

MEDIA RELEASE



DIESEL SURCHARGE FOR COMFORTDELGRO TAXIS TO BE INTRODUCED

11 July 2008 – As a result of the persistent and sustained increase in the price of diesel, ComfortDelGro will, in response to feedback from its Taxi Associations - Comfort Taxi Operators' Association and CityCab Operators' Association - introduce a 30 cents diesel surcharge on all its taxi rides with effect from 17 July 2008.

Global oil prices, which are currently trading at an all-time high, have more than doubled in the last 12 months. In the last six months alone, net pump prices in Singapore have risen by more than 50% to \$1.83 a litre of diesel fuel.

Mr Yang Ban Seng, CEO of ComfortDelGro's Taxi Business said the decision to introduce a diesel surcharge has been taken after very careful consideration.

"For the last six months, we have been absorbing a large part of the increase in diesel costs so that our drivers can enjoy a low rate of just \$1.19 per litre of diesel, compared to \$1.83 per litre if they had pumped outside. But even at this subsidised rate, our drivers are still paying about 40% more than what they were paying six months ago before the fare revision and the indications are that oil prices will continue to remain high," he said.

Cabby Tan Soon Huat, who has been driving a Comfort taxi for 14 years now, said: "I have been driving a taxi for many years and this is one of the toughest periods I've gone through. Each time I go to the pump, my heart skips a beat. I think the 30 cents surcharge is quite reasonable and I just hope commuters see it that way too."

In the last six months alone, open market pump prices in Singapore have increased by more than 50%. ComfortDelGro, which operates in-house pumps for its 32,000-odd drivers, has been absorbing the bulk of the increase in costs. In the first three months of the year alone, the Group incurred a \$6.3 million loss on the sale of diesel.

Despite the large subsidies that have been offered by the Group, ComfortDelGro drivers too have experienced an increase in diesel costs - amounting to about \$15 per taxi per day (based on an average consumption of 45 litres per vehicle).

At 30 cents per trip, the diesel surcharge amounts to a 2.6% increase in average taxi fare based on an average trip of 9.3 km. Assuming each taxi makes about 30 trips a day, the diesel surcharge will increase drivers' incomes by \$9 per day. This will help drivers to meet some of the increase in diesel costs that they are bearing.

The surcharge, which will go entirely to the driver, is a temporary measure to offset the spiralling increases in diesel costs. It will be removed when diesel prices fall back to \$1.19 per litre which was the market price on 17 December 2007.

Mr Seng Han Thong, Advisor to the Taxi Operators' Associations, said: "We strongly support this flexible measure. The increasing diesel prices in recent months have added heavily to taxi drivers' operating costs and affected their income. We believe that the fuel surcharge will help lighten the burden of the rising diesel prices on taxi drivers effectively. We call on other taxi companies to continue helping their taxi drivers cope with rising diesel prices. At the same time, we urge all taxi drivers to continue maintaining high service standards to encourage more passenger trips."

Mr Nah Tua Bah, Comfort Taxi Operators' Association President, said: "The surcharge will really help our drivers. On behalf of our drivers, I seek commuters' understanding that this is a temporary and necessary measure."

Mr Robin Ng, CityCab Operators' Association President, summarised the view of all drivers when he said: "I just hope that fuel prices will come back down soon. It will be best for everyone."
