

Conflict of interest guidance

for vehicle inspectors, inspecting organisations
and specialist certifiers

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Introduction

The aim of this guide

We've prepared this guide to help inspecting organisations (IOs) and vehicle inspectors (VIs) identify and manage conflicts of interest. It gives definitions, examples and outcomes based on common situations across the inspection industry. It doesn't cover all possible conflicts of interest.

You must read this guide alongside your *Code of conduct* and *Notice of appointment*. If you find a contradiction between them, follow those documents instead of this guide.

For border inspection, used light entry certification and heavy vehicle entry certification, please read this guide alongside the application information in the inspection portal.

[Border and used light entry IOs](#)

[Heavy vehicle entry IOs](#)

Why conflict of interest matters

The inspection and certification system is a key part of New Zealand's vehicle safety framework. It includes the first certification when a vehicle enters the national fleet, and all the regular or specialist inspections that follow (like warrants of fitness and repair certifications).

NZ Transport Agency Waka Kotahi (NZTA) appoints the IOs and VIs authorised to inspect and certify vehicles. Once appointed, you must follow the requirements for inspection and certification set out in law and imposed by the Director of Land Transport.

To achieve safe outcomes, you must avoid actual or perceived conflicts of interest. You're part of the government's regulatory system, so conflict of interest requirements are stricter than for businesses operating purely in the private sector.

In this document, 'conflict of interest' includes being under an inappropriate influence from another person or business. We'll explain this more in the next section.

The safety of all road users, including you and your loved ones, depends on making certification decisions impartially and strictly for the right reasons.

Put simply, you should avoid conflicts of interest (perceived or actual) wherever possible. Where this isn't possible, you must identify, manage and document these situations. NZTA may audit these transactions closely, to protect the integrity of our vehicle safety system.

Put simply, you should avoid conflicts of interest (perceived or actual) wherever possible.

Definitions

Conflict of interest

A conflict of interest is where someone's personal interests or obligations conflict with the responsibilities of their job or position. It means that someone could question their independence, objectivity, or impartiality.

In this context, a conflict of interest is any personal interest or outside influence that could conflict with your obligation to independently inspect and certify a vehicle.

Remember to include perceived conflicts of interest. You should always consider if a person looking at the situation would see an actual conflict or reasonably perceive a conflict.

In other words, a conflict of interest includes anything other than the actual condition of the vehicle that:

- influences an inspection process or certification decision, or
- could appear to influence that process or decision.

Financial interest

You have a financial interest in any situation where you could gain or lose financially from a decision you make. A financial conflict of interest doesn't always involve money changing hands. For example, it could be an effect on the value of the vehicle, or the income of the business you're involved in.

Some common examples would be an IO or VI inspecting a vehicle which is wholly or partly owned by:

- the IO or VI (including other VIs employed by the IO)
- a related company or entity
- a customer who brings a significant amount of business and may expect special treatment.

It may also include situations where an IO's repair or maintenance services aren't properly separated from the inspection part of the business. See [Conflicts of interest you can manage](#) for more about functional separation.

Examples of situations where people are likely to have an interest in a transaction include where they:

- are party to it or may derive a material financial benefit from it
- have a material financial interest in another party to it
- are a director, officer, trustee, parent, child, spouse, or civil union partner or de facto partner of another party to it (or person who may derive a material financial benefit from it), or
- are otherwise directly or indirectly materially interested in the transaction.



When conflicts of interest can happen

Relationship, activities, or strong personal views can cause conflicts of interest.

You could have a conflict of interest if your work duties require you to deal with:

- a relative or close personal friend
- an organisation, club, society or association you're a member of
- a leader in your community or church
- a person or organisation you have a shared interest in a business or property with, or owe money to.

If you receive something from someone who could benefit from your decisions, you could have a conflict of interest. For example, if they give you:

- a gift
- an invitation to lunch, dinner or a sporting event
- free or subsidised travel or accommodation
- any other sort of benefit, including money.

When to avoid or manage a conflict of interest

You can manage some conflicts by:

- identifying them
- putting proper processes in place to manage them
- following these processes, and
- recording the details.

Other conflicts present a risk that NZTA considers you can never appropriately manage - you must avoid these conflicts entirely.

If you receive something from someone who could benefit from your decisions, you could have a conflict of interest.



Conflicts of interest you must avoid

An example of a conflict you must avoid is inspecting any vehicle in which you, or a related entity, have a [financial interest](#) in the **operation** of vehicles.

In this context:

- 'related entity' includes a company or other person that shares any directors or managers with the IO.
See [Situation 2: Sole trader IO/VI also owns a car hire business](#)
- 'financial interest' includes any situation where an IO (or a related entity) could gain or lose financially from a certification decision their employee makes.
See [Situation 10: Transport operator wants to be a CoF IO](#)
- 'operation of vehicles' includes where the IO or a related entity, or anyone they employ or engage, uses the vehicle on a road for any purpose.
See [Situation 1: A transport company wants to certify their own vehicles](#)

Conflicts of interest you can manage

There are conflicts you should avoid, but can manage if you need to. These include:

- conflicts that aren't likely to affect an outcome – like inspecting a vehicle owned by a fellow member of a club, who isn't a close friend or associate.
- inspecting a family member's car at your IO. A VI unrelated to the family should inspect the vehicle.
- inspecting a car that was repaired or serviced at the same IO. After the work is done, a different VI should inspect and certify the vehicle.
- situations where inspection and certification activities are functionally separated from conflicting activities at the same IO (like selling vehicles). This may include having different directors, operational management, or separate mechanical teams who aren't involved in inspection and certification activities.
- inspecting any vehicle the IO/VI, or a related entity, has a financial interest in.

Close relationships can vary. A relationship could be close because the people are related by blood or marriage, or because of the amount of association (for example, friendships).

Use careful judgement when considering the interests of relatives and friends. If they have an interest that overlaps with your responsibilities as an IO or VI, there might be a conflict of interest.

Plan how you'll address conflicts of interest

Your IO *Notice of appointment* says you must do your best to avoid situations that may lead to conflicts of interest.

However, there may be situations you can't avoid. In these cases, you must have a plan to manage the conflict and document it in your quality management system (QMS).

As an IO, you must develop a company policy for managing conflicts of interest as part of your QMS. You must regularly review it to make sure it meets business needs. All staff should have access to the policy to help identify conflicts of interest and learn what they need to do.

The keys to managing conflicts of interest are:

- understanding which situations could call into question whether you've made a fair and impartial decision
- planning for how you'll manage these situations
- identifying what you can do to remove or lower the level of the conflict of interest
- making sure all staff know what they need to do
- being prepared for unexpected situations and having a plan to deal with them
- being as transparent as possible in all situations about the conflict
- recording conflicts of interest in your QMS each time they happen.

Key requirements for VIs and IOs

IO requirements

If you're an IO, your *Notice of appointment* requires that you:

- act with a high degree of honesty and integrity
- actively avoid situations that may lead to a conflict of interest
- not inspect any vehicle you or a VI you employ has a financial interest in
- clearly document how you'll manage any identified conflicts in your QMS
- record perceived/actual instances in your QMS.

[Sample Notice of appointment as an inspecting organisation](#)

VI requirements

If you're a VI, the *NZ Transport Agency Vehicle inspector code of conduct* requires that you:

- will avoid conflicts of interest
- won't engage in behaviour that creates an actual conflict of interest
- won't participate in unfair or illegal trade practices.

[NZ Transport Agency Vehicle inspector code of conduct](#)

IO and VI requirements

Whether you're an IO or VI, you must:

- identify any actual, potential, or perceived conflicts of interest and enter them in your QMS
- handle all manageable conflicts of interest according to your QMS conflict of interest policy
- avoid any cases you can't manage in line with NZTA requirements
- ask for clarification from NZTA where you have any doubts.

If you have questions about a conflict of interest please email info@nzta.govt.nz

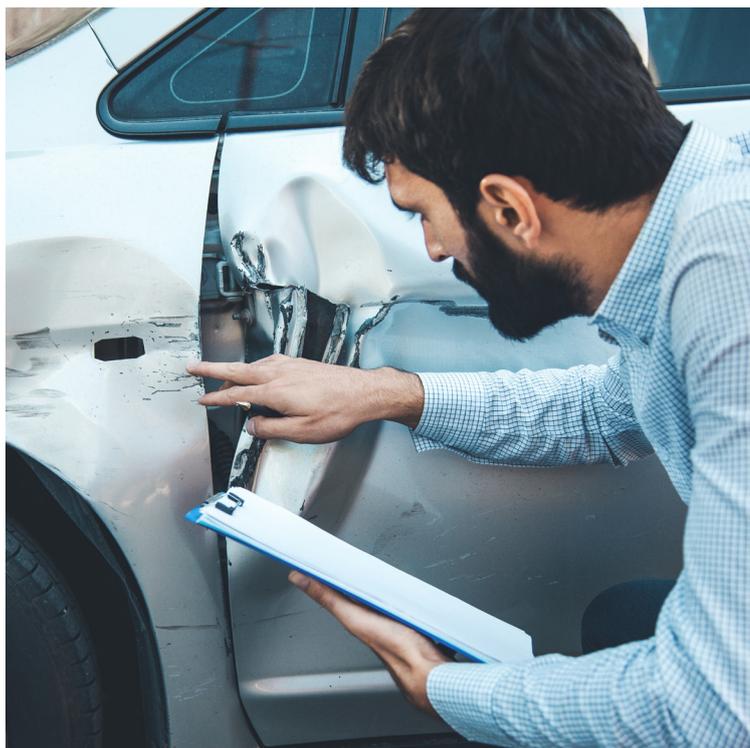
Protect your business

Your reputation and goodwill are valuable business assets. You could irreparably harm your business if you certify a vehicle – despite a conflict of interest – that's later involved in a crash or complaint.

You risk civil or criminal legal action, particularly where a crash causes an injury or death, or damage to property.

It's good business practice to:

- avoid conflicts in the first place
- carefully manage any risks you can't avoid (and that NZTA considers manageable)
- keep all required records.



Examples

Situation 1: A transport company wants to certify their own vehicles

Huge Trucks Transport Limited (HTTL) runs a transport company under a goods service licence. They have their own workshop and employees to build and repair their fleet of heavy vehicles.

HTTL want to become an IO and train one of their engineers as a heavy vehicle specialist certifier – manufacturer (HVSC – manufacturer). This would let them repair, inspect and certify their own vehicles onsite.

Why is this a potential conflict?

Specialist certification of commercial vehicles requires a high degree of independent judgment. HTTL have at least a perceived conflict of interest if they certified their own vehicles, because they:

- have a financial interest in the vehicle itself
- need certified vehicles to earn money
- can exercise control over the engineer as an employer.

What's the correct response?

HTTL must avoid this situation. They need an independent HVSC to inspect and certify the vehicles.

Situation 2: Sole trader IO/VI also owns a car hire business

Steve runs an auto repair shop as a sole trader IO and VI. He's also a director and shareholder in a car hire business. He wants to carry out CoF inspections on the rental vehicles the car hire business owns.

Why is this a potential conflict?

Steve has a financial interest in certifying vehicles which earn his company money. Because these are transport service vehicles operating for hire or reward, it's especially important for an independent IO/VI to check them regularly.

What's the correct response?

Steve must avoid this situation. The business needs an independent CoF provider to inspect and certify the vehicles.

Situation 3: VI wants to inspect vehicles for his other employer

VI Andrew also works as a driver for a local taxi operator. The IO he works for completes CoF inspections for the taxi operator. Andrew wants to do these CoF inspections himself.

Why is this a potential conflict?

There are public safety risks associated with vehicles used in transport services (passenger and goods). There would be a perceived conflict of interest if Andrew completes these inspections himself.

What's the correct response?

The IO should allocate this work to another VI and document the situation in their QMS.

Situation 4: Completing a WoF on a personal vehicle

VI George needs a WoF for his personal vehicle and thinks it would be easiest to do it himself. There is another VI at the same WoF station and there are several other WoF stations in his local area.

Why is this a potential conflict?

VI George needs a WoF for his personal vehicle and thinks it would be easiest to do it himself. There is another VI at the same WoF station and there are several other WoF stations in his local area.

What's the correct response?

George has options, starting with the most preferential:

1. Another local WoF station could complete the inspection.
2. Another VI at the WoF station could complete the inspection and enter the inspection into the conflict of interest section of the QMS. He must ensure he notes the detail in the QMS, including the time and date of the inspection and vehicle registration plate. This information must be available for review by an NZTA representative.
3. George completes the inspection. He must ensure he notes the detail in the QMS, including the time and date of the inspection and vehicle registration plate. This information must be available for review by an NZTA representative.

Situation 5: Owner of a remote WoF station

Paul owns Crest Motors which operates in a remote area. He's the sole VI. The nearest other garage is a 30-minute drive away. Paul would like to complete the WoF inspections on his and his wife's cars.

Why is this a potential conflict?

Paul has a financial interest in both vehicles.

What's the correct response?

Paul must record this conflict in his QMS. Each time he conducts an inspection on a family member's car, he must note the details in his QMS. This includes the time and date of the inspection and the vehicle registration plate.

Situation 6: Repair certifier wants to certify his own panel shop's repairs

Eru is a repair certifier and owns his own panel shop. To save time and money, Eru wants to sign off on repairs completed at his shop.

Why is this a potential conflict?

Eru has a financial interest in all repairs conducted at his panel shop.

What's the correct response?

Eru can't inspect and sign off work completed at his own panel shop. He must get an independent repair certifier to complete this work. The only exception is if the work is:

- of a minor remedial nature
- directly concerned with bringing the vehicle structure within safe tolerances
- is under \$500 in value.

Situation 7: Car dealership employing vehicle inspectors

Fiona owns a car dealership. She also employs a number of vehicle inspectors who complete WoFs on vehicles sold from her yard, before they're handed over to the customer.

Why is this a potential conflict?

Fiona has a financial interest in all cars sold from her yard. It might appear that her employees are motivated to certify vehicles that aren't roadworthy, to avoid sales falling through.

What's the correct response?

Fiona must keep a full auditable trail, including at least the WoF checksheet for each vehicle. She must hold this information for at least 12 months and record it in the dealership QMS.

She should consider separating the inspection and repair service from the sales department, so that VIs report to a separate manager or supervisor. This supports them to inspect all vehicles with the same degree of scrutiny and make independent judgements.

Situation 8: Repair organisation wants to become a ULE inspecting organisation

Smith's Auto Services repair all makes of car. They want to expand and complete used light entry (ULE) work at their site as well, so they're considering applying to become a ULE inspecting organisation.

Why is this a conflict?

Second-hand vehicles entering or re-entering the New Zealand fleet have complex maintenance, usage, accident and component replacement histories. NZTA must be confident that standards and inspection outcomes aren't compromised by organisations with a financial or professional interest in selling, importing, repairing or modifying vehicles.

What's the correct response?

Don't submit a ULE application if you're currently a repair organisation. We'll decline your application on conflict of interest grounds.

Situation 9: LVV Certifier wants to certify his own modifications

John is a low volume vehicle certifier and owns his own mechanical workshop. To save time and money, John wants to sign off on modification work completed at his workshop.

Why is this a potential conflict?

John has a financial interest in all modifications conducted at his workshop.

What's the correct response?

John can't inspect and sign off work completed at his own workshop. He must get an independent low volume vehicle certifier to do it instead. See section 4.4 of the *LVV Operating Requirements Schedule* for the only exception to this rule.

An LVV Certifier may carry out remedial work to rectifications required as a result of a low volume vehicle certification inspection that he has undertaken, provided that:

- (a) the work undertaken by the LVV Certifier is limited to remedial work of existing modifications as distinct from new modifications;*
- (b) all of the remedial work is completed in not more than eight hours; and*
- (c) declaration of the remedial work that specifies the type of work and number of hours spent accompanies the LVV certification form-set, and is in the form of either:*
 - (i) a written report of the rectification work; or*
 - (ii) a copy of the invoice provided to the owner of the vehicle.*

Situation 10: Transport operator wants to be a CoF IO

Huge Trucks Transport Limited (HTTL) runs a transport company under a goods service licence. They have their own workshop and employees to build and repair their fleet of heavy vehicles.

HTTL want to become a CoF IO and train an employee as a CoF VI. This would let them repair, inspect and certify their own vehicles onsite.

Why is this a potential conflict?

HTTL have at least a perceived conflict of interest if they certified their own vehicles, because they:

- have a financial interest in the vehicle itself

- need certified vehicles to earn money
- can exercise control over their employee.

Because these are transport service vehicles operating for hire or reward, it's especially important for an independent IO/VI to check them regularly.

What's the correct response?

HTTL must avoid this situation. They need an independent CoF provider to inspect and certify the vehicles.

Requirements for BIO, ULE and HVSC engineer appointments

NZTA has stricter conflict of interest requirements for anyone appointed as a:

- border inspection organisation (BIO)
- used light entry (ULE) certification inspecting organisation
- heavy vehicle specialist inspection and certification vehicle inspector and inspecting organisation (HVSC engineer).

For more information about BIO and ULE requirements, see the *Vehicle Inspection Portal*:

[Applications: Border inspection and ULE certification inspecting organisations](#)

Read the sample *Notice of appointment* for HVSC engineer requirements:

[Sample Notice of appointment: HVSC engineer](#)



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