

LCQ16: Non-farebox revenue of franchised bus operators

Following is a question by the Hon Lee Chun-keung and a written reply by the Secretary for Transport and Logistics, Ms Mable Chan, in the Legislative Council today (December 11):

Question:

Three franchised bus operators have recently applied for fare increases. There are views pointing out that the Government should allow the operators to further improve their non-farebox revenue to alleviate the pressure of passing the bus fare increases onto the public. In this connection, will the Government inform this Council:

- (1) whether it knows if, currently, the Kowloon Motor Bus Company (1933) Limited (KMB) and Citybus Limited (CTB) have other sources of income apart from fare receipts;
- (2) whether it knows the proportion of the non-farebox revenue of KMB and CTB in their total receipts over the last decade;
- (3) given that facilities such as kiosks erected by the operators on government land are currently charged with market rents, and it has been reported that the Lands Department will also require operators who offer advertising spaces on the external walls of their bus depots to pay a land premium, whether the Government will waive such requirements so as to reduce the expenses of the operators; and
- (4) whether it will consider allowing KMB and CTB to further improve their non-farebox revenue, such as allowing them to set up small convenience shops and cafes at public transport interchanges or bus termini and even use one or two lower ground floors of their bus depots for other commercial purposes; if so, of the details; if not, the reasons for that?

Reply:

President,

The Government has been encouraging and assisting franchised bus operators (FBOs) to increase revenue and reduce expenditure through a multi-pronged approach, including optimising the bus service network and further enhancing operational efficiency through bus route rationalisation, as well as exploring different ways to increase non-farebox revenue, so as to alleviate part of the pressure for fare increase.

My reply to the various parts of the question raised by the Hon Lee Chun-keung is as follows:

- (1) On the premise of upholding the effective and safe operation of

franchised bus services, currently the operators are already allowed to earn non-farebox revenue through various channels, including displaying advertisements on bus bodies, bus compartments, and bus shelters; offering free rides to the public through commercial co-operation or sponsorship; providing repair and maintenance services to non-franchised buses at bus depots; leasing out part of the parking spaces or vehicle examination spaces at individual bus depots or some of the floors of depots; installing revenue-generating facilities at suitable public transport interchanges/terminals such as vending machines, self-pickup smart lockers, etc.; and setting up customer service kiosks at suitable bus-bus interchanges or public transport interchanges/terminals.

(2) Amongst the bus franchises which submitted applications for fare increase earlier this year, the proportion of non-farebox revenue to total revenue for The Kowloon Motor Bus Company (1933) Limited and Citybus Limited (Franchise for the Urban and New Territories bus network) over the past ten years are set out in Annex. It is worth noting that the fall in patronage during the epidemic caused a significant drop in fare revenue of FBOs, which led to increase in the proportion of non-farebox revenue to total revenue during the relevant years (i.e. 2020 to 2022). With the resumption of social and economic activities, there has been recovery in patronage and fare revenue, which causes the proportion of non-farebox revenue to total revenue to drop accordingly. In fact, FBOs have been actively expanding their non-farebox revenue in recent years, and therefore there have been more sources of non-farebox revenue.

(3) FBOs have been providing voluntary half-price fare concession to elderly persons aged 65 or above under the Elderly Concessionary Fares Scheme. Having regard to the amount of fare concession provided by the operators under the said Scheme, the Government would waive payment of annual vehicle licence fees and reimburse the rentals paid in respect of use of government land and premises by the operators, so as to encourage the operators to maintain the relevant fare concession and alleviate the associated financial burden. Currently, the relevant revenue forgone of the operators could only be partly offset by the fee exemption/rental reimbursement under the said Scheme, and the remainder would be absorbed by the operators.

Because currently the amount of fare concession provided exceeds the amount of waived fees/reimbursed rentals for all franchises, any new or additional rentals paid in respect of new tenancies of government land or modifications to terms of tenancies of government land could generally be reimbursed under the Elderly Concessionary Fares Scheme.

(4) The Government would continue to assist FBOs to apply the successful initiatives of earning non-farebox revenue as mentioned in part (1) above to a wider scope or more locations, and also encourage them to broaden the sources of non-farebox revenue.

The Government will actively follow up all new applications from FBOs in relation to non-farebox initiatives, and examine their feasibility according to established mechanisms. The feasibility of individual proposals depends on a host of factors, including the impact on bus services operation, passenger

flow, traffic management and safety, as well as requirements under relevant laws and regulations. During the process, the Transport Department would assist operators in liaising with other government departments, with a view to expediting the processing of applications.