

LCQ17: Government Public Transport Fare Concession Scheme

Following is a question by Reverend Canon the Hon Peter Douglas Koon and a written reply by the Secretary for Labour and Welfare, Mr Chris Sun, in the Legislative Council today (November 20):

Question:

Under the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (\$2 Scheme), persons aged 60 or above and eligible persons with disabilities may all travel at a concessionary fare of \$2 per trip on public transport modes covered by the scheme. The Government has indicated in the latest Budget that the annual expenditure of the \$2 Scheme has increased by over 200 per cent from \$1.3 billion in 2019-2020 to about \$4 billion in 2023-2024. In this connection, will the Government inform this Council:

- (1) of the percentage of the expenditure of the \$2 Scheme in the total government expenditure in each of the past five years;
- (2) of the respective amounts of subsidies granted by the Government to various public transport operators under the \$2 Scheme in each of the past five years;
- (3) of the number of suspected cases of abuse of the \$2 Scheme and the amount involved in each of the past five years, with a breakdown by the public transport mode covered by the scheme;
- (4) of the respective numbers of persons who were prosecuted for and convicted of abusing the \$2 Scheme in each of the past five years and, among them, the number of those who committed the offence repeatedly;
- (5) whether it has considered increasing the manpower and estimated expenditure to eradicate the problems relating to the \$2 Scheme, including abuse or misuse of the scheme, as well as the practice of "taking long-haul routes for short journeys"; if so, of the details; if not, the reasons for that;
- (6) whether it will study revising the details of the \$2 Scheme, including adjusting upwards the eligibility age, raising the concessionary fare, setting a monthly limit on the number of concessionary rides or the amount of concession, as well as setting a limit on the amount of subsidy granted for each journey, etc., thereby easing the huge financial burden of the Government; if so, of the details; if not, the reasons for that;
- (7) whether, when renewing the relevant agreements with public transport operators, it will consider requiring the inclusion of a clause on "sharing

the concessionary fares of the elderly in order to fulfil corporate social responsibility"; if so, of the details; if not, the reasons for that;

(8) whether it will consider "drawing a line" on the \$2 Scheme in a given year in the future, meaning that from that year onwards, elderly persons aged 60 or above will no longer enjoy concessionary fare; if so, of the details; if not, the reasons for that;

(9) given that according to the Hong Kong Population Projections 2020-2069 published by the Census and Statistics Department, the population aged 65 and above in Hong Kong will increase from about 1.37 million in 2020 to about 2.7 million in 2051 and remain at about 2.7 million until 2063, whether the authorities have estimated the percentage of the estimated annual expenditure of the \$2 Scheme in the total government expenditure from 2051 to 2063; and

(10) as the Government has indicated in the latest Budget that the review of the \$2 Scheme is expected to be completed within 2024, when the Government will announce the outcome of the review?

Reply:

President,

In consultation with the Transport and Logistics Bureau (TLB), the reply to the question raised by Reverend Canon the Hon Peter Douglas Koon is set out below:

(1) The percentage of total recurrent expenditure of the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (\$2 Scheme) (including the reimbursement of the revenue forgone to the participating public transport operators (PTOs) under the \$2 Scheme and operational expenses) in the total operating expenditure of the Government in the past five financial years is tabulated below:

	2019-20	2020-21	2021-22	2022-23	2023-24 (Revised Estimate)
Percentage of total recurrent expenditure in the total operating expenditure of the Government (Note 1)	0.2 per cent	0.1 per cent	0.2 per cent	0.5 per cent	0.7 per cent

Note 1: Figure for 2023-24 is calculated based on the revised estimates for 2023-24.

(2) The reimbursement of the revenue forgone to the participating PTOs in the past five financial years is tabulated below (Note 2):

	2019-20 Actual (\$'000)	2020-21 Actual (\$'000)	2021-22 Actual (\$'000)	2022-23 Actual (\$'000)	2023-24 (Revised Es
MTR Corporation Limited (MTRCL)	341,669	266,742	368,927	1,165,741	1,525,018
Franchised bus operators	541,167	408,013	576,020	1,187,781	1,536,225
Ferry operators	29,601	27,004	38,362	78,745	89,958
Green minibus operators	362,551	314,917	407,401	564,345	706,606
Red minibus operators	The \$2 Scheme has not yet been extended to cover the public transport modes concerned		3,742	61,424	103,879
Kaito operators			683	7,941	6,675
Hong Kong Tramways Limited			188	2,259	2,745
Residents' service operators			The \$2 Scheme has not yet been extended to cover the public transport mode concerned	10,587	28,606
Total			1,274,988	1,016,676	1,395,323

Note 2: From February 27, 2022, the eligible age of the \$2 Scheme has been lowered from 65 to 60, with extension to cover red minibuses, kaitos and trams; and from September 25, 2022, the \$2 Scheme has been extended to cover residents' services.

(3), (4) and (5) The Transport Department (TD) has all along been requesting participating PTOs under the \$2 Scheme to strictly enforce ticket inspection and passenger identity verification work, and enforce the penalty as set out in relevant legislation and by-laws to prevent abuses of the \$2 Scheme by ineligible persons. The TD also conducts surveys and monitors the situation in collaboration with PTOs regarding suspected abuses.

During site monitoring surveys jointly conducted by the TD and PTOs in the past 5 years on the Mass Transit Railway (MTR), buses, ferries, kaitos, minibuses, trams and residents' buses, 1 419 suspected abuse cases were found. Since the passengers concerned are normally required to pay the shortfall on the spot and no Government's reimbursement is involved, the Government does not keep the figures on the amount of differential fares (DF) involved in the above suspected cases.

To step up enforcement actions against abuses of the \$2 Scheme by ineligible persons, the TD has enhanced joint enforcement actions with PTOs such as franchised buses and ferries from June 2023 onwards. As at end-October this year, a total of around 480 joint enforcement actions were conducted across 970 routes with about 3 080 persons inspected for suspected abuse of \$2 Scheme, of which seven suspected abuse cases have been filed for investigation by the Police. Two of these cases were successfully prosecuted: one of the passengers was imposed a fine of around \$14,000 and required to repay the underpaid fares (totalling around \$2,000); and another passenger was convicted of two counts of false accounting and sentenced to 120 hours of community service, and was fined around \$5,800 and required to repay the underpaid fares (totalling around \$620). Investigation into another two cases have been completed and the Police did not have sufficient evidence to prosecute the suspected abusers. The remaining three cases are still under investigation by the Police. During the same period, the MTRCL, in its enforcement actions, imposed surcharges to a total of around 9 680 ineligible persons for abusing the \$2 Scheme.

The work against abuse of the \$2 Scheme is mainly conducted by existing staff. There is currently no plan to increase the manpower and estimated expenditure in this regard.

To ensure that the resources of the \$2 Scheme are used properly, the Government has adopted a real-name registration system starting from August 25, 2024, mandating Hong Kong residents aged 60 or above to use JoyYou Card and eligible persons with disabilities aged below 60 to use Personalised Octopus with "Persons with Disabilities Status" to enjoy the \$2 Scheme. The real-name registration system helps strengthen the monitoring of and provide evidence for tackling abuses of the \$2 Scheme. The TD will continue to conduct joint special inspection and enforcement actions with the PTOs and refer suspected abuse cases with sufficient evidence to the Police for criminal investigations so as to deter ineligible persons from abusing the \$2 Scheme.

In the meantime, the Government has launched a new round of publicity programmes in October 2024 to remind eligible beneficiaries, through TV and radio announcements in the public interest (API) and posters, that they must use the above-mentioned designated Octopus to benefit from the \$2 Scheme, and stress that it is an offence for an ineligible person to abuse the \$2 Scheme. Any person who is convicted is liable to imprisonment. Besides, the Government has all along been enabling the beneficiaries to understand how to make proper use of the \$2 Scheme through publicity and education, including rolling out TV and radio APIs and posting posters at major public bus and public light bus termini as well as public light bus compartments on the routes for which two-way section fares are offered to encourage beneficiaries of the Scheme to make appropriate use of short-haul routes and to assist passengers to understand the arrangement of two-way section fare, so as to reduce the DF under the \$2 Scheme and ensure proper use of public funds.

(6), (8), (9) and (10) The future expenditure of the \$2 Scheme will depend on

a number of factors including changes in the population of eligible persons, transport fare adjustments, changes in PTOs participating in the \$2 scheme, and the effectiveness of anti-abuse measures, etc. The Financial Secretary announced in the 2024-25 Budget to review the mode of operation of the \$2 Scheme with a view to maintaining the financial sustainability of the Scheme. The Government has stated clearly that it will maintain the policy intent of the \$2 Scheme to build a caring and inclusive society by encouraging the beneficiaries to participate more in community activities, and has no intention to cancel the Scheme or change the existing beneficiary groups. The Government would take into account the effectiveness of different options in containing the growth of expenditure and factors including the practicability of these options in the review, and announce the review result and suggestions in due course.

(7) The TLB and TD pointed out that at present, majority of the PTOs (including MTRCL, franchised bus operators, Hong Kong Tramways Limited (HKT) and ferry operators, etc.) under the \$2 Scheme have already been voluntarily offering fare concessions for a significant portion of the eligible rides for elderly persons. This mainly includes providing approximately half-price fare discounts to elderly persons aged 65 or above. The MTRCL also provides \$2 fare concession on its own to elderly persons aged 65 or above who hold JoyYou Cards for at least two days a week. Under the \$2 Scheme, the Government reimburses the PTOs the actual applicable fare after deducting any concessions offered by the PTOs minus the uniform flat rate of \$2 per trip paid by an eligible beneficiary on an accountable basis. The fare concessions voluntarily offered by the operators to the elderly will not be reimbursed under the \$2 Scheme. In other words, they have already borne part of the DF for most of elderly persons aged 65 or above under the \$2 scheme.

The franchised bus operators, HKT and ferry operators provide their voluntary fare concessions to the elderly through the Elderly Concessionary Fares Scheme (ECFS). Under the ECFS, the relevant operators are encouraged to maintain the voluntary fare concessions they have been providing to elderly persons aged 65 or above through measures like exempting them from payment of annual vehicle/vessel licence fees and reimbursing them the rentals of government land. However, the waived vehicle/vessel licence fees and reimbursed rentals can only partially offset the loss of fare revenue arising from provision of voluntary fare concessions to the elderly by the operators in most cases, and the remaining loss will be borne by the operators themselves.