

# Executive Council considers fare increase applications of five franchised bus operators

The Chief Executive in Council today (March 16) considered the fare increase applications of five franchised bus operators, and decided that:

(a) Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour Bus Network) (CTB(F1)) and New World First Bus Services Limited (NWFB) should be approved to increase the fares of their routes for an overall weighted average rate of 12.0 per cent to be implemented in two phases (viz. 8.5 per cent to take effect on April 4, 2021, and a further 3.2 per cent to take effect on January 2, 2022);

(b) New Lantao Bus Company (1973) Limited (NLB) should be approved to increase the fares of its routes for an overall weighted average rate of 9.8 per cent to be implemented on April 4, 2021;

(c) The Kowloon Motor Bus Company (1933) Limited (KMB) should be approved to increase the fares of its routes for an overall weighted average rate of 8.5 per cent. Taking into account the mitigating effect from KMB's Franchised Bus Toll Exemption Fund (TEF) and the fare increases of the cross-harbour routes jointly operated by KMB and CTB(F1) or NWFB as per (a) above, the actual weighted average rate of fare increase of KMB's solely operated routes would be 5.8 per cent to be implemented on April 4, 2021; and

(d) The fare increase application of Long Win Bus Company Limited (LW) should be rejected.

Details of the fare increase applications of individual franchised bus operators are set out in the Annex.

In arriving at the actual fare increase rates of individual routes, the Government has looked into the service nature and existing fare levels of these routes and made adjustments as appropriate with a view to minimising the impact of fare increases on the public. Upon the implementation of new fares on April 4, 2021, about 90 per cent of passengers will pay no more than \$1 extra per trip, and upon the implementation of phase two fare increases of CTB(F1) and NWFB on January 2, 2022, about 90 per cent of their passengers will pay no more than \$1.50 extra per trip in aggregate.

A Government spokesman said, "The five franchised bus operators submitted the fare increase applications to the Government in 2018 and 2019. The processing of the relevant fare increase applications had then been put on hold, amid the uncertainties arising from the COVID-19 pandemic. In view of the impact of the pandemic on the franchised bus operators, the Government has introduced several rounds of relief measures under the Anti-epidemic Fund, including fuel and other one-off subsidies and the Employment

Support Scheme, to help franchised bus operators cope with the operating pressure in the prevailing economic environment. With the gradual cessation of these relief measures by the end of 2020, individual franchised bus operators are facing severe financial difficulties because of the declining revenue and rising operating costs."

The spokesman added, "It is of great importance to maintain the financial viability of the franchised bus operators for providing safe and quality public bus services. Alongside the processing of the fare increase applications, the Government will continue to encourage and assist franchised bus operators to adopt a multi-pronged approach in the longer run in implementing revenue-raising and expenditure-cutting measures, including enhancing the bus service network through bus route rationalisation, further improving operational efficiency and increasing non-fare revenue, so as to improve their financial situation, improve service standards and enhance bus safety and the application of technology."

To alleviate commuters' fare burdens, the Government has earlier implemented a special measure to temporarily relax the monthly threshold under the Public Transport Fare Subsidy Scheme (PTFSS) from \$400 to \$200 during the period from July 1, 2020, to June 30, 2021. To further relieve the hardship felt by the public amid the public transport fare adjustments, the Government has decided to further extend the aforementioned special measure for six months till December 31, 2021, and temporarily raise the monthly subsidy cap from \$400 to \$500 during the period from April 1 to December 31, 2021. In addition, beneficiaries enjoying a concessionary fare of \$2 per trip when taking public transport under the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities will not be affected by the fare increases.

Under the Fare Adjustment Arrangement for Franchised Buses (FAA), the Government has taken into account a basket of factors in assessing the bus fare adjustments, which include:

- (a) changes in operating costs and revenue since the last fare adjustment;
- (b) forecasts of future costs, revenue and returns;
- (c) the need to provide the operator with a reasonable rate of return;
- (d) public acceptability and affordability;
- (e) the quality and quantity of service provided; and
- (f) the outcome of the formula for a supportable fare adjustment rate. The formula is only for reference and the fare level will not be adjusted automatically according to the formula outcome.

In vetting the fare increase applications of the five franchised bus operators, the Executive Council has, based on the above-mentioned arrangement, considered the cases holistically and fully considered the views of the Panel on Transport of the Legislative Council and the Transport Advisory Committee.