

**立法會**  
**Legislative Council**

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**Panel on Transport**  
**Meeting on 20 December 2019**

**Updated background brief on Star Ferry's fare increase application**

**Purpose**

This paper provides updated background information on the mechanism of processing fare increase applications for franchised ferry services. It also summarizes the major views and concerns expressed by the Panel on Transport ("the Panel") on the fare increase applications made by the "Star" Ferry Company Limited ("Star Ferry") in the past discussions.

**Background**

2. Star Ferry is the only franchised ferry operator in the territory. It operates two franchised ferry services, namely the "Central – Tsim Sha Tsui" and the "Wan Chai –Tsim Sha Tsui" routes ("the two ferry routes").

3. Fares of franchised ferry services are determined by the Chief Executive-in-Council ("CE-in-Council") in accordance with the provisions in the Ferry Services Ordinance (Cap. 104), subject to negative vetting by the Legislative Council ("LegCo"). When considering fare increase applications for ferry services the following factors are taken into account –

- (a) financial condition of the ferry operator;
- (b) forecasts of changes in operating cost, revenue and return;
- (c) past performance of ferry operator in the provision of the relevant ferry services;
- (d) public acceptability of the proposed fares; and

- (e) measures implemented by the ferry operator to save cost and generate additional revenue.

4. Under the established practice, the Administration will consult the Panel and the Transport Advisory Committee on a fare increase application for franchised ferry services before submitting it to CE-in-Council for a decision. The new fares have to go through negative vetting by LegCo before implementation.

5. In July 2016, Star Ferry submitted an application for fare increases.<sup>1</sup> Having regard to Star Ferry's financial performance and other factors, the Administration recommended and the CE-in-Council approved the fare increase application by Star Ferry in one go by a weighted average rate of 8.9%. Details of the new fare scale of Star Ferry are in **Appendix I**. The new fare took effect on 15 July 2017.

6. On 13 March 2018, CE-in-Council granted a new franchise to the Star Ferry for continued operation of the two ferry routes for a period of 15 years from 1 April 2018 to 31 March 2033.<sup>2</sup>

### **Major views and concerns of Members**

7. Major views and concerns expressed by members during previous discussions are summarized in the ensuing paragraphs.

#### Fare increase applications by Star Ferry

8. At the Panel meeting on 24 February 2017 discussing Star Ferry's fare increase application, members acknowledged the need for fare adjustment having regard to the financial viability and sustainable operation of Star Ferry. As Star Ferry had been offering the most economical option for commuters to travel across the harbour for interchanging to other public transport modes, members opined that its low fares should be maintained. Another member suggested that in tandem with the fare increase, the Administration should liaise with Star Ferry on improving its service and facilities, including the conditions

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<sup>1</sup> Star Ferry sought to increase the fares of the two ferry services in two phases, viz. an increase of some 17.5% for implementation in February 2017 and a further 6.5% increase for implementation in February 2018 with a cumulative fare increase, with compounding effect, of some 25.2%.

<sup>2</sup> The previous franchise for the two ferry routes operated by Star Ferry commenced on 1 April 2008 for a period of 10 years and expired on 31 March 2018. Star Ferry submitted in January 2016 an application for extending the franchise for 15 years upon its expiry.

of its vessels and the piers to better serve its passengers.

9. The Administration responded that under established policy, the Administration would take into account various criteria, including the financial position of the ferry operator, forecasts of changes in operating cost, revenue and return of the ferry operator, etc., when considering fare increase applications. In addition, the Administration had been according high priority in ensuring the provision of a proper and efficient ferry service by Star Ferry, and service improvements would be a key requirement during the discussion with Star Ferry on the renewal of its franchise, which was due to expire very soon at that time.

10. On a member's enquiry of whether ferry service was covered under the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ("Concession Scheme") such that eligible persons could use the ferry service at \$2, the Administration advised in the affirmative and added that fare for persons with disabilities using ferry service was \$2, whereas for elderly passengers aged 65 or above, Star Ferry had been offering free rides to them since 1993.

11. When the Panel discussed the new franchise for Star Ferry at the meeting on 19 January 2018, members noted with concern that Star Ferry was expected to spend a substantial amount on upgrading hardware and retrofitting ferries for environmental protection reasons. Despite that subsidy could be obtained from the Pilot Green Transport Fund ("the Fund") for investing in green technology, members raised concern on how Star Ferry could fund the retrofitting works and whether such investment would affect fare levels.

12. The Administration advised that Star Ferry had committed that, so long as its financial position permitted and with due considerations to prevailing technological standards, the company would retrofit the entire franchised ferry fleet by phases within the franchise period with a view to reducing the emission of pollutants. In addition, apart from obtaining subsidy from the Fund, additional non-fare box revenue generated from sub-letting premises could also be used for subsidizing the above investment. The Administration reiterated that fare increase applications by Star Ferry would be subject to careful scrutiny by the Administration.

13. A member suggested Star Ferry working with the Hong Kong Tourism Board to promote its ferry service so that more revenue could be generated to subsidize the retrofitting works.

### Harbourfront enhancement

14. Members raised enquiry on the management of the areas of Central and Wan Chai Piers by Star Ferry. Some members opined that the area between Central Piers Nos. 7 and 8 should be better utilized and that Star Ferry should be allowed to use them for commercial activities, such as providing food and beverage services. A member suggested Star Ferry exploring the feasibility of the provision of affordable food and beverage at the harbourfront, and expressed that the food stalls selling skewers and beer at Discovery Bay Pier was a good model for reference.

15. The Administration advised that it would explore how restrictions could be relaxed to allow Star Ferry to make better use of the areas of the Central Pier more flexibly, but matters relating to the change in land use had to be discussed at the Harbourfront Commission. On a member's further enquiry about the relaxation of restrictions, the Administration added that the Transport Department would take the initiative to collaborate with relevant departments to explore with Star Ferry on how the Central Terminal Building could be better utilized with a view to revitalizing and beautifying the harbourfront. Moreover, the management responsibilities of the ground floor of the Central Terminal Building would be taken up by Star Ferry during the new franchise period.

### **Relevant papers**

16. A list of relevant papers is in **Appendix II**.

### **Latest developments**

17. Star Ferry has submitted an application for fare increase for the two routes. The Administration will consult the Panel on the application at the meeting to be held on 20 December 2019.

**New Fare Scale**  
**(with effect from 15 July 2017)**

**(1) Central to Tsim Sha Tsui**

Fare Type	Existing Fare				New Fare			
	Mon to Fri		Sat, Sun and Public Holiday		Mon to Fri		Sat, Sun and Public Holiday	
	Upper Deck	Lower Deck	Upper Deck	Lower Deck	Upper Deck	Lower Deck	Upper Deck	Lower Deck
Adult	\$2.5	\$2.0	\$3.4	\$2.8	\$2.7 (+\$0.2)	\$2.2 (+\$0.2)	\$3.7 (+\$0.3)	\$3.1 (+\$0.3)
Child (between 3 and 12 years old) and passenger with disabilities	\$1.5	\$1.4	\$2.1	\$2.0	\$1.6 (+\$0.1)	\$1.5 (+\$0.1)	\$2.2 (+\$0.1)	\$2.1 (+\$0.1)
Child aged under 3 and passenger aged 65 or above <sup>Note 1</sup>	Free				Free			
Monthly Ticket	\$125.0				\$135.0 (+\$10.0)			
Tourist Ticket <sup>Note 2</sup>	\$25.0				\$27.5 (+\$2.5)			

Note 1: Upon production of HKID card or senior citizen card.

Note 2: Unlimited travel permitted for four consecutive days on the two ferry routes.

## (2) Wan Chai to Tsim Sha Tsui

Fare Type	Existing Fare		New Fare	
	Mon to Fri	Sat, Sun and Public Holiday	Mon to Fri	Sat, Sun and Public Holiday
Adult	\$2.5	\$3.4	\$2.7 (+\$0.2)	\$3.7 (+\$0.3)
Child (between 3 and 12 years old) and passenger with disabilities	\$1.5	\$2.1	\$1.6 (+\$0.1)	\$2.2 (+\$0.1)
Child aged under 3 and passenger aged 65 or above <sup>Note 1</sup>	Free		Free	
Monthly Ticket	\$125.0		\$135.0 (+\$10.0)	
Tourist Ticket <sup>Note 2</sup>	\$25.0		\$27.5 (+\$2.5)	
Bicycle (per bicycle) <sup>Note 3</sup>	\$13.0		\$14.0 (+\$1.0)	

Note 1: Upon production of HKID card or senior citizen card.

Note 2: Unlimited travel permitted for four consecutive days on the two ferry routes.

Note 3: At present, bicycle carriage is allowed upon payment of fares on the lower deck of vessels in “Wan Chai – Tsim Sha Tsui” ferry service during non-peak hours, except the following circumstances:

- (a) at the peak hour from 5 p.m. to 6 p.m. on sailings from Wan Chai to Tsim Sha Tsui;
- (b) when the lower deck is open for carrying passengers to cater for upsurge in demand; or
- (c) cyclists carrying goods on their bicycles.

For each sailing, a maximum of 10 bicycles or 8 bicycles and 2 wheelchairs are allowed on board. Priority will be given to wheelchair users.

## Appendix II

### Star Ferry's fare increase application

#### List of relevant papers

Date of meeting	Panel/Committee	Minutes/Paper	LC Paper No.
5.12.2011	Panel on Transport	Administration's paper	CB(1)464/11-12(03) <a href="http://www.legco.gov.hk/yr11-12/english/panels/tp/papers/tp1205cb1-464-3-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/tp/papers/tp1205cb1-464-3-e.pdf</a>
		Background brief	CB(1)450/11-12 <a href="http://www.legco.gov.hk/yr11-12/english/panels/tp/papers/tp1205cb1-450-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/tp/papers/tp1205cb1-450-e.pdf</a>
		Minutes of the meeting	CB(1)1482/11-12 <a href="http://www.legco.gov.hk/yr11-12/english/panels/tp/minutes/tp20111205.pdf">http://www.legco.gov.hk/yr11-12/english/panels/tp/minutes/tp20111205.pdf</a>
--	--	Legislative Council Brief on "The "Star" Ferry Company, Limited: Application for fare increase for franchised services"	THB(T)CR1/5591/76 Pt.30 <a href="http://library.legco.gov.hk:1080/articles/1145845.211758/1.PDF">http://library.legco.gov.hk:1080/articles/1145845.211758/1.PDF</a>
--	--	Legal Service Division Report	LS56/11-12 <a href="http://www.legco.gov.hk/yr11-12/english/hc/papers/hc0504ls-56-e.pdf">http://www.legco.gov.hk/yr11-12/english/hc/papers/hc0504ls-56-e.pdf</a>
24.2.2017	Panel on Transport	Administration's paper	CB(4)578/16-17(07) <a href="https://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170224cb4-578-7-e.pdf">https://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170224cb4-578-7-e.pdf</a>

Date of meeting	Panel/ Committee	Minutes/Paper	LC Paper No.
		Background brief	CB(4)578/16-17(08)  <a href="https://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170224cb4-578-8-e.pdf">https://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170224cb4-578-8-e.pdf</a>
		Administration's supplementary paper	CB(4)1274/16-17(01)  <a href="https://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170224cb4-1274-1-e.pdf">https://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170224cb4-1274-1-e.pdf</a>
		Minutes of meeting	CB(4)1425/16-17  <a href="https://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20170224.pdf">https://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20170224.pdf</a>
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--	--	Legal Service Division Report	LS58/16-17  <a href="https://www.legco.gov.hk/yr16-17/english/hc/papers/hc20170428ls-58-e.pdf">https://www.legco.gov.hk/yr16-17/english/hc/papers/hc20170428ls-58-e.pdf</a>
19.1.2018	Panel on Transport	Administration's paper	CB(4)445/17-18(03)  <a href="https://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tp20180119cb4-445-3-e.pdf">https://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tp20180119cb4-445-3-e.pdf</a>
		Background brief	CB(4)445/17-18(04)  <a href="https://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tp20180119cb4-445-4-e.pdf">https://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tp20180119cb4-445-4-e.pdf</a>
		Administration's supplementary information	CB(4)760/17-18(01)



<b>Date of meeting</b>	<b>Panel/ Committee</b>	<b>Minutes/Paper</b>	<b>LC Paper No.</b>
			<a href="https://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tp20180119cb4-760-1-e.pdf">https://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tp20180119cb4-760-1-e.pdf</a>
		Minutes of meeting	CB(4)1545/17-18 <a href="https://www.legco.gov.hk/yr17-18/english/panels/tp/minutes/tp20180119.pdf">https://www.legco.gov.hk/yr17-18/english/panels/tp/minutes/tp20180119.pdf</a>

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