

立法會
Legislative Council

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From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 5 December 2012

**Amendments to motion on
“Executive Council as gate-keeper for MTR fares”**

Further to LC Paper No. CB(3) 172/12-13 issued on 23 November 2012, nine Members (Dr Hon KWOK Ka-ki, Hon LEE Cheuk-yan, Hon Frederick FUNG, Hon WU Chi-wai, Hon TANG Ka-piu, Hon Frankie YICK, Hon CHAN Kam-lam, Hon Gary FAN and Hon Kenneth LEUNG) have respectively given notices of their intention to move separate amendments to Hon Michael TIEN’s motion on “Executive Council as gate-keeper for MTR fares” scheduled for the Council meeting of 5 December 2012. As directed by the President, the respective amendments will be printed in the terms in which they were handed in on the Agenda of the Council.

2. The President will order a joint debate on the above motion and the amendments. To assist Members in debating the motion and amendments, I set out below the procedure to be followed during the debate:

- (a) the President calls upon Hon Michael TIEN to speak and move his motion;
- (b) the President proposes the question on Hon Michael TIEN’s motion;
- (c) the President calls upon the nine Members who intend to move amendments to speak in the following order, but no amendment is to be moved at this stage:
 - (i) Dr Hon KWOK Ka-ki;
 - (ii) Hon LEE Cheuk-yan;

- (iii) Hon Frederick FUNG;
 - (iv) Hon WU Chi-wai;
 - (v) Hon TANG Ka-piu;
 - (vi) Hon Frankie YICK;
 - (vii) Hon CHAN Kam-lam;
 - (viii) Hon Gary FAN; and
 - (ix) Hon Kenneth LEUNG;
- (d) the President calls upon the designated public officer(s) to speak;
 - (e) the President invites other Members to speak;
 - (f) the President gives leave to Hon Michael TIEN to speak for the second time on the amendments;
 - (g) the President calls upon the designated public officer(s) to speak again;
 - (h) in accordance with Rule 34(5) of the Rules of Procedure, the President has decided that he will call upon the nine Members to move their respective amendments in the order set out in paragraph (c) above. The President invites Dr Hon KWOK Ka-ki to move his amendment to the motion, and forthwith proposes and puts to vote the question on Dr Hon KWOK Ka-ki's amendment;
 - (i) after Dr Hon KWOK Ka-ki's amendment has been voted upon, the President deals with the other eight amendments; and
 - (j) after all amendments have been dealt with, the President calls upon Hon Michael TIEN to reply. Thereafter, the President puts to vote the question on Hon Michael TIEN's motion, or his motion as amended, as the case may be.

3. For Members' ease of reference, the terms of the original motion and of the motion, if amended, are set out in the **Appendix**.

(Odelia LEUNG)
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion debate on
“Executive Council as gate-keeper for MTR fares”
to be held at the Council meeting of 5 December 2012**

1. Hon Michael TIEN’s original motion

That the net profit of the MTR Corporation Limited (‘MTRCL’) in 2011 reached \$14,716 million, but as computed under the formula of the Fare Adjustment Mechanism (‘FAM’) (i.e. the mechanism that allows fares to go upwards and downwards), MTR fares may be increased by 5.4%, rendering the burden of rail transport expenses on grass-root people heavier; at present, the community generally considers the formula not comprehensive enough and that the Government should, during the present review of MTRCL’s FAM, include in the formula components that can better reflect public affordability and profit level, rental income and service performance (including the level of performance in handling incidents), etc. of MTRCL; however, the re-establishment of a formula is bound to be protracted, time-consuming and fruitless because the various social sectors can hardly reach a consensus on the definitions, assessment methods and respective weightings of the aforesaid components; there is also a proposal in society of using the dividends distributed by MTRCL to set up a fare stabilization fund to offset the extent of fare increases, yet both the Government and academics consider that this ‘dedicated-funds-for-dedicated-uses’ practice deviates from the Government’s public finance principle; in this connection, this Council urges the Government, being the major shareholder of MTRCL, to:

- (a) maintain the existing formula of FAM, and submit the fare adjustment rates computed under the formula to the Executive Council for vetting, with the Executive Council having the power to make final adjustments, subject to the condition that the difference between such adjustment rates and the adjustment rates computed under the formula must not exceed 30%; such an arrangement enables the Executive Council to serve as the final gate-keeper on MTR fares and MTRCL and its shareholders to have a basis for projecting the profit of MTRCL;
- (b) require MTRCL to strictly implement the ‘eight-minute notification system’ to ensure that MTRCL can speedily notify the public in case of incidents, and the Executive Council should take account of MTRCL’s performance in this regard when vetting MTRCL fare adjustment rates; and

- (c) require MTRCL to introduce reasonably-priced territory-wide monthly tickets to benefit all passengers, and utilize this as an incentive to promote working across districts, with a view to alleviating workers' financial burden.

2. Motion as amended by Dr Hon KWOK Ka-ki

~~That the net profit of the MTR Corporation Limited ('MTRCL') in 2011 reached \$14,716 million, but the MTR Corporation Limited and the Kowloon-Canton Railway Corporation were merged on 2 December 2007 to form the existing MTR Corporation Limited ('MTRCL'); MTRCL's current market value is around \$150 billion, with the Hong Kong Government holding 76.8% of its shares, and MTRCL is the only commercially-operated public railway enterprise in Hong Kong; after the merger, MTR fares are adjusted according to the mechanism allowing fares to go upwards and downwards, under which automatic adjustments are made in accordance with the Composite Consumer Price Index ('CCPI') and the Nominal Wage Index (Transportation Section), with the Government having no power to vet and approve fares; given that CCPI has kept rising, and the net profits of MTRCL in the three consecutive years are \$9,639 million in 2009, \$12,059 million in 2010 and \$14,716 million in 2011 respectively, and as computed under the formula of the Fare Adjustment Mechanism ('FAM') (i.e. the mechanism that allows fares to go upwards and downwards), MTR fares may be increased by 5.4%, 2.05%, 2.2% and 5.4% respectively, with a cumulative increase of nearly 10% within three years, rendering the burden of rail transport expenses on grass-root people heavier; at present, the community generally considers the formula not comprehensive enough and that the Government should, during the present review of MTRCL's FAM, include in the formula components that can better reflect public affordability and profit level, *station retail* rental income and service performance (including the level of performance in handling incidents), etc. of MTRCL; however, the re-establishment of a formula is bound to be protracted, time-consuming and fruitless because the various social sectors can hardly reach a consensus on the definitions, assessment methods and respective weightings of the aforesaid components and revenues from above-station property development, property management services, renting of facilities in shopping arcades and advertisements along the rail lines, etc. of MTRCL as well as the revenues from other companies in which MTRCL holds equity interest (including the revenues of the Octopus Holdings Limited and other railway subsidiaries outside Hong Kong); there is also a proposal in society of using the dividends distributed by MTRCL to set up a fare stabilization fund to offset the extent of fare increases, yet both the Government and academics consider that this 'dedicated funds for dedicated uses' practice~~

~~deviates from the Government's public finance principle~~; in this connection, this Council urges the Government, being the major shareholder of MTRCL, to:

- (a) ~~maintain the existing formula of FAM, and~~ submit the fare adjustment rates computed under the formula to the Executive Council *and the Legislative Council* for vetting, with the Executive Council *and the Legislative Council* having the power to make final adjustments, subject to the condition that the difference between such adjustment rates and the adjustment rates computed under the formula must not exceed 30%; such an arrangement enables the Executive Council *and the Legislative Council* to serve as the final gate-keeper on MTR fares and MTRCL and its shareholders to have a basis for projecting the profit of MTRCL;
- (b) *allocate the dividend income received by MTRCL to set up a fare stabilization fund to offset the extent of MTR fare increases year after year, with a view to keeping public transport expenses at a level acceptable to the public;*
- ~~(b)~~(c) require MTRCL to strictly implement the 'eight-minute notification system' to ensure that MTRCL can speedily notify the public in case of incidents, and the Executive Council should take account of MTRCL's performance in this regard when vetting MTRCL fare adjustment rates; ~~and~~
- ~~(c)~~(d) require MTRCL to introduce reasonably-priced territory-wide monthly tickets to benefit all passengers, and utilize this as an incentive to promote working across districts, with a view to alleviating workers' financial burden; *and*
- (e) *buy back all the remaining 23.2% shares of MTRCL to completely take back MTRCL, so that the Executive Council and the Legislative Council may comprehensively monitor the entire operation of MTRCL and have the autonomy to control fares.*

Note: Dr Hon KWOK Ka-ki's amendment is marked in *bold and italic type* or with deletion line.

3. Motion as amended by Hon LEE Cheuk-yan

~~That the net profit of the MTR Corporation Limited ('MTRCL') in 2011 reached \$14,716 million, but as computed under the formula of the Fare Adjustment Mechanism ('FAM') (i.e. the mechanism that allows fares to go upwards and downwards), MTR fares may be increased by 5.4%, rendering the~~

burden of rail transport expenses on grass-root people heavier; at present, the community generally considers the formula not comprehensive enough and that the Government should, during the present review of MTRCL's FAM, include in the formula components that can better reflect public affordability and profit level, rental income and service performance (including the level of performance in handling incidents), etc. of MTRCL; however, the re-establishment of a formula is bound to be protracted, time-consuming and fruitless because the various social sectors can hardly reach a consensus on the definitions, assessment methods and respective weightings of the aforesaid components; there is also a proposal in society of using the dividends distributed by MTRCL to set up a fare stabilization fund to offset the extent of fare increases, yet both the Government and academics consider that this 'dedicated funds for dedicated uses' practice deviates from the Government's public finance principle; in this connection, this Council urges the Government, being the major shareholder of MTRCL *the MTR Corporation Limited* ('MTRCL'), to:

- (a) maintain the existing formula of FAM, and submit the fare adjustment rates computed under the formula to the Executive Council for vetting, with the Executive Council having the power to make final adjustments, subject to the condition that the difference between such adjustment rates and the adjustment rates computed under the formula must not exceed 30%; such an arrangement enables the Executive Council to serve as the final gate-keeper on MTR fares and MTRCL and its shareholders to have a basis for projecting the profit of MTRCL; *revise the existing formula of the Fare Adjustment Mechanism by changing 'Overall Fare Adjustment Rate' to 'Ceiling of Overall Fare Adjustment Rate', and adding the Train Service Disruption Factor, i.e. revising the formula as follows: 'Ceiling of Overall Fare Adjustment Rate $\leq (0.5 \times \text{Change in Composite Consumer Price Index}) + (0.5 \times \text{Nominal Wage Index (Transportation Section)}) - \text{Productivity Factor} - \text{Train Service Disruption Factor}$ ', with the Train Service Disruption Factor referring to the fare reduction rate determined by the number of train service delay cases caused by mechanical failure or human factors with a duration of 20 minutes or more in the preceding one year;*
- (b) *amend the Mass Transit Railway Ordinance to require that MTR fare adjustments must take the form of subsidiary legislation subject to the Legislative Council's scrutiny and approval under the negative vetting procedure; MTRCL's fare adjustment application submitted to the Government every year must be based on the aforesaid formula, and the Chief Executive in Council may determine the fare adjustment rates after considering MTRCL's fare adjustment justifications, profit*

level, and train service performance as well as public affordability, and submit the relevant subsidiary legislation to the Legislative Council;

(c) *amend the Mass Transit Railway Ordinance to require MTRCL to allocate a certain proportion of its property development returns for setting up a rail fare stabilization fund to stabilize MTR fares, so as to alleviate the burden of members of the public;*

~~(b)~~(d) require MTRCL to strictly implement the ‘eight-minute notification system’ to ensure that MTRCL can speedily notify the public in case of incidents, and the Executive Council should take account of MTRCL’s performance in this regard when ~~vetting~~ **determining** MTRCL fare adjustment rates; and

~~(e)~~(e) require MTRCL to introduce reasonably-priced territory-wide monthly tickets to benefit all passengers, and utilize this as an incentive to promote working across districts, with a view to alleviating workers’ financial burden.

Note: Hon LEE Cheuk-yan’s amendment is marked in *bold and italic type* or with deletion line.

4. Motion as amended by Hon Frederick FUNG

That the net profit of the MTR Corporation Limited (‘MTRCL’), *in which the Hong Kong Government owns some 76% equity interest*, in 2011 reached \$14,716 million, *with the dividends received by the Hong Kong Government amounting to \$3.3 billion*, but as computed under the formula of the Fare Adjustment Mechanism (‘FAM’) (i.e. the mechanism that allows fares to go upwards and downwards), MTR fares may be increased by 5.4%, *which is equivalent to an extra fare income of about \$600 million*, rendering the burden of rail transport expenses on grass-root people heavier; at present, the community generally considers the formula not comprehensive enough ~~and that~~, the Government should, ~~during the present~~ *therefore conduct an in-depth and thorough* review of MTRCL’s FAM, ~~include in the formula components that can better reflect public affordability and profit level, rental income and service performance (including the level of performance in handling incidents), etc. of MTRCL; however, the re-establishment of a formula is bound to be protracted, time-consuming and fruitless because the various social sectors can hardly reach a consensus on the definitions, assessment methods and respective weightings of the aforesaid components; there is also a proposal in society of using the dividends distributed by MTRCL to set up a fare stabilization fund to offset the extent of fare increases, yet both the Government and academics~~

~~consider that this ‘dedicated funds for dedicated uses’ practice deviates from the Government’s public finance principle; in this connection, this Council urges the Government, being the major shareholder of MTRCL, to:~~

- (a) ~~maintain~~ ***alter*** the existing formula of FAM ***to include components such as public affordability, MTRCL’s profit level, its incomes from above-station property, rental and overseas investment, as well as its operation efficiency and service performance, etc., so as to prevent MTRCL from increasing its fares wantonly while making substantial profits; use the dividends received by the Government to offset certain extent of fare increases; establish a fare stabilization fund to mitigate the impact of soaring fares on the public,*** and submit the fare adjustment rates computed under the formula to the Executive Council ***and the Legislative Council*** for vetting, with the Executive Council ***and the Legislative Council*** having the power to make final adjustments, ~~subject to the condition that the difference between such adjustment rates and the adjustment rates computed under the formula must not exceed 30%;~~ such an arrangement enables the Executive Council ***and the Legislative Council*** to serve as the final gate-keeper on MTR fares and MTRCL and its shareholders to have a basis for projecting the profit of MTRCL;
- (b) require MTRCL to strictly implement the ‘eight-minute notification system’ to ensure that MTRCL can speedily notify the public in case of incidents, and the Executive Council ***and the Legislative Council*** should take account of MTRCL’s performance in this regard when vetting MTRCL fare adjustment rates; and
- (c) require MTRCL to ***revamp its railway fare structures,*** introduce reasonably-priced territory-wide monthly tickets, ***offer more cross-rail line and same-rail line monthly ticket schemes as well as concessions for MTR interchange to other means of transport, and set up more MTR Fare Savers, etc.*** to benefit all passengers, and utilize ~~this as an incentive~~ ***these as incentives*** to promote working across districts, with a view to alleviating workers’ financial burden.

Note: Hon Frederick FUNG’s amendment is marked in ***bold and italic type*** or with deletion line.

5. Motion as amended by Hon WU Chi-wai

That, ***given that*** the net profit of the MTR Corporation Limited (‘MTRCL’) in 2011 reached \$14,716 million, but as computed under the formula of the Fare Adjustment Mechanism (‘FAM’) (i.e. the mechanism that allows fares to go

upwards and downwards), MTR fares may be increased by 5.4%, rendering the burden of rail transport expenses on grass-root people heavier; at present, the community generally considers the formula not comprehensive enough and that the Government should, during the present review of MTRCL's FAM, include in the formula components that can better reflect public affordability and profit level, rental income and service performance (including the level of performance in handling incidents), etc. of MTRCL; ~~however, the re-establishment of a formula is bound to be protracted, time-consuming and fruitless because the various social sectors can hardly reach a consensus on the definitions, assessment methods and respective weightings of the aforesaid components; there is also a proposal in society of using the dividends distributed by MTRCL to set up a fare stabilization fund to offset the extent of fare increases, yet both the Government and academics consider that this 'dedicated funds for dedicated uses' practice deviates from the Government's public finance principle; in this connection, this Council urges the Government, being the major shareholder of MTRCL, to:~~

- (a) ~~maintain *perfect* the existing formula of FAM, and submit the fare adjustment rates computed under the formula~~ ***include key factors such as public acceptance and affordability, MTRCL's incident occurrence figures and its profit level, etc. in the formula for determining fare adjustment rates, so as to maintain MTRCL fares at a reasonable level and reflect MTRCL's service quality; and at the same time, study the feasibility of submitting MTRCL's fare adjustment rates*** to the Executive Council for vetting, with the Executive Council having the power to make final adjustments, ~~subject to the condition that the difference between such adjustment rates and the adjustment rates computed under the formula must not exceed 30%; such an arrangement enables the Executive Council to serve as the final gate-keeper on MTR fares and MTRCL and its shareholders to have a basis for projecting the profit of MTRCL~~ ***and serving as the final gate-keeper;***
- (b) require MTRCL to strictly implement the 'eight-minute notification system' to ensure that MTRCL can speedily notify the public in case of incidents, and ~~the Executive Council should take account of MTRCL's performance in this regard when vetting MTRCL~~ ***determining its*** fare adjustment rates; ~~and~~
- (c) require MTRCL to introduce reasonably-priced territory-wide monthly tickets ***as well as weekly and daily tickets applicable to all its rail lines*** to benefit all passengers, and utilize this as an incentive to promote working across districts, with a view to alleviating workers' financial burden; ***and***

- (d) *focusing on the dividends received by the Government from MTRCL, or the profits received by public transport operators from their ‘non-transport business’, such as the annual property proceeds of MTRCL, allocate a certain percentage of such dividends or profits to establish a fare stabilization fund to stabilize fares.*

Note: Hon WU Chi-wai’s amendment is marked in *bold and italic type* or with deletion line.

6. Motion as amended by Hon TANG Ka-piu

~~That the net profit of the MTR Corporation Limited (‘MTRCL’) in 2011 reached \$14,716 million, but as computed under the formula of the Fare Adjustment Mechanism (‘FAM’) (i.e. the mechanism that allows fares to go upwards and downwards), MTR fares may be increased by 5.4%,~~ *since the merger of the MTR Corporation Limited and the Kowloon-Canton Railway Corporation, the existing MTR Corporation Limited (‘MTRCL’) has been occupying a monopolistic position in public transport, and with its operations revenue and property proceeds, MTRCL makes huge profits year after year; however, the existing Fare Adjustment Mechanism (‘FAM’) (i.e. the mechanism that allows fares to go upwards and downwards) seriously underestimates MTRCL’s productivity after the merger, and fails to take account of its profit level and public affordability, resulting in MTRCL increasing its fares year after year while making huge profits; the extent of fare increases in the past three years even exceeded the inflation rates, becoming one of the sources for pushing up inflation and rendering the burden of rail transport expenses on grass-root people heavier, especially residents in remote districts such as Tung Chung, Yuen Long, Tin Shui Wai, Tuen Mun and North District;* at present, the community generally considers ~~the formula not comprehensive enough and that~~ *that the existing formula of FAM only pays regard to MTRCL shareholders’ interests and disregards the public interest,* so the Government should, during the present review of MTRCL’s FAM ~~the mechanism,~~ include in the formula components that can better reflect public affordability and profit level, rental income and service performance (including the level of performance in handling incidents), etc. of MTRCL; ~~however, the re-establishment of a formula is bound to be protracted, time-consuming and fruitless because the various social sectors can hardly reach a consensus on the definitions, assessment methods and respective weightings of the aforesaid components;~~ *and at the same time, extensively incorporate the views of the community, formulate an FAM that accords priority to public interest, and before implementing a new FAM, MTRCL should freeze its existing fares and continue its fare concession measures; in addition, given that* there is also a proposal in society of using the dividends distributed by MTRCL to set up a fare stabilization fund to offset the extent of

fare increases, ~~yet both the Government and academics consider that this ‘dedicated funds for dedicated uses’ practice deviates from the Government’s public finance principle~~ *the Government should actively consider and decisively implement the relevant proposal*; in this connection, this Council urges the Government, being the major shareholder of MTRCL, to:

- (a) *consider amending section 8 of the Mass Transit Railway Ordinance (Cap. 556) to allow the Chief Executive to appoint more than three persons to be additional directors of MTRCL, so as to monitor MTRCL’s various considerations on and justifications for its proposal of fare adjustments, and assess whether the adjustment rates are in the public interest and acceptable to the community, etc.;*
- ~~(a)~~(b) *maintain the existing formula of FAM expeditiously study and implement the formula of a new FAM, and submit the fare adjustment rates computed under the formula to the Executive Council for vetting, with the Executive Council having the power to make final adjustments, subject to the condition that the difference between such adjustment rates and the adjustment rates computed under the formula must not exceed 30%; such an arrangement enables the Executive Council and to serve as the final gate-keeper on MTR fares and MTRCL and its shareholders to have a basis for projecting the profit of MTRCL;*
- ~~(b)~~(c) *require MTRCL to strengthen human resources and intensify staff training to maintain its operational standards and a stable workforce, so as to strictly implement the ‘eight-minute notification system’ to ensure that MTRCL can speedily notify the public in case of incidents, and the Executive Council should also take account of MTRCL’s performance in this regard various areas such as handling of incidents, whether operational staff are sufficient, and whether staff members possess adequate experience, etc. when vetting MTRCL fare adjustment rates; and*
- ~~(c)~~(d) *require MTRCL to introduce reasonably-priced territory-wide monthly tickets and flexible district monthly tickets; review the concession modes of ‘Ride 10 Get 1 Free’ or ‘Ride \$100 for Free Ticket’, and indefinitely implement same day return fare concessions; at railway stations in remote new towns such as North District and Tung Chung, offer more free MTR feeder bus services as interchange; urge MTRCL to extensively install MTR Fare Savers in various districts; allow persons with disabilities under the age of 12 and people with loss of one limb to equally enjoy the \$2 fare concession and prospective retirees aged between 60 and 64 to enjoy a half fare concession, etc. to benefit all passengers, and utilize this as an incentive these as incentives*

to promote working across districts, with a view to ~~alleviating workers' financial burden~~ *reducing workers' transport expenses;*

- (e) *complete the installation of platform screen doors at all railway stations within five years, and immediately stop the collection of an additional \$0.1 per MTR journey from passengers using the Octopus Cards;*
- (f) *when vetting and approving MTRCL's fare adjustment applications, include the progress of MTRCL's improvement of station facilities, such as washrooms, baby-sitting rooms, water dispensers and other barrier-free facilities, etc., as one of the considerations, so as to drive MTRCL to comprehensively improve station facilities for passengers' convenience; and*
- (g) *care about the problem of compensation for persons injured in accidents within the precincts of MTR, use the number of accidents and casualties involving MTR as an indicator of service level assessment, and adopt it as one of the considerations for fare adjustments, so as to motivate MTRCL to follow the Light Rail's practice of injecting capital into the Traffic Accident Victims Assistance Fund, so that persons injured in MTR accidents also receive reasonable protection.*

Note: Hon TANG Ka-piu's amendment is marked in *bold and italic type* or with deletion line.

7. Motion as amended by Hon Frankie YICK

That, *given that* the net profit of the MTR Corporation Limited ('MTRCL') in 2011 reached \$14,716 million, but as computed under the formula of the Fare Adjustment Mechanism ('FAM') (i.e. the mechanism that allows fares to go upwards and downwards), MTR fares may be increased by 5.4% *and have increased for three consecutive years*, rendering the burden of rail transport expenses on grass-root people heavier; at present, the community generally considers the formula not comprehensive enough and that the Government should, during the present review of MTRCL's FAM, include in the formula components that can better reflect public affordability and profit level, rental income and service performance (including the level of performance in handling incidents), etc. of MTRCL; however, the re-establishment of a formula is bound to be protracted, time-consuming and fruitless because the various social sectors can hardly reach a consensus on the definitions, assessment methods and respective weightings of the aforesaid components; there is also a proposal in society of using the ~~dividends distributed by~~ *profits of* MTRCL to set up a fare

stabilization fund to offset the extent of fare increases, ~~yet both the Government and academics consider that this ‘dedicated funds for dedicated uses’ practice deviates from the Government’s public finance principle; in this connection, this Council urges the Government, being the major shareholder of MTRCL, to:~~

- (a) ~~maintain the existing formula of FAM, and submit the fare adjustment rates computed under the formula to the Executive Council for vetting, with the Executive Council having the power to make final adjustments, subject to the condition that the difference between such adjustment rates and the adjustment rates computed under the formula must not exceed 30%; such an arrangement enables the Executive Council to serve as the final gate keeper on MTR fares and MTRCL and its shareholders to have a basis for projecting the profit of MTRCL~~ ***implement an ‘MTR profit-sharing scheme’ by returning to members of the public 5% of the profit from underlying businesses attributable to shareholders, so as to offset the extent of fare increases; if any profit-sharing proceeds remain after fully offsetting the extent of fare increases, the balance should be retained under the scheme for accrual and use for lowering the rates of fare increases in the future; if the profit-sharing proceeds cannot fully offset the extent of fare increases in the relevant year, fare adjustments in respect of the shortfall should then be made under FAM;***
- (b) ~~require MTRCL to strictly implement the ‘eight-minute notification system’ to ensure that MTRCL can speedily notify the public in case of incidents, and the Executive Council should take account of MTRCL’s performance in this regard when vetting MTRCL fare adjustment rates; and~~ ***service performance when computing fare increase rates;***
- (c) ~~require MTRCL to introduce reasonably-priced territory-wide monthly tickets to benefit all passengers, and utilize this as an incentive to promote working across districts, with a view to alleviating workers’ financial burden; and~~
- (d) ***include the progress of installing additional platform screen doors or automatic platform gates at all stations as one of the considerations for fare adjustment, so as to enhance the protection of passenger safety.***

Note: Hon Frankie YICK’s amendment is marked in ***bold and italic type*** or with deletion line.

8. Motion as amended by Hon CHAN Kam-lam

That, *given that* the net profit of the MTR Corporation Limited ('MTRCL') in 2011 reached \$14,716 million, but as computed under the formula of the Fare Adjustment Mechanism ('FAM') (i.e. the mechanism that allows fares to go upwards and downwards), MTR fares may be increased by 5.4%, rendering the burden of rail transport expenses on grass-root people heavier; at present, the community generally considers the formula not comprehensive enough and that the Government should, during the present review of MTRCL's FAM, include in the formula components that can better reflect public affordability and profit level, rental income and service performance (including the level of performance in handling incidents), etc. of MTRCL; ~~however, the re-establishment of a formula is bound to be protracted, time-consuming and fruitless because the various social sectors can hardly reach a consensus on the definitions, assessment methods and respective weightings of the aforesaid components; there is also a proposal in society of using the dividends distributed by MTRCL to set up a fare stabilization fund to offset the extent of fare increases, yet both the Government and academics consider that this 'dedicated funds for dedicated uses' practice deviates from the Government's public finance principle; in this connection, this Council urges the Government, being the major shareholder of MTRCL, to:~~

- (a) ~~maintain~~ *conduct a study on amending* the existing formula of FAM, *consider including factors such as public affordability, MTRCL's profit level and its overall rail service performance, etc. in the formula*, and submit the fare adjustment rates computed under the formula to the Executive Council for vetting, with the Executive Council having the power to make final adjustments, ~~subject to the condition that the difference between such adjustment rates and the adjustment rates computed under the formula must not exceed 30%;~~ such an arrangement enables the Executive Council to serve as the final gate-keeper on MTR fares and MTRCL and its shareholders to have a basis for projecting the profit of MTRCL;
- (b) *set up a fare stabilization fund to reduce fare increase pressure;*
- (b)(c) require MTRCL to strictly implement the 'eight-minute notification system' to ensure that MTRCL can speedily notify the public in case of incidents, and the Executive Council should take account of MTRCL's performance in this regard when vetting MTRCL fare adjustment rates; ~~and~~

- (e)(d) require MTRCL to *reduce cross-boundary rail fares to reasonable levels; abolish the existing time limit for accumulating the number of journeys required under the ‘Ride 10 Get 1 Free’ fare concession scheme; co-operate with other transport operators to offer more interchange concessions;* introduce reasonably-priced territory-wide monthly tickets to benefit all passengers, and utilize this as an incentive to promote working across districts, with a view to alleviating workers’ financial burden; *and*
- (e) *improve station facilities, including installing platform screen doors for all rail lines, providing washrooms for all rail lines, and installing more barrier-free facilities, etc., and ensure that the expenses on the facilities concerned will not constitute a cause for MTR fare increases.*

Note: Hon CHAN Kam-lam’s amendment is marked in *bold and italic type* or with deletion line.

9. Motion as amended by Hon Gary FAN

~~That the net profit of the MTR Corporation Limited (‘MTRCL’) in 2011 reached \$14,716 million, but as computed under the formula of the Fare Adjustment Mechanism (‘FAM’) (i.e. the mechanism that allows fares to go upwards and downwards), MTR fares may be increased by 5.4%, rendering the burden of rail transport expenses on grass-root people heavier;~~ *since the merger of the MTR Corporation Limited and the Kowloon-Canton Railway Corporation, the Government has changed to adopt the formula of the Fare Adjustment Mechanism (‘FAM’) (i.e. the mechanism that allows fares to go upwards and downwards) to determine the fare adjustment rates of the existing MTR Corporation Limited (‘MTRCL’); however, after the adoption of FAM, MTRCL has drastically increased its fares for three consecutive years (i.e. from 2010 to 2012) while making huge profits, rendering the burden of transport expenses on members of the public heavy; in the past, MTRCL’s development completely relied on the Government’s preferential policy which provides the right to develop above-station properties with no premium payment; the original intent of the policy is to make financial arrangements to facilitate MTRCL’s financing for rail network expansion, but now the policy has resulted in the emergence of MTRCL hegemony; therefore,* at present, the community generally considers the formula not comprehensive enough and that the Government should, during the present review of MTRCL’s FAM, include in the formula components that can better reflect public affordability and profit level, ~~rental income and~~ *real estate income*, service performance (including the level of performance in handling incidents) *and deployment of public resources*, etc. of MTRCL; ~~however, the re-establishment of a formula is bound to be protracted, time-consuming and~~

fruitless because the various social sectors can hardly reach a consensus on the definitions, assessment methods and respective weightings of the aforesaid components; there is also a proposal in society of using the dividends distributed by MTRCL to set up a fare stabilization fund to offset the extent of fare increases, yet both the Government and academics consider that this ‘dedicated funds for dedicated uses’ practice deviates from the Government’s public finance principle *there are also strong voices in society demanding the establishment of an MTR fare stabilization fund to stabilize fares*; in this connection, this Council urges the Government, being the major shareholder of MTRCL, to:

- (a) ~~maintain~~ *alter* the existing formula of FAM, and submit the fare adjustment rates computed under the formula to the Executive Council *and the Legislative Council* for vetting, with the Executive Council *and the Legislative Council* having the power to make final adjustments, ~~subject to the condition that the difference between such adjustment rates and the adjustment rates computed under the formula must not exceed 30%~~; such an arrangement enables the Executive Council *and the Legislative Council* to serve as the final gate-keeper on MTR fares and MTRCL ~~and its shareholders to have a basis for projecting the profit of MTRCL~~ *to ensure that MTRCL discharges its social responsibility while making reasonable profits*;
- (b) require MTRCL to strictly implement the ‘eight-minute notification system’ to ensure that MTRCL can speedily notify the public in case of incidents, and the Executive Council *and the Legislative Council* should take account of MTRCL’s performance in this regard when vetting MTRCL fare adjustment rates; ~~and~~, *and consider reducing the extent of fare increases based on the number of incidents*;
- (c) require MTRCL to introduce reasonably-priced territory-wide monthly tickets to benefit all passengers, and utilize this as an incentive to promote working across districts, with a view to alleviating workers’ financial burden; *and*
- (d) *set up an MTR fare stabilization fund, and utilize MTRCL’s non-rail revenues, such as revenues from advertisements, property development and rentals of shops, etc., to offset the pressure to increase fares.*

Note: Hon Gary FAN’s amendment is marked in *bold and italic type* or with deletion line.

10. Motion as amended by Hon Kenneth LEUNG

That the net profit of the MTR Corporation Limited ('MTRCL') in 2011 reached \$14,716 million, but as computed under the formula of the Fare Adjustment Mechanism ('FAM') (i.e. the mechanism that allows fares to go upwards and downwards), MTR fares may be increased by 5.4%, rendering the burden of rail transport expenses on grass-root people heavier; at present, the community generally considers the formula not comprehensive enough and that the Government should, during the present review of MTRCL's FAM, include in the formula components that can better reflect public affordability and profit level, rental income and service performance (including the level of performance in handling incidents), etc. of MTRCL; ~~however, the re-establishment of a formula is bound to be protracted, time-consuming and fruitless because the various social sectors can hardly reach a consensus on the definitions, assessment methods and respective weightings of the aforesaid components;~~ there is also a proposal in society of using the dividends distributed by MTRCL to set up a fare stabilization fund to offset the extent of fare increases, yet both the Government and academics consider that this 'dedicated funds for dedicated uses' practice deviates from the Government's public finance principle; in this connection, this Council urges the Government, being the major shareholder of MTRCL, to:

- (a) ~~maintain the existing formula of FAM, and~~ ***comprehensively review the existing FAM of MTRCL, include quantifiable values or indicators in the formula to increase the weightings of factors such as inflation rates, public affordability and profit level of MTRCL's overall business, etc.; and require MTRCL not to increase its fares if the profits of its overall business exceed a certain ceiling; and at the same time, require MTRCL to*** submit the fare adjustment rates computed under the formula to the Executive Council for vetting, with the Executive Council having the power to make final adjustments, subject to the condition that the difference between such adjustment rates and the adjustment rates computed under the formula must not exceed 30%; such an arrangement enables the Executive Council to serve as the final gate-keeper on MTR fares and MTRCL and its shareholders to have a basis for projecting the profit of MTRCL;
- (b) require MTRCL to strictly implement the 'eight-minute notification system' to ensure that MTRCL can speedily notify the public in case of incidents, and the Executive Council should take account of MTRCL's performance in this regard when vetting MTRCL fare adjustment rates; and

- (c) require MTRCL to introduce reasonably-priced territory-wide monthly tickets to benefit all passengers, and utilize this as an incentive to promote working across districts, with a view to alleviating workers' financial burden.

Note: Hon Kenneth LEUNG's amendment is marked in *bold and italic type* or with deletion line.