

Strategic and Business Plan

2012 - 2015

Providing a fair marketplace
for both consumers and industry.



ALBERTA MOTOR VEHICLE
INDUSTRY COUNCIL



www.amvic.org

Executive Summary

21 March 2012

Alberta Motor Vehicle Industry Council was established by the Province in 1999 as a Delegated Regulatory Authority with specific responsibilities to license Automotive Businesses in Alberta and to protect Consumers under the Fair Trading Act.

The Minister of Service Alberta, in a letter of December 21, 2011, extended the Vehicle Levy and Repair Licence fee increases for the foreseeable future. This levy coupled with the existing licensing structure provides AMVIC with the resources needed to fully discharge its delegated responsibilities.

Since the approval of additional resources, AMVIC has been focused on building a Compensation Fund, which will reimburse consumers for a specified financial loss arising out of an automotive transaction with an AMVIC licensed business that has failed and is no longer in business. With the Fund now launched, Alberta consumers have a safe guard to protect them in the event of the failure of an automotive business. The intent is to build the Compensation Fund to \$4.0 million.

AMVIC will now focus more on the remaining delegated activities and ensure added value to its licensees and consumers.

AMVIC will continue to ensure proper and timely licensing by improving the turnaround time to receive a licence.

AMVIC will strive, now more than ever, to be the preferred consumer resource and a strong industry advocate. There is an urgent need to educate both the consumers and the automotive businesses of their rights and responsibilities in the automotive marketplace. Few consumers know AMVIC exists and the vast amount of knowledge and guidance AMVIC has to offer them.

The AMVIC investigative team has embarked on an enhanced Inspection Program for the province. Over the next several years, each licensed business will be inspected to ensure they are in compliance with the applicable regulations.

Striving to become even more proactive will enable AMVIC to make an important industry better and will further contribute to accomplishing Service Alberta's 2012-15 Business Plan Goal #2 of: "Informed consumers and businesses and a high standard of marketplace conduct."

Consistent with Service Alberta's goal is AMVIC's overarching goal to provide a fair marketplace for both consumers and industry.

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.

Goal One: Maintain a fair, marketplace for automotive consumers where trust and confidence is inspired through an effective mandatory automotive industry licensing and inspection program.

Priority Initiatives

1. Ensure proper, timely licensing of all automotive businesses and salespeople in Alberta.
2. Implement information technology solutions to facilitate electronic licensing and registration.
3. Conduct inspections to make sure licensees are in compliance with the Fair Trading Act.

Performance Measures

	<u>Last Actual</u>	<u>2011-12 Target</u>	<u>2012-13 Target</u>	<u>2013-14 Target</u>
Percentage of licence renewal applications processed within ten business days	50%	65%	80%	90%
Comprehensive on-site Inspections completed	0	0	120	250

Goal Two: Provide protection to Alberta consumers by helping resolve complaints within the automotive industry.

Priority Initiatives

1. Resolve consumer complaints in a timely and efficient manner.
2. Maintain a presence in all areas of Alberta.
3. Proactively look for any unlicensed or illegal activity in the automotive industry.

Performance Measures

	<u>Last Actual</u>	<u>2011-12 Target</u>	<u>2012-13 Target</u>	<u>2013-14 Target</u>
Business compliance inspections	10%	50%	75%	90%
Consumer complaints completed	1,270	1,300	1,400	1,600

Goal Three: Administer a Fund to allow consumers to be reimbursed for a financial loss arising out of an automotive transaction with a failed AMVIC licensed business.

Priority Initiatives

1. Establish and maintain a compensation fund of at least \$2 million.
2. Pay all valid claims in accordance with the policy and bylaws governing the fund in a timely manner.

Performance Measures

	<u>2011-12 Target</u>	<u>2012-13 Target</u>	<u>2013-14 Target</u>
Resolve claims within the time set by the board	95%	97%	100%

Goal Four: Consumers and automotive business licensees are informed of their rights and responsibilities in the automotive marketplace.

Priority Initiatives:

1. Promote the Alberta Motor Vehicle Industry Council as Albertans' "preferred" source for automotive business consumer protection information.
2. Train AMVIC licensees to be knowledgeable and compliant in the requirements of the Fair Trading Act and regulations.
3. Provide access to timely and accurate information for consumers and industry about their rights and responsibilities in the automotive marketplace.

Performance Measures

	<u>Last Actual</u>	<u>2011-12 Target</u>	<u>2012-13 Target</u>	<u>2013-14 Target</u>
Monthly Average website page requests	345,000	400,000	440,000	480,000
Number of proactive consumer awareness initiatives	4	8	15	20

AMVIC Budget April 1 - March 31

	2011/2012	2012/2013	2013/2014	2014/2015
REVENUE				
Multiple Licence Fees	\$364,000	\$371,000	\$377,000	\$382,000
Single and Sales Licence Fees	\$292,000	\$297,000	\$302,000	\$306,000
Repair Licence Fees	\$964,000	\$967,000	\$982,000	\$997,000
Salesperson Registration Fees	\$948,000	\$960,000	\$975,000	\$989,000
Salesperson Course Fees	\$293,000	\$308,000	\$313,000	\$318,000
Levy Fees/Alternative Fees	\$2,287,000	\$2,500,000	\$2,537,000	\$2,575,000
Interest Income	\$23,000	\$37,000	\$38,000	\$38,000
Admin/Undertaking/Capital Gain	\$17,000	\$18,000	\$18,000	\$18,000
TOTAL REVENUE	\$5,188,000	\$5,458,000	\$5,542,000	\$5,623,000
EXPENSES				
Labour	\$2,350,000	\$2,997,000	\$3,192,000	\$3,240,000
Board Expenses	\$85,000	\$126,000	\$128,000	\$130,000
Office Expenses	\$210,000	\$244,000	\$248,000	\$252,000
Insurance	\$10,000	\$13,000	\$14,000	\$15,000
Telecommunications	\$61,000	\$73,000	\$76,000	\$77,000
Professional Development	\$12,000	\$32,000	\$27,000	\$28,000
Education Trainers	\$114,000	\$119,000	\$121,000	\$123,000
Travel	\$106,000	\$143,000	\$171,000	\$174,000
Public Relations	\$146,000	\$168,000	\$171,000	\$174,000
Legal Fees	\$13,000	\$45,000	\$46,000	\$47,000
Professional Services	\$36,000	\$2,000	\$2,000	\$2,000
Finance Charges	\$41,000	\$42,000	\$43,000	\$44,000
Audits	\$14,000	\$15,000	\$16,000	\$17,000
Rent	\$213,000	\$234,000	\$238,000	\$242,000
Amortization	\$145,000	\$222,000	\$254,000	\$257,000
Compensation Fund Expense	\$0	\$350,000	\$350,000	\$350,000
Total Operating Expenses	\$3,556,000	\$4,825,000	\$5,097,000	\$5,172,000
SURPLUS	\$1,632,000	\$633,000	\$445,000	\$451,000

Investment Allocations

Compensation Fund Allotment	\$1,400,000	\$300,000	\$350,000	\$375,000
Add to Restricted Fund	\$430,000	\$0	\$0	\$0
Legal Fund	\$100,000	\$0	\$0	\$0
Capital Investment	\$275,000	\$451,000	\$246,000	\$235,000