

Legislative Council Panel on Transport
Star Ferry's Fare Increase Application for Franchised Ferry Services

Purpose

The “Star” Ferry Company, Limited (“SF”) has submitted an application for increasing the fares of its franchised ferry services. This paper provides updated information about the operation of SF’s franchised ferry services. The representatives from SF will brief Members on its fare increase application at the meeting of the Legislative Council (“LegCo”) Panel on Transport on 5 December 2011. Members are invited to comment on this application.

SF’s Fare Increase Application

2. SF operates two franchised ferry services, namely, the “Central – Tsim Sha Tsui¹” and the “Wan Chai – Tsim Sha Tsui” routes. The fares of these ferry services were last increased by phases on 29 March 2009 and 1 January 2010 by weighted average rates of 8.5% and 13.3% respectively. SF submitted an application in July 2011 with the following two proposals to increase the fares of the two ferry services –

(a) **Proposal I**

- (i) Weekday (i.e. Monday to Friday) (Adult fare): to increase by \$0.2 to \$0.3
- (ii) Holiday (i.e. Saturday, Sunday and public holiday) (Adult fare): to increase by \$0.5 to \$0.6; or

(b) **Proposal II**

(subject to the Government reimbursing to SF in full the revenue foregone by SF in offering fare concessions to the elderly passengers)²

¹ The wording used in the existing franchise is “Kowloon Point”.

² At present, SF offers free rides for the elderly aged 65 or above. It is reimbursed with pier rental and exempted from vessel licence fees under the Elderly Concessionary Fares Scheme. SF now proposes to have the remaining revenue foregone in offering elderly fare concessions reimbursed in full by the Government.

- (i) Weekday (i.e. Monday to Friday): fares remain unchanged
- (ii) Holiday (i.e. Saturday, Sunday and public holiday) (Adult fare): to increase by \$0.3

3. In both Proposals I and II, SF suggested to delink the four consecutive day unlimited travel tourist tickets with trams, and to reduce the fare from \$34 to \$27 (Proposal I) or \$25 (Proposal II)³. SF also proposed to introduce a new fare of \$20 for the carriage of each bicycle on the “Wan Chai – Tsim Sha Tsui” ferry service. Details of SF’s fare increase proposals are set out at the **Annex** where the weighted average fare increase rate is 14.9% for Proposal I and 4.2% for Proposal II.

Processing of Fare Increase Applications for Franchised Ferry Services

4. Fares of franchised ferry services are determined by the Chief Executive-in-Council (“CE-in-Council”) in accordance with the provisions in the Ferry Services Ordinance (Cap. 104), subject to negative vetting by the LegCo. When considering fare increase applications for ferry services, the following factors are taken into account –

- (a) financial position of the ferry operator;
- (b) forecast of changes in operating cost, revenue and return;
- (c) past performance of the ferry operator in the provision of the relevant ferry services;
- (d) public acceptability of the proposed fares; and
- (e) measures implemented by the ferry operator to save cost and generate additional revenue.

5. Under the established practice, the Administration will consult the LegCo Panel on Transport and the Transport Advisory Committee on a fare increase application for franchised ferry services before submitting it to the CE-in-Council for a decision.

³ At present, a holder of a tourist ticket may have unlimited travel for four consecutive days on both SF’s franchised ferry services and trams.

Service Performance

6. As at October 2011, SF employed a total of 265 staff and had eight vessels in its fleet for the franchised ferry services. In 2010, the average daily patronage of “Central – Tsim Sha Tsui” was about 37 500; and that of “Wan Chai – Tsim Sha Tsui” was 19 800, making a total of 57 300 which represented about 0.5% of the total public transport patronage. To assess whether SF has been providing a proper and efficient ferry service, the Transport Department (“TD”) has been conducting regular reviews of the performance of SF through site surveys, as well as examination of regular returns and public feedback. In the surveys conducted by TD on the two ferry routes in 2010, it was found that the adherence rate to the Schedule of Services remained high, with an average of 97%.

7. On safety, the number of accidents remained at a consistently low level. From 1998 to 2010, SF recorded 25 accidents in total, of which five involved minor injuries. One accident was recorded for 2010. The average number of accidents per million passenger trips for SF was 0.05 in 2010, while the average number of accidents per million passenger trips for the whole domestic ferry industry⁴ was 0.14 in 2010.

8. In 2010, the average number of complaints per million passenger trips for SF was 0.77, while the average number of complaints per million passenger trips for the whole domestic ferry industry⁵ was 2.84 in 2010.

9. On the environmental side, SF conducted trials on the use of an emission reduction device known as the sea water scrubber. The results indicated that the device could reduce emission of sulfur dioxide and visible smoke. SF has also been working with the University of Hong Kong to develop a prototype device on nitrogen oxide (“NOx”) emission reduction, and the test result revealed that the NOx emission device could remove NOx emission by 70%. SF will continue to work with the University with a view to adopting this technology for retrofitting purpose. Subject to the result, SF plans to apply to the Pilot Green Transport Fund for the installation of sea water scrubbers with NOx emission reduction devices.

^{4 & 5} This refers to the two ferry routes under SF’s franchise and the 22 regular passenger ferry routes under licences in Hong Kong in 2010.

10. Overall, SF has been providing a proper and efficient service to the public.

Helping Measures Provided to SF

11. To help reduce the operating costs of ferry services, the Government has implemented various measures including taking over the responsibility of pier maintenance, waiving fuel duty, reimbursing pier rentals and exempting vessel licence fees for ferry services under the Elderly Concessionary Fares Scheme. In addition, the Government allows ferry operators to sub-let premises at piers for commercial and retail activities to generate non-fare box revenue for cross-subsidizing the ferry operation so as to alleviate pressure for fare increase. SF has sub-let almost all areas at the pier premises at its ferry piers approved for commercial and retail activities to generate rental income to cross-subsidize its ferry operation.

Advice Sought

12. Members are invited to offer comments on SF's fare increase application.

Transport and Housing Bureau
Transport Department
November 2011

Proposal I: *Fare increase without reimbursement of revenue foregone due to elderly concessions*

(1) Central to Tsim Sha Tsui

Fare Type	Existing Fare				Proposed Fare			
	Mon to Fri		Sat, Sun and Public Holiday		Mon to Fri		Sat, Sun and Public Holiday	
	Upper Deck	Lower Deck	Upper Deck	Lower Deck	Upper Deck	Lower Deck	Upper Deck	Lower Deck
Adult	\$2.5	\$2.0	\$3.0	\$2.4	\$2.8 (+\$0.3)	\$2.2 (+\$0.2)	\$3.6 (+\$0.6)	\$2.9 (+\$0.5)
Child (between 3 and 12 years old) and passenger with disabilities	\$1.5	\$1.4	\$1.8	\$1.7	\$1.7 (+\$0.2)	\$1.6 (+\$0.2)	\$2.2 (+\$0.4)	\$2.0 (+\$0.3)
Child aged under 3 and passenger aged 65 or above ^{Note 1}	Free				Free			
Monthly Ticket	\$125				\$140 (+\$15.0)			
Tourist Ticket ^{Note 2}	\$34				\$27 (-\$7.0)			

Note 1: Upon production of HKID card or senior citizen card.

Note 2: Unlimited travel permitted for four consecutive days on the two ferry routes and trams. Proposed fare will not be applicable to trams.

(2) Wan Chai to Tsim Sha Tsui

Fare Type	Existing Fare		Proposed Fare	
	Mon to Fri	Sat, Sun and Public Holiday	Mon to Fri	Sat, Sun and Public Holiday
Adult	\$2.5	\$3.0	\$2.8 (+\$0.3)	\$3.6 (+\$0.6)
Child (between 3 and 12 years old) and passenger with disabilities	\$1.5	\$1.8	\$1.7 (+\$0.2)	\$2.2 (+\$0.4)
Child aged under 3 and passenger aged 65 or above ^{Note 1}	Free		Free	
Monthly Ticket	\$125		\$140 (+\$15.0)	
Tourist Ticket ^{Note 2}	\$34		\$27 (-\$7.0)	
Bicycle (per bicycle) ^{Note 3}	Free		\$20	

Note 1: Upon production of HKID card or senior citizen card.

Note 2: Unlimited travel permitted for four consecutive days on the two ferry routes and trams. Proposed fare will not be applicable to trams.

Note 3: At present, bicycle carriage is allowed on the lower deck of vessels in “Wan Chai – Tsim Sha Tsui” ferry service during non-peak hours, except the following circumstances :

- (a) at the peak hour from 5 p.m. to 6 p.m. on sailings from Wan Chai to Tsim Sha Tsui;
- (b) when the lower deck is open for carrying passengers to cater for upsurge in demand; or
- (c) cyclists carrying goods on their bicycles.

For each sailing, a maximum of 10 bicycles or 8 bicycles and 2 wheelchairs are allowed on board. Priority will be given to wheelchair users.

Proposal II: Fare increase with full reimbursement of revenue foregone due to elderly concessions

(1) Central to Tsim Sha Tsui

Fare Type	Existing Fare				Proposed Fare			
	Mon to Fri		Sat, Sun and Public Holiday		Mon to Fri		Sat, Sun and Public Holiday	
	Upper Deck	Lower Deck	Upper Deck	Lower Deck	Upper Deck	Lower Deck	Upper Deck	Lower Deck
Adult	\$2.5	\$2.0	\$3.0	\$2.4	\$2.5 (no change)	\$2.0 (no change)	\$3.3 (+\$0.3)	\$2.7 (+\$0.3)
Child (between 3 and 12 years old) and passenger with disabilities	\$1.5	\$1.4	\$1.8	\$1.7	\$1.5 (no change)	\$1.4 (no change)	\$2.0 (+\$0.2)	\$1.9 (+\$0.2)
Child aged under 3 and passenger aged 65 or above ^{Note 1}	Free				Free			
Monthly Ticket	\$125				\$125 (no change)			
Tourist Ticket ^{Note 2}	\$34				\$25 (-\$9.0)			

Note 1: Upon production of HKID card or senior citizen card.

Note 2: Unlimited travel permitted for four consecutive days on the two ferry routes and trams. Proposed fare will not be applicable to trams.

(2) Wan Chai to Tsim Sha Tsui

Fare Type	Existing Fare		Proposed Fare	
	Mon to Fri	Sat, Sun and Public Holiday	Mon to Fri	Sat, Sun and Public Holiday
Adult	\$2.5	\$3.0	\$2.5 (no change)	\$3.3 (+\$0.3)
Child (between 3 and 12 years old) and passenger with disabilities	\$1.5	\$1.8	\$1.5 (no change)	\$2.0 (+\$0.2)
Child aged under 3 and passenger aged 65 or above ^{Note 1}	Free		Free	
Monthly Ticket	\$125		\$125 (no change)	
Tourist Ticket ^{Note 2}	\$34		\$25 (-\$9.0)	
Bicycle (per bicycle) ^{Note 3}	Free		\$20	

Note 1: Upon production of HKID card or senior citizen card.

Note 2: Unlimited travel permitted for four consecutive days on the two ferry routes and trams. Proposed fare will not be applicable to trams.

Note 3: At present, bicycle carriage is allowed on the lower deck of vessels in “Wan Chai – Tsim Sha Tsui” ferry service during non-peak hours, except the following circumstances :

- (a) at the peak hour from 5 p.m. to 6 p.m. on sailings from Wan Chai to Tsim Sha Tsui;
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For each sailing, a maximum of 10 bicycles or 8 bicycles and 2 wheelchairs are allowed on board. Priority will be given to wheelchair users.