Ministry of Transport
TE MANATŪ WAKA

Review of Agricultural Transport Legislation

Regulatory Impact Statement

JULY 2012

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CONTENTS

MINISTRY OF TRANSPORT DISCLOSURE STATEMENT

1. This Regulatory Impact Statement (RIS) has been prepared by the Ministry of Transport to analyse options for improving the transport law governing agricultural vehicles.

2. It provides analysis of options that involve either:
   a. replacing or adjusting existing requirements that are unnecessary, ineffective or costly; or
   b. introducing new regulation that is required, reasonable, and robust

3. All practical options for addressing the problems have been considered.

4. Key gaps in the analysis include:

   a. the precise number of vehicles in each of the current speed bands
   b. the exact number of people in the labour force that drive agricultural vehicles
   c. precise information about the net impact on safety of the proposals

5. Elements of the proposals relating to hazard identification and warning will increase compliance costs but increased costs are more than offset by decreased compliance costs resulting from changes in other areas, and safety and practicality benefits.

6. The proposals do not impair private property rights and market competition or override fundamental common law principles. The proposals are consistent with the Government's commitments in the Government Statement - *Better Regulation, Less Regulation*.

Joseph Murray-Cullen
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Signature Date

EXECUTIVE SUMMARY

7. This Regulatory Impact Statement assesses the impact of proposals to reform transport law governing agricultural vehicles[1] in New Zealand and their use on public roads. The proposals are aimed at supporting the government's objectives of economic growth, and better and less regulation, while maintaining the safety of operators, other road users and infrastructure.

8. Over the last 10 years, the agricultural sector has raised concerns with transport regulators that transport laws do not adequately take account of the nature of specialist agricultural vehicles and the transportation challenges associated with the agricultural task.

9. Key regulatory areas considered include driver licensing, work time restrictions, vehicle inspection requirements, and slow moving and over-dimension hazard identification.

10. Benefits: the preferred proposals should simplify legislation and, in aggregate, reduce compliance costs and enforcement costs without adversely affecting safety. The agricultural sector should also improve productivity from reduced travel time, gain flexibility in planning operations, and gain the ability to recruit from a larger pool of suitably qualified workers.

11. Costs: the NZ Transport Agency will need to change existing systems to implement the proposals, but these costs are not expected to be significant. Owners of agricultural vehicles will incur compliance costs in fitting amber beacons for increased visibility.

12. Overall, the proposals would result in a quantifiable net benefit of $51 million over 25 years. The net benefit would be higher if the following benefits had been estimated:

    a. reduction in the risk of sanctions for non-compliance for an estimated 28,300 agricultural vehicle owners that are not currently complying with vehicle inspection requirements
    b. a larger labour force to draw on
    c. greater operational flexibility for the owners of:
        - about 24,000 agricultural vehicles that will be exempt from work time restrictions
        - about 6,000 agricultural vehicles and an unknown number of accompanying support vehicles
    d. the productivity benefits from compliance cost reductions

13. Implementation will require change to the Land Transport Act 1998, regulations and several land transport rules.

14. The Ministry of Transport (the Ministry) intends to monitor and evaluate the impact of the proposals on safety, compliance levels, compliance costs and sector productivity. This will be achieved through monitoring key performance measures over a 3 year period (commencing after the proposals come into effect) followed by an evaluation.

[1] Including tractors, agricultural trailers and implements.

BACKGROUND AND CONTEXT

15. The agriculture industry is at the core of New Zealand's economy, a major determinant of employment and social wellbeing and a key driver of the country's land resource use.

16. Agricultural vehicles play an important role in the productivity of New Zealand's land based industries, enabling farmers to efficiently cultivate their land, grow and harvest their crops and carry out other land management operations connected with the agricultural task. Over the past 25 years, productivity in the primary sectors has grown strongly at 3.3 percent per annum.

17. Over the last 10 years, the agricultural sector has raised concerns with transport regulators that transport laws do not adequately take account of the special nature of agricultural vehicles and the challenges associated with the agricultural task.

18. In September 2011 Hon Nathan Guy initiated a review into transport laws regulating the 40,000 agricultural vehicles registered for on road use in New Zealand. The Ministry has led a project team involving representatives from the Department of Labour, the New Zealand Police and the NZ Transport Agency to investigate the concerns.

STATUS QUO

19. New Zealand imposes land transport laws on owners and drivers of agricultural vehicles for safety and revenue purposes. These laws fall into the following areas:

    a. Vehicle licensing requirements
    b. Driver licensing requirements
    c. Restrictions on working hours
    d. Vehicle inspection requirements
    e. Restrictions on vehicle dimensions and mass, including permit processes
    f. Road user charges, fuel excise duties and accident compensation levies

20. The Ministry reviewed the 276 crashes involving agricultural vehicles over the period 1997 to 2010. The review found that agricultural vehicles are under-represented in crashes relative to fleet size[2]. Agricultural vehicles comprise 1.15 percent of the fleet, yet account for 0.2 percent of the average number of crashes. On average the social cost per annum of these crashes is approximately $14 million dollars.

21. The Ministry also commissioned research into the approaches taken to regulating agricultural vehicles to see how New Zealand compared. These jurisdictions included selected jurisdictions in Canada, Ireland, the United Kingdom and the United States of America.[3] The research found that New Zealand's settings for regulating work time and vehicle inspection requirements

[2] This finding cannot be validated without the relative share of vehicle kilometres travelled by the agricultural vehicles.

[3] http://www.transport.govt.nz/ourwork/Land/Documents/Research%20Report_International%20Approaches%20to%20Regulating%20Agricultural%20Vehicles_TERNZ%202012.pdf

are more restrictive than most other jurisdictions. New Zealand's regulatory settings for driver licensing, over-dimension and overweight vehicles align with approaches taken by most of the other jurisdictions.

PROBLEMS

22. A key problem identified is that the current laws are unnecessarily complex and confusing, making the law hard to comply with and enforce. Key overarching problems that have been identified include:

    a. highly complex transport laws, with different requirements applying depending on operating speed, speed capability, driver licence class, travel purpose, distance from operating base, and vehicle weight
    b. transport laws designed for trucks applying to agricultural vehicles with undesirable outcomes
    c. New Zealand laws are more restrictive on agricultural vehicles than those of many other overseas jurisdictions we compete with
    d. many of the prescriptive requirements imposed by transport law overlap with health and safety regulation

23. Specific problems that have been identified include:

    a. shortages of agricultural vehicle drivers, particularly Class 2 drivers, exacerbated by an ageing population and urbanisation trends
    b. the time for drivers to obtain full Class 1 and Class 2 licenses creates a barrier for firms to employ vehicle operators
    c. work time restrictions are poorly aligned with the seasonal and weather driven demands on the industry
    d. high direct and indirect compliance costs associated with vehicle inspection and low rates of compliance

OBJECTIVES

24. The Ministry's objectives for this review are to:

    a. support the government's better regulation philosophy by
        - simplifying the law
        - reducing unnecessary compliance costs
    b. support productivity and economic growth
    c. maintain or improve safety outcomes for operators and other road users

CONSTRAINTS AND ASSUMPTIONS

25. Key constraints are set out in Appendix A.

    The Vehicle Licensing Reform Project is carrying out a first principles review of annual vehicle licensing, warrant of fitness/certificate of fitness, and transport services licensing. This review has focused on how the existing systems apply to the owners and drivers of agricultural vehicles.

26. The assumptions used to inform the analysis in this paper are set out in Appendix B.

OPTIONS ANALYSIS

Approach

27. The options have considered the regulatory areas of vehicle inspection, driver licensing, work time and log books, hazard identification and over dimension vehicles. As speed is a recurring feature throughout these different transport areas, it has been considered as a separate issue in the speed and demarcation section.

28. The Ministry developed and assessed the options in this paper with reference to whether the options would:

    a. simplify the law, making it easier to understand and enforce
    b. align with other proposals, or the existing system
    c. reduce unnecessary compliance costs
    d. support productivity
    e. maintain or improve safety outcomes for operators and other road users
    f. be effective at addressing the problems
    g. be supported by stakeholders

29. Each option has been ranked against each other taking into account these criteria. A score of 1 means the option rated the highest, and 4 means the option rated the lowest.

Speed and Demarcation

Status quo

30. The vehicle inspection and driver licensing requirements apply based on different operating and machine speed limits, illustrated in the following table:

Category	Applicable speed limit
Class 1 driver licence	Not exceeding 30 km/h
Class 2 driver licence	Can exceed 30 km/h
Vehicle does not have a WoF or CoF	Cannot exceed 30 km/h
Vehicle has a WoF	Can exceed 30 km/h but must not exceed 50 km/h
Vehicle has a CoF	Can exceed 50 km/h

31. In Addition, vehicle licensing, accident compensation and road user charges depend on a vehicle's distance from operating base and its weight.

Problem

32. The current system is complex, causing confusion for operators and the Police, making the law harder to comply with and enforce.

33. The 30 km/h speed threshold for exemption from vehicle inspection may create a safety risk due to the speed differential between slow moving agricultural vehicles and other road users. 51 percent of agricultural vehicle crashes involved other vehicles crashing into the back of agricultural vehicles.

Options

34. The Ministry considered a range of options to address the problems. A two tier regime based on speed was identified as an option that would be applicable

across vehicle inspection, driver licensing and work time and potentially road user charges and vehicle licensing.

- **Option 1: Status quo**

- **Option 2: Two tier regime based on 30 km/h demarcation point:**

Criteria	Applicable speed limit
Class 1 driver licence	30 km/h
Class 2 licence	Can exceed 30 km/h to the max of either the vehicle's capability, or the applicable road speed limit
Vehicle does not have a WoF	30 km/h
Vehicle has a WoF	Can exceed 30 km/h to the max of either the vehicle's capability, or the applicable road speed limit

- **Option 3 (preferred): Two tier regime based on 40 km/h demarcation point):**

Criteria	Applicable speed limit
Class 1 licence	40 km/h
Class 2 licence	Can exceed 40 km/h to the max of either the vehicle's capability, or the applicable road speed limit
Vehicle does not have a WoF	40 km/h
Vehicle has a WoF	Can exceed 40 km/h to the max of either the vehicle's capability, or the applicable road speed limit

Option 4: Two tier regime based on 50 km/h demarcation point:

Criteria	Applicable speed limit
Class 1 driver licence	50 km/h
Class 2 driver licence	Can exceed 50 km/h to the max of either the vehicle's capability, or the applicable road speed limit
Vehicle does not have a WoF	50 km/h
Vehicle has a WoF	Can exceed 50 km/h to the max of either the vehicle's capability, or the applicable road speed limit

Analysis

		Options			
		Option 1: 30, 30-50, 50+	**Option 2: 30 km/h**	**Option 3: 40 km/h (preferred)**	**Option 4: 50 km/h**
Strategic fit	**Simple**	No 4	Yes 2	Yes 1	No 3
	Reduces compliance costs	No 4	Yes 3	Yes 2	Yes 1
	Supports productivity	No 4	Yes 3	Yes 2	Yes 1
	Supports safety	Yes 3	Yes 1	Yes 2	No 4
	Aligns with other proposals or the existing system	No 4	Yes 2	Yes 1	No 3
Effective	**Addresses the problem**	No 4	Yes 2	Yes 1	No 3
Stakeholder support	**Supported by agriculture sector**	Split	No	Yes	Split

35. Option 3 is preferred. Option 3 is reasonably simple and aligns well with the driver licensing, work time and vehicle inspection proposals. Option 3 supports productivity by reducing travel time for approximately half of the agricultural vehicle fleet which are currently operating at 30 km/h. This equates to savings of approximately $3.4 million per annum factoring those vehicles in that cannot increase their speed to 40 km/h for all of the distances they travel.

36. The precise safety impact of option 3 is unknown. Reducing the speed differential between agricultural vehicles and other road users would be beneficial. On the other hand, a higher threshold could adversely impact safety as it would permit agricultural vehicles to be operated 10 km/h faster without an official inspection by a restricted licence holder. These risks are considered further in the driver licensing and vehicle inspection sections below.

37. Option 3 would address the problem by simplifying the current system to a two tier regime, and is supported by the agriculture sector.

38. Option 3 is preferred over the status quo as it addresses the problem and has a better strategic fit. Option 3 has greater compliance cost reductions and productivity gains from a 40 km/h threshold than a 30 km/h threshold, despite option 2 potentially being safer than option 3. Option 3 is preferred over option 4 as it aligns better with the preferred options for other areas in this paper and with corresponding safety and simplicity benefits.

Driver Licensing

Status quo

39. Currently the speed at which a driver can operate an agricultural vehicle depends on the licence they hold and the weight of the vehicle, as set out in the following table:

Licence Class	Permitted to operate
Class 1	Tractors of up to 18 tonnes, or 25 tonnes in combination, at speeds not exceeding 30 km/h
Class 2	Tractors of up to 18 tonnes at more than 30 km/h Special type vehicles over 18 tonnes and at speeds not exceeding 30 km/h

40. Information from the industry suggests that there is a high level of non-compliance with the 30km/h and Class 2 restriction as many Class 1 licensed drivers appear to be operating vehicles at more than 30 km/h. It appears that the high cost of obtaining a Class 2 licence may be a contributing factor.

Problem

41. The current driver licensing regime is not aligned to the needs of the sector because of the low speed threshold for Class 1 drivers and the time and cost associated with obtaining a Class 2 licence.

42. Firstly, if an operator wishes to drive a tractor at speeds exceeding 30 km/h or a special type vehicle, then the person must obtain a Class 2 licence. To obtain a Class 2 full licence, a person must either:

    a. wait 6 months after obtaining a Class 2 learner licence, or
    b. spend $1,500[4] in time and fees to attend a 3 day special course which would eliminate the 6 months waiting time. These courses involve a number of theory tests and a practical test.

43. Secondly, overseas tractor and combine harvester licences are not currently recognised, causing difficulties in recruiting seasonal workers only holding a tractor licence from other jurisdictions.

[4] This includes application fees, time costs and training course fees necessary for a Class 2 licence.

Options

44. The Ministry considered the following options to address the problems:

	Class 1 Licence	Class 2 Licence	Other Changes
Option 1	Status quo	Status quo	None
Option 2	All agricultural vehicles	All agricultural vehicles	None
Option 3 (preferred)	Tractors of up to 18 tonnes, or 25 tonnes in combination, at less than 40 km/h[5]	Tractors of up to 18 tonnes at more than 40 km/h, special type vehicles at under 30 km/h	•Introduce Class 1A: Agricultural vehicle endorsement. Holders of Class 1A can operate tractors of up to 18 tonnes at more than 40 km/h and specialist agricultural vehicles of less than 18 tonnes up to 40 km/h •Recognise overseas licences •Allow Class 1 restricted licence holders to operate tractors up to 18 tonnes, or 25 tonnes in combination, at less than 40 km/h
Option 4	Cannot operate agricultural vehicles	No change	Require all operators of agricultural vehicles to hold a Class 1A endorsement

Analysis

		Options			
		Option 1	**Option 2**	**Option 3 (preferred)**	**Option 4**
Strategic fit	**Simple**	Yes 3	Yes 1	Yes 4	Yes 2
	Reduces compliance costs	No 4	Yes 1	Yes 2	No 3
	Supports productivity	Yes 3	Yes 1	Yes 2	No 4
	Supports safety	Yes 3	No 4	Yes 2	Yes 1
	Aligns with other proposals or the existing system	No 4	Yes 2	Yes 1	Yes 3
Effective	**Addresses the problem**	No 4	Yes 1	Yes 2	Yes 3
Stakeholder support	**Supported by agriculture sector**	No	Unknown but unlikely	Yes	Unknown but unlikely

[5] Set at the level of Class 1 restricted licence.

45. Option 3 is preferred. Option 3 is reasonably simple and aligns with the work time and vehicle inspection proposals. Option 3 would reduce compliance costs for firms and agricultural vehicle drivers associated with obtaining driver licences. A key benefit is that the proposed endorsement would be faster and less costly to obtain than a Class 2 licence, resulting in compliance cost savings of $1 million per annum for the agricultural industry.

46. Option 3 would support productivity. Option 3 would increase the size of the labour pool with appropriate driver licences available to the agricultural sector by:
    - providing access to the estimated 45,000 restricted licence holders in rural areas
    - recognising overseas tractor and combine harvest licences

47. Option 3 would maintain safety. Endorsement holders would need to have demonstrated an adequate understanding of the key risk areas associated with operating large and heavy agricultural vehicle safely. Class 1 restricted drivers are assessed as competent to operate in accord with the road rules and must receive employer training under the Health and Safety in Employment Act 1992.

48. Option 3 addresses the identified problems and is supported by the majority of the agricultural sector.

49. Option 3 is preferred over option 2 because it is considered to be safer, despite not reducing compliance costs or supporting productivity as much. Option 3 is preferred over option 4 because it is considered to have lower compliance costs for the sector and to better support productivity, despite option 4 potentially being safer than option 3.

Restrictions on Work Time

Status quo

50. A driver becomes subject to the requirements of the Land Transport Rule: Work Time and Logbooks 2007 (the work time rule) when they drive any vehicle:

    a. requiring a Class 2 – 5 driver licence; or
    b. used in a transport service; or
    c. used for the carriage of goods for hire or reward

51. Agricultural vehicle drivers spend 10 percent of their time on road, whereas truck drivers spend 90 percent of their time on road. The requirements under the work time rule were designed for the trucking industry and are recognised as having a poor fit with the demands of the agricultural task.

52. To address this issue, the NZ Transport Agency administers two mechanisms that provide operators with flexibility. Operators may obtain approval for:

    a. a NZ Transport Agency Alternative Fatigue Management Scheme (AFMS). Operators will be bound by the conditions of the scheme rather than the work time restrictions in the work time rule.

    b. a variation to the work time rule to extend one or two working days within the cumulative work period, which is offset against working fewer hours

over the following days. This is however restricted to critical agricultural operations only.

Problem

53. Industry representatives have consistently commented that the stringent application of the work time rule greatly reduces the flexibility to structure operations to meet the demands of the agricultural task during the harvest and planting seasons.

54. Work time restrictions on hours necessitate either a change of operator or ceasing operation of the agricultural vehicle. During critical weather windows in harvest or planting seasons, ceasing operation is not an option and switching operators is not always practical given the unpredictable timing of agricultural work, the specialist skills needed to operate agricultural vehicles and labour shortages in rural areas.

55. The AFMS in its current state is largely regarded as unworkable and complex to administer. The conditions imposed are often so complicated that operators may breach them without realising it and be at risk of prosecution. Overall the benefits conferred by these schemes are usually not sufficient to justify the costs and risks associated.

Options

56. The following options were considered:

	Class 1 Driver	**Class 1A**	**Class 2 Driver**
Option 1: Status quo	Not subject to the work time rule	n/a	Subject to the work time rule
Option 2[6] (preferred):	Not subject to the work time rule	Not subject to the work time rule	•Subject to the work time rule •Simply the AFMS •Extend the existing work time variation for critical agricultural operations to the entire agricultural sector.
Option 3	Subject to the work time rule	Not subject to the work time rule	Not subject to the work time rule
Option 4	Not subject to the work time rule	Not subject to the work time rule	Not subject to the work time rule

57. Option 2 reflects the flow-on implications of the preferred driver licensing proposals.

[6] Option 2 is to be implemented in conjunction with the driver licensing proposals.

Analysis

		Options			
		Option 1	**Option 2 (preferred)**	**Option 3**	**Option 4**
Strategic fit	**Simple**	Yes 4	Yes 3	Yes 2	Yes 1
	Reduces compliance costs	No 4	Yes 2	Yes 3	Yes 1
	Supports productivity	No 4	Yes 2	Yes 3	Yes 1
	Supports safety	Yes 3	Yes 2	Yes 1	No 4
	Aligns with other proposals or the existing system	No 4	Yes 1	Yes 2	Yes 3
Effective	**Addresses the problem**	No 4	Yes 2	Yes 3	Yes 1
Stakeholder support	**Supported by agriculture sector**	No	Yes	Unknown	Unknown

58. Option 2 is preferred. Option 2 is reasonably simple and aligns well with the driver licensing proposal.

59. Option 2 would reduce compliance costs and support productivity for the owners of an estimated:

    a. 24,000 agricultural vehicles by exempting them from the work time rule
    b. 6,000 agricultural vehicles that would remain subject to the work time rule and accompanying vehicles such as trucks

60. Option 2 should not adversely affect safety. Employers, employees and self-employed people are required under the Health and Safety in Employment Act 1992 (the HSE) to take all practicable steps to ensure that they do not put themselves or others at risk of harm.[7] Thus while these operators would not be subject to the work time rule, they will remain subject to HSE requirements. The risk management approach provided for by the HSE is considered to offer a better approach than the work time rule for managing fatigue of agricultural vehicle operators.

[7] Fatigue is a significant hazard under the Health and Safety in Employment Act 1992 (HSA) as it is a potential cause or source of serious harm. Sections 7 to 10 of the HSA set out the duties of employers in relation to hazard management. Where a significant hazard such as fatigue is identified, the employer must take all practicable steps to eliminate the hazard, isolate the hazard (when elimination is impracticable), or minimise the hazard (when elimination and isolation is impracticable). Section 17 places a duty on self-employed persons to take all practicable steps to ensure that they do not put themselves or others at risk of harm. A similar duty at Section 19 applies to employees.

61. Option 2 addresses the problems identified in the problem definition and is supported by the industry.

62. Option 2 is preferred over option 3 because option 3 imposes higher compliance costs and is inconsistent with the wider work time regime, despite option 3 being potentially safer than option 2. Option 2 is preferred over option 4 because option 4 is potentially less safe, would not align with the preferred options for other areas in this paper and would require an amendment to primary legislation, which could delay implementation.

Vehicle Inspection

Status quo

63. Currently vehicle inspection requirements are determined by the speed that a vehicle is operated at, as set out in the table below:

Vehicle Speed	**Inspection Requirement**
Not exceeding 30 km/h	No inspection needed
Not exceeding 50 km/h	warrant of fitness inspection
Can exceed 50 km/h	certificate of fitness inspection

64. Crash reports from 1997 to 2010 suggest that low compliance with the inspection regime has not resulted in serious safety problems. Crash reports listed non-compliance with mechanical standards for agricultural vehicles as a contributing factor in 20 percent of crashes involving agricultural vehicles. Half of this 20 percent related to non-compliance with lighting and panelling requirements, rather than core mechanical components.

65. The crash reports show that the leading cause of crashes is other road users.

Problem

66. There is evidence to suggest significant levels of non-compliance with inspection requirements by owners of agricultural vehicles.

    a. Compliance with warrant of fitness (WoF) is estimated at 12 percent
    b. Compliance with certificate of fitness (CoF) is estimated at 1 percent.

67. Key underlying causes of this include:

    a. the significant costs associated with travelling long distances to testing stations every six months which we estimate would be $300 per annum for each vehicle. This equates to $10 million per annum across the industry if there was 100 percent compliance
    b. the low probability of non-compliance being detected, particularly in rural areas
    c. misinformation about WoF and CoF requirements for agricultural vehicles

Options

68. The following options were considered:

	WoF Exempt	**Requires WoF**	**Requires CoF**
Option 1	Vehicles operated at up to 30 km/h	Vehicles operated at over 30 km/h and under 50 km/h (6 monthly)	Vehicles operated at over 50 km/h (6 monthly)
Option 2 (preferred)	Vehicles operated at under 40 km/h displaying a "40" sign	Vehicles operated at over 40 km/h (annually)	Exempt*

*Using WoF rather than the current CoF requirement for some vehicles would enable more on-site inspections.

Analysis

		Option 1	**Option 2 (preferred)**
Strategic fit	**Simple**	No 2	Yes 1
	Reduces compliance costs	No 2	Yes 1
	Supports productivity	No 2	Yes 1
	Supports safety	Yes 2	Yes 1
	Aligns with other proposals or the existing system	No 2	Yes 1
Effective	**Addresses the problem**	No 2	Yes 1
Stakeholder support	**Supported by agriculture sector**	No	No

69. Option 2 is preferred. Option 2 is simple and would significantly reduce the cost of compliance for owners of 3,500 agricultural vehicles complying with vehicle inspection requirements by $0.4 million per annum. Option 2 would also benefit owners of approximately 28,300 agricultural vehicle owners that are not currently complying with vehicle inspection requirements by no longer making them liable for non-compliance. Enabling more on-site inspections would reduce the compliance cost associated with obtaining vehicle inspections. These compliance costs support productivity by freeing up resources to focus on productive activities rather than compliance.

70. Option 2 is not expected to adversely impact safety. The Road User Rule 2004 Health and Safety in Employment Act require all vehicles operated on road to be maintained to a roadworthy condition. All vehicles must also meet the requirements of specific Land Transport Act 1998 rules. The crash reports suggest that low compliance with the inspection regime does not appear to have resulted in serious safety problems. This suggests that operators have

been maintaining their vehicles to a roadworthy condition despite not getting regular inspections and that a relaxation of the requirements is unlikely to adversely affect safety.

71. Option 2 would improve the practicality and enforceability of the inspection regime by aligning inspection requirements with the 40 km/h speed demarcation.

72. Option 2 should address the problem, and is supported by the agriculture sector. Option 2 is preferred over option 1 as it is simpler and reduces compliance costs more without adversely impact safety.

Hazard Identification

Status quo

73. Agricultural vehicles by nature move slowly when travelling on road. One of the leading causes of crashes involving agricultural vehicles is poor advance warning to other road users about the presence of a large and slow moving agricultural vehicle ahead. This conclusion is supported by feedback from the agricultural sector, and the following facts involving agricultural vehicles:

    a. 85 percent of crashes occurred in 100 km/h areas
    b. 51 percent of crashes were rear end crashes
    c. 65 percent of crashes were caused by the other driver
    d. 9 percent of crashes listed broken or dirty lights and hazard panels as a contributing factor.

Problem

74. Agricultural vehicles are not required to have any warning signals to other road users. No other initiatives currently target other road user's awareness of the hazards posed by slow moving agricultural vehicles.

Options

a. **Option 1:** Status quo

b. **Option 2:** Require all agricultural vehicles to display slow moving vehicle triangles and operate with their hazard lights on

c. **Option 3 (preferred):** Require all agricultural vehicles to fit and use an amber beacon and work with industry to develop roadside marketing (e.g. billboard signs)

d. **Option 4:** Encourage all agricultural vehicles to fit and use an amber beacon and enable road controlling authorities to erect roadside tractor signs and work with industry to develop roadside marketing

Analysis

		Options			
		Option 1	**Option 2**	**Option 3 (preferred)**	**Option 4**
Strategic fit	**Simple**	Yes 3	No 4	Yes 1	Yes 2
	Reduces compliance costs	Yes 1	Yes 2	No 4	Yes 3
	Supports productivity	No 4	Yes 3	Yes 1	Yes 2
	Supports safety	No 4	Yes 3	Yes 1	Yes 2
	Aligns with other proposals or the existing system	No 4	Yes 3	Yes 1	Yes 2
Effective	**Addresses the problem**	No 4	Yes 3	Yes 1	Yes 2
Stakeholder support	**Supported by agriculture sector**	No	Some	Yes	No

75. Option 3 is preferred. Option 3 is simple and aligns and supports the preferred options in other areas of this paper by addressing the key safety risk.

76. Option 3 would impose compliance costs onto owners of agricultural vehicles. The cost of fitting an amber beacon is estimated to be between $155 and $210 per vehicle. The cost to industry would be very low because most new agricultural vehicles come pre-fitted with amber beacons. A grandfather clause would exempt vehicles registered prior to the provision coming into force from this requirement. Option 3 was proposed by the agricultural sector and was supported by all other stakeholders.

77. Option 3 would support productivity as it is the most effective option to improve the safety of agricultural vehicle drivers and other road users. The amber beacon should help to reduce the number of crashes involving agricultural vehicles caused by other drivers. An amber beacon addresses this risk by better forewarning other road users of the presence of an agricultural vehicle, particularly at times of low light.

78. Option 3 is preferred over option 1 because option 1 would not improve safety. Option 3 is preferred over option 2 because option 2 is not simple and would cause confusion to other motorists and enforcement officers. This is because slow moving vehicle triangles have multiple purposes and is often associated with breakdowns.

79. Option 3 is preferred over option 4 because of the high level of industry support for mandating amber beacons. In addition, option 3 would have higher safety benefits than option 4 as mandating amber beacons would ensure a higher uptake on agricultural vehicles.

Over-dimension

Status quo

80. Agricultural vehicles must be fitted with over-dimension panels as prescribed in the Land Transport Rule: Vehicle Dimensions and Mass 2002. The purpose of the panels is to indicate the dimensions of the agricultural vehicle to other road users approaching from the front and rear.

Problem

81. Under the status quo the industry faces problems when trying to mount the standard configuration panels onto certain specialised machinery. It is often impractical to fit the standard panel onto tractors and large agricultural machinery. To overcome this problem, some operators are illegally modifying hazard panels fitted to their vehicles.

82. In addition, many new agricultural vehicles enter New Zealand with European standard hazard panels fitted, which are different to New Zealand and Australian panels. To comply, owners must remove these panels and replace them with panels that meet the New Zealand standard.

Options

a. **Option 1:** Status quo

b. **Option 2**: Allow overseas hazard panel configurations

c. **Option 3 (preferred**): Introduce an alternative hazard panel configuration and allow the NZ Transport Agency to approve new configurations[8]

[8] conditions for the approval could be that the Director of NZ Transport Agency:

- is satisfied that the prescribed hazard panels, or other approved alternative hazard panel configurations, were not practical in a particular situation
- is satisfied that the proposed alternative would be as effective as the prescribed hazard panels, or other approved alternative hazard panel configurations
- has consulted with representatives of relevant transport operators
- publicly notified the approved alternative hazard panel configuration

Analysis

		Options		
		Option 1	**Option 2**	**Option 3 (preferred)**
Strategic fit	**Simple**	Yes 1	Yes 2	Yes 3
	Reduces compliance costs	No 3	Yes 1	Yes 2
	Supports productivity	No 3	Yes 1	Yes 2
	Supports safety	Yes 2	Yes 3	Yes 1
	Aligns with other proposals or the existing system	Yes 2	Yes 3	Yes 1
Effective	**Addresses the problem**	Yes 3	Yes 2	Yes 1
Stakeholder support	**Supported by agriculture sector**	No	Some	Yes

83. Option 3 is preferred. Option 3 would provide additional flexibility for industry to use the hazard panelling configurations that is most practical for the machine, without imposing additional cost.

84. Option 3 supports safety, as the new configurations should be more suited to certain agricultural vehicles and therefore provide better warning for other road users.

85. Although option 3 is more complex than the alternative options, option 3 aligns well with the existing hazard panel system, and should support principled and consulted development of additional hazard panel options.

86. Option 3 should address the problems and is supported by stakeholders.

87. Option 3 was preferred over option 1 because option 1 would not address the problem.

88. Option 3 was preferred over option 2. Option 2 was considered because most imported agricultural vehicles come fitted with overseas hazard panels. The key problem with option 2 is that, internationally, there is no universal hazard panel system. The New Zealand hazard panel system is preferred over other overseas systems such as the European system because the New Zealand colour regime contrasts better with agricultural vehicles, and it has already had significant uptake in our system across the transport fleet. Allowing overseas standard could cause confusion for other road users who are familiar with the existing colour scheme.

CONSULTATION

Preliminary Consultation

89. In October 2011 the Ministry of Transport held an initial round of consultation with stakeholder representative organisations to understand their concerns and any options that they wanted considered. The organisations consulted included:

    a) Industry groups including the Federated Farmers of New Zealand, Horticulture New Zealand, Rural Contractors New Zealand, the New Zealand Tractor and Machinery Association, New Zealand Winegrowers; and
    b) Organisations outside the agriculture industry but with a close interest in any law change affecting the rural sector such as the Road Transport Forum, the New Zealand Automobile Association, Local Government New Zealand and the New Zealand Heavy Haulage Association.

Informal Consultation

90. In March 2012, the Ministry tested proposals with most of the above stakeholder representative organisations in an all day workshop. The feedback informed the discussion document used for formal consultation.

Formal Consultation

91. In April and May 2012, the Ministry released a discussion document for formal consultation with the sector and other interested stakeholders. The Ministry received 43 submissions on the proposals from individuals, firms, industry representative bodies and other road user representative bodies. The Ministry also hosted six open invitation workshops with industry across New Zealand.

92. A non-attributed summary of submissions can be found at: http://www.transport.govt.nz/ourwork/land/agriculturaltransportreview/

CONCLUSION

Preferred package of options

Regulatory area	Preferred option
Speed	Option 3: 2 tier regime for driver licensing and vehicle inspection based on a 40 km/h demarcation point
Driver licensing	Option 3 •Class 1 restricted driver licence: Tractors of up to 18 tonnes, or 25 tonnes in combination, operated at speeds not exceeding 40 km/h. •Class 2 driver licence: Tractors of up to 18 tonnes can be operated at speeds exceeding 40 km/h, heavier special type vehicles operated at speeds not exceeding 40 km/h. •Introduce Class 1A endorsement: Holders of the endorsement can operate tractors of up to 18 tonnes at speeds not exceeding 40 km/h and specialist agricultural vehicles of less than 18 tonnes at speeds not exceeding 40 km/h. •Recognise overseas tractor licences.
Work time and log book	Option 2 •Class 1 and 1A driver licence: Not subject to the work time rule. •Class 2 driver licence: Subject to work time. •Simplify the alternative fatigue management scheme •Extend the existing work time variation for critical agricultural operations to the entire agricultural sector.
Vehicle inspection	Option 2: Vehicles operated at speeds not exceeding 40 km/h – exempt from inspection; Vehicles operated at speeds exceeding 40 km/h – subject to annual WoF.
Hazard identification	Option 3: Mandate the use of amber beacons and enable road controlling authorities to erect roadside tractor signs.
Over dimension	Option 3: Introduce an alternative hazard panel configuration and allow the NZ Transport Agency to approve new configurations.

93. The Ministry supports this package of proposals for the reasons set out in each analysis section above. Aligning vehicle inspection, driver licensing and work time requirements around the 40 km/h threshold would greatly simplify the system and improve compliance and enforcement.

94. The quantifiable net benefit of this package is estimated at $51 million. The net benefit would be higher if the following benefits had been estimated:

    a. reduction in the risk of sanctions for non-compliance for an estimated 28,300 agricultural vehicle owners that are not currently complying with vehicle inspection requirements
    b. a larger labour force to draw on
    c. greater operational flexibility for the owners of
        - 24,000 agricultural vehicles that will be exempt from work time restrictions
        - 6,000 agricultural vehicles and an unknown number of accompanying support vehicles such as trucks that would remain subject to the work time rule but benefit from greater flexibility

95. While the precise impact on safety is unknown, it is unlikely there will be an adverse affect on safety. There are safety benefits to be realised from the proposals around hazard identification and over-dimension panels. However, there are also potential safety risks arising from the driver licensing, work time and vehicle inspection proposals set out in the Risk Summary section below.

The net impact on safety will need to be monitored as part of the Monitoring, Evaluation and Review.

96. The Ministry has also considered the Government Statement on Regulation: Better Regulation, Less Regulation and is satisfied that.

    a. introducing the flashing amber beacon and the additional flexibility for over dimension hazard panels is required, reasonable and is supported by robust analysis

    b. relaxing the requirements for driver licensing, work time and vehicle inspection will remove requirements that are unnecessary, ineffective or excessively costly.

RISK SUMMARY

Risk	Mitigating factors	Key measurement
Safety risk: increased number of vehicles exempt from inspection requirements – increased risk that vehicles may be involved in crashes due to mechanical failure	1. Existing requirements under the Land Transport and the Health and Safety in Employment Acts for vehicles to be maintained in a roadworthy condition	2. Crash data – changes in the number of crashes involving agricultural vehicles where non-compliance with mechanical standards is a contributing factor.
Safety risk: increased number of drivers not subject to the work time rule – increased risk of crashes caused by fatigued drivers	3. Existing requirements under the Health and Safety in Employment Act 4. Incorporate relevant information on fatigue management in the Agricultural Vehicles Guide.	5. Changes in the number of work related accidents involving agricultural vehicles 6. Changes in the number of crashes involving agricultural vehicles where the driver is culpable and driver error is listed as a contributing factor
Safety risk: recognising overseas tractor licences – increased risk of crashes caused by unskilled drivers	7. Retain the right to require an international licence.	8. Changes in the number of overseas labourers employed by the agricultural sector 9. Changes in the number of crashes involving agricultural vehicles where the driver is culpable and driver error is listed as a contributing factor
Safety risk: allowing individuals holding class 1R to drive tractors – increased risk of crashes caused by unskilled drivers	10. The new 1R test is more difficult and cannot be taken until a person is 16.5 years old.	11. Changes in the number of crashes involving agricultural vehicles where the driver is culpable and driver error is listed as a contributing factor

MONITORING, EVALUATION AND REVIEW

97. The Ministry intends to monitor selected performance measures for the first three years (June 2013 to June 2016).

98. The key areas targeted will be the impact on safety (particularly the risks set out above), compliance levels, compliance costs, productivity change and labour increase. The Ministry will use data from crash reports, police enforcement, vehicle inspection, licensing and road user charges, ACC, Department of Labour, NZ Transport Agency driver licensing. The Ministry will also use stakeholder feedback, provided via engagement with the Agricultural Transport Forum.

99. The Ministry intends to evaluate the impact of the changes in the 2016/17 financial year and advise the Minister of Transport on the outcome of the review.

IMPLEMENTATION

Legislative change

100. The Ministry of Transport will lead the legislative change process to enable implementation of the proposals outlined in the paper. Amendments are likely to be required to the following instruments of primary, secondary and tertiary legislation:

    a) Land Transport Act 1998
    b) Land Transport (Road User) Rule 2004
    c) Land Transport (Driver Licensing) Rule 1999
    d) Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011
    e) Road User Charges (Classes of RUC Vehicles) Exemption Order 2012
    f) Land Transport (Offences and Penalties) Regulations 1999
    g) Land Transport (Driver Licensing and Driver Testing Fees) Regulations 1999
    h) Land Transport Rule: Traffic Control Devices 2004
    i) Land Transport Rule: Vehicle Dimensions and Mass 2002
    j) Land Transport Rule: Vehicle Lighting 2004
    k) Land Transport Rule: Vehicle Standards Compliance 2002
    l) Land Transport Rule: Work Time and Logbooks 2007

101. Amendments to other Land Transport Rules (such as Heavy Vehicle Brakes 2006 or Heavy Vehicles 2004 may be necessary to simplify the annual warrant of fitness requirements. Other consequential and transitional amendments may also be necessary.

System change

102. The NZ Transport Agency will lead operational implementation of the proposals relating to driver licensing, work time, vehicle inspection, hazard identification and over-dimension vehicles. Once the legislative changes are made, the NZ Transport Agency will lead the revision of the Agricultural Vehicles Guide.

103. The Department of Labour will work with the NZ Transport Agency to develop guidance material on meeting the work time requirements under the Health and Safety in Employment Act for inclusion in the Agricultural Vehicles Guide.

104. The NZ Police will lead the revision to the Police operational guidance and training material, and will be responsible for ensuring agricultural vehicles comply with the requirements. The Ministry of Transport will support the agencies with the legislative changes as appropriate.

TIMING

105. The proposals in this paper, if agreed by Government, are likely to be progressively implemented. The exact timing for implementation depends on:

a) the impact of decisions arising from the Vehicle Licensing Reform Project on this review's findings
b) the timing of system changes by the NZ Transport Agency and the NZ Police
c) the need to provide sufficient time for suppliers, owners and operators of vehicles to comply with any new requirements

Appendix A: Constraints

106. The Review was constrained by the following factors:

a) The scope of the review was focused on the impact of transport law on specialist agricultural vehicles such as tractors and harvesters and associated trailers and implements, and not other specialist vehicles or other vehicles involved in the agricultural task such as trucks and utes.
b) Data on the vehicle kilometres travelled by agricultural vehicles is based on estimates from the industry as opposed to officially measured values.
c) The rural location of agricultural vehicles poses special challenges for Police to detect and enforce transport law against non-complying agricultural vehicles and operators.
d) The Ministry has no data on the exact composition of the current fleet as divided by operating speed. To overcome this, the Ministry had to rely on estimates provided by the sector.
e) The Ministry could not obtain specific data on the supply and demand of agricultural vehicle drivers in the sector. Instead data relating to the general agricultural labour force and Class 2 licences were used.
f) There is uncertainty surrounding the future of vehicle licensing due to the wider Vehicle Licensing Reform project being undertaken at this time.

Appendix B: Key Assumptions

Current Fleet Division

By Vehicle Registration	Proportion	Number
EB	75% of the fleet	30,394
G	21% of the fleet	8,568
EA (will have to be registered under G after 1/08/12)	4% of the fleet	1,486
Total	100%	40,448

By Operating Speed	Proportion	Number
Under 30 km/h (exempt from inspection)	25% of the fleet	10,112
30 km/h – 50 km/h (WoF required)	70% of the fleet	28,314
Over 50 km/h (CoF required)	5% of the fleet	2,022
Total	100%	40,448

WoF inspections

Number of Vehicles that require a WoF	28,314
Number of WoF inspections per annum	3,500
Compliance rate	12%

CoF inspections

Number of Vehicles that require a CoF	2022
Number of CoF inspections per annum	18
Compliance rate	0.89%

Expected Fleet Division Post Proposal

By Vehicle Registration – No change

By Operating Speed	Proportion	Number
Under 40 km/h	85% of the fleet	34,381
Over 40 km/h	15% of the fleet	6,067
Total		40,448

Driver Licensing

Average Class 2 course fee	$907.29
Class 2 learners	$93.90
Application fee	$49.60

Population Data

Rural population	563,871

Restricted Licences

Total No. of Restricted licences in nation	295,000
% of population that are rural	15%
	44,250

Distances Travelled

Contractors

Rural Contractors NZ estimate	4,000 km
Fed farmers estimate - Canterbury	5,000 km
Fed farmers estimate - North Island	5,625 km
Average	4,875 km

Farmers

Rural Contractors NZ estimate	400 km
Fed farmers estimate - Canterbury	750 km
Fed farmers estimate - North Island Dairy	800 km
Average	650 km

Labour Data

Number of contracting firms	2,000-2,500
Number of employees	20,000
Average No. of employee per firm	5 - 7