

Provisional Legislative Council Panel on Transport

Progress of the Airport Railway and Transport Services for the New Airport

Introduction

The new Airport is scheduled to begin operation from 6 July 1998. This paper updates members on the planning for transport services to be provided for the new Airport.

Public transport services

2. Our strategy is to provide a wide range of choices of transport services for the new Airport and Tung Chung New Town. These include the Airport Railway (AR), franchised bus, ferry and taxis. A note on the planned routing and fare arrangements for public transport services other than the AR are at Annex A.

The Airport Railway

3. Members were last briefed in June 1997 by the MTR Corporation on progress of the construction works for the AR, consisting of the Tung Chung Line (TCL) and Airport Express Line (AEL). Present plan is for the TCL to start operation on 22 June, while the AEL will be commissioned on 6 July to tie in with the opening of the new airport. A note which updates members on progress of the AR construction is at Annex B. A paper which sets out fare alternatives proposed for the AEL and fares for the TCL is at Annex C.

Transport Bureau
Government Secretariat
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Public Transport Services for New Airport and Tung Chung New Town

Purpose

This note sets out the planned transport services to be provided for the new airport at Chek Lap Kok (CLK) and Tung Chung New Town.

Background

2. In June 1995, the Transport Department commissioned consultants to carry out a Transport Study for the New Airport (TRANSNA). It is to develop a strategy for the provision of public transport services to the new airport and Lantau for the period from 1997 to 2006. A wide range of public transport services were recommended. Members were consulted on the preliminary transport proposals recommended by TRANSNA on 18 January 1996 and the public transport provision for Tung Chung New Town on 11 April 1996.

Planning Philosophy

3. In developing a public transport network for the new airport and Tung Chung New Town, the following factors have been considered :

- Competition : Viable competing transport services are allowed in parallel to Airport Railway (AR) services.
- Level of service : Adequate transport services will be provided.
- Comfort and convenience : The bus and ferry services will be air-conditioned. Facilities for the mobility impaired will be available.
- Fare : The fares charged should be affordable while the services should be financially viable.
- Choice : The airport bus network should be extensive. Some bus services should have a dual function targeted at both the air passengers and commuters. Extensive feeder services should be planned to serve the AR. All classes of taxis will access to the Air Passenger Terminal and the adjoining Ground Transportation Centre (GTC). Employees' services for airport employees are allowed.

Public Transport Services

Airport Railway (AR)

4. The AR will connect Central District with the new airport and Tung Chung New Town. The Airport Express Line (AEL) provides a dedicated airport express service linking Central, western Kowloon and Tsing Yi with the new airport, stopping at Hong Kong, Kowloon, Tsing Yi and Airport Stations. The Tung Chung Line (TCL) provides a domestic mass transit service linking Central, western Kowloon and Tsing Yi with Tung Chung New Town, stopping at Hong Kong, Kowloon, Olympic, Lai King, Tsing Yi and Tung Chung Stations.

5. Both services would operate from 6:00 a.m. to 1:00 a.m. the following day. The journey time from Central to the new airport or Tung Chung would be about 23 minutes. The initial AEL train frequency during peak hours would be 8 minutes. For the TCL, the initial train frequency during peak hours would be 4 minutes between Hong Kong and Tsing Yi Stations, and 8 minutes between Tsing Yi and Tung Chung Stations. Passengers using the TCL could interchange with the existing MTR Tsuen Wan Line at Lai King Station.

AR Feeders

6. New AEL feeder bus routes have been planned with luggage racks installed on the buses. Details of the services are set out in Table 1, as follows. New feeder bus routes as well as modifications to the existing bus and green minibus routes have been planned to serve the TCL, as outlined in Tables 1 and 2 below -

Table 1

Airport Railway Feeder Bus Services

AR Station	Route No.	Destination	Fare (\$)	Proposed Peak Frequency (mins)
Hong Kong AEL (passing)	AF20 (new)	Taikoo Shing	(to be determined)	15
Hong Kong TCL (passing)	4	Wah Fu - Central Ferry Pier	4.2 (non-A/C)	5
	12	Robinson Road - Central Ferry Pier	4.3 (A/C)	8
	15	The Peak - Exchange Square	4.9 (non-A/C) 8.8 (A/C)	13

	20	Shau Kei Wan - Central (Rumsey Street)	4.2 (non-A/C)	10
	70	Aberdeen - Exchange Square	4.7 (A/C)	6
	88	Hing Wah Estate - Exchange Square	4.5 (non-A/C)	15
	511	Jardine's Lookout - Central Ferry Pier (except Sunday & Public Holiday)	6.1 (A/C)	12
Kowloon AEL	K1A	Tsim Sha Tsui (East)	3.5 (A/C)	8
	K2A	Kowloon Tong	7.0 (A/C)	10
Kowloon TCL	2E	Kowloon City Ferry	3.0 (non-A/C) 4.2 (A/C)	10
	3C	Tsz Wan Shan	4.2 (non-A/C) 5.9 (A/C)	8
	11	Diamond Hill MTR	3.5 (non-A/C) 4.7 (A/C)	5
	14	Yau Tong (Ko Chiu Road)	4.2 (non-A/C) 5.5 (A/C)	9
	26	Shun Tin	4.2 (non-A/C) 5.5 (A/C)	7
	203E	Tsz Wan Shan (S)	4.7 (A/C)	9
	215X	Lam Tin (Kwong Tin Estate)	6.2 (A/C)	6/7
	281A	Kwong Yuen	6.5 (A/C)	13/14
Olympic TCL	31B	Shek Lei	3.0 (non-A/C)	7/8
	32	Shek Wai Kok	4.2 (non-A/C)	11/12
	33A	Tsuen Wan Ferry	4.2 (non-A/C) 5.2 (A/C)	9/10
	37	Kwai Shing (West)	3.5 (non-A/C) 4.7 (A/C)	7/8
	66	Tai Hing	7.3 (non-A/C)	10
	66X	Tai Hing	8.2 (non-A/C) 11.8(A/C)	6/7

	72	Tai Wo	6.0 (non-A/C)	18/23
	72X	Tai Po Central	6.7 (non-A/C) 9.1 (A/C)	7
Lai King TCL (passing)	30	Allways Garden - Cheung Sha Wan	4.0 (non-A/C)	15
	42	Cheung Tsing Estate - Shun Lee	4.9 (non-A/C) 6.6 (A/C)	11
	45	Lai Yiu Estate - Kowloon City Ferry	4.3 (non-A/C)	17
	46	Lai Yiu Estate - Jordan Road Ferry	3.5 (non-A/C)	15
	46X	Hin Keng - Mei Foo	4.9 (non-A/C)	9
Tsing Yi TCL	49X	Kwong Yuen	6.8 (non-A/C)	6/7
	63M	Yuen Long	7.3 (non-A/C) 10.2(A/C)	8
	247M	Tsing Yi Estate (peak only)	3.2 (A/C)	6
	248M	Cheung Hang Estate (circular)	3.2 (A/C)	6
	249M	Mayfair Garden (circular)	3.2 (A/C)	2/3

Note : (1) A/C : Air-conditioned

Table 2

Green Minibus Feeder Services to Airport Railway Stations

Route No.	Terminal Points	Proposed Maximum Fare (\$)	Proposed Peak Frequency (mins.)
A. Hong Kong Station			
45	Star Ferry (Connaught Place)- University of Hong Kong	5.3	12
54	Mt. Davis Road - Central Ferry Pier	6.0	12
55	Queen Mary Hospital - Central Ferry Pier	6.0	8

B. Kowloon Station			
Under planning	Kowloon Station - Ho Man Tin Hill Road	4.2	8/9
C. Olympic Station			
Under planning	Olympic Station - Charming Garden	3.5	10
Under planning	Olympic Station - Diamond Hill MTR Station	6.5	12
Under planning	Olympic Station - Richland Garden	7.5	15
D. Lai King Station			
46M	Lai King - Lai King MTR Station	3.0	15
47M	Wonderland Villas - Lai King MTR Station	3.5	6
90M	Lai King - Mei Foo MTR Station	4.1	4
93	Wah Yuen Chuen - Tsuen Wan	4.1	6
405	Cheung Hang Estate - Lai King MTR Station	4.2	5
407	Tsing Yan - Princess Margaret Hospital	7.2	8
E. Tsing Yi Station			
405A	Cheung Hang Estate - Tsing Yi Ferry Pier	2.6	8
Under planning	Tsing Yi AR Station - Riviera Garden	to be determined	to be determined

Franchised Buses

7. A total of 35 bus routes have been planned to serve the new airport and Tung Chung New Town as shown in Tables 3 and 4.

Table 3

Franchised Bus Services for New Airport
(on opening of new airport in July 1998)

Route Group	Route No.	Destinations	Fare (\$)	Proposed Peak Frequency (mins)
Airbus Service	A11	Causeway Bay - Air Passenger Terminal	40.0	12
	A12	Sai Wan Ho - Air Passenger Terminal	45.0	15
	A21	Tsim Sha Tsui - Air Passenger Terminal	33.0	10
	A22	Lam Tin - Air Passenger Terminal	39.0	15
	A31	Tsuen Wan - Air Passenger Terminal	17.0	15
	A41	Sha Tin - Air Passenger Terminal	20.0	20
	A35	Mui Wo - Air Passenger Terminal	\$12.9 (\$20.9) (Note 1)	30/60
External Service	E11	Causeway Bay - Air Passenger Terminal	21.0	10/15
	E22	Kowloon City - Chek Lap Kok Ferry Pier (via Air Passenger Terminal)	18.0	7/8
	E32	Kwai Fong - Chek Lap Kok Ferry Pier (via Air Passenger Terminal)	10.0	10/15
	E33	Tuen Mun - Air Passenger Terminal	13.0	11/15
	E34	Tin Shui Wai - Air Passenger Terminal	13.0	6/9
	E41	Tai Po - Air Passenger Terminal	13.0	9/12
	E42	Shatin - Air Passenger Terminal	13.0	12
Shuttle Service	S51	Tung Chung AR Station - Air Passenger Terminal (via Cargo Terminal) (circular)	4.0	8/9
	S52	Tung Chung AR Station - Aircraft Maintenance Area	4.0	12
	S53	Chek Lap Kok Ferry Pier - Air Passenger Terminal (circular)	3.0	15

	S54	Chek Lap Kok Ferry Pier - Aircraft Maintenance Area (via Air Passenger Terminal)	7.0	15
	S61	Tung Chung AR Station - Air Passenger Terminal (via Tung Chung Ferry Pier) (circular)	3.5	5/8
	S62	Tung Chung AR Station - Cargo Terminal & Aircraft Catering Area(circular)	3.0	8/10
	S63	Tung Chung AR Station - Aircraft Catering Area (via Cathay Hqs)(circular)	3.0	6/9
	S64	Tung Chung AR Station - Chek Lap Kok Ferry Pier (via Air Passenger Terminal)	3.5	5/9
Over-night Service	N11	Causeway Bay - Air Passenger Terminal (Ground Transportation Centre)	35.0	20
	N21	Mong Kok - Air Passenger Terminal	23.0	20
	N22	Star Ferry - Air Passenger Terminal	28.0	20
	N31	Tsuen Wan - Air Passenger Terminal	20.0	20

Note :

(1) Fares in brackets are Sunday and public holiday fares.

Table 4

Franchised Bus Services terminating in Tung Chung New Town (on opening of new airport in July 1998)

I. External Routes

Route No.	Destinations	Fare (\$)	Proposed Peak Frequency (mins)
E21	Tai Kok Tsui - Tung Chung AR Station	14.0	12/15
E31	Tsuen Wan - Tung Chung AR Station	10.0	10/15

II. North/South Lantau Routes

Route No.	Destinations	Fare (\$)	Proposed Frequency (mins)
3	Mui Wo - Tung Chung Pier (Ma Wan Chung) (via Tung Chung Town Centre)	\$6.6 (\$10.5) non-A/C	45/60
11	Tung Chung Town Centre - Tai O	\$11.0 (\$17.50) A/C	30/60
13	Tung Chung Town Centre - Mui Wo	\$9.7 (\$15.4) A/C	25/60
23	Tung Chung Town Centre - Ngong Ping	\$14.5 (\$23.0) A/C	15/60
31	Tai O - Tung Chung Pier (Ma Wan Chung) (via Tung Chung Town Centre)	\$7.5 (\$12.0) non-A/C	1-2 trips
34	Tung Chung Town Centre - Shek Mun Kap (Law Hon Monastery)	\$4.0 (\$5.8) A/C	20/30
N13 (over-night service)	Mui Wo - Tung Chung Town Centre	\$13.0 (\$20.0)	60

Notes:

(1) Fares in brackets are Sundays and public holidays fares.

(2) A/C : air-conditioned

Ferries

8. A ferry service will be operated between CLK and Tuen Mun at an initial frequency of 20 minutes. The journey time is about 10 minutes and the fare is \$15.

Taxis

9. To facilitate the air passengers in travelling to and from the new airport, taxis will serve the new airport and Tung Chung New Town as follows :

- Urban taxis will operate at CLK and Tung Chung New Town.
- Lantau taxis will operate at CLK and Lantau.
- New Territories taxis will serve the Air Passenger Terminal, GTC and AR Tsing Yi Station.

Tour Coaches, Hotel Vehicles, Hire Cars

10. Tour coaches, hotel vehicles and hire cars will continue to provide a premium service for the tourists and hotel residents.

Private Cars

11. Travellers to the new airport can also drive conveniently to the new airport via the Lantau Link and North Lantau Highway. Over 3,000 parking spaces will be provided near the Air Passenger Terminal. The Airport Authority is considering the level of parking fees to be charged.

Publicity

12. Adequate publicity will be arranged by the Government, MTRC, Airport Authority and public transport operators in consultation with the Hong Kong Tourist Association to publicise and promote the airport transport services.

Members to Note

13. Members are requested to note the variety of public transport services planned for the new airport and Tung Chung New Town as set out in this note.

Transport Bureau
6 March 1998

Annex B

Airport Railway Progress - 28 February 1998

Purpose

This note updates members on the progress of the Airport Railway.

I. *Construction Progress*

2. Civil engineering construction works have been substantially completed. Remaining station activities are concentrated on building services and architectural finishing works.
3. All trackwork has been completed as has electrification of the overhead line supplying train power.
4. All electrical supply substations have been energized.
5. System-wide electrical and mechanical works, including platform screen doors, communication systems, lifts, escalators, environmental control systems, automatic fare collection equipment, signalling and the main control systems, are in the final stages of installation, testing and commissioning.
6. Trains necessary for Day One operation have been delivered to Hong Kong and are at an advanced stage of acceptance testing.
7. Running of trains to test and commission all interfacing systems commenced between Tung Chung/Airport and Tsing Yi on 29 December 1997 and from Tsing Yi to Hong Kong on 23 February 1998, both on time to the original Project programme.
8. Inspections by the Fire Services Department and the Hong Kong Inspecting Officer of Railways are proceeding satisfactorily.
9. The next major Project objective is to hand over all essential facilities to the Corporation's Operating Division for Trial Running of the Railway to commence between Tung Chung/Airport and Tsing Yi on 30 March 1998, as programmed.

10. Construction progress remains on course to complete the Railway for operations by 21 June 1998.

II. *Operational Issues*

11. Very good progress has been made with recruitment of Operating staff. 678 or 85% of Operating staff were in post by mid February.
12. Peak training activity for the Operating staff has been underway since early 1998. On average 20 classes are run each day. 50% of all Operating staff have undergone classroom training to date. On-the-job training will be conducted during the Trial Operation.
13. Preparation for the Trial Operation is being actively progressed. Trial operation for the section between Tsing Yi and Airport/Tung Chung Stations has been programmed to start at the end of March. Over 200 trial exercises have been planned. Joint trial exercises with external parties such as the Airport Authority, Police and Fire Services are also being planned.
14. The critical Operating Manuals that require to be in place for the commencement of Trial Operation have been identified. Most of these manuals are ready in draft form and it is expected that the task can be completed in time. Active progress is being made on other non-critical Operating Manuals.
15. Operating service contract awards are in their final stage. These contracts include cleaning, trolley management, porter service, car park management and baggage handling. It is expected that all of the service contracts will be in place for the passenger service.

III. *Conclusion*

16. There are less than 4 months to the opening of LAR. On the construction side, E&M testing and commissioning, station building services and architectural finishing remain to be finished.
17. Labour numbers, for the first time during the Project, are generally adequate, and in fact are still rising on E&M and building services works. Increasing testing and commissioning is now the critical activity on many systems, and expert technical resource is still being built up.

18. A significant volume of work is still to be achieved but the task is well understood by all concerned and the completion for operation on 21 June 1998 remains achievable. All Test Running critical start milestones have now been achieved on time.
19. On the Operational side, all preparations are well in hand, with the most vital issue of staff recruitment and training proceeding satisfactorily.

MTR Corporation
6 March 1998

Annex C

Fare Proposals for Airport Express and Tung Chung Line

Purpose

This paper seeks the views of members of the Transport Panel on the fares for the Airport Express and Tung Chung Line.

I. General Considerations

Background

2. The Airport Railway (AR) consists of two lines: Airport Express (AEL) and Tung Chung Line (TCL). The former is an express service running between Central and the new airport with stops at four stations: Hong Kong, Kowloon, Tsing Yi, and Airport. The latter is a conventional mass transit service with stops at six stations: Hong Kong, Kowloon, Olympic, Lai King, Tsing Yi and Tung Chung, with connections to the existing MTRC system at Lai King and Central stations.

3. The two lines will be open in June 1998. The major fare structures and assumptions for the AR were outlined in the Airport Railway Feasibility Study in March 1991. It was assumed that the fares for the TCL would be fully integrated with those for the existing MTR system, whilst the fare system for the AEL would be separate. The key fare assumptions which have been mentioned in various AR publications, are \$50 (1990 prices) for the AEL between Hong Kong and the airport, and \$11 (1990 prices) for the TCL between Central and

Tung Chung. The equivalent fares in 1998 prices would be \$95 and \$21 after adjusting for inflation in the intervening period.

Financial Objectives

4. The MTR Corporation is required under its Ordinance to operate on prudent commercial principles, having regard to the reasonable requirements of the public transport system in Hong Kong. In accordance with prudent commercial principles, the Corporation's financial objective is to obtain sufficient funds from its passengers, without Government subsidy:

- (a) to service and repay its debts;
- (b) to meet operating costs;
- (c) to maintain and improve its system; and
- (d) to provide a reasonable return to its shareholder on the equity invested.

5. The financial objectives of the Airport Railway project were discussed at length during the negotiations which led to the signing of the Financial Support Agreement between the Corporation and Government. The overriding financial objective on the part of the Corporation is to ensure that the Airport Railway project is financially self-sufficient and commercially viable so that there is no cross-subsidy from the existing MTR system. It was generally accepted in the basic financial plan for the Airport Railway that the project should earn an internal rate of return of 10% over a 40-year operating period, consistent with that of the existing system.

6. The above financial objectives were reflected in the assumptions underlying the Financial Support Agreement (FSA). The principle that the Corporation should act in accordance with commercial principles and be financially self sufficient was also reflected in certain provisions in the FSA that the Corporation's borrowing for the AR would not exceed \$11.4 billion, AR debt would be repaid by 2005 and the payment of dividends to Government would commence in 1997

Fare Policy

7. MTRC's policy has been to determine its railway fares on the basis of prudent commercial principles, having regard to essential factors such as operating requirements, competition from other transport modes and passenger affordability, with a view to achieving its overall financial objectives.

II. Considerations relevant to determination of AEL Fares

Introduction

8. The AEL is designed to provide a dedicated, comfortable, fast and reliable passenger link to the new airport from Hong Kong. Trains run at speeds of up to 135km per hour enabling the journey from Hong Kong to the Airport to be made in just 23 minutes. The service will be operated from 6:00 a.m. to 1:00 a.m. everyday at a frequency of 8 minutes.

9. All passengers will be seated with quality of service similar to the business class travel on an airplane. There will be personalised seat back TVs showing real time flight information, world news and business affairs as well as entertainment programmes. Specially designed baggage racks will also be provided in each carriage of the train.

10. The Hong Kong and Kowloon stations will have In-Town Check-In (ITCI) facilities enabling passengers to check-in for their flight without the need to carry their baggage onto the train. Passengers on all airlines will be able to check in at any time on the same day of their flight departure. Conveniently located baggage trolleys and a porter service will also be provided.

11. The AEL stations will be easily accessible by the MTR, shuttle buses from major hotels, franchised buses, taxis and cars. Transport interchanges and parking lots will be provided to facilitate transfers between the AEL and other modes of transport at every station. Drop-off areas will usually be on the same level as the train platforms or ITCI halls.

12. Easy-to-read flight schedule displays, passenger information centres, and customer service counters at the AEL stations will provide passengers with up-to-date travel information.

Customer Surveys

13. The Corporation has conducted a number of surveys with current air-passengers, well-wishers and greeters. The results indicate that the top three selection criteria for the choice of transport mode to or from the airport are speed, directness and cost. 34% of respondents indicated that they would use the AEL. The surveys also show that on average, for every 10 air passengers, there are four well-wisher or greeter, and each air-passenger carries one check-in bag.

14. Another survey shows that some 95% of hotel guests intending to use the AEL would be interested in using the ITCI and 30% believe it should be free.

Passenger Demands

15. The total number of annual air-passengers (excluding both transit and transfer) is now projected to be 22.5 million for 1998 taking account of the recent reduction in tourists. A total of 40.5 million person trips including well-wishers and greeters are projected to travel between the airport and town in 1998. Appendix 1 shows that 45% of the travellers are well-wishers and greeters.

Competitors

16. A comparison of fares and journey times from different AEL stations to the new airport for the competing transport modes is shown in Appendix 2. The AEL is quicker, measured in terms of vehicle running times, as compared to all alternative modes of transport. The fare between Central and the airport ranges from \$40 for a bus to \$340 for a single-occupancy taxi.

Fare Comparison with Overseas Airport Railways

17. Appendix 3 shows a comparison of fares with overseas airport railways. The fare per km expressed in Hong Kong dollars ranges from \$2.5 for a normal railway up to \$6.9 for dedicated services of a similar quality to the AEL.

Concessionary Fares

18. The concessionary fare policies for airlines and for various transport operators around the world serving airports are shown in Appendix 4. The common practice amongst public transport operators and airlines is to provide 33-50% discounted fares to children but no discounts to students. Concessions for infants are also very common with free travel on both airport railways and buses, and 90% discounts on airlines.

III. AEL Fare : Recommendations

AEL Fare: Proposed Strategy

19. The AEL fare strategy is to serve the community by attracting a reasonable market share in a competitive environment whilst achieving the

financial objectives described above. The AEL fares should also compare favourably with those charged on overseas airport railways. A premium over the airport bus fares is justified to reflect the superior service in terms of speed and reliability, and the many unique features including the comfortable train ride, personalised TVs, flight schedule displays, trolleys and porters, ITCI, and convenient interchange facilities between the AEL and other modes of transport.

AEL Fares : Proposals

20. Fare Structure

An equitable fare structure should incorporate the following principles:

- (a) fares will be staged assuming passengers are either destined for or originated from the Airport Station i.e. if a passenger uses the AEL to travel from say Hong Kong to Tsing Yi, the full Hong Kong to Airport fare will be charged;
- (b) passengers using ITCI service need first to pay the AEL fare;
- (c) the fares to be charged for Octopus and single journey/ return journey ticket users will be the same because of the infrequent usage of AEL; and
- (d) same-day return tickets will be offered. For Octopus users the first journey for the day will be charged at the normal fare and the return journey on the same day will be discounted.

21. Fare Alternatives – The following table shows a range of AEL fares for different stations to the airport in comparison with fares for overseas dedicated airport railways on a per-kilometre basis, together with the predicted proportions of total potential demand using the AEL (market share). The AEL fares per km are proposed to be the same for different stations to the airport.

Options	AEL fare to Airport			Fare per Km in HK Dollars		AEL Market Share
	Hong Kong	Kowloon	Tsing Yi	AEL	Overseas Dedicated Airport Railway ¹	
A	\$100	\$90	\$65	\$2.9		30%
B	\$120	\$110	\$75	\$3.5	\$4.9 - \$6.9	27%
C	\$150	\$135	\$95	\$4.4		23%

22. All the above AEL fares in terms of cost per km are lower than comparable international railways. According to prediction models developed from customer surveys, higher AEL fares would generate more revenue even with corresponding reductions in patronage levels. Thus the Corporation could obtain more revenue by charging \$120 or \$150 for the Hong Kong to Airport journey than by charging \$100 but would not be able to achieve as high a capacity utilisation for the trains. On the other hand, from our calculations, fares below \$100 would not achieve the financial objectives explained above.

23. To test public acceptance of different levels of AEL fare between Hong Kong and the airport a survey has recently been conducted at Central MTR station. Respondents were split into three different groups. Each group was asked to give an opinion on one particular fare level. The results indicate that the majority of respondents (62%) considered \$100 a reasonable fare level. The \$120 and \$150 fare level received support from 51% and 46% of respondents respectively.

24. ITCI Fees – Different levels of separate ITCI fees ranging from free to \$50 were also tested based on prediction models with the predicted ITCI usage being shown below:

ITCI Fee	Daily Number of ITCI users
Free	6,700
\$30	3,100
\$50	1,360

¹ Comprises Heathrow Express, Nankai Airport Line and Narita Express which provide similar quality of service as the AEL

25. Theoretically, a separate ITCI fee would maximise the combined revenues from ITCI fees and railway fares, and would be consistent with the user-pays principle. However, it would result in fewer AEL passengers.

26. Concessionary Fares – In line with the international practice for airport railways, it appears reasonable to allow free travel for infants and half fares for children using the AEL, and for students and senior citizens to pay full fares.

27. Same-Day Return Journeys – Discounts for same-day return journeys can encourage the more price-sensitive well-wishers and greeters to use the AEL. Discounts of between 20% and 50% for the return trip were tested. The additional ridership attracted by the same-day return discounts cannot theoretically cover the revenue losses which increase as the discounts increase.

28. Feeder Fares – The AEL stations will be connected to major hotel areas by shuttle buses provided by the Corporation. Hong Kong and Tsing Yi Stations will be easily accessible from the existing MTR system. Fare incentives to encourage AEL passengers to use the MTR or the hotel shuttle bus as a feeder are also under consideration. Tests, however, showed an overall net loss in revenue with any feeder discounts.

IV. TCL Service : Considerations

Introduction

29. The TCL service will be fully integrated with the three existing lines, having transfers at Lai King and Central Stations. Journeys between Central and Tung Chung will take 23 minutes. Same as the AEL, the operating hours will be from 6:00 a.m. to 1:00 a.m. daily with peak train frequencies of 4 minutes between Hong Kong and Tsing Yi, and 8 minutes between Tsing Yi and Tung Chung at the initial stage.

Competitors

30. Appendix 5 shows a summary of adult fares for buses over comparable distances between Tung Chung and other TCL stations. Tung Chung bus services cost \$10 for journeys from Tung Chung to Tsing Yi and \$14 to Olympic station, while Kowloon Motor Bus (KMB) charges \$7.1 and \$8.0 for its air-conditioning routes serving other areas but over similar distances as to Tung Chung. The corresponding cross-harbour KMB fare for a journey of a similar distance for that from Tung Chung to Central would be \$18.20.

V. TCL Fare : Recommendations

TCL Fare : Policy

31. The Corporation has made a commitment that the fare structure of TCL will be consistent with the existing MTR system. One integrated fare structure will apply to the existing lines and TCL. Concessions being offered on the existing system such as half fares for children, students and senior citizens as well as staggered hours discounts will similarly apply to the TCL.

TCL Fares : Proposals

32. By expanding the current fare structure of the existing lines to cover the longer distances for the TCL, the adult Octopus fare would range from \$12.5 for Tung Chung to Tsing Yi and \$23 for Tung Chung to Chai Wan while that between Tung Chung and Hong Kong station would be \$20 which is only 10% higher than the corresponding bus fare. The equivalent adult single journey fare would range from \$14 to \$26 based on the existing differential pricing between single journey and Octopus fares.

33. Other TCL fares for stations between Tsing Yi and Hong Kong will be the same as for the existing fares for corresponding stations between Tai Wo Hau and Central on the Tsuen Wan Line.

34. Since the AEL and TCL will serve different clienteles, the AEL shall adopt a different fare structure to take into account special factors such as enhanced service, unique purpose of travel, and different capacity constraints etc. On the other hand, the TCL fares are set in line with the conventional basis and should be affordable to ordinary MTR passengers.

Advice sought

35. Members' views are sought on the above fare proposals for the Airport Express in paras. 19 - 28 and Tung Chung Line in paras. 31 - 34.

MTR CORPORATION
6 March 1998