

立法會
Legislative Council

LC Paper No. LS35/08-09

**Paper for the House Committee Meeting
on 6 February 2009**

**Legal Service Division Report on
Subsidiary Legislation Gazetted on 23 January 2009**

Date of tabling in LegCo : 4 February 2009

Amendment to be made by : 4 March 2009 (or 1 April 2009 if extended by resolution)

Ferry Services Ordinance (Cap. 104)

Ferry Services (The "Star" Ferry Company, Limited) (Determination of Fares) (Amendment) Order 2009 (L.N. 12)

This Amendment Order is made by the Chief Executive in Council under section 19(1) of the Ferry Services Ordinance (Cap. 104). It amends the Ferry Services (The "Star" Ferry Company, Limited) (Determination of Fares) Order (Cap. 104 sub. leg. C) to increase in two phases the maximum fares chargeable by The "Star" Ferry Company, Limited (Star Ferry) on its two franchised ferry routes between Kowloon Point and respectively, Central and Wan Chai. Amendments are also made to the Schedule to Cap. 104 sub. leg. C to update the description of service.

2. Star Ferry originally applied for increases in ferry fares on 19 February 2008 (the original application) and proposed to cancel monthly tickets and tourists tickets (see paragraph 5 below). In the light of the current economic climate, Star Ferry has reconsidered the situation and revised its original proposal to the effect that the monthly tickets and tourists tickets be retained and the fare increases be implemented in two phases -

- (a) Phase one (i.e. to increase weekday fares by \$0.1, weekend and public holiday fares by \$0.2 to \$0.3, monthly ticket by \$5 and tourist ticket by \$4) shall take effect on 29 March 2009; and
- (b) Phase two (i.e. to increase weekday fares by \$0.1 to \$0.2, weekend and public holiday fares by \$0.3 to \$0.5 and monthly ticket by \$10) shall take effect on 1 January 2010.

3. According to the revised proposal as reflected in the Amendment Order, the rate of increase for adult weekday upper deck service and the overall weighted

average increase rate for phase one are 4.5% and 8.5% respectively; and the rate of increase for adult weekday upper deck service and the overall weighted average increase rate for phase two are 8.7% and 13.3% respectively (the accumulative rates are 13.6% and 23% respectively). The fare of the monthly tickets will be increased by 4.5% for phase one and then by 8.7% for phase two in accordance with the increase rates for adult weekday upper deck service. As regards tourist ticket, Star Ferry proposes that its fare should be increased by 13.6% on 29 March 2009 (i.e. the effective date for phase one) without going through two phases.

4. According to the LegCo Brief, the fares of Star Ferry's franchised ferry routes were last increased on 1 June 1997 by an average rate of 7.5%. Star Ferry has incurred losses since 2007. Despite the alleviating effect of the recent decline in oil price, the Administration forecasts that Star Ferry will still incur losses in 2009 and 2010 without a fare increase.

5. At its meeting held on 30 June 2008, the Panel on Transport (the Panel) was consulted on a fare increase application submitted by Star Ferry to the Administration in February 2008 (i.e. the original application). Star Ferry operates two franchised ferry services, namely, the "Central – Kowloon Point" and the "Wan Chai – Kowloon Point" routes. Star Ferry proposed to increase the adult fare for the above ferry routes by \$0.3 for weekday (i.e. Monday to Friday) and by \$0.7 to \$0.8 for weekend and public holiday (i.e. Saturday, Sunday and public holiday). The weighted average increase rate is 22.95%. At the meeting, the Panel was briefed by the Star Ferry representatives on the justifications for the proposed fare increases. Although members in general appreciated the difficulties of the ferry operation, they were generally not supportive of the proposed magnitude of increase. The Panel requested the Administration to carefully examine the proposal and to explore measures to increase the non-fare box revenue of Star Ferry for cross-subsidizing the ferry operation so as to alleviate pressure for fare increase. Members may wish to refer to the minutes of the relevant meeting of the Panel (LC Paper No. CB(1)2301/07-08) for details of the discussion.

6. The Transport Advisory Committee (TAC) was consulted on 24 September 2008 on the original application. TAC considered all the relevant factors and supported the fare increase rates proposed by Star Ferry for its franchised routes and the Administration's recommendation to retain monthly tickets and tourist tickets with the same fare increase rate as that for adult weekday upper deck service.

7. Members may wish to refer to the LegCo Brief issued by the Transport and Housing Bureau in January 2009 (File ref.:THB(T) CR1/5591/76 Pt.22) for further information.

Import and Export Ordinance (Cap. 60)
Import and Export (General) Regulations (Amendment of Seventh Schedule) Notice
2009 (L.N. 13)

8. This Notice is made by the Director-General of Trade and Industry under regulation 7(2) of the Import and Export (General) Regulations (Cap. 60 sub. leg. A) (the Regulations).

9. The Notice adds Mexico to the list of specified countries or places in the Seventh Schedule to the Regulations. Part VI of and the Seventh Schedule to the Regulations together implement in Hong Kong an international certification scheme for rough diamonds known as the Kimberley Process Certification Scheme. The amendment made by this Notice reflects the fact that trade in rough diamonds may be carried on with Mexico under the Scheme. The Notice has not been discussed by the Panel on Commerce and Industry.

Concluding observation

10. No difficulties have been identified in the legal or drafting aspects of the above items of subsidiary legislation.

Prepared by

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2 February 2009