

# LCQ8: Public Transport Fare Subsidy Scheme

Following is a question by the Hon Gary Zhang and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (June 14):

Question:

The Public Transport Fare Subsidy Scheme (the Scheme) was launched on January 1, 2019, with the aim of relieving the transport fare burden of the commuters who travel on local public transport services for daily commuting and whose public transport expenses are relatively high. In this connection, will the Government inform this Council:

(1) whether it has compiled statistics on the respective percentages of transport fare revenue received by various public transport service operators through cash, Octopus, other electronic payment means and various types of transport tickets in the past four years, with a tabulated breakdown by public transport service;

(2) as the Scheme will end on October 31 this year, and Hong Kong's economy is currently at the stage of post-epidemic recovery, whether the Government has plans to further extend the implementation period of the Scheme or adjust the amount of subsidy; if so, of the details; if not, whether it will implement other measures to relieve the transport fare burden of members of the public;

(3) given that currently transport fares paid via e-payment platforms other than Octopus (e.g. AlipayHK and WeChat Pay HK, etc.) are not included in the Scheme and the subsidy can only be collected via Octopus, and that the Government indicated in as early as 2021 that it had approached individual electronic payment system service providers to explore the incorporation of suitable electronic payment systems into the Scheme, of the reasons why the relevant measures are still yet to be implemented; and

(4) as there are views pointing out that the fact that e-payment platforms other than Octopus have not yet been incorporated into the Scheme has indirectly discouraged members of the public from using other e-payment platforms and also created an unfair phenomenon among e-payment platforms, of the Government's timetable for incorporating other e-payment platforms into the Scheme; if a timetable is not yet available, of the reasons for that, and the ways to resolve the unfair phenomenon at present?

Reply:

President,

â€‹The Government introduced the Public Transport Fare Subsidy Scheme

(the Scheme) in 2019 to relieve the fare burden of commuters who travel on local public transport services for daily commuting and whose public transport expenses are relatively high. Under the Scheme, the Government provides a subsidy amounting to one-third of the commuters' actual monthly public transport expenses in excess of \$400, subject to a maximum of \$400 per month. The Government has earlier announced the extension of the temporary special measures under the Scheme until October 31, 2023. Under the temporary special measures, the Government provides commuters with a subsidy amounting to one-third of their actual monthly public transport expenses in excess of \$200, subject to a maximum of \$500 per month.

The reply to the question raised by the Member is as follows:

(1) The respective percentages of fare revenue received by the major public transport service operators through different payment means in the past four years are as follows:

| Payment means                                       | Respective percentages of fare revenue received through different payment means |                |                |                |
|---|---|----------------|----------------|----------------|
|   | 2019  | 2020           | 2021           | 2022           |
| <b>Railway</b>                                      |   |                |                |                |
| Cash  | 12.0%   | 11.2%          | 7.6%           | 6.0%           |
| Octopus   | 85.4%   | 88.3%          | 89.4%          | 90.6%          |
| Other electronic payment (e-payment) means (Note 1) | 2.0%  | 0.4%           | 1.0%           | 1.4%           |
| <b>Franchised Bus</b>                               |   |                |                |                |
| Cash  | 5.8%  | 4.5%           | 3.3%           | 2.7%           |
| Octopus   | 84.3%   | 89.5%          | 90.5%          | 90.6%          |
| Other e-payment means (Note 2)                      | Not Applicable  | Less than 0.1% | 6.2%           | 6.7%           |
| <b>MTR</b>  |   |                |                |                |
| Cash  | 14.6%   | 11.0%          | 7.5%           | 7.6%           |
| Octopus   | 85.4%   | 89.8%          | 90.5%          | 92.3%          |
| Other e-payment means (Note 1)                      | Not Applicable  | Not Applicable | Less than 0.1% | 0.1%           |
| <b>Tram</b>   |   |                |                |                |
| Cash  | 14.5%   | 13.3%          | 13.5%          | 12.3%          |
| Octopus   | 85.5%   | 86.7%          | 86.5%          | 87.7%          |
| Other e-payment means (Note 3)                      | Not Applicable  | Not Applicable | Not Applicable | Not Applicable |

Note 1: Including QR code payment.

Note 2: Including QR code payment, contactless credit card payment and mobile payment.

Note 3: Tram operator is now conducting a trial on collecting fare through other e-payment means (including QR code payment, credit card payment and mobile payment). The trial is expected to be completed by September this year.

Due to the large number of public light bus operators, the Government is unable to obtain information on the respective percentages of fare revenue received by these operators through different payment means.

(2) The Scheme is a recurrent measure which aims to relieve the fare burden of commuters who travel on local public transport services for daily commuting and whose public transport expenses are relatively high. Considering that the local economy is still recovering, the Government has decided to extend the temporary special measures under the Scheme (i.e. to relax the monthly public transport expenses threshold of the Scheme to \$200 and increase the monthly subsidy cap to \$500) until the end of October this year. Subsidy involves the use of public funds. Due to the large number of beneficiaries, the annual recurrent expenditure under the Scheme exceeds \$3 billion, excluding the expenditure for the temporary special measures. In considering the long-term arrangements of the Scheme, the Government will balance various considerations cautiously on the premise of prudent fiscal management, in order to ensure the proper use of public funds.

(3) and (4) With the increasing popularity of various e-payment platforms, commuters can now pay public transport fares through different e-payment means. In this connection, the Transport Department has met with the operators of different e-payment systems to understand the usage rates of various systems for payment of transport fares, as well as their timetables of extending the systems to cover various public transport modes.

When identifying suitable e-payment systems for the Scheme, we need to consider whether the relevant e-payment platform has been generally adopted by various public transport service operators for the collection of public transport fares. Besides, as the Scheme involves processing a large volume of transaction data every day and disbursement of a significant sum of total subsidy on a regular basis, e-payment platforms to be incorporated into the Scheme will need to meet certain operational requirements, including those concerning the uploading and verification of transaction records of the payment systems, subsidy calculation and collection, monitoring mechanism, etc. This is for ensuring smooth operation of the Scheme and preventing abuse while making it as convenient as possible for the public to collect the subsidy. We are now actively discussing with an e-payment system operator with a view to formulating specific implementation plans and making preparations for the incorporation of a new e-payment system into the Scheme.