

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Wednesday, November 28, 2018 is 106 (up 0.1 against yesterday's index).

LCQ 20: Planning for the ancillary facilities for major infrastructure projects

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (November 28):

Question:

It has been reported that since the Hong Kong-Zhuhai-Macao Bridge (HZMB) opening to traffic on the 24th of last month, a large number of Mainland residents have joined tour groups to Hong Kong that enter and exit Hong Kong on the same day through HZMB. Most of them are arranged to go to Tung Chung, which is close to the HZMB Hong Kong Port, for free activities because visiting time is limited and they are not received by any local travel agency. As a result, the catering, shopping, tourist and transport facilities in the district are overwhelmed, and the daily lives of the residents in the district are seriously affected. Some members of the public have pointed out that the aforesaid situation reflects an oversight of the Government in planning for the ancillary facilities needed for major infrastructure projects. In this connection, will the Government inform this Council:

(1) whether, before the opening of the HZMB to traffic, it had assessed the number of tourists travelling to Tung Chung after their entry into Hong Kong through the HZMB and such tourists' impact on the residents in the district, and formulated mitigation measures; if so, of the assessment outcome and the mitigation measures, and the discrepancies between the assessment outcome and the actual situation; if not, the reasons for that;

(2) given that the Civil Engineering and Development Department is currently conducting the Study on Traffic, Transport and Capacity to Receive Visitors for Lantau and carrying out jointly with the Planning Department the Planning, Engineering and Architectural Study for Topside Development at Hong Kong Boundary Crossing Facilities Island of Hong Kong-Zhuhai-Macao Bridge, of the commencement dates and the latest expected completion dates of these studies;

(3) given the recent intake of residents of a new public housing estate in Tung Chung, whether the authorities have provided the ancillary facilities needed for the additional population and tourists in Tung Chung;

(4) whether it has assessed the daily number of tourists entering Hong Kong through the HZMB who will travel to Tuen Mun and other districts in New Territories West upon the full opening of the Tuen Mun-Chek Lap Kok Link to traffic; if so, of the number; whether it will provide the ancillary facilities needed for those tourists; if so, of the details; and

(5) whether it will, by learning a lesson from the situation that various problems were encountered when the HZMB opened to traffic, improve the planning work for other major infrastructure projects in future, with a view to making it more people-oriented, so that priority is accorded not only to transport infrastructure development but also to the provision of ancillary facilities?

Reply:

President,

The Government has been monitoring closely the vehicular and visitor flows crossing the boundary through the Hong Kong-Zhuhai-Macao Bridge (HZMB) and the operation of the Hong Kong Boundary Crossing Facilities (BCF) since the commissioning of the HZMB. In view of the recent situation in Tung Chung, the Government has rolled out multi-pronged measures within a short time to help alleviate the pressure of the BCF and its nearby areas, improving the relevant situation.

Having consulted relevant bureaux and departments, my consolidated reply to the question raised by the Hon Tony Tse is as follows:

(1) When carrying out feasibility studies for the HZMB, the consultants have estimated the amount of passenger traffic, including the number of passengers travelling among Hong Kong, Zhuhai and Macao using the HZMB. However, the forecast of passenger traffic cannot estimate the final destinations of the passengers. In fact, the forecasted passenger flow may also vary as a result of external factors such as the respective further developments of the three places and new planning initiatives.

In view of the recent situation in Tung Chung, the Government has called various inter-departmental meetings to tackle the matter. Based on the experience gained from the past few weekends, around one-fifth of visitors arriving at Hong Kong through the HZMB BCF did not leave the BCF to visit other districts in Hong Kong by taking local public transportation. This indicates that many of the visitors arriving at Hong Kong through the HZMB BCF mainly intended to visit the HZMB itself and might not enter Hong Kong. The Government is exploring with relevant Mainland authorities the opening of the HZMB's East Artificial Island to the aforementioned group tourists, so as to allow such tourists to visit the HZMB and return to Zhuhai or Macao from

the East Artificial Island without crossing the boundary of the Hong Kong Special Administrative Region.

In addition, the Government is arranging for setting up temporary small-scale shops or booths in the HZMB BCF's Passenger Clearance Building to allow travellers to buy souvenirs. We are also exploring the introduction of food trucks to serve travellers near the BCF's Passenger Clearance Building and in Sunny Bay.

Besides, the Transport Department (TD) implemented new measures concerning the operating arrangements of domestic tour coaches at the BCF on November 21. Under the new measures, registered coach operators could enter the BCF pick-up area to pick up passengers on any day provided that they had submitted an application and completed certain simple procedures via the TD's online system by 9pm the prior day. This arrangement helps Hong Kong receiving travel agents and Mainland inbound travel agents establish co-operation, so as to reduce the influx of visitors into Tung Chung through flexible deployment of tour coaches.

Furthermore, shuttle bus operators launched an online booking system on November 23 to allow travel agents or organisers of tour groups to purchase shuttle bus tickets (including return tickets in one single operation) for designated dates and time slots starting from November 24. The new arrangement helps manage and regulate visitor flows at all time slots, thereby preventing group visitors from entering and leaving Hong Kong at the same time, as well as reducing the waiting time of visitors.

In view of the large number of passengers going to Tung Chung, the bus company concerned has implemented a series of measures starting from November 10 to improve the queuing arrangement of Route B6 at Tung Chung, including arranging passengers to buy return tickets in advance, arranging two buses at a time for passengers to get aboard, and deploying more staff to facilitate passengers to get aboard. These measures have shortened the time for boarding the buses and there was no long queue during most of the peak hours. Besides, setting barriers at the bus stop has allowed the queues to proceed in an orderly manner. The TD and bus companies will continue to closely monitor the demand of various feeder bus routes and take appropriate measures as necessary.

In parallel, the Tourism Commission (TC) has assisted in co-ordinating the local trade to smoothen visitor flow near the BCF, including requesting the local trade to arrange travellers to use other means of transport (such as cross-boundary ferries) as far as practicable. The TC also encourages the trade, including tourist attractions, to launch travel itineraries and products such as half-day tours, so as to help divert travellers.

(2) The "Study on Traffic, Transport and Capacity to Receive Visitors for Lantau", which is being carried out by the Civil Engineering and Development Department (CEDD), commenced in mid-2017 and is expected to complete in 2019. In addition, the "Planning, Engineering and Architectural Study for Topside Development at Hong Kong Boundary Crossing Facilities Island of Hong Kong –

Zhuhai – Macao Bridge" carried out by the CEDD and the Planning Department commenced in 2015. Meanwhile, the Government has invited the Airport Authority Hong Kong (AAHK) to submit a proposal for the topside development at the Hong Kong Boundary Crossing Facilities Island. Upon the submission of development proposal by the AAHK, the Government will consider it in detail and formulate the planning and uses of the topside development at the Hong Kong Boundary Crossing Facilities Island.

(3) In respect of Tung Chung New Town Extension (TCNTE), we will follow the planning concept of a balanced community in Tung Chung when taking the project forward. Apart from providing some 49,000 new public/private residential units, the project will also provide over 870,000 square metres commercial floor space for office, retail, dining and hotel uses. To cope with the needs arising from the TCNTE, two new railway stations (Tung Chung East and Tung Chung West) will be constructed. We have also reserved sufficient land for the development of social welfare, recreation and education facilities. The reclamation works in Tung Chung East commenced in end-2017. We expect the first population intake in around 2023/24 the earliest. Relevant government departments will implement the above facilities gradually taking account of the progress of the TCNTE project.

(4) As explained in (1) above, the forecast of passenger traffic has only assessed the number of passengers travelling among Hong Kong, Zhuhai and Macao using the HZMB.

The mainline of Tuen Mun – Chek Lap Kok Link (TM-CLKL) Southern Connection, i.e. the part connecting to urban bound of the North Lantau Highway, was commissioned to dovetail with the commissioning of the HZMB on October 24 to facilitate the public going to the HZMB and also to relieve the traffic burden on the road network on Airport Island brought about after the commissioning of the HZMB. The part of the TM-CLKL Southern Connection connecting to the Tung Chung bound of North Lantau Highway is being strived to commission within 2018. The TM-CLKL Northern Connection is anticipated to be completed by 2020 the earliest.

Upon the commissioning of the whole section of the TM-CLKL, there will be an alternative route going between the Hong Kong Port and other areas of Hong Kong, alleviating the pressure borne by the Lantau Link. The TD and relevant public transport operators will review public transport services and arrangement in the areas concerned and will consult relevant District Councils and stakeholders, striving to provide efficient public transport services to the public. The TC will also keep a close eye on the travel trends of Mainland tourists, and report destinations that the latter tend to visit to District Offices and other relevant departments in various districts for advance planning. The Food and Environmental Hygiene Department, the Agriculture, Fisheries and Conservation Department, and the Leisure and Cultural Services Department will from time to time review their site management and staffing mechanism. These include stepping up inspection at popular destinations during peak arrival seasons of Mainland tourists, advising and educating individuals involved in inappropriate behaviours and to take enforcement actions against violations as appropriate, and at the

same time stepping up site cleansing and crowd management, so as to minimise the impact of relevant activities on the districts concerned

(5) When implementing large-scale infrastructure projects, relevant Government departments will take into account a host of factors for providing ancillary facilities of the new development project, and engage consultants to conduct impact assessments and detailed studies. In planning the ancillary facilities of large-scale infrastructure, the Government will from time to time fine-tune the public transport service level and arrangements of other ancillary facilities under planning in response to the development of society and public transport service networks, and other changes, as well as establishing contingency plans to ensure that new infrastructure projects are able to meet the expected transport demand and tackle the challenges from new developments and changing circumstances.

LCQ9: Measures to assist Hong Kong enterprises in weathering China-US trade conflicts

Following is a question by the Hon Jeffrey Lam and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (November 28):

Question:

Since July this year, the authorities of the United States (US) have imposed, one after another, additional tariffs of 10 per cent or 25 per cent on imports from China of a total worth of US\$250 billion. They have also indicated that the rates of the additional tariffs will be raised to a flat rate of 25 per cent with effect from January 1 next year. In response, the authorities of China have concurrently imposed additional tariffs of 5 per cent to 25 per cent on imports from US of a total worth of US\$110 billion. Among the goods affected by the additional tariffs, those from China and re-exported to US via Hong Kong were worth over HK\$130 billion in total, accounting for about 3.5 per cent of the value of Hong Kong's total exports of goods last year. The Government anticipates that the Sino-US trade conflicts will have significant impacts on Hong Kong's economy next year. Some members of the business sector hope that the Government will step up its efforts to support Hong Kong enterprises to weather the difficult time. In this connection, will the Government inform this Council:

(1) as the special enhanced measures, introduced this year by the Hong Kong Export Credit Insurance Corporation in response to the Sino-US trade conflicts to support exporters, will expire on June 30 next year, whether the

authorities will (i) regularise these measures, (ii) raise the limit for the insured amount and increase the pre-shipment cover, and (iii) expand the scope of coverage to include exporters with annual sales turnover of \$50 million or more and goods exported to overseas markets other than US;

(2) as quite a number of enterprises have relayed that financial institutions have recently kept lowering the credit facilities granted to them, thereby seriously affecting their cash flow, whether the authorities will consider re-launching the Special Loan Guarantee Scheme under which the Government will provide a loan guarantee of \$100 billion so as to assist Hong Kong's manufacturers and exporters in their financing; and

(3) regarding the impacts on the economy of Hong Kong brought about by the US authorities' measure of raising across the board the rates of the additional tariffs on imports from China with effect from January 1 next year, of the outcome of the authorities' latest assessment, and whether they have formulated further measures to assist Hong Kong enterprises in weathering the challenges concerned?

Reply:

President,

Our consolidated reply for the three parts of the question is as follows:

Since the beginning of this year, the United States (US) has, in tranches, imposed additional tariffs at 10 per cent or 25 per cent on a total of US\$250 billion worth of Mainland imports. In response, the Mainland has imposed additional tariffs at 5 per cent, 10 per cent or 25 per cent on US\$110 billion worth of US imports. In respect of the US and Mainland's tariff lists, a total of HK\$185.7 billion of the concerned products were re-exported via Hong Kong, accounting for 4.8 per cent of Hong Kong's total exports of goods in 2017. Apart from re-export trade, the tariff measures also affect Hong Kong's offshore trade involving Mainland products destined to the US as well as other economic activities that support China-US trade.

In addition, the China-US trade conflict has also affected international trade and investment activities, the global financial market and the overall economic sentiment, indirectly affecting all aspects of the Hong Kong economy, and the impact has begun to emerge. If the US raises the tariff level on the US\$200 billion worth of Mainland imports from the current 10 per cent to 25 per cent from January 2019 as it announced earlier, the negative impact on the global economy, financial market as well as Hong Kong's economy would be more significant.

The Government has been closely monitoring developments of the China-US trade conflict and their impact on Hong Kong economy, maintaining close communication and exchanging information with the trade, and discussing with them on how to respond. The Commerce and Economic Development Bureau and the Trade and Industry Department (TID) have met with major local chambers and

associations of small and medium enterprises (SMEs) many times to gauge their views on the tariff measures and jointly assess their impact on the trade. TID has also set up a dedicated liaison platform for better communication with and dissemination of information to the trade.

In the short term, the Government understands that the trade is particularly concerned about export credits and financing, especially for SMEs which are more susceptible to external factors. Therefore, the Government has promptly responded to the trade's need and introduced a number of short term measures, including:

(i) The Hong Kong Export Credit Insurance Corporation has introduced in phases special enhanced measures to strengthen protection for Hong Kong exporters affected by the US tariff measures, including providing six free buyer credit assessments for each Hong Kong exporter; providing 30 per cent discount on premium for "Small Business Policy" (SBP) holders (i.e. Hong Kong exporters with annual sales turnover less than \$50 million); increasing the credit limit for SBP holders by 20 per cent to a maximum of \$5 million; and providing free pre-shipment cover for SBP holders affected by the US tariff measures;

(ii) The application period for the special concessionary measures under the SME Financing Guarantee Scheme operated by the HKMC Insurance Limited has been extended to June 30, 2019. In addition, to further alleviate the financing burden of local enterprises and assist them to obtain financing from lending institutions, three additional support measures have been launched from November 19, 2018, i.e. reducing the annual guarantee fee rate by 50 per cent; increasing the maximum facility amount from \$12 million to \$15 million; and lengthening the maximum guarantee period from five years to seven years;

(iii) TID has been strengthening the dissemination of information in respect of the Hong Kong rules of origin to the trade and following up with the trade on the related review; and

(iv) The Hong Kong Trade Development Council (TDC) organises free seminars to help the trade understand the relevant trade measures and possible responses, and will also continue to help the trade develop emerging markets and transfer production base through organising trade missions, business matching services, etc.

In addition, the Government has also strengthened support to the trade in developing markets. The Government has advanced the launch of the ASEAN Programme under the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to August 1, 2018 to provide funding support to individual non-listed Hong Kong enterprises to undertake projects for enhancing their competitiveness and furthering business development in the ASEAN market. Enterprises can obtain a maximum funding of \$1 million on a matching basis for carrying out up to 10 ASEAN projects, with the funding ceiling per project being \$1 million. In addition, to strengthen support to SMEs in exploring new markets and new business opportunities, the cumulative funding

ceiling per enterprise for the current SME Export Marketing Fund and the Mainland Programme under the BUD Fund has been doubled, i.e. from \$200,000 and \$500,000 to \$400,000 and \$1 million respectively.

In the medium to long term, the Government will continue to adopt a multi-pronged approach. We will continue to establish stronger bilateral ties with like-minded trading partners and deepen Hong Kong's economic integration with different parts of the world through negotiating and forging free trade agreements and investment agreements. We will expand our overseas Economic and Trade Office coverage to new partners and markets with close economic and trade relations with Hong Kong and with development potential, so as to tap business opportunities and boost foreign direct investment into Hong Kong. We will continue to organise business missions with the TDC for the trade to explore business opportunities in new markets. We will also continue to assist the trade in grasping the opportunities brought by the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Greater Bay Area.

The Government takes into account the trade's situation and needs when implementing various measures. We will continue to closely monitor developments and maintain close communication with the trade. We will also keep reviewing our support measures to the trade, particularly SMEs, to ensure that they are appropriate.

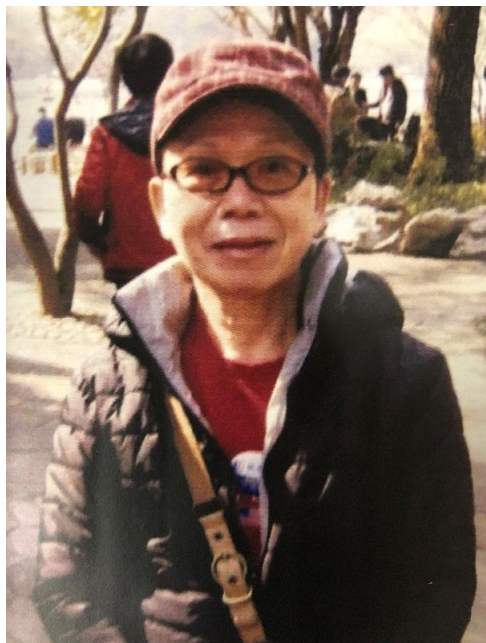
[Appeal for information on missing man in Chai Wan \(with photo\)](#)

Police today (November 28) appealed to the public for information on a man who went missing in Chai Wan.

Cheung Wing-ki, aged 77, went missing after he left his residence on Shau Kei Wan Road on November 25 morning. His family made a report to Police on the same day.

He is about 1.65 metres tall, 54 kilograms in weight and of thin build. He has a round face with yellow complexion and short straight grey hair. He was last seen wearing a pair of brown-rimmed glasses, a black peaked cap, a blue long-sleeved T-shirt, blue jeans, grey jacket, white sports shoes and carrying a brown shoulder bag.

Anyone who knows the whereabouts of the missing man or may have seen him is urged to contact the Regional Missing Person Unit of Hong Kong Island on 2860 1040, 9886 0034 or email to rmpu-hki@police.gov.hk, or contact any police station.



LCQ7: Ferry services

Following is a question by the Dr Hon Priscilla Leung and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (November 28):

Question:

Due to a continuous decline in patronage, the Central-Hung Hom ferry route ceased operation in March 2011. The Government indicated last month that it intended to re-commission the ferry route in the second quarter of next year. In this connection, will the Government inform this Council:

(1) whether it will adopt measures (e.g. lowering pier rentals or providing other concessions) to enhance the financial viability of the ferry route so as to attract more operators to submit bids for tender; if so, of the details; if not, the reasons for that;

(2) whether it will provide financial incentives (e.g. installing "MTR Fare Saver" readers at the piers or providing interchange discounts) to attract more members of the public to take the ferries of the route; if so, of the details; if not, the reasons for that; and

(3) whether it will adopt measures to enhance the land transport connectivity with and pedestrian accessibility to the relevant ferry piers so as to facilitate members of the public to take the ferries of the route; if so, of the details; if not, the reasons for that?

Reply:

President,

The "Star" Ferry Company, Limited (Star Ferry) started to operate the "Hung Hom – Central" and "Hung Hom – Wan Chai" licensed ferry services on April 1, 1999. In tandem with the enhancement of the public transport network and the relocation of the ferry pier in Central in 2006, the average daily patronage of the "Hung Hom – Central" route kept dropping and the patronage of the "Hung Hom – Wan Chai" route was also on the low side. Given the prolonged operating deficits of the two routes, and in anticipation of a lack of significant growth in patronage, the Star Ferry ceased operating the two routes upon licence expiry on March 31, 2011.

Between September and December 2010, the Transport Department (TD) conducted two tender exercises in a row with a view to selecting suitable ferry service operators to continue the services of the two routes. Prior to the second tender exercise, the TD consulted District Councils and locals of the concerned districts on how to enhance the viability of the two routes so as to attract operators to bid for the operation. Subsequently, the service requirements for the two routes were relaxed. Nevertheless, no tender submission was received by the TD when the two tenders closed.

The Government has noticed that in recent years, there are views among the community suggesting that more in-harbour ferry routes should be explored. The TD is making preparation for re-commissioning the "Central – Hung Hom" ferry route. Meanwhile, in view of the recommendations made in the Development Blueprint for Hong Kong's Tourism Industry, the TD is preparing for launching a pilot "water taxi" service plying between Kai Tak, Hung Hom, Tsim Sha Tsui East, West Kowloon and Central. The Government expects that this will inject commercial elements into the Hung Hom (South) Ferry Pier, thereby enhancing vibrancy of the Hung Hom harbourfront.

My responses to the various parts of the question raised by the Dr Hon Priscilla Leung are as follows:

(1) & (2) Between August 27 and September 27, 2018, the TD invited interested parties to submit expression of interest for operating the "Central – Hung Hom" ferry route and the "water taxi" service. Having received two submissions during the specified period, the TD is reviewing the submissions and will consult relevant stakeholders so as to formulate more specific ferry service proposals. Subject to progress of the consultation, the TD is working towards carrying out a tender exercise for the two ferry services in early 2019, with a view to commencing the services of the "Central – Hung Hom" route and "water taxi" (Note 1) in the second quarter of 2019 and the first quarter of 2020 at the earliest respectively.

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. The established policy is that, basically, in-harbour routes are not subsidised (Note 2) as there are a variety of land (and railway) transport alternatives available. That said,

to help reduce the operating costs of ferry services, the Government has implemented various measures in recent years as and when needed, such as reimbursing pier rental and exempting vessel licence fees under the Elderly Concessionary Fares Scheme, taking up the responsibility of pier maintenance and waiving fuel duty, etc. The Government also allows ferry operators to sub-let premises at piers for commercial purposes to generate non-fare box revenue for cross-subsidising the ferry operation so as to alleviate the pressure for fare increases. On the other hand, licensed ferry operators can be reimbursed for the difference between the full fare and the concessionary fare of \$2 for elderly and disabled persons under the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities. The above measures will be applicable to the "Central – Hung Hom" ferry route being operated in the form of licensed ferry service.

In addition, the Government will implement the non-means tested Public Transport Fare Subsidy Scheme (PTFSS) with effect from January 1, 2019 to relieve the fare burden of commuters who travel on local public transport services for daily commuting and whose public transport expenses are relatively high. Ferry services are among the public transport services covered under the PTFSS. Commuters may collect the public transport fare subsidy for January 2019 starting from February 16, 2019. As for the operator and fare levels (including whether and how fare concessions are offered) of the "Central – Hung Hom" ferry route, these will be subject to the outcome of the tender exercise.

Regarding the "MTR Fare Saver" mentioned in the question, it is a business promotion scheme launched by the MTR Corporation Limited (MTRCL) based on commercial considerations. Its objective is to encourage more people to opt for walking from places farther away from MTR stations to nearby MTR stations for using railway services. By offering passengers with promotional concessions, it helps expand the MTR's passenger base, leading to a win-win situation. To set up a Fare Saver, the MTRCL will consider several factors including the distance between the proposed location and the nearest MTR station, whether new passengers can be attracted, and whether there are already discounts offered by other means of connecting public transport to MTR stations, etc. As for interchange discounts, it is the commercial decision of individual operators. Nevertheless, to alleviate the burden of public transport expenses on members of the public, the Government will continue to encourage public transport operators to provide fare concession schemes as far as practicable, having regard to their individual operational and financial positions, the market situation and passenger demands, etc.

(3) The proposed "Central – Hung Hom" ferry route will berth at the Central Pier No. 8 (western berth) and Hung Hom (South) Ferry Pier (eastern berth). To meet operational needs of the ferry service, the TD is co-ordinating with the works departments concerned to conduct basic maintenance works for these piers. Such works include renovation works for the interior and exterior walls of the piers, waterproofing works for their roofs, lift and ramp system maintenance works, and retrofitting for addition of breastfeeding rooms at the piers, etc. Enhancement to the Hung Hom (South) Ferry Pier in the long run will be subject to recommendations, and their feasibility, to be made by

the ferry service operator to be selected through the tender exercise mentioned in item (1) above. By then, the TD and relevant Government departments will study the operator's recommendations in detail. The TD will duly consult stakeholders such as relevant District Councils and the Harbourfront Commission when preparing for the tender exercise, and when a more concrete pier enhancement proposal is available.

Currently, access to the Hung Hom (South) Ferry Pier is easy and convenient. The pier is within five to ten minutes' walk from the major housing estates in Whampoa. In future, ferry passengers may use the nearby Hung Hom (Hung Luen Road) Public Transport Interchange, to be in service soon, to interchange for various routes of franchised bus and green minibus for direct access to Wong Tai Sin, Kwun Tong, Sha Tin, Yuen Long and Tseung Kwan O, etc. Ferry passengers may also walk for a few minutes to the Whampoa MTR Station to go to places in Kowloon and the New Territories by rail. The TD will continue to keep in view the region's development and consider transport measures and adjustments to public transport services as necessary in a timely manner.

Note 1: The operator's gearing up time required (and hence the commencement timeframe) of the "water taxi" service might vary depending on the specific features of the new service.

Note 2: There is basically no subsidy for public transport services save for the six major outlying ferry routes. Special Helping Measures (SHM) are provided to these routes by the Government because for the islands in question there is basically no alternative to the ferry services as a means of public transport, and short of the SHM, the ferry services will not be commercially viable without periodic hefty fare increases. SHM is provided to keep fare increases moderate, while keeping the ferry services commercially viable.