



Public transport fare concession

Figure 1 – Number of beneficiaries under the \$2 Scheme and average number of daily trips

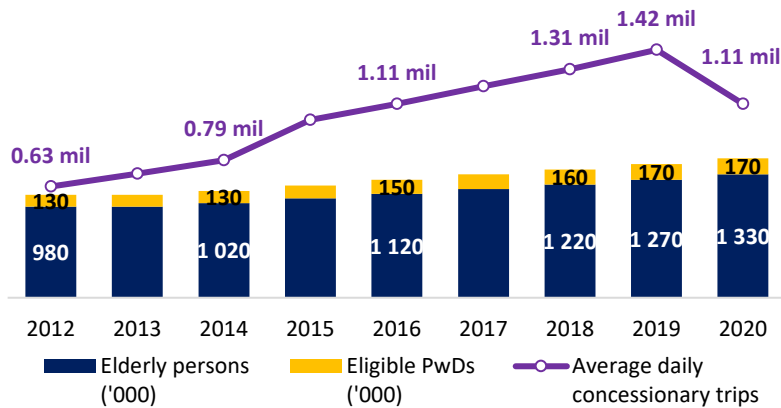
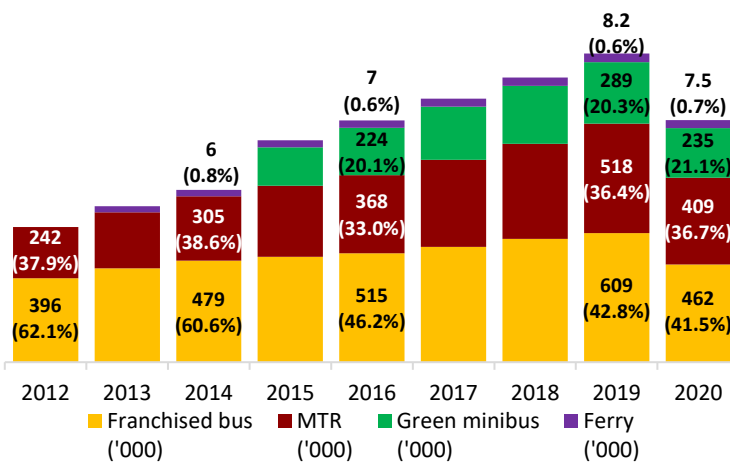
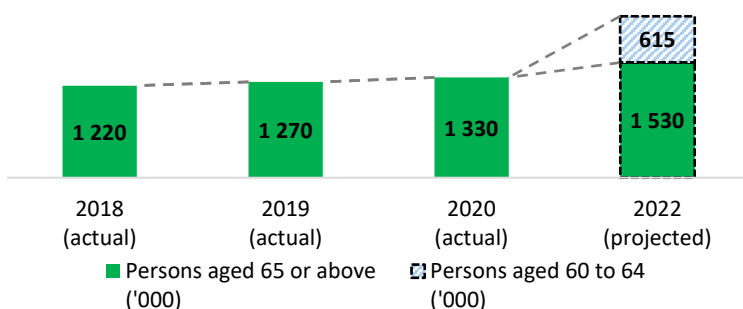


Figure 2 – Average number of daily trips under the \$2 Scheme by mode of transport^(a)



Note: (a) The \$2 Scheme was extended to ferry and green minibus in 2013 and 2015 respectively.

Figure 3 – Projected number of beneficiaries^(a) after \$2 Scheme enhancement



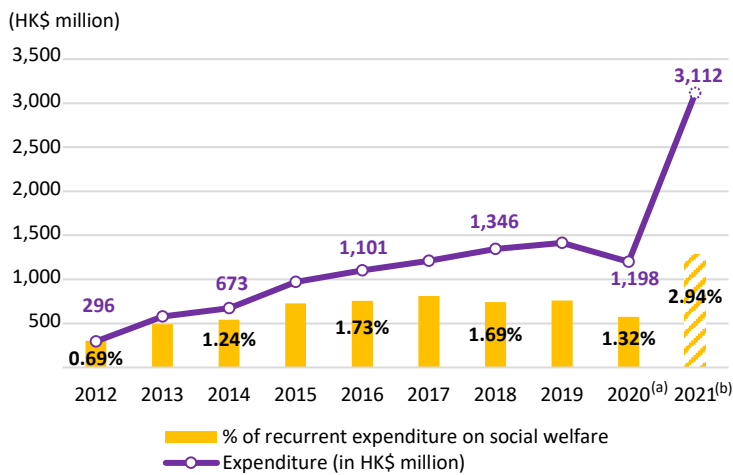
Note: (a) The projected figures do not take into account the eligible PwDs who are also beneficiaries of the \$2 Scheme.

Highlights

- In June 2012, the Government launched the Public Transport Fare Concession Scheme ("\$2 Scheme"), offering a concessionary fare of \$2 per trip on designated modes of public transport (namely Mass Transit Railway ("MTR"), franchised bus, green minibus and ferry) to elderly persons aged 65 or above and eligible persons with disabilities ("PwDs"). With a policy objective to encourage more participation in community activities, the total number of beneficiaries had increased by 35% in eight years to 1.5 million in 2020 (Figure 1).
- Indicative of increased travel intensity, the number of average daily trips taken under the \$2 Scheme surged by 125% during 2012-2019, before registering a visible decline of 22% in 2020 upon the outbreak of the Coronavirus Disease 2019. Analyzed by mode of public transport, franchised buses are used most intensively by the beneficiaries, accounting for 41.5% of average daily concessionary trips in 2020, followed by MTR (36.7%) and green minibuses (21.1%) (Figure 2).
- In response to suggestions in the community, the Government announced in January 2021 to relax the age eligibility threshold of the \$2 Scheme from 65 to 60, with effect from the first quarter of 2022. Compared to the figure in 2020, it is projected that the number of beneficiaries may expand by around 815 000 persons or three-fifths in 2022 (Figure 3).

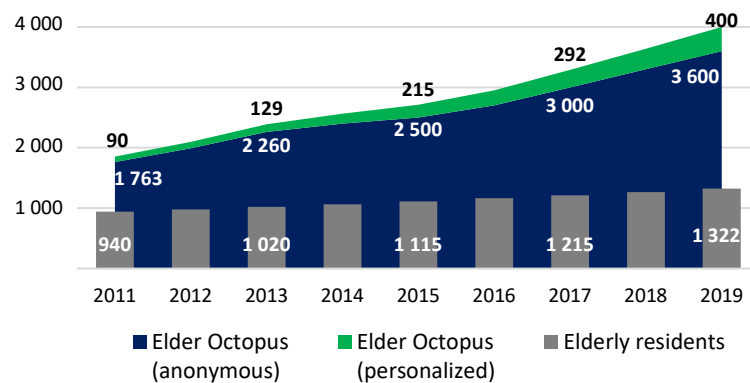
Public transport fare concession (cont'd)

Figure 4 – Government expenditure on the \$2 Scheme



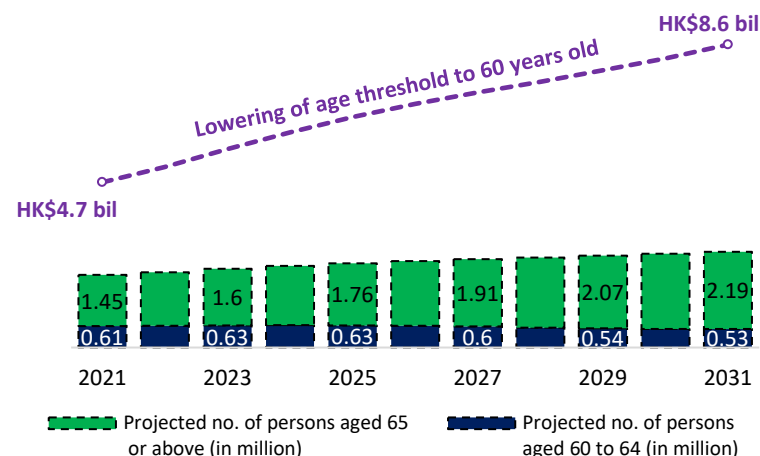
Notes: (a) Revised estimate.
(b) Estimate.

Figure 5 – Number of Elder Octopus Cards in circulation^(a)



Note: (a) Excluding cards that were inactive for three or more years.

Figure 6 – Projected financial implication of the \$2 Scheme



Highlights

- During 2012-2020, government expenditure on the \$2 Scheme had quadrupled to HK\$1.2 billion, while its share in recurrent social welfare spending doubled to 1.3% (Figure 4). With a new batch of beneficiaries aged 60-64 and widened coverage of public transport (i.e. red minibus, tramway and kaito), the related expenditure is expected to more than double to HK\$3.1 billion in 2021-2022.
- At present, PwDs are required to register their personalized Octopus Cards to claim fare concession, but not so for the elderly as they can use anonymous cards as well. Given that anonymous Elder Octopus Cards may be purchased by anyone without proof of identity, there are concerns over potential abuse of the concession. Between 2011 and 2019, the number of anonymous Elder Octopus Cards in circulation soared by 104% to 3.6 million, outpacing the corresponding growth of elderly population in the same period, which grew by 41% to 1.3 million (Figure 5). To address this concern, persons aged 60 or above are required to register their personalized Octopus Cards in phases as from 2022.
- There are also concerns over fiscal sustainability of the \$2 Scheme amidst the ageing trend and after enhancements, as the total government expenditure could increase by 83% to HK\$8.6 billion in the coming decade (Figure 6). To relieve the cost burden, there are suggestions in community to cap the amount of concessionary trips or allowance, or to adjust the concessionary fares payable in accordance with inflation. According to a government-commissioned review, the inflation-adjusted fare option is expected to achieve the most expenditure savings.

Data sources: Latest figures from Census and Statistics Department, Labour and Welfare Bureau, and Transport Department.

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