

REGULATORY IMPACT STATEMENT

COMPLETING THE IMPLEMENTATION OF THE ROAD SAFETY TO 2010 STRATEGY: Penalty regime

EXECUTIVE SUMMARY

Most people are now using the road network within the law most of the time. The penalty proposals in the paper will impact on that small group of serious offenders who are repeatedly breaking multiple traffic laws. It is important to ensure that sanctions remove them from the network.

ADEQUACY STATEMENT

The proposals in this paper do not have major economic development impacts and have, therefore, been reviewed within the Ministry of Transport. The Ministry of Transport confirms that it meets the requirements for Regulatory Impact Statements.

STATUS QUO AND PROBLEM

The Land Transport Act 1998 places an obligation on the government to, among other things, promote safe road users behaviour and vehicle safety; and to provide for a system of rules governing road users behaviour, the licensing of drivers, and technical aspects of land transport.

Road traffic crashes result in more years of life being lost than any other source of injury in New Zealand and are the leading cause of death for children. Around 405 people died in the last 12 months and around 7,000 have been hospitalised. There is also an impact on the economy through loss of production with the social cost of traffic crashes estimated to be \$2980M for the 12 months to December 2006.

OBJECTIVES

In 2002 the government set the goals of less than 300 deaths and 4,500 hospitalisations each year by 2010. Achievement of these broad goals is in view, but does not take account of the uneven impact of road trauma particularly on young people and the fact that while the number of deaths has been reducing, the number of injuries has not. This level of road trauma resulting in injuries also has a substantial impact on the New Zealand health system and any reductions would assist in freeing up resources to meet other health demands.

It is clear that the majority of offenders in relation to both speed (3.5 percent open road and 8 percent urban) and seatbelt wearing offences (less than 5 percent) fall into a relatively small proportion of road users who are repeatedly breaking the rules. The most effective sanction for these offenders will be the threat of licence suspension rather than fines which can go unpaid.

ALTERNATIVE OPTIONS FOR ACHIEVING THE DESIRED OBJECTIVE

Ministers asked for proposals that would “rebalance” the administrative penalty regime in respect of offences for speeding (except for speeding offences detected by speed cameras), intersections and seatbelt non-wearing to focus on demerit points rather than fines.

This directive necessarily constrained options which were then restricted to consideration of the ratio of demerits to fines. The options were:

Option 1: To run a somewhat arbitrary regime to reduce fines to a very low level (eg \$5) and to load the demerit regime.

Option 2: To develop a demerit point regime, based on the level of road safety risk posed by the offence, and a simple metric for linking fines and demerit point levels.

Consequential on changing the ratio of demerit points to fines, there was also a need to review the operation of the demerit point regime and to take account of the likely increase in number of demerit points and the ability to run the new regime efficiently and effectively. This raised issues about:

- a) where the costs of operating the demerit point regime fall
- b) the perverse incentives inherent in the current demerit regime in relation to wiping all demerit points once a 100 point suspension has been served.

PREFERRED OPTION

Option 2 is the preferred option. This option includes the following elements:

- a) Linking the level of road safety risk with the penalty regime.
- b) Simplifying the administrative penalty regime in respect of speed, intersection and seatbelt/motorcycle helmet non-wearing offences.
- c) Traffic offenders bear all direct and indirect costs relating to licence reinstatement.
- d) Traffic offenders will be required to pass the Driver Licence Theory Test before a suspended licence will be re-issued.
- e) Licence suspension for accumulating 100 or more demerit points will only reduce the total demerit points by 100 and will not remove all active demerit points on the licence.
- f) More than one period of suspension can be imposed for demerit points accumulated in multiples of 100 (eg 200), and that such periods of licence suspension must be served consecutively.

The option is preferred because:

- a) It sets in place a system whereby costs fall on those who create them, the offenders, rather than being borne by law abiding licence holders.

- b) Repeat offenders are penalised appropriately.
- c) There is a clear link between the level of road safety risk (with 0 being low and 9 being high as defined by a panel of road safety experts) and the penalty to be imposed for offending; and
- d) The metric for linking fines and demerit points (fine = 2x number of demerit points) does not lower fines to a level that cannot bear comparison with penalties for speeding offences detected by speed cameras which remain “fine only” offences despite being the same offence. Thus highlighting the evident inconsistency in applying penalties according to the means of detection.

IMPLEMENTATION AND REVIEW

The proposals in this paper relating to recovering the costs of re-issuing licences will be implemented through the Driver Licences Fees and Charges Review that will be undertaken during the 2007/08 year. This review will ensure that both direct and indirect costs to the driver licensing system will be recovered through appropriate fees and charges on the principle that the offender pays.

Costs relating to the changes proposed for specific offences are dealt with in the papers dealing with the specific offences and the associated Regulatory Impact Statements.

CONSULTATION

Consultation in relation to the proposals in this paper has taken place on a number of levels.

- a) Pre-policy engagements with a wide group of stakeholders and communities through the *See you there... Safe As!* process identified the issues and proposed a range of solutions.
- b) Policy development was done by an inter-agency project team led by the Ministry of Transport and including New Zealand Police, Land Transport New Zealand (including the Transport Registry Centre), The Accident Compensation Corporation, and Transit New Zealand.
- c) The proposals were reviewed through the National Road Safety Committee which is convened by The Chief Executive of the Ministry of Transport and includes the Commissioner of Police and the Chief Executives of Land Transport New Zealand, Transit New Zealand, The Accident Compensation Corporation, Local Government New Zealand, The Ministry of Health, The Ministry of Justice, The Department of Labour, and the Ministry of Education.
- d) The proposals were also circulated to The Department of the Prime Minister and Cabinet, The Treasury, The State

Services Commission and Te Puni Kokiri. Copies of the papers were provided to the Customs Department and the Ministry of Economic Development (Consumer Affairs).