

Exco approves Star Ferry fare adjustments

The Chief Executive in Council today (January 20) approved fare adjustments of The "Star" Ferry Company, Limited for its two franchised ferry routes, Central-Tsim Sha Tsui and Wan Chai-Tsim Sha Tsui (details given in Annex 1).

A government spokesman said that in considering the fare increase application from the Star Ferry, the Government had taken into account all relevant factors including the financial condition of the ferry operator; forecasts of changes in operating cost, revenue and return; past performance of ferry operator in the provision of the relevant ferry services; public acceptability of the proposed fares, and measures implemented by the ferry operator to save cost and generate additional revenue.

"In the light of the current economic climate, Star Ferry has reconsidered the situation. Notwithstanding the further loss on its accounts, Star Ferry has proposed to implement the fare increase in two phases with full increase deferred to 2010. The revised proposal reflects Star Ferry's willingness to ride out the present difficulties with the community and good corporate citizenship."

The fare increase will be implemented in two phases, i.e. a smaller fare increase (to increase all weekday fares by 10 cents and to increase weekend fares by 20 to 30 cents) to take effect on March 29 and the full fare increase (to increase weekday fares by 20 to 30 cents and to increase weekend fares by 50 to 80 cents compared with the existing fares) to take effect on January 1, 2010.

"The Government noted that the increasing operating cost and decrease in patronage had caused the operator financial losses since 2007 and pressure to increase the fares to ensure viability of the ferry service. Despite the alleviating effect

of the recent decline in oil price, it is forecast that Star Ferry will continue to incur losses in 2009 and 2010 even if its application for fare increases in two phases is approved," the spokesman said.

The Government consulted the Panel on Transport of the Legislative Council and the Transport Advisory Committee on the fare increase applications. The TAC's advice is at Annex 2.

Ends/Tuesday, January 20, 2009