

Chair

Cabinet Economic Growth and Infrastructure Committee

PROPOSALS TO ADDRESS DRIVER LICENCE POOLING

Proposal

1. On 24 September 2012 Cabinet, following consideration of a proposal to introduce R plates for drivers with restricted licences, invited me to report back to Cabinet, or EGI as appropriate, with revised proposals in respect of restricted licences including a proposal to introduce a limit on the length of time a person may hold a restricted licence [CAB Min (12) 34/8 refers].
2. I ask Cabinet to note proposals for amendments to the relevant land transport rules and regulations to:
 - introduce time limits for the holding of learner driver licences
 - introduce time limits for the holding of restricted driver licences
 - introduce R plates for holders of restricted licences
3. I seek Cabinet's agreement to:

either

 - a) agree that these changes should be proceeded with immediately

or

 - b) direct that a full analysis of these proposals, including consideration of operational matters and financial considerations, be undertaken as part of a full review of the Land Transport (Driver Licensing) Rule 1999 planned for 2013-2014.

Executive summary

4. On 24 September 2012 Cabinet invited me to report on proposals to address restricted licences, including a proposal to introduce a limit on the length of time a person may hold a restricted licence.
5. The Graduated Driver Licence system has three progression stages - learner, restricted and full licences. At present about 70 percent of all learner licence holders have held those licences for two or more years and 56 percent of all holders of restricted driver licences have held them for three or more years.
6. Non-progression through the Graduated Driver Licensing System can be seen as a threat to the system's integrity. Remaining on learner and restricted licences can also increase the likelihood of drivers not complying with the requirements of those licences and incurring infringements. However there is

no evidence that those who remain on learner and restricted driver licences have any higher risk of crashes.

7. Three proposals are advanced that could encourage movement through the system – introduction of time limits for the holding of learner and for restricted driver licences, and the introduction of R plates for holders of restricted licences. The impact of these measures is uncertain.
8. Implementing the proposals related to introducing time limits would take about two years and cost about \$2.8 million (mainly for development of required information systems). Given this timing and the identified costs, delaying final decisions until a full review of the Land Transport (Driver Licensing) Rule 1999 intended for 2013-2014 would reduce the risks of complicating the review and of committing to costs that may be altered because of the review
9. Cabinet is asked to decide whether changes should be made and the timing of any agreed changes. The options are to either proceed with agreed changes now or as part of the review of the Land Transport (Driver Licensing) Rule 1999.

Background

10. Safer Journeys, the Government's road safety strategy to 2020, aims to reduce the number of deaths and serious injuries on our roads. The Ministry of Transport, under the *Safer Journeys Action Plan 2011-2012*, has responsibility to investigate the following:
 - the introduction of maximum licence time limits for learner and restricted licences
 - the introduction of R plates for restricted licence holders.
11. The Graduated Driver Licence System (GDLS) is designed to manage the crash risk of novice drivers as they learn to drive. There are mandatory minimum time periods that must have been served before a novice driver can apply to move to the next stage of the GDLS¹. This allows novice drivers to acquire the required skills and experience under lower risk conditions before advancing to the next stage of the system.
12. There is no legal requirement for a novice driver to progress through the licensing system to obtain a full licence.
13. Not all drivers are progressing through the GDLS to obtain full driver licences. This has resulted in pooling at both the learner and restricted licence stages. Pooling is said to occur when people remain on their learner or restricted

¹ The mandatory minimum periods are 6 months for learner licences, and 12 or 18 months (depending on whether the driver completes an approved course) for restricted licences for drivers under the age of 25.

licences for well beyond the mandatory minimum time periods, without progressing to the next stage of the GDLS².

14. At present 205,810 (70 percent of all learner licence holders) and 173,129 (56 percent of all restricted licence holders) are pooling. Of these, 109,102 learner and 98,838 restricted licence holders have held their licences for more than 6 years. This equates to approximately 37 percent and 32 percent of all learner and restricted licence holders respectively.

Comment

15. It is intended that drivers progress through the GDLS to a full drivers licence. The aim is for drivers to do so in a graduated manner, demonstrating they have both the skills and the competence to drive safely under particular conditions. The required levels of supervision and restrictions reduce at each of the three stages in the licensing process until drivers have both the skills and the knowledge to drive safely and independently.
16. The GDLS system is credited with producing a significant drop in crashes, injuries and deaths. For drivers not to progress through the stages presents a challenge to the integrity of the GDLS. It is not intended that drivers remain at the learner or restricted licence stages, even if they comply with all the requirements and restrictions of those stages.
17. Further challenge to system integrity is produced from what are likely to be significant numbers of people driving outside the restrictions of licences. Surveys have consistently shown a willingness to breach the conditions of GDLS, especially among young drivers³.
18. Pooling can have negative consequences for drivers. If people are caught driving contrary to their licence conditions, they could be propelled into the criminal justice system for a technical breach of their licence conditions. During 2011 NZ Police reported over 10,300 breaches relating to restricted licence car drivers driving unaccompanied during the night-curfew hours⁴, and nearly 29,800 breaches where restricted licence car drivers were carrying passengers. There were also over 750 breaches reported where restricted licence car drivers had an unqualified supervisor.⁵
19. Pooling at the learner and restricted licence stage, while not consistent with the policy framework of GDLS, could have some road safety benefits. If people on their learner and restricted licence comply fully with the conditions of the licence, their exposure to risk would be limited.

² For this analysis, pooling is defined as spending 2 or more years on a learner licence and 3 or more years on a restricted licence.

³ Dorothy Begg, Shaun Stephenson: *Graduated driver licensing: the New Zealand experience* Journal of Safety Research 34 (2003) 99-105

⁴ The night-curfew hours are from 10pm to 5am.

⁵ To qualify as a supervisor, a person must hold and have held a full car licence for at least 2 years and be sitting in the front passenger seat or as close as practicable to the driver if no front seat is available.

20. Analysis of crash data showed that novice drivers are relatively safe during the learner period when they are driving under the supervision of an experienced driver⁶. The highest crash risk per driver period is in the initial 12 month period on their restricted licences, which is when they first begin solo driving.
21. The higher crash risk period during the restricted licence stage justifies a particular focus on restricted licence holders. A strengthened restricted licence practical test was introduced in February 2012 and is expected to lead to safer driving following obtaining a restricted drivers licence.
22. The reasons for licence pooling are not fully understood. Among young drivers a principal reason is because they “were too lazy or busy” to progress testing for the next licence phase, followed closely by having limited access to instructional driving, financial constraints and access to other transport options⁷. Other factors include a primary use of licences as forms of identification and licence holders leaving New Zealand and thus having no incentive to progress.

Policy proposals to address driver licence pooling

Proposal 1- Introduce time limits for learners and restricted drivers licences

23. Currently all licences have to be renewed every 10 years, irrespective of whether the licence held is a full, restricted, or learner licence. Having a licence time limit would mean reducing the period of time for which a learner or restricted licence is valid. This would reinforce the need for the driver to decide whether to progress to the next stage of the GDLS.
24. There are three main issues associated with implementing a licence time limit. The first issue is deciding how long the time limit for the restricted and learner licence will be. The second is determining who the time limit should apply to, and the third is what the licence holder must do when the time limit is reached.
25. For all implementation options, it is recommended that the same requirements apply to both learner and restricted licence holders. The NZ Transport Agency advises that if different requirements were to apply (such as different maximum time limits for learner and restricted licences) the complexity and cost involved in developing the information technology system would significantly increase.

Length of the licence time limit

26. In setting a licence time limit, a balance is needed 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.

⁶ This may also be due to the fact that learner licence holders may be driving less than those in the restricted period. For this analysis it was not possible to control for different amounts of driving in the learner and restricted periods.

⁷ John Langley et al (2012) *Nonprogression through graduated driver licensing: Characteristics, Traffic Offending, and Reasons for non-progression*, Traffic Injury Progression, 13:1, 7-13

27. Officials recommend that based on analysis, stakeholder discussions, and advice provided to date, potential licence time limits should be either a 3 or 5 year term. The system development costs are the same regardless of whether a 3 or 5 year term is chosen.
28. However, a 3 year maximum time limit is not recommended mainly because it would limit the capacity of learner drivers to get 120 hours practice before they move to the first 12 months of driving on a restricted licence. That is the period which has the greatest crash risk of any period in a driver's life.
29. Approximately 41 percent of drivers currently on learner and restricted licences have held their licence for more than 5 years. Five years aligns with other maximum periods that already apply in the driver licensing system (such as the validity period for some endorsements and medical certificates).
30. A 5 year licence time limit is recommended because in addition to being in line with other maximum periods, it is considered to be a suitable balance between allowing adequate time for driver training and providing an incentive for the licence holder to progress to the next licensing stage.

Who should the time limit apply to?

31. Officials recommend that any maximum time limit applies only to learner and restricted car and motorcycle licence holders, and not to learner heavy motor vehicle licence holders. This is because heavy motor vehicle licence holders have not been shown to contribute to the licence pooling issue, and have a very high level of licence progression.
32. Applying a time limit to all new and existing licence holders would require changing the expiry date on the licence card for existing licence holders. This would be costly and complex to administer, as every existing licence holder would need to be contacted and have their licence card changed. This option is not recommended because not all addresses the NZ Transport Agency holds are current. As a result of the inability to notify many existing licence holders of the need to change their status many licence cards would have the incorrect licence expiry date. This would affect police officers, insurance companies and vehicle hire companies who all rely on the expiry date to complete their work.
33. Applying the time limit to all new licence holders, and those existing licence holders when their licence is renewed is the recommended option. This is the easiest option to implement and the most cost effective. It would gain significant coverage after 5 years, and near full coverage after 10 years, by which time all current licences will have expired, and will have the new time limit applied to them.

What happens when the time limit expires, and the licence holder has not progressed?

34. Currently, when a learner or restricted licence reaches the 10 year expiry limit, the licence holder must pay a fee of \$43.90 to have the licence renewed⁸. There is no requirement to demonstrate maintenance of the skills and competencies upon which the licence is based. This is relatively inexpensive for the licence holder and does not provide a significant incentive for progress to the next licence stage.
35. When implementing a shorter licence time limit, officials recommend payment of a fee combined with a requirement to pass a theory test that is relevant to the licence held. This approach is not as administratively complex as requiring licence holders to sit all relevant tests (a theory test would not require advance booking), and is likely to still provide enough incentive for the licence holder to want to progress to the next stage to avoid the theory test. It also ensures that these licence holders remain knowledgeable of the road rules.

Proposal 2 - Require restricted licence holders to display R plates on the vehicle they are driving

36. This would be similar to the current requirement that applies to learner licence holders who have to display L plates on their vehicle. The penalty for failing to display R plates would be the same as for failing to display L plates (i.e. a \$100 infringement fee and 25 demerit points).
37. Introducing R plates for restricted licence holders could have the following benefits:
 - increasing awareness of the restricted licence conditions amongst parents and peers
 - enhancing enforcement efforts relating to licence condition breaches
 - providing an additional incentive for restricted licence holders to progress to a full licence once they have completed the mandatory minimum time period on their restricted licence
 - alerting other road users to the restricted licence holder's licence status so that they can make allowances for possible driving errors.
38. In particular the raised awareness of parents and peers is expected to increase the social pressure from parents and peers to comply with their licence conditions. A recent study⁹ has shown that many parents of restricted licence holders either did not know what the restricted licence conditions were or they did know but did not enforce the conditions.
39. R plates would impose little additional cost to restricted licence holders. It is likely that the costs of R plates would be in line with the current of costs of purchasing L plates, which sell for around \$10 a pair from NZ Automobile

⁸ \$60.50 for an older driver licence renewal – applies to drivers over 75 years of age referred by their doctor.

⁹ *The New Zealand Driver Study*, Injury Prevention Research Unit, University of Otago.

Association outlets. People could reduce these costs by making their own R plates providing that these conform to the required design specifications¹⁰.

40. Because the costs of this proposal to restricted licence holders are low, only two fewer crashes involving injury a year would be needed in order to obtain a break-even situation of benefits and costs.
41. The main risk associated with a requirement to display R plates is that this requirement could be easily breached as R plates are easy to remove. There is evidence that the current L plate requirement is being breached. In 2011, NZ Police detected almost 26,000 offences for failing to display L plates. If a similar number of R plate offences were detected this could add to an additional \$2.6 million in infringement fees being applied to young drivers.
42. This risk could be mitigated by the current efforts to increase awareness of young driver crash risk by involving parents or supervisors in managing the restricted licence holder's driving situations and enforcement of the conditions.

Proposal 3 - Monitor effects of recent changes

43. There have been a number of recent changes that are likely to affect the numbers of pooled learner and restricted licences. Those changes include;
 - changes to the licensing system – minimum drivers age
 - a public awareness campaign “Don’t bail out” and the ‘Safe Teen Driver’ initiative for parents
 - the extension of Police SMART technology which allows easier checking of licence status and issue of notices where breaches are identified
44. The effects of these changes on driver behaviour have not been fully explored. It is expected that they will have some effects on patterns of progress through the GDLS. On its own, a ‘wait and see’ approach to the effects of these changes does not take any additional steps to address current compliance issues with the restricted licence conditions.

Financial implications

45. *Introduction of time limits for learner and restricted driver licences – NZ* Transport Agency estimates set up costs of \$2.75 million associated mostly with information systems developments. Ongoing costs are estimated at \$0.3 million per year. These costs would be recovered over a five year period with an increase of \$5.90 on the existing application fee for Class 1 & 6 licences (the new fee would be \$54.60).
46. *Introduce R plates –* The NZ Transport Agency would incur initial costs in the order of \$518,000 and on-going annual costs in the order of \$393,000. These

¹⁰ The NZ Transport Agency's website currently provides the design specifications for L plates to enable people to make their own. Design specifications for R plates could be similarly provided.

costs would cover necessary publicity, including notifying all existing restricted licence holders of the requirement to display R plates. Initial funding would involve reprioritising promotional activities within the Road Safety Promotion class of the National Land Transport Programme. Most of the ongoing costs are likely to be recoverable through fees.

47. The application of 25 demerit points as part of the penalty for R plate breaches will have down-stream cost impacts to the NZ Transport Agency for increased numbers of demerit warning letters and suspensions. Police do not anticipate significant increased costs.
48. There will be implications for the Ministry of Justice arising from non-payment of infringement fees being filed with the court for collection, prosecution of non-compliance with the requirements of licence conditions, from infringement related defended hearings, and denials or submissions.
49. R plates would cost drivers \$10 to purchase. Licence holders could make their own plates as is permitted with L plates.
50. *Monitor effects of recent changes in driver licence conditions* – this activity will be carried out within existing funding available to the Ministry of Transport and the NZ Transport Agency.

Timing for implementation of proposals

51. Introduction of R plates and time limits for learners and restricted driver licences are related approaches to addressing the issue of licence pooling. For that reason, and because of the number of recent amendments to licensing arrangements, it is probably best to introduce them together. The NZ Transport Agency reports that developing the operational arrangements, especially for information systems required for the introduction of time limits for learners and restricted drivers licences, is likely to take two years (partly because of current development commitments).
52. A full review of the Land Transport (Driver Licensing) Rule 1999 is intended for 2013-14. It makes sense to consider the wider review when reviewing options for reducing driver licence pooling.

Consultation

53. The Minister of Transport has agreed to the submission of the paper.
54. The following agencies were consulted on this paper: NZ Transport Agency, NZ Police, Ministry of Social Development, Ministry of Youth Development, the Treasury, Accident Compensation Corporation, Ministry of Justice and the Officials' Committee on Economic Growth and Infrastructure.
55. The Department of the Prime Minister and Cabinet was informed about this paper.
56. The NZ Transport Agency considers the most cost effective and efficient option for introducing time licences and R-plates is through the full review of

the Driver Licensing Rule that will be completed in 2014. The NZ Transport Agency also advises that a fee adjustment will need to be agreed by Cabinet at the appropriate time to meet the costs associated with the introduction of time limits. This will be necessary whether the changes are implemented as an outcome of the review of the Land Transport (Driver Licensing) Rule or ahead of that review.

57. The Ministry of Youth Development does not support the R plate proposal. They prefer the option of monitoring the effects of the recent changes to improve young driver safety.

Human rights implications

58. The proposals in this paper do not raise any implications from a human rights, gender or disability perspective.

Legislative implications

59. Proposals for change, if fully accepted, would require amendments to relevant clauses in the Land Transport (Driver Licensing) Rule 1999, and consequential amendments to other regulations.
60. If it is decided that a final decision is to be completed as part of the review of the Land Transport (Driver Licensing) Rule 1999 proposed for 2013/14, then any legislative implications would be established as part of that review.

Regulatory impact analysis

61. A Regulatory Impact Statement is required with respect to the proposals covered in this paper. A Regulatory Impact Statement has been prepared by the Ministry of Transport and is attached to this paper.
62. *Quality of the Impact Analysis* – the Regulatory Impact Statement and associated supporting material has been assessed by the Ministry of Transport RIS panel, and assessed as partially meeting the quality assurance criteria.
63. *Consistency with Government Statement on Regulation* – I have considered the analysis and advice of my officials, as summarised in the attached Regulatory Impact Statement and I am satisfied that, aside from the risks, uncertainties and caveat already noted in this Cabinet paper, the regulatory proposals recommended in this paper: are required in the public interest; will deliver the highest net benefits of the practical options available; and are consistent with our commitments in the Government statement “Better Regulation, Less Regulation.”

Publicity

64. As both of these proposals will have high public and media interest, I plan to issue a media statement if the Cabinet decision is to change land transport

rules and regulations before the review of the Land Transport (Driver Licensing Rule) 1999. Otherwise the publicity will occur after the review.

Recommendations

65. The Associate Minister of Transport recommends that the Committee:

Background

- 1 note that in September 2012 Cabinet invited the Associate Minister of Transport to report back to the Cabinet Economic Growth and Infrastructure Committee, with revised proposals on introducing a limit on the length of time a person may hold a restricted licence {CAB Min (12) 34/8};
- 2 note that some drivers remain on their learner or restricted licences for well beyond the mandatory minimum time periods, without progressing to the next stage of the Graduated Driver Licensing System (“pooling”);

Changes to learner and restricted licence stages

- 3 **note** that amendments are proposed to the Land Transport (Driver Licensing) Rule 1999 to address the issue of pooling at the learner and restricted licence stages, and consequential amendments to other regulations:
 - 3.1 providing for the expiry of learner licences after 5 years, and for any extension of the licence period to be subject to successful completion of a driving theory test;
 - 3.2 providing for the expiry of restricted licences after 5 years, and for any extension of the licence period to be subject to successful completion of a driving theory test;
 - 3.3 requiring restricted licence holders to display R plates on their vehicles when driving;
- 4 **EITHER**
 - 4.1 **agree** that the amendments to the Land Transport (Driver Licensing) Rule 1999 outlined in paragraph 1 should be made;
 - 4.2 **invite** the Associate Minister of Transport to instruct Parliamentary Counsel Office to draft amendments to the Land Transport (Driver Licensing) Rule 1999, and consequential amendments to other regulations to give effect to recommendation 1 (if supported by consultation) including any necessary consequential savings and transitional provisions;
 - 4.3 **agree** that the costs of implementing time limit proposals for learner and restricted licences be recovered through adjustments to the relevant driver licence fees from the time of introduction of the time limit provisions

- 4.4 **authorise** the Associate Minister of Transport to determine any matters of minor policy detail that may arise in the course of preparing the draft legislation;
- 4.5 **note** the intention of the Associate Minister of Transport to implement proposals into his paper by amending the relevant Land Transport Rule and Regulations without further reference to Cabinet unless contentious issues arise in the course of the development of the Rules or new policy decisions are required;

5 OR

- 5.6 **direct** the Ministry of Transport, in consultation with the NZ Transport Agency and other agencies as appropriate, to:
 - 5.7 **include** the proposals outlined in paragraph 1 above as part of the review of the Land Transport (Driver Licensing Rule) 1999 that is to be undertaken in 2013-14;
 - 5.8 **report** back to EGI in due course seeking approval to any changes to the Land Transport (Driver Licensing) Rule 1999, and consequential amendments to other regulations, relating to R plates and time licences;
- 6 **note** that a review of the Land Transport (Driver Licensing) Rule 1999 will be undertaken by the Ministry of Transport and the New Zealand Transport Agency in 2013-2014 and that implementing the proposed amendments ahead of that review could introduce inefficiencies and lead to higher costs being incurred
- 7 **agree** that this paper will be published on the Ministry of Transport's website following a public announcement of Cabinet's decisions.

Hon Simon Bridges
Associate Minister of Transport

Dated: _____