

# 立法會 *Legislative Council*

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## **Panel on Transport Meeting on 16 March 2018**

### **Background brief on fare increase application from Hong Kong Tramways Limited**

#### **Purpose**

This paper provides background information on fare increase application from Hong Kong Tramways Limited ("HKT"), and summarizes the major views and concerns expressed by Legislative Council Members on this and related issues previously.

#### **Background**

2. HKT operates seven routes on 13 kilometres of double track along the northern shore of Hong Kong Island between Kennedy Town and Shau Kei Wan, and about three kilometers of single track around Happy Valley. HKT's average daily patronage was declining, with the reduction from 224 700 in 2007 to 172 100 in 2017 (about 23.4%). The relevant figures are tabulated in **Appendix I**.

3. The existing rates of fares for the tramway are set out in the Schedule to the Tramway Ordinance (Alteration of Fares) Notice (Cap. 107 sub. leg. D) with the following details:

Person (aged 12 or above)	\$2.3
Child (aged 3 to 12)	\$1.2
Monthly ticket	\$200
Tourist ticket	\$34

Besides, HKT has since 1994 been offering concessionary fares for the elderly. Currently, the tram fare for elderly aged 65 or above is \$1.1.

4. The fares payable for travelling on the tramway may be altered under section 51 of the Tramway Ordinance (Cap. 107).<sup>1</sup> According to the Administration, when considering fare increase applications for the tramway, it would take into account the changes in operating costs and revenue, forecasts of future costs and revenue, and the financial position of HKT; public acceptability; and the quality and quantity of tram services provided. The Administration would make reference to the views of the members of the Panel on Transport ("the Panel") and the Transport Advisory Committee before submitting recommendations to the Chief Executive in Council for consideration in accordance with the Tramway Ordinance.

5. HKT last submitted its application for fare increase by 23.5% to 30% in August 2010 on the grounds of an increase of its operating costs from 1999 to 2009, a decrease in revenue caused by a declining patronage and the need to implement seven improvement projects to enhance the performance and long-term sustainability of the tramway system. Having assessed HKT's service performance, changes in its operating costs and revenue since 1998, forecasts of future operating costs and revenue, implication of the improvement projects proposed by HKT and the public acceptability of the proposed increase, the Administration recommended an increase at lower rates. HKT agreed and eventually increased its fares by 15% to 20% in June 2011.

### **Major views and concerns of Members**

6. The Panel was consulted on HKT's last fare increase application at its meeting on 17 December 2010. Council questions have also been raised on matters related to tram fares in recent years. The major views and concerns of Members are summarized in the ensuing paragraphs.

#### Magnitude of fare increase

7. When discussing HKT's last fare increase application, members in general considered HKT's original proposed rate of increase (i.e. 23.5% to 30%) too drastic to accept having regard to the impact on the grassroots. They, however, agreed to the need to ensure the financial viability of tram service in

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<sup>1</sup> Section 51 of the Tramway Ordinance stipulates that:

- (a) subject to the consent of the Chief Executive in Council it shall be lawful for the company to alter the rates of fares for the time being authorized in respect of the whole or any portion of the tramway; and
- (b) any such alteration shall come into force one month after its publication in the Gazette or within such shorter period after such publication as the Chief Executive in Council may order.

recognition of its cultural and historical values. To mitigate impact of the proposed tram fare increase, some members suggested that the increase could be implemented over a certain period of time, so that the annual rate of increase would be more acceptable.

8. While some members welcomed HKT's plan to implement seven improvement projects in recognition of the conservation value of tram service, they considered it unreasonable to justify fare increase by the need to make capital investment in such projects. HKT responded that with the proposed fare increase, it was hoped that funding could be secured for continuous investment in the projects.

#### Fare concessions

9. Some members urged HKT to consider providing interchange discounts and promotional discounts in addition to monthly tickets to improve patronage, and refrain from increasing fares for the elderly in recognition that they most preferred tram service and their number was insignificant. HKT responded that tram lines had been well connected with certain MTR stations such as Sheung Wan Station. However, to encourage interchange at more stations, there was a need to provide the necessary interchange facilities to ensure a smooth and convenient connection, and this could be a challenge. As to promotional fares, since the monthly ticket was targeted at frequent users, its fare had already been very low.

10. At the Council meetings of 15 February and 19 December 2012, and 9 November 2016, some Members raised questions asking whether the Administration would plan to extend the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ("the Scheme") to tram service.

11. According to the Administration, the Scheme aimed to allow elderly people and eligible persons with disabilities to travel on specified modes of public transport and use their services at a concessionary fare of \$2 per trip. If the fare for elderly people and eligible persons with disabilities charged by the relevant public transport operators was lower than \$2, the original fare which was below \$2 would be charged. Currently, the tram fare for the elderly was \$1.1, which was lower than the concessionary fare of \$2.

12. If the Scheme were to be extended to tram service, eligible persons with disabilities would enjoy a reduced fare of \$2 from \$2.3 per ride with government subsidies, a reduction of \$0.3. The Administration had indicated its willingness to consider extending the Scheme to tram service. However,

HKT had requested the Administration to provide subsidies to the extent to allow free ride for elderly people and eligible persons with disabilities, which was not consistent with the arrangements of the Scheme.

### Improving the operating environment of Hong Kong Tramways Limited

13. Some members took the view that similar to its assistance provided to other public transport operators, the Administration should provide similar assistance to HKT to minimize its need to increase fares. The Administration responded that it had already provided assistance to HKT by constructing the roads (not the track) it used, and the platforms and covers of tram stops. The Administration had also facilitated the generation of advertising income by HKT, and provided tram-only lanes where appropriate to facilitate its operation. Furthermore, it had already been providing assistance to HKT to enhance its sustainability, and would consider any further proposal that could improve its operating environment. In addition, to reduce the traffic impact arising from tram track replacement works and provide more comfortable service for passengers, the Administration had subsidized HKT on a matching basis to expedite the track replacement of the key bends and junctions with the use of new technology. The work had commenced since December 2017 and was expected to be completed in three years.

### Accessibility of tram service to persons with disabilities

14. Some members considered that, to further fulfill its corporate social responsibility, HKT should provide fare concessions to persons with disabilities pending improvement of tram design to enhance accessibility. In addition, HKT's improvement works should include provision of barrier-free access to persons with disabilities.

15. HKT responded that regarding accessibility, the new interior design of tram cars and enhanced provision of passenger information would facilitate use of tram service by the elderly and persons with disabilities who were not wheelchair-bound, especially those with hearing and vision impairment. As to those wheelchair-bound, it was at that time technically infeasible to make tram service more accessible to them.

### **Latest development**

16. The Administration plans to consult members on the fare increase application from HKT at the Panel meeting to be held on 16 March 2018.

**Relevant papers**

17. A list of relevant papers is in **Appendix II**.

Council Business Division 4  
Legislative Council Secretariat  
13 March 2018

## Appendix I

### Average daily patronage figures of trams between 2007 and 2017

<b>Year</b>	<b>Average daily patronage figures of trams</b>	<b>Percentage changes over a year earlier</b>
2007	224 700	-2.3%
2008	225 000	0.1%
2009	231 200	2.8%
2010	226 800	-1.9%
2011	216 300	-4.6%
2012	202 300	-6.5%
2013	198 000	-2.1%
2014	181 500	-8.3%
2015	177 700	-2.1%
2016	176 900	-0.5%
2017	172 100	-2.7%

Source: <http://www.td.gov.hk/en/home/index.html> [Accessed March 2018].

**Background brief on fare increase application from  
Hong Kong Tramways Limited**

**List of relevant papers**

<b>Date of meeting</b>	<b>Meeting</b>	<b>Minutes/Paper</b>	<b>LC Paper No.</b>
17.12.2010	Panel on Transport	Administration's paper on fare increase application from Hong Kong Tramways Limited	CB(1)744/10-11(04) <a href="https://www.legco.gov.hk/yr10-11/english/panels/tp/papers/tp1217cb1-744-4-e.pdf">https://www.legco.gov.hk/yr10-11/english/panels/tp/papers/tp1217cb1-744-4-e.pdf</a>
		Minutes of meeting	CB(1)1165/10-11 <a href="https://www.legco.gov.hk/yr10-11/english/panels/tp/minutes/tp20101217.pdf">https://www.legco.gov.hk/yr10-11/english/panels/tp/minutes/tp20101217.pdf</a>
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13.5.2011	House Committee	Legal Service Division Report	LS58/10-11 <a href="https://www.legco.gov.hk/yr10-11/english/hc/papers/hc0513ls-58-e.pdf">https://www.legco.gov.hk/yr10-11/english/hc/papers/hc0513ls-58-e.pdf</a>
		Minutes of meeting	CB(2)1783/10-11 <a href="https://www.legco.gov.hk/yr10-11/english/hc/minutes/hc20110513.pdf">https://www.legco.gov.hk/yr10-11/english/hc/minutes/hc20110513.pdf</a>
15.2.2012	Council meeting	Hon WONG Kwok-hing raised a question on Public Transport Concession Scheme for the Elderly and Persons with Disabilities	<a href="http://www.info.gov.hk/gia/general/201202/15/P201202150330.htm">http://www.info.gov.hk/gia/general/201202/15/P201202150330.htm</a>

<b>Date of meeting</b>	<b>Meeting</b>	<b>Minutes/Paper</b>	<b>LC Paper No.</b>
19.12.2012	Council meeting	Hon SIN Chung-kai raised a question on Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities	<a href="http://www.info.gov.hk/gia/general/201212/19/P201212190327.htm">http://www.info.gov.hk/gia/general/201212/19/P201212190327.htm</a>
9.11.2016	Council meeting	Hon Frankie YICK Chi-ming raised a question on Government Public Transport Fare Concession Scheme for Elderly and Eligible Persons with Disabilities	<a href="http://www.info.gov.hk/gia/general/201611/09/P2016110900348.htm">http://www.info.gov.hk/gia/general/201611/09/P2016110900348.htm</a>
10.5.2017	Council meeting	Hon CHEUNG Kwok-kwan raised a question on tram services	<a href="http://www.info.gov.hk/gia/general/201705/10/P2017051000443.htm">http://www.info.gov.hk/gia/general/201705/10/P2017051000443.htm</a>

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