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Panel on Transport  
Legislative Council Secretariat  
Legislative Council Complex  
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Central, Hong Kong  
(Attn: Ms Sophie LAU)

Fax no.: 2840 0716

23 April 2019

Dear Ms Lau,

**Legislative Council Panel on Transport  
Letter from Hon Jeremy TAM Man-ho on Driving Schools  
Designated by the Transport Department**

Thank you for your letter dated 8 March 2019 to the Secretary for Transport and Housing. Regarding matters relating to the tendering of designated driving school (“DDS”) sites, course fees and driving instructors, our reply is as follows.

In view of the busy traffic in Hong Kong, the Government has been adopting a “two-pronged approach” for driver training. On one hand, we promote off-street driver training through the provision of DDSs, provided that such activities will not aggravate the traffic situation or cause road safety concerns. On the other hand, we maintain adequate supply of private driving instructors (PDIs) for on-street driver training. The present market for driver training is open and learner drivers are free to choose between receiving driver training either at DDSs or from a PDI. The Government does not set a cap on the number of DDSs. If any organisation or individual has identified suitable sites for DDS and can meet the land uses and requirements of the relevant legislation, the Transport Department (the “TD”) can consider giving approval to the application to establish DDSs at the sites concerned.

## **1. Open Tender for the New Kwun Tong Driving School (“NKTDS”)**

Regarding the present Kwun Tong Driving School (“KTDS”) located in Hoi Bun Road, Kwun Tong, the site concerned is provided by the operator for the use of DDS. In light of the “Energising Kowloon East Conceptual Master Plan”, KTDS is expected to cease operation starting from November 2019 so as to free up the site for development purposes. In order not to affect driver training and testing services, the Government will re-provision the DDS on the Government site in Yau Shun Street, Kwun Tong, and has already conducted an open tender for the Government site for the use of DDS. The relevant tendering documents have clearly stated that tender assessment comprises two parts. The first part concerns the assessment of whether the tenders meet the mandatory requirements listed in the tendering documents. Only the tenders meeting all mandatory requirements will go through the second part of the assessment based on rental proposals.

For DDSs set up on Government Short Term Tenancy (“STT”) sites, operators obtain rental rights through competitive bidding based on the highest rental proposal, provided that the prescribed mandatory requirements are met. The practice of competitive tendering in acquiring Government STT for designation of DDS is well-established, transparent and fair. In this open tender, the Government received four tenders in total, three of which passed the first part of the assessment and underwent rental assessment under Part 2. The Government knew the identities of all tenderers upon receiving tenders. All tenderers were assessed on fair competition grounds.

## **2. Requirements and fees of motorcycle basic driving skills test**

In accordance with the Road Traffic (Driving Licences) Regulations (Cap. 374B) (the “Regulations”), candidates applying for motorcycle driving licences must attend the motorcycle basic driving skills course (Part B) held in DDSs. After passing the test, candidates can choose to apply to the TD for a learner’s driving licence to receive on-the-road training, and to make an appointment for Part C of the test (i.e. road test) either on their own or through DDSs. The TD will inspect various DDSs from time to time in order to ensure the quality of the training courses.

The Regulations stipulates that any change to the fees of the motorcycle basic driving skills course (Part B) must be approved by the TD. At present, the fees of the motorcycle basic driving training course provided by the four DDSs, including the current KTDS are all at \$2100. This fee level has not been changed since 1998, and the TD has not received any related fee increase application. If any DDS submits fee revision application, the TD will thoroughly consider various factors when making the assessment, including the operating cost of the driving school and the change in revenue, future cost and estimated revenue, the level of acceptance and affordability of learner drivers, as well as the past performances of the driving school, etc.

### **3. Fees of other driver training courses**

Currently, DDSs introduce courses of varying teaching characteristics and modes for candidates to choose from based on the candidates' different needs. The course fees vary with vehicles used for teaching, course duration and course supporting arrangements. The current legislation stipulates requirement on the course fees of motorcycle basic driving skills course (Part B) only. As for the fees of other driving training courses (including private car ("PC") driving training courses) provided by DDSs, private driving schools or PDIs, they can be set under the rationale of free market competition having regard to actual operation and market demand.

In order to ensure that the transition of operation will not affect the test services to be provided by the NKTDS, the NKTDS will offer bridging courses on PC, light goods vehicle (LGV) and motorcycle to candidates. The fees are the same as that of the current KTDS, and an additional early bird discount of \$200 (for PC and LGV) and \$100 (for motorcycle) will be provided. The operator is still formulating the fees of the courses to be provided by the NKTDS.

### **4. Restricted driving instructors (RDIs) in the KTDS**

On the other hand, in order to ensure that RDIs currently employed in the KTDS are adequately protected after the change of operator, the Government has stipulated in the tendering documents of the NKTDS that the successful tenderer must give priority to employ RDIs of the KTDS. The remuneration must not be lower than the average level of the 12 months prior to the tender invitation. The NKTDS has already

provided the RDIs concerned with undertakings for employment agreements, and the employment contract is 18 months which is longer than that stipulated in the tendering documents. At present, all RDIs have confirmed their acceptance of the employment. Apart from the contract type, the remuneration packages and methods for calculating salaries are the same as the current KTDS.

The new operator will also enhance the welfare for RDIs, including that full-time instructors can enjoy medical and life insurance, and paid annual leave will be increased from 7 days to 12 days. Furthermore, the new operator will contribute to the employees' mandatory provident fund up to the age of 65 in accordance with the Mandatory Provident Fund Schemes Ordinance. Employees aged 65 or above can freely choose to join the voluntary contributions scheme, the content of which is similar to that in the Mandatory Provident Fund Schemes Ordinance. Apart from RDIs, the NKTDS will also employ those currently working in the Sales & Service Department of the KTDS.

Hon Tam mentioned in the incoming letter the suggestion regarding the standardised issue of PDIs. At present, PDIs operate on a self-employment basis, and can freely select suitable timeslots and regions to provide driver training services according to their individual circumstances; whereas DDSs have to provide off-street driver training services through the RDIs they employ. We opine that there is a need to maintain the issue of RDI licences, in order to continue the effective implementation of the "two-pronged approach" for driver training.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alison TSE', with a long horizontal flourish extending to the right.

( Alison TSE )  
for Secretary for Transport and Housing

c.c.:  
Transport Department (Attn: Ms Louisa FUNG) (Fax: 2714 4440)