

2008 CITA Conference, 6-8 May, Porto PORTUGAL

PTI – Approach of Latvia, Imants Peaglitis Deputy Director at the Road Traffic Safety Directorate in Latvia.

The View of the Administration (Speakers notes)

Ladies and gentlemen!

We are proud to present you the PTI system of Latvia which has been built keeping an eye on achievements of our colleagues in older democracies, and at the same time taking into consideration certain national specifics stemming from the previous system of the USSR times. Creation, or rather, re-designing of the system inherited from the past took some time and effort. Furthermore, we are aware of the fact that one can just strive for perfection, and so we have a vision for future improvements as well.

Let us start with a bit of the history of our company and PTI system.

Soon after the re-gaining of independence Latvia took on a huge task of restructuring many fields of responsibility and functions of the Government in a way that presented a challenge itself. So, in 1991 it has been decided to transfer the task of vehicle registration, PTI, and drivers' examination from Ministry of Interior to the Ministry of Transport. As a consequence, a new public body has been established, called Road Traffic Safety Department. Then it operated within a structure of the Ministry of Transport, but since 2004 it is a separate institution, still under the supervision of the Ministry, Directorate already (hereafter also – RTSD: Latvian abbreviation CSDD), but not anymore financed from the state budget.

At the very outset Road Traffic Safety Directorate has been charged with establishing of the Register of Vehicles and Drivers as a core element for carrying out the basic functions. At a later stage pleasure watercrafts were added for the Register proved to be very good tool. Likewise, the field of qualification of drivers of road vehicles expanded to cover also that of pleasure watercrafts. It should be noted that our responsibility is final examination and issuing of the driver's licenses. Functions of PTI have been extended, too, and cover road-side checks of the technical condition of vehicles following introduction of Directive 2000/30/EC. RTSD not only carries out PTI, but is responsible for the supervision of the whole PTI system.

Joining EU came with the task of undertaking type approval activities for road vehicles and spare parts. Road supervision unit became a unit of the Road Safety Audit. Given the scope of activities of RTSD we are active in promotion of traffic safety in general through different campaigns aimed at various target groups

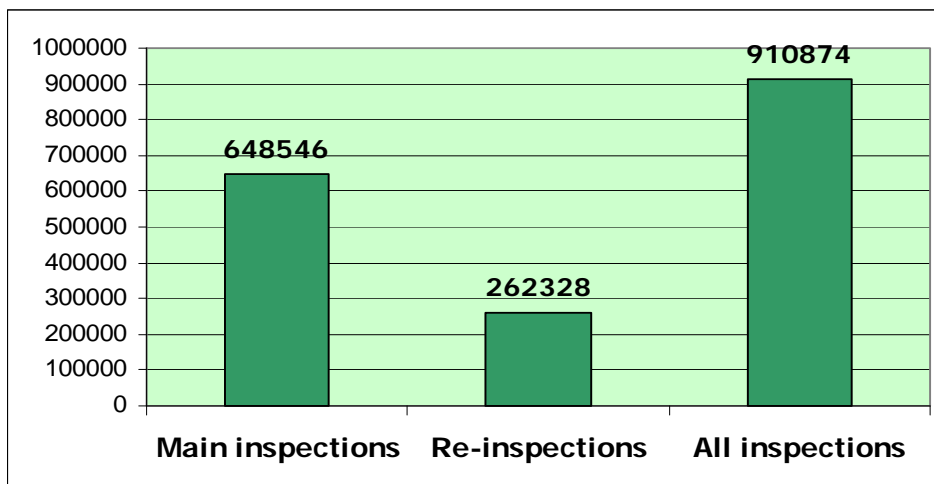
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from general public to school children and bikers. This vast field of responsibilities carries us further to some say in drafting pertinent legal acts.

Total revenue of the company has grown very rapidly over the years and reached more than 28 million Euros in 2007, and instead of a small team we have grown to have more than 650 employees.

Having closer look specifically at PTI system, it all started with ramps or pits in 30 locations in Latvia equipped with CO-analyzers, headlamp aim control devices, hammers and screwdrivers. The first achievement was opening of decently equipped PTI station for cars in Riga, the capital city of Latvia, in 1995. Four years later the Register of Vehicles and Drivers was operating in on-line mode, which allowed for necessary data exchange among 30 PTI stations and central data base in real time. It took eight years to complete the network of fully equipped PTI stations network, and since 2003 all our PTI inspectors can enjoy their working conditions. Those stations are located in all 26 administrative centres of regions. Last year we finished video surveillance network of all PTI stations thus contributing to more transparent processes and higher level of supervision. This also can be seen as a tool to protect inspectors from unjust accusations to a certain extent.

The total number of inspections has increased significantly since 1995 and reached more than 910 thousand inspections in 2007. Annual growth rate varies from 2% in 1998 to 11.2% in 2007.



Since the very beginning Latvia has chosen the A type PTI system where private entities carrying out PTI are not allowed to be engaged in any related activity. There is limited number of PTI operators in Latvia, thus it can be said that this market is strictly regulated. Furthermore, the fees are set by the Government. However, this kind of public-private partnership proved to be sustainable.

We consider PTI process, for which the Governments bear sole responsibility under Article 2 of Directive 96/96/EC, as a sum of different

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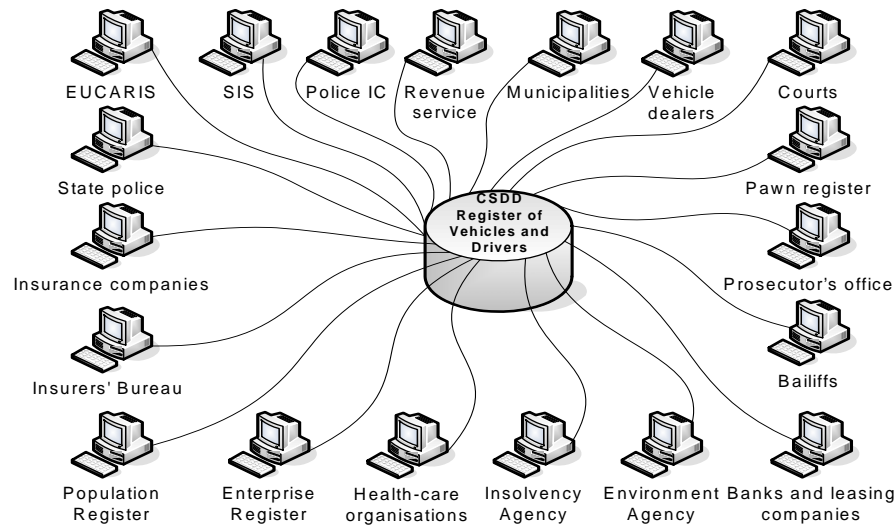
functions. Some of them can be, and are transferred to the private entities involved, and these functions are:

- checking the VIN;
- inspection of the technical condition of vehicles;
- entering inspection data into the Register;
- issuing the proof of passing PTI.

The functions which are not transferred to the private entities are those carried out before the vehicle is allowed to PTI, and afterwards, namely:

- verification of the data in presented documents with those of the Register;
- verification of payment of the annual vehicle duty;
- verification of compulsory insurance;
- look-out for vehicles wanted by the Police;
- verifications of payment of administrative fines;
- other verifications and enforcement of due payments.

In another words, a precondition for admitting a vehicle to PTI is fulfillment of certain obligations by the owner/holder/driver of a vehicle.



This chart shows which are the institutions we closely co-operate with in order to enforce number of legal acts. It should be emphasized that such control mechanism does not necessarily means circulation of various documents in paper form. The essence of the co-operation is the use of the Register as a single electronic tool to reach variety of goals. It may be considered as an attempt to implement “one stop agency” concept.

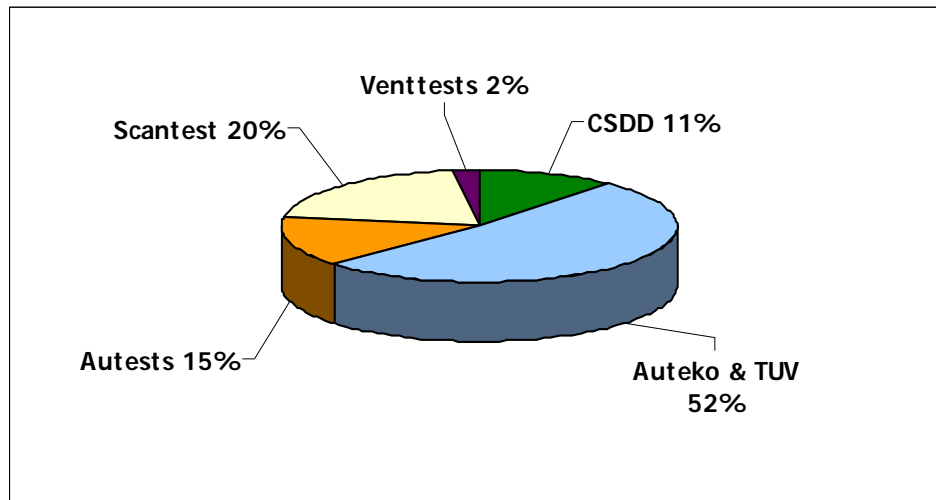
As it already has been mentioned the PTI is being carried out by five entities of which RTSD is the only governmental institution. The rest are joint ventures involving RTSD as a shareholder. They are:

- SIA “Auteko & TUV Latvija” - joint venture company with German TUV Reinland;

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- SIA “Scantest” – joint venture with Finnish “A – Katsastus Oy”;
- SIA “Autests” – joint venture with local private capital;
- SIA “Venttests” – joint venture with a local government.

The entities, depending on their structure, have different market shares of what can be considered as PTI market.



The main idea when private capital has been attracted to this activity was even distribution of regions to be covered by the respective joint venture - profitable came together with those where commercial activities were rather low.

Legal framework for operation of the PTI system is set by Directive 96/96/EC, and like in any EU country national legal acts add substantial portion of requirements to it both in technical and institutional aspects.

Law “On Road Traffic” stipulates the mandatory nature of periodic technical inspections and frequency of it. In Latvia it is 0-1-1-1, except vehicles intended for commercial transport of passengers and training of practical driving. Those have to undergo PTI twice a year. Then national regulations adopted by the Government specify set of requirements concerning periodic technical inspection altogether with test items and failing criteria, as well as requirements concerning technical modifications of vehicles. There are two regulations adopted by the Ministry of Transport related to the design and equipment of PTI stations, requirements for PTI inspectors, as well as procedure and conditions for entities to be involved in carrying out PTI.

As any system has its advantages and disadvantages so does ours. Still we believe that it has more of the first and less of the others. You can decide for yourselves, but in our view the positive side is:

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- possibility to use PTI system not solely for control over technical condition of the vehicles, but also its legal status, and contribute to the interests of other stakeholders involved;
- use of PPP principles;
- ability to attract private capital at the same time retaining good control of PTI system generally;
- uniform procedures, requirements and implementation in all country.

For the sake of balance, there is negative side, too:

- insufficient competition does not encourage development of operators. As stated above, there is only one PTI operator in each of 26 regions of Latvia. However, people are free to choose any of inspection station for PTI. Although it is observed that in most cases vehicle owner goes to the inspection station which is located in the same region.
- as the final document for passing PTI bears logo of RTSD all complaints and disputes are addressed to us to be solved;
- “one stop agency” approach misleads people and make them misunderstand the prices for PTI because other payments are to be made at the same time.