



ALBERTA MOTOR VEHICLE  
INDUSTRY COUNCIL

# AMVIC STRATEGIC PLAN

2023 – 2024

## Message from the Board Chair

On behalf of the Board of Directors and the management and staff of the Alberta Motor Vehicle Industry Council (AMVIC) I am proud to present the 2023-2024 AMVIC Strategic Plan.

As a public agency, AMVIC's priority is to ensure consistency in 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 given AMVIC a foundation of respect and trust. This is now the time to take a critical look at our resources and capacity in order to continue to fulfill our mandate. We must expand our capabilities in this changing environment to increase compliance in the automotive industry and provide effective consumer protection.

AMVIC has evolved considerably over the last five years; we have focused on building trust, organizational stability, and governance effectiveness which has positioned AMVIC to create more impact. This next iteration of AMVIC's evolution will focus on alignment and adaptability to ensure we continue to deliver on our mandate in a new and changing strategic environment.

This strategic plan outlines AMVIC's continued commitment to our mission to protect the public interest and promote trust and confidence in the automotive industry in Alberta.

## Our mission and mandate

AMVIC is a delegated regulatory board created by the Automotive Business Regulation in accordance with Section 136(5) of the *Consumer Protection Act*. The council regulates the automotive business industry in Alberta through the powers delegated to it under the *Consumer Protection Act*.

### **Mission**

AMVIC's mission is to protect the public interest and promote trust and confidence in the motor vehicle industry through heightened awareness and the fostering of a positive exchange of information among industry stakeholders.

### **Mandate**

To protect consumers and industry from unfair practices in the automotive business industry.

AMVIC 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. In addition to protecting Alberta consumers from unfair business practices and working towards building trust and confidence in the automotive business industry, AMVIC is also responsible for:

- Fostering open and clear communication in the automotive business industry and supporting an honest exchange of information among industry, government and consumers.
- Assisting the automotive business industry to build best business practices upon the framework of the *Consumer Protection Act* through education, compliance and enforcement of legislation.
- Providing alternatives for resolution of consumer complaints.

With respect to the automotive business industry in Alberta, AMVIC has been delegated the following powers, duties and functions of the Director of Fair Trading under Section 136(5) of the *Consumer Protection Act*:

- Licensing and registration administration under the *Consumer Protection Act* and the Automotive Business Regulation.
- Investigations, inspections and enforcement under the *Consumer Protection Act*, the Automotive Business Regulation, the Cost of Credit Disclosure Regulation and the Internet Sales Contract Regulation.
- Administration of the Compensation Fund.
- Establishment of formal and informal educational programs for industry and consumers in relation to the automotive business industry.

## What our environment is signalling to us

Along with the rest of world, AMVIC and the automotive industry find themselves navigating the ever-changing environment associated with a global pandemic. There have been long lasting impacts to the automotive industry and consumers, meaning AMVIC must operate as a nimble, adaptable, learning organization as conditions continue to evolve and shift. Above all, consumer protection remains the core focus for AMVIC, and the strategic plan must take into account new perspectives.

We believe the following factors may have a significant impact on our organization:

- AMVIC's revenue is trending downward due to lower vehicle sales, fewer business licences and salesperson registrations.
  - Significant production decreases across North America are due to:
    - the pandemic,
    - the semiconductor shortage in the manufacturing sector continues,
    - a shortage of batteries for electric vehicles, and
    - cross-border manufacturing issues.
    - Supply chain disruptions are expected to continue to disrupt the industry in the short-term.
  - Reduced inventory of new and used vehicles for sale, including recreation vehicles.
- An uncertain economic environment is impacting typical patterns of behaviour. Notable increases in interest rates, gas prices, cost of living along with overall market volatility are increasingly impacting the automotive industry and compliance overall. The automotive industry is observing the following trends as a result of overall market volatility:

- Positions of negative equity are increasing. This is expected to impact consumer borrowing in the future.
- Economic pressures are resulting in decreased industry compliance which poses a risk to consumers.
- Supply challenges are spurring new consumer behaviours such as paying over MSRP in order to secure a purchase.
- There is increased price sensitivity across the industry.
- A decreasing interest in car ownership as a result of economic conditions, environmental choices, etc.
- An increased interest in car sharing services, subscription-based vehicle ownership, and vehicle ownership pools are expected to impact demand for AMVIC's services.
- Emerging technologies continue to shape the future of the automotive industry and will require AMVIC to re-evaluate risks impacting customers.
  - Cybersecurity and privacy concerns are expected to take on a greater focus for regulators.
  - Automotive design that continues to shift to a software/technology enabled focus. Automotive repair businesses may see increased focus of regulators.
  - Growth in online sales and demand for innovative online and cloud-based purchasing options are increasing. Consequently, we must ensure that government is aware of any potential gaps in consumer protection legislation resulting from newly evolving sales practices.
  - Direct order vehicles sales channels may reduce the role of sales associates and raise regulatory questions for AMVIC. The impact of these sales models may also have a significant impact on licensing revenue for AMVIC.
  - Younger, technically savvy generations will play a key role in driving the transformation of the automotive industry.
  - With the increase in online sales originating outside of the jurisdiction and delivered directly to consumers (without an importer or distributor within the jurisdiction), new legislative and enforcement approaches are required to hold the out-of-jurisdiction producer responsible for managing its product and complying with Alberta regulations.
  - An increase in "vulnerable populations" (those vulnerable to unfair practices) may be increasingly targeted through online ads, communications and aggressive sales tactics.
- Continuously changing political landscape.
  - This requires AMVIC to work with government to adapt and align to changing political interests.
  - Building a strong and trusting relationship with government remains of utmost importance.
- Curbing remains as a problem and risk to consumer protection.
- Ways of communicating and educating consumer are changing.

- Social marketing and communications are increasingly a primary way for consumers to become informed and educated. AMVIC must expand their communication channels to capture this online audience.

As Alberta's automotive industry continues to evolve, the board and management team will need to keep up with their understanding and education, in terms of AMVIC's delegated responsibilities, duties and functions under the *Consumer Protection Act* with respect to their mandate.

## What does this mean for AMVIC?

Overall, the environment is signalling that risk has increased significantly over the past few years and that the decisions AMVIC makes today will impact the organization for years to come. This emphasizes the importance of being agile, adaptable and forward looking to better understand emerging changes to the industry. The runway for some of these needed shifts may be lengthy which means AMVIC must tackle many of these emerging challenges through focused and clear priorities. Furthermore, the future of automotive industry regulation continues to reinforce the need for meaningful, two-way engagement with key stakeholders (industry, government and consumers) to understand and align at the level of interests.

AMVIC must be prepared to confront the reality of online sales and the digitization of the automotive industry. New ways of conducting business may necessitate a level of modernization to legislation and regulation as to what constitutes a "level playing field" for sellers and consumers. AMVIC must look at all dimensions of the business as to the impacts of online sales on the industry and the potential consequences to AMVIC's revenue.

Ultimately this implies a focus for AMVIC on the following:

- Deeply analyzing, understanding and preparing for how online sales will impact the automotive industry and what this means for regulation and consumer protection and AMVIC's financial model.
- Continuing to modernize the communications and public education strategies of AMVIC. There is opportunity to expand existing education channels to reflect the world of online and reach a larger audience.
- Working with government to ensure AMVIC's financial sustainability.

## Strategic direction: our vision for AMVIC

Our vision guides our decisions, helps us set priorities and encourages us to align our efforts as we work to make AMVIC an effective, highly valued public agency.

We are committed to building an AMVIC that operates with the trust and confidence of government, consumers and industry alike. We do this by operating with a steadfast focus on our mission and mandate.

We envision an organization defined by the following:

- A strong focus on consumer and industry education as a major driver of consumer protection.
- Continuous improvement in processes, training and regulatory practices.
- A high level of compliance in the industry we regulate.
- Strong government and industry relationships that contribute to better consumer protection outcomes, working proactively with all stakeholders.
- A strong customer service mindset, approach and culture that positions AMVIC as a helpful organization to government, consumers and industry alike.

## Strategic priorities

AMVIC is accountable to the Minister of Service Alberta and as a regulatory agency is assigned to protect consumers and the automotive business industry from unfair practices. We achieve this by meeting the requirements of the mandate and roles document.

In addition to those responsibilities, this plan reflects our commitment to the long-term success of AMVIC and outlines our strategic priorities for the 2023 – 2024 fiscal year. These strategic priorities provide guidance to AMVIC to identify operational priorities for the coming year. We are committed to the following four strategic priorities:

### Priority 1: Financial stewardship

AMVIC requires adequate financial resources to effectively execute its delegated responsibilities and deliver its mandate. AMVIC is funded independently of the government, and is given the authority in Section 136(8) of the *Consumer Protection Act* to collect money by way of fees and levy. These fees and levy have not been adjusted since 2011.

In the wake of declining revenues, AMVIC must implement a funding and revenue plan to increase assessments in order to continue to fulfill its responsibilities within the mandate and roles document. Increasing consumer and industry education, the number of inspections and expanding our enforcement capabilities will lead to increased compliance which will help reduce risks to consumers.

In addition, AMVIC must begin to develop a future economic model that accounts for changing business models in the automotive industry.

Our efforts to achieve this priority will include:

- In accordance with the Automotive Business Regulation, we will prepare a three-year business and financial plan for the Minister of Service Alberta.
- Develop a future sustainable economic model for AMVIC in order to adapt to an evolving industry business environment. This should assess what additional regulatory changes would need to occur to support sustainability.

### Priority 2: Improve the Compensation Fund

This priority is about ensuring the Compensation Fund continues to work effectively for consumers and focusing on opportunities for the Fund to improve. 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.

Our efforts to achieve this priority will include:

- As per Ministerial direction, implement recommended changes to improve operation of the Compensation Fund.
- Ensure financial stability in regards to funding the Compensation Fund.
- Develop Key Performance Indicators that will be used to monitor the performance of the Compensation Fund and enhance board reporting to increase Board oversight of the fund.
- Work collaboratively with government to effectively advocate for a dedicated revenue stream to bolster the Compensation Fund.

### Priority 3: Foster consumer, industry and government relationships

This priority is about continuing our focus on developing strong and trusted relationships with stakeholders and developing our reputation as a trusted source of information for consumers, industry and government.

Our efforts to achieve this priority will include:

- Develop a systematic approach to collect and use industry input and feedback.
- Develop and implement a comprehensive Government Relations strategy aimed at building a collaborative, trusting, and interest-based relationship with government.
- Increase consumer awareness of AMVIC as the regulator and trusted authority on information and consumer protection for vehicle purchases and repairs.

- Expand the availability of educational information to better equip consumers in understanding their rights and protections.
- Target education efforts towards vulnerable consumers.
- Develop and implement an industry relationship strategy to enhance engagement with government, trade associations, industry participants, educational institutions, consumer protection groups, regulators and enforcement organizations.
- Develop a plan to enhance a positive, value-adding relationship with Service Alberta and the Minister. Work with government to implement policy initiatives and make recommendations to improve legislation and regulation, in particular as it relates to online sales regulation.

#### Priority 4: Improving compliance outcomes to ensure a fair marketplace

This priority is about meaningfully increasing compliance through education, partnership with industry, risk-based approaches to consumer protection, and enforcement of legislation. Our compliance and re-inspection efforts should focus on the areas that are most likely to drive consumer protection outcomes.

AMVIC has the authority to inspect all licensed automotive businesses in Alberta; an authority that directly serves to manage risks to consumers by reducing the impact of a non-compliant business. AMVIC must ensure it operates with consistency, transparency and continuous improvement. Decisions will be made to direct our resources (education, communication, inspections, compliance and enforcement) to best impact protection outcomes.

Our efforts to achieve this priority will include:

- Work collaboratively with automotive businesses in understanding the legislative requirements, changes to legislation, and provide help in being compliant with the *Consumer Protection Act* and other relevant legislation and regulations.
- Consider a “graded” or risk-based approach to compliance in which compliance with “administrative requirements” are less important than compliance with requirements that are at the heart of consumer protection.
- Focus AMVIC’s limited resources on highest risk businesses and most vulnerable consumers, identified through the use of data.
- A focus on advertising legislation as it continues to be the area of lowest compliance.
- Develop a compliance plan to educate and explain legislation, including measures with targets and metrics.