

## Legislative Council Panel on Transport

### Public Transport Fares

#### PURPOSE

This paper :-

- (a) summarizes the initiatives of public transport operators in providing fare reduction/concession in the past year; and
- (b) reports on the progress of the Administration's plan to develop a more objective and transparent process for public transport fare adjustment.

#### PUBLIC TRANSPORT FARE REDUCTION/CONCESSION

2. There has been an incessant call from the public for reduction of public transport fares which have stayed largely unchanged since 1998 against a deflation of over 10%. The Government has responded to this public aspiration by rationalizing overall public transport management, facilitating transport operators to lower fares and encouraging operators to introduce fare concessions.

3. Against this background, the two railway corporations, the three major franchised bus operators and a number of ferry, public light bus and non-franchised bus operators have, on their own initiatives, introduced different concessionary measures. In line with the system and spirit of free enterprise, fare concessions are matters for the commercial decisions of the public transport. Since July 2002, a total of 39 fare concession schemes including bonus rides, return trip fare discount and bus-bus interchange ("BBI") schemes have been introduced. Details are at **Annex A**.

Annex A

4. Many of these initiatives have resulted in substantial savings for passengers, in particular the regular commuters, for example :-

MTR

- (a) Under MTRCL's "Ride 10 Get One Free" Scheme, fare savings to a regular commuter on the MTR is about 8% per month.

KCR

- (b) Under KCRC's "Second Trip Discount" Scheme, fare savings to a regular passenger on East Rail is about 10%.

Franchised Buses

- (c) As at end June 2003, there were a total of 111 BBI schemes involving 363 routes or more than 60% of all regular routes in Hong Kong. Fare savings to a passenger vary depending on the BBI concessions offered on individual routes. Long haul trips from New Territories, for instance, provide fare savings up to around 38% per trip.

Discovery Bay Ferry

- (d) Under its "Free Bonus Trips" Scheme, fare savings to a regular commuter is about 17% per month.

Green Minibuses ("GMBs")

- (e) Under the GMB-GMB interchange schemes which involve 20 GMB routes, fare savings to a passenger who interchanges between these GMB routes is \$1 - \$3.2 per journey.

5. The fare savings impact of some of the major fare concession schemes are illustrated in **Annex B**.

Annex B

6. We are maintaining on-going discussions with the major operators to examine the feasibility of further measures by them to reduce fares or introduce more concessions.

## **DEVELOPMENT OF A MORE OBJECTIVE AND TRANSPARENT PROCESS FOR PUBLIC TRANSPORT FARE ADJUSTMENT**

7. Whilst public transport operators have been reasonably forthcoming in giving concessions, they are unwilling to agree to long-term fare reduction. The current bus franchise agreements only set out the relevant factors to be considered by the Administration in assessing bus fare adjustment applications but there is no obligation for bus operators to apply for fare reduction. In addition, given past experience on the difficulties involved in fare increase applications, operators understandably would opt for concessions rather than a fare cut. Hence, there is a need to review the existing fare adjustment process and mechanism to address the changes in economic conditions and potential market changes.

8. We started a study in the last quarter of 2002 to review the current market and operating conditions and examine ways to develop a more objective and transparent process for the adjustment of railway and bus fares. The objective is to address :-

- (a) the public concerns that transport fares should be affordable and should allow for increase as well as reduction in fares;
- (b) the concern of public transport operators that once fares are reduced, public pressure will render fare increases difficult if not impossible, even when the economy turns around; and
- (c) the common concern of public transport operators and the Government that fare adjustments should not be politicized as it is not conducive to efficiency and harmony.

The study focussed on railways and franchised buses because they are the two most patronized public transport modes in Hong Kong, altogether accounting for over 70% of the total public transport patronage in Hong Kong.

9. The study looked at the current market competition situation for the major modes and concluded that a reasonable degree of competition exists. However, if the two railway corporations were to merge, the competitive horizon could change and may call for some form of economic regulation, such as price-cap control. Econometric studies based on analysis of past data (up to 2001) gave theoretical indications on Average Cost (“AC”) and Marginal Cost (“MC”) which are useful for checking against the ideal fare level under perfect competition. The study has also examined two major forms of fare adjustment mechanism i.e. rate of return regimes and price-cap models. They are explained below.

### **Rate of Return Regimes**

10. Prices are set at a level that is estimated to enable the operator to earn a specified rate of return on capital. The specified rate may be reviewed periodically. Correction features may be introduced to capture profits above the specified rate of return e.g. establishment of a fare stabilization fund.

11. The main advantages of a rate of return regime are that it provides a predictable and steady return to investors, and is conducive to long term capital investment. However, such regime provides little incentive for productivity and efficiency drive and may encourage gold-plating. The regulatory cost is high because of the inherent information asymmetry between the regulator and the operators, and there could be constant debate on allowable cost.

### **Price-Cap Models**

12. The price-cap models are used to simulate perfect competition where efficiency is maximized and cost is at its lowest. Prices are adjusted according to a specified formula. One of the common forms of price-cap formula is based on the rate of inflation/deflation (i.e. change in Composite Consumer Price Index (“CCPI”) if it is to be applied in Hong Kong) and takes into account productivity change.

13. Such price-cap model provides for more transparency in fare adjustment. It replicates the discipline of market forces whereby operators are required to achieve productivity gains and pass them to the consumers in the form of lower prices, i.e. efficiency gains are shared with the passengers. It also allows the operators discretion to invest and there would be no need to argue on allowable cost. Nevertheless, it provides less certainty on return to investors, and operators would have little incentive to invest in non-revenue generating assets, such as depot facilities, or to operate loss-making routes.

14. We are now developing detailed proposals based on the following price-cap formula :-

$$p' = w' - k \times t'$$

where  $p'$  is the fare change,  $w'$  is the change in the operator's input price,  $t'$  is the operator's growth in productivity and  $k$  is a pre-determined number between 0 and 1. The approach is to allow the regulated operator to pass some of the benefits of productivity improvement to passengers and keep the rest as an incentive to innovate.

15. Under this approach, the estimated historical input price data for an operator would be used to establish the input price change (" $w'$ ") of the operator concerned. For example the input price may be represented by the prices of the four major elements : staff cost, maintenance and material cost, energy cost and cost of capital. The past trend exhibited by the above four parameters can be expressed as a function of CCPI, oil price index, yields of 10-year US treasury bonds or Hong Kong Interbank Offered Rates by the process of regression analysis. The drawback in a formula thus derived would be that it only reflects the historical trend. At the same time, it can be argued that the formula does demonstrate to a large extent the general operating conditions of an operator. The formula for each operator may be different and creates additional complication in setting fares for competing operators. The principal advantage of such a price cap formula lies in the transparency as the indices which represent  $w'$  are values in the public domain. This kind of formula is also useful to cater for a situation when a monopoly emerges in a certain sector of the transport industry.

16. Given the importance of maintaining fare autonomy of the two railway corporations, the fare adjustment formula should serve as a guideline, being one of the factors for the Boards of the two railway corporations to consider in adjusting fares. There is now ongoing discussion in the community on the property development model for the two railway corporations in the light of the overall situation of the property market. Any new business model to be adopted by the railway corporations in the future, together with the decision on whether a merger is to proceed or not, will have critical impact on the fare mechanism.

17. In the case of franchised bus operators, the formula could serve as an additional reference factor for the Administration to assess the rate of bus fare adjustments under the Modified Basket of Factors approach in making recommendations to the Chief Executive in Council.

18. In any case the Administration will need to discuss in detail the parameters in the formulae with the public transport operators concerned and allow full testing of such formulae of their robustness for different situations before adopting them.

#### Trigger Mechanism

19. At present, adjustments of railway and bus fares are initiated by individual railway corporations and franchised bus operators respectively. The introduction of an objective trigger mechanism could improve the transparency and predictability of fare adjustment. It would also ensure that operators would review their fares during deflationary as well as inflationary environment.

20. With such a trigger mechanism, fare levels would be reviewed regularly, either say on an annual basis or when the cumulative change in CCPI since the last fare adjustment is above a certain percentage. In each annual fare review, if the resultant fare adjustment rate is below a certain percentage, there will not be any change to the fare level in the current year. The resultant adjustment percentage will be carried over to the next review. This is to avoid the practical difficulties of making minor fare adjustment.

### Cap on Maximum Rate of Fare Adjustment

21. To avoid abrupt adjustments of the level of public transport fares, a cap may be set on the maximum year-on-year fare adjustment at a certain percentage to smooth out the impact of fare adjustments. Under this arrangement, any extra adjustment needed on top of that percentage would be carried over to the next review of fare level.

### Future Review

22. The selected fare adjustment formula will be reviewed every few years. This will provide certainty to passengers and operators during the relevant period and also give sufficient time for operators to improve efficiency and productivity. From an economic point of view, any continued extended use of a price-cap formula could cause deviation from the AC/MC and a periodic adjustment to the formula will be required.

## **CONSULTATION WITH OPERATORS**

23. In our discussions with the operators concerned, they generally indicated that they do not have in-principle objection to a fare adjustment process, which would allow for increase as well as reduction in fares. The operators consider that it is important for any fare adjustment process to be able to balance the interests of different stakeholders and provide transport operators with a reasonable return. We will continue to engage the operators concerned in developing the proposals.

## **WAY FORWARD**

24. We welcome views from members.

**Concession Schemes Introduced by Public Transport Operators since July 2002**

**(Position as at 21 July 2003)**

**I. Franchised Bus Companies**

Programme Name	Details	Period
1. Bus-bus interchange (“BBI”)	<ul style="list-style-type: none"> <li>● 66 BBI schemes have been implemented by KMB (36), Citybus (14) and NWFB (12), LW (2), KMB/NWFB (1) and Citybus/NLB/LW (1) since July 2002 offering discount from \$0.1 to \$20.7.</li> </ul>	On-going
2. KMB - Concession scheme for local domestic helpers	<ul style="list-style-type: none"> <li>● Half fare for local domestic helpers holding Local Domestic Helper Competency Card issued by the Employees Retraining Board on some 300 KMB regular routes including Kowloon and NT routes and also cross harbour routes under KMB’s sole operation.</li> </ul>	1 Nov 2002 - 31 Oct 2003
3. KMB Fare Concession	<ul style="list-style-type: none"> <li>● Fare reduction of \$0.1 - \$1.4 for 16 air-conditioned (“A/C”) services after full A/C conversion.</li> <li>● Fare reduction of \$2.5 after merging KMB/NWFB Routes 691 and 693 into Route 692.</li> <li>● Fare reduction of \$2.5 of KMB/CTB Route 690 after truncation.</li> <li>● Reduction of section fare by \$0.4 for Route 91.</li> </ul>	w.e.f. 20 Jul 2002 in phases w.e.f. 28 Aug 2002 w.e.f. 9 Sep 2002 w.e.f. 16 Sep 2002
4. Citybus - Special concession for elderly on Sat/Sun/Public Holidays	<ul style="list-style-type: none"> <li>● \$1.0 special concessionary fare for persons aged 60 or above on Saturdays (“Sat”), Sundays (“Sun”) and public holidays (“PH”) using Octopus Card on all routes except Racecourse and airbus services.</li> </ul>	24 Feb – 31 Aug 2003  (also during 17 Aug 2002 – 23 Feb 2003)
5. Citybus Fare Concession	<ul style="list-style-type: none"> <li>● Fare reduction of \$2.5 of KMB/CTB Route 690 after truncation.</li> </ul>	w.e.f. 9 Sep 2002
6. NWFB Fare Concession	<ul style="list-style-type: none"> <li>● New section fare for Route 792M with fare reduction of \$0.6 - \$1.7.</li> <li>● Fare reduction of \$2.5 of Route 694 after truncation.</li> <li>● Fare reduction of \$2.5 after merging KMB/NWFB Routes 691 and 693 into Route 692.</li> <li>● New section fares and/or reduced section fares on 4 Southern District routes with fare concessions of \$0.5 - \$1.5.</li> </ul>	w.e.f. 18 Aug 2002  w.e.f. 25 Aug 2002 w.e.f. 28 Aug 2002  1 Mar – 31 Aug 2003

## II. Railway Corporations

Programme Name	Details	Period
7. MTRCL - Ride 10 Get One Free Program	<ul style="list-style-type: none"> <li>Passengers will receive one bonus point on their Octopus Card with each MTR ride. For every 10 bonus points accumulated with the same Adult/Concessionary Octopus Card within each promotional week, the passenger can redeem one single journey ticket at Customer Service Centre. Promotional week commences on Monday and ends on the following Sunday.</li> </ul>	10 Mar 2003 – 4 Jan 2004  (also during 10 Dec 2001 -9 Jun 2002 and 2 Sep 2002 - 2 Mar 2003)
8. MTRCL - Heng Fa Chuen promotion	<ul style="list-style-type: none"> <li>A free ride for customers at Paradise Mall at Heng Fa Chuen with a minimum purchase of \$150 on Sat, Sun &amp; PH. The free ride is from Heng Fa Chuen to any MTR station (except Airport Express Line ("AEL") stations) on the day of purchase.</li> </ul>	w.e.f. 1 Jul 2002 until further notice
9. MTRCL - Two-dollar travel on MTR for senior citizens and children	<ul style="list-style-type: none"> <li>Eligible holders of Elderly and Child Octopus Card will be able to enjoy a flat fare of \$2 per trip for all MTR journeys and free rides for AEL journeys.</li> </ul>	8 – 18 May 2003
10. MTRCL - Fare Saver Promotion at Discovery Park	<ul style="list-style-type: none"> <li>Any passenger who swipes an adult Octopus Card at the fare saver machine at Discovery Park will be able to enjoy a discount of off the next \$2 MTR ride from Tsuen Wan Station within 2 hours (except AEL).</li> </ul>	6 Sep 2002 - 5 Mar 2003
11. MTRCL – Fare Saver Promotion at Tsim Sha Tsui ("TST") Centre and China HK City	<ul style="list-style-type: none"> <li>Any passenger who swipes an adult Octopus Card at the fare saver machines at TST Centre or China HK City will be able to enjoy a discount of \$2 off the next MTR ride from TST Station or Kowloon Station (from 1 Jan 2003 onwards) within the same day (except AEL).</li> </ul>	7 Jun – 31 Dec 2003  (also during 1 Jun – 31 Dec 2002 and 1 Jan – 31 May 2003)
12. MTRCL - Fare Saver Promotion at Tseung Kwan O	<ul style="list-style-type: none"> <li>Any passenger who swipes an adult Octopus Card at the fare saver machine at Fu Ning Garden Commercial Complex (near Hang Hau Station) or Sheung Tak Shopping Centre (near Tseung Kwan O Station) will be able to enjoy a discount of \$2 off the next MTR ride from the respective stations within the same day (except AEL).</li> </ul>	1 Oct 2002 - 30 Sep 2003

Programme Name	Details	Period
13. MTRCL - Fare Saver Promotion at TST New Mandarin Centre	<ul style="list-style-type: none"> <li>● Any passenger who swipes an adult Octopus Card at the fare saver machine at TST New Mandarin Centre will be able to enjoy a discount of \$2 off the next MTR ride from TST Station within the same day (except AEL).</li> </ul>	1 Apr – 30 Sep 2003
14. MTRCL – Fare Saver Promotion at Enterprise Square in Kowloon Bay	<ul style="list-style-type: none"> <li>● Any passenger who swipes an adult Octopus Card at the fare saver machine at Enterprise Square in Kowloon Bay will be able to enjoy a discount of \$2 off the next MTR ride from Kowloon Bay Station within the same day (except AEL).</li> </ul>	17 Jun – 15 Dec 2003
15. MTRCL – Fare Saver Promotion at Central Plaza in Wan Chai	<ul style="list-style-type: none"> <li>● Any passenger who swipes an adult Octopus Card at the fare saver machine at Central Plaza in Wan Chai will be able to enjoy a discount of \$2 off the next MTR ride from Wan Chai Station within the same day (except AEL).</li> </ul>	21 Jul 2003 – 20 Jan 2004
16. AEL Christmas and New Year Promotion	<ul style="list-style-type: none"> <li>● During the promotional period, children aged below 12 can enjoy free rides on the AEL whereas elderly aged 65 or above and students holding valid Student Octopus Card can enjoy half fare by coding their Octopus Cards at any Customer Service Centre of AEL stations.</li> </ul>	15 Dec 2002 – 28 Feb 2003
17. AEL Group Ticket	<ul style="list-style-type: none"> <li>● AEL passengers can travel by using concessionary Group Tickets. Group Ticket for 3 persons from Kowloon Station and Tsing Yi Station to the Airport offers a fare discount of \$30 and \$20 respectively for each passenger. Group Ticket for 4 persons from Kowloon Station and Tsing Yi Station to the Airport offers a fare discount of \$35 and \$22.5 respectively for each passenger.</li> </ul>	2 Sep 2002 – 31 May 2003
18. Morning Express Service from Tsing Yi Station to Hong Kong Station	<ul style="list-style-type: none"> <li>● From 0700 to 1000 hours, Monday to Saturday (except public holidays), passengers can take the AEL from Tsing Yi Station to Hong Kong Station at a concessionary fare of HK\$20 per trip.</li> </ul>	15 Oct 2002 – 31 Dec 2003
19. AEL Special Discount Group Tickets	<ul style="list-style-type: none"> <li>● Discounts ranging from 25% to almost 40% on single journey tickets are offered to passengers travelling in groups of two, three or four.</li> </ul>	15 Jun – 31 Jul 2003

Programme Name	Details	Period
20. Joint MTRCL/NLB Inter-modal Fare Discount Trial	<ul style="list-style-type: none"> <li>● A flat \$1 discount is offered to adult Octopus Card users interchanging between MTR and any of NLB Routes 37, 37A, 38 and N38 at Tung Chung Station within 1 hour.</li> </ul>	<p>1 Sep 2002 to 31 Aug 2003</p> <p>(also during 1 Sep 2001 - 31 Aug 2002)</p>
21. Joint MTRCL/Green Minibuses (“GMB”) - Inter-modal Fare Discount Trial	<ul style="list-style-type: none"> <li>● Adult Octopus Card holders interchanging between :               <ul style="list-style-type: none"> <li>(a) 4 NT GMB routes via Lam Tin Station or any of the five MTR stations on the Tseung Kwan O Line;</li> <li>(b) 1 Kln GMB route via Kwun Tong Station;</li> <li>(c) 1 Kln GMB route via Wong Tai Sin Station; and</li> <li>(d) 3 HK GMB routes via Causeway Bay Station.</li> </ul> <p>and the MTR within 1 hour will enjoy a fare discount from \$0.3 to \$1.0.</p> </li> <li>● This scheme also covered 3 other NT GMB routes.</li> </ul>	<p>w.e.f. 1 Oct 2002 (route 101M from 1 Nov) until further notice</p> <p>w.e.f. 1 Jan 2003 until further notice</p> <p>w.e.f. 1 Jul 2003 until further notice</p> <p>w.e.f. 1 Jul 2003 until further notice</p> <p>1 Oct 2002 - 31 Dec 2002</p>
22. Joint MTRCL/ Discovery Bay Bus - Inter-modal Fare Discount Trial	<ul style="list-style-type: none"> <li>● A flat \$3 discount is offered to adult Octopus Card users interchanging between MTR and bus route DB01R at the Tung Chung Station within 1 hour.</li> </ul>	<p>1 Oct 2002 - 31 Mar 2003</p>
23. KCRC East Rail - “Ride 8 Get One Free” for all Octopus Card holders using East Rail domestic service	<ul style="list-style-type: none"> <li>● Octopus Card users will automatically receive a free domestic ride for every 8 East Rail domestic trips made within one week from Monday to the following Sunday. The free ride will be given automatically on the 9th trip, by way of making no fare deduction from the passengers' Octopus Cards. (The scheme does not apply to East Rail’s cross-boundary services or journeys to and from Racecourse Station.)</li> </ul>	<p>2 Sep 2002 - 2 Mar 2003</p> <p>(“Ride 10 Get 1 Free” offered during 24 Dec 2001 – 30 Jun 2002)</p>

Programme Name	Details	Period
24. KCRC East Rail – “Second Trip Discount” Scheme for all Octopus Card holders using East Rail domestic service	<ul style="list-style-type: none"> <li>● A 20% fare discount to all Octopus Card users who make a second trip on East Rail within the same day. (The scheme does not apply to East Rail’s cross-boundary services or journeys to and from Racecourse Station.)</li> </ul>	1 Apr – 31 Aug 2003
25. KCRC Light Rail - Enhanced Bonus Scheme	<ul style="list-style-type: none"> <li>● The Enhanced Bonus Scheme is as follows:               <ul style="list-style-type: none"> <li>(a) <u>Adult</u> - Increase of the bonus for adult personalised Octopus Card holders from \$3 to \$3.20 for every \$30 of Light Rail travel accumulated within 6 days.</li> <li>(b) <u>Children/Elderly</u> - Increase of the bonus for children and senior citizens from \$1.5 to \$1.6 for every \$15 of Light Rail travel accumulated within 6 days.</li> </ul> </li> </ul>	1 Apr – 31 Aug 2003  (also during 24 Dec 2001 – 30 Jun 2002 and 2 Sep 2002 - 2 Mar 2003)

### III. Other Public Transport Operators

Programme Name	Details	Period
26. Green Minibus (“GMB”)-GMB interchange	<p>Passengers using Octopus Card will be given fare discount on the second leg of the 15 GMB services concerned:</p> <ul style="list-style-type: none"> <li>● 1<sup>st</sup> Phase: 6 GMB routes with fare discount of \$1.0 - \$2.0</li> <li>● 2<sup>nd</sup> Phase: 12 GMB routes with fare discount of \$1.0</li> <li>● 3<sup>rd</sup> Phase: 3 GMB routes with fare discount of \$1.2 - \$3.2</li> <li>● 4<sup>th</sup> Phase: 4 GMB routes with fare discount of \$1.0</li> </ul> <p>(Note: Some of the routes are involved in more than one phase.)</p> <ul style="list-style-type: none"> <li>● Passengers who interchange between 2 Kln GMB routes will be able to enjoy fare discount of \$1.5</li> <li>● Passengers who interchange between 3 Kln GMB routes will be able to enjoy fare discount of \$0.5 in one direction.</li> </ul>	<p>w.e.f. 2 Sep 2002</p> <p>w.e.f. 3 Oct 2002</p> <p>w.e.f. 23 Oct 2002</p> <p>w.e.f. 27 Feb 2003</p> <p>w.e.f. 1 Jul 2003 for 3 months</p> <p>w.e.f. 20 Jul 2003</p>

Programme Name	Details	Period
27. GMB Promotional Fare	<ul style="list-style-type: none"> <li>● NT GMB Routes 18 &amp; 109M offer a fare discount of \$1.5 &amp; \$0.3 respectively for passengers who pay full fare.</li>   <li>● NT GMB Route 105 offered a promotional section fare of \$3.0.</li>   <li>● NT GMB Route 616S offered: (a) a promotional fare of \$20 per single journey to Lok Ma Chau Control Point; (b) a promotional fare of \$15 per single journey to Mongkok; and (c) a promotional concessionary fare of \$12.5 for senior citizens aged 65 or above.</li>   <li>● Kln GMB Route 53M offered a promotional \$0.2 fare discount for senior citizens aged 65 or above.</li>   <li>● Kln GMB Route 42 offered a promotional fare of \$3.8 (full fare) and \$2 (section fare) for senior citizens holding senior citizen cards.</li> </ul>	<p>GMB Route 18 : 27 Nov 2002 – 30 Sept 2003</p> <p>GMB Route 109M: discount of \$0.5 during 20 Dec 2002 – 15 Jun 2003; discount of \$0.3 during 16 Jun – 31 Dec 2003</p> <p>GMB Route 105 : 9 Apr 2003 – 8 Apr 2004</p> <p>GMB Route 616S : 27 Jun 2003 – 19 Jan 2004</p> <p>(Items (a) and (c) were also offered during 17 Apr – 19 Jun 2003)</p> <p>GMB Route 53M : 15 Apr – 15 Oct 2003</p> <p>GMB Route 42 : 1 Jul – 31 Dec 2003</p>
28. GMB – Concessions for the elderly	<ul style="list-style-type: none"> <li>● 37 GMB routes offer fare discount ranging from \$0.4 to \$12.5 for the elderly.</li> </ul>	On-going
29. GMB – Concessions for students	<ul style="list-style-type: none"> <li>● 5 GMB routes offer fare discount ranging from \$0.5 to \$2 for students wearing school uniform.</li> </ul>	On-going
30. GMB – Concessions for local domestic helpers	<ul style="list-style-type: none"> <li>● 88 GMB routes offer 20% fare discount for local domestic helpers holding Local Domestic Helper Competency Card issued by the Employees Retraining Board.</li> </ul>	<p>1 Jan – 31 Dec 2003</p> <p>(1 more GMB route was covered during 1 Jan – 14 Feb 2003)</p>



Programme Name	Details	Period
37. HK Guangdong Boundary Crossing Bus Association – Free Cross Boundary Trip	<ul style="list-style-type: none"> <li>● 10,000 free vouchers for outgoing trips to any cities in Guangdong Province and Xiamen were distributed to passengers on 6 June 2003.</li> </ul>	Voucher effective period: 16 - 30 Jun 2003
38. Cross-boundary Ferry Services to Macau	<ul style="list-style-type: none"> <li>● Passengers of Shun Tak – China Travel Ship Management Ltd. and New World First Ferry Services (Macau) Ltd. travelling from Hong Kong to Macau can enjoy a free return ticket (exclusive of Macau departure tax), which can be used for Macau to Hong Kong journeys between the period 7am to 5pm and within three days of the HK to Macau trip (offer of up to 5000 free tickets each day.)</li> </ul>	2 Jun – 20 Jul 2003
39. NT Taxi – Temporary Fare Concession	<ul style="list-style-type: none"> <li>● From the 8<sup>th</sup> incremental charge onwards, incremental charge reduced from \$1.2 to \$0.9 per 0.2 km or per minute of waiting time.</li> </ul>	8 Jun – 11 Jul 2003

Legend

KMB	:	Kowloon Motor Bus Company (1933) Ltd.
Citybus	:	Citybus Limited
NWFB	:	New World First Bus Services Ltd.
LW	:	Long Win Bus Co. Ltd.
NLB	:	New Lantao Bus Co. (1973) Ltd.
MTRCL	:	MTR Corporation Ltd.
KCRC	:	Kowloon-Canton Railway Corporation
NT	:	New Territories
Kln	:	Kowloon
HK	:	Hong Kong
w.e.f.	:	with effect from

**Fare Savings for Passengers**  
**Major concession schemes introduced since July 2002**

Trips indicated below are typical trips with higher take-up rate:

**(a) KCRC East Rail – Second Trip Discount Scheme**

<b>Routeing</b>	<b>Total fares per month without concession</b>	<b>Total fares per month with concession</b>	<b>Monthly savings to a passenger (\$)</b>	<b>Saving (%)</b>	<b>Passengers benefited* (average daily)</b>
Sheung Shui - Kowloon Tong	\$442	\$397.8	\$44.2	10%	6,100
Shatin - Kowloon Tong	\$265.2	\$239.2	\$26	9.8%	6,600
Shatin - Hung Hom	\$265.2	\$239.2	\$26	9.8%	7,600

\* Average daily patronage of KCRC East Rail domestic service in May 2003 was about 0.49M (average daily patronage was about 0.58M during pre-SARS period).

**(b) MTRCL**

Scenario 1 : Ride 10 Get 1 Free Scheme

<b>Routeing</b>	<b>Total fares per month without concession</b>	<b>Total fares per month with concession</b>	<b>Monthly savings to a Passenger (\$)</b>	<b>Saving (%)</b>	<b>Passengers benefited* (average daily)</b>
Tsuen Wan -Central	\$613.6	\$562.7	\$50.9	8.3%	5,190
Chai Wan - Sheung Wan	\$353.6	\$324.3	\$29.3	8.3%	4,030

Scenario 2 : Ride 10 Get 1 Free Scheme plus \$2 Fare-saver<sup>#</sup> at both ends

<b>Routeing</b>	<b>Total fares per month without concession</b>	<b>Total fares per month with concession</b>	<b>Monthly Savings to a Passenger (\$)</b>	<b>Saving (%)</b>	<b>Passengers benefited* (average daily)</b>
Tseung Kwan O -Tsim Sha Tsui	\$426.4	\$295	\$131.4	30.8%	400

Scenario 3 : Ride 10 Get 1 Free Scheme plus \$2 Fare-saver at one end

<b>Routeing</b>	<b>Total fares per month without concession</b>	<b>Total fares per month with concession</b>	<b>Monthly Savings to a Passenger (\$)</b>	<b>Saving (%)</b>	<b>Passengers benefited* (average daily)</b>
Tsim Sha Tsui -Tsuen Wan	\$426.4	\$339	\$87.4	20.5%	310

\* Average daily patronage of MTR urban lines in May 2003 was about 1.92M (average daily patronage was about 2.26M during the pre-SARS period). The average number of free tickets redeemed under "Ride 10 Get 1 Free" scheme is about 0.4M per week.

# Holders of Adult Octopus card can save \$2 in their next MTR ride within a specified duration by swiping their cards at the fare savers at specific locations, e.g. New Mandarin Centre, China HK City and Tsim Sha Tsui Centre in Tsim Sha Tsui, Sheung Tak Shopping Centre and Fu Ning Garden in Tseung Kwan O, Enterprise Square in Kowloon Bay and Central Plaza in Wan Chai.

**(c) Bus-Bus Interchange Schemes**

**(I) Trips from New Territories**

<b>Routeing</b>	<b>Total fares per month without concession</b>	<b>Total fares per month with concession</b>	<b>Monthly Savings to a Passenger (\$)</b>	<b>Saving (%)</b>	<b>Passengers benefited* (average daily)</b>
Tin Shui Wai (North) - Tsing Yi (May Fair Garden) <i>(Interchange at MTR Tsing Yi Station Bus Terminus)</i>	\$639.6	\$465.4	\$174.2	27.2%	810
Tai Po Central - Kwun Tong (Shun Lee) <i>(Interchange at Kwun Tong Road)</i>	\$629.2	\$447.2	\$182	28.9%	160
Kwai Ching (Kwai Shing) - Wong Tai Sin (Tsui Chuk) <i>(Interchange at Lung Cheung Road)</i>	\$535.6	\$364	\$171.6	32.0%	100

**(II) Trips from Tseung Kwan O New Town**

<b>Routeing</b>	<b>Total fares per month without concession</b>	<b>Total fares per month with concession</b>	<b>Monthly Savings to a Passenger (\$)</b>	<b>Saving (%)</b>	<b>Passengers benefited* (average daily)</b>
Hang Hau - Tai Po <i>(Interchange at Lung Cheung Road)</i>	\$691.6	\$509.6	\$182	26.3%	220
Hang Hau - Tin Shui Wai <i>(Interchange at Lung Cheung Road)</i>	\$1,112.8	\$930.8	\$182	16.4%	120
Hang Hau - Mong Kok <i>(Interchange at Clear Water Bay Road)</i>	\$478.4	\$296.4	\$182	38%	170

**(c) Bus-Bus Interchange Schemes**

**(III) Trips from Tung Chung New Town**

<b>Routeing</b>	<b>Total fares per month without TMCA BBI</b>	<b>Total fares per month with TMCA BBI</b>	<b>Monthly Savings to a Passenger (\$)</b>	<b>Saving (%)</b>	<b>Passengers benefited* (average daily)</b>
Yat Tung / Tung Chung North - Shatin (Interchange at Tsing Ma Control Area ("TMCA") Toll Plaza)	\$780 <sup>#</sup>	\$676	\$104	13.3%	140

\* According to returns from bus operators, the estimated interchange passengers benefited from the 108 existing BBI schemes as at May 2003 was about 3.2M (or 0.1M passengers per day). Of the above 108 schemes, 59 were introduced after July 2002 benefiting about 30,000 passengers per day.

# Without the TMCA BBI, passengers may interchange at Tung Chung Town Centre for external bus routes. The total fares per month without the TMCA BBI has taken into account the \$1 fare concession provided by the Tung Chung Town Centre BBI.

**(d) Discovery Bay Ferry Service – Buy 50 Get 10 Free Scheme**

<b>Routeing</b>	<b>Total fares per month without concession</b>	<b>Total fares per month with concession</b>	<b>Monthly Savings to a Passenger (\$)</b>	<b>Saving (%)</b>	<b>Passengers benefited (average daily)</b>
Discovery Bay - Central	\$1,206.4	\$1,005.3	\$201.1	16.7%	7,000