

立法會
Legislative Council

LC Paper No. CB(4)876/16-17
(These minutes have been seen
by the Administration)

Ref : CB4/PL/TP/1

Panel on Transport

**Minutes of special meeting held on
Friday, 2 December 2016, at 9:00 am
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon CHAN Han-pan, JP (Chairman)
Dr Hon KWOK Ka-ki (Deputy Chairman)
Hon James TO Kun-sun
Hon Abraham SHEK Lai-him, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Dennis KWOK Wing-hang
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP

Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon Wilson OR Chong-shing, MH
Hon CHAN Chun-ying
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim

Members absent : Hon LEUNG Yiu-chung
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon HO Kai-ming
Hon SHIU Ka-chun
Hon YUNG Hoi-yan
Hon Tanya CHAN
Dr Hon LAU Siu-lai

Public Officers attending : **Agenda item I**
Mrs Ingrid YEUNG
Commissioner for Transport

Mr Andy CHAN
Deputy Secretary for Transport and Housing
(Transport)2

Mr Philip HAR
Principal Assistant Secretary for Transport and
Housing (Transport)4

Ms Stella LEE
Assistant Commissioner /Management and Paratransit
Transport Department

Mr Ken WONG
Chief Transport Officer/Planning/Ferry Review
Transport Department

**Attendance by : Agenda item I
invitation**

The Civic Party

Mr SIN Ho-fai
Representative

Individual

Dr CHEN Chapman

Individual

Mr LAU Yin-chiu

Fortune Ferry Company Limited

Mr DONG Fei
Deputy General Manager

DAB

Mr YEUNG Hok-ming
Deputy Spokesperson of DAB

Liberal Party Youth Committee

Mr FU Mark
Chairperson

The "Star" Ferry Co. Ltd

Mr Samson LEUNG Shui-kin
Operations Manager

Individual

Miss YU Lai-fan

New World First Ferry Services Ltd.

Mr Alex CHOI P W
Director & General Manager

Individual

Miss YUNG Wing-sheung
Islands District Council member

Individual

Mr Stephen GARDNER

Tsui Wah Ferry Service (H.K.) Ltd.

Ms Monita LEUNG Kam-woo
Manager

Individual

Ms Yvonne CHEUNG Yin-ping
Senior Financial Planning Consultant

Small Craft Workers Union

Mr FAN Keung
Chairman

Hong Kong & Kowloon Ferry Holdings Limited

Mr NG Siu-yuen
General Manager

Individual

Mr KWONG Koon-wan
Islands District Council member

Individual

Mr LEUNG Kwok-ho

Hong Kong & Kowloon Motor Boats & Tug Boats
Association Limited

Mr WONG Yiu-wing
Head of Motor Boats Committee

Discovery Bay Transportation Services Limited

Mr TSANG Kai-leong
Senior Manager Transportation

Individual

Mr SIU Ka-fai
General Manager

Clerk in attendance : Ms Sophie LAU
Chief Council Secretary (4)6

Staff in attendance : Ms Macy NG
Senior Council Secretary (4)6

Ms Emily LIU
Legislative Assistant (4)6

Action

I. Special Helping Measures for six major outlying island ferry routes for the next three-year licence period 2017-2020

Meeting with deputations/individuals and the Administration

(LC Paper No. CB(4)108/16-17(05) - Administration's paper on Special Helping Measures for six major outlying island ferry routes for the next three-year licence period 2017-20

LC Paper No. CB(4)108/16-17(06) - Paper on outlying island ferry services prepared by the Legislative Council Secretariat (updated background brief))

Members noted the following submissions from deputations/individuals not attending the meeting –

(LC Paper No. CB(4)146/16-17(02) - Joint submission from Peng Chau residents

LC Paper No. CB(4)196/16-17(01) - 坪洲渡輪關注組

LC Paper No. CB(4)196/16-17(02) - A member of the public

LC Paper No. CB(4)196/16-17(03) - A member of the public

LC Paper No. CB(4)196/16-17(04) - Joint submission from three Peng Chau traders

LC Paper No. CB(4)204/16-17(03) - Mr Andrew WOOD

LC Paper No. CB(4)226/16-17(01) - Joint submission from Peng Chau residents

LC Paper No. CB(4)243/16-17(03) - A member of the public

LC Paper No. CB(4)243/16-17(04) - A member of the public

LC Paper No. CB(4)243/16-17(05) - A member of the public)

Briefing by the Administration

At the invitation of the Chairman, Commissioner for Transport ("C for T") briefed members on the licence extension arrangements for the six major outlying island ferry routes ("the six routes"). In brief, the Administration planned to provide Special Helping Measures ("SHM") amounting to some \$410 million to the six routes, with the scope of SHM being expanded to allow reimbursing half of the depreciation expenses of the capital investments in relation to new vessels and improvement to services, facilities or equipment. Besides, an average fare increase rate of around 4% for the six routes would be approved, which would take effect in tandem with the commencement of the new licence period in mid-2017; and a profit-sharing mechanism would apply in the next three-year licence period from 2017 to 2020.

Presentation of views by deputations/individuals and the Administration's response

2. The Chairman invited deputations/individuals to present their views. He reminded them that, when addressing the Panel at the meeting, they were not covered by the protection and immunity under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382), and their written submissions were also not covered by the Ordinance. In total, 20 deputations/individuals presented their views at the meeting, a summary of which was in the **Appendix**.

3. In response to the views expressed by deputations/individuals, C for T made the following response:

- (a) it was the plan of the Administration to enhance the current situation of the Cheung Chau Ferry Pier. However, in situ redevelopment or expansion might be difficult due to site restrictions. The Transport Department ("TD") was also exploring the option of constructing a new pier in Cheung Chau and noted that the local community and relevant parties might have different views on the sites. TD would continue to work on the matter, taking into account the public views and the technical feasibility of the different options;

- (b) the Civil Engineering and Development Department ("CEDD") was studying measures to improve the Pak Kok Pier on Lamma Island and the outcome would be announced in due course;
- (c) TD had liaised with the Architectural Services Department and local residents on provision of public toilet facilities at Yung Shue Wan Ferry Pier. Since there was a lack of drainage facilities nearby, the Administration was studying the relevant technical arrangements; and
- (d) the Administration was studying with the ferry operator the suggestion of providing multi-ride passes on "Central – Cheung Chau" ferry service and would report the outcome to the Islands District Council ("DC") in due course.

4. Deputy Secretary for Transport and Housing (Transport)2 ("DS(T)2") added that the Administration noted the manpower shortage situation of the public transport sector and considered that the remuneration of workers in the trade should be enhanced to address the problem. He advised that according to the ferry operators of the six routes, they would increase the salary of their employees considerably during the next licence period. He further advised that in 2014, the Government set up the Maritime and Aviation Training Fund and launched a number of training and incentive schemes which sought to provide financial incentives to young people to undertake relevant training and encourage them to join the industry. In addition, the Administration had also relaxed the entry requirements of some marine posts. It was hoped that with the collaborative efforts of the trade and the Government, more young people would be willing to join the ferry industry.

Discussion

General views

5. Ir Dr LO Wai-kwok, on behalf of the Business and Professionals Alliance for Hong Kong, and Mr LEUNG Che-cheung indicated support to the provision of SHM to the six routes in the next licence period to maintain their financial viability and alleviate the fare increase burden on passengers. Ir Dr LO and Mr Frankie YICK requested the Administration to formulate a long-term and comprehensive waterborne transport policy in Hong Kong.

6. C for T advised that the role and positioning of ferries would be studied in the Public Transport Strategy Study. She noted that passengers preferred using land transport when both land and waterborne transport were available.

However, since land transport service could not fully replace ferry service, the Administration would study measures to maintain the long-term financial viability of outlying island ferry service in the next mid-term review.

7. Mr Andrew WAN considered that since ferry service was essential to island residents, he would not object to providing SHM to the six routes. However, he asked whether the Administration would consider introducing a fare stabilization mechanism. Pointing out that ferry operators had been claiming that they had operational difficulties irrespective of the rise and fall in oil price, he and Mr CHAN Chi-chuen considered that ferry operators should provide details of their operating cost to support the above claim. Mr LEUNG Kwok-hung shared the above view and considered that the profits earned from the railway business should be used to subsidize ferry operation.

8. DS(T)2 said that SHM had proven to be effective in stabilizing fare increases of ferry service to avoid hefty fare increases, and that the current mechanism of providing SHM also allowed monitoring of prudent use of public funds by the Legislative Council ("LegCo"). C for T supplemented that although oil price had decreased significantly during the current licence period, the maintenance and staff costs had increased substantially, leading to an overall increase in operating cost. She explained that while the Administration would support essential ferry services which otherwise would not be financially viable, residents of outlying islands should also bear a fair share of fare responsibility. She further advised that information on major income and expenditure items of the six routes had indeed been disclosed to the public whereas the detailed figures might be commercially sensitive. She added that SHM were provided to ferry operators on a reimbursement basis and they were required to submit proof of their expenditure. The mechanism allowed TD to closely monitor proper spending of public funds. She further said that if the vessel maintenance cost involved non-standard items, the Marine Department would be invited to assess the genuine need for such works to ensure proper spending of the public funds.

9. Mr Jeremy TAM requested the Administration to provide information on the estimated amount of SHM which would be provided to the three outlying island ferry routes operated by the Hong Kong & Kowloon Ferry Holdings Limited's three subsidiaries in the next licence period 2017-2020. C for T agreed to provide the above information after the meeting.

(Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. CB(4) 405/16-17(01) on 10 January 2017.)

10. Mr Kenneth LAU expressed concern that while the Administration proposed to considerably increase the amount of SHM, ferry operators still requested to increase fares. He said that while he supported submitting the Administration's financial proposal to the Finance Committee, this did not mean that he would support the fare increase proposed by the ferry operators of the six routes. The Deputy Chairman, Mr LAU and Mr LUK Chung-hung asked whether the Administration would consider the proposal of having the Government own the ferry fleet and outsourcing its operation.

11. C for T advised that the Administration would provide subsidies for ferry operators to procure new vessels under SHM in the next licence period. She added that if the Government owned vessels and outsourced the ferry operation, the Government's contractors who operated the ferry service would still charge a management fee, the level of which would be difficult to be determined.

12. Mr CHAN Chun-ying said that at the meeting on 18 November 2016, he had suggested combining the two SHM items, namely "vessel maintenance cost" and "depreciation expense", into one item. He now suggested an enhanced option that if the operators' claim for reimbursement of "vessel related depreciation costs" had exceeded the cap of \$16 million, ferry operators would be allowed to reimburse the extra cost from the budget provided for the SHM item on "vessel maintenance cost". However, they should not be allowed to claim reimbursement of extra vessel maintenance cost from the SHM provision for the item on "vessel related depreciation costs". He considered that this arrangement would be conducive to encouraging the purchase of new vessels by ferry operators.

13. C for T advised that the reimbursement cap of each SHM item was set for the illustration of expected allocation of fund. If there were evidence showing that the depreciation expense had exceeded the reimbursement cap and the maintenance cost had significantly reduced due to adoption of new vessels, the Administration would consider such proposal.

14. Dr YIU Chung-yim indicated that he objected to the provision of SHM if the Government had no other long-term policy for maintaining the sustainability of ferry services. He considered the current situation not desirable, with ferry operators seeking to increase fares when they suffered a loss while passengers would not welcome fare increase and increase in patronage would lead to crowdedness on the islands. In addition, SHM was not a long-term measure. Ms Claudia MO shared that current situation of providing ferry service was not satisfactory. She and Dr YIU asked about the Administration's measures for improving the above situation. Dr YIU

suggested introducing a mobile application which could enable purchase of ferry tickets at a lower fare level in advance, whereas tourists who had not procured ferry tickets in advance would be required to pay a higher fare level. Dr CHENG Chung-tai considered that there was no mechanism under SHM that would require improvement of service quality by ferry operators.

15. In response, C for T said that given the high operating cost, ferry services could not be maintained without periodic hefty fare increases. As such, SHM was required. She added that the existing monthly passes and the multi-ride tickets to be explored by the operators were kinds of advance purchase. In addition, the levels of fares on holidays for some outlying island ferry routes were already higher than that on weekdays. As such, there was already a fare differential between frequent commuters and holiday makers.

16. Dr Junius HO and Mr LUK Chung-hung queried whether it was effective to provide SHM in the long-term. In the view of Dr HO, the Administration should consider providing a land transport route linking South Lantau Road with Shap Long, Cheung Chau and Peng Chau so that Cheung Chau and Peng Chau residents could interchange to the MTR network. Ms Claudia MO shared that there was a lack of road transport link among the outlying islands.

17. C for T said that for connections among outlying islands, TD was open to proposals of any new ferry routes initiated by ferry operators. She added that for instance, although no bids had been received in two tender exercises for the "Cheung Chau – Aberdeen" route as proposed by Cheung Chau residents, TD eventually approved the operation of this new route when a ferry operator subsequently expressed interest in providing such service.

18. Mr WU Chi-wai noted that the Administration proposed to increase some \$145 million in reimbursement of repair and maintenance cost in the next licence period to cover the relevant cost in full as the relevant cost could not be fully subsidized in the current licence period and for upgrading ferry fleets. Considering the proposed increase amount huge, he enquired about the details of amount involved, in particular, whether the sum would be used to reimburse the vessel maintenance cost of the current licence period (2014-2017), and how the cost of upgrading ferry fleets differentiated from the depreciation expense for procuring new vessels.

19. C for T clarified that the Administration would not use the funding for provision of SHM for the next licence period (2017-2020) for reimbursing repair and maintenance cost of the current licence period (2014-2017). She explained that the Administration intended to increase the cap of subsidizing

repair and maintenance cost in the next licence period to cover the relevant cost in full.

Measures to maintain the long-term financial viability of the six routes

20. Mr LAM Cheuk-ting and Mr Andrew WAN noted that in 2013, the Government had proposed to construct additional floors at Central Piers Nos. 4, 5 and 6 to provide shop rental income to cross-subsidize the operation of the six routes ("the Pier Proposal"). While the Pier Proposal was finally turned down by the Public Works Subcommittee, Mr LAM and Mr WAN considered that the Administration should submit a revised proposal to LegCo to address the queries raised by Members with a view to reducing the amount of Government subsidy on provision of ferry service and burden of transport expenses on passengers. Mr WU Chi-wai asked about the actions taken by the ferry operators to generate more non-fare box revenue by making use of the existing pier premises.

21. C for T advised that the Administration had reconsidered in detail whether it was desirable to subsidize the operation of the six routes by rental income generated under the Pier Proposal. She explained that the consultant engaged by the Administration had estimated that the rental income so generated might not be significant enough to meaningfully subsidize the cost of ferry operation in the next licence period from 2017 to 2020. In addition, since the additional floor areas would not be large, a thematic development for the three piers as a whole might be required for generating a higher level of rental income. In this connection, a rental agency might need to be engaged as ferry operators might not have expertise in property development. The fees to be charged by the agency would reduce the eventual rental income for cross-subsidization of the six routes. She advised that if the Government managed the pier premises, the income would be regarded as general revenue of the Government and appropriate arrangements should be sorted out to deploy the income for cross-subsidization of the operation of the six routes.

Pier facilities

22. Mr Michael TIEN and Dr Junius HO urged the Administration to formulate a proposal as soon as possible to redevelop the Cheung Chau Ferry Pier which was very crowded at the moment. Dr HO suggested that the Government should consider Tung Wan Tsai in Cheung Chau as a possible site for constructing a new pier. He added that it was appropriate to have two piers in Cheung Chau in light of its population.

23. C for T advised that the Cheung Chau Ferry Pier was renovated in 2015, and the Administration would consider constructing a new ferry pier in Cheung Chau to provide better facilities to the passengers and meet the additional passenger demand generated from the newly introduced "Cheung Chau – Aberdeen" licensed ferry route. She thanked Dr HO's suggestion on the matter and undertook that TD would actively study its feasibility with CEDD.

24. Ir Dr LO Wai-kwok, Mr Frankie YICK and Mr Holden CHOW urged the Administration to improve the pier facilities at Yung Shue Wan Ferry Pier, Sam Ka Tsuen Ferry Pier and the Pak Kok Pier on Lamma Island. Mr YICK also requested the Administration to provide basic facilities to operators of kaito, for example, kiosks to sell tickets with electricity supply. Mr LEUNG Kwok-hung pointed out that it was the responsibility of the Government to provide basic pier facilities and asked whether the Administration would take forward the suggested improvement works.

25. C for T agreed that the Government was responsible for providing appropriate facilities at public piers. She advised that the Marine Department had earlier confirmed that there was no safety problem at Pak Kok Pier on Lamma Island. Having said that, the Government would revert to the Islands DC soon on the improvement measures to be implemented at this pier.

Licence period

26. The Chairman, Mr Michael TIEN, Mr Frankie YICK, Mr Andrew WAN, Mr Kenneth LAU, Mr CHAN Chun-ying, Mr LEUNG Che-cheung and Mr Holden CHOW considered that the current licence period of ferry service for three years should be extended to encourage procurement of vessels by ferry operators. Mr Frankie YICK considered that the Administration might explore the option of granting a franchise too. The Chairman and Mr Kenneth LAU considered that the Government was in a passive position in respect of provision of ferry service and urged the Government to introduce competition in the industry. Mr CHAN Chun-ying opined that if the licence period was to be extended, the new licence should include a clause specifying the age of vessels to be used.

27. In response, C for T said that the Administration was positive in respect of extending the licence period for ferry service. However, there were various issues which should be further studied, e.g. the impact on the financial arrangements, provision of SHM, review mechanism and fare level. She said that TD would report the outcome of the above study to the Panel in the context of the next mid-term review. Subject to the views of the community, the Administration would proceed with legislative amendment. She added that

the legislation had specified that the aggregate period of a ferry licence should not exceed 10 years whereas the licences for the six routes would reach an aggregate period of nine years in 2020. A tender exercise for operation of the six routes might be needed then. The Administration would consider members' views when drawing up the terms and conditions of the new licences.

Manpower shortage and aging problems in marine industry

28. Mr Frankie YICK, Mr LEUNG Che-cheung, Mr Holden CHOW and Ms Claudia MO expressed concern about the manpower and aging problems in the ferry industry. Noting that the public in general would not welcome fare increase by ferry operators and SHM did not cover staff cost, Mr YICK queried how the remuneration of ferry staff could be improved. Mr CHOW pointed out that the existing training courses offered by Nautical Training School were mainly related to ocean-going ships. He hoped that there would be more training courses to train up local seafarers.

29. C for T said that apart from those measures mentioned by DS(T)2 in paragraph 4 above, TD would actively explore with the Marine Department on other measures to address the manpower and aging problems in the marine industry. Though staff cost was not reimbursed under SHM, the Administration had implemented SHM to subsidize other operating costs and proposed to introduce a new reimbursement item under SHM with a view to relieving the burden of ferry operators in other areas. She also undertook that the Administration would liaise with training institutions on the suggestion raised by Mr Holden CHOW.

30. Mr LUK Chung-hung asked whether the Administration would consider requiring ferry operators to offer bonus to their employees when they earned a windfall profit, and providing training subsidies or incentives for on-the-job training to attract people entering the marine industry.

31. C for T believed that in order to retain staff in the face of the manpower shortage, ferry operators would be willing to reward their staff by providing proper financial incentives. She added that some ferry operators were providing on-the-job training to their employees.

Service of Peng Chau route

32. Mr Andrew WAN, Mr CHU Hoi-dick, Dr CHENG Chung-tai and Ms Claudia MO expressed concern about the proposal of the ferry operator of the "Central—Peng Chau" route ("Peng Chau route") to replace all ordinary ferries with fast ferries in the next licence period and set the new fare level

between the ordinary and fast ferry service. Mr WAN pointed out that there were views that ordinary ferry service was still required to transport goods. Mr CHU and Ms MO were concerned that residents might have to bear additional transportation cost at a significant rate. Mr CHU and Mr WAN asked whether the Government would impose some requirements in the ferry licence regarding the ferry types to be adopted.

33. C for T advised that TD was still liaising with the ferry operator of the Peng Chau route on the above issue and would consult the Islands DC at the next DC meeting. She noted that although there were some opposing views against the adoption of single vessel type for the Peng Chau route, there were views supporting the proposal. She added that the two ordinary vessels currently serving the Peng Chau route were quite aged and required frequent maintenance. If they were to be replaced, there was a need to consider the vessel type to be adopted. She advised that the Government would study whether the concerns raised by local residents about fast ferries could be addressed, for example, whether the design of the arched gangway could be improved. She explained that the "Central—Yung Shue Wan" route was operated by fast ferries only and there had been no safety problem in respect of transporting goods or other heavy items. She stressed that the eventual arrangements in respect of vessels deployed on Peng Chau route had no significant impact on the SHM to be provided, as the impact on operating costs was not significant.

34. In response to Mr CHU Hoi-dick's enquiry, Mr NG Siu-yuen, General Manager of the Hong Kong & Kowloon Ferry Holdings Limited (the ferry operator of the Peng Chau route), advised that the new price level had yet to be fixed.

35. Dr KWOK Ka-ki asked whether the Administration would collect passengers' feedback on the service performance of the six routes and include service quality in the criteria of providing SHM. He noted that many Peng Chau residents were not satisfied with the service of the Peng Chau route.

36. C for T said that before recommending the extension of the current licences of the six routes, TD had assessed their operational performance by conducting passenger opinion surveys on board. She noted that there were not very strong views against the performance of the Peng Chau route.

Service of other routes

37. The Chairman considered that given the high patronage of the "Central – Cheung Chau" route ("Cheung Chau route"), the ferry operator concerned should deploy vessels with higher seating capacity when replacing vessels.

38. C for T advised that TD would liaise with the ferry operator of the Cheung Chau route on measures to further improve service quality. She added that compared to the situation in early September 2016, there were a few vacant seats left on the fast ferry departing from Cheung Chau at 6:20 am now, reflecting that the capacity of ferries could satisfy the demand during peak hours on weekdays. However, ferry operators had to increase the ferry trips to meet the increased passenger demand during weekends.

39. Mr Michael TIEN requested the ferry operator of the Cheung Chau route to consider introducing a multi-ride ticket at a cost of \$200 for 20 trips with a validity period for one month to replace the monthly ticket which was rather restrictive. Dr CHENG Chung-tai enquired about the timetable of setting up monthly ticket passages for the Cheung Chau route. C for T advised that as some time was required to upgrade the software of the fare collection system, it was expected that the proposal would be implemented in the second half of 2017.

40. Mr CHAN Chi-chuen referred to the Administration's response to a suggestion of providing luggage racks on ferries for the "Central – Mui Wo" route (LC Paper No. CB(4)53/16-17(01)) and asked whether the Administration would take forward the proposal. C for T advised that luggage racks were currently provided on ordinary ferries of the "Central – Mui Wo" route. TD would listen to the views of Mui Wo residents and passengers on providing such facilities on fast ferries, which would unavoidably reduce the number of passenger seats on board.

Subsidizing the eight remaining outlying island ferry routes and other sea transport service

41. The Chairman and Dr KWOK Ka-ki expressed concern that SHM was currently not provided to the eight remaining outlying island ferry routes ("the eight routes"). The Chairman pointed out that the routes serving Discovery Bay and Ma Wan had faced operating difficulties. Mr LEUNG Che-cheung was concerned about whether SHM would be provided to other outlying island ferry services. C for T advised that the matter on whether subsidy should be provided to the eight other outlying island routes without SHM would be

studied in the context of the mid-term review of the next licence period, i.e. in the first half of 2019.

42. Mr Jeremy TAM considered that the operating accounts of the eight routes should be disclosed to members to facilitate their consideration of whether SHM should be provided to them. He also asked whether the Administration would accept the invitation to be made by Miss YUNG Wing-sheung, Islands DC member, to attend a consultation forum to be conducted in Discovery Bay on ferry fares.

43. C for T said that the Administration was open-minded on the suggestion of extending the coverage of SHM to the eight other outlying island routes and was willing to listen to the views of the public. She advised that ferry operators were required to submit its annual audited financial statements to the Government for examination. Information on major income and expenditure items had been disclosed to the residents in the context of fare increase applications. TD would continue to adopt the current practice.

Motion

44. After discussion, Mr CHU Hoi-dick moved the following motion —

"本委員會要求港九小輪盡快提供坪洲航線下一個牌照期的船種和船費詳情，給予坪洲居民足夠選擇，再送交本委員會審議，否則本委員會不能同意有關資助坪洲航線的現有安排。"

(Translation)

"That this Panel requests the Hong Kong & Kowloon Ferry Holdings Limited to provide as soon as possible the details on the types of vessels deployed and the fares for the ferry route serving Peng Chau in the next licence period, which should offer sufficient choices for residents in Peng Chau, for the consideration of this Panel; otherwise, this Panel cannot agree to the existing arrangement for subsidizing the ferry route serving Peng Chau."

45. Mr Martin LIAO requested a division. At the request of Mr CHU Hoi-dick, the division bell was rung for five minutes. A total of 15 members voted for, 23 members voted against it and no member abstained from voting. The voting results were as follows:

For

Dr KWOK Ka-ki
Mr James TO
Mr LEUNG Kwok-hung
Ms Claudia MO
Mr WU Chi-wai, MH
Mr CHAN Chi-chuen
Dr Helena WONG
Mr Alvin YEUNG

Mr Andrew WAN
Mr CHU Hoi-dick
Mr LAM Cheuk-ting
Mr HUI Chi-fung
Dr CHENG Chung-tai
Mr KWONG Chun-yu
Dr YIU Chung-yim

(15 members)

Against

Mr Jeffrey LAM
Ms Starry LEE
Mr CHAN Hak-kan
Mrs Regina IP LAU
Mr Michael TIEN
Mr Steven HO
Mr Frankie YICK
Mr YIU Si-wing
Mr LEUNG Che-cheung
Dr Elizabeth QUAT
Mr Martin LIAO
Mr POON Siu-ping

Dr CHIANG Lai-wan
Ir Dr LO Wai-kwok
Mr CHUNG Kwok-pan
Dr Junius HO
Mr Holden CHOW
Mr Wilson OR
Mr CHAN Chun-ying
Mr CHEUNG Kwok-kwan
Mr LUK Chung-hung
Mr LAU Kwok-fan
Mr Kenneth LAU

(23 members)

Abstain

(0 member)

46. The Chairman declared that the motion was negatived.

47. The Panel indicated support for the Administration's submission of the financial proposal to the Finance Committee for consideration.

II. Any other business

48. There being no other business, the meeting ended at 11:46 am.

Council Business Division 4
Legislative Council Secretariat
21 April 2017

Panel on Transport

Special meeting on Friday, 2 December 2016, at 9:00 am

Special Helping Measures for six major outlying island ferry routes for the next three-year licence period 2017-2020

Summary of views and concerns expressed by deputations/individuals

| No. | Name of deputation/individual | Submission/Major views and concerns |
|-----|-------------------------------|---|
| 1. | The Civic Party | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)243/16-17(06) (Chinese version only) |
| 2. | Dr CHEN Chapman | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)195/16-17(03) (Chinese version only) |
| 3. | Mr LAU Yin-chiu | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)195/16-17(01) (Chinese version only) |
| 4. | Fortune Ferry Company Limited | <ul style="list-style-type: none"> the trade was facing shortage and aging problems of marine staff the Administration should consider providing training subsidies to attract young people to enter the market |
| 5. | DAB | <ul style="list-style-type: none"> there should be a long-term plan on the development of North Lantau and the outlying island ferry service such that ferry service could also play a role in tourist attraction the ferry licence period should be extended to five years the Administration should speed up the assessment process for applications of developing pier tops to increase the non-fare box revenue of ferry operators the Administration should always review the adequacy of pier and ferry facilities as well as the service quality of ferry routes |

| No. | Name of deputation/individual | Submission/Major views and concerns |
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| | | <ul style="list-style-type: none"> under the profit-sharing mechanism, the profit should mainly be shared to island residents by reducing the cost of monthly pass. |
| 6. | Liberal Party Youth Committee | <ul style="list-style-type: none"> in support of the Administration's financial proposal instead of sharing the windfall profit earned in the first half of the licence period with passengers in the second half of the licence period, it would be more appropriate to share the profit in the next licence period the Administration should establish measures to solve the problem of low income of marine staff the Administration should develop tourist spots on other islands to rationalize the patronage of outlying island ferry routes |
| 7. | The "Star" Ferry Co. Ltd | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)299/16-17(01) (Chinese version only) |
| 8. | Miss YU Lai-fan | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)195/16-17(04) (Chinese version only) |
| 9. | New World First Ferry Services Ltd. | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)216/16-17(02) (Chinese version only) |
| 10. | Miss YUNG Wing-sheung Islands District Council member | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)216/16-17(01) (Chinese version only) |
| 11. | Mr Stephen GARDNER | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)195/16-17(02) (English version only) |
| 12. | Tsui Wah Ferry Service (H.K.) Ltd. | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. |

| No. | Name of deputation/individual | Submission/Major views and concerns |
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| | | CB(4)234/16-17(02) (Chinese version only) |
| 13. | Ms Yvonne CHEUNG Yin-ping Senior Financial Planning Consultant | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)299/16-17(02) (Chinese version only) |
| 14. | Small Craft Workers Union | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)204/16-17(01) (Chinese version only) |
| 15. | Hong Kong & Kowloon Ferry Holdings Limited | <ul style="list-style-type: none"> the Administration should provide subsidy to relieve the problem of shortage of marine staff and institutions should offer more training courses to train up local seafarers the company would listen to the views of members and the public but some suggestions might be difficult to implement the company had been requested to give fare concessions and it had not gained extra income from SHM which were made through reimbursement of certain expenses |
| 16. | Mr KWONG Koon-wan Islands District Council member | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)299/16-17(03) (Chinese version only) |
| 17. | Mr LEUNG Kwok-ho | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)204/16-17(02) (Chinese version only) |
| 18. | Hong Kong & Kowloon Motor Boats & Tug Boats Association | <ul style="list-style-type: none"> presentation of views as set out in submission LC Paper No. CB(4)234/16-17(01) (Chinese version only) |

| No. | Name of deputation/individual | Submission/Major views and concerns |
|-----|---|--|
| | Limited | |
| 19. | Discovery Bay Transportation Services Limited | <ul style="list-style-type: none">● presentation of views as set out in submission LC Paper No. CB(4)216/16-17(03) (Chinese version only) |
| 20. | Mr SIU Ka-fai General Manager | <ul style="list-style-type: none">● Park Island Transport Company Limited had been operating at a deficit from the start of its operation and had difficulties in fulfilling all passengers' requests for service improvement● the company was facing shortage and aging problems of marine staff● the operating cost, in particular maintenance and inspection cost, was huge● there was a long processing time for applications for fare increase● the pier facilities did not facilitate sub-letting premises for commercial and retail activities to generate non-fare box revenue |