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## Submission on Proposed Change to Border Inspection VIRM – Damage Flag Thresholds

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### Submission on Proposed Change to Border Inspection VIRM – Damage Flag Thresholds

VIA appreciates the opportunity to provide feedback on the proposed change to the **Border Inspection Vehicle Inspection Requirements Manual (VIRM)** regarding the application of damage flags during border inspections.

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#### 1. Stated purpose of the change

NZTA has stated that the purpose of this change is:

*“To remove the risk of potentially damaged vehicles inspected at the border not being flagged for damage and improve consistent border inspections.”*

While we acknowledge this intent, we respectfully note that the consultation does not explain:

- What specific “risk” has been identified,
- Where or how this risk has materialised in practice, and
- In what ways current border inspections have become “inconsistent.”

In the absence of further detail or supporting evidence, it is difficult for stakeholders to assess whether the proposed change is proportionate or necessary.

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#### 2. Why is this change not integrated with the repair certification consultation?

VIA notes the clear thematic overlap between this proposal and the concurrent targeted consultation on **repair certification referral thresholds**, particularly as it relates to the identification and treatment of corrosion and vehicle damage (use of LT307 and LT308).

We are concerned that separating these two processes risks **creating ambiguity across the compliance chain**, especially for importers, entry certifiers, and repair certifiers who work across both systems. It also raises the question of whether these two proposals are intended to be complementary or if they will produce conflicting interpretations of the same vehicle condition.

An integrated or at least coordinated consultation would provide greater clarity and assurance to industry stakeholders.

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#### 3. What is the problem, and how does this solve it?

If the current border inspection process is resulting in damaged vehicles not being flagged appropriately, **we believe NZTA should share the underlying data, incident trends, or audit findings** that prompted this change.

Key questions include:

- How often are potentially damaged vehicles going unflagged?
- What types of damage are being missed?
- What are the actual or potential safety consequences of these occurrences?
- How will this proposed change improve outcomes, and how will success be measured?

If the problem is simply one of interpretation or training, then **improving inspector guidance or training protocols** may be a more appropriate and proportionate response.

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#### 4. Operational and cost impacts on border inspection companies

We also ask whether NZTA has evaluated:

- The **cost and resource impact on border inspection companies**, including any process or system changes required.
- The **sufficiency of training and support for inspection staff**, especially if they are expected to make nuanced determinations about borderline damage without clear escalation procedures.

Clarity and consistency in decision-making are critical — but without a transparent understanding of how new requirements will be implemented, we risk **shifting complexity downstream or introducing new inconsistency**.

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#### 5. VIA's Position

VIA remains **agnostic about the specific change proposed**, particularly given the wider improvements under consultation in the repair certification space. If those changes provide entry certifiers with clearer discretion to remove flags where appropriate, the broader system impact of this proposed Border VIRM change may be relatively minor.

Nonetheless, we raise this submission because of the **overlap in subject matter**, and to ensure that any regulatory change is:

- Based on clear evidence of a problem,
- Coordinated with other reform streams, and
- Designed to produce measurable benefit without unintended complexity or cost.

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#### Summary of Key Questions for NZTA

1. What specifically is the "risk" being addressed, and what evidence supports its significance?
2. How have inspections become "inconsistent", and what metrics are being used to assess this?
3. Why is this change not being considered alongside the repair certification referral consultation?
4. How will this change fix the identified issue, and how will impact be measured?
5. Has NZTA evaluated operational or cost implications for border inspection companies?
6. Is there adequate training and escalation support for inspectors under the proposed change?

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We thank NZTA for the opportunity to provide feedback and encourage continued dialogue to ensure consistent, proportionate and evidence-based regulatory settings across the vehicle inspection and certification system.

**Greig Epps**  
Chief Executive



Imported Motor Vehicle Industry Association