



LC Paper No. CB(1)874/07-08(02)

Application for Fare Increase

**Presentation to
LegCo Panel on Transport
22 February 2008**





LWB History and Profile

- **Commenced operations in 1997**
- **Serves about 75,800 passenger-trips daily**
- **155 buses operating on a network of 18 bus routes**
- **Currently employs around 440 staff**



Highlights of Service Improvements (1997 – 2007)

Operations

- **Fleet** – Purchased 186 buses, **166** of them fitted with Euro standard engines, at a total cost of **HK\$476.1 million**
- **Frequency Improvement** – Improved frequencies and services on 102 occasions
- **Network Coverage** – Total number of routes increased from tendered network of 12 to 18
- **Electronic Tachograph** – Completed installation on the entire fleet
- **Manpower Efficiency** – Man-to-bus ratio at 2.86 as of 2007
- **ULSD** – Fleet-wide use of ultra-low sulphur diesel since Jan 2001



Highlights of Service Improvements (1997 – 2007)

Facilities

- **Fleet** – Modified 10 buses to Airbus configuration with moquette seating; enlarged luggage rack spaces on 22 buses to cater for passenger needs
- **Bus Shelters** – Constructed 30 bus shelters
- **Facilities for the Disabled** – All double-deck buses are wheelchair-accessible super-low floor buses
- **Bus-stop Announcement Systems** – All double-deck buses equipped with these systems since 2006
- **Octopus Card System** – Entire fleet equipped with Octopus card system



Highlights of Service Improvements (1997 – 2007)

Customer Service

- **24-Hour Customer Service Hotline** – Passengers can make use of 24-hour Hotline for enquiries; extended Hotline's operator service from 7 a.m. to 11 p.m. every day
- **LWB Customer Service Helpline** – Operates from 9.00 a.m. to 6.00 p.m. daily to provide information on LWB services serving the Airport / North Lantau and collect customers' opinions
- **Customer Service and Ticketing Office** – Located at the Ground Transportation Centre ("GTC") at the Airport, this office provides passenger enquiry and ticketing services
- **Passenger Liaison Group Programme** – Six sessions held annually to collect customers' opinions
- **Bus Information Publications** – Route maps including various leisure and district-based maps distributed at the Customer Service and Ticketing Office at GTC

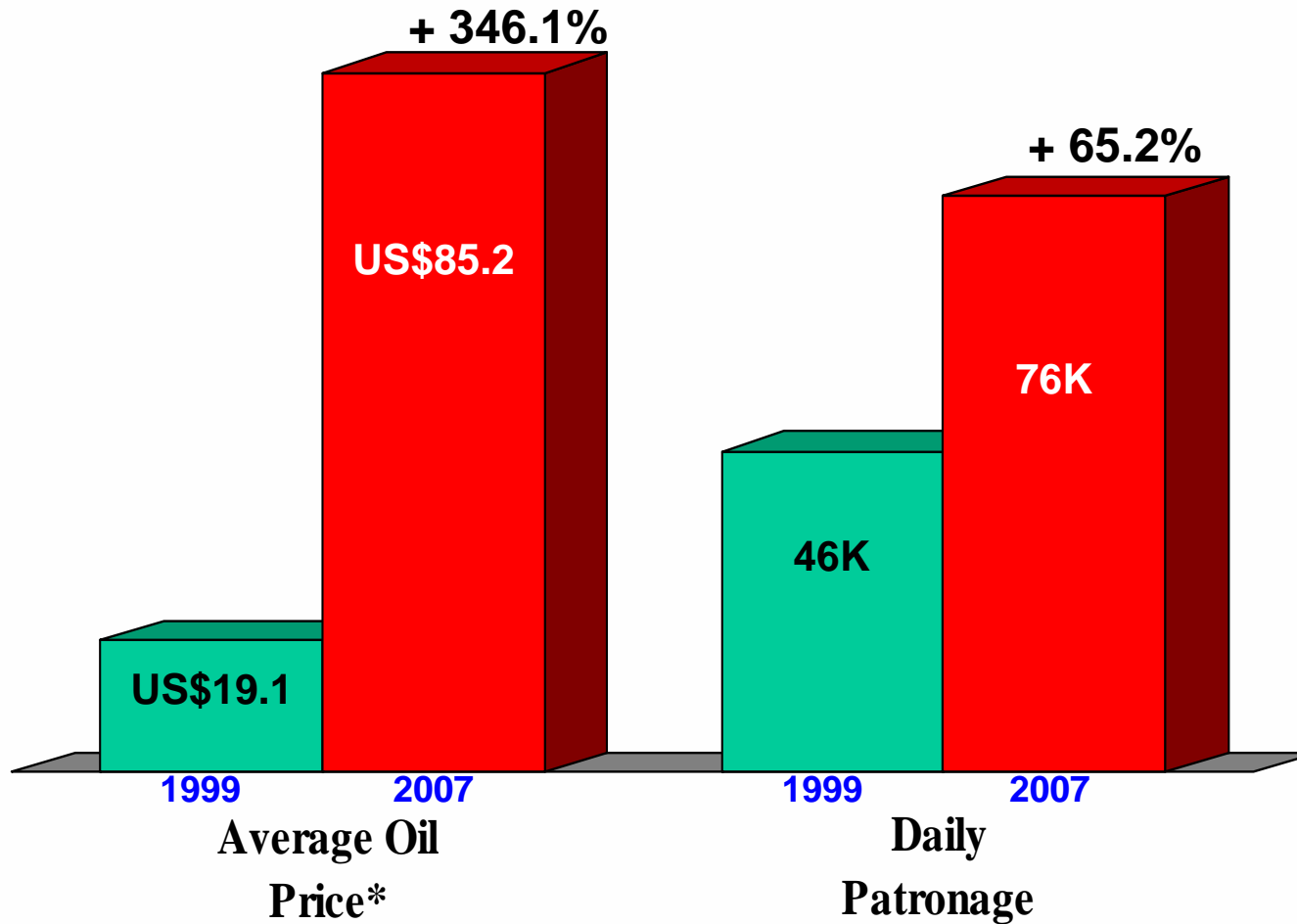


LWB's Operating Environment

**This is LWB's first fare increase
application since 1997**



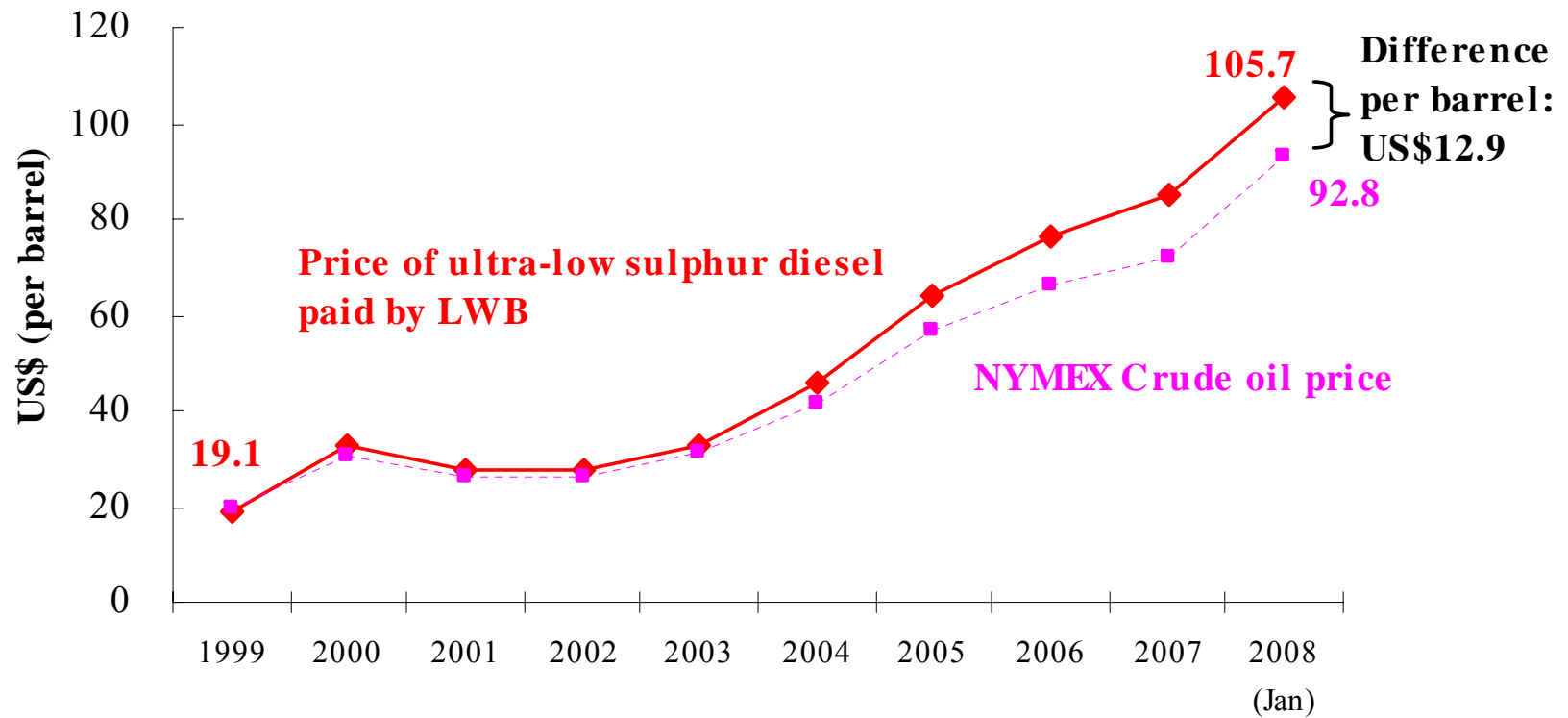
LWB's Operating Environment



* Price of ultra-low sulphur diesel paid by LWB

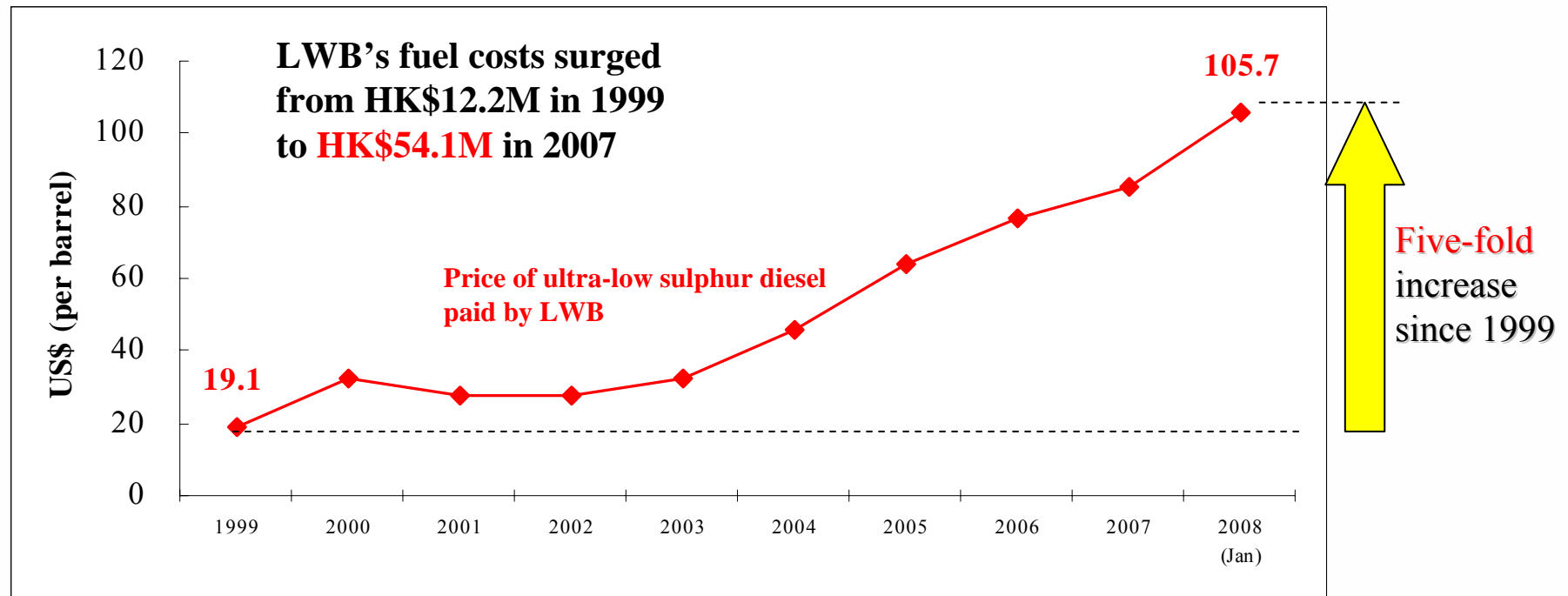


Rising Oil Prices



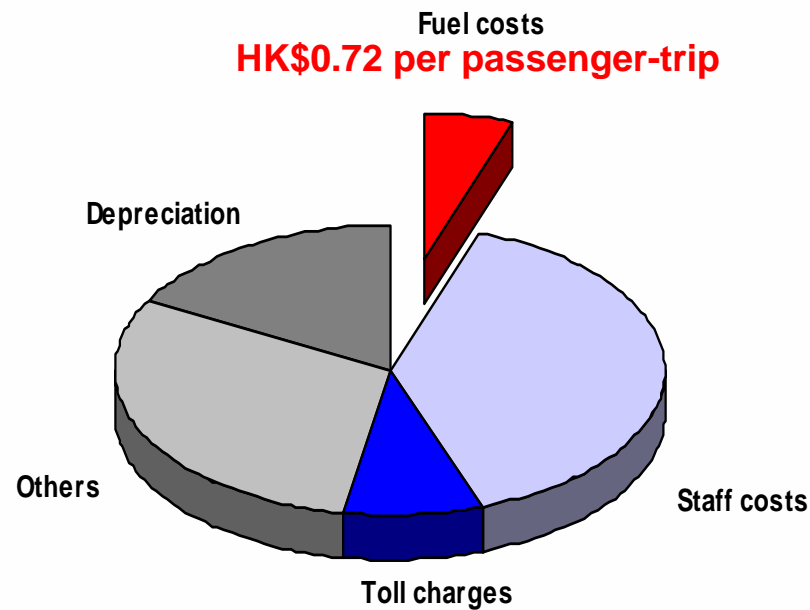


LWB's fuel costs increased by HK\$41.9M since 1999

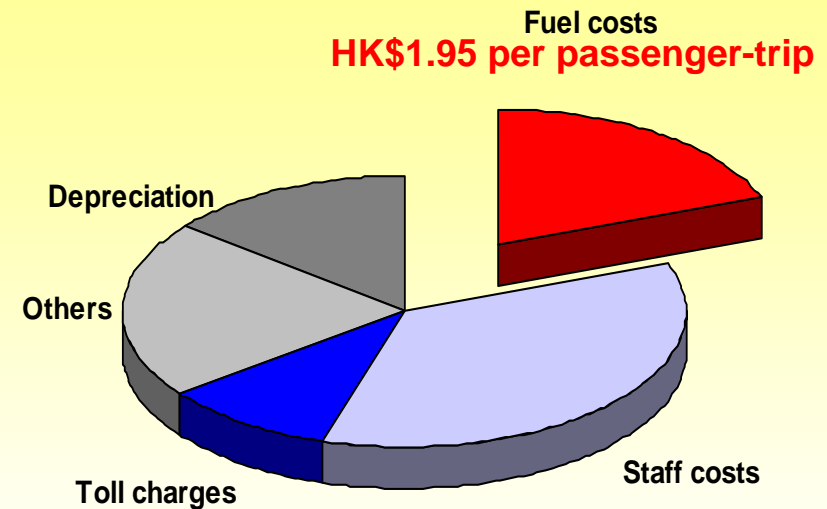




LWB's fuel costs up by HK\$1.23 per passenger-trip



**1999 fuel cost
per passenger-trip: HK\$0.72**



**2007 fuel cost
per passenger-trip: HK\$1.95**



Changes in Revenue and Operating Cost (Since first full-year full-scale operation in 1999)

- Fare Increase + 0%
- Cumulative Pay Rise + 8.5%
- **Fuel Prices*** + 346.1%
(+ \$1.23 per passenger-trip)
- **Tunnel Toll Rates*** + 27.2%
- Total Operating Cost + 21.2%

**Beyond LWB's control*



Proposed Fare Increase

- **LWB has applied for a fare increase of **5.9%****
- **Equivalent to an **average fare increase of HK\$0.65 per passenger-trip** compared with the increase in fuel cost of HK\$1.23 per passenger-trip over the period 1999-2007**



Conclusion

- **LWB strives to provide world-class bus services for North Lantau / the Airport**
- **Stringent cost control measures already in place**
- **Escalation in fuel prices and tunnel toll rates beyond LWB's control**
- **Fare increase is last resort to help LWB maintain high service standards**



Thank You