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Panel on Transport
Meeting on 15 May 2020

**Background brief on the introduction of "Central – Hung Hom"
ferry and "water taxi" services**

Purpose

This paper provides background information on the introduction of "Central – Hung Hom" ferry and "water taxi" services. It also summarizes the major views and concerns expressed by the Legislative Council ("LegCo") Members on the subject during previous discussions.

Background

2. According to the Administration, in-harbour ferry services play a supplementary role to land-based transport and railway. Since 1999, the "Star" Ferry Company Limited ("Star Ferry") had operated the "Central – Hung Hom" and "Wanchai – Hung Hom" ferry services. As a result of public transport network enhancements and the relocation of ferry pier in Central in 2006, the average daily patronage of the two ferry routes had dropped continuously.

3. Before the expiry of the licence of two ferry routes by 31 March 2011, the Transport Department ("TD") conducted two tender exercises in a row between September and December 2010 to select suitable ferry service operators to continue the service of the two routes. Despite relaxing the service requirements to attract operators to bid for the operations,¹ no tender submission was received by TD when the two tenders closed by 14 January 2011. At the

¹ TD had relaxed the service requirements for the two routes which included:

- (i) splitting the two services into two route packages to allow more flexibility in submitting service proposals;
- (ii) slightly shortening the operating periods and allowing a wider service frequency to better match service level with passenger demand pattern;
- (iii) allowing deployment of vessels with smaller seating capacity to operate the licensed service to save costs; and
- (iv) allowing the offer of a lower rate of concessionary fare to elderly passengers to reduce the revenue forgone.

same time, given the prolonged operating deficits and in anticipation of little growth in patronage, the Star Ferry ceased operating the two routes upon licence expiry on 31 March 2011.

4. In response to recent community's suggestion of exploring more in-harbour ferry routes and introducing "water taxi" service,² the Administration has decided to revive the "Central – Hung Hom" ferry route and launch a pilot "water taxi" service plying Kai Tak, Hung Hom, Tsim Sha Tsui East, West Kowloon and Central. In this regard, TD invited tenders for operating the above services on 13 December 2019 and completed the tender assessment in mid-March 2020. An operator has been selected and it is expected that the "Central – Hung Hom" ferry route and "water taxi" licensed ferry services will commence operation in the second and fourth quarter of 2020 respectively.

Major views and concerns expressed by Legislative Council Members

Cessation of "Central – Hung Hom" and "Wanchai – Hung Hom" ferry services

5. At the meeting of the Panel on Transport ("the Panel") on 25 February 2011, members considered it undesirable for ceasing the operation of the two ferry routes as there was great passenger demand for the services. In addition, the ferry services were part of Hong Kong's collective memory that deserved preservation. Suggestions were made on how to sustain the services, included the provision of subsidy just like the special helping measures offered to outlying island ferry services, or allowing the services to be operated by social enterprises with funding support from the Home Affairs Department. A motion was passed at the meeting in this regard.

6. The Administration responded that it was the Government's policy to ensure that public transport services were run by private operators according to commercial principles. All parties, including social enterprises, were welcomed to submit operation proposals when the tender for licenced services were invited. With respect to the provision of subsidy, since ferry services were the only means of transport for residents living in the outlying islands, the Administration considered it appropriate to offer special helping measures to outlying island ferry services to enhance their financial viability. As there were alternative public transport services for crossing the harbour, there was no strong justification for the Government to provide direct subsidy to the two licenced ferry services.

² The Commerce and Economic Development Bureau and the Tourism Commission suggest exploring the provision of "water taxi" serving locations with major tourist attractions within harbour in the Development Blueprint for Hong Kong's Tourism Industry.

The role of in-harbour ferry services in Hong Kong

7. When the Administration briefed the Panel on the policy initiative of reviving the "Central – Hung Hom" ferry route and introducing "water taxi" service at the meeting on 19 October 2018, members welcomed the suggestion and expressed that in-harbour ferry could serve as an alternative means of harbour-crossing transport in situations like railway service disruptions. They called on the Administration to explore the feasibility of providing more in-harbour ferry routes, and increasing the number of service points for "water taxi". The Administration took note of the above suggestions and said they would consider passenger demand in working out service routings and frequency under the ferry service proposals.

8. The staging of public order events since June 2019 had caused serious transport service disruptions due to the vandalization of railway facilities and blockage of major roads and trunks. Due to road blockages at Tolo Highway and the Cross-Harbour Tunnel facilities, the Administration arranged special free ferry services between Tai Po and Wu Kai Sha from 15 to 18 November 2019, as well as between Hung Hom and Wan Chai and between Kowloon City and Wan Chai from 20 to 29 November 2019 for the convenience of commuters.

9. At the Panel meeting on 15 November 2019, members opined that Hong Kong had too heavily relied on the road and railway transport systems and called on again the revival of more in-harbour ferry services to provide alternative transport means for passengers. At the LegCo meeting on 18 December 2019, a Member raised an oral question relating to in-harbour ferry services, including the formulation of contingency measures to use ferry services for coping with traffic contingencies; plans for providing ferry services plying between districts in New Territories and Hong Kong and the provision of incentive to attract operators providing in-harbour ferry services.

10. The Administration responded at the LegCo meeting that as compared with the huge capacity of railways and franchised buses, ferry had constraints in carrying capacity, sailing times and frequency of sailings. The average daily number of passenger trips made on ferries in 2018 accounted for about one per cent of all public transport passenger trips in Hong Kong. Therefore in-harbour ferry services could only serve a supplementary role to land-based transport. In respect of contingency measures, TD had all along put in place contingency plans for individual strategic routes and rail lines. In case of an incident, TD and other government departments, public transport operators and tunnel and bridge management companies would maintain contact and take appropriate actions according to the plans. During the period when individual roads and

trunks were blocked, the Administration would consider arranging special free ferry services to meet passenger demand if situation warranted.

11. As regards the increasing call for more in-harbour ferry services, the Administration added that it welcomed any application for the operation of new ferry services, and would take into account all factors, including passenger demand, financial and operation viability of these proposals. To alleviate the operating costs of the in-harbour ferry routes, the Administration might consider measures such as taking over the maintenance work of piers where applicable, and reimburse pier rentals and exempted vessel licence fees to enhance the attractiveness of ferry operations.

Relevant papers

12. A list of relevant papers is in **Appendix I**.

Latest developments

13. The Administration will brief the Panel on introducing the "Central – Hung Hom" ferry and "water taxi" services at the meeting to be held on 15 May 2020.

Council Business Division 4
Legislative Council Secretariat
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**Introduction of "Central – Hung Hom" ferry
And "water taxi" services**

List of relevant papers

Date	Meeting	Paper
25.2.2011	Panel on Transport	Agenda https://www.legco.gov.hk/yr10-11/english/panels/tp/agenda/tp20110225.htm Minutes https://www.legco.gov.hk/yr10-11/english/panels/tp/minutes/tp20110225.pdf
19.10.2018		Agenda https://www.legco.gov.hk/yr18-19/english/panels/tp/agenda/tp20181019.htm Minutes https://www.legco.gov.hk/yr18-19/english/panels/tp/minutes/tp20181019.pdf
28.11.2018	Council Meeting	Question No. 7 – Ferry services https://www.info.gov.hk/gia/general/201811/28/P2018112800530.htm?fontSize=1
15.11.2019	Panel on Transport	Agenda https://www.legco.gov.hk/yr19-20/english/panels/tp/agenda/tp20191115.htm Minutes https://www.legco.gov.hk/yr19-20/english/panels/tp/minutes/tp20191115.pdf
18.12.2019	Council Meeting	Question No. 1 – Ferry services https://www.info.gov.hk/gia/general/201912/18/P2019121800465.htm
6.4.2020	Special Finance Committee Meeting	Reply Serial No. THB(T)075 https://www.legco.gov.hk/yr19-20/english/fc/fc/w_q/thb-t-e.pdf