



CB(1)1383/07-08(03)

Application for Fare Increase

Presentation to
LegCo Panel on Transport

25 April 2008





Profile of Citybus (CTB)

- Holds “Hong Kong Island & Cross-harbour” and “North Lantau and Airport” franchises
- Currently serves about 570,000 passenger trips daily
- Operates 919 buses on a network of 112 franchised routes
- Employs about 2,870 staff



Profile of New World First Bus (NWFB)

- Currently serves about 510,000 passenger trips daily
- Operates 694 buses on a network of 98 franchised routes
- Employs about 2,200 staff



Highlight of Service Improvements of CTB (Hong Kong Island & Cross-harbour franchise) and NWFB since Last Fare Increase/ of CTB (North Lantau and Airport franchise) since Service Commencement

- Octopus Smart Card Systems installed on the entire fleet, providing greater convenience for passengers while enabling fare concession initiatives (BBI, Same Day Return Discount, etc)
- Ultra Low Sulphur Diesel (ULSD) adopted by the entire fleet since 2001 to reduce emissions



- **Emissions Reduction Devices** retrofitted on all pre-Euro, Euro I and Euro III standard buses to enhance emissions performance. Committed to retrofit diesel particulate filters on all Euro II standard double deck buses by end 2009.
- **CTB and NWFB have 799 and 772 Service Improvement and Rationalisation Items** implemented respectively throughout the period
- **A total of 481 Modern Bus Shelters** constructed in different districts, providing passengers with comfortable waiting area while generating non-farebox revenue



- **Reversing Camera Systems (CCTV)** retrofitted on the entire fleet to enhance road safety
- **Digital Map Passenger Enquiry System** installed at Customer Service Hotline Centre to enhance efficiency in handling public enquiries
- **Multi-media on Board (MMOB)** fitted on 571 CTB buses and 638 NWFB buses providing infotainment to passengers while generating non-farebox revenue
- **Passenger Liaison Group Meetings** held every two months in different districts to collect passengers' opinion

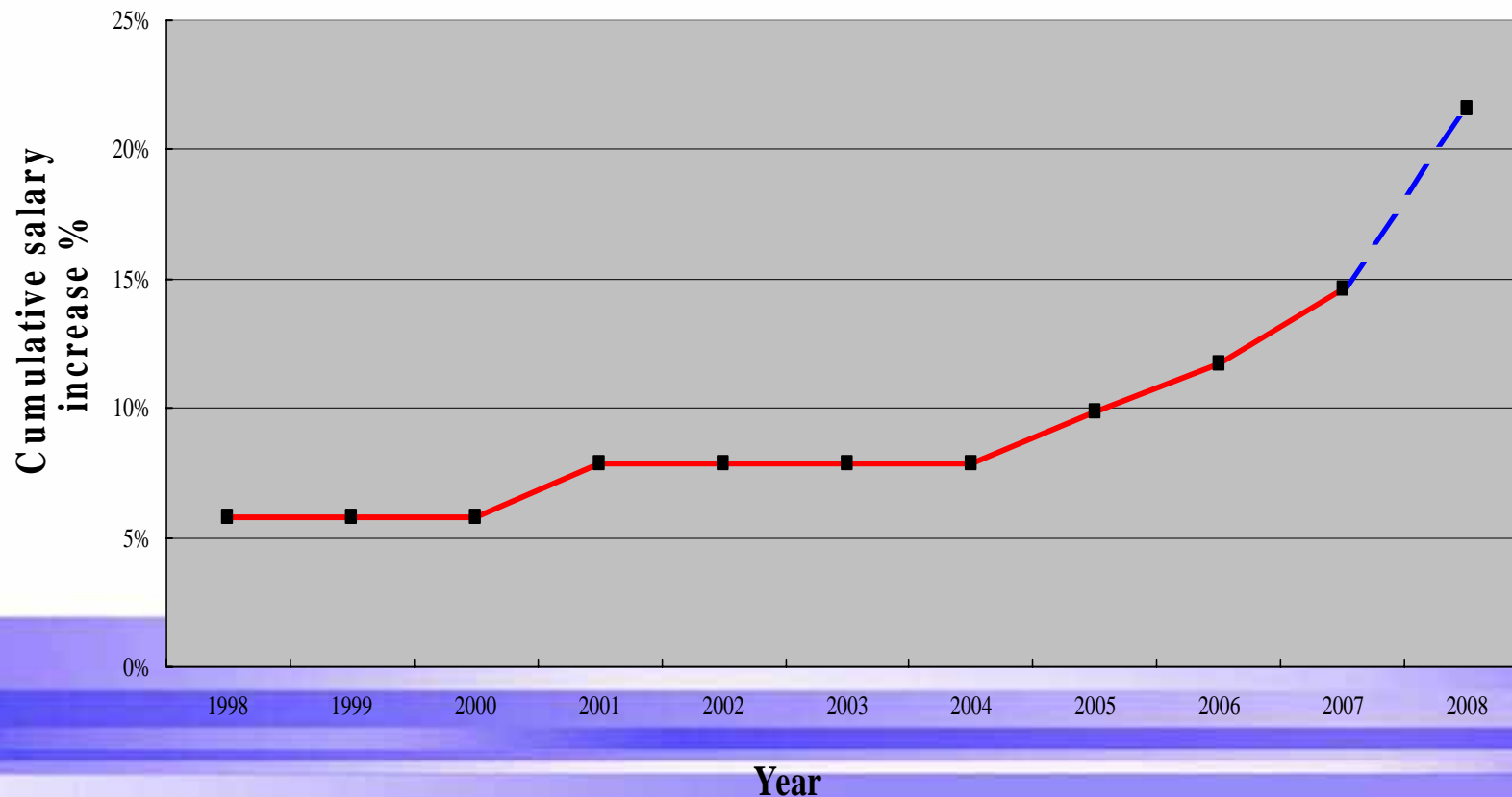


Why We Need Fare Increase ?

- Surge in the following operating costs which did not go down during deflation
 - Salary
 - Fuel
 - Tolls
- Fuel price continues to escalate, unlikely to go down in foreseeable future
- Both CTB (Hong Kong Island & Cross-harbour franchise) and NWFB recorded a LOSS in February 2008

CTB

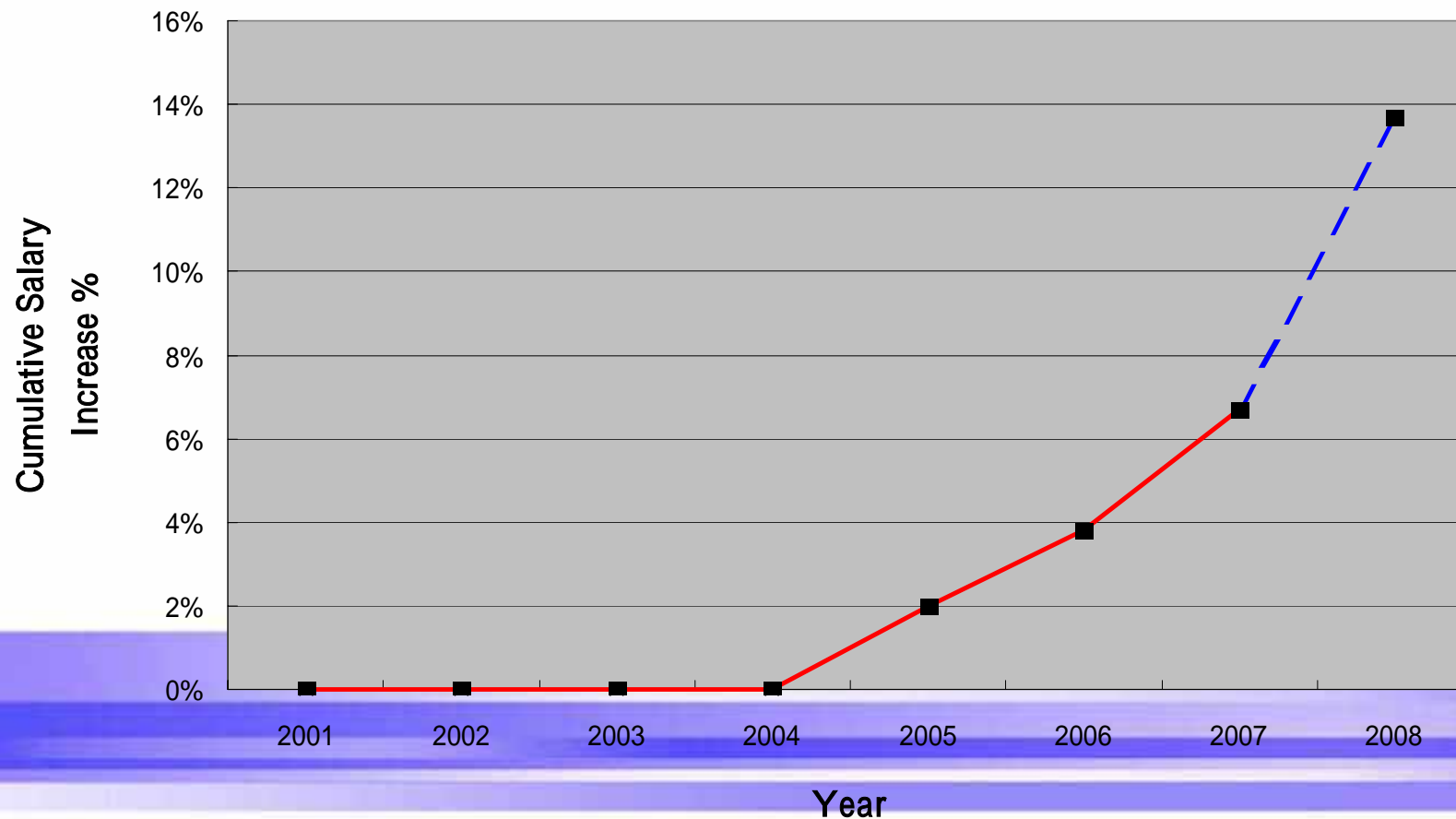
- 1998-2007 cumulative salary increase = 14.6%
- Our staff is demanding a 7 % salary increase for 2008





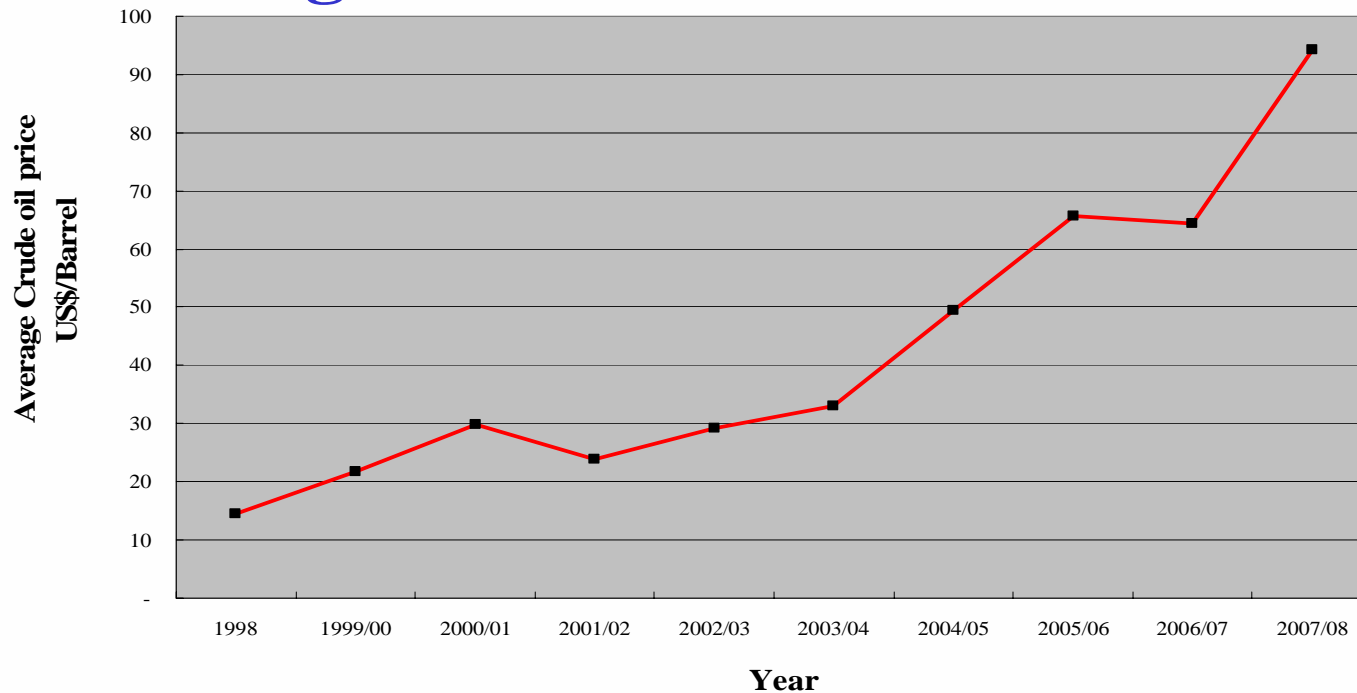
NWFB

- 2001-2007 cumulative salary increase = 6.7%
- Our staff is demanding a 7 % salary increase for 2008





Average Crude Oil Price since 1998

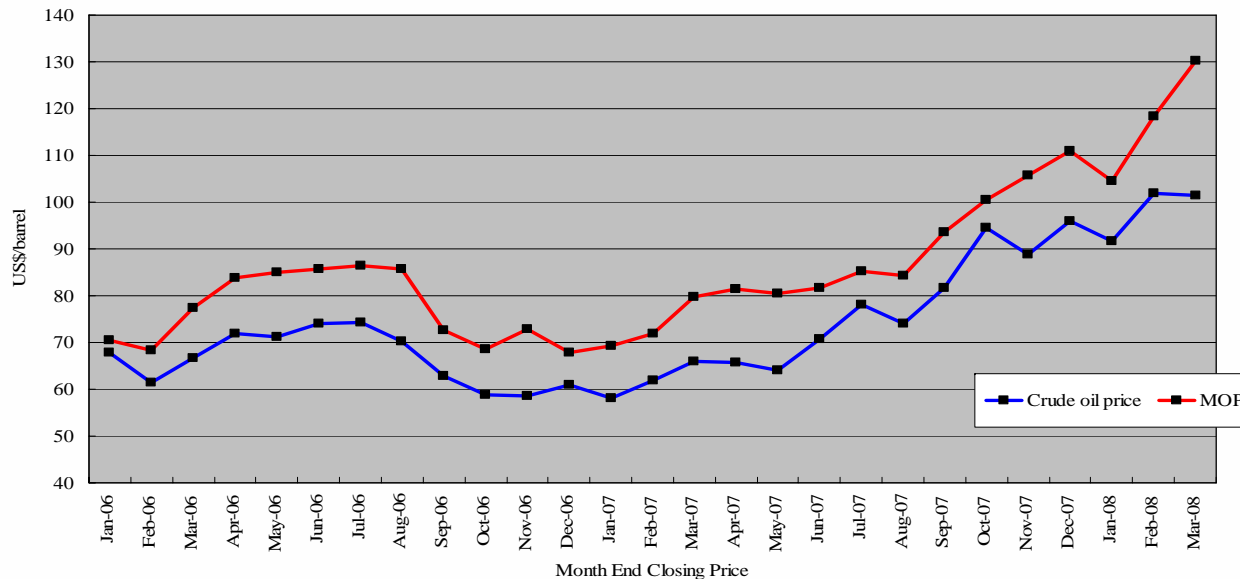


- Crude oil price increased **548%** since CTB (Hong Kong Island & Cross-harbour franchise)'s last fare increase in December 1997
- Crude oil price increased **297%** since NWFB's last fare increase in April 2001

We Use Diesel

- Current Diesel Price is about US\$30 HIGHER than Crude Oil Price *

Crude Oil Price vs MOP



- Every US\$10 increase in diesel price ⇔ Additional fuel cost of HK\$29 Million for CTB and HK\$23 Million for NWFB per year

Toll Increase

Tunnel	1997/98 (DD)	2001 (DD)	2008 (DD)	1997/98 - 2008 % increase	2001-2008 % increase
Western Harbour Crossing	\$55	\$70	\$115	↑ 109%	↑ 64%
Eastern Harbour Crossing	\$40	\$60	\$100	↑ 150%	↑ 67%
Tate's Cairn Tunnel	\$27	\$33	\$41	↑ 52%	↑ 24%
Tai Lam Tunnel	\$45	\$75	\$105	↑ 133%	↑ 40%



Conclusion - We Need a Fare Increase of 5.8%

- Stringent cost control measures are already in place, further trim down may jeopardize service level
- Escalating fuel price, tunnel tolls, and depot rental are beyond our control
- Labour intensive industry with rising staff cost
- Maintaining high quality services and making further improvements



~ Thank You ~

