

**For discussion  
on 23 February 2018**

**Legislative Council Panel on Transport  
Private Driving Instructors' Licences**

**Purpose**

This paper briefs Members on the outcome of the latest biennial review conducted by the Transport Department (“TD”) in end 2016 (“the 2016 Review”) on the need to issue new Private Driving Instructor’s (“PDI”) licences.

**Background**

2. The Government adopts a “two-pronged approach” for driver training in view of the traffic situation in Hong Kong. On the one hand, we promote off-street driver training through the establishment of designated driving schools to reduce traffic congestion caused by on-street driver training. On the other hand, we maintain adequate supply of PDIs for on-street driver training provided that such activities will not aggravate the traffic situation or cause road safety concerns.

3. A comprehensive review on the driver training policy was conducted in 1999 which concluded that the above-mentioned “two-pronged approach” should be maintained. Following the review, the PDI licensing regime was streamlined and PDI licences were regrouped from seven into three as follows:

- Group 1 : Private Cars and Light Goods Vehicles (“Group 1 vehicles”)
- Group 2 : Light Buses and Buses (“Group 2 vehicles”)
- Group 3 : Medium Goods Vehicles, Heavy Goods Vehicles and Articulated Vehicles (“Group 3 vehicles”)

4. The TD also agreed with the PDI trade in 1999 that the number of valid PDI licences prevailing then for the three groups of PDIs (i.e. 1 050 for Group 1, 130 for Group 2, and 230 for Group 3) would be used as benchmarks for future reviews, and that the Commissioner for Transport (“the Commissioner”) would consider issuing new PDI licences

for a particular Group of PDI when the number of respective valid licence<sup>1</sup> falls below the benchmark by 10%. The Commissioner reviews biennially the need to issue new PDI licences. In accordance with the Road Traffic (Driving Licences) Regulations (Cap. 374B) (“the Regulations”), the Commissioner shall take into account the following factors in a review:

- (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.

5. Pursuant to the Regulations, if new PDI licences are to be issued, the Commissioner should invite the public to apply for them. If the total number of applications received exceeds the number of new PDI licences proposed to be issued, the TD will draw lots to determine the order in which the applications are to be dealt with. Eligible applicants will be invited to take the driving instructor’s test conducted by the TD according to their orders as determined by lot. The Commissioner has no power to issue new PDI licence direct, or give any priority, to any individuals or particular groups of individuals.

6. Since 1999, six reviews on the need to issue new PDI licences have been carried out. A total of 173 new licences for Group 1 PDI were issued following the 2002 Review, while no new PDI licence was issued after the reviews in 2004 and 2006. Following the 2008 Review, a total of 460 new PDI licences (347 for Group 1, 55 for Group 2, and 58 for Group 3) were issued. No review was conducted in 2010 as the issuing exercise (pertained to the 2008 review) was still in process. Based on the outcome of the 2012 Review, the Commissioner decided to issue a total of 287 new PDI licences, including 212 for Group 1, 32 for Group 2 and 43 for Group 3<sup>2</sup>. No new PDI licence was issued in the light of the review findings of 2014.

7. The issuing mechanism of new PDI licences was also reviewed in 2013. There was no consensus among the stakeholders on whether and how the existing issuing mechanism should be changed after extensive consultation. It was therefore considered prudent that the Government should continue with the current mechanism to issue new PDI licences which was based on the consensus reached with the driving instructor trade back in

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<sup>1</sup> The average number of valid licences for the period of six months prior to a review is used for comparison.

<sup>2</sup> The issuing exercise of these PDIs is expected to complete in early 2018.

1999. We reported the outcome of the review to the LegCo Panel on Transport in March 2014<sup>3</sup>.

## 2016 Review

8. Following the established practice, the TD conducted a review in end 2016 on the numbers of valid PDI licences in the three groups based on their respective average numbers in the latter half of 2016 and taking into account the number of new PDI licences that have been / would be issued following the 2012 Review. The results are as follows:

<b>PDI Group</b>	<b>Benchmark (as at 1 Nov 1999)</b>	<b>Average number of valid PDI licences (Jul – Dec 2016)</b>	<b>Remaining PDI licences to be issued under the 2012 review (as at end Dec 2016)</b>	<b>Difference from benchmark (percentage)</b>
	(A)	(B)	(C)	(D) = (A)-(B)-(C)
1	1 050	964	14	-72 (-6.9%)
2	130	114	0	-16 (-12.3%)
3	230	206	1	-23 (-10%)

9. As revealed in the review results, the average number of PDI licences of Group 1 at end 2016 was above 90% of its benchmark, which should not trigger the need to consider the issue of new PDI licences. According to the established agreed mechanism, **no new Group 1 PDI licence will be issued**. As for Group 2 and Group 3, the number of valid PDI licences has dropped by 12.3% and 10% respectively as compared with their respective benchmarks. They have each slightly exceeded or just reached the triggering point of 10%. The TD has therefore further considered whether new PDI licences for Group 2 and Group 3 should be issued pursuant to the requirement in the Regulations mentioned in paragraph 4 above.

<sup>3</sup> Please refer to Legislative Council Panel on Transport Paper No. CB(1)1101/13-14(05).

10. Apart from considering the prevailing traffic condition and the policy adopted for driver training, TD has examined in detail the demand of learner drivers to receive driving instructions from PDIs. The TD has looked into the number of test forms sold to on-street learner drivers<sup>4</sup> (which is a useful indicator of driver training demand as each learner driver is required to buy a test form for each driving test attempt) and compared it with the average number of valid PDI licences (i.e. the supply of PDIs). It is noted that while the numbers of PDI licences in Group 2 and Group 3 have dropped by 12.3% and 10% respectively compared with the 1999 benchmark, the aggregate drop in the number of test forms sold from 1999 to 2016 is 61.4% and 22.1%. This shows that the demand for driver training in Group 2 and 3 vehicles had been declining at a rate greater than the drop in the corresponding number of PDIs from 1999 to 2016.

11. The TD has also examined the “PDI licence to test form ratio”, which reflects the average number of driving tests handled by a PDI. Details are set out in **Annex 1**. The ratios suggest that on average a PDI in Group 2 or Group 3 handle a smaller number of learner drivers in 2016, representing a drop of 56.3% (Group 2) and 14.6% (Group 3) as compared with the corresponding ratios in 1999 when the benchmarks were set.

12. On the other hand, the “PDI licence to test form ratio” for Group 1 has increased by 32.4% from 1999 to 2016, which means that a Group 1 PDI, on average, handles 24 more learner drivers in 2016 as compared with 1999. Noting the general growing trend in the driver training demand for Group 1 vehicles in the past years, the TD has gauged the availability of “active”<sup>5</sup> Group 1 PDIs in the market by making a rough estimate based on the information of PDIs who brought learner drivers to attend driving tests<sup>6</sup> in 2016. The estimated number of “active” and “inactive” PDIs is set out at **Annex 2**.

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<sup>4</sup> While TD gathered the statistics of test forms sold to learner drivers taught by PDIs and by designated driving schools, it only took into account the number of test forms sold to on-street learner drivers for the 2016 Review.

<sup>5</sup> There is no clear and widely accepted definition for determining whether a PDI is “active” or “inactive” as whether or not a PDI provides training depend on a host of personal factors. More importantly, there is no legal requirement or licensing condition requiring PDIs to provide a minimum level of driver training service or to return the licence if they do not engage in active teaching.

<sup>6</sup> 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 2016.

13. It is revealed that out of 939 licensed PDIs in Group 1, 742 instructors (i.e. 79%) offered driver training service in 2016, while 21% did not engage themselves in providing driver training service during the same period. For PDIs in Group 2 and Group 3, the percentage of “inactive” instructors is more prominent. About 70% of them had not provided driver training service in the market. While there could be various reasons behind PDIs who choose not to provide driving training (e.g. comparable job opportunities, personal interests, etc.), it appears that the higher percentage of “inactive” PDIs in Group 2 and 3 could be a result of lower market demand for driver training of Group 2 and Group 3 vehicles.

14. Having regard to the above analysis, **the Commissioner will not issue any new PDI licence in the light of the results of the 2016 Review.**

15. The TD informed the 12 PDI associations of the above outcome of the 2016 Review at a special meeting of the PDI Liaison Group on 22 January 2018. The two associations representing the restricted driving instructors (“RDIs”)<sup>7</sup> also attended the meeting. Whilst the PDI and RDI associations generally accepted the outcome of the 2016 Review as assessed under the prevailing review mechanism, some trade representatives (mainly those belonging to Group 2 and Group 3 PDIs and RDIs) were concerned about the adequacy of Group 1 PDIs, noting that about 21% of PDIs currently holding Group 1 licences were not actively taking on training of learner drivers in the market. Some trade representatives from Group 2 and Group 3 PDIs and RDIs also opined that given their teaching skills and experience, they should be allowed to teach learner drivers of Group 1 vehicles, so that the overall teaching quality of Group 1 PDIs could be improved.

## **Next Steps**

16. The TD has taken note of the trade’s views. Since the prevailing benchmarks and triggering point for consideration of issue of new PDI licences have been in use since 1999, the TD proposed, and the trade agreed, that it would be opportune to conduct a review on the benchmarks and triggering point for issuing new PDI licences under the three groups of vehicle classes. The TD plans to conduct and complete the review such that

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<sup>7</sup> RDIs are employed by organisations such as designated driving schools and franchised bus companies, and are 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.

any change to the benchmarks and triggering point, with the broad support of the PDI trade, can serve as the basis for the next biennial review due for end 2018.

**Transport and Housing Bureau**  
**Transport Department**  
**February 2018**

**Demand for Driver Training in respect of Vehicles  
in Group 1, Group 2 and Group 3**

Year	Group 1			Group 2			Group 3		
	PDI licences (a)	Test forms sold (b)	Ratio of (a):(b)	PDI licences (c)	Test forms sold (d)	Ratio of (c):(d)	PDI licences (e)	Test forms sold (f)	Ratio of (e):(f)
1999	1050	77 790	1:74	130	10 450	1:80	230	11 070	1:48
2008	703	51 955	1:73	75	4 536	1:60	172	5 658	1:32
2010	806	57 939	1:71	99	3 995	1:40	198	5 521	1:27
2012	838	68 524	1:81	98	5 040	1:51	187	7 998	1:42
2014	830	96 145	1:115	95	4 512	1:47	185	9 077	1:49
2016	978	96 534	1:98	114	4 033	1:35	207	8 621	1:41
Comparing 2016 with 1999	--	24.1%	32.4%	--	(61.4%)	(56.3%)	--	(22.1%)	(14.6%)

**Notes:**

- (i) Other than the 2016 figures, the numbers of PDI licences are the average figures for the second half of the respective year. The numbers of PDI licences in 2016 have taken into account the new licences that would be issued under the 2012 Review. The PDI licence numbers in 1999 are set as benchmarks.
- (ii) The numbers of test forms sold refer to those sold to learner drivers taught by PDIs only. Test forms sold for Group 1 refer to private cars and light goods vehicles. Group 2 refer to light buses and buses, and Group 3 refer to medium goods vehicles, heavy goods vehicles and articulated vehicles.

**Estimated Number of “Active” and “Inactive” PDIs in 2016**

	<b>Group 1</b>		<b>Group 2</b>		<b>Group 3</b>	
	Number	Percentage	Number	Percentage	Number	Percentage
Total number of licensed PDIs (at end 2016)	939	100%	118	100%	187	100%
Total number of “active” PDIs	742	79.0%	35	29.7%	62	33.2%
Total number of “inactive” PDIs	197	21.0%	83	70.3%	125	66.8%

**Note:**

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 2016.