

For information

**Legislative Council Panel on Transport  
Subcommittee on Matters Relating to Railways**

**Withdrawal of 10-cent Octopus Contribution towards  
Retrofitting of Platform Screen Doors and Automatic Platform Gates  
at 38 MTR Stations**

**Purpose**

This paper provides further details on the 10-cent Octopus contribution towards the retrofitting of platform screen doors (“PSDs”) and automatic platform gates (“APGs”) at 38 MTR stations along the Tsuen Wan Line, Kwun Tong Line and Island Line, further to Members’ discussion on the paper on the progress of the retrofitting of APGs along the East Rail Line and Ma On Shan Line and their related financial arrangements (LC Paper No. CB(1)308/13-14(03)) at the meeting of the Subcommittee on 22 November 2013.

**Background**

2. The pre-merger MTR Corporation Limited first announced the PSDs retrofitting works at 30 underground stations along the Tsuen Wan Line, Kwun Tong Line and Island Line in 1999. It was estimated at the time that the capital cost of the works would be \$2 billion. Half of that cost would be borne by the Corporation, and the remaining half (i.e. \$1 billion) would be met by collecting 10 cents from each journey taken on the pre-merger MTR network<sup>1</sup> using Octopus cards. Collection began in July 2000.

3. The Corporation subsequently decided to retrofit APGs at eight at-grade and aboveground stations in 2007. The construction cost was about \$300 million, with half of the cost (i.e. \$150 million) similarly contributed by Octopus journeys with 10 cents collected per journey. As a result, the Corporation would collect a total of \$1.15 billion from Octopus journeys for the retrofitting of PSDs and APGs. The

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<sup>1</sup> MTR lines before merger: Tsuen Wan Line, Kwun Tong Line, Island Line, Tseung Kwan O Line, Tung Chung Line and Disneyland Resort Line.

Corporation adopted the flat value of 10 cents in calculating the collection amount and it had not taken into account the impact of inflation.

4. The post-merger MTR Corporation Limited (“MTRCL”) announced on 12 November 2013 it would withdraw the 10-cent Octopus contribution from 1 December 2013, about three months earlier than planned. It was then estimated that about \$1.13 billion would have been collected by 30 November 2013, \$20 million less than the original target of \$1.15 billion, without, for the sake of simplicity, taking into account any impact of previous fare adjustments on the value of the 10-cent Octopus contribution. The 10-cent Octopus contribution was withdrawn on 1 December 2013.

5. The 10-cent Octopus contribution did not apply to fares of the pre-merger Kowloon-Canton Railway Corporation (“KCRC”) network. Accordingly, the withdrawal of the 10-cent Octopus contribution applied to pre-merger MTR lines only.

### **Opinion from a member of the public on the calculation of 10-cent Octopus contribution**

6. At the Subcommittee meeting held on 22 November 2013, Members requested MTRCL to provide response to an opinion expressed by a member of the public on the calculation of the 10-cent contribution. That piece of opinion is at **Annex A**.

7. MTRCL has critically examined the matter. In doing so, the Corporation considers it necessary to take all MTR fare adjustments implemented since 2000 into account, both downwards (after rail merger in 2007) and upwards (from 2010 to 2013), in determining whether or not passengers have contributed more than the required total sum of \$1.15 billion. Details of MTR fare adjustments implemented since 2000 are at **Annex B**. The impact of fare adjustments on the 10-cent contribution is set out at **Annex C**.

8. When all such fare adjustments are taken into account, the total amount collected via the 10-cent Octopus contribution would have been only about \$1.106 billion, \$20 million less than the \$1.126 billion previously calculated based on the flat rate of 10 cents, and \$44 million less than the intended target of \$1.15 billion. Hence, MTRCL had not over-charged passengers under both calculation methods. Details of the calculation are at **Annex D**.

## **Adjustment to the Weighted Average Price of all Controlled Fares after the 2013 fare adjustment**

9. As can be seen from Annex C, the value of 10 cents has effectively become slightly over 10 cents after the fare adjustment implemented in June 2013. The difference is 0.45 cent. With the announcement on 12 November 2013 that the 10-cent passenger contribution would be withdrawn as from 1 December 2013, adjustments were accordingly made to the Octopus fares. Since adjustments to Octopus fares are in units of \$0.10, it is MTRCL's plan to remove the 0.45 cent residual amount from the Weighted Average Price of all Controlled Fares prior to the next round of MTR fare adjustment, which is to occur on 29 June 2014. MTRCL also notes that the 0.45 cent residual amount would generate additional fare revenue of about \$2.8 million from 1 December 2013 to 28 June 2014 (before the implementation of the 2014 fare adjustment). MTRCL will credit this sum to the fare concession account and return to passengers through the "10% Same Day Second Trip Discount" scheme for their enjoyment from 29 June 2014.

10. Details of the adjustment, rounded to the nearest 4 decimal places as per the Operating Agreement signed between Government and MTRCL governing the operation of the MTR, are illustrated below:

Weighted Average Price of all Controlled Fares after the withdrawal of 10-cent Octopus contribution for PSDs/APGs retrofitting and before the 2014 fare adjustment [a]	\$8.6313
Residual amount arising from 10-cent Octopus contribution for PSDs/APGs retrofitting [b]	\$0.0045 (i.e. 0.45 cent)
Reduced Weighted Average Price of all Controlled Fares for 2014 fare adjustment [a] – [b]	\$8.6268

11. The deduction of 0.45 cent from the Weighted Average Price of all Controlled Fares would apply to all MTR Controlled fares, both Octopus and Single Journey Ticket fares, before the 2014 fare adjustment rate of +3.6% is applied. Passengers using pre-merger KCRC lines, would also benefit, even though the 10-cent Octopus contribution did not apply to them.

12. MTRCL has engaged an external auditor to verify the calculation. The external auditor considers that MTRCL's findings are appropriate.

13. MTRCL will adopt the Reduced Weighted Average Price of all Controlled Fares of \$8.6268 for the purpose of the implementation of the 2014 fare adjustment on 29 June 2014. Details of the 2014 fare adjustment will be reported in a separate paper in accordance with the requirement of the Operating Agreement.

**Advice sought**

14. Members are invited to note the latest development.

**MTR Corporation Limited**  
**May 2014**

CB(1)367/13-14(01)

From: panel\_t/LEGCO  
To:

Date: Friday, November 15, 2013 03:38PM  
Subject: Fw: 就港鐵停收月台幕門1毫子附加費的意見

To: panel\_t@legco.gov.hk  
From: Raymond Cheung <>  
Date: 11/13/2013 01:50PM  
Subject: 就港鐵停收月台幕門1毫子附加費的意見

立法會交通事務委員會主席：

就港鐵停收月台幕門1毫子附加費的意見

本人認為港鐵將於2013年12月1日起停收月台幕門1毫子附加費的決定為不合理的決定。港鐵理應停收月台幕門附加費\$0.12以取代上述停收1毫子的決定。

港鐵（前身為地鐵）收取1毫子月台幕門附加費的決定是由2000年開始一直延續至今天，已經有13年的時間了。根據立法會CB(1)1715/00-01(02)、CB(1)2333/09-10(01)、CB(1)2321/10-11(01)、CB(1)1995/11-12(01)和CB(1)1253/12-13(01)號文件，港鐵（或前地鐵）在這13年內於2002年4月1日、2010年6月13日、2011年6月19日、2012年6月17日和2013年6月30日分別加價2.3%、2.05%、2.2%、5.4%和2.7%，累計加價為15.49%（自2000-2013年計算）。每一次的加價都沒有把月台幕門附加費分離出來而獨立去增加基本票價，反而是以一個整體票價去作出加價。換言之13年以來，那1毫子的月台幕門附加費已經靜靜地加了15.49%的價，即是今天的\$0.12而非\$0.10。如果港鐵認為月台幕門附加費的歷史任務已經完結，那麼相關的費用就應該全部停收而不是一部份停收，月台幕門相關的附加費以今天計算是\$0.12而非\$0.10，所以如果港鐵決定停收月台幕門附加費，理應一律減收\$0.12票價。如果只停收\$0.10月台幕門附加費，就是變相加價\$0.02，以今天特惠票價大埔墟到太和\$1.50為例，扣除了\$0.12月台幕門附加費的票價為\$1.38，變相加價\$0.02後為\$1.40，幅度為1.45%。這1.45%變相加價是透過票價調整機制和立法會，所以是次決定是大行問題的。

本人亦知道在這13年內港鐵亦有作出減價的決定，但那只是因應兩鐵合併而作出的決定，事件跟月台幕門無關，應視為獨立事件，不應作為借口為月台幕門附加費已加價15.49%，和透過票價調整機制和立法會去加價的事實作辯護。

港鐵假如今日變相加價1.45%，那麼今後每一年的票價調整的基本票價價位就會被抬高，以後累計的額外加價就更為龐大，市民每年就要額外付出數以千萬計的不合理的費用。

另外，昨日港鐵稱截至本月底已累積收取11.3億元月台幕門附加費，這11.3億是怎樣計算出來也有很大問題，以港鐵認為月台幕門附加費一直以來都是1毫子的態度來估計，這11.3億元月台幕門附加費是13

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年以來有113億人次每次收取1毫子而得來的。以平均每年(113億人次/13年)8.69億人次推算,2002年至2010年8年內有69.52億人次乘坐港鐵,港鐵認為在這期間收取了6.952億元月台幕門附加費,但其實收取了7.114億元月台幕門附加費,因為自2002年起加價了2.3%。如些類推,2010港鐵認為收取了8.69千萬元月台幕門附加費,但其實收取了9.07千萬元月台幕門附加費;2011港鐵認為收取了8.69千萬元月台幕門附加費,但其實收取了9.27千萬元月台幕門附加費;2012港鐵認為收取了8.69千萬元月台幕門附加費,但其實收取了9.27千萬元月台幕門附加費;2013港鐵認為收取了8.69千萬元月台幕門附加費,但其實收取了9.77千萬元月台幕門附加費;13年內已累積多收取3.667千萬元月台幕門附加費,數目驚人,港鐵以此掩耳盜鈴的方式多收市民數以千萬計的費用,本人認為十分之不合理。

本人在此懇請立法會交通事務委員會討論有關港鐵停收月台幕門1毫子附加費的事宜,並促請港鐵停收月台幕門附加費\$0.12,和交代已收取的11.3億元月台幕門附加費的計算方法。

小市民

張煒權

2013年11月13日

**MTR Fare Adjustments since 2000**

**(A) Before rail merger in 2007**

Since the implementation of the 10-cent Octopus contribution arrangement in 2000, there was no adjustment of the MTR fares until 2 December 2007.

**(B) Fare reduction upon rail merger in 2007**

2. Upon the rail merger on 2 December 2007, MTRCL reduced railway fares through various means, resulting in an overall fare adjustment of -7.4% on average.

**(C) Fare adjustments since rail merger in 2007**

3. After the rail merger, MTRCL adopted the Fare Adjustment Mechanism. It is a direct-drive formula, as follows:

Overall Fare Adjustment Rate = (0.5 x year-on-year percentage change in Composite Consumer Price Index in December) + (0.5 x year-on-year percentage change in Nominal Wage Index (Transportation Section) in December) – productivity factor (0% before 2013, and 0.6% for the period from 2013 to 2017)

4. Since the 2007 rail merger and the initial downward adjustment of fares, MTR fares have been adjusted upwards four times, as follows:

<u>Year</u>	<u>Overall Fare Adjustment Rate</u>
2008	0%
2009	0%
June 2010	+2.05%
June 2011	+2.2%
June 2012	+5.4%
June 2013	+2.7%

**Impact of MTR Fare Adjustments  
on 10-cent Octopus Contribution since 2000**

Year <sup>1</sup>		Overall Fare Adjustment Rate <sup>2</sup>	Effective Passenger Contribution per Octopus Journey <sup>3</sup>
2000 – 2006		0%	\$0.10
2007	1 January to 1 December	0%	\$0.10
	2 to 31 December	-7.4%	\$0.0926
2008	1 <sup>st</sup> half	0%	\$0.0926
	2 <sup>nd</sup> half		
2009	1 <sup>st</sup> half	0%	\$0.0926
	2 <sup>nd</sup> half		
2010	1 <sup>st</sup> half	0%	\$0.0926
	2 <sup>nd</sup> half		
2011	1 <sup>st</sup> half	+2.05%	\$0.0945
	2 <sup>nd</sup> half	+2.2%	\$0.0965
2012	1 <sup>st</sup> half	+5.4%	\$0.1017
	2 <sup>nd</sup> half		
2013	1 <sup>st</sup> half	+2.7%	\$0.1045
	2 <sup>nd</sup> half (up to November 2013)		

<sup>1</sup> Under the Fare Adjustment Mechanism stipulated in the Operating Agreement (“OA”), fare adjustments are implemented in June every year.

<sup>2</sup> The Overall Fare Adjustment Rate applies to all MTR fares including pre-merger MTR lines and pre-merger KCRC lines.

<sup>3</sup> The OA requires that the Weighted Average Price of all Controlled Fares is rounded to the nearest 4 decimal places.



**Annex D**

**Comparison of Total Amount of Octopus Contribution:**  
**(a) Using 10 Cents as a Flat Rate; and**  
**(b) MTR Fare Adjustments taken into account**

Year		Total Amount of Octopus Contribution	
		(a) 10 Cents as a Flat Rate (million)	(b) MTR Fare Adjustments taken into account (million)
2000 – 2006		\$470.2	\$470.2
2007	1 January to 1 December	\$75.4	\$75.4
	2 to 31 December	\$7.2	\$6.7
2008	1 <sup>st</sup> half	\$87.6	\$81.1
	2 <sup>nd</sup> half		
2009	1 <sup>st</sup> half	\$89.4	\$82.7
	2 <sup>nd</sup> half		
2010	1 <sup>st</sup> half	\$94.7	\$88.5
	2 <sup>nd</sup> half		
2011	1 <sup>st</sup> half	\$99.7	\$95.2
	2 <sup>nd</sup> half		
2012	1 <sup>st</sup> half	\$104.1	\$103.2
	2 <sup>nd</sup> half		
2013	1 <sup>st</sup> half	\$97.5	\$100.5
	2 <sup>nd</sup> half (up to November 2013)		
<b>Total</b>		<b>\$1,126</b>	<b>\$1,106<sup>1</sup></b>
<b>Original Target</b>		<b>\$1,150</b>	<b>\$1,150 (-\$44)</b>

<sup>1</sup> Including additional fare revenue of about \$2.8 million to be generated by the remaining value of 0.45 cent from 1 December 2013 to 28 June 2014 (i.e. before the implementation of the 2014 fare adjustment).