

STH's remarks on bus fare increase

Following is the transcript of a stand-up session by the Secretary for the Transport and Housing, Ms Eva Cheng, today (April 19) at the Central Government Offices on the bus fare increase (English portion):

Reporter: In a time of inflation, is it an appropriate time actually, to put more burden on the community?

Secretary for Transport and Housing: We need to look at the existing fare adjustment mechanism. Here, we are looking at a fair balance. Of course, this is already substantially lower than the original application, which was 8.6% and 7.4%. The approved rate of 3.6% (for KMB) is lower than (more than half) what they applied for. When we look at the cumulative inflation, from the time of the last increase until now, it is about 5.72%. When we look at the fare adjustment mechanism itself, the formula outcome is 3.92%. So the approved rate is much lower than the original application. On the other hand, we do need to provide them with the necessary resources to run bus routes which meet the needs of the travelling public. We feel that it is a fair balance of all the appropriate considerations.

Reporter: KMB is actually making a profit, is it fair to give them the approved fare rise?

Secretary for Transport and Housing: The approved fare increase will not meet the reference return rate of the existing mechanism. It is actually substantially lower. Their return on average net fixed assets is much lower than what the system allows.

(Please also refer to the Chinese portion of the transcript.)

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