

LEGISLATIVE COUNCIL BRIEF

Public Bus Services Ordinance
(Chapter 230)

**FARE INCREASE APPLICATIONS FROM
THE KOWLOON MOTOR BUS COMPANY (1933) LIMITED,
LONG WIN BUS COMPANY LIMITED,
NEW LANTAO BUS COMPANY (1973) LIMITED,
CITYBUS LIMITED (FRANCHISE FOR HONG KONG ISLAND AND
CROSS-HARBOUR ROUTES),
CITYBUS LIMITED (FRANCHISE FOR NORTH LANTAU AND
CHEK LAP KOK AIRPORT ROUTES) AND
NEW WORLD FIRST BUS SERVICES LIMITED**

INTRODUCTION

At the meeting of the Executive Council on 20 May 2008, the Council ADVISED and the Chief Executive ORDERED that under section 13(1) of the Public Bus Services Ordinance (Cap.230) (the Ordinance), the fare scales for the routes of The Kowloon Motor Bus Company (1933) Limited (KMB), Long Win Bus Company Limited (LW), New Lantao Bus Company (1973) Limited (NLB), Citybus Limited (Franchise for Hong Kong Island and Cross-harbour Routes) (Citybus (Franchise 1)), Citybus (Franchise for North Lantau and Chek Lap Kok Airport Routes) (Citybus (Franchise 2)) and New World First Bus Services Limited (NWFB) at Annexes A to F respectively should be approved to take effect on 8 June 2008. A list of new fares for individual routes are at Annex G.

JUSTIFICATIONS

Bus Fare Adjustment Arrangement

2. The Chief Executive-in-Council (CE-in-Council) approved on 10 January 2006 the following bus fare adjustment arrangement:

- (a) in assessing franchised bus fare adjustment applications for the purpose of making recommendations to the CE-in-Council, the Administration should continue to take into account the basket

of factors in the Modified Basket of Factors (MBOF) approach as endorsed in December 2000, which include -

- (i) changes in operating costs and revenue since the last fare adjustment;
 - (ii) forecasts of future costs, revenue and return;
 - (iii) the need to provide the operator with a reasonable rate of return;
 - (iv) public acceptability and affordability; and
 - (v) the quality and quantity of service provided;
- (b) the MBOF approach should be modified as follows -
- (i) a formula (supportable fare adjustment rate = $0.5 \times \text{Change in Wage Index} + 0.5 \times \text{Change in Composite Consumer Price Index (CCPI)} - 0.5 \times \text{Productivity Gain}$) should be included as an additional factor in the MBOF approach to enable upward and downward fare adjustments;
 - (ii) in considering the reasonable rate of return to franchised bus operators, reference should be made to the Weighted Average Cost of Capital (WACC) of the franchised bus industry; and
 - (iii) in considering public acceptability and affordability of bus fare adjustment, reference should be made to the magnitude of change in median household income, in addition to the existing reference to changes in CCPI; and
- (c) the introduction of the fare adjustment formula as an additional factor of the MBOF approach, the reference to median household income and WACC as set out in paragraph (b) above took effect on 10 January 2006, and thereafter from the date of the last fare adjustment. All factors under the existing MBOF approach would be applied on a continual basis with reference

to the date of the last fare adjustment, or, for franchised bus operator which has not adjusted fares before, the date of commencement of its operation.

3. As approved by the CE-in-Council, the formula in paragraph 2(b)(i) above does not operate as an automatic determinant of the bus fare adjustment outcome. The Administration uses the outcome of the formula as a reference indicator in considering whether the fare adjustment rate is supportable and justifiable at a given juncture. The CE-in-Council continues to retain the ultimate control in determining bus fares as provided in the Ordinance to ensure all relevant factors under the MBOF approach will continue to be considered.

Fare Adjustment Formula

4. Based on the CCPI for the period from January 2006 to March 2008 and the nominal wage index for the transport sector for the period from the first quarter of 2006 to the fourth quarter of 2007, the outcome of the formula is +4.67%, details of which is as follows –

$$0.5 \times 6.811\%¹ + 0.5 \times 3.838\%² - 0.3\% \times 26/12³ = +4.67\%$$

Public Acceptability and Affordability

5. As regards the magnitude of change in median monthly household income (MMHI) published by C&SD quarterly, the MMHI has increased by 5.7% from the first quarter of 2006 to the first quarter of 2008.

Financial Viability of Franchised Bus Operators

6. In assessing the reasonable rate of return to bus operators, we make reference to the WACC of the franchised bus industry. The WACC calculated for the franchised bus industry is 9.7%.

¹ Change in CCPI from January 2006 (i.e. 101.3) to March 2008. (i.e. 108.2)

² Change in nominal wage index for the transport sector from the first quarter of 2006 (i.e. 145.9) to the fourth quarter of 2007 (i.e. 151.5).

³ Productivity gain for the period from 10 January 2006 to March 2008. 50% of the productivity gain was fixed at 0.3% per annum from 10 January 2006 for three years until the next review of the bus fare adjustment arrangement. The productivity gain is derived by using the ratio of total fare and non-fare revenue to total operating costs. In order to assess the change in productivity of the franchise bus industry during a sufficiently long period of time, we have used the data for a 10-year period from 1995 to 2004.

Assessment of Fare Increase Applications

The Kowloon Motor Bus Company (1933) Limited

(A) Change in Operating Costs and Revenue since the Last Fare Adjustment

7. KMB last increased its fares on 1 December 1997 by an overall weighted average rate of 7%. Since its last fare increase, KMB's average daily patronage increased from 2.83 million in 1998 to its peak of 3.11 million in 2002 mainly due to population growth in the New Territories and corresponding service improvement to meet increase in passenger demand. However, since mid 2002, KMB's average daily patronage gradually decreased to 2.76 million in 2007. KMB's fare revenue increased by 8.7% from 1998 to 2007.

8. KMB's operating costs increased by 21.1% from 1998 to 2007. The increase is mainly attributable to the increase in fuel price, tunnel toll increase and other higher operating costs, including depreciation charge, maintenance cost and increase in fuel consumption, as a result of having more air-conditioned buses in operation, though the increase in these costs were partially offset by the savings in other cost items.

9. As a whole, KMB's financial performance was very positive in the major part of the past ten years up to 2004. However, its return on ANFA has started to drop in recent years .

(B) Forecasts of Future Costs, Revenue and Return At Existing Fares

Forecast Ridership and Revenue

10. At existing fares, KMB projects that its patronage and fare revenue will decrease by about 1.2% and 1.5% respectively in 2008 due to the impact of rail fare reduction following the rail merger in December 2007, and then increase by about 0.8% and 1.9% respectively in 2009 in anticipation of the population growth in Kowloon and the New Territories. Based on our observation on the change of KMB's patronage in the first three months after the rail merger, we consider KMB's forecast of the impact of rail fare reduction on its patronage realistic.

Forecast Operating Costs

11. KMB forecasts that its operating costs will increase by 11.1% in 2008 and 2.6% in 2009, based on KMB's forecast increase in fuel price, annual staff pay rise, increase in tunnel toll and price inflation for other operating costs. We consider that KMB's cost forecasts acceptable except for its assumed fuel prices, which we consider to be on the high side. Therefore, we have made adjustments to KMB's cost forecasts which as a result have lowered the company's original forecasts. Following the adjustment, we forecast that KMB's operating cost will increase by 6.3% in 2008 and 2.4% in 2009.

Forecast Average Net Fixed Assets⁴ and Return

12. KMB's ANFA is forecast to decrease by 7% in 2008 but increase by 0.1% in 2009. The reduction in KMB's ANFA in 2008 is because annual depreciation charges are forecast to exceed the increase in asset value due to the addition of fixed assets. In 2009, the ANFA will remain at more or less the same level as the annual depreciation charges will largely be offset by the increase in asset value due to the purchase of new buses to replace old buses, the installation of motor vehicle components in connection with the retrofitting of diesel particulate filters (DPF) on buses of the Euro II and Euro III emission standards. At existing fares, we forecast that KMB will have rather low returns in coming years.

Passenger Share/Reward Balance⁵

13. KMB accumulated a total of \$336.8 million passenger share balance in 2001 and 2002 and fully utilised it to offset its revenue foregone arising from various approved fare concession schemes since October 2003.

(C) Service Quality and Quantity

14. As at end 2007, KMB operated 398 franchised routes with a fleet of 4,027 buses and employed about 12,000 staff. KMB has improved its fleet since its last fare adjustment on 1 December 1997 by installing Octopus auto-payment system and bus-stop announcement system on all of its buses. At end 2007, the average age of KMB's fleet was 9.3 years with 94% buses air-conditioned.

15. On the environmental front, as at end 2007, 87.3% of KMB's fleet was using Euro emission standard engines and the company will progressively

⁴ ANFA is the average value of assets at historical cost net of depreciation, except for land for which no depreciation is charged.

⁵ Under the bus fare adjustment arrangement approved by CE-in-Council, bus operator is required to share its profits with passengers when its rate of return on ANFA exceeds a specified percentage, which has been revised from 13% to 9.7% with effect from January 2006.

retire the remaining pre-Euro buses. To further improve the environmental performance of its fleet, KMB is retrofitting DPFs on its buses of Euro II and Euro III emission standards for completion by end 2009. It will also continue to purchase environment friendly buses when acquiring new buses.

16. On safety, KMB's accident rate has remained below 3.3 accidents per million vehicle-km operated for the past three years. Before the CE-in-Council granted the existing franchise to KMB in January 2006, the company had undertaken to install black boxes⁶ on its whole fleet. As at end 2007, 79.4% of KMB's buses have been equipped with black boxes. It plans to complete the installation exercise by end 2008.

APPROVED FARE INCREASE

17. KMB has proposed to increase its bus fares for all its routes by an average of 9%. We consider that KMB's proposed rate of increase is on the high side. Having regard to all relevant factors under the bus fare adjustment arrangement, including the fact that the formula outcome as well as the change in MMHI are positive while we forecast that KMB's returns on ANFA in coming years at existing fares will be rather low, a weighted average fare increase of 4.5% for KMB is approved.

A

18. The existing and the approved fare scales of KMB are at Annex A. The average fares of KMB at existing fare levels and after the approved fare increase are \$5.7 and \$6 respectively. It is estimated that the approved fare increase will result in –

- (a) 4.7% of KMB's passengers not being affected at all;
- (b) 31.7% paying 10 or 20 cents more per trip;
- (c) 51.8% paying 30 or 40 cents more per trip;
- (d) 11.7% paying 50 cents to \$1 more per trip; and
- (e) 0.1% paying \$1.1 to \$2 more per trip. All routes in this group are Racecourse services except one overnight service.

19. A minor amendment is made to KMB's fare scale, that is deleting the route group "Airport Services" in KMB's existing fare scale which has become obsolete as KMB does not operate bus route to the airport since the relocation of the airport to Chek Lap Kok.

⁶ Electronic tachograph installed on vehicles is commonly known as "black box". It records the operation data of the vehicle, such as journey speed, journey time, distance travelled, bus tilting angle, acceleration and deceleration, door opening, etc. It can be used for monitoring the drivers' performance and accident investigation.

Long Win Bus Company Limited

(A) Change in Operating Costs and Revenue since the Commencement of Operation

20. LW's full operation commenced in July 1998 after the opening of the Hong Kong International Airport in Chek Lap Kok (the Airport) and it has not increased its fares since then.

21. LW's patronage has been rising since the commencement of its operation, except in 2003 when there was a slight drop due to the outbreak of Severe Acute Respiratory Syndrome. The patronage increase is mainly due to population growth in Tung Chung New Town and new developments within LW's catchment area including the Hong Kong Disneyland, the AsiaWorld-Expo and Passenger Terminal Two of the Airport. Its daily patronage increased by 63.7% from 46,300 in 1999 to 75,800 in 2007.

22. Over the years, LW's annual revenue increased by 56.3% from 1999 to 2007. It is mainly attributable to the gradual development of Airbus and External routes and increase in patronage.

23. LW's operating costs increased by 32.9% from 1999 to 2007. The increase is mainly attributable to the increase in fuel price, rise in tunnel and road toll expenses, increase in vehicle insurance expenses as well as the growth in staff cost resulted from expanding headcount.

24. LW has negative return in its early years of operation, but its return has improved in the past several years with the growth in revenue outpacing that in operating costs.

(B) Forecasts of Future Costs, Revenue and Return At Existing Fares

Forecast Ridership and Revenue

25. At existing fares, LW projects that its patronage and fare revenue will increase by about 3.2% and 4.4% in 2008 and 3.5% and 4.2% in 2009 respectively. The forecast increases are in line with the population growth and developments of LW's catchment areas in Tung Chung New Town and the New Territories.

Forecast Operating Costs

26. LW forecasts that its operating costs will increase by 15% in 2008 and 5% in 2009. These are based on its assumptions on price changes including increases in fuel price, staff pay rise, toll increase and price inflation for other operating costs as well as the assumed growth in journey mileage for service improvement and expansion.

27. We consider that LW's cost forecasts acceptable except for its fuel price assumption. The basis of LW's fuel price assumption and our adjustment are the same as those for KMB. With this adjustment, LW's operating cost is forecast to increase by 10.1% in 2008 and 4.8% in 2009.

Forecast Average Net Fixed Assets and Return

28. LW's ANFA is forecast to increase by 6.9% in 2008 and 9.2% in 2009. The growth in LW's ANFA in these two years has taken into account the purchase of new buses both for replacement of old buses and for service improvement/expansion, as well as the installation of DPFs on buses of Euro II and Euro III emission standards. Based on the above forecasts in revenue, costs and ANFA values, we forecast that LW's rates of return on ANFA at existing fares will be rather low in the coming years.

Passenger Share/Reward Balance

29. LW has accumulated a total of \$5.5 million passenger reward balance in 2006 and 2007. The balance is expected to be fully utilised at the end of May 2008 to offset LW's revenue foregone under the approved fare concession schemes.

(C) Service Quality and Quantity

30. As at end 2007, LW operated 18 franchised routes with a fleet of 155 buses and employed about 440 staff. The average age of LW's fleet was 8.9 years, with 100% buses air-conditioned and equipped with Octopus auto-payment system and 97% with bus-stop announcement system.

31. On the environmental front, as at end 2007, 98% of LW's fleet was using Euro II or III emission standard engines. Only three buses of its fleet were of pre-Euro emission standard equipped with diesel catalytic converters and LW plans to retire them within 2008. To further improve the environmental performance of its fleet, LW plans to retrofit DPFs on all its buses of Euro II and III emission standards by end 2009. It will also continue to purchase environment friendly buses when acquiring new buses.

32. On safety, LW's accident rate has remained below 1.6 accidents per million vehicle-km operated for the past three years. All LW's buses have been installed with black boxes.

APPROVED FARE INCREASE

33. LW has proposed to increase its bus fares for all its routes by an average of 5.9%. We consider that LW's proposed rate of increase is on the high side. Having regard to all the relevant factors under the bus fare adjustment arrangement, including the fact that the formula outcome as well as the change in MMHI are positive while we forecast that LW's returns on ANFA in the coming years at existing fares will be rather low, a weighted average fare increase of 4.5% is approved for LW.

B 34. The existing and the approved fare scales of LW are at Annex B. The average fares of LW at existing fare levels and after the approved fare increase are \$11.0 and \$11.5 respectively. It is estimated that the approved fare increase will result in-

- (a) 5.5% of LW's passengers not being affected at all;
- (b) 11.7% paying 10 cents more per trip;
- (c) 67.5% paying 50 or 60 cents more per trip; and
- (d) 15.3% paying 70 cents to \$1.2 more per trip. All routes in this group are either Airport, recreation or overnight services.

35. A new route group "Recreation and Special Services" is added to the existing fare scale of LW to properly accommodate its new routes introduced in September 2005 to serve the Hong Kong Disneyland.

New Lantao Bus Company (1973) Limited

(A) Change in Operating Costs and Revenue since the Last Fare Adjustment

36. NLB last increased its fares on 1 April 1998 by an overall weighted average rate of 9%. Since its last fare increase in April 1998, NLB's overall patronage has increased significantly due to the ridership growth in the Tung Chung route group arising from the population growth in Tung Chung New Town. However, the ridership of the Ngong Ping and South Lantau route groups has decreased continuously since 2005/06 due to the reduction of passenger demand to South Lantau and Ngong Ping. As regards NLB's overall patronage, its average daily patronage has increased by 172.9% from

1998/99 to 2007/08 because the reduction in the ridership of the Ngong Ping and South Lantau route groups has been offset by the ridership increase in the Tung Chung route group.

37. NLB's operating costs increased by 53.9% from 1998/99 to 2007/08. The increase was mainly attributable to the increase in fuel price and other operating costs such as depreciation and maintenance charges arising from the new franchised bus service plying between Yuen Long and Shenzhen Bay Port which commenced operation in July 2007.

38. With the growth in the ridership of NLB's Tung Chung routes and the new service between Yuen Long and Shenzhen Bay Port, its revenue increased by 49.7% since its last fare increase. Before the opening of Ngong Ping 360, the Ngong Ping route group contributed to about 40% of NLB's revenue but this dropped to about 20% after Ngong Ping 360 has resumed operation in January 2008. NLB's financial performance has fluctuated significantly and was suffering losses in recent years.

(B) Forecasts of Future Costs, Revenue and Return At Existing Fares

Forecast Ridership and Revenue

39. At existing fares, NLB projects that its patronage and revenue will increase slightly by about 0.5% and 2.7% respectively in 2008/09 and 1% and 1.3% respectively in 2009/10.

Forecast Operating Costs

40. NLB forecasts that its operating costs will increase by 12.6% in 2008/09 and 2.7% in 2009/10. These are based on assumed fuel price changes, staff pay rise and price inflation for other operating costs.

41. We consider that NLB's cost forecasts acceptable except for its forecasts in respect of fuel price. In line with the basis for adjusting other bus operators' fuel price assumption, we have made adjustment to NLB's fuel price assumption. With this adjustment, we forecast that NLB's operating cost will increase by 10.7% in 2008/09 and 2.8% in 2009/10.

Forecast Average Net Fixed Assets and Return

42. NLB's ANFA is forecast to increase by 14.2% in 2008/09 but decrease by 3.9% in 2009/10. The expansion in NLB's ANFA in 2008/09 is mainly due to the purchase of new buses for the route plying between Yuen Long and Shenzhen Bay Port. Thereafter, the addition to ANFA will be minimal and out-weighed by the annual depreciation charge, hence the ANFA is forecast to reduce in 2009/10. Based on the above forecasts in revenue, costs and ANFA values, we forecast that NLB will have negative returns.

Passenger Share/Reward Balance

43. NLB has not accumulated any passenger share/reward balance so far.

(C) Service Quality and Quantity

44. As at end 2007, NLB operated 16 regular and six special service franchised routes serving Lantau Island and one route between the Shenzhen Bay Port and Yuen Long West Rail Station. It had a fleet of 94 buses and employed about 240 staff. The average age of NLB's fleet was 7.2 years, with 100% of the buses air-conditioned and 15% of the buses installed with bus-stop announcement system. All bus services operated by NLB use Octopus auto-payment system.

45. On the environmental front, as at end 2007, 98% of NLB's fleet was using Euro II, III and IV emission standard engines. Only two buses of its fleet were of Euro I emission standard equipped with diesel catalytic converters. To further improve the environmental performance of its fleet, NLB has retrofitted DPFs on all its buses of Euro II and III emission standards where technically feasible. It will also continue to purchase environment friendly buses when acquiring new buses.

46. On safety, NLB's accident rate has remained below 2.4 accidents per million vehicle-km operated for the past three years. Before the CE-in-Council granted the existing franchise to NLB in January 2006, the company had undertaken to install black boxes on its whole fleet. As at end 2007, 59% of NLB's buses were equipped with black boxes. It plans to complete the installation exercise by end 2009.

APPROVED FARE INCREASE

47. NLB has proposed to increase its bus fares for all its routes by an average of 7.24%. Having regard to all the relevant factors under the bus fare

adjustment arrangement, including the fact that the formula outcome as well as the change in MMHI are positive and we forecast that NLB will still have negative returns on ANFA in the coming years even at its proposed fare increase rate, NLB's application to increase its fares by an overall rate of 7.24% is approved.

C

48. The existing and the approved fare scales of NLB are at Annex C. The average fares of NLB at existing fare levels and after the approved fare increase are \$5.9 and \$6.3 respectively. It is estimated that the approved fare increase will result in –

- (a) 0.8% of NLB's passengers not being affected at all;
- (b) 48.1% paying 10 cents more per trip;
- (c) 20.0% paying 20 to 80 cents more per trip;
- (d) 25.1% paying \$1.0 to \$1.2 more per trip; and
- (e) 6.0% paying \$1.3 to \$3.0 more per trip. All routes in this group are either Airport, recreational, or overnight services.

49. New route groups "New Territories Routes" and "Recreation, Overnight and Special Services" are added to the fare scale of NLB to properly accommodate its new bus routes introduced in 2007 to serve Shenzhen Bay Port and the existing recreational, overnight and special services serving Lantau Island.

Citybus Limited (Franchise for Hong Kong Island and Cross-harbour Routes)

(A) Change in Operating Costs and Revenue since the Last Fare Adjustment

50. Citybus (Franchise 1) last increased its fares on 1 December 1997 by an overall weighted average rate of 6%. Since its last fare increase, Citybus (Franchise 1)'s average daily patronage increased from 0.47 million in 1998 to its peak of 0.55 million in 2000/01 and 2001/02. The patronage increase was mainly attributable to network expansion through taking over 11 bus routes from the ex-China Motor Bus Company Limited in 1998 and the subsequent growth in patronage. However, Citybus (Franchise 1)'s average daily patronage gradually decreased to 0.51 million in 2006/07.

51. The fare revenue of Citybus (Franchise 1) reached its peak in 2000/01 after taking up more routes from the ex-China Motor Bus Company

Limited in September 1998. However, its fare revenue has remained stagnant as its patronage remained at similar levels in recent years. Citybus (Franchise 1)'s operating costs increased by 33.5% from 1998 to 2006/07. The increase is mainly attributable to the increase in fuel price, staff cost as well as tunnel toll. Citybus(Franchise 1)'s returns have been quite stable since its last fare increase.

(B) Forecasts of Future Costs, Revenue and Return At Existing Fares

Forecast Ridership and Revenue

52. At existing fares, Citybus (Franchise 1) projects that its patronage and fare revenue will increase by 0.2% and 0.3% respectively in 2008/09 due to small patronage growth in Tin Shui Wai but will become stagnant in 2009/10.

Forecast Operating Costs

53. Citybus (Franchise 1) forecasts that its operating costs will increase by 7.9% in 2008/09 and 3.0% in 2009/10. These are based on its assumed fuel price increase, staff pay rise, tunnel toll increase and price inflation for other operating costs.

54. We consider that Citybus (Franchise 1)'s cost forecasts acceptable except for its fuel price assumption which we consider to be on the high side. In line with the basis for adjusting other bus operators' fuel price assumption, we have made adjustment to Citybus (Franchise 1)'s fuel price assumption. With this adjustment, we forecast that Citybus (Franchise 1)'s operating cost will increase by 3.0% in 2008/09 and 3.2% in 2009/10.

Forecast Average Net Fixed Assets and Return

55. Citybus (Franchise 1)'s ANFA is forecast to decrease by 7.8% and 6.3% in 2008/09 and 2009/10 respectively. This is because the annual depreciation charges are forecast to be higher than the increase of asset value due to the addition of fixed assets, including the purchases of new buses to replace old buses, the retrofitting of DPFs, the installation of black boxes and bus stop announcement system as well as the Octopus equipment upgrading. Based on the above forecasts in revenue, costs and ANFA values, we forecast that Citybus(Franchise 1)'s return will drop considerably if no fare increase is made.

Passenger Share/Reward Balance

56. Citybus (Franchise 1) has accumulated a total of \$90.0 million

passenger share/reward balance from 2005/06 to 2006/07. As at March 2008, the balance of Citybus (Franchise 1)'s passenger reward is about \$7.1million, which is expected to be fully utilised by the end of July 2008 to offset Citybus (Franchise 1)'s revenue foregone arising from the various approved fare concession schemes.

(C) Service Quality and Quantity

57. As at end 2007, Citybus (Franchise 1) operated 94 franchised routes with a fleet of 747 buses and employed about 2,200 staff. The average age of Citybus (Franchise 1)'s fleet was 11.1 years with 100% of the buses air-conditioned and equipped with Octopus auto-payment system.

58. On the environmental front, as at end 2007, 93.6% of Citybus (Franchise 1)'s fleet was using Euro emission standard engines and the company will progressively retire the remaining pre-Euro buses. To further improve the environmental performance of its fleet, Citybus (Franchise 1) has retrofitted DPFs on its buses of Euro III emission standard at end 2007, and will complete retrofitting buses of Euro II emission standard by end 2009. It will also continue to purchase environment friendly buses when acquiring new buses.

59. On safety, Citybus (Franchise 1)'s average accident rate was 4.75 accidents per million vehicle-km operated for the past three years. Before the CE-in-Council granted the existing franchise to Citybus (Franchise 1) in January 2006, the company had undertaken to install black boxes on its whole fleet. As at end 2007, 17.5% of the buses have been equipped with black boxes and the installation exercise will be completed by September 2008.

APPROVED FARE INCREASE

60. Citybus (Franchise 1) has proposed to increase its bus fares for all its routes by an average of 5.8%. We consider that this is on the high side. Having regard to all the relevant factors under the bus fare adjustment arrangement, including the fact that the formula outcome as well as the change in MMHI are positive while we forecast that Citybus (Franchise 1)'s returns at existing fares will drop considerably in the coming years, a weighted average fare increase of 2.0% is approved for Citybus (Franchise 1).

61. The existing and the approved fare scales of Citybus (Franchise 1) are at Annex D. The average fares of Citybus (Franchise 1) at existing fare

D

levels and after the approved fare increase are \$6.4 and \$6.5 respectively. It is estimated that the approved fare increase will result in-

- (a) 74.4% of Citybus (Franchise 1)'s passengers not being affected at all;
- (b) 12.6% paying 40 cents to 50 cents more per trip;
- (c) 11.3% paying 60 cents to 70 cents more per trip;
- (d) 1.5% paying 80 cents to 90 cents more per trip; and
- (e) 0.2% paying \$1.0 to \$1.4 more per trip. All routes in this group are recreation, Racecourse or overnight services.

62. A new route group "Urban Kowloon and New Territories" is added to the fare scale of Citybus (Franchise 1) to properly accommodate its new bus route introduced in 2007 to serve Shenzhen Bay Port.

Citybus Limited (Franchise for North Lantau and Chek Lap Kok Airport Routes)

(A) Change in Operating Costs and Revenue since the Commencement of Operation

63. Citybus (Franchise 2)'s full operation commenced in July 1998 after the opening of the Airport. It has not increased its fares since then.

64. Citybus (Franchise 2)'s patronage has been rising since the commencement of its operation mainly due to population growth in Tung Chung New Town and new developments within Citybus (Franchise 2)'s catchment areas, including the Hong Kong Disneyland, the AsiaWorld-Expo and Passenger Terminal Two of the Airport. Its average daily patronage increased by 70% from 34,800 in 1999/2000 to 59,200 in 2006/07.

65. Due to the increasing patronage, Citybus (Franchise 2)'s revenue increased by 28.5% from 1999/2000 to 2006/07.

66. Comparing with the annualised figures of 1999/2000, Citybus (Franchise 2)'s operating costs increased by 28.5% from 1999/2000 to 2006/07. The increase is mainly attributable to the increase in fuel price, maintenance cost and tunnel toll expense.

67. With the growth in revenue outpacing that in operating cost, Citybus (Franchise 2)'s financial performance has been rather strong in recent years.

(B) Forecasts of Future Costs, Revenue and Return At Existing Fares

Forecast Ridership and Revenue

68. At existing fares, Citybus (Franchise 2) projects that its patronage and fare revenue would increase by about 2.2% and 2.7% respectively in 2008/09 and 1.3% and 1.1% respectively in 2009/10 respectively. The forecast increases in patronage are in line with the population growth and developments of Citybus (Franchise 2)'s catchment areas in Tung Chung New Town, and are thus considered acceptable.

Forecast Operating Costs

69. Citybus (Franchise 2) forecasts that its operating costs will increase by 7.4% in 2008/09 and 3.3% in 2009/10. These are based on its assumed fuel price increase, staff pay rise, tunnel toll increase and price inflation for other operating costs. We consider that Citybus (Franchise 2)'s cost forecasts acceptable except for its fuel price assumption, which we consider to be on the high side. In line with the basis for adjusting other bus operators' fuel price assumption, we have made adjustment to Citybus (Franchise 2)'s fuel price assumption. With this adjustment, we forecast that Citybus (Franchise 2)'s operating cost will increase by 2.0% in 2008/09 and 3.6% in 2009/10.

Forecast Average Net Fixed Assets and Return

70. Citybus (Franchise 2)'s ANFA is forecast to increase by 10.2% in 2008/09 and 24.5% in 2009/10. This is due to the early replacement of some mid-life buses for evening out the number of buses to be replaced in the coming several years to alleviate the need for making drastic fare increases in future years. Based on the above forecasts in revenues, costs and ANFA values, we forecast that Citybus(Franchise 2)'s financial performance will remain strong in the coming years.

Passenger Share/Reward Arrangement

71. Citybus (Franchise 2) has accumulated a total of \$15.2M passenger share/reward balance in 2005/06 and 2006/07 and has fully utilised it to offset its revenue foregone arising from various approved fare concession schemes since October 2003.

(C) Service Quality and Quantity

72. As at end 2007, Citybus (Franchise 2) operated 18 franchised routes with a fleet of 172 buses and employed 672 staff. Citybus (Franchise 2)'s fleet is 100% air-conditioned and equipped with Octopus auto-payment system, and 42% of the buses are equipped with bus-stop announcement system. The average age of its fleet was 9.3 years.

73. On the environmental front, as at end 2007, 98% of Citybus (Franchise 2)'s fleet was using Euro II emission standard engines. Only four buses of its fleet were of Euro I emission standard equipped with diesel catalytic converters and Citybus (Franchise 2) plans to retire them in 2009/10. To further improve the environmental performance of its fleet, Citybus (Franchise 2) plans to retrofit DPFs on all its buses of Euro II emission standards where technically feasible by end 2009. It will also continue to purchase environment friendly buses when acquiring new buses.

74. On safety, Citybus (Franchise 2)'s accident rate has remained below 2.1 accidents per million vehicle-km operated for the past three years. As at end 2007, 3% of its buses have been equipped with black boxes. It plans to complete installation of black boxes on its whole fleet by end 2009.

NO FARE INCREASE APPROVED

75. Citybus (Franchise 2) has proposed to increase its bus fares for all its routes by an average of 5.8%. We consider that Citybus (Franchise 2)'s proposed fare increase is not justifiable as we forecast that Citybus(Franchise 2)'s financial performance will remain strong in the coming years at its existing fares. Thus, no fare increase is approved for Citybus (Franchise 2).

76. A new route group "Recreation and Special Services" is added to the existing fare scale of Citybus (Franchise 2) to properly accommodate its routes introduced in September 2005 to serve the Hong Kong Disneyland. The existing and the approved fare scales of Citybus (Franchise 2) are at Annex E.

E

New World First Bus Services Limited

(A) Change in Operating Costs and Revenue since the Last Fare Adjustment

77. NWFB last increased its fares on 22 April 2001 by an overall weighted average rate of 2.4%. Since its last fare increase, NWFB's average daily patronage increased slightly from 0.52 million in 2000/01 to its peak of

0.54 million in 2001/02. Thereafter, NWFB's average daily patronage decreased to 0.51 million in 2006/07. NWFB's annual revenue decreased by 9.2% from 2001/02 to 2006/07. NWFB's operating costs decreased by 2.3% from 2001/02 to 2006/07. The decrease was mainly attributable to the downsizing of its operation arising from service rationalisation. However, the savings have substantially been offset by the increases in fuel cost. NWFB's returns have been quite stable since its last fare increase.

(B) Forecasts of Future Costs, Revenue and Return At Existing Fares

Forecast Ridership and Revenue

78. At existing fares, NWFB projects that its patronage and fare revenue will increase by 0.6% and 1.2% respectively in 2008/09 and 0.2% and 0.01% respectively in 2009/10. This is due to further population intake in Cyber Port and Shau Kei Wan in 2008/09, and in Sham Shui Po in 2009/10.

Forecast Operating Costs

79. NWFB forecasts that its operating costs will increase by 7.2% in 2008/09 and 2.7% in 2009/10. These are based on its assumptions of fuel price increase, staff pay rise, tunnel toll increase and price inflation for other operating costs. We consider that NWFB's cost forecasts acceptable except for its fuel price assumption, which we consider to be on the high side. In line with the basis for adjusting other bus operators' fuel price assumption, we have made adjustment to NWFB's fuel price assumption. With this adjustment, we forecast that NWFB's operating cost will increase by 1.9% in 2008/09 and 2.9% in 2009/10.

Forecast Average Net Fixed Assets and Return

80. NWFB's ANFA is forecast to decrease by 3.2% in 2008/09 and 3.2% in 2009/10. The reduction in NWFB's ANFA in these years is mainly due to annual depreciation charges exceeding the increase in asset value due to the addition of fixed assets, including the purchases of new buses to replace old buses, the retrofitting of DPFs, the installation of black boxes and bus stop announcement system as well as the Octopus equipment upgrading. Based on the above forecasts in revenue, costs and ANFA values, we forecast that NWFB will have rather low return in coming years at the existing fare levels.

Passenger Share/Reward Arrangement

81. NWFB has not been able to accumulate any passenger share /reward balance.

(C) Service Quality and Quantity

82. As at end 2007, NWFB operated 98 franchised routes with a fleet of 694 buses and employed about 2,200 staff. The average age of NWFB's fleet was 9.3 years. All of its buses are equipped with Octopus auto-payment system and 99.9% of the buses are air-conditioned.

83. On the environmental front, as at end 2007, 93.2% of NWFB's fleet was using Euro emission standard engines and the company will progressively retire the remaining pre-Euro buses. To further improve the environmental performance of its fleet, NWFB has retrofitted DPFs on the buses of Euro III emission standard at end 2007, and will complete retrofitting buses of Euro II emission standard by end 2009. It will also continue to purchase environment friendly buses when acquiring new buses.

84. On safety, NWFB's average accident rate was 5.8 accidents per million vehicle-km operated for the past three years. The company plans to install black boxes on its entire bus fleet by end 2009.

APPROVED FARE INCREASE

85. NWFB has proposed to increase its bus fares by an average of 5.8%. We consider that this is slightly on the high side. Having regard to all the relevant factors under the bus fare adjustment arrangement, including the fact that the formula outcome as well as the change in MMHI are positive while we forecast that NWFB will have rather low returns in coming years at the existing fare levels, a weighted average fare increase of 5% is approved for NWFB.

F 86. The existing and the approved fare scales of NWFB are at Annex F. The average fares of NWFB at existing fare levels and after the approved fare increase are \$6.0 and \$6.3 respectively. It is estimated that the approved fare increase will result in-

- (a) 1.2% of NWFB's passengers not being affected at all;
- (b) 92.1% paying 20 cents to 40 cents more per trip;
- (c) 3.8% paying 50 cents to 60 cents more per trip;
- (d) 2.8% paying 70 cents to 80 cents more per trip; and

- (e) 0.1% paying 90 cents to \$1.4 more per trip. All routes in this group are recreation, Racecourse or overnight services.

Fare Increases For Cross-harbour Routes Jointly Operated by KMB, Citybus (Franchise 1) and NWFB

87. As at end 2007, KMB operated 62 cross-harbour routes, of which 52 routes were jointly operated with Citybus (Franchise 1) or NWFB. Currently, the two operators of a jointly operated route charge the same fare to avoid causing confusion to passengers and operational problems. In approving the fare increase rates of cross-harbour routes for the current applications from the franchised bus operators, we apply the same principle to synchronise the new fare levels charged by different operators running jointly operated cross-harbour routes.

88. On the basis of the above approved overall average fare increase rates of 4.5%, 2% and 5% for KMB, Citybus (Franchise 1) and NWFB respectively, the approved fare increase rates for the cross-harbour routes of KMB, Citybus (Franchise 1) and NWFB are 4.1%, 4% and 4.2%.

Cost Saving Measures of the Franchised Bus Companies

89. In the face of the increasingly difficult operating environment in recent years due to rising operating costs like fuel and staff costs as well as tunnel tolls and competition from other public transport modes, all the franchised bus operators have taken various cost saving measures. These include bus rationalisation and improvement of fleet utilisation to improve network efficiency, etc. NLB has also been approved by the Administration to share the refuelling facilities with the Citybus Limited at the latter's depot in Tung Chung to save fuel expenses. Citybus and NWFB have undergone corporate re-structuring since March 2004 with synergy gains in the use of depot, staff and management resources.

Transport Advisory Committee's Advice

90. The Transport Advisory Committee (TAC) has been consulted on the fare increase applications from the five bus companies. The TAC has considered all the relevant factors under the bus fare adjustment arrangement approved by the CE-in-Council on 10 January 2006. On balance, the TAC supported the above approved fare increase rates. The TAC's detailed advice is set out in its letter to the Administration at Annex H.

H

IMPLICATIONS OF THE APPROVED FARE SCALES

91. The approved fare scales are in conformity with the Basic Law, including the provisions concerning human rights, and do not affect the current binding effect of the Ordinance. They have no productivity, financial, civil service implications and environmental implications. The approved fare increases would lead to a year-on-year rise of 0.08 of a percentage point in the CCPI for the period from 8 June to 31 December 2008.

PUBLIC CONSULTATION

92. We have consulted the Legislative Council Panel on Transport on 22 February 2008 and 25 April 2008 on the fare increase applications by KMB, LW, NLB, Citybus (Franchise 1), Citybus (Franchise 2) and NWFB. The TAC has also been consulted as mentioned in paragraph 90 above.

PUBLICITY

93. A press release will be issued on 20 May 2008. A spokesman will be available for answering media enquiries.

ENQUIRIES

94. Any enquiries can be directed to the following officer in the Transport Department-

Mr Albert Yuen
Assistant Commissioner for Transport
(Telephone No.: 2829 5210)

Transport and Housing Bureau
May 2008

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

Route Group		Journey Distance Not Exceeding (km)	Existing Fare (\$)	New Fare (\$)
I.	KOWLOON			
	(a) Urban	3	2.4	2.5
		5	2.7	2.8
		9	3.0	3.2
		12	3.5	3.7
		15	4.2	4.4
	(b) Urban Express	15	4.7	5.0
	(c) Special Services	9	4.8	5.0
		12	6.7	7.0
		15	7.8	8.2
II.	NEW TERRITORIES			
	(a) Urban	3	2.4	2.5
		5	2.7	2.8
		9	3.0	3.2
		12	3.5	3.7
		15	4.2	4.4
		18	4.7	5.0
		23	5.3	5.6
		27	6.0	6.3
		31	6.7	7.1
		35	7.3	7.7
		39	8.2	8.6
		43	9.0	9.4
		47	10.1	10.6
		65	11.1	11.6
	(b) Rural	3	2.5	2.6
		5	2.7	2.8
		9	3.1	3.3
		12	3.6	3.8
		15	4.2	4.4
		18	4.7	4.9
		23	5.3	5.6

Route Group		Journey Distance Not Exceeding (km)	Existing Fare (\\$)	New Fare (\\$)
	(c) Recreation	3	3.6	3.8
		5	4.8	5.0
		10	7.3	7.6
		15	8.8	9.2
		20	9.6	10.0
		25	11.2	11.7
		35	12.0	12.5
	(d) Racecourse	5	9.6	10.0
		15	15.6	16.3
		25	25.2	26.3
		35	33.9	35.4
		50	41.3	43.2
	(e) Express	12	3.8	4.0
		15	4.7	4.9
		18	5.3	5.6
		23	6.0	6.3
		27	6.7	7.0
		31	7.3	7.6
		35	8.2	8.6
		39	9.0	9.4
		43	10.0	10.5
		47	11.1	11.6
		65	12.0	12.5
	(f) Special Services	12	6.5	6.8
		15	7.8	8.2
		18	8.7	9.1
		23	10.3	10.8
		31	11.5	12.0
39		12.0	12.5	
47		13.2	13.8	
III.	CROSS HARBOUR			
	(a) Urban	24	7.3	7.6
	(b) Suburban	24	8.2	8.5

Route Group		Journey Distance Not Exceeding (km)	Existing Fare (\\$)	New Fare (\\$)
	(c) Express	24	8.2	8.5
	(d) Recreation and All Night Services	24	12.3	12.8
	(e) New Territories	20	10.6	11.0
		27	11.8	12.3
		34	13.0	13.5
		41	15.3	15.9
		48	17.1	17.8
		65	19.3	20.1
		85	22.5	23.4
	(f) Racecourse	30	35.3	36.7
IV.	AIR-CONDITIONED SERVICES			
	(a) Urban Kowloon and New Territories	3	3.5	3.7
		5	5.0	5.2
		9	7.0	7.3
		12	8.0	8.4
		15	9.0	9.4
		18	10.0	10.5
		25	11.0	11.6
		35	13.5	14.1
		47	16.5	17.2
		65	18.0	18.8
	(b) Cross Harbour	18	12.8	13.4
		25	15.3	16.0
		35	18.2	19.1
		47	20.7	21.6
		65	21.4	22.3
		85	25.7	26.7
	(c) Airport Services			Obsolete route group deleted ¹
	(i) Urban Kowloon	15	13.1	
	(ii) Cross Harbour	14	20.3	
		20	22.5	

¹ KMB has not been operating any airport services after the relocation of the airport from Kai Tak to Chek Lap Kok. This obsolete route group which is for accommodating bus routes serving the former Kai Tak airport is deleted.

Route Group		Journey Distance Not Exceeding (km) ²	Existing Fare (\$)	New Fare (\$)
	(d) Recreation and Special Services			
	(i) Urban Kowloon and New Territories	3	4.2	4.4
		5	6.0	6.3
		9	8.2	8.6
		12	9.4	9.9
		15	11.7	12.3
		18	13.3	14.0
		25	15.5	16.2
		35	19.9	20.8
		47	22.2	23.2
		65@	-	26.0
	(ii) Cross Harbour	30	32.1	33.6
		35@	-	35.3
		47@	-	39.9
		65@	-	41.2
	(e) Racecourse			
	(i) Urban Kowloon and New Territories	5	10.5	11.0
		15	16.5	17.2
		25	27.0	28.2
		35	36.0	37.6
		50	52.2	54.5
	(ii) Cross Harbour	30	35.3	36.7
		35@	-	38.5
V.	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

² The journey distance of some existing routes exceeds the fare bands of the current fare scales. New fare bands as marked @ are added to accommodate existing and future bus routes.

Long Win Bus Company Limited
Existing and Approved Fare Scales

Route Group		Journey Distance Not Exceeding (km) ¹	Existing Fare (\$)	New Fare (\$)
I.	Airbus Services	30@	-	15.0
		40	17.0	17.8
		53	25.0	26.1
		66	28.0	29.2
II.	North Lantau External Services	25@	-	9.0
		40	12.0	12.0
		60	14.0	14.0
		80	17.0	17.0
III.	North Lantau Shuttle Services	3	2.5	2.6
		5	3.0	3.1
		9	3.5	3.6
		12	4.0	4.1
		15	4.5	4.6
		18@	-	5.1
IV.	Overnight Services			
	(a) Airbus Services	30@	-	28.0
		40	33.0	33.0
		53	40.0	40.0
		66	45.0	45.0
	(b) North Lantau External Services	25@	-	18.0
		40	20.0	21.0
		60	40.0	41.0
		80	50.0	51.0

¹ The journey distance of some existing routes exceeds the fare bands of the current fare scales. New fare bands as marked @ are added to accommodate existing and future bus routes.

Route Group		Journey Distance Not Exceeding (km) ¹	Existing Fare (\$)	New Fare (\$)
V.	Recreation and Special Services (New route group) ²	3	-	3.0
		5	-	5.0
		9	-	7.0
		12	-	9.0
		15	-	12.0
		18	-	15.0
		25	-	20.0
		35	-	25.0
		47	-	30.0
		60	-	35.0
		80	-	40.0

² There is no fare scale for Recreation and Special Services Route Group in LW's existing fare scale. When the recreation services serving the Hong Kong Disneyland were introduced by LW in September 2005, approval was given for the company to charge the fares of these services according to the fare scale of similar route group of other franchised bus companies. A separate fare scale for the Recreation and Special Services Route Group is included under LW's fare scale to accommodate the routes already in operation.

New Lantao Bus Company (1973) Limited
Existing and Approved Fare Scales

Route Group	Journey Distance not Exceeding (km)	Existing Fare (\$)				New Fare (\$)				
		Non air-conditioned		Air-conditioned		Non air-conditioned		Air-conditioned		
		Mondays to Saturdays (except Public Holidays)	Sundays and Public Holidays	Mondays to Saturdays (except Public Holidays)	Sundays and Public Holidays	Mondays to Saturdays (except Public Holidays)	Sundays and Public Holidays	Mondays to Saturdays (except Public Holidays)	Sundays and Public Holidays	
I. South and North-South Lantau Routes										
(a)	Ordinary Routes	4	1.4	3.2	2.2	4.8	1.5	3.4	2.4	5.2
		8	3.0	4.5	4.5	6.5	3.2	4.8	4.9	7.0
		13	4.0	7.8	5.8	11.5	4.3	8.3	6.3	12.3
		17	5.8	9.6	8.5	14.0	6.2	10.3	9.2	15.0
		20	7.2	11.5	10.5	17.0	7.7	12.3	11.3	18.2
		24	8.0	13.1	11.8	19.0	8.5	14.0	12.7	20.4
		27	9.6	15.6	14.0	23.0	10.2	16.6	15.0	25.0
		31	10.8	17.5	15.5	25.0	11.5	18.8	16.8	27.0
(b)	Ngong Ping Routes	4	3.6	5.8	5.2	8.5	3.9	6.2	5.6	9.1
		10	5.8	9.6	8.5	14.1	6.2	10.2	9.1	15.1
		17	7.6	12.0	10.8	18.1	8.1	12.8	11.6	19.4
		24	10.8	17.5	16.0	25.2	11.5	18.5	17.2	27.0

Route Group		Journey Distance not Exceeding (km)	Existing Fare (\$)				New Fare (\$)			
			Non air-conditioned		Air-conditioned		Non air-conditioned		Air-conditioned	
			Mondays to Saturdays (except Public Holidays)	Sundays and Public Holidays	Mondays to Saturdays (except Public Holidays)	Sundays and Public Holidays	Mondays to Saturdays (except Public Holidays)	Sundays and Public Holidays	Mondays to Saturdays (except Public Holidays)	Sundays and Public Holidays
(c)	Recreation, Overnight and Special Services (New route group) ¹	4	-	-	-	-	4.0	5.7	6.0	8.5
		10	-	-	-	-	6.0	10.0	9.0	15.0
		17	-	-	-	-	9.0	13.7	13.5	20.5
		24	-	-	-	-	12.0	18.3	18.0	27.5
		35	-	-	-	-	16.0	22.3	24.0	33.5
		50	-	-	-	-	20.0	26.7	30.0	40.0
		70	-	-	-	-	24.0	30.7	36.0	46.0

¹ There is no fare scale for Recreation, Overnight and Special Services Route Group for South and North-South Lantau routes in NLB's existing fare scale. Currently, in accordance with Clause 4 of Part III of the existing fare scale, approval has been given for NLB to charge fares for these services at 50% above the relevant route group specified in Part I of the fare scale. A separate fare scale for Recreation, Overnight and Special Services Route Group is included in NLB's fare scale to accommodate the routes already in operation.

Route Group	Journey Distance Not Exceeding (km)	Air-conditioned		
		Existing Fare (\$)	New Fare (\$)	
II.	North Lantau and New Territories Routes			
(a)	North Lantau Routes	4	3.0	3.2
		6	3.5	3.7
		8	4.0	4.3
		10	5.5	5.8
		12	7.0	7.0
		15	9.0	9.0
(b)	New Territories Routes (New route group) ²	4	-	4.0
		6	-	5.0
		8	-	6.0
		10	-	7.0
		12	-	8.0
		15	-	9.0
		18	-	10.5
		25	-	12.0
		35	-	14.0
		47	-	16.0
		65	-	18.0

² There is no fare scale for New Territories Route Group in NLB's existing fare scale. When its new route plying between Yuen Long West Rail Station and Shenzhen Bay Port was introduced on 1 July 2007, approval was given for NLB to charge the fare of this route according to the fare scale of similar route group of other franchised bus companies. A separate fare scale for New Territories Route Group is included in NLB's fare scale to accommodate the route already in operation.

Route Group		Journey Distance Not Exceeding (km)	Air-conditioned	
			Existing Fare (\$)	New Fare (\$)
(c)	Recreation, Overnight and Special Services (New route group) ³	4	-	4.5
		6	-	5.5
		8	-	6.5
		10	-	7.5
		12	-	9.0
		15	-	10.5
		18	-	12.0
		25	-	14.0
		35	-	16.0
		47	-	18.0
		65	-	20.0

³ There is no fare scale for Recreation, Overnight and Special Services Route Group for North Lantau routes in NLB's existing fare scale. Currently, in accordance with Clause 4 of Part III of the existing fare scale, approval has been given for NLB to charge fare for the overnight service at 50% above the relevant route group specified in Part I of the fare scale. A separate fare scale for Recreation, Overnight and Special Services Route Group is included under NLB's fare scale to accommodate the route already in operation.

Citybus Limited
(Franchise for Hong Kong Island and Cross Harbour Routes)
Existing and Approved Fare Scales

(A) Non Air-conditioned Service

Route Group	Journey Distance Not Exceeding (km) ¹	Existing Fare (\$)	New Fare (\$)
I. HONG KONG ISLAND			
(a) Urban	4	2.3	2.3
	6	3.2	3.2
	8	3.8	3.8
	10	4.0	4.0
	13	4.7	4.7
	15	5.4	5.4
	21	6.6	6.6
	27@	-	8.1
(b) Mid-levels	5	3.4	3.4
	8	4.2	4.2
	13	4.9	4.9
	20	6.8	6.8
(c) Recreation	8	6.0	6.0
	16	8.3	8.3
	21@	-	10.7
	27@	-	13.5
II. CROSS HARBOUR			
(a) Urban	24	7.3	7.6
(b) Suburban	24	8.2	8.5
(c) Express	24	8.2	8.5
(d) Recreation and All Night Services	24	12.3	12.8

¹ The journey distance of some existing routes exceeds the fare bands of the current fare scales. New fare bands as marked @ are added to accommodate existing and future bus routes.

Route Group	Journey Distance Not Exceeding (km)¹	Existing Fare (\$)	New Fare (\$)
(e) New Territories	20	10.6	11.0
	27	11.8	12.3
	34	13.0	13.5
	41	15.3	15.9
	48	17.1	17.8
	65	19.3	20.1
	85	22.5	23.4

(B) Air-conditioned Service

Route Group	Journey Distance Not Exceeding (km)¹	Existing Fare (\$)	New Fare (\$)
I. HONG KONG ISLAND			
(a) Urban	4	2.9	2.9
	6	4.4	4.4
	8	4.5	4.5
	10	4.7	4.7
	13	5.3	5.3
	15	7.3	7.3
	21	8.4	8.4
	27@	-	10.3
(b) Mid-levels	5	4.3	4.3
	8	5.1	5.1
	13	6.1	6.1
	20	8.4	8.4
(c) Recreation	8	7.9	7.9
	16	10.6	10.6
	21@	-	13.2
	27@	-	16.2

Route Group	Journey Distance Not Exceeding (km) ¹	Existing Fare (\$)	New Fare (\$)
II. URBAN KOWLOON and NEW TERRITORIES (New route group)²			
(a) Regular Service	3	-	3.7
	5	-	5.2
	9	-	7.3
	12	-	8.4
	15	-	9.4
	18	-	10.5
	25	-	11.6
	35	-	14.1
	47	-	17.2
	65	-	18.8
(b) Recreation, Special and All Night Services	3	-	4.4
	5	-	6.3
	9	-	8.6
	12	-	9.9
	15	-	12.3
	18	-	14.0
	25	-	16.2
	35	-	20.8
	47	-	23.2
	65	-	26.0
III. CROSS HARBOUR			
(a) Regular Services	18	12.8	13.4
	25	15.3	16.0
	35	18.2	19.1
	47	20.7	21.6
	65	21.4	22.3
	85	25.7	26.7

² There is no fare scale for Urban Kowloon and New Territories route group under Citybus (Franchise 1)'s existing fare scale. When its new Route B3 plying between Tuen Mun Pierhead and Shenzhen Bay Port was introduced on 1 July 2007, approval was given for the company to charge the fare of this route according to the fare scale of a similar route group of other franchised bus companies. A new route group "Urban Kowloon and New Territories" is included in Citybus (Franchise 1)'s fare scale to accommodate the route already in operation.

Route Group	Journey Distance Not Exceeding (km)¹	Existing Fare (\$)	New Fare (\$)
(b) Recreation, Special and All Night Services	30	32.1	33.6
	35@	-	35.3
	47@	-	39.9
	65@	-	41.2
(c) Sha Tin Racecourse	30	35.3	36.7
	35@	-	38.5
IV. BOUNDARY SERVICE			
(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: In the case where the journey distance of an express route is shorter than that of an existing non-express route serving broadly the same destinations, the journey distance of the non-express route shall be adopted for the purpose of determining the fare of the express route. (New clause)³

³ This new clause is added in the fare scale to enable the express route to charge the same fare as its corresponding non-express route if both of them serve broadly the same destinations. The same clause is in KMB's existing fare scale.

Citybus Limited
(Franchise for North Lantau and Chek Lap Kok Airport Routes)
Existing and Approved Fare Scales

Route Group		Journey Distance Not Exceeding (km)	Existing Fare (\$)	New Fare (\$)	
I.	Airbus Services	35	26.0	-	
		40	30.0	-	
		55	45.0	-	
		65	50.0	-	
II.	North Lantau External Services	25	13.0	-	
		35	15.0	-	
		40	17.0	-	
		50	23.0	-	
		65	27.5	-	
III.	North Lantau Shuttle Services	4	3.0	-	
		6	3.5	-	
		8	4.0	-	
		10	5.5	-	
		12	7.0	-	
IV.	Overnight Services				
	(a)	Airbus Services	35	33.0	-
			40	37.5	-
			55	52.5	-
			65	58.0	-
	(b)	North Lantau External Services	35	22.0	-
			40	25.0	-
			50	35.0	-
			65	40.0	-

Route Group		Journey Distance Not Exceeding (km)	Existing Fare (\$)	New Fare (\$)
V.	Recreation and Special Services (New route group) ¹	3	-	3.0
		5	-	5.0
		9	-	7.0
		12	-	9.0
		15	-	12.0
		18	-	15.0
		25	-	20.0
		35	-	25.0
		47	-	30.0
		60	-	35.0
		80	-	40.0

¹ There is no fare scale for Recreation and Special Services Route Group in Citybus (Franchise 2)'s existing fare scale. When recreation services serving the Hong Kong Disneyland were introduced in September 2005, approval was given for Citybus (Franchise 2) to charge fares of these services according to the fare scale of similar route group of other franchised bus companies. A separate fare scale for Recreation and Special Services Route Group is included in Citybus (Franchise 2)'s fare scale to accommodate the routes already in operation.

New World First Bus Services Limited
Existing and Approved Fare Scales

(A) Non Air-conditioned Services

Route Group		Journey Distance Not Exceeding (km) ¹	Existing Fare (\$)	New Fare (\$)
I.	HONG KONG ISLAND			
	(a) Urban	4	3.0	3.2
		6	3.3	3.5
		8	4.0	4.2
		10	4.4	4.6
		13	5.5	5.8
		18	6.3	6.6
		22	8.0	8.4
	(b) Mid-levels	5	3.6	3.8
		8	4.4	4.6
		11	4.9	5.1
		15	7.0	7.4
		20	9.2	9.7
	(c) Recreation, Special and All Night Services	8	6.3	6.6
		16	8.7	9.1
		21	10.0	10.5
		27@	-	11.6

¹ The journey distance of some existing routes exceeds the fare bands of the current fare scales. New fare bands as marked @ are added to accommodate existing and future bus routes.

(B) Air-conditioned Services

Route Group		Journey Distance Not Exceeding (km) ¹	Existing Fare (\$)	New Fare (\$)
I.	HONG KONG ISLAND			
	(a) Urban	4	3.6	3.8
		6	4.4	4.6
		8	5.0	5.3
		10	6.1	6.5
		13	6.5	6.9
		18	10.5	11.0
		22	13.1	13.8
	(b) Mid-levels	5	5.0	5.3
		8	5.6	5.9
		11	6.5	6.9
		15	9.2	9.8
		20	11.0	11.6
	(c) Recreation, Special and All Night Services	8	8.3	8.7
		16	11.1	11.7
		21	15.0	15.8
		27@	-	19.0
II.	URBAN KOWLOON and NEW TERRITORIES			
	(a) Regular Services	3	3.5	3.7
		5	5.0	5.2
		9	7.0	7.3
		12	8.0	8.4
		15	9.0	9.4
		18	10.0	10.5
		25	11.0	11.6
		35	13.5	14.1
		47	16.5	17.2
		65	18.0	18.8
	(b) Recreation, Special and All Night Services	3	4.2	4.4
		5	6.0	6.3
		9	8.2	8.6
		12	9.4	9.9
		15	11.7	12.3
		18	13.3	14.0
		25	15.5	16.2
		35	19.9	20.8
		47	22.2	23.2
	65@	-	26.0	

Route Group		Journey Distance Not Exceeding (km) ¹	Existing Fare (\$)	New Fare (\$)
III.	CROSS HARBOUR			
	(a) Regular Services	18	12.8	13.4
		25	15.3	16.0
		35	18.2	19.1
		47	20.7	21.6
		65	21.4	22.3
		85	25.7	26.7
	(b) Recreation, Special and All Night Services	30	32.1	33.6
		35@	-	35.3
		47@	-	39.9
		65@	-	41.2
	(c) Sha Tin Racecourse	30	35.3	36.7
		35@	-	38.5

Note: In the case where the journey distance of an express route is shorter than that of an existing non-express route serving broadly the same destinations, the journey distance of the non-express route shall be adopted for the purpose of determining the fare of the express route. (New clause)²

² This new clause is added in the fare scale to enable the express route to charge the same fare as its corresponding non-express route if both of them serve broadly the same destinations. The same clause is in KMB's existing fare scale.

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

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
81 Non Air-conditioned Routes				
Kowloon Urban	1	\$3.5	\$3.7	\$0.2
Kowloon Urban	1A	\$4.2	\$4.4	\$0.2
Kowloon Urban	2B	\$3.0	\$3.2	\$0.2
Kowloon Urban	2E	\$3.0	\$3.2	\$0.2
Kowloon Urban	2F	\$3.5	\$3.7	\$0.2
Kowloon Urban	3C	\$3.5	\$3.7	\$0.2
Kowloon Urban	3D	\$3.0	\$3.2	\$0.2
Kowloon Urban	5	\$3.0	\$3.2	\$0.2
Kowloon Urban	5A	\$2.7	\$2.8	\$0.1
Kowloon Urban	6	\$3.0	\$3.2	\$0.2
Kowloon Urban	6A	\$3.0	\$3.2	\$0.2
Kowloon Urban	7M	\$2.4	\$2.5	\$0.1
Kowloon Urban	11	\$3.0	\$3.2	\$0.2
Kowloon Urban	11B	\$3.0	\$3.2	\$0.2
Kowloon Urban	11C	\$3.5	\$3.7	\$0.2
Kowloon Urban	11D	\$3.0	\$3.2	\$0.2
Kowloon Urban	11K	\$3.0	\$3.2	\$0.2
Kowloon Urban	12A	\$3.0	\$3.2	\$0.2
Kowloon Urban	13D	\$4.2	\$4.4	\$0.2
Kowloon Urban	14	\$4.2	\$4.4	\$0.2
Kowloon Urban	14B	\$3.0	\$3.2	\$0.2
Kowloon Urban	16	\$4.2	\$4.4	\$0.2
Kowloon Urban	16M	\$2.7	\$2.8	\$0.1
Kowloon Urban	23	\$2.7	\$2.8	\$0.1
Kowloon Urban	24	\$3.0	\$3.2	\$0.2
Kowloon Urban Express	11X	\$4.7	\$5.0	\$0.3
New Territories Urban	31B	\$3.5	\$3.7	\$0.2
New Territories Urban	32	\$4.2	\$4.4	\$0.2
New Territories Urban	32B	\$2.7	\$2.8	\$0.1
New Territories Urban	32M	\$3.0	\$3.2	\$0.2
New Territories Urban	33A	\$4.2	\$4.4	\$0.2
New Territories Urban	35A	\$4.7	\$5.0	\$0.3

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
New Territories Urban	36	\$2.7	\$2.8	\$0.1
New Territories Urban	36A	\$3.5	\$3.7	\$0.2
New Territories Urban	36B	\$4.2	\$4.4	\$0.2
New Territories Urban	37	\$3.5	\$3.7	\$0.2
New Territories Urban	37M	\$2.4	\$2.5	\$0.1
New Territories Urban	38	\$5.3	\$5.6	\$0.3
New Territories Urban	38A	\$3.0	\$3.2	\$0.2
New Territories Urban	38P	\$4.2	\$4.4	\$0.2
New Territories Urban	39A	\$2.7	\$2.8	\$0.1
New Territories Urban	40	\$5.3	\$5.6	\$0.3
New Territories Urban	41	\$5.3	\$5.6	\$0.3
New Territories Urban	41A	\$4.7	\$5.0	\$0.3
New Territories Urban	42	\$4.9	\$5.2	\$0.3
New Territories Urban	42C	\$6.0	\$6.3	\$0.3
New Territories Urban	43	\$3.0	\$3.2	\$0.2
New Territories Urban	43B	\$3.0	\$3.2	\$0.2
New Territories Urban	43C	\$4.2	\$4.4	\$0.2
New Territories Urban	43M	\$2.7	\$2.8	\$0.1
New Territories Urban	44	\$4.2	\$4.4	\$0.2
New Territories Urban	66	\$7.3	\$7.7	\$0.4
New Territories Urban	70	\$8.2	\$8.6	\$0.4
New Territories Urban	72	\$6.0	\$6.3	\$0.3
New Territories Urban	72A	\$5.3	\$5.6	\$0.3
New Territories Urban	73A	\$6.7	\$7.1	\$0.4
New Territories Urban	74A	\$6.7	\$7.1	\$0.4
New Territories Urban	80	\$4.5	\$4.7	\$0.2
New Territories Urban	80K	\$3.0	\$3.2	\$0.2
New Territories Urban	81C	\$5.3	\$5.6	\$0.3
New Territories Urban	81M	\$3.0	\$3.2	\$0.2
New Territories Urban	82K	\$3.6	\$3.8	\$0.2
New Territories Urban	85K	\$3.0	\$3.2	\$0.2
New Territories Urban	86	\$5.3	\$5.6	\$0.3
New Territories Urban	86A	\$4.2	\$4.4	\$0.2
New Territories Urban	86C	\$5.3	\$5.6	\$0.3
New Territories Urban	86K	\$3.5	\$3.7	\$0.2
New Territories Urban	88M	\$3.0	\$3.2	\$0.2

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
New Territories Urban	93A	\$3.0	\$3.2	\$0.2
New Territories Urban	93K	\$5.3	\$5.6	\$0.3
New Territories Urban	95M	\$3.0	\$3.2	\$0.2
New Territories Urban	98A	\$3.5	\$3.7	\$0.2
New Territories Rural	71A	\$2.5	\$2.6	\$0.1
New Territories Rural	71S	\$2.7	\$2.8	\$0.1
New Territories Rural	73	\$5.3	\$5.6	\$0.3
New Territories Express	30X	\$5.3	\$5.6	\$0.3
New Territories Express	62X	\$10.0	\$10.5	\$0.5
New Territories Special Services	44S	\$7.8	\$8.2	\$0.4
New Territories Special Services	N82	\$7.8	\$8.2	\$0.4
New Territories Special Services	N86	\$6.5	\$6.8	\$0.3
New Territories Special Services	N87	\$6.5	\$6.8	\$0.3

390 Air-conditioned Routes

Urban Kowloon and New Territories	1	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	1A	\$5.9	\$6.2	\$0.3
Urban Kowloon and New Territories	2	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	2A	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	2B	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	2C	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	2D	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	2E	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	2F	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	3B	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	3C	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	3D	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	3M	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	5	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	5C	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	5D	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	6	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	6A	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	6C	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	6D	\$4.7	\$5.0	\$0.3

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
Urban Kowloon and New Territories	6F	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	7	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	7B	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	7M	\$3.1	\$3.3	\$0.2
Urban Kowloon and New Territories	8	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	8A	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	9	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	10	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	11	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	11B	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	11C	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	11D	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	11K	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	11X	\$6.2	\$6.5	\$0.3
Urban Kowloon and New Territories	12	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	12A	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	13D	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	13M	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	13X	\$6.2	\$6.5	\$0.3
Urban Kowloon and New Territories	14	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	14B	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	14C	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	15	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	15A	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	16	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	16M	\$3.7	\$3.9	\$0.2
Urban Kowloon and New Territories	17	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	18	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	21	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	23	\$3.7	\$3.9	\$0.2
Urban Kowloon and New Territories	23M	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	24	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	26	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	26M	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	27	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	28	\$4.7	\$5.0	\$0.3

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
Urban Kowloon and New Territories	28A	\$3.1	\$3.3	\$0.2
Urban Kowloon and New Territories	29M	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	30	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	30X	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	31	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	31B	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	31M	\$3.2	\$3.4	\$0.2
Urban Kowloon and New Territories	32	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	32M	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	33A	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	34	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories	34M	\$3.1	\$3.3	\$0.2
Urban Kowloon and New Territories	35A	\$6.4	\$6.7	\$0.3
Urban Kowloon and New Territories	36	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	36A	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	36B	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	36M	\$3.2	\$3.4	\$0.2
Urban Kowloon and New Territories	37	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	37M	\$3.1	\$3.3	\$0.2
Urban Kowloon and New Territories	38	\$7.2	\$7.6	\$0.4
Urban Kowloon and New Territories	39M	\$3.0	\$3.2	\$0.2
Urban Kowloon and New Territories	40	\$7.3	\$7.7	\$0.4
Urban Kowloon and New Territories	40X	\$7.5	\$7.9	\$0.4
Urban Kowloon and New Territories	41	\$6.9	\$7.3	\$0.4
Urban Kowloon and New Territories	41A	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	41M	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	42	\$6.6	\$7.0	\$0.4
Urban Kowloon and New Territories	42A	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	42C	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	42M	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	43	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	43A	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	43B	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	43C	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	43M	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	43X	\$7.5	\$7.9	\$0.4

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
Urban Kowloon and New Territories	44	\$5.2	\$5.5	\$0.3
Urban Kowloon and New Territories	44M	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	45	\$5.6	\$5.9	\$0.3
Urban Kowloon and New Territories	46	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	46X	\$6.6	\$7.0	\$0.4
Urban Kowloon and New Territories	47X	\$6.6	\$7.0	\$0.4
Urban Kowloon and New Territories	48X	\$6.6	\$7.0	\$0.4
Urban Kowloon and New Territories	49X	\$7.5	\$7.9	\$0.4
Urban Kowloon and New Territories	51	\$7.6	\$7.8	\$0.2
Urban Kowloon and New Territories	52X	\$9.5	\$10.0	\$0.5
Urban Kowloon and New Territories	53	\$8.8	\$9.3	\$0.5
Urban Kowloon and New Territories	54	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	57M	\$7.8	\$8.2	\$0.4
Urban Kowloon and New Territories	58M	\$7.8	\$8.2	\$0.4
Urban Kowloon and New Territories	58X	\$10.7	\$11.3	\$0.6
Urban Kowloon and New Territories	59A	\$9.5	\$10.0	\$0.5
Urban Kowloon and New Territories	59M	\$6.9	\$7.3	\$0.4
Urban Kowloon and New Territories	59X	\$10.7	\$11.3	\$0.6
Urban Kowloon and New Territories	60M	\$6.9	\$7.3	\$0.4
Urban Kowloon and New Territories	60X	\$10.7	\$11.3	\$0.6
Urban Kowloon and New Territories	61M	\$7.5	\$7.9	\$0.4
Urban Kowloon and New Territories	61X	\$11.7	\$12.3	\$0.6
Urban Kowloon and New Territories	62X	\$14.5	\$14.7	\$0.2
Urban Kowloon and New Territories	63X	\$13.0	\$13.7	\$0.7
Urban Kowloon and New Territories	64K	\$6.9	\$7.3	\$0.4
Urban Kowloon and New Territories	65K	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	66	\$10.2	\$10.7	\$0.5
Urban Kowloon and New Territories	66M	\$6.9	\$7.3	\$0.4
Urban Kowloon and New Territories	66X	\$10.7	\$11.3	\$0.6
Urban Kowloon and New Territories	67M	\$7.8	\$8.2	\$0.4
Urban Kowloon and New Territories	67X	\$10.7	\$11.3	\$0.6
Urban Kowloon and New Territories	68A	\$9.2	\$9.7	\$0.5
Urban Kowloon and New Territories	68M	\$8.4	\$8.8	\$0.4
Urban Kowloon and New Territories	68X	\$12.5	\$12.5	\$0.0
Urban Kowloon and New Territories	69M	\$9.1	\$9.6	\$0.5
Urban Kowloon and New Territories	69X	\$13.0	\$13.3	\$0.3

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
Urban Kowloon and New Territories	70	\$11.2	\$11.8	\$0.6
Urban Kowloon and New Territories	70K	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	70X	\$13.0	\$13.7	\$0.7
Urban Kowloon and New Territories	71A	\$3.2	\$3.4	\$0.2
Urban Kowloon and New Territories	71B	\$1.6	\$1.7	\$0.1
Urban Kowloon and New Territories	71K	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	71S	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	72	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	72A	\$6.9	\$7.3	\$0.4
Urban Kowloon and New Territories	72X	\$8.4	\$8.8	\$0.4
Urban Kowloon and New Territories	73A	\$8.7	\$9.2	\$0.5
Urban Kowloon and New Territories	73K	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	73X	\$8.4	\$8.8	\$0.4
Urban Kowloon and New Territories	74A	\$8.7	\$9.2	\$0.5
Urban Kowloon and New Territories	74K	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	74X	\$8.4	\$8.8	\$0.4
Urban Kowloon and New Territories	75K	\$4.7	\$5.0	\$0.3
Urban Kowloon and New Territories	75X	\$8.4	\$8.8	\$0.4
Urban Kowloon and New Territories	76K	\$6.9	\$7.3	\$0.4
Urban Kowloon and New Territories	77K	\$6.9	\$7.3	\$0.4
Urban Kowloon and New Territories	78K	\$6.2	\$6.5	\$0.3
Urban Kowloon and New Territories	79K	\$4.8	\$5.1	\$0.3
Urban Kowloon and New Territories	80	\$6.1	\$6.4	\$0.3
Urban Kowloon and New Territories	80K	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	80M	\$4.6	\$4.8	\$0.2
Urban Kowloon and New Territories	80X	\$5.8	\$6.1	\$0.3
Urban Kowloon and New Territories	81	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	81C	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	81K	\$3.7	\$3.9	\$0.2
Urban Kowloon and New Territories	81M	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	82M	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	82X	\$4.6	\$4.8	\$0.2
Urban Kowloon and New Territories	83K	\$3.7	\$3.9	\$0.2
Urban Kowloon and New Territories	83X	\$5.8	\$6.1	\$0.3
Urban Kowloon and New Territories	84M	\$5.3	\$5.6	\$0.3
Urban Kowloon and New Territories	85	\$5.5	\$5.8	\$0.3

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
Urban Kowloon and New Territories	85A	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	85B	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	85C	\$7.1	\$7.5	\$0.4
Urban Kowloon and New Territories	85K	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	85M	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	86	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	86A	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	86B	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	86C	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	86K	\$4.9	\$5.2	\$0.3
Urban Kowloon and New Territories	87A	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	87B	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	87D	\$7.8	\$8.2	\$0.4
Urban Kowloon and New Territories	87K	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	88K	\$3.9	\$4.1	\$0.2
Urban Kowloon and New Territories	88M	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	89	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	89B	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	89C	\$7.1	\$7.5	\$0.4
Urban Kowloon and New Territories	89D	\$7.4	\$7.8	\$0.4
Urban Kowloon and New Territories	89X	\$6.2	\$6.5	\$0.3
Urban Kowloon and New Territories	91	\$6.1	\$6.4	\$0.3
Urban Kowloon and New Territories	91M	\$4.9	\$5.2	\$0.3
Urban Kowloon and New Territories	92	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	93A	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	93K	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	93M	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	94	\$5.5	\$5.8	\$0.3
Urban Kowloon and New Territories	95	\$6.1	\$6.4	\$0.3
Urban Kowloon and New Territories	95M	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories	98A	\$4.9	\$5.2	\$0.3
Urban Kowloon and New Territories	98C	\$8.7	\$9.2	\$0.5
Urban Kowloon and New Territories	98D	\$8.2	\$8.6	\$0.4
Urban Kowloon and New Territories	99	\$4.6	\$4.8	\$0.2
Urban Kowloon and New Territories	203	\$7.0	\$7.0	\$0.0
Urban Kowloon and New Territories	203E	\$4.7	\$5.0	\$0.3

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
Urban Kowloon and New Territories	208	\$7.0	\$7.0	\$0.0
Urban Kowloon and New Territories	211	\$3.1	\$3.3	\$0.2
Urban Kowloon and New Territories	212	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	215X	\$6.2	\$6.5	\$0.3
Urban Kowloon and New Territories	216M	\$2.8	\$2.9	\$0.1
Urban Kowloon and New Territories	219X	\$6.2	\$6.5	\$0.3
Urban Kowloon and New Territories	224M	\$2.7	\$2.8	\$0.1
Urban Kowloon and New Territories	224X	\$6.2	\$6.5	\$0.3
Urban Kowloon and New Territories	230X	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	234A	\$4.9	\$5.2	\$0.3
Urban Kowloon and New Territories	234B	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	234S	\$4.9	\$5.2	\$0.3
Urban Kowloon and New Territories	234X	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	235	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	235M	\$3.2	\$3.4	\$0.2
Urban Kowloon and New Territories	237A	\$6.4	\$6.4	\$0.0
Urban Kowloon and New Territories	238M	\$3.0	\$3.2	\$0.2
Urban Kowloon and New Territories	238X	\$7.0	\$7.0	\$0.0
Urban Kowloon and New Territories	242X	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	243M	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	248M	\$3.2	\$3.4	\$0.2
Urban Kowloon and New Territories	248P	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	249M	\$3.2	\$3.4	\$0.2
Urban Kowloon and New Territories	251M	\$8.4	\$8.8	\$0.4
Urban Kowloon and New Territories	252B	\$11.5	\$11.5	\$0.0
Urban Kowloon and New Territories	257B	\$12.0	\$12.1	\$0.1
Urban Kowloon and New Territories	258D	\$14.5	\$14.7	\$0.2
Urban Kowloon and New Territories	259B	\$12.0	\$12.6	\$0.6
Urban Kowloon and New Territories	259C	\$12.0	\$12.1	\$0.1
Urban Kowloon and New Territories	259D	\$14.5	\$14.7	\$0.2
Urban Kowloon and New Territories	259E	\$7.5	\$7.8	\$0.3
Urban Kowloon and New Territories	260B	\$12.0	\$12.1	\$0.1
Urban Kowloon and New Territories	260C	\$8.0	\$8.4	\$0.4
Urban Kowloon and New Territories	260X	\$13.0	\$13.3	\$0.3
Urban Kowloon and New Territories	261	\$12.0	\$12.0	\$0.0
Urban Kowloon and New Territories	261B	\$12.0	\$12.1	\$0.1

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
Urban Kowloon and New Territories	263	\$13.0	\$13.0	\$0.0
Urban Kowloon and New Territories	263M	\$9.1	\$9.6	\$0.5
Urban Kowloon and New Territories	264M	\$9.1	\$9.6	\$0.5
Urban Kowloon and New Territories	265B	\$13.0	\$13.3	\$0.3
Urban Kowloon and New Territories	265M	\$9.1	\$9.6	\$0.5
Urban Kowloon and New Territories	267S	\$12.0	\$12.1	\$0.1
Urban Kowloon and New Territories	268B	\$16.5	\$16.5	\$0.0
Urban Kowloon and New Territories	268C	\$16.5	\$16.5	\$0.0
Urban Kowloon and New Territories	269B	\$16.5	\$16.5	\$0.0
Urban Kowloon and New Territories	269C	\$16.5	\$16.5	\$0.0
Urban Kowloon and New Territories	269D	\$14.5	\$14.5	\$0.0
Urban Kowloon and New Territories	269M	\$9.1	\$9.6	\$0.5
Urban Kowloon and New Territories	270	\$3.0	\$3.2	\$0.2
Urban Kowloon and New Territories	270A	\$12.3	\$13.0	\$0.7
Urban Kowloon and New Territories	271	\$9.1	\$9.6	\$0.5
Urban Kowloon and New Territories	272K	\$3.1	\$3.3	\$0.2
Urban Kowloon and New Territories	272P	\$9.1	\$9.6	\$0.5
Urban Kowloon and New Territories	272S	\$6.5	\$6.5	\$0.0
Urban Kowloon and New Territories	273	\$3.0	\$3.2	\$0.2
Urban Kowloon and New Territories	273A	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	273B	\$3.0	\$3.2	\$0.2
Urban Kowloon and New Territories	273P	\$8.4	\$8.8	\$0.4
Urban Kowloon and New Territories	274P	\$6.9	\$6.9	\$0.0
Urban Kowloon and New Territories	275	\$4.3	\$4.5	\$0.2
Urban Kowloon and New Territories	276	\$7.6	\$8.0	\$0.4
Urban Kowloon and New Territories	276A	\$7.6	\$8.0	\$0.4
Urban Kowloon and New Territories	277	\$6.4	\$6.7	\$0.3
Urban Kowloon and New Territories	277X	\$13.0	\$13.0	\$0.0
Urban Kowloon and New Territories	278K	\$3.0	\$3.2	\$0.2
Urban Kowloon and New Territories	278X	\$10.9	\$11.5	\$0.6
Urban Kowloon and New Territories	279X	\$12.5	\$13.2	\$0.7
Urban Kowloon and New Territories	280P	\$7.0	\$7.0	\$0.0
Urban Kowloon and New Territories	281A	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	282	\$3.1	\$3.3	\$0.2
Urban Kowloon and New Territories	283	\$3.5	\$3.7	\$0.2
Urban Kowloon and New Territories	284	\$3.1	\$3.3	\$0.2

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
Urban Kowloon and New Territories	286M	\$6.1	\$6.2	\$0.1
Urban Kowloon and New Territories	289K	\$3.8	\$4.0	\$0.2
Urban Kowloon and New Territories	292P	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories	296A	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	296C	\$7.2	\$7.2	\$0.0
Urban Kowloon and New Territories	296D	\$8.2	\$8.2	\$0.0
Urban Kowloon and New Territories	296M	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	297	\$8.2	\$8.6	\$0.4
Urban Kowloon and New Territories	298E	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories	299	\$9.0	\$9.0	\$0.0
Urban Kowloon and New Territories	B1	\$11.0	\$11.6	\$0.6
Urban Kowloon and New Territories	K12	\$3.2	\$3.4	\$0.2
Urban Kowloon and New Territories	K14	\$3.2	\$3.4	\$0.2
Urban Kowloon and New Territories	K16	\$4.3	\$4.4	\$0.1
Urban Kowloon and New Territories	K17	\$3.2	\$3.4	\$0.2
Urban Kowloon and New Territories	K18	\$3.2	\$3.4	\$0.2
Cross Harbour	101	\$9.4	\$9.8	\$0.4
Cross Harbour	102	\$9.4	\$9.8	\$0.4
Cross Harbour	103	\$9.4	\$9.8	\$0.4
Cross Harbour	104	\$9.4	\$9.8	\$0.4
Cross Harbour	106	\$9.4	\$9.8	\$0.4
Cross Harbour	107	\$10.6	\$11.1	\$0.5
Cross Harbour	108	\$8.9	\$9.3	\$0.4
Cross Harbour	109	\$8.9	\$9.3	\$0.4
Cross Harbour	110	\$8.9	\$9.3	\$0.4
Cross Harbour	111	\$8.9	\$9.3	\$0.4
Cross Harbour	112	\$8.9	\$9.3	\$0.4
Cross Harbour	113	\$9.4	\$9.8	\$0.4
Cross Harbour	115	\$8.9	\$9.3	\$0.4
Cross Harbour	116	\$9.4	\$9.8	\$0.4
Cross Harbour	117	\$8.9	\$9.3	\$0.4
Cross Harbour	118	\$9.4	\$9.8	\$0.4
Cross Harbour	170	\$15.3	\$16.0	\$0.7
Cross Harbour	171	\$10.6	\$11.1	\$0.5
Cross Harbour	182	\$15.3	\$16.0	\$0.7
Cross Harbour	301	\$8.1	\$8.4	\$0.3

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Cross Harbour	302	\$10.1	\$10.5	\$0.4
Cross Harbour	305	\$15.3	\$16.0	\$0.7
Cross Harbour	307	\$20.3	\$21.2	\$0.9
Cross Harbour	336	\$15.3	\$16.0	\$0.7
Cross Harbour	373	\$21.4	\$22.3	\$0.9
Cross Harbour	601	\$9.4	\$9.8	\$0.4
Cross Harbour	603	\$10.1	\$10.5	\$0.4
Cross Harbour	606	\$9.4	\$9.8	\$0.4
Cross Harbour	619	\$9.4	\$9.8	\$0.4
Cross Harbour	621	\$10.1	\$10.5	\$0.4
Cross Harbour	641	\$10.1	\$10.5	\$0.4
Cross Harbour	671	\$10.6	\$11.1	\$0.5
Cross Harbour	680	\$18.2	\$19.0	\$0.8
Cross Harbour	681	\$18.2	\$19.0	\$0.8
Cross Harbour	681P	\$18.2	\$19.0	\$0.8
Cross Harbour	690	\$12.8	\$13.4	\$0.6
Cross Harbour	692	\$12.8	\$13.4	\$0.6
Cross Harbour	904	\$9.4	\$9.8	\$0.4
Cross Harbour	905	\$9.4	\$9.8	\$0.4
Cross Harbour	914	\$8.9	\$9.3	\$0.4
Cross Harbour	934	\$15.3	\$16.0	\$0.7
Cross Harbour	935	\$15.3	\$16.0	\$0.7
Cross Harbour	948	\$15.3	\$16.0	\$0.7
Cross Harbour	960	\$18.2	\$18.8	\$0.6
Cross Harbour	961	\$18.2	\$18.8	\$0.6
Cross Harbour	968	\$20.7	\$21.4	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	3S	\$4.1	\$4.3	\$0.2
Urban Kowloon and New Territories Recreation and Special Services	14S	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories Recreation and Special Services	38S	\$4.0	\$4.2	\$0.2
Urban Kowloon and New Territories Recreation and Special Services	59S	\$15.6	\$16.4	\$0.8
Urban Kowloon and New Territories Recreation and Special Services	70S	\$15.0	\$15.8	\$0.8

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories Recreation and Special Services	73S	\$7.8	\$8.2	\$0.4
Urban Kowloon and New Territories Recreation and Special Services	74S	\$15.5	\$16.3	\$0.8
Urban Kowloon and New Territories Recreation and Special Services	76S	\$4.2	\$4.4	\$0.2
Urban Kowloon and New Territories Recreation and Special Services	96R	\$15.6	\$16.4	\$0.8
Urban Kowloon and New Territories Recreation and Special Services	275R	\$8.6	\$9.1	\$0.5
Urban Kowloon and New Territories Recreation and Special Services	N43	\$6.5	\$6.8	\$0.3
Urban Kowloon and New Territories Recreation and Special Services	N60	\$14.4	\$15.2	\$0.8
Urban Kowloon and New Territories Recreation and Special Services	N68	\$19.0	\$20.0	\$1.0
Urban Kowloon and New Territories Recreation and Special Services	N76	\$8.2	\$8.6	\$0.4
Urban Kowloon and New Territories Recreation and Special Services	N80	\$11.7	\$12.3	\$0.6
Urban Kowloon and New Territories Recreation and Special Services	N82	\$11.7	\$12.3	\$0.6
Urban Kowloon and New Territories Recreation and Special Services	N85	\$13.3	\$14.0	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	N86	\$9.4	\$9.9	\$0.5
Urban Kowloon and New Territories Recreation and Special Services	N87	\$8.2	\$8.6	\$0.4
Urban Kowloon and New Territories Recreation and Special Services	N216	\$11.2	\$11.8	\$0.6
Urban Kowloon and New Territories Recreation and Special Services	N237	\$7.5	\$7.9	\$0.4
Urban Kowloon and New Territories Recreation and Special Services	N241	\$13.3	\$14.0	\$0.7
Urban Kowloon and New Territories Recreation and Special Services	N260	\$9.1	\$9.6	\$0.5

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Urban Kowloon and New Territories Recreation and Special Services	N269	\$10.5	\$11.1	\$0.6
Urban Kowloon and New Territories Recreation and Special Services	N270	\$10.0	\$10.5	\$0.5
Urban Kowloon and New Territories Recreation and Special Services	N271	\$16.2	\$17.1	\$0.9
Urban Kowloon and New Territories Recreation and Special Services	N277	\$9.4	\$9.9	\$0.5
Urban Kowloon and New Territories Recreation and Special Services	N281	\$14.3	\$15.1	\$0.8
Urban Kowloon and New Territories Recreation and Special Services	N293	\$14.0	\$14.7	\$0.7
Cross Harbour Recreation & Special Services	101R	\$12.8	\$13.4	\$0.6
Cross Harbour Recreation & Special Services	102R	\$12.8	\$13.4	\$0.6
Cross Harbour Recreation & Special Services	N112	\$12.8	\$13.4	\$0.6
Cross Harbour Recreation & Special Services	N118	\$12.8	\$13.4	\$0.6
Cross Harbour Recreation & Special Services	N121	\$12.8	\$13.4	\$0.6
Cross Harbour Recreation & Special Services	N122	\$12.8	\$13.4	\$0.6
Cross Harbour Recreation & Special Services	N170	\$23.0	\$24.0	\$1.0
Cross Harbour Recreation & Special Services	N171	\$15.8	\$16.5	\$0.7
Cross Harbour Recreation & Special Services	N182	\$23.0	\$24.0	\$1.0
Cross Harbour Recreation & Special Services	N619	\$12.8	\$13.4	\$0.6
Cross Harbour Recreation & Special Services	N680	\$24.6	\$25.6	\$1.0
Cross Harbour Recreation & Special Services	N691	\$20.3	\$21.2	\$0.9

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Cross Harbour Recreation & Special Services	N968	\$31.0	\$32.2	\$1.2
Urban Kowloon and New Territories Racecourse	848	\$23.6	\$24.9	\$1.3
Urban Kowloon and New Territories Racecourse	868	\$31.5	\$33.2	\$1.7
Urban Kowloon and New Territories Racecourse	869	\$38.0	\$40.0	\$2.0
Urban Kowloon and New Territories Racecourse	872	\$14.6	\$15.4	\$0.8
Urban Kowloon and New Territories Racecourse	885	\$14.6	\$15.4	\$0.8
Urban Kowloon and New Territories Racecourse	886	\$23.6	\$24.9	\$1.3
Urban Kowloon and New Territories Racecourse	887	\$14.6	\$15.4	\$0.8
Urban Kowloon and New Territories Racecourse	888	\$9.0	\$9.5	\$0.5
Urban Kowloon and New Territories Racecourse	889	\$23.6	\$24.9	\$1.3
Urban Kowloon and New Territories Racecourse	891	\$14.6	\$15.4	\$0.8
Urban Kowloon and New Territories Racecourse	893	\$32.0	\$33.7	\$1.7
Cross Harbour Racecourse	802	\$34.2	\$35.6	\$1.4
Cross Harbour Racecourse	807	\$34.2	\$35.6	\$1.4
Cross Harbour Racecourse	811	\$34.2	\$35.6	\$1.4

Long Win Bus Company Limited
Approved New Fares on Individual Routes

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
<u>Airbus Services</u>				
5 Air-Conditioned Routes				
Airbus Services	A31	\$17.0	\$17.8	\$0.8
Airbus Services	A33	\$25.0	\$26.1	\$1.1
Airbus Services	A41	\$20.0	\$21.0	\$1.0
Airbus Services	A41P	\$25.0	\$26.1	\$1.1
Airbus Services	A43	\$28.0	\$29.2	\$1.2
<u>North Lantau External Services</u>				
6 Air-Conditioned Routes				
North Lantau External Services	E31	\$10.0	\$10.5	\$0.5
North Lantau External Services	E32	\$10.0	\$10.5	\$0.5
North Lantau External Services	E33	\$13.0	\$13.6	\$0.6
North Lantau External Services	E34	\$13.0	\$13.6	\$0.6
North Lantau External Services	E41	\$13.0	\$13.6	\$0.6
North Lantau External Services	E42	\$13.0	\$13.6	\$0.6
<u>North Lantau Shuttle Services</u>				
2 Air-Conditioned Routes				
North Lantau Shuttle Services	S1	\$3.5	\$3.5	\$0.0
North Lantau Shuttle Services	S64	\$3.5	\$3.6	\$0.1
<u>Overnight Services</u>				
4 Air-Conditioned Routes				
North Lantau External Services	N30	\$26.0	\$27.1	\$1.1
North Lantau External Services	N31	\$20.0	\$20.9	\$0.9
North Lantau External Services	N42	\$25.0	\$26.1	\$1.1
North Lantau External Services	N42A	\$28.0	\$29.2	\$1.2

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
<u>Recreation and Special Services</u>				
5 Air-Conditioned Routes				
Recreational and Special Services	R8	\$7.0	\$7.0	\$0.0
Recreational and Special Services	R33	\$19.9	\$21.0	\$1.1
Recreational and Special Services	R42	\$19.9	\$21.0	\$1.1
Recreational and Special Services	X33	\$25.0	\$26.2	\$1.2
Recreational and Special Services	X41	\$25.0	\$26.2	\$1.2

New Lantao Bus Company (1973) Limited
Approved New Fares on Individual Routes

Route Group	Route No.	Existing Fare	Absolute New Fare	Absolute Increase	Existing Fare	Absolute New Fare	Absolute Increase
			<u>Mondays to Saturdays (except Public Holidays)</u>		<u>Sundays and Public Holidays</u>		
			<u>South and North-South Lantao Routes</u>				
17 Air-Conditioned Routes							
Ordinary Routes	1	\$10.0	\$10.7	\$0.7	\$16.5	\$17.7	\$1.2
Ordinary Routes	3M	\$9.8	\$10.5	\$0.7	\$15.0	\$16.2	\$1.2
Ordinary Routes	4	\$5.2	\$5.6	\$0.4	\$10.0	\$10.8	\$0.8
Ordinary Routes	11	\$11.0	\$11.8	\$0.8	\$18.0	\$19.2	\$1.2
Ordinary Routes	A35	\$14.0	\$15.0	\$1.0	\$23.0	\$25.0	\$2.0
Ngong Ping Routes	2	\$16.0	\$17.2	\$1.2	\$25.0	\$27.0	\$2.0
Ngong Ping Routes	21	\$6.3	\$6.6	\$0.3	\$13.0	\$14.0	\$1.0
Ngong Ping Routes	23	\$16.0	\$17.2	\$1.2	\$25.0	\$27.0	\$2.0
Recreational, Overnight and Special Routes	1R	--	--	--	\$40.0	\$43.0	\$3.0
Recreational, Overnight and Special Routes	1S	\$11.8	\$14.0	\$2.2	\$19.0	\$21.5	\$2.5
Recreational, Overnight and Special Routes	2S	\$16.0	\$18.0	\$2.0	\$25.0	\$27.5	\$2.5
Recreational, Overnight and Special Routes	11S	\$11.8	\$14.0	\$2.2	\$19.0	\$21.5	\$2.5
Recreational, Overnight and Special Routes	13S	\$10.5	\$12.0	\$1.5	\$17.0	\$19.5	\$2.5
Recreational, Overnight and Special Routes	21S	\$6.3	\$7.0	\$0.7	\$13.0	\$14.0	\$1.0
Recreational, Overnight and Special Routes	23S	\$16.0	\$18.0	\$2.0	\$25.0	\$27.5	\$2.5
Recreational, Overnight and Special Routes	N1	\$16.0	\$16.0	\$0.0	\$25.0	\$27.0	\$2.0
Recreational, Overnight and Special Routes	N35	\$20.0	\$21.0	\$1.0	\$30.0	\$32.0	\$2.0

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase	Existing Fare	New Fare	Absolute Increase
							<u>Daily</u>
North Lantau and New Territories Routes							
8 Air-Conditioned Routes							
North Lantau Routes	34				\$4.0	\$4.3	\$0.3
North Lantau Routes	36				\$4.0	\$4.3	\$0.3
North Lantau Routes	37				\$3.0	\$3.2	\$0.2
North Lantau Routes	37P				\$3.0	\$3.2	\$0.2
North Lantau Routes	38				\$3.0	\$3.1	\$0.1
North Lantau Routes	38P				\$3.0	\$3.1	\$0.1
Recreational, Overnight and Special Routes	N38				\$4.5	\$4.5	\$0.0
New Territories Routes	B2				\$11.0	\$12.0	\$1.0

Citybus Limited (Franchise for Hong Kong Island and Cross Harbour Routes)

Approved New Fares on Individual Routes

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
<u>Cross Harbour Routes</u>				
30 Air-conditioned Routes				
Regular Services	102	\$9.4	\$9.8	\$0.4
Regular Services	103	\$9.4	\$9.8	\$0.4
Regular Services	107	\$10.6	\$11.1	\$0.5
Regular Services	117	\$8.9	\$9.3	\$0.4
Regular Services	118	\$9.4	\$9.8	\$0.4
Regular Services	170	\$15.3	\$16.0	\$0.7
Regular Services	171	\$10.6	\$11.1	\$0.5
Regular Services	182	\$15.3	\$16.0	\$0.7
Regular Services	307	\$20.3	\$21.2	\$0.9
Regular Services	606	\$9.4	\$9.8	\$0.4
Regular Services	619	\$9.4	\$9.8	\$0.4
Regular Services	621	\$10.1	\$10.5	\$0.4
Regular Services	671	\$10.6	\$11.1	\$0.5
Regular Services	681	\$18.2	\$19.0	\$0.8
Regular Services	681P	\$18.2	\$19.0	\$0.8
Regular Services	690	\$12.8	\$13.4	\$0.6
Regular Services	930	\$15.3	\$16.0	\$0.7
Regular Services	962	\$18.2	\$18.8	\$0.6
Regular Services	967	\$20.7	\$21.4	\$0.7
Regular Services	969	\$20.7	\$21.4	\$0.7
Regular Services	973	\$13.0	\$13.6	\$0.6
Recreation, Special and All Night Services	698R	\$26.0	\$27.2	\$1.2
Recreation, Special and All Night Services	N118	\$12.8	\$13.4	\$0.6
Recreation, Special and All Night Services	N170	\$23.0	\$24.0	\$1.0
Recreation, Special and All Night Services	N171	\$15.8	\$16.5	\$0.7
Recreation, Special and All Night Services	N182	\$23.0	\$24.0	\$1.0
Recreation, Special and All Night Services	N619	\$12.8	\$13.4	\$0.6
Recreation, Special and All Night Services	N962	\$27.3	\$28.3	\$1.0

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Recreation, Special and All Night Services	N969	\$31.0	\$32.2	\$1.2
Sha Tin Racecourse	807	\$34.2	\$35.6	\$1.4

Note

The fares of all Hong Kong Island routes and Urban Kowloon & New Territories routes remain unchanged.

New World First Bus Services Limited
Approved New Fares on Individual Routes

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
<u>Hong Kong Island</u>				
59 Air-Conditioned Routes				
Urban	2	\$3.9	\$4.1	\$0.2
Urban	2A	\$3.9	\$4.1	\$0.2
Urban	2X	\$5.3	\$5.6	\$0.3
Urban	4	\$5.0	\$5.3	\$0.3
Urban	8	\$5.8	\$6.1	\$0.3
Urban	8P	\$5.8	\$6.1	\$0.3
Urban	9	\$6.5	\$6.9	\$0.4
Urban	14	\$8.4	\$8.9	\$0.5
Urban	18	\$4.9	\$5.2	\$0.3
Urban	30X	\$6.5	\$6.5	\$0
Urban	38	\$6.5	\$6.9	\$0.4
Urban	42	\$6.5	\$6.9	\$0.4
Urban	43X	\$5.5	\$5.8	\$0.3
Urban	46X	\$6.1	\$6.5	\$0.4
Urban	63	\$8.4	\$8.9	\$0.5
Urban	66	\$8.4	\$8.9	\$0.5
Urban	78	\$3.0	\$3.2	\$0.2
Urban	81	\$4.3	\$4.6	\$0.3
Urban	81A	\$4.3	\$4.6	\$0.3
Urban	81S	\$5.8	\$6.1	\$0.3
Urban	82	\$3.9	\$4.1	\$0.2
Urban	84M	\$3.4	\$3.6	\$0.2
Urban	84S	\$3.9	\$4.1	\$0.2
Urban	91	\$5.5	\$5.8	\$0.3
Urban	91A	\$3.0	\$3.2	\$0.2
Urban	93	\$6.5	\$6.9	\$0.4
Urban	93A	\$6.5	\$6.9	\$0.4
Urban	94	\$5.5	\$5.8	\$0.3
Urban	94A	\$3.0	\$3.2	\$0.2
Urban	94X	\$5.8	\$6.1	\$0.3
Urban	95	\$3.0	\$3.2	\$0.2

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
Urban	95B	\$3.0	\$3.2	\$0.2
Urban	590A	\$6.1	\$6.5	\$0.4
Urban	595	\$3.0	\$3.2	\$0.2
Urban	720	\$6.1	\$6.5	\$0.4
Urban	720A	\$6.1	\$6.5	\$0.4
Urban	M590	\$6.5	\$6.9	\$0.4
Urban	M722	\$6.1	\$6.5	\$0.4
Mid-levels	3A	\$5.3	\$5.6	\$0.3
Mid-levels	13	\$4.7	\$5.0	\$0.3
Mid-levels	15	\$9.2	\$9.8	\$0.6
Mid-levels	19	\$4.8	\$5.1	\$0.3
Mid-levels	23	\$6.5	\$6.9	\$0.4
Mid-levels	23A	\$4.7	\$5.0	\$0.3
Mid-levels	23B	\$6.5	\$6.9	\$0.4
Mid-levels	25	\$6.5	\$6.9	\$0.4
Mid-levels	26	\$4.7	\$5.0	\$0.3
Mid-levels	27	\$4.2	\$4.4	\$0.2
Recreation, Special and All Night Services	15A	\$11.0	\$11.6	\$0.6
Recreation, Special and All Night Services	15B	\$9.1	\$9.6	\$0.5
Recreation, Special and All Night Services	15C	\$4.0	\$4.2	\$0.2
Recreation, Special and All Night Services	65	\$8.4	\$8.9	\$0.5
Recreation, Special and All Night Services	309	\$11.6	\$12.3	\$0.7
Recreation, Special and All Night Services	315	\$9.2	\$9.7	\$0.5
Recreation, Special and All Night Services	388	\$6.5	\$6.9	\$0.4
Recreation, Special and All Night Services	389	\$7.0	\$7.4	\$0.4
Recreation, Special and All Night Services	399	\$8.4	\$8.9	\$0.5
Recreation, Special and All Night Services	N8	\$6.3	\$6.7	\$0.4
Recreation, Special and All Night Services	N8P	\$6.8	\$7.2	\$0.4

Urban Kowloon and New Territories

11 Air-Conditioned Routes

Regular Services	701	\$3.5	\$3.7	\$0.2
Regular Services	702	\$3.2	\$3.4	\$0.2
Regular Services	702A	\$3.5	\$3.7	\$0.2
Regular Services	792M	\$6.5	\$6.9	\$0.4
Regular Services	796B	\$7.0	\$7.4	\$0.4

Route Group	Route No.	Existing		Absolute
		Fare	New Fare	Increase
Regular Services	796C	\$7.5	\$7.9	\$0.4
Regular Services	796S	\$4.3	\$4.6	\$0.3
Regular Services	796X	\$7.1	\$7.5	\$0.4
Regular Services	797M	\$4.3	\$4.6	\$0.3
Recreation, Special and All Night Services	701S	\$5.0	\$5.3	\$0.3
Recreation, Special and All Night Services	N796	\$14.0	\$14.8	\$0.8

Cross Harbour

34 Air-Conditioned Routes

Regular Services	101	\$9.4	\$9.8	\$0.4
Regular Services	104	\$9.4	\$9.8	\$0.4
Regular Services	106	\$9.4	\$9.8	\$0.4
Regular Services	109	\$8.9	\$9.3	\$0.4
Regular Services	110	\$8.9	\$9.3	\$0.4
Regular Services	111	\$8.9	\$9.3	\$0.4
Regular Services	112	\$8.9	\$9.3	\$0.4
Regular Services	113	\$9.4	\$9.8	\$0.4
Regular Services	115	\$8.9	\$9.3	\$0.4
Regular Services	116	\$9.4	\$9.8	\$0.4
Regular Services	301	\$8.1	\$8.4	\$0.3
Regular Services	302	\$10.1	\$10.5	\$0.4
Regular Services	305	\$15.3	\$16.0	\$0.7
Regular Services	601	\$9.4	\$9.8	\$0.4
Regular Services	641	\$10.1	\$10.5	\$0.4
Regular Services	680	\$18.2	\$19.0	\$0.8
Regular Services	682	\$18.2	\$19.0	\$0.8
Regular Services	692	\$12.8	\$13.4	\$0.6
Regular Services	694	\$12.8	\$13.4	\$0.6
Regular Services	904	\$9.4	\$9.8	\$0.4
Regular Services	905	\$9.4	\$9.8	\$0.4
Regular Services	914	\$8.9	\$9.3	\$0.4
Regular Services	948	\$15.3	\$16.0	\$0.7
Regular Services	970	\$10.6	\$11.0	\$0.4
Regular Services	971	\$10.6	\$11.0	\$0.4
Recreation, Special and All Night Services	101R	\$12.8	\$13.4	\$0.6
Recreation, Special and All Night Services	102R	\$12.8	\$13.4	\$0.6

Route Group	Route No.	Existing Fare	New Fare	Absolute Increase
Recreation, Special and All Night Services	N112	\$12.8	\$13.4	\$0.6
Recreation, Special and All Night Services	N121	\$12.8	\$13.4	\$0.6
Recreation, Special and All Night Services	N122	\$12.8	\$13.4	\$0.6
Recreation, Special and All Night Services	N680	\$24.6	\$25.6	\$1.0
Recreation, Special and All Night Services	N691	\$20.3	\$21.2	\$0.9
Sha Tin Racecourse	802	\$34.2	\$35.6	\$1.4
Sha Tin Racecourse	811	\$34.2	\$35.6	\$1.4

15 May 2008

Ms Eva Cheng, JP
Secretary for Transport and Housing
2/F Main and East Wings
Central Government Offices
Lower Albert Road
Central
Hong Kong

Dear Ms Cheng,

Franchised Bus Fare Increase Applications

This letter sets out the Transport Advisory Committee (“TAC”)’s advice to the Chief Executive in Council (“CE-in-Council”) on the fare increase applications from The Kowloon Motor Bus Company (1933) Limited (“KMB”), Long Win Bus Company Limited (“LW”), New Lantau Bus Company (1973) Limited (“NLB”), Citybus Limited (Franchise for Hong Kong Island and Cross-harbour Routes) (“Citybus (Franchise 1)”), Citybus (Franchise for North Lantau and Chek Lap Kok Airport Routes) (Citybus (“Franchise 2”)) and New World First Bus Services Limited (“NWFB”).

In advising on the franchised bus fare increase applications, Members have taken into account all relevant factors under the bus fare adjustment arrangement approved by CE-in-Council on 10 January 2006, including –

- (a) changes in operating costs and revenue since the operator’s last fare adjustment or commencement of operation if the operator has not increased its fares before;
- (b) forecasts of future costs, revenue and return;
- (c) the need to provide the operators 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 (supportable fare adjustment rate = $0.5 \times \text{Change in Wage Index} + 0.5 \times \text{Change in Composite Consumer Price Index ("CCPI")} - 0.5 \times \text{Productivity Gain}$). This formula does not operate as an automatic determinant of the bus fare adjustment outcome. The outcome serves as a reference indicator in considering whether the fare adjustment rate is supportable and justifiable at a given juncture.

Members noted that based on the latest indices published by the Census and Statistics Department (i.e., the CCPI for the period from January 2006 to March 2008 and the nominal wage index for the transport sector from the first quarter of 2006 to the fourth quarter of 2007) and the productivity gain, the outcome of the formula is +4.67%. As regards the magnitude of change in the Median Monthly Household Income (MMHI), it has increased by 2.9% from the first quarter of 2006 to the fourth quarter of 2007.

Members noted that both the formula outcome and the change in MMHI are positive and that the franchised bus operators have been providing proper, efficient and quality services to the travelling public. They have also launched various service improvement initiatives, ranging from fleet management to environmental performance, in accordance with the commitments they had made before the grant of their existing franchises.

Members noted that KMB, NLB, Citybus (Franchise 1) and NWFB last increased their bus fares on 1 December 1997, 1 April 1998, 1 December 1997 and 22 April 2001 respectively. LW and Citybus (Franchise 2) have not increased their fares since the commencement of their full operation in July 1998.

As regards the changes in the franchised bus operators' costs, revenue and return, Members noted that their operating costs are not fully elastic. For those companies which had not increased fares after 1998, their operating costs had increased considerably, ranging from about 20% to 50% despite deflation in some of the years during this period. For KMB, NLB and Citybus (Franchise 1), their operating costs cumulatively increased more than their revenues. For LW and Citybus (Franchise 2), the growth in their revenues is faster than that in their operating costs. For NWFB, although there was minor decrease in its operating costs since its last fare increase, its revenue has decreased at a faster pace.

As regards returns during the past relevant period, KMB's financial performance was very positive in the major part of the past ten

years. But in recent years its return has started to drop significantly from its peak. LW has negative return in its early years of operation, but has improved in the past few years. NLB's financial performance has fluctuated significantly and has been suffering losses in recent years. Citybus (Franchise 1)'s and NWFB's returns have been quite stable since their last fare increase whereas Citybus (Franchise 2)'s financial performance has remained rather strong in recent years.

As regards the forecasts of future costs, revenue and return, Members noted that, in the light of the general trend of inflation and the recent fuel price hike, the operating costs of the franchised bus operators are forecast to continue to rise while the growth in revenue at existing fares will be limited in the coming two years. NLB is forecast to have negative returns even if its proposed 7.24% fare increase is approved. KMB, LW and NWFB are forecast to have rather low returns in the coming years at the existing fare levels. Citybus (Franchise 1)'s return will drop considerably if no fare increase is made whereas Citybus (Franchise 2)'s financial performance is forecast to remain strong.

Taking into account all the relevant factors, TAC considers that it is justified to allow KMB, LW, NLB, Citybus (Franchise 1) and NWFB to increase fares by 4.5%, 4.5%, 7.24%, 2% and 5% respectively and supports no fare increase be approved for Citybus (Franchise 2). TAC considers that these fare increase rates would be able to strike a balance between minimizing the impact of bus fare increases on passengers while at the same time allowing bus operators to have reasonable rates of return to enable them to sustain the provision of proper and efficient services to the public as well as to continuously improve their services.

I would be grateful if you would kindly convey TAC's advice to the CE-in-Council for consideration. TAC's advice may be released for public information in due course after the CE-in-Council's decision is announced.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Teresa Cheng', with a stylized flourish at the end.

(Teresa Cheng)
Chairman

Transport Advisory Committee