



# **Public Consultation on the Review of the MTR Fare Adjustment Mechanism**

**September 2022**

**Transport and Logistics Bureau  
Transport Department**

## **Public Consultation Paper**

### **Review of the MTR Fare Adjustment Mechanism**

#### **Purpose**

The MTR Fare Adjustment Mechanism (FAM), adopted since 2007, is subject to regular reviews every five years. The Government is conducting the latest round of review on the FAM with the MTR Corporation Limited (MTRCL). We now invite views from the public with a view to completing the review in the first quarter of 2023 and putting it into effect.

#### **Public Transport Policy**

2. Hong Kong is a compact and densely populated city with limited road space. The Government has been pursuing a public transport-oriented policy. At present, about 90% of the passenger trips are made on public transport services. In particular, railway has been serving as the backbone of our public transport system, providing a high capacity, fast, convenient and low-emission service. Meanwhile, other public transport modes are also important, providing the travelling public with comprehensive services and alternatives. In 2021, the ridership of public transport services other than the MTR made up approximately 60% of local public transport patronage.

3. According to the Government's established policy, public transport services are run by the private sector in accordance with commercial principles to maintain efficiency and cost-effectiveness. In determining fare levels, operators must take into account their financial viability and sustainability to provide the public with safe, reliable, efficient and pleasant services. The Government understands that there are concerns in the community on public transport fares, and in response, has been encouraging public transport operators to reduce their fares or offer concessions as far as possible, having regard to their respective operating environment and the socio-economic situation. In parallel, the Government has been providing subsidies for targeted groups. Examples include provision of travel subsidies for needy students, the \$2 transport fare concession for eligible elderly and disabled persons, and introduction of the Public Transport Fare Subsidy Scheme (PTFSS) to relieve the fare

burden of commuters with relatively high public transport expenses<sup>1</sup>. According to the report of 2019/20 Household Expenditure Survey, public transport expenses made up approximately 2.6% of average monthly household expenditure.

## **Railway Service Standard and Enhancement**

4. The MTRCL is committed to providing the public with a safe, reliable and highly efficient railway service. Since the rail merger in 2007, the MTRCL has maintained a world-leading standard of 99.9% passenger journeys on-time. The Transport Department has been monitoring the service performance of the MTR railway network, while the Electrical and Mechanical Services Department as the railway safety regulator ensures the safety and reliability of MTR services.

5. The construction and operation of railways, as well as long-term maintenance and asset renewal involve substantial capital expenditure. The MTRCL, like many other railway operators worldwide, faces the challenges of having to continuously upgrade and enhance the railway operation systems and equipment to ensure the smooth operation of the entire system and improve passenger experience. In Hong Kong, as the railway network expands and matures, investment in repairing, maintaining and renewing railway assets costs the MTRCL over \$10 billion per year. Stable financial resources are therefore very important to maintaining sustainability and quality service, and fare revenue is one of the steady sources of recurrent revenue for the MTRCL.

## **FAM of the MTRCL**

6. Before the rail merger, the then MTRCL enjoyed autonomy in setting the fares in accordance with prudent commercial principles, having regard to, inter alia, economic conditions, competition with other public transport modes and whether there were sufficient resources to maintain the railway system. At the time of rail merger in 2007, the Government and the then MTRCL agreed to put in place a fare adjustment mechanism, adopting an objective, transparent and direct-drive formulaic approach to determining future annual fare adjustments to replace the fare autonomy

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<sup>1</sup> In the 2021/22 financial year, these three subsidy schemes involved a total expenditure of \$5.2 billion. Calculation of subsidies granted under the Student Travel Subsidy Scheme is based on the 2020/21 school year.

enjoyed hitherto. During the legislative process of the rail merger, the FAM was extensively discussed in the Legislative Council (LegCo), and was carefully deliberated and approved through voting<sup>2</sup> at the shareholders' meeting of the then MTRCL for its inclusion as a condition for the merger of the two railways. Forming part of the rail merger agreement between the Government and the MTRCL, the FAM has been incorporated into the Operating Agreement (OA) between the two parties and is legally binding.

7. The FAM adopts a direct-drive formula that adjusts fares in accordance with figures released by the Government. The mechanism is open, objective and transparent. The FAM formula is as follows –

$$\begin{aligned} \text{Overall fare adjustment rate} = & \\ & (0.5 \times \text{year-on-year change in Composite Consumer Price Index} \\ & \text{(CCPI) in December of the previous year)} \\ + & (0.5 \times \text{year-on-year change in Nominal Wage Index} \\ & \text{(Transportation Section) (NWI(T)) in December of the previous year)} \\ - & \text{Productivity Factor*} \end{aligned}$$

*\*The Productivity Factor (PF) was set at 0% for the first five years starting from the rail merger (i.e. before 2013/14), and was set at 0.1% starting from the sixth year (i.e. starting from 2013/14). As agreed between the Government and the MTRCL in the 2013 Review, the methodology for computing the PF value was:  $0.5 \times$  compound annual growth rate of Productivity in the reference period; where Productivity was measured as a ratio between output (i.e. income) and input (i.e. cost) in the MTRCL's transport operations. The PF was revised from the original 0.1% to 0.6% from 2013/14 to 2016/17, and was set at 0% from 2017/18 to 2022/23. The MTRCL has agreed to provide a special annual adjustment of 0.6% from 2017/18 to 2022/23 to lower the fare adjustment rate calculated according to the FAM formula, so as to ensure that passengers can still benefit from a moderated fare adjustment to an extent which is consistent with the original PF of 0.6% applicable to the period from 2013/14 to 2016/17.*

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<sup>2</sup> As the Government was the sole shareholder of the Kowloon-Canton Railway Corporation and the majority shareholder of the then MTRCL, it did not take part in the voting.

8. The FAM is applicable to all controlled fares of the MTRCL, including –

- (a) adult, elderly, student and child fares on all MTR railway lines (excluding the Airport Express and the High-speed Rail Link but including the Airport Workers' concessionary fares);
- (b) East Rail Line First Class Premium fares; and
- (c) all Light Rail and MTR Bus fares.

The overall fare adjustment rate equals to the weighted average figure by which all adjustments to individual fares are taken together.

9. According to the calculations under the FAM based on objective indices, fares may be maintained, adjusted upward or downward. If, in a given year, the overall fare adjustment rate according to the FAM is within the range of  $\pm 1.5\%$ , there shall be no fare adjustment. The unadjusted rate shall be rolled over to the next annual fare adjustment exercise for calculation of the fare adjustment together.

#### FAM Review

10. Pursuant to the OA signed between the Government and the MTRCL, the FAM shall be reviewed every five years. The Government and the MTRCL reviewed the FAM for the first time in the period between 2012 and 2013, and announced the outcome in April 2013. In particular, the Affordability Cap arrangement was introduced to take into account passenger affordability, whereby the rate of fare increase pursuant to the FAM outcome should not be higher than the year-on-year change in the Median Monthly Household Income (MMHI) in the corresponding period. The Affordability Cap arrangement came into play twice, in 2019 and 2020 respectively, and lowered the rates of fare increase in those years. The Profitability-linked Arrangement (PLA) and Service Performance-linked Arrangement (SPA) were also introduced after the review in 2013 to address public concerns over the relationships in respect of fare adjustments, profitability and service performance of the MTRCL.

11. The second FAM review was scheduled for completion in 2018. Upon request of the Government in 2016, the MTRCL agreed to bring it forward by one year and jointly conducted the review with the Government. Upon completion of the second FAM review in 2017, the Government and the MTRCL jointly announced the outcome in March 2017. In particular, the amount to be shared under the PLA has been increased while the SPA has been enhanced.

12. Major outcome of the two above-mentioned FAM reviews are set out at **Annex 1**. For details, please refer to the LegCo papers No. [THB\(T\)CR33/1017/99](#) and [THB\(T\)CR 19/5591/00](#).

### MTR Fare Adjustment and Fare Concessions

13. Since the rail merger and the adoption of FAM, there has been an average annual adjustment of +1.9%<sup>3</sup> in MTR fares, which is lower than the average annual inflation rate (2.6%<sup>4</sup>), payroll indices movement (+3.4%<sup>5</sup>) and change in MMHI (+3.3%<sup>6</sup>) recorded since the merger. Under the FAM, MTR fares have not been raised since the second half of 2019, and were even reduced by 1.85% last year according to the mechanism. The fare adjustment rates from 2009/10 to 2022/23 are tabulated at **Annex 2**.

14. In response to the Government's appeal, the MTRCL has been making every effort to provide different fare concessions and promotions to benefit passengers, taking into account its operating environment and the socio-economic situation, as well as following the principle of maintaining the financial prudence required of a listed company. In particular, various special concessions, including the "3% Rebate for Every Trip" for at least six months each year, MTR City Saver, Monthly Pass Extras, Early Bird Discount, Interchange Discount with Green Minibus (GMB), have been provided from 2017/18 to 2022/23. There are also other fare concessions, including that for the elderly, children and persons with disabilities, Student Travel Scheme and other interchange discounts. These fare concessions borne by the MTRCL amounted to over \$2.8 billion in 2021, with approximately 70% of the passengers benefitted from various types of fare concessions. Details of the fare concessions provided by the MTRCL in recent years are set out at **Annex 3**.

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<sup>3</sup> The average annual fare adjustment from 2009/10 to 2022/23 referred. As part of the rail merger deal, the first MTR fare increase could only take place on or after 1 July 2009.

<sup>4</sup> The average annual change in the CCPI over the period from December 2007 to December 2021 referred.

<sup>5</sup> The average annual change in the Nominal Index of Payroll per Person Engaged over the period from the fourth quarter of 2007 to the fourth quarter of 2021 referred.

<sup>6</sup> The average annual change over the period from the fourth quarter of 2007 to the fourth quarter of 2021 referred.

## **Public Consultation**

15. In this FAM review, we are looking for a feasible and pragmatic package to maintain the financial prudence of the MTRCL as a listed company, in order for it to take forward railway projects that address the development needs of the society, as well as to cope with its increasing expenditure on maintaining the railway system, while enabling the Corporation to better respond to public concerns on fare adjustments. The review outcome will be applicable to the fare adjustment exercises from 2023/24 onwards.

16. In the course of the review, we need to pay particular attention to and consider the following matters –

- (a) under the Government's public transport policy with railway as the backbone, the MTRCL, being the railway operator, performs important social functions. We understand that the public expects the MTRCL to shoulder more social responsibilities. At the same time, the MTRCL as a listed company must run on commercial principles, and is held accountable to all of its shareholders (including minority shareholders). Also, to continue to provide a safe, highly efficient and quality railway service in the coming decades, it must have abundant resources for the operation and maintenance of railways, as well as for the ongoing renewal of railway assets;
- (b) the FAM was introduced after thorough studies. It was extensively discussed in the LegCo, and approved through voting at the then MTRCL's shareholders meeting before being included as a condition for the merger; it is legally binding;
- (c) it is important for the mechanism to be objective and transparent. The current mechanism is open and straightforward, adopting a direct-drive formula to calculate the fare adjustment rate based on figures released by the Census and Statistics Department (C&SD). The review should be conducted on the premise of retaining a straightforward and transparent FAM based on open and objective data with a direct-drive formula;
- (d) the objective data used in the fare adjustment formula should reflect to a certain extent the trend of the operating costs of railway service. The CCPI adopted in the existing formula

reflects the macroeconomic environment and the changes in the overall operating costs of the MTRCL, while the NWI(T) reflects the changes in staff cost in wages in the transportation sector (including MTRCL's non-managerial staff). Since the introduction of the FAM, the average annual fare adjustment rate of MTRCL has been lower than the year-on-year change in inflation rate, payroll indices movement and MMHI;

- (e) according to the latest figures, the PF for 2016 to 2021 is a negative figure. The current FAM review would ultimately adopt the PF between 2016 and 2022<sup>7</sup>, which would depend on the 2022 financial results of the MTRCL to be announced in 2023. This PF value would be applicable to the fare adjustments between 2023/24 and 2027/28. On the other hand, the special annual adjustment of 0.6% currently offered by the MTRCL will expire in 2022/23;
- (f) the FAM now contains the PLA and SPA, whereby the MTRCL is required to set aside certain amount for fare concessions according to its underlying business profit each year (including non-recurrent profit from property development business, and recurrent profit from Hong Kong property rental and management businesses, Hong Kong transport services, etc.) and service disruptions respectively. That said, there have been concerns in the community on the MTRCL increasing its fares while making handsome profits (especially from property developments related to railway projects). There have also been views that the mechanism was ineffective in reflecting the service performance of the MTRCL. The review shall consider how the profitability and service performance of the MTRCL can be further reflected in the mechanism, and how to strike a better balance between maintaining the financial prudence required of a listed company and fulfilling its social functions;
- (g) some of the fare concessions introduced or enhanced by the MTRCL in the last FAM review, such as the "3% Rebate for Every Trip", MTR City Saver, Monthly Pass Extras and Interchange Discount with GMB, will expire in 2023. The review shall consider whether the existing fare concessions can address the aspirations of passengers in a targeted manner;

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<sup>7</sup> If the calculation result is negative, the PF will be set at 0% as per the OA.

- (h) there remains a fare increase rate of +2.85% carried forward from the 2019/20 and 2020/21 fare adjustment exercises pursuant to the simplified Affordability Cap arrangement, and a fare adjustment rate of +0.5% carried forward from the 2022/23 fare adjustment exercise as it falls within the range of  $\pm 1.5\%$  (i.e. a total of +3.35% fare increase rate remains to be recouped);
- (i) as regards views that the Government should subsidise MTR fares to benefit passengers or use the dividends received from the MTRCL to subsidise other public transport operators, our current approach is to provide direct subsidy to commuters with relatively high public transport expenses through the PTFSS, which not only enables the commuters to freely choose among different transport modes to suit their travel needs, but also avoids government policies from being biased towards individual operators; and
- (j) the determination of MTR fares will directly affect the competitiveness of other public transport modes. Any changes to the FAM should therefore take into account the sustainability of the MTRCL as well as the entire public transport trade.

17. The Government now cordially invites views from the public on the review of the FAM of the MTRCL. The public consultation will last for three months. Please send your views in writing to the Transport Department **on or before 19 December 2022** by the following means –

By mail: The Bus and Railway Branch  
Transport Department  
16/F, South Tower, West Kowloon Government Offices  
11 Hoi Ting Road, Yau Ma Tei, Kowloon

By fax: 2802 2679

By email: [fam-review2022@td.gov.hk](mailto:fam-review2022@td.gov.hk)

Please mark “FAM Review” on the envelope or in the submission. For enquiry, please call 2804 2600.

18. It is voluntary for members of the public to supply their personal data when providing views on this consultation paper. Any personal data provided with a submission will only be used for the purpose of this consultation exercise. The names and views of the individuals and organisations which put forth submissions in response to this consultation paper (“senders”) may be published for public viewing after conclusion of the public consultation exercise. We will respect the wish of senders to

remain anonymous and/or keep the views confidential in part or in whole; but if no such request is indicated, it will be assumed that the senders can be named.

**Transport and Logistics Bureau  
Transport Department  
September 2022**

## Major Outcome of the 2013 and 2017 FAM Reviews

- (A) **Direct-drive FAM formula and PF:** the original direct-drive FAM formula has been retained in both reviews as follows –

$$\begin{aligned} \text{Overall fare adjustment rate} = & \\ & (0.5 \times \text{year-on-year change in CCPI in December of the previous year}) \\ & + (0.5 \times \text{year-on-year change in NWI(T) in December of the previous year}) \\ & - \text{PF} \end{aligned}$$

According to the outcome of the 2013 Review, the PF value in the formula was revised from 0.1% to 0.6% to moderate the fare adjustment. The PF value after the 2017 review was a negative figure, and hence was set at 0% according to the OA. The MTRCL agreed to provide a special adjustment of 0.6% each year in the six-year period between 2017/18 and 2022/23 to lower the fare adjustment rates computed according to the FAM formula, thereby continually benefitting all passengers;

- (B) **Introduction of an Affordability Cap:** regardless of the outcome of the direct-drive formula, the fare increase rate of that year would not be higher than the year-on-year change in the MMHI to address public affordability;
- (C) **Introduction of the PLA:** to address public concern on the linkage between the MTRCL's profitability and its fares, the MTRCL would, based on its underlying business profits each year, provide fare concessions so as to share the Corporation's success with passengers and lessen the fare burden on the public. The 2017 Review increased the provision for sharing under the PLA by increasing the amount of shared profit in each tier of the original pre-determined tiered table by \$25 million and the profit sharing limit from \$13 billion to \$15 billion. The original cap which limited the rebate amount to not more than half of the total additional revenue generated by the corresponding fare increase was also removed. The calculation method of the PLA is set out in [Appendix 1](#);
- (D) **Introduction of the SPA:** the MTRCL would set aside an amount for serious service disruptions (defined as disruptions of 31 minutes or above) caused by factors within its control to be given back to passengers through fare concessions. The 2017 Review increased the

maximum amount to be given back to passengers for each service disruption from \$15 million to \$25 million. The calculation method of the SPA is set out in **Appendix 2**;

- (E) Enhancement of monthly passes and related concessions:** to address the need and affordability of frequent medium- and long-distance MTR passengers, the MTRCL launched a number of new ticket schemes after the 2013 Review, including the MTR City Saver<sup>1</sup> and Monthly Pass Extras<sup>2</sup>. These concessions have been retained after the 2017 Review;
- (F) Retention of other concessions:** the ongoing fare concessions have been retained, such as the Fare Concession for the Elderly, Fare Concession for Children, Student Travel Scheme and other interchange discounts. In addition, after the 2017 Review, the MTRCL has retained the Early Bird Discount<sup>3</sup> offered since September 2014;

#### Major outcome of the 2017 Review

- (G) A special one-off 10% discount:** a one-off 10% special discount was introduced in respect of the fare adjustment rate of 2017/18 to benefit all passengers;
- (H) 3% Rebate for Every Trip:** from 2017/18 to 2022/23, the MTRCL needs to provide a 3% fare discount per journey to passengers for at least six months each year with the concession amount set aside under the PLA and SPA; and
- (I) Interchange Discount with GMB:** Octopus passengers interchanging between MTR and over 500 designated GMB routes can enjoy a discount of \$0.3 per journey. The discount is provided for five years from June 2018 to June 2023.

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<sup>1</sup> Holders of MTR City Saver are currently entitled to 40 rides within 40 days between the designated stations in the urban area.

<sup>2</sup> After purchasing Monthly Pass Extras, passengers are entitled to unlimited rides between the designated stations within a month, and a 25% fare discount for onward domestic journeys connecting non-designated stations.

<sup>3</sup> Commuters holding Adult Octopus can now enjoy a 35% fare discount when they exit from any of the core urban stations between 7:15 a.m. and 8:15 a.m. from Mondays to Fridays (except public holidays).

## Appendix 1 of Annex 1

### Profitability-linked Arrangement

According to the PLA under the FAM, the MTRCL will set aside an amount to be shared with passengers each year under different profit levels as specified in the pre-determined tiered table. Details of the pre-determined tiered table are as follows –

Underlying business profit of a year	Amount set aside for fare concessions	
	2013 Review	2017 Review
Below \$5B	0	0
\$5B to <\$6B	\$50M	\$75M
\$6B to <\$7B	\$75M	\$100M
\$7B to <\$8B	\$100M	\$125M
\$8B to <\$9B	\$125M	\$150M
\$9B to <\$10B	\$150M	\$175M
\$10B to <\$11B	\$175M	\$200M
\$11B to <\$12B	\$200M	\$225M
\$12B to <\$13B	\$225M	\$250M
\$13B to <\$14B	\$250M	\$275M
\$14B to <\$15B	\$250M	\$300M
≥\$15B	\$250M	\$325M

Note: The underlying business profits include profits from all the MTRCL businesses, i.e. profits from Hong Kong transport operations, Hong Kong station commercial business, Hong Kong property rental and management businesses, property developments, as well as profit from the Corporation's non-local ventures and other businesses. Profits arising from investment property revaluation are excluded.

## Appendix 2 of Annex 1

### Service Performance-linked Arrangement

According to the SPA under the FAM, the MTRCL will set aside an amount for providing fare concessions in respect of train service disruptions as follows –

Train service disruption	Amount set aside per incident	
	2013 Review	2017 Review
Equal to or more than 31 minutes but less than or equal to 1 hour	\$1M	\$1M
More than 1 hour but less than or equal to 2 hours	\$2M	\$2M
More than 2 hours but less than or equal to 3 hours	\$3M	\$3M
More than 3 hours but less than or equal to 4 hours	\$5M	\$5M
Each additional hour (or part thereof) exceeding 4 hours	\$2.5M	\$2.5M
Maximum amount per incident	\$15M (i.e. covering a disruption of 8 hours or more)	\$25M (i.e. covering a disruption of 12 hours or more)

Note: Service disruption is defined as disruptions and suspensions caused by equipment failure or human factor within the MTRCL's control. Exemption Events (i.e. events which are outside the control the MTRCL, such as passenger behaviours and adverse weather) are excluded from the SPA.

## Annex 2

### MTR Fare Adjustments between 2009/10 and 2022/23

Year	Effective Date	Overall Fare Adjustment Rate	Remarks
2009/10	Not Applicable	Not Applicable	The overall fare adjustment rate calculated according to the formula was +0.7%, which fell within the range of $\pm 1.5\%$ . According to the FAM, if the adjustment rate falls within the range of $\pm 1.5\%$ , the MTRCL would defer the fare adjustment with the rate carried forward to the following year. On this basis, the adjustment rate of +0.7% was carried over to the calculation of fare adjustment in 2010/11.
2010/11	13 June	+2.05%	The fare adjustment rate calculated according to the formula was +1.35%. Together with the +0.7% carried forward from 2009/10, the overall fare adjustment rate for 2010/11 was +2.05%.
2011/12	19 June	+2.2%	The MTRCL revised the overall fare adjustment rate for 2011/12 from +2.3% to +2.2%, having regard to C&SD's 2009/10 Household Expenditure Survey and the revised year-on-year percentage change in CCPI for December 2010 based on the Survey.
2012/13	17 June	+5.4%	
2013/14	30 June	+2.7%	From 2013/14 onwards, the fare adjustment rate was calculated in accordance with the outcome of the 2013 FAM Review.
2014/15	29 June	+3.6%	
2015/16	21 June	+4.3%	

<b>Year</b>	<b>Effective Date</b>	<b>Overall Fare Adjustment Rate</b>	<b>Remarks</b>
2016/17	26 June	+2.65%	The MTRCL revised the overall fare adjustment rate for 2016/17 from +2.7% to +2.65%, having regard to C&SD's 2014/15 Household Expenditure Survey and the revised year-on-year percentage change in CCPI for December 2015 based on the Survey.
2017/18	Not Applicable	Not Applicable	<p>The fare adjustment of the six-year period between 2017/18 and 2022/23 was calculated according to the outcome of the 2017 FAM Review.</p> <p>The overall fare adjustment rate was +1.49%, which was calculated according to the formula taking into account the special one-off 10% discount provided according to the 2017 FAM Review. As it fell within the range of <math>\pm 1.5\%</math>, it was carried forward to 2018/19 according to the mechanism.</p>
2018/19	30 June	+3.14%	The fare adjustment rate calculated according to the formula was +1.65%. Together with the +1.49% carried forward from 2017/18, the overall fare adjustment rate for 2018/19 was +3.14%.
2019/20	30 June	+3.3%	The year-on-year change in the MMHI for the fourth quarter of the previous year was +3.3%, which was lower than the fare adjustment rate of +3.6% calculated according to the formula. According to the simplified Affordability Cap arrangement, the 0.3% fare increase rate was scheduled to be recouped in 2021/22.
2020/21	Not Applicable	Not Applicable	The year-on-year change in the MMHI for the fourth quarter of the previous year was -2.48%, which was deemed as

Year	Effective Date	Overall Fare Adjustment Rate	Remarks
			0% according to the Affordability Cap arrangement. Based on the simplified arrangement, the 2.55% fare increase rate was scheduled to be recouped in 2021/22 (+1.28%) and 2022/23 (+1.27%) respectively.
2021/22	27 June	-1.85%	<p>The MTRCL revised the overall fare adjustment rate for 2021/22 from -1.7% to -1.85%, having regard to C&amp;SD's 2019/20 Household Expenditure Survey and the revised year-on-year percentage change in CCPI for December 2020 based on the Survey.</p> <p>Due to the downward fare adjustment, the total fare adjustment rate of +2.85% carried forward from 2019/20 and 2020/21 was carried forward again according to the mechanism.</p>
2022/23	Not Applicable	Not Applicable	<p>The overall fare adjustment rate calculated according to the formula was +0.5%, which fell within the range of <math>\pm 1.5\%</math>. It was carried forward to 2023/24 according to the mechanism.</p> <p>As there was no fare adjustment, the fare adjustment rate of +2.85% carried forward from 2019/20 and 2020/21 was carried forward to 2023/24. There will be a total fare adjustment rate of +3.35% to be carried forward to 2023/24.</p>

## Fare Concessions offered by the MTRCL

### (1) Special Fare Concessions

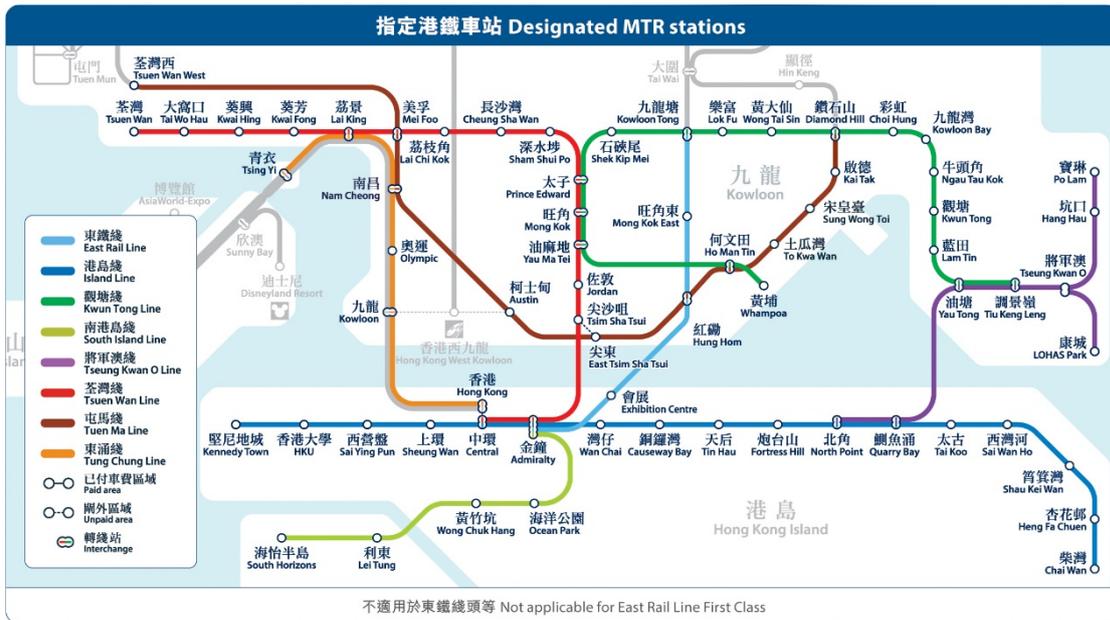
#### (a) *3% Rebate for Every Trip*

From 2017/18 to 2022/23, the MTRCL needs to provide a 3% fare discount per journey to passengers for at least six months each year with the concession amount set aside under the PLA and SPA. If the concession amount set aside in any year can provide a 3% fare discount for more than six months, the MTRCL will return to passengers the whole sum in full. On the contrary, if the concession amount set aside in any year cannot sustain the provision of the fare discounts, the MTRCL will top up the funding difference with additional resources to ensure that a 3% fare discount will be offered to passengers for six months in that year.

In 2022/23, the MTRCL agreed to set aside additional resources to enhance the 3% Rebate for Every Trip for half a year committed under the FAM to 3.8% until 1 January 2023.

#### (b) *MTR City Saver*

In June 2014, the MTRCL introduced the MTR City Saver to benefit frequent medium- and long-distance MTR travellers commuting to stations in the urban area. Holders of MTR City Saver are entitled to 40 rides within 40 days between the designated stations in the urban area (see route map below).



(c) *Monthly Pass Extras*

Upon purchasing the Monthly Pass Extras, passengers are entitled to unlimited rides between the designated stations within a month, and a 25% discount for onward domestic journeys connecting non-designated stations. The Monthly Pass Extras include –

- Sheung Shui/Wu Kai Sha – East Tsim Sha Tsui: valid for standard class journeys between Sheung Shui and Hung Hom stations (except Racecourse Station) on the East Rail Line, journeys between Wu Kai Sha and East Tsim Sha Tsui stations on the Tuen Ma Line and MTR Feeder Bus;
- Tuen Mun – Nam Cheong: valid for journeys between Tuen Mun and Nam Cheong stations on the Tuen Ma Line, the Light Rail, MTR Bus and other designated feeder services;
- Tuen Mun – Hung Hom: valid for journeys between Tuen Mun and Hung Hom stations on the Tuen Ma Line, the Light Rail, MTR Bus and other designated feeder services;
- Tung Chung – Nam Cheong: valid for journeys between Tung Chung and Nam Cheong stations on the Tung Chung Line; and
- Tung Chung – Hong Kong: valid for journeys between Tung Chung and Hong Kong/Central stations on the Tung Chung Line.

(d) *Tuen Mun – Nam Cheong Day Pass*

Holders of the Tuen Mun – Nam Cheong Day Pass can enjoy unlimited travel between Tuen Mun and Nam Cheong stations, on the Light Rail and MTR Bus on the day of purchase.

(e) *Early Bird Discount*

To address the relatively high train loading situation during the morning peak period, the MTRCL launched the “Early Bird Discount” Trial Programme in 2014. Commuters using Adult Octopus can now enjoy a 35% fare discount when they exit from any of the 48 core urban stations (set out below) between 7:15 a.m. and 8:15 a.m. from Mondays to Fridays (except public holidays).



(f) *Interchange Discount with GMB*

Passengers using the same Octopus to interchange between MTR and over 500 designated GMB routes within a specified period can enjoy interchange discounts of \$0.3. The discount is provided for five years from June 2018 to June 2023.

(2) **Ongoing fare concessions and promotional schemes**

Apart from the above concessions, the MTRCL has been offering a wide range of fare concessions and promotional schemes to benefit different passenger groups. Details are set out below –

<b>Promotion</b>		<b>Details</b>
(a)	Student Travel Scheme	<ul style="list-style-type: none"> <li>• Eligible full-time students aged between 12 and 25 can enjoy about half-fare concessions with their Personalised Octopus encoded with Student Status (not applicable to cross boundary journeys to/from Lo Wu and Lok Ma Chau stations, East Rail Line First Class, MTR Feeder Bus and Airport Express).</li> <li>• The average daily number of passenger trips in the MTR network enjoying the student fare concession is about 282 000.</li> </ul>
(b)	Fare Concession for the Elderly#	<ul style="list-style-type: none"> <li>• Elderly persons aged 65 or above can enjoy about half-fare concessions with Elderly Octopus, Personalised Octopus or Concessionary Single Journey Tickets.</li> <li>• The MTRCL funds the difference between the half-fare and \$2 fare concessions for Elderly Octopus holders travelling in the domestic railway network on Wednesdays, Saturdays and public holidays (except Sundays) while such fare difference for the remaining days of the week is absorbed by the Government.</li> <li>• The MTRCL also funds the \$2 fare concession for Elderly Octopus holders travelling to/from Racecourse Station.</li> <li>• The average daily number of passenger trips in the MTR network enjoying the elderly fare concession is about 543 000.</li> </ul>
(c)	Fare Concession for Children	<ul style="list-style-type: none"> <li>• Children aged 3 to 11 can enjoy about half-fare concessions with Child Octopus or Concessionary Single Journey Tickets.</li> <li>• The average daily number of passenger trips in the MTR network enjoying the child fare concession is about 147 000.</li> </ul>

<b>Promotion</b>		<b>Details</b>
(d)	Fare Concession for Persons with Disabilities#	<ul style="list-style-type: none"> <li>• The MTRCL funds with its own resources the half-fare concessions for persons aged 64 or below with 100% disability under the Comprehensive Social Security Assistance Scheme or recipients of Disability Allowance, while the Government pays for the difference between the half-fare and \$2 fare concessions.</li> <li>• The average daily number of passenger trips in the MTR network enjoying the fare concession for persons with disabilities is about 69 000.</li> </ul>
(e)	Fare Savers	<ul style="list-style-type: none"> <li>• Currently, there are 41 fare savers. By waving Adult Octopus over the machines, passengers can enjoy \$2 discount for their next train trip at designated MTR stations.</li> </ul>
(f)	Light Rail Personalised Octopus Frequent User Bonus Scheme	<ul style="list-style-type: none"> <li>• Adults, children or senior citizens travelling on Light Rail with Personalised Octopus can accumulate bonus points for discounted journey on Light Rail.</li> </ul>
(g)	Interchange between Tuen Ma Line and Light Rail/MTR Bus	<ul style="list-style-type: none"> <li>• Passengers using the same Octopus to interchange between designated Tuen Ma Line stations and Light Rail/MTR Bus within a specified period can enjoy free rides on Light Rail (applicable to Light Rail journeys with Adult and Concession Octopus fares lower than or equal to \$5.1 and \$2.4 respectively) or MTR Bus routes.</li> </ul>
(h)	Interchange between Light Rail and MTR Bus	<ul style="list-style-type: none"> <li>• Passengers using the same Octopus to interchange between Light Rail and designated MTR Bus routes within a specified period can enjoy the MTR Bus ride for free.</li> </ul>

<b>Promotion</b>		<b>Details</b>
(i)	Interchange between MTR and MTR Feeder Bus	<ul style="list-style-type: none"> <li>Passengers using the same Octopus to interchange between MTR and MTR Feeder Bus routes at designated MTR stations within a specified period can enjoy an interchange discount equalling to \$4.3 or the MTR fare, whichever is lower.</li> </ul>
(j)	Interchange discount with Franchised Bus/GMB	<ul style="list-style-type: none"> <li>Adult passengers using the same Octopus to interchange between MTR and designated franchised bus/GMB routes within a specified period can enjoy an interchange discount.</li> </ul>

# Upon implementation of the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities on 28 June 2012, elderly aged 65 or above and eligible persons with disabilities can enjoy a concessionary fare of \$2 per trip for MTR domestic service. Since 27 February 2022, the Scheme has been extended to cover Hong Kong residents aged 60 to 64 using JoyYou Card.