

**For discussion on
10 November 2014**

Legislative Council Panel on Welfare Services

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

Proposed Extension to Green Minibuses

Purpose

The Chief Executive announced in the 2014 Policy Address that the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme) will be extended to green minibuses (GMBs) in phases starting from the first quarter of 2015. This paper briefs Members on the latest position.

The Scheme

2. The Scheme enables elderly people and eligible persons with disabilities¹ to travel on the general Mass Transit Railway (MTR) lines², franchised buses³ and ferries⁴ any time at a concessionary fare of \$2 per trip. It aims to help build a caring and inclusive society by encouraging these groups to participate more in community activities. The Scheme has been implemented on MTR, franchised buses and ferries in three phases since June 2012, August 2012 and March 2013 respectively. It was extended to eligible children with disabilities aged below 12 in May 2014.

Operating Principles

3. The public transport operators participating in the Scheme are required to continue to absorb the cost of existing concessions that they are voluntarily offering to the elderly and eligible persons with disabilities, while

¹ Elderly people refer to those aged 65 or above, whereas eligible persons with disabilities are persons aged below 65 with severe disability as defined under the Disability Allowance receiving the allowance and those with 100% disabilities receiving Comprehensive Social Security Assistance in the same age group.

² Including all heavy rail services (excluding Airport Express, East Rail Line to and from Lo Wu, Lok Ma Chau and Racecourse Stations, and first-class service of East Rail Line), Light Rail services and MTR bus service.

³ Excluding "A" routes to and from the airport, racecourse routes and routes of New Lantao Bus on a pre-booking and group hire services.

⁴ Designated ferry services excluding deluxe class.

the Government will provide additional resources, on an accountable and reimbursement basis, to cover the fare differential between the fare charged by the operators and \$2 paid by each eligible beneficiary.

Existing Modes of Transport Covered by the Scheme

4. The services covered under the existing scope of the Scheme are general MTR lines, franchised buses (i.e. Kowloon Motor Bus, Long Win Bus, Citybus, New World First Bus and New Lantao Bus) and major ferry routes, which altogether account for 74% of the average daily public transport passenger trips in Hong Kong.

Number of Eligible Beneficiaries and Patronage under the Scheme

5. To date, the total number of eligible beneficiaries under the Scheme is around 1.2 million, with about 1.07 million elderly people aged 65 or above and about 140 000 eligible persons with disabilities. Public response to the Scheme has been very positive. According to the information provided by the participating public transport operators, the daily average number of passenger trips made under the Scheme was 721 500 by end-September 2014, broken down as follows:

	No. of Elderly Persons	No. of Eligible Persons with Disabilities	Total Patronage
MTR	232 200	37 200	269 400
Franchised Buses	395 500	50 700	446 200
Ferries	5 300	600	5 900
Total	633 000	88 500	721 500

In 2013-14, the reimbursement of revenue forgone to public transport operators concerned by the Government under the Scheme stood at \$506.0 million. For 2014-15, the figure is estimated to rise to around \$594.2 million. For the first half of 2014-15 (up to end-September 2014), the actual reimbursement of revenue forgone to the public transport operators concerned was \$260.2 million, broken down as follows:

Public Transport Operators	2014-15 Actual Expenditure (as at end-September 2014)		
	Elderly Persons	Eligible Persons with Disabilities	Total
	\$ million	\$ million	\$ million
MTR	53.4 (27.5%)	12.1 (18.3%)	65.5 (25.2%)
Franchised Buses	131.4 (67.8%)	53.2 (80.2%)	184.6 (70.9%)
Ferries	9.1 (4.7%)	1.0 (1.5%)	10.1 (3.9%)
Total	193.9 (100%)	66.3 (100%)	260.2 (100%)

Proposed Extension of the Scheme to GMBs

Implementation Details

6. The Chief Executive announced in the 2014 Policy Address to extend the Scheme to GMBs in phases starting from the first quarter of 2015. In pursuit of this, the Government will adhere to the principles of the Scheme stated in paragraph 3 above. In extending the Scheme to GMBs, the Transport Department (TD) will have to enhance the existing Centralised Settlement Platform (the platform) currently developed for ferry operators and New Lantao Bus to cover GMBs for the purpose of recording the daily passenger trips taking GMB services under the Scheme and for calculating the fare revenue forgone by the GMB operators concerned. At the same time, the GMB operators concerned will have to upgrade their fare collection system and adopt the necessary auditing, accounting and operational arrangements so as to enable them to be eligible for receiving reimbursement under the Scheme.

7. As at end-September 2014, there were 155 GMB operators running about 490 routes with 3 125 GMBs. The operators are of various scales and with different modes of operation, financial positions and technical sophistication. There are various fare structures, and the operators have different accounting and registration arrangements with the Octopus Cards Limited (OCL). As the existing operators may join the Scheme voluntarily it has taken some time for TD to discuss with each of the individual operators to ascertain their interest in joining the Scheme.

8. Up to end-October 2014, 126 (or 81.3%) of the existing GMB operators have indicated interest in joining the Scheme. TD has been actively discussing with these interested operators with a view to helping them resolve any technical problems they encounter, particularly those referred to in paragraph 6 above. TD has also started work with OCL and these operators

to set up the GMB database to facilitate the platform enhancement work. Having regard to the technical requirements/complications involved and the readiness of individual operators, the first batch of extension of the Scheme to GMBs will be implemented around end-March 2015 at the earliest. Of the 126 interested operators, 116 have started the preparatory work since June 2014 and have by now completed most of the essential tasks relating to operational and accounting issues. Depending on whether they can complete the final stage of work including finalising the faretables, audit work and system deployment work by March 2015 before the target launch of the Scheme, these operators may be able to join the first batch of GMBs under the Scheme. For the remaining ten interested operators, they have started the preparatory work not too long ago and will need some time to complete the required tasks. We propose to launch a second batch of extension to cover these ten interested operators in two to three months' time after the launch of the first batch, depending on these operators' readiness to join the Scheme. These 126 interested operators altogether provide 407 routes (83.1% of the total) with 2 626 GMBs (84.0% of the total) in 17 districts⁵. TD will in due course enter into a contract with each of the participating operators to stipulate the specific implementation arrangements for the Scheme.

9. For the remaining 29 existing GMB operators which have not indicated interest in joining the Scheme at this stage, most of their routes are now served by MTR or franchised bus companies which have participated in the Scheme. Nonetheless, TD will continue to liaise with these GMB operators and encourage them to join the Scheme. TD is prepared to consider launching a third or fourth phase to cover the remaining operators should they be interested and ready to join the Scheme.

10. TD has, since June 2014, incorporated conditions to require operators to participate in the Scheme upon the introduction of service when inviting applications for operation of GMB route packages. This would ensure that new GMB⁶ routes will be covered by the Scheme.

Financial Implications

11. It is estimated that the cost of reimbursing GMB operators under the Scheme would be around \$1.0 million in 2014-15, \$193.4 million in 2015-16 for the phased implementation, and \$221.6 million in 2016-17 when it is fully implemented for GMBs. In this connection, it is noteworthy that most GMB

⁵ There is no GMB service in Islands District.

⁶ TD will invite applications for operating new routes, and also for existing routes where GMB operators give up their operating right of any such routes or where TD cancel the operating right of GMB operators with poor performance.

operators, unlike MTR, franchised bus companies and ferry companies, have not been offering fare concessions to the elderly persons or persons with disabilities. The extension of the Scheme to GMBs will also entail an additional one-off system procurement and enhancement cost of \$7.4 million.

Legislative Amendments

12. The Government will amend Schedule 5 to the Disability Discrimination Ordinance (Cap. 487) (DDO), by January 2015, to put beyond doubt that the provision of the proposed public transport fare concessions would not constitute a contravention of DDO. Similar amendments were made in June 2012 before launching the Scheme on MTR, franchised buses and ferries.

Publicity Arrangements

13. We will arrange suitable publicity, including press release, television and radio announcements on extending the Scheme to GMBs prior to the implementation date of each batch of the extension scheme to GMBs. Those GMBs participating in the Scheme will each carry a logo at a prominent position to help the beneficiaries of the Scheme identify them and differentiate them from those GMBs not joining the Scheme. The GMB operators concerned will be encouraged to join the Government in publicising and promoting the Scheme.

Advice Sought

14. Members are invited to note the content of this paper.

**Labour and Welfare Bureau
November 2014**