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21 March 2013

Clerk to Panel on Transport
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn: Ms Sophie Lau)

Dear Ms Lau,

LegCo Panel on Transport
Meeting on 14 December 2012
Response to Motions and Follow-up Actions

The LegCo Panel on Transport discussed the “Fare increase application from the Kowloon Motor Bus Company (1933) Limited (KMB)” at its meeting on 14 December 2012. The Administration’s response to the motions passed at the meeting, as well as supplementary information with regard to the arrangements concerning KMB’s advertising income and bus route rationalisation is as follows:

Response to the motions

The Executive Council considered KMB’s fare increase application on 19 February 2013. It approved a weighted average fare increase rate of 4.9%. The new fares have taken effect since 17 March 2013.

In assessing KMB’s fare increase application, the Chief Executive in Council has fully considered a basket of factors under the Fare Adjustment Arrangement (FAA) for franchised buses, and they include public affordability and acceptability. The Administration appreciates the concerns that the community has on the impact of bus fare adjustment on livelihood. It has therefore handled KMB’s fare increase application in a very prudent manner. The approved increase rate has balanced various considerations. On one hand, it minimizes the impact of bus fare increase

on the passengers. On the other hand, it enables bus company to maintain financial stability to continue to render and develop proper and efficient service.

The approved increase rate is lower than KMB's request of 8.5%. It is also lower than the magnitude of changes in Composite Consumer Price Index (+6.31%) and Median Monthly Household Income (+7.14%) since the last fare increase, as well as the formula outcome of the supportable fare adjustment rate (+5.81%) under FAA.

Please refer to the LegCo Brief enclosed at Annex for the Administration's assessment and justifications on KMB's fare increase application.

Arrangements concerning KMB's advertising income

As we have explained at the Panel on Transport meeting on 14 December 2012, KMB's franchise account has to take into account income derived or realised from or in connection with the bus service. The advertising income received by the KMB from its advertising agents has all along been included in its franchise account. Details are in paragraph 16 and 17 at Annex.

Bus route rationalisation

The Administration and franchised bus companies have been improving the bus network through bus route rationalisation. Starting this year, we will rationalise bus routes more vigorously, with a view to optimising the bus network, enhancing its feeder function, and reducing fare increase pressure and roadside emissions.

Route rationalisation in the past was drawn up based basically on individual routes. There was some progress but that was insufficient. The Secretary for Transport and Housing has earlier announced that the Transport Department (TD) and franchised bus companies will take forward route rationalisation under an "area approach". Under this approach, the entire district, as opposed to individual routes, will be used as the basis for reviewing and rationalising bus services with a holistic perspective to ensure effective use of resources. It is hoped that the frequency of seriously under-utilised routes can be reduced or such routes cancelled to spare resources for new or existing routes with keen demand. This would provide better and more efficient bus services with an enhanced

bus network for the district as a whole. We will actively solicit support from the District Councils and local communities. To help gain the community's acceptance, we will, in collaboration with the franchised bus companies, work out suitable packages in terms of interchange arrangements, service frequencies, fare concessions and a variety of interchange hardware. The Tuen Mun Road Bus-Bus Interchange, newly opened in end-December 2012, is a case in point. For KMB, the TD and KMB has started local consultation for target implementation of a pilot area approach for North District in 2013. Details are set out in paragraph 14 and 15 at Annex.

Yours sincerely,



(Miss Annie Yu)

for Secretary for Transport and Housing

c.c. Commissioner for Transport

(Attn: Miss Rachel Kwan)

File Ref.: THB(T) L 2/4/120

LEGISLATIVE COUNCIL BRIEF

Public Bus Services Ordinance
(Chapter 230)

**FARE INCREASE APPLICATION FROM
THE KOWLOON MOTOR BUS COMPANY (1933) LIMITED**

INTRODUCTION

At the meeting of the Executive Council on 19 February 2013, the Council ADVISED and the Chief Executive ORDERED that, under section 13(1) of the Public Bus Services Ordinance (Chapter 230) (“the Ordinance”), the fare scale for the routes of The Kowloon Motor Bus Company (1933) Limited (“KMB”) as detailed at Annex A, providing the basis for a weighted average fare increase rate of **4.9%**, should be approved for implementation on **17 March 2013**.

JUSTIFICATIONS

2. KMB submitted an application on 29 November 2012 for an average fare increase of 8.5% with effect from 1 January 2013 in order to achieve breakeven and without incurring losses in 2013. The application is made on account that KMB recorded a loss for the first half of 2012 and expected that its deficit will widen in the second half of the year because of rising operating costs, particularly those for staff and fuel. According to KMB, it has tried its best to control costs and boost revenue wherever possible. The proposed fare increase is the last resort to enable it to continue with quality bus services and implement planned new bus purchase programme and environmental improvement measures. KMB last increased its fare on 15 May 2011 by an overall weighted average rate of 3.6% following approval of the Chief Executive in Council.

Bus Fare Adjustment Arrangement

3. Under section 13(1) of the Ordinance, fares of franchised bus services are to be charged according to a scale of fares determined by the Chief Executive in Council. Under the current Fare Adjustment Arrangement (“FAA”) for franchised buses approved by the Chief Executive in Council on 10 January 2006, the Administration should take into account the following basket

of factors in assessing a bus fare increase application –

- (a) changes in operating costs and revenue;
- (b) forecasts of future costs, revenue and return;
- (c) the need to provide the operator with a reasonable rate of return. Reference should be made to the Weighted Average Cost of Capital (“WACC”) of the franchised bus industry¹ in considering the reasonable rate of return, which is set at 9.7% rate of return on average net fixed assets² (“ANFA”);
- (d) public acceptability and affordability. Reference should be made to the change in Composite Consumer Price Index (“CCPI”) and change in Median Monthly Household Income (“MMHI”);
- (e) the quality and quantity of service provided; and
- (f) a formula of supportable fare adjustment rate = $0.5 \times \text{Change in Wage Index for the Transportation Section} + 0.5 \times \text{Change in CCPI} - 0.5 \times \text{Productivity Gain}$ ³. The formula is for reference only. The fare level will not be adjusted automatically according to the formula outcome.

Unless otherwise specified, the factors under the FAA are intended to be applied with reference to the date of the last fare adjustment.

¹ WACC is the average cost of debt and equity weighted by their respective proportion in the bus industry as a whole. It can be regarded as the expected rate of return of the investors in general for the bus industry under the prevailing economic conditions. It was derived based on an established and widely used formula which takes into account financial data of the market reflecting the cost of debt and equity.

² ANFA is the average value of fixed assets at original cost of acquisition less the cumulative depreciation, except for land for which no depreciation is charged.

³ Upon the completion of the last review of the FAA in 2009, the Chief Executive in Council endorsed that the value of productivity gain should be set at zero until the next FAA review, due in 2013, to reduce fare increase rate brought mainly about by higher oil price.

Assessment of the Fare Increase Application

Changes in Operating Costs and Revenue since the Last Fare Adjustment

4. KMB's average daily patronage increased slightly from 2.565 million in 2011 to 2.583 million in 2012 (or by 0.7%). This is mainly due to additional patronage from the implementation of the "Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities" ("the \$2 Scheme")⁴ covering four franchised buses companies, including KMB, since 5 August 2012. This, together with the full year effect of the last round of fare increase (by 3.6% which took effect from May 2011), enables KMB's total revenue to increase during the period. KMB's total operating costs also increased from 2011 to 2012. The increase was mainly due to the annual pay rise of 2012, as well as increase in headcount of drivers to meet new meal break requirements and increase in fuel consumption to meet the service schedules. This, however, was slightly offset by a decrease in depreciation. KMB also implemented cost saving measures such as bus route rationalisation and improvement of fleet utilisation to enhance network efficiency. As a whole, the increase in revenue was unable to offset the rise in operating costs.

Forecasts of Future Costs, Revenue and Return at Existing Fares

5. In its application, KMB has provided information on its forecast patronage, revenue, operating costs, and rate of return on ANFA, calculated on the basis of existing fares. The Administration has reviewed the financial projections and forecasts and has made some slight, necessary adjustments to reflect a more updated position. Taking into account the Administration's adjustments, KMB will likely run a deficit in 2012. At existing fare level, KMB would be unable to achieve breakeven for 2013, and the situation would likely be more challenging in 2014, with a projected negative rate of return for both years.

⁴ Under the \$2 Scheme, elderly people aged 65 or above and eligible persons with disabilities can travel on, amongst other transport modes, franchised buses anytime at a concessionary fare of \$2 per trip. The Government will reimburse the operators the revenue forgone (i.e. the nominal fare less \$2) on an accountable basis.

Public Affordability and Acceptability

6. Since the last fare increase in May 2011, MMHI⁵ has increased by 7.14% from \$19,600 for the second quarter of 2011 to \$21,000 for the third quarter of 2012. The change in CCPI⁶ for the period from May 2011 to December 2012 is 6.31%.

Quality and Quantity of Service

7. In monitoring the quality and quantity of bus services, we take into account objective indicators including the findings of passenger satisfaction surveys and site surveys, complaint figures and accident rates. In general, KMB provides satisfactory services to passengers. As at end December 2012, key information of KMB's operation was as follows –

	KMB (a)	All franchised bus companies (b)	(a) over (b)
Number of routes	375	567	66%
Fleet	3,818 buses	5,743 buses	67%
Staff	About 12,000 persons	About 18,000 persons	67%
Average daily patronage in 2012 (as compared with 2011)	2.58 million (+0.4%)	3.83 million (+1.2%)	67%

The average age of KMB's fleet is about 11 years old, similar to that of the franchised bus fleet in Hong Kong. KMB's key service performance and achievements are as follows –

- (a) In terms of safety, KMB's accident rate from January to October 2012 was 3.1 accidents per million vehicle-km, vis-à-vis an industry average rate of 4.1 for the same period. As at end-December 2012, all KMB's buses have been equipped with black boxes to help monitor drivers' performance and investigate accidents.

⁵ MMHI is published on a quarterly basis.

⁶ CCPI is 106.2 for May 2011 and 112.9 for December 2012. CCPI is published on a monthly basis.

- (b) On the environmental front, 83% (about 3,170 buses) of KMB's fleet is of Euro II or above emission standard as at end-December 2012. The remaining 650 Euro I buses will all be phased out by end 2015, and the Euro II ones by end 2019. To further cut particulate emission, KMB has completed retrofitting diesel particulate filters on all its Euro II and Euro III buses where possible. KMB is working with the Environmental Protection Department on a trial to retrofit these buses with selective catalytic reduction devices to reduce emission of nitrogen oxides. KMB is also testing the use of hybrid and electric buses.
- (c) According to the passenger satisfaction surveys on KMB's service, passengers are generally most satisfied with drivers' compliance with traffic regulations, travelling speed and driving skills, and most dissatisfied with frequency and reliability of services.
- (d) The Transport Complaints Unit of the Transport Advisory Committee received 2,100 complaints and suggestions in 2011 on KMB (about 55% of all franchised bus-related complaints and suggestions). The figure in 2012 is 3,631 (about 58% of all franchised bus-related complaints and suggestions). About half (53%) of the complaints and suggestions received on KMB are on "regularity of service".
- (e) KMB's lost trip rate was 8.0% in 2011, primarily a result of shortage of bus drivers and more congested traffic situation. The Administration has been very concerned about KMB's lost trip situation and has warned KMB to take effective remedial actions. With a more aggressive recruitment drive and review on the service schedules taking into account the prevailing traffic situation, the lost trip rate has come down notably. The annual 2012 figure was 4.6% and that in December 2012 had gone further down to 2.7%. The situation is comparable to that of other franchised bus operators.

Supportable Fare Adjustment Formula Outcome

8. With reference to the date of the last fare adjustment, the latest formula outcome for a supportable fare adjustment would be 5.81%, arrived at as below –

$$0.5 \times 5.31\%⁷ + 0.5 \times 6.31\%⁸ - 0.5 \times 0 = +5.81\%$$

APPROVED FARE INCREASE

9. Franchised bus operation is capital and labour intensive. Bus operators are therefore granted 10-year franchises to give them room to cope with short-term challenges. We fully acknowledge that the financial viability of a bus franchise is important to the franchisee as well as passengers in terms of the franchisee's ability and willingness to continue to render proper, efficient and stable public bus service on which millions of commuters rely daily. A sustainable financial model is also imperative for the franchisee to be able to make the necessary further investment in its fleet and improvement in services (e.g. more bus-bus interchange arrangements).

10. We recognise that KMB's current application aims to balance its book for 2013. Yet, under the FAA, a fare increase application made by a franchised bus company is assessed by making reference to a basket of factors. Profitability is only one of these factors. Passengers' affordability and acceptability, as measured by the MMHI and CCPI, are amongst the other factors.

11. To strike a balance between the need to lessen the burden of bus fare increase on passengers and the need to enable KMB to have financial stability to continue to provide proper and efficient service, having regard to the basket of factors provided for under the FAA, the Chief Executive in Council approved **an overall weighted average fare increase rate of 4.9%** for KMB. This increase rate is lower than the magnitude of changes in CCPI (+6.31%) and MMHI (+7.14%) as well as formula outcome (+5.81%) under the FAA basket of factors. With the approved fare increase rate of 4.9%, KMB's overall

⁷ Change in Wage Index for the Transportation Section from June 2011 (i.e. 158.2) to September 2012 (i.e. 166.6). Wage index is published on a quarterly basis. The latest available figure is for September 2012.

⁸ CCPI changes from 106.2 in May 2011 to 112.9 in December 2012. CCPI is published on a monthly basis.

financial situation would not be completely improved immediately. However, a higher rate is not recommended, having regard to passengers' affordability and acceptability, and in view of possible oil price fluctuation. Nevertheless, the fare increase rate should help provide KMB with some financial cushion whilst it pursues longer term measures to improve service and its financial situation. Such measures include the implementation of more aggressive route rationalisation proposals through providing more attractive fare concession packages and better passenger facilities at the bus interchange points. Further details are in paragraphs 14 to 15 below.

12. There will be no fare adjustment for cross-harbour routes jointly operated by KMB and another franchised bus operator. This is to avoid confusing the public with different fares for different buses plying the same route.

Impact on Passengers

A

13. The existing and the new fare scales of KMB are at Annex A. KMB's existing average fare is \$6.3. With the approved fare increase of 4.9%, this would go up to \$6.6 with detailed impact as follows –

	% of KMB passengers	
no impact on passengers	19.9%	75%
pay 10 or 20 cents more per trip	16.7%	
pay 30 or 40 cents more per trip	38.3%	
pay 50 cents to 70 cents more per trip	25.1%	25%
pay 80 cents to \$1 more per trip	0%	
pay \$1.1 to \$3.0 more per trip, all are racecourse services	0.01%	

B

It is noteworthy that about 75% of passengers will need to pay not more than 40 cents extra per trip. A list of new fares for individual routes is at Annex B.

Other Issues of Concern

Focus of future service development

14. To redirect resources from underutilised or duplicated bus routes to those with higher demand, the Transport Department ("TD") and KMB are working earnestly to map out appropriate proposals to improve KMB's bus network and rationalise bus routes. The newly commissioned Tuen Mun Road

Bus-Bus Interchange (“BBI”) (Kowloon-bound) at Siu Lam is a move in that direction. Separately, KMB is exploring a new approach for reviewing and restructuring bus services on a district basis instead of on an individual route basis. TD and KMB have already begun the district consultation process with a view to rolling out a pilot scheme in 2013 in the North District.

15. Whether bus route rationalisation proposals could be successfully implemented would largely hinge on the support of districts and the community. The success of the Tuen Mun Road BBI demonstrates that bus companies need to provide better bus interchange facilities⁹ and lower fares to help gain passengers’ acceptance¹⁰. It is therefore important to maintain the financial viability of the franchised bus operators so that they are in a position to make concessionary offers upfront for the longer term operational and financial benefits.

KMB’s Advertising Income and Land Sale Proceeds

16. Questions have been raised in some quarters in the community about whether the arrangements of KMB’s advertising income and land sale proceeds are in order. The Administration has critically looked into the issues and confirmed that the relevant arrangements are in compliance with both the law and the franchise. The Administration has reported this to the Executive Council, and also explained to the Transport Advisory Committee (“TAC”) and the Legislative Council (“LegCo”) earlier.

17. It is a common practice for Hong Kong’s franchised bus operators to outsource advertising sales to advertising agents. The arrangement would normally involve the bus operators receiving from the advertising agent a fixed fee or a fee on a revenue sharing basis. KMB outsources its advertising sales (including in-bus TV, bus shelter, bus body and bus interior advertisement) through open tender which is advertised in local Chinese and English

⁹ At the Tuen Mun Road BBI, for example, a pioneering system on Estimated Bus Arrival Time has been introduced for trial run and electronic displays have been installed to provide waiting passengers with information on real-time traffic conditions. Other facilities include seats for waiting passengers, wifi service, vending machines for soft drinks, as well as permanent toilets to be provided afterwards.

¹⁰ Passengers interchanging at the Tuen Mun Road BBI will only need to top up the fare difference between the short-haul trip and the long-haul one. In other words, they can travel to urban destinations at a cost lower than originally required, saving \$7.6 to \$9.5 per journey.

newspapers. RoadShow Holdings Limited (“RoadShow”)¹¹, a company related to KMB, is but one of a number of advertising agents engaged by KMB. According to KMB, the tender documents are prepared with a view to protecting KMB’s interests and maximising advertising income; and the advertising contracts are awarded to the bidders which offer the best terms, demonstrating the propriety of KMB’s tendering arrangements. The advertising income received by KMB from its advertising agents has all along been included in its franchise account.

18. As regards land, suggestions have been made in some quarters in the community that land sale proceeds of sites which were formerly used as bus depots by KMB should go to KMB’s franchise account to subsidise fare. It should be noted that all the sites concerned were acquired by KMB a few decades ago from the open market with shareholders’ funds without any subsidy from the Government. These sites and their sale proceeds were private properties of KMB which are protected under the law. There were operational and town planning reasons for the relocation of the depots. Furthermore, KMB’s bus franchise stipulates that capital gain or losses derived or arising from or connected with disposal of land are excluded from the revenue or expenditure of KMB’s franchise account. This stipulation is in the best interest of passengers who would otherwise not be insulated from possible pressure to be borne on bus fares by KMB’s private investment in land. The details have been explained by the Administration in a LegCo Brief issued in 1997.

IMPLICATIONS OF THE APPROVED FARE SCALE

19. The approved fare scale is in conformity with the Basic Law, including the provisions concerning human rights. It has no productivity, financial, civil service and environmental implications. The approved fare increase of 4.9% would lead to a rise of around 0.03 of a percentage point in CCPI in 2013 and another 0.01 of a percentage point in 2014.

PUBLIC CONSULTATION

20. We consulted the LegCo Panel on Transport (“the Panel”) on KMB’s fare increase application on 14 December 2012. Members were generally more concerned about KMB’s advertising income and land sale proceeds. For the former, some queried whether the income had been fully reflected in the

¹¹ KMB is 100% owned by the Transport International Holdings Limited (“TIH”). TIH also owns 73% of RoadShow.

franchise account. For the latter, some opined that profits from land sale should be used to subsidise bus fare. We have explained to the Panel our assessment on these issues as set out in paragraphs 16 to 18 above. The Panel passed two non-binding motions (at Annex C).

21. TAC was consulted on the application on 15 January 2013. The TAC considered all the relevant factors under the FAA, and supported the fare increase rate of 4.9%. The TAC was also of the view that route rationalisation measures should be pursued with greater vigor and determination on the part of both KMB and the Government, as a more efficient bus network would in the end benefit the passengers and help contain pressure to increase fare, while noting that the arrangements relating to the advertising income and land sale are in full compliance with the law and franchise. The TAC's detailed advice is set out in its letter to the Secretary for Transport and Housing at Annex D.

PUBLICITY

22. A press release will be issued on 19 February 2013. A media stand-up will be arranged and a spokesman will be available for answering media enquiries.

ENQUIRIES

23. Any enquiries concerning the brief can be directed to the following officer -

Mr Ken Hui
Assistant Commissioner for Transport (Acting)
Telephone No.: 2829 5320

Transport and Housing Bureau
February 2013

The Kowloon Motor Bus Company (1933) Limited
Existing and Approved Fare Scales

Route Group	Journey Distance Not Exceeding (km)	Existing Fare Scale Note (\$)	Approved Fare Scale Note (\$)
I. AIR-CONDITIONED SERVICES			
(a) Urban Kowloon and New Territories	3	3.7	3.9
	5	5.2	5.2
	9	7.3	7.7
	12	8.4	8.4
	15	9.4	9.4
	18	10.5	10.5
	25	12.0	12.7
	35	14.1	14.2
	47	17.2	17.7
	65	18.8	18.8
(b) Cross Harbour	18	13.4	13.4
	25	16.6	17.3
	35	19.1	19.1
	47	22.0	22.7
	65	22.9	23.6
	85	26.7	26.7
(c) Recreation and Special Services			
(i) Urban Kowloon and New Territories	3	4.4	4.7
	5	6.3	6.7
	9	8.9	9.4
	12	9.9	10.5
	15	12.3	12.3
	18	14.0	14.7
	25	16.2	16.9
	35	20.8	21.5
	47	23.2	23.9
	65	26.0	26.0
(ii) Cross Harbour	30	33.6	33.6
	35	35.3	35.3
	47	39.9	39.9
	65	41.2	41.2

Route Group	Journey Distance Not Exceeding (km)	Existing Fare Scale Note (\$)	Approved Fare Scale Note (\$)
(d) Racecourse			
(i) Urban Kowloon and New Territories	5	11.0	11.0
	15	17.2	17.4
	25	28.2	28.2
	35	37.6	37.9
	50	54.5	54.5
(ii) Cross Harbour	30	36.7	36.7
	35	38.5	38.5
II. BOUNDARY SERVICES			
(a) Urban Kowloon and New Territories	30	80.0	80.0
	50	100.0	100.0
	70	140.0	140.0
(b) Cross Harbour	100	180.0	180.0

Note: Denotes the maximum fare chargeable

The Kowloon Motor Bus Company (1933) Limited
New Fares for Individual Routes

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Air-conditioned Routes				
Urban Kowloon and New Territories	1	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	1A	\$6.5	\$6.9	\$0.4
Urban Kowloon and New Territories	2	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	2A	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	2B	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	2C	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	2D	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	2E	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	2F	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	3B	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	3C	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	3D	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	3M	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	5	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	5A	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	5C	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	5D	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	6	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	6C	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	6D	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	6F	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	7	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	7B	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	7M	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	8	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	8A	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	9	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	10	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	11	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	11B	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	11C	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	11D	\$4.6	\$4.9	\$0.3

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	11K	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	11X	\$6.8	\$7.2	\$0.4
Urban Kowloon and New Territories	12	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	12A	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	13D	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	13M	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	13X	\$6.8	\$7.2	\$0.4
Urban Kowloon and New Territories	14	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	14B	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	14C	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	14D	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	15	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	15A	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	16	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	16M	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	17	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	18	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	21	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	23	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	23M	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	24	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	26	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	26M	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	27	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	28	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	28A	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	29M	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	30	\$5.7	\$6.1	\$0.4
Urban Kowloon and New Territories	30X	\$8.1	\$8.5	\$0.4
Urban Kowloon and New Territories	31	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	31B	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	31M	\$3.6	\$3.8	\$0.2
Urban Kowloon and New Territories	32	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	32B	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	32M	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	33A	\$5.7	\$6.1	\$0.4

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	34	\$4.5	\$4.8	\$0.3
Urban Kowloon and New Territories	34M	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	35A	\$7.0	\$7.4	\$0.4
Urban Kowloon and New Territories	36	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	36A	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	36B	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	36M	\$3.6	\$3.8	\$0.2
Urban Kowloon and New Territories	37	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	37M	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	38	\$7.9	\$8.3	\$0.4
Urban Kowloon and New Territories	38A	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	39A	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	39M	\$3.3	\$3.4	\$0.1
Urban Kowloon and New Territories	40	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	40X	\$8.2	\$8.7	\$0.5
Urban Kowloon and New Territories	41	\$7.6	\$8.0	\$0.4
Urban Kowloon and New Territories	41A	\$7.1	\$7.5	\$0.4
Urban Kowloon and New Territories	41M	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	42	\$7.3	\$7.7	\$0.4
Urban Kowloon and New Territories	42A	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	42C	\$8.7	\$9.2	\$0.5
Urban Kowloon and New Territories	42M	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	43	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	43A	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	43B	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	43C	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	43M	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	43X	\$8.2	\$8.7	\$0.5
Urban Kowloon and New Territories	44	\$5.7	\$6.1	\$0.4
Urban Kowloon and New Territories	44M	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	45	\$6.2	\$6.6	\$0.4
Urban Kowloon and New Territories	46	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	46X	\$7.3	\$7.7	\$0.4
Urban Kowloon and New Territories	47X	\$7.3	\$7.7	\$0.4
Urban Kowloon and New Territories	48X	\$7.3	\$7.7	\$0.4
Urban Kowloon and New Territories	49X	\$8.2	\$8.7	\$0.5

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	51	\$8.1	\$8.5	\$0.4
Urban Kowloon and New Territories	52X	\$11.7	\$12.3	\$0.6
Urban Kowloon and New Territories	53	\$9.7	\$10.3	\$0.6
Urban Kowloon and New Territories	54	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	57M	\$8.5	\$9.0	\$0.5
Urban Kowloon and New Territories	58M	\$8.5	\$9.0	\$0.5
Urban Kowloon and New Territories	58X	\$11.7	\$12.3	\$0.6
Urban Kowloon and New Territories	59A	\$10.4	\$11.0	\$0.6
Urban Kowloon and New Territories	59M	\$7.6	\$8.0	\$0.4
Urban Kowloon and New Territories	59X	\$11.7	\$12.3	\$0.6
Urban Kowloon and New Territories	60M	\$7.6	\$8.0	\$0.4
Urban Kowloon and New Territories	60X	\$11.7	\$12.3	\$0.6
Urban Kowloon and New Territories	61M	\$8.2	\$8.7	\$0.5
Urban Kowloon and New Territories	61X	\$12.7	\$13.3	\$0.6
Urban Kowloon and New Territories	62X	\$15.2	\$15.9	\$0.7
Urban Kowloon and New Territories	63X	\$13.0	\$13.6	\$0.6
Urban Kowloon and New Territories	64K	\$7.6	\$8.0	\$0.4
Urban Kowloon and New Territories	65K	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	66	\$11.1	\$11.7	\$0.6
Urban Kowloon and New Territories	66M	\$7.6	\$8.0	\$0.4
Urban Kowloon and New Territories	66X	\$11.7	\$12.3	\$0.6
Urban Kowloon and New Territories	67M	\$8.5	\$9.0	\$0.5
Urban Kowloon and New Territories	67X	\$11.7	\$12.3	\$0.6
Urban Kowloon and New Territories	68A	\$10.1	\$10.7	\$0.6
Urban Kowloon and New Territories	68M	\$9.1	\$9.7	\$0.6
Urban Kowloon and New Territories	68X	\$13.0	\$13.6	\$0.6
Urban Kowloon and New Territories	69M	\$10.0	\$10.6	\$0.6
Urban Kowloon and New Territories	69X	\$13.8	\$14.5	\$0.7
Urban Kowloon and New Territories	70K	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	70X	\$14.2	\$14.9	\$0.7
Urban Kowloon and New Territories	71A	\$3.6	\$3.8	\$0.2
Urban Kowloon and New Territories	71B	\$1.8	\$1.9	\$0.1
Urban Kowloon and New Territories	71K	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	71S	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	72	\$8.7	\$9.2	\$0.5
Urban Kowloon and New Territories	72A	\$7.6	\$8.0	\$0.4

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	72X	\$9.1	\$9.7	\$0.6
Urban Kowloon and New Territories	73	\$7.6	\$8.0	\$0.4
Urban Kowloon and New Territories	73A	\$9.5	\$10.1	\$0.6
Urban Kowloon and New Territories	73K	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	73X	\$9.1	\$9.7	\$0.6
Urban Kowloon and New Territories	74A	\$9.5	\$10.1	\$0.6
Urban Kowloon and New Territories	74K	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	74X	\$9.1	\$9.7	\$0.6
Urban Kowloon and New Territories	75K	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	75X	\$9.1	\$9.7	\$0.6
Urban Kowloon and New Territories	76K	\$7.6	\$8.0	\$0.4
Urban Kowloon and New Territories	77K	\$7.6	\$8.0	\$0.4
Urban Kowloon and New Territories	78K	\$6.8	\$7.2	\$0.4
Urban Kowloon and New Territories	79K	\$5.3	\$5.7	\$0.4
Urban Kowloon and New Territories	80	\$6.7	\$7.1	\$0.4
Urban Kowloon and New Territories	80K	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	80M	\$5.0	\$5.3	\$0.3
Urban Kowloon and New Territories	80X	\$6.4	\$6.8	\$0.4
Urban Kowloon and New Territories	81	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	81C	\$8.1	\$8.5	\$0.4
Urban Kowloon and New Territories	81K	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	81M	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	82K	\$5.0	\$5.3	\$0.3
Urban Kowloon and New Territories	82M	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	82X	\$5.0	\$5.3	\$0.3
Urban Kowloon and New Territories	83K	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	83X	\$6.4	\$6.8	\$0.4
Urban Kowloon and New Territories	84M	\$5.8	\$6.2	\$0.4
Urban Kowloon and New Territories	85	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	85A	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	85B	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	85K	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	85M	\$7.1	\$7.5	\$0.4
Urban Kowloon and New Territories	85X	\$7.8	\$8.2	\$0.4
Urban Kowloon and New Territories	86	\$8.1	\$8.5	\$0.4
Urban Kowloon and New Territories	86A	\$6.1	\$6.5	\$0.4

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	86C	\$8.1	\$8.5	\$0.4
Urban Kowloon and New Territories	86K	\$5.4	\$5.8	\$0.4
Urban Kowloon and New Territories	87A	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	87B	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	87D	\$8.5	\$9.0	\$0.5
Urban Kowloon and New Territories	87K	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	88K	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	88M	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	89	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	89B	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	89C	\$7.8	\$8.2	\$0.4
Urban Kowloon and New Territories	89D	\$8.1	\$8.5	\$0.4
Urban Kowloon and New Territories	89X	\$6.8	\$7.2	\$0.4
Urban Kowloon and New Territories	91	\$6.7	\$7.1	\$0.4
Urban Kowloon and New Territories	91M	\$5.4	\$5.8	\$0.4
Urban Kowloon and New Territories	92	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	93A	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	93K	\$8.1	\$8.5	\$0.4
Urban Kowloon and New Territories	93M	\$5.4	\$5.8	\$0.4
Urban Kowloon and New Territories	94	\$6.1	\$6.5	\$0.4
Urban Kowloon and New Territories	95	\$6.7	\$7.1	\$0.4
Urban Kowloon and New Territories	95M	\$4.4	\$4.7	\$0.3
Urban Kowloon and New Territories	98A	\$5.4	\$5.8	\$0.4
Urban Kowloon and New Territories	98C	\$9.5	\$10.1	\$0.6
Urban Kowloon and New Territories	98D	\$8.9	\$9.5	\$0.6
Urban Kowloon and New Territories	99	\$5.0	\$5.3	\$0.3
Urban Kowloon and New Territories	203	\$7.3	\$7.7	\$0.4
Urban Kowloon and New Territories	203E	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	208	\$7.3	\$7.7	\$0.4
Urban Kowloon and New Territories	211	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	212	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	215X	\$6.8	\$7.2	\$0.4
Urban Kowloon and New Territories	216M	\$3.0	\$3.1	\$0.1
Urban Kowloon and New Territories	219X	\$6.8	\$7.2	\$0.4
Urban Kowloon and New Territories	224M	\$2.9	\$3.0	\$0.1
Urban Kowloon and New Territories	224X	\$6.8	\$7.2	\$0.4

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	230X	\$8.7	\$9.2	\$0.5
Urban Kowloon and New Territories	234A	\$5.4	\$5.8	\$0.4
Urban Kowloon and New Territories	234B	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	234S	\$5.4	\$5.8	\$0.4
Urban Kowloon and New Territories	234X	\$8.1	\$8.5	\$0.4
Urban Kowloon and New Territories	235	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	235M	\$3.6	\$3.8	\$0.2
Urban Kowloon and New Territories	237A	\$7.3	\$7.7	\$0.4
Urban Kowloon and New Territories	238M	\$3.3	\$3.4	\$0.1
Urban Kowloon and New Territories	238X	\$7.3	\$7.7	\$0.4
Urban Kowloon and New Territories	242X	\$8.1	\$8.5	\$0.4
Urban Kowloon and New Territories	243M	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	248M	\$3.6	\$3.8	\$0.2
Urban Kowloon and New Territories	248P	\$7.1	\$7.5	\$0.4
Urban Kowloon and New Territories	249M	\$3.6	\$3.8	\$0.2
Urban Kowloon and New Territories	251A	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	251M	\$9.1	\$9.7	\$0.6
Urban Kowloon and New Territories	252B	\$11.9	\$12.5	\$0.6
Urban Kowloon and New Territories	258D	\$15.2	\$15.9	\$0.7
Urban Kowloon and New Territories	259B	\$13.1	\$13.7	\$0.6
Urban Kowloon and New Territories	259C	\$12.5	\$13.1	\$0.6
Urban Kowloon and New Territories	259D	\$15.2	\$15.9	\$0.7
Urban Kowloon and New Territories	259E	\$8.1	\$8.5	\$0.4
Urban Kowloon and New Territories	260B	\$12.5	\$13.1	\$0.6
Urban Kowloon and New Territories	260C	\$8.7	\$9.2	\$0.5
Urban Kowloon and New Territories	260X	\$13.8	\$14.5	\$0.7
Urban Kowloon and New Territories	261	\$12.4	\$13.0	\$0.6
Urban Kowloon and New Territories	261B	\$12.5	\$13.1	\$0.6
Urban Kowloon and New Territories	263	\$13.5	\$14.2	\$0.7
Urban Kowloon and New Territories	263M	\$10.0	\$10.6	\$0.6
Urban Kowloon and New Territories	264M	\$10.0	\$10.6	\$0.6
Urban Kowloon and New Territories	265B	\$13.8	\$14.5	\$0.7
Urban Kowloon and New Territories	265M	\$10.0	\$10.6	\$0.6
Urban Kowloon and New Territories	267S	\$12.5	\$13.1	\$0.6
Urban Kowloon and New Territories	268B	\$17.0	\$17.7	\$0.7
Urban Kowloon and New Territories	268C	\$17.0	\$17.7	\$0.7

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	269B	\$17.0	\$17.7	\$0.7
Urban Kowloon and New Territories	269C	\$17.0	\$17.7	\$0.7
Urban Kowloon and New Territories	269D	\$15.0	\$15.7	\$0.7
Urban Kowloon and New Territories	269M	\$10.0	\$10.6	\$0.6
Urban Kowloon and New Territories	270	\$3.3	\$3.4	\$0.1
Urban Kowloon and New Territories	270A	\$13.5	\$14.2	\$0.7
Urban Kowloon and New Territories	271	\$10.0	\$10.6	\$0.6
Urban Kowloon and New Territories	272K	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	272P	\$10.0	\$10.6	\$0.6
Urban Kowloon and New Territories	272S	\$6.8	\$7.2	\$0.4
Urban Kowloon and New Territories	273	\$3.3	\$3.4	\$0.1
Urban Kowloon and New Territories	273A	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	273B	\$3.3	\$3.4	\$0.1
Urban Kowloon and New Territories	273P	\$9.1	\$9.7	\$0.6
Urban Kowloon and New Territories	274P	\$7.2	\$7.6	\$0.4
Urban Kowloon and New Territories	276	\$8.3	\$8.8	\$0.5
Urban Kowloon and New Territories	276A	\$8.3	\$8.8	\$0.5
Urban Kowloon and New Territories	277X	\$13.5	\$14.2	\$0.7
Urban Kowloon and New Territories	278K	\$3.3	\$3.4	\$0.1
Urban Kowloon and New Territories	278X	\$11.9	\$12.5	\$0.6
Urban Kowloon and New Territories	279X	\$13.7	\$14.4	\$0.7
Urban Kowloon and New Territories	280P	\$7.3	\$7.7	\$0.4
Urban Kowloon and New Territories	281A	\$7.1	\$7.5	\$0.4
Urban Kowloon and New Territories	282	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	283	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	284	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	286M	\$6.5	\$6.9	\$0.4
Urban Kowloon and New Territories	286X	\$6.4	\$6.8	\$0.4
Urban Kowloon and New Territories	289K	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	292P	\$7.1	\$7.5	\$0.4
Urban Kowloon and New Territories	296A	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	296C	\$7.5	\$7.9	\$0.4
Urban Kowloon and New Territories	296D	\$8.5	\$9.0	\$0.5
Urban Kowloon and New Territories	296M	\$4.6	\$4.9	\$0.3
Urban Kowloon and New Territories	297	\$8.9	\$9.5	\$0.6
Urban Kowloon and New Territories	298E	\$4.6	\$4.9	\$0.3

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories	299	\$9.3	\$9.9	\$0.6
Urban Kowloon and New Territories	B1	\$12.0	\$12.7	\$0.7
Urban Kowloon and New Territories	K12	\$3.6	\$3.8	\$0.2
Urban Kowloon and New Territories	K14	\$3.6	\$3.8	\$0.2
Urban Kowloon and New Territories	K17	\$3.6	\$3.8	\$0.2
Urban Kowloon and New Territories	K18	\$3.6	\$3.8	\$0.2
Cross Harbour	101	\$9.8	\$9.8	\$0.0
Cross Harbour	102	\$9.8	\$9.8	\$0.0
Cross Harbour	103	\$9.8	\$9.8	\$0.0
Cross Harbour	104	\$9.8	\$9.8	\$0.0
Cross Harbour	106	\$9.8	\$9.8	\$0.0
Cross Harbour	107	\$11.1	\$11.1	\$0.0
Cross Harbour	108	\$9.7	\$10.3	\$0.6
Cross Harbour	109	\$9.3	\$9.3	\$0.0
Cross Harbour	110	\$9.3	\$9.3	\$0.0
Cross Harbour	111	\$9.3	\$9.3	\$0.0
Cross Harbour	112	\$9.3	\$9.3	\$0.0
Cross Harbour	113	\$9.8	\$9.8	\$0.0
Cross Harbour	115	\$9.3	\$9.3	\$0.0
Cross Harbour	116	\$9.8	\$9.8	\$0.0
Cross Harbour	117	\$9.3	\$9.3	\$0.0
Cross Harbour	118	\$9.8	\$9.8	\$0.0
Cross Harbour	170	\$16.0	\$16.0	\$0.0
Cross Harbour	171	\$11.1	\$11.1	\$0.0
Cross Harbour	182	\$16.0	\$16.0	\$0.0
Cross Harbour	301	\$8.4	\$8.4	\$0.0
Cross Harbour	302	\$10.5	\$10.5	\$0.0
Cross Harbour	305	\$16.0	\$16.0	\$0.0
Cross Harbour	307	\$21.2	\$21.2	\$0.0
Cross Harbour	336	\$16.6	\$17.3	\$0.7
Cross Harbour	373	\$22.9	\$23.6	\$0.7
Cross Harbour	601	\$9.8	\$9.8	\$0.0
Cross Harbour	603	\$11.0	\$11.6	\$0.6
Cross Harbour	606	\$9.8	\$9.8	\$0.0
Cross Harbour	619	\$9.8	\$9.8	\$0.0
Cross Harbour	621	\$10.5	\$10.5	\$0.0

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Cross Harbour	641	\$10.5	\$10.5	\$0.0
Cross Harbour	671	\$11.1	\$11.1	\$0.0
Cross Harbour	680	\$19.0	\$19.0	\$0.0
Cross Harbour	681	\$19.0	\$19.0	\$0.0
Cross Harbour	681P	\$19.0	\$19.0	\$0.0
Cross Harbour	690	\$13.4	\$13.4	\$0.0
Cross Harbour	692	\$13.4	\$13.4	\$0.0
Cross Harbour	904	\$9.8	\$9.8	\$0.0
Cross Harbour	905	\$9.8	\$9.8	\$0.0
Cross Harbour	914	\$9.3	\$9.3	\$0.0
Cross Harbour	934	\$16.6	\$17.3	\$0.7
Cross Harbour	935	\$16.6	\$17.3	\$0.7
Cross Harbour	948	\$16.0	\$16.0	\$0.0
Cross Harbour	960	\$19.4	\$20.1	\$0.7
Cross Harbour	961	\$19.4	\$20.1	\$0.7
Cross Harbour	968	\$22.0	\$22.7	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	59S	\$17.3	\$18.0	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	73S	\$8.5	\$9.0	\$0.5
Urban Kowloon and New Territories Recreation and Special Services	96R	\$17.3	\$18.0	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	275R	\$9.6	\$10.2	\$0.6
Urban Kowloon and New Territories Recreation and Special Services	N76	\$8.9	\$9.4	\$0.5
Urban Kowloon and New Territories Recreation and Special Services	N216	\$12.2	\$12.9	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	N237	\$8.2	\$8.7	\$0.5
Urban Kowloon and New Territories Recreation and Special Services	N241	\$14.5	\$15.2	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	N260	\$10.0	\$10.6	\$0.6
Urban Kowloon and New Territories Recreation and Special Services	N269	\$11.5	\$12.1	\$0.6

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories Recreation and Special Services	N270	\$10.9	\$11.5	\$0.6
Urban Kowloon and New Territories Recreation and Special Services	N271	\$17.7	\$18.4	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	N281	\$15.6	\$16.3	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	N293	\$15.2	\$15.9	\$0.7
Cross Harbour Recreation and Special Services	101R	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	102R	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	N118	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	N121	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	N122	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	N170	\$24.0	\$24.0	\$0.0
Cross Harbour Recreation and Special Services	N171	\$16.5	\$16.5	\$0.0
Cross Harbour Recreation and Special Services	N182	\$24.0	\$24.0	\$0.0
Cross Harbour Recreation and Special Services	N368	\$32.8	\$33.5	\$0.7
Cross Harbour Recreation and Special Services	N619	\$13.4	\$13.4	\$0.0
Cross Harbour Recreation and Special Services	N680	\$25.6	\$25.6	\$0.0
Cross Harbour Recreation and Special Services	N691	\$21.2	\$21.2	\$0.0
Urban Kowloon and New Territories Racecourse	848	\$26.2	\$28.1	\$1.9
Urban Kowloon and New Territories Racecourse	868	\$34.9	\$37.4	\$2.5

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories Racecourse	869	\$42.0	\$45.0	\$3.0
Urban Kowloon and New Territories Racecourse	872	\$16.2	\$17.4	\$1.2
Urban Kowloon and New Territories Racecourse	885	\$16.2	\$17.4	\$1.2
Urban Kowloon and New Territories Racecourse	886	\$26.2	\$28.1	\$1.9
Urban Kowloon and New Territories Racecourse	887	\$16.2	\$17.4	\$1.2
Urban Kowloon and New Territories Racecourse	888	\$10.0	\$10.6	\$0.6
Urban Kowloon and New Territories Racecourse	889	\$26.2	\$28.1	\$1.9
Urban Kowloon and New Territories Racecourse	891	\$16.2	\$17.4	\$1.2
Urban Kowloon and New Territories Racecourse	893	\$35.4	\$37.9	\$2.5
Cross Harbour Racecourse	802	\$35.6	\$35.6	\$0.0
Cross Harbour Racecourse	811	\$35.6	\$35.6	\$0.0

Motions Passed by the Legislative Council Panel on Transport

The Legislative Council Panel on Transport passed the following two non-binding motions on 14 December 2012:

“That as the Kowloon Motor Bus Company (1933) (“KMB”) has applied for fare increase without disclosing its financial information in detail and providing sufficient justifications, this Panel objects to the fare increase application from KMB at this stage.”

and

“That this Panel objects to the application for substantial fare increase by 8.5% from the Kowloon Motor Bus Company (1933) (“KMB”), and requests that the Government should place public acceptance and affordability, as well as the performance of KMB as the primary considerations when vetting the latter’s fare increase application, and that the Government should urge KMB to expeditiously implement comprehensive bus routes rationalisation, introduce section fares, and solve the serious problem of lost bus trips. Meanwhile, the Government has the responsibility to initiative a review of the existing fare adjustment arrangement, with a view to include the proceeds obtained by KMB and its parent company from their leasing and media business in fare level consideration.”



本會檔號 Our Ref.

來函檔號 Your Ref.

30 January 2013

Professor the Honourable Anthony Cheung, GBS, JP
Secretary for Transport and Housing
22/F, East Wing
Central Government Offices
2 Tim Mei Avenue
Tamar
Hong Kong

Dear Professor Cheung,

**Fare Increase Application from
The Kowloon Motor Bus Company (1933) Limited**

The Kowloon Motor Bus Company (1933) Limited submitted an application on 29 November 2012 for an average fare increase of 8.5% with effect from 1 January 2013 in order to achieve breakeven in 2013. The application was considered by the Transport Advisory Committee (“TAC”) at its meeting held on 15 January 2013. This letter sets out TAC’s advice on the application.

Basis of TAC’s consideration

2. TAC considered the application based on the Fare Adjustment Arrangement (“FAA”) for franchised buses approved by the Executive Council (“ExCo”) in December 2009. The FAA lays down the following basket of factors that should be taken into account when assessing a fare increase application:

- (a) changes in operating costs and revenue;
- (b) forecasts of future costs, revenue and return;

- (c) the need to provide the operator with a reasonable rate of return. Reference should be made to the Weighted Average Cost of Capital of the franchised bus industry in considering the reasonable rate of return, which is set at 9.7% rate of return on Average Net Fixed Assets;
- (d) public acceptability and affordability. Reference should be made to the change in Median Monthly Household Income (“MMHI”) and change in Composite Consumer Price Index (“CCPI”);
- (e) the quality and quantity of service provided; and
- (f) a formula of supportable fare adjustment rate = $0.5 \times \text{Change in Wage Index for the Transportation Section} + 0.5 \times \text{Change in CCPI} - 0.5 \times \text{Productivity Gain}^1$. The formula is for reference only. The fare level will not be adjusted automatically according to the formula outcome.

Unless otherwise specified, the factors under the FAA are intended to be applied with reference to the date of the last fare adjustment.

Changes in operating costs and revenue since the last fare adjustment

3. KMB last increased its fare in May 2011 by an overall weighted average rate of 3.6%. Members noted that there is an increase in KMB’s total revenue from 2011 to 2012. The increase is mainly due to the additional patronage from the implementation of the “Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities” since August 2012, together with the full year effect of the last round of fare increase. On the other hand, KMB’s total operating costs during the same period have also increased. This is mainly because of the annual pay rise of 5% which took effect in June 2012, more expenditure for increasing the headcounts of drivers to meet new meal break requirements under the revised “Guidelines on Bus Captain Working Hours, Rest Times and Meal Breaks” promulgated by the Transport Department (“TD”) in October 2010, and increase in fuel consumption to meet service schedules.

¹ As approved by ExCo, the value of productivity gain has been set at zero until the next FAA review.

Forecasts of future costs and revenue

4. Owing to the upward inflationary trend and keen competition from other transport modes (particularly rail), Members accepted that KMB's operating costs are likely to continue to rise in 2013 and 2014 whilst growth in revenue, at existing fare level, is likely to be very limited.

Rate of return on ANFA

5. Members noted that KMB achieved a meagre rate of return on ANFA in 2011, and would suffer a loss in 2012. Even assuming a stable fuel price scenario, at the existing fare level, KMB would be unable to even achieve breakeven for 2013 and the situation would likely be even more challenging in 2014, with a projected negative rate of return for both years.

Public acceptability and affordability

6. Members noted that, based on the latest indices published by the Census and Statistics Department, the change since the last fare increase in MMHI (from the second quarter of 2011 to the third quarter of 2012) is +7.14%, while the change in CCPI (from May 2011 to November 2012) is +5.74%.

Quality and quantity of service

7. Members noted that there has been public concern over KMB's service reliability. With a more aggressive recruitment drive and a realistic review on the service schedules taking into account the prevailing traffic situation, KMB has made notable progress in reducing its lost trip rate. The December 2012 figure is below 3%, as compared with 2011's average of 8%. Meanwhile, KMB has implemented various service improvement initiatives in respect of environmental protection and bus safety. Over 80% of its fleet is of Euro II or above emission standard, with all Euro II and III buses retrofitted with diesel particulate filters where possible. Meanwhile, KMB is participating in the trial to retrofit Euro II and III buses with selective catalytic reduction devices to cut nitrogen oxides emission, as well as trials to use hybrid and electric buses.

8. To redirect resources from underutilised or duplicated bus routes to those with higher demand, KMB is working earnestly in conjunction with TD on proposals to improve KMB's bus network and rationalise bus routes. In particular, KMB is exploring a new approach of re-structuring bus services on a district basis instead of on an individual route basis, and hopes to be able to roll out a pilot run in 2013. KMB would also make good use of bus-bus interchange ("BBI") facilities in their efforts to improve their bus network. The newly commissioned Tuen Mun Road BBI at Siu Lam with enhanced facilities and BBI fare concessions is a move in the right direction.

Formula outcome

9. On the basis of a +5.31% change in Wage Index for the Transportation Section from June 2011 to September 2012 and a +5.74% change in CCPI from May 2011 to November 2012, the outcome of the formula of supportable fare adjustment rate is +5.53%.

Other issues

10. TAC noted that questions have been raised in the community about whether advertising income generated from KMB's bus service has been duly reflected in its franchise account. TAC noted that KMB outsources advertising sales to outside parties, including subsidiaries of RoadShow Holdings Limited which are related parties to KMB. The Government has assured TAC that the arrangements regarding advertising income are in full compliance with both the law and the franchise. TAC noted that it is a common practice for Hong Kong's franchised bus operators to outsource advertising sales to outside parties through tendering, and that KMB's tendering process in this regard is in order.

11. TAC also noted that there have been suggestions in the community that land sale proceeds of sites which were formerly used as bus depots by KMB should go to KMB's franchise account to subsidise fare. TAC noted that all the sites concerned were acquired by KMB a few decades ago from the open market with shareholders' funds without any subsidy from the Government. These sites and their sale proceeds were private properties of KMB which are protected under the law. There were operational and town planning reasons for the relocation of the depots. Furthermore, KMB's bus franchise stipulates that capital gain or losses derived or arising from or connected with disposal of land are

excluded from the revenue or expenditure of KMB's franchise account. This stipulation is in the best interests of passengers as they would then be insulated from possible pressure to be borne on bus fares by KMB's private investment in land. The arrangements relating to land disposal are therefore in full compliance with the franchise.

TAC's views

12. TAC noted that KMB's application (an average fare increase of 8.5%), which aims to balance its book for 2013, is noticeably higher than the change in the MMHI (+7.14%) and CCPI (+5.74%) as set out in paragraph 6 above, the outcome of the formula of supportable fare adjustment rate (+5.53%) as set out in paragraph 9 above, and a forecast inflation of 3.9% for 2012. Taking into account all the relevant factors under the FAA, TAC takes the view that there is a case for a fare increase for KMB and considers it justifiable to allow KMB to increase its fare by an average of 4.9%.

13. TAC noted that the financial viability of a bus franchise is important to the franchisee in terms of its ability and willingness to continue to render proper, efficient and stable public bus service on which millions of commuters rely daily. A sustainable financial model is also imperative for the franchisee to be able to make further necessary investment in its fleet and improvement in services (e.g. more BBI arrangements).

14. This increase would strike a balance between the need to lessen the burden of bus fare increase on passengers and the need to enable KMB to have financial stability to continue to provide proper and efficient service. It would also provide KMB with some financial cushion so that it can pursue measures to improve service, including the implementation of the planned new bus purchase programme and more aggressive route rationalisation proposals. For the longer-term sustainability of franchised bus operation, TAC was of the view that route rationalisation measures should be pursued with greater vigour and determination on the part of both KMB and the Government, as a more efficient bus network would benefit passengers and help contain pressure to increase fare in the longer run.

15. I should be grateful if you would convey TAC's advice and views to the Chief Executive in Council ("CE in Council") for consideration. I confirm that TAC's advice and views as contained in this letter may be released for public information after CE in Council's decision is announced.

Yours sincerely,



(Larry Kwok)
Chairman
Transport Advisory Committee