

CHAPTER 5

Financial Services and the Treasury Bureau Government Logistics Department

<h3>Management of government vehicle fleet by the Government Logistics Department</h3>

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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.

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MANAGEMENT OF GOVERNMENT VEHICLE FLEET BY THE GOVERNMENT LOGISTICS DEPARTMENT

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MANAGEMENT OF GOVERNMENT VEHICLE FLEET BY THE GOVERNMENT LOGISTICS DEPARTMENT

Executive Summary

1. The Government Logistics Department (GLD) pledges to provide government bureaux and departments (B/Ds) with professional, cost-effective and timely logistical support services in the area of transport operation and management. The main areas of GLD's work in the management of government vehicle fleet include: (a) rendering advice to B/Ds on the efficient operation and management of their vehicle fleets; (b) vetting requests for additional and replacement vehicles; (c) implementing green measures with a view to contributing to Government's policy on environmental protection; (d) encouraging the use of electric vehicles to replace the retiring ones; (e) operating a transport pool; and (f) ensuring that government drivers maintain a high standard of driving and road safety. In 2020-21, GLD's revised estimate of annual expenditure on the work in managing government vehicle fleet was about \$161.6 million, of which \$80 million (50%) was related to the procurement of additional and replacement general purpose vehicles. As at 31 December 2020, there were 6,705 vehicles in the government vehicle fleet. The Audit Commission (Audit) has recently conducted a review to examine the management of government vehicle fleet by GLD with a view to identifying areas for improvement.

Monitoring of government vehicle fleet

2. *Long time taken to complete departmental transport reviews.* As an on-going means to enhance the overall efficiency and cost-effectiveness of the government vehicle fleet, GLD conducts departmental transport reviews regularly to examine the appropriateness of the fleet size, fleet mix and usage of B/Ds allocated with government vehicles having regard to their operational needs. After each review, GLD will issue a report with recommendations and advice to the B/D concerned. As at 31 December 2020, of the 10 departmental transport reviews planned by GLD for commencement since 2015, 8 had been completed and 2 (which commenced in March and November 2020 respectively) were in progress. Among the 8 completed reviews,

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GLD had taken a long time (ranging from 15.9 to 36.1 months) to complete 7 (87.5%) of them (paras. 2.2 and 2.4).

3. **Utilisation of departmental vehicles.** For monitoring purposes, B/Ds are required to forward to GLD a monthly return on vehicle utilisation for vehicles allocated to them. All monthly returns submitted by B/Ds are input into the Transport Management Information System (TMIS) for meeting various management purposes (e.g. assessing the need for additional and replacement vehicles and monitoring the performance of the government vehicle fleet). To facilitate B/Ds in monitoring their vehicle fleets, GLD generates exception reports on vehicle utilisation from TMIS biannually. A vehicle is included in an exception report if during the six-month period, the kilometres run by it was 30% less than the normal kilometres run by the same type of vehicles in the government fleet, and its average idle days per month was six or more. For B/Ds with vehicles captured in the exception reports, GLD will issue an extract of the relevant reports to them, and require them to critically review the utilisation of the vehicles (paras. 2.9 and 2.10). Audit examination revealed the following areas for improvement:

- (a) **Need to strengthen the administration of monthly returns on vehicle utilisation.** While there is no deadline, taking into account the time required for collection of vehicle records/log books and input of data, B/Ds are normally allowed to submit the monthly returns on vehicle utilisation in two months. As at January 2021, for the monthly returns up to October 2020, 1,077 entries (involving two B/Ds) remained outstanding and the earliest entry had been outstanding for 58 months. Furthermore, Audit sample check of the data of the monthly returns for 2019 input in TMIS revealed that there were cases which might warrant further investigation by GLD (e.g. in 5,381 cases, the B/Ds concerned had reported that the vehicles had been used but there had been no fuel/electric consumption) (paras. 2.11 and 2.12); and
- (b) **Need to improve monitoring of vehicle utilisation.** Audit examination of the six exception reports generated by GLD covering the three-year period from 1 June 2017 to 31 May 2020 revealed the following:
 - (i) **Long lead time required for issuing extracts of exception reports to B/Ds.** It was GLD's practice to issue extracts of exception reports to B/Ds concerned only four months after the report period (or two months before the end of the next report period) given the

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time required for B/Ds to submit monthly returns on vehicle utilisation and the possible delays in submission;

- (ii) ***Significant increase in number of vehicles captured in exception reports.*** The number of vehicles captured in exception reports decreased from 198 in the March 2018 issue (for the period from 1 June 2017 to 30 November 2017) by 72 (36%) to 126 in the September 2019 issue (for the period from 1 December 2018 to 31 May 2019), and increased significantly by 173 (137%) to 299 in the September 2020 issue (for the period from 1 December 2019 to 31 May 2020); and
- (iii) ***Vehicles repeatedly captured in exception reports.*** 60 vehicles had been repeatedly captured in 4 or more of the 6 exception reports covering the three-year period from 1 June 2017 to 31 May 2020 (para. 2.14).

4. ***Need to improve reporting of performance targets included in Controlling Officer's Report.*** GLD operates a transport pool comprising several vehicle types to supplement departmental fleets and provide transport services to B/Ds with no or insufficient departmental vehicles. As at 31 December 2020, there were 48 vehicles in the transport pool, comprising 25 cars, 13 vans and 10 buses. GLD sets two performance targets on transport pool resource utilisation in its Controlling Officer's Report, namely drivers tasked daily and pool vehicles utilised daily. In the period from 2015 to 2020, GLD has fully met the two performance targets. The utilisation rates of a pool vehicle and a driver are calculated on a half-day booking session basis. In other words, if a driver was tasked or a vehicle was utilised for a period in a morning or afternoon session, the driver or the vehicle will be treated as having been tasked or utilised for the whole morning or afternoon session for performance reporting in the Controlling Officer's Report, irrespective of the length of the period. In order to enhance transparency and accountability in performance reporting, GLD needs to consider reporting its calculation basis in the Controlling Officer's Report (paras. 2.19 and 2.21 to 2.23).

5. ***Need to strengthen administration of quota system.*** GLD administers term contracts for hiring commonly-used vehicles to cater for the requirements of B/Ds. As at 31 December 2020, there were 14 awarded term contracts. To ensure that the services acquired by B/Ds will not exceed the contract requirements, a quota system

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is implemented. Under the quota system, a departmental quota based on B/Ds' original forecast will be allocated for implementation of each of the contracts. Unless prior approvals of GLD are obtained, the vehicle hiring services drawn from the contracts by B/Ds should not exceed the allocated departmental quotas from GLD. B/Ds which have drawn services from the term contracts should submit to GLD monthly returns on drawdown positions of the contracts concerned in the following month (paras. 2.28 and 2.29). Audit examination revealed the following:

- (a) ***Large number of outstanding monthly returns on drawdown positions.*** Based on TMIS records, as at 30 November 2020, for the monthly returns on drawdown positions (covering the period from January to October 2020) of the term contracts, 988 returns (involving 34 B/Ds) remained outstanding; and
- (b) ***Services drawn by B/Ds not in accordance with the quota system.*** According to the drawdown positions of the 14 term contracts, as at 30 November 2020, some B/Ds with no departmental quota or with departmental quotas fully utilised had drawn services without obtaining prior approvals from GLD (para. 2.30).

Procurement of vehicles

6. ***Vetting requests for additional and replacement vehicles.*** For general purpose vehicles, GLD is responsible for examining the requests for additional and replacement vehicles submitted by B/Ds to consider the procurement needs and priorities, and co-ordinate procurement within the funding available in its block vote (para. 3.2). Audit examination revealed the following areas for improvement:

- (a) ***Large number of supernumerary vehicles with cumulative retention periods of over one year.*** A supernumerary vehicle is a replaced vehicle which has reached the end of its economic life but is retained further to provide a time limited service to meet operational needs of a B/D. It is a non-established vehicle and should be scrapped once the specific purposes to retain it have been fulfilled. While GLD's guidelines state that a supernumerary vehicle should not be used further for over one year unless under very exceptional circumstances, Audit sample check of the requests for retaining 566 supernumerary vehicles approved by GLD from 2016 to 2020 revealed that the cumulative retention periods approved for 206 (36%)

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supernumerary vehicles were over one year (ranging from 12.1 to 70.7 months) (paras. 3.5 and 3.6); and

- (b) ***Need to consider enhancing Economic Life Model (ELM) for replacement of electric vehicles.*** GLD assesses whether vehicles are due for replacement mainly on the basis of ELM, which takes into account accumulated maintenance cost, vehicle age, kilometres run and replacement cost. According to GLD, as the capital and operating costs of electric vehicles are different from conventional vehicles, the existing ELM may not be applicable to determining the replacement cycle of electric vehicles. The number of electric vehicles in the government vehicle fleet may increase in the coming years in the light of the new requirement for procuring electric vehicles (i.e. for the procurement of private cars with not more than five seats, electric vehicles should be procured unless justifications are given and approved by Heads of B/Ds or officers at Senior Directorate level) for implementation in the first half of 2021. Also, more operational data of electric vehicles (e.g. battery's state of health and downtime rates) have been captured for analysis in the enhanced TMIS implemented since 2020. There is merit for GLD to gather more operational data of electric vehicles and consider conducting a study with a view to enhancing ELM for replacement of electric vehicles (paras. 3.4, 3.10, 3.12 and 4.5).

7. ***Procurement of general purpose vehicles.*** From 2015-16 to 2019-20, GLD incurred \$712.2 million (ranging from \$93 million in 2019-20 to \$191 million in 2017-18) on the procurement of general purpose vehicles for the government vehicle fleet. From 2016 to 2020, GLD completed 8 quotation exercises and 34 tender exercises, and awarded 48 contracts amounting to \$615.3 million for procurement of over 2,000 general purpose vehicles (para. 3.15). Audit examination revealed the following areas for improvement:

- (a) ***Long time taken to complete the procurement of vehicles.*** Audit sample check revealed that in some cases, GLD had taken a long time to complete the procurement of vehicles for the use of B/Ds (i.e. counting from the date of approving the requests for additional/replacement vehicles to the date of vehicle delivery by contractors to the B/Ds concerned), as follows:
- (i) of 51 delivered vehicles for which the quotation/tendering exercises were conducted in the period from 2016 to 2019, the whole

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procurement process of 22 (43%) vehicles had taken more than three years to complete; and

- (ii) among 96 requests for additional/replacement vehicles approved by GLD in the period from 2016 to 2018 with vehicles not yet delivered by the contractors as at 31 December 2020, 5 (5%) requests had been approved by GLD for more than three years (para. 3.18); and
- (b) ***Need to improve the drawing up of user requirements.*** In drawing up the technical specifications of vehicles in a quotation/tender exercise, GLD draws up user requirements mainly by collecting information from the B/Ds concerned during the vetting exercises for additional/replacement vehicles and subsequent discussions on preparing the technical specifications. Audit sample check of 31 tender exercises conducted in the period from 2016 to 2020 revealed that in 2 exercises, the user requirements had not been fully addressed by the vehicles procured by GLD. For example, for the large saloon cars procured for deployment for the use of Heads of B/Ds by the tender exercise completed in September 2016, some B/Ds had expressed concern over the stability of the vehicles during the ride (paras. 3.21 and 3.22).

Other related issues

8. ***Decrease in number of electric vehicles in government vehicle fleet.*** Audit examined the number of electric vehicles in the government vehicle fleet in the period from 2016 to 2020 and noted that the use of electric vehicles in the Government remained on the low side, accounting for less than 4% (ranging from 2.5% in 2020 to 3.9% in 2017 and 2018) of the government vehicles. In particular, the number of electric vehicles decreased by 80 (32%) from 249 as at 31 December 2016 to 169 as at 31 December 2020. GLD needs to keep in view the use of electric vehicles as additional/replacement vehicles by B/Ds under the new requirement for procurement of government vehicles (see para. 6(b)). GLD should also continue to examine the availability of suitable electric vehicles in the market that can fully meet B/Ds' operational requirements (paras. 4.3 and 4.6).

9. ***Provision of training to government drivers.*** GLD is responsible for ensuring that government drivers (i.e. Chauffeurs, Special Drivers, Motor Drivers and other government employees who have to drive government vehicles to meet

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operational needs) maintain a high standard of driving and road safety through training and tests (para. 4.9). Audit examination revealed the following areas for improvement:

- (a) ***Need to explore feasibility of conducting online training courses.*** Audit examined the number of attendees of GLD's driving-related training courses and driving courses from 2016 to 2020 and noted that the number of attendees decreased significantly by 638 (57%) from 1,111 in 2019 to 473 in 2020. In particular, the number of attendees of the Safe Driving Course (see (b)) decreased significantly by 130 (83%) from 157 in 2019 to 27 in 2020. According to GLD, the significant decrease in the number of attendees of its training courses in 2020 was due to the smaller number of training courses offered in view of the outbreak of coronavirus disease (COVID-19). As online training courses have gained popularity in the last decade and have been widely adopted during the COVID-19 epidemic as a substitute in the light of the difficulties/constraints encountered in arranging on-site training, GLD should consider conducting online training courses on a trial basis for targeted government drivers with a view to evaluating the pros and cons of conducting online training courses vis-à-vis on-site training courses (paras. 4.11 and 4.12); and

- (b) ***Need to take measures to enhance the provision of training courses to targeted government drivers.*** Examples of training courses provided to government drivers by GLD included the Induction Course (for all newly recruited Special Drivers and Motor Drivers), the Safe Driving Course (for all Chauffeurs, Special Drivers and Motor Drivers to attend on a regular basis) and the Remedial Course (for drivers found blameworthy for traffic accidents). Audit examined the lists of targeted government drivers to be invited for attending the Induction Course and the Safe Driving Course as at 31 December 2020 and the blameworthy traffic accidents from 2016 to 2019, and noted that there were some targeted drivers who had not yet been invited to attend those courses. For example, from 2016 to 2019, there were 203 traffic accidents in which the Chauffeurs/Special Drivers/Motor Drivers concerned were found blameworthy. As at 31 December 2020, of those 203 cases, the drivers of 168 (83%) cases (comprising 45, 48, 40 and 35 cases in 2016, 2017, 2018 and 2019 respectively) had not yet been invited to attend the Remedial Course (paras. 4.9, 4.13 and 4.14).

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10. *Need to remind B/Ds to take measures to ensure compliance with GLD's requirements on working hours of government drivers.* According to GLD's guidelines on working hours of government drivers issued in September 2017, persistently long working hours have an adverse impact on the health and morale of government drivers. Frequent long working hours without sufficient rest time would render the drivers more prone to work-related accidents. To protect the occupational health of drivers and to ensure the provision of safe and reliable transport service to vehicle users, all B/Ds are advised to note the requirements that the working hours (including meal breaks) of government drivers should normally not exceed 14 hours per day, and one rest day shall be provided to government drivers in every period of seven days. Audit examination found some cases of non-compliance with GLD's requirements on working hours of government drivers (e.g. on 185 (1.6%) occasions, the working hours of the drivers of the transport pool had exceeded 14 hours per day) (paras. 4.17 and 4.18).

Audit recommendations

11. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has recommended that the Director of Government Logistics should:**

Monitoring of government vehicle fleet

- (a) **consider setting time targets for completing departmental transport reviews, and explore measures to expedite the review process in future (para. 2.7(a) and (b));**
- (b) **remind B/Ds to submit monthly returns on vehicle utilisation within the required timeframe and step up follow-up actions on long-outstanding returns, and investigate and rectify any discrepancies identified in B/Ds' monthly returns (para. 2.17(a) and (b));**
- (c) **issue extracts of exception reports on vehicle utilisation for B/Ds' follow-up actions in a timely manner, and consider the merits of conducting in-depth departmental transport reviews for B/Ds with vehicles repeatedly captured in the exception reports (para. 2.17(c) and (d));**

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- (d) consider reporting the calculation basis of the performance targets on transport pool resource utilisation in the Controlling Officer's Report (para. 2.25(a));
- (e) remind B/Ds to submit monthly returns on drawdown positions in a timely manner and B/Ds with no departmental quota or with departmental quotas fully utilised to seek prior approvals from GLD before drawing services against the term contracts, where appropriate (para. 2.32(a) and (b));

Procurement of vehicles

- (f) take measures to limit the retained use of supernumerary vehicles to within one year under normal circumstances (para. 3.13(a));
- (g) gather more operational data of electric vehicles and consider conducting a study with a view to enhancing ELM for replacement of electric vehicles (para. 3.13(c));
- (h) explore measures to shorten the time taken for procurement of vehicles and deliver them in a timely manner for use by B/Ds as far as practicable (para. 3.24(a));
- (i) continue to take measures to improve the drawing up of user requirements with a view to fully meeting the operational needs of B/Ds as far as practicable (para. 3.24(c));

Other related issues

- (j) keep in view the use of electric vehicles as additional/replacement vehicles by B/Ds under the new requirement for procurement of government vehicles, and continue to examine the availability of suitable electric vehicles in the market that can fully meet B/Ds' operational requirements (para. 4.7);
- (k) consider conducting online training courses on a trial basis for targeted government drivers, and take measures to enhance the provision of the

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Induction Course, Safe Driving Course and Remedial Course to targeted government drivers (para. 4.15); and

- (1) **regularly remind B/Ds to take appropriate measures to ensure that GLD's requirements on working hours of government drivers are complied with (para. 4.21).**

Response from the Government

12. The Director of Government Logistics agrees with the audit recommendations.

PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

Background

1.2 The Government Logistics Department (GLD) pledges to provide government bureaux and departments (B/Ds) with professional, cost-effective and timely logistical support services in, among others, the area of transport operation and management to enable them to serve the people of Hong Kong better. Under its programme area “Land Transport”, GLD aims at procuring vehicles to meet the operational needs of B/Ds at the best value for money and providing B/Ds with transport management advice and support services. The main areas of work of GLD under this programme area are to:

- (a) render advice to B/Ds on the efficient operation and management of their vehicle fleets;
- (b) vet requests for additional and replacement vehicles to ensure that their procurement is justified (Note 1);
- (c) implement green measures, including the use of liquefied petroleum gas light buses and exploring the feasibility of using more environment-friendly vehicles in the government fleet, with a view to contributing to Government’s policy on environmental protection;

Note 1: *Government vehicles are generally classified as general purpose vehicles and specialised vehicles. In broad terms, a general purpose vehicle is a vehicle designated and used primarily for the carriage of passengers and/or goods, and a specialised vehicle is a vehicle, which in addition to carrying goods, has mounted on it ancillary equipment for the purpose of performing a specific function (e.g. ambulances). GLD procures vehicles, other than specialised vehicles, for B/Ds and manages the funding through a block vote. For specialised vehicles, they are funded by votes managed by the B/Ds concerned.*

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- (d) keep abreast of the latest technological development of electric vehicles and encourage the use of electric vehicles to replace the retiring ones subject to the availability of suitable models in the market and the performance of the electric vehicles in meeting B/Ds' operational requirements;
- (e) operate a transport pool which supplements departmental fleets and provides transport services to B/Ds with no or insufficient departmental vehicles, and arrange contract hiring of commercial vehicles to provide services that are not available within the Government, or to cope with seasonal peak demand or short-term transportation needs which do not justify the procurement of additional vehicles; and
- (f) ensure that government drivers maintain a high standard of driving and road safety through training and tests.

1.3 Table 1 shows the performance indicators of GLD's work in managing the government vehicle fleet reported in the Controlling Officer's Reports for the period from 2015 to 2020.

Table 1

**Performance indicators
of GLD's work in managing government vehicle fleet
(2015 to 2020)**

Performance indicator	2015 (Number)	2016 (Number)	2017 (Number)	2018 (Number)	2019 (Number)	2020 (Number)
Additional vehicles procured	28	30	6	26	30	49
Replacement vehicles procured	342	326	515	465	208	321
Blameworthy accidents per 1,000,000 kilometres	0.9	0.9	0.9	0.9	0.9	0.9
Officers who have attended driving-related training courses during the year	992	983	963	955	956	362 (Note)
Trainees on driving courses	155	153	152	154	155	111

Source: Audit analysis of GLD records

Note: According to GLD, the number of driving-related training courses held and the number of attendees decreased significantly due to the outbreak of coronavirus disease (COVID-19) in early 2020.

1.4 Headed by the Controller (Land Transport), the Land Transport Division of GLD (see Appendix A for an extract of the organisation chart of GLD as at 31 December 2020) is responsible for the efficient and economical management and operation of the government vehicle fleet. The Land Transport Division comprises three sections, as follows:

Introduction

- (a) **Management Section.** The Management Section consists of three units, namely:
- (i) **Vehicle Procurement Unit.** The Unit is responsible for the procedures and administration of the procurement of all general purpose vehicles in the government vehicle fleet;
 - (ii) **Technical Support and Vehicle Standards Unit.** The Unit is responsible for compiling vehicle standards and specifications for use in procurement exercises for general purpose vehicles. It is also responsible for researching and conducting trial and evaluation of new vehicles in the market; and
 - (iii) **Management and Review Unit.** The Unit is responsible for matters relating to fleet management structure, fleet size and composition, etc. It is also responsible for providing advice to B/Ds on the use and operation of their vehicle fleets, and conducting departmental transport reviews on appropriate fleet size, mix and use to meet operational needs;
- (b) **Operations Section.** The Operations Section consists of three units, namely:
- (i) **Grade Management Unit.** The Unit is mainly responsible for administering matters relating to the Chauffeur, Special Driver and Motor Driver grades, including conduct and discipline, staff relations and training. It is also responsible for organising staff motivation schemes with a view to promoting a sense of quality land transport services;
 - (ii) **Transport Operations Unit.** The Unit is responsible for operating a fleet of vehicles at the transport pool for booking by B/Ds to supplement their departmental vehicle fleets and to cope with emergency situations; and
 - (iii) **Training and Testing Unit.** The Unit is responsible for administering the Government Driving Permit records. It is also responsible for providing driving-related training courses and

conducting driving tests for government employees who are required to drive and operate government vehicles; and

- (c) ***Support Section.*** The Support Section consists of two units, namely:
- (i) ***Vehicle Hiring Contracts Unit.*** The Unit is responsible for administering and monitoring contracts for hiring vehicles used by B/Ds to cope with their transport requirements; and
 - (ii) ***Fleet Information Management Unit.*** The Unit is responsible for administering the Transport Management Information System (TMIS — Note 2) and providing support to the internal users, including monitoring the inventory of government vehicles, utilisation records and vehicle maintenance records for management analysis. It is also responsible for keeping under review the guidelines and procedures for handling traffic accidents.

As at 31 December 2020, the Land Transport Division had a staff strength of 103 (including 3 posts in the Government Transport Manager grade, 16 posts in the Transport Services Officer grade, 21 posts in the Chauffeur grade and 35 posts in the Motor Driver grade).

Financial provision

1.5 The revised estimate of annual expenditure on the programme area “Land Transport” in 2020-21 was \$161.6 million (including \$80 million (50%) for procurement of additional and replacement general purpose vehicles).

Note 2: *TMIS is a computer-based system containing data on vehicle inventory, utilisation, downtime, maintenance cost and traffic accidents statistics, etc. According to the General Regulations, GLD is responsible for maintaining TMIS which provides essential information for the effective management of the government vehicle fleet.*

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Government vehicle fleet

1.6 ***Size and vehicle types.*** The government vehicle fleet comprises vehicles allocated to B/Ds and those in GLD's transport pool. The number of vehicles in the government vehicle fleet increased by 263 (4%) from 6,442 as at 31 December 2015 to 6,705 as at 31 December 2020 (see Table 2). During the period, the size of GLD's transport pool remained unchanged while that of B/Ds' vehicle fleets increased modestly by 263 (4%) from 6,394 to 6,657. Photographs 1(a) to (g) show some examples of government vehicles.

Table 2

**Size of government vehicle fleet
(2015 to 2020)**

Type of vehicles	Number of vehicles						Change between 31 December 2015 and 31 December 2020
	As at 31 December						
	2015	2016	2017	2018	2019	2020	
Bus	654	661	676	691	698	721	+67 (+10%)
Car	1,500	1,518	1,499	1,556	1,564	1,577	+77 (+5%)
Cross-country vehicle	102	101	111	99	104	104	+2 (+2%)
Motorcycle	332	327	327	305	276	268	-64 (-19%)
Truck	312	318	315	318	314	316	+4 (+1%)
Van	1,417	1,419	1,405	1,360	1,372	1,367	-50 (-4%)
Specialised vehicle	2,125	2,148	2,220	2,233	2,276	2,352 (Note)	+227 (+11%)
Overall	6,442	6,492	6,553	6,562	6,604	6,705	+263 (+4%)

Source: Audit analysis of GLD records

Note: Of the 2,352 specialised vehicles, 1,328 (56%), 494 (21%) and 219 (9%) were allocated to the Hong Kong Police Force, the Fire Services Department and the Food and Environmental Hygiene Department respectively.

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Photographs 1(a) to (g)

Examples of government vehicles

(a) Buses



(b) Cars



(c) Cross-country vehicles



(d) Motorcycles



Photographs 1(a) to (g) (Cont'd)

(e) Trucks



(f) Vans



(g) Specialised vehicles



Source: GLD records

Introduction

1.7 *Departmental Transport Officers.* B/Ds allocated with government vehicles are required to nominate a Departmental Transport Officer to be in charge of the departmental vehicle fleet. A Departmental Transport Officer is responsible for the proper use of all vehicles in the B/D concerned, their utilisation and cleanliness, and the discipline of departmental drivers.

Audit review

1.8 In November 2020, the Audit Commission (Audit) commenced a review to examine the management of government vehicle fleet by GLD, focusing on:

- (a) monitoring of government vehicle fleet (PART 2);
- (b) procurement of vehicles (PART 3); and
- (c) other related issues (PART 4).

Audit has found room for improvement in the above areas and has made a number of recommendations to address the issues.

General response from the Government

1.9 The Director of Government Logistics agrees with the audit recommendations.

Acknowledgement

1.10 During the audit review, in light of the outbreak of coronavirus disease (COVID-19), the Government had implemented various special work arrangements and targeted measures for government employees, including working from home. Audit would like to acknowledge with gratitude the full cooperation of the staff of GLD during the course of audit review amid the COVID-19 epidemic.

PART 2: MONITORING OF GOVERNMENT VEHICLE FLEET

2.1 This PART examines the monitoring of government vehicle fleet by GLD, focusing on:

- (a) departmental transport reviews (paras. 2.2 to 2.8);
- (b) utilisation of departmental vehicles (paras. 2.9 to 2.18);
- (c) transport pool (paras. 2.19 to 2.26); and
- (d) contract hiring of commercial vehicles (paras. 2.27 to 2.33).

Departmental transport reviews

2.2 According to the General Regulations, GLD is responsible for the efficient and economical management and operation of the government vehicle fleet. According to GLD, as an on-going means to enhance the overall efficiency and cost-effectiveness of the government vehicle fleet, departmental transport reviews are conducted regularly to examine the appropriateness of the fleet size, fleet mix and usage of B/Ds allocated with government vehicles having regard to their operational needs. After each review, GLD will issue a report with recommendations and advice to the B/D concerned.

2.3 The Management and Review Unit (see para. 1.4(a)(iii) — Note 3) conducts an annual selection exercise in every October/November in order to select B/Ds for conducting departmental transport reviews in the coming year. The selection process is as follows:

Note 3: *According to GLD, there are only two officers in the Management and Review Unit responsible for the conduct of departmental transport reviews. In addition to the conduct of reviews, the two officers are also responsible for performing other substantial duties (e.g. vetting 250 to 300 requests for additional and replacement vehicles submitted by various B/Ds during annual vetting exercises for general purpose vehicles and specialised vehicles, and providing advice and support to B/Ds).*

Monitoring of government vehicle fleet

- (a) **Initial screening.** The following criteria are adopted in the initial screening:
- (i) B/Ds to be selected should neither be in the progress of carrying out any internal organisational reviews which may have an impact on the departmental transport requirements nor in the progress of planning for any outsourcing programme or cost reduction initiatives in the coming twelve months; and
 - (ii) the time elapsed after the last departmental transport reviews conducted for B/Ds to be selected should at least be eight years; and
- (b) **Setting priorities.** B/Ds with greater saving potential will be given priority. To this end, GLD has adopted a marking scheme to set the priority, which takes account of the fleet size, accident rate, number of supernumerary vehicles (see para. 3.5), hiring expenditure and vehicle utilisation rate.

According to GLD, the selection is conducted based on past records on hand (e.g. past submissions of B/Ds for additional and replacement vehicles and observations from previous meetings with B/Ds on transport issues). If GLD intends to conduct two reviews in a year, in considering the cost and benefit of such reviews and the resources available, one of the B/Ds selected should have a sizeable vehicle fleet (i.e. over 30 vehicles) while the other one should have a comparatively smaller fleet size.

Long time taken to complete departmental transport reviews

2.4 As at 31 December 2020, of the 10 departmental transport reviews planned by GLD for commencement since 2015, 8 had been completed and 2 (which commenced in March and November 2020 respectively) were in progress. Audit notes that GLD has not set any time target for completing departmental transport reviews. Among the 8 completed reviews, GLD had taken a long time (ranging from 15.9 to 36.1 months) to complete 7 (87.5%) of them (see Table 3).

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Table 3

**Completion of departmental transport reviews
(31 December 2020)**

Selected B/D	Planned year for commencement of review	Number of vehicles involved	Commencement of review by GLD	Issue of final report by GLD	Time elapsed (Month)
Correctional Services Department	2015	126	15 December 2014	12 April 2016	15.9
Lands Department	2016	167	11 December 2015	17 July 2017	19.2
Environmental Protection Department (EPD)	2016	48	23 May 2016	26 January 2018	20.1
Fire Services Department	2017	198 (Note 1)	14 December 2016	18 December 2019	36.1
Agriculture, Fisheries and Conservation Department	2017	48 (Note 2)	31 March 2017	8 March 2018	11.2
Social Welfare Department	2018	29	24 November 2017	16 April 2019	16.7
Customs and Excise Department	2018	210	18 March 2019 (Note 3)	30 December 2020	21.5
Buildings Department	2018	37	5 June 2018	4 June 2020	24.0

Source: Audit analysis of GLD records

Note 1: The review only covered general purpose vehicles in the Department.

Note 2: The review only covered motorcycles in the Department.

Note 3: The original commencement date of the review was 17 April 2018. At the request of the Customs and Excise Department, the commencement of the review was subsequently re-scheduled to early 2019, given that the Department was heavily engaged in preparing for the commissioning of three control points including the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail and the Liantang/Heung Yuen Wai Boundary Control Point in 2018. In view of the postponement, GLD commenced another review for the Buildings Department in June 2018.

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2.5 Audit examined the three departmental transport reviews which had taken the longest time for completion and noted the following (see Table 4):

- (a) ***Fire Services Department.*** GLD took over 30 months to conduct the review and issue the draft report for comments by the Fire Services Department. The time taken for consultation and finalisation of report was about 6 months. As estimated by GLD, the potential capital savings and recurrent savings for the Fire Services Department arising from the implementation of GLD's recommendations would be about \$2 million and \$339,000 respectively;
- (b) ***Customs and Excise Department.*** GLD took about 21 months to conduct the review and issue the draft report for comments by the Customs and Excise Department. The time taken for consultation and finalisation of report was about 1 month. As estimated by GLD, the potential capital savings and recurrent savings for the Customs and Excise Department arising from the implementation of GLD's recommendations would be about \$3.6 million and \$1.8 million respectively; and
- (c) ***Buildings Department.*** GLD took over 21 months to conduct the review and issue the draft report for comments by the Buildings Department. The time taken for consultation and finalisation of report was about 3 months. As estimated by GLD, the potential recurrent savings for the Buildings Department arising from the implementation of GLD's recommendations would be about \$225,000.

Table 4

**Analysis of three departmental transport reviews
(31 December 2020)**

Major stage	Fire Services Department	Customs and Excise Department	Buildings Department
Commencement of review by GLD	14 December 2016	18 March 2019 (Note)	5 June 2018
Issue of draft report by GLD	27 June 2019	2 December 2020	13 March 2020
Provision of comments on draft report to GLD	18 September 2019	18 December 2020	28 May 2020
Issue of final report by GLD	18 December 2019	30 December 2020	4 June 2020

Source: Audit analysis of GLD records

Note: See Note 3 to Table 3 in paragraph 2.4.

2.6 In response to Audit’s enquiry, in February 2021, GLD said that:

- (a) there were only two officers responsible for the conduct of departmental transport reviews and in addition to the conduct of reviews, they were also responsible for performing other substantial duties (see Note 3 to para. 2.3);
- (b) the time required for completing a departmental transport review might vary depending on a number of factors (e.g. the number and types of vehicles involved, the number of parking bases/depots and the complexity of the operations); and
- (c) regarding the long time taken to complete the departmental transport reviews, the reasons were as follows:

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- (i) ***Expansion of scope of reviews.*** Since May 2016, the scope of the review had been expanded to cover transport management structure and departmental practices (e.g. processing of traffic accident cases, completion of vehicle log books, monitoring and deployment of departmental transport resources and driver supervision) in addition to transport provision. Hence, despite the longer time taken, the comprehensiveness and quality of the reviews had been enhanced;
- (ii) ***Review for the Fire Services Department.*** The review commenced in December 2016 and was the first departmental transport review conducted for the Department. Since there were around 200 vehicles involved which were allocated to various Commands/Divisions and their operational modes were very different from those of other B/Ds (e.g. provision of operational staff cars to designated posts for all purposes and marshal vehicles for attending emergency duties), GLD took more time to apprehend the operations. Besides, there were several rounds of discussions with the Department after receipt of its comments on the draft report; and
- (iii) ***Reviews for the Customs and Excise Department and the Buildings Department.*** Owing to the outbreak of COVID-19 since early 2020, the time required by the two departments to respond and the time taken by GLD to obtain information, clarify and discuss with the two departments were all lengthened.

Given the complexity of departmental transport reviews for some B/Ds and having regard to the benefits achievable from the reviews (see paras. 2.2 and 2.5), GLD may wish to explore measures (e.g. by deploying additional staff) to expedite the review process in future.

Audit recommendations

2.7 Audit has recommended that the Director of Government Logistics should:

- (a) **consider setting time targets for completing departmental transport reviews;**

- (b) explore measures to expedite the departmental transport review process in future; and
- (c) consider disseminating lessons drawn from departmental transport reviews for the benefits of other B/Ds, where appropriate.

Response from the Government

2.8 The Director of Government Logistics agrees with the audit recommendations. She has said that GLD will:

- (a) set targets for completing departmental transport reviews for B/Ds with reference to their fleet size;
- (b) explore measures to expedite the departmental transport review process; and
- (c) disseminate lessons drawn from departmental transport reviews for the benefit of other B/Ds where appropriate, such as through the Central Cyber Government Office.

Utilisation of departmental vehicles

2.9 *Monthly returns on vehicle utilisation.* For monitoring purposes, B/Ds are required to forward to GLD a monthly return on vehicle utilisation for vehicles (both general purpose vehicles and specialised vehicles) allocated to them. In a monthly return on vehicle utilisation, there is one entry containing the following data for each departmental vehicle:

- (a) kilometres run;
- (b) fuel/electric consumption;
- (c) number of days used;
- (d) number of days in workshop for repair/maintenance;

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- (e) number of idle days;
- (f) number of days with no available driver; and
- (g) days off.

According to GLD, all monthly returns on vehicle utilisation submitted by B/Ds are input into TMIS for meeting various management purposes (e.g. assessing the need for additional and replacement vehicles, and monitoring the performance of the government vehicle fleet). To follow up outstanding monthly returns, GLD would issue reminders to the Departmental Transport Officers of the B/Ds concerned on a monthly basis.

2.10 ***Exception reports.*** To facilitate B/Ds in monitoring their vehicle fleets, GLD generates exception reports on vehicle utilisation from TMIS biannually. A vehicle is considered to be under-utilised substantially by GLD if it has been captured in two consecutive exception reports (i.e. covering a period of 12 months). A vehicle that meets the following criteria is included in an exception report:

- (a) the kilometres run by the vehicle was 30% less than the normal kilometres run by the same type of vehicles in the government fleet during the six-month period; and
- (b) the average idle days per month of the vehicle was six or more during the six-month period.

For B/Ds which have vehicles captured in the exception reports, GLD will issue an extract of the relevant reports to them, and require them to critically review the utilisation of the vehicles (e.g. identifying the causes of low utilisation and taking prompt corrective actions). According to GLD, for vehicles repeatedly captured in the exception reports, it will consider reducing the number of vehicles of the same vehicle type in the departmental fleets of the B/Ds concerned during the annual vetting exercise for additional and replacement vehicles, or conducting in-depth departmental transport reviews for the B/Ds concerned.

Need to strengthen the administration of monthly returns on vehicle utilisation

2.11 *Outstanding monthly returns.* According to GLD, while there is no deadline, taking into account the time required for collection of vehicle records/log books and input of data, B/Ds are normally allowed to submit the monthly returns on vehicle utilisation in two months. Based on GLD records, Audit noted that for the monthly returns on vehicle utilisation (up to October 2020), 1,077 entries remained outstanding as at January 2021, of which 1,076 involved 310 vehicles of the Fire Services Department (see Table 5). Taking into consideration the two-month period allowed by GLD, the earliest entry yet to be submitted had been outstanding for 58 months.

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Table 5

Outstanding entries in monthly returns on vehicle utilisation (January 2021)

B/D	Fleet size as at 31 December 2020	Number of outstanding entries	Number of vehicles involved	Outstanding period for the earliest entry yet to be submitted (Note 1) (Month)
Fire Services Department (Note 2)	700	1,076	310	58
Lands Department (Note 3)	167	1	1	3
Total	867	1,077	311	NA

Source: *Audit analysis of GLD records*

Note 1: *The outstanding period was calculated taking into consideration the two-month period allowed by GLD for submission.*

Note 2: *According to the Fire Services Department, all the outstanding entries had been submitted to GLD by 15 March 2021.*

Note 3: *According to the Lands Department, its headquarters consolidated the data on monthly utilisation of 167 vehicles from individual offices and arranged each to be saved and uploaded onto TMIS. For the vehicle with outstanding entry, it was considered as a technical error as the relevant data was collated but not properly uploaded onto TMIS. The Department has undertaken to remind the relevant staff of the requirement and conduct random checks in future.*

2.12 **Data discrepancies of monthly returns.** Audit sample check of the data of the monthly returns on vehicle utilisation for 2019 input in TMIS revealed that there were cases which might warrant further investigation by GLD (see Table 6). For example:

- (a) in 256 cases, the B/Ds concerned had reported that the vehicles had been used but these vehicles had nil kilometre run;

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- (b) in 5,381 cases, the B/Ds concerned had reported that the vehicles had been used but there had been no fuel/electric consumption; and
- (c) in 327 cases, the B/Ds concerned had reported that there were no available drivers for a long period of time (26 days or more in a month).

Table 6

**Data of monthly returns on vehicle utilisation
that might warrant further investigation
(2019)**

Description	Number of cases
Vehicle being used in a month but has nil kilometre run	256
Vehicle being used in a month but has no fuel/electric consumption	5,381
Vehicle being used in a month but has few kilometres run (less than 1 kilometre per used day on average)	318
No available drivers for a long period of time (26 days or more in a month)	327
Vehicle with very high usage (over 1,000 kilometres per used day on average)	9
Incomplete data submitted	18
Total	6,309

Source: *Audit analysis of GLD records*

2.13 Since the generation of exception reports for identification of under-utilised vehicles is based on the data contained in the monthly returns on vehicle utilisation, it is essential for GLD to ensure that the monthly returns are timely submitted by B/Ds and that the data/information included in the returns are accurate. Audit considers that GLD needs to remind B/Ds to submit the monthly returns on vehicle utilisation within the required timeframe and step up follow-up actions on long-outstanding returns. With a view to ensuring that the data contained in the monthly returns are

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accurate, GLD needs to investigate and rectify any discrepancies identified including those mentioned in paragraph 2.12.

Need to improve monitoring of vehicle utilisation

2.14 Audit examination of the six exception reports generated by GLD covering the three-year period from 1 June 2017 to 31 May 2020 revealed the following:

- (a) ***Long lead time required for issuing extracts of exception reports to B/Ds.***
Audit noted that it was GLD's practice to issue extracts of exception reports (see para. 2.10) to B/Ds concerned only four months after the report period (or two months before the end of the next report period). According to GLD, such practice was adopted because of the time required for B/Ds to submit monthly returns on vehicle utilisation (see para. 2.11) and the possible delays in submission;

- (b) ***Significant increase in number of vehicles captured in exception reports.***
As shown in Table 7, the number of vehicles captured in exception reports decreased by 72 (36%) from 198 in the March 2018 issue to 126 in the September 2019 issue, and increased significantly by 173 (137%) to 299 in the September 2020 issue; and

Table 7

**Number of vehicles captured in exception reports
(1 June 2017 to 31 May 2020)**

Period covered in exception report	Month of issue of report extracts to B/Ds	Number of B/Ds involved	Number of vehicles captured
1 June 2017 to 30 November 2017	March 2018	13	198
1 December 2017 to 31 May 2018	September 2018	17	195
1 June 2018 to 30 November 2018	March 2019	14	157
1 December 2018 to 31 May 2019	September 2019	14	126
1 June 2019 to 30 November 2019	March 2020	15	173
1 December 2019 to 31 May 2020	September 2020	35	299

Source: Audit analysis of GLD records

- (c) ***Vehicles repeatedly captured in exception reports.*** 60 vehicles had been repeatedly captured in 4 or more of the 6 exception reports covering the three-year period from 1 June 2017 to 31 May 2020 (see Table 8).

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Table 8

Number of vehicles repeatedly captured in exception reports
(1 June 2017 to 31 May 2020)

B/D	Number of vehicles		
	Captured in 4 reports	Captured in 5 reports	Captured in 6 reports
Civil Aid Service	—	1	—
Civil Aviation Department	1	—	—
Electrical and Mechanical Services Department (EMSD)	1	2	1
Fire Services Department	1	—	—
Food and Environmental Hygiene Department (FEHD)	1	6 (Note)	1
Water Supplies Department	1	—	1
Hong Kong Police Force	17	9	17
Total	22	18	20

60

Source: Audit analysis of GLD records

Note: For one of the vehicles which had been captured in the five exception reports for the period from 1 June 2017 to 30 November 2019, it had also been captured in the subsequent exception report for the period from 1 December 2019 to 31 May 2020, which was issued to the new user department in September 2020 because it had been on loan to that department since August 2020.

2.15 **Feedback from B/Ds.** For those vehicles repeatedly captured in exception reports (see Table 8 in para. 2.14(c)), in February and March 2021, some of the B/Ds provided their feedback on the low utilisation of vehicles to Audit, as follows:

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- (a) **Civil Aid Service.** The vehicle captured in the five exception reports was a saloon car. It was mainly used by staff to attend to emergency situations, site operations and official meetings. In view of the fluctuating nature of the operational demand, Civil Aid Service members had been encouraged to use the vehicle for duty journeys so as to enhance its utilisation;
- (b) **EMSD.** EMSD had reviewed the utilisation of those vehicles and identified the following findings:
- (i) the vehicle which had been repeatedly captured in four reports was a medium saloon car used by staff for conducting site inspections. In view of the fluctuating nature of the operational demand, the vehicle had been put on shared use by staff among other sections in EMSD in order to enhance its utilisation;
 - (ii) one of the two vehicles which had been repeatedly captured in five reports was a special purpose heavy-duty recovery vehicle for conducting vehicle towing services. In view of the highly fluctuating nature of the vehicle towing services needed, it was unlikely to use the vehicle every day. However, given that the vehicle was the only heavy-duty recovery vehicle in the Kowloon Workshop to cover all the regions in Kowloon and south/east part of the New Territories, it was an essential vehicle which must be ready for EMSD to deliver effective and efficient vehicle workshop services so as to meet B/Ds' operational needs and EMSD's service pledges;
 - (iii) another vehicle which had been repeatedly captured in five reports was a 11-seater large van for transporting front-line staff to various venues to carry out maintenance work. It had been due for replacement and had been replaced by a medium van in October 2020. EMSD expected that the new vehicle would better meet its operational needs with higher utilisation and it would continue to monitor the utilisation of the vehicle; and
 - (iv) the vehicle which had been repeatedly captured in six reports was a specially designed vehicle (i.e. a light truck equipped with tail lift) for delivery of bulky equipment/appliances and goods to suit EMSD's particular operational needs, including emergency

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operations to ensure effective, efficient and speedy recovery of services. Given the special operational nature of the vehicle, its operational demand was fluctuating. In order to enhance its utilisation, the vehicle had been put on shared use by staff among other sections in EMSD;

- (c) **Fire Services Department.** The vehicle (i.e. a village ambulance) was an emergency vehicle. Despite the fact that its utilisation was mainly case-driven in nature, a one-off arrangement had been made to transfer it to another fire station in November 2020 for improving its utilisation;
- (d) **FEHD.** All the eight vehicles were of motorcycle type. Due to their limited scope of use, four of them served as stand-by vehicles for relieving other vehicles in the transport pool of FEHD during scheduled maintenance and ad hoc repairs, two were used for training purposes and one was deployed to meet the transport needs of frontline staff at FEHD venues. Utilisation of these motorcycles was demand-driven and fluctuating. The remaining vehicle was in poor physical conditions and due for replacement. In order to enhance their utilisation, two motorcycles had been redeployed internally and two had been on loan to another department. FEHD was also replacing those vehicles with low utilisation rates or in poor physical conditions with other vehicle types which could provide more flexible transport services. FEHD would continue to closely monitor the deployment and utilisation of motorcycles in order to meet its operational needs; and
- (e) **Hong Kong Police Force.** These vehicles were mostly special purpose vehicles with unique operational or training functions. They were essential vehicles to ensure the operational capability and readiness of the Hong Kong Police Force, though their utilisation was subject to operational and training circumstances and hence varied significantly. Due to their specific purposes or unique functions, these vehicles could not be generally redeployed to other units for use.

2.16 In Audit's view, GLD needs to issue extracts of exception reports for B/Ds' follow-up actions in a timely manner. For B/Ds with vehicles repeatedly captured in exception reports, GLD should consider the merits of conducting in-depth departmental transport reviews.

Audit recommendations

2.17 **Audit has recommended that the Director of Government Logistics should:**

- (a) **remind B/Ds to submit monthly returns on vehicle utilisation within the required timeframe and step up follow-up actions on long-outstanding returns;**
- (b) **investigate and rectify any discrepancies identified in B/Ds' monthly returns on vehicle utilisation, including those mentioned in paragraph 2.12;**
- (c) **issue extracts of exception reports on vehicle utilisation for B/Ds' follow-up actions in a timely manner; and**
- (d) **consider the merits of conducting in-depth departmental transport reviews for B/Ds with vehicles repeatedly captured in the exception reports.**

Response from the Government

2.18 The Director of Government Logistics agrees with the audit recommendations. She has said that GLD has:

- (a) reminded B/Ds to submit the monthly returns on vehicle utilisation by the deadline. Besides, GLD will also step up follow-up actions on long-outstanding returns;
- (b) requested B/Ds concerned to provide reasons for and rectify the discrepancies identified in B/Ds' monthly returns on vehicle utilisation, including those mentioned in paragraph 2.12;
- (c) set deadline for B/Ds to submit the monthly returns on vehicle utilisation and will issue the exception reports within one month after receiving and verifying the returns from B/Ds for the reporting period; and

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- (d) updated the selection guideline for conducting departmental transport reviews for B/Ds. In addition to the other selection criteria such as fleet size, accident rate and hiring expenditure, etc., vehicles repeatedly captured in the exception reports will also be taken into account when assessing the merits of conducting in-depth departmental transport reviews for B/Ds.

Transport pool

2.19 GLD operates a transport pool comprising several vehicle types to supplement departmental fleets and provide transport services to B/Ds with no or insufficient departmental vehicles. According to GLD, the transport pool played a number of crucial roles, as follows:

- (a) operating some VIP and large saloon cars for coping with the transport requirements of VIPs, Justices of the Peace, senior government officials (Note 4) and Judges at High Court level or above;
- (b) operating cross-boundary transport service for B/Ds; and
- (c) operating an optimal fleet of emergency vehicles so as to provide swift transport support during emergency situations.

As at 31 December 2020, there were 48 vehicles in the transport pool, comprising 25 cars, 13 vans and 10 buses.

2.20 According to GLD, to book a vehicle in the transport pool, B/Ds should make an online transport booking through TMIS. There are three types of charges:

- (a) ***Charges for hiring a vehicle.*** The charges are calculated on a daily basis from the time of departure of the vehicle from the transport pool to its return to the pool;

Note 4: *According to GLD, senior government officials refer to the Chief Executive of the Hong Kong Special Administrative Region, Secretaries of Departments, Directors of Bureaux, Permanent Secretaries and Heads of Departments.*

- (b) *Charges for hiring a driver.* The charges are calculated on an hourly basis and subject to a minimum charge of five hours; and
- (c) *Charges for hiring a vehicle with driver.* The charges are calculated on an hourly basis from the time of departure of the vehicle from the transport pool to its return to the pool.

With a view to achieving full cost recovery (i.e. the charges should in general be set at levels adequate to recover the full cost of providing the transport pool services), the three charges are reviewed by GLD annually based on the planned number of vehicle hours per vehicle for each vehicle type and the planned number of working hours (including overtime hours) for each driver.

Need to improve reporting of performance targets included in Controlling Officer's Report

2.21 *Performance targets fully met.* GLD sets two performance targets on transport pool resource utilisation in its Controlling Officer's Report, namely:

- (a) drivers tasked daily; and
- (b) pool vehicles utilised daily.

In the period from 2015 to 2020, GLD has fully met the two performance targets (see Table 9).

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Table 9

Performance targets of transport pool resource utilisation (2015 to 2020)

Performance target	Target	2015 (Actual)	2016 (Actual)	2017 (Actual)	2018 (Actual)	2019 (Actual)	2020 (Actual)
Drivers tasked daily	90%	96%	97%	98%	92%	95%	98%
Pool vehicles utilised daily	88% (Note)	96%	93%	92%	93%	90%	89%

Source: GLD records

Note: The target was 86% in 2015 and has been revised to 88% since 2016.

2.22 **Calculation of utilisation rates for reporting in Controlling Officer's Report.** According to GLD, for reporting in the Controlling Officer's Report, the utilisation rates of a pool vehicle and a driver are calculated as follows:

(a) **Drivers tasked daily.** The utilisation rate calculation is:

$$\frac{\text{Number of morning and afternoon sessions in which the driver was tasked}}{\text{Total number of morning and afternoon sessions available for tasking in the period (excluding days off, leave days and training days of the driver)}} \times 100\%$$

(b) **Pool vehicles utilised daily.** The utilisation rate calculation is:

$$\frac{\text{Number of morning and afternoon sessions in which the vehicle was utilised}}{\text{Total number of morning and afternoon sessions available in the period (excluding workshop days, Saturdays, Sundays and general holidays)}} \times 100\%$$

In other words, if a driver was tasked or a vehicle was utilised for a period in a morning or afternoon session, the driver or the vehicle will be treated as having been

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tasked or utilised for the whole morning or afternoon session for performance reporting in the Controlling Officer's Report, irrespective of the length of the period.

2.23 In response to Audit's enquiry on whether GLD will consider setting new performance indicators on the utilisation rates of pool vehicles and drivers based on the number of hours of services performed, in February 2021, GLD said that:

- (a) it had thoroughly considered the practicability of assessing the utilisation of government vehicles on an hourly basis and found it not practicable;
- (b) the calculation of utilisation rates of pool vehicles and drivers based on the number of hours of services performed was not feasible as the drivers had to perform some non-chargeable duties (e.g. cleaning and checking the vehicle before and/or after performing an order and performing standby duties at the pool after finishing an order);
- (c) having regard to the hiring or usage pattern of all vehicle users, the calculation of utilisation rates on an hourly basis was virtually impracticable, not to mention that an utilisation rate of 100% was not achievable; and
- (d) transport services were demand-driven. If a transport booking was made by a user B/D from 9:00 a.m. to 11:00 a.m., it was hardly possible for the transport pool to entertain another booking for the period up to lunch hours. GLD also needed to allow buffer for the previous transport booking to run overtime.

Given that the high percentage of transport pool resource utilisation as reported in the Controlling Officer's Report is derived on a half-day booking session basis, GLD needs to consider reporting the calculation basis as mentioned in paragraph 2.22 in the Controlling Officer's Report in order to enhance transparency and accountability in performance reporting.

2.24 *Actual revenue fell short of estimated revenue.* Audit noted that for 2018-19 and 2019-20, the actual annual revenue of the transport pool only accounted for 71.6% of the respective estimated annual revenue, which was estimated by GLD on the assumption that the transport pool resources (i.e. pool vehicles and drivers) are

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substantially utilised. In response to Audit's enquiry on whether the transport pool resources might not have been substantially utilised in view of the large discrepancies between the estimated and actual revenue, in February 2021, GLD said that the discrepancies were attributed to various factors, including:

- (a) assumptions adopted by GLD for calculating its estimated annual revenue which were not applicable to the hiring or usage pattern of all vehicle users;
- (b) the unpredictable prolonged sick leave taken by drivers; and
- (c) some vacant driver posts which were not filled in a timely manner due to unforeseen circumstances (e.g. newly recruited drivers not turning up to report for duty or early exhaustion of the waitlisted candidates, etc.).

For better financial management, GLD needs to work out a more accurate estimate of annual revenue of the transport pool, taking into account the factors mentioned above.

Audit recommendations

2.25 Audit has *recommended* that the Director of Government Logistics should:

- (a) **consider reporting the calculation basis of the performance targets on transport pool resource utilisation in the Controlling Officer's Report; and**
- (b) **work out a more accurate estimate of annual revenue of the transport pool, taking into account the factors mentioned in paragraph 2.24.**

Response from the Government

2.26 The Director of Government Logistics agrees with the audit recommendations. She has said that GLD will:

- (a) consider including the calculation basis of the performance targets relating to the transport pool resource utilisation in the Controlling Officer's Report; and
- (b) take into account the factors mentioned in paragraph 2.24 with a view to working out a more accurate estimate of annual revenue.

Contract hiring of commercial vehicles

2.27 According to the General Regulations, commercial transport may be hired for duty journeys and approved journeys between home and office only when no suitable departmental or pool transport is available. B/Ds must seek approval from GLD before hiring commercial transport (Note 5), except for vehicle types that are not available for booking at the transport pool for which the authority to hire commercial transport has been delegated to Controlling Officers.

2.28 GLD administers term contracts for hiring commonly-used vehicles (hereinafter referred to as GLD term contracts) to cater for the requirements of B/Ds. As at 31 December 2020, there were 14 awarded GLD term contracts (see Table 10). According to GLD, if the type of vehicle required is provided in the GLD term contracts, B/Ds should draw against these contracts. To ensure that the services acquired by B/Ds will not exceed the contract requirements (Note 6), a quota system is implemented as follows:

Note 5: *According to a GLD Circular of December 2020, B/Ds are required to make booking enquiries with the transport pool through TMIS. If the requested vehicle type is available in the pool but all such pool vehicles are fully booked, B/Ds can obtain an approval number issued by TMIS for hiring commercial vehicles.*

Note 6: *According to GLD, the consumption of a vehicle hiring contract since its commencement should be closely monitored because under no circumstances may the consumption of a contract exceed the original contract value as approved by the relevant tender board. If it is foreseen that the original approved contract value may not be sufficient to cover the estimated usage up to contract expiry, GLD will seek relevant approval for contract variation (i.e. increasing the contract value in accordance with the Stores and Procurement Regulations), or arrange early renewal of the contract as appropriate to ensure continuity of services to meet B/Ds' operational requirements.*

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- (a) a departmental quota based on B/Ds' original forecast will be allocated for implementation of each of the contracts;
- (b) in the event that B/Ds have not submitted their forecast for obtaining departmental quotas but wish to acquire services from the contracts or need to make adjustments to their departmental quotas allocated by GLD, the B/Ds concerned must obtain prior approval from GLD; and
- (c) unless prior approvals of GLD are obtained, the vehicle hiring services drawn from the contracts by B/Ds should not exceed the allocated departmental quotas from GLD.

For monitoring the performance of the contractors, B/Ds should notify GLD of any complaints on the contractors' unsatisfactory performance, and offer comments on the overall performance of the contractors upon request made by GLD on an annual basis.

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Table 10

**GLD term contracts
(31 December 2020)**

Vehicle type	Number of contracts	Period covered	Estimated contract value (\$ million)
Saloon car	2	1 April 2020 to 31 March 2023	3.6
Multi-purpose car (self-drive)	4	1 January 2019 to 31 December 2021	52.7
Light goods vehicle	4	1 April 2019 to 31 March 2021	55.9
Coach	1	1 April 2020 to 31 March 2023	52.3
Lorry	3	1 November 2018 to 31 October 2021	37.3
Total	14	NA	201.8

Source: GLD records

2.29 B/Ds may place an order with the contractors of the GLD term contracts during normal business hours at least one day before the date on which the service is required, and confirm the order with the contractors in writing. Officers who have used the contractors' transport should make the necessary entries and sign the log sheet upon completion of each journey. The contractors will send the invoices to the B/Ds concerned for payment on a monthly basis. According to GLD's guidelines, B/Ds that have drawn services from the GLD term contracts should submit to GLD the following information:

- (a) monthly returns on drawdown positions of the contracts concerned on or before the 15th day of the following month;

Monitoring of government vehicle fleet

- (b) monthly returns on the number of refusal bookings if B/Ds encountered unsuccessful or refusal bookings from the contractors in the previous month;
- (c) number of surprise inspections conducted and irregularities identified during surprise inspections (Note 7) for monitoring the performance of contractors conducted by B/Ds; and
- (d) regular evaluation form on the vehicle hiring contracts.

For other vehicle hiring services arranged by B/Ds, monthly returns on the total hiring of each type of vehicles should be submitted to GLD on or before the 15th day of the following month.

Need to strengthen administration of quota system

2.30 Audit examination of GLD's administration of the quota system revealed the following issues:

- (a) ***Large number of outstanding monthly returns on drawdown positions.***
Based on TMIS records, as at 30 November 2020, for the monthly returns on drawdown positions (covering the period from January to October 2020) of the GLD term contracts, 988 returns (involving 34 B/Ds) remained outstanding; and
- (b) ***Services drawn by B/Ds not in accordance with the quota system.***
According to the drawdown positions of the 14 GLD term contracts, as at 30 November 2020, some B/Ds had drawn services without obtaining prior approvals from GLD, as follows:

Note 7: *As required by GLD, B/Ds should conduct surprise inspections on a regular basis with a view to effectively monitoring the performance of the contractors as well as ensuring the proper usage of the service by end users. If irregularities are observed, B/Ds should contact the contractors concerned for rectification and report such incidents to GLD.*

- (i) in 40 cases, services drawn by the B/Ds concerned (involving 27 B/Ds) had exceeded the departmental quotas allocated to them by GLD; and
- (ii) in 61 cases, services had been drawn by B/Ds (involving 33 B/Ds) with no departmental quota allocated by GLD.

With a view to strengthening the administration of the quota system, GLD should remind B/Ds to submit monthly returns on drawdown positions in a timely manner. For B/Ds with no departmental quota or with departmental quotas fully utilised, GLD should remind them to seek prior approvals from GLD before drawing services against the GLD term contracts, where appropriate.

Need to improve surprise inspections conducted for monitoring performance of contractors

2.31 GLD conducts surprise inspections (Note 8) at regular intervals to check if the vehicles and drivers of the contractors comply with contractual terms and specifications when performing vehicle hiring services (Note 9). According to GLD's guidelines on conducting surprise inspections, for each of the 14 GLD term contracts, at least one surprise inspection will be conducted every three months. In carrying out inspection work, priority should be given to major contracts with reference to contract value, number of vehicles required and contracts with records of complaints. Audit examined the reports of all the surprise inspections conducted for the 14 GLD term contracts up to November 2020 and noted the following issues:

Note 8: *For each inspection, GLD would select a user B/D of a contract randomly and require the contractor to provide a list of bookings for the coming four weeks. Neither the contractor nor the user B/D will know in advance which specific booking GLD will inspect.*

Note 9: *According to GLD's guidelines, the matters covered in a surprise inspection include but are not limited to: (a) whether the vehicle used by the contractor to provide the services is on the approved list; (b) the cleanliness/tidiness of the vehicle; (c) the validity of the licence of the vehicle providing the services; (d) the punctuality of the driver of the contractor and the users of the B/Ds; (e) the attire of the driver; (f) the goods element in connection with the use of light goods vehicles; (g) the proper functioning of the rear parking device of coaches; and (h) the provision of two labourers for hiring of box-type lorries.*

Monitoring of government vehicle fleet

- (a) ***Surprise inspections not conducted at least once in every three months.***
In 12 (86%) of the 14 GLD term contracts, there were 25 occasions of surprise inspections not conducted at least once in every three months. The time elapsed since the last inspections ranged from 3.5 to 11 months; and
- (b) ***Priority of inspection not accorded to major contracts.*** According to GLD, the number of complaints against the 14 GLD term contractors was minimal. Audit noted that in carrying out inspection work, priority had not been given to the major contracts with a higher estimated contract value, contrary to GLD's guidelines. For example:
 - (i) for the term contracts for the provision of multi-purpose cars (self-drive) for hiring, while on average, 0.65 surprise inspections per quarter had been conducted for the contract with an estimated contract value of \$3 million, only 0.52 surprise inspections per quarter had been conducted for the contract with an estimated contract value of \$24.5 million; and
 - (ii) for the term contracts for the provision of light goods vehicles for hiring, while on average, 1.5 surprise inspections per quarter had been conducted for the contract with an estimated contract value of \$8.9 million, only 1.35 surprise inspections per quarter had been conducted for the contract with an estimated contract value of \$17.5 million.

With a view to strengthening the monitoring of the contractors' performance, GLD should take measures to ensure compliance with the guidelines on conducting surprise inspections (i.e. at least one surprise inspection for each contract is conducted every three months with priority of inspection accorded to major contracts).

Audit recommendations

2.32 **Audit has recommended that the Director of Government Logistics should:**

- (a) **remind B/Ds to submit monthly returns on drawdown positions in a timely manner;**

- (b) **remind B/Ds with no departmental quota or with departmental quotas fully utilised to seek prior approvals from GLD before drawing services against GLD term contracts, where appropriate; and**
- (c) **take measures to ensure compliance with the guidelines on conducting surprise inspections (i.e. at least one surprise inspection for each contract is conducted every three months with priority of inspection accorded to major contracts).**

Response from the Government

2.33 The Director of Government Logistics agrees with the audit recommendations. She has said that:

- (a) GLD has increased the frequency of re-circulating the relevant GLD Circular from a half-yearly basis to a quarterly basis to B/Ds with special emphasis on the need to:
 - (i) submit the monthly returns on drawdown positions in a timely manner; and
 - (ii) seek prior approval from GLD before drawing additional services against GLD term contracts;
- (b) for long-outstanding returns, in addition to automatic reminder notifications sent by TMIS, separate reminders will be issued to the concerned B/Ds; and
- (c) the inspection schedule has been reviewed and updated. GLD will strictly adhere to the inspection frequency as stipulated in the guidelines for conducting surprise inspections with priority of inspection accorded to major contracts.

PART 3: PROCUREMENT OF VEHICLES

- 3.1 This PART examines the procurement of vehicles by GLD, focusing on:
- (a) vetting requests for additional and replacement vehicles (paras. 3.2 to 3.14); and
 - (b) procurement of general purpose vehicles (paras. 3.15 to 3.25).

Vetting requests for additional and replacement vehicles

3.2 GLD is responsible for the procedures, administration and co-ordination of the procurement of government vehicles, as follows:

- (a) ***General purpose vehicles.*** GLD is responsible for examining the requests for additional and replacement vehicles submitted by B/Ds to consider the procurement needs and priorities, and co-ordinate procurement within the funding available in its block vote; and
- (b) ***Specialised vehicles.*** B/Ds submit their requests for additional and replacement vehicles to GLD for technical support. GLD is responsible for forwarding its recommendations to relevant bureaux for consideration.

Guidelines on vetting requests for additional vehicles

3.3 B/Ds can submit requests for additional vehicles to GLD at any time. According to GLD's guidelines, the major factors that will be considered for endorsing a request for an additional vehicle are as follows:

- (a) circumstances leading to the increase in transport needs;
- (b) changes in performance pledges entailing stronger transport support;
- (c) utilisation of existing vehicles in the B/D, particularly those within the section/unit/division concerned;

- (d) availability of other alternatives (e.g. hiring of vehicles from GLD's transport pool); and
- (e) implications for operational efficiency if the request is rejected.

Guidelines on vetting requests for replacement vehicles

3.4 ***Vetting requests for replacement vehicles.*** GLD conducts an annual vetting exercise to examine the replacement needs of government vehicles. Each year, provisional vehicle replacement lists (Note 10) are sent to B/Ds listing out their vehicles that are due for replacement (Note 11) within the coming two financial years. If vehicle replacement is considered necessary, B/Ds concerned should provide the required information to GLD for vetting. According to GLD's guidelines, the major factors that will be considered for endorsing a request for a replacement vehicle are as follows:

- (a) utilisation of the vehicle to be replaced;
- (b) utilisation of all vehicles in the B/D, particularly those within the section/unit/division concerned;
- (c) availability of drivers;
- (d) continual need for the vehicle; and
- (e) implications for operational efficiency.

Note 10: *B/Ds may also approach GLD at any time for replacement of vehicles which are not included in the replacement lists. Examples of such vehicles include those which have been prematurely disposed of or with unsatisfactory conditions.*

Note 11: *According to GLD, it assesses whether vehicles are due for replacement mainly on the basis of the Economic Life Model, which takes into account accumulated maintenance cost, vehicle age, kilometres run and replacement cost. For vehicles to which the Economic Life Model is not applicable, vehicle inspections by EMSD are required for assessing the time of replacement.*

Procurement of vehicles

In general, if the vehicle under examination or any other vehicles of similar type in the B/D are found to be under-utilised (e.g. repeatedly captured in the exception reports (see para. 2.10)), the vehicle may not be approved for replacement.

3.5 *Vetting requests for supernumerary vehicle.* A supernumerary vehicle is a replaced vehicle which has reached the end of its economic life but is retained further to provide a time limited service to meet operational needs (Note 12) of a B/D. It is a non-established vehicle and should be scrapped once the specific purposes to retain it have been fulfilled. According to GLD's guidelines:

- (a) as supernumerary vehicles are replaced vehicles which have reached the end of their economic lives, care should be taken to ensure their continued use will not pose a hazard or a financial burden to the Government. As such, the following safeguards, among others, need to be employed when approving a supernumerary vehicle:
 - (i) EMSD's confirmation of the roadworthiness of the supernumerary vehicle;
 - (ii) user B/D's confirmation that the operational benefits/requirements of using the vehicle beyond its economic life outweigh the financial costs to be incurred; and
 - (iii) a supernumerary vehicle should not be used further for over one year unless under very exceptional circumstances;
- (b) if a supernumerary vehicle has been used further for over one year and the operational needs still exist, another vehicle should be identified to exchange with it unless no other suitable vehicles are available or such exchange is not cost effective; and
- (c) in vetting a request for supernumerary vehicles, the GLD officers will apply the same standards as vetting requests for additional vehicles and check to

Note 12: *According to GLD's guidelines, a supernumerary vehicle may be used for a short while to serve as a stop-gap arrangement or other permitted purposes (e.g. relieving a prematurely disposed vehicle and meeting transport needs of newly created services pending acquisition of vehicles).*

ensure that, among others, overall the existing departmental fleet has been fully utilised, sparing no capacity to absorb the additional transport demands.

Need to strengthen control on retained use of supernumerary vehicles

3.6 ***Large number of supernumerary vehicles with cumulative retention periods of over one year.*** While GLD’s guidelines state that a supernumerary vehicle should not be used further for over one year unless under very exceptional circumstances (see para. 3.5(a)(iii)), Audit sample check of the requests for retaining 566 supernumerary vehicles approved by GLD from 2016 to 2020 revealed that the cumulative retention periods approved for 206 (36%) supernumerary vehicles were over one year (ranging from 12.1 to 70.7 months) (see Table 11).

Table 11

**Supernumerary vehicles
with cumulative retention periods of over one year
(2016 to 2020)**

Cumulative retention period	Number of vehicles
> 1 to 2 years	136
> 2 to 3 years	55
> 3 to 4 years	11
> 4 years	4
Total	206

Source: Audit analysis of GLD records

Remarks: For the vehicle with the longest cumulative retention period, it had been retained for about 6 years.

3.7 ***No documentary evidence showing that overall utilisation of existing departmental fleets was considered when vetting requests for supernumerary vehicles.*** Audit examination of the requests (submitted by 20 B/Ds) for retaining

Procurement of vehicles

153 supernumerary vehicles approved by GLD in 2019 revealed that for 8 B/Ds, while overall their existing departmental fleets might not have been fully utilised (with average utilisation rates for 2018 (Note 13) calculated by GLD ranging from 82% to 90%) (see Table 12), GLD approved all of their requests for retaining 54 supernumerary vehicles and there was no documentary evidence showing that GLD had considered the overall utilisation of those B/Ds' departmental fleets before approving their requests.

Table 12

**Requests for supernumerary vehicles approved for 8 B/Ds
(2019)**

B/D	Fleet size as at 31 December 2019	Average utilisation rate in 2018	Number of supernumerary vehicles approved in 2019
Office of the Communications Authority	21	82%	2
Radio Television Hong Kong	24	82%	1
EMSD	207	83%	9
Agriculture, Fisheries and Conservation Department	212	84%	6
EPD	47	86%	2
Lands Department	166	88%	9
Department of Health	57	88%	5
FEHD	725	90%	20
		Total	54

Source: *Audit analysis of GLD records*

Note 13: *According to GLD, for examination of requests for supernumerary vehicles in 2019, reference was made to the 2018 utilisation data.*

3.8 In February 2021, GLD informed Audit that:

- (a) from 2016 to 2020, the average annual number of supernumerary vehicles retained by B/Ds was 133, accounting for only 2% of the total number of vehicles in the government vehicle fleet;
- (b) as at 31 December 2019, there were 105 supernumerary vehicles in the government vehicle fleet. Among them, 39 were provided for relieving vehicles prematurely disposed of and 26 were provided for coping with transport need pending delivery of endorsed additional vehicles. The remaining 40 were provided to B/Ds for meeting their temporary or emergency operational needs (e.g. COVID-19 operations). GLD normally would examine requests for supernumerary vehicles on individual merits including vehicle utilisation;
- (c) according to one of the criteria adopted in exception reports of TMIS, a vehicle was considered under-utilised if the average idle days per month of the vehicle was six or more (see para. 2.10(b)). Hence, the average utilisation rates of the 8 B/Ds mentioned in Table 12 were considered acceptable because they were higher than 77% (i.e. not more than 6 idle days out of 26 days (for 6-day work week)) or 73% (i.e. not more than 6 idle days out of 22 days (for 5-day work week)); and
- (d) a departmental fleet would be considered fully utilised if it could spare no capacity to absorb the additional transport demands. For example, if the spare capacity was 20% but the additional demand was 100%, GLD might still consider approving the request because the spare capacity was unable to absorb the additional transport demand. For some usages, there was standard vehicle provision irrespective of vehicle utilisation. All in all, what mattered was not merely the utilisation rates but also the practicability of making use of existing vehicles to absorb the additional transport demands.

3.9 As supernumerary vehicles are replaced vehicles which have reached the end of their economic lives, continuing using them for a prolonged period is undesirable in view of the higher maintenance costs. GLD needs to take measures to limit the retained use of supernumerary vehicles (which are due for retirement from services) to within one year under normal circumstances. With a view to ensuring that the overall utilisation of existing departmental fleets has been duly considered

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before approving requests for supernumerary vehicles, GLD should remind its staff to keep proper documentation of their consideration of the overall utilisation of departmental fleets.

Need to consider enhancing Economic Life Model for replacement of electric vehicles

3.10 According to GLD, it assesses whether vehicles are due for replacement mainly on the basis of the Economic Life Model (ELM — see Note 11 to para. 3.4). Audit noted that the use of ELM for determining vehicle replacement was recommended by a study commissioned by the then Finance Branch (now the Financial Services and the Treasury Bureau) in 1987. After completing the analyses of the economic life of all government vehicles, GLD had been adopting ELM since 2000.

3.11 Audit noted that in recent years, various studies have recommended that an integrated approach should be adopted in considering the optimal time for replacing a vehicle, taking into account a number of parameters, such as fuel costs (e.g. improvement in fuel efficiency due to technological advancement in newer vehicle models), insurance costs and obsolescence, which are not considered under the existing ELM for vehicle replacement. In response to Audit's enquiry on whether GLD had reviewed ELM, in February 2021, GLD said that:

- (a) ELM had been reviewed in 2009 and 2015 covering a number of parameters, including downtime cost and fuel cost; and
- (b) the two reviews found that both downtime cost and fuel cost should not be included in the assessment of ELM. For downtime cost, it was insignificant when compared with maintenance cost. For fuel cost, the correlation between fuel consumption rate and vehicle age or kilometres run was not significant. Moreover, the changes in the consumption rate of a vehicle also hinged on the usage pattern and the maintenance service provided for the vehicle. Hence, factoring the two elements in ELM was not suggested.

3.12 According to GLD, as the capital and operating costs of electric vehicles are different from conventional vehicles (Note 14), the existing ELM may not be applicable to determining the replacement cycle of electric vehicles. As the number of electric vehicles in the government vehicle fleet may increase in the coming years in the light of the new requirement for procuring electric vehicles (see para. 4.5) and more operational data of electric vehicles (e.g. battery's state of health and downtime rates) have been captured for analysis in the enhanced TMIS implemented since 2020, Audit considers that there is merit for GLD to gather more operational data of electric vehicles and consider conducting a study with a view to enhancing ELM for replacement of electric vehicles.

Audit recommendations

3.13 **Audit has recommended that the Director of Government Logistics should:**

- (a) **take measures to limit the retained use of supernumerary vehicles to within one year under normal circumstances;**
- (b) **remind GLD staff to keep proper documentation of their consideration of the overall utilisation of departmental fleets before approving requests for supernumerary vehicles; and**
- (c) **gather more operational data of electric vehicles and consider conducting a study with a view to enhancing ELM for replacement of electric vehicles.**

Response from the Government

3.14 The Director of Government Logistics agrees with the audit recommendations. She has said that GLD:

Note 14: *According to GLD, electric vehicles have higher capital cost and lower operating costs than conventional vehicles.*

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- (a) will tighten the control on the retained use of supernumerary vehicles. GLD will approve the use of a supernumerary vehicle for over one year only under very exceptional circumstances;
- (b) has reminded its staff to keep proper documentation of their consideration of the overall utilisation of departmental fleets before approving requests for supernumerary vehicles; and
- (c) has started to collect operational data such as the state of health of batteries used in electric vehicles. When more data for electric vehicles are collected in the coming years, GLD will consider conducting a study with a view to enhancing ELM for assessing the replacement need of individual electric vehicles.

Procurement of general purpose vehicles

3.15 From 2015-16 to 2019-20, GLD incurred \$712.2 million (ranging from \$93 million in 2019-20 to \$191 million in 2017-18) on the procurement of general purpose vehicles (see Note 1 to para. 1.2(b)) for the government vehicle fleet. From 2016 to 2020, GLD completed 8 quotation exercises and 34 tender exercises (Note 15), and awarded 48 contracts amounting to \$615.3 million for procurement of over 2,000 general purpose vehicles.

3.16 For procurement by way of quotations/tendering, GLD would make reference to the user requirements collected from the B/Ds concerned in conducting research on potential vehicle models in the market. The collated user requirements and market research results would then be provided to EMSD for working out the technical specifications. Based on EMSD's advice, GLD would then prepare the quotation/tender documents for arranging quotation/tender exercises.

3.17 According to GLD, tender exercises are usually conducted for the procurement of a number of units of various types of vehicles for use by multiple

Note 15: *According to the Stores and Procurement Regulations, procurement of vehicles with a value not exceeding \$1.4 million should be conducted by way of quotations. For vehicles with a value exceeding \$1.4 million, the procurement should be conducted by way of tendering.*

B/Ds. GLD has drawn up a vehicle procurement schedule, which is updated periodically, for conducting tenders. The annual vehicle procurement schedule will be circulated to EMSD and GLD’s Procurement Division for reference. After a contract has been awarded to the successful tenderer, GLD would place an order for the vehicles required, specifying the target delivery date. Vehicles would be subject to site acceptance test conducted by EMSD upon delivery by the contractor. If modifications are required as stipulated in the contracts, the modifications would be conducted before delivery of the vehicles to EMSD for acceptance.

Long time taken to complete the procurement of vehicles

3.18 Audit sample check revealed that in some cases, GLD had taken a long time to complete the procurement of vehicles for the use of B/Ds (i.e. counting from the date of approving the requests for additional/replacement vehicles to the date of vehicle delivery by contractors to the B/Ds concerned), as follows:

- (a) of 51 delivered vehicles for which the quotation/tendering exercises were conducted in the period from 2016 to 2019, the whole procurement process of 22 (43%) vehicles had taken more than three years to complete (see Table 13); and

Table 13

**Completion of procurement process for 51 vehicles
(2016 to 2019)**

Time elapsed	Number of vehicles
≤ 1 year	2 (4%)
> 1 to 2 years	3 (6%)
> 2 to 3 years	24 (47%)
> 3 to 4 years	22 (43%)
Total	51 (100%)

Source: Audit analysis of GLD records

Procurement of vehicles

- (b) among 96 requests for additional/replacement vehicles approved by GLD in the period from 2016 to 2018 with vehicles not yet delivered by the contractors as at 31 December 2020, 5 (5%) requests had been approved by GLD for more than three years (see Table 14).

Table 14

**Time elapsed since approval of requests for
96 additional/replacement vehicles not yet delivered
(31 December 2020)**

Time elapsed	Number of vehicles
> 1 to 2 years	78 (81%)
> 2 to 3 years	13 (14%)
> 3 to 4 years	5 (5%)
Total	96 (100%)

Source: Audit analysis of GLD records

3.19 In February 2021, GLD informed Audit that:

- (a) the recent increase in procurement lead time was mainly due to the increase in vehicle delivery time as advised by the suppliers. For recently awarded tenders, while the delivery time for motorcycles and cars was 9 months, the delivery time for large vehicle types (e.g. vans, buses and trucks) ranged from 15 to 17 months;
- (b) in most of the circumstances, the number of potential models for a tender was not many. In order not to affect the tender competition, GLD would not mandate a shorter delivery time than that advised by the potential suppliers during the market research;
- (c) the time required for conducting pre-tender work (e.g. conducting market research, clarifying user requirements, drawing up technical specifications and preparing tender documents) depended on various factors, such as

category of vehicles to be procured, complexity in vehicle layouts, requirement for additional features, availability of suitable vehicle models and response time from suppliers. In recent years, the pre-tender work was lengthened due to the review of the standard terms and conditions of tenders for supply of goods in 2018, the introduction of pro-innovation procurement policy in 2018 and the COVID-19 epidemic in 2020;

- (d) taking into account the time required for conducting pre-tender work and delivery time of vehicles by suppliers, the time taken from endorsement of replacement vehicles to delivery of the vehicles was about 22 to 33 months; and
- (e) in anticipation of the procurement lead time, GLD had already made use of ELM to project the vehicles to be replaced within the coming two financial years so that GLD might start vetting requests for replacement vehicles around 30 months in advance.

3.20 As only requests for additional and replacement vehicles with good justifications are approved by GLD for procurement (see paras. 3.3 and 3.4), the prolonged procurement process and non-timely delivery of those vehicles will inevitably affect the operations of the B/Ds concerned. In particular, continuing using vehicles due for replacement, which have reached the end of their economic lives, may pose a financial burden to the Government (see para. 3.5(a)). In Audit's view, GLD needs to explore measures to shorten the time taken for procurement of vehicles and deliver them in a timely manner for use by B/Ds as far as practicable. With a view to facilitating the resource planning by the B/Ds concerned for meeting their transport needs, GLD should provide an update on the progress of the procurement of vehicles to them periodically.

Need to improve the drawing up of user requirements

3.21 According to GLD, in drawing up the technical specifications of vehicles in a quotation/tender exercise, it draws up user requirements mainly by collecting information from the B/Ds concerned during the vetting exercises for additional/replacement vehicles and subsequent discussions on preparing the technical specifications.

Procurement of vehicles

3.22 Audit sample check of 31 tender exercises conducted in the period from 2016 to 2020 revealed that in 2 exercises, the user requirements had not been fully addressed by the vehicles procured by GLD:

- (a) for the large saloon cars procured for deployment for the use of Heads of B/Ds by the tender exercise completed in September 2016, some B/Ds had expressed concern over the stability of the vehicles during the ride; and
- (b) for the liquefied petroleum gas light buses procured by the tender exercise completed in June 2018, some B/Ds had expressed concern that:
 - (i) the vehicle length was too long, causing difficulty in parking and maneuvering the vehicles; and
 - (ii) the engine power of the vehicles was weak when travelling on slopes.

Audit noted that in the subsequent procurement exercises for large saloon cars and liquefied petroleum gas light buses, GLD had updated the technical specifications to address the above concerns raised by the B/Ds concerned.

3.23 In February 2021, GLD informed Audit that since late 2018, it had started conducting user satisfaction surveys by issuing feedback forms to collect user B/Ds' feedback on newly procured vehicles. In Audit's view, with a view to fully meeting the operational needs of B/Ds as far as practicable, GLD needs to continue to take measures to improve the drawing up of user requirements (e.g. consulting the B/Ds concerned about the technical specifications before including in the quotation/tender documents, and addressing the feedback collected by user satisfaction surveys).

Audit recommendations

3.24 **Audit has *recommended* that the Director of Government Logistics should:**

- (a) **explore measures to shorten the time taken for procurement of vehicles and deliver them in a timely manner for use by B/Ds as far as practicable;**

- (b) **provide an update on the progress of the procurement of vehicles to B/Ds concerned periodically with a view to facilitating their resource planning for meeting transport needs; and**
- (c) **continue to take measures to improve the drawing up of user requirements with a view to fully meeting the operational needs of B/Ds as far as practicable.**

Response from the Government

3.25 The Director of Government Logistics agrees with the audit recommendations. She has said that:

- (a) GLD will shorten the vehicle delivery time allowed in the tenders as far as practicable. Besides, GLD will initiate the examination of requests for replacement vehicles earlier with reference to the vehicle delivery time so as to facilitate the timely delivery of new vehicles;
- (b) according to the current practice, GLD will inform B/Ds concerned prior to placing orders for their additional or replacement vehicles. To facilitate B/Ds in resource planning for meeting their transport needs, GLD has started to provide an update to the B/Ds on the progress of vehicle procurement when tenders are issued and on the vehicle delivery schedule when orders are placed for their additional or replacement vehicles; and
- (c) GLD will continue to collect users' feedback on the vehicles procured, and consult B/Ds concerned about the technical specifications before including them in the quotation/tender documents with a view to fully meeting the operational needs of B/Ds as far as practicable.

PART 4: OTHER RELATED ISSUES

4.1 This PART examines other issues relating to the management of government vehicle fleet, focusing on:

- (a) use of electric vehicles (paras. 4.2 to 4.8);
- (b) provision of training to government drivers (paras. 4.9 to 4.16); and
- (c) working hours of government drivers (paras. 4.17 to 4.22).

Use of electric vehicles

4.2 As part of the Government's efforts to reduce air pollutant emissions through the use of cleaner fuel, the Chief Executive of the Hong Kong Special Administrative Region announced in his 2009-10 Policy Address to promote the use of electric vehicles. In the 2011-12 Budget Speech, the Financial Secretary announced that subject to the availability of suitable models in the market and the operational needs of B/Ds, the Government would give priority to electric vehicles when replacing government vehicles in 2011-12 and 2012-13. Against this background, GLD has been tasked to keep abreast of the latest technological development of electric vehicles and encourage the use of electric vehicles to replace the retiring ones (see para. 1.2(d)).

Use of electric vehicles in government vehicle fleet remained on the low side

4.3 ***Decrease in number of electric vehicles in government vehicle fleet.*** Audit examined the number of electric vehicles in the government vehicle fleet in the period from 2016 to 2020 and noted that the use of electric vehicles in the Government remained on the low side, accounting for less than 4% (ranging from 2.5% in 2020 to 3.9% in 2017 and 2018) of the government vehicles. In particular, the number of electric vehicles decreased by 80 (32%) from 249 as at 31 December 2016 to 169 as at 31 December 2020 (see Table 15).

Table 15

**Vehicles in government vehicle fleet
(2016 to 2020)**

As at 31 December	Number of electric vehicles	Number of non-electric vehicles	Total
2016	249 (3.8%)	6,243 (96.2%)	6,492 (100%)
2017	254 (3.9%)	6,299 (96.1%)	6,553 (100%)
2018	253 (3.9%)	6,309 (96.1%)	6,562 (100%)
2019	227 (3.4%)	6,377 (96.6%)	6,604 (100%)
2020	169 (2.5%) (Note)	6,536 (97.5%)	6,705 (100%)

Source: Audit analysis of GLD records

Note: The 169 vehicles comprised 133 cars, 23 small and medium vans and 13 motorcycles.

According to GLD, the decrease in the number of electric vehicles in the government vehicle fleet in 2020 was mainly due to the replacement of some 40 electric motorcycles of a department by non-electric vehicles, as follows:

- (a) in 2016 and 2018, there were fire incidents involving two electric motorcycles in the department;
- (b) in view of the safety concern over the battery of the electric motorcycles arising from the fire incidents, the department had indicated concern over using electric motorcycles in future; and
- (c) a batch of retiring electric motorcycles, which had reached the end of their economic lives, were replaced by non-electric vehicles.

4.4 ***GLD's efforts in encouraging the use of electric vehicles.*** According to GLD:

Other related issues

- (a) in order to encourage the use of electric vehicles, GLD requires B/Ds to provide reasons for not accepting the use of electric cars or medium electric vans during the annual vehicle vetting exercises. In response, B/Ds reflected that electric vehicles could not meet their operational requirements due to a number of concerns, such as the lack of charging facilities at their parking bases and/or working locations, long charging time, limited payload and size of goods compartments, and unsuitability for performing typhoon and emergency duties; and

- (b) in order to facilitate EPD in drawing up the plan for promoting the wider use of electric vehicles, GLD has all along been closely liaising with EPD and informing it of the latest development in the procurement and use of electric vehicles in the government vehicle fleet. For example, GLD had informed EPD of the long lead time required for replacing vehicle batteries and parts, and the requirements of medium charging facilities at parking bases, etc.

4.5 *New requirement for procurement of government vehicles.* According to EPD, the Government has been promoting the wider use of electric vehicles for replacing conventional vehicles and has committed to taking the lead in switching to electric vehicles. It also notes that the technology of electric private cars has improved rapidly in recent years and that more electric private car models with long driving range and shorter charging time have been introduced to the market. Audit noted that EPD had planned to update the green specifications of items on the Government procurement list for implementation by B/Ds in the first half of 2021. In particular, for the procurement of private cars with not more than five seats, electric vehicles should be procured unless justifications are given and approved by Heads of B/Ds or officers at Senior Directorate level.

4.6 Audit considers that GLD needs to keep in view the use of electric vehicles as additional/replacement vehicles by B/Ds under the new requirement for procurement of government vehicles as mentioned in paragraph 4.5. GLD should also continue to examine the availability of suitable electric vehicles in the market that can fully meet B/Ds' operational requirements.

Audit recommendations

4.7 **Audit has recommended that the Director of Government Logistics should:**

- (a) **keep in view the use of electric vehicles as additional/replacement vehicles by B/Ds under the new requirement for procurement of government vehicles as mentioned in paragraph 4.5; and**
- (b) **continue to examine the availability of suitable electric vehicles in the market that can fully meet B/Ds' operational requirements.**

Response from the Government

4.8 The Director of Government Logistics agrees with the audit recommendations. She has said that GLD:

- (a) has all along been closely liaising with and keeping EPD informed of the latest development in the procurement and use of electric vehicles in the government vehicle fleet so as to facilitate EPD in devising strategy for promoting the wider use of electric vehicles. GLD will keep in view the use of electric vehicles as additional/replacement vehicles by B/Ds under the new requirement for procurement of government vehicles as mentioned in paragraph 4.5; and
- (b) will keep on collecting information from B/Ds on their various operational needs, examine the availability of suitable electric vehicle models in the market that can fully meet B/Ds' operational requirements and pass the information to B/Ds for their consideration.

Provision of training to government drivers

4.9 GLD is responsible for ensuring that government drivers (i.e. Chauffeurs, Special Drivers, Motor Drivers and other government employees who have to drive government vehicles to meet operational needs) maintain a high standard of driving

Other related issues

and road safety through training and tests (Note 16). The courses provided by GLD are as follows:

- (a) ***Driving-related training courses.*** The courses include:
 - (i) ***Induction Course.*** The Induction Course provides lectures on the responsibilities of government drivers, GLD's organisation structure and posting policy, the Civil Service Regulations, traffic regulations, handling of traffic accidents involving government vehicles, conduct on anti-corruption and environmental protection policies. All newly recruited Special Drivers and Motor Drivers are invited to attend this Course (Note 17);
 - (ii) ***Safe Driving Course.*** The Safe Driving Course consists of theoretical and practical modules, and aims at enhancing drivers' knowledge on occupational safety and health, safe/defensive driving, traffic regulations and the concept of environmental protection. All Chauffeurs, Special Drivers and Motor Drivers are expected to attend this Course on a regular basis. GLD will invite those staff whose last enrolment was five or more years ago to attend this Course again;
 - (iii) ***Remedial Course.*** The Remedial Course is of practical nature and arranged for drivers who have been involved in traffic accidents. The objective of the Course is to enable the drivers to have a better understanding of the nature of traffic accidents and to develop a professional and safe driving manner in order to prevent recurrence of similar accidents. If GLD considers that there is a training need

Note 16: *According to GLD, as and when required, driving tests are arranged for government employees (other than Chauffeurs, Special Drivers and Motor Drivers) who have to obtain Government Driving Permits for driving government vehicles arising from operational needs.*

Note 17: *According to GLD, since Chauffeurs are recruited through in-service recruitment, they are not invited to attend this Induction Course. Instead, they will be invited to attend another Induction Course tailor-made for them, which mainly focuses on etiquette to serve the passengers.*

for a government driver (Note 18), it will contact the B/D of the driver concerned for arranging the driver to attend a tailor-made Remedial Course; and

- (iv) ***Other driving-related training courses.*** All government drivers can apply for these courses. Examples of courses include the Refresher Course (Note 19), cross-boundary drivers training and various training courses for introducing newly-procured vehicles;

- (b) ***Driving courses.*** According to GLD, these practical courses are mainly for government drivers other than Chauffeurs, Special Drivers and Motor Drivers. Attendees of such courses have to pass a test before they are qualified to drive the government vehicles for meeting operational needs; and

- (c) ***Other training courses.*** Other training courses are for Chauffeurs, Special Drivers and Motor Drivers. Examples include the Workplace English Course, the Induction Course for Chauffeurs (see Note 17 to para. 4.9(a)(i)) and occupational safety and health training workshop.

4.10 In January 2021, GLD informed Audit that:

- (a) training requirement was not set for Chauffeurs, Special Drivers and Motor Drivers (i.e. GLD would not specify whether they shall attend certain types of training courses within certain timeline). The reasons were as follows:
 - (i) it was impracticable to require Chauffeurs, Special Drivers and Motor Drivers to fully comply with strict training requirements because it was up to B/Ds concerned to decide whether those staff

Note 18: *According to GLD, generally, a driver who was found blameworthy for a traffic accident will be considered as having a training need for attending the Remedial Course. GLD identifies the driver's training need by analysing the causes of the traffic accident.*

Note 19: *According to GLD, the Refresher Course is a one-day course which will be arranged at the request of B/Ds to restore and enhance the driving skills and driving manner of government drivers.*

Other related issues

would be released for training courses subject to exigencies of the service; and

- (ii) GLD needed flexibility in the provision of training courses because of limited teaching resources. The driving-related training courses and driving courses were mainly delivered by three teaching staff of the Training and Testing Unit, who were responsible for providing training courses to many potential attendees (i.e. about 2,300 Chauffeurs, Special Drivers and Motor Drivers, and hundreds of other government drivers) and performing other duties (e.g. being examiners of recruitment driving tests); and
- (b) for Chauffeurs, Special Drivers and Motor Drivers who had been invited but subsequently did not attend the training courses (see para. 4.9(a)), GLD would follow up with B/Ds concerned to reschedule the training courses.

Need to explore feasibility of conducting online training courses

4.11 Audit examined the number of attendees of GLD's driving-related training courses and driving courses from 2016 to 2020 and noted that the number of attendees decreased significantly by 638 (57%) from 1,111 in 2019 to 473 in 2020 (see Table 16). In particular, the number of attendees of the Safe Driving Course decreased significantly by 130 (83%) from 157 in 2019 to 27 in 2020. According to GLD, the significant decrease in the number of attendees of its training courses in 2020 was due to the smaller number of training courses offered in view of the outbreak of COVID-19.

Table 16
Number of attendees of
driving-related training courses and driving courses
(2016 to 2020)

Year	Number of attendees					
	Driving-related training courses				Driving courses	Total
	Induction Course	Safe Driving Course	Remedial Course (Note 2)	Other driving-related training courses		
2016	162 (Note 1)	200	64	557	153	1,136
2017	129	68	36	730	152	1,115
2018	173 (Note 1)	212	39	531	154	1,109
2019	56	157	71	672	155	1,111
2020	78	27	123	134	111	473

Source: Audit analysis of GLD records

Note 1: The numbers in 2016 and 2018 included 12 and 13 attendees, respectively, of the Induction Course for Chauffeurs (see para. 4.9(c)).

Note 2: According to GLD, due to the need for social distancing amidst the outbreak of COVID-19, it suspended most of the training courses which involved a large group of trainees. Instead, it focused on conducting training courses which involved a smaller group, such as the Remedial Course which normally involved two trainees in each course. This accounted for the substantial increase in the number of attendees of the Remedial Course in 2020 as compared with the previous years.

4.12 In response to Audit's enquiry on whether GLD had arranged online training courses to supplement on-site training courses, in January 2021, GLD informed Audit that:

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- (a) Chauffeurs, Special Drivers and Motor Drivers had usually not been provided with computer equipment and access to the Internet; and
- (b) it considered that the face-to-face teaching and sharing mode was well-received while teaching through online mode might discount the effectiveness of delivering training courses.

Audit notes that online training courses have gained popularity in the last decade and have been widely adopted during the COVID-19 epidemic as a substitute in the light of the difficulties/constraints encountered in arranging on-site training. In order to evaluate the pros and cons of conducting online training courses vis-à-vis on-site training courses, GLD should consider conducting online training courses on a trial basis for targeted government drivers. This will help GLD identify driving-related training courses which can be efficiently delivered in online mode.

Need to take measures to enhance the provision of training courses to targeted government drivers

4.13 Audit examination of the lists of targeted government drivers to be invited for attending the Induction Course and the Safe Driving Course (Note 20) as at 31 December 2020 revealed the following issues:

- (a) **Induction Course.** 45 new Special Drivers and 60 new Motor Drivers had not yet been invited to attend the Induction Course. Among those 105 drivers, 1, 8 and 96 reported duty in 2018, 2019 and 2020 respectively; and
- (b) **Safe Driving Course.** Of the 93 Chauffeurs, 242 Special Drivers and 1,993 Motor Drivers:
 - (i) 3 (3%) Chauffeurs, 1 (0.4%) Special Driver and 58 (3%) Motor Drivers who were recruited five to nine years ago and had never attended the Safe Driving Course had not yet been invited to attend the Course; and

Note 20: *According to GLD, staff who will retire within six years will not be invited to attend the Safe Driving Course.*

- (ii) 14 (15%) Chauffeurs, 8 (3%) Special Drivers and 229 (11%) Motor Drivers with last enrolments being five to seven years ago had not yet been invited to attend the Course again.

4.14 For the Remedial Course, Audit examined the blameworthy traffic accidents from 2016 to 2019 and noted the following issues:

- (a) ***Remedial Course for Chauffeurs, Special Drivers and Motor Drivers.*** From 2016 to 2019, there were 203 traffic accidents in which the Chauffeurs/Special Drivers/Motor Drivers concerned were found blameworthy. As at 31 December 2020, of those 203 cases, the drivers of 168 (83%) cases (comprising 45, 48, 40 and 35 cases in 2016, 2017, 2018 and 2019 respectively) had not yet been invited to attend the Remedial Course. According to GLD, of the 168 cases, 124 involved the drivers of FEHD, which was responsible for providing the Remedial Course to its drivers (Note 21); and
- (b) ***Remedial Course for other government drivers.*** From 2016 to 2019, there were 140 traffic accidents in which the government drivers were found blameworthy. According to GLD, of those 140 cases, the drivers of 10 cases have attended the Remedial Course arranged by GLD, while the drivers of the remaining 130 cases will attend the Remedial Course arranged by GLD (68 cases) and the B/Ds concerned (62 cases) respectively.

With a view to ensuring that government drivers maintain a high standard of driving and road safety, GLD needs to take measures to enhance the provision of the Induction Course, Safe Driving Course and Remedial Course to targeted government drivers.

Note 21: *According to FEHD, due to the outbreak of COVID-19 since January 2020 and the need to maintain social distancing, FEHD had reduced the number and scale of driving-related training courses, including the Remedial Course. As at 15 March 2021, FEHD had arranged 76 drivers concerned to attend the in-house Remedial Course and would arrange 27 drivers to attend the Course by the third quarter of 2021. For the remaining 21 drivers, 17 were no longer working in the Government and 4 had been referred to GLD for arranging the Remedial Course as they had been posted to other B/Ds.*

Audit recommendations

4.15 **Audit has recommended that the Director of Government Logistics should:**

- (a) **consider conducting online training courses on a trial basis for targeted government drivers; and**
- (b) **take measures to enhance the provision of the Induction Course, Safe Driving Course and Remedial Course to targeted government drivers.**

Response from the Government

4.16 The Director of Government Logistics agrees with the audit recommendations. She has said that:

- (a) GLD has started exploring suitable training courses which might be delivered to drivers through online mode on a trial basis; and
- (b) for the Induction Course, GLD will explore the possibility of arranging online training courses for new drivers. GLD will also consider redeploying resources so that the Driving Instructors can be released to conduct more Safe Driving Courses and Remedial Courses.

Working hours of government drivers

4.17 According to the GovHK website (Note 22), the Government has been putting much effort in enhancing and promoting road safety. In particular, professional drivers are advised to pay attention to occupational health in view of long hours of driving on the roads. According to GLD, the standard working hours of a Chauffeur/Special Driver/Motor Driver are 45 hours net per week (excluding meal break). According to GLD's guidelines on working hours of government drivers

Note 22: *The GovHK website is the one-stop portal of the Government with the main content provided by participating B/Ds, featuring those most sought-after public information and services to make them easier to access and use by members of the public.*

issued in September 2017, persistently long working hours have an adverse impact on the health and morale of government drivers. Frequent long working hours without sufficient rest time would render the drivers more prone to work-related accidents. To protect the occupational health of drivers and to ensure the provision of safe and reliable transport service to vehicle users, all B/Ds are advised to note the following requirements:

- (a) the working hours (including meal breaks) of government drivers should normally not exceed 14 hours per day; and
- (b) one rest day shall be provided to government drivers in every period of seven days.

Need to remind B/Ds to take measures to ensure compliance with GLD's requirements on working hours of government drivers

4.18 In January 2021, GLD informed Audit that B/Ds had not been required to submit returns to GLD on compliance with the two requirements on working hours of government drivers (see para. 4.17). Audit examination found non-compliance with GLD's requirements on working hours of government drivers, as follows:

- (a) ***Transport pool drivers.*** As at 31 October 2020, there were 20 Chauffeurs and 37 Motor Drivers in the transport pool (Note 23). Audit examination of the monthly work records of the Chauffeurs and Motor Drivers in the transport pool from January to October 2020 revealed that:
 - (i) there were 185 (1.6%) occasions on which the working hours of the drivers had exceeded 14 hours per day (see Table 17); and

Note 23: *There was no Special Driver in the transport pool.*

Table 17

**Analysis of working hours of transport pool drivers
(January to October 2020)**

Transport pool driver	Working hours per day				
	≤ 14 hours	> 14 to 16 hours	> 16 to 18 hours	> 18 hours	Total
	(Number of occasions)				
Chauffeur	3,965	51	22	5	4,043
Motor Driver	7,593	87	13	7	7,700
Total	11,558	138	35	12 (Note)	11,743

185 (1.6%)

Source: *Audit analysis of GLD records*

Note: *According to GLD, on the occasion with the longest working hours, the Motor Driver had worked 24 hours involving stand-by duties. The Motor Driver, upon the announcement of the first confirmed case of COVID-19 in Hong Kong in January 2020, was urgently assigned to stand-by at the transport pool to provide emergency transport in case of need.*

- (ii) there were 392 (15.3%) occasions on which the drivers had not been provided one rest day in every period of seven days (see Table 18); and

Table 18

**Analysis of number of consecutive working days
by transport pool drivers
(January to October 2020)**

Transport pool driver	Rest days provided in accordance with GLD's requirement	Number of consecutive working days without any rest day			
		7 to 8 days	9 to 10 days	> 10 days	Total
		(Number of occasions)			
Chauffeur	679	117	94	30	920
Motor Driver	1,498	100	30	21	1,649
Total	2,177	217	124	51 (Note)	2,569

392 (15.3%)

Source: Audit analysis of GLD records

Note: Regarding the two occasions with the longest number of consecutive working days without any rest day, the two Motor Drivers had worked consecutively for 15 days. According to GLD, as the two Motor Drivers possessed the relevant cross-boundary licence, they were assigned to provide urgent cross-boundary transport services to delegations led by senior government officials.

- (b) **Government drivers in B/Ds.** According to GLD, while B/Ds are responsible for assigning tasks and managing the overtime work of their drivers, they have been advised to observe GLD's requirements on working hours of government drivers. Since January 2020, for assessing the effectiveness of the four new Chauffeur grade posts created in the transport pool in 2019-20 for the provision of relief services to B/Ds, GLD had required B/Ds to submit monthly returns on the number of overtime hours undertaken by their Chauffeurs. Based on the monthly returns for 2020 from B/Ds, GLD found that there were a number of occasions on which the Chauffeurs (including the Chauffeurs in the transport pool) had

Other related issues

performed over 150 hours of overtime work in a month (Note 24) (see Table 19).

Table 19

**GLD's analysis of overtime work undertaken by Chauffeurs
(2020)**

Month	Number of Chauffeurs analysed	Number of Chauffeurs who had undertaken overtime work		
		> 150 to 180 hours	> 180 hours	Total
January	86	7	6	13
February	94	4	6	10
March	92	7	1	8
April	92	3	2	5
May	90	6	3	9
June	91	7	3	10
July	93	5	3	8
August	92	4	1	5
September	90	7	2	9
October	90	4	3	7
November	90	4	3	7
December	93	4	3	7
Total	1,093	62	36	98

Source: GLD records

Note 24: According to GLD, B/Ds will be reminded of the availability of relief driver service provided by the transport pool if their Chauffeurs have performed overtime work for over 150 hours in a month.

- 4.19 In February 2021, GLD informed Audit of the following:
- (a) ***Working hours of transport pool drivers.*** Given that transport services were demand-driven, the need to work more than 14 hours hinged on the operational exigencies of the user B/Ds concerned. In particular:
 - (i) ***Chauffeurs.*** Chauffeurs in the transport pool were required to provide leave relief service to other B/Ds. As their working hours were largely hinged on the operational requirements of the vehicle users, there would be occasions on which the drivers had to work more than 14 hours. Although there were only a few occasions (see Table 17 in para. 4.18(a)) on which the drivers had worked more than 14 hours, GLD would regularly remind B/Ds to take appropriate actions to ensure compliance with the requirements on working hours of the Chauffeurs in the transport pool; and
 - (ii) ***Motor Drivers.*** As the Motor Drivers had been engaged in providing quarantine-related transport services (Note 25) since January 2020, the period from January to October 2020, which fell on the outbreak of COVID-19, was not a representative one that could truly reflect the normal working hours of the Motor Drivers in the transport pool;
 - (b) ***Consecutive working days by transport pool drivers.*** The shift pattern of Chauffeurs and Motor Drivers in the transport pool was five days a week (with conditioned hours being 45 net a week). In particular:
 - (i) ***Chauffeurs.*** In order to provide backup relief services for Chauffeurs working in other B/Ds and transport services to the Judges at High Court level or above, the Chauffeurs in the transport pool had to work seven days in one week and then five days in the

Note 25: *According to GLD and the Department of Health, the quarantine-related transport services included: (a) conveyance of confinees to quarantine centres and delivery of specimens to laboratories in which the drivers could not be released until having completed the last transport order of conveyance/specimen delivery; (b) provision of transport services for the Department of Health to the airport for the Wuhan returnees operations during which there were delays in flight schedule; and (c) provision of cross-boundary services.*

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subsequent week on an alternate basis. In any case, they would be given three rest days in any two weeks; and

- (ii) **Motor Drivers.** The period from January to October 2020, which fell on the outbreak of COVID-19, was not a representative one that could truly reflect the normal number of working days of the Motor Drivers in the transport pool. The Motor Drivers of the transport pool used to work 5-day week and 10-hour shift per day (including meal break). They would have two rest days in a week normally. However, due to the outbreak of COVID-19 since January 2020, they had to work 6 days a week and 12-hour shift per day, and change day and night shifts on a monthly basis. There might be occasions on which the drivers were not given one rest day in a 7-day period when they changed shift in the middle of the week. In any case, they would be given at least two rest days in any two weeks; and

- (c) **Government drivers in B/Ds.** Heads of Departments were responsible for the daily management of drivers. They had the responsibility to determine the staff complement required to deliver departmental services efficiently and effectively. Overtime work might be undertaken only when it was unavoidable. It was the duty of the Heads of Departments to ensure that overtime work was kept to the absolute minimum compatible with operational requirements, and that at all times it was strictly controlled and properly supervised in accordance with the relevant Civil Service Regulations. As such, instead of imposing restrictions on B/Ds' staff deployment for meeting their operational needs, it would be more appropriate for GLD to remind B/Ds to take measures to ensure compliance with the requirements on working hours of government drivers.

4.20 Regarding transport pool drivers, Audit noted that GLD's requirements on working hours of government drivers were generally complied with by the Motor Drivers of the transport pool on most of the occasions (i.e. about 99% for the requirement on the number of working hours per day and 91% for the requirement on the arrangement of rest day) from January to October 2020. Despite this, there were still some cases involving long working hours of Motor Drivers (see Tables 17 and 18 in para. 4.18). According to GLD, this might be attributable to the engagement of the Motor Drivers in providing quarantine-related transport services due to the outbreak of COVID-19 in early 2020 (see para. 4.19(a)(ii)). In order to protect the

occupational health of drivers and to ensure the provision of safe and reliable transport services to vehicles users (see para. 4.17), GLD needs to regularly remind B/Ds to take appropriate measures to ensure that its requirements on working hours of government drivers are complied with.

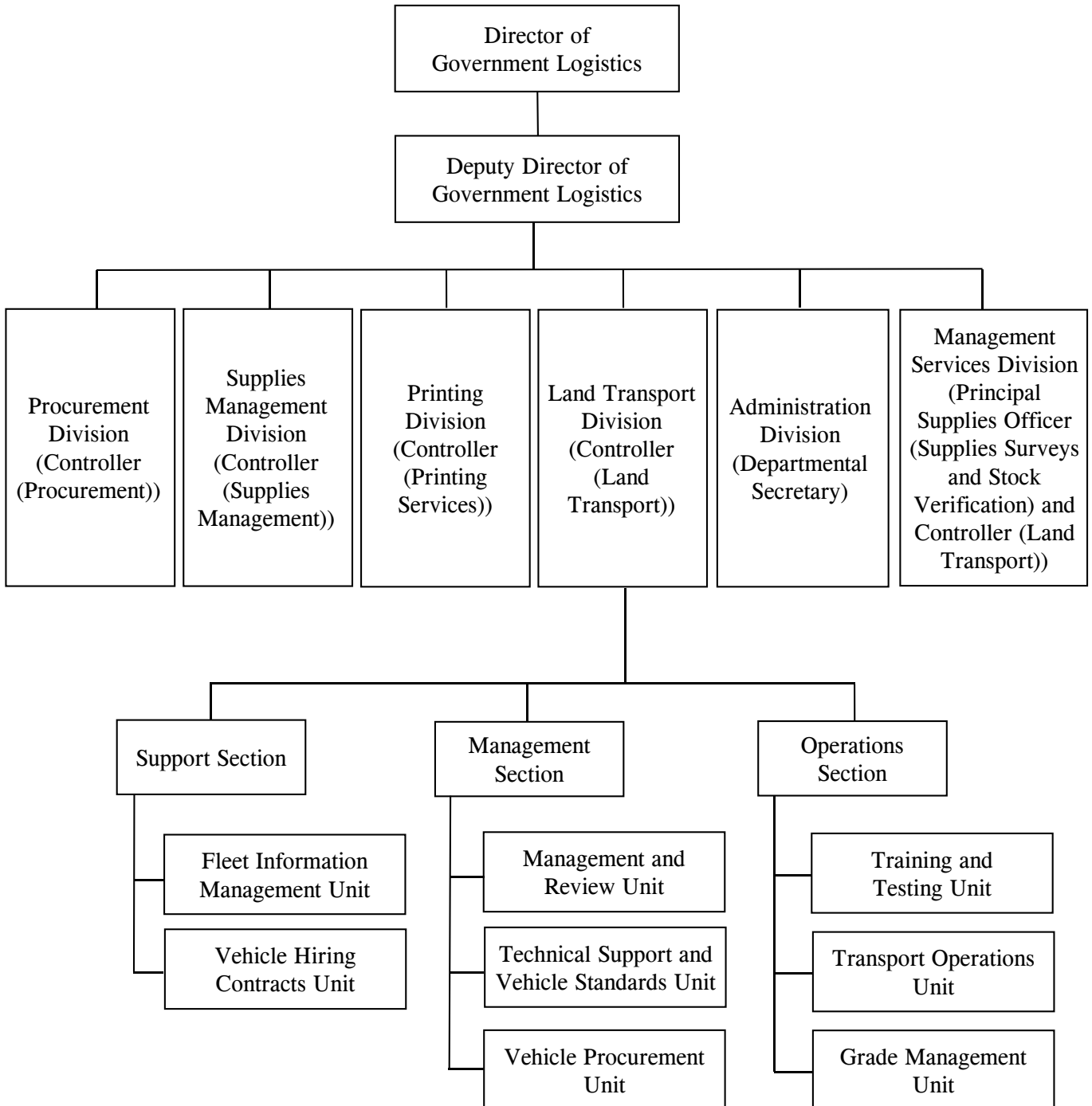
Audit recommendation

4.21 **Audit has *recommended* that the Director of Government Logistics should regularly remind B/Ds to take appropriate measures to ensure that GLD’s requirements on working hours of government drivers are complied with.**

Response from the Government

4.22 The Director of Government Logistics agrees with the audit recommendation. She has said that GLD will remind B/Ds regularly to take appropriate actions to comply with GLD’s requirements on working hours of government drivers.

**Government Logistics Department:
Organisation chart (extract)
(31 December 2020)**



Source: GLD records

Acronyms and abbreviations

Audit	Audit Commission
B/Ds	Government bureaux and departments
ELM	Economic Life Model
EMSD	Electrical and Mechanical Services Department
EPD	Environmental Protection Department
FEHD	Food and Environmental Hygiene Department
GLD	Government Logistics Department
TMIS	Transport Management Information System