

Executive Council gives consent to increase tramway fares

The Chief Executive in Council today (May 3) has given consent to Hong Kong Tramways Limited ("HKT") to alter the fares, in accordance with Section 51 of the Tramway Ordinance (Cap. 107). The alteration of fares will come into force one month after publication in the Gazette (i.e. June 7, 2011). The revised rates of fares are as follows -

| | Existing fares | Revised fares (Change) |
|----------------------------|----------------|---------------------------|
| Person aged 12 or above | \$2.0 | \$2.3 (+\$0.3) |
| Child (aged 3 to 12) | \$1.0 | \$1.2 (+\$0.2) |
| Monthly ticket | \$170.0 | \$200.0 (+\$30.0) |

In addition, the fare for elderly people (those aged 65 or above) will increase from \$1.0 to \$1.1 one year after implementation of the above-mentioned revised fares (i.e. with effect from June 7, 2012). As regards tourist tickets, the fare will remain unchanged at \$34.

When assessing HKT's fare increase application, the Administration has taken into account -

- (a) the service provided and planned improvements of HKT;
- (b) the changes in operating costs and revenue of HKT since the last fare adjustment;
- (c) HKT's forecasts of future costs, revenue, profit and return; and
- (d) public acceptability.

HKT has not adjusted its fares for more than 13 years, and plans to invest over \$200 million to implement a series of improvement projects. HKT therefore submitted an application to the Government last year, asking that the adult fare be increased from \$2.0 to \$2.5 (i.e. by 25%).

"Although HKT's proposed rates of fare increase may fit the company's business development better, when the Administration received the fare increase application, we were particularly concerned that the tramway provides a low-cost and convenient choice of public transport for travel along the northern shore of Hong Kong Island. The Administration has therefore discussed with HKT and come to a shared view that without compromising the implementation of any proposed improvement projects, the adult fare should be adjusted to \$2.3 (i.e. an increase by \$0.3), while the fares for other passenger groups should be increased by similar magnitudes," a Government spokesman said.

A Government spokesman said that the Administration needs to ensure that tram passengers can enjoy economical, quality and efficient transport services, and that there is incentive for HKT to continue to invest for service provision and sustainability. Since April last year, HKT has started implementing a series of improvement projects with a view to enhancing the level of service, passenger comfort, safety and operational efficiency.

"The trams have great heritage value and perform a unique and important role in the public transport system serving the northern shore of Hong Kong Island. The Government supports HKT's initiatives to further improve the level and safety of tram services, as they would help maintain a sustainable operation of tramways, which have heritage value and are environmentally friendly. Besides, they can help reduce the recurrent costs on repair and maintenance and electricity of HKT in the long run, thereby enabling HKT to keep offering quality services to the public," a spokesman said.

Given that tram fares only have a tiny 0.02% weighting in the Composite Consumer Price Index, the inflationary impact of the fare increase is insignificant.

HKT last increased its fares in March 1998, with fare for person aged 12 or above increased from \$1.6 to \$2.0, fare for child and the elderly increased from \$0.8 to \$1.0, and fare for the monthly ticket increased from \$135.0 to \$170.0.

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