

**For information
24 April 2009**

Legislative Council Panel on Transport
Private Driving Instructor's Licences

PURPOSE

This paper informs Members of the outcome of the biennial review conducted by the Transport Department (TD) in early 2009 on the need to issue new Private Driving Instructor's (PDI) licences.

BACKGROUND

2. The Government has all along adopted a "two-pronged approach" in respect of driver training. On one hand, we promote off-street driver training through the establishment of driving schools. On the other hand, we maintain a sufficient supply of PDIs for on-street driver training. A review was conducted in 1999 to ensure this policy could be sustained through objective means to stabilise the supply of PDIs. The review also sought to streamline the PDI licence regime. With the support of the majority of the trade and the Legislative Council Panel on Transport, we implemented the recommendations on the grouping of PDI licences and the mechanism to issue new PDI licences by amending the Road Traffic (Driving Licences) Regulations (Cap. 374B) (the Regulations) in September 2000 and July 2001.

3. Following the above review, PDI licences were regrouped from 7 types into 3 groups -

- Group 1: Private Cars and Light Goods Vehicles
- Group 2: Light Buses and Buses
- Group 3: Medium Goods Vehicles, Heavy Goods Vehicles and Articulated Vehicles

The above grouping was drawn up after careful consideration of the driver training skills for each group of vehicles. There are common features for vehicles within each group - Group 1 vehicles are small vehicles used for the training of beginners; Group 2 vehicles are vehicles for the carriage of a substantial number of passengers; and Group 3 vehicles are vehicles for the carriage of goods.

4. We agreed with the trade in 1999 that the number of valid PDI licences prevailing at the time for the three groups of vehicles (1 050 for Group 1, 130 for Group 2 and 230 for Group 3) would be used as benchmarks. The trigger point for the Commissioner for Transport (C for T) to consider issuing new PDI licences for a particular group is when the number of valid licences falls below the benchmark by 10%. As the number of valid licences fluctuates, the average number of valid licences for the period of six months prior to the review will be used for the purpose of comparison.

5. C for T will review biennially the need to issue new PDI licences. In so doing, he is required to take into account the following factors as set out in the Regulations :

- (a) prevailing traffic conditions;
- (b) policy adopted for driver training; and
- (c) demand of learner drivers to receive driving instructions from PDIs in respect of that group of motor vehicles.

6. Since then, reviews were conducted in 2002, 2004 and 2006. A total of 173 new Group 1 PDI licences were issued in 2002 while no new PDI licence was considered necessary following the reviews in 2004 and 2006.

THE 2008 REVIEW

Review of the PDI Market

7. TD has conducted another round of review having regard to the supply of and demand for on-street driver training. The numbers of Group 1, Group 2 and Group 3 PDI licences in the latter half of 2008 have dropped by about 33%, 42% and 25% respectively when compared with the benchmark levels set in 1999. Details are as below:

PDI Group	(A) Benchmark (as at 1 Nov 99)	(B) Average number of PDI licences in 2008 (July - Dec)	Difference (B)-(A)
1	1 050	703	347 (-33.0%)
2	130	75	55 (-42.3%)
3	230	172	58 (-25.2%)

8. The average numbers of PDI licences for the three groups have all dropped below the benchmarks by more than 10% during the review period, thereby reaching the triggering points for consideration of issue of new PDI licences. In this connection, TD has conducted a review on the need to issue new PDI licences and consulted the relevant PDI Associations.

(a) Supply-demand situation

9. In conducting the review, TD has considered the factors set out in the Regulations as mentioned in paragraph 5 above. In particular, TD has looked into the number of test forms sold (which is a useful indicator of the demand for on-street driver training as each learner driver is required to buy a test form for each driving test attempt) and compared it with the average number of PDI licences. After examining the “PDI licences to test form ratio” (which indicates the ratio between supply of and demand for on-street driver training), it is noted that the supply-demand situation has remained fairly the same as that in 1999 for Group 1 training. As regards Groups 2 and 3, the demand for driver training has been declining at a rate greater than the drop in the number of PDIs. The detailed figures are at Annex. These figures, which have not taken into account “inactive” PDIs (see (b) below), do not indicate a strong need for TD to issue any new PDI licences.

(b) Consultation with the trade

10. In the course of consultation with the 11 PDI associations between December 2008 and January 2009, TD had provided them with the findings at Annex. The PDI associations have expressed concern that some PDI licence holders are no longer engaged in driver training¹ and may therefore become “inactive” in the market. This factor may distort the supply-demand analysis based solely on the “PDI licences to test form ratio”.

11. Since no PDI licence has been issued since the review in 2002, all the PDI Associations supported that new PDI licences should be issued for all the three groups. As regards the number of new PDI licences to be issued, the majority has expressed strong support for the issue of new PDI licences up to the benchmark in each group.

¹ In 2008, a total of 143 PDI licence holders had not sold any test form throughout the year. This indicates that they are not participating in the driver training market at all.

Way forward

12. Taking into account the views of the PDI trade, TD will proceed to issue new PDI licences up to the benchmark in each group as follows:

PDI Group	(A) Benchmark (as at 1 Nov 99)	(B) Average number of PDI licences in 2008 (July - Dec)	Number of New PDI licences to be Issued (A)-(B)
1	1 050	703	347
2	130	75	55
3	230	172	58

13. TD aims to invite applications by mid-2009. Advertisements will be published in the newspapers nearer the time. Based on the experience in 2002, it is expected that the number of applications will be over-subscribed and in that event the order in which the applications are to be dealt with will be determined by lot, as stipulated in the Regulations. Upon screening of eligible candidates and completion of driving instructor tests, it is expected that the first batch of new PDI licences would be issued in the fourth quarter of 2009.

INFORMATION

14. Members are invited to note the contents of this paper.

**Transport Department
Transport and Housing Bureau
April 2009**

Market Demand for On-street Driver Training in 1999 and 2008

PDI Group	(A) Benchmark (Set in 1999)	(B) Total number of test forms sold for PDI market in 1999	(C) Average number of PDI licences in 2008 (July – Dec)	(D) Total number of test forms sold for PDI market in 2008	PDI licences to test forms ratio in 1999 (A:B)	PDI licences to test forms ratio in 2008 (C:D)
1	1 050	77 790	703	51 955	1:74	1:74
2	130	10 450	75	4 536	1:80	1:60
3	230	11 070	172	5 658	1:48	1:33