



Industry Standards Policy

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Industry standards

Industry Standards Policy

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2. Introduction

2.1 Policy statement

The Alberta Motor Vehicle Industry Council (AMVIC) is responsible for educating suppliers and conducting inspections on automotive businesses to ensure continued compliance with the *Consumer Protection Act* (CPA), *Automotive Business Regulation* (ABR), *Designation of Trades and Business Regulation* (DTBR), *Internet Sales Contract Regulation* (ISCR), *Cost of Credit Disclosure Regulation* (COCDR), *Traffic Safety Act* (TSA), and *Vehicle Inspection Regulation* (VIR). For the purposes of this Industry Standards Policy, all acts and regulations mentioned in the policy statement will be collectively referred to as the “legislation”.

2.2 Purpose

The purpose of the Industry Standards Policy is to guide AMVIC’s efforts to educate industry, promote compliance and enforce the legislation regulating automotive business in Alberta to ensure a fair marketplace. It is intended to assist AMVIC in maintaining fair and consistent processes for compliance activities and decision-making that meets the requirements of the legislation, administrative fairness and natural justice.

2.3 Definitions

In this policy:

- i. “administrative action” refers to the broad cross section of administrative tools available to AMVIC under the relevant legislation;
- ii. “automotive business” means a business conducting the activities of buying or selling vehicles whether as a retailer or wholesaler, including the selling of vehicles on consignment; leasing vehicles when the term of the lease is for more than 120 days; negotiating or conducting on a consumer’s behalf an agreement in which the consumer buys, sells or leases a vehicle; recycling or dismantling vehicles, or installing parts or equipment in repairing or servicing vehicles;
- iii. “ISO” means an industry standards officer;
- iv. “levy” means the amount approved by the Minister that each supplier must remit to AMVIC for each vehicle sold, leased or consigned by an automotive business;
- v. “manager” means the manager of industry standards;
- vi. “Registrar” means the Director of Fair Trading (as delegated);
- vii. “salesperson” means a person who is authorized by an automotive sales licensee, automotive leasing licensee or automotive consignment licensee to solicit, negotiate or conclude on the licensee’s behalf an agreement to buy, sell, lease, exchange or consign a vehicle; and
- viii. “supplier” means an AMVIC licensed automotive business and/or registered salesperson.

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3. Policy

3.1 Duties and responsibilities

3.1.1 Authority of the Registrar

The authority to inspect and enforce the legislative requirements governing the automotive industry is granted to the Director of Fair Trading (as delegated) in the CPA. The position at AMVIC that is designated the Director of Fair Trading (as delegated) is the Registrar. The CPA gives the Registrar the authority to delegate any of the powers, duties or functions under the CPA or the regulations to any person and may authorize the person to further delegate the authority. Those acting with the Registrar's delegated authority are under the same obligations as the Registrar when exercising that authority.

This policy does not bind the Registrar or otherwise hinder or limit the authority and discretion of the Registrar when making decisions regarding administrative action. The principles of natural justice allow the Registrar to consider the unique facts and context of each matter that comes before them when making a decision.

3.1.2 Manager of industry standards

The manager is appointed an inspector by the Registrar and has the overall responsibility for the processes of inspections. The role of the manager is to:

- oversee the ISOs conduct with regard to compliance inspections and advertising compliance;
- determine whether a compliance concern identified by an ISO should be referred to the Registrar for administrative review or be forwarded to investigations; and
- recommend the best method of progressive enforcement on non-compliant suppliers as required.

3.1.3 Industry standards officer (ISO)

The ISO is appointed an inspector by the Registrar. The role of the ISO is to:

- establish and maintain relationships with suppliers in their region and be the primary point of contact on compliance concerns for suppliers;
- conduct compliance inspections and educate suppliers on the legislation governing automotive businesses as required; and
- refer compliance concerns to the manager, where required.

3.1.4 Industry standards administrator

The industry standards administrator is responsible for providing administrative and compliance support to the ISOs. The role of the industry standards administrator is to:

- Provide administrative assistance to the manager or ISO; and

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- review inspection findings letters from ISOs and determine if the supplier has made the appropriate changes to be compliant with legislation.

3.2 Application of the policy

3.2.1 AMVIC identification

An ISO must, on request, produce a document that identifies they are an inspector and explain the purpose for entering the place of business.

3.2.2 Supplier site visits

The purpose of a supplier site visit may include the following:

- responding to supplier questions or complaints;
- educating suppliers about industry standards and updating them on current issues that could affect their business;
- learning more about the current state of the supplier's business; and
- gathering information about the automotive industry.

A supplier site visit will not be deemed an inspection.

3.2.3 Inspections

ISOs will regularly conduct supplier inspections.

ISOs monitor and inspect supplier advertising and business records to identify and address compliance concerns. ISOs are not investigators and do not conduct investigations pertaining to consumer complaints. Due to the nature of the work completed by industry standards, ISOs do not engage with consumers on specific complaints against suppliers.

The purpose of an inspection is to:

- determine whether a supplier is operating in compliance with legislation governing automotive businesses, and the terms and conditions of the supplier's licence;
- increase the potential for compliance by educating suppliers about legislation and compliance issues they may face;
- develop and maintain a trusted, professional relationship between the ISO and the supplier;
- gather information about developments and issues that can assist AMVIC in better understanding the automotive industry in their region; and
- follow a progressive enforcement model to ensure compliance by suppliers with the legislation.

3.2.4 Initiating inspections

All suppliers may be inspected for any of the following reasons:

- i. random;
- ii. on a complaint-driven basis;

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- iii. if a licence class is deemed to be of higher risk to consumers;
- iv. education;
- v. there has been a change to a supplier's licenced activities;
- vi. re-inspection;
- vii. Undertaking entered into by a supplier;
- viii. a conditional licence that has an inspection requirement;
- ix. a refund for levies paid to AMVIC is being requested by a supplier; and
- x. at the discretion of the manager or ISO to ensure compliance with the legislation.

Pursuant to the legislation, an ISO is not required to provide advanced notice to the supplier advising that an inspection will be taking place on a specific date. ISOs at their sole discretion may conduct inspections in person, on the telephone, by email or any other method deemed appropriate by the ISO.

3.2.5 Scope of inspections

When conducting any type of inspection indicated in this policy, the ISO may review, temporarily remove and make copies of records for the past three years. Records may include, but are not limited to, the following:

- i. all sales and consignment agreements;
- ii. Mechanical Fitness Assessments in relation to the above sales and consignment agreements;
- iii. warranty documents and proof of warranty premium remittances;
- iv. any samples of current and previous advertisements published (including but not limited to radio, TV, billboards, print, online, social media);
- v. repair invoices and estimates;
- vi. vehicle inventory records;
- vii. banking records;
- viii. payroll records;
- ix. vehicle history records;
- x. supplier financing submission software records;
- xi. confirmation of lien payouts;
- xii. GST remittance records;
- xiii. financial statements and income tax notice of assessments; and
- xiv. any additional financial documents, or all other documents and records created or received while carrying on the activities authorized by the licence that are required for the ISO to confirm compliance with the legislation.

All information obtained by AMVIC is confidential in accordance with the AMVIC Code of Conduct, *Freedom of Information and Protection of Privacy Act* and any other applicable legislation or policy.

Inspections may be completed in the following manner at the discretion of the ISO:

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- i. at the supplier's place of business;
- ii. on the telephone;
- iii. online methods; and
- iv. at AMVIC's Edmonton or Calgary office.

Sections 3.2.3 to 3.2.5 of this policy apply to all types of inspections conducted.

At any time, an inspection may be referred to AMVIC's investigations department.

3.2.6 Preliminary inspection

A preliminary inspection is an inspection on suppliers who have not previously been subject to a comprehensive inspection, have had no consumer complaints, or have not been subject to any previous investigations. The primary purpose of a preliminary inspection is to provide education on the role of AMVIC and the legislation that pertains to automotive businesses. Business records may be reviewed if necessary.

3.2.7 Comprehensive inspection

A comprehensive inspection is an inspection that is broad in nature and can be conducted on all suppliers, as a means of educating and ensuring continued compliance with the legislation.

Any supplier who has entered into an Undertaking or has received a conditional licence, may be subject to a comprehensive inspection.

Consignment sales entail a unique relationship of trust between a consumer (consignor) and the supplier (consignee), with a higher potential for loss to the consumer. As such, consignment licensees will be inspected more frequently.

3.2.8 Cancellation or voluntary closure inspection

A cancellation or voluntary closure inspection is an inspection that may be completed after a supplier's licence has been cancelled by the Registrar or a supplier has voluntarily ceased operations. Cancellation or voluntary closure inspections may not take place in every instance. The purpose of a cancellation or voluntary closure inspection is to:

- i. confirm the former supplier is aware and understands that it must cease operations and selling to consumers,
- ii. confirm that all levies, outstanding liens and warranty payments are made on vehicles sold to consumers;
- iii. determine if there is unsold inventory;
- iv. confirm who AMVIC can contact if there is a consumer complaint that requires the supplier's attention; and
- v. review any documentation and records to confirm compliance with the legislation.

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3.2.9 Re-inspection

A re-inspection is completed as a follow up to a previous inspection where the ISO identified and documented compliance concerns.

The purpose of the re-inspection is to determine whether the supplier has taken corrective action and resolved any compliance concerns identified previously. A re-inspection may also identify new compliance concerns.

3.2.10 Findings

Where the inspection has revealed compliance concerns, the ISO will make best efforts to discuss in person all findings identified where the supplier is not in compliance. In addition, a findings letter will be sent to the supplier within a reasonable amount of time outlining the following:

- i. all compliance concerns identified during the inspection;
- ii. any compliance action required;
- iii. a time frame for resolution of compliance concerns by the supplier;
- iv. if the ISO will conduct a re-inspection to determine whether compliance concerns have been resolved;
- v. best business practices; and
- vi. identify any outstanding documentation the ISO requires from the supplier in order to determine compliance with the legislation.

3.2.11 Written warnings

Written warnings are not considered to be administrative action against a supplier, however the manager may consider previous written warnings when they make recommendations about proposed administrative action to the Registrar.

3.2.12 Progressive enforcement

The ISO in consultation with the manager, may recommend administrative enforcement action against a supplier for non-compliance with the legislation. AMVIC follows a progressive enforcement model which may include previous written warnings or administrative action.

3.2.13 Administrative action

The manager may recommend administrative action to the Registrar. Proposed administrative action may include Director's Orders, Undertakings, Administrative Penalties, recommendation for suspension or cancellation of licence. The proposed administrative action will be considered on a case by case basis based on inspection findings.

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3.2.14 Access to inspection results

Inspection results are maintained and may be made available to the supplier upon request. Each request will be considered individually.

3.2.15 Conflict of interest

Should there be an actual or perceived conflict of interest for an ISO to complete an inspection, the ISO shall inform the manager. The manager shall evaluate the actual or perceived conflict of interest and ensure arrangements are made to avoid any conflict.

4. Administration

4.1 Related documents and legislation

Automotive Business Regulation
Consumer Protection Act
 Cost of Credit Disclosure Regulation
 Designation of Trades and Business Regulation
Freedom of Information and Protection of Privacy Act
 Internet Sales Contract Regulation
Traffic Safety Act
 Vehicle Inspection Regulation
 AMVIC Administrative Actions Policy
 AMVIC Code of Conduct
 AMVIC Education Policy
 AMVIC Investigation Services Policy
 AMVIC Licensing Policy
 AMVIC Mandate and Roles Document

4.2 Procedures

4.3 Forms

4.4 Amendment history

Version	Date	Summary of update
1.	March 12, 2014	Original – replaces Licensee Inspection Policy – approved.
2.	May 12, 2015	Reviewed and approved.

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3.	Sept. 20, 2017	Policy replaced in its entirety.
3.1	Feb. 8, 2018	Administrative change: <i>Fair Trading Act</i> to <i>Consumer Protection Act</i> .
4.	June 23, 2020	Complete update of policy and move to new format.
5.	Aug. 2, 2023	Updated to reflect changes in the duties and responsibilities of the department and to provide further clarification on the application of the policy. Reviewed and approved by AMVIC CEO, Malcolm Knox.

4.5 Scheduled review date

June 2026