

The Government of the Hong Kong Special Administrative Region

政府總部  
環境運輸及工務局  
香港花園道美利大廈



Environment, Transport  
and Works Bureau  
Government Secretariat  
Murray Building, Garden Road,  
Hong Kong

本局檔號 Our Ref. ETWB(T) 2/4/120

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Tel. No. : 2189 2181  
Fax No. : 2104 7274

5 June 2004

Ms E Tsang  
Clerk to Panel  
Legislative Council  
8 Jackson Road  
Central  
Hong Kong  
[Fax No. : 2521 7518]

Dear Ms Tsang,

**Student Travel Subsidies and Section Fares**

Thank you for your letter of 25 May 2004, informing us the views of Legislative Council (LegCo) members on matters relating to student travel subsidies and implementation of section fares by bus companies. The letter also attaches a submission from a deputation (爭取基層生活保障組) on the above. Our responses to the comments of the LegCo members and the deputation are set out below.

**Student Travel Subsidies**

The Government has all along been encouraging the public transport operators to provide fare concessions to their passengers including students having regard to their own operating and financial conditions. At present, five public transport modes, including MTR, KCRC Light Rail, green minibus, ferry and peak tramways, are providing different kinds of fare concessions to students. The students can also enjoy fare concessions offered by MTR, KCRC Light Rail and the ferry service between Central and Discovery Bay during public holidays.

In accordance with the spirit and system of free enterprise, the reduction of fares or provision of fare concessions to students is the commercial decision of the relevant public transport operators. The government has no plan to impose condition in the tenders or franchises to require bus or ferry operators to offer fare concessions to students. Nonetheless, applicants who undertake to provide fare concessions for students upon successfully selected for operation of green minibus or licensed ferry services will be awarded with extra marks in the assessment of the Operators Selection Exercises. This measure is to encourage the public transport operators to offer fare concessions to students. This arrangement will also be introduced in the selection of operators for new bus routes in future.

As regards the suggestion to provide travel subsidy to all students, the Government's policy is to ensure that no eligible student is deprived of education because of lack of means. For effective use of public funds, applicants will have to pass the mean-test before they are assisted under the existing travel subsidy schemes (i.e. the Student Travel Subsidy Scheme and the Cross-net Travel Subsidy Scheme).

In the 2003/04 school year (as at 15 May 2004), the Government has already disbursed \$378 million to provide travel subsidy to more than 245 000 needy students. In the 2002/03 school year, the total amount of subsidy was over \$438 million. If the existing student travel subsidy schemes were to be extended to cover all students irrespective of their financial needs, the amount of public funds involved would be very substantial, imposing a heavy financial burden on Government. In the light of current financial stringency, this is not considered an appropriate use of public funds. If public transport operators were required to provide the same amount of fare concession to students as that disbursed under the student travel subsidy scheme, it is anticipated that their financial position will be affected. The revenue foregone might have to be recovered in the form of higher fares to other passengers. This is not in the interest of the community.

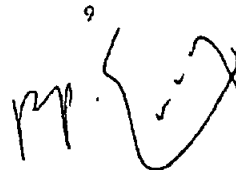
Regarding the question of whether the travel subsidies provided for students have already included their needs to attend extra-curricula activities, the travel subsidies provided under the two existing travel subsidy schemes have already taken into account the needs of students to attend extra-curricular activities. Eligible secondary and primary students are now provided with travel subsidy equivalent to 12 trips per week to and from their home and school during term time whilst post-secondary/tertiary students get 14 trips per week.

### **Implementation of Section Fares**

At present, about 430 franchised bus routes (about 72% of total) provide section fares. Section fares are offered by bus operators based on their commercial decision having regard to their own operating conditions and the operating environment of individual routes, including the types of bus routes operated in terms of their service nature, passenger demand pattern, journey distance etc.

The introduction of multi-section fares requires careful examination of a number of factors in order to ensure that proper and efficient franchised bus service will continue to be provided to the passenger. As provision of multi-section fares on bus routes requires careful analysis and section fares are already provided on the majority of the franchised bus routes, we do not consider it appropriate to impose condition in the franchises to require operators to provide section fares. However, we will continue to encourage and facilitate the bus companies to introduce more section fares and to adopt a more proactive approach in assessing the feasibility of introducing pilot scheme on multi-section fares.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'M. Lee' with a stylized flourish at the end.

(Miss Angela Lee)  
for Secretary for the Environment,  
Transport and Works

c.c. SEM (Attn. : Ms Vivian Lau) [Fax No. : 2116 0615]  
C for T (Attn. : Mrs Lily Lam) [Fax No. : 2824 2176]

香港特別行政區政府  
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Tel: 2189 2101  
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16 June 2004

Secretary General  
Legislative Council Secretariat  
8 Jackson Road  
Central  
Hong Kong  
(Attn: Ms Erin Tsang)  
(Fax No.: 2521 7518)

Dear Ms Tsang,

**Student Travel Subsidies and Section Fares**

Further to our letter to you of 5 June 2004 on the captioned subject, we would like to elaborate some of our responses to the comments of the Legislative Council Members and the deputations in the following paragraphs.

Regarding the question on the impact on fare increase if public transport operators were required to provide students with half-fare concessions, it is anticipated that the financial position of the operators will be adversely affected if such requirement were imposed on them. With reference to the total amount spent under the Student Travel Subsidy Scheme and the Cross-net Travel Subsidy Scheme in the 2003/04 school year (as at 15 May 2004) and 2002/03 school year (which is \$378 and \$438 million respectively), it is estimated that the revenue foregone of the public transport operators would be more than the above amounts if all students were to be provided with half-fare concessions, and that such revenue foregone might cause pressure to charge other passengers a higher fare.

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In view of the recent economic situation, the Government has all along encouraged public transport operators to consider reducing their fares or introducing concessionary fares having regard to their financial position. However, in accordance with the spirit and system of the free enterprises, the reduction of fares or provision of fare concessions is the commercial decision of the relevant public transport operators. In response to Government's encouragement, the public transport operators have launched over 50 fare concession schemes since July 2002, such as the "Ride 10 Get 1 Free" promotion scheme initiated by MTRCL, the benefits of which can also be enjoyed by students. The deputations can rest assured that we will continue to encourage the public transport operators to consider reducing their fares and introducing fare concessions. The Transport Department will contact the deputations direct to further understand their concerns.

Yours sincerely,



(Miss Emily Mo)

for Secretary for the Environment,  
Transport and Works



c.c. SEM (Attn: Ms Vivian Lau) (Fax: 2116 0615)  
C for T (Attn: Mrs Lily Lam) (Fax: 2824 2176)  
C for T (Attn: Mr Carey Wong) (Fax: 2391 1993)