

**Information Note for
Legislative Council Panel on Transport**

Outlying Island Ferry Services

Purpose

At the meeting on 22 February 2008, the Administration briefed members on the tender results of the six major outlying island licensed ferry services¹ and relevant follow-up arrangements. This note informs Members of the latest developments regarding the re-tendering arrangements of the “Central – Mui Wo”, the “Central – Peng Chau”, the “Central – Yung Shue Wan” and the “Central – Sok Kwu Wan” routes (“the four ferry routes”).

Consultation with Local Residents

2. Subsequent to the Panel meeting on 22 February 2008, we attended consultation meetings with the Islands District Council, the Lamma (South) Rural Committee (“RC”), the Lamma (North) RC, the Peng Chau RC, the Mui Wo RC, public forums and meetings with various local groups to listen to the views of local residents. Moreover, we also received written comments from some local residents.

3. The views received through the above channels in general favoured maintaining the existing service level, including the frequency during the non-peak periods and the overnight sailings. A number of them accepted some fare increases. However, their views on the acceptable rate of fare increase were diverse. There were also diverse views on allowing bidders to propose using ordinary vessels only on the “Central – Peng Chau”, the “Central – Yung Shue Wan” and the “Central – Sok Kwu Wan” routes and tendering out the four ferry routes as four separate packages. Besides, some of them further requested the Government to formulate long-term strategies to enhance the financial viability of outlying island ferry services.

¹ The six major outlying island ferry services are (i) Central - Cheung Chau, (ii) Central - Peng Chau, (iii) Central - Mui Wo, (iv) Inter-island (Peng Chau - Mui Wo - Chi Ma Wan - Cheung Chau), (v) Central - Yung Shue Wan, and (vi) Central - Sok Kwu Wan routes.

Re-tendering Arrangements

4. Having regard to the views expressed by Members at the meeting on 22 February 2008 and those received during the latest consultation sessions with local residents as well as the need to minimize the magnitude of fare increase as much as possible, we have decided to adopt the following arrangements in the re-tender exercise.

Reduction of non-peak service headways

5. The service frequency during non-peak period on weekdays² is revised as follows -

Route	Existing non-peak service headways on weekdays	Original proposed arrangements in the Panel paper discussed at the Panel meeting on 22 February 2008	Finalized arrangements in the tender invitation launched on 14 March 2008
Central – Mui Wo	for Central bound : 10 am – 11.30 pm for Mui Wo bound : 10.30 am – 5 pm, & 8.30 pm – 11.50 pm	To reduce the headway from 40 to 60 minutes for non-peak service on weekdays	To reduce to an average headway of about 50 minutes for non-peak service on weekdays
Central – Peng Chau	for Central bound : 8.30 am – 11.30 pm for Peng Chau bound : 8.30 am – 5.30 pm, & 8.30 pm – 11.30 pm	To reduce the headway from 45 to 60 minutes for non-peak service on weekdays	<ul style="list-style-type: none"> To reduce to an average headway of about 50 minutes for non-peak service on weekdays To revise the non-peak period as follows – for Central bound : <i>10 am</i> – 11.30 pm for Peng Chau bound : <i>10 am</i> – <i>5 pm</i>, & 8.30 pm – 11.30 pm

² Weekdays refer to Mondays to Saturdays, except public holidays.

Route	Existing non-peak service headways on weekdays	Original proposed arrangements in the Panel paper discussed at the Panel meeting on 22 February 2008	Finalized arrangements in the tender invitation launched on 14 March 2008
Central – Yung Shue Wan	for Central bound : 9.30 am – 11.30 pm for Yung Shue Wan bound : 11 am – 5 pm, & 8 pm – 12.30 am	To reduce the headway from 45/60 to 60 minutes for non-peak service on weekdays	<ul style="list-style-type: none"> • To reduce to an average headway of about 50/60 minutes³ for non-peak service on weekdays • To revise the non-peak period as follows – for Central bound : <i>10 am</i> – 11.30 pm for Yung Shue Wan bound : 11 am – 5 pm, & 8 pm – 12.30 am

6. As the reduction in frequency during the adjusted non-peak period will be reduced by only 5 to 10 minutes, the impact on passengers' daily travelling is not expected to be significant. This would also help reduce the fuel costs but the extent will be lower than that under the Government's original proposal.

Overnight Sailings

7. Taking into account the views received on the proposed cancellation of overnight sailings of the "Central – Mui Wo" and the "Central – Peng Chau" routes, we have decided to maintain these sailings in the requirements in the re-tender exercise. Similarly, as overnight sailings will be maintained, the extent of fuel costs that would be saved will be lower than that under the Government's original proposal.

8. As regards the "Central – Yung Shue Wan" route, the existing arrangement (i.e. one overnight sailing at 12.30 am from Central) would be maintained. In the last tender, two additional sailings from Central at

³ The sailings with existing headway of 60 minutes will remain unchanged.

2.30 am on weekends and public holidays and from Yung Shue Wan at 5.30 am daily were included in response to local requests. In order not to raise the operating cost, these two additional sailings will not be included in this re-tender.

Vessel Type

9. We will allow the tenderers to propose using only ordinary vessels for the “Central – Yung Shue Wan”, the “Central – Sok Kwu Wan” and the “Central – Peng Chau” routes as this would on the one hand reduce operating costs, and on the other hand, allow more operators, in particular, those with one type of vessels, to bid for these routes to make the tender process more competitive. As regards the “Central – Mui Wo” route, same as the existing arrangement, tenderers will be required to use both fast and ordinary vessels as we have all along proposed.

Other Arrangements

10. In order to reduce the magnitude of fare increases during the new licence period as far as possible, we will proceed with the following as mentioned in the paper discussed at the Panel meeting on 22 February 2008 -

- (i) waiving the vessel-related fees of the four ferry routes during the three-year term of the new licences with effect from 1 July 2008;
- (ii) tendering out the four ferry routes as four separate packages in the coming re-tender exercise with a view to enabling more operators, in particular, those with fewer vessels, to bid for these routes to make the tender process more competitive;
- (iii) considering the feasibility of taking opportunity of the proposed development in the Urban Design Study for the New Central Harbourfront to enhance the financial viability of the six essential outlying island ferry services by, for example, allowing the operators of the six essential routes to sublet the additional floor, if constructed, for commercial or retail

activities while requiring them to continue to use non-fare box revenue to cross-subsidize the ferry operation. If pursued, the Government will bear the construction cost of the additional works; and

- (iv) continue to implement the existing measures to help reduce the operating costs and increase non-fare box revenue of these ferry services.

Timetable

11. In order that the successful tenderers will be able to commence operation of the four routes from 1 July 2008 under the new licences, TD will launch the re-tender on 14 March 2008.

12. Members are invited to note the above.

Transport and Housing Bureau
Transport Department
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