

Chair
Cabinet Business Committee

Report back on vehicle emission standards

Proposal

1. This paper reports back on work undertaken by the Ministry of Transport (MOT) to identify appropriate emissions standards for both new and used vehicles entering the fleet [POL Min (05) 16/20 refers] and on other measures to manage harmful exhaust emissions from motor vehicles.
2. The paper asks, because of its potentially controversial nature, that Cabinet agree MOT carry out investigations on the implications of restricting the initial certification of imported used vehicles. It is intended that all vehicles imported after an agreed date must be built to agreed minimum baseline emission standards, or they would not be accepted for certification and use in New Zealand.
3. The MOT anticipates research, including discussions with stakeholders, looking at the economic, social and environmental impacts of the policies will take four to six months to complete. Engagement with the working groups already established by MOT will continue during the research phase. Once the research is completed, it is expected that a formal discussion document will be released to a wide sector of affected groups.
4. If Cabinet agrees, the MOT will report back on the results of its investigations and with recommendations for possible policy options including, if appropriate, an amendment Rule, by September 2006.
5. The paper asks Cabinet to note that updating existing controls on emission standards for new vehicles will require non-controversial updating to ensure incorporation of recent European and Japanese emission standards. The paper also reports on other emissions related work since the June 2005 Cabinet paper.

Executive summary

6. In June 2005 Cabinet Policy Committee (POL) requested a report back specifically on further work on identifying appropriate emission standards for both new and used vehicles entering the fleet. The current Land Transport Rule: Vehicle Exhaust Emissions 2003 (the 2003 Rule) is the basis for these controls. It requires vehicles being certified for use in New Zealand that are manufactured after 1990 to have been built to an emissions standard that was in force at the time of manufacture. A vehicle built in 1990, for example, is required to have been built to an approved standard applicable at that time. This paper recommends that MOT investigate the implications of a new baseline standard be set for both used petrol and used diesel powered vehicles. For used petrol vehicles, the most appropriate baseline standard to consider would be the Japanese standard introduced between 2000 and 2002 (Japan 00/02). For used diesel vehicles the choice is more complicated and the Japanese standard

introduced between 1997 and 1999 (Japan 97/99), or the more recent standard introduced between 2002 and 2004 (Japan 02/04) may be appropriate to consider.

7. Any proposal that would have the effect of restricting the import of used vehicles is likely to be controversial. Therefore, according to Cabinet Manual procedure, Cabinet is asked to agree that MOT undertake investigations including discussions with stakeholders, on the implications of adopting an appropriate baseline emission standard for used petrol and used diesel vehicles and to consider the environmental, economic and social effects of the introduction of such standards. If Cabinet agrees, the MOT will report back with policy options including, if appropriate, a draft amendment Rule by September 2006.
8. The paper also requests Cabinet agree that the MOT investigate options to test vehicles before first certification in New Zealand to ensure they continue to meet the emission standards they were built to.
9. It is also proposed that MOT investigate (including discussions with stakeholders) the implications of ensuring that emission standards for both new and used vehicles are raised over time. This will be reported back by September 2006.
10. In addition to changes that would affect used vehicles, a number of minor and non-controversial amendments to update the 2003 Rule are required to ensure that recent changes in recognised emission standards from Europe and Japan can be incorporated in the Rule. These changes are largely technical and will ensure that imported new vehicles continue to meet the highest emission standards. The development of these amendments is expected to be routine and will only be reported back to Cabinet separately if there are difficulties.

Background

11. In 2003 Cabinet received advice on a proposed vehicle emissions policy [CAB MIN (03) 32/3C refers]. Cabinet noted that motor vehicles are a significant contributor to air pollution in parts of New Zealand, that there are no safe levels for some vehicle emissions, and that there are significant public health implications from the existing level of emissions from motor vehicles. A study released in September 2005 again confirmed that there are significant health and environmental impacts from vehicle emissions in New Zealand¹.
12. In June 2005 Cabinet Policy Committee (POL) considered a MOT paper on vehicle emission testing in New Zealand. The paper noted that I had already announced that in-service testing of vehicles using the so called "simple tests" would not proceed in 2006.
13. The June 2005 paper put forward several initiatives that could be implemented quickly, including the introduction of a visible smoke check at vehicle inspection and a prohibition on the removal of, or tampering with, emissions control technologies. Work is currently underway at the MOT to implement these decisions and the MOT will report separately on those work programmes as required under the normal Rule making process.
14. New Zealand has no vehicle manufacturing industry, so all vehicles are imported. Therefore, controlling new additions to the fleet will be important in reducing future emissions. This paper responds to POL's request that MOT report back by 31 October 2005 on further work on identifying appropriate emission standards for both new and used vehicles entering the fleet [POL Min (05) 16/20 refers]. In particular, this paper asks Cabinet to agree that MOT

¹ Health and Air Pollution in New Zealand: Christchurch Pilot Study 2005 (HAPiNZ)

investigate several potentially controversial options and to report back on these by September 2006.

Emissions standards – new vehicles

15. The Land Transport Rule: Vehicle Exhaust Emissions 2003 (the 2003 Rule) came into effect progressively from 1 January 2004. The 2003 Rule is the first ever requirement for vehicles entering the New Zealand fleet to have been built to a specified emissions standard. As with other Land Transport Rules, a smorgasbord approach has been adopted to allow acceptance of approved standards from Australia, Japan, Europe and the USA. The Rule requires vehicles arriving in New Zealand to meet one of the listed standards relevant for the vehicle's year and country of manufacture². Typically there is a 12 month delay in adopting the latest standards from other jurisdictions to make allowance for shipping and ordering hold-ups. The 2003 Rule ensures that new vehicles will meet the known international state-of-the-art requirements when the vehicles are first certified for use on New Zealand roads.
16. Some of the future improvements in emission standards for both petrol and diesel vehicles require further reductions in fuel sulphur levels for both petrol and diesel. Future sulphur levels are currently being reviewed by the Ministry of Economic Development in a separate work programme that also involves a range of other agencies. The introduction of "ultra-low sulphur petrol" (petrol with less than 50 parts per million sulphur) is proposed for 2008. This is required for vehicles built to comply with the petrol vehicle component of the existing vehicle emissions standard known as Euro 4. Introduction of "zero sulphur" diesel (diesel with less than 10 parts per million sulphur), which would facilitate the introduction of Euro 5 emissions standards for diesel vehicles, has been proposed for 2009.
17. Once final decisions on the introduction of these lower sulphur levels are made, revision of the 2003 Rule to incorporate known standards that require these fuels, along with those already signalled for introduction will be desirable. This is discussed further below.

Investigations into improved emission standards for imported used vehicles

18. The 2003 Rule, for the first time, required imported vehicles manufactured since 1990 to have been built to an emissions standard that was in force at the time of manufacture. A vehicle built in 1990 is therefore only required to have been built to an approved standard applicable at that time. Older vehicles being imported do not need to and generally cannot, comply with later standards. The negligible number of vehicles currently being imported that were built before 1990³ are not required to have been built to any emissions standard, but must meet any other relevant standards.
19. In order to improve the emission standards of used imports it would be appropriate to set a minimum, or baseline emissions standard at a more recent specific threshold than 1990 and to update this standard over time. Vehicles imported after an agreed date would need to be built to the agreed minimum baseline emission standards, or they would not be accepted for certification and use in New Zealand
20. The overall objective in the vehicle area is to create, in a manner that is practicable and acceptable to industry and the consumer, a vehicle fleet which captures and maintains

² See Appendix 1 for current emissions requirements.

³ Vehicles built before 1990 made up around 0.5% of imports in 2004.

optimum technological construction and material advances for the purposes of achieving environmental, safety, health, waste and energy objectives. Adoption of an emissions standard that ensures importation of more recent vehicles is likely to have a beneficial effect on these objectives including safety and fuel efficiency benefits and enable the more rapid uptake of bio-fuels. It will also have other impacts, including social and economic impacts, that will need to be considered in developing the policies.

21. As between 96 and 98 percent of used vehicle imports are from Japan, the Japanese emission standards are the focus of this paper. The 2003 Rule identifies broadly equivalent emission standards for Japan, USA, Australia and Europe and an appropriate equivalent standard would be used as the baseline if a Japanese standard was not relevant for a specific vehicle. It is also assumed, as is the case at present, exemptions to allow the import of historic vehicles and others that would normally be exempt from the vehicle standards regime would continue to be allowed.

Used vehicles – petrol

22. For light petrol vehicles (i.e. less than 3,500kg⁴), Japanese emission standards remained unchanged between 1978 and 2000⁵ for the pollutants carbon monoxide (CO), hydrocarbons (HC) and oxides of nitrogen (NOx) (which are the key pollutant indicators). The Japan 00/02 standard, introduced for different vehicle types between 2000 and 2002 in Japan is the current emissions requirement for new vehicle imports and the only standard for light petrol vehicles manufactured after 2004 currently recognised under the 2003 Rule. It follows that the Japan 00/02 standard is the first and currently the only valid threshold for used petrol vehicle imports if we are to tighten emission standards.
23. The average age of a used petrol vehicle imported into New Zealand in 2004 was 7.3 years. Preventing the import of used vehicles built before the year 2000 from (for example) 1 January 2008 could be expected to have a significant effect on vehicle importers that import older vehicles⁶. Given experiences with the introduction of the Frontal Impact Rule⁷ in 2002 and the response to media speculation in August 2005 that Government was proposing an import ban⁸, it is likely that importers and possibly buyers of older imported vehicles will be strongly opposed to the introduction of emissions standards that effectively prevented the import of older vehicles.
24. The MOT has not yet begun investigation of the expected improvement in emissions, nor considered any social or economic impacts. Nor has it consulted with the vehicle importers or other stakeholders about the implications of restricting the import of used petrol vehicles not built to a minimum of the Japan 00/02 standard. Given the possibly controversial nature of this proposal, Cabinet, as required under the Cabinet Manual, is being asked to agree that the MOT carry out appropriate investigations of the effects. If Cabinet agrees, the MOT will report back by September 2006 on the results of its investigation and, if appropriate, with

⁴ Only 34 heavy petrol vehicles (> 3.5 tonnes) were registered in New Zealand in 2004. Heavy petrol vehicles are not discussed in this paper, but will be considered in any update to the 2003 Rule.

⁵ See Appendix 2

⁶ In 2004 almost half of all imports were more than seven years old. A ban on imports of petrol vehicles built before 2000 introduced in 2008 would effectively stop around half the imports if they followed the same age distribution as they did in 2004.

⁷ Land Transport Rule: Frontal Impact 2001. Rule 32006/1

⁸ "Older car imports facing ban" 16 August 2005 NZ Herald

policy options including recommendations to amend the 2003 Rule to include baseline emission standards for used petrol vehicles.

25. As well as reducing allowable levels of harmful emissions, the Japan 00/02 standard introduced a requirement for On Board Diagnostic (OBD) technology in Japan. OBD provides the option of using the vehicle's own monitoring systems to test whether a vehicle's emission control technology is operating within its calibrated limits as designed. American and Canadian research⁹ has shown this test to be almost as accurate as a dynamometer test (i.e. test under load) in ensuring that equipment is functioning, yet only takes a few minutes to carry out. OBD is not widely used in Europe as an emissions test and MOT has no information on its use in Japan.
26. OBD technology opens up the potential for relatively low cost in-service testing in New Zealand in future years. However, further research is required into the robustness of this testing option for vehicles built for the Japanese domestic market before any decisions could be taken on its use in New Zealand. The MOT will consider these issues as part of its ongoing work programme as it is logical to consider introduction of in-service testing at the same time as the emission standards are introduced.

Used vehicles – diesel

27. New Zealand health studies¹⁰ consistently show very fine particulate matter (PM₁₀) emitted from diesel vehicle exhausts to be a major source of harmful health effects from vehicle air pollution, although other gases, especially oxides of nitrogen (NO_x) are also significant. Tightening the emission standards for imported used diesel vehicles will be significant in reducing PM₁₀ over the longer term.
28. Japanese regulations for diesel vehicle emissions are more complicated than those for petrol vehicles in that they have been amended more regularly and come into effect for different classes in different years. They also use vehicle classes and weights that do not necessarily correlate well with vehicle classes used in New Zealand. In addition, some Japanese emission controls only apply in specifically designated areas such as Tokyo¹¹, which have significant air pollution problems. In June 2001 a new law required in-use diesel vehicles in Tokyo and the other specified areas to retrospectively meet new emission standards progressively from 2002 onwards. Owners had to either fit their vehicles with approved pollution control devices or sell them outside of the designated region (including export). The tighter emission laws in Tokyo are believed to be part of the reason for the increase in imports in recent years of relatively old, low-cost used diesel vehicles into New Zealand.
29. Given the acknowledged health impacts of diesel emissions it is appropriate to investigate the option of a relatively stringent minimum or baseline standard for used diesel vehicles. There are several possible standards for consideration as a baseline. The Japanese standard introduced in 1997 and phased in between 1997 and 1999 (Japan 97/99) is considered roughly equivalent to the Euro 2 standard. The Japan 97/99 standard requires

⁹ Aircare Program Technical Review Phase 1 (1 Nov 2004) [a review of Vancouver Air Care emissions testing programme]

¹⁰ NIWA Health effects due to motor vehicle air pollution in New Zealand 2002, Health and Air Pollution in New Zealand: Christchurch Pilot Study 2005 (HAPiNZ)

¹¹ The regulation designated a total of 196 communities in the Tokyo, Saitama, Kanagawa, Osaka and Hyogo Prefectures as areas with significant air pollution due to nitrogen oxides emitted from motor vehicles

significantly lower emissions, especially of PM₁₀ than the previous Japan 93/94 standard¹². The bulk of the used diesel vehicles currently being imported into New Zealand were built to the older Japan 93/94 emissions standard. The next standard that could be considered as a base line would be the Japan 02/04 standard; introduced for differing vehicle types between 2002 and 2004. The Japan 02/04 emission standard is currently required in the 2003 Rule for new diesel vehicles imported since 1 January 2005.

30. Used diesel vehicles made up around twenty percent of all used vehicle imports in 2004. The sector has grown from 19,000 used diesel vehicles in 2000 to 33,000 vehicles¹³ in 2004, a sixty percent increase. Between 2000 and 2004 the average age of used light diesel vehicles (i.e. less than 3,500kg in weight) imported into New Zealand increased from 7.2 years to 8.6 years¹⁴.
31. As with the petrol emission standards, the effects of reducing diesel emissions from setting a baseline standard of Japan 97/99 or Japan 02/04 are not yet known, but will be estimated as part of ongoing investigations. The MOT has not investigated the social or economic impact from such a ban, nor consulted with the vehicle importers who, in particular, may also be expected to strongly oppose such a minimum standard.
32. Cabinet is asked to agree that the MOT carry out investigations, including discussions with stakeholders, and to look at the effects, including environmental, social and economic, of the introduction of new baseline emission standards for imported used diesel vehicles. If Cabinet agrees, the MOT will report back by September 2006 on the results its investigation and, if appropriate, with policy options including amending the 2003 Rule to include baseline emission standards for used diesel vehicles.

Increasing emission standards for used vehicles over time

33. As I announced in April 2005, it is intended that emission standards for used imported vehicles should be improved over time. This will ensure that the emission standards of used vehicles continue to improve as international standards are raised for new vehicles. The MOT has not considered any specific options to achieve this. It is proposed that Cabinet agree that MOT carry out investigations to determine an appropriate mechanism to ensure that emissions standards of used vehicle imports continue to improve over time.

Vehicles to meet standard at time of first certification

34. At present, all vehicles built after 1990 must have documentation to show they were originally built to an approved standard before they are first certified for use in New Zealand. However, there is currently no requirement that they continue to meet this standard at the time of entry. This means that vehicles with missing or damaged emission control equipment can still be certified for use in New Zealand.
35. The MOT proposes to address this issue by requiring used vehicles being imported, before they are first certified for use in New Zealand, to undergo testing to confirm they continue to meet their relevant standards at the time of their certification. MOT has little evidence, beyond anecdote, as to the number of vehicles being imported into New Zealand that would

¹² See Appendix 3

¹³ For comparison in 2004 approximately 135,000 used petrol vehicles were imported.

¹⁴ Petrol vehicles average age at import 7.1 years in 2000. 7.4 years in 2004. See Appendix 4

not meet the in-service emission test required to show compliance with the relevant build standard in Japan, or other countries of origin.

36. In 2003 Cabinet agreed to both a mandatory in-service test for New Zealand vehicles and emissions testing at the border. However, in the June 2005 paper it was reported to Cabinet that in-service testing would not proceed due to concerns over the ability of the proposed simple tests to identify high-emitting vehicles, higher than expected test costs and concerns over a lack of trained mechanics to carry out the test and subsequent repairs.
37. If testing of vehicles was to be carried out before first certification and at the same time as other safety related checks, the relatively small number of emission tests (compared to testing the entire fleet) and the relatively large number of other checks that are currently required, suggests that concerns previously expressed over in-service testing will not be as significant for pre-certification testing. These issues will be considered as part of the ongoing investigations.
38. Options for testing, either in Japan or in New Zealand, include using an idle or snap-acceleration test (understood to be performed as part of the Japanese in-service test known as the Shaken test (the rough equivalent to the WoF/CoF in New Zealand)), use of the vehicle's OBD technology where fitted, or a more sophisticated and expensive dynamometer test.
39. Cabinet is asked to note that the MOT is carrying out further investigations on appropriate tests to apply at testing prior to first certification.

Updates to new-vehicle exhaust emissions standards

40. When the 2003 Rule was signed, the petrol vehicle standard known as Japan 05, (for vehicles manufactured from 2005), was not yet gazetted in Japan. This meant it could not be referred to in the New Zealand 2003 Rule. Accordingly, the 2003 Rule only refers to the Japan 00/02 standard and does not require new petrol vehicles to meet the Japan 05 standard. The 2003 Rule needs to be updated to incorporate the Japan 05 standard.
41. As noted above, the 2003 Rule also needs to be amended to include the petrol vehicle component of the existing vehicle emissions standard known as Euro 4. This is dependent on the introduction of ultra-low sulphur petrol in New Zealand.
42. If Cabinet agrees, the MOT will carry out appropriate consultation to amend the 2003 Rule to require new petrol vehicles to comply with the Japan 05 standard and the Euro 4 petrol vehicle standard from a date to be agreed with relevant parties as part of the normal Rule development process. Because these standards are already in use in other jurisdictions the development of these amendments is expected to be routine and will only be reported back to Cabinet separately if there are difficulties. Consultation on the introduction of the standards will take the New Zealand fuel specifications review into consideration when agreeing an introduction date.

New diesel vehicles (Euro 4)

43. Since the 2003 Rule was agreed, there has been a change to the implementation date in Australia from 1 January 2006 to 1 January 2007 for the introduction of the part of the Euro 4 emission standards that addresses heavy diesel-vehicles. In the 2003 Rule, implementation

of Euro 4 for heavy diesel vehicles in New Zealand lagged Australia by 12 months. In light of the changed implementation date in Australia some in the New Zealand transport sector have been asking for the Government to delay the Euro 4 implementation date in New Zealand until 1 January 2008.

44. The MOT will consult with relevant stakeholders as part of its ongoing work programme. If appropriate, the MOT will make an amendment to the 2003 Rule through the normal rule amendment framework.

New diesel vehicles (Japan 05)

45. As with petrol vehicles, in 2005 the Japanese government introduced significantly tighter standards for all types of diesel vehicles, but this is not referred to in the 2003 Rule. The Japan 05 diesel vehicle standard is considered broadly equivalent to Euro 4. If Cabinet agrees, the MOT will carry out appropriate consultation to amend the 2003 Rule to require new diesel vehicles to comply with the Japan 05 diesel standard from a date to be agreed with relevant parties. Consultation on the diesel Japan 05 standard will take the New Zealand fuel specifications review into consideration when agreeing an introduction date. This will only be reported back to Cabinet separately if there are difficulties.

Ongoing consultation

46. The MOT has hosted several meetings with a Chief Executives Air Quality Taskforce with participants from Regional and Central Government. This has been under the auspices of the regular Chief Executives Environment Forum convened by the Ministry for the Environment. The Taskforce includes MOT, Treasury, Department of Prime Minister and Cabinet (DPMC) Energy Efficiency and Conservation Authority (EECA), Land Transport New Zealand, Ministry of Economic Development (MED) and the Ministry for the Environment (MfE) along with representatives from Auckland, Wellington, Canterbury and Otago Regional Councils.
47. The MOT also held a separate series of forums with stakeholders from Government, motor industry and motoring enthusiast groups in August to re-establish dialogue on specific policy measures to reduce vehicle emissions. The forums were well attended and the MOT received positive feedback. The second phase of these, a series of facilitated workshops considering detailed policy issues was held in late October and early November. A third series is planned for early 2006.

Proposed timeline for investigations

48. If Cabinet agrees to this paper, contracts to carry out research will be developed by MOT as soon as practical. It is intended this research will cover:
- the social and economic impacts of implementing baseline emission standards for used vehicles from the framework provided in the 2003 Rule for new vehicles.
 - the impact on emissions from vehicles as a result of the adoption of possible baseline standards.
49. The research phase is expected to take four to six months to complete. Discussions with stakeholders through existing working groups established by MOT, discussed above, will

continue as planned. It is expected that a formal discussion document will be released for discussion with as wide a sector of affected groups as possible, once the results of the investigations into the social and economic impacts and emissions research is available. Any discussion document will be submitted separately to Cabinet for approval, as required, once it is completed.

50. If Cabinet agrees, the MOT will report back to Cabinet by 1 September 2006 with the results of its investigations and, if appropriate, with proposals for amendments to the 2003 Rule.
51. Cabinet is asked to note that following any decision to amend the 2003 Rule, the Rules process requires a separate and legally defined consultation procedure. Based on the current time lines, following completion of policy development, it would take 12 – 18 months to carry out the statutory public consultation under the Rules process and to have a final drafted Rule available for submission to Cabinet.
52. In addition to its recommendations for used vehicles, the paper makes a number of recommendations that relate to new vehicles that are largely technical and non-controversial. The intention to update the existing requirements with higher vehicle emission standards in New Zealand, as they are developed overseas, has already been flagged with industry during development of the 2003 Rule. Consultation with stakeholders on new vehicles will be carried out as part of the normal rule making process and will only be reported back to Cabinet separately if it proves controversial.

Consultation on this paper

53. The following departments and agencies have been consulted and agree with the recommendations: New Zealand Customs Service, Ministry of Economic Development, Energy Efficiency and Conservation Authority, Ministry for the Environment, Ministry of Foreign Affairs and Trade, Ministry of Health, Land Transport New Zealand, NZ Police, Transit New Zealand, Ministry of Social Development and the Treasury. The Department of Prime Minister and Cabinet and Local Government New Zealand have been informed of its contents. Regional councils were also provided opportunity to comment on the draft paper.

Financial and Human rights implications

54. There are no financial or human rights implications for this paper since it is simply a report-back and proposal for further investigations. Cabinet will be advised of financial implications related to subsequent investigations on vehicle emission standards in future reports.

Legislative implications

55. There are no legislative implications from this paper. Amendments to the 2003 Vehicle Exhaust Emissions Rule may be required once appropriate investigations have been carried out. This will be the subject of a separate report back.

Regulatory impact and business compliance cost statement

56. Regulatory Impact and business compliance cost statements are not required. Cabinet will be advised of any necessary regulatory impact or business compliance costs statements related to subsequent investigations on vehicle emission standards in future reports.

Gender and disability implications

57. There are no gender or disability implications from these recommendations.

International Obligations

58. The Ministry of Foreign Affairs and Trade advises that a proposal to restrict the initial certification of used vehicles that do not meet specified emissions standards, while imposing no equivalent requirement on vehicles already present in NZ, may raise issues with respect to New Zealand's international obligations. It is proposed that officials investigate further the implications of the proposal and possible alternative ways of designing it.

Publicity

59. If Cabinet agrees to these proposals, I will make an announcement on the intention to carry out investigations, including discussions with interested parties, on new minimum emission standards for certification of vehicles entering the New Zealand vehicle fleet. As with the announcement in April 2005, it is intended that this announcement be through a speech to key stakeholders, with an accompanying press release. The MOT will also develop a communication strategy and a stakeholder management plan to support its investigations.

Recommendations

60. It is recommended that the Committee:

Investigations into improved emission standards for imported used vehicles

- 1) **note** that proposals that effectively restrict the import of new or used vehicles by preventing their certification are likely to be controversial and therefore, as required by the Cabinet Manual, this paper seeks approval for MOT to investigate a range of issues related to possible introduction of such controls;
- 2) **agree** that the MOT carry out investigations (including discussions with stakeholders) into the environmental, economic and social effects of the introduction of improved emissions standards (including the Japan 00/02 standard, or its equivalent from other recognised jurisdictions), as minimum emissions standards for used imported petrol vehicles;
- 3) **agree** that the MOT carry out investigations (including discussions with stakeholders) into the environmental, economic and social effects of the introduction of improved emissions standards (including Japan 97/99 or more recent standards, and their equivalent from other recognised jurisdictions), as minimum emissions standards for used imported diesel vehicles;

- 4) **agree** that the MOT investigate the implications (including discussions with stakeholders) of raising the minimum emission standards for both used petrol and used diesel vehicles over time;
- 5) **agree** that, subject to discussions with stakeholders, the MOT report back by September 2006 on the results of its investigations providing potential policy options such as a draft amendment Rule;
- 6) **note** that following any decision to amend a Land Transport Rule, based on current timelines, a final drafted Rule would be available for submission to Cabinet within 12-18 months of any decision being taken.

Updates to existing new-vehicle exhaust emissions standards

- 7) **note** the Land Transport Rule: Vehicle Exhaust Emissions 2003 (the 2003 Rule) sets out a table of known emission standards from other jurisdictions, that this table needs to be updated continually to include new emission standards as they are adopted internationally and that this updating process is largely technical and non-controversial;
- 8) **agree** that the MOT consult with interested parties, as part of the Rule making process, to update the 2003 Rule to incorporate the 2005 Japanese emission standard (Japan 05) and the petrol vehicle component of the existing vehicle emissions standard known as Euro 4 for new petrol vehicles from an agreed date;
- 9) **note** that the MOT will consider the need for amendments to the 2003 Rule to incorporate any changes to the implementation date for the Euro 4 vehicle emissions standard for diesel engines in light of recent changes in Australia's introduction date of this standard;
- 10) **agree** that MOT consult with interested parties as part of the Rule making process, on a proposal to update the 2003 Rule to incorporate the 2005 Japanese emission standard (Japan 05) for new diesel vehicles from an agreed date;
- 11) **note** that any decision on the introduction of the Japan 05 or Euro 4 standards for petrol or diesel engine vehicles take into account the review of sulphur levels in fuel once this has been completed by the Ministry of Economic Development;

Testing used vehicles prior to certification for use in New Zealand

- 12) **note** that the MOT is carrying out further investigations to identify appropriate tests to use for testing of emission control equipment before certification for use in New Zealand; and

International Obligations

- 13) **note** that Ministry of Foreign Affairs advises that any proposal to restrict initial certification of used vehicles that do not meet a specified emissions standard may raise issues with respect to New Zealand's international obligations and that officials will investigate further the implications of the proposal and possible alternative ways to avoid conflicts with New Zealand's international obligations.

Communications

- 14) **note** that the MOT will develop a communication strategy and a stakeholder management plan to support its investigations;

Hon Judith Tizard

Associate Minister of Transport

Appendix 1

Land Transport Rule: Vehicle Exhaust Emissions 2003

Current Emission Rules

Table 2.1 Vehicle exhaust emissions requirements for motor vehicles operated on petrol and presented for inspection in New Zealand for the first time

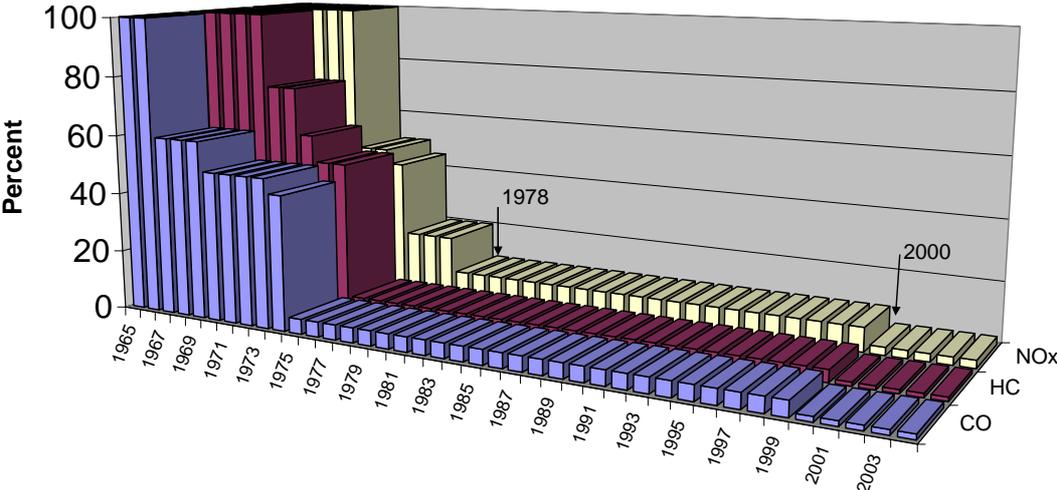
Date of manufacture	Approved vehicle emissions standard			
	Vehicles that operate on petrol			
	Light		Heavy	
	New model	Existing model	New model	Existing model
On or after 1 January 2004 and before 1 January 2005	ADR 79/00; Euro 2; US 2001; or Japan 00/02	No emissions standard requirement	No emissions standard requirement	No emissions standard requirement
On or after 1 January 2005 and before 1 January 2006	ADR 79/00; Euro 2; US 2001; or Japan 00/02	ADR 79/00; Euro 2; US 2001; or Japan 00/02	ADR 80/00; US 96; or Japan 98	No emissions standard requirement
On or after 1 January 2006 and before 1 January 2007	ADR 79/01; Euro 3; US 2001; or Japan 00/02	ADR 79/01; Euro 3; US 2001; or Japan 00/02	ADR 80/01; US 98P; or Japan 00/02	ADR 80/00; US 96; or Japan 98
On or after 1 January 2007	ADR 79/01; Euro 3; US 2001; or Japan 00/02	ADR 79/01; Euro 3; US 2001; or Japan 00/02	ADR 80/01; US 98P; or Japan 00/02	ADR 80/01; US 98P; or Japan 00/02

Table 2.2 Vehicle exhaust emissions requirements for motor vehicles operated on diesel and presented for inspection in New Zealand for the first time

Date of manufacture	Approved vehicle emissions standard			
	Vehicles that operate on diesel			
	Light		Heavy	
	New model	Existing model	New model	Existing model
On or after 1 January 2004 and before 1 January 2005	ADR 79/00 and ADR 30/01; Euro 2; US 2001; or Japan 02/04	No emissions standard requirement	No emissions standard requirement	No emissions standard requirement
On or after 1 January 2005 and before 1 January 2006	ADR 79/00 and ADR 30/01; Euro 2; US 2001; or Japan 02/04	ADR 79/00 and ADR 30/01; Euro 2; US 2001; or Japan 02/04	ADR 80/00 and ADR 30/01; Euro 3; US 98D; or Japan 02/04	No emissions standard requirement
On or after 1 January 2006 and before 1 January 2007	ADR 79/00 and ADR 30/01; Euro 2; US 2001; or Japan 02/04	ADR 79/00 and ADR 30/01; Euro 2; US 2001; or Japan 02/04	ADR 80/00 and ADR 30/01; Euro 3; US 98D; or Japan 02/04	ADR 80/00 and ADR 30/01; Euro 3; US 98D; or Japan 02/04
On or after 1 January 2007 and before 1 January 2008	ADR 79/01 and ADR 30/01; Euro 4; US 2004; or Japan 02/04	ADR 79/01 and ADR 30/01; Euro 4; US 2004; or Japan 02/04	ADR 80/01 and ADR 30/01; Euro 4; US 2004; or Japan 02/04	ADR 80/00 and ADR 30/01; Euro 3; US 98D; or Japan 02/04
On or after 1 January 2008	ADR 79/01 and ADR 30/01; Euro 4; US 2004; or Japan 02/04	ADR 79/01 and ADR 30/01; Euro 4; US 2004; or Japan 02/04	ADR 80/01 and ADR 30/01; Euro 4; US 2004; or Japan 02/04	ADR 80/01 and ADR 30/01; Euro 4; US 2004; or Japan 02/04

Appendix 2

Japanese emission standards for petrol vehicles



Source: Japanese Automobile Manufacturers Association (JAMA) website

Appendix 3

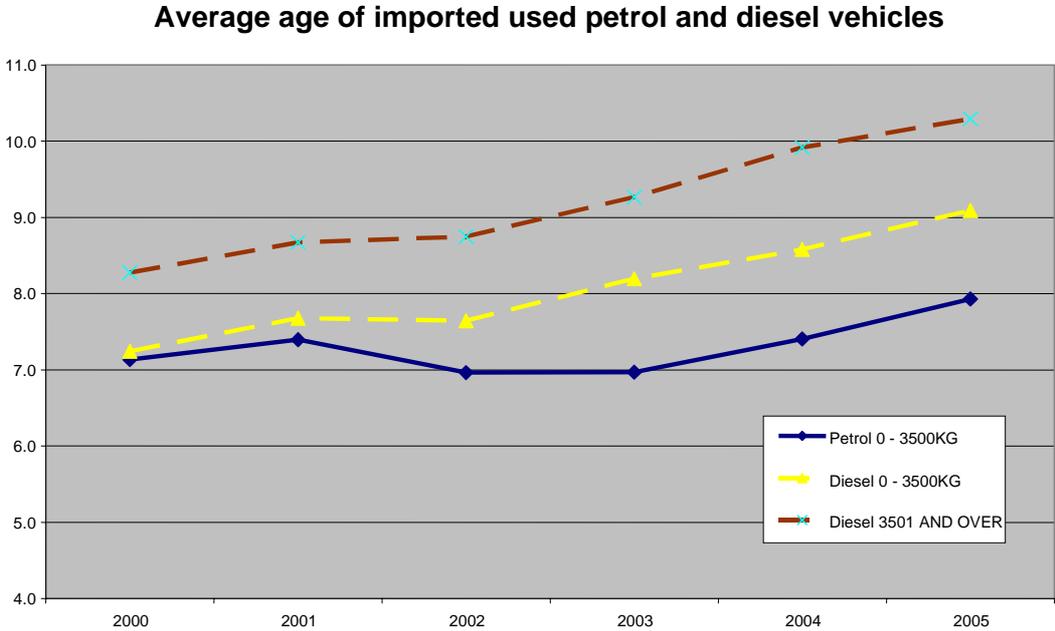
PM₁₀ Emission levels for diesel vehicles under Japanese standards

Vehicle type	Test	Year of standard	Maximum PM ₁₀ (g/km)	Average PM ₁₀ (g/km)	
Light duty vehicles GVW ≤ 1.7t	10-15 mode test	1994	0.34	0.20	
		1997	0.14	0.08	
		2002	0.11	0.052	
		10-15 Mode + 11 Mode	2005	0.017	0.013
Medium duty vehicles (1.7 - 2.5t)	10-15 mode test	1993	0.43	0.25	
		1997	0.18	0.09	
		2003	0.12	0.06	
		10-15 Mode + 11 Mode	2005	0.020	0.015
			Maximum PM₁₀ g/kWh	Average PM₁₀ g/kWh	
Heavy duty vehicles >2.5t (GVW)	D13 mode	1994	0.96	0.70	
		1997	0.49	0.25	
		2003-2004	0.35	0.18	
		JE05M	2005	0.036	0.027

Source:

Dieselnet.com and Japan Automobile Manufacturers Association 2005 Annual Report

Appendix 4



Source: Land Transport NZ

Consultation on Cabinet and Cabinet Committee Submissions

Certification by Department

<p>Departments consulted: The attached submission has implications for the following departments whose views have been sought and are accurately reflected in the submission:</p> <p>Ministry of Economic Development, Energy Efficiency and Conservation Authority, Ministry for the Environment, Ministry of Foreign Affairs and Trade, Ministry of Health, Land Transport New Zealand, NZ Police, Ministry of Social Development and Treasury.</p> <p>Departments informed: In addition, the following departments have an interest in the submission and have been informed:</p> <p>Department of Prime Minister and Cabinet</p> <p>Others consulted: Other interested groups have been consulted as follows:</p> <p>Local Government New Zealand and Auckland Regional Council.</p>		
Signature	Iain McGlinchy, Project Manager- Vehicle Emissions, Ministry of Transport	Date / /

Certification by Minister

<p>Ministers should be prepared to update and amplify the advice below when the submission is discussed at Cabinet/Cabinet committee. The attached submission:</p>		
Consultation at Ministerial level	<input type="checkbox"/> did not need consultation with other Ministers <input type="checkbox"/> has been the subject of consultation with the Minister of Finance <i>[required for all submissions seeking new funding]</i> <input type="checkbox"/> has been the subject of consultation with the following Minister(s)	
Consultation with Government MPs	<input type="checkbox"/> does not need consultation with the government caucuses <input type="checkbox"/> has been or will be <i>[specify which]</i> the subject of consultation with the following government caucuses: <input type="checkbox"/> Labour caucus <input type="checkbox"/> Progressive Coalition caucus	
Consultation at Parliamentary level	<input type="checkbox"/> does not need consultation at parliamentary level <input type="checkbox"/> has been or will be <i>[specify which]</i> the subject of consultation with the following other parties represented in Parliament:	
Signature	Portfolio	Date / /

Most submissions to Cabinet and Cabinet committees are relevant to departments other than the initiating department. It is important for the quality of decision making that all interested departments are involved in developing a submission. Departments should consider the schedule of interests of all departments in chapter 11 of the Cabinet Office *Step by Step Guide* for **every** submission for which they are responsible. Particular attention should be paid to the need to consult the departments listed below, which have a broad “horizontal responsibility”.

The Cabinet Office will **reject submissions** if the necessary consultation does not appear to have taken place.

Department	<i>Issues on which they must be consulted</i>
Crown Law Office	Proposals having legal implications for the Crown
Ministry of Consumer Affairs	All policy proposals likely to affect the economic welfare of consumers
Ministry of Foreign Affairs and Trade	All proposals having implications for New Zealand's external relations, trade policy and international legal obligations
Ministry for the Environment	All proposals having significant environmental implications
Ministry of Maori Development (Te Puni Kokiri)	All proposals with implications for Maori, as individuals, communities or tribal groupings, with particular focus on reducing inequalities, and Treaty of Waitangi issues
Ministry of Pacific Island Affairs	All proposals with implications for Pacific peoples as individuals and communities with particular focus on reducing inequalities
Parliamentary Counsel Office	Proposals for legislation or amendments to legislation
Department of the Prime Minister & Cabinet	All policy proposals which are likely to have implications for the government as a whole, or for the coordination of the activities of two or more departments
Ministry of Research, Science and Technology	All proposals having implications for science policy or funding, or which might be significantly influenced by scientific or technological input
Office for Senior Citizens, Ministry of Social Development	All matters relating to the well-being of older people
State Services Commission	All proposals with an impact on organisational structures, Chief Executive accountability or departmental performance specification and industrial relations in the state services
The Treasury	All proposals having economic, financial or fiscal (expenditure or revenue) implications
Ministry of Women's Affairs	All proposals that relate to the economic and social status of women, especially Maori women
Ministry of Youth Affairs	All proposals dealing with issues of concern to 12-25 year olds