

# LCQ20: Supporting the public light bus trade

Following is a question by the Hon Lee Chun-keung and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (March 13):

Question:

There are views that the public light bus (PLB) trade is currently facing various problems, including ageing drivers, overlapping of routes with railway services, as well as operating difficulties of overnight routes. It has been reported that a number of PLB owners (in particular those of red minibuses (RMBs) operating non-scheduled services) with loans secured by their PLB licences have recently indicated that they were requested to make early repayments by banks, and some banks even informed certain PLB owners who failed to make early repayments that their PLBs put up as collaterals would be seized. In this connection, will the Government inform this Council:

(1) whether it knows the respective numbers of applications made by operators of RMBs and green minibuses (GMBs) operating scheduled services for the Pre-approved Principal Payment Holiday Scheme (the Scheme) launched by the Hong Kong Monetary Authority together with the Banking Sector SME Lending Co-ordination Mechanism;

(2) given that an orderly exit from the Scheme has commenced upon its expiry at the end of July last year, whether it knows the respective numbers of cases involving RMB and GMB operators having defaulted on loan repayments under the Scheme at present, as well as the respective amounts of loans involved; and

(3) whether the authorities have plans to provide support for the RMB trade, so as to enable it to tide over the difficulties arising from economic downturn; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with the Hong Kong Monetary Authority (HKMA), our reply to the question raised by the Hon Lee Chun-keung is as follows:

(1) and (2) In response to the COVID-19 outbreak, the HKMA proactively co-ordinates with the banking sector and implemented a series of support measures, including the launch of the Pre-approved Principal Payment Holiday Scheme with the Banking Sector SME Lending Co-ordination Mechanism in May 2020. As far as public light bus (PLB) loans are concerned, although the loans held in the name of personal customers are not corporate clients

eligible for the abovementioned Scheme, banks applied the same principles in handling requests for principal payment holiday for loans taken out by personal customers in the PLB industry. As the pandemic had passed, an orderly exit from the related arrangement of deferral of repayment commenced at the end of July 2023, with the focus of the measures shifting from tiding customers over the pandemic to facilitating their resumption of normal loan repayment. To achieve this objective, the partial principal repayment options have been further enhanced so that customers could, during the transition period from August to October 2023, opt for a repayment option that best suited their own circumstances. For those which were not financially able to transition to partial principal repayment, banks would continue to offer principal moratorium on a case-by-case basis.

Specifically for the PLB sector, banks are currently still providing credit reliefs to 150 PLB operators, of which 140 operators opted for partial principal repayment and the remaining 10 opted for principal moratorium. The HKMA understands from banks which are active in PLB lending business that they have all along been supportive of the PLB sector. Despite the recent decline in passenger volume and rising operating costs faced by the PLB sector, banks would not demand early repayments so long as the PLB customers continue to make payments on schedule, though some PLB operators indicated their wish to scale back or close their business in the face of uncertainty over their business prospects. Even though banks have applied enhanced repayment arrangements and principles to eligible PLB customers and have offered them principal moratorium or partial principal repayment options, a small number of PLB operators have decided to stop making payments on their loans. The banks have therefore acted in accordance with the terms of the loan agreements to protect their own interests by taking repossession of the PLBs, which served as the collateral. The HKMA has not collected detailed statistics such as the breakdown of cases with stopped payments.

(3) The Government has been paying close attention to the operating situation of the Red Minibus (RMB) trade and has implemented various measures to help improve the operating environment. Amidst the pandemic over the past three years, aside from the aforementioned Pre-approved Principal Payment Holiday Scheme, the Government also provided various subsidies under the Anti-epidemic Fund, including fuel and non-accountable subsidies. While the said temporary relief measures have ended with the resumption of normalcy, the application period for the Special 100% Loan Guarantee of the SME Financing Guarantee Scheme (Special Scheme) has been extended through the end of March this year. The loans under the Special Scheme are fully guaranteed by the Government, to ease the cash flow problems of eligible small and medium enterprises including RMB operators.

On the other hand, the Government noted that the PLB sector, including RMB trade, has been facing continuous and acute shortage of drivers. To this end, the Government launched the Labour Importation Scheme for Transport Sector – Public Light Bus/Coach Trade in July 2023, to allow importation of non-local drivers by eligible PLB operators on the premise of safeguarding the employment priority for local workers.

In respect of day-to-day operations, the Transport Department provides appropriate and practicable support on the request of the trade to meet operational needs, for example, suitably relaxing or rescinding some passenger pick-up/drop-off restricted zones and prohibited zones for RMBs, taking into account the actual road conditions of individual locations; and permitting overnight parking of RMBs at designated PLB stands where it does not impact road safety or other road users.

The Government will continue to closely monitor the operating situation of PLB and maintain close liaison with relevant stakeholders, with a view to exploring more practicable measures to improve the operating environment of the trade and maintain the reliability of public transport services.