

Interim Regulatory Impact Statement: Graduated Driver Licensing System

Decision sought	Release a discussion document that proposes to remove the full driver licence test and introduce new safety measures to the driver licensing system.
Agency responsible	Ministry of Transport
Proposing Ministers	Minister of Transport
Date finalised	Wednesday 26 February 2025

Briefly describe the Minister’s regulatory proposal

This interim RIS supports public consultation on driver licensing changes. The opportunity is to make getting a licence cheaper and easier while ensuring that drivers have the skills to drive safely. Three options have been developed:

- Option 1: to maintain the status quo,
- Option 2: to only remove the full driver licence test (the full test)
- Option 3: to remove the full test and introduce new safety measures.

The Minister of Transport’s preferred package is option 3. This package would:

- remove the full test and replace it with a clean driving record requirement to progress to the full licence. A driver who offends on their restricted licence must restart the restricted period
- enable a computerised hazard perception test
- halve the demerit threshold for learner and restricted drivers
- introduce a zero-alcohol limit for drivers on their learner and restricted licence
- reduce frequency of eyesight screening
- improve the quality and range of approved advanced driver training providers by giving New Zealand Transport Agency (NZTA) more oversight over providers.

The preferred option in the Cabinet paper is the same as preferred option in this RIS.

Summary: Problem definition and options

What is the policy problem?

More than one million people over 16 years in New Zealand do not have a full driver licence, and nearly half of these people have no licence at all.

To get your full licence, you must pass one theory and two practical tests. Applicants must visit a driver licensing agent to sit the test and an eyesight screening, at each step of the process. In most cases, they must provide a registered and warranted vehicle to sit the practical tests in. On top of the financial cost, it takes time to book, travel to, and sit the tests. Many people may have to take time off work or school to do this.

There are wider economic benefits from more people having a licence. It helps people to access jobs, education, healthcare, their community and other services. Both financial and economic costs associated with the Graduated Driver Licensing System can limit the economic opportunities that arise from obtaining a driver licence, particularly for low-income individuals.

NZTA has current work dedicated to improving access to driver licensing. It has worked alongside the Ministry of Transport to design the packages proposed in this document.

What is the policy objective?

In April 2024, Cabinet invited the Minister of Transport to report back with options to make getting a driver licence ‘cheaper and easier,’ while supporting drivers to have the skills to drive safely [CAB-24-MIN-0135 refers]. The success of the change will be measured by the changes in licence progression rates and the rate of crashes for learner and restricted drivers.

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

Direction from Cabinet and the Minister of Transport meant that non-regulatory options were not considered in the scope of this work. The focus of this work is on reducing regulation, while maintaining or improving safety outcomes. This requires changes to transport legislation, primarily the Land Transport Act 1998 and the Land Transport (Driver Licensing) Rule 1999. This legislation provides the framework for the licensing system.

Within the legislative framework, NZTA is responsible for the operational management of the licensing system. NZTA has some discretion over aspects of the system, for example, approving the content of tests. NZTA is considering operation changes to the system alongside these changes, such as introducing a digital hazard perception test, and the online provision of driver licence renewals.

What consultation has been undertaken?

The options packages considered in this RIS were developed with NZTA. The Accident Compensation Corporation, New Zealand Police, the Ministry of Social Development, the Ministry of Justice, the Ministry of Business, Innovation, and Employment, the Ministry of Regulation, The Department of Internal Affairs, Treasury, and the Department of the Prime Minister and Cabinet were also consulted.

The Automobile Association (AA) has requested the Government consider change to the licensing system to improve outcomes. Informal consultation has been held with the AA and the Driving Change Network, a driver licensing advocacy group. This helped to identify the expected benefits and limitations of a range of proposed changes.

Summary: Minister’s preferred option in the Cabinet paper

Costs (Core information)

Costs to drivers

- Most drivers will not experience significant costs associated with the proposed changes, as they mostly target people who are entering or currently in the learner or restricted stage.
- The clean driving record requirement will create a direct time cost to get the full licence for drivers who offend by extending the time they spend in the restricted phase. This can be reasonably avoided by not offending.

Costs to NZTA

NZTA has confirmed that it will incur additional costs to:

- develop and implement the changes to the driver licensing system. NZTA’s early estimate for the preferred option is \$5.7 - \$6.0 million.¹

¹These estimates have been developed by NZTA as part of the internal business planning process to prepare for the proposed changes. As such, they are initial estimates and subject to change depending on the final design of the driver licensing system (including rule changes, Cabinet decisions, approach to transition etc.)

s 9(2)(b)(ii)

Benefits (Core information)

Benefits to drivers

- Drivers progressing through the licensing system will avoid the cost of a full test and see a time saving from not needing to arrange and sit the test. s 9(2)(f)(iv)
- Reducing the frequency of eyesight screening would enable online licence renewals. This would directly save time for drivers and potentially reduce costs of the system.
- Changing NZTA's powers relating to course providers will enable it to ensure that approved advanced driver training programmes are fit for purpose.
- Easier access to licensing may improve economic and educational opportunities for drivers and reduce social exclusion.
- The proposed changes may see an increase in safety outcomes.

Benefits to NZTA

- s 9(2)(b)(ii) In 2024, domestic applicants accounted for around 40 percent of full tests.
- Proposed changes will enable future digitisation of the driver licensing system (for example, online learner theory testing) to support further efficiency and cost saving benefits for NZTA. This could also improve access for those who are not close to testing centres.

Benefits to Police

- If the clean driving record requirement deters driving offences, it will see a reduction in the costs associated with enforcement.
- There would be a low cost to Police of enforcing a zero-alcohol limit for learner and restricted licence holders as this is an extension of current requirements.

Balance of benefits and costs (Core information)

For drivers, the economic benefits of driver licensing are particularly high. Benefits to drivers from improving access to driver licensing are stronger for low-income and rural residents. Ongoing benefits from the preferred package are expected to exceed costs for drivers and suppliers. The package components are designed to work together to benefit accessibility and efficiency for suppliers without diminishing safety outcomes. Upfront implementation costs are designed to be less than ongoing funding and administration for unnecessary licensing measures.

Benefits from the proposed safety measures are expected to offset any possible negative effects on safety of removing the full test.

Implementation

The Ministry of Transport and NZTA will be responsible for implementing the changes. A new Rule is intended to be in place by the end of 2025, and NZTA will implement the package by 1 July 2026.

NZTA will be renegotiating contractual agreements with VTNZ and the AA to deliver new testing arrangements. s 9(2)(f)(iv)

The ability to implement by 1 July 2026 is dependent on Cabinet decisions and any issues raised in consultation.

Limitations and Constraints on Analysis

Options were limited by previous Cabinet and Ministerial policy decisions. As such, the options considered are the status quo, a minimum change option, and the preferred option.

Cabinet is due to confirm Rule changes in August, to come into force in late November 2025.

Interim analysis is based on desktop research and targeted engagement with NZTA. There is a large body of research on driver licensing systems both in New Zealand and internationally. This was valuable to identify best practice, which informed analysis and package design. The Ministry drew strongly from the Australian licensing system due to the similar (at times) driving environment, and a similar culture which can influence and affect driver behaviour.

Graduated Driver Licensing Systems contain several components designed to complement each other. This means a complete analysis of each individual component is not always feasible. Planned public consultation will provide additional information to strengthen analysis.

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.

Signed by the responsible
Manager(s) – Paul O’Connell



Date: Wednesday 26 February 2025

Quality Assurance Statement

Reviewing Agency: Ministry of Transport

QA rating: Partially meets

Panel Comment:

This pre-consultation Regulatory Impact Statement (RIS) on changes to the Graduated Driving Licensing System has been reviewed by a panel appointed by the Ministry of Transport. It has been given a ‘partially meets’ rating against the quality assurance criteria for the purpose of informing Cabinet decisions.

The RIS confirms that the minimum level of information needed to support public consultation is available and is presented in a clear manner. However, there are areas that could be improved including greater clarity of options, consultation outcomes and evidence of the impacts.

Section 1: Diagnosing the policy problem

What is the policy problem or opportunity?

More than one million people over 16 years old in New Zealand do not have a full driver licence, and nearly half of this group have no licence at all.²

A study commissioned by NZTA identified that as well as cost (car ownership and licence costs) and access (to a car and testing stations) barriers to driver licensing, test anxiety is also a key issue. Test anxiety contributed to three out of ten drivers progressing slowly or not progressing to a full licence.³

As of 21 January 2025, 262,581 drivers are on their learner licence and 284,247 drivers are on their restricted. Cumulatively, this is around 547,000 drivers who would benefit from improvements to the licensing system.⁴

Novice drivers applying for Class 1 (car) licences are required to sit several tests



From age 16, novice drivers can sit a digital theory test to gain the learner licence. This occurs at an AA or VTNZ office and costs \$96.10 for two attempts. On passing the test, novices can learn to drive on the road on their learner licence. Learner licence holders must be accompanied by a supervisor who has held their full licence for at least two years. After six months, novice drivers are eligible to sit the restricted driving test.

The restricted driving test is a practical test of approximately 60 minutes, carried out by a testing officer. This is usually through VTNZ and costs \$167.50 for two attempts. On passing the test, drivers can drive independently. They cannot drive between 10pm and 5am, or with passengers (except any

² Sin, I. (2018). *Rates of Driver Licence holding in Aotearoa NZ*. Stats NZ. <https://catalogue.data.govt.nz/dataset/rates-of-driver-licence-holding-in-aotearoa-nz>

³ Thomas, J.A, Frith, B., Malcolm, L.A, & Cooper, D., (2023). *Differences in drivers accessing and progressing through the Graduated Driver Licensing System in New Zealand*.

⁴ Bealing, M, (2016) *The Driver Licensing Challenge*. NZIER

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dependents, their spouse, or their parent or guardian), unless they have a supervisor who has held a full licence for two years.

After 18 months, drivers can sit the full test. The time spent on a restricted licence can be shortened to 12 months upon completion of an approved driving course (the time-discount). The full test is approximately 30 minutes and contains a hazard perception test, where drivers must describe any hazards they see and how they will react to them. This also normally occurs from a VTNZ office and costs \$98.90 for up to two attempts.

On your full licence you can drive without restrictions.

There are unnecessary barriers to progress through the licensing system

The minimum time (without taking the time-discount) to get a full licence is 24 months, from age 16 to 18.

The direct cost of testing to become fully licenced is currently \$362.50, provided the applicant does not need more than one re-sit at each testing stage. Other costs are variable but significant. Applicants face a time cost through multiple online booking processes and in person application and testing. Applicants must provide a registered and warranted car to sit tests in. Drivers incur financial and time costs for travel to a testing station. Opportunity costs can include missing work or school.

The full test may not be the best option for safety

New Zealand's double practical test approach is uncommon. Most overseas jurisdictions have never featured a second test. The only overseas jurisdictions currently requiring such a test are Luxembourg, and the Canadian provinces of Alberta, Ontario, and British Columbia. New South Wales removed their practical full test in 2017 due to a lack of evidence to support it.

There is limited research on the efficacy of the full test. Moving the hazard perception test to earlier in the system would likely maintain safety outcomes.

An Australian and New Zealand evaluation highlighted that a clean driving record over a two-year period was a stronger predictor of subsequent crash risk involvement than an exit test.

What objectives are sought in relation to the policy problem?

The objective is to improve efficiency of the system, making it easier and cheaper for people to get a licence, while maintaining road safety outcomes.

What consultation has been undertaken?

Options packages were developed in partnership with NZTA. This drew on its operational expertise, and specifically included ensuring the packages can be implemented by 1 July 2026.

This RIS has been prepared to support Cabinet agreement to public consultation. The options packages considered in this RIS were developed with NZTA. The Accident Compensation Corporation, New Zealand Police, the Ministry of Social Development, the Ministry of Justice, the Ministry of Business, Innovation, and Employment, the Ministry of Regulation, Treasury, the Department of Internal Affairs, and the Department of the Prime Minister and Cabinet were also consulted.

The Automobile Association (AA) has requested the Government consider change to the licensing system to improve outcomes. Informal consultation has been held with the AA and the Driving Change

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Network, a driver licensing advocacy group. This helped to identify the expected benefits and limitations of a range of proposed changes.

Section 2: Assessing options to address the policy problem

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

The Graduated Driver Licensing System was introduced as a road safety measure. Holding a full licence enables independent and unrestricted travel to economic and educational opportunities and is an occupational requirement for some jobs. This means it needs to be accessible to drivers from all backgrounds. The high volume of drivers progressing through the system makes it important that it is fit for purpose. While changes can be made to improve efficiency and accessibility, it is not appropriate that they worsen road safety outcomes. The Minister has requested that changes be implemented in a timely manner by 1 July 2026.

These factors have shaped the assessment criteria:

1. Safety – safety outcomes for people progressing through the Class 1 licensing system are maintained or enhanced. This is linked to the wider Government work programme committed to road safety.
2. Efficiency – the effect changes will have on the delivery efficiency of the licensing system. This is directly linked to the efficiency and access objective and will consider administrative and compliance costs for NZTA.
3. Accessibility – the effect on access to getting a full licence, especially for disadvantaged demographics.
4. Implementation – whether changes can be implemented in a cost-effective way by 1 July 2026. This will consider compatibility with existing legislation and regulatory systems, resource and time pressures for NZTA.

What scope will options be considered within?

The scope reflects direction from the Government

The options packages presented in this interim impact analysis are designed to reflect Cabinet's request to the Minister of Transport to report back with options to make driver licensing cheaper and easier, while ensuring drivers have the skills to drive safely.

Measures to improve digitisation reflect the governments digitisation programme and have the benefit of meeting both the efficiency and accessibility criteria.

The proposal targets Class 1 (car) licences

Most proposals relate to Class 1 (car) licenses, but changes to eyesight screenings will affect Class 6 (motorcycle) licences. Changes to NZTA's powers to monitor and oversee course providers will affect all licence classes.

What options are being considered?

Option One – Status Quo

The licensing system will not change

Under the status quo:

- The full test (featuring the hazard perception test) will remain in place

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- Drivers will progress to their full licence on completion of the full test
- The demerit threshold will remain at 100 regardless of licence status
- The zero-alcohol limit will only apply to drivers under 20 years old
- Eyesight screenings will be required for all licence applications, renewals, reinstatements and endorsements

Option Two – Removing the Full Test

The full test will be removed with no mitigating measures. The licensing system will no longer feature a hazard perception test.

Option Three – Removing the Full Test with Mitigations

This would remove the full test with mitigations to ensure safety outcomes are still met

This package would:

- Remove the full test
- Introduce a clean driving record requirement for the restricted licence phase. A driver who offends on their restricted licence must restart their restricted licence period. This would capture all offences.
- Halve the demerit threshold for learner and restricted drivers to 50 demerit points
- Introduce a zero-alcohol limit for drivers on their learner and restricted licence
- Enable a computerised hazard perception test during the learner stage
- Reduce frequency of eyesight screening to the first time obtaining a Class 1 licence, and first licence renewal after the applicant's 45th birthday. For applications, renewals, reinstatements, and endorsements outside of these times, applicants would be required to make a declaration that, to their knowledge, they have no eyesight problems that could impede their ability to drive safely
- Give NZTA more oversight over approved driver training course providers

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

	Option One – <i>Status Quo</i>	Option Two – Removing the Full test	Option Three – Removing the Full Test with Mitigations
Safety	0	--	++
Accessibility	0	++	+
Efficiency	0	++	+
Implementation	0	-	--
Overall assessment	0	1	2

Removing the full test with mitigations is the highest-ranking option. Improvements to accessibility and efficiency from just removing the test are only marginal compared to removing the full test with mitigations. Both options face implementation costs, but the marginal cost of introducing mitigating safety features is necessary.

Option One – Status Quo

Safety	<p>Without intervention, safety outcomes are not expected to change.</p> <ul style="list-style-type: none"> • Progression through the licensing system at a regular pace is associated with safety benefits. Fully licensed drivers are 23 percent less likely to be involved in a crash than restricted licensed drivers. • In 2016, the New Zealand Institute of Economic Research (NZIER) identified an upper estimate of \$245 million (net present value) over ten years in the reduction of the social cost of deaths and serious injuries from crashes involving unlicensed and learner at-fault drivers. • As of 2023, the Ministry of Transport’s total social cost for non-fatal driving injuries is estimated to be \$660,100 per serious injury and \$68,000 per minor injury. The total social cost per driving fatality is estimated to be \$12.5 million. <p>Improving the licensing system can improve road safety outcomes for young drivers by encouraging safer driving from the outset.</p>
Efficiency	<p>Population growth will increase the number of drivers in the licensing system at a given time. This can put extra strain on the system. Without further enabling digitisation, the system will become more dated.</p>
Accessibility	<p>System efficiencies can exacerbate the effects of current barriers, for example, extending wait times for driver training and testing. Without enabling digitisation, drivers will incur the costs associated with travel to testing agents. This presents a barrier to the low-income and time poor, and those who live rurally. Drivers will also incur the cost of the full test fee.</p>
Implementation	<p>There will be no implementation measures needed to maintain the status quo.</p>

Option Two – Removing the Full Test

Safety	<p>Safety outcomes for novice drivers may decrease. Hazard perception is the only driving specific skill found to correlate with crash risk.⁵ Drivers without hazard perception skills will gain their full licence and drive without restrictions. This presents a safety risk to themselves and other road users.</p>
Efficiency	<p>The licensing system will be more efficient for users and NZTA.</p>

⁵ Wetton, M.A., Hill, A., & Horswill, M.S. (2011). *The development and validation of a hazard perception test for use in driver licensing*. *Accident Analysis & Prevention*, 43(5), 1759-1770. <https://doi.org/10.1016/j.aap.2011.04.007>

Accessibility	Full licensing will be more accessible because drivers will not have to incur the time and monetary costs associated with the full test. Drivers will also avoid the costs of more time spent driving to develop the hazard perception skills needed to pass the full test.
Implementation	As the smallest change proposed, implementation requirements would be the least out of packages proposing changes.

Option Three – Removing the Full Test with Mitigations (Preferred Option)

Safety	<p>There are no published evaluations of the effectiveness of the full test, in terms of subsequent crash involvement.</p> <p>Ministry data shows that fully licensed drivers are around 23 percent less likely to crash than restricted licence holders. This could suggest that the full test encourages drivers to improve their skills prior to the test and prevents less competent drivers from driving without restrictions. However, this could be explained by other factors such as driver characteristics. For example, drivers who value driving more and take the steps to progress to their full licence may be safer drivers and have a lower crash risk.</p> <p>Previous safety analyses of the full test do not consider the possibility of moving the hazard perception test to another licence stage, or the introduction of other safety measures.</p>
	<p>Enabling a computerised hazard perception test is expected to maintain safety outcomes. A Queensland study found drivers who failed a hazard perception test were 25 percent more likely to crash in the year following.⁶ A New South Wales study found that drivers who failed at least twice had an increased risk of involvement in a crash.⁷</p> <p>Computerised hazard perception testing is more likely to be effective as it allows for standardised testing. One study found only one appropriate hazard for every 90 minutes of driving, even in areas thought to be potentially more dangerous.⁸</p> <p>A hazard perception test in the learner stage avoids safety risks by preventing independent driving for those with poor hazard perception skills.</p>
	<p>The clean driving record requirement for the restricted licence phase is expected to deter offending.⁹ It also works through preventing high-risk drivers from progressing to their full licence. A downside is that it may deter less-skilled drivers from driving at all. This could</p>

⁶ Wetton, M.A., Hill, A., & Horswill, M.S. *Can a video-based hazard perception test used for driver licensing predict crash involvement?* *Accident Analysis & Prevention*,

Volume 82, 2015, Pages 213-219, ISSN 0001-4575, <https://doi.org/10.1016/j.aap.2015.05.019>.

⁷ Boufous, S., Ivers, R., Senserrick, T., & Stevenson, M. (2011). *Attempts at the practical on-road driving test and the hazard perception test and the risk of traffic crashes in young drivers*. *Traffic Injury Prevention*, 12(5), 475–482. <https://doi.org/10.1080/15389588.2011.591856>

⁸ Wetton, M.A., Hill, A., & Horswill, M.S. (2011). *The development and validation of a hazard perception test for use in driver licensing*. *Accident Analysis & Prevention*, 43(5), 1759-1770. <https://doi.org/10.1016/j.aap.2011.04.007>

⁹ Senserrick, T. & Williams, A. (2015) *Summary of Literature of the Effective Components of Graduated Driver Licensing Systems*. Austroads.

	<p>mean they progress to their full licence without the improved driving skills that come with experience.</p> <p>An Australian and New Zealand based evaluation has found a two-year clean driving record was a better predictor of crash reductions than an exit test, albeit both better test performance and a clean record was the strongest predictor.¹⁰</p> <p>Reducing eyesight screening would have a low cost to safety. 2014 statistics kept by NZTA suggest that eyesight screening is not reflective of eyesight capabilities. In the period 1 January 2005 to 31 December 2011, the crash rates of 7,400 drivers in the three years before and after failing the eyesight test (and then being required to wear glasses or contacts) were virtually the same. 60 percent of those who failed the eyesight test at their first licence application were subsequently assessed as being fit to drive without corrective lenses. 63 percent of those who failed the eyesight test at licence renewal were found by a medical professional to be fit to drive without lenses.</p> <p>Halving the demerit point threshold would ensure that learner and restricted drivers who repeatedly offend will lose their licence quicker than fully licensed drivers. A study in Victoria, Australia, found demerit points to be the most important predictors of future crash involvement. New South Wales’s ‘zero tolerance’ approach to speeding means that any P1 (restricted) speed- related offence equals the reduced demerit threshold and therefore an automatic licence suspension applies. While not individually evaluated, this component was introduced with other changes, and was collectively associated with a 40 percent reduction in provisional driver fatal crashes.¹¹</p> <p>Extending the zero-alcohol limit to all learner and restricted drivers in the licensing system regardless of age has a benefit to safety. There is considerable evidence demonstrating that even very low blood alcohol content impairs driving skills, by affecting eyesight, psychomotor skills, information processing, dividing attention, reducing vigilance, and increasing drowsiness.¹² In all Australian jurisdictions, novice drivers of any age are banned from having alcohol in their blood during the learner and restricted licence phase. This resulted in a 9-24 percent reduction in alcohol-related fatal crashes of 15-19-year-olds, a 4-17 percent reduction in fatal and injury crashes of 15-19-year-olds, and a 22 percent reduction in night-time single vehicle fatalities (compared to 17 percent with a 0.02 percent alcohol limit and 7 percent with a 0.04- 0.05 percent limit).¹³</p>
Efficiency	<p>This package would improve delivery efficiency by removing the full test and introducing a computerised hazard perception test. This would have a high benefit for reducing the administrative burden for NZTA. 99,033 full tests were sat between 1 January 2024 and 30 June 2024. From these figures, the package can be expected to reduce the burden of almost 200,000 tests yearly.</p> <p>Ideally, applicants could sit the test online at their home, or in-person alongside their restricted test. Otherwise, applicants would still have to spend time booking, travelling to, and sitting the computerised test, possibly cancelling out the efficiency gains of removing the full test.</p>

¹⁰ Senserrick, T. & Williams, A. (2015) *Summary of Literature of the Effective Components of Graduated Driver Licensing Systems*. Austroads.

¹¹ The Audit Office of New South Wales. (2011). *Improving road safety: Young drivers – Roads and Traffic Authority of NSW*. <https://www.audit.nsw.gov.au/our-work/reports/improving-road-safety-young-drivers>

¹² Senserrick, T. & Williams, A. (2015) *Summary of Literature of the Effective Components of Graduated Driver Licensing Systems*. Austroads.

¹³ Zwerling, C. & Jones, M.P. (1999). *Evaluation of the effectiveness of low blood alcohol concentration laws for younger drivers*. *American Journal of Preventative Medicine* 16(1), 76–80. [https://doi.org/10.1016/S0749-3797\(98\)00114-7](https://doi.org/10.1016/S0749-3797(98)00114-7)

	<p>The clean driving record requirement would increase the complexity of administering the licensing system. The cost of this is unknown, but other changes in the package are expected to contribute to an overall increase in efficiency.</p> <p>New Zealand requires eyesight screening for non-commercial drivers more often and at an earlier age than several other comparable jurisdictions. Repeated screenings can cause unnecessary compliance burden to drivers. A past cost benefit analysis was carried out by the Ministry for the removal of eyesight screenings at renewals up to the age of 75. At 90 percent confidence, the analysis showed that there would be net benefits (monetary and time savings) from removing screenings from licence renewal requirements, ranging from \$18.4 million to \$37.5 million over a 20-year period, with corresponding benefit cost ratios of 3.9 to 6.9. These benefits are expected to be slightly lower by requiring a screening at the first renewal on or after the age of 45.</p>
Accessibility	<p>Removing the full test would remove a cost to drivers. Applicants would no longer be required to book, wait for, travel to, and sit a practical driving test. This would benefit rural communities, and those that would need to take time off work or study.</p> <p>We expect removing the full test will make getting a licence cheaper overall. The package has a high benefit for those with poor access to testing stations, as they do not have to travel to complete the learner or the full test, only the restricted. This reduces their travel costs by two thirds.</p>
	<p>Drivers who do not keep a clean driving record during the restricted period will take longer to progress to their full licence. This could affect their access to jobs and other opportunities. Drivers who offend will also be more at risk to lose their licence because of the halved demerit threshold.</p>
	<p>A zero-alcohol requirement would make it harder for offending drivers to get their full licence. With the proposed halved demerit threshold, any learner or restricted driver found driving with alcohol in their system would immediately lose their licence. This would introduce a new risk to learner and restricted drivers over 20, as all drivers under age 20 currently have a zero-alcohol requirement. As of January 2025, there are 168,389 Class 1 learner licence holders, and 213,888 Class 1 restricted licence holders aged 20 and over, who would be newly affected by the change.</p>
Implementation	<p>We expect changes to the Rule will be made in November 2025 to enable implementation by 1 July 2026.</p>
	<p>Digital system change would be required, s 9(2)(f)(iv) [REDACTED] [REDACTED] NZTA would also have to develop digital infrastructure to support the computerised hazard perception test. While this would have an up-front cost, the infrastructure could support digitisation in the future, leading to further efficiencies.</p>

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

- 1 Removing the full test with mitigations would best address the policy problem and objectives. It balances accessibility and efficiency with safety outcomes.
- 2 Improving accessibility would likely result in a decrease in driving outside of licence conditions. This would improve road safety and reduce pathways into the judicial system.
- 3 The safety measures proposed are likely to benefit road safety outcomes.
- 4 A key assumption for reducing eyesight screening requirements is that drivers with poor eyesight will seek testing treatment independently, in between licence applications.
- 5 The clean driving record requirement assumes that extending the restricted phase will be a strong enough disincentive to offending.

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- 6 Upfront implementation costs are expected to be less than ongoing funding and administration for unnecessary licensing measures.

The Minister’s preferred option in the Cabinet paper is the same as the Ministry’s preferred option in the RIS, to remove the full test and introduce new safety measures.

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			
Regulated groups – Class 1 drivers	<p>The clean driving record requirement will create a direct time cost for drivers who offend by extending the time they spend in the restricted phase.</p> <p>The halved demerit threshold will risk repeat offenders losing their licence sooner than previously.</p>	The impact of both these costs is expected to be low, as this can be reasonably avoided by not offending.	Medium - while there have been some overseas studies there are no existing studies in New Zealand on this exact arrangement.
Regulators - NZTA	<p>NZTA will face the direct costs of implementing the package components.</p> <p>NZTA will incur additional ongoing costs to regulate and monitor new restricted licence courses and approved course providers.</p> <p>There will be an ongoing administrative burden for NZTA of monitoring which drivers commit offences and cannot progress to their full licence.</p>	NZTA’s early estimate is \$5.7 - \$6.0 million for removing the full test with mitigations.	Medium – Implementation costs are subject to change following consultation and Cabinet decision.
Others (Police)	Police will be responsible for enforcing a zero-alcohol limit for learner and restricted licence holders.	There would be a low cost, as they already do this for drivers under 20 years.	
Total monetised costs		\$5.7 - \$6 million	Medium
Non-monetised costs		Medium	Medium
Additional benefits of the preferred option compared to taking no action			

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Regulated groups- Class 1 domestic drivers	One-off accessibility and cost benefit as they progress to their full without incurring the costs of the full test or eyesight screening.	Approximately \$54.1 million in direct savings from removing the cost of the test, for all current learner and restricted drivers. This effect will be ongoing as new drivers enter the system. The high and ongoing indirect costs from eyesight screening, travel to testing stations, and driver training courses will also be saved. These are often larger than the price of the practical test.	Medium - s 9(2)(f)(iv)
	Better access to approved training courses.	Unknown	Unknown
	Safety outcomes may increase from the proposed changes.	Unknown	Unknown
	Licensed drivers will have access to a wider range of economic and social opportunities.	Easier access to licensing will improve economic and educational opportunities for drivers.	Unknown
Regulators - NZTA	s 9(2)(b)(ii)	s 9(2)(f)(iv)	Medium
Others (VTNZ, Police)	s 9(2)(b)(ii)	Eyesight screening is currently used for all licence applications, renewals, reinstatements, and endorsements.	Medium
	Deterring driving offences will see a reduction in the costs associated with enforcement. This would directly benefit Police, the National Land Transport Fund, and the justice system.	It is hard to quantify how much enforcement costs would reduce. The benefit to Police would be low as most drivers are not on their restricted.	Unknown
Total monetised benefits		\$54.1 million	Medium
Non-monetised benefits		Unknown	Medium

For drivers, the economic benefit of not having to sit a second practical test is a direct, one-off time and cost saving. Removing indirect costs associated with travel to testing stations, and eyesight

screening requirements, will also be a benefit. Benefits from improving access to driver licensing are stronger for low-income, rural, and Māori drivers.

s 9(2)(b)(ii)

Police may see reduced enforcement costs associated with introducing other disincentives for offending.

There will be harsher consequences for drivers who offend. One offence will extend time in the restricted period, and multiple offences mean drivers may lose their licence sooner. This is reasonably avoidable by not offending.

NZTA estimates a \$5.7-\$6 million cost for implementation, as well as ongoing costs from monitoring course providers and traffic offence history.

Section 3: Delivering an option

How will the proposal be implemented?

NZTA will be responsible for the implementation and ongoing operation of the chosen option. Some of changes will be enacted by the AA and VTNZ because of contractual agreements. This is dependent on the final design of the changes. NZTA will provide the Minister of Transport with regular updates on implementation progress.

Affected parties will be notified

The Minister of Transport will announce changes to the driver licensing system publicly. NZTA will develop a communications and engagement plan to support effective implementation. The Ministry and NZTA will engage with key stakeholders including testing agents, community providers, advocacy groups, and Government agencies, including Police, MSD, and ACC.

Implementation will be dependent on multiple parties

NZTA will work closely with external vendors to develop the digital system changes required to implement changes. The optimal lead time for this is generally 12 months.

For AA and VTNZ to implement changes, NZTA must renegotiate some contractual arrangements.

The approach to transitioning current learner and restricted licence holders to the new system needs to be determined. The Ministry will work closely with NZTA to provide advice to the Minister and Cabinet on the transition approach.

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

NZTA will monitor the impacts of the changes. This will consider test pass rates, the rate of offending for restricted licence holders, and crash rates for learner and restricted drivers.