

## **LAND TRANSPORT RULE: TYRES AND WHEELS AMENDMENT (No 2) 2009**

### **REGULATORY IMPACT STATEMENT**

#### **EXECUTIVE SUMMARY**

The attached paper proposes changes to the Land Transport Rule: Tyres and Wheels 2001 (the Rule). The Rule sets out safety requirements and approved vehicle standards for tyres and wheels, and their assembly with hubs and axles, for motor vehicles and pedal cycles operating on New Zealand roads.

The Land Transport Rule: Tyres and Wheels Amendment (No 2) (the Amendment Rule) proposes to make three changes to the Rule:

- Inclusion of winter-tyre requirements
- Inclusion of inspection requirements for visible cords in the tread area of heavy-vehicle tyres
- Removal of the requirement for space-saver tyre labels to be approved.

The Ministry of Transport does not anticipate that the Amendment Rule will have any effect on economic growth.

#### **ADEQUACY STATEMENT**

The Ministry of Transport (the Ministry) has assessed the Regulatory Impact Statement for policy proposals outlined in the attached paper and considers that it is adequate according to the criteria.

#### **STATUS QUO AND PROBLEM**

##### *Winter tyre requirements*

The combination of winter tyres on the rear axle and conventional tyres on the front axle has recently been indentified by a coroner as a contributing factor in at least two fatal crashes in the last two years. Recent testing undertaken in Australia showed that, compared to a vehicle fitted with conventional tyres on the front and winter tyres on the rear, a vehicle fitted with four conventional tyres is not capable of achieving the same level of cornering performance. The Ministry and the NZ Transport Agency (NZTA) support an amendment to the Rule to prohibit the mixing of conventional and winter tyres and the proposed Amendment Rule has been drafted accordingly.

##### *Inspection requirements for heavy-vehicle tyres*

As the Rule currently stands, heavy vehicles are sometimes unnecessarily rejected at Certificate of Fitness (CoF) because of visible cords in the tread area of heavy-vehicle, radial-ply tyres. Some heavy vehicle tyres have a non-structural impact/penetration belt between the tread and the tyre's structural belts to provide puncture protection. An exposed impact/penetration belt is not always an indication that the tyre is unsafe or unserviceable. A tyre deemed unsafe or unserviceable prematurely is an unnecessary cost to truck operators and the environment.

The proposed Amendment Rule will allow a vehicle inspector to pass a heavy-vehicle tyre with exposed non-structural impact/penetration cords in the tread area if the exposed cords are not affecting the integrity of the tyre. This may include taking into account written evidence from the tyre manufacturer, its authorised representative, or a heavy-vehicle tyre expert, such as the tyre manufacturer or its representatives, confirming its safety and serviceability.

#### *Removal of space-saver tyre label approval*

A space-saver tyre is an emergency spare which is narrower than a conventional tyre and of a slightly smaller diameter, to save boot space, weight, cost and fuel usage. The space-saver's smaller dimensions can increase a vehicle's stopping distance and reduce cornering grip, which may adversely affect the handling characteristics of the vehicle to which it is fitted. The Rule currently requires that a space-saver tyre must have an NZTA-approved warning label. This is not essential as long as the space-saver tyre carries a warning label that meets the set requirements.

#### **OBJECTIVES**

The objective of the regulatory amendment in the attached paper is to make changes to the current Rule to provide safety enhancements and avoid unnecessary time and money being spent at Warrant of Fitness (WoF) and CoF inspections.

#### **CONSULTATION**

The public consultation (yellow) draft Rule was released on 27 February 2009. It was advertised in metropolitan daily newspapers on 4 March 2009, and the *New Zealand Gazette* on 5 March 2009. It was published on the NZTA website, and organisations or individuals who had registered their interest in the Rule were advised or sent copies of the yellow draft. The deadline for feedback and submissions was 9 April 2009.

Sixteen submissions were received from tyre specialists, representatives of various automotive industry associations, vehicle inspection agencies, new and used-vehicle importers and dealers, an insurance council and a district council.

There were no submissions against inclusion of winter-tyre requirements. However, some submitters made additional suggestions. These included banning winter tyres on used imported vehicles at the border, a greater minimum tread-depth requirement for winter tyres, and provision in the Rule to allow the vehicle inspector to accept written advice from a tyre specialist for the purpose of identifying a winter tyre.

There were no submissions against the inclusion of inspection requirements for visible cords in the tread area of heavy-vehicle tyres.

There were no submissions against the removal of the requirement for space-saver tyre labels to be approved. In most cases there was support for this proposal.

Another proposal that was considered was the removal of the requirement for the sum of the load ratings of the tyres fitted to an axle of a vehicle, to equal the maximum load specified on the Certificate of Loading (CoL) for the vehicle. There were two submissions against and others with reservations about the removal of this clause from the Rule. This proposal will now not proceed.

### **PREFERRED OPTION – WINTER-TYRE REQUIREMENTS**

The Ministry and the NZTA support an amendment to the Rule to prohibit the mixing of conventional and winter tyres and the proposed Amendment Rule has been drafted accordingly. This amendment would have safety benefits and would reduce the likelihood of any further deaths on New Zealand roads from the mixing of conventional and winter tyres.

### **BENEFITS AND COSTS**

#### *Benefits and costs to consumers and wider society*

A cost benefit analysis has not been undertaken because the number of vehicles fitted with winter tyres cannot be accurately quantified. Used tyres are imported loose in containers and inside imported vehicles. Accessing containers and vehicles to examine loose tyres arriving in New Zealand to determine their type is impracticable. Some of these tyres are likely to be winter tyres that will be sold and fitted to vehicles in the New Zealand fleet.

A recent NZTA survey carried out in April 2008 found that 7.5 percent of used Japanese-exported vehicles bound for New Zealand were fitted with winter tyres. Officials estimate that the average rate is likely to be about 5 percent because April is the end of winter in Japan and there are more vehicles leaving their fleet with winter tyres fitted. In every case the winter tyres were fitted to all four wheels of the vehicle. The survey examined 500 light passenger vehicles manufactured after 2000.

Approximately 84,000 used Japanese passenger vehicles were imported into New Zealand in 2008. At a rate of 5 percent, it can be assumed that about 4,000 of them would be fitted with winter tyres on all wheels.

Following the Motor Trade Association's (MTA) winter-tyre public awareness campaign in 2008, a number of imported vehicles would have had their winter tyres removed before entering service. A number of vehicles already in service would also have had winter tyres removed as a result of the same campaign.

In addition to the MTA winter-tyre campaign, the NZTA plans to produce an information pamphlet for WoF/CoF inspection agencies to distribute to motorists with vehicles fitted with winter tyres, advising them of legal

requirements for winter tyres. This pamphlet will coincide with the introduction of the Amendment Rule.

With the introduction of the new winter-tyre requirements, it is expected that, in time, motorists will be discouraged from purchasing a vehicle with this type of tyre unless it is necessary. This will encourage importers to fit conventional tyres to these vehicles before they enter the fleet (or not to import vehicles fitted with winter tyres).

It is expected that tyre retailers will encourage motorists who do not require winter tyres to replace unserviceable winter tyres with conventional tyres rather than fit replacement new or used winter tyres. There is also an expectation that the new minimum tread requirement for winter tyres will also expedite the replacement of winter tyres.

The cost of a new tyre can be, on average, between \$50 and \$200. A second-hand tyre can be obtained for about \$50.

There is no specific data for snow or winter tyres in the Ministry of Transport Traffic Crash Reports that can be used for statistical purposes.

The current traffic crash-reporting system provides for the clustering of thematic safety issues such as, with tyres: puncture or blow-out, tread wear, incorrect type or mixed treads. Policy development and safety improvements can be further considered from this information.

Determining whether the tyres were a contributing factor to the crash requires the skills of a specialist crash-analysis expert. Tyres are being identified under the current protocol and system; therefore, neither the Ministry nor the NZTA believe that a change to the Traffic Crash Report would add to the current quality of data.

In 2008 there were two fatal and five injury crashes in which “mixed treads or space savers” were cited as a contributing factor. There were two fatal and nine injury crashes in which “incorrect type” of tyre was cited.

Traffic Crash Reports completed by the New Zealand Police show that of the 85 fatal crashes from 2001–2005 in which tyre faults were a contributing factor, two recorded “incorrect type” as a factor. The NZTA advises that the majority of those crashes are likely to have involved improper inflation and/or inadequate tread depth.

If one life per year is saved by introducing the proposed winter-tyre requirements, based on 2008 statistics, \$3.85 million will be saved.

#### *Benefits and costs to business*

Winter-tyre requirements are not expected to have an impact on business in New Zealand.

Importers of used Japanese vehicles may need to consider the implication of purchasing vehicles fitted with winter tyres if the market encourages the removal of winter tyres when a vehicle enters the New Zealand fleet. The NZTA will work with industry associations (such as the Independent Motor Vehicle Dealers Association [IMVDA] and the MTA) to ensure that they are aware of winter-tyre requirements.

#### *Benefits and costs to government*

Specific costs that will be incurred by the government and the NZTA include the implementation and administrative costs associated with updating the Vehicle Inspection Requirements Manual (VIRM) and communicating these changes for pre-entry and in-service vehicle certification to organisations that carry out this work. The NZTA has indicated that it can absorb these costs within baselines.

### **ALTERNATIVE OPTIONS - WINTER TYRE REQUIREMENTS**

#### *A comprehensive ban on used winter tyres*

An additional option to address the safety risks associated with winter tyres is that used vehicles imported into New Zealand should not be permitted to be sold with winter tyres fitted to them. This option was recommended by the MTA and the Coroners Court, Levin District Court in October 2007.

Motorists in parts of New Zealand, especially in the lower South Island, require winter tyres during winter snow conditions and may wish to purchase a used imported vehicle fitted with winter tyres for this reason.

### **PREFERRED OPTION – INSPECTION REQUIREMENTS FOR HEAVY- VEHICLE TYRES**

The Ministry and the NZTA support an amendment to the Rule to permit a vehicle inspector to deem safe a heavy vehicle tyre with an exposed impact/penetration belt. The Amendment Rule will also allow a vehicle inspector to take into account written evidence from the tyre manufacturer, its authorised representative, or a heavy-vehicle tyre specialist confirming its safety and serviceability.

#### *Benefits and costs*

Giving vehicle inspectors discretion to allow such tyres and permitting them to take specialist advice into consideration could avoid the cost of safe tyres being unnecessarily rejected. This is a cost benefit for heavy vehicle operators and is better for the environment because serviceable tyres are not being prematurely discarded.

### **PREFERRED OPTION – REMOVAL OF SPACE-SAVER TYRE LABELS**

The Ministry and the NZTA support an amendment to the Rule to remove the requirement to have an NZTA-approved warning label. This is not essential as long as a space-saver tyre carries a warning label that has safety instructions for the use of the tyre. The Amendment Rule proposes that NZTA

approval should no longer be a requirement, but that space saver tyres still need to be fitted with the appropriate warning labels.

#### *Benefits and costs*

There are currently 13 NZTA-approved space-saver tyre labels. The removal from the Rule of the requirement for space-saver labels to be approved will speed up the inspection process because inspectors will not be required to validate the authenticity of labels.

#### **IMPLEMENTATION AND REVIEW**

It is anticipated that the Amendment Rule outlined in the attached paper will be considered by the Cabinet Economic Growth and Infrastructure Committee (EGI) on 23 September 2009 and by Cabinet on 28 September 2009. It is proposed that the Minister will sign the Rule between 28 September and 9 October 2009 so that it may be published in the *Gazette* on 12 October 2009. The Rule will come into force on 1 April 2010.

Once the Rule has been introduced WoF/CoF inspectors and the Police will enforce all three changes to the Rule.

#### **DEPARTMENT/AGENCY CONSULTATION**

The following agencies have been consulted on this paper: Ministry of Justice, NZ Transport Agency, Department of Internal Affairs, The Treasury, Ministry of Economic Development, Local Government New Zealand, Ministry for the Environment, Ministry of Agriculture and Forestry, NZ Defence Force, Office of Ethnic Affairs, New Zealand Police.

The Department of the Prime Minister and Cabinet were informed of this paper.