

Press Conference by Secretary for Labour and Welfare

GOVERNMENT PUBLIC TRANSPORT FARE CONCESSION SCHEME FOR THE ELDERLY AND ELIGIBLE PERSONS WITH DISABILITIES (\$2 SCHEME)

January 12, 2021



BACKGROUND

- Given the trend of ageing population in Hong Kong, the public expenditure of \$2 Scheme will continue to increase. The Government commissioned a consultant to conduct a comprehensive review of the effectiveness and sustainability of the \$2 Scheme and possible enhancements having regard to the demographic trend, operational consideration, anti-abuse measures, public aspirations and financial implications
- The Chief Executive (CE) announced in January last year the initiative of lowering the eligible age of the \$2 Scheme from 65 to 60 to benefit some 600 000 persons aged 60 to 64. In this regard, the consultant was required immediately to recommend in the final report the implementation arrangements for this enhancement measure
- The CE further announced in the 2020 Policy Address in November 2020 that 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

CONSULTANT'S FINAL REPORT

- The consultant has completed the final report with a number of recommendations. Having thoroughly examined the consultant's recommendations, the Government decided to:
 - Implement the lowering of eligible age to 60 on the strict condition that new beneficiaries aged 60 to 64 must apply for and use specific Personalised Octopus Cards (P-Cards) as a prerequisite for benefiting from the \$2 Scheme;
 - Extend the P-Card mandatory requirement to all existing beneficiaries aged 65 and above subsequently;
 - Step up enforcement efforts to combat and prevent abuse and misuse;
 - Extend the \$2 Scheme to Red minibus (RMB), kaito and the tramways on the condition of their strict compliance with specific conditions; and
 - Adjust the flat rate of \$2 every five years

MANDATORY USE OF P-CARDS

- To implement the initiative of lowering the eligible age to 60, the Government accepted the recommendation of the consultant that persons aged 60 to 64 will be mandated to apply for and use P-Cards as the pre-requisite for benefiting from the \$2 Scheme. The P-Cards are tailor-made for the \$2 Scheme and will contain photo and age for verification of the eligibility of the beneficiaries
- The Government estimates that once technical specifications for P-Cards are confirmed, the issue of P-Cards to some 600 000 new beneficiaries aged 60 to 64 may be completed within 13 months. If relevant procedures proceed smoothly (including appropriation procedures under Legislative Council), the Government may progressively implement this measure and other improvement measures from the first quarter of 2022
- The Government will extend the P-Card mandatory requirement to all existing beneficiaries aged 65 and above within the following two years upon the successful completion of the issue of P-Cards to the new beneficiaries aged 60 to 64

COMBAT & PREVENT ABUSE & MISUSE

- 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 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



COMBAT & PREVENT ABUSE & MISUSE

- To step up effort to combat and prevent abuse and misuse of the \$2 Scheme, the Government will adopt a three-pronged approach:
 1. Require new beneficiaries aged 60 to 64 mentioned above to apply for and use P-Cards as a prerequisite for benefiting from the \$2 Scheme and extend the P-Card mandatory requirement to all existing beneficiaries within the following two years ;
 2. Ask 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; and
 3. 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 PTOs and make appropriate use of section fare would also be disseminated to ensure proper use of public money

EXTEND \$2 SCHEME

RED MINIBUS (RMB)

- The average daily passenger trips for RMB in 2019 were about 282 700, representing some 2.3% of all public transport modes. RMB has been providing convenient service to elderly persons and persons with disabilities. The consultant recommended extending the \$2 Scheme to RMB but pointed out that unlike other PTOs under the \$2 Scheme, RMB operators decide their fare levels. Hence, the Government needs to establish regulatory requirements before allowing RMB to join the \$2 Scheme to ensure no abuse of public money. The Government accepted the consultant's recommendation. Prior to admission to the \$2 Scheme, RMB operators will be required to:
 - Register with the Transport Department (TD) the origin and destination of routes and fares;
 - Install Octopus payment system on admitted routes to ensure adherence to pre-set registered fares for calculating reimbursement of differential fare (DF); and
 - Comply with TD's regular reporting and audit requirements being met by all PTOs under the \$2 Scheme

EXTEND \$2 SCHEME

KAITO

- There are currently 72 kaito routes in Hong Kong and 16 of them operate according to a regular timetable, serving about 3 million passengers a year. Kaito in particular provides essential means of transport to elderly persons and persons with disabilities living on remote islands. The consultant recommended extension of the \$2 Scheme to kaito. As the fare levels of kaito are not regulated by the Government, the kaito operators should undertake to comply with the requirements similar to those for RMB above-mentioned as the condition for kaito to be admitted to the \$2 Scheme

TRAMWAYS

- Hong Kong Tramways Limited (HKT) currently carries 60 million passengers a year, of which about 16.6% are elderly persons. HKT has not joined the \$2 Scheme because their voluntary fare concessions for elderly persons at \$1.2 is lower than the \$2 flat rate under the \$2 Scheme. When the eligible age of the \$2 Scheme is lowered to 60, the full adult fare of HKT (\$2.6) and the \$2 flat rate will have a DF of \$0.6. The Government accepted the consultant's recommendation to extend the \$2 Scheme to the tramways on the condition that HKT will adhere to the standard requirement of the \$2 Scheme, i.e. PTO will only be reimbursed the difference between the full adult fare and the \$2 flat rate

OTHER RECOMMENDATIONS

- Regarding the proposal of extending the \$2 Scheme to Residents' Service (RS) proposed by certain quarters of society, the consultant pointed out that RS primarily serve property owners and residents of specific private residential developments with the fares determined on the basis of mutual agreement of the RS operators and the owners or residents groups of relevant properties, and thus recommended not to include RS into the \$2 Scheme. The Government accepted the consultant's recommendation and may, in future, consider on a case-by-case basis if an individual RS route that is interested in applying for admission to the \$2 Scheme meets all the required conditions
- The consultant pointed out that public generally support that the \$2 Scheme should benefit local elderly residents only. The Government adopted the consultant's recommendation that tourists or visitors should be excluded from the \$2 Scheme and noted that the current problem will be resolved upon mandatory use of P-Cards by all local eligible beneficiaries

REGULAR REVIEW MECHANISM

- Having considered that the ageing population, increase in transportation fares and other factors would entail drastic surge in the long-term financial commitment of the \$2 Scheme, the consultant recommended the Government to consider establishing a mechanism to review regularly the method of reimbursing the DF to PTOs, including raising the two-dollar flat rate for calculating the reimbursement of DF, with a view to reducing the increase of the long-term expenditure under the \$2 Scheme
- The Government will make appropriate adjustment to the fixed rate of \$2 every five years to reflect the real value of the beneficiary's contribution in light of fare increases

FINANCIAL COMMITMENT

- The required recurrent expenditure and non-recurrent expenditure for implementing enhancement measures above will be included into the 2021-22 Budget to be submitted together with the Appropriation Bill 2021 to the Legislative Council for approval
- In accordance with the Government's established practice, the estimated expenditure will be explained in detail in the Budget

