

Submission to:
Ministry for Regulation

on:

- **Proposed Regulatory Standards Bill**

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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 Proposed Regulatory Standards Bill Consultation

1. Introduction

The Imported Motor Vehicle Industry Association (VIA) represents the independent importation of vehicles into New Zealand, accounting for nearly half of the cars brought into the market. As independent importers, our industry provides consumer choice, supports competitive pricing, and makes transportation accessible to many New Zealanders.

We appreciate the intent behind the **Regulatory Standards Bill** to improve regulatory quality and accountability. We commend the Ministry for Regulation for its forward-thinking approach to enhancing transparency, evidence-based decision-making, and proportionality in regulation. However, we have concerns about the potential unintended consequences of this legislation, particularly given the significant political, economic, and influential disparities between independent importers and larger, more established market players. Our submission outlines key areas where the bill must consider the unique challenges faced by independent importers to ensure a level playing field.

2. Alignment with VIA's Principles

VIA recognizes the need for effective regulatory systems that balance public interest, industry sustainability, and economic growth. The principles proposed in the discussion paper closely align with our foundational beliefs, particularly regarding:

- **Proportionality:** Avoiding undue compliance burdens and ensuring regulations are risk-based.
- **Clarity and Predictability:** Supporting accessible, consistent, and transparent regulatory frameworks.
- **Evidence-Based Decision-Making:** Ensuring regulations are supported by robust, empirical analysis.

These principles resonate with VIA's ongoing advocacy for fairness, practicality, and adaptability in New Zealand's transport regulation framework.

3. General Position

While we strongly support the bill's aims to promote transparency and consistency in regulation, we identify aspects that could exacerbate existing power imbalances, increase compliance costs for smaller operators, and fail to adequately protect consumer and environmental interests. We believe that collaborative efforts can address these issues, ensuring the bill achieves its objectives without unintended negative consequences.

4. Key Concerns and Recommendations

1. Ministerial Oversight and Board Independence

The bill proposes significant powers for the Minister for Regulation, including appointing the **Regulatory Standards Board**, directing its reviews, and determining exemptions. While this may streamline oversight, it risks undermining the board's independence and effectiveness, particularly if political or corporate interests influence its operations.

Recommendations:

- **Independent Appointment Process:** Members of the Regulatory Standards Board should be appointed through an independent, non-partisan process to ensure impartiality and expertise. This would protect smaller players, such as VIA members, from undue influence by larger, politically connected entities.
- **Industry Representation:** The board should include representatives from industries impacted by regulations, including independent importers, to ensure balanced perspectives and informed decision-making.

2. Non-Binding Recommendations

The Regulatory Standards Board's recommendations are non-binding, allowing the Minister to ignore findings. This undermines accountability, particularly for smaller industries like ours, which lack the resources and political clout of larger corporations to lobby for compliance.

Recommendations:

- Require the Minister to provide detailed, public justifications when rejecting the board's recommendations. This transparency would ensure that all stakeholders, including VIA, can understand the rationale and challenge unfair decisions if needed.

3. Exclusion of Judicial Oversight

Removing the judiciary's role in assessing regulatory consistency creates a significant risk of political bias, particularly as smaller industries like ours depend on impartial processes to ensure fair treatment.

Recommendations:

- Reintroduce a limited judicial oversight mechanism to provide an independent check on regulatory consistency. This would protect against decisions that disproportionately benefit larger, politically influential players.

4. Principles of Regulation

The bill's principles prioritize individual liberties, property rights, and cost-benefit analysis, but they do not

adequately consider collective interests like environmental protection, consumer choice, or equitable market competition. This could disadvantage independent importers, who already face challenges competing with larger, resource-rich entities.

Recommendations:

- **Broaden the Principles:** Include explicit recognition of collective interests, such as promoting market competition, supporting consumer access to affordable vehicles, and addressing environmental impacts.
- **Fair Application of Principles:** Ensure that principles like "minimizing regulatory burdens" do not become a justification for reducing standards in areas such as vehicle emissions and safety, which are critical to public and environmental welfare, ensuring the industry stays on a trajectory of continual product improvement and sustainability.

5. Overlap with Existing Frameworks

The bill overlaps with existing mechanisms, such as Part 4 of the Legislation Act 2019, which already includes measures for improving regulatory quality. This duplication risks increasing compliance costs for industries like ours, which lack the resources of larger entities to navigate complex regulatory frameworks.

Recommendations:

- Integrate the bill with existing frameworks rather than creating duplicative or conflicting requirements. This would potentially streamline processes and reduce costs for all stakeholders.

6. Potential for Regulatory Capture

Larger players in the market have significant political and economic influence. If these entities disproportionately shape the board's agenda or regulatory outcomes, it could further marginalize smaller or independent importers, stifling competition and consumer choice.

Recommendations:

- Establish safeguards to prevent regulatory capture by ensuring transparency in decision-making and meaningful engagement with underrepresented industries like ours.
- Implement a "competition impact test" for new regulations to assess whether they disproportionately benefit dominant players at the expense of smaller importers.

7. Future-Proofing Regulations for Emerging Trends

The bill lacks provisions for ensuring that regulations are adaptable to emerging trends in the automotive industry, such as:

- The transition to electric vehicles (EVs) and related charging infrastructure.

- Fair access to data and diagnostics for cars of the future, including connected and autonomous vehicles.
- Integration of circular economy principles, such as vehicle remanufacturing and recycling.

Recommendations:

- Push for future-oriented regulatory principles that promote innovation, sustainability, and fair access to technology and data for all players.

8. Public Perception Risks

The bill's emphasis on deregulation could attract criticism from consumer and environmental advocacy groups, potentially impacting the reputation of all stakeholders.

Recommendations:

- Position the focus of the bill on responsible regulation, balancing consumer protection, environmental sustainability, and market competition.

5. Statements of Support

1. Support for Transparency

We support the bill's emphasis on transparency and look forward to the following benefits:

1. **Data-Driven Impact Assessments:** By requiring thorough regulatory impact assessments and disclosures, the bill can ensure that the contributions of independent importers—such as making vehicles affordable and supporting consumer choice—are visibly documented.
2. **Enhanced Public Scrutiny:** Transparency mechanisms can make it easier for stakeholders, including VIA, to monitor regulatory processes and advocate for fair treatment.
3. **Accountability for Regulatory Changes:** Transparency ensures regulations affecting the industry are based on objective principles, enabling independent importers to challenge decisions that might unduly burden smaller market players.
4. **Showcasing Contributions:** Transparent mechanisms allow for the benefits of independent importers—such as sourcing high-quality vehicles that meet international standards and contribute to New Zealand's future goals—to be recognized in public and policy forums.

Transparency can also help ensure informed decision-making by including data that reflects the contributions of independent importers to market competition and affordability.

2. Support for Streamlining Regulations

We support efforts to streamline outdated or duplicative regulations to ensure that compliance requirements are simplified and equitable. Simplified regulations will better support independent importers in meeting standards while fostering fair competition.

6. Responses to Consultation Questions

1. Do you agree with the principles of good regulation as proposed?
 - Yes, VIA agrees and supports the principles, particularly proportionality, clarity, and evidence-based decision-making. We recommend emphasizing flexibility and collaboration to address industry-specific concerns effectively.
2. How should the consistency of regulation with these principles be assessed?
 - VIA recommends a dual approach:
 - A Regulatory Impact Framework that integrates stakeholder input and empirical analysis.
 - Periodic independent reviews to ensure regulations remain relevant and effective over time.
3. How should the Regulatory Standards Board operate?
 - VIA supports the establishment of the Board but suggests:
 - Clear guidelines for issuing non-binding recommendations to avoid regulatory delays.
 - Mechanisms for stakeholder input into Board processes.

7. Conclusion

The Regulatory Standards Bill presents both challenges and opportunities for New Zealand's independent importation industry. While we support the intent to improve regulatory quality, the bill must address key issues to ensure that it does not exacerbate existing power imbalances or impose disproportionate burdens on smaller players.

VIA urges the government to implement safeguards that protect competition, foster consumer choice, and promote equitable regulation. By addressing the concerns outlined above, the bill can achieve its objectives without compromising the interests of independent importers or the public.

We are committed to engaging constructively with this process and welcome the opportunity to contribute further as the bill progresses.