

*Presentation*  
*to*  
*Legislative Council Transport Panel*  
*by*  
*Kowloon-Canton Railway Corporation*  
*on*  
*2001 Fare Revision*

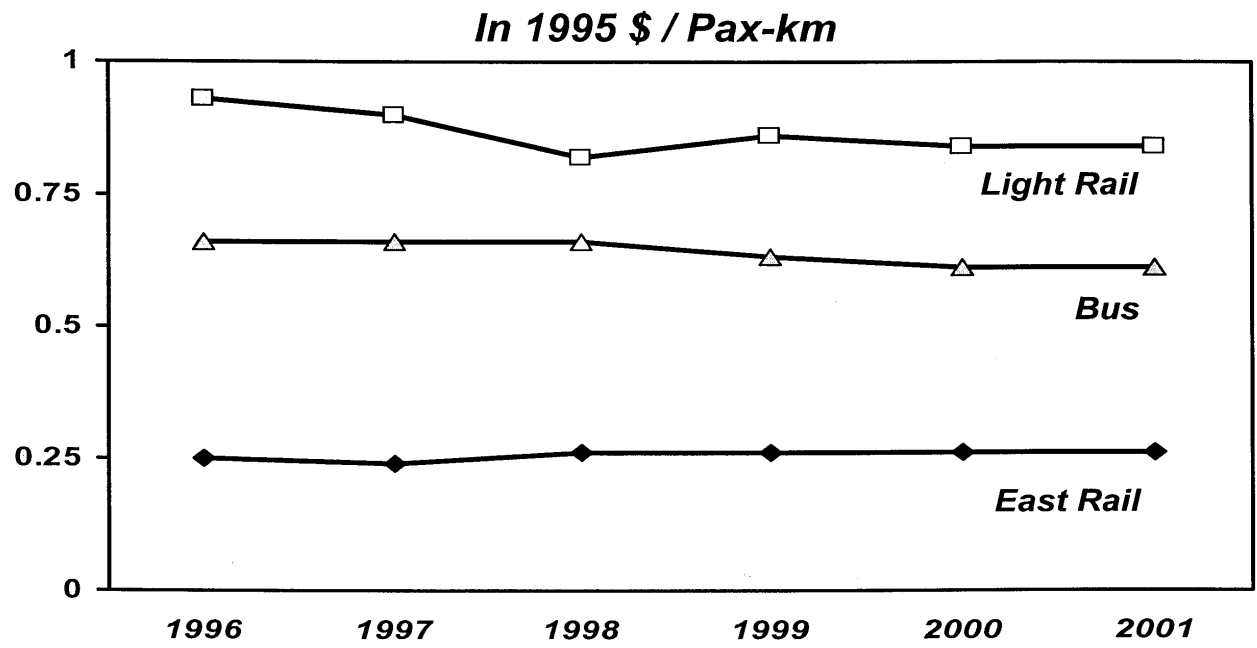
## ***1996-2000 Financial Results Actual and Forecast Profit/[Loss]***

	<i>\$million</i>					<i>2001</i>
	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>Forecast</i>
<i>East Rail</i>						
<i>-Domestic</i>	73	80	(22)	(83)	(17)	(72)
<i>-Cross Boundary</i>	913	1,074	1,238	1,431	1,623	1,883
<i>Light Rail</i>	(193)	(165)	(143)	(159)	(116)	(121)
<i>Bus</i>	(30)	(25)	(11)	(11)	(11)	(14)
<i>Commercial</i>	294	348	403	373	422	391
<i>Total recurrent</i>	1,057	1,312	1,465	1,551	1,901	2,067
<i>Non-recurrent</i>	2,433	2,328	252	293	388	474
<i>Tax</i>	(413)	(377)	(78)	(59)	(1)	(1)
<i>Net profit</i>	3,077	3,263	1,639	1,785	2,288	2,540

- ***For three of past five years [1998 to 2000], only East Rail cross-boundary is profitable for passenger operation.***



# ***Real Cash Operating Cost***



- ***ER real cash operating cost level in last 5 years, LR and Bus had real reduction in cost.***

## *Past Service Improvement Investments 1996-2000*

<i>Year</i>	<i>(\$ million)</i>
1996	1,435
1997	1,969
1998	1,075
1999	1,136
2000	750
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	6,365

# *Past Service Improvement Investments 1996-2000*

<i>Projects</i>	<i>(\$ million)</i>
Train refurbishment	1,540
Automatic Train Protection	1,190
Hung Hom Station renovation	1,132
Noise mitigation	394
KTT Through Train	370
LR vehicle purchase	345
Other stations & facilities improvements	1,394
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	6,365

## *Future Service Improvement Investments 2001-2003*

<i>Year</i>	<i>(\$ million)</i>
2001	1,786
2002	1,480
2003	560
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	3,826

# *Future Service Improvement Investments 2001-2003*

<i>Projects</i>	<i>(\$ million)</i>
New Trains	1,155
LR extension & grade separation	953
Kowloon Tong Station concourse development	288
Noise mitigation measures	247
Locomotive replacement	85
Automatic train operation	85
Other stations & facilities improvements	1,013
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	3,826

# *New Railway Projects*

	<i>Estimated cost \$million</i>	<i>KCRC contribution</i>
<i>East Rail Extensions</i>	26,400	5,300
<i>West Rail, Phase 1</i>	46,400	11,900
	<hr/> 72,800	<hr/> 17,200



## *New Rail Projects Financing [WR Phase 1 & ER Extensions]*

<i>Source of funds</i>	<i>Estimated cost \$ million</i>	<i>Contribution %</i>
<i>Equity injection</i>	37,000	50.8
<i>Debt (Serviced by KCRC earnings)</i>	18,600	25.6
<i>KCRC accumulated profits</i>	17,200	23.6
	72,800	100.0

## *Fares Comparison between ER Domestic and Bus*

<i>To Kowloon South from</i>	<i>Fare (\$)</i>		
	<u><i>ER</i></u>	<u><i>Bus</i></u>	<u><i>ER advantage</i></u>
<i>Sheung Shui</i>	8.5	12.3	3.8
<i>Tai Po</i>	7.3	9.1	1.8
<i>Shatin</i>	5.1	5.5	0.4

- *ER Domestic is cheaper than Bus to urban Kowloon.*

## *Journey Time Comparison between ER Domestic and Bus*

<i>To Kowloon South from</i>	<i>Journey Time (minutes)</i>		
	<u><i>ER</i></u>	<u><i>Bus</i></u>	<u><i>ER advantage</i></u>
<i>Sheung Shui</i>	35	75	40
<i>Tai Po</i>	25	60	35
<i>Shatin</i>	13	52	39

- ***ER Domestic is faster than Bus to urban Kowloon.***

## *Fares Comparison between ER Cross Boundary and Bus*

	<i>Fare (\$)</i>		
	<u><i>ER to Lo Wu</i></u>	<u><i>Bus via LMC to Shenzhen</i></u>	<u><i>ER advantage</i></u>
<i>Mongkok</i>	31.3	50 to 70	18.7 to 38.7
<i>Shatin</i>	24.2	50 to 70	25.8 to 45.8
<i>Sheung Shui</i>	18.8	50 to 70	31.2 to 51.2

- ***ER Cross Boundary is cheaper than Bus to urban Shenzhen destinations.***

# *Journey Time Comparison between ER Cross Boundary and Bus*

*Journey Time (minutes)*

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	<u><i>ER to Lo Wu</i></u>	<u><i>Bus via LMC to Shenzhen</i></u>	<u><i>ER advantage</i></u>
<i>Mongkok</i>	35	60	25
<i>Shatin</i>	26	50	24
<i>Sheung Shui</i>	4	30	26

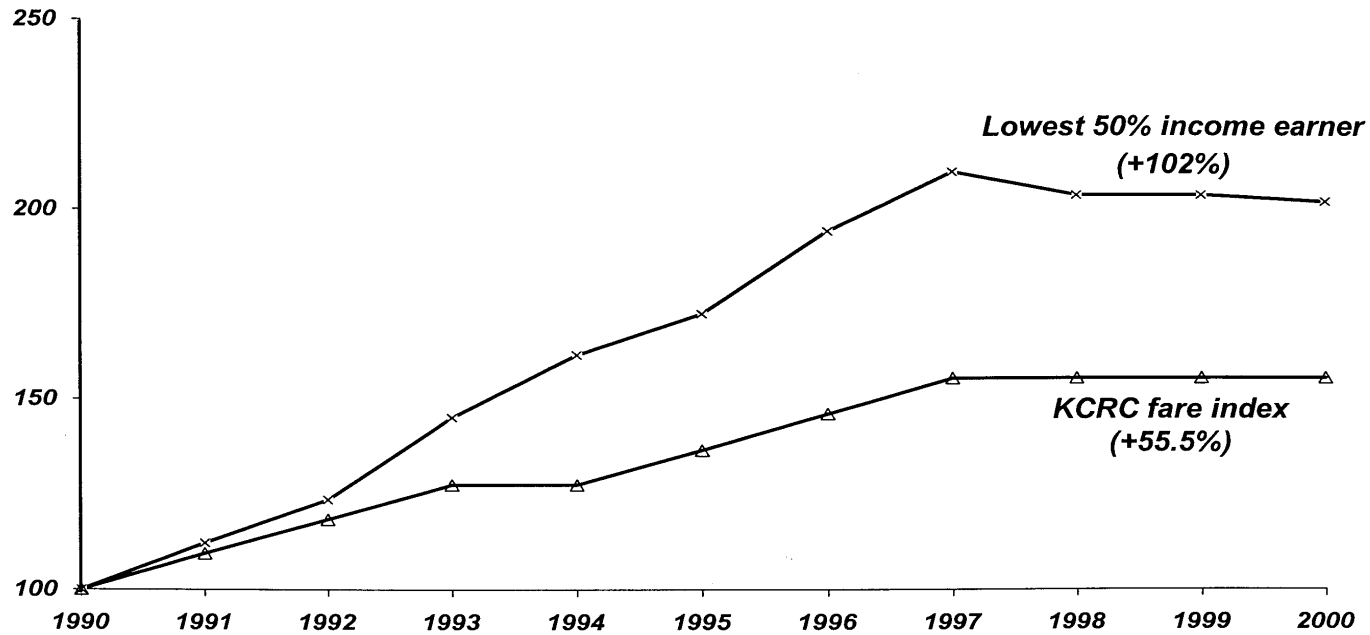
- ***ER Cross Boundary is faster than Bus to urban Shenzhen destinations.***

# *Fare Comparison between LR and Bus*

	<i>Fare (\$)</i>		
	<u><i>LR</i></u>	<u><i>Bus</i></u>	<u><i>LR advantage</i></u>
<i>Short distance (1 to 12 stops)</i>	3.4 to 3.9	3.5 to 4.2	0.1 to 0.3
<i>Medium distance (13 to 18 stops)</i>	4.0 to 4.9	5.0	0.1 to 1.0
<i>Long distance (19 stops or above)</i>	4.8 to 5.8	N/A	N/A



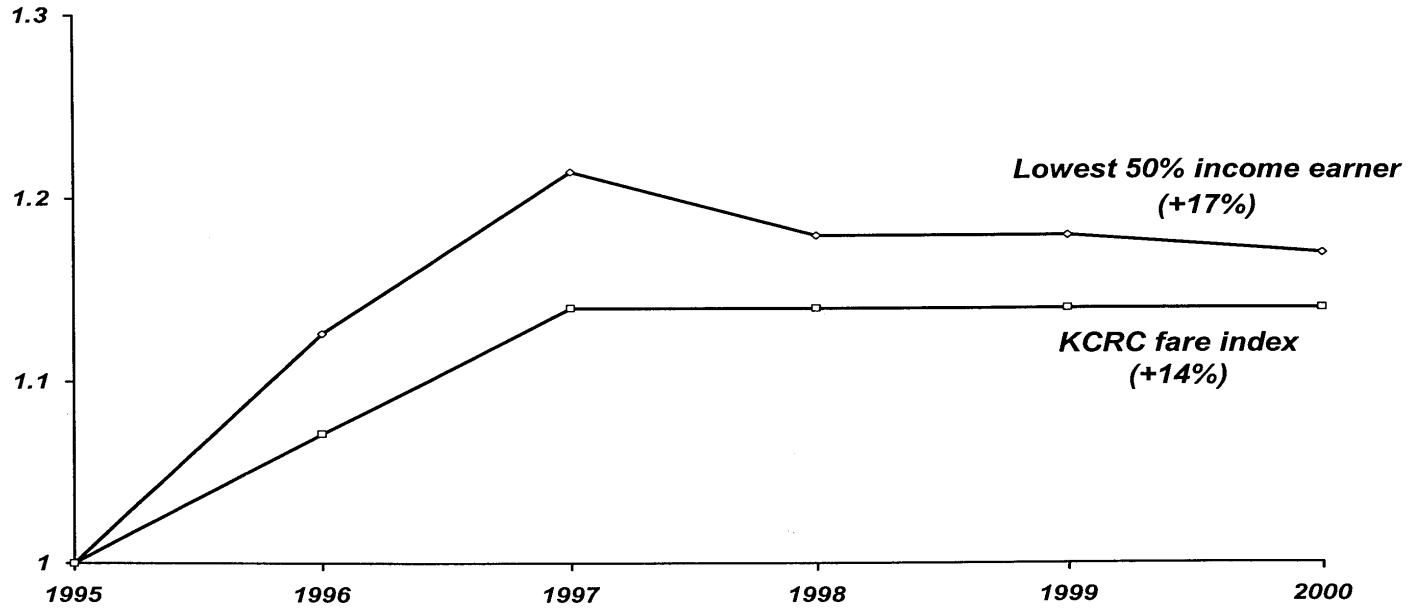
## ***Fare Affordability Trend (last 10 years)***



- Wage on lowest 50% income earner grew faster than KCRC fares.***



## ***Fare Affordability Trend (last 5 years)***



- ***Wage on lowest 50% income earner grew faster than KCRC fares.***



## *Comparison between Current and Revised Fares: East Rail-Domestic [Octopus]*

<i>From Hung Hom to</i>	<i>Current Fare</i>	<i>Revised Fare</i>	<i>Increase</i>
<i>Mongkok/Kowloon Tong</i>	3.2	3.3	0.1
<i>Tai Wai/Shatin</i>	5.1	5.3	0.2
<i>Fo Tan</i>	6.0	6.2	0.2
<i>Racecourse</i>	11.7	11.7	0.0
<i>University</i>	6.0	6.4	0.4
<i>Tai Po/Tai Wo</i>	7.3	7.7	0.4
<i>Fanling/Sheung Shui</i>	8.5	8.9	0.4

***Revised Fares:  
East Rail-Domestic [Octopus]***

<i>Fare Increase (\$)</i>	<i>Affected Passengers</i>	
	<i>%</i>	<i>Cumulative %</i>
0.0	0.8	0.8
0.1	28.1	28.9
0.2	58.1	87.0
0.4	13.0	100.0

- ***87% of passengers will have 0 to 20 cents increase.***
- ***Single ride fares will increase by 50 cents or not at all.***

## *Comparison between Current and Revised Fares: East Rail-Cross Boundary [Octopus]*

<i>To Lo Wu from</i>	<i>Current Fare</i>	(\$) <i>Revised Fare</i>	<i>Increase</i>
<i>Fanling/Sheung Shui</i>	18.8	19.5	0.7
<i>Tai Po/Tai Wo</i>	20.8	21.5	0.7
<i>University</i>	21.8	22.5	0.7
<i>Fo Tan</i>	22.1	22.8	0.7
<i>Tai Wai/Shatin</i>	24.2	25.0	0.8
<i>Mongkok/Kowloon Tong</i>	31.3	32.1	0.8
<i>Hunghom</i>	31.3	32.3	1.0

***Revised Fares:  
East Rail-Cross Boundary [Octopus]***

<i>Fare Increase (\$)</i>	<i>Affected Passengers</i>	
	<i>%</i>	<i>Cumulative %</i>
0.7	40.5	40.5
0.8	44.2	84.7
1.0	15.3	100.0

- ***About 85% of passengers will have 70 to 80 cents increase.***

## *Comparison between Current and Revised Fares: Light Rail [Octopus]*

<i>Octopus Fare (No. of Stops)</i>	<i>Current Fare</i>	<i>Revised Fare</i>	<i>Increase</i>
(1-3)	3.70	3.80	0.1
(4-6)	3.80	3.90	0.1
(7-9)	3.90	4.00	0.1
(10-12)	3.90	4.10	0.2
(13-15)	4.40	4.50	0.1
(16-18)	4.90	5.00	0.1
(19-21)	5.30	5.50	0.2
(22-26)	5.80	6.10	0.3

## ***Revised Fares: Light Rail [Octopus]***

<i>Affected Passengers</i>		
<i>Fare Increase (\$)</i>	<i>%</i>	<i>Cumulative %</i>
0.1	82.4	82.4
0.2	16.5	98.9
0.3	1.1	100.0

- ***About 99% of Light Rail passengers will have 10 to 20 cents increase.***

## *Comparison between Current and Revised Fares: Bus [Octopus]*

<i>Routes</i>	<i>Current Fare</i>	<i>Revised Fare</i>	<i>Increase</i>
657	3.20	3.50	0.3
670	3.40	3.60	0.2
659	3.50	3.60	0.1
521/655/656/A52/A59/A70/A71	3.70	3.90	0.2
A74	4.00	4.20	0.2
K1X/K2X (Full Fare)	6.10	6.40	0.3
(Sectional Fare)	4.50	4.60	0.1
A73 (Full Fare)	6.50	6.70	0.2
(Sectional Fare at Fu Hang Tsuen)	4.60	4.60	0.0
(Section Fare at Lingnan University)	5.00	5.00	0.0

## ***Revised Fares: Bus [Octopus]***

<i>Fare Increase (\$)</i>	<i>Affected Passengers</i>	
	<i>%</i>	<i>Cumulative %</i>
0.0	4.6	4.6
0.1	23.8	28.4
0.2	57.1	85.5
0.3	14.5	100.0

- ***No fare increase for some sectional fares***
- ***About 86% of Feeder Bus passengers will have 0 to 20 cents increase.***



## *2001 KCRC Fare Revision*

<i>KCRC service</i>	<i>Average (\$)</i>	<i>Increase (%)</i>
<i>ER domestic</i>	0.22	3.8
<i>ER cross boundary</i>	0.66	2.6
<i>ER overall</i>	0.36	2.9
<i>LR</i>	0.14	3.8
<i>Bus</i>	0.13	3.9
<i>KCRC overall</i>	0.29	3.1

## *Conclusion*

- *No fare increase for three years 1998-2000.*
- *Loss making passenger services except Cross Boundary.*
- *Profits totally re-invested into service improvements and new projects.*
  - *\$6.4 billion invested in past five years.*
  - *\$3.8 billion to be invested in the next three years.*
  - *\$17.2 billion from accumulated profits to be invested in West Rail & East Rail Extensions.*
  - *Need to borrow \$18.6 billion to finance these two projects.*

## *Conclusion*

- *Octopus fares will be increased by no more than 20 cents or not at all for*
  - *86% of Bus passengers*
  - *87% of ER domestic passengers*
  - *99% of LR passengers*
- *For 85% of ER cross boundary passengers, Octopus fares will be increased by 70 to 80 cents.*
- *Overall increase of 3.1% or 29 cents is moderate.*
- *KCR train services are cheaper than other modes of transport, even after fare increase.*