

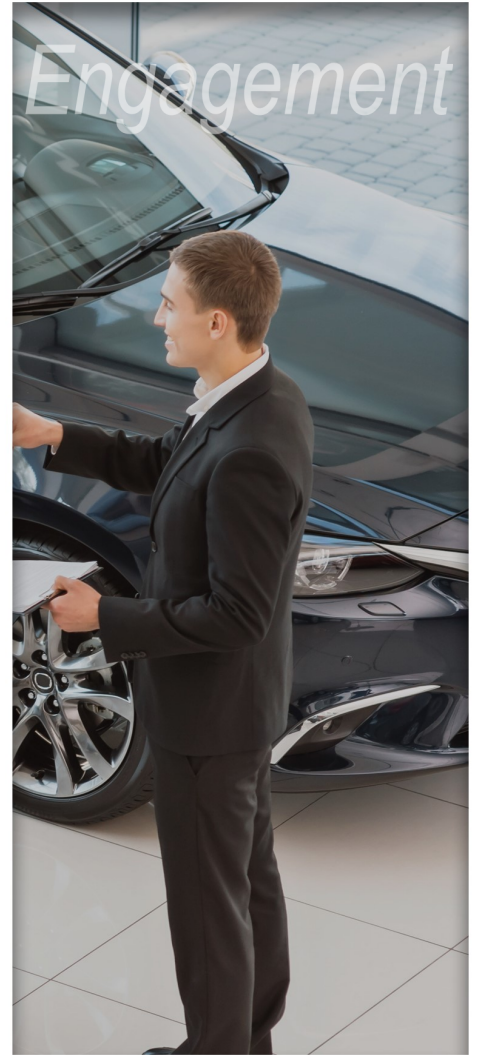
Confidence



Protection



Engagement



Vehicle Sales Authority
of British Columbia

Annual Report

2019/2020

A message from the Board of Directors

On behalf of the Board of Directors, the Registrar, the management and staff of the Vehicle Sales Authority of British Columbia (“VSA”), it is a privilege for me to present the Annual Report for the year ending March 30, 2020. The VSA is proud of its past accomplishments but knows it cannot stand still and must continually improve on the services we deliver. This past year focused on laying the foundational work to improve and transform how the VSA delivers those services.

The VSA has committed to regulatory excellence. This past year saw the adoption of regulatory best practices known as Right Touch Regulation. During the year, we revamped our licensee vetting process to streamline our service delivery while maintaining the quality of the background checks we do. On April 1, 2019, the industry received a new Code of Conduct to enhance the industry’s professionalism. The VSA’s Learning Department put over 8,000 licensees through a Code of Conduct training program in just three months.

To support our people, we added dedicated human resource personnel and increased management and staff training around coaching, communications, the VSA’s values and on Right Touch Regulation. We revamped our hiring practices, onboarding program and modernized our employee performance management program and our compensation design.

Our digital transformation moved forward with the launch of a new online learning platform for licensee training. Work to replace our core platform and financial reporting system continues with go live scheduled for the fall of 2020. The new core platform and financial reporting systems will help to streamline our processes, better and more quickly serve our customers and provide better business analytics in support of evidence-based regulation of the industry.

Like other organizations, the VSA felt the effects of COVID-19 in the last weeks of our reporting year. We quickly moved to protect our staff, as well as the consumers and industry we serve by instigating appropriate safety protocols and fast-tracked aspects of our digital transformation, to deliver our services electronically and remotely.

Overall, it has been a busy year laying this foundation work at the VSA. On behalf of the Board of Directors, I would like to commend the management and staff for their exceptional efforts in completing the important work noted in this report.



Mark Bakken
Chair, VSA Board of Directors



VSA Purpose & Values

Purpose Statement

We build public confidence in the motor dealer industry in BC by engaging and educating industry and consumers, ensuring a safe and reliable motor vehicle buying experience.

Values

- *Respect each other*
- *Do the right thing*
- *Make it happen together*
- *Listen to all sides*
- *Be open, honest and fair*





People

This year, the VSA created and filled the position of Human Resources Officer to support the Director of Human Resources. The team went to work quickly to review and strengthen the existing human resources processes at the VSA. This led to some critical key initiatives being completed

- Revamped our employee performance management program to create greater alignment between the VSA strategic plan and employee performance
- Conducted a marketplace compensation survey and updated our compensation design to align with the new employee performance management program
- Enhanced our recruitment and selection program by using leadership assessments for key positions and requiring presentations from candidates to better assess skills and fit
- Enhanced the onboarding program with more detailed and frequent check-ins and opportunities for feedback to support new hires
- Reviewed our benefits to ensure they remain relevant and started an Employee Assistance Program
- Reviewed our current human resources policies and procedures and identified needed changes, which will be completed in the coming year.

Management and staff development was supported with training initiatives on coaching, communication skills and other learning opportunities such as on Right Touch Regulation as well as lunch and learns on the legislation we administer.

In the last weeks of the reporting year, we moved quickly to support staff with their health and safety concerns around COVID-19. We provided weekly, and sometimes daily, updates on health issues around COVID-19, accommodated staff needs where possible and encouraged staff to use the Employee Assistance Program and identified other resources they could use. We quickly shifted to providing our services digitally and remotely and supported staff in that transition.





Licensing

Service Initiatives

This year saw the delivery of the first yearly Continuing Education module – focused on Code of Conduct and new Legislation – to the industry. In the first 3 months of the fiscal year – over 8000 licensed salespeople took the course. This short timeline for completion saw call volumes increase significantly vs. previous years for the first 3 months of the year, additional support for the team was required to meet service standards and ensure timely processing of applications.

The licensing team also continued its focus on process improvement. A redesigned and simplified salesperson application form, as well as a new Police Information Check process was rolled out to industry to streamline the licence application process and reduce turn around times.

Licensing continues to carefully assess the worthiness of new salesperson and dealer applicants. This enhanced vetting often results in licence conditions and denials in order to protect the public interest. The criteria evaluation and procedures that resulted in these denials were affirmed by the Registrar, and then by the B.C. Supreme Court, upon Judicial Review.

Fiscal Year	2020	2019	2018
New dealer applications	124	111	112
Dealer licences at year end	1506	1519	1496
New salespeople applications	2030	2076	1875
Salesperson licenses at year end	8332	8460	8193





Professional Development

The VSA remains committed to education as a primary strategy for maintaining industry compliance. Salesperson certification courses and continuing education (CE) provide a comprehensive foundation in the application of provincial motor vehicle sales legislation in day-to-day situations.

This year included extensive revisions to the web-based certification course format. The previous format, which included a series of webinars was revamped to offer a self-study format. This allows salespeople to study for the course at times that are convenient for them, enabling them to be flexible to their customer’s needs throughout the day.

In addition, the Learning team implemented a new learning platform, enabling a streamlined delivery of course materials, and provides innovative options, such as gamification, to enhance the learner’s experience.

Course Activity

Fiscal Year	2020	2019	2018
Participants			
Licensing Course	2401	1895	1804
Continuing Educations	7468*	434	294

*Transition to new annual requirement





Communications

This year was busy for the VSA communications team. The team was focused on reimagining the way that we communicate with our intended audiences. Previously, 60% of our readers spent more than 90 seconds reviewing the content. Implementing several changes, including simplification of layout, shorter messaging and simplified wording - we now have 67% of our audience engaging for more than 90 seconds. We will continue to work on messaging and increasing reader engagement through 2021.

VSA Website

The VSA website continues to be a dynamic resource for consumers and the industry. Website use continues to grow each year. This year saw a 8% growth in unique pageviews and a 7% growth in unique visitors. Looking forward to the next fiscal year, the VSA will be revamping our website

Industry Communication

Bulletins, Dealer Alerts, and Reminders were sent out on a consistent basis. Bulletins feature regulatory updates and timely legislation clarifications, while Dealer Alerts serve as valuable warnings to dealers on time-sensitive matters. Salesperson Reminders continue to be beneficial to inform licensed salespeople of ongoing licensing, Continuing Education and regulatory topics.

Vancouver International Auto Show

Unfortunately, the Vancouver International Autoshow was cancelled this year due to the COVID-19 pandemic. The VSA was well prepared for this year's show with a new booth and branding –focusing on consumer protection and ensuring that the VSA is informing consumers of their rights when buying a car. Fortunately, all of the elements purchased can be used when the autoshow is cleared to take place, and we look forward to participating.





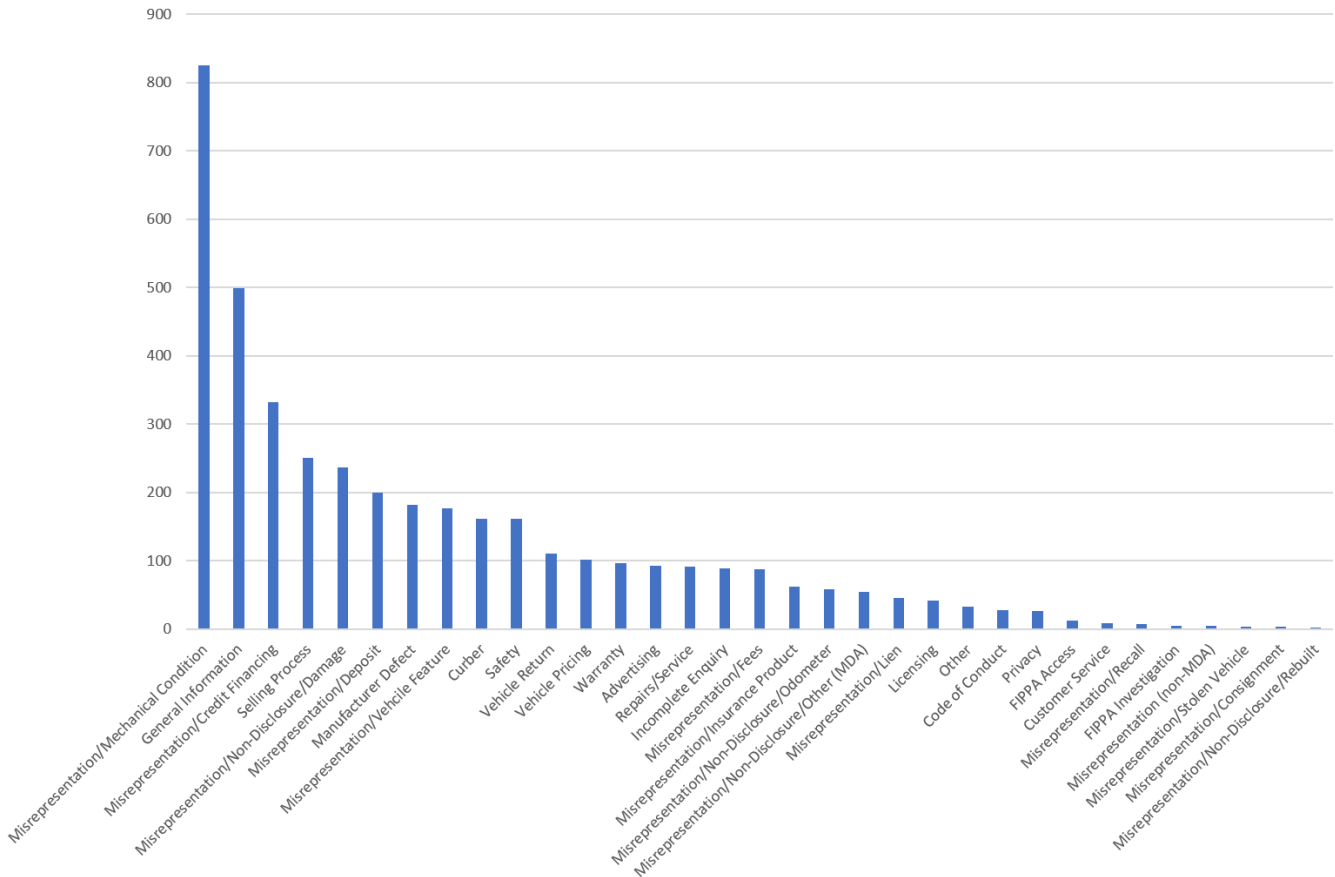
Consumer Services

Consumer Services responds to public enquiries and consumer complaints about the motor vehicle sales industry in BC. The VSA complaint handling policies and process, which can be found on the VSA website, are designed to meet the requirements of administrative fairness and natural justice. Effective case management works to the benefit of all parties involved in a complaint, ensuring timely communication of options and outcomes.

In 2019-2020, the Consumer Services team dealt with 4085 enquiries. The top reasons for consumers contacting the VSA remain allegations of losses caused by misrepresentation or non-disclosure of material facts, including the mechanical condition of a vehicle, non-disclosure of prior damage, disagreements over deposits and the terms of financing.

While the volume of enquiries is quite high, not all enquiries warrant investigation or fall within the jurisdiction of the VSA. Some consumers are looking for general information while they are researching a purchase. Others are engaged in informal dispute resolution with a dealer but want to clarify their rights and the responsibilities of dealers under the law. Educating the public about their rights, while also encouraging buyers to act responsibly in the motor vehicle marketplace, remains a key focus.

Fiscal Year 2019-20 public enquiries/complaints by topic/allegation

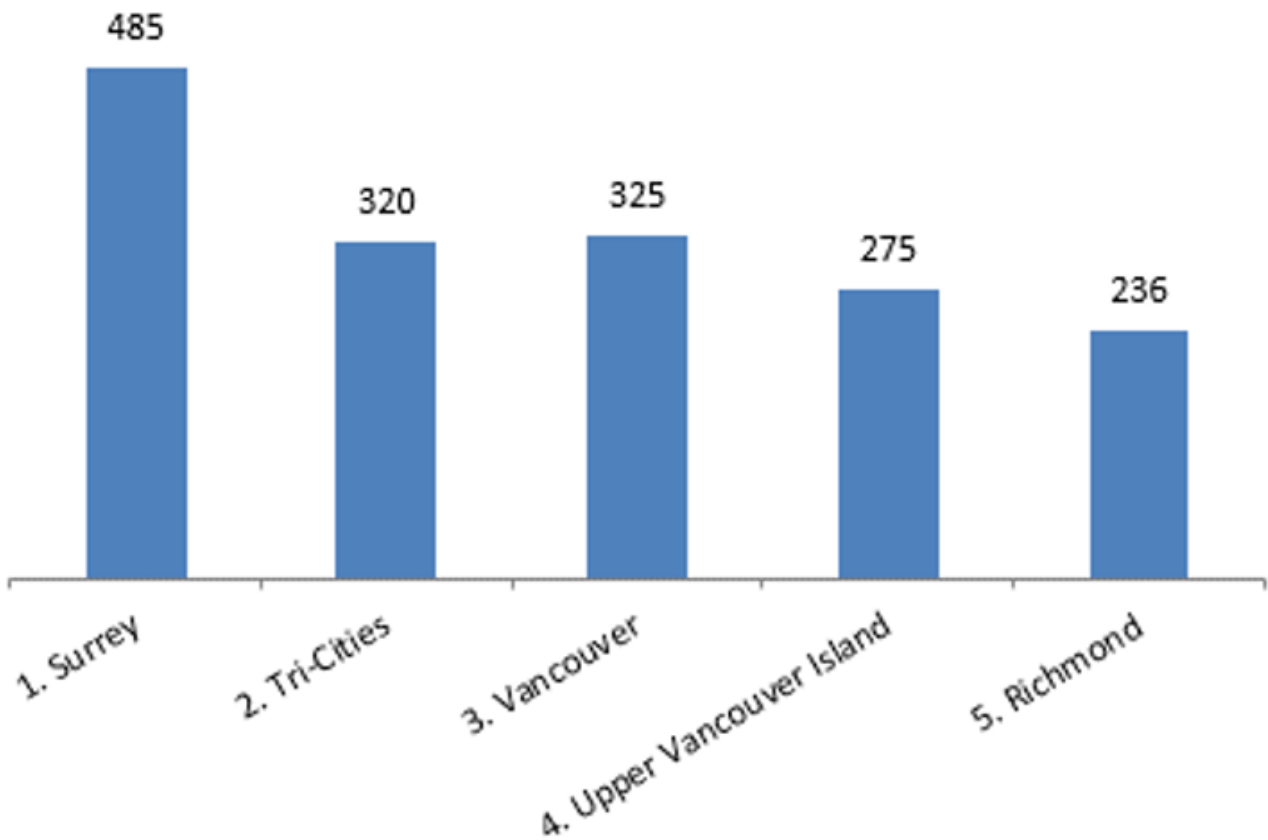




Consumer Services continued

VSA Consumer Services received 840 formal consumer complaints in 2019-2020. This represents 12% of the total volume of consumer contacts. When a formal complaint application is received, the application is first assessed for completeness, eligibility and grounds for investigation. While successful informal dispute resolution between the parties is the goal, unresolved complaints are investigated by the VSA Compliance Team for formal resolution, when needed. All complaints, irrespective of whether a consumer dispute is resolved or not, are also reviewed by the VSA Compliance Team. Where complaints speak to issues that may be of relevance to fulfillment of the VSA mandate of consumer protection, compliance action is taken.

Top 5 regions (by dealer location) generating enquiries and complaints:





Industry Standards

This year the VSA advanced the focus on Regulatory Excellence by moving forward with a reorganization of the VSA compliance team into two new teams focused on specific aspects of compliance activity. Those teams are:

- **Industry Standards** – primary focus is on ensuring compliance through education, ongoing inspections and proactively partnering with industry to address compliance issues
- **Investigations** – primarily focused on investigation of complaints, ensuring a fair and unbiased process is followed to address consumer protection matters

The restructure of the teams to fulfill their new mandate was completed in January 2020, and since then the team has been focused on ensuring current inspections for dealers are complete and up to date. Dealers and consumers continue to initiate discussions with the VSA regarding the regulations that govern the industry. This informal interaction helps increase industry compliance while decreasing the need for formal regulatory action.

Key Statistics

Inspections	792
Risk Assessments	248
Total	1040
Liaison Visit Total	1089
By phone	458
In person	631





Investigations

This was the inaugural year of a dedicated Investigations team with the VSA, having split the Investigative functions from the Education and Outreach functions served through the new Industry Standards team. Investigations are performed independently, with authority delegated by the Registrar. Any resulting compliance undertakings and compliance orders on business practices or licensing issues must have the approval of the Registrar. Seventeen undertakings were accepted by the Registrar this year. Twelve hearings were held, each resulting in a formal Decision of the Registrar.

Investigators continue to work in cooperation with a variety of agencies. The past year saw continued partnership with the Commercial Vehicle Safety and Enforcement Branch of the BC Ministry of Transportation and Infrastructure in conducting dealer inspections focusing on the safety condition of vehicles offered for sale. Compliance staff also assisted the Canada Revenue Agency, other professional regulators, and police agencies on other concerns.

As of April 1, 2019, the VSA is responsible for administration of a new Code of Conduct for the industry, which became effective as of that date. The VSA anticipates that the new code will formalize and reinforce the professionalism and conduct already expected of the industry.

Curbers

Unlicensed dealers remain a concern. The 2018 advent of new administrative powers of the registrar allowed the VSA to focus on a number of specific unlicensed operations, including the application of a number of administrative penalties by way of voluntary undertakings.

With increased enforcement, and the implementation of a licensing requirement for wholesalers — thereby limiting curbers' unrestricted access to inventory - the VSA is making full use of the new tools available to discourage unlicensed activity and curbing.





Motor Dealer Customer Compensation Fund Highlights

Message from the Chair—Mr. William Kwok

In Fiscal Year 2020, Mr. Ian Moore was appointed Vice-chair of the Motor Dealer Customer Compensation Board (MDCCFB). Mr. Moore is an industry member with over 35 years of motor dealer experience and served on the Compensation Fund Board since May 2016. During the year, our two newest members completed their first full year of service and reappointed for a further 3 years with full support of other MDCCFB members, the Human Resource and Governance Committee and the VSA Board.

The Vehicle Sales Authority (VSA) proactive processes, salesperson education combined with consumer education and knowledge continue to positively affect the number of claims filed with the VSA.

Fiscal Year 2020, in review:

- The Vehicle Sales Authority received 5 consumer claims in FY2020 versus 9 claims in FY2019. This is a 44% year over year reduction in claims filed.
- The Compensation Board adjudicated 3 claims in FY2020 compare to 7 claims in FY2019 or a 57% reduction.
- Of the three claims adjudicated, one claim or 33% was approved for payment.
- Historically, the Compensation Fund Board approve 45% of the adjudicated claims.
- The total approved payment in FY2020 was \$20,000 compare to \$40,000 in FY2019.
- In the last 5 years, the total compensation paid was \$190,437.59 or an average of \$38,087.52 per year.
- As at March 31, 2020, the Motor Dealer Customer Compensation Fund balance is \$1,206,841.

Due to the continue drop in claims and lower potential exposure, the Registrar again waived the motor dealer annual compensation fund payments.

Based on these, the automotive industry is trending positively.

William (Bill) Kwok
Chair, Motor Dealer Customer Compensation Fund





Compensation Fund Activity

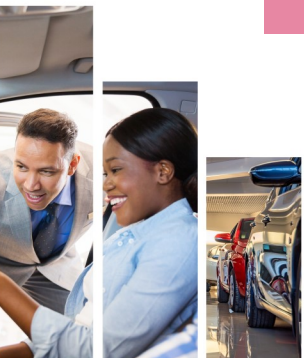
Fiscal Year	2019/2020	2018/2019	2017/2018
Claims			
Adjudicated	3	7	14
Approved	1	2	5
Amount paid out	\$20,000	\$40,000	\$56,588
Type of Claim			
Vehicle purchase	2	6	10
Warranty/service plan purchase	0	0	2
Vehicle consignment	1	1	2
Vehicle Type			
Auto	2	7	13
RV	1	0	1
Motorcycle	0	0	0
Dealer Status			
In business	0	4	0
Not in business	3	3	7





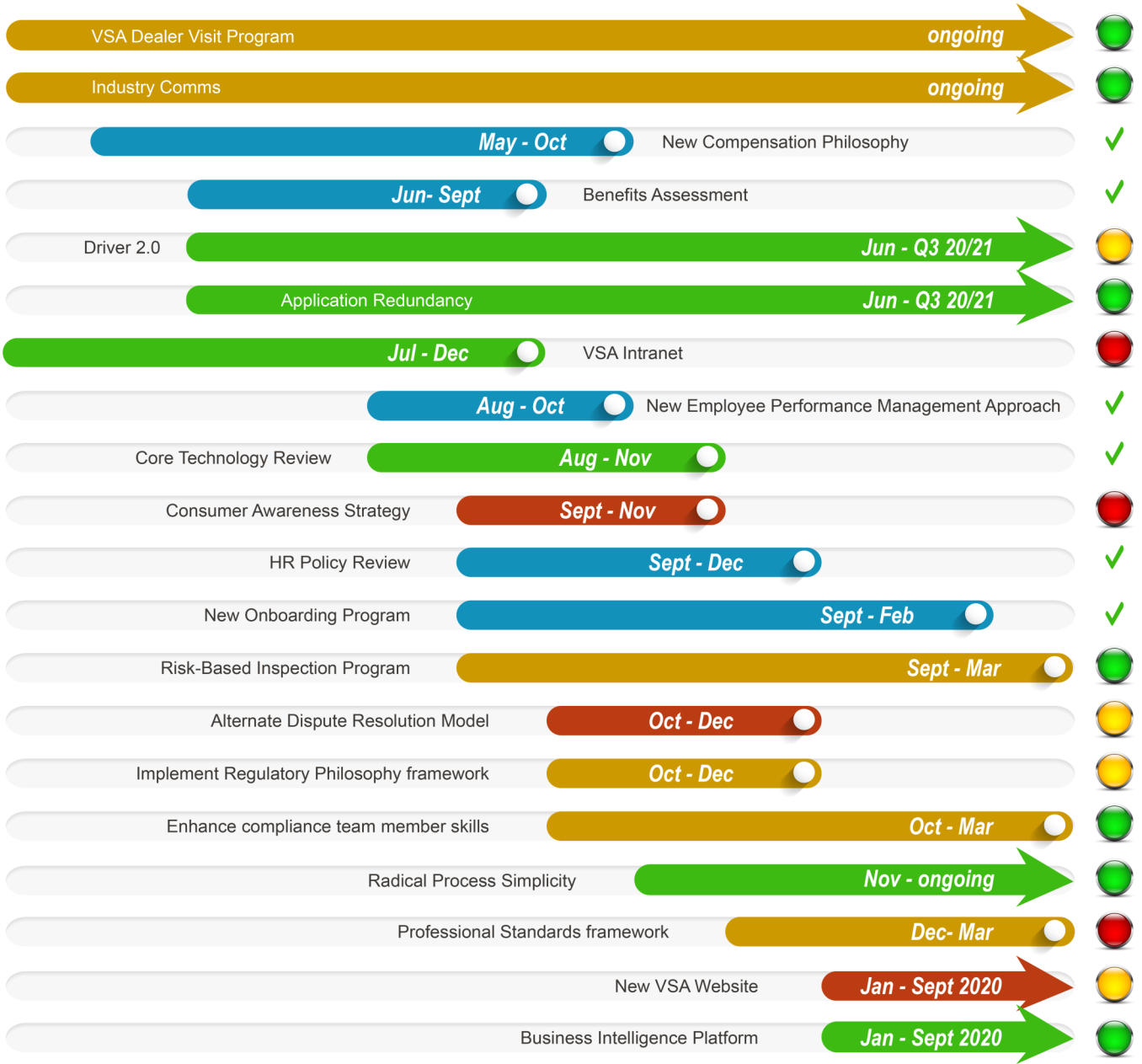
Financial Statement 2019/2020 & Budget 2020/2021

	2019/2020 Actual (Audited)	2020/2021 Budget
Revenue		
Dealer Licensing	\$2,403,803	\$2,368,026
Salesperson Licensing	1,599,755	1,599,420
Total Licensing Revenue	\$4,003,558	\$3,967,446
Expenses		
Administrative Fees, Recoveries & Interest	\$623,886	\$272,636
Course Fees	945,655	1,334,744
Total Other Revenue	\$1,569,541	\$1,607,380
Total Revenue	\$5,573,098	\$5,574,826
Expenses		
Salaries and Benefits	\$3,800,029	\$4,259,328
Operating Expenses	1,620,177	1,315,498
Total Operating Expense	\$5,420,207	\$5,574,826
Operating Excess	\$152,891	\$0
Extraordinary items:		
Gain on disposal of Assets	\$7,228	\$0
Loss on change in fair value of investments	(36,629)	0
Add/Less: Extraordinary items	\$(29,401)	0
Total Excess	\$123,490	0





Goals & Strategies



APR, MAY, JUN, JUL, AUG, SEP, OCT, NOV, DEC, JAN, FEB, MAR

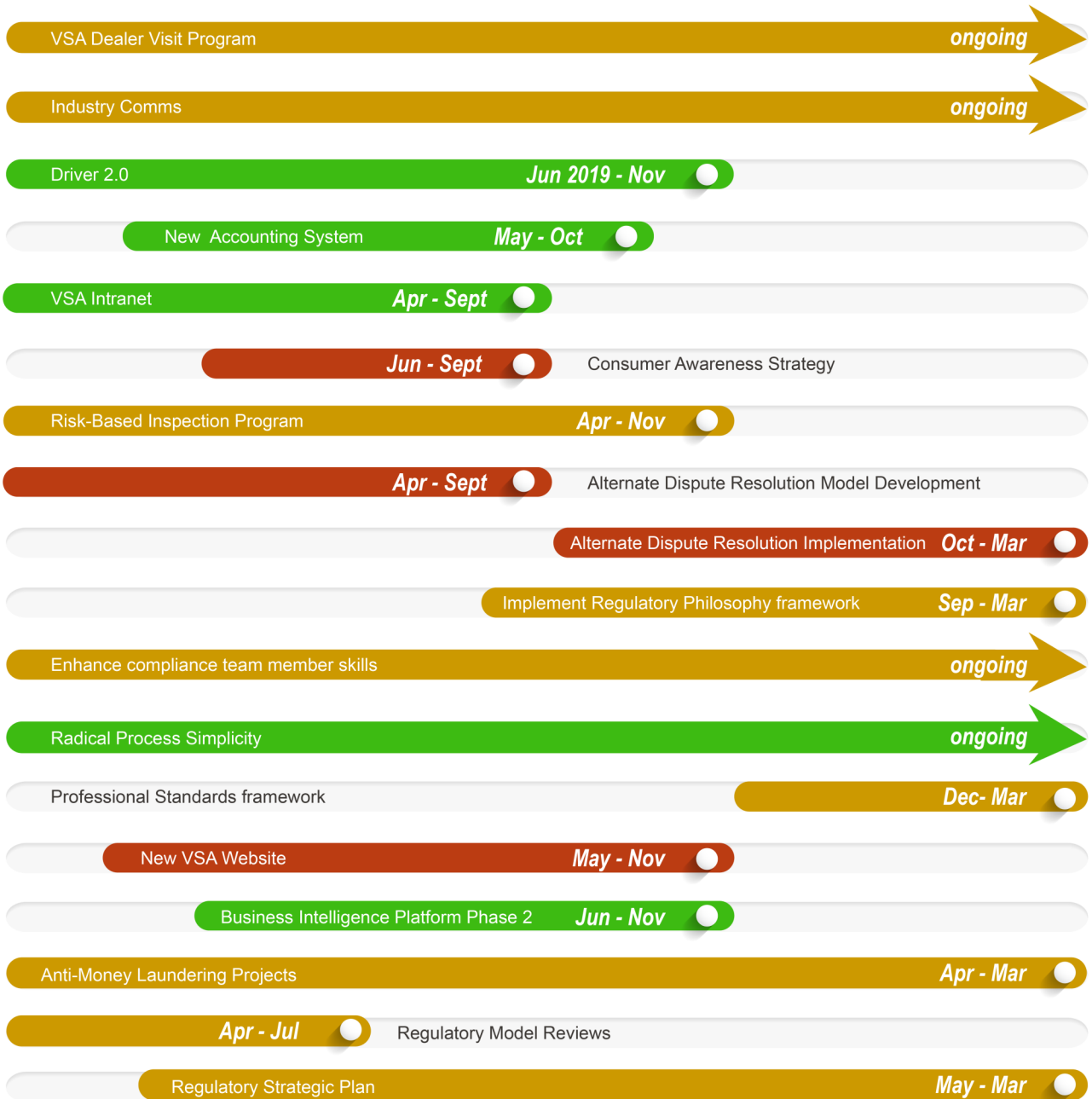
2019/2020 Fiscal year →

LEGEND

Regulatory Excellence	People	Digital Transformation	Consumer Awareness
Significant budget or schedule variance	Minor budget or schedule variance	On track	Complete



Projects Score Card



APR⁺ MAY⁺ JUN⁺ JUL⁺ AUG⁺ SEP⁺ OCT⁺ NOV⁺ DEC⁺ JAN⁺ FEB⁺ MAR⁺

2020/2021 Fiscal year

LEGEND	Regulatory Excellence	People	Digital Transformation	Consumer Awareness
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Contact Information



Our Leaders

Stephen Simms, President and CEO

Ian Christman, Registrar, Privacy Officer & Director of HR

Loraine Lee, Director, Compliance & Consumer Services

Michelle Harrison, Director, Industry Experience & Operations

Ellen Laoha, Director of Finance & Risk Management



Our Board of Directors

Mark Baaken, Chair

James Nicholson, Vice-Chair

Nairn McKenna, Secretary

James Carter

Ward Fraser

Mike Hacquard

Kyong-Ae Kim

John MacDonald

Ken Robertson

Michael Stevulak

Guangbin Yan

Bill Kwok, Treasurer (Non-director, MDCCF Chair)



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