

Legislative Council Panel on Transport

New World First Bus Services Limited's Application for Fare Increase - Background Information

Purpose

New World First Bus Services Limited (NWFB) has submitted to Transport Department an application for an average fare increase of 9.2% to take effect on 1 April 2001. NWFB will brief Members on its fare increase application at the meeting of the Panel on Transport on 23 February 2001. The purpose of this paper is to set out the relevant details about NWFB's franchised bus operation for Members' background information.

Background

2. NWFB took over the franchised bus services operated by China Motor Bus Company Limited (CMB) upon the expiry of the latter's franchise in September 1998. The company employs about 2,500 staff. Its average daily patronage increased from 439,000 in 1999 to 510,000 in 2000. At present, NWFB operates 94 franchised bus routes with a fleet of 730 buses. The fares of its routes which are mostly inherited from CMB have not been increased since December 1997.

NWFB's Service Performance

3. NWFB implemented smooth transitional arrangements when it took over CMB's franchised bus services. Since then, NWFB has been providing quality services to meet public expectations. NWFB's vehicle fleet has been renewed and drivers have been given further training. Better customer services and facilities have also been provided. Complaints about its services decreased from 2.2 per million passengers in 1999 to 1.1 per million passengers in 2000.

4. When NWFB commenced operation in September 1998, its fleet comprised mainly ex-CMB buses which had an average age of over 10 years. Only 33% of the fleet were air-conditioned and none of the buses provided Octopus facilities. Since then, NWFB has acquired over 500 new air-conditioned buses and completed a vigorous programme to install Octopus facilities on all of its buses.

5. As at end December 2000, the average age of NWFB's fleet has come down to about 3 years, and 96% of its buses are air-conditioned. The new buses are designed with features to meet the needs of passengers with disabilities. In addition, the company is actively exploring the feasibility of using Global Positioning System to enhance passenger information and fleet management.

6. NWFB took over about 1,100 drivers from CMB. The company has an on-going customer service training programme for its drivers to reinforce their customer service performance. Complaints related to staff attitude decreased from 0.6 per million passengers in 1999 to 0.3 per million passengers in 2000.

7. At present, NWFB operates a passenger hotline, a website, and two Customer Service Centres to enhance its customer services and facilities. The company published its Service Charter in May 1999 and its Performance Pledge in December 1999. Its Passenger Liaison Group met 7 times in 2000.

8. On the environmental front, 87% of NWFB's fleet are using Euro-standard engines. The company started to install catalytic converters on its pre-Euro buses in 2000. Since end December 2000, the company has used the cleaner ultra low sulphur diesel on its entire bus fleet. The company has also submitted plans to the Transport Department to install soot filters on its entire fleet by mid 2002 to further improve the environmental performance of its fleet.

9. At present, NWFB operates 6 temporary depots to support its bus services. The company is constructing a permanent depot on Chong Fu Road in Chai Wan which would replace one of its temporary depots. The permanent depot is expected to be completed by August/September 2001.

10. The rate of accidents per million vehicle-km of NWFB increased slightly from 5.8 in 1999 to 6.0 in 2000. Transport Department monitors the company's performance closely and as an improvement measure, the company has strengthened the training of drivers to enhance their safety awareness as well as to improve their driving behaviour.

NWFB's Application for a Fare Increase

11. This is the first time NWFB applied for an increase of its bus fares. In considering NWFB's fare increase application, the Administration will adopt the Modified Basket of Factors approach* and take into account all relevant factors, including –

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

(Details are set out in the Legislative Council Brief on "Review of the basis for considering bus fare adjustments" dated 14 December 2000.)*

12. We welcome views from Panel members on NWFB's fare increase application. We will take into account the views expressed, together with all relevant factors, in assessing the application.

Transport Bureau
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