

立法會
Legislative Council

LC Paper No. CB(4)1279/20-21
*(These minutes have been seen
by the Administration)*

Ref : CB4/PL/TP/1

Panel on Transport

Minutes of meeting
held on Friday, 21 May 2021, at 4:30 pm
in Conference Room 1 of the Legislative Council Complex

Members present : Hon Frankie YICK Chi-ming, SBS, JP (Chairman)
Hon CHAN Han-pan, BBS, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon YIU Si-wing, BBS
Hon LEUNG Che-cheung, SBS, MH, JP
Hon POON Siu-ping, BBS, MH
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon Wilson OR Chong-shing, MH
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon Tony TSE Wai-chuen, BBS, JP

Public officers attending : **Agenda item III**

Dr Raymond SO Wai-man, BBS, JP
Under Secretary for Transport and Housing
Transport and Housing Bureau

Ms Vivien LI Chim-wing
Principal Assistant Secretary for Transport and
Housing (Transport) 2
Transport and Housing Bureau

Ms Candy KWOK Wai-ying
Assistant Commissioner / Administration &
Licensing
Transport Department

Mr Michael LAW Hing-sun
Assistant Commissioner / Technical Services
Transport Department

Mr William SHUM Ngai-on
Chief Electrical & Mechanical Engineer / Vehicle
Safety & Standards
Transport Department

Mr Eddy WU Kin-kwok
Chief Engineer / Road Safety & Standards
Transport Department

Agenda item IV

Ms Amy WONG, JP
Deputy Secretary for Transport and Housing
(Transport) 2
Transport and Housing Bureau

Miss Joyce KOK
Principal Assistant Secretary for Transport and
Housing (Transport) 12
Transport and Housing Bureau

Mr Patrick WONG
Assistant Commissioner/Management and
Paratransit
Transport Department

Ms Louisa FUNG
Principal Transport Officer/Ferry and Paratransit
Transport Department

Clerk in attendance: Ms Sophie LAU
Chief Council Secretary (4)2

Staff in attendance : Ms Angela CHU
Senior Council Secretary (4)2

Ms Jacqueline LAW
Council Secretary (4)2

Miss Mandy LAM
Legislative Assistant (4)2

I. Information paper(s) issued since the last meeting

LC Paper No. CB(4)842/20-21(01) - Administration's response to the item "6170TB – Braemar Hill Pedestrian Link" raised at the meeting on 19 February 2021

LC Paper No. CB(4)851/20-21(01) - Administration's response to the letter from Hon Tony TSE Wai-chuen requesting information on the item "3023TP - Public vehicle park at Areas 4 and 30 (Site 2), Sheung Shui, 3024TP – Public vehicle park at Area 99, Tung Chung and B085TI

– Public Transport Interchange at Tung Chung Area 99" discussed at the meeting on 5 January 2021

- LC Paper No. CB(4)852/20-21(01) - Administration's response to the item "3023TP — Public vehicle park at Areas 4 and 30 (Site 2), Sheung Shui, 3024TP — Public vehicle park at Area 99, Tung Chung and B085TI — Public Transport Interchange at Tung Chung Area 99" raised at the meeting on 5 January 2021
- LC Paper No. CB(4)914/20-21(01) - Administration's response to the item "Route 11 (section between Yuen Long and North Lantau) – Investigation" raised at the meeting on 19 March 2021
- LC Paper No. CB(4)969/20-21(01) - Administration's response to the item "The introduction of alternative means of emergency exit for light buses" raised at the meeting on 19 February 2021

Members noted the above papers issued since the last meeting.

II. Items for discussion at the next meeting

- LC Paper No. CB(4)987/20-21(01) - List of outstanding items for discussion

LC Paper No. CB(4)987/20-21(02) - List of follow-up actions

2. Members agreed to discuss the following items at the next regular meeting to be held on 18 June 2021:

- (a) Franchises of Citybus Limited (Franchise for Airport and North Lantau Bus Network) (Franchise 2), Long Win Bus Company Limited and New World First Bus Services Limited; and
- (b) Upgrading of passenger ancillary facilities and application of technology on public light buses.

III. Proposed Regulatory Framework for Autonomous Vehicles

LC Paper No. CB(4)987/20-21(03) - Paper provided by the Administration

LC Paper No. CB(4)987/20-21(04) - Information note prepared by the Legislative Council Secretariat

Briefing by the Administration

3. At the invitation of the Chairman, Under Secretary for Transport and Housing ("USTH") briefed members on the Administration's preliminary proposal for establishing a new regulatory framework for autonomous vehicles ("AVs") in Hong Kong. Details of the briefing were set out in the Administration's paper. USTH said that as AVs were not designed, constructed or operated according to the technical standards or driving rules of conventional motor vehicles, they could not be registered and licenced under the Road Traffic Ordinance (Cap. 374) ("RTO") in Hong Kong. To facilitate trials of AVs, the Transport Department ("TD") had been issuing Movement Permits to organizations conducting AV trials in accordance with the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E) ("RT(R)R"), subject to compliance with relevant road safety requirements. As at end April 2021, Movement Permits were issued to six organizations in respect of 11 AVs.

4. Given the limitations under existing regulatory regime, the Administration proposed to create a new piece of subsidiary legislation for AVs under RTO. Under the new framework, anyone who would like to trial or use AVs or AV systems on certain roads would need to obtain an operation licence from the Commissioner for Transport ("C for T"), and each AV could be put on trial or use on roads only if it had been examined and issued with a permit. The new subsidiary legislation would also cover requirements on insurance coverage, record keeping, incident reporting and obligations of different parties, among others, for AV trials and use. In addition, C for T would be empowered to grant exemptions for organizations conducting AV trials from complying with certain provisions of RTO and its subsidiary legislation. The Administration would also specify legal obligations of AV operators and relevant licence and permit holders, as well as relevant offences and penalties relating to trials or use of AVs under the new subsidiary legislation. To illustrate to the industry the detailed technical and operational requirements for the trials and use of AVs in Hong Kong, C for T would issue a Code of Practice on matters such as vehicle design, construction, cybersecurity and so forth. The Administration aimed at introducing the relevant legislative proposal to the Legislative Council in 2022, and would consult relevant stakeholders when drawing up details of the regulatory framework.

5. With the aid of a powerpoint presentation, Assistant Commissioner/Administration and Licensing of the Transport Department ("AC/AL") briefed members on the latest situation of AV trials in Hong Kong.

(post-meeting note: the powerpoint presentation material was issued to members vide LC Paper No. CB(4)1018/20-21(01) on 21 May 2021)

Discussion

Development of AVs in Hong Kong

6. While supporting the Administration's proposal of establishing a new regulatory framework to provide favourable conditions for the development of AVs in Hong Kong, Mr LUK Chung-hung, Mr LEUNG Che-cheung and Ir Dr LO Wai-kwok expressed concern about the development progress of AVs in Hong Kong as compared with other cities in China or overseas. They said that trials of AVs started some eight years ago at the Hong Kong Science Park. Yet, it was until November 2019 that the Technical Advisory Committee on the Application of AV Technologies in Hong Kong ("the

Committee") was established to promote the development of AVs in Hong Kong. Comparing with Mainland cities such as Shanghai or Shenzhen where passenger trial on AVs of public transport services such as autonomous buses and taxis were conducted progressively, little progress had been made in developing a mature and marketable autonomous driving technology in Hong Kong. The Deputy Chairman asked about the Administration's vision and the development strategy of AVs in Hong Kong.

7. USTH responded that the Administration had kept abreast of the latest trend and development of AVs worldwide. The facilitation of AV trials was one of the Smart Mobility initiatives set out in the Hong Kong Smart City Blueprint released by the Administration in December 2017. Given that AV technology was still evolving and some experts had mentioned that AVs could only attain full automation by 2030 or beyond, it would be a pragmatic approach to introduce a flexible regulatory framework to facilitate a wider trial and use of AVs in Hong Kong. The Administration welcomed collaboration amongst different sectors and stakeholders on the trials of AVs in Hong Kong.

8. On the enquiry by Mr POON Siu-ping about the development progress of AVs in Hong Kong as compared to other places worldwide, AC/AL replied that according to the Society of Automotive Engineer, driving automation was defined by 6 stages, from stage 0 (fully manual) to stage 5 (fully autonomous). At present, development of AV technology in Hong Kong had already reached stage 4, i.e. high driving autonomy, and the progress was on a par with other places worldwide.

9. Mr YIU Si-wing noted that Movement Permits were issued by TD to six organizations as of April 2021. He commented that the trial sites involved were mainly government-related venues such as the Hong Kong Science Park. Without wider private sector participation, the development of AVs in Hong Kong might be constrained. He suggested that THB should work more closely with the Innovation and Technology Bureau and other government departments to encourage the private sector to take part in the trials. He also enquired about measures to help Hong Kong become a global leader in the development of AVs.

10. Quoting the success of overseas universities and research institutions in attracting private funding in developing and commercializing their research and development ("R & D") projects, Mr LUK Chung-hung asked how the Administration could foster a deeper collaboration between research institutions and private companies to promote the development of AVs in Hong Kong.

11. USTH responded that TD had set up the Committee in November 2019 to actively promote the development of AV technologies, including exploring a suitable regulatory framework for AVs in Hong Kong. The Committee comprised representatives and experts from the trade and relevant R & D institutions. Through close cooperation and liaison with the trade, TD had been gathering experience of the local trials of AV technologies. In addition, TD had issued a "Guidance Notes on Trials of Autonomous Vehicles" in December 2019 to provide guidance for interested organizations to conduct AV trials on roads safely under the prevailing regulatory framework. The Guidance Notes were further updated in December 2020 setting out further details on the requirements of the trials. The Administration would keep in view development of AVs both locally and globally.

12. Assistant Commissioner/Technical Services ("AC/TS") supplemented that the proposed new licensing regime would not only allow a wider research and trials on AV technology, such as conducting AV trials on public roads, but would also support the application of AV technology and use of AVs in Hong Kong in the longer run. Furthermore, the Administration had set up a \$1 billion Smart Traffic Fund ("Fund") to provide funding support to enterprises and organizations for conducting research and application of innovation and technology. Private organizations could apply for the Fund for undertaking vehicle-related projects such as vehicle-related big data analysis and vehicle-to-everything technology.

13. Mr Holden CHOW pointed out that the Airport Authority Hong Kong had already announced its plan to introduce an AV system running between the Airport, Tung Chung and the Hong Kong Zhuhai Macao Bridge border control area by 2028. He was disappointed that the Administration could not provide the public with a blueprint or a concrete implementation plan on how to realize autonomous driving in Hong Kong. Sharing similar views, the Deputy Chairman, Mr Tony TSE and Mr LAU Kwok-fan also called on the Administration to be forward thinking when mapping out the development of AVs in Hong Kong, taking into account all relevant factors holistically including safety, road infrastructure, legal obligations and so forth.

14. At the request of the Chairman, the Administration undertook to provide information on the strategies to be adopted by the Administration in fostering the long term development of AVs in Hong Kong, including implementation plan and time table.

(*Post-meeting note:* the Administration's supplementary information was issued to members vide LC Paper No. CB(4)1141/20-21(01) on 18 June 2021)

Enabling car-hailing feature of vehicles to be adopted in Hong Kong

15. The Deputy Chairman and Mr Tony TSE suggested adopting a phased approach in implementing AV technology in Hong Kong by allowing early implementation of mature and safe AV technology available in the market before full driving automation could be realized. Noting that certain models of electric vehicles had already been equipped with an autonomous driving technology known as "car-hailing feature" which allowed drivers to remotely control their vehicles within a close distance by using a mobile application without having the need to be physically present inside the car, Mr Micheal TIEN asked if such technology was allowed to be used in Hong Kong.

16. AC/AL replied that under existing regulations, a driver was prohibited from vacating a vehicle without having stopped the engine and set the brake. Hence the driver assistance function which enabled the driver to remotely control the vehicle away from the driving seat would contravene the existing legislation and could not be used in Hong Kong. TD would keep abreast of latest development of the relevant vehicle technologies through continuously liaising with the stakeholders.

17. Mr Micheal TIEN commented that the "car-hailing feature" was a safe technology that could bring great convenience to drivers, especially when drivers parked their vehicles in narrow parking spaces where the driver concerned could not easily open the vehicle door and get in or out of the vehicle. He enquired about the feasibility of amending existing legislation to enable "car-hailing feature" to be used in Hong Kong. The Deputy Chairman and the Chairman also urged the Administration to adopt an open mind on the use of feasible and safe technology that could bring convenience to drivers. They opined that existing regulatory regime should be made to allow flexibility in adopting the latest technology in the market.

18. USTH responded that in deciding whether to amend the existing legislation to allow the driver to remotely control the vehicle away from the driving seat in Hong Kong, the Administration would need to carefully study, among others, issues relating to safety and responsibility in respect of an unmanned but remotely controlled vehicle. A proper balance would need to

be struck between convenience of drivers as well as public safety.

19. Mr LAU Kwok-fan enquired under what conditions the Administration would consider it appropriate to allow the adoption of AV technologies in Hong Kong. AC/TS replied that AV technologies were still evolving and developing, and widely accepted and comprehensive international standards were yet to emerge. To ensure public safety, it would be necessary to impose more conditions and constraints on the trial and use of AVs in Hong Kong. As and when AV technologies and applicable international standards became available, the Administration would consider further relaxing the relevant conditions accordingly.

Obligations and liabilities relating to the trial and use of AVs

20. Dr Priscilla LEUNG expressed concern about the legal obligations and liabilities of drivers or owners of AVs as the operation of AVs under "driverless mode" was controlled by autonomous systems, which might render certain drivers' obligations and liabilities inapplicable. She enquired how the Administration would specify legal obligations and liabilities of AV operators, drivers and permit holders, as well as the relevant offences and penalties involved in the trial and use of AVs under the new regulatory regime.

21. AC/AL explained that under existing regulatory regime, the legal obligations and liabilities of drivers or vehicle owners were set out under relevant permits to ensure that AVs were driven with due regard to the safety of other road users. Also, the presence of a competent driver in the vehicle was required to take control when necessary to ensure safety. In drawing up relevant obligations of different parties and consequences in case of violation under the new regulatory regime, the Administration would make reference to the practice of overseas jurisdictions to see if similar provisions could be made applicable to Hong Kong. TD was at present working closely with the Department of Justice ("DoJ") to study relevant legislation.

22. Dr LEUNG suggested that the implementation of AVs in Hong Kong would have wide implications to drivers, road users and relevant stakeholders, not to mention the required changes and amendments to existing road infrastructure, driving rules and legislation governing liabilities and obligations. She called on the Administration to prudently and holistically consider all relevant issues when mapping out the way forward.

23. Mr POON Siu-ping and Ir Dr LO Wai-kwok noted from the Administration's paper that under the proposed regulatory regime, it would

be an offence for any person who hindered or obstructed an authorized AV trial or use, or interfered with any equipment or device of AVs under trial or use. Mr POON sought explanation on the above proposed offence. Ir Dr LO opined that in drawing up relevant offences and penalties on the trial and use of AVs under the new regime, it would be paramount to define clearly legal liabilities to ensure safety of all parties including other road users.

24. AC/AL replied that under the proposed regulatory regime, it would be an offence if any person deliberately hindered or obstructed the trial and use of AVs, and such hindrance and obstruction would include both physical and technical hindrance and obstruction. In drawing up details of the offences and penalties, TD would make reference to the regulatory regimes of overseas jurisdictions, including the definition of legal liabilities of different parties. TD would also work closely with DoJ when devising or amending relevant legislation. She added that AVs at present were required to install electronic data recording device during trials or use. Such data could provide circumstantial information and evidence to help delineate legal liabilities of responsible parties in case of accidents.

25. At the request of Mr POON Siu-ping, the Administration undertook to provide information regarding the regulatory regime and relevant offences and penalties relating to trials and use of AVs in other overseas jurisdictions for members' reference after the meeting.

The Admin

(Post-meeting note: the Administration's supplementary information was issued to members vide LC Paper No. CB(4)1141/20-21(01) on 18 June 2021)

26. Mr SHIU Ka-fai noted that under the existing regulatory regime, relevant penalties stipulated in RT(R)R in case of violation of drivers' obligations stipulated under Movement Permits issued by TD would be a fine at level 1, i.e. \$2,000 upon conviction. He enquired about the penalty imposed on the driver or permit holder in case of an accident involving an AV under trial and use.

27. AC/AL explained that for current AV trials, all relevant obligations were set out as conditions imposed to the Movement Permits issued by TD. In case of violations of the conditions stipulated in the Movement Permits, the level of fine would be \$2,000 upon conviction. In addition, victims of the accident could also seek civil remedies for their loss or injury.

Conclusion

28. The Chairman concluded that members supported the introduction of a new regulatory regime to facilitate a wider trial and use of AVs in Hong Kong. He called on the Administration to pay heed to the comments made by members on the development strategy of AVs in Hong Kong and on the relaxation of the relevant legislation to allow the adoption of safe technology which was already available in the market for the convenience of drivers.

IV. Review of the Public Transport Fare Subsidy Scheme

LC Paper No. CB(4)987/20-21(05) - Paper provided by the Administration

LC Paper No. CB(4)987/20-21(06) - Paper prepared by the Legislative Council Secretariat (Updated background brief)

Briefing by the Administration

29. At the invitation of the Chairman, Deputy Secretary for Transport and Housing (Transport) 2 ("DS/T2") briefed members on the implementation progress and review outcome of the Public Transport Fare Subsidy Scheme ("PTFSS"). Details of the briefing were set out in the Administration's paper.

30. DS/T2 said that since 1 January 2020, the Administration had enhanced PTFSS by increasing the subsidy rate from one-fourth to one-third of the monthly public transport expenses in excess of \$400, as well as raising the subsidy cap from \$300 to \$400 per month. With a view to allowing more passengers to benefit from PTFSS during the COVID-19 pandemic, the Administration had temporarily relaxed the monthly public transport expenses threshold from \$400 to \$200 from 1 July 2020 to 31 December 2021, and temporarily increased the monthly subsidy cap from \$400 to \$500 during the period from 1 April to 31 December 2021. As at April 2021, the total subsidy amount was over \$5 billion, the average number of beneficiaries per month was about 2.15 million, and the average amount of monthly subsidy per beneficiary was about \$83.

31. DS/T2 reported that the Administration had completed a review of PTFSS. Overall speaking, members of the public were satisfied with the operational arrangements of PTFSS. Most of the public transport operators (“operators”) also welcomed PTFSS which had brought positive impact to their operations and fare revenues. With the emergence of various electronic payment (“e-payment”) platforms, the Administration would explore ways to expedite the incorporation of suitable e-payment systems into PTFSS, and would liaise with the operators after working out the detailed implementation proposal.

Discussion

Implementation of PTFSS

32. The Deputy Chairman, Mr LAU Kwok-fan, Ir Dr LO Wai-kwok, Mr LUK Chung-hung and Mr SHIU Ka-fai expressed appreciation of PTFSS in alleviating the fare burden of the public amidst the difficult times brought by the COVID-19 pandemic. The Deputy Chairman said that PTFSS not only relieved the pressure of transport expenses faced by the public, but also encouraged the public to use more public transport services. Noting that the Administration had temporarily relaxed the monthly public transport expenses threshold of PTFSS from \$400 to \$200 and raised the monthly subsidy cap from \$400 to \$500 until the end of this year, members strongly urged the Administration to convert the above temporary measures into long term arrangement.

33. DS/T2 responded that the intent of introducing the temporary measures was to allow more passengers to benefit from PTFSS during the COVID-19 pandemic. As the provision of transport fare subsidy involved the use of public funds, members' suggestion would require prudent consideration. The Administration would take into account various factors such as development of the pandemic, economic situation of Hong Kong, fare level, etc. in considering arrangements of PTFSS.

34. The Deputy Chairman, Mr LAU Kwok-fan and Ir Dr LO Wai-kwok reiterated their call to convert the temporary measures into long standing arrangement. They opined that the monthly average subsidy of about \$180 million under PTFSS was not substantial as compared to other Government expenditure. Yet PTFSS could benefit as many as 2.15 million passengers per month on average. Mr LAU added that the Government, as the largest shareholder of the MTR Corporation Limited, would normally receive huge amount of dividends every year. He opined that the Administration could use the dividends received to subsidize PTFSS.

35. Dr CHENG Chung-tai expressed reservation about the implementation of PTFSS. Citing the approval of franchised bus fare increase in March 2021 as an illustration, Dr CHENG pointed out that the subsidy received by the public was offset by the fare increase. He criticized that the Administration was subsidizing the operators, instead of members of the public, via PTFSS. He also commented that the administrative cost of PTFSS was too high.

36. Pointing out that PTFSS had been well received by the public, Mr SHIU Ka-fai stressed that the Administration should continue implementing policies that could benefit the public. He added that both the provision of public transport services and fare adjustment applications submitted by the operators in Hong Kong were stringently regulated in accordance with relevant mechanisms and regulations. In fact, many operators were operating at a loss because of the drastic drop in patronage in the past two years. It was necessary to ensure the financial viability of public transport services.

37. Mrs Regina IP commented that, as compared with the suggestion of lowering the age of elderly persons eligible for using public transport services at a concessionary rate of \$2 from 65 at present to 60, PTFSS was indeed a better scheme in subsidizing transport fare of the public because the beneficiaries under PTFSS were much wider in range, including students and working population. Besides, given that the population in Hong Kong was ageing, PTFSS would pose less fiscal pressure on the Administration than the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities in the long run.

38. Referring to Annex I to the Administration's paper, Mr POON Siu-ping noted that the number of beneficiaries under PTFSS dropped in 2020 vis-à-vis 2019, yet the amount of subsidy was higher in 2020. He enquired about the reason for this. DS/T2 explained that it was mainly due to two reasons, first, the Administration had enhanced PTFSS since 1 January 2020 by raising the subsidy rate and the subsidy cap; and second, the monthly public transport expenses threshold of PTFSS had been temporarily relaxed in the latter half of 2020. Hence, even though the number of beneficiaries was lower in 2020 due to fewer commuters under the epidemic, the amount of subsidy was higher. At the request of Mr POON, the Administration agreed to provide information on the distribution of public transport expenses by transport modes since the launch of PTFSS.

(*post-meeting note*: the administration's response to the above request was issued to members on 7 June 2021 vide LC Paper No. CB(4)1086/20-21(01))

Operators joining PTFSS

39. Noting that 68 operators and organizations had completed the questionnaire survey on the operational arrangements of PTFSS conducted by the Transport Department (“TD”), Ir Dr LO Wai-kwok asked about the participation situation of the scheme, and ways to encourage more operators to join. Mr POON Siu-ping also asked if there was a deadline for operators to join PTFSS.

40. Assistant Commissioner/Management and Paratransit of the Transport Department (“AC/TD”) replied that there was no deadline for operators to join PTFSS. Small-scale operators including those running red minibuses, non-franchised buses providing residents' services or employees' services and kaitos approved by TD might encounter difficulties in meeting the prescribed operational requirements under PTFSS, such as installation of Octopus payment system and timely upload of Octopus transaction records for the calculation of subsidy. TD would continue to liaise closely with the operators and provide necessary assistance and technical support as and when necessary.

41. Mr POON Siu-ping asked whether there were cases of serious non-compliance with regard to meeting the prescribed operational requirements by operators. Mrs Regina IP also asked whether there were cases of abuse and what measures had been implemented to prevent exploitation of PTFSS by small-scale operators the fare of which was not regulated by TD.

42. AC/TD replied that since the launch of PTFSS, no cases of serious non-compliance by operators had been identified. However, the internal monitoring systems of two operators had identified a total of three suspected fraudulent cases, of which two were now under investigation by relevant law enforcement authorities. For operators who would like to join PTFSS, they were required to submit application to TD, and provide information relating to their operating routes and fare levels. Also, TD would gather operational data and passenger statistics periodically, and verify reports and transaction records submitted by operators on a regular basis to minimize the risks of abuse. So far, no serious irregularities had been identified.

Introduction of more electronic payment means

43. Having regard to the emergence of different e-payment platforms for paying public transport fares, the Deputy Chairman enquired about the timetable of incorporating e-payment systems other than the Octopus into PTFSS. Pointing out that the Administration would implement the "\$5,000 Digital Consumption Voucher Scheme" via four e-payment platforms with a view to offering more choices to members of the public on the use of the vouchers, Mr LAU Kwok-fan also said that TD should actively explore ways to expedite the inclusion of different e-payment systems into PTFSS.

44. DS/T2 explained that the use of e-payment platforms for implementing the "\$5,000 Digital Consumption Voucher Scheme" and PTFSS would require different considerations as PTFSS involved the handling of voluminous transactions every day. Detailed operational arrangements including the uploading and verification of transaction records, arrangements and modes for subsidy calculation and collection, monitoring mechanism, lead time involved and cost estimates, etc. would need to be worked out further. That said, TD had made initial contact with individual e-payment system operators to explore possible way forward.

45. Mr LUK Chung-hung noted that at present, only public transport fares paid by Octopus would be considered as applicable expenses under PTFSS. For transport expenses paid by other e-payment systems, such as using QR Code payment when travelling on MTR, would not be included in calculating the subsidy amount under PTFSS. If more e-payment platforms were to be incorporated into PTFSS, Mr LUK enquired whether the transaction records of Octopus and all other e-payment systems could be consolidated. DS/T2 replied that aggregation of the public transport expenses paid via different e-payment systems would involve practical difficulties of requiring the e-payment system operators to share their sensitive commercial information with other parties. The Administration would take into account all relevant issues when mapping out the way forward.

Concerns about parallel traders benefiting from PTFSS

46. Mr SHIU Ka-fai expressed concern about the possible abuse of PTFSS by parallel traders. DS/T2 advised that in designing PTFSS, the Administration's aim was for PTFSS to be as simple and easy to understand as possible for the convenience of the commuters. Based on actual statistics collected since the implementation of PTFSS, the number of Octopus users with monthly public transport expenses exceeding a few thousand dollars was very few. Besides, it would be difficult for the Administration to distinguish

parallel traders solely on the basis of their commuting patterns or actual public transport expenses. Further, as PTFSS only subsidized one-third of the public transport expenses in excess of the threshold and the amount of subsidy would be subject to a monthly cap, the scheme design would effectively reduce the risks of abuse by commuters.

V. Any other business

47. There being no other business, the meeting ended at 12:47 pm.

Council Business Division 4
Legislative Council Secretariat
23 July 2021