

*A joint Ministry of Transport and NZ Transport Agency project looking at reforming aspects of our vehicle licensing systems could affect every motor vehicle owner writes **Ministry of Transport chief executive Martin Matthews and NZ Transport Agency chief executive Geoff Dangerfield.***

Every time you re-license and warrant your vehicle requires time and money. Multiply this by the 4.2 million vehicles in New Zealand and it equals a lot of costs, paperwork, and waiting in queues.

That's why earlier this year the government announced that it would review three parts of the transport licensing system to see if they can be made simpler and more efficient for New Zealanders.

The review has the potential to save millions of dollars in unnecessary compliance costs for vehicle owners, while maintaining or improving road safety outcomes.

While public interest understandably focuses on the vehicle warrant of fitness aspect of the review, our work has a much broader focus.

The three systems under review – annual vehicle licensing (commonly known as registration), the warrant and certificate of fitness systems, and transport services licensing – have been around for a long time and account for more than 14 million vehicle certification and licensing transactions each year.

It's time to give these systems a warrant of fitness check of their own to be sure they are still fit for purpose and meet the needs of New Zealand in the twenty-first century.

We're focussed on providing Kiwis with real value for money, and that's why we're looking at new approaches to regulation that are more efficient and make a positive contribution to economic growth. When you consider that transport makes up around five percent of the country's GDP, even small cost savings can mean significant economic benefits.

Warrant and certificate of fitness

The warrant and certificate of fitness system of vehicle inspection is used to control the standard of maintenance and safety of New Zealand's vehicle fleet.

We currently have one of the most frequent vehicle inspection systems in the OECD. There are 7.6 million warrant of fitness and 470,000 certificate of fitness vehicle inspections carried out every year, (including re-inspections) costing vehicle owners around \$250 million in fees.

While the system is well understood by the driving public and provides a broad safety check across the vehicle fleet, we need to be sure that we are offering the right balance between cost, risk, and safety. Does the current system uses the right mix of tools (compulsory testing, on-road safety checks,

education, incentives etc) in the best combination? Is there a different mix of methods that would have lower costs but achieve the same or better results?

For instance would introducing a simpler inspection test for newer vehicles and a more rigorous test for older vehicles with more on-road enforcement of critical faults such as bald tyres help to better match inspection frequency to actual risk?

A broader question is how much do people need to be regulated into keeping their vehicles safe? Should we put more responsibility on individuals for the safety and maintenance of their vehicles? Whatever we do in this system we know that maintaining road safety is of paramount importance.

There are many ways that the frequency and conditions around the warrant and certificate of fitness systems can be safely varied, if we choose the right combination of tools to do the job.

Annual vehicle licensing

Annual vehicle licensing, the oldest of the systems we are reviewing, has been around since the early 1900s and collects almost \$1 billion a year in fees, most of which goes to ACC.

The system identifies the person responsible for a particular vehicle and charges them a fee to use the vehicle on public roads. The largest portion of the fee goes to ACC to help cover the cost of claims for injuries resulting from road crashes. A small proportion – around \$40 per vehicle – helps to pay for a range of transport projects and services.

There are many opportunities to make this system better. Would you like to see better use of the internet and smart phones to enable payments and send reminders? How about more incentives for prompt payment? We want to create more customer focussed payment methods that make better use of technology and make it easier for people to relicense their vehicles on time.

Other suggestions could see vehicle licensing fees paid along with warrant of fitness charges, or alongside insurance payments.

At this stage these are big picture ideas, not final options. These ideas will be refined with the help of the transport sector before specific options are presented for public consultation.

Transport services licensing

The final aspect of the review is of the transport services licensing system. This is how we manage entry into various transport industries such as goods services, passenger services, and vehicle recovery services.

Little has changed in the system since it was first introduced in the 1930s, so we are asking: Are there are opportunities to better align licensing costs to

risks? Do all parts of this sector, for example rental services operators, need to hold a transport service license? Does our licensing system duplicate other regulatory regimes such as Occupational Safety and Health?

Also, what more can we do to ensure a level playing field, encourage innovation and keep non-compliant operators out of the system?

There are no pre-determined views of the outcome of this review and no decisions have been made on any proposals for changing any parts of these three systems at this point in time.

We are still in the process of collecting data, undertaking analysis and discussing these issues with those in the transport industry who would be affected by any changes.

Discussions with the industry are a particularly important part of this review process. As well as welcoming their technical knowledge and ideas we want to gain a comprehensive understanding of industry issues and concerns and take account of any potential impacts on industry, business and communities.

This will help towards developing fully informed options for public consultation in September, and we are certainly looking forward to hearing what people have to say.

This is an important process to get right and we are committed to engaging constructively and openly with the transport industry and motorists in the months ahead.

In the meantime we encourage anyone who wants to find out more about the Vehicle Licensing Reform project to visit www.transport.govt.nz.