



Regulatory Analysis Summary: Enabling Digital Driver Licences through Amendments to the Land Transport (Driver Licensing) Rule 1999

Decision sought	Cabinet agreement to amend the Land Transport (Driver Licensing) Rule 1999 to give effect to the Regulatory Systems (Transport) Amendment Act 2026, including establishing an approval framework for digital driver licences and associated facilitation services, and enabling NZTA to issue digital driver licences (DDLs) as an optional alternative to physical driver licences.
Agency responsible	Ministry of Cities, Environment, Regions and Transport (MCERT)
Portfolio Minister(s)	Minister of Transport
Date finalised	1 September 2026
Ministry for Regulation ID number	REG-2258

Brief description of the Minister's regulatory proposal (preferred option)

The preferred option is to amend the Land Transport (Driver Licensing) Rule 1999 to give effect to amendments made by the Regulatory Systems (Transport) Amendment Act 2026, enabling NZTA to issue digital driver licences (DDLs) as an optional alternative to physical driver licences. The amendments would establish a framework for approving digital driver licences and associated facilitation services (i.e. digital wallets and other technologies used to present digital credentials). Approvals would be granted by the Director of Land Transport (Director), subject to compliance with the ISO/IEC 18013-5 international standard and consultation with the Privacy Commissioner and New Zealand Police. The proposal supports implementation of DDLs while maintaining appropriate privacy, security, interoperability and operational safeguards.

Summary of the problem definition

Cabinet has already agreed to introduce digital driver licences and Parliament has enacted enabling legislation. Amendments to the Land Transport (Driver Licensing) Rule 1999 are required to support implementation of DDLs and establish a framework for approving digital driver licences and associated facilitation services. The key policy question is how the Rule should provide appropriate privacy, security, interoperability and operational safeguards while remaining sufficiently flexible to accommodate future technological developments and evolving digital credential standards.

Summary of options considered for addressing the problem

Three options were considered. Maintaining the existing legislative settings was not considered a feasible option because Cabinet has already agreed to introduce digital driver licences and enacted amendments recognising digital driver licences in primary legislation. Amendments to the Rule are therefore required to support implementation and establish the approval framework contemplated by the enabling legislation. The analysis accordingly focused on the remaining area of regulatory discretion: how digital driver licences and associated facilitation services should be

approved, and what safeguards should apply before approvals are granted. Option 1 would prescribe the form, requirements, and approval criteria for digital driver licences and associated facilitation services directly in the Rule. Option 2 would allow the Director to approve digital driver licences and associated facilitation services that comply with ISO/IEC 18013-5. Option 3 (preferred) would also require compliance with ISO/IEC 18013-5, but would require the Director to consult the Privacy Commissioner and New Zealand Police before granting approval. Option 3 was preferred because it provides the best balance between safeguards, interoperability, flexibility, and regulatory efficiency.

Is the Minister's preferred option in the Cabinet paper the same as the preferred option in the RAS?

Yes.

Summary of the main benefits of the Minister's preferred option

The preferred option provides greater assurance that privacy, security and operational considerations are appropriately considered before digital driver licences and associated facilitation services are approved. It supports interoperability through alignment with the ISO/IEC 18013-5 international standard while retaining flexibility to accommodate future technological developments and evolving digital credential solutions. The approval framework allows evolving technologies and standards to be accommodated without frequent Rule amendments, reducing the risk that approved digital driver licence solutions fall behind contemporary security and interoperability requirements. It also increases confidence that approval decisions are informed by relevant privacy and operational expertise.

Summary of the main costs of the Minister's preferred option

The principal costs are minor and administrative in nature. These arise from the requirement to consult the Privacy Commissioner and New Zealand Police before approvals are granted, and from administering and participating in the approval process. The consultation requirements may modestly increase administrative effort and approval timeframes. No significant costs are expected for licence holders because digital driver licences will be optional and physical driver licences will remain available and legally valid. Officials note that the costs are limited to the approval process and do not include the cost of setting up the DDL regime.

Does the RAS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?

Yes. The additional costs arising from mandatory consultation are expected to be minor and administrative in nature and are outweighed by the benefits of greater assurance that privacy and operational considerations have been appropriately considered before approvals are granted. The preferred option also provides a more appropriate balance between oversight and flexibility than the alternative options.

Have any potential inconsistencies with the principles of responsible regulation in the Regulatory Standards Act been identified in relation to the Minister's preferred option?

No potential inconsistencies with the principles of responsible regulation have been identified.

Limitations and constraints on analysis

Condensed timeframes	No	Constrained option set	Yes
Legislative constraints	Yes	Data and evidence gaps	Yes

Ministerial direction	Yes	Other	No
Limited public consultation	No		

Summary of limitations and constraints on analysis

Cabinet has already agreed to introduce digital driver licences (DDLs) and enacted amendments to recognise digital driver licences in primary legislation. The Government has also committed to participating in the Austroads Digital Trust Service arrangements and implementing a solution aligned with the ISO/IEC 18013-5 international standard. These decisions substantially constrain the available policy (and technology) options. As a result, the analysis focuses on the remaining regulatory choices concerning the approval framework for digital driver licences and associated facilitation services.

The proposed Rule amendments form part of a broader package of service modernisation changes enabled by the Regulatory Systems (Transport) Amendment Act 2026. The Ministry for Regulation granted an exemption from the requirement to prepare a Regulatory Analysis Summary for the broader service modernisation changes. Digital driver licences were excluded from that exemption due to the distinct privacy issues they raise. As a result, this RAS focuses specifically on the approval framework and safeguards for digital driver licences and associated facilitation services.

There are also evidence limitations. As DDLs have not previously been implemented in New Zealand, the analysis relies on policy analysis, Australian digital driver licence experience, Austroads arrangements, international digital credential standards, and targeted stakeholder consultation rather than New Zealand operational experience.

NZTA has prepared a draft Privacy Impact Assessment for the Digital Driver Licence proposal. The draft PIA supports the view that the proposal has a strong privacy-by-design foundation, including optional participation, continued availability of the physical licence, use of existing driver licence information, wallet-based storage, selective disclosure, and no routine NZTA visibility of verification events. However, the PIA remains an interim assessment for consultation purposes.

Public consultation on the proposed Rule amendments took place from 16 July to 12 August 2026, as part of consultation on the wider driver licensing service modernisation proposals. A total of 14,370 submissions were received. Submitters expressed mixed views, including concerns about privacy, data and device security, accessibility, and whether physical driver licences would remain available. The feedback reinforced the importance of ensuring that approved digital driver licences and facilitation services are subject to appropriate privacy, security and assurance safeguards before approval. Officials also note that digital driver licences will be optional and will supplement, rather than replace, physical driver licences.

In addition to public consultation, MCERT undertook targeted consultation with the Ministry for Regulation, the Ministry of Justice, NZTA, New Zealand Police, the Trust Framework Authority, and the Office of the Privacy Commissioner. Feedback from these agencies informed development of the proposed approval framework and associated safeguards.

What are the implications of these limitations and constraints, and what has been done – or will be done – to mitigate and manage them?

The constrained option set means the analysis does not revisit whether DDLs should be introduced, whether New Zealand should participate in the Austroads Digital Trust Service initiative, or whether ISO/IEC 18013-5 should be adopted as the technical foundation for DDLs.

Instead, the analysis focuses on the remaining regulatory choices relating to the approval framework for digital driver licences and associated facilitation services, including the level of legislative prescription, the safeguards that should apply before approvals are granted, and the appropriate decision-maker.

Evidence limitations have been mitigated through consideration of Australian implementation experience, Austroads arrangements, public consultation and targeted consultation with relevant agencies and subject matter experts. The proposed approval framework also operates alongside broader privacy, security, assurance and governance arrangements, reducing reliance on secondary legislation as the sole mechanism for managing risk.

I am satisfied that, given the available evidence, this RAS represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Manager(s) signature:

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01/09/2026

Quality Assurance Statement

Reviewing MCERT:

QA rating: Partially meets

Panel Comment:

The Ministry for Cities, Environment, Regions and Transport quality assurance panel has reviewed the Regulatory Analysis Summary (RAS) for Enabling Digital Driver Licences through Amendments to the Land Transport (Driver Licensing) Rule 1999. The panel considers the information and analysis partially meets the quality assurance criteria for the purpose of informing Cabinet decisions. The RAS is clear, concise and convincing, however, consultation was only undertaken on one option.

Section 1: Diagnosing the policy problem

What is the policy problem?

1. Cabinet agreed to introduce digital driver licences (DDLs) and the Regulatory Systems (Transport) Amendment Act 2026 amended primary transport legislation to recognise digital driver licences. The remaining legislative step is to amend secondary legislation, principally the Land Transport (Driver Licensing) Rule 1999, to enable implementation of DDLs. There is no non-regulatory means of giving effect to DDLs, as the Rule currently requires DDLs to comply with physical form and feature requirements that are not compatible with a digital format.
2. The Government also committed to participating in the Austroads Digital Trust Service (DTS) initiative supporting interoperable digital driver licences across Australia and New Zealand. As a result, key implementation settings have largely been settled, including deployment of a digital driver licence solution aligned to the ISO/IEC 18013-5 international standard. That standard incorporates interoperability, privacy and security requirements for the proposed DDL solution. ISO/IEC 18013-5 establishes recognised international requirements for DDL. This supports privacy by enabling a person to disclose only what is needed to a verifier (“selective disclosure”) and requiring verification mechanisms to establish the validity of both the DDL and the identity of the person presenting the DDL.
3. Digital driver licences and associated facilitation services (see para. 4) involve the digital presentation, exchange and verification of licence information. An approval framework is required to ensure that digital driver licences and facilitation services meet consistent privacy, security, interoperability and assurance requirements before they can be approved under the Rule. Without such a framework, approval decisions would rely primarily on administrative arrangements, providing a lower level of regulatory certainty, transparency and accountability than is appropriate for credentials relied on for identity, entitlement and enforcement purposes.
4. The remaining regulatory question is how the Rule should establish a framework for approving digital driver licences and associated facilitation services. A facilitation service is a service that enables the exchange, presentation or use of digital identity information, rather than creating or verifying the identity information itself. Examples include digital wallets and other technologies that help a person manage and present digital credentials to relying parties.
5. The Rule needs to balance several objectives. It must provide appropriate privacy and security safeguards, support interoperability across jurisdictions and systems, remain sufficiently flexible to accommodate future technological developments, and enable efficient implementation of approved digital driver licence solutions.
6. The principal area of remaining regulatory discretion concerns the design of the approval framework. In particular, the Rule must determine:
 - i. whether digital driver licences and the services through which they are issued, stored, presented and verified should be prescribed directly in the Rule or approved through a delegated approval process;
 - ii. what safeguards should apply before approvals are granted; and
 - iii. who should exercise the approval power.
7. Privacy is the primary policy consideration informing the design of the approval framework. Digital presentation and verification of licence information may create privacy risks not

associated with the presentation of a physical licence, including inappropriate collection or retention of personal information, tracking of licence use, or security compromise. At the same time, digital credentials can improve privacy outcomes through enabling selective disclosure and more secure methods of verification.

8. The proposed framework operates within a broader set of privacy, security and assurance arrangements. These include obligations under the Privacy Act 2020, Austroads arrangements, accreditation under the Digital Identity Services Trust Framework, privacy impact assessment processes, security assurance activities, and ongoing governance and oversight. The role of the Rule is therefore not to prescribe all privacy and operational requirements, but to establish an approval framework and safeguards that must be satisfied before digital driver licences and facilitation services can be approved. This complements broader assurance arrangements by ensuring key safeguards are reflected in the regulatory framework.
9. NZTA has prepared a draft Privacy Impact Assessment for the Digital Driver Licence proposal. The draft PIA supports the view that the proposal has a strong privacy-by-design foundation, including optional participation, continued availability of the physical licence, use of existing driver licence information, wallet-based storage, selective disclosure, and no routine NZTA visibility of verification events. However, the PIA remains an interim assessment for consultation purposes.
10. The parties principally affected are licence holders, NZTA as issuer of DDLs, New Zealand Police and other enforcement agencies, and organisations and businesses that rely on driver licences to verify identity, age or entitlement.
11. Because DDLs will be optional and the physical driver licence will remain available, no person will be required to hold or present a licence digitally. Significant distributional impacts are not expected and are discussed further in Section 3.

What objectives are sought in relation to the policy problem?

12. The objectives are to support Cabinet's decision by:
 - i. ensuring digital driver licences and associated facilitation services operate in a manner that protects privacy, supports security and enables interoperability;
 - ii. ensuring approval decisions are informed by appropriate privacy, operational and regulatory considerations;
 - iii. establishing a regulatory framework that is effective while maintaining sufficient flexibility to accommodate future technological developments and evolving industry standards.

What external consultation has been undertaken?

13. NZTA publicly consulted on the proposed amendments to the Land Transport (Driver Licensing) Rule 1999 as part of a wider package of driver licensing service modernisation changes enabled by the Regulatory Systems (Transport) Amendment Act 2026.
14. Public consultation on the proposed Rule amendments took place from 16 July to 12 August 2026, as part of consultation on the wider driver licensing service modernisation proposals. The proposed Rule amendments included provisions reflecting the preferred option only – whereby the Director may approve the form of the DDL if it complies with ISO/IEC 18013-5 and after consultation with specific stakeholders (see option 3 below).

15. A total of 14,370 submissions were received. Submitters expressed mixed views on the proposed changes, with concerns raised about privacy, data and device security, accessibility, and whether physical driver licences would remain available. In relation to digital driver licences, submitters raised concerns about the protection of personal information and the potential for tracking or monitoring of licence use. Submitters also identified convenience, ease of use, and faster services as expected benefits of the wider proposals, and organisations and businesses were generally more supportive than individual submitters. The feedback reinforced the importance of ensuring that approved digital driver licences and facilitation services are subject to appropriate privacy, security and assurance safeguards before approval. Many risks raised during consultation relate primarily to implementation of DDL rather than the design of the approval framework itself. These risks are managed through broader assurance, accreditation, privacy, security and operational processes.
16. Officials also note that digital driver licences will be optional and will supplement, rather than replace, physical driver licences.
17. Very few submitters provided specific feedback on the proposal for the Director to approve the form of the DDL. One submitter considered that approvals should be made under a transport instrument and another sought greater transparency around principles and criteria to guide the Director's approval of the form of DDL. Officials consider that the preferred option provides an appropriate balance between robust decision-making and sufficient flexibility to enable a future-proof DDL. Additional assurance is provided by requiring the Director to consult with New Zealand Police and the Privacy Commissioner (see analysis of option three below).
18. In addition to public consultation, MCERT undertook targeted consultation with the Ministry of Justice, NZTA, New Zealand Police, the Ministry for Regulation, the Trust Framework Authority and the Office of the Privacy Commissioner. Feedback from these agencies informed development of the proposed approval framework, including the role of ISO/IEC 18013-5 and the safeguards that should apply before digital driver licences and facilitation services can be approved.

Section 2: Assessing options to address the policy problem

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

19. The options are assessed against criteria that reflect the key objectives of the proposed approval framework and the remaining areas of regulatory discretion:
 - i. **Privacy and security safeguards are the primary criterion.** The central question is whether the proposed secondary legislation design provides sufficient safeguards before a digital driver licence or facilitation service can be approved.
 - ii. **Flexibility** considers the extent to which the framework can accommodate future technological developments and evolving digital credential solutions without requiring frequent Rule amendments.
 - iii. **Regulatory efficiency** considers whether the framework enables timely and efficient approval of digital driver licences and facilitation services while avoiding unnecessary administrative and legislative costs.

- iv. **Proportionality** considers whether the level of legislative prescription and regulatory oversight is proportionate to the risks being managed and whether matters are being addressed at the appropriate level of the regulatory system.

What scope will options be considered within?

- 20. The remaining scope for analysis concerns the design of the approval framework for digital driver licences and associated facilitation services. Specifically, the analysis considers:
 - i. whether digital driver licences and associated facilitation services should be prescribed directly in the Rule or approved through a delegated approval process; and
 - ii. what safeguards should constrain the approval power.
- 21. The analysis does not revisit the policy decision to introduce digital driver licences, the Government's decision to participate in the Austroads Digital Trust Service initiative, or the use of ISO/IEC 18013-5 as the technical foundation for the DDL solution. These matters have already been substantially settled through previous Government decisions and legislative amendment.
- 22. The analysis also does not consider alternative technical standards or a New Zealand-specific technical standard for digital driver licences. The Government's participation in the Austroads Digital Trust Service initiative and implementation of an ISO/IEC 18013-5 based solution substantially constrain the available technology choices. The analysis therefore focuses on the remaining regulatory choices concerning the approval framework and associated safeguards. Officials also considered whether detailed privacy, security and operational requirements should be prescribed directly in the Rule, and whether consultation with the Trust Framework Authority should be required before approvals are granted.
- 23. While a requirement to consult with the Authority was included in the consultation version of the Rule, officials do not propose to include this in the final rule. Unlike New Zealand Police and the Privacy Commissioner, who provide distinct public-interest oversight functions, the Trust Framework Authority already exercises assurance and accreditation functions through the Digital Identity Services Trust Framework accreditation process. Requiring formal consultation would duplicate existing assurance processes without materially improving decision quality.
- 24. Officials considered whether the approval power should be exercised by the Minister or the Director. Officials consider the Director is the more appropriate decision-maker because approval decisions involve assessing whether individual digital driver licence products and facilitation services meet prescribed requirements and standards, rather than making policy choices. The operational nature of this decision aligns with the Director's statutorily independent function to issue land transport documents, including driver licences. Ministerial oversight is retained through the Rule, which specifies the approval framework and safeguards, while individual approval decisions are made by the regulator.

What options are being considered?

- 25. Cabinet has already agreed to introduce digital driver licences and Parliament has enacted amendments to primary legislation to recognise electronic driver licences. Maintaining the

existing legislative settings (status quo) is not a feasible option and further amendments to the Land Transport (Driver Licensing) Rule 1999 are required. This is because a DDL would not meet the current mandatory driver licence form and feature requirements which are designed for a physical driver licence.

26. The analysis therefore focuses on the remaining area of regulatory discretion: the design of an approval framework for digital driver licences and associated facilitation services, including the level of legislative prescription and the safeguards that should apply before approvals are granted.

Option One – Prescribe requirements directly in the Rule

27. Under this option, the Rule would prescribe the form, requirements and approval criteria for digital driver licences and associated facilitation services. Any significant changes to approved digital driver licence solutions, technical requirements, or approval criteria would require amendment of the Rule. This would still be subject to requirements under the Privacy Act 2020 and accreditation under the Digital Identity Services Trust Framework.

Option Two – Delegate approval power subject only to ISO/IEC 18013-5 compliance

28. Under this option, the Director could approve digital driver licences and associated facilitation services that comply with ISO/IEC 18013-5. Compliance with ISO/IEC 18013-5 would provide the principal safeguard (alongside Privacy Act 2020 requirements), establishing recognised interoperability, privacy and security requirements for approved solutions.
29. The Director and not the Minister is considered the appropriate person to make this decision given approval decisions concern technical compliance and operational suitability of DDL rather than broad public policy choices. These decisions are therefore analogous to existing regulatory approvals undertaken by the Director, who is already responsible for issuing and administering land transport documents.

Option Three – Delegate approval power subject to ISO/IEC 18013-5 compliance and mandatory consultation (Preferred)

30. This option is similar to option two as the Director could approve digital driver licences and associated facilitation services only where they comply with ISO/IEC 18013-5. The key difference is that before granting approval, the Director would be required to consult the Privacy Commissioner and New Zealand Police.
31. This option was included in the consultation version of the draft Rule. As discussed above, we removed the requirement to consult with the Framework Trust Authority in response to engagement with the Authority and to avoid any duplication. A small number of submitters proposed additional procedural requirements before the Director could approve a DDL, including the creation of a transport instrument and the introduction of specific approval criteria in the Rule.

How do the options compare with the status quo/counterfactual?

32. Cabinet has already agreed to introduce digital driver licences and Parliament has enacted the enabling primary legislation. The analysis therefore focuses on the relative merits of the available approval framework options and assesses them against the policy objectives and assessment criteria rather than against the status quo/counterfactual.

Criteria	Option 1: Direct prescription in the Rule	Option 2: ISO/IEC 18013-5 compliance only	Option 3: ISO/IEC 18013-5 compliance and mandatory consultation (Preferred)
Privacy and security safeguards	+ Rules could provide clear privacy and security safeguards, but rule change process means they may not keep pace with latest requirements.	+ Requires compliance with international standards that include recognised privacy and security safeguards while maintaining flexibility to update to latest requirements.	++ Requires compliance with international standards that include recognised privacy and security safeguards while maintaining flexibility to update to latest requirements. The consultation requirement helps ensure that approval decisions consider New Zealand specific security and privacy requirements.
Flexibility	-- Rules are less flexible as must specify requirements for DDL and requires rule change process to update if changes in technology, security or privacy standards, resulting in delay.	++ Director able to update DDL requirements as needed to meet new technological, security, privacy standards.	++ Director able to update DDL requirements as needed to meet new technological, security, privacy standards but with targeted consultation.
Regulatory efficiency	- Rules are clear but less efficient as can quickly become outdated – any amendments would require a rule change with formal process requirements including consultation, and statutory Ministerial oversight.	++ Director can exercise discretion to update form of the DDL when needed with no requirement to consult.	+ Director can exercise discretion to update the form of the DDL when needed but must meet additional process requirements to consult with New Zealand Police and the Privacy Commissioner.
Proportionality	- Detailed prescription in rules is disproportionate because technical requirements for DDL	+ Director's approval power reflects the operational nature of the DDL form but discretion without	++ Director's approval reflects the operational nature of the DDL form and features. Consultation requirements are proportionate as they provide

	are likely to evolve rapidly and be more appropriately managed through an approval framework.	additional assurance may not be appropriate given privacy considerations.	additional assurance for the public given the personal data stored for the DDL.
Overall assessment	-	+	++

Key: ++ rates very highly against objective; + rates highly against objective; 0 neutral; – rates poorly against objective; – – rates very poorly against objective.

33. Officials recommend Option Three – Delegate approval power subject to ISO/IEC 18013-5 compliance and mandatory consultation.

34. This approach retains flexibility, privacy and security through recognised international standards while ensuring that privacy and operational considerations inform approval decisions. It provides additional assurance beyond technical compliance without prescribing detailed technical or operational requirements in legislation.
35. The framework is therefore able to accommodate future technological developments and evolving digital credential solutions while ensuring that relevant agencies have input into approval decisions before new digital driver licence solutions are approved.
36. This approach reduces the need for future Rule amendments while providing enhanced scrutiny and greater confidence that privacy and operational implications have been appropriately considered before approvals are granted.
37. While Option 3 imposes minor additional administrative costs and may marginally extend approval timeframes, those costs are proportionate to the security and privacy considerations for DDL.
38. Option two has many of the same benefits as option three. NZTA and the Director would still be required to comply with all privacy requirements under ISO/IEC 18013-5 and the Privacy Act 2020. But the option relies more heavily on administrative discretion and does not have the additional assurance from the requirement that the Director's approval decision be informed by views from New Zealand Police or the Privacy Commissioner.
39. Option one is least preferred. While it provides the highest degree of certainty as the key requirements for DDL would be specified directly in secondary legislation and any changes would require Ministerial oversight, the approach is inflexible.
40. As security requirements, technical standards and digital credential technologies evolve, further Rule amendments would be required to update the approval framework. In a rapidly evolving digital environment, delays in implementing updated security requirements may increase the risk that approved solutions do not reflect current best practice, reducing the framework's ability to respond promptly to emerging threats and vulnerabilities. The approach would also increase ongoing legislative maintenance costs.
41. Overall option three provides a robust and proportionate process while maintaining appropriate safeguards and public assurance.

Section 3: Cost-benefit analysis

What are the additional costs and benefits of the preferred option?

42. The preferred option establishes a framework under which the Director may approve digital driver licences and associated facilitation services that comply with ISO/IEC 18013-5 following consultation with the Privacy Commissioner and New Zealand Police.
43. The principal benefits arise from providing additional assurance that privacy, security and operational considerations are considered before approvals are granted, while retaining flexibility to accommodate future technological developments without requiring frequent amendments to the Rule.
44. The principal costs are administrative. These arise from the consultation requirements that must be completed before approvals are granted. No significant compliance costs are expected to arise for licence holders because digital driver licences will be optional and the physical driver licence will remain available. We note that the costs are limited to the approval process and do not include the cost of setting up the DDL regime.

Table 1: Cost-Benefit Analysis

Nature of the benefit/cost to New Zealand	Dollar value of impact (or quantified impact)	Scale of unquantifiable impact	Nature of impact - one-off or ongoing	Source of evidence
Benefits of the preferred approval framework				
Increased confidence that privacy implications have been appropriately considered before approvals are granted through mandatory consultation with the Privacy Commissioner	Not quantified	Medium	Ongoing	Policy analysis; regulatory design; consultation with the Office of the Privacy Commissioner
Increased confidence that operational and enforcement implications have been considered before approvals are granted	Not quantified	Medium	Ongoing	Policy analysis; consultation with New Zealand Police; Australian digital driver licence experience
Greater transparency and accountability around approval decisions through a statutory approval framework	Not quantified	Medium	Ongoing	Policy analysis; regulatory design principles
Retention of flexibility to accommodate future technologies and evolving digital licence solutions without frequent Rule amendments	Not quantified	High	Ongoing	Policy analysis; Australian digital driver licence experience; Austroads Digital Trust Service arrangements
Reduced risk that secondary legislation becomes outdated as standards and technology evolve	Not quantified	Medium	Ongoing	Policy analysis; Australian digital driver licence experience; international digital identity and credential standards
Total annual benefits	Not quantified	Net positive	Ongoing	
Total one-off benefits	Not quantified	Low	One-off	
Costs of the preferred approval framework				
Consultation requirements before approvals are granted	Not quantified	Low	Ongoing	Policy analysis; consultation with relevant agencies
Additional administrative effort associated with preparing and considering consultation responses	Not quantified	Low	Ongoing	Policy analysis; consultation with NZTA.
Potential extension of approval timeframes compared with an approval process based solely on ISO compliance	Not quantified	Low	Ongoing	Policy analysis; consultation with NZTA.
Total annual costs	Not quantified	Low	Ongoing	
Total one-off costs	Not quantified	Negligible	One-off	
Net impacts of the preferred approval framework				
Total annual benefits minus costs	Not quantified	Positive	Ongoing	—
Total one-off benefits minus costs	Not quantified	Positive	One-off	—

Are the benefits of the preferred option in the Cabinet paper expected to exceed the costs?

45. Yes. The preferred option achieves a more appropriate balance between oversight and flexibility than the alternative options. It provides stronger safeguards than an approval framework based solely on ISO/IEC 18013-5 compliance, while avoiding the rigidity and ongoing maintenance costs associated with prescribing detailed technical, privacy and operational requirements directly in the Rule.
46. The additional costs arising from mandatory consultation are expected to be minor and largely administrative in nature and are outweighed by the benefits of greater assurance that privacy and operational considerations have been appropriately considered before approvals are granted.

What are the impacts on different groups of the preferred option compared with taking no action?

47. Significant adverse impacts are not expected because digital driver licences will be optional and physical driver licences will remain available. Consultation feedback identified concerns about privacy, device security and digital access, but no person will be required to participate in the digital driver licence system, and physical driver licences will continue to provide a valid alternative. No disproportionate adverse impacts are expected for particular population groups, including people without smartphones, people with low digital confidence, or those who prefer not to use digital credentials.
48. Most costs and benefits associated with implementing digital driver licences arise from the introduction of digital credentials and are not materially affected by the approval framework. For example, organisations that choose to verify digital driver licences may incur implementation and system upgrade costs over time, while benefiting from improved verification processes and operational efficiencies over time.
49. The incremental impacts of the preferred option are primarily administrative and fall on NZTA, the Privacy Commissioner, New Zealand Police, and providers of digital driver licences and facilitation services. These parties may incur administrative costs associated with the approval process. These costs are anticipated to be minor. Organisations and businesses may benefit indirectly from increased confidence in approved digital driver licence solutions, and consultation feedback indicates they were generally more supportive of service modernisation proposals than individual submitters.
50. Licence holders benefit indirectly from increased confidence that approved digital driver licence solutions have been assessed against recognised technical standards and informed by privacy and operational expertise before approval decisions are made.

Table 2: Distributional Analysis

Affected groups	How they are affected	Description of level of impact(s)	Source of evidence
Licence holders	Benefit from increased confidence that approved digital driver licence solutions meet recognised technical standards and have been subject to appropriate privacy and operational scrutiny before approval. Some licence holders may have concerns about privacy, device security or digital access, but digital driver licences will be optional and physical licences will remain available.	Minor positive	Policy analysis; public consultation; Australian digital driver licence experience; international digital identity and credential standards
People who continue to use a physical licence, including people without smartphones	Physical driver licences remain available. The approval framework does not affect existing driver licence options or require digital participation.	Neutral	Policy settings
NZTA	Responsible for administering the approval framework, including assessing applications and undertaking required consultation before granting approvals. Benefits from a clear statutory framework for approval decisions.	Minor administrative impact	Proposed approval framework; policy analysis
Privacy Commissioner	Consulted before approvals are granted and may provide advice on privacy implications of proposed digital driver licence solutions and facilitation services.	Minor administrative impact	Proposed approval framework
New Zealand Police	Consulted before approvals are granted and may provide advice on operational, compliance and enforcement implications.	Minor administrative impact	Proposed approval framework
Providers of digital driver licences and facilitation services	Must satisfy approval requirements, including compliance with ISO/IEC 18013-5. Benefit from certainty and transparency regarding approval requirements and decision-making processes.	Minor mixed impact (compliance costs and regulatory certainty benefits)	Policy analysis; Australian digital driver licence experience; international digital identity and credential standards

Organisations/businesses that rely on driver licences to verify identity, age or entitlement	Benefit indirectly from increased confidence that approved digital driver licence solutions meet recognised standards. Consultation feedback indicates organisations and businesses were generally more supportive than individual submitters of service modernisation proposals, including enabling digital driver licences.	Minor positive	Policy analysis; public consultation; Australian digital driver licence experience
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Conclusion

Which option is the most effective, efficient, and proportionate response to the problem?

51. The most effective response is Option 3, which provides for the Director to approve of digital driver licences and facilitation services subject to compliance with ISO/IEC 18013-5 and mandatory consultation with the Privacy Commissioner and New Zealand Police.
52. This preferred option provides an appropriate balance between flexibility and oversight. It enables the approval framework to accommodate future technological developments and evolving digital credential solutions without requiring frequent amendments to the Rule, while ensuring that privacy and operational considerations inform approval decisions.
53. The preferred option is also the most efficient and proportionate response. It provides stronger safeguards than an approval framework based solely on technical compliance, while avoiding the rigidity and ongoing maintenance costs associated with prescribing detailed technical, privacy and operational requirements in secondary legislation. It therefore best achieves the objectives of supporting implementation of digital driver licences, ensuring appropriate safeguards before approvals are granted, and maintaining a regulatory framework that remains adaptable to future technological developments.

Section 4: Delivering an option

What are the next steps for implementing the legislation?

54. Following Cabinet agreement, amendments to the Land Transport (Driver Licensing) Rule 1999 will be progressed through Order in Council. The amendments will establish the approval framework for digital driver licences and associated facilitation services.
55. MCERT will support the required legislative processes and provide ongoing stewardship of the driver licensing regulatory system.
56. NZTA will administer the approval framework, including undertaking consultation required by the Rule, and managing implementation and operational arrangements for approved digital driver licence solutions.

- 57. Before launch, NZTA will need to complete a final Privacy Impact Assessment
- 58. NZTA will continue engagement with relevant assurance and oversight bodies, including Austroads, the Trust Framework Authority, the Office of the Privacy Commissioner, and New Zealand Police, to support implementation of approved digital driver licence solutions.

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

- 59. MCERT will monitor the effectiveness of the regulatory framework through its stewardship of the driver licensing regulatory system, including considering whether the approval framework continues to support appropriate privacy and security outcomes, and whether future amendments to the Rule are required in response to technological developments, implementation or emergent issues.
- 60. NZTA will administer the approval framework and monitor the operational implementation and performance of approved digital driver licence solutions.
- 61. Digital driver licences will also remain subject to broader assurance arrangements, including accreditation and oversight under the Digital Identity Services Trust Framework administered by the Trust Framework Authority.