

Submission to:

NZTA

on:

- **Vehicle Exhaust
Emissions Amendment
(No. 2) 2024**

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About VIA

The Imported Motor Vehicle Industry Association Incorporated (“VIA”) is the business association that represents the interests of the wider trade involved in importing, preparing, wholesaling, and retailing used vehicles imported from Japan, UK, and other jurisdictions.

Our members include importers, wholesalers, Japanese auction companies and exporters, shipping companies, inspection agencies, KSDPs¹, ports companies, compliance shops and service providers to the trade, as well as retailers.

We provide technical advice to the imported motor vehicle industry, and liaise closely with the relevant government departments, including Waka Kotahi (NZTA), Ministry of Transport, New Zealand Customs Service, Ministry for Primary Industries (MPI), Ministry of Consumer Affairs, Commerce Commission, EECA, MfE etc.

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Official Information Act 1982: VIA has no objection to the release of any part of this statement of support under the Official Information Act 1982.

Privacy Act 1993: VIA has no objection to being identified as the submitter.

¹KSDP - key service delivery partner, organisations that are contracted or appointed by the Transport Agency to delivery regulatory products or services and who have sufficient market share and/or are of sufficient size and standing within an industry segment to be able to represent and influence the customer expectation of that industry segment.

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Submission on the Land Transport Rule: Vehicle Exhaust Emissions Amendment (No. 2) 2024

Introduction

The Imported Motor Vehicle Industry Association (VIA) appreciates the opportunity to provide feedback on the proposed amendments to the Vehicle Exhaust Emissions Rule 2024. VIA supports the overall objectives of reducing harmful emissions and aligning New Zealand with international best practices. Specifically, VIA supports **Proposals 1, 2, and 3** in the consultation document, while highlighting areas requiring further consideration to ensure fair and equitable treatment of vehicle standards from all source jurisdictions.

New Zealand is a small country with a correspondingly small vehicle market, encompassing both the new and imported used vehicle segments. Due to its limited leverage, New Zealand is unable to develop unique vehicle standards and requirements that can influence global vehicle manufacturing. Our attempt to have a comprehensive set of rules and standards has led to complexity, incoherence, and conflict.

Instead, New Zealand must look to other jurisdictions for guidance or adopt standards already established by larger markets.

This reliance on international standards has, at times, led to challenges. One such challenge has been the ongoing effort to establish equivalency between the standards of different jurisdictions. This pursuit of equivalency has proven to be resource-intensive, creating uncertainty and complexity without clear resolutions. VIA believes it is time to shift the focus. Rather than striving for a perfect equivalency between international standards, New Zealand should determine its desired level of progress and adopt a set of relevant and alternate standards from key jurisdictions that align with its goals.

For example, the majority of vehicles imported into New Zealand originate from Japan, a country with driving conditions similar to our own, characterised by urban driving and maximum speeds of 110 km/h. Additionally, New Zealand has close connections with European standards and Australia's Design Rules. Recognising these links, VIA proposes an approach where standards are treated as alternative but equal, rather than attempting to compare or rank them. By identifying acceptable standards from these jurisdictions, New Zealand can efficiently achieve its emissions and safety goals without unnecessary complexity.

This submission invites the Ministry and the Agency to consider a framework that prioritises practical progress by accepting alternate international standards, ensuring clarity and consistency in the application of vehicle rules.

Support for Proposal 1: Inclusion of Australian Design Rules (ADRs) as Alternative Standards

VIA strongly supports the inclusion of the Australian Design Rules (ADRs), including ADR 79/05, as qualifying standards for vehicle importation. Given New Zealand's close integration with the Australian new vehicle market, this proposal minimizes complexity for vehicle importers and reduces costs for consumers.

Additional Consideration:

New Zealand's vehicle market is unique in its reliance on two main supply channels: vehicles manufactured

to Australian specifications and used vehicles imported from Japan. Recognizing ADR 79/05 as an alternative standard is a positive step, but the government must also ensure **fair and equitable treatment** of Japanese standards, which supply approximately half of New Zealand’s fleet. Standards like **Japan 2018** (WLTC-based) and **Japan 2005** (JC08-based, with Dxx and Cxx nomenclature) are vital to maintaining affordability and diversity in the fleet.

To this end, VIA urges the government to explicitly treat recognized standards—including ADR 79/05, Euro 6d, and Japanese standards—as **alternative qualifying standards** rather than “equivalent standards.” Equivalence is a complex concept that requires rigorous, evidence-based comparison. Unless an official comparison methodology is adopted (such as the independently peer-reviewed methodology VIA has previously submitted), standards should be recognized as suitable alternatives, not directly equivalent.

Support for Proposal 2: Aligning Compliance Dates for Euro 6d with Australia

VIA supports the proposal to align compliance dates for Euro 6d (and accepted alternatives) with Australia, requiring compliance for new light vehicles by **1 December 2025**. This change provides consistency for importers and ensures that vehicles designed for Australia’s larger market can also serve New Zealand without additional compliance costs.

Additional Consideration:

While aligning compliance dates is beneficial, VIA emphasizes the need to address the disparity between new vehicles imported from Australia and used vehicles imported from Japan. Used Japanese vehicles meeting the **Japan 05** or **Japan 2018 standards** often provide similar or superior emissions performance compared to vehicles certified to ADRs.

Japan’s regulations have generally focused more on **NO_x (Nitrogen Oxides)** due to their impact on smog, acid rain, and respiratory health. As a result, Japan 2005 sets stricter NO_x limits. These goals address concerns raised in New Zealand reporting such as [Our Air 2024](#), produced by the Ministry of the Environment, which notes that 39% of NO_x emissions were from road vehicles in 2019.

VIA’s peer-reviewed harm-based comparison methodology¹ demonstrates that vehicles achieving **Cxx (50% achievement on Japan 05)** or **Dxx (75% achievement on Japan 05)** ratings cap emissions harm better or comparably to Euro 5 and Euro 6 respectively.

To avoid unintended market imbalances, VIA recommends recognizing "Cxx" as denoting an alternate qualifying standard alongside ADR 79/04 and Euro 5 and "Dxx" as denoting an alternative qualifying standard alongside ADR 79/05, Japan 2018, and Euro 6.

Harmonization and Used Vehicle Supply from Japan

While the alignment of compliance dates with Australia benefits the new vehicle market, its implications for the used vehicle market need additional attention. Under the proposed timeline, used imports will need to meet standards aligned with Euro 6d and ADR 79/05 by **mid-2028**, creating challenges for the parallel import

¹ This material has been separately provided to NZTA.

sector:

- **Vehicle Age Dynamics:** The average used import into New Zealand is approximately **10 years old**, with over **80% being newer than 12 years old**. This means that vehicles imported in 2028 would need to meet standards equivalent to Euro 6d from **2016 to 2018**.
- **Timing Disparity:** New vehicles in New Zealand are not required to meet Euro 6d or ADR 79/05 until **2026**, leaving a significant gap in expectations. Used vehicle importers are effectively being asked to source vehicles compliant with stricter standards up to a decade earlier than new vehicles.
- **Market Impact:** This timeline creates a significant risk of reducing used vehicle options and increasing prices for consumers. A constrained supply of compliant used vehicles will disproportionately affect private buyers, who make up the majority of the market for Japanese imports.

VIA recommends that the government ensure any harmonization of standards accounts for these realities. Without addressing this disparity, the proposed timeline risks pricing many New Zealanders out of the imported vehicle market (whether new or used import), undermining both fleet renewal goals and equitable access to cleaner vehicles.

It is a well-known trope in the industry that each regulatory change causes a spike in the average age of the New Zealand fleet. This is because these changes often increase the price of a newly imported vehicle and thus customers wanting to replace their current car will look to the existing fleet (ie a car as old as their existing vehicle) and thus we miss a chance to refresh the fleet. We do not seek to block change, but we must ensure that change is manageable for the average Kiwi car buyer.

Support for Proposal 3: Minor Technical Amendments

VIA supports the proposed amendments to improve clarity and address technical inconsistencies. Notably, correcting definitions and ensuring consistency with international standards, such as Japan's updated reference for real driving emissions, is essential for maintaining alignment and reducing confusion within the industry.

Additional Consideration:

VIA urges the government to further clarify how alternative standards will be treated moving forward. Specific guidance on how standards like ADR 79/05 and Japanese standards are recognized would provide certainty for importers and ensure fair treatment of vehicles from all jurisdictions.

Recommendations

1. **Explicitly Treat Standards as Alternative Qualifying Standards:** Recognize ADR 79/05, Euro 6d, Japan 2005 (Cxx/Dxx ratings), and Japan 2018 as qualifying standards without implying direct equivalency, at least until recommendation #2 is completed.
2. **Adopt a Methodology for Standard Comparison:** Work with industry stakeholders to develop and adopt an official comparison methodology for evaluating emissions standards. VIA's harm-based approach offers a robust framework for this purpose.

3. **Ensure Equitable Treatment of Japanese Standards:** Recognize the importance of Japanese standards in supplying affordable, low-emission used vehicles to New Zealanders, particularly given their superior emissions performance in real-world conditions compared to legacy standards like Euro 5 or ADR 79/04.
4. **Provide Clear Guidance on Future Standard Updates:** Ensure consistent and transparent updates to recognized standards, with sufficient consultation to address the unique needs of New Zealand's dual-channel supply system.
5. **Propose a Mid-Implementation Review:** Conduct a formal review of the 2028 implementation timeline for used vehicles to assess its impact on affordability, availability, and fleet turnover. This will ensure the transition does not unfairly burden consumers or disrupt the supply chain.

Conclusion

VIA appreciates the government's efforts to modernize vehicle emissions standards and align with international best practices. The inclusion of ADR 79/05 and the alignment of compliance dates with Australia are positive steps. However, ensuring equitable treatment of Japanese standards and developing a robust comparison methodology will be critical to maintaining a balanced and accessible vehicle market for all New Zealanders.

We look forward to continuing to work collaboratively with the government, the Ministry of Transport, and NZTA to achieve these goals and to address any existing imbalances in the recognition of international standards.