



運輸署
Transport Department

APPENDIX 12

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Ms Wendy JAN
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
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Dear Ms Jan,

Public Accounts Committee

Consideration of Chapter 4 of the Director of Audit's Report No. 77

Licensing and examination services for vehicles

I refer to your letter dated 19 May 2022 inviting our written response to and information on the issues in relation to the captioned subject. Our response is set out at Annex.

Yours sincerely,


(Ms Candy KWOK)
for the Commissioner for Transport

Encl

c.c.: Secretary for Transport and Housing
Secretary for Financial Services and the Treasury
Director of Audit

Report No. 77 of the Director of Audit – Chapter 4
“Licensing and examination services for vehicles”
Questions and Requested Information

Preamble

The Transport Department (“TD”) has all along been striving for innovation in licence management through streamlining procedures and implementing e-initiatives, and has been proactively adopting “iAM Smart” and using technology to improve public services. TD will enhance the existing online licensing application services, implement electronic vehicle licence (“eVL”), electronic driving licence (“eDL”), etc. by phases to further enhance the operational efficiency and bring convenience to the public during the application process.

Enhancing and extending online services

2. Riding on the launch of “iAM Smart”, TD has upgraded 12 types of its existing online licensing application services by phases since December 2020, which include application for renewal of Vehicle Licence (“VL”), renewal of Full Driving Licence (“FDL”), booking for driving test, online checking of Driving Licence (“DL”) status, etc. Vehicle owners/licence holders can choose to authenticate by “iAM Smart”, and submit online application more efficiently through “e-ME” automatic form filling and digital signing functions of “iAM Smart+” in order to submit online applications more efficiently.

3. Moreover, with due consideration of the time required for relevant system enhancements, TD plans to further extend online services by phases from 2022-23 to over 20 services, including application for Learner’s Driving Licence (“LDL”), duplicate DL and Driving Instructor’s Licence (“DIL”), International Driving Permit (“IDP”), duplicate copies of driving test appointment letter and certificate of driving test result, etc.

eVL

4. To implement eVL, under the proposed eVL initiative, the expiry date will no longer appear on the paper-form VL. Although vehicle owners will still

need to renew their VL every year, they do not need to replace the paper-form VL with a new one after each renewal as the expiry date will not be printed on the VLs issued to them.

5. Furthermore, in conjunction with the introduction of eVL and the continued improvement of the procedures for renewal of VL, TD plans to take measures to streamline the supporting documents required¹ when submitting a VL renewal application with a view to bringing greater convenience to licence holders, and paving way for full automation of the processing procedures. TD will arrange system enhancement to interface with the vehicle examination records so that applicants will no longer be required to present the Certificate of Roadworthiness. TD is also exploring with the Hong Kong Federation of Insurers for online verification of their members' motor insurance records so that the applicants will no longer be required to present the insurance policy. At the same time, TD is studying the use of Optical Character Recognition ("OCR") technology to read the information on the proof of address provided by the applicants, and using artificial intelligence to assist in verification, so as to further automate the processing procedures. As a result, fewer supporting documents will be required to be provided or uploaded by the applicants, and TD can reduce the time spent on processing such documents.

eDL

6. In tandem with the international trend of the development of eDL, TD plans to implement eDL as a supplementary and additional form of DL. eDL will provide the same information recorded in the physical DL with an encrypted QR code. eDL will be accepted in lieu of the physical DL, so that a DL holder can choose to bring along either the physical DL or the eDL when driving.

¹ Currently, the application for the renewal of VL requires the completion of application form (TD558), the identity document of the vehicle owner, the vehicle registration document, a valid third party risk insurance policy or cover note, a valid proof of address, a valid Certificate of Roadworthiness (if applicable), and the relevant licence fee.

Responses to Questions

Part 2: Operation of the Transport Department's Licensing Offices

Question (1): According to paragraphs 2.6 and 2.9 of Report No. 77 of the Director of Audit (“Audit Report”), the number of transactions handled by various licensing offices was unevenly distributed. Compared with the other three offices, Kowloon Licensing Office had longer queues and more congested environment. Please advise whether the Transport Department (TD) will consider implementing measures such as showing the waiting times at various offices online or installing self-service licence renewal machines for processing simpler applications, etc.

Measures taken at the Kowloon Licensing Office (“KLO”) (Response to Question (1))

7. As mentioned in paragraph 5 above, TD is planning to streamline the application procedures for VL renewal. Subject to the technological maturation of automation of the processing procedures, TD will further study the feasibility of introducing self-service kiosk to process licensing applications involving relatively simple procedures.

8. In addition, starting from 31 May 2022, TD has implemented a trial queue ticketing system for DL-related services² at its KLO so that applicants are no longer required to stay and wait at the Licensing Office (“LO”). Subject to the result of the trial, the queue ticketing system for DL-related services will be extended to other LOs.

Question (2): Paragraph 2.10 and Note 16 of the Audit Report state that no motor vehicle shall be upon or used on any road unless a valid vehicle licence in respect of the vehicle is displayed; and after the expiry of the vehicle licence, TD will send a notice to the vehicle owner informing him that, if the vehicle is not licensed within 15 days after the date of notice, the registration of the vehicle may be cancelled. Please advise:

(a) When will TD send the notice to the vehicle owner after the expiry of the vehicle licence?

² DL-related services provided by LOs include FDL, Probationary DL, LDL, DIL, IDP, Certificate of DL Particulars and driving test appointment services, etc.

(b) *Will TD consider notifying the vehicle owner concerned by electronic means and providing the latest appointment booking date so that the vehicle owner can plan early for applying for renewal of his vehicle licence?*

Arrangement for notifying vehicle owners after the expiry of their VLs (Response to Question (2))

9. According to the current traffic legislation, if no VL has been in force in respect of a motor vehicle for a period of two years, the Commissioner for Transport (“CfT”) may send to the registered owner of the vehicle, by ordinary post and addressed to his address appearing on the register a notice informing him that, if the vehicle is not licensed within 15 days after the date of such notice, the registration of the vehicle may be cancelled. Such notice will be generated automatically by system after the vehicle is unlicensed for two years and arranged to issue to the vehicle owner on the same day.

10. Currently, MyGovHK provides the function of “Reminder for VL Renewal” in order to allow the registered vehicle owner to enquire about the expiry date of his VL and remind him to renew his VL through the Internet. The system will issue a reminder message to the registered account of the vehicle owner in the system four months before the VL expires. If the registered vehicle owner has yet to renew his VL, the system will issue reminder messages two weeks before the expiry of the VL and on the day his vehicle licence expires.

11. Furthermore, the Appointment Booking System (“ABS”) of TD operates 24 hours online. After a member of the public has successfully made an appointment, the latest available appointment dates will be updated and shown to other members of the public immediately. To facilitate owners to know the latest available appointment dates, TD will study the feasibility of providing the relevant hyperlink in the above-mentioned reminder message.

12. Moreover, TD proposes to improve the vehicle registration and licensing system such that, for a vehicle unlicensed for two years, the registered owner will commit an offence if he/she takes no action to renew the VL, cancel the registration of the vehicle, or obtain an exemption from CfT within a designated period. To ensure registered owners will properly dispose of the unlicensed vehicles under their name, TD plans to use the e-contact means to send reminders by email or SMS to the owners six months before licence expiry, as well as one year and two years after licence expiry so as to allow owners to plan ahead to

renew the licence. Since putting the measure into practice would involve computer system enhancement, it is expected to be implemented in 2024.

Question (3): According to paragraphs 2.16 to 2.18 of the Audit Report, regarding setting up of a queue ticketing system, TD considered that the overall benefits of adopting a queue ticket arrangement might not be apparent. However, during the second trial run in 2016, 78.5% of respondents were satisfied or very satisfied with the arrangement. The second trial run ended in 2016. With the advancement in technology nowadays, some departments have also set up a queue ticketing system. Has TD made reference to the experience of other departments? Will TD consider launching the third trial run?

Queue ticketing system (Response to Question (3))

13. As mentioned in paragraph 8 above, starting from 31 May 2022, TD has implemented a trial queue ticketing system for DL-related services at its KLO, so that members of the public are no longer required to wait inside the LO, thereby improving the walk-in counter services. Subject to the result of the trial, the queue ticketing system for DL-related services will be extended to other LOs.

Question (4): Paragraph 2.21 of the Audit Report states that applicants can access the appointment booking system through the Internet to make an appointment for vehicle licence renewal service at preferred timeslots and licensing offices. Some members of the public, however, said that they had to wait for more than one month when they used the online booking service during the pandemic and they could not use their cars and wasted the insurance premiums paid. Some vehicle owners reflected that even though they had made online appointments, they still needed to wait in line for a long time at licensing offices. There is almost no difference between making appointments and not making appointments. In this connection, please advise:

- (a) If TD cannot process licence renewal applications in a timely manner, will the Certificate of Roadworthiness become expired and invalid? If yes, will TD exercise its discretion to consider extending the validity period of the Certificate?
- (b) If TD cannot process licence renewal applications in a timely manner before expiry of the vehicle licence, will TD ask the insurance company on behalf of the vehicle owner to extend the motor insurance validity so as to help the vehicle owner lower unnecessary insurance costs?
- (c) Can TD estimate the earliest date available for booking licence renewal service based on the waiting situation and manpower arrangement at various offices?

- (d) *It is mentioned in paragraph 2.12 that TD has introduced an e-service to remind the vehicle owners of the expiry dates of their vehicle licences. When sending such reminders to vehicle owners in future, will TD consider adding “the earliest booking date available” to let applicants know the latest queuing situation?*
- (e) *For people who have “made appointments” and those who have “not made appointments”, why is there no difference between their waiting times?*
- (f) *Are there any measures/policies to reduce the waiting time for vehicle owners who have “made appointments” so as to encourage more vehicle owners to use the online booking service?*

Renewal of VL service

*The validity period of “Certificate of Roadworthiness” and “Certificate of Fitness” (Response to **Question (4)(a)**) and motor insurance (Response to **Question (4)(b)**)*

14. According to the current legislation, before renewing the VLs, designated vehicles must be sent to the government vehicle examination centres or designated car testing centres for annual examinations to ensure the vehicles are roadworthy and comply with the requirements of issuing VL. Vehicle owners or their representatives can make appointments for vehicle examinations four months before expiry of VLs. “Certificate of Roadworthiness”/“Certificate of Fitness” (“the Certificate”) will be issued after passing the examinations. With consideration of the mechanical wear and tear of a vehicle when used on roads, these documents are valid for four months. The owners or their representatives should have sufficient time to arrange renewal of VLs within the validity period.

15. In respect of the motor insurance validity, as an insurance policy is a private commercial contract between the policyholder and the insurance company, it is not appropriate for TD to intervene such arrangements.

16. Currently, registered owners may submit a VL renewal application online, by drop-in box, by post, or by walk-in counter services. When LOs had to suspend walk-in counter services due to the pandemic, TD also suggested vehicle owners to submit applications in advance through online or drop-in box, etc.

Available appointment dates (Response to Questions (4)(c), (d))

17. Applicants can directly check the booking situation of VL renewal services at respective LOs of TD for the coming 10 weeks through online ABS of TD. As mentioned in paragraph 11 above, the ABS of TD operates 24 hours. After a member of the public has successfully made an appointment, the latest available appointment dates will be updated immediately for the information of other members of the public. To facilitate registered users to know the latest available appointment dates, TD will explore providing the relevant hyperlinks in the reminder messages.

Waiting time of applicants with appointment booking (Response to Questions (4)(e), (f))

18. At present, LOs of TD have designated counters for processing licensing applications submitted by applicants who have made appointments through online booking system. In general, when the applicants who have made appointments arrive the services counters at their reserved time slots, their waiting time will be shorter than that of applicants who have not made an appointment (i.e. queuing for walk-in counter services). If there is an increase in the number of applicants waiting for appointment booking counter services, depending on the actual operational situation, LOs will deploy manpower to provide additional dedicated counter and accord priority to handle these applications.

19. As for the situation where waiting time for those “with” and “without” appointment was the same as mentioned in the letter, it is believed that it referred to the situation where walk-in counter services of TD were resumed on 21 April this year. The number of applications of the four LOs on that day was 56% higher than usual. Due to the large number of people queuing at the scene, the end of the queue extended to the area outside LOs. It might make it difficult for the applicants to distinguish between the queues dedicated for those “with” and “without” appointment. LOs have provided clearer instruction to facilitate applicants to identify the queue for counter services with appointment booking.

Question (5): Paragraph 2.24 of the Audit Report mentioned that there was a large number of no-show cases of applicants using the appointment booking service (ABS). It is noted that, given the excessively long waiting time for vehicle licence renewal in the ABS queue in recent months, some vehicle owners

would still queue up at licensing offices despite they had made online booking in order to get their licences renewed sooner. However, after they renewed their licences over the counter, the counter staff did not take action to cancel their online booking records. In this connection, please advise:

- (a) *Does TD have the statistics on the number of no-show cases of applicants using the ABS in 2016-2020 that falls under the above category?*
- (b) *Will TD tries to make things simpler by enabling deletion of booking records manually or through the system if the above situation happens so as to reduce the number of no-show cases and increase the timeslots available for booking?*

Online appointment booking case (Response to Question (5)(a))

20. At present, applicants who have made appointments through online booking are directed to wait in the specific queue and asked to present their identity documents for verification upon arriving at the designated counter for licensing services that have been booked.

21. TD does not maintain the information on the category of no-show case as mentioned in question (5). If the applicant informs our staff that he/she has made an online appointment for the same service when submitting VL renewal application at the counter, our counter staff will remind the applicant to cancel the relevant online appointment booking on the spot.

Updating online appointment record (Response to Question (5b))

22. TD has been paying close attention to the usage rate of appointment booking service and has launched the email reminder service on 25 January 2022. With a view to reducing the no-show rate, ABS will send automatic reminder messages to the applicants three calendar days before the scheduled appointment which helps reminding applicants to change or cancel their appointments through ABS if necessary.

23. In addition, in order to increase the available booking slots, all appointment slots that have been changed or cancelled will be re-opened for applicants to make appointments.

Questions (6): Paragraph 2.26 (Tables 9 and 10) of the Audit Report mentioned that the percentages of online application for renewal of full driving licences and vehicle licences in 2021 were 32% and 3.7% respectively, and that there has been an increasing trend in the number of online applications since 2016. In this connection, please advise:

- (a) Has TD consulted vehicle owners about the reasons for the big difference?
- (b) Has TD considered the online application for vehicle licence renewal service from a user's perspective to avoid making the procedures too complicated/difficult to understand or the application form difficult to complete?
- (c) Has TD analysed the reasons for the increase in the number of applications for renewal of full driving licences? Has it taken the opportunity to promote and improve the online application service for renewal of vehicle licences?
- (d) Does TD have any clear performance indicators and timetable for developing online services?

Online renewal of FDL and VL (Response to Questions (6)(a), (b), (c))

24. TD has been reviewing the situation of online application for licence renewal and exploring ways to increase its utilisation rate. We believe that the following factors may affect the applicant's choice to use online services:

- (a) at present, renewal of VLs requires applicants to submit relatively more supporting documents than that of renewal of FDLs. While only address proof is required for renewal of FDL, applicants have to submit address proof, third party risk insurance or cover note, vehicle registration document and a valid Certificate (if applicable) for renewal of VL;
- (b) registered vehicle owners may prefer to collect the renewed VL immediately. This in turn makes them incline to submit application at LOs' walk-in counters; and
- (c) in comparison with renewal of VLs, applicants can renew their FDLs online not only through an "iAM Smart+" account with digital signing function or a valid digital certificate, but also a renewal identification number ("RIN") issued by TD for identity authentication. To cope

with the upsurge in renewal of 10-year FDLs, TD has been issuing a personal RIN to DL holders since March 2008, allowing them to renew their DLs online without digital certificates. DL holders can complete the renewal application by using RIN and paying the relevant fees through online platform, without the need to submit address proof. Since the introduction of the above measure, the number of online renewal of FDLs has gradually increased from less than 1% to an average of above 30% in recent years.

25. Since the acceptance of “iAM Smart+” account with digital signing function as an alternative mean for identity authentication in December 2020, the number of online applications for renewal of VL has continued to rise. After the introduction of “iAM Smart+”, the average monthly proportion of online applications for renewal of VL has increased from less than 1% in 2020 to the average monthly proportion of about 5.7% (from January 2021 to March 2022).

26. As mentioned in paragraph 5 above, TD is planning to take measures to streamline the supporting documents required when submitting a VL renewal application with a view to bringing greater convenience to licence holders, and paving way for full automation of the processing procedures. Meanwhile, TD will continue to make effort to enhance and promote online services with the aim of encouraging applicants to submit applications online.

Development of online service (Response to Question (6)(d))

27. TD has the following directions and objectives in the development of online licensing services:

- (a) first, TD is striving for the implementation of “e-submission”, “e-processing”, “e-tracking” and “e-payment” in processing the issuance of permits, VL and DL through “iAM Smart” and enhancements to internal processing procedures in order to facilitate the provision of relevant services. Riding on the launch of “iAM Smart”, TD has upgraded 12 types of its existing online licensing application services by phases since December 2020. From 2022-23, TD plans to further extend online services to over 20 types of services, including LDL, duplicate DL and DIL, IDP, duplicate copies of driving test appointment letter and certificate of driving test result, etc;

- (b) second, to implement “e-licence”, TD plans to launch electronic form for the majority of its permits by issuing them in “portable document format” (pdf) and sending them to applicants by email. Applicants will be able to print the electronic form of permits (“ePermits”) direct for displaying in the same way as existing paper-form permits. TD plans to submit the legislative amendment proposal to the Legislative Council (“LegCo”) for consideration in Q3 of this year, with a view to implementing the ePermits by phases starting from Q4;
- (c) third, TD plans to implement eVL so that the expiry date will no longer appear on the paper-form VL. Although vehicle owners will still need to renew their VL every year, they will not need to replace the paper-form VL with a new one after each renewal as the expiry date will not be printed on the VLs issued to them. Meanwhile, aiming at the continued improvement of the procedures for renewal of VL, TD plans to take measures to streamline the supporting documents required when submitting an application with a view to bringing greater convenience to licence holders, and paving way for full automation of the processing procedures. TD plans to submit the legislative amendment proposal to LegCo in the second half of this year with a view to implementing eVL in 2023; and
- (d) fourth, in tandem with the international trend of the development of eDL, TD plans to implement eDL as a supplementary and additional form of DL. While the physical DL will continue to be issued, eDL will be presented via a mobile application with the authentication by “iAM Smart”. eDL will be accepted in lieu of the physical DL, so that a DL holder can choose to bring along either the physical DL or the eDL when driving. TD plans to submit the legislative amendment proposal in the first half of next year with a view to implementing eDL in 2024.

28. Adopting e-licensing and extending online services would not only respond to the increasing demand for licensing services from the public, but would also improve the public’s experience when using licensing services. Meanwhile, TD will continue to step up publicity for online services in order to encourage more applicants to submit various licensing applications online to enjoy the convenience of e-licensing services, so that they do not need to visit LOs to process their applications.

Question (7): Paragraph 2.28(e) of the Audit Report mentioned that TD will “explore the feasibility of implementing a queue ticketing system for driving licence-related services, where practicable”. Please advise whether TD will implement a queue ticketing system for “vehicle licence renewal service”; if yes, what will be the arrangements and are there any means to prevent and eliminate ticket speculation?

Whether to implement a queue ticketing system for VL-related services (Response to Question (7))

29. As mentioned in paragraph 8 above, starting from 31 May 2022, TD has implemented a trial queue ticketing system for DL-related services at its KLO. Subject to the result of the trial, the queue ticketing system for DL-related services will be extended to other LOs and other services.

30. To prevent the possible emergence of queue ticket scalping, TD’s trial queue ticketing system only allows onsite issue of tickets, to prevent bot programmes from amassing all queue tickets online within a short time. One person can only take one ticket, and the ticket cannot be transferred to other persons; members of the public are required to input the first four digits of their identity document number when taking the ticket. To be eligible for using counter services, the identity document number of the person using counter services must be the same as the numbers input when taking the ticket. TD will closely monitor the effectiveness of the trial and make adjustments at appropriate junctures.

31. As for vehicle licensing service, as a greater share of applicants would submit applications through agents, and the service is in very keen demand, TD has to carefully study the feasibility of implementing a queue ticketing system in order to prevent the possibility of queue ticket scalping. TD will learn from the experience of the implementation of queue ticketing system for driving licensing related services, and consider the arrangement after the implementation of eVL, in order to formulate a feasible solution.

Question (8): According to paragraph 2.29 of the Audit Report, the performance targets on providing driving licence renewal service and vehicle licence renewal service over the counter are both set at “within 70 minutes”. What are the

reasons and the calculation criteria? Is there room for reducing the completion time?

Performance targets of licensing services (Response to Question (8))

32. TD determines the performance targets of the licensing services with reference to the time required for members of the public to wait at the counters to renew DLs and VLs. Under normal circumstances, TD will review and determine the relevant performance targets with reference to the results of the waiting time survey every year (the waiting time survey was suspended in 2020 in order to keep social distancing during the COVID-19 epidemic).

33. The survey is to examine the queueing situation for counter services by statistical means. The waiting time of 70 minutes in the performance targets includes both the queueing time and the processing time. A TD staff records the time an applicant joins the queue on the survey form (i.e. the start of queueing time). When the applicant arrives at the counter, the counter staff collects the form and records the time of the form being collected (i.e. the end of queuing time and the start of processing time). When the application process is completed and payment made, the counter/shroff staff records the completion time (i.e. the end of processing time).

34. In response to the increasing demand for licensing services from members of the public, as mentioned above, TD has started to improve the performance targets through various means, including streamlining procedures and implementing e-initiatives with a view to reducing the public's demand for counter services. Among them, TD plans to implement eVL and automation of VL renewal application in 2023. It is expected that the measures will encourage more vehicle owners to apply for renewal of VLs online, thereby reducing the waiting time for vehicle owners to go to LOs in person. With the implementation of various e-initiatives, the waiting time required for counter services will be reduced. TD will review and set the relevant performance targets in a timely manner.

Question (9): According to paragraph 2.30 of the Audit Report, there was a substantial increase in applications received through non-counter means in 2020. The actual performance for providing non-counter licensing services within 10 working days upon application in 2020 was only 89%, not meeting the target of

95% as stated in COR.

In this connection, please advise:

- (a) *Are there any measures/policies to streamline and shorten the workflow of processing each application for vehicle licence renewal? To what extent will the relevant policies and measures enhance service efficiency?*
- (b) *Does “providing non-counter licensing services within 10 working days upon application” mean start processing or complete processing the application within 10 working days upon receiving the application?*
- (c) *For cases that failed to provide non-counter licensing services within 10 working days upon application in 2020, what was the longest processing time? What was the average processing time for cases not meeting the performance target?*

Performance of non-counter licensing services (Response to Question (9))

35. To align with the Government’s policy of social distancing and anti-epidemic measures, there was a substantial change in the mode of operation of LOs during the COVID-19 pandemic. Walk-in counter services were suspended for over six months, whereas non-counter licensing services became the major channel of submitting licensing applications. The number of applications received via drop-in box, by post and online were therefore increased substantially, and that handling of such applications involved additional work such as vetting the received documents and preparing an application register upon receiving the applications, as well as mailing the renewed licences by registered post after processing. In general, applications submitted by non-counter means (especially by drop-in boxes and by post) are more prone to be incomplete with errors, such as incorrect cheque amounts, unsigned application forms, missing information or documents, etc. When processing such incomplete applications, LO staff would have to spend enormous time and manpower to contact the applicants to seek clarification or request supplementary documents, and could only complete processing the application after receiving the requested information or documents, which led to a longer processing time and a lower percentage of applications meeting the performance target compared with that in other years.

(Response to Question (9)(a))

36. TD is planning to introduce eVL while continuing to enhance the procedures for renewal of VL, and is taking measures to streamline the supporting

documents required when submitting VL renewal applications, with a view to reducing the documents required for uploading for online application, thereby having more applicants submit applications online instead of by post or by drop-in box and bringing greater convenience to licence holders. At the same time, TD has acted upon the recommendation of the Audit Commission to add checkboxes in the application forms to facilitate the applicants to check whether all required documents have been prepared, so as to avoid spending additional time on resubmitting the required documents. Furthermore, since November 2021, TD has been collecting e-contact means from registered vehicle owners and has started to make use of e-contact means to process vehicle-related licensing applications, such as sending notifications to applicants, and seeking clarification or supplementary information by email or SMS to save the time of contacting applicants by phone. In the long run, with the implementation of eVL and automation of the processing procedures of VL renewal, TD anticipates to reduce the processing time of each application and attract more applicants to instantly complete the application procedures online.

(Response to Question (9)(b))

37. With regard to question (9)(b), “providing non-counter licensing services within 10 working days upon application” means TD would complete the processing within 10 working days upon receiving a duly completed application.

(Response to Question (9)(c))

38. According to TD’s record, in 2020, the longest time taken to process an application was 19 working days. Among the applications failed to meet the performance pledge, it took an average of about 15 working days to complete.

Question (10): *According to paragraph 2.31 of the Audit Report, TD estimated that for the same type of application, the non-counter processing time for each application was doubled, or even tripled when comparing to the traditional “over-the-counter” mode of operation because of more administrative procedures involved. On the other hand, TD planned to enhance promotion of online services. In this connection, what measures will TD take to improve the workflow of non-counter licensing services so as to enhance the efficiency in providing non-counter services and achieve the performance target?*

Measures to improve the efficiency in providing non-counter services (Response to Question (10))

39. “Non-counter means” includes applications submitted online, by post or by drop-in boxes. As mentioned in our reply above to question (9) of the letter, according to TD’s experience, applications submitted by non-counter means (especially by drop-in boxes and by post) are more prone to be incomplete with errors, which TD could only complete processing the application after receiving the requested information or documents, lengthening the overall processing time. In view of the above, TD has acted upon the recommendation of the Audit Commission to add checkboxes in the application forms to facilitate the applicants to check whether all required documents have been prepared, so as to avoid spending additional time on resubmitting the required documents. At the same time, TD has been encouraging more applicants to submit various licensing applications online and plans to take measures to streamline the application procedures and supporting documents required for online application, with a view to having more applicants submit applications online instead of by post or drop-in box. Furthermore, since November 2021, TD has been collecting e-contact means from registered vehicle owners and has started to send notifications to applicants or seek clarification by email or SMS to save the time of contacting applicants by phone. In the long run, TD plans to take measures to streamline the supporting documents required when submitting VL renewal application, with a view to having more applicants submit applications online and improving service efficiency.

Question (11): According to paragraph 2.31(b) of the Audit Report, TD mentioned that it will arrange “overtime work during weekdays, Saturdays and Sundays” to maintain a reasonable service level of the essential licensing services. Please advise on the duration of the above measures, the number of staff involved and the number of transactions processed during the overtime period. Note 18 of para. 2.32 of the Audit Report states that the overtime hours in the licensing offices increased to 8 300 hours in April 2020, and the overtime allowance incurred increased significantly in 2020-21. In this connection, would TD consider taking other measures to maintain the efficiency of non-counter licensing services?

Manpower arrangement of LOs (Response to Question (11))

40. As mentioned in paragraph 35 above, to align with the Government’s

policy of social distancing and anti-epidemic measures, there was a substantial change in the mode of operation of LOs during the COVID-19 pandemic, where walk-in counter services were suspended for over six months. Non-counter licensing services became the major channel of submitting licensing applications. Given the substantial increase in the number of applications received via drop-in box, by post and online, and that handling of such applications involved longer processing time (such as to contact applicants for clarification or request for supplementary documents) the processing time required for each application of the same kind was longer.

41. During the period from 1 April 2020 to 31 March 2021, there was around 180 staff worked overtime in four LOs. On weekdays, LOs mainly worked overtime to continue to process applications submitted by the public on the spot. Although LOs are closed at 5 p.m. on weekdays, the staff of LOs would continue to process applications submitted by members of the public who arrived the LOs before 5 p.m. Therefore, the staff of LOs were usually required to work overtime on weekdays to process the application submitted in person and complete the daily accounting procedures. As for Saturdays and Sundays, the staff of LOs were mainly required to contact applicants to seek clarification or ask for supplementary documents. If the application information was complete, the applications could be completed on same day.

42. During the above overtime working period, LOs completed about 380 000 applications. As the same application may need to wait for clarification with the applicant or submission of supplementary documents, the processing time of the application will span different days and time periods. In order to avoid double counting, LOs would count the number of completed cases.

43. As mentioned in the reply to question (1) of the letter, TD is planning to implement eVL and improve the procedures for renewal of VL, and streamline the supporting documents required for VL renewal applications submitted through online with a view to saving time required for uploading the documents, enhancing efficiency for non-counter services and reducing overtime work.

Part 3: Vehicle Examination

Question (12): Regarding suspected defective vehicles not attending scheduled inspections (paragraphs 3.10 to 3.12 of the Audit Report), please advise:

- (a) Did the Vehicle Inspection Office issue Vehicle Examination Orders to vehicle owners during the implementation of the special working arrangement/work-from-home arrangement in view of the epidemic in 2020-21?
- (b) Please provide figures for 2021 based on Table 16 of paragraph 3.10, including the percentage of suspected defective vehicles that passed the vehicle inspections; and for vehicles confirmed as defective, the types of irregularities and their percentages.
- (c) What actions has TD taken to expedite the processing of cases reported by the public?

Issue Vehicle Examination Orders to vehicle owners (Response to Question (12)(a))

44. During the epidemic in 2020 and 2021, the Vehicle Inspection Office (VIO) has been maintaining services for handling defective vehicle reports, as well as issuing vehicle examination orders to concerned registered vehicle owners.

45. In year 2020 and 2021, the VIO issued 10,073 and 8,102 vehicle examination orders respectively.

(Response to Question (12)(b))

46. In year 2021, the VIO issued 8,102 vehicle examination orders, requesting concerned vehicles to be inspected in Government Vehicle Examination Centres. The related figures are tabulated below:

Inspection Result	2021 (Number)
(a) Passed	5 619
(b) Failed	304
(c) Not attending the scheduled inspection	2 179
(d) Total =(a)+(b)+(c)	8 102

Percentage of cases requiring follow-up actions ^{Note} =[(c) ÷ (d)] × 100%	26.9%
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Note: Follow-up actions include cancellation of VL, requesting vehicle owner to provide supporting document showing the vehicle had passed annual vehicle examination, or re-scheduling of vehicle inspection upon request of the vehicle owner.

47. Regarding the cases which did not attend the scheduled inspection as mentioned in item (c) of the above table, 2 075 (95.2%) vehicles had undertaken and passed vehicle inspection at a later stage, whereas the VLs of the remaining 104 (4.8%) vehicles had been cancelled or expired in normal course.

48. Generally speaking, the common defective items are: illegal modification of vehicle body (20%), substandard vehicle lighting equipment (18%), noncompliance of legal requirements for vehicle emission and noise (18%), substandard performance of vehicle brake (11%), insufficient light transmittance of vehicle glass (8%) and other miscellaneous.

(Response to Question (12)(c))

49. The Transport Department (TD) has completed the review of the internal working procedures and updated the related working guidelines in November 2021. Under the new working guidelines, if registered vehicle owners apply for deferral or cancellation of vehicle examination orders, they are required to submit sound justification(s) and submit documentary evidence provided by a third party. In case the concerned vehicle owner does not follow the vehicle examination order, the TD would initiate the procedures for cancellation of VL of concerned vehicle if needed.

50. On the other hand, if the number of reported cases received exceeds the number of cases normally processed each day, the TD would suitably redeploy internal manpower to expedite the review of the reported cases. Besides, the Government Vehicle Examination Centres would make corresponding arrangement to increase the allocation of vehicle examination appointment timeslots for defective vehicles, to expedite the arrangement for vehicle inspection concerned.

Question (13): According to paragraph 3.14 of the Audit Report, with the

implementation of collection of e-contact means of registered vehicle owners since 1 November 2021, further improvement measures would be taken in addition to the prevailing dispatching Vehicle Examination Orders by registered post. Please provide details of the improvement measures and their effectiveness.

Improvement measures for the issue of Vehicle Examination Orders (Response to Question (13))

51. The TD had conducted the technical study on the computer system in November 2021 and commenced the enhancement works of the computer system which are expected to be put in service in the fourth quarter of 2022 the earliest. By then, the TD, in addition to delivering vehicle examination order to the registered vehicle owner by registered post, would automatically issue email or SMS reminder via the computer system to the registered vehicle owner to remind the vehicle owner to present the vehicle for inspection at the Government Vehicle Examination Centres according to the date as given in the vehicle examination order. For any rescheduling, the vehicle owner must submit the rescheduling request in written to the VIO at least 7 working days in advance from the date of vehicle inspection.

Question (14): *According to paragraph 3.21 of the Audit Report, the computer system suspected of being attacked contained information on the scheduled examinations in the next three to four weeks from 17 June 2021, including vehicle registration marks, vehicle chassis numbers, surnames of contact persons or names of contact organisations, as well as their contact phone numbers. In this connection, please advise:*

- (a) *the number of people involved, whether any members of the public have been affected by the information leakage; if yes, whether any assistance has been rendered; and*
- (b) *the actions taken to enhance the security of the computer system.*

Computer System (Response to Question (14)(a))

52. After the incident, the TD had immediately suspended the operation of the computer system, and issued a press release to appeal to the concerned vehicle owners or their representatives to pay attention to calls from unknown sources. The computer system being attacked contained the information on the scheduled

vehicle examinations in the next 3-4 weeks from 17 June 2021 which involved around 2 000 surnames of the contact persons/names of their organisations and their contact numbers stored in the system. The Electrical and Mechanical Services Trading Fund (EMSTF) had engaged specialist to conduct an investigation on the incident. The investigation report revealed that there was no evidence showing the incident had resulted in a leakage of information. The TD had also reported the incident to the Police, the Office of the Government Chief Information Officer (OGCIO) and the Office of the Privacy Commissioner for Personal Data and provided related information and the investigation report of the specialist. Up till now, the TD had not received any complaints or reports in relation to the information leakage.

(Response to Question (14)(b))

53. After the breakdown of the computer system of the Transport Department Vehicle Examination Complex (TDVEC), the TD, together with the OGCIO and the EMSTF, has formed a working group to examine the major causes of the incident and to follow up on strengthening the security of the computer system while speeding up the recovery of the computer system at the same time.

54. In accordance with the recommendations made by the report of the working group, the TD is gradually carrying out the improvement measures, including strengthening the remote access control, enhancing data logging and implementing 24-hour continuous monitoring of the system. The TD and the EMSTF would conduct further comprehensive Security Risk Assessment and Audit in June 2022. Subject to the test results, all security improvement measures will be completed by the fourth quarter of 2022.

Question (15): Regarding paragraph 3.23 of the Audit Report, please advise whether the detailed investigation into the TDVEC's system security incident has been completed. If yes, what are the investigation results? What is the progress of implementing security enhancements?

Investigation of the TDVEC's System (Response to Question (15))

55. The detailed investigation work of the breakdown of the computer system of the TDVEC had been completed. As mentioned at paragraph 54

above, the TD and other Departments are now carrying out the improvement measures gradually based on the recommendations made by the working group and the investigation report. Subject to the testing results, all security improvement measures will be completed by the fourth quarter of 2022.

56. The TD had also issued a press release announcing that the online booking system for annual vehicle examination of commercial vehicles in the TDVEC had resumed service with effect from 10am, 17 January 2022.

Questions (16): According to paragraph 3.28(b) of the Audit Report, following the recruitment exercise launched by TD in October 2020, new recruits would be expected to report duty commencing from the third quarter of 2021. Please advise why it takes about a year for new recruits to report duty and whether any measures will be taken to shorten the time required.

Questions (17): According to paragraph 3.31(c) of the Audit Report, TD has stated that it will “continue to plan ahead its recruitment exercises”. In this connection, please advise whether TD has actually taken actions to plan ahead its recruitment exercises. If yes, please explain why the situation mentioned in paragraph 3.29 occurred.

Recruitment of Motor Vehicle Examiner (Response to Questions (16), (17))

57. In 2020, having reviewed the manpower requirements of different grades, the Department has conducted recruitment exercises for a number of different grades (including the Motor Vehicle Examiner II (MVE II) rank) according to the stretch of the resources available and the procedures involved in the recruitment work. The actual time required for the recruitment work and the reporting dates of appointees are affected by various factors, such as the number of applicants and eligible candidates, and the resignation notice to be tendered to the original employers, etc. The whole process generally takes about 6 months to 10 months to complete. For the 2020/21 MVE II recruitment exercise, although the exercise was launched with the recruitment advertisement published in October 2020, the selection interviews could only be arranged in late March to mid-April 2021 due to the epidemic in early 2021. New recruits reported for duty starting from October 2021 after the recruitment procedures were completed. As at 1 April 2022, 14 new recruits have reported for duty. At the same time, the Department has launched the recruitment exercise for Vehicle Tester (VT) in

July 2021. New recruits for VT reported for duty starting from March 2022.

58. After reviewing the manpower requirements for various grades and with a view to filling 13 existing and anticipated MVE II vacancies as early as possible, the Department has commenced planning for the new round of recruitment exercise. Under the current plan and progress, we expect that the new round of recruitment exercise could be completed by December 2022 the earliest. New recruits may report for duty starting from the first quarter of 2023.

Part 4: Administration of Lantau Closed Road Permits

Questions (18): According to paragraphs 4.9 and 4.10 of the Audit Report, TD had not taken any follow-up actions with the permittees concerned on the return of their expired LCRPs, and TD responded that it would be difficult and time consuming to chase the permittees when they had no intention nor incentive to return their expired permits to TD as such arrangement would cause them inconvenience. Regarding TD's plan to introduce an electronic permit system, please advise:

- (a) whether the electronic permit system can improve the situation of illegal activities mentioned in paragraph 4.3 of the Audit Report; and***
- (b) the timetable for implementation of the electronic permit system.***

(Response to Question (18))

59. Under the Lantau Closed Road electronic permit (ePermit) scheme, each ePermit will only cover one vehicle for identification purposes. All ePermits will incorporate a Quick Response Code (QR Code) for instant verification of conformity of the vehicle's data with those on the permit to prove that the vehicle holds a valid permit for entering closed roads in Lantau. The ePermit system could enhance the efficiency of the Police in conducting on-site checking and law enforcement, which can combat illegal use or suspected counterfeiting of permits more effectively, including entering South Lantau without a valid permit, fraud, forgery, etc. With regard to illegal activities such as carrying passengers for hire or reward with the use of permits, whether they are existing permits or future ePermits, the Police may conduct investigation and law enforcement actions such as patrol, intercepting vehicles for checking or

decoy operation under the existing mechanism. TD will also refer cases of suspected illegal activities observed to the Police for investigation and appropriate actions.

60. Since legislative amendments are required for implementing ePermits, TD consulted the LegCo Panel on Transport regarding the implementation of e-measures (including ePermits) on 20 May 2022, and aims at submitting the legislative amendment proposal to the LegCo for consideration in Q3 2022. Subject to the passage of relevant legislative amendments and the timing of actual completion of system enhancements, TD expects that ePermits can be implemented by phases starting from Q4 2022 at the earliest. The first phase will cover permits under the Driving on Lantau Island Scheme (DLS), whereas the next phase will extend to cover non-DLS “one permit, one vehicle” permits.

61. To further facilitate the Police enforcement actions, the Civil Engineering and Development Department (CEDD) is developing a system to identify vehicles entering closed roads in Lantau without valid permits with the aid of technological devices. The system will identify the vehicle registration mark of the vehicle passing the checkpoint (located at Tung Chung Road near Shek Mun Kap) and automatically compare the vehicle registration mark with TD’s records. If a vehicle entering closed roads is found without a valid permit, the system will automatically notify the Police. CEDD aims at commencing the trial of the system in Q2 2023. It is believed that it will have a synergy effect with the ePermit system in combating illegal activities related to permits, and further enhance the law enforcement efficiency.

62. The arrangement for the return of expired permits is originally intended to prevent illegal use of such permits. In fact, the vehicle registration mark and the expiry date of permit are clearly printed on the existing permit for checking by the Police. In view of the law enforcement efficiency being further enhanced following the implementation of the ePermit system, and the fact that expired permits are invalid, TD, after deliberation with the Police, proposes to repeal the existing statutory requirement for permittees to return expired permits to the CfT, with the purposes of utilising government resources more effectively, streamlining procedures and minimising inconvenience to the public.