

**Subcommittee to Study the Transport Needs
and Provision of Concessionary Public Transport Fares for
Persons with Disabilities**

Information Paper for Meeting on 9 October 2007

PURPOSE

At the meeting of 29 June 2007, the Subcommittee requested (I) Labour and Welfare Bureau (LWB) to devise measures for implementing concessionary public transport fares (CPTF) for persons with disabilities (PWDs) and proceed with bidding the necessary resources; (II) Transport and Housing Bureau (THB) and LWB to liaise with public transport operators (PTOs) in exploring (i) the option proposed by the MTR Corporation Limited (MTRCL) and (ii) the option under the principle of shared responsibility between the Government and the various PTOs; and (III) THB to ascertain the views and positions of the PTOs for participating in the CPTF trial scheme when pursuing the above options. The purpose of this paper is to report the latest position on the Administration's follow up actions on the above issues.

**DEVELOPING MEASURES AND SEEKING RESOURCES FOR THE
PROVISION OF FARE CONCESSION TO PERSONS WITH
DISABILITIES**

2. The rehabilitation policy of the Government is to promote integration of persons with disabilities into society. To meet the basic transport needs of persons with disabilities, the Government provides Rehabus service and financial assistance through the Comprehensive Social Security Assistance Scheme and the Disability Allowance. We are in support of providing CPTF by the PTOs. We will also consider the feasibility of subsidizing PWDs in using public transport from the welfare policy perspective.

But this will involve the consideration of additional public expenditure and the demand for other rehabilitation services.

FOLLOWING UP ON THE OPTION PROPOSED BY MTRCL

3. To prepare for the discussion with the MTRCL, the LWB has written to the Financial Services and Treasury Bureau seeking their professional advice and assistance from the perspective of public finance. The proposed option will involve financial arrangement between a public listed company and the Government. The related technical issues are very complicated, which include establishing the baseline for assessing the surplus or deficit, and the arrangement for apportionment of the necessary administrative cost, etc. It takes time to carefully examine all these complex issues.

FOLLOWING UP ON THE OPTION UNDER SHARED RESPONSIBILITY BETWEEN GOVERNMENT AND PUBLIC TRANSPORT OPERATORS

4. Since public money and other technical issues will be involved in pursuing the proposed option, it takes time to study the feasibility of the relevant proposal. In parallel, the Administration will continue to maintain close liaison with the PTOs and to persuade them to offer CPTF to PWDs in fulfillment of their corporate social responsibilities. The Administration welcomes the offer of CPTF to PWDs by the PTOs for promoting the full integration of PWDs into the community.

MEETING WITH THE DISABILITY ALLIANCE ON CONCESSIONARY TRANSPORT FARE

5. On 12 September 2007, the Secretary for Labour and Welfare met with the Disability Alliance on Concessionary Transport Fares (Alliance) to exchange views on the provision of CPTF to PWDs. At the meeting, the Alliance's representatives stated their position and appealed for concessionary

fares to PWDs. Apart from updating the Alliance on the latest position of the issue, the LWB also shared their views that CPTF could help encourage PWDs to go out more to participate in various activities, thereby promoting their full integration into society. Furthermore, the LWB was actively pursuing the issue hoping that the PTOs could implement the CPTF as soon as possible.

INITIAL RESPONSES OF THE PTOs ON THE PROPOSED SCHEME FOR PROVIDING CPTF TO PWDs

6. On the suggestion of the Subcommittee, the THB and the Transport Department held a meeting with the MTRCL, Kowloon-Canton Railway Corporation (KCRC), Citybus Limited (CTB)/ New World First Bus Services Limited (NWFB), New Lantao Bus Company (1973) Limited (NLB), Kowloon Motor Bus (1933) Limited (KMB)/ Long Win Bus Company Limited (LWBCL) and Hong Kong Tramways Limited (HKTL) in early October to discuss MTRCL's earlier proposal ("proposed scheme"). The aim of the meeting was to solicit their views on participating in the "proposed scheme". Representatives of the Octopus Cards Limited also attended the meeting to provide advice on technical matters.

7. During the meeting, the PTOs expressed their initial views on issues involved in the implementation of the "proposed scheme". They objected to using the results of the survey conducted by the University of Hong Kong last year for establishing the baseline of the data of relevant passengers' usage of different public transport services under the "proposed scheme", and considered that it was necessary to establish a reliable and appropriate mechanism for data collection, such as by collecting the data of PWDs using various public transport services for a period of time, so as to estimate the relevant farebox revenue of each PTO during that period of time for calculating the amount of deficit or surplus due to the implementation of the "proposed scheme". As to the length of the period for the data collection, some suggested using a 12-month period to fully reflect the changes in patronage in a whole year.

8. Some suggested using the Octopus Card to collect relevant data.

The representatives of the Octopus Cards Limited indicated that since specific details of the “proposed scheme” were not yet available, it was not possible at this stage to precisely assess the scale of system modification required and the costs involved. If substantial modifications had to be made to the programme of the fare collection system, a considerable amount of costs would be involved. The PTOs also expressed that this might necessitate considerable changes to their internal system hardwares and softwares. They all indicated that it was necessary to know clearly the details of the scheme before they could study in detail on how the baseline should be established and ascertain the exact scale of technical modification required and the costs involved. In view of the complexity of establishing the baseline and the time needed, some suggested considering the option of reimbursing revenue foregone to PTOs.

9. Views of the PTOs on the ”proposed scheme” are set out in detail at the Annex.

ADVICE SOUGHT

10. Members are invited to note the content of the paper.

Labour and Welfare Bureau
Transport and Housing Bureau
October 2007

Public Transport Operators	Views on Participating in the “Proposed Scheme”	Willingness to Bear the Daily Administrative Cost Involved in the “Proposed Scheme”
KCRC	Provided that the Government agreed to bear the financial risk, KCRC in principle supported the “proposed scheme”.	Willing to bear the administrative cost and facilitate the implementation of the “proposed scheme”, but will not bear the capital expenses involved in this scheme, including modifications of softwares and hardwares.
MTRCL	In principle supported the “proposed scheme”.	Willing to bear the daily administrative cost, but the costs of developing the Octopus system, technical and capital expenses arising from the “proposed scheme” have to be borne by the Government.
KMB/LWBCL	Made a counter-proposal that the Government reimburses to the PTOs the difference between normal fare and concessionary fare after PWDs have used public transport services and enjoyed half fare. The advantage of the reimbursement option lies in its simplicity, without involving issues like data collection and baseline establishment. It can also be implemented in a shorter period of time as compared with the option	Willing to bear the basic daily administrative cost, but not the capital expenses (including the expenses involved in the modification of the Octopus fare collection system softwares or replacement of the system hardwares).

Public Transport Operators	Views on Participating in the “Proposed Scheme”	Willingness to Bear the Daily Administrative Cost Involved in the “Proposed Scheme”
	proposed by the MTRCL.	
NWFB/CTB	In principle supported the “proposed scheme”, but also backed KMB’s proposal.	Willing to bear the daily administrative cost, but not the capital expenses.
HKTL	Agreed on the principle that joining the “proposed scheme” should not incur deficit or surplus, but the Government must be able to resolve the practical and technical problems involved in baseline establishment and future operation in a practicable and reasonable manner. Moreover, the company is unable to bear the costs arising from the modification of the system hardwares and softwares for joining the “proposed scheme”.	Willing to make supporting administrative arrangements to join the “proposed scheme”, but would consider whether it could bear the daily administrative cost after the implementation details of the scheme were available and precise estimation had been made on the administrative cost involved. The HKTL, nevertheless, is unable to bear all capital expenses.
NLB	If other bus companies agreed to join the “proposed scheme”, the company had no objection to joining. It pointed out that as the company had been incurring deficit, the company requested that any profits generated from the “proposed scheme” should be first used to subsidize the company’s operating deficit.	Cannot bear the daily administrative cost or capital expenses.

