

# **Alberta Motor Vehicle Industry Council**

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## **Strategic and Business Plan 2004-2007**

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# Table of Contents

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	<u>Page</u>
Executive Summary	3
Guiding Statements	5
Mission	
Mandate	
Principles	
Key Strategies--Status and Future Directions	
Organization	6
Licensing	7
Investigation	9
Education	10
Communications	11
Government	12
Financial	13
Appendix One – 5 year budgets	14
Board of Directors and Staff	15
Offices	15

# Executive Summary

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The Alberta Motor Vehicle Industry Council (AMVIC) is moving into its sixth year of operation. AMVIC's preferred future includes:

- Investigation staff of thirteen located in Edmonton, Calgary, Lethbridge, Red Deer and Grande Prairie, in order to handle complaints and investigations, as well as checking businesses for licensing.
- The processes of handling complaints are continually refined and improved.
- Board is perceived by all stakeholders as being representative of the Motor Vehicle Industry and of consumers.
- All businesses and salespersons operating in the Alberta motor vehicle marketplace are licensed.
- Businesses and salespersons are provided with prompt, courteous and efficient service 100% of the time.
- Businesses that sell towable recreational vehicles are included in licensing regulations.
- All automotive businesses are visited at least once per year to ensure licensing is in order.
- Service Writers at automotive repair businesses are licensed as salespersons and have completed an appropriate AMVIC Salesperson Course.
- A vehicle history system that serves as a deterrent to fraud in the buying and selling of vehicles is available.
- Mandatory odometer reading recorded at each registration event.
- No less than 75% of complaints are acknowledged and reviewed within 48 hours of receipt.
- Investigators have the authority to issue a ticket for licensing infractions, with the corresponding revenue being earned by AMVIC.
- Motor vehicle dealers will only deal with other dealers who are licensed by AMVIC.
- All salespersons will have taken an appropriate AMVIC Salesperson Course within 90 days of entering the industry.
- Profits from Salesperson Courses will continue to assist in funding all AMVIC activities.
- AMVIC will provide ongoing and consistent communication with all stakeholders, including consumers and MLA's.

## Executive Summary (continued)

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- Increased consumer awareness that all business and salespersons are required to be licensed.
- Activities and results of the investigative team are captured and communicated by newsletter, by the website and by presentations at stakeholders meetings.
- Automotive businesses, salespersons and consumers look to AMVIC to resolve complaints and to investigate unfair practices and illegal activities.
- Provincial government seeks AMVIC input for any government initiatives that impact the motor vehicle marketplace.
- Government interaction with motor vehicle businesses will be highly coordinated or centralized.
- Government vehicle registration system that identifies unlicensed salespeople and vendors.
- In 2004, licence fees increase by \$25 for single business, \$50 for multiple business and \$25 for salespersons. Subsequent annual increases would reflect inflation.
- In 2004, a penalty schedule ranging from \$25 to \$300 be implemented for late renewals and for new businesses operating without a licence for 3 or more months.
- Increased revenues are used to hire additional investigative staff, enhance consumer education, improve complaint handling, fund capital expenditures and contribute to both the Compensation Fund and the Reserve Fund.
- Minimum Compensation Fund of \$1.5 million.
- Reserve fund equal to approximately six months of operating expenses.
- No operating losses.
- Deferred Revenue policy is revoked.

At the time of preparing this Strategic Plan, discussions are ongoing with the Tire Recycling Management Association (TRMA), to explore the feasibility of AMVIC performing an audit/inspection service for the TRMA. The impact of such an arrangement on AMVIC operations has not been reflected in this Strategic Plan.

# AMVIC—Guiding Statements

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## Mission

Build and promote trust in the Motor Vehicle Industry through heightened awareness and foster a positive exchange of information among industry stakeholders.

## Mandate

Provide consumer protection in Alberta's Motor Vehicle Industry through mandatory industry licensing for motor vehicle businesses and salespeople as required by the Fair Trading Act of Alberta.

## Principles

These principles will provide the framework for all policies and procedures developed at AMVIC to ensure that the mission and mandate will be achieved:

- ✓ Protect Alberta consumers from unfair business practices and work towards building trust and confidence in the motor vehicle industry.
- ✓ Self manage an effective mandatory motor vehicle industry-licensing program.
- ✓ Foster open and clear communication in the motor vehicle industry and support an honest exchange of information between industry, government and consumers.
- ✓ Assist the motor vehicle industry to build best business practices upon the framework of the Fair Trading Act through education and enforcement of legislation.
- ✓ Provide an alternative to litigation by mediating and helping resolve complaints within the motor vehicle industry

# **Key Strategies- Status and Future Directions**

## **Organization**

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### **Current Situation**

- AMVIC has two offices, with the Head Office being located in Edmonton and a smaller office serving investigators in Calgary.
- A nine member Board of Directors directs the organization and is comprised of four persons representing the founding organizations, two government appointees representing the public-at-large and three members-at-large from the industry.
- Current staff compliment is sixteen full time employees under the direction of the Executive Director.
- The Manager of Licensing and Finance coordinates all licensing and financial activities.
- Six full time and two seasonal employees carry out the licensing functions and one individual is dedicated to administrating the Salesperson education program.
- The Manager of Investigation coordinates the activities of 7 people – three investigators in both Edmonton and Calgary and an individual who is dedicated to handling inbound complaint calls and inquiries.

### **Preferred Future**

- Investigation staff of thirteen is located in Edmonton, Calgary, Lethbridge, Red Deer and Grande Prairie in order to handle complaints, investigations, public relations as well as checking businesses for licensing.
- The processes of handling licensing, investigation and complaints are continually refined.
- The Board is perceived by all stakeholders as being representative of the Motor Vehicle Industry and of consumers.

### **Actions**

- Subject to increase revenue from revised fees, hire three investigators for deployment in Lethbridge, Red Deer and Grande Prairie and two additional support staff.  
(Complete by June 30, 2004)
- Assist the “members” with the selection process of “industry at large” Directors.  
(Complete by April 30, 2004)

# Licensing

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## Current Situation

- Motor vehicle businesses are licensed under four categories, being Automotive Sales, Automobile Leasing, Automotive Consignment and Automotive Repair.
- Businesses pay an annual licensing fee of \$150 per category to a maximum of \$300. Automotive Salespersons are required to be licensed and the annual fee is \$75.
- During the 2003 calendar year, 4,505 businesses were licensed and 6,645 salespersons were registered. It is estimated that 10 – 15% of motor vehicle businesses are operating without a valid licence – this includes those that are “curbing” cars, “back alley” mechanics and salespersons that are working without a licence. AMVIC assigned resources in late 2003 to target unlicensed businesses and salespersons.
- Policies and procedures are in place for individuals and businesses to complete application for licensing. All forms are available on the AMVIC web site. All applications are screened and a checklist of requirements is reviewed prior to a licence being granted. The volume of late renewals is trending upwards.

Where there is a concern about an application, a process is in place to conduct an administrative hearing to determine the suitability of the applicant. Applicants deemed

- not suitable for licensing are given an opportunity to appeal the decision.

## Preferred Future

- All businesses and salespersons operating in the Alberta motor vehicle marketplace are licensed by AMVIC.
- Businesses and sales people are provided with prompt, courteous and efficient service 100% of the time.
- All businesses are visited at least once a year to ensure licensing is in order.
- Businesses that sell towable recreational vehicles are included in licensing regulations.
- Service Writers at automotive repair businesses are licensed as salespersons and have completed an appropriate AMVIC Salesperson Course.

## Licensing (continued)

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### Actions

- Process licence renewals and applications within 2 weeks of receipt. (Ongoing)
- Include listing of Licensed Salespersons with each Business Licence renewal. (Ongoing)
- Report number of licences issued each month to Board of Directors. (start January 2004)
- Impose penalties for late renewal – awaiting Ministerial approval. (commence April 2004)
- Issue renewal licence for a year based on anniversary date, not when the requirements were met. (Start January 2004)
- Investigative team will devote increased resources and priority in targeting businesses operating without a licence. (Ongoing)
- Follow up with the Minister with regard to towable recreational vehicles being included in AMVIC's mandate. (February 2004)

Explore the Licensing of Service Writers. (Start 2004)



# Investigation

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## Current Situation

- The investigative side of AMVIC is broadly grouped into two categories: complaint handling and reactive investigation.
- Most consumer complaints come via the toll free telephone number or email.
- Mediation on behalf of consumers and businesses is primarily done by phone.
- Investigations are focused on unfair practices pursuant to the Fair Trading Act as well as unlicensed businesses and salespeople.
- On occasion, investigators lay fraud charges under the Criminal Code.
- The vast majority of Investigations occur as the result of a complaint. Proactive investigation work is very limited due to the volume of complaints and the limited number of investigators.
- Vehicle history is not easily attainable which results in an increasing number of instances where individuals are altering or hiding history.
- Training of Investigators is on an ad hoc basis.
- For 2003, approximately \$2,000,000 was obtained in restitution for victims of unfair trade practices.

## Preferred Future

- A vehicle history system in Alberta that serves as a deterrent to fraud in the buying and selling of vehicles.
- Mandatory odometer reading recorded at each registration event.
- No less than 75% of complaints are acknowledged and reviewed within 48 hours of receipt.
- Investigators have the authority to issue a ticket for licensing infractions, with the corresponding revenue being earned by AMVIC.
- Motor Vehicle dealers will only deal with motor vehicle dealers who are licensed by AMVIC.

## Actions

- Where appropriate, investigators will attend training at RCMP depot in Regina. (Jan 2004)
- Continue to participate in a government sponsored project to have vehicle history available to consumers. (Ongoing)
- With odometer readings now being recorded on a voluntary basis in the Government MOVES computer system, AMVIC will field any consumer inquiries in regard to odometer readings. (Ongoing)
- Lobby provincial government to have the recording of odometer readings mandatory in 2004. (Ongoing)
- Investigators will continue to allocate resources to ensure the identification of businesses and salespeople operating without a licence remains a top priority. (Ongoing)
- Explore with the Provincial Government, the ability to write tickets and collect fines from offending businesses and salespeople. (May 2004)

# Education

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## Current Situation

- In 2002, AMVIC took over responsibility for administration of the one-day Salesperson course that had been previously contracted to SAIT. One full time person is assigned to handle the program together with a contract with Foundations and Methods Group.
- In 2003, approximately 1,220 individuals took the \$160 one-day Salesperson Course, which contributed \$195,000 to annual revenue.
- A correspondence course is offered to those unable to attend classroom sessions.
- Due to the very high turnover in motor vehicle Salespersons, it is anticipated there will be an ongoing requirement for training approximately 1,200 persons each year.
- The training manual used for the Salesperson Course was rewritten in 2003 to reflect new legislation – specifically the new Traffic Safety Act effective May 2003.

## Preferred Future

- All salespersons will have taken an appropriate AMVIC Salesperson Course within 90 days of entering the industry.
- Profits from the Salesperson Courses will continue to assist in funding all AMVIC activities.

## Actions

- Ensure that all registered sales people have taken the course. (April 2004.)

# Communication

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## Current Situation

- AMVIC's web site includes press releases, newsletters, various reports and statistical measures.
- Two newsletters were sent out in 2003 – the third was delayed due to budget considerations.
- The general public, and many in the motor vehicle industry, have a very low awareness of AMVIC as an organization and of its mandate.

## Preferred Future

- AMVIC will provide ongoing and consistent communication with all stakeholders, including consumers and MLA's.
- Increased consumer awareness that all businesses and salespersons are required to be licensed.
- Activities and results of the investigative team are captured and communicated by newsletter, website and presentations at stakeholder meetings.
- Automotive businesses, salespersons, and consumers look to AMVIC to resolve complaints and to investigate unfair practices and illegal activities.

## Actions

- Publish and mail a newsletter to all licensed businesses, registered sales people and Members of the Legislative Assembly six times a year. (April, June, August, October and December 2004, February, 2005)
- AMVIC brochures available at all Registry Agents in the province. (Ongoing)
- Refresh the web site on a regular basis to ensure it is a useful tool. (Ongoing)
- Arrange for an AMVIC insert in licence plate renewal notices that are sent out by Alberta Registries. (Timing will coincide with a Registries communication about voluntary odometer recording.)
- Capture performance statistics and communicate them via the website and the newsletter. (Ongoing)
- Promote consumer education through media articles. (Submit 3 articles to each newspaper in the province in 2004)
- Executive Director continues to be active in attending industry functions and meetings. (Ongoing)
- Provide AMVIC Brochure and Tip sheets to "Reality Choice" which is a course given to High School students regarding vehicle purchasing. (Ongoing)
- Meet annually with the Standing Policy Committees for Government Services and Transportation. (June or September)
- Pursue communication with industry using broadcast email and Facsimile. (April 2004)

## **Government**

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### Current Situation

- Many of the initiatives, that AMVIC would like implemented, require government assistance and/or legislative change.
- Provincial Government involvement in the Motor Vehicle sector is fragmented. AMVIC issues a business licence, Alberta Learning checks the business for qualified technicians, Alberta Environment checks the business (via TRMA) for tire recycling, Alberta Environment (via Oil Recycling Association) checks the business for used oil disposal, Alberta Transportation (via Permit Pro) issues an Out of Province Inspection station licence.

### Preferred Future

- Provincial government seeks AMVIC input for any government initiatives that impact the motor vehicle marketplace.
- Government interaction with motor vehicle businesses will be highly coordinated or centralized.
- Government vehicle registration system that identifies unlicensed salespeople and vendors.

### Actions

- Input to the “Dealer Plates” program by verifying that only those with a current AMVIC licence be issued a dealer plate. (Ongoing)
- Work with the Solicitor General to ensure that prosecution and investigation is being carried out by the appropriate law enforcement agency. (Ongoing)
- Continue participation in the MOVES renewal project. (Ongoing)

## Financial

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### Current Situation (see Appendix 1 for Financial Projections)

- Licensing fees have been constant since operations began on September 1, 1999.
- Alberta Government bridge financing ends with the 2003/2004 fiscal year.
- Net income for the current year 2003/2004 is projected to be \$18,000, which is essentially a break-even point in an operation of \$1.5 million per year.
- For the current year, cash gain from operations is projected to be \$46,000 vs. capital expenditures of \$35,000.
- The Compensation Fund, as defined by the Fair Trading Act and Regulations, has not been established.
- The accounting policy for recording licensing fees is known as the Deferred Revenue policy. The fees are recorded as income over the 12-month period for which the licence has been issued.

### Preferred Future

- In 2004, licence fees increase by \$25 for single business, \$50 for multiple business and \$25 for salespersons. Subsequent annual fee increases would reflect inflation.
- In 2004, a penalty schedule ranging from \$25 to \$300 is implemented for late renewals and for new businesses operating without a licence for 3 or more months.
- Increased revenues are used to hire additional investigative staff, enhance consumer education, improve complaint handling, fund capital expenditures and contribute to both the Compensation Fund and the Reserve Fund.
- Minimum Compensation Fund of \$1.5 million.
- Reserve Fund equal to approximately six months of operating expenses.
- No operating losses.
- Deferred Revenue policy is revoked.

### Actions

- Follow-up the correspondence with the Minister, that requested approval to implement fee increases and penalty schedule on April 1, 2004. (February 2004)
- Develop a plan to target the Compensation Fund totalling a minimum of \$1.5 million by March 31, 2010. (By December 1, 2004)
- The Board develop policy criteria for use in the preparation of annual budgets. (By October 1, 2004)
- Discontinue the Deferred Revenue accounting policy. (Effective April 1, 2004)
- Develop plan for establishing Reserve Fund equal to approximately six months of operating expenses, i.e., \$ 740,000. (Complete by June 1, 2004)

## Appendix One

<b>ALBERTA MOTOR VEHICLE INDUSTRY COUNCIL</b> <b>FIVE YEAR COMPARATIVE BUDGETS</b> <b>APRIL 1 - MARCH 31</b>					
<b>DESCRIPTION</b>	<b>2002/2003 Actual</b>	<b>2003/2004 Projected</b>	<b>2004/2005 Budget</b>	<b>2005/2006 Budget</b>	<b>2006/2007 Budget</b>
<b>REVENUES</b>					
Assessment Fees (Note 1 & 2)	1,120,560	1,249,750	1,641,870	1,682,920	1,724,990
Salesperson Course 100 Fees	264,467	195,400	192,000	196,800	201,720
Government Funding	161,490	10,000	0	0	0
Interest Income	11,281	14,400	14,000	14,350	14,710
Administrative Fees	664	120	0	0	0
<b>TOTAL REVENUES</b>	<b>1,558,462</b>	<b>1,469,670</b>	<b>1,847,870</b>	<b>1,894,070</b>	<b>1,941,420</b>
<b>EXPENSES</b>					
Labour	709,160	853,905	1,176,170	1,205,575	1,235,715
Board Expenses	48,164	57,000	58,000	59,450	60,935
Office Expenses	117,738	114,610	129,000	132,225	135,530
Insurance	12,137	5,220	6,000	6,150	6,305
Telecommunications	47,432	47,880	52,800	54,120	55,475
Professional Development	5,021	7,060	10,000	10,250	10,505
Education Trainers	116,739	85,500	72,000	73,800	75,645
Travel	28,735	36,845	54,600	55,965	57,365
Government & Public Relations	6,554	11,560	30,500	31,265	32,045
Legal Fees	37,274	36,445	44,000	45,100	46,230
Professional Services	250	4,755	5,000	5,125	5,255
Finance Charges	8,223	8,960	10,000	10,250	10,505
Audits	6,500	7,000	7,000	7,175	7,355
Transportation	18,140	27,675	28,000	28,700	29,420
Rent	84,683	82,575	84,000	86,100	88,255
Depreciation	95,587	28,300	37,000	35,000	35,000
GST on Purchases	34,645	36,310	43,600	44,695	45,810
<b>TOTAL EXPENSES</b>	<b>1,376,982</b>	<b>1,451,600</b>	<b>1,847,670</b>	<b>1,890,945</b>	<b>1,937,350</b>
<b>NET INCOME ( LOSS )</b>	<b>181,480</b>	<b>18,070</b>	<b>200</b>	<b>3,125</b>	<b>4,070</b>

**Notes:**

- Effective with 2004/2005, the policy of recording Deferred Revenue will be discontinued. For comparability purposes, the Assessment Fees for 2002/2003 Actual have been increased by \$50,483.
- Includes proposed licensing fee increases effective April 1, 2004, being \$25 for single business licence, \$50 for multiple business licence and \$25 for salesperson registration. Each of the budget years 2005/2006 and 2006/2007, also reflect an inflationary increase of 2.5% for all licenses.

## **Board of Directors**

Lawrence Bates	Calgary (Secretary)	Industry-at-Large
Art Bonertz	Pincher Creek	Public-at-Large
Daryl Czuy	Innisfail	Used Car Dealers in Alberta
Wayne Jacques	Grande Prairie (Treasurer)	Public-at-Large
Wade Michener	Calgary	Auctioneers Association of Alberta
Jeff Polovick	Edmonton	Motor Dealers' Association of Alberta
Bill Redmond	Calgary (Chair)	Recreational Vehicle Dealers Association of Alberta
John Robinson	Calgary	Industry-at-Large
Bill Sheridan	Red Deer	Automobile Service and Repair Association

## **Staff**

### **Executive Director - Edmonton**

Bob Hamilton

### **Licensing – Edmonton**

Shannon Delorey – Manager of Licensing  
Jeanine Autio  
Dustin Parr  
Fred Partridge  
Amanda Sinclair  
Janet Tancsics  
Kayley Therrien

### **Investigations**

#### **Calgary**

Bob Knight – Manager of Investigations  
Lance Knight  
Brad Sicotte  
Kristian Thorpe

#### **Edmonton**

Michelle Desantis  
Ken Macdonald  
Wanda McIntyre  
Paul Schram

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