



**Motor Dealer
Customer Compensation Fund
Board Appointment Policy**

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1. Introduction

1.1. Background

The Motor Dealer Customer Compensation Fund (Fund) was established by the BC government on June 1, 1995 with the introduction of the Motor Dealer Customer Compensation Fund Regulation and related amendments to the *Motor Dealer Act*.

The Fund replaced a requirement for individual dealers to maintain a \$15,000 bond. The intended purpose of the bond was to provide compensation for a consumer loss resulting from the bankruptcy or other financial failure of a motor dealer. However, in practice there was a lack of clear agreement and understanding among dealers, consumers, the bond-issuer and the courts as to when a consumer could collect on the bond. In the end, this lack of clarity made it very difficult for consumers to be compensated.

The Fund was introduced to remedy the shortcomings of the bond system, in particular by

- clarifying who is eligible for compensation and the types of loss that will be compensated
- eliminating the requirement for consumers to go to court in order to be compensated, and
- establishing a maximum amount of compensation to be awarded per claim rather than a maximum amount per dealer.

The Motor Dealer Customer Compensation Fund Board (MDCCF Board) was established under s. 15 of the *Motor Dealer Act*. It has the sole authority to hear and decide claims against the Fund and acts as an independent administrative tribunal for the purpose of carrying out its statutory duties.

Under the Delegated Administrative Authority Agreement (DAA Agreement) between the BC government and the VSA, the VSA is responsible for most aspects of administering the Fund. Under section 14(a) of the DAA Agreement, the VSA Board is responsible for appointing the MDCCF Board, which is to be “separate and independent of the VSA Board”.

1.2. Purpose of this document

The purpose of this document is to establish policy governing the appointment of MDCCF Board members. It is intended to assist the VSA Board and its Governance and Human Resources Committee in meeting its obligations under the *Motor Dealer Act* and the DAA Agreement.

1.3. Roles and responsibilities under this policy

VSA Board

The role of the VSA Board under this policy is to make final decisions on the appointment of MDCCF Board members based on the recommendations of the Governance and Human Resources Committee. This includes

- appointing new MDCCF Board members for a specified term
- reappointing MDCCF Board members for a specified term, and
- appointing the Chair and Vice-Chair of the MDCCF Board.

Governance and Human Resources Committee

The role of the Governance and Human Resources Committee under this policy is to monitor and ensure that the membership of the MDCCF Board is maintained on behalf of the VSA Board. This includes

- communicating with the Chair of the MDCCF Board regarding requirements for new appointments and the reappointment of existing members
- recruiting and evaluating candidates for membership based on the requirements and qualifications identified in this policy, and
- making recommendations to the VSA Board on the appointment and reappointment of MDCCF Board members.

Chair of the MDCCF Board

The role of the Chair of the MDCCF Board under this policy is to monitor the terms of the MDCCF Board members and communicate with the Governance and Human Resources Committee as required to maintain the membership of the Board. This includes

- informing the Governance and Human Resources Committee when a new member may be required or an existing member may need to be reappointed, and
- providing recommendations to the Governance and Human Resources Committee as to whether a member should be reappointed and the length of a reappointment.

2. Legislative Authority and Requirements^{*}

2.1. Composition of the MDCCF Board

- 2.1.1. The MDCCF Board consists of the number of members appointed by [the VSA], one of whom must be designated as chair. [MDA s. 15(3.1)(a) and (b)]
- 2.1.2. The VSA Board will appoint an MDCCF Board pursuant to the MDA, which will be separate and independent of the VSA Board. [DAA Agreement s. 14(a)]
- 2.1.3. The VSA Board will not appoint any of its members to the MDCCF Board. [DAA Agreement s. 14(b)]
- 2.1.4. A member of the public service may be appointed as a member of the MDCCF Board, but must not receive remuneration for carrying out the duties of a Board member. [MDA s. 15 (4)]
- 2.1.5. If a MDCCF Board member resigns or the appointment terminates, the member may complete the duties and continue to exercise the powers in relation to a proceeding in which the member participated until the proceeding is complete. [MDA s. 15 (5)]

2.2. Selection of members

- 2.2.1. The VSA Board will establish policies and procedures for the selection of MDCCF Board members. [DAA Agreements. 14(c)]
- 2.2.2. Prior to considering nominations for MDCCF Board members, the VSA will provide its selection policies and procedures to the Minister and make them available to the public on request. [DAA Agreement s. 14(d)]

2.3. Officers

- 2.3.1. The VSA Board shall appoint the following officers for a term of one (1) year each:
- (a) Chair; and
 - (b) Vice-Chair

* Abbreviations for the references in brackets: MDA = Motor Dealer Act; DAA Agreement = Delegated Administrative Authority Agreement between government and the VSA.

3. Policy

3.1. Composition of the Board

- 3.1.1. The MDCCF Board will consist of five members and include a Chair designated by the VSA Board.
- 3.1.2. At all times, the composition of the MDCCF Board should include:
- (a) at least one member with management or ownership experience in the new or used auto sales industry, and
 - (b) at least one member with management or ownership experience in the recreation vehicle sales industry.

3.2. Qualifications for membership

- 3.2.1. A candidate for membership on the MDCCF Board must
- (a) be a resident of British Columbia and at least 19 years of age
 - (b) agree to the completion of any reasonable background checks required by the Governance and Human Resources Committee, and
 - (c) provide two letters of reference from different referees, substantiating the candidate's qualifications.
- 3.2.2. Candidates who meet the requirements in paragraph 3.2.1, will be evaluated based on the following skills, experience and personal attributes:
- (a) experience in quasi-judicial adjudication or other experience requiring knowledge of the principles of natural justice and the conduct of a fair and objective hearing

- (b) experience with assessing cases involving conflicting oral or written evidence
- (c) experience with independent decision-making
- (d) experience with detailed analysis
- (e) well-developed oral and written communication skills
- (f) well-developed reading comprehension skills, including the ability to quickly review and understand complex documents
- (g) ability to work well in group settings
- (h) high ethical standards in professional and personal dealings
- (i) willingness to commit the time required for hearing preparation and attending Board meetings, including any required travel, and
- (j) the candidate's potential contribution to the gender and ethnic diversity of the Board.

3.3. Term of service

- 3.3.1. A member may not hold office for more than nine years in total.
- 3.3.2. A member may be appointed for a one, two or three year term.

3.4. Appointment and reappointment of Board members

- 3.4.1. The Chair of the MDCCF Board will monitor the time remaining on the terms of all MDCCF Board members.
- 3.4.2. No less than six months prior to the expiry of a Board member's term, the Chair, or Vice-Chair when the Chair is the member whose term is expiring, will
 - (a) canvass the opinion of the other members of the Board regarding a recommendation to reappoint the member, and
 - (b) where the other Board members recommend reappointment, the Chair or Vice-Chair when the Chair is the member whose term is expiring, will confirm whether the member is willing to be reappointed and for how long.

- 3.4.3. No less than three months prior to the expiry of an MDCCF Board member's term, the Chair or Vice-Chair when the Chair is the member whose term is expiring, will inform the Chair of the Governance and Human Resources Committee that the member's term is expiring and recommend that
- (a) the Board member's term be renewed and the proposed length of the new term, or
 - (b) a new Board member be recruited to replace the member whose term is expiring.
- 3.4.4. Where the appointment of a new Board member is required, the Governance and Human Resources Committee of the VSA Board will recruit and evaluate candidates to replace the departing member.
- 3.4.5. Where a motor dealer trade association nominates a candidate for the MDCCF Board, the Governance and Human Resources Committee will complete the normal recruitment process and evaluate all candidates based on the requirements and qualifications identified in this policy.
- 3.4.6. After reviewing the recommendation of the Chair of the MDCCF Board and evaluating candidates where required, the Governance and Human Resources Committee will make a recommendation to the VSA Board that it
- (a) reappoint an existing MDCCF Board member for a specified term, or
 - (b) appoint a new member to an initial one-year term.
- 3.4.7. The VSA Board will determine whether to accept the recommendation of the Governance and Human Resources Committee.

3.5. Appointment and Reappointment of the Board Chair

- 3.5.1. No less than three months prior to the expiry of his or her term, the Chair of the MDCCF Board will inform the Chair of the Governance and Human Resources Committee whether he or she
- (a) seeks to be reappointed and the recommended length of the reappointment, or
 - (b) does not seek to be reappointed.

- 3.5.2. After reviewing the input of the Chair of the MDCCF Board and evaluating candidates where required, the Governance and Human Resources Committee will make a recommendation to the VSA Board that it
- (a) reappoint the Chair for a specified term
 - (b) reappoint the Chair as an ordinary member for a specified term and designate another member as the new Chair, or
 - (c) appoint a new member to an initial one-year term and designate a specified member as the new Chair.
- 3.5.3. The VSA Board will determine whether to accept the recommendation of the Governance and Human Resources Committee.