

# DRIVER LICENSING REVIEW

## DISCUSSION PAPER

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19 April 2016

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# MINISTER'S FOREWORD



Driver licensing is a key element of New Zealand's 'safe system' approach to road safety. To obtain a licence, a driver must prove they know how to operate a vehicle safely, abiding by the rules of the road.

Delivering better public services to businesses and enabling New Zealanders to complete their government transactions easily in a digital environment is one of the Government's top priorities. This discussion paper outlines a range of improvements that will achieve these objectives by modernising the driver licensing system, making it more efficient and ensuring it remains fit for purpose.

New Zealanders have an increasing expectation that they will be able to complete transactions with both businesses and government agencies online. Each year 294,000 New Zealanders renew their driver licence. This discussion paper outlines options to move the driver licence renewal process online, which will make it much more convenient and easier for New Zealanders. The Government's free RealMe identification service could be used for providing information about identity for licence renewals in the way that it is now used for passport renewals.

Because a fit for purpose licensing system is crucial to the effective operation of businesses, the review also considers changes and improvements for the road transport industry.

I am well aware of concerns about the availability of properly trained heavy vehicle drivers. That is why this discussion paper looks at whether the process of becoming a heavy vehicle driver can be streamlined, without compromising safety.

I'd like to thank the stakeholder reference group members that have contributed to the development of these proposals and have already provided feedback to the Ministry of Transport and the NZ Transport Agency. Your assistance is valued and plays an important role in shaping these proposals.

I encourage you to read the suggestions contained in this discussion paper and make a submission about the areas that interest you.

A handwritten signature in blue ink, appearing to read 'C Foss'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**Hon Craig Foss**  
Associate Minister of Transport

# PURPOSE

## Introduction

We want to make the driver licensing system work better for New Zealanders, so we are proposing some changes. This discussion document is your opportunity to have a say about the changes we are proposing

## How you can have your say

Our ideas are not fixed. We'd like to know if you support the proposed changes or if you think we could do things differently.

In this paper, we describe each of the changes, and our reasons for proposing them, and then ask a brief set of questions to guide your feedback. Please give reasons for your answers, as this will help us to understand your views. You can either:

- complete an online submission at <http://www.transport.govt.nz/dlr> and choose which sections you'd like to answer; or
- send us a written submission addressing the questions in this document that you wish to answer. Please use the submission template available on [www.transport.govt.nz](http://www.transport.govt.nz).

Please email your written submission to [dlr@transport.govt.nz](mailto:dlr@transport.govt.nz) with the words **DLR Submission** in the subject line.

Or post it to: Driver Licensing Review Submissions, PO Box 3175, Wellington 6140.

The deadline for submissions is **5pm, Thursday 2 June 2016**.

Background papers related to this discussion paper, including preliminary cost benefit analyses, and other research papers are available at <http://www.transport.govt.nz/dlr>.

## How your submission will be treated

The Ministry of Transport and the NZ Transport Agency review team will consider your response, along with other responses from the public, the transport sector and other interested organisations.

Following your feedback, the review team will develop recommendations on driver licensing reform for the Government to consider.

A summary of submissions will be published on the Driver Licensing Review page at <http://www.transport.govt.nz/dlr>. This summary may include the names of the organisations or individuals that made submissions. It will not include their contact details.

## Confidentiality

Once you make your submission, anyone can request it under the Official Information Act 1982.

If you do not want your submission released (or aspects of it), please advise us what you want withheld, and why, at the time you make your submission.

The Ministry of Transport, in consultation with the NZ Transport Agency, will decide whether it is required to release or to withhold information under the Official Information Act. Requesters can appeal any decision to withhold information through the Ombudsman.

Further information about the release of information is available at <http://www.ombudsman.parliament.nz>

# ABOUT THE REVIEW

## Why change is needed?

New Zealand's driver licensing system is vital for people and businesses. Having a driver licence enables people to be mobile and connected, improves their employability and social outcomes, and facilitates the distribution of goods. A review of the licensing system has confirmed that its core policies are sound but there are things we could do to improve it without compromising the core requirements for road safety. This discussion document addresses our proposals for change in three parts:

### **Part 1 Moving to a digital licensing environment**

### **Part 2 Supporting a more productive commercial driving sector**

### **Part 3 Standardising regulatory requirements and reducing compliance costs**

Focusing on enhancements in these areas will improve the way New Zealanders access services and complete their transactions with the Government. We have been careful to ensure that the proposals we have developed will either maintain or improve road safety outcomes - the Government has been clear that any changes to the driver licensing system must not have negative impacts on road safety.

## Summary of the proposals in the discussion paper

### **Moving to a digital licensing environment**

The Government is committed to improving public services for New Zealanders. One of the Government's 'better public services' goals is to enable New Zealanders to complete their transactions with government easily in a digital environment. Each year 294,000 New Zealanders renew their driver licence. Increasingly they are expecting to be able to do this online, in a similar manner to passport renewal. To facilitate this we need to take a fresh look at some of the requirements for licence applications, such as repeated eyesight testing.

### **Supporting a more productive commercial driving sector**

The transport sector has raised concerns that the current heavy vehicle driver licensing system is complex and can be costly. We have looked at ways to make the progression from a Class 2 licence to a Class 5 licence smoother, for example, by removing some learner licence classes in favour of supervised driving. We also consider whether the Accelerated Licence Process should be retained, given the low uptake from drivers.

### **Standardising regulatory requirements and reducing compliance costs**

The Government is committed to better regulation, which includes reviewing existing regulation in order to identify and remove requirements that are unnecessary, ineffective or excessively costly. Our training and education requirements for 'special-type vehicle' licence endorsements are duplicated in Health and Safety legislation, so we propose to discontinue some endorsements. We have also reviewed the stand-down requirements for the (P) Passenger endorsement.

Some of the requirements in the Land Transport (Driver Licensing) Rule 1999 need updating because they are overly complex and hard to understand. We propose to standardise speed restrictions for tractors and agricultural motor vehicles. We also propose tightening some provisions that relate to approved course providers.

## Legislation

New Zealand's driver licensing requirements are set out in the Land Transport Act 1998, the Land Transport (Driver Licensing Rule) 1999 and the Land Transport (Driver Licensing and Driver Testing Fees) Regulations 1999.

The Driver Licensing Rule will need to be amended if the Government decides to progress some of the proposals in this discussion paper. We will also need to look at associated fees and charges to make sure they are in step with the proposed changes.

# PART 1

## MOVING TO A DIGITAL LICENSING ENVIRONMENT

The Government is committed to improving public services for New Zealanders. One of the Government's 'better public services' goals is to enable New Zealanders to complete their transactions with government easily in a digital environment. Being able to complete licensing transactions online or by using a mobile phone app will allow people to transact with government at a time that is convenient for them and is less costly.

Currently, most driver licensing processes require a person to visit a driver licensing agent, but some licensing transactions may lend themselves to an online environment. To apply for a licence, licence endorsement or to renew a licence, a driver must visit a driver licensing agent to:

- complete an application form
- present evidence of identity
- prove that their eyesight meets the required standard
- provide a medical certificate (if required)
- let the agent take a photo and signature
- pay the renewal application fee.

With the exception of eyesight testing, most of these processes could be completed online, though we would need to ensure that an online system is accessible to everyone, including those in remote rural areas where internet access can be restrictive. The Government's RealMe identification service could be used for providing information about identity for licence renewals, similar to the way that it is now used for passport renewals.

Below we examine whether the requirements for repeated eyesight testing at each licence transaction are necessary.

### Requirements for vision testing

- **Licence applications and renewals require vision testing at a licensing agent or the production of an eyesight certificate to the licensing agent**
- **Good vision is important for safe driving but requirements for repeated vision testing may be unnecessary**

People applying for licences or licence endorsements, or renewing licences (except older drivers and commercial drivers who have vision checks through the medical fitness process) must pass a vision check at a driver licensing agent or provide an eyesight certificate to the licensing agent as part of their application.

The requirement for a vision check at each application means that drivers under the Graduated Driver Licensing System (GDLS) can be tested up to three times in nine months. This requirement for repeated vision testing is not based on the actual risk of a person's vision changing during the period and is particularly inconvenient and costly for applicants who are required to provide an eyesight certificate with their applications.

### Is regular vision screening necessary?

Good vision is important for safe driving and almost all jurisdictions comparable to New Zealand require a vision test at entry into the licensing system. This is appropriate, as it is a time when a person must pass various tests to demonstrate their fitness to drive. However, the benefit of regular on-going vision testing as part of each driver licensing application is less clear. No other jurisdiction comparable to New Zealand requires

repeated vision tests at every stage of the GDLS.

Policies about re-testing vision at licence renewal also vary across jurisdictions. New Zealand is one of four jurisdictions in Australasia that requires vision testing at every licence renewal, along with New South Wales, the Australian Capital Territory and the Northern Territory. Other Australian states and many other international jurisdictions only have age-related vision testing requirements that start between ages 70 and 80. In the United Kingdom and Victoria, vision testing at renewal is only required if a condition affecting safety to drive is declared or reported.

We conducted two studies to examine the safety benefits of vision testing. In the first study we examined the crash rates of a sample of over 7,400 drivers who failed a vision check at a licensing agent and were then required to wear contacts or glasses while driving. We found that the crash rates of these drivers before and after failing the vision check and being required to wear contacts or glasses were virtually the same.

In the second study we looked at the crash rates of drivers in the three-year period before they renewed their licences. We found that there was no difference between the crash rates of drivers who failed the eyesight test at renewal and those who passed.

The studies show that there is no discernible safety benefit to be gained from repeated eyesight testing as part of the driver licensing process. Reasons for this may be that people compensate for vision complications by driving more carefully, for example only during daylight hours. More information on our eyesight crash risk study can be found at <http://www.transport.govt.nz/dlr>.

## Options Assessment

We think it is important that people have their eyesight tested on entry into the licensing system. But we don't think repeated testing is necessary. The options below both propose reducing the frequency of eyesight testing for drivers on the basis that repeated testing produces no additional safety benefit but introduces unnecessary compliance cost. Option One includes a requirement for drivers to make a declaration at renewal that their vision is adequate for driving or that they are managing any vision deficiency by wearing contact lenses or glasses. This recognises that drivers have an individual responsibility to ensure that their vision is adequate for driving and to take action if they are in doubt.

<b>Option One:</b> <ul style="list-style-type: none"><li>• <b>Only require first-time driver licence applicants to have a vision test at a driver licensing agent or provide an eyesight certificate; and</b></li><li>• <b>Require all driver licence applicants renewing their licences to make a declaration that they are not aware that their vision has deteriorated since their last renewal, or any deterioration is being managed by wearing corrective or contact lenses.</b></li></ul> (Commercial and older drivers will continue to have vision checks through the medical fitness process).	
<b>Potential Gains</b> <p>Maintains road safety – every driver's eyesight is tested before they are licensed to drive.</p> <p>Consistent with international practice.</p> <p>Reduction in costs for driver licence applicants required to gain an eyesight certificate.</p> <p>Reduces barriers to online driver licensing.</p> <p>Reduces the length of the 'in-person' licensing process for the majority of applicants</p>	<b>Potential Risks and Implications</b> <p>A small number of general drivers may have undetected vision problems.</p>

**Option Two:**

**An applicant who has provided an eyesight certificate for a licence application within the last 5 years does not need to have their vision rechecked**

(Commercial and older drivers will continue to have vision checks as part of the medical fitness process).

This option would remove repetitive testing of vision for drivers progressing through the Graduated Driver Licensing System but would still require most people to have their vision tested at each licence renewal.

**Potential Gains**

Maintains road safety – every driver’s eyesight is tested before they are licensed to drive.

Removes unnecessary duplication of vision screening and costs, especially for those who are required to provide numerous eyesight certificates.

**Potential Risks and Implications**

Places a limit on the pool of drivers who can renew online. Only of real benefit to drivers progressing through the Graduated Driver Licensing System

**Estimated benefits**

A preliminary cost benefit analysis (CBA) by independent advisers, Castalia Strategic Advisers, estimated the benefits over the costs of Option One at between \$12.1 and \$13.7 million present value over 20 years (the CBA is available at <http://www.transport.govt.nz/dlr>). These savings are mainly time savings for people, such as removing the need to travel to a driver licensing agent.

We expect that the uptake of online driver licence renewals will be low if drivers continue to be required to visit a licensing agent for a vision screening test or to provide an optometrists certificate. This is because it will be more convenient to complete the other aspects of the licence application process at the licensing agent at the same time as the eyesight test or delivery of the eyesight certificate.

The CBA also looked at the estimated costs and benefits of enabling online renewals. The analysis found that the Information Technology investment to enable online licence renewal might cost \$6.4 million present value over 20 years. The estimated benefit of online driver licence renewal is estimated at between \$22.3 to \$26.1 million present value over 20 years. The majority of the savings are time savings, such as removing the need to travel to a driver licensing agent for renewals, processing savings, and administrative savings from rationalising licensing branches.

**Preferred option for vision testing for driver licences**

Our preferred option is Option One, which requires only first-time driver licence applicants to have a vision test at a driver licensing agent or provide an eyesight certificate. This will ensure that people entering the licensing system, particularly young people, are tested to ensure their visions is safe for driving. It will also allow opportunities to deliver online driver licensing services to be realised, which will save drivers time and money. Older drivers and commercial drivers will continue to have regular eyesight tests as part of their medical assessments.

The requirement to make a declaration at renewal is to prompt applicants to consider whether their eyesight may have deteriorated since they last renewed their licence and to take action if they are in doubt.

**Changes to the Driver Licensing Rule to support online licensing**

Some changes to the Driver Licensing Rule are needed to support a move to online licensing. The Driver Licensing Rule currently specifies the way in which requirements for driver licensing applications must be processed, rather than simply setting out the requirements to get a driver licence. The benefit of a prescribed statutory process is that it provides certainty about the procedure for processing a licence application.

Keeping the licence requirements intact but allowing flexibility in how, and the order in which, they are fulfilled would facilitate the design of a more user-friendly online driver licensing system. We propose to remove the application process order requirements in the Driver Licensing Rule and only list the pre-requisites that must be satisfied for a licence application. We note that process requirements of this nature are not commonly specified in detail in statutory regulations.

### Questions for your submission

1. Which option for frequency of vision testing do you prefer? Why?

- Option One: Only require first-time driver licence applicants to have a vision screening test at a driver licensing agent or provide an eyesight certificate (excluding commercial and older drivers), and require people renewing their licence to make a declaration that they are not aware their vision has deteriorated since their last renewal, or is being managed by wearing corrective or contact lenses.
- Option Two: Applicants who have provided an eyesight certificate within the last 5 years do not need to have their vision rechecked (excluding commercial and older drivers).

2. Is there another option you prefer? Why?

## PART 2

# SUPPORTING A MORE PRODUCTIVE COMMERCIAL DRIVING SECTOR

The Government is committed to developing a licensing system that is customer focused and saves users and the Government time and money. By making the system easier to understand and negotiate we can reduce costs and improve compliance without compromising road safety outcomes.

We have heard from the sector that there are concerns about the complexity of the heavy vehicle licensing system and that the costs of progressing from a Class 2 to a Class 5 licence act as a disincentive for drivers or transport companies to invest in obtaining higher licence classes.

This section looks at streamlining progress between licensing classes for truck drivers without compromising road safety. In this section we:

- look at options for simplifying the pathway between the Class 2 and Class 5 licences, and reducing compliance costs
- review the Accelerated Licence Process to see if it should be retained.

### Overview of heavy vehicle licensing in New Zealand

New Zealand has a graduated driver licensing system (GDLS) for drivers of heavy motor vehicles. The GDLS ensures that licensed drivers have the skills and experience required to drive safely on our roads, having progressed from one licence stage or licence class to the next.

To drive heavy motor vehicles in New Zealand drivers need a Class 2, 3, 4 or 5 licence. Each licence class covers different vehicle types and weights, with Class 2 being the lightest and Class 5 the heaviest truck and trailer combination. You need the right licence for the vehicle you want to drive.

Each heavy vehicle licence class has a learner phase and entry prerequisites. At each learner licence phase, applicants aged under 25 years must have held a lower full licence class for at least six months before progressing to a higher licence class. If you are aged 25 or older, you can apply for the next class of licence after 3 months or, if you successfully complete an approved course, apply when you have completed the course.

At the full licence phase, there is no age distinction. All applicants have two options – either wait six months in the learner phase and sit a practical driving test, or complete an approved course and progress when you have completed the course.

The majority of heavy vehicle applicants (of all ages) complete an approved course to gain a full licence.

### Comparison with overseas heavy vehicle licensing systems

New Zealand and Australia are the only countries that have a graduated licensing system that emphasises gradually accumulating experience in smaller vehicles before ‘graduating’ to unrestricted driving in heavier vehicles and combinations. Most other jurisdictions (US, Canada and Europe) combine a minimum age requirement with a robust theoretical and practical assessment regime and relatively intensive training. An additional feature in the US and Canadian systems is the emphasis on a clean driving record in the two or three years before a licence application is made.

A more detailed literature review covering heavy vehicle safety and different countries approach to heavy vehicle driver licensing is available at <http://www.transport.govt.nz/dlr>.

## Simplifying the pathway from the Class 2 licence to the Class 5 licence

- There are concerns in the transport sector that the heavy vehicle driver licensing system is too costly and complex, and it takes too long to progress from Class 2 to Class 5.
- The system could be simplified, and compliance costs could be reduced, by removing some learner licence classes in favour of supervised driving.
- The practical test pathway and the approved course pathway need to be strengthened to ensure that drivers who take different pathways achieve the same level of competency.

### Areas for improvement

#### ***Heavy vehicle driver shortage***

The transport sector has raised concerns that the current heavy vehicle driver licensing system is unnecessarily complex, and it takes too long to progress from Class 2 to Class 5, resulting in high costs to applicants and industry, which may be a barrier to driver supply.

We have found that 60 percent of drivers progressing from a Class 2 learner licence to a Class 5 full licence take more than 25 months. However, once drivers have obtained their Class 2 full licence, most progress through the remainder of the heavy vehicle licensing system relatively quickly. For example, seventy-four percent of drivers going from a Class 2 full licence to a Class 5 full licence take less than 11 months. This may suggest that the current time requirements (up to 6 months depending on age) are not responsible for the slow progression from a Class 2 learner to a Class 2 full and that other factors, such as access to practical driving experience or driver choice may have a role in accounting for the progression delays.

#### ***Inadequacy of practical driving tests for Classes 2 to 5 and the practical test pathway***

The current practical driving test for Classes 2 to 5 is a 30 minute test, including a 20 minute on-road driving assessment. It is based on a test used since 1970 and mainly focuses on vehicle handling skills, rather than a driver's perceptual and hazard recognition skills when driving a heavy vehicle in traffic. The short test duration means that only a limited number of factors are assessed in the test. It also limits the test to less congested areas. Factors that are not tested include the ability to unhook or decouple trailers for Classes 3 and 5, and to load vehicles safely and securely.

#### ***Cost of approved courses for Classes 2 to 5***

The transport sector has advised that the total cost of using the approved course process, estimated at \$3,000, for progressing from Class 2 to 5, acts as a disincentive for drivers or transport companies to invest in obtaining higher licence classes.

The majority of full licence applicants choose to complete an approved course to avoid having to wait six months to be allowed to sit the practical test. During the 5-year period ending 2013, 84 percent of applicants for a Class 2-5 full licence achieved their licence by completing an approved course. Taking the course costs approximately \$1,000 to \$1,200 per course, compared to \$60 to sit a practical test. Both options require some investment in training a driver, for example, learning to drive a truck outside of a course or before doing a practical test.

The sector has also advised us that there are concerns that some of the approved courses available may not be as robust as they could be, or may need updating.

### Options Assessment

There are a number of ways to streamline the current licensing requirements in ways that reduce costs and ensure we have safe and competent heavy vehicle drivers and these are set out in the options discussed in the following page. In summary:

- each option, except the status quo, proposes to remove Class 3 from the licence pathway, as it is rarely used
- Options 2 and 3 focus on making the practical test and approved course pathways consistent by removing the minimum time on a learner licence for those who sit the practical test. Options 2 and 3 also focus on introducing an enhanced practical test to ensure all licence candidates have undertaken appropriate learning and practise
- Option 3 proposes removing the 4L and 5L learner licence classes (while retaining the Class 5 theory test) and allowing drivers to begin learning to drive the next highest licence class under supervision (this is the approach taken in Australia)
- Option 4 introduces the option of a direct route from Class 2 to Class 5 for drivers aged over 25, which would involve an enhanced approved course and practical test requiring at least 80 hours training and supervised practise.

**Option One: Status quo – two pathways for progressing to a Class 5 licence, namely the practical test pathway and the approved course pathway**

Key features:

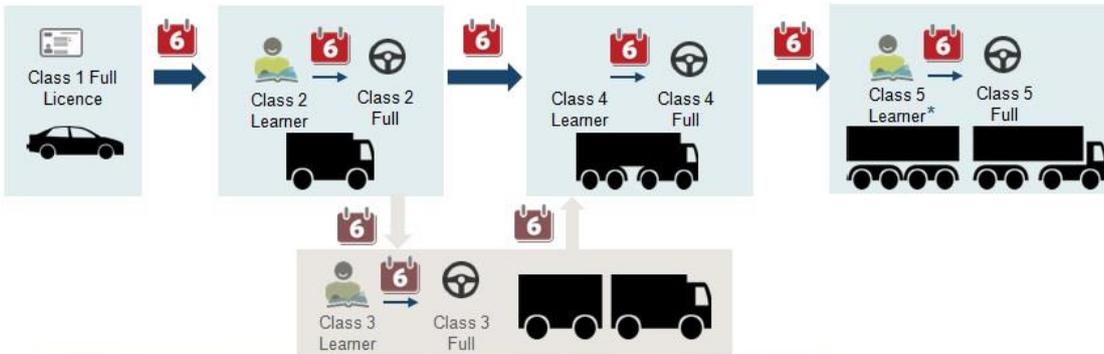
- a graduated licensing system of four licence classes, with associated learner classes. Drivers progress from smaller, lighter vehicles to heavier and more complex vehicle types and combinations
- age-specific requirements, with minimum time requirements for under 25s of six months from one full licence class to the next
- for over 25s, a minimum time of three months from the Class 2 full licence stage to the next learner licence stage, with no minimum time between stages when an approved course is completed
- all applicants (regardless of age) graduating from a learner licence to a full licence using the practical test pathway wait six months in each learner licence phase
- all applicants (regardless of age) graduating from a learner licence to a full licence progress with no minimum wait time when an approved course is completed.

<b>Benefits of the status quo</b>	<b>Potential Risks and Implications</b>
<p>Step-by-step progression to highest licence class</p> <p>Retains the availability of Class 3 for the small number of drivers who specifically want it</p> <p>Those who do not need Class 5 can stop at any licence class, without incurring additional costs</p> <p>Allows drivers as young as 19 to drive the heaviest combination vehicle</p> <p>Safety risks of under 25s are managed by minimum time on lower full licence classes (2 full and 4 full)</p> <p>No change required to licence classes and no IT changes</p> <p>Costs to applicants remain the same.</p>	<p>Inadequacies of current practical tests and courses remain</p> <p>Lost opportunity to make additional safety and efficiency gains</p> <p>Concern from the transport sector about time taken to progress to a Class 5 and associated costs, which may contribute to a shortage of truck drivers</p> <p>Safety risks of under-25s managed by minimum time requirement.</p>

The following diagrams outline the current (Status Quo) options for progressing through the heavy vehicle licence classes for drivers under 25.

## Option 1: Status Quo

### Under 25 years - Practical test pathway



#### Key features

- Progression is from Class 1 to Class 2, Class 4, and Class 5 (Class 3 is not required as part of progression to Class 5)
- Progression involves 2 theory tests (2L and 5L) and 3 practical tests (2, 4, and 5)
- Minimum time of 6 months between classes is to allow some driving experience before moving to a higher class of learner licence
- Minimum time of 6 months in learner phases is to allow time for learning to drive with a supervisor before attempting a practical test
- Minimum time to progress from a Class 1 Full licence to Class 5 is 36 months
- Minimum age for a Class 1 driver (at 17½ years) to obtain a Class 5 Full licence is 20½ years

\*If pass theory test Class 3 Learner, no theory test Class 5 Learner

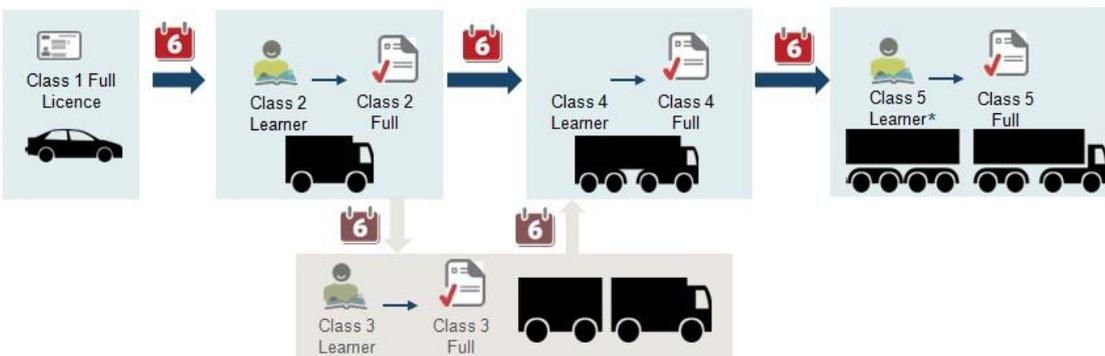


Theory test



Practical test

### Under 25 years – Approved course pathway



#### Key features

- Progression is from Class 1 to Class 2, Class 4 and Class 5 (Class 3 is not required as part of progression to Class 5)
- Progression involves 2 theory tests (2L and 5L) and 3 courses (2, 4, and 5)
- Minimum time of 6 months between classes is to allow some driving experience before moving to a higher class of learner licence
- Minimum time to progress from a Class 1 Full licence to Class 5 is 18 months
- Minimum age for a Class 1 driver (at 17½ years) to obtain a Class 5 Full licence is 19 years

\*If pass theory test Class 3 Learner, no theory test Class 5 Learner



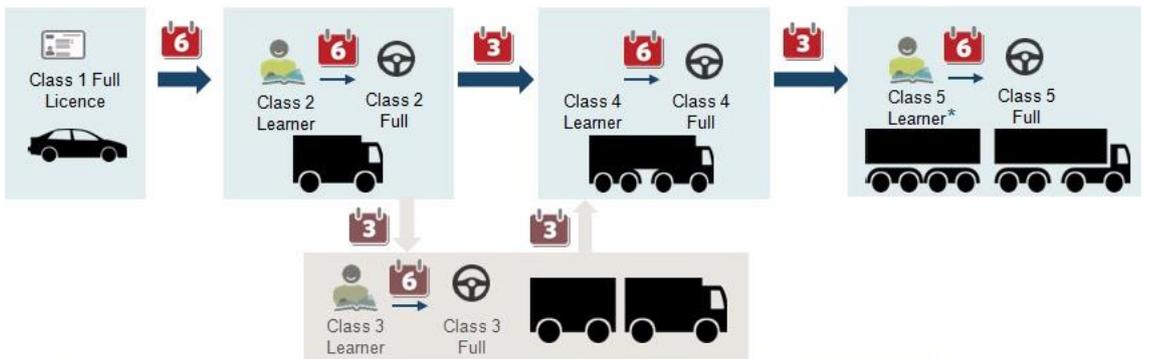
Theory test



Approved course

The following diagrams outline the current (Status Quo) options for progressing through the heavy vehicle licence classes for drivers over 25.

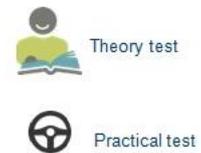
### 25 years and over - Practical test pathway



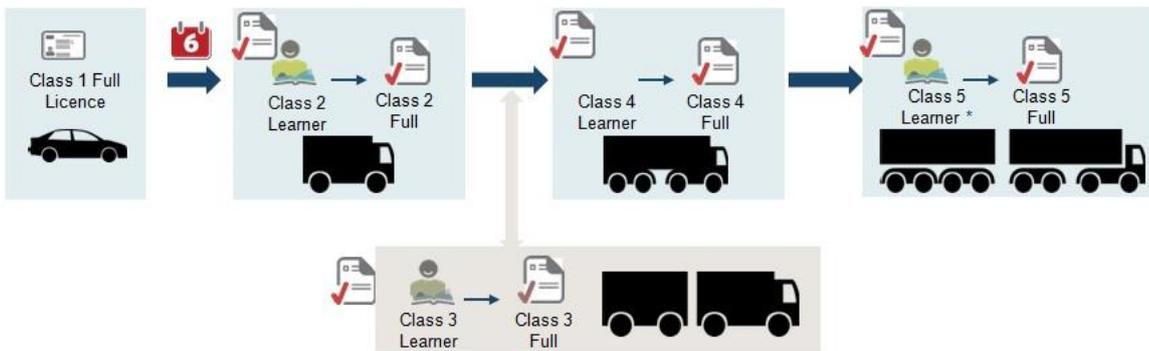
#### Key features

- The main difference for drivers 25 years and over is that they have a shorter minimum time of 3 months between classes from Class 2 (compared to 6 months for under 25)
- Progression is from Class 1 to Class 2, Class 4, and Class 5 (Class 3 is not required as part of progression to Class 5)
- Progression involves 2 theory tests (2L and 5L) and 3 practical tests (2, 4, and 5)
- Minimum time of 6 months in learner phases is to allow time for learning to drive with a supervisor or before attempting a practical test
- Minimum time of 3 months between classes (from Class 2) is to allow some driving experience before moving to a higher class of learner licence
- Minimum time to progress from Class 1 Full licence to Class 5 is 30 months
- Minimum age for someone who holds a Class 1 Full licence at 25 years to progress to a Class 5 Full licence is 27½ years

\*If pass theory test Class 3 Learner, no theory test Class 5 Learner



### 25 years and over - Approved course pathway



#### Key features

- Progression is from Class 1 to Class 2, Class 4, and Class 5 (Class 3 is not required as part of progression to Class 5)
- Progression involves 2 theory tests (2L and 5L) and 6 courses (2L, 2, 4L, 4, 5L and 5)
- Minimum time of 6 months between Class 1 and Class 2L is to allow some experience driving a car licence before learning to drive a truck; no other minimum time applies
- Minimum age for someone who obtains a Class 1 Full licence (at 25 years) to progress to a Class 5 Full licence is 25½ years plus time taken to complete all courses

\*If pass theory test Class 3 Learner, no theory test Class 5 Learner



## Option Two: Remove the Class 3 licence, strengthen practical tests and remove the wait period before practical testing

Key features:

- retains all current licence classes except Classes 3L and 3. Class 3 would be incorporated into Class 5
- strengthens practical tests and courses and ensures competency regardless of the pathway taken
- removes the six-month wait on the learner licence phase before sitting each practical test.

### Potential Gains

Minimal change and cost; easy to understand/publicise.

Continued benefits of the GDLS for progressing to heavy combination vehicles.

No additional cost for drivers wanting just a Class 2 licence.

Safety risks of under 25s continue to be managed by minimum time on lower full licence classes.

Safety gains from enhanced practical tests and approved courses.

Removes a total of 18 months wait time within classes for those taking the practical test pathway.

Lower cost for applicants who choose the practical test pathway; transport companies and applicants will be able to internalise training costs.

Savings for the NZ Transport Agency from not having to maintain the tests and approved courses for Class 3.

### Potential Risks and Implications

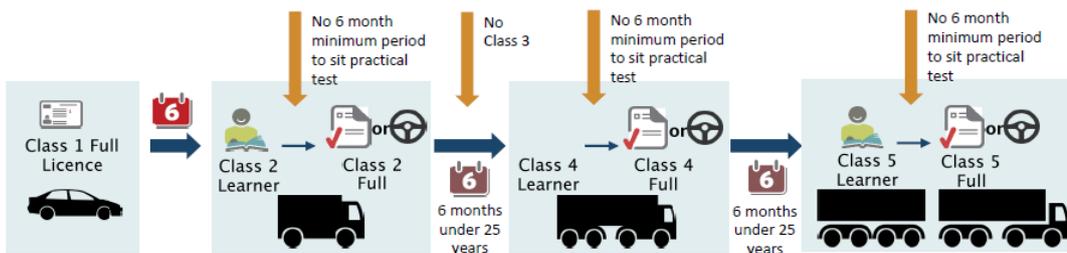
Possible higher failure rate from enhanced practical tests.

Relies on enhanced practical tests to make sure applicants have the required competencies.

Costs associated with enhancing tests and approved courses and IT changes to remove the minimum time before a practical test is undertaken. May affect driver licensing and driver testing fees.

Transitional arrangements for existing Class 3 licence holders would need to be considered.

## Option Two: Remove Class 3, strengthen practical tests, and remove wait period before practical tests



### Key features

- Removes Classes 3L and 3
- Strengthens practical tests
- Removes 6 months minimum time to sit practical test (reduces 18 months minimum time Class 2L to Class 5)
- Practical tests and courses on a par
- Under 25 years: Minimum time to progress from Class 1 Full licence to Class 5 is 18 months
- 25 and over: Minimum effective age to progress from Class 1 Full licence to Class 5 is 25½ years plus time taken to pass test or complete course



**Option Three: Remove some learner licence classes (while retaining the Class 5 theory test) and allow drivers to begin learning to drive the next highest licence class under supervision**

Key features:

- removes Classes 3L and 3, which are rarely used and not part of the progression between Classes 2 and 5
- removes learner Classes 4L and 5L, and associated approved courses. Allows full licence holders in lower classes to drive a vehicle in the next higher licence class under supervision
- strengthens practical tests and approved courses to ensure competency regardless of the pathway taken
- removes the six-month wait for a practical test for all drivers to align with the approved course pathway
- retains the minimum time of six months in each of the lower full licence classes for under 25s and removes the minimum time of three months in each of the lower full licence classes for 25 and over
- introduces a theory test to obtain a Class 5 licence, in light of the proposed removal of Class 3

**Potential Gains**

Lower cost for applicants from removing Class 3 and learner licence applications for classes 4 and 5

Cost savings from not having to maintain class 3 licence classes, approved courses and tests.

Time and cost savings from alignment of practical tests and approved courses by removing wait time.

Retains the minimum wait time in lower classes for under 25s to ensure younger applicants have sufficient experience driving lighter vehicles before progressing.

Improved safety from enhanced practical tests and courses.

**Potential Risks and Implications**

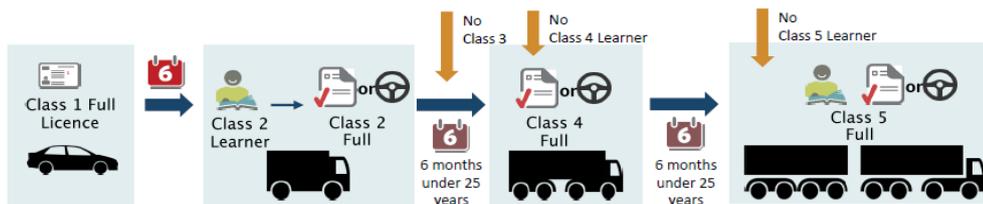
Relies on enhanced practical tests to make sure applicants have the required competencies.

Requires establishment of a new penalty to ensure compliance with the requirement for supervised driving.

Costs associated with enhancing tests and courses may affect driver licensing and driver testing fees.

No change for under 25s except enhanced practical tests and courses and removal of wait time for practical tests.

## Option Three: Remove some L stages



### Key features

- Removes Classes 3L, 3F, 4L and 5L
- Allows holders of a lower full licence class to drive vehicle in next class up if supervised (e.g. Class 2 driver can drive Class 4 vehicle, if supervised by someone who holds that licence)
- Removes 6 months of minimum time for sitting a practical test
- Practical tests and courses on a par
- Retains minimum time when progressing from Full to next Learner stage, i.e. 6 months for drivers under 25 years
- Under 25 years: Minimum time to progress from Class 1 Full licence to Class 5 is 18 months
- 25 and over: Minimum effective age to progress from Class 1 Full licence to Class 5 is 25½ years plus time taken to pass test or complete course



## Option Four: Direct progression from a Class 2 full licence to a Class 5 full licence for drivers 25 years and over

Key features:

- an optional pathway for drivers who want to progress quickly to a Class 5 licence
- manages increased risks from a significant change in vehicle weight limits
- significantly strengthened practical tests and enhanced approved courses for the licensing process
- practical test pathway and approved course pathway will require a level of supervised driving experience of between 80-270 hours
- on and off-road testing to manage risks of drivers with limited experience sitting the practical test
- mandatory minimum driver training with an approved course provider
- proof of mandatory minimum supervised driving experience, recorded in an approved logbook
- a clean safe driving record required (without disqualification, licence suspension, and not more than 50 demerit points) in the 24 months immediately before application.

### Potential Gains

Reduced number of licence applications and associated costs.

No minimum time for getting a Class 5 licence.

Enhanced tests and courses ensure applicants have required competency

Supervised driving requirement ensures applicants have sufficient practice before starting solo driving.

Mandatory driver training to ensure proper training.

Clean driving record ensures applicants are safe drivers.

### Potential Risks and Implications

Safety concerns with significant difference in vehicle weight and types of vehicles permitted from one licence class to another. Would require significant training investment to manage.

High investment and costs of training and supervision.

Costs of strengthening tests and courses and system/IT changes to be recovered.

Resources needed to verify driving experience.

Low uptake due to unwillingness to pay higher costs of intensive training and investment.

## Option Four: Express pathway to Class 5

### 25 years and over only



### Key features

- Would not apply to drivers under the age of 25 years because it would license them one year earlier
- Would be a discrete pathway for accelerating between Class 2 and Class 5
- Retains existing pathways for drivers who wish to drive, e.g. only Class 4
- Requires a clean driving record for 24 months (less than 50 demerit points)
- Practical test pathway would require a level of supervised driving experience before being able to sit test - between 80 and 270 hours
- Approved course pathway would require a level of supervised driving experience - between 80 and 270 of learning/experience.



## Other options

We looked at other some other options for streamlining the heavy vehicle licence pathway but rejected them because we determined that they would have a negative impact on road safety. They included:

- reducing the age of differentiation between heavy vehicle licensing processes from 25 years to 21 years
- allowing younger drivers to gain a Class 5 driver licence earlier than at present.

## Estimated benefits

A preliminary cost benefit analysis by independent advisors, Castalia Strategic Advisors, estimated the costs and benefits of Option Three (to shorten the progression from Class 2 to Class 5), as having net benefits of between \$24.3 and \$44.3 million over 20 years. The net benefits assessment takes into account additional costs related to the increased time needed to prepare to pass a strengthened practical test. Safety impacts and truck utilisation impacts are not quantified.

## Preferred option

Our preferred option is Option Three: Remove some learner licence classes (while retaining the Class 5 theory test) and allow drivers to begin learning to drive the next highest licence class under supervision. Our main reasons for preferring this option are that:

- it removes the six-month wait for a practical test for all drivers to align with the approved course pathway
- it reduces compliance costs by removing some licence classes (Classes 3L/3, 4L and 5L).

Option Three is expected to maintain safety, although there may be a risk of increased unsupervised driving of vehicles that could have negative safety outcomes. We will do further work to estimate the risk of driving without a supervisor by looking at the experience of countries that use this type of approach.

### Questions for your submission

1. Which option relating to streamlining of the heavy vehicle licensing process do you support? Why?
  - Option One: Status quo – two pathways for progressing to a Class 5 licence, namely the practical test pathway and the approved course pathway
  - Option Two: Remove the Class 3 licence, strengthen practical tests, and remove the wait period before practical testing
  - Option Three: Remove some learner licence classes (while retaining the Class 5 theory test) and allow drivers to begin learning to drive the next highest licence class under supervision
  - Option Four: Direct progression from a Class 2 full licence to a Class 5 full licence for drivers 25 years and over.
2. Is there another option you prefer? Why?
3. If Classes 4L and 5L were removed, is there a risk of unsupervised driving of vehicles in the next licence class (for example, Class 2 full licence drivers driving a Class 4 vehicle without a supervisor)?
4. Are there any potential safety impacts from removing the waiting period for drivers using the heavy vehicle practical driving pathway?
5. Would an enhanced practical driving test fully or partially offset any safety impact?

## Reviewing the Accelerated Licensing Process

- **The Accelerated Licensing Process provides a way for drivers under the age of 25 to be fast tracked between Class 2 and Class 5 licences.**
- **There are doubts that the scheme is producing safe drivers**

This section looks at whether the Accelerated Licensing Process (ALP) for heavy vehicle drivers should be retained, modified or discontinued.

### Background

Under the current heavy vehicle licensing system, it takes a minimum of 12 months for a driver under 25 to gain a full Class 5 licence from a full Class 2 licence and 24 months if the driver does not undertake approved courses.

The ALP is a way that drivers employed by an approved company can go from a Class 2 full driver licence to a Class 4 or Class 5 full licence more quickly. For drivers under the age of 25, the ALP provides the only scheme for drivers under 25 to be fast-tracked between Class 2 and Class 5.

The ALP was developed as a pilot programme in response to sector concerns about labour supply. It also recognises and rewards companies that invest in driver training and supervision. Trialled as a pilot project between 2003 and 2011, it was formalised in the Driver Licensing Rule in 2011 before coming into force in 2012.

The core elements of the ALP process are that the driver:

- is from a company that is approved for ALP
- meets licence pre-requisites (such as holding a full Class 1 licence for a period of time)
- passes a preliminary assessment (multi-choice questions)
- drives subject to certain conditions while under supervised driving, for example, no more than eight hours cumulative driving in a day
- completes 60 hours of supervised driving
- undertakes an assessment of driving skills
- completes 200 hours of unsupervised driving
- undertakes a practical driving assessment.

Since the programme was trialled, 188 drivers have completed the ALP and around 140 companies have used the scheme. In the last two years, however, less than ten applicants have applied under the scheme. There have been several recent attempts to promote the ALP scheme but with little improvement in uptake. Possible reasons for this are that:

- it may be less costly and less time consuming for drivers aged 25 years and over to use the approved course process, rather than use the ALP
- the system may be seen as bureaucratic and time-consuming
- companies want more experienced drivers because of the high capital cost of a Class 5 truck and trailer
- some companies have become approved course providers as an alternative to using the ALP
- companies may not want to invest in a driver through a streamlined process that subsequently moves on to other driving employment.

## Driver safety

There are some indications that the ALP may not be producing safe drivers who comply with transport laws, although because of the small numbers it is not possible to compare their offending rates with those of general heavy vehicle drivers to determine if they are better or worse in terms of their offending. Eleven drivers who have passed through the ALP programme have been convicted of serious driving offences.

To compensate for the early exposure to more challenging driving that the ALP provides, a four-hour assessment process was put in place to thoroughly test that applicants had developed the necessary competencies. However, given the crash risk of drivers under 25 is double that of other drivers, it is unclear if the assessment process is adequate to manage the increased road safety risk of early exposure to driving higher classes of vehicle. The safety risks could increase if the ALP was more widely used by drivers under the age of 25.

## Overseas practice

No examples of company-based heavy vehicle driver licensing schemes were found. The United Kingdom had a scheme but removed it when its licensing system was harmonised with the European Union.

## Proposed approach

Our preferred approach is to remove the ALP from the Driver Licensing Rule because it is rarely used, and because the level of serious offending and serious accidents indicates there may be safety issues with the streamlined process.

<b>Proposed Approach: Remove the Accelerated Licensing Process</b>	
<b>Potential Gains</b> Removes costs of running a rarely used scheme. Maintains or improves road safety.	<b>Potential Risks and Implications</b> No fast-track process for drivers under 25 to reduce the minimum time from a Class 2 full to Class 5 full licence.

## Other options

We have discounted options that would significantly reduce the requirements under the ALP, such as reducing the hours of supervised driving from 200 to 30 hours, because it is unlikely to maintain road safety. We also note that if proposals discussed in this paper relating to streamlining the progression from Class 2 to Class 5 licences are introduced for drivers 25 and over, it is likely this would further reduce the uptake of the ALP.

## Estimated benefits

A preliminary cost benefit analysis by independent advisors, Castalia Strategic Advisors, estimated the costs and benefits of removing the Accelerated Licensing Process at \$76,000 present value over 20 years and also avoided safety risks from inexperienced drivers.

### Questions for your submission

1. Do you support the proposed approach? Why?
2. Is there another option you prefer? Why?

## PART 3

# STANDARDISING REGULATORY REQUIREMENTS AND REDUCING COMPLIANCE COSTS

Some aspects of the Driver Licensing Rule that relate to 'special-type' vehicles such as forklifts and tractors are overly complex and difficult to understand, which makes compliance and enforcement difficult. Each year the NZ Transport Agency receives nearly 5,000 calls querying which licence class is needed for driving a particular vehicle. Licence holders incur time, costs and inconvenience from not being able to easily understand the law.

In this Part we look at the endorsements currently required to drive 'special-type vehicles' and ask if they can be streamlined, or in some cases, removed. We propose that the rules relating to speed restrictions for these vehicles when they travel on the road are simplified and aligned.

We consider the endorsements required to drive a bus, small passenger service vehicle (e.g. a shuttle or taxi) or other vehicle that carries passengers for a fare and ask whether there is scope to reduce the amount of time an applicant must hold a full licence before they can get a (P) Passenger endorsement.

We also look at ways to address an anomaly in the Driver Licensing Rule relating to the automatic renewal of general licences for drivers who hold (P) Passenger, (I) Driving Instructor, (O) Testing Officer, or (D) Dangerous Goods endorsements.

### Review of the requirements for licence endorsements for drivers of 'special-type vehicles'

- **Specialised knowledge and training is required to drive 'special-type vehicles', such as forklifts, bulldozers, and combine harvesters, and drivers of these vehicles need to complete specific courses and/or qualifications to receive an endorsement to drive them**
- **The risks associated with the safe operation of special type vehicles are largely occupational safety related, not road safety related, as they are not often driven on the road.**
- **Under workplace health and safety legislation, employers have a duty to provide training, instruction and supervision in relation to the safe operation of vehicles. This duplicates the requirements of the NZ Transport Agency's licence endorsement programme.**

A 'special-type vehicle' is defined in the Driver Licensing Rule as any motor vehicle that is a forklift, runs on rollers, runs on self-laying tracks, or runs on wheels but is not a passenger vehicle, a trade vehicle, a tractor, a fire engine, or a vehicle recovery service vehicle. A person who drives a special-type vehicle on a road must hold an appropriate vehicle endorsement in addition to a licence.

To apply for a Forklift, Roller, Tracks or a Wheels endorsement, a person must hold a New Zealand full licence (other than a Class 6 motorcycle licence) that authorises them to drive motor vehicles of an equivalent gross laden weight to the special-type vehicle the person intends to drive. For example, a Class 1 driver licence holder can drive a forklift that has a gross laden weight of not more than 18,000kg, whereas a Class 2 licence is required to drive a forklift with a gross laden weight of more than 18,000kg.

In addition, a driver of a special-type vehicle must provide evidence that they have completed an appropriate approved course that teaches the specialist knowledge and skills required to use the special-type vehicle on the road. The NZ Transport Agency approves courses for special-type vehicles.

The current courses are largely theory-based. There are separate courses for each of the four categories of special-type vehicle. To operate more than one category of special-type vehicle, a person must get more than one special-type vehicle endorsement. Training for the skills to drive a specific vehicle is generally done on the job.

A driver does not need to hold an endorsement if the vehicle is not driven on the road, e.g. where a forklift is only used in a warehouse.

## **Safety of special-type vehicles**

Special-type vehicles such as forklifts, and those that run on rollers or self-laying tracks (e.g. bulldozers), are rarely driven on the road. Some may be driven short distances between worksites although, in general, other vehicles transport them from place to place. This means, their on-road use is a low road safety risk - the key risk arises from impatient drivers wanting to pass them because of their low speed.

The risks associated with the safe operation of forklifts and vehicles that run on rollers and tracks are largely occupational safety related, not road safety related.

Special-type vehicles that require drivers to hold a Wheels endorsement are more varied and include all vehicles that run on wheels that are not passenger vehicles, trade vehicles, tractors, fire engines or vehicle recovery service vehicles. They include combine harvesters, grape harvesters, mobile cranes and front end loaders. Wheeled vehicles may be driven on the road more frequently than forklifts or vehicles that runs on rollers or tracks and are capable of being driven at higher speeds.

## **Duplication of training**

The majority of special-type vehicle training is needed for health and safety matters, such as ensuring spatial awareness. Drivers need little specialised road safety training because the vehicles are not often driven on the road, and because drivers are already required to hold a licence appropriate for the weight of the vehicle they are driving.

Under the Health and Safety at Work Act 2015, vehicles are a 'workplace'. This places a duty of care on employers to maintain safe vehicles and to provide information, training and instruction necessary to safely operate the vehicles. In the case of forklifts, this has led to the development of an approved code of practice that outlines the standard of training that should be provided to forklift drivers.

As employers have an obligation under Health and Safety legislation to train drivers to safely use special-type vehicles, including driving them on the road, we think the requirement for separate endorsements for these vehicles is not necessary.

## **Proposed Approach**

Our preferred approach is to remove the requirements in the Driver Licensing Rule for special-type vehicle endorsements for forklifts, rollers, tracked vehicles such as bulldozers, and wheeled vehicles such as combine harvesters because it is unnecessary to have two regulatory systems governing their operation. This approach will reduce compliance costs for drivers.

Any perceived risk that removing these endorsements would erode workplace health and safety controls, and lead to poor health and safety outcomes, can be managed by providing additional education and information to employers about their responsibilities under Health and Safety legislation to ensure that workers are provided with adequate training to eliminate or minimise any risks.

**Proposed approach: Remove the requirement for drivers of special-type vehicles to hold relevant endorsements**

Drivers of special-type vehicles are forklifts, rollers or that run on self-laying tracks or on wheels would no longer be required to hold the relevant type of endorsement.

The Driver Licensing Rule would retain current provisions requiring drivers to hold a licence that authorises them to drive motor vehicles of an equivalent class, e.g. a Class 2 licence for a vehicle with a gross laden weight of more than 18,000 kg.

**Potential Gains**

Reduces duplication between the endorsement system and health and safety legislation requirements.

Reduces compliance costs for drivers (e.g. costs of applying for a special endorsement and a course).

Recognises that the level of training for road safety in current training courses is limited and is appropriately provided by employers - on-site training will result in operators receiving individual training on the actual vehicle they will be using.

Regulates key safety risks (workplace fatalities) using the right regulatory framework.

Maintains road safety.

Reduces cost to the NZ Transport Agency of monitoring courses and course providers.

**Potential Risks and Implications**

Current holders may wish to keep their special endorsement because they qualified for it (though this could be supported with a transitional measure).

A perceived risk that health and safety controls would be reduced. This could be managed by reinforcing the obligations on employers to provide relevant training to ensure the health and safety of employees and others at the workplace.

**Estimated benefits**

A preliminary cost benefit analysis by independent advisors estimated the costs and benefits of removing the forklifts and wheels endorsements. The result was system change costs of about \$1.5 million and savings from avoiding endorsement course costs of \$3.7 million present value over 20 years.

**Questions for your submission**

1. Do you support the proposed approach? Why?
2. Is there another option you prefer? Why?

## Speed restrictions for tractors and ‘special type vehicles’

- **The Driver Licensing Rule specifies different maximum speeds for tractors that are agricultural vehicles versus other tractors and ‘special-type vehicles’**
- **There is no evidence to support the speed differentiations in the Rule**

In 2013, Schedule 3 of the Driver Licensing Rule was amended to increase the maximum speed for agricultural vehicles from 30 kph to 40 kph, although the 30kph speed limit for other types of vehicles (e.g. tractors other than agricultural tractors and special-type vehicles) remained unchanged. Schedule 3 now has seven driver licensing requirements for vehicles that can travel up to 30 kph and four for vehicles that can travel up to 40 kph. The different speed limits allow a heavier vehicle to be driven on a lower licence class or licence stage class.

We have found no evidence to support the speed differentiations in Schedule 3. The *Agricultural Transport Legislation Review*, completed in 2012, noted that this issue would be addressed in the Driver Licensing Review. The *Review* also noted that a low speed creates the risk of open road rear end crashes, and raising the speed limit may reduce this risk.

### Proposed approach

Our proposed approach is to amend Schedule 3 so that references to a speed limit of 30 kph increase to 40 kph.

#### Proposed approach: Standardise all speed restrictions to a speed limit of 40 kph

##### Potential Gains

Improves clarity for users of vehicles that have a single applicable speed limit under Schedule 3.

Improves road safety by reducing the speed difference between the affected vehicles and other vehicles travelling at higher speeds.

Aligns with other requirements that apply to agricultural vehicles licensed to operate at a speed not exceeding 40kph (for example, exemption from licence fees, periodic vehicle inspection, and road user charges).

##### Potential Risks and Implications

Potential risk of increased safety harm from increased speed for heavier vehicles, although any harm that did occur is expected to be minor.

### Questions for your submission

1. Do you support the proposed approach? Why?
2. Is there another option you prefer? Why?

## Simplifying the rules for tractors that can be driven on a Class 1 licence

- **The regulations that govern the weight and type of tractors that can be driven by the holder of a Class 1 licence are difficult to understand, comply with and enforce**
- **There is no evidence that there are different safety issues associated with the use of agricultural versus non-agricultural tractors that justifies different regulatory treatment.**

The licence required to drive a tractor is dependent on:

- licence stage, for example, Class 1 learner, restricted or full licence
- use of the vehicle, whether for agricultural or non-agricultural operations
- the weight of the vehicle

Schedule 3 specifies that a Class 1 restricted licence is required for driving a tractor that has a gross laden weight of up to 4,500 kg or a combination vehicle that has a gross combined weight of not more than 4,500 kg (this includes a tractor towing a trailer). A Class 1 restricted licence is also required for an agricultural tractor that has a gross laden weight up to 18,000 kg or a combination vehicle (consisting of an agricultural tractor and agricultural trailer) that has a gross combined weight of up to 25,000kg.

There are further tractor weight and combination requirements for a full Class 1 licence. The various requirements are difficult to understand and comply with and difficult to enforce. There is no obvious rationale for distinguishing between different types of tractor use because agricultural tractors and other tractors have a low risk of road safety crashes. Most tractors travel at lower speeds and are infrequently driven on the road.

### **Proposed approach**

We propose to simplify the Schedule 3 licensing requirements to remove the regulatory differences between the agricultural and non-agricultural tractors that can be driven on a Class 1 licence. This approach assumes the standardisation of speed limits discussed in the previous section.

Under the proposed approach, Class 1 licence holders will be authorised to drive any tractor with a gross laden weight of more than 6,000kg but not more than 18,000kg, or a combination vehicle (consisting of a tractor and trailer) with a gross combined weight of not more than 25,000kg, if driven at a speed not exceeding 40 km/h.

**Proposed approach: Simplify and align the licensing requirements for driving agricultural tractors and non-agricultural tractors using a Class 1 licence**

**Potential Gains**

Simplifies tractor provisions, making them easier to understand, comply with, and enforce.

Recognises that a large rigid tractor and a tractor towing a heavy trailer driven at low speeds generally has low safety risks and low crash exposure.

Recognises that there is no evidence to suggest that tractors used in agricultural operations are safer than those used in non-agricultural activity, and vice versa.

**Potential Risks and Implications**

Allows a non-agricultural tractor and trailer combination of up to 25,000kg (GCW) to be driven on a Class 1 restricted licence - a significant increase from the current 4,500 kg.

The vehicles could be driven using a Class 1 restricted licence at an effective minimum age of 16½ years.

Possible adverse effects on traffic flow.

**Questions for your submission**

1. Do you support the proposed approach? Why?
2. Is there another option you prefer? Why?

## Reviewing the ‘stand-down’ requirements for (P) passenger endorsements

- Before a driver can be granted a (P) passenger endorsement the driver must have held a New Zealand full driver’s licence (other than Class 6) for two years.
- This ensures young and overseas drivers gain experience driving in New Zealand before driving for a fare. It also provides a reasonable time period in which the traffic and criminal offending of overseas drivers can be monitored
- There are concerns in the sector that the two-year ‘stand-down’ has an adverse impact on the labour supply of drivers of passenger vehicles.

Before a person can be granted a passenger endorsement (for example, a small passenger service vehicle or bus driver), the applicant must have held a New Zealand full driver’s licence (other than Class 6) for at least two years. The passenger endorsement process includes a ‘fit and proper person’ check, which looks at whether the applicant has a good traffic safety record or has committed offences that might indicate a danger to passengers (for example, sexual offences).

The ‘stand-down’ period of two years between gaining a New Zealand full licence and applying for a passenger endorsement is in place to ensure that young drivers have sufficient experience as a full licence holder (for example, experience driving at night and driving with passengers) before driving passengers for a fare.

For overseas drivers, the two-year stand-down allows time for the drivers to gain driving experience on New Zealand roads and provides a reasonable period in which their traffic and criminal offending can be monitored. It also provides time for a medical practitioner who knows them to provide a medical certificate.

Some issues have been identified with the stand-down requirement. There are concerns that it may restrict the supply of drivers of small passenger service vehicles and buses – in particular, the supply of bus drivers required to support the increasing use of public transport. Under the current rule, the effective minimum age for a passenger endorsement holder (bus driver or small passenger service vehicle driver) is 19 years and six months. There are also concerns that the stand-down requirement limits the ability of experienced overseas drivers to come to New Zealand and work in the sector.

### Overseas experience

New Zealand is similar to other countries that have a minimum period where a domestic licence is required before allowing a driver to become a small passenger service vehicle driver or a bus driver. For example, the United Kingdom has a minimum period of one year holding a full car licence before getting a small passenger service vehicle licence.

### Options assessment

<b>Option One: Status Quo - Drivers continue to be required to hold a full driver licence for at least two years before applying for a passenger endorsement.</b>	
<p><b>Benefits of the status quo</b></p> <p>Ensures drivers have experience as a full licence holder before carrying passengers for a fare.</p> <p>Allows time for overseas drivers to develop a driving history and experience on NZ roads.</p>	<p><b>Potential Risks and Implications</b></p> <p>May be a barrier to dealing with labour shortages.</p> <p>Limits the ability of experienced overseas drivers to come to NZ and work in the sector.</p>

**Option Two: Drivers can apply for a passenger endorsement after holding a full licence for one year, except drivers who convert overseas licences to NZ licences and drivers under the age of 25.**

<b>Potential Gains</b>	<b>Potential Risks and Implications</b>
<p>Ensures younger drivers have two years' experience as full licence holders before driving passenger vehicles.</p> <p>Allows time for overseas drivers to develop a driving history and experience on NZ roads.</p> <p>Maintains road safety by not allowing younger drivers to drive small passenger service vehicles earlier than at present.</p> <p>Allows potential passenger endorsement drivers to enter the sector one year earlier than now.</p>	<p>May be a barrier to dealing with labour shortages (for example, in particular bus drivers).</p> <p>Limits the ability of experienced overseas drivers of buses and small passenger service vehicles to come to NZ and work in the sector.</p> <p>Reduces the overall experience required by drivers who are not younger or overseas drivers</p>

**Other options**

We have not included an option to completely remove the requirement to hold a full licence for a minimum period, or to reduce the stand-down period to one year for all drivers, as is the case in some other jurisdictions (e.g. the United Kingdom). This is because we consider that, two years is necessary for younger drivers to develop experience driving at night and with passengers. Studies have shown that the severity of bus driver accidents is linked to the age of the driver. Similarly, one year may be insufficient time for overseas drivers to develop a traffic history in New Zealand, which might include charges and offences that could make them unfit to be a passenger endorsement holder.

We would welcome your thoughts on variations to the options we have provided, such as only requiring young drivers to submit to the two-year stand-down.

**Estimated benefits**

A preliminary cost benefit analysis by independent advisors, Castalia Strategic Advisors, estimated the costs and benefits of overseas and younger drivers (under 20 years old) holding a full licence for at least two years before applying for a passenger endorsement and at least one year for other drivers (Option Two). The reduction in time requirement would increase the risk that unsafe drivers receive a passenger endorsement. The option is estimated to have a net economic benefit of zero.

## Preferred option

Our preferred option is Option One: the Status Quo, because it ensures that younger drivers have sufficient time to develop their driving experience before driving passenger vehicles, and it allows time for overseas drivers to develop a driving history in New Zealand and experience on New Zealand roads.

### Questions for your submission

1. Which option relating to the length of time a full licence must be held before a driver can apply for a passenger endorsement do you support? Why?
  - Option One: Status Quo – Drivers are required to hold a full driver licence for at least two years before applying for a passenger endorsement.
  - Option Two: Drivers can apply for a passenger endorsement after holding a full driver licence for one year, except for who drivers who convert overseas licences to NZ licences and drivers under the age of 25.
2. Is there another option that you prefer? Why?

## Automatic renewal of general licences for some endorsement holders

- **Some 'general' licence holders with additional licence classes or endorsements can renew their general licences when they renew the endorsements if they have a photo driver identification card**
- **Passenger endorsement holders who drive buses and some other endorsement holders cannot automatically renew their general licences when they renew their endorsements because these endorsements are granted without requiring a photograph to be taken.**

Since 2011, most licence holders who obtain or renew an additional licence class or endorsement can also have their existing general licence renewed for 10 years at the same time. To enable that option, the rule states that the minimum requirements of the application for the additional licence or endorsement must also satisfy the minimum requirements for renewing the existing licence.

Those requirements include consideration of whether a medical certificate is needed, and the capture of a new photograph of the driver. (P) endorsement holders who drive 'small' passenger service vehicles, such as shuttles and taxis, have to update their photo driver identification card, so they meet the photograph prerequisite.

However, (P) passenger endorsement holders who drive 'large' passenger service vehicles, such as buses, are not allowed to have their general licences renewed for 10 years, since there is no capture of a photograph for renewing their (P) endorsement. Instead, they are still required to renew their general licence on its normal expiry date, which imposes additional compliance costs. This also applies to the holders of (I) Driving Instructor, (O) Testing Officer, and (D) Dangerous Goods endorsements. If these applicants were required to have their photograph taken when renewing their endorsement, they would also satisfy the requirement to qualify for an automatic renewal of their existing general licence(s).

### Proposed approach

Our proposed approach to address this inconsistency is to require a photograph to be taken when a driver renews a 'large' P, I, O or D endorsement. This will allow the driver's full Class 1 or 6 licence and any of Classes 2 to 5 licence(s) to be renewed at the same time. Our proposed approach is subject to analysis of whether the costs of implementing this system (e.g. IT and system costs) will significantly increase the cost of the endorsements. We think that if wider IT changes occur because of this review, the IT costs are likely to be marginal.

**Proposed approach: Require a photograph to be taken when a driver renews a 'large' P, I, O, or D endorsements, so that the driver's general licence(s) can be renewed at the same time.**

**Potential Gains**

Aligns large passenger service vehicle drivers with small passenger service vehicle drivers to allow for automatic renewal of their other general licence classes for 10 years.

Better aligns general licence renewal and endorsement renewal for I, O and D endorsements.

Reduces compliance costs.

**Potential Risks and Implications**

Nominal compliance cost - it takes two to three minutes to capture a photo.

Eliminates risk that licence expires before endorsement expires which would render an endorsement invalid.

Requires IT and system change costs.

**Questions for your submission**

1. Do you support the proposed approach? Why?
2. Is there another option you prefer? Why?

## Improving oversight of approved course providers

- **The Transport Agency approves individuals or organisations to deliver training courses covering advanced driving skills or endorsement related driving skills.**
- **The Driver Licensing Rule is unclear about our ability to manage course providers in the public interest, including suspending or revoking providers when necessary.**

The Driver Licensing Rule authorises 'approved course providers' to provide 'approved courses' for most driver licensing classes and endorsements, either as a requirement of gaining a licence or endorsement, or as an alternative to minimum time requirements. For example:

- an applicant for a Forklift endorsement must pass an approved course
- an applicant for a heavy vehicle licence can choose to do an approved course at several parts of the licensing process, instead of sitting a practical driving test.

We were asked to review the provisions in the Driver Licensing Rule for approved course providers because of concerns that there are insufficient powers in the Rule for managing the risks related to approved courses and approved course providers, for example, by issuing sanctions to protect the public interest.

We found that there are tools available for managing course approvals (the NZ Transport Agency may revoke course approval) but there are gaps in the Rule around managing approved course providers. At present, the gaps are addressed by *Statement of Approval* conditions, which are issued under the condition-making power in clause 102(2) of the Rule. A provider agrees to the conditions when becoming an approved course provider. We found that:

- the Driver Licensing Rule does not provide a power to immediately suspend or revoke approved course providers in the interests of public safety or to protect the public from fraud, misconduct or criminal activity
- the wording and clarity of clauses in the Rule relating to information requirements, application processing and approval, and suspension and revocation of approved course providers could be improved – the NZ Transport Agency can only suspend or revoke an approved course provider when it fails to address requirements arising from an audit or inspection.

More broadly, gaps in the regulatory framework include:

- absence of provisions for dealing with criminal activity, misconduct, poor behaviour, or suspected serious behaviour by approved course providers, for example, where an approved course provider fraudulently passes students who have not completed an approved course
- limited ability for the NZ Transport Agency to immediately suspend or revoke approved course provider status where providers have acted inappropriately, illegally or contrary to the conditions under which they have been approved.
- constraints in the Rule that only allow the NZ Transport Agency to revoke or suspend course provider approval if they fail to comply with any requirement under section 198 of the Land Transport Act 1998
- lack of offence provisions, for example, where a course provider's approval is revoked but they continue to teach an approved course, so that students pay for a course that is not recognised
- no provision requiring information on the history of applicants for approved provider status in relevant training and education contexts
- no provision authorising the Transport Agency to decline applicants on the basis of their history, conduct or behaviour, for example, where a provider lost approved course status in another sector because of fraudulent behaviour

- no ability to seek additional information from an applicant for an approved course.

To date, there have been no circumstances where the identified gaps in the Driver Licensing Rule have affected the NZ Transport Agency’s ability to take action. However, other training sectors have experienced problems with fraudulent course providers, and it could occur in the driver licensing sector.

## Proposed approach

Our proposed approach is to address the identified gaps in the Driver Licensing Rule to better manage risks related to approved course providers.

**Proposed approach: Amend the approved course provider provisions in the Driver Licensing Rule to better enable the NZ Transport Agency to manage risks associated with the conduct or behaviour of approved course providers.**

This option would amend the approved course provider provisions in the Driver Licensing Rule to provide the Transport Agency with the ability to:

- immediately suspend or revoke approved provider status where a provider has acted inappropriately, illegally or contrary to the conditions under which they are approved
- allow consideration of information on the history of the applicant in the approval process
- impose conditions on existing course providers
- seek additional information from applicants to be an approved course provider.

Amendments would also be sought to:

- clarify the power to revoke or suspend an approved course provider, subject to failing a direction arising from an audit or monitoring, similar to the power that already exists in relation to approved courses
- make it an offence to offer an approved course when not an approved course provider
- provide appropriate safeguards for approved course providers subject to sanctions, such as a right of review.

**Potential Gains**

Addresses identified risk management gaps relating to approved course providers.

Protects students from substandard service provision.

Maintains public expectations of appropriate action should problems with an approved course provider occur.

**Potential Risks and Implications**

Uncertainty for applicants due to consideration of their history and what may be relevant to an application.

## Questions for your submission

1. Do you support the proposed approach? Why?
2. Is there another option you prefer? Why?