

11 January 2021

**Legislative Council Panel on Welfare Services**

**The Government Public Transport Fare Concession Scheme for the  
Elderly and Eligible Persons with Disabilities**

**Opening Remark by Secretary for Labour and Welfare**

Chairman,

The consultant commissioned by the Government to conduct the comprehensive review of the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the \$2 Scheme) has completed the review. Furthermore, the Chief Executive (CE) announced in January 2020 the proposal of lowering the eligible age of the \$2 Scheme from 65 to 60 to benefit some 600 000 persons aged 60 - 64. CE further announced in her 2020 Policy Address in November 2020 the necessary conditions for implementing the proposed measure concerned, i.e., on the premise of being able to combat and prevent abuse effectively, the Government will include the required funding in the 2021-22 Budget with a view to progressive implementation within that financial year.

2. I would like to make use of this Panel meeting to brief Members on the Government's preliminary decisions pursuant to the consultancy report on the comprehensive review of the \$2 Scheme and the proposed implementation timetable of the recommendations accepted, with a view to including the required funding into the 2021-22 Budget.

**Lowering the eligible age**

3. Once CE announced the proposal of lowering the eligible age of the \$2 Scheme from 65 to 60, the Government instructed the consultant to come up with practical options to implement in full the initiative as soon as possible. The consultant observed that many persons in the age group of 60 - 64 remained active in social life while some might still be working,

and thus they should travel more frequently than the existing elderly beneficiaries above 65 of age. In this regard, the extension of the \$2 Scheme to this group of “young old” could be very costly, and would inevitably bring about pressure on the Government’s recurrent expenditure commitment. There is therefore every urgency for the Government to step up efforts to prevent abuse of the \$2 Scheme and to consider the need to regularly review the situation. Hence, the Government accepted the recommendation of the consultant that persons aged 60 – 64 should be mandated to apply and use the tailor-made Personalised Octopus Cards (P-Cards) that contain personal particulars and photo identification as the pre-requisite for these “young old” to benefit from the \$2 Scheme.

#### **Enhancement of anti-abuse measures**

4. As a matter of fact, the consultant assessed that the Government’s financial commitment under the \$2 Scheme would increase significantly over time, having regard to the trend of ageing population and the risk of abuse by ineligible passengers given the absence of means-tests under the \$2 Scheme. The consultant pointed out that much of the abuse problem was caused by ineligible passengers using anonymous Elder Octopus Cards (A-Cards), which can be purchased without the need to register the age or identity of cardholders. Hence, there is absolute and urgent need for the beneficiaries of the \$2 Scheme to switch to P-Cards in order to facilitate monitoring and inspection and deter ineligible passengers. The disproportion between the number of P-Cards and our elderly population aged 65 or above has been explained in the discussion paper which I would not repeat here.

5. Furthermore, enforcement is another important measure to combat abuses. In this regard, the Transport Department (TD) has asked all public transport operators (PTOs) under the \$2 Scheme to step up ticket inspection and passenger identification and to strictly enforce the penalty as set out in the relevant legislation and by-laws. At the same time, the Government would launch publicity programmes to enhance public awareness that abuse of the \$2 Scheme by ineligible passengers would result in recovery of a fine and possible prosecution. Messages to remind the beneficiaries to present their identity proof to frontline staff of participating PTOs, make full use of section fare, and avoid taking short

rides on long-haul routes, etc. would also be disseminated to ensure proper use of public money.

### **Other recommendations of the consultancy report**

6. In response to public views collected in the comprehensive review, the consultant recommended and the Government agreed to extend the coverage of \$2 Scheme to eligible red mini bus (RMB) and kaito operators that are interested in joining the \$2 Scheme. Under the present mode of operation, RMB and kaito operators set their fare levels without the Government's involvement, and thus there is an inherent higher risk of abuse. The consultant suggested that the Government enhance RMB and kaito operators' compliance with TD's monitoring conditions before admitting them to the \$2 Scheme. TD will discuss the implementation details with the trade in due course. At the same time, the consultant also recommended extension of the \$2 Scheme to cover tramways only if the Hong Kong Tramways Limited adheres to the existing parameters and requirements of the \$2 Scheme.

### **Regular review mechanism**

7. Having considered that the ageing population, increase in transportation fares and other factors would entail drastic surge in the long-term financial commitment under the \$2 Scheme, the consultant recommended that the Government should establish a mechanism to review regularly the method of reimbursing the differential fare to PTOs, including raising the two-dollar flat fare for calculating the reimbursement of differential fare, with a view to reducing the increase of Government's long-term expenditure under the \$2 Scheme. The Government agreed to the consultant's recommendation and would consider reviewing the \$2 flat rate once every five years.

### **Proposed implementation timetable**

8. According to TD's preliminary assessment, once the Government confirms with the Octopus Card Limited (OCL) necessary details such as technical specifications, the issue of P-cards to some 600 000 new beneficiaries aged 60 - 64 may be completed within 13 months. If

passage of all relevant procedures proceeds smoothly, including early passage of the Appropriation Bill 2021 by the Legislative Council, the Government may implement the relevant measures for persons aged 60 - 64 as early as the first quarter of 2022. Upon completion of the issue of P-Cards to new beneficiaries aged 60 - 64, the Government will extend the mandatory use of P-Cards to the 1.32 million existing beneficiaries aged 65 and above within the following two years, with a view to ceasing the access of A-Cards to the \$2 Scheme in the future.

9. The Government proposes to include the required recurrent expenditure and non-recurrent expenditure for implementing the above enhancement measures into the 2021-22 Budget to be submitted together with the Appropriation Bill 2021 to the Legislative Council for approval, with a view to progressive implementation of the \$2 Scheme on the premise of combating and preventing abuse effectively.

10. Thank you Chairman.