



Motor
Vehicle Sales Authority
of British Columbia

The Strategic Plan and Business Plan

2010-2013

March 31, 2010





The Strategic Plan and Business Plan 2010-2013

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1. Overview

On April 1, 2004, the Motor Vehicle Sales Authority of British Columbia (VSA), formerly known as The Motor Dealer Council of British Columbia (MDC), was created to exercise the authorities assigned by the government of British Columbia for the administration and enforcement of the Motor Dealer Act, the Business Practices and Consumer Protection Act as it relates to the retail sale of motor vehicles and relevant regulations under those Acts.

The VSA is an independent authority, administered under an agreement with government, and is an alternative governing body for the delivery of public services for consumers and industry.

There are approximately 1,530 licensed motor dealers, over 6,800 salespeople and 5,000 other employees. In terms of commerce, the motor dealer industry is thought to have a \$15 billion annual impact on the provincial economy and remits more than \$1.5 billion in taxes annually.

The focus of this plan is on the VSA's seventh year of operations, April 1, 2010, to March 31, 2011. The business plan also takes a long range view until 2020, and particularly the next three fiscal/operational years, including financial estimates through to March 31, 2013.

1.1 Identity

During 2007, the name was changed to the Motor Vehicle Sales Authority of British Columbia, from the previous Motor Dealer Council. The MDC name caused unnecessary confusion, sounding more like a trade association than a regulatory authority. The MDC name seemed inappropriate in view of the licensing and professional development of salespeople and services to consumers.

Approval to use the new name has preceded the formal change of name in legislation. Until this is corrected, the VSA is permitted to use the new name, but documents require a notation stating "formerly known as the Motor Dealer Council (MDC)".

2. Strategic Plan

The strategic plan of the VSA is built around a vision, mission, key results and a set of strategic objectives. An updated Strategic Plan has been developed jointly by the Board and VSA staff over the past year. In the coming year a performance management system will be added to the Strategic Plan.

There was not a clear understanding of the industry's Vision and the VSA's previous Mission, therefore it was determined that the Vision and Mission statements needed to be clarified and updated.

The new Vision and Mission statements are the cornerstones for all strategic planning, communications and education programs.

2.1 Vision

A professional motor vehicle sales industry serving responsible consumers

"A professional motor vehicle sales industry" means dealerships and staff that know and abide by the laws of British Columbia, that are open and honest in their business transactions and that effectively assist consumers in the purchase of motor vehicles.

"Responsible consumers" understand that purchasing a motor vehicle is a significant undertaking that requires effort. They are individuals who take the time necessary to prepare, conduct research to acquire the knowledge and tools needed, and who accept responsibility for their part in the negotiation process.

2.2 Mission

Regulating a fair motor vehicle sales marketplace through education and compliance

"Regulating" is ensuring compliance with the laws that apply to the sale of motor vehicles and "fair" is creating a marketplace that is effective and looks after the needs of both buyers and sellers. The VSA's role is to ensure a successful marketplace amid the negotiations between dealers and consumers.

2.3 Our Values

Integrity – fulfilling our responsibilities in a truthful, professional and ethical manner while demonstrating impartiality, openness and transparency in all of our actions

Service – prompt, efficient, professional, effective and courteous service to both licensees and consumers

Effective Communications – reinforcing the organization's Vision, Mission and Key Results using effective communication tools and technology

Lifelong Learning – maximizing the use of new ideas and technology and encouraging growth and development in individuals, teams and in organizations

Teamwork – effectively working with our industry partners and other stakeholders, and among ourselves, to achieve agreed upon results

Fiscal Responsibility – managing resources effectively and efficiently

2.4 Key Results

Key Results are clear high-level descriptions of the outcomes that the VSA is working to achieve. They are the noticeable and measurable achievements expected for the organization over the next five-to-ten years. They help clarify direction, address major issues and focus priorities.

The VSA has five Key Results:

- Successful marketplace for both consumers and industry
- Industry, consumer and government support
- Responsible industry and knowledgeable consumers
- Effective communications
- Adequate resources

The VSA's Board and staff continue to revise and update strategies and actions under each of these Key Result areas. High-level measures and accountabilities are used to track outcomes and activities.

2.5 Strategic Objectives

Strategic objectives are specific desired outcomes that assist the VSA in achieving its Key Results as outlined above. They describe specific accomplishments, focus on results to be achieved and form the foundation for strategies and action plans.

The following strategic objectives are specific outcomes developed to achieve the VSA's Key Results.

1. Increased visibility and credibility of VSA within British Columbia

A broadly-based consumer survey conducted in 2008 revealed that public awareness of the VSA is low. Currently, the VSA receives the majority of consumer enquiries and complaints through referral networks. The VSA is working on innovative methods to raise its public profile and deliver key messages by expanding utilization of the internet; by increasing its use of social media; by creating an interactive communications environment; and by developing consumer messages for targeted audiences.





2. Understanding of, and compliance with motor vehicle legislation

The VSA's five years of experience has revealed that a significant number of industry members and many consumers do not understand the legislation that applies to the sale of motor vehicles in British Columbia. The Level I and II certification programs and other courses to be developed and offered by the VSA will focus on legislative changes, industry best practices and consumer awareness.

3. Accurate, accessible and cost effective motor vehicle dealer and salesperson registry

The VSA's primary responsibility is to establish and maintain a registry of licensed dealers and salespeople – identifying who currently has an active licence or a conditional licence. Web technology is used to make access to the registry easily available to everyone.

The VSA licenses over 1,530 dealers and 6,800 salespeople, renewing their licenses annually. License applications and renewals are managed using the best and most cost-effective processes available.

4. Leading edge and effective learning programs for industry and consumers

A priority for the VSA is providing learning programs that are current, relevant and effective. It is also important that programs be delivered in the most cost-effective ways possible. Program content is developed and kept current by using the VSA's ongoing experiences as to what is working, and not working, in the marketplace.

5. Effective and timely information delivery to licensees

With over 8,000 licences issued annually, it is imperative that the VSA communicate effectively to dealers and salespeople on important issues.

6. Effective interactive website and social networking systems

Using the internet to the maximum is not an option but a necessity for everyone – including the VSA. We use innovative approaches and social networking tools (i.e. YouTube, Facebook, blogs, etc.) to transmit our messages.

7. Stable and current technology

Acquiring and maintaining stable, secure and current information technology (IT) systems remains a high priority for the VSA. A proactive approach to systems monitoring and management, IT procurement and help desk design, ensures the security and reliability of all data and hardware.

8. Effective management and resolution of consumer complaints

Part of the VSA's mandate includes resolving disagreements between consumers and dealers – wherever possible. Uniform policies and procedures ensure that all complaints are handled in an open, structured and fair manner. Within this framework, the VSA is committed to facilitating informal, voluntary dispute resolution at every step.

9. Cost-effective and targeted consumer awareness information

Approximately 500,000 individuals purchase motor vehicles each year in British Columbia. The vast majority of these transactions are successful. Therefore the VSA's consumer awareness and compliance efforts, and the majority of its consumer awareness communications, need to be directed towards identified audiences and specific areas of concern.

10. Compliance actions integrated with other enforcement agencies

There are a significant number of federal and provincial laws that apply to the sale of motor vehicles in addition to the Motor Dealer Act. The VSA shares jurisdiction with local police forces, municipalities, taxing authorities and other government agencies in many areas. Identifying core compliance issues and determining the best regulatory responses often requires a coordinated effort between agencies. By continuing to work together, important progress on various compliance actions and projects is accomplished in a cost-effective manner.

11. Valued statistical data for the motor vehicle sales industry

Very little public data is available on the motor vehicle sales industry in British Columbia. It is therefore important that the VSA develop and assemble this statistical data to assist industry, the public and the VSA in making its management decisions.

12. Responsible fiscal management

The VSA manages its business and financial responsibilities using practices and operating systems similar to those of the industry it serves. Costs are tightly controlled. Budgets and cash surpluses are carefully monitored on a quarterly basis and financial results are audited and published annually.

13. Respected cost-effective leadership and governance

As an independent delegated authority, it is important to provide trusted leadership and to demonstrate good governance. The VSA uses comprehensive, cost-effective and well-respected governance practices for the operation of its Board of Directors, and continuously searches for and recruits skilled volunteers for the Board.

14. Qualified, resourceful and motivated staff

Quality service delivery requires an engaged and motivated staff. Recruiting, retaining and developing the very best staff available remains one of the VSA's highest priorities. Internal processes to ensure that every staff member is cross-trained in at least one other position supports this objective.

15. Effective human resources practices

If recruiting, retaining and developing the very best staff available is a priority then this can only be done in an environment that properly supports this. "Teamwork" and "Lifelong Learning" are two key values at the VSA. Salaries and benefits are reviewed annually to ensure they remain realistic and competitive.

3. VSA Business Plan: 2010-2013

3.1 Licence Fees and Fee Structure

Due to effective cost controls implemented over the last four years, the VSA is able to hold costs and licence fees at current levels for the coming year. As will be detailed following, no overall fee increase is planned in the 2010/11 business year.

However, starting on October of 2010 the VSA's fee schedule may be substantially revised meaning that some dealers will start paying more for their annual licence, and others will start paying less, depending upon the volume of vehicles they sell and the compliance history within their particular region.

Equity between dealers in regards to their respective licence fees needs to be reconsidered and better developed. This means that dealer licence fees need to be reallocated so they are based on a better approximation of the number of vehicles that each dealer sells. Using the number of dealer plates, as is the current practice, has shown itself to not be an effective methodology.

Also, the Lower Mainland continues to generate an unusually high number of compliance issues - particularly from complaints regarding the selling practices of

franchised auto dealers. This extra demand on VSA resources is not adequately offset by the existing Lower Mainland levy currently paid by all dealers in this region.

Experience has demonstrated that licence fee increases require extensive industry consultations prior to implementation. In anticipation of this, starting in July of 2010 a comprehensive set of industry consultations will begin regarding the challenges outlined above.

3.2 Strategic Priorities 2010-2011

Strategic Priorities are a list of major action items that will be undertaken in this year's Business Plan. They have been developed by management in consultation with the Board of Directors and key stakeholders.

1. Implement revised communications plan (see following)
2. Complete NCDA negotiations
3. Legislation Review – finalize submission to government
4. Update Administrative Agreement between the Ministry and the VSA
5. Review and update compliance, consignment and Customer Compensation Fund policies

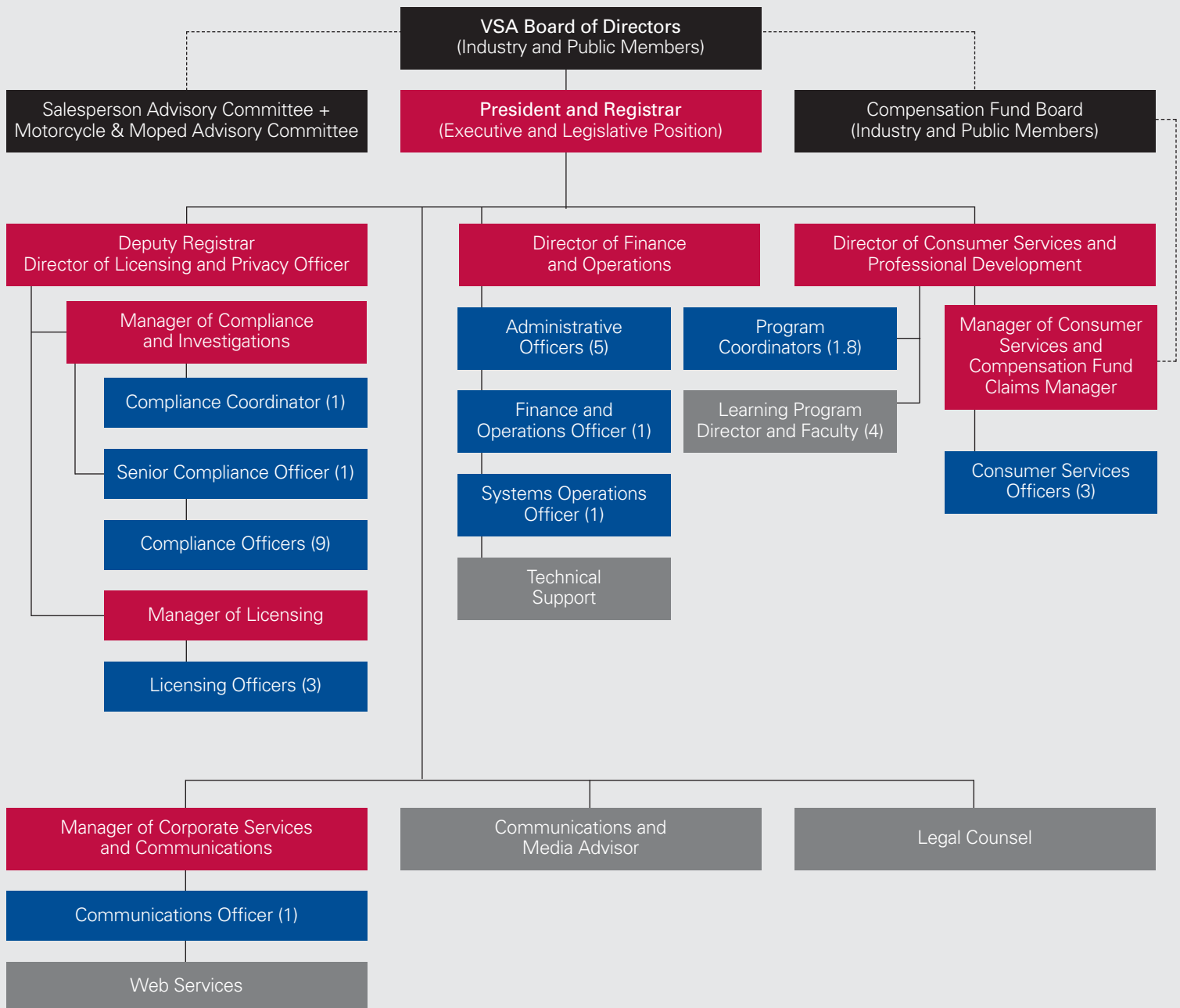
Items 2 and 3 are directly related to each other and arise out of changes in the leadership at the New Car Dealers Association of British Columbia (NCDA). In June of 2007 the motor vehicle sales industry, as collectively represented by the Insurance Corporation of British Columbia (ICBC), the Insurance Brokers Association of BC, the British Columbia Automobile Association (BCAA), the Recreation Vehicle Dealers Association of BC (RVDA), the Automotive Retailers Association (ARA), the New Car Dealers Association of B.C. (NCDA) and the VSA, made a joint submission to government for changes to the Motor Dealer Act and related legislation. As mentioned above, this much needed updating of the current legislation remains before the Minister of Public Safety and Solicitor General, and is awaiting consideration for a position on the legislative agenda of the current government.

Recently, the NCDA have advised the VSA and the Ministry that they no longer support the consensus document currently before government. The NCDA has also expressed concern with the VSA's compliance policies and the legal responsibilities currently assigned to the Registrar.



Vehicle Sales Authority of British Columbia Organization Structure – FTEs = 34.8

■ Boards and Advisory Committees ■ Management ■ Staff ■ Contracted





It remains the VSA's view that these complex issues can be resolved through direct negotiations with the NCDA and with follow-up discussions involving other industry members. Discussions are underway at this time.

3.3 Significant Projects and Strategies

- Industry consultations on updated fee schedule by October 2010 (see above)
- Board orientation and development (5 new Board members as of April 1st, 2009, and 5 new Board members as of April 1st, 2010)
- Continue Salesperson Certification Level II (50% complete by April 2011)
- Develop a comprehensive performance management system and establish key baseline measures.

4. Communications

This past year the VSA conducted a comprehensive communications review of all its communications and delivery methods. The VSA's current major communications strategies include; the annual report, strategic business plan, information brochures, the VSA website, industry bulletins, public news releases, media appearances, regular articles in industry publications, trade show appearances, interactive conversations with industry associations through the Level II Salesperson Certification Courses, and through expanded partnerships and networking initiatives.

Despite these efforts it became clear that the VSA needed to find better ways of connecting with both industry and consumers.

4.1 Communications Plan

Highlights of the VSA's updated communications plan are:

1. continue with current key communications strategies (annual report, business plan, website, industry bulletins, news releases, etc.)
2. limit the VSA's current broadcast, "one message for all" type communications and media advertising (see 4 below)
3. consumer awareness information is to focus primarily on those audiences that "need help before purchasing" and this will include those who might consider buying through a curber (i.e. an unlicensed dealer operating illegally)
4. develop unique consumer messages – specific messages for targeted audiences using cost-effective delivery methods
5. significantly expand the use of the internet using social media tools, i.e. YouTube, Facebook, MySpace, Twitter, blogs, etc.
6. convert all current text-based messages into audio/video formats over the next 3 years
7. reduce all current written (word/print) communications to grade 8/9 reading levels
8. design and implement a VSA logo usage and dealer recognition program.

5. Consumer Services

How to adequately fund and deliver a high profile consumer awareness campaign, including first-time buyer programs, has been the subject of discussion for several years. The consumer awareness fund was created as a result of a joint promotional venture with the Canadian vehicle history search firm CarProof. It is also funded by administrative assessments levied under the Business Practices and Consumer Protection Act and generated from compliance activity. The VSA is not permitted to use revenues as a result of penalties imposed on offenders, aside from cost recovery for anything but public service.

New social networking and an interactive website will provide cost-effective ways for the VSA to have a significant impact on the general public's knowledge and understanding of how to buy a vehicle. It is expected during the coming year that a new full-time employee will be hired to focus principally on social networking. Half of this salary will appropriately come from the consumer awareness reserves.

The VSA has always believed that consumers must take responsibility for their own behaviour. A good marketplace sets a climate for negotiation. The regulator can ensure that the law and regulations are obeyed and also educate those entrusted with sales.

6. Learning Division

The Learning Division, or in-house educational services group, is building an integrated and cost-effective professional development program.

The Level I Certification Course is a comprehensive introduction to the laws, regulations and legal concepts critical to those in the motor vehicle sales industry. It is required for all new licensees. With both in-class and web-based options available, all new licensees have access to a session within the 45-day conditional licence period, without regard to their geographic location.

The advanced Level II Salesperson Certification Course features the application of industry legislation to common dealership practices and day-to-day situations. Building on the experience of the participants, the case-based course also examines the industry best practices that are helping to create a more professional and respected industry. The Level II course is mandatory for all salespeople four-to-five years after completing Level I.

Newly introduced Level II sessions for dealer principals and general managers will focus on the unique responsibilities of these positions. Finally, the Learning Division will offer web-based advertising workshops for both industry and advertising media.

7. Premises and Equipment

7.1 Premises

The VSA moved to new office space at #208, 5455 152nd Street in Surrey, in September 2008. Significant cost savings were realized with this move as the layout of the new office space allows for classes to be held in our large conference room, without any disruption to the operations of the office. In addition, use of a common board room within the building also saves on the cost of renting meeting rooms for hearings that are held in the Lower Mainland.

7.2 Equipment

The VSA owns its computers, communication systems and devices, furniture and office equipment, and leases photocopiers and a mail machine.

7.3 Lease Vehicles

The VSA currently leases eight vehicles, used by Compliance Officers around the province. Seven of these vehicles will be purchased outright this year when their leases come due. In acknowledgment of our need to participate in the movement towards more earth-friendly vehicles, three of these cars are hybrids, low-emission vehicles with maximum fuel efficiency.

7.4 Information Technology

The current website has all the information anyone needs about the VSA, its policies, licensing, the required Salesperson Certification Courses, and new developments. Since being revised and updated to coincide with the name change in June 2007, the website has attracted uniformly positive feedback. Content explains everything about the VSA, industry legislation and consumer services, and makes available to all annual reports, business plans, dealer directives, enforcement actions, news releases, bulletins, consumer purchasing guides and a broad range of interactive services with respect to dealer and salesperson licensing.

The website gets top marks for quantity and comprehensiveness. It has been determined that a priority in the year ahead will be to update and revise every section of the website making it more interactive and visual. Of particular concern is to make consumer services as welcoming and user-friendly as possible.

Recent modifications to the VSA's custom-designed web-based software include online course registration, and online salesperson licence application. The software also manages licensing systems for dealers, salespeople and related e-commerce functions, and records and manages information related to investigations, consumer enquiries, hearings and the Motor Dealer Customer Compensation Fund.

Our experience with the software provider in the design and implementation of upgrades has not always been favourable, and we are currently exploring other options.

8. Budget and Estimates

2010/2011 Budget Highlights:

Revenue

- No licence fee increases have been proposed in this budget
- Administrative fees – increase in fees for dealer applications and change of address

Expenses

- Salaries/Benefits
 - Staffing levels increased 1.20 FTE
- Auto Expenses – buy-out of 7 current vehicle leases reduces this expense; 1 additional vehicle to be leased for Vancouver Island
- Communications - includes \$10,000 for Dealer Recognition/VSA Logo usage program
- Contractors – increase in class volumes, additional use of consultants for compliance; significant HST impact
- Office Supplies – includes provision for paper licences for salespersons; lanyards for salesperson permits
- Project Development – to research new database software
- Telecommunications – increase in online classes
- Depreciation – includes depreciation of vehicles purchased



8.1 Financial Estimates

	2010/2011 Budget	2011/2012 Forecast	2012/2013 Forecast
Licensing Fees	3,458,000	3,458,000	3,458,000
Administrative Fees	126,500	126,500	126,500
Consumer Awareness Fund	60,000	60,000	60,000
Training Fund	35,090	35,090	35,090
Hearing Recoveries	18,620	18,620	18,620
Interest Revenue	32,000	32,000	32,000
Learning Division	842,230	842,230	842,230
Total Revenue	4,572,440	4,572,440	4,572,440
Amortization	164,880	144,881	144,881
Auto expenses	49,199	39,787	40,582
Communications	114,200	106,280	108,400
Consumer Awareness	87,350	89,100	90,880
Contractor Fees	265,550	270,860	276,280
Governance	151,010	154,030	155,030
Hearing expenses	37,240	37,990	38,750
Legal and accounting fees	109,000	111,180	113,400
Office and general	453,309	461,038	468,620
Project Development	5,000	3,000	3,000
Rent and parking	228,000	228,000	228,000
Travel	155,990	159,110	162,290
Wages, benefits, recruiting and training	2,696,129	2,749,940	2,804,830
Total Expenses	4,516,857	4,555,196	4,634,943

A. Origins And History

The motor vehicle industry has been in existence in British Columbia for over a century and has long been interested in bringing increased professionalism and improved regulatory oversight to British Columbia. In November 1997 a study group began meeting to find the means to make the regulatory framework more effective and efficient, to increase the breadth and scope of consumer protection and to develop improved standards for performance throughout the industry. The result of these efforts was a voluntary organization, the Motor Dealer Standards Association (MDSA), founded in 1999. The MDSA established a foundation for what exists today, eventually reaching a membership of 450 dealers and processing 4,000 salespeople through a voluntary certification course. As worthy as MDSA proved to be, the voluntary nature of its mandate limited its impact on industry professionalism.

The MDC was registered as a not-for-profit society with the Registrar of Societies on July 31, 2003. The MDC (now the VSA) and the Ministry of Public Safety and Solicitor General ("The Minister") continue to work co-operatively to ensure that this new independent authority achieves its vision. The many years of work came to fruition on April 1, 2004, when the MDC began operations. The new organization was empowered to manage and enforce the Motor Dealer Act and its regulations. In January 2005 this new administrative authority was also delegated responsibility for administering and enforcing the sections of the Business Practices and Consumer Protection Act that apply to the sale of motor vehicles.

The government has given the VSA responsibility for the following activities as they relate to the motor dealer industry: consumer protection and public education, industry licensing, standard setting and enforcement, professional development and complaint resolution.

A.1. The First Five Years

Annual reports for the fiscal years ending March 31, 2005 through 2009, published in both hard copy and as a digital file available through the VSA website, trace the start-up phase and the evolution of the Authority.

A.1.1 Year One

Highlights of building the organization in Year One involved: establishing templates for consumer services; managing the Motor Dealer Compensation Fund with its independent Board of Directors; overseeing the compulsory certification course; licensing all salespeople and significantly enhancing compliance activities.

A.1.2. Year Two

Progress during Year Two included additional compliance activity and ongoing efforts to certify and licence salespeople. Major objectives included: the publication of advertising guidelines and industry workshops; the Legislation Review; significantly enhanced communications; a sophisticated software system for all business activity including licence renewals; and more stringent requirements for new motor dealer licences, including a proper business plan and other documentation.

The greatest challenge of Year Two was to find an alternative fee structure that would provide sufficient resources to fulfill the mandate. As programs evolved and succeeded in the second year of operation, it became overwhelmingly evident that the organization was seriously under-resourced.

New fees commenced May 1, 2006, moving the annual budget from \$2.4 million to \$3.8 million, and facilitated an increase of staff from 20 full-time equivalent (FTE) employees to about 35.

A.1.3. Year Three

The mission of Year Three was to increase capacity in all areas of activity, and to add programs to better serve both the industry and the public. Growing the organization by more than 50 per cent resulted in the reduction and eventual elimination of service backlogs (such as processing licences, inspections and responding to consumer enquiries).

A.1.4. Year Four

The new VSA identity was implemented during Year Four, as the result of a thoughtful consultative process by management, staff, stakeholders and leaders from all sectors of the industry.

A highlight of the year was moving all aspects of professional development "in-house," creating the "Learning Division." This resulted in a significantly improved curriculum and instructional design.

Professional development is an important long-term strategic priority for the VSA as licensing and enforcement efforts alone will not be sufficient to meet its objectives.

Major restructuring created the position of Director of Licensing/Deputy Registrar. This position not only shares the work of the Registrar, but also directs both licensing and compliance activities. The effect has been to more closely integrate these two areas of operation. Similarly, a new position, Director of Consumer Services and Professional Development, became responsible for consumer services, research and the Learning Division.

The Legislation Review, conducted over three years by an industry committee that included representatives of the motor dealer industry and other stakeholders, was completed and presented to government for action. The VSA continues to pursue these and other urgent legislative and regulatory matters essential to fulfill its mandate.

Significant achievements or challenges included:

- New and upgraded dealer licensing requirements.
- Meeting or exceeding all targets, including budget parameters.
- A multimedia advertising program to help encourage better consumer buying habits.
- The piloting of a Dispute Resolution Program to assist both dealers and consumers.
- The continued evolution of the Learning Division including the development of the Level II Certification Course for experienced salespeople.
- The design of special Advisory Committees to the VSA Board of Directors - the Salesperson Advisory Committee and the Motorcycle Dealers Advisory Committee.

- Important research conducted into the size and scope of the B.C. motor vehicle sales industry and public impressions of and experience in vehicle purchasing.
- Major investigations during the year exposed two serious fraud cases, requiring court action and placing the dealerships in receivership. The resulting legal and investigation costs and claims to the Motor Dealer Customer Compensation Fund exceeded \$1 million.
- Relocating the office from Burnaby to South Surrey.

A.1.5. Year Five

Significant strides during Year Five improved services to consumers. In addition to news releases, media appearances by VSA spokespeople and participation in consumer and crime prevention shows, a conscientious effort was made to network with other agencies with a consumer mandate. These included the British Columbia Automobile Association, the BC Crime Prevention Association, the Better Business Bureau, the Consumers Association of Canada and the Insurance Brokers Association of B.C.

The strategy led to magazine articles, trade show appearances and – a suggestion by the Insurance Brokers Association – a rack card with “Buy Smart” tips for consumers that was distributed by ICBC and Autoplan agents.



A multimedia advertising campaign promoted good consumer practices. The current goal is to better define target audiences most in need of VSA education and support.

Ministerial Review – A ministerial review was conducted as part of the Delegated Administrative Authority Agreement. The review consisted of a comprehensive examination of the Authority's operations and effectiveness. The review presented a positive assessment of the VSA, with constructive recommendations for improvement on minor matters.

A.2 Year Six (2009-2010)

The organizational restructuring effectively integrated licensing, education, inspection, investigation, compliance, administration, communications and consumer services. Experience demonstrated that all these functions are inter-related and integral to each other in effectively developing industry professionalism and consumer awareness.

The VSA has three major spheres of operation:

Licensing and Compliance - The licensing of dealers, salespeople and consumer-involved business staff of dealerships; and dealership inspections, investigations, hearings and disciplinary measures.

Consumer Services and Professional Development - Consumer services, dispute resolution and liaison with the Compensation Fund; the Salesperson Certification Course and the Level II Upgrade course, advertising workshops and all related research and program development.

Finance and Administration - The office of the Registrar/President, support services for the Board of Directors, stakeholder relations, communications, IT systems, human resources and all other business, finance and administrative functions.

A.2.1. Reviewing the mandate

The VSA's responsibility with respect to consumer awareness and education has been the subject of considerable internal and external discussion. The challenges in better supporting purchasers of motor vehicles became part of an exhaustive review during the year past, involving management, consultants, stakeholders and the Board of Directors. It became apparent the "Vision" and "Mission" statements needed updating.

New Vision and Mission statements have been approved for the Strategic Business Plan .

A.2.2 Other highlights of the year

Met or exceeded all budget and operational parameters – for the sixth consecutive year the VSA was successful in operating within its budget, a considerable achievement in view of the fact there has been no fee increases in four years and considering the recent economic downturn.

A major review of VSA communications, including the revised Vision and Mission statements, has designed new approaches for the year ahead, with greater emphasis on messages for targeted audiences, social networking, buyer-friendly videos and improved written material.

Standardized Sales Contract - a joint venture between the VSA, the NCDCA, the ARA and the RVDA has developed a standardized contract that will be available for all vehicle sales in B.C. The advantage to dealers and salespeople will be greater simplicity and coherency in transactions, easier compliance with statutes and less time spent ensuring that customers understand each section.

Dispute Resolution Program – the VSA tested the effectiveness and desirability of voluntary mediated settlements. However, it proved difficult to get parties to opt into a program that did not produce final determination on compliance issues. The program has therefore been suspended indefinitely.

The Level II Salesperson Certification Course, which became mandatory during 2009, is a two-day workshop that includes attendance by either the Registrar or the Deputy Registrar as faculty. It focuses on an open exchange of information and ideas with an emphasis on the Business Practices and Consumer Protection Act (significant new legislation proclaimed in June of 2006). Attendees contribute real life experience to this case-based business law course and the response among graduates has been overwhelmingly positive. By April 1, 2010, approximately 800 veteran management and salespeople will have completed the program.

Facilitated Webinar for Level I Certification – the Learning Division also developed an effective internet-based version of the introductory Salesperson Certification Course. Students receive course materials and access to a self-study website in advance and are expected to complete extensive preparations before each of the five facilitated interactive webinars. The certification exam is proctored separately at a community college close to the participant. Cost savings to the salesperson and dealership include the reduction of travel expenses and lost work hours.

Mechanical inspections prior to used vehicle sales – it is an important industry “best practice” to present buyers with written mechanical inspection reports prior to the purchase of a used vehicle. Inspections are either done by the dealership or by an independent third party such as BCAA and then becomes part of a sales contract. A goal for the industry and the VSA is to have these become a common practice at all dealerships in the province.

New service provider for internal database application – the VSA has begun to research new database software providers due to the limited flexibility of the current system, compounded by unacceptable levels of service and unreasonable costs charged by the current provider. This is a priority for next year.

More effective “curber” (unlicensed dealer) enforcement - a “curber” is actually best described as an “unlicensed dealer”. These are individuals who are really in the business of selling used motor vehicles as a business but pretends to be private sellers (i.e. selling curbside). Many of these individuals are known to the police and/or have previous criminal convictions. This group of sellers represents a significant portion of the vehicles currently being advertised privately in the newspapers and trade magazines. The issue for the VSA, industry and the court system is the cost of enforcement. It is very difficult to find cost-effective ways to deal with curbbers.

The VSA has facilitated numerous media stories about buyers being victimized by curbbers and a professional video on the topic has been developed. The VSA has spearheaded a meeting of various interested and related enforcement agencies on this topic, which is to take place on March 31, 2010.

Provincial legislation requested by the VSA's comprehensive Legislation Review is needed to ensure that everyone retailing vehicles to the public becomes licensed (wholesalers, rebuilders, auctioneers, bailiffs, import brokers et al.).

B. Governance

Each year the VSA is required to produce and publish a business plan, an annual report and audited financial statements. Since April 1, 2004, the VSA operates without government funding and has assumed full responsibility for administering the Motor Dealer Act as well as its regulations and related consumer legislation.

The VSA annual reports and this strategic business plan demonstrate growth, program quality and an extraordinary amount of activity and consultation.

Until the long-studied changes can be made to current legislation, the VSA's ability to address the industry's greatest problems will remain limited.

B.1 The Governing Board

The VSA is governed by an eleven-person Board. Six members of the Board are drawn from the motor dealer industry (i.e. the Automotive Retailers Association of BC, the New Car Dealers Association of B.C. and the Recreation Vehicle Dealers Association of BC). Two Board members are appointed by the Minister of Public Safety and Solicitor General and the remaining three are selected from the public-at-large.

While the nomination process seeks the recommendation of specific stakeholders, each Board member immediately becomes an independent upon appointment. They all have the same constituency: a responsibility to conscientiously oversee the VSA's operations and to act in the best interests of both industry and the general public.

The current Board members are:

Bob Stewart	Public-at-large
Graeme Roberts	Public-at-large
Michael Faulkner	Public-at-large
George Morfitt	Ministerial Appointment
Shell Harvey	Ministerial Appointment
Neil Kalawsky	New Car Dealers Association of B.C.
Manse Binkley	New Car Dealers Association of B.C.
Fahim Gadallah	New Car Dealers Association of B.C.
Gord Valente	Automotive Retailers Association
Al Cameron	Automotive Retailers Association
Anne Salomon	Recreation Vehicle Dealers Association of B.C.

The President of the VSA is a non-voting member of the Board of Directors. He reports directly to the Board and is responsible for the day-to-day affairs of the VSA.

The President also serves as Registrar and has the legal authority to administer and enforce the regulatory programs of the VSA. In carrying out his duties as Registrar, the President is responsible for administering and enforcing the legislation in accordance with the laws of British Columbia. Accordingly, the Supreme Court

of B.C. and not the Board of Directors determines the appropriateness of the decisions and actions of the Registrar.

B.1.1 The Role of the Board

The Directors, acting together as the Board, are the stewards of the Authority. The Board has the responsibility to oversee the conduct of the business and management, and endeavours to ensure that all major issues affecting the business and affairs of the Authority are given proper consideration.

In supervising the conduct of VSA's business, the Board through the President/Registrar, sets the standards of conduct for the Authority. The Board has developed and approved a " Board of Directors Governance and Operating Manual" . The manual includes documents outlining the governing structures and legislation applying to VSA, the governance policies of the VSA, " Code of Conduct" and " Conflict of Interest Guidelines" .

B.1.2 Board Succession

Board members are appointed to terms of one, two and three years. Service of any Board member is limited to two consecutive terms. The Governance Committee of the Board is responsible for seeking suitable high-quality new Board members as existing Directors' terms expire, in order to create as smooth a transition as possible.

C. The Motor Dealer Customer Compensation Fund

The Motor Dealer Customer Compensation Fund was established in 1995 at the request of industry, predating the formation of the VSA by almost 10 years. The purpose of the Fund is to reimburse consumers for eligible financial losses defined by regulation and related to the purchase or lease of a motor vehicle, the purchase of an extended warranty or the consignment of a motor vehicle with a licensed motor dealer, particularly in circumstances where the dealer is no longer in business. Principles of natural justice require that statutory decision-makers consider the unique facts and context of each application when determining eligibility for compensation.

To ensure the continuity of operations, the Fund Board is now working on the MDCCF Board Policy and Procedures. The role of these policies and procedures is to assist decision-makers in ensuring that the statutory requirements regarding eligibility for compensation are applied in an open, structured and consistently fair manner.

The administration of the Fund was transferred to the Motor Dealer Council (now the VSA) on April 1, 2004. The Fund Board operates independently and consists of five members appointed by the Motor Vehicle Sales Authority Board of Directors.

Following the formation of the Compensation Fund in 1995, each dealer was assessed an annual levy of \$300, a charge that up until 2009 had been waived, because the Fund's endowment was considered sufficient to cover potential claims.

Two major cases during 2008-2009 depleted the Fund to a critical level. The Compensation Fund levy paid by dealers was reinstated during the past year. Licence renewals subsequent to April 1, 2009, have assessed a Compensation Fund levy in the amount of \$300.

C.1 Reorganization

A major effort redefining roles and reorganization, initiated during 2008-2009, led to a much more effective relationship this past year between VSA Consumer Services and the Compensation Fund.

A Claims Manager working closely with VSA Consumer Services was appointed to replace the previous clerical and administrative functions. The new management structure focuses upon solutions, an action-oriented mission to discuss cases with both dealers and consumers, and to make sure all parties are aware of the multiple options available. The goal is to manage cases so they are more effectively resolved and, as a result, to have the Compensation Fund serve primarily as the refuge of last resort for eligible consumer losses as a result of financial failure of licensed motor dealers.

C.2 The Motor Dealer Customer Compensation Fund Board

John Râtel	Public-at-Large
Kyong-ae Kim	Public-at-Large
Darlene Hyde	Public-at-Large
Rick Bentley	New and Used Car Dealer
Gary Peden	Recreation Vehicle Dealer

The Motor Dealer Customer Compensation Fund Board meets approximately four times a year and adjudicates eligible claims made against the Fund.





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