

## **LEGISLATIVE COUNCIL BRIEF**

Road Traffic Ordinance  
(Chapter 374)

### **ROAD TRAFFIC ORDINANCE (AMENDMENT OF SCHEDULE 9) ORDER 2014**

#### **INTRODUCTION**

At the meeting of the Executive Council on 25 March 2014, the Council ADVISED and the Chief Executive ORDERED that the Road Traffic Ordinance (Amendment of Schedule 9) Order 2014 (“the Order”) at **Annex A** should be made under section 88P of the Road Traffic Ordinance (“the Ordinance”).

A

#### **JUSTIFICATIONS**

2. In line with the “user pays” principle, it is the Government’s policy that fees and charges of Government services should in general be set at a level sufficient to recover the full cost of providing the services. Nevertheless, the fee payable for designation, or renewal of designation, of a driving school has not been revised in recent years.

3. In the 2013-14 Budget Speech, the Financial Secretary indicated that we needed a systematic review of fees and charges and should first deal with fees which had not been revised for years and did not directly affect people’s livelihood.

4. In order to achieve full cost recovery gradually and to avoid a steep fee increase, the following guidelines for the proposed fee increase have been adopted:

- (a) for existing cost recovery rate of less than 40%, adopt an increase of about 20%;
- (b) for existing cost recovery rate between 40% to 70%, adopt an increase of about 15%; and
- (c) for existing cost recovery rate of over 70%, adopt an increase of about 10% or lower.

5. Based on the outcome of a costing review and in the light of the above guidelines, we propose to increase the fee payable for designation, or renewal of designation, of a driving school by 10%, from \$16,500 to \$18,150. This will bring the cost recovery rate of the fee from the existing 75% to 82%. The fee is prescribed in paragraph 3 of Schedule 9 to the Ordinance. Under Section 88P of the Ordinance, the Chief Executive may by order published in the Gazette amend Schedule 9.

6. We will ensure that the cost of the fee will be reviewed regularly and fee revision proposal introduced as and when necessary. The Transport Department will continue to enhance working efficiency and streamline procedures so as to contain the cost.

## **THE ORDER**

7. The Order at Annex A increases the fee payable for designation, or renewal of designation, of a driving school as prescribed in paragraph 3 of Schedule 9 to the Ordinance. The existing provision being amended is at **Annex B**. It is proposed that the Order should come into effect on 9 June 2014.

**B**

## **LEGISLATIVE TIMETABLE**

8. The legislative timetable is set out below -

Publication in the Gazette	11 April 2014
Tabling at the Legislative Council	16 April 2014
Commencement	9 June 2014

## **IMPLICATIONS OF THE PROPOSAL**

9. The financial implications of the proposed fee revision should be insignificant, less than \$0.01 million per annum. As the additional cost is minimal compared to the total operating cost of a designated driving school, the proposal would not have any significant economic implications. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It does not affect the binding effect of the Ordinance. It has no civil service, productivity, environmental, sustainability and family implications.

## **PUBLIC CONSULTATION**

10. We consulted the Legislative Council Panel on Transport on 17 January 2014 regarding the proposal. Members supported it.

## **PUBLICITY**

11. A spokesperson will be available to answer media and public enquiries.

## **ENQUIRIES**

12. Enquiries about this brief could be addressed to Miss Amy Chan, Principal Assistant Secretary for Transport at 3509 8196.

**Transport and Housing Bureau**  
**9 April 2014**

**Road Traffic Ordinance (Amendment of Schedule 9)  
Order 2014**

**Explanatory Note**

(Made by the Chief Executive under section 88P of the Road Traffic Ordinance (Cap. 374) after consultation with the Executive Council)

This Order increases the fee payable for designating or renewing the designation of a driving school from \$16,500 to \$18,150.

**1. Commencement**

This Order comes into operation on 9 June 2014.

**2. Road Traffic Ordinance amended**

The Road Traffic Ordinance (Cap. 374) is amended as set out in section 3.

**3. Schedule 9 amended (requirements applicable to designated driving schools)**

Schedule 9, paragraph 3—

**Repeal**

“\$16,500”

**Substitute**

“\$18,150”.

Chief Executive

2014

Chapter: 374 Title: **Road Traffic** Gazette E.R. 2 of  
**Ordinance** Number: 2012  
Schedule:9 Heading: **Requirements** Version 02/08/2012  
**Applicable to** Date:  
**Designated**  
**Driving Schools**

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[sections 88K, 88L,  
88O & 88P]

1. Driving instructors giving driving instruction courses shall be holders of valid driving instructors' licences issued under regulation 22 of the Road Traffic (Driving Licences) Regulations (Cap 374 sub. leg. B) and a person who is not the holder of such a licence shall not give such a course.

2. Notice shall be given by the proprietor of the driving school to the Commissioner forthwith-

- (a) of any change of persons employed at the driving school who are authorized to sign course certificates under section 88N(b);
- (b) of any change in the proprietorship of the driving school, or any other matter specified by the Commissioner; and
- (c) if grounds exist for a creditor to present a bankruptcy petition against the proprietor or he has entered into liquidation or has entered into any voluntary arrangement with his creditors or has suffered any distress or execution to be levied upon his goods. (Amended 37 of 1998 s. 6)

3. The fee payable for designation, or renewal of designation, of a driving school shall be \$16500. (Amended L.N. 174 of 2005)

(Schedule 9 added 27 of 1989 s. 3