car drivers		JJ 4J4	JT 020	34 100

	2016 (Actual)	2017 (Actual)	2018 (Estimate)
motorcycle and light goods vehicle drivers	100 970	100 031	100 000
other drivers	14 835	15 191	15 200
vehicle licence transactions	1 768 000	1 858 000	1 858 000
driving licence transactions	1 507 000	1 874 000	1 926 000
new DOP summonses issued	1 782	2 333	2 000
new MDIC summonses issued	719	841	700
summonses issued for traffic offences in control areas of			
government tunnels and bridges	4 121	4 118	4 200
inquiries on unauthorised operation by vehicles governed			
under the PSL System	35	35	35
vehicles inspected at government centres			*
public service vehicles	47 000	47 000	47 000
light goods vehicles (exceeding 1.9 tonnes Gross			
Vehicle Weight (GVW))	73 000	73 000	74 000
medium and heavy goods vehicles	47 000	47 000	47 000
private cars and light goods vehicles (not exceeding			
1.9 tonnes GVW) inspected at designated centres	323 000	331 000	337 000
daily spot checks on franchised buses in service	14	(14)	14
and photometric our remaining			

Matters Requiring Special Attention in 2018-19

- 11 During 2018–19, the Department will continue to:
- provide efficient and courteous licensing services for the issue and renewal of licences and permits with particular attention given to the upsurge in renewal applications of the ten-year driving licences;
- conduct process re-engineering of licensing services to improve efficiency and customer service;
- pursue legislative amendments on motor vehicle construction regulations;
- support the implementation of the Ex-gratia Payment Scheme for Phasing out Pre-Euro IV Diesel Commercial Vehicles and the Tax Incentives Scheme for Environment-friendly Commercial Vehicles; and
- assist THB in the legislative amendment exercise on reviewing the eligibility requirements for applications of
 commercial vehicle driving licences, and continue with the preparation work for extending the pre-service course
 requirement for new public light bus driving licence holders to cover taxi and public bus drivers.

Programme (3): District Traffic and Transport Services

,	*			
	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	460.0	478.3	501.7 (+4.9%)	524.7 (+4.6%)
				(or +9.7% on 2017–18 Original)

Aim

12 The aim is to enable safe and orderly movement of pedestrians and road traffic and provision of efficient and effective public transport services by implementing traffic management schemes, improving road and pedestrian facilities, installing and operating intelligent transport systems, monitoring and regulating public transport operations, formulating and implementing road safety strategies and measures, and maintaining regular dialogue with District Councils and other public bodies.

Brief Description

- 13 The work of the Department involves:
- regulating and monitoring the operation of public transport services;
- maintaining close liaison with public transport operators and the related trades and associations including the goods vehicle and cross-boundary bus trades;
- providing professional transport advice to improve access to public transport and provision of transport facilities for persons with disabilities;
- maintaining close contact with public transport operators and disseminating timely traffic and transport information to the public in case of traffic incidents;
- · planning and introducing new green minibus services;

- planning and implementing public transport services and facilities to tie in with the commissioning of new infrastructure projects, including new railways and land boundary control points;
- planning and implementing special traffic and transport arrangements to facilitate public events including international conventions and exhibitions, sports, cultural, festive and social events;
- designing and implementing road improvement works, traffic management measures, measures to improve
 pedestrian facilities and other proposals to ensure the efficient use of limited road space and to enhance road
 safety;
- planning and implementing public transport services and related public transport facilities to tie in with housing and commercial developments;
- evaluating and introducing new technologies, including intelligent transport systems, to enhance the
 management and operation of the transportation system of Hong Kong and deploying information technology to
 improve the business and planning process; and
- continuing to deploy intelligent transport systems including area traffic control (ATC) systems, traffic control and surveillance systems on strategic roads, the traffic and incident management system (TIMS), the car journey time indication system (JTIS), speed map panels (SMPs), the red light camera (RLC) system and the speed enforcement camera (SEC) system to enhance the effectiveness of traffic management, efficient use of limited road space, timely dissemination of real-time traffic information and road safety enforcement.
- 14 In 2017, the Department continued to regulate and monitor public transport services. It worked with franchised bus operators to implement bus route rationalisation plans. It continued to design and implement traffic management measures to improve traffic and enhance road safety. The ATC, JTIS and SMPs systems and equipment were maintained with high serviceability ratios. The Department formulated proposals for the provision of local public transport services to tie in with the commissioning of the Hong Kong-Zhuhai-Macao Bridge.
 - 15 The key performance measures in respect of district traffic and transport services are:

Targets				
		2016	2017	2018
	Target	(Actual)	(Actual)	(Plan)
maintaining serviceability of ATC systems				
central computer system (%)	99.5	99.9	99.9	99.9
on-street signal controllers (%)	99.5	99.9	99.9	99.9
Indicators				
		2016	2017	2018
		(Actual)	(Actual)	(Estimate)
implementing route planning programme items for				
franchised buses		80	176δ	121
introducing new green minibus service routes		3	1	4
signalised road junctions (cumulative)		1 893	1 898	1 928
junctions with RLC systems installed (cumulative))	195	195	195
locations with SEC systems installed (cumulative)		125	130	130
closed circuit television cameras (cumulative)		705	713	900
average vehicular speed (km/hour) forφ				
Urban		21	21	21
New Territories		38	38	38
injury accidents involving motor vehicles per mill				4.0#
vehicle-km		1.05	1.05ψ	1.05
locations with clusters of injury accidents investig		100	100	100
area studies for enhancing road safety		2	2	2
road safety publicity projects initiated and particip	ated	9	9	9
road safety enhancement measures planned (no. of			00	00
locations)		90	90	90
route modification and other improvement items in	ncluding			
construction of shelters, provision/relocation of				
stops/stands, installation of display panels for re	eal-time			
bus arrival information and provision of seats b		1 455	1.0050	3 470
franchised operators		1 455	1 885⊕	
non-franchised operators		1 409	1 397	1 334
schemes co-ordinated to improve access to public	transport	2	2	3
for persons with disabilities		3	3	3

- δ The number of bus service rationalisation packages processed in 2017 was higher than those in 2016 and 2018 as the majority of public transport re-organisation proposals arising from the commissioning of KTE and SIL(E) were implemented in 2017. In addition, there were new bus service proposals associated with major population intake of new residential developments in Sai Kung and Sha Tin Districts in 2017.
- The average vehicular speed is measured during the morning peak period from 08:00 to 09:30 from September to December along routes that are representative of the road network.

Provisional actual subject to adjustment.

The Government allocated a sum of \$88.27 million to provide subsidies to franchised bus companies for expediting the provision of seats and display panels for real-time arrival information at suitable bus stops with shelters. Installation works are carried out by phases commencing in November 2017.

Matters Requiring Special Attention in 2018-19

- 16 During 2018-19, the Department will:
- continue to closely monitor the traffic condition as well as provision of parking spaces in South Lantau and review the timetable for implementing the second phase of the "Driving on Lantau Island" Scheme;
- continue to develop plans, in conjunction with the Highways Department, to provide covers on certain public walkways connecting to major public transport interchanges or railway stations to provide a better walking environment for pedestrians;
- continue the installation of traffic detectors along some strategic routes to strengthen collection of real-time traffic information and incident detection capability;
- continue to rationalise and improve franchised bus services to improve service quality and efficiency, and to help relieve congestion and reduce road-side emissions;
- · continue to operate and maintain the TIMS;
- continue to replace the ATC and closed circuit television systems for Tai Po and North Districts;
- continue to facilitate the smooth operation of cross-boundary traffic and transport services and facilities at land boundary control points;
- continue to monitor the traffic-related issues of pedestrian schemes and the impact of these schemes in the vicinity to improve the environment for pedestrians;
- continue to collaborate with the Highways Department to take forward the proposed elevated pedestrian corridor in Yuen Long Town connecting with Long Ping Station, and provide traffic and transport input for the detailed design of the proposed pedestrian footbridge system in Mong Kok;
- continue to collaborate with the Highways Department in taking forward the higher-ranking proposals for the hillside escalator links and elevator systems, including the provision of traffic and transport input for the investigation, design and construction of those higher-ranking proposals which are preliminarily found technically feasible;
- continue to provide traffic and transport input for the retrofitting of barrier-free access facilities at existing footbridges, elevated walkways and subways which fall within the programme ambit of the Universal Accessibility Programme;
- continue to examine and implement measures to enhance road safety through legislation, publicity and use of technology;
- continue to examine the proposal to raise the mandatory requirement of using child restraint device in private cars:
- continue to study the installation of smart devices at signalised pedestrian crossings to extend the pedestrian green time for the elderly and persons with disabilities;
- continue to monitor franchised bus operators' provision of real-time bus arrival information and disburse government subsidies for the installation of display panels for such information;
- continue to disburse government subsidies to franchised bus operators for provision of seats at bus stops and termini;
- continue to upgrade the transport information system to improve the processing of traffic data for better dissemination of traffic and transport information to the public;
- disburse government subsidies to Hong Kong Tramways for the replacement of certain sections of existing tram tracks with the use of new rail jacket technology; and
- continue the planning and design for relocation of the Department's operation centres to the West Kowloon Government Offices.

Programme (4): Management of Transport Services

,	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	315.2	467.1	398.9 (–14.6%)	677 .9 (+69.9%)
				(or +45.1% on

(or +45.1% on 2017–18 Original)

Aim

17 The aims are to ensure the efficient management of transport infrastructure and services in respect of government and private tunnels, bridges, parking meters, government carparks, the Central to Mid-Levels Escalator System, the Austin Road Cross Boundary Coach Terminus, the Tsing Ma Control Area and the Tsing Sha Control Area and to ensure efficient handling of emergency traffic and transport incidents.

Brief Description

- 18 The work of the Department involves:
- handling the tendering of management contracts for the government transport infrastructure and services mentioned in paragraph 17;
- overseeing and monitoring the performance of the contractors that operate and maintain the above transport infrastructure and services;
- co-ordinating the maintenance and renovation of ferry piers;
- handling traffic and transport incidents in the territory and disseminating timely information on the traffic and transport situation to the public; and
- providing input on the legislative, management and operational aspects of planning of new strategic highways, bridges and tunnels to be constructed in the territory and across the boundary.
- 19 In 2017, the Department met the targets in respect of the management of transport infrastructure. It carried out the new parking meter trial scheme and commenced the preparatory work for procurement of the new generation of parking meters. It commenced the phased implementation of the electronic payment system at manual toll booths of government tolled roads and tunnels. It awarded the new management contracts for the Scenic Hill Tunnel and the Airport Tunnel, and government carparks. It began the tendering work for the management contracts of the Tate's Cairn Tunnel which would become a government tunnel on 11 July 2018 upon expiry of its Build-Operate-Transfer franchise, the Kai Tak Tunnel, the Lion Rock Tunnel, the Shing Mun Tunnels and the Tseung Kwan O Tunnel. For major transport infrastructure under construction such as the Central-Wan Chai Bypass Tunnel and the Lung Shan Tunnel and Cheung Shan Tunnel, the Department has started preparation for tendering out their management.
 - 20 The key performance measures in respect of the management of transport services are:

Targets

	Target	2016 (Actual)	2017 (Actual)	2018 (Plan)
attending to traffic accidents and vehicle breakdown inside government tunnel areas within two minutes (% of all				00
cases)	97	99	99	99
carbon monoxide concentration inside government tunnels below 70 ppm at all times (% of all readings)visibility inside government tunnels within the standard of Environmental	100	100	100	100
Protection Department at all times (% of all readings)	100	100	100	100
breakdown on the Lantau Link within five minutes (% of all cases)	97	98	99	99

Indicators			
	2016 (Actual)	2017 (Actual)	2018 (Estimate)
defective parking meters repaired within 60 minutes upon report (% of cases)	99.9	99.9	99.9
incidents handled by Transport Incident Management Section	5 120	5 361	5 350
awarding management contract for government carparks (cumulative % completed)awarding management contract for Cross-Harbour Tunnel	80	100	D
(cumulative % completed)@awarding management contract for the New Kowloon Bay	100	_	
Vehicle Examination Centre (cumulative % completed)@awarding management contract for Eastern Harbour	100	_	· · · · · · · · · · · · · · · · · · ·
Crossing (cumulative % completed)awarding management contract for the Scenic Hill Tunnel	100	_	70μ
and the Airport Tunnel (cumulative % completed)awarding contracts for the electronic payment system at	50	99	100
manual toll booths of government tolled roads and tunnels (cumulative % completed)	90	100	_
awarding management contract for the Central-Wan Chai Bypass Tunnel (cumulative % completed) Λawarding management contract for the Lung Shan Tunnel	10	50	100
and Cheung Shan Tunnel (cumulative % completed)0 awarding management contract for the Kai Tak Tunnel and		50	100
the Lion Rock Tunnel (cumulative % completed)awarding management contract for the Shing Mun Tunnels	_	70	100
and the Tseung Kwan O Tunnel (cumulative % completed)		70	100
awarding management contract for the Tate's Cairn Tunnel (cumulative % completed)awarding management contract for the Parking Meter	10	90	100
System (cumulative % completed)awarding management contract for Austin Road Cross	_	30Ф	. 100
Boundary Coach Terminus (cumulative % completed) awarding management contract for the Tsing Sha Control	_	30Ф	100
Area (cumulative % completed) awarding management contract for the Tsing Ma Control	_	- -	30
Area (cumulative % completed)installing electronic payment facilities at the manual toll	<u> </u>	_	30
booths of eight government tolled roads and tunnels (cumulative % completed)		50§	100§

- @ Indicators to be removed as the management contracts were awarded in 2016.
- μ The next cycle for contract renewal starts in 2018.
- A Revised description of the previous indicator "awarding management contract for the Central-Wan Chai Bypass and Island Eastern Corridor Link" as from 2018.
- Revised description of the previous indicator "awarding management contract for the connecting road of Liantang/Heung Yuen Wai Boundary Control Point" as from 2018.
- Φ The current cycle for contract renewal started in 2017.
- New indicators as from 2018.
- The installation of electronic payment facilities at the manual toll booths of eight government tolled roads and tunnels has been commenced in phases since July 2017 and will be completed by mid-2018.

Matters Requiring Special Attention in 2018-19

- 21 During 2018–19, the Department will:
- prepare/conduct tendering exercises and/or award new management contracts for:
 - the Kai Tak Tunnel and the Lion Rock Tunnel,
 - the Shing Mun Tunnels and the Tseung Kwan O Tunnel,
 - the Central-Wan Chai Bypass Tunnel,
 - the Lung Shan Tunnel and the Cheung Shan Tunnel,
 - existing and new parking meter systems,

- Austin Road Cross Boundary Coach Terminus,
- the Eastern Harbour Crossing,
- the Tsing Sha Control Area, and
- the Tsing Ma Control Area;
- complete various tasks relating to the takeover of the Tate's Cairn Tunnel on 11 July 2018 upon expiry of its Build-Operate-Transfer franchise, including carrying out gearing-up activities with the new contractor after awarding the management contract for the tunnel, and pursuing legislative amendments to enable the operation and management of the Tate's Cairn Tunnel as a government tunnel;
- complete the new parking meter trial scheme and carry out the procurement exercise of the new generation of parking meters with the aim of replacing the existing parking meters from 2019–20 onwards; and
- complete the phased implementation of "stop-and-go" electronic payment facilities at the manual toll booths of eight government tolled roads and tunnels by mid-2018.

Programme (5): Transport Services for Persons with Disabilities and Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	1,101.2	1,325.7	1,217.7 (-8.1%)	1,463.2 (+20.2%)
				(or +10.4% on 2017–18 Original)

Aim

22 The aims are to ensure the efficient management and operation of the rehabus services to improve the mobility of persons with disabilities and to administer effectively the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme) to encourage the elderly and eligible persons with disabilities to participate more in community activities.

Brief Description

- 23 The work of the Department involves:
- handling and monitoring the efficient utilisation of subvention for the Hong Kong Society for Rehabilitation for the operation of rehabus services, and
- administering the Scheme including reimbursing the participating public transport operators for the revenue forgone.
- 24 In 2017, the Department arranged the purchase of eight additional rehabuses to meet passenger demand, and continued to extend the Scheme to more green minibus routes.
 - 25 The key performance measures are:

Indicators

2016 (Actual)	2017 (Actual)	2018 (Estimate)
99	103α	106v
48	52α	49v
	_	12υ
388 100	410 500	426 000
511 600	523 000	528 000
-	_	39 000
30	30	30
		4 4 40 000
974 000η	1 064 000ε	1 149 000
140 000	150 000ε	163 000
	(Actual) 99 48 — 388 100 511 600 — 30 974 000η	(Actual) (Actual) 99 103α 48 52α — — 388 100 410 500 511 600 523 000 — — 30 30 974 000η 1 064 000ε

- α Including the eight additional rehabuses procured in 2017–18.
- Including the 12 additional rehabuses to be procured in 2018–19. New indicator as from 2018 to better reflect the services provided by rehabus.

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- η Adjusted from the provisional actual figure shown in the 2017–18 Estimates.
- ε Provisional actual subject to adjustment.

Matters Requiring Special Attention in 2018-19

- 26 During 2018–19, the Department will:
- · replace 15 rehabuses and procure 12 additional rehabuses,
- oversee the Hong Kong Society for Rehabilitation's replacement of the existing rehabus operating system with a new integrated computerised system,
- · continue to monitor the operation of the Scheme, and
- assist the Labour and Welfare Bureau in conducting the comprehensive review of the Scheme.

Programme (6): Public Transport Fare Subsidy Schemeß

	2016–17	2017–18	2017–18	2018–19
	(Actual)	(Original)	(Revised)	(Estimate)
Financial provision (\$m)			_	825.0

β A new programme introduced in 2018.

Aim

27 The aim is to implement and administer effectively the Public Transport Fare Subsidy Scheme (the Fare Subsidy Scheme) to relieve the fare burden of daily commuters travelling on local public transport services and whose public transport expenses are relatively high.

Brief Description

- 28 The work of the Department involves:
- administering the Fare Subsidy Scheme, including the provision of accurate amount of subsidy to individual commuters through their Octopus cards; and
- implementing monitoring measures, including the conduct of regular assurance exercise and field inspection on operators' system of internal controls, transport survey and analytical review of operating information provided by operators, to minimise risks of abuse under the Fare Subsidy Scheme.
- 29 The key performance measure is:

Indicator

	2016 (Actual)	2017 (Actual)	2018 (Estimate)
Average no. of beneficiaries per month (in terms of Octopus			
card holders)Ω	_		2 240 000

Ω New indicator as from 2018. Beneficiaries refer to commuters who receive subsidy under the Fare Subsidy Scheme. The Fare Subsidy Scheme aims to relieve the fare burden of daily commuters travelling on local public transport services and whose public transport expenses are relatively high. Adopting it as the indicator could reflect the effectiveness of the Fare Subsidy Scheme.

Matters Requiring Special Attention in 2018-19

- 30 During 2018–19, the Department will:
- carry out preparatory work to facilitate early implementation of the Fare Subsidy Scheme, including the
 monitoring of the progress of system development and installation, the conduct of pre-implementation transport
 surveys and assurance exercise, as well as putting in place arrangements for participating public transport service
 providers;
- administer the Fare Subsidy Scheme following its implementation; and
- monitor the operation of the Fare Subsidy Scheme, including the conduct of regular transport surveys and vetting
 of operating reports of operators.

ANALYSIS OF FINANCIAL PROVISION

Pro	gramme	2016–17 (Actual) (\$m)	2017–18 (Original) (\$m)	2017–18 (Revised) (\$m)	2018–19 (Estimate) (\$m)
(1)	Planning and Development	397.8	446.3	456.7	562.3
(2)	Licensing of Vehicles and Drivers District Traffic and Transport	377.9	379.9	390.4	432.8
(-)	Services	460.0	478.3	501.7	524.7
(4) (5)	Management of Transport Services Transport Services for Persons with Disabilities and Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with	315.2	467.1	398.9	677.9
(6)	Disabilities Public Transport Fare Subsidy	1,101.2	1,325.7	1,217.7	1,463.2
(0)	Scheme	_	_	_	825.0
		2,652.1	3,097.3	2,965.4 (-4.3%)	4,485.9 (+51.3%)

(or +44.8% on 2017–18 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2018–19 is \$105.6 million (23.1%) higher than the revised estimate for 2017–18. This is mainly due to the full-year effect of filling of vacancies in 2017–18, a net increase of 27 posts in 2018–19 and increase in non-recurrent expenditure, partly offset by decreased requirement in operating expenses and decrease in capital expenditure.

Programme (2)

Provision for 2018–19 is \$42.4 million (10.9%) higher than the revised estimate for 2017–18. This is mainly due to the full-year effect of filling of vacancies in 2017–18, a net increase of 41 posts in 2018–19 and increased requirement in operating expenses.

Programme (3)

Provision for 2018–19 is \$23.0 million (4.6%) higher than the revised estimate for 2017–18. This is mainly due to the full-year effect of filling of vacancies in 2017–18, a net increase of 25 posts in 2018–19 and increase in non-recurrent expenditure, partly offset by decreased requirement in operating expenses and decrease in capital expenditure.

Programme (4)

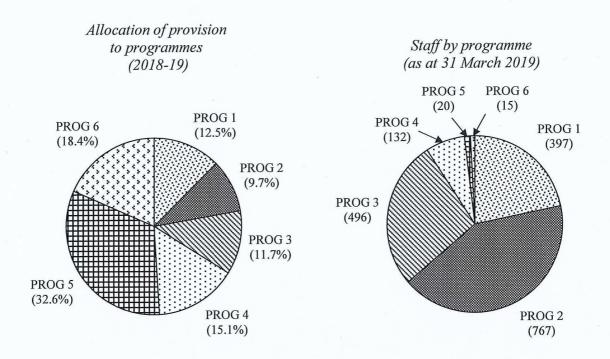
Provision for 2018–19 is \$279.0 million (69.9%) higher than the revised estimate for 2017–18. This is mainly due to a net increase of 12 posts in 2018–19, increased requirement in operating expenses and increase in capital expenditure.

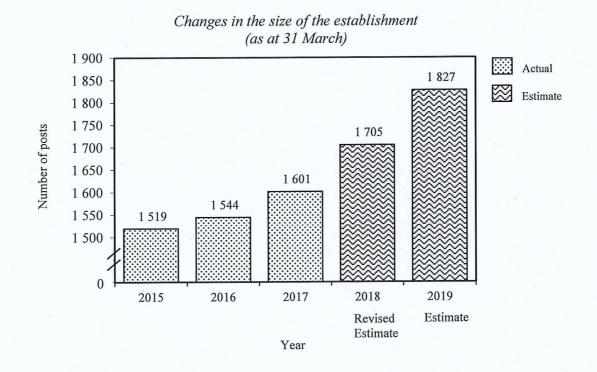
Programme (5)

Provision for 2018–19 is \$245.5 million (20.2%) higher than the revised estimate for 2017–18. This is mainly due to the creation of two posts in 2018–19, additional provision for the Scheme, increased requirement in operating expenses, increase in non-recurrent expenditure, increase in expenditure on procurement and replacement of rehabuses and replacement of the existing rehabus operating system with a new integrated computerised system.

Programme (6)

Provision for 2018–19 is \$825.0 million. The provision is mainly for creation of 15 posts in 2018–19, operating expenses and the payment of public transport fare subsidy in 2018–19.





Sub- head (Code)		Actual expenditure 2016–17	Approved estimate 2017–18	Revised estimate 2017–18	Estimate 2018–19
		\$'000	\$'000	\$'000	\$'000
	Operating Account				
	Recurrent				
000 166	Operational expenses	1,530,591	1,687,208	1,636,281	1,995,778
256	with Disabilities	991,029 —	1,197,917	1,096,556	1,308,628 775,000
	Total, Recurrent	2,521,620	2,885,125	2,732,837	4,079,406
	Non-Recurrent				
700	General non-recurrent	67,000	82,067	91,091	182,910
	Total, Non-Recurrent	67,000	82,067	91,091	182,910
	Total, Operating Account	2,588,620	2,967,192	2,823,928	4,262,316
	Capital Account				
	Plant, Equipment and Works				
603 661	Plant, vehicles and equipment	15,519	27,047	40,328	60,734
001	vote)	30,503	86,138	82,455	129,835
	Total, Plant, Equipment and Works	46,022	113,185	122,783	190,569
	Subventions				
927	Hong Kong Society for Rehabilitation - rehabuses (block vote)	17,506	16,969	18,666	33,030
	Total, Subventions	17,506	16,969	18,666	33,030
	Total, Capital Account	63,528	130,154	141,449	223,599
	Total Expenditure	2,652,148	3,097,346	2,965,377	4,485,915

Details of Expenditure by Subhead

The estimate of the amount required in 2018–19 for the salaries and expenses of the Transport Department is \$4,485,915,000. This represents an increase of \$1,520,538,000 over the revised estimate for 2017–18 and \$1,833,767,000 over the actual expenditure in 2016–17.

Operating Account

Recurrent

- 2 Provision of \$1,995,778,000 under Subhead 000 Operational expenses is for the salaries, allowances and other operating expenses of the Transport Department. The increase of \$359,497,000 (22%) over the revised estimate for 2017–18 is mainly due to increased salary provision for a net increase of 122 posts in 2018–19, the full-year effect of filling of vacancies in 2017–18 and the additional provision for the increase in contract maintenance and other operating expenses.
- 3 The establishment as at 31 March 2018 will be 1 705 posts. It is expected that there will be a net increase of 122 posts in 2018–19. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2018–19, but the notional annual mid-point salary value of all such posts must not exceed \$895,461,000.
 - 4 An analysis of the financial provision under Subhead 000 Operational expenses is as follows:

	2016–17 (Actual) (\$'000)	2017–18 (Original) (\$'000)	2017–18 (Revised) (\$'000)	2018–19 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	797,065 21,788 223	865,972 21,984 265	844,042 26,047 378	940,724 26,047 378
Personnel Related Expenses				
Mandatory Provident Fund contribution Civil Service Provident Fund	3,274	3,430	3,337	5,153
contribution Departmental Expenses	30,901	40,210	38,873	48,791
- Light and power Contract maintenance Workshop services	4,281 222,045 192,825 188,292	3,722 316,501 188,802 170,158	3,919 213,660 206,974 221,513	4,515 433,480 218,279 236,353
Subventions				
- Special transport facilities for persons with disabilities	69,897	76,164	77,538	82,058
	1,530,591	1,687,208	1,636,281	1,995,778

- 5 Provision of \$1,308,628,000 under Subhead 166 Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities is for reimbursement of revenue forgone to the participating public transport operators under the Scheme. The increase of \$212,072,000 (19.3%) over the revised estimate for 2017–18 is due to additional provision for reimbursing the revenue forgone to the participating public transport operators.
- 6 Provision of \$775 million under Subhead 256 Public Transport Fare Subsidy Scheme is for the payment of public transport fare subsidy in 2018–19.

Capital Account

Plant, Equipment and Works

7 Provision of \$129,835,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$47,380,000 (57.5%) over the revised estimate for 2017–18. This is mainly due to the increased requirement for new and replacement equipment and systems.

Subventions

8 Provision of \$33,030,000 under *Subhead 927 Hong Kong Society for Rehabilitation - rehabuses (block vote)* is for the procurement of rehabuses and the associated rehabus operating system run by the Hong Kong Society for Rehabilitation with essential accessories and modifications to facilitate the carriage of persons with disabilities, each costing above \$200,000 but not exceeding \$10 million. The increase of \$14,364,000 (77%) over the revised estimate for 2017–18 is mainly due to increased requirement for replacement and additional rehabuses, and replacement of the existing rehabus operating system with a new integrated computerised system.

Commitments

Sub- head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2017	Revised estimated expenditure for 2017–18	Balance
			\$'000	\$'000	\$'000	\$'000
Opera	ting Acc	count				
700		General non-recurrent				
	845	Setting up of a centralised settlement platform and related system enhancement for implementing the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities	17,197	15,038	1,000	1,159
	853	Relocation of Transport Department's operation centres to the West Kowloon Government Offices	56,049	130	1,011	54,908
	854	Replacement of the existing tram tracks with the use of new rail jacket technology	19,658	_	1,966	17,692
	855	Consultancy study on enhancing the walkability in Hong Kong	21,620	_	1,147	20,473
	861	Provision of Special Helping Measures for the Six Major Outlying Island Ferry Routes	412,140	_	41,215	370,925
	880	Enhancing the HKeTransport service to facilitate the use by the elderly	3,800	1,191	1,162	1,447
	881	Study on installation of smart devices at signalised pedestrian crossings for the elderly	4,000	881	2,150	969
	890	Upgrading public transport ancillary facilities to benefit passengers through provision of one-off subsidy to franchised bus operators for installing seats and display panels for provision of real-time bus arrival information at bus stops/termini	88,270		2,500	85,770
	897	Consultancy study on parking for commercial vehicles	9,900	_	440	9,460
	898	Consultancy study on the co-ordination of other public transport services with Shatin to Central Link	6,400	252	4,537	1,611
			639,034	17,492	57,128	564,414
Capita	ıl Accou	int				
603		Plant, vehicles and equipment				
	856	Replacement of high voltage and low voltage power supply system in the Tseung Kwan O Tunnel	70,560	_	1,000	69,560
	857	Replacement of manual toll collection system and installation of e-payment system in Tate's Cairn Tunnel	27,050		1,000	26,050

Commitments—Cont'd.

Sub- head (Cod	l Item	Ambit	Approved commitment	Accumulated expenditure to 31.3.2017	Revised estimated expenditure for 2017–18	Balance
			\$'000	\$'000	\$'000	\$'000
Caj	oital Accou	unt—Cont'd.				
603		Plant, vehicles and equipment—Cont'd.				
	858	Replacement of automatic fire alarm system in Cheung Tsing Tunnel	26,334	_	500	25,834
	859	Replacement of automatic fire alarm system in the Kai Tak Tunnel	22,680	_	500	22,180
	860	Replacement of low voltage power supply system in the Kai Tak Tunnel	35,280	_	900	34,380
	863	Replacement of fire service system at Tseung Kwan O Tunnelp	13,507ρ	_	_	13,507
	864	Replacement of uninterruptible power supply (UPS) systems at various locations in Tsing Ma Control Areap	11,897ρ	_		11,897
	865	Replacement of UPS systems at various locations in Lion Rock Tunnelp	11,930ρ		_	11,930
	866	Replacement of closed circuit television system in the Cross-Harbour Tunnelp	10,810ρ	_	_	10,810
	867	Replacement of high voltage power supply system in the Cheung Tsing Tunnel, Tsing Ma Control Areap	50,400ρ	_	_	50,400
	870	Replacement of network for the central monitoring system in Tsing Sha Control Areap	44,000ρ	_	<u> </u>	44,000
	871	Replacement of high voltage power supply system in the Kai Tak Tunnelp	33,900ρ	· _	_	33,900
	872	Replacement of environmental monitoring system for Aberdeen Tunnelp	12,600ρ		_	12,600
	873	Replacement of environmental monitoring system for Lion Rock Tunnelp	12,600ρ	<u> </u>		12,600
	882	Replacement of air-conditioning systems and equipment in the administration buildings in the Tsing Ma Control Areap	14,520ρ	_	_	14,520
	883	Procurement of new generation of parking meter system and the associated equipmentp	304,000ρ	_		304,000
			702,068	_	3,900	698,168
		Total	1,341,102	17,492	61,028	1,262,582

ρ This is a new item, funding for which is sought in the context of the Appropriation Bill 2018.

Daily Information Bulletin

LCQ14: Statistics of traffic accidents

Following is a question by the Hon Howard Young and a written reply by the Acting Secretary for Transport, Mr Kevin Ho, in the Legislative Council today (Wednesday):

Question:

In respect of the past three years will the Government inform this Council:

- (a) of a breakdown of traffic accidents by class of vehicles involved;
- (b) of the ratio of the number of traffic accidents to
- (i) the number of registered vehicles;
- (ii) the average number of kilometres travelled by each vehicle;

in each class of vehicles; and

(c) of the measures in place to reduce the number of traffic accidents in respect of those classes of vehicles with higher ratios above?

Reply:

Madam President,

(a) In the past 3 years, 21,918, 21,160 and 21,568 vehicles were involved in traffic accidents. A breakdown of vehicle types involved in traffic accidents are as follows -

Class of Vehicle	1995	1996	1997
Private car	7,634	7,283	7,460
Light goods vehicle	3,772	3,372	3,490
Taxi	3,350	3,336	3,346
Motorcycle	2,761	2,779	2,718
Public bus	1,568	1,596	1,736
Medium and heavy	1,408	1,270	1,330
goods vehicle Public light bus	816	1,027	982

Tram	109	95	78
Light rail vehicle	19	15	17
Others	481	387	411
Total	21,918	21,160	21,568

(b)(i) The accident involvement rate per each 100 registered vehicles for different vehicle types in the last three years are as follows -

Involv	ement rate	per 100	registered	vehicles
Class of Vehicle	1995	1996	1997	
Tram	68.0	59.0	48.0	
Public light bus	18.8	23.7	22.7	
Taxi	18.8	18.7	18.8	
Light rail vehicle	19.0	15.0	17.0	
Public bus	17.5	16.8	16.7	
Motorcycle	13.3	12.9	11.7	
Light goods vehicle	4.5	4.2	4.4	
Medium and heavy	3.9	3.4	3.5	
goods vehicle				
Private car	2.7	2.5	2.5	
Total	4.7	4.5	4.4	

(b)(ii) The accident involvement rate for each million kilometers travelled by different vehicle types in the last three years are as follows

	Involvement	rate	per million	kilometre
Class of Vehi	cle	1995	1996	1997
Tram		15.9	16.7	11.5
Motorcycle		10.9	10.5	9.5
Public bus		4.7	4.6	4.0
Public light	bus	2.3	2.9	2.6
Light goods v	ehicle	3.0	2.7	2.6
Light rail ve	hicle	2.1	1.6	1.8
Private car		2.1	2.0	1.7
Taxi		1.5	1.4	1.3
Medium and he	avy	0.7	0.6	0.6
good vehicl	е			
Total		2.1	2.0	1.8

(c) For comparison purpose, the accident involvement rate per million kilometres is generally considered a more reliable indicator as it takes into account the actual distance travelled by vehicles on the road. Measured by this yardstick, trams, motorcycles and public buses are the classes of vehicles with higher accident rate than others.

The Hong Kong Tramway Co Ltd has been implementing safety measures to reduce the number of traffic accidents. These include upgrading of the electrical and wiring system of tramcars to enhance reliability; installation of automatic braking systems; installation of a full automatic switching system to replace manual control at junctions of the tramway and organizing refresher courses on defensive driving for tram drivers.

In the case of motorcycles, the Government is considering the introduction of a probationary driving licence scheme for newly qualified motorcyclists as they are found to be five times more accident-prone than their more experienced counterparts. We will be putting proposals for consultation with the Transport Advisory Committee and the LegCo Panel on Transport shortly.

In respect of franchised buses, early this year, a special task force of the Transport Department reviewed the driver training programme, driver scheduling, driver performance monitoring and vehicle maintenance programmes of bus companies. The review recommended a number of measures to improve bus safety. These include reducing the instructor/trainee ratio, the organization of more road safety seminars, the trial use of tachographs on buses, where practicable the reduction of route/bus type changes in drivers' duties and improvement to maintenance facilities of bus companies. These improvement measures have all been accepted by franchised bus companies and are being implemented.

End/Wednesday, November 18, 1998

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Innovation and Technology Commission Innovation and Technology Fund

[GRAPHICAL VERSION] [繁體版] [簡体版] [SITE MAP] [CONTACT US]

Enterprise Support Scheme (ESS)

What is ESS?

- It is a major funding initiative under the Innovation and Technology Fund (ITF), which is designed to encourage the private sector to invest in research and development (R&D).
- Funding support of each approved project is up to HK\$10 million and will be provided on a dollar-for-dollar matching basis.
- · Project period should not be longer than 2 years.
- The funding recipient company will own all intellectual property rights arising from the project.
- Recoupment of Government's contribution is not required.
- Benefit-sharing of commercialised R&D results would be non-mandatory.
- Project with an approved project period of 12 months or longer can apply for financial assistance under the <u>Internship Programme</u> to hire additional staff. Each project can hire up to 2 interns.
- The funding recipient company can also apply for the <u>Research and Development Cash</u> <u>Rebate Scheme</u> to receive a cash rebate of up to 40% of the company's expenditure in the project.

To learn more about ESS, please see ESS FAQ.

Who are eligible to apply?

A company will be eligible to apply if:

- 1. it is incorporated or registered in Hong Kong under the Companies Ordinance;
- 2. it is not a government subvented organisation*; and
- 3. it is not a subsidiary of any government subvented organisation*.

What are the vetting criteria?

^{*}Government subvented organisation means organisation that receives grant from the Government on a recurrent basis. The grant contributes towards the organisation's operational expenses, in exchange for its service to the public. The recurrent grant may account for the bulk of the organisation's income or may just be a token contribution/sponsorship forming a small percentage of the organisation's total income.

Project applications will be considered by an assessment panel comprising independent experts in the innovation and technology sector. Funding has to be justified on the following components:

- Innovation and Technology Component;
- · Technical and Management Capability;
- · Financial Considerations;
- · Commercial Viability of Project Deliverables; and
- · Relevance with Government Policies or in Overall Interest of the Community.

How to apply for funding?

An applicant is required to <u>register</u> its organisation and the relevant personnel with the <u>Innovation and Technology Commission Funding Administrative System</u> (ITCFAS) prior to submitting the application proposal electronically.

Is there any application deadline?

Applications can be submitted throughout the year.

Guide

Guide to Filling in the Application Form (Sample Application Form in PDF format)

The guides are in Portable Document Format (PDF). You need to install the free <u>Adobe Acrobat Reader</u> 7.0 or above to read it.

[What's New] [About ITF] [Application Forms] [ITF Statistics] [FAQ] [Enquiry] [Access to Information]

Programme Description

[Innovation and Technology Support Programme (ITSP)] [Guangdong - Hong Kong Technology Cooperation Funding Scheme (TCFS)] [General Support Programme (GSP)] [GSP - Internship Programme] [GSP - Patent Application Grant] [University-Industry Collaboration Programme (UICP)] [Enterprise Support Scheme]

Vetting Mechanism

Vetting Criteria

Assessment Committee

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Publication

[ITF Guide] [Commercialisation Guidelines] [Notes for Auditors] [Consultation Paper]

[GovHK] [Brand Hong Kong - Asia's world city] [Innovation and Technology Commission Funding Administrative System]

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