

Comments on
the effect of persistent high fuel oil prices to the transportation industry

Hong Kong & Kowloon Ferry Ltd, a licensed ferry operator, has the fare increased earlier this year. However, this fare revision exercise did not help to improve the financial situation as the ever rising fuel oil price had given us the heaviest blow in cost. It shares approximately 32% of operating cost. It had been standing high for last five years and surged to HK\$3.9 per litre this year to the recorded new height in the history. The fuel cost had run beyond our budget by 225% since starting from HK\$1.2 per litre. Though we have tried our best to lower fuel oil consumption, we still cannot bear such additional fuel cost. Fuel surcharge is applicable to airlines industry and tug boats, can similar apply to us?

Persistent high fuel oil cost has affected the transportation industry deeply for a long period of time, we are just looking for a fare adjustment mechanism that can balance the interests of different stakeholders and provide investors with a reasonable return. We understand that there is a fare adjustment mechanism under study by the authority which would allow for increase as well as reduction in fares in light of the relevant factors and in accordance with a specified formula. Though, we have in-principle no objection to that mechanism, we are not incorporate in the system. This is not fair to us as such mechanism should be applicable to all transport operators.

Furthermore, all spare parts are imported from European countries; such purchasing cost has been increased despite the deflation in Hong Kong.

Despite Transport Department has tried their best to facilitate our application for installation of LED panels in roof top to generate more revenue to subsidy ferry operation, there are still lots of formalities have to furnish before construction work can be carried out.

Hong Kong & Kowloon Ferry Ltd