



ANNUAL REPORT

2021-2022



Vehicle Sales Authority
of British Columbia



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A MESSAGE FROM THE CHAIR AND PRESIDENT

The Honourable Mike Farnworth, Minister of Public Safety and Solicitor General

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 us to present the Annual Report for the year ending March 31, 2022. The Report provides an overview of the many challenges and accomplishments of the last twelve months.

The VSA continues to focus on strengthening our regulatory best practices, educating and engaging with consumers and industry, and improving our systems, to deliver on our mandate to enhance consumer confidence in the motor dealer industry and the vehicle buying experience.

This past year we saw significant changes in VSA leadership and staffing, with 17 positions filled in an office of 37. Our efforts focused on staff training and onboarding, as well as responding to an ever-changing marketplace driven by COVID-19 and supply chain issues for dealers. Significant lack of computer chips and precious metals for electric vehicle batteries and other components, a rubber shortage, and finding cross-border transportation to move vehicles from manufacturer to dealer, all placed a strain on the industry. This led to new vehicle shortages and difficult access to used vehicles. There was a corresponding increase in online sales as consumers shopped further from home for a vehicle. We saw an increase in consumer complaints and enquiries regarding the buying process (mostly delivery times) and complaints about the quality of used vehicles purchased.

We progressed well on all of our strategic initiatives. Our online dispute resolution program is under development with our partner, the Justice Education Society (JES), and scheduled for launch in the third quarter of next year. MySelfHelp, a guided pathway of information to assist consumers to resolve their concerns directly with dealers, is mostly complete with assistance from JES, and will be live on our website later next year.

We completed 37 of the 40 recommendations made by the Office of the Ombudsperson to ensure fairness and regulatory excellence in the work we do. The final three recommendations are in progress and to be completed early in the next fiscal year. We continued our work as an Associate Partner with the Counter Illicit Finance Alliance of BC (CIFA-BC) to understand money laundering in the industry.

Staff continued our important work to help protect consumers and increase industry professionalism. Our Licensing team vetted 1,870 new salesperson applications: over 300 more than last year. The continuing education requirement for salespeople dealt with distance sales, also called online or electronic sales. Despite supply chain issues, our licensed dealers grew from 1,535 to 1,591 in the year, with some new electric vehicle manufacturers entering British Columbia. Our Inspections team conducted 845 inspections and 751 liaison (education) visits. Our Consumer Services team received a total of 3,200 total public enquiries including providing education to 2,511 consumers. Our Investigations team worked on 512 investigations during the year.

This past year, the Compensation Fund adjudicated five claims for compensation involving dealers out of business, out of which three were approved with a total payout of \$22,000. The balance of the Compensation Fund, as of March 31, 2022, was \$1.161 million. This past year, Worden Zaluski Consulting Actuaries reported that our current Compensation Fund balance was more than adequate to meet future anticipated needs.



A handwritten signature in black ink, appearing to be 'Mark Bakken'.

Mark Bakken,
Chair, VSA Board of Directors
VSA Purpose & Values



A handwritten signature in blue ink, appearing to be 'Ian Christman'.

Ian Christman, President
VSA



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 Fiscal Year 2022, the HR Department provided dedicated support to our staff throughout the continuing pandemic. The HR Manager supported the Executive Vice President of Corporate Services & Risk, through multiple initiatives to ensure the health and safety of the staff remained at the forefront. These initiatives allowed the company to operate optimally while ensuring pandemic protocols and guidelines were in place. We continue to safely serve our respective stakeholders: consumers, dealerships, and government.

Covid-19 Response

Our Covid-19 response initiatives were handled extremely well and included increased communication, implementation of vaccine mandate policies, and a transition from our Covid-19 Safety Plan to our new Communicable Illness Policy. To provide staff with clarity and time to plan around personal schedules, HR created and communicated a three-phased approach for returning to the office:

Phase 1: Minimum number of staff in the office and majority of staff working from home

Phase 2: Cohort schedule introduced with two cohorts alternating office hours each week

Phase 3: Hybrid Return-to-Office schedule introduced: two days at office, three days from home



We are proud to announce that there have been no Covid-19 outbreaks at the VSA office. Staff were offered opportunities to work from home regularly and stay home when they were feeling ill with access to paid time as needed. Most importantly, staff provided feedback that they felt supported by HR through the uncertain and everchanging pandemic times.

When developing the Return-to-Office Plan, staff were consulted through an online survey to gather thoughts and ideas for future models. Taking this feedback into consideration, HR developed a hybrid work model, and implemented an e-commute policy for managers and staff. The hybrid model allows staff to work from home three days a week. This initiative supports staff with finding work-life balance and provides autonomy in schedule creation. Additionally, by implementing staff considerations from the survey, staff felt supported and heard, which in turn adds to a positive working culture.

Recruitment

Another area of focus was recruitment: attracting, acquiring, and onboarding the right people in the right seats. There was a big undertaking to attract the right talents to strengthen the team and fill any missing skill sets. Seventeen positions were filled. Two of these recruitments were co-op students from the University of Victoria Law Program (assisting with our Alternative Dispute Resolution project). Several were Consumer Services team members to better assist and protect the public. Other important roles included:

- Director of Investigations, Licensing & Legal Services
- Manager of Investigations
- Industry Standards Officer
- Investigations Officer
- Consumer Service Officers (2)
- Consumer Service Support Coordinator
- Administrative Assistant
- Legal Assistant
- Training Administrative Assistant
- Executive Assistant





Health and Safety

This past year we reviewed, refreshed and updated our Health and Safety Program to ensure compliance with WorkSafeBC requirements. Our new Health and Safety Committee is an engaged group providing value to our VSA staff by ensuring health and safety measures are taken very seriously.

Other HR initiatives in 2021/2022:

- Built HR database to track and monitor important HR metrics
- Revised new hire orientation program for a more positive and engaging experience for new staff
- Revised HR Policies and Procedures Manual to ensure compliance
- Held numerous virtual social committee experiences for staff including lunches, Halloween, and Christmas
- Introduced new and exciting initiatives in office for return to office
- Conducted market review of benefits plan and renewed best and most cost-effective plan for staff

HR initiatives we are focusing on in 2022/2023:

- Roll out revamped employee performance management program
- Develop a long service recognition program for staff
- Roll out workflows of all HR functional areas to staff for transparency
- Conduct compensation review and revise salary grid for all roles
- Continue creating and implementing HR policies to include in the Personnel Policies and Procedures Manual
- Host social committee events in person to foster employee engagement

Over the next year, we will continue to work towards our HR initiatives to create an enhanced work environment for staff. The needs of staff are everchanging. That is why our HR is committed to being adaptable and nimble, as changes arise.



LICENSING

Service Initiatives

The licensing team continues to maintain industry leading service standards by prioritizing responsive communications with licensees and other VSA stakeholders. While the pandemic forced most of the team to work remotely, VSA investments in technology have allowed team members to be equally productive working remotely or in the office.

This fiscal year has seen significant growth in vehicle sales licensees to almost pre-pandemic levels. The areas with the most increase have been in Electric Vehicle start-up dealerships and dealerships that are increasing their online sales.

To meet the demands of increased licensing applications, the team has been continuously looking for ways to streamline all processes. Licensing is also leveraging the online database system to automate repetitive tasks to allow for more time to respond to industry communications.

Looking towards the new fiscal year, the licensing team will continue to carefully vet and assess all new salespeople and motor dealer license applicants. Applications that do not meet the appropriate legislative standards may be denied or approved with conditions to ensure that the public interest is protected.

Fiscal Year	2022	2021	2020
New dealer applications	126	101	111
Dealer licenses at year end	1,591	1,535	1,519
New salesperson applications	1,870	1,538	2,076
Salesperson licenses at year end	8,405	8,332	8,460



PROFESSIONAL DEVELOPMENT

The VSA is committed to education as a primary strategy for supporting industry compliance. Our Licensing 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.

Our online self-study format allows 24/7 access to our client base and has been extremely successful. Students can study from anywhere at their own pace. We offer a dedicated schedule of invigilated exams, so they can also book their final exam to suit their needs.

Our annual CE Unit subject matter is based upon consumer feedback and trending issues from the previous year. This methodology ensures that relevant material is provided to the entire industry as needed. In Fiscal Year 2021, the subject was “Business Ethics and Code of Conduct”.

In Fiscal Year 2022, the topic is “Online/Distance Sales Support & Best Practices”. With the increasing popularity of online sales in the consumer marketplace, we identified that larger purchases also trended higher. In the past, online or distance sales (as they are also referred to) occurred inconsistently. These days, online sales are much more common and a clear understanding of best practises as well as legislation surrounding this type of sales, was required. We have had much positive feedback and look forward to creating exciting courses for the industry every year.

Course Activity			
Fiscal Year	2022	2021	2020
Participants:			
Licensing Course (Sales & Wholesaler):	1,893*	1,734*	2,401
Continuing Education	7,625	6,911	7,468

* lower sales licensing due to pandemic year



COMMUNICATIONS

**We are working
on creating a
cleaner,
multilingual, and
more intuitive
user experience.**

During Fiscal Year 2022, 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.

Once again, typical events, like the Vancouver International Auto Show, were cancelled due to the pandemic safety protocols. The trend to online sales events and activities flourished during this past year. As a result, our Continuing Education Unit 7 was dedicated to distance/online sales best practices to support the industry and a strong foundation going forward.

As a result of last year's feedback on our website, we are working on creating a cleaner, multilingual, and more intuitive user experience.





CONSUMER SERVICES

Consumer Services responds to public enquiries 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 2021-2022, the Consumer Services team dealt with 3,200 public enquiries. The top reasons for consumers contacting the VSA remains 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 placed by consumers.

Key Statistic	2021/2022	2020/2021	2019/2020
Requests for information from the public	2,511	2,754	N/A
Formal Consumer Complaints	680	652	840
Motor Dealer Customer Compensation Fund Claims	9	9	5
Total public enquiries received by the VSA	3,200	3,415	4,085

Although the volume of enquiries is high, not all of them warrant investigations or fall within the jurisdiction of the VSA. Some consumers are looking for general information while they are researching prior to a purchase. Others are engaged in informal dispute resolution with a dealer and contact the VSA 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 680 formal consumer complaints in the 2021-2022 Fiscal Year. This represents 21% of the total volume of consumer contacts. Most of the remaining files are closed after the information is provided to the consumers. When a formal complaint application is received, the application is first assessed for completeness and jurisdiction.

In 2021-2022, the majority of the Consumer Services team worked remotely. The team successfully performed in a remote environment, and all public enquiries and consumer complaints were responded to within the VSA service standards.



INDUSTRY STANDARDS

The Industry Standards team completed their second fiscal year in 2022. The team continues to deliver on its mandate of ensuring a compliant marketplace through education and oversight.

The Industry Standards team adapted its processes throughout the Fiscal Year 2022 period as COVID-19 protocols relaxed and were again tightened due to surges in cases. The team performed a hybrid inspection role with both in-person and remote inspections being conducted throughout the year.

Motor dealers welcomed us back into their dealerships enthusiasm after the previous year’s restrictions. The overwhelming response was that our licensees prefer in-person inspections. We received positive feedback including less disruption of normal business activities and more opportunities for educational conversations. Industry Standards Officers also noted that licensees were much more open to discuss trends within the industry, best practices, and the daily challenges they face in-person.

The team continues to improve its processes and utilization of technology for conducting inspections. While paperless inspections were implemented the previous year, the true benefit was not realized until field work resumed this year and is now being used to great success.

Our focus remains on regulatory excellence with an educational approach, as well as building and supporting our partnerships with the Ministry of Transportation and Infrastructure’s Commercial Vehicle Safety Enforcement Branch, the Canadian Revenue Agency, and other regulatory bodies.

2021/2022 Top Issue: Distance Sales provisions of the BPCPA (Industry shift towards online and distance sales)

Key Statistics	2021-2022	2020-2021
Inspections	825	988
Risk Assessments	20	200
Total	845	1,188
Liaison Visit Total	751	543
By Phone	311	543
In Person	440	*



New vehicle inventory has been reduced due in part to shortages in microchips and rubber but also due to shipping changes.

INVESTIGATIONS

The VSA Investigations team investigates complaints against licensees through the authority delegated to it by the Registrar. During this past fiscal year, the team has continued to meet its mandate while navigating modified processes due to various public health orders and restrictions. As these restrictions continue to lessen, the team has responded by conducting more in-person investigations and dealer liaison visits. In addition, the team is exploring opportunities to reduce overall investigation times.

There continues to be a number of industry issues connected to the pandemic that impact the day-to-day operations of the Investigations team. New vehicle inventory has been reduced due in part to shortages in microchips and rubber but also due to the challenges faced with shipping. These issues have created reductions in used car inventory as well. This has resulted in some used vehicles selling for higher prices than they normally would and sometimes even higher than a new vehicle



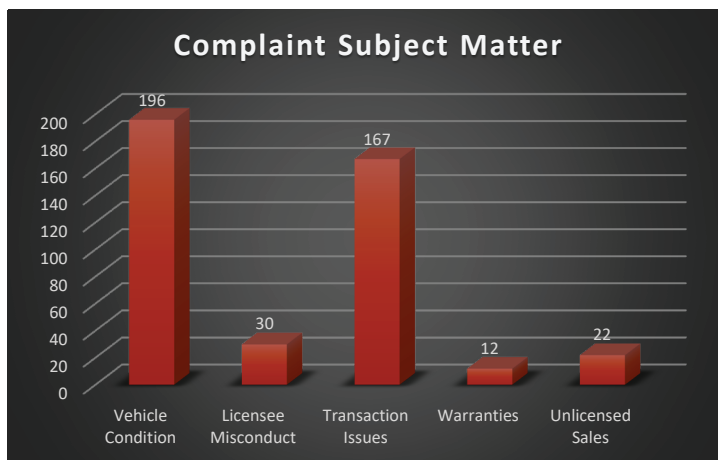
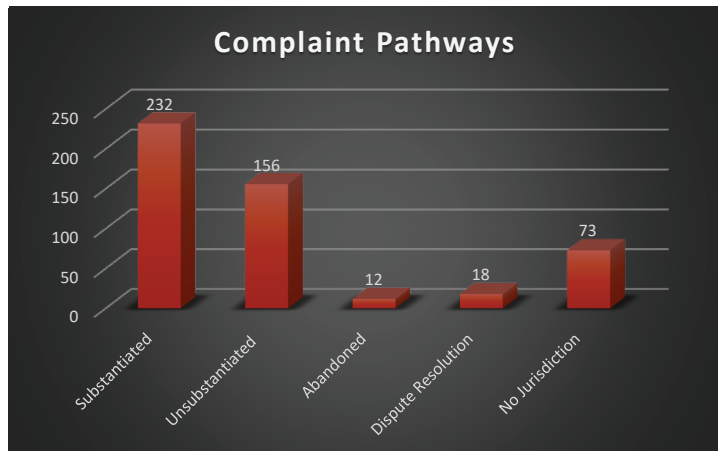
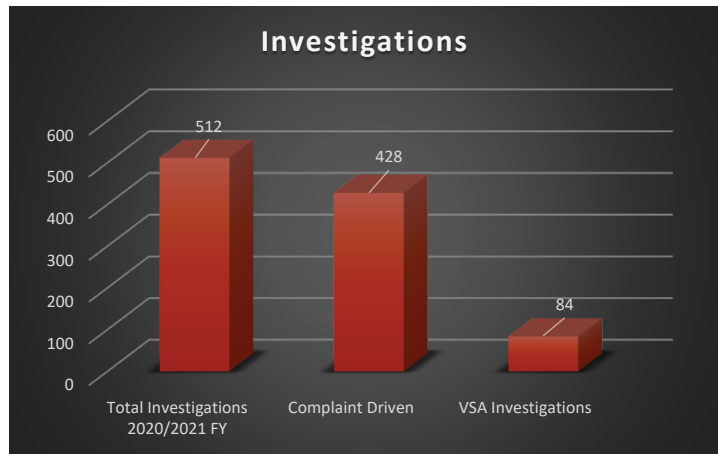
of the same make and model. Another challenge being observed by the team, and tied to reduced vehicle inventories, is the selling of unsafe vehicles or vehicles that are not suitable for transportation. This has also increased distance sales by motor dealers which brings with it an increased need by licensees and consumers to understand the applicable surrounding legislation.

The Investigations team continues to work closely with one of its main partners, the Ministry of Transportation, and Infrastructure's Commercial Vehicle Safety Enforcement (CVSE) branch, to conduct dealer inspections to ensure that vehicles offered for sale by motor dealers are meeting the required safety conditions. The team continues to liaise with and conduct joint investigations with law enforcement partners while maintaining a strong working relationship with the Insurance Corporation of BC (ICBC) and other organizations.

During the past fiscal year, the VSA Investigations team conducted 512 investigations. Of those, 428 were complaint-driven and 84 were the result of VSA investigations undertaken on behalf of the Registrar of Motor Dealers. Of the total investigations, 232 were deemed to be substantiated, 156 unsubstantiated, 12 abandoned, 18 resolved through dispute resolution between consumers and dealers, and 73 closed due to a lack of jurisdiction. The subject matter of the complaint-driven investigations included 196 pertaining to vehicle conditions, 30 related to alleged licensee misconduct, 167 regarding transaction issues, 12 for warranty issues, and 22 regarding unlicensed sales (more commonly referred to as "Curbers").

While the majority of the investigations were resolved by way of voluntary compliance through education and verbal and written warnings, seven matters proceeded to formal hearings before the Registrar and 13 undertakings were voluntarily entered into by motor dealers and accepted by the Registrar.

In 2021-2022,
the VSA
conducted 512
investigations.





MOTOR DEALER CUSTOMER COMPENSATION FUND

The Motor Dealer Customer Compensation Fund (“MDCCF”) Board experienced a year of transition in 2022. While the aftermath effects of the pandemic continued to be felt in our industry, we resumed our dealings using video conferencing. However, with restrictions lifting slowly, our Board is excited to start organizing in-person meetings.

One of this year’s major highlights was the MDCCF Board’s change in leadership; our former Chair, Bill Kwok, parted ways from his role and the MDCCF Board generally. We thanked Bill for his leadership, dedication, and years of commitment to the MDCCF Board as I stepped in as Acting Chair. In February of this year, I was formally appointed as Chair of the MDCCF Board. I would like to thank my colleagues for their backing and inspiration, as well as the VSA staff who assisted in securing the transition into the role while demonstrating a high standard of work ethic. Lastly, I would also like to thank the VSA Board of Directors for my appointment and their continued support. With this shift in roles, we report that we are currently looking for a new Board member to fill the vacant position.

During Fiscal Year 2022, the VSA received nine MDCCF claims applications, which is the same amount that was received in Fiscal Year 2021. The MDCCF Board met eight times. Two of those meetings were to address internal corporate matters, and six meetings involved claims hearings. The MDCCF Board adjudicated five claims in Fiscal Year 2022. Three of the five claims, or 60%, were approved for a total payment of \$22,000. Two claims were denied.

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 \$1,161,954.

The MDCCF Board looks forward to and encourages the changes to come, our continued work with the VSA staff, and the expertise that the new Board member will bring.

Sincerely,
The Motor Dealer Customer Compensation Board
Per:



Ian Moore
MDCCF Board Chair



COMPENSATION FUND ACTIVITY

Fiscal Year Statistics

	2021/2022	2020/2021	2019/2020
Claims			
Adjudicated	5	4	3
Approved	3	2	1
Amount paid out	\$22,000	\$23,000	\$20,000
Type of Claim			
Vehicle purchase	3	4	2
Warranty/service plan purchase	2	0	0
Vehicle consignment	0	0	1
Vehicle Type			
Auto	5	4	2
RV	0	0	1
Motorcycle	0	0	0
Dealer Status			
In business	0	1	0
Not in business	5	3	3



FINANCIAL STATEMENT 2021/2022 & BUDGET 2022/2023

	2021/2022 Actual	2022/2023 Budgeted
Revenue		
Dealer Licensing	\$2,471,922	\$2,452,136
Salesperson Licensing	\$1,544,532	\$1,668,202
Total Licensing Revenue	\$4,016,454	\$4,120,338
Admin Fees, Recoveries & Interest	\$258,635	\$187,204
Course Fees	\$1,206,077	\$1,248,971
Total Other Revenue	\$1,464,712	\$1,436,175
Total Revenue	\$5,481,166	\$5,556,513
Expenses		
Salaries and Benefits	\$3,723,834	\$4,080,817
Operating Expenses	\$1,249,990	\$1,129,677
Total Operating Expense	\$4,973,824	\$5,210,494
Operating Excess		
Operating Excess	\$507,342	\$346,019
Capital Asset Fund	-\$438,127	-\$386,496
Net Consumer Awareness Fund	\$39,760	\$40,500
Extraordinary Items		
Gain on change in fair value of investment	\$31,494	\$0
Total Excess (Deficiency)	\$140,469	\$23

EXECUTIVE CONTACTS

Our Leaders

- Ian Christman, President
- Kenneth Affleck, Q.C., Registrar
- Archana Singh, Executive Vice President Corporate Services & Risk
- Sandeep Dade, Financial Controller
- Anna Gershkovich, Director of Consumer Services & Industry Standards
- Patrick Poyner, Director of Investigations, Licensing & Legal Services

Our Board of Directors

- Mark Bakken, Chair
- Jim Nicholson, Vice Chair
- Bill Kwok, Secretary/Treasurer
- Kyong-Ae Kim
- Liza Aboud
- Mike Hacquard
- John MacDonald
- Michael Schreiner
- Amy Jones
- Gord Bragg
- Fred Jenner



Annual Report

2021 / 2022



Vehicle Sales Authority
of British Columbia