



# South Lantau Liaison Group

Convenor: 歐凱思 (Esta)

<http://www.muiwo.org>

## Executive Summary (15 August '07)

As an active participant and supporter of the “Protest Ferry Merger Alliance”, SLLG has taken part in all actions organized by the Alliance, including the Signature Campaign, the Hungerstrike and Sit-in Protest; the Rally; and the Meeting with Deputy Secretary Ms. Cathy Chu; and most recently the Survey exercise.

The South Lantau Liaison Group would like to express its concern about the proposal of the Transport Department (TD). As such SLLG would like to comment and give suggestions on this proposal. The following points will be covered.

- 1. Merger of the exclusive ferry routes Central-Peng Chau, Central-Mui Wo**
- 2. Re-routing of the Inter-Islands ferry to exclude Peng Chau**
- 3. Incentives to boost Passenger numbers**
- 4. Decision-making process of TD**

### **1. Merger of the exclusive ferry routes Central-Peng Chau, Central-Mui Wo**

SLLG finds a merger of the Central-Peng Chau and Central-Mui Wo routes unacceptable.

- Travelling patterns of the residents are such that a ferry merger is not viable.
- The TD should conduct a comprehensive review on the marketing and operations policy of New World First Ferry because they have not shown to exhaust all business opportunities. On the contrary, they have neglected their business and the ferry passengers, mainly residents are now going to suffer as a result. Examples is NWFF claiming a low occupation of its ferries, while they increased its carrying capacity. And that during the Asian Crisis NWFF invested in expensive new fast ferries and are now claiming losses in a period of economic prosperity.
- There is little to no support from local residents and Rural Committees, both from Peng Chau and Mui Wo. These have formed the “Protest Ferry Merger Alliance” and organized all kinds of actions including a hunger strike, a sit-in protest and a survey.
- TD is basing its proposal on statistics from the ferry operator itself. How much reliability can be found in that?
- A reduction of ferry services undermines the Lantau Concept Plan and the Mui Wo facelift.
- A reduction of ferry services may only lead to a downward spiral of use and would be contraproductive to the intention of the TD’s proposal.
- The TD is confused about the location and difference between Cheung Chau and Lantau: they are quoting mainly festivals on Cheung Chau and are then claiming that they have

done something for the tourism sector on Lantau. Then they are claiming to have promoted Buddha's Birthday Festival. Well, they have, but visitors don't take the South Lantau route but a government-subsidised Cable Car to a location which is the property of Lantau's largest landlord after the government. The Tung Chung Cable Car has already been the culprit for a reduction of bus services to South Lantau.

- The TD has not revealed any details about the survey it conducted in June/July 2006 and is therefore prone to allegations of manipulating statistics for its own purposes. In a survey conducted by the Mui Wo Rural Committee over a period of 2 weeks among almost 1100 respondents (of which mainly residents) there is a large majority (around 80%) against the proposal of the TD as it has been tabled.

- the current holiday fare is contra-productive for an increase of passengers on the ferry route to Mui Wo and should therefore be abolished.

## **2. Re-routing of the Inter-Islands ferry to exclude Peng Chau**

No research has been done into the use of the Inter-Islands ferry

## **3. Incentives to boost Passenger numbers**

It can be easily said that NWFF has failed to implement any measures to boost passenger numbers.

Also there has been no indication that any events organized in South Lantau received any support from the HKTA in its promotion. No visible efforts have been made to increase passenger numbers for various South Lantau events such as the Dragon Boat Festival, the Silvermine Bay Festival and the Silvermine Beach Music Festival.

## **4. Decision-making process of TD**

The whole situation could be a showcase for our Chief Executive Donald Tsang to improve decision-making processes within its government and to start adopting people-based governance. Even though TD's arguments are: "we consulted rural committees and public consultations", it is clear that the TD proposal has no broad support from the residents and community, hence it's opposition and the reason of the Transport Panel meeting of August 29, 2007. How could that be if the decision-making process leading to the proposal would have been a sustainable one?

Another serious concern is the suspicions residents have about a possible collusion between TD and NWFF (as per comments in the survey conducted by Mui Wo Rural Committee) and the government should take that suspicion away by acting according to what is fair, reasonable and sustainable.

Last but not least cross-subsidization has not been considered in the proposal which is a serious omission.



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14/15 July 2007: Sit-in Protest + hunger-strike at no. 6 Ferry Pier



18 July 2007: Meeting with the TD Deputy Secretary



16 July 2007: Rally Protest to Central

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4. Decision-making process of TD

The views that are expressed are coming from both Chinese and non-Chinese parts of the South Lantau community. The SLLG is currently working in an advanced stage on setting up the organization of a Lantau Tourism Society.

Although only on behalf of the South Lantau community views will be expressed, it is clear that most arguments apply to Tai O residents and even stronger for Peng Chau residents.

Beforehand SLLG would like to draw everybody's attention to a discrepancy in the Chinese and English version of the TD's proposal. In English it says in paragraph 20 that Peng Chau residents agreed with the ferry merger, while in Chinese it says that it is the Peng Chau Rural Committee who agrees. None of my Peng Chau friends I know agree with any ferry merger and on the contrary, their concern has been raised as well. Moreover, if the Peng Chau Rural Committee is agreeing, how can Hon. Lam Wai-keung (photo), the chairman of the Peng Chau Rural Committee, support the opposition of the "Protest Ferry Merger Alliance"?



It is very likely that the TD is putting claims they cannot support with facts. Have they adopted a similar approach with the survey they claimed to have done in June/July 2006.

This raises the question of the validity of the whole TD proposal, which will be dealt with below.

### **1. Merger of the exclusive ferry routes Central-Peng Chau and Mui Wo** SLLG finds a merger of the Central-Peng Chau and Central-Mui Wo routes unacceptable.

The policy of the Transport Department (compare Legco Panel Meeting of July 20, 2007) that the Outlying Islands ferry routes should only cater to tourists is out-dated and needs to be reviewed.

South-Lantau is almost exclusively a residential area. With the opening of the Tung Chung Cable Car this was only more painfully clear when all the crowds previously taking the no. 2 bus from Mui Wo to Ngong Ping suddenly had disappeared.

Residents were faced with bus fare increases and reduction of bus schedules. Worse, almost no visitors spend any time or money on the local South Lantau business. No wonder the South Lantau community was happy to see the Tung Chung Cable Car closed indefinitely. The saying “one man's breath is another man's death” is really very much applicable.

**Travelling Patterns of Residents**

It is clear that most residents use the faster and more comfortable ferries to connect with Hong Kong Island and the south of Kowloon and for the New Territories and north of Kowloon use the Tung Chung (bus) route.

It is also clear that these routes cannot be lengthened in time because South Lantau residents’ journeys normally take place in 2-3 parts. Travelling to Tung Chung takes a minimum of 40 minutes while by ferry to Central a minimum of 30 minutes.

In other words, they hardly ever travel by a sole means of transport at their destination, unlike most other Hong Kong residents that travel between home and work.

So the TD proposes to merge the ferry routes in off-peak hours? Well, first of all, the rush-hours have been set by the TD according to those in the city, without any consideration for the traveling patterns of the South Lantau residents. As said before, their journey consists of 2-3 parts, so the larger group of residents travels far beyond 7-9am and 5-7pm.

Moreover the TD has not considered whether the current ferry schedule within rush hours is sufficient. Let’s take a look at the morning ferry schedule:

MW > C	C>MW
7.00am Fast	7.10am Fast
7.10am Slow	7.40am Fast
7.50am Slow (via Peng Chau): duration 1 hr 5 mins	8.30am Slow
8.05am Fast	9.00am Fast
8.30am Fast	
8.45am Slow	
That is already 3 slow ferries of 50 minutes at rush hour	If the TD sets the rush hours 7-9, why is there such an imbalance? More fast ferries around rush hour to Lantau while hardly anybody travels to Lantau so early in the morning.

Now the evening ferry schedule

C>MW	MW>C
5.10pm Fast	5.20pm Fast
5.40pm Slow	6.00pm Slow
6.00pm Fast	6.40pm Fast
6.30pm Slow	These ferries normally are almost empty.
7.00pm Fast	
Ferries from 6pm to 8.30pm are busy with returning residents.	

Why is the TD not looking at daily travelling patterns instead of average daily passenger numbers spread over 6 years?

The TD shows real insensitivity for the residents' needs. There are more or less 2 groups of residents: one who start their journey around 6.20am until about 6.00pm and another group that start their journey between 8.00-9.00am and return home between 7-8pm.

So first the rush-hour period should have been considered in the proposal.

### ***New World First Ferry's Operations and Marketing Policy***

Then let us pay attention to paragraph 9 of the TD proposal tabled in the Transport Panel on July 20, 2007.

*"In recent years, the operating conditions of outlying island ferry services have been difficult with significant increase in operating costs caused by external factors, particularly the surge in fuel price. Moreover, patronage is low for most routes and cannot sustain the operating costs. As such, most outlying ferry services are operating at a loss. On the other hand, the population of the outlying islands is not expected to have any significant increase."*

The TD copies the excuse that the ferry operator uses. Actually, it is getting quite a boring excuse. Critically thinking people and local residents know better. First of all, New World First Ferry has had the ferry license for 10 years.

Nevertheless they, even though they are operating a commercial business, have never tried to make much of the whole ferry business. They are occupying A-status positions in the Hong Kong harbour and haven't done anything about getting additional income. Even while the non-fare revenue possibilities were enlarged, even though the government took the costs of renovation of the ferry pier terminals. And, as some can remember, in return for the company promoting tourism on the Islands, the government would contribute to the costs of maintenance of the ferry terminals. (various Legco-meetings).

Secondly, they have hardly been promoting any tourism on the Outlying Islands over the past ten years. It is clear all their advertising costs did go to their ferry route with Macau. Thirdly, it was NWFF's decision to do away with the smaller fast ferry vessels that were in use by the HKF and could contain only 200+ passengers.

NWFF did not consult residents if they wanted to travel on bigger boats (for 400+ passengers) or if there was indeed a passenger demand. And the investment of this fleet of larger ferries came during the Asian crisis!!! Everybody could foresee that fuel prices would only increase and not decrease, since that was the overall tendency worldwide. Now NWFF complains that the occupation rate is not high enough. Of course, if the occupation is measured in percentages!

Therefore it is NWFF who made serious mistakes in their policy in managing the ferry routes, if not mismanagement.

***Statistics? What Statistics? Everyone knows statistics can be manipulated!***

Then the TD argues that the occupation rate of the ferries is low. However, where did they get the information from? From..... guess who? New World First Ferry. Have we ever met a company who wants to boast having a good business while benefiting from various support measures and subsidies? Of course, NWFF will say that business is bad. Worse thing is that the hard-working public servants of the TD apparently believe the ‘blue eyes’ of NWFF. In the document used to introduce their proposal into the Island District Council, the TD mentioned the average passenger numbers. After questioning those figures, the TD admitted they were supplied by the NWFF.

These were the figures given:

Average daily figures: Mui Wo <> Central: In 2001 6,900 and in 2006 6,400 passengers. Again the TD didn’t give any specifics of what the period was that was covered. The TD also has not even given the 1999-2000 figures.

Should we assume that the given statistics are correct, then the TD needs to be blamed for not questioning why between 2001-2006 there was a decline of passenger numbers, even though the population didn’t drop significantly in that period. Again there are strong reasons to suspect the management of the ferry operator and the TD has neglected to exercise strong governance.

When Ms. Cathy Chu was questioned by me about the statistics, mentioning that everybody knows that statistics can be manipulated, Ms. Chu became very defensive by saying that I was attacking the integrity of the public servant. Actually, I have to doubt Ms. Chu’s listening skills, because English language users would know better.

***“The Government cannot control the development on Lantau”***

Nevertheless another statement by Ms. Cathy Chu still rings in my ears, spoken at the meeting with the Mui Wo Rural Committee and Hon. Wong Kwok-hing when I heard her saying that “The government cannot control the development in South Lantau”. This is what Jewish people would call a ‘chutzpah’.

Maybe Ms. Chu is not aware that the Planning Department under the leadership of our Chief Secretary is planning the Lantau Concept Plan and the Mui Wo Facelift? Of course this is a rhetorical question. The Planning department has already raised its concern.

A reduction of ferry services as the TD proposes will – of course – fully undermine any Lantau Development Plans.

Another comment of her, when confronted with this fact, was that it will still take a few years before the development gets started so it is not necessary to anticipate it in their proposal and so the license can still be 4 more years, until after Planning Department plans have been completed.

This is the most short-sighted approach of a Government Department I have ever heard.

Apparently the TD has not become familiar with contemporary planning concepts.

That wouldn't be surprising given the fact that the Tung Chung Cable Car was closed indefinitely with a consultants report upcoming of which most departments seem to know its contents: the Tung Chung Cable Car will have to be torn down!

And then the latest white elephant: the Shenzhen Bay Port with only 5 trucks on average per day sees. Good work TD! You spent 8.8 Bln HK\$ of tax payer's money down the drain, while South Lantau has not had proper business for the past 30 years and only needs a fraction of that money to get started.

Then another comment of Ms. Chu comes to my mind when she said I had 'passion' for the area. Well, that was a very misplaced comment and could be interpreted as a sneer or belittlement, while 10 more people dedicated to the South Lantau cause were attending the same meeting. I cannot speak for the others but her overall behaviour was rude when interrupting me frequently, continued talking while not giving the speaker (the writer of this document) a chance to finish its questions and retrieving information about the decision-making process applied by the TD to the ferry merger proposal. The speaker had to continue talking and insisting on continuing and politely point out Ms. Chu's interruptions.

To avoid this becoming a personal attack on Ms. Chu, I have to explain that the only purpose of giving a brief summary of her comments, serves to show the mentality of the TD as regards to South Lantau and its residents. This is so unlike the many public servants that I know of other departments.

### ***Cheung Chau is not on Lantau Island!!!***

In paragraph 14, there is another big fallacy. Let's read:

*"The Government has spared no efforts in promoting tourism in the outlying islands. The Hong Kong Tourism Board and Home Affairs Bureau will continue to use various means (e.g. by disseminating information in publications and on websites) to promote events in the outlying islands with strong cultural or heritage characteristics, including Tin Hau Festival, Cheung Chau Bun Festival, Birthdays of the Lord Buddha and Tam Kung, to attract visitors and tourists."* (by the way, this paragraph was mainly copied from earlier documents of the TD as regards to the Outlying Islands Ferries)

Can the TD explain what this all has to do with South Lantau? Neither of these festivals promote anything that could benefit the Mui Wo ferry route, yet it is said to promote tourism in the Outlying Islands.

Yes, for Cheung Chau it has been done. However, the Government miserably failed for South Lantau. Even Buddha's Birthday was remarkably quiet since everybody traveled via Tung Chung.

So what about Mui Wo/South Lantau????

### ***How about the survey in 2006?***

Then paragraph 15 "TD commissioned an independent opinion survey in 2006 to gauge passengers' views on the outlying island ferry services." The note explaining "The survey was conducted in June and July 2006. 4,200 passengers were randomly selected from



passengers of outlying ferry services, out of which about half each were passengers using the services during weekdays and holidays respectively.”

However, no local organizations were consulted or informed about this exercise, and it seems to be non-existent, since nobody knows anyone who has taken part in this survey. Moreover, it took place in June/July 2006, when a large portion of the South Lantau residents are not traveling or are at holiday and at the time when the Tung Chung Cable Car was still in use.

And of course, everybody will answer that the price shouldn't go up. If this question would be asked again in conjunction with the ferry merger proposal, the answers are different. Can the TD show the survey report made as a result of this exercise?

The “Protest Ferry Merger Alliance” is therefore conducting a survey themselves. The results to be published soon.

### ***Abolish the Holiday Fares***

Furthermore, the TD doesn't consider that the holiday fare is absolutely detrimental to the passenger numbers.

A family of four people would spend 128 HKD return for slow ferry and 264 HKD return for a fast ferry. The TD in paragraph 26 states “*However, TD has to consider the fact that the existing arrangements allow the fare revenue from Sundays and holidays to subsidy about 10 to 20 percent of the weekday fare, i.e. residents can enjoy lower fares during weekdays.*”

So reading this would mean in fact that the actual ferry fare should be 40-50% higher? Let's remember the argument that if the ferry merger will not be accepted, fares need to rise by 30 %. Is there something the TD is not telling us????

So again we would like to point out the management of NWFF who is responsible for letting the operating costs so much out of hand.

NWFF now records a occupation rate of 20% on average, but doesn't mention that what the maximum capacity of the daily ferries is, since they can vary:

double-decker slow ferry: 600+

triple-decker slow ferry: 1100

Fast ferry 400

So sending slow ferries at those times that a smaller ferry boat is justified can make these rates drop. How has the TD considered these patterns???

Goods transportation issues are dealt with under 2)

## **2. Re-routing of the Inter-Islands ferry to exclude Peng Chau**

There is no justification given for this change. There are no statistics provided for how much goods are transported by the Inter-Islands ferry nor on the merged ferries Central-Peng Chau-Mui Wo. Transport of goods can only take place on a slow ferry.

Therefore, has it been investigated how a reduction of ferry services to an hourly service, will affect the goods transportation:

- a) if loading and unloading of more goods will affect the ferry schedule and cause delay to passengers
- b) if the ferries have enough space to contain both Peng Chau and Mui Wo goods.

The use of these ferries, indispensable for goods supply to the Outlying Islands, should not be affected.

Furthermore, this ferry route is almost unknown among the public and could be more promoted for Island Hopping. The current promotion is insufficient.

### **3. Incentives to boost Passenger numbers**

Everybody would agree that the following measures would help:

- a. More development of sustainable business in South Lantau
- b. Promotion of tourism of South Lantau
- c. Abolition of the holiday fare
- d. Termination of the Tung Chung Cable Car, which has proved to be too much of a burden to the taxpayer's contributions.

### **4. Decision-making process of TD**

In paragraph 7 on the Star Ferry Hung Hom route (only one minor ferry route in the city!), the TD considers: *“Transport Department (“TD”) is examining Star Ferry’s application for fare increase. In so doing, it will take into account a basket of factors including –*

- (a) financial condition of the ferry operator;*
- (b) forecasts of changes in operating cost, revenue and return;*
- (c) past performance of the ferry operator in the provision of the relevant ferry services;*
- (d) public acceptability of the proposed fares; and*
- (e) other measures adopted by the ferry operator to save cost and generate additional revenue.*

*TD will consider carefully all the above factors and strike a balance before reaching a decision. The vetting process is expected to require several months.”*

Well, SLLG would like the TD to explain if

- (a), (b) have been scrutinized in a comprehensive review (not only by accountants but also marketing/operating consultants)
- (d) has been given sufficient consideration, in view of the vehement opposition of the South Lantau residents, but no willingness to cooperate to change the TD proposal.
- whether the TD’s ferry merger proposal can be considered a sustainable decision showing good governance and long-term planning.
- whether a)-e) are in balance in the case of the ferry merger proposal.

In the meeting with the TD on July 19, 2007, it was questioned how the decision-making process was done that led to the ferry merger proposal. It was answered that the following aspects were considered:

- survey passengers June/July 2006
- survey ferry operators Feb/March 2007

- consultation Island District Council and Rural Committees **early July 2007!!!**
- tender to be issued on July 31<sup>st</sup>, 2007

So the residents' needs were already coming at the end of the decision-making process!

The whole proposal led to a lot of opposition among the Mui Wo Rural Committee members and after that to the rest of the South Lantau community showing a unity, unknown for South Lantau in the "Protest Ferry Merger Alliance". Chinese and non-Chinese alike have voiced their protest and concerns. The TD's tactics of 'divide et impera' (divide and rule) between Mui Wo and Peng Chau hasn't worked.

However the gist of the whole meeting of July 19 was "How can we help the ferry operator make a profit". Most of this came out of the mouths of the TD. It comes to show that the Government apparently doesn't care about the residents' needs, their show of unity against a government proposal. Where is the social responsibility of the Government?

Moreover, the Government will have difficulty trying to refute people's accusations of collusion of the TD and NWFF and the TD dictating proposals in the know that the residents have no other choice than to take it or leave it. The Government has the upper hand and sadly enough, not even democratic principles can do anything about it, if there is not enough opposition in a parliamentary body.

Talking about 'divide et impera', has seen another recent example at a meeting of Friday, August 12, where the TD met with non-Chinese people who submitted their comments and where they were told that the Mui Wo Rural Committee would have the final say in the whole matter. The TD doesn't realize the sensitivities it releases with this statement.

### ***How about after the licence has been granted?***

Long-term planning is what the TD should do and the next problem pending is the emissions of the slow ferries of the NWFF fleet. With a new emission policy of the government has everybody, including TD, considered that the new ferry operator might need to invest additionally to make its ferries clean. Will that cause another ferry fare hike very soon?

Also the slow ferries are 20 years and even older. If the new ferry operator is going to invest in new ferries, how will that affect the passengers as we have already seen with the fast ferry fleet?

### **Concluding**

In order to become profitable, the new ferry operator should make use of smaller fast ferries and only use double-decker ferries. Furthermore there are many more operating tools that can be implemented, such as increasing the deluxe seating areas, more in-ferry advertising (even with a magazine and in-house movie), advertising on the ferry vessels, ferry terminals, and more alfresco dining at ferry terminals and other amenities.

In order to boost passenger numbers, the HKTA and Home Affairs Department should, in cooperation with the Mui Wo Rural Committee and South Lantau Rural Committee,

consider how the various events organized by them can be made public Hong Kong-wide. F.e. the Silvermine Bay Festival, the Dragon Boat Races, the Mid-Autumn Festival, etc.

The holiday fare should be abolished and its fact widely advertised in Hong Kong.

There should be easier application procedure for South Lantau residents willing to hawk, for musicians and other street artists. This would create more atmosphere and will start attracting more people.

SLLG realizes that the development of South Lantau should be an effort not by the TD alone, but they do have a important impact on the area with their new proposal. We urge the government to show people-based governance

May we remind our Chief Executive Mr. Tsang Yam-kuen in his Inauguration Speech of July 1<sup>st</sup>, 2007:

*“In the next five years,*

*\* we will build a government that is more open - the public will not only be the focus of our policies, the public will be our partners in devising them;*

*(...)*

*\* we will create a better quality of life - our people deserve to enjoy clean food, clean air, a beautiful environment and the protection of our heritage; and*

*\* we will promote a new caring culture - there are many in society who are still unable to benefit from our strong economic revival and are facing tremendous pressure in their daily lives. The Government will invest more in community development projects to create jobs through social enterprises and bring hope to less advantaged groups.”*

### **Can the proposal of the TD and its current policy still comply with the Chief Executive's ambitions?**

#### **SLLG Suggesting**

SLLG suggests:

- maintain exclusive Mui Wo and Peng Chau routes
- comprehensive review of the 10 years by ferry operator NWFF
- abolition holiday fare
- HKTA, HAD, LCSD and Rural Committees to join hands in the promotion of events
- cross-subsidy for the new ferry operator. MTR/KCRC but not ferry companies can compensate with other revenue unbalanced transport policies.
- consider the Outlying Ferry Routes as residents' transportation not as tourist routes.