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9 July 2013

By Fax 3529 2837

Panel Clerk  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road, Central  
HONG KONG

**Attention: Mrs Mary Tang**

Dear Mrs Tang,


**Meeting of Panel on Environmental Affairs on 22 July 2013**

Thank you for your letter of 26 June 2013 inviting our company to attend the Panel meeting to discuss the Government's legislative proposal requiring the ferry trade to switch to fuel with 0.05% sulphur content (new fuel).

Whilst in full support of the government's plan to introduce more environmental friendly fuel, we consider it the Government's responsibility to bear the additional cost for introducing such fuel. In his letter of 11 April 2013 addressed to the Under Secretary for Transport and Housing, the Hon Frankie Yick has conveyed the concern of the ferry trade and urged the government to ensure that a practical mechanism of fuel subsidies will be in place in parallel to the legislative procedures for introducing the new fuel. A copy of the letter is enclosed for your reference.

To our understanding, no reply has been issued by the Government to date in response to Hon Frankie Yick's letter mentioned above. As such, we shall be grateful if the Panel could ask Government representatives to explain at the meeting on 22 July what practical mechanism will be introduced to alleviate the financial burden for the ferry trade. As legislators are well aware, the ferry trade is facing a most difficult operating environment in recent years. An introduction of a more costly fuel without government subsidy will undoubtedly create heavier financial burden for ferry operators which will in turn affect the existing ferry services for the public.

Yours sincerely,  
DISCOVERY BAY TRANSPORTATION SERVICES LIMITED



Tony Cheng  
Director

cc Hon Frankie YICK Chi-Ming Fax: 2530 9167

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中華人民共和國香港特別行政區

Hong Kong Special Administrative Region of the People's Republic of China

立法會議員易志明

Hon. Frankie Yick Chi-Ming, Legislative Councillor



April 11<sup>th</sup>, 2013

Mr. Yau Shing-Mu, JP  
Under Secretary for Transport and Housing  
22/F, East Wing  
Central Government Offices  
2 Tim Mei Avenue  
Tamar  
Hong Kong

Dear Mr. Yau,

**Upgrading the Diesel Standards for Local Vessels**

I am writing to follow up on the Environment Bureau's initiation to study the feasibility for the local maritime industry to switch to low sulphur fuel with 0.05% sulphur content as an effort to improve the air quality in Hong Kong. Subsequently, a study by the University of Hong Kong has confirmed that there will be no technical issues with the proposed fuel change. The local ferry operators were supportive of this clean air initiative, yet they have grave concern on the possible cost escalation by adopting such fuel change.

While the Environmental Protection Department (EPD) has suggested in various occasions and papers that the cost difference between the marine light diesel and the low sulphur diesel would be about \$0.07 per litre, it is quite a different story as the ferry trade gathers that the potential cost increase will be in the region of \$1.0 per litre.

We all understand that the ferry trade has been struggling for survival in the past years and has been working hard to expand non-fare box revenue while cutting unnecessary cost. The Legislative Council is also well aware of the difficult operating environment for the ferry trade and has been urging our government to come up with more alleviating measures so that ferry service can be maintained.

The Environment Bureau is prepared to go for legislation on the change of fuel in Hong Kong with a target to implement it in 2014. On behalf of the ferry trade as well as ferry passengers, I strongly urge your Bureau to ensure that a practical mechanism of fuel subsidies

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will be in place in parallel to the legislation procedures to help ferry operators cope with the potential increase in cost should the final fuel cost is more than what has been suggested by the EPD.

It is a prerequisite for the above mentioned mechanism be finalized before the legislation or else I am afraid it will be inevitable for our government to tell the people of Hong Kong today that fare increase for all ferry services in 2014 will be imminent.

Your early indication on this subject matter is highly appreciated.

Yours sincerely,



Frankie Yick

c.c. Prof. Anthony Cheung, GBS, JP, Secretary for Transport and Housing

Ms. Christine Loh, JP, Under Secretary for the Environment

Mr. Johnny Leung, General Manager, The "Star" Ferry Company Limited, Convener of the local Ferry Trade