

## 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. \*Note - N/A (see below)

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

N/A - Document released in full. No information has been withheld for this proactive release

<u>Section</u>	<u>Description of ground</u>
6(a)	as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government
6(b)	as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by <ul style="list-style-type: none"> <li>(i) the Government of any other country or any agency of such a Government; or</li> <li>(ii) any international organisation</li> </ul>
6(c)	prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
9(2)(a)	to protect the privacy of natural persons
9(2)(b)(ii)	to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
9(2)(ba)(i)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public
9(2)(ba)(ii)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
9(2)(f)(ii)	to maintain the constitutional conventions for the time being which protect collective and individual ministerial responsibility
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
9(2)(h)	to maintain legal professional privilege
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
9(2)(j)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

# Interim Regulatory Impact Statement: Phase 2 of Heavy Vehicle Regulatory Changes

<b>Decision sought</b>	Approval to release a consultation document seeking views on phase two of proposals to simplify the regulatory framework for heavy vehicles
<b>Agency responsible</b>	Ministry of Transport and the NZ Transport Agency Waka Kotahi
<b>Proposing Ministers</b>	Minister of Transport
<b>Date finalised</b>	11/02/2026

## Briefly describe the Minister’s regulatory proposal

As part of the Land Transport Rules Reform Programme announced by the Minister of Transport (the Minister) on 19 June 2025, the Minister is progressing ‘phase two’ of work to simplify the regulatory framework for heavy and special vehicles.

This interim Regulatory Impact Statement (interim RIS) provides an analysis of the below proposals to support consultation in late February 2026:

- Remove the need for a High-Productivity Motor Vehicle (HPMV)<sup>1</sup> dimensions permit for vehicle rental service providers when transferring unladen truck and trailer stock between depots or to customers
- Permanently enable Class 1 drivers to drive zero emission vehicles weighing up to 7,500kg instead of the current weight limit of 6,000kg
- Permanently enable drivers of electric public transport service buses (with more than two axles) and a gross laden weight of up to 22,000kg to be driven on a Class 2 or 2L driver licence rather than a Class 4 or 4L.

Further proposals are being progressed but have been exempted from impact analysis requirements:

- Proposals to improve load pilot signage requirements and to allow overseas heavy vehicle drivers to convert their licence by undertaking an approved course are being consulted on, but have been exempted on the basis that there are no or only minor economic, social, or environmental impacts.
- Proposals to simplify heavy vehicle driver licensing that were consulted on in 2019 are being progressed through an Order in Council process, and are exempt on the basis that they have already been addressed by existing impact analysis. A link to this is provided in the associated Cabinet paper.

<sup>1</sup> Vehicles exceeding the standard thresholds for length and mass are Classified as High Productivity Motor Vehicles (HPMVs) and require specific permits for use on public roads.

## Summary: Problem definition and options

### What is the policy problem?

On 19 June 2025, the Minister announced a new programme of work, which included a commitment to consult on proposals to simplify the regulatory framework for heavy vehicles.

Without regulatory changes, these issues are expected to continue to impose costs on industry and government agencies.

### What is the policy objective?

During informal consultation with subject matter experts and industry bodies, the Ministry of Transport (the Ministry) and the NZ Transport Agency Waka Kotahi (NZTA) have identified opportunities to improve the heavy vehicle regulatory framework.

The intended outcomes of the changes to permitting for rental service providers are to enable productivity improvements and reduce administration costs for operators and NZTA.

The intended outcomes of reviewing licence requirements for zero emissions heavy vehicles are to enable productivity, reduce regulatory effort, and meet an objective in the Government's second emissions reduction plan, without compromising safety.

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

As the policy problems identified arise from current legislative settings, legislative change is a more appropriate solution. The 'status quo' option would retain the use of permit requirements and Class exemptions that may be unfit-for-purpose and cause uncertainty for industry.

### What consultation has been undertaken?

This interim RIS supports the release of a consultation document seeking views from the public and industry organisations on the proposals.

The Ministry and NZTA have consulted with each other, Ministers, and representatives of the heavy vehicle sector<sup>2</sup> on options to improve the heavy vehicle regulatory framework over several years. In November and December 2025, the Ministry and NZTA undertook further targeted consultation with industry and local government agencies about the proposals in this interim RIS. These discussions involved a range of internal NZTA subject matter experts, key bodies representing the heavy vehicle sector, and Road Controlling Authorities (RCAs). Through consultation, we expect to receive further feedback from RCAs, Police, the heavy vehicle sector and any other stakeholders.

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

This interim RIS does not accompany a Cabinet paper, as the Minister has been delegated authority from Cabinet to approve the release of the consultation document that this interim RIS relates to. The proposals set out in this interim RIS and consultation document align with the high-level proposals approved by Cabinet on 4 June 2024 [ECO-MIN-0083 refers]. This section will be updated in the final RIS.

## Summary: The Preferred Option – Regulatory Change

### Costs (Core information)

The proposals aim to reduce regulatory burden and are expected to have low costs. The rental service permitting proposal is deregulatory and will reduce costs for industry and NZTA. The

<sup>2</sup> including Ia Ara Transporting New Zealand, Heavy Haulage Association, National Road Carriers, and the Bus and Coach Association.

proposals to adjust licence class requirements for some zero emissions vehicles codify current temporary exemptions granted by the Director of Land Transport and are therefore expected to have low costs. NZTA may need to work with Police to support any necessary changes to enforcement from the proposed removal of permits for unladen rental service vehicles.

### **Benefits (Core information)**

NZTA and rental service providers would avoid the permitting process for vehicles travelling unladen between depots or being delivered to customers. The rental service providers would also have more certainty and flexibility to plan vehicle movements as they would no longer have to wait up to 10 working days for a permit to be issued.

The proposals to adjust licence requirements for zero emissions heavy vehicles mean industry would have more certainty to confidently invest in these vehicles. Reducing barriers to uptake of electric heavy vehicles is also an action in the Governments second emissions reduction plan.

### **Balance of benefits and costs (Core information)**

The current view of Ministry and NZTA officials is that the benefits are likely to outweigh the costs. Any operational changes from NZTA to adjust to the new system are expected to be an improvement from the status quo.

### **Implementation**

Subject to ministerial approval, the Ministry anticipates that final Rule amendments will be signed by the Minister in June 2026. NZTA will be largely responsible for the implementation. This includes developing a communications plan and engaging with all RCAs, industry, and Police to ensure an understanding of and compliance with any new requirements. Implementation costs will be determined prior to confirmation of final Rule amendments.

### **Limitations and Constraints on Analysis**

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

Interim options analysis is based on administrative data held by NZTA, safety advice from NZTA's technical specialists, and consultation with industry, RCAs, and NZTA subject matter experts. Time constraints limited the opportunity to commission specific research.

NZTA estimates of implementation timeframes and cost will depend on final policy decisions. We expect to receive further feedback from RCAs about potential impacts during public consultation.

**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:



Laura Bender

Acting Manager – Regulatory Reform

11/02/26

### **Quality Assurance Statement**

**Reviewing Agency:** Ministry of Transport

**QA rating:** Meets

**Panel Comment:** The RIS makes a complete and compelling case for the preferred option, however we note that its scope is very narrow, and that a broader problem definition may have elicited a wider set of possible options to consider.

## Section 1: Diagnosing the policy problem

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### What is the context behind the policy problem?

Road freight plays a vital role in New Zealand's economic productivity. The Ministry projects that New Zealand's freight task will increase substantially to 366 million tonnes in 2042 (from 278.7 million tonnes in 2018).<sup>3</sup> Road freight is projected to account for 95 percent of this growth. However, heavy vehicles are subject to rules and regulations that arguably have not kept pace with a developing industry. This RIS discusses three technical changes designed to modernise rules and regulations for rental service providers and some zero emissions heavy vehicles.

*Rental service providers are subject to permit requirements that are not practical for their business*

Heavy vehicle rental service providers often operate in time-critical environments, where trailers must be repositioned quickly to meet customer demand or maintain fleet balance across regions. These movements often involve unladen trailers, which still require permits if they exceed regulated dimensions. While NZTA aims to process permit applications within 10 working days, the time taken to process these applications can hinder responsiveness and service delivery. This makes it challenging for operators to plan driver availability, book ferry crossings, and plan 'round trip, or swap vehicle' scenarios that reduce the number of trips required.

*Current licence thresholds means light commercial vehicle and bus operators must decrease their productivity or incur costs to use zero emissions heavy vehicles*

The inclusion of batteries or other technologies in zero emissions light commercial vehicles and electric buses increases their gross laden weight, generally without changing other key vehicle dimensions such as length or the number of axles.

This increased weight means that commercial vehicle operators must reduce their payloads and therefore productivity to keep their gross laden weight below 6,000 kg, as this is the weight limit that can be driven on a Class 1 licence. Alternatively, they may pay for their drivers to obtain a Class 2 licence, which incurs one-off licensing and training costs and ongoing compliance costs, such as logbook requirements.

Electric bus operators have restricted operational flexibility as most new urban bus drivers start with a Class 2 only and attaining any higher licence Class costs money and time to obtain. Without changes to the rules, and if NZTA does not reissue the Class exemption, urban bus drivers would have to obtain a Class 4 licence to drive these vehicles.

Both of these issues have been mitigated through operational workarounds such as Class exemptions. However, this creates administrative work for NZTA and uncertainty for industry. Industry representatives and the Government's second emissions reduction plan have identified the impact of licence requirements as a regulatory barrier to uptake of zero emissions heavy vehicles.

### What is the policy opportunity?

On 19 June 2025, the Minister announced the Land Transport Rules Reform Programme (the Rules reform programme). The programme includes a commitment to consult on proposals to simplify the

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<sup>3</sup> Transport Outlook: Future State, <https://www.transport.govt.nz/assets/Uploads/Report/TransportOutlookFutureState.pdf>

regulatory framework for heavy vehicles. Throughout 2025, Ministry and NZTA officials consulted with heavy vehicle sector representatives, Police, and RCAs to identify potentially burdensome and unfit-for-purpose regulatory requirements.

This RIS includes three proposals. The first is a proposal to amend the Land Transport Rule: Vehicle Dimensions and Mass 2016 (VDAM) to remove the permit requirement for new high-productivity (HPMV) rental stock travelling unladen between depots or to customers, given they meet other specified requirements.

The second and third are to make two amendments to the Land Transport (Driver Licensing) Rule 1999 (the Driver Licensing Rule) to permanently enable drivers of certain licence Classes to drive zero emissions heavy vehicles on the same licence Class as their equivalent internal combustion vehicle.

These changes would give industry the certainty to make investment and planning decisions that can boost productivity.

**Remove the need for a High-Productivity Motor Vehicle (HPMV) dimensions permit when transferring an unladen rental truck and trailer combination between depots or to customers**

High productivity (HPMV) truck and trailer combinations are available for hire through Commercial Rental Service Providers. Operators are required to obtain the appropriate permit for any new combination from NZTA if it exceeds usual mass or length limits. There is one Rental Service Provider currently utilising over-dimension permits to move rental stock. In 2025, NZTA issued 79 permits to this provider, with a processing time of up to 10 business days for each permit.

Clause 3.2(4) of the VDAM Rule provides that some<sup>4</sup> unladen heavy motor vehicles may operate without an HPMV permit if they are travelling from the manufacturer to a customer or a vehicle compliance certifier. Officials consider that this sets a logical precedent to remove the requirement for Commercial Rental Service Providers to hold a permit to deliver unladen combinations between depots and to customers, because they are also travelling empty. This is as long as they meet proforma specifications and are not delivering for reward or transferring goods in addition to the rental stock.

We note that the permit requirement is a mechanism to check compliance, and that removing it places more reliance on Police enforcement to check compliance. This may place more pressure on Police, especially with the proposed removal of 50MAX permits (consulted on in November and December 2025 as phase 1 of the Rules reform programme). However, given the small number of permits that are currently issued, this is expected to be low.

Ultimately, there is an opportunity to improve the timeliness of vehicle rental supply and ease logistical challenges. This would also benefit businesses that lease heavy vehicles through reducing downtime between the lease agreement and delivery. The change would allow operators to plan driver availability, book ferry crossings, and plan vehicle-swap scenarios that reduce the number of vehicle movements required to operate, further reducing costs to operators.

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<sup>4</sup> Heavy motor vehicles that do not comply with section 6, a dimension requirement in Schedule 2 that is listed in 5.9(5), and is not longer than 23 m overall length.

Commercial Rental Service Providers will still be subject to the requirements of the Land Transport Rule: Operator Licensing 2017 (the Operator Licensing Rule). The Operator Licensing Rule specifies the minimum legal standards and requirements Commercial Rental Service Providers must meet to legally operate a vehicle rental business

### **Enabling Class 1 driver licence holders to drive heavier zero emission vehicles in the Rule**

The Driver Licensing Rule requires Class 1 licence holders to (generally) only drive vehicles with a gross laden weight of not more than 6,000 kg. This includes some light commercial (e.g. freight) vehicles.

The inclusion of batteries or other technologies in zero emissions light commercial vehicles increases the gross laden weight of many of these vehicles to above 6,000 kg, generally without changing other key vehicle dimensions such as length or the number of axles. For many commercial vehicle operators, purchasing zero emissions light commercial vehicles poses indirect costs as they either need to reduce payloads to keep their gross laden weight below 6,000 kg or pay for their drivers to obtain a Class 2 licence. This incurs ongoing compliance costs, such as logbook requirements.

This has been identified as a regulatory barrier to uptake of zero emissions heavy vehicles by industry and in New Zealand's second emissions reduction plan. Industry groups and heavy vehicle operators have advocated for increasing the weight threshold to allow battery electric vehicles to be driven on a Class 1 licence.

In early 2025, following public consultation, the Director of Land Transport issued a Class exemption for two years allowing battery electric vehicles up to 7,500kg to be operated on a Class 1 licence. Electric vehicles covered by this exemption must be in the same model range as a diesel equivalent, have the same braking system, carry batteries integrated within the chassis, and not exceed the dimensions of the largest diesel version in the up to 6,000 kg range.

Officials propose permanently enabling Class 1 drivers to drive electric and other zero emission vehicles weighing 6,000 – 7,500kg, to allow operators to use these vehicles without having to reduce their maximum payload compared to similar diesel vehicles. This supports long term decarbonisation of light commercial vehicle operators and reduces a compliance cost on industry. For battery electric vehicles, NZTA has advised that this proposal would not compromise safety outcomes. Broadening the scope to include other zero emission vehicles will enable the uptake of alternative motive powers such as hydrogen fuel cell electric vehicles and aligns with the approach taken in other jurisdictions such as the United Kingdom.<sup>5</sup> We are also seeking feedback on including hybrid versions of these vehicles as part of public consultation.

Additionally, to realise the full benefits of the proposal, officials are proposing to exempt Class 1 drivers of zero emission vehicles between 6,000 – 7,500 kg from the requirement to hold a transport service licence. This requirement poses costs that may otherwise limit the benefits of this proposal. Costs associated with applying for a transport service licence range from \$439 - \$583.80, plus vetting fees, and a yearly fee of \$120.12 per vehicle (for a Goods Service Licence).

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<sup>5</sup> [The Motor Vehicles \(Driving Licences\) \(Amendment\) \(No. 2\) Regulations 2025](#) allow full (Category B) licence holders in the UK to drive heavier zero-emission vehicles and vehicle and trailer combinations. The regulations define a zero emission vehicle as “a vehicle without an internal combustion engine, or with an internal combustion engine that has emissions of CO<sub>2</sub> of zero grams per kilometre”

## **Enable Class 2 and 2L driver licence holders to drive heavier electric buses**

Holders of a Class 2 or 2L driver licence are only allowed to drive rigid vehicles with more than two axles, including buses, with a gross laden weight of not more than 18,000 kg.

Due to improving availability, range, ease of recharging and cost, electric buses are becoming increasingly viable for urban route services to replace diesel fuelled buses. However, electric buses have increased weights from the batteries they carry to ensure adequate range between charges. This added weight places electric buses in the 18,000 – 22,000 kg weight categories, which require a Class 4 licence to drive. This restricts operational flexibility as most new urban bus drivers start with a Class 2 only. Attaining any higher licence Class costs money and time to obtain and many urban areas continue to be short of drivers.

In March 2023, the Director issued a Class exemption to allow Class 2 or 2L driver licence holders to drive electric public transport service buses (with more than two axles) and a gross laden weight of up to 22,000kg. A new three-year exemption was granted by the Director in 2025. The inclusion of Class 2L licences allows drivers to train in electric-powered buses.

Officials propose making this change permanent in the Driver Licensing Rule to give operators confidence in the requirements for their drivers, better enabling longer term business planning and investment into electric vehicles to help contribute to the Government's emissions reduction goals while posing minimal safety risk. We are also seeking feedback on including fuel cell electric versions of these vehicles as part of public consultation.

### **What objectives are sought in relation to the policy problem?**

The proposal to simplify permitting for rental service providers responds to two of the Government's objectives for the Rules reform programme, which are to enable productivity in the heavy vehicle sector and reduce regulatory effort for NZTA.

The intended outcomes of the proposals to allow zero emission vehicles weighing up to 7,500kg to be driven on a Class 1 licence and heavier electric buses to be driven on a Class 2 and 2L licence are to enable productivity for operators and to reduce regulatory effort for NZTA, without compromising safety. They also correspond to the objective in the Government's second emissions reduction plan to review the regulatory system for barriers to uptake of zero emission heavy vehicles.

### **What consultation has been undertaken?**

The Ministry and NZTA have consulted with each other, Ministers, and representatives of the heavy vehicle sector on options to reform the heavy vehicle regulatory framework over several years. Representatives included Ia Ara Transporting New Zealand, Heavy Haulage Association, National Road Carriers, and the Bus and Coach Association, and Federated Farmers. This consultation and subsequent ministerial decisions informed the initial identification, longlisting, and prioritisation of potential interventions. In November and December 2025, the Ministry and NZTA undertook further targeted consultation with industry and other government agencies about the proposals in this interim RIS. These discussions involved a range of internal NZTA subject matter experts, key bodies representing the heavy vehicle sector, Police, and RCAs. Through consultation, we expect to receive further feedback from RCAs, the heavy vehicle sector and any other stakeholders.

## Section 2: Assessing options to address the policy problem

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All proposals will be assessed against their benefits for productivity for rental service providers, and regulatory effort for NZTA, as seen in Table 1.

The proposal to simplify permitting for rental service providers is not expected to risk road safety, as vehicles will still be subject to usual enforcement activity to ensure they are meeting their other requirements, including the safety-related design requirements.

There is a chance that the change reduces overall distance travelled by removing unnecessary vehicle trips from the road network. However, if there is less downtime between hiring a vehicle and its delivery, operators may make more vehicle trips. We are not assessing overall risks to road wear and road safety for this proposal as any changes to vehicle trips or kilometres travelled cannot be quantified with the information available.

*Table 1. Assessment criteria for all proposals*

Criteria	Explanation
Productivity	The effect of the changes on productivity for industry.
Regulatory effort	The effect of the changes on administrative and regulatory burden for NZTA.

The proposals to review licence requirements for zero emissions heavy vehicles will also be assessed against the criteria of safety and emissions, as seen in Table 2. It is difficult to quantify any increase to road wear arising from the proposals with the information available. However, any damage will be mitigated after 30 June 2027 when electric vehicles with a gross laden weight of more than 3500kg are no longer exempt from Road User Charges.

*Table 2. Further assessment criteria for licence requirements for zero emissions heavy vehicles*

Criteria	Explanation
Safety	The effect of the changes on road safety outcomes.
Emissions	Whether the changes meet the objective in the <a href="#">Government's section emissions reduction plan</a> to reduce barriers to uptake of zero emissions heavy vehicles.

### What scope will options be considered within?

The Government Policy Statement on land transport 2024 includes a commitment to review the vehicle regulatory system to reduce regulatory burden and ensure that rules are fit-for-purpose. In June 2025, Cabinet agreed to the direction for the Rules reform programme [ECO-25-MIN-0083 refers]. The Minister directed officials to explore options to improve heavy vehicle productivity as part of the wider Rules reform programme. The proposals in this RIS have been informed by sector engagement and previous policy work by the Ministry and NZTA.

As the policy problems identified arise from current legislation, legislative change is deemed a more appropriate solution than operational changes. The proposals are limited to changes that can be made through amendments to VDAM Rule, the Land Transport Rule: Heavy Vehicles 2004, and the Land Transport (Offences and Penalties) Regulations 1999.

## What options are being considered?

### Option One – Status Quo

- Commercial Rental Service Providers would still have to gain permits for new HPMV truck and trailer combinations, even while travelling unladen between depots or to customers.
- Industry would face uncertainty about which licence Classes are required to drive some zero emissions light heavy vehicles, creating a barrier to uptake.

### Option Two – Regulatory Change

- Remove the need for a HPMV permit when transferring unladen rental stock between depots or to customers
- Permanently enable Class 1 drivers to drive zero emission vehicles weighing up to 7,500kg
- Permanently enable drivers of electric public transport service buses (with more than two axles) and a gross laden weight of up to 22,000 kg to use a Class 2 or 2L driver licence rather than a Class 4 or 4L.

	<b>Option One Status Quo</b>	<b>Option Two Legislative Change</b>
Productivity	0	++
Regulatory effort	0	+
Safety	0	0
Emissions	0	++
<b>Overall</b>	0	5

The legislative change option is the higher-ranking option. If progressed, this would enable productivity improvements for operators and reduce regulatory effort for NZTA without compromising safety and meet an objective in the Governments second emissions reduction plan, to review the regulatory system for barriers to uptake of zero emission heavy vehicles.

Table 3. Assessment of rental stock proposal

	Productivity	Regulatory effort
Remove the need for a HPMV permit when transferring an unladen rental truck and trailer combination between depots or to customers	<p>This would remove a barrier to entry and to productivity for Commercial Rental Service Providers.</p> <p>Operators would no longer have to apply for and wait for a permit and could more accurately and proactively plan driver availability, book ferry crossings, and 'round trip, or swap vehicle' scenarios that act to reduce vehicle trips and kilometres travelled.</p> <p>There would also be a small benefit of removing permitting costs for Commercial Rental Service Providers, but this is low at approximately \$2,500 per year.</p> <p>Other operators would also benefit from more timely delivery of rental or lease stock. This could reduce downtime between trips, increasing productivity for the sector.</p>	<p>The proposal would reduce regulatory effort for NZTA by reducing the number of HPMV permits to process. The number of HPMV permits issued for rental service activities has generally been increasing since each year since 2017, with 79 issued in 2025. NZTA aims to process these applications within 10 business days.</p>

Table 4. Assessment of licence requirements for zero emissions heavy vehicles

	Productivity	Safety	Regulatory effort	Emissions
Permanently enable Class 1 driver licence holders to drive heavier zero emission vehicles in the Rule	<p>Codifying the current Class exemption would give operators certainty to invest in heavier zero emission vehicles, knowing that their drivers would not require a Class 2 licence, a transport service licence, or be subject to work time and logbook regimes.<sup>6</sup></p> <p>If operators increase their uptake of zero emissions vehicles, they would also benefit from the</p>	<p>Codifying the current Class exemption would not have any safety implications.</p> <p>The current exemption itself also has limited implications for safety.</p> <p>Zero emission vehicles have extensive safety features and improved stability due to the low placement of batteries. These features help to reduce the likelihood of a crash occurring.</p> <p>However, the slightly higher mass</p>	<p>NZTA would not have to reconsider this Class exemption ahead of its expiry.</p>	<p>This proposal meets the objective in the Government's second emissions reduction plan, to review the regulatory system for barriers to uptake of zero emission heavy vehicles, in particular, the impact of licence categories.</p>

<sup>6</sup> There are restrictions placed on how long the driver of a commercial or heavy motor vehicle may work before taking rest.

	generally lower running cost of zero emissions vehicles.	and the fact that battery electric vehicles on fire are harder to extinguish would mean the outcome of a crash could be worse. For battery electric vehicles, NZTA has advised that this proposal would not compromise safety outcomes. NZTA also notes that there would be minimal noticeable difference when driving heavier battery electric vehicles from equivalent diesel vehicles.		
Permanently enable Class 2 and 2L driver licence holders to drive heavier electric buses in the Rule	Codifying the current Class exemption would give operators certainty to invest in heavier electric buses without having to upskill their drivers to a Class 4 licence. Most new urban bus drivers start with a Class 2 licence only and the higher licence Class costs money and time to obtain. This would also help industry better address any future driver shortages, noting the industry has faced critical shortages in the recent past. If operators increase their uptake of zero emissions vehicles, they would also benefit from the generally lower running cost of zero emissions vehicles.	This change would not have any safety implications as it is codifying a current exemption, which also had limited implications for safety. NZTA has advised that there are minimal noticeable difference for Class 2 and 2L drivers when driving heavier electric buses from equivalent urban-use buses. In 2025, inquiries were conducted with NZTA, Police, and industry representatives to identify any incidents resulting from the exemption. No crashes or minor collisions were reported where the holding of a Class 2 licence was considered a possible crash contributor.	NZTA would not have to reconsider this Class exemption ahead of its expiry.	This proposal meets the objective in the Governments second emissions reduction plan, to review the regulatory system for barriers to uptake of zero emission heavy vehicles, in particular, the impact of licence categories.

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

Affected groups	Comment	Impact	Evidence Certainty
<b>Costs of the preferred option</b>			
NZTA as RCA	NZTA may need to work with Police to support any necessary changes to enforcement from the proposed removal of permits for unladen rental service vehicles.	Low – this is a relatively small proportion of heavy vehicle movements.	Medium
	Any higher uptake and use of heavier zero emission vehicles and electric buses means NZTA may incur additional costs from any increased damage to the state highway network.	Unknown – This is expected to be fully mitigated after 1 July 2027 when heavy electric vehicles with a gross laden weight over 3.5 tonnes are no longer exempt from paying Road User Charges.	Low
Other RCAs	Any higher uptake and use of heavier zero emission vehicles and electric buses means RCAs may incur additional costs from any increased damage to local road networks.	Unknown – This is expected to be fully mitigated after 1 July 2027 when heavy electric vehicles with a gross laden weight over 3.5 tonnes are no longer exempt from paying Road User Charges.	Low
Police	Police may need to make changes to enforcement as a result of the proposed changes to rental stock permitting.	Medium/Low – Police may need to work with RCAs and NZTA as a regulator and RCA to support extra training for compliance officers.	High
<b>Total costs</b>		<b>Low/Unknown</b>	
<b>Benefits of the preferred option</b>			
Operators	Removal of permitting costs for Commercial Rental Service Providers.	Low – Commercial Rental Service Providers spent \$2,500 on permits in 2025. The number of permits issued has increased each year since 2021 and could be expected to increase further.	High

	Commercial Rental Service Providers would have increased certainty and flexibility that could reduce the amount of vehicle trips.	Medium – This depends on what proportion of their rental fleet are HPMVs.	Medium
	Operators would have certainty to invest in zero emission vehicles weighing up to 7,500kg	Medium – operators will be able to invest in these vehicles with certainty that they will not incur certain costs into the future. Costs associated with a Class 2 licence are \$117.30 in licensing fees, the costs of completing approved course (typically from \$800 to \$1,400) OR waiting 6 months before applying for their full licence, and costs from work time and logbook regimes. Costs associated with applying for a transport service licence range from \$439 - \$583.80, plus vetting fees, and a yearly fee of \$120.12 per vehicle (for a Goods Service Licence). Operators will also avoid the loss in productivity from having to reduce their payloads to keep their gross weight within the Class 1 licence threshold.	High
	Public transport service operators would have certainty to invest in electric buses without incurring costs to progress drivers to a Class 4 licence	High – public transport operators can invest in electric buses knowing which licence Classes they can be driven on into the future. This would also help industry better address any future driver shortages.	High
NZTA as regulator	NZTA would avoid administering the permit process for Commercial Rental Service Providers.	Medium – In 2025, NZTA issued 79 permits and aims to process these within 10 business days. The number of permits issued has been increasing since 2021.	High
	NZTA would not need to reconsider Class exemptions for the proposals relating to zero emissions vehicles.	Low – it is difficult to quantify the costs to NZTA of this process.	Low
<b>Monetised benefits</b>		\$2,500	
<b>Non-monetised benefits</b>		<b>Medium</b>	

## Section 3: Delivering an option

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### How will the proposal be implemented?

Subject to ministerial approval, the Ministry anticipates that final Rule amendments will be signed by the Minister in June 2026. NZTA will be responsible for the implementation and ongoing operation of the changes impacting its role as road transport regulator, and RCA for state highways. Police will retain responsibility for roadside enforcement.

NZTA will develop a communications plan to support implementation. This will include:

- notifying RCAs and the industry of any changes through normal channels, including its website, media releases, email list and industry newsletters
- updating existing information on the NZTA website and any manuals to reflect any changes
- supporting the provision of internal training for compliance officers, and external training for Police

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

Police may need to work with RCAs and NZTA as a regulator and RCA to support extra training for compliance officers. We expect to receive feedback on any other implications for Police as part of public consultation.

The Ministry and NZTA are responsible for monitoring the transport sector. Regulated parties and other stakeholders will be able to raise concerns with NZTA and the Ministry through existing channels.

PROACTIVELY RELEASED BY  
MINISTRY OF TRANSPORT TE MAHATŪ WAIKA