

## **CHAPTER 7**

### **Transport Department**

<h4><b>Licensing of drivers</b></h4>
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**Audit Commission  
Hong Kong  
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*This audit review was carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and accepted by the Government of the Hong Kong Special Administrative Region.*

Report No. 49 of the Director of Audit contains 12 Chapters which are available on our website at <http://www.aud.gov.hk>.

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# LICENSING OF DRIVERS

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## **PART 1: INTRODUCTION**

1.1 This PART describes the background to the audit of the provision of services for the licensing of drivers by the Transport Department (TD) and outlines the audit objectives and scope.

### **Background**

1.2 The TD is the authority for administering the Road Traffic Ordinance (Cap. 374) and the legislation regulating public transport operations. One of its major responsibilities is to promote road safety through the registration, licensing and inspection of vehicles, and licensing of drivers. The Administration and Licensing Branch of the TD is responsible for the licensing of drivers and vehicles.

### **Licensing services**

1.3 The Licensing Section of the Administration and Licensing Branch provides, among other things, services relating to the registration of vehicles (including the assessment of first registration tax), transfer of vehicle ownership, issue and renewal of driving and vehicle licences, issue of certificate of vehicle particulars and driving licence particulars, reservation of vehicle registration marks for auction or non-auction purposes, and change of driver particulars and vehicle particulars. It operates four licensing offices (i.e. the Hong Kong Licensing Office (HKLO), the Kowloon Licensing Office (KLO), the Kwun Tong Licensing Office (KTLO) and the Sha Tin Licensing Office (STLO)).

1.4 As at 31 March 2007, there were:

- (a) 1.93 million holders of different types of driving licences (i.e. 1.86 million holders of full driving licence, 61,937 holders of learner's driving licence and 5,069 holders of probationary motorcycle driving licence); and
- (b) 0.55 million licensed vehicles (i.e. 0.36 million private cars, 0.11 million goods vehicles, 35,551 motorcycles, 18,035 taxis, 12,776 public buses, 6,410 government vehicles and 7,739 other vehicles).

In 2006-07, for the programme of licensing of drivers and vehicles stated in TD Controlling Officer's Report (COR), the revenue and expenditure were \$7,510 million and \$204 million respectively.

## **Driving test services**

1.5 The Driving Services Section of the Administration and Licensing Branch arranges written and road tests for learner drivers and driving instructors, regulates the operation of designated driving schools and promotes road safety through the driver improvement scheme. The organisation chart of the Driving Services Section is shown in Appendix A. As at 31 March 2007, the Driving Services Section had 112 staff to provide services to the public mainly through its Appointment Office and Driving Test Services Unit. In 2006, 49,567 written tests and 116,103 road tests were conducted.

## **Designated driving schools**

1.6 The TD adopts a two-pronged approach in respect of driver training (i.e. promoting off-street driver training through the establishment of designated driving schools, and maintaining a sufficient supply of private driving instructors (Note 1) for giving on-street driver training). The objectives of off-street driver training are to facilitate the monitoring of driver training standards, promote road safety and reduce traffic congestion caused by on-street driver training. As at 31 March 2007, there were four designated driving schools and 812 private driving instructors for on-street driver training.

1.7 Under the Road Traffic Ordinance, the Commissioner for Transport may designate any place as a driving school. The TD regulates such schools by imposing conditions of designation and setting out the requirements in a Code of Practice issued from time to time under the Road Traffic Ordinance. If a designated driving school fails to comply with the Code of Practice, the TD may revoke the designation.

## **Designated driving improvement schools**

1.8 The driver improvement scheme was implemented in September 2002 to promote road safety through improving the driving behaviour and attitude of drivers. The proprietors of the designated driving improvement schools are responsible for conducting driving improvement courses in accordance with the requirements specified by the TD. The TD regulates these schools by imposing conditions of designation and setting out the requirements in a Code of Practice. If a school fails to comply with the Code of Practice, the TD may revoke the designation. Up to 31 March 2007, the attendance of the driving improvement course was 9,835.

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**Note 1:** *The TD conducts a review biennially to determine if there is a need to issue new private driving instructor's licences.*

## **Audit review**

1.9 The Audit Commission (Audit) has conducted a review to examine the economy, efficiency and effectiveness of the provision of services for the licensing of drivers by the TD. As the licensing offices provide licensing services for drivers and vehicles, the vehicle licensing transactions were included in the review of the workload of licensing offices and the performance measurement for licensing services. The review has focused on the following areas:

- (a) provision of licensing services (PART 2);
- (b) provision of driving test services (PART 3);
- (c) performance measurement (PART 4); and
- (d) monitoring of designated driving schools and designated driving improvement schools (PART 5).

1.10 In carrying out the audit review, Audit examined the records and interviewed the staff of the TD. Audit has found that there are areas where improvements can be made. Audit has made a number of recommendations to address the issues.

## **General response from the Administration**

1.11 The **Commissioner for Transport** agrees with all the audit recommendations.

1.12 The **Secretary for Transport and Housing** is in general agreement with the audit recommendations.

## **Acknowledgement**

1.13 Audit would like to acknowledge with gratitude the full cooperation of the staff of the TD during the course of the audit review.

## PART 2: PROVISION OF LICENSING SERVICES

2.1 This PART examines the provision of licensing services by the TD, reports the achievements and suggests measures for further improvement.

### Licensing services

2.2 *Workload of licensing offices.* The various types of licensing services provided by the licensing offices, through the Internet and by post are shown in Appendix B. In 2006, the HKLO and the KLO handled about 81% of the overall workload of the licensing services. The KTLO and the STLO handled only 8% and 11% of the overall workload respectively. Under a pilot project (see para. 2.13), the Kowloon East Driver Licensing Counter (KEDLC — Note 2) handled 0.1% of the overall workload in 2006. Details are shown in Table 1.

**Table 1**  
**Workload of the licensing offices**  
**(2006)**

Office	Driver		Licensing transaction		Total	
	(Number)	(Percentage)	(Number)	(Percentage)	(Number)	(Percentage)
HKLO	179,164	23.4%	725,652	49.5%	904,816	40.5%
KLO	451,861	59.0%	456,236	31.0%	908,097	40.7%
KTLO	50,590	6.6%	127,442	8.7%	178,032	8.0%
STLO	82,551	10.8%	157,736	10.8%	240,287	10.7%
KEDLC	1,476	0.2%	—	—	1,476	0.1%
<b>Total</b>	<b>765,642</b>	<b>100.0%</b>	<b>1,467,066</b>	<b>100.0%</b>	<b>2,232,708</b>	<b>100.0%</b>

Source: TD records

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**Note 2:** *The KEDLC (i.e. the three designated counters in the Kowloon East Post Office) commenced operation in April 2006 and ceased operation in February 2007. The KEDLC, manned by two TD staff redeployed from the KTLO and one contract staff, provided ten types of driver licensing services.*

2.3 *Upsurge in applications for renewal of full driving licences.* With the introduction of the ten-year full driving licence in June 1997, the TD estimated that there would be about 1.3 million full driving licences due for renewal from 2007 to 2009. To cope with this upsurge, the TD obtained an additional funding of \$39.3 million in early 2007 for introducing the following measures:

- (a) issuing reminder letters with application forms to drivers to facilitate the submission of applications by post and through drop boxes;
- (b) providing special collection boxes in 20 specified post offices in 18 districts to facilitate the public to drop in the applications; and
- (c) launching an online appointment booking system to enable applicants to make advance booking for using counter services at the licensing offices.

2.4 *Resources allocated to licensing offices.* As at 31 March 2007, the four licensing offices had 171 staff, and a total office area (including waiting halls) of 3,977 square metres, ranging from 395 square metres for the KTLO to 1,600 square metres for the KLO. Details are shown in Table 2.

**Table 2**

**Staff and office area of licensing offices  
(31 March 2007)**

Office	Civil servant	Contract staff	Total	Office area including waiting hall
	(Number)	(Number)	(Number)	(Square metres)
HKLO	59	16	75	1,240 (Note)
KLO	39	15	54	1,600
KTLO	12	7	19	395
STLO	18	5	23	742
<b>Total</b>	<b><u>128</u></b>	<b><u>43</u></b>	<b><u>171</u></b>	<b><u>3,977</u></b>

Source: TD records

Note: The office area of the HKLO did not include the common areas (such as pantry and conference room) shared with other units of the TD.

## **Audit observations**

### *Need to review workload of licensing offices*

2.5 ***Decrease in the number of driver licensing transactions.*** After the introduction of the ten-year full driving licence in June 1997, the number of driver licensing transactions decreased significantly. The number of driver licensing transactions dropped from 1.4 million in 1997 to 0.76 million in 2006 (i.e. 46% decrease). During the same period, the number of vehicle licensing transactions increased slightly from 1.41 million to 1.47 million, and the total number of transactions dropped from 2.81 million to 2.23 million (i.e. 21% decrease). Details are shown in Appendix C.

2.6 ***Non-counter licensing services.*** As shown in Table 1, the KTLO and the STLO are smaller branch offices. The transactions handled by these two offices included transactions for counter and non-counter licensing services (i.e. postal, online and drop-in applications). Audit noted that the number of transactions for non-counter licensing services handled by all the licensing offices had increased from 27,649 in 2004 to 40,048 in 2006. Details are shown in Appendix D. According to the TD, the KTLO and the STLO were responsible for handling the bulk of these non-counter licensing transactions, totalling 23,873 transactions in 2006. There were 77,101 such transactions for the seven-month period from January to July 2007 (of which 64,717 were handled by the KTLO and the STLO).

2.7 ***Small branch offices.*** In 2006, the KTLO and the STLO handled 178,032 and 240,287 licensing transactions respectively. The TD conducted a review of the workload of the licensing offices in 2003. As only 180,000 licensing transactions were processed over the counter in the KTLO in 2002, the TD planned to close it and launched a pilot project for the provision of licensing services at the Kowloon East Post Office (see para. 2.13). The total number of licensing transactions handled by the HKLO and the KLO in 1997 was about 2,248,000 (i.e. 80% of 2,810,000 licensing transactions in 1997). It would appear that the HKLO and the KLO could handle the territory-wide 2,233,000 licensing transactions in 2006, by absorbing the workload of the KTLO and the STLO.

2.8 **In Audit's view, it may not be cost-effective to maintain the two small branch offices (i.e. the KTLO and the STLO). In view of the significant decrease in driver licensing transactions in the past ten years, a cyclical upsurge in applications for renewal of ten-year full driving licences and a sharp increase in non-counter licensing transactions, Audit considers that the TD needs to monitor closely the workload of counter licensing services of the KTLO and the STLO, and explore the feasibility of closing branch offices with underutilised counter licensing services.**

*Need to conduct manpower review*

2.9 Despite the decrease in the overall number of licensing transactions, the average number of staff of the licensing offices increased by 8% from 156 in 1997 to 169 in 2006. The average number of licensing transactions handled per staff decreased by 27% from 18,013 in 1997 to 13,213 in 2006 (see Appendix C). Audit noted that the last comprehensive manpower review of the licensing offices was conducted in 1993-94. **Compared with 1997, in 2006 the number of transactions handled by the licensing offices decreased by 21%. Audit considers that the TD needs to review regularly the manning scale of the licensing offices so as to improve staff productivity.**

*Need to promote the use of non-counter services for driving licences*

2.10 ***Decrease in online applications.*** Among the non-counter licensing services, the number of online applications for driving licences decreased by 20% from 1,447 in 2004 to 1,159 in 2006 (see Appendix D). Lack of publicity and the requirement of an e-certificate for online applications may have caused the low level of online applications. The number of online applications for driving licences was 945 for the period from January to July 2007. The TD plans to introduce personal identification numbers in December 2007 to streamline the process of online renewal of full driving licences. **To improve the quality and efficiency of service delivery, Audit considers that the TD needs to monitor closely the utilisation and promote the usage of non-counter licensing services.**

**Audit recommendations**

- 2.11 **Audit has recommended that the Commissioner for Transport should:**
- (a) **monitor closely the workload of counter licensing services of the KTLO and the STLO, and explore the feasibility of closing branch offices with underutilised counter licensing services;**
  - (b) **review regularly the manning scale of the licensing offices so as to improve staff productivity; and**
  - (c) **monitor closely the utilisation and promote the usage of non-counter licensing services.**

**Response from the Administration**

2.12 The Commissioner for Transport agrees with the audit recommendations. He has said that the TD will:

- (a) continue to monitor the workload of the counter licensing services of the licensing offices. In considering whether to close a branch office, other than the number of licensing transactions, the TD will also have to take into account the capability of other branch offices in absorbing the displaced service demand;
- (b) conduct manpower review regularly in the light of operational needs in order to maximise the use of resources. From time to time, some staff in the licensing offices are required to take up new and additional workload. For example, in recent years, some staff have to assist in the implementation of major upgrading of the computer system on licensing applications and the preparation work for handling the upsurge in applications for renewal of full driving licences; and
- (c) continue its efforts in promoting the use of non-counter licensing services. In handling the upsurge in applications for renewal of full driving licence, the TD has been promoting the use of drop boxes, as well as postal and online services. Since March 2007, there has been a significant increase in the number of applicants using non-counter licensing services.

## **Pilot project in the Kowloon East Post Office**

### ***Original proposal in 2003***

2.13 ***Closure of the KTLO.*** In late 1990s, the TD examined the feasibility of engaging service agents for delivering some of its licensing services and decided that it would be more desirable to adopt an incremental approach by implementing a pilot project. In a review of the workload of licensing offices, the TD found that in 2002 only 7.6% of the 2.38 million transactions were processed over the counter in the KTLO. In November 2003, the TD planned to launch a pilot project and close the KTLO to achieve cost savings. A chronology of key events for the pilot project is shown in Appendix E.

2.14 ***Pilot project in the Kowloon East Post Office.*** Under the pilot project, the TD planned to:

- (a) redeploy the surplus staff to the other three licensing offices for handling the displaced workload of the KTLO; and
- (b) set up three counters (i.e. the KEDLC) for delivering selected licensing services in the Kowloon East Post Office located at the same building of the KTLO.

2.15 *Expected benefits of the proposal.* The TD estimated that the KEDLC would handle about 50% of the workload of the KTLO. The estimated savings would be \$1.7 million with the implementation of the project in 2004-05. In November 2003, the then Environment, Transport and Works Bureau supported the proposal of the TD to close the KTLO and set up the KEDLC.

#### *Revised proposal in 2005*

2.16 In September 2005, after the completion of renovation works of the KEDLC, the TD reviewed the original proposal made in 2003. In February 2006 (i.e. two months before the commencement of operation of the KEDLC in April 2006), having regard to the expected upsurge in applications for renewal of ten-year full driving licences, the TD decided to proceed with the pilot project, without closing the KTLO. In 2005, the TD estimated that the KEDLC would handle about 32,000 transactions each year (i.e. 20% of the workload of the KTLO). If the project was successful, the KEDLC would focus on handling the upsurge in applications for renewal of ten-year full driving licences (see para. 2.3).

#### *Implementation of pilot project*

2.17 In April 2006, the KEDLC was set up in the Kowloon East Post Office. In December 2006, in view of the low utilisation of the KEDLC, the TD decided to cease its operation. The KEDLC was closed in February 2007. The capital cost of setting up the KEDLC was \$370,000. For the period from April 2006 to February 2007, the operating expenditure, including staff and equipment redeployed from the KTLO, for the KEDLC was \$1.27 million.

### **Audit observations**

#### *Need to improve the planning and implementation of the pilot project*

2.18 Despite the completion of the fitting-out works of the KEDLC by the Hongkong Post in July 2004, the TD considered that another round of renovation was required to meet its operational needs (Note 3). This was completed in July 2005. **In Audit's view, there was scope for improvement in the co-ordination between the TD and the Hongkong Post in the planning and implementation of the KEDLC project.**

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**Note 3:** *The renovation works included addition of writing benches and notice boards, installation of speakers, intercom, drop box, refurbishment of the whole waiting hall with light paint, and renovation of three counters to meet operational requirements. A ticketing system, at a cost of about \$80,000, was installed at the KEDLC to regulate the queuing order in the small waiting hall.*

### ***Low utilisation rate of KEDLC***

2.19 In 2006, the KEDLC handled only 2.9% (1,476) driver licensing transactions of the KTLO. Audit noted that the TD had not critically assessed the implications of the proximity of the KTLO and the KEDLC. The two branch offices were in the same building. The daily opening hours of the KTLO was half an hour earlier than that of the KEDLC. Applicants wishing to obtain services early in the morning would prefer to go to the KTLO which provided a wider range of services than the KEDLC. **Audit considers that the TD should have critically assessed the costs and benefits before deciding to proceed with the pilot project, without closing the KTLO (see para. 2.16).**

### **Audit recommendations**

2.20 **Audit has recommended that the Commissioner for Transport should:**

- (a) **improve the planning and implementation of licensing service projects in future; and**
- (b) **critically reassess the feasibility of engaging service agents for delivering the licensing services by identifying lessons learned in the planning and implementation of the pilot project in the Kowloon East Post Office.**

### **Response from the Administration**

2.21 The **Commissioner for Transport** agrees with the audit recommendations. He has said that:

- (a) the TD will take note of the experience gained from the pilot project in the Kowloon East Post Office in future study of the feasibility of delivering licensing services in other forms or by other service agents; and
- (b) the division of responsibilities was agreed between the Hongkong Post and the TD. The Hongkong Post would be responsible for basic fittings to the premises and the TD would carry out other works (e.g. installing additional lighting, public address system, ticketing and intercom systems, drop boxes and notice boards) required to meet the operational needs. The duplication of works carried out by the two parties was minimal.

2.22 The **Postmaster General** has said that:

- (a) the Hongkong Post acted as an agency to the TD and the fitting-out works of the KEDLC were based on the requirement to provide a bare shell site preparation to allow the TD to modify to suit their operational needs. The second round of renovation works was required by the TD to meet their specific operational requirements and completed to the TD's satisfaction; and
- (b) close communications in the form of meetings, email as well as telephone conversations between the TD and the Hongkong Post continued throughout all stages of preparation and subsequent operation.

## **PART 3: PROVISION OF DRIVING TEST SERVICES**

3.1 This PART examines the provision of driving test services by the TD and suggests measures for further improvement.

### **Driving training**

#### *Learner's driving licences*

3.2 To learn to drive, a person has to apply for a learner's driving licence. This licence entitles him to receive driving training from private driving instructors or the designated driving schools. Unlike learner drivers of other types of vehicles, a motorcycle learner driver is required to pass a mandatory competence test at the designated driving schools before he can apply for a learner's driving licence. As at 31 March 2007, there were 61,937 learner's driving licence holders.

3.3 *Private driving instructors.* A learner driver receiving training from a private driving instructor should apply for a driving test form at the designated licensing offices. The driving test form enables him to make appointments to take all parts of a driving test within a period of 18 months (Note 4).

3.4 *Designated driving schools.* Persons receiving driving training in the designated driving schools can apply for learner's driving licences and driving test forms through the schools. The schools arrange driving test appointments with the TD for their students.

### **Driving tests**

3.5 *Written tests.* A driving test consists of a written test (Part A — Note 5) and a road test (Part B and Part C — Note 6). The written test is the same for commercial and

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**Note 4:** *A learner driver has to pass all parts of the driving test before applying for a driving licence. Application for a new driving test form is required if the candidate fails in any part of the driving test and wishes to try again. The fee for a driving test form is \$510.*

**Note 5:** *A written test is a computerised test in the form of multiple choice questions on the Road Users' Code.*

**Note 6:** *A road test consists of Part B and Part C. Part B mainly tests a candidate's ability in parking and manoeuvring a vehicle in a narrow/slanting road. Part C tests if the candidate is fully conversant with controlling the vehicle in various road conditions.*

non-commercial vehicles (Note 7) with the exception of taxis (Note 8). Written tests are conducted at the KLO (see Photograph 1). A person holding a full driving licence is not required to take the written test again if he wants to obtain the driving licence of other types of vehicles. However, he needs to take the written test for taxi if he wants to obtain a taxi driving licence.

**Photograph 1**

**Written test centre at the KLO**



*Source: Photograph provided by the TD*

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**Note 7:** *Commercial vehicles include articulated vehicle, heavy goods vehicle, medium goods vehicle, public/private light bus, public/private bus and taxi. Non-commercial vehicles include light goods vehicle, motorcycle and private car.*

**Note 8:** *The written test for taxi is a computerised test on the Road Users' Code, knowledge of locations of Hong Kong and the legal requirements of taxi operation.*

3.6 **Road tests.** After passing the written test, a learner driver is required to take a road test (see Photograph 2). Road tests are carried out at the driving test centres (DTCs). There are 16 DTCs (i.e. 4 DTCs for learner drivers of the designated driving schools and 12 DTCs for other learner drivers). Details of the 16 DTCs are shown in Appendix F. Each road test is conducted by one driving examiner of the Driving Services Section.

**Photograph 2**

**Road test in progress at the Kwai Shing DTC**



*Source: Photograph taken by Audit in June 2007*

### **Audit observations**

#### ***Need to conduct manpower review more frequently***

3.7 **Decrease in workload of driving test services.** In the past ten years, there was a decrease in the workload of driving test services. The number of written tests decreased by 31% from 71,600 in 1997 to 49,567 in 2006. The number of road tests also decreased by 22% from 148,699 in 1997 to 116,103 in 2006. Audit noted that the number of staff for the provision of driving test services had decreased by 21% from 77 in 1997 to 61 in 2006.

3.8 **Manpower review of 2004.** In its 2004 manpower review of driving examiners, the TD estimated the number of road tests to be conducted from 2005 to 2007. The actual number of road tests conducted in 2006 was 13% less than that estimated in 2004. Details are shown in Table 3.

**Table 3**  
**Road tests**  
**(2005 – 2007)**

Road tests	Year		
	2005 (Number)	2006 (Number)	2007 (Number)
(a) Estimate in 2004 manpower review	134,000	133,000	130,000
(b) Actual	128,598	116,103	115,000 (Note)
Variance (Number)	<u>5,402</u>	<u>16,897</u>	<u>15,000</u>
Variance (Percentage)	4%	13%	12%

Source: TD CORs and records

Note: This is the estimated number of road tests reported in the 2007-08 TD COR.

**In view of the decrease in workload, and the significant variance between the estimated and the actual number of road tests in 2006, Audit considers that the TD needs to conduct manpower reviews of driving examiners more frequently and use up-to-date data for estimating the demand for driving test services.**

#### *Need to review driving examiner deployment procedures*

3.9 **Deployment forecast.** The TD prepares a monthly driving examiner deployment forecast to estimate the number of time slots available for road tests. The forecast is prepared three months in advance for achieving the target waiting time of 85 days. The time slots available for conducting road tests are inputted into the Vehicles and Drivers Licensing Integrated Data (VALID) system for allocation to the road test applicants. The difference between the standard waiting time (i.e. 85 days) and the actual waiting time for road tests is reviewed once a week. The number of road tests planned for learner drivers of different types of vehicles is revised if the demand for road tests of a type of vehicles suddenly increases, resulting in the actual waiting time approaching the standard waiting time (Note 9).

**Note 9:** For example, if the actual waiting time of road tests for learner drivers of private cars approaches the standard waiting time, the driving examiners of other types of vehicles will be redeployed to make available more road tests.

3.10 *Usage of DTCs.* As at 31 December 2006, the Driving Services Section had 55 driving examiners (Note 10) responsible for conducting road tests in 16 DTCs. Audit analysis of the usage of the 16 DTCs revealed that, for each working day in December 2006 and January 2007, at least 6 DTCs had not been used for conducting driving tests. Details are shown in Table 4.

**Table 4**

**DTCs in operation  
(December 2006 and January 2007)**

Number of DTCs (Note)	Number of working days	
	December 2006	January 2007
10	2	4
9	7	5
8	6	5
7	4	6
6	–	–
5	–	–
4	–	1
3	4	–
2	–	1
	23	22
<b>Total</b>	<b>23</b>	<b>22</b>

*Source:* TD records

*Note:* There were 16 DTCs.

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**Note 10:** *In addition to the 55 driving examiners, 1 senior driving examiner oversees the Driving Test Services Unit and 5 driving examiners monitor the designated driving schools, handle complaints, provide training to staff, and perform administrative and support functions.*

3.11 **Staff deployment.** According to the monthly driving examiner deployment plans (Note 11) for December 2006 and January 2007, 18 to 46 driving examiners were scheduled for conducting road tests each day. Audit analysis of TD records revealed that, for these two months, the actual numbers of driving examiners deployed to conduct road tests were generally in accordance with the driving examiner deployment plans. For each working day in December 2006 and January 2007, 18 to 48 driving examiners were deployed to conduct road tests. Details are shown in Table 5.

Table 5

**Driving examiners planned and deployed for conducting road tests  
(December 2006 and January 2007)**

Number of driving examiners	Number of working days			
	December 2006		January 2007	
	Planned	Actual	Planned	Actual
18 to 21	4	4	1	1
22 to 27	–	–	1	1
28 to 33	–	–	–	–
34 to 39	–	2	5	1
40 to 45	8	15	12	18
46 to 48	11	2	3	1
<b>Total</b>	<u><u>23</u></u>	<u><u>23</u></u>	<u><u>22</u></u>	<u><u>22</u></u>

Source: TD records

Remarks: In December 2006, there were five half working days on Saturdays. One Saturday was used for staff meeting. In January 2007, the TD implemented the Government's five-day week.

Audit noted that, on average, three driving examiners (ranging from one to six driving examiners) were not deployed for conducting road tests for each of the 45 working days in December 2006 and January 2007. **Audit considers that the TD needs to review the procedures for preparing the driving examiner deployment forecasts for conducting road tests and ensure that the staff are gainfully deployed.**

**Note 11:** The monthly driving examiner deployment plan is prepared one month after the preparation of the monthly driving examiner deployment forecast (see para. 3.9).

*Need to issue guidelines for planning road tests*

3.12 The TD has not provided guidelines on the preparation of the driving examiner deployment forecast for estimating the time slots available for road tests. For management control purposes, it is essential to have such procedures. **Audit considers that the TD needs to issue guidelines on the preparation of deployment forecast for estimating the time slots available for road tests.**

**Audit recommendations**

- 3.13 **Audit has recommended that the Commissioner for Transport should:**
- (a) **conduct manpower reviews of driving examiners more frequently and use up-to-date data for estimating the demand for driving test services;**
  - (b) **review the procedures for preparing the driving examiner deployment forecasts for conducting road tests and ensure that the driving examiners are gainfully deployed; and**
  - (c) **issue guidelines on the preparation of the driving examiner deployment forecast for estimating the time slots available for road tests.**

**Response from the Administration**

3.14 The **Commissioner for Transport** agrees with the audit recommendations. He has said that the TD will:

- (a) continue to conduct manpower review of driving examiners regularly. The TD has been regularly reviewing the manpower of driving examiners and has adjusted the establishment of driving examiners having regard to the actual demand for driving tests. The number of staff has been reduced in tandem with the reduction in the number of road tests for the years from 1997 to 2006;
- (b) further review and improve on the methods for preparing the driving examiner deployment forecast to achieve greater efficiency. Where there is a difference between the forecast and actual need, the TD will ensure that the driving examiners who do not need to conduct a road test will be deployed for other duties (e.g. monitoring the performance of private driving instructors); and
- (c) further review the procedures for the preparation of the driving examiner deployment forecast and compile a comprehensive set of guidelines. In preparing the forecasts, the officer-in-charge is required to take into account leave and training requirements of the driving examiners, and the demand and waiting time for road tests of different types of vehicles.

## Cancellations of driving test appointments

3.15 ***Appointments cancelled by applicants.*** A learner driver may cancel his driving test appointment by giving 7-day prior notice to the TD (Note 12). He is given a new appointment at the end of the driving test queue, provided that his driving test form is valid. The time slots of the cancelled appointments may be allocated to other applicants through the following channels:

- (a) ***Early test appointment.*** The waiting time of an early test appointment (Note 13) is half of the normal waiting time or within one month from the date of the road test originally scheduled, whichever is the earlier; and
- (b) ***Repeater queue balloting system.*** An appointment is usually given for a road test to be conducted two to three weeks after the date of ballot.

3.16 ***Planned road tests not conducted.*** The road tests not conducted are classified into the following two categories:

- (a) ***No-show cases.*** The applicant is required to apply and pay for a new driving test form for making another driving test appointment; and
- (b) ***Test not conducted (TNC — Note 14) cases.*** The applicant is not required to apply for a new driving test form. He may obtain an early test appointment or end-of-the-queue appointment.

## Audit observations

### *Need to use the time slots of cancelled appointments*

3.17 ***Increase in unused time slots of cancelled appointments.*** The number of unused time slots of cancelled road test appointments increased by 16% from 13,989 in

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**Note 12:** *The 7-day prior notice should reach the TD seven calendar days before the date of the driving test appointment (i.e. excluding the date of giving notice to the TD and the date of appointment).*

**Note 13:** *Early test appointment is given to the learner driver if the road test originally scheduled was not conducted due to, among other things:*

- (i) *typhoon, rainstorm, traffic jams and bad road conditions; or*
- (ii) *absence of a driving examiner.*

**Note 14:** *The reasons for classifying road tests counted as TNC cases include bad weather, traffic jams and the death of applicant's close relative within 10 days of the date of appointment.*

2004 to 16,256 in 2006. In 2006, there were 16,256 unused time slots of cancelled appointments (i.e. 14% of the 116,103 road tests).

3.18 ***Printing the driving test forms.*** Under the existing arrangement, the TD prints, on every Saturday, the driving test forms for all the road tests to be conducted in the following second week. All the time slots allocated to applicants (with printed driving test forms) but cancelled by them in the subsequent week will not be allocated to other applicants. **Audit considers that the TD needs to review the existing practice of printing, on every Saturday, the driving test forms two weeks in advance. Consideration may be given to allocating the time slots of appointments cancelled during the subsequent week to other applicants, through the early test appointment or the repeater queue balloting system.**

***Need to tighten control on the cancellations of appointments***

3.19 Under section 31 of the Road Traffic (Driving Licences) Regulations (Cap. 374B), a learner driver has the right to cancel his test appointment provided that he has given 7-day prior notice to the TD. The TD's appointment booking procedures do not specify the maximum number of times a learner driver can cancel his road test appointment. Audit analysis of 30 randomly selected driving test forms and the corresponding learner drivers' records revealed that 13 (43%) learner drivers cancelled their road test appointments 5 to 13 times within 9 to 18 months. The time slots arising from the cancelled appointments may not be used by others. **In Audit's view, the TD needs to introduce measures (e.g. by limiting the number of times an applicant may cancel his appointment) to minimise the waste of staff resources arising from the repeated cancellations of road test appointments (Note 15).**

***Need to compile management information on the cancellations of appointments***

3.20 The TD uses the Driving Test Appointment Services module of the VALID system to monitor its driving test services. In June 2007, in response to audit enquiries, the TD informed Audit that there was no management information on the cancellations of driving test appointments by learner drivers. **Audit considers that the TD needs to compile management information to monitor the cancellations of driving test appointments by learner drivers.**

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**Note 15:** *In Ireland, an applicant can cancel two appointments without forfeiting the road test fee. In Ontario, Canada, an applicant needs to provide an explanation if he has made three or more cancellations in the last six months.*

*Need to review the justifications for TNC cases*

3.21 The number of no-show cases and TNC cases increased by 15% from 14,207 in 2001 to 16,324 in 2006. In 2006, there were 9,792 no-show cases and 6,532 TNC cases (see para. 3.16(b)). The TD has issued guidelines on the classification of TNC cases to the driving examiners. According to the Standing Instructions of the Driving Services Section, the justifications for TNC cases, among other things, include:

- (a) the candidate reports for test without the test vehicle;
- (b) the candidate fails to produce acceptable identification documents; and
- (c) the candidate fails to produce a valid vehicle insurance certificate or the test vehicle has an expired vehicle licence.

Candidates attending road tests have a duty to comply with all the requirements specified by the TD in the appointment letters. **In Audit's view, to ensure that there are genuine justifications for all TNC cases, the TD needs to consider tightening the existing criteria for classifying road tests counted as TNC cases.**

*Need to compile management information on TNC cases*

3.22 The TD did not have management information about the various categories of justifications for classifying road tests counted as TNC cases, and the number of cases subsequently given early test appointments or end-of-the-queue appointments. **The classification of road tests counted as TNC cases requires additional staff resources for conducting the road tests later. Audit considers that the TD needs to compile management information on TNC cases for monitoring the deployment of staff resources on TNC cases.**

**Audit recommendations**

3.23 **Audit has recommended that the Commissioner for Transport should:**

- (a) **review the existing practice of printing, on every Saturday, the driving test forms two weeks in advance and consider allocating the time slots of appointments cancelled in the subsequent week to other applicants, through the early test appointment or the repeater queue balloting system;**
- (b) **introduce measures to minimise the waste of staff resources arising from the repeated cancellations of road test appointments (e.g. by limiting the number of times an applicant may cancel his appointment);**

- (c) **compile management information to monitor the cancellations of driving test appointments by learner drivers;**
- (d) **ensure that there are genuine justifications for all TNC cases, and consider tightening the existing criteria for classifying road tests counted as TNC cases; and**
- (e) **compile management information on TNC cases for monitoring the deployment of staff resources on TNC cases.**

### **Response from the Administration**

3.24 The **Commissioner for Transport** agrees with the audit recommendations. He has said that the TD will:

- (a) review the current arrangements of printing the driving test forms two weeks in advance so that the time slots of appointments cancelled in the subsequent week can be allocated to other applicants as far as possible;
- (b) examine ways to minimise the waste of staff resources arising from cancellations of road test appointments. Changes to the current arrangement may require legislative amendments;
- (c) compile management information on cancellations of driving test appointments by learner drivers;
- (d) review and tighten up the criteria for classifying road tests counted as TNC cases; and
- (e) compile management information on TNC cases for monitoring the deployment of staff resources on TNC cases.

### **Repeater queue balloting system**

3.25 Under the repeater queue balloting system, the TD allows a candidate who has failed his road test to apply for another road test appointment by phone (Note 16). For

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**Note 16:** *A candidate is not allowed to take part in the ballot if the period between the date of his last road test and the date of ballot is less than five working days, or the candidate has already purchased a new driving test form and has been given a road test appointment.*

example, in the first week, a ballot is held for allocating all the empty slots of the third and fourth weeks (Note 17). The application procedures are shown in Appendix G.

## **Audit observations**

### *Low usage of empty slots of road tests*

3.26 The TD did not compile statistics on repeater queue ballots. Audit analysis of the ballots held during the period from January to March 2007 indicated that the usage rate of empty slots of road tests under the balloting system was low. Out of 2,564 qualified applicants, 1,440 (56%) applicants were allocated with road test appointments. However, only 849 (59% of 1,440) applicants turned up at the licensing offices to confirm the allocated appointments. This left 591 empty slots not used for conducting road tests. **In Audit's view, the TD needs to compile management information on the repeater queue balloting system, monitor the effectiveness of the system, and explore the feasibility of making a waiting list of qualified applicants and allocating the empty slots to them.**

### *Need to streamline the procedures for the repeater queue balloting system*

3.27 The procedures under the repeater queue balloting system are rather complicated. A learner driver, five working days after a failed road test, has to check the date of ballot, submit application and enquire about the result of ballot. Successful candidates have to go to the designated licensing offices to apply for driving test forms (Note 18). Candidates applying for driving licences of commercial vehicles have to confirm the allocated appointments in the HKLO even though the road tests will be conducted in the Kowloon and New Territories Region. **Audit considers that the TD needs to consider streamlining the application procedures for the repeater queue balloting system and encourage learner drivers to make use of the empty slots of cancelled appointments.**

### *Criteria of holding ballot*

3.28 In June 2007, in response to audit enquiries, the TD informed Audit that a ballot was held if there were three consecutive working days in a week for conducting the three

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**Note 17:** *For illustration, the ballot for allocating the empty slots for the period from 20 to 31 August 2007 was held between 6 and 10 August 2007.*

**Note 18:** *Learner drivers have to go to the KLO for applications for driving tests of private cars and light goods vehicles to be conducted in the Kowloon and New Territories Region. They have to go to the HKLO for applications for driving tests of other types of vehicles to be conducted in the Kowloon and New Territories Region, and for applications for driving tests of all vehicles to be conducted in the Hong Kong Region.*

processing stages of a ballot (see Appendix G). This arrangement limits the number of ballots that can be held each month. Audit notes that the three processing stages of the repeater queue balloting system could be conducted even if there are public holidays in-between. **To make full use of empty slots of road tests under the repeater queue balloting system and provide better services, Audit considers that the TD needs to consider revising the criteria of holding a ballot only when there are three consecutive working days in a week.**

#### *Lack of guidelines on repeater queue balloting system*

3.29 Audit notes that the TD has not issued guidelines to its staff on the handling of the repeater queue balloting system. Guidelines provide the staff with ready reference. **Audit considers that the TD needs to issue proper guidelines.**

#### **Audit recommendations**

- 3.30 **Audit has recommended that the Commissioner for Transport should:**
- (a) **compile management information on the repeater queue balloting system, monitor the effectiveness of the system, and explore the feasibility of making a waiting list of qualified applicants and allocating the empty slots to them;**
  - (b) **consider streamlining the application procedures for the repeater queue balloting system and encourage learner drivers to make use of the empty slots of cancelled appointments;**
  - (c) **consider revising the criteria of holding a repeater queue ballot only when there are three consecutive working days in a week; and**
  - (d) **issue guidelines to TD staff on the handling of the repeater queue balloting system.**

#### **Response from the Administration**

3.31 The Commissioner for Transport agrees with the audit recommendations. He has said that the TD will:

- (a) take into account the audit recommendations on the repeater queue balloting system and conduct a comprehensive review on the relevant arrangements and procedures for allocating cancelled time slots to repeaters to better utilise these time slots; and
- (b) review the existing procedures for the repeater queue balloting system and compile a comprehensive set of guidelines.

## PART 4 : PERFORMANCE MEASUREMENT

4.1 This PART examines the performance measurement for driving test services and licensing services of the TD and suggests measures for improvement.

### Performance targets and pledges

4.2 *Performance measurement for driving test services.* The Financial Services and the Treasury Bureau has provided guidelines on the reporting of performance information in CORs. In TD CORs from 1998-99 to 2007-08, the target for conducting driving tests for all learner drivers was within a standard waiting time of 85 days. In its website, the TD sets out four additional pledged targets for the driving test services. Details of the targets are shown in Appendix H. For the years from 1998 to 2006, except for 2004 (Note 19), the TD reported that it had met all its performance targets in the CORs and performance pledges.

### Audit observations

#### *Need to revise performance target for driving test services in the COR*

4.3 Since December 1997, the TD has set 85 days as the target waiting time for conducting driving tests in its CORs. For the years from 1998 to 2002, the actual average waiting time reported by the TD is shown in Table 6.

**Table 6**

**Waiting time for driving test candidates  
(1998 – 2002)**

Performance target	Target	Actual				
		1998	1999	2000	2001	2002
Average waiting time for driving test candidates (Days)	85	69	65	65	63	63

*Source: TD CORs*

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**Note 19:** *Since 2004, the TD has measured the standard waiting time of 85 days against the waiting time of each applicant instead of the average waiting time of all applicants.*

Table 6 shows that, from 1998 to 2002, the TD achieved a higher level of performance for its driving test services than the target.

4.4 Since 2003, the TD had reported in its CORs the percentage of cases that achieved the target waiting time, instead of the actual average waiting time. The TD reviewed the actual waiting time for driving test on a weekly basis to ensure the achievement of the performance target. Audit analysis of the waiting time for driving test at the end of each month in 2006 indicated that the actual average waiting time for each type of driving tests, ranging from 27 to 64 days, was less than the target of 85 days.

4.5 The target waiting time for conducting driving test had not been revised since December 1997. **Audit considers that the TD needs to review regularly the extent of achieving the target waiting time and revise the performance target (i.e. reduce the target waiting time) for its driving test services, taking into account the changes in circumstances and extent of improved performance in achieving its operational objectives.**

*Need to develop more key performance targets and indicators*

4.6 Audit notes that the TD has not set performance targets for the different types of driving tests in its COR and performance pledge. Audit analysis of the waiting time for the different types of driving tests at the end of each month in 2006 indicated that there were significant variations in the waiting time among the different types of driving tests. Details are shown in Table 7.

**Table 7**

**Waiting time for different types of driving tests  
(2006)**

<b>Driving test</b>	<b>Actual average waiting time</b>
<b>For learner drivers of non-commercial vehicles</b>	
Written test (Part A)	27 (range: 20 to 33) days
Road test (Part B or Part C)	46 (range: 26 to 83) days
Combined test (Part B and Part C)	64 (range: 36 to 81) days
<b>For learner drivers of commercial vehicles</b>	
Written test and road test	55 (range: 29 to 81) days

*Source: TD records*

*Remarks: There is no combined test for motorcycle, a non-commercial vehicle.*

**Audit considers that the TD needs to develop more key performance targets and indicators for the different types of driving tests for the evaluation of its performance.**

*Need to revise standard waiting time for announcement of written test result*

4.7 The TD pledged to announce written test (Part A) result within 45 minutes and taxi written test result within eight working days. Audit noted that in February 2004, the TD replaced the conventional testing methods by a Computerised Written Test System. With the implementation of the new system, the TD states in its website that the results of written test (Part A) and taxi written test will be released to candidates within 15 minutes. However, the TD did not revise the standard waiting time for announcement of written test results in its performance pledge. In June 2007, in response to audit enquiries, the TD informed Audit that the pledges for announcement of written test results would be revised to 15 minutes in October 2007.

*Performance measurement for licensing services*

4.8 In its COR, the TD targets to provide counter licensing services within 40 minutes during non-peak hours and 75 minutes during peak hours. In its website, the TD sets pledged targets for six types of licensing services (i.e. four targets for counter licensing services and two targets for non-counter licensing services). Details are shown in Appendix I. To monitor the performance of its counter licensing services, the TD conducts customer surveys on a half-yearly basis (Note 20).

*Need to revise pledged targets for counter licensing services*

4.9 The results of the four surveys conducted in 2005 and 2006 indicated that the average waiting time for each type of counter licensing services was less than 20 minutes, ranging from 5 to 18.6 minutes. TD analysis of the survey conducted in July 2006 is shown in Appendix J. According to the analysis, the following counter licensing services achieved a higher level of performance than the targets:

- (a) all the 481 applications for first issue and renewal of learner's driving licences were processed within 50 minutes (i.e. less than the standard waiting time of 80 minutes during peak hours); and

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**Note 20:** *The survey samples for the period from 10 to 14 July 2006 were selected from one out of every two customers for the HKLO and the KLO, and all customers for the KTLO and the STLO.*

- (b) all but one of the 932 applications for transfer of vehicle ownership were completed within 60 minutes (i.e. less than the standard waiting time of 85 minutes during peak hours).

Audit noted that the performance targets for counter licensing services reported in its performance pledge had not been revised since December 1997. **Audit considers that the TD needs to revise the pledged targets of the standard waiting time (i.e. by reducing it) for its counter licensing services to better reflect the extent to which improved performance has helped TD achieve its operational objectives.**

*Need to review pledged targets for non-counter licensing services*

4.10 For non-counter services of renewing driving licence and vehicle licence, the target for postal applications is 10 working days and the target for online applications is 8 working days. Unlike counter licensing services, the TD did not conduct survey to assess the extent of achieving the targets for non-counter licensing services. For the years from 1998 to 2006, the TD reported that it had achieved the pledged targets. In June 2007, in response to audit enquiries, the TD informed Audit that it endeavoured to meet the pledged targets for non-counter licensing services. The management would be informed of all irregularities. **Audit considers that the TD needs to review regularly the extent of achieving the pledged targets for its non-counter licensing services so as to identify areas for improvement.**

**Audit recommendations**

- 4.11 **Audit has recommended that the Commissioner for Transport should:**
- (a) **revise the performance targets (i.e. reduce the standard waiting time) for the driving test services and the pledged targets for counter licensing services so as to better reflect the extent of improved performance in achieving the operational objectives;**
  - (b) **develop more key performance targets and indicators for the different types of driving tests for the evaluation of performance; and**
  - (c) **review regularly the extent of achieving the pledged targets for non-counter licensing services so as to identify areas for improvement.**

**Response from the Administration**

4.12 The Commissioner for Transport agrees with the audit recommendations. He has said that the TD will:

- (a) revise the pledge for announcement of written test results to 15 minutes. The TD will continue to review the performance targets for driving test services and counter licensing services and make revisions as appropriate;
- (b) study the feasibility of developing key performance targets and indicators for different types of driving test services; and
- (c) regularly review the extent of achieving the pledged targets for non-counter licensing services with a view to identifying areas for further service improvement.

4.13 The **Secretary for Financial Services and the Treasury** shares Audit's views that the TD should revise the existing performance targets and pledges, and develop more key performance targets and indicators in respect of licensing services and driving test services. Subsequent to the 2007-08 Estimates exercise, the Financial Services and the Treasury Bureau has requested the TD to critically examine the items in the COR with actual performance consistently above targets and make necessary changes when preparing the 2008-09 Draft Estimates.

## **PART 5: MONITORING OF DESIGNATED DRIVING SCHOOLS AND DESIGNATED DRIVING IMPROVEMENT SCHOOLS**

5.1 This PART examines the monitoring of the designated driving schools and designated driving improvement schools by the TD, and suggests measures for further improvement.

### **Designated driving schools**

5.2 The TD designated four driving schools for the provision of driving training to the learner drivers. A designation or a renewal of designation is valid for a maximum of five years. The curriculum and contents of the driving training courses are approved by the TD (Note 21). These driving schools have to abide by the conditions set out in the Code of Practice issued by the TD under the Road Traffic Ordinance. The conditions cover, among other things, the training facilities, the training range of individual types of vehicles and the safety devices of training vehicles.

### **Audit observations**

#### *Need to issue guidelines for monitoring the designated driving schools*

5.3 The conditions set out in the Code of Practice for different designated driving schools vary because they provide driving training for different types of vehicles. To ensure compliance with the Code of Practice, the TD deploys a driving examiner to conduct periodic surprise inspections of the designated driving schools. The TD has not provided guidelines on these inspections. In July 2007, in response to audit enquiries, the TD informed Audit that it had incorporated the technical requirements of the Code of Practice into the inspection report. The inspection officer would be required to check and complete all items in the report when conducting an inspection.

5.4 The incorporation of technical requirements into the inspection report does not provide adequate guidance for monitoring the performance of the designated driving schools. The TD may consider providing guidelines on the following issues:

- (a) the methodology and standards for assessing the quality of lectures, basic knowledge given in the preliminary course and practical driving training;

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**Note 21:** *The fees for the compulsory off-street driving training of motorcycle and motor tricycle have to be approved by the TD.*

- (b) the methodology of selecting vehicles and courses for checking;
- (c) the frequency of inspection of each designated driving school; and
- (d) the procedures for handling irregularities discovered while carrying out an inspection.

Management guidelines enable TD staff to conduct inspections according to laid-down procedures and help them determine the extent of compliance with the Code of Practice. **In Audit’s view, the TD needs to issue guidelines on inspection of the designated driving schools to ensure consistency in the interpretation and enforcement of the Code of Practice.**

*Need to revise procedures for inspection of the designated driving schools*

5.5 In 2006, the driving examiner conducted 12 inspections of the four designated driving schools. Details of inspections in 2006 and 2007 are shown in Table 8.

**Table 8**  
**Inspections of the designated driving schools**  
**(2006 and 2007)**

Designated driving school	First inspection	2006			First inspection
		Second inspection	Third inspection	2007	
A	January	May	September	January/February	
B	February	June	October	May/June	
C	March	July	November	March	
D	April	August	December	June	

*Source: TD records*

Audit noted that each of the four designated driving schools was inspected, without a surprise element, on a cyclic basis in 2006.

5.6 The time taken to conduct inspections of the same designated driving school in 2006 varied from two to four days. The same driving examiner had been deployed for conducting inspections of all the designated driving schools since April 2005. **For better management control, Audit considers that the TD needs to draw up a programme, with a surprise element, for inspection of the designated driving schools. The TD also needs to set a time standard for each inspection and arrange staff rotation for carrying out the inspections.**

*Need to ensure the compliance with the Code of Practice*

5.7 The designated driving schools are required to submit information (such as the number of training appointments and the number of learner drivers enrolled for each type of vehicles) to the TD each month in accordance with the Code of Practice. Audit noted that the following information provided by the designated driving schools did not comply with the requirements of the Code of Practice:

- (a) the total number of training appointments and learner drivers enrolled for private cars and light goods vehicles were not classified into different types of vehicles;
- (b) the full list of driving instructors employed by the schools were not classified into full-time and part-time driving instructors; and
- (c) the training hours conducted by the driving instructors were not classified into lessons given by full-time and part-time driving instructors.

**The TD needs to ensure that all the designated driving schools submit the required information for monitoring purpose in accordance with the Code of Practice.**

**Audit recommendations**

5.8 **Audit has recommended that the Commissioner for Transport should:**

- (a) **issue guidelines on inspection of the designated driving schools to ensure consistency in the interpretation and enforcement of the Code of Practice;**
- (b) **draw up a programme, with a surprise element, for inspection of the designated driving schools, setting a time standard for each inspection, and arranging staff rotation for carrying out the inspections; and**

- (c) ensure that all the designated driving schools submit the required information for monitoring purpose in accordance with the Code of Practice.

### **Response from the Administration**

5.9 The Commissioner for Transport agrees with the audit recommendations. He has said that the TD will:

- (a) develop guidelines on inspection of the designated driving schools for use by the inspection officers;
- (b) draw up an inspection programme for the designated driving schools; and
- (c) ensure that the designated driving schools will submit all details required in the Code of Practice in their regular returns to the TD.

### **Designated driving improvement schools**

5.10 *Driving offence points (DOP) system.* The DOP system was introduced in 1984 to promote road safety through improving driving behaviour and attitude of drivers. If a driver commits a scheduled traffic offence under the Road Traffic (Driving-offence Points) Ordinance (Cap. 375), DOP are allocated to him (Note 22). The TD issues a DOP notice to the driver who has incurred eight DOP or more reminding him of the consequences of accumulation of more DOP and the need to correct his driving behaviour. In 2006, the TD issued 52,374 such notices.

5.11 *Driver improvement scheme.* Under the driver improvement scheme implemented in September 2002, a driver is allowed to voluntarily attend the driving improvement course provided by the designated driving improvement schools (Note 23). Each driver can have three DOP deducted from the total DOP he has incurred upon

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**Note 22:** *If a driver incurs 15 DOP or more in respect of traffic offences committed within a period of two years, he may be disqualified by the Court from holding or obtaining a driving licence for a period of three months for the first conviction and six months for any subsequent convictions.*

**Note 23:** *The Court is empowered to direct drivers who have committed scheduled traffic offences incurring five DOP or more to complete the course at their own cost.*

completing the course (Note 24). As at 31 March 2007, the TD designated two driving improvement schools for the provision of driving improvement courses (Note 25). These designated driving improvement schools are bound by the conditions set out in the Code of Practice issued by the TD under the Road Traffic Ordinance. The conditions cover, among other things, the school facilities, the teaching materials and teaching techniques.

## **Audit observations**

### *Need to issue guidelines on inspection of the designated driving improvement schools*

5.12 The TD deploys a driving examiner to conduct surprise inspections of the designated driving improvement schools to ensure compliance with the Code of Practice. The TD has not provided guidelines on these inspections. **Audit considers that the TD needs to issue guidelines to ensure consistency in the interpretation and enforcement of the Code of Practice.**

### *Need to improve procedures for inspection of the designated driving improvement schools*

5.13 In 2006, 10 surprise inspections were carried out. The designated driving improvement schools were randomly selected for inspections and each inspection was completed in half a day. Audit noted that the same driving examiner had been deployed to conduct these surprise inspections since September 2002. **For control purposes, Audit considers that the TD needs to consider arranging staff rotation for inspection of the designated driving improvement schools.**

### *Need to publicise the driver improvement scheme*

5.14 In 2006, only 5% (2,610) of the drivers issued with DOP notices voluntarily joined the driver improvement scheme. In 2005, two of the four designated driving improvement schools were closed for business considerations upon expiry of their designation. Since November 2006, the TD has promoted the scheme by placing information leaflets at various locations, including the TD's licensing offices and the kiosks of the road tunnels.

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**Note 24:** *Each driver can have 3 DOP deducted once every two years. No DOP is deducted if the driver does not incur any DOP or incurs 15 DOP or more on the date of completing the course.*

**Note 25:** *The fees charged by the designated driving improvement schools for a driving improvement course and the issue of attendance certificate shall not exceed the maximum fees determined by the TD.*

5.15 In March 2007, four years after the implementation of the scheme, the TD started to send information leaflets of the scheme together with the DOP notices to the drivers. Audit considers that this is a more effective means of informing the drivers with DOP of the scheme. **To improve public awareness of the scheme, Audit considers that the TD needs to put more efforts to publicise the driver improvement scheme and assess the effectiveness of sending information leaflets of the scheme to the drivers with DOP.**

### **Audit recommendations**

5.16 *Audit has recommended* that the Commissioner for Transport should:

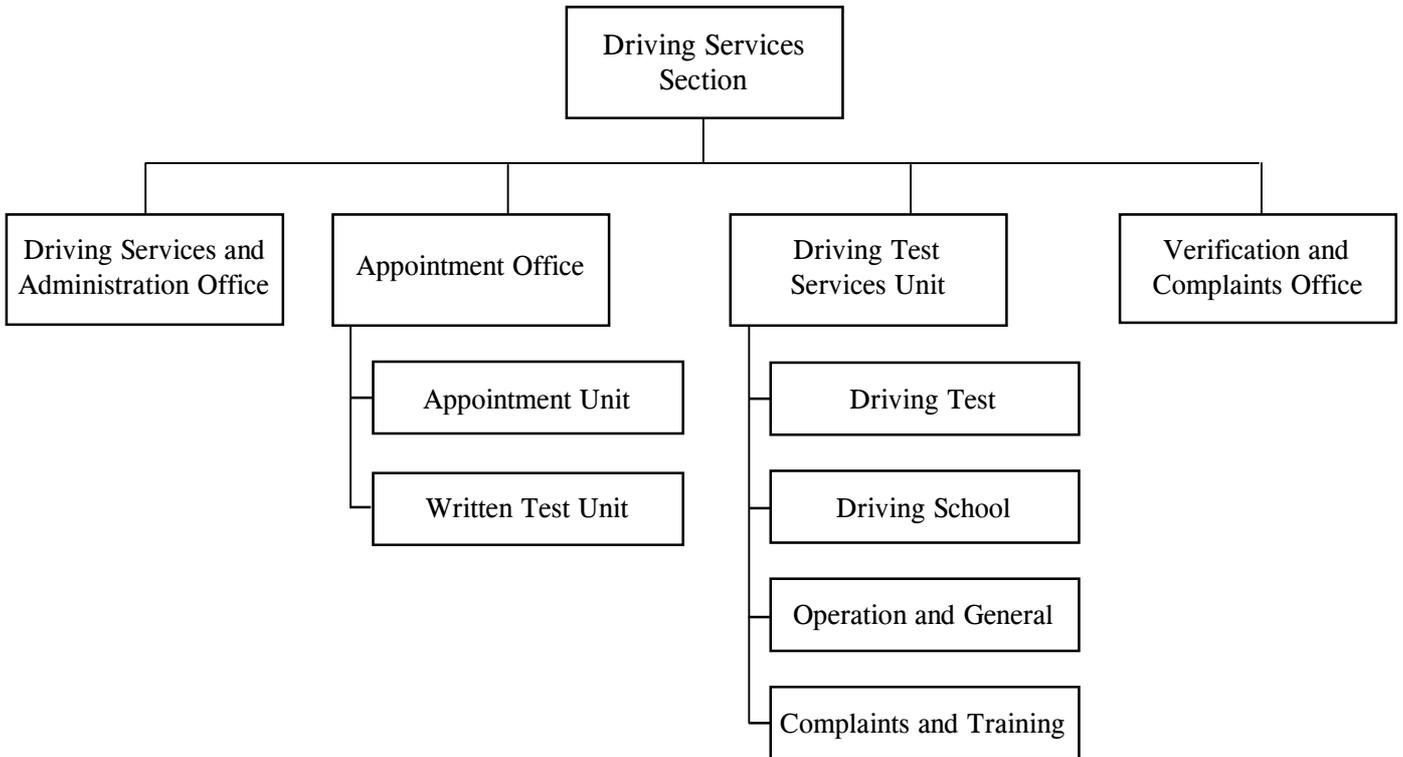
- (a) **issue guidelines on inspection of the designated driving improvement schools to ensure consistency in the interpretation and enforcement of the Code of Practice;**
- (b) **consider arranging staff rotation for inspection of the designated driving improvement schools; and**
- (c) **put more efforts to publicise the driver improvement scheme and assess the effectiveness of sending information leaflets of the scheme to the drivers with DOP.**

### **Response from the Administration**

5.17 The **Commissioner for Transport** agrees with the audit recommendations. He has said that the TD will:

- (a) develop guidelines on inspection of the designated driving improvement schools for use by the inspection officers;
- (b) arrange staff rotation for inspecting the driving improvement schools; and
- (c) arrange for additional publicity to remind drivers of the availability of driver improvement course and encourage more people to attend the course.

**Organisation chart of the Driving Services Section  
(March 2007)**



Source: TD records

**Appendix B**  
(para. 2.2 refers)

**Licensing services provided by the Transport Department**

Licensing services		Office				Other channels	
		HKLO	KLO	KTLO	STLO	Through the Internet (Note 1)	By post
<b>Driver</b>							
1	Issue/renewal of full driving licence	✓	✓	✓	✓	✓ (Note 2)	✓
2	Issue/renewal of learner's driving licence	✓	✓	✓	✓	–	✓ (Note 3)
3	First issue/renewal of driving instructor's licence	✓	✓	✓	✓	–	✓
4	First issue/renewal of probationary driving licence	✓	✓	✓	✓	–	✓
5	Duplicate of full/probationary/learner's/instructor's/temporary driving licence	✓	✓	✓	✓	–	✓
6	Issue of international driving permit	✓	✓	✓	✓	–	✓
7	Duplicate of international driving permit	✓	✓	✓	✓	–	✓
8	Issue of certificate of driving licence particulars	✓	✓	✓	✓	–	✓
9	Change of driver particulars	✓	✓	✓	✓	✓ (Note 4)	✓
10	Sale of driving test form	✓	✓	–	–	–	✓
11	Direct issue of full driving licence	✓	–	–	–	–	–
12	Issue/extension of temporary driving licence	✓	–	–	–	–	–
13	Application for driving test postponement, duplicate of particulars of driving tests and appointment letter	✓	–	–	–	–	✓
<b>Vehicle</b>							
1	Issue/renewal of vehicle and trailer licence	✓	✓	✓	✓	✓ (Note 5)	✓
2	Duplicate of vehicle and trailer licence	✓	✓	✓	✓	–	–
3	Duplicate of registration document	✓	✓	✓	✓	–	–
4	Transfer of vehicle ownership	✓	✓	✓	✓	–	–
5	Cancellation of registration of vehicles and trailers	✓	✓	✓	✓	–	✓
6	Cancellation of vehicle licence	✓	✓	✓	✓	–	✓
7	Printing outstanding court order (vehicles)	✓	✓	✓	✓	–	–
8	Issue of certificate of clearance	✓	✓	✓	✓	–	–
9	Issue of certificate of vehicle particulars	✓	✓	✓	✓	✓	✓

**Appendix B**  
(Cont'd)  
(para. 2.2 refers)

Licensing services		Office				Other channels	
		HKLO	KLO	KTLO	STLO	Through the Internet (Note 1)	By post
10	Change of vehicle particulars	✓	✓	✓	✓	–	✓
11	Refund of vehicle licence	✓	✓	✓	✓	–	✓
12	Retention of registration mark (non-auction)	✓	✓	–	–	–	–
13	Assigning registration mark	✓	✓	–	–	–	–
14	First registration of vehicles and trailers	✓	–	–	–	–	–
15	Re-registration of vehicles and trailers	✓	–	–	–	–	–
16	Add accessories and taxable warranties within six months after first registration	✓	–	–	–	–	–
17	Issue/renewal/duplicate of rickshaw licence	✓	–	–	–	–	–
18	Reservation of registration mark for auction (non-special registration marks)	✓	–	–	–	✓	✓
19	Change of vehicle class	✓	–	–	–	–	–
20	Addition of taxable accessories	✓	–	–	–	–	–
<b>Others</b>							
1	Government tunnel/Tsing Ma Control Area tickets for disabled drivers	✓	✓	✓	✓	–	✓
2	Permits for long load, wide load, movement, expressway and village vehicle	✓	✓	✓	✓	–	✓
3	Excess passengers permit	✓	✓	–	–	–	✓
4	First issue of trade licence and application for international circulation permit	✓	–	–	–	–	–
5	Miscellaneous services (Note 6)	✓	–	–	–	–	✓

Source: TD records

Note 1: An e-certificate is required for all applications through the Internet with the exception of application for reservation of registration mark for auction (non-special registration marks). All applications received through the Internet are handled by the HKLO.

Note 2: It is only applicable for renewal of full driving licence.

Note 3: It is only applicable for renewal of learner's driving licence.

Note 4: It is only applicable for change of address.

Note 5: It is only applicable for renewal of vehicle licence.

Note 6: These are services for issue of passenger service licence and certificate and their duplicates, renewal/duplicate of trade licence, hire car permit, movement permit for a classic car, advertising vehicle permit, Lantau closed road permit and prohibited zone permit for Tung Chung Road.

**Appendix C**  
(paras. 2.5 and 2.9 refer)

**Driver and vehicle licensing transactions  
(1997 – 2006)**

Year	Number of licensing transactions			Average number of staff (Note)	Average number of licensing transactions handled per staff
	Driver	Vehicle	Total		
	(a)	(b)	(c) = (a) + (b)		
1997	1,400,000	1,410,000	2,810,000	156	18,013
1998	1,476,000	1,202,000	2,678,000	154	17,390
1999	1,130,000	1,460,000	2,590,000	154	16,818
2000	965,000	1,549,000	2,514,000	150	16,760
2001	851,000	1,533,600	2,384,600	144	16,560
2002	828,000	1,539,000	2,367,000	145	16,324
2003	857,000	1,517,000	2,374,000	147	16,150
2004	857,000	1,535,000	2,392,000	153	15,634
2005	844,000	1,542,000	2,386,000	163	14,638
2006	766,000	1,467,000	2,233,000	169	13,213

Source: TD CORs and records

Note: The average number of staff was computed as follows:  
(Number of staff at the beginning of the year + Number of staff at the end of the year) ÷ 2

**Transactions for non-counter licensing services  
(2004 – 2007)**

Application channel	Number of transactions			
	2004	2005	2006	2007 (January to July)
<b>(A) Driving licences</b>				
Postal	13,032	10,323	16,743	55,530
Online	1,447	1,341	1,159	945
Drop-in	182	274	265	5,603
<b>Sub-total</b>	<b><u>14,661</u></b>	<b><u>11,938</u></b>	<b><u>18,167</u></b>	<b><u>62,078</u></b>
<b>(B) Vehicle licences</b>				
Postal	8,019	7,479	7,914	6,467
Online	4,136	9,082	13,379	8,143
Drop-in	833	495	588	413
<b>Sub-total</b>	<b><u>12,988</u></b>	<b><u>17,056</u></b>	<b><u>21,881</u></b>	<b><u>15,023</u></b>
<b>(C) Overall (Driving licences and vehicle licences)</b>				
Postal	21,051	17,802	24,657	61,997
Online	5,583	10,423	14,538	9,088
Drop-in	1,015	769	853	6,016
<b>Total</b>	<b><u>27,649</u></b>	<b><u>28,994</u></b>	<b><u>40,048</u></b>	<b><u>77,101</u></b>

Source: TD records

**Chronology of key events for  
the pilot project in the Kowloon East Post Office**

November 2003	The TD sought policy support to close the KTLO and launch a pilot project of delivering licensing services in the Kowloon East Post Office. The then Environment, Transport and Works Bureau supported the proposal of closing the KTLO and launching the pilot project.
March 2004	This month was the target implementation date of the cost-savings initiatives (i.e. closing the KTLO and launching the pilot project).
July 2004	The Hongkong Post completed the fitting-out works of the counters for the pilot project. The TD started the second round of renovation works for the counters to meet its operational needs.
July 2005	The second round of renovation of the counters was completed.
September 2005	The TD reviewed the original proposal in light of the anticipated upsurge in applications for renewals of ten-year full driving licences.
February 2006	The TD decided to proceed with the pilot project, without closing the KTLO.
April 2006	The TD and the Hongkong Post signed a Service Level Agreement for launching the pilot project. The KEDLC (i.e. the two licensing counters and a shroff in the Kowloon East Post Office) commenced operation.
September 2006	The TD started to review the pilot project.
December 2006	The TD decided to cease the operation of the KEDLC.
February 2007	The KEDLC ceased operation.

*Source: TD records*

**Driving test centres**

<b>Location</b>	<b>Types of road tests provided</b>
<b>Hong Kong Island</b>	
Happy Valley	Private car
Sheung On	Bus and medium goods vehicle
So Kon Po	Light goods vehicle, motorcycle and public light bus
<b>Kowloon and New Territories</b>	
Chak On Road	Light goods vehicle
Chung Yee Street	Light goods vehicle and private car
Kwai Shing	Light goods vehicle
Pui Ching Road	Light goods vehicle and private car
Shek Lei	Private car and public light bus
Tin Kwong Road	Light goods vehicle and motorcycle
Tsuen Wan	Bus, heavy goods vehicle and medium goods vehicle
Yau Tong	Light goods vehicle
Yuen On	Articulated vehicle
<b>Designated driving school</b>	
A	Private car, light goods vehicle and motorcycle
B	Private car, light goods vehicle, motorcycle, medium goods vehicle and private/public bus
C	Private car, light goods vehicle and motorcycle
D	Private car, light goods vehicle, motorcycle, medium goods vehicle, private/public bus and articulated vehicle

Source: TD records

**Application procedures for the repeater queue ballots**

<b>Action to be taken by learner driver</b>	<b>Time</b>
(A) Check the date of ballot and apply by inputting information into the interactive voice response system if the ballot will be held on the next day.	Monday to Wednesday (5:00 p.m. to 11:00 a.m. on the next day)
(B) Check result of the ballot.	12:30 p.m. on the date of ballot (i.e. Tuesday to Thursday) to 9:00 a.m. on the next day
(C) Confirm the allocated appointment in person with relevant documents at the designated licensing office.	2:00 p.m. to 5:00 p.m. on the date of ballot or 9:00 a.m. to 5:00 p.m. on the next day

*Source: TD records*

**Appendix H**  
(para. 4.2 refers)

**Performance and pledged targets for driving test services**

<b>Driving test service</b>	<b>Standard waiting time</b>	<b>Target in 2007</b>
<b>Performance target in TD COR:</b>		
Waiting time for driving test	85 calendar days	100%
<b>Pledged targets in TD website:</b>		
(a) Announcement of written test (Part A) result	45 minutes	100%
(b) Announcement of taxi written test result	8 working days	100%
(c) Notification of commercial vehicle driving test appointments to applicants	1 month	100%
(d) Arrangement of driving ability assessment for handicapped persons	18 working days	100%

*Source: TD records*

**Appendix I**  
(para. 4.8 refers)

**Pledged targets for licensing services in Transport Department website**

<b>Licensing service</b>	<b>Standard waiting time</b>	<b>Target in 2007</b>
<b>Counter</b>		
First issue and renewal of learner's driving licence	40 to 80 minutes	100%
First issue and renewal of full driving licence	40 to 75 minutes	100%
Renewal of vehicle licence	40 to 85 minutes	100%
Transfer of vehicle ownership	40 to 85 minutes	100%
<b>Non-counter</b>		
Renewal of full driving licence and vehicle licence by post and return of licence to applicant	10 working days	100%
Renewal of full driving licence and vehicle licence through the Internet and return of licence to applicant	8 working days	100%

*Source: TD records*

**Appendix J**  
(para. 4.9 refers)

**Transport Department analysis of waiting time for counter licensing services  
(10 to 14 July 2006)**

Waiting time in minutes	Number of applications				Total
	First issue and renewal of learner's driving licence (Target: 40 to 80 minutes)	First issue and renewal of full driving licence (Target: 40 to 75 minutes)	Renewal of vehicle licence (Target: 40 to 85 minutes)	Transfer of vehicle ownership (Target: 40 to 85 minutes)	
Less than 30	459	1,435	7,023	813	9,730
30 to less than 40	18	155	570	64	807
<b>Sub-total</b>	<b>477</b>	<b>1,590</b>	<b>7,593</b>	<b>877</b>	<b>10,537</b>
40 to less than 50	4	34	164	43	245
50 to less than 60	0	11	81	11	103
60 to less than 75	0	12	19	1	32
<b>Total</b>	<b>481</b>	<b>1,647</b>	<b>7,857</b>	<b>932</b>	<b>10,917</b>

Source: TD records

**Acronyms and abbreviations**

Audit	Audit Commission
COR	Controlling Officer's Report
DOP	Driving offence points
DTC	Driving test centre
HKLO	Hong Kong Licensing Office
KEDLC	Kowloon East Driver Licensing Counter
KLO	Kowloon Licensing Office
KTLO	Kwun Tong Licensing Office
STLO	Sha Tin Licensing Office
TD	Transport Department
TNC	Test not conducted
VALID	Vehicles and Drivers Licensing Integrated Data