

Panel on Transport

**Impact of sustained high oil prices on public transport services
Summary of views
(as at 24 October 2005)**

	Operator	Views and suggestions
1.	Hong Kong, Kowloon and New Territories Public & Maxicab Light Bus Merchants' United Association (LC Paper No. CB(1)2272/04-05(01))	The Administration should - <ul style="list-style-type: none">- regulate fuel prices to avoid monopoly of oil companies- exempt fuel duty- restructure Green Mini Bus (GMB) routes to maintain the viability of the routes- relax the restricted zones to facilitate the operation of red minibus (RMB)
2.	Public Light Bus General Association	The Administration should exempt public light bus (PLB) operators and other public transport operators from paying the duty on ultra low sulphur diesel (ULSD) in its upcoming review of the current concession for the duty
3.	Public Omnibus Operators Association Limited	The Administration should consider measures to facilitate the non-franchised bus trade in cost control, such as waiving the duty on ULSD; reduction and or exemption of licence fees, etc.
4.	New World First Bus Services Limited	<ul style="list-style-type: none">- The Company would continue with its review of bus services, such as reducing total mileage of its bus fleet through consolidating and restructuring bus routes with low usage rates to reduce the pressure of fare increase- The Company would work with the Administration to put in place cost control measures to relieve the pressure of fare increase
5.	Citybus Limited	As the Company has to provide fare concessions to passengers, it had to implement a number of cost control measures, such as restructuring bus routes so that low usage routes would be consolidated in view of the great burden caused by the surge in fuel prices
6.	Rights of Taxi Owners and Drivers Association Limited (LC Paper No. CB(1)2272/04-05(02))	<ul style="list-style-type: none">- Difficulties encountered by taxi trade due to 47% increase in liquefied petroleum gas (LPG) price- The Administration should consider introducing a fuel surcharge on taxi passengers- The Administration should also waive the duty on ULSD

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7.	Park Island Transport Company Limited	<ul style="list-style-type: none"> - As complicated procedures were involved for fare adjustment, the Administration should allow more flexibility in the fare adjustment procedures for licensed ferry operators as - The Administration should waive the duty on ULSD
8.	New Lantao Bus Company (1973) Limited (LC Paper No. CB(1)2289/04-05(01))	<ul style="list-style-type: none"> - Due to the size of the Company, there is not much room for the Company to bargain with oil suppliers for a higher discount as if other franchised bus companies - The Company has been working vigorously in reducing costs by internal control and route rationalization. Further cost control measures might affect the service quality - The Administration should explore measures to help the trade to maintain viable operation under the present adverse operating environment
9.	New World First Ferry Services Limited (LC Paper No. CB(1)2279/04-05(01))	The Company has introduced a series of cost-saving and revenue-generating measures but with the surge in fuel expenses, it is more difficult for the Company to maintain a quality service and improve its service under the present operating conditions
10.	China Hong Kong and Macau Boundary Crossing Bus Association Limited (LC Paper No. CB(1)2289/04-05(04))	<ul style="list-style-type: none"> - The burden of high fuel prices should be shared among public transport operators, passengers and the Government as the Government should have an active role to play to stabilize the fare level - The Administration should offer a concessionary rate of fuel duty to commercial vehicles, in particular those providing passenger services
11.	Lam Tin Wai Hoi Public Light Bus Association	The Government should regulate fuel prices so that the burden of PLB operators and drivers could be relieved
12.	G.M.B. Maxicab Operators General Association Limited (LC Paper No. CB(1)2272/04-05(03))	<ul style="list-style-type: none"> - GMB operators have experienced great difficulties with increasing fuel prices - The increase in interest rate also adds extra burden to GMB operators, particularly when they replace their vehicles with LPG ones - Fare increase applications were not approved by Transport Department - The Association proposed to impose a fuel surcharge on passengers - The Administration should give favourable consideration to GMB operators' application for fare increase and to complete the necessary procedures within three months' time - The Administration should exempt diesel duty for GMB

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13.	The Star Ferry Company Limited (LC Papers Nos. CB(1)2272/04-05(04) and CB(1)2335/04-05(01))	<ul style="list-style-type: none"> - Relocation of the Central Piers in early 2006 would likely result in a reduction of patronage for the Company - Although the Company had introduced cost-saving measures to reduce non-fuel operating costs, the increase in fuel costs had aggravated the pressure to increase fare - The Administration should grant the management rights of both Piers 7 and 8 of the Central Ferry Pier to the Company
14.	The Kowloon Motor Bus Company (1933) Limited (LC Paper No. CB(1)2279/04-05(02))	<ul style="list-style-type: none"> - Surge of fuel costs and other operating costs would erode the Company's profits and financial resources. The Company would have difficulty to meet expectations of various stakeholders - As the Company itself could not tackle the difficult situation alone, various stakeholders should collaborate to tackle the problem of high oil prices
15.	Hong Kong & Kowloon Ferry Limited (LC Paper No. CB(1)2279/04-05(03))	<ul style="list-style-type: none"> - The fare increase of the Company in early 2005 was inadequate to cover the additional cost caused by the increase in fuel price. The Administration should consider acceding to the operator's request for imposing a fuel surcharge - The fare adjustment mechanism to be proposed by the Administration should apply to the Company as it would be fair for such mechanism to apply to all transport operators - The Administration should expedite the processing of ferry service operators' application for sub-letting areas of pier premises as an additional income source
16.	Non-franchised Public Buses Workers Association	<ul style="list-style-type: none"> - Income of small operators adversely affected by the surge of auto-fuel prices as these operators had to absorb all the price increase - The Administration should reduce the duty on ULSD to \$0.55 per litre to tide over the small operators
17.	The Federation of the Hong Kong & Kowloon Labour Unions (LC Paper No. CB(1)2289/04-05(05))	<ul style="list-style-type: none"> - Income of small operators adversely affected by the surge of auto-fuel prices as these operators had to absorb all the price increase - The Administration should reduce the duty on ULSD to \$0.55 per litre to tide over the small operators - The Administration should adopt stringent regulation on oil companies to avoid monopoly and excessive profit
18.	Discovery Bay Transportation Services Limited	The Administration should immediately implement the following measures:

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	(LC Paper No. CB(1)2272/04-05(05))	<ul style="list-style-type: none"> - Fare increases and/or imposition of a fuel surcharge on passengers - Waivers of rents and rates in respect of the piers - Subsidising the half-fare concession offered to children and students or the fuel surcharge directly by the Administration - Exploring new revenue sources for ferry service operators, such as allowing the operators to develop and operate commercial facilities in areas adjacent to the piers
19.	Tuen Mun Public Light Bus Association	<ul style="list-style-type: none"> - RMB drivers have to bear the cost for fuel price increase - The Administration should take measures to lower auto-fuel prices or to waive diesel duty
20.	Tsui Wah Ferry Service (H.K.) Limited	<ul style="list-style-type: none"> - The Government, transport operators and the community at large should collaborate to tackle the problem of high oil prices - The Administration should join hands with the ferry trade to devise cost-control and revenue-generating measures
21.	Wai Yik Hong Kong and Kowloon and New Territories Taxi Owners Association Limited	The Administration should consider approving the taxi trade to impose a fuel surcharge on passengers
22.	HK Public-Light Bus Owner & Driver Association (LC Papers Nos. CB(1)2289/04-05(02) CB(1)2379/04-05(01))	<p>The Administration should:</p> <ul style="list-style-type: none"> - open up more prohibited zones for PLBs, such as Tung Chung, Hong Kong Disneyland, etc - allow RMBs to use bus lanes - allow GMB more flexibility in deploying minibuses among different routes - designate more picking up/setting down points for PLB - review the PLB policy so as to ensure a fair competitive environment with other transport operators - regulate local oil companies which had manipulated oil prices and reaped unreasonably huge profits
23.	Pak Kai Taxi owners Association Limited	The Administration should implement measures to tide the taxi trade over
24.	Non-franchise Public Bus Association Limited (LC Paper No. CB(1)2279/04-05(05))	<p>The Administration should:</p> <ul style="list-style-type: none"> - exercise stringent regulation over local oil companies to avoid them from grasping extra profit from users - lower or waive the diesel duty

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25. The Fuel Price Concerning Transportation Joint Conference	<ul style="list-style-type: none"> - The Administration should reduce the diesel duty so as to restore the oil price to the level in January 2004 to alleviate pressure on the transport industry - The Joint Conference calls on Members to support the motion urging the Administration to waive or reduce diesel duty - The Joint Conference calls on the Administration to discuss with the Guangdong authority on the following malpractices of some oil companies in the Guangdong region: <ul style="list-style-type: none"> i. Preferential treatment to customers who possessed the oil companies' cards; ii. Drivers would only be supplied with diesel equivalent of Reiminbi 100 each time if paid by cash iii. Retail price set at 15% higher than the official price
26. Hong Kong & Kowloon Motor Boats & Tug Boats Association Ltd. (LC Paper No. CB(1)33/05-06(01))	<ul style="list-style-type: none"> - The Administration should consider lowering the licence fees and take measures to stabilize oil prices - The Administration should review the impact of high oil price on the ferry operators, including the mechanism to impose a fuel surcharge - Consideration should be given to allow operators to increase the fare in this regard. To ensure that the Administration and the public could have an effective monitoring on the price increase application, the Association suggests that the fare adjustment mechanism to be proposed by the Administration should also apply to ferries
27. Motor Transport Workers General Union (LC Paper No. CB(1)2289/04-05(06))	<ul style="list-style-type: none"> - As drivers have to bear the cost for fuel increase, this will seriously affect their livelihood - The Administration should take measures to help the trade, such as by offering a greater concession or granting an exemption on diesel duty
28. Lei Yue Mun & Ko Chiu Road Public Light Bus Merchants Association Limited	<p>The Association calls on Members to support the proposal to waive or reduce diesel duty</p>
29. 混凝土業職工會 (LC Paper No. CB(1)2272/04-05(06))	<p>The Administration should:</p> <ul style="list-style-type: none"> - immediately reduce/exempt diesel duty - introduce bio-fuel - open up the fuel market for more competition

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30.	Hong Kong Scheduled (GMB) Licensee Association (LC Paper No. CB(1)2272/04-05(07))	The Administration should: <ul style="list-style-type: none"> - reduce/exempt diesel duty for PLB trade - allow PLB to increase the seating capacity from 16 to 20
31.	Environmental Light Bus Alliance (LC Paper No. CB(1)2279/04-05(04))	The Administration should: <ul style="list-style-type: none"> - reduce/exempt diesel duty for PLB trade - allow PLB to increase the seating capacity from 16 to 20
32.	Hang Po Transportation Company Limited (LC Paper No. CB(1)2279/04-05(06))	The Administration should exempt diesel duty for non-franchised buses until the oil price returned to a reasonable level
33.	Clear the Air (LC Paper No. CB(1)2289/04-05(03))	The fuel surcharge should only be granted to a transport operator applicant if he/she could: <ul style="list-style-type: none"> - demonstrate that better driving practices be adopted for the driver to save fuel - make available to the public the driving and accident records of the driver - make available to the public the maintenance record of the applicant's vehicle
34.	Taxi and PLB Concern Group (LC Paper No. CB(1)2296/04-05(01))	The Administration should consider measures to: <ul style="list-style-type: none"> - increase oil storage tanks and oil stations - avoid coordination of oil price among oil companies to break the monopoly
35.	Lok Ma Chau China-Hong Kong Freight Association (LC Paper No. CB(1)2289/04-05(07))	<ul style="list-style-type: none"> - The Administration should discuss with the Guangdong authority on the following malpractices of some oil companies in the Guangdong region <ul style="list-style-type: none"> i. Preferential treatment to customers who possessed the oil companies' cards; ii. Retail price set at 15% higher than the official price - Oil stations in the Mainland should supply fuel on a first-come-first-served basis and should maintain sufficient supply in order that the stations would not gain an excessive profit