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Transport and
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By email (mkmlam@legco.gov.hk)

Ms Sophie LAU
Clerk to Panel on Transport
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

10 April 2019

Dear Ms LAU,

**Legislative Council Panel on Transport
Meeting on 15 March 2019
Motion on “Fare increase application by
New Lantao Bus Co. (1973) Limited”**

Thank you for your letter dated 19 March 2019. Regarding the above motion passed by Members at the meeting on 15 March 2019, our reply is as follow:

The Government is currently scrutinising the fare increase application submitted by New Lantao Bus Co. (1973) Limited (“NLB”) on 28 September 2018. Under the current Fare Adjustment Arrangement, when processing a fare increase application, the Government will take into account a basket of factors, including:

- (a) changes in operating costs and revenue of the bus company since the last fare adjustment;
- (b) forecast of future costs, revenue and return of the bus company;
- (c) the need to provide the bus company with a reasonable rate of return;
- (d) public acceptability and affordability;
- (e) the quality and quantity of bus service provided; and
- (f) the outcome of the fare adjustment formula.

We noted the various views expressed by Members on NLB’s fare

increase application at the above Panel meeting. We will consult the Transport Advisory Committee before submitting our recommendation to the Executive Council, and the Chief Executive in Council will make a decision on NLB's fare increase application.

The Government has been encouraging the franchised bus companies (including NLB) to offer different fare concessions to passengers as far as possible having regard to the operational and financial conditions, service nature of individual routes and passenger needs. At present, NLB has offered various fare concessions for passengers, including section fares for a number of routes and fare concessions for passengers frequently travelling to and from South Lantau. The Government will continue to explore with the franchised bus companies (including NLB) the feasibility of introducing more fare concession initiatives to benefit more passengers. In addition, to alleviate the burden of public transport expenses on the commuters, the Government implemented the non-means tested Public Transport Fare Subsidy Scheme (the "Scheme") on 1 January 2019. Based on the actual public transport expenses of the commuters under the Scheme in January and February 2019, the total amount of subsidies for the two months is around \$306.7 million, involving a monthly average of around 2.15 million beneficiaries.

Yours sincerely,



(Nick CHOI)

for Secretary for Transport and Housing

c.c.:

Commissioner for Transport (Attn.: Mr Patrick WONG Fax no.: 2824 0433)