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**Panel on Transport**  
**Meeting on 30 March 2010**

**Background brief on private driving instructors' licences**

**Purpose**

This paper provides background information on the existing mechanism for issuing private driving instructors' licences (PDI licences). It also summarizes the major concerns expressed by the Panel on Transport (the Panel) on the subject.

**Background**

2. In 1999, the Administration conducted a review on driver training policy. It concluded that the existing 'two-pronged' approach should be maintained: to promote off-street driver training through the establishment of driving schools and to maintain a sufficient supply of PDIs for on-street driver training.

3. In pursuance of the 'two-pronged' approach, the Administration developed a package of proposals which aimed at stabilizing the supply of PDIs, streamlining the operation of PDI licences and improving the management of on-street driver training activities. The proposals included the following-

(a) organizing the seven types of PDIs into three groups:

Group 1 - private cars and light goods vehicles

Group 2 - bus and public light bus

Group 3 - articulated vehicles, heavy goods vehicles and medium goods vehicles

(b) capping the Group 1 licences at 1 050<sup>1</sup> and not to issue Groups 2 and 3 licences for four years;

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<sup>1</sup> As at 1 November 1999, the current level of supply of PDIs for Group 1 was 1 036. It was rounded up to 1 050 to form the benchmark for regulating the size of Group 1 PDIs.

- (c) two options were proposed for the methods for issuance of new PDI licences: eligible candidates should be invited to take test by lot or on a first-come-first-served basis; and
- (d) setting down the criteria for the provision of off-street practice sites for PDIs.

4. The Administration briefed the Panel on the proposals at its meeting on 26 November 1999, and consulted the driving instructor trade, including PDIs and operators of designated driving schools, from November 1999 to March 2000.

5. On 28 April 2000, the Administration briefed the Panel on the outcome of its consultation with the trade. With the support of the majority of members of the trade and the Panel, the Administration 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 respectively.

#### **Mechanism for issuing new private driving instructors' licences**

6. Following the review conducted in 1999, the seven types of PDI licences were re-organized into three groups. The revised grouping took effect on 1 September 2000. In accordance with the revised grouping, a PDI holding one type of instructor licence in a group can give instructions to all other type(s) of vehicle in the same group, provided that he is in possession of a valid driving licence for not less than 3 years for the other type(s) of vehicles in that group.

7. The Administration also agreed with the trade in 1999 that the respective numbers of valid PDI licences for the three groups of vehicles as at November 1999 (**1 050** for Group 1, **130** for Group 2 and **230** for Group 3) would be used as benchmarks. The triggering point for the Commissioner for Transport (the Commissioner) to consider issuing new PDI licences for that group is when the number of valid licences falls below the benchmark by 10%.

8. The Commissioner reviews 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.

For example, for Group 1 licences, if it is found that the number of valid licences falls below the level of 1 050 by 10 %, the Commissioner may, after taking into account all relevant factors as explained above, invite applications for new licences to fill up the difference.

9. Since the introduction of the new mechanism to issue PDI licences, reviews were conducted by the Transport Department (TD) in 2002, 2004, 2006 and 2008 to assess the need to issue new PDI licences. Following the review in 2002, a total of 173 new Group 1 PDI licences were issued. In the reviews in 2004 and in 2006, the numbers of Group 1, 2 and 3 PDI licences were found to have dropped by more than 10% compared to the benchmark numbers in 1999. However, the Administration considered it not necessary to issue any new PDI licences having regard to the market demand for driver training, which is one of the factors (paragraph 8 refers) required to be taken into account under the Regulations.

#### The review in 2008 to assess the need to issue new PDI licences

10. TD conducted another round of review in 2008 on the number of valid PDI licences for each of the three groups of motor vehicles. The average numbers of PDI licences for the three groups had 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 conducted a review on the need to issue new PDI licences and consulted the relevant PDI associations. The 11 PDI associations consulted had reflected that some PDI licence holders were no longer engaged in driver training and might therefore become "inactive" in the market. Since no PDI licence had been issued following the reviews in 2004 and 2006, all the PDI associations supported that new PDI licences should be issued up to the benchmark in each group.

11. Taking into account the views of the PDI trade, TD decided to issue new PDI licences up to the benchmark in each group. Panel members in general supported the decision. The Panel noted that the first batch of new PDI licences would be issued in the fourth quarter of 2009.

#### **Major concerns expressed by the Panel on private driving instructors' licences**

12. The Panel discussed on 26 November 1999 the package of proposals developed in connection with the review on driver training policy conducted in 1999, and the outcome of the review at its meeting on 28 April 2000. The Panel discussed the outcome of subsequent biennial reviews conducted by TD for the assessment of the need to issue any new PDI licences on 4 November 2005, 24 February 2006 and 22 May 2009. The Panel also gauged the views of the driving instructor trade at the meeting on 24 February 2006. The major concerns expressed by members on the issue of PDI licences are set out in ensuing paragraphs.

### Driving schools

13. At the Panel meeting on 4 November 2005, members noted that there were divergent views in the driving instructor trade over the issue of new PDI licences. While some PDI associations and the Quality Driver Training Centre Limited supported the Administration's proposal to withhold issuing new PDI licences having regard to the decreasing demand for driver training, a group of ex-Hong Kong School of Motoring driving instructors held different views. The latter was dissatisfied that the Administration had not consulted the trade before coming to the conclusion that there was no need to issue new PDI licences. They also took the view that the Administration had failed to exercise proper regulatory control of the Hong Kong School of Motoring, and individual PDIs were therefore unable to compete with designated driving schools on fair grounds.

14. In response to members' concern as to whether the Administration had unfairly prejudiced against PDIs in favour of driving schools as alleged by some PDIs, the Administration refuted the claim and pointed out that the market share of driving schools had all along remained at one-third of the market. As with on-street driver training, the student intake of driving schools had dropped from 52 000 in 2000 to 44 000 in 2005.

### Demand for driver training on medium/heavy goods vehicles

15. At the Panel meeting on 24 February 2006, some members expressed concern that with the anticipated rapid growth of cross-boundary traffic, the demand for professional drivers might increase significantly in the near future. They also pointed out that the newly implemented Mainland regulation prohibiting a person aged 60 or above from driving commercial vehicles and the relaxation of the "1-truck-1-driver" rule to "1-truck-2-drivers" might give rise to an increase in demand for professional drivers. They considered that the Administration should assess the consequential changes to the demand for driver training and review the existing mechanism for issuing PDI licences.

16. The Administration advised that the demand for driver training on medium/heavy goods vehicles had been on the decrease from 2000 to 2004. Any rise in demand would be reflected in the number of driving test forms sold, which was a useful indicator of the demand for driver training as each learner driver was required to buy a test form for each driving test attempt. Changes in demand for driver training would thus be taken into account in the biennial reviews under the existing mechanism.

### Review on grouping of private driving instructors' licences

17. At the Panel meeting on 24 February 2006, some members sought the Administration's response to complaints from Group 2 and Group 3 PDIs about the

restriction imposed on them from providing instruction to learner drivers of Group 1 vehicles. These members also highlighted the trade's proposal that the present three groups of PDI licences be merged into one. The Administration advised that the present grouping was a consensus reached after extensive consultation in 1999 and the majority of the trade associations had expressed support for the present grouping. Changing the present grouping or allowing greater flexibility with regard to the types of vehicles in respect of which PDIs could give instructions would involve a policy change and have different impacts on different groups of PDIs. The Administration was of the view that the present grouping should be allowed to operate for a longer period of time before its effectiveness could be evaluated. Panel members requested TD to review the grouping when it conducted the third review in 2006.

18. A review of the grouping was subsequently conducted in the 2006 review. After review, TD remained of the view that the existing grouping was drawn up after detailed considerations and had achieved a good balance between providing flexibility for the work of PDIs (by allowing them to teach more than one vehicle class within the same group) without compromising the quality of driver training and road safety.

19. When the outcome of the biennial review in 2008 was discussed by the Panel at its meeting on 22 May 2009, Hon Miriam LAU requested the Administration to re-consider the proposal from the PDI trade of merging the present three groups of PDI licences into one. She considered that the proposed merger would benefit the trade and the public and requested the Administration to actively explore the merger proposal in consultation with the trade. She also suggested that the Administration should provide information on the relevant overseas licensing systems. The Administration pledged to continue to monitor the PDI market situation and conduct a research study on relevant overseas licensing systems as proposed.

### **Latest developments**

20. At the suggestion of Hon Miriam LAU, the Panel has agreed to conduct follow-up discussion on the proposal of merging the three groups of PDI licences into one at the next meeting on 30 March 2010. Deputations from the PDI trade will be invited to give views at the meeting.

### **Relevant papers**

21. A list of the relevant papers is in the **Appendix**.

## Private driving instructors' licences

## List of relevant papers

Date of meeting of Panel on Transport	Minutes/Paper	LC Paper No.
28.5.1999	Administration's paper on private driving instructor licence  Minutes of meeting	CB(1)1370/98-99(08)  <a href="http://www.legco.gov.hk/yr98-99/english/panels/tp/papers/tp28054j.htm">http://www.legco.gov.hk/yr98-99/english/panels/tp/papers/tp28054j.htm</a>  CB(1)1823/98-99  <a href="http://www.legco.gov.hk/yr98-99/english/panels/tp/minutes/tp280599.htm">http://www.legco.gov.hk/yr98-99/english/panels/tp/minutes/tp280599.htm</a>
26.11.1999	Administration's paper on driving training  Minutes of meeting	CB(1)419/99-00(04)  <a href="http://www.legco.gov.hk/yr99-00/english/panels/tp/papers/a419e04.pdf">http://www.legco.gov.hk/yr99-00/english/panels/tp/papers/a419e04.pdf</a>  CB(1)869/99-00  <a href="http://www.legco.gov.hk/yr99-00/english/panels/tp/minutes/tp261199.pdf">http://www.legco.gov.hk/yr99-00/english/panels/tp/minutes/tp261199.pdf</a>
28.4.2000	Administration's paper on driver improvement scheme  Minutes of meeting	CB(1)1435/99-00(04)  <a href="http://www.legco.gov.hk/yr99-00/english/panels/tp/papers/a1234e05.pdf">http://www.legco.gov.hk/yr99-00/english/panels/tp/papers/a1234e05.pdf</a>  CB(1)1663/99-00  <a href="http://www.legco.gov.hk/yr99-00/english/panels/tp/minutes/tp280400.pdf">http://www.legco.gov.hk/yr99-00/english/panels/tp/minutes/tp280400.pdf</a>
4.11.2005	Administration's paper on private driving instructor's licences  Minutes of meeting	CB(1)1829/04-05(01)  <a href="http://www.legco.gov.hk/yr04-05/english/panels/tp/papers/tp0624cb1-1829-1e.pdf">http://www.legco.gov.hk/yr04-05/english/panels/tp/papers/tp0624cb1-1829-1e.pdf</a>  CB(1)452/05-06  <a href="http://www.legco.gov.hk/yr05-06/english/panels/tp/minutes/tp051104.pdf">http://www.legco.gov.hk/yr05-06/english/panels/tp/minutes/tp051104.pdf</a>

<b>Date of meeting of Panel on Transport</b>	<b>Minutes/Paper</b>	<b>LC Paper No.</b>
24.2.2006	Administration's paper on private driving instructor's licences  Minutes of meeting	CB(1)1829/04-05(01) <a href="http://www.legco.gov.hk/yr04-05/english/panels/tp/papers/tp0624cb1-1829-1e.pdf">http://www.legco.gov.hk/yr04-05/english/panels/tp/papers/tp0624cb1-1829-1e.pdf</a>  CB(1)1234/05-06 <a href="http://www.legco.gov.hk/yr05-06/english/panels/tp/minutes/tp060224.pdf">http://www.legco.gov.hk/yr05-06/english/panels/tp/minutes/tp060224.pdf</a>
22.5.2009	Administration's paper on private driving instructor's licences  Minutes of meeting	CB(1)1333/08-09(01) <a href="http://www.legco.gov.hk/yr08-09/english/panels/tp/papers/tp0424cb1-1333-1-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/tp/papers/tp0424cb1-1333-1-e.pdf</a>  CB(1)2756/08-09 <a href="http://www.legco.gov.hk/yr08-09/english/panels/tp/minutes/tp20090522.pdf">http://www.legco.gov.hk/yr08-09/english/panels/tp/minutes/tp20090522.pdf</a>

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