

Strategic and Business Plan 2011 - 2014

Providing a fair marketplace
for both consumers and industry.



ALBERTA MOTOR VEHICLE
INDUSTRY COUNCIL



www.amvic.org

Table of Contents

	<u>Page</u>
Executive Summary	2
Guiding Statements	3
Mission	
Mandate	
Principles	
Key Strategies--Status and Future Directions	
Licensing	4
Investigation	6
Compensation Fund	7
Communication / Education	8
Appendix One – Budget	10
Appendix Two – Historical financial results	11
Board of Directors	12

Executive Summary

The Alberta Motor Vehicle Industry Council (AMVIC) is moving into its thirteenth year of operation.

There is excitement at AMVIC as the board of directors and staff put actions in place to completely fulfill the delegated agreement from Service Alberta.

The additional funding, provided at this point via a \$6.25 per vehicle levy plus a \$75 fee increase to repair businesses, are being focused in two areas:

1. The compensation fund is being created quickly with anticipation of it being in place in early 2012 with \$1.5 million.
2. Communicating better to both industry and the public.

The AMVIC board of directors reviewed the organization structure and has aligned the organization with the delegated agreement. The executive director leads an administrative team made up of the chief financial officer, executive assistant and accounting assistant. They along with all staff ensure the key objectives set out in this plan are met.

This Strategic Plan gives additional details on all areas of the delegated agreement.

AMVIC—Guiding Statements

Delegated activities

With respect to the automotive business, the Director's powers, duties and functions under the Act including:

1. The licensing (businesses) and registration (salespeople) administration under the *Fair Trading Act* and the Automotive Business Regulation.
2. Investigations, claims and enforcement arising from complaints under the *Fair Trading Act*, the Automotive Business Regulation, the Cost of Credit Disclosure Regulation and the Internet Sales Contract Regulation.
3. Establishment and administration of the compensation fund.
4. Establishment of educational programs for consumers and industry members in relation to automotive businesses.

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 the delegated activities 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 among 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.
- ✓ Promote safety concerns from the motor vehicle industry to the appropriate government bodies.

Key Strategies-Status and Future Directions

Delegated Activity: The **licensing** (businesses) and registration (salespeople) administration under the Fair Trading Act and the Automotive Business Regulation.

Principle

- ✓ Self manage an effective mandatory motor vehicle industry licensing program.
- ✓ Protect Alberta consumers from unfair business practices and work towards building trust and confidence in the motor vehicle industry.

Preferred Future	Current Situation and Deficiencies	Future Actions to Fill Deficiencies
1) All motor vehicle businesses and salespeople operating in Alberta are properly licensed: a. Licence applications are processed within ten business days or less throughout the year. b. New businesses are licensed prior to opening their automotive facility. c. New salespeople register immediately upon entering the industry and take the mandatory course within 90 days. 2) The application process ensures accurate and comprehensive information is transferred immediately. All information is stored and released in accordance with FOIP. 3) AMVIC can levy an administrative penalty against any individual or business that does not comply with the licensing requirements of the legislation. 4) Licensees are automatically invoiced 45 days prior to the renewal expiry date. 5) Criminal record checks are performed on all new applicants. a. All new applicants require a criminal record check prior to receiving a licence. b. All licensees are screened for undisclosed convictions for criminal offences.	1) As at March 31, 2011, 6,489 businesses were licensed and 8,931 salespeople were registered under the four classes of licenses: Automotive Sales, Automotive Leasing, Automotive Consignment, and Automotive Repair. a. Currently the average time to process applications is fifteen business days. b. There are businesses that are not aware they need to have an AMVIC licence – primarily in rural Alberta. c. The majority of salespeople register immediately and take the course within 90 days. 2) The application process is manual. 3) Administrative penalties are not available to enforce licensing infractions. 4) Licensees are sent a renewal reminder notice 45 days before their license expires. 5) Criminal record checks are done for all new applicants. Businesses and salespeople that have been licensed for a long time may not have had a criminal record check done. 6) Information Technology a. No electronic filing is being done.	A. Have investigative staff active in visiting businesses in all of Alberta (details in Investigation section). B. Enhance communication activities (details in Communication section). C. Work with Service Alberta to have administrative penalties added to the Fair Trading Act. D. Add the ability to store documents electronically to the existing database. This will be the first enhancement. Have in place by the Spring of 2011. E. Add online applications – start with salesperson renewals. Have in place by the Fall of 2011. F. Generated forms available – Winter 2011. G. New employees hired in Spring 2012 will be the first contact to businesses via telephone to ensure properly licensed. H. Split current manager of licensing and finance into two separate roles in the Spring 2012.

Preferred Future	Current Situation and <u>Deficiencies</u>	Future Actions to Fill Deficiencies
6) Information Technology solutions will enable AMVIC to: a. Electronically file all licensing and investigation information. Documents are efficiently scanned and secured. Hard copy file storage issues are eliminated. Investigators working from home offices have electronic access to all documentation. b. Salespeople are able to renew their registrations online. Authorizations and terminations can be completed electronically. c. Forms and reports from the licensing database can be computer generated. 7) A system to detect unlicensed businesses and salespeople will be in place. Uncooperative salespeople and businesses will be forwarded to the investigations department. 8) The licensing department is fully staffed with 11 full-time employees. a. One manager will oversee the licensing department. b. Two licensing officers will issue licenses and registrations. c. Eight licensing advisors will process applications and handle administrative functions. They will be the first contact to unlicensed businesses and salespeople.	b. <u>No online applications</u> are available. c. <u>Limited generated forms</u> and reports are available. 7) There is <u>minimal detection</u> of unlicensed businesses and salespeople in place. 8) The licensing department is <u>partly staffed</u> with 9 full time employees. Current manager is responsible for licensing and finance. There are two officers and six advisors.	

Delegated Activity: **Investigations**, claims and enforcement arising from complaints under the Fair Trading Act, the Automotive Business Regulation, the Cost of Credit Disclosure Regulation and the Internet Sales Contract Regulation.

Principle

✓ Provide an alternative to litigation by mediating and helping resolve complaints within the motor vehicle industry.

Preferred Future	Current Situation and <i>Deficiencies</i>	Future Actions to Fill Deficiencies
1) Consumers can lodge complaints in person at either the Calgary or Edmonton office, via a toll free phone number, or using the AMVIC web site. a. All complainants will submit their complaint in writing. b. All complaints will be acknowledged in writing within two business days. 2) The investigations department will be comprised of 21 investigative staff. a. Two managers will: i. Review and assign all new consumer complaints. ii. Oversee the investigation efforts. b. Two inbound complaint advisors will assist complainants. One advisor will be located in Calgary, the other in Edmonton. c. Seventeen investigators will each be assigned a territory. They will be responsible for monitoring all motor vehicle activity within that territory. 3) All potential breaches of the <i>Fair Trading Act</i> will be investigated. a. Investigations will be resolved in a timely and efficient manner. b. Negotiation for restitution to a consumer will continue to be the preferred outcome. c. Administrative penalties will be used as an enforcement tool as part of the <i>Fair Trading Act</i>.	1) Complaints are received from throughout the province. Most consumers are still unaware of AMVIC. a. All consumer complaints are reviewed. <i>Last year over 600 complaints were turned away because of insufficient manpower.</i> b. An average of 1,700 investigations are completed each year (average of 154 for each of the 11 current investigators.) Each investigator will be responsible for about 135 files each year. They will also each have a responsibility to visit all the businesses in their territory each year. 2) Two investigators have an assigned territory. <i>No others have a territory.</i> 3) There are <i>15 investigative staff</i> made up of 2 managers, 2 inbound complaint handlers and 11 investigators. 4) <i>Administrative penalties</i> are not a current enforcement tool for breaches of legislation by licensed businesses or salespeople. 5) Since 2000, restitution to Alberta consumers via mediation efforts has surpassed \$19 million	A. Hire 2 investigators, one in Calgary and one in Edmonton in April 2012. B. Assign territories to all investigators in April 2011. C. Add additional investigators in future years as budget and need dictate. D. Work with Service Alberta to have administrative penalties added to the <i>Fair Trading Act</i>.

Delegated Activity: Establishment and administration of the **compensation fund**.

Principle

✓ Protect Alberta consumers from unfair business practices and work towards building trust and confidence in the motor vehicle industry.

Preferred Future	Current Situation and <u>Deficiencies</u>	Future Actions to Fill Deficiencies
1) The compensation fund of \$1.5 million will be established and maintained from the annual budget as determined by the AMVIC board of directors. 2) Wronged customers that cannot be compensated by the AMVIC licensed dealer due to insolvency or business failure will be compensated as determined by the AMVIC bylaws and the Compensation Fund Policy. 3) An AMVIC employee will manage claims against the fund.	1) A transitory account on the balance sheet has been created and as funds become available they are being transferred to this account. <u>It has not yet reached the desired \$1.5 million.</u> 2) The compensation fund policy and bylaws are in place and <u>needs review</u> prior to the fund becoming operational. 3) The organization's bylaws to address the compensation fund will need to be approved by the Director of Fair Trading. 4) <u>No employee</u> is currently responsible.	A. Funds will continue to be allocated to the transitory account. It is anticipated \$1.5 million will be in the fund by December 31, 2011. B. Changes to the AMVIC bylaws and the associated compensation fund policy will in place by September 2011. C. An employee will be given part time responsibility for fund administration initially. Further resourcing may be required as the fund becomes operative.

Delegated Activity: Establishment of **educational** programs for consumers and industry members in relation to automotive businesses.

Principle

- ✓ Assist the motor vehicle industry to build best business practices upon the framework of the *Fair Trading Act* through education and enforcement of legislation.

Preferred Future	Current Situation and <i>Deficiencies</i>	Future Actions to Fill Deficiencies
1) New salespeople will complete the mandatory <i>Fair Trading Act</i> & Regulations Course within 90 days of making application to AMVIC. 2) Non-completion of the course will result in registration suspension. 3) A valid education course will be available to all salespeople. Legislative changes will be immediately updated in the course manual. 4) Monitoring of the training will be done on a regular basis to ensure the quality of the course and the instructors' presentations meet AMVIC standards. 5) New courses and on-line delivery will be implemented if suitable, once cost/benefit analysis is complete. 6) A consumer education and awareness program will be implemented. a. More Albertans will be aware of AMVIC. b. Consumers will know their rights and responsibilities when they purchase or repair a vehicle. i. Consumer resource materials are current. ii. Develop and deliver a course on a cost recovery basis. c. Brochures and posters will be used to promote AMVIC.	1) Most salespeople complete the course within the 90 day period. 2) The course is current with existing legislation. 3) Evaluations are done on each course delivered. 4) <i>No online courses</i> are available. 5) <i>No consumer education</i> is being done. 6) <i>No additional industry education</i> programs are in place. 7) The IMPACT newsletter is scheduled to be produced 4 times a year. The <i>last year did not see 4 editions</i>. 8) Service Alberta did some surveying to gauge consumer satisfaction in the past. <i>No further surveying</i> is planned by Service Alberta. 9) One employee was recently hired to enhance communication and education activities. 10) A new brochure has been developed.	A. Research on line course delivery in 2012. B. Consumer Education a. Refresh web site in 2011. b. Review tip sheets in 2011. c. The new AMVIC brochure will be distributed via investigators, licensees, website, and registry agents. d. Articles will be provided to weekly newspapers. e. AMVIC will participate in auto trade shows. f. Develop presentation materials. g. Work with Service Alberta to develop a youth education module on purchasing a first vehicle. C. Industry Education a. Develop a course targeted at the service industry in 2012 -2013. b. Develop a seminar course on advertising in 2012-2013. D. Produce 4 IMPACT newsletters in 2011. E. Develop and conduct industry surveying in 2011.

Preferred Future	Current Situation and <u>Deficiencies</u>	Future Actions to Fill Deficiencies
d. Information about AMVIC and about consumers rights will be available through multiple sites: i. Licensees. ii. AMVIC web site. iii. Registry Agents. 7) A comprehensive industry education program will promote compliance with the legislation in all areas. a. New courses in advertising, sales management, service advisors, and a salesperson refresher course will be available on a cost recovery basis. b. If a salesperson is found in breach of the legislation the salesperson will be required to retake the course at their cost. c. Salespeople will deliver information about AMVIC to every consumer they deal with. 8) AMVIC will provide ongoing and consistent communication with all licensees, as well as consumers and MLA's. a. Activities and results of the investigative team will be captured and communicated four times a year by newsletter, website, and presentations at stakeholder meetings. 9) Licensees and consumers will be surveyed annually to gauge their satisfaction with AMVIC. 10) Two AMVIC employees will develop, deliver, administer the courses, and work on communication activities.		

Appendix One

AMVIC Budget

April 1 - March 31

	2010/2011	2011/2012	2012/2013	2013/2014
REVENUE				
Multiple Licence Fees	\$345,000	\$350,000	\$355,000	\$360,000
Single and Sales Licence Fees	\$431,000	\$293,000	\$297,000	\$301,000
Repair Licence Fees	\$708,000	\$945,000	\$959,000	\$973,000
Salesperson Registration Fees	\$930,000	\$950,000	\$964,000	\$978,000
Salesperson Course Fees	\$290,000	\$313,000	\$318,000	\$323,000
Levy Fees/Alternative Fees	\$1,705,000	\$2,463,000	\$2,500,000	\$2,537,000
Interest Income	\$20,000	\$24,000	\$25,000	\$26,000
Admin/Undertaking/Capital Gain	\$13,000	\$18,000	\$19,000	\$20,000
TOTAL REVENUE	\$4,442,000	\$5,356,000	\$5,437,000	\$5,518,000
EXPENSES				
Labour	\$1,873,000	\$2,247,000	\$2,850,000	\$3,053,000
Board Expenses	\$64,000	\$98,000	\$100,000	\$102,000
Office Expenses	\$189,000	\$248,000	\$259,000	\$266,000
Insurance	\$14,000	\$15,000	\$17,000	\$19,000
Telecommunications	\$54,000	\$65,000	\$72,000	\$75,000
Professional Development	\$1,000	\$15,000	\$22,000	\$27,000
Education Trainers	\$106,000	\$129,000	\$132,000	\$135,000
Travel	\$65,000	\$165,000	\$193,000	\$221,000
Public Relations	\$113,000	\$153,000	\$156,000	\$159,000
Legal Fees	\$51,000	\$60,000	\$62,000	\$64,000
Professional Services	\$4,000	\$8,000	\$9,000	\$10,000
Finance Charges	\$36,000	\$42,000	\$43,000	\$44,000
Audits	\$13,000	\$14,000	\$15,000	\$16,000
Rent	\$198,000	\$204,000	\$208,000	\$212,000
Amortization	\$121,000	\$184,000	\$200,000	\$216,000
Compensation Fund Expense	\$0	\$0	\$350,000	\$350,000
Total Operating Expenses	\$2,902,000	\$3,647,000	\$4,688,000	\$4,969,000
Net Income Before Investments	\$1,540,000	\$1,709,000	\$749,000	\$549,000
Compensation Fund Allotment	\$600,000	\$900,000	\$0	\$0
Add to Restricted Fund	\$0	\$130,000	\$0	\$0
Legal Fund	\$0	\$100,000	\$0	\$0
Capital Investment	\$225,000	\$343,000	\$443,000	\$360,000
Balance	\$715,000	\$236,000	\$306,000	\$189,000

Appendix Two

AMVIC Historical Financial Results

	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
REVENUES							
Assessment Fees	1,303,732	1,612,769	1,767,067	1,953,860	2,060,536	2,183,966	2,185,169
Salesperson Course 100 Fees	213,928	240,260	260,441	277,402	372,602	306,120	278,400
Government Funding	10,080	-	-	-	-	-	-
Interest Income	15,128	14,809	26,487	42,340	48,641	31,512	17,017
Administrative Fees	257	1,150	1,774	3,920	13,878	15,335	23,560
TOTAL REVENUES	1,543,125	1,868,988	2,055,769	2,277,522	2,495,655	2,536,933	2,504,146
EXPENSES							
Labour	854,090	952,827	1,137,158	1,289,720	1,616,669	1,836,116	1,943,333
Board Expenses	53,122	65,377	44,050	62,711	60,178	72,465	63,857
Office Expenses	126,594	142,668	149,142	163,612	213,446	203,719	170,995
Insurance	6,126	6,421	7,462	8,368	11,437	10,079	10,470
Telecommunications	48,559	51,616	49,912	51,995	57,083	56,111	52,688
Professional Development	7,289	3,187	6,624	4,600	4,363	7,209	567
Education Trainers	91,913	86,449	99,591	108,466	140,585	124,080	109,200
Travel	36,112	44,385	67,820	71,010	74,694	90,368	69,373
Government & Public Relations	12,276	16,415	24,483	33,086	28,519	33,549	18,593
Legal Fees	31,472	15,826	4,657	26,019	16,836	68,208	49,518
Professional Services	11,714	5,196	13,846	2,515	5,556	2,502	593
Finance Charges	9,388	17,981	17,261	20,268	24,199	28,495	29,537
Audits	7,113	7,410	6,955	10,236	10,477	13,466	10,025
Transportation	29,792	29,659	26,344	8,310	-	-	-
Rent	93,147	90,834	93,927	96,974	136,353	168,058	178,352
Amortization	27,635	39,898	54,360	75,044	92,351	121,003	129,045
TOTAL EXPENSES	1,446,342	1,576,149	1,803,592	2,032,934	2,492,747	2,835,427	2,836,146
NET SURPLUS/ (DEFICIT)	96,783	292,839	252,177	244,588	2,908	(298,494)	(332,000)
Capital Expenditures	36,899	76,950	131,612	108,200	140,202	237,284	95,282

Board of Directors

Pat Asplund	Lethbridge	Service and Repair
Don Dixon	Calgary	Industry-at-Large – Salesperson
Brian Heninger	Calgary (Chairman)	Motor Dealers' Association of Alberta
Wade Michener	Calgary	Auctioneers Association of Alberta
Robert Pelz	Rocky Mountain House	Industry-at-Large – Used Sales
Doug Pinney	Edmonton	Recreational Vehicle Dealers Association of Alberta
Bob Sprague	Calgary	Public-at-Large
Nancy Suranyi	Namoo (Treasurer)	Industry-at-Large
Open		Public-at-Large
Ed Wiersma	Edmonton	Industry-at-Large – Recycler & Dismantler
Keith Williams	Edmonton (Secretary)	Industry-at-Large

Board Committees

Executive Committee

Chair	Brian Heninger
Treasurer	Nancy Suranyi
Secretary	Keith Williams

Audit Committee

Chair	Brian Heninger
Member	Bob Sprague
Member	Nancy Suranyi

Executive Director Review Committee

Chair	Robert Pelz
Member	Ed Wiersma

Vehicle Policy Committee

Chair	Wade Michener
Member	Keith Williams
Member	Bob Sprague
Member	Donald Dixon

Organizational Structure Committee

Chair	Bob Sprague
Member	Keith Williams
Member	Pat Asplund

Communication/Education Committee

Chair	Ed Wiersma
Member	Robert Pelz
Member	Pat Asplund

Salesperson Appeal Committee – Calgary

Chair (AMVIC Board member)	Robert Pelz
Member (Industry person)	Terry Switzer
Member (Industry person)	Greg Bates

Salesperson Appeal Committee – Edmonton

Chair (AMVIC Board member)	Douglas Pinney
Member (Industry person)	Greg Tilley
Member (Industry person)	Keith Graham

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
1-877-279-8200