

Bills Committee on Rail Merger Bill

Fare Adjustment Mechanism and Fare Reduction Proposal

PURPOSE

As part of the merger package, railway fares would be reduced upon implementation of the proposed merger between the MTR and Kowloon-Canton Railway (“KCR”) systems and a fare adjustment mechanism (“FAM”) would be introduced to regulate adjustments of fares of the post-merger corporation (“MergeCo”). The FAM would be stipulated in the integrated Operating Agreement (“OA”) for MergeCo. This paper briefs members on the major provisions of the FAM and recapitulates the merger proposal for reduction of railway fares.

FARE ADJUSTMENT MECHANISM

2. The operation of MergeCo would be subject to the integrated OA which would be a legally binding document entered into between MergeCo and the Government. The integrated OA would contain specific provisions on the FAM. The key features of the FAM are explained in paragraphs 3 - 9 below. A summary of the relevant draft FAM provisions is at **Annex A**.

FAM formula

3. MergeCo fares¹ would be reviewed annually according to the following direct-drive formula –

$$\text{Overall fare adjustment rate} = 0.5 * \Delta \text{CCPI} + 0.5 * \Delta \text{Wage Index} - \text{Productivity Factor,}$$

¹ The FAM would apply to fares of all existing and new railway lines on the integrated MTR/KCR network (other than the Airport Express Line, Tung Chung Cable Car, intercity and freight services, and those new railway lines which are not natural extensions of the MTR or KCR railways and are not intended for the use of daily commuters for domestic travel) as well as the fares of Light Rail and KCRC bus service within the North-west Transit Service Area.

where ΔCCPI is the rate of change in the composite Consumer Price Index and $\Delta\text{Wage Index}$ is the rate of change in the Nominal Wage Index (Transport Services), both measured up to the end of the year preceding the year in which the relevant annual fare review is conducted. These two indices are published data of the Census & Statistics Department and are objective and verifiable.

4. The productivity factor would be a pre-agreed fixed number. It would have a value of 0.1% starting from the 6th year of the rail merger. This figure has been determined taking account of the fact that the scope for productivity gain would be limited due to heavy investment by MergeCo, particularly as the railway network is expanding. It will only be applied from the 6th year because MergeCo would be returning the initial productivity benefits of the Merger to passengers by way of a fare reduction immediately upon the rail merger before it could fully realize the benefits of the synergies identified.

Independent third party certifications

5. Before implementation of any fare adjustments under the FAM, MergeCo would be required to provide the Government with two independent third party certifications certifying that the fare adjustments are in compliance with the FAM. The independent experts to be appointed by MergeCo for this purpose have to be or were qualified for appointment as an auditor under the Professional Accountants Ordinance (Cap.50). The selection of one of the two independent experts would be subject to agreement between MergeCo and the Government.

Annual fare review cycle

6. Fares would be reviewed under a fixed cycle on an annual basis under the FAM. In line with the established practice of the MTR Corporation Limited, fare reviews would be conducted in the second quarter of the year and fare adjustments, if any, would be implemented in the middle of the relevant year, subject to compliance with the relevant FAM procedures and certifications.

7. As provided for in the existing OA, MergeCo would be required to formally notify the Panel on Transport of the Legislative Council (“LegCo”) and the Transport Advisory Committee (“TAC”) within a reasonable period prior to implementation of the new fares.

Trigger mechanism

8. In any given year, a fare adjustment would only be triggered if the overall fare adjustment rate is 1.5% or more, or –1.5% or less. The unadjusted percentage would be carried over to the next annual fare review.

Review of the FAM

9. The FAM would be subject to review every five years upon request by either MergeCo or the Government.

FARE REDUCTION PROPOSAL

10. Under the merger package, the fare reduction proposal would include the following elements:

- (a) abolition of second boarding charge ranging from \$1 to \$7;
- (b) global fare reduction of \$0.20 for all Octopus card users paying full fares²;
- (c) an extra \$1 reduction for journeys charging \$12 or above;
- (d) for all journeys charging \$12 or above, if (a), (b) and (c) above when combined result in less than a 10% reduction, there would be a further reduction to achieve a minimum of 10% reduction for all those journeys³; and
- (e) for all journeys charging between \$8.50 and \$11.90, if (a) and (b) above when combined result in less than a 5% reduction, there would be a further reduction to achieve a minimum of 5% reduction for all those journeys⁴.

² The global fare reduction will be reduced by the corresponding concessionary rates for specific passenger categories enjoying concession, e.g. \$0.1 for children as they enjoy 50% concessionary fares.

³ For Single Journey Tickets, this would subject to the rounding of the fares.

⁴ For Single Journey Tickets, this would subject to the rounding of the fares.

11. The proposed fare reduction is made possible by synergies to be achieved as a result of the merger. In gist, there would be a minimum of a 10% fare reduction for all passengers travelling on journeys with fares at \$12 or above, and a minimum of a 5% fare reduction for all passengers travelling on journeys with fares between \$8.50 and \$11.90. In overall terms, a total of 2.8 million daily rail trips would benefit from fare reduction from Day One of the merger. About 340,000 of them would benefit from a minimum of a 10% fare reduction and another 1.16 million would benefit from a minimum of 5% up to 10% fare reduction.

12. According to the merger terms⁵ there would be no fare increase for 24 months from the date of the signing of the non-binding Memorandum of Understanding between MTR Corporation Limited and the Government. MergeCo would also provide a concessionary fare of \$2 per trip in the first 12 months after the rail merger for senior citizens travelling on the railway network on Sundays and public holidays. The existing student fare discount would be maintained, i.e. students would continue to enjoy half fares when travelling on the MTR.

SUPPLEMENTARY INFORMATION

13. To facilitate reference by Members, we have consolidated and summarised our written replies and supplementary information in relation to questions and concerns of members on the FAM and fare reduction proposal which we sent to LegCo Secretariat in the past months. The details are at **Annex B**.

Environment, Transport and Works Bureau
31 October 2006

⁵ The proposed fare reduction would apply to all existing domestic MTR and KCR railways except Airport Express Line, Lo Wu and Light Rail services.

**Summary of major provisions on
Fare Regulation in the draft integrated
Operating Agreement**

Fare Adjustment Mechanism (“FAM”)

1. Annual fare reviews and adjustments
 - 1.1 Fares of the post-merger corporation (“MergeCo”) which are subject to the FAM (“Controlled Fares”) shall be reviewed and adjusted annually according to the following formula:

overall fare adjustment rate =
 $0.5 * \Delta \text{CCPI} + 0.5 * \Delta \text{Wage Index} - \text{Productivity Factor}$,

where ΔCCPI is rate of change in the composite Consumer Price Index (“CCPI”) and $\Delta \text{Wage Index}$ is rate of change in Nominal Wage Index (Transport Sector) (“Wage Index”) published by the Census and Statistics Department.

- 1.2 For a fare review conducted in a particular year, ΔCCPI shall be the year-on-year percentage change in CCPI for December of the preceding year and $\Delta \text{Wage Index}$ shall be the year-on-year percentage change in the Wage Index for the fourth quarter of the preceding year.
- 1.3 The value of the productivity factor shall be 0.1% starting from the date of the 5th anniversary of the merger implementation date. It shall be zero during the period before then.
- 1.4 The weighted average of all Controlled Fares after an adjustment according to the FAM shall be adjusted by the weighted average of all Controlled Fares before the adjustment multiplied by a factor of $1 +$ the overall fare adjustment rate. The weighted average of all Controlled Fares shall be weighted

based on the passenger journeys actually made during the period from 1 January up to 31 December (both dates inclusive) of the year preceding the year in which the fare review is conducted.

1.5 All fares of the MTR and KCR existing services and new railway lines are Controlled Fares, with the exception of the fares of:

- (a) Airport Express Line;
- (b) Tung Chung Cable Car;
- (c) intercity passenger and freight services;
- (d) promotional fares; and
- (e) those new railway lines which are not natural extension of the MTR or KCR and are not intended for the use by daily commuters for domestic travel.

Whether the fares of the new railway lines mentioned in sub-paragraph (e) above are Controlled Fares shall be agreed between Government and MergeCo on a case by case basis.

1.6 Any adjustment to Controlled Fares shall take effect only after MergeCo has complied with all FAM provisions. Subject to paragraph 3 below, the fare adjustment shall be implemented during the month of June in the year in which the fare review is conducted.

1.7 In the event that either or both of the CCPI and the Wage Index cease to be produced and published by the Government, or if material changes are made to the basis on which any of these indices are calculated, MergeCo and the Government shall consult promptly with a view to agreeing the basis on which Δ CCPI and Δ Wage Index in the fare adjustment formula would be calculated in relation to future adjustments of Controlled Fares and with the objective of establishing a calculation methodology that is as close as possible in substance to that which would have otherwise applied.

- 1.8 MergeCo may adjust its fares no more than once in any year.
2. Independent third party certifications
 - 2.1 MergeCo shall, in each year and at its own cost, appoint an independent third party expert (“independent expert”) for the purpose of certifying whether the decision of MergeCo on the adjustments to Controlled Fares in the relevant year complies with the FAM.
 - 2.2 Unless the FAM dictates that there shall be no adjustment to the Controlled Fares in a particular year, MergeCo shall at its own cost appoint an additional independent expert (“Second Independent Expert”) for the fare review in that year. The selection of the additional independent expert shall be subject to Government’s agreement.
 - 2.3 Any independent experts appointed under this section have to be qualified or were qualified for appointment as an auditor under the Professional Accountants Ordinance (Cap.50).
 - 2.4 Before any adjustment to Controlled Fares takes effect, MergeCo shall:
 - (a) within a reasonable period prior to (b), provide the Government with a written certification from each of the two independent experts in a format approved by the Government, certifying that the fare adjustments are in compliance with the FAM. The written certification from the Second Independent Expert shall contain his opinion that he is satisfied with the methodology adopted by the first independent expert for verifying the fare adjustment calculation and the extent and scope of the work of the latter is appropriate and adequate for the stated purpose and whether the conclusion arrived at by the first independent expert is reasonable;
 - (b) notify the Transport Advisory Committee (“TAC”) and the Panel on Transport of the Legislative Council

(“LegCo”) in writing within a reasonable period prior to implementation of the fare adjustment; and

- (c) make a public announcement of the new fares within a reasonable period prior to implementation of the fare adjustment.

2.5 If the FAM dictates that there shall be no adjustment to the Controlled Fares in a particular year, MergeCo shall;

- (a) within a reasonable period prior to (b), provide the Government with a certification from an independent expert in a format approved by the Government, certifying that the decision of no adjustment of the Controlled Fares until after completion of the next following annual fare review is in compliance with the FAM; and
- (b) on or before 31 May of that year, notify the TAC and the LegCo Panel on Transport in writing of the decision of no adjustment of the Controlled Fares until after completion of the next following annual fare review.

3. Trigger mechanism

3.1 In any given year, a fare adjustment will be triggered only if the overall fare adjustment rate is 1.5% or more or –1.5% or less. The unadjusted percentage shall be carried over to the next following annual fare review.

3.2 In sub-paragraphs 1.4, 3.1, 4.1 and 4.3, “overall fare adjustment rate” shall be construed as the fare adjustment rate calculated under sub-paragraph 1.1 or the summation of the rate calculated under sub-paragraph 1.1 and the unadjusted fare adjustment rates carried over from previous years (if any).

4. Adjustments to individual Controlled Fares

4.1 Subject to sub-paragraph 1.4, MergeCo may determine the rate of adjustment of individual Controlled Fares which shall be

within the range of ± 10 percentage points from the overall fare adjustment rate (“the permitted range”), provided that there shall be no increase of any individual Controlled Fares if the overall fare adjustment rate is negative.

4.2 For the purpose of maintaining a rational fare structure between Octopus fares and Single Journey Ticket fares, MergeCo may adjust individual Controlled Fares for Single Journey Ticket at a rate beyond the permitted range mentioned in sub-paragraph 4.1 above provided that such amount is the nearest multiple of HK\$0.50 that falls outside the maximum or minimum amount (as applicable) permitted under the permitted range.

4.3 For new Controlled Fares which are introduced in the year in which a fare adjustment is triggered and before the new fares take effect, the rate of adjustment to these new Controlled Fares shall be equal to the overall fare adjustment rate, subject to rounding to the nearest \$0.50 for Single Journey Ticket fares and to the nearest \$0.10 for Octopus fares.

5. Introduction or withdrawal of a Controlled Fare or a type of Controlled Fares

5.1 Prior to:

- (a) introduction of any new Controlled Fares or new type of Controlled fares; or
- (b) withdrawal of a Controlled Fare or a type of Controlled Fares,

MergeCo shall:

- (i) consider the level of public acceptance of any proposed change, based on passenger surveys.
- (ii) notify the Government, the TAC and the LegCo Panel on Transport within a reasonable period prior to implementation of the proposed change; and

(iii) make a public announcement of the proposed change within a reasonable period prior to implementation of the proposed change.

6. Review of the FAM

6.1 The FAM provisions shall be subject to review every five years upon written request by either MergeCo or the Government. Either party may request a review of the FAM provisions by written notice to the other party during a specified period in the year following the 4th anniversary of the merger implementation date, or during a specified period of every 5th year thereafter.

6.2 In the event that a review of the FAM has been conducted and, by a specified date after that review, there is no agreement between MergeCo and the Government on whether and what modifications are to be made to the FAM, the prevailing FAM shall continue to apply.

6.3 The value of the productivity factor shall not be reviewed in a review of the FAM until after the 9th anniversary of the merger implementation date.

Setting of initial fares

7. In determining the initial amount of fares to be charged for any new railway lines or extensions to the existing lines covered in MergeCo's franchise and service concession agreement, MergeCo shall:

- (a) brief the TAC and the LegCo Panel on Transport within a reasonable period prior to implementation of initial fares of the new railway lines if the initial fares are consistent with the prevailing fare table of MergeCo; or
- (b) consult the TAC and the LegCo Panel on Transport within a reasonable period prior to implementation of initial fares of the new railway lines if the initial fares are

inconsistent with the prevailing fare table of MergeCo.

Promotional Arrangement

8. MergeCo shall be exempted from the FAM provisions in respect of:
 - (a) any promotional fare concession scheme which is intended by MergeCo to last for up to 12 months (“Promotional Arrangement”); or
 - (b) any modification of any Promotional Arrangement to the extent that such arrangement after that modification remains a Promotional Arrangement; or
 - (c) any termination of any Promotional Arrangement.

Adjustment to AEL fares

9. Prior to changing the level of any Airport Express Line (AEL) fare,

MergeCo shall:

- (i) consider the level of public acceptance of any proposed change, based on passenger surveys.
- (ii) consult the TAC and the LegCo Panel on Transport;
- (iii) notify the Government, the TAC and the LegCo Panel on Transport within a reasonable period prior to implementation of the proposed change; and
- (iv) make a public announcement of the proposed change within a reasonable period prior to implementation of the proposed change.

ENDS

Summary of written replies and supplementary information provided by the Administration in relation to the questions and concerns raised by Members on fare adjustment mechanism and fare reduction proposal

Fare adjustment mechanism (FAM)

- 1. As the adoption of a FAM for adjusting public transport fares was already an established Government transport policy, the FAM for adjusting railway fares should be implemented without further delay to enable the general public to enjoy fare reduction at the earliest opportunity, and the FAM should also be delinked from the present rail merger exercise.**

Under the existing legislation and operating agreements, the railway corporations have autonomy to determine their fares. It is therefore most effective to pursue the FAM proposal through obtaining the agreement of the railway corporations to replace their existing fare autonomy with the FAM as part of the deal to implement the rail merger. The Government has set the introduction of a FAM as one of the parameters for the merger. Our merger discussions with the railway corporations have, among other things, resulted in their agreement to adopt the proposed FAM as part of the overall merger deal.

Any attempt to de-link the FAM, which is part and parcel of the overall merger deal, from the rail merger exercise will undermine the understanding we have reached with MTR Corporation Limited (MTRCL) as set out in the memorandum of understanding between Government and MTRCL on the terms of the merger and the railway corporation may seek to re-open discussions on FAM with us.

- 2. Measures to ensure objectivity and transparency of the productivity factor in the FAM formula.**

We have considered adopting the same approach used for calculating the productivity gain of the franchised bus industry for the purpose of fare regulation. Under this approach, the productivity of the industry concerned is assessed by using the ratio of total fare and non-fare revenue to total operating costs. However, this approach would produce a negative value for the productivity factor

for the railway industry. This is because the scope for productivity gain for railways is limited when compared to buses due to heavy investment in the case in Hong Kong, especially where the railway network is still expanding. It would take the new railways some time before they can get sufficient patronage to make more efficient and more economic use of the additional capacity they provide. If we adopt this approach for the FAM, it would lead to higher railway fare increases or lower fare reduction (as the case may be) than otherwise would be the case, which would not be of benefit to the travelling public.

It should be noted that despite these constraints, we have achieved an understanding with MTRCL, as part of the overall merger deal, to set the productivity factor at a positive value of 0.1% in the FAM. This would have the effect of moderating future fare increases or increasing the level of fare reduction, as the case may be, which would benefit railway users, whilst at the same time incentivise MergeCo to achieve productivity gains.

Calculation of the productivity factor will be subject to review in the context of future reviews of the FAM.

3. Earliest date for fare adjustment under the FAM.

Under the merger package, there will be no increase in railway fares during the 24-months period from date of announcement of the package proposal (11 April 2006) until 10 April 2008 so long as the merger exercise is on-going. If the rail merger is implemented before 10 April 2008, MTRCL's commitment is that the post-merger corporation (MergeCo) will not increase its fares before that date.

Fares will be reduced from the first day of the merger. If:

- (a) the legislative process for implementing the rail merger;
- (b) the obtaining of the necessary approval from MTRCL's minority shareholders at an Extraordinary General Meeting (which would follow the legislative process if the Rail Merger Bill is passed; and
- (c) the integration tasks that would commence after formal approval of the merger transaction

all can be completed in time for effecting the rail merger in mid 2007, the earliest date that MergeCo fares may be adjusted according to the proposed FAM will not be earlier than mid 2008. The reduced fares effective from the first day of the

merger will be the base fares for the first fare adjustment after the merger.

It should be noted that if the merger can be implemented earlier, the travelling public will benefit from fare reduction sooner as a result of the merger.

4. Illustration of the changes of railway fares over the past 20 years by applying the FAM formula.

The proposed FAM will regulate railway fares in the future after the rail merger and hence is forward-looking. It is not appropriate to artificially apply the fare adjustment formula retrospectively as if it had been agreed for application at that time, which it was not, and compare the hypothetical result with the actual fare increases in those past 20 years.

Fare reduction

5. Whether the level of fare reduction can be enhanced and the Light Rail (LR), Airport Express Line (AEL) and Lo Wu fares can be included in the fare reduction package

There are reasons to exclude LR, AEL and Lo Wu fares from the fare reduction package. The LR system has been in deficit requiring cross-subsidisation from Kowloon-Canton Railway Corporation (KCRC)'s other operations. There is little scope for fare reduction which would affect the sustainability of the LR system. Besides, it is noted that nearly one-third of LR passengers are already enjoying free service for interchange with West Rail, and frequent LR users can benefit from the "Light Rail Frequent User Bonus Scheme" which provides fare concession equivalent to about 10% fare discount.

The objective of the fare reduction package is to benefit local commuters in domestic travels. For AEL service, it is not used by commuters as a form of daily travel, whereas airport workers who are frequent users of AEL are already provided with substantial discount. As regards Lo Wu service, its main service target is different from the domestic railway services. There are historical reasons to maintain a different fare structure of the Lo Wu service which helps maintain a relatively low fare levels for the East Rail service between Sheung Shui and Tsim Sha Tsui (and Tsim Sha Tsui East now). Reduction of Lo Wu

fares would have a negative impact on the East Rail domestic fares which would affect over 660,000 daily commuters and would also adversely affect the financial position of MergeCo.

The fare reduction package is the result of detailed discussions and negotiation with MTRCL. We believe it is a fair and balanced proposal.

6. Whether the existing fare structure of KCR would be revised

On the first day of the rail merger, railway fares including those for the KCR service would be reduced according to the fare reduction package. Thereafter, railway fares would be adjusted according to the FAM on the basis of the reduced fare levels. Under this approach, the KCR fare structure would be re-set as above from the merger date.

Fare Concessions and promotion programmes

7. Both MTRCL and KCRC offer half-fare concessions for the elderly (aged 65 or above) and children (aged between 3 and 11). MTRCL also offers half-fare concessions to students aged between 12 to 25 who are enrolled on approved full-time course in a school. To encourage road-based passengers interchanging to their railways, MTRCL and KCRC provide inter-modal discounts or even free interchange for interchanging with designated minibus routes as well as franchised bus routes. KCRC's West Rail also provides free interchange with Light Rail and its feeder buses.

8. Apart from the above, both corporations have launched various other promotional programmes for passengers. The existing concession and promotion programmes of MTRCL and KCRC are summarised at Appendices I and II respectively. Details of the promotional / concessionary fares currently provided by the MTRCL to passengers travelling on the AEL are set out in Appendix III.

The existing concession and promotion programmes of MTRCL

Programme Name	Details	Period
Inter-modal Fare Discount Trial – NLB Routes	<ul style="list-style-type: none"> • Adult Octopus card users interchanging between MTR and NLB routes within one hour will enjoy a fare discount of \$1 as follows: <ul style="list-style-type: none"> (a) 38 via Tung Chung Station (b) 37 via Tung Chung Station (c) N38 via Tung Chung Station (d) 38P via Tung Chung Station 	<p>1 Sep 2001 onwards</p> <p>1 Dec 2001 onwards</p> <p>1 June 2002 onwards</p> <p>29 Aug 2005 onwards</p>
Inter-modal Fare Discount Trial – green minibus routes	<ul style="list-style-type: none"> • A total of 23 Green Minibus routes now offer Bus Interchange Discounts from \$0.3 to \$1 with the MTR to all adult Octopus card users: <ul style="list-style-type: none"> (a) Kowloon GMB route 76B via Lam Tin Station, route 106 via Ngau Tau Kok Station, route 77M via Kowloon and Tsim Sha Tsui Station, route 78 via Olympic and Tsim Sha Tsui Station; (b) Kowloon GMB route 7 via Tsim Sha Tsui Station; (c) HK GMB routes 10 & 31 via Causeway Bay, Wanchai, Admiralty; route 10A via Central, Hong Kong; route 11 via Causeway Bay, Wanchai, Admiralty; (d) NT GMB routes 15M & 17M via Po Lam Station; (e) NT GMB route 101M via Hang Hau Station; (f) Kowloon GMB 59M & 59A via Kwun Tong Station; (g) Kowloon GMB 79M via Wong Tai Sin and HK GMB 14M via Causeway Bay Station; (h) Kowloon GMB 54 via Choi Hung Station; 	<p>1 Apr 2005 onwards</p> <p>1 Jun 2005 onwards</p> <p>1 Jun 2005 onwards</p> <p>1 Oct 2002 onwards</p> <p>1 Nov 2002 onwards</p> <p>31 Dec 2002 onwards</p> <p>1 Jul 2003 onwards</p> <p>1 May 2004 onwards</p>

Programme Name	Details	Period
	<ul style="list-style-type: none"> (i) Kowloon GMB 71A & 71B via Lam Tin Station; (j) HK GMB 49M & 50 via Sai Wan Ho Station (k) HK GMB routes 24A & 24M via Admiralty and Wan Chai Station and route 25 via Causeway Bay Station 	<p>1 Oct 2004 onwards</p> <p>1 Dec 2005 onwards</p> <p>1 Apr 2006 onwards</p>
Inter-modal Fare Discount Trial – Kwun Tung cross border express	<ul style="list-style-type: none"> • Passengers using Adult/ Student/ Elder/ Child Octopus cards interchanging between Kwun Tung cross border express via Lam Tin, Kwun Tung, Ngau Tau Kok and Kowloon Bay Station and the MTR within three hours will enjoy a fare discount up to HK\$5. 	1 Nov 2004 onwards
Airport Staff Octopus	<ul style="list-style-type: none"> • Up to 64% off Airport Express single journey fares for all workers working in the airport and AisaWorld Expo who apply for a special Airport Staff personalized Octopus. 	Dec 1998 onwards
Sales through Travel Agents	<ul style="list-style-type: none"> • Airport Express tickets are available for sale at these agents to the general public at discounted prices. 	Jul 1998 onwards
Airport Express Group Tickets	<ul style="list-style-type: none"> • Airport Express passengers can travel by using group tickets: group tickets for two persons from Hong Kong, Kowloon and Tsing Yi Stations to Airport Station are HK\$160, HK\$140 and HK\$90 respectively; those for three persons are HK\$210, HK\$190 and HK\$125; those for four persons are HK\$250, HK\$220 and HK\$150. 	1 Mar 2005–30 Nov 2006
“Ride to Rewards” Programme	<ul style="list-style-type: none"> • Hong Kong ID Card holders with Octopus Card can enroll in the programme on the Corporation’s website. Successful enrollees will receive one bonus point on their Octopus Card for every normal fare-paid ride taken on the Airport Express. 	1 Jan 2006 – 31 Dec 2006

Programme Name	Details	Period
	<ul style="list-style-type: none"> • After collecting seven points within the designated period, they will be able to redeem a complimentary Airport Express Single Journey Ticket voucher (a maximum of 12 vouchers can be redeemed) or 500 Asia Miles. • New gift of 3,500 Dragon Points is available for redemption of 7 points commencing 8 March 06. • New enrollers will receive a coupon which entitles a one-off 50% discount on an Airport Express Round Trip as a welcome gift. 	
Tsing Yi / Kowloon -> Hong Kong Morning Express Service	<ul style="list-style-type: none"> • From 7:00 a.m. to 10:00 a.m., Monday to Saturday (except public holidays), passengers can take the Airport Express services from Tsing Yi and Kowloon Station to Hong Kong Station at a special rate of HK\$20 per trip. 	15 Jan 2006 – 14 Jan 2007
Cathay Pacific (CX) Worldwide Promotion (Yum Sing)	<ul style="list-style-type: none"> • CX passengers holding a valid boarding pass or air ticket within 7 days arrival in HK with coupons could buy Round Trip Ticket at single journey ticket fare 	1 Apr 2005 – 15 Apr 2007
Asia Miles members - Airport Express “2 Round-Trip ticket” Promotion	<ul style="list-style-type: none"> • Asia Miles members can redeem 2 regular Airport Express Round Trip Tickets with their Asia Miles. Two regular Round Trip tickets of Hong Kong, Kowloon and Tsing Yi Station can be redeemed with 5000, 4500 and 3000 Asia Miles respectively. • Passengers who are also Asia Miles members can earn 150 Asia Miles when they purchase an Airport Express “2 Round trips ticket” from 1 February 2005 onward 	1 Jan 2004 onwards
Fare Saver at China Hong Kong City	<ul style="list-style-type: none"> • Adult Octopus card users who swipe their cards at this fare saver can enjoy a discount of HK\$2 off the next MTR ride from Tsim Sha Tsui Station or Kowloon Station (from 1 Jan 2003 	1 Feb 2006 – 31 Jan 2007

Programme Name	Details	Period
	onwards) within the same day (except Airport Express)	
Fare Saver at Provident Centre	<ul style="list-style-type: none"> Adult Octopus card users who swipe their cards at this fare saver can enjoy a discount of HK\$2 off the next MTR ride from North Point and Fortress Hill Station within the same day (except Airport Express). 	16 Jan 2006 – 15 Jan 2007
Fare Saver at Grand Century Plaza	<ul style="list-style-type: none"> Adult Octopus card users who swipe their cards at this fare saver can enjoy a discount of HK\$2 off the next MTR ride from Mong Kok Station or Prince Edward Station within the same day (except Airport Express). 	21 May 2006 – 20 May 2007
Fare Saver at TST Harbour City	<ul style="list-style-type: none"> Adult Octopus card users who swipe their cards at this fare saver can enjoy a discount of HK\$2 off the next MTR ride from Tsim Sha Tsui Station within the same day (except Airport Express). 	7 Apr 2006 – 6 Apr 2007
Fare Saver at Broadway Computer City	<ul style="list-style-type: none"> Adult Octopus card users who swipe their cards at this fare saver can enjoy a discount of HK\$2 off the next MTR ride from Sheung Wan Station within the same day (except Airport Express). 	2 Dec 2005 – 1 Dec 2006
Fare Saver at Cheung Fat Shopping Centre	<ul style="list-style-type: none"> Adult Octopus card users who swipe their cards at this fare saver can enjoy a discount of HK\$2 off the next MTR ride from Tsing Yi Station within the same day (except Airport Express). 	22 Dec 2005 – 21 Dec 2006

The existing concession and promotion programmes of KCRC

East Rail

Concession	Promotion Period	Details
East Rail One-Month Pass	1 April 2005 – end December 2006	Passengers using their Octopus can buy the East Rail "One-Month Pass" for \$380 to enjoy unlimited rides on East Rail and Ma On Shan Rail. The current \$300 "One-Month Pass" users can continue to enjoy the Privileged Price for the next month.
Ocean Park - KCR Value Added Combo	4 February 2006 until further notice	Concessionary fare at \$198, Combo includes daytime admission to Ocean Park, travel on KCR and free shuttle bus to/from Ocean Park.
New World First Ferry (Macau) - KCR "Macau Premium" Package	28 April 2006 – end December 2006	Concessionary fare at \$280, Package includes one roundtrip ticket to Macau, KCR Domestic Travel Pass, Macau Museums Pass and privilege discount coupons. In addition, a Macau Pass and a KCR Lo Wu Travel Pass is also available at \$320.
KCR Tourist Pass Combo	16 May 2005 – end December 2006	Concessionary fare at \$80, Combo includes KCR Domestic Travel Pass for one-day unlimited rides on East Rail and West Rail to visit top attractions in urban Kowloon and the New Territories and a KCR Lo Wu Travel Pass for travel to the Mainland.
HK-Connect Transport Combo	24 April 2006 until further notice	Concessionary fare at \$100, HK-Connect Transport Combo comprises a KCR Lo Wu Travel Pass – is valid for two standard class journeys on East Rail and Ma On Shan Rail

Concession	Promotion Period	Details
		<p>to/from Lo Wu Station within one month from day of purchase; and a Tourist MTR 1-Day Pass Voucher – redeem a Tourist MTR 1-Day Pass at the designated MTR Customer Service Centres for enjoying 24 hours unlimited rides starting from the first MTR journey (except Airport Express Line) of the Tourist MTR 1-Day Pass until 24 hours thereafter.</p> <p>Besides, passengers who pay additional HK\$30 can get a KCR Domestic Travel Pass for one-day unlimited rides on East Ride standard class (except Lo Wu and Racecourse stations), Ma On Shan Rail, West Rail, Light Rail and KCR Bus.</p>
KCR Railbus - Disneyland	September 2005 until further notice	<p>Concessionary fare at \$120, KCR Railbus - Disneyland provides integrated rail and bus service for cross boundary passengers travelling between Lo Wu and Hong Kong Disneyland. Railbus passengers can travel on East Rail from Lo Wu Station to Sheung Shui Station, then switch to luxury single-deck buses for a non-stop journey from Sheung Shui to Disneyland.</p>
KCR Taxi - Disneyland	September 2005 until further notice	<p>Concessionary fare at \$380, KCR Taxi - Disneyland provides integrated rail and taxi services for a maximum of 4 cross boundary passengers travelling between Lo Wu and Hong Kong Disneyland.</p>
KCR Railbus - Disneyland Domestic Super-FUN Combo	1 July 2006 – 28 February 2007	<p>Regular Day Combo at \$325, includes Hong Kong Disneyland admission ticket, KCR Domestic Travel Pass and round-trip between East Rail Sheung Shui Station and Disneyland (via West Rail Kam</p>

Concession	Promotion Period	Details
		Sheung Road Station).
East Rail passengers free interchange with KCR buses	Until further notice	East Rail passengers can enjoy free interchange with 4 KCR bus routes in North East New Territories and K16.

East Rail/Franchised Bus Interchange Concession

Route No.	Route	Concession		Period
		Adult	Child/Elder	
701	Hoi Lai Estate - Mong Kok via Nam Cheong Station (Circular)	Free Interchange		22 August 2004 until further notice

East Rail/Maxicab Interchange Concession

Route No.	Route	Concession	Period
77M	East Tsim Sha Tsui - Kowloon MTR Station (Circular)	Flat Fare Discount of \$3	Until further notice
78	Tsim Sha Tsui (Hankow Road) - Island Harbourview (Circular)	Flat Fare Discount of \$1	Until further notice
79K	Mong Kok Station - Park Avenue (Circular)	Flat Fare Discount of \$1	Until further notice
21K	Mong Kok Station - Tai Kok Tsui Cherry Street (Circular)	Flat Fare Discount of \$1	Until further notice
810	Sha Tin Central - Ma On Shan (Villa Athena) (Circular)	Flat Fare Discount of \$1	Until further notice
58K	Sheung Shui Station - Ping Kong	Flat Fare Discount of \$0.5	Until further notice
58K Special Route	Sheung Shui Station - North District Hospital (Circular)	Flat Fare Discount of \$0.5	Until further notice
501K	Fanling Station - Yan Shing Court (Circular)	Flat Fare Discount of \$0.5	Until further notice

West Rail

Concession	Promotion Period	Details
West Rail One-Month Pass	1 August 2004 – end December 2006	Passengers using their Octopus can buy the West Rail One-Month Pass for \$400 to enjoy unlimited rides on West Rail. The current \$300 "One-Month Pass" users can continue to enjoy the Privileged Price for the next month.
West Rail Discovery Pass (previously Festival Pass)	20 December 2004 – end December 2006	Concessionary price at \$20, passenger with the West Rail Discovery Pass can enjoy unlimited rides on West Rail and designated West Rail free feeder services on the day of purchase.
West Rail Child/Senior Citizen \$2 Special Concession on West Rail on Sat, Sun and Public Holidays	12 June 2004 – end December 2006	Passengers aged between 3 and 11, and 65 or above using Octopus cards can travel on West Rail to any destination for just \$2 on each Saturday, Sunday and public holiday.
West Rail \$2 Taxi Fare Rebate	20 December 2003 – end December 2006	West Rail passengers transferring from taxi will receive rebate of \$2. This offer only applies to Octopus card users for journeys from any station between Tuen Mun and Kam Sheung Road to any station between Tsuen Wan West and Nam Cheong.
Park and Ride Concession	20 December 2003 until further notice	West Rail passengers can enjoy park and ride concession at Kam Sheung Road Station. Day Park: \$15; Hourly Rate: \$3
West Rail passengers free interchange with Light Rail and KCR buses	20 February 2003 until further notice	West Rail passengers can enjoy free interchange with 12 KCR bus routes in North West New Territories and K16 (Light Rail free interchange is provided for adult fare \$3.9 or below)

West Rail/Franchised Bus Interchange Concession

Route No.	Route	Concession		Period
		Adult	Child/Elder	
701	Hoi Lai Estate - Mong Kok via Nam Cheong Station (Circular)	Free Interchange		22 August 2004 until further notice
702	Hoi Lai Estate - Shamshuipo via Nam Cheong Station (Circular)	Free Interchange		22 August 2004 until further notice
971	Nam Cheong Station – Aberdeen	\$1.5	\$0.8	20 December 2003 until further notice

West Rail/Maxicab Interchange Concession

Route No.	Route	Concession	Period
75	Nam Cheong Station – Cheung Sha Wan Castle Peak Road	\$2.5	Until further notice
81K	Mei Foo Station - Hoi Lai Estate, Sham Mong Road (Circular)	Free Interchange	Until further notice
86	Tsuen Wan West Station - Shek Lei	Free Interchange	Until further notice
87K	Tsuen Wan West Station - Kwai Fong MTR Station Metroplaza	Free Interchange	Until further notice
95K	Tsuen Wan West Station - Tsuen Wan MTR Station	Free Interchange	Until further notice
97	Tsuen Wan Transport Complex - Wonderland Villas	\$3.5 (Free interchange from/to Tai Wo Hau)	Until further notice
99	Tsuen Wan Transport Complex - Riviera Gardens	\$0.4	Until further notice
301M	Hoi Shing Road - Tsuen Wan MTR Station (Circular)	\$0.3	Until further notice
78	Lok Ma Chau PTI - Tai Lam Tunnel Bus Interchange	\$2.5 (Adult) \$1.5 (Child / Elderly)	Until further notice
77	Lok Ma Chau PTI - Tin Shui Wai	\$1.0	Until further notice
33	Yuen Long (Tai Fung Street) - Ha Pak Nai (Long Chok Hang)	\$0.5	Until further notice
34	Yuen Long (Tai Fung Street) - Lau Fau Shan	\$0.5	Until further notice
35	Yuen Long (Tai Fung Street) - Sha Kiu (Tsim Bei Tsui)	\$0.5	Until further notice
45	Tuen Mun Town Centre - Tai Hing Garden	\$0.3	Until further notice

Route No.	Route	Concession	Period
46	Fu Tai Estate - Tuen Mun Town Centre	\$1.0	Until further notice

Ma On Shan Rail

Concession	Promotion Period	Details
Ma On Shan Rail One-Month Pass	1 January 2006 – end June 2006	Concessionary price at \$200, passengers can enjoy unlimited rides on Ma On Shan Rail as well as for combined journeys on East Rail (standard class only) and Ma On Shan Rail.

Ma On Shan Rail/Maxicab Interchange Concession

Route No.	Route	Concession	Period
803	Hin Keng - Lee On	Flat Fare Discount of \$1	Until further notice
804	Kwong Yuen - Hin Keng	Flat Fare Discount of \$1	Until further notice
807B	University Station - Shui Long Wo (Circular)	Flat Fare Discount of \$1	Until further notice
807K	University Station - Tseng Tau	Flat Fare Discount of \$1	Until further notice
808	Kam Ying Court - Prince of Wales Hospital	Flat Fare Discount of \$1	Until further notice
808P	Heng On Estate - Prince of Wales Hospital	Flat Fare Discount of \$1	Until further notice
809A	Shatin Station (Pai Tau Street) - Sha Kok Street (Circular)	Flat Fare Discount of \$0.5	Until further notice
809K	Shatin Station (Pai Tau Street) - Shui Chuen Au Street (Circular)	Flat Fare Discount of \$0.5	Until further notice
810	Sha Tin Central - Ma On Shan (Villa Athena) (Circular)	Flat Fare Discount of \$1	Until further notice

Light Rail

Concession	Promotion Period	Details
Light Rail Personalised Octopus Frequent User Bonus Scheme	End 1997 until further notice	Personalised Octopus holders can enjoy Frequent User Bonus Scheme for taking the subsequent journeys. (Adult: HK\$3 bonus for every HK\$30 of Light Rail travel accumulated within 6 days; Child/Senior citizen: HK\$1.5 bonus for every HK\$15 of Light Rail travel accumulated within 6 days; Student: HK\$3.4 bonus for every HK\$12 of Light Rail travel accumulated within 4 days.)
Light Rail passengers free interchange with KCR buses	20 February 2003 until further notice	Light Rail passengers can enjoy free interchange with 12 KCR bus routes in North West New Territories

Promotional / Concessionary Fare Schemes on the Airport Express Line

Scheme	Details	Period
Airport Staff Octopus	<ul style="list-style-type: none">Up to 64% off Airport Express single journey fares for all workers working in the airport and AsiaWorld Expo who apply for a special Airport Staff personalized Octopus.	Dec 1998 onwards
Airport Express Group Tickets	<ul style="list-style-type: none">Airport Express passengers can travel by using group tickets: group tickets for two persons from Hong Kong, Kowloon and Tsing Yi Stations to Airport Station are HK\$160, HK\$140 and HK\$90 respectively; those for three persons are HK\$210, HK\$190 and HK\$125; those for four persons are HK\$250, HK\$220 and HK\$150.	1 Mar 2005 – 30 Nov 2006
“Ride to Rewards” Programme – A programme targeting frequent AEL users. The more they ride on AEL, the faster they accumulate bonus points for redeeming special offers.	<ul style="list-style-type: none">Hong Kong ID Card holders with Octopus Card can enroll in the programme on the Corporation’s website. Successful enrollees will receive one bonus point on their Octopus Card for every normal fare-paid ride taken on the Airport Express. After collecting seven points within the designated period, they will be able to redeem a complimentary Airport Express Single Journey Ticket voucher (a maximum of 12 vouchers can be redeemed) or 500 Asia Miles.New gift of 3,500 Dragon Points (membership points for Dragonair VISA card) is available for redemption of 7 points commencing 8 March 06.New enrollees will receive a coupon which entitles them to a one-off 50% discount on an Airport Express Round Trip as a welcome gift.	1 Jan 2006 – 31 Dec 2006
Tsing Yi / Kowloon -> Hong Kong Morning Express Service	<ul style="list-style-type: none">From 7:00 a.m. to 10:00 a.m., Monday to Saturday (except public holidays), passengers can take the Airport Express services from Tsing Yi and Kowloon Station to Hong Kong Station at a special rate of HK\$20 per trip.	15 Jan 2006 – 14 Jan 2007
Sales through Travel Agents	<ul style="list-style-type: none">Airport Express tickets are available for sale at these agents to the general public at discounted prices.	Jul 1998 onwards
Cathay Pacific (CX) Worldwide Promotion (Yum Sing)	<ul style="list-style-type: none">CX passengers holding a valid boarding pass or air ticket within 7 days of arrival in HK with coupons could buy Round Trip Ticket at single journey ticket fare.	1 Apr 2005 – 15 Apr 2007

Scheme	Details	Period
Asia Miles members - Airport Express “2 Round-Trip ticket” Promotion	<ul style="list-style-type: none"> ■ Asia Miles members can redeem 2 regular Airport Express Round Trip Tickets with their Asia Miles. Two regular Round Trip tickets of Hong Kong, Kowloon and Tsing Yi Station can be redeemed with 5000, 4500 and 3000 Asia Miles respectively. ■ Passengers who are also Asia Miles members can earn 150 Asia Miles when they purchase an Airport Express “2 Round trips ticket” from 1 February 2005 onward. 	1 Jan 2004 onwards