



**Ontario Motor
Vehicle Industry
Council**

2002 Business Plan

Committed To A Fair Marketplace

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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 delegation continues today under the Honourable Tim Hudak, Minister of Consumer & Business Services.

This document sets out our principal targets for the three year period beginning in 2002. It reaffirms our vision of a business sector that is recognized for its commitment to consumer protection, and lives up to the highest professional standards. The following pages document that commitment and how we intend to make it a reality.

2.0 OVERVIEW

2.1 VISION & MISSION

OMVIC's vision is simple: A fair marketplace.

We promote a fair marketplace through innovation, enforcement and excellence in service

2.2 VALUES

OMVIC has a series of values which guide it in its day-to-day decision-making. These values were identified by staff as necessary for the effective delivery of the OMVIC mandate. These values form the basis of the following Code of Conduct for OMVIC staff.

- We will be innovative in providing the best solutions for our clients.
- We will respect our clients, our colleagues 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 the industry and communicate with clients.
- Without assigning 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.
- We will maintain a work environment that fosters job satisfaction and enjoyment.

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, Standards of Business Practice and an open Disciplinary Process;

Consumer protection through pursuit of those who would prey on an unwary public;

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 & Business Services. 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 is made up of 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 & Business Services. The responsibility of Director under the Motor Vehicle Dealers Act is provided by a member of the Board of Directors appointed by the Minister. Board members are elected by dealers across the province.

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

Paul Burroughs, President

President, City Chevrolet Oldsmobile Ltd., Hamilton

Jim Pears, Secretary Treasurer

President, Metro Chrysler Jeep, Ottawa

Kevin Bavelaar, Vice-president

Owner, Auto Showplace, Toronto

Peter Eatson, Vice-president

President, Peterborough Volkswagen, Peterborough

Sue Corke

Assistant Deputy Minister, Business Division,
Ministry of Consumer & Business Services

Richard Lang

President, Lang Motorcar Corporation, Toronto

Roger Lockhart

President, Lockhart Motors Ltd., Collingwood

Gary Mackie

President, Gary Mackie Chev Olds, Tilbury

Ken Peterson

President, Ken Peterson Sales & Leasing, Thunder Bay

Gerd Reisenecker

President, Greenbelt Volkswagen, Unionville

Whipple Steinkrauss

Assistant Deputy Minister (retired), Business Practices Division, Ministry of
Consumer & Commercial Relations, Toronto

Michael Turk

Senior Counsel, Automobile Protection Association

3. 2 ROLE OF THE BOARD OF DIRECTORS

The Board's role is to:

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

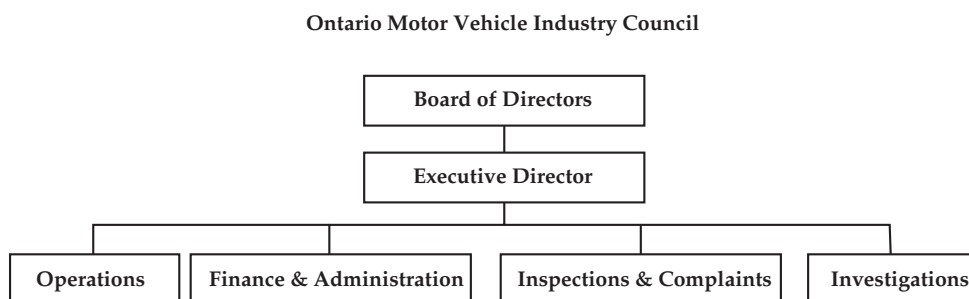
3. 3 COMMITTEES

There are several active committees of the Board.

- Appeals, Chair, Michael Turk (see Appeals Committee section below)
- Compensation Fund Liaison, Whipple Steinkrauss
- Consumer Protection Advisory, Chair, Whipple Steinkrauss
- Curbsider Strategy, Chair, Richard Lang
- Executive , Chair, Paul Burroughs
- Industry Professionalism, Kevin Bavelaar
- Legislative Review, Chair, Peter Eatson
- Nominations, Chair, Paul Burroughs

3.4 ORGANIZATIONAL STRUCTURE

Approximately 45 staff provide the services described in Section 4 below, a number of whom work from regional home-based offices.



3.5 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 to OMVIC for administering the Motor Vehicle Dealers Act on January 7, 1997.

OMVIC's creation is a result of the shared commitment by both dealers and government to improving consumer protection through higher industry standards and professionalism.

3.6 LOCATIONS AND FACILITIES

Effective April 15, 2002, OMVIC's headquarters are located at:

789 Don Mills Rd
Suite 800
Toronto ON M3C 1T5

OMVIC staff can be reached at:
416-226-4500 or 1-800-943-6002
Fax: 416-226-3208
<http://www.omvic.on.ca>

4.0 PRODUCTS AND SERVICES

OMVIC activities include:

- Registration
- Inspection
- Investigation and prosecution
- Enquiry and complaint handling
- Dealer professionalism
- Consumer awareness

These 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 as appropriate.

OMVIC maintains a register of dealers and salespersons in Ontario that have qualified for registration under the MVDA.

There are an estimated 9,000 dealers and 20,000 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 Licence Appeal Tribunal (LAT), an independent quasi-judicial agency of the Ministry of Consumer & Business Services. 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 at the registered premises. 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 LAT.

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 lay charges under a number of provincial statutes including the Motor Vehicle Dealers Act and the Business Practices Act.

OMVIC prosecutes offenders using the services of trained prosecutors. Investigators also collect evidence, interview witnesses, prepare court briefs, and present evidence.

Enquiries and complaints:

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

Consumers dissatisfied by a transaction with a registered dealer are advised as to their rights. They are 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:

By completing the new OMVIC Certification program, registrants can increase their level of professionalism. The program, which is mandatory for new dealers and salespersons, focuses on law and ethics and is a community college credit course.

Consumer awareness:

OMVIC encourages consumer awareness with the use of an information campaign, which includes helpful printed material, participation in media interviews, events and trade shows.

4.2 TECHNOLOGY

Initially, OMVIC depended on systems developed by the Ministry of Consumer & Commercial Relations. These systems were designed to accommodate the needs of several different business sectors regulated by the ministry. As a result, some features required by OMVIC were lacking.

In March 1999, OMVIC implemented a new Y2K compliant information system integrating registration, enforcement and compensation fund information. As this new system continues to evolve, it takes advantage of the Internet to provide an increasing array of online services to clients.

OMVIC's telephone system experiences significant pressure as a result of the high volume of inquiries received. Originally, the system was designed to handle the 2,000 to 3,000 calls per month traditionally handled by the former Ministry of Consumer & Commercial Relations. Actual volumes of calls handled by OMVIC, however, run in excess of 9,000 calls per month. In an effort to improve service levels and to provide automated services after hours, the system was upgraded in 2000.

4. 3 FRENCH LANGUAGE SERVICES

OMVIC makes an effort to be 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 Appeals Committee is chaired by a non-industry Board member appointed by the Minister of Consumer & Business Services. A record of all appeals is included in OMVIC's Annual Report.

5.0 INDUSTRY ANALYSIS

There are currently approximately 9,000 registered dealers and 20,000 registered salespersons in Ontario. For the moment, the dealer population appears to have reached a plateau.

Demographically speaking, approximately 45% 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 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 Ontario’s Motor Vehicle Dealers Act. As a result of the delegation of the Motor Vehicle Dealers Act to OMVIC, the OMVIC Board of Directors assumes the Minister’s responsibilities for the Compensation Fund, including the responsibility to appoint members of the Board of Trustees. The Trustees review all claims and have exclusive responsibility for determining eligibility for payment of claims.

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 (related to a trade in a motor vehicle) 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.
- 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 since they should have exhausted other avenues of compensation available to them before applying to the 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 – industry-funded consumer protection.

The Motor Vehicle Dealers Compensation Fund was created and is supported through a fee that dealers must pay when they apply for registration to the Ontario Motor Vehicle Industry Council.

Over the course of the planning period, the Fund's Board of Trustees is committed to a complete review of the regulations under the Motor Vehicle Dealers Act leading to formal recommendations to the Minister for regulatory amendments.

Further information about the Compensation Fund may be obtained from:

Motor Vehicle Dealers Compensation Fund
789 Don Mills Road
Toronto, Ontario
M3C 1T5
Telephone: 416-226-3661 or 800-943-6002 ext. 3661
Fax: 416-226-9406
Email: compfund@omvic.on.ca.

7.0 MILESTONES & MEASURES

PRIORITY	STRATEGY	MEASURE
Consumer protection	Continue communications programs to: <ul style="list-style-type: none"> • Increase awareness of OMVIC • Increase consumer awareness of benefits of conducting business with registered dealers, and dangers of curbsider transactions • Market the Compensation Fund 	Distribute 8,500 OMVIC window decals for use by registrants Publish brochures on car-buying process and industry-funded consumer protection Offer for publication articles etc. 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. Promote media coverage of consumer issues Ensure website contains current consumer education information Participate in trade shows etc
Consumer protection Dealer Professionalism	Update/revise OMVIC certification course material to reflect new motor vehicle dealers act	Course material revised
Consumer protection	Collect and analyse complaint statistics in order to focus educational programs and compliance resources to address most frequently encountered complaints	Greater use of system and management statistics in the design of education and compliance programs
Consumer protection	Conduct consumer surveys in order to assess OMVIC effectiveness and / or determine current consumer issues or concerns, and develop an action plan to address these concerns.	Develop online survey, and publish results on OMVIC website.
Consumer protection	Revise and standardize the bills of sale used by the industry to ensure full, plain language disclosure.	Recommendations for revisions provided to Board and Ministry for adoption through regulation.
Consumer protection	Enhancements to the Compensation Fund program	Fund regulations reviewed and recommendations for change formally submitted to Board and Ministry.
Dealer professionalism	Reduce or eliminate proportion of registrants who have not taken the OMVIC certification course ("grandfathering") through voluntary participation. Reduce or eliminate proportion of registrants who have not taken the OMVIC certification course ("grandfathering") through voluntary participation	Introduce incentive programs to encourage registrants to complete the course on a voluntary basis. Introduce programs to recognize salespersons who have completed the course and dealers where all registrants have completed the course, e.g. special designation on registration certificate, business card and OMVIC website Market course benefits through renewal flyers, Dealer Standard articles Target: 35% of registrants certified by end of planning period

**MILESTONES & MEASURES CONTINUED**

PRIORITY	STRATEGY	MEASURE
Dealer professionalism	Review OMVIC's Standards of Business Practice	Amendments to Standards recommended to OMVIC Board
Dealer professionalism	Conduct dealer surveys in order to determine new ideas for enhancing dealer professionalism from dealers themselves	Surveys designed, conducted via OMVIC's newsletter and analyzed
Dealer professionalism	Enhanced communications between OMVIC and trade associations, stakeholders	Key stakeholder groups invited to make presentations to OMVIC Annual Board Planning meeting
Consumer protection, Dealer professionalism	Through legislative and regulatory reform, bolster consumer confidence and modernize the regulatory framework .	Assist the Ministry as required to implement the revised MVDA Commence review of MVDA regulations
Consumer protection	Encourage Ministry of Transportation to improve and enhance Vehicle Registration System, e.g. capturing odometer readings, titling, requiring sellers to effect vehicle transfers	MTO considers and provides response to OMVIC recommendations
Dealer professionalism	Increase awareness of dealer responsibilities	Provide specific area of OMVIC website where dealers can find reference material: Acts, Standards, Bulletins, newsletters, forms, etc. (Dealer Handbook)
Customer service	Effective adoption of 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. Policing authorities will be able to access necessary records. Review dealer application procedures with a view to improving customer service levels. Consumers will be able to access helpful information on acquiring a motor vehicle and will be able to download brochures and buying aids.
Consumer protection	Complaint Handling : Provision of a no-cost mediation service for consumers and dealers as an alternative to litigation whenever possible.	OMVIC anticipates mediating approximately 1,500 complaints per year throughout the planning period.
Consumer protection	Effective, professional complaint handling	Complaint mediators receive professional training
Consumer protection, Dealer professionalism	Inspections: An inspection program which endeavours to inspect every registered dealer at least once during its registration period, in addition to employing risk management principles to target problem areas and review consumer and dealer complaints	OMVIC is targeting completion of 5,550 inspections in 2002 in order to complete the two-year project to inspect every registered dealer. For 2003, development and implementation of a risk-based inspection program which balances routine inspections with targeted inspections. Targets for 2003-2004 will be based on the plan for a risk-based inspection program to be implemented in 2003.

**MILESTONES & MEASURES CONTINUED**

PRIORITY	STRATEGY	MEASURE
Consumer protection	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 850 charges in 2003.
Consumer protection, Dealer professionalism	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.	The volume of Registrar's Actions is predicted to remain steady through the planning period at approximately 850 actions yearly, although increased usage of OMVIC's internal disciplinary process may result in a reduction in Registrar's Actions.
External relations	Provide guidance in drafting of a new administrative agreement with the ministry and supervise implementation of Deputy Minister's changes	Revised Administrative agreement signed Plan in place for adoption of Deputy Minister's recommended changes including commitment to development of Board member skills profile and governance training
Effective administration	Review current performance measurement reporting processes	Adoption of outcome based performance measurement where applicable
Administration	Review new dealer registration process	Ensure necessary level of due diligence while establishing service standards for clean applications

8.0 THREE YEAR FINANCIAL FORECAST

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Three year Financial Forecast

(Fiscal years 2002 to 2004)

	2002	2003	2004
Revenues	\$4,830,743	\$4,756,890	\$4,845,265
Expenses:			
Salaries and benefits	2,422,408	2,459,127	2,508,310
Government oversight fees	705,838	220,000	220,000
Professional services	447,410	415,558	423,869
Communications	406,500	400,000	408,000
Travel	343,940	345,000	345,000
Amortization	333,443	329,761	325,863
Other operating expenses	202,050	206,091	210,213
Occupancy	187,628	210,024	213,556
Per-diem allowances	61,200	61,200	61,200
	5,110,417	4,646,761	4,716,011
Excess/(deficiency) of revenues over expenses	\$(279,674)	\$110,129	\$129,254



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