

# Speech by FS at CSOP Saudi Arabia ETF listing ceremony (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the CSOP Saudi Arabia ETF listing ceremony today (November 29):

Mr Yazeed Alhumeid (Deputy Governor of Saudi Arabia's Public Investment Fund), Ms Ding Chen (the Chief Executive Officer of CSOP Asset Management), Gucho (the Chief Executive Officer of the Hong Kong Exchanges and Clearing Limited, Mr Nicolas Aguzin), Tim (the Chairman of the Securities and Futures Commission, Mr Tim Lui), distinguished guests, ladies and gentlemen,

Good morning. It is a great pleasure to be here today for the launch of Asia's first Saudi Arabia ETF (exchange-traded fund) to be listed right here on the Hong Kong Stock Exchange.

This is a milestone day in our financial co-operation with Saudi Arabia. Being a product of the largest scale of its kind, the CSOP ETF allows investors in this part of the world to invest in burgeoning Saudi enterprises, benefiting from the tremendous opportunities offered by the country in its proud realisation of the 2030 Vision.

Here, allow me to express our sincere appreciation to Saudi Arabia's Public Investment Fund, and CSOP Asset Management, for bringing the ETF to Hong Kong and Asia.

An exemplar case for financial connectivity along the Belt and Road

The launch is indeed no less a landmark of financial connectivity along the Belt and Road.

Last December, addressing the first China-Gulf Cooperation Council Summit, President Xi Jinping spoke of the importance of "making new progress in finance and investment co-operation". China and Saudi Arabia have indeed fostered a markedly closer, multifaceted relationship encompassing various areas including trade, investment, energy co-operation, and more.

Hong Kong is firmly committed to contributing to this important relationship.

Starting from my attendance at the FII Summit last year, the Chief Executive, myself, different policy secretaries as well as many other outstanding business and professional leaders in Hong Kong have visited Saudi Arabia. And now we are clearly seeing good progress.

Hong Kong as a superconnector and crucial gateway for capital flow

Hong Kong is no doubt best positioned to connect Saudi Arabia's

boundless investment opportunities and investors in Asia and beyond.

Under the "one country, two systems" principle, we are China's international financial centre with unique institutional advantages – the common law system and rule of law, free flow of capital, goods, talent and information, a simple and low tax regime and a well-functioning linked exchange rate system.

Through various Connect Schemes, we serve as a crucial gateway for two-way capital flow, for the Mainland's capital to access the world's market, and vice versa for international capital.

For instance, since the establishment of the Stock Connect Scheme in 2014, the Mainland's outbound investments through Stock Connect have amounted to over US\$360 billion, with a cumulative turnover of over US\$4,700 billion.

We are also a trusted conduit for international investors to invest on the Mainland – for example, 70 per cent of A-shares held by international investors were acquired via the Stock Connect.

As a matter of fact, the Connect Schemes have been continuously expanding and deepening, ranging from stocks, bonds, ETFs to derivatives.

And for ETFs, they have been thriving in Hong Kong, given their ease to trade and convenient access by investors of all types.

Hong Kong is now home to 175 ETF products with a total market cap of about US\$50 billion. The average daily turnover of ETFs reached about US\$1.5 billion in the first 10 months of 2023, up more than 25 per cent than in the same period last year.

#### Concluding remarks

Ladies and gentlemen, today's ETF launch does much more than adding to our financial products. It tells investors that we are determined to create innovative new ways to co-operate, to realise mutually rewarding opportunities, with Saudi Arabia and the Middle East.

It is clear that today is just the beginning. We keenly look forward to more mutual financial co-operation, further boosting financial connectivity and capital flows between our two regions.

Our partnership will go beyond finance, to many other areas such as thought leadership. Next week, on December 7 and 8, the Saudi Arabia FII Institute will host its inaugural PRIORITY Asia Summit – here in Hong Kong, right here in this Connect Hall. We will discuss many thorny issues that affect humanity's future. I look forward to seeing you here again.

Finally, I wish you all the best of health and business, promise and opportunities, in the years to come.

Thank you.



## [Speech by CS at Opening Ceremony of Business of Design Week 2023 \(English only\) \(with video\)](#)

Following is the video speech by the Chief Secretary for Administration, Mr Chan Kwok-ki, at the Opening Ceremony of Business of Design Week (BODW) 2023 today (November 29):

Friends of BODW, distinguished guests, ladies and gentlemen,

It gives me great pleasure to join you all for Business of Design Week 2023.

First of all, a warm welcome to our friends from the Mainland and overseas. Surely, your participation in this year's BODW is a vote of confidence in Hong Kong's dynamic and creative vibes.

Since its launch in 2002, BODW has been an annual signature event in the global design community. This year's edition is no exception, featuring over 60 renowned speakers and over 40 inspiring sessions.

The theme of this year's BODW, "Game Changers", couldn't be timelier. Hong Kong, and many other economies, have come out of the years-long pandemic and resumed full normality.

It's time for policymakers, business executives and creative leaders, local and worldwide, to be game changing: setting ambitious goals, and driving smart innovation, in design and branding processes.

Apart from knowledge exchange, BODW fosters international partnerships. I am especially pleased to note that the Netherlands is the partner country this year, bringing in a top-notch Dutch delegation to exchange design mindsets and creative solutions with other participants.

I am proud to say that Hong Kong, as an international city where East meets West, is the right place to drive such dialogue. And our Government spares no effort to develop Hong Kong into an East-meets-West centre for international cultural exchange.

The Chief Executive, in his second Policy Address delivered last month, announced that our Government will set up a dedicated Cultural and Creative Industries Development Agency. This agency will engage a wide range of partners, with you all included, to proactively promote the development of arts, culture and creative sectors under an industry-oriented principle.

Also, our Government's various Economic and Trade Offices on the Mainland and overseas will continue to step up cultural promotion and exchange, so as to strengthen people-to-people bonds between Hong Kong and the rest of the world.

And do stay tuned to our launch, later this year, of a comprehensive blueprint on Hong Kong's arts and culture and creative industries development. This first-ever blueprint will feature a host of initiatives along four directions, namely: to develop diverse arts and culture with an international perspective, to promote Chinese culture, to drive cultural exchange between China and the rest of the world, and to drive industry building.

Together, we will create a more diversified arts, cultural and creative ecosystem.

Ladies and gentlemen, my thanks to the Hong Kong Design Centre and the Hong Kong Trade Development Council for organising this year's BODW. I am also grateful to the Netherlands, as well as all the strategic partners, in putting this flagship event together.

I know you will enjoy this year's game-changing BODW, and I wish you all the best of business, and innovation, in the year to come. Thank you.

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## LCQ13: Science subject in primary schools

Following is a question by Professor the Hon William Wong and a written reply by the Secretary for Education, Dr Choi Yuk-lin, in the Legislative Council today (November 29):

Question:

The Chief Executive announced in the 2023 Policy Address that a subject on science would be introduced in primary schools and a one-off grant of \$350,000 would be provided to each publicly-funded primary school to upgrade its facilities and equipment. However, there are views pointing out that as there is no science major in the primary education degree programmes offered by the Education University of Hong Kong, and many primary schools currently may not have teachers with science or technology degrees, there may be a transitional period in the future when primary school teachers teaching the science subject do not have a background in the relevant subjects. In this connection, will the Government inform this Council:

- (1) whether it has discussed with various universities the provision of undergraduate programmes on science subjects for the training of primary school science teachers;
- (2) whether, in addition to the aforesaid one-off grant, the Government will consider providing annual subsidies to primary schools in respect of the science subject, so as to enhance equipment and procure the necessary teaching materials;
- (3) given that according to the information from the Education Bureau (EDB), the EDB will set up a "Training Base for Primary Science Teachers" and provide the relevant teachers with a 15-hour programme "Certificate in Professional Training on Primary Science Curriculum Leadership", or a 30-hour programme "Certificate in Professional Training for Primary Science Teachers", whether the EDB will extend the target participants of these two certificate programmes to include teaching assistants, and provide annual training for science teachers;
- (4) whether it will create the post of science and technology teaching assistant for the science subject to assist primary school science teachers in conducting effective teaching and learning activities;
- (5) whether it will consider setting up district "innovation and technology education centres" in various districts to provide teaching venues for schools for the science subject, courses requiring special equipment for students, and in-service training venues for teachers; and

(6) whether it will consider collaborating with various universities and tertiary institutions in the production of teaching materials for the science subject in primary schools?

Reply:

President,

Echoing the national strategy of "invigorating the country through science and education", the Government further steps up the promotion of STEAM (i.e. Science, Technology, Engineering, the Arts and Mathematics) education and has announced in the 2023 Policy Address the introduction of a subject on science in primary schools with implementation scheduled to start from the 2025/26 school year. The rationale of the Primary Science curriculum is "Explore with Curiosity, Learn through Applying, Innovate for Tomorrow", with the aims to foster students' curiosity as well as strengthen their scientific literacy, creative thinking and problem-solving skills from an early age through diversified and interesting "hands-on and minds-on" inquiry activities. The Education Bureau (EDB) is proactively carrying out the relevant preparation work to assist schools in preparing for the implementation of the curriculum.

The EDB will provide schools with a series of support measures related to the Primary Science curriculum, including professional training for teachers, learning and teaching resources, and resources support, to assist teachers in the transition from the relevant curriculum of the prevailing General Studies to the new curriculum.

Our reply to the various parts of the question raised by Professor the Hon William Wong is as follows:

(1) and (3) A professional teaching force is key to the effective implementation of Primary Science. To equip teachers to plan and teach the newly introduced Primary Science curriculum, the EDB will strengthen in-service and pre-service training for teachers and enhance schools' flexibility in employment.

On in-service training, the EDB will arrange systematic training for serving teachers with sufficient professional training places provided. We will set up the "Training Base for Primary Science Teachers" to provide a series of training programmes in collaboration with tertiary institutions, professional bodies and innovation and technology (I&T) institutes. The said programmes include the 15-hour intensive training for Primary Science panel heads or STEAM co-ordinators covering curriculum interpretation, curriculum planning and assessment mode, and the 30-hour programme for all Primary Science teachers covering elective courses such as inquiry activities on light, sound and electricity as well as science practical assessment. Teachers who have completed a specified number of training hours will be issued a certificate. As the manpower arrangements for teaching and non-teaching staff of each school are based on the school-based circumstances,

schools should make deployment according to their actual situations. The EDB has no plan to provide training for non-teaching staff (such as teaching assistants).

For the pre-service training, the EDB has been maintaining close communication with three teacher education universities (the Education University of Hong Kong, the University of Hong Kong and the Chinese University of Hong Kong) under established mechanism so as to exchange views on contents and enhance the arrangements of teacher education programmes in response to the renewal of the secondary and primary education curricula, the latest development of education policy, as well as social and technological developments. The EDB will consider strengthening the pre-service and in-service teacher trainings for Primary Science in the 2025/26 to 2027/28 Triennium Planning Exercise for the University Grants Committee-funded universities.

In addition, taking into consideration the keen demand from primary schools for teachers with expertise in STEAM-related subjects, the EDB provides employment flexibility for aided primary schools (including special schools with a primary section) on a pilot basis from 2022. The schools can employ holders of a bachelor's degree in STEAM-related subjects but without teacher training in primary education (including those only with teacher training in secondary education) as STEAM teachers as regular teachers paid under the Salaries Grant from the 2022/23 to 2024/25 school years on a pilot basis for three years. The above-mentioned pilot scheme provides flexibility for schools to attract more professionals in the science field to join the primary school teaching force and teach science subject or STEAM-related curricula.

(2) and (4) To help schools kick-start Primary Science, the EDB will disburse a one-off grant of \$350,000 to each publicly funded primary school before the end of March 2024. The grant could be used for developing or procuring learning and teaching resources, carrying out minor renovations or purchasing furniture, supporting teachers' professional development, etc. We note that publicly-funded schools are in general financially healthy and robust. On implementation of Primary Science, apart from the one-off grant, schools should continue to make good use of the various grants provided by the EDB, including the recurrent subvention under the Expanded/Operating Expenses Block Grant and relevant subject resources, to promote the development of science education at the primary level, such as enhancing equipment and procuring relevant teaching materials as necessary.

The EDB will continue to maintain communication with the school sector to review the use of the one-off grant on Primary Science and the actual need. We will also explore the need to provide recurrent grant for schools to procure additional equipment or recruit additional supporting staff in the long run, taking into account relevant factors including the financial position of the Government, resource utilisation priority and schools' development needs.

(5) and (6) The EDB will assist schools in promoting science/STEAM education,

and provide them with equipment and venue support through enhancing various resource centres and school-based support services. Schools are also encouraged to make good use of the STEAM-related education centre set up by the EDB in Lok Fu for students to conduct I&T-related projects. On the other hand, the EDB invites schools to become STEAM education resource hubs through the Quality Education Fund Thematic Networks to provide professional support (including equipment and venue support for science and technology activities) for schools in the same district and in other districts. In addition, the EDB also collaborates with various tertiary institutions and professional bodies to develop science/STEAM-related teaching materials to facilitate learning and teaching.

The EDB will continue to adopt diversified strategies to support the implementation of science education in primary schools, with a view to stimulating students' creativity and potential in science from an early age.

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## LCQ19: Poverty alleviation measures

Following is a question by the Hon Yung Hoi-yan and a reply by the Secretary for Labour and Welfare, Mr Chris Sun, in the Legislative Council today (November 29):

Question:

There are views that while the Government raised the rates of subsidy under the Social Security Allowance Scheme and the Comprehensive Social Security Assistance Scheme this year, it has neglected the Child Allowance under the Working Family Allowance Scheme (WFA Scheme) and failed to introduce specific support measures to address child poverty. Regarding poverty alleviation measures, will the Government inform this Council:

(1) whether it will consider removing the requirement that the amount of child allowance under the WFA Scheme be linked to household income, and instead granting a full-rate monthly allowance (i.e. \$1,400) across the board for each eligible child; if so, of the details; if not, the reasons for that;

(2) whether it will comprehensively review the existing application thresholds of various government welfare subsidy schemes and relax commensurately the eligibility criteria for those most in need, thereby achieving targeted poverty alleviation; if so, of the details; if not, the reasons for that;

(3) given that the last time the Government released poverty statistics for Hong Kong was November 2021 (as set out in Hong Kong Poverty Situation Report 2020), whether the Government has plans to release the latest poverty statistics; if not, of the reasons for that; if so, the details and



timetable, and whether it will release the latest statistics annually in the future; and

(4) given that the Government set up the Task Force to Lift Underprivileged Students out of Intergenerational Poverty and launched the Strive and Rise Programme (the Programme) last year to address the problem of intergenerational poverty, apart from the Programme, what other specific measures are put in place by the Government to ameliorate the problem of intergenerational poverty?

Reply:

President,

The current-term Government has adopted a strategy of targeted poverty alleviation by directing resources to those most in need. The Commission on Poverty (CoP) supports the Government's strategy of targeted poverty alleviation and agrees that the Government should adopt a two-pronged approach to address the specific needs of different target groups. On the one hand, the Government should empower those who are able to help themselves so that they could achieve self-reliance and improve their livelihood and at the same time help release potential labour force of society. On the other hand, the Government should continue to plug existing service gaps by supporting those who are unable to help themselves.

As far as the policy areas of the Labour and Welfare Bureau are concerned, the reply to the four parts of the question raised by the Member is as follows:

(1) The Working Family Allowance (WFA) Scheme aims to support lower income working households which are not on the Comprehensive Social Security Assistance (CSSA), promote their self-reliance through full-time employment and reward hard work.

Under the WFA Scheme, the rates of household allowance are determined based on a household's monthly working hours and income. Additional child allowance is given to each eligible child or youth (Note) of an eligible household. The rates of the child allowance are determined by the household's income, with higher rates for households with lower incomes.

The Government will increase the rates of the household and child allowances under the WFA Scheme by 15 per cent across the board with effect from the claim month of April 2024, benefiting all households receiving WFA. Increasing the rates of WFA will help further alleviate the burden of grassroots working families with children.

In addition, the Government has implemented a host of improvement measures for the WFA Scheme in recent years, including relaxing the eligibility criteria, substantially increasing the rates of allowance twice in 2018 and 2020, and allowing household members to aggregate their working hours to receive higher amounts of allowances, etc. The Government reviews

the implementation and promotion of the Scheme from time to time and encourages more eligible working households to apply for the allowances with a view to providing adequate support for working families and their children.

Note: Children aged below 15, or aged between 15 and 21 receiving full-time education (excluding post-secondary education).

(2) The Government implements a non-contributory social security system to provide suitable cash assistance for needy people, comprising the CSSA Scheme and the Social Security Allowance (SSA) Scheme (which includes the Old Age Living Allowance (OALA), Old Age Allowance (OAA) and Disability Allowance (DA)). Separately, the WFA Scheme provides support to working families in full-time employment with relatively low income who are not on CSSA. Each of the schemes adopts different application requirements having regard to their respective objectives, in order to ensure that finite public resources are directed to people in need.

The CSSA Scheme provides a safety net of last resort for people who cannot support themselves financially due to old age, ill-health, disability, single parenthood, unemployment, low-earnings or for other reasons to help them meet their basic needs. In this connection, relatively rigorous means tests are put in place. The SSA Scheme aims to help severely disabled Hong Kong residents or those aged 65 or above meet special needs arising from severe disability or old age. Thereof, OALA is means-tested to echo its aim of supplementing the living expenses of elderly persons who are in need of financial support. OAA and DA are non-means tested and mainly take into account applicants' age or disability respectively. As mentioned above, the WFA Scheme aims to support lower income working households which are not on CSSA. Applicants are thus required to meet income and asset limits, as well as working hour requirements.

The Government adjusts the income and asset limits of the aforementioned schemes annually in accordance with the established mechanism (e.g. with reference to the movements of the Consumer Price Index (A)), so as to ensure that the schemes can support persons in need reasonably and effectively. In considering enhancements, the Government must take into account the long-term financial sustainability of the schemes. In order to strengthen the support provided for needy people, the Government has continually enhanced the relevant schemes. Apart from the various improvement measures for the WFA Scheme, the Government in recent years has implemented other enhancement measures including:

(a) In 2019, a major review of the CSSA Scheme was conducted and a host of improvement measures has been fully implemented since February 2021 to benefit most recipients. The relevant measures included significantly increasing the monthly maximum level of the disregarded earnings by 60 per cent to \$4,000, substantially raising the maximum rent allowance (by as much as 27 per cent depending on household size), as well as extending various supplement and special grants to eligible non-elderly able-bodied recipients;

(b) The Normal and Higher OALAs had been merged with effect from September 2022, adopting the more relaxed asset limits of Normal OALA and the payment rate of Higher OALA. The merged OALA is simplified and easily understandable, allowing elderly persons to retain more assets; and

(c) The absence limit under the pre-application one-year continuous residence requirement of the SSA Scheme had been relaxed from 56 days to 90 days starting from September 2023 to facilitate applicants' longer period of absence from Hong Kong.

(3) and (4) The previous methodology of taking the median monthly household income as the sole indicator for measuring poverty has obvious limitations, as it neither takes into account household assets and liabilities nor covers in-kind benefits such as public medical services, subsidised housing and free education.

The new-term CoP supports the Government's new strategy of targeted poverty alleviation. Based on the Government's statistics and by making multidimensional analyses of household characteristics, employment and income situation, coverage of government cash benefits, living environment, rental burden, burden of supporting dependants, etc., the CoP has identified three groups for targeted poverty alleviation, namely households residing in subdivided units (SDUs), single-parent households and elderly households (including singleton, doubleton and three-person-and-above elderly households). Among others, the Strive and Rise Programme (the Programme) launched by the Government in October 2022 focuses on lifting secondary school students from underprivileged families, particularly those living in SDUs, out of intergenerational poverty through the tripartite collaboration of the Government, the business sector and the community. The Government launched the second round of the Programme in October 2023 with new elements, including increasing the number of mentees from 2 800 to 4 000, with an extension to cover Secondary Four students; enriching the variety of group activities with more Mainland study and exchange tours; introducing mentorship groups; and establishing an Alumni Club for mentees who have completed the Programme to provide them with diversified social activities and internship opportunities. The Government has formulated a key performance indicator (KPI) for the Programme to evaluate and compare the changes in the beneficiaries before and after participating in the Programme. The Government will continue to implement various targeted poverty alleviation projects catering to the needs of the target groups.

In order to continuously monitor the effectiveness of the poverty alleviation work in Hong Kong, the CoP supports the Government's adoption of a multidimensional approach (i.e. not only focusing on income) to monitor the situation and changes in the overall population of Hong Kong and in various target groups. As mentioned by the Government at the meeting of the Legislative Council Subcommittee on Reforming the Poverty Alleviation Policies and Strategies on April 28, 2023, the Office of the Government Economist is following up on the relevant work, including devising macro indicators for long-term monitoring and formulating, from a micro perspective, KPIs for relevant targeted poverty alleviation projects. The

Government will announce the details in due course when a concrete proposal is ready.

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## LCQ9: Monitoring service frequencies of franchised buses

Following is a question by the Hon Luk Chung-hung and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (November 29):

Question:

Some members of the public have relayed that the lost trip problem of franchised buses has been worsening in recent months, and the Transport Department (TD) does not regularly publish the lost trip rates of individual franchised bus routes, making it difficult for members of the public to monitor the service performance of franchised bus companies. In this connection, will the Government inform this Council:

- (1) of TD's definitions for the "lost trip rate" and "delay rate" of franchised buses;
- (2) of the lost trip rates and delay rates of all franchised bus routes across the territory from January to June this year (together with a breakdown by route (including all special departures));
- (3) of the levels that the lost trip rates and/or delay rates of franchised bus routes are required to reach before TD will take follow-up actions, and the details of the relevant actions;
- (4) whether TD took the follow-up actions mentioned in (3) in the past five years; if so, of the details; if not, the reasons for that; and
- (5) given that TD has reviewed the definition of lost trip rate and the sanction mechanism for franchised bus companies in the light of the recommendations in the direct investigation report on "Mechanism for Monitoring the Frequencies of Franchised Bus Services" published by the Office of The Ombudsman, Hong Kong in January 2014, whether TD will, in response to the worsening lost trip problem of franchised buses in recent months, review again and improve the relevant mechanism; if so, of the details; if not, the reasons for that?

Reply:

President,

There is a rigorous and fair established mechanism for the Government to

evaluate the services provided by franchised bus operators. Each franchised bus route is governed by a Schedule of Service issued by the Transport Department (TD) which stipulates the details of the service that shall be provided by the franchised bus operator, including the routing, service hours, headway, and bus allocation. The TD closely monitors the service level and regularity through various means, including inspecting and reviewing the operating records and data from the operators regularly, conducting on-site surveys, and analysing complaints and suggestions made by members of the public regarding lost trips of buses.

My reply to the various parts of the question raised by the Hon Luk Chung-hung is as follows:

(1) Irregularities of bus services maybe broadly categorised into "lost trips" and "deviations from schedule". "Lost trip" refers to the situation where an operator has not operated a scheduled departure, while "deviation from schedule" (including premature and delayed departures) refers to the situation that an operator has operated a scheduled departure but earlier or later than the scheduled time (Note 1). There are numerous factors that may contribute to irregularities of bus services, with some of them within the control of operators (e.g. journey time, vehicle breakdown or shortage, and manpower deployment) and some not (e.g. inclement weather, traffic congestion and road accidents).

Generally speaking, "lost trips" have a greater impact on passengers. When assessing the overall regularity of franchised bus service, the TD also uses "lost trip rate" as the major metric. "Lost trip rate" is calculated as the percentage of "lost trips" against the total number of scheduled departures in the Schedule of Service over a given period of time.

"Deviations from schedule" are generally attributable to unstable travelling time, and the impact on passengers may vary depending on the extent of premature or delayed departure. Although the TD does not compute rates of "deviations from schedule", the department will monitor punctuality and journey time data. If it is observed that there have been recurrent "deviations from schedule", the TD would take appropriate follow up actions with the franchised bus operator to maintain the regularity of service.

Note 1: The timetable stipulated in a Schedule of Service is based on departures at the terminus. The actual time of arrival at intermediate bus stops may be affected by traffic conditions en route and the number of passengers boarding and alighting at various stops.

(2) Records of departures of individual routes provided by franchised bus operators to the TD to facilitate the monitoring of bus services are for internal use. As bus routes are operated under different modes (such as whole-day service, peak-only service, or services for weekends and public holidays), the "lost trip rates" of individual routes would also vary depending on the number of scheduled departures of the route concerned and may not be suitable to be disclosed for individual comparison. The overall "lost trip rates" by bus franchise may be of better reference value. The overall "lost trip rates" of services of the different bus franchises from

January to June in 2023 are tabulated below:

| Bus franchise   | Lost trip rate |
|---|----------------|
| Kowloon Motor Bus Company (1933) Limited  | 2.6 per cent   |
| Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour bus network)# | 2.4 per cent   |
| Citybus Limited (Franchise for the Airport and North Lantau bus network)        | 1.8 per cent   |
| New World First Bus Services Limited#   | 4.5 per cent   |
| Long Win Bus Company Limited  | 2.1 per cent   |
| New Lantao Bus Company (1973) Limited   | 0.4 per cent   |
| Overall   | 2.7 per cent   |

#The Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour bus network) merged with the franchise of the New World First Bus Services Limited on July 1, 2023. The new franchise is named Citybus Limited (Franchise for the Urban and New Territories bus network).

(3) and (5) As mentioned above, the TD has been closely monitoring the level and regularity of franchised bus services, and will examine the causes of service irregularities and follow up in a serious manner. It will not wait for the "lost trip rates" to reach a particular level before taking action. In response to the Ombudsman's recommendations in 2014, the TD has implemented a series of improvements, including requiring franchised bus operators to give a more detailed categorisation of the causes of lost trips and to calculate "lost trip rates" based on segregated time periods, with a view to identifying solutions having regard to the causes of lost trips and situation in different time periods in a more effective manner.

In case a franchised bus operator fails to provide service according to the requirements of the TD, the TD would follow up with the operator and clearly set out the improvements needed by formally issuing reminding letter. If the operator is unable to give a reasonable explanation or make improvements, the TD will then issue advisory letter to remind the operator that it shall comply with the requirements and implement improvement measures by a specified time. Depending on the persistence of situation and severity of each case, the TD may also issue warning letter to the operator in respect of the lost trips of individual routes or the overall lost trip situation. When the TD issues warning letter to an operator, it will also serve a written notice to the operator's board of directors to raise the management's awareness of the lost trip issue. When handling fare increase applications from franchised bus operators, the Government would also take into account the lost trip situation of the operator concerned.

If "lost trip rates" of a franchised bus operator remain persistently high and no effective mitigating measures have been taken, the Government will consider invoking the power conferred to the Chief Executive in Council (CE in C) by the Public Bus Services Ordinance (Cap. 230) to impose penalty

on the operator. In extreme cases, the CE in C may also consider revoking the operator's operating right of individual routes or even the entire franchise.

Past experience shows that the above mechanism is effective. When franchised bus operators receive reminding, advisory letters or warning letters, they would usually follow up actively and seriously with a view to improving the lost trip issue. Furthermore, real-time arrival information systems have been introduced by various operators over the past few years, which allow passengers to better grasp the headway and arrival time of buses, thereby shortening waiting time and enhancing their travel experience.

(4) During the period between 2019 and June 2023, on average the TD issued to franchised bus operators a total of about 400 reminding/advisory letters each year. The TD also issued one warning letter to an individual operator for lost trips arising from failure to adjust its bus services in a timely manner after relaxation of social distancing measures between end-2020 and early 2021.