

## 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.