

LCQ6: Government Public Transport Fare Concession Scheme for Elderly and Eligible Persons with Disabilities

Following is a question by the Hon Michael Tien and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (July 8):

Question:

The Government commissioned a consultant at the end of 2018 to conduct a comprehensive review on the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the \$2 transport fare concession scheme), which is expected to be completed in the middle of this year. The Government announced in January this year that the eligible age threshold for the Scheme would be lowered from 65 to 60, and that it had requested the consultant to draw up implementation options in the review report. In this connection, will the Government inform this Council:

(1) whether the Government has received the review report; if so, of the specific recommendations and other details in the report; whether it will make public the report; if so, of the date; if it will not, the reasons for that;

(2) given that the Government has had eight years of experience in implementing the \$2 transport fare concession scheme, why the initiative of merely lowering the age threshold cannot be implemented immediately but has to wait for the consultant to put forward implementation options; whether there is a definite implementation date for the initiative; and

(3) whether, prior to the implementation of the initiative, it will consider taking other measures to reduce the transport expenses of persons aged between 60 and 64, e.g. allowing them to use the Elder Octopus for enjoying the elderly fare concessions?

Reply:

Acting President,

Since the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme) was introduced in 2012, the number of eligible elderly persons has increased from 980,000 to 1.32 million in 2019, representing an increase of about 35 per cent. Having considered the trend of an ageing population in Hong Kong, the Government expects the number of eligible elderly to rise further to more than 1.75 million by 2025. At the same time, the recurrent expenditure for reimbursing public transport operators under the Scheme reached \$1,300 million in 2019/20, or 5.7 times over 2012. The recurrent expenditure is expected to

increase substantially to about \$3,000 million in 2025/26. Taking into account the proposal to lower the eligible age of the Scheme to 60, the number of eligible persons in 2025 will increase by about 620,000 and on this basis, the estimated recurrent expenditure required is expected to be as high as \$7,000 million in 2025/26.

The estimated government expenditure mentioned above has not covered the proposal from relevant industries of extending the Scheme to red minibuses and other modes of public transport. At the same time, as the number of beneficiaries continues to rise, public expenditure will increase substantially. Hence, the Government needs to consider seriously effective measures to prevent abuses of the Scheme in order to ensure that public funds are used properly. All these factors will affect each other and are included in the review of the Scheme by the consultant commissioned by the Government. The consultant has completed a public consultation and is in the process of compiling the final report. The Government will carefully consider the analysis and recommendations of the consultant's report, in particular the implementation arrangements and financial commitment of the optimisation proposals.

In respect of Member's detailed questions, our reply is as follows:

(1) The Government engaged a consultancy firm in 2018 to conduct a comprehensive review of the effectiveness and sustainability of the Scheme and carry out in-depth studies on relevant areas including whether other public transport modes should be covered, whether eligibility criteria of beneficiaries under the Scheme should be adjusted, how abuses can be prevented effectively, application of new technologies, etc. The consultancy firm is also required to assess the feasibility and long-term financial impact of proposed recommendations. The consultant has completed the public consultation and collected views of the industry, and is now compiling the final report. The Government will carefully consider the analysis and recommendations set out in the consultant's report and assess the implementation arrangements and financial commitment of the Government. The final report will be made public.

(2) and (3) Following the announcement by the Chief Executive in January 2020 of the Government's proposal to lower the age eligibility of the Scheme from 65 to 60, the Labour and Welfare Bureau and the Transport Department have immediately requested the consultant to accord priority to studying practical options to implement the proposal in the comprehensive review of the Scheme being conducted. In fact, during the consultation exercise for the review of the Scheme, the consultant has listened to and collected a number of improvement proposals from the industry and the public. As I have briefly mentioned earlier in this reply, the lowering of age eligibility and the addition of more public transport modes will have a significant impact on the financial commitment of the Government in the face of the general trend of an ageing population in Hong Kong. Upon receipt of the consultant's report, it is necessary for the Government to consider carefully the feasibility, detailed arrangements, timing of implementation, financial assessment and so on of the improvement measures proposed in the report. If the eligible age is lowered to 60 before a decision on how other public transport modes could be

admitted to the Scheme, public transport modes that have not been included in the Scheme may lose a large number of passengers and face financial difficulty. According to available information, in 2018, a total of 3.6 million anonymous Elder Octopus cards or personalised Octopus cards for elderly aged 65 or above were issued and had been used within past three years and the number of cards increases by about 0.3 million per year, whilst there were only 1.27 million elderly aged 65 or above in 2018 and the annual increase of elderly reaching 65 is only around 50,000. Failure to prevent abuse effectively will cause substantial waste of public money.

Noting the public's interest in the Scheme and the expectation to lower the age eligibility to 60 as soon as possible, the Government has undertaken to make public the consultant's report and give detailed accounts of its decision and implementation timetable after the review is completed.