

Regulatory Impact Statement

Proposals to address driver licence pooling

Agency Disclosure Statement

This Regulatory Impact Statement has been prepared by the Ministry of Transport.

An analysis is provided of five options to enhance the integrity of the Graduated Driver Licensing System (GDLS):

- the introduction of maximum time limits for the holding of learner driver licences
- the introduction of maximum time limits for the holding of restricted driver licences
- the introduction of R plates for restricted licence holders
- automatic progression to a full drivers licence after 3/5 years of having a restricted licence without incident
- (the preferred option) undertake a full assessment of the options identified in this paper as part of the review of the relevant Land Transport Rule with final decisions being made as part of the outcomes from that review.

The analysis in this paper follows on from the analysis in the *Safer Journeys* strategy. The strategy identified young drivers as an area of high safety concern. The *Safer Journeys Action Plan 2011-2012* included investigation of maximum licence time limits for learner and restricted licences and investigation of R plates for restricted licence holders as supporting actions to increase the safety of young drivers.

While each of the proposals have some evidential, or logic based support, there is insufficient information available to make decisions about their likely risks and benefits. A review of the relevant Land Transport Rule is planned for 2013-2014 and we believe advancing particular options at this time could complicate that review and require resource commitments that might not be justified as a result of that review.

None of the identified policy options are likely to:

- impose additional costs on businesses

- impair property rights, market competition, or the incentives on businesses to innovate and invest, or
- override fundamental common law principles (as referenced in Chapter 3 of the Legislation Advisory Committee Guidelines).

Section One: Restricted Licence Condition Breaches

Status quo and problem definition

1. The graduated driver licence system is based on novice drivers moving from a learner to a restricted licence, and then to a full licence. Mandatory minimum time periods and restrictions apply at the learner and restricted stages. This is to allow novice drivers to acquire the required skills and experience under lower risk conditions before they advance to the next stage of the system.
2. Not all drivers are progressing through the GDLS to obtain full drivers licences. As a result pooling has occurred at both the learner and restricted licence stages. Pooling is said to occur when people spend two or more years on a learner licence and three or more years on a restricted licence. This means that they remain on their learner or restricted licences for well beyond the mandatory minimum time periods, without progressing to the next stage of the GDLS.
3. At present 70 percent of all learner licence holders (205,810 learner licence holders) and 56 per cent of all restricted licence holders (173,129 restricted licence holders) are pooling. Of these, 37 per cent of learner licence holders (109,102 learner licence holders) and 32 per cent of restricted licence holders (98,838 restricted licence holders) have held their licences for more than 6 years.
4. In order to achieve the safety benefits expected from the GDLS, it is important that restricted licence holders drive within the conditions of their licences. Issues have been identified with non-compliance with licence conditions.

Challenge to system integrity

For drivers

5. Drivers are intended to progress through the GDLS to a full driver licence. The aim is for drivers to progress in a graduated manner, demonstrating that 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.
6. For drivers not to progress through the stages presents a challenge to the integrity of the GDLS. The system is not intended to have drivers remain at the learner or restricted drivers licence stages.
7. A study of New Zealand drivers entering the licensing system began in 2006-2008¹. The respondents in this study are young, only 14 per cent were 20 years of age or older. In the study holders of learner drivers licences who

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

had not progressed through the GDLS (38 per cent of all the drivers in the study) were asked why they had not progressed. The main reasons they gave were²:

- 27 per cent said they were “too lazy or too busy to do so”;
 - 26 per cent indicated they had limited access to the means to drive;
 - 14 per cent mentioned financial constraints
 - 11 per cent said they had other transport options
8. There is no other research information available on reasons for non-progression but in an older population reasons are likely to include life circumstances such as:
- having obtained a novice driver licence solely for identity purposes and in particular proof of age
 - being out of New Zealand for an extended period of time and therefore having no need to progress through the system
9. The integrity of the system is especially vulnerable when there is a significant incidence of non-compliance with licence conditions. Non-compliance may arise because the drivers concerned:
- question or ignore the need to obtain enhanced driving knowledge and skills as they can meet their personal transport arrangements without demonstration of those skills
 - drive outside the restrictions of their learner or restricted driver licence because of increased confidence in their driving skills based on increased experience
 - avoid paying application fees and testing because of the cost and stress associated with testing

For the general population

10. The general population should be able to expect safe practice by drivers because the GDLS is based on maximising safety through demonstrated skills for safe driving. Non-progression in itself gives a basis for doubt about that expectation. Doubt will be even greater if non-progression is compounded by non-compliance with the limitations provided as a part of learner and restricted drivers licences.

Evidence for non-progression and problems of compliance

11. The following table shows annual counts of the number of licence condition breaches detected by the Police for the most prevalent offences³ from 2008 to 2011.

	2008	2009*	2010	2011
Learner driver	59,734	62,511	64,956	58,853

² No other reason exceeded 10 per cent.

³ The most prevalent offences were those for which the Police recorded at least 100 offences per year.

unaccompanied				
Unqualified learner supervisor	762	628	557	530
Learner's motorcycle greater than 250cc	419	433	397	409
Failing to display L plates	17,923	18,815	29,227	25,934
Restricted driver carrying unauthorised passengers	29,141	29,506	33,495	29,791
Restricted driver unaccompanied at night	8,097	8,391	10,651	10,335
Restricted driver with unqualified supervisor	852	825	847	759
Restricted rider's motorcycle greater than 250 cc	180	209	218	186
Total	117,108	121,318	140,348	126,797

12. For the 2011 year approximately 71% of learner licence breaches were incurred by holders of learner licences who come within the pooled definition. For the same year about 36% of restricted driver licence breaches were incurred by holders of restricted licences who come within the pooled definition.
13. A study of New Zealand drivers entering the licencing system began in 2006-2008. The study found after 2.5 years non-progressors on learner licences made up about 38% of the respondent sample and about 26% of apprehended offenders (offences included both breaches of licences and more general traffic offences). The authors of the study estimate that drivers who do progress through the system (from learners licences to restricted drivers licences) have twice the risk of offending than non-progressors. On that basis they suggest that the potential increased risk of offending once unsupervised driving is permitted needs to be considered before restrictions are placed on how long a novice driver can hold a learner licence⁴.
14. Examination of the research findings suggests the conclusion is not as clear cut as the researchers suggest. It seems that those drivers who progress fastest from learner licence status do have about twice the risk of offending as non-progressors. But the rate of offending decreases significantly as the rate of progression slows to the point where drivers who take between 18 and 30 months to progress show no difference in offending rates.

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

Objectives

15. The overall objective of *Safer Journeys* is to reduce the level of road trauma on New Zealand roads. The GDLS contributes to achieving this objective by ensuring drivers have demonstrated the necessary skills to operate vehicles safely and, where full competence has not been demonstrated, they operate under appropriate constraints. The objectives of this paper are to:
1. Improve GDLS system integrity by providing incentives to progress through the licensing system
 2. Increase the safety of novice drivers by encouraging them to improve their skills

Regulatory Impact Analysis

Options

Option 1 – Maintain the status quo and monitor effects of recent changes in drivers licences:

- Increasing the minimum age of eligibility for a learner licence - expected to save 4 lives and prevent 26 serious injuries and 160 minor injuries a year – equates to an annual social cost saving of around \$40 million⁵
- Introducing a harder restricted driver licence test – young drivers who undertake 120 hours of supervised driving practice in all conditions before driving solo could reduce their crash risk by up to 40 per cent⁶
- A public awareness campaign “Don’t bail out” and the “Safe Teen Driver” initiative for parents
- The extension of Police SMART technology which, by providing ready access to information on driver identification in the field, allows easier checking of licence status and issue of notices than has been possible previously

Advantages	Disadvantages	Mitigation strategies to address disadvantages
<ul style="list-style-type: none"> • Allows consideration of information on the extent of achievement of objectives from the recent changes • Provides 	<ul style="list-style-type: none"> • No immediate action on system integrity issues • No further enhancement of road safety from further new initiatives to improve driver safety 	<ul style="list-style-type: none"> • Ensure proper monitoring of impacts is undertaken and wherever possible information from monitoring informs proposals for changes

⁵ *Safer Journeys: New Zealand’s Road Safety Strategy 2010-2020*

⁶ Op cit

<p>information to assist decisions on whether further change is needed</p> <ul style="list-style-type: none"> • Avoids increased complexity in the licensing system until any need for change is fully demonstrated • Avoids costs to system providers and drivers 		
<p>Option 2 – R Plates for holders of restricted drivers licences with same penalty regime as for L Plates</p>		
<p><i>Advantages</i></p>	<p><i>Disadvantages</i></p>	<p><i>Mitigation strategies to address disadvantages</i></p>
<ul style="list-style-type: none"> • Research evidence from New Jersey shows a direct positive effect on road safety through a 9% reduction in crash rates in the first year of introducing a comparable measure (only for drivers less than 21 years old) despite preliminary evidence showing variable compliance with the requirement (between 46%-70% depending on the source of 	<ul style="list-style-type: none"> • Effectiveness in reducing young/novice driver crash risk is unclear. • High level of non-compliance with L plates brings the effectiveness of mandatory R plates into question • Proven measures to reduce young/novice driver crash risk have a higher priority for the NZ Transport Agency than R plates • The transferability of the successful New Jersey experience to New Zealand is unknown as are 	<ul style="list-style-type: none"> • Enhanced enforcement of compliance will result progressive rollout of SMART technology by Police because it will be easier to establish that drivers are holders of restricted licences • Promote advantages of progression through system in both skill acquisition and display and avoidance of breaches • Undertake development and

<p>information) ⁷</p> <ul style="list-style-type: none"> Provides an additional incentive for restricted licence holders to progress to a full licence in order to avoid incurring monetary penalties as well as demerit points for non-compliance. There is also likely to be an incentive created by creating a wish to avoid embarrassment associated with the display of such plates. Increased awareness of the restricted licence conditions amongst parents and peers leading to those people exercising more control on access to their vehicles by restricted driver licence holders and pressure to comply with requirements 	<p>the longer term impacts on driver behaviour (the New Jersey study covered only the first 12 months after the law change and enforcement activity was concentrated in the first few months after the law's implementation.</p> <ul style="list-style-type: none"> Requirement could be easily breached as R plates are easy to remove (in 2011 nearly 26,000 offences of removing L plates were detected) Penalty costs to drivers for non-display could total \$2.6 million if there is the same incidence of non-display as for L plates Would require amendment to the Land Transport (Driver Licensing) Rule 1999 which is recognised as already needing review of its legal expression and content If approved for immediate introduction development and 	<p>implementation in concert with the review of the Land Transport (Driver Licensing) Rule 1999</p>
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⁷ Alison E Curry *Effect of New Jersey's Decal law on citations and crashes* Children's Hospital of Philadelphia 2012

<ul style="list-style-type: none"> • Enhances enforcement efforts relating to licence condition breaches by increasing the visibility of restricted licence holders. The New Jersey study identifies a 14% increase in citation rates for violation of driver licence requirements and attributes (despite evidence that not all drivers were displaying the required decal). • Alerts other road users to the restricted licence holders' licence status and potential skill limitations • Small additional cost (about \$10 a pair or can be made by the licence holder) • No need for amendment to information technology 	<p>implementation will parallel and overlap a review of the Land Transport (Driver Licensing Rule) 1999 that is to take place in 2013-2014. The review may reach conclusions that do not align with requirements for R plates.</p> <ul style="list-style-type: none"> • Would have an associated cost to NZTA for initial publicity of \$510,000 and annual costs of \$393,000 	
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Option 3 – Introduce maximum time limits for holding of learner and

restricted licences		
<i>Advantages</i>	<i>Disadvantages</i>	<i>Mitigation strategies to address disadvantages</i>
<ul style="list-style-type: none"> • Motivates drivers to demonstrate practical driving skills at an advanced level • Reinforces policy goal of GDLS as moving to full licence status and associated demonstrated level of competency to drive • Incentivise skill acquisition and demonstration • Provides consistency across forms of limited licences 	<ul style="list-style-type: none"> • Could alienate driver licence holders if applied retrospectively • Will require amendment to the Land Transport (Driver Licensing) Rule 1999 which is recognised as already needing review of its legal expression and content • Could strain available testing resources – NZTA have reported that testing resources could not cope if maximum time limits were applied to all current holders of restricted and drivers licences • Current demand on NZTA information technology development means a two 	<ul style="list-style-type: none"> • Ensure time limits of 3-5 years to allow skill acquisition and practice • Apply requirements only to licences obtained after introduction of maximum time limits to avoid excessive demand on testing resources • Undertake development and implementation in concert with the review of the Land Transport (Driver Licensing) Rule 1999

	<p>year timeframe for implementation</p> <ul style="list-style-type: none"> • Will require funding of \$2.8 million, mainly for IT development • If approved for immediate introduction development and implementation will parallel and overlap a review of the Land Transport (Driver Licensing Rule) 1999. That review may reach conclusions that are not consistent with maximum time limits for holders of learner and restricted driver licences. 	
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Option 4 – Provide automatic progress to full licence status after 3/5 years of having restricted licence without incident (offence or crash)

<i>Advantages</i>	<i>Disadvantages</i>	<i>Mitigation strategies to address disadvantages</i>
<ul style="list-style-type: none"> • Reflects emphasis on need to practice skills • Rewards safe 	<ul style="list-style-type: none"> • Effects of introduction of harder restricted licence test are 	<ul style="list-style-type: none"> • Continue provision for earlier acquisition of full licence through

<p>driving</p> <ul style="list-style-type: none"> • Reduces costs to driver • Frees up testing resources for increased learner and restricted licence applicants following time limit introduction 	<p>not yet fully known</p> <ul style="list-style-type: none"> • Could allow licence holders who have not driven sufficiently to practice skills to obtain full licences to road safety detriment • If approved for immediate introduction development and implementation will parallel a full review of the Land Transport (Driver Licensing Rule) 1999. That review may reach conclusions that are not consistent with automatic progression from restricted to full drivers licence status. 	<p>competency demonstration</p> <ul style="list-style-type: none"> • Determine timeframe that maximises likelihood of practice occurring • Undertake development and implementation in concert with the review of the Land Transport (Driver Licensing) Rule 1999
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<p>Option 5 – Make final decisions on R plates and maximum time limits for learner and restricted driver licences following review of the Land Transport (Driver Licensing) Rule 1999 that is to be undertaken in 2013-2014</p>		
<p><i>Advantages</i></p>	<p><i>Disadvantages</i></p>	<p><i>Mitigation strategies to address disadvantages</i></p>
<ul style="list-style-type: none"> • Allows consideration of proposals within the broader context of a review of the Rule as a whole. This would maximise development of complementary provisions. 	<ul style="list-style-type: none"> • Defers decisions on actions about licence pooling for at least 18 months • Drivers will not have additional motivation to progress through the GDLS while the Rule is reviewed 	

<ul style="list-style-type: none"> • Avoids commitment of financial resources and specialist expertise that may be sub-optimal when considered in the context of review outcomes • Allows information on outcomes of recent changes to the Rule and related legislation to inform decisions on changes • Allows further analysis of the reasons for licence pooling and the driver characteristics associated with licencing pooling to shape appropriate responses to the issue. 		
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16. The options of introducing maximum time limits only for learner licences or only for restricted licences were identified but have not been included in this analysis as the outcomes from each would be similar to those for the combined approach identified above.

Conclusion

17. Option 1 will progress as part of *Safer Journeys* – monitoring the outcomes of recent changes is a part of implementing that strategy and development of this process is underway. However this in itself cannot make a direct additional contribution to achieving the objectives.

18. Options 2 and 3 may have an effect on improving system integrity by motivating drivers to progress through the GDLS. Doing so could enhance young driver safety as they would acquire and demonstrate greater driving competence in order to progress through the GDLS.

19. However the introduction of maximum time limits could result in drivers exiting the GDLS system as a whole to avoid the stress of testing. Those drivers may continue to drive without a licence. Alternatively drivers might undertake and pass the tests for advanced stages and be encouraged to undertake unsupervised driving, known to be associated with higher levels of crashes, when they would not otherwise have done so.

20. There is insufficient information available on the characteristics of the holders of pooled learner and driver licences and their behaviours to reach firm conclusions about the advantages and disadvantages of the policy changes included in Options 2 and 3.
21. Option 4 has merit especially in terms of reducing the numbers of steps required by drivers for achievement of a full licence. However the restricted driver licence testing regime has only been recently amended and it is too soon to predicate further change on the outcome of that amendment.
22. For these reasons options 5 is the preferred option. It proposes that final decisions on the proposals for R plates and maximum time limits for learner and restricted drivers licences be made as a result of the review of the Land Transport (Driver Licensing) Rule 1999. While this does mean delay in decisions on change, it allows better information for decision making and allows decisions to be made in the context of developments in the overall legislation governing driver licensing. It also avoids commitment of significant financial resources, and specialist IT development skills, when there is uncertainty about benefits and outcomes generally.

Implementation

23. The GDLS is governed by the Land Transport (Driver Licensing) Rule 1999. The Rule has been changed on several occasions since its introduction in 1987. This has led to concern about the clarity of the Rule itself both in terms of its clarity of legal expression and of the clarity of relationship between parts of the Rule. For that reason a review of the Rule is planned for 2013-2014.
24. The review is included in the Ministry of Transport's Regulatory Plan. It will be led jointly by the Ministry of Transport and the New Zealand Transport Agency. Initial scoping of purpose has been undertaken and project planning will follow, including planning to obtain required information from available data and to obtain any additional information that may be required.
25. The aim is to undertake the review within the 2013-2014 financial years. At the conclusion of the review recommendations for any proposed policy change will be made to the Minister of Transport including advice on any amendment to the Rule and other legislation that may be required.

Consultation

Stakeholders

26. The NZ Automobile Association has consulted its regional branches about the R plate proposal. Initial indications are that they support the proposal.

Departmental consultation

27. The section of this RIS related to R plates was provided in an earlier version to the following government agencies for their comment: NZ Transport Agency, NZ Police, Accident Compensation Corporation, Ministry of Social Development, Ministry of Youth Development, the Treasury and Ministry of Justice.

28. The NZ Transport Agency would like to see a stronger rationale for introducing R plates. Based on current information, their effectiveness in reducing young/novice driver crash risk is unclear. The high level of non-compliance with L plates brings the effectiveness of mandatory R plates into question. The NZ Transport Agency is focussed on implementing proven measures to reduce young/novice driver crash risk. Such measures currently have a higher priority on the NZ Transport Agency's work programme than R plates.
29. The Ministry of Youth Development and NZ Transport Agency do not support the R plate proposal. Both agencies prefer the option of monitoring the effects of the recent changes to improve young driver safety.
30. Initial discussions have been held with NZTA, Police, ACC and the Ministry of Justice on options other than R plates. NZTA have provided the information contained in this Regulatory Impact Statement concerning timeframes and costs associated with the option to introduce maximum time limits for holding of learner and restricted licences. Formal consultation has not yet taken place. However, there is agreement that it is desirable, if possible, to have changes finally considered as part of the review of the Land Transport (Driver Licensing) Rule 1999.

Monitoring, evaluation and review

31. The implementation of the review of the Rule will be overseen by senior management in the Ministry of Transport and the NZ Transport Agency. The steering committee overseeing implementation of *Safer Journeys* will be kept informed of progress on the review. The Associate Minister of Transport will receive briefings on the progress of the review and will be advised of any emerging issues requiring particular consideration. A full report on the outcomes of the review will be provided to the Associate Minister of Transport. That report will include recommendations for actions, including proposals as to how recommended actions should be monitored and evaluated.