

**BUS OWNERS – FREE TRANSPORT SCHEME –
MONTHLY ALLOWANCE (25/10/05)**

(No. 1 B/419) Mr P. Jhugroo (Third Member for Port Louis North and Montagne Longue) asked the Deputy Prime Minister, Minister of Public Infrastructure, Land Transport and Shipping whether, following the recent increase in the price of petrol, he will state if any consideration has been given to increasing the monthly allowance which is being paid to bus owners as subsidy under the free transport scheme for old aged pensioners and students.

The Ag. Prime Minister: Mr Speaker, Sir, first of all, let me clarify that the monthly allowance which is being paid to bus owners is not a subsidy. It is, in fact, an estimate of the expected revenue foregone as a result of carrying old aged pensioners and students free on board public buses.

According to the Memorandum of Understanding signed between the Government and the bus operators on 12 August 2005 on the free travel scheme, the amount of the monthly payment shall remain good until the next review of the tariff of bus fares or until the parties decide otherwise.

The calculation of the monthly allowance being paid to bus operators for the free conveyance of old aged pensioners and students, based on the expected revenue foregone by them, was computed on the present tariff of fares for these two categories of beneficiaries. Thus, the monthly allowance has no direct relation to any of the components which constitute the costs of operating a bus.

The question of increasing the monthly allowance does not therefore arise.