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Panel on Transport
Meeting on 24 April 2020

Updated background brief on private driving instructors' licences

Purpose

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

Background

Two-pronged approach of driver training policy

2. The Government had decided to stop issuing PDI licences since 1972. In 1980, the Government decided to provide off-street driver training through the setting up of designated driving schools ("DDSs") alongside on-street driving training by PDIs. To support the operation of DDSs while adhering to the policy of not issuing any new PDI licences, the Transport Department ("TD") issued restricted driving instructors ("RDI") licences to the driver instructors employed by DDSs. On the other hand, it maintains a sufficient supply of PDIs for on-street driver training. This is the background of the "two-pronged approach" of the current driver training policy.

3. A comprehensive review on the driver training policy was conducted in 1999 which concluded that the "two-pronged approach" should be maintained. With the support of the majority of the trade, the Administration amended the Road Traffic (Driving Licences) Regulations (Cap. 374B) ("the Regulations") in 2000 and 2001 to provide legal basis for the regrouping of PDI licences from seven groups into three groups as follows:

- Group 1: Private Cars and Light Goods Vehicles;
- Group 2: Light Buses and Buses; and
- Group 3: Medium Goods Vehicles, Heavy Goods Vehicles and Articulated Vehicles

4. The Administration agreed with the trade in 1999 that the number of valid PDI licences prevailing at the time 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. The Commissioner for Transport ("C for T") would consider issuing new PDI licences for a particular group when the number of respective valid licence¹ falls below the benchmark by 10%.² C for T will review biennially the need to issue new PDI licences.

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. As regards the issuance of RDI licences, the mechanism is stipulated under section 22(1A) of the Regulations. The RDIs are issued with driving instructors' licences subject to a condition that they shall only give driving instruction on behalf of a DDS. Upon receipt of applications from a DDS for driving instructors' licences for RDIs, TD will assess the applications taking into account factors like supply of and demand for driver training and wastage for RDIs and so on.

Reviews on PDI licences

7. From 1999 to 2014, six reviews on the need to issue new PDI licences have been carried out.³ The issuing mechanism of new PDI licences was also reviewed in 2013. As there was no consensus among the stakeholders on whether and how the prevailing issuing mechanism should be changed after

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

² In accordance with the Road Traffic (Driving Licences) Regulations (Cap. 374B), the Commissioner shall take into account the following factors in a review: (i) prevailing traffic conditions; (ii) policy adopted for driver training; and (iii) demand of learner drivers to receive driving instructions from PDIs in respect of that group of motor vehicles.

³ 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 2008 Review) was still in process. Based on the outcome of 2012 Review, C for T decided to issue a total of 287 new PDI licences, including 212 for Group 1, 32 for Group 2 and 43 for Group 3. No new PDI licence was issued in the light of the review findings of 2014.

extensive consultation, the Administration considered it prudent to continue with the mechanism to issue new PDI licences which was based on the consensus reached with the driving instructor trade back in 1999.

8. At the Panel meeting on 23 February 2018, the Administration reported to the Panel the outcome of the 2016 Review on PDI licences. It was noted that 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. As for Group 2 and 3, the number of valid PDI licences had dropped by 12.3% and 10% respectively as compared with their respective benchmarks, which slightly exceeded or just reached the triggering point of 10%. In this connection, TD conducted other analyses to examine whether it was necessary to issue new PDI licences to Group 2 and Group 3 or not.⁴ After careful considerations, C for T did not issue any new PDI licence in the light of the results of the 2016 Review and the analyses.

9. The Administration advised the Panel at the meeting that TD had informed the trade of the 2016 Review outcome in January 2018. Whilst PDI and RDI associations generally accepted the outcome of the Review, some trade representatives, mainly those belonging to Group 2 and Group 3 PDIs and RDIs were concerned about the adequacy of Group 1 PDIs. These trade representatives 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. As the prevailing benchmarks and triggering point for consideration of issuing new PDI licences had been in use since 1999, TD proposed and the trade agreed to conduct a review on the issuing mechanism for the three groups of vehicle classes such that any change to the benchmarks and trigger point, with broad support of the PDI trade, could serve as the basis for the next biennial review by end 2018.

Major views and concerns expressed by the Panel

Grouping of PDIs

10. Members in general expressed concern about the existing groupings of

⁴ These analyses included: (i) the number of test forms sold to on-street learner drivers and compared it with the average number of valid PDI licences as an indication of the demand for and supply of driver training in Groups 2 and 3; (ii) PDI licences to test form ratio which reflected the average number of driving tests handled by a PDI; and (iii) number of PDIs who bought learner drivers to attend driving tests which showed a rough estimation on the ratios of "active" PDIs. For details of the analyses, please refer to LC Paper No.CB(4)613/17-18(06).

PDI as it was inflexible and failed to recognize the experiences of existing PDIs.. Even though there was a growing demand for driver training for Group 1 vehicles vis-à-vis a declining demand for Groups 2 and 3 vehicles, PDIs of Groups 2 and 3 were not allowed to provide driver training for Group 1 vehicles. Some members called on the Administration to relax the grouping restrictions so that the income of Groups 2 and 3 PDIs could be improved. Other members, however, opined that the suggestion might entail a higher threshold for entry into PDI market because new entrants of PDI trade would then be required to possess driving licences of all vehicle classes under the existing three PDI groups.

11. In response to members' views above, the Administration advised that the existing groupings of PDIs had been drawn up after careful consideration of the driver training skills required of for each group of vehicles which had certain distinct features. Group 1 vehicles were small vehicles for training of beginners; Group 2 vehicles were vehicles for the carriage of a substantial number of passengers and Group 3 vehicles were for carriage of goods. In addition, the procedure for issuing PDI licences were stipulated in the Road Traffic (Driving Licences) Regulations (Cap. 374B) and anyone who would like to provide driver training for Group 1 vehicles had to make applications as stipulated in the relevant legislation.

The number of "inactive" PDIs

12. Members noted that the Administration had looked into the number of PDIs who brought learner drivers to attend driving tests as a rough indication on the ratio of "active" and "inactive" PDIs for different vehicles groups in the 2016 Review on PDI licences. They were alarmed to learn that for Group 1 PDIs, 79% of them had offered driver training services, while about 70% of PDIs in Groups 2 and 3 had not provided any driver training in the market. Some members expressed concern that this might lead to an inadequate supply of PDIs in the market, which was further aggravated by the Administration's decision of not to issuing new PDI license pursuant to the 2016 Review. These members suggested the Administration reviewing the need to require PDIs to provide a minimum level of driver training service, or to return their licences if they did not engage in active teaching.

13. The Administration explained that there was no clear and widely accepted definition for determining whether a PDI was "active" or "inactive", and whether or not a PDI provided training would depend on a host of factors. In addition, there was no legal requirement or licensing condition requiring PDIs to provide a minimum level of driver training services. As the issuing mechanism of new PDI licences was reviewed in 2013 and no consensus among

stakeholders on how the mechanism should be changed after extensive consultation at that time, the prevailing issuing mechanism was adopted since then.

Review on driver training policy to enhance driver training service

14. There were widespread criticisms from members of the public concerning driver training service, such as expensive driving course fees, variation in the quality of training services provided by driving instructors and limited choices of instructors. Members suggested conducting a comprehensive review of the driver training policy.

15. During previous discussions of the Panel, some members had proposed to open up the driving training market by cancelling the "two-pronged approach". They opined that limiting the number of PDI licences would only serve to keep fees high to the detriment of learner drivers. Other members, however, agreed that due considerations should be taken in issuing new PDI licences as the demand for Groups 2 and 3 vehicles were shrinking. Members called on the Administration to continue reviewing the issuing mechanism of PDI licences to allow flexibility and change in the future.

Enhancement of employment opportunities and remuneration of RDIs

16. All along serving and former RDIs demanded removal of the restriction imposed on their RDI licences and the issue of PDI licences to them, on the grounds that they had comparable driving training skills and teaching experience as PDIs. Some members pointed out that the restrictions imposed on the RDIs had facilitated the monopoly of the DDSs, which would not actively seek to enhance the remuneration package of the driving instructors. They considered that the current RDIs licence issuing mechanism more favourable to DDSs as RDIs were not allowed to provide driving lessons after leaving DDSs.

17. The Administration advised that the Regulations set out clearly the issuing mechanism for both RDI and PDI licences and that DDSs had not been provided with any special treatment in the driving instructors' licensing mechanism. Moreover, DDSs were allowed to apply RDI licences under the existing law and that TD was required to consider such application in accordance with the Regulations.

18. At the Panel meeting on 23 February 2018, a member pointed out that some RDIs employed by DDSs were poorly remunerated at an hourly rate of about \$100, while DDSs charged a learner driver a course fee of around \$500 to \$600 per lessons. He urged the Administration to consider measures to

enhance RDI's remuneration. In reply, the Administration advised that they would keep in view the remuneration package of RDIs and continue to discuss with DDSs in this regard.

Relevant question raised at Council meeting

19. The hyperlinks to the questions raised at Council meeting and other relevant papers are in **Appendix I**.

Latest developments

20. The Administration will brief the Panel on the outcome of the latest biennial review on the issuance of new PDI licences at the meeting to be held on 24 April 2020.

Council Business Division 4
Legislative Council Secretariat
17 April 2020

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List of relevant papers

Meeting	Date of meeting	Paper
Panel on Transport	28.5.1999	<u>Administration's paper on private driving instructor licence</u> <u>Minutes of the meeting</u>
	26.11.1999	<u>Administration's paper's paper on driving training</u> <u>Minutes of the meeting</u>
	28.4.2000	<u>Administration's paper on driver improvement scheme</u> <u>Minutes of meeting</u>
	4.11.2005	<u>Administration's information paper on private driving instructor's licences</u> <u>Background brief</u> <u>Minutes of meeting</u>
	24.2.2006	<u>Administration's paper on private driving instructor's licences</u> <u>Minutes of the meeting</u> <u>Administration's information Paper on private driving instructors' licences</u>

Meeting	Date of meeting	Paper
	22.5.2009	<u>Administration's paper on private driving instructor's licences</u> <u>Background brief</u> <u>Minutes of the meeting</u>
	30.3.2010	<u>Administration's paper on private driving instructors' licences</u> <u>Background brief</u> <u>Minutes of the meeting</u>
Council Meeting	22.6.2011	<u>Hon Ronny TONG Ka-wah raised a question on policy for driver training and Hong Kong School of Motoring</u>
Panel on Transport	19.7.2013	<u>Administration's paper on private driving instructors' licences</u> <u>Background brief</u> <u>Minutes of meeting</u> <u>Administration's supplementary information on private driving instructor's licences (follow-up paper)</u>
	25.3.2014	<u>Administration's paper on private driving instructors' licences</u> <u>Updated Background brief</u> <u>Minutes of the meeting</u> <u>Administration's response to the motion passed at the meeting on 25 March 2014</u>

Meeting	Date of meeting	Paper
	6.11.2015	<u>Administration's information paper on private driving instructor's licences</u>
	-	<p><u>Letter dated 11 July 2017 from Dr Hon Elizabeth QUAT on the mechanism of issuing private driving instructors' licences</u></p> <p><u>Administration's response to the letter from Dr Hon Elizabeth QUAT on the mechanism of issuing private driving instructors' licences as set out in LC Paper No. CB(4)1411/16-17(01)</u></p>
Panel on Transport	23.2.2018	<p><u>Administration's paper on private driving instructors' licences</u></p> <p><u>Updated background brief</u></p> <p><u>Minutes of meeting</u></p> <p><u>Administration's supplementary information to the issues raised at the meeting on 23 February 2018</u></p>
	-	<p><u>Letter dated 23 February 2018 from Hon Jeremy TAM Man-ho on private driving instructors' licences (Chinese version only)</u></p> <p><u>Administration's response to the letter from Hon Jeremy TAM Man-ho on private driving instructors' licences as set out in LC Paper No. CB(4)660/17-18(01)</u></p>