

18 August 2009

Minister of Transport

Confirming proposed amendments to the 2007 Vehicle Exhaust Emissions Rule

Purpose

1. The purpose of the memo is to confirm recent decisions on proposed amendments to the 2007 Vehicle Exhaust Emissions Rule (the Emissions Rule) and to seek your agreement to release information to the media on the changes to the Emissions Rule.

Background/Issues

2. In June 2009 the Ministry provided you with a memo on possible amendments to the Emissions Rule [WGTA11376 refers]. The amendments outlined in that paper were to include the Euro 5 emissions standards for heavy vehicles; to broaden the class of exceptions in the Emissions Rule to allow NA class vehicles (ie light trucks and utes) to be allowed to enter if they would otherwise be considered as "immigrants' vehicles"; and the timing of the introduction of the Japan 05 emissions standards for used diesel vehicles.
3. At the meeting on 12 August 2009 with the Motor Industry Association (MIA), which represents new vehicle importers, and in subsequent discussions with your staff, you indicated that you had made decisions on a number of matters relating to these topics.
4. This memo seeks to confirm your decisions and seeks your agreement to inform the public about them.

Changes to the 2007 Vehicle Exhaust Emissions Rule

Euro 5 for heavy diesel vehicles

5. As you discussed with the MIA on 12 August 2009, importers of new heavy diesel vehicles want the Emissions Rule changed to incorporate the emissions standard known as Euro 5 and the equivalent standard from Australia (ADR80/03). These amendments need to be in place as soon as possible because the Emissions Rule (deliberately) has no minimum standards for new vehicles after 1 January 2011. The absence of any legal standard after January 2011 is causing considerable confusion to the sector.
6. The proposed change to emissions standards relates only to new heavy vehicles (ie larger trucks and buses). The majority of light vehicles entering New Zealand are sourced through Australia and are generally declared to Australian Design Rules (ADR). Because the Australians have not made decisions on the timing of the introduction of Euro 5 for either petrol or light-diesel vehicles. As with the heavy vehicles, minimum standards for light vehicles were not set beyond 2011. We propose to extend the current minimum standards for 2011 until 2013. This will allow the Australian Government to complete its processes to adopt the standards. This also means a further amendment to the Rule will be required in 2011 to incorporate those changes. This is preferable to getting out of sequence with Australia and imposing unintentional costs on the industry. This approach is supported by the MIA.

Light trucks (NA) imported by immigrants

7. Vehicles owned by immigrants and citizens returning to New Zealand do not, under specified circumstances, need to comply with the requirement to be built to minimum emissions standards. However, the Emissions Rule unintentionally omitted NA class vehicles (light trucks and utes) from the exception, even where the vehicles would otherwise be eligible to be considered as “immigrants’ vehicles”. This has led to a number of complaints and it has been necessary to issue specific exemptions to the vehicles affected.
8. We propose to amend the Rule to remove this oversight and to allow any class of vehicle to be eligible to be an “immigrants’ vehicle”, provided that it meets the other relevant requirements. As the situation applies to less than 50 vehicles a year, the proposal to broaden the criteria is likely to be received positively and will not create an unintended loop hole.

Delay the introduction of the Japan 05 standard for used diesel vehicles

9. The existing requirements of the Emissions Rule are that the Japan 05 standard will become the minimum standard for used diesel vehicles from 1 January 2010. You had previously asked for advice on how to amend the Rule to delay this from occurring [WGTA11376 refers]. We now understand that you wish to leave the Rule unchanged and do not wish to alter the date that the standard will enter into force.
10. Because this means that the current Rule will continue to be implemented as planned, no explicit decision is needed from you for this to happen.
11. You have advised a number of correspondents via Ministerials that you were reviewing whether to delay the introduction of the standard. In addition, several motoring interest groups¹ have all also written to you on this topic recently expressing different views. Accordingly it is appropriate to make a public announcement that the Rule will not be amended, to avoid any confusion and potential misunderstandings, especially by importers of used vehicles.

Process to amend the Emissions Rule

12. In order to implement the three decisions there is no requirement for these to be put before Cabinet. The proposed changes to the Emissions Rule to include Euro 5 and ADR 80/03 and to allow the entry of NA class “immigrants’ vehicles” are already included in the Land Transport Omnibus Amendment Rule 2009. Approval for the Omnibus Rule was given in the 08/09 Rules programme [EDC Min (08) 12/3 refers]. Work has already commenced on drafting elements of the Omnibus Rule and it is expected to be released for public comment in the next few months.
13. The outcomes from consultation will be reported back to you in late 2009 or early 2010 with recommendations for signing. It is expected that the amendments would come into effect on 1 April 2010. Because the situation regarding immigrants vehicles is urgent for the small numbers of vehicles affected, if there are opportunities to speed the passage of this part of the omnibus rule they will be taken.

¹ These include the Automobile Association (AA), representing motorists; the Motor Trade Association (MTA), representing franchised motor vehicle dealers and the repair industry; the Independent Motor Vehicle Dealers Association (IMVDA), representing used vehicle importers and the Motor Industry Association (MIA), representing new vehicle importers

Publicity

14. We will work with your office to prepare a draft press release on these matters.

Recommendations

15. The recommendations are that you:

- (a) **agree** that the 2007 Vehicle Exhaust Emissions Rule (the Emissions Rule) be amended to include the standard Euro 5 and equivalent standard from Australia (ADR80/03) for heavy diesel vehicles after 2011, as set out in the current Rule's pre-
amble Yes / No
- (b) **agree** that the Emissions Rule be amended for new light vehicles to continue the current minimum emissions standards from 2011 to 2013 Yes / No
- (c) **note** that these amendments have already been included in the Land Transport Omnibus Rule 2009 that was agreed as part of the 08/09 Rules Programme Yes / No
- (d) **note** that it will be necessary to make a further amendment to the Emissions Rule in 2011 to include Euro 5 for light petrol and light diesel vehicles, following decisions on the timing of these standards by the Australian Government Yes / No
- (e) **agree** that the Emissions Rule be amended to broaden the current exception to allow any type of vehicle that would otherwise meet the requirements of being an "immigrants vehicle" to be allowed to enter the New Zealand fleet without having to meet the minimum emission standards Yes / No
- (f) **agree** that no changes will be made to the current minimum emissions standards for used vehicles. Yes / No

Iain McGlinchy
Principal Adviser, Technology and Fuels

Leo Mortimer
**Acting General Manager,
Land Transport Environment
and Safety**

Noted / agreed

Steven Joyce
Minister of Transport

Dated: ____/____/____