



### MINISTERIAL BRIEFING NOTE

<b>Subject</b>	Investigation into Potential Driver Licence Fraud [Confidential]
<b>Date</b>	7 March 2016
<b>OCU number</b>	BRI-0705
<b>Priority</b>	High

#### Contact for telephone discussion (if required)

Name	Position	Direct line	Cell phone
Celia Patrick	Group Manager Access & Use		s9(2)(a)

#### Action taken by Office of Minister of Transport

- Noted
- Approved
- Seen by Minister
- Referred to
- Needs change
- Withdrawn
- Overtaken by events

07 March 2016

Minister of Transport

## **Investigation into Potential Driver Licence Fraud [Confidential]**

### **Purpose of this brief**

1. To give you an early warning of a criminal investigation involving potentially serious fraud within the driver licensing and testing system. Note that this briefing is in-confidence as containment of information is important in the period prior to an operation relating to a Police investigation being executed.

### **Nature of the potential fraud**



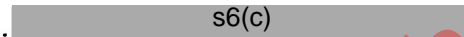
2. The potential fraud relates to individuals being able to purchase licences without undergoing the required theory or practical tests, and the use of false documents to acquire a licence. At its most serious, the fraud may involve a pyramid scheme with multiple parties actively recruiting customers. All forms of licence are potentially involved.
3. The location of the potential offending is an Automobile Association (AA) outlet in Auckland. Current information indicates the potential accepting of bribes by three individuals operating from this location. The individuals are involved in data entry, customer service and the administering of driving tests. The exact extent of the potential fraud is unknown at this point but could be significant.

### **Status of the investigation**

4. The investigation was initiated as a result of information supplied to NZ Police by a person connected to one of the individuals suspected of being involved.
5. NZ Police plan to make contact this week with the AA and Vehicle Testing New Zealand (VTNZ), as employers of the staff involved, to inform them that their employees have potentially been accepting bribes. Police will give AA and VTNZ notice of their intention to undertake further investigation.
6. We are working with the management of both AA and VTNZ to suspend the individuals involved and will facilitate access to records of relevance to the Police investigation if required. We will also work with AA and VTNZ to manage any potential disruption to customers as a result of standing staff down.

7. NZ Police has indicated the investigation into the offending will take some time to conclude. We will work closely with NZ Police, ensuring they are equipped with the information and support necessary to complete their investigation and any consequential prosecutions, if required, successfully.
8. We have also initiated an investigation into the potential fraud and will focus on driver licensing systems and processes. Our key focus will be on securing the driver licensing system so that the likelihood of such fraud occurring in the future is reduced and/or the size of such fraud, if it occurs, is minimised via systems that support early detection and dissolution of fraudulent activity.

#### Related activities

9.  s6(c)
10. 
11.  s6(c) we also initiated an audit of its effectiveness of the NZTA's control environment over the performance of agents contracted by the NZTA to provide counter services relating to driver licensing and other transport regulatory services. This report has just been finalised and has identified a range of issues and opportunities to secure the control environment. Its findings are being considered and a response plan is being developed. This may include undertaking further audits of other parts of the driver licensing system, particularly in light of the current investigation.
12. Other security or process issues that have arisen in the last 12 months include:
  - (i) allegations against a testing officer for taking bribes for passing individuals, which is being investigated by us and,
  - (ii) two known incidences of the wrong image being accidentally attached to a driver licence, for which resolution of a system weakness is being investigated. Newer Competency Based Testing processes are also being looked at more generally to identify if there are security or process weaknesses that might make them more vulnerable to fraud.

#### Media

13. No media release is planned as the NZ Police action is low key and designed to support the ongoing investigation. However, there is a risk that the action may come to the attention of the media.

14. There is a limit in what can be said in relation to an ongoing investigation, and detailed enquiries will need to be directed to Police. The generic key messages for use until the investigation is complete are:

- The integrity of the driver licensing is important as it assures the safety of everyone who uses New Zealand's roads. Therefore, a Police investigation into any potential offending within the system is a good thing and part of securing that integrity.
- It would not be appropriate for me to comment on details associated with an active investigation.

15. We are developing a communications plan to support media responses should media interest develop around the wider integrity of the driver licensing system. We will provide you with a copy of the plan and messages later in the week.

**Recommendation**

16. It is recommended that you:

- a. note the information contained in this briefing
- b. inform the Associate Minister of Transport, Hon Craig Foss of the investigation.

17. We are available to verbally brief you further on this investigation if desired.



.....  
**Fergus Gammie**  
Chief Executive

.....  
**Hon Simon Bridges, Minister of Transport**  
Noted/Approved/Declined

..... /...../.....

**Date**

Released under the Official Information Act

**Potential driver licensing fraud in Auckland**

We are continuing to support Police in its investigation of potential driver licensing fraud in Auckland. The investigation is in the validation of information and evidence phase, which takes some time. In parallel to the Police investigation, NZTA is preparing to respond to potential wrongfully issued licences, and undertaking reviews of the sites where potential fraud has occurred and the end-to-end driver licensing system to identify and reduce fraud vulnerabilities. We will inform you prior to taking action in relation to wrongfully issued licences. We will also inform you of the review outcomes; which are due to be completed by late April and late May for the site reviews and independent end-to-end review, respectively. We will also continue to keep you informed of media on this topic.

*Leigh Mitchell, National Manager Direction (A&U) 0210 216 5582*

8.

Out of scope



### MINISTERIAL BRIEFING NOTE

<b>Subject</b>	<b>Allegations of driver licensing fraud - Conversion of overseas heavy motor vehicle licences from India</b>
<b>Date</b>	8 April 2016
<b>OCU number</b>	BRI-0731
<b>Priority</b>	High

#### Contact for telephone discussion (if required)

<b>Name</b>	<b>Position</b>	<b>Direct line</b>	<b>Cell phone</b>
Fergus Gammie	Chief Executive		s9(2)(a)
Celia Patrick	Group Manager Access and Use		

#### Action taken by Offices of the Minister of Transport and Associate Minister of Transport

- Noted
- Approved
- Seen by Minister
- Referred to
- Needs change
- Withdrawn
- Overtaken by events

8 April 2016

Minister of Transport

Associate Minister of Transport

**Allegations of driver licensing fraud - Conversion of overseas heavy motor vehicle licences from India**

**Purpose**

1. On 7 March 2016 you received a briefing on allegations of fraudulent activity related to the issuing of driver licences in Auckland [BRI-0705 refers]. You have also received verbal briefings from New Zealand Transport Agency (NZTA) officials in the period since then.
2. This briefing provides you with updated information related to our ongoing investigation in relation to the allegations, and in particular the conversion of overseas heavy motor vehicle driver licences, actions currently being undertaken by the NZTA and media interest in the conversion of overseas licences.

**Investigation progress update**

3. We have continued to support the New Zealand Police and undertake our own analysis of the alleged fraudulent activity. This work has focused on licensing activity associated with the core group of three suspects and the four agent sites in Auckland they worked from, as well as using the fraud characteristics to scan the wider licensing system for signs of other potential frauds.
4. As this analysis progresses, new lines of enquiry have developed and are being investigated to determine legitimacy. At this time, the Police are looking more closely at licensing transactions associated with a further four individuals. The scanning of our systems has identified an additional eight agent sites for further investigation. It is important to note that these are lines of enquiry based on linkages or statistical/activity anomalies and no fraudulent activity has been confirmed at this point in time.
5. One of the characteristics of the alleged fraud that has generated new lines of our enquiry is conversions of overseas licences. This also appears to be a line of enquiry picked up by media and more information on this is provided below.
6. As noted in BRI-0705, we have also commissioned two reviews, which are both underway.
  - a. KPMG is carrying out an independent review of the end-to-end driver licensing system looking particularly at the controls within the system that protect its integrity. This review is underway and due to report its findings and recommendations by the end of May 2016.
  - b. An internal NZTA team (supported by KPMG) is reviewing processes at five agent transport service sites in Auckland, including the four sites around which the allegations have been made. This review also looks at the controls within the driver licensing system (and other transport systems) and how they are applied in practice. This review is due to report by the end of April 2016.

## Conversions of overseas licences

7. As noted, a characteristic of the alleged fraud is its focus within the Indian community and the relationship to Indian driver licence conversions.
8. Television New Zealand (TVNZ) News may also have identified this link and last week sought information from us related to the overseas driver licence conversion process and information on the number of overseas conversions by country for the period 2013–2015.
9. In the course of carrying out our own analysis and in preparing the information for TVNZ, we have identified a significant increase in the number of drivers converting heavy motor vehicle driver licences issued in India. The increase is significant when compared to previous years.

	2013	2014	2015
Number of Indian licence conversions for heavy motor vehicle classes (classes 2–5).	70	172	772

10. In identifying the increase in overseas conversions, we have identified driver licensing sites, principally in the Auckland and Waikato regions, where the volumes of transactions account for the majority of the overall increase.
11. It is too early to form a view as to whether any of the transactions at these sites may have been fraudulent. Increases in conversions from particular countries can result from changes in trends in migration and employment opportunities and some locations can have higher populations of migrants than others. However, the increase in Indian conversions is bigger than we would expect based on migration and employment trends alone and it therefore warrants further investigation. Resources are being dedicated to better understand what is behind the increase and whether it is linked to, or an extension of, the alleged fraud. Information is also being sought from sources such as Immigration New Zealand to assist us to build this picture.

## Addressing the TVNZ media query relating to conversions

12. *One News* reporter Rebecca Wright submitted a request for information on overseas conversions for heavy motor vehicle (Class 2–5) licences.
13. We have undertaken to provide the figures to Ms Wright by midday 8 April 2016, along with an update on the two reviews now underway, and the work we are carrying out to assist the Police with their enquiries. A background briefing and on-camera interview will be provided to *One News* in the afternoon of 8 April 2016 by Group Manager Access and Use, Celia Patrick.
14. This approach has been agreed with Police. Key messages and Q&As on the issue are being developed and will be circulated to Police, AA and VTNZ prior to the *One News* briefing. A copy of the key messages and Q&As will be provided to your offices at the same time. No further proactive media engagement is planned on the issue at this time.
15. *One News* has indicated that the story will likely go to air on 9 April 2016.

## Update on preparation to respond to fraudulently issued licences

16. There are a number of actions we can take in respect of licence holders who may have received a licence without meeting all of the requirements. Licences can be declared to be invalid where we have direct evidence that requirements were not met, or drivers can be required to be retested where we can form a view that requirements may not have been fully met. The processes that will sit behind these actions have been identified and will be put into effect once we have the information necessary to support them.



17. The Police have provided us with an initial list of 138 licence holders whose transactions may have involved fraudulent activity and have asked for a range of documents and other information related to the licensing transactions and steps relevant to those people. The requested information will be provided to the Police by 8 April 2016.
18. The Police are taking a very thorough approach to their investigation and have yet to provide us with the evidence they have in relation to individual licence holders.
19. Police have prioritised the types of driver licensing transactions to address those that represent a higher safety risk first. Higher risk transactions include those relating to heavy motor vehicle classes and P endorsements.
20. We have implemented some actions to reduce ongoing risks whilst information gathering and validation occur. For example, all incomplete transactions relating to the 138 licence holders identified by the Police and all pending or incomplete applications that involve conversion of a heavy motor vehicle licence issued in India have been identified and we have put steps in place to ensure all requirements will have been satisfied before their licences are issued.
21. We have strengthened the oversight and support we provide to licensing agents when they are processing overseas conversions, and are exploring ways to further strengthen that support.
22. Transport sector stakeholders such as the Road Transport Forum and the Bus and Coach Association are also being contacted and informed of the potential issue related to heavy motor vehicle drivers, and of the actions that we are taking to contain the issue.
23. We continue to receive information relevant to the original allegations, or of more general relevance, from a range of sources including from the public. This information is being collated and used to inform relevant areas of our investigation, the reviews and our overall response.

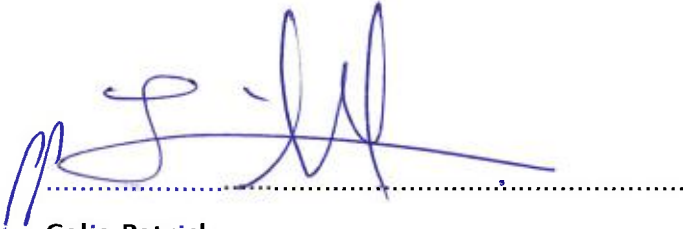
#### **Summary of actions underway**

24. The work to prepare for taking action in relation to potentially suspect licences resulting from the current fraud being investigated is one activity within the wider set of activities being undertaken. The other activities include the following.
  - a. Direct support of the Police investigation, which will likely result in prosecutions.
  - b. Implementation of immediate actions to minimise likelihood of further suspect licences being issued.
  - c. Identification and implementation of mitigation actions to address specific process vulnerabilities highlighted by the alleged fraud.
  - d. Scanning of the wider population of driver licensing transactions to identify whether similar or other frauds might be occurring elsewhere (and investigating all resulting lines of enquiry).
  - e. Formal review of driver licensing and testing agent sites linked to the alleged fraud to assess robustness of application of required control systems and processes.
  - f. Capture, analysis and follow up of all information and complaints being submitted by members of the public and stakeholders as a result of the review being highlighted.
  - g. Procurement of, and support for, the independent review of the end-to-end driver licensing system in respect of control systems and processes to prevent fraud and vulnerabilities to fraud.

**Recommendation**

25. It is recommended that you:

- a. **note** the contents of this briefing
- b. **note** that we will provide a further briefing should any new information come to light or if any new allegations are made.



**Celia Patrick**

**Group Manager Access and Use**

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**Hon Simon Bridges, Minister of Transport**

Noted/Approved/Declined

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**Date**

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**Hon Craig Foss**

**Associate Minister of Transport**

Noted/Approved/Declined

..... /...../.....

**Date**

Released under the Official Information Act

## 8. Media engagement report

- **National – Driver licence fraud investigation:** It is likely that there will be further media interest in the Police investigation into allegations of fraudulent driver licence transactions at agent outlets in Auckland, with One News planning on running a story on Saturday 9 April 2016.

Out of scope



Released under the Official Information Act

## MINISTERIAL BRIEFING NOTE

<b>Subject</b>	Driver Licensing Fraud – System Monitoring and Management of Communications
<b>Date</b>	5 May 2016
<b>OCU number</b>	BRI-0740
<b>Priority</b>	High

### Contact for telephone discussion (if required)

Name	Position	Direct line	Cell phone
Fergus Gammie	Chief Executive		s9(2)(a)
Celia Patrick	Group Manager, Access and Use		

### Action taken by Office of the Associate Minister of Transport

- Noted
- Approved
- Seen by Minister
- Referred to
- Needs change
- Withdrawn
- Overtaken by events

5 May 2016

Associate Minister of Transport

## **Driver Licensing Fraud – System Monitoring and Management of Communications**

### **Purpose**

1. On 7 March and 7 April 2016, the New Zealand Transport Agency (NZTA) provided briefings on allegations of fraudulent activity related to the issuing of driver licences in Auckland [BRI-0705 and BRI-0731 refer]. We have also provided a number of verbal briefings over the period since 7 March 2016.
2. You have requested additional information on our scanning of the driver licensing system for anomalies to identify risks and on our planned communications approach with affected parties and the media.

### **Progress update on the investigation**

3. We continue to support the New Zealand Police investigation of the alleged fraud, as well as progress our own detailed analysis. The focus of both investigations at this stage is on analysing a large volume of information and linkages to confirm the extent of the fraud and secure reliable evidence.
4. Reliable evidence is important to the prosecution of officials<sup>1</sup> allegedly facilitating the fraud and to taking action in relation to licences potentially issued fraudulently.
5. The Police have indicated it will be some time before they initiate prosecutorial action, however, we may be in a position to begin taking action on licences obtained fraudulently later this month. We have confirmed the legal steps we can take in the context of the different levels of evidence that might be available. Where reliable evidence that a licence was obtained fraudulently exists (for example evidence of a bribe being paid or a licence step being missed), we will declare the licence invalid. Where this level of evidence is not available but there is information that leads to a reasonable belief the licence was issued fraudulently, we will require the licence holder to re-sit relevant tests within a specified time period.
6. As potential holders of fraudulent licences are identified, they are being flagged in the driver licensing system. People linked to the alleged fraudsters and with strong alignment to the fraud characteristics are also being flagged. This enables us to more closely scrutinise activity

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<sup>1</sup> "Officials" is used to refer to individuals working in an official capacity within the driver licensing system. For example, working as a testing officer for the contracted practical driver licence test provider, Vehicle Testing New Zealand (VTNZ), an Approved Course Provider or as a customer services representative in an organisation operating as a transport service agent such as VTNZ or the Automobile Association (AA).

in relation to their licences while the information is checked and verified. For example, all licence conversion processes are checked by NZTA staff members before being finalised.

7. To date, around 500 licences have been flagged. Not all of these licence holders will be found to have obtained their licence fraudulently. Around a quarter of the flags relate to names that appear in correspondence of the alleged fraudsters but for whom there is no specific fraud-related information or licence transaction. Half of the flags are a consequence of us flagging all people currently in the process of completing an Indian heavy vehicle licence conversion.
8. As you are aware, we have initiated two system reviews as a consequence of the fraud. The two reviews are progressing as scheduled:
  - a. KPMG, who are reviewing the end to end driver licensing system, has completed orientation workshops, visited NZTA and Transport Service Agent sites, conducted a wide range of interviews and received datasets to facilitate analysis. They are on target to report their findings and recommendations by the end of May 2016. We will brief you on the review findings, and any associated communications, after receiving the report.
  - b. Our internal team, who are reviewing Transport Service Agent control systems and processes at five sites in Auckland, have completed fieldwork and drafted their report. It is now being independently reviewed by KPMG.

#### **Scanning the driver licensing system for anomalies and risks**

9. We scan the driver licensing system data looking for indicators, such as combinations of entries that should not normally occur that might indicate an error or a deliberate action to circumvent a control (for example the use of a course certificate to support a licence application but no record of person having completed a course). Errors discovered are corrected and, where necessary, information is fed back to the appropriate operational area to ensure correct processes are followed.
10. In response to the recent fraud activity identified, three additional scan activities are underway:
  - a. Targeted scanning to look more closely at the individuals associated with the alleged fraud with a view to understanding the pathways they have followed through the system. This scanning has looked at all testing officers and customer service representatives operating out of the sites used by the core group of alleged fraudsters, parties linked to the core group (like course providers), identified associates of the core group, all customers processed by the core group, and linked or associated parties. Where a new connection has been identified or connection to another site made, the same sets of scans have occurred in relation to that person and site.
  - b. Broad scanning of the wider system for evidence of the same fraud characteristics elsewhere. This scanning has included analysing all Indian licence transactions, looking for other clusters, trends or anomalies relating to specific cultural groups, and scanning for unusual geographical patterns (i.e. trends indicating people are bypassing local sites for out-of-the-way sites). This activity identified a pattern of transactions requiring investigation at a site in Hamilton, which is now also being investigated by the Police.
  - c. Dynamic scanning of the driver licensing system to identify new trends and trend deviations or anomalies that may indicate fraudulent activity or systemic errors. This form of scanning is less structured in that it is seeking unusual patterns rather than

targeting pre-specified patterns, such as unusual behaviour by an official or unusual statistic patterns within a licence class, pathway or sub-population. This scanning is still in its early stages.

11. We expect that current scanning activities plus the review findings will inform a future remodelled driver licence system scanning capability, which better reflects modern fraud behaviour and is better positioned to detect new forms of fraud.
12. This work is also accessing data held by other agencies where appropriate. We have sought information from Immigration New Zealand regarding the 1000 drivers who have applied for and completed the process to convert Indian licences in the last three years, including immigration status and dates of arrival. We are also discussing with Immigration New Zealand the potential that the fraudulent driver licensing behaviour is associated with immigration or employment-related fraud.

### **Communications with affected parties and the media**

13. We will brief you prior to initiating any external communications and provide you with supporting communications material. We will also continue to inform you of any active media enquiries.
14. Communications planning about next steps is underway and, subject to your feedback, the plan is likely to include:
  - a. Direct communication with licence holders that have – or are believed to have – obtained their licence fraudulently about the action being taken in relation to their licence and what they will need to do.
  - b. Communications relating to the prosecution of any officials will be led by the Police. We will liaise closely with the Police on these communications and on joint media statements that reinforce deterrents to others contemplating fraud.
  - c. Communications relating to the findings of the two NZTA-initiated reviews will be managed in consultation with your office. We do not expect to release the review reports in full, as doing so may support fraudsters to operate. However, our current intention is to release key messages on high-level findings and recommendations, and on actions that have already been taken to minimise further fraud opportunities.

**Recommendation**

15. It is recommended that you:

- a. **note** the contents of this briefing
- b. **note** that we will provide further briefings before proceeding with any communications or actions relating to the fraud and after receiving the KPMG review report.



.....  
**Celia Patrick**

**Group Manager Access and Use**

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.....  
**Hon Craig Foss, Associate Minister of Transport**

Noted/Approved/Declined

..... / ..... / .....

**Date**

Released under the Official Information Act





## MINISTERIAL BRIEFING NOTE

<b>Subject</b>	Update on the Driver Licensing Integrity Project
<b>Date</b>	15 June 2016
<b>OCU number</b>	BRI-0791
<b>Priority</b>	Routine

### Contact for telephone discussion (if required)

Name	Position	Direct line	Cell phone
Michael Cummins	Principal Advisor, Direction		s9(2)(a)
Celia Patrick	Group Manager Access and Use		

### Action taken by Offices of the Minister of Transport and Associate Minister of Transport

- Noted
- Approved
- Seen by Minister
- Referred to
- Needs change
- Withdrawn
- Overtaken by events

15 June 2016

Minister of Transport

Associate Minister of Transport

## Update on the Driver Licensing Integrity Project

### Purpose

1. To provide you with an update on progress on our responses to the alleged fraud at a driver licensing site in Auckland. In particular, to update you on:
  - a. the findings of the independent and internal reviews
  - b. our intention to begin taking action in relation to drivers who may have wrongfully obtained licences.

### Background to the Driver Licensing Integrity Project

2. We and NZ Police continue to investigate and take action in relation to the alleged fraud at a driver licensing site in Auckland (previous briefings BRI-0705 (7 March 2016), BRI-0731 (7 April 2016) and BRI-0740 (5 May 2016) refer.
3. The fraud involves people with roles in the driver licensing system taking money in exchange for enabling customers to avoid certain driver licensing requirements. On becoming aware of the fraud, we acted to:
  - a. contain the specific fraudulent activity identified by ensuring the individuals suspected of wrongdoing were no longer in a position to conduct the fraud and by applying closer monitoring to suspect sites and transactions
  - b. minimise ongoing fraud potential by tightening up business processes that might be contributing to the fraud opportunity.
4. We also established an internal project – the Driver Licencing Integrity Project – to coordinate our response activities. The project includes the following areas of activity:
  - a. Providing support to the Police investigation, which may result in prosecutions against the individuals suspected of taking money in exchange for enabling customers to avoid certain driver licensing requirements
  - b. Identifying and taking action in relation to drivers who obtained, or may have obtained, licences wrongfully
  - c. Securing the end-to-end system, supported by system reviews and audits
  - d. Ensuring good quality communications and stakeholder engagement.

## Findings of the reviews

5. Because fraud can undermine customer trust in, and the effectiveness of, the driver licensing system, investigations into the fraud have focused not just on the behaviours of the individuals involved, but also on identifying any weaknesses in the system that may have allowed the fraud to occur. As part of our investigations, we initiated two system reviews:
  - a. KPMG was retained to independently review the end-to-end driver licensing system to assess the controls in place, or that should be in place, to secure the integrity of the system and to make recommendations on those controls.
  - b. Our Risk and Assurance Team (supported by KPMG) was tasked with reviewing application of control processes at five transport service agent sites in Auckland, including the site of the fraud.
6. KPMG's report on the Independent Review of Driver Licensing End-to-end System Integrity identified 18 gaps or weaknesses with variable levels of seriousness:

Risk Rating	Critical	High	Moderate	Low
Number of findings	0	10	12	6

7. The report summarises the key gaps and weaknesses identified as being linked to:
  - a. contract and contract management processes that are not fit-for-purpose
  - b. lack of robust controls, which in some instances have been reduced in favour of a greater focus on customer service
  - c. limited use of automation between IT systems, systems controls and data analytics
  - d. lack of robust, formal quality assurance processes to monitor and manage performance.
8. The Internal review of control processes at five sites in Auckland has also been completed and its findings support the findings of the independent review. It found that the control processes at the agent sites were not being consistently applied.

## Actions already undertaken that address these gaps

9. As a result of our initial response to the fraud, interim actions that address many of the risks are already in place. The review reports have provided insights that enable further tailoring and tightening of these, and this work is now underway. Attachment 1 includes a summary of interim actions put in place and the status of the actions.
10. Only a few of the risks can be resolved in an enduring way immediately. For most, interim solutions have been necessary because enduring resolution will take time and investment, for example existing (older) contracts still have time to run or older IT systems limit functionality. Work is underway to develop a programme to progress effective and cost efficient enduring solutions. There are three key themes to this work:
  - a. Ensuring third party contracts are fit for purpose and well managed. We have made considerable progress in this area with the recent internal review of contract management and the Practical Driver Testing Services contract, which KPMG acknowledged and noted should be used as an exemplar for future contracts.

- b. Establishing comprehensive and effective quality assurance processes for monitoring third parties, including an ongoing programme of assurance reviews across all of our regulatory areas.
  - c. Integrating IT systems and analytics. Improved data scanning and analytics to facilitate fraud detection is being implemented, however the age of our IT systems and manual processes mean that investment will be needed in this area to enable integrated and sophisticated scanning to occur with ease.
11. The media is aware that the independent review has been completed. Releasing the full review reports publicly in full is not considered desirable as this could make the driver licencing system more vulnerable to fraud by providing information on specific weaknesses in the system. To manage this risk, we intend to release a statement on the review findings and our actions.
12. Our communications approach to supporting the release of the review reports will be to ensure public trust and confidence in the driver licensing system is not adversely affected by:
- a. leading the conversation about the release of the review findings,
  - b. illustrating the extent and thoroughness of our responses to the fraud and review findings, and
  - c. highlighting the focused nature of the specific fraud activity that has occurred.
13. We will discuss content and timing of the release of the reports with NZ Police to confirm and resolve any concerns they may have regarding their investigation processes. We will confirm the timing of the release and provide your offices with the media statement and FAQs before proceeding. Initial key messages have been prepared and are provided in Attachment 2.

### **Dealing with drivers who have wrongfully obtained licences**

14. We now have sufficient evidence and information to begin taking actions in relation to drivers who may have wrongfully obtained a licence. The actions are:
- a. Where there is strong evidence the licence was wrongfully issued, notifying the person that their driver licence, or a specific class of their driver licence, is invalid because the required process was not followed
  - b. Where there is strong information suggesting the licence was wrongfully issued, notifying the person that they must undergo a retest (at no cost) because we have formed a view that they may not have met all of the requirements to hold a driver licence.
15. The notices to people informing them of the decision will begin to be released next week and will include detailed information on what the person needs to do to either regain their licence, or licence classes, or to arrange and complete retesting.
16. We do not intend to release media statements about these actions but key messages have been prepared should you be approached for comment. These are provided in Attachment 3.

## Other updates

17. We continue to provide support to the NZ Police investigation. The Police are yet to lay charges against any of the key suspects as they are still completing analysis of bank transactions. Indications are that the laying of charges is at least two to four weeks away. We will update you if we are informed by Police that charges are imminent.
18. We have completed site visits of eight course providers with links to the people at the centre of the alleged fraud. The visits were used to gather information and records to support an audit of the course providers' activities. The site visits were executed without incident. We will provide an update on the findings of the audit once analysis of the information is complete.

Released under the Official Information Act

**Recommendation**

19. It is recommended that you **note** the contents of this briefing.



.....  
**Celia Patrick**

Group Manager, Access and Use

s9(2)(a)

.....  
**Hon Simon Bridges, Minister of Transport**

Noted/Approved/Declined

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**Date**

.....  
**Hon Craig Foss, Associate Minister of Transport**

Noted/Approved/Declined

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**Date**

Released under the Official Information Act

**Attachment 1: Summary of Interim Actions to address risks identified in reviews**

Risk Area	Interim remediation measures implemented or in progress	
Contracts	Explore contract "variation" to strengthen the performance and penalty regime of the agent contracts - prepare proposal for the Group Manager A&U.	Due in June
Contract Monitoring processes	Strengthen contract monitoring by: <ul style="list-style-type: none"> <li>• Expanding contract monitoring framework to include monitoring of sites, processes and work quality</li> <li>• Implementing a monthly management meeting with agents;</li> <li>• Augmenting capability in the Service Supply Management Team in the short term.</li> </ul>	Initial work complete. Rest due in June
	Implement a central issues register and link it to a process for following up on issues	Initial work complete. Rest due in June
Quality assurance processes for monitoring Course Providers	Implement moratorium on new Class 2-5 Course Providers (include P Endorsement and Dangerous Goods courses), except where there may be a "supply" need.	Complete
	Halt issue of exemptions to any of the requirements for individuals or entities applying to be course providers.	Complete
	Implement audits on all Course Providers scans have identified as high risk	Complete
	Appoint a single national lead for Course Provider audits.	Complete
	Identify any course providers that have not been audited in last two years and ensure they are scheduled for an audit.	Due in June
	Review all intelligence, complaints and issues regarding course providers from last 12 months and confirmed closed or allocate follow-up actions.	Due in June
	Assess and risk rate all Course Providers to support prioritisation of audits	Due in June
	Review course provider audit framework and implement improvements able to be executed in short term.	Due 15 July
Quality assurance processes for monitoring Testing Officers (TOs)	Increased assurance over processes for Agent monitoring of TOs: <ul style="list-style-type: none"> <li>- review and sign off the agent review regime</li> <li>- require that all internal audit reports are provided to NZTA each month with an expected minimum level of audit frequency.</li> </ul>	Partially complete. Rest due in early July

	Check and add more depth to risk ID of TOs followed up each month including "integrity test".	Complete. Further work in July
	Establish workflow management of TO complaints/audit issues –make this visible to management in a systematic way.	Complete. Further work in June
	Review audit framework used for NZTA site audits and increase volume and frequency of audits (ideally using robust risk assessment).	Due in August
Use of data and analytics tools to identify trends and suspicious transactions	Identify forensic characteristics of current fraud and use to scan system	Due in June
	Define roles and business processes for BAU response to data analytic outputs.	
	Report on controls in quality of data inputting to DLR–current state risk assessment.	
	Develop weekly dashboards on scan areas.	
Determination of validity of overseas licences and identity documents	Limit agent accepted ID docs to passports only (currently accept other forms). If other docs are presented then needs to be scanned & submitted to NZTA for central verification.	Complete
	Limit overseas conversion processes to selected sites and/or personnel with enhanced training.	Discussions underway. Due in July
	QA check on all conversion documents by NZTA personnel – 100% check.	Due 30 June
Application processes	Confirm what agents should be doing now and make sure that they are clear about these requirements- this activity to be centralised.	Initial work complete. Rest of work ongoing.
	Assess the gaps - and make sure agents are clear about these additional requirements – again centralised.	
	Improve our QA across the requirements for agents – set up a mobile monitoring unit.	
Use of generic IDs [for TOs] when resulting practical tests in DLR	Notify agents that there is to be no use of generic IDs to result tests into DLR. Monitor use of generic IDs and ensure any use is reported to VTNZ at minimum weekly.	Complete
	Ensure roll-out of automated test resulting excludes opportunity to use generic IDs	Complete



Compliance with exemption requirement for accepting course certificates in place of practical test	Re-establish exemption process.	Complete
Decision making on exemptions	Establish documented framework for assessing and issuing exemptions to practical tests.	Due in June.

Released under the Official Information Act

## **Attachment 2: Key messages regarding the independent review**

- I am aware of the findings of the end-to-end driver licensing system review undertaken by independent consultants KPMG.
- The report has identified some weaknesses that enable people deliberately setting out to commit fraud to do so. The NZ Transport Agency is actively addressing these. It has already put in place interim measures to strengthen the system against fraud.
- The NZTA is also using the findings to design more enduring protections against fraudsters.
- The integrity of the driver licensing system is vital – we need to ensure that everyone who holds a New Zealand licence has earned it by demonstrating the ability to drive safely.

Released under the Official Information Act

**Attachment 3: Key messages regarding action taken against people who may have wrongfully gained licences**

- I am aware that the NZ Transport Agency is taking action on licences found to have been wrongfully issued or licences that may have been wrongfully issued. This action comes from the investigation the NZTA is carrying out following allegations of fraud at a driver licensing outlet in Auckland.
- NZTA's actions are being taken with reference to the ongoing Police operation and they remain in close contact with Police.
- I understand there is a high evidential threshold to meet before NZTA can take action on licences and they have been gathering evidence from their own investigations and from the Police.
- It's important to ensure that everyone who holds a New Zealand driver licence has earned it by demonstrating the knowledge and skills to drive safely. If the NZTA has evidence to show people have not, or may not, have earned their licence by meeting all of the requirements, action will be taken.
- NZTA will continue to keep me informed about action it is taking in regard to wrongfully issued licences.

Released under the Official Information Act

**Fergus Gammie**

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**From:** Fergus Gammie  
**Sent:** Wednesday, 6 July 2016 6:03 p.m.  
**To:** s9(2)(a)  
**Subject:** Progress update: Release of the KPMG report on Review of Driver Licensing End-to-end System Integrity  
**Attachments:** NZTA Independent Review of Drivers Licensing -UNREDACTED.PDF; NZTA Independent Review of Drivers Licensing - REDACTED Version.pdf; FINAL KPMG Talking points for Minister.pdf

Good afternoon s9(2)(a)

On 15 June we provided an update on the Driver Licensing Integrity Project to Minister Foss, which included information on the findings of the Independent Review of Driver Licensing End-to-end System Integrity and the action we are taking to address the findings (Briefing BRI-0791).

We have decided to proactively release the report on the independent review next week, on Tuesday 12 July, in advance of likely renewed media interest in the fraud investigations and to show decisive action has been taken to prevent further fraudulent activity. A redacted version of the report will be made available on the NZTA website and a media statement will be issued that will focus on the action we've already taken to address the findings of the report.

TVNZ News ran the original story and is the only media outlet to ask questions regarding progress on the review. We will inform TVNZ about the release of the report. Access and Use Group Manager Celia Patrick will front any interviews by media.

Attached are copies of the report in both its un-redacted and redacted versions. I've also attached some talking points for Minister Foss in case he is asked for comment on the review.

Letters will be sent to around 55 licence holders on Saturday 9 July, informing them that their licences have been invalidated or that they will be required to re-sit driving tests. This is the first lot of letters to be sent out and will be followed by more over the next few weeks.

Please don't hesitate to contact me if you have any questions.

Regards

Fergus

Fergus Gammie Chief Executive

s9(2)(a)

[fergus.gammie@nzta.govt.nz](mailto:fergus.gammie@nzta.govt.nz) [nzta.govt.nz](http://nzta.govt.nz)

National Office Victoria Arcade, 50 Victoria Street,  
 Private Bag 6995, Wellington 6141, New Zealand



**MINISTERIAL BRIEFING NOTE**

<b>Subject</b>	Historic driver licensing fraud
<b>Date</b>	9 September 2016
<b>Briefing number</b>	BRI-0856

<b>Contact(s) for telephone discussion (if required)</b>				
<b>Name</b>	<b>Position</b>	<b>Direct line</b>	<b>Cell phone</b>	<b>1<sup>st</sup> contact</b>
Fergus Gammie	Chief Executive	s9(2)(a)		
Celia Patrick	Group Manager, Access and Use			✓

**Action taken by Office of the Minister**

- Noted
- Seen by Minister
- Agreed
- Feedback provided
- Forwarded to
- Needs change [please specify]
- Withdrawn
- Overtaken by events

Released under the Official Information Act

9 September 2016

**Associate Minister of Transport**

## **Historic driver licensing fraud**

1. The briefing is to provide you with information related to instances of historical driver licensing fraud and how that fraud was managed.
2. You have requested this briefing following the disclosure of previous instances of driver licensing fraud in the data provided in response to a written parliamentary question.

### **Background**

3. The NZ Transport Agency (NZTA) and NZ Police (Police) have been investigating alleged driver licensing fraud at a site in Auckland. We notified you of the fraud in March when we became aware of its scale and prior to it becoming public, and you have been regularly briefed on the progress of our response.
4. The fraudulent activity relates to four people under investigation, one of whom was a customer service agent at the site and three testing officers. The Police investigation has focussed on the actions of these four, but has yet to result in charges being laid. The NZTA focus has been on securing the system to prevent any further fraud, reviewing the system to identify vulnerabilities that might have facilitated the fraud, addressing any issues discovered in the reviews and taking action against the people who have wrongfully gained licences.
5. In the process of responding to a Written Parliamentary Question (WPQ) for Sue Moroney (MP), evidence of previous fraud in 2010/2011 was identified through the 440 licence invalidations recorded in 2011.

### **Dealing with driver licensing fraud in the past**

6. We have looked into the high number of licence invalidations for fraud recorded in the Driver Licensing Register in 2011, and identified that some driver licence invalidations relate to fraud that occurred in 2007, prior to the establishment of the NZTA in 2008. We do not have readily available records relating to historic fraud, particularly to fraud which occurred when Land Transport New Zealand was in place.
7. We have been unable to confirm whether Ministers were briefed at the time.
8. However, we are able to advise the following information to provide further context to the 440 invalidations recorded in 2011. As previously noted, the invalidations recorded in 2011 relate to various frauds that took place between 2007 and 2011. While we are unable to provide accurate detail on the breakdown of these, we have ascertained that the recorded invalidations largely relate to fraud that occurred as follows:
  - Customer service agent at a site in Auckland entered fictitious overseas driver licence details as part of overseas conversion transactions
  - A translator providing translation services for theory tests, provided candidates with the answers
  - International fraudsters used fake overseas passports to gain NZ driver licences for credit fraud

- In addition to the instances identified above, records indicate that during 2009/10 fraudulent activity occurred relating to the issuing of false temporary licences. Temporary licences are not recorded in the Driver Licence Register and these transactions are therefore not included in the 440 invalidations.

**Dealing with driver licensing fraud now**

9. Since 2011 the NZTA has significantly changed its management structure and its approach to managing these sorts of issues. As a result the NZTA Board and Senior Leadership Team have much greater visibility of the way our regulatory systems are managed generally.
10. In March this year following identification of fraud, an independent review of the Driver Licence system was commissioned. The findings of the KPMG report have formed the basis of a detailed action plan to improve the integrity of the Driver Licence system, together with a wider programme of regulatory review across NZTA's other regulatory services. A summary and update of this overall programme is attached to this briefing (Attachment 1).

**It is recommended that you:**

1. **Note** the contents of this briefing



**Fergus Gammie**

Chief Executive

.....  
**Hon Craig Foss, Associate Minister of Transport**

Date: 2016

## Attachment 1

### Programme of actions to address the issues in the KPMG report

In addition to the actions we have taken to address the specific issues identified by KPMG in its end-to-end review of the driver licensing system, NZTA has initiated a wider programme of work across all areas of regulatory responsibility.

1. A Regulatory Assurance Project has been established to ensure the integrity of NZTA's other regulatory systems. The project includes:
  - a. ensuring that end-to-end reviews of all regulatory systems occur and that regular reviews become part of core business for NZTA's Risk and Assurance function
  - b. applying the driver licensing system short-term actions relating to generic processes to all regulatory systems
  - c. quick but comprehensive 'health checks' of all regulatory systems – using the lessons from driver licensing and designed to identify issues and gaps not captured by action 2. above
  - d. implementing actions to address any issues or gaps present in these systems.
2. The Regulatory Programme that we initiated in 2015 is being expanded and accelerated.
  - a. The programme is reviewing all the components of NZTA's regulatory model to ensure that they are set up in a way that supports robust stewardship of regulatory systems into the future
  - b. The components of the regulatory model that will be reviewed are:

Governance	<ul style="list-style-type: none"> <li>• how accountabilities are distributed/allocated</li> <li>• how those holding accountabilities are supported to properly effect those accountabilities</li> <li>• how functions are organised to support governance and accountabilities</li> <li>• how the governance reports to organisational governance processes</li> </ul>
Regulatory frameworks	<ul style="list-style-type: none"> <li>• the operating principles</li> <li>• the outcomes and objectives frameworks</li> <li>• how the organisational design supports the regulatory outcomes and objectives frameworks</li> <li>• the regulatory risk frameworks</li> <li>• the customer frameworks</li> </ul>
Performance management	<ul style="list-style-type: none"> <li>• what is measured, how it is measured and how frequently measurement occurs</li> <li>• how measures are evaluated and used, and what and what feedback loops there are</li> <li>• what is audited and what assurance activities occur</li> <li>• what compliance monitoring occurs and how it is used</li> </ul>
Capability	<ul style="list-style-type: none"> <li>• workforce planning, on-boarding and capability building processes</li> <li>• how minimum required knowledge and skill of leaders is determined, assessed and secured</li> </ul>
Mechanics and services	<ul style="list-style-type: none"> <li>• how the regulatory model is effected and supported (e.g. tools, methods, artefacts and documents)</li> <li>• how activities are organised and how connections and dependencies are managed</li> </ul>

- c. Assuming the right capability can be procured, the bulk of the review work will be largely completed by the end of the year, with implementation in 2017.



**MINISTERIAL BRIEFING NOTE**

<b>Subject</b>	Driver licensing fraud general overview
<b>Date</b>	12 May 2017
<b>Briefing number</b>	BRI-1058

<b>Contact(s) for telephone discussion (if required)</b>				
<b>Name</b>	<b>Position</b>	<b>Direct line</b>	<b>Cell phone</b>	<b>1<sup>st</sup> contact</b>
Michael Cummins	Acting National Manager Direction	s9(2)(a)		✓
Celia Patrick	Group Manager Access and Use			

**Action taken by Office of the Minister**

- Noted**
- Seen by Minister**
- Agreed**
- Feedback provided**
- Forwarded to**
- Needs change [please specify]**
- Withdrawn**
- Overtaken by events**

Released under the Official Information Act

12 May 2017

**Associate Minister of Transport**

## **Driver licensing fraud general overview**

### **Purpose**

1. This briefing provides you with a brief overview of the driver licensing fraud that occurred in the Auckland region during 2015–2016.
2. You requested this briefing as background for your new portfolio responsibilities.

### **Background**

3. The New Zealand Transport Agency (Transport Agency) became aware of fraudulent activity at a driver licensing site in Auckland in early 2016. This fraud involved:
  - a. The use of false documents to obtain a licence (generally a counterfeit overseas truck driver licence, sometimes supported by a NZ-issued approved course certificate that had been issued without all of the course requirements being met)
  - b. obtaining a licence without having completed required practical driving tests (for example, a test would be booked and shown as passed even though no valid test occurred)
4. The fraudulent activity involved licensing and testing staff employed by contracted agents (the NZAA and VTNZ) and course providers falsifying records or accepting documents they knew were false.
5. On becoming aware of the fraud the Transport Agency acted promptly to prevent any further fraud occurring. Testing and licensing staff and course providers had their employment status or approval suspended, and any access to the driver licensing system removed.
6. On Tuesday 9 May 2017, three key individuals were charged by Police following a significant investigation.
7. NZ Police and Transport Agency investigations identified around 350 licences that had been wrongfully issued or where there was doubt that all requirements had been met. The Transport Agency has taken action as appropriate to either cancel those licences or require the people holding them to undertake tests to ensure their driving is of an adequate standard.
8. The Transport Agency also commissioned two reviews – one internal and the other an end-to-end system integrity review undertaken by KPMG. These reviews were used to develop a programme of actions to strengthen any system weaknesses and close identified gaps. The programme of actions has now been fully implemented.

### **Ongoing action to strengthen regulatory systems**

9. The Transport Agency has initiated a wider programme of initiatives to ensure the integrity of all of its regulatory systems (driver and operator licensing, vehicle licensing and certification, rail safety, and land transport revenue).

The programme draws on the learnings from the KPMG review and consists of actions to:

- Strengthen internal assurance through a programme of internal system checks. This activity has already started and will be embedded in our ongoing practice.
- Strengthen external assurance by increasing the quantity and scope of external audits of our regulatory systems. Scheduled reviews of six areas of regulatory responsibility are underway and will continue over the next 12-18 months.
- Build regulatory excellence by developing governance and decision-making frameworks, and supporting tools and processes to underpin good regulatory stewardship. This work is underway and will continue until later in 2017.
- Build regulatory capability by developing a learning and qualification programme on regulatory practice. This programme has been running for around 12 months and will be extended over time.

10. Due to the involvement of course providers in driver licence fraud, a special audit project to review course providers is continuing. Appropriate action is being taken where non-compliance or poor performance is found. You will receive a progress update for this project soon.
11. The Transport Agency has identified limitations in the legislation that provides for the approval and regulatory management of course providers. Specific proposals to address these limitations are contained in a yellow draft of a Land Transport (Driver Licensing) Amendment Rule. This Rule will shortly be provided to you for your consideration, and consent to release it for consultation.

**It is recommended that you:**

1. **Note** the contents of this briefing



.....  
 Celia Patrick  
 Group Manager Access and Use

.....  
**Hon Tim Macindoe, Associate Minister of Transport**

Date: 2017

## Attachment X: Information received regarding money being paid for licences

**HEAT call 22448840 20.04.2015** s9(2)(a)

Cust has been made aware of a testing officer that parks somewhere for duration of test, takes payment \$500-\$600 from Fijian/Indian decent test applicants, amount depends on driving skills and charges more if no good at driving, will pass pract driving

s9(2)(a) w name however, he is Fijian/Indian Tests in Auckland, s9(2)(a) from

(a friend) has been offered this

s9(2)(a) (Family) has paid to do his 1F. He is also driving without P Endo.

Cust originally didn't want to provide her details and wanted to remain anon so Julia suggested not having NZDL form completed and we will look into.

Adv cust this and she was then happy to provide her details as long as we dont advise she was the person who informed us.

Cust is happy we call her if her have further enq.

Emailed Julia.

**HEAT call 23189283 05.05.2015** s9(2)(a) **Check heat for contact**

AA Howick – believes they are abusing their power.

cust claims AA agent is taking money from customer & advising they do not have to sit practical test to convert commercial class from Indian licence, agent is asking for \$3000 - caller claims licences are being duplicated.

Solution – Discussed with Matt – he talked to agent Ops, customer could not adv any details, and he didn't know any real names but heard of this several times – adv we need some evidence to investigate.

**HEAT call 23339475 04.06.2015 No caller details****Investigating to identify our caller**

Caller did not give details but is wanting to speak to someone about t/o's bribery corruption and taking money to pass tests.

T/O s9(2)(a) or s9(2)(a) is based at s9(2)(a) AA Caller believes he is the only one doing higher classes and is making most of the 'income'.

s9(2)(a) paid for a test and didn't sit it on the s9(2)(a). s9(2)(a) paid for a pass result. Paid \$500 cash. T/O owns a truck and puts that on the test paper. Caller was at testing station and saw the truck wasn't even at the test.

Caller says it is being going on for at least 6 months. It is a big thing in the Indian Fijian community, everyone knows about it and knows he will take a bribe to pass the test.

s9(2)(a) - veh reg

s9(2)(a) Name s9(2)(a) calls it fishing season.

Callers doesn't want to leave details would like to know that something is being done so I have given her a ref number to call back. Callers husband was wanting to take it to media. I have suggested that caller leave it with us and it would be better if T/O involved carries on until we were ready to investigate further.

Email sent to agent ops

**HEAT Call 23991931 05.10.20156** s9(2)(a)

After adv complaint process caller asked about next avail dates , explained would need to afx to Snr CSR to check this. Called agreed while complaint was written up but Hung up while on hold. Had explained options to either make a complaint and wait outcome or could rebook before complaint investigated in which case would need to pay \$59.90 at time rebooks.

Oseas cov 1F Meadowlands 03.10.2015 Fail Caller adv TO name s9(2)(a)

Caller wants to make complaint about T/O behaviour during pract test and also indicated be believes something suspect in TO recommending completing driving lesson with t/o friend in order to be given a pass result on resit.

Caller advises hes feeling bad since test on sat.

Caller adv friend accompany him to test (As full DL holder) and when going to start test friend sit in the backseat.

Caller straight away T/O told fri4end to get out of car.

Can you hear me - get out of the car.

Friend objected to how she was beign spoken to.

T/O said "Whoa re you just get out of the car".

Caller believes T/O was so rude to friend and said to T/O "please you need to be very polite".

Caller adv T/O was so rude and was going to cancel test.

*Lots of other info here about rudeness*

Caller finished by said T/O said that T/O had friend who gives driving lessons and advised applicant that he should book with friend pay \$85 per hours to give you lesson and once you have driving lesson with him you need to rebook your test at Howick again and I will be your testing office again and I will clear you.

Caller adv he been unhappy since test and were all humans and need to behave politely to each other.

**HEAT call 23607287 22/07/2015 s9(2)(a) - no contact details**

s9(2)(a) - customer pays t/o \$300 and he passes them. Testing officer [REDACTED]

Solution:

Spoke to Amy Agents Ops and transferred the call to her.

**HEAT call 24546882 28/01/2016 Anon**

s9(2)(a) DOB s9(2)(a) Supposedly obtained licence in hamilton by paying \$200, allegedly got a lic even if failed test as long as they pay \$200. Supposedly s9(2)(a) talked to the caller's husband and stated that many islanders go to hamilton to get the licence and pay \$200; tried to talk the caller's husband into doing the same. Customer is upset about this illegal activity, feels it's unfair

Fir them who are applying for their licences legally and studying the road rules as req. Customer would like us to contact s9(2)(a) and also investigate this . Does not want to give personal information.

Adv customer I strongly recommend putting the feedback in writing thru the NZTA website. Adv will need more information to investigate – need the exact place they go to make special payments, also need the name of the licencing agts involved etc. Adv cannot access someones DL info without their permission or due cause, hence suggesting to put feedback in writing

Cust wants to speak to a manager

Checked with Carmen but customer hung up while on hold.

s9(2)(a)

s9(2)(a)

I want to make a complaint regarding selling a Newzealand licence.one of my known person he got a class 5 licence w s9(2)(a) he applied at vtnz and someone passed him without any test. his Name is s9(2)(a) he got a class 5 licence even he s9(2)(a) ar properly but he paid for licence and got class 5 licence. s9(2)(a) ago and he make wrong (doge) licence indian one and shown to you guys . he got class 5 licence 3 to 4 months ago. this is very dangerous for trucking know a days he is finding s9(2)(a) driving a class 5 truck.he got a job search visa know .his MOBILE number is s9(2)(a) ask to him some question he do not know anything even he dont know English.please find the attachment I attached his photo as well. i dont want to disclose my details because he is very dangerous person.his facebook id is s9(2)(a) s9(2)(a) at the moment.now he know how to make a licence he asking to friends give me \$2500 i can make class 5 licence without any test . he is getting some

money from friend that i am making complaint this is not good for Newze  
friend also trying to get a licence i do not know he got or not. his Name is s9(2)(a) s  
on facebook.

**Email: 24.03.16 Information from s9(2)(a) re three issues s9(2)(a)**  
**All anon Informants**

A Polynesian woman 'facilitates' driver licences for \$500. The driver licenses appear to be undertaken in the Hamilton area but the people are travelling from Auckland. The anonymous person has given us two mobile numbers of Indian people that have undertaken this process. These two are cousins who paid the \$500 and got their licenses soon after arriving from India.

s9(2)(a) e

2. In Otahuhu the owner of s9(2)(a) 'facilitates' P endorsements for \$5-700. He states that he is approved to provide the P endorsement certificate. He apparently does this through the AA. This appears to be a valid process if he is approved by NZTA however the allegation is certain Indian people do not need to show any competency.

3. s9(2)(a) will provide a truck license for \$1000 - 1500. He is aware of a lot of people that have got their license through this person. Again this could be legitimate through the Competency Based Assessment process but again the allegation is certain Indian people do not need to show any competency.

**Complaint through website: 29.03.16 s9(2)(a)**

First name

s9(2)(a)

Last name

s9(2)(a)

Preferred method of contact

Email

Email address

s9(2)(a)

Phone number

s9(2)(a)

*What is your complaint about?*

Driver licences

*Tell us your concern*

Hello. I'm s9(2)(a) from Wellington. I would like to let you know that s9(2)(a) s9(2)(a) cheating to the clients to give them Taxi Licences for cash money deals to give them the answers for the tests.

The Personal trainer name's s9(2)(a) but i don't know the First name for this Trainer who cheats the clients.

Please be aware that there are to many taxis drivers they hold fake licences for cash money everywhere in New Zealand especially in Wellington.

I just hear many friends of mine telling me about this company who they give Taxi Licences for Cash money especially s9(2)(a)

I know many people who they will get Taxi Licences without having test through s9(2)(a) or Different Companies perhaps. Please do something and let me know what will happen. If you do not do anything i will try to complain to Ministry of Correction or to the police even if it needs this to get me having a lawyer.

Regards

s9(2)(a)

**Source unknown (possibly call to local NZTA office):** s9(2)(a)

s9(2)(a)

has an acquaintance by the name of s9(2)(a) (possibly s9(2)(a) is the middle name) who mentioned to the customer that he had obtained his higher classes 2-4 illegally by paying for them. The customer was not able to advise which agent processed the applications and was unsure if the customer used NZTA course certificates to do this (but doesn't think course certificates were involved). The customer has said that he told the licence holder he was going to inform the authorities.

*When*

Doesn't have timeframes can only say that the class 4 was obtained recently.

*Where*

Unsure.

*Who*

s9(2)(a) - licence holder alleged to have obtained higher classes 2-4 illegally.

**HEAT call 24796679 - 01/04/2016 No caller details**

s9(2)(a) was forging licenses. He was getting the overseas licences - converting to 12345 for \$3500 for the last 2 years. I know a couple of guys who have gotten the licenses from them.

s9(2)(a)

I know people who obtained NZ Couriers - only been there 6 months s9(2)(a)  
Mostly Indian - fake Indian Licences issued when customers weren't even overseas.  
Within 2 years - most recent 3 months ago - 3 of them.  
\$5000 for a call 1 without test.  
2 or more people involved with s9(2)(a) - one in Sth Auckland Manurewa.  
People want to stay anon because of the people s9(2)(a)  
Was never reported.



**Source unknown (possibly call to local NZTA office):** s9(2)(a) **upset at daughters test but also fraud** s9(2)(a)

Customer was calling us today 13/04/2016 AT 9:50am because he was unhappy that his daughter had failed her practical test. (Heat call number 24911016). Address, Driver licence number and Phone number obtained from call is for his daughter. Email is the customers.

The customer did not wish to talk to us further about this because he was unhappy with his daughter failing but did mention to Senior CSR (At 12min 40sec mark of call) "...Thank you for your help and also I am very angry, some of your staff offer me, somewhere I can pay some money to get a licence - I will be passing this information to NZ Herald".

The Senior CSR then asked what he meant by this and customer said "Some people offer me.... they say the Penrose one is no good and if you go to some other branch I just give him a call and he will make a deal for me" The Senior CSR then asked customer to confirm that the agent would make a deal with him for a licence. Customer says "Yes, Yes...ok I am very very angry.... AA's so dark."

The Senior CSR then transferred the call to myself to try and obtain further information.

When I spoke to the customer he didn't want to talk further because he was still unhappy about his daughters licence. He did say he was going to call us back later to discuss. He did confirm it was an AA staff member that said this, not the testing officer but this is all we could determine at this stage.

*When*

13/04/2016

*Where*

Penrose AA which was the daughters test time.

*Who*

AA Staff member mentioned this, do not have name. Would have been just after 9am

**From:** [Charmaine Berry](#)  
**To:** [s9\(2\)\(a\)@vtnz.co.nz](#); [s9\(2\)\(a\)@aa.co.nz](#)  
**Cc:** [Robyn Elston](#); [Wayne Martin](#); [Alan Montgomery](#); [Chris Taylor](#); [Ali Hemi](#)  
**Subject:** Summary of Driver Licensing Performance Expectations & Next Steps  
**Date:** Thursday, 2 June 2016 2:13:05 p.m.  
**Attachments:** [image001.jpg](#)  
[image002.jpg](#)  
[image003.jpg](#)  
[image004.png](#)  
[image005.png](#)  
[image006.png](#)  
[Licensing Agent Performance Expectations - Meeting 1 June 2016.pdf](#)  
**Importance:** High

Good afternoon Greg, Mike, & Sheelah,

Further to our meeting yesterday, I have attached the summary of the performance expectations for delivery driver licensing services, as we discussed yesterday.

I have slightly tweaked the detail to reflect the modifications we agreed yesterday so that the changes are both pragmatic and robust.

Our joint next steps are to plan having these changes implemented and in place by 30 June.

This means we need a detailed implementation plan in place by Friday next week (i.e. 10 June) outlining how the changes will be rolled out, what the implementation considerations are, and what activities and assistance will be provided by the Agency to support implementation within in each of your organisations by the target date.

Please confirm by close of business tomorrow who has been tasked to work with me in Palmerston North next week to develop this plan.

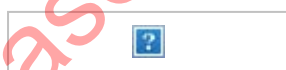
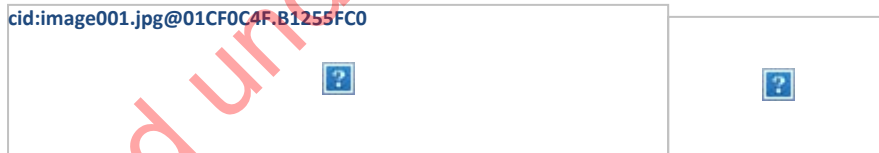
I look forward to working with you, and your early replies so that we can get underway quickly.

Best regards, Charmaine

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 Charmaine Berry  
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## Driver Licensing Agent Performance Expectations

(Summary from Meeting of 1 June 2016):

### 1. System Access Control:

#### Context setting background

Once access to the national Register of Driver Licences has been granted, employees of Agents are able to read and edit core personal identity information relating to every NZ licence holder. For this reason authorised access needs to be linked to robust codes of conduct, training, and induction processes.

#### 1.1 Performance Expectations

- All staff are 'Ministry of Justice' vetted and sign a Code of Conduct (including Conflict of Interest and Protection of Personal information criteria) before unsupervised access to the DL system is authorised.
- A formal training programme is in place
- All training modules and material are approved by NZTA
- All staff are appropriately trained and certified before a unique system logon is granted and unsupervised access is authorised
- All staff with logon access are prevented from sharing logon IDs through effective management controls
- All staff have logon access cancelled when employment is terminated or an employee no longer requires system access in order to carry out their duties

### 2. Integrity of Contractual Services Delivered

#### Context setting background

The application process begins with a manual form which is then entered into the Driver Licensing System (DLR) by the agent. There are four key elements of the driver licensing services that are of central importance to Agent performance. These are:

- Integrity of recorded licence holder identity information
- Accurate processing of competency documentation and application requirements
- Integrity of testing services
- Security of licence holder personal information, documentation, and licensing forms

#### **2.1 Integrity of recorded licence holder identity information: Performance Expectations**

##### 2.1.1 Identity & Image Capture:

- 100% of licence applicant identity documentation accepted for data entry into the national Driver Licence Register is verified by the licensing agent that it is:
  - authorised by the Agency regarding type, origin, and expected format through formal policies or instructions
  - free from alteration or erasure
  - free of identity information anomalies or discrepancy
- 100% of primary identity documentation accepted for data entry into the national Driver Licence Register have the document type and unique identification number

recorded on the application form and signed and endorsed as 'checked and accepted' by the accepting licensing agent concerned.

- 100% of applicants requiring image and signature capture recite their full name and present their verified photographic ID as a discreet component of the image and signature capture process so that all images captured correctly link to each licence applicant.
- 100% of changes by licensing agents to core 'date of birth' or 'place of birth' identity information for existing licence holders are authorised by the Agency, and the authorisation (HEAT record number) details are recorded in the DL system, and notated on the application form and signed by the individual licensing agent concerned.

#### 2.1.2 End of Day Identity Information Checking:

- At the end of each day, 100% of forms are checked by site managers to ensure that they are correctly completed and notated that identity processes have been complied with, and no less than 20% of documentation and forms are checked to ensure that the data has been correctly entered.

#### 2.1.3 Record Keeping & Reporting:

- 100% of licensing sites maintain a Register evidencing 'end of day' checks completed and endorsed with the identity details and signature of the responsible site manager, with results reported against indicators on a monthly basis to the Agency.

### **2.2 Accurate processing of driver competency documentation and application requirements: Performance Expectations**

#### 2.2.1 Overseas Conversion:

- 100% of overseas conversion transactions and overseas issued licensing documentation accepted for data entry into the national Driver Licence Register is verified by the licensing agent that it is:
  - authorised by the Agency regarding type, origin, and expected format through its formal policies or instructions
  - free from alteration or erasure
  - free of identity information anomalies or discrepancy
- 100% of overseas conversion transactions are undertaken at licensing sites specifically authorised by the Agency for that purpose, and completed by an appropriately trained and authorised staff member.
- 100% of overseas conversion application transactions accepted by the licensing agent for data entry will be processed as follows:
  - applications will not be 'released' by the licensing agent, and
  - temporary licences will not be issued, and
  - all overseas issued licensing documentation will be forwarded in the agreed format to the Agency for audit/approval and Agency staff will release the application if appropriate

#### 2.2.2 Course Certificates:

- 100% of Course Certificates accepted for data entry into the national Driver Licence Register is verified by the licensing agent that it is:
  - authorised by the Agency regarding type, origin, and expected format through formal policies or instructions
  - free from alteration or erasure
  - free of identity information anomalies or discrepancy

- 100% of Course Certificates accepted for data entry into the national Driver Licence Register will have the correct Course Provider and Course Certificate number recorded, by the licensing agent, on the application form and signed and endorsed as 'checked and accepted' by the individual licensing agent concerned.

#### 2.2.3 Recording of Test Results (Theory & Practical):

- 100% of theory tests are resulted on the same day the test is sat and completed.
- 100% of theory tests are reconciled to the test result slips printed from CTT, and confirmed the applicant has sat the correct test.
- 100% of practical test results recorded accurately reflect the name of the Testing Officer that conducted the practical test, and test result
- 100% of practical test sheets processed are matched against the Book 10 and records maintained of test sheets not handed in, or that did not have a booked test, and these are reconciled

#### 2.2.4 End of Day Checking:

At the end of each day, site managers check that:

- 100% of overseas conversion forms and course certificates comply with Agency requirements and correct processes complied with, and no less than 20% of documentation and transactions are checked to ensure that the data has been correctly entered.
- 100% of theory tests resulted in the national Driver Licence Register are reconciled to the test result slips printed from CTT, and that the applicant has sat the correct test.
- The Book 10 report is printed and matched against all practical test sheets processed to ensure that test results are correctly recorded and any test sheets not handed in or test sheets that do not have a booked test are identified and followed up.

#### 2.2.5 Record Keeping & Reporting:

- 100% of licensing sites maintain a Register evidencing 'end of day' checks completed and endorsed with the identity details and signature of the responsible site manager, with results reported against indicators on a monthly basis to the Agency.

### **3. Integrity of Theory Testing: Performance Expectations**

- 100% of CTT version updates are performed within 24 hours
- 100% of theory tests are conducted in an environment suitable as an examination space with adequate supervision to prevent cheating.
- 100% of interpreter assisted theory tests carried out will be managed so that in each case evidence shows that either:
  - the interpreter permitted by the licensing agent to assist the candidate held a minimum of Affiliate membership with NZSTI or NAATI at the time and displayed their membership identity card to the licensing agent beforehand, or
  - the licensing agent has recorded the dialogue and interactions between the interpreter and the applicant throughout the test, and recordings are available to the Agency upon request for audit purposes.

### **4. Security of licence holder personal information, documentation, and licensing forms evidenced by the following indicators:**

- 100% of customer forms, documents, surrendered driver licences, and temporary licence books are held in a secure environment with access limited only to authorised personnel having access to the DLR system and meeting the criteria for authorised access as above.

## **5. Key Features of Expected Agent Quality Management System:**

### **5.1 Recruitment, Training & Induction**

There are processes, controls, monitoring, and records maintained (potentially approved by the NZTA) to give reliable evidence that:

- All staff are appropriately vetted, trained and certified before a unique system logon is granted
- Employees are prevented from sharing DLR logon IDs when accessing the system and use of the unique logon ID is limited to the site where the employee works
- System logon access is cancelled when staff are no longer employed or require system access in order to carry out their duties
- All training material and programmes have been approved by NZTA, and a training needs/review process is in place
- Periodic reviews are conducted to ensure staff are compliant with conflict of interest criteria and are vetted appropriately
- Staff are prohibited from accessing their own licence record, or those of their relatives

### **5.2 End of Day Processes**

There are processes, controls, monitoring, and records maintained at all sites to give reliable evidence that at the end of each day:

- 100% of licensing application forms for transactions processed are checked by site managers to ensure they are correctly notated that relevant processes have been complied with
- 20% of licensing application forms and documentation are checked against the national Driver Licence Register to ensure that the data has been correctly entered, and processed by the correct licensing agent having signed and notated the forms
- 100% of theory tests resulted in the national Driver Licence Register are reconciled to the test result slips printed from CTT, and that the applicant has sat the correct test.
- The Book 10 report is printed and matched against all practical test sheets processed to ensure that test results are correctly recorded and any test sheets not handed in or test sheets that do not have a booked test are identified and followed up
- 100% of CTT version updates are performed within 24 hours
- 100% of theory tests are conducted in an environment consistent as an examination space with adequate supervision to prevent cheating
- 100% of customer forms, documents, surrendered driver licences and temporary licence books are held in a secure environment with access limited only to authorised personnel access to the DLR system and meeting the criteria for authorised access as outlined above.
- 100% of licensing sites maintain a Register evidencing 'end of day' checks completed and endorsed with the identity details and signature of the responsible site manager, with results reported against indicators on a monthly basis to the Agency.

# Meeting Agenda

Purpose	Operation Birdcage Daily stand-up meeting		
Attendees	Michael Cummins, Adrienne Carney, Kate Styles, Alan Montgomery, Andy Knackstead, Stephanie Allan, Jane Varhol		
Apologies	Amanda Dykstra		
Date/time	.9am/ 29 March	Location	2.31 Chews Lane

Agenda Item	
<b>1.0 Discussion highlights</b>	
1.1	Progress on Actions
1.2	High level issues for discussion <ul style="list-style-type: none"> <li>Existing policy and business procedures for the actions to be taken following receipt and consideration of evidence from Police need to be sourced and sent to Michael so that we can identify any possible gaps in procedure or policy</li> </ul>
<b>2.0 Supporting Police Operation</b>	
Highlights..... <ul style="list-style-type: none"> <li>s6(c)</li> <li></li> <li></li> <li></li> </ul>	
<b>3.0 Securing Integrity of DL System 'Size It and Contain It' – Review of 'end-to-end system of risk'</b>	
Highlights.... <ul style="list-style-type: none"> <li>Expected to complete the planning process for both reviews over Wednesday and Thursday of this week for both reviews. This will take place in Wellington</li> <li>We will get the Terms of Engagement for the end-to-end review on Friday after the planning process.</li> <li>Stephanie Williams, Michael Cummins, Jenny Fildes and Irene Camberis involved on Wednesday's planning session (Jim Furneaux will also be available)</li> </ul>	
<b>4.0 Actions with Agents (contracts) – Review of four sites</b>	
Highlights..... <ul style="list-style-type: none"> <li>Draft Terms of Engagement for the site audit received</li> <li>Jenny Fildes, Irene Camberis, Roxane xx supported by KMPG team in the planning process, analysis and peer review of the final report.</li> </ul>	

## 5.0 Addressing the issue of the 'wrongfully issued drivers licenses'

### Highlights...

- Existing policy and business procedures for the actions to be taken following receipt and consideration of evidence from Police need to be sourced and sent to Michael so that we can identify any possible gaps in procedure or policy
- There was a discussion to clarify that while the Transport Agency will deal administratively with people whose licence was or could have been wrongfully issued, that Police may independently decide to take a prosecution under the Crimes Act based on the evidence they have. These two areas of action are quite separate and each organisation makes its decisions independently.

## 6.0 General Engagement and Communications (includes Minister and Board)

### Highlights....

- s9(2)(a) will be contacting Andy and Katie to have a face-to-face catch up
- TVNZ has now requested migrant data from MBIE
- TVNZ questions came in yesterday. They are looking for more detail of those affected and what actions we are going to be taking.
- TVNZ has also asked for details of business process and policies for overseas conversions and for numbers of applications that are declined because of questionable or bogus licences.
- The WoF story seems to have died away fairly quickly and it only created a weak link to the DL issues. we don't know if they are going to run the story again. TVNZ investigative reporting team is the are covering this topic and may be looking to make it big

## 6.0 Wrap up and Confirm Actions

### Action Register Details:

#	Action	Who	By When	Status
2.1	Michael to continue to work with KMPG regarding the Terms of Engagement for both reviews.	Michael	1 Apr	OPEN
4.2	Stephanie to let Jane know who needs access to the InfoHub folders	Stephanie	29 Mar	OPEN



# Meeting Minutes

Purpose	Driver Licensing Integrity Project		
Attendees	Brenda White, MJ Rendle, Kate Styles, Adrienne Carney, Rich Fone, Michael Cummins, Stephanie Allan, Alan Montgomery,		
Apologies			
Date/time	9.00 am / 25 July	Location	3.11 Chews Lane

## Agenda Item

### 1.0 Points of Note since last meeting

- Nothing new

### 2.0 Actions

- As per table.

### 3.0 Review Tasks

- Rich will update
- Brenda to set up meeting between Amanda, Steph, Michael and MJ to discuss Pukete  
**(ACTION)**

### 4.0 Supporting Police Operation

- Responding to requests as required

### Highlights...

- [Redacted] s9(2)(a)
- [Redacted] s6(c)
- [Redacted]

### 5.0 Securing the System

- End to End Review
- Agent sites Review
- Data Analysis & Scanning
- Securing the Front End (OS conversion from non-exempt countries)
- Monitoring

### Highlights....

- KPMG report is online.

- Agent Training has been completed. Operational staff feedback was very positive.

## 6.0 Remediation (Addressing the issue of the 'wrongfully issued drivers licenses')

- Identification
- Decisioning
- Approved Course Providers

### Highlights...

- Steph's new temp starts today and work progressing well.
- s9(2)(a) papers will go to adjudicator with evidence for consideration to have their approval revoked.
- Decisioning team is meeting daily now and current work should be completed by Monday 01 August. One request for the panel to review their decision has been received from the parents of a 19 year old license holder. Alan to send this information the details to Stephanie and ensure that this information is updated on the spreadsheet **(ACTION)**
- Alan to ensure that those people on the call back list who had their applications put on hold, are now advised they may continue to process their license. Alan to send Michael the wording the Contact Centre will use when contacting the license holders. Also update this information on the spreadsheet **(ACTION)**.
- s9(2)(a) file is being reviewed.

## 7.0 General Engagement and Communications

- Includes Minister and Board

### Highlights....

- MJ to send Robyn's request for work to Kate **(ACTION)**

## 8.0 Wrap up

### Highlights.....

- Nothing new

### Action Register Details:

#	Action	Who	By When	Status
6.35	Provide Driver Check/Toro list from those we have taken action against, to Kate	Alan	14 July	OPEN
7.16	Amnesty – put on Agenda as follow-on from current remediation work	Brenda	End July	OPEN
1.8	Find out who has been sent letters under remediation and update at next meeting 25/07 Luke preparing Dashboard which should be circulated later this week. Steph will then update how many more to go through.	Kate/Steph	21 July	OPEN
6.36	Find out from Alan what happens to data that Amanda sends through – where does it go 25/07 Alan and Michael to discuss and advise how	Alan/Michael	21 July	OPEN

	this is recorded			
3.11	Alan to send Michael wording to be used by Contact Centre, when they contact people who had their applications halted but are now free to complete process. Also update spreadsheet with this information.	Alan	25 July	OPEN
3.12	Set up meeting between Amanda, Steph, Michael and MJ to discuss Pukete	Brenda	25 July	OPEN
7.17	Send Robyn's request for work to Kate	MJ	25 July	OPEN
4.4	s6(c)	Steph	25 July	OPEN
6.37	Send details of person requesting (via his parents) review of his request for retest/invalidate. Also add this to spreadsheet	Alan	25 July	OPEN

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