

Regulatory Impact Statement: Revoking the time-limited licence policy

Coversheet

Purpose of Document	
Decision sought:	<i>To agree to consult on removing the time-limited licences policy.</i>
Advising agencies:	<i>Te Manatū Waka - Ministry of Transport</i>
Proposing Ministers:	<i>Hon Michael Wood, Minister of Transport</i>
Date finalised:	4 August 2021
Problem Definition	
<p>New Zealand has a graduated driver licensing system (GDLS) which comprises of three stages, learner, restricted and full licences. The different licence stages impose different conditions on the licence holders under which they are allowed to drive.</p> <p>There is a cohort of 103,880 learner and restricted licence holders whose licences will expire between 1 December 2021 and December 2023. The Driver Testing System does not have the capacity to process all of these licence renewals under the current regulatory requirements. There is a risk that some of these licence holders will be forced to either breach their licence conditions or take alternative transportation. In many cases, viable transportation options will be limited or unsuitable.</p> <p>Through amendments to the Land Transport (Driver Licensing) Rule 1999 in 2014, additional barriers were introduced for learner and restricted licence holders looking to renew their licence, including:</p> <ul style="list-style-type: none">• requiring the passing of a theory test• increasing the cost of renewing a licence from \$43.90 (for a ten-year licence) to \$65.80 (for a five-year licence)• only enabling licences to be renewed following expiry <p>These barriers were established to encourage learner and restricted drivers to progress through the licensing system. This did not work, and it was identified in 2019 that 131,232 licences were due to expire between 1 December 2019 and December 2021. The Rule was amended again in 2019 to try and address the non-progression by:</p> <ul style="list-style-type: none">• granting these 131,232 licence holders with a two-year licence extension• enabling licences to be renewed 90 days prior to expiry. <p>Neither of the Rule Amendments have led to increased levels of progression and the driver testing system now faces an influx of learner and restricted licence holders seeking to renew their licences. The system does not have the capacity to process all of these renewals.</p>	

Executive Summary

The broader context of the graduated driver licensing system

New Zealand has a graduated driver licensing system (GDLS) which means drivers move from a learner to a restricted and then a full licence. Learner licensing is a theory test of knowledge of the road code. This test enables a novice driver to drive on public roads under supervision. Restricted licensing is a practical test of driving skills. A restricted driver is able to drive unsupervised on the road, under certain conditions. Full licensing is a practical test with a focus on hazard observation skills. A full licence allows the holder to drive unsupervised and carry passengers.

Learner and restricted licences are valid for five years; however, full licences are valid for ten years. All licences were valid for ten years prior to 2014 when an amendment was made to the Land Transport (Driver Licensing) Rule 1999. The purpose of this amendment was to try and encourage people on learner and restricted licences to progress through the GDLS to a full licence and dis-incentivise non-progression (or pooling).

The principal purpose of the GDLS is to manage the crash risk of young drivers as they learn to drive at a stage when their brains and risk assessment processes are still maturing¹.

There are around 3.5 million driver licence holders on the New Zealand Driver Licence Register. Each year there are approximately 250,000 new licence applications, 270,000 licence renewals and 40,000 licence reinstatements².

The Land Transport (Driver Licensing) Rule 1999 introduced the time-limited licences policy in 2014

In 2014, the Land Transport (Driver Licensing) Rule 1999 (the Driver Licensing Rule) was amended to introduce the time-limited licences policy, which:

- introduced a five-year validity period for learner and restricted Class 1 (car) and Class 6 (motorcycle) licences
- required passing a relevant theory test before renewing a learner or restricted licence
- prevented renewal of learner or restricted licences prior to their expiry date.

The 2014 Amendment Rule was introduced because non-progression (or pooling) went against the intent of the GDLS. There was not an immediate safety concern that led to this approach, but it sought to:

- maintain the integrity of the GDLS by favouring progression
- reduce the number of drivers remaining on learner and restricted licences, who may not comply with the conditions of those licences and incur infringements.

¹ International research shows young drivers underestimate risk, tend to driver in higher risk situations (for example at night and with peer passengers) and incorrectly perceive hazards. In part this reflects the fact that the parts of the brain that assess risk and control emotions and impulses are still developing into a person's twenties. Gender also plays a role with young males being significantly over represented in crash statistics

<https://www.transport.govt.nz/assets/Uploads/RIA/Safer-Journeys-increasing-the-safety-of-young-drivers.pdf>

² A licence reinstatement generally occurs when a driver licence disqualification or suspension has ended and the licence is reinstated to the licence holder.

At the time, creating a time limit was seen to strike a balance between providing sufficient incentive for individuals capable of progressing to do so, but avoiding prematurely forcing those who do not feel skilled enough to progress. The inclusion of the theory test as a mandatory requirement for renewal was intended to provide assurance that the time-limited licence holder was still current in their driving knowledge and to encourage graduating to the next licence stage while dis-incentivising pooling

In proposing the policy, it was also noted that pooling increased the likelihood of drivers not complying with their licence conditions, but there was no evidence that those who remained on learner and restricted driver licences had any higher risk of crashes. The advice noted that pooling at the learner and restricted licence stage could have some road safety benefits if drivers fully complied with the conditions of the licence, as the conditions (such as restricted hours of driving) reduce their exposure to risk.

In 2019, Waka Kotahi identified that 131,232 time-limited licences were due to expire between 1 December 2019 and 1 December 2021. Waka Kotahi sought to build awareness and encourage progression through the system. Monitoring the progression confirmed that these awareness campaigns were unsuccessful in prompting the time-limited licence holders to progress. These licences were extended by two years through the 2019 Amendment to the Driver Licensing Rule, recognising that the driver licensing system did not have the capacity to progress all drivers through the system before licences would begin to expire. The 2019 Amendment Rule also enabled renewal to be completed 90 days prior to the licence expiring.

The 2014 and 2019 Amendment Rules have not encouraged progression as expected and a sizable influx of demand, coupled with the pre-existing capacity issues in the driver testing system mean that those currently on time limited licences may be unable to progress or renew their licences in advance of them expiring.

Recent data (as at 12 July 2021) shows that 103 880 time-limited licences will begin to expire from 1 December 2021. The expiry of these licences will begin in the 2021/22 summer period, a traditionally busy demand period for driver licensing services, this is expected to further increase wait times and the strain on the driver testing system.

Despite increasing the number of testing officers, the driver licensing system does not have the capacity to test all of these licence-holders, before they expire given the current testing requirement.

Waka Kotahi NZ Transport Agency and the Te Manatū Waka Ministry of Transport considered four options

The options considered were:

- Option One (status quo): Retain the current time-limited licences policy and let time-limited licences expire. Waka Kotahi will continue to communicate and educate licence holders on the requirements of holding a time-limited licence.
- Option Two: Retain the time-limited licences policy and amend the Driver Licensing Rule to allow the licence holder to renew their licence at any time prior to the expiry date, rather than only within 90 days of expiry.
- Option Three: Amend the Driver Licensing Rule to allow the licence holders to renew the licence at any time prior to the expiry date and remove the mandatory theory test requirement but maintain the five-year licence validity.

- Option Four: Amend the Driver Licensing Rule to revoke the time-limited licences policy and revert all time-limited licences back to a ten-year licence validity, once renewed, consistent with the full licence validity (**preferred**)

The preferred option is reflected in the Cabinet paper.

The potential impact of the preferred option

Revoking the time-limited licence policy is expected to positively impact those on a time-limited licence and other licence holders. The changes will:

- make renewing a learner and restricted licence a more efficient process for both the licence holder and the testing agent, with the process for each renewal expected to be able to be completed in under ten minutes
- reduce the number of the cohort who become unlicensed as a result of the changes made to regulations in 2014
- reduce the frequency of renewal for drivers holding a time-limited learner or restricted licence. This will:
 - reduce the cost of renewal from \$65.80 every five years (or \$131.60 every ten years) to \$43.90 every ten years
 - reduce access issues as drivers will not need to complete a theory test to renew their licence.
- reduce pressure on the driver testing system, which should positively impact other driver licence experiences when interacting with the testing system

Waka Kotahi is confident that removing the requirement for the theory test to be sat will mean the system has the capacity to process these renewals, as the process will be simplified.

The changes will also benefit learner and restricted licence holders only using a moped, using a driver licence for identification purposes, and in the case of a restricted licence, only needing to transport their dependents or a spouse.

As the policy has not encouraged the progression of time-limited licence holders through the GDLS as intended, Waka Kotahi and Te Manatū Waka do not have data to quantify the impact of the time-limited licence policy on road safety outcomes. The preferred option is expected to have a neutral impact on road safety. We have no evidence that shows that requiring a theory test when learner or restricted licence holders renew their licence leads to improved safety outcomes.

There may be people who are still unable to renew their learner or restricted licences as a result of the preferred option being introduced due to access to a driver licensing agent or due to financial constraints. The broader review of the GDLS is investigating the barriers to progression through the system and is considering regulatory, operational or funding changes to improve entry into and progression through the system, while still maintaining road safety outcomes.

Safety impacts of driver licence pooling will be considered as part of the regulatory review of the GDLS.

How the preferred option will be implemented

If Cabinet agrees to revoke the time-limited licence policy and this option remains the preferred option following public consultation Waka Kotahi intends to contact licence holders whose licences expire in December 2021 and January 2022. Waka Kotahi will also develop a communications plan to educate the public on the changes.

Implementing the preferred option will require changes to the Driver Licence Register. The changes to the Driver Licence Register will be technical changes to the algorithms that generate expiry dates for licences, allowing the renewal period to be changed and to override the need for theory tests as part of the renewal process.

Waka Kotahi, as the Registrar of the Driver Licence Register, will ensure that system changes to support the changes will be in place by the time the Amended Rule is in force. As part of this, Waka Kotahi will run a communications package to notify impacted driver licence holders directly, and a wider campaign to raise general awareness. Contract providers (AA and VTNZ), who offer driver testing and renewal, will be informed of the changes and will be provided material to assist in training counter-staff, who manage these transactions. Waka Kotahi also provides fact sheets to the public, including how to renew a driver licence, which will be updated to reflect the changes.

In its role as regulator, Waka Kotahi will continue to monitor the progression of driver licence holders through the system and address any capacity concerns directly with driver testing agents where possible.

The preferred option is yet to be consulted on

The public has not yet been consulted on the preferred option due to the time constraints that are being worked to. Given we believe the preferred option only confer benefits on the public we expect the public to be supportive of the policy.

We intend to publicly consult on the preferred option. This consultation will target key stakeholder groups that were identified as part of the GDLS review and through Waka Kotahi's stakeholder lists.

There is a broader review of the GDLS that is currently underway

The Education, Employment and Training Ministers Group (EET) are overseeing a cross-agency review led by the Ministry for Social Development, that seeks to improve access to driver licensing, training and support.

This includes a regulatory review as outlined in Road to Zero, the government's Road Safety Strategy for 2020-2030, and the associated Action Plan. Under the Action Plan, the Government has committed to investigate the barriers to progression and consider regulatory, operational or funding changes to improve entry into and progression through the system, while still maintaining road safety outcomes.

Limitations and Constraints on Analysis

The timeframe that this proposal had to be developed in was a constraint

Recent data (as at 12 July 2021) shows that 103,880 time-limited licences will begin to expire between 1 December 2021 and December 2023. To avoid the loss of licences due to accessibility barriers and capacity issues in the system an amendment to the Driver Licensing Rule needs to be in force prior to 1 December 2021.

Due to the time constraints the public has not been consulted on the preferred option. However, we plan to undertake public consultation over a four-week period and directly

engage with key stakeholders including, but not limited to, the Automobile Association, Vehicle Testing New Zealand, New Zealand Institute of Driver Educators, New Zealand Police and the Driving Change Network.

We anticipate the public will be supportive of the preferred option as it will make it easier and cheaper for people to renew a learner or restricted licence.

We do not hold data that quantifies the impact of the time-limited licence policy on safety outcomes

Given the time-limited licences policy was ineffective at getting people to progress to the next stage of licence, we do not have data to demonstrate the safety impact of the time-limited licences policy.

Safety impacts of driver licence pooling will be considered as part of the regulatory review of the GDLS. This review aims to investigate the barriers to progression and consider regulatory, operational or funding changes to improve entry into and progression through the system, while still maintaining road safety outcomes.

We do not have data outlining whether the requirement to sit a theory test when renewing a learner or restricted licence has had an impact on safety outcomes. This was not something that was explored by officials through the 2014 Regulatory Impact Statement. The requirement to sit a theory test was a decision made by Cabinet and was not reflected in the advice from officials.

We do not have updated data on why people are not progressing

Given the time constraints on this piece of work we have not been able to undertake research to understand why people are not progressing through the system. We have looked at a study that was done in 2012 and was cited in the 2014 RIS which explored the reasons for non-progression and have applied these findings to the time-limited licences cohort whose licences are expiring between December 2021 and December 2023. We have done this to provide a high-level indication of the reasons people may not have progressed through the system.

Responsible Manager(s) (completed by relevant manager)

Robert Anderson

Manager

Mobility and Safety

Te Manatū Waka, Ministry of Transport

4 August 2021

Quality Assurance (completed by QA panel)

Reviewing Agency: Te Manatū Waka, Ministry of Transport

Panel Assessment & Comment: The Regulatory Impact Analysis has been reviewed by Te Manatū Waka, the Ministry of Transport's Regulatory Impact Assessment Panel as partially meeting the quality assurance criteria. We acknowledge that the RIA was produced under significant time pressure but the fact that the proposal has not been consulted on limits its rating to partially meets.

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

New Zealand has a graduated driver licensing system

1. New Zealand introduced a graduated driver licensing system (GDLS) in 1987. The principal purpose of the GDLS is to manage the crash risk of young drivers as they learn to drive at a stage when their brains and risk assessment processes are still maturing³. New Zealand's GDLS has three stages, learner, restricted and full licence.
2. Learner licensing is a theory test of knowledge of the road code. To apply for a learner licence a person must be at least 16 years old and pass a theory test. A learner licence enables a person to drive on public roads under the supervision of someone who has held a full licence for two or more years.
3. A learner licence is valid for five years. The costs associated with applying for a learner licence include an application fee of \$48.20 and a testing fee of \$45.70, if a person misses their test time, fails the test or the test is terminated they will need to pay another test fee when they rebook. The application fee is a one-off payment. If a learner licence holder does not progress to a restricted licence before their licence expires, they can renew their learner licence. Renewing a learner licence costs \$65.80, made up of a licence renewal fee of \$20.10 and a testing fee of \$45.70.
4. Restricted licensing is a practical test of driving skills. To apply for a restricted licence a person must be at least 16 and a half years old and must have held a learner licence for at least six months. To obtain a restricted licence a person needs to pass a practical driving test to show they can drive safely on New Zealand roads. A restricted driver is able to drive unsupervised on the road, under certain conditions. These conditions are set out in Appendix One.
5. A restricted licence is valid for five years. The costs associated with applying for a restricted licence include an application fee of \$48.20 and a testing fee of \$86.60, if a person misses their test time, fails the test or the test is terminated they will need to pay another test fee when they rebook. The application fee is a one-off payment. If a restricted licence holder does not progress to a restricted licence before their licence expires, they can renew it. Renewing a learner licence costs \$65.80, made up of a licence renewal fee of \$20.10 and a testing fee of \$45.70.
6. Full licensing is a practical test with a focus on hazard observation skills. To apply for a full licence a person under the age of 25 must have held a restricted licence for at least 18 months, unless they have completed an approved advanced driving course, which, in these cases, reduces the time requirement to 12 months. A person over the age of 25 must have held a restricted licence for at least six months, unless they have completed an approved advanced driving course, which, in these cases, reduces the time requirement to three months. A full licence allows the licence holder to drive unsupervised day and night and carry passengers.

³ International research shows young drivers underestimate risk, tend to driver in higher risk situations (for example at night and with peer passengers) and incorrectly perceive hazards. In part this reflects the fact that the parts of the brain that assess risk and control emotions and impulses are still developing into a person's twenties. Gender also plays a role with young males being significantly over-represented in crash statistics
<https://www.transport.govt.nz//assets/Uploads/RIA/Safer-Journeys-increasing-the-safety-of-young-drivers.pdf>

7. A full licence is valid for ten years. The costs associated with applying for a full licence include an application fee of \$49.60 and a testing fee of \$59.90, if a person misses their test time, fails the test or the test is terminated they will need to pay another test fee when they rebook. The application fee is a one-off payment. Renewing a full licence costs \$43.90 made up solely of a renewal fee.
8. Appendix One sets out the driver licensing system and the requirements to obtain each stage of licence.

The Driver Licensing Rule was amended in 2014 to encourage people to progress through the GDLS

9. The 2014 Amendment to the Driver Licensing Rule introduced the time-limited licence for learner and restricted licences for Class 1 (car) and Class 6 (motorcycle). The 2014 Amendment Rule also introduced restrictions on renewal, including that a time-limited licence could not be renewed:
 - prior to the expiry date
 - unless the licence holder re-sat and passed the relevant theory test.
10. The 2014 Amendment Rule aimed to alleviate a perceived issue known as pooling (staying on a learner or restricted licence for an extended period of time). As novice drivers and motorcyclists acquire the skills and driving experience needed to drive safely on the road, they were expected to graduate from a learner licence to a restricted licence, then to a full licence, in a reasonable timeframe.
11. At the time, creating a time limit was seen to be striking a balance between providing sufficient incentive for individuals capable of progressing to do so, but avoiding prematurely forcing those who do not feel skilled enough to progress. The inclusion of the theory test as a mandatory requirement for renewal was intended to provide assurance that the time-limited licence holder was still current in their driving knowledge, and to disincentivise pooling at their current licence stage. This was a disincentive because it introduced a new requirement to re-sit and pass a theory test, a new cost to renewing a licence (paying for the theory test) and increased the frequency of renewal (from ten years to five years).
12. In proposing the policy, it was noted that 'pooling' increased the likelihood of drivers breaching their licence conditions, but there was no evidence that those who remain on learner or restricted driver licences had any higher risk of crashes. The advice also noted that 'pooling' at the learner and restricted licence stages, could have some road safety benefits. If people on a learner or restricted licence comply fully with the conditions of their licence, their exposure to risk would be limited.

The Driver Licensing Rule was amended again in 2019 as people were not progressing

13. In 2019, Waka Kotahi identified that 131,232 time-limited licences were due to expire between 1 December 2019 and 1 December 2021. Waka Kotahi sought to build awareness and encourage progression through the system. Monitoring the progression confirmed that these awareness campaigns were unsuccessful in prompting the time-limited licence holders to progress.

14. These licences were extended by two years through an Amendment Rule (the 2019 Amendment Rule), recognising that the driver licensing system did not have the capacity to progress all these drivers through the system before licences would begin to expire. The 2019 Amendment also allowed the time-limited licence holders to renew their licence up to 90 days prior to the expiry date. The 2019 Amendment Rule also granted an automatic extension to time-limited licence holders who got their licence prior to the 2019 Amendment Rule coming into force.
15. To communicate these changes and again try to encourage progression through the GDLS, Waka Kotahi:
- launched a six-month social media campaign
 - sent new letters/emails to all applicable time-limited licence holders
 - updated time-limited licence renewal reminders
 - introduced a new series of letter and email reminders at varying intervals for when the time-limited licence holder was eligible for their next stage of licence.
16. Despite these efforts, there has been limited progression with approximately 103,880 (or approximately 79 per cent) out of the initial 131,232 remaining on their time-limited licence.

Previous government decisions and related pieces of work

The time-limited licences policy was introduced in 2014

17. The Regulatory Impact Statement that was prepared for the 2014 Amendment (the 2014 RIS) focussed on the integrity of the GDLS. The 2014 RIS suggested that 'pooling' challenges the integrity of the GDLS as drivers are intended to progress through the GDLS to a full licence. The preferred option in the 2014 RIS was that officials undertake a full assessment of the options that were identified as part of the Land Transport (Driver Licensing) Rule and final decisions being made at the conclusion of that review.
18. The 2014 RIS stated that the aim of the GDLS was for drivers to progress in a graduated manner, demonstrating that they have both the skills and competence to drive safely under particular conditions. The required levels of supervision and restrictions reduce at each of the three stages in the licensing process until drivers have both the skills and the knowledge to driver safely and independently.
19. The 2014 RIS also used data from a 2012 study which found the most common reasons for non-progression were:
- being "too lazy or too busy to do so" – 27 per cent
 - having limited access to the means to drive – 26 per cent
 - financial constraints – 14 per cent
 - having other transport options – 11 per cent⁴.
20. We do not have updated data, however, if we assume the findings of the study mentioned in paragraph 19 remain valid and applied these percentages to the 103,880 time-limited licence holders whose licences expire between 1 December 2021 and December 2023 there would be around:

⁴ John Langley et al (2012) *Non-progression through graduated driver licensing: Characteristics, traffic offending, and reasons for non-progression*, 13-1, 7-13

- 28,000 who are too lazy or too busy to progress
- 27,000 who have limited access to the means to drive
- 14,500 who cite financial constraints as the reason for non-progression
- 11,400 who have other transport options

21. This would mean 40 per cent of the 103,880 people would cite accessibility issues (combining financial constraints and access to the means to drive), this would be 41,500 people whose licences expire between 1 December 2021 and December 2023.

22. Requiring learner and restricted licence holders to sit a theory test was not considered as part of the options analysis within the 2014 RIS. Cabinet decided to include this requirement when it was considering this matter.

The Road to Zero Action Plan has a specific action around increasing access to driver training and licensing

23. Given the time-sensitivity of this matter, this piece of work has been progressed separately to the broader review of the GDLS. The review of the GDLS aims to reduce barriers to progression through the GDLS while maintaining safety outcomes. Any safety impacts of driver licence pooling will be considered as part of this review.

24. The Education, Employment and Training Ministers Group (EET) are overseeing a cross-agency review, led by the Ministry for Social Development, that seeks to improve access to driver licensing, training and support.

25. This includes a regulatory review as outlined in Road to Zero, the government's Road Safety Strategy for 2020-2030, and the associated Action Plan. Under the Action Plan, the Government has committed to investigate the barriers to progression and consider regulatory, operational or funding changes to improve entry into and progression through the system, while still maintaining road safety outcomes.

26. As part of the review, Māori, Pacific and rural communities' entrance and interaction with the GDLS will be considered and gaps in the support provided to these communities will be identified. Māori and Pacific groups will be engaged with as part of this work.

27. This piece of work has been progressed outside of the broader GDLS review to try and prevent 103 880 learner and restricted licence holders becoming unlicensed.

28. The proposal to revoke the time-limited licence policy aims to reduce the immediate barriers to renewing a learner or restricted driver licence. It will ensure that the system has the capacity to accommodate the 103,880 time-limited licence holders whose licences expire between 1 December 2021 and December 2023 to renew their licences.

29. This proposal recognises that implementation of the time-limited licence policy has not addressed the barriers to progression that some communities face but instead has made it harder to retain a licence. The barriers to progression through the GDLS will be considered and addressed through the GDLS regulatory review.

What is the policy problem or opportunity?

What is the problem?

30. There are 103,880 time-limited licences, which have already been extended, that will expire between 1 December 2021 and December 2023.

31. This means that between now and late 2023, approximately 3,000-5,000 licence holders a month will have their time-limited licence expire, meaning they become ineligible to drive and will need to book pass a theory test, pay a total renewal fee of \$65.80 and be issued with another five-year time-limited licence.
32. The driver licensing system does not have the capacity to test all of these licence-holders and renew their licences, before they expire.
33. If these licence holders are unable to renew their licence prior to its expiry they will face two choices, continue driving, despite being unlicensed and risk getting an infringement and potentially entering the Justice system, or utilise alternative means of transport, which in many cases may be limited or unsuitable. For example, in a rural context where there is not a sufficient public transport network to address transport needs.
34. Alongside this time-limited cohort, there is also a large group of learner and restricted licence holders (321,087) still on ten-year licences who have not yet progressed to a higher class of licence. When these licences are renewed, they will become time-limited, meaning they will be required to sit and pass a theory test and will then be issued a licence that is valid for five-years.
35. Despite the efforts of Waka Kotahi to encourage progression through the system without requiring regulatory intervention, the time-limited licence policy has not supported the progression of drivers through the GDLS as intended. The capacity issues currently in the driver testing system affecting most regions across the country, particularly Auckland, may have also limited those who want to progress.

What currently happens at the roadside?

36. If someone has an expired licence and is pulled over while driving, a police officer may issue them with an Infringement Offence Notice with a Compliance condition on it. Compliance is offered at the discretion of the police officer and means the Infringement Offence Notice can be waived if the Infringement Notice Holder (driver) supplies evidence to the Police Infringement Bureau that they have renewed their licence within the specified time period.
37. For expired driver licences, a driver may be offered compliance but only where their licence expired less than 12 months ago. To assist with exercising discretion, an officer will consider other factors including for example whether it is a first offence, and any mitigating or aggravating factors. Where compliance is offered, the driver will have 28 days to gain the appropriate licence. There is also the ability for the Police Infringement Bureau to extend this period in particular circumstances, e.g. if a licence test appointment is not available within this timeframe.

There are a number of reasons why licence holders do not progress

38. Research has confirmed that there are wide ranging reasons licence holders do not progress through the GDLS, such as:
- only needing a learner licence to ride a moped
 - only wanting a driver licence for identification purposes

- in the case of a restricted licence, only needing to transport children or a spouse.⁵

39. Accident Compensation Corporation research indicates many of the drivers who do not progress through the system lack clear coaching instruction and find it hard to know when they have the skills to successfully sit the test⁶.

40. For those interested in progressing, there are accessibility barriers that prevent some people from progressing through the GDLS. These barriers include the cost of the practical tests and having access to adequate supervision/training or a road legal vehicle in which to be trained, or take a practical test in.

41. These reasons for non-progression, cited in paragraph 30, were further confirmed in mid 2019 when the Waka Kotahi Contact Centre carried out phone survey of 100 people, asking why they did not progress.

Who is impacted by this problem?

42. The cohort of time-limited licence holders are the primary impacted group by this problem. However, other licence holders who are looking to enter or progress through the system will also be impacted as the driver testing system does not have the capacity to process the 103,880 licence renewals and process other licence progressions or initial tests.

43. Other members of society are also impacted by the barriers introduced through the time-limited licence policy, namely those who do not progress as the licence they have meets their transport needs. Such as those only using a moped, using a driver licence for identification purposes, and in the case of a restricted licence, only needing to transport children or a spouse.

What objectives are sought in relation to the policy problem?

44. The objectives sought in relation to this policy problem are:

- ensuring that the 103,880 time-limited licence holders do not become unlicensed
- reducing barriers that exist with regard to renewing a learner or restricted licence.

45. Ensuring driver licence holders do not become unlicensed because of driver testing constraints or regulatory barriers is crucial. The transport system should effectively help people to access employment, recreation and generally get where they need to go.

46. If these licence holders become unlicensed there is a risk they will continue to drive and they may end up with infringements or entering the criminal justice system.

47. Ensuring the driver licensing system does not place unnecessary barriers on individuals is crucial to ensuring the system is accessible.

⁵ John Langley et al (2012) *Non-progression through graduated driver licensing: Characteristics, traffic offending, and reasons for non-progression*, 13-1, 7-13

⁶ Shaw,N, & Gates, L, 2014. Young Drivers; Licensing and Employability, Traffinz Conference

48. Reducing accessibility barriers that exist within the GDLS more broadly is being explored through the wider review of the GDLS which is being led by the Ministry of Social Development.

49. It is also important to ensure that the GDLS does not adversely impact on safety outcomes. Given we do not have data to quantify the impact of the time-limited licence policy on safety outcomes greater weight has been given to improving accessibility within the system.

Section 2: Deciding upon an option to address the policy problem

What criteria will be used to compare options to the status quo?

50. The following criteria was used to compare options:

- **Impacts on the driver testing system** – the impact the option will have on access to a local driver licensing or testing site and the systems capacity to process licences to reduce the cohort who become unlicensed
- **Effectiveness** – the number of the cohort who will become unlicensed as a result of the option
- **Accessibility to the system** – the broader social impact the option will have on licence holders, such as equity, affordability etc.
- **Implementation** – the level of complexity associated with the implementation of the option
- **Cost** – the impact the option will have on the cost of renewal for licence holders
- **Revenue** – the impact the option will have on Waka Kotahi's revenue

51. The impacts the options are expected to have on road safety outcomes has not been included as a criterion as we do not have data that quantifies the safety impact of the time-limited licences policy. The broader review of the GDLS will consider the safety impacts of pooling.

What scope will options be considered within?

52. The feasible options were considered under constrained timeframes. If an amendment is to be made to the Driver Licensing Rule we believe it should be made prior to 1 December 2021 in order to reduce the impact on the time-limited licence holder cohort whose licences will begin to expire from 1 December 2021.

Waka Kotahi used non-regulatory levers to try and encourage progression in 2019

53. When the 2019 Amendment was made, Waka Kotahi launched a six-month social media campaign, sent new letters/emails to all applicable time-limited licence holders and updated time-limited licence renewal reminders to try and encourage progression through the system.

54. Despite these efforts, there has been limited progression, with approximately 103,880 time-limited licences (that have already been extended) beginning to expire from 1 December 2021.

55. Given these non-regulatory tools did not lead to the desired outcome in 2019 they were discounted as part of this analysis.

56. A further extension was also discounted as a feasible option as this was done in 2019 and it has not led to licence holders progressing. A further extension would likely just push the current issues out.

There is a broader review of the GDLS underway

57. There is a broader review of the GDLS underway which is aiming to reduce barriers to progression through the GDLS while maintaining safety outcomes. This review will also consider safety impacts of driver licence pooling.

58. Given the time sensitivity of this issue, the potential amendment of the Driver Licensing Rule has been progressed separately from the broader GDLS review to try and remove the adverse impacts on time-limited licence holders whose licences will begin to expire from 1 December 2021.

What options are being considered?

59. Four options were considered:

1. Status quo - Keep the current time-limited licence policy in place and let time-limited licences expire. Waka Kotahi will continue to communicate and educate on the requirements of holding a time-limited licence.
2. Keep the current time-limited licence policy in place and amend the Rule to allow the licence holder to renew their licence any time prior to the expiry date, rather than only within 90 days of the expiry date.
3. Keep the current time-limited licence policy in place and amend the Rule to allow the licence holder to renew the licence at any time prior to the expiry date and remove the theory test requirement
4. Amend the Rule to revoke the time-limited licence policy and revert all time-limited licences back to a standard ten-year licence validity upon renewal **(preferred)**

Option One – Maintain status quo

60. This option would mean to renew a learner or restricted licence a licence holder would need to:

- pay a renewal fee of \$20.10
- book, pay for and pass a theory test at a cost of \$45.70
- pass a vision test

61. They would then be issued with a new time-limited licence with a 5-year validity period.

62. They would only be able to renew their licence within 90 days of their licence expiring.

What this option means in practice

63. Under this option Mia (a learner licence holder) and John (a restricted licence holder) whose licences expire in January 2022 must both book a theory test to renew their licences. The time period within which they are allowed to sit their theory test is constrained to 90 days prior to their licences expiring. Mia and John would pay \$65.80 to

renew their licences. Assuming they pass the test they will be issued with new time-limited licences that are valid for five-years.

Assessment against the criteria

64. This option would result in the driver testing system being overwhelmed and not having the capacity to process all of the licence renewals and other tests as part of people looking to enter the system or progress through it. This option would lead to members of the time-limited licence cohort becoming unlicensed and would create the risk that they continue to drive unlicensed and risk being issued with an infringement or entering the Justice system.
65. The impacts on the driver testing system will last at least until the end of 2023 as 3,000 – 5,000 time-limited licences expire every month between December 2021 and December 2023. Time-limited licence holders who were not part of the initial cohort will also have licences which begin to expire from 2022.
66. This option does not align with the work the Government is undertaking to reduce accessibility barriers to the driver licensing system. This option places the highest cost on licence holders, with the total renewal fee being \$65.80 for a licence that is valid for five-years. The cost is almost triple that of renewing a full licence (\$43.90) when taking into account that a renewed full licence is valid for ten-years.
67. This option would also continue to place stress on the licence holders and their whānau. Having to sit another theory test can be stressful on its own, but there are also barriers, such as access to training and resources to help pass the test, the extra cost of the test and reliable transport to and from the test location.
68. This option would be the easiest for Waka Kotahi to implement as there would be no changes required to its systems.
69. This option would see learner and restricted licence holders continuing to pay \$65.80 to renew their licence and receiving a licence that is valid for five-years. Renewing a full licence currently costs \$43.90 and the renewed full licence is valid for ten-years.
70. Due to time constraints this option has not been fully costed, however, Waka Kotahi loses money on each time-limited licence, this is due to the driver licensing system cross subsidising itself. Waka Kotahi has also not carried out a fee and funding review since 2008 so a number of the fees are not reflective of the costs associated with maintaining the system. Waka Kotahi currently has a fee and funding review underway and the consultation document will be considered by Cabinet later this year.

Option Two – Allow renewal to occur at any time with a theory test

71. This option would mean to renew a learner or restricted licence, a licence holder would need to:
 - pay a renewal fee of \$20.10
 - book, pay for and pass a theory test at a cost of \$45.70
 - pass a vision test
72. They would then be issued with a new time-limited licence with a 5-year validity period.

73. They would be able to renew their licence at any point prior to expiry.

What this option means in practice

74. Under this option Mia and John must both book a theory test to renew their licences. They are able to sit their tests at any point prior to their licences expiring. Mia and John would pay \$65.80 to renew their licences. Assuming they pass the test they will be issued with new time-limited licences that are valid for five-years.

Assessment against the criteria

75. This option would have the same impacts as Option One.

76. This option would also require a change to the Driver Licensing Rule. This change could potentially relieve stress for some of the cohort as they would be able to renew their licence at any point prior to expiry. However, we do not expect many licence holders to renew their licences more than three months prior to their expiry date.

77. The earliest we think we could have a Rule amendment in force by is late November 2021. This means that members of the cohort whose licences expire between December 2021 and February 2022 would see no change as they are eligible to renew their licences 90 days prior to expiry currently.

78. While members of the cohort whose licences expire between March 2022 and December 2023 would be able to renew their licence at any point prior its expiry we do not expect people would go to renew their licence more than three months in advance of its expiry, as they are currently able to do.

79. There is low level complexity associated with the implementation of this option. From a technical systems perspective, this will require some changes to the Driver Licence Register and from a communications perspective will require a series of direct messaging and broader communications. A full analysis of implementation requirements has yet to be completed.

80. This option would see learner and restricted licence holders continuing to pay \$65.80 to renew their licence.

81. Due to time constraints this option has not been full costed, however, Waka Kotahi loses money on each time-limited licence, this is due to the driver licensing system cross subsidising itself. Waka Kotahi has also not carried out a fee and funding review since 2008 so a number of the fees are not reflective of the costs associated with maintaining the system. Waka Kotahi currently has a fee and funding review underway and the consultation document will be considered by Cabinet later this year.

Option Three – Allow renewal to occur at any time without a theory test – renewed validity period of five years

82. This option would mean to renew a learner or restricted licence a licence holder would need to:

- pay a renewal fee of \$20.10
- pass a vision test.

83. They would then be issued with a new time-limited licence with a 5-year validity period.

84. They would be able to renew their licence at any point prior to expiry.

What this option means in practice

85. Under this option, to renew their licences Mia and John would need to go to a driver testing agent, fill out an application form, prove their identity and pass a vision test. This process generally takes less than ten minutes. The cost of renewing their licences would be \$20.10, and they would be issued with new five-year licences.

86. This option would mean Mia and John could go to renew their licences at a time that suits them (so long as the driver testing agent is open).

Assessment against the criteria

87. This option would reduce stress on the driver testing system. Renewing a licence without having to take a theory test is much more straightforward for both the licence holder and the testing agent. The licence holder does not need to book in advance, they can show up to a driver testing agent and as long as they have proof of identity and pass the vision test the process generally takes under ten minutes.

88. Waka Kotahi is confident that the system has the capacity to process all of these renewals as the process of renewal is simplified. This would have positive societal outcomes as it greatly reduces the risk of members of the cohort driving while unlicensed.

89. This option aligns with the work the Government is undertaking to reduce accessibility barriers to the driver licensing system. This is because this option would remove the cost of sitting the theory test, which was introduced to dis-incentivise pooling. This option places the lowest cost on licence holders, with the total renewal fee reducing from \$65.80 (under the status quo) to \$20.10.

90. The implementation implications of this option are low to medium level complexity. From a technical systems perspective, this will require some changes to the Driver Licence Register. From a communications perspective, this will require a series of direct messaging and broader communications. A full analysis of implementation requirements has yet to be completed.

91. This option would see the cost of renewal reduce from \$65.80 to \$20.10 as the testing fee component would be removed.

92. Due to time constraints this option has not been full costed, however, Waka Kotahi loses money on each time-limited licence, this is due to the driver licensing system cross subsidising itself. Waka Kotahi has also not carried out a fee and funding review since 2008 so a number of the fees are not reflective of the costs associated with maintaining the system. Waka Kotahi currently has a fee and funding review underway and the consultation document will be considered by Cabinet later this year.

Option Four – Remove the time-limited licence policy and revert all licences back to a standard ten-year licence validity (recommended option)

93. This option would mean to renew a learner or restricted licence a licence holder would need to:

- pay a renewal fee of \$43.90

- pass a vision test

94. They would then be issued with a new time-limited licence with a 5-year validity period.

95. They would be able to renew their licence at any point prior to expiry.

What this option means in practice

96. Under this option, to renew their licences Mia and John would need to go to a driver testing agent, fill out an application form, prove their identity and pass a vision test. This process generally takes less than ten minutes. The cost of renewing their licences would be \$43.90 (the same as renewing a full licence), and they would be issued with new ten-year licences.

97. This option would mean Mia and John could go to renew their licences at a time that suits them (so long as the driver testing agent is open).

Assessment against the criteria

98. This option would have a similar impact on the driver testing system as Option Three. It would mean the cohort would need to renew their licences less frequently as they would only have to do this once every ten-years rather than every five-years, as they would under Options One, Two and Three.

99. This option will have a positive impact on accessibility to the system as it allows licence holders to stay on their licence if they choose to, and provides more time for them to attain the skills and confidence to progress through the system should they wish to.

100. This option aligns with the work the Government is undertaking to reduce accessibility barriers to the driver licensing system. This is because this option would remove the cost of sitting the theory test, which was introduced to dis-incentivise pooling. This option places the lowest cost on licence holders, with the total renewal fee reducing from \$65.80 for a licence that is valid for five-years (under the status quo) to \$43.90 for a licence that is valid for ten-years.

101. The implementation implications of this option are low to medium level complexity. From a technical systems perspective, this will require some changes to the Driver Licence Register. From a communications perspective, this will require a series of direct messaging and broader communications. A full analysis of implementation requirements has yet to be completed.

102. This option would see the cost of renewal reduce from \$65.80 to \$43.90 and would align with the cost of renewing a full licence.

How do the options compare to the status quo/counterfactual?

Key for qualitative judgements:

- ++ much better than doing nothing/the status quo/counterfactual
- + better than doing nothing/the status quo/counterfactual
- 0 about the same as doing nothing/the status quo/counterfactual
- worse than doing nothing/the status quo/counterfactual
- much worse than doing nothing/the status quo/counterfactual

	Option One – Status Quo	Option Two – Allow renewal at any time with a theory test	Option Three – Allow renewal at any time without a theory test	Option Four – Remove the time-limited policy (preferred)
Impacts on the driver testing system	0	0 This is based on the assumption that people will not renew more than three months prior to their licence expiring	++ This would reduce stress on the testing system by removing the requirement to sit the theory test as part of the renewal process	++ This would reduce stress on the testing system by removing the requirement to sit the theory test as part of the renewal process
Effectiveness	0	0 There is not the capacity to process all of these licence holders through the testing system	++ This would reduce the number of licence holders who become unlicensed as the system has the capacity to process these renewals without the testing requirement.	++ This would reduce the number of licence holders who become unlicensed as the system has the capacity to process these renewals without the testing requirement.
Accessibility to the system	0	0 This is based on the theory test requirement remaining	0 Licence holders would have five-years following renewal to either need to renew their licence again or to attain the skills and confidence required to progress to the next licence stage.	++ Licence holders would have ten-years following renewal to either need to renew their licence again or to attain the skills and confidence required to progress to the next licence stage.
Implementation	0	- Minor changes to the Driver licence register would be required	-- Low to medium level changes to the Driver Licence Register would be required to ensure the Register aligns with the regulations.	-- Low to medium level changes to the Driver Licence Register would be required to ensure the Register aligns with the regulations.
Cost to licence holders	0	0 The cost of renewal would remain \$65.80	++ This option would reduce the cost of renewal by \$45.70.	+ This option would reduce the cost of renewal by \$21.90 which would make it easier for licence holders to renew their licences.
Revenue impacts for Waka Kotahi	0	0 There would be no difference in revenue impacts from the status quo	0 There would be no difference in revenue impacts from the status quo	- This option would cost Waka Kotahi \$528,000 to change the system, however, Waka Kotahi would save around \$400,000 between December 2021 and December 2023 as time-limited licences operate at a loss.
Overall assessment	0	- The differences between this option and the status quo is the removal of the 90-day period in which a licence holder can renew their licence, and the system changes required to the Driver licence Register.	++++ This option would make renewing a time-limited licence cheaper and easier for the licence holder. Once the licence holder renews, they will have another five-years before they either need to renew their licence again or progress through the system.	+++++ This option would make renewing a time-limited licence cheaper and easier for the licence holder. Once the licence holder renews they will have ten-years before they either need to renew their licence again or progress through the system.

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

103. Options Three and Four are most likely to address the problem and meet the policy objective.
104. Both of these options would reduce the cost of renewing a licence and reduce stress on the system by removing the theory test. These options would also streamline the licence renewal process for licence holders.
105. Option Four will positively impact those on a learner or restricted licence and other licence holders. The changes will:
- Reduce the frequency of renewal for learner and restricted licence holders from five-years to ten-years
 - Reduce the cost of renewing a learner or restricted licence by removing the requirement to sit a theory test as a requirement of renewal. The cost will reduce from \$65.80 to \$43.90, under the current policy ten years worth of licences would cost \$131.60 in renewal fees, versus \$43.90 in renewal fees for a ten-year licence.
 - Reduce access issues for learner or restricted licence holders by extending the licence validity to provide the licence holder with a longer period of time to attain the skills and confidence necessary to progress through the system should they wish to.
 - Reduce pressure within the driver testing system by making the renewal process more efficient.
106. Extending the licence validity period will provide more time for someone who wants to progress to obtain adequate supervision/training or a road legal vehicle in which to be trained in, or take a practical test in.
107. The broader review of the GDLS will look at safety impacts of driver licence pooling. The review of the GDLS aims to reduce barriers to progression through the GDLS while maintaining safety outcomes.

What are the marginal costs and benefits of the option?

Affected groups	Comment	Impact	Evidence Certainty
Additional costs of the preferred option compared to taking no action			
<u>Regulator</u> (Waka Kotahi)	Cost due to updating the Driver Licence Register and developing a communications plan to advise people of the changes to the Rule.	\$528,400	High
<u>Testing Agents</u> (AA, VTNZ)	The testing agents will be foregoing forecast revenue, as they will have budgeted based on the renewal fee of \$65.80	Commercially in confidence	High
<u>Non-monetised costs</u>	Waka Kotahi's contract managers will work with the AA and VTNZ through the impacts of the changes to the Rule. The AA and VTNZ will need to educate staff on the new process	Medium	Low
Total monetised costs		Commercially in confidence	Medium
Non-monetised costs		Low	Medium
Benefits, compared to the status quo			
<u>Regulator</u> (Waka Kotahi)	Waka Kotahi estimate a saving, because the time-limited licences operate at a loss.	\$400,000	Medium
<u>Current time-limited licence holders</u> (Cohort of 103,880)	Assuming all of the cohort will renew their licences	\$2,274,972	Medium
<u>Other time-limited licence holders</u> (Cohort of 321,087)	Assuming 60% of these licence holders need to renew their licences	\$4,219,079	Medium
Non-monetised benefits	Time cost savings for learner and restricted licence holders when looking to renew their licences.	High	Low
Total monetised benefits		\$6,894,051	Medium
Total Non-monetised benefits		High	Low

108. Given we do not have data on the safety outcomes of the time-limited licences policy we do not know the social cost of the proposed option in terms of death and serious injury prevention.

Section 3: Delivering an option

How will the new arrangements be implemented?

109. The preferred approach will require changes to the Driver Licensing Rule. To ensure the amendment is in place before licences begin to expire, the consultation process will be constrained to a four-week period and include direct engagement with key stakeholders. It is intended that the amended Rule will come into force on 24 November 2021.
110. Waka Kotahi, as the Registrar of the Driver Licence Register, will ensure that system changes to support the proposed approach will be in place by this time. As part of this, Waka Kotahi will run a communications package to notify impacted driver licence holders directly, and a wider campaign to raise general awareness.
111. Contract providers (AA and VTNZ), who offer driver testing and renewal, will be informed of the proposed changes and will be provided material to assist in training counter-staff, who manage these transactions. Waka Kotahi also provides fact sheets to the public, including on how to renew a driver licence, which will be updated to reflect the proposed approach.
112. In its role as regulator, Waka Kotahi will monitor the progression of driver licence holders through the system, and address any capacity concerns directly with contract providers where possible. Where there are concerns relating to legislative impediments, Waka Kotahi has regular communication through to the Ministry of Transport to identify where changes may be required.
113. The safety impacts of the proposed approach would be monitored through the implementation of the *Road to Zero* strategy. As part of the *Road to Zero* strategy, the key indicators that will be monitored include:
- Proportion of learner drivers who have progressed to restricted
 - Proportion of restricted drivers who have progressed to full
 - Number of 'novice' drivers involved in a DSI crash

How will the new arrangements be monitored?

114. Monitoring of crash statistics is an existing function of Waka Kotahi.
115. There is a broader review of the GDLS underway, the aim of this review is to reduce barriers to progression through the GDLS. This review will also consider safety impacts of driver licence pooling.

Appendix One: A breakdown of the stages of the graduated driver licensing system and the requirements for each stage

	Learner	Restricted	Full
Minimum age (assuming progressing as quickly as possible)	16	16.5	18 (17.5 with advanced driver training course)
To gain this licence	Pay an application fee (\$48.20) Pass a theory test (\$45.70) and vision test and provide identification documents	Pay an application fee (\$48.60) Pass a practical test (\$86.60) and vision test	Pay an application fee (\$49.60) Pass a practical test (\$59.90) and vision test
Time on licence required to progress	6 months	18 months (12 months with an advanced driver training course) Or 6 month if over 25 years (3 months with an advanced driver training course).	N/A
Conditions on licence	Must: <ul style="list-style-type: none"> • Have a supervisor at all times • Display L plates <p>If you're under 20 years old, you must not drive if you've had any alcohol.</p>	Must: <ul style="list-style-type: none"> • Have no passengers without supervision (exceptions for: <ul style="list-style-type: none"> ○ Spouse or partner ○ Dependants ○ your parent or guardian ○ relatives that live with you and are on a social security benefit ○ someone you look after as their primary caregiver.) • Only drive between 5am and 10pm without supervision (exceptions to this for employment purposes can be applied for – cost \$27.20) <p>If a person is under 20 years old, they must not drive if they have had any alcohol.</p>	If a person is under 20 years old, they must not drive if they have had any alcohol.
To renew this licence	Pay a renewal fee (\$20.10) Pass a theory test (\$45.80) and vision test and provide identification documents	Pay a renewal fee (\$20.10) Pass a theory test (\$45.80) and vision test and provide identification documents	Pay a renewal fee (\$43.90) Pass a vision test and provide identification documents
Licence validity	5 years	5 years	10 years