

# 2008 CITA Conference, 6-8 May, Porto PORTUGAL

## 2008 CITA Conference

6 – 8 May, Porto, Portugal

### Periodical Technical Inspections

#### ”Reflections over the result of the deregulation of the Danish P.T.I.-market”

Søren Clausen, Managing Director, A-Inspektion A/S

### Speaker’ notes

#### Slide 1:

Good morning,

My name is Søren Clausen and I’m the Managing Director of A-Inspektion in Denmark

Thank you for letting me share with you our experiences with the de-regulation of the Danish P.T.I.-market.

The theme for this conference is “Win/Win Approaches” covering road safety/environment as well as car owners. But being part of an Inspection Company, I would prefer to look at it as a “Win/Win/Win Approach” as I find that also the operator’s needs must be met.

#### Slide 2:

First let me give you an overview of the Vehicle Inspection market in Denmark.

Overall responsible for the road safety and environment is the Ministry of Transport.

Beneath the Ministry is the Road Safety and Transport Agency, in Danish: “Færdselsstyrelsen” with three main responsibilities:

- Enforcement of Danish legislation regarding commercial transport
- Promotion of environmentally-friendly road transport
- Approval and supervision of Private Vehicle Inspection Companies.

Since the end of 2004 the P.T.I.-market was de-regulated:

- In September 2004 re-inspections was freed
- In January Inspections in general was freed, and
- in January 2007 we got free price settings.

#### Slide 3:

Denmark has 5,4 mio. inhabitants.

We got 2 mio. private cars and the total number of vehicles in the Central Motor Register are 3,7.

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The total number of inspections per year are a little less than 1,5 million.

Beginning of this year, we have 122 listed inspection companies - out of which four are nationwide – with a total of 365 inspection halls.

### **Slide 4:**

As mentioned, I'm coming from A-Inspektion which is the second largest inspection company in Denmark.

We are a member of the Finnish A-Katsastus and were established in Denmark in the late 2004. We opened the first station the 5<sup>th</sup> of January 2005 and throughout that year we opened additional 21 stations.

Right now we have 32 inspection stations spread all over the country, we are approximately 100 employees and have a market share of 18%.

### **Slide 5:**

So, what is the results of the de-regulation of the inspection market ?

First of all, the customer service has gone up and we have seen only moderate price increases.

But now prices are differentiated. Before the de-regulation the price for a first time inspection of a private car was 400 DKK (approx. 54 EUR) – VAT included, and now we see prices from that 400 DKK up till 500 DKK (approx. 67 EUR) - with nationwide companies in the high end and the smaller independent companies in the low end.

Also the accessibility has risen with more than three times as many stations. Furthermore, Drive-In inspections (without prior booking), long daily opening hours and Saturdays open have been introduced.

### **Slide 6:**

We are still in a very immature market, and since the de-regulation the number of inspection stations have gone up from 113 to 365 - and as the total number of inspections per year is almost stable, we are now in a situation of over-capacity.

This leads to a very unhealthy competition. The price of 400 DKK has been unchanged over the last 9 to 10 years, and does not leave room for any profits for most of the companies.

This again leads to slacken off the quality in the inspection work, and one might fear, that road safety will be affected.

### **Slide 7:**

Contemporary with the de-regulation, new standards for education and training of inspectors were introduced.

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It is evident, that high quality car inspections and thereby high road safety calls for highly educated and well trained inspectors.

But what has happened to the qualification requirements:

- the amount of education days is reduced dramatically
- job training along with school is (almost) no longer required
- the education itself is also privatized, with very limited supervision from the authorities.

To put it in another way: Now it is up to the individual inspection company to secure, that their personnel is proper trained. But given the present severe competition in the market, one might question to what extent this is satisfied.

## **Slide 8:**

This slide shows the requirements first time inspections of light vehicles, before and after the de-regulation, and

## **Slide 9:**

This slide shows the requirements first time inspections of heavy vehicles, before and after the de-regulation.

## **Slide 10:**

My conclusion to the educational system is that it has become too easy to be educated as car inspector.

For light vehicle inspectors, education and training is reduced from one year to two months time, and for

heavy vehicle inspectors the education and training is reduced from one-and-a-half year to four months time.

Question is: Is this sufficient to secure sufficient quality ?

## **Slide 11:**

So, what is needed to form an Inspection Company and get approval from the Road Safety and Transport Agency ?

First you need a Technical Responsible Person, who is educated in the respective categories, you want to inspect, who has no debt to public institutions and has no conviction against inspection legislation in Denmark.

If you want to hire inspectors, they are only allowed to conduct inspections to which they are educated.

You need adequate inspection equipment as well as Web Communication to Road Safety and Transport Agency.

A certified TQM system must be implemented and you need to have a Liability Insurance.

Finally, must have no relation to vehicle repair business, whatsoever - and that all !!

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## **Slide 12:**

First a wrap-up of some conclusions !

Inspection Companies are supervised by the Road Safety and Transport Agency on a regular basis.

In 2006 1.656 visits were made and in 2007 this number was 2.317. But compared to the total number of working days, the supervision is less than 1% !!

Then, what sanctions do the Road Safety and Transport Agency have against violations to the given rules and regulations:

- They can tighten the supervision for a period of time
- They can suspend the approval for a period of time
- They can seize the approval
- Or they can quarantine the technical responsible
- But have sanctions against the individual inspector.

## **Slide 13:**

To give a picture of the Road safety in Denmark, one can look into the CITA / Autofore report, where car accidents in 2003 is calculated:

- 25 deadly accidents
- 224 accidents with severe injuries
- 264 accidents with light injuries.

## **Slide 14:**

- From a testing organization point of view, recommendations to increase road safety in Denmark will involve more supervision visits from Road Safety and Transport Agency.
- More restrictive sanctions in order to improve quality
- Improved education and training system with continuing skills upgrading

## **Slide 15:**

Thank you !!