

**ANNUAL REPORT**  
2020 / 2021



Vehicle Sales Authority  
of British Columbia



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## A MESSAGE FROM THE BOARD OF DIRECTORS

On behalf of the Board of Directors, the Registrar, the management, and the 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, 2021. Building on last year's foundational work, the VSA moved forward with some key initiatives to better support consumers and the industry, as well as our commitment to regulatory excellence.

The work we do for British Columbians could not be achieved without our people. This past year we strengthened our Human Resources team with an HR Manager. We supported staff through the COVID-19 pandemic by developing safety plans and creating flexible work from home arrangements. We made some internal structural changes to better deliver on our consumer protection mandate and on our strategic initiatives in a fair and consistent way.

Several key initiatives were delivered. Our new database system went live in the fall of 2020, along with our new finance software. Work began on mining our data to obtain key metrics so we can make more informed decisions on resource allocation, as well as determine and eliminate process roadblocks. This data will also help identify any concerning new trends for consumers, so we can address them. We continued our work on an Alternative Dispute Resolution ("ADR") process to speed up consumer complaint resolution. We anticipate the ADR process will be piloted by the end of the next fiscal year.

In support of regulatory excellence, the VSA partnered with the Office of the Ombudsperson on a voluntary review of our processes to ensure fairness in dealing with consumers and the industry. The Ombudsperson found VSA staff knowledgeable on the principles of fairness. We received 40 suggestions to enhance our processes and developed a plan to implement those suggestions in the coming fiscal year.

This past year, the VSA joined the Counter Illicit Finance Alliance of BC (CIFA-BC) as an associate partner. Headed by the Royal Canadian Mounted Police, CIFA-BC looks for strategies to identify and disrupt money laundering in various industries. As an associate partner, the VSA acts as a subject matter expert on the regulation of the motor dealer industry. Our work with CIFA-BC will support government on its anti-money laundering initiatives.

Our staff continued our important work to help protect consumers and increase industry professionalism. Our Licensing team vetted 1,535 new applicants for salesperson licenses and over 6,000 salesperson license renewals. Our Inspection team used modified methods to conduct 1,188 dealer inspections of varying types. Our Consumer complaint handling team received 3,415 consumer inquiries, providing information and education to over 2,700 consumers. Our Investigations team worked on 698 consumer complaints with 516 (74%) of those being satisfactorily resolved through education. Our Professional Development team moved the Sales and Continuing Education courses to an online learning platform to enable 24/7 access. This was all achieved under modified work rules in response to COVID-19.

The Board of Directors is proud of the accomplishments made by VSA staff during these uncertain and difficult times.

Message approved and signed by:



**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, and by ensuring a safe and reliable motor vehicle buying experience.



Respect  
each other



Do the  
right thing



Make it  
happen  
together



Listen to  
all sides



Be open,  
honest  
& fair



## PEOPLE

**OUR FOCUS WAS ON  
BEING FLEXIBLE AND  
ACCOMMODATING  
EMPLOYEE SAFETY,  
WHILE ENSURING  
BUSINESS CONTINUITY.**

In the 2020/21 fiscal year, our HR Department upgraded skillsets to provide the necessary support required for facing the pandemic. The VSA filled the position of Human Resources Manager to support the Chief Administrative Officer, the Administration team, and the Operations Team. Working diligently throughout the pandemic, the health of our employees was, and continues to be, our highest priority. Our focus was on being flexible and accommodating employee safety, while ensuring business continuity. We are now actively working on solutions that will take us through to the next steps of returning to a new normal.

The main role of the Human Resources Manager is to support and provide expertise on people-related issues, staff recruitment, onboarding orientation, and to ensure that a healthy and safe work environment for all employees is maintained.

### **Pandemic-related HR initiatives in 2020/21**

- Pioneer and roll out Covid-19 Safety Plans & Policies
- Introduce measures to provide employees with work from home flexibility

**HR HAS BEEN  
EXTREMELY  
RELEVANT AS  
WE HELP OUR  
WORKFORCE NAVIGATE  
THROUGH UNCERTAIN  
PANDEMIC TIMES TO A  
NEW NORMAL.**

- Develop a 3-phase approach for employees to safely return to the office
- Provide ongoing explanation and communication of Covid-19 protocols for staff

#### **Non-pandemic related HR initiatives in 2020/21**

- Promote and empower staff by filling open positions internally and providing staff with new opportunities and increased responsibilities
- Foster employee engagement through virtual social committee experiences

#### **HR initiatives that we are focusing on in 2021/2022**

- Create HR Roadmap to address foundational HR pieces and capture projects
- Develop a flexible hybrid model of working for employees to promote work life balance
- Revamp the performance management program
- Revise the salary grid to include all new roles
- Continuously revise HR policies to ensure compliance where required
- Create a workflow for all HR functional areas for transparency with staff
- Revise the new hire orientation program to capture organizational changes

HR plays a significant role in building engagement within the organization. This is extremely relevant as we help our workforce navigate through uncertain pandemic times to a new normal. The HR Manager is working on various initiatives, including two through committees (Social Health & Safety) to boost employee engagement morale.



## LICENSING

### Service Initiatives

This past year saw the challenge of maintaining licensing service standards during the pandemic, which forced most of the team to work remotely to ensure the safety of all VSA employees. The VSA's recent investments in technology, which included migration to an online database system and implementation of VOIP technology, allowed team members to be productive and responsive to the needs of our licensees and other Industry stakeholders.

The early decision by the Registrar, in April of 2020, to waive late fees for licensees until October 2020, and extend the period where a licensee could be in lapsed status, helped to mitigate the economic uncertainty for many salespeople and dealers.

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

Fiscal Year	2021	2020	2019
New dealer applications	101	124	111
Dealer licenses at year end	1535	1506	1519
New salesperson applications	1538	2030	2076
Salesperson licenses at year end	8155	8332	8460



## PROFESSIONAL DEVELOPMENT

The VSA is committed to education as a primary strategy for supporting industry compliance. Our Certification courses (Salesperson and Wholesaler), in addition to our annual Continuing Education (CE) unit, provide a comprehensive and up-to-date foundation in the application of provincial motor vehicle sales legislation.

The web-based self-study learning format allows 24/7 access for our client base and has been extremely useful during this past (pandemic) fiscal year. Students can study at their own pace and book their formal final exam from a dedicated schedule with exam invigilation.

Our annual Continuing Education unit subject matter is based upon consumer feedback and trending issues from the previous year to ensure that relevant material is provided. In the 2020/2021 fiscal year, the Continuing Education subject was “Code of Conduct”.

In the 2021/2022 fiscal year, the Continuing Education unit is “Business Ethics and Code of Conduct”. This choice allows our students to expand their focus on how Code of Conduct plays out in day-to-day operations. In our efforts to keep learning meaningful, we updated our authoring software and have received many positive comments about the relatable content, pertinent activities, and the fresh look and feel of the Continuing Education unit. When education and innovation are combined, an engaged customer base is the result.

Course Activity			
Fiscal Year	2021	2020	2019
Participants			
Licensing Course (Sales & Wholesaler):	1734*	2401	1895
Continuing Education	6911	7468**	434

\*lower sales licensing due to pandemic year

\*\*transition to annual requirement





## COMMUNICATIONS

During this past (pandemic) fiscal year, industry communication was sent out on a consistent basis. Bulletins, featuring regulatory updates and timely legislation clarification, were provided. Dealer Alerts were sent out regularly and served as valuable warnings on time-sensitive matters. Salesperson Reminders continued to be beneficial to inform licensed salespeople of ongoing licensing and regulatory topics.

Typical events, like the Vancouver International Auto Show, were cancelled due to the pandemic safety protocols. The trend to online sales events and activities has flourished during this past year. We will need to ascertain how the current trends will play out in the future, and determine how we will move forward in this realm.

The VSA website has been revamped, and we are in the process of determining its popularity among our user base.





## CONSUMER SERVICES

Consumer Services responds to public inquiries and consumer complaints about the Motor Vehicle Industry in BC. The VSA's complaint handling policies and processes, which can be found on the VSA website, are designed to meet the requirements of procedural 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 2020-2021, the Consumer Services team dealt with 3,415 public inquiries. The top reasons for consumers contacting the VSA remain to be: allegations of loss caused by the misrepresentation of the mechanical condition of a vehicle, issues related to the selling process of a vehicle, and disagreements over the terms of financing and deposits.

Key Statistics	
Requests for information from the public	2754
Formal Consumer Complaints	652
Motor Dealer Customer Compensation Fund Claims	9
Total public inquiries received by the VSA	3415

While the volume of inquiries is quite high, not all inquiries 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 and 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.

VSA Consumer Services received 652 formal consumer complaints in the 2020-2021 fiscal year. This represents 19% of the total volume of consumer contacts. A majority of the remaining files are closed after the information is provided to the consumers and additional contact is received. When a formal complaint application is received, the application is first assessed for completeness and jurisdiction. While successful informal dispute resolution between the parties is the goal, unresolved complaints are investigated for formal resolution, when needed.

In 2020-2021, the majority of the Consumer Services team transitioned from being office-based to remote-based. During this transition, the Consumer Services team was supported with the appropriate technology to ensure that public inquiries and consumer complaints were responded to within the VSA service standards.



## INDUSTRY STANDARDS

In this fiscal year, the Industry Standards team experienced challenges during the pandemic due to health and safety protocols.

Typically, the Inspection team conducts business almost entirely in field operations (and with in-person contact). In this unique year, we were challenged to create remote inspection processes, and our typical field visit was done over the phone. We relied heavily upon email for gathering cross-sections of files for inspection.

The remote inspection procedure takes longer and is more difficult to conduct over the previous in-person field procedure. However, by having a dedicated team, we were able to conduct more inspections than previous years.

This is the first fiscal year that the Industry Standards team has been in effect, and there was an increase in inspections conducted. More time was spent with dealers, sharing best practices and providing educational assistance. We received great feedback throughout the year on our approach to inspections.

As a side note, dealers are very happy to see us in the fiscal 2021/2022 year, and they have shared their preference for live visits.

Our focus remains on regulatory excellence with an educational approach, as well as building and supporting our partnerships with the Ministry of Transport, the CRA, and other regulatory bodies.

2020/2021 Top Issue: Code of Conduct reinforcement (professionalism & expected conduct)

Key Statistics	2020-2021	2019-2020
Inspections	988	792
Risk Assessments	200	248
Total	1188	1040
Liaison Visit Total	543	1089
By Phone	543	458
In Person	*	631



# INVESTIGATION



## INVESTIGATIONS

**A LACK OF NEW INVENTORY LED SOME DEALERS TO BUY VEHICLES THAT WERE IN SEVERE ACCIDENTS AND TO REBUILD THEM.**

The VSA continued its work on various investigations using modified processes due to Provincial Health Order restrictions. This, unfortunately, caused some investigations to take longer than hoped. COVID-19 has also impacted the industry, especially in its ability to obtain inventory. A high demand for used vehicles in the USA saw a drain on available used inventory in British Columbia. One reason for the high used car demand was the lack of new vehicle inventory, which was driven by part supply issues, such as shortages in micro-chips and rubber. This has led some dealers, including new vehicle dealers, to buy vehicles that were in severe accidents and to rebuild them under BC's rebuilder rules. Monitoring this new trend has been a focus for the VSA this past year.

The VSA joined the Counter Illicit Finance Alliance of British Columbia (CIFA-BC) as an associate partner. Headed by the RCMP, the purpose of CIFA-BC is to understand money-laundering in various industries and devise strategies to uncover and disrupt money-laundering where possible.

**IN 2020-2021, THE  
VSA CONDUCTED 698  
INVESTIGATIONS.**

As an associate partner, the VSA is a subject-matter expert in the regulation of the motor dealer industry and provides assistance to CIFA-BC in understanding how the vehicle sales industry operates. Where legally permitted, the VSA shares its knowledge with CIFA-BC partner associations, in order for them to devise the necessary strategies to address money laundering. The VSA continued working with its other established partners. One such partner is the Ministry of Transport and Infrastructure's Commercial Vehicle Safety Enforcement branch (CVSE). The CVSE and the VSA share the same concern about vehicles sold by dealers being compliant with the Motor Vehicle Act safety requirements.

In 2020-2021, the VSA conducted 698 investigations. Of those, 325 cases (47%) were considered to be substantiated, with the most prevalent complaint being misrepresentation of the mechanical condition of a motor vehicle. The VSA applied its Regulatory Philosophy and Enforcement Principles to these issues, resulting in voluntary compliance through education (74% of the time), warning letters (15% of the time), and voluntary undertakings (7% of the time). The need for hearings before the Registrar occurred in just 3% of the investigations. The relatively new Industry Code of Conduct (April 1, 2019) featured prominently in undertakings and formal decisions of the Registrar. Of the 13 undertakings, 10 included violations of the Code of Conduct. Of the 12 Registrar hearings resulting in formal decisions, two decisions addressed Code of Conduct violations.

Registrar's hearings with formal decisions:

- 12 hearings with formal decisions
- 13 undertakings



## MOTOR DEALER CUSTOMER COMPENSATION FUND HIGHLIGHTS

Due to the pandemic, the fiscal year 2021 was a year of adjustment for the Motor Dealer Customer Compensation Fund (“MDCCF”) Board and for the Vehicle Sales Authority of BC (“VSA”). In-person tribunals, meetings, and trainings were replaced with video conferences.

In May, we thanked and bid farewell to Mr. Jim Inkster, our colleague of eight years, through the lens of our computers and laptops. At the same time, we welcomed Mr. Malcom Hunter to our MDCCF Board, bringing with him many years of motor dealer experience. The MDCCF Board claim adjudication, and the VSA staff support to the Board, continue to be of a high standard during these challenging times. I commend and thank both the MDCCF Board members and the VSA staff for their commitment and contribution. I would also like to thank the VSA Board of Directors for their continued support.

During Fiscal 2021, the VSA received nine MDCCF claim applications versus five claims in Fiscal 2020, an increase of four claims, or 80%. The MDCCF Board met five times and adjudicated four claims. Two of the four claims, or 50%, were approved for a total payment of \$23,000. Two claims were denied. One claim required further review. In addition, the MDCCF Board developed and implemented the Code of Conduct and Conflict of Interest Policy. In the coming fiscal year, the MDCCF Board will undertake a review of adjudication, as well as Board member training and professional development practices.

The Registrar continues to waive motor dealer annual compensation fund payments after assessing the potential risks and exposures to the MDCCF. At fiscal year-end, the MDCCF balance is \$1,196,899.

Sincerely,



**William Kwok**  
MDCCF Board Chair



## COMPENSATION FUND ACTIVITY

### Fiscal Year Statistics

	2020/2021	2020/2019	2019/2018
<b>Claims</b>			
Adjudicated	4	3	7
Approved	2	1	2
Amount paid out	\$23,000	\$20,000	\$40,000
<b>Type of Claim</b>			
Vehicle purchase	4	2	6
Warranty/service plan purchase	0	0	0
Vehicle consignment	0	1	1
<b>Vehicle Type</b>			
Auto	4	2	7
RV	0	1	0
Motorcycle	0	0	0
<b>Dealer Status</b>			
In business	1	0	4
Not in business	3	3	3



## FINANCIAL STATEMENT 2020/2021 & BUDGET 2021/2022




	2020/2021 Actual	2021/2022 Budgeted
<b>Revenue</b>		
Dealer Licensing	\$2,392,820	\$2,301,901
Salesperson Licensing	\$1,514,059	\$1,474,562
<b>Total Licensing Revenue</b>	<b>\$3,906,879</b>	<b>\$3,776,463</b>
Admin Fees, Recoveries & Interest	\$311,634	\$423,465
Course Fees	\$1,151,561	\$1,017,072
Total Other Revenue	\$1,463,195	\$1,440,537
Total Revenue	\$5,370,074	\$5,217,000
<b>Expenses</b>		
Salaries and Benefits	\$3,615,737	\$3,648,325
Operating Expenses	\$1,183,979	\$1,277,618
<b>Total Operating Expense</b>	<b>\$4,799,716</b>	<b>\$4,925,943</b>
<b>Operating Excess</b>		
	\$570,358	\$291,057
Capital Asset Fund	-\$377,403	-\$392,318
Net Consumer Awareness Fund	\$78,900	\$100,523
<b>Extraordinary Items</b>		
Gain on disposal of investments	\$9,134	\$0
Impairment on intangible assets	-\$23,172	\$0
Gain on change in fair value of investment	\$73,179	\$0
<b>Total Excess (Deficiency)</b>	<b>\$330,996</b>	<b>-\$738</b>





## FISCAL YEAR 2020/2021 STRATEGIC PLAN ROADMAP STATUS

1. VSA Dealer Visit Program
2. Industry Communications - Dealer Alerts
3. Driver 2.0
4. New Accounting System
5. VSA Intranet
6. Consumer Awareness Strategy
7. Risk-based Inspection Program
8. Alternate Dispute Resolution Model Development
9. Alternate Dispute Resolution Implementation
10. Implement Regulatory Philosophy Framework
11. Enhance Compliance Team Member Skills
12. Radical Process Simplicity
13. New VSA Website
14. Business Intelligence Platform Phase 2
15. Anti-Money Laundering Projects
16. Regulatory Model Reviews
17. Regulatory Strategic Plan

 Completed     Ongoing     Delayed

## EXECUTIVE CONTACTS

### Our Leaders

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- Jim Nicholson, Interim President & CEO
- Ian Christman, Chief Legal Officer & Registrar
- Archana Singh, Chief Administrative Officer
- Sandeep Dade, Financial Controller
- Anna Gershkovich, Director of Operations

### Our Board of Directors

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- Mark Bakken, Chair
- Kyong-Ae Kim, Vice-Chair
- Nairn McKenna, Secretary
- Ken Robertson
- James Carter
- Ward Fraser
- Mike Hacquard
- Michael Schreiner
- Liza Aboud
- Bill Kwok, Treasurer (MDCCF Chair)

\* Leader Information as of September 2021



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