

LCQ17: Transport fare-related subsidy schemes

Following is a question by the Hon Mrs Regina Ip and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (November 18):

Question:

The Government is currently implementing a number of transport fare-related subsidy schemes, including the Work Incentive Transport Subsidy Scheme (Scheme One), the Public Transport Fare Subsidy Scheme (Scheme Two), and the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (Scheme Three). In this connection, will the Government inform this Council:

(1) Of the total amount of subsidy granted, the number of beneficiaries, and the administrative cost incurred in respect of Scheme One in each year since its launch in 2011;

(2) Of the total amount of subsidy granted, the number of beneficiaries, and the administrative cost incurred in respect of Scheme Two since its launch in 2019; and

(3) Given that no income or asset test is provided for Scheme Two and Scheme Three, and the Government is studying the lowering of the eligibility age of Scheme Three to 60, whether the Government has any concrete plans to prevent those members of the public who have no financial needs from enjoying double or triple benefits, so as to ensure the proper use of public funds; if so, of the details; if not, the reasons for that?

Reply:

President,

The Work Incentive Transport Subsidy (WITS) Scheme (only receives individual-based applications starting from April 1, 2019 (hereafter referred to as I-WITS Scheme, see response to sub-question (1) below for details)) aims to assist low-income earners in reducing their cost of travelling to and from work and encourages them to secure or stay in employment, through the provision of fixed-rate allowances. Beneficiaries of the WITS Scheme are therefore subject to income and asset tests and the fulfilment of the working hour requirements.

As far as the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (\$2 Scheme) is concerned, the objective is to build a caring and inclusive society by enabling elderly people aged 65 or above and eligible persons with disabilities to enjoy a concessionary fare of \$2 per trip to travel on general public transport modes and services. Beneficiaries of the \$2 Scheme are only required to reach the

relevant age threshold, or being eligible persons with disabilities. They are not subject to any means tests.

In comparison, the target beneficiaries of the Public Transport Fare Subsidy Scheme (PTFSS) administered by the Transport and Housing Bureau (THB) are the public at large. There are therefore no specific restrictions or any means tests for its beneficiaries. The PTFSS aims to relieve the fare burden of commuters whose public transport expenses are relatively high. The Government has enhanced the PTFSS since January 1, 2020. If a citizen's monthly public transport expense exceeds \$400, the Government will provide a one-third subsidy of such expense in excess of \$400, with the subsidy cap set at \$400 per month. Furthermore, the Government has introduced a temporary special measure under the second round of the Anti-Epidemic Fund to temporarily relax the monthly expense threshold of the PTFSS from \$400 to \$200 from July 1 to December 31, 2020.

Given the PTFSS has not imposed specific restrictions or means tests on its beneficiaries, eligible beneficiaries of the I-WITS Scheme and/or the \$2 Scheme may also benefit from the PTFSS if their actual public transport expenses exceed the monthly level under the PTFSS.

As for the Member's sub-questions, having consulted the THB, my response is set out below:

(1) The WITS Scheme started receiving applications in October 2011 and was managed by the Labour Department (LD). Based on information from the LD, a breakdown of the expenditure incurred by the department from the management of the WITS Scheme from 2011-2012 to 2018-2019 and the number of applicants granted WITS (gross applicant count) by year are as follows:

Year	Amount of subsidy (\$ million)	Amount of administrative costs (including staff costs) (\$ million)	Number of applicants granted WITS (gross applicant count)
2011-12	77.9	55.1	22 319
2012-13	203.7	64.1	49 611
2013-14 (Note 1)	321.6	84.8	77 291
2014-15	352.4	90.5	81 091
2015-16	304.1	93.3	69 417
2016-17	265.5	80.1	61 096
2017-18	256.5	76.3	57 423
2018-19 (Note 2)	197.6	66.8	45 397

Note 1: From July 1, 2013 onwards, apart from applying for WITS on a household basis, WITS applicants may also choose to apply for WITS on an

individual basis.

Note 2: Upon the implementation of the Working Family Allowance Scheme on April 1, 2018, the household-based WITS was abolished on the same date.

The Working Family Allowance Office (WFAO) under the Working Family and Student Financial Assistance Agency took over the management of the I-WITS Scheme from the LD on April 1, 2019. A breakdown of the subsidy approved under the I-WITS Scheme and the number of applicants granted I-WITS by year is as follows:

Year	Amount of subsidy (\$ million)	Number of applicants granted I-WITS (Note 3)
2019-20	157.1	25 761
2020-21 (up to October 30, 2020)	80.7	21 171

Note 3: WFAO compiles its statistics based on the number of applicants, which is different from the LD's gross-applicant-count-based methodology. Given the claim period of an I-WITS application covers the immediate past six calendar months before its submission, applicants may submit more than one application during a particular year.

The WFAO is tasked to assist the Labour and Welfare Bureau to manage the I-WITS Scheme and the Working Family Allowance Scheme at the same time. The WFAO does not keep any breakdown of the administrative costs incurred from the management of the I-WITS Scheme.

(2) According to information provided by the THB, from the launch of the PTFSS in January 2019 to October 2020, the total subsidy amount involved was over \$3.5 billion, representing a monthly average of about \$160 million; and the average number of beneficiaries per month was about two million. Since the launch of the PTFSS, the actual recurrent expenditure involved (excluding subsidy amount) was about \$89 million.

(3) As set out in the preamble of the reply, there are no specific restrictions or any means tests for the beneficiaries of the PTFSS. Provided that their actual public transport expense exceeds the level under the PTFSS, eligible beneficiaries of the I-WITS Scheme may also benefit from the PTFSS at the same time. Meanwhile, the actual public transport expense for beneficiaries of the \$2 Scheme will normally not exceed that of the PTFSS, meaning that it is unlikely for them to have enjoyed "double benefits".

As for the possible occurrence of "double benefits" between the PTFSS and the I-WITS Scheme, the Government will monitor the situation closely and explore feasible improvement measures to ensure proper use of public resources.