

LCQ21: Non-farebox revenue of ferry service operators

Following is a question by the Hon Chan Hok-fung and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (February 21):

Question:

It is learnt that the patronage of cross-harbour ferries has been falling in recent years, and some licensed ferry service operators (operators) have sought to reduce the pressure for fare increases through non-farebox revenue. In this connection, will the Government inform this Council:

(1) of the respective farebox and non-farebox revenues of various operators in the past five years (set out in a table);

(2) as it is learnt that in order to assist operators in generating non-farebox revenue, the Government has permitted them to carry out a number of commercial activities at the piers leased to them by the Government, and the commonly approved commercial activities include subletting parts of pier premises for commercial concessions, such as retail shops, mobile communication radio base stations, and uses and activities such as restaurants and cafes subject to approval of the Town Planning Board (TPB), of the number of applications submitted by various operators to the Government for commercial activities at the piers subject to TPB's special approval in the past five years, and the details of such commercial activities;

(3) as it has been reported that Sun Ferry Services Company Limited (Sun Ferry) submitted an application for planning permission to the TPB at the end of last year for proposed Exhibition Hall and Shop and Services on a portion of the upper deck of Hung Hom (North) Ferry Pier, of the Government's role in the relevant application process for planning permission; whether the Government has in the past taken the initiative to submit any application for planning permission in respect of the planned uses of piers subject to TPB's approval; if so, of the details;

(4) of the average time taken by the Government to vet and approve operators' applications for subletting parts of the piers for commercial activities in the past five years; as there are views pointing out that the Government has taken quite a long time to vet and approve the aforesaid applications, whether the Government will consider subsidising operators to offer rent-free concessionary measures during the vetting and approval process, so as to attract tenants; if not, of the reasons for that;

(5) as it is learnt that Sun Ferry has leased out about 54 per cent of the

area of the seven piers it operates, whether the Government has gained an understanding of whether the reasons for parts of these piers not being leased out are related to obsolete pier facilities and inadequate ancillary facilities (e.g. water and electricity supply); if so, whether the Government has received any request to improve the ancillary facilities; if so, of the progress of the relevant work; and

(6) as it has been reported that the "Star" Ferry Company, Limited has put forth new ideas for pier operation to the Government in order to generate more non-farebox revenue, of the progress of the Government's study on such ideas?

Reply:

President,

There are currently nine ferry operators in Hong Kong operating 21 regular licensed passenger ferry routes. The Government has been taking various measures to reduce the operating costs of operators and help them identify ways to expand their non-farebox income to cross-subsidise the ferry operation. To facilitate the daily operation of ferry services, the Government provides ferry piers for 16 of the ferry routes. These piers are equipped with waiting areas and barrier-free facilities for passengers, and ancillary facilities such as rest rooms for ferry staff. The remaining five routes are using public piers or public landing steps to provide services.

Ferry operators are responsible for the daily operation of the ferry piers. To alleviate their expenses on using the piers, the Transport Department (TD) will co-ordinate the management and maintenance of these piers, for example, co-ordinating various works departments (including the Architectural Services Department, the Civil Engineering and Development Department, and the Electrical and Mechanical Services Department) to carry out regular structural repairs for facilities such as lifting platforms and ramps of ferry piers, improvement works for lighting systems, renovation of toilets, and upgrading works for power supply, etc, in order to ensure the safety and normal operation of pier structures and related facilities. Also, the Government has been reimbursing pier rentals to the ferry operators under the Elderly Concessionary Fares Scheme and offering the Special Helping Measures to 13 outlying island ferry routes by reimbursing them with pier-related expenses (such as electricity, water and cleaning charges) on an accountable basis, with a view to helping the operators maintain the financial viability of ferry services.

In consultation with the TD, the Planning Department (PlanD) and the Government Property Agency (GPA), my reply to various parts of the question raised by the Hon Chan Hok-fung is as follows:

(1) The Government all along encourages ferry operators to improve their long-term financial sustainability through a multipronged approach in terms of fare revenue, non-farebox revenue and support from the Government, in

order for them to continue to provide quality services. Given the commercial sensitivity of the actual farebox and non-farebox revenue of ferry operators, the requested information cannot be disclosed.

(2) to (5) In terms of assisting ferry operators in identifying ways to expand their non-farebox income, the Government allows them to sublet pier premises for commercial and retail purposes. These include letting out pier shops, renting out advertising lightboxes, as well as organising commercial activities in vacant pier spaces, in order to generate non-farebox revenue to cross-subsidise the operating expenses of ferries.

Depending on the nature of such commercial or retail activities at pier premises, the ferry operators may be required to submit applications to the Government or the relevant authorities to ensure that the proposed uses are in compliance with the relevant laws and regulations. For rental arrangements of the piers, the GPA will co-ordinate the processing of subletting applications for pier shops made by licensed ferry operators. It will consult relevant bureaux and departments and make decisions taking into account their opinions. As the details of and information required for each subletting application made to the GPA vary, the processing time of each case will be different and cannot be generalised. In general, if the application does not involve land uses which require planning permission, the vetting and approving time will be shorter. According to the records of the GPA, the median processing time for vetting and approving applications for subletting pier shops was approximately 70 days from 2019 to 2022, and 30 days in 2023 with the passing of the COVID-19 pandemic.

If the pier shop rental business involves land uses which require an application to the Town Planning Board (TPB) for planning permission, such an application must be made to the TPB pursuant to Section 16 of the Town Planning Ordinance. According to the records of the PlanD, the TPB considered a total of 16 planning applications related to government piers over the past five years (i.e. from 2019 to 2023). The uses under application were mainly for shops and services, while others included eating places, telecommunication radio base stations and offices. Most of the 16 applications were submitted by the ferry operators, while a few of them were submitted by shop operators. All 16 applications were approved by the TPB, with some of them approved with conditions. As mentioned above, the Government has been reimbursing pier rentals to ferry operators under the Elderly Concessionary Fares Scheme. Moreover, during the vetting and approving process, operators can apply for appropriate rent-free periods for tenants subject to circumstances of individual cases.

The TPB received an application for planning permission from the Sun Ferry Services Company Limited (Sun Ferry) for proposed exhibition hall and shop and services uses on a portion of the upper deck of Hung Hom (North) Ferry Pier in December 2023. Afterwards, further information was received in January 2024. The TPB will consider the application in accordance with the statutory process.

In fact, the Government has been proactively assisting ferry operators

in enhancing pier environment and facilities, in order to generate more non-farebox income. The TD always maintains close liaison with operators to understand their operational needs and carries out upgrading works as necessary. For instance, the TD is actively considering feasible options with relevant government departments and power companies to increase power supply at various piers (including Central Pier Nos. 4 to 6 and North Point (West) Ferry Pier currently used by the Sun Ferry) so as to build up the development potential of shop premises at the piers. We also understand that, as in the case of commercial activities in general, the letting out of pier shops is affected by a number of factors, including the overall economic situation of society, the budgets of commercial tenants and their considerations over the locations of the piers. With the gradual improvement of the overall economic environment, the Government will continue to actively assist ferry operators in optimising the use of pier premises to expand non-farebox income in order to support the long-term and sustainable operation of ferry routes.

(6) The Government has been closely liaising and exchanging views with the "Star" Ferry Company, Limited (Star Ferry) on its preliminary ideas on operation of the Star Ferry piers. In considering the suggestions, the Government must be vigilant in examining the relevant factors, including the cost-effectiveness of the project and the ferry service arrangement during the works period. Meanwhile, the Government will continue to actively assist Star Ferry in improving and increasing the spaces for pier shop operation and development. To this end, the TD, in co-ordination with relevant government departments, held a meeting with Star Ferry in early February 2024 to explore feasible options to enhance water and electricity supply facilities at the Tsim Sha Tsui Ferry Pier.