

**18<sup>th</sup> April 2008**

**By: Gisela Cheung, Lamma Island Resident**

**For the Legco Transport Panel meeting 25<sup>th</sup> April 2008  
Re: Discussion on Outlying Island Ferry Service**

As a Lamma Island resident who relies on the Ferry Service for daily commute, I am very concerned for the recent re-tendering of the ferry service and wish to express my opinion regarding the service and the related transport policy especially that of Lamma Island, Yung Shue Wan route.

**Current Service**

The current ferry service to Lamma (Yung Shue Wan and Sok Kwu Wan) routes are operated by Hong Kong Kowloon Ferry (HKKF). HKKF had claimed continual loss on this service and had increased fares in 2005 and 2007 respectively. The accumulated increase is around 18%. This rate far exceeded other public transport and inflation. Service had not been improved with the fare increase.

However, with all the losses that the ferry company is suffering, the top floors of the Central Ferry Pier no. 4, which if rented out can generate extra income; have been left empty for years.

When all other public transport companies have substantial non-fare box income such as advertising, rent and even real estate development, it is unfair for outlying island residents and ferry passengers to bear the loss if the operator had failed to secure such income and when the Transport Department failed to properly monitor and provide suitable support.

The Transport Department had also stressed that the Government will not offer any subsidy to the Ferry operators according to 'the current policy'. However, other public transport operators, such as the MTR, have received cash subsidy and land for real estate development, so that their fares can be kept at a reasonable level. Why then our ferry system is treated differently?

Two types of ferry (fast and ordinary) runs the current service, this allow passengers to choose between speed and price. It is fair to assume that commuters with monthly ticket prefer the fast ferry, but the slow ferry provides the more affordable option for others.

Moreover, there is no overnight service on the Lamma route.

Last but not least, the ferry service is our only means of public transport; we do not have any other choices.

**The Re-tender Exercise**

The original tender for Outlying Island Ferry service started August / September 2007. The result of which is not announced until mid-February 2008. The Transport

Department had rejected the results on four of the routes, including that of Lamma, on the basis of the steep fare increase (35-50%) in these tenders.

Without any consultation, the Transport Department proposed drastic changes to the tender terms including reduction of services and to allow future operators to run the routes with a single type of ferry, in order to 'lower costs' for ferry operators. However, they fail to realise that such changes greatly affect the livelihood of residents.

Moreover, the Transport Department had discussed the issue with the Transport Panel in the meeting on 22 February, while intending to start the re-tender beginning March 2008. This was pushed through in such a short timeframe that we are left with barely any chance in putting forth our opinion. Outlying island residents are not respected and our opinions ignored in this matter.

In the eventual re-tender documents released mid-March, the reduction in service is less severe than the originally proposed. But nonetheless, we are faced with a less frequent service, the possibility of just one type of vessel running the service and an unknown rate of increase in fares.

Regarding non-fare box revenue, the Transport Department had repeatedly said they will 'consult' with relevant departments to look into the 'possibility' of adding another level to the current pier, 'if this can be done'; the ferry operator will be able to generate extra income. The Government recently also announces consultation on the development of the Central Waterfront. However, such plans will take years to realise. During this time, with works going on, chances that the remaining space in the pier can be let out are very slim. Especially when the future operator only has a 3-year contract, the outlook of our fare prices for the next few years is dire. Furthermore, with such a short-term contract, in a business standpoint, they do not have any incentive to layout long-term plans and a sustainable service.

## **The 'New' Operator and Service**

The tender results had not been released. However, there had been 'reports' in the media in general anticipating fare hike of 25-30% and a single type of vessel running the Lamma Service.

If so, then we are stuck with a reduction of service, lack of choice and a huge increase in fares. This is a blow to our community as a whole.

## **In conclusion**

Our community had been the culprit of unfair policy and mismanagement. Now, it is not simply a matter of choosing between service reduction or fare increase. Policy and how the entire Ferry Service should be managed have to be changed. Any Hong Kong citizen should have access to fair and reasonable means of public transport, which we are denied of.

I believe each of our islands have something unique to offer, not only a nice place to live. The outlying islands are a breath of fresh air from the cityscape and for tourists,

Hong Kong should not just about shopping and a lights show. We can have a lot more to contribute, if only we can have a reasonable ferry service.

**I ask the Transport Department and the Transport and Housing Secretariat answer to my following questions and demands :**

1. Release the result of the re-tender as soon as possible, residents and ferry passengers have the right to know.
2. If the fare increase exceeds the inflation rate, ferry passengers should be subsidised to ensure that we have a reasonable public transport service.
3. Ensures that there should not be any reduction, whether on frequency or on the types of vessels running the routes compare to the current service.
4. The Central Waterfront development will take years to be realised but our future operator only have a 3 year contract, we need to be reassured that our fares can be kept at a reasonable level despite ferry operators may not be able to generate adequate non-fare box income under such circumstances.
5. Revamp the current 'policy' of Outlying Island ferry service, the current policy is clearly not working out and as a result, our community suffers.
6. The ferry service should be operated in a more transparent manner, their non-fare box income more strictly scrutinised. The future operator must be closely monitored to ensure that they generate adequate and reasonable amounts of non-fare box income.