

LCQ2: Fare concession of public transport

Following is a question by the Hon Starry Lee Wai-king and a reply by the Secretary for Transport and Housing, Ms Eva Cheng, at the Legislative Council meeting today (November 2):

Question:

A research centre published its report on the Study on Travel Cost Reduction Schemes in September this year. The report pointed out that 73% of the respondents considered long distance transport fares expensive, while 71% of those who used public transport considered it necessary to introduce monthly passes. The average amount of monthly travelling expenses of the respondents was around \$740, and the amount of expenses acceptable to them was \$620. The research centre was of the view that public money should be used to alleviate the burden of travelling expenses on the public. As the MTR Corporation Limited (MTRCL) and franchised bus companies reap profits every year, will the Government inform this Council:

(a) whether it knows if MTRCL will consider implementing a monthly pass scheme for all MTR lines; if MTRCL will do so, the details and timetable; if not, the reasons for that;

(b) whether it will reconsider allocating the dividends received from MTRCL, or part of the dividends collected, to fund its measures to stabilise MTR fares; if it will, of the details and timetable; if not, the reasons for that; and

(c) whether it will, as one of the licensing conditions, require franchised bus companies to implement sectional fares for all their bus routes; if it will, of the details and timetable; if not, the reasons for that?

Reply:

President,

The Government has all along been encouraging public transport operators, including the MTR Corporation Limited (MTRCL) and franchised bus companies, to provide various fare concession schemes as far as possible, taking into account their

respective operating and financial conditions, market condition and passenger needs, etc., so as to alleviate the burden of travelling expenses on the public. The details of such schemes are, however, commercial decisions of individual operators.

(a) On fare concessions, according to the MTRCL, various fare promotional initiatives are launched every year to thank passengers for their support and encourage different passenger groups to patronise rail services. The revenue forgone by the MTRCL in 2011 amounts to about \$1.7 billion as a result of the introduction of fare concessions.

On monthly pass concessionary schemes:

* For the West Rail Line, the Kowloon-Canton Railway Corporation (KCRC) introduced the West Rail One-Month Pass in August 2004. To tie in with the opening of the Kowloon Southern Link in mid-August 2009, the West Rail One-Month Pass was renamed the Tuen Mun-Nam Cheong Monthly Pass. The MTRCL also launched the Tuen Mun-Hung Hom Monthly Pass in late August 2009 for travels between all stations along the West Rail Line.

* Regarding the East Rail Line, the KCRC introduced the East Rail One-Month Pass in April 2005 for travels between Sheung Shui and East Tsim Sha Tsui Stations, excluding cross-boundary and first class services. To tie in with the commissioning of the Kowloon Southern Link, the East Rail One-Month Pass was renamed the Sheung Shui-East Tsim Sha Tsui Monthly Pass from September 2009 onwards.

Other fare concessions:

* half-fare concessions to senior citizens aged 65 and over, and \$2 concessionary elderly fare on Wednesdays, Saturdays and non-Sunday public holidays;

* around half-fare concessions to children and around 540 000 full-time students aged between 12 and 25;

* around half-fare concessions to recipients aged between 12 and 64 of Comprehensive Social Security Assistance with 100% disability and Disability Allowance;

* Ride \$100 for Free Ticket promotional scheme: from July 4 to December 30, 2011,

adult Octopus cardholders can redeem a free single journey ticket for one domestic ride for every \$100 of MTR's fares deducted from the same Octopus card from Monday to Friday of each week. Child and Elder Octopus cardholders, as well as holders of Personalised Octopus cards encoded with "Student" or "Persons with Disabilities" status will be able to redeem a free concessionary single journey ticket for every \$50 deducted;

* passengers can enjoy \$1 to \$3 discount on their next MTR rides at designated stations after waving their Adult Octopus cards over the Octopus readers at the existing 29 MTR Fare Savers; and

* interchange discounts jointly offered with green minibuses, franchised buses and operators of outlying island ferry routes. For example, from the end of July 2011 for six months, passengers taking outlying island ferry routes to and from Sok Kwu Wan, Yung Shue Wan, Peng Chau, Cheung Chau and Mui Wo can enjoy \$1.5 discount in their MTR rides by waving their adult Octopus cards on the Octopus readers of the MTR Fare Discount Processors newly installed at ferry piers; and from July 1, 2011 for six months, passengers using the same adult Octopus cards interchanging between various New Lantao Bus routes and the MTR services or vice versa at Tung Chung Station within an hour can enjoy an interchange discount of \$1.5.

With their extensive coverage, the above fare concession schemes benefit different passenger groups.

According to MTRCL, monthly pass concessionary schemes are introduced mainly for encouraging more passengers using the rail services and attracting new sources of passengers. In June 2011, the MTRCL announced that the promotional period of these monthly pass schemes would be extended to June 30, 2012. In considering the extension of the monthly pass concessionary schemes, it will take into account a basket of factors, including market situation, the existing patronage, expected additional growth in patronage after the launch of the monthly pass, as well as the competitiveness of MTRCL in the respective routes, etc. The company has no plan to launch other monthly schemes for the time being.

We understand the public's concerns on the impact of increasing travelling expenses, especially those living in remote areas, and will urge the MTRCL to consider extending the monthly pass concessionary schemes to cover other railway lines, apart from the East and West Rail Lines. However, if the monthly pass

concessionary schemes are to be extended to all MTRCL lines, including short-haul journeys in urban areas, the whole fare structure may be affected.

(b) Pursuant to section 3 of the Public Finance Ordinance (Cap.2), the dividends that the Government receives from the MTRCL form part of the general revenue. The Government will give holistic consideration to and conduct policy planning on the utilisation of resources, and compile the annual Estimates for submission to the Legislative Council (LegCo) for deliberation. Upon approval of the Estimates by the LegCo, individual policy bureaux will make funding applications to the LegCo Finance Committee on expenditure items under their jurisdiction for implementing the policies concerned. In other words, financial resources of the Government will be spent on the public at large via appropriate deployment under the above established procedures in response to different policies and priorities, with a view to ensuring that public money is put to the best use for the benefit of the community in general.

(c) Currently, franchised bus companies are offering various fare concessions for passengers. Such concessions include section fares, bus-bus interchange concessions, half-fare concessions for children and half-fare concessions for the elderly. As far as section fares are concerned, franchised bus companies generally consider whether to offer section fares with regard to relevant factors, such as the number and distribution of passengers, distance and journey time of individual routes, etc. At present, section fares are applicable to about 400 medium and long distance routes (accounting for about 70% of all bus routes), benefitting about 680 000 passengers per day.

We are mindful of the need for the franchised bus companies to keep their fares at reasonable levels while maintaining their operational and financial capabilities to provide proper and efficient public transport services. If the Government requires the franchised bus companies to provide specific types of fare concessions, such as full implementation of section fares, the financial impact on the operators will eventually be reflected in the basic fares.

The current franchises of New World First Bus Services Limited, Long Win Bus Company Limited and Citybus Limited (Franchise for Airport and North Lantau Bus Network) will expire in 2013. We reported to the LegCo Panel on Transport and the Transport Advisory Committee separately in July 2011 on the Administration's plan to negotiate with the three franchised bus companies for renewing their franchises and listened to members' views on the requirements of the proposed new

franchises. Besides, we invited views from the public and the Traffic and Transport Committees of the 18 District Councils during the period from July to September 2011. We have received views from various parties on the requirements of the proposed new franchises, including requests for provision of more fare concessions, enhancement of the design and facilities in the bus compartments, and enhancement of the environmental performance of buses. Furthermore, representatives of relevant organisations will be invited to attend and express their views at the meeting to be held on November 7 by the LegCo Panel on Transport.

In drawing up the requirements of the proposed new franchises, we shall consider all the views received. In the course of negotiating the new franchises, the Government will request the bus companies to enhance the level of services and provide further fare concessions, including section fares, to help reduce the travelling expenses of the public.

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