



Extract from the report to the
Public Accounts Committee on
statutory vehicle testing after
the privatization in 2005

April
2009

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I. Introduction and main findings

1. In 2004, the Folketing (parliament) decided to privatize vehicle testing. In Denmark, motorists are under a statutory obligation to submit their vehicles for periodic roadworthiness tests. The purpose of the test is to ensure that vehicles are in a roadworthy condition. Prior to the privatization, Statens Bilinspektion (a government agency) was responsible for vehicle testing in Denmark. The privatization followed a general debate of the fact that vehicle testing generated annual profits of around DKK 130 million in the years leading up to the privatization of the market. The privatization of tests and retests took effect on 1 September 2004 and 1 January 2005, respectively. In March 2005, Statens Bilinspektion was sold for DKK 480 million and private companies were authorised to test and retest vehicles, whereas supervision of the test stations was assigned to the Road Safety and Transport Agency. Vehicle test fees finance the cost of supervision.

2. This report is about vehicle testing after the privatization.

3. It appeared from the comments to the bill, that the privatization was expected to maintain the high quality of vehicle tests in the future, keep the price of vehicle testing at a stable level, and finally increase the flexibility of vehicle testing, including an increase in the number of test stations.

4. The quality of a vehicle test is considered high, if the test station has assessed the condition of the vehicle correctly. It is crucial that the result of a test performed by an authority – be it a public or private authority – is correct for the sake of road safety and public security.

5. The Road Safety and Transport Agency should evaluate whether the assessments made by the test stations are correct and thereby ensure the high quality of the inspections. The agency visits the test stations and checks vehicles that have recently been tested. These checks allow the agency to assess the quality of the individual vehicle test.

6. The European Council directive 96/96/EF of 20 December 1996 relating to road worthiness tests for motor vehicles and their trailers provides the legal basis for regular vehicle tests. The directive requires the Member States to ensure that tests are objective and of high quality. It is the responsibility of the Ministry of Transport to implement EU regulations in Denmark and it is therefore also the ministry's responsibility to organize the vehicle tests.

The EU has no requirements in regard to whether a public institution or a private company should perform the test of vehicles.

7. Late in 2004, Rigsrevisionen informed the Ministry of Transport that the department should consider how the Road Safety and Transport Agency should organise its supervision of vehicle testing in a privatized market.

Vehicle testing includes different types of vehicle inspections (regular inspection, inspection in connection with the registration of new vehicles, etc.)

The inspection discloses whether the vehicle meets various technical requirements.

The test station cannot issue a test certificate if a vehicle fails to meet the requirements of a periodic test. The owner of the vehicle will be instructed to get the vehicle repaired and have the repairs checked at a test station.

Test stations may conduct tests and retests.

Re-test stations may only conduct retests.

8. Rigsrevisionen initiated the examination of periodic tests of cars (light vehicles weighing less than 3,500 kilo) in January 2008. More than 60 per cent of all Danish vehicles are categorized as light vehicles.

9. The objective of the study is to examine vehicle testing after the privatization with special focus on whether the Road Safety and Transport Agency is organising and conducting its supervision in a satisfactory manner and thereby contributing to ensure quality tests.

The report answers the following four questions:

- Have the expectations to the privatized vehicle test market been fulfilled?
- Are vehicles being tested within the stipulated time?
- Has the Road Safety and Transport Agency organised its supervision of vehicle testing in a satisfactory manner?
- Has the Ministry ensured that the agency's supervision of the vehicle testing is effective?

MAIN FINDINGS AND CONCLUSIONS

According to Rigsrevisionen's overall assessment, the expectations to the privatization have only been partially fulfilled, and the supervision conducted by the Road Safety and Transport Agency should be improved. The Ministry of Transport has not actively followed up on the privatization of vehicle testing despite its considerable importance to road safety and public security.

This overall assessment is based on the following:

The expectations to the privatization of vehicle testing were high quality, unchanged or falling prices and increased accessibility. Accessibility has been increased, whereas the expectations with regard to prices have only been partially fulfilled. The Ministry of Transport is unable to document that the expectations to quality have been fulfilled.

Quality

- The results of the Road Safety and Transport Agency's re-inspections of recently tested vehicles have declined from 2007 to 2008. Of all re-inspections carried out in 2008, 47 per cent disclosed inadequate tests against 41 per cent in 2007. One-quarter of all errors detected in 2007, and one-third of all errors detected in 2008 were significant. The Road Safety and Transport Agency did not begin to record inspections of recently tested vehicles till mid 2007, and the data are therefore limited. The ministry is using other parameters, but has not been able to document how these are incorporated in the overall assessment of quality. Rigsrevisionen recommends that the ministry should document the quality of tests systematically and set targets determining the level at which quality should be considered satisfactory.

Price

- The citizens may now have their cars tested at a lower price than before the privatization, but generally more than half of the citizens are charged a higher price than before. However, the price charged for retests has dropped. The cost-conscious citizen does not have access to complete and reliable information on prices charged for tests. The Road Safety and Transport Agency should consider measures which could increase the transparency of prices.

Accessibility

- Accessibility has improved because the test stations have flexible opening hours and the number of test stations has increased significantly.

Comparable data on the extent to which owners of vehicles fail to have their vehicles tested do not exist. The Ministry of Transport should consider whether this is consistent with the objective of vehicle testing, i.e. to increase road safety.

- There are no comparable data on the development in the number of cars which the owners fail to get tested within the stipulated time. It is not possible to determine for how many days the tests are typically overdue.
- Together with the Danish National Police, the Road Safety and Transport Agency is considering a pilot project with a view to generating data on whether recently tested vehicles, which have been involved in major traffic accidents, turn out to have mechanical defects.

The Road Safety and Transport Agency has not organised its supervision of vehicle testing in a satisfactory manner.

- The Road Safety and Transport Agency has increased the number of inspection visits significantly since 2005 and examiners are now on average visiting each test station 4 – 8 times per year. In the first quarter of 2008, targeted inspections of potentially risky test stations accounted for just under 8 per cent of all inspection visits.
- Rigsrevisionen recommends that the Agency should increasingly target its inspections in order to identify the test stations that do not meet the quality requirements set for the tests. Conducting fewer general inspection visits could release resources to increase the number of targeted supervising visits. The Ministry agrees with this recommendation.
- Rigsrevisionen recommends that the Agency should increasingly – when conducting targeted and general inspection visits - check vehicles that have recently been tested. Thereby the Agency will get an opportunity to assess the quality of the testing. The Ministry agrees that re-inspecting recently tested vehicles is the most useful quality measure.
- The Road Safety and Transport Agency has not set adequate criteria to document the Agency's process of authorisation, risk-assessment and supervision of test stations. These processes will now be described in detail, and the processes and methods applied will be exemplified.

- Test stations are not subjected to risk assessments by the Road Safety and Transport Agency in accordance with a fixed standard. Therefore it cannot be determined whether the Agency is subjecting the high-risk test stations to targeted supervision.
- In 2009, the Road Safety and Transport Agency will get electronic access to test reports just like Statens Bilinspektion had. Rigsrevisionen recommends that the Agency should use these data actively in order to improve the risk assessment of test stations significantly.

The Ministry has not ensured that the Road Safety and Transport Agency's supervision of vehicle testing is effective.

- Late in 2004, Rigsrevisionen informed the Ministry of Transport that the department should consider how the Road Safety and Transport Agency should organize its supervision of vehicle testing in a privatized market.
- Subsequently, the Ministry planned to evaluate the Road Safety and Transport Agency's supervision in 2006, after the privatization of the vehicle testing. This evaluation has not been implemented and neither the Ministry nor the Agency has therefore ensured effective organisation of and relation between the Agency's resources, activities and performance.
- The Agency's performance contracts do not fully reflect the Agency's responsibilities regarding the supervision of vehicle testing. The Ministry has not enquired into neither the performance contracts nor the Agency's status reports on its supervision activities with respect to the methodology applied to assess developments in vehicle testing (the so-called re-inspection percentage).