



Motor
Vehicle Sales Authority
of British Columbia

synergy

a professional industry –
an informed, confident consumer

Annual Report 2007

SPECIAL REPORT: Legislation Review - Page 13

previously known as the Motor Dealer Council of British Columbia

VISION

A respected motor vehicle sales industry serving an informed and confident public.

MISSION

To promote excellence and foster public confidence by raising industry standards, providing education, ensuring compliance, and leading innovation.

VALUES

Integrity –

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

Effective Communications –

timely delivery of industry related information

Fiscal Responsibility –

managing resources effectively and efficiently

Lifelong Learning –

promote innovation in the use of new ideas and technology; and encourage and support growth and development

Teamwork –

effectively working together with each other, with our industry partners and other stakeholders to achieve agreed upon goals.



The new logo – a symbol for tomorrow

A priority of the past fiscal year was to find a name more descriptive of the Authority's role, one that represents service to both industry and consumers, and to develop a logo that could become a symbol of quality and integrity for the future. The emphasis is on a marketplace in which both buyers and sellers have responsibilities.

The logo represents, principally, the relationship of these two elements working together to complete a transaction, but also the broader public interest. This \$15 billion annual industry in British Columbia impacts everybody. The white space within the circle represents the mandate of the VSA to educate, regulate and to monitor activity.



Key Results – Objectives

KEY RESULTS ARE CLEAR HIGH-LEVEL DESCRIPTIONS OF THE OUTCOMES that the VSA is working to achieve. They are significant achievements expected from the organization over the next five to ten years. They clarify direction, address major issues and help to focus priorities. There are six key objectives:

- We are one of Canada’s most respected independent regulatory agencies.
- British Columbia’s consumers have greatly improved confidence in the motor vehicle sales industry.
- VSA is a valued partner in developing the industry.
- Our activities continue to foster a high level of integrity with both consumers and industry.
- We develop world class learning programs and products.
- We are financially responsible and innovative.



VSA – a capsule history

AUTOMOBILES, TRUCKS, RECREATION VEHICLES AND MOTORCYCLES IN B.C. have been historically licensed, currently under the Motor Dealer Act (originally under the Motor Dealer Licensing Act), including periodic inspections of dealerships and the investigation of complaints. The evolution of an independent agency - arms length from government - began with a voluntary, nonprofit society established in 1999, the Motor Dealer Standards Association (MDSA), representing the Automotive Retailers Association, the New Car Dealers Association of B.C. and the Recreation Vehicle Dealers Association of B.C., including on its Board of Directors respected, unbiased “public-at-large” appointments. The MDSA approached government with the concept of today’s Authority. This was consistent with the British Columbia government’s strategy to create agencies with “delegated administrative authority” whereby government retains its ultimate oversight, but delegates legislation and regulation; compliance and enforcement; licensing and education, as well as consumer protection.

The Motor Dealer Council of British Columbia (MDC) formally began business on April 1, 2004. The operating name changed to the Motor Vehicle Sales Authority of British Columbia (VSA) on March 30, 2007; a landmark achievement during the year covered by this report.

Hon. John Les
Minister of Public Safety
and Solicitor General
Victoria, BC

Dear Minister:

On behalf of the Board of Directors, the Registrar, the management and staff of the Motor Vehicle Sales Authority of British Columbia, it is a privilege for me to present the annual report for the year ending March 31, 2007, its third year of operation.

In 2004, responding to appeals from industry and the public, government created this independent agency to regulate, educate, enforce motor dealer industry standards and to serve consumer interests. Our Board of Directors, consisting of individuals from both inside and outside the industry, is a reflection of this objective.

This report covers the Authority's third year in business, a dynamic year of growth, improvements in the efficiency of licensing procedures, compliance activities and services to the public. A vast consultative process achieved a new identity more consistent with our mandate.

Sincerely yours,



Robert J. Stewart

Chair, Motor Vehicle Sales Authority
of British Columbia



An identity for tomorrow



From the earliest plans for this new independent agency to regulate and help improve the motor vehicle marketplace in British Columbia, it was known that the name would be misleading. Evolving from an industry-created voluntary association

into an independent legal authority authorized by government under the Motor Dealer Act, the Motor Dealer Council (MDC) name was a logical beginning.

However, people assumed it was an industry association, regulating and promoting only the interests of dealers, unaware of the Authority's broad mandate. In addition to licensing and regulating dealers, it was charged with a responsibility to license and educate all salespeople and customer-related staff in the business offices of dealerships, and a public mission to protect, inform and serve consumers.

A key challenge of the fiscal year covered by this report was to establish a more appropriate identity. An exhaustive process of workshops including the Board of Directors, management, staff, and, finally, discussions with government, led to the approval of the new name, logo and related identity functions. The goal is to have the new logo recognized as a symbol of quality and professionalism within the motor vehicle sales industry.



My greatest concern, as this Authority begins its fourth year of service, is that most of the critical legislation concerning motor vehicle sales in B.C is seriously out of date. Legislation at all levels of government - often duplicative and conflicting - has not been updated for more than 25 years. This is of such urgency that this annual report contains a special section featuring the work of our Legislation Review Committee and its principal recommendations (see Page 13).

This committee spent two years systematically analyzing all the legislation affecting motor vehicle sales. Submissions were received from 15 separate stakeholder groups, including the most prominent consumer agencies. This led to a 42-page report (see www.vehiclesalesauthority.com) and multiple recommendations focused upon curbing (illegal sales by unlicensed dealers), advertising, vehicle inspections and histories, odometer rollbacks, contracts, the Customer Compensation Fund and other issues.

It was hoped that appropriate legislation could have been enacted during 2007 but we were unable to find a place within the busy Legislature schedule. In meetings with government officials and the minister to whom VSA reports, we have been promised that what we need will be addressed during the Spring 2008 sitting of the Legislature. Until this is achieved, our tool box is insufficient to effect all the repairs necessary to ensure that everyone in the industry follows the same rules and that we fulfil our commitment to the general public.

Without these vital legislative amendments there is a risk that the overall VSA mission will fall short of its goals. When motor dealers are impacted negatively on tax and business issues, they can become one of the most aggressive and influential lobbies in society. Obtaining priority placement for these changes on the legislative agenda requires the same burst of energy, teamwork and determination that created this independent Authority in 2004.



The first two years of the Authority defined the role and implemented policies and procedures for a new era. Eventually a small staff was overwhelmed by the demand, attempting to adequately supervise the licensing, inspection and enforcement of 1,700 motor dealers and their 7,000 salespeople, most of whom had to be processed through a two-day certification course. Consultation with all stakeholders, including industry, achieved a new fee structure and sufficient resources for expansion. The recruitment, training, accommodation and integration of new staff became the highest operational priority of the year just past, resulting in service efficiencies that eliminated the backlogs.

It is a privilege for me to serve with an outstanding Board of Directors consisting of representatives from both industry and the public-at-large. On behalf of all of them, I would like to convey our respect and gratitude to the President and Registrar, Ken Smith, the management team and our dedicated, conscientious staff.

Robert J. Stewart

synergy industry, consumers and the economy



IN THE PROCESS OF ACHIEVING A NEW GRAPHIC INSIGNIA FOR THE RENAMED AUTHORITY, WE ANALYZED THE ROLES OF REGULATING AND IMPROVING AN INDUSTRY, SERVING CONSUMERS AND MAKING A POSITIVE IMPRINT ON THE BROADER SOCIETY. THE WORD "SYNERGY" SEEMED TO SYMBOLIZE THE VSA MISSION AND THAT IS WHAT THE LOGO WAS DESIGNED TO ILLUSTRATE.

THIS REPORT COVERS THE THIRD YEAR OF OPERATION, A YEAR OF PROGRESS IN MANY AREAS: MANAGING GROWTH, FINANCE, ADMINISTRATION, LICENSING, INSPECTIONS, INVESTIGATIONS, COMMUNICATIONS, EDUCATION AND CONSUMER INFORMATION.

HIGHLIGHTS OF THE YEAR INCLUDED:

- **Managing growth** - a critical shortage of resources and service backlogs were addressed in 2006 by increased dealer licence fees, enabling a growth in the total staff complement to 35 from 20. Recruiting, training, equipping and accommodating these new people was a major challenge.
- **Improving service on all fronts** - the additional resources helped us attain acceptable levels of service in all areas, completely eliminating backlogs.
- **An Industry Summit** - the Boards of Directors and management of the Authority and the industry trade associations held an all-day conference in November, 2006, to review the mission, key issues and future challenges. The successful event is to be repeated in 2007 with the addition of other major stakeholder groups.
- **The VSA Learning Division** - a decision was reached during the past year to bring all professional development in-house, including the mandatory Salesperson Certification Course. Planning and staffing this initiative included a vision for new and upgraded courses as well as a strategy to better integrate the classroom experience with licensing. This vision is now being rolled out in measured steps.
- **Research and special projects** - a new executive position, Manager, Projects and Research, was created to enhance the knowledge base and to manage significant ventures not directly involved with daily operations. These have included to date: surveys, data collection and analysis, establishing new Board of Directors Advisory Committees for both salespeople and motorcycle dealers, and designing the new Learning Division and its curriculum.
- **Strategizing improved consumer services** - a consumer help-line, publications, news releases, appearances at public events and media relations continue to assist consumers who face difficulties, and to encourage best practices when shopping for and purchasing a vehicle. Two Dispute Resolution Officers were appointed to assist both consumers and dealers in the resolution of problems without resorting to more time-consuming and expensive routes, such as court actions. During the year, a strategic alliance with the vehicle history search firm CarProof has achieved funding that will lead to greatly enhanced consumer information advertising in the year ahead. In the past year, discussions with industry and other stakeholders have focused on how to attain funding for province-wide consumer education, including school programs. Consideration has been given to the desirability of a small transfer fee attached to any change of vehicle registration.

Communications

The communications challenge to-date has been to consistently inform industry, media and the public, conveying useful information and encouraging best practices, without a substantial promotional budget.

In terms of impact for each dollar invested, the results have been excellent. A visit to the VSA website will demonstrate an impressive legacy of both “Bulletins” to the industry and appropriate stakeholders, and news releases for media and public distribution. VSA’s growing archive of Internet-accessible information is becoming a living history of the VSA as we deal with both current events and long-term goals.

The annual report is the official record, required by government as part of the Authority’s mandate. It has become much more than that. The previous two reports were distributed throughout the year that followed as the best possible introduction to the Authority and explanation of the work in progress.

News releases distributed province-wide have been reported by daily and community newspapers, radio and television. The Registrar and other members of the management team are frequently quoted in various media, occasionally appearing on regional and national television and radio.

Facilitating the visual face of the identity project was a principal achievement of the year. Working with graphic designers, several logo options were considered and fine-tuned. Once basic decisions were made, the priority became information materials that demonstrated the new look:

- A multi-purpose VSA information brochure
- A consumer brochure about the Motor Dealer Customer Compensation Fund
- A new trade show display booth with the new name and logo, unveiled for the first time at the Spring 2007, Vancouver International Auto Show.
- New templates for industry Bulletins and news releases.
- A modernized, dynamic website redesign.



All communications strategies include promotion of the website. This is the best and most up-to-date source of both industry and consumer information. It can be easily determined through the VSA website whether specific dealers and their salespeople are properly licensed. Salespeople can renew their licences online.

Website activity continues to grow. The total number of separate visitors during 2006-2007 was 162,659, an increase of 60 per cent from the previous year’s 99,846. Those coming to the site this past year collectively viewed 550,193 different pages.

Here are some other interesting statistics.

Top five PDF downloads:

Bulletins	12,666
Employment authorization form	3,968
Course registration	3,025
News releases	2,533
Salesperson application forms	2,441

Most visited pages

News releases & newsletter index	27,026
Bulletins index	19,463
Vehicle buying consumer advice	17,810
Contact information	9,029
Salesperson application packages	7,415
Salesperson certification course information	7,119
Salesperson information	2,788



Finance and administration

The principal challenge of the year was expansion: budget, personnel, facilities and equipment.

The annual budget grew to \$3.7 million from \$2.4 million and total staff to 35 from 20. The enlarged organization required more of everything: office space, renovations, business equipment, vehicles and supplies, all acquired and integrated in an orderly fashion.

A private-access Intranet website accessible by staff only, successfully kept everyone up-to-date with the posting of new job opportunities, introducing newcomers (photos and biographies), occasionally injecting humour into a somewhat distracting atmosphere and conveying useful information. A systematic "Learning by Design" project was an outstanding success in the introduction of new staff. To give them a well-rounded understanding of the organization as a whole, each new arrival spends time with a staff member in each position, learning about everyone's jobs and responsibilities. This includes a visit to the Adesa auto auction, and making the rounds with a VSA inspector. As one new staff member put it, "I've never joined an organization with such an intentional process for learning about its mission and core activities. It made me instantly effective and informed."

Despite the costs of the recruitment process, the identity project, new printed materials, a redesigned and upgraded website and challenges that could not have been anticipated in advance, the year ended with a surplus of revenues over expenses of \$56,115. This reduced the accumulated net deficit to \$108,919. This deficit is a legacy from the origins of the new Authority in 2004 and as a result of accounting methodology with respect to unearned licence fee revenues. These fees are recorded into the period in



which they are earned. Fiscal surpluses during the next few years are expected to reduce the deficit to zero. A long-term goal is to eliminate this deficit and to build a contingency fund equal to 25 per cent of the annual operating budget.

The modest operating account surplus made it possible to avoid most fee increases for 2007-2008. The only change was an adjustment to proportionately align fees for dealers of new motorcycles with new car dealer fees. These large motorcycle dealers will now pay an annual licence fee of \$1,000, up from \$286.

During the course of the year we negotiated an agreement with our banking institution that provided, in addition to the waiving of most service charges, that we would be paid interest on our chequing account at a rate so favourable that we no longer have to move funds in and out of investment accounts. We continue to actively pursue cost savings in all areas of the organization. Ongoing expenses are reviewed regularly with a view to finding comparable products at reduced prices.

Industry Statistics

INDUSTRY ANNUAL ECONOMIC IMPACT (estimate) \$15.0 billion

- > \$9.50 billion in retail vehicle sales per annum
- > 1,700 licensed dealers*
- > 7,000 licensed salespeople*
- > 1,600 salesperson Certification Courses completed each year
- > 30.5% estimated salesperson turnover annually

* These are approximations. Precise numbers fluctuate monthly.

2006 SALES FIGURES

The following data relates to the calendar year 2006. The VSA mandate concerns retail sales only of cars, light trucks, motorcycles, mopeds and recreation vehicles, excluding wholesale and fleet lease transactions.

- > 553,707 total vehicle sales 2006
- > 511,000 total sales regulated by VSA



Information technology systems continue to be refined and are becoming more effective. Web-based software manages VSA licensing systems, including online renewals for salespeople; a rapidly growing preference that is more efficient and cost-effective to administer. The software also records and manages information related to inspections, investigations, consumer inquiries, hearings and the Motor Dealer Customer Compensation Fund.

Services to Consumers

The VSA consumer help-line responds to thousands of questions and complaints each year.

Most information requests are easily and expeditiously handled. With respect to complaints, a determination is first made as to whether the dealer in question had been given an adequate opportunity to respond. If so, and the matter appears to be serious, the next step is to get the report in writing. This is forwarded to a Dispute Resolution Officer for assessment and voluntary mediation and, if warranted, on to a staff investigator for appropriate action. There is follow-up on every situation.

Consumer education is the greatest single challenge for the VSA future. A knowledgeable, responsible consumer is difficult to deceive. In a healthy marketplace, both vendors and buyers must take responsibility for their own actions. It is not the job of the VSA to be an agent for the consumer, but both the consumer and the industry should be well informed about their rights and responsibilities in any transactions.

The VSA continues to welcome any opportunity to be proactive in providing useful public information, and has

benefited from free advertising space provided by media, trade show appearances, "Scam Jams" produced by the Better Business Bureau and other sponsors and media interviews. The long-term plan is to acquire significant funding for consumer services from vehicle transfer fees or other means, to mount a social advertising campaign similar to those concerned about seat-belt compliance, impaired driving, anti-smoking and other public issues.

A strategic alliance between the B.C. industry and the vehicle search firm CarProof has achieved a modest budget that will create the opportunity in the year to come to take the first steps in that direction. The VSA will be partnering with media in leveraging paid and public service messaging into as much exposure as possible. Experimentation with different media and target audiences will be valuable in planning for larger future investments, if and when funding becomes available.

Dispute Resolution Service

This program was initiated during the past year and two Dispute Resolution Officers were hired to provide this service. Their role is to help facilitate as fair and amicable a resolution as possible when dealers and consumers are unable to achieve it by themselves. It is hoped that in this way time-consuming and costly court remedies can be avoided. The early experience of this service has earned accolades from participants on both sides of disputes.

Motor Dealer Customer Compensation Fund

The Motor Dealer Customer Compensation Fund Board was established to provide protection to consumers who have suffered an eligible loss against a registered B.C. motor dealer as a result of a purchase of a new or used vehicle. Examples of eligible losses may be:

2006 BREAKDOWN

- > 99,183 new cars
- > 92,545 new light trucks
- > 13,491 all motorcycles, mopeds
- > 11,000 all recreation vehicles (estimate)
- > 135,338 used vehicles by new car dealers
- > 83,944 used vehicles by independent dealers
- > 118,206 used vehicles by private sale





the inability of the motor dealer to deliver the contracted vehicle as a result of bankruptcy; failure of the motor dealer to provide clear title to the vehicle or the refusal of the motor dealer to forward the net proceeds of the sale of a consigned vehicle.

As an independent administrative tribunal, the Board has exclusive jurisdiction to hear and decide claims against the fund. A decision, ruling or order by the Board is final and conclusive and is not open to review in court, except on a question of law or jurisdiction.

In 2006-2007, the Motor Dealer Customer Compensation Fund Board held eight meetings during which they adjudicated 94 claims: 61 were approved for a total \$128,280.65, and 33 were denied.

The submissions reviewed by the Board can be categorized as follows:

Deposit issues	31
Misrepresentations	27
Odometer rollback	5
Warranty issues	16
Unsafe vehicle issues	5
Lien/encumbrances	8
Consignment issues	5
Stolen Vehicles	1

As of March 31, 2007 the fund is estimated at \$1,296,619. Since its inception in 1995, \$1,890,908.02 has been paid out of the Fund:

1995-2007	
Number of Claims Adjudicated	787
Number of Claims Approved	431
Number of Claims Denied	352

The Board has supported a recommendation of the VSA's Legislation Review Committee to increase the maximum allowable per claim to \$50,000 from the current ceiling of \$20,000. This is among an omnibus package of requests now in the hands of government; legislation that would modernize and improve governance of the motor vehicle sales industry and services to the public.

More detailed information on the Motor Dealer Customer Compensation Fund can be found on the VSA website www.vehiclesalesauthority.com.

Motor Dealer Customer Compensation Fund Board of Directors:

Motor Dealer Industry

- > Jack Jenner, Chair (2004-2007) - auto dealer
- > Rick Bentley (2004-2009) - auto dealer
- > Art Pike (2004-2007) - recreation vehicle dealer

Public-at-large

- > Doug Potentier (2004-2007) - former CEO, Greater Victoria Chamber of Commerce, former deputy police chief
- > Kyong-ae Kim (2006-2009) - lawyer

Licensing

Among the most significant improvements during the past year has been the speed and efficiency in the processing of both new licences and renewals for both dealers and salespeople; a direct effect of an increase of licensing officers to six from the previous four, and additional administrative support.

In an effort to encourage more cooperative relationships and dialogue between dealers, salespeople and the VSA, the assignment of one licensing officer and one regulatory inspector/investigator to each region of the province has been a stride forward during the past year. Each dealer now has a VSA point person for both licensing and regulatory matters.

Compulsory salesperson licensing commenced on June 1, 2004. In the first year of operation, the wait times for both renewals and new licences were unacceptable - the demands of licensing overwhelmed the available resources.

Information inquiries are now handled promptly and efficiently. New licence applications, requiring criminal record checks and the authentication of documents, are now handled routinely in a matter of days. Renewals by mail are turned around in 24-hours and those processed online are instantaneous. Similar efficiencies have involved the updating and improvement of accurate records in dealer and salesperson files.

A positive trend is the rapid growth in online renewals; salespeople who quickly and efficiently renew their licence through the VSA website. Those who renew for two years get a 10 per cent reduction in fees. Of the 5,981 licence renewals during the year, 2,153 renewed online (1,486 for 1 year, 667 for 2 years), a 27 per cent increase over the year before.

The elimination of backlogs has allowed licensing officers to be proactive in licensing issues. This includes the tracking of expired licensees to determine if they





are still involved in the industry, and ensuring that the listing of valid licensed salespeople under each dealer's name in the VSA website is accurate. Licensing officers now have time to work with regulatory staff to deal with compliance issues related to dealer licensing, such as failure to update records, failing to occupy and maintain a licensed location, not reporting change of ownership and failing to comply with an order from the Registrar.

A positive effect is that more dealer principals are supporting the objectives of licensing and the Salesperson Certification Course, even those not directly involved in retail sales. Most dealers engage in at least the occasional sale or referral and become subject to compulsory salesperson licensing, but some whose role is purely corporate, take the course to better familiarize themselves with their business, and to show support for the overall objectives of the VSA.

This cooperative spirit is increasingly becoming the norm, but there are still too many dealers and managers who are either complacent, negligent or deliberately evasive on compliance issues.

A current challenge concerns dealers who put new hires on the sales floor for a probationary period without first obtaining a conditional licence. This illegal practice strives to ultimately licence only those who demonstrate sales ability. The VSA rules are not unlike obtaining a driver's licence: apply for a conditional licence, begin working for a reasonable period during which the mandatory Salesperson Certification Course

is completed, and finally, obtain a licence. Applications for a full licence are not accepted until the course is successfully completed.

A Salesperson Compliance Project (payroll audit), which commenced during the past year, has been both revealing and disturbing. Under the auspices of legislation empowering the Registrar to search all dealer records, a pilot project was devised to search payroll records to determine the level of compliance by dealers in respect to salesperson licensing since June 1, 2004. Care was taken to ensure a representative sample of the industry province-wide. Preliminary results have shown that more than 80 per cent of the dealers reviewed had employed unlicensed salespeople for more than three months, and some more than 24 months.

Dealer Licensing and Salesperson Statistics

(April 1, 2006 to March 31, 2007, unless otherwise noted)

	2007	2006
Dealer licences processed and issued	1,721	1,700
New dealer applications	183	230
Dealer renewals processed	1,538	
New salesperson applications	1,862	1,520
Salesperson renewals processed	5,981	
Salesperson licences currently issued*	6,909	5,543
Dealer licences currently issued *	1,620	1,611

NOTE * (summer 2007/2006 totals)



Inspections, Investigations and Enforcement

A goal of the Authority from its earliest days has been to make sure every licensed dealer in the province is inspected at least once each year.

Additional staff made it possible to dramatically close the gap between that challenge and the reality. Motor dealer inspections increased during 2006-2007 to 1,597 from 876 the year before, including new licensees and changes of address - in itself a considerable improvement over the first years of this Authority and the preceding era of direct government regulation.

Despite disciplinary actions, hearings, violation tickets, warnings, suspensions, and stories that occasionally become media headlines, the VSA goal is compliance, not punishment. Consumers must be assured that they are basing their purchasing decisions on the truth, whether it is in advertising, price, disclosure of a vehicle's history or any other promises made. The Registrar is empowered to enforce the Motor Dealer Act and Business Practices and Consumer Protection Act, and other statutes as they relate to motor vehicle sales in the province.

A process of "progressive enforcement" starts with a routine inspection and a discussion with a dealer about any matters that need to be improved. In cases where a licensee exhibits total disregard for the governing rules and regulations and it becomes evident that further attempts to achieve compliance would be fruitless,

the matter escalates to an investigation. Once there is evidence that an offence has occurred, the investigator can choose from a variety of enforcement options: warnings, tickets, or ultimately a hearing before the Registrar.

"Curbing"

The word "curber" is commonly used in the motor dealer industry to describe unlicensed motor dealers who masquerade as financiers, wholesalers, importers, brokers, collection agents, or "private citizens" under the guise of selling their own vehicle or that of a family member. The public has no protection from these individuals.

Private sales represent one-third of all used vehicle transactions in the province each year. Many of these are simply individuals selling their own car, motorcycle or recreation vehicle, but those who do it as a business - likely half of all so-called "private" sales - are breaking the law.

At any given moment, about 75 of the average 400 active investigative files at VSA concern these illegal dealers. Few topics provoke such anger among the reputable licensed dealers and sales professionals or as much pressure for action on the VSA. When the VSA has been effective in disciplining offenders, it is usually because of teamwork: industry and investigators watching the market carefully, sharing information and assembling evidence.



Inspection and Enforcement Statistics, April 1, 2006 to March 31, 2007

1,597 dealership inspections were done, (including 183 new and 107 changes of address).

4,225 calls were received by the Enquiry Officer. On average there were 352 calls per month.

28 tickets were issued, related to infractions.

191 warning letters plus 82 specifically concerning advertising were sent.

234 verbal warnings plus 19 specifically concerning advertising were recorded.

54 motor dealer hearings were held. Two resulted in licence suspensions, two applications denied, 24 administrative fines and 26 adjournments.

24 salesperson hearings were held. One resulted in a licence suspension, six applications denied, three administrative fines and 14 adjournments.

2,063 incoming calls were received directly by the investigators.

1,049 investigative files were opened, 997 were closed and there were 261 Motor Dealer Customer Compensation Fund files. On average there were 387 files active per month.

Just over \$1 million was recovered for consumers as a result of VSA intervention.

Research and special projects

A new executive position, Manager, Projects and Research, was created during the year to enhance the knowledge base and to manage significant ventures not directly involved with daily operations.

Industry statistics as they have been used by government, media, trade associations and this Authority to date have been ballpark figures at best. As the VSA shapes its services, it is essential to better define the most vulnerable elements among the consumer demographic. Based upon complaints and investigative experience to date, we know the Greater Vancouver area represents a disproportionate amount of illegal and questionable activity, and single mothers and ethnic groups have been the most vulnerable. It is hoped that better research will help define these and other problem areas and how to more effectively be of assistance.



Advisory Committees

Planning took place during the year to create two new committees to directly advise the Board of Directors. They will be the Motorcycle and Moped Dealer Advisory Committee and the Salesperson Advisory Committee. They will address a long-standing concern that these vital segments of the industry have been under-represented to date in VSA decision-making. A province-wide nomination process is being conducted for these voluntary positions, and members of these committees will be reimbursed for their expenses.

The VSA's Learning Division

On a voluntary basis, prior to the establishment of this independent Authority, the industry created a two-day Salesperson Certification Course delivered in partnership with Douglas College and other educators. By 2004, when the new Authority began, more than 4,000 salespeople had gone through the certification program on a voluntary basis through the MDSA.

Since both the course and licensing of salespeople and customer-related business staff became mandatory, the program has continued to evolve. The need to constantly upgrade the program in view of legislation changes, advertising guidelines and assorted business issues, required so much day-to-day involvement of both the Authority and industry leaders, a decision was



reached to bring it all “in house”. The VSA’s “Learning Division” was designed during the past year and the upgraded courses will be rolled out in the year to come.

The VSA added administrative staff to ensure that course registration and scheduling meets or exceeds the current level of service. Bringing all this under central management will simplify the communication of topical and time-sensitive information in both directions - from the VSA to the course and from the class participants to the VSA.

Learning Division courses planned include:

1. A redesigned Salesperson Certification Course.

In general, the basic course curriculum will cover the same areas, but the content emphasis and the learning methods are evolving. The primary focus of the redesigned course is the legislation that is critical to the motor vehicle sales industry, presented in a way that encourages a high degree of participation and discussion.

2. A Salesperson Certification Upgrade Course for veteran professionals and most notably all those who took the original certification course under the MDSA. Again, the emphasis will be legislation and regulations governing our industry, particularly those that have changed since June, 2004.

3. Advertising Workshops. This will be a second round of the successful province-wide workshops that followed the publication of comprehensive advertising guidelines in November 2005. The hands-on opportunity to analyze and discuss advertising practices in general, misleading or otherwise, with experienced VSA staff, media and advertising people will be expanded.

VSA priorities for 2007/2008

At the advent of the new fiscal year, there are two areas of utmost concern:

- **Legislation review** - We reported in last year’s annual report that it was “imperative” that the proposed legislative changes be enacted during the Spring 2007 session of the B.C. Legislative Assembly. We did not succeed in that ambition, making it an even more critical priority for the year ahead. (See special section, Page 13)
- **Industry co-operation and enthusiasm** - Leaders of the motor dealer industry can take considerable pride in creating today’s VSA, but there remain some who are less than diligent in following the rules. This was demonstrated during the past year by the pilot project of payroll audits.

Other goals for the year ahead are:

- That the Learning Division will become a point of pride not just for the VSA, but for the entire B.C. motor vehicle sales industry, as we work together to encourage professional development. Our revised advertising guidelines and workshops available around the province will be part of the package.
- That commencing in the fall of 2007, consistent public advertising will elevate the profile of VSA consumer services.
- To significantly increase industry compliance.
- To upgrade new dealer licensing requirements.
- To recruit and integrate the Salesperson Advisory Committee and the Motorcycle and Moped Dealers Advisory Committee into the Board of Directors decision-making process.



As we begin in this Authority’s fourth year of service, I am grateful to an extraordinary, dedicated Board of Directors who never fail to give generously of their time and expertise, and to the VSA management and staff who consistently achieve a body of work that would suggest a team double or triple the size of what we have.

And, despite any frustrations expressed in this report, I continue to admire the vast body of talent and community service that exists within the motor vehicle sales industry of B.C. It is because of all this ability and dedication that I wonder why we cannot operate with the precision of an Olympic rowing team, combining the power of multiple competitors in perfect synchronization. Too often, it seems as if far too many motor dealers are rowing to different beats and in different directions.

In one of the VSA communications efforts this year, the author chose to use a famous quotation from the United States civil rights movement and I would like to close my report with this thought. Each dealer, sales professional and others within the industry ought to look squarely into the mirror and ask this question:

Am I part of the solution or part of the problem?

Respectfully submitted,



Ken Smith
President and Registrar

VSA Legislation Review



“With such a knowledgeable and dedicated group, whose determination matched my own, the task seemed to me to be merely a sprint.

“The government was enthusiastic at the time about the new independent agency to regulate our industry and it seemed a simple job to give them the feedback they needed to streamline the rules and regulations. Now approaching three years later, there are multiple recommendations that await enactment in the Legislative Assembly.

“We had hoped this would be done during 2007, but we were unable to obtain a slot in the Legislature’s calendar. The Hon. John Les, Minister of Public Safety and Solicitor General, has promised us action during 2008.

“*My sprint has become a marathon.*”

Gary Cowell, Chair Legislation Review Committee,
past-chairman, the Canadian Automobile Dealers Association



“After all of the effort put in by so many people, if this legislation review is not enacted in the immediate future, it would be an extreme disappointment. It would demonstrate that government does not work.”

David Chambers

Among the most urgent challenges the new independent regulatory authority faced in 2004 was the review of legislation that impacts the sale of motor vehicles in British Columbia.

This had not been done in a comprehensive fashion for more than 25 years, a period during which new statutes and regulations were added with respect to business practices, advertising, disclosure, safety and an infinite number of details. Led by Gary Cowell, a past chairman of the Canadian Automobile Dealers Association, a special Legislation Review Committee had representatives from industry, ICBC, Autoplan agents and the British Columbia Automobile Association. A total of 15 organizations, representing both consumers and industry, made submissions during the two-year process.

The committee’s 42-page discussion paper was published in May, 2006 and feedback was sought from both obvious stakeholders and the general public. The VSA Board of Directors consolidated all of the responses and, where appropriate, made revisions to the committee’s recommendations.

The universal opinion of the VSA Board of Directors, the management and all stakeholders is that the independent regulatory authority will not be able to adequately achieve its mandate without this clarification and modernization of

“The best thing about revising the legislation will be that we will finally be able to understand it. We discovered in our studies that we could change nothing without also requiring a change in two or three other sections of legislation or regulations. That’s what happens when laws and regulations are revised often as years pass, without constant review, co-ordination and consolidation.”

Bob Clarke

“It was a big process with a high time commitment and intense sessions. There was just so much to go through and modernize. It was a really open, collaborative effort between the interests of both industry and consumers to achieve a healthy environment in which to buy and sell vehicles.”

Norman Hait

“The government has been partners to date in our industry’s determination to be more professional and modern in every respect, and if we are to insist upon adherence to the rules and best practices, the legislative environment cannot remain a puzzle palace unreconciled.”

Glen Ringdal President and CEO, New Car Dealers Association of B.C.

the legislative and regulatory foundation. It had been hoped that government would act on these matters during 2007, but the package failed to find an opening in the Legislature’s busy agenda. This makes the issue all the more urgent for 2008, if not before.

The majority of recommendations concern uncontroversial updates of definitions, language and terminology to more accurately reflect modern realities and business practices.

Important proposals include:

- Ensuring that all wholesalers, brokers, auctioneers, importers, exporters, bailiffs, financiers, collection agents and manufacturers who sell motor vehicles to retail consumers are licensed.
- Clarifying the definitions of campers, tent trailers and horse trailers to insure that all appropriate dealers are included as businesses requiring a motor dealer licence.
- Increasing the ceiling on claims to the Motor Dealer Customer Compensation Fund to \$50,000 from the present \$20,000, in the event of a loss that was a result of motor dealer business failure, dishonest behaviour or failure to provide clear title by a dealership in B.C. Other changes clarify and expand what types of matters are covered by the fund and the lengthen of time in which claims must be made. There is also the addition of an optional dispute resolution process.
- Improved language to ensure that all motor dealers fulfill all representations made through advertising and other means.
- Ensuring that financial agents and lenders not “licensed under a federal or provincial statute,” must be licensed under the Motor Dealer Act if they participate in vehicle sales.
- Anyone engaged in consignment sales should be required to post securities, such as a bond in the amount of \$75,000 for recreation vehicle dealers and \$20,000 for auto dealers.

“The current legislative and regulatory environment is outdated, confusing and not consumer or dealer friendly. Our comprehensive, unprecedented and often exhaustive review was done by industry and consumer stakeholders. The proposed changes will make the rules easier to understand, administer and enforce.... the opportunity to make the improvements will be lost if this does not move forward immediately.”

Anne Salomon

The VSA Legislation Review Committee



Gary Cowell,
Chair

David Chambers

Vice-president, Chambers Olson Ltd.;
Insurance Brokers Association of B.C.

Robert Clarke

Executive Director, Automotive Retailers
Association of B.C.

Edd Crooks

Owner, Honest Crooks Auto Sales Inc.,
Chilliwack; director of the Independent
Auto Dealers Division, Automotive Retailers
Association of B.C.

Mark Francis

Manager, Regulated Vehicle Programs,
Insurance Corporation of B.C.

Norman Hait

Manager of Customer Experience
and Contact Centre Operations,
B.C. Automobile Association

Eray Karabilgin

Director of Regulatory Services, VSA

Earl Manning

Director of Licensing, VSA

Judy McRae

Manager, Corporate Services
and Communications, VSA

Catherine Rankine

General Manager of Adesa, Inc.,
Vancouver

Anne Salomon

Co-owner, Candan Group of Companies;
past-president, Recreation Vehicle Dealers
Association of B.C.

Ken Smith

President/Registrar, VSA

Auditors' Report

**To the Members of Motor Dealer Council of British Columbia
operating as Motor Vehicle Sales Authority of B.C:**

We have audited the statement of financial position of the Motor Dealer Council of British Columbia operating as Motor Vehicle Sales Authority of B.C., a not-for-profit Society, as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2007 and the results of its operations and its cash flows for the then year ended in accordance with Canadian generally accepted accounting principles.



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, B.C.
May 31, 2007

Statement of Financial Position

	March 31, 2007	March 31, 2006
Assets		
CURRENT ASSETS		
Cash	\$ 1,218,160	\$ 367,978
Short-term investment	-	202,662
Receivables	44,371	36,197
Prepaid expenses and deposits	39,789	26,783
	<u>1,302,320</u>	<u>633,620</u>
PROPERTY AND EQUIPMENT (Note 3)	504,798	455,338
	<u>\$ 1,807,118</u>	<u>\$ 1,088,958</u>
Liabilities		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 242,099	\$ 170,144
Bank loan – current (Note 4)	-	99,838
Unearned revenue	1,673,938	932,788
	<u>1,916,037</u>	<u>1,202,770</u>
BANK LOAN (Note 4)	-	106,026
	<u>1,916,037</u>	<u>1,308,796</u>
Net Assets and Accumulated Excess of Expenses Over Revenues		
INVESTED IN PROPERTY AND EQUIPMENT	504,798	455,338
RESERVED FOR FUTURE TRAINING COSTS	70,879	66,500
RESERVED FOR CONSUMER AWARENESS	50,425	-
ACCUMULATED EXCESS OF EXPENSES OVER REVENUES	(735,021)	(741,676)
	<u>(108,919)</u>	<u>(219,838)</u>
	<u>\$ 1,807,118</u>	<u>\$ 1,088,958</u>

APPROVED ON BEHALF OF THE BOARD:



Director



Director

The accompanying notes are an integral part of these financial statements.



Statement of Operations

	Year ended March 31, 2007	Year ended March 31, 2006
REVENUES		
Licensing fees	\$ 2,759,332	\$ 2,099,759
Training course fees	288,027	245,901
Compensation fund recoveries	90,703	97,162
Registrar's hearings recovery	8,600	18,587
Administration fees and other	178,357	149,295
Sales compliance recoveries	95,475	-
Interest	28,462	3,253
	<hr/> 3,448,956	<hr/> 2,613,957
EXPENSES		
Advertising and promotion	110,032	59,439
Amortization	241,990	125,382
Automobile allowance	21,449	20,946
Consulting	54,314	2,274
Compensation fund expenses	90,703	97,162
Governance	108,167	123,748
Interest on long term debt	4,670	14,609
Office and general (Schedule 1)	328,648	240,455
Professional fees	79,441	70,370
Project development	24,125	13,310
Registrar's hearing expenses	17,199	21,266
Regulatory services (Schedule 1)	824,507	589,874
Rent and parking	184,493	158,002
Training course expenses	48,825	32,458
Travel and meals	16,641	18,008
Wages, benefits and training	1,237,637	807,914
	<hr/> 3,392,841	<hr/> 2,395,217
EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING	56,115	218,740
Provision for non-recoverable GST (Note 8)	-	(33,660)
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	<hr/> \$ 56,115	<hr/> \$ 185,080

The accompanying notes are an integral part of these financial statements.



Statement of Changes in Net Assets and Accumulated Excess of Expenses Over Revenues

Year ended March 31, 2007

	Accumulated excess of revenues over expenses	Invested in property and equipment	Designated reserves	Net excess of liabilities over assets
Balance, March 31, 2005	\$ (788,417)	\$ 316,999	\$ -	\$ (471,418)
INVESTMENT IN PROPERTY AND EQUIPMENT	(138,339)	138,339	-	-
RESERVE FOR FUTURE TRAINING COSTS	-	-	66,500	66,500
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	185,080	-	-	185,080
Balance, March 31, 2006	(741,676)	455,338	66,500	(219,838)
INVESTMENT IN PROPERTY AND EQUIPMENT, net of amortization	(49,460)	49,460	-	-
RESERVE FOR FUTURE TRAINING COSTS	-	-	4,379	4,379
RESERVE FOR FUTURE CONSUMER AWARENESS	-	-	50,425	50,425
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	56,115	-	-	56,115
Balance, March 31, 2007	\$ (735,021)	\$ 504,798	\$ 121,304	\$ (108,919)

The accompanying notes are an integral part of these financial statements.



Statement of Cash Flows

	Year ended March 31, 2007	Year ended March 31, 2006
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 56,115	\$ 185,080
Items not affecting cash:		
Amortization	241,990	125,382
	298,105	310,462
Changes in non-cash working capital		
Receivables	(8,174)	1,522
Prepaid expenses	(13,006)	(4,196)
Accounts payable and accrued liabilities	71,955	(67,859)
Unearned revenue	741,150	106,190
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,090,030	346,119
INVESTING ACTIVITIES		
Purchase of property and equipment	(291,450)	(263,721)
Short-term investment	202,662	(202,662)
)		
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(88,788)	(466,383)
FINANCING ACTIVITIES		
Bank loan repayment	(205,864)	(94,136)
Cash reserved for training and development costs	54,804	66,500
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(151,060)	(27,636)
NET INCREASE IN CASH	850,182	54,762
CASH, beginning of year	367,978	515,878
CASH, end of year	\$ 1,218,160	\$ 367,978
Supplementary Cash Flow Information:		
Cash paid for interest	\$ 4,670	\$ 14,609

The accompanying notes are an integral part of these financial statements.



Schedule 1 - Expenses

	Year ended March 31, 2007	Year ended March 31, 2006
OFFICE AND GENERAL		
Bank and credit card charges	\$ 53,858	\$ 33,727
Credit and registry checks	14,068	7,935
Insurance	7,074	7,265
Office supplies and printing	61,164	46,827
Office equipment rental	16,659	14,491
Miscellaneous	17,459	19,771
Postage	19,150	19,589
Systems and technical support	107,318	65,404
Telephone	31,898	25,446
	<hr/>	<hr/>
	\$ 328,648	\$ 240,455
REGULATORY SERVICES		
Travel and accommodation	\$ 116,940	\$ 107,667
Wages and benefits	707,567	482,207
	<hr/>	<hr/>
	\$ 824,507	\$ 589,874

The accompanying notes are an integral part of these financial statements.



Notes to the Financial Statements

NOTE 1 – PURPOSE OF THE SOCIETY

The Motor Dealer Council of British Columbia (“the Society”) was incorporated under the Society Act of British Columbia on July 31, 2003 as a not-for-profit society. The Society was created to exercise the authorities delegated to it by the provincial government of British Columbia for the administration and enforcement of the Motor Dealer Act and related regulations.

On April 1, 2004 the Government of British Columbia granted to the Society the authority to administer and enforce the Motor Dealer Act. The President of the Society is the Registrar of Motor Dealers. On March 30, 2007, subject to amendment to the Motor Dealer Act, the Society has become known as the Motor Vehicle Sales Authority of British Columbia (VSA), better reflecting both the public and industry service roles of the independent regulatory agency.

The Society’s mission statement is to promote excellence and foster public confidence by raising industry standards, providing education, ensuring compliance and leading innovation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on the basis of Canadian generally accepted accounting principles and reflect the following significant policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Significant areas that require management estimates relate to the provisions for amortization of property and equipment, recoverable value of property and equipment, fair value measurements of financial instruments, impairment of long-lived assets and deferred revenues.

Revenue Recognition

Licensing Fees

The Society records annual licensing fees from dealerships and sales representatives ratably over the period of licensing, which varies from twelve to twenty-four months.

Training Course Fees

The Society records course fees in the period the service is provided.

Compensation Fund and Sales Compliance Recoveries

Revenues from compensation fund and other recoveries are recognized upon receipt.

Registrar’s Hearings Recovery

Revenues from registrar’s hearings recovery are recognized upon receipt.

Administration and Other Fees

Revenues from administration and other fees are recognized in the period the services are provided and collection is reasonably assured.

Non-Monetary Transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction.

Property and Equipment

Property and equipment are recorded at cost. Amortization is provided over the estimated useful lives of the assets as follows:

Computer equipment	straight-line over 36 months
Computer software	straight-line over 2 years
Furniture and equipment	straight-line over 5 years
Leasehold improvements	straight-line over 5 years
Oasis software	straight-line over 3 years

The carrying value of all categories of property and equipment are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on estimates of undiscounted and discounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition.

Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Related Party Transactions

All monetary transactions occurring with related parties in the normal course of operations are measured at the exchange value which is determined by management to approximate fair value. Non-monetary transactions in the normal course of operations that have commercial substance and do not involve the exchange of property or product held for sale are also measured at the exchange value. The commercial substance requirement is met when the future cash flows associated with the transfer of property are expected to change significantly as a result of the transaction. All other related party transactions are valued at the carrying value.

Comparative Figures

Certain of the comparative figures have been restated to conform to the current year’s presentation.



NOTE 3 – PROPERTY AND EQUIPMENT

	2007			2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 165,135	\$ 118,049	\$ 47,086	\$ 141,383	\$ 72,851	\$ 68,532
Computer software	37,179	32,998	4,181	33,617	28,060	5,557
Furniture and equipment	173,106	66,692	106,414	114,350	38,377	75,973
Leasehold improvements	234,668	142,848	91,820	154,467	110,655	43,812
Oasis software	425,009	169,712	255,297	299,787	38,323	261,464
	\$1,035,097	\$ 530,299	\$ 504,798	\$ 743,604	\$ 288,266	\$ 455,338

The Society has developed a customized web based software program for the management of licensing, compliance, and the compensation fund within one system. The Society began to amortize the software over its estimated useful life of 36 months when it was substantially implemented in November 2005.

NOTE 4 – BANK LOAN

The Society had arranged a fixed rate term loan with the Royal Bank of Canada for \$300,000, repayable in equal monthly payments of \$9,096 including interest at 5.80% per annum. The loan was repaid in full in May, 2006.

The Society also had a demand operating loan with the Royal Bank of Canada for up to \$300,000. Interest was payable at the bank's prime rate plus 0.50%. As at March 31, 2007, the Society had closed the demand operating loan facility.

NOTE 5 – FINANCIAL INSTRUMENTS

Fair Value

The fair value of the Society's current assets and current liabilities consisting of cash, receivables, and accounts payable are estimated to approximate their carrying values due to the immediate or short-term maturity.

Currency, Credit, and Interest Rate Risk

The Society is currently not exposed to significant foreign currency, credit, or interest rate risks.

NOTE 6 – RELATED PARTY TRANSACTIONS

During the year ended March 31, 2007, the Society incurred \$106,167 (2006 - \$123,748) in governance costs paid to directors for board fees and expenses.

During the year ended March 31, 2007, the Society paid \$214,039 (2006 - \$201,991) to the President of the Society for wages and benefits.

These transactions were in the normal course of operations and were measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE 7 – COMMITMENTS

a) The Company has operating lease commitments for office premises (expires February 2009), and office equipment and vehicles (expires December 2008 through April 2010), requiring minimum annual payments in each of the five fiscal years as follows:

2008	\$ 237,262
2009	220,993
2010	38,850
2011	1,072
2012	-
	\$ 498,177

b) The Society is a party to a management services employment agreement with the President of the Society. The agreement provides for payment of \$168,300 plus benefits annually until May 31, 2010. The remuneration is reviewed annually in June of each year by the Board of Directors.

NOTE 8 – PROVISION FOR NON-RECOVERABLE GST

During the year ended March 31, 2006 management recorded a provision for GST input tax credits of \$33,660. On September 30, 2005 the Society received a GST ruling from Canada Revenue Agency whereby it was determined that the Society should not charge GST and is not entitled to claim input tax credits. As a result, \$33,660 was charged to operations in that year.

NOTE 9 – INCOME TAXES

The Society is exempt from income taxes under the provisions of the Income Tax Act (Canada) as a not-for-profit organization.

Management Team

Ken Smith

Registrar and President



A lawyer, mediator, educator, a past-chief executive officer of a Crown Corporation and the developer of an internationally recognized program in leadership and organizational develop-

ment, Ken Smith was appointed to direct the new Motor Dealer Council of B.C. (now VSA), prior to the start of business on April 1, 2004.

Diana Den Duyf

Director of Finance and Operations



Diana Den Duyf, who joined the organization in January 2004, assumed the formidable task of setting up the operational and financial requirements for the new Authority. She is a 20-year

veteran of the newspaper industry, the last 10 of which as Regional Business Manager overseeing finance, human resources and business systems for three publications.

Eray Karabilgin

Director of Regulatory Services



A lawyer by education, Eray Karabilgin is one of Canada's most experienced and knowledgeable professionals in the field of consumer protection legislation. Following four years

with the Workers Compensation Board of Alberta in the claims department, he began a 25-year career with the Government of British Columbia, first as an Administrative Tribunal for the Office of the Rentalsman, and subsequently served four Registrars of Motor Dealers in the capacity of Senior Investigator.

Earl Manning

Director of Licensing



Following an early career representing the Canadian recreation vehicle industry in government and media relations, industry development and public events, Earl Manning subsequently provided

similar services to other industry organizations. While completing his Masters in Business Administration he was recruited by motor dealers to help found the Motor Dealer Standards Association in 1999. His considerable expertise and experience ensured a seamless transition to the new Authority in 2004.

Judy McRae

Manager, Corporate Services and Communications



Judy McRae became part of the team that created the new independent Authority, joining in February 2004 two-months prior to the official start of business.

She brought to the organization years of experience working in administration, marketing and communications in both the public and private sectors, providing executive support to the President/Registrar and Board of Directors. She was promoted to her current position during 2006.

Doug Longhurst

Manager, Projects and Research



Joining the VSA in October 2006 to create this new position, Doug Longhurst has had 30 years of planning and management experience in university, non-profit housing, family business and

public service environments. Among his early research and special project assignments has been the establishment of the VSA's Learning Division.

Board of Directors

As a not-for-profit organization, the VSA is led by a Board of Directors made up of "public-at-large" and motor dealer industry representatives. The 11-member Board is selected through an extensive nomination process that involves consumer and industry associations, government and the general public. The Board is responsible for establishing strategic direction and overseeing the operations of the Authority while ensuring its financial and organizational viability. Founding members are noted with an asterisk.

Public at Large

Robert J. Stewart, Chair* – Vancouver

Founding chair of the Justice Institute of B.C., a former Vancouver police chief, former member of the National Parole Board and a distinguished leader in the development of public policy and community service. Bob Stewart is the current President of Variety, the Children's Charity, a passion he and his wife Barbara have shared for more than a generation.

George L. Morfitt, FCA, Vice-Chair* – Victoria

A Chartered Accountant who became Auditor-General of British Columbia following a 20-year career as a Chief Financial Officer, he has held senior executive positions in a number of organizations, including: President, B.C. Institute of Chartered Accountants; Chair, Universities Council of B.C. and Chair, UBC Board of Governors.

Ken Bessason – Kelowna

A strategic management consultant following a 36-year career in the financial services industry, with a legacy of community service achievements in the arts, health and children's charities. He is a past Board member of the Coast Mental Health Foundation, the Stanley Theatre Renovation Project, the Whistler Health Foundation and a past-president of the Kelowna Chamber of Commerce.



**Shell Harvey* –
Victoria**

A former Assistant Deputy Minister of Education and Advanced Education in B.C., with background as a faculty member of colleges in Manitoba and B.C. He has served on the Board of numerous organizations including: The Commonwealth of Learning, B.C. Centre for International Education, Centre for Applied Academics and the National SchoolNet Advisory Board.

**John H. Râtel –
Victoria**

Former Vice President Marketing and Public Affairs, and Director, Government Affairs for the British Columbia Automobile Association.

Following his official retirement in 2002, he acted as a consultant to BCAA and helped establish the BCAA Traffic Safety Foundation.

Industry representatives

**Henning Brasso –
Vancouver**

(New Car Dealers Association of B.C.)

Among British Columbia's most notable business personalities for more than a generation, Henning Brasso and partners own Richmond Honda, the largest Honda dealer in Canada. He grew up in the car business, a grandson of Calgary's largest used car dealer during the 1950's, and went on to establish the largest and most prominent Nissan dealership in B.C., Brasso Datsun and subsequently, with partners, purchased the luxury car dealership MCL Motors.

**James Carter –
Vancouver**

(New Car Dealers Association of B.C.)

The Vice President and CEO of the Carter Auto Group and a graduate of National Automotive Dealers Association "Dealers Academy" in the United States, he has a degree in music from the University of Victoria and sings in the Chor Leone Men's Chorus. He is also Chair of the North Shore Branch of St. John Ambulance.

**Edd Crooks –
Chilliwack**

(Automotive Retailers Association)

Childhood experience at his father's Ontario service station, including the sale of used cars, laid the foundation for a career as a mechanic, a college automotive teacher, an auto service and leasing manager and into today's business, owner of a respected used car dealership.

**Neil Kalawsky, Secretary-Treasurer –
Castlegar**

(New Car Dealers Association of B.C.)

A past winner of a Maclean's Magazine Dealer of Excellence Award, and the operator of two dealerships, he has served on many industry boards and agencies, including a term as National Chairman of the General Motors Communications Team. Neil Kalawsky is a member of the Board of Directors of the Canadian Auto Dealers Association.

**Catherine Rankine –
New Westminster**

(Automotive Retailers Association)

Assistant General Manager/Sales Manager of Adesa, Inc. Vancouver, Canada's leader in wholesale auto auctions and remarketing. Catherine Rankine has an academic background from York University in dispute resolution, and professional experience as a fleet lease manager, arbitration manager and general manager.

**Anne Salomon* –
Langley**

(Recreation Vehicle Dealers Association of B.C.)

A past-president of the Recreation Vehicle Dealers Association of B.C., and director of national associations in the RV industry, Anne Salomon is co-owner of the Candan Group of Companies, with dealerships in Langley and Calgary.

Welcome Gord Valente

Joining the Board as of April 1, 2007, is Gordon Valente, the proprietor of West Vancouver's Auto Depot Ltd., and Chair of the Independent Auto Dealers Division of the Automotive Retailers Association. He succeeds Catherine Rankine, Assistant General Manager/Sales Manager of Adesa, Inc. Vancouver, as an ARA representative on the VSA Board. He has been active in numerous community pursuits.



BOARD OF DIRECTORS (2007-2008) - (seated, from left), Shell Harvey, Bob Stewart (Chair), George Morfitt (Vice-Chair) and Henning Brasso; (standing, from left), Neil Kalawsky (Secretary-Treasurer), Gord Valente, James Carter, John Râtel, Ken Bessason, Ken Smith (President), Anne Salomon and Edd Crooks.



Motor
Vehicle Sales Authority
of British Columbia

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