



THE
AUCKLAND
CO-DESIGN
LAB

THE CASE FOR CHANGE

Driver Licensing Challenge: Executive Summary

APRIL 2016

NOT GOVERNMENT POLICY

OUR FINDINGS & RECOMMENDATIONS

Executive Summary

CASE FOR CHANGE: DRIVER LICENSING

In most parts of New Zealand, only people who drive can fully participate economically and socially. But learning to drive can be a dangerous time, particularly for young people. New Zealand introduced a graduated licensing system which has improved road safety. However there are unintended challenges created by a more stringent regime that can be categorised into three broad themes:

Value and Normalisation

There is a weak community value proposition for getting fully licensed, normalisation of breaching, and responses to breaching that aren't changing (and potentially entrenching) behaviour.

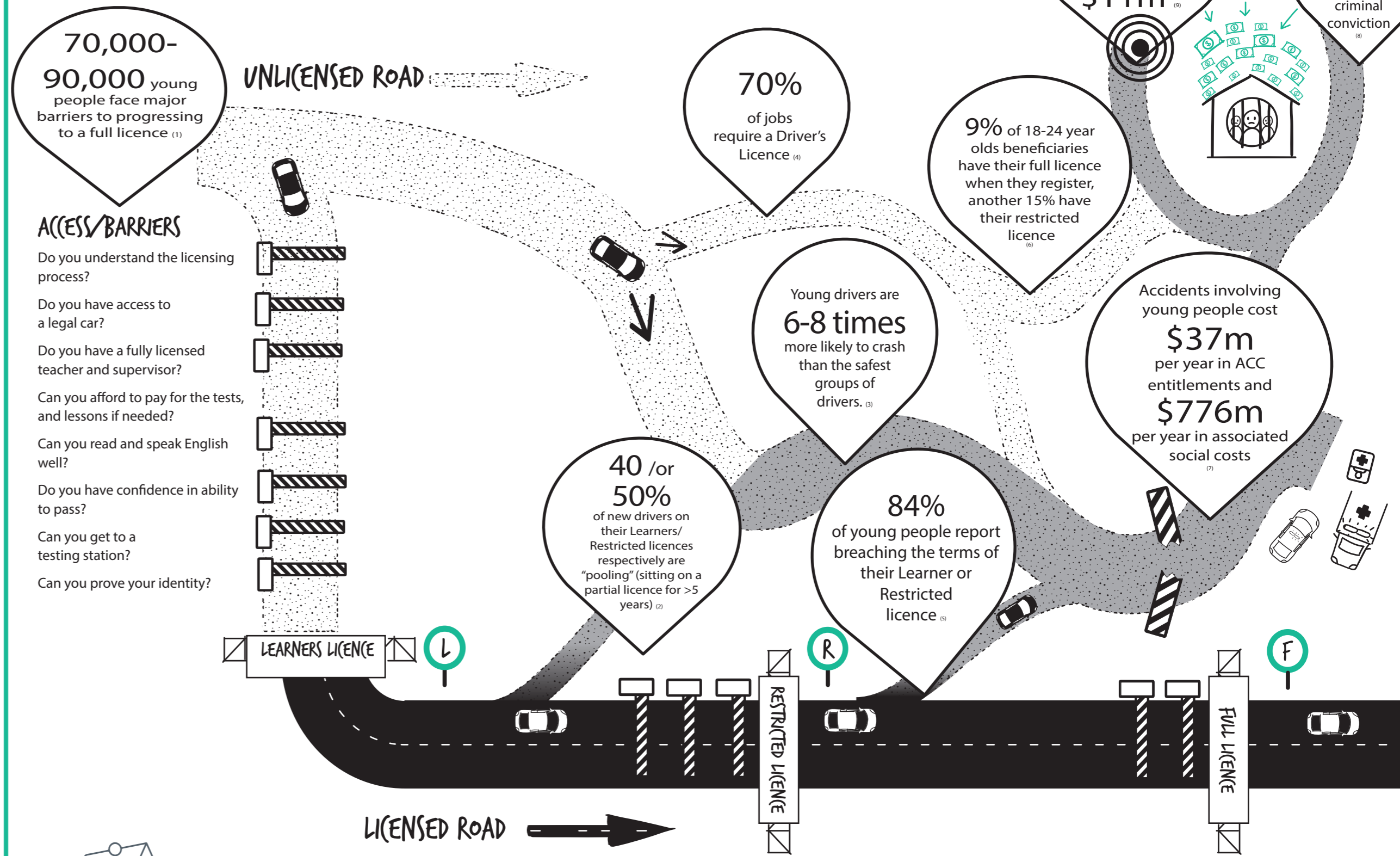
Access

There is a lack of access for vulnerable New Zealanders to the essential resources needed to gain a drivers licence, which the system is failing to address

System and process issues

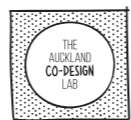
There are system-wide issues with how driver licensing is currently delivered and enforced, including some information and processes that are difficult to navigate.

ILLEGAL DRIVING IS ENDEMIC AND NORMALISED IN NEW ZEALAND IRRESPECTIVE OF LOCATION, Socio-Economic STATUS AND ETHNIC GROUP



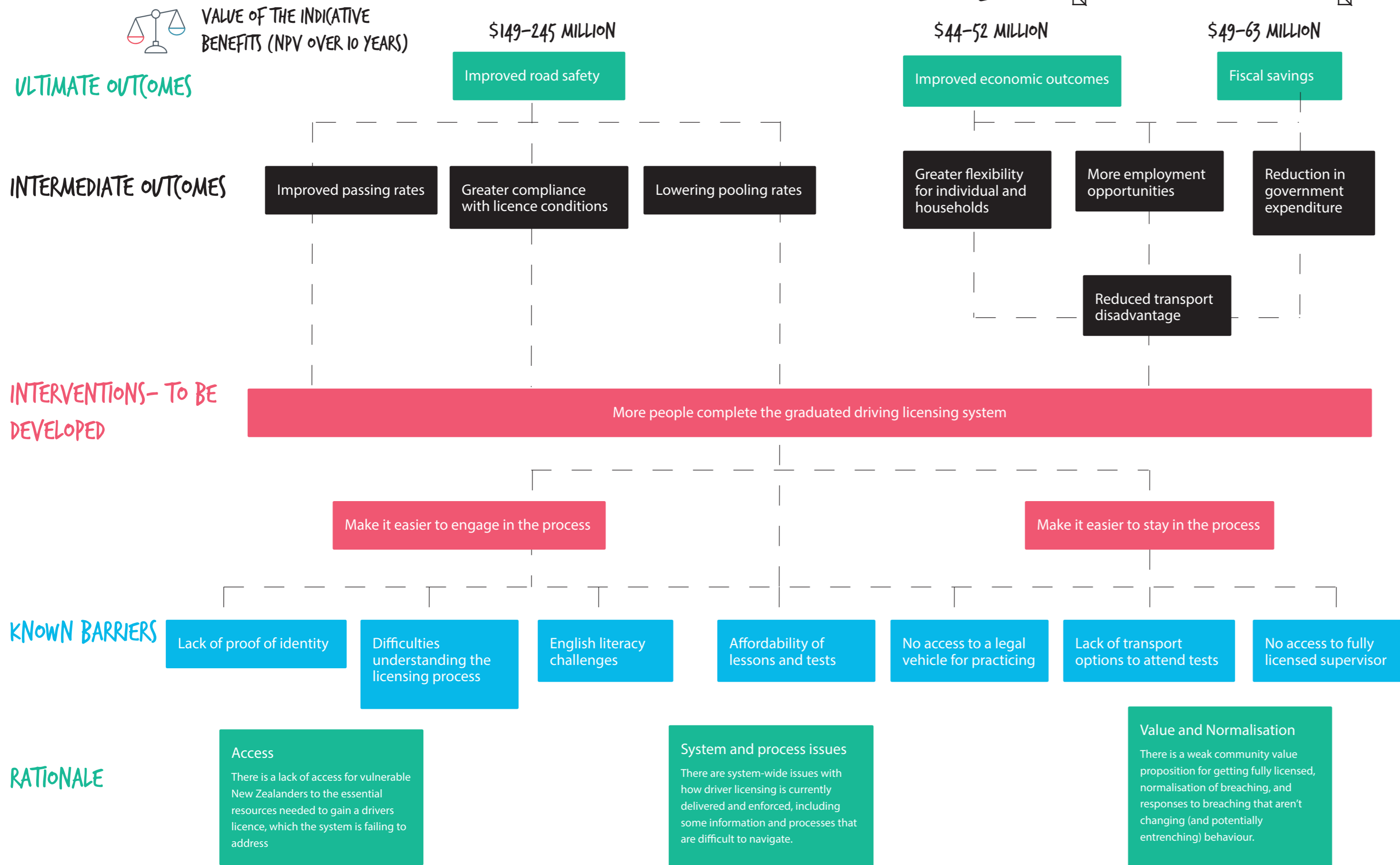
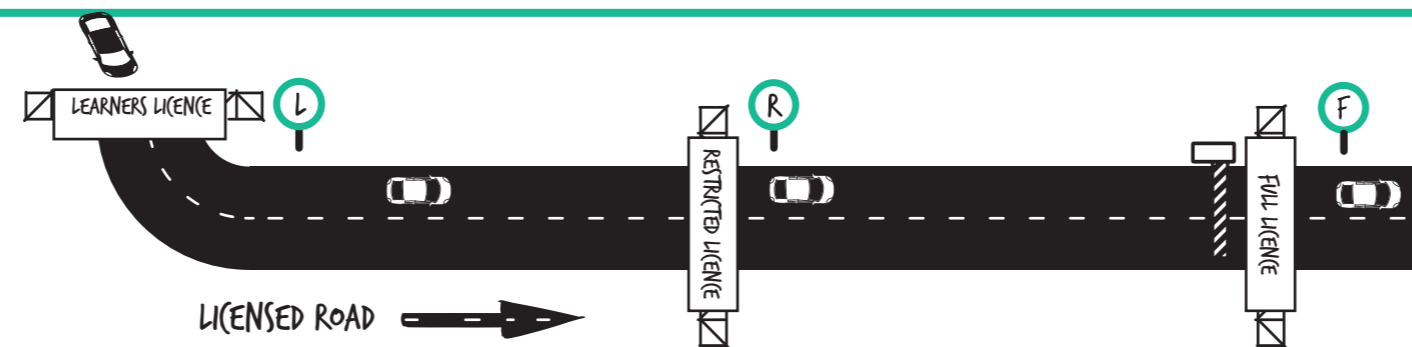
SIZE OF THE PRIZE

THE ONE-OFF SAVING FOR THE MINISTRY OF SOCIAL DEVELOPMENT WOULD BE \$19 MILLION AND THE INCREASE IN PAYE AND ACC LEVIES WOULD BE \$8 MILLION IN THE FIRST YEAR.



(1) NZIER Estimates 2015 (2) NZTA supplied data 2015 (3) MOT young drivers report 2015 (4) Shaw & Gates 2014 (5) Brookland & Begg 2014 (6) NZIER-based on MSD statistics 2015 (7) ACC supplied data 2015 (8) Waters 2015 (9) MOJ supplied data 2015

INTERVENTION LOGIC FOR REDUCING THE BARRIERS TO GAINING A DRIVER'S LICENCE



THE SIZE OF THE PRIZE

Indicative modelling suggests that changing the licensing system to help unlicensed and partially licensed young drivers (16-24) to become fully licensed could reduce costs and provide economic benefits. Further work is required to confirm the likely quantitative potential savings, however:

- If a 20% reduction in the annual social cost of crashes and injuries for at fault unlicensed drivers aged between 15 to 24 could be achieved, the annual benefit is estimated to be \$11.6 million.
- The estimated value of a 10% reduction in the social cost of at fault learner driver crashes and injuries is \$13.5 million for those aged 15 to 24.
- Between 9,000 and 10,000 people aged 18-24 had no licence when they first signed up for a Jobseeker Support-Work Ready benefit. If obtaining a licence could help 20% of those beneficiaries into a job at the minimum wage, their combined income after tax would increase by between \$30 million and 34 million in the first year.
- The one-off saving for the Ministry of Social Development would be between \$16-18 million and the increased in PAYE and ACC levies would be between \$3-4 million in the first year.
- The net present value over a 10 year timeframe for the reduction in the costs of licence infringement and Police costs would be around \$4 million
- The net present value over a 10 year timeframe for the reduction in Jobseeker Support-Work Ready beneficiaries would be around \$115 million
- The net present value over a 10 year timeframe for the reduction in the costs of ACC claims would be around \$8 million.
- The net present value over a 10 year timeframe for the reduction in the costs of the social cost of crashes and injuries would be \$245 million.

Source: NZIER Estimates 2015

OUR FINDINGS & RECOMMENDATIONS

Getting a driver's licence helps prepare Kiwis for a lifetime of safe and legal driving, and opens the door to independence and employment. New Zealand's graduated driver licensing system is designed to keep Kiwis safe, by making sure everyone driving unsupervised on our roads has the competence and experience to be there.

This can only be achieved if people can access the system, and play by its rules.

This paper summarises the work of an intensive, ground-breaking 'co-design' project. It was prepared by a multi-agency team, supported by the Auckland Co-Design Lab, and sponsored by the Accident Compensation Corporation (ACC) and the New Zealand Transport Agency (NZTA).

Over four months, the team interviewed, brainstormed and tested potential solutions with more than 360 people in Auckland, Northland, Te Kuiti, Porirua, Wellington and Christchurch. This included young people and their families, frontline organisations working with young and vulnerable people, operational managers and policy teams from across government, employers, training organisations, driving instructors and many others. Our insights were consistent with the findings from other research into young drivers in New Zealand, and population-level studies in peer-reviewed literature here and abroad.

This document tells the stories of the people we met and describes the impacts of the current system on individuals, families and New Zealand as a whole. It suggests directions for change that we have developed in partnership with those most affected. This document is a Strategic Assessment in the language of The Treasury's Better Business Case approach. It also identifies a number of ways that investing in this issue could save money and deliver economic benefits to New Zealand.



I want my full licence. Then I don't have to worry anymore. FREEDOM!!

16 YEAR OLD DRIVER



If \$137 was handed to me (to sit my restricted) I would use it to pay bills.

YOUNG MOTHER OF TWO CHILDREN

WHAT WE'VE LEARNED ABOUT LICENSING

Most Kiwis learn to drive in their teens, at a risky stage of their physical, mental, social and emotional development. In combination with their lack of experience on the road, this makes young drivers the most likely to be involved in accidents.

Currently, most people successfully gain their licence under our graduated licensing system despite the fact that it is far more difficult and time and resource intensive than earlier regimes. But we know that the majority are breaching the conditions designed to keep them safe during their journey to a full licence. We heard many people - families, employers, churches, sports clubs and others- are either looking the other way, or actively condoning this behaviour.

However, a sizeable minority of young Kiwis - around 70-90,000 people per year - struggle to access the licensing system as it stands and are either stalling part way through, or failing to enter the system in the first place. These people miss out on all the benefits of holding a full licence (including access to jobs), and many report risking their own and others' futures by driving anyway.

THIS IS NOT JUST A ROAD SAFETY PROBLEM

The number of unlicensed drivers on our road are clearly a concern- but this isn't just a road safety problem. We found a driver's licence is a huge asset for job-seekers, while not having one can be a gateway to benefit dependence and justice consequences.

A driver's licence is a requirement for 70% of job opportunities in New Zealand, even for entry level jobs that don't involve driving. Employers use a licence as a way of assessing reliability to get to work, as well as an indication of aptitude and attitude.

Many employers in construction, transport and infrastructure complain of a shortage of skilled staff and see the lack of a basic Class 1 licence as a key barrier to employing local young people. Presently too few employers see value in supporting potential or new staff to gain their licence.

Surprisingly, many young people we spoke to didn't clearly perceive the connections between employability and being licensed. At the same time, many of the employers we spoke to hadn't given much thought to how licensing affected their employees - or their business.

The Ministry for Social Development (MSD) analysis shows that beneficiaries with some form of driver's licence spend less time on a benefit than their counterparts without a licence. The value of a driver's



Young people make up 13% of the population, but a young driver is at fault in 19% of all fatal crashes and 23% of serious injury crashes.

MOTOR VEHICLE CRASHES IN NEW ZEALAND (2014) (9)

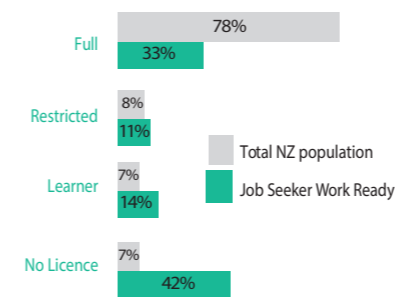


There's an estimated shortfall of 6,000 labourers in Auckland in the next five years alone. The vast majority of these jobs will require a driver's licence.

AUCKLAND MĀORI AND PACIFIC TRADES TRAINING INFRASTRUCTURE CONSORTIA (2014)



Licence status of MSD Job Seeker Work Ready beneficiaries vs Whole NZ population



DATA SUPPLIED BY MINISTRY OF SOCIAL DEVELOPMENT & NZTA (2015)



70% of jobs require a driver's licence as a mandatory qualification for potential employees.

SHAW AND GATES (2014) (4)

licence to jobseekers is recognised by MSD, and support with licensing is offered to some claimants on a discretionary basis.

We found that young people from disadvantaged communities face genuine difficulties in obtaining a licence, and disproportionate consequences if they don't. The current licensing system requires young drivers to have the financial means to pay for the licence (and the significant costs of getting one), as well as access to a legal car, a licensed supervisor and a testing station, as well as high standards of literacy. Many have to drive anyway just to meet their basic work, study and family obligations- but they risk potentially serious debt and justice penalties if they're caught.

After hearing the perspective of those using the system, we've identified some key challenges for licensing in New Zealand. Although clearly interrelated, we've grouped these key issues into three broad theme areas:

- 1 An insufficiently compelling value proposition for getting fully licensed, and widespread normalisation of breaching.
- 2 Barriers to access for vulnerable New Zealanders to the essential resources needed to gain a driver's licence, which the broader system is failing to address.
- 3 System and process issues affecting how driver licensing is currently delivered, and an expensive enforcement response that isn't changing behaviour.

CHALLENGING OUR ASSUMPTIONS

The issues that we've identified impact right across government – not only on transport and road safety, but also employment and skills, policing and corrections, income support, education, citizenship and social wellbeing. The wider impacts and costs of these issues are felt not only by affected individuals and families – they are borne by New Zealand as a whole.

If we want all Kiwis to be safe on the roads, and have a fair chance to reach their potential, we need a broader system response that enables everyone who wants to learn to drive to do so legally. This requires thinking well beyond the boundaries of the licensing system itself, and re-examining some basic assumptions underpinning our current approach to driver licensing.

A first and critical assumption is our reliance on a family-led model for teaching people to drive. This may no longer be appropriate, given that gaining a driver's license has become more challenging; that not all families can provide the skills, guidance and resources required; and that being licensed is key to peoples' future employability.



84% of young Kiwis report driving in breach of their driver's licence conditions.

BROOKLAND AND BEGG (2014) (5)



We see young guys getting community service as an alternative to having to pay thousands in fines [for breaching licence conditions]. Their time in community work is spent being socialised into a gang. Next time we see them, it is for something more serious.

SENIOR PROBATIONS OFFICER



Obtaining a driver's license can be a protective factor for desistance from crime, and a gateway to employment and other opportunities.

PRINCIPAL YOUTH COURT JUDGE
ANDREW BECROFT 2015

The second assumption is that punishment works to change behaviour. Our research and that of others suggests that driver licensing-related offending is endemic in New Zealand, and the current enforcement regime is not only failing to turn this around, but in some cases increasing the likelihood of re-offending.

The third assumption is that driver licensing should operate as a 100% 'user pays' model: presently, NZTA must recover all the costs of administering driver licensing through fees (estimated at between \$50-60 million per annum). This is based on the premise that it is the individual who receives all the benefits of being licensed, and therefore should (and can) pay for them; and moreover that these individual benefits are compelling enough to draw all Kiwis who want to drive into the licensing system. However it is clear that the broader social and economic benefits to New Zealand are considerable when uptake of licensing is high, and conversely, there are significant broader costs to bear when people opt out.

Government and community agencies are beginning to tackle some of the issues we raise in this paper. There are already initiatives underway to improve the licensing experience for new drivers, including improvements to learning materials and the practical test. There are also pockets of good practice around the country – within schools, marae, community agencies, workplaces and other settings – that signal ways to provide more intensive support to access the licensing system for those who need it. However these interventions are not of sufficient scale to make a difference for many Kiwis.



GET ON TRACK

LICENCE ENROLMENT PACK

A licence enrolment pack is sent to all NZ'ers before their 16th birthday, including:

- information on the benefits and process of driver licensing
- Proof of identity included
- fully funded support for CSC holders



EMPLOYMENT LINK

Positioning driver licensing as a key component of preparing for employment:

- student loans extended to cover costs of eligible students
- all job seekers can access funds for DL preparation and testing



STAY ON TRACK

TRACK AND ENCOURAGE

Everyone entering the driver licensing system will be tracked and encouraged to progress:

- information sent prior to milestone dates
- failed tests will be followed up with offers of support



DRIVE TIME STATION

A mobile integrated service hub that would travel to 'high need' locations on a regular rotation; offering 'one stop shop' for driver licensing:

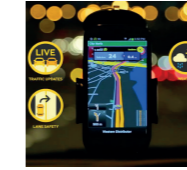
- can sit all three license tests (cars provided)
- test preparation
- car maintenance workshops
- WOF/Registration
- family fun-day launch



SMART PHONE "E-MENTOR"

Smart phone applications are already operating successfully overseas (eg S-Drive in Australia) to track driving behaviour, limit mobile phone use while driving and provide real-time feedback on safe driving habits:

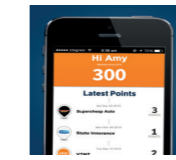
- app may incentivise progress to full license
- evidence driving experience
- assess readiness to progress to next license stage



MERIT POINTS SYSTEM

Providing ways for learner drivers to earn merit points/rewards for safe and legal driving:

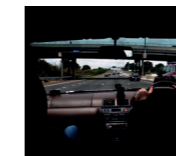
- points awarded by Police, VTNZ etc
- earned for safe driving logged by in-car app
- redeemed to reduce fines, fuel vouchers, warrants etc
- discounts on insurance



TRAINING WHEELS

An online/app-based platform (similar to Uber and Mi-drive (UK)) links learner drivers to potential tutors:

- provides legal, supervised driving practice
- safe and legal vehicles
- earning opportunity for tutors

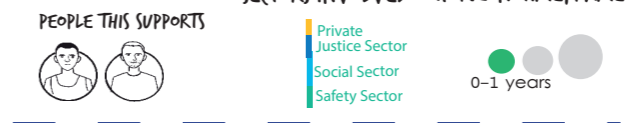


BACK ON TRACK

SYSTEM NAVIGATOR

A skilled and resourced support person assists new drivers facing multiple barriers to access and progress through the driver licensing process:

- needs assessment and referrals to community providers (eg literacy)
- driver licensing maybe one of many entry points/needs addressed
- similar to support services for high needs people suggested by Productivity Commission



NEW JUSTICE PATHWAYS

Alternative justice pathways for people caught driving illegally with an emphasis on supporting progress through the GDLS:

- offenders directed to accredited driver training programmes
- fines can be offset against costs of driver licence preparation and testing



FAST TRACK

FAST TRACK INTENSIVE LICENSING PATHWAY

The ability to fast track progress through the GDLS via an intensive competency based system (like NZ Defense Force). Potential users include:

- large employers who want to accelerate skill acquisition for new employees
- Police, Courts and Corrections could direct offenders into 'driver training boot camps' to assist them to get a licence and reduce the risk of reoffending



DIRECTIONS FOR CHANGE: DRIVER LICENSING

ENABLING RECOMMENDATIONS

Improving driver training
Investigate measures to increase the quality, capacity and affordability of the driving instruction sector to provide an accessible alternative to family-led teaching for those who need it.

Improving driver testing
Redesign the learner licence testing process to focus on practical knowledge of roads safety, hazard perception and risk management. Continue to improve the licence test booking system, and explore ways to increase capacity in under-served areas.

Shift attitudes
Rename the Learner and Restricted licenses to better reflect that these are conditional 'permits to learn', not a full licence.

Explore ways to make the vehicle owner culpable for fines incurred by people driving illegally (eg unlicensed, in breach of licence conditions) in their car.

Stakeholders as part of a solution
Explore ways to facilitate employers and employees to work together to support unlicensed employees to travel to work without driving illegally, and/or progress towards a driver licence within the context of their employment. Encourage the education and training sectors to explore how they can help young people progress through the driver licensing process as part of a wider career pathway and training plan.

Networked funding and coordination
Work with government and non-government agencies to develop, describe and coordinate funding for local networks of support for driver licensing, ensuring options are available for each stage of the licensing process. Implement a referrals system for driver licensing support, drawing on the learnings of the NZPolice.

Refocus enforcement to improve compliance
Better align fines for breaching with the ability to pay. Enable fines to be paid in interest-free instalments, prior to the debt being referred to court collections.

Investigate competency-based assessment
Investigate replacing time-based licence stages with competency-based assessment for mature drivers.

PROPOSED SYSTEMIC CHANGES...

Shared direction and governance
Agree a structure for interagency collaboration, based around a collective problem/opportunity definition and commitment to shared action

Shared funding and targets
Explore mechanisms for shared funding of the On Track change programme, and any existing initiatives with impact across multiple portfolios

Better data, shared data
Add data from the Driver Licensing Register to the Integrated Data Infrastructure (IDI). Conduct further research into the costs, impacts and opportunities of driver licensing

Enabling legislation
Explore legislative change to enable greater levels of innovation. Introduction of a competency-based graduation from a restricted to a full licence. Explore ways of regulating the sale and insurance of cars to unlicensed drivers

RECOMMENDATIONS FOR CHANGE

To create a true step change in licensing compliance in New Zealand requires more than a 'programme'. It needs an integrated package of system-level improvements and targeted interventions that can change attitudes and behaviours in the mainstream and resolve the barriers faced by vulnerable groups. As well as overarching recommendations for system-level change, we have developed early-stage design concepts outlining new approaches aligned to each of these stages. We believe they signal a direction of travel consistent with local knowledge and emerging practice internationally, and are worthy of further exploration by the relevant agencies.

This paper aims to start that conversation by setting out the case for a new approach that draws in government and non-government agencies, employers and communities. We've called it 'ON TRACK' – and characterised the key elements as follows:



1. GET ON TRACK

It's critical to capture young Kiwis early, helping them see the value of licensing and offering resources and wrap-around support (for those that need it) to get them started.



2. STAY ON TRACK

New drivers need encouragement and guidance to shepherd them through the system, and incentivise them to keep developing their safe driving skills and drive within the law.



3. BACK ON TRACK

It should never be too late to draw someone back into the licensing process. If people are unable to navigate the system and/or suffering repeated justice consequences from illegal driving, we need to provide extra help and alternative pathways to avoid a costly and destructive spiral.



4. FAST TRACK

There's a strong case for helping some Kiwis to get their license faster – to get a job, care for dependents or get off the justice roundabout. We believe this can be achieved without compromising driver competence and road safety.

In order to enable 'ON TRACK' we have proposed a number of recommendations for system-level change. These can be summarised as follows:



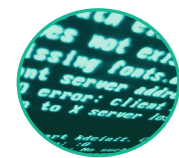
SHARED DIRECTION AND GOVERNANCE

Agree a structure for interagency collaboration, based around a collective problem/opportunity definition and commitment to shared action.



SHARED FUNDING AND TARGETS

Explore mechanisms for shared funding of the 'On Track' change programme, and any existing initiatives with impact across multiple portfolios.



BETTER DATA, SHARED DATA

Add data from the Driver Licensing Register to the Integrated Data Infrastructure (IDI). Conduct further research into the costs, impacts and opportunities of driver licensing.



ENABLING LEGISLATION

Explore legislative change to enable greater levels of innovation. Introduction of a competency-based graduation from a restricted to a full licence. Explore ways of regulating the sale and insurance of cars to unlicensed drivers.

A graduated driver licensing system is critical to developing the next generation of safe, competent drivers, but the time is right to review how that system is structured, delivered and enforced. If we want all Kiwis to be safe on the roads and have a fair chance to reach their potential, we need a system that supports, encourages and enables all new drivers on their journey to a full driver's licence.

If further developed, we believe these changes could directly contribute to achieving Better Public Service results 1, 7, 8 and 10:

- Reduce long-term welfare dependence
- Reduce total crime rate (particularly youth crime)
- Reduce re-offending
- New Zealanders can complete their transactions with government easily in a digital environment.

They also signal opportunities for improving road safety for inclusion in the next Safer Journeys Action Plan.

We see the value of a graduated licensing system to keep Kiwis safe on the roads. But we believe the time is right to review how New Zealand's licensing system is delivered and enforced. There are opportunities to learn from new approaches taken in other countries, as well as nearly two decades of experience on the ground here in New Zealand. We have found that there is a wealth of knowledge within the broader system of areas needing improvement, as well as the willingness among 'users' of that system to contribute their views.



Having a full driver's licence is the one qualification that's universally important for helping people to be employable in rural New Zealand.

KELLY ANNAND - CONNECTING FOR YOUTH EMPLOYMENT, HAWKES BAY

We propose that investment to increase the accessibility, quality and capacity of our driver licensing system will not only reduce accidents on our roads, but increase economic productivity and bring significant societal return to New Zealand.



For the full report please go here (<http://www.aucklandco-lab.nz/what-we-do/drivers-licensing>)

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TOGETHER WE DISCOVER