

**For discussion
on 20 May 2022**

**Legislative Council Panel on Transport
E-Licensing Initiatives of the Transport Department**

PURPOSE

This paper briefs Members on the e-licensing and enhancement initiatives of the Transport and Housing Bureau and the Transport Department (“TD”) in taking forward the Government’s policy objective of adopting wider use of technology in the provision of public services.

BACKGROUND

2. To sustain improvement in Hong Kong’s regulatory environment, the Government has launched the “Be the Smart Regulator” (“BTSR”) Programme which aims to reduce the compliance costs for businesses and enhance the licensing process. Under the BTSR Programme, bureaux/departments will adopt measures for end-to-end e-processes (i.e. e-submission, e-processing, e-tracking, e-payment and e-licence).

3. The licensing services provided by TD are among the most widely used public services. During the period from 2010 to 2020, the number of registered vehicles increased by over 36% from 681 118 to 928 041; during the same period, the number of Full Driving Licence (“FDL”) holders increased by over 30% from 1 773 863 to 2 314 981. It is clear that the public has a keen demand for licensing services, and the demand is on the rise. Hence, as one of the departments performing regulatory role and providing licensing services, TD has all along been striving for innovation in licence management through streamlining procedures and implementing e-initiatives, and has been a pioneer in the Government in adopting “iAM Smart”¹ and using technology to improve public services.

4. To sustain the momentum for continuous improvement in concert with the Government’s BTSR Programme, and to meet the increasing demand for

¹ On 30 December 2020, the Office of the Government Chief Information Officer has launched the “iAM Smart” one-stop personalised services platform (formerly known as “eID” - “electronic identity”) which enables the public to use a single digital identity and authentication to conduct Government and commercial transactions online. “iAM Smart” also provides digital signing function under the Electronic Transactions Ordinance (Cap. 553) which provides legal backing for handling statutory documents and procedures.

licensing services from the public, TD plans to further enhance the arrangements for issuing permits², vehicle and driving-related licences under the Road Traffic Ordinance (Cap. 374) and its subsidiary legislations for the use of vehicles and roads and for other purposes connected therewith. The objective is to further enhance the operational efficiency and bring convenience to the public during the application process.

E-LICENSING INITIATIVES

Upgrading and extending online services

5. TD has been planning to further implement e-submission, e-processing, e-tracking and e-payment in processing the permits issued by the department through “iAM Smart” and enhancements to internal processing procedures in order to facilitate the provision of relevant services.

6. 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 FDL, booking for driving test, online checking of Driving Licence (“DL”) status, etc³. 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+”.

7. Moreover, with due consideration of the time required for relevant system enhancements, TD plans to further extend online services to over 20 services⁴, including application for Learner’s Driving Licence (“LDL”),

² For consistency, the term “permit” is adopted in this paper as a generic term to cover various documents issued by TD, including “permits”, “licences” and “certificates”.

³ Other online licensing services which have been upgraded include:

- (a) online services for traditional vehicle registration marks;
- (b) online services for personalised vehicle registration marks;
- (c) online application for Closed Road Permit (“CRP”) for “Hong Kong-Zhuhai-Macao Bridge Macao Port Park-and-Ride Scheme”;
- (d) online application for “Certificate of Particulars of Motor Vehicle”;
- (e) online application for Lantau Closed Road Permit (“LCRP”) under the “Driving on Lantau Island” Scheme;
- (f) application for ad hoc quota for cross-boundary private cars and CRP for cross-boundary vehicles;
- (g) appointment booking for TD Licensing Office (“LO”) counter services; and
- (h) email notification service for the “issue of Certificate of Particulars of Motor Vehicle”.

⁴ Other major licensing services to which online services will be extended include:

- (a) first issue / renewal of Driving Instructor’s Licence (“DIL”);
- (b) first issue / renewal of Probationary Driving Licence (“PDL”);
- (c) first issue of FDL;
- (d) postponement / temporary cancellation of driving test or change in test region;

duplicate DL and DIL, International Driving Permit (“IDP”), duplicate copies of driving test appointment letter and certificate of driving test result, etc., by phases from 2022-23.

Electronic form of permits (“ePermits”)

8. To introduce e-licence as mentioned in paragraph 2 above, TD plans to launch electronic form for the majority of its permits⁵ by issuing them in “portable document format” (pdf) and sending them to applicants by email. These permits include:

- (a) Disabled Person Parking Permit;
- (b) Passenger Service Licence Certificate;
- (c) Hire Car Permit;
- (d) CRP;
- (e) LCRP;
- (f) Restricted Zone Permit;
- (g) Prohibited Zone Permit;
- (h) Bus Lane Permit;
- (i) Expressway Permit;
- (j) EPP;
- (k) MP;
- (l) LLP / WLP; and
- (m) Goods Permit.

9. Applicants will be able to print the ePermits direct for displaying in the same way as existing paper-form permits. These ePermits will possess the same legal status as the corresponding paper-form permits and be subject to the same regulatory framework, including the arrangements when the permits are lost, destroyed or defaced. An encrypted “Quick Response code” (“QR code”) will be added to carry information which is the same as that currently shown on existing paper-form permits. Through the scanning of QR codes with mobile devices (similar to the scanning of encrypted QR codes printed on DLs and VLs), Police officers can authenticate the ePermits displayed. Since the QR code has been encrypted, the general public cannot read the information contained in the

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- (e) driving test appointment letter;
 - (f) Excess Passengers Permit (“EPP”);
 - (g) Certificate of Clearance / Printing Memorandum of Outstanding Court Order List;
 - (h) Long Load Permit (“LLP”) / Wide Load Permit (“WLP”);
 - (i) Movement Permit (“MP”); and
 - (j) online application for LCRP (except those under the “Driving on Lantau Island” Scheme).

⁵ Except for some permits for which electronic form is not applicable due to operational considerations (including Trade Licence and IDP).

QR code.

10. For the above permits of which their formats are specified in relevant legislations (i.e. the Road Traffic (Parking) Regulations (Cap. 374C), the Road Traffic (Public Service Vehicles) Regulations (Cap. 374D) and the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E)), legislative amendments will be required to introduce their electronic forms. The relevant amendments will define ePermits and govern their issuance; empower the Commissioner for Transport (“the Commissioner”) to prescribe the format of ePermits and their print-outs; allow the issuance of permits by TD through electronic means and printing by relevant holders; set out the requirements for display, cancellation, variation, suspension, return, duplication and validation, etc. of ePermits; and apply the liabilities and penalties related to existing paper-form permits to ePermits.

11. We expect that the legislative amendment proposal can be submitted to the Legislative Council (“LegCo”) for consideration in Q3 2022. Subject to the passage of the relevant legislative amendment and the completion of system enhancements, the above ePermits can be implemented by phases starting from Q4 2022.

Electronic Vehicle Licence (“eVL”)

12. Currently, TD processes the issuance and renewal of VL in accordance with regulation 21 of Cap. 374E. The particulars of a vehicle, as well as the expiry date of VL, are printed on a paper-form VL. As vehicle owners are required to display a valid VL on the left-hand side of the vehicle’s windscreen in accordance with regulation 25 of Cap. 374E, they have to replace the paper-form VL with a new one every year before it expires.

13. 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. In order to remind and inform vehicle owners of the expiry date of their VLs, TD will issue notification letters/emails containing the latest expiry date of VLs to vehicle owners upon successful first issue/renewal of VLs. This serves as a written record showing the expiry information. TD will also send email/SMS reminders to vehicle owners before the expiry of VLs. In addition, TD will set up a free online enquiry platform to allow vehicle owners to check the expiry dates of VLs.

14. To provide legal basis for implementing eVL, we need to amend Cap. 374E to empower the Commissioner to determine whether the issuance of paper-form VL to the vehicle owner is required when a VL is renewed, and to explicitly provide for the definition of a valid VL. In future, after getting a paper-form VL without expiry date, the vehicle owner will no longer be required to replace the paper-form VL after each renewal. The expiry information on the paper-form VL will be replaced by a statement to the effect that “the VL would be void if the period for which the vehicle is licensed has expired”.

15. 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 required⁶ when submitting a VL renewal application with a view to bringing greater convenience to licence holders, and pave way for full automation of the processing procedures. TD will arrange system enhancement to interface with the vehicle examination records so that applicants would 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’ vehicle insurance records⁷ so that the applicants will no longer be required to present the insurance policy⁸. 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. To achieve the above, legislative amendments will be required for streamlining the application requirements.

16. We expect that the legislative amendment proposal related to eVL can be submitted to LegCo for consideration in the second half of 2022. Subject to the passage of the relevant legislative amendment and the completion of system enhancements, eVL can be implemented towards the full automation of processing procedures in 2023.

17. With the continued extension of online services and adoption of “iAM Smart” in more online licensing services, as well as the introduction of ePermits

⁶ 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.

⁷ TD is exploring with the Hong Kong Federation of Insurers for making use of its Motor Insurance Distributed Ledger Technology (“DLT”)-based Authentication System (“MIDAS”) which has access to insurers’ record. It allows insurers/intermediaries to provide information of a motor policy to the DLT platform while the policy owners can verify the authenticity of such documents through blockchain technology on a real-time basis. TD plans to enhance its system to interface with MIDAS for validating the particulars provided by applicants as proof of insurance policy.

⁸ The streamlined arrangement would only be applicable if relevant insurance records are made available by respective insurers/intermediaries for access by MIDAS.

which are to be sent to applicants by email as set out in paragraphs 5-11 above, applicants will no longer need to visit TD's LOs and enjoy greater convenience. The transparency of service will also be improved as applicants may track the status of their applications on the online platform. As regards eVL as set out in paragraphs 12-15 above, it will help encourage more vehicle owners to submit VL renewal applications online, thereby saving vehicle owners' time of queueing and waiting at LOs in person. These initiatives will also save TD's manpower for mailing physical permits after processing applications received by mail, drop-in box or online, thus enhancing the overall operational efficiency of TD's LOs.

Electronic Driving Licence ("eDL")

18. To further develop on e-licensing and 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 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.

19. We expect that the relevant legislative amendments to the Road Traffic Ordinance and related subsidiary legislations, as well as other consequential amendments to legislations relating to the use of DL, can be submitted to LegCo in the first half of 2023. Subject to the completion of system enhancements, eDL can be introduced in 2024.

OTHER LICENSING ENHANCEMENTS

Improvement to the vehicle registration and licensing system

20. At present, a vehicle has to be registered and licensed in order to be legally used on roads. It is, however, not an offence for the registered owner of a vehicle not to license his/her vehicle, so long as the vehicle does not appear or run on the road. If a vehicle is not licensed for over two years, TD will issue a reminder to its owner to relicense the vehicle. If the vehicle owner does not have the vehicle relicensed within 15 days after the reminder is issued, the Commissioner is empowered to cancel the registration of the concerned vehicle.

21. Irresponsible registered owners may therefore make use of this loophole. Since TD will cancel the registration of vehicles that are not licensed for over two years, some registered owners will dispose of their unwanted vehicles on government land instead of properly disposing of and then cancelling the registration of the unwanted vehicles⁹. This is especially so because where the registration of the vehicle is cancelled by TD as mentioned in paragraph 20, the registered owner will no longer be held liable for matters relating to the vehicle after the cancellation of registration. Therefore, TD will tighten the regulation on prolonged unlicensed vehicles in order to plug the loophole.

22. To this end, we propose to amend Cap. 374E 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 vehicle¹⁰, or obtain an exemption from the Commissioner. Under the proposed amendments, the Commissioner will be empowered to take into account all circumstances to consider if the proposed exemption would be granted to the registered owner. We propose to set the penalty of the offence at a level that is sufficiently high, in order to achieve a strong deterrent effect with due consideration of the highly precious land resources in Hong Kong, which can also reflect the cost that the Government may incur in clearing abandoned vehicles.

23. We expect that the legislative amendment proposal can be submitted to LegCo in the second half of 2022. Subject to the passage of the relevant legislative amendment and the completion of system enhancements, the new arrangement can be implemented in early 2024.

Queue Ticketing System

24. To respond to the public's need pending the aforesaid further development of e-licensing and extension of online services, TD will implement a trial queue ticketing system for DL-related services¹¹ at its Kowloon LO in end-May 2022 so that applicants will no longer be required to stay and wait at 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.

⁹ According to the law, a registered owner shall notify TD for cancelling the registration of his vehicle if the vehicle has been broken up, destroyed or despatched permanently out of Hong Kong.

¹⁰ See footnote 9.

¹¹ DL-related services provided by LOs include FDL, PDL, LDL, DIL, IDP, Certificate of DL Particulars and driving test appointment services, etc.

CONCLUSION

25. It is the general trend to adopt e-licensing and extend online services. Not only would these measures respond to the increasing demand for licensing services from the public, but they would also improve the public's experience when using licensing services. All e-licensing initiatives mentioned above inevitably involve a great extent of computer system enhancements. As the systems used by TD to process licensing applications and store relevant data are critical to the provision of day-to-day licensing services, their enhancements and testing must be conducted with care. Therefore, TD plans to progressively enhance the systems by phases in implementing the above e-licensing initiatives. We expect to launch ePermits starting from Q4 2022, implement eVL and automation of VL renewal application in 2023, as well as implement eDL and improvements to vehicle registration and licensing system arrangements in 2024.

26. 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 no longer need to visit LOs to process their applications.

ADVICE SOUGHT

27. Members are invited to note the various e-licensing and enhancement initiatives above.

Transport and Housing Bureau
Transport Department
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