

VINZ – the vehicle inspection cooperative

by Ken Worsley

Chairman, Vehicle Inspection NZ Ltd

The motor vehicle industry is a significant part of the New Zealand economy, the number of motor vehicles per capita here being second only to the USA. All vehicles are imported.

During 2006, 99,986 new and 135,615 used vehicles were first registered, with 95% of used vehicles coming



from Japan. The ratio of used to new imports has historically been in favour of used imports, but that gap has narrowed over the last two years.

Vehicle Inspection NZ Ltd (VINZ) was established in 1994 by the Imported Motor Vehicle

Dealers Association, initially as an ordinary company but becoming a cooperative shortly thereafter. The shareholder members of VINZ are in the main registered motor vehicle traders.

One of three organisations appointed by the Land Transport Safety Authority, (now Land Transport New Zealand [LTNZ]), as a Transport Service Delivery Agent, VINZ offers the public a full range of motor vehicle regulatory services, including certification of used imported vehicles, Warrant of Fitness (WoF), Certificate of Fitness (CoF) for trucks, buses, rental vehicles and taxis, as well as motor vehicle registration, driver licensing and road user charges. We access and update Land Transport's central motor registry database.

VINZ is, in essence, an inspection company and hence characterised as a service industry. This means VINZ is selling labour only rather than goods or tangible products, which is rather unusual for a cooperative.

The motor trader members of VINZ are vitally interested in an efficient and smooth supply chain from the used vehicle leaving Japan or elsewhere, and its transition through the NZ regulatory system so that the vehicle can be in a car yard as soon as possible. Hence service throughput and efficiency of the certification process is paramount, particularly when vehicles arrive in bulk lots on car carriers into several NZ ports, often on consecutive days. Our inspectors are highly skilled, approved by practical and theory examination, and subject to regular audit by LTNZ.

The certification of imported used vehicles to comply with NZ standards was the primary business driver in establishing the company, and this remains core business today. We are the market leader in the certification market. The certification function is supported by a network of eleven testing stations with six stations in the North Island and five in the South, providing WoF, CoF and ancillary services.

In addition to the testing stations, we have a New

Zealand wide network of certification service-centre partners that strip vehicles for inspection, attend to any repairs required by our inspectorate, and reassemble the vehicles. VINZ aims to provide safe vehicles for NZ roads in accordance with the safety standards set down by LTNZ. Given the well established "green trend", the co-op is also expected to have a significant role in implementing vehicle emission testing of vehicles when they arrive in New Zealand as part of new environmental regulations due to be announced by the Ministry of Transport.

VINZ has approximately 190 members from the motor industry who are equal shareholders holding 1,000 \$1 nominal value shares, irrespective of operational size or status. Four directors are elected by members and an independent director is appointed by the directors. As well as being Chairman of the cooperative, I am that appointed director.

Providing satisfactory profits are made, rebates are given to members on the volume of the certification transactions, and it is expected that rebates will be paid in the future on other qualifying services. In addition, a base dividend is paid from tax paid profit to all shareholders unrelated to their certification transaction volume to recognise loyal members who transact on non rebate qualifying services, or to reward shareholders who may, from time to time, not transact due to special circumstances.

The challenges of the future are varied. One issue is managing the shortage of skilled inspectorate staff, not an uncommon problem in New Zealand. Another challenge as a cooperative is to attract new motor vehicle trader and other motor industry members in an era of industry deregulation.

The recent Motor Vehicle Sales Act reduced the minimum requirements to register as a trader, resulting in more small-scale traders joining the growing trend of internet and auction selling, not trading from established premises. This has altered the market place in



which VINZ operates and challenges our ability to provide a value proposition to existing and potential members.

Although the cooperative status has served the company well, directors and shareholders keep under review whether this is the appropriate capital structure in a continually evolving market. ●

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