

## Legislative Council Panel on Transport Star Ferry's application for fare increases

### Purpose

The “Star” Ferry Company, Limited (“the Star Ferry”) applies for fare increases for its “Central – Tsim Sha Tsui” and “Wan Chai – Tsim Sha Tsui” routes. This paper invites Members’ views.

### The Application

2. In July 2016, Star Ferry applied for fare increases<sup>1</sup>, seeking to increase the fares of the two ferry services in two phases - an increase of some 17.5% in February 2017 and a further increase of 6.5% in February 2018 (i.e. cumulative fare increases, with compounding effect, of around 25.2%). Details are in the table below –

Table 1: Details of Star Ferry's application for fare increases

	Existing fares	Star Ferry's application for fare increases		
		Phase one	Phase two	Accumulated increase rate
<b>“Central – Tsim Sha Tsui” route</b>				
<i>Monday to Friday – upper deck</i>				
• Adult	\$2.5	\$2.9 ( +\$0.4; +16.0% )	\$3.1 ( +\$0.2; +6.9% )	+\$0.6; +24.0%
• Children and Disabled	\$1.5	\$1.6 ( +\$0.1; +6.7% )	\$1.8 ( +\$0.2; +12.5% )	+\$0.3; +20.0%
<i>Monday to Friday – lower deck</i>				
• Adult	\$2.0	\$2.4 ( +\$0.4; +20.0% )	\$2.6 ( +\$0.2; +8.3% )	+\$0.6; +30.0%
• Children and Disabled	\$1.4	\$1.5 ( +\$0.1; +7.1% )	\$1.7 ( +\$0.2; +13.3% )	+\$0.3; +21.4%

<sup>1</sup> Star Ferry first submitted an application for fare increases in September 2015. Subsequently, Star Ferry submitted a revised application for fare increases in July 2016 to replace the original application.

	Existing fares	Star Ferry's application for fare increases		
		Phase one	Phase two	Accumulated increase rate
<i>Saturday, Sunday and public holidays – upper deck</i>				
• Adult	\$3.4	\$4.0 ( +\$0.6; +17.6% )	\$4.2 ( +\$0.2; +5.0% )	+\$0.8; +23.5%
• Children and Disabled	\$2.1	\$2.2 ( +\$0.1; +4.8% )	\$2.4 ( +\$0.2; +9.1% )	+\$0.3; +14.3%
<i>Saturday, Sunday and public holidays – lower deck</i>				
• Adult	\$2.8	\$3.4 ( +\$0.6; +21.4% )	\$3.6 ( +\$0.2; +5.9% )	+\$0.8; +28.6%
• Children and Disabled	\$2.0	\$2.1 ( +\$0.1; +5.0% )	\$2.3 ( +\$0.2; +9.5% )	+\$0.3; +15.0%
<b>“Wan Chai – Tsim Sha Tsui” route</b>				
<i>Monday to Friday</i>				
• Adult	\$2.5	\$2.9 ( +\$0.4; +16.0% )	\$3.1 ( +\$0.2; +6.9% )	+\$0.6; +24.0%
• Children and Disabled	\$1.5	\$1.6 ( +\$0.1; +6.7% )	\$1.8 ( +\$0.2; +12.5% )	+\$0.3; +20.0%
<i>Saturday, Sunday and public holidays</i>				
• Adult	\$3.4	\$4.0 ( +\$0.6; +17.6% )	\$4.2 ( +\$0.2; +5.0% )	+\$0.8; +23.5%
• Children and Disabled	\$2.1	\$2.2 ( +\$0.1; +4.8% )	\$2.4 ( +\$0.2; +9.1% )	+\$0.3; +14.3%
Bicycle	\$13.0	\$15 ( +\$2.0; +15.4% )	\$17.0 ( +\$2; +13.3% )	+\$4.0; +30.8%
Monthly Ticket	\$125.0	\$145 ( +\$20.0; +16.0% )	\$155.0 ( +\$10.0; +6.9% )	+\$30.0; +24.0%
Tourist Ticket	\$25.0	\$30.0 ( +\$5.0; +20.0% )	\$35.0 ( +\$5.0; +16.7% )	+\$10.0; +40.0%

3. The maximum ferry fares that a grantee may charge are specified in Schedule to the Ferry Services (The "Star" Ferry Company, Limited) (Determination of Fares) Order (Cap. 104C). The Ferry Services Ordinance (“the Ordinance”) (Cap. 104) requires that application for fare increases for the franchised ferry routes be determined by the Executive Council (“ExCo”). In the course of assessing Star Ferry’s application for fare increases, the Government will consult the Legislative Council (“LegCo”) Panel on Transport and the Transport Advisory Committee, before submitting its recommendations to ExCo. The new fares have to go through negative vetting by LegCo before implementation.

## Assessment Criteria

4. It is the Government's established policy that public transport services should be run by the private sector in accordance with commercial principles to enhance efficiency and cost-effectiveness. In general, the revenue growth of Star Ferry's service is limited, while its operating costs are on the rise. Fares have to be suitably adjusted from time to time to maintain the financial viability of the service.

5. To alleviate the pressure for fare increases, the Government allows Star Ferry to sub-let premises at piers for commercial and retail activities, to generate non-fare box revenue for cross-subsidising the ferry operation. In 2016, rental income (around \$28.94 million) accounted for around 32.1% of Star Ferry's total revenue.

6. To help reduce the operating costs of ferry services, the Government has also implemented various measures, including taking over the responsibility of pier maintenance, waiving fuel duty, as well as reimbursing pier rental and exempting vessel licence fees under the Elderly Concessionary Fares Scheme. Details are in **Annex 1**.

7. Under established policy, when considering applications for fare increases for ferry services including Star Ferry, we take into account the following criteria –

- (a) the financial position of the ferry operator;
- (b) the forecasts of changes in operating cost, revenue and return of the ferry operator;
- (c) past performance of the ferry operator in the provision of the ferry services;
- (d) public acceptability of the proposed fares; and
- (e) the measures implemented by the ferry operator to save cost and generate additional revenue.

Analysis on this application for fare increases based on these criteria are in paragraphs 8 to 21 below.

## Operation status

### Overview

8. The “Star” Ferry Company, Limited was established in 1898. In tandem with the commissioning of the Cross Harbour Tunnel in August 1972 and the railway development, the cross-harbour public transport network has become more comprehensive nowadays. Among the various public transport modes providing cross-harbour services, Star Ferry’s fares are the lowest. In addition, Star Ferry has been running ferry services for over a century. It has its unique historical significance and has always been well received by the community and visitors. Star Ferry’s average daily patronage in 2016 was around 53 400 passenger trips. It should be noted that, since the relocation of the Wan Chai Pier in August 2014, Star Ferry’s patronage has declined. The total patronage in 2016 is around 10% lower than that in 2013 (59 200 passenger trips).

### Service Performance

9. Star Ferry’s two franchised ferry routes provide regular services on a daily basis, with ferries of the “Central — Tsim Sha Tsui” route running at intervals of 6 to 12 minutes from 6:30 a.m. until 11:30 p.m., and ferries of the “Wan Chai — Tsim Sha Tsui” route running at intervals of 8 to 20 minutes from 7:30 a.m. until 11:00 p.m. Star Ferry deploys a total of eight ferries to run these two routes.

10. To assess whether Star Ferry has been providing proper and efficient ferry services, the Transport Department (“TD”) regularly reviews Star Ferry’s service performance through site surveys, examination of regular returns by the company and collection of public feedback. According to the results of TD’s survey on the two ferry routes conducted in November 2016, Star Ferry’s average adherence rate to the Schedule of Services in provision of service stood at 96%. Besides, TD commissioned a consultant to conduct a Passenger Opinion Survey on Star Ferry’s service standard on board in October 2016. Among the 518 respondents interviewed, 99% were satisfied with the overall quality of ferry service provided by Star Ferry. Details are set out at **Annex II**.

11. In fact, during the current franchise period, Star Ferry has been implementing various measures to further improve its service. Examples of such measures include:

- (a) investing around \$4.9 million in 2012 to replace the air-conditioning systems on two vessels;
- (b) investing around \$150,000 in 2016 to upgrade the facilities at piers. These include providing ramps at all piers to connect with ferries' gangways to facilitate the embarkation/disembarkation of wheelchair users, replacing the seats at the Tsim Sha Tsui Pier with new ones for waiting passengers and replacing fluorescent tubes with more efficient and energy-saving ones; and
- (c) launching an application in 2016 to update passengers with the latest sailing information, including service arrangements during typhoons and festive occasions.

12. On environmental protection and sustainability, Star Ferry has been working with the University of Hong Kong since 2012 to develop a device, known as seawater scrubber, to reduce air pollutants from the exhaust gas of ferry engines. In 2012, Star Ferry invested some \$1.3 million to install, on a trial basis, the device on a ferry serving the franchised route. Results of the trial running from 2012 to 2014 indicated that the device could effectively reduce sulphur dioxide by around 90%. Star Ferry plans to invest \$2.5 million per annum in installing such water scrubbers on five ferries over the next five years, i.e. from 2017 to 2021. Separately, Star Ferry is going to explore the adoption of diesel-electric propulsion system for its existing ferry fleets with a view to reducing the emission of dark smoke, sulphur dioxide and hydrocarbons. To this end, Star Ferry is conducting trials on its ferry serving the non-franchised routes. The trial is expected to be completed within 2017. If found technically feasible under the trial and its financial situation allows, Star Ferry will consider whether it could adopt the diesel-electric propulsion system for its franchised ferry fleet.

13. Complaint figures concerning Star Ferry are small. From the commencement of the current franchise in 2008 and till 2016, TD received on average 22 complaints against Star Ferry annually<sup>2</sup>. The number of complaints for 2016 is 19, accounting for 0.07% of the complaints against public transport services. As regards safety, the number of accidents involving Star Ferry remains at a consistently low level throughout the current franchise period. From 2008 to 2016, the average number of incidents recorded by the company is four cases per year, with an average of one case per year involving minor injuries on passengers.

### Operation and financial situation

14. Star Ferry's revenue is comprised of farebox revenue and non-farebox revenue. For farebox revenue, Star Ferry's charge is the lowest among the cross-harbour public transport modes. Currently, it costs an adult \$9.7 to travel between Central/Wan Chai and Tsim Sha Tsui by MTR with Octopus Card. If the same cross-harbour journey is made on franchised bus services, the cost ranges from \$8.4-9.3. By comparison, for Star Ferry, the lowest single journey adult fare is \$2<sup>3</sup> while the highest single journey adult fare is \$3.4<sup>4</sup>. The average fare increase rate of this application for fare increases is around 25.2%.

15. Star Ferry's current 10-year franchise period commenced in 2008. In the past nine years, Star Ferry adjusted its fares twice. The existing fares of the holiday tickets, bicycle and tourist ticket have been in place since June 2012 and remained unchanged for five years. During the period, the cumulative inflation and increase in Median Monthly Household Income ("MMHI") are close to the rate of fare increases under application. The fares of weekday tickets (Monday to Friday) and monthly ticket have been in place since January 2010 and remained unchanged for seven years. During the period, the cumulative inflation and increase in MMHI are higher than the rate of fare increases under application. Details of the past two rounds of fare increases and inflation and increase in MMHI recorded since then are in **Annex 3**.

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<sup>2</sup> This included the complaints referred to TD for follow-up action by the Transport Complaints Unit of the Transport Advisory Committee.

<sup>3</sup> Weekday lower deck fare for "Central – Tsim Sha Tsui" route.

<sup>4</sup> Holiday upper deck fare for "Central – Tsim Sha Tsui" route and holiday fare for "Wan Chai – Tsim Sha Tsui" route.

16. Star Ferry's farebox revenue in 2012 (around \$51.24 million) was boosted by the last fare increases which took effect in June 2012, and the increases in patronage. Since 2014, Star Ferry's farebox revenue went down. The patronage<sup>5</sup> of the two franchised ferry routes decreased by around 6.1% from 58 900 passenger trips in 2012 to 55 300 passenger trips in 2015, and the decline continued in 2016 by around 3.4% to 53 400 passenger trips.

17. To compare 2016 with 2012, Star Ferry's non-fare box revenue increased by around \$8.72 million (+26.5%). Pier shop rental income, being the largest component of Star Ferry's non-fare box revenue, made up about 24.2% of Star Ferry's total revenue in 2012 and about 32.1% of Star Ferry's total revenue in 2016. This major source of non-fare box revenue increased from around \$25.91 million in 2015 to around \$28.94 million in 2016, with an increase of around 10%. This is mainly attributable to the new restaurant opened in the fourth quarter of 2016 at the Wan Chai Pier, which has been quite popular, contributing to an increase in Star Ferry's rental income. Whether such situation could be sustained requires further observation. Advertising income, accounting for about 8-10% of Star Ferry's total revenue, also increased slightly from around \$6.88 million in 2012 to \$7.68 million in 2016. While growth has been registered in this source of income, it should be noted that it is a less stable income, difficult to plan for and predict.

18. Taking into account farebox and non-farebox revenue, although Star Ferry's total revenue was boosted by the fare adjustment in 2012, such revenue growth only lasted one year (till 2013). The total revenue of Star Ferry declined by around 8.5% in 2014 to around \$92.35 million and then further dwindled by around 3.8% in 2015. Due to better performing non-farebox revenue, the total revenue in 2016 slightly increased by around 1.6% to around \$90.27 million as compared to 2015. Overall speaking, Star Ferry's total revenue in 2016 is still around 7.3% higher than that in 2012. However, it was due to better performing non-farebox businesses (including pier shop rental, advertising income and others). It should be noted that the inflation during 2012-2016 was some 16.4%.

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<sup>5</sup> Elderly passengers are included in the total patronage. Under Star Ferry's policy and with some financial help from the Government, elderly passengers are given free rides. Since 2008, Star Ferry has offered free rides for holders of "registration cards for people with disability" and one accompanying person on the "International Day of Disabled Person". The Star Ferry will also offer a day of free rides for all passengers to celebrate the 20th anniversary of the establishment of the Hong Kong Special Administrative Region (exact date to be confirmed).

19. On operating costs, Star Ferry's total operating costs increased from around \$78.36 million in 2012 by \$12.59 million to \$90.95 million in 2016, with an increase rate of around 16.1%. Such increase was mainly attributable to the increase in staff cost and vessel repair and maintenance costs throughout the period. Besides, Star Ferry has been implementing a number of cost saving measures including optimising the locations of the entrance turnstiles and automating the manual change arrangement by vending machines to save manpower, outsourcing the cleansing work, replacing the DC power-generation system of vessels to AC power-generation system to save maintenance expenses, as well as rationalising the fleet deployment to save manpower.

20. Details of financial position are tabulated below –

**Table 2: Star Ferry's financial situation from 2012 to 2016**

Financial Year (1 January to 31 December)	Average Daily Patronage	Farebox Revenue	Rental Income	Other Non-farebox revenue	Total Revenue	Total Operating Costs	Profit/Loss	Profit Margin
2012	58 900	51.24	20.39	12.50	84.13	78.36	+5.77	+6.9%
2013	59 200	53.93	21.99	25.01	100.93	81.53	+19.40	+19.2%
2014	57 700	52.59	24.34	15.42	92.35	85.63	+6.72	+7.3%
2015	55 300	50.18	25.91	12.75	88.84	86.53	+2.31	+2.6%
2016	53 400	48.66	28.94	12.67	90.27	90.95	-0.68	-0.7%
Change (Comparison between 2012 and 2016)	-9.3%	-5.0%	+41.9%	+1.4%	+7.3%	+16.1%	Not applicable	Not applicable

**Note: 2016 financial figures are subject to external audit**



It is observed that Star Ferry's franchised ferry services achieved an average profit margin of around 9.0% per annum since its last fare increases in June 2012 and till 2015. During the period, the profit in 2013 was exceptionally high, reaching 19.2%, due to the unusually high non-farebox revenue<sup>6</sup> in that year. Leaving out the impact of 2013, the average profit margin for 2012, 2014 and 2015 was around 5.6% per annum only. For 2016, Star Ferry's escalating cost on various items (including staff, repair and maintenance and expenses on piers) could not be fully met by reduced revenue, and recorded a deficit of around 0.7% (\$0.68 million). However, if Star Ferry's increase in rental income due to the restaurant business at the Wan Chai Pier as mentioned in paragraph 17 can be maintained, it is expected that the operation situation in 2017 could be significantly improved. We will look into this and conduct assessment.

21. Based on the analysis in paragraphs 9 to 12, overall speaking, Star Ferry has been providing proper and efficient ferry service to the public. In considering the application for fare increases, the Government will conduct assessment based on the various criteria set out in paragraph 7 above and take into account the views of this Panel and the Transport Advisory Committee. We will carefully process the applications with a view to ensuring the financial viability of the franchised ferry services and effectively performing for the public our gate-keeper role on fares.

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<sup>6</sup> The following factors attributed to the exceptional increase in non-fare box revenue in 2013 –

- (i) Star Ferry was given a non-recurrent refund of around \$8.7 million of employers' stake arising from the closure of a staff provident fund scheme and after clearance and payment of the staff's share;
- (ii) the Government's exceptional helping measure in connection with SF's last fare increase in June 2012, to fully reimburse SF for the total revenue foregone from the offer of free rides for the elderly for the "Central – Tsim Sha Tsui" ferry service. This amounts to around \$1.0 million in total;
- (iii) advertising income (mainly due to an increase in advertising income from the exterior walls of Tsim Sha Tsui Pier by around \$1.1 million, and pier interior walls by around \$0.5 million; income from ferry hull advertising by around \$0.3 million; and inclusion of *ad hoc* advertising income of around \$0.3 million); and
- (iv) increase in shop rental income by around \$1.6 million.

## **Franchise Expiry**

22. The existing franchise of Star Ferry will expire on 31 March 2018. In accordance with the requirement as set out in the Ordinance<sup>7</sup>, the Star Ferry applied in January 2016 for extension of its franchise. Under the Ordinance, the Executive Council may, at the request of the grantee, extend the franchise for a period or periods not exceeding 15 years, if it is satisfied that the grantee is capable of maintaining a proper and efficient ferry service and it is in the public interest to continue the franchised service. The Ordinance also states that a grantee shall at all times during the franchise period maintain to the satisfaction of the Commissioner for Transport a proper and efficient ferry service.

23. As mentioned in paragraph 21, the Government considers that the Star Ferry has been providing proper and efficient ferry service. The Government plans to engage Star Ferry for discussion on the arrangements for the new franchise of the two franchised ferry routes that it operates, preceded by public consultation. The consultation document will be uploaded to the websites of the Transport and Housing Bureau and TD as well as the Public Affairs Forum website of the Home Affairs Bureau for reference and comments by the public. Besides, TD will invite views from the relevant District Councils or their Traffic and Transport Committees. Outcome of the public consultation will be announced.

24. The Government would strive for the most favourable franchise terms for the public as far as possible in a pragmatic manner. We aim to conclude the discussion within 2017 and will brief this Panel.

## **Advice sought**

25. Members are invited to offer views on the application for fare increases as set out in paragraph 2 and to note the Government's plan to engage Star Ferry for discussion on matters related to new franchise.

**Transport and Housing Bureau**  
**Transport Department**  
**February 2017**

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<sup>7</sup> According to the Ferry Services Ordinance (Cap. 104), the grantee may make a request for extension of its franchise not less than two years before the expiration of the franchise period.

Details of Government's helping measures  
for ferry services (including Star Ferry)<sup>1</sup>

The Government's measures to help reduce the operating costs of ferry services (including Star Ferry) include taking over the responsibility of pier maintenance, waiving fuel duty, as well as reimbursing pier rental and exempting vessel licence fees under the Elderly Concessionary Fares Scheme.

2. Star Ferry has been offering free rides for elderly passengers aged 65 or above since 1993. The revenue foregone (i.e. the amount of full adult fare) by Star Ferry in offering free rides can be reimbursed by the Government, subject to a cap of the lower of the actual revenue foregone and the sum of pier rentals and vessel licence fees. In this regard, the amount of Government's reimbursement to Star Ferry due to offering of fare concessions to the elderly passengers is around \$0.27 million per annum while the total revenue foregone by Star Ferry in offering free rides for the elderly is around \$2.6 million (i.e. Star Ferry has been absorbing most of the revenue foregone in offering free rides for elderly). In 2012, the number of elderly passengers was around 4 100 passenger trips per day on average. In 2016, elderly passengers enjoying free rides has dropped to around 2 600 passenger trips per day on average, accounting for around 4.9% of Star Ferry's total daily patronage, of 53 400.

3. Besides, under the Government's Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities, Star Ferry is also reimbursed for the difference between fares for persons with disabilities and \$2.

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<sup>1</sup> According to policy, there is basically no direct subsidy from the Government for public transport services save for the six major outlying ferry routes. These six routes are "Central – Cheung Chau", "Inter-islands" serving Peng Chau, Mui Wo, Chi Ma Wan and Cheung Chau, "Central – Mui Wo", "Central – Peng Chau", "Central – Yung Shue Wan", "Central – Sok Kwu Wan". The Government provides Special Helping Measures ("SHM") to these routes because for the islands in question there is basically no alternative to the ferry services as a means of public transport (only Mui Wo is also linked by an external road network, but its cross-district land-based public transport services are very limited). Short of SHM, the ferry services will not be commercially viable without periodic hefty fare increases. The seven in-harbour routes should not be subsidised as there are a variety of land (and railway) transport alternatives available.



**The Public Opinion Survey for  
the Ferry Services of  
the "Star" Ferry Company Limited**

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**Executive Summary**

**Aristo Market Research & Consulting Company Limited**

## **1. Background & Objective**

In order to collect public views on the performance of the “Star” Ferry Company, Limited (“Star Ferry”) as perceived by passengers, the Transport Department (“TD”) has commissioned Aristo Market Research & Consulting Company Limited to conduct a Public Opinion Survey for Star Ferry in September 2016.

## **2. The Survey**

The respondents of the Survey covered passengers aged 12 or above who took Star Ferry service of Tsim Sha Tsui – Central (“Central Route”) or Tsim Sha Tsui – Wan Chai (“Wan Chai Route”) and was capable of speaking Cantonese, Putonghua or English.

Face-to-face interviews on board of Star Ferry’s vessels were employed to obtain public opinion on Star Ferry’s performance. To select a random and representative sample of passengers of Star Ferry on board, a two-stage random selection approach was employed via sampling of trips and sampling of passengers on selected trips. The sampled trips covered all operating hours of the survey period. The representative sample of passengers was then selected randomly from each sampled ferry trip for interviews.

The questionnaire includes 9 core questions covering the following aspects of the service performance:

- 1) Overall satisfaction on the services provided
- 2) Frequency of ferry services
- 3) Reliability of frequency of ferry services
- 4) Comfort of ferry
- 5) Fare of ferry services
- 6) Facilities on board
- 7) Facilities at the pier
- 8) Passenger information
- 9) Staff performance and attitude

The respondents were asked to rate their satisfaction level on each service aspect in a scale of (i) Very satisfied (ii) Satisfied (iii) Dissatisfied (iv) Very dissatisfied (v) No comment (vi) Refused to answer.

In total, 518 passengers were successfully interviewed during the survey period between 18 and 27 September 2016, representing an overall response rate of 65.9%

### **3. Summary Findings**

#### **Overall**

1. Overall speaking, 99.0% of the respondents indicated that they were very satisfied/satisfied with the overall quality of ferry service provided by Star Ferry. The percentage was much higher than the 1.0% who were dissatisfied/very dissatisfied.
2. 91.9% of the respondents indicated that they were very satisfied/satisfied with the frequency of ferry services. The percentage was much higher than the 5.6% who were dissatisfied/very dissatisfied.
3. 89.6% of the respondents indicated that they were very satisfied/satisfied with the reliability of frequency of ferry services. The percentage was much higher than the 3.7% who were dissatisfied/very dissatisfied.
4. 93.2% of the respondents indicated that they were very satisfied/satisfied with the comfort of ferry. The percentage was much higher than the 4.1% who were dissatisfied/very dissatisfied.
5. 95.6% of the respondents indicated that they were very satisfied/satisfied with the fare of ferry services. The percentage was higher than the 3.1% who were dissatisfied/very dissatisfied.
6. 82.6% of the respondents indicated that they were very satisfied/satisfied with the facilities on board. The percentage was much higher than the 6.0% who were dissatisfied/very dissatisfied.
7. 79.7% of the respondents indicated that they were very satisfied/satisfied with the facilities at the pier. The percentage was much higher than the 13.5% who were dissatisfied/very dissatisfied.
8. 67.2% of the respondents indicated that they were very satisfied/satisfied with the passenger information. The percentage was higher than the 8.1% who were dissatisfied/very dissatisfied.
9. 87.3% of the respondents indicated that they were very satisfied/satisfied with the staff performance and attitude. The percentage was higher than the 2.5% who were dissatisfied/very dissatisfied.

### **Wan Chai Route**

1. Specifically for Wan Chai route, 98.1% of the respondents indicated that they were very satisfied/satisfied with the overall quality of ferry service provided by Star Ferry. The percentage was much higher than the 1.9% who were dissatisfied/very dissatisfied.
2. 84.3% of the respondents indicated that they were very satisfied/satisfied with the frequency of ferry services. The percentage was much higher than the 13.2% who were dissatisfied/very dissatisfied.
3. 87.4% of the respondents indicated that they were very satisfied/satisfied with the reliability of frequency of ferry services. The percentage was much higher than the 5.0% who were dissatisfied/very dissatisfied.
4. 93.7% of the respondents indicated that they were very satisfied/satisfied with the comfort of ferry. The percentage was much higher than the 3.8% who were dissatisfied/very dissatisfied.
5. 93.1% of the respondents indicated that they were very satisfied/satisfied with the fare of ferry services. The percentage was higher than the 5.7% who were dissatisfied/very dissatisfied.
6. 84.3% of the respondents indicated that they were very satisfied/satisfied with the facilities on board. The percentage was much higher than the 7.5% who were dissatisfied/very dissatisfied.
7. 75.5% of the respondents indicated that they were very satisfied/satisfied with the facilities at the pier. The percentage was much higher than the 17.0% who were dissatisfied/very dissatisfied.
8. 74.2% of the respondents indicated that they were very satisfied/satisfied with the passenger information. The percentage was higher than the 6.9% who were dissatisfied/very dissatisfied.
9. 89.9% of the respondents indicated that they were very satisfied/satisfied with the staff performance and attitude. The percentage was higher than the 1.3% who were dissatisfied/very dissatisfied.

### **Central Route**

1. Specifically for Central route, 99.4% of the respondents indicated that they were very satisfied/satisfied with the overall quality of ferry service provided by Star Ferry. The percentage was much higher than the 0.6% who were dissatisfied/very dissatisfied.
2. 95.3% of the respondents indicated that they were very satisfied/satisfied with the frequency of ferry services. The percentage was much higher than the 2.2% who were dissatisfied/very dissatisfied.
3. 90.5% of the respondents indicated that they were very satisfied/satisfied with the reliability of frequency of ferry services. The percentage was much higher than the 3.1% who were dissatisfied/very dissatisfied.
4. 93.0% of the respondents indicated that they were very satisfied/satisfied with the comfort of ferry. The percentage was much higher than the 4.2% who were dissatisfied/very dissatisfied.
5. 96.7% of the respondents indicated that they were very satisfied/satisfied with the fare of ferry services. The percentage was higher than the 1.9% who were dissatisfied/very dissatisfied.
6. 81.9% of the respondents indicated that they were very satisfied/satisfied with the facilities on board. The percentage was much higher than the 5.3% who were dissatisfied/very dissatisfied.
7. 81.6% of the respondents indicated that they were very satisfied/satisfied with the facilities at the pier. The percentage was much higher than the 12.0% who were dissatisfied/very dissatisfied.
8. 64.1% of the respondents indicated that they were very satisfied/satisfied with the passenger information. The percentage was higher than the 8.6% who were dissatisfied/very dissatisfied.
9. 86.1% of the respondents indicated that they were very satisfied/satisfied with the staff performance and attitude. The percentage was higher than the 3.1% who were dissatisfied/very dissatisfied.



**Details of Star Ferry's previous fare adjustments during the current franchise period**

Star Ferry has made two rounds of fare adjustments during the current franchise period. The first adjustment in 2009 covered all ticket types with a two-phase implementation, namely in 2009 and 2010. The second adjustment was made in 2012, under which the holiday (Saturday, Sunday and public holiday) fares were increased, a bicycle fare was introduced for the lower deck of the "Wan Chai – Tsim Sha Tsui" Route, and the fare of tourist tickets was reduced upon de-linking its usage from tram services.

**The First Fare Adjustment (made by phases in 2009 and 2010 respectively, involving various ticket types)**

2. Star Ferry initially applied for a fare increase by around 23% in one go. In the light of the prevailing economic situation and with approval from the ExCo, Star Ferry implemented fare increases in two phases. The first being a smaller fare increase (all weekday fares increased by 10 cents and holiday fares increased by 20 cents to 30 cents, with an average rate of increases of 8.5%) that took effect in March 2009. The second being a full fare increase (all weekday fares increased by 20 cents to 30 cents cumulatively and holiday fares increased by 50 cents to 80 cents cumulatively, with an average rate of increases of 13.3%) that took effect in January 2010. The projected cumulative inflation rate from January 2010 to February 2018 is around 34.1%, while the increase in MMHI from the first quarter of 2010 to the third quarter of 2016 (the latest published figure) is around 44.4%

**The Second Fare Adjustment (made in 2012)**

3. Star Ferry put up two options for fare adjustments: one was to increase the fares of all ticket types with an average increase rate of 14.9%; and the other was to increase the holiday fares only, with an average increase rate of 4.2%, on the condition that the Government would fully reimburse Star Ferry with its revenue foregone in offering free rides to the elderly. Under both options, SF suggested cancellation of tourist ticket and introduction of a charge for bicycle.

4. To alleviate the impact of fare increase on passengers travelling on weekdays, the Government considered that the weekday fares and monthly tickets for the two routes should remain unchanged, while the holiday fares were approved to be increased by 30 cents to 40 cents with effect from June 2012. Apart from the holiday fare adjustments, the Government also approved SF's introduction of a new fare for bicycle of \$13 for the lower deck of the "Wan Chai – Tsim Sha Tsui" route, and reduction of tourist ticket fare from \$34 to \$25 upon de-linking its usage from tram services. The average rate of increases was 5.6%.

5. The Government has also adopted an exceptional measure to fully reimburse Star Ferry with its revenue foregone in offering free rides to the elderly for the "Central – Tsim Sha Tsui" route in 2012 (upon implementation of new fares) and 2013. The amount of reimbursement was around \$2.9 million.

6. The projected cumulative inflation rate from June 2012 to February 2018 is around 21.3%, and the increase in MMHI from the second quarter of 2012 to the third quarter of 2016 (the latest published figure) is around 26.2%.