

Legislative Council Panel on Transport 2017 Fare Revision for Airport Express

Purpose

The fares for the Airport Express of the MTR Corporation Limited (“the Corporation”) have been kept unchanged for nearly 20 years since its opening in 1998. This paper briefs Members on the proposed fare revision for Airport Express in 2017.

Background

2. The Airport Express is not a public transport mode for daily commuting, but mainly for business and travelling. The Airport Express commenced passenger service in July 1998 and now carries more than 16 million passengers per year. Currently, there are five stations, namely Hong Kong, Kowloon, Tsing Yi, Airport and AsiaWorld-Expo. The 35-kilometer journey between Airport and Hong Kong takes only 24 minutes, providing a convenient and comfortable linkage between the Hong Kong International Airport and the central business districts.

3. In accordance with the Operating Agreement (“OA”) signed between the Government and the Corporation in 2007, the Fare Adjustment Mechanism is not applicable to the Airport Express fares¹. Whilst the Corporation enjoys fare autonomy over the Airport Express fares, prior to the fare revision of Airport Express, the Corporation shall:

- (a) consider the level of public acceptance of any proposed fare change, based on passenger surveys;
- (b) consult the Transport Advisory Committee (“TAC”);
- (c) consult the Panel on Transport of the Legislative Council (“Transport Panel”);
- (d) after the consultation pursuant to paragraphs (b) and (c) above, through its board of directors, resolve to approve the new fares; and

¹ Airport Express fare revision will not apply to:

- Airport Workers’ Octopus fares between Hong Kong/Kowloon/Tsing Yi and Airport /AsiaWorld-Expo; and
- Prices for promotional items such as Group Tickets and Airport Travel Pass.

- (e) formally notify TAC and the Transport Panel, and make a public announcement, of the new fares no later than three weeks prior to implementation of the new fares.

When recommending the proposed new fares to the Board, the Corporation will also take into consideration various factors including the overall economic conditions and competitiveness of the Airport Express.

4. As announced in May 1998, the fares of Airport Express to/from the Hong Kong International Airport were \$100 for Hong Kong, \$90 for Kowloon and \$60 for Tsing Yi. A 30% promotional discount was implemented upon the opening of the Airport Express in July 1998. The promotional discount was subsequently withdrawn in two phases where 20% discount was withdrawn in July 2000 and the remaining 10% discount was withdrawn in July 2001. The Airport Express was extended in December 2005 to the AsiaWorld-Expo upon its commissioning. The fare for trips between the Airport and AsiaWorld-Expo is \$5. The Airport Express fares have been kept unchanged since then.

5. During the period between 2001 and 2016, the inflation in Hong Kong is 33% (as reflected in the change of Composite Consumer Price Index). Although the Corporation has made every effort to manage the operating cost of the Airport Express, the operating cost has increased significantly. A fare revision is therefore necessary to bring in sustainable revenue to cater for the escalating cost, in order to maintain quality service.

6. Airport Express services are well received by our customers as indicated by a high level of customer satisfaction, with the satisfaction score on service quality consistently rated at above 80 out of the 100-point scale over the past years. The high customer satisfaction is partly due to the good end-to-end customer service design which includes free In-Town Check-in and Airport Express Shuttle Bus services, and partly due to the Corporation's efforts in continuously upgrading our services and facilities including:

- (a) the launch of Airport Express Next Train app in 2012;
- (b) the provision of in-train power charging facilities and the launch of QR Code Ticketing system in 2015; and
- (c) the provision of free in-train Wi-Fi service in 2016.

7. The Corporation has also been committed to a number of major capital expenditure projects such as replacement of signaling system, CCTV system and ticketing machines for the Airport Express so as to provide even better services to travellers to and from the Hong Kong International Airport.

Fare Revision Proposal

8. The proposed new fares for journeys on Airport Express are as below –

- (a) Adult Octopus fares between in-town stations² and Airport or AsiaWorld-Expo stations to be increased by \$5-10;
- (b) Adult fares of Single Journey tickets between in town stations and Airport or AsiaWorld-Expo stations to be increased by \$10-15;
- (c) Adult fares between Airport and AsiaWorld-Expo stations to be increased by \$0.5 for Octopus and \$1.0 for Single Journey ticket;
- (d) Adult fares of AsiaWorld-Expo “Special Same Day Return” ticket to be increased by \$5-8; and
- (e) Adult fares of long validity Round Trip Tickets to be increased by \$15-30.

Details are at Annex 1.

² These include Hong Kong, Kowloon and Tsing Yi stations.

9. The overall fare revision rate is 10.3%³ and the proposed fare revision will take effect in June 2017.

10. Prices for promotional items such as the Airport Express Group Tickets and Airport Travel Pass will remain unchanged. All other fare concessions and complimentary services of the Airport Express will continue to apply. These include free same day return; free MTR connection for Octopus users; free In-town Check-in service; and free Airport Express Shuttle Bus service. The Airport Worker fares⁴ between Hong Kong/Kowloon/Tsing Yi and Airport/AsiaWorld-Expo, being covered by the Fare Adjustment Mechanism, will not be affected by the current proposal and will remain unchanged.

Feedbacks from Passengers and the Tourism Industry

11. Passenger acceptance towards various fare increase levels is gauged through a passenger survey completed in early February 2017. The overall fare increase of 10% corresponds to an overall 67% acceptance level⁵ in the survey. Details are shown at Annex 2.

12. Separately, the Corporation has explained the need for a fare revision of Airport Express to key business partners in the travel industry. They show understanding and have recognised that the Corporation has been launching a number of promotions for different customer segments such as Children and the Elderly during festive seasons. These promotions will be kept unchanged.

Way Forward

13. Members are invited to comment on the fare revision proposal set out in this paper.

MTR Corporation Limited April 2017

³ Overall fare revision rate of +10.3% is based on the overall average of changes of Airport Express fares excluding the “Airport Worker fares between Hong Kong/Kowloon/Tsing Yi and Airport/AsiaWorld-Expo”. The overall change in average fare will be +9.3% without the exclusion.

⁴ Currently, the normal fares of Airport Express to/from the Hong Kong International Airport were \$100 for Hong Kong, \$90 for Kowloon and \$60 for Tsing Yi. Airport Worker fares are \$43.7, \$38.9 and \$26.1 respectively.

⁵ The response covers “Definitely acceptable”, “Acceptable” and “Neutral”.

Annex 1

**Proposed Fares for Journeys on Airport Express
(Not Applicable to Fare Adjustment Mechanism)**

Ticket Type		Movement	Trip Type	Existing	Proposed	Change	
Adult Fare *	Octopus	HOK - AIR/AWE	Single Trip	\$100.0	\$110.0	\$10.0	(10.0%)
		KOW - AIR/AWE		\$90.0	\$100.0	\$10.0	(11.1%)
		TSY - AIR/AWE		\$60.0	\$65.0	\$5.0	(8.3%)
		AIR - AWE		\$5.0	\$5.5	\$0.5	(10.0%)
	Single Journey (SJ)	HOK - AIR/AWE	Single Trip	\$100.0	\$115.0	\$15.0	(15.0%)
		KOW - AIR/AWE		\$90.0	\$105.0	\$15.0	(16.7%)
		TSY - AIR/AWE		\$60.0	\$70.0	\$10.0	(16.7%)
		AIR - AWE		\$5.0	\$6.0	\$1.0	(20.0%)
	Octopus	HOK - AIR/AWE	Same Day Return	\$100.0	\$110.0	\$10.0	(10.0%)
		KOW - AIR/AWE		\$90.0	\$100.0	\$10.0	(11.1%)
		TSY - AIR/AWE		\$60.0	\$65.0	\$5.0	(8.3%)
	SJ	HOK - AIR/AWE	Same Day Return	\$100.0	\$115.0	\$15.0	(15.0%)
		KOW - AIR/AWE		\$90.0	\$105.0	\$15.0	(16.7%)
		TSY - AIR/AWE		\$60.0	\$70.0	\$10.0	(16.7%)
	Octopus	HOK - AWE	AWE Special Same Day Return	\$72.0	\$80.0	\$8.0	(11.1%)
		KOW - AWE		\$64.0	\$72.0	\$8.0	(12.5%)
TSY - AWE		\$42.0		\$47.0	\$5.0	(11.9%)	
SJ	HOK - AIR/AWE	Round Trip	\$180.0	\$210.0	\$30.0	(16.7%)	
	KOW - AIR/AWE		\$160.0	\$190.0	\$30.0	(18.8%)	
	TSY - AIR/AWE		\$110.0	\$125.0	\$15.0	(13.6%)	
Child Fare	Octopus	HOK - AIR/AWE	Single Trip	\$50.0	\$55.0	\$5.0	(10.0%)
		KOW - AIR/AWE		\$45.0	\$50.0	\$5.0	(11.1%)
		TSY - AIR/AWE		\$30.0	\$32.5	\$2.5	(8.3%)
		AIR - AWE		\$2.5	\$2.7	\$0.2	(8.0%)
	SJ	HOK - AIR/AWE	Single Trip	\$50.0	\$57.5	\$7.5	(15.0%)
		KOW - AIR/AWE		\$45.0	\$52.5	\$7.5	(16.7%)
		TSY - AIR/AWE		\$30.0	\$35.0	\$5.0	(16.7%)
		AIR - AWE		\$2.5	\$3.0	\$0.5	(20.0%)
	Octopus	HOK - AIR/AWE	Same Day Return	\$50.0	\$55.0	\$5.0	(10.0%)
		KOW - AIR/AWE		\$45.0	\$50.0	\$5.0	(11.1%)
		TSY - AIR/AWE		\$30.0	\$32.5	\$2.5	(8.3%)
	SJ	HOK - AIR/AWE	Same Day Return	\$50.0	\$57.5	\$7.5	(15.0%)
		KOW - AIR/AWE		\$45.0	\$52.5	\$7.5	(16.7%)
		TSY - AIR/AWE		\$30.0	\$35.0	\$5.0	(16.7%)
	Octopus	HOK - AWE	AWE Special Same Day Return	\$36.0	\$40.0	\$4.0	(11.1%)
		KOW - AWE		\$32.0	\$36.0	\$4.0	(12.5%)
TSY - AWE		\$21.0		\$23.5	\$2.5	(11.9%)	

* Adult fares are for all passengers aged 12 or above.

* HOK – Hong Kong Station; KOW – Kowloon Station; TSY – Tsing Yi Station; AIR – Airport Station; AWE – Asia World Expo station

Passenger Acceptance Survey

Background

The objective of the survey is to assess passengers' acceptance level towards various fare increase levels on the Airport Express. The survey was conducted on board Airport Express train and at Airport Express stations during 10 a.m. to 10 p.m. from 23 January to 1 February 2017. All passengers were randomly selected for the face-to-face interview¹ with a structured questionnaire. A total of 1,001 respondents were successfully interviewed.

Profile of Respondents

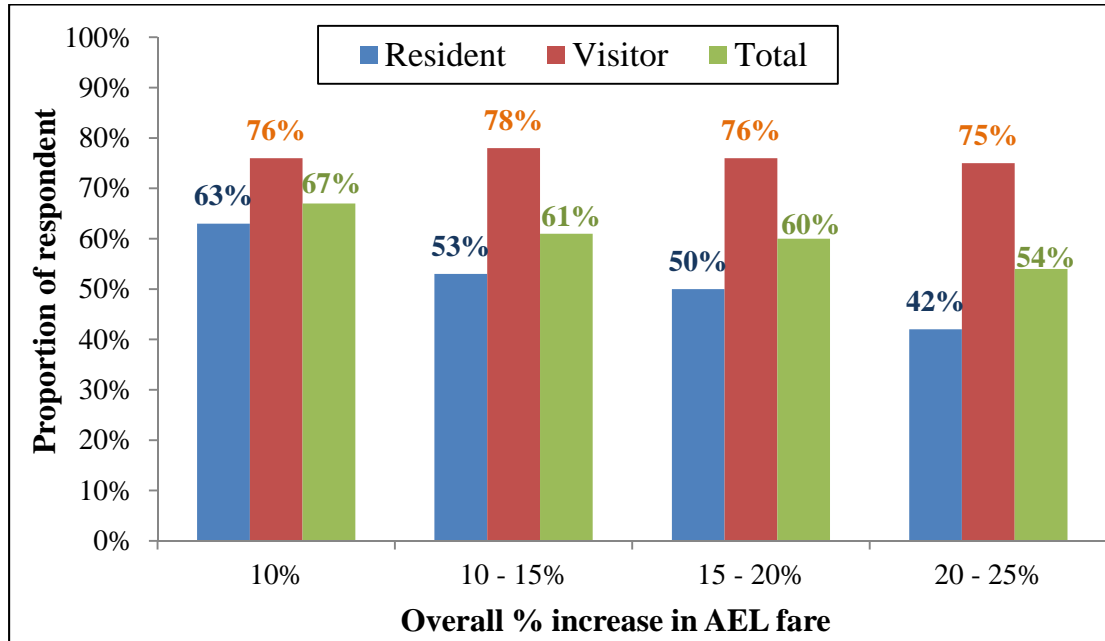
Gender	%
Male	56
Female	44
Total	100

Age	%
Aged 15-19	4
Aged 20-24	12
Aged 25-29	16
Aged 30-34	17
Aged 35-39	14
Aged 40-49	18
Aged 50-59	10
Aged 60-64	4
Aged 65 or above	5
Total	100

Residency	%
Hong Kong resident (excluding domestic helpers)	65
Tourist from Mainland China (including Macau)	16
Tourist from overseas (including Taiwan)	19
Total	100

¹ Passengers were selected randomly to invite their views on one of four fare proposals (i.e. increased by 10%; 10-15%; 15-20% and 20-25%).

Survey Results of Passenger Acceptance on Different Fare Increase Levels of Airport Express:



Result: 63% residents interviewed considered an overall fare increase of 10% acceptable (including “Definitely acceptable”, “Acceptable” and “Neutral”). Tourists showed no significantly different responses to various increase levels.