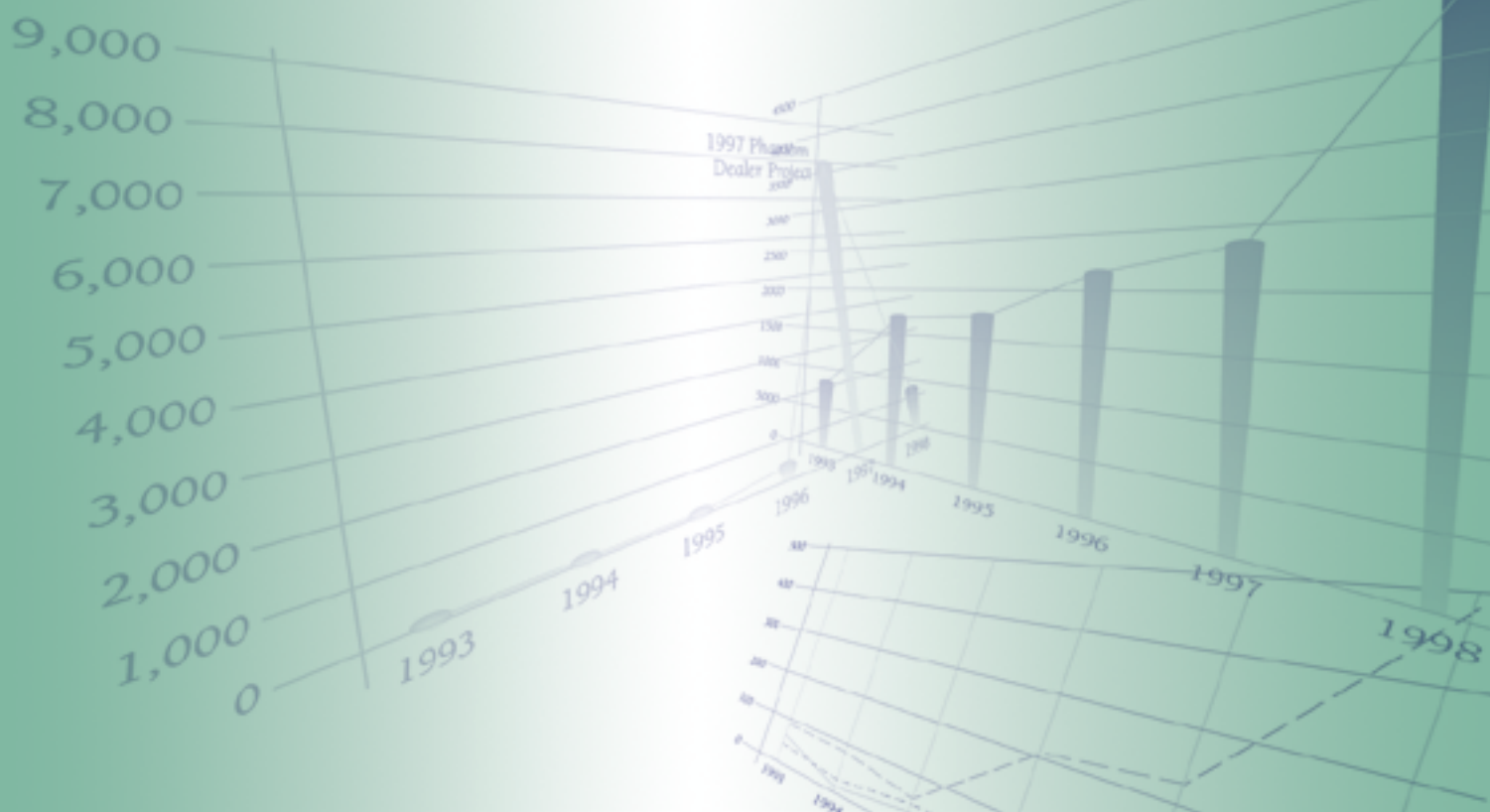


OMVIC

THE 1999 BUSINESS PLAN



**RENEWING
THE COMMITMENT**

Ontario Motor Vehicle Industry Council



COMMITTED TO A FAIR MARKETPLACE

1.0 Executive Summary 3

2.0 Overview
 Vision & Mission 3
 Values 3
 Priorities 4
 Objectives 4

3.0 Organization
 Governance 4
 Role of Board 6
 Committees 6
 Management Summary 7
 Organizational Structure 7
 Origins & History 7
 Locations & Facilities 8

4.0 Products & Services
 Product and Service Description 8
 Technology 10
 French Language Services 11
 Appeals Committee 11

5.0 Industry Analysis 11

6.0 Motor Vehicle Dealers Compensation Fund 12

7.0 Milestones & Measures 14

Appendices 17
 Performance Measures
 Financial Projections



COMMITTED TO A FAIR MARKETPLACE

1.0 Executive Summary

OMVIC is Ontario's first administrative authority created pursuant to the Safety & Consumer Statutes Administration Act. The Honourable David Tsubouchi, Minister of Consumer & Commercial Relations, delegated responsibility for the day-to-day administration of the Motor Vehicle Dealers Act on January 7, 1997.

This document sets out our principle targets for the three year period beginning in 1999. It reaffirms our vision of a business sector that is committed to consumer protection, and lives up to the highest professional standards.

2.0 Overview

2.1 Vision & Mission

OMVIC's vision is simple: A fair marketplace. We will promote a fair marketplace through innovation, enforcement and excellence in service.

2.2 Values

OMVIC has a series of values or operating principles, which guide it in its day-to-day decision-making. These values were identified by staff as important to them and necessary in their view for the effective delivery of the OMVIC mandate. In no particular order, these operating principles are:

We will be innovative in our search for the best solution for problems faced by our clients.

We will have respect for our clients, our colleagues, our partners, our critics and ourselves.

We will exercise fairness in all the things we do.

Integrity will be our hallmark.

We will at all times be knowledgeable about our programs and communicate with clients.

Without assignment of blame, we will be accountable for everything we do as individuals, as a team, and as an organization.

We will be committed to the service of our clients and to our vision, mission and mandate.

Because of all of the above, the workplace will be a place where fun is an ever-present commodity incorporated into daily activities.



COMMITTED TO A FAIR MARKETPLACE

2.3 Priorities

- Consumer Protection
- Dealer Professionalism
- Customer Service

2.4 Objectives

- Increased consumer confidence through compliance and mediation activities;
- Increased accountability through implementation of a Code of Ethics, Rules of Business Practice and an open Disciplinary Process;
- Consumer protection through pursuit of those who would prey on an unwary public, with emphasis on curbsiders;
- Consumer awareness through dissemination of information concerning consumer rights via publications, articles & media interviews;
- Dealer professionalism through certification programs for new dealers and salespersons.

3.0 Organization

OMVIC is a non-profit professional association of Ontario's 9,000 motor vehicle dealers.

OMVIC was established for the purposes of administering the Ontario Motor Vehicle Dealers Act, a consumer protection statute. OMVIC performs its responsibilities pursuant to an Administrative Agreement with the Ministry of Consumer & Commercial Relations. The Council is government sanctioned, serves the public interest and membership is mandatory for Ontario's registered dealers.

3.1 Governance

A Board of Directors provides guidance and direction to OMVIC. The board comprises nine motor vehicle dealers drawn from all segments of the industry: large and small, used and new, urban and rural. These industry representatives are joined by three consumer/government representatives appointed by the Minister of Consumer & Commercial Relations. The responsibilities of Director under the Motor Vehicle Dealers Act are provided by a member of the Board of Directors appointed by the Minister.



COMMITTED TO A FAIR MARKETPLACE

The founding industry members were selected through a process of self-nomination approved by government. As these founding members complete their terms (two, three or four years), they will be replaced by means of a democratic process overseen by a Nominations Committee of the Board and subject to independent review.

An Executive Director is responsible for the day-to-day affairs of OMVIC and also performs the responsibilities of Registrar under the Motor Vehicle Dealers Act.

BOARD OF DIRECTORS
Robert Stephen, President President, Agincourt Infiniti Nissan, Scarborough
Jim McAlpine, Vice President President, McAlpine Ford Lincoln Mercury Sales Ltd., Aurora
Paul Burroughs, Secretary Treasurer President, City Chevrolet Oldsmobile Ltd., Hamilton
Kevin Bavelaar, Owner, Auto Showplace, Toronto
Mark Campbell Partner, Campbell Auto Sales, Barrie
Sue Corke Assistant Deputy Minister, Business Division, Ministry of Consumer & Commercial Relations, Toronto
Roger Lockhart, President, Lockhart Motors Ltd., Collingwood
Al McDowell President, Southbank Dodge Chrysler, Ottawa
Pauline Mitchell Director, Public & Government Relations, Canadian Automobile Association, South Central Ontario, Hamilton
Steve Peck Owner, Jilran Holdings, Thornhill
Whipple Steinkrauss Assistant Deputy Minister (retired), Business Practices Division, Ministry of Consumer & Commercial Relations, Toronto
Richard Tasse President, Tasse Automobiles Ltd., Sudbury



COMMITTED TO A FAIR MARKETPLACE

3.2 Role of the Board

The Board's role is to:

1. Provide business direction to OMVIC. Through strategic planning, determining priorities and setting policy guidelines, provide overall direction to the Executive Director in order to ensure that OMVIC's mandate is delivered.
2. Ensure financial and functional viability of OMVIC. Through its fee-setting policies and the exercise of fiscal oversight, ensure the financial and functional viability of OMVIC
3. Ensure that OMVIC's operational and financial controls are operating properly.
4. Provide OMVIC with access to the necessary resources. Through the Executive Director, ensure that OMVIC has the necessary resources, competence, tools and organization to effectively fulfil its mandate.
5. Communicate and market OMVIC's benefits enjoyed by consumers, registrants / members and government.

3.3 Committees

There are several active committees of the Board.

- *Appeals*, Chair, Pauline Mitchell (see also Appeals Committee section below)
- *Compensation Fund Liaison*, Chair, Al McDowell
- *Education*, Chair, Whipple Steinkrauss
- *Ethics & Discipline*, Chair, Kevin Bavelaar
- *External Relation & Communications*, Chair, Roger Lockhart
- *Executive Committee*, Chair, Robert Stephen
- *Legislative Review*, Chair, Richard Tasse



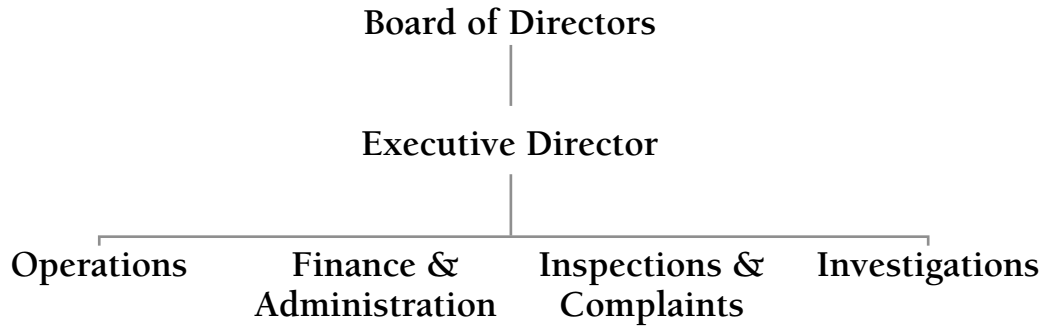
COMMITTED TO A FAIR MARKETPLACE

3. 4 Management Summary

Management is provided by a team of four including the Executive Director (who also provides the responsibilities of Registrar under the MVDA), Operations Director, Compliance Director, and Comptroller. Approximately 34 staff provide the services described previously, eight of whom work from regional home-based offices.

3. 5 Organizational Structure

Ontario Motor Vehicle Industry Council



OMVIC's organizational structure is decidedly flat with only three layers including the Executive Director. Generic job specifications have been used wherever possible to maximize organizational flexibility, personal challenge and reward. Team members are allowed every opportunity to either "specialize" or to branch into new areas, while still permitting OMVIC flexibility in the assignment of work. Reflecting this flexibility, most staff hold the same job title: Client Service Representative.

3. 6 Origins & History

OMVIC was incorporated under the laws of Ontario and received its Letters Patent in October of 1996. Its founding board was in place the following month and the Minister of Consumer & Commercial Relations delegated responsibility for administering the Motor Vehicle Dealers Act on January 7, 1997 to OMVIC.

A transition period ensued during which OMVIC operated out of the Ministry's headquarters using ministry staff and technical resources. This transition period ensured a transparent and problem-free transfer of responsibility for administering the MVDA from the ministry to OMVIC. The transition period came to an end on April 7, 1997, when OMVIC moved into its own quarters at 36 York Mills Road, Suite 110, Toronto, Ontario M2P 2E9.



COMMITTED TO A FAIR MARKETPLACE

In May of 1997, Minister David Tsubouchi appointed OMVIC's investigators as Provincial Offence Officers under the Provincial Offences Act thus enabling them to lay charges under the *Motor Vehicle Dealers Act*, the *Business Practices Act* and other related provincial statutes.

In December of 1997, the process of integrating procedures between OMVIC and the Motor Vehicle Dealers Compensation Fund was initiated.

OMVIC was created as a result of the commitment of government and the industry to improving consumer protection through dealer professionalism. Through the work of administrative authorities such as OMVIC, each regulated business sector has the opportunity to develop a regulatory professional association with the commitment, expertise and resources necessary to improve consumer confidence and create a level playing field for its regulated professionals.

3.7 Locations and Facilities

OMVIC's headquarters are located at:

36 York Mills Road, Suite 110
Toronto, ON M2P 2E9

OMVIC staff can be reached at:

416-226-4500
1-800-943-6002
<http://www.omvic.on.ca>

Several field staff work from home offices in major communities across the province. These staff conduct inspections or investigations and also mediate disputes between consumers and dealers and between dealers.

4.0 Products and Services

OMVIC activities, which include registration, inspection, investigation and prosecution, enquiry and complaint handling, dealer professionalism and consumer awareness; are intended to support our priorities: consumer protection, dealer professionalism and customer service.

4.1 Product and Service Description

Registration:

By exercising the duties of the Registrar under the *Motor Vehicle Dealers Act*, OMVIC determines whether applicants qualify for registration and whether existing registrants continue to be qualified for registration. The Registrar has a responsibility to propose refusal or revocation of registration or to propose terms and conditions of registration. OMVIC maintains a register of dealers and salespersons in Ontario that have qualified for registration under the MVDA.



COMMITTED TO A FAIR MARKETPLACE

There are an estimated 9,000 dealers and 18,000 salespersons registered under the MVDA in Ontario. Each registration is for two years, renewable on the anniversary of registration. OMVIC processes applications for registration as well as renewals, information changes and records transfers of salespersons from dealer to dealer.

When the Registrar proposes to refuse or revoke registration, the affected applicant or registrant may request a hearing before the Commercial Registration Appeals Tribunal (CRAT), an independent quasi-judicial agency of the Ministry of Consumer & Commercial Relations. In such cases, the Registrar presents the case for refusal or revocation before a panel of the Tribunal. The panel may direct the Registrar to carry out the proposal, modify the proposal or set aside the proposal and replace it with its own order.

Inspection:

OMVIC's inspection staff conduct inspections of registered dealers and as such have right of access to business books and records. Inspections are conducted in order to ensure ongoing compliance with the MVDA.

The MVDA requires dealer registrants to conduct business from premises approved by the Registrar and sets out the requirement to have a lot, sign and a separate office for the conduct of business. The MVDA also sets out requirements for the maintenance of books and records. Dealers may only use the services of registered salespersons whose registrations indicate that they are providing services to that dealer.

Under the MVDA, appropriately appointed inspectors have the right to inspect a dealer's premises, to view and photocopy books and records and to make inquiries regarding any complaint received about the dealer's conduct. A record is kept of all completed inspections and, as necessary, follow-up action is taken. Inspectors also prepare proposal files and present evidence at CRAT.

Investigation & Prosecution:

OMVIC's investigations staff are appointed under the MVDA and the *Provincial Offences Act*. They are empowered to conduct investigations under several relevant statutes. As a result of those investigations, investigators may choose to lay charges under a number of provincial statutes including the *Motor Vehicle Dealers Act*, the *Business Practices Act* and the *Consumer Protection Act*.

OMVIC prosecutes offenders using the services of local prosecutors or by providing its own counsel. Investigators also collect evidence, interview witnesses, prepare court briefs, present evidence and in some cases conduct prosecutions.



COMMITTED TO A FAIR MARKETPLACE

Enquiries and complaints:

Enquiries from consumers, dealers, salespersons, applicants for registration, government and other stakeholders are handled by OMVIC staff. Staff also offer a mediation service for complaints between consumers and dealers and between dealers themselves.

Consumers who feel aggrieved by a transaction with a registered dealer are advised as to their rights and obligations. They are then encouraged to settle the disagreement by contacting the dealer directly. If further assistance is required, OMVIC's staff will attempt to mediate the complaint. Often, dealers themselves will request OMVIC's assistance in resolving a dispute with either a consumer or with another dealer.

Dealer professionalism:

OMVIC encourages increased professionalism among registrants. Initiatives include enforcement of strict registration standards, the development of a certification program for new dealers and salespersons, endorsement of a Code of Ethics for registrants which will be followed shortly by Standards of Business Practice and an open disciplinary process.

OMVIC staff and board members have worked closely with staff from the Canadian Automotive Institute (CAI) at Georgian College in the development of a certification program for new dealers and salespersons. Course implementation is scheduled for late 1999.

Consumer awareness:

OMVIC encourages consumer awareness by means of an information dissemination campaign, which includes a poster, brochures and participation in media interviews and events. Although the program is in its infancy, OMVIC plans to provide a series of articles for publication in vehicle trader type publications. These articles will highlight consumer rights, dealer responsibilities, and provide helpful tips for buying or leasing vehicles.

4. 2

Technology

Since inception, OMVIC has depended on systems developed by the Ministry of Consumer & Commercial Relations in the mid- to late-eighties. These systems include a registration information tracking system (SENTRY) resident on an AS400 platform housed at the Ministry's head offices, and a network-based complaint and inspection tracking system (SIREN) copied to OMVIC's own network server.

These systems were designed to accommodate the needs of several different business sectors regulated by the ministry and therefore provide features not required by OMVIC but fall short of some of OMVIC's future and current needs, including the requirement to be Year 2000 compliant.



COMMITTED TO A FAIR MARKETPLACE

OMVIC ceased its dependence on ministry systems on March 31, 1999, with the implementation of OMVIC's own information system which integrates registration, enforcement and compensation fund information. The new system is also fully Y2K compliant.

As a whole, the dealer sector is also expected to experience a smooth transition into 2000 since the principal technology suppliers for the sector have provided client dealers with the necessary support. Manufacturers have also put in place strategies to ensure that their dealer networks will be Y2K compliant.

OMVIC's telephone system has experienced significant pressure as a result of the high volume of inquiries received. Our system was designed to handle the 2,000 to 3,000 calls per month traditionally handled by the Ministry of Consumer & Commercial Relations. Actual volume of calls handled by OMVIC, however, is running in excess of 9,000 calls per month (per Bell Telephone traffic studies). Alternatives to the existing system are currently being examined.

4.3 French Language Services

OMVIC endeavours to ensure that it is responsive to all enquiries received in the French language. An equivalent level of service will be provided in both languages whenever and wherever demand and customer service warrant. Bilingual staff will be sought for key positions in order to ensure that French language enquiries, whether from dealers or consumers, can be dealt with quickly, courteously and effectively. As well, all correspondence received in French will receive a response in French.

4.4 Appeals Committee

In the event that a consumer feels that a complaint has not been handled properly by OMVIC, the consumer may appeal to the Appeals Committee of OMVIC's Board of Directors. The Appeal Committee is chaired by a non-industry Board member appointed by the Minister of Consumer & Commercial Relations. A record of all appeals will be included in OMVIC's Annual Report.

5.0 Industry Analysis

There are currently approximately 9,000 registered dealers and 18,000 registered salespersons in Ontario. The registration population has remained reasonably stable for a number of years now.

In recent years, the motor vehicle dealer sector has enjoyed robust sales but with diminishing profit per unit sold and a much higher level of performance demanded by consumers. As a result of this demand and an increasingly critical media, novel means of selling have gained a foothold such as internet sales and shopping consultants. These present new challenges to OMVIC in appropriate regulation of the marketplace and new risks to consumers.



COMMITTED TO A FAIR MARKETPLACE

Demographically speaking, approximately 50% of Ontario's registered dealers are located in the Golden Horseshoe; less than 20% are franchise dealers and some 35% of Ontario's dealers are members of the principal dealer trade associations (Toronto Automobile Dealers Association, Ontario Automobile Dealers Association and/or the Used Car Dealers Association.)

Consumers are provided a significantly enhanced measure of protection by purchasing their vehicles from Ontario's registered dealers. The MVDA requires that all dealers conduct business with honesty, integrity, financial responsibility and in accordance with the law. Failure to do so can result in a dealer losing its ability to conduct business since the MVDA Registrar may choose to take administrative action against a dealer who refuses to live up to the requirements of the law. OMVIC provides a register of all dealers and salespersons in the province thus assisting to ensure accountability. OMVIC provides a mediation service for consumers and dealers as an alternative to the courts and has been very successful in mediating complaints between consumers and dealers.

OMVIC inspection and investigation staff are appointed as Provincial Offence Officers and are thus able to lay charges under a number of consumer protection statutes. The Motor Vehicle Dealers Compensation Fund, a fund established and funded by registered dealers, also provides a degree of protection to consumers.

No similar protections exist for consumers who choose to buy privately.

6.0

Motor Vehicle Dealers Compensation Fund

The Motor Vehicle Dealers Compensation Fund was established in 1986 as a "court of last resort" for consumers who have lost money in certain types of transactions involving dealers who are registered under the MVDA.

To be eligible for consideration by the Fund's Board of Trustees, a written claim must be submitted within two years of a registered dealer refusing or failing to pay compensation and must be based on one of the situations described below.

- A customer has won a judgement in an Ontario court against a registered dealer who has then failed or refused to pay.
- A customer has entered into a transaction with a registered dealer and the dealer has subsequently been convicted of fraud, theft or false pretences in connection with that transaction.
- A customer has entered into a transaction with a registered dealer who is unable to fulfil his or her obligation because the dealer has gone out of business.



COMMITTED TO A FAIR MARKETPLACE

- A customer has made a down payment or a deposit on a vehicle and the dealer has delivered neither the vehicle nor an acceptable alternative and has not refunded the money. (It should be noted that a claim to the Fund cannot be based on the cost, value or quality of a vehicle that has been delivered.)
- A customer has purchased an extended warranty or service plan that is not underwritten by an insurance company and the claim is for a non-earned premium or for a repair under the warranty.

The Fund is considered the final safety net for consumers because, in most cases, they are expected to have exhausted the other avenues of compensation available to them before applying to the Compensation Fund. The maximum amount that can be paid for any one claim is \$15,000. All claim applications must be accompanied by full and proper documentation, such as the bill of sale or purchase order, a judgement order or proof of conviction, or other supporting evidence.

When the Fund pays a claim, the consumer signs over to the Fund all rights and remedies related to the claim to which he or she is entitled. The Fund may then pursue its own legal action to recover the amount of the claim from the dealer or the dealer's representative.

The Fund cannot compensate consumers for a loss resulting from a private sale or a transaction involving a company that is not registered under the Motor Vehicle Dealers Act. Nor can the Fund compensate a commercial client or creditor of a dealer, even if the dealer is registered under the Act and a court judgement received. These restrictions reflect the Fund's mandate – registered automobile dealers standing behind other registered dealers in their consumer transactions to ensure a fair marketplace.

The Motor Vehicle Dealers Compensation Fund is funded through a fee that dealers must pay when they apply for registration under the Motor Vehicle Dealers Act.

For further information about the Compensation Fund:

Motor Vehicle Dealers Compensation Fund
36 York Mills Road
Toronto, Ontario M2P 2E9
Telephone: 416-226-3661 or 800-943-6002 ext. 135



COMMITTED TO A FAIR MARKETPLACE

7.0

Milestones & Measures

MILESTONE	GOAL	MEASURE
Mandatory Certification Program	Increased professionalism and consumer protection through course content which focuses on honesty, integrity, ethical behaviour, the law and those skills and abilities expected of practitioners of a professional business sector.	Program introduced by midpoint of planning period.
Standards Of Business Practice	Complementing our Code of Ethics, detailed Standards of Business Practice providing concrete examples of how the Code of Ethics apply to everyday business in the motor vehicle retail sector.	Program introduced during 2000.
Disciplinary Process	A dealer-run, fair and effective mechanism for enforcement of the Standards of Business Practice. While protecting the rights of individual dealers, the process will ensure that non-compliant dealers are made accountable and that remedies are fair & meaningful.	Program introduced during 2000.
Public Service Articles	Improved consumer and dealer awareness of rights, and responsibilities via a communications program employing various media.	OMVIC will offer for publication a number of articles to assist consumers in the process of acquiring a motor vehicle e.g. articles on buying or leasing, how to avoid curbsiders, consumer rights and the benefits of doing business with registered dealers.



COMMITTED TO A FAIR MARKETPLACE

MILESTONE	GOAL	MEASURE
Dealer Handbook	Increased awareness of dealer responsibilities by providing reference binder of information to foster compliance with the laws which regulate the motor vehicle sales sector.	Distribution of a Handbook following introduction of the Certification Program.
Internet	Effective adoption of the new technologies that will allow OMVIC to better serve the dealer and consumer communities through the Internet.	In successive phases during the planning period, new services will be introduced which will permit dealers to access their own records in order to check, and to correct, their registration status and those of their salespersons. Consumers will be able to access helpful information on acquiring a motor vehicle and will be able to download brochures and buying aids.
Regulatory And Legislative Reforms	Through legislative reform, bolster consumer confidence and modernize the regulatory framework .	Working with stakeholders, OMVIC will recommend a comprehensive package of regulatory and legislative reforms which will recognize the changes of the last two decades, e.g. increased prevalence of leasing, new methods of marketing vehicles, and self management of the sector.
Complaint Handling	Provision of a no-cost mediation service for consumers and dealers as an alternative to litigation whenever possible.	OMVIC anticipates mediating approximately 900 complaints in 1999, followed by 1,200 in 2000 and 2001.



COMMITTED TO A FAIR MARKETPLACE

MILESTONE	GOAL	MEASURE
Inspections	An inspection program which employs risk management principles, targets problem areas and reviews consumer and dealer complaints	OMVIC is forecasting completion of 2,750 inspections in 1999 followed by 3,700 in 2000 and 2001 - a 70% increase over the volume completed in 1996, the year immediately prior to self management.
Investigations	Effective program of enforcement of legislation governing dealers with emphasis on consumer protection, and establishing a level playing field for business.	OMVIC is forecasting approximately 300 charges in 1999 followed by 420 in 2000 and 2001.
Registrar's Actions	Effective registration and inspection processes which identify those who should not be registered or who require close monitoring through Terms and Conditions of registration.	OMVIC is forecasting 570 Registrar's Actions in 1999, followed by 675 in 2000 and 2001.



COMMITTED TO A FAIR MARKETPLACE

Appendices



COMMITTED TO A FAIR MARKETPLACE

Performance Measures for 1999-2001

	Actuals		Projected	Actual	Projected		
	1996	1997	1998	1998	1999	2000	2001
Client Inquiries (1-800)	11,000	30,274	48,000	47,933	48,000	48,000	48,000
Complaint Mediation	316	1,100	1,100	800	900	1,200	1,200
Inspections	2,146	2,383	3,000	3,955	2,750	3,700	3,700
Site Visits	363	7,282	1,500	1,157	1,500	2,500	2,500
Freezes	353	2,800	500	448	450	500	500
Investigations							
Entities Charged	31	179	230	200	125	180	180
Charges Laid	217	238	400	457	300	420	420
Convictions	33	106	175	223	125	180	180
Registrar's Actions	67	159	400	572	570	675	675
Registrations:							
Certifications					450	5,500	5,500
New		5,298	5,302	6,194	6,000	5,100	5,100
Renewal		10,741	8,918	9,317	11,200	9,500	11,200
Changes		12,186	12,000	10,287	22,000	10,000	10,000



COMMITTED TO A FAIR MARKETPLACE

3 Year Financial Projections

	1999	2000	2001
Revenues	\$ 3,739,103	\$ 4,401,638	\$ 4,776,938
Expenses:			
Salaries and benefits	1,588,958	1,946,615	2,148,847
Government oversight fees	882,090	858,735	834,435
CCR service contract	31,234	-	-
Professional services	224,690	354,253	391,338
Communications	229,873	320,000	342,900
Travel	160,180	203,184	236,747
Occupancy	96,000	97,920	99,878
Board and AGM	139,455	121,245	121,245
Other operating expenses	200,059	199,792	208,788
Amortization	125,000	178,742	190,733
	3,677,539	4,280,486	4,574,911
Excess of revenues over expenses	\$ 61,564	\$ 121,152	\$ 202,027



OMVIC

36 York Mills Road, Suite 110, Toronto, ON M2P 2E9
416-226-4500 or 1-800-943-6002 • Fax: 416-226-3208 • <http://www.omvic.on.ca>