

Proactive Release

This document is proactively released by Te Manatū Waka the Ministry of Transport.

Document released in full. No information has been withheld for this proactive release

PROACTIVELY RELEASED BY THE MINISTRY OF TRANSPORT



Cabinet

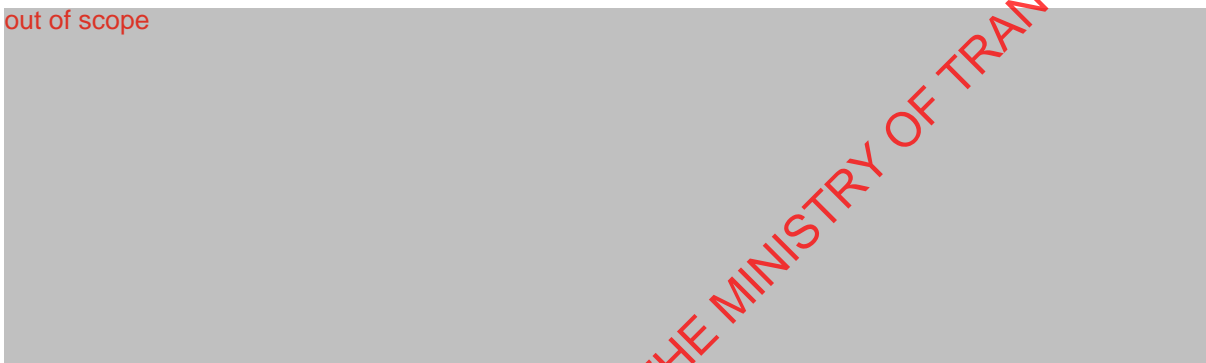
Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Economic Policy Committee: Period Ended 3 April 2026

On 7 April 2026, Cabinet made the following decisions on the work of the Cabinet Economic Policy Committee for the period ended 3 April 2026:

out of scope



ECO-26-MIN-0047 **Land Transport Rules Reform Programme:** CONFIRMED
Key Policy Decisions
Portfolio: Transport / Associate Transport

out of scope



PROACTIVELY RELEASED BY THE MINISTRY OF TRANSPORT

out of scope



PROACTIVELY RELEASED BY THE MINISTRY OF TRANSPORT

Rachel Hayward
Secretary of the Cabinet



Cabinet Economic Policy Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Land Transport Rules Reform Programme: Key Policy Decisions

Portfolio Transport / Associate Transport

On 1 April 2026, the Cabinet Economic Policy Committee (ECO):

Background

1 **noted** that:

- 1.1 in June 2025, ECO agreed to establish the Land Transport Rules Reform Programme to undertake a review of land transport rules [ECO-25-MIN-0083];
- 1.2 in December 2025, ECO noted the update on the Programme and invited the Minister of Transport to report back to seek policy decisions on other workstreams in the Programme [ECO-25-MIN-0222];

Light Vehicles

- 2 **agreed** to require a second inspection at four years old rather than three years old for new light vehicles (including motorcycles);
- 3 **agreed** to require two yearly inspections for light vehicles (excluding motorcycles) between four and fourteen years old (rather than the current yearly inspections), and yearly for light vehicles fourteen years and older;
- 4 **agreed** to require annual inspections for all motorcycles after the second inspection;
- 5 **agreed** to require yearly inspections for light rental service vehicles rather than the current six-monthly inspections;
- 6 **agreed** to increase the infringement fee and maximum court ordered fine for non-compliant wheels and tyres to \$350 and \$1,000 respectively;
- 7 **agreed** to increase the infringement fee for operating a vehicle with a warrant of fitness expired for more than two months to \$350;
- 8 **authorised** the Minister of Finance and the Associate Minister of Transport to make changes to the local enforcement settings, as outlined in paragraphs 31 to 33 of the paper under ECO-26-SUB-0047, to support increased warrant of fitness compliance;
- 9 **invited** the Associate Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to the increased financial penalties agreed in paragraphs 6 and 7 above;

Heavy Vehicles

- 10 **authorised** the Minister of Transport to make detailed policy decisions on heavy vehicle productivity and lane use and traffic control devices following public consultation, in line with the parameters set out in Appendix 3 to the paper under ECO-26-SUB-0047;
- 11 **authorised** the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office on the detailed policy decisions referred to in paragraph 10 above.

Rachel Clarke
Committee Secretary

Present:

Hon David Seymour
Rt Hon Winston Peters
Hon Nicola Willis (Chair)
Hon Brooke van Velden
Hon Shane Jones
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Louise Upston
Hon Judith Collins KC
Hon Todd McClay
Hon Tama Potaka
Hon Simon Watts
Hon Chris Penk
Hon Penny Simmonds
Hon Andrew Hoggard
Hon Nicola Grigg
Hon Mark Patterson
Hon James Meager
Hon Scott Simpson
Simon Court MP

Officials present from:

Office of Hon Judith Collins KC
Office of Hon James Meager
Officials Committee for ECO

PROACTIVELY RELEASED BY THE MINISTRY OF TRANSPORT



Cabinet Economic Policy Committee

Summary

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Land Transport Rules Reform Programme: Key Policy Decisions

Portfolio	Transport / Associate Transport
Purpose	This paper seeks agreement to regulatory changes for the light vehicle inspection system and to a streamlined decision-making process for lane use and heavy vehicle rule changes.
Previous Decisions	<p>In June 2025, ECO agreed to establish the Land Transport Rules Reform Programme (the Programme) and authorised the Minister of Transport (the Minister) and the Associate Minister of Transport (Associate Minister) to approve materials for public consultation on various proposals [ECO-25-MIN-0083].</p> <p>In December 2025, ECO noted the update on the Programme and invited the Minister to report back to ECO by 31 March 2026 to seek policy decisions on other workstreams in the Programme [ECO-25-MIN-0222].</p>
Proposal	<p>In October 2025, public consultation on a package of proposals was undertaken. Based on this consultation, agreement is sought to make the following changes to light vehicle rules:</p> <ul style="list-style-type: none"> • reduce the frequency of inspections for light vehicles, as outlined in paragraph 15; • require inspections to check Advanced Driver Assistance Systems (such as automatic emergency braking) where present, to complement the frequency reduction and mitigate increased safety risk; • increase the infringement fee for non-compliant wheels and tyres and the infringement fee for warrant of fitness (WoF) non-compliance to \$350, and the maximum court order fine for non-compliant wheels and tyres to \$1,000. <p>These changes are estimated to deliver public benefits of between \$3.2 and \$4.6 billion over 30 years through reduced inspection fees, administrative time and unnecessary vehicle repairs.</p> <p>Authorisation is also sought for the Minister and Associate Minister to approve changes to local enforcement rules to support increased WoF compliance, and for the Minister to make detailed policy decisions on lane use and heavy vehicle regulations (proposed changes outlined in Appendix 3, pages 11-13).</p>

Impact Analysis	<p>A Transport panel considers the attached Regulatory Impact Statements (RISs) for the changes to light vehicle inspection requirements meet the quality assurance criteria.</p> <p>Interim RISs for the changes to lane use and heavy vehicle regulations are also attached. These will be finalised to support policy decisions by the Minister.</p>
Financial Implications	<p>NZTA estimates implementation costs will be \$2.0 million over 15 months for the light vehicle inspection changes, to be met within existing funding.</p> <p>NZTA revenue is expected to reduce by an average of \$6.4 million per year over the forecast period from reduced inspections. Reduced revenue of up to \$98 million per year for the wider inspection industry is also expected, along with an estimated 703 fewer full-time inspection staff required.</p> <p>The financial implications of changes to WoF infringement fees are highly uncertain and dependent on a wide range of factors. However, based on infringements issued by NZ Police in 2024, non-tax revenue could be increased by at least \$6.9 million per year.</p>
Legislative Implications	<p>These changes will be implemented by amending land transport rules and regulations.</p>
Timing Matters	<p>The changes will come into effect in November 2026.</p>
Communications	<p>The Associate Minister intends to announce the changes once the land transport rules have been signed.</p>
Consultation	<p>Paper prepared by MoI, MBIE (ACC), MoJ (Attorney-General), PCO, DIA, Police, Treasury (Infrastructure), MPI (Rural Communities), Oranga Tamariki, Disability Issues, and Regulation were consulted. DPMC (Prime Minister) was informed. NZTA and Office of the Children's Commissioner were also consulted.</p> <p>The Minister indicates that the Minister of Finance, Minister of Justice, Attorney-General, Minister for Digitising Government, Minister of Police and the Government parties were consulted.</p>

The Minister of Transport and Associate Minister of Transport recommend that the Committee:

Background

- 1 note that:
 - 1.1 in June 2025, ECO agreed to establish the Land Transport Rules Reform Programme to undertake a review of land transport rules [ECO-25-MIN-0083];
 - 1.2 in December 2025, ECO noted the update on the Programme and invited the Minister of Transport to report back to seek policy decisions on other workstreams in the Programme [ECO-25-MIN-0222];

Light Vehicles

- 2 agree to require a second inspection at four years old rather than three years old for new light vehicles (including motorcycles);
- 3 agree to require two-yearly inspections for light vehicles (excluding motorcycles) between four and fourteen years old (rather than the current yearly inspections), and yearly for light vehicles fourteen years and older;
- 4 agree to require annual inspections for all motorcycles after the second inspection;
- 5 agree to require yearly inspections for light rental service vehicles rather than the current six-monthly inspections;
- 6 agree to increase the infringement fee and maximum court ordered fine for non-compliant wheels and tyres to \$350 and \$1,000 respectively;
- 7 agree to increase the infringement fee for operating a vehicle with a warrant of fitness expired for more than two months to \$350;
- 8 authorise the Minister of Finance and the Associate Minister of Transport to make changes to the local enforcement settings, as outlined in paragraphs 31 to 33 of the paper under ECO-26-SUB-0047, to support increased warrant of fitness compliance;
- 9 invite the Associate Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to the increased financial penalties agreed in paragraphs 6 and 7 above;

Heavy Vehicles

- 10 authorise the Minister of Transport to make detailed policy decisions on heavy vehicle productivity and lane use and traffic control devices following public consultation, in line with the parameters set out in Appendix 3 to the paper under ECO-26-SUB-0047;
- 11 authorise the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office on the detailed policy decisions referred to in paragraph 10 above.

Rachel Clarke
Committee Secretary

Hard-copy distribution:

Cabinet Economic Policy Committee
Minister for Digitising Government
Minister of Police

In Confidence

Office of the Minister of Transport

Office of the Associate Minister of Transport

Cabinet Economic Policy Committee

Land Transport Rules Reform Programme: Key policy decisions

Proposal

- 1 This paper seeks agreement to regulatory changes to improve the efficiency of the light vehicle inspection system. It also seeks agreement to a streamlined decision-making process for changes to lane use and heavy vehicle regulations.

Relation to government priorities

- 2 The Land Transport Rules Reform Programme (the programme) supports the commitments in the Government Policy Statement on Land Transport 2024 and the Road Safety Objectives to review vehicle regulations for safety and efficiency and assess the warrant of fitness system to better target risk.

Executive Summary

- 3 In June 2025, Cabinet agreed to a review of land transport rules with the aim of reducing compliance costs and regulatory burden [CAB-25-MIN-0187 refers]. Since then, public consultation has been undertaken on a range of regulatory changes including reducing the frequency of inspections for light vehicles¹.
- 4 Public consultation indicated support for reduced light vehicle inspection frequency. This paper seeks agreement to reduce inspection frequency for light vehicles between four and fourteen years old from yearly to two-yearly, alongside reductions in frequency for other vehicle cohorts. This is a larger cohort of vehicles (i.e. up to fourteen years instead of ten years old) than what was consulted on in October 2025.
- 5 Altogether these changes are expected to deliver net benefits of between \$2.6 billion and \$4.1 billion over the next 30 years. Subject to Cabinet agreement, changes will begin to take effect from November 2026.
- 6 To complement proposed changes and mitigate increases in safety risk, this paper also seeks agreement to include modern safety features in inspections, increase financial penalties for non-compliance, and support increased local enforcement.
- 7 The Government has consulted on changes to simplify heavy vehicle regulations and enable safe and efficient use of lanes. To streamline the process for these changes, this

¹ Less than 3,500kg Gross Vehicle Mass

paper seeks authorisation for the Minister of Transport to take final policy decisions and issue drafting instructions to the Parliamentary Counsel Office (PCO).

- 8 Subject to Cabinet agreement, the Minister of Transport would take decisions following consultation in line with the intent described below and in Appendix 3. Rule changes would then be made via the Order in Council process, which would provide an opportunity for Cabinet to have a final say on the changes.

Background

- 9 In June 2025, Cabinet agreed to a review of land transport rules with the aim of reducing compliance costs and regulatory burden [CAB-25-MIN-0187 refers]. In December 2025, the Minister of Transport was invited to report back to seek policy decisions on several workstreams by 31 March 2026 [CAB-25-MIN-0476 refers]. This paper fulfils that requirement.

Light vehicle inspection requirements (Associate Minister of Transport)

Light vehicle inspection requirements are not aligned to risk

- 10 There are two types of vehicle inspection focused on light vehicles' roadworthiness:
- 10.1 Warrant of Fitness (WoF) - Applies to most privately-owned light vehicles including motorcycles and trailers. Inspections are typically required yearly.
 - 10.2 Certificate of Fitness A (CoF A) - A more rigorous inspection than the WoF, which applies to light vehicles used in passenger services. CoF A inspections are typically required six-monthly.
- 11 The approximately 4.6 million light vehicle inspections completed every year are a long-established part of how the safety of the vehicle fleet is maintained. There is an opportunity to make our inspection requirements more efficient and deliver similar safety outcomes at a lower cost to New Zealanders.
- 12 Between 2015 and 2024, there were over 23,000 crashes resulting in death or serious injury. Of these, vehicle-related contributing factors were identified in approximately 820 crashes (3.5 percent of death and serious injury crashes), far less than other factors like speed or alcohol and/or drugs at 23 percent and 34 percent respectively. New Zealand's inspection frequency is relatively high compared to other jurisdictions. For example, most Australian states either do not have a mandatory safety inspection or only require one at point of sale.
- 13 The current inspection requirements impose significant costs on the public. The evidence suggests that these costs are disproportionate to the risks being controlled.

I propose to reduce inspection frequency for most light vehicles

- 14 I considered a range of options to better align inspection requirements to vehicle risk against the following criteria: safety, compliance cost, feasibility, system coherence and equity. Detailed analysis is available in the attached RIS (Appendix 1).

- 15 In October 2025, I consulted the public on a package of proposals including reducing inspections for light vehicles between four and ten years old from yearly to two-yearly. Based on this consultation, I seek agreement to the changes below:

Vehicle cohort	Current requirements	Proposed requirements
New vehicles	Inspection at three years old	Inspection at four years old
Between 4 and 14 years old	Yearly inspections	Two-yearly inspections
Older than 14 years	Yearly/six-monthly inspections	Yearly inspections
Light rental service vehicles	Six-monthly inspections	Yearly inspections
Motorcycles	Yearly/six-monthly inspections	Yearly inspections

- 16 I am recommending further reductions than originally consulted on, by lifting the threshold when a vehicle would require annual inspections from ten to fourteen years. This recommendation is based on further analysis indicating that vehicle risk does not significantly increase until fifteen to twenty years old. Additionally, 74 percent of the over 5,000 submissions received supported reducing inspection frequency, suggesting there is clear public support for some level of reduced inspection frequency.
- 17 For motorcycles, incidents of crashes indicate that risk does not correlate with vehicle age, and modelling suggests the benefits of shifting them to two-yearly inspections is likely to be outweighed by the additional safety risk. I therefore propose reducing requirements to yearly inspection for motorcycles.
- 18 Altogether these changes are estimated to deliver benefits for the public of between \$3.2 billion and \$4.6 billion over the next 30 years through reduced inspection fees, administrative time and unnecessary vehicle repairs². For example, while most vehicles currently require eleven inspections in their first fourteen years, these vehicles would now only require five inspections.
- 19 These benefits need to be weighed against the increased risk of fatal-, serious injury- and minor injury-causing crashes due to vehicle defects not being identified when they previously would have been. Overall, the reduced frequency of inspections is expected to increase the number of crashes by between 0.6 percent and 1.3 percent.
- 20 Officials have taken a conservative approach to estimating the safety impact changes in several ways, most notably by including all crashes with vehicle defects present in our analysis, despite not having evidence that the vehicle defect(s) caused or contributed to the crash.
- 21 Ministry of Transport modelling estimates the number of additional crashes by crash type and quantifies the social costs³ of these crashes. These results are presented as ranges based on a 95% confidence interval⁴. These are summarised in the table below:

² Modelling assumes that a portion of the repairs undertaken to pass an inspection were premature or over and above what was required to pass the inspection.

³ Social costs are based on the Value of Statistical Life, which measures the total cost of road crashes to the nation, including loss of life and life quality, loss of productivity, medical, legal, court and vehicle damage costs. This estimate enables comparison of the costs and benefits of road safety actions.

⁴ This can be understood as 95% confidence that actual results will fall within these ranges.

IN CONFIDENCE

Crash type	Additional crashes (30-year total)	Social costs (30-year total)
Fatal	11 to 24	\$137m to \$301m
Serious injury	74 to 166	\$100m to \$222m
Minor injury	429 to 964	\$113m to \$253m
	Total cost	\$351m to \$776m

- 22 Net benefits of the changes are estimated at between \$2.6 and \$4.1 billion. While there is always uncertainty around the actual effects changes would have when implemented, the significant scale of savings gives confidence that this change will deliver significant overall benefits to New Zealanders. The estimated benefit-cost ratio for the changes is between 4.8 and 11.6, well above the breakeven point of 1.0.
- 23 Lower inspection volumes are expected to result in up to \$98 million less revenue per year for the inspection industry and an estimated 703 fewer full-time inspection staff. I consider these effects to be justified to achieve the desired compliance savings, taking into account the small increases to road safety risk.
- 24 I do not expect these changes to have material negative effects on the availability of inspections of the public. Urban areas are likely to have the scale to maintain sufficient availability and regional areas are typically serviced by mechanics whose main revenue stream is vehicle repairs, rather than inspections.
- 25 I considered other ways of reducing inspection frequency including shifting to a distance-based requirement (e.g., inspection every 30,000kms), as distance travelled is arguably a better proxy for a vehicle's mechanical condition. However, there are significant implementation and compliance issues that would need to be resolved before distance-based inspections could be introduced.
- 26 For example, enforcement would be significantly more challenging as most vehicles' odometers could only be checked by stopping and entering the vehicle compared to the current approach of checking the Motor Vehicle Register or physical label. Furthermore, a distance-based requirement may incentive odometer tampering, particularly in combination with Road User Charges. It may be worth reconsidering this option once the fleet-wide transition to Road User Charges has occurred.

I propose to mitigate safety risks by boosting inspection effectiveness

- 27 To complement the proposed reduction in inspection frequency and mitigate increases in safety risk, I seek your agreement to require that inspections check Advanced Driver Assistance Systems (e.g., Automatic Emergency Braking) where present. This change is expected to have minimal additional cost, but evidence shows that Advanced Driver Assistance Systems features deliver safety benefits by reducing the likelihood and severity of crashes.

I propose to increase financial penalties for non-compliance

- 28 I have also reviewed financial penalties for non-compliance with WoF requirements and recommend increasing compliance through targeted increases to penalties for higher risk failures to meet inspection and roadworthiness requirements, such as bald or worn tyres and longer-term WoF noncompliance.

- 29 I propose to increase the infringement fee and maximum court ordered fine for non-compliant wheels and tyres⁵ to \$350 and \$1,000 respectively. I also propose to introduce a higher infringement fee of \$350 where a WoF has been expired for more than two months to deter longer term non-compliance. I do not propose increasing the \$600 infringement fee for operating without a CoF A.
- 30 I considered other approaches to increase the deterrent effect of penalties including adding demerit points. Demerit points are generally applied to the highest risk behaviours like speeding and drink driving. Adding demerit points for WoF non-compliance could also see an increase in licence suspensions with negative effects on the justice system if people choose to continue to drive. My approach represents a better balance between potential improvements in safety outcomes and proportionality and feasibility considerations. Further analysis is available in the attached RIS (Appendix 2).

I also propose supporting increased local enforcement

- 31 Parking wardens are authorised to enforce WoF/CoF A non-compliance and are estimated to have issued about a third of the total infringements for not having a WoF. Councils are required to return 50 percent of infringement revenue they collect to the Crown and must also pay a fee to access information from NZTA systems to confirm whether a WoF is current.
- 32 These settings could be adjusted using existing legislative provisions as a way of encouraging increased enforcement by councils. I seek Cabinet agreement to authorise the Minister of Finance and Associate Minister of Transport to make changes to these settings based on further advice from officials.
- 33 Any change would need to demonstrate how it would support the objective of increasing compliance through improved local enforcement. I also expect any changes would need to be broadly fiscally neutral based on reductions in Crown revenue being offset by additional revenue from increased infringement fees.

Changes would begin to take effect from November 2026

- 34 NZTA is preparing to implement the changes starting in November 2026. A phased approach, with implementation of the change to inspection requirements staggered across the vehicle cohort, would smooth demand on inspections between years. The estimated costs and benefits above for the frequency reductions do not account for a phased implementation, but this is not expected to materially affect the estimates over the 30-year horizon.
- 35 To support implementation, NZTA will work closely with industry (roughly 8,500 vehicle inspectors) on dates and supporting information related to the new requirements. NZTA will also work with enforcement partners (including NZ Police and local enforcement e.g. local councils) to aid their access to NZTA vehicle inspection data sources. Implementation costs are estimated at \$2.0 million over a fifteen-month period.

⁵ Tyres the most common defect identified in vehicle crashes (42 percent in 2024).

- 36 NZTA is also preparing to increase its efforts to improve the public's understanding of their obligations to ensure a vehicle is roadworthy through change promotion and more prominent, frequent public education material.
- 37 Officials intend to monitor and report on the changes and will undertake an evaluation five years after the changes have been implemented.

I seek agreement to a streamlined decision-making process for lane use and heavy vehicle productivity (Minister of Transport)

- 38 The lane use and heavy vehicle productivity workstreams require drafting instructions to be issued to PCO, because some of the rule changes relate to secondary legislation drafted by PCO. All other rule changes are drafted by NZTA.
- 39 Despite many of the changes being minor or technical in nature, Cabinet approval is required to enable PCO to make changes to these rules and regulations. To streamline the decision-making process, I seek authorisation to make final policy decisions for these workstreams and issue drafting instructions to PCO without further reference to Cabinet. This approach ensures that required rule changes are made in line with the timelines originally agreed and the level of oversight is proportional to the significance of the changes.
- 40 The overview of the proposed scope of changes set out below provides an opportunity to raise any concerns and ensures that future decision-making remains broadly in line with the proposed scopes. I plan to recommend rule changes via the Order in Council process, which would provide an opportunity for Cabinet to have a final say on the changes.

Heavy vehicle productivity: simplifying requirements (Minister of Transport)

- 41 Heavy vehicles are a critical enabler of economic activity in New Zealand, transporting around 93 percent of freight tonnage. Many sectors require road freight to support essential business activity, including the retail and wholesale, agriculture, forestry, dairy, manufacturing, and construction industries.
- 42 Heavy vehicles are subject to rules and regulations that have not kept pace with a changing transport system. Some of the current requirements may not effectively target regulatory effort to risk and can become obstacles to technological and safety advancements, and efficiency.
- 43 NZTA consulted on a first phase of changes in October 2025 and have recently finished consultation on a second phase of changes. Subject to Cabinet's agreement to a streamlined process, I intend to take policy decisions on the proposed changes in April 2026 and make rule changes by the end of June 2026.
- 44 Appendix 3 lists the changes for which I am seeking authority to make final policy decisions and issue drafting instructions to PCO. These changes are a mix of proposals from phase 1 and phase 2 as well as some proposals from a 2019 consultation.
- 45 An interim RIS prepared by officials to support public consultation is attached as Appendix 4. This provides more detailed analysis on some of the proposed changes.

Some changes are not included in the interim RIS as they have been granted an exemption from requirements by the Ministry for Regulation.

Lane use: enabling better use of our roads and paths (Minister of Transport)

- 46 The Land Transport (Road User) Rule 2004 is intended to keep road users safe and ensure efficient traffic flows. However, some elements have not kept pace with broader societal and technological changes and are no longer fit for purpose. The rules are not clear, practical or well-understood, which has led to non-compliance.
- 47 NZTA has consulted on five pragmatic changes to support safe and efficient use of lanes and reflect social norms, which are set out in Appendix 3. These include allowing children up to 12 years old to ride bikes on footpaths and allowing e-scooters in bike lanes.
- 48 Subject to Cabinet's agreement to a streamlined process, I intend to take final decisions on the proposed changes in April 2026 and make rule changes by the end of June 2026. I have attached an Interim RIS prepared by officials to support public consultation (Appendix 5). This provides more detailed analysis on the proposed changes, noting some changes are not included as they have been granted an exemption by the Ministry for Regulation.

Cost-of-living Implications

- 49 The changes to inspection requirements are expected to deliver savings for New Zealanders through less money spent on inspection and unnecessary repairs. Over the next 30 years, total savings for fees and repairs are estimated at between \$1.9 billion and \$2.7 billion and between \$0.3 billion and \$1.3 billion respectively.

Financial Implications

- 50 The reduction in inspections is expected to reduce NZTA fee revenue by an average of \$6.4 million per year over the forecast period. NZTA has begun a funding review that is expected to address the impacts of these changes. Any changes resulting from the funding review are expected to take effect in 2027/2028, meaning there may be a further deterioration of the current deficit in the short term. There may also be a reduction in NZTA operational costs, but this is uncertain and has not been quantified.
- 51 Implementation costs for the light vehicle inspection changes are expected to be minimal and would be managed within existing funding. NZTA has estimated implementation costs at \$2.0 million over the next fifteen months.
- 52 The financial implications of changes to WoF infringement fees are highly uncertain and dependent on a wide range of factors. However, based on infringement volumes issued by NZ Police in 2024, the changes could be expected to increase non-tax revenue by at least \$6.9 million per year. This figure does not account for roughly a third of total infringements that are issued by local enforcement agencies.
- 53 Changes to the portion of infringement revenue returned to the Crown by councils or the fees charged for accessing NZTA systems would have a financial impact for the Crown. However, any changes are intended to be broadly fiscally neutral in the context of increased levels of infringement fees.

Legislative Implications

- 54 The proposals in this Cabinet paper require changes to the Land Transport Rule: Vehicle Standards Compliance 2002 Rule and the Land Transport: (Offences and Penalties) Regulations 1999.
- 55 Changes to rules and regulations would be drafted by NZTA and PCO. The Associate Minister of Transport intends to return to the Cabinet Legislation Committee in April 2026 with an updated Vehicle Standards Compliance 2002 Rule. Changes to the Land Transport: (Offences and Penalties) Regulations 1999 would be made alongside other changes to penalties being proposed through the programme.

Impact Analysis

Regulatory Impact Statement

- 56 Regulatory Impact Statements (RISs) have been completed for the changes to light vehicle inspection requirements and are attached in Appendices 1 and 2. Both RISs have been reviewed by a quality assurance panels with members from the Ministry of Transport and Maritime New Zealand. These panels consider that the RISs meet the Quality Assurance criteria for the purpose of informing Cabinet decisions.
- 57 Interim RISs have been prepared for the changes to lane use and heavy vehicle regulations (Appendices 3 and 4). These were published during public consultation and will be finalised to support policy decisions by the Minister of Transport.

Climate Implications of Policy Assessment

- 58 The decisions in this paper do not meet the threshold for a CIPA assessment.

Population Implications

- 59 The decisions in this paper are not expected to have materially disproportionate population implications.

Human Rights

- 60 The decisions in this paper do not affect human rights.

Use of External Resources

- 61 One principal policy contractor has been engaged until 30 June 2026 to support related policy work within the broader land transport reform programme.

Consultation

- 62 The Ministry of Transport consulted with the NZTA, New Zealand Police, Ministry of Business Innovation and Employment, Department of Internal Affairs, Whaikaha – Ministry of Disabled People, Office of the Children’s Commissioner, Ministry of Justice, Ministry for Regulation, Oranga Tamariki, Ministry for Primary Industries, Parliamentary Counsel Office and the Treasury. The Department of the Prime Minister and Cabinet was informed.

- 63 Changes to WoF and CoF A requirements and the first phase of heavy vehicle productivity reforms were publicly consulted on in October 2025. Public consultations on the second phase of heavy vehicle productivity reforms and lane use closed on 25 March 2026.

Statement from the Director of Land Transport

- 64 As Director of Land Transport, I am largely supportive of the changes proposed to the light vehicle inspection requirements, with the exception of the changes proposed to the frequency for WoF inspections. I have concerns with the extension of two-yearly inspections to vehicles up to fourteen years old (instead of up to ten). There could be significant vehicle deterioration and wear on components during this longer period, and annual inspection of these older vehicles is very likely to detect non-compliance items which could cause adverse outcomes/death and serious injuries. As such, I support two yearly inspections for vehicles less than ten years old, in line with the consultation proposal. This would still provide significant net benefits compared to the current requirements. Finally, I would note that changing the frequency of WoF inspections may have unintended consequences, in particular on the financial viability of Inspecting Organisations, which could impact the sustainability of the testing regime, which is a key part of regulating the land transport system in New Zealand and achieving safety outcomes.

Communications

- 65 The Associate Minister of Transport intends to publicly announce the decisions in this paper in a press release once the amended Land Transport Rule: Vehicle Standards Compliance 2002 Rule has been signed in April 2026.

Proactive Release

- 66 We intend to publish this paper within 30 business days of the amended Land Transport Rule: Vehicle Standards Compliance 2002 Rule being signed in April 2026.

Recommendations

The Minister of Transport and the Associate Minister of Transport recommend that the Committee:

- 1 **agree** to require a second inspection at four years old rather than three years old for new light vehicles (including motorcycles);
- 2 **agree** to require two-yearly inspections for light vehicles (excluding motorcycles) between four and fourteen years old (rather than the current yearly inspections), and yearly for light vehicles fourteen years and older;
- 3 **agree** to require annual inspections for all motorcycles after the second inspection;
- 4 **agree** to require yearly inspections for light rental service vehicles rather than the current six-monthly inspections;
- 5 **agree** to increase the infringement fee and maximum court ordered fine for non-compliant wheels and tyres to \$350 and \$1,000 respectively;

- 6 **agree** to increase the infringement fee for operating a vehicle with a warrant of fitness expired for more than two months to \$350;
- 7 **authorise** the Minister of Finance and the Associate Minister of Transport to make changes to the local enforcement settings described in paragraphs 31 to 33 to support increased warrant of fitness compliance;
- 8 **invite** the Associate Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to the increased financial penalties agreed in recommendation 5 and 6 above;
- 9 **authorise** the Minister of Transport to make detailed policy decisions on heavy vehicle productivity and lane use and traffic control devices following public consultation in line with the parameters set out in Appendix 3; and
- 10 **authorise** the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office based on the detailed policy decisions referred to in recommendation 9.

Authorised for lodgement

Hon Chris Bishop

Minister of Transport

Hon James Meager

Associate Minister of Transport

PROACTIVELY RELEASED BY THE MINISTRY OF TRANSPORT

Appendix 1 Review of Warrant of Fitness and Certificate of Fitness A requirements for light vehicles Regulatory Impact Statement

Appendix 2 Increased penalties for Warrant of Fitness non-compliance Regulatory Impact Statement

Appendix 3 List of changes for heavy vehicle regulations and lane use

Proposed change	Key secondary regulation affected ⁶
NZTA drafting required (unless otherwise stated)	
Removing the requirement for 50MAX permits to reduce compliance costs	Land Transport Rule: Vehicle Dimensions and Mass 2016 (VDAM): Clause 2.1; Clause 4.3; Part 2 (definitions and vehicle classes); Part 3, Schedule 1 (Transitional and savings provisions); Schedule 2 (Dimension requirements). PCO drafting required: Consequential amendments to the Land Transport (Offences and Penalties) Regulations 1999, Schedule 1; Land Transport (Regulatory Fees Regulations) Regulations 2023, Part 2, Schedule 4, items 3 and 4 (application fees for 50MAX permits and permit renewals).
Removing the requirement for H plates to reduce compliance costs	VDAM Rule: Part 3, Schedule 5, clauses 5.9, 5.10; (High-productivity motor vehicle sign).
Incorporating the Bolster Attachment Code by reference to streamline updates	Land Transport Rule: Heavy Vehicles 2004 (Heavy Vehicles Rule): Schedules 1, 2, and 4 (Bolster Attachment Codes).
Making a minor amendment to definitions	Heavy Vehicles Rule, Part 2 (Definitions) - removal of 'low volume vehicle' definition
Simplifying permit requirements for rental stock vehicles travelling unladen between depots or to customers to allow timely delivery	VDAM Rule: Clause 3.2(4).
Adding three new signs for load pilot vehicles, so that signage is clearer	VDAM Rule: Clauses 6.44, 6.45; Part 3, Schedule 7 (Specifications for signs); Consequential amendments may also be required to the Land Transport Rule: Traffic Control Devices 2004 (TCD) Part 3, Schedule 1 (Signs).
Removing forward-facing signs for rear pilot vehicles to reduce compliance costs	VDAM Rule: Clauses 6.44, 6.4; Part 3, Schedule 7; Consequential amendments may also be required to TCD Rule Part 3, Schedule 1 (Signs).
PCO drafting required	

⁶ Other secondary regulation changes may be identified post public consultation

IN CONFIDENCE

Allow children aged 12 years and under to ride their cycles on footpaths	Land Transport (Road User Rule) 2004 Part 11 Rule 11.11
Requiring vehicles travelling below 60km/hr to stop to give way to buses leaving bus stops	Land Transport (Road User Rule) 2004 Land Transport (Offences and Penalties) Regulation 1999 Schedule 1
Establishing a mandatory passing gap for when motorists pass other road users (cyclists, horse riders etc.)	Land Transport (Road User Rule) 2004 Land Transport (Offences and Penalties) Regulation 1999 Schedule 1
Allowing people to ride e-scooters in cycle lanes	Land Transport (Road User Rule) 2004 Part 1 Rule 1.6
Clarifying signage requirements for Road Controlling Authorities to dis/allow parking on berms.	Land Transport (Road User Rule) 2004 Part 6 Land Transport (Traffic Control Devices) Rule 2004 Section 4
Enabling Class 1 driver licence holders to drive heavier zero emission vehicles up to 7,500kg to remove a barrier to uptake of zero emissions vehicles	Land Transport (Driver Licensing) Rule 1999 (Driver Licensing Rule): Schedule 3 (Class 1)
Enabling Class 2 and Class 2L driver licence holders to drive heavier electric public transport service buses up to 22,000 kg to remove a barrier to uptake of zero emissions vehicles	Driver Licensing Rule: Schedule 3 (Classes 2 and 2L)
Allowing overseas heavy vehicle driver licence holders to convert their licence by undertaking approved courses to streamline licensing	Driver Licensing Rule: Part 4, clause 19; Part 14, clauses 89(2)(c), 89A(4); Part 15, clauses 93(c), 93(j), 93(k)
Removing class 3L, 3F, 4L, and 5L licences to streamline licensing	Driver Licensing Rule: Part 1, clause 5; Part 4, clause 15; Part 8, clauses 45, 48(3); Part 12, clause 67(2)(b), 67A(2)(e); Part 15, clause 93(c); Schedule 3 (Classes 3 and 3L, Classes 4 and 4L, Classes 5 and 5L)
Introducing a theory test for a Class 5 licence to ensure safety	Driver Licensing Rule: Part 4, clause 19; Part 8, clause 45
Reducing wait times between heavy vehicle licence progression to streamline licensing	Driver Licensing Rule: Part 4, clause 19 (Class 2, subclause (a))
Strengthening practical tests and approved courses to test perceptual and hazard recognition skills	Driver Licensing Rule: Part 1, clause 5(2); Part 15, clauses 93, 94
Removing the Accelerated Licence Process to reflect low uptake	Driver Licensing Rule: Part 4A; Consequential amendments to the Land Transport (Driver Licensing and Driver Testing Fees) Regulations 1999; Land

	Transport (Offences and Penalties) Regulations 1999.
Removing the requirements for special-type vehicle endorsements to reduce regulatory effort	Driver Licensing Rule: Part 5, clauses 28, 29; Part 13, clause 85A(5); Schedule 4 (items related to endorsements with identifying letters F, R, T, and W) Consequential amendments to the Land Transport (Driver Licensing and Driver Testing Fees) Regulations 1999
Standardising the speed thresholds for tractors and special-type vehicles to 40km/h	Driver Licensing Rule: Schedule 3 (Class 1, Classes 2 and 2L, Class 2, Class 4)
Simplifying the rules for tractors that can be driven on a Class 1 licence	Driver Licensing Rule: Schedule 3 (Class 1R, Class 1)
Consolidate Schedule 3 of the Driver Licensing Rule to simplify Class 1 restricted and full licence requirements	Driver Licensing Rule: Schedule 3
Allowing automatic renewal of general licences for some endorsement holders to save time	Driver Licensing Rule: Part 3, clause 12(2)(a)

Appendix 4 Heavy vehicle productivity phase 2 Interim Regulatory Impact Statement

Appendix 5 Lane use Interim Regulatory Impact Statement

PROACTIVELY RELEASED BY THE MINISTRY OF TRANSPORT