



Commercial Vehicle Roadworthiness reform programme

Presentation to SIMI AGM

November 14th 2011

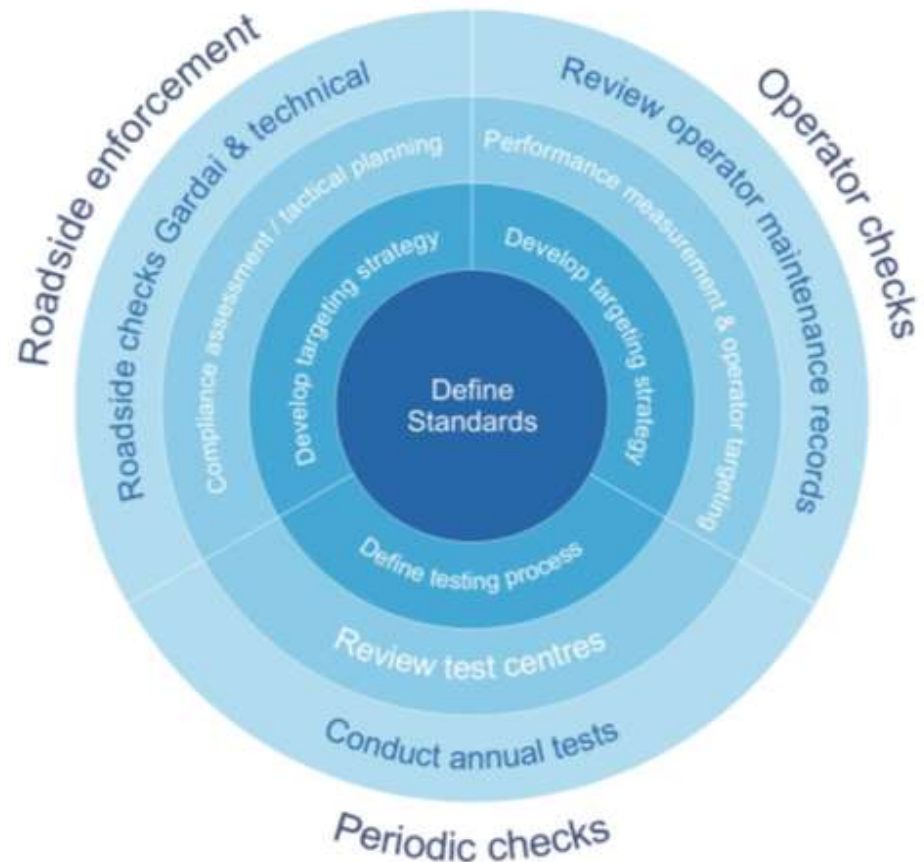
Reminder of the objectives of the Commercial Vehicle Roadworthiness ('CVR') programme



- A review of the policy and operating framework for roadworthiness testing and enforcement.

Aims to:

- develop a leading edge commercial vehicle safety regime;
- build on the experience of others;
- utilise technology to enhance the 'joined up' aspects of government,
- contribute to Ireland's improving road safety record over the next 10 years and beyond.

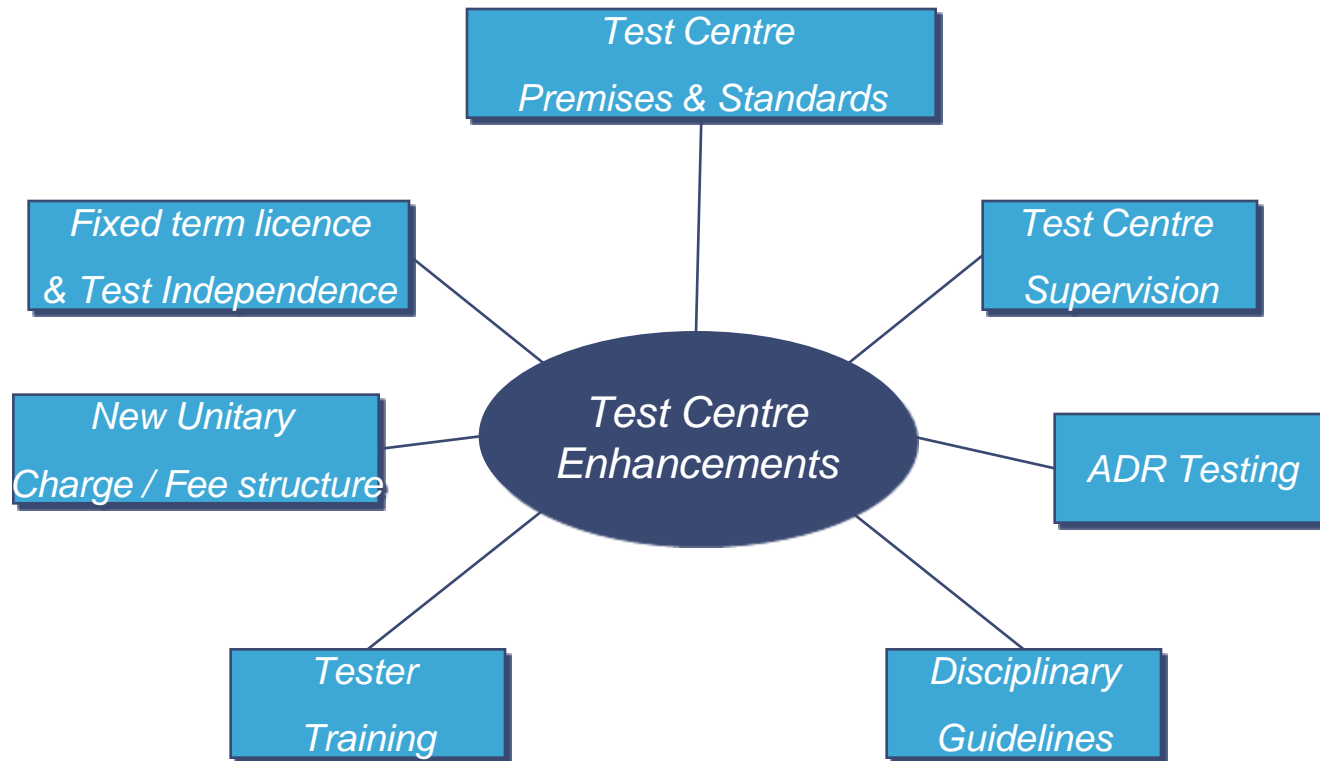


Three key CVR programme strands are being implemented



Strand 1:

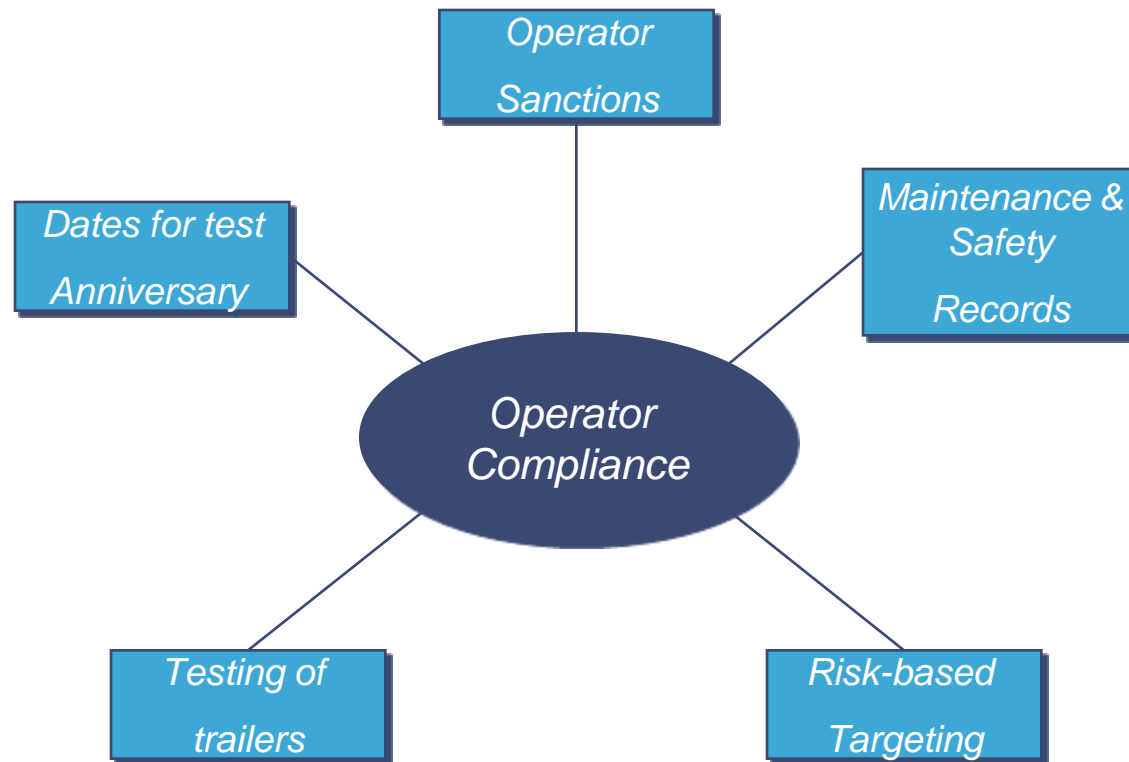
Test Centre Enhancements



Strand 2: Roadside Enforcement



Strand 3: Operator Compliance



Progress to date

- Required legislative changes will be published to the Oireachtas shortly
- Policy and detailed approaches now complete across the three strands
- IT competition will be completed early 2012
- New staff in place in the RSA (including more Vehicle Inspectors)
- Consultations:
 - Test Centre consultation (final responses to be issued this week)
 - Operator consultation (now closed; feedback being analysed)
- Now preparing for Fixed Term Licence application process

Consultation feedback

- Licence application fee €5000 Now €1000 or no fee with first time pass
- Tester training – included in market sounding
- Dealing with dangerous vehicles – signage and automatic notification of watchlist
- Test independence – consider phased introduction or use of independent testers
- Test due dates – avoiding replication of seasonal peak – allowed to bring forward

Expected during 2012

- Fixed term 10 year licences (including ADR)
 - Applications, evaluations & assessments, awards
- New testing supervision arrangements to commence (transition from LAOs to RSA)
- New training concession contract to be awarded (HGV, PSV, LGV and ADR tester training & Competent Persons / Quality Controllers)
- Number of roadside enforcement checks to be increased
- Operator premises visits to commence

Costs and benefits

- Impact on test centres

COSTS AND BENEFITS

Current issues

- Although stable to date, downward trend on test volumes expected
- Credit management issues increasing for test centres
- Overall business environment difficult for garages

COSTS AND BENEFITS

Costs for test centres

- €2 per test
- Updated ASC and Digi system to transmit test data on a daily basis – possible extra fee for transitional period
- Quality management systems
- Financing additional cashflow and customer credit
- Licence fee
- Training costs

COSTS AND BENEFITS

Non-cash costs

- Training in new systems
- Facilitation of equipment change and link-up to test equipment
- Checking of presenter identification and confirmation of vehicle operator name and address details

COSTS AND BENEFITS

Benefits

- Booking system – including online /in-person
- Text or email reminders
- No-shows reduction
- On-line management reporting system
- Reduction in administration related to weekly, monthly and annual reporting to RSA

COSTS AND BENEFITS

Benefits

- On-line verification of vehicle details – test history enquiry etc
- Reduced keying of test results
- Automatic printing of test reports
- Invoicing system
- Significant reduction of paper storage

Estimated saving 10-15 minutes per test

CURRENT TEST COMPLIANCE

Sample size		1067
Frequency		
5	36.60%	1953
4	29.40%	1255
3	15.60%	499
2	9.90%	211
1	8.40%	90
		4008
Required tests		5335
Compliance rate		66.9%

Sample based on vehicles registered in q4 2005

ADDITIONAL REVENUE

					Compliance rate		
		annual volume			80%	90%	95%
LGV		320000		65	2,729,031	4,809,031	5,849,031
HGV		80000		130	1,364,515	2,404,515	2,924,515
TRAILER		19000		106	264,244	465,644	566,344
					€ 4,357,790	€ 7,679,190	€ 9,339,890
		Contribution to overheads					
		60%			2,615,000	4,608,000	5,604,000
		70%			3,050,000	5,375,000	6,538,000
		75%			3,268,000	5,759,000	7,005,000

At 90% compliance, overall testing volumes should increase by approximately 1/3 yielding additional €5-6m contribution

Note: NCT compliance rate is around 92%

EFFICIENCY GAIN

		Excess			Hourly rate
	Test time	admin time	o/h	hours	€ 65.00
LGV	30	10	33%	53333	3,466,667
HGV	45	10	22%	13333	866,667
Trailer	45	10	22%	3167	205,833
					€ 4,539,167

Contribution to overheads (80% utilisation)

	60%	€	2,178,800	
	70%	€	2,541,933	
	75%	€	2,723,500	

*** Based on current testing volumes and time savings of 10 minutes admin per test**

SUMMARY

	One-off costs	Annual costs	Annual benefits
Year 1	€1.6-2m	€1.0m	
Year 2		€1.1m	€3.0m
Year 3		€1.2m	€5.0m
Year 4		€1.3m	€7.8m
Year 5		€1.3m	€7.8m
Year 6		€1.3m	€7.8m
	Total benefit (6 years)		€22.6m

Next steps

- In the coming months we would like to work with you relating to:
 - arrangements for the new licensing process
 - inputs to the new IT solution for test centres
 - introduction of the new training arrangements