

**For discussion  
on 21 May 2021**

## **Legislative Council Panel on Transport**

### **Progress of Implementation and Review Outcome of the Public Transport Fare Subsidy Scheme**

#### **Purpose**

This paper aims to brief Members on the progress of implementation of the Public Transport Fare Subsidy Scheme and the outcome of the review on its specific operational arrangements.

#### **Background**

##### Purpose and characteristics of the Scheme

2. The Government launched the non-means tested Public Transport Fare Subsidy Scheme (“the Scheme”) in 2019 to relieve the fare burden of the commuters who use local public transport services for daily commuting and whose public transport expenses are relatively high. The Scheme covers the Mass Transit Railway (“MTR”), franchised buses, green minibuses (“GMBs”), ferries and trams, as well as designated routes of red minibuses (“RMBs”), non-franchised buses providing residents’ services (“RS”) or employees’ services (“ES”) and kaitos approved by the Transport Department (“TD”). The subsidy amount of each month is calculated on the basis of the actual public transport expenses recorded on each Octopus. Neither application nor prior registration of Octopus is required. Under the Scheme, commuters can continue to benefit from various public transport fare concession schemes provided by the Government and public transport operators (“the operators”).

3. In the first year of the implementation of the Scheme (2019), the Government provided a subsidy amounting to 25% of the monthly public transport expenses in excess of \$400, subject to a maximum of \$300 per month. To further alleviate commuters’ fare burden, the Government has enhanced the Scheme since 1 January 2020 by increasing the subsidy rate of the Scheme 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. The monthly public transport expenses threshold of the Scheme is maintained at \$400.

### Special measures

4. With a view to allowing more passengers to benefit from the Scheme during the COVID-19 epidemic, the Government announced in April 2020 a special measure to temporarily relax the monthly public transport expenses threshold of the Scheme from \$400 to \$200 from 1 July 2020 to 30 June 2021; and subsequently announced in March 2021 to extend this measure till 31 December 2021, as well as to temporarily increase the monthly subsidy cap under the Scheme from \$400 to \$500 during the period from 1 April to 31 December 2021.

### **Progress of implementation**

#### Subsidy amount and number of beneficiaries

5. Since its launch, the Scheme has been well received by the public and operating smoothly. As at April 2021, the total subsidy amount of the Scheme was over \$5 billion, representing a monthly average subsidy amount of about \$180 million; the average number of beneficiaries per month was about 2.15 million; and the average amount of monthly subsidy per beneficiary was about \$83. The monthly subsidy amount and the number of beneficiaries of the Scheme are at **Annex 1**, and the monthly distribution of beneficiaries by subsidy amount is at **Annex 2**.

#### Subsidy collection

6. Under the Scheme, commuters can collect the subsidy through the Octopus App and at over 1 800 subsidy collection points<sup>1</sup> across the territory. According to the statistics as at April 2021, over 70% of beneficiaries collected the subsidy at Subsidy Collection Points, around 20% tapped their Octopus on the card reader at outlets of designated convenience stores or supermarkets to collect

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<sup>1</sup> Including 51 Octopus Service Points; Subsidy Collection Points installed at 96 MTR stations, five light rail customer service centres, designated ferry piers and designated public transport interchanges; and any outlet of 7-Eleven, Circle-K and Wellcome supermarket.

the subsidy, and the remaining 10% or so collected the subsidy through the Octopus App or at Octopus Service Points.

7. Since the implementation of the Scheme, subsidy collection has been generally smooth, and on average, over 80% of beneficiaries collected the subsidy within the three-month collection period and the subsidy collected amounts to over 90% of the monthly total subsidy amount. The details of subsidy collection in the first two years of implementation of the Scheme are tabulated at **Annex 3**. The Government has been reminding members of the public to collect their subsidies within the collection period through various channels, including the Scheme Website, TD's HKeMobility App, the push notification function of the Octopus App, radio announcements of public interest and posters etc.

### **Review outcome**

8. The Government commenced a review of the Scheme in early 2020 to examine its specific operational arrangements, with a view to providing greater convenience to the general public. As part of the review, TD commissioned a consultant to conduct a telephone survey to collect public views on the Scheme with regard to aspects such as the design of the Scheme, the subsidy level, the subsidy collection arrangement, registration arrangement for the designated transport tickets and the enquiry channels<sup>2</sup>. TD also collected the operators' views on the operational arrangements of the Scheme through a questionnaire survey<sup>3</sup>.

### Scheme design and subsidy level

9. Among the respondents of the survey, almost 80% of them considered the overall operation of the Scheme simple and easy to understand, and close to 85% of them considered the arrangement of collecting subsidy via Octopus convenient. As for the Scheme coverage, over 80% of the respondents found the public transport services covered by the Scheme sufficient. Almost 60% of the respondents considered the subsidy level appropriate. More than 60% of the

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<sup>2</sup> The consultant completed a total of 3 016 telephone interviews from July to August 2020. The target respondents of the telephone survey were public transport passengers aged 16 or above (excluding foreign domestic helpers).

<sup>3</sup> In late August 2020, TD conducted an opinion survey in the form of questionnaire with 68 operators or organisations, which include the MTR Corporation Limited, franchised buses operators, GMBs operators, ferries operators, tramway, RMBs operators, and non-franchised buses operators, kaito operators and trade associations.

respondents who had collected the subsidy in year 2019 agreed that the Scheme could help to reduce their public transport expenses.

### Subsidy collection arrangement

10. Among the respondents who had collected the subsidy in year 2019, over 70% of them found the three-month subsidy collection period appropriate and almost 90% of them considered the existing subsidy collection channels convenient. The survey result showed that more than half of the respondents generally used an Anonymous Octopus to pay public transport expenses. When asked whether the Government should require all commuters to use a pre-registered Personalised Octopus to pay public transport expenses and collect the subsidy in order to prevent abuse, those who agreed and disagreed with such measure each accounted for about 40% of the respondents. Respondents who objected to such measure considered that the measure would cause inconvenience to them and were also concerned about the privacy issues that might arise. Besides, some respondents were of the view that the Government should allow members of the public to choose whether to use the Anonymous or Personalised Octopus to pay public transport expenses and collect the subsidy based on their own needs.

11. In designing the Scheme, our aim is for the Scheme to be as simple and easy to understand as possible for the convenience of the commuters. Thus, neither application nor prior registration of Octopus is required under the Scheme. Taking into consideration that many commuters are now using the Anonymous Octopus to pay public transport expenses and collect the subsidy, and that some commuters may have concerns over the proposed mandatory use of a pre-registered Personalised Octopus to collect the subsidy, we consider it appropriate to keep the simple and convenient arrangement of the Scheme where no prior registration is required at the present stage. Given that the commuters still have to afford most of the public transport expenses on their own and there is a monthly subsidy cap under the Scheme, we believe that the current Scheme design could help to reduce abuse.

### Registration arrangement for the designated transport tickets

12. Commuters who purchase designated transport tickets by any payment means other than the Octopus have to register the tickets through the “Designated Transport Ticket Self-registration Points” or by presenting the Octopus to the staff of operators for a simple registration within 30 days from the date of purchase, so as to link up relevant expenses with the Octopus record for calculation of total public transport expenses and subsidy amount under the Scheme. The survey result showed that over 80% of the respondents who had registered any designated

transport tickets under the Scheme found the registration procedures easy. While most operators were also content with the registration arrangement, a few operators which have to arrange staff to assist passengers to carry out the registration suggested the Government further streamline the relevant procedures. On the premise of providing the greatest convenience to the passengers, we will continue to offer the most practicable registration arrangement depending on the mode of ticket sales of various operators.

### Enquiry channels

13. Currently, commuters can check the cumulative total public transport expenses of the current month, public transport expenses and subsidy amount of the last three months, as well as the registration result of designated transport tickets through the Scheme Website, the Scheme Hotline or the Octopus App. The survey result revealed that more than 60% of the respondents found the aforementioned enquiry channels convenient. Commuters can also create an account through the Octopus App or the Scheme Website and register their Octopus to enquire the detailed record of public transport expenses. Since the implementation of the Scheme, the number of accounts has sustained a steady month-on-month growth. As at the end of April 2021, over 600 000 and 25 000 accounts that enable users to enquire details of the Scheme have been created through the Octopus App and the Scheme Website respectively.

14. During the initial stage of the implementation of the Scheme, the Scheme Hotline received a monthly average of around 20 000 enquiries, most of which were related to the operational details of the Scheme. According to actual statistics from January to April 2021, the Scheme Hotline received around 8 000 enquiries a month on average<sup>4</sup>. Most people enquired about their public transport expenses and subsidy amount as well as the subsidy arrangements relating to malfunctioned, lost or bank co-brand Octopus. The statistics above reflect that members of the public are now familiar with the operation of the Scheme after it has been implemented for over two years.

### Monitoring measures and their effectiveness

15. To ensure proper use of public funds under the Scheme, TD has adopted a series of risk-based monitoring measures to minimise the risks of abuse.

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<sup>4</sup> The Scheme Hotline features an interactive voice response system (“IVRS”) which enables callers to enquire the details of the Scheme anytime. According to the actual statistics from January to April 2021, almost 80% of callers could complete the enquiry process on their own via the IVRS, while the remaining 20% required assistance from the hotline staff.

These measures include establishing a set of audit and assurance standards with all the operators covered by the Scheme to strengthen the internal monitoring system; requiring all relevant operators to submit to the Government reports prepared by independent auditors in accordance with the standards issued by the Hong Kong Institute of Certified Public Accountants annually; and regularly examining the records and reports submitted by the operators and Octopus Cards Limited. In addition, since the operation modes of RMBs, RS, ES and kaitos are relatively flexible and their fares do not require TD's approval, operators of these four modes of public transport services which are interested in joining the Scheme must fulfill the basic requirements (e.g. signing agreement with TD and installing Octopus payment system) and submit their applications to TD for approval. They must also undertake to comply with the prescribed operational requirements<sup>5</sup>.

16. To ensure that the operators comply with the prescribed operational requirements under the Scheme, TD conducts four transport surveys each year to gather operational data and passenger statistics, examines the annual audit reports submitted by the operators, and verifies the reports submitted by the operators and checks the transaction records in the Octopus payment system on a regular basis. If, during the monitoring process, an individual operator is found to have breached the prescribed operational requirements, depending on the nature and extent of non-compliance, TD may issue warning letters to the operator or even temporarily or permanently exclude its services from the Scheme. Since the implementation of the Scheme, TD has not identified any cases of serious non-compliance.

17. Since the implementation of the Scheme, the internal monitoring systems of two operators have identified a total of three suspected fraudulent cases, which were immediately referred to the Police for investigation and follow-up action<sup>6</sup>. TD has also conducted immediate review on the internal monitoring systems of the two relevant operators for early improvements. We believe these were isolated cases. TD will continue to regularly review the effectiveness and sufficiency of the internal monitoring measures taken by all operators covered by the Scheme, and enhance the comprehensiveness of the monitoring system as and when necessary in order to minimise the risks of abuse.

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<sup>5</sup> When RMB, RS, ES and kaito operators that have fulfilled the basic requirements submit their applications to TD for joining the Scheme, they must undertake to comply with the prescribed operational requirements, which include submitting operational data regularly, uploading transaction record in the Octopus payment system in a timely manner, etc.

<sup>6</sup> Among the three suspected fraudulent cases, one case has been convicted and the remaining two cases are still under investigation.

18. Some operators have indicated through the questionnaire that they would like the Government to simplify the operational requirements and audit arrangements of the Scheme. In this connection, we would like to point out that the monitoring measures adopted by TD are to ensure the proper use of public funds under the Scheme. TD will continue to maintain close liaison with the operators to understand their actual operational conditions and needs.

#### To encourage more operators to join the Scheme

19. As shown in the questionnaire survey result, most of the operators welcomed the Scheme and agreed that joining the Scheme did bring positive impact to their operations and fare revenues. They were generally satisfied with the overall operational arrangement of the Scheme. As of April 2021, a total of 71 applications from the operators of RMBs, RS, ES and kaitos, involving a total of 331 routes, have been approved to participate in the Scheme. The number of routes joining the Scheme has surged nearly fourfold compared to 68 routes at the time of launch of the Scheme. TD will continue to liaise closely with the operators, answer their enquiries in detail via various channels, and provide them with necessary technical support regarding the installation of Octopus payment system. We will also request the Octopus Cards Limited to continue to offer special concessions to operators which apply for joining the Scheme for the first time and need to procure or use the Octopus payment system.

#### Incorporation of other electronic payment systems

20. The survey result showed that the public in general are used to paying daily public transport fares through the Octopus. According to TD's latest statistics, while some operators have provided electronic payment ("e-payment") means other than the Octopus, most passengers are still using the Octopus to pay transport fares. In the meantime, upon the emergence of various e-payment platforms, we expect that more operators will progressively introduce e-payment systems other than the Octopus, and the passengers' habit of paying public transport fares may change gradually in the future. Therefore, we have made initial contact with individual e-payment system operators, with a view to examining how to expedite the incorporation of suitable e-payment systems into the Scheme and considering the issues involved, which include the threshold for incorporating e-payment systems into the Scheme, arrangements for uploading and verification of the transaction records, arrangements and modes for subsidy calculation and collection, corresponding monitoring mechanism, lead time and cost estimates, etc. We will liaise with the operators after we have worked out the detailed implementation proposal, with a view to incorporating suitable e-payment systems into the Scheme as soon as possible.

**Advice sought**

21. Members are invited to note the contents of this Paper.

**Transport and Housing Bureau  
May 2021**



**Public Transport Fare Subsidy Scheme**  
**Monthly Subsidy Amount and Number of Beneficiaries**

<b>Month</b>	<b>Subsidy amount (\$ million)</b>	<b>Number of beneficiaries (million)</b>
January 2019	186	2.35
February 2019	121	1.94
March 2019	182	2.36
April 2019	153	2.18
May 2019	171	2.26
June 2019	158	2.20
July 2019	170	2.22
August 2019	163	2.15
September 2019	157	2.17
October 2019	141	1.99
November 2019	122	1.80
December 2019	151	2.10
<b>2019 average</b>	<b>156</b>	<b>2.14</b>

<b>Month</b>	<b>Subsidy amount (\$ million)</b>	<b>Number of beneficiaries (million)</b>
January 2020	170	1.92
February 2020	90	1.08
March 2020	121	1.33
April 2020	92	1.12
May 2020	139	1.50
June 2020	152	1.66
July 2020	211	2.38
August 2020	181	2.09
September 2020	237	2.53
October 2020	264	2.89
November 2020	272	2.87
December 2020	218	2.42
<b>2020 average</b>	<b>179</b>	<b>1.98</b>

<b>Month</b>	<b>Subsidy amount (\$ million)</b>	<b>Number of beneficiaries (million)</b>
January 2021	218	2.43
February 2021	197	2.46
March 2021	279	2.80
April 2021	308	3.00
<b>2021 January - April average</b>	<b>250</b>	<b>2.67</b>

**Monthly Distribution of Beneficiaries by Subsidy Amount**

<b>Month</b>	<b>Monthly distribution of beneficiaries by subsidy amount (million) (as a percentage of the total number of beneficiaries)</b>			<b>Total number of beneficiaries (million)</b>
	<b>\$0.1 - \$100</b>	<b>\$100.1 - \$200</b>	<b>\$200.1 - \$300</b>	
January 2019	1.67 (70.8%)	0.51 (21.8%)	0.17 (7.4%)	2.35
February 2019	1.56 (80.4%)	0.31 (16.2%)	0.07 (3.4%)	1.94
March 2019	1.69 (71.7%)	0.52 (22.0%)	0.15 (6.3%)	2.36
April 2019	1.65 (75.5%)	0.43 (19.9%)	0.10 (4.6%)	2.18
May 2019	1.64 (72.4%)	0.48 (21.5%)	0.14 (6.1%)	2.26
June 2019	1.64 (74.5%)	0.45 (20.6%)	0.11 (5.0%)	2.20
July 2019	1.60 (72.0%)	0.48 (21.8%)	0.14 (6.2%)	2.22
August 2019	1.55 (72.3%)	0.47 (21.7%)	0.13 (6.0%)	2.15
September 2019	1.62 (74.2%)	0.44 (20.5%)	0.11 (5.3%)	2.17

October 2019	1.50 (75.2%)	0.39 (19.7%)	0.10 (5.1%)	1.99
November 2019	1.38 (76.9%)	0.34 (18.8%)	0.08 (4.3%)	1.80
December 2019	1.56 (74.4%)	0.43 (20.5%)	0.11 (5.1%)	2.09
<b>2019 average</b>	<b>1.58 (74.0%)</b>	<b>0.44 (20.5%)</b>	<b>0.12 (5.5%)</b>	<b>2.14</b>

Month	Monthly distribution of beneficiaries by subsidy amount (million) (as a percentage of the total number of beneficiaries)				Total number of beneficiaries (million)
	\$0.1 - \$100	\$100.1 - \$200	\$200.1 - \$300	\$300.1 - \$400	
January 2020	1.27 (66.3%)	0.46 (24.1%)	0.13 (6.9%)	0.05 (2.6%)	1.92
February 2020	0.74 (69.1%)	0.24 (22.2%)	0.07 (6.4%)	0.02 (2.3%)	1.08
March 2020	0.86 (65.2%)	0.32 (24.4%)	0.10 (7.6%)	0.04 (2.9%)	1.32
April 2020	0.78 (69.6%)	0.25 (22.4%)	0.07 (6.0%)	0.02 (2.0%)	1.12
May 2020	0.96 (64.4%)	0.37 (24.8%)	0.11 (7.7%)	0.05 (3.1%)	1.50
June 2020	1.08 (65.5%)	0.41 (24.9%)	0.12 (7.2%)	0.04 (2.4%)	1.66
July 2020	1.58 (66.2%)	0.57 (24.1%)	0.18 (7.4%)	0.06 (2.4%)	2.38
August 2020	1.41 (67.5%)	0.48 (23.2%)	0.15 (7.0%)	0.05 (2.3%)	2.09
September 2020	1.60 (63.2%)	0.66 (26.0%)	0.21 (8.2%)	0.06 (2.5%)	2.53
October 2020	1.85 (64.1%)	0.75 (26.0%)	0.22 (7.7%)	0.07 (2.3%)	2.89

November 2020	1.79 (62.5%)	0.76 (26.7%)	0.24 (8.3%)	0.07 (2.5%)	2.87
December 2020	1.57 (65.2%)	0.60 (25.0%)	0.18 (7.5%)	0.06 (2.3%)	2.42
<b>2020 average</b>	<b>1.29 (65.3%)</b>	<b>0.49 (24.8%)</b>	<b>0.15 (7.5%)</b>	<b>0.05 (2.5%)</b>	<b>1.98</b>

Month	Monthly distribution of beneficiaries by subsidy amount (million) (As a percentage to the total number of beneficiaries)					Total number of beneficiaries (million)
	\$0.1 - \$100	\$100.1 - \$200	\$200.1 - \$300	\$300.1 - \$400	\$400.1 - \$500	
January 2021	1.58 (65.3%)	0.60 (24.9%)	0.18 (7.5%)	0.06 (2.3%)	-	2.43
February 2021	1.73 (70.5%)	0.56 (22.7%)	0.13 (5.4%)	0.04 (1.4%)	-	2.46
March 2021	1.68 (60.0%)	0.77 (27.4%)	0.26 (9.3%)	0.09 (3.2%)	-	2.80
April 2021	1.75 (58.3%)	0.86 (28.6%)	0.29 (9.8%)	0.07 (2.5%)	0.02 (0.8%)	3.00



**Annex 3**

**Public Transport Fare Subsidy Scheme  
Monthly Subsidy Collection Status**

<b>Month</b>	<b>Last date for subsidy collection</b>	<b>Number of persons having collected subsidy (million) (as a percentage of the total number of beneficiaries)</b>	<b>Amount of subsidy collected (\$ million) (as a percentage of the total subsidy amount)</b>
January 2019	15 May 2019	2.03 (86%)	171 (92%)
February 2019	15 June 2019	1.68 (87%)	111 (92%)
March 2019	15 July 2019	1.96 (83%)	164 (90%)
April 2019	15 August 2019	1.81 (83%)	138 (90%)
May 2019	15 September 2019	1.86 (82%)	154 (90%)
June 2019	15 October 2019	1.81 (82%)	142 (90%)
July 2019	15 November 2019	1.83 (82%)	153 (90%)
August 2019	15 December 2019	1.76 (82%)	146 (90%)
September 2019	15 January 2020	1.79 (83%)	141 (90%)
October 2019	15 February 2020	1.68 (84%)	128 (91%)

November 2019	15 March 2020	1.54 (86%)	112 (92%)
December 2019	15 April 2020	1.68 (80%)	134 (89%)
<b>2019 average</b>	-	<b>1.79 (83%)</b>	<b>141 (90%)</b>

<b>Month</b>	<b>Last date for subsidy collection</b>	<b>Number of persons having collected subsidy (million) (as a percentage of the total number of beneficiaries)</b>	<b>Amount of subsidy collected (\$ million) (as a percentage of the total subsidy amount)</b>
January 2020	15 May 2020	1.54 (80%)	150 (88%)
February 2020	15 June 2020	0.98 (90%)	85 (94%)
March 2020	15 July 2020	1.19 (90%)	114 (94%)
April 2020	15 August 2020	1.01 (91%)	86 (94%)
May 2020	15 September 2020	1.31 (88%)	129 (93%)
June 2020	15 October 2020	1.42 (85%)	139 (91%)
July 2020	15 November 2020	1.85 (78%)	188 (89%)
August 2020	15 December 2020	1.69 (81%)	163 (90%)
September 2020	15 January 2021	2.01 (79%)	213 (90%)
October 2020	15 February 2021	2.17 (75%)	232 (88%)
November 2020	15 March 2021	2.18 (76%)	240 (88%)
December 2020	15 April 2021	1.99 (82%)	199 (91%)

<b>2020 average</b>	-	<b>1.61 (83%)</b>	<b>161 (91%)</b>
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