

CHAPTER 2

Transport and Housing Bureau Transport Department

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| <h3>Licensing services for drivers</h3> |
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**Audit Commission
Hong Kong
10 June 2022**

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. 78 of the Director of Audit contains 4 Chapters which are available on our website at <https://www.aud.gov.hk>



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LICENSING SERVICES FOR DRIVERS

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LICENSING SERVICES FOR DRIVERS

Executive Summary

1. The Transport Department (TD) is the authority for administering the Road Traffic Ordinance (Cap. 374) and legislation for the management of road traffic, regulation of public transport services and operation of major transport infrastructures. The main areas of work of TD relating to the licensing of drivers include: (a) arranging written and road tests; (b) monitoring the operation of designated driving schools, driving improvement schools and pre-service training schools; and (c) issuing licences for private driving instructors (PDIs). According to the 2020 and 2021 Annual Transport Digests published by TD, one of the major contributory factors in the road traffic accidents in Hong Kong in 2019 and 2020 was driver related. To this end, driving training and driving tests are important means of ensuring that drivers acquire the correct habits and attitudes from the start. The Audit Commission (Audit) has recently conducted a review to examine the licensing services for drivers provided by TD with a view to identifying areas for improvement.

Provision of driving test services

2. Depending on different vehicle classes, a driving test may take the form of written test, road test or a combination of both. A person must pass all parts of a driving test before he is eligible to apply for a probationary driving licence or a full driving licence. As at 31 January 2022, there were 17 driving test centres for conducting road tests for commercial vehicles (e.g. taxi and medium goods vehicle) and/or non-commercial vehicles (e.g. private car and motor cycle) (para. 1.9). Audit examination revealed the following areas for improvement:

- (a) ***Need to regularly update question banks for driving written tests.*** Candidates of the driving tests for non-commercial vehicles and taxi are required to take a computerised written test. TD maintains a question bank for each part of the written tests. Audit noted that while the latest update of the questions (which were set based on the Road Users' Code) in the question bank for the written test for non-commercial vehicles and Part C of the written test for taxi was made in September 2020 (the latest version of the Road Users' Code was issued in June 2020), the previous update was

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made in August 2000 (i.e. 20 years ago). As a result, no questions on the changes in traffic regulations and legislations related to road safety (e.g. prohibition of the use of hand-held mobile phones while driving) had been asked in the written test for many years before September 2020 (paras. 2.2, 2.3 and 2.5); and

- (b) ***Long waiting time of road tests for non-commercial vehicles.*** Audit analysed the waiting time for new candidates applying for the road tests for non-commercial vehicles at driving test centres as at 31 December of 2015 to 2021 and found that the waiting time had increased significantly (e.g. the waiting time for the practical road test of motor cycle in Government test centres in Hong Kong Region had increased by 284% from 67 days to 257 days during the period). Furthermore, Audit analysed the utilisation of the 13 driving test centres providing road tests for non-commercial vehicles from 2015 to 2019 and found that the number of driving test centres failing to achieve an utilisation rate of more than 80% increased from 5 in 2015 to 7 in 2019. Audit examination revealed the following areas for improvement in shortening the waiting time of road tests for non-commercial vehicles:
- (i) ***Need to streamline duty reporting arrangement for Driving Examiners.*** Under the prevailing duty reporting arrangement, all Driving Examiners are required to report for duty at the Pui Ching Road Office in the morning of every working day. In order to ensure that road tests are conducted in a fair, efficient and corruption-free manner, the Driving Examiners are assigned to the driving test centres by random computer balloting right before starting of the daily scheduled road tests. After the balloting results are available, the Driving Examiners will travel to the assigned driving test centres. After completing a review in April 2019 on the effectiveness and practicability of a proposal to require all Driving Examiners to report for duty directly at their assigned driving test centres through the use of the latest communication technology (e.g. using instant messaging applications to inform the Driving Examiners the balloting results), TD considered that it would be more effective to better utilise the driving test centres by seeking to increase the manpower. Notwithstanding that the staff strength of Driving Examiners responsible for conducting road tests for non-commercial vehicles has increased by 11 (22%) from 51 in 2019 to 62 in 2021, the waiting time for arranging road tests for

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non-commercial vehicles has further deteriorated. TD needs to reassess the viability of the proposal to streamline the duty reporting arrangement for Driving Examiners; and

- (ii) ***Need to increase road test output by leveraging on new technology.*** Under the prevailing arrangement, in the morning of every working day, the administrative staff, as the persons-in-charge of the driving test centres, are required to take the candidates' paper driving test forms from the Pui Ching Road Office and travel to the assigned driving test centres for the Driving Examiners to conduct road tests. As the test forms contain personal data of the candidates, TD staff are required to bring back the test forms to the Pui Ching Road Office after closure of the test centres. The return trips for some remote test centres would take about an hour of travelling time. With the full rollout of the electronic test form using tablet computers in July 2022 to replace the paper test form, the test results recorded in the tablet computers will be uploaded to TD's computer system wirelessly and automatically and the personal data of candidates will be deleted from the tablet computers after the completion of the road tests. As a result, the need for the administrative staff to go back to the Pui Ching Road Office every working day to return the tablet computers will be obviated and the travelling time saved can be used for conducting more road tests (paras. 2.8 to 2.17).

Management of driving training schools

3. In Hong Kong, there are three types of driving training schools under TD's monitoring, namely designated driving schools, designated driving improvement schools and designated pre-service training schools. According to the Road Traffic Ordinance, the Commissioner for Transport may, in writing, designate any place as a driving school/driving improvement school/pre-service training school and may impose such conditions relating to the designation as the Commissioner considers appropriate (para. 3.3). Audit examination revealed the following areas for improvement:

- (a) ***Need to improve process of designation of new driving schools.*** According to TD, except for the New Kwun Tong Driving School (set up on a Government short term tenancy site) designated in August 2019, there had

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been no designation of any new driving school for over 10 years. The construction of the New Kwun Tong Driving School involved two phases. The site of the first phase involved the driving training and test area, and two containers (one for the test centre and one for storage purposes). The site of the second phase involved four to five containers for the purpose of classroom training, reception counter, changing room and washrooms. Audit examined the designation of the New Kwun Tong Driving School and noted the following irregularities:

- (i) ***Breach of undertaking/tenancy agreement.*** According to the undertaking submitted by the proprietor of the Driving School in its tender submission/tenancy agreement, the proprietor undertook to complete the key preparatory and gearing-up tasks and activities (e.g. site formation and construction) according to the schedule included in its tender submission, and commence the operation of the Driving School within 12 calendar months from the date of entering into the tenancy agreement (i.e. by October 2019). There were delays in completing some of the items, ranging from 48 to 136 days. In particular, the commencement of full operation of the Driving School approved by TD was delayed by about 1.5 months;
- (ii) ***Granting designation and approving provision of off-street training at Driving School before full completion of construction works.*** Despite the fact that the construction works of the Driving School had not yet been fully completed, TD granted designation to the Driving School in August 2019 and approved its provision of off-street training at the School in November 2019; and
- (iii) ***Operation of Driving School without occupation permits.*** While the Driving School had fully commenced its operation since November 2019, it was not until 4 June 2020 (i.e. some six months after the full commencement of the Driving School) that TD had learned from the proprietor that the Driving School had yet to obtain the temporary occupation permits from the Buildings Department. While the temporary occupation permits for the sites of the first phase and second phase were subsequently issued by the Buildings Department on 12 June 2020 and 7 December 2020 respectively, conducting driving training by the proprietor and providing driving test services by TD at the Driving School before

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obtaining the temporary occupation permits were in breach of the Buildings Ordinance (Cap. 123) (para. 3.5);

- (b) ***Need to ensure that required frequencies of inspections for driving training schools are met.*** According to TD's inspection guidelines, on average, each designated driving school and driving improvement school should be inspected on a bi-monthly basis, and each designated pre-service training school should be inspected every three months. Audit analysis of the time elapsed between the inspections conducted for designated driving schools, driving improvement schools and pre-service training schools in the period from the respective effective dates of the current inspection guidelines for the three types of schools (i.e. October 2018, July 2020 and June 2021 respectively) to October 2021 revealed that the required frequencies of inspections stipulated in TD's inspection guidelines were not met, as follows:
- (i) ***Designated driving schools.*** For all the four designated driving schools, they had not been inspected, on average, on a bi-monthly basis (ranging from 2.12 to 2.61 months). Of the 57 inspections conducted for the four schools in the period, the intervals between inspections in 35 (61%) inspections ranged from 2.01 to 6.13 months (averaging 3.09 months); and
- (ii) ***Designated driving improvement schools.*** For the 4 designated driving improvement schools, 1 (25%) had not been inspected, on average, on a bi-monthly basis (i.e. 2.23 months). Of the 7 inspections conducted for this school, 4 (57%) inspections were not conducted at least once in every two months, with intervals between inspections ranging from 2.40 to 4.31 months (averaging 3.09 months) (paras. 3.13 and 3.14); and
- (c) ***Need to ensure that the lists of course results submitted by designated driving improvement schools are accurate.*** According to TD, upon completion of a driving improvement course, each designated driving improvement school is required to submit to TD the course attendance record (i.e. a sign-in record of all participants), the student performance assessment form (i.e. a summary of participants' performance, including in-class performance and results of written assessment) and the list of course results (i.e. a document summarising the course attendance record and the student performance assessment form). TD will upload the list of

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course results to its computer system for automatic deduction of three Driving-offence Points for eligible drivers who have successfully completed the driving improvement course. Audit examination of the lists of course results submitted by the designated driving improvement schools in the period from November 2020 to October 2021 revealed the following:

- (i) ***Discrepancies between lists of course results and monthly reports.*** In 8 (67%) of the 12 months, there were discrepancies between the aggregate number of participants as reported in the lists of course results and that reported in the monthly reports submitted by the schools. The monthly discrepancies ranged from 1 to 33 participants; and
- (ii) ***Discrepancies between lists of course results and student performance assessment forms.*** In three lists of course results submitted by two driving improvement schools in February, April and June 2021 respectively, there were 4 participants who were recorded as having successfully completed the driving improvement course, with three Driving-offence Points being deducted automatically by TD's computer system for 3 of them. Audit noted that while the 4 participants were recorded as having passed in the lists of course results, they were recorded as having failed in the corresponding student performance assessment forms (paras. 3.18 and 3.19).

Licensing control of private driving instructors

4. The Government adopts a “two-pronged approach” in the provision of driver training. Apart from promoting off-street driver training through the establishment of designated driving schools, the Government maintains a proper supply of PDIs for on-street driver training. There are three Groups of PDI licences, namely Group 1 (Private Cars and Light Goods Vehicles), Group 2 (Light Buses and Buses) and Group 3 (Medium Goods Vehicles, Heavy Goods Vehicles and Articulated Vehicles). TD may consider issuing new PDI licences for a particular Group when the number of respective valid licences falls below the benchmark (i.e. 1,170 for Group 1, 130 for Group 2 and 230 for Group 3) by 10% (paras. 3.2, 4.2 and 4.3). Audit examination revealed the following areas for improvement:

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- (a) ***Need to take measures to address the high percentages of inactive PDIs.*** While there is no clear and widely accepted definition for determining whether a PDI is active or inactive, in reviewing the benchmarks of PDI licences under the Comprehensive Review on PDI Licences conducted from 2018 to 2019, TD gauged the availability of active PDIs in the market by making an estimate based on the information of PDIs who accompanied learner drivers to attend the driving tests in 2018. According to TD's estimation, 21%, 68% and 69% respectively of the licensed PDIs in Group 1, Group 2 and Group 3 were inactive. Modelling on TD's methodology, Audit analysed the licensed PDIs in Group 1, Group 2 and Group 3 as at 31 May 2021 and noted the following:
- (i) ***Percentages of inactive PDIs remained high.*** Of the 1,048, 116 and 181 Group 1, Group 2 and Group 3 PDIs, 333 (32%), 83 (72%) and 123 (68%) respectively did not offer any driver training in 2020; and
- (ii) ***PDIs repeatedly found to be inactive.*** Of the 333, 83 and 123 inactive Group 1, Group 2 and Group 3 PDIs, 210 (63%), 58 (70%) and 73 (59%) respectively were also found to be inactive in TD's previous two estimations conducted in 2016 and 2018 (paras. 4.5 and 4.6); and
- (b) ***Need to enhance roving inspections of PDIs.*** According to TD, with a view to assessing the standard of PDIs and their methods adopted for giving driving instruction, its Driving Examiners may conduct roving inspections of PDIs. Audit examination of the inspection reports of the 245 roving inspections conducted in the period from 2015 to 2021 revealed the following:
- (i) ***Number of roving inspections conducted.*** The annual numbers of roving inspections conducted fluctuated significantly, ranging from 0 in 2016 to 175 in 2021; and
- (ii) ***Percentages of active PDIs covered by roving inspections.*** Prior to 2021, all the roving inspections were conducted for Group 1 PDIs. Of the 158 PDIs covered by the 175 roving inspections conducted in 2021, 133, 12 and 13 were Group 1, Group 2 and Group 3 PDIs

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respectively, representing only 19%, 36% and 22% of the active PDIs as at 31 May 2021 (paras. 4.15 and 4.16).

Audit recommendations

5. **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:**

Provision of driving test services

- (a) **regularly update the question banks for the driving written tests (para. 2.18(a));**
- (b) **take measures to shorten the waiting time of road tests for non-commercial vehicles, including reassessing the viability of the proposal to streamline the duty reporting arrangement for Driving Examiners and leveraging on the implementation of electronic test form to increase the road test output (para. 2.18(b));**

Management of driving training schools

- (c) **draw lessons from the designation of the New Kwun Tong Driving School with a view to improving the process of designation of new driving schools, including strengthening the monitoring of proprietors' implementation of key preparatory and gearing-up tasks and activities, and commencement of driving schools in accordance with the undertaking submitted in tender submissions and tenancy agreements, and incorporating the requirement of obtaining occupation permits from the Buildings Department in tenancy agreements (para. 3.11(a)(i) and (ii));**
- (d) **take measures to ensure that the required frequencies of inspections stipulated in the inspection guidelines are met and the lists of course results submitted by designated driving improvement schools are accurate (para. 3.26(a)(i) and (iii));**

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Licensing control of PDIs

- (e) **closely monitor the percentages of inactive PDIs in the three Groups and if the percentages remain high, take appropriate measures to address the inactive PDI issue (para. 4.13(a)); and**
- (f) **enhance the roving inspections of PDIs, including setting target frequencies and numbers of scheduled and surprise roving inspections to be conducted and devising a systematic selection mechanism of PDIs to be inspected (para. 4.19(a) and (c)).**

Response from the Government

6. 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.

Background

1.2 The Transport Department (TD) is the authority for administering the Road Traffic Ordinance (Cap. 374) and 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.

1.3 Under its programme area "Licensing of vehicles and drivers", TD aims at operating an efficient vehicle and driver registration and licensing system, and promoting road safety through the efficient regulation of vehicles and drivers. The main areas of work of TD relating to the licensing of drivers under this programme area are to:

- (a) arrange written and road tests;
- (b) monitor the operation of designated driving schools, driving improvement schools and pre-service training schools; and
- (c) issue licences for private driving instructors (PDIs).

According to the 2020 and 2021 Annual Transport Digests published by TD, one of the major contributory factors in the road traffic accidents in Hong Kong in 2019 and 2020 was driver related. Examples of common inappropriate driving behaviour exhibited by drivers included driving inattentively and driving too close to the vehicle in front. In this connection, driving training and driving tests are important means of ensuring that drivers acquire the correct habits and attitudes from the start.

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1.4 Table 1 shows the performance indicators of TD's work relating to the licensing of drivers reported in the Controlling Officer's Reports (CORs) for the period from 2016 to 2020.

Table 1

**Performance indicators of TD's work relating to the licensing of drivers
(2016 to 2020)**

| Performance indicator | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------|---------|--------|--------|---------------------|
| | (Number) | | | | |
| Written tests arranged for private car, motor cycle and light goods vehicle drivers | 66,704 | 64,382 | 64,144 | 62,346 | 43,695 (Note 1) |
| Written tests arranged for taxi drivers | 9,260 | 9,115 | 8,997 | 9,967 | 4,812 (Note 1) |
| Road tests arranged for private car drivers | 53,434 | 54,028 | 57,369 | 58,384 | 69,581 (Note 2) |
| Road tests arranged for motor cycle and light goods vehicle drivers | 100,970 | 100,031 | 94,939 | 90,066 | 114,297 (Note 2) |
| Road tests arranged for other drivers | 14,835 | 15,191 | 15,494 | 18,726 | 16,744 |

Source: TD records

Note 1: According to TD, the number of written tests arranged in 2020 decreased due to the suspension of written test services from 29 January to 25 May 2020, 29 July to 13 September 2020 and 2 December 2020 to 14 March 2021 amid the coronavirus disease (COVID-19) epidemic.

Note 2: According to TD, the number of road tests for private car, motor cycle and light goods vehicle drivers arranged in 2020 increased as the originally scheduled road tests were re-arranged due to the COVID-19 epidemic and additional road tests were arranged.

Remarks: According to TD, the written and road tests arranged included both original and re-scheduled tests.

1.5 The Driving Services Section of TD (see Appendix A for an extract of the organisation chart of TD) is responsible for assessing the driving competency of persons applying for driving licences or driving instructor's licences. Its work relating to this work area include:

- (a) providing driving test services and reviewing driving test standards;
- (b) implementing driver training and driving improvement training policies;
- (c) monitoring the performance of designated driving schools, driving improvement schools and pre-service training schools; and
- (d) liaising with PDIs.

As of January 2022, the Driving Services Section had an establishment of 156 staff.

1.6 The estimated annual expenditure on the programme area "Licensing of vehicles and drivers" in 2021-22 was \$604.1 million (Note 1).

Driving tests and driving licences

1.7 **Driver training.** In Hong Kong, a person can have driving training in a designated driving school (Note 2) or with a PDI. TD recommends learner drivers without any driving experience to have at least 30 hours of driving training before taking the driving tests.

1.8 **Learner's driving licence.** Before undertaking on-road driving training for a vehicle (except taxi and special purpose vehicle), a person has to apply for a learner's driving licence, which is valid for 12 months from the date of issue. The

Note 1: *According to TD, there is no breakdown of the annual expenditure solely for the licensing of drivers.*

Note 2: *As at 31 January 2022, there were four designated driving schools in Hong Kong, which were situated in Shatin, Yuen Long, Ap Lei Chau and Kwun Tong respectively. According to TD, the four schools were operated under the same group of private companies.*

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requirements for obtaining a learner's driving licence for different classes of vehicles are as follows:

- (a) ***Private car and light goods vehicle.*** A person applying for a learner's driving licence for private car and light goods vehicle has to be:
 - (i) at least 18 years old; and
 - (ii) physically fit to drive (i.e. not suffering from any disease or physical disability specified in the First Schedule of the Road Traffic (Driving Licences) Regulations (Cap. 374B), or any other disease or physical disability which would be liable to cause the driving by the person to be a source of danger to the public — Note 3);
- (b) ***Motor cycle.*** A person applying for a learner's driving licence for motor cycle has to be at least 18 years old and be physically fit to drive. He should have enrolled with a designated driving school for a mandatory training course to acquire the basic skills to manoeuvre a motor cycle and passed the written test and the mandatory competence test; and
- (c) ***Commercial vehicles.*** A person applying for a learner's driving licence for commercial vehicles (Note 4) has to be at least 21 years old and be physically fit to drive. He has to hold a valid full driving licence to drive

Note 3: *In Hong Kong, driving licence applicants/holders are required by law to declare to TD that they are physically fit to drive. As for applicants who are 70 years of age or more, they must provide a Medical Examination Certificate (completed and signed by a registered medical practitioner) to TD for issue of driving licence. Driving licence holders reaching the age of 70 also need to provide a Medical Examination Certificate to TD at least every three years for renewal of driving licence. In November 2021, the Office of The Ombudsman announced the completion of a direct investigation into the requirements for physical fitness certification of driving licence applicants/holders imposed by TD and made a number of recommendations (e.g. establishing a mechanism for medical examination of commercial vehicle drivers reaching a specified age and imposing more stringent requirements for their physical fitness). TD is considering those recommendations and will implement them where feasible and appropriate.*

Note 4: *According to TD, for the purpose of classifying driving licences, taxis, medium goods vehicles, heavy goods vehicles, private and public light buses, private and public buses, franchised buses, articulated vehicles and special purpose vehicles are generally categorised as "commercial vehicles".*

a private car or light goods vehicle for at least one year or hold a valid full driving licence issued after the completion of probationary driving period (see para. 1.10(a)) to drive a private car or light goods vehicle immediately preceding his application.

1.9 ***Driving test.*** Depending on different vehicle classes, a driving test may take the form of written test, road test or a combination of both. A person must pass all parts of a driving test before he is eligible to apply for a probationary driving licence or a full driving licence. The requirements for applying for a driving test for non-commercial vehicles (i.e. private car, light goods vehicle and motor cycle) and commercial vehicles are as follows:

- (a) ***Driving test for non-commercial vehicles.*** A person applying for a driving test for non-commercial vehicles has to be at least 18 years old and be physically fit to drive (Note 5); and
- (b) ***Driving test for commercial vehicles.*** A person applying for a driving test for commercial vehicles should meet the following conditions:
 - (i) he has to be at least 21 years old and be physically fit to drive;
 - (ii) he has to hold a valid full driving licence to drive a private car or light goods vehicle for at least one year (if his full driving licence was obtained without undergoing a probationary driving period) or hold a valid full driving licence issued after the completion of probationary driving period to drive a private car or light goods vehicle immediately preceding his application;
 - (iii) he has not been convicted of certain road traffic offences during the five years immediately preceding the application; and

Note 5: *For eligible overseas driving licence holders of any country or place listed in the Fourth Schedule of the Road Traffic (Driving Licences) Regulations, they can apply for direct issue of full driving licence for private car, light goods vehicle or motor cycle without test.*

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- (iv) he has to hold a valid Hong Kong Permanent Identity Card, or hold a Hong Kong Identity Card (other than a Hong Kong Permanent Identity Card) and is not subject to any condition of stay other than a limit of stay as defined in the Immigration Ordinance (Cap. 115).

As at 31 January 2022, there were 17 driving test centres (4 on Hong Kong Island, 6 in Kowloon and 7 in the New Territories) for conducting road tests for commercial vehicles and/or non-commercial vehicles.

1.10 ***Probationary driving licence and full driving licence.*** Upon passing the driving test, a person is eligible to apply for a probationary driving licence or full driving licence, as follows:

- (a) ***Probationary driving licence.*** Any person who applies to take a private car or light goods vehicle driving test on or after 9 February 2009, or a motor cycle driving test on or after 1 October 2000 is required to apply for a probationary driving licence within three years after passing the test. All probationary driving licence holders are subject to additional driving restrictions (Note 6) and only eligible to apply for full driving licences after satisfactory completion of a 12-month probationary driving period;
- (b) ***Full driving licence for non-commercial vehicles.*** For private car, light goods vehicle or motor cycle, a person is required to apply for a full driving licence for the respective class within three years from the date of his completion of the probationary driving period. A person can apply for a full driving licence for light goods vehicle after passing the driving test without undergoing the probationary driving period if he:
 - (i) holds a valid full driving licence to drive a private car for at least three years; or

Note 6: *A probationary driving licence holder is required to display a “P” plate at the front and rear of the vehicle he is driving. He is not allowed to: (a) carry any passenger on the motor cycle or motor tricycle he is driving (applicable to motorcyclists only); (b) drive at a speed in excess of 70 kilometres per hour even on roads with speed limit above that; and (c) drive on the offside lane of expressways where there are three or more traffic lanes.*

- (ii) holds a valid full driving licence issued after the completion of probationary driving period to drive a private car for at least two years.

For overseas driving licence holders of any country or place not listed in the Fourth Schedule of the Road Traffic (Driving Licences) Regulations (see Note 5 to para. 1.9(a)), they may apply for a temporary driving licence to drive a private car or light goods vehicle in Hong Kong. After passing the driving test, they will be issued with a full driving licence without undergoing the probationary driving period; and

- (c) ***Full driving licence for commercial vehicles.*** For commercial vehicles, a person is required to apply for a full driving licence within three years after passing all parts of the relevant driving test.

1.11 As at 31 December 2021, the number of holders of valid learner's driving licence, probationary driving licence and full driving licence were 108,680, 54,374 and 2,329,354 respectively. Table 2 shows the number of valid learner's, probationary and full driving licences by vehicle class as at 31 December 2021.

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Table 2

Number of valid learner's, probationary and full driving licences by vehicle class
(31 December 2021)

| Vehicle class | Valid licence | | |
|-------------------------|---------------------------|------------------------------|----------------------|
| | Learner's driving licence | Probationary driving licence | Full driving licence |
| | (Number) | | |
| Private car | 58,042 | 48,864 | 2,315,175 |
| Light goods vehicle | 50,900 | 25,496 | 1,416,688 |
| Motor cycle | 9,979 | 5,446 | 304,474 |
| Private light bus | 5,502 | N/A | 178,863 |
| Public light bus | 6,151 | N/A | 167,930 |
| Taxi | N/A | N/A | 203,880 |
| Private bus | 8,145 | N/A | 138,150 |
| Public bus | 8,993 | N/A | 136,979 |
| Government vehicle | 873 | N/A | 32,480 |
| Franchised bus | 248 | N/A | 25,820 |
| Medium goods vehicle | 7,204 | N/A | 183,773 |
| Heavy goods vehicle | 9,683 | N/A | 92,311 |
| Articulated vehicle | 1,631 | N/A | 43,005 |
| Special purpose vehicle | N/A | N/A | 16,581 |
| Motor tricycle | 9,948 | 5,446 | 304,484 |

Source: TD records

Remarks: A person passing the driving tests for light goods vehicle, motor cycle and heavy goods vehicle will also be entitled to drive a private car, motor tricycle and medium goods vehicle respectively.

Audit review

1.12 The Audit Commission (Audit) has recently conducted a review to examine the licensing services for drivers (Note 7), focusing on the following areas:

- (a) provision of driving test services (PART 2);
- (b) management of driving training schools (PART 3); and
- (c) licensing control of PDIs (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

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

- (a) the Transport and Housing Bureau supports the proposed follow-up actions of TD which would contribute to the goal of delivering more reliable and efficient licensing services for drivers through enhancing the provision of driving test services, management of driving training schools and licensing control of PDIs; and
- (b) to this end, on PDIs, it is worthy to highlight that the Road Traffic (Driving Licences) (Amendment) Regulation 2021 has come into effect since 1 December 2021 with a view to, among others, improving the issuing mechanism for new PDIs' licences and raising the quality of PDIs. TD is undertaking a host of new measures in this regard (see para. 4.3(d) for details).

Note 7: *The issue and renewal of vehicle and driving licences by TD's licensing offices was covered in an audit review on licensing and examination services for vehicles, the results of which were reported in Chapter 4 of the Director of Audit's Report No. 77 of November 2021.*

Introduction

1.14 The Commissioner for Transport agrees with the audit recommendations.

Acknowledgement

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

PART 2: PROVISION OF DRIVING TEST SERVICES

2.1 This PART examines the provision of driving test services, focusing on the driving test arrangements.

Driving test arrangements

2.2 In general, a person has to pass all parts of a driving test before he is eligible to apply for a probationary driving licence or a full driving licence. Depending on the classes of vehicles, the driving tests are of different test types with different requirements, as follows:

Non-commercial vehicles

- (a) ***Private car and light goods vehicle.*** The driving test for private car and light goods vehicle consists of three parts:
 - (i) ***Computerised written test.*** In the computerised written test, candidates are required to answer 20 multiple-choice questions in 20 minutes. In order to pass the test, candidates have to obtain at least 16 correct answers. The test aims to test candidates' knowledge on road traffic regulations and safe driving. Candidates need to be conversant with the Road Users' Code (RUC — Note 8) before taking the test;
 - (ii) ***Intermediate test.*** In the intermediate test, candidates have to show their ability in mastering a number of manoeuvres (e.g. reversing and parking, making a three-point turn in a narrow road and stopping and starting on a slope); and
 - (iii) ***Practical road test.*** In the practical road test, candidates have to demonstrate their driving skills on roads (e.g. changing lanes,

Note 8: *RUC sets out the rules, advice and information applicable to different types of road users, including drivers, cyclists, passengers and pedestrians, and provides the meaning of different traffic signs/signals and road markings.*

Provision of driving test services

overtaking vehicles and entering and leaving junctions) along a test route selected by the Driving Examiner.

Candidates have to pass the computerised written test before taking the road tests (i.e. the intermediate test and practical road test). Candidates who are students of designated driving schools may take the two road tests separately (i.e. the intermediate test first and then the practical road test). Other candidates have to take the two road tests jointly (known as the combined test). Where a pass is obtained for only one part during the combined test, the candidate is required to apply for a re-test of the failed part;

- (b) **Motor cycle.** The driving test for motor cycle consists of three parts:
- (i) **Computerised written test.** The computerised written test for motor cycle is the same as that for private car and light goods vehicle;
 - (ii) **Competence test.** Candidates must enrol for a mandatory motor cycle training course in a designated driving school to acquire the basic knowledge and skills to manoeuvre a motor cycle before applying through the driving school for the mandatory competence test conducted at its driving test centre. In the competence test, candidates have to demonstrate that they can master four designated basic movements conducted at a compound (i.e. stopping at designated points, turning left, turning right, and stopping in emergency); and
 - (iii) **Practical road test.** Candidates have to obtain a pass of the competence test first before taking the practical road test. The purpose and format of the practical road test for motor cycle are similar to those for private car and light goods vehicle;

Commercial vehicles

- (c) **Taxi.** Candidates of the driving test for taxi only need to attend a computerised written test and no road test is required. The computerised written test comprises 90 multiple-choice questions to be answered in 45 minutes. To obtain a pass in the test, a candidate must pass all three parts of the test in one go, as follows:

- (i) **Part A: Taxi Regulations.** This part aims to test candidates' knowledge on the guidelines and regulations related to the taxi industry. Candidates are required to answer 20 questions and have to obtain at least 17 correct answers in order to pass this part;
- (ii) **Part B: Location and Route.** This part aims to test candidates' location knowledge and route planning capacity. Candidates are required to answer 20 questions and have to obtain at least 17 correct answers in order to pass this part; and
- (iii) **Part C: RUC.** This part aims to test the candidates' knowledge on road traffic regulations and safe driving. The questions are set based on RUC. Candidates are required to answer 50 questions and have to obtain at least 43 correct answers in order to pass this part; and
- (d) **Commercial vehicles other than taxi.** Candidates of the driving test for commercial vehicles other than taxi only need to take a road test and no written test is required. The format of the road test is similar to the combined test for private car and light goods vehicle. Candidates should also be able to master a number of specified manoeuvres (e.g. de-coupling and re-coupling procedures for an articulated vehicle). A partial pass is not applicable to commercial vehicles.

Table 3 summarises the test types and requirements of driving tests for different classes of vehicles.

Provision of driving test services

Table 3

Test types and requirements of driving tests for different classes of vehicles

| Vehicle class | Written test | Road test | |
|-------------------------------------|--------------|---------------------------------------|---------------------|
| | | Intermediate test/ competence test | Practical road test |
| <i>Non-commercial vehicle</i> | | | |
| Private car and light goods vehicle | ✓ | ✓ (Note 1) | ✓ (Note 1) |
| Motor cycle | ✓ | ✓ | ✓ |
| <i>Commercial vehicle</i> | | | |
| Taxi | ✓ | ✗ | |
| Other than taxi | ✗ | ✓ (Note 2) | |

Source: *Audit analysis of TD records*

Note 1: *Candidates have to take the two tests jointly (i.e. the combined test) unless they are students of designated driving schools. Where a pass is obtained for only one part during the combined test, the candidate is required to apply for a re-test of the failed part.*

Note 2: *The format of the road test is similar to the combined test for private car and light goods vehicle but a partial pass is not applicable.*

Need to regularly update the question banks for driving written tests

2.3 Candidates of the driving tests for non-commercial vehicles and taxi are required to take a computerised written test. The written test for non-commercial vehicles has one part and the written test for taxi has three parts. TD maintains a question bank for each part of the written tests. In taking the written tests, test questions are randomly generated from the respective question banks by TD's computer system for the computerised written tests. The formulation of the question banks is as follows:

- (a) ***Taxi written test (Part A).*** The questions in this question bank are based on the Guidelines to Taxi Regulations;

- (b) *Taxi written test (Part B)*. The questions in this question bank are based on the Location and Route Questions Booklet; and
- (c) *Taxi written test (Part C) and written test for non-commercial vehicles*. The questions in this question bank are based on RUC.

To facilitate candidates to prepare for the written tests, TD has publicised the Guidelines to Taxi Regulations, the Location and Route Questions Booklet and RUC on its website. The computerised written tests are conducted at the Written Test Centre of TD at the Cheung Sha Wan Government Offices.

2.4 According to TD, the questions for the written tests are reviewed and updated as and when necessary. For example, the question bank for the written test for non-commercial vehicles and Part C of the written test for taxi shall be based on the prevailing version of RUC, and amendments to RUC shall be deemed to be subsidiary legislation and laid before the Legislative Council under the Road Traffic Ordinance.

2.5 Audit noted that:

- (a) the Guidelines to Taxi Regulations were updated in December 2021 and the questions in the question bank for Part A of the written test for taxi were reviewed in early 2022;
- (b) the questions in the question bank for Part B of the written test for taxi were updated annually. Moreover, a comprehensive review on the question bank was conducted in 2019;
- (c) while the latest update of the questions in the question bank for the written test for non-commercial vehicles and Part C of the written test for taxi was made in September 2020 (the latest version of RUC was issued in June 2020), the previous update was made in August 2000 (i.e. 20 years ago); and
- (d) during the 20-year period (from August 2000 to September 2020) since RUC was previously updated, there had been enactment of new traffic regulations, and a number of amendments had been made to the legislations

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related to road safety, such as the prohibition of the use of hand-held mobile phones while driving (updated in July 2000) and the requirement of turning on all front lamps, headlamps and rear lamps at all times while riding on motor cycle (updated in July 2002). These changes had not been included in the written test until September 2020. In other words, no questions on the related issues (e.g. prohibition of the use of hand-held mobile phones while driving) had been asked in the written test for many years before September 2020.

In Audit's view, TD needs to regularly update the question banks for the driving written tests.

Long waiting time of road tests for non-commercial vehicles

2.6 In its COR, TD has set 4 targets in relation to driving test services, as follows:

- (a) 98% of written tests for non-commercial vehicles are conducted within 45 days upon application for learner's driving licences;
- (b) 98% of written tests for taxi are conducted within 60 days upon application for taxi driving licences;
- (c) 98% of written test results are announced within 15 minutes upon completion of the tests; and
- (d) 95% of road tests for commercial vehicles are conducted within 82 days upon application for the respective vehicle driving licences.

2.7 Audit examined TD's CORs and noted that:

- (a) from 2016 to 2019, TD met all the 4 performance targets (with 100% achieved) set out in CORs. In 2020, TD could not meet 3 of the 4 performance targets due to the intermittent suspensions of written test services and road test services amid the COVID-19 epidemic (see Table 4); and

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- (b) prior to 2016, TD had also pledged to conduct 95% of road tests for non-commercial vehicles within 82 days upon application for the respective vehicle driving licences. Starting from 2016, TD has removed the pledge. According to TD:
- (i) it was likely that the demand for driving tests for non-commercial vehicles would continue to increase in the coming years but TD's ability to provide the service would continue to be constrained by the limited number of driving test centres available. The achievement rate of the target would therefore remain low. TD would not forecast an achievement rate based on this consideration; and
 - (ii) the actual number of road tests arranged would continue to be provided to illustrate TD's performance in the year and facilitate comparison between TD's performance with that of the year before (Note 9).

Note 9: *From 2016 to 2020, the actual numbers of road tests arranged for non-commercial vehicles were 154,404, 154,059, 152,308, 148,450 and 183,878 respectively. According to TD, the number in 2020 increased as additional road tests were arranged for candidates affected by the intermittent suspensions of road tests due to the COVID-19 epidemic (see para. 1.4).*

Provision of driving test services

Table 4

TD's performance in relation to driving test services as reported in COR
(2016 to 2020)

| Target | | Actual performance (%) | | | | |
|---|------------------|------------------------|------|------|------|------|
| Description | (% of all cases) | 2016 | 2017 | 2018 | 2019 | 2020 |
| Conducting written tests for non-commercial vehicles within 45 days upon application for learner's driving licences | 98 | 100 | 100 | 100 | 100 | 11 |
| Conducting written tests for taxi within 60 days upon application for taxi driving licences | 98 | 100 | 100 | 100 | 100 | 43 |
| Announcing written test results within 15 minutes upon completion of the tests | 98 | 100 | 100 | 100 | 100 | 100 |
| Conducting road tests for commercial vehicles within 82 days upon application for the respective vehicle driving licences | 95 | 100 | 100 | 100 | 100 | 80 |

Source: TD records

2.8 During the period from 2016 to 2020, about 90% of the road tests arranged were for non-commercial vehicles (see Table 1 in para. 1.4). The waiting time of road tests for non-commercial vehicles is a matter of public concern. Since TD removed the pledge, from time to time, Members of the Legislative Council have raised questions in this regard. Audit analysed the waiting time for new candidates applying for the road tests for non-commercial vehicles at driving test centres as at 31 December of 2015 to 2021 and found that the waiting time had increased significantly (see Table 5).

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Table 5

**Waiting time of road tests for
non-commercial vehicles at driving test centres
(2015 to 2021)**

| Test centre | Waiting time (Day) | | | | | | | Percentage increase from 2015 to 2021 |
|---|-----------------------|------|------|------|------|------|------|--|
| | As at 31 December | | | | | | | |
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | |
| <i>Combined test of private car</i> | | | | | | | | |
| Government test centres in Hong Kong Region | 111 | 125 | 198 | 206 | 191 | 127 | 294 | 165% |
| Government test centres in Kowloon and New Territories Region | 245 | 194 | 267 | 282 | 252 | 158 | 319 | 30% |
| Test centres located at the four designated driving schools | 214 | 254 | 204 | 259 | 231 | 194 | 412 | 93% |
| <i>Combined test of light goods vehicle</i> | | | | | | | | |
| Government test centres in Hong Kong Region | 118 | 156 | 228 | 246 | 239 | 158 | 320 | 171% |
| Government test centres in Kowloon and New Territories Region | 246 | 195 | 261 | 281 | 251 | 155 | 322 | 31% |
| Test centres located at the four designated driving schools | 204 | 256 | 194 | 259 | 227 | 197 | 410 | 101% |
| <i>Practical road test of motor cycle</i> | | | | | | | | |
| Government test centres in Hong Kong Region | 67 | 73 | 155 | 213 | 175 | 119 | 257 | 284% |
| Government test centres in Kowloon and New Territories Region | 127 | 201 | 278 | 305 | 213 | 144 | 280 | 120% |
| Test centres located at the four designated driving schools | 120 | 151 | 159 | 191 | 92 | 123 | 208 | 73% |

Source: Audit analysis of TD records

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2.9 According to TD, of the 17 driving test centres, 11 of them are exclusively used for providing road tests for non-commercial vehicles and 2 of them are used for both commercial and non-commercial vehicles. Audit notes that although the test demand for non-commercial vehicles has been increasing, not all driving test centres have been fully used. Audit analysed the utilisation of the 13 driving test centres providing road tests for non-commercial vehicles from 2015 to 2019 (Note 10) and found that the number of driving test centres failing to achieve an utilisation rate of more than 80% increased from 5 in 2015 to 7 in 2019 (see Table 6). According to TD, different factors, including the manpower of Driving Examiners (who were responsible for conducting road tests) and traffic conditions, would be taken into consideration when allocating test appointments to driving test centres. In this connection, Audit noted that there was scope for improvement in shortening the waiting time of road tests for non-commercial vehicles, as detailed in paragraphs 2.10 to 2.17.

Note 10: *Due to the intermittent suspensions of road test services amid the COVID-19 epidemic, the utilisation of the test centres in 2020 has been excluded from Audit's analysis.*

Table 6

**Utilisation of 13 driving test centres for road tests for non-commercial vehicles
(2015 to 2019)**

| Utilisation rate (Note) | Number of driving test centres | | | | |
|----------------------------|--------------------------------|------|------|------|------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| > 80% | 8 | 7 | 7 | 6 | 6 |
| > 70% - 80% | 2 | 3 | 2 | 2 | 2 |
| > 60% - 70% | 2 | 1 | 0 | 3 | 2 |
| > 50% - 60% | 0 | 1 | 3 | 1 | 2 |
| > 40% - 50% | 1 | 1 | 1 | 1 | 1 |
| Total | 13 | 13 | 13 | 13 | 13 |

Source: Audit analysis of TD records

Note: The utilisation rate of a driving test centre is calculated by dividing the number of working days on which the centre was opened for arranging road tests by the total number of working days in a year.

Remarks:

- (a) *A new driving test centre in Kwai Chung commenced operation in November 2016 for re-provisioning an old one (which ceased operation in October 2016). The utilisation rates of the old centre of 2015 and 2016 and the utilisation rates of the new centre from 2017 to 2019 were included in this analysis.*
- (b) *A new driving test centre in Kwun Tong commenced operation in December 2019 for re-provisioning an old one (which ceased operation in October 2019). The utilisation rate of the new centre was excluded from this analysis.*

2.10 Need to streamline duty reporting arrangement for Driving Examiners.
According to TD, the prevailing duty reporting arrangement for Driving Examiners is as follows:

- (a) in the morning of every working day, all Driving Examiners are required to report for duty at the Pui Ching Road Office. They will change uniform and attend briefings given by their supervisors;

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- (b) in order to ensure that road tests are conducted in a fair, efficient and corruption-free manner, the Driving Examiners are assigned to the driving test centres by random computer balloting right before starting of the daily scheduled road tests; and
- (c) after the balloting results are available, the Driving Examiners and administrative staff (i.e. clerical grade officers) will travel to the assigned driving test centres together in the same vehicle as far as practicable (Note 11).

2.11 To increase the driving test output and enhance the efficiency in conducting road tests, in 2019, TD carried out a review on the effectiveness and practicability of a proposal to require all Driving Examiners to report for duty directly at their assigned driving test centres through the use of the latest communication technology (e.g. using instant messaging applications to inform the Driving Examiners the balloting results). The proposal allowed the Driving Examiners to report for duty and work earlier at the driving test centres to maximise the number of time slots available for road tests. In April 2019, TD completed the review. The salient points of the review were as follows:

- (a) it was estimated that about 5,500 additional road tests for non-commercial vehicles could be conducted annually under the proposed arrangement, representing an increase of 3.7% of driving test time slots. The waiting time for the combined test of private car and light goods vehicle and for the practical road test of motor cycle would be shortened by about half a month and about one month respectively; and
- (b) while the feasibility of the proposal could not be totally ruled out, the implementation of the proposal would bring about some

Note 11: *According to TD, in order to meet operational need, staff are permitted to travel to driving test centres by using their private vehicles or hiring taxis. Staff who use their private vehicles can claim duty mileage allowance and those who hire taxis can claim reimbursement of taxi fare incurred. To save travelling costs, the Driving Examiners and administrative staff assigned to the same driving test centre will travel together.*

problems (Note 12) that would affect the overall efficiency of the road test services.

As a result, TD did not pursue the proposal. As an alternative measure to increase road test output, TD considered that it would be more effective to better utilise the driving test centres by seeking to increase the manpower.

2.12 Audit noted that, notwithstanding that the staff strength of Driving Examiners responsible for conducting road tests for non-commercial vehicles has increased by 11 (22%) from 51 in 2019 to 62 in 2021, the waiting time for arranging road tests for non-commercial vehicles has further deteriorated (see Table 5 in para. 2.8).

2.13 In May 2022, regarding the duty reporting and manpower of Driving Examiners, TD informed Audit that:

- (a) given the job nature of Driving Examiners, driving test services were prone to bribery cases. It was of paramount importance to introduce effective measures to maintain a corruption-free environment. To minimise the chances for any corrupt pre-arrangement between Driving Examiners and candidates attending road tests, Driving Examiners were assigned to the driving test centres by random computer balloting right before starting of the daily scheduled road tests. It was also of utmost importance to minimise the chances for tampering with the driving test equipment, and to maintain mutual monitoring of the staff concerned by grouping them together to travel in the same vehicle to the assigned driving test centre as far as practicable. The Independent Commission Against Corruption conducted an assignment study on the administration of driving test services in 2021 and the random assignment of duties to Driving Examiners was considered an effective measure to prevent corruption;

Note 12: *Examples of problems included: (a) uncertainty of timely provision of road test services due to possible failure in communicating with individual Driving Examiners as a result of network problem or breakdown of mobile phones; (b) objection from Driving Examiners due to longer travelling time and greater travelling expenses incurred from their residing places to different driving test centres every working day; and (c) public objections due to the additional traffic burden to busy areas as a result of the advancement of the starting time of road tests.*

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- (b) TD had introduced possible measures to increase driving test output including bidding for additional Driving Examiners in annual Resource Allocation Exercises, engaging retired Driving Examiners under Post-retirement Service Contract Scheme, conducting timely recruitment of Driving Examiners to fill vacancies, utilising vacant test slots released by candidates after their application for test postponement/temporary cancellation of tests by re-deploying these test slots for application by road test repeaters who sought early test opportunity, etc.; and
- (c) while the staff strength of Driving Examiners responsible for conducting road tests for non-commercial vehicles increased by 11 (22%) from 51 in 2019 to 62 in 2021, the number of applications for driving test of non-commercial vehicles also increased by 35,189 (22%) from 156,922 to 192,111 during the same period. The increase in waiting time during the period was due to a significant rise in the number of applicants for road test for non-commercial vehicles coupled with intermittent suspensions of driving test services in 2020 and 2021 amid the COVID-19 epidemic.

2.14 With the increase in staff strength from 51 in 2019 to 62 in 2021, the number of additional road tests that could be conducted under the proposal could be more than the 5,500 estimated in 2019. Audit considers that TD needs to reassess the viability of the proposal to streamline the duty reporting arrangement for Driving Examiners.

2.15 *Need to increase road test output by leveraging on new technology.* At present, a standardised paper driving test form is used by Driving Examiners to assess candidates' performance during road tests. The Driving Examiner will record all the mistakes made by a candidate and endorse the test result on the test form. Under the prevailing arrangement:

- (a) in the morning of every working day, the administrative staff, as the persons-in-charge of the driving test centres, will take the candidates' test forms from the Pui Ching Road Office and travel to the assigned driving test centres for the Driving Examiners to conduct road tests; and
- (b) the administrative staff are also required to bring back the test forms to the Pui Ching Road Office after closure of the test centres every working day. The Driving Examiners will return to the Pui Ching Road Office with the

administrative staff to sign off duty (Note 13). The return trips for some remote test centres would take about an hour of travelling time.

According to TD, as the test forms contain personal data of the candidates, TD staff are not allowed to bring them home.

2.16 In January 2021, TD undertook a project to introduce electronic test form with the use of tablet computers to replace the paper test form with a view to enhancing the efficiency of driving test workflow and reducing human effort. According to TD, with the introduction of the electronic test form:

- (a) the test forms of individual candidates will be assigned to the tablet computer of the respective Driving Examiner wirelessly and automatically;
- (b) during the road test, the Driving Examiner will record all the mistakes made by the candidate on the tablet computer and the test result will be generated automatically;
- (c) after the Driving Examiner has confirmed the test result in the tablet computer, it will be uploaded to TD's computer system wirelessly and automatically. The personal data of the candidate will be deleted from the tablet computer after the completion of the road test; and
- (d) the administrative staff will go back to the Pui Ching Road Office at the end of every working day to return the tablet computers. The Driving Examiners will return to the Pui Ching Road Office with the administrative staff to sign off duty.

As at January 2022, 90 tablet computers had been procured for a trial run of the use of electronic test form. According to TD's plan, the full rollout of the electronic test form at all driving test centres would start in July 2022.

Note 13: *Alternatively, Driving Examiners are allowed to sign off duty at the assigned driving test centres. If the Driving Examiners leave the centres direct after duty hours, they should sign off electronically to record their departure time. They should ensure that the centres are securely locked before their departure.*

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2.17 In Audit's view, the implementation of the electronic test form will obviate the need for the administrative staff and the Driving Examiners to go back to the Pui Ching Road Office every working day to return the tablet computers because no personal data of candidates are stored in the tablet computers after the completion of the road tests. Hence, there is no privacy protection concern. The travelling time saved can be used for conducting more road tests. Audit considers that TD needs to leverage on the implementation of electronic test form to increase the road test output.

Audit recommendations

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

- (a) **regularly update the question banks for the driving written tests; and**
- (b) **take measures to shorten the waiting time of road tests for non-commercial vehicles, including:**
 - (i) **reassessing the viability of the proposal to streamline the duty reporting arrangement for Driving Examiners; and**
 - (ii) **leveraging on the implementation of electronic test form to increase the road test output.**

Response from the Government

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

- (a) conduct reviews on the question banks for the driving written tests regularly, or as necessitated by any major updates on the existing legislations, to ensure that all the questions and answer options are up-to-date; and
- (b) conduct a further review after implementation of the electronic test form (which will be rolled out in July 2022) with a view to enhancing driving test output.

PART 3: MANAGEMENT OF DRIVING TRAINING SCHOOLS

3.1 This PART examines the management of driving training schools by TD, focusing on:

- (a) designation of driving training schools (paras. 3.4 to 3.12); and
- (b) monitoring of driving training schools (paras. 3.13 to 3.27).

3.2 ***Driver training.*** In respect of driver training, the Government adopts a “two-pronged approach”. Apart from promoting off-street driver training through the establishment of designated driving schools, the Government maintains a proper supply of PDIs for on-street driver training (Note 14). The “two-pronged approach” provides a choice for learner drivers, with due regard to the traffic conditions in Hong Kong.

3.3 ***Driving training schools.*** In Hong Kong, there are three types of driving training schools under TD’s monitoring, namely designated driving schools, designated driving improvement schools and designated pre-service training schools. According to the Road Traffic Ordinance, the Commissioner for Transport may, in writing, designate any place as a driving school/driving improvement school/pre-service training school and may impose such conditions relating to the designation as the Commissioner considers appropriate. Details of the three types of schools are as follows:

Note 14: *According to the Comprehensive Review on PDI Licences conducted by TD from 2018 to 2019, for the group of “Private Cars and Light Goods Vehicles”, the ratio of learner driver training provided by PDIs and that provided by designated driving schools was maintained at about 70:30 in the period from 2015 to 2019. For the other two groups of “Light Buses and Buses”, and “Medium Goods Vehicles, Heavy Goods Vehicles and Articulated Vehicles”, the ratios were about 90:10 in the same period (see paras. 4.2 and 4.3).*

Management of driving training schools

- (a) ***Designated driving schools.*** According to TD, the market of designated driving schools is open to all potential participants. At present, there are two types of designated driving schools:
- (i) ***Designated driving schools set up on Government short term tenancy sites.*** TD has been sourcing suitable sites for setting up designated driving schools. The tenders for these sites are awarded through competitive tendering (Note 15) based on the highest overall score attained in the marking scheme (Note 16); and
- (ii) ***Designated driving schools set up on sites provided by operators.*** The Government also welcomes application from any operator who can provide suitable site on its own to operate a designated driving school provided that all the pre-requisite requirements (e.g. space requirement for accommodating the facilities for off-street training) are met.

As at 31 January 2022, there were four designated driving schools in Hong Kong. Of the four schools, three (situated in Shatin, Ap Lei Chau and Kwun Tong respectively) were set up on Government short term tenancy sites and one (situated in Yuen Long) was set up on the site provided by the operator;

- (b) ***Designated driving improvement schools.*** With a view to promoting road safety and making drivers more law abiding through better understanding of their driving behaviour and attitude, TD has introduced the Driver

Note 15: *According to TD, such tendering exercises are conducted in collaboration with the Lands Department. While TD is responsible for drawing up the tender terms and basic requirements in relation to the operation of driving schools, and assessment of tenders received, the Lands Department, as the landlord of Government sites, is responsible for preparing the tender terms and the tenancy agreement in relation to land administration.*

Note 16: *With a view to establishing a more competitive tendering process, TD has adopted a marking scheme for tender evaluation since the open tender exercise in the third quarter of 2020. Prior to that, the tenders were awarded based on the highest rental proposal with the essential requirements being met.*

Management of driving training schools

Improvement Scheme (Note 17) since September 2002. Under the Driver Improvement Scheme, designated driving improvement schools are responsible for providing driving improvement courses. As at 31 January 2022, there were 16 designated driving improvement schools selected through open invitation exercises. According to TD, with a view to providing more choices to the public to enrol in the driving improvement course, there was no limit set on the number of driving improvement schools to be designated at the time of inviting applications (Note 18); and

- (c) ***Designated pre-service training schools.*** With a view to enhancing the safety and quality of public transport services through raising new drivers' awareness of driving safety and good driving attitude and equipping them with basic knowledge of passenger service and skills in customer service, etc., TD introduced the pre-service course for new public light bus drivers in June 2015 and extended the course requirement to cover new taxi drivers and new public bus drivers in October 2020. Under the pre-service training regime, an applicant for a public light bus, taxi or public bus full driving licence will not be issued with the relevant full driving licence unless he has, in addition to passing the relevant driving test, attended and completed the relevant pre-service course within one year preceding the date of application for the relevant full driving licence. Designated pre-service training schools are responsible for providing the relevant pre-service courses. As at 31 January 2022, there were 12 designated pre-service training schools selected through open invitation exercises. According to

Note 17: *Under the Scheme, while a driver is allowed to voluntarily attend the driving improvement course provided by the designated driving improvement schools, the following drivers are required to attend the driving improvement courses on a mandatory basis within a specified period of time:*

- (a) *offenders who have been convicted of serious traffic offences (e.g. dangerous driving); or*
- (b) *traffic offenders who have accumulated 10 or more Driving-offence Points within two years (calculated on a rolling basis).*

Subject to certain conditions, a driver who has successfully completed a driving improvement course will be eligible for deduction of 3 Driving-offence Points.

Note 18: *According to TD, all applicants that could satisfy the essential requirements set out by TD would be granted with an approval-in-principle for providing the course, subject to the satisfactory completion of the necessary gearing-up tasks and activities.*

Management of driving training schools

TD, similar to designated driving improvement schools, there was no limit set on the number of pre-service training schools to be designated at the time of inviting applications (see Note 18 to para. 3.3(b)).

TD regulates the three types of schools by imposing conditions of designation and setting out the requirements, procedures and standards in respect of their operations in a Code of Practice (e.g. a designated driving school should obtain all necessary licences, permits or written consent from all relevant authorities in respect of its operation) issued under the Road Traffic Ordinance. If a designated school fails to comply with the Code of Practice, subject to the seriousness of the breach, TD may revoke the designation so granted.

Designation of driving training schools

Driving schools

3.4 According to TD, there had been no designation of any new driving school for over 10 years prior to the designation of the New Kwun Tong Driving School in August 2019 (Note 19). During that period, TD had been arranging designation of driving schools through renewal or reprovisioning of existing schools. To enhance the competition in the operations of designated driving schools, TD had introduced a competitive tendering system in collaboration with the Lands Department to re-tender (see Note 15 to para. 3.3(a)(i)) in 2018 the sites for driving schools set up on Government short term tenancy sites. Prior to September 2021, there was no written guideline for the designation of driving schools. In September 2021, based on the experience in previous tendering and designation exercises, TD drew up a set of guidelines setting out the core principles, procedures and requirements for the designation of driving schools. According to the guidelines:

Note 19: *According to TD, to give way to the development of the “Energizing Kowloon East” Project, the former Kwun Tong Driving School had to cease operations in September 2019. With a view to ensuring an uninterrupted provision of driving training and test services for the public in Kowloon, it was necessary for a new driving school to commence operations well before the closure of the former driving school. In this connection, in 2018, TD, in collaboration with the Lands Department, conducted a tender exercise for the short term tenancy (with a term of four years and nine months) of the Government land for operating the New Kwun Tong Driving School.*

Management of driving training schools

- (a) ***Validity of designation.*** Each designation is valid for a maximum period of five years and is subject to renewal (for schools set up on sites provided by the operators) or re-tendering of the sites (for schools set up on Government short term tenancy sites) upon expiry (Note 20);

- (b) ***Essential requirements.*** The essential requirements for operation as a designated driving school are as follows:
 - (i) the site is of sufficient space to accommodate the facilities for off-street training for the vehicle types that the school is intended for, an administration office for handling course registration and a TD driving test centre for conducting driving tests;

 - (ii) the test routes in the adjacent roads are suitable for testing one's driving competence and the traffic conditions are found acceptable for conducting driving training and tests;

 - (iii) the site is permitted to be used as a driving school (i.e. "driving school" has been included as a permitted use) under the Outline Zoning Plan, or has been approved by the Town Planning Board to be temporarily used for such purpose; and

 - (iv) other conditions or requirements as may be imposed by other Government departments are met;

- (c) ***Procedures for designation.*** The key procedures for designating a site as a driving school are as follows:
 - (i) upon completion of all gearing-up activities in accordance with the execution plans submitted in its tender (or equivalent information for a school set up on a site provided by the operator), the proprietor of the driving school should apply to TD in writing for designation;

Note 20: *According to TD, the implementation of re-tendering of sites for schools set up on Government short term tenancy sites commenced in 2018. Prior to 2018, designation could be renewed upon expiry.*

Management of driving training schools

- (ii) TD's Driving Services Section should arrange site inspections to confirm that all training facilities and the training range conform with the prescribed requirements and summarise the inspection records in the form of a checklist;
 - (iii) for sites that are being designated for the first time, the officer of the Driving Services Section should check that occupation permits (Note 21) have been obtained from the Buildings Department for possession of the sites; and
 - (iv) upon satisfactory completion of all gearing-up activities, the Driving Services Section should submit a designation letter enclosing the Code of Practice to the Assistant Commissioner/Administration and Licensing for consideration and approval; and
- (d) ***Compliance with Code of Practice.*** After a designation is granted, the Driving Services Section will conduct regular inspections at the designated driving school. Upon discovery of any breach of the Code of Practice or any other conditions as specified in the designation, the proprietor of the designated driving school will be requested to take follow-up actions immediately and rectify the breach within a reasonable time. If it appears that the proprietor has continued to breach the Code of Practice or other conditions as specified in the designation with no sign of improvement, TD may revoke the designation and consider requesting the Lands Department to terminate the tenancy agreement (for schools set up on Government short term tenancy sites).

Need to improve process of designation of new driving schools

3.5 Except for the New Kwun Tong Driving School designated in August 2019, there had been no designation of any new driving school for over 10 years

Note 21: *Under the Buildings Ordinance (Cap. 123), no new building shall be occupied unless an occupation permit in respect of such building has been issued. Upon receipt of an application for an occupation permit, officers of the Buildings Department will carry out an inspection and examine the required documents. An occupation permit will only be issued when the building is ready for occupation. For a building required for a temporary purpose only or constructed of short-lived materials, a temporary occupation permit is needed prior to occupation.*

(see para. 3.4). Audit examined the designation of the New Kwun Tong Driving School and noted the following:

- (a) ***Breach of undertaking/tenancy agreement.*** According to the undertaking submitted by the proprietor of the Driving School in its tender submission (undertaking)/tenancy agreement, the proprietor undertook to:
 - (i) complete the key preparatory and gearing-up tasks and activities (namely site formation and construction (Note 22), establishment of the computerised student enrolment and driving test appointment system, procurement of training vehicles and submission of livery design of training vehicles, staff recruitment, commencement of student enrolment, provision of uniform for driving instructors, and application for designation) according to the schedule included in its tender submission; and
 - (ii) commence the operation of the Driving School within 12 calendar months from the date of entering into the tenancy agreement (i.e. by October 2019).

As shown in Table 7, there were delays in completing some of the items, ranging from 48 to 136 days. The actual commencement of full operation of the Driving School approved by TD was delayed by about 1.5 months as compared with that stipulated in the tenancy agreement. However, Audit noted that it was not until December 2020 (see para. 3.5(c)) that the pertinent temporary occupation permit for the site of the second phase was obtained. As far as Audit could ascertain, the tenant (i.e. the Driving School) had not applied to the Lands Department for an extension of the commencement of operation. Furthermore, while the tenancy agreement was the only enforceable instrument prior to the issue of the Code of Practice to the Driving School upon granting of designation, it had not included other remedial clauses (e.g. liquidated damages) to mitigate

Note 22: *According to TD, the construction of the Driving School involved two phases:*

- (a) *the site of the first phase involved the driving training and test area, and two containers (one for the test centre and one for storage purposes); and*
- (b) *the site of the second phase involved four to five containers for the purpose of classroom training, reception counter, changing room and washrooms.*

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Government's losses other than termination of agreement in case of serious breaches (Note 23);

Table 7

Delays in completion of key preparatory and gearing-up tasks and activities and commencement of operation of New Kwun Tong Driving School

| Item | | Completion date | | |
|------|---|--|---------------------------|-------------|
| | | As required by undertaking/tenancy agreement | Actual | Delay (Day) |
| 1 | Commencement of student enrolment | Ready | N/A (Note 1) | |
| 2 | Staff recruitment | 31 December 2018 | 25 March 2019 | 84 |
| 3 | Establishment of computerised student enrolment and driving test appointment system | 28 February 2019 | N/A (Note 2) | |
| 4 | Provision of uniform for driving instructors | 31 March 2019 | 14 August 2019 | 136 |
| 5 | Procurement of training vehicles and submission of livery design of training vehicles | 31 August 2019 | 14 August 2019 | — |
| 6 | Site formation and construction of Driving School | 30 September 2019 | 18 November 2019 (Note 3) | 49 |
| 7 | Application for designation | 30 September 2019 | 6 August 2019 (Note 4) | — |
| 8 | Commencement of operation of Driving School | 8 October 2019 | 25 November 2019 (Note 5) | 48 |

Source: Audit analysis of TD records

Note 23: As stipulated in the tenancy agreement, failure to comply with any terms and conditions might lead to the termination of the agreement by the Lands Department. According to the Lands Department, it had not been informed by TD of any detected breach of the tenancy agreement and enforcement by termination of the tenancy agreement may not be an effective remedy for early commissioning of the Driving School.

Table 7 (Cont'd)

Note 1: According to TD, while the student enrolment of the Driving School should only commence upon granting of designation by TD, the student enrolment system of the Driving School was ready when the proprietor submitted its tender in August 2018.

Note 2: According to TD, since the proprietor of the Driving School's parent company was also operating other designated driving schools in Hong Kong, it would adopt the same computerised student enrolment and driving test appointment system that were used in the three other driving schools. Therefore, the system was considered ready when the proprietor submitted its tender in August 2018.

Note 3: According to TD, this was the date on which the proprietor of the Driving School submitted to TD a letter from its Authorised Person, who was responsible for the construction of the Driving School, stating that the site of the first phase (see Note 22 to para. 3.5(a)(i)) of the Driving School was safe for driving training purposes (see para. 3.5(b)(ii)). While it could not retrieve the actual date of its site inspection verifying the completion of site formation and construction of the Driving School, it was understood that the inspection had been conducted.

Note 4: In its application for designation of the Driving School, the proprietor attached a letter from its Authorised Person. According to the letter, as of early August 2019, the construction works of the training range of the Driving School had been completed by 78% and were expected to be completed by the end of August 2019. According to TD, the site formation and construction of the Driving School were subsequently completed in November 2019 (see Note 3).

Note 5: While the provision of on-street training of the Driving School was approved by TD to commence in August 2019, the provision of off-street training at the Driving School was approved to commence in November 2019 (see para. 3.5(b)). The temporary occupation permits for the sites of the first phase and second phase were subsequently obtained in June and December 2020 respectively (see para. 3.5(c)).

Remarks:

(a) *The completion dates of items 1 to 7 are included in the undertaking submitted by the proprietor in its tender submission.*

(b) *The date of commencement of operation of the Driving School (item 8) was included in both the undertaking submitted by the proprietor in its tender submission and tenancy agreement.*

(b) ***Granting designation and approving provision of off-street training at Driving School before full completion of construction works.*** Despite the fact that the construction works of the Driving School had not yet been fully completed as of November 2019, TD had granted designation to the Driving School and approved its provision of off-street training at the School, as follows:

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- (i) according to TD, the proprietor had completed all gearing-up activities except the construction works inside the school premises in August 2019. Having considered the strong driving test demand and long test waiting time, and in order to ensure a seamless transition of driving test services which were planned to commence in early October 2019 (Note 24), in August 2019, TD granted designation to the Driving School with the restriction that it should not conduct any off-street training at the School. This was not in compliance with TD's established procedures that designation should only be granted upon satisfactory completion of all gearing-up activities (see para. 3.4(c)(iv)); and

- (ii) in November 2019, in its application for commencing the provision of off-street training at the site of the first phase (see Note 22 to para. 3.5(a)(i)), the proprietor of the Driving School attached a letter from its Authorised Person (see Note 3 to Table 7 in para. 3.5(a)). According to the Authorised Person's letter, the application for the temporary occupation permit (see Note 21 to para. 3.4(c)(iii)) for the site of the first phase was in progress (Note 25) and the site was safe for driving training purposes. While the proprietor only applied for commencing the provision of off-street training at the site of the first phase and there was no assurance provided by the Authorised Person that the site of the second phase, which involved some containers for, among others, conducting classroom training, was safe for use, TD approved the commencement of the provision of off-street training at the Driving School without setting any restriction on using the site of the second phase; and

- (c) ***Operation of Driving School without occupation permits.*** Audit noted that while the Driving School had fully commenced its operation since November 2019, it was not until 4 June 2020 (i.e. some six months after the full commencement of the Driving School) that TD had learned from

Note 24: *According to TD, the actual commencements of on-street and off-street road test services at the Driving School were in October and December 2019 respectively.*

Note 25: *As stated in the Authorised Person's letter, the outstanding works were expected to be completed on 19 November 2019. Upon completion of the works, the records of completion would be submitted to the Buildings Department, and the temporary occupation permit was expected to be issued within one week after submission.*

the proprietor that the Driving School had yet to obtain the temporary occupation permits from the Buildings Department. While the temporary occupation permits for the sites of the first phase and second phase were subsequently issued by the Buildings Department on 12 June 2020 and 7 December 2020 respectively, conducting driving training by the proprietor and providing driving test services by TD at the Driving School before obtaining the temporary occupation permits were in breach of the Buildings Ordinance. According to TD:

- (i) ***Suspension of operation of Driving School.*** After knowing that the Driving School had been operating without the temporary occupation permits issued by the Buildings Department on 4 June 2020, all driving training and driving tests to be conducted at the Driving School had been suspended from 9 June 2020. While the driving training and driving test services were resumed on 13 June 2020 (i.e. one day after obtaining the temporary occupation permit for the site of the first phase), two classrooms in Tin Hau and To Kwa Wan were arranged respectively by the proprietor for conducting theory classes up to 7 December 2020 (i.e. the date of obtaining the temporary occupation permit for the site of the second phase); and
- (ii) ***Impact on learner drivers and driving test candidates.*** While TD did not have records on the number of learner drivers affected during the suspension of driving training, those affected learner drivers were offered two free lessons by the Driving School and they might also opt for a full refund of the course fees paid. Regarding the 77 driving test candidates affected by the suspension of driving test services, with the additional test slots arranged by TD, their driving tests were subsequently conducted in the period from late June to mid-July 2020 (i.e. within one month after the resumption of driving test services).

While TD did not have record on the exact number of driving training hours conducted at the Driving School during the period without the temporary occupation permits (Note 26), 2,006 driving tests were conducted by TD

Note 26: *According to TD, the Driving School delivered a total of some 124,000 practical training hours from 1 November 2019 to 31 December 2020. Records prior to 1 November 2019 were not available.*

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inside the Driving School in the period from 13 December 2019 (i.e. the first date of providing driving test services at the Driving School) to 8 June 2020 (i.e. the date before suspending the driving test services).

3.6 In September 2021, and February and May 2022, TD informed Audit that:

- (a) ***Monitoring actions taken by TD during gearing-up period of New Kwun Tong Driving School.*** TD had arranged regular meetings with the Driving School and exchanged emails frequently throughout the gearing-up period to get hold of the latest progress of various gearing-up tasks and activities. For items that were or were likely to be falling behind the schedule submitted in the proprietor's tender, TD had looked into details of the cause and requested the proprietor to proactively address the issues;
- (b) ***Delay in commencing full operation of Driving School.*** The delay was mainly due to the complicated site conditions which rendered more time required for receiving approval from the relevant authorities regarding the building plans of the school premises. TD noted that the proprietor had spared no effort in ensuring the timely commencement of the Driving School. As a matter of fact, the Driving School had completed most gearing-up tasks and activities early and commenced the provision of on-street training in August 2019, which was two months ahead of the original schedule;
- (c) ***Granting designation before completion of all key preparatory and gearing-up activities.*** Having considered that except for the construction works, the Driving School was fully ready to commence operations with all driving instructors and training vehicles in place, as an interim measure, TD granted the designation to the Driving School in August 2019 for providing on-street training only. The Driving School had arranged two classrooms in Tin Hau and To Kwa Wan respectively for conducting theory classes during the interim period from 16 August 2019 (i.e. the date of granting designation to the Driving School and approving the provision of on-street driving training) to 25 November 2019 (i.e. the date of approving the Driving School to conduct off-street training) to ensure that learner drivers could continue to receive their classroom training while the Driving School was completing the construction works inside the school premises. Meanwhile, the Driving School was still required to pay the full

market rental for the site to the Government during the entire gearing-up period;

- (d) ***Provision of off-street training at Driving School approved before full completion of construction works.*** In view of the information provided by the Authorised Person in his letter of November 2019 (see para. 3.5(b)(ii)), TD approved the provision of off-street training at the Driving School with effect from 25 November 2019 after considering the pressing training needs of learner drivers who were transferred from the former Kwun Tong Driving School, which had already closed on 30 September 2019;
- (e) ***Follow-up actions taken regarding operation of Driving School without temporary occupation permits.*** After learning that the proprietor of the Driving School had failed to obtain the temporary occupation permits, TD had closely followed up with the proprietor and the concerned Government departments. In particular, TD had immediately issued a letter to request the proprietor to clarify the situation and take all necessary remedial measures. A meeting with the management of the Driving School was lined up swiftly to discuss the contingency arrangements (e.g. vacating the school premises, suspending the driving training and driving test services, and notifying the affected learner drivers). In parallel, TD also followed up with the Buildings Department with a view to expediting the processing of the Driving School's applications for the temporary occupation permits. Despite the fact that the temporary occupation permit for the site of the first phase was issued on 12 June 2020 (i.e. only nine days after TD discovered the incident), TD issued a warning letter to the proprietor to register its grave concern of the proprietor's deficiency in obtaining the temporary occupation permit in a timely manner and failure to fulfil the statutory requirement and the Code of Practice; and
- (f) ***Promulgation of designation guidelines.*** TD had issued a set of designation guidelines in September 2021, which set out the core principles, procedures and requirements for the designation of driving schools, including the checking of occupation permits prior to the granting of designation.

3.7 In Audit's view, TD needs to draw lessons from the designation of the New Kwun Tong Driving School with a view to improving the process of designation of new driving schools, including:

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- (a) strengthening the monitoring of proprietors' implementation of key preparatory and gearing-up tasks and activities, and commencement of driving schools in accordance with the undertaking submitted in tender submissions and tenancy agreements;
- (b) incorporating the requirement of obtaining occupation permits from the Buildings Department in tenancy agreements;
- (c) stepping up measures to ensure that a site is designated as a driving school and approved to provide driving training and driving test services only after it has satisfactorily completed all tasks and activities as required by the tenancy agreement (e.g. obtaining occupation permits from the Buildings Department); and
- (d) incorporating clauses in future tenancy agreement of driving schools (e.g. imposition of liquidated damages) enabling the Government to be indemnified against the loss arising from delays in commissioning of the driving schools.

Need to improve process of designation of new driving improvement schools and pre-service training schools

3.8 In the period from 2017 to 2021, TD conducted two open exercises to invite applications, one for designation of pre-service training schools in January 2020 (Note 27) and one for designation of driving improvement schools in March 2021 (Note 28). Audit examined the two exercises and noted the following:

Note 27: *According to TD, the purpose of this invitation exercise was for designation of pre-service training schools for the implementation of the extended pre-service training requirement in October 2020 (see para. 3.3(c)). Prior to this invitation exercise, there were six designated pre-service training schools.*

Note 28: *According to TD, the purpose of this invitation exercise was for designation of driving improvement schools for the implementation of the new driving improvement course in December 2021. The new driving improvement course not only covered safe driving techniques and measures to prevent traffic accidents, but also strengthened participant interaction in class and provided more scenario-based learning and case studies. Prior to this invitation exercise, there were four designated driving improvement schools.*

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- (a) ***No documentary evidence showing endorsement of selection criteria of driving improvement schools.*** According to TD's guidelines, for each invitation exercise, a selection board (Note 29) should be formed to endorse the selection criteria (Note 30), adopt evaluation methodology and assess the submissions of applicant schools in accordance with the selection criteria. Audit noted that while a selection board's meeting was held in December 2019 to endorse the selection criteria for the open exercise of pre-service training schools, there was no documentary evidence showing that the selection criteria for the open exercise of driving improvement schools had been properly endorsed by the selection board concerned;
- (b) ***No follow-up actions taken regarding incomplete/potentially incomplete company information provided by applicant schools.*** In the application forms of the two open exercises, applicant schools were required to provide their company information, including a list of all associated companies (Note 31). Audit noted that for some applicant schools which did not include any associated companies in their application forms, there were indications that there were or might be associated companies, as follows:
- (i) for the open exercise of pre-service training schools, two applicant schools had the same ultimate holding company. Furthermore, three other applicant schools had the same list of instructors, and two of them had the same business registration address; and
- (ii) for the open exercise of driving improvement schools, three applicant schools had the same ultimate holding company. Furthermore, four other applicant schools had the same list of instructors, and two of them had the same business registration address.

Note 29: *According to TD's guidelines, the selection board should preferably be chaired by a directorate officer and composed of representatives from relevant sections.*

Note 30: *According to TD's guidelines, the selection criteria should be relevant to the assessment of the different qualities of an applicant in relation to the delivery of services required for operating a driving improvement school/pre-service training school. Examples of selection criteria include an applicant's past experience relevant to operating the school, company status and gearing-up proposal.*

Note 31: *No definition of an associated company was provided in the application forms.*

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However, TD had not followed up with those applicant schools on the incomplete/potentially incomplete company information; and

- (c) ***Need to ensure that all requirements are met before granting designation to schools.*** For the 12 pre-service training schools and the 16 driving improvement schools designated in the two open exercises, Audit noted that without taking any follow-up actions, TD had granted designation to some schools before they fully met the requirements, as follows:
- (i) ***Right to use school premises not proved.*** While a school was required to provide documentary proofs of ownership or a tenancy agreement of the school premises to prove its right to use the school premises, for 1 pre-service training school and 4 driving improvement schools, they were neither the owners nor tenants of the school premises concerned as shown on the documentary proofs of ownership or tenancy agreements submitted; and
- (ii) ***Certificate of Fire Service Installation and Equipment not checked.*** While a school was required to possess a Certificate of Fire Service Installation and Equipment issued by the Fire Services Department, 5 pre-service training schools and 4 driving improvement schools could not provide the Certificates for inspection by TD's officers (Note 32).

3.9 In February and May 2022, regarding the actions taken throughout the exercises for designation of pre-service training schools in January 2020 and driving improvement schools in March 2021, TD informed Audit that:

- (a) ***Selection criteria of driving improvement schools.*** The selection criteria and composition of selection board for driving improvement schools (see para. 3.8(a)) were drawn up by the Driving Services Section and forwarded to all members of the selection board prior to the invitation exercise. No

Note 32: *Of the 9 schools which could not provide the Certificates, 8 explained that they were tenants of the school premises and the Certificates were issued to the landlords of the school premises concerned. However, Audit noted that in the two exercises, 5 other pre-service training schools and 10 other driving improvement schools were tenants of their respective school premises and were able to provide the Certificates for inspection by TD's officers.*

members of the selection board had raised any comments on the selection criteria and the selection board conducted its business using those selection criteria;

- (b) ***Incomplete/potentially incomplete company information provided by applicant schools.*** TD considered the information provided by the applicant schools acceptable taking into consideration the following grounds:
- (i) while the applicant schools were required to provide the names of all of their associated companies in the application forms, the information was not an essential requirement; and
 - (ii) with a view to providing ample choices to the public to enrol in the driving improvement courses and pre-service courses, there was no limit set on the number of driving improvement schools/pre-service training schools to be designated at the time of inviting applications. Regardless of whether they had any associations with other applicant schools, all applicant schools that could satisfy the essential requirements set out by TD would be granted with an approval-in-principle for providing the course, subject to the satisfactory completion of the necessary gearing-up tasks and activities. Therefore, no follow-up actions were required for companies that appeared to be associated companies; and
- (c) ***Right to use school premises.*** For the pre-service training school and the four driving improvement schools mentioned in paragraph 3.8(c)(i), the documentary proofs of ownership or tenancy agreements submitted were under the names of their parent companies or associated companies. Therefore, this would not affect their eligibility and ability to provide the courses, and the courses were provided successfully as scheduled. In March 2022, these schools had also furnished TD with the relevant documentary proof of their rights to use their parent/associated companies' premises.

3.10 In Audit's view, TD should improve the documentation of endorsing the selection criteria for designation of driving improvement schools/pre-service training schools by the pertinent selection board. Moreover, TD needs to take measures to ensure that an applicant school is designated only after it has fully met all the

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requirements. For example, in view of the separate legal entity principle, confirmation of the right to use the school premises concerned should be obtained if the documentary proof of ownership or tenancy agreement submitted was under the name of an associated company of an applicant school.

Audit recommendations

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

- (a) **draw lessons from the designation of the New Kwun Tong Driving School with a view to improving the process of designation of new driving schools, including:**
 - (i) **strengthening the monitoring of proprietors' implementation of key preparatory and gearing-up tasks and activities, and commencement of driving schools in accordance with the undertaking submitted in tender submissions and tenancy agreements;**
 - (ii) **incorporating the requirement of obtaining occupation permits from the Buildings Department in tenancy agreements;**
 - (iii) **stepping up measures to ensure that a site is designated as a driving school and approved to provide driving training and driving test services only after it has satisfactorily completed all tasks and activities as required by the tenancy agreement; and**
 - (iv) **incorporating clauses in future tenancy agreement of driving schools (e.g. imposition of liquidated damages) enabling the Government to be indemnified against the loss arising from delays in commissioning of the driving schools;**
- (b) **improve the documentation of endorsing the selection criteria for designation of driving improvement schools/pre-service training schools by the pertinent selection board; and**

- (c) **take measures to ensure that an applicant school for designation as a designated driving improvement school/pre-service training school is designated only after it has fully met all the requirements.**

Response from the Government

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

- (a) regarding the designation of new driving schools, TD will strengthen the monitoring of proprietors' implementation of key preparatory and gearing up tasks and activities, explore with the Lands Department on the feasibility of incorporating the requirement of obtaining occupation permits from the Buildings Department in the tenancy agreement, and consider practical measures to enable the Government to be indemnified against loss arising from delays in commissioning of the driving schools; and
- (b) regarding the designation of new driving improvement schools and pre-service training schools, TD has revised the guidelines to ensure that:
 - (i) endorsement of the selection criteria by members of the selection board will be properly documented; and
 - (ii) designation will only be granted when all gearing-up tasks and activities have been substantially completed to TD's satisfaction.

Monitoring of driving training schools

Need to ensure that required frequencies of inspections for driving training schools are met

3.13 According to TD, with a view to ensuring compliance with the Code of Practice by driving training schools, its officers conduct regular inspections at designated driving schools, driving improvement schools and pre-service training schools. The required frequencies of inspections for the three types of schools stipulated in TD's inspection guidelines are as follows:

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- (a) *Designated driving schools and driving improvement schools.* On average, each designated driving school and driving improvement school should be inspected on a bi-monthly basis; and
- (b) *Designated pre-service training schools.* On average, each designated pre-service training school should be inspected every three months.

3.14 Audit analysis of the time elapsed between the inspections conducted for designated driving schools, driving improvement schools and pre-service training schools in the period from the respective effective dates of the current inspection guidelines for the three types of schools (i.e. October 2018, July 2020 and June 2021 respectively) to October 2021 revealed that the required frequencies of inspections stipulated in TD's inspection guidelines were not met, as follows:

- (a) *Designated driving schools.* For all the four designated driving schools, they had not been inspected, on average, on a bi-monthly basis (ranging from 2.12 to 2.61 months). Of the 57 inspections conducted for the four schools in the period, the intervals between inspections in 35 (61%) inspections ranged from 2.01 to 6.13 months (averaging 3.09 months), not meeting the stipulated inspection frequency of once every two months; and
- (b) *Designated driving improvement schools.* For the 4 (see Note 28 to para. 3.8) designated driving improvement schools, 1 (25%) had not been inspected, on average, on a bi-monthly basis (i.e. 2.23 months). Of the 7 inspections conducted for this school, 4 (57%) inspections were not conducted at least once in every two months, with intervals between inspections ranging from 2.40 to 4.31 months (averaging 3.09 months).

3.15 In February and May 2022, TD informed Audit that:

- (a) some of the inspection schedules were seriously affected by the COVID-19 epidemic. As part of the enhanced social distancing measures and special work arrangements announced by the Government to maintain only essential public services to curb the spread of the virus, TD had reduced the number of the inspections conducted at the driving training schools from January 2020; and

- (b) upon relaxation of the social distancing measures and special work arrangements, TD had deployed additional resources to ensure that the suspended inspections were made up as far as practicable. With the additional resources deployed, the average frequency of inspections of the concerned schools during the audited period as mentioned in paragraph 3.14 was largely in line with the stipulated guidelines (see para. 3.13(a)) despite the impact of the COVID-19 epidemic, as follows:
- (i) ***Designated driving schools.*** For the 57 inspections conducted for the four schools, the intervals between inspections ranged from 0.26 to 6.13 months, averaging 2.38 months across all four schools (with each school being inspected every 2.12 to 2.61 months on average); and
 - (ii) ***Designated driving improvement schools.*** For the 32 inspections conducted for the four schools, the intervals between inspections ranged from 0.52 to 4.8 months, averaging 1.93 months across all four schools (with each school being inspected every 1.65 to 2.23 months on average).

3.16 As stated in TD's inspection guidelines, on average, each designated driving school, driving improvement school and pre-service training school should be inspected in accordance with the required frequencies to ensure their compliance with the Code of Practice (see para. 3.13). Audit considers that, with a view to strengthening the monitoring of the operations of the driving training schools, TD needs to take measures to ensure that the required frequencies of inspections stipulated in its inspection guidelines are met.

Need to ensure timely submission of monthly reports

3.17 According to the Code of Practice, each designated driving school, driving improvement school or pre-service training school is required to submit a monthly report (Note 33) to TD no later than the sixteenth day of the following month. Audit examined the monthly reports submitted by the four designated driving schools

Note 33: *Examples of information contained in the monthly report include the time schedule of each class offered, the total number of participants of the courses offered, and the number and details of complaints received.*

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(Note 34), four designated driving improvement schools (see Note 28 to para. 3.8) and 12 designated pre-service training schools in the period from 1 October 2020 to 30 September 2021, and noted that some monthly reports were submitted late (see Table 8), as follows:

- (a) for the designated driving schools, all the 24 monthly reports were submitted late (averaging 19 days). In particular, the delays in 4 (16%) submissions were more than 30 days, ranging from 47 to 77 days (averaging 62 days);
- (b) for the designated driving improvement schools, 7 (16%) of the 45 monthly reports (excluding three monthly reports of which the dates of submission were not available) were submitted late, ranging from one day to 14 days (averaging five days); and
- (c) for the pre-service training schools, 35 (24%) of the 144 monthly reports were submitted late. The delays ranged from one day to 18 days (averaging five days).

For proper and timely monitoring of the operations of the designated driving schools, driving improvement schools and pre-service training schools (e.g. checking the accuracy of the lists of course results (see para. 3.19(a)) and compliance of the minimum provision requirement (see para. 3.22)), TD needs to take measures to ensure that the monthly reports are submitted by the schools in a timely manner as required by the Code of Practice.

Note 34: *According to TD, regarding the submission of monthly reports, 3 of the 4 designated driving schools have been submitting a consolidated report each month (see Note 2 to para. 1.7).*

Table 8

**Submission of monthly reports by driving training schools
(1 October 2020 to 30 September 2021)**

| Delay | Designated driving school | | Designated driving improvement school | | Designated pre-service training school | |
|----------------------|---------------------------|------------|---------------------------------------|------------|--|------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| No delay | – | N/A | 38 | 84% | 109 | 76% |
| ≤30 days | 20 | 84% | 7 | 16% | 35 | 24% |
| > 30 days to 60 days | 2 | 8% | – | – | – | – |
| Over 60 days | 2 | 8% | – | – | – | – |
| Total | 24 | 100% | 45 | 100% | 144 | 100% |

Source: *Audit analysis of TD records*

Need to ensure that the lists of course results submitted by designated driving improvement schools are accurate

3.18 According to TD, upon completion of a driving improvement course, each designated driving improvement school is required to submit to TD the following records:

- (a) ***Course attendance record.*** The course attendance record is the sign-in record of all participants;
- (b) ***Student performance assessment form.*** The student performance assessment form is a summary of participants' performance, including in-class performance and results of the written assessment; and
- (c) ***List of course results.*** The list of course results is a document summarising the course attendance record and the student performance assessment form.

TD will upload the list of course results to its computer system for, among others, automatic deduction of three Driving-offence Points (see Note 17 to para. 3.3(b)) for eligible drivers who have successfully completed the driving improvement course.

Management of driving training schools

3.19 Audit examination of the lists of course results submitted by the designated driving improvement schools in the period from November 2020 to October 2021 revealed the following:

- (a) *Discrepancies between lists of course results and monthly reports.* In 8 (67%) of the 12 months, there were discrepancies between the aggregate number of participants as reported in the lists of course results and that reported in the monthly reports (see para. 3.17). The monthly discrepancies ranged from 1 to 33 participants; and
- (b) *Discrepancies between lists of course results and student performance assessment forms.* In three lists of course results submitted by two driving improvement schools in February, April and June 2021 respectively, there were 4 participants who were recorded as having successfully completed the driving improvement course, with three Driving-offence Points being deducted automatically by TD's computer system for 3 of them (Note 35). Audit noted that while the 4 participants were recorded as having passed in the lists of course results, they were recorded as having failed in the corresponding student performance assessment forms.

3.20 In February and May 2022, TD informed Audit that:

- (a) the sum of the monthly discrepancies (see para. 3.19(a)) and the four participants (see para. 3.19(b)) accounted for 0.36% and 0.02% of the total of 23,127 participants respectively in the period; and
- (b) with a view to improving the efficiency in the marking of course-end assessment of the driving improvement course, TD had gradually rolled out a new automated marking system (Note 36) since February 2021 and the system was fully launched across all four driving improvement schools in

Note 35: *According to TD, deduction of 3 Driving-offence Points was not applicable for the remaining participant because he had: (a) incurred 15 or more Driving-offence Points; (b) within the past two years been deducted Driving-offence Points by completing a driving improvement course; or (c) not incurred any Driving-offence Points on the date he had completed the driving improvement course.*

Note 36: *According to TD, since the automatic marking system was adopted, TD had conducted spot checking of the lists of course results submitted by schools instead of a full scale checking.*

May 2021. The discrepancies between the lists of course results and the student performance assessment forms (see para. 3.19(b)) were mainly due to teething problems in adopting the new automated marking system, and TD was working with the schools with a view to streamlining the process to reduce the chances of human errors.

3.21 Audit considers that TD needs to investigate the discrepancies between the lists of course results and the monthly reports/corresponding student performance assessment forms, and rectify TD records where appropriate, including the cases with deduction of Driving-offence Points identified in paragraph 3.19(b). As the lists of course results will be uploaded to TD's computer system for automatic deduction of Driving-offence Points, TD needs to take measures to ensure that the lists of course results submitted by designated driving improvement schools are accurate.

Need to closely monitor compliance of minimum provision requirement stipulated in Code of Practice

3.22 The pre-service course consists of two modules, namely the Foundation Module and the Mode-specific Module. According to the Code of Practice, each pre-service training school is required to provide at least one class (Note 37) of:

- (a) the Foundation Module per month;
- (b) the Mode-specific Module for public light bus every two months;
- (c) the Mode-specific Module for public bus every two months; and
- (d) the Mode-specific Module for taxi per month.

Failure to meet the minimum provision requirement would be considered a breach of conditions of the Code of Practice and the school is subject to revocation of the designation.

Note 37: *No minimum number of students for each class was set in the Code of Practice.*

Management of driving training schools

3.23 According to TD records, in the period from 1 October 2020 to 30 September 2021, the numbers of students enrolled in the Foundation Module, and the Mode-specific Modules for public light bus, public bus and taxi offered by the 12 designated pre-service training schools were 4,517, 1,486, 865 and 3,388 respectively. Audit examination of the classes provided by the 12 designated pre-service training schools in the same period revealed that the minimum provision requirement was not met, as follows:

- (a) ***Foundation Module.*** Of the 12 schools, 7 (58%) did not meet the requirement for providing at least one class of the Foundation Module per month, with number of occasions of non-compliance ranging from 3 to 7;
- (b) ***Mode-specific Module for public light bus.*** Of the 12 schools, 6 (50%) did not meet the requirement for providing at least one class of the Mode-specific Module for public light bus per two months, with number of occasions of non-compliance ranging from 1 to 6;
- (c) ***Mode-specific Module for public bus.*** Of the 12 schools, 10 (83%) did not meet the requirement for providing at least one class of the Mode-specific Module for public bus per two months, with number of occasions of non-compliance ranging from 1 to 6; and
- (d) ***Mode-specific Module for taxi.*** All the 12 schools did not meet the requirement for providing at least one class of the Mode-specific Module for taxi per month, with number of occasions of non-compliance ranging from 3 to 7.

Despite the fact that the minimum provision requirement stipulated in the Code of Practice was not met, there was no documentary evidence available showing that TD had taken any follow-up actions with the designated pre-service training schools concerned.

3.24 In February and May 2022, TD informed Audit that:

- (a) TD considered that the pre-service training schools' inability to meet the minimum provision requirement did not constitute a breach of the Code of Practice under special circumstances brought about by the COVID-19

epidemic and the effect of the newly introduced legislative amendments, as follows:

- (i) ***Impact of the COVID-19 epidemic.*** The driving test services provided by TD had been suspended intermittently since the onset of the COVID-19 epidemic. Given that the prospective taxi, public light bus and public bus drivers were required to pass the relevant driving test(s) within one year after the completion of the pre-service course(s), many aforementioned prospective drivers had decided to defer their training plans until the resumption of driving test services; and
- (ii) ***Effect of the newly introduced legislative amendments.*** Many pre-service training schools did not receive any enrolment for a class when the pre-service course requirement for taxi and public bus drivers was first implemented in October 2020 (see para. 3.3(c)), and hence no class was held. This was because the new pre-service course requirement was only applicable to drivers who applied for the relevant driving test after 1 October 2020, and many drivers had therefore submitted themselves for a test before the effective date to avoid the new requirement.

The monthly reports (see para. 3.17) submitted by the pre-service training schools had also reflected the situations in (i) and (ii). Those schools were therefore not considered as having breached the Code of Practice; and

- (b) TD did not receive any complaints from the public for difficulties in enrolling in the pre-service courses since the launch of the requirement in October 2020.

3.25 With a view to ensuring that classes of the pre-service course are readily available in the market to meet the considerable demand of drivers (see the number of students mentioned in para. 3.23 for an example), TD needs to closely monitor the compliance of the minimum provision requirement set out in the Code of Practice by the pre-service training schools, and take appropriate follow-up actions with the schools which have repeatedly not met the requirement.

Audit recommendations

- 3.26 **Audit has recommended that the Commissioner for Transport should:**
- (a) **take measures to ensure that:**
 - (i) **the required frequencies of inspections stipulated in the inspection guidelines are met;**
 - (ii) **the monthly reports are submitted by the driving training schools in a timely manner as required by the Code of Practice; and**
 - (iii) **the lists of course results submitted by designated driving improvement schools are accurate;**
 - (b) **investigate the discrepancies between the lists of course results and the monthly reports/corresponding student performance assessment forms, and rectify TD records where appropriate, including the cases with deduction of Driving-offence Points identified in paragraph 3.19(b); and**
 - (c) **closely monitor the compliance of the minimum provision requirement set out in the Code of Practice by the pre-service training schools, and take appropriate follow-up actions with the schools which have repeatedly not met the requirement.**

Response from the Government

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

- (a) will take measures to ensure that the required frequencies of inspections for driving training schools are met in future;
- (b) will devise a mechanism to follow up with driving training schools that have not submitted their monthly reports in a timely manner;

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- (c) has rectified the records where errors as mentioned in paragraph 3.19 were found. TD will explore with the driving improvement schools on the possible measures to streamline the process of uploading course results to reduce the chances of human errors; and
- (d) will continue to closely monitor the provision of the courses by the pre-service training schools to ensure their compliance with the minimum provision requirement set out in the Code of Practice.

PART 4: LICENSING CONTROL OF PRIVATE DRIVING INSTRUCTORS

4.1 This PART examines the licensing control of PDIs by TD, focusing on:

- (a) licensing of PDIs (paras. 4.2 to 4.14); and
- (b) monitoring of PDIs (paras. 4.15 to 4.20).

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4.2 Following a comprehensive review of driver training policy in 1999, the PDI licences were re-arranged into three Groups, namely:

- (a) Group 1 (Private Cars and Light Goods Vehicles);
- (b) Group 2 (Light Buses and Buses); and
- (c) Group 3 (Medium Goods Vehicles, Heavy Goods Vehicles and Articulated Vehicles).

The numbers of valid PDI licences (Note 38) then prevailing for the three Groups (i.e. 1,050 for Group 1, 130 for Group 2 and 230 for Group 3) had been used as benchmarks (Note 39) for TD's periodic reviews of the need to issue new PDI licences. TD may consider issuing new PDI licences for a particular Group when the number of respective valid licences falls below the benchmark by 10%.

Note 38: *A PDI licence is valid for one year and may be renewed at any time during the four months before expiry or within three years after the licence has expired.*

Note 39: *According to TD, the benchmarks are reference indicators facilitating consideration of issuance of new PDI licences but not ceiling limits of PDI licences. Given that a PDI licence may be renewed within three years after its expiry, depending on the licence expiry/renewal situation of individual PDIs, the number of valid PDI licences in TD's records may vary even if no new PDI licences are being issued, and hence the number of valid PDI licences at a particular point in time may be more or less than the benchmarks.*

4.3 From 2018 to 2019, TD conducted the Comprehensive Review on PDI Licences and, in April 2020, reported the findings and recommendations of the Review to the Panel on Transport of the Legislative Council. The findings and recommendations of the Review included:

- (a) ***Maintenance of “two-pronged approach”.*** The Review findings revealed that the learner drivers and members of the public chose PDIs or designated driving schools based on their own needs having regard to the expected teaching quality, recommendation by relatives/friends, training schedule, etc. This pointed to the need of maintaining the “two-pronged approach” (see para. 3.2);

- (b) ***Proposed benchmarks of PDI licences.*** Having reviewed the demand and supply situation of the three Groups of PDIs, the projected number of inactive PDIs (Note 40), and the data obtained from the opinion surveys with learner drivers on their actual and preferred training hours, TD proposed the following:
 - (i) raising the benchmark for Group 1 PDI licences from 1,050 to 1,170; and
 - (ii) maintaining the benchmarks for Group 2 and Group 3 PDI licences at 130 and 230 respectively;

- (c) ***Proposed issuing mechanism for new PDI licences.*** Taking into account the valid number of and the new benchmark (see (b)(i)) for Group 1 PDI licences, 226 new licences would be issued. In order to utilise the driving competence and training experience of Group 2 and Group 3 PDIs as well as the restricted driving instructors (Note 41) while encouraging new blood to join the trade, TD proposed refining the issuing mechanism by:

Note 40: *According to TD, there is no clear and widely accepted definition for determining whether a PDI is active or inactive as there are a host of factors affecting whether or not a PDI provides training. For projection purpose, TD assumes that PDIs who have not accompanied any candidate to attend driving tests in a year to be inactive PDIs.*

Note 41: *According to TD, restricted driving instructors are employed by organisations (e.g. designated driving schools) and issued with driving instructors’ licences that are subject to a condition that they shall only give driving instruction on behalf of a driving school or other organisations.*

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- (i) allocating 75% (i.e. 169 of the 226 new Group 1 PDI licences) to eligible members of the public by open application; and
- (ii) allocating the remaining 25% (i.e. 57 of the 226 new Group 1 PDI licences) for application by valid licence holders of Group 2 and Group 3 PDI licences, as well as serving and ex-restricted driving instructors.

Similar issuing mechanism for issue of new Group 2 and/or Group 3 PDI licences would be adopted in future (i.e. 25% of new Group 2 and/or Group 3 PDI licences will be allocated to eligible Group 1 PDIs as well as serving and ex-restricted driving instructors); and

- (d) ***Proposed measures for enhancing quality of PDIs.*** With a view to enhancing the quality of PDIs, including their driving attitude for setting a good example for learner drivers, TD proposed the following measures:

- (i) raising the PDI applicants' minimum licence-holding period of private car and light goods vehicle from three to six years;
- (ii) requiring that, in addition to the requirements for no conviction records on certain traffic offences, the applicants shall not be convicted of careless driving and dangerous driving under the Road Traffic Ordinance within two and five years respectively preceding the date of application;
- (iii) requiring all new PDI licence holders to attend a mandatory induction course before they would be issued with the PDI licences;
- (iv) requiring all existing PDI licence holders to attend a mandatory refresher course once every three years as a pre-requisite for renewal of their PDI licences; and
- (v) requiring all PDIs to display an identity plate inside the vehicles which should be clearly visible to the public.

4.4 According to TD:

- (a) regarding the new licence issuing mechanism and quality enhancement measures, the relevant legislative amendments have taken effect since 1 December 2021;
- (b) regarding the issue of the 169 new Group 1 PDI licences to eligible members of the public, about 28,800 applications have been received. As of February 2022, TD was in the progress of conducting driving tests for the applicants according to their ballot order; and
- (c) regarding the issue of the 57 new Group 1 PDI licences to valid licence holders of Group 2 and Group 3 PDI licences, as well as serving and ex-restricted driving instructors, the invitation exercise was under preparation as of February 2022. TD targeted to invite applications in April 2022.

Need to take measures to address the high percentages of inactive PDIs

4.5 While there is no clear and widely accepted definition for determining whether a PDI is active or inactive (see Note 40 to para. 4.3(b)), in reviewing the benchmarks of PDI licences under the Comprehensive Review on PDI Licences (see para. 4.3), TD gauged the availability of active PDIs in the market by making an estimate based on the information of PDIs who accompanied learner drivers to attend the driving tests in 2018. According to TD's estimation:

- (a) ***Group 1 PDIs.*** Out of the 944 licensed PDIs in Group 1 as of December 2018, 748 (79%) instructors offered driver training in 2018, while 196 (21%) did not engage themselves in providing driver training service during the same period; and
- (b) ***Group 2 and Group 3 PDIs.*** For the licensed PDIs in Group 2 and Group 3 as of December 2018, the percentages of inactive instructors were much higher. In 2018, 68% and 69% of them had not provided driver training service in the market.

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According to TD, based on its continuous liaison with the PDI trade, there might be different reasons behind PDIs who chose not to provide driving training (e.g. comparable job opportunities, personal interests, etc.), and it appeared that the higher percentages of inactive PDIs in Group 2 and Group 3 were mainly due to the limited market needs rather than PDIs' own decision not to offer driver training.

4.6 With a view to assessing the availability of PDIs in the current market, modelling on TD's methodology, Audit analysed the licensed PDIs in Group 1, Group 2 and Group 3 as at 31 May 2021, and noted the following:

- (a) **Percentages of inactive PDIs remained high.** Of the 1,048, 116 and 181 Group 1, Group 2 and Group 3 PDIs, 333 (32%), 83 (72%) and 123 (68%) respectively did not offer any driver training in 2020 (see Table 9); and

Table 9

**Active and inactive PDIs
(31 May 2021)**

| | Group 1 | | Group 2 | | Group 3 | |
|---------------|---------|------------|---------|------------|---------|------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| Active PDIs | 715 | 68% | 33 | 28% | 58 | 32% |
| Inactive PDIs | 333 | 32% | 83 | 72% | 123 | 68% |
| Total | 1,048 | 100% | 116 | 100% | 181 | 100% |

Source: *Audit analysis of TD records*

Remarks: *According to TD, PDIs will accompany learner drivers to attend driving tests and the PDI's identity will be recorded in the students' test forms. Inactive PDIs refer to those who have not been recorded in 2020.*

- (b) **PDIs repeatedly found to be inactive.** Of the 333, 83 and 123 inactive Group 1, Group 2 and Group 3 PDIs, 210 (63%), 58 (70%) and 73 (59%) respectively were also found to be inactive in TD's previous two estimations conducted in 2016 and 2018.

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- 4.7 In February and May 2022, TD said that:
- (a) TD had all along been taking measures to deal with the issue of inactive PDIs with due consideration of the stipulations in laws;
 - (b) as there was no clear back-up stipulation in laws or current licensing conditions requiring PDIs to provide a minimum level of driver training service, care was required to handle the inactive PDI issue;
 - (c) TD had been closely monitoring the situation of inactive PDIs in its regular reviews in order to assess whether issuance of new PDI licences was necessary. Having said that, TD considered that the information in 2020 might not reflect a full picture of the normal situation as driving test service was suspended intermittently for various periods in 2020 due to the COVID-19 epidemic;
 - (d) the following measures would facilitate TD to further closely monitor the situation of inactive PDIs:
 - (i) in order to keep PDIs abreast of the latest development of the profession, TD had introduced the PDI refresher course (see para. 4.3(d)(iv)) after enactment of the amended Road Traffic (Driving Licences) Regulations in 2021. A PDI who wished to renew his/her PDI licence would be required to attend in person the refresher course within three years immediately before the renewal application. Inactive PDIs who did not attend the refresher course in person owing to reasons such as health conditions, personal interest, etc. would not be able to renew their licences under the new legislative requirement; and
 - (ii) from 4 March 2022 onward, all PDIs would be mandatorily required to display the PDI identity plate in the training vehicle while giving driving instruction (see para. 4.3(d)(v)). With the information about licensed PDIs not applying for the identity plate, TD would have a clearer picture on inactive PDIs; and
 - (e) regarding encouraging inactive PDIs to provide driver training service, TD would be required to take into account the views of the trade and their

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reasons for not providing driving training such as comparable job opportunities, personal interest, etc.

4.8 Audit notes TD's view that care is needed to handle the inactive PDI issue and its concern about encouraging inactive PDIs to provide driver training service. With a view to ensuring that a proper supply of PDIs is maintained in the market for implementing the "two-pronged approach" in respect of driver training (see para. 3.2), and taking into account the significant number of applicants for the new PDI licences (see para. 4.4(b)), TD needs to closely monitor the percentages of inactive PDIs in the three Groups and if the percentages remain high, take appropriate measures to address the inactive PDI issue (e.g. exploring the feasibility of inviting inactive PDIs to surrender their PDI licences where appropriate).

Need to consider investigating possible cases of PDIs giving driving instructions outside entitlements by virtue of their PDI licences

4.9 According to the Road Traffic (Driving Licences) Regulations, no person shall give driving instruction to any person unless the person giving the driving instruction is the holder of a valid driving instructor's licence which entitles him to give driving instruction for the class of motor vehicle in respect of which driving instruction is given. For example, it is illegal if a person holding only a Group 3 PDI licence, who is entitled to give driving instruction for medium goods vehicles, heavy goods vehicles and articulated vehicles, gives driving instruction for private cars. Any person who contravenes such provision commits an offence and is liable in the case of a first conviction to a fine of \$2,000 and to imprisonment for 3 months and in the case of a second or subsequent conviction to a fine of \$5,000 and to imprisonment for 6 months.

4.10 As mentioned in Table 9 in paragraph 4.6(a), PDIs will accompany learner drivers to attend driving tests and the PDI's identity will be recorded in the students' test forms. Based on such information recorded in the test forms, TD estimated the number of active and inactive PDIs. For PDIs as at 31 May 2021, Audit analysed the 500,302 test forms with their identities recorded in the period from 2015 to 2020 and noted the following:

- (a) 45 PDIs who did not hold a Group 1 PDI licence were recorded in 262 test forms for private cars and light goods vehicles;

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- (b) 12 PDIs who did not hold a Group 2 PDI licence were recorded in 25 test forms for light buses and buses; and
- (c) 11 PDIs who did not hold a Group 3 PDI licence were recorded in 11 test forms for medium goods vehicles, heavy goods vehicles and articulated vehicles.

4.11 In February and May 2022, regarding the PDI trade's current practice of accompanying candidates to attend driving test, TD informed Audit that:

- (a) there was no legal provision requiring a candidate to be accompanied by a PDI to attend a driving test or the accompanying person had to be holding a PDI licence entitling him/her to give driving instruction for the class of motor vehicle for which the driving test being conducted;
- (b) it was TD's understanding that under normal circumstances, PDIs would personally accompany their students to attend driving tests and would also provide them with the required vehicles for the test. However, there might be occasions where PDIs might not be able to accompany their students to attend the driving test due to physical difficulties (e.g. sickness, being out of town, attending a driving test with another candidate, etc.). Some private driving schools or PDIs working in partnership might arrange another person or PDI to accompany the affected candidate to attend the driving test in lieu of the PDI actually giving driving instruction to the candidate (Note 42);
- (c) taking into account that accompanying candidates to attend driving test was not a statutory requirement, and that the accompanying persons were mostly PDIs, flexibility should be allowed for the trade to make arrangements which best suited their operations; and

Note 42: *According to TD, many PDIs would have a couple of students at any given one time. These students may occasionally be allotted with the same test slots at different driving test centres. Therefore, the PDIs concerned would need to make arrangements with other PDIs/working counterparts to assist in accompanying these students to the driving test centres and providing them with test vehicles that meet TD's requirements.*

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- (d) TD attached great importance to combatting illegal driving training activities, including giving driving instruction in respect of the Group of motor vehicles for which the PDIs concerned were not entitled. TD had been working closely with the Hong Kong Police Force to conduct joint enforcement operations against illegal driving training activities in the past years. In addition, Driving Examiners were assigned to conduct site surveys and roving inspections (see para. 4.15) and liaise with the Hong Kong Police Force to take enforcement actions for any suspected offences in this nature. TD also introduced the PDI identity plate in December 2021 and PDIs were statutorily required to display the identity plate in the motor vehicle when giving driving instruction which would facilitate easy identification on whether the PDIs concerned were entitled to give driving instruction for a particular class of vehicle.

4.12 Taking into account that PDIs with identities recorded in students' test forms may not necessarily be the PDIs giving driving instruction, TD should consider requiring the candidates to declare the PDIs giving driving instruction in their test forms. With a view to ensuring that PDIs only give driving instruction for vehicle classes according to their entitlements, there is a need for TD to consider investigating and following up those possible non-compliant cases mentioned in paragraph 4.10. TD should also take measures to ensure that PDIs only give driving instruction for vehicle classes according to their entitlements where appropriate.

Audit recommendations

- 4.13 **Audit has recommended that the Commissioner for Transport should:**
- (a) **closely monitor the percentages of inactive PDIs in the three Groups and if the percentages remain high, take appropriate measures to address the inactive PDI issue;**
 - (b) **consider requiring the candidates to declare the PDIs giving driving instruction in their test forms;**
 - (c) **consider investigating and following up the possible non-compliant cases mentioned in paragraph 4.10; and**

- (d) **take measures to ensure that PDIs only give driving instruction for vehicle classes according to their entitlements where appropriate.**

Response from the Government

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

- (a) closely monitor the situation of inactive PDIs in regular review;
- (b) consider the arrangement for candidates to declare the PDIs giving driving instruction in their test forms;
- (c) check with the candidates concerned for the cases where PDIs did not hold the respective Group of licence but have accompanied candidates to attend driving tests; and
- (d) continue to take measures to ensure that PDIs only give driving instruction for vehicle classes according to their entitlements.

Monitoring of private driving instructors

Need to enhance roving inspections of PDIs

4.15 According to TD, with a view to assessing the standard of PDIs and their methods adopted for giving driving instruction, its Driving Examiners may conduct roving inspections of PDIs. According to TD's roving inspection guidelines drawn up in late December 2021 (Note 43), there are three types of roving inspections, namely:

- (a) ***Scheduled roving inspections.*** Scheduled roving inspections are conducted on a daily basis;

Note 43: *According to TD, there was no roving inspection guideline before December 2021.*

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- (b) ***Surprise roving inspections.*** Surprise roving inspections are conducted on an irregular basis on top of scheduled roving inspections; and
- (c) ***Roving inspections upon complaint.*** These roving inspections are conducted to follow up public complaints against PDIs.

After conducting a roving inspection, the responsible Driving Examiner has to prepare an inspection report recording his assessment on the PDI's performance.

4.16 Audit examined the inspection reports of the 245 roving inspections conducted in the period from 2015 to 2021 and noted the following:

- (a) ***Number of roving inspections conducted.*** The annual numbers of roving inspections conducted fluctuated significantly, ranging from 0 in 2016 to 175 in 2021 (see Table 10);

Table 10

**Number of roving inspections conducted
(2015 to 2021)**

| Year | Number |
|-------|------------|
| 2015 | 3 |
| 2016 | – |
| 2017 | 26 |
| 2018 | 1 |
| 2019 | 20 |
| 2020 | 20 |
| 2021 | 175 (Note) |
| Total | 245 |

Source: Audit analysis of TD records

Note: In the period from January to June 2021, 4 roving inspections were conducted. In response to Audit’s enquiry, in early July 2021, TD informed Audit that with effect from late July 2021, it targeted to conduct 10 to 20 roving inspections per week. In the period from August to December 2021, 151 (with a weekly average of 7) roving inspections were conducted.

(b) **Timing of conducting roving inspections.** According to an opinion survey with PDIs conducted by TD from 2018 to 2019, the common time slots for providing driver training service by PDIs were as follows:

- (i) 88% of PDIs indicated that they provided driver training service between 9:30 a.m. and 4:30 p.m. on weekdays;
- (ii) 86% indicated that they provided driver training service between 9:30 a.m. and 4:30 p.m. on Saturdays;
- (iii) 79% indicated that they provided driver training service between 9:30 a.m. and 4:30 p.m. on Sundays and public holidays; and

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- (iv) 75% indicated that they provided driver training service between 7:30 p.m. and 11:30 p.m. on weekdays.

However, Audit noted that all of the 245 roving inspections were conducted between 9:30 a.m. and 4:30 p.m. on weekdays, and no roving inspections were conducted during the other three common time slots; and

- (c) ***Percentages of active PDIs covered by roving inspections.*** Prior to 2021, all the roving inspections were conducted for Group 1 PDIs. Of the 158 PDIs covered by the 175 roving inspections conducted in 2021, 133, 12 and 13 were Group 1, Group 2 and Group 3 PDIs respectively, representing only 19%, 36% and 22% of the active PDIs as at 31 May 2021 (see Table 9 in para. 4.6(a)).

4.17 In February and May 2022, TD informed Audit that:

- (a) before June 2021, in order not to affect the provision of driving tests, no designated Driving Examiners were arranged to conduct roving inspections. TD mainly arranged roving inspections upon receipt of complaints on driving training activities. The sources of complaints mainly included the following:
 - (i) public complaints against individual PDIs; and
 - (ii) complaints/requests from Members of the Legislative Council and District Council, etc. about driving training activities and their impact on local traffic;
- (b) after the creation of two designated Driving Examiner I posts in June 2021, TD had put more resources in roving inspections. The respective roving inspection guidelines (see para. 4.15) were laid down to facilitate responsible officers to discharge their duties and the number of roving inspections increased substantially; and
- (c) the current PDI roving inspections were mainly conducted on weekdays, during which 88% of PDIs indicated that they had provided driver training service (see para. 4.16(b)(i)). TD would arrange roving inspections to cover all training hours as mentioned in paragraph 4.16(b)(ii) to (iv).

4.18 As most of the driver training was provided by PDIs (see Note 14 to para. 3.2), it is important to have effective quality assurance measures in place to monitor the performance of PDIs. Audit considers that TD needs to enhance the roving inspections of PDIs, including:

- (a) setting target frequencies and numbers of scheduled and surprise roving inspections to be conducted;
- (b) considering extending the conduct of roving inspections to cover other common time slots for providing driver training service by PDIs; and
- (c) devising a systematic selection mechanism of PDIs to be inspected, taking into consideration the relevant factors (e.g. the number of active PDIs in each Group and activity level of individual PDIs in offering driver training).

Audit recommendations

4.19 **Audit has *recommended* that the Commissioner for Transport should enhance the roving inspections of PDIs, including:**

- (a) **setting target frequencies and numbers of scheduled and surprise roving inspections to be conducted;**
- (b) **considering extending the conduct of roving inspections to cover other common time slots for providing driver training service by PDIs; and**
- (c) **devising a systematic selection mechanism of PDIs to be inspected, taking into consideration the relevant factors.**

Response from the Government

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

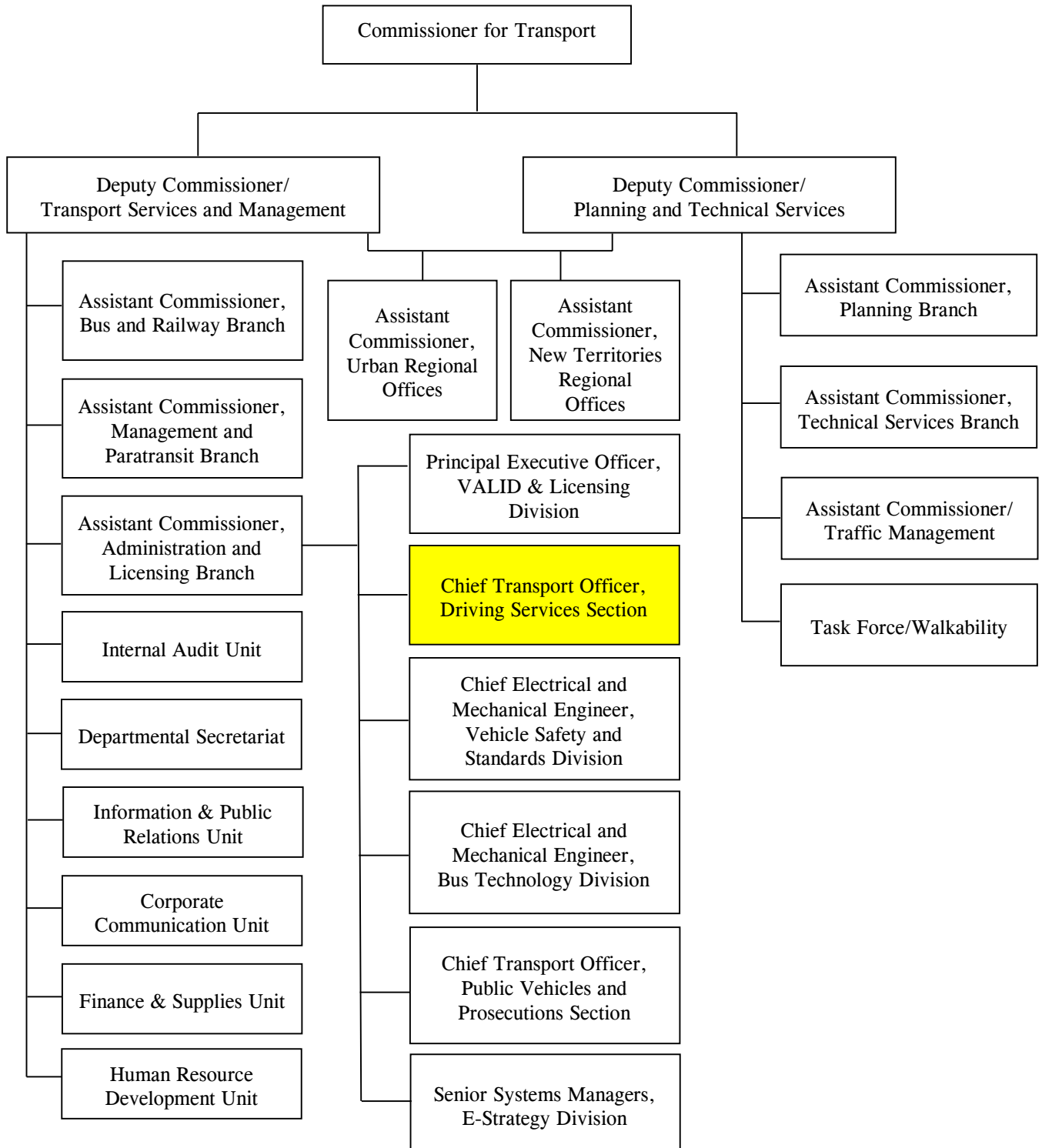
- (a) set a target to conduct roving inspections to each PDI of all Groups regularly, and extend the coverage of inspection hours to cover all the time

Licensing control of private driving instructors

slots of driving training, including Saturdays, Sundays and public holidays;
and

- (b) closely monitor the PDIs' performance and standard of driving training through roving inspections.

**Transport Department: Organisation chart (extract)
(31 December 2021)**



Legend: The Section covered in this audit review

Source: TD records

Acronyms and abbreviations

| | |
|-------|------------------------------|
| Audit | Audit Commission |
| COR | Controlling Officer's Report |
| PDI | Private driving instructor |
| RUC | Road Users' Code |
| TD | Transport Department |