

# Chief Executive in Council approves Star Ferry's application for fare increases

The Chief Executive in Council approved today (December 8) The "Star" Ferry Company, Limited (Star Ferry)'s application for fare increases for its two franchised ferry services, "Central-Tsim Sha Tsui" and "Wan Chai-Tsim Sha Tsui" (details of new fares in Annex).

Star Ferry submitted an application for fare increases in April 2019, seeking to increase the fares of the two ferry services by \$0.3 to \$0.5 per trip (Note). When considering Star Ferry's application for fare increases, the Government had taken into account all factors including the financial position of the ferry operator; forecasts of changes in operating costs, revenue and return; past performance of the ferry operator in the provision of ferry services; public acceptability of the proposed fares, and measures implemented by the ferry operator to save costs and generate additional revenue.

A Government spokesman said, "Star Ferry has suffered losses since 2018. As Star Ferry is a transport mode much preferred by visitors, in the fallout of public order events and the COVID-19 pandemic, its patronage and thus farebox revenue dropped significantly in 2019 and 2020, and would unlikely return to the previous level in the short-to-medium run. Moreover, since the last fare increase in July 2017, there was a continuous rise in Star Ferry's operating costs. In light of the uncertain economic situation, its non-farebox revenue (including rental and advertising income) could not be guaranteed. Therefore, there is a need for Star Ferry to adjust its fare."

The spokesman continued, "On the other hand, the service performance of Star Ferry has all long been satisfactory. It has also been actively taking forward measures to enhance service, reduce costs and generate additional revenue, such as replacing pier facilities and rationalising fleet deployment. Notwithstanding its dire financial situation, Star Ferry continues to press ahead with its commitment to promote green ferry services by converting its franchised ferries to more environmental propulsion systems."

The maximum fares that could be charged by Star Ferry are set out in the Ferry Services (The "Star" Ferry Company, Limited) (Determination of Fares) Order (Cap. 104C). The amendment will be tabled at the Legislative Council on December 16 for negative vetting. Upon completion of the procedures, the new fares will take effect from February 9, 2021.

The Government consulted the Legislative Council Panel on Transport on December 20, 2019, and the Transport Advisory Committee on January 21, 2020, on Star Ferry's application for fare increases.

Note: Taking all fare types into consideration, the average fare increase rate is around 16.5 per cent.