

Chapter 5: Management of government vehicle fleet by the Government Logistics Department

The Audit Commission ("Audit") conducted a review of the management of government vehicle fleet by the Government Logistics Department ("GLD"). A related review was conducted in October 2004.¹

2. GLD's work in managing government vehicle fleet includes rendering advice to government bureaux and departments ("B/Ds") on management of their vehicle fleets, vetting requests for additional and replacement vehicles, encouraging the use of electric vehicles, operating a transport pool and ensuring that government drivers maintain a high standard of driving and road safety. In 2020-2021, GLD's revised estimate of annual expenditure on the work in managing government vehicle fleet was about \$161.6 million, of which \$80 million (50%) was related to the procurement of additional and replacement general purpose vehicles. As at 31 December 2020, there were 6 705 vehicles in the government vehicle fleet.

3. The Committee noted the following findings from the Director of Audit's Report No. 76 ("the Audit Report"):

Monitoring of government vehicle fleet

- as at 31 December 2020, eight of the ten departmental transport reviews² planned by GLD for commencement since 2015 had been completed and two were in progress. Seven of the eight completed reviews had taken a long time (ranging from 15.9 to 36.1 months) to complete;
- Audit analysis of the monthly returns on vehicle utilization³ up to October 2020 found that 1 077 entries remained outstanding as at January 2021. The earliest entry yet to be submitted had been outstanding for 58 months;
- Audit sample checking of the data of the monthly returns on vehicle utilization for 2019 input in the Transport Management Information

¹ Chapter 7 of Director of Audit's Report No. 43 – "Management of the government vehicle fleet".

² As an on-going means to enhance the overall efficiency and cost-effectiveness of the government vehicle fleet, GLD conducts departmental transport reviews regularly to examine the appropriateness of the fleet size, fleet mix and usage of B/Ds allocated with government vehicles having regard to their operational needs. After each review, GLD will issue a report with recommendations and advice to the B/D concerned.

³ B/Ds are required to forward to GLD a monthly return on vehicle utilization in two months.

System ("TMIS")⁴ revealed that in 5 381 cases, the B/Ds concerned had reported that the vehicles had been used but there had been no fuel/electric consumption;

- Audit examination of the six exception reports⁵ generated by GLD covering the three-year period from 1 June 2017 to 31 May 2020 revealed that GLD issued extracts of exception reports to B/Ds concerned four months after the report period, and 60 vehicles had been repeatedly captured in four or more of the six exception reports;
- for 2018-2019 and 2019-2020, the actual annual revenue of the transport pool⁶ only accounted for 71.6% of the respective estimated annual revenue, which was estimated by GLD on the assumption that the transport pool resources (i.e. pool vehicles and drivers) were substantially utilized;

Procurement of vehicles

- Audit sample checking of the requests for retaining 566 supernumerary vehicles⁷ approved by GLD from 2016 to 2020 revealed that the cumulative retention periods approved for 206 (36%) supernumerary vehicles were over one year (ranging from 12.1 to 70.7 months);
- Audit examination of the requests for retaining 153 supernumerary vehicles approved by GLD in 2019 revealed that for eight B/Ds, while overall their existing departmental fleets might not have been fully utilized (with average utilization rates for 2018 calculated by GLD ranging from 82% to 90%), GLD approved all of their requests for retaining 54 supernumerary vehicles and there was no documentary

⁴ TMIS is a computer-based system containing data on vehicle inventory, utilization, downtime, maintenance cost and traffic accidents statistics, etc.

⁵ GLD generates exception reports on vehicle utilization from TMIS biannually to facilitate B/Ds in monitoring their vehicle fleets. A vehicle is considered to be under-utilized substantially by GLD if it has been captured in two consecutive exception reports (i.e. covering a period of 12 months). Please refer to paragraph 2.10 of the Audit Report for details.

⁶ GLD operates a transport pool comprising several vehicle types to supplement departmental fleets and provide transport services to B/Ds with no or insufficient departmental vehicles. As at 31 December 2020, there were 48 vehicles in the transport pool.

⁷ A supernumerary vehicle is a replaced vehicle which has reached the end of its economic life but is retained further to provide a time limited service to meet operational needs of a B/D. According to GLD's guidelines, a supernumerary vehicle should not be used further for over one year unless under very exceptional circumstances.

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evidence showing that GLD had considered the overall utilization of their departmental fleets before approving their requests;

- out of 51 delivered general purpose vehicles for which the quotation/tendering exercises were conducted in the period from 2016 to 2019, the whole procurement process of 22 (43%) vehicles had taken more than three years to complete;
- as at 31 December 2020, 96 requests for additional/replacement vehicles approved by GLD in the period from 2016 to 2018 had not yet been delivered by the contractors. Among the 96 requests, five requests had been approved by GLD for more than three years;
- Audit sample checking of 31 tender exercises conducted in the period from 2016 to 2020 revealed that in two exercises, the user requirements had not been fully addressed by the vehicles procured by GLD;⁸

Other related issues

- Audit examination of the number of electric vehicles in the government vehicle fleet in the period from 2016 to 2020 found that the number of electric vehicles accounted for less than 4% (ranging from 2.5% in 2020 to 3.9% in 2017 and 2018) of the government vehicles. The number of electric vehicles decreased by 80 (32%) from 249 as at 31 December 2016 to 169 as at 31 December 2020; and
- from 2016 to 2019, there were 203 traffic accidents in which the Chauffeurs/Special Drivers/Motor Drivers concerned were found blameworthy. As at 31 December 2020, of these 203 cases, the drivers of 168 (83%) accidents had not yet been invited to attend the Remedial Course.⁹

⁸ Please refer to paragraph 3.22 of the Audit Report for details.

⁹ The Remedial Course is of practical nature and arranged for drivers who have been involved in traffic accidents. The objective of the Course is to enable the drivers to have a better understanding of the nature of traffic accidents and to develop a professional and safe driving manner in order to prevent recurrence of similar accidents.

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4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the monitoring of government vehicle fleet by GLD, the procurement of vehicles by GLD and the use of electric vehicles in government vehicle fleet. The consolidated replies from the **Secretary for Financial Services and the Treasury** and the **Director of Government Logistics** are in *Appendix 13*.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.