

Memo

To James Mather, Mayors Taskforce for Jobs
 From Michael Bealing, NZIER
 Date 5 July 2017
 Subject The concept of after-school driver licensing classes has its merits and should be explored further

This memo summarises the following:

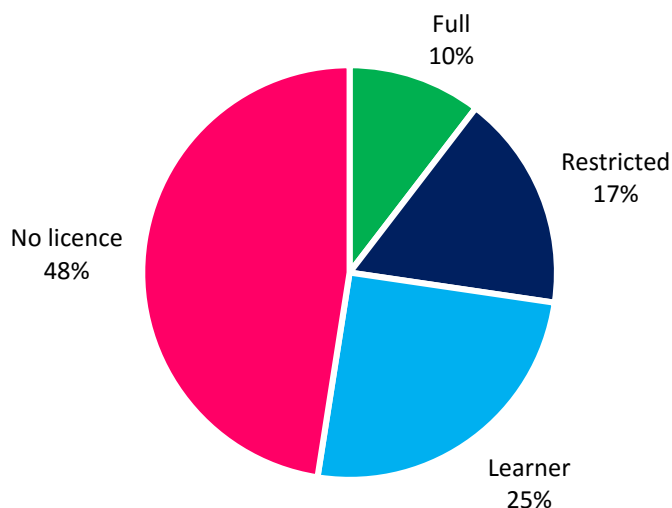
- the evidence that investigating options to lower the barriers to licensing could improve outcomes for young people
- known driver shortages
- reasons why the idea of after-school classes should be explored in greater detail.

Being unlicensed is common among young people receiving income support

Young people receiving Jobseeker Support – Work Ready benefits are much more likely to be unlicensed or partially licensed than those in study or work. Figure 1 shows the licence status of 18 to 24 year olds receiving a Jobseeker Support - Work Ready benefit. The percentage of unlicensed or partially licensed people receiving an unemployment benefit is much higher than the pattern across society. In 2015, 48% of the young people receiving the benefit were not licensed and 90% of them were not fully licensed, compared to 15% and 59% in the overall population of people aged 18 to 24 years old.

Figure 1 The licence status of 18 to 24 year olds receiving a Jobseeker Support - Work Ready benefit

As at December 2015



Source: NZIER based on Ministry of Social Development statistics

An estimated 9,000 to 10,000 young people nationally aged from 18 to 24 years were unlicensed (either never licensed or non-current licence) and receiving Jobseeker Support - Work Ready unemployment benefits as at 2 December 2015. If 20% of unlicensed young people gained

employment because of obtaining a licence, the payoff for them collectively in terms of the increased incremental financial benefit in the first year would total between \$30 million and \$34 million, based on earning the minimum wage. The one-off saving for the Ministry of Social Development would be between \$16 million and \$18 million, and the increase in PAYE and ACC levies would be between \$7 million and \$8 million. Further research is warranted to understand the relationship between licence status and transitioning from a benefit to employment.¹

There is evidence of a transport disadvantage for some unlicensed people

Completing driver licensing training can increase the number of opportunities for young people to be employed, develop experience and participate in society. In New Zealand 74% of people that work fulltime drive to work². Public transport options are limited to main cities, and only Auckland and Wellington have commuter rail systems. This means that some people who do not obtain a licence to drive will be disadvantaged. Analysis of the 2013 Census patterns for commuting to work in Auckland showed that those living in South Auckland travel further to work than those living in most other areas in Auckland.³

Research from the UK found that:

- transport barriers are a significant obstacle to employment for some young people
- transport disadvantage varies geographically
- transport barriers to employment or training have a disproportionate impact on young people.⁴

New Zealand-based research found that:

- being transport disadvantaged in New Zealand is closely associated with a lack of access to and the ability to drive a private vehicle
- our public transport network is limited to corridors within our main cities
- public transport options may not be feasible if the origin and destination are not located on a public transport corridor
- public transport is costly for some young people and households on a low income.⁵

Driving related offences are the most common type of offence among young people

Traffic and vehicle regulatory offences were the most common offences among people aged from 17 to 24 years old over the period 2010/11 to 2014/15.⁶ There were over 58,000 convictions for the traffic and vehicle regulatory offences over that time. Figure 2 shows that traffic and vehicle regulatory offences accounted for 39% of all convicted offences (reported on a most serious offence

¹ NZIER (2016) The driver licensing challenge report to the Ministry of Business, Innovation and Employment April 2016

² <http://www.transport.govt.nz/ourwork/tmif/travelpatterns/tp006/>.

³ Paling, R. (2014). Journey to Work Patterns in the Auckland Region, <http://www.transport.govt.nz/news/multi/journey-to-work-patterns-in-the-auckland-region/>.

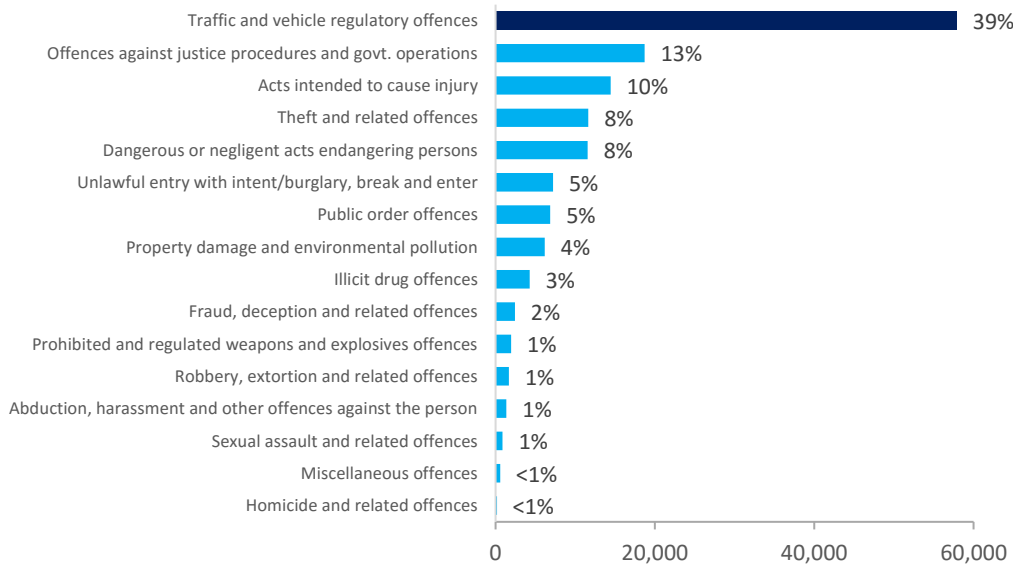
⁴ Jones, P., & Lucas, K. (2012). The social consequences of transport decision-making: clarifying concepts, synthesising knowledge and assessing implications. *Journal of Transport Geography*, 21, 4-16.

⁵ Rose, E., Witten, K., & McCreanor, T. (2009). Transport related social exclusion in New Zealand: evidence and challenges. *Kōtuitui: New Zealand Journal of Social Sciences Online*, 4(3), 191-203.

⁶ As categorised in the Australia New Zealand Offence Classification (ANZOC) system. Traffic and vehicle regulatory offences in this category include: drive while licence disqualified or suspended; drive without a licence; vehicle registration offences; vehicle roadworthiness offences; exceed the prescribed content of alcohol or other substance limit; exceed the legal speed limit; parking offences and pedestrian offences.

basis) for that age group for the five-year period from 2010/11 to 2014/15. As a proportion of total offences these offences were three times larger than the next most common offence.

Figure 2 Offences by people aged from 17 to 24 years
2010/11 to 2014/15



Source: NZIER based on Statistics New Zealand

Young inexperienced drivers are more likely to be involved in a crash

Drivers aged 15 to 19 are much more likely to be involved in a crash than other drivers. Male drivers in the 15 to 19 age group are approximately nine times more likely to crash (per 100 million kilometres driven) than male drivers in the lowest risk age group of 55 to 59; and female drivers aged 15 to 19 are six times more likely to crash (per 100 million kilometres driven) than female drivers in the lowest risk group of 45 to 49 year olds.⁷

There is a shortage of skilled drivers

Road freight transport is an integral part of the New Zealand’s supply chain. Road freight delivers 91% of the freight by weight and 70% of the freight task after adjusting for the distance travelled.⁸ There is a shortage of truck drivers in New Zealand. The road freight industry has not attracted young people, despite the known and prolonged shortage. Truck Driver is included on a skill shortage list by Immigration New Zealand for Canterbury.

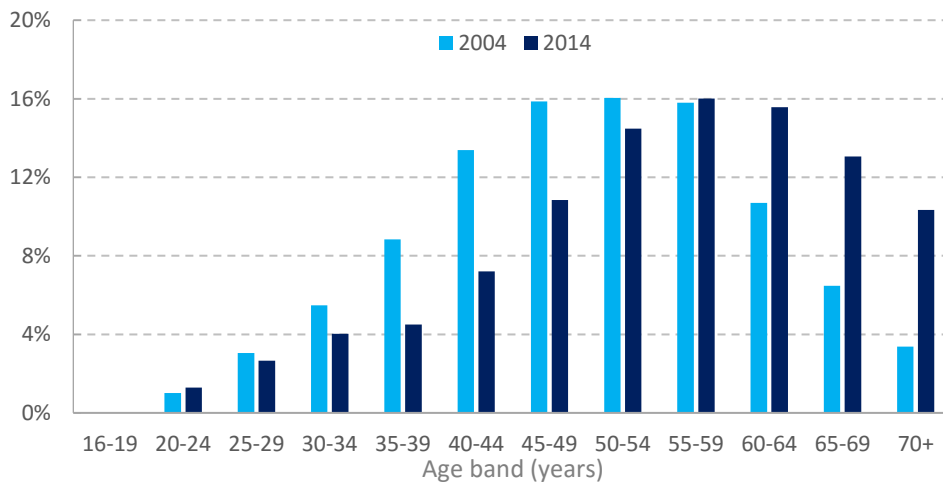
There are also concerns that there may be a shortage of bus drivers. The age profile of bus drivers is ageing faster than that of the general labour force. The percentage of drivers aged 65 or more increased from 10% to 23% over the period from 2004 to 2014, and the percentage of drivers aged 60 years old or more was 39% in 2014, which means a large proportion of the experienced bus driver workforce could soon retire.

⁷ Ministry of Transport (2015). Young Drivers Crash Facts 2014, <http://www.transport.govt.nz/research/crashfacts/youngdriverscrashfacts/>.

⁸ <http://www.transport.govt.nz/ourwork/tmif/freighttransportindustry/ft008/>.

Figure 3 Bus drivers by age band

Percentage of labour force by age band

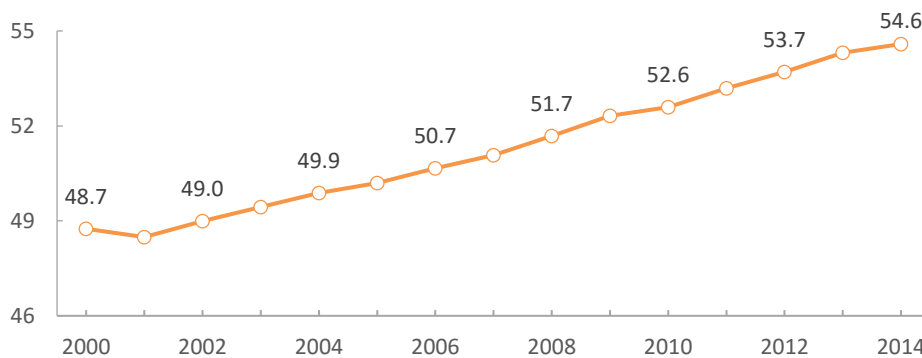


Source: NZIER based on data from the NZ Transport Agency

The average age of bus drivers has been increasing since 2001. In 2014 the average of a bus driver was close to 55 years old.

Figure 4 Average age of a bus driver

Average age (years)



Source: NZIER based on data from the NZ Transport Agency

Becoming a bus driver is not a quick option for unemployed young people who have delayed completing driver training. To obtain the large passenger vehicle endorsement required to become a bus driver, the individual must have a minimum of two years' experience on a full licence.⁹

The idea of after-school classes has some merits

The New Zealand education system has a history of delivering more than a textbook education. Many schools facilitate learning to swim and participation in sports from a young age, and provide music and 'life skills' classes. Schools play a natural coordination role that helps to reduce the transaction costs of engaging in these activities and provide great opportunities for children to

⁹ NZ Transport Agency (2014). Factsheet 42 – P endorsements for carry passengers. www.nzta.govt.nz.

develop a wider range of life skills. Schools are playing a coordinating role in delivering education beyond the traditional curriculum in all these activities.

The coordination role comes naturally to schools because they have an existing group of students, an established learning environment and administration systems to arrange classes. Using their existing infrastructure and administration capabilities avoids the sunk costs of setting up new arrangements for group classes from scratch outside the school system.

The style of education for a learner licence is very similar to school education

Preparing for the learner licence theory test is very similar to class-based education because it is about learning the theory, rules and procedures for driving prior to putting them into practice. The test is a multi-choice scenario-based assessment. The aim of the learner licence theory test is to ensure the individual's knowledge of the road rules, risks and hazards is robust enough before they start gaining practical experience. Schools are designed to deliver this type of education.

Schools can lower the barriers to online learning at the learner licence stage

The New Zealand Transport Agency also provides an online interactive tool for learning the road code in preparation for the test. An increasing share of young people have access to the internet at home. However, in 2013 around 16% of people aged under 25 years old did not have access to the internet at home.¹⁰ Schools could play a role in lowering barriers for young people that do not have access to the internet at home. Access to the internet is available in 95% of schools.¹¹

The benefits of using schools to coordinate training would also apply to the practical test, and further investigation would be worthwhile

Whether schools should play a role in practical driving tests should be researched thoroughly, as this is quite different to preparing young people for the theory test. A pilot scheme has been conducted at Central Hawke's Bay College, Waipukurau. The overall costs and benefits of the pilot should be evaluated to understand whether it delivers net social benefits compared to driver training for young people provided through traditional means.

Buying training as a group could help lower cost barriers

Schools have greater buying power than individuals, which can lower the cost of training to help young people to get their licence and get it earlier. The results of the pilot are being reviewed. Early evidence indicates the pilot could purchase group driver training courses and driver lessons at a discount relative to the retail price for individuals.

¹⁰ <http://socialreport.msd.govt.nz/social-connectedness/telephone-and-internet-access-in-the-household.html>.

¹¹ <http://www.edgazette.govt.nz/Articles/Article.aspx?ArticleId=9283>.