

26 November 2007

Ms Eva Cheng, JP  
Secretary for Transport and Housing  
2/F Main and East Wings  
Central Government Offices  
Lower Albert Road  
Central  
Hong Kong

Dear Ms Cheng,

**Application for Franchise Extension by  
the “Star” Ferry Company, Limited**

The “Star” Ferry Company, Limited (“SF”) has applied for extending its current franchise for 15 years upon expiry. The Transport Advisory Committee (“TAC”) discussed the application at its meeting on 8 November 2007. This letter sets out TAC’s views and advice to the Chief Executive in Council (“CE-in-Council”).

Members noted that under the Ferry Services Ordinance (“FSO”) (Cap 104), the CE-in-Council may grant a franchise conferring the right to operate a ferry service to any company. FSO also states that a grantee shall at all times during the franchise period maintain to the satisfaction of the Commissioner for Transport a proper and efficient ferry service.

Members noted that SF had been providing a proper and efficient ferry service to passengers. On safety, SF only recorded 20 accidents from 1998 to 2006. According to the passenger opinion survey conducted by TD in early 2007, 97.2% of the interviewed passengers considered SF’s service met or exceeded their expectation. Members generally considered SF’s service satisfactory.

Members noted that the Administration intended to introduce a number of new clauses to SF’s new franchise, including implementation of measures to improve the environment, to enhance service standards and to improve service control. More specifically, members understand



that these include adopting measures to reduce undesirable exhaust emissions; enhance operational transparency so as to facilitate monitoring of its financial situation (including its non-fare box income) and hence adjustment of fares. TAC was informed that SF was conducting trials to assess the impact of using more environmentally friendly fuel, such as emulsified fuel and ultra low sulphur diesel, on the operation of its vessels with a view to improving the environment. Needless to say, passenger satisfaction survey will continue to be conducted annually to monitor the service provided by SF, and a new clause will be added to require SF to undertake these surveys annually and more frequently if required.

Other measures that SF has committed to implement during the term of the new franchise, if granted, include the installation of closed circuit televisions at the navigation and engine rooms of all its existing vessels and improved facilities to enhance accessibility of services for disabled passengers so as to enhance its service standards. Moreover, SF has committed to continue to offer the existing fare concessions during the period of the new franchise.

TAC generally welcomes SF's commitment to enhance its service quality and implementation of environmental protection measures.

Furthermore, Members were of the view that given SF is one of Hong Kong's icons, it is important that SF is required under the new franchise to preserve its heritage while striving continuously to improve its service. Members understand that under the new franchise, requirements will be put in to achieve this purpose. SF would be required to preserve its traditional features, such as the "double-ended" and "double-deck" design of vessels used by SF, the white top and green bottom hull and two black stars on each side of the funnel.

Having considered all the relevant circumstances and information before us, and on the understanding that the franchise will address the concerns and views raised and set out above, TAC supports the Administration's recommendation in granting a ten-year new franchise, with effect from 1 April 2008 to 31 March 2018, to SF.

I would be grateful if you would kindly convey TAC's views and advice to the CE-in-Council for consideration in the deliberation on SF's



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TRANSPORT ADVISORY COMMITTEE

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application. TAC's views and advice may be released for public information in due course after the Council's decision is announced.

Yours sincerely,

(Teresa Cheng)  
Chairman  
Transport Advisory Committee