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Panel on Transport
Meeting on 18 May 2018

**Updated background brief on the Fare Adjustment Mechanism of
the MTR Corporation Limited and adjustments to MTR fares**

Purpose

This paper provides updated background information on the Fare Adjustment Mechanism ("FAM") of the MTR Corporation Limited ("MTRCL") and summarizes the major views and concerns expressed by Legislative Council ("LegCo") Members about FAM and fare adjustments by MTRCL in recent discussions.

The Fare Adjustment Mechanism of the MTR Corporation Limited

2. The existing FAM has been put in place since the rail merger in 2007 to replace the fare autonomy MTRCL until then enjoyed.¹ According to the Administration, FAM is an open, objective and transparent mechanism. Under FAM, fare adjustments of MTRCL are made through a direct-drive formula that takes into account economic figures released by the Government. The formula is as follows:

¹ FAM forms part of the rail merger agreement between the Government and MTRCL, and is included in the Operating Agreement signed between the two parties. It is legally binding.

Overall fare adjustment rate =

$$0.5 \times \text{change in Composite Consumer Price Index} \\ (\text{in December of the previous year}) + \\ 0.5 \times \text{change in Nominal Wage Index (Transportation Section)} \\ (\text{"NWI(TS)"}) (\text{in December of the previous year}) - \\ \text{Productivity Factor ("PF")}^2$$

3. According to the Operating Agreement signed between the Government and MTRCL in 2007, either party may request a review on FAM once every five years following the merger. The first review was conducted in 2013.

Outcome of the first review on the Fare Adjustment Mechanism in 2013

4. The Government and MTRCL conducted a review on FAM of MTRCL in 2012-2013 and announced the review outcome in April 2013. The revised FAM took effect from June 2013. The key measures and arrangements introduced after the review were:

- (a) PF value — retaining the direct-drive FAM formula, but the calculation of the PF value is subject to a new, objective and transparent methodology. Under the new formula, the PF value has increased from the original 0.1% to 0.6%;
- (b) Profit Sharing Mechanism ("PSM") — introducing a tiered table to determine the amount to be set aside by MTRCL for sharing with passengers, making reference to MTRCL's profits in the previous year;
- (c) Service Performance Arrangement ("SPA") — a penalty will be imposed for major service disruptions, i.e. 31 minutes or above,³ and the sum payable will be credited to a fare concession account;

² PF = $0.5 \times$ compound annual growth rate of Productivity in the reference period; where Productivity is measured as a ratio between output (i.e. income) and input (i.e. cost) in MTRCL's transport operation.

³ Level of penalty per incident of train service disruptions after the 2013 FAM Review:

31 minutes or more but less than or equal to one hour	\$1 million
More than one hour but less than or equal to two hours	\$2 million
More than two hours but less than or equal to three hours	\$3 million
More than three hours but less than or equal to four hours	\$5 million
Each additional hour (or part thereof) exceeding four hours (subject to a maximum of \$15 million per incident)	\$2.5 million

- (d) Affordability Cap — any fare increase rate, as per the FAM formula outcome, will not be higher than the change in the Median Monthly Household Income for the corresponding period; and
- (e) other fare promotion schemes — introducing "Monthly Pass Extras"⁴ and "MTR City Saver" to address the need and affordability of frequent medium- and long-distance MTR passengers.

Second review of the Fare Adjustment Mechanism in 2017

5. In response to wide public concern over FAM and requests from LegCo Members, the Administration announced in April 2016 that it would advance the second FAM review originally due for completion in 2018, by one year to 2017. The main direction of this review was to see how the operation of FAM could better respond to public concern about the relationship between fare adjustment and MTRCL's profitability as well as passengers' affordability, whilst still respecting the financial prudence required of MTRCL as a listed company, on the premise that a transparent FAM banked on public and objective data and a direct-drive formula would be retained.

6. The Administration launched a three-month public consultation on the second review of FAM from 20 May to 19 August 2016,⁵ and started the review with MTRCL in August 2016. The major views received from the public consultation considered that FAM should be improved, and in particular, the operation of FAM should duly reflect the profitability of MTRCL.⁶ In late February 2017, the Government and MTRCL agreed on a new FAM package of proposals. On 21 March 2017, the Chief Executive-in-Council ordered acceptance of the package

⁴ Holders of the original "Monthly Pass" had to pay full fare for the onward domestic journeys reaching stations not covered by the pass. "Monthly Pass Extra" provides an additional 25% fare discount for these onward domestic journeys.

⁵ The consultation paper on the review of FAM is available at: <http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tpcb4-1022-1-e.pdf> [Accessed May 2018].

⁶ Key views received in the consultation are available at: [http://www.thb.gov.hk/eng/psp/publications/transport/consultation/Key%20views%20received%20by%20the%20Government%20\(Eng\)\(final\).pdf](http://www.thb.gov.hk/eng/psp/publications/transport/consultation/Key%20views%20received%20by%20the%20Government%20(Eng)(final).pdf) [Accessed May 2018].

of proposals, and that the Government should formally enter into agreement with MTRCL for the new package of proposals to be implemented in 2017-2018 to 2022-2023. The key features are:

- (a) retaining the existing direct-drive FAM formula and reducing fare increase rate by 0.6 percentage point;
- (b) introducing a special one-off 10% discount for applying on the fare adjustment rate derived from the revised FAM formula in 2017;
- (c) increasing the provision for sharing under PSM by increasing the amount of shared profit in each tier of the existing pre-determined tiered table, raising the profit sharing limit, and removing the profit sharing cap, etc.;
- (d) improving the existing SPA by raising the maximum penalty per incident to \$25 million;
- (e) replacing the "10% Same-Day Second-Trip Discount" promotion with a 3% fare discount per journey offered to passengers using Octopus Cards for at least six months of each year from 2017-2018 to 2022-2023;
- (f) providing interchange discounts to passengers interchanging from green minibuses to MTR;
- (g) extending the various Monthly Passes, "Monthly Pass Extras" and "MTR City Saver" promotions to June 2023;
- (h) retaining the Affordability Cap in FAM; and
- (i) retaining other concessions including the "Early-Bird 25% Discount".

7. A comparison of the key features of the FAM review outcomes in 2013 and 2017 is in **Appendix I**.

Adjustments to MTR fares

8. According to the Operating Agreement, MTRCL adjusts its fares in accordance with FAM in June every year. Since the rail merger in 2007, MTR fares have been adjusted seven times. Details are as follows:

<u>Year</u>	<u>Overall fare adjustment rate</u>
2008	0%
2009	0%
June 2010	+2.05%
June 2011	+2.2%
June 2012	+5.4%
June 2013	+2.7%
June 2014	+3.6%
June 2015	+4.3%
June 2016	+2.65%
2017	0% ⁷

9. In late March 2018, MTRCL announced that the overall fare adjustment rate for 2018-2019 is **+3.14%**.⁸ Detailed calculation is in **Appendix II**.

Major views and concerns of Legislative Council Members

10. Members of the Panel on Transport ("the Panel") were consulted on matters relating to FAM and MTR's fare adjustments. Council questions and motions on relevant matters were also raised by Members. The major views and concerns of Members are summarized in the ensuing paragraphs.

General views on the Fare Adjustment Mechanism

11. At the Panel meeting on 19 April 2013, members discussed the outcome of the first review of FAM. Some members welcomed the results because the package of proposals had taken into consideration factors like the public's affordability by limiting the increase to below the corresponding change in the Median Monthly Household Income; the introduction of a penalty system to ensure service performance and respond to the public's call for profit sharing. However, some members

⁷ The calculated overall fare adjustment rate for 2017-2018 was +1.49%. As this is within the range of $\pm 1.5\%$, according to FAM, the adjustment rate will be rolled over to the following year (i.e. 2018-2019). Hence, there was no adjustment of MTR fares in 2017-2018.

⁸ Source: MTRCL's press release on "Overall adjustment rate for MTR fares in 2018/19 comes to +3.14% — Octopus passengers unlikely to pay extra fare this year" issued on 27 March 2018.

considered the magnitude of the new measures too mild and could not create the anticipated impact. Some members urged the Administration and MTRCL to offer greater discount to frequent commuters and to increase the size of the profit sharing scheme.

12. At the Panel meetings on 23 May and 21 June 2016, members noted and welcomed the decision of the Administration and MTRCL to advance the FAM review by one year. Some members considered that the FAM formula would only facilitate the increases of MTR fares despite MTRCL's huge profits. They considered that the FAM formula should take into account all the income of MTRCL, including its regular non-fare box revenue and its profits derived from property development rights granted for railways projects. There was also a view that the factor on change in NWI(TS) in the FAM formula should be replaced by the index on growth in real wages for all employees in Hong Kong.

13. The Administration briefed members on the outcome of the second review of FAM at the Panel meeting on 28 April 2017. Some members were disappointed that no change was made to the existing FAM formula, but just minor patch-ups of the FAM package of proposals. In this connection, the Panel passed a motion, urging the Administration and MTRCL to reconsider incorporating a profit factor into the FAM formula to ensure that the fares were stable and affordable to the public.

Profit Sharing Mechanism and Service Performance Arrangement

14. At the Panel meeting on 28 April 2017, members noted that the underlying business profits set aside/penalties payable under PSM and SPA of FAM respectively would be shared with passengers through the "10% Same-Day Second-Trip Discount". A total of 650 million and 71.5 million respectively were hence shared from 2013-2014 to 2016-2017.

15. During the discussion, there was a concern that in case MTRCL manipulated to credit its huge profits derived from property developments under one single year, the underlying business profits in that year might far exceed the profit sharing limit and the profits to be shared through PSM would be disproportionate. In response, MTRCL assured members that the booking of profits was subject to vigorous accounting procedures, and there was no cause for MTRCL to credit the profits from property developments in one single year.

16. Some members were of the view that the bonus or salary of the senior management of MTRCL should be deducted in case of serious service disruptions. The Administration replied that upon the

Administration's request, the remuneration of MTRCL's staff at directorate level and above was already linked with the service performance of MTRCL.

17. At the Council meeting of 31 January 2018, a Member raised a question, asking whether the Administration would review the calculation method for and raise the levels of the penalty under SPA with a view to reducing the occurrence of service disruptions. The Administration advised that it had examined views from the public on SPA in the review in 2017 and overall, SPA had been operating smoothly over the past few years. Despite so, in response to the Administration's request and the views of the public, MTRCL agreed in 2017 to raise the maximum penalty per incident under SPA from \$15 million to \$25 million.

Fare concessions

18. When considering the MTR fare adjustments in the past Panel meetings, members noted that MTRCL had been offering fare concessions to passengers. Members generally considered that more fare concessions should be offered to passengers. Some members considered that MTRCL should return to passengers the total amount of extra income generated by the fare increase by means of providing fare concessions. Some members requested for the consolidation of the various monthly pass schemes, which were quite fragmented at this moment. There was concern over whether the concessions such as "MTR City Saver" could address the transport need and affordability of passengers as these concessions could only be enjoyed by passengers subject to meeting some pre-conditions.

19. Some members, however, suggested that instead of spending resources to manage the various fare promotional schemes to benefit selected groups of passengers, MTRCL could simply lower the rate of fare increase so as to benefit all passengers.

20. In response, the Administration advised that MTRCL had been introducing different concession schemes from time to time in response to the market situation, with a view to attracting patronage from various passenger groups. Passengers might choose the most suitable fare concessions taking into account their individual travel patterns.

21. Regarding the interchange concessions, the Administration advised LegCo in February 2016 that apart from offering interchange discounts in its own railway network, MTRCL also launched interchange discount schemes in collaboration with different public transport

operators from time to time, having regard to the needs of the public. At the Panel meeting on 28 April 2017, members urged MTRCL to put considerable effort into studying and considering the extension of the interchange discounts for green minibus routes to bus routes operated by franchised bus companies such as Citybus Limited and New World First Bus Services Limited. A motion was passed in this regard.

22. As for the "Early-Bird 25% Discount" programme, MTRCL explained in June 2015 that since about 80% passengers who passed through the busiest train loading sections of the railway network during the morning peak period would exit from the designated urban stations,⁹ it considered that the coverage of the programme appropriate. In addition, as no regular pattern of travelling during evening rush hours had been identified, the effectiveness of implementing the programme in the evening to change the travelling pattern of passengers was doubtful. Since the busy hours in the morning were rather focused, MTRCL considered it desirable to continue to implement the programme in the morning.

Increases in MTR fares

23. At the Panel meeting on 28 April 2017, some members were concerned that the fare increase in 2018-2019 would be inflated by carrying forward the fare increase rate of 1.49% from 2017-2018, as mentioned in the footnote 7. As such, members passed a motion, urging MTRCL to forgo the said 1.49% so as to avoid a heftier fare increase in the following year and alleviate the burden on the public.

24. Noting that MTR fares had been adjusted seven times since the rail merger in 2007, members of the Panel in general were dissatisfied that MTRCL increased the fares according to FAM despite its handsome profits. There were various suggestions that the dividends received by the Government from MTRCL should be deployed to mitigate MTR fare increase or subsidize public transport fares, be shared to minority shareholders in return for their agreement to freeze MTR fares, or set up a fare stabilization fund. Some members considered that the Administration should buy back the shares of MTRCL, so as to gain full control on MTR fares.

⁹ According to the Administration, as at March 2017, the number of core urban stations under the "Early-Bird 25% Discount" programme has been increased to 35.

25. In this regard, the Administration responded that the dividends received from MTRCL formed part of the public coffers and the Administration was obliged to ensure the prudent use of the dividends in appropriate areas. It also stressed that there had been thorough discussions and general consensus in the community towards the listing of MTRCL in 2000 and the rail merger in 2007. Public interests had been protected through the introduction of FAM under the Operating Agreement. As such, the Administration had no plan to buy back MTRCL.

Relevant motions/questions moved/raised at Council meetings

26. The Council passed a motion at its meeting of 5 December 2012 on Executive Council ("ExCo") as gate-keeper for MTR fares (**Appendix III**). It was proposed that the fare adjustment rates computed under FAM should be submitted to ExCo for vetting, with ExCo having the power to make final adjustments; such an arrangement would enable ExCo 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.

27. At the Council meeting of 11 December 2013, the Council passed a motion on enhancing the railway service in the Northwest New Territories (**Appendix IV**), with a relevant part on MTR's fares. Members requested MTRCL to expeditiously adopt effective measures to comprehensively improve the existing West Rail and Light Rail services, including reducing fare and improving the "Monthly Pass Extra" scheme.

28. The hyperlinks to the Council questions and the Administration's response, together with other relevant papers, are given in **Appendix V**.

Latest development

29. As mentioned in paragraph 9 above, MTRCL announced that the overall fare adjustment rate for 2018-2019 is +3.14%. The Administration plans to brief members on MTR fare adjustment for 2018 at the Panel meeting to be held on 18 May 2018.

**Comparison of the Fare Adjustment Mechanism ("FAM")
review outcomes in 2013 and 2017**

	Measures introduced after the FAM review in 2013	Measures introduced after the FAM review in 2017	Areas of improvement
<i>Productivity Factor ("PF") value</i>	Set at 0.6 percentage point (the original value was 0.1 percentage point).	To be set at 0 as per the established methodology, but the MTR Corporation Limited ("MTRCL") will still reduce the fare adjustment rate by 0.6 percentage point nonetheless.	Passengers can continue to benefit from a moderated fare adjustment to an extent which is consistent with the prevailing PF value.
<i>Special one-off fare discount</i>	Nil.	To introduce a special one-off fare discount of 10% of fare adjustment rate for 2017-2018.	This would directly lower the fare adjustment rate for 2017-2018 and make the MTR trips more affordable. Effect on the basic fare (i.e. the fare table) is permanent.
<i>Profit Sharing Mechanism ("PSM")</i>	(a) Introduced a tiered table to determine the amount which should be set aside by MTRCL, making reference to the MTRCL's profits in the previous year; set the limit of the profit subject to sharing at \$13 billion;	The mechanism is retained with the following enhancements: (a) the amount of shared profit in each tier of the pre-determined tiered table will be increased by \$25 million;	The enhancement will be able to: (a) address more appropriately public concerns about MTR fares and MTRCL's profitability; and (b) set aside a larger sum for fare concession.

	Measures introduced after the FAM review in 2013	Measures introduced after the FAM review in 2017	Areas of improvement
	<p>(b) set the cap on the amount of profit sharing at half of the total revenue generated by corresponding fare increase; and</p> <p>(c) the total amount set aside would be returned to passengers through "10% Same Day Second Trip Discount" Scheme if there is fare increase as per FAM in a particular year.</p>	<p>(b) the limit of the profit subject to sharing will be raised from \$13 billion at present to \$15 billion;</p> <p>(c) the current profit sharing cap of half the total additional revenue generated by corresponding fare increase will be removed; and</p> <p>(d) the total amount set aside for fare concessions under PSM will be returned to passengers in the same year even if there would be no fare increase in a certain year.</p>	
<p><i>Service Performance Arrangement ("SPA")</i></p>	<p>Introduced SPA under which MTRCL will be penalized financially for major service disruptions, i.e. 31 minutes or above. The money will go to a fund to finance the "10% Same Day Second Trip Discount" Scheme.</p>	<p>The mechanism is retained, while the maximum penalty amount per incident is raised from \$15 million to \$25 million.</p>	<p>The enhancement will be able to:</p> <p>(a) address public concerns about the need to improve SPA to encourage MTRCL to further enhance its service performance; and</p> <p>(b) set aside a larger</p>

	Measures introduced after the FAM review in 2013	Measures introduced after the FAM review in 2017	Areas of improvement
			sum for fare concession to benefit passengers more.
<i>Fare discount mechanism</i>	Introduced "10% Same Day Second Trip Discount" within a limited period (as determined by the total proceeds under PSM and SPA).	<p>(a) To replace the existing scheme with a "3% fare discount per journey" for at least six months; and</p> <p>(b) if the proceeds under PSM and SPA allow the provision of 3% fare discount for more than six months, MTRCL will return all the proceeds to passengers through fare discounts for a period longer than six months accordingly. Conversely, if the proceeds cannot sustain the provision of 3% discount for six months, the MTRCL will top up the funding difference to ensure that the 3% discount can be offered to passengers for six months.</p>	<p>The enhancement will be able to:</p> <p>(a) benefit all passengers without regard to whether they are taking the second trip within the same day; and</p> <p>(b) provide greater certainty to passengers of the duration of the concession period which will last for at least six months.</p>

	Measures introduced after the FAM review in 2013	Measures introduced after the FAM review in 2017	Areas of improvement
<i>Other fare promotion schemes</i>	<p>Introduced the following schemes to alleviate the fare burden of medium-and-long-haul passengers:</p> <p>(a) Monthly Pass Extras; and</p> <p>(b) MTR City Saver.</p>	<p>Both schemes to be retained. The validity of the MTR City Saver will be extended from 30 to 40 days. The special one-off 10% discount rate for 2017 will equally apply to the fare adjustments of Monthly Pass Extras.</p>	<p>The enhancement will be able to:</p> <p>(a) continue to benefit medium-and-long-haul passengers, and benefit them more in 2017 through newly introduced discount; and</p> <p>(b) provide more flexibility to City Saver users with extended validity.</p>
<i>Interchange Scheme with green minibuses ("GMBs")</i>	<p>Nil.</p>	<p>To introduce a two-way interchange discount of \$0.3 per journey for all GMB routes.</p>	<p>The scheme will strengthen the interchange between MTR and other public transport modes and benefit the passengers by making their connecting trips more affordable.</p>

Source: Annex G to the Legislative Council Brief on Review Outcome of the Fare Adjustment Mechanism of The MTR Corporation Limited (File Ref. : THB(T)CR 19/5591/00)

Calculation of 2018-2019 overall fare adjustment rate

(a) Applying the Fare Adjustment Mechanism ("FAM") formula

Year-on-year % change in Composite Consumer Price Index for December 2017	Year-on-year % change in Nominal Wage Index (Transportation Section) for December 2017	Productivity Factor	Overall fare adjustment rate based on the FAM formula
1.7%	2.8%	0%	
$(0.5 \times 1.7\%) + (0.5 \times 2.8\%) - 0\% = +2.25\%$			

(b) After counting the rolled-over rate from 2017 and the special annual adjustment, the result of the overall fare adjustment rate for 2018 is:

Fare adjustment rate based on the FAM formula	Rolled-over rate from 2017	Special annual adjustment	Overall fare adjustment rate for 2018
$[+2.25\% + 1.49\%]$		$- 0.6\%$	$= +3.14\%$

Source: The MTR Corporation Limited's press release on "Overall adjustment rate for MTR Fares in 2018/19 comes to +3.14% — Octopus passengers unlikely to pay extra fare this year" issued on 27 March 2018.

(Translation)

**Motion on
“Executive Council as gate-keeper for MTR fares”
moved by Hon Michael TIEN
at the Council meeting of 5 December 2012**

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; in this connection, this Council urges the Government, being the major shareholder of MTRCL, to:

- (a) 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; 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;
- (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;
- (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.

(Translation)

**Motion on
“Enhancing the railway service in the Northwest New Territories”
moved by Hon LEUNG Che-cheung
at the Council meeting of 11 December 2013**

**Motion as amended by Dr Hon KWOK Ka-ki, Ir Dr Hon LO Wai-kwok,
Hon Frankie YICK, Hon SIN Chung-kai and Hon Albert CHAN**

That, in the consultation document entitled ‘Our Future Railway’ Stage 2 public engagement exercise released in February this year, the Government put forward local railway enhancement schemes such as the Tuen Mun South Extension and the Hung Shui Kiu Station, etc. to integrate into the existing railway network and dovetail with the development plan for the Hung Shui Kiu New Development Area; the population in the Northwest New Territories increases rapidly, and many residents in the district need to work across districts and thus rely heavily on the existing railway and transport link for commuting to and from urban areas; in this connection, this Council urges the Government to, for the purpose of dovetailing with the existing and future development needs and after completing the relevant public consultation, expeditiously implement the planning work for the Tuen Mun South Extension and the Hung Shui Kiu Station, and conduct comprehensive studies and public consultation on the development plans for the Northern Link, the Hong Kong-Shenzhen Western Express Line, the Coastal Railway between Tuen Mun and Tsuen Wan and the extension of the Light Rail line to Tuen Mun Area 54, so as to cope with the demand of the residents in the Northwest New Territories for the railway service; the Government should also request the MTR Corporation Limited to expeditiously adopt effective measures to comprehensively improve the existing West Rail and Light Rail services, including reducing fare, increasing service frequencies, increasing and procuring more train cars, improving station facilities, improving the ‘Monthly Pass Extra’ scheme, and enhancing the Light Rail system and other connecting transportation arrangements, etc.; at the same time, the Government should, by comprehensively considering factors such as Hong Kong’s long-term population development trends, land and housing supplies and overall urban infrastructure planning etc., and based on the findings of the public consultation on ‘Our Future Railway’, expeditiously review and formulate Hong Kong’s long-term railway development blueprint, and implement the planning concerned in a practical and orderly manner, so as to ensure Hong Kong’s sustainable development; the Government should also expeditiously launch the Fourth Comprehensive Transport Study to enable the expansion of railway network to dovetail with the clear positioning of various modes of public transport, so as to provide people with more comprehensive

transport network support; this Council also urges the Government based on the local enhancement schemes mentioned in the 'Our Future Railway' Stage 2 public engagement exercise to construct the North Island Line, Siu Sai Wan Line and South Island Line (West) etc., so as to improve the connection of the Northwest New Territories with other regions; this Council also urges the Government to expeditiously construct a railway between Tuen Mun and Chek Lap Kok, so that every 50 000 to 80 000 people in New Territories West may use one large-scale railway station, thus bringing the ratio of railway stations to population in New Territories West on a par with that in urban areas, and introduce bus interchange services at all large MTR stations and the entrances and exits of major highways, tunnels and flyovers.

Fare Adjustment Mechanism of the MTR Corporation Limited and adjustments to MTR fares

List of relevant papers

Date	Meeting	Paper
23.4.2010 (Item VI)	Panel on Transport	Agenda http://www.legco.gov.hk/yr09-10/english/panels/tp/agenda/tp20100423.htm Minutes (LC Paper No. CB(1)2320/09-10) http://www.legco.gov.hk/yr09-10/english/panels/tp/minutes/tp20100423.pdf
9.6.2010	Council Meeting	Question No. 6 – MTR fares and station facilities http://www.info.gov.hk/gia/general/201006/09/P201006090142.htm
29.6.2010 (Item I)	Panel on Transport	Agenda http://www.legco.gov.hk/yr09-10/english/panels/tp/agenda/tp20100629.htm Minutes (LC Paper No. CB(1)442/10-11) http://www.legco.gov.hk/yr09-10/english/panels/tp/minutes/tp20100629.pdf
16.3.2011	Council Meeting	Question No. 6 – MTR fare structure and fare concessions http://www.info.gov.hk/gia/general/201103/16/P201103160128.htm
15.4.2011 (Item IV)	Panel on Transport	Agenda http://www.legco.gov.hk/yr10-11/english/panels/tp/agenda/tp20110415.htm Minutes (LC Paper No. CB(1)2544/10-11) http://www.legco.gov.hk/yr10-11/english/panels/tp/minutes/tp20110415.pdf

Date	Meeting	Paper
11.5.2011	Council Meeting	Question No. 14 – Fare concessions offered by MTR for cross-boundary students http://www.info.gov.hk/gia/general/201105/11/P201105110106.htm
16.5.2011 (Item I)	Panel on Transport	Agenda http://www.legco.gov.hk/yr10-11/english/panels/tp/agenda/tp20110516.htm Minutes (LC Paper No. CB(1)340/11-12) http://www.legco.gov.hk/yr10-11/english/panels/tp/minutes/tp20110516.pdf
8.6.2011	Council Meeting	Question No. 3 – MTR services and fares http://www.info.gov.hk/gia/general/201106/08/P201106080147.htm
2.11.2011	Council Meeting	Question No. 2 – Measures to alleviate the burden of travelling expenses on the public http://www.info.gov.hk/gia/general/201111/02/P201111020220.htm
12.4.2012 (Item III)	Panel on Transport	Agenda http://www.legco.gov.hk/yr11-12/english/panels/tp/agenda/tp20120412.htm Minutes (LC Paper No. CB(1)2491/11-12) http://www.legco.gov.hk/yr11-12/english/panels/tp/minutes/tp20120412.pdf
25.4.2012	Council Meeting	Question No. 3 – Fare Adjustment Mechanism of the MTR Corporation Limited http://www.info.gov.hk/gia/general/201204/25/P201204250277.htm

Date	Meeting	Paper
7.5.2012 (Item I)	Panel on Transport	Agenda http://www.legco.gov.hk/yr11-12/english/panels/tp/agenda/tp20120507.htm Minutes (LC Paper No. CB(1)2629/11-12) http://www.legco.gov.hk/yr11-12/english/panels/tp/minutes/tp20120507.pdf
30.5.2012	Council Meeting	Question No. 19 – Fare Adjustment Mechanism and fare concession schemes of the MTR Corporation Limited http://www.info.gov.hk/gia/general/201205/30/P201205300231.htm
20.6.2012	Council Meeting	Question No. 12 – Increase in MTR fares http://www.info.gov.hk/gia/general/201206/20/P201206200247.htm
27.6.2012 (Item III)	Panel on Transport	Agenda http://www.legco.gov.hk/yr11-12/english/panels/tp/agenda/tp20120627.htm Minutes (LC Paper No. CB(1)2544/11-12) http://www.legco.gov.hk/yr11-12/english/panels/tp/minutes/tp20120627.pdf
17.9.2012	--	Consultation paper on Review of the Fare Adjustment Mechanism of the MTR Corporation Limited http://www.td.gov.hk/filemanager/en/util_uarticle_cp/consultation%20paper%20(eng)%20(17.9.2012)%20final.pdf
24.10.2012	Council Meeting	Question No. 12 – MTR "Tung Chung – Hong Kong Monthly Pass" http://www.info.gov.hk/gia/general/201210/24/P201210240240.htm

Date	Meeting	Paper
30.10.2012 (Item II)	Panel on Transport	<p>Agenda http://www.legco.gov.hk/yr12-13/english/panels/tp/agenda/tp20121030.htm</p> <p>Administration's follow-up paper (LC Paper No. CB(1)161/12-13(01)) http://www.legco.gov.hk/yr12-13/english/panels/tp/papers/tp1030cb1-161-1-e.pdf</p> <p>Minutes (LC Paper No. CB(1)407/12-13) http://www.legco.gov.hk/yr12-13/english/panels/tp/minutes/tp20121030.pdf</p>
31.10.2012	Council Meeting	<p>Question No. 10 – MTR fare adjustment mechanism and fare concessions http://www.info.gov.hk/gia/general/201210/31/P201210310243.htm</p>
5.12.2012	Council Meeting	<p>Motion on "Executive Council as gate-keeper for MTR fares" http://www.legco.gov.hk/yr12-13/english/counmtg/motion/cm1205-m2-wordings-e.pdf</p> <p>Progress Report on Motion on "Executive Council as gate-keeper for MTR fares" http://www.legco.gov.hk/yr12-13/english/counmtg/motion/cm1205-m2-prpt-e.pdf</p>
18.1.2013 (Item IV)	Panel on Transport	<p>Agenda http://www.legco.gov.hk/yr12-13/english/panels/tp/agenda/tp20130118.htm</p> <p>Minutes (LC Paper No. CB(1)839/12-13) http://www.legco.gov.hk/yr12-13/english/panels/tp/minutes/tp20130118.pdf</p>
17.4.2013	--	<p>Legislative Council brief on review of the fare adjustment mechanism of the MTR Corporation Limited http://www.legco.gov.hk/yr12-13/english/panels/tp/papers/tp0419-thbtr33101799-e.pdf</p>

Date	Meeting	Paper
19.4.2013 (Item III)	Panel on Transport	<p>Agenda http://www.legco.gov.hk/yr12-13/english/panels/tp/agenda/tp20130419.htm</p> <p>Administration's follow-up paper (LC Paper No. CB(1)1804/12-13(01)) http://www.legco.gov.hk/yr12-13/english/panels/tp/papers/tp0419cb1-1804-1-e.pdf</p> <p>Minutes (LC Paper No. CB(1)1813/12-13) http://www.legco.gov.hk/yr12-13/english/panels/tp/minutes/tp20130419.pdf</p>
6.2013	--	<p>Information paper on adjustment to MTR fares in 2013 provided by MTR Corporation Limited http://www.legco.gov.hk/yr12-13/english/panels/tp/papers/tpcb1-1253-1-e.pdf</p>
6.11.2013	Council Meeting	<p>Question No. 21 – MTR fares http://www.info.gov.hk/gia/general/201311/06/P201311060269.htm</p>
11.12.2013	Council Meeting	<p>Motion on "Enhancing the railway service in the Northwest New Territories" http://www.legco.gov.hk/yr13-14/english/counmtg/motion/cm1211-m2-wordings-e.pdf</p> <p>Progress Report on Motion on "Enhancing the railway service in the Northwest New Territories" http://www.legco.gov.hk/yr13-14/english/counmtg/motion/cm1211-m2-prpt-e.pdf</p>
14.5.2014	Council Meeting	<p>Question No. 15 – MTR railway services http://www.info.gov.hk/gia/general/201405/14/P201405140494.htm</p>

Date	Meeting	Paper
5.2014	--	Information paper on adjustment to MTR fares in 2014 provided by MTR Corporation Limited http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tpcb1-1523-1-e.pdf
--	Panel on Transport	Letter dated 13 May 2013 from Hon TANG Ka-piu on the monthly pass scheme introduced by the MTR Corporation Limited http://www.legco.gov.hk/yr12-13/chinese/panels/tp/papers/tpcb1-1270-1-c.pdf Administration's response http://www.legco.gov.hk/yr12-13/chinese/panels/tp/papers/tpcb1-1270-2-c.pdf
18.6.2014	Council Meeting	Question No. 9 – MTR profits and fare concessions http://www.info.gov.hk/gia/general/201406/18/P201406180408.htm
23.6.2014 (Item IV)	Panel on Transport	Agenda http://www.legco.gov.hk/yr13-14/english/panels/tp/agenda/tp20140623.htm Minutes (LC Paper No. CB(1)79/14-15) http://www.legco.gov.hk/yr13-14/english/panels/tp/minutes/tp20140623.pdf
28.1.2015	Council Meeting	Question No. 2 – Light Rail service http://www.info.gov.hk/gia/general/201501/28/P201501280459.htm
12.5.2015 (Item VI)	Panel on Transport	Agenda http://www.legco.gov.hk/yr14-15/english/panels/tp/agenda/tp20150512.htm Minutes (LC Paper No. CB (4)85/15-16) http://www.legco.gov.hk/yr14-15/english/panels/tp/minutes/tp20150512.pdf

Date	Meeting	Paper
16.6.2015 (Item IV)	Panel on Transport	Agenda http://www.legco.gov.hk/yr14-15/english/panels/tp/agenda/tp20150616.htm Minutes (LC Paper No. CB(4)165/15-16) http://www.legco.gov.hk/yr14-15/english/panels/tp/minutes/tp20150616.pdf
11.11.2015	Council Meeting	Question No. 16 – MTR student concessionary fares http://www.info.gov.hk/gia/general/201511/11/P201511110475.htm
24.2.2016	Council Meeting	Question No. 9 – Interchange discount for public transport http://www.info.gov.hk/gia/general/201602/24/P201602240438.htm
20.4.2016	--	Press release published by MTR Corporation Limited on "MTR Corporation Agrees to Joint Review of Fare Adjustment Mechanism" http://www.mtr.com.hk/archive/corporate/en/press_release/PR-16-035-E.pdf
20.4.2016	--	Press release published by the Government on Early review of the MTR Fare Adjustment Mechanism http://www.info.gov.hk/gia/general/201604/20/P201604200437.htm
29.4.2016	--	Press release published by MTR Corporation Limited on overall MTR Fare Adjustment Rate in 2016 Lowered to +2.65% Consequential to Government's Revision of Composite Consumer Price Index http://www.mtr.com.hk/archive/corporate/en/press_release/PR-16-037-E.pdf

Date	Meeting	Paper
20.5.2016	--	Consultation paper on "Review of the MTR Fare Adjustment Mechanism" provided by the Administration http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tpcb4-1022-1-e.pdf
23.5.2016 (Item III)	Panel on Transport	Agenda http://www.legco.gov.hk/yr15-16/english/panels/tp/agenda/tp20160523.htm Administration's follow-up paper (LC Paper No. CB(4)54/16-17(01)) http://www.legco.gov.hk/yr15-16/chinese/panels/tp/papers/tp20160523cb4-54-1-c.pdf Minutes (LC Paper No. CB(4)1319/15-16) http://www.legco.gov.hk/yr15-16/english/panels/tp/minutes/tp20160523.pdf
30.5.2016	--	Paper on adjustment to MTR fares in 2016 provided by MTR Corporation Limited http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tpcb4-1056-1-e.pdf
1.6.2016	Council Meeting	Question No. 1 – Fare Adjustment Arrangement for franchised buses and MTR Fare Adjustment Mechanism http://www.info.gov.hk/gia/general/201606/01/P201606010457.htm

Date	Meeting	Paper
21.6.2016 (Item IV)	Panel on Transport	<p>Agenda http://www.legco.gov.hk/yr15-16/english/panels/tp/agenda/tp20160621.htm</p> <p>Administration's follow-up paper (LC Paper No. CB(4)54/16-17(01)) http://www.legco.gov.hk/yr15-16/chinese/panels/tp/papers/tp20160523cb4-54-1-c.pdf</p> <p>Minutes (LC Paper No. CB(4)1315/15-16) http://www.legco.gov.hk/yr15-16/english/panels/tp/minutes/tp20160621.pdf</p>
29.6.2016	Council Meeting	<p>Question No. 8 – MTRCL financial position and fare concessions http://www.info.gov.hk/gia/general/201606/29/P201606290360.htm</p>
1.3.2017	Council Meeting	<p>Question No. 20 – Railway service http://www.info.gov.hk/gia/general/201703/01/P2017030100561.htm</p>
3.2017	--	<p>Legislative Council Brief on review outcome of the Fare Adjustment Mechanism of the MTR Corporation Limited http://library.legco.gov.hk:1080/articles/1195086.289931/1.PDF</p>
27.3.2017	--	<p>Press release published by MTR Corporation Limited on "No adjustment of MTR fares in 2017/18 with 3% rebate for every octopus trip for six months" http://www.mtr.com.hk/archive/corporate/en/press_release/PR-17-032-E.pdf</p>

Date	Meeting	Paper
28.4.2017 (Item I)	Panel on Transport	Agenda https://www.legco.gov.hk/yr16-17/english/panels/tp/agenda/tp20170428.htm Minutes (LC Paper No. CB(4)1617/16-17) https://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20170428.pdf
31.1.2018	Council Meeting	Question No. 4 – Railway service disruption http://www.info.gov.hk/gia/general/201801/31/P2018013100633.htm
27.3.2018	--	Press release published by MTR Corporation Limited on "Overall adjustment rate for MTR Fares in 2018/19 comes to +3.14% — Octopus passengers unlikely to pay extra fare this year" http://www.mtr.com.hk/archive/corporate/en/press_release/PR-16-037-E.pdf

Council Business Division 4
Legislative Council Secretariat
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