

Alberta Motor Vehicle Industry Council

Strategic and Business Plan 2005-2008



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Executive Summary

As the Alberta Motor Vehicle Industry Council (AMVIC) moves into its seventh year of operation, the following highlight some of the coming year actions that are detailed in the following pages:

- Subject to increased revenue from other sources, hire two investigators and one support staff. Investigative staff, including support personnel, will total 13 and will enable AMVIC to visit each licensed business annually as well as responding to consumer complaints within 48 hours of receipt.
- Negotiate with Alberta Government the ability to use the government CPIC terminal for obtaining criminal record reports. Utilization of the terminal will assist AMVIC in achieving criminal checks on all applications and reduce turn-around time.
- Implement policy that will require all out-of-province persons to be fully registered with AMVIC, including successful completion of the salespersons course, prior to selling vehicles in Alberta.
- Continue discussions with Government services in order that:
 - Towable recreational vehicles are included in AMVIC's mandate.
 - Purchasers of written-off vehicles must be an AMVIC licensee.
 - Reporting and recording of vehicle odometer readings is mandatory.
 - Continuous motor vehicle registration is mandatory.
 - Approval is received to implement a penalty schedule for late renewals and for new businesses operating for three or more months without an AMVIC license.
- Complete discussions and contract negotiations with Alberta Recycling Management Authority (ARMA) whereby AMVIC will visit and 'audit' all motor vehicle businesses that are selling tires. Such an arrangement will assist ARMA in monitoring legislative requirements and will enable AMVIC to generate additional revenue.
- Augment communication with stakeholders and public by producing 4 newsletters in the year, 6 broadcast Faxes and submitting articles for newspapers.

AMVIC—Guiding Statements

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

Current Situation

- AMVIC has two offices, with the Head Office being located in Edmonton and a smaller office serving investigators in Calgary. Two of the field investigators are working from offices in their residence.
- 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 eighteen full time and two part time employees.
- The Manager of Licensing and Finance coordinates all licensing and financial activities. Five full time and two part time employees carry out the licensing functions. One individual is dedicated to administering the Salesperson education program.
- The Manager of Investigation coordinates the activities of nine people – three investigators in both Edmonton and Calgary, an investigator in Grande Prairie, an investigator located south of 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, South of Calgary, Red Deer and Northwest Alberta 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 other sources, hire two investigators and one additional support staff. (2005)

Licensing

Current Situation

- Motor vehicle businesses are licensed under four categories, being Automotive Sales, Automobile Leasing, Automotive Consignment and Automotive Repair.
- Consignment licensees are required as of January 1, 2005 to provide a \$50,000 bond or irrevocable letter of credit.
- Businesses pay an annual licensing fee of \$175 per category to a maximum of \$350. Automotive Salespersons are required to be registered and the annual fee is \$100.
- During the 2004 calendar year, an average of 4,583 businesses were licensed and an average of 6,474 salespersons were registered. It is estimated that 10% 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 registration
- 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. Criminal record checks are done occasionally.
- 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.
- Licence renewals and applications are processed within 2 weeks of receipt.
- Listing of Licensed Salespersons are sent with each Business Licence renewal.
- The number of licences issued are presented at each Board meeting.
- Licence renewals are issued for a year based on anniversary date, not when the requirements were met.

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.
- Do criminal record checks on all applications.
- New salespeople register immediately upon entry in the industry

Actions

- Meet with government to develop a plan to use their CPIC terminal for obtaining criminal record reports. (April 2005)

Investigation

Current Situation

- Most consumer complaints come via the toll free telephone number or email.
- Investigations are focused on unfair practices pursuant to the Fair Trading Act and Criminal Code for fraud as well as unlicensed businesses and salespeople.
- 384 Fair Trading Act and 19 Criminal Code charges were laid in 2004.
- The vast majority of investigations are reactive and occur as the result of a complaint.
- Proactive investigation work is starting to increase as the number of investigators has increased.
- Vehicle history is not easily attainable which results in an increasing number of instances where individuals are altering or hiding history.
- For 2004, approximately \$1,800,000 was obtained in restitution for victims of unfair trade practices.

Preferred Future

- Investigators will visit all motor vehicle businesses annually.
- A vehicle history system in Alberta that serves as a deterrent to fraud in the buying and selling of vehicles.
- All complaints are acknowledged and reviewed within 48 hours of receipt.
- Motor Vehicle dealers will only deal with motor vehicle dealers who are licensed by AMVIC.

Actions

- Investigators will attend RCMP fraud investigators course and mediation training (December 2005)
- Investigators will continue to allocate resources to ensure the identification of businesses and salespeople operating without a licence remains a top priority. (Ongoing)
- Visit half the motor vehicle businesses in the province during the 2005 year to ensure licensing is in order. When additional resourcing is in place, visit annually each motor vehicle business in Alberta. (December 2005)

Education

Current Situation

- AMVIC is responsible for administration of the one-day Salesperson course. One full time person is assigned to coordinate the program.
- In calendar year 2004, 1,308 individuals took the \$160 one-day Salesperson Course, which contributed \$214,000 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 1,350 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.
- Out of province sales organizations run sales events at new car dealerships throughout the province.
- Profits from the Salesperson Courses will continue to assist in funding all AMVIC activities.

Preferred Future

- All salespersons will have taken an appropriate AMVIC Salesperson Course within 90 days of entering the industry. All out of province sales people operating in Alberta are fully registered prior to working in the province.

Actions

- Implement a policy that out of province sales people must be fully registered including successful completion of the course prior to working in the province. (Immediate)

Communication

Current Situation

- AMVIC's web site includes press releases, newsletters, various reports and statistical measures.
- Two newsletters were sent out in the fiscal year.
- The general public, and many in the motor vehicle industry, have a very low awareness of AMVIC as an organization and of its mandate.
- The Executive Director is active in attending industry functions and meetings.
- AMVIC Brochures and Tip sheets are provided to "Reality Choice" - a course given to High School students regarding vehicle purchasing.
- Broadcast FAXes are being sent to industry, government and media when significant events occur.

Preferred Future

- AMVIC will provide ongoing and consistent communication with all licensees, as well as 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, media and Members of the Legislative Assembly four times a year. (May, August, November, February)
- Assure AMVIC brochures are available at all Registry Agents in the province. (Ongoing)
- The web site is refreshed on a monthly basis to ensure it is current and useful. (Monthly)
- Promote consumer education through media articles. (Submit 3 articles to each newspaper in the province in 2005)
- Set an annual plan for industry show participation. (January 2006)

Government

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.
- After a charge has been laid, prosecution is delegated to whichever crown prosecutor is available.
- The Motor Vehicle Inspection Program (MVIP) Stations and Commercial Vehicle Inspection Program (CVIP) Stations are licensed but not under the AMVIC license.

Preferred Future

- Provincial government seeks AMVIC input for any government initiatives that impact the motor vehicle marketplace.
- Government vehicle registration system that identifies unlicensed salespeople and vendors.
- Government interaction with motor vehicle businesses will be highly coordinated.
- Clarity around Crown Prosecution for the Fair Trading Act.
- Businesses that sell towable recreational vehicles are included in licensing regulations.
- AMVIC issues the business license to MVIP and CVIP stations in Alberta.

Actions

- Participate and provide industry input to the new “Dealer Plate” program.
- Meet with the Solicitor General to ensure that prosecution and investigation is being carried out by the appropriate law enforcement agency.
- Continue participation in the MOVES (Motor Vehicle Database) renewal project
- Meet annually with the Standing Policy Committees for Government Services and Transportation. (June or September)
- Meet with Alberta Government Services to assure whether a dedicated crown prosecutor would be working with AMVIC (April 2005)
- Follow up with the Minister with regard to towable recreational vehicles being included in AMVIC’s mandate. (March 2005)
- Participate in the bidding for the MVIP and CVIP licensing. (June 2005)

Government - Vehicle History

Current Situation

- Though getting more difficult, the history of a vehicle can still be hidden.
- Vehicle History reports are getting more complete than in the past.
- With odometer readings being recorded on a voluntary basis in the Government MOVES computer system, AMVIC fields consumer inquiries in regard to odometer readings.
- Some vehicles that have been branded as written off are being repaired and resold without the extent of the damage being disclosed.
- No license requirement is in place to purchase written off vehicles from salvage auctions.
- Vehicles can be owned by several different entities without being registered in the government registration system.

Preferred Future

- Mandatory odometer reading recorded at each registration event.
- Written off vehicles will only be sold to licensed businesses.
- Continuous registration is implemented so that each vehicle owner must have the vehicle registered.

Actions

- Participate in the Provincial Auto Theft committee until complete vehicle history is available is available to consumers
- Lobby provincial government to have the recording of odometer readings mandatory in 2005.
- Lobby Alberta Transportation to put a policy in place that anyone purchasing a written off vehicle must have a valid AMVIC license. (June 2005)
- Lobby Alberta Transportation to put a policy in place that vehicles must be continuously registered. (December 2005)

Compensation Fund

Current Situation

- A board approved Compensation Fund policy is in place.
- The Compensation Fund, as defined by the Fair Trading Act and Regulations, has not been established. The Fund is intended to compensate consumers who have been the victim of an unfair practice.

Preferred Future

- The Compensation Fund will be set up by:
 - A portion of any surplus in the AMVIC Balance Sheet
 - Industry Levy
 - Consumer contribution
- Industry will keep the fund whole through ongoing contribution, either through AMVIC surplus or levies.

Actions

- Submit a formal request for participation and contribution from the provincial government to the Minister of Government Services. (April 2005)

Financial

Current Situation (see Appendix 1 for Financial Projections)

- Licensing fees increased in 2004 to \$175 for single business, \$350 for multiple business and \$100 for salespersons
- Net income for the fiscal year 2004/2005 is projected to be \$228,000
- For the current year, cash gain from operations is projected to be \$269,000 vs. capital expenditures of \$75,000.
- A reserve fund of \$370,000, representing 3 months of operation, is in place.
- Discussions have occurred with the Alberta Recycling Management Authority for AMVIC to perform contract work in visiting motor vehicle businesses that are selling tires.

Preferred Future

- Periodic fee increases reflecting inflation.
- 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.
- An ongoing contract with ARMA will be in place.

Actions

- In 2005, 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.
- Follow-up with the Minister concerning approval to implement fee increases and penalty schedule. (September 2005)
- Continue contract negotiations with ARMA. (June 2005)

Appendix One

ALBERTA MOTOR VEHICLE INDUSTRY COUNCIL FIVE YEAR COMPARATIVE BUDGETS APRIL 1 - MARCH 31					
DESCRIPTION	2003/2004 Actual	2004/2005 Projected	2005/2006 Budget	2006/2007 Budget	2007/2008 Budget
REVENUES					
Assessment Fees	1,303,732	1,573,175	1,624,000	1,665,000	1,706,000
Salesperson Course 100 Fees	213,928	224,640	216,000	222,000	228,000
Government Funding	10,080	0	0	0	0
Interest Income	15,128	11,885	12,000	13,000	14,000
Administrative Fees	257	300	0	0	0
TOTAL REVENUES	1,543,126	1,810,000	1,852,000	1,900,000	1,948,000
EXPENSES					
Labour	854,090	962,460	1,137,000	1,165,000	1,194,000
Board Expenses	53,122	62,150	59,000	61,000	63,000
Office Expenses	126,594	138,650	155,000	159,000	163,000
Insurance	6,126	6,500	8,000	9,000	10,000
Telecommunications	48,559	54,900	55,000	57,000	59,000
Professional Development	7,289	9,000	12,000	13,000	14,000
Education Trainers	91,913	81,150	87,000	89,000	91,000
Travel	36,112	43,830	60,000	62,000	64,000
Government & Public Relations	12,276	12,000	23,000	24,000	25,000
Legal Fees	31,472	18,000	30,000	31,000	32,000
Professional Services	11,714	6,700	7,000	8,000	9,000
Finance Charges	9,388	17,500	17,000	18,000	19,000
Audits	7,113	7,500	7,000	8,000	9,000
Transportation	29,792	29,660	28,000	10,000	2,000
Rent	93,147	91,000	96,000	99,000	102,000
Amortization	27,635	41,000	53,000	68,000	76,000
TOTAL EXPENSES	1,446,343	1,582,000	1,834,000	1,881,000	1,932,000
NET INCOME (LOSS)	96,783	228,000	18,000	19,000	16,000

Capital Expenditures	36,899	73,631	84,000	83,000	103,000
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Board of Directors

Daryl Czuy	Innisfail	Used Car Dealers in Alberta
Brent Hesje	Edmonton	Industry-at-Large
Wayne Jacques	Grande Prairie (Treasurer)	Public-at-Large
Wade Michener	Calgary (Secretary)	Auctioneers Association of Alberta
Ed Nestorowicz	Lethbridge	Public-at-Large
Reg Pattemore	Calgary	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
 Candace Moninka
 Fred Partridge
 Jan Saunders
 Amanda Sinclair
 Maria Scott
 Janet Tancsics

Investigations

Calgary

Bob Knight – Manager of Investigations
 Todd Allen
 Lance Knight
 Kristian Thorpe

South of Calgary

Brad Sicotte

Edmonton

Michelle Desantis
 Wanda McIntyre
 Chuck Neher
 Paul Schram – Northern Alberta Manager

Grande Prairie

Brian Belyea

Offices

Edmonton

#303, 9945 – 50th Street
 Edmonton, AB
 T6A 0L4

Edmonton Phone Number: (780) 466-1140
 Edmonton Fax: (780) 462-0633
 Toll Free 1-877-979-8100
 Web Site www.amvic.org

Calgary

Suite 205, Southland Tower
 10655 Southport Road S.W.
 Calgary, AB T2W 4Y1
 Calgary Fax: (403) 252-4636