

CHAPTER 4

Transport and Housing Bureau Transport Department

<h3>Licensing and examination services for vehicles</h3>

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

Report No. 77 of the Director of Audit contains 8 Chapters which are available on our website at <http://www.aud.gov.hk>

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LICENSING AND EXAMINATION SERVICES FOR VEHICLES

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LICENSING AND EXAMINATION SERVICES FOR VEHICLES

Executive Summary

1. The Transport Department (TD) is the authority for administering the Road Traffic Ordinance (Cap. 374) and the legislation for the management of road traffic, regulation of public transport services and operation of major transport infrastructures. In order to protect the safety of road users, all vehicles running on road are required to be registered (normally a one-off process which gives the vehicle a registration mark and puts it into its appropriate class, e.g. private car and light goods vehicle) and licensed (which allows the vehicle to be legally driven on roads) under the Road Traffic Ordinance. Except for private cars manufactured less than 6 years before licensing, motorcycles and motor tricycles, all other vehicles (e.g. buses, taxis, goods vehicles, and trailers, etc.) have to pass an annual vehicle examination before their owners can apply for vehicle licences. The Audit Commission (Audit) has recently conducted a review to examine the vehicle licensing and examination services provided by TD with a view to identifying areas for improvement.

Operation of Transport Department's Licensing Offices

2. *Services provided by licensing offices.* As at 31 December 2020, the numbers of registered and licensed vehicles (including trailers and government vehicles) were 928,041 and 815,366 respectively. Similar to vehicle licensing, a person is required to hold a valid driving licence before he can drive a vehicle. As at 31 December 2020, the number of full driving licence holders was 2.3 million. TD operates four licensing offices (i.e. the Hong Kong Licensing Office (HKLO), Kowloon Licensing Office (KLO), Kwun Tong Licensing Office (KTLO) and Sha Tin Licensing Office (STLO)) to provide various types of licensing services for vehicles and drivers. An application for licence or permit can be made in person, by post, by drop-in box or via online. The range of services available at the four licensing offices are set with reference to their locations, sizes and staffing (paras. 1.5, 1.6, 2.2 and 2.3).

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3. ***Need to critically review the manpower requirements of licensing offices.***

From 2016 to 2019, while the number of transactions increased by 408,000 (12%) from 3,275,000 to 3,683,000, the number of staff increased by 47 (19%) from 242 on 1 April 2016 to 289 on 1 April 2019. From 2019 to 2020, while the number of transactions dropped to 3,039,000 mainly due to the coronavirus disease (COVID-19) epidemic, the number of staff increased by 69 (24% — comprising mainly agency staff) from 289 as at 1 April 2019 to 358 as at 1 April 2021 to cope with the substantial increase in the number of applications received through non-counter means. Audit considers that TD needs to critically review the manpower requirements and explore effective ways to cope with the change of mode of operations (e.g. from walk-in counter services to non-counter means) of the licensing offices (para. 2.5).

4. ***Need to compile management information to facilitate the monitoring of workload of licensing offices.***

In response to Audit's request to provide the workload statistics for each of the four licensing offices from 2016 to 2020 for analysis, in August 2021, TD said that the pertinent management information was not readily available. Based on TD's estimate of workload by taking stock of the number of transactions from 26 to 30 July 2021 in each licensing office, Audit noted that the number of transactions per staff in HKLO and KLO for the five-day period was around 1.5 times those of KTLO and STLO. In Audit's view, TD needs to compile statistics on the number of transactions of individual licensing offices and closely monitor the workload of the four licensing offices and flexibly deploy staff among the offices (paras. 2.6 and 2.7).

5. ***Need to take measures to further relieve the congested environment at KLO.***

In August and September 2021, Audit visited the four licensing offices (three times per office) and noted longer queues and more congested environment at KLO as compared with the other three offices. Audit considers that TD needs to take measures to further relieve the congested environment at the waiting hall of KLO, taking into account the need for maintaining social distancing amid COVID-19 epidemic (para. 2.9).

6. ***Renewal of vehicle licences after expiry.***

According to Road Traffic (Registration and Licensing of Vehicles) Regulations, no motor vehicle shall be upon or used on any road unless a valid vehicle licence in respect of the vehicle is displayed. Audit examination revealed that there were 119,708 cases of renewal of vehicle licences after expiry from 1 August 2020 to 31 July 2021. Since April 2012, TD has introduced an e-service to remind the vehicle owners of the expiry dates of their

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vehicle licences. As at 30 June 2021, the number of vehicles having this e-service was 15,204, representing only 2% of total licensed vehicles. Audit considers that TD needs to continue to promote the use of the e-service of providing reminder messages for renewal of vehicle licences and step up efforts to remind vehicle owners about timely renewal of vehicle licences (paras. 2.10 to 2.12 and 2.14).

7. ***Need to explore the feasibility of establishing a queue ticketing system at the licensing offices.*** At present, members of the public who opt to receive TD's licensing services in person need to queue up physically at the licensing offices. In 2015 and 2016, TD conducted two trial runs on the queue ticket arrangement at HKLO to ascertain the practicability and effectiveness of adopting a queue ticket arrangement which obviated the need for physical queueing. Despite the positive customer feedback, TD decided not to take forth the implementation of a queue ticket arrangement because of the complexity of setting up a queue ticketing system for vehicle-related licensing services and other higher priority tasks such as preparing for the upsurge for renewal of full driving licences. Audit considers that TD needs to explore the feasibility of setting up a queue ticketing system to replace the existing queueing system for driving licence-related services, where practicable (paras. 2.15, 2.16, 2.18 and 2.20).

8. ***Allocation of appointment booking service (ABS) quota and no-show cases of applicants using ABS.*** Audit analysed the utilisation of ABS quota in the period from January to June 2021 and noted that: (a) the utilisation of ABS quota for international driving permits was particularly low, with an overall utilisation rate of 5%; (b) though the utilisation of ABS quota for retention/assignment of vehicle registration mark was high with full booking in some days, the corresponding ABS quota had not been increased; and (c) the overall utilisation of ABS quota in the four licensing offices was only 37%. Audit also analysed the applications using ABS in the period from 2016 to 2020 and found that 19% to 25% of the booked appointments turned out to be no-show cases (paras. 2.23 and 2.24).

9. ***Need to promote the use of online renewal of driving/vehicle licences.*** Audit examination revealed that, from 2016 to 2020, while the percentage of online application for renewal of full driving licences increased from 23% to 34%, the percentage of online application for renewal of vehicle licences was less than 1% and increased to 3.7% in the first half of 2021. According to the annual public opinion surveys conducted in 2016 to 2019, more than 30% (ranging from 33% to 58%) of the respondents were not aware of the online submission channel for renewal of full

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driving licences or vehicle licences. Audit considers that TD should continue to step up publicity efforts to promote the use of online application for licensing services (para. 2.26).

10. ***Need to enhance the performance of provision of non-counter licensing services.*** In 2020, due to outbreak of COVID-19 epidemic, there was a substantial increase in applications received through non-counter means such as drop-in box, by post and online. Audit noted that the actual performance reported in TD's Controlling Officer's Report for providing non-counter licensing services within 10 working days upon application in 2020 was only 89%, not meeting the target of 95%. Audit considers that TD needs to take measures to improve the workflow of non-counter licensing services with a view to improving the efficiency in providing non-counter services (paras. 2.30 and 2.33).

11. ***Room for improvement in assessing the performance of the licensing services.*** For assessing the performance of the licensing services, every year TD conducts two types of surveys: (a) waiting time survey for recording the queueing time and processing time; and (b) public opinion survey for assessing the quality of driving and vehicle licensing services and to identify areas for improvement. Audit examination has identified room for improvement, as follows (paras. 2.36 and 2.37):

- (a) ***Use of technology in gauging services performance.*** The sampling period for the waiting time survey is 10 working days in a year, which accounts for only 4% of some 246 working days in a year. To reduce the workload involved and to gauge TD's pledged performance more accurately, Audit considers that TD needs to: (i) explore the feasibility of implementing a queue ticketing system which helps TD capture data of queueing time and processing time automatically for over-the-counter transactions; and (ii) make use of computer software to capture dates of receipt of applications and dates of completion of processing for analysis of the processing time of non-counter transactions (para. 2.37(a)); and
- (b) ***Need to take measures to obtain public opinion for non-counter transactions.*** TD's public opinion survey did not cover applicants applying for licensing services through non-counter means. With the anticipated increase in the number of online applications in future, TD needs to take measures to solicit public opinion from applicants applying for licensing services through non-counter means (para. 2.37(d)).

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Vehicle examination

12. As at 30 June 2021, operation of three government vehicle examination centres was under the oversight of TD, including two wholly operated by TD and the Transport Department Vehicle Examination Complex (TDVEC) which was partly operated by a contractor under a management, operation and maintenance contract. In addition, there were also 40 privately-owned Designated Car Testing Centres (DCTCs) for conducting annual vehicle examinations of private cars and light goods vehicles with gross vehicle weight not exceeding 1.9 tonnes. In 2020, some 170,400 and 372,000 vehicles were inspected at the government vehicle examination centres and DCTCs respectively (paras. 1.4 and 3.3).

13. *Non-compliance with TD's guidelines for defective vehicle inspections.* Under the Road Traffic Ordinance, if a vehicle is suspected to have defects, the driver or the registered owner may be ordered to produce the vehicle concerned at a government vehicle examination centre for an inspection to ensure that the reported defects, if verified, are rectified to the required standard. According to its guidelines, the Vehicle Inspection Office (VIO) of the Vehicle Safety and Standards Division (VSSD) should, as far as practicable, issue a Vehicle Examination Order to the vehicle owner not later than 5 working days, and the inspection date should be within 3 weeks upon receipt of the defective vehicle report. For any requests for deferring a defective vehicle inspection, documentary proof should be produced by the vehicle owner. Audit found that in 2020, VIO took more than 3 weeks to inspect 716 (14% of 4,946) vehicles after receipt of the respective defective vehicle reports. In one case, VIO had taken 21 working days to issue the Vehicle Examination Order to the vehicle owner, and there was no record showing that VIO had advised the vehicle owner to produce documentary proof for justifying the deferrals of defective vehicle inspection twice. In Audit's view, TD needs to take actions to ensure that defective vehicle inspections are conducted in accordance with the timeframe specified in its guidelines and require a vehicle owner to produce documentary proof for justifying a request for deferring an inspection (paras. 3.9, 3.12, 3.13 and 3.15).

14. *Need to step up efforts in enhancing system security to minimise the risk of potential hacking in future.* TD has two online booking systems, namely the Online Booking System for Type Approval and Pre-registration Vehicle Inspection and the Online Vehicle Annual Examination Booking and Rescheduling System, for making appointments for pre-registration examination and annual examination to be

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conducted in government vehicle examination centres respectively. On 17 June 2021, the Vehicle Inspection Scheduling Control System, which supported the online booking systems of the government vehicle examination centres and DCTCs, broke down. The online vehicle examination booking systems have since been suspended. Shortly after the discovery of the suspected hacking into the computer system of TDVEC, TD had taken prompt remedial actions including: (a) setting up telephone booking hotlines for booking and scheduling of vehicle examinations to be conducted in TDVEC on 23 June 2021; and (b) forming a working group comprising TD, the Electrical and Mechanical Services Trading Fund (EMSTF) and the contracted system developer in late June 2021 to oversee the implementation of the follow-up actions on the information security controls. Furthermore, following the completion of an investigation conducted by a specialist investigator engaged by EMSTF, a thorough system review, system security enhancements and a Security Risk Assessment and Audit would be conducted to minimise the risk of potential hacking in future. In Audit's view, TD needs to take actions to resume the online vehicle examination booking systems as soon as possible and draw lessons from the TDVEC's system security incident with a view to enhancing TD's system security so as to minimise the risk of potential hacking in future (paras. 3.6, 3.7 and 3.20 to 3.23).

15. ***Need to plan ahead to ensure that recruitment exercises are conducted in a timely manner.*** TD's Motor Vehicle Examiner (MVE) and Vehicle Tester (VT) grades staff are deployed on the day-to-day operation of vehicle examination services. As at 1 April 2021: (a) 5 MVE I posts were vacant and were filled by acting arrangements by MVE II rank staff; (b) 10 MVE II posts were vacant, and 10 post-retirement service contract (PRSC) staff were employed to meet the manpower shortfall and assist in the relocation of the vehicle examination centres; and (c) 7 VT posts were vacant and 6 PRSC staff were employed to meet the manpower shortfall. Audit found that, despite that vacancies of MVE II and VT were anticipated on 1 April 2020 and 1 April 2021 respectively, recruitments of the two ranks only commenced in October 2020 and July 2021 respectively (paras. 3.24, 3.26 and 3.29).

16. ***Need to increase the number of on-site surprise checks and spot checks.*** The DCTC Monitoring Unit of VSSD is responsible for monitoring the operations of DCTCs and each MVE I and MVE II conducts 10 and 40 surprise checks (covering all DCTCs) respectively per month on average. Besides, a MVE I/II performs spot checks on vehicles undertaking annual examination in a DCTC during his surprise check. Audit noted that from 2018 to 2020: (a) while the number of DCTCs slightly dropped from 41 to 40, the number of surprise checks significantly decreased by 829 (43%) from 1,911 to 1,082 during the period; and (b) while the number of vehicle

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examinations conducted at the DCTCs increased by 26,320 (8%) from 345,377 to 371,697, the number of spot checks decreased by 737 (21%) from 3,584 to 2,847 during the period. For the first seven months of 2021, the percentage of spot checks was 0.6%, which was below the 1% target laid down in DCTC Monitoring Procedures (paras. 3.33 and 3.35).

Administration of Lantau Closed Road Permits

17. Lantau Closed Road Permits (LCRPs) cover all closed roads on South Lantau (designated as closed roads since the 1970s). Vehicles travelling on those closed roads must possess valid LCRPs issued by TD. Four types of LCRPs are issued under the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E), namely the Long-term LCRPs (LCRP(LT)s), Temporary LCRPs (LCRP(T)s), Temporary LCRPs (for tour services of non-franchised buses) (LCRP(NFB)s) and Temporary LCRPs (under the Driving on Lantau Island Scheme) (LCRP(DLS)s). While LCRP(LT)s and LCRP(T)s are generally issued to residents/business operators on South Lantau and people with temporary needs to enter South Lantau respectively, the other two types are for tourism purposes (paras. 1.8 and 4.2). Audit examination revealed the following areas for improvement:

- (a) ***Need to improve the processing of applications for LCRP(LT)s/LCRP(T)s.*** Audit sample check of the 50 applications for LCRP(LT)s/LCRP(T)s (involving the issue of 20 LCRP(LT)s and 67 LCRP(T)s) approved on 30 November 2020 and 1 June 2021 revealed the following issues:
 - (i) ***Irregularities in supporting documents not found by TD.*** In two cases in which TD had issued to each of the two applicants a 12-month LCRP(T), there were irregularities (e.g. invoices not showing the concerned South Lantau address) in the supporting documents submitted by the applicants; and
 - (ii) ***Checklist for vetting applications not used or not properly completed.*** Since January 2020, TD had introduced a manual checklist for vetting applications to enhance the consistency of handling applications by different officers. However, in some cases, the checklist was not used or not properly completed (e.g. in nine cases, the processing officers did not use the checklist for vetting applications) (para. 4.7); and

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- (b) ***Need to take measures to address the use of illegal or invalid LCRPs.*** From time to time, there are reported cases on suspected illegal activities involving LCRPs (e.g. using forged LCRPs or photocopied LCRPs). While there have been requirements in place to control the use of expired LCRPs and LCRP(LT)s that may no longer be needed by the applicants to meet their daily transportation needs, Audit noted inadequacies in the enforcement of such requirements, as follows:
- (i) ***Statutory requirement on expired LCRPs.*** According to the Road Traffic (Registration and Licensing of Vehicles) Regulations, permittees are required to return LCRPs to TD upon expiry. Any person who without reasonable excuse contravenes such requirement commits an offence and is liable to a fine. While the return rate of expired LCRPs was very low, TD had not taken any follow-up actions with the permittees concerned on the return of their expired LCRPs; and
- (ii) ***Requirement on LCRP(LT)s that may no longer be needed to meet daily transportation needs.*** Upon submission of the application form, an applicant undertakes to notify TD in writing immediately upon any change in the particulars given in the application form. In one case, Audit noted that in May 2021, a permittee, who was no longer a resident on South Lantau, had not informed TD of the change of address nor applied for cancellation of LCRP(LT) issued to him until TD issued to him a letter for clarification (paras. 4.8 and 4.9).

Audit recommendations

18. **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 Commissioner for Transport should:**

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Operation of Transport Department's Licensing Offices

- (a) **critically review the manpower requirements and explore effective ways to cope with the change of mode of operations of the licensing offices (para. 2.27(a));**
- (b) **compile statistics on the number of transactions of individual licensing offices, and closely monitor the workload of the four licensing offices for flexible deployment of staff among the offices (para. 2.27(b) and (c));**
- (c) **take measures to further relieve the congested environment at the waiting hall of KLO (para. 2.27(d));**
- (d) **continue to promote the use of the e-service of providing reminder messages for renewal of vehicle licences and step up efforts to remind vehicle owners about timely renewal of vehicle licences (para. 2.27(e));**
- (e) **explore the feasibility of setting up a queue ticketing system to replace the existing queueing system for driving licence-related services, where practicable (para. 2.27(f));**
- (f) **reassess the allocation of ABS quota among different licensing services and licensing offices taking into account the prevailing service demand (para. 2.27(h));**
- (g) **closely monitor the no-show rate of ABS and take measures to reduce the no-show rate (para. 2.27(i));**
- (h) **continue to step up publicity efforts to promote the use of online application for licensing services (para. 2.27(j));**
- (i) **take measures to improve the workflow of non-counter licensing services with a view to improving the efficiency in providing non-counter services (para. 2.38(a));**

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- (j) **improve the assessment of the performance of licensing services, including:**
 - (i) **exploring the feasibility of implementing a queue ticketing system which helps TD capture data of queueing time and processing time automatically for over-the-counter transactions (para. 2.38(c)(i));**
 - (ii) **making use of computer software to capture dates of receipt of applications and dates of completion of processing for analysis of processing time of non-counter transactions (para. 2.38(c)(ii)); and**
 - (iii) **taking measures to solicit public opinion from applicants applying for licensing services through non-counter means (para. 2.38(c)(vi));**

Vehicle examination

- (k) **take actions to ensure that defective vehicle inspections are conducted in accordance with the timeframe specified in TD's guidelines and require a vehicle owner to produce documentary proof for justifying a request for deferring an inspection (para. 3.16(b));**
- (l) **take actions to resume the online vehicle examination booking systems as soon as possible and draw lessons from the incident with a view to enhancing TD's system security so as to minimise the risk of potential hacking in future (para. 3.30(a));**
- (m) **plan ahead to better address staff shortage due to normal retirement and take measures to ensure that recruitment exercises are conducted in a timely manner (para. 3.30(b));**
- (n) **take measures to ensure that the number of on-site surprise checks and spot checks comply with the targets as laid down in TD's DCTC Monitoring Procedures (para. 3.38);**

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Administration of LCRPs

- (o) **strengthen the checking of supporting documents with a view to ensuring that only applications for LCRP(LT)s/LCRP(T)s that are fully supported will be approved, and remind TD staff to strictly follow the requirements in TD's guidelines in respect of using the manual checklist for vetting applications (para. 4.12(a) and (c)); and**

- (p) **remind permittees to return their expired permits and notify TD in writing immediately upon any change in the particulars given in the application form (para. 4.12(f) and (g)).**

Response from the Government

19. The Commissioner for Transport 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.

Management of road traffic

1.2 The Transport Department (TD) is the authority for administering the Road Traffic Ordinance (Cap. 374) and the legislation for the management of road traffic, regulation of public transport services and operation of major transport infrastructures. TD is committed to providing the world's best transport system which is safe, reliable, efficient, environmentally friendly and satisfying to both users and operators. It also strives to keep Hong Kong moving by managing road traffic, regulating public transport services, licensing drivers and vehicles, promoting road safety as well as planning for the future to cope with the growth in demand for transport facilities and services.

Licensing services and vehicle examination

1.3 ***Registration and licensing of vehicles.*** In order to protect the safety of road users, all vehicles running on road are required to be registered and licensed under the Road Traffic Ordinance as follows:

- (a) ***Vehicle registration.*** Vehicle registration, normally a one-off process, means giving the vehicle a registration mark and putting it into its appropriate class, e.g. private car and light goods vehicle. Through the registration process, a link between a vehicle and an owner or a user of the vehicle is established. The link might be used for taxation (Note 1) or law enforcement purpose. To facilitate the trade in applying for volume production vehicles for first registration, TD has been adopting a type approval mechanism to pre-scrutinise the design and construction of a new vehicle model/type and offer a sample check service on the essential features of the new vehicle model/type to confirm that the vehicle conforms

Note 1: *On the first registration of a motor vehicle, a first registration tax is calculated on the basis of the published retail price of the vehicle or the provisional taxable value assessed by the Customs and Excise Department.*

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to relevant regulations (Note 2) before the model/type could be offered for sale and subsequent registration;

- (b) **Vehicle re-registration.** When the registration of a vehicle was cancelled, the registered owner has to apply for re-registration of the vehicle with TD for obtaining a new vehicle licence; and
- (c) **Licensing of vehicles.** Licensing of a vehicle takes place after registration. Licensing, which is annually or four-monthly, allows the vehicle to be legally driven on roads. Except for private cars manufactured less than 6 years before licensing, motorcycles and motor tricycles, all other vehicles (see para. 1.4(a) to (d)) have to pass an annual vehicle examination before their owners can apply for vehicle licences.

1.4 **Vehicle examination.** All vehicles to be registered in Hong Kong are required to go through type approval (see para. 1.3(a)) and/or pre-registration examination (see Note 2 to para. 1.3(a)) to certify that they comply with relevant ordinances/regulations (Note 3). They are also required to undertake roadworthiness examinations, as follows:

- (a) **Private cars.** All private cars manufactured not less than 6 years before licensing are required to receive annual vehicle examination and be issued a Certificate of Roadworthiness (CR) for the renewal of licence;
- (b) **Buses.** All buses are required to pass the CR examination annually and be issued a CR for renewing the licence. A Certificate of Fitness Examination is required for all non-franchised and private buses once every 3 years starting from the 13th year after the year of manufacture of the bus chassis;

Note 2: *Any importer of a motor vehicle for use in Hong Kong is required to prove that the vehicle is fully compliant with the prevailing emission standards and noise control requirements. The vehicle is also subject to a pre-registration examination in a government vehicle examination centre (see Note 4 to para. 1.4).*

Note 3: *These include the Road Traffic Ordinance and its subsidiary legislations (in particular the Road Traffic (Construction and Maintenance of Vehicles) Regulations (Cap. 374A) and the Road Traffic (Safety Equipment) Regulations (Cap. 374F)), the Air Pollution Control (Vehicle Design Standards)(Emission) Regulations (Cap. 311J) and the Noise Control (Motor Vehicles) Regulation (Cap. 400I).*

- (c) **Taxis.** Taxis are required to pass mandatory examination annually for the renewal of vehicle licence. Taxi meters are required to be tested half-yearly; and
- (d) **Light buses, goods vehicles, special purpose vehicles and trailers.** These vehicles are required to pass mandatory examination annually for the renewal of vehicle licence.

Depending on the types of vehicles, vehicle examination can be conducted in the three government vehicle examination centres (Note 4) and 40 privately-owned Designated Car Testing Centres (DCTCs — Note 5) which are monitored by TD. In 2020, some 170,400 and 372,000 vehicles were inspected at the government vehicle examination centres and DCTCs respectively. Any person who uses on any road any vehicle which does not comply in all respects with the provisions of any enactment relating to the Road Traffic (Construction and Maintenance of Vehicles) Regulations, or permits such vehicles to be used, commits an offence.

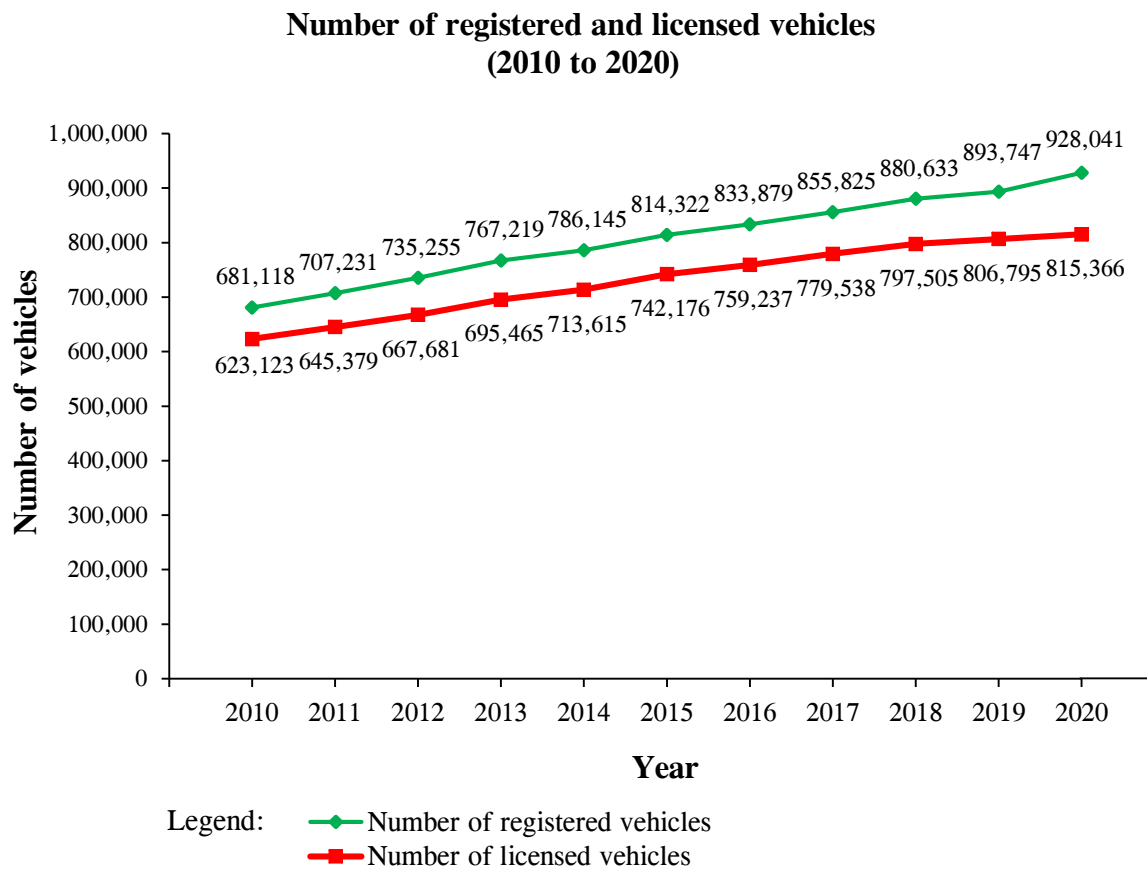
1.5 As at 31 December 2020, the numbers of registered and licensed vehicles (including trailers and government vehicles — Note 6) were 928,041 and 815,366 respectively, representing an increase of 36% and 31% respectively as compared to the corresponding figures of 681,118 and 623,123 as at 31 December 2010. Figure 1 shows the number of registered and licensed vehicles for the period from 2010 to 2020.

Note 4: *The three government vehicle examination centres are the Transport Department Vehicle Examination Complex in Tsing Yi, the To Kwa Wan Vehicle Examination Centre and the Sheung Kwai Chung Vehicle Examination Centre.*

Note 5: *The government vehicle examination centres conduct examination for buses, light buses, taxis, goods vehicles (gross vehicle weight exceeding 1.9 tonnes), special purpose vehicles, and trailers, while privately-owned DCTCs conduct annual examination for private cars and light goods vehicles with gross vehicle weight not exceeding 1.9 tonnes.*

Note 6: *Some 6,000 government vehicles were administered by the Government Logistics Department and other relevant government bureaux/departments.*

Figure 1



Source: TD records

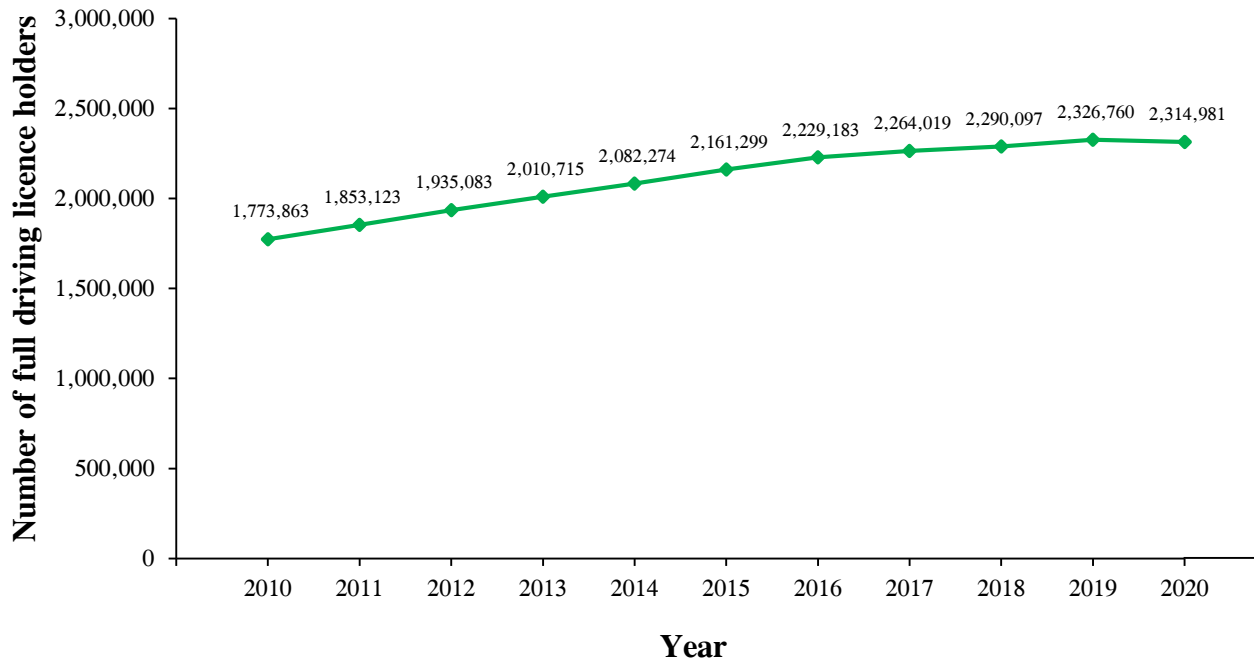
Remarks: The numbers reflect the snapshot positions as at 31 December of the relevant years.

1.6 **Licensing of drivers.** Similar to vehicle licensing, a person is required to hold a valid driving licence before he can drive a vehicle. As at 31 December 2020, the number of full driving licence holders (Note 7) was 2.3 million, representing an increase of 541,118 (31%) from 1.8 million as at 31 December 2010 (see Figure 2).

Note 7: Any person who applies to take a driving test for motorcycle, motor tricycle, private car or light goods vehicle is only eligible to apply for a probationary driving licence upon passing the test. The holder of a probationary driving licence is subject to additional driving restrictions and only eligible to apply for a full driving licence after satisfactory completion of a 12-month probationary driving period.

Figure 2

**Number of full driving licence holders
(2010 to 2020)**



Legend: ◆ Number of full driving licence holders

Source: TD records

Remarks: The numbers reflect the snapshot positions as at 31 December of the relevant years.

Other licensing services

1.7 Other than issue of vehicle and driver licences, TD issues licences under the passenger service licence system for carrying public passengers and permits under the Road Traffic Ordinance for different purposes, including:

- (a) ***Closed Road Permits.*** Any person who wishes to drive a motor vehicle, or wishes a motor vehicle to be driven, on a road closed in accordance with the Road Traffic (Traffic Control) Regulations (Cap. 374G) may apply to the Commissioner for Transport for a closed road permit. The Commissioner may issue a closed road permit subject to such conditions and for such period as she may think fit; and

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- (b) ***Bus lane permits, prohibited zone permits and restricted zone permits.*** Any person who wishes to drive a motor vehicle, or wishes a motor vehicle to be driven, in a bus lane or prohibited zone within the meaning of the Road Traffic (Traffic Control) Regulations, or wishes to drive or use a motor vehicle, or wishes a motor vehicle to be driven or used, in a restricted zone within the meaning of the Regulations may apply to the Commissioner for Transport for a permit for that purpose.

1.8 ***Lantau Closed Road Permits (LCRPs).*** Of the 60,435 permits issued by TD in 2020, 21,374 (35%) permits were LCRPs. LCRPs cover all closed roads on South Lantau (designated as closed roads since the 1970s). Vehicles travelling on those closed roads must possess valid LCRPs issued by TD. Four types of LCRPs are issued under the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E):

- (a) ***Long-term LCRPs (LCRP(LT)s).*** The permits are issued to South Lantau residents and business operators to meet their daily transportation needs. Each dwelling unit or business unit on South Lantau will only be issued with one LCRP(LT) upon application. The validity period of such permits is normally 12 months;
- (b) ***Temporary LCRPs (LCRP(T)s).*** The permits are for persons and business operators with genuine needs to enter South Lantau (e.g. for home removal, construction works, and ceremonial activities). This type of permit is issued on a need basis;
- (c) ***Temporary LCRPs (for tour services of non-franchised buses (NFBs)) (LCRP(NFB)s).*** The permits are issued to coach companies and organisers of tour services using NFBs, subject to a daily quota of 40 NFBs; and
- (d) ***Temporary LCRPs (under the Driving on Lantau Island Scheme — DLS) (LCRP(DLS)s).*** DLS was introduced in February 2016. Under the Scheme, private cars are allowed to access the closed roads on South Lantau daily from Monday to Friday (except public holidays) during the hours from 8:00 a.m. to 7:00 p.m. for recreational and leisure purposes. A quota of 25 for private cars (of which a quota of five is set aside for electric private cars) could be issued under DLS to the general public.

The issuance of LCRPs has attracted public concern, in particular from local residents and green groups, regarding the preservation of South Lantau as a natural conservation area on one hand and accommodating the commuting needs of local residents and business operators on the other.

Extension of online licensing services and collection of e-contact means

1.9 At present, applicants can submit licensing applications to TD over the counter, by post, by drop-in box or via online. TD also provides various types of online licensing services, such as application for renewal of vehicle licence and renewal of full driving licence. TD plans to extend online application to over 20 licensing services with the adoption of “iAM Smart” mobile application (Note 8) in the next few years. Members of the public may fill in and submit applications with mobile phones at any time without the need to wait at counters. It is anticipated that the extension of online services will bring greater convenience to the public with a view to saving their queuing time and reducing the reliance on service counters to process licensing applications.

1.10 As announced in the 2021 Policy Address, TD will progressively implement the Free-Flow Tolling System (Note 9) at government tolled tunnels and the Tsing Sha Control Area from the end of 2022. To facilitate the implementation of the System, a legislative amendments exercise has been carried out to empower TD to collect e-contact means from vehicle owners starting from 1 November 2021. All vehicle owners are required to provide e-contact means when submitting vehicle-related licensing applications. TD will explore the feasibility of utilising the e-contact means collected from vehicle owners to further enhance communication with vehicle owners.

Note 8: *The “iAM Smart” mobile application provides a one-stop personalised digital services platform, which enables users to log in and use online services by their personal mobile phones in a smart and convenient way. “iAM Smart” users could conduct authentication, digital signing, automatic form filling and set up personalised notifications services for receiving government service updates.*

Note 9: *The Free-Flow Tolling System enables motorists to pay tunnel tolls with ease using toll tags, without having to stop or queue up at toll booths for payments, thereby bringing convenience to motorists and improving tunnel traffic.*

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Responsible units of TD

1.11 The licensing of vehicles and drivers is under the programme area “Licensing of Vehicles and Drivers” (Note 10) of TD. According to TD’s Controlling Officer’s Report (COR), the total estimated expenditure for the programme area in 2021-22 was \$604.1 million. The Administration and Licensing Branch of TD (Appendix A) is responsible for operating an efficient vehicle and driver registration and licensing system, and promoting road safety through the efficient regulation of vehicles and drivers. It includes the following Divisions:

(a) *The VALID and Licensing Division:*

- (i) the Licensing Section of the Division is responsible for:
- managing and operating four licensing offices, namely the Hong Kong Licensing Office (HKLO) (in Admiralty), the Kowloon Licensing Office (KLO) (in Cheung Sha Wan), the Kwun Tong Licensing Office (KTLO) and the Sha Tin Licensing Office (STLO);
 - handling the licensing matters of vehicles and drivers, including vehicle inspections and records and auction of vehicle registration marks;
 - initiating business re-engineering programmes to enhance customer services and streamline procedures related to vehicle and driver licensing; and
 - supporting the tax incentive schemes for purchase of environment-friendly private cars and commercial vehicles; and
- (ii) the VALID Project Section of the Division is responsible for:

Note 10: *The aims of the programme area are to operate an efficient vehicle and driver registration and licensing system, and to promote road safety through the efficient regulation of vehicles and drivers.*

- developing and maintaining the effective operation of a web-based computerised licensing system (see para. 1.13); and
- issuing of Closed Road Permits and Notices, and dealing with all licensing matters pertaining to cross boundary vehicles.

As at 30 June 2021, the VALID and Licensing Division had an establishment of 292 staff; and

(b) ***The Vehicle Safety and Standards Division (VSSD)***. The Division is responsible for:

- (i) managing the vehicle examination centres (see para. 1.4) to provide vehicle examination services and perform type approval of motor vehicles and their alterations;
- (ii) advising on vehicle safety design and maintenance;
- (iii) monitoring the maintenance quality of franchised bus companies; and
- (iv) updating of the Road Traffic (Construction and Maintenance of Vehicles) Regulations (Cap. 374A).

As at 1 April 2021, VSSD had an establishment of 123 staff for managing the government vehicle examination centres and monitoring the management, operation and maintenance (MOM) contractor (see para. 3.3) and DCTCs.

1.12 Applications of LCRPs are mainly processed by the New Territories Regional Offices of TD (see Appendix A).

Vehicles and Drivers Licensing Integrated Data System

1.13 TD owns and operates a computer-based system, known as the Vehicles and Drivers Licensing Integrated Data System (VALID System), for providing

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services relating to the registration of vehicles, transfer of vehicle ownership, issue and renewal of driving and vehicle licences, reservation of vehicle registration marks, and change of particulars of drivers and vehicle owners. According to TD, the VALID System was introduced in 1974 and upgraded to the fourth generation in 2007. The current fifth generation of VALID System (VALID V System) was rolled out in August 2017. It is a complex web-based computer system capable of handling a large increase in users, workload or transactions. The System also has the flexibility for system enhancement, and the ability for real-time data exchange (between system and subsystems), sharing of database and round-the-clock operation.

Audit review

1.14 In May 2021, the Audit Commission (Audit) commenced a review to examine the vehicle licensing and examination services provided by TD, focusing on:

- (a) operation of TD's licensing offices (PART 2);
- (b) vehicle examination (PART 3); and
- (c) administration of LCRPs (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

1.15 The Secretary for Transport and Housing welcomes the audit recommendations. He has said that:

- (a) the Transport and Housing Bureau supports TD's proposed follow-up actions which would contribute to the goal of delivering more reliable and efficient public service through enhanced monitoring, wider adoption and prudent use of information technologies. This in turn will bring more convenience to members of the public seeking vehicle licensing and examination services; and

- (b) TD has plans to adopt more electronic means in the provision of its services. For instance, the 2021 Policy Address Supplement has mentioned the Government's plan to amend the Road Traffic Ordinance to accept electronic driving licences presented by mobile applications to bring greater convenience to driving licence holders. The Transport and Housing Bureau will continue to oversee TD in its pursuit on legislative proposals to enable it to enhance public service delivery.

1.16 The Commissioner for Transport agrees with the audit recommendations.

Acknowledgement

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

PART 2: OPERATION OF TRANSPORT DEPARTMENT'S LICENSING OFFICES

- 2.1 This PART examines the operation of TD's licensing offices, focusing on:
- (a) services provided by licensing offices (paras. 2.2 to 2.28); and
 - (b) performance reporting (paras. 2.29 to 2.39).

Services provided by licensing offices

2.2 TD operates four licensing offices (i.e. HKLO, KLO, KTLO and STLO — see para. 1.11(a)(i)) to provide various types of licensing services. Major licensing services provided by the licensing offices are (Note 11):

- (a) ***Licensing services for vehicles.*** They include first registration/re-registration of vehicle, issue/renewal of vehicle licence, transfer of vehicle ownership and retention/assignment of vehicle registration mark; and
- (b) ***Licensing services for drivers.*** Such services include first issue/renewal of full driving licence, driving instructor's licence, probationary driving licence, learner's driving licence and issue of international driving permit.

In general, an application for licence or permit can be made in person, by post, drop-in box (located in TD's licensing offices or designated Hong Kong post offices) or via online. A list of licensing services provided by the four licensing offices as at 30 June 2021 is at Appendix B.

Note 11: *Other licensing services provided by TD's licensing offices include issue of various vehicle permits/licences (e.g. excess passengers permit, long load/wide load permit and expressway permit), which account for less than 10% of the transaction volume of licensing services provided by the licensing offices.*

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2.3 According to TD, the range of services available at the four licensing offices are set with reference to their locations, sizes and staffing. For small licensing offices such as KTLO and STLO, they focus on providing essential licensing services, such as renewal of driving licences, vehicle licences and issuance of international driving permits, etc. For large licensing offices (e.g. HKLO), they can provide a variety of services (see Appendix B).

Need to critically review the manpower requirements of licensing offices

2.4 As of December 2020, there were 928,041 registered vehicles, 815,366 licensed vehicles, 2,314,981 full driving licence holders, 95,975 learner's driving licence holders and 38,045 probationary driving licence holders. As shown in Tables 1 and 2, from 2016 to 2020, while the number of transactions decreased by 236,000 (7%) from 3,275,000 to 3,039,000, the number of staff (including civil servants, non-civil service contract (NCSC) staff, post-retirement service contract (PRSC — Note 12) staff and agency staff (Note 13)) increased by 69 (29%) from 242 as at 1 April 2016 to 311 as at 1 April 2020. The number of staff further increased by 47 (with an increase of 52 agency staff) to 358 as at 1 April 2021.

Note 12: *The Government introduced a new PRSC Scheme in November 2015. The Scheme seeks to enable bureaux/departments to flexibly adjust their staffing level and staff mix to meet their service needs; facilitate transfer of expertise/experience by tapping the pool of retired/retiring civil servants; and ensure the quality, efficiency and cost-effectiveness of service delivery through flexible deployment of manpower resources.*

Note 13: *The agency staff referred hereto are the non-civil service personnel provided through procurement of various licensing services at the licensing offices.*

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Table 1

**Annual transaction volume of TD's licensing offices
(2016 to 2020)**

Year	Number of transactions ('000)		
	Driving licence	Vehicle licence	Total
2016	1,507	1,768	3,275
2017	1,874	1,858	3,732
2018	1,931	1,871	3,802
2019	1,818	1,865	3,683
2020	1,240 (Note)	1,799	3,039

Source: TD records

Note: According to TD, the decrease in the number of driving licence transactions was mainly due to the decrease in the number of issuance of international driving permits during the coronavirus disease (COVID-19) epidemic and renewal of full driving licences.

Remarks: As the licensing offices provide licensing services for both vehicles and drivers, the driving licence transactions are included in the review of the workload of licensing offices and the performance measurement. According to TD, manpower of the licensing offices is flexibly deployed in the provision of licensing services for vehicles and drivers in a holistic manner.

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Table 2

**Number of staff in the four licensing offices
(2016 to 2021)**

Licensing office	Number of staff as at 1 April						Increase/ (decrease) 2021 vs 2016
	2016	2017	2018	2019	2020	2021	
HKLO	113	112	115	128	135	158	45 (+40%)
KLO	69	98	91	87	92	106	37 (+54%)
KTLO	27	32	36	32	36	39	12 (+44%)
STLO	33	38	41	42	48	55	22 (+67%)
Total	242	280	283	289	311	358	116 (+48%)
Filled by:							
- civil servants	186	211	236	229	241	238	52 (+28%)
- NCSC staff	35	46	26	25	27	25	(10) (-29%)
- PRSC staff	—	6	5	6	6	6	6 (N/A)
- agency staff	21	17	16	29	37	89 (Note)	68 (+324%)

Source: Audit analysis of TD records

Note: Of the 89 agency staff as at 1 April 2021, the cost of hiring 33 agency staff was funded by the Anti-epidemic Fund which was set up by the Government to relieve financial burdens of individuals and businesses and to keep workers in employment.

2.5 Audit noted that from 2016 to 2019, the number of transactions increased by 408,000 (12%) from 3,275,000 to 3,683,000, after reaching the peak of 3,802,000 in 2018. From 1 April 2016 to 1 April 2019, the number of staff increased by 47 (19%) from 242 to 289. From 2019 to 2020, the number of transactions dropped to 3,039,000 mainly due to the coronavirus disease (COVID-19) epidemic (see Note to Table 1 in para. 2.4). However, the number of staff increased by 69 (24%) from 289 as at 1 April 2019 to 358 as at 1 April 2021. The increase was mainly attributable to the significant increase in the number of agency staff by 60 from 29 as at 1 April 2019 to 89 as at 1 April 2021. According to TD:

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- (a) additional licensing service contracts were procured amid the COVID-19 epidemic when walk-in counter services had been suspended for over six months and applications received through non-counter means (i.e. through drop-in box, by post and online) increased significantly. Given the substantial increase in the number of applications received through non-counter means, and that handling of such applications required longer processing time (see para. 2.31(a)), additional manpower was needed and was fulfilled by the procurement of licensing service contracts. The costs of procuring some licensing service contracts were funded by the Anti-epidemic Fund which was set up by the Government to relieve financial burdens of individuals and businesses and to keep workers in employment (see Note to Table 2 in para. 2.4). The additional agency staff from these service contracts had helped work down the number of application backlogs accumulated and rolled over from each working day, which had been over 30,000 for months during the suspension of walk-in counter services. Furthermore, these additional staff had helped increase the productivity and efficiency of the licensing offices, which in turn improved the service quality as a whole;
- (b) it was exploring the possibility of securing its own funding to continue the procurement of various licensing service contracts at the licensing offices in order to provide sufficient manpower support to sustain a satisfactory service level along with the increasing workload due to the growing trend in the number of driving licence holders and licensed vehicles, as well as the extension of online services to various types of applications in the coming years. It would review and adjust the number of licensing service contracts on a yearly basis in response to the actual service needs;
- (c) with reference to the statistics from January to August 2021, it was estimated that there would be an increase of 10% in the number of transactions in 2021 compared to that of 2020. It anticipated that the demand for licensing services would continue to increase in the years to come; and
- (d) as the demand for licensing services was on a long-term and recurrent basis, it would continue its effort to review the manpower requirement on a regular basis.

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As announced in the 2020 Policy Address, the Civil Service Bureau (CSB) has set a target of zero growth in the civil service establishment in 2021-22 in order to contain the growth in establishment expenditure. CSB has encouraged government bureaux and departments (B/Ds) to enhance effectiveness through re-prioritisation, internal redeployment and streamlining of work processes so that the workload can be coped with even without increase in civil service establishment. In view of the Government's pledge to contain the growth of civil service establishment, Audit considers that TD needs to critically review the manpower requirements and explore effective ways to cope with the change of mode of operations of the licensing offices.

Need to compile management information to facilitate the monitoring of workload of licensing offices

2.6 From 2016 to 2019, the number of licensing transactions increased by 408,000 (12%) from 3,275,000 to 3,683,000. In 2020, the number of transactions decreased to 3,039,000 mainly due to the COVID-19 epidemic (see Note to Table 1 in para. 2.4). In June 2021, Audit requested TD to provide the workload statistics for each of the four licensing offices from 2016 to 2020 for analysis. However, in August 2021, TD informed Audit that the pertinent management information was not readily available (Note 14) but it endeavoured to provide an estimate of workload by taking stock of the number of transactions from 26 to 30 July 2021 in each licensing office (see Table 3). Taking into account the number of staff who directly handled the licensing transactions (i.e. HKLO: 131; KLO: 92; KTLO: 33 and STLO: 47), Audit noted that the number of transactions per staff in HKLO and KLO for the five-day period was around 1.5 times those of KTLO and STLO. In response to Audit's enquiry, in October 2021, TD said that:

- (a) KTLO and STLO were strategically positioned to operate in a smaller scale to provide core licensing services and process back-end postal applications. The number of transactions processed by KTLO and STLO hinged on the designated service nature, the scale (i.e. number of staff and counters) and the demographic needs. For certain types of tasks, the workload could not be simply quantified or reflected by the transaction number. For example, the administrative work involved in issuing over 300,000 "Full Driving Licence Renewal Notice cum Application Form" and its reminder to

Note 14: *According to TD, VALID could only generate a breakdown of the transaction figures by categories but not by licensing offices for internal management purposes.*

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driving licence holders every year by STLO was not included in the number of transactions in Table 3;

- (b) as majority of postal applications were handled by KTLO and STLO (Note 15) , in estimating the workload per licensing office, the additional workload and effort for handling the applications received by post should also be taken into account. This included the longer processing time required and the additional working procedures adopted as compared to applications processed at counters at all licensing offices when walk-in counter services were suspended amid the COVID-19 epidemic (see para. 2.31(a)); and
- (c) in view of the different services and strategic purposes served by the larger and smaller licensing offices, it would only be fair to compare the transaction statistics within the same licensing office over the years instead of comparing among different licensing offices.

Note 15: *For KTLO and STLO, postal applications accounted for about 19% and 14% of the transactions handled by them from 26 to 30 July 2021 respectively.*

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Table 3

**Number of transactions at the licensing offices
(26 July 2021 to 30 July 2021)**

Licensing office	Office area (Square metre)	Number of counters	Number of transactions
HKLO	1,240 (Note)	41 (47%)	36,928 (51%)
KLO	1,600	27 (31%)	22,312 (30%)
KTLO	395	8 (9%)	5,596 (8%)
STLO	742	11 (13%)	8,050 (11%)
Total	3,977	87 (100%)	72,886 (100%)

Source: Audit analysis of TD records

Note: The office area of HKLO excluded the common areas (such as pantry and conference room) shared with other units of TD accommodated at the same office premises in the Admiralty.

2.7 In Audit's view, TD needs to:

- (a) compile statistics on the number of transactions of individual licensing offices; and
- (b) closely monitor the workload of the four licensing offices and flexibly deploy staff among the offices.

***Need to take measures to further
relieve the congested environment at KLO***

2.8 According to TD, there had been queueing disorder problems at KLO in the past years which caused nuisance at the waiting hall and interrupted KLO's normal operation. In response, KLO has suitably implemented and displayed queueing rules to maintain good queueing order and ensure the fair use of public services. For

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example, joining the queue without completed application form(s) and/or required document(s) in hand is forbidden. With the promulgation of the queueing rules and frequent monitoring of KLO staff, the misbehaviours have been greatly reduced and the queueing order has been improved considerably.

2.9 In August and September 2021, Audit visited the four licensing offices (three times per office) and noted longer queues and more congested environment in KLO as compared with the other three offices, though the queueing order was satisfactory (see Appendix C). Audit also noted that in order to expedite the processing of applications submitted by walk-in applicants, advanced appointment booking for vehicle licensing services in KLO ceases at 3:00 p.m. so as to allocate more service counters to process walk-in applications. Audit considers that although queueing disorder problems have been improved, TD needs to take measures to further relieve the congested environment at the waiting hall of KLO, taking into account the need for maintaining social distancing amid COVID-19 epidemic.

Renewal of vehicle licences after expiry

2.10 According to Road Traffic (Registration and Licensing of Vehicles) Regulations, no motor vehicle shall be upon or used on any road unless a valid vehicle licence in respect of the vehicle is displayed (Note 16). A vehicle licence may be renewed within four months before expiry and the renewed licence shall take effect from the date of expiry of the existing vehicle licence. For application for renewal after the expiry date, its validity period will start from the date of issue of the licence. The total fee paid in this case is the licence fee plus an additional fee, which is 0.33% of the licence fee for each day of the unlicensed period since the previous licence expired. If the Commissioner for Transport is satisfied that the vehicle has not been used on a road during the unlicensed period, this additional fee may be waived (Note 17). Table 4 shows the analysis of renewals of vehicle licences after expiry in the period from 2016 to 2020. The additional fees received by TD ranged from \$7.9 million to \$8.9 million in each year from 2016 to 2020.

Note 16: *If no vehicle licence has been in force for two years, TD will send a notice to the vehicle owner informing him that, if the vehicle is not licensed within 15 days after the date of notice, the registration of the vehicle may be cancelled.*

Note 17: *If a vehicle has not been used in the unlicensed period, the vehicle owner may make a declaration on the application form to apply for waiving the additional fee.*

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Table 4

**Analysis of renewals of vehicle licences after expiry
(2016 to 2020)**

Year	Number of renewals of vehicle licences after expiry			Number of licensed vehicles as at 31 Dec (d)	Percentage of renewals of vehicle licences after expiry $(e) = \frac{(c)}{(d)} \times 100\%$
	Additional fees payable (a)	Additional fees waived (b)	Total (c) = (a) + (b)		
2016	20,800	104,700	125,500	759,200	16.5%
2017	20,800	107,800	128,600	779,500	16.5%
2018	22,400	114,100	136,500	797,500	17.1%
2019	22,000	116,100	138,100	806,800	17.1%
2020	18,900	113,600	132,500	815,400	16.2%

Source: Audit analysis of TD records

Remarks: Figures are rounded to the nearest hundred.

2.11 Audit examination revealed that there were 119,708 cases of renewal of vehicle licences after expiry from 1 August 2020 to 31 July 2021. Additional fees were payable in 16,502 (14%) cases whereas the fees were waived for the remaining 103,206 (86%) cases. Of the 16,502 cases in which the additional fees were payable, there were 1,283 (7.8%) cases with unlicensed period more than 90 days (see Table 5).

Table 5

**Analysis of unlicensed days of vehicles with the additional fees payable
(1 August 2020 to 31 July 2021)**

Number of unlicensed days (days)	Number of cases
1 - 30	12,345 (74.8%)
31 - 60	2,308 (14.0%)
61 - 90	566 (3.4%)
91 - 180	615 (3.7%)
181 - 365	438 (2.7%)
>365	230 (1.4%)
	1,283 (7.8%)
Total	16,502 (100%)

Source: Audit analysis of TD records

Remarks: The analysis does not include the vehicles which were unlicensed and subsequently de-registered due to the expiry of vehicle licence for more than two years (see Note 16 to para. 2.10).

2.12 Since April 2012, TD has introduced an e-service to remind the vehicle owners of the expiry dates of their vehicle licences. To opt for the e-service, a vehicle owner needs to open an account at the MyGovHK portal. He will receive a reminder message four months before the expiry date of his vehicle licence. Subsequent reminders will be sent to him two weeks before the expiry date and on the expiry day if his vehicle licence has not yet been renewed. As at 30 June 2021, the number of vehicles having this e-service was 15,204, representing only 2% of total licensed vehicles.

2.13 To ensure road safety, all private cars manufactured not less than 6 years before licensing and all commercial vehicles are required to pass an annual vehicle examination before the vehicle licences can be renewed. Of the 16,502 cases of renewal after expiry with additional fees payable in the period from 1 August 2020 to 31 July 2021 (see Table 5 in para. 2.11), about 10,000 cases (about 60%) involved

commercial vehicles and private cars which were required to attend the annual vehicle examination. In addition to vehicle examination, an applicant needs to present a valid insurance policy covering the start date of the new vehicle licence for the purpose of renewal of vehicle licence.

2.14 According to TD, it is not an offence for a vehicle owner to renew the vehicle licence after expiry date and some vehicle owners may not renew the licences if they foresee that their vehicles will not be used on roads in the near future, or if the vehicles are under repair or pending sale/transfer of ownership. However, Audit notes that in case a vehicle runs on the roads without a valid vehicle licence, it may jeopardise the safety and interest of other road users because the concerned vehicle might not have a valid CR and/or insurance policy after the expiry of the vehicle licence. In Audit's view, TD needs to continue to promote the use of the e-service of providing reminder messages for renewal of vehicle licences and step up efforts to remind vehicle owners about timely renewal of vehicle licences.

Need to explore the feasibility of establishing a queue ticketing system at the licensing offices

2.15 At present, members of the public who opt to receive TD's licensing services in person need to queue up physically at the licensing offices. The licensing offices, based on its operational needs, assign different counters and queues for different services (e.g. vehicle-related licensing services) or specific groups (e.g. disabled applicants and applicants who have reserved specific timeslots through the appointment booking system). To maintain order at the licensing offices, some licensing offices set out rules for queueing, for example, the application forms should be duly completed before entering a queue and queue-jumping is prohibited.

2.16 In 2015 and 2016, TD conducted two trial runs on the queue ticket arrangement at HKLO to ascertain the practicability and effectiveness of adopting a queue ticket arrangement which obviated the need for physical queueing (see Table 6).

Table 6

Trial runs of queue ticket arrangement at HKLO

	First trial run	Second trial run
Period	20 August 2015 to 25 September 2015	17 March 2016 to 1 June 2016
Number of working days	26 working days	51 working days
Service covered	Applications for international driving permits only	All driving licence-related applications except applications for direct issue of Hong Kong full driving licence and temporary driving licence

Source: Audit analysis of TD records

2.17 Details of the trial runs were as follows:

- (a) an applicant was required to approach the ticket distribution point and a staff would conduct preliminary checking on the application form to ensure that it had been duly completed and signed;
- (b) after checking, the staff stapled the issued queue ticket, stamped TD's chop, wrote down the queue ticket number and initialled on the form. These procedures could prevent the applicant from transferring the application form assigned with ticket to others. The applicant then waited at the waiting hall for his ticket number being called out;
- (c) there were two and five designated counters for processing applications with queue ticket numbers in the first and second trial runs respectively. A counter staff called out 10 ticket numbers in a row. Applicants with the ticket numbers being called were required to queue up for the service; and
- (d) if the applicant paid by electronic payment system, payment could be made at the processing counter to complete the application. If the applicant chose

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to pay by cash/cheque, he was required to wait for the broadcast and pay at the shroff counter when his name was called out.

2.18 For the second trial run in 2016, TD conducted customer opinion survey from 25 May to 1 June 2016 to obtain feedback on customers' level of satisfaction under the queue ticket arrangement. Out of 3,230 questionnaires distributed, 1,050 were returned (representing a response rate of about 33%). Overall results showed that around 78.5% of respondents were satisfied or very satisfied and around 12.7% of respondents were dissatisfied or very dissatisfied with the arrangement. The major reasons for dissatisfaction included the necessity to queue up multiple times (i.e. for ticket distribution, processing and payment respectively), queueing time not being shortened, and insufficient seats at the waiting hall. Despite the positive customer feedback and the confirmation of technical feasibility, TD decided not to take forth the implementation of queue ticket arrangement after the second trial run because:

- (a) the overall benefits of adopting a queue ticket arrangement might not be apparent whilst there were a number of issues that needed to be tackled before full implementation of the arrangement in the four licensing offices might be considered, for example:
 - (i) there were far more types of vehicle-related licensing applications (e.g. renewal of vehicle licence, retention/assignment of registration mark, registration of vehicle, etc.) which were of great differences in processing procedures compared with the driving-related licensing applications. It might be much more difficult for TD staff at the ticket distribution point to conduct preliminary checking on application forms or the ticket distribution point would become the bottleneck in the process;
 - (ii) a waiting area with sufficient seats would need to be set up to accommodate the applicants with issued tickets; and
 - (iii) there was a need to draw up hardware/software specifications which complemented with the procedures and arrangements, having regard to different office configuration and manpower situation at different licensing offices; and

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- (b) as licensing office staff were fully engaged in the preparation work for the VALID V System project and the upsurge for renewal of full driving licences, it was considered that the staff resources should better focus on these two major challenges.

2.19 Audit noted that the VALID V System project was substantially completed in August 2017 and the number of full driving licence renewals had dropped since 2020. In Audit's view, with the advance in technologies, setting up a queue ticketing system has the merits of reducing the extent of crowd gathering and upholding social distancing and enabling applicants to make good use of the waiting time (sometimes exceeding 30 minutes) instead of queueing up for services. It also provides a convenient and comfortable environment to the public. Some government departments have successfully set up queue ticketing systems instead of requiring applicants to queue up physically. For example, the Kowloon Deaths Registry of the Immigration Department has already installed electronic ticketing system for providing better services to the public.

2.20 In October 2021, TD informed Audit that:

- (a) the licensing offices provided a wide range of licensing services. A majority of applicants would usually submit more than one application and/or more than one type of applications at any one time;
- (b) bulk applications were currently allowed for many types of vehicle-related applications and agents were often involved. It would be more difficult to restrict issuing one queue ticket to an applicant at a time or to restrain them from transferring their queue tickets to other parties;
- (c) since there were various types of vehicle-related licensing applications which were of great differences in processing procedures and sometimes complicated in nature, it might be difficult for staff to conduct preliminary checking on application forms or the ticket distribution point would become the bottleneck in the process; and
- (d) it would continue its effort in promoting the use of online application for licensing service so as to reduce the queueing time of the applicants.

While noting TD's concern about the complexity of setting up a queue ticketing system for vehicle-related licensing services and its effort in promoting the use of online application, Audit considers that TD needs to explore the feasibility of setting up a queue ticketing system to replace the existing queuing system for driving licence-related services, where practicable.

Appointment booking service

2.21 To provide greater convenience for members of the public, applicants can access the appointment booking system through the Internet or telephone system to make an appointment for licensing services at preferred timeslots and licensing offices. At present, appointment booking service (ABS) covers the most popular licensing services, namely applications for driving licences and international driving permits, driving tests (private car, light goods vehicle, motorcycle and motor tricycle), renewal of vehicle licences, transfers of vehicle ownership and retention or assignment of vehicle registration marks (see Appendix B).

2.22 ***Need to extend ABS to more licensing services.*** While the most popular licensing services are open for appointment booking, Audit notes that there are some services still not yet available for booking, such as duplication of registration documents/vehicle licences and applications for change of driver/vehicle particulars. Audit considers that TD should explore the feasibility of extending ABS to more licensing services as far as practicable with a view to reducing the waiting time of the applicants.

2.23 ***Need to allocate the ABS quota according to the actual needs.*** According to TD, it closely monitored the utilisation rate of ABS, and from time to time reviewed the daily quota for appointments in the four licensing offices to make suitable adjustments, as and when necessary. For instance, in the midst of COVID-19 epidemic, normal walk-in counter services were suspended. TD encouraged the public to make an appointment through ABS by increasing the ABS daily quota from 1,000 to 9,000. Besides, the period available for appointments was extended from the coming two weeks to ten weeks. ABS daily quota decreased to around 5,000 after the resumption of walk-in counter services in February 2021. Audit analysed the utilisation of ABS quota in the period from January to June 2021 (see Table 7) and noted that:

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- (a) the utilisation of ABS quota for international driving permits was particularly low, with an overall utilisation rate of 5%. According to TD, despite the low utilisation rate, the daily ABS quota for international driving permits ranged from 1,405 to 2,565 between February 2021 (i.e. since the resumption of walk-in counter services) and June 2021 in view of the increasing trend in the number of applications for international driving permits and the anticipation of the improvement in the epidemic situation. As indicated by TD, the number of transactions of international driving permits in June 2021 (i.e. 5,464) doubled that in February 2021 (i.e. 2,477);
- (b) though the utilisation of ABS quota for retention/assignment of vehicle registration mark was high with full booking in some days, the corresponding ABS quota had not been increased (i.e. kept at 18 in HKLO and 33 in KLO each day) since the resumption of walk-in counter services in February 2021; and
- (c) the overall utilisation of ABS quota in the four licensing offices was only 37%.

Audit considers that TD needs to reassess the allocation of ABS quota among different licensing services and licensing offices taking into account the prevailing service demand.

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Table 7

**Utilisation of ABS quota
(January to June 2021)**

	Number of ABS quota as at 30 June 2021	Utilisation of ABS quota				
		HKLO	KLO	KTLO	STLO	Overall
Driving licence-related service	1,828	19%	41%	55%	52%	32%
Vehicle licence renewal/transfer of vehicle ownership	1,657	85%	84%	80%	84%	83%
International driving permit	1,405	4%	3%	13%	20%	5%
Retention/assignment of vehicle registration mark	51	82%	70%	N/A	N/A	74%
Direct issue of full driving licence	56	45%	N/A	N/A	N/A	45%
Overall	4,997	28%	29%	62%	68%	37%

Source: Audit analysis of TD records

2.24 **Large number of no-show cases of applicants using ABS.** Audit analysed the applications using ABS in the period from 2016 to 2020 and found that 19% to 25% of the booked appointments turned out to be no-show cases (see Table 8). According to TD, the licensing offices assigned designated counter(s) to handle applications submitted by applicants with appointments made and the no-show cases had no implication on staff resources because staff of ABS counters could be flexibly deployed to handle applications submitted by other applicants in the non-ABS queue. In Audit's view, it is not entirely satisfactory that a significant percentage of timeslots, which would otherwise be available for booking by other applicants, turned out to be no-show cases. Audit considers that TD should closely monitor the no-show rate of ABS and take measures to reduce the no-show rate, for example, sending reminders to the applicants by SMS.

Table 8
Analysis of scheduled appointments using ABS
(2016 to 2020)

Year	Appointments made (a) (Number)	No-show cases (b) (Number)	Percentage of no-show cases (c) = $\frac{(b)}{(a)} \times 100\%$
2016	160,998	33,606	21 %
2017	211,780	47,206	22 %
2018	234,238	58,640	25 %
2019	252,517	60,266	24 %
2020	493,377	92,725	19 %

Source: Audit analysis of TD records

Remarks: The figures in this Table include the bookings for full driving licence renewals, vehicle licence renewals, transfers of vehicle ownership and international driving permits using ABS but exclude the bookings for retentions, transfers or assignment of vehicle registration marks using ABS due to incomplete information because the service only commenced in July 2020. ABS for other driving licence-related services and direct issue of full driving licences commenced in March 2021.

Online application for licensing services

2.25 At present, online application is open to renewal of full driving licences or vehicle licences and some other applications including change of driver's address and issue of certificates of vehicle particulars (see Appendix B). According to TD, online application will be extended to over 20 licensing services, such as applications for learner's driving licence and various permits, etc. with the adoption of "iAM Smart" mobile application in the next few years. Members of the public may fill in and submit applications with mobile phones at any time without the need to wait at counters. It is anticipated that the extension of online services will bring greater convenience to the public with a view to saving their queueing time and reducing the reliance on service counters to process licensing applications.

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2.26 *Need to promote the use of online renewal of driving/vehicle licences.* Members of the public could apply for renewal of full driving licences and vehicle licences via various means including over-the-counter, drop-in box, postal and online submission. Audit examination revealed that, from 2016 to 2020, while the percentage of online application for renewal of full driving licences increased from 23% to 34%, the percentage of online application for renewal of vehicle licences was less than 1% and increased to 3.7% in the first half of 2021 since the launch of “iAM Smart” mobile application on 30 December 2020 (see Tables 9 and 10). According to the annual public opinion surveys conducted in 2016 to 2019 (see para. 2.36(b)), more than 30% (ranging from 33% to 58%) of the respondents were not aware of the online submission channel for renewal of full driving licences or vehicle licences. Audit considers that TD should continue to step up publicity efforts to promote the use of online application for licensing services, including promoting through TD’s website, display panels and posters at the licensing offices.

Table 9

**Analysis of renewals of full driving licences by means of application
(January 2016 to June 2021)**

Year	Online (Note 1)	Counter/ drop-in box/postal	Total (Note 2)
	(Number)		
2016	15,317 (23%)	51,560 (77%)	66,877 (100%)
2017	74,479 (26%)	210,593 (74%)	285,072 (100%)
2018	85,458 (25%)	258,703 (75%)	344,161 (100%)
2019	78,643 (27%)	216,297 (73%)	294,940 (100%)
2020	63,589 (34%)	122,551 (66%)	186,140 (100%)
2021 (up to June)	26,233 (32%)	57,003 (68%)	83,236 (100%)

Source: Audit analysis of TD records

Note 1: Online transactions for renewal of full driving licences were received via three means: (a) Renewal Identification Number (launched since March 2008); (b) E-Cert; and (c) “iAM Smart” mobile application (launched since 30 December 2020).

Note 2: The number of renewals of full driving licences significantly increased in 2017 because of the expiry of the ten-year licences in 2007 (full driving licence with a validity of ten years was introduced in 1997).

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Table 10

**Analysis of renewals of vehicle licences by means of application
(January 2016 to June 2021)**

Year	Online (Note)	Counter/ drop-in box/postal	Total
	(Number)		
2016	1,271 (0.2%)	766,199 (99.8%)	767,470 (100%)
2017	1,441 (0.2%)	784,803 (99.8%)	786,244 (100%)
2018	1,641 (0.2%)	806,157 (99.8%)	807,798 (100%)
2019	2,160 (0.3%)	817,380 (99.7%)	819,540 (100%)
2020	7,325 (0.9%)	816,453 (99.1%)	823,778 (100%)
2021 (up to June)	15,258 (3.7%)	396,445 (96.3%)	411,703 (100%)

Source: *Audit analysis of TD records*

Note: *Prior to the rolling out of "iAM Smart" mobile application on 30 December 2020, online applications for renewal of vehicle licences were received via E-Cert.*

Audit recommendations

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

- (a) **critically review the manpower requirements and explore effective ways to cope with the change of mode of operations of the licensing offices;**
- (b) **compile statistics on the number of transactions of individual licensing offices;**
- (c) **closely monitor the workload of the four licensing offices and flexibly deploy staff among the offices;**

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- (d) **take measures to further relieve the congested environment at the waiting hall of KLO;**
- (e) **continue to promote the use of the e-service of providing reminder messages for renewal of vehicle licences and step up efforts to remind vehicle owners about timely renewal of vehicle licences;**
- (f) **explore the feasibility of setting up a queue ticketing system to replace the existing queueing system for driving licence-related services, where practicable;**
- (g) **explore the feasibility of extending ABS to more licensing services as far as practicable with a view to reducing the waiting time of the applicants;**
- (h) **reassess the allocation of ABS quota among different licensing services and licensing offices taking into account the prevailing service demand;**
- (i) **closely monitor the no-show rate of ABS and take measures to reduce the no-show rate; and**
- (j) **continue to step up publicity efforts to promote the use of online application for licensing services, including promoting through TD's website, display panels and posters at the licensing offices.**

Response from the Government

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

- (a) **critically review the manpower requirement and explore effective ways, including the extension of online services, to cope with the service need of the licensing offices;**
- (b) **compile transaction statistics on vehicle-related, driving licence-related and permit applications, etc. processed by individual licensing offices regularly;**

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- (c) closely monitor the workload of the four licensing offices and flexibly deploy staff among the offices to enhance processing capacity and efficiency;
- (d) consider adopting measures to relieve the congested environment at the waiting hall of KLO, including making continued effort to enhance and promote online services and implement e-Licensing initiatives including the extension of online service to over 20 licensing services such as application for learner's driving licence and various permits, etc. by phases in the next few years with the aim of encouraging applicants to submit their applications online for those applications which are not required to be submitted in person;
- (e) explore the feasibility of implementing a queue ticketing system for driving licence-related services, where practicable;
- (f) explore the feasibility of extending ABS to cover more licensing services, e.g. the inclusion of application for a duplicate vehicle registration document and application for a duplicate vehicle licence, taking into account the transaction volume and the need of counter services for respective types of licensing applications in respective licensing offices, etc.;
- (g) reassess the allocation of ABS quota among different services taking into account the prevailing service demand and the availability of counters in respective licensing offices; and
- (h) closely monitor the no-show rate of ABS and explore measures including sending reminder messages to applicants to reduce the no-show rate continually.

Performance reporting

2.29 The key performance targets on providing driving and vehicle licensing services as reported by TD in its CORs for 2016 to 2020 are shown in Table 11.

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Table 11

**Key performance targets on licensing services
(2016 to 2020)**

Key performance target	Target (% of all cases)	2016	2017	2018	2019	2020
		Actual (% of all cases)				
(a) Providing driving licence renewal service over the counter within 70 minutes	98	100	99	99	99	N/A (Note)
(b) Providing vehicle licence renewal service over the counter within 70 minutes	95	99	99	99	96	N/A (Note)
(c) Providing non-counter licensing services within 10 working days upon application	95	100	100	100	100	89

Source: TD records

Note: The licensing offices were unable to conduct waiting time surveys (see para. 2.36(a)) given the suspension of walk-in counter services from 2 February to 28 June 2020, 20 July to 14 September 2020 and 2 December 2020 to 17 February 2021 due to the COVID-19 epidemic, and hence could not provide the figures for 2020.

Need to enhance the performance of provision of non-counter licensing services

2.30 In 2020, due to outbreak of the COVID-19 epidemic, the walk-in counter service of licensing offices had been suspended for over six months except for applicants who had made appointment bookings. As a result of the suspension of the walk-in counter service, there was a substantial increase in applications received through non-counter means such as drop-in box, by post and via online. Audit noted that the actual performance reported in TD's COR for providing non-counter licensing services within 10 working days upon application in 2020 was only 89% (see Table 11 in para. 2.29), not meeting the target of 95% as stated in COR.

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2.31 In response to Audit's enquiry, in August 2021, TD said that:

- (a) it could not meet the target of 95% since longer processing time was required for handling applications received through drop-in box, by post and via online under the special work arrangements during the COVID-19 epidemic. TD estimated that for the same type of application, the processing time for each application was doubled, or even tripled when comparing to the traditional "over-the-counter" mode of operation. Examples of additional work were as follows:
 - (i) *More administrative procedures involved.* TD had to perform additional working procedures like opening envelopes, sorting received documents, assigning case number for tracking purpose, preparing a master list to record received applications and mailing the renewed licences by registered post, etc. which were not required if the licensing offices provided a counter service;
 - (ii) *Additional effort on incomplete applications.* For incomplete applications, TD staff had to record and inform the applicants about the reasons for rejecting their applications. When the applicants approached the licensing offices to provide supplementary information, though the form had been vetted, there would still be a need for the handling staff to briefly go over the whole application again to ascertain if there were parts missed out, and spend time to input the application to the system from the very beginning, which would not be necessary under the traditional workflow since the applicant could resolve minor problems (e.g. missing of signatures and wrong amount on the cheques) on the spot at the counter; and
 - (iii) *Telephone contact with the applicant for clarification.* For any clarifications required, it took time for TD staff to contact the applicants to explain the problems and request them to re-submit supporting documents, or schedule a time for the applicants to complete the applications at the licensing office. Also, some applicants did not pick up TD's phone calls and TD staff had to bring up their cases to contact them again; and
- (b) with a view to reducing the waiting time of the applicants and maintaining a reasonable service level of the essential licensing services, the licensing

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offices adopted measures to tackle the situation and meet the service demand. Among others, the licensing offices arranged overtime work during weekdays, Saturdays and Sundays. Moreover, re-deployment of existing manpower from other units/sections in TD was arranged to provide assistance in processing applications.

2.32 While noting TD's explanations, the longer processing time and the increase in expenditure (Note 18) of processing applications by non-counter means (i.e. drop-in box, by post and online) as compared with processing applications at service counter are causes for concern. Although the walk-in counter services at the licensing offices were resumed in February 2021, this should not be viewed as a disincentive in the use of non-counter services.

2.33 In order to save the time of applicants to queue up in the licensing offices and avoid crowd gathering in the licensing offices in the midst of COVID-19 epidemic, Audit considers that TD needs to take measures to improve the workflow of non-counter licensing services with a view to improving the efficiency in providing non-counter services. For example, checkboxes can be added in the application forms so as to remind the applicants to submit all the required documents, and sending SMS to applicants who have not submitted the required documents.

Need to timely review the performance targets on providing driving and vehicle licensing services

2.34 From 2008 to 2015, the performance targets for providing driving/vehicle licence renewal service over-the-counter were divided into non-peak (9:00 a.m. to 11:00 a.m.) and peak (11:00 a.m. to 5:00 p.m.) hours. According to TD, in view of the consistent trend of even distribution of applicants among the operating hours of licensing offices as well as the increasing number and complexity of the applications processed, it was considered more realistic not to differentiate operating hours of licensing offices into peak and non-peak hours but to adopt the performance target for peak hours in all operating hours. Therefore, starting from 2016, the targets "providing driving/vehicle licence renewal service over the counter within 70 minutes

Note 18: *Audit noted that the monthly overtime hours in the licensing offices sharply increased from around 2,000 hours in normal days to the peak of around 8,300 hours in April 2020 and the overtime allowance incurred by the licensing offices increased significantly from \$740,000 in 2019-20 to \$6,306,000 in 2020-21.*

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during the peak hours” and “providing driving/vehicle licence renewal service over the counter within 40 minutes during the non-peak hours” were merged to become the current target “providing driving/vehicle licence renewal service over the counter within 70 minutes”.

2.35 According to the public opinion survey (see para. 2.36(b)) conducted in 2016 to 2019, around 34% to 50% of the respondents considered that the waiting time of 70 minutes for provision of driving/vehicle licence renewal services was not acceptable. Audit notes that TD plans to extend online application to over 20 licensing services in the next few years which will bring greater convenience to the public with a view to saving their queueing time and reducing the reliance on service counters to process licensing applications (see para. 1.9). With the anticipated change in the mix of application means by the public, TD needs to timely review the performance targets to better meet public expectation.

Room for improvement in assessing the performance of the licensing services

2.36 For assessing the performance of the licensing services, every year TD conducts two types of surveys:

- (a) ***Waiting time survey.*** It is conducted on a sampling basis at the four licensing offices. In general, each of the four licensing offices conducts two rounds of waiting time survey every year (the first round from March to May and the second round from August to October — see Note to Table 11 in para. 2.29). Each round of survey takes 5 working days with details as follows:
 - (i) ***Provision of counter licensing services.*** The waiting time of 70 minutes in the performance targets includes both the queueing time and the processing time. A TD staff records the time an applicant joins the queue on the survey form (i.e. the start of queueing time). When the applicant arrives at the counter, the counter staff collects the form and records the time of the form being collected (i.e. the end of queueing time and the start of processing time). When the application process is completed and payment made, the counter/shroff staff records the completion time (i.e. the end of processing time); and

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- (ii) ***Provision of non-counter licensing services.*** Staff of the licensing offices record on the survey forms the date an application is received and the date application processing is completed; and

- (b) ***Public opinion survey.*** TD conducts annual public opinion survey (normally in July for a period of 10 working days) at the four licensing offices (Note 19). The purposes of the survey are to assess the quality of driving and vehicle licensing services and to identify areas for improvement. The survey covers six major types of licensing services including issue/renewal of full driving licence, learner's driving licence, probationary driving licence, international driving permit, vehicle licence and transfer of vehicle ownership. TD interviewed some 2,400 to 4,500 applicants each year from 2016 to 2019 at the four licensing offices.

2.37 Audit examination has identified room for improvement in assessing the performance in the provision of licensing services, as follows:

- (a) ***Use of technology in gauging service performance.*** The sampling period for the waiting time survey is 10 working days in a year, which accounts for only 4% of some 246 working days in a year. To reduce the workload involved and to gauge TD's pledged performance more accurately, Audit considers that TD needs to:
 - (i) explore the feasibility of implementing a queue ticketing system (see para. 2.20) which helps TD capture data of queueing time and processing time automatically for over-the-counter transactions; and
 - (ii) make use of computer software to capture dates of receipt of applications and dates of completion of processing for analysis of processing time of non-counter transactions;

- (b) ***Need to conduct survey on the waiting time of applicants with appointment booking.*** According to TD, the waiting time survey did not cover the applicants with appointment booking. As such, TD could not ascertain

Note 19: *According to TD, the public opinion survey was suspended in 2020 and 2021 (up to November 2021) in order to keep social distancing during the COVID-19 epidemic.*

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whether these applicants would save their time by making prior appointment in obtaining the licensing services. In Audit's view, TD needs to:

- (i) include the applicants with appointment booking in its waiting time survey to ascertain if the waiting time could be reduced; and
 - (ii) consider whether a performance pledge on the waiting time of applicants with appointment booking would be set up with a view to providing better public services;
- (c) ***Need to extend the scope of public opinion survey to cover more services.*** Audit noted that the target customers of public opinion survey did not cover applicants for registration of vehicles, retention and assignment of vehicle registration marks, upgrading driving entitlement and driving test appointment. In order to obtain a wider coverage of public opinion on quality of services provided by TD, Audit considers that TD needs to consider extending the scope of public opinion survey to cover more licensing services where practicable; and
- (d) ***Need to take measures to obtain public opinion for non-counter transactions.*** Audit noted that TD's public opinion survey did not cover applicants applying for licensing services through non-counter means, i.e. by postal, drop-in box and online submission (Note 20). With the anticipated increase in the number of online applications in future, Audit considers that TD needs to take measures to solicit public opinion from applicants applying for licensing services through non-counter means.

Note 20: *According to TD, public opinion from online applicants has all along been collected through GovHK which is the one-stop portal of the Government with the main content provided by participating B/Ds, making those information and services of the public sector easier to find and use.*

Audit recommendations

- 2.38 **Audit has recommended that the Commissioner for Transport should:**
- (a) **take measures to improve the workflow of non-counter licensing services with a view to improving the efficiency in providing non-counter services;**
 - (b) **timely review the performance targets on driving and vehicle licensing services to better meet public expectation; and**
 - (c) **improve the assessment of the performance of licensing services, including:**
 - (i) **exploring the feasibility of implementing a queue ticketing system (see para. 2.27(f)) which helps TD capture data of queueing time and processing time automatically for over-the-counter transactions;**
 - (ii) **making use of computer software to capture dates of receipt of applications and dates of completion of processing for analysis of processing time of non-counter transactions;**
 - (iii) **including the applicants with appointment booking in the waiting time survey to ascertain if the waiting time could be reduced;**
 - (iv) **considering whether a performance pledge on the waiting time of applicants with appointment booking would be set up with a view to providing better public services;**
 - (v) **considering extending the scope of public opinion survey to cover more licensing services where practicable; and**
 - (vi) **taking measures to solicit public opinion from applicants applying for licensing services through non-counter means.**

Response from the Government

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

- (a) explore ways to improve the workflow of non-counter licensing services with a view to enhancing the efficiency in handling non-counter services;
- (b) continue to review the performance targets on driving and vehicle licensing services to meet the service requirements of the public; and
- (c) explore ways to improve the assessment of the performance of licensing services. Examples include:
 - (i) considering the inclusion of applicants with appointment booking in the waiting time survey;
 - (ii) considering whether a performance pledge on the waiting time of applicants with appointment booking would be set up having regard to the development of e-services;
 - (iii) extending the scope of public opinion survey to cover more licensing services where appropriate; and
 - (iv) exploring the feasibility of making use of computer software to capture the date of receipt for non-counter applications, etc.

PART 3: VEHICLE EXAMINATION

- 3.1 This PART examines TD's vehicle examination work, focusing on:
- (a) appointment for vehicle examination and inspection (paras. 3.6 to 3.17);
 - (b) commissioning of Transport Department Vehicle Examination Complex (paras. 3.18 to 3.31); and
 - (c) monitoring of DCTCs (paras. 3.32 to 3.39).

Vehicle examination requirements

3.2 As at 30 June 2021, TD oversaw the operation of three government vehicle examination centres and monitored the operation of 40 privately-owned DCTCs (see para. 1.4). The government vehicle examination centres and DCTCs carry out vehicle examinations according to the requirements of the Road Traffic Ordinance. Vehicle examination duties can be broadly classified into:

- (a) ***Pre-registration examination and annual examination.*** According to the Ordinance, before registering/licensing a vehicle, the Commissioner for Transport may require production of a vehicle of any class for examination at such vehicle examination centre as the Commissioner may determine for the purpose of ascertaining whether the vehicle: (i) is roadworthy; (ii) complies with vehicle design standards; or (iii) complies with the Ordinance and any conditions subject to which a vehicle licence was issued in respect of the vehicle. Paragraph 1.4 lists out the requirements for different types of vehicles to undertake annual vehicle examination for the purpose of renewal of licence; and
- (b) ***Defective vehicle inspection.*** The Commissioner for Transport or any police officer may serve an examination order on the registered owner of a vehicle requiring production of the vehicle for examination at such vehicle examination centre for the purpose of ascertaining whether the vehicle: (i) accords with the particulars thereof contained in TD's register of vehicles; (ii) is roadworthy; (iii) complies with the vehicle emission

Vehicle examination

standards; or (iv) complies with the Ordinance and any conditions subject to which a vehicle licence was issued in respect of the vehicle.

3.3 **Government vehicle examination centres and DCTCs.** As at 30 June 2021, the operation of three government vehicle examination centres was under the oversight of TD, including two wholly operated by TD and one partly operated by a contractor under a MOM contract, with details as follows:

- (a) **To Kwa Wan Vehicle Examination Centre.** It was responsible for examining buses, taxi meters of urban taxis, parallel imported private cars and motorcycles, new buses and condemned vehicles;
- (b) **Transport Department Vehicle Examination Complex (TDVEC).** It was the largest vehicle examination centre which was responsible for examining a wide variety of vehicles (see Table 18 in para. 3.19). The ground floor of the centre was operated by the MOM contractor of TD; and
- (c) **Sheung Kwai Chung Vehicle Examination Centre.** It was responsible for examining New Territories taxis (including taxi meters) and cross-boundary private cars.

There were also 40 privately-owned DCTCs for conducting annual vehicle examinations of private cars and light goods vehicles with gross vehicle weight not exceeding 1.9 tonnes (see para. 1.4).

3.4 VSSD is tasked with the responsibility of examining vehicles to ensure their compliance with the Road Traffic Ordinance. The estimated total recurrent expenditure of VSSD is about \$77 million in 2021-22. The staff establishment in VSSD responsible for managing the government vehicle examination centres and monitoring the MOM contractor and DCTCs (see para. 1.11(b)) as at 1 April 2021 was 123, comprising 1 Transport Officer grade posts, 7 Engineer grade posts, 45 Motor Vehicle Examiner (MVE) grade posts, 39 Vehicle Tester (VT) grade posts and 31 Clerical grade posts and other grade posts.

3.5 **Performance measures.** The key performance targets and indicators on vehicle examination reported by TD in its CORs for 2016 to 2020 are shown in Tables 12 and 13. TD had achieved its targets of conducting annual examination of

vehicles at government vehicle examination centres within ten working days for the period from 2016 to 2019, and re-check examination of vehicles at government vehicle examination centres within four working days upon application for the period from 2016 to 2020.

Table 12

**Key performance targets on vehicle examination
(2016 to 2020)**

Key performance target	Target (% of all cases)	2016	2017	2018	2019	2020
		Actual (% of all cases)				
(a) Conducting annual examination of vehicles at government vehicle examination centres within ten working days upon application	100	100	100	100	100	75 (Note)
(b) Conducting re-check examination of vehicles at government vehicle examination centres within four working days upon application	100	100	100	100	100	100

Source: TD records

Note: According to TD, amid the COVID-19 epidemic, the daily quota of vehicle examinations in 2020 was reduced owing to the implementation of social distancing measures at the vehicle examination centres.

Vehicle examination

Table 13

**Key performance indicators on vehicle examination
(2016 to 2020)**

Indicator	2016	2017	2018	2019	2020
	Actual (Number)				
(a) Vehicles inspected at government vehicle examination centres					
– Public service vehicles	47,000	47,000	47,000	47,000	46,000
– Light goods vehicles (exceeding 1.9 tonnes gross vehicle weight)	73,000	73,000	75,000	72,500	78,000
– Medium and heavy goods vehicles	47,000	47,000	48,000	45,800	46,400
(b) Private cars and light goods vehicles (not exceeding 1.9 tonnes gross vehicle weight) inspected at DCTCs	323,000	331,000	345,000	357,000	372,000
(c) Daily spot checks on franchised buses in service	14	14	14	14	12 (Note)

Source: TD records

Note: According to TD, the conducting of daily spot checks on franchised buses in service was affected by the COVID-19 epidemic.

Appointment for vehicle examination and inspection

3.6 **Vehicle examination booking.** If a vehicle licence is due to expire within the next 4 months, an appointment can be made for vehicle examination. Depending on the vehicle type, a vehicle owner or his agent can book an appointment online or in person at an appointment office of a vehicle examination centre. TD has two online booking systems for making appointments for pre-registration examination and annual examination respectively to be conducted in government vehicle examination centres. They are the Online Booking System for Type Approval and Pre-registration Vehicle Inspection and the Online Vehicle Annual Examination Booking and Rescheduling System. On the day of appointment, the vehicle has to be taken to the centre with

which the appointment has been made and then go through different stages of examination along the inspection lane (Note 21).

3.7 *Suspension of online booking.* On 17 June 2021, the Vehicle Inspection Scheduling Control System, which supported the online booking systems (see para. 3.6) of the government vehicle examination centres and DCTCs, broke down (see para. 3.20(c)). While the concerned government departments were still investigating the causes of the incident, TD promptly set up telephone booking hotlines for booking and scheduling of vehicle examinations to be conducted in TDVEC (see para. 3.22(a)), and engaged the Electrical and Mechanical Services Trading Fund (EMSTF — Note 22) to revamp the online vehicle examination appointment systems with a view to resuming the online booking as soon as possible. As shown in Table 14, after the breakdown of the online booking systems, from 23 June to 23 July 2021 (22 working days), TD processed 19,207 bookings of vehicle examinations to be conducted in TDVEC, of which 10,092 (53%) bookings were made via telephone booking hotlines and the remaining 9,115 bookings (47%) were made in person at the appointment offices of TDVEC. Since telephone booking systems had not been set up for the To Kwa Wan and Sheung Kwai Chung Vehicle Examination Centres, the appointments for these two centres could only be made in person.

Note 21: *The vehicle inspection items mainly include chassis number, tyres, vehicle structure, driver's control, braking system, emission test, lighting system, steering system, suspension system, exhaust system and others (such as safety seat belt and guard rails).*

Note 22: *The Trading Fund is the trading arm of the Electrical and Mechanical Services Department which provides electrical and mechanical services to B/Ds.*

Vehicle examination

Table 14

Percentages of appointments by different means for vehicle examinations
at government vehicle examination centres
(23 June to 23 July 2021)

Type of vehicle examination/ Government vehicle examination centre	Means of making appointments	
	Telephone booking	In person at the appointment offices
Annual examination		
– TDVEC	53%	47%
– To Kwa Wan Vehicle Examination Centre	N/A	100%
– Sheung Kwai Chung Vehicle Examination Centre	N/A	100%
Pre-registration examination		
– To Kwa Wan Vehicle Examination Centre	N/A	100%

Source: Audit analysis of TD records

Need to sustain the efforts in promoting the use of online booking

3.8 As shown in Table 15, before the breakdown of the online booking systems, from January to May 2021, the percentage of online booking for annual examination was 79% in TDVEC (formerly New Kowloon Bay and Kowloon Bay Vehicle Examination Centres — see paras. 3.18 and 3.19). Excluding tests of taxi meters (see Note 2 to Table 15), 28% and 48% of bookings respectively in the To Kwa Wan and Sheung Kwai Chung Vehicle Examination Centres were made through online. In Audit's view, TD needs to sustain its efforts in promoting the use of online booking upon resumption of the online booking systems.

Table 15

**Percentages of online booking for vehicle examinations
at government vehicle examination centres
(January 2018 to May 2021)**

Type of vehicle examination/ Government vehicle examination centre	2018	2019	2020	2021 (up to May)
Annual examination				
– TDVEC (formerly New Kowloon Bay and Kowloon Bay Vehicle Examination Centres) (Note 1)	63%	63%	69%	79%
– To Kwa Wan Vehicle Examination Centre (Note 2)	21%	22%	22%	28%
– Sheung Kwai Chung Vehicle Examination Centre (Note 2)	26%	26%	34%	48%
Pre-registration examination				
– To Kwa Wan Vehicle Examination Centre	N/A (Note 3)	24% (Note 3)	44%	49% (Note 4)

Source: *Audit analysis of TD records*

Note 1: *The former New Kowloon Bay and Kowloon Bay Vehicle Examination Centres were relocated to the ground floor of TDVEC in April 2021 and the first floor of TDVEC in May 2021 respectively (see Table 18 in para. 3.19).*

Note 2: *The figures did not include automatically assigned appointments of half-year tests of taxi meters by the booking system. According to TD:*

- (i) *the vehicle examinations conducted in the To Kwa Wan and Sheung Kwai Chung Vehicle Examination Centres included the half-year tests of taxi meters (see para. 1.4(c)) for which the appointments were automatically assigned immediately after completion of the annual examinations and the respective taxi owners/representatives did not need to make appointments separately; and*

Vehicle examination

Table 15 (Cont'd)

- (ii) *for the period from January to May 2021, the number of meter tests contributed to some 38% and 47% of the number of vehicle examinations in the To Kwa Wan and Sheung Kwai Chung Vehicle Examination Centres respectively. If the automatically assigned appointments for meter tests were included, the figures would become 66% and 95% for the two centres respectively.*

Note 3: The online booking system for pre-registration examination at the To Kwa Wan Vehicle Examination Centre was implemented in May 2019.

Note 4: TD set a 50%:50% quota for online booking and in-person booking.

Non-compliance with TD's guidelines for defective vehicle inspections

3.9 Vehicle Examination Order. Under the Road Traffic Ordinance, if a vehicle is suspected to have defects, the driver or the registered owner may be ordered to produce the vehicle concerned at a government vehicle examination centre for an inspection (see para. 3.2(b) — Note 23) to ensure that the reported defects, if verified, are rectified to the required standard. The Vehicle Inspection Office (VIO) of VSSD handles defective vehicle reports (Note 24) and arranges for inspections for the reported vehicles. According to VIO's guidelines:

- (a) when a defective vehicle report is received, VIO will consider whether:
- (i) the defect(s) may cause severe safety concern; and
 - (ii) rectification conducted can be assessed by documentary proof submitted by the vehicle owner, and then decide if the vehicle owner has to produce the reported vehicle for inspection at a specified vehicle examination centre;
- (b) for a case pursued by arranging a defective vehicle inspection, an inspection code is input into VALID System, so as to bar major types of vehicle licensing transactions (e.g. transfer of ownership and renewal of vehicle licence) from taking place. VIO should issue a Vehicle Examination Order to the vehicle owner by registered post, not later than 5 working days as

Note 23: *The first inspection is carried out free of charge. However, if the vehicle fails in the first inspection, a fee is charged for subsequent inspection(s).*

Note 24: *These include cases of suspected defective vehicles reported by the general public by using TD's standard forms and cases referred by other government departments/authorities to TD.*

far as practicable upon receipt of the defective vehicle report. The inspection date should be within 3 weeks as far as practicable upon receipt of the defective vehicle report;

- (c) for any requests for deferring a defective vehicle inspection, VIO should advise the vehicle owner to produce documentary proof (e.g. whether arrangement for repairing the vehicle has been made) before granting a deferred appointment;
- (d) if a reported vehicle fails in the defective vehicle inspection, VIO may issue: (i) a Vehicle Repair Order to request rectifying the defect(s) and producing the vehicle for a re-check; or (ii) an Order for Suspension of Vehicle Licence to suspend the use of the vehicle until the defect(s) have been rectified to TD's satisfaction in a re-check of the vehicle; and
- (e) unless satisfactory explanation is provided, if the vehicle owner does not produce the vehicle for defective vehicle inspection, VIO should consider cancelling the vehicle licence (Note 25) in accordance with the Road Traffic Ordinance. The vehicle can be re-licensed if it passes a vehicle examination.

3.10 According to the statistics published on TD's website, from 2016 to 2020, the total number of defective vehicle inspections increased by 122% from 4,541 in 2016 to 10,073 in 2020. During the period, the number of cases of not attending the scheduled inspections increased by 54% from 1,760 to 2,704 (see Table 16).

Note 25: *TD issues a cancellation notice to the registered owner informing him that the cancellation of licence will be effective after 14 days. The registered owner is required to return the vehicle licence and the registration document for cancellation and endorsement respectively.*

Vehicle examination

Table 16

**Number of defective vehicle inspections
(2016 to 2020)**

Inspection result	2016	2017	2018	2019	2020
	(Number)				
Passed (a)	2,432	4,730	7,400	6,346	6,888
Failed (b)	349	518	709	540	481
Not attending the scheduled inspection (Note) (c)	1,760	1,691	2,480	2,009	2,704
Total (d)=(a)+(b)+(c)	4,541	6,939	10,589	8,895	10,073
Percentage of cases requiring follow-up actions (e)=[(c)÷(d)]×100%	39%	24%	23%	23%	27%

Source: Audit analysis of TD records

Note: TD would take follow-up actions if a suspected defective vehicle did not attend the scheduled inspection.

Remarks:

- (a) The figures included cases reported by the general public and referred by other government departments/authorities to TD (see Note 24 to para. 3.9).*
- (b) According to TD, cases of not attending the half-year tests of taxi meters were also included.*

3.11 According to TD, of the 2,704 cases where the suspected defective vehicles did not attend the scheduled inspections in 2020:

- (a) 2,529 (94%) vehicles had passed either in the annual examinations before the scheduled inspections, or in the rescheduled inspections or re-checks; and
- (b) for the remaining 175 (6%) potential defective vehicles:

- (i) the vehicle licences of 163 (5.5%) vehicles had been cancelled or expired in normal course; and
- (ii) 12 (0.5%) vehicles had been scrapped.

3.12 According to VIO’s guidelines, it should issue a Vehicle Examination Order to the vehicle owner not later than 5 working days as far as practicable, and the inspection date should be within 3 weeks as far as practicable upon receipt of the defective vehicle report (see para. 3.9(b)). For any requests for deferring a defective vehicle inspection, documentary proof should be produced for justification (see para. 3.9(c)). As shown in Table 17, VIO took more than 3 weeks to inspect 716 (14% of 4,946) vehicles after receipt of the respective defective vehicle reports.

Table 17

**Analysis of time taken from receipt of defective vehicle reports by VIO
to completion of defective vehicle inspections
(2020)**

Duration	Number of vehicles	Percentage
≤ 3 weeks	4,230	86%
> 3 to 6 weeks	313	6%
> 6 to 9 weeks	188	4%
> 9 weeks	215 (Note)	4%
Total	4,946	100%

Source: TD records

Note: The case with the longest processing time took 88 weeks. According to TD:

- (i) *a Vehicle Examination Order was issued in January 2020 to the registered vehicle owner by registered post. However, the delivery of the registered post was unsuccessful and the mail was not collected from the post office. The registration mark of the vehicle was then kept on a watchlist to bar it from major types of vehicle licensing transactions (see para. 3.9(b)) before fulfilling the Vehicle Examination Order; and*
- (ii) *in July 2021, the licensing office received an application for transfer of vehicle ownership, and the application was withheld until the new vehicle owner arranged for a vehicle examination in September 2021.*

Remarks: The figures included cases reported by the general public and referred by other government departments/authorities to TD (see Note 24 to para. 3.9).

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- 3.13 Audit reviewed a case reported to TD in March 2021 and found that:
- (a) VIO had taken 21 working days (instead of not later than 5 working days as specified in VIO’s guidelines — see para. 3.9(b)) to issue a Vehicle Examination Order to the vehicle owner;
 - (b) the defective vehicle inspection had been deferred twice, upon requests of the vehicle owner, to 26 weeks (i.e. September 2021) after receipt of the defective vehicle report by VIO. As far as Audit could ascertain, there was no record showing that VIO had advised the vehicle owner to produce documentary proof for justifying the deferrals of the defective vehicle inspection, contrary to VIO’s guidelines (see para. 3.9(c)); and
 - (c) VIO received a case referred by the Transport Complaints Unit of the Transport Advisory Committee on 22 June 2021 reporting that the subject vehicle might have problems including suspected unauthorised alteration. This indicated that the vehicle was still used on the road before undergoing a defective vehicle inspection. Subsequently, the vehicle passed in the defective vehicle inspection on 24 September 2021.
- 3.14 In October 2021, TD informed Audit that:
- (a) after the resumption of normal services from the work-from-home arrangement in February 2021, there was an upsurge in the numbers of cases reported by the general public, which were 194 and 330 in January and March 2021 respectively. VIO needed more time to clear the backlog. Furthermore, the computerised vehicle examination system had broken down since 17 June 2021 (see para. 3.7). Manual approach was adopted to maintain the services which affected the scheduling of the vehicle examination;
 - (b) having said that, it accepted that there was room for improvement in handling the case. The relevant guideline would be updated with enhancement in scheduling the vehicle examination and handling the “not attending the scheduled inspection” cases, particularly repeated cases or cases warranting urgent follow-up actions; and

- (c) with the implementation of collection of e-contact means of registered vehicle owners since 1 November 2021 (see para. 1.10), further improvement measures would be taken in addition to the prevailing dispatching Vehicle Examination Orders by registered post, and a more proactive and stringent approach would be adopted to dispatch timely Vehicle Examination Orders, reminders and alerts to registered vehicle owners through utilisation of e-contact means.

3.15 In Audit's view, TD needs to take actions to ensure that defective vehicle inspections are conducted in accordance with the timeframe specified in its guidelines and require a vehicle owner to produce documentary proof for justifying a request for deferring an inspection.

Audit recommendations

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

- (a) **sustain TD's efforts in promoting the use of online booking upon resumption of the online booking systems; and**
- (b) **take actions to ensure that defective vehicle inspections are conducted in accordance with the timeframe specified in TD's guidelines and require a vehicle owner to produce documentary proof for justifying a request for deferring an inspection.**

Response from the Government

3.17 The Commissioner for Transport agrees with the audit recommendations. She has said that:

- (a) VIO officers initiate enforcement actions against vehicle owners for not following up the defective vehicle inspection. TD has updated the guidelines for VIO to adopt a more stringent approach against potential defective vehicles, for instance, vehicle examination will be carried out within 3 weeks and any repeated cases will be monitored by VIO for initiating prompt actions; and

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- (b) TD will also:
 - (i) promote the use of online booking systems upon resumption of the systems through its website, display panels and posters at vehicle examination centres and trades' meetings/newsletters;
 - (ii) monitor the operation of defective vehicle inspections to ensure that they are conducted in accordance with the guidelines; and
 - (iii) step up actions against potential defective vehicles to ensure that the inspections are conducted in accordance with the timeframe specified in TD's guidelines and require a vehicle owner to produce documentary proof for justifying a request for deferring an inspection.

Commissioning of Transport Department Vehicle Examination Complex

Re-provisioning of three government vehicle examination centres at Tsing Yi

3.18 In the 2011-12 Policy Address, the Chief Executive of the Hong Kong Special Administrative Region announced the Energising Kowloon East initiative with an objective to transform Kowloon East (including Kai Tak Development, Kowloon Bay Business Area and Kwun Tong Business Area) into an attractive core business district to sustain Hong Kong's economic development. In order to facilitate the provision of new commercial/office land to realise the potential of Kowloon East, the existing government facilities in the Kowloon Bay and Kwun Tong Action Areas in Kowloon East will be relocated or rationalised. In this connection, the three government vehicle examination centres (viz. the Kowloon Bay, the New Kowloon Bay and the To Kwa Wan Vehicle Examination Centres) needed to be relocated.

3.19 In December 2017, TD obtained funding of \$2,862.7 million for re-provisioning of its vehicle examination centres. The scope of works included, among others, the construction of a new four-storey vehicle examination centre at Sai Tso Wan, Tsing Yi (the building is named as TDVEC — see Photograph 1), and decontamination and demolition of the three existing vehicle examination centres. TD

engaged EMSTF, under a Service Level Agreement, for providing project consultancy and management services for the vehicle examination equipment, related electronics and control systems of the Complex. TDVEC is equipped with the following facilities:

- (a) 30 inspection lanes for different kinds of vehicles;
- (b) 2 chassis dynamometers for commercial vehicles;
- (c) ancillary facilities for vehicle examination such as tilt test platform, a track lane and test ramps for brake testing; and
- (d) vehicle queueing and waiting areas and office accommodation, etc.

The design maximum handling capacity of TDVEC is 1,000 vehicles per day. Designated function for each floor of the centre and the relocation schedule are shown in Table 18.

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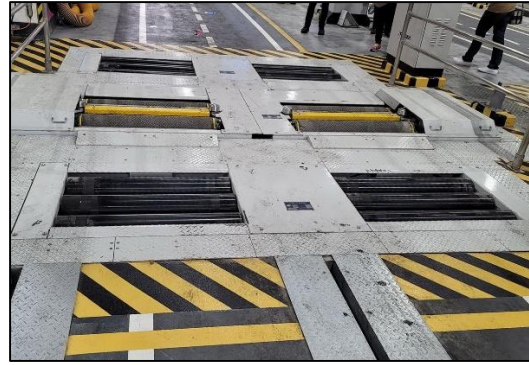
Photograph 1

TDVEC

(a) Main building of TDVEC



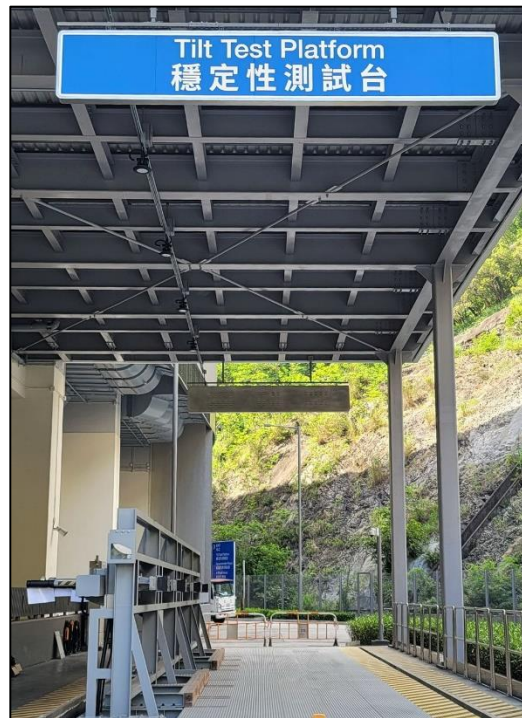
(b) A roller brake tester



(c) An air-conditioned vehicle examination pit



(d) A tilt test platform



Source: Photographs taken by Audit staff on 16 June 2021

Table 18

**Designated function of each floor and respective relocation schedule of TDVEC
(September 2021)**

Floor	Designated function	Vehicle examination centre relocated	Planned/ target/actual opening date	Operator
Third floor	Training venues/plant room	N/A	1 April 2021	TD
Second floor	Examination of motorcycle, taxi, private car and bus	To Kwa Wan	2nd quarter of 2021 (to be revised to end of 2021/ early 2022)	TD
First floor	Examination of urban taxi, light bus, hire car (Note), and goods vehicle and special purpose vehicle (gross vehicle weight exceeding 16 tonnes)	Kowloon Bay	31 May 2021 and 21 June 2021	TD
Ground floor	Examination of goods vehicle, special purpose vehicle (gross vehicle weight not exceeding 16 tonnes) and trailer	New Kowloon Bay	1 April 2021	MOM contractor

Source: TD records

Note: Under the vehicle examination fee waiver scheme, from 30 December 2020 to 29 December 2021, all specified commercial vehicles including hire cars would be exempted from paying fee in taking the first examination in a government vehicle examination centre within the period from 30 December 2020 to 28 April 2022.

Need to step up efforts in enhancing system security to minimise the risk of potential hacking in future

3.20 ***Operation problems encountered after commissioning.*** Shortly after the opening of the ground floor of TDVEC in April 2021, the following incidents occurred:

- (a) ***Long queueing outside TDVEC.*** In early 2021, the media reported that vehicles queued outside TDVEC waiting for vehicle examinations. According to TD, during the initial operation period, some vehicles (mainly commercial vehicles) arrived at the Complex much earlier than the scheduled opening time of 8:30 a.m. and did not follow the vehicle queueing arrangement in TDVEC. After repeatedly reminding drivers and vehicle owners (or their agents) to adhere to the appointment time, advancing the opening time of TDVEC for vehicle queueing and allocating additional queueing area inside TDVEC by TD, queueing outside the Complex and blocking road traffic had no longer been observed since late April 2021. TD also said that it had taken a series of on-going actions to further step up monitoring of traffic condition at TDVEC, enabling prompt actions to be taken if there was any queue outside the Complex. The measures included providing additional closed-circuit television (CCTV) cameras at Sai Tso Wan Road and additional mobile cameras at TDVEC to monitor the traffic situation round the clock, and stepping up the regular reporting of traffic situation;

- (b) ***Vehicles plunged into inspection pits.*** In April and July 2021, an articulated vehicle and a light goods vehicle plunged into inspection pits respectively. Both incidents took place on the ground floor of TDVEC which was operated by the MOM contractor (see Table 18 in para. 3.19). According to TD: (i) the first incident was caused by the driver trying to reverse the articulated vehicle at the inspection lane instead of re-entering the lane from the front; and (ii) the second incident was due to the wrong instruction given by a contractor staff to the driver for using a wider inspection pit. TD had requested the contractor to closely monitor the vehicle examination procedure, strictly prohibit vehicles from reversing at vehicle inspection lanes and correctly direct vehicles to appropriate inspection pits for examination. According to TD, no similar incident had occurred after July 2021; and

- (c) ***Breakdown of the computer system of TDVEC.*** On 17 June 2021, TD staff could not log in the Vehicle Inspection Scheduling Control System, which supported TDVEC to manage appointment booking, to record vehicle inspection results, and to collect vehicle examination fees. According to inspection by EMSTF, the system settings were suspected to have been attacked, resulting in failure to log in the system (Note 26). The online booking systems of government vehicle examination centres (see para. 3.6) and the online booking system of DCTCs had to suspend operation. Details of the incident are elaborated in paragraphs 3.21 to 3.23.

3.21 Shortly after the discovery of the suspected hacking into the computer system of TDVEC, TD reported the incident to the Hong Kong Police Force, the Government Information Security Incident Response Office (GIRO — Note 27) Standing Office, and the Office of the Privacy Commissioner for Personal Data. According to TD:

- (a) the computer system suspected being attacked contained information on the scheduled examinations in the next three to four weeks from 17 June 2021, including vehicle registration marks, vehicle chassis numbers, surnames of contact persons or names of contact organisations, as well as their contact phone numbers, if provided; and
- (b) EMSTF had engaged a specialist investigator to conduct an investigation on the incident and an independent reviewer to review the investigation deliverables of the specialist investigator. Separately, TD had also engaged a specialist consultant to review the overall arrangement and recommendations made by the specialist investigator.

In mid-September 2021, the specialist investigator and independent reviewer had completed their investigation/review and submitted their reports for further actions.

Note 26: *Some servers for online booking, scheduling and vehicle inspection were attacked which in turn affected the operations of the online booking system and the vehicle inspection control system.*

Note 27: *GIRO is a government-wide establishment that provides central co-ordination and support to the operation of individual Information Security Incident Response Teams of B/Ds on information security incidents.*

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3.22 *Remedial actions taken.* Other than reporting the incident to the Hong Kong Police Force and GIRO Standing Office, TD had taken the following remedial actions:

- (a) telephone booking hotlines for booking and scheduling of vehicle examinations to be conducted in TDVEC (see para. 3.7) were launched on 23 June 2021. According to TD, the telephone booking system and the vehicle examination services had been running smoothly;
- (b) a working group was formed, comprising TD, EMSTF and the contracted system developer, in late June 2021 to oversee the implementation of the follow-up actions on the information security controls (including follow-up actions arising from the investigation report — see para. 3.21(b), the observations and recommendations of GIRO Standing Office, etc.); and
- (c) TD and EMSTF had separately engaged IT experts to investigate the incident, and they were taking follow-up actions on the investigation reports submitted by their IT experts.

The relocation of the To Kwa Wan Vehicle Examination Centre, originally scheduled for the second quarter of 2021, would be deferred to end of 2021/early 2022 after completion of system testing of respective vehicle examination equipment on the second floor of TDVEC.

3.23 According to IT Security Guidelines issued by the Office of the Government Chief Information Officer in March 2021, for a new information system, security review should be conducted in the design stage of the system, which serves as a checkpoint to ensure that necessary security requirements are identified and incorporated in the system design stage or other phases appropriately. The pre-production security risk assessment should verify the follow-up actions of the security review to ensure that necessary security measures and controls are implemented in the system properly before production rollout. According to TD, EMSTF's contracted system developer had conducted a pre-production security risk assessment and followed up the risks identified. After the breakdown of the computer system of TDVEC, in late June 2021, GIRO Standing Office has provided comments on the security controls of the TDVEC computer system to TD, and EMSTF and its contracted system developer were implementing the improvement measures accordingly. According to TD, considerable time was needed for completion of the detailed investigation and implementing the security enhancements before resuming

the online vehicle examination booking systems. Upon completion of the investigation by the specialist investigator in September 2021, a thorough system review, system security enhancements and a Security Risk Assessment and Audit would be conducted to minimise the risk of potential hacking in future. In Audit's view, TD needs to take actions to resume the online vehicle examination booking systems as soon as possible and draw lessons from the TDVEC's system security incident with a view to enhancing TD's system security so as to minimise the risk of potential hacking in future.

Need to plan ahead to ensure that recruitment exercises are conducted in a timely manner

3.24 TD's MVE and VT grades staff are deployed on the day-to-day operation of vehicle examination services, as follows:

- (a) MVE grade staff are mainly responsible for:
 - (i) inspecting vehicles to ensure their roadworthiness and compliance with the appropriate legislation;
 - (ii) attending to appeals by vehicle owners and dealing with complicated cases regarding construction and maintenance of vehicle; and
 - (iii) monitoring the performance of the MOM contractor and DCTCs; and

- (b) VT grade staff are mainly responsible for:
 - (i) testing the road-worthiness and ascertaining defects of motor vehicles and trailers; and
 - (ii) undertaking operation, routine servicing and maintenance of vehicle testing equipment.

3.25 According to TD, a number of vacancies for MVE and VT grades staff in VSSD have arisen due to natural wastage resulting from retirement, unanticipated wastage and new posts created. When vacancies arise, TD plans and conducts

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recruitment exercise to fill the vacancies. Before new recruits are available, the duties of these vacancies may be temporarily taken up by various means, including arranging acting appointment of an officer to undertake the duties and responsibilities in the temporary absence of a substantive holder to meet management or operational needs. In addition, TD also employs retiring/retired civil servants under the PRSC Scheme and may extend the service period of retiring civil servants (Note 28).

3.26 As shown in Table 19:

- (a) ***MVE I rank.*** As at 1 April 2021, 5 MVE I posts were vacant and were filled by acting arrangements by MVE II rank staff;
- (b) ***MVE II rank.*** As at 1 April 2021, 10 MVE II posts were vacant. 10 PRSC staff were employed to meet the manpower shortfall and assist in the relocation of the vehicle examination centres. According to TD, these staff were familiar with the job duties and relevant standards and procedures;
- (c) ***Assistant MVE rank.*** The vacant Assistant MVE post had been acted up by a VT throughout the period since April 2019; and
- (d) ***VT rank.*** As at 1 April 2021, 7 VT posts were vacant. 6 PRSC staff were employed to meet the manpower shortfall.

Note 28: *In accordance with CSB Circular No. 4/2017 “Further Employment Beyond Retirement Age for a Longer Duration than Final Extension of Service”, a B/D may extend the service of a civil servant if it considers that: (a) there are genuine and operational needs to facilitate completion of important, time-limited project/task which may be unduly disrupted if there is personnel change; (b) there is a need to retain valuable experience/expertise to upkeep the quality of public service; or (c) further employment is needed to facilitate succession planning so as to make ready a pool of well-qualified officers to take up higher positions.*

Table 19

**Number of MVE and VT grades staff in VSSD
deployed on day-to-day operation of vehicle examination services
(April 2019 to April 2021)**

Rank	1 April 2019				1 April 2020				1 April 2021			
	Civil servant			PRSC staff	Civil servant			PRSC staff	Civil servant			PRSC staff
	E	S	Shortage		E	S	Shortage		E	S	Shortage	
	(Number)											
Senior MVE (Note 1)	4	4	—	—	4	4	—	—	4	4	—	—
MVE I	11	9	2	—	12	9	3	—	13	8	5	—
MVE II	27	26	1	2	27	23	4	7	27	17	10	10
Assistant MVE (Note 2)	1	—	1	—	1	—	1	—	1	—	1	—
VT	42	42	—	2	39	39	—	—	39	32	7	6
Total	85	81	4	4	83	75	8	7	84	61	23	16

Legend: E = establishment
S = strength

Source: TD records

Note 1: As at 1 April 2021, a Senior MVE acted up a Senior Transport Officer post designated as Chief MVE.

Note 2: As at 1 April 2021, a VT acted up the rank of Assistant MVE.

Remarks: As at 1 April 2021, there were: (a) 1 Senior MVE acting up a Senior Transport Officer post (see Note 1); and (b) 1 retired Senior Transport Officer engaged on PRSC terms since September 2018 to coordinate the TDVEC relocation exercise.

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3.27 According to TD, the employment of PRSC staff was to undertake ad hoc, time-limited or seasonal tasks that require specific civil service expertise/experience. It had critically examined the alternatives such as reshuffling of duties and/or redeployment of existing civil servants, streamlining and re-engineering of procedures/automation, and outsourcing or hiring of services but found that they were not viable. Since November 2018 and January 2021, a number of PRSC MVE IIs and PRSC VTs respectively who were familiar with the job duties and relevant standards and procedures were employed to undertake ad hoc, time-limited tasks, including assisting in the TDVEC relocation exercise and tiding over of short-term manpower gap pending the arrival of new recruits upon the completion of civil service recruitment exercises.

3.28 In August, October and November 2021, TD informed Audit that:

- (a) the Assistant MVE rank was the entry rank for MVE grade staff. Having regard to the operational requirements and with the approval of the Transport and Housing Bureau and CSB, TD had been conducting recruitment exercises at MVE II rank for decades. During the past ten years, TD conducted recruitment exercises at MVE II rank in 2013, 2017 and 2020;
- (b) for MVE II rank, after the recruitment exercise in 2017, TD had planned to conduct a new recruitment exercise to fill the anticipated vacancies in July 2019, which was subsequently launched in October 2020. New recruits would be expected to report duty commencing from the third quarter of 2021;
- (c) for VT rank, the last recruitment exercise was conducted in 2016. In July 2021, TD commenced another recruitment exercise aiming at recruiting sufficient VTs to fill the vacancies;
- (d) for the purpose of facilitating the transfer of expertise/experience and ensuring the quality of service delivery, TD had employed PRSC staff to tide over the temporary manpower shortage at MVE II and VT ranks. The option of further employment of serving civil servants for a longer duration exceeding final extension of service up to 120 days had not been adopted because PRSC arrangement was considered to be more flexible; and

- (e) it had been planning ahead its recruitment exercises as an ongoing manpower planning measure. The Departmental Secretariat and the respective grade management of TD had kept in view the vacancy position of the various grades and discussed on the need and priority for a recruitment exercise on an ongoing basis. From July 2019 to August 2021, in addition to the two recruitment exercises for MVE IIs and VTs, TD conducted eight recruitment exercises for other departmental grades and a number of recruitment exercises for non-civil service posts.

3.29 In accordance with CSB Circular No. 13/2015 “Post-retirement Service Contract Scheme” (see Appendix D):

- (a) B/Ds should not employ PRSC staff for jobs which should be undertaken by civil servants, especially where B/Ds consider that there is a long-term/permanent need for staffing by civil servants to meet its service needs; and
- (b) B/Ds may employ retired/retiring civil servants to undertake ad hoc, time-limited, seasonal or part-time tasks that require specific civil service expertise/experience.

According to TD, the employment of PRSC staff in VSSD was to meet ad hoc and time-limited operational needs (e.g. relocation exercise for TDVEC and tide-over of short-term manpower gap pending completion of civil service recruitment exercises). In Audit’s view, over-reliance on the employment of PRSC staff to take up the duties of long-term/permanent civil servant posts is less than satisfactory. Furthermore, despite that vacancies of MVE II and VT were anticipated on 1 April 2020 and 1 April 2021 respectively, recruitments of the two ranks only commenced in October 2020 and July 2021 respectively. Taking into account the lead time required for completing the recruitment exercises, new recruits can only report for duty in some five to ten months’ time the earliest. In Audit’s view, TD needs to plan ahead to better address staff shortage due to normal retirement and take measures to ensure that recruitment exercises are conducted in a timely manner.

Audit recommendations

- 3.30 **Audit has recommended that the Commissioner for Transport should:**
- (a) **take actions to resume the online vehicle examination booking systems as soon as possible and draw lessons from the incident with a view to enhancing TD's system security so as to minimise the risk of potential hacking in future; and**
 - (b) **plan ahead to better address staff shortage due to normal retirement and take measures to ensure that recruitment exercises are conducted in a timely manner.**

Response from the Government

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

- (a) resume the online vehicle examination booking systems as soon as possible;
- (b) draw lessons from the incident with a view to enhancing TD's system security so as to minimise the risk of potential hacking in future. In this regard, TD has advised that it is taking actions to enhance the system security for TDVEC based on the recommendations given by a specialist investigator and GIRO Standing Office; and
- (c) continue to plan ahead its recruitment exercises to better cope with the manpower requirement of the grades under its purview.

Monitoring of Designated Car Testing Centres

3.32 A vehicle owner or his authorised person can book an appointment for annual vehicle examination of a private car or a light goods vehicle (with gross vehicle weight not exceeding 1.9 tonnes) online, by phone call, or walk in a DCTC. A DCTC only accepts appointments for vehicles within 4 months before their licences are due to expire.

Need to increase the number of on-site surprise checks and spot checks

3.33 ***DCTC Monitoring Procedures.*** The DCTC Monitoring Unit of VSSD is responsible for monitoring the operations of DCTCs. Staff of the Unit would conduct surprise checks of all DCTCs as follows:

- (a) a MVE I makes reference to the selection criteria (see Appendix E) in preparing a weekly schedule of surprise checks for the endorsement of his supervisor (i.e. a Senior MVE who may change the schedule, if necessary). The MVE I notifies a MVE II on the schedule of surprise checks daily; and
- (b) each MVE I and MVE II conducts 10 and 40 surprise checks (covering all DCTCs) respectively per month on average. The objectives of the surprise check are to ascertain whether: (i) the on-duty Responsible Person stays in DCTC to perform supervision roles; (ii) the vehicle inspection equipment, calibration records, computer system and documentation of the DCTC are in order; (iii) the relevant data in the computer is the same as the inspection report; and (iv) public notices on approved fees, operation hour, and name lists of Responsible Person and Approved Car Testers are displayed in DCTC.

To ensure that the examinations performed by the DCTCs are in compliance with the required standard, a MVE I/II performs spot checks on vehicles undertaking annual examination in a DCTC during his surprise check. A spot check may cover items such as checking of chassis number, engine number, print-out result of emission test, tyres, lighting system, etc. The Senior MVE of the DCTC Monitoring Unit is required to review the results of the surprise checks to ensure that the total number of vehicles spot-checked by a MVE I/II during surprise checks for a DCTC is about 1% of the total number of vehicles examined by the DCTC.

3.34 ***Warning system.*** If an irregularity/malpractice is identified and a warning is warranted, the following types of warning may be given to the DCTC: (a) verbal warning issued by a MVE I, (b) written warning by a Senior MVE or (c) serious written warning by an Engineer or a Chief MVE of VSSD. A warning to a DCTC should not be made more than 14 working days from the date the irregularity/malpractice was found. The Senior MVE should review the performance of the DCTC and make recommendation to TD's management on the renewal of designation of DCTCs and its technical/supervisory staff. From 2018 to 2020, TD

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issued a total of 258 warnings, comprising 202 verbal warnings, 53 writing warnings and 3 serious written warnings.

3.35 Audit noted that, as shown in Table 20, from 2018 to 2020:

- (a) while the number of DCTCs slightly dropped from 41 to 40, the number of surprise checks significantly decreased by 829 (43%) from 1,911 to 1,082 during the period; and
- (b) while the number of vehicle examinations conducted at the DCTCs increased by 26,320 (8%) from 345,377 to 371,697, the number of spot checks decreased by 737 (21%) from 3,584 to 2,847 during the period. In 2020, the percentage of spot checks performed was 0.77%, which was lower than the targeted 1% as stated in the DCTC Monitoring Procedures (see para. 3.33).

For the first seven months of 2021, the numbers of surprise checks and spot checks were 410 and 1,292 respectively. The percentage of spot checks performed during the period was 0.6%, which was below the 1% target.

Table 20

**Number of surprise checks and spot checks performed
(January 2018 to July 2021)**

Year	Number of DCTCs as of December (a)	Number of surprise checks (b)	Number of vehicles examined by DCTCs (c)	Number of spot checks (Note 2) (d)	Percentage $(e) = \frac{(d)}{(c)} \times 100\%$
2018	41	1,911	345,377	3,584	1.04%
2019	40 (Note 1)	1,524	356,607	3,567	1.00%
2020	40	1,082	371,697	2,847	0.77%
2021 (up to July)	40	410	215,833	1,292	0.6%

Source: Audit analysis of TD records

Note 1: One DCTC operator terminated its service in August 2019.

Note 2: The number of spot checks conducted by viewing CCTV records was excluded (see para. 3.36(b)).

Remarks: As at 1 April 2020, the establishment of the DCTC Monitoring Unit included two MVE Is and three MVE IIs. According to the requirements mentioned in paragraph 3.33(b), the number of surprise checks to be performed was 140 in April 2020, i.e. 1,680 per annum.

3.36 In July, August and October 2021, TD informed Audit that:

- (a) the number of on-site surprise checks and spot checks performed in 2020 was reduced due to the outbreak of COVID-19 epidemic. Normal on-site surprise checks and spot checks were resumed in March 2021 when the work-from-home arrangement was no longer required; and
- (b) commencing from July 2019, off-site surprise checks and spot checks had been performed through viewing CCTV records (provided by DCTCs upon request of the DCTC Monitoring Unit) to supplement the on-site surprise

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checks and spot checks. The number of spot checks performed by VSSD through viewing CCTV records were 206 for the period from July to December 2019, 1,408 in 2020, and 819 for the period from January to July 2021.

3.37 According to TD, it will continue to adopt the CCTV inspection to complement on-site spot checks, taking into account that CCTV inspection can provide an effective means to continuously monitor the operation of DCTCs. Audit noted that some of the objectives of the surprise checks and spot checks might not be fully achieved by means of CCTV inspections (see para. 3.33). In Audit's view, TD needs to take measures to ensure that the number of on-site surprise checks and spot checks comply with the targets as laid down in its DCTC Monitoring Procedures.

Audit recommendation

3.38 **Audit has recommended that the Commissioner for Transport should take measures to ensure that the number of on-site surprise checks and spot checks comply with the targets as laid down in TD's DCTC Monitoring Procedures.**

Response from the Government

3.39 The Commissioner for Transport agrees with the audit recommendation. She has said that TD has resumed on-site surprise checks and spot checks on DCTCs since March 2021 and will continue to check CCTV records as a complementary measure for monitoring the operation of DCTCs.

PART 4: ADMINISTRATION OF LANTAU CLOSED ROAD PERMITS

4.1 This PART examines the administration of LCRPs by TD. Audit found room for improvement in TD’s administration of:

- (a) LCRP(LT)s and LCRP(T)s (paras. 4.4 to 4.13); and
- (b) LCRP(NFB)s and LCRP(DLS)s (paras. 4.14 to 4.19).

4.2 As mentioned in paragraph 1.8, LCRP(LT)s and LCRP(T)s are generally issued to residents/business operators on South Lantau and people with temporary needs to enter South Lantau respectively. The other two types of temporary permits, namely LCRP(NFB)s and LCRP(DLS)s, are for tourism purposes. From 2016 to 2020, over 20,000 LCRPs (ranging from 20,100 in 2016 to 23,100 in 2019) were issued by TD annually (see Table 21). Appendix F shows the salient features of the four types of LCRPs.

Table 21

**Number of LCRPs issued by TD
(2016 to 2021 (up to June))**

Type of LCRPs	2016	2017	2018	2019	2020	2021 (up to June)
LCRP(LT)	4,700	5,100	4,600	5,500	6,000	3,100
LCRP(T)	7,100	7,500	7,600	8,200	7,700	4,100
LCRP(NFB)	3,500	4,100	4,300	3,800	1,400	2,200
LCRP(DLS)	4,800	5,700	5,700	5,600	6,300	3,000
Total	20,100	22,400	22,200	23,100	21,400	12,400

Source: TD records

Remarks: Figures are rounded to the nearest hundred.

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TD had stipulated guidelines (comprising Departmental Instructions and the Guideline for processing applications for LCRP) for processing applications for LCRPs. The guidelines and application forms stated the supporting documents required and general permit conditions. As a tool to facilitate the vetting of applications and supporting documents by officers, a checklist (see para. 4.7(c)) had also been developed.

4.3 According to TD, from time to time, there are reported cases on suspected illegal activities involving LCRPs. All along, TD approves and issues LCRPs having regard to the genuine needs of the applicants to enter the closed roads in accordance with established approval criteria. Should there be any violation on the use of LCRPs, including entering South Lantau without a valid LCRP, fraudulent cases of LCRP, forged LCRPs, use of LCRPs for illegal carriage of passengers for hire or reward, etc., the Hong Kong Police Force is responsible for investigation and taking enforcement action. As and when suspected violation cases are observed, TD will refer the cases to the Hong Kong Police Force for investigation/enforcement action. Table 22 shows the number of prosecution cases relating to driving on Lantau closed roads without valid LCRPs (Note 29).

Note 29: *According to TD, having checked with the Hong Kong Police Force, besides driving on Lantau closed roads without valid LCRPs, it does not have the number of prosecution cases for other types of violation cases regarding LCRPs (including fraudulent cases on the trading of LCRPs, illegal hire car service and forged LCRPs).*

Table 22

**Number of prosecution cases relating to
driving on Lantau closed roads without valid LCRPs
(2016 to 2021 (up to June))**

	2016	2017	2018	2019	2020	2021 (up to June)
Number of prosecution cases	932	1,047	1,124	948	2,430	1,538

Source: TD records

Remarks: According to TD: (a) the figures had been checked with the Hong Kong Police Force; (b) for combating against unlawful use of LCRPs, the Hong Kong Police Force would conduct patrol or intercept vehicles for checking; and (c) it noticed that the unlawful activities involving LCRPs seemed to have increased in 2020 and 2021, probably because there were more public visiting South Lantau for leisure after the outbreak of COVID-19 epidemic when overseas travel was restricted.

Long-term Lantau Closed Road Permits and temporary Lantau Closed Road Permits

4.4 **LCRP(LT)s.** According to TD's guidelines, LCRP(LT)s are issued to residents and business operators with place of residence/business on South Lantau to meet their daily transportation needs. The number of LCRP(LT)s is limited to one permit for each dwelling/business unit. If an applicant under a dwelling/business unit has more than one vehicle, only one LCRP(LT) will be issued to cover all vehicles under the application. The family members of a dwelling will normally be requested to share use an LCRP(LT) (i.e. only one vehicle under a permit can be used on South Lantau at any one point in time), and the registration marks of the vehicles concerned will be printed on the same permit (Note 30).

Note 30: *According to TD, it is technically infeasible to print more than six vehicle registration marks on the permit due to the limited space. For a successful applicant with more than six vehicles to be covered in his permit, while the permit granted to him will not show any vehicle registration mark, the approval letter (see para. 4.6) issued to him will list all the vehicle registration marks. The permittee has to bring along the approval letter to support the use of the permit.*

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4.5 *LCRP(T)s.* According to TD's guidelines, LCRP(T)s may be issued, according to the needs specified by the applicants in their application forms, for the following purposes:

- (a) official duties of parties such as government staff and District Council members;
- (b) contractors' vehicles of government departments, utility companies, residents or business operators for carrying out works or services;
- (c) business operators on South Lantau who require additional permits to meet daily transportation need of the business;
- (d) business operators who provide special services (e.g. emergency service or maintenance) on South Lantau;
- (e) weddings, funerals and other short-term events (e.g. fund-raising activities);
- (f) providing relocation/delivery service to residents on South Lantau;
- (g) transportation of persons who are not suitable to take public transport (including taxi); or
- (h) any other circumstances with full justifications that are considered reasonable (e.g. travelling to South Lantau by a disabled driver).

4.6 *Processing of applications.* According to TD, applicants for LCRP(LT)s/LCRP(T)s can submit their applications and supporting documents to TD online or by fax or mail not less than three weeks and not more than three months before the date of intended use of the permit or the permit expiry date. TD uses a computer system (i.e. the Lantau Permit Information System (LPIS)) for processing applications and issuing permits. For an application submitted online, the application data is automatically recorded in LPIS. For an application submitted by fax or mail, a processing officer (of the Executive Assistant grade) creates a record in LPIS and inputs the application particulars (e.g. name of applicant, vehicle registration mark and class of vehicle). According to TD's guidelines, for each application, the

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processing officer will conduct checking on the application and the supporting documents submitted as follows:

- (a) **Identity.** For issuing an LCRP(LT)/LCRP(T), the processing officer will check the following:
 - (i) whether the applicant is an individual or a company; and
 - (ii) the identity documents (e.g. a copy of identity card or a copy of business registration/certificate of incorporation) submitted by the applicant;
- (b) **Address proof.** For issuing an LCRP(LT), an address proof on South Lantau (e.g. a bill issued by the electricity company) issued not more than three months from the date of application is required. If the address proof is not under the name of the applicant, an authorisation letter from the owner of the address concerned with a copy of his identity document are required. For issuing an LCRP(T), depending on the nature of the application, the need to submit address proofs will be determined in accordance with TD's guidelines;
- (c) **Vehicle information.** For issuing an LCRP(LT)/LCRP(T), the processing officer will check the vehicle registration document of the vehicle concerned; and
- (d) **Other information.** For issuing an LCRP(LT), the processing officer will check whether an LCRP(LT) has been issued to the same address and remains valid to ensure that only one LCRP(LT) is issued for one address. For issuing an LCRP(T), the processing officer will check whether the supporting documents submitted by the applicant are in line with the purpose of application. For example, a business operator on South Lantau who requires additional permits to meet daily transportation need of the business should submit works orders, invoices or delivery notes issued within six months prior to the date of application.

After checking an application, the processing officer will make recommendations via a Transport Officer for approval by the responsible Senior Transport Officer. After obtaining the approval, the processing officer will send an approval letter by mail, email or fax to the applicant for collecting LCRP(LT)/LCRP(T). The approval letter

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sets out the major permit conditions such as the name of the permit holder, vehicle registration mark, validity period and time restriction for access (if applicable).

Need to improve the processing of applications for LCRP(LT)s/LCRP(T)s

4.7 Audit sample check of the 50 applications for LCRP(LT)s/LCRP(T)s (involving the issue of 20 LCRP(LT)s and 67 LCRP(T)s) approved on 30 November 2020 and 1 June 2021 revealed the following issues:

- (a) ***Irregularities in supporting documents not found by TD.*** In two cases in which TD had issued to each of the two applicants a 12-month LCRP(T), Audit found that there were irregularities in the supporting documents submitted by the applicants, as follows:
 - (i) ***Case 1.*** According to TD's guidelines, for the issue of a 12-month LCRP(T), an applicant should submit a total of 12 works orders, invoices or delivery notes, which can show the concerned South Lantau address, with at least one for each of the six months before the date of application. In this case, of the 13 invoices (covering the period from May to October 2020) submitted by the applicant, one did not bear any delivery address and another one showed that the delivery address was in Central; and
 - (ii) ***Case 2.*** In this case, the applicant, who had rented a piece of land on South Lantau for farming purpose, applied for an LCRP(LT)/LCRP(T) for allowing three vehicles to transport materials and supplies to and from South Lantau. As required by TD, the applicant submitted a stamped tenancy agreement and rental receipts to support her application. However, Audit noted that the issuer as stated in the rental receipts was not the landlord as stated in the tenancy agreement and no explanation was provided by the applicant;
- (b) ***Validity period of LCRP(T) issued longer than the need of applicant.*** For Case 2, Audit noted that the period of tenancy stated in the tenancy agreement was from November 2020 to November 2021. However, in July 2021, TD issued to the applicant a 12-month LCRP(T) ending in July 2022, which would be some 8 months after the end of the tenancy; and

- (c) ***Checklist for vetting applications not used or not properly completed.*** In response to the recommendation made by the Independent Commission Against Corruption in its assignment report “Issue of Lantau Closed Road Permits” issued in June 2019, since January 2020, TD had introduced a manual checklist for vetting applications to enhance the consistency of handling applications by different officers. However, Audit noted that in some cases, the checklist was not used or not properly completed, as follows:
- (i) in 9 cases, the processing officers did not use the checklist for vetting applications;
 - (ii) in 12 cases, while the checklist of each case was initialled by a Transport Officer and filed in the application file concerned, all the items contained therein were left blank; and
 - (iii) in 24 cases, not all the items (e.g. address proof and class of vehicle) in the checklist necessary for vetting applications were ticked.

In Audit’s view, TD should strengthen the checking of supporting documents with a view to ensuring that only applications for LCRP(LT)s/LCRP(T)s that are fully supported will be approved. Regarding the validity period of LCRP(T)s, TD needs to take measures to ensure that the validity periods approved in LCRP(T)s tally with the need of applicants as far as practicable. TD also needs to remind its staff to strictly follow the requirements in TD’s guidelines in respect of using the manual checklist for vetting applications. Given that TD has been using electronic means (i.e. LPIS) for processing applications and issuing permits (see para. 4.6), Audit considers that TD needs to explore the feasibility of implementing the checklist for vetting applications in LPIS so as to ensure that applications are properly vetted against the requirements before an LCRP(LT)s/LCRP(T)s can be issued.

Need to take measures to address the use of illegal or invalid LCRPs

4.8 As mentioned in paragraph 4.3, from time to time, there are reported cases on suspected illegal activities involving LCRPs. Examples include:

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- (a) ***Forged LCRPs.*** In May and June 2021, the Hong Kong Police Force took enforcement actions against illegal entry to the closed roads of Lantau by vehicles. During the operations, among others, 60 persons suspected of forging LCRPs were arrested; and
- (b) ***Photocopied LCRPs.*** According to TD, in 2020, there was a substantiated complaint in which photocopies of an LCRP(T) issued to a government contractor were found to be displayed on two sub-contractors' vehicles on South Lantau, which were not covered by the LCRP(T).

4.9 While there have been requirements in place to control the use of expired LCRPs and LCRP(LT)s that may no longer be needed by the applicants to meet their daily transportation needs, Audit noted the following issues in the enforcement of such requirements:

- (a) ***Statutory requirement on expired LCRPs.*** According to the Road Traffic (Registration and Licensing of Vehicles) Regulations, permittees are required to return LCRPs to TD upon expiry. Any person who without reasonable excuse contravenes such requirement commits an offence and is liable to a fine at level 1 (i.e. \$2,000). While the return rate of expired LCRPs was very low, TD had not taken any follow-up actions with the permittees concerned on the return of their expired LCRPs; and
- (b) ***Requirement on LCRP(LT)s that may no longer be needed to meet daily transportation needs.*** Upon submission of the application form, an applicant undertakes to notify TD in writing immediately upon any change in the particulars given in the application form. In one case, Audit noted that in May 2021, a permittee, who was no longer a resident on South Lantau, had not informed TD of the change of address nor applied for cancellation of LCRP(LT) issued to him until TD issued to him a letter for clarification (Note 31).

Note 31: *According to TD, since each dwelling/business unit on South Lantau will only be issued one LCRP(LT) upon application and a new application submitted by a person using the same address was received in April 2021, it issued to the permittee a letter for clarification in May 2021. The permittee replied in the same month that he had moved out of South Lantau and applied for cancellation of the permit.*

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4.10 In response to Audit's enquiry, in September and October 2021, TD said that:

- (a) regarding the reasons for not taking follow-up actions with the permittees on the return of expired LCRPs:
 - (i) it had been TD's high priority to process the applications for LCRPs in a timely manner according to the performance pledge and if possible, shorten the processing time for meeting the travelling need of the public. It was not TD's high priority to chase the permittees to return their expired permits taking into account that it would be difficult and time consuming to chase the permittees when they had no intention nor incentive to return their expired permits to TD as such arrangement would cause them inconvenience;
 - (ii) it was envisaged that the manpower and resources to be deployed for chasing every permittee to return his expired permit would be enormous, given the large number of LCRPs issued every year (e.g. about 21,400 LCRPs were issued in 2020);
 - (iii) although there was a provision in the legislation where the permittee would be subject to a fine if he did not return the expired permit to TD, it would be complicated and costly for the Government to carry out the required legal proceedings;
 - (iv) there was no evidence to demonstrate that the increased illegal activities involving LCRPs (see para. 4.3) was the result of permittees not returning their expired permits. According to the observations of the Hong Kong Police Force, most of the invalid LCRPs found on vehicles were photocopied LCRPs instead of expired permits. The increase in illegal activities involving LCRPs was probably due to more public visiting South Lantau for leisure after the outbreak of COVID-19 epidemic when overseas travel was restricted;
 - (v) an expired permit was no longer valid and could be easily identified by the Hong Kong Police Force based on the expiry date printed on it. If a person entered South Lantau without a valid permit, be it an expired or a forged one, he had already violated the legislation and

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would be liable to a fine and/or imprisonment. The Hong Kong Police Force would investigate and take enforcement actions against such illegal activities; and

- (vi) it was planning to introduce an electronic permit system (Note 32) which would allow successful applicants to print the electronic permits by themselves. The electronic permits would be incorporated with a Quick Response (QR) Code encrypted with the same information of the permits for checking of validity and authenticity of the permits by the Hong Kong Police Force on spot. With the adoption of the new system, it had proposed and was taking forward the necessary procedures to repeal the statutory requirement for permittees to return the expired permits;

- (b) with a view to facilitating the Hong Kong Police Force to take enforcement actions, it had all along been working with the Hong Kong Police Force to explore measures to enhance the security features of LCRPs. After in-depth discussions with and obtaining agreement from the Hong Kong Police Force and Government Logistics Department, the following measures had been/would be taken:
 - (i) there were colour variations for different types of LCRPs for easy identification by the Hong Kong Police Force in taking enforcement actions;

 - (ii) since 1 September 2021, a watermark (TD's logo) had been stamped on LCRPs. Such new security feature was considered by the Hong Kong Police Force effective in deterring the use of forged LCRPs; and

 - (iii) thicker paper would be used to print LCRPs to enhance the durability.

Note 32: *According to TD, the electronic permit system of LCRP(DLS) is tentatively planned to be implemented in the second quarter of 2022. Upon its successful implementation, TD will explore with relevant parties the feasibility of extending the scope to cover other types of LCRPs.*

In addition, TD planned to engage a contractor to improve the design of LCRPs by adding more security features (e.g. security line patterns) in consultation with the Hong Kong Police Force and Government Logistics Department; and

- (c) development of another system was in progress to facilitate the Hong Kong Police Force in taking enforcement action. For such system, the Sustainable Lantau Office of the Civil Engineering and Development Department undertook to conduct a study on the use of technological devices to track vehicles entering the closed roads in Lantau without valid LCRPs. The system would identify the vehicle registration marks of vehicles passing the checkpoint (located at Tung Chung Road near Shek Mun Kap) and automatically compare the vehicle registration marks with TD's records to check whether the vehicles had valid LCRPs. It was targeted to commence the trial of the system in the second quarter of 2023.

4.11 Audit notes that the electronic permit system (see para. 4.10(a)(vi)) and the system to be used at Lantau's checkpoint (see para. 4.10(c)) are still at the planning stage and may take some years before their full implementation. In the interim, TD needs to closely monitor the increasing unlawful activities involving LCRPs (see para. 4.3) and if the use of forged permits is found to be escalating, consider implementing stronger security features on LCRPs that leverage anti-counterfeit technology. While noting TD's plan to repeal the statutory requirement for permittees to return the expired permits, pending the repeal of such requirement, TD needs to remind permittees to return their expired permits. TD should also remind permittees to notify TD in writing immediately upon any change in the particulars given in the application form.

Audit recommendations

- 4.12 Audit has *recommended* that the Commissioner for Transport should:
- (a) **strengthen the checking of supporting documents with a view to ensuring that only applications for LCRP(LT)s/LCRP(T)s that are fully supported will be approved;**
 - (b) **take measures to ensure that the validity periods approved in LCRP(T)s tally with the need of applicants as far as practicable;**

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- (c) **remind TD staff to strictly follow the requirements in TD’s guidelines in respect of using the manual checklist for vetting applications;**
- (d) **explore the feasibility of implementing the checklist for vetting applications in LPIS;**
- (e) **closely monitor the increasing unlawful activities involving LCRPs and if the use of forged permits is found to be escalating, consider implementing stronger security features on LCRPs that leverage anti-counterfeit technology;**
- (f) **remind permittees to return their expired permits; and**
- (g) **remind permittees to notify TD in writing immediately upon any change in the particulars given in the application form.**

Response from the Government

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

- (a) update the internal guidelines and checklist to enhance the checking of supporting documents and vetting of LCRP applications by mid-December 2021;
- (b) explore the technical feasibility of providing e-checklist for vetting applications;
- (c) continue to monitor unlawful activities involving LCRPs together with the Hong Kong Police Force and the Government Logistics Department. For example, TD will vary the colour of LCRPs from time to time. TD has also added the embossing stamp on each LCRP to enhance the security feature since September 2021 as an interim measure. Moreover, TD is exploring with the Government Logistics Department and the Hong Kong Police Force on the use of thicker paper and adding watermark on each LCRP, etc.; and

- (d) continue to remind the permit holders to return the expired permits to TD before repealing the statutory requirement and notify TD upon any change in the permittees' particulars.

Temporary Lantau Closed Road Permits (for tour services of non-franchised buses) and temporary Lantau Closed Road Permits (under the Driving on Lantau Island Scheme)

4.14 *LCRPs for tourism purposes.* As mentioned in paragraph 4.2, there are two types of LCRPs for tourism purposes, namely:

- (a) *LCRP(NFB)s.* Coach companies and organisers of tour services of NFBs who intend to arrange tours to and from South Lantau via Tung Chung Road can apply for LCRP(NFB)s. At present, the daily maximum number of tour coaches permitted to enter South Lantau is 40. The 40 quotas are equally shared by local tours and non-local ones, and allocated on a first-come-first-served basis. After the application close date (i.e. two weeks before the permit effective date), any unused quotas of one category will be reallocated to the other category which has excessive demand. Each applicant may apply for a maximum of three quotas for three coaches on tour services to enter South Lantau on the same day; and
- (b) *LCRP(DLS)s.* Under DLS, members of the public can apply for LCRP(DLS)s for driving private cars on weekdays (except public holidays), where the traffic is not heavy, via the closed roads on Lantau to visit places like Ngong Ping, Tai O, Cheung Sha and Mui Wo for leisure and recreational purposes. At present, the daily maximum number of private cars permitted to enter the closed roads on Lantau is 25 (including 5 reserved for electric vehicles). The quotas are allocated on a first-come-first-served basis (Note 33). Each private car will only be allocated one quota each month.

Note 33: *According to TD, since the introduction of DLS in February 2016, there has been a strong demand from the public and the utilisation of the daily quotas has remained high. Regarding the suggestion of balloting the daily quotas received from time to time, TD planned to implement the balloting system when launching the second phase of DLS tentatively scheduled in the second quarter of 2022.*

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4.15 *Processing of applications.* The processing of applications for LCRP(NFB)s and LCRP(DLS)s is as follows:

- (a) *LCRP(NFB)s.* According to TD, applicants for LCRP(NFB)s can submit their applications and supporting documents to TD online or by fax not less than two weeks and not more than three months before the date of intended use of the permit. Similar to LCRP(LT)s and LCRP(T)s, TD uses LPIS (see para. 4.6) for processing applications and issuing permits. For an application submitted online, the application data is automatically recorded in LPIS. For an application submitted by fax, a processing officer (of the Executive Assistant grade) creates a record in LPIS and inputs the application particulars. According to TD's guidelines, for each application, the processing officer will conduct checking on the application and the supporting documents (e.g. copies of valid vehicle registration documents of NFBs, a copy of Annexure of the Passenger Service Licence concerned, etc.). After checking an application, the processing officer will make recommendations via a Transport Officer for approval by the responsible Senior Transport Officer. After obtaining the approval, the processing officer will send an approval letter by mail, email or fax which sets out the major permit conditions, to the applicant for collecting LCRP(NFB); and

- (b) *LCRP(DLS)s.* Applicants for LCRP(DLS)s can submit their applications online not less than two working days and not more than one month before the intended effective date of the permits. After an applicant provides his particulars and details of the private car, and selects the date he intends to go to South Lantau, the system will verify the eligibility of the vehicle automatically (i.e. a private car not allocated an LCRP(DLS) in the same month). If the vehicle is eligible for an LCRP(DLS) and there is a quota available, the applicant will be prompted to pay the permit fee via the online payment system. For a successful application, TD will send an approval letter together with the permit to the applicant by mail. If an application is made less than five working days before the day of entry to South Lantau, the applicant has to collect the permit in person.

Need to review the generation of penalty list by LPIS for disqualifying non-compliant applicants from applying for LCRP(NFB)s

4.16 According to TD's guidelines, applicants will be disqualified from applying for LCRP(NFB)s for six months commencing from the effective date of the last LCRP(NFB)s issued to them if they, without giving prior notice and on three occasions within any consecutive 12 months, fail to:

- (a) submit the vehicle particulars and the corresponding supporting documents at least eight working days before the permit effective date, if the documents are not submitted together with the application; or
- (b) collect an LCRP(NFB) granted.

According to TD, while a manual penalty list is maintained to keep track of the compliance status of applicants, an alert function has been created in LPIS in March 2020 to remind processing officers on whether the applicant is on the automatically-generated penalty list (based on data contained in LPIS) of LPIS when processing applications of LCRP(NFB)s.

4.17 Audit noted that in one application received in November 2020, while the applicant was in the automatically-generated penalty list of LPIS and should be disqualified from applying for LCRP(NFB)s, TD approved the application in the same month. In response to Audit's enquiry, in September 2021, TD informed Audit that:

- (a) the alert function was a supplementary function to check and alert processing officers of the applicants' penalty status instead of blocking the application. In practice, when processing officers came across the alert message, they had to cross check the manual penalty list to ensure accuracy; and
- (b) for the application received in November 2020, TD found that LPIS included the applicant in the automatically-generated penalty list as LPIS recognised that the applicant had failed to collect the permits granted for three times in August 2020. While LPIS generated an alert message, after counter-checking the manual penalty list and the application records, TD found that the applicant had withdrawn the three applications in July 2020 and had no record of failing to submit the information required

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eight working days before the permit effective date or failing to collect a permit granted in the past 12 months. Therefore, the application was approved.

Audit noted that despite the fact that the information of withdrawing the three applications by the applicant in July 2020 had been recorded in LPIS in September 2020, in November 2020, the pertinent applicant was still in the penalty list of LPIS. In Audit's view, with a view to ensuring that a reliable and effective mechanism is in place to identify cases that warrant disqualification, TD needs to review the generation of penalty list by LPIS to ascertain the reasons for not recognising the information of application withdrawals and take measures to enhance LPIS as appropriate.

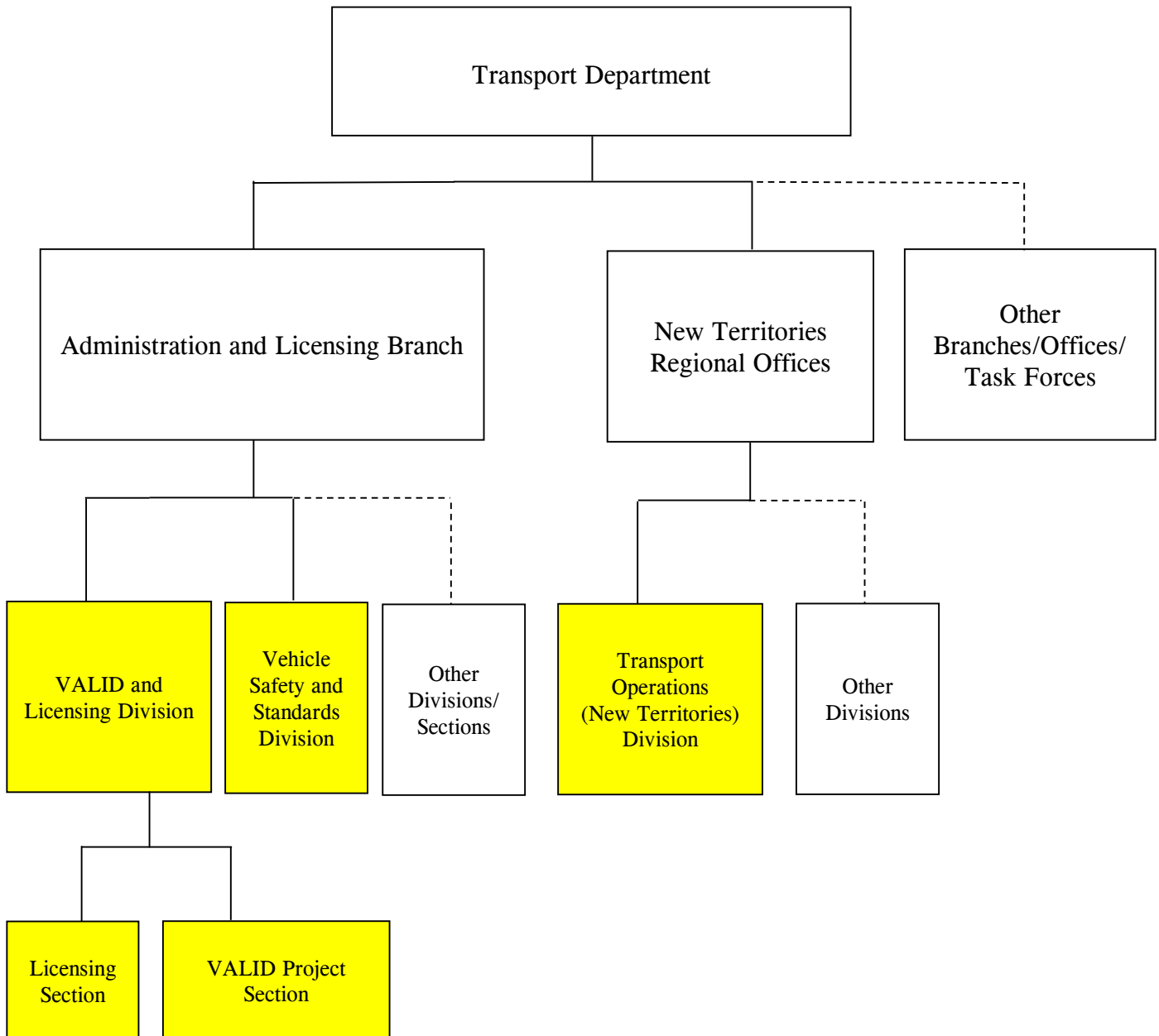
Audit recommendation

4.18 **Audit has *recommended* that the Commissioner for Transport should, in order to facilitate checking of compliance status of applicants for LCRP(NFB)s, review the generation of penalty list by LPIS to ascertain the reasons for not recognising the information of application withdrawals and take measures to enhance LPIS as appropriate.**

Response from the Government

4.19 The Commissioner for Transport agrees with the audit recommendation. She has said that TD will explore the technical feasibility of enhancing the existing LPIS to facilitate the checking of penalty list.

**Transport Department:
Organisation chart (extract)
(30 June 2021)**



Legend: Divisions/Sections covered in this Audit Report

Source: *TD records*

Appendix B
(paras. 2.2, 2.3, 2.21
and 2.25 refer)

**Licensing services provided by Transport Department's licensing offices
(30 June 2021)**

Licensing services		Means of application								
		Licensing office					Appointment booking service available?	Online	By post	By drop-in box
		HKLO	KLO	KTLO	STLO					
Driving licence-related										
1	Issue/renewal of full driving licence	✓	✓	✓	✓	✓	✓ (Note 1)	✓	✓	
2	Issue of learner's driving licence (private car, light goods vehicle, motorcycle and motor tricycle)	✓	✓	✓	✓	✓	—	✓ (Note 2)	✓ (Note 2)	
3	Issue of learner's driving licence (commercial vehicles)	✓	✓	—	—	✓	—	✓ (Note 3)	✓	
4	First issue/renewal of driving instructor's licence	✓	✓	✓	✓	✓	—	✓	✓	
5	First issue/renewal of probationary driving licence	✓	✓	✓	✓	✓	—	✓	✓	
6	Duplicate of full/probationary/learner's/instructor's/temporary driving licence	✓	✓	✓ (Note 4)	✓ (Note 4)	✓	—	✓	✓	
7	Issue/duplicate of international driving permit	✓	✓	✓	✓	✓	—	✓	✓	
8	Addition of new entitlement(s)	✓	✓	✓	✓	✓	—	✓	✓	
9	Issue of certificate of driving licence particulars	✓	✓	✓	✓	—	—	✓	✓	
10	Change of personal particulars	✓	✓	✓	✓	—	✓ (Note 5)	✓	✓	

Appendix B
(Cont'd)
(paras. 2.2, 2.3, 2.21
and 2.25 refer)

Licensing services		Means of application							
		Licensing office					Online	By post	By drop-in box
		HKLO	KLO	KTLO	STLO	Appointment booking service available?			
Driving licence-related (continued)									
11	Application for driving test (private car, light goods vehicle, motorcycle and motor tricycle)	✓	✓	—	—	✓	✓ (Note 6)	✓ (Note 7)	✓ (Note 7)
12	Application for driving test (commercial vehicles)	—	—	—	—	—	✓ (Note 8)	✓ (Note 9)	—
13	Direct issue of full driving licence	✓	—	—	—	✓	—	—	—
14	Issue/extension of temporary driving licence	✓	—	—	—	✓	—	—	—
15	Application for driving test postponement and duplicate of appointment letter	✓	—	—	—	—	—	✓	✓
Vehicle licence-related									
1	Issue/renewal of vehicle and trailer licence	✓	✓	✓	✓	✓	✓ (Note 10)	✓	✓
2	Duplicate of vehicle and trailer licence	✓	✓	✓	✓	—	—	✓	✓
3	Duplicate of registration document	✓	✓	✓	✓	—	—	—	—
4	Transfer of vehicle ownership	✓	✓	✓	✓	✓	—	—	—
5	Cancellation of registration of vehicles and trailers	✓	✓	✓	✓	—	—	✓	✓
6	Surrender of vehicle licence	✓	✓	✓	✓	—	—	✓	✓

Appendix B
(Cont'd)
(paras. 2.2, 2.3, 2.21
and 2.25 refer)

Licensing services		Means of application							
		Licensing office					Online	By post	By drop-in box
		HKLO	KLO	KTLO	STLO	Appointment booking service available?			
Vehicle licence-related (cont'd)									
7	Printing outstanding court order (vehicles)	✓	✓	✓	✓	—	—	—	—
8	Issue of certificate of clearance	✓	✓	✓	✓	—	—	—	—
9	Issue of certificate of vehicle particulars	✓	✓	✓	✓	—	✓	✓	✓
10	Change of vehicle particulars	✓	✓	✓	✓	—	—	✓	✓
11	Refund of vehicle licence	✓	✓	✓	✓	—	—	✓	✓
12	Retention of registration mark (non-auction)	✓	✓	—	—	✓	—	✓	✓
13	Assigning vehicle registration mark	✓	✓	—	—	✓	—	✓	✓
14	First registration of vehicles and trailers	✓	—	—	—	—	—	—	—
15	Re-registration of vehicles and trailers	✓	—	—	—	—	—	—	—
16	Add accessories and taxable warranties within six months after first registration	✓	—	—	—	—	—	—	—
17	Issue/renewal/duplicate of rickshaw licence	✓	—	—	—	—	—	—	—
18	Reservation of registration mark for auction (non-special registration marks)	✓	—	—	—	—	✓	✓	✓
19	Change of vehicle class	✓	—	—	—	—	—	—	—
20	Addition of taxable accessories	✓	—	—	—	—	—	—	—

Appendix B
(Cont'd)
(paras. 2.2, 2.3, 2.21
and 2.25 refer)

Licensing services		Means of application							
		Licensing office					Online	By post	By drop-in box
		HKLO	KLO	KTLO	STLO	Appointment booking service available?			
Others									
1	Government tunnel/Tsing Ma Control Area tickets for disabled drivers	✓	✓	✓	✓	—	—	✓	✓
2	Permits for long load, wide load, movement, expressway and village vehicle	✓	✓	✓	✓	—	—	✓	✓
3	Excess passengers permit	✓	✓	—	—	—	—	✓	✓
4	First issue of trade licence and application for international circulation permit	✓	—	—	—	—	—	—	—
5	Miscellaneous services	✓ (Note 11)	—	—	—	—	—	✓	✓

Source: TD records

Note 1: It is only applicable for renewal of full driving licence.

Note 2: It is not applicable for first application of learner's driving licence.

Note 3: Postal applications are only handled by STLO. STLO does not accept applications submitted through counters.

Note 4: It is not applicable for temporary driving licence.

Note 5: It is only applicable for change of address.









Note 6: It is only applicable for repeating the road test for non-commercial vehicles. Test appointment booking can be submitted through the Internet to Driving Services Section.

Note 7: It is not applicable for first application of driving test.

Appendix B
(Cont'd)
(paras. 2.2, 2.3, 2.21
and 2.25 refer)

- Note 8: It is applicable for both first-time attempt and retaking of the road test for commercial vehicles or taxi written test. Test appointment booking can be submitted through the Internet to Driving Services Section.*
- Note 9: Applications of driving test for commercial vehicles can be submitted by post which are handled by STLO.*
- Note 10: It is only applicable for renewal of vehicle licence.*
- Note 11: These services include issue of passenger service licence and certificate and their duplicates, renewal/duplicate of trade licence, hire car permit, movement permit for a classic car, advertising vehicle permit and Lantau closed road permit.*

Waiting halls at the four licensing offices

	At 11:00 a.m.	At 3:00 p.m.
(a) HKLO		
(b) KLO		
(c) KTLO		
(d) STLO		

Source: Photographs taken by Audit staff on 13, 17, 20 and 24 September 2021.

Criteria for the employment of post-retirement service contract staff

The Government announced on 14 January 2015 the adoption of a package of initiatives for extending the service of civil servants, which includes the introduction of a new PRSC Scheme. In essence, B/Ds may employ retired civil servants on contract terms under the Scheme to undertake ad hoc, time-limited or seasonal tasks that require specific civil service expertise/experience. In November 2015, CSB issued CSB Circular No. 13/2015 “Post-retirement Service Contract Scheme” which promulgates the arrangements for the implementation of the Scheme. The Scheme also specified that the employment of PRSC staff on a fixed-term basis must be clearly distinguished from the recruitment of civil servants in accordance with the established civil service appointment system as permanent staff.

According to the CSB Circular:

- (a) the retired/retiring civil servants are to undertake ad hoc, time-limited, seasonal or part-time tasks that require specific civil service expertise/experience;
- (b) B/Ds should not employ PRSC staff for jobs which should be undertaken by civil servants, especially where B/Ds consider that there is a long-term/permanent need for staffing by civil servants to meet their service needs;
- (c) PRSC staff are not eligible for posting, promotion or transfer to any posts in the Civil Service; and
- (d) the arrangements for the employment of PRSC staff (including the employment package and terms to be offered) shall be personally approved by a directorate officer not below the deputy head level or equivalent.

Source: CSB records

**Criteria for selecting Designated Car Testing Centres for
Motor Vehicle Examiner daily visit**

MVE I should take the following criteria into consideration when preparing the weekly schedule for the MVE II to visit DCTCs. More visits would be arranged for DCTCs meeting the following criteria:

- the number of examinations conducted by a DCTC was more than 1,300 vehicle inspections monthly. Normally, the more number of vehicles inspected, the more inspection would be performed;
- the passing rate was at 97% or above. Normally, the higher pass rate, the more inspections would be performed;
- a complaint was received and/or a warning was issued to a DCTC recently which needed further monitoring;
- malpractice or non-compliance was identified or suspected such as improper or vigorous advertisement/promotional activity or a written warning was issued to the technical/supervisory staff of a DCTC;
- vehicle examinations were completed on average in less than 15 minutes; and
- cases with conflicts were declared for the vehicles inspected, which were considered in need of further monitoring.

Source: TD records

Appendix F
(para. 4.2 refers)

Salient features of the four types of Lantau Closed Road Permits

Features	LCRP(LT)	LCRP(T)	LCRP(NFB)	LCRP(DLS)
Applicant	Local residents and business operators with daily transportation need	Anyone with genuine need	Companies or organisations providing tour services in South Lantau	Private car drivers (leisure and recreational purposes)
Quota	One for each dwelling/business unit	No	40 quotas per day (20 each for local and overseas tours)	25 quotas per weekday except public holidays (20 for non-electric vehicles and 5 for electric vehicles)
Vehicle class	Residents: motorcycles and private cars	No restriction	NFB	Private cars
	Business operators: motorcycles, private cars and light goods vehicles			
Validity period	Normally 12 months	On a need basis (up to 12 months)	1 day	
Permit fee	New: \$900/year Renewal: \$660/year		\$75/day	

Source: TD records

Acronyms and abbreviations

ABS	Appointment booking service
Audit	Audit Commission
B/Ds	Government bureaux and departments
CCTV	Closed-circuit television
COR	Controlling Officer's Report
CR	Certificate of Roadworthiness
CSB	Civil Service Bureau
DCTC	Designated Car Testing Centre
DLS	Driving on Lantau Island Scheme
EMSTF	Electrical and Mechanical Services Trading Fund
GIRO	Government Information Security Incident Response Office
HKLO	Hong Kong Licensing Office
KLO	Kowloon Licensing Office
KTLO	Kwun Tong Licensing Office
LCRP	Lantau Closed Road Permit
LCRP(DLS)	Temporary Lantau Closed Road Permit under the Driving on Lantau Island Scheme
LCRP(LT)	Long-term Lantau Closed Road Permit
LCRP(NFB)	Temporary Lantau Closed Road Permit for tour services of non-franchised bus
LCRP(T)	Temporary Lantau Closed Road Permit
LPIS	Lantau Permit Information System
MOM	Management, operation and maintenance
MVE	Motor Vehicle Examiner
NCSC	Non-civil service contract

Appendix G
(Cont'd)

NFB	Non-franchised bus
PRSC	Post-retirement service contract
QR	Quick Response
STLO	Sha Tin Licensing Office
TD	Transport Department
TDVEC	Transport Department Vehicle Examination Complex
VALID System	Vehicles and Drivers Licensing Integrated Data System
VALID V System	Fifth generation of Vehicles and Drivers Licensing Integrated Data System
VIO	Vehicle Inspection Office
VSSD	Vehicle Safety and Standards Division
VT	Vehicle Tester