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Ms Sophie LAU
Clerk to Panel on Transport
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax no.: 2840 0716)

6 November 2019

Dear Ms LAU,

Legislative Council Panel on Transport

MTR fare adjustment for 2019

On 26 April 2019, the Government and the MTR Corporation Limited (“MTRCL”) briefed Members on the captioned subject. At the meeting, Members enquired about the calculation of the Nominal Wage Index (Transportation Section), the rates of pay increase for the MTRCL’s frontline staff in 2019 and the utilisation of the MTRCL’s fare concession for the elderly. The replies of the Government and the MTRCL are provided below for Members’ reference.

2. Regarding the Nominal Wage Index (Transportation Section), the wage indices compiled by the Census and Statistics Department (“C&SD”) from the Labour Earnings Survey on a quarterly basis reflect changes in the price of labour for workers up to supervisory level (that is, managerial and professional employees are not included) in the transportation section. The Nominal Wage Index measures the pure changes in wage rates of employees up to supervisory level by holding constant the structure of the labour force with respect to industry, occupation and sex between two successive rounds of the survey. For details, please refer to the C&SD’s website: <https://www.censtatd.gov.hk/hkstat/sub/so210.jsp>.

3. As for the rates of pay increase for the MTRCL's frontline staff in 2019, the MTRCL's pay review mechanism mainly draws reference from the pay trend survey findings of around 30 good employers in the market. This mechanism, devised in consultation with the staff, has been effective over the years. The MTRCL will also take into full account the factors such as market environment, company performance, staff contributions, etc. In 2019, the basic rates of pay increase for the MTRCL's non-managerial staff range from 2.1% to 6.3%, depending on performance. The rate of increase, which took effect in July 2019, for most of the staff is 4.2% or above. In addition, "performance award", "discretionary special award" and "one-off special award" will be given to non-managerial staff based on their performance. If calculated on the basis of a pay increase of 4-5% for non-managerial staff, the total amount of the above awards is approximately close to one-odd to two months' salaries.

4. Regarding the utilisation of the MTRCL's fare concession for the elderly, currently, elderly persons aged 65 or above can enjoy about half-fare concessions using Elderly Octopus, Personalised Octopus or Concessionary Single Journey Tickets. The MTRCL funds the difference between half-fare and \$2 for Elderly Octopus (including Personalised Octopus) users travelling in the domestic network on Wednesdays, Saturdays and public holidays (except Sundays) while the other days are funded by the Government. In 2018, the average daily number of passenger trips of the MTR network taking the railway (heavy rail, light rail and MTR feeder bus) services at the elderly concessionary fare was about 524 000. For heavy rail, the number of trips made by elderly persons accounted for around 8% of the average total number of passenger trips on weekdays. For peak commuting periods in the morning or evening, the numbers of trips made by elderly persons accounted for around 5% of the total numbers of passenger trips made during the said periods.

Yours sincerely,

(Veronica TSE)
for Secretary for Transport and Housing

c.c.:
Transport Department
MTR Corporation Limited

(Attn.: Mr LEE Man-ho)
(Attn.: Mr Y C CHAN)