

**Legislative Council
Panel on Transport**

West Rail Fares

Introduction

This paper serves to brief members on the decision of the Kowloon-Canton Railway Corporation (KCRC) on West Rail fares following the extensive consultation exercise in May and June. In addition to the Legco Panel on Transport, members of the Transport Advisory Committee and District Councils along the West Rail alignment will also be briefed.

Announcement on 23 May 2003

2. The Corporation's initial thinking on West Rail fares was made public on 23 May 2003, following the briefing to the Legco Panel on Transport, Transport Advisory Committee, District Councils along the West Rail alignment and the media.

3. It was announced that in order to gain a foothold in the market, West Rail fares must be set in competition with other land transport modes, particularly buses. With this important preamble, we set our target fare at \$16 for a journey from Northwest New Territories (NWNT) to Nam Cheong. Having taken into account the current economic situation, there would be a 10% discount, bringing West Rail maximum fare down from \$16 to \$14.4.

4. As for travelling within the NWNT region, fares will be capped at the maximum Light Rail fare of \$5.8 for journeys between Tuen Mun and Yuen Long. This will provide passengers with a genuine choice between West Rail and Light Rail. The Light Rail and KCR bus feeder services will also be provided free for West Rail passengers.

Public Consultations

5. Following the announcement on 23 May, extensive consultation has taken place at various levels, including District Councils, influential groups, political groups, KCRC Public Consultation Group, Passenger Liaison Group and potential passengers.

6. In general, KCRC's approach in fare setting was well received but there were calls for KCRC to lower fares for journeys from NWNT to the urban area based on the following arguments:

- the proposed NWNT to urban fares are not competitive enough when compared with the existing franchised bus services, especially those from Tuen Mun district;
- the economy of Hong Kong is unlikely to pick up in the near future;
- the transport cost of people living in NWNT is high in proportion to their income; and
- the NWNT to urban fares can be lowered in view of the Corporation's past financial performance, lower West Rail project cost and the need to build and capture market share.

7. The fare for travelling within the NWNT region together with the free feeder service was well received in the public consultation.

8. The Corporation has also conducted surveys to assess the acceptability of the proposed maximum fares. Recent surveys have consistently shown that more than 70% of respondents found a fare of \$15 for traveling between the NWNT and Nam Cheong acceptable.

Guiding Principles for Setting West Rail Fares

9. The following are the guiding principles for setting West Rail fares:

- the West Rail fares are competitive enough for West Rail to gain a foothold in the market;
- a genuine alternative to Light Rail for travelling within the NWNT region must be provided;
- in setting fare, public's acceptability and expectations will be taken into account; and
- the Corporation's long-term financial objectives can be achieved.

NWNT to Urban Octopus Fares

10. The Corporation has decided to adopt \$16 as the target fare for long-distance trips from Tuen Mun to Nam Cheong, taking into consideration the competitiveness with buses. The same principle is also applicable for journeys from NWNT to Tsuen Wan West and Mei Foo stations.

11. The Corporation has given careful consideration to the views collected over the past two months. We have decided to respond positively to the pleas for lower fares. On top of the 10% discount we announced on 23 May, more discount for travel between NWNT and the urban area will be offered for at least one year. Details are still being finalised and will be announced on 1 August.

Intra-NWNT Octopus Fares

12. During the public consultation exercise, the proposal to offer free Light Rail and bus transfer services together with the capping West Rail fare at \$5.8 for travelling within NWNT region was very well received.

13. There is still some concern about the withdrawal of some long-distance Light Rail routes. To address the concern, KCRC will further lower the intra-zonal fare of West Rail. This means that for the long distance routes it would cost less to travel on West Rail than existing Light Rail. The aim is to encourage Light Rail passengers now travelling in the Tuen Mun and Yuen Long corridor to switch to West Rail so that more Light Rail capacity is available for short-distance trips.

14. Details of the intra-NWNT fares will be announced on 1 August.

Intra-Urban Octopus Fares

15. For travel between Tsuen Wan West and Nam Cheong, the fares will be set with reference to MTR fares. Travel on West Rail between these stations will be faster because of fewer intermediate stations. Therefore, the intra-urban fares for West Rail are slightly above comparable MTR fares. However, as announced on 23 May, a 10% discount will be offered at the opening of West Rail.

16. Details of fares will be released on 1 August.

Concessionary and Single Journey Fares

17. For children aged from 3 to 11 and senior citizens aged 65 or above, the concessionary Octopus fares will be half of adult Octopus fares, rounded upward to the nearest 10 cents.

18. Adult single journey fares have to be in multiples of 50 cents because the ticketing machines cannot accept 10-cent and 20-cent coins. To arrive at the single journey ticket fares, adult Octopus fares will be rounded up by not less than 20 cents to the nearest 50 cents, i.e., in practice this would result in adjustment of 20 cents to 60 cents. For example, an Octopus fare of \$4.8 would translate to \$5.0 and an Octopus fare of \$3.9 would translate to a single journey fare of \$4.5.

19. Concessionary single journey fares will also be derived by rounding the concessionary Octopus fares upwards by not less than 20 cents.

Intermodal Discount

20. The Corporation has succeeded in securing arrangements with the franchised bus companies and some green mini-bus operators for the provision of intermodal discount for passengers. Passengers will enjoy a discount ranging from \$1 to \$1.5 when interchanging between buses and West Rail on selected routes and a discount of \$0.3 to \$1 when interchanging between mini-buses and West Rail, again, on selected routes.

21. The Corporation has been exploring the feasibility of offering interchange discounts with MTRCL since 2000. Serious discussions began in August 2002 on the possibility of introducing a fixed discount of different amounts for interchanging passengers.

22. Assessments were undertaken jointly by both Corporations regarding the impact on patronage and revenue for such a scheme. Results indicated the increase in patronage would not generate enough incremental revenue to offset losses due to the discount.

23. Throughout the discussions, MTRCL consistently maintained the position that any discount schemes should be revenue neutral. As the proposed scheme was predicted not to meet this requirement, MTRCL informed KCRC in November 2002 of its decision not to proceed with the proposal. Discussion, however, has resumed. The Corporation and MTRCL will continue to jointly assess the feasibility of introducing interchanging discounts between MTRCL and KCRC networks.

Next Step

24. Following the briefing to the Legco Panel on Transport, Transport Advisory Committee and District Councils along the West Rail alignment, extensive publicity on detailed fares will be launched for the information of the traveling public.

Kowloon-Canton Railway Corporation
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