

Overall Service and Fare Arrangements for the Six Major Outlying Island Ferry Routes in the Next Five-year Licence Period (2026-2031)

Purpose

The current five-year licence period for the six major outlying island ferry routes will expire on 31 March 2026. The Transport Department (“TD”) plans to extend the relevant licences for another five years until 31 March 2031. This paper aims to report to the Islands District Council on the overall service and fare arrangements for the six major outlying island ferry routes in the next five-year licence period.

Background

The Six Major Outlying Island Ferry Routes

2. Currently, Sun Ferry Services Company Limited (“Sun Ferry”) operates three of the six major outlying island ferry routes, namely “Central – Cheung Chau”, “Central – Mui Wo” and “Peng Chau – Mui Wo – Chi Ma Wan – Cheung Chau” (“Inter-islands”) routes, while Hong Kong & Kowloon Ferry Limited (“HKK”) operates the remaining three routes, namely “Central – Peng Chau”¹, “Central – Yung Shue Wan” and “Central – Sok Kwu Wan” routes. The current licences for the aforementioned six major outlying island ferry routes are valid for five years, commencing from 1 April 2021 until 31 March 2026.

Vessel Replacement Arrangement under the Vessel Subsidy Scheme

3. During the initial stage of the current licence period, the services of the three routes, namely “Inter-islands”, “Central – Yung Shue Wan” and “Central – Sok Kwu Wan” routes, were provided by a single type of vessels (either fast vessels or ordinary vessels)². While for “Central – Cheung Chau”, “Central – Mui Wo” and “Central – Peng Chau” routes³, a mixed fleet of vessels (both

¹ Special departures between Peng Chau and Hei Ling Chau are included.

² All sailings of “Inter-islands” route are ordinary ferry service, whereas all sailings of “Central – Yung Shue Wan” and “Central – Sok Kwu Wan” routes are fast ferry services. For the abovementioned three routes, there is only a single type of sailings for passengers to choose and the fares and journey time of all sailings are the same.

³ A mixed fleet of vessels means that a route is operated by both ordinary and fast vessels for providing ordinary and fast ferry services, which have different fares and journey times. Passengers can choose different ferry services based on their needs.

ordinary and fast vessels) were deployed to provide the services. For the three routes using a mixed fleet, Sun Ferry and HKK operate the corresponding ordinary or fast vessels in accordance with the timetable set out in the Schedules of Services and charge the relevant fares. In general, the journey time of ordinary vessels is about 25% to 70% longer than that operated by fast vessels, while the fares are about 15% to 50% lower than of those fast vessels (based on adult single journey ticket fares).

4. The Government announced in 2019 that it would implement the Vessel Subsidy Scheme (“VSS”) to subsidise 10 outlying island ferry routes⁴ to replace the entire existing fleet with greener vessels and newer facilities in two phases. Vessels built under the VSS are all equipped with full air-conditioned passenger compartments, breastfeeding areas, an accessible toilet, dedicated seats for passengers with pets, more wheelchair seats, luggage racks, mobile phone-charging facilities etc. to enhance passenger comfort significantly. Under Phase I of the VSS, Sun Ferry and HKK procured a total of 22 vessels for the six major outlying island ferry routes. New vessels have been put into service gradually since March 2024. As at March 2026, 20 new vessels have been put into operation.

5. With the implementation of the VSS, all ordinary vessels operating for the two routes, viz. “Central – Peng Chau” and “Central – Mui Wo” routes have been fully replaced by fast vessels since November 2024 and August 2025 respectively to provide ordinary ferry service while the fares have been maintained at the fare level of ordinary ferry service as a transitional arrangement. Meanwhile, the fleet arrangement (i.e. single or mixed fleet operation) for the remaining four outlying island ferry routes have remained unchanged.

Service and Fare Arrangement Proposal for the Next Licence Period

6. Sun Ferry and HKK submitted applications to TD, requesting to extend the licences for their respective three major outlying island ferry routes for another five years until 31 March 2031. They have also proposed to adjust the sailing arrangements for some routes in the next licence period. In addition, after forecasting various revenues and operating expenses for the next licence period, Sun Ferry and HKK proposed to adjust the fares for each route to maintain the financial viability of the ferry services.

⁴ 10 outlying island ferry routes include (i) “Central – Cheung Chau”, (ii) “Central – Mui Wo”, (iii) “Inter-islands”, (iv) “Central – Peng Chau”, (v) “Central – Yung Shue Wan”, (vi) “Central – Sok Kwu Wan”, (vii) “Aberdeen – Pak Kok Tsuen – Yung Shue Wan”, (viii) “Aberdeen – Sok Kwu Wan (via Mo Tat)”, (ix) “Tuen Mun – Tung Chung – Sha Lo Wan – Tai O” and (x) “Discovery Bay – Mui Wo” routes.

Service Performance

7. TD has examined the performance of Sun Ferry and HKK in operating the six major outlying island ferry routes in the current licence period (including review of results of monitoring surveys and complaint figures) and considers their overall services were generally satisfactory. Therefore, TD recommends to extend the validity of the concerned ferry service licences by five years until 31 March 2031.

Sailing Arrangements

8. In view of the full deployment of fast vessels on the “Central – Mui Wo” and “Central – Peng Chau” routes, Sun Ferry and HKK proposed to upgrade all existing ordinary ferry sailings on the abovementioned two routes to fast ferry sailings starting from the next licence period (i.e. 1 April 2026). This arrangement aims to further enhance operational efficiency and optimise the use of vessel resource effectively. The provision of uniform fast ferry service will shorten the journey time provided by the previous ordinary ferry service, while the layover time of vessels at ferry piers in between sailings will correspondingly increase. Given that the Peng Chau Ferry Pier needs to accommodate vessels serving both the “Central – Peng Chau” and “Inter-islands” routes, HKK suggested to slightly adjust the departure times of the “Central – Peng Chau” route. Specifically, the departures from Central at 7:00 a.m. and 1:00 p.m. on Mondays to Saturdays (except public holidays) would be rescheduled to 7:10 a.m. and 1:10 p.m. respectively⁵. This adjustment is intended to align with the sailing schedules and ensure smooth operation at Peng Chau Ferry Pier. HKK anticipated that the arrival time of the two sailings at Peng Chau will be similar to the existing one, and therefore the adjustments would not have adverse impact on passengers.

9. TD separately reviewed the projected passenger demand for the next licence period with Sun Ferry and HKK, and considers that the current service level of the six major outlying island ferry routes will be sufficient to meet the demand. In fact, since the introduction of new vessels under the VSS, the overall sailing capacity has increased and the occasional issue of passengers being left behind during peak periods (especially on the “Central – Cheung Chau” route) has significantly improved. Therefore, apart from the slight timetable adjustments to the departure time of the two sailings of “Central – Peng Chau” route as mentioned in paragraph 8 above, the services of the remaining five major

⁵ The departure time of all sailings from Central and Peng Chau of “Central – Peng Chau” route on Sundays and public holidays will remain unchanged.

outlying island ferry routes will remain unchanged at the start of the next licence period. TD will continue to closely monitor the services of the six major outlying island ferry routes in collaboration with Sun Ferry and HKK, with particular attention to the passenger travel patterns on the “Central – Mui Wo” and “Central – Peng Chau” routes after the adoption of uniform fast ferry service. Service adjustments will be considered in a timely manner to meet passenger demand.

Fare Arrangements

10. 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. There is no direct subsidy from the Government for public transport services, except for the 13 outlying island ferry routes⁶. Given that ferries are the primary mode of public transport to/from the outlying island, the Government provides the Special Helping Measures (“SHM”) to these routes in order to maintain the financial viability of ferry services and to alleviate the burden of fare increases on outlying island residents. Without the SHM, periodic hefty fare increases may be required to sustain the operation of the outlying island ferry services.

Fare Adjustment Proposals by Ferry Operators

11. The last fare adjustment for the six major outlying island ferry routes was implemented on 24 September 2023⁷. From October 2023 (i.e. the first full month after the previous fare adjustment) till September 2025, the three routes operated by each of Sun Ferry and HKK recorded a profit of about 1.8% and a loss of about 0.9% respectively. If the subsidy from the Government under the SHM is excluded, the three routes operated by each of Sun Ferry and HKK would record losses of about 34.6% and 48.1% respectively.

12. Owing to the persistent patronage drop in recent years and the anticipated rise in operating costs (in particular staff cost) for the six major outlying island ferry routes, Sun Ferry and HKK proposed to adjust the fares of the six major outlying island ferry routes. In addition, given that all services of the “Central – Mui Wo” and “Central – Peng Chau” routes are now operated exclusively by

⁶ In addition to the ten outlying island ferry routes mentioned in footnote 4 above, the remaining three outlying island ferry routes that are included in these 13 outlying island ferry routes are (i) “Central – Discovery Bay”, (ii) “Ma Wan – Tsuen Wan” and (iii) “Ma Wan – Central” routes.

⁷ The average rate of fare increase for the three routes operated by Sun Ferry was about 3.9% (including single-journey ticket, multi-journey concessionary ticket types and freight) whereas the average rates of fare increase for the three routes operated by HKK were about 19% (for single-journey ticket and freight) and 8% (for multi-journey concessionary ticket types).

fast vessels, Sun Ferry and HKK proposed consolidating the fares of these two routes with effect from 1 April 2026. The fare adjustment applications submitted by the two ferry operators are as follows:

(i) Fare Adjustment Application Submitted by Sun Ferry

Route	Fare Adjustment Proposal
“Central – Cheung Chau” and “Inter-islands”	<ul style="list-style-type: none"> • Uniform fare increase of 20% for all single-trip tickets, multi-journey concessionary ticket types⁸ (applicable to “Central – Cheung Chau” route only) and freight.
“Central – Mui Wo” ⁹	<ul style="list-style-type: none"> • Uniform fares of single-journey ticket are determined based on the existing fares for fast ferry service after a 20% fare increase; • Fares of multi-journey concessionary ticket types are determined based on the increased fare level of single-journey ticket. When taking fast ferry service in the future, holders will not need to pay top-up fare for taking fast ferry service; and • Fare increase of 20% for freight.

(ii) Fare Adjustment Application Submitted by HKK

Route	Fare Adjustment Proposal
“Central – Yung Shue Wan” and “Central – Sok Kwu Wan”	<ul style="list-style-type: none"> • Uniform fare increase of 30% for all single-journey tickets and freight; and • Fare increase of 15% for multi-journey

⁸ Multi-journey concessionary ticket types offered by Sun Ferry for “Central – Cheung Chau” and “Central – Mui Wo” routes include monthly ticket, student monthly ticket, multi-ride tickets and holiday return ticket.

⁹ With the full deployment of vessels fully equipped with air-conditioning system (“full-air-conditioned vessels”) on “Central – Mui Wo” route in replacement of vessels with part of the compartments equipped with air-conditioning system (“semi-air-conditioned vessels”) to provide services since 3 August 2025, the following fare arrangement has been implemented on “Central – Mui Wo” route with effect from the same day:

- passengers taking ordinary ferry service of the route with **single-journey tickets** are required to pay the deluxe class fares uniformly; and
- passengers taking ordinary ferry service of the route with **multi-journey concessionary ticket types** can take ordinary ferry service operated by full-air-conditioned vessels without having to pay the difference in fares of single-journey ticket for ordinary class and deluxe class; the fares of multi-journey concessionary ticket types have not been adjusted due to the concerned arrangement.

Route	Fare Adjustment Proposal
	concessionary ticket types ¹⁰ .
“Central – Peng Chau”	<ul style="list-style-type: none"> • Uniform fares of single-journey ticket are determined by averaging the fares of ordinary and fast ferry services after a respective 30% fare increase; • Fare increase of 15% for multi-journey concessionary ticket types based on their existing fare levels. When taking fast ferry service in the future, holders will not need to pay top-up fare for taking fast ferry service; and • Fare increase of 30% for freight.

Fare Adjustment Recommended by TD

13. TD fully recognises the importance of outlying island ferry services to those travelling to/from outlying island residents and their keen concern over the fares of outlying island ferry services. When considering the ferry operators’ fare increase applications, TD has carefully considered a number of factors, including public acceptance of fare adjustments, the financial situation of ferry operators, service performance, operational data, financial records, long-term financial sustainability, and other measures available to the ferry operators for improving their financial situations etc. Given the decrease in patronage and the continued increase in operating costs faced by ferry operators in recent years, TD considers that there is a genuine need for fare adjustments to ensure that all ferry routes can maintain their current service levels. TD therefore recommends the following fare adjustment proposal:

(i) Sun Ferry

Route	Fare Adjustment Recommended by TD
“Central – Cheung Chau” and “Inter-islands”	<ul style="list-style-type: none"> • Fare increase of 12.5% for all single-journey tickets and freight; and • Fare increase of 8%¹¹ for multi-

¹⁰ Multi-journey concessionary ticket types offered by HKK for “Central – Yung Shue Wan”, “Central – Sok Kwu Wan” and “Central – Peng Chau” routes include monthly ticket, student monthly ticket, multi-ride ticket, same-day return ticket and holiday return ticket.

¹¹ The top-up fares for taking the deluxe class of ordinary ferry service and fast ferry service, as well as the top-up fares for taking ferries on holidays, will be calculated based on the difference in the newly determined fares of single-journey ticket.

Route	Fare Adjustment Recommended by TD
	journey concessionary ticket types (applicable to “Central – Cheung Chau” route only).
<p>“Central – Mui Wo”</p> <p>→ <i>Lower the fast ferries fares, better upgraded services</i></p>	<ul style="list-style-type: none"> • Uniform fares of single-journey ticket are determined by averaging the fares of ordinary¹² and fast ferry services after a 12.5% increase on the fares of fast ferry service. The uniform adult single-journey ticket fares after consolidation will be \$33.5 (Mondays to Saturdays (except public holidays) (“weekdays”)) and \$48.5 (Sundays and public holidays (“holidays”)). The new fares are about 0.8% to 1.8% (i.e. \$0.4 to \$0.6) lower than the existing fares of fast ferry service. Passengers using single-journey tickets can enjoy fast ferry service at lower fares after the fare adjustment, achieving “lower the fast ferries fares, better upgraded services”; • Fares of multi-journey concessionary ticket types (except holiday return ticket) are increased by 8% based on the existing fares; fares of holiday return ticket are determined on the basis of the consolidated fare on the weekday fares of single-journey ticket, with a discount applied. In future, holders of these tickets will not be required to pay top-up fare¹³ when taking fast ferry service, thereby further reducing the burden on passengers; and • Fare increase of 12.5% for freight.

¹² Taking into account that the fare adjustment implemented on the single-journey ticket of “Central – Mui Wo” route on 3 August 2025 (refer to footnote 9 above), TD does not recommend consolidating the fares after increasing the existing fares of ordinary ferry service.

¹³ Passengers taking ferries on holidays with their multi-ride tickets will still be required to pay top-up fare, which will be calculated based on the difference in the newly determined fares of single-journey ticket.

(ii) **HKK**

Route	Fare Adjustment Recommended by TD
“Central – Yung Shue Wan” and “Central – Sok Kwu Wan”	<ul style="list-style-type: none">• Fare increase of 12.5% for all single-journey tickets and freight; and• Fare increase of 8% for multi-journey concessionary ticket types.
“Central – Peng Chau” → <i>Lower the fast ferries fares, better upgraded services</i>	<ul style="list-style-type: none">• Uniform fares of single-journey ticket are determined by averaging the fares of ordinary and fast ferry services after a respective 12.5% fare increase. The uniform adult single-journey ticket fares after consolidation will be \$31.9 (weekdays) and \$46.6 (holidays). The new fares are about 13.6% to 14.2% (i.e. \$5.0 to \$7.7) lower than the existing fares of fast ferry service. Passengers using single-journey tickets can enjoy fast ferry service at lower fares after the fare adjustment, achieving “lower the fast ferries fares, better upgraded services”;• Fares of multi-journey concessionary ticket types (except same-day return ticket and holiday return ticket) are increased by 8% based on the existing fares; fares of same-day return ticket and holiday return ticket are determined on the basis of the consolidated fare on the weekday fares of single-journey ticket, with a discount applied. In future, holders of these tickets will not be required to pay top-up fare when taking fast ferry service, thereby further reducing the burden on passengers; and• Fare increase of 12.5% for freight.

14. To alleviate the fare pressure on passengers using single-journey tickets and provide more option and flexibility to passengers using multi-ride tickets, the existing arrangement of multi-ride tickets will be enhanced as follows:

- (i) Sun Ferry will launch 30-day-6-trip multi-ride ticket; and
- (ii) Sun Ferry will extend the validity of 20-trip/12-trip multi-ride tickets, from current 30 days to 45 days; HKK will also extend the validity of 10-trip multi-ride ticket, from current 60 days to 90 days.

15. The new fare arrangement recommended by TD is at the Annex.

16. With the fare consolidation of single-journey ticket for the “Central – Mui Wo” and “Central – Peng Chau” routes, the fare structure will become clearer and more comprehensible, and better reflect the actual operational situation after the full deployment of new vessels. After the consolidation and adoption of uniform fares, passengers will no longer need to consider the fare differences between ordinary and fast ferry services, and can freely to take any sailing to suit their travel schedule. They will provide greater flexibility and more options and further enhancing the overall travel experience in taking ferries. Additionally, under the “lower the fast ferries fares, better upgraded services” arrangement, the existing fares of fast ferry service will be reduced after consolidation, enabling passengers to enjoy faster and more comfortable services at fares lower than the current level. The fare reduction not only alleviates the burden on outlying island residents but also allows visitors to enjoy higher-quality journeys at more favorable fares, thereby further enhancing the attractiveness of the routes for tourism. Overall, residents will benefit from more flexible travel options and the ferry experience will be improved holistically.

17. It is considered that the proposed fare adjustment is moderate and represents only a minimal increase. The proposal takes into consideration the interests of both outlying island residents and ferry operators by ensuring the daily travel needs of outlying island residents while maintaining the financial viability of the relevant routes operated by the ferry operators. If the rate of fare increase were to be further reduced, the financial pressure on ferry operators would continue to accumulate, making them difficult to maintain current service levels and potentially necessitating more significant adjustments in the future.

Way Forward

The Government’s Helping Measures and Non-farebox Revenue

18. To strengthen the long-term financial viability of ferry operators and alleviate pressure for fare adjustments, the Government will continue to support

ferry operators in improving their financial situation through a multi-pronged approach, such as the ongoing provision of SHM, under which ferry operators are reimbursed on an accountable basis for necessary expenses relating to piers, vessels and fare concessions. At the same time, the Government actively encourages ferry operators to expand non-farebox revenue, such as subletting part of the pier space for commercial purposes, including advertising and retail, to help offset operating costs. TD also continues to collect feedback from ferry operators and works with relevant departments to take forward pier improvement projects, thereby enhancing the commercial development potential of the piers. Recently, HKK and Sun Ferry organised a world-renowned brand exhibition and a themed carnival at Central Piers No. 4 and 6 respectively, generating additional non-fare revenue. In the long term, the Government will continue to improve ferry piers, upgrading facilities and appearance to increase the potential for subletting pier space. This will assist ferry operators in diversifying their income sources, reduce reliance on fare adjustments, and ensure the continuous and stable operation of ferry services.

Implementation Timetable

19. The overall service and fare arrangements aforementioned in the preceding paragraphs will be implemented with effect from the next five-year licence period (i.e. from 1 April 2026 onwards).

Advice Sought

20. Members are requested to note and comment on the proposed overall service and fare arrangements for the next licence period of the six major outlying island ferry routes.

Transport Department
March 2026