

**2005
COVER**



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OVERVIEW

OMVIC is a non-profit professional association of Ontario's motor vehicle dealers and was established for the purpose 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 and Business Services. The Council is government sanctioned, serves the public interest and membership is mandatory for Ontario's registered dealers.

OMVIC is Ontario's first administrative authority created pursuant to the Safety and Consumer Statutes Administration Act. The Minister of Consumer and 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 Jim Watson, Minister of Consumer and Business Services.

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.

OMVIC's vision is simple: a fair marketplace

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

PRIORITIES



OBJECTIVES

- Increased consumer confidence through compliance and complaint handling
- 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 and media interviews
- Dealer professionalism through certification programs for new dealers and salespersons



PRESIDENT'S MESSAGE



*"There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things."
– Machiavelli*

Dear Minister Jim Watson:

I am pleased to provide the following report.

During 2004 we certainly had a taste of what it's like to usher in change, and yes, it was a challenging assignment at times. OMVIC's most significant task was to navigate through the diverse and sometimes competing interests of stakeholders from industry, government and consumer groups in developing our formal response to the Ministry's draft regulations under the Motor Vehicle Dealers Act 2002.

We thank the Ministry for the opportunity to view and comment on draft regulations released over the summer months and were pleased to have been invited to the various consultation sessions held. Although varied opinions were brought to the table, we felt engaging in meaningful discussion that involved OMVIC, as well as consumer and dealer organizations, was relevant to the process. In developing its submission on the draft regulations OMVIC spent considerable time weighing arguments from staff, the dealer community and consumer organizations and developed recommendations that, in our opinion, represented a fair balance. We look forward to seeing the final regulations and commend the Ministry for pushing forward with legislation that reflects the needs of today's marketplace.

Actual implementation of MVDA 2002 is the other significant challenge OMVIC faced in 2004 - and it's one that will continue well into 2005 and 2006. This implementation process involves: building the necessary infrastructure needed to support operational requirements, staff training, dealer education, and development of procedural changes for registration, compliance, inspection and investigation activities.

We have quite a bit of work before us, but I know that continued support from staff and our partner organizations will lead to continued success.

Sincerely yours,

Gary Mackie

- President, Ontario Motor Vehicle Industry Council &
- President, Gary Mackie Chevrolet, Tilbury



REGISTRAR'S REPORT

Despite committing significant time and staff resources to the consultation process for MVDA 2002, OMVIC maintained its commitment to consumer protection, dealer professionalism and customer service throughout 2004.

Without doubt the prosecution of curbsider Daniel Nedelcu ranks high on our list of highlights. Nedelcu and his numbered companies were convicted of 23 counts of operating in the motor vehicle dealer industry without benefit of registration. Nedelcu was fined \$493,750 and sentenced to a 4-month jail term - the heaviest sentence handed down for illegal car sales - possibly in Canada. Eliminating unregistered car sales in Ontario remains a priority for OMVIC and this sentence sends a strong message to those who continue the practice.

Other highlights:

- The number of charges laid by OMVIC increased to 2,108 which exceeded the forecasted target
- 1,321 Registrar's Actions (includes proposals to refuse or revoke and Registrar's terms and conditions imposed) were executed which exceeded the forecasted target
- OMVIC inspected 3,718 motor vehicle dealer premises to monitor compliance and provide dealer education
- 51,388 calls were handled through OMVIC's toll free line
- 872 complaints were handled
- 65 claims to the Motor Vehicle Dealers Compensation Fund were approved by the Board of Trustees with a total payout of \$353,965
- Consumer awareness and education programs improved by launching an online consumer newsletter and increasing trade show attendance
- Consumer and dealer surveys continue to be distributed for feedback

Our achievements throughout 2004 are a sign of the commitment and effort of OMVIC's staff and Board. Together they have been able to increase industry standards and raise benchmarks for compliance and enforcement activities. We continue to raise the level of protection for Ontario's consumers and our registrants and in that we certainly take pride.

-Carl Compton



REPORT ON OBJECTIVES

DEALER PROFESSIONALISM

Strategy	2004-2006 Targets	2004 Activities and Results
<p>Improve consumer and registrant protection through changes to relevant legislation.</p>	<p>Continue collaboration with the Ministry of Consumer and Business Services in development of regulations under the Motor Vehicle Dealers Act.</p>	<p>Invested considerable senior level resources in consultation sessions with Ministry staff.</p> <p>Assigned dedicated staff person to work on MVDA 2002-related tasks.</p> <p>Draft regulations reviewed by OMVIC staff and board. Formal comments were forwarded to Ministry of Consumer and Business Services.</p>
<p>Ensure organizational structure supports administration of the new Act and regulations.</p>	<p>Appropriate departmental training and restructuring as necessary; development of new departmental policies.</p> <p>Allow for significant changes to OMVIC's certification course materials.</p> <p>Reflect legislative changes in all communications: Web site, registration kits etc.</p> <p>Communicate legislative changes to registrants.</p>	<p>Formal implementation plan created. Initial projects started in fall 2004.</p> <p>Initial training on new Acts started. Training plan designed and in place for review of new regulations and will commence in 2005.</p> <p>Consultation with Canadian Automotive Institute for review of OMVIC certification program started.</p> <p>Revision of registration kits started.</p> <p>Communicated details regarding draft regulations to registrants through broadcast bulletins and Dealer Standard articles. OMVIC senior staff also met with several dealer associations.</p>



REPORT ON OBJECTIVES

DEALER PROFESSIONALISM

Strategy	2004-2006 Targets	2004 Activities and Results
<p>Reduce or eliminate proportion of registrants who have not taken the OMVIC certification course through voluntary participation.</p>	<p>Introduce programs to recognize dealerships where all registrants have completed the course, e.g. special designation on registration certificate, business card and OMVIC Web site.</p> <p>Market course benefits through renewal flyers, Dealer Standard articles.</p> <p>Target: 45% of registrants certified by end of planning period.</p>	<p>OMVIC/CAI logo and "C.A.L.E." designation (Certified in Automotive Law and Ethics) remain available for use on registrant business cards.</p> <p>Given upcoming legislative changes, focus will shift to encouraging certified registrants to complete "bridging course" that outlines new requirements/responsibilities under the MVDA.</p> <p>42.4% of registrants currently certified.</p>
<p>Inspections: an inspection program which employs risk management principles to target problem areas and review consumer and dealer complaints.</p>	<p>Begin risk management project to target:</p> <ul style="list-style-type: none"> • Dealers who have terms and conditions imposed by the Licence Appeal Tribunal • Dealers who are the subject of 5 or more complaints • Dealers licensed to do structural inspections • Dealers subject to an investigation • Dealers who acquire salvage vehicles • Wholesale dealers who have not been subject to a recent inspection 	<p>3,718 inspections completed, 1,136 of which were part of the risk management project:</p> <p>Inspections that targeted dealers who were the subject of complaints have proven successful. In most cases there have been fewer subsequent complaints.</p> <p>Risk based program continues to be analyzed and refined.</p>



REPORT ON OBJECTIVES

DEALER PROFESSIONALISM

Strategy	2004-2006 Targets	2004 Activities and Results
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.	<p>The volume of Registrar's Actions is predicted to remain steady through the planning period at approximately 850 actions yearly.</p> <p>Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process.</p>	<p>Developed standard terms and conditions document.</p> <p>Increased scrutiny of applicant financing.</p> <p>Applicants required to complete more detailed business plans in 2005.</p> <p>OMVIC executed 1,321 Registrar's Actions which include proposals to refuse or revoke dealer or salesperson registration as well as any terms or conditions that may be imposed on a dealer or salesperson's registration.</p>
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 per year from 2004 through 2006.	<p>2,108 charges laid.</p> <p>Investigations section was reorganized into two units - Unregistered Activity and Industry Conduct - to reflect importance of curbsider investigations*</p>



*INVESTIGATIONS: 2004 HIGHLIGHTS

In response to the threat curbsiders pose to both consumers and the motor vehicle dealer industry, OMVIC continued to make apprehension of curbsiders a top priority in 2004.

- Daniel Nedelcu of Toronto was convicted of 23 counts of operating without registration and was sentenced to four months in jail and fined \$493,750 - the heaviest sentence handed down in Ontario for illegal car sales.
- Adil, Jimis and Mazin Odish operated an unregistered car dealership in Windsor called World Wide Express Auto Sales, and were convicted of selling cars to 18 consumers without the benefit of registration. In some cases extended warranties were sold, but the customer's money was kept without any warranty being obtained or registered. The Odish's were fined a total of \$32,000.
- Curbsider Eric Philip Stiles was convicted of 20 counts of curbsiding and fined a total of \$30,000. Numbered companies operated by Stiles were also collectively convicted of 20 counts of curbsiding and fined \$82,500. In addition to these fines, Stiles also faces a 24-month probationary period. Stiles and 1481147 Ontario Inc. were also charged under the BNA for carrying on business under a name that was not registered. Both were convicted of 5 counts each and fined a total of \$15,000. A 24-month probationary period also accompanies these fines. Total fines under the Motor Vehicle Dealers Act and the Business Names Act (including a victim's surcharge) totalled \$159,375.

In addition to curbsiding investigations, OMVIC Investigators partnered with various police agencies to conduct criminal investigations involving motor vehicle dealers. In 2004, more than 30 individuals were charged with 133 counts of fraud and 20 counts of possession of stolen property.

OMVIC contributed investigators to multi-agency task forces such as the Provincial Auto Theft Task Force headed by the OPP, and Project Phantom - an investigation involving Halton Regional Police, OPP, RCMP, Canada Revenue Agency and OMVIC.

"Project Phantom" involved the investigation of a group of car dealers who organized themselves to perpetrate the largest GST fraud in Canadian history. Eleven individuals and one new-car dealership were convicted of conspiracy to commit fraud for their part in a scheme which entailed the buying and selling of thousands of "phantom" automobiles. Most transactions existed only on paper for the purpose of generating GST rebates. The rebates were available for vehicles sold to status natives and cars exported out of the country. Ewaryst Prokofiew and Joseph Rothe received the stiffest sentences of three years in prison for conspiracy and four years for fraud. The loss to the government due to the scam was \$50 million.



REPORT ON OBJECTIVES

DEALER PROFESSIONALISM

Strategy	2004-2006 Targets	2004 Activities and Results
<p>Dealer relations: Conduct dealer surveys in order to determine new ideas for enhancing dealer professionalism from dealers themselves.</p>	<p>Request input from all dealers and salespersons regarding OMVIC's goals and targets.</p>	<p>Survey published in the Dealer Standard encouraging registrants to complete and return. Some suggestions include: adopt zero tolerance policy for unregistered salespersons, increase consumer awareness, post consumer protection legislation in all dealerships.</p>
<p>Enhanced communication between OMVIC and stakeholders.</p>	<p>Continue to encourage stakeholder participation in annual stakeholder sessions.</p>	<p>Annual stakeholder meeting held October 2004. Areas of concern included: proposed regulations for MVDA 2002, curbsider activity, consumer awareness and warranty issues.</p>
<p>Follow up with dealer community on issues of non-compliance by providing statistics on offenders and the action taken by OMVIC.</p>	<p>Provide details on the types of calls fielded by the complaints team so dealers can address issues internally.</p>	<p>Dealers who were the subject of 5 or more complaints were inspected in order to provide dealer education on an individual basis. Select Licence Appeal Tribunal decisions were published in the Dealer Standard.</p>
<p>Standardized contracts: increase level of disclosure, dealer accountability, compliance with law and OMVIC Standards of Business Practice.</p>	<p>Develop recommendations for standardized contracts.</p>	<p>Recommendations finalized and pending introduction of new legislation.</p>



REPORT ON OBJECTIVES

CONSUMER PROTECTION

Strategy	2004-2006 Targets	2004 Activities and Results
<p>Complaint handling: provision of an effective no-cost service for consumers and dealers as an alternative to litigation whenever possible.</p>	<p>Complaint representatives were to receive formal training in 2004.</p>	<p>Formal training deferred until decision made on arbitration or mediation alternatives.</p> <p>Completed study that reviewed arbitration vs. complaint handling models.</p> <p>Complaint representatives completed computer skills training.</p>
<p>Development and implementation of strategic communications plan that will increase consumer awareness.</p>	<p>Outline objectives, key audiences and communications tactics.</p> <p>Develop strategies that will incorporate various delivery methods: print, broadcast, Internet.</p> <p>Encourage and promote increased media coverage.</p> <p>Implement delivery of monthly consumer online newsletter in 2004.</p> <p>Identify unique opportunities to speak with community groups or organizations about OMVIC and its consumer protection services. Increase trade show attendance.</p> <p>Produce and distribute education materials that offer information on consumers' rights and the vehicle buying experience.</p> <p>Continue development of articles for publication.</p> <p>Allow for consumer feedback through surveys.</p> <p>Communicate legislative changes to consumer audiences.</p>	<p>Completed communications plan that outlined audiences, key messages and delivery tactics.</p> <p>Newspaper clippings increased thanks to OMVIC's enforcement activities (involvement in Project Phantom and the Jeff Gellar case).</p> <p>Launched Consumer Line - OMVIC's online consumer publication - in June. Subscription is voluntary and stands at over 500.</p> <p>Anti-curbsider ads placed in Toronto Sun, Auto Trader, Local Trading and Auto Mart.</p> <p>Partnered with the Ministry of Consumer and Business Services on the Fraud Free Calendar which launched December 2004. OMVIC's anti-curbsider message runs in the calendar.</p> <p>OMVIC participated in 7 consumer trade shows: Canadian International AutoShow, Ottawa-Gatineau Auto Show, National Women's Show - Ottawa, National Women's Show -Toronto, Georgian College Auto Show, All About Cars Show and the Toronto Motorcycle Show. 30,000 customized OMVIC</p> <p style="text-align: right;"><i>continued...</i></p>



REPORT ON OBJECTIVES

CONSUMER PROTECTION

Strategy	2004-2006 Targets	2004 Activities and Results
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		<p><i>continued from previous page</i></p> <p>road maps and brochures were distributed through these events.</p> <p>Articles for publication were provided to Local-Trading - a Durham-region buy and sell magazine.</p> <p>OMVIC participated in speaking engagements at: All About Cars Show, driver's ed classes, Rotary Clubs and classes at the Canadian Automotive Institute.</p> <p>Consumer surveys continue to be available through OMVIC's Web site.</p>
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Standardized contracts: increase level of disclosure, dealer accountability and compliance with law and OMVIC Standards of Business Practice.

Commence collaborative review of sales and leasing contracts with a view to standardization and increased clarity.

Recommendations finalized and pending introduction of new legislation.



REPORT ON OBJECTIVES

CUSTOMER SERVICE

Strategy	2004-2006 Targets	2004 Activities and Results
<p>OMVIC Web site: effective adoption of new technologies that will allow OMVIC to better serve the dealer and consumer communities through the Internet.</p>	<p>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 correct their registration status and those of their salespersons.</p>	<p>Although delivery of new technologies has been deferred until new legislation is finalized, the “back end” infrastructure (the necessary hardware and software requirements needed to deliver future services) has been built.</p>
<p>Review registration service levels.</p>	<p>Establish new service level targets where appropriate.</p>	<p>For applications that did not contain deficiencies, average turn around time for processing was 18 days.</p>



REPORT ON OBJECTIVES

GOVERNANCE

Strategy	2004-2006 Targets	2004 Activities and Results
<p>Develop and implement a privacy code which ensures the privacy rights of individuals and organizations are both respected and balanced with OMVIC's role as the industry regulator.</p>	<p>Develop a privacy code in co-operation with each OMVIC department which appropriately balances privacy and regulatory issues.</p> <p>Prepare effective tools to implement the privacy code.</p> <p>Communicate the privacy code to all registrants via appropriate print and internet mediums.</p>	<p>A privacy code was drafted with organization wide input at both the staff and management levels.</p> <p>A Chief Privacy Officer was appointed to manage all privacy related issues and inquiries.</p>
<p>Improved board governance.</p>	<p>Steps taken to ensure compliance with commitments on Administrative Agreement and general governance best practices.</p>	<p>Completed conflict of interest guidelines for board members</p> <p>Board formally adopted code of ethics</p> <p>Board members participated in Ministry retreat</p> <p>Termination Plan drafted in collaboration with other administrative authorities and Ministry staff</p>



REGISTRATION

There were 8,760 dealers and 22,209 salespersons registered under the Motor Vehicle Dealers Act at year end. Registration is valid for two years and is renewable on the second anniversary. Other registration activities include dealer and salesperson renewals, information changes and salesperson transfers from dealer to dealer.

Processing of new salesperson applicants has been streamlined in order to remove unnecessary barriers to employment. As a result, approximately 80% of new applicants receive conditional approval within two days, permitting them to commence work early. Conditional approval is canceled immediately if background checks reveal undisclosed problems.

REFUSALS AND REVOCATIONS

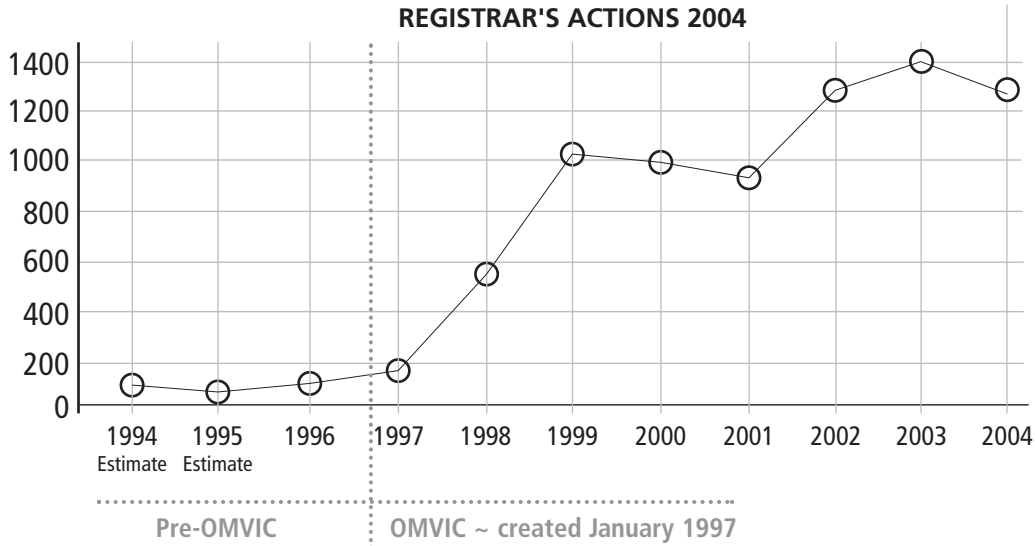
By exercising the duties of the Registrar under the Motor Vehicle Dealers Act, OMVIC determines whether applicants qualify for registration and whether existing registrants continue to be qualified for registration. The Registrar has a responsibility to propose refusal or revocation of registration or to propose terms and conditions of registration as appropriate.

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 and Business Services. In such cases, the office of 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.

In 2004 OMVIC executed 1,321 "Registrar's Actions" which include proposals to refuse or revoke dealer or salesperson registration as well as any terms or conditions that may be imposed on a dealer or salesperson's registration.



REGISTRATION STATISTICS AND ACTIVITIES



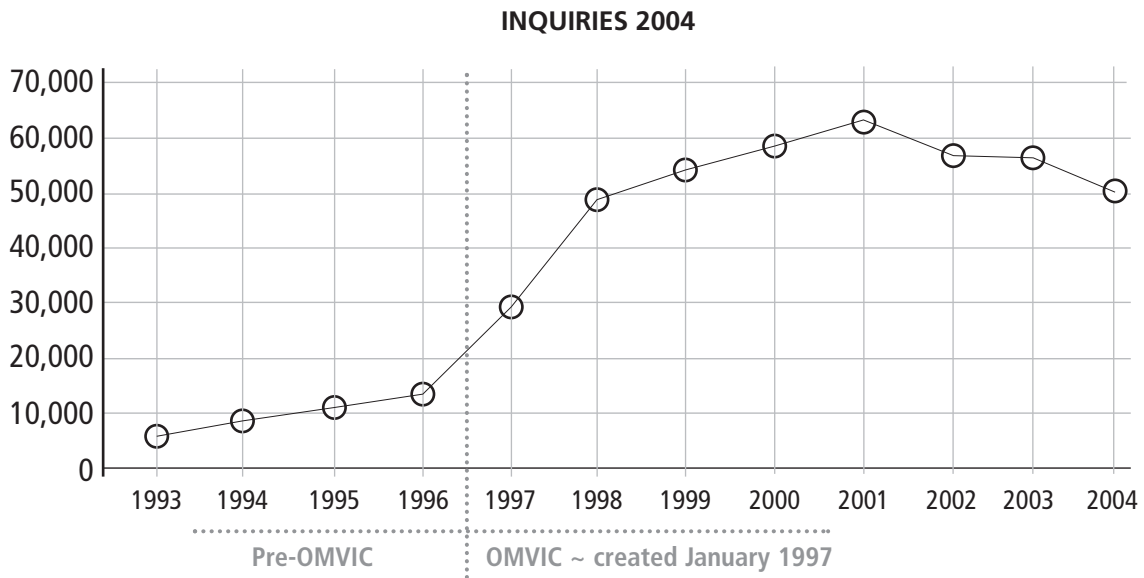
Registrar's Actions: These include issuance of proposals to refuse or revoke registration and terms and conditions of registrations. The number of Registrar's actions logged in 2004 was 1,321.

REGISTRATION ACTIVITIES FOR 2004

New Dealer Applications:	710
New Salesperson Applications:	3,066
Dealer Renewals:	3,479
Salesperson Renewals:	9,724
Information Changes:	1,658
Employee Transfers:	5,279
Registration Terminations:	7,389



INQUIRIES



Inquiries (1-800 line): Staff handled 51,388 toll free calls during 2004. This chart does not include local calls which are assumed to match the volume of toll free calls.

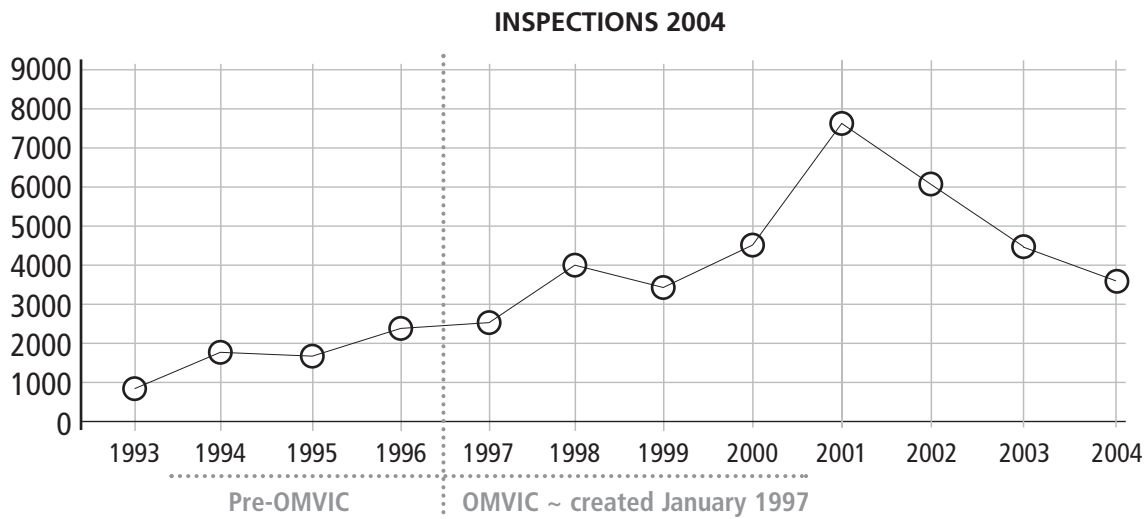


INSPECTION

The MVDA requires members to conduct business from premises approved by the Registrar and sets out the requirement to have a lot, sign and an 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 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. Also worthy of note is that OMVIC inspectors are based regionally in order to provide an inspection program that covers the entire province.

During 2004 3,718 inspections were completed. Inspection activities throughout the year focused on a risk-based approach that targeted specific dealerships based on certain criteria. This could include dealerships that may have been the subject of more than 5 consumer complaints or those that have had terms and conditions imposed on their registration due to a Licence Appeal Tribunal decision.



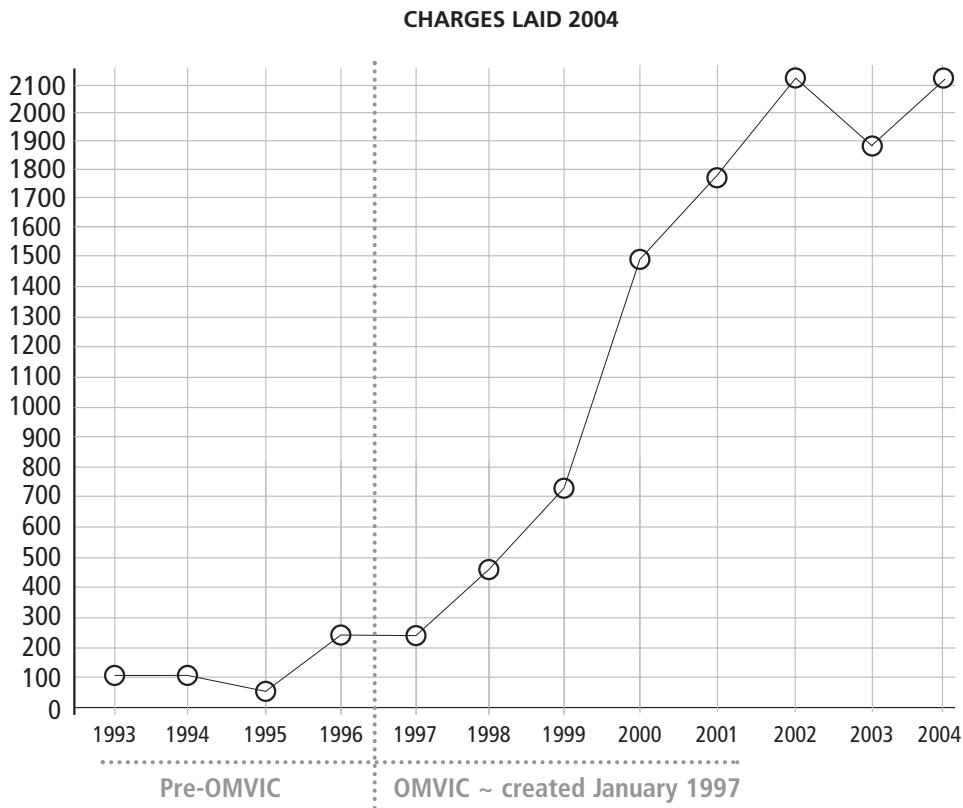
Completed Inspections: 3,718 inspections were completed during 2004, down from previous years as a result of the adoption of a risk-based inspection program.



INVESTIGATION AND PROSECUTION

OMVIC's investigations staff are appointed under the MVDA, the Provincial Offences Act, and are also designated as Special Constables. 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.

Investigations fall into two broad categories: Unregistered Activity (curbsiders), and Industry Conduct - which typically involve allegations of odometer tampering, falsifying records and non-disclosure of accidents.



Investigations: OMVIC's investigation activities increased during 2004 with a total of 2,108 charges laid.



Investigations are initiated from information received from various sources including referrals from OMVIC Inspectors, consumer complaints, police and other dealers. If substantiated, they can result in prosecution, proposal for revocation, or discipline.

Investigators also provide education and support to other law enforcement agencies through presentations at training conferences and partnership in joint-law enforcement projects. In 2004, OMVIC participated with police on five large industry-related investigations, each of several months duration.

OMVIC is a member of the Provincial Auto Theft Task Force and investigators are members of the International Association of Auto Theft Investigators.



COMPLAINT HANDLING

OMVIC's complaint handling process was designed to handle incoming complaints and inquiries from both consumers and dealers regarding the conduct of registered motor vehicle dealers in Ontario.

In June 2003 OMVIC made changes to its complaint handling process in order to better prioritize incoming calls. Intake staff collect skeleton information initially, provide self-help instructions to the consumer and escalate the file to a complaint depending on the nature of the concerns and the information provided by the consumer. In many situations, consumers are encouraged to settle the disagreement by contacting the dealer directly. As a result of these procedural changes, the volume of reported complaint handling activities has declined.

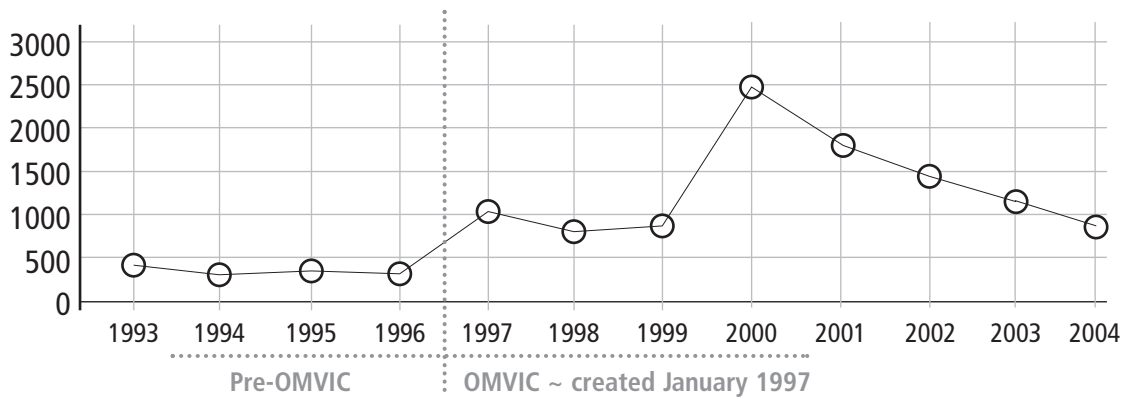
Once a complaint file is opened, it may take anywhere from a few hours to a few weeks - or even months - to complete, depending upon the complexity of issues, the availability of documents and the level of cooperation of those involved. During 2004, however, two-thirds of files were closed within four weeks.



APPEALS COMMITTEE

In the event that a consumer feels 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 Ministry of Consumer and Business Services.

COMPLAINT HANDLING 2004



Complaints: OMVIC staff were actively involved in handling 872 disputes in 2004. As a result of procedural changes, the volume of reported complaint handling activities has declined. Previously, a number of consumer inquiries were included in the reported complaint volumes.



CONSUMER PROTECTION ADVISORY COMMITTEE

The Consumer Protection Advisory Committee (CPAC) is a committee created by the OMVIC Board of Directors. Unlike the OMVIC Board, at least half of CPAC's members are non-industry consumer representatives. The purpose of establishing CPAC was to provide both the Ministry and the OMVIC Board with expert advice on consumer issues.

It is of primary importance to CPAC that OMVIC have a continuing source of information regarding consumer issues and concerns. The electronic consumer survey developed by CPAC has collected almost 2,000 responses as of the end of 2004. These responses provide valuable insights into consumer issues and opportunities for consumer education. The information gathered through this survey will guide CPAC's future initiatives which will involve focusing on communications and consumer education. Contact information gathered from the survey responses was used to launch OMVIC's 'Consumer Line', an electronic newsletter aimed at the car buying consumer. To subscribe to Consumer Line, go to <http://ewconsumers.omvic.on.ca/subscriptions/maillinglist/>

CPAC believes it is vital that the public be made aware of OMVIC's existence so they can avail themselves of OMVIC's services. As a result, CPAC endorsed changes to the OMVIC Standards of Business Practice requiring dealers to display an OMVIC decal at their registered premises.

CPAC reviewed and endorsed the recommendations of the Industry Professionalism Committee (IPAC) concerning third party warranties. These recommendations dealt with disclosure requirements on warranty contracts and protecting the consumer's investment in third party warranty products. CPAC is hopeful that these recommendations will be enforceable through the regulations to the MVDA 2002.

CPAC also provided a written submission to the Minister on the draft regulations under the MVDA 2002. We are hopeful that the Minister will find this feedback helpful as ministry staff move towards the final release of the regulations later this year.

Jeff Gray
Chair,
Consumer Protection Advisory Committee



Only 28% of survey respondents knew they could seek compensation from the Motor Vehicle Dealers Compensation Fund in the event of a financial loss. The survey results also made clear that most consumers (87%) are not aware of their rights when they cancel a contract to purchase a vehicle or that OMVIC exists to help them (61%). These findings - which offer an accurate snapshot of current consumer attitudes - were forwarded to the Ministry of Consumer and Business Services for consideration in development of Regulations to the new Motor Vehicle Dealers Act.



OTHER ACTIVITIES

Disciplinary Process

During 2004 discipline issues focused on industry conduct, unregistered salespeople, the lack of safety certificates for leased vehicles and advertising complaints. The majority of cases were settled without a hearing, and although dealers may have faced fines, most were also required to adopt a policy that requires all sales staff to be certified. These settlements reflect an efficient process that emphasizes compliance, dealer and salesperson education, and remediation.

Dealer Professionalism and Education

By completing the 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. "Grandfathered" salespersons - those registered prior to the introduction of the certification course - are not required to enroll in the course, but certification is encouraged by OMVIC. Registrants are also welcome to use the designation "CALE" or "Certified in Automotive Law and Ethics" upon successful completion of the course. The OMVIC/CAI logo is available for use on registrants' business cards. At year end, 42.4% of OMVIC's registrants were certified.

Consumer Awareness

OMVIC encourages consumer awareness with the use of an information campaign, which includes helpful printed material, anti-curbsider ads placed in dailies and trade magazines, participation in media interviews, events and trade shows. In July 2004 OMVIC launched a monthly online consumer newsletter titled Consumer Line. Consumer Line provides a practical means of communicating consumer awareness tips, OMVIC enforcement activities and related industry information. Consumer Line is OMVIC's first monthly consumer publication as well as its first online publication.

Communications

OMVIC's industry newsletter, The Dealer Standard, provides ongoing communication with the dealer community. Written features promote education and awareness by reporting OMVIC activities and industry news and events. OMVIC's Web site, www.omvic.on.ca, is marketed towards a consumer audience, but also provides content for dealers and new applicants through the posting of "Hot News" announcements, press releases and enforcement activities. Dealer bulletins are also issued via broadcast fax when warranted.

French Language Services

OMVIC is responsive to all inquiries 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 are sought for key positions in order to ensure that French language inquiries -- whether from dealers or consumers -- can be dealt with quickly, courteously and effectively. As well, all correspondence received in French receives a response in French. Registration application forms are available in both English and French.



MOTOR VEHICLE DEALERS COMPENSATION FUND

The Motor Vehicle Dealers Compensation Fund is a consumer protection fund that was introduced in 1986. It reimburses consumers for motor vehicle transactions with a registered dealer under the specific circumstances described in the Motor Vehicle Dealers Act. Each case is considered individually on its own merits and consumers are expected to have exhausted all other legal remedies prior to making a claim against the Fund. Full documentation as evidence of their claim is also required.

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 judgment (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 suffered a financial loss resulting from a trade in a motor vehicle as a result of a dealer's bankruptcy or receivership.
- A customer has suffered a financial loss resulting from a trade in a motor vehicle for which the dealer has been convicted of an offence under the Criminal Code of Canada.
- A customer has made a down payment or left 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.

continued...



MOTOR VEHICLE DEALERS COMPENSATION FUND *continued...*

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.

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 judgment 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 business, other dealer or other customer acting in a business relationship even if the dealer is registered under the Act and a court judgment received. These restrictions reflect the Fund's mandate: industry-funded consumer protection.

During fiscal 2004 (ending October 31, 2004), 68 claims were received. Of these, 65 claims were approved by the Board of Trustees for a total payment to consumers of \$353,965.

Further information about the Compensation Fund may be obtained from:

Motor Vehicle Dealers Compensation Fund
789 Don Mills Road, Suite 800
Toronto, Ontario
M3C 1T5

Telephone: (416) 226-3661
Facsimile: (416) 226-9406
Toll free: 1-800-943-6002 ext. 3661
Web site: www.compfund.ca
Email: compfund@omvic.on.ca



FINANCIAL OVERVIEW

The following financial overview is based on the audited financial statements for the year ended December 31, 2004 with comparative figures for 2003.

Overview

Net assets of OMVIC at December 31, 2004 were \$316,830 compared to \$226,593 at December 31, 2003. This increase in net assets resulted from an excess of revenue over expenses of \$90,237 for the year. In comparison, excess revenue for 2003 was \$355,361.

Revenue

Total revenue in 2004 was \$5,333,444 compared to \$5,425,020 in 2003 and comprised of:

Registration fees:

Registration fees remain the main source of revenue representing about 88% of the total which is consistent with previous year's level. In 2004 revenues from registration fees of \$4,702,550 were \$88,025 lower than the previous year as a result of the normal two-year renewal cycle fluctuation together with a slight decline in new registrations.

Transfer fees:

Transfer fees of \$275,325 were slightly ahead of 2003 amount (\$274,425).

Certification course fee:

Revenue from the certification fee in 2004 of \$254,360 was \$18,370 below that of 2003 (\$272,730). This decline is in line with lower registration numbers discussed above.

Interest and other revenue:

Interest and other revenue received in 2004 was \$94,709 compared to \$69,290 for 2003. The main reason for the increase is the recognition in 2004 as revenue a \$32,950 liability accrued in 2000 which was deemed no longer payable.

Administrative penalties:

Administrative penalties imposed on dealers during 2004 (\$6,500) through an internal disciplinary process for failing to comply with OMVIC's Code of Ethics and the Standards of Business was lower than last year (\$18,000).



Expenses

Total expenses in 2004 of \$5,243,207 was \$173,548 higher than 2003 (\$5,069,659). Major variances were in the following areas:

Salaries and benefits:

Salaries and benefits cost \$2,775,217 in 2004 compared to \$2,682,488 in 2003. The increase of \$92,729 over last year reflects the normal salary changes and year-end vacation accruals.

Professional services:

Professional services cost in 2004 was \$568,009 compared to \$535,272 in 2003. The higher expense in 2004 resulted from legal costs associated with expanded curbsider prosecutions. This category also includes costs incurred in collaborating with the Ministry in the development of the new Regulations for the Motor Vehicle Dealers Act, 2002.

Travel:

Travel expenses in 2004 of \$427,377 were \$46,662 higher than 2003 (\$380,715). During 2004 a number of in-house computer training sessions and several staff meetings relating to the new MVDA were held. As field staff were also involved in these sessions, additional travel expenses were incurred. Also, in October 2004, members of OMVIC's board of director's attended the Minister's retreat in Toronto. This, too, led to higher travel costs.

Communications:

Communication expenses decreased in 2004 to \$384,078 from \$452,224 in 2003 due in part to a reduction in the number of issues of the Dealer Standard in 2004. (one edition was a "double" issue).

Amortization of capital expenses:

This non-cash expense of \$293,939 in 2004 was lower than last year by \$53,495. A number of capital projects planned for 2004 were shelved pending the finalization of the Regulations for the new MVDA.

General and administrative:

General and administrative expenses of \$257,547 were \$18,241 higher than 2003 (\$239,306) mainly because of several meetings regarding the new MVDA and staff training during the year.



Government oversight fees:

Government oversight fees increased to \$229,789 in 2004 from \$160,479 in 2003. This fee is payable to the Ministry of Consumer and Business Services under the terms of its Administrative Agreement with OMVIC on a cost recovery basis. The 2004 oversight fee reflects the extensive amount of work put in by the Ministry in the development of the new Motor Vehicle Dealer Act and its proposed Regulations.

Per-diem allowances:

Per-diem allowances of \$97,962 were \$23,912 higher than 2003 (\$74,050). There were a number of board meetings dedicated to discussions on the new MVDA and as mentioned earlier board of directors attended the Minister's retreat in October 2004.



The 2004 expenses by service functions were as follows:		
Registration	\$1,116,26	\$1,063,612
Inspection	1,075,274	1,044,300
Investigations	1,038,983	1,014,947
Legal services	517,781	453,824
e-Business	480,095	441,058
Governance	403,374	393,825
Inquiries and complaint handling	382,452	403,510
Communications	228,979	254,583
Total	\$5,243,207	\$5,069,659

Liquidity and capital resources:

Cash available at December 31, 2004 was \$2,433,939. In comparison, total cash and short-term investments at December 31, 2003 was \$2,785,374.

Based on cash flows provided by its operations, OMVIC has sufficient liquidity to fund its short-term business plans and obligations. However, during 2005 long-term funding strategies will be considered. This would likely include higher registration fees.

Capital expenditures:

Capital expenditures during 2004 amounted to \$245,809 (2003 - \$315,428) and were used to support operational growth and develop operating efficiencies through technological improvements.



FINANCIAL STATEMENTS OF
ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
YEAR ENDED DECEMBER 31, 2004



KPMG LLP
Chartered Accountants
Yonge Corporate Centre
4100 Yonge Street Suite 200
Toronto ON M2P 2H3
Canada

Telephone (416) 228-7000
Fax (416) 228-7123
Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

We have audited the statement of financial position of Ontario Motor Vehicle Industry Council as at December 31, 2004 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 Council'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 Council as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Toronto, Canada

March 18, 2005



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003
Assets		
Current assets:		
Cash	\$ 2,433,939	\$ 268,893
Short-term investments (note 2)	-	2,516,481
Accounts receivable	51,445	80,022
Prepaid expenses	39,511	62,424
	<u>2,524,895</u>	<u>2,927,820</u>
Capital assets (note 3)	332,163	380,293
	<u>\$ 2,857,058</u>	<u>\$ 3,308,113</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued charges (note 4)	\$ 495,641	\$ 462,232
Deferred revenue (note 5)	2,044,587	2,619,288
	<u>2,540,228</u>	<u>3,081,520</u>
Net assets:		
Invested in capital assets	332,163	380,293
Unrestricted	(15,333)	(153,700)
	<u>316,830</u>	<u>226,593</u>
Commitments (note 7)		
	<u>\$ 2,857,058</u>	<u>\$ 3,308,113</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Revenue:		
Registration fees	\$ 4,702,550	\$ 4,790,575
Transfer fees	275,325	274,425
Certification course fees	254,360	272,730
Interest and other	94,709	69,290
Administrative penalties	6,500	18,000
	<u>5,333,444</u>	<u>5,425,020</u>
Expenses:		
Salaries and benefits, net of recoveries (note 6)	2,775,217	2,682,488
Professional services	568,009	535,272
Travel	427,377	380,715
Communications	384,078	452,224
Amortization of capital assets	293,939	347,434
General and administrative, net of recoveries (note 6)	257,547	239,306
Government oversight fees	229,789	160,479
Occupancy	209,289	197,691
Per diem allowances	97,962	74,050
	<u>5,243,207</u>	<u>5,069,659</u>
Excess of revenue over expenses	<u>\$ 90,237</u>	<u>\$ 355,361</u>

See accompanying notes to financial statements.

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

Statement of Changes in Net Assets

Year ended December 31, 2004, with comparative figures for 2003

			2004	2003
	Invested in capital assets	Unrestricted	Total	Total
Net assets, beginning of year	\$ 380,293	\$ (153,700)	\$ 226,593	\$ (128,768)
Excess of revenue over expenses (expenses over revenue)	(293,939)	384,176	90,237	355,361
Investment in capital assets	245,809	(245,809)	–	–
Net assets, end of year	\$ 332,163	\$ (15,333)	\$ 316,830	\$ 226,593

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 90,237	\$ 355,361
Amortization of capital assets which does not involve cash	293,939	347,434
Change in non-cash operating working capital:		
Accounts receivable	28,577	(22,647)
Prepaid expenses	22,913	43,226
Accounts payable and accrued charges	33,409	75,244
Deferred revenue	(574,701)	486,825
	(105,626)	1,285,443
Investing activities:		
Purchase of capital assets	(245,809)	(315,428)
Net redemption (purchase) of short-term investments	2,537,014	(750,000)
Interest distributions reinvested into short-term investments	(20,533)	(59,540)
	2,270,672	(1,124,968)
Increase in cash	2,165,046	160,475
Cash, beginning of year	268,893	108,418
Cash, end of year	\$ 2,433,939	\$ 268,893
Supplemental cash flow information:		
Interest received	\$ 50,288	\$ 61,753

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 2004

Ontario Motor Vehicle Industry Council (the "Council") is Ontario's first administrative authority created pursuant to the Safety and Consumer Statutes Administration Act. The Council is a not-for-profit organization with the mandate to administer the Ontario Motor Vehicle Dealers Act. This authority was delegated to the Council by the Minister of Consumer and Commercial Relations (the "Ministry") on January 7, 1997 through an Administrative Agreement (the "Agreement") with the Ministry.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements requires management to make estimates and assumptions that affect the amounts in the financial statements and the disclosure in the notes thereto. Actual results could differ from those estimates.

(b) Revenue recognition:

(i) Registration fees:

Fees charged for registration as a motor vehicle dealer or salesperson are for a two-year period and are recognized evenly over two years. Unearned fees are recorded as deferred revenue.

(ii) Certification course fees:

New applicants for registration must pass a certification course run by the Canadian Automotive Institute on behalf of the Council. Certification course fees are recognized when a new applicant registers for the course.

(iii) Transfer fees:

A transfer fee is charged when a registered salesperson moves from one dealership to another. Transfer fees are recognized upon written notice and when the Council receives payment.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2004

1. Significant accounting policies (continued):

(iv) Administrative penalties:

Administrative penalties are imposed on dealers through an internal Council disciplinary process. These penalties are recognized as revenue when the Council receives payment.

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the assets' estimated useful lives as follows:

Computer hardware	3 years
Computer software	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Leasehold improvements	Term of lease

2. Short-term investments:

Short-term investments in the prior year consisted of low risk mutual fund units which were convertible into cash upon demand, recorded at the lower of cost and market. At December 31, 2004 year end, the funds were held in the Council's bank account earning interest at prime less 2.5% for holdings up to \$1.5 million, and primes less 1.9% for holdings in excess of \$1.5 million. The funds are now being included in the cash balance on the statement of financial position.

3. Capital assets:

			2004	2003
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 408,569	\$ 289,619	\$ 118,950	\$ 145,143
Computer software	325,696	181,645	144,051	124,905
Furniture and fixtures	109,627	65,497	44,130	60,340
Office equipment	134,860	111,928	22,932	49,905
Leasehold improvements	2,386	286	2,100	–
	\$ 981,138	\$ 648,975	\$ 332,163	\$ 380,293



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2004

4. Accounts payable and accrued charges:

Accounts payable and accrued charges of \$495,641 include an amount of \$10,827, which is the balance of funds which the Council received in fiscal 2002 as court-ordered funds to be held in trust, relating to an odometer tampering case. The original amount received was \$26,600 of which \$15,773 was paid out in 2004 as restitution to claimants who suffered loss.

5. Deferred revenue:

	2004	2003
Registration fees received in advance	\$ 2,044,587	\$ 2,619,288

6. Related party transactions:

The Council provides office space and administrative services to the Motor Vehicle Dealers' Compensation Fund (the "Fund"). The two organizations are related parties as the Council has authority to appoint the Board of Directors. Included in the Council's expenses are recoveries from the Fund of \$147,916 (2003 - \$138,286) relating to salaries and benefits and \$10,395 (2003 - \$8,159) relating to general and administrative expenses. At December 31, 2004, \$34,252 (2003 - \$30,763) was receivable from the Fund. Amounts received from the Fund are determined on a cost recovery basis.

7. Commitments:

The Council has commitments for its leased premises and equipment. The future minimum annual lease payments are as follows:

2005	\$ 211,600
2006	211,600
2007	213,354
2008	209,833
2009 and thereafter	699,445
	\$ 1,545,832



ONTARIO MOTOR VEHICLE DEALERS

COMPENSATION FUND

FINANCIAL STATEMENTS

OCTOBER 31, 2004



**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2004

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McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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AUDITORS' REPORT

To the Board of Trustees and Participants in the
Motor Vehicle Dealers Compensation Fund

We have audited the statement of financial position of the Motor Vehicle Dealers Compensation Fund as at October 31, 2004 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund'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 Fund as at October 31, 2004 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

Chartered Accountants

TORONTO, Canada
December 20, 2004

2005 Sheppard Avenue East, Suite 300, Toronto, Ontario, Canada, M2J 5B4
Telephone: (416) 496-1234 – Fax: (416) 496-0125 – E-Mail: info@mhc-ca.com – Website: www.mhc-ca.com



MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF FINANCIAL POSITION
 AS AT OCTOBER 31, 2004

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	2004 \$	2003 \$ (Note 3)
ASSETS		
CURRENT		
Cash	28,738	7,341
Accrued interest receivable	59,821	72,811
Prepaid expenses	<u>9,410</u>	<u>8,420</u>
	97,969	88,572
INVESTMENTS		
(Market value \$7,491,450; 2003 - \$7,211,292)	7,239,282	7,190,667
EQUIPMENT (Notes 3 and 4)		
	<u>3,808</u>	<u>2,548</u>
	<u><u>7,341,059</u></u>	<u><u>7,281,787</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	48,580	29,259
Claims payable	<u>35,562</u>	<u>-</u>
	<u>84,142</u>	<u>29,259</u>
NET ASSETS		
Invested in equipment	3,808	2,548
Unrestricted net assets (Note 5)	<u>7,253,109</u>	<u>7,249,980</u>
	<u>7,256,917</u>	<u>7,252,528</u>
	<u><u>7,341,059</u></u>	<u><u>7,281,787</u></u>

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

_____"RON MAROSTICA"_____, Chair

_____"TERRY O'KEEFE"_____, Vice Chair



MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED OCTOBER 31, 2004

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	Invested in Equipment \$	Unrestricted \$	2004 \$	2003 \$ (Note 3)
BALANCE , beginning of year	2,548	7,249,980	7,252,528	7,267,887
Change in accounting policy (Note 3)	—	—	—	(8,315)
As restated	2,548	7,249,980	7,252,528	7,259,572
Excess (deficiency) of revenues over expenses for the year	(4,451)	8,840	4,389	(7,044)
Investment in equipment	5,711	(5,711)	—	—
BALANCE , end of year	<u>3,808</u>	<u>7,253,109</u>	<u>7,256,917</u>	<u>7,252,528</u>



MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2004

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	2004 \$	2003 \$ (Note 3)
REVENUES		
Investment and other income	432,802	259,074
Participant fees	<u>200,700</u>	<u>222,900</u>
	<u>633,502</u>	<u>481,974</u>
EXPENSES		
Claims (net of recoveries of \$7,104; 2003 - \$16,151)	346,862	207,132
Salaries and benefits	145,642	133,782
Board	50,986	59,162
Investment management fees	37,538	36,564
Trustee fees	10,509	12,271
Occupancy	10,395	8,112
Insurance	8,730	6,587
Professional fees	7,725	5,526
Legal	3,653	12,721
Office and general	2,622	3,464
Amortization	<u>4,451</u>	<u>3,697</u>
	<u>629,113</u>	<u>489,018</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES, FOR THE YEAR	<u>4,389</u>	<u>(7,044)</u>



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
 OCTOBER 31, 2004

Page 5

1. PURPOSE OF THE ORGANIZATION

The Motor Vehicle Dealers Compensation Fund (the "Fund") was established July 1, 1986 under the Motor Vehicle Dealers Act (the "Act"). The Fund was established to stand in place of registered motor vehicle dealers (the "participants") where the participant has refused, failed or been unable to pay a claim registered against the participant. The claims are submitted by consumers and approved by the Board of Trustees ("the Board"). The Fund pays claims to consumers up to a maximum of \$15,000 each.

The affairs of the Fund are overseen by the Board and the Fund is managed by a trust corporation appointed by the Board to act as the Trustee (the "Trustee").

In accordance with the Act, it is compulsory for motor vehicle dealers to pay an initial payment to the Fund in order to obtain registration in Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fund are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant.

Investments:

Investments are recorded at cost and consist of Government of Canada, Provincial and corporate bonds, Government of Canada treasury bills, equities and other investments.

Equipment and Amortization:

Equipment is stated at acquisition cost. Amortization is provided on the straight line basis over the life of the asset as follows:

Computer equipment	3 years
Computer software	3 years

Claims:

Claims are recognized in the accounts at the time of approval by the Board.

continued



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
 OCTOBER 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition:

The Fund follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those reported.

3. CHANGE IN ACCOUNTING POLICY

During the year the Fund changed its method of amortizing its equipment from the diminishing balance method to the straight line method. This change in policy has been adopted retroactively and prior year's comparatives have been restated to reflect this change. The effect of the change in accounting policy on the 2004 financial statements was to decrease opening net assets and equipment by \$9,100 (2003 - \$8,315) and increase expenditures by \$659 (2003 - \$785).

4. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2004 Net</u>	<u>2003 Net</u>
	\$	\$	\$	\$
Computer equipment	5,711	1,903	3,808	-
Computer software	<u>7,643</u>	<u>7,643</u>	<u>-</u>	<u>2,548</u>
	<u>13,354</u>	<u>9,546</u>	<u>3,808</u>	<u>2,548</u>

continued



5. UNRESTRICTED NET ASSETS

The capital of the Fund is comprised of contributions by participants and income earned on investments. Where at any time the net assets of the Fund are less, or are anticipated to be less than \$1,500,000 by reason of payments or proposed payments to claimants, the Trustee may require each participant to pay such additional amounts as is considered necessary to bring the net assets of the Fund up to at least \$1,500,000.

6. CONTINGENT LIABILITY

As at October 31, 2004, the Board had denied 2 (2003 - Nil) claims totalling \$18,162 (2003 - \$Nil), which were subject to appeal. The probability of these appeals and their outcome cannot be reasonably determined and no provision has been made in the financial statements for them. However, should any loss result from resolution of these claims, such loss would be accounted for in the period settled.

In addition, several dealerships declared bankruptcy during the year. The Fund's liability, if any, cannot be reasonably estimated and no provision has been made in the financial statements for it.

7. DONATED PROPERTY AND SERVICES

During the year, voluntary services were provided. Because these services are not normally purchased by the Fund and because of the difficulty in determining their fair value, donated services are not recognized in these statements.

8. INCOME TAXES

The Fund is a trust within the meaning of Section 149(1)(w) of the Income Tax Act (Canada) and as such, is exempt from income taxes.

continued



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2004

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9. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included as the required cash flow information is readily apparent from the other financial statements. Cash flow from operations approximates the deficiency of revenues over expenses. Acquisitions of equipment during the year amounted \$5,711 (2003 - \$Nil).

10. FINANCIAL INSTRUMENTS

Fair Value:

Canadian generally accepted accounting principles require that the Fund disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for accrued interest receivable, prepaid expenses, accounts payable and accrued liabilities and claims payable on the balance sheet approximate fair value because of the limited term of these instruments.

OMVIC



2005

BUSINESS PLAN



BUSINESS OBJECTIVES

OMVIC's Business Plan outlines its principal targets for the next three years and highlights the strategies which will be used to achieve those targets.

The Business Plan is reviewed annually and input received from the Ministry of Consumer and Business Services and stakeholders, coupled with responses collected through customer surveys, are taken into consideration when determining objectives.

While OMVIC and the motor vehicle dealer industry welcome new legislation, upcoming changes to the Motor Vehicle Dealers Act will require a complete restructuring of administrative procedures and departmental policies in the areas of registration, compliance, inspection and investigation. This process will demand periods of ongoing training and extensive communication with the dealer community. In addition, revisions will also be required for OMVIC's certification course content.

The following outline provides further details on the objectives slated for the 2005-2007 planning period:



Although objectives like customer service and dealer professionalism will remain priorities during the upcoming planning period (2005-2007), implementation of the new Act will require substantial time and resources and, for that reason, will be considered a primary objective.



BUSINESS OBJECTIVES:

NEW LEGISLATION

Strategy	Performance Measure
Ensure organizational structure supports administration of the new Act and regulations.	<p>Appropriate departmental training and restructuring as necessary; development of new departmental policies.</p> <p>Specific training will be required for inspectors and investigators.</p> <p>Allow for significant changes to OMVIC's certification course materials.</p> <p>Reflect legislative changes in all communications: Web site, registration kits etc.</p> <p>Communicate legislative changes to registrants by providing educational materials/lectures.</p> <p>Develop strategies for managing implementation of mandatory certification course/bridging course.</p>



BUSINESS OBJECTIVES:

DEALER PROFESSIONALISM

Strategy	Performance Measure
<p>Certified registrants will be encouraged to complete a “bridging course” that outlines new requirements and responsibilities under the new Act.</p>	<p>Market course benefits through Dealer Standard articles and dealer bulletins.</p>
<p>Conduct dealer surveys in order to determine new ideas for enhancing dealer professionalism from dealers themselves.</p>	<p>Although surveys have been distributed annually over the last 2 years, response rates could be improved by considering alternate delivery methods.</p>
<p>Enhanced communication between OMVIC and stakeholders.</p>	<p>Key stakeholder groups invited to make presentations at OMVIC's annual board planning meeting. Host a stakeholder roundtable discussion.</p>
<p>Inspections: An inspection program which employs risk management principles to target problem areas and review consumer and dealer complaints.</p>	<p>Continued refinement of a risk-based inspection program that balances routine inspections with targeted inspections. Identifying dealers who supply curbsiders will also take priority. The volume of inspections is expected to drop during the planning period due to introduction of new legislation. Inspectors will be involved in various training programs.</p>



BUSINESS OBJECTIVES:

DEALER PROFESSIONALISM CONTINUED

Strategy	Performance Measure
<p>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.</p>	<p>The volume of Registrar's Actions is predicted to remain steady through the planning period at approximately 850 actions yearly.</p> <p>Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process.</p>
<p>Follow up with dealer community on issues of non-compliance by providing stats on offenders and the action taken by OMVIC.</p>	<p>Provide details on the types of calls fielded by the complaints team so dealers can address issues internally.</p> <p>Communicate stats and updates by:</p> <ul style="list-style-type: none"> • Increasing the number of Licence Appeal Tribunal decisions published in the Dealer Standard • Develop best practices on selected topics and publish in Dealer Standard • Report on the types of investigations conducted related to industry conduct • Report on the nature of proposals and Registrar's Actions
<p>Review regulatory options for Internet sales.</p>	<p>The Internet provides a new channel for curbsider sales. Standards currently in place will be reviewed and a report of findings submitted to OMVIC board.</p>



BUSINESS OBJECTIVES:
CONSUMER PROTECTION

Strategy	Measure
<p>Implementation of strategic communications plan that will increase consumer awareness.</p>	<p>Develop strategies that will incorporate various delivery methods: print, broadcast, Internet.</p> <p>Encourage and promote increased media coverage.</p> <p>Identify unique opportunities to speak with community groups or organizations about OMVIC and its consumer protection services.</p> <p>Increase trade show attendance.</p> <p>Produce and distribute education materials that offer information on consumers' rights and the vehicle buying experience.</p> <p>Continue development of articles for publication.</p> <p>Allow for consumer feedback through surveys.</p> <p>Communicate legislative changes to consumer audiences.</p>
<p>Effective, professional complaint handling.</p>	<p>Complaint handlers to receive professional training during 2005 once a decision has been reached on mediation and arbitration alternatives.</p>



BUSINESS OBJECTIVES:

CONSUMER PROTECTION CONTINUED

Strategy	Measure
Complaint Handling: provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible.	OMVIC anticipates handling approximately 800 complaints per year throughout the planning period. This number is lower than previous years as a result of changes in the way complaints are identified and recorded. Previously, a number of consumer inquiries were included in the reported complaint volumes.
Review current Safety Standards Certificate.	Work with consumer stakeholders to lobby government for necessary changes to safety certificates.
Increase awareness of OMVIC through law enforcement agencies.	Provide seminars for policing authorities.



BUSINESS OBJECTIVES:

CUSTOMER SERVICE

Strategy	Performance Measure
Effective adoption of new technologies that will allow OMVIC to better serve dealers, consumers and government 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 salesperson.
Regularly review registration service levels.	Establish new service level targets as required in response to external influences ie. analysis of complaints/feedback or changing regulatory requirements.
Review phone system service.	A report on options for improving phone services will be provided to the Board.
Review fee setting policy.	Review policy and introduce 3-year cycle (reduces frequency of having to complete forms). Review different fee levels for renewals, reinstatements and new applications.



BUSINESS OBJECTIVES:

BOARD GOVERNANCE

Strategy	Performance Measure
Introduce inspection tours for board members.	Tours offered to members of the Board and provided to interested board members within the planning cycle.
Review board orientation manual and process.	Best practices of other administrative authorities documented and appropriate changes made to current OMVIC process.



FINANCIAL FORECAST

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Three year Financial Forecast

(FISCAL YEARS 2005 TO 2007)

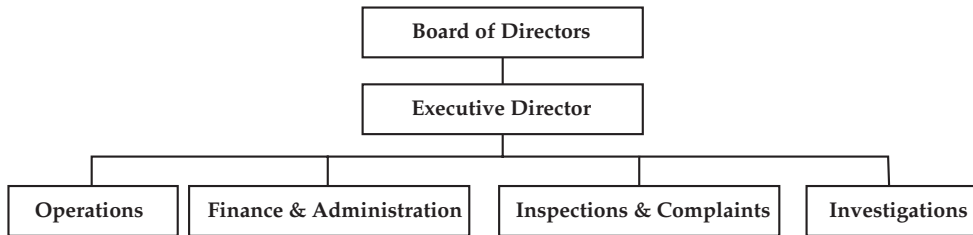
	2005	2006	2007
Revenues	\$ 5,243,850	\$ 5,235,925	\$ 5,257,525
Expenses:			
Salaries and benefits	3,015,595	3,075,907	3,137,425
Government oversight fees	220,000	220,000	220,000
Professional services	532,625	543,278	554,144
Communications	543,600	503,472	513,541
Travel	416,500	416,500	416,500
Amortization	376,729	355,000	365,000
Other operating expenses	243,300	248,166	253,129
Occupancy	206,437	210,566	214,777
Per-diem allowances	96,600	96,600	96,600
	5,651,386	5,669,489	5,771,116
Excess of expenses over revenues	\$ (407,537)	\$ (433,564)	\$ (513,591)

Note:

An increase in the registration fee is imminent in 2006. The level of increase has not been determined yet and will depend on the additional resources required to implement the MVDA 2002 that is expected to come into force in late 2005.



ORGANIZATIONAL STRUCTURE



Approximately 55 staff provide OMVIC's services, a number of whom work from regional home-based offices.



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 fulfill its mandate.
5. Communicate and market the benefits OMVIC offers to consumers, registrants, members and government.

BOARD COMPOSITION AND SKILLS

OMVIC's board of directors is composed of 12 individuals as follows:

- Three directors who are members of the Used Car Dealers Association
- Three directors who are members of either the Toronto or Ontario Automobile Dealers Association
- Three directors who are members of both the Used Car Dealers Association and the Toronto or Ontario Automobile Dealers Association
- Three directors who are appointed by the Minister of Consumer and Business Services.

The term of office for a board member is three years from the date of the Annual and General Meeting at which the member is elected. Once elected, directors are required to sign agreements related to confidentiality, conduct and conflict of interest. Although not a requirement, board members are encouraged to complete OMVIC's certification course.



BOARD OF DIRECTORS

Gary Mackie, President

Gary Mackie Chevrolet, Tilbury

Ken Peterson, Vice President

Ken Peterson Sales and Leasing, Thunder Bay

Michael Turk, Secretary Treasurer

Consumer advocate, lawyer

Colin Abbott

Car-o-line Auto, Chesterville

Hugh Brennan

Dixie Plymouth Chrysler Ltd., Brampton

Michael Davies

West Ottawa Auto Inc., Nepean

Rob Dowler

Ministry of Consumer and Business Services

Peter Eatson

Peterborough Volkswagen, Peterborough

Jeff Gray

Consumer advocate, lawyer

Tim Moffatt

CAN-AUTO.ca Automobile Brokers & Appraisers Inc., Cobourg

Meredith Morris

Sudbury Hyundai, Sudbury

Ron Scagnetti, Sr.

Mid North Motors, Sudbury



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 and Business Services. Dealer 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.



BIOGRAPHIES

GARY MACKIE, CHAIR

Gary Mackie Chevrolet, Tilbury

Mr. Mackie has been involved in the automotive business for over 40 years and is the president of Gary Mackie Chevrolet in Tilbury. Prior to becoming a dealer, he was employed by General Motors as a District Service Manager.

He is past President of the Ontario Goodwrench Dealer Marketing Association and is also a member of Tilbury's Lions Club. He has been Chair of the District 1 Lions Sight Conservation Foundation, President of the Tilbury Lions Club and Chair of Tilbury Goodfellows.

Mr. Mackie was elected to the OMVIC board of directors in June 2001 for a 3-year term, and subsequently appointed by the Board for an additional one year term to fill an unexpected vacancy on the Board.



BIOGRAPHIES

KEN PETERSON, VICE PRESIDENT

Ken Peterson Sales and Leasing, Thunder Bay

Mr. Peterson has over 22 years experience in the automotive business, with 10 years as general manager of a franchise dealership. He is currently the President of Ken Peterson Sales and Leasing, of Thunder Bay.

He has served 2 terms on the Thunder Bay Hydro Commission and was its chair for 3 years. He was also Director and Treasurer of Northwest Energy and Director and Vice Chair of the Municipal Electric Association.

Mr. Peterson was elected to OMVIC's board of directors in June 2001 for a 3-year term and has served as OMVIC's Secretary Treasurer and Chair and was subsequently appointed by the Board for an additional one year term to fill an unexpected vacancy on the Board.



BIOGRAPHIES

MICHAEL TURK, SECRETARY TREASURER

Michael Turk has been a practicing lawyer in the Province of Ontario for 18 years, legal counsel to the Automobile Protection Association for 12 years and is regarded as one of the Province's foremost consumer advocates.



BIOGRAPHIES

CARL COMPTON, EXECUTIVE DIRECTOR AND REGISTRAR

Prior to his appointment as OMVIC's first Executive Director and Registrar in January 1997, Mr. Compton filled a series of progressively responsible positions with the Ministry of Transportation and the Ministry of Consumer and Business Services.

Through these positions he was responsible for corporate policy development, issues management, and acted as corporate liaison for several regulatory agencies. He was also responsible for the administration of consumer protection legislation governing a number of commercial sectors including, among others, motor vehicle dealers, real estate, travel, cemeteries, bailiffs, professional boxing, film distribution and collection agencies.



OMVIC COMMITTEES

Appeals Committee

The Appeals Committee provides a forum for reviewing complaints from consumers regarding OMVIC's handling of consumers' complaints about dealers and, if appropriate, makes recommendations to staff to ensure that subsequent complaints are handled in the most effective and expeditious manner. This committee also provides an impartial forum for hearing appeals from decisions of a Disciplinary Panel.

Consumer Protection Advisory Committee

This committee develops and recommends strategies to increase consumer protection through development and regular review of Standards of Business Practice and provides a cooperative forum for two-way communication with consumers and consumer interest groups. Membership includes both board and non-board members.

Industry Professionalism Committee

The Industry Professionalism Committee develops and recommends strategies to increase industry professionalism and consumer protection through development and regular review of certification programs, registration standards, Standards of Business Practice and an accompanying disciplinary process. Membership includes both board and non-board members.

Legislative Review Committee

The Legislative Review Committee reviews and recommends to the OMVIC Board changes to provincial statutes and regulations which govern the motor vehicle dealer sector and which will support OMVIC's objectives.

Management Committee

The Management Committee -- which also serves as the Audit, Finance and Risk Committee -- assists the board of directors in the provision of its governance role. Responsibilities include: guidance and direction to Executive Director and Comptroller as needed; assisting management to assure appropriate financial and operational controls are in place; liaising with the provincial government, trade associations and consumer groups on industry matters; review of management reports regarding statutory and ethical compliance; review of quarterly and annual financial statements; annual briefings to the Minister on OMVIC's activities and review of annual report and business plan..

Nominations Committee

The Nominations Committee carries out the duties assigned in the OMVIC bylaws and those assigned to it by the board of directors. Some responsibilities include: developing and recommending selection criteria for new Board members, seeking nominees for vacancies on the board of directors and developing selection criteria for membership on committees of the Board and for the Compensation Fund Board of Trustees.



CONTACTING OMVIC

REGISTRATION SERVICES:

registration@omvic.on.ca, 416-226-4500, ext. 3115

Registration kits can be downloaded from www.omvic.on.ca

CONSUMER INQUIRIES, COMPLAINT HANDLING:

consumers@omvic.on.ca, 416-226-4500 ext. 3105

Complaints can also be submitted online at www.omvic.on.ca

REPORTING CURBSIDER ACTIVITY:

nocurbs@omvic.on.ca; 1-888-NOCURBS

COMPENSATION FUND

compfund@omvic.on.ca, 416-226-3661

COMMUNICATIONS AND MEDIA RELATIONS:

Brenda McIntyre, 416-512-3167

brenda.mcintyre@omvic.on.ca

789 Don Mills Road, Ste. 800

Toronto, Ontario

M3C 1T5

Telephone: (416) 226-4500

Facsimile: (416) 226-3208

Toll free: 1-800-943-6002

Web site: www.omvic.on.ca

Email: omvic@omvic.on.ca



SENIOR MANAGEMENT

Carl Compton

Executive Director and Registrar, registrarmvda@omvic.on.ca

Mary Jane South

Deputy Registrar

Chandar Singh

Comptroller

Laura Halbert

Director, Compliance

Aviva Harari

Senior Legal Counsel

Don MacAndrew

Chief Investigator, Unregistered Activity

Carey Smith

Chief Investigator, Industry Conduct

Javier Valdivieso

Manager, e-Business



OMVIC'S CODE OF ETHICS FOR ONTARIO'S REGISTERED DEALERS:

<i>INTEGRITY</i>	Conduct our activities with honesty, fairness and financial responsibility.
<i>DISCLOSURE</i>	Communicate all material facts and ensure our products and services are fully understood.
<i>MARKETING</i>	Guard against using any form of misleading advertising or innuendo in marketing our products and services.
<i>ACCOUNTABILITY</i>	Fulfill all contractual obligations promptly and completely and resolve legitimate claims without delay.
<i>COMPLIANCE</i>	Abide by all applicable laws and regulations and never knowingly do business with those operating outside these laws.
<i>COMPETITION</i>	Ensure fair and open competition and refrain from unjustly attacking competitors, their products and services or their business methods.
<i>PROFESSIONALISM</i>	Enhance our professional knowledge, skills and competencies throughout our careers.
<i>RESPECT</i>	Treat all people with equality and respect, regardless of gender, age, race or religion.
<i>CONFIDENTIALITY</i>	Hold all personal and financial information we receive in the strictest confidence.
<i>ENVIRONMENT</i>	Remain committed to a healthy coexistence with our environment.



APPENDIX A

BOARD REQUIREMENTS AND SELECTION CRITERIA:

In order to qualify as a candidate for election to the OMVIC board of directors, a nominee must meet specific criteria:

1. Be registered as a motor vehicle dealer, in good standing, under the Motor Vehicle Dealers Act, and
 - a. Whose registration is not currently subject to Terms & Conditions imposed by the Licence Appeal Tribunal;
 - b. Not currently the subject of a proposal of the Registrar;
 - c. Have been registered under the MVDA for at least the two-year period prior to the date of the nomination;
2. be a person of good character, honesty, integrity and financial responsibility;
3. Agree to completion of any reasonable background checks and inquiries which may be required at the sole discretion of the Nominations Committee in its determination of the nominee's honesty, integrity, financial responsibility, and suitability to be a director, including, but not limited to, OMVIC inspection findings, complaint history, and a Canada-wide criminal record check;
4. Agree to permit the Registrar to share with the members of the Nominations Committee the results of the background checks referred to above;
5. Commit to attending 75% of scheduled meetings of the board of directors in each year, and commit to active participation on committees;
6. Commit to reviewing relevant materials prior to board and committee meetings;
7. Commit to the objects and purposes of OMVIC as listed in its Letters Patent
8. Be an Ontario resident;
9. Be at least eighteen (18) years of age;
10. Not be an undischarged bankrupt
11. Be supported by two other registrants in good standing who have endorsed the nominations form by affixing their signatures where noted
12. Satisfy such other qualifications or criteria which are established by the Nominations Committee from time to time including the endorsement of nominees by the appropriate trade association (ie. UCDA, OADA/TADA, UCDA – OADA/TADA) and the desirability of maintaining regional representation; and
13. Sign agreements relating to confidentiality, conduct and conflict of interest.



RESPONSIBILITIES OF A DIRECTOR OF OMVIC

- Remain well informed about the work of the Council and its stated objectives.
- Understand the role of the Council, its members, its goals and its services.
- Be thoughtful and objective, in all deliberations.
- Make decisions in consideration of the Council, its stated objectives and the motor vehicle industry as a whole.
- Place the best interests of the motor vehicle industry and protection of the public above any special interest, geographic or personal constituency.
- Attend and participate in, at a minimum, three-quarters of the board meetings, committee meetings and subcommittees (if applicable). Failure to consistently attend meetings will result in a request for resignation.
- Complete tasks and projects assigned and accepted.
- Be prepared to accept at least one board committee assignment and participate by attending the committee meetings.
- Inform the board of the needs and concerns of members.
- Self-evaluate performance as a director each year.
- Understand the role of a board member is to set policy. Recognize the role of the Registrar/CEO and OMVIC staff and refrain from becoming involved in administrative decision-making or program implementation.

BOARD MEMBERS AGREE NOT TO:

- Authorize the use of, or use for the benefit or advantage of any person, the name, emblem, endorsement, services, or property of the Council except in conformance with Council policy.
- Accept, or seek on behalf of another individual, any financial advantage or gain of other than nominal value offered as a result of Council affiliation.
- Utilize any Council affiliation in connection with the promotion of partisan politics, religious matters, or positions on any issue not in conformity with the position of the Council.
- Disclose any information available because of Board membership to any person not authorized by law or the by-laws of the Council to receive such information.
- Knowingly take any action or make any statement intended to influence the conduct of the Council in such a way as to confer any financial benefit or any corporation or entity in which there is a significant interest or affiliation.
- Operate in any manner that is contrary to the best interests of the Council or the motor vehicle industry or the public.
- Make public statements about the Council and its policies, the Board or other Board members or about Council or Board administrative matters, without the express authorization of the Council.



BOARD MEMBERS UNDERSTAND AND AGREE TO SUPPORT THE FOLLOWING MAJOR FUNCTIONS OF THE BOARD:

- Maintain and perpetuate the Council as a viable, relevant, effective and legal entity by working with other Directors in overseeing and reviewing the conduct and operation of the Council.
- Act as a trustee of members' interests.
- Review and approve plans and financial objectives for the Council's future role and scope of activities.
- Ensure the integrity of internal control and of management and financial systems.
- Measure progress towards stated goals and control resource allocation.
- Assess the performance and results of management and the Council, including the board of directors.
- Exercise due diligence.
- Along with other Directors, act as steward of the Council's assets.



BOARD OF DIRECTORS SKILLS PROFILE

The Nominations Committee reviews and updates the following profile periodically to ensure that it reflects the current needs of the Board consistent with the achievement of OMVIC's mandate and vision.

BOARD MEMBERS SHOULD:

- Possess a positive orientation for proactive public interest initiatives
- Provide credible broad perspectives
- Provide strong participation that strives for excellence and supports consensus-building
- Be strategic thinkers who take a governance-focused approach to Board responsibilities
- Demonstrate a willingness to proactively support OMVIC's mandate and vision
- Be sensitive to the economic and ethnic diversity of the retail automotive sector

TO FOSTER ITS ABILITY TO PROVIDE STRATEGIC DIRECTION AND FULFILL ITS OVERSIGHT RESPONSIBILITIES, THE COLLECTIVE BOARD SHOULD INCLUDE MEMBERS WITH KNOWLEDGE OF AND EXPERIENCE IN THE FOLLOWING AREAS:

- Knowledge of retail automotive sector: new, used, leasing
- Membership on Boards, including not-for-profit boards
- Possess diverse perspectives, including that of business, government, consumers
- Public policy and regulatory environments especially pertaining to consumer law
- Customer service delivery
- Financial literacy
- Marketing, public relations and communications
- Executive management and compensation
- Technical training and public education
- Risk management and analysis
- Planning

