

**Motion on “Promoting the introduction of monthly ticket and student fare concessions to all MTR lines”
at the meeting of the Legislative Council on 5 March 2008**

Progress Report

Purpose

At the Legislative Council meeting on 5 March 2008, the motion moved by the Hon Lau Kong-wah, as amended by the Hon Andrew Cheng and the Hon Fernando Cheung, was carried. The wording of the motion passed is as follows:-

“That, in view of the fact that at present, cross-boundary students attending schools in Hong Kong every day have to pay the high fares of cross-boundary MTR lines and, after the rail merger, the MTR Corporation Limited (MTRCL) has not introduced the monthly ticket concessions offered by the Kowloon-Canton Railway Corporation and the student fare concessions offered by the former MTR Corporation to all its rail lines, thus creating unfair situations, this Council urges the Government to discuss with MTRCL to promote the introduction of the above two types of fare concessions to all MTR lines, so as to eliminate the present unfair situations and, when introducing such concessions, consider extending the concessions to cross-boundary students to alleviate their burden of travelling expenses, so as to benefit all passengers including cross-boundary students, as well as to extend the student fare concessions offered by the former MTR Corporation to cover full-time students over 25 years of age; moreover, in addition to introducing the monthly ticket concessions offered by the Kowloon-Canton Railway Corporation to all its rail lines, such monthly ticket concessions should be made a standing arrangement.”

2. This report briefs Members on the work progress made by the Administration.

The provision of fare concessions by MTR Corporation Limited (MTRCL)

3. During the rail merger discussions, MTRCL has considered how to return the benefits of the merger synergies to passengers. The Corporation eventually decided to implement immediate fare reduction in order that most passengers could be benefited, and that passengers already enjoying fare concessions before the rail merger will not be affected as far as possible. At the same time, MTRCL also committed to freeze its fares until 30 June 2009. The fare reduction package has been achieved after considering relevant factors, balancing different interests, as well as taking into account the need for the Corporation to operate under prudent commercial principle.

Work progress

4. After the motion was passed, we have requested the Corporation to further consider the requests made by Members regarding the provision of fare concessions. MTRCL has reviewed the issue and considered that it is not in the position to offer further fare concessions in the light that a fare reduction package, which would result in some \$600 million fare revenue foregone per year, has already been implemented upon rail merger, far exceeding the projected annual synergy of \$450 million to be achieved gradually over a number of years following the rail merger. Moreover, MTRCL has committed to provide until 30 June 2009 various fare concession schemes previously offered by Kowloon-Canton Railway Corporation. Having said that, MTRCL will continue to consider the need for providing different fare concession schemes taking into account various factors including the Corporation's commercial considerations, prevailing market conditions and passenger demand etc. Government will also communicate closely with MTRCL such that the Corporation could take into account the Council's expectations on the provision of fare concessions.