

Proactive Release

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Some information has been withheld on the basis that it would not, if requested under the Official Information Act 1982 (OIA), be released. Where that is the case, the relevant section of the OIA has been noted and no public interest has been identified that would outweigh the reasons for withholding it.

Listed below are the most commonly used grounds from the OIA.

<u>Section</u>	<u>Description of ground</u>
9(2)(a)	to protect the privacy of natural persons

PROACTIVELY RELEASED BY THE MINISTRY OF TRANSPORT

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

Decision sought	Final Cabinet decisions on increasing infringement fees related to Warrant of Fitness (WoF) non-compliance
Agency responsible	Ministry of Transport
Proposing Ministers	Transport
Date finalised	25 March 2026

Briefly describe the Minister's regulatory proposal

To complement the broader changes to light vehicle inspection requirements, the Associate Minister of Transport is proposing to increase the financial penalties for not having a current WoF and for having bald tyres.

Summary: Problem definition and options

What is the policy problem?

WoF non-compliance remains relatively widespread and contributes to elevated road safety risk. Non-compliant vehicles are overrepresented in fatal and serious injury crashes where vehicle defects are identified. Furthermore, tyre defects are identified in more than 40 percent of vehicle defect crashes. These issues could be exacerbated by proposed reductions in inspection frequency, which would increase reliance on vehicle owners' maintenance and enforcement to manage safety risk.

What is the policy objective?

This work seeks to strengthen the deterrent effect of WoF penalties to support compliance as inspection frequency is reduced, with a focus on higher risk forms of non-compliance such as prolonged expiry and unsafe tyres.

What policy options have been considered, including any alternatives to regulation?

A range of regulatory options were considered, including increasing infringement fees for high-risk defects (such as tyres), introducing demerit points, applying graduated penalties based on how long a WoF has been expired, and aligning vehicle inspection and licensing timing.

The Minister's preferred option is a package, combining a graduated infringement structure based on time since expiry with an increased infringement fee for tyre and wheel defects. Non-regulatory options have been considered as part of the border changes to light vehicle inspection requirements. These are being considered separately but are expected to compliment the proposed changes to financial penalties.

What consultation has been undertaken?

Public consultation on changes to light vehicle inspection was undertaken between 29 October and 17 December 2025, which included high-level proposals to increase penalties for WoF non-compliance. Most submitters supported stronger penalties as a means of encouraging personal responsibility and compliance. Others raised concerns about financial impacts on lower income vehicle owners and questioned whether education would be more effective than increased penalties. Targeted consultation with the New Zealand Transport Agency (NZTA), NZ Police (Police), and the Ministry of Justice was undertaken in December 2025 and January 2026. Their feedback helped to refine the proposals, particularly in understanding the feasibility of introducing demerit points and a reasonable infringement fee.

Is the preferred option in the Cabinet paper the same as preferred option in the RIS?

Yes.

Summary: Minister’s preferred option in the Cabinet paper

Costs (Core information)

The primary costs of the proposal fall on non-compliant vehicle owners through higher infringement fees, particularly for prolonged WoF non-compliance and high-risk tyre defects. These costs would be felt disproportionately by lower income households, as they are less able to afford required vehicle maintenance or pay the increased fine if found to be non-compliant.

We expect the graduated infringement structure mitigates this by limiting higher penalties to more serious non-compliance. However, the justice system may see increased costs due to individuals being referred where they are unable to pay the fines they owe. Minor implementation and administration costs are expected for NZTA, Police, and the justice sector and can be met within existing funding. This includes updates to infringement and regulatory systems, minor backend configuration work, and associated communications activity such as public information campaigns.

Benefits (Core information)

The primary benefits are improved safety outcomes for road users. Increased WoF compliance is expected to reduce vehicle defect-related fatal and serious injury crashes. We have estimated the benefits based on a 1 percent reduction in the number of vehicle defect crashes at \$2.9m. This assumes vehicle defects were a causal factor in the crashes reported and is subject to the behavioural response uncertainties described further below.

Additional monetised benefits include increased non-tax revenue because of the higher infringement fee. This is estimated at \$6.9m based on 2024 infringements issued by Police.

Balance of benefits and costs (Core information)

We consider the benefits of this proposal will outweigh the costs. Implementation costs are low, but increased compliance is expected to improve road safety outcomes.

Implementation

Amendments to the Land Transport (Offences and Penalties) Regulations 1999 would enable implementation of these proposals. The proposal is expected to come into force in late 2026 to align with broader changes to inspection requirements. Police and parking wardens would be responsible for frontline enforcement, with NZTA and the justice sector making supporting system updates and administration. This includes updating infringement and compliance

systems, revising online and operational guidance, coordinating changes with Police and local authorities, and ensuring public information materials reflect the graduated penalty structure. Implementation risks include disproportionate impacts on some vehicle owners, inconsistent enforcement, and avoidance behaviours. These risks will be mitigated through a graduated infringement structure and public information campaigns.

Officials expect to review the effect of changes as part of the broader monitoring and evaluation of the changes to light vehicle inspection requirements. This includes regular reporting of key indicators such as death and serious injury statistics and the number of infringements issued.

Limitations and Constraints on Analysis

Evidence on the effectiveness of financial penalties to improve compliance is mixed, particularly for repeat offenders. This constrains our ability to precisely predict behavioural responses to policy change. We have taken a holistic approach and made conservative assumptions in our assessment to mitigate this.

While there is limited consolidated, WoF-specific evidence on what motivates non-compliance, broader behavioural insights from NZTA and AA research indicate perceived likelihood of enforcement, perceived severity of penalties, and awareness of requirements strongly influence compliance behaviours. Police infringement notices include an optional 'Explanation Given' field for officers to record driver comments, but it has not been possible to analyse this evidence in the time available.

I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Manager(s) signature:

s9(2)(a)

Laura Bender
Acting Manager, Regulatory
Reform
25 March 2026

Quality Assurance Statement

Reviewing Agency:

QA rating: Meets

Panel Comment:

The Regulatory Impact Statement (RIS) has been reviewed by a joint panel from the Ministry of Transport and Maritime New Zealand. The panel considers that the information and analysis summarised in the RIS meets the Quality Assurance criteria for the purpose of informing Cabinet decisions.

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

1. The WoF regime is a core component of New Zealand's light vehicle safety system, providing periodic assurance that vehicles meet minimum safety standards at the time of inspection. WoF inspections focus on safety-critical components, including tyres, brakes, steering, suspension, and visibility, and are designed to reduce the risk that vehicle defects contribute to fatal and serious injury crashes. The regime operates within the wider land transport regulatory system, whose primary objective is to improve road safety outcomes for all road users.
2. Enforcement of WoF requirements currently relies on a combination of infringement fees, court-ordered fines, and operational tools such as vehicle prohibition notices. These penalties are set out in the Land Transport Act 1998 and the Land Transport (Offences and Penalties) Regulations 1999, and are administered primarily by Police, with some enforcement roles for parking wardens. Police offer a compliance pathway whereby an infringement can be waived where evidence of compliance is presented. Councils also provided similar leniency by issuing warnings and grace periods.
3. Planned changes will reduce the frequency of mandatory inspections for parts of the light vehicle fleet, increasing reliance on vehicle owners' ongoing maintenance and on enforcement to maintain safety standards. Modelling undertaken for these inspection changes indicates that, without effective mitigation, reduced inspection frequency is expected to increase the risk of additional fatal, serious injury, and minor injury crashes. In this context, penalties may influence compliance more significantly than they have historically.
4. Without changes to penalties, the counterfactual is that deterrence will continue to rely on relatively low infringement fees, discretionary compliance pathways, and public information campaigns. While NZTA plans to increase public awareness of inspection requirements and penalties, it is unlikely that information alone will be sufficient to offset the increased safety risk associated with less frequent inspections.
5. While certificate of fitness A (CoF A) inspections are in scope of the broader review of light vehicle inspection settings, we did not consider options for addressing non-compliance with these requirements. Our view is the changes should focus on WoF non-compliance as it is a much larger cohort and the existing \$600 infringement fine for CoF A non-compliance is high enough to set a strong deterrent.
6. This proposal sits within the context of the Government's wider Land Transport rules reform programme, which is reviewing and updating land transport rules and regulatory settings to improve efficiency, reduce unnecessary compliance costs, and maintain an appropriate focus on safety.

What is the policy problem or opportunity?

7. While vehicle defects contribute to a small proportion of crashes overall,¹ the safety risk they pose is unevenly distributed. Evidence shows that non-compliant vehicles are

¹ In 2023, 3.7 percent of all fatal crashes identified a vehicle defect e.g. bald tyres.

over-represented in vehicle defect-related fatal and serious injury crashes,² and that tyre defects are particularly prevalent in these outcomes.³ This suggests that some forms of WoF non-compliance are associated with disproportionately higher safety risks, even if their absolute frequency is low.

8. At any given time, approximately 11–19 percent of registered light vehicles are overdue for a WoF, with a majority of these vehicles being more than two months out of date.⁴ Anecdotally, factors such as cost, inconvenience, and lack of awareness have been identified as common reasons for non-compliance.
9. Existing infringement fees and maximum court-ordered fines for WoF-related offences have remained largely unchanged over time, with the last update in 1998. This has reduced their value and may have weakened their deterrent effect, particularly for ongoing or repeated non-compliance.
10. Additionally, there is an opportunity to mitigate some of the increased risk associated with reduced inspection frequency by strengthening the deterrent effect of penalties. More effective penalties can help support compliance and offset the additional crash risk that modelling suggests may arise under the counterfactual of unchanged settings.

What objectives are sought in relation to the policy problem?

11. The objective of this project is to improve compliance with WoF requirements, particularly for prolonged or repeated non-compliance that is associated with higher safety risk.

What consultation has been undertaken?

12. Public consultation on changes to light vehicle inspection was undertaken between 29 October 2025 and 17 December 2025. Most submitters (2,729 or 52 percent) supported the proposals as they considered the changes would encourage people to take more personal responsibility and disincentivise non-compliance.
13. Many of these submitters supported the idea of a grace period. Those that opposed increased penalties cited concerns with increased financial stress particularly for lower income vehicle owners and that education is likely to be more effective at increasing compliance than financial penalties.
14. The Ministry of Transport consulted with NZTA, Police and the Ministry of Justice. The Ministry of Justice emphasised the relationship between demerit points, licence suspensions and the volume of criminal charges entering courts in the context of the Government priority to improve court timeliness and efficiency. This feedback is consistent with our decision to rule introducing demerit points out of our analysis.
15. NZTA emphasised the need to send a strong deterrent for WoF non-compliance, particularly in the context of changes to inspection requirements. This feedback informed the proposed level of infringement fee.

² Of the 1,540 light vehicles with vehicle faults in death and serious injury crashes between 2014 and 2024, 29 percent of vehicles either not having a WoF or having an unknown WoF status.

³ Tyres were identified in 41.6 percent of vehicle defect, death and serious injury crashes between 2020 and 2024.

⁴ Approximately 269,751 vehicles.

16. Local enforcement (e.g. local councils) can issue infringements for WoF non-compliance, but they were not specifically consulted on these proposals. Officials consulted councils as part of the broader review of light vehicle inspection requirements to identify ways to strengthen enforcement.

Section 2: Assessing options to address the policy problem

What criteria will be used to compare options to the status quo?

17. Options will be assessed against the status quo using a set of criteria aligned with the objectives of improving safety outcomes, supporting compliance, and ensuring proportionate and feasible enforcement.
18. The assessment criteria are:
- a. **Improves safety outcomes** - The extent to which the option is likely to reduce the number of unsafe vehicles on the road and mitigate the risk of vehicle defect-related crashes.
 - b. **Proportionate to risk and severity of offending** - Whether the option aligns the level of penalty with the safety risk posed by the offence as well as existing penalties for other offences.
 - c. **Minimises disproportionate, negative outcomes** - The extent to which impacts fall disproportionately on particular groups and what mitigations are available.
 - d. **Feasibility and implementation** - Whether the option can be implemented within existing legislative frameworks, enforcement systems, and operational practices, including the time and complexity required to do so.
19. These criteria involve trade-offs. For example, options that improve deterrence may increase distributional impacts, while options that prioritise equity may be less effective at improving compliance. Where trade-offs arise, greater weight is given to safety outcomes and proportionality, consistent with the objectives of the land transport regulatory system.

What scope will options be considered within?

20. Options are constrained by the requirement that changes be implementable through secondary legislation or operational guidance, without requiring significant primary legislative reform. Options would also need to be able to be implemented in time to support the changes to light vehicle inspection requirements in late 2026.

What options are being considered?

21. A range of options were considered for strengthen penalties for WoF non-compliance. International experience has been considered at a high level to inform the range of feasible penalty options, noting that many comparable jurisdictions apply stronger financial or non-financial penalties for vehicle inspection non-compliance.

22. The options are not mutually exclusive. Some options can be combined with each other and are assessed within the context of other non-regulatory changes being progressed.
23. As part of the review of light vehicle inspection requirements, a range options for improving compliance were considered. The proposed changes to penalties sit alongside increased public education by NZTA and strengthened enforcement by local councils. Together they are intended to take a holistic approach to improving WoF compliance.

Option	Description	Rationale
Option 1: Increase infringement fee for bald tyres to \$350	Increase fee for non-compliance with the Land Transport Rule: Tyre and Wheels 2001 from \$150 to \$350.	Tyres are present in a majority of vehicle defect, death and serious injury crashes and are comparable in cost to the current infringement
Option 2: Introduce demerit points for not having a WoF	Introduce a 20-point demerit for non-compliance with Land Transport Act 1998 s34(1)(b). Demerit points would only apply where infringements were issued by Police.	Some evidence to suggest demerit points are a more effective deterrent
Option 3: Introduce graduated system based on time since expiration	Infringements for Land Transport Act 1998 s34(1)(b) would be set to: <ul style="list-style-type: none"> • Less than 2 months = \$200 (current fee) • Greater than 2 months = \$350 	Evidence suggests relative crash risk increases the longer the time since the vehicle's last inspection but also helps avoid penalising people who simply forgot
Option 4: Introduce a graduated system with demerit points	Option 3 settings with 20 demerit points for two or more months out of date. Demerit points would only apply where infringements were issued by Police.	As above
Option 5: Align timing of vehicle licencing and vehicle inspection	Require vehicle inspection to occur on the anniversary of vehicle registration.	Aligning both requirements simultaneously makes it easier to comply and higher risk to not comply
Option 6: Status quo	No change to penalties but NZTA information campaigns increase awareness of existing penalties. Increased safety risk expected due to reduced inspection frequency for most vehicles.	

How do the options compare to the status quo?

Criteria	<i>Option 1: Increase infringement fee for non-compliant tyres and wheels to \$350</i>	<i>Option 2: Introduce demerit points for not having a WoF</i>	<i>Option 3: Introduce graduated system based on time since WoF expiration</i>	<i>Option 4: Introduce a graduated system with demerit points</i>	<i>Option 5: Align timing of vehicle licensing and vehicle inspection</i>	<i>Option 6: Status quo</i>
Improves safety outcomes	+ Safety outcomes are better than the status quo as this introduces a higher deterrent for non-compliance.	++ Safety outcomes are much better than the status quo as research indicates demerit points are stronger deterrents than fines particularly for youth offenders.	+ Safety outcomes are better than the status quo as this introduces a higher deterrent for non-compliance.	++ Safety outcomes are much better than the status quo as research indicates demerit points are stronger deterrents than fines particularly for youth offenders.	0 Assumed broadly the same as the status quo as there is limited evidence that this option would increase compliance.	- Reduced inspection frequency is expected to increase safety risk as vehicle defects may go longer without being identified. This risk may be offset by improved compliance due to increased awareness of existing penalties from NZTA information campaigns.
Proportionality to risk and severity of offending	+ Proportionality is improved as the change rectifies the erosion of deterrent due to inflation. The increase applies to tyres which are by far the most common vehicle defect identified in death and serious injury crashes.	- Proportionality worsens as demerit points are primarily used as penalties for higher risk behaviours like drink driving and speeding.	+ Proportionality is improved as more serious non-compliance attracts a more significant penalty. This is offset by the highest threshold potentially losing proportionality with penalties for higher risk behaviours like speeding and drink driving.	0 On balance, proportionality remains the same. Enabling more serious non-compliance to attract a more significant penalty improves proportionality. However, the addition of demerit points and the level of the highest fee risks undermining proportionality with other more serious offences like speeding and drink driving.	0 No change as the option does not affect the levels of penalties.	0 No change as the option does not affect the levels of penalties.
Minimises disproportionate, negative distributional outcomes (equity)	- Worse as low-income individuals are likely to be disproportionately impacted. This group is less likely to be able to afford the vehicle maintenance required for compliance as well as pay the increased fine if found to be non-compliant.	0 Broadly the same, as demerit points are assumed to apply equally to all drivers.	- Worse as low-income individuals are likely to be disproportionately impacted. This group is less likely to be able to afford the vehicle maintenance required for compliance as well as pay the increased fine if found to be non-compliant. These effects are mitigated by the graduated approach.	- Worse as low-income individuals are likely to be disproportionately impacted. This group is less likely to be able to afford the vehicle maintenance required for compliance as well as pay the increased fine if found to be non-compliant. These effects are mitigated by the graduated approach. Demerit points are assumed to apply equally to all drivers.	- Worse as low-income individuals are likely to be disproportionately impacted. This group is less likely to have a sufficient financial buffer to absorb the costs of vehicle licencing and vehicle inspection occurring at the same time.	0 No change as the option does not make changes to penalties.

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Criteria	<i>Option 1: Increase infringement fee for non-compliant tyres and wheels to \$350</i>	<i>Option 2: Introduce demerit points for not having a WoF</i>	<i>Option 3: Introduce graduated system based on time since WoF expiration</i>	<i>Option 4: Introduce a graduated system with demerit points</i>	<i>Option 5: Align timing of vehicle licensing and vehicle inspection</i>	<i>Option 6: Status quo</i>
Feasibility and implementation	0 Very minor changes to regulations and operational guidance and systems.	- Adds an additional offence to be managed under the demerit system.	0 Minor changes to regulations and operational guidance and systems.	- Adds an additional offence to be managed under the demerit system.	-- Significant shift in approach that likely requires a lead in time and changes to many operational practices, guidance and systems.	0 No change as the option does not require changes.

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What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

- 24. The preferred response to the policy problem is a combined option that introduces a graduated infringement structure for WoF non-compliance (Option 3) alongside an increase in infringement fees for tyre and wheel defects (Option 1). This package was identified as the strongest performer in the multi-criteria analysis, balancing improvements in safety outcomes with proportionality, equity, and feasibility considerations.
- 25. Compared to the status quo, the preferred option provides a more targeted deterrent that escalates consequences for prolonged non-compliance and focuses higher penalties on defects known to be associated with serious safety risk. The preferred option delivers improvements to safety outcomes while avoiding the proportionality and feasibility concerns identified for options involving demerit points.
- 26. The preferred option imposes higher costs on non-compliant vehicle owners, particularly where non-compliance is prolonged or involves high-risk defects. These impacts may be felt more acutely by lower-income households. The graduated design reduces the burden on drivers who are only briefly overdue, and enforcement discretion provides a further safeguard against unduly punitive outcomes.
- 27. There remains a risk that increasing financial penalties diverts money away from addressing vehicle issues to paying the fee itself, which undermines overall policy intent. Increased infringement fees may also result in an increase in the number of individuals referred to the justice system where they cannot afford to pay the infringement fee.

Is the Minister’s preferred option in the Cabinet paper the same as the agency’s preferred option in the RIS?

- 28. Yes, the Minister’s preferred option in the Cabinet paper is the same as the agency’s preferred option in the RIS.

What are the marginal costs and benefits of the preferred option in the Cabinet paper?

Affected groups	Comment	Impact	Evidence Certainty
Additional costs of the preferred option compared to taking no action			
Non-compliant vehicle owners	Increased infringement fees	\$6.9m	Medium
Justice sector	Increased administration cost for the Ministry of Justice and the courts, where people cannot pay infringement fees	Low	Medium

NZTA, Police, local enforcement	Implementation costs	Low	High
Total monetised costs		\$6.9m	-
Non-monetised costs		Low	Medium
Additional benefits of the preferred option compared to taking no action			
Road users, Police, ACC, insurance companies	Reduced fatal, serious injury and minor injury crashes	\$2.9m	Medium
NZTA	Increased fee revenue from increased compliance	Low	Medium
Crown	Increased penalty revenue	\$6.9m	Medium
Total monetised benefits		\$9.8m	Medium
Non-monetised benefits		Low	Medium

29. The cost-benefit analysis assumes a conservative relationship between increased penalties, improved compliance, and reduced vehicle defect crashes because of uncertainty about behavioural response. Benefits are estimated using a 1 percent reduction in fatal, serious injury and minor injury crashes that involve a vehicle defect.

30. Non-monetised benefits include increased NZTA fee revenue from increased compliance. This effect has been conservatively assessed as low due the uncertainty about behavioural response.

31. Risks include inequitable impacts, increased enforcement variability, and potential avoidance behaviours such as WoF fraud. These risks are recognised limitations of the analysis and highlight the importance of continued monitoring and complementary enforcement and communications measures.

Section 3: Delivering an option

How will the proposal be implemented?

32. The proposal would be implemented through amendments to secondary legislation, primarily the Land Transport (Offences and Penalties) Regulations 1999, to give effect to the graduated infringement structure for WoF non-compliance and the increased infringement fee for tyre and wheel defects.

33. The proposal is expected to be implemented using existing funding, as changes to systems and guidance are relatively minor. Regulation changes are expected to come into force in late 2026 to align with changes to vehicle inspection frequency.

34. Public notification and compliance support will be delivered through NZTA and Police communication channels, including updates to online guidance and targeted public information campaigns.

How will the proposal be monitored, evaluated, and reviewed?

35. The proposal would be integrated into the broader monitoring and evaluation planned as part of the changes to light vehicle inspection requirements.
36. Monitoring will include regularly publishing key metrics including:
- a. fatal and serious injury crashes where vehicle defects are a contributing factor
 - b. cost burden for both private and commercial vehicle owners
 - c. non-compliance rates
 - d. infringements issued by Police and reasons provided
 - e. inspection failure rates.
37. The broader review also includes an implementation evaluation and an outcomes evaluation that are planned for two years and five years after implementation respectively.

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