



EYES ON THE ROAD



ALBERTA MOTOR VEHICLE
INDUSTRY COUNCIL

2021 - 2022 Annual Report

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FOCUSED ON THE ROAD AHEAD

Who we are

The Alberta Motor Vehicle Industry Council (AMVIC) is Alberta's automotive industry regulator. AMVIC is a public agency accountable to the Minister of Service Alberta and the Government of Alberta.

Mission

AMVIC protects the public interest and promotes trust and confidence in the automotive industry through heightened awareness and the fostering of a positive exchange of information among industry stakeholders.

Mandate

AMVIC protects consumers and industry from unfair practices in the automotive business industry. Consumer protection and a fair marketplace are achieved through AMVIC-managed mandatory licensing for automotive businesses and salesperson registrations as required by the *Consumer Protection Act* of Alberta.



YEAR AT A GLANCE

2,391

total complaints submitted

686

total number of files
investigated and closed

\$272,249.66

was paid from the
Compensation Fund

402

total licensee field inspections
conducted

89

administrative reviews held

43

total charges laid against 20
businesses and individuals

936

total hours of staff training

313,866

total visits to amvic.org

\$1,973,890

obtained for automotive consumers through
alternate dispute resolution (ADR)

AMVIC OVERVIEW

Funding

AMVIC is a public agency under the *Alberta Public Agencies Governance Act* (APAGA) and is funded by the collection of business and salesperson fees, course registration fees and the sales levy.

Accountability

AMVIC is accountable to the Minister of Service Alberta, the Government of Alberta and ultimately the public as a public agency.

Principles

The following principles provide the framework for all policies and procedures developed at AMVIC and help the organization successfully deliver its mandate:

- Foster open and clear communication in the automotive 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 *Consumer Protection Act* through education, compliance and enforcement of legislation.
- Provide alternatives for resolution of consumer complaints.



AMVIC has the power to enforce the:

- **Consumer Protection Act**
 - Automotive Business Regulation
 - Cost of Credit Disclosure Regulation
 - Internet Sales Contract Regulation
- **Traffic Safety Act**
 - Vehicle Inspection Regulation
- **Criminal Code**
 - Sections relating to forgery, fraud and false pretence



Governance

The 13 directors on the AMVIC board include seven directors appointed from the general public by the Minister of Service Alberta, who sets terms for public directors. Five directors are appointed by motor vehicle industry associations and one director is appointed through nominations from the automotive industry. To qualify for the industry director-at-large nomination, the individual must be an owner or an employee of an automotive business in Alberta.

Programs and policies approved by the board are implemented and managed by AMVIC's chief executive officer (CEO).

The board works with the CEO to:

- Determine strategic priorities and set policy guidelines.
- Ensure financial and operational viability through fiscal oversight.
- Develop and maintain positive relationships with stakeholders.
- Communicate AMVIC's benefits to consumers, industry and government.

The Board of Directors

Brad Krizan (Chair)
Public

Denis Ducharme
Public

Dale Hopkins (Treasurer)
Recreation Vehicle
Dealers' Association of
Alberta

David Quest
Public

Jordon Romeril
Motor Dealers' Association
of Alberta

Shane Menzak
Auctioneers' Association
of Alberta

Adrian Milczarek
Public

Robert Miller
Alberta Automotive
Recyclers & Dismantlers
Association

Diane Kolibar
Industry director-at-large

Todd Walsh (Treasurer)
Public

Erol Yersel (Secretary)
Canadian Independent
Automotive Association -
Alberta Chapter

Alison Sabo
Public

Elizabeth Soria
Public

Message from the Board Chair

As a public agency, we are committed to AMVIC's mission to protect the public interest, and promote trust and confidence within the automotive industry in Alberta. At the start of the COVID-19 pandemic, the Government of Alberta declared AMVIC to be an essential service, allowing us to continue providing industry services and consumer protection. Our board, management and staff continue to work hard to keep staff, industry and the public informed and safe. Many of AMVIC's operations were conducted from home offices and staff are transitioning to return to the primary office location.

AMVIC's priority is to ensure consistency in the implementation of its delegated responsibilities. A strong focus on compliance, education and communication efforts remains critical in our efforts to create well-informed consumers and a level playing field for automotive businesses. A strong relationship with the Government of Alberta has supported AMVIC's mission to protect consumers.

Financial stewardship remains a priority for AMVIC and we have diligently managed our resources to present a balanced budget each year. However, in order to continue to adequately fulfill our responsibilities, additional funding is necessary. As outlined in the Mandate and Roles Document, we prepared a funding and revenue plan which was submitted to the Minister of Service Alberta on May 16, 2022.

In May 2021, Service Alberta engaged KPMG LLP (KPMG) to conduct a performance review of the governance and administration of AMVIC's Compensation Fund. The fund was established in 2012 and the KPMG review (dated Dec. 2, 2021) determined that the fund is performing well across most of the established evaluation criteria. Opportunities to improve the fund were identified and resulted in nine recommendations. The Compensation Fund Committee reviewed the recommendations and proposed a plan for implementation of the recommendations; we submitted that plan to the Minister of Service Alberta on May 16, 2022.

I am proud to chair the AMVIC Board of Directors and pleased that we are operating at full capacity with seven directors from the public arena and six directors representing industry associations, including one industry director-at-large. I would like to thank board members whose terms expired during the 2021 – 2022 fiscal year. Phyllis Bohachyk was absolutely dedicated to AMVIC's strategic priorities, particularly in her most recent role as chair. Bill Burnett represented the Recreation Vehicle Dealers' Association of Alberta bringing many years of experience to discussions, particularly during his time as chair and past chair. Wade Michener represented the Auctioneers' Association of Alberta and shared his unique perspective that helped move our organization forward. Adrian Milczarek's commitment benefitted consumers, industry and government, particularly during the onset of the pandemic. Todd Walsh served as treasurer, maintaining the financial viability of AMVIC as his priority. These former directors brought oversight and dedication to their roles, and their commitment to protecting consumers and the industry are very much appreciated.

On behalf of the AMVIC Board of Directors, I want to thank the AMVIC staff for continuing to fulfill their roles and responsibilities while keeping everyone safe.

(original signed by)

Brad Krizan
Board Chair

Message from the Board Treasurer

Along with the rest of the world, AMVIC and the automotive industry continue to find themselves navigating the ever-changing environment associated with a global pandemic. There have been direct and indirect impacts to the automotive industry and consumers, consequently AMVIC must operate as a nimble, adaptable, learning organization as conditions continue to evolve and shift.

A key priority is financial stewardship and management has diligently monitored revenues and expenses, year over year. AMVIC is funded independently of the government and is given the authority through the *Consumer Protection Act* to collect fees and the AMVIC vehicle sales levy. Significant production decreases in the automotive sector across North America are primarily due to the pandemic, the semiconductor shortage in the manufacturing sector, a shortage of batteries for electric vehicles and ongoing cross-border manufacturing issues. There continues to be a significant shortage of new and used vehicles for sale, including recreational vehicles. These adverse conditions have resulted in lower vehicle sales and mean AMVIC's revenue is trending downward.

DesRosier Automotive Consultants Inc. reported that 2021 saw a total of 193,622 new light vehicles sold in Alberta, up seven per cent from the previous year. DesRosier reports point out that there were not enough consumers in 2020 (due to the pandemic) and in 2021 there were not enough vehicles (due to the pandemic induced semiconductor shortages). Looking ahead, the 2022 – 2023 fiscal year will continue to feel the effects of the semiconductor shortage; high demand meeting lower inventory means higher vehicle prices.

For the year ending March 31, 2022, total revenue of \$6,165,754 was \$324,670 lower than budget and \$23,012 lower than last year. Course fees saw an increase of \$48,340 over last year and licensing and registration revenues had a slight increase of \$3,713 over last year. The sales levy revenue was \$38,603 lower than last year.

AMVIC continued to cautiously manage operating expenditures which were \$445,941 under budget and \$269,891 below last year, in response to the lower revenues. This resulted in an operating excess of revenues over expenditures of \$296,568 which was \$121,271 higher than budget and \$246,879 higher than last year.

The Compensation Fund paid out 22 claims for a total of \$272,249.66 (net of \$50,000 recovered from licensee security). In addition, a further \$32,000 was recovered by the fund from licensees, resulting in a net \$241,393 reduction of the fund. The Compensation Fund was replenished from unrestricted net assets to remain at \$4,000,000.

(original signed by)

Dale Hopkins
Board Treasurer

Message from the CEO

As the regulator of Alberta's automotive business industry, AMVIC is responsible to protect consumers and industry from unfair practices in the industry. AMVIC has become flexible and adaptable as we navigated the external effects of recent global challenges. The widespread microchip shortage, reduced vehicle inventories and supply chain issues are being felt across the country. These challenges have resulted in reduced revenue and lower industry compliance, primarily in the areas of advertising and all-in pricing. Non-compliance is a significant hurdle in our efforts to protect consumers and establish a level playing field for the automotive industry. This is directly linked to a lack of industry awareness and understanding of the legislative requirements. AMVIC's educational efforts occur at many levels, and inspectors and investigators endeavour to have a positive impact on industry compliance with legislative requirements.

The COVID-19 pandemic continued to impact how AMVIC worked and we closely aligned ourselves with the government pandemic guidelines as we focused on keeping AMVIC staff healthy and safe. At the end of the 2021 – 2022 fiscal year, we were readying plans to bring staff back to the office environment on a tiered basis and many staff will work in a hybrid model.

Despite these external challenges, AMVIC shaped positive change in 2021 – 2022:

- AMVIC has partnered with Crime Stoppers as a means for individuals or businesses to leave anonymous tips regarding unlicensed automotive businesses or private individuals selling vehicles (curbers). This very successful partnership has resulted in a number of active investigations and charges under the *Consumer Protection Act*.
- AMVIC's new data management system, Open Regulate, was launched on March 16, 2021 and has been very successful in improving compliance, particularly with on-time fee payments. Open Regulate allows for a series of email notifications to be sent to business licensees and salespeople, informing them to take action for a levy payment or renewal, resulting in greatly improved on-time levy payments and renewals, which are well above the targets set in the AMVIC business plan.
- A new learning management system was launched in December 2021. Developed by a local Edmonton business, Skillbuilder is a software that significantly improves the delivery of AMVIC's two online education courses. Skillbuilder's robust capabilities allow AMVIC to better manage course content and flow so registrants have more information available throughout the process. In 2021 – 2022, a total of 2,702 applicants took the mandatory and voluntary courses.

Consumer awareness is the first step in leading consumers toward AMVIC's helpful resources. Despite reduced revenues that removed most of AMVIC's discretionary spending and the pandemic that removed the ability for in person interactions, we continued our educational efforts with consumers. In March 2022, the communications team made a virtual consumer presentation to new Canadians through the Edmonton Immigrant Services Association. Participants were excited to learn about their rights and protections offered through the *Consumer Protection Act*, as well as the free resources offered by AMVIC.

AMVIC maintains and administers a Compensation Fund that provides compensation to consumers in the event they suffer an eligible financial loss as a result of a transaction with an AMVIC-licensed business that is no longer operating. In May 2021, KPMG commenced a review of the governance and administration of the fund, providing recommendations to the Minister of Service Alberta in December 2021. AMVIC has reviewed the report and recommendations and has submitted a response to the Minister.

This fiscal year has been challenging, however we look forward to continuing to guide consumers and industry members towards higher awareness and compliance that protects from unfair practices, encouraging trust and confidence in the automotive industry.

[original signed by]

Malcolm Knox
AMVIC Chief Executive Officer



“AMVIC has become flexible and adaptable as we navigated the external effects of recent global challenges.”



EDUCATING CONSUMERS

AMVIC takes a multifaceted approach in providing resources to help consumers understand their rights, protections and responsibilities prior to entering into an automotive transaction.

Edmonton Immigrant Services Association (EISA) presentation

On March 3, 2022, two AMVIC communications staff held an online consumer information session on buying and repairing a vehicle in Alberta. Attendees had many great questions about repair estimates, no “cooling off” period and vehicle history. AMVIC is excited to continue a positive relationship with EISA with more presentations to their clients in the coming fiscal year.

Fraud Prevention Month activities

For the sixth consecutive year, AMVIC joined the Competition Bureau’s Fraud Prevention Forum online to raise awareness on how to recognize, reject and report fraud.

11

consumer
bulletins emailed
and posted to
amvic.org



665 Twitter followers



998 Facebook followers



The largest spike in web traffic was on June 1, 2021,
when AMVIC issued Impact Vol. 2, 2021, with 2,012 sessions.

Business plan metrics: communications

Performance measure	2021 – 2022 target	2021 – 2022 actual
Proactive awareness activities - interviews, newsletters, industry and consumer bulletins, news releases*	30	31
Consumer and industry events**	n/a	n/a
Level of public awareness of AMVIC (measured biennially)***	35%	n/a
Performance indicator	2021 – 2022 target	2021 – 2022 actual
Annual number of website sessions (purposeful visits)	340,000 sessions	313,866 sessions

*The number of consumer and industry bulletins will be reduced as there will be an increased focus on social media and digital strategies.

** The COVID-19 pandemic has eliminated opportunities for face-to-face interaction with consumers. These interactions will resume when safe and appropriate to do so.

***Last measured in 2020 – 2021 as 47%, was not measured in 2021 – 2022.

HELPING CONSUMERS

Consumer services is the first point of contact for anyone who has a question or concern about an automotive business or salesperson in Alberta. Consumer services staff review each complaint submitted to AMVIC through an online process and coordinate appropriate followup actions.

If applicable, consumer services may attempt to encourage alternate dispute resolution (ADR). Regardless of the ADR outcome, if a breach or potential breach of the legislation is identified, the complaint is referred to investigations. The complaint may also be sent to AMVIC's industry standards team for review. The issue may require appropriate education or elevated progressive enforcement actions. The consumer could also be referred to apply for the Compensation Fund, if applicable.

Some complaints are outside of AMVIC's jurisdiction, in which case the consumer is given other contacts or resources to assist them. In 2021 – 2022 AMVIC received 2,391 complaint submissions on a variety of topics, the five most common listed below.

Complaints by business category

Business licence activity	2021 - 2022 complaints
New and used sales	1,583
Unknown (includes curbers and unlicensed businesses)	357
Service and repair	211
Used sales only	207
Wholesale	15
Recreational vehicle sales	14
Agent or broker	2
Recycling and dismantling	2
Total	2,391

Five most common complaint topics submitted





In 2021 – 2022, \$1,973,890 was obtained for 225 consumers

through alternate dispute resolution (ADR). More than \$7.3 million has been obtained for automotive consumers through ADR facilitated by AMVIC since becoming a public agency.

Business plan metrics: consumer services

Performance measure	2021 – 2022 target	2021 – 2022 actual
Total consumer complaints resolved through alternate dispute resolution (ADR)	120	225

Performance indicator	2021 – 2022 target	2021 – 2022 actual
Total consumer complaints handled by consumer services officers	2,500	2,391
Total consumer complaints assigned by consumer services to investigations*	600	563
Total consumer complaints assigned by consumer services to industry standards	200	44
Total consumer complaints assigned by consumer services to Compensation Fund**	60	0

*Consumer services forwards all complaints with potential breaches of legislation to investigations.

**None were required.

Compensation Fund

AMVIC maintains a Compensation Fund for consumers who have suffered an eligible financial loss as the result of a transaction with an AMVIC-licensed business that is out of business or is otherwise unable to compensate the consumer. Consumers can submit a claim to AMVIC's Compensation Fund of up to \$25,000 per transaction. Where there are several claims against a single licensee, those claimants would share the maximum of \$300,000, pro-rated.

Compensation Fund 2021 – 2022

35 claims determined

- 22 eligible
- 12 ineligible
- 1 claim withdrawn by claimant

35 claims closed

15 claims opened

The total amount paid from the Compensation Fund to 22 claimants in 2021 – 2022 was

\$272,249.66*

*Net of recovered licensee security.



Business plan metrics: Compensation Fund

Performance measure	2021 – 2022 target	2021 – 2022 actual
Maintain fund at the maximum level established by AMVIC Bylaws	\$4 million	\$4 million
Adjudicate claims in accordance with the Automotive Business Regulation and Bylaw 2 Compensation Fund	100%	100%

LICENCE TO OPERATE

Any business or salesperson who engages in Alberta's automotive industry must be licensed or registered with AMVIC – it's the law. Businesses are licensed and salespeople are registered. Both processes require submitting a number of documents, including a background check from a third party and in the case of salespeople, successfully passing the Salesperson Registration Course. Salespeople must be registered with AMVIC to legally solicit, negotiate or conclude a sale. Each application is reviewed and may be approved, issued with conditions or refused. Once a licence or registration is issued, it must remain in good standing and be renewed annually.

An automotive business licence is required for any of the following classes and activities:

Sales licence class activities

- Retailer: sells new or used vehicles and purchases vehicles from the general public.
- Wholesaler: sells, consigns and exchanges vehicles only with other automotive businesses.
- Agent or broker: negotiates or conducts on a consumer's behalf an agreement in which the consumer buys, sells or leases a vehicle.

Leasing licence class

- Offers leases for a period longer than 120 days.

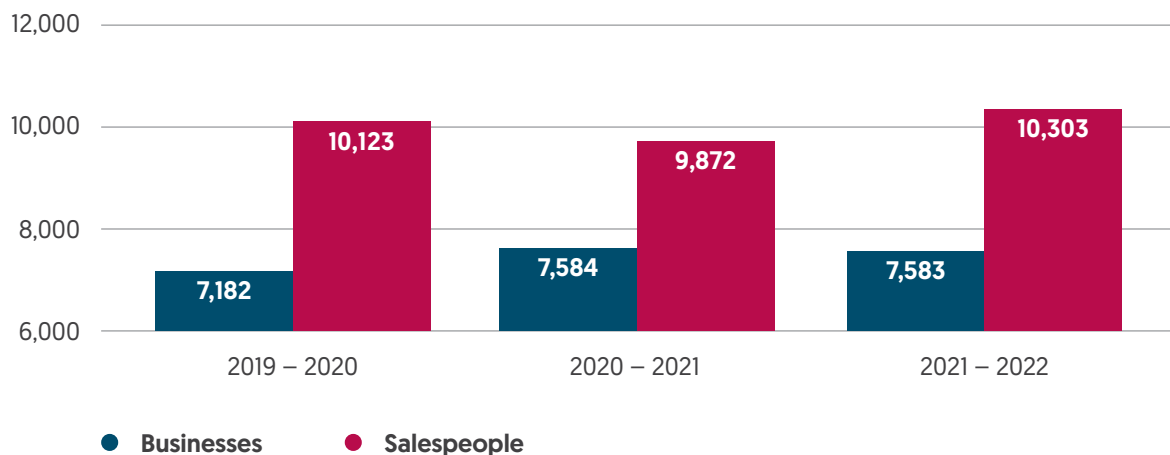
Consignment licence class

- Sells vehicles on behalf of a consumer to other consumers.

Repair licence class activities

- Garage
- Service station
- Autobody
- Specialty service
- Mobile
- Recycling and dismantling

Total businesses licensed and salespeople registered (three-year comparison)



Business plan metrics: licensing

Performance measure	2021 – 2022 target	2021 – 2022 actual
Percentage of licence applications processed within 37 calendar days	65%	64%
Percentage of registration applications processed within 14 calendar days*	86%	63%
Performance indicator	2021 – 2022 target	2021 – 2022 actual
Total number of business licences issued	7,400	7,583
Number of new business licences issued	780	790
Total number of salesperson registrations issued	10,000	10,303
Number of new salesperson registrations issued	2,250	2,315
Percentage of licensed businesses who renew on time**	65%	66%
Percentage of licensed businesses who report and pay sales levies on time	55%	75%
Percentage of registered salespeople who renew on time***	45%	60%

* Shifting the responsibility of background check completion to applicants has impacted the speed with which registrations can be issued.

** Licensee renewal number only captures businesses who were at an issued status at the time of renewal.

*** Registration renewal number only captures salespeople who were at an issued status at the time of renewal.



INDUSTRY ENGAGEMENT AND EDUCATION

Proactive education is a key component of enforcement. Monthly bulletins and AMVIC's quarterly newsletter support industry members in understanding and complying with Alberta's consumer protection laws. Salesperson applicants cannot qualify for an AMVIC registration until they have passed the mandatory Salesperson Registration Course's final exam. This means they cannot legally solicit, negotiate or conclude a sale with a consumer until they have been educated on the laws.

In addition to AMVIC's mandatory Salesperson Registration Course, AMVIC also offers a voluntary Service and Repair Course, which 36 users took in 2021 - 2022.

The course provides knowledge of the regulations that those in the service and repair industry can apply to their everyday work.

In mid-December 2021, AMVIC transitioned to a new education course platform provider, called Skillbuilder, in the interest of continuous improvement. Skillbuilder is more stable and intuitive than the previous platform, resulting in a smoother user experience. Users have 30 days to complete a course and receive multiple automatic reminders of their course timeline.



10

industry bulletins sent to salespeople
and businesses

25,389

registrants and licensees receive Impact,
AMVIC's quarterly industry newsletter

Salesperson Registration Course successful completions

Year	Successful completions
2019 – 2020	3,489
2020 – 2021	2,309
2021 – 2022	2,519

Pass/fail regular and rewrite attendance

	Pass	Fail	Course attendance total
First attempt 2021 – 2022	2,425	136	2,561*
Rewrite 2021 – 2022	94	11	105
First attempt 2020 - 2021	2,249	67	2,385*
Rewrite 2020 - 2021	60	9	69

*Total attendance number does not account for no-shows, user errors or technical omissions.



ENSURING COMPLIANCE

One of AMVIC's priorities is to help automotive businesses understand the legislative requirements and provide assistance in being compliant with the *Consumer Protection Act* and specific sections of the *Traffic Safety Act* and *Criminal Code*. AMVIC has the authority to inspect all licensed automotive businesses in Alberta, which serves to manage risk to consumers by reducing the impact of a non-compliant business.

Inspections are an opportunity to educate, explain legislation and answer any questions. An inspection can take anywhere from an hour to an entire business day depending on the size of the business and if followup is required. The industry standards team continued to take COVID-19 pandemic safety precautions, including conducting the majority of the inspections from a distance and spending no more than 15 minutes inside an automotive business wherever possible.

Additionally, the COVID-19 pandemic has presented a unique opportunity for the creation of the virtual preliminary inspection, which has been well received by the industry, particularly those who are in remote areas of Alberta. These inspections allow for the inspectors to complete a precursory advertisement review, introduce themselves, and provide education on the legislation,

compliance and best business practices without reviewing records. Every effort is made to conduct inspections through telephone calls and emailed files, however taking files off-site may be utilized if a business is unable to provide all documents digitally as requested.

Upon completion of an inspection, the inspector will typically discuss with the general manager of the licensee the inspection findings for the purposes of:

- Reviewing and explaining any issues found;
- Education; and
- Providing a package with information and guidelines to foster regulatory compliance.

Compliant advertising

Advertising compliance remains the number one issue in all inspections conducted. AMVIC works with industry to provide communication and education both directly with calls and emails, as well as via newsletters and advertising resources available on amvic.org.



Licensee field inspections conducted

Licence type	Number of inspections
Service and repair, and recycling and dismantling Top concerns: non-compliant advertising, non-compliant invoices and estimates, unlicensed business activities	182
Used sales and leasing Top concerns: non-compliant advertising, not providing vehicle history disclosure, non-compliant Mechanical Fitness Assessment [MFA], non-compliant bill of sale	110
Wholesale Top concerns: unlicensed business activities, unregistered salespeople, non-compliant wholesale agreement	51
New and used sales, and leasing Top concerns: non-compliant advertising, non-compliant MFA, non-compliant vehicle history disclosure, selling above advertised price, bill of sale not completed	46
Consignment, and agent or broker Top concerns: non-compliant advertising, non-compliant MFA	10
Recreational vehicle sales Top concern: non-compliant advertising	3
Total	402

A licensee is included in only one category above, even if they are licensed for more than one class.





Top inspection concerns

Advertising non-compliance	57% of inspections
Mechanical Fitness Assessment non-compliance	31% of inspections
Bill of sale non-compliance	25% of inspections
Selling above advertised price	21% of inspections

Business plan metrics: industry standards

Performance measure	2021 – 2022 target	2021 – 2022 actual
Licensee field inspections	300	402

Total concerns identified
by inspectors:

605



Corrective action:

Education

Followup inspection

Progressive enforcement
e.g. Administrative Penalties,
Undertakings, Director's Orders

ENFORCEMENT AND ADMINISTRATIVE ACTIONS

AMVIC can take a number of enforcement actions against businesses and salespeople who do not comply with Alberta's consumer protection laws. Several factors are considered before determining appropriate enforcement action. AMVIC's team of 16 peace officers includes 13 investigators who work across Alberta. AMVIC's peace officers have the authority to lay charges under the *Consumer Protection Act* and specific sections of the *Traffic Safety Act* and *Criminal Code*. An administrative review by the Director of Fair Trading (as delegated) for a business or salesperson can be recommended by an AMVIC investigator or an industry standards officer.

Zero tolerance for curbers

Automotive sales businesses operating without an AMVIC licence are known as curbers. These illegal, unlicensed sellers often mislead buyers about vehicle history and condition. Consumers who buy from a curber often find that when vehicle problems surface, the seller cannot be located and the consumer has no recourse.

In addition to enforcement, AMVIC works to educate consumers about the risks of buying from curbers and the benefits of choosing to deal with AMVIC-licensed businesses.

Crime Stoppers tips

In the summer of 2021, AMVIC partnered with Crime Stoppers to protect consumers and industry from unfair practices in Alberta's automotive industry. Since then, AMVIC has received 40 tips through Crime Stoppers, primarily regarding curbers and backyard mechanics. AMVIC's senior manager of investigations is the Crime Stoppers contact for anonymous tips. If the tip is within AMVIC's jurisdiction to investigate, a file will be generated and an investigation will begin. AMVIC would once again like to acknowledge our partnership with Crime Stoppers in the collective efforts of reducing crime.

Charges laid

Charge type	Number of charges
<i>Consumer Protection Act</i>	
Licence requirements	20
Unfair practices	10
Automotive Business Regulation	9
<i>Criminal Code</i>	4
Total	43

5 convictions*

total fines:
\$16,950

Restitution to victims
resulting from
convictions:

\$25,328

*Convictions based on charges laid in previous years.

Investigations opened in 2021 – 2022

Investigation type	Number opened
New and used sales*	296
Curbers and other (unspecified by consumer)	181
Used sales	94
Service and repair	70
Wholesale	9
Recreational vehicle sales	4
Recycling and dismantling	2
Total	656

A licensee is included in only one category above.

*New and used sales includes businesses that also sell used vehicles, but not consignment sales.

Administrative reviews and actions

AMVIC follows a progressive enforcement model if there is a risk or perceived risk to consumers or the automotive industry. Investigations, inspections and licensing circumstances can progress to the Director of Fair Trading (as delegated) for an administrative review. Prior to the Director of Fair Trading (as delegated) proceeding with any form of administrative action, the licensee or registrant is provided with notice and given the opportunity to respond in writing and/or participate in an administrative review with the Director. A decision of the Director can be appealed by businesses and salespeople.

Administrative review outcomes may include:

- no action required,
- Undertaking,
- Director's Order,
- Administrative Penalty up to \$100,000,
- conditions added to a licence, or
- licence cancellation or suspension.

Business plan metrics: investigations*

Performance measure	2021 – 2022 target	2021 – 2022 actual
Consumer complaints investigated, completed or closed*	700	686
Number of meetings held with external intelligence and enforcement agencies	8	5
Number of initiatives developed and implemented as a result of meetings with external agencies	4	3
Curber files investigated (unlicensed businesses)	50	70

*Investigations may span over the course of two fiscal years, depending on the complexity and size of the investigation.

Business plan metrics: administrative enforcement

Performance measure	2021 – 2022 target	2021 – 2022 actual
Average number of working days to schedule and hold a licensing administrative review upon receipt of an application report	9	7.5
Average number of working days to schedule and hold an investigation administrative review upon receipt of an application report*	19	15
Average number of working days to issue a written administrative review decision after an administrative review is held**	2 (Lic.) 10 (Inv.)	1.5 (Lic.) 4 (Inv.)

* Affected by availability of all parties involved and adjournment requests.

** Lic. means licensing and Inv. means investigations.

89 total number of administrative reviews held

Action	Licence type breakdown
4 Administrative Penalties totaling \$14,000	New and used sales: 2 Used sales: 1 Wholesale: 1
8 Undertakings*	Used sales: 5 Wholesale: 1 Salesperson: 1 Consignment: 1
31 Director's Orders issued in response to investigations	Unlicensed: 29 Service and repair: 2
3 Director's Orders issued in relation to the Director of Fair Trading (as delegated)	Used sales: 2 Wholesale: 1

*Includes one Undertaking that overlaps with last fiscal year.





INVESTING IN PEOPLE

AMVIC is committed to identifying both internal and external training initiatives that align with the business plan and fall within departmental budget guidelines. Staff development and stakeholder engagement with a focus on customer service is a priority. Cross-departmental training sessions lead to stronger team dynamics, while third party diversity and respectful workplace learning promotes a more diverse cultural engagement for all parties. By investing and reporting on these initiatives we can identify opportunities for improved staff development and stakeholder engagement.

Business plan metrics: human resources

Performance measure	2021 – 2022 target	2021 – 2022 actual
Hours of out of office staff training	400	358.4
Hours of in office staff training*	900	577.5

*Number deeply affected by the COVID-19 pandemic.

Public interest disclosure

In accordance with the *Public Interest Disclosure (Whistleblower Protection) Act* Sections 32(1), 32(2) and 32(3), there were no disclosures, investigations, recommendations or statements of actions for the April 1, 2021 to March 31, 2022 period.



**2021
2022**

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Independent Auditor's Report

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To the Board of Directors of the
Alberta Motor Vehicle Industry Council

Opinion

We have audited the financial statements of Alberta Motor Vehicle Industry Council (the "Council"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Council as at March 31, 2022, and its results of operations, its changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Canada

June 21, 2022



Chartered Professional Accountants

Alberta Motor Vehicle Industry Council

Statement of Operations

Year Ended March 31

	2022	2021
Operating		
Revenues		
Licence fees	\$ 3,141,835	\$ 3,138,122
Sales levy	2,508,944	2,547,547
Course fees	432,960	384,620
Other income	15,715	25,357
Interest income	66,300	90,120
Total revenues	6,165,754	6,188,766
Expenditures		
Amortization	79,594	58,496
Audit	25,190	24,150
Communications	25,764	104,092
Computer	238,828	228,961
Finance charges	132,883	122,334
Insurance	7,798	8,026
Labour	4,699,542	4,888,614
Legal fees	60,814	92,222
Office	81,665	86,657
Postage and courier	2,200	1,946
Professional services	10,752	6,162
Rent	367,678	376,000
Staff training and recruitment	841	15,937
Telecommunications	77,282	76,345
Travel	58,355	49,135
Total expenditures (Note 5)	5,869,186	6,139,077
Operating excess of revenues over expenditures	\$ 296,568	\$ 49,689
Compensation Fund		
Revenues		
Investment revenue	43,943	56,844
Expenditures		
Administrative costs	225,353	143,454
Claims paid and payable	323,393	194,495
Claims and recoveries from licensees and security	(82,000)	(5,000)
Total expenditures	466,746	332,949
Compensation Fund deficiency of revenues over expenditures	(422,803)	(276,105)
Total (deficiency) excess of revenues over expenditures	\$ (126,235)	\$ (226,416)

See accompanying notes to the financial statements.

Alberta Motor Vehicle Industry Council

Statement of Changes in Net Assets

Year Ended March 31

	Unrestricted	Compensation Fund [Note 3]	Internally restricted [Note 3]	Invested in capital assets	2022 Total	2021 Total
Net assets, beginning of year	\$ 4,248,226	\$ 4,000,000	\$ 2,100,000	\$ 236,788	\$ 10,585,014	\$ 10,811,430
(Deficiency) excess of revenues over expenditures	194,752	[241,393]	–	[79,594]	[126,235]	[226,416]
Inter-fund transfer [Note 3]	[241,393]	241,393	–	–	–	–
Net assets, end of year	\$ 4,201,585	\$ 4,000,000	\$ 2,100,000	\$ 157,194	\$ 10,458,779	\$ 10,585,014

See accompanying notes to the financial statements.

Alberta Motor Vehicle Industry Council

Balance Sheet

March 31

	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 495,511	\$ 388,098
Accounts receivable	589,047	647,621
Prepays	60,804	63,741
Short-term investments	3,640,950	2,786,772
	4,786,312	3,886,232
Restricted cash [Note 6]	-	50,239
Long-term investments	1,816,775	2,738,418
Long-term restricted investments [Note 3]	3,986,082	3,998,764
Capital assets [Note 4]	157,194	236,788
	\$ 10,746,363	\$ 10,910,441
Liabilities		
Current		
Accounts payable and accruals	\$ 225,779	\$ 177,051
Tenant allowance liability	9,880	9,880
Compensation Fund claims payable [Note 6]	-	25,428
	235,659	212,359
Long term		
Tenant allowance liability	1,647	11,527
Long-term deposits [Note 6]	50,278	101,541
	51,925	113,068
	287,584	325,427
Net assets		
Compensation Fund [Note 3]	4,000,000	4,000,000
Invested in capital assets	157,194	236,788
Internally restricted [Note 3]	2,100,000	2,100,000
Unrestricted	4,201,585	4,248,226
	10,458,779	10,585,014
	\$ 10,746,363	\$ 10,910,441

Commitments (Note 8)

On behalf of the Board

[original signed by] Brad Krizan Director

[original signed by] Dale Hopkins Director

See accompanying notes to the financial statements.

Alberta Motor Vehicle Industry Council

Statement of Cash Flows

Year Ended March 31

	2022	2021
Increase [decrease] in cash and cash equivalents		
Operating		
Excess of revenues over expenditures	\$ (126,235)	\$ (226,416)
Items not affecting cash:		
Amortization	79,594	58,496
	(46,641)	(167,920)
Change in non-cash operating items:		
Accounts receivable	58,674	(45,642)
Prepays	2,937	47,005
Accounts payable and accruals	48,728	15,557
Tenant allowance liability	(9,880)	(9,880)
Long-term deposits	(51,263)	(52,576)
Compensation Fund claims payable	(25,428)	(22,487)
	(22,973)	(235,943)
Investing		
Change in restricted cash	50,239	623
Proceeds from disposal of investments	5,395,817	2,395,039
Purchase of investments	(5,315,670)	(2,549,653)
	130,386	(153,991)
Net increase [decrease] in cash and cash equivalents	107,413	(389,934)
Cash and cash equivalents		
Beginning of year	388,098	778,032
End of year	\$ 495,511	\$ 388,098

See accompanying notes to the financial statements.

Alberta Motor Vehicle Industry Council

Notes to the Financial Statements

March 31, 2022

1. Legal form and objectives

The Alberta Motor Vehicle Industry Council [“the Council”] was originally incorporated under the *Societies Act* of Alberta on February 12, 1999. On October 31, 2018, as per section 137.8 of the *Consumer Protection Act*, the Council ceased being a society, and was continued as a corporation and a regulatory board under the *Consumer Protection Act*.

The Council's mandate is to protect consumers and industry from unfair practices in the automotive business industry. The Council is responsible for maintaining a mandatory licensing program for automotive businesses and a registration program for automotive business salespeople, educating industry on regulatory compliance, informing consumers of their rights and enforcing consumer protection laws as required by the *Consumer Protection Act*.

The Council is a “not for profit” organization for purposes of the *Income Tax Act* (Canada) and is exempt from income taxes.

2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations [“PSAS-GNFPO”] and include the following significant accounting policies:

Use of estimates and measurement uncertainty

The preparation of financial statements in conformity with PSAS-GNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Significant estimates included in these financial statements are the completeness of sales levy revenue receivables, the amortization basis for capital assets, the valuation of the allowance for doubtful accounts receivable, and the accrual for Compensation Fund claims payable.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, highly liquid temporary money market instruments, and short-term investments with original maturities of three months or less.

Financial instruments

The Council's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

At each reporting date, the Council measures its financial assets and liabilities at cost or amortized cost using the effective interest method (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. All changes in fair value of the investments in equities quoted in an active market is recorded in the statement of operations. The Council uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable, restricted cash, short-term and long-term investments, long-term restricted investments, accounts payable and accruals, Compensation Fund claims payable and long-term deposits. The carrying value of financial instruments approximates their fair value unless otherwise noted.

2. Summary of significant accounting policies [cont'd]

For financial assets measured at cost or amortized cost, the Council regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Council determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Revenue recognition

The Council derives part of its revenues from fees charged for licences for automotive businesses and registrations for automotive salespeople. The licence term is non-refundable for a one-year period and revenue is recognized at the time the licence is issued.

The Council also derives revenue from collecting a sales levy per vehicle sold or leased to retail customers by automotive businesses and salespeople. Revenue from sales levies are recognized at the time of sale of the vehicle.

The Council also derives revenue from course fees to provide online training to automotive salespeople and the service and repair industry. Revenue from course fees are recognized when the salesperson registers in the online course as the non-refundable fees are received.

The Council follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the year when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance

The Council recognizes government assistance toward current expenses in the statement of operations. When government assistance received is specified to relate to future expenses, the Council defers the assistance and recognizes it in the statement of operations as the related expenses are incurred.

During the prior year, the Council claimed \$25,000 under the Temporary Wage Subsidy [TWS] which is included in labour expense.

Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets estimated useful lives, at the following rates:

Computer hardware	30%, straight-line
Computer software	30%, straight-line
Furniture and fixtures	10%, straight-line
Leasehold improvements	straight-line or over the term of the lease

Impairment of long-lived assets

The Council tests for impairment when events or changes in circumstances indicate the carrying amount of an item or class of capital assets may not be recoverable. Recoverability is determined by comparing the carrying amount of the asset to the undiscounted future cash flows expected from use and eventual disposition of the asset. In such situations, the asset is measured at its fair value and presented in the balance sheet at the lower of the fair value or carrying amount.

3. Restricted net assets

The restricted net assets include reserves restricted for various purposes:

	2022	2021
Internally restricted funds		
Restricted operating fund	\$ 1,000,000	\$ 1,000,000
Restricted sustainability fund	600,000	600,000
Restricted innovation & technology fund	500,000	500,000
	\$ 2,100,000	\$ 2,100,000
Compensation Fund	\$ 4,000,000	\$ 4,000,000

The internally restricted net assets consist of:

- Amounts restricted by the Council's Board of Directors to provide the financial resources for an orderly windup of the Council for the amount of \$1,000,000 [2021 – \$1,000,000].
- Amounts restricted by the Council's Board of Directors to provide the financial resources for any unforeseen financial obligations the Council may encounter, for the amount of \$600,000 [2021 – \$600,000].
- Amounts restricted by the Council's Board of Directors to provide the financial resources for management to make the Council's operations more effective and/or efficient through innovative and technology driven projects, for the amount of \$500,000 [2021 – \$500,000].

The internally restricted amounts are not available for use without the prior approval of the Board of Directors. These funds must also be invested in low risk investments such as a GIC, treasury bill or bonds.

The Alberta Motor Vehicle Industry Council Compensation Fund [the "Fund"] was established pursuant to section 137(1) of the *Consumer Protection Act*. The fund is governed in accordance with sections 26, 27, 28, 29, 30 and 31 of the *Automotive Business Regulation* and AMVIC Bylaw 2 – Compensation Fund.

The Fund was launched on January 1, 2012 and has been fully operational since March 31, 2012. The Fund has been internally restricted by the Council's Board of Directors and can only be used for the following:

- To pay out claims to consumers who have suffered a loss arising from an act or omission during an automotive transaction.
- Amounts in the Fund in excess of \$1,500,000 may, with the prior permission of the Director of Fair Trading, be used for the purpose of providing information relating to automotive business to consumers and persons engaged in the automotive business, and paying the costs of investigations for which the Council is responsible.

During the year, Fund claims were approved and paid or accrued in the total amount of \$323,393 [2021 – \$194,495] and claims were recovered in the amount of \$82,000 [2021 – \$5,000]. The Board of Directors also approved transfers from unrestricted net assets to the Fund in the amount of \$241,393 [2021 – \$189,495] for claims paid or accrued. The Fund balance is \$4,000,000 on March 31, 2022 [2021 – \$4,000,000].

Alberta Motor Vehicle Industry Council

Notes to the Financial Statement

March 31, 2022

4. Capital assets

				2022		2021
	Cost		Accumulated Amortization	Net Book Value		Net Book Value
Computer hardware	\$ 316,444	\$	315,598	\$ 846	\$	2,541
Computer software	853,982		783,107	70,875		102,684
Furniture and fixtures	316,911		264,391	52,520		69,846
Leasehold improvements	378,267		345,314	32,953		61,717
	\$ 1,865,604	\$	1,708,410	\$ 157,194	\$	236,788

5. Nature of expenditures

The percentages of expenditures incurred by the different operating departments of the Council are as follows:

	2022	2021
Licensing and registration	13%	13%
Complaint management, investigation and enforcement	66%	68%
Education and communications	8%	10%
Compensation Fund	11%	8%
Board of directors	2%	1%

6. Long-term deposits

The Council holds security deposits totalling \$50,278 (2021 – \$101,541) from businesses participating in consignment activity. The deposits are maintained until a claim is made against the security, over three years following the removal of consignment sales, or the closure of the licensee's business. All interest received on the cash is repaid to the depositor within 60 days after March 31 of each fiscal year.

As of March 31, 2022, the long-term deposits included \$50,000 (2021 – \$100,000) received as security from consignment businesses plus \$278 (2021 – \$1,541) accrued interest. These amounts including accrued interest are recognized as restricted cash of \$nil (2021 – \$50,239), and cash and cash equivalents of \$50,278 (2021 – \$51,302).

7. Employee future benefits

The Council sponsors a registered retirement savings plan for its employees. The employer's portion of contributions is computed as a percentage of compensation. The expense recorded in relation to the employer's contribution for the year ended March 31, 2022 was \$331,805 (2021 – \$364,308).

Alberta Motor Vehicle Industry Council

Notes to the Financial Statements

March 31, 2022

8. Commitments

The Council has commitments for information technology support, its leased premises, and office equipment.

The future minimum annual payments are as follows:

2023	384,777
2024	160,699
2025	62,651
2026	1,817
2027	1,817



EXECUTIVE TEAM

Malcolm Knox

Chief Executive Officer

Tracee McFeeters

Executive Assistant, Secretary to the Board,
Policy Coordinator

Jason Cheung

Chief Financial Officer

Evelyn Lam-Joe

Manager of Industry Standards

Derek Blackman-Shaw

Senior Manager of Investigations

Cathy Housdorff

Manager of Communications and Education

Yoneke Alexander

Manager of Licensing

Rhonda Varley

Manager of Legal Services

Jacqueline Kibsey

Legal Counsel

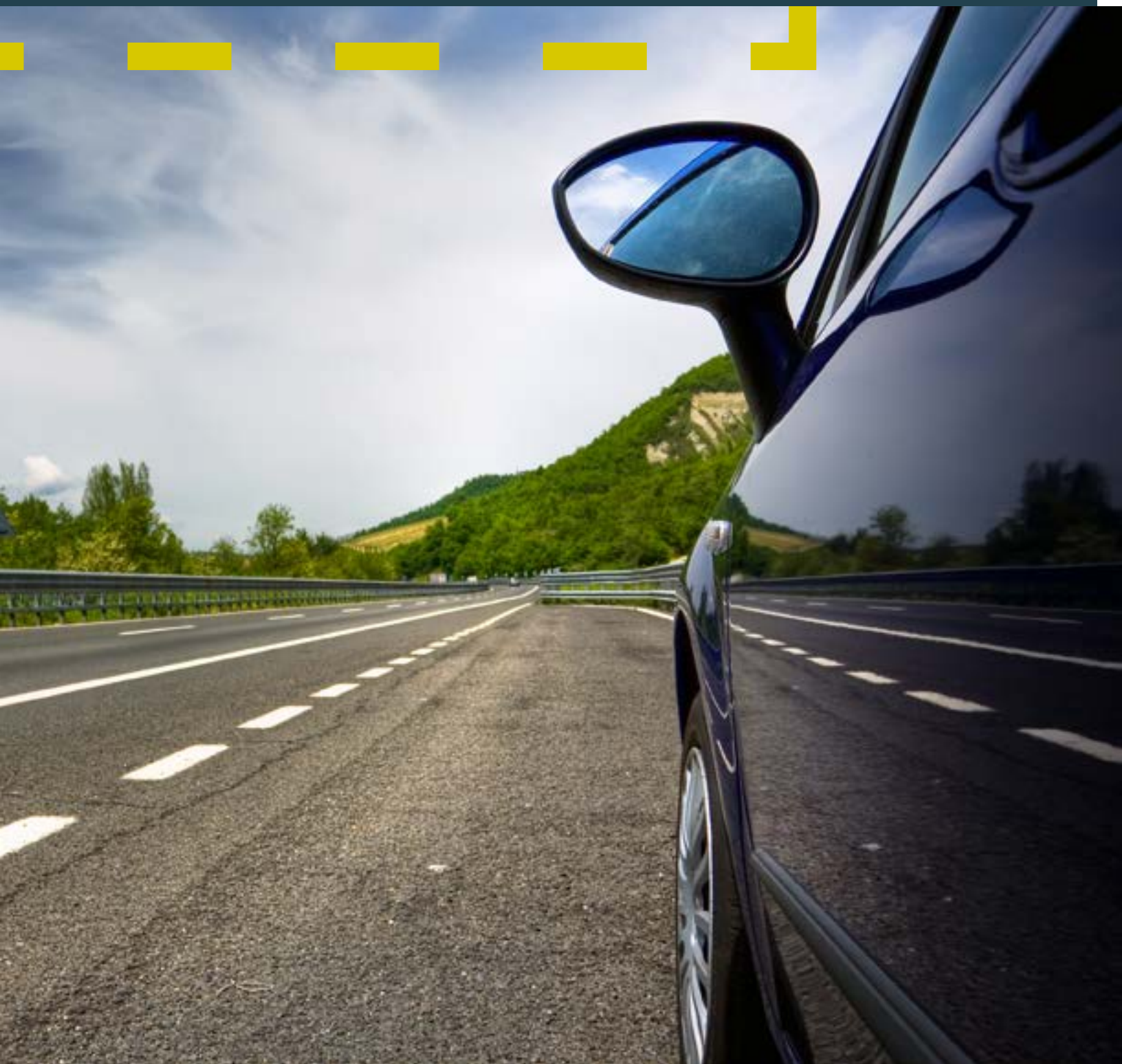
Deb McKay

Manager of Human Resources

Gerald Gervais

Registrar, Director of Fair Trading
[as delegated]





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ALBERTA MOTOR VEHICLE
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