

# LCQ21: Government public transport fare concession scheme

Following is a question by the Hon Adrian Ho and a written reply by the Secretary for Labour and Welfare, Mr Chris Sun, in the Legislative Council today (July 12):

Question:

The Government has implemented the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (commonly known as the \$2 Scheme) since 2012, and has lowered the eligible age for the Scheme to 60 from February 27, 2022. In this connection, will the Government inform this Council:

(1) of the respective average daily numbers of (i) Hong Kong residents aged 60 to 64, (ii) persons aged 65 or above, and (iii) other eligible persons taking various public transport modes under the \$2 Scheme from March 2021 to February 2022 and from March 2022 to February 2023, with a breakdown by public transport operator;

(2) whether it has investigated the number of cases involving the abuse of the \$2 Scheme from March 2021 to February 2022 and from March 2022 to February 2023;

(3) given that the Government pointed out in a paper submitted to the Panel on Welfare Services of this Council in January 2021 that the financial implication of extending the \$2 Scheme to cover persons aged 60 to 64 was about \$3 billion a year for the initial years, of the relevant method of calculation;

(4) whether, in order to reduce the amount of subsidies that the Government needs to reimburse to various public transport operators under the \$2 Scheme, the Government has plans to require various public transport operators to set a uniform fare for the elderly aged 60 or above at half the regular adult fare, and include such requirement in the terms of renewal of their franchises; if so, of the details; if not, the reasons for that; and

(5) as there are views that in recent years, various franchised bus companies have substantially reduced their short-haul routes and service frequencies, resulting in the situation of passengers "taking long-haul routes for short journeys" becoming increasingly common, whether the Government will consider requiring various franchised bus companies to guarantee the service standards of their short-haul routes, or making it mandatory for them to provide section fares for their long-haul routes, and including the relevant requirement as a necessary condition for various franchised bus companies to apply for renewal of their franchises in future; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with the Transport and Logistics Bureau (TLB), my reply to the question raised by the Hon Adrian Ho is as follows:

(1) The numbers of average daily passenger trips taken by the beneficiaries under the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (\$2 Scheme) from March 2021 to February 2022 and from March 2022 to February 2023, with a breakdown by public transport operator (PTO), are set out below:

Public transport modes	Years	Persons aged 65 or above	Eligible persons with disabilities	Persons aged 60 to 64 (Note 1)	Total (Note 2)
Mass Transit Railway (MTR)	From March 2021 to February 2022	456 600	60 400	159 300	676 300
	From March 2022 to February 2023	465 500	58 300	325 900	849 700
Franchised bus	From March 2021 to February 2022	531 600	67 700	150 500	749 800
	From March 2022 to February 2023	530 500	62 700	293 200	886 400
Ferry	From March 2021 to February 2022	7 900	1 100	3 200	12 200
	From March 2022 to February 2023	8 000	1 000	6 100	15 100

Green minibus	From March 2021 to February 2022	248 600	29 500	50 300	328 400
	From March 2022 to February 2023	243 900	26 800	122 800	393 400
Red minibus (RMB) (Note 1)	From March 2021 to February 2022	2 200	300	2 100	4 600
	From March 2022 to February 2023	12 300	1 400	8 900	22 600
Kaito (Note 1)	From March 2021 to February 2022	900	100	700	1 600
	From March 2022 to February 2023	1 500	100	1 000	2 700
Tram (Note 1)	From March 2021 to February 2022	0	400	4 000	4 400
	From March 2022 to February 2023	0	800	6 500	7 300
Residents' service (RS) (Note 1)	From March 2021 to February 2022	—	—	—	—
	From March 2022 to February 2023	6 100	300	3 500	9 900

Total (Note 2)	From March 2021 to February 2022	1 247 800	159 600	370 000	1 777 400
	From March 2022 to February 2023	1 267 800	151 400	767 800	2 187 100

Note 1: With effect from February 27, 2022, the eligible age of the \$2 Scheme has been lowered to 60, and the Scheme was extended to cover trams as well as RMB and kaito routes approved by the Transport Department (TD). The \$2 Scheme has been further extended to cover RS routes approved by the TD since September 25, 2022.

Note 2: Figures may not add up exactly to the total due to rounding.

(2) The Government has all along been combating abuses of the \$2 Scheme by ineligible passengers. During site monitoring surveys jointly conducted by the TD and PTOs in the past two years (i.e. from March 2021 to February 2023) on the MTR, buses, ferries, kaitos, minibuses, trams and residents' buses, 1 025 suspected abuse cases were found.

(3) The Government decided to extend the \$2 Scheme to cover persons aged 60 to 64 in January 2021. When estimating its financial implications at that time, the factor that persons aged 60 to 64 are still socially active and some of them are still in employment had already been taken into account. In addition, the Government estimated that, following the implementation of the relevant initiative, the expenditure of the Scheme would increase due to increase in age of beneficiaries, ageing population, upward adjustment of transport fares, increase in the number of participating PTOs, etc.

(4) At present, the MTR Corporation Limited, franchised bus operators, Hong Kong Tramways Limited (HKT) and ferry operators voluntarily offer approximately half-price fare discounts to elderly persons aged 65 or above. 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. In other words, the fare concessions voluntarily offered by the operators to the elderly will not be reimbursed under the \$2 Scheme.

The TLB and the TD advised that the Government has all along encouraged the relevant operators to maintain the voluntary fare concessions they have been providing to elderly persons aged 65 or above through measures like exempting franchised bus operators, HKT and ferry operators from payment of annual vehicle/vessel licence fees and reimbursing them the rentals of government land under the Elderly Concessionary Fares Scheme. 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. When the Government liaises

the fare concession measures with the PTOs concerned, it is necessary to strike a balance between aspirations of passengers and the impact of the measures on the financial viability of individual operators. The Government noted that the ageing population has led to an increase in the operators' loss of revenue arising from provision of voluntary fare concessions to the elderly, which would cause financial pressure on them. As such, while the TLB will encourage the relevant operators to continue providing the existing voluntary fare concessions to elderly persons aged 65 or above, it may not be appropriate to ask the operators to extend such concessions to passengers aged 60 or above.

(5) The TD advised that it has been closely monitoring the patronage of different bus routes with franchised bus operators, and will make service adjustments when necessary based on the actual situation to meet the travel needs of passengers. The service levels of franchised bus routes, whether long-haul or short-haul, are adjusted in accordance with the established mechanism having regard to passenger demand. In respect of section fares, one-way or two-way section fares are currently available on about 530 (around 80 per cent) franchised bus routes. With most of the remaining 20 per cent being short-haul routes, the fares are already relatively low due to their short journey distance, and section fares are thus deemed unfeasible.

The TLB and the TD advised that, for the proposed full implementation of section fares, the Government needs to give due consideration to the overall transport services and planning matters, including how to address and balance different travel needs of short-haul and long-haul passengers; and the feasibility and specific arrangements for individual routes are subject to the actual situation of the routes. Full implementation of section fares may result in more short-haul passengers travelling on long-haul routes, taking up the capacity of long-haul routes and affecting long-haul passengers; if franchised bus operators have to increase the trip frequencies of their long-haul routes, it would also aggravate the burden on road traffic. Moreover, when short-haul passengers alight midway, the occupancy rates of long-haul routes may become too low to make effective use of public transport resources. Introducing more section fares may also lead to duplication of resources with existing short-haul routes or other public transport services, upsetting the delicate balance among various public transport services. The TLB therefore considered it inappropriate to mandate full implementation of section fares or link it with franchises.