

Legislative Council Panel on Welfare Services

**Public Transport Fare Concession Scheme for the
Elderly and Eligible Persons with Disabilities**

Introduction

This paper presents the salient features of the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme).

Purpose and Principles of the Scheme

2. The Scheme, as announced in the 2011-12 Policy Address, is to enable elderly people aged 65 or above and eligible people with disabilities to travel on the general Mass Transit Railway (MTR) lines, franchised buses and ferries at any time at a concessionary fare of \$2 per trip. It aims to help build a caring and inclusive society by encouraging the elderly and eligible persons with disabilities to participate more in community activities. The target beneficiaries are -

- (a) elderly people aged 65 or above; and
- (b) recipients under the Comprehensive Social Security Assistance (CSSA) Scheme aged between 12 and 64 with 100% disabilities and recipients of Disability Allowance (DA) in the same age group.

We expect that around 1.1 million people, including about 980 000 elderly people and 130 000 eligible persons with disabilities, will benefit from the Scheme.

3. On the premise that public transport operators concerned will continue to absorb the cost of existing concessions that they are voluntarily offering to the elderly and eligible persons with disabilities, the Government will provide additional resources, on an accountable and reimbursement basis, to cover the fare differential between the nominal fare and \$2.

Coverage of the Scheme

4. The **Annex** sets out, in general, services of the MTR, franchised buses and ferries to be covered under the Scheme. According to the basic principle mentioned in paragraph 3 above, journeys which offer concessionary fares at or below \$2 will not be covered under the Scheme.

5. We note that there are calls for including minibuses and trams in the Scheme. In the case of minibuses, there were 130 green minibus (GMB) operators (operating 3 071 GMBs) and 765 red minibus (RMB) owners (owning 1 279 RMBs) as at end-March 2012. They are generally of a small scale and with different modes of operation and financial positions. Moreover, most of the minibus operators do not currently provide concessionary fare to the elderly and persons with disabilities. Furthermore, the Transport Department (TD) only regulates the fare levels of GMBs, but not those of the RMBs. Adding minibuses to the Scheme would therefore necessitate prolonged discussion with each of these individual operators on the share of fare revenue forgone to be borne by the Government and the technical reimbursement arrangements, hence significantly delaying the launch of the Scheme.

6. The Hong Kong Tramways, Limited is currently already offering a concessionary fare of \$1 for the elderly¹, which is lower than the concessionary fare of \$2 under the Scheme. The Scheme is, therefore, not applicable to trams in this regard.

7. It should be noted that the Scheme is not intended to subsidize the operation of public transport operators nor is it intended to relieve the pressure of fare increases. The Scheme aims to encourage the elderly and eligible persons with disabilities to participate more in community activities, thus enriching social capital and developing a spirit of care and inclusiveness. To enable the elderly and eligible persons with disabilities to enjoy the \$2 concessionary fares as soon as possible, our focus is to implement the Scheme covering MTR, franchised buses and ferries. By covering these three major modes of public transport, the scope of the Scheme is already wide enough to account for about 72% of the daily public transport patronage in 2011.

¹ With effect from 7 June 2012, the fare will become \$1.1 for the elderly.

Target Beneficiaries under the Scheme

8. As set out in paragraph 2 above, elderly people aged 65 and above can benefit from the Scheme. This elderly age limit is broadly in line with the age limit for various government financial assistance programmes for the elderly.

9. As regards the target group of persons with disabilities to benefit from the Scheme, consideration has been given to the past deliberations of the “Subcommittee to Study the Transport Needs and Provision of Concessionary Public Transport Fares for Persons with Disabilities” (the Subcommittee) which was formed under Legislative Council (LegCo)’s House Committee in 2005 to follow up on the transport needs and provision of concessionary public transport fares for persons with disabilities. The Subcommittee recognised that the objective of offering concessionary public transport fares is to facilitate the integration of persons with disabilities into the community and lessen their financial burden. In view of the broad definition of the term “disability”² under the Disability Discrimination Ordinance (DDO) (Cap. 487), it was considered unrealistic to provide public transport fare concessions to all persons with disabilities protected by the DDO as this would amount to a general fare reduction for almost everyone. The Subcommittee also noted that the potential number of persons eligible for a Registration Card for People with Disabilities would also be very large, including some with no great need for assistance and encouragement, as the criteria for issuing such a card are much more relaxed than those of DA. After rounds of discussion and having regard to the views of persons with disabilities and public transport operators, the Subcommittee requested that concessionary public transport fares should be provided to recipients under the CSSA Scheme aged between 12 and 64³ with 100% disabilities and

² Pursuant to section 2(1) of the DDO "disability" (殘疾), in relation to a person, means-

- (a) total or partial loss of the person's bodily or mental functions;
- (b) total or partial loss of a part of the person's body;
- (c) the presence in the body of organisms causing disease or illness;
- (d) the presence in the body of organisms capable of causing disease or illness;
- (e) the malfunction, malformation or disfigurement of a part of the person's body;
- (f) a disorder or malfunction that results in the person learning differently from a person without the disorder or malfunction; or
- (g) a disorder, illness or disease that affects a person's thought processes, perception of reality, emotions or judgment or that results in disturbed behaviour, and includes a disability that-
 - (i) presently exists;
 - (ii) previously existed but no longer exists;
 - (iii) may exist in the future; or
 - (iv) is imputed to a person.

³ Key transport operators, such as the MTR Corporation Limited, are already offering fare

recipients of DA in the same age group. The Subcommittee agreed that, having regard to their degree of disability and financial situation, this group of people is in need of assistance and encouragement for social integration the most.

10. The group of eligible persons with disabilities under the Scheme has been devised on the basis of the above principle. In the light of the above considerations, the MTR Corporation Limited (MTRCL) has also launched a fare concession scheme (about half-fare) for the same group of persons with disabilities since December 2009.

11. There are calls for relaxing the eligibility criteria to cover persons with less than 100% disabilities. Given that the definition of the term “disability” under the DDO is very broad and that the fare concessions to be offered under the Scheme are non-means-tested and incur a significant amount of recurrent public resources, we consider that the beneficiaries of the Scheme should be those persons with more severe disabilities who have greater needs for assistance and encouragement to participate in community activities away from home, thereby enhancing their integration into society. At present, the non-means-tested financial assistance provided to persons with disabilities by the Government, i.e. DA, and the about half-fare concessions for persons with disabilities offered by MTRCL also adopt the same eligibility criteria.

Implementation Arrangements and Timeline

12. Target beneficiaries under the Scheme will make use of the Octopus Card to enjoy the concessionary fare under the Scheme⁴. This will obviate the need for individual beneficiaries to apply for the \$2 concessionary fare or carry an extra payment card to enjoy the concessionary fare. In addition, by making use of the Octopus Card system and a new centralized settlement platform tailor-made for the Scheme, the Government can obtain accurate daily patronage record under the Scheme for calculating the fare revenue forgone by the public transport operators concerned. This will provide an efficient means for the Government to process public transport operators’ reimbursement applications. To facilitate early

concessions to children aged 11 or below and senior citizens aged 65 or above.

⁴ The elderly will have to use Elder Octopus Card or Personalized Octopus Card whereas persons with disabilities will have to use Personalized Octopus Cards with “Persons with Disabilities Status”.

implementation of the Scheme, TD will, however, process reimbursement applications from MTRCL and four of the five franchised bus operators⁵ direct, while the centralized settlement platform is being developed⁶. As regards the New Lantao Bus Company (1973) Limited and the ferry operators which are technically less advanced, they will make claims for reimbursement through the centralized settlement platform.

13. To implement the Scheme, the transport operators concerned will have to enhance/modify their fare collection systems to ensure only \$2 are deducted from the Octopus Cards of the elderly and eligible persons with disabilities when they travel on the routes covered under the Scheme, and that the daily patronage is properly recorded and the revenue forgone is accurately calculated. The franchised bus and ferry operators would also have to upgrade their systems and card readers to recognize the Personalized Octopus Card with “Persons with Disabilities Status” issued by the Octopus Cards Limited. All this involves a lot of liaison work between the Government and public transport operators concerned as well as complex software and hardware system upgrading work. For example, the MTR has over 11 000 trip combinations. Coupled with interchange concessions, it takes time to modify the fare table and to test the system for implementing the Scheme. In addition, the modified software has to be loaded onto each of the Octopus Card readers, which are currently installed respectively at the 2 200 and 1 500 entrance / exit gates at 84 MTR stations and 68 Light Rail stops, 5 800 franchised buses and 140 MTR buses. In order not to affect daily operation, installation and testing have to be conducted at these facilities and buses only when they are not in service.

14. Given the technical complexity set out in paragraphs 12 and 13 above, the public transport operators concerned will be ready to implement the Scheme at different points in time. Their latest timing of technical readiness is as follows -

⁵ They are The Kowloon Motor Bus Company (1933) Limited, Long Win Bus Company Limited, Citybus Limited and New World First Bus Services Limited.

⁶ The centralized settlement platform will initially cater for the New Lantao Bus Company (1973) Limited and the ferry operators, with the eventual target of covering MTRCL and other franchised bus operators as well.

Public transport operators	Timing of technical readiness (tentative)
MTRCL	Around end-June* or July 2012 (*subject to securing funding approval of LegCo's Finance Committee at its meeting scheduled for 8 June 2012)
The Kowloon Motor Bus Company (1933) Limited, Long Win Bus Company Limited, Citybus Limited and New World First Bus Services Limited	Around mid-September 2012
New Lantao Bus Company (1973) Limited, operators running the franchised and major licensed ferry services	Around the first quarter of 2013

15. We are also working towards amending Schedule 5 to the DDO by end-June 2012 to put beyond doubt that the provision of the proposed public transport fare concessions would not constitute a contravention of the DDO.

16. Taking into account the timeline in paragraph 14 above and subject to funding approval in early June 2012, we suggest adopting a pragmatic and flexible approach by rolling out the Scheme in a phased approach according to the respective operator's technical readiness so that the target beneficiaries can benefit from the Scheme as soon as possible.

Financial Implications

17. Subject to funding approval and adherence to the tentative implementation timeline set out in paragraph 14 above, we estimate that the cost of reimbursing public transport operators under the Scheme in 2012-13 from end-June onwards would be about \$230 million. With full implementation of the Scheme on the three major modes of public transport

and factoring in the projected growth in the elderly population and in the number of persons with disabilities, the cost of reimbursement is estimated to be around \$400 million in 2013-14. In these estimates, while we have considered the higher patronage experienced by the MTRCL and the franchised bus operators on the days during which they are currently offering \$2 concessionary fare on a voluntary basis, we have not factored in additional patronage which may be induced by the Scheme, the impact of future transport fare adjustments and other changing circumstances which are difficult, if not impossible, to anticipate.

18. The Scheme will entail additional recurrent manpower and administrative costs as well as one-off information technology system procurement and enhancement cost. We plan to seek funding approval from the LegCo Finance Committee on 8 June 2012.

Review

19. After the Scheme has been up and running smoothly, we will review the scope of the Scheme to consider whether it should be extended to cover other modes of public transport. In the light of the substantial and potentially increasing public resources involved, we will also conduct a comprehensive evaluation of the Scheme three years after it has been fully implemented to assess the long-term financial, transport and welfare implications.

**Labour and Welfare Bureau
Transport and Housing Bureau
May 2012**

Services of the Public Transport Operators Covered Under the Scheme

Mass Transit Railway (MTR)

- All domestic MTR services, including Light Rail, MTR Bus and MTR Feeder Bus; but not the Airport Express, East Rail Line services to and from Lo Wu, Lok Ma Chau and Racecourse Stations, and first-class service of East Rail Line.

Franchised Buses

- All routes of Kowloon Motor Bus, Long Win Bus, Citybus, New World First Bus and New Lantao Bus, except their “A” routes to the Airport, racecourse routes, as well as those routes which offer pre-booking services^{Note 1}.

Ferries

	<u>Ferry Operators</u> ^{Note 2}	<u>Routes Covered</u>
1.	New World First Ferry Services	Central – Cheung Chau ^{Note 3}
2.	Limited	Inter-islands (Peng Chau – Mui Wo – Chi Ma Wan – Cheung Chau)
3.		Central – Mui Wo ^{Note 3}
4.		North Point – Hung Hom
5.		North Point – Kowloon City
6.	Hong Kong & Kowloon Ferry Limited	Central – Peng Chau
7.	Islands Ferry Company Limited	Central – Yung Shue Wan
8.	Winnertex Limited	Central – Sok Kwu Wan
9.	Discovery Bay Transportation Services Limited	Central – Discovery Bay
10.	Park Island Transport Company	Ma Wan – Central
11.	Limited	Ma Wan – Tsuen Wan
12.	Coral Sea Ferry Service Limited	Sai Wan Ho – Kwun Tong
13.		Sai Wan Ho – Sam Ka Tsuen
14.		Peng Chau – Hei Ling Chau
15.	Tsui Wah Ferry Service (H.K.) Limited	Aberdeen – Yung Shue Wan via Pak Kok Tsuen

16.	Chuen Kee Ferry Limited	Aberdeen – Sok Kwu Wan via Mo Tat
17.	Fortune Ferry Company Limited	North Point – Kwun Tong
18.		Tuen Mun – Tung Chung – Sha Lo Wan – Tai O
19.	Peng Chau Kaito Limited	Discovery Bay – Mui Wo
20.	The “Star” Ferry Company, Limited	Central – Tsim Sha Tsui ^{Note 4}
21.		Wan Chai – Tsim Sha Tsui ^{Note 4}

Note:

- (1) This refers to special services of the New Lantao Bus Company (1973) Limited which run the same usual routes on a pre-booking and group hire basis.
- (2) The Scheme does not cover “kaito” services, which serve a small number of passengers per day. As most of the “kaito” services are of smaller scale and provide non-regular services, Transport Department allows “kaito” services to have more operational flexibility e.g. frequency, fares and timetables.
- (3) The Scheme does not cover deluxe class services.
- (4) Star Ferry currently provides free ride for the elderly and a concessionary fare of \$1.4 to \$1.8 for persons with disabilities on its two franchised ferry routes. Subject to LegCo’s negative vetting, its holiday upper deck fare for persons with disabilities will be increased from \$1.8 to \$2.1 with effect from 24 June 2012. The Scheme will then include Star Ferry’s two franchised routes should the fare increase be effected as planned.