

Minister of Transport

Cabinet Economic Development Committee

Amending the Land Transport (Driver Licensing) Rule 1999 to revoke the time-limited licence policy

Proposal

- 1 This paper seeks agreement to revoke the time-limited licence policy to remove barriers created by the policy for learner and restricted licence holders needing to renew their licence. The changes proposed through this paper will also reduce capacity issues which exist within the driver testing system.

Relation to government priorities

- 2 This Government committed to ensuring that everyone who is able can be earning, learning, caring or volunteering. Effective transport systems are one way to help New Zealanders achieve these outcomes and get where they need to go.
- 3 Research shows that a young person (aged 16-25) is three times more likely to obtain employment if they have a restricted or full driver licence¹. However, they currently face cost, time and access barriers to renewing learner or restricted licences every 5-years. Other members of society are also caught by these barriers, 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 their dependents or a spouse.
- 4 To reduce barriers to holding a learner or restricted licence, I propose revoking the time-limited licence policy introduced in 2014. This is an immediate issue that needs addressing (as licences will begin to expire in December 2021) but complements wider work this Government is undertaking.
- 5 The Education, Employment and Training Ministers Group (EET) are overseeing a cross-agency review 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.

Executive Summary

- 6 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 5-year expiry period for learner and restricted Class 1 (car) and Class 6 (motorcycle) licences
 - required passing a theory test before renewing a learner or restricted licence

¹ Shaw, N, & Gates, L, 2014. Young Drivers; Licensing and Employability, Traffinz Conference

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- prevented renewal of learner or restricted licences in advance of their expiration date.
- 7 In 2019, the Driver Licensing Rule was amended again to provide some licence-holders with a two-year extension and to enable time-limited licences to be renewed up to 90 days before expiration.
- 8 I propose to:
- revoke the time-limited licence policy, which would revert the Class 1 and 6 learner and restricted licences to a standard ten-year validity (the same as the Class 1 and 6 full licence validity) when a licence-holder renews their time-limited licence
 - remove the 90-day time restriction on renewal, which would allow these licence holders to renew their licence any time before expiry
 - remove the requirement for the licence holder to re-sit and pass the relevant theory test to renew their licence
- 9 The previous policy was introduced because non-progression (or pooling) was considered to go against the intent of the graduated driver licensing system (GDLS). There was no 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.
- 10 The policy has not encouraged progression as expected and capacity issues in the driver testing system mean that those currently on a time-limited licence may be unable to progress in advance of their licence expiring. Recent data (as at 12 July 2021) shows that approximately 103,880 time-limited licences will begin to expire from 1 December 2021.
- 11 My proposed amendments will reduce pressure on the driver licensing system, reduce barriers to drivers retaining their licence, and reduce the financial and time cost by reducing the frequency of renewal and removing the requirement to sit a theory test when renewing a learner or restricted licence.
- 12 This matter is time sensitive as inaction may lead to some New Zealanders not holding a valid licence or facing unnecessary administrative costs and procedures to renew.
- 13 I propose to make this change in advance of a broader system review currently underway and overseen by Education, Employment and Training Ministers. This broader review seeks to improve access and equity to driver training and licence services. It includes consideration of regulatory, operational and financial changes to the graduated driver licensing system (GDLS) to reduce barriers to progression while maintaining safety outcomes. Revoking the time limited licence policy now will not predetermine recommendations made through the broader review.
- 14 To ensure an amendment to the Driver Licensing Rule is in force before these licences start to expire from 1 December 2021, following Cabinet consideration, I:

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- will direct Waka Kotahi NZ Transport Agency (Waka Kotahi) to undertake a 4-week consultation on the proposed changes.
- seek agreement to finalise this Rule without reference back to Cabinet, unless there is substantial policy change following consultation. This aligns with my delegated authority under the Land Transport Act 1998 to make transport rules
- recommend that Cabinet agrees to waive the 28-day rule. Waiving the 28-day rule is justified in this case as the proposal only confers benefits on the public.

Background

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

15 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.

16 The 2014 Amendment 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, within a reasonable timeframe.

17 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 disincentivise pooling at the current licence stage.

18 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 their licence as their exposure to risk would be limited.

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

19 In 2019, Waka Kotahi identified that around 144,000 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.

20 These licences were extended by two years through a Rule Amendment, 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 Rule

Amendment also allowed time-limited licence holders to renew their licence up to 90 days prior to the expiry date.

21 To communicate these changes and again try to encourage progression through the system, 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.

22 Despite these efforts, there has been limited progression with approximately 103,880 time-limited licences (that were already extended by two years through the 2019 Rule Amendment), beginning to expire from 1 December 2021.

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

23 Research² conducted between 2006 and 2008 asked licence holders why they had not progressed and found that:

- 27 per cent said they were “too lazy or too busy to do so”
- 26 per cent indicated they had limited access to the means to drive
- 14 per cent mentioned financial constraints
- 11 per cent said they had other transport options

24 This study also found that there are people who do not progress as they:

- only need a learner licence to ride a moped
- only want a driver licence for identification purposes
- in the case of a restricted licence, only need to transport children or a spouse.

25 For those interested in progressing, there are access barriers that prevent some people from progressing through the Graduated Driver Licensing System (GDLS). These barriers include the cost of tests (both theory and practical), the cost of renewing a licence, and having access to adequate supervision/training or a road legal vehicle in which to be trained, or take a practical test in.

26 These reasons for non-progression were further confirmed in mid-2019 when the Waka Kotahi Contact Centre carried out a series of outbound calls (less than 100, as a pulse check) to impacted time-limited licence holders, asking why they did not progress.

² John Langley et al (2012) *Non-progression through graduated driver licensing: Characteristics, traffic offending, and reasons for non-progression*, 13-1, 7-13

- 27 Updated research on the reasons for non-progression has not been conducted, however, if the percentages in paragraph 23 remain valid that would mean of the 103,880 around 41,552 would cite accessibility or equity issues as the reason they have not progressed.
- 28 If many time-limited licence holders cannot progress through the GDLS due to access or equity issues I do not believe we should require people to pay for and sit a theory test when we have no evidence that it leads to improved safety outcomes.

I propose to revoke the 2014 and 2019 amendments to the Driver Licensing Rule

- 29 Despite the efforts of Waka Kotahi to encourage progression, the time-limited licence policy has not supported the progression of drivers.
- 30 Projections show between now and late 2023, approximately 3,000-5,000 licence holders a month will have their time-limited licence expire. Under the current Rule, to retain their licence, individuals will need to either book an assessment for the next licence stage or renew their licence for a fee and pass a theory test.
- 31 Despite increasing testing officers, there are driver testing capacity issues affecting most regions. This may limit the ability of drivers to renew their licence in advance of expiry and also crowd out other drivers seeking to gain their learner licence or progress to the next licence stage.
- 32 I propose to:
- revert the Class 1 and 6 learner and restricted licences to a period of validity of ten years (the same as Class 1 and 6 full driver licences) when a licence-holder successfully renews their time-limited licence
 - remove the 90-day time restriction on renewal, allowing these licence holders to renew their licence any time before expiry (aligning to other driver licences)
 - remove the requirement for the licence holder to re-sit and pass the relevant theory test
- 33 These changes would effectively remove all 2014 and 2019 amendments to the Driver Licensing Rule. Making these changes will positively impact those on a learner or restricted licence and other licence holders. The changes will:
- reduce frequency of renewal, cost³ and access issues for drivers on a learner or restricted licence.
 - remove pressure from the driver testing system which was likely to create further capacity issues, resulting in other driver licence holders facing further delays for their testing.
- 34 Waka Kotahi and the Ministry of Transport considered a number of other options to address this issue. Revoking the time-limited licences policy is my preferred option,

³ The cost will be reduced from \$65.80 to \$43.90 (the same cost as renewing a full licence).

details of the other options considered can be found in the attached regulatory impact statement.

Revoking the time-limited licences policy is not expected to adversely impact safety

- 35 The 2014 Amendment Rule sought to address pooling and encourage people to progress through the GDLS. It was noted that licence 'pooling' was not an existing safety concern.
- 36 There is no clear safety rationale or data available to demonstrate the safety impact of the time-limited licence policy.
- 37 Waka Kotahi has advised that it does not have the data to confirm whether the time-limited licence policy has had any impact on road safety outcomes. Waka Kotahi has advised that revoking the time-limited licences policy will have a neutral safety impact. As such, I do not believe that the proposed amendments will adversely impact the government's road safety objectives.
- 38 Safety impacts of driver licence pooling is being considered as part of the regulatory review of the GDLS. This review aims to reduce barriers to progression through the GDLS while maintaining safety outcomes.
- 39 These changes will mean that to renew their licence learner and restricted licence holders will need to go to a driver licensing agent, pay the renewal fee, pass a vision test and will then be issued with a new licence with a 10-year validity period.

A broader review of the GDLS will address barriers to progression

- 40 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.
- 41 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. This work is being led by the Ministry of Transport and Waka Kotahi, New Zealand Transport Agency.
- 42 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.
- 43 The proposal to revoke the time-limited licence policy aims to reduce the immediate barriers to renew a learner or restricted driver licence. It will ensure that the 103,880 time-limited licence holders whose licences expire between 1 December 2021 and December 2023 can renew their licences. 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.
- 44 I expect to report back to EET with an update on this piece of work later this year.

Next steps for progressing the amendment to the Driver Licensing Rule

45 I have asked officials to ensure the amended Driver Licensing Rule is in force by 1 December 2021 when the first time-limited licences begin to expire. Table 1 below shows the necessary timeline.

Table 1: Timeline for Amending the Driver Licensing Rule

Action	Date
Drafting instructions issued to PCO and consultation material prepared	17 August 2021
Consultation (4 weeks + allowing two weeks for any extensions requested)	13 September – 8 October 2021 (or 22 October if required)
Final drafting instructions to PCO	5 November 2021
Oral update to Cabinet following consultation	8 or 15 November 2021
Signing the Amendment Rule	22 November 2021

46 I intend to direct Waka Kotahi to undertake a four-week consultation on the proposed amendment to the Driver Licensing Rule.

47 I intend to finalise this rule without reference back to Cabinet, unless there is substantial policy change following consultation. This aligns with my delegated authority under the Land Transport Act 1998 to make transport rules. However, I will provide an oral update to Cabinet following consultation.

Financial Implications

48 Implementing this Rule change will require public communications and system changes to Waka Kotahi’s Driver Licence Register. The cost of these changes will be \$528,400.

49 Waka Kotahi expects to save around \$400,000 as a result of the proposed change, as the cost of each time-limited licence is greater than the revenue generated. The \$400,000 saving will be used for debt management purposes⁴.

50 To address discrepancies between fees and associated costs across its business, Waka Kotahi has a fee and funding review underway. This includes consideration of the fees associated with driver licensing. I expect to bring consultation documents to Cabinet in November 2021.

51 

Commercially in confidence

⁴ In March 2021 Cabinet agreed to a \$50 million extension to Waka Kotahi’s regulatory loan to support core regulatory uplift, this was an extension to the original \$45 million loan approved by Cabinet in September 2019. This loan will need to be paid back by 2030.

52 The Agents will both be directly engaged on the proposed amendment to the Driver Licensing Rule.

Legislative Implications

53 I propose to amend the Land Transport (Driver Licensing) Rule 1999 (Driver Licensing Rule) before 1 December 2021 when the time-limited licences begin to expire.

Waiving the 28-day rule

54 I am seeking Cabinet's agreement to waive the 28-day rule that regulations must not come into force until at least 28 days after they have been notified in the *New Zealand Gazette*. The rationale for waiving the 28-day rule is that it only confers benefits to the public. The Rule Amendment positively impacts those on a learner or restricted licence and other licence holders as it reduces the cost, time pressure for renewal and access issues created by the time-limited licence requirements, and it will free up system capacity for other driver licence holders

55 If Cabinet does not agree to waive the 28-day rule, it will not be possible to have an amendment in force by 1 December 2021. If the amendment is published on 23 November but comes into force after 28 days, there will be approximately 3,346 time-limited licence holders whose licences expire in December, that will be left with the following options:

- sit the relevant theory test, pay the higher cost and renew their licence to receive a new time-limited licence
- become ineligible to drive but not renew their licence until the amendment comes into force (this could have enforcement implications if people continue to drive during this time)
- look to progress to the next licence stage, further contributing to and being impacted by the system capacity issues.

Impact Analysis

Regulatory Impact Statement

56 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.

Climate Implications of Policy Assessment

57 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirmed that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

Population Implications

58 Driver licences are essential to enabling social and economic opportunities, young people (aged 16-25) are three times more likely to secure employment if they have a full or restricted licence.

- 59 Revoking the time-limited licence policy will make it easier for people to renew their licence. This is because it reduces the cost, time pressure associated with renewal and access issues created by the time-limited licence requirements, and it will free up system capacity for other driver licence holders. Some individuals may renew their licence before the amended Rule comes into effect. These individuals will sit and pay for a theory test and be re-issued with a 5-year learner or restricted licence. However, when they progress to the next stage of their licence or renew their licence they will be subject to the amended provisions of the Rule and receive a ten-year licence.
- 60 Subject to Cabinet agreement, the public will become aware of the proposed Rule change through consultation in September 2021. Once the Amendment Rule comes into effect, Waka Kotahi's initial focus will be contacting eligible licence holders whose licences expire in December 2021 and January 2022 to ensure they are aware of the changes.

Treaty of Waitangi Implications

- 61 Waka Kotahi will reflect the principles of the Treaty of Waitangi and work with Māori to reduce traffic offences in Māori communities.

Human Rights

- 62 There are no human rights implications in this paper.

Consultation

- 63 The following departments have been consulted on this paper, Waka Kotahi, the Treasury, Ministry of Social Development, Ministry for Primary Industries (Rural Communities), New Zealand Police, Ministry of Justice, Ministry of Education, Te Puni Kōkiri, Ministry for Women, Department of Internal Affairs, Ministry for Pacific Peoples and Accident Compensation Corporation.
- 64 The Department of Prime Minister and Cabinet has been informed of this paper.

Communications

- 65 Waka Kotahi will publish the draft Amendment Rule for a 4-week consultation and will engage with key stakeholders⁵ on the proposed change.

Proactive Release

- 66 I intend to proactively release this paper within 30 working days of Cabinet's consideration.

Recommendations

I recommend that the Committee:

- 1 **note** that in 2014 the Land Transport (Driver Licensing) Rule 1999 was amended (the 2014 Amendment) to introduce the time-limited licences policy for Class 1 (car) and Class 6 (motorcycle) learner and restricted licences
- 2 **note** that the 2014 Amendment introduced a:

⁵ Key stakeholders include the Automobile Association, Vehicle Testing New Zealand, New Zealand Police, New Zealand Institute of Driver Educators, Driving Change Network.

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- reduced the validity for a learner or restricted Class 1 or Class 6 licence of five years (from ten years)
 - restriction that a learner or restricted Class 1 or Class 6 licence could not be renewed prior to the expiry date
 - requirement that a learner or restricted Class 1 or Class 6 licence holder had to pass a relevant theory test to renew their licence.
- 3 **note** that the policy intent behind the 2014 Amendment was to encourage people to progress to their full licence
- 4 **note** that in 2019, the Land Transport (Driver Licensing) Rule 1999 was amended to extend the expiry date of time-limited learner and restricted licences by two years (the 2019 Amendment), and enable licence renewal 90 days prior to the expiry date
- 5 **note** that the time-limited licence policy, and subsequent amendments, have not addressed non-progression (or pooling)
- 6 **note** that (as at 12 July 2021) approximately 103,880 time-limited licences will begin to expire from 1 December 2021
- 7 **agree** to revoke the time-limited licences policy, which will result in the Minister of Transport amending the Land Transport (Driver Licensing) Rule 1999 to:
- revert the Class 1 and 6 learner and restricted licences to a period of validity of ten years (the same as Class 1 and 6 full driver licences) when a licence-holder successfully renews their time-limited licence
 - remove the 90-day time restriction on renewal, allowing these licence holders to renew their licence any time before expiry (aligning to other driver licences)
 - remove the requirement for the licence holder to re-sit and pass the relevant theory test.
- 8 **note** that the proposed amendment will have neutral safety impacts, and the original rule was not introduced for safety reasons
- 9 **note** the Minister of Transport's intention to implement the revocation of the time-limited licences policy by amending the Land Transport (Driver Licensing) Rule 1999, without further reference to Cabinet unless contentious issues arise or new policy decisions are required as a result of developing the Rule.
- 10 **note** the Minister of Transport's intention to direct Waka Kotahi NZ Transport Agency to commence a 4-week consultation on the proposed amendment to the Land Transport (Driver Licensing) Rule 1999
- 11 **agree** to waive the 28-day rule to enable the amended Land Transport (Driver Licensing) Rule 1999 to come into force prior to 1 December 2021, when time-limited licences begin to expire
- 12 **note** that the amendments proposed in this paper will address an immediate issue
- 13 **note** the Education, Employment and Training Ministers Group (EET) is overseeing a cross-agency review which includes investigation of the barriers to progression

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through the graduated driver licensing system and will consider regulatory, operational or funding changes to improve entry into and progression while maintaining road safety outcomes

Authorised for lodgement

Hon Michael Wood

Minister of Transport

PROACTIVELY RELEASED BY
TE MANATŪ WAKA MINISTRY OF TRANSPORT