

**An Update on Ferry Services to Be Provided to
Cheung Chau / Mui Wo / Peng Chau
by
The Hongkong and Yaumati Ferry Co. Ltd.**

Introduction

The Hongkong and Yaumati Ferry Co. Ltd. (“HYF”) emerged as the successful tenderer for two of the three outlying island ferry packages tendered out by the Government in late September. The two packages that HYF will operate under licence consist of: (i) the Cheung Chau-Central/TST routes and an inter-island route; and (ii) the Mui Wo-Central/TST routes and the Peng Chau-Central route.

HYF is very pleased to re-gain the operations of the above routes. The tender results are an indication that HYF is in a position to offer the public the best deal in providing quality, economical, safe and reliable ferry services to the islands concerned. Now that under the new licence conditions each package will be operated as a viable business without the need of subsidising other loss-making routes, HYF is able to offer better services than those under the former franchise arrangement.

New Services Offered by HYF

Under the new licences granted, HYF is committed to implement the following service improvements, effective 1 April 1999:

- **Improving Fast Ferry Services** - All three routes will see their fast ferry services very much strengthened. With a total of 10 fast ferries to be deployed to serve Cheung Chau, Mui Wo and Peng Chau, fast ferry sailings to these islands will be increased to 49, 38 and 29 respectively-an increase of 277%, 322% and 263% respectively.
- **Retaining / Refurbishing the Best Ordinary Ferries** - We will retain our traditional ordinary ferry services, although sailings will be somewhat curtailed (to a still adequate level) to reduce operating costs. However, we will retain the best-conditioned ordinary ferries and dispose of the older ones. We will also refurbish vessel facilities such as air-conditioning, flooring, seating and toilets, to make them more comfortable and attractive.

[From our recent passengers' survey and other communication channels, we gathered that ordinary ferries still have their role to play-they are cheaper, more leisurely and stable in inclement weather, and more suitable for cargo transportation for island merchants. The low fares of ordinary ferries are especially important for island residents during the present economic downturn.]

- **Keeping Fares Low and Affordable** - At a difficult time, transport fares are a concern to most people. In our tenders we have offered to lower most fares, except for the regular class of ordinary ferry which is slightly adjusted from \$9.70 or \$9.20 to \$10. The fast ferry fare is significantly reduced from \$24 to \$20, while the holiday deluxe class fare of ordinary ferry has also been reduced from \$32 to \$24. Monthly ticket remains at \$400.
- **Introducing Overnight Services** - To make it easier for those who need to stay late in town, HYF will introduce 4 overnight sailings per route as a trial.
- **Shortening Journey Time** - In our new services, journey time will be shortened to 32 minutes for fast ferries and 48 minutes for ordinary ferries.

(Please see the attached table for a comparison between existing and new services for the three islands.)

In addition to the above adjustments, we are aware that today's passengers expect a lot more - a pleasant and comfortable environment, courteous staff, and an environmentally-conscious company. Indeed, HYF is prepared to deliver more than the above.

In the next few months, HYF will be carrying out a number of improvement programmes aimed at making its operation much more customer-oriented than before - vessel and pier facilities will be upgraded and refurbished; supervisory systems will be overhauled to motivate and reward staff excellence in customer service; intensive training programmes will be carried out to improve job performance and customer service; and ongoing customer communication will be encouraged and enhanced.

Meanwhile, we have been implementing the Octopus ticketing system gradually to each route and we anticipate that by the end of December 1998, the system will be fully implemented to all HYF outlying island routes. To date, HYF is the only ferry operator adopting the Octopus system.

The Next Step

HYF believes that the above improved services will go a long way towards meeting island residents' service demands in the past. So far the Company has received quite favourable feedback from island representatives, for example, during HYF's briefing to Outlying District Board members at a meeting on 10 November 1998.

The Company has distributed tentative schedules to island representatives for their review and comment. In the next few weeks, HYF will be meeting with representatives of various islands to finalise the schedules as well as to get some more views regarding the new service offers.

Conclusion

HYF is committed to doing its best to meet passengers' rising expectations. We understand that winning the two licences is only the beginning. We are prepared to do a lot more. We appreciate the exchange of views that we have established with island residents as well as Legco's Panel of Transport members over the past year or so, and in fact, the tenders that HYF submitted included a lot of such views. We will maintain - and in fact improve - such communication to enable us to know first hand what the public needs.

The Hongkong and Yaumati Ferry Co. Ltd.

25 November 1998