



Submission to:

NZTA

on:

- Proposed updates to the VIRM: Entry certification for emissions, RAV and CCS - December 2024

From:

**VIA - Imported Motor
Vehicle Industry Association**

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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.

Executive Summary

VIA—The Imported Motor Vehicle Industry Association—welcomes the opportunity to provide feedback on the proposed updates to the Vehicle Inspection Requirements Manual (VIRM).

Our organisation represents independent vehicle importers, and many businesses that support them, as they supply over 50% of vehicles imported annually to New Zealand. Our members include regulated entities, such as vehicle inspection organisations, and vehicle wholesalers, retailers, and logistics companies. All of these companies are impacted by the way compliance processes are regulated and delivered.

As such, we are deeply invested in ensuring that vehicle import processes are fair, efficient, and reflect the standards of all major jurisdictions. The majority of imported used vehicles are sourced from Japan.

Our submission highlights key concerns regarding systemic biases favouring European standards over Japanese standards, delayed VIRM updates, and the lack of clarity in the recognition of key vehicle categories. We call on NZTA to correct these discrepancies to avoid restricting imports unnecessarily and disadvantaging the thousands of New Zealanders who rely on affordable imported vehicles.

Summary of Key Issues and Recommendations:

1. Recognition of Japanese Standards:

NZTA's current approach reclassifies or limits Japanese emission codes, despite these codes being clear and quantifiable indicators of vehicle compliance. VIA recommends full recognition of Japanese standards as viable options for importation without arbitrary reinterpretation.

2. Bias Toward European Standards:

The current system recognizes multiple versions and subcategories of European standards (e.g., Euro 6 and its sub-steps) without modification, but imposes hurdles on Japanese standards. VIA calls for equitable treatment of standards across jurisdictions, ensuring fair competition.

3. Special and Disability Vehicles:

Certain Japanese vehicle categories (e.g., E, G, H, J, K, U, W, X, and Y) are currently excluded from key sections of the VIRM, creating unnecessary confusion and limiting import options. VIA urges the inclusion of these categories, ensuring special and disability vehicles are explicitly recognized.

4. Tiered Achievement Systems:

Japanese emission standards allow for tiered achievements within a given standard, providing flexibility in meeting environmental outcomes. VIA recommends revising the definition of "better standard" to account for Japan's achievement-based framework, similar to the progressive improvement approach in European standards.

5. VIRM Ownership and Responsibility:

VIA has experienced significant delays in updating the VIRM, even when changes are

required by legislation or have received written approval. Importers often face unnecessary confusion due to outdated information in the VIRM. VIA recommends empowering a dedicated team within NZTA to take ownership of the VIRM, and work with industry within clear processes and timelines for updates.

These issues, if unaddressed, risk impeding the importation of compliant vehicles, reducing consumer access to affordable options, and disadvantaging New Zealand's independent import sector. VIA urges NZTA to collaborate with industry to implement these recommendations efficiently and fairly.

2. Recognition of Japanese Emission Standards and Test Regimes

Bias Toward European Standards

We note with concern that the proposed amendments, particularly in Table 2-2-13 and Table 28-1-2, continue to perpetuate a systemic bias toward European standards, while Japanese standards remain underrepresented and misunderstood. For example, NZTA recognizes every version and transition period of Euro 6 standards, including temporary provisions, without reclassification or reinterpretation. Conversely, Japanese standards, which provide clearly denoted levels of achievement (via emission codes on documentation such as de-registration certificates), are subject to arbitrary reclassification and additional criteria without supporting evidence as to why these limitations or criteria are imposed.

Recommendation:

- NZTA should fully and directly recognize Japanese standards, acknowledging the first letter of emission codes as the primary indicator of achievement within a standard. This approach would ensure equitable treatment comparable to that given to European standards.
- We suggest the reclassification framework for Japanese standards be revisited, eliminating any unnecessary reinterpretation. Japan's standards already provide quantifiable caps and harm prevention metrics, and these should be accepted as-is, without imposing additional hurdles or complexity.
- Continue to prioritise recognition and tracking of 3 digit emission codes where they are available.

Rationale:

- Japan signals emission standards through well-defined documentation (e.g., DBA-ACM21W codes), which can be directly linked to environmental compliance metrics. Any reclassification undermines this clarity and imposes unnecessary compliance burdens on importers.
- Given that New Zealand sources over half of its vehicle imports from Japan, it is imperative that Japanese standards be prioritized and reflected accurately within the VIRM framework.

3. Table 28-1-2 Amendments and Recognition of "Special Vehicles"

We note that Table 28-1-2 continues to exclude several key options for vehicles importable from Japan, particularly those with initial emission codes of J, K, U, W, X, and Y. These categories

represent “special vehicles” that, while limited in volume, are viable for import if they meet all other requirements.

Recommendation:

- All relevant Japanese special vehicle categories (J, K, U, W, X, and Y) should be included in Table 28-1-2 to ensure clarity and to avoid the mistaken assumption that they are prohibited.
- Ensure that categories E, G, H, J, K, U, W, X, and Y are explicitly recognized as valid for disability vehicles, alongside any other necessary options, to avoid misinterpretation and potential import restrictions (we note disability vehicles are not on the excerpt of Table 28-1-2 but assume a desire to correct any errors there too).
- Specific inclusion of these categories will ensure that importers can plan effectively and avoid unnecessary disputes or assumptions of non-compliance.

4. Recognition of Achievement Levels within Standards

The current definition of “better standard” within Technical Bulletin 28 is aligned with EU and ADR-centric views, which assume that progress is only evidenced by the fresh publication of a standard and that this “newer” standard is inherently “better”. This fails to account for Japan’s tiered achievement system, where high achievement under an earlier standard may surpass the environmental and safety outcomes of a low achievement under a newer standard.

Recommendation:

- Revise the definition of “better standard” to account for Japanese tiered achievements. This should involve assessing vehicle harm prevention on the basis of actual emissions rather than the mere adoption of newer standards. We would suggest a definition that equates “better” to improved outcomes.
- Industry collaboration should be sought to develop an equitable assessment framework, ensuring neither EU nor Japanese standards are unfairly disadvantaged nor devalued.

Example:

- The transition between Euro 6 and its subcategories (e.g., 6c, 6d TEMP) illustrates the acceptance of incremental improvements within a single standard. Japan’s achievement-based system works similarly but should not be obfuscated by arbitrary reclassification (e.g., J2005 and J2005 Low Harm).

5. Specific Feedback on Proposed Changes to Key Sections

Table 2-2-13: Test Regime Codes

We note the proposal to split test regimes into frequently used, less frequently used, and generic codes. While this restructuring may enhance usability, it is essential that no Japanese codes be unnecessarily excluded without industry consultation.

Recommendation:

- Engage with independent importers to determine which codes are essential for inclusion and ensure their availability within the VIRM framework.
- Avoid the exclusion of any Japan-specific test codes without a thorough impact assessment.

6. Clarifications on Fuel Consumption Information

The proposed changes under section 27 to accommodate differences between European and NZ definitions for hybrid vehicles are noted. However, Japan’s classification system is already precise, and any misalignment should be addressed through recognition of existing Japanese documentation.

Recommendation:

- Ensure that any discrepancies in hybrid vehicle classifications between jurisdictions are resolved by default acceptance of Japanese MLIT classifications, avoiding certification delays.

7. Ownership and Responsibility for the VIRM

As we understand the situation, the Agency and the Director may provide guidance to vehicle inspectors and inspecting organisations as to how vehicle standards – set out in various rules and regulations – are to be interpreted and applied through inspection and repair processes. This guidance is compiled as the Vehicle Inspection Requirements Manual (the “VIRM”) and there are in fact multiple VIRMs to accommodate various aspects of vehicle inspection (eg entry versus in-service). The Agency must take care that this “guidance” does not become a pathway for imposing standards or conditions regarding vehicle compliance that should only be imposed by rule or regulation.¹

VIA has encountered significant challenges in addressing errors and achieving timely updates to the VIRM. It is difficult to get any individual or team within NZTA to accept responsibility for maintaining and updating the VIRM, leading to significant delays even when changes are required by legislation or have received written approval.

A notable example is VIA’s written approval from NZTA over a year ago confirming that certain Japanese emission codes were viable options for importation. However, due to their absence from the VIRM, importers did not consider these codes as valid, resulting in unnecessary confusion and missed opportunities.

Key Concerns:

- Delays in updating the VIRM, even for issues clearly covered by legislation or formally approved interpretations, create unnecessary burdens for importers.
- Frequent instances of miscommunication within NZTA, with responsibility for the VIRM being passed between groups, exacerbate delays and prevent resolution of errors.

¹ For example, requiring expensive repair certification processes for something that does not meet the definition of a “repair” could risk being considered *ultra vires*.

Recommendation:

- Empower a dedicated individual or team within NZTA to take ownership of the development, maintenance, and interpretation of the VIRM, ensuring accountability and timely updates.
- Establish a clear process for industry stakeholders to report errors, query interpretations, or request updates, with specified timelines for responses and implementation.
- Ensure that once changes are approved by legislation or written confirmation, they are promptly reflected in the VIRM to avoid confusion among importers.

8. Conclusion

The proposed changes to the VIRM offer an opportunity to improve processes, but VIA stresses the need for equitable recognition of Japanese standards, fair treatment of vehicle categories, and streamlined compliance mechanisms. Failure to address these concerns risks undermining the supply of affordable and compliant vehicles to New Zealand consumers. As such, we urge NZTA to:

- Prioritize industry collaboration on the recognition and verification of Japanese standards.
- Adjust definitions and classifications to reflect the nuances of Japan's tiered emissions system.
- Empower a dedicated team or individual to maintain and update the VIRM efficiently and with industry input.