

**Details of the Fare Increase Applications of
Individual Franchised Bus Operators**

Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour Bus Network) (CTB(F1)) and New World First Bus Services Limited (NWFB)

- CTB(F1) and NWFB submitted applications on 9 August 2019 for fare increase at an overall weighted average rate of 12.0%.
- The Executive Council decided to approve in full the overall weighted average fare increase rate of 12.0% for CTB(F1) and NWFB. With a view to addressing the concerns on public affordability and acceptability, the relevant fare increases will be implemented in two phases (viz. 8.5% to take effect on 4 April 2021, and another 3.2% to take effect on 2 January 2022).
- There has been a continuous decline in the average daily patronage, and hence fare revenue, for both CTB(F1) and NWFB, due to the impact of various new railway lines, viz. the West Island Line and South Island Line (East), and the COVID-19 pandemic. According to relevant financial forecast, both CTB(F1) and NWFB will still see red in their books even with the fare increase rate at 12.0% as proposed by the two operators. Approving this round of fare increase applications of CTB(F1) and NWFB in full appears essential for the survival of the two companies.
- As the respective Franchised Bus Toll Exemption Fund (TEF) of CTB(F1) and NWFB has been exhausted for lowering the last fare increase, the toll exemption arrangement could not lower the rates of fare increase to be shouldered by passengers this time.
- Although a fare increase of 9.9% was approved for CTB(F1) and NWFB in January 2019, they had not increased their fares for some ten years before their last fare increase, which was not approved in full. During this period,

the Composite Consumer Price Index (CCPI) and Median Monthly Household Income (MMHI) have increased by 38.93% and 43.33% respectively, while the outcome of the supportable fare adjustment rate (SFAR) formula is +38.99%.

New Lantao Bus Company (1973) Limited (NLB)

- NLB submitted the application on 28 September 2018 for fare increase at an overall weighted average rate of 9.8%.
- The Executive Council decided to approve in full the overall weighted average fare increase rate of 9.8% for NLB, to take effective on 4 April 2021. Having considered the impact of fare increase on local residents on Lantau Island, the Executive Council endorsed raising the fares of three Ngong Ping routes on Sundays and Public Holidays (which mainly serve tourists for recreational purpose) by around 15%, and those of boundary routes and recreation and special services by around 10%, such that the average rate of fare increase of routes mainly serving local residents in Tung Chung New Town and South Lantau on weekdays would be slightly reduced to between 8.2% and 9.7%.
- NLB has started running a deficit since 2017-18. If the existing fare level remains unchanged, and with the impact of COVID-19 pandemic, the company's financial position will continue to deteriorate. Approving the fare increase of NLB could put the company on track to operate in a sustainable manner.
- As NLB has only one holiday route using government tolled road, there is no mitigating effect from the toll exemption arrangement.
- NLB has not raised its fares for the past 13 years, and the approved rate of fare increase is lower than the changes in CCPI (+38.93%) and MMHI (+43.33%) since the last fare increase, as well as the outcome of the SFAR

formula (+38.99%).

The Kowloon Motor Bus Company (1933) Limited (KMB)

- KMB submitted the application on 7 September 2018 for fare increase at an overall weighted average rate of 8.5%.
- The Executive Council decided to approve in full the overall weighted average fare increase rate of 8.5% for KMB. Taking into account the mitigating effect from KMB's accumulated TEF as of end March 2021 and the fare increases of the cross-harbour routes jointly operated by KMB and CTB(F1) or NWFB, the actual weighted average fare increase rate of KMB's solely operated routes would be 5.8%, to be implemented on 4 April 2021. For cross-harbour routes jointly operated by KMB and CTB(F1) or NWFB, the fare adjustment arrangement will follow that of CTB(F1) and NWFB above, to be implemented in two phases.
- The financial performance of KMB in 2020 was affected by the COVID-19 pandemic. Since it is forecasted that KMB will face a deficit in the coming years if the existing fare level remains unchanged, the Executive Council considered that there is a practical need to approve the fare increase.
- KMB's TEF will be used to lower this round of fare increase and mitigate the rate of increase to be borne by passengers.
- The fares of KMB's solely operated routes have not been increased for almost seven years. The approved rate of fare increase is lower than the changes in CCPI (+14.10%) and MMHI (+9.79%) since the last fare increase, as well as the outcome of the SFAR formula (+18.28%).

Long Win Bus Company Limited (LW)

- LW submitted the application on 7 September 2018 for fare increase at an

overall weighted average rate of 8.5%.

- The Executive Council decided to reject LW's fare increase application.
- The airport and boundary routes run by LW have been hard hit by the COVID-19 outbreak. However, according to relevant financial forecast, despite running a deficit in the current financial year, it is expected that the financial situation of LW will improve as the epidemic subsides, even if the existing fare level is to be maintained. Although the company has not raised its fares for nine years, the Executive Council considered there being no strong justification for approving its fare increase application.
- To help LW tide over the difficult time, the Government will allow the company to draw down from its TEF balance as of end March 2021, with a view to reducing its losses.

Citybus Limited (Franchise for Airport and North Island Bus Network) (CTB(F2))

- CTB(F2) did not submit a fare increase application.
- To help CTB(F2) tide over the difficult time, the Government will allow the company to draw down from its TEF balance as of end March 2021, with a view to reducing its losses.

Ends