



2005 Annual Report

2006 Business Plan

goals

fair marketplace

innovation information enforcement

consumer confidence accountability implementation consumer

dealer protection customer service professionalism

consumer rights strategy results objective

resources achievement collaboration registration

complaints analysis

awareness involvement clarity respect balance

Ontario Motor Vehicle Industry Council



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PROFILE

The Ontario Motor Vehicle Industry Council (OMVIC) is responsible for administering the Motor Vehicle Dealers Act – a public protection statute – on behalf of the Ministry of Government Services. OMVIC's mandate is to maintain a fair, safe and informed marketplace in Ontario by protecting the rights of consumers, enhancing industry professionalism and ensuring fair, honest and open competition for registered motor vehicle dealers. OMVIC's adherence to these ideals is reflected in its mission statement:

We will take pride in the results of our commitment to a fair marketplace, achieved through innovation, enforcement and excellence in service.

Ontario's motor vehicle industry was previously regulated by the Ministry of Consumer and Commercial Relations (now the Ministry of Government Services) and OMVIC's creation on January 7, 1997 marked the first regulated business sector to move to self-management. OMVIC is non-profit and governed by a 12-member Board of Directors. Fifty-five staff members, a number of whom work from regional home-based offices, provide OMVIC's services.

Registration with OMVIC is mandatory for Ontario's motor vehicle dealers and salespersons.

OMVIC PRIORITIES ARE:



OMVIC'S ONGOING OBJECTIVES:

- Consumer protection through pursuit of those who would prey on an unwary public
- Increased consumer confidence through compliance activities and complaint handling
- 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
- Increased accountability through implementation of a Code of Ethics, Standards of Business Practice and an open disciplinary process



MESSAGE FROM THE PRESIDENT AND CHAIRMAN



Honourable Gerry Phillips
Minister of Government Services
Whitney Block
4th Floor, Suite 4320
99 Wellesley Street West
Toronto, Ontario
M7A 1W3

Dear Minister Phillips,

It is my pleasure to present the 2005 Annual Report and 2006 Business Plan for the Ontario Motor Vehicle Industry Council.

Over the last two years the Council has dedicated a considerable amount of time to activities supporting implementation of the Motor Vehicle Dealers Act, 2002. We were actively involved in consultation sessions with the Ministry, but have also been building an infrastructure that will be able to support the changes we expect with new legislation.

This includes development of new technologies, strategies to support dealer and consumer education, staff training and development of procedural changes for all areas of operation.

Although final Regulations for the Act are still under consideration, we will continue working on the implementation steps as indicated in our Business Plan. We look forward to ongoing discussion with the Ministry about regulatory changes and appreciate the forum we have been provided to express our views. We are confident final Regulations will support our mandate by creating a fair, safe and informed marketplace for Ontario's consumers and registered dealers and salespersons.

We have spent quite a bit of time educating both staff and registrants about the Consumer Protection Act, 2002 and its relevance to the motor vehicle dealer industry. We are appreciative of Ministry staff for providing ongoing support of our training initiatives.

In addition to supporting the Ministry's new legislation, OMVIC has also lent time to industry-specific projects during 2005. Our Consumer Protection Advisory Committee began advocating for changes to the Safety Standards Certificate – an initiative we expect to continue in 2006. OMVIC was also successful in bringing stakeholders together in its first roundtable discussion. OMVIC also alerted registrants and consumers about the danger of vehicles damaged by the flood waters of Hurricane Katrina.

It is my hope that new legislation and a commitment to projects such as these will continue to raise the standards of our industry. OMVIC's Board and staff look forward another successful year.

A handwritten signature in cursive script that reads "Ken Peterson".

Ken Peterson

President and Chairman, Ontario Motor Vehicle Industry Council



MESSAGE FROM THE REGISTRAR

Honourable Gerry Phillips
Minister of Government Services
Whitney Block, 4th Floor, Suite 4320
99 Wellesley Street West
Toronto, Ontario M7A 1W3

Dear Minister Phillips,

Although projects supporting the implementation of the Motor Vehicle Dealers Act, 2002 (MVDA) have demanded staff resources, so too, has the introduction of the Ministry of Government Services' new Consumer Protection Act, 2002 (CPA).

Despite the extra time and resources dedicated to accommodating introduction of the CPA and MVDA, OMVIC was able to maintain its service and activity levels. Highlights for 2005 include the following:

- 1,852 charges were laid by OMVIC
- 1,396 Registrar's Actions (includes proposals to refuse or revoke and Registrar's terms and conditions imposed) were executed
- OMVIC inspected 3,807 motor vehicle dealer premises to monitor compliance and provide dealer education
- 50,171 calls were handled through OMVIC's toll-free line
- 905 complaints were handled
- 53 claims to the Motor Vehicle Dealers Compensation Fund were approved by the Board of Trustees with a total payout of \$179,523
- OMVIC held its first stakeholder rountable meeting and addressed the risks of curbsiding (the act of buying and selling vehicles without the benefit of registration)
- OMVIC's Board created an Ad Hoc Communications Committee to support consumer awareness issues
- Consumer and dealer surveys continue to be distributed for feedback

We are proud of our achievements – especially at a time when the industry is facing so much change – and the combined commitment from OMVIC's staff and Board is not only reflected in our achievements for 2005, but is also reflected in our track record from past years. Going forward we will continue to increase industry standards, raise benchmarks and meet goals in order to provide a fair and safe marketplace for Ontario's consumers.

Carl Compton
Executive Director and Registrar

CONSUMER PROTECTION ACT, 2002 (CPA)

- This piece of legislation was introduced by the Ministry of Government Services and became law on July 30, 2005
- It updates and incorporates six existing laws: the Business Practices Act, Consumer Protection Act, Loan Brokers Act, Motor Vehicle Repair Act, Prepaid Services Act and the Consumer Protection Bureau Act
- The CPA affects the day-to-day transactions that take place in dealerships across Ontario
- During 2005, OMVIC staff received general CPA training. Compliance and legal staff also engaged in specialized weekly training
- To provide dealer education, OMVIC delivered bulletins following the introduction of the CPA to outline specific dealer requirements. Development of a handbook outlining dealer responsibilities and obligations under the CPA was commissioned in 2005 with delivery expected in 2006.



BUSINESS ACCOMPLISHMENTS

CONSUMER PROTECTION

Strategy	2004-2006 Targets	2005 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>Effective, professional complaint handling: four of our six permanent complaint handlers took a three-day negotiation skills course at the Canadian Management Institute during 2005. The other two are scheduled to attend this training during 2006.</p> <p>Staff and the Industry Professionalism Committee reviewed the complaint handling process to compare current processes with a more formal mediation or arbitration process.</p>
<p>Development and 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. 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>35,000 information pieces were distributed through participation in eight consumer shows and events: Canadian International AutoShow, Ottawa-Gatineau Auto Show, National Women's Show – Toronto, Molson Indy, Georgian College Auto Show, Yorkfest Campus Festival, University of Toronto Orientation Week and the Toronto Motorcycle Show.</p> <p>OMVIC sponsored the Ministry of Government Services' 2005 Fraud Free calendar.</p> <p>A new anti-curbsider poster and consumer brochure were designed.</p> <p>Subscription rates for OMVIC's online consumer newsletter, <i>Consumer Line</i>, have continued to increase.</p> <p>Paid advertising appeared in all Ontario community newspapers,</p> <p style="text-align: right;"><i>continued...</i></p>



BUSINESS ACCOMPLISHMENTS

CONSUMER PROTECTION

Strategy	2004-2006 Targets	2005 Activities and Results
		<p><i>continued from previous page</i></p> <p><i>Today's Canadian, Local Trading, the Mississauga Crime Prevention Handbook and AutoTrader.ca.</i></p> <p>Articles for publication appeared in <i>Local Trading</i> and <i>Auto Mart</i>.</p> <p>OMVIC's Board formed an Ad Hoc Communications Committee to provide advice and direction to communications activities and projects.</p>
<p>Review current Safety Standards Certificate.</p>	<p>Work with consumer stakeholders to urge government to make necessary changes to safety certificates.</p>	<p>Efforts started in 2005 and will continue into 2006.</p>
<p>Increase awareness of OMVIC through law enforcement agencies.</p>	<p>Provide seminars for policing authorities.</p>	<p>Seminars were conducted for the Association of Certified Fraud Examiners and York Regional Police service.</p> <p>OMVIC hosted a one-day seminar on behalf of eBay Internet auction for police officers from fraud and auto squads from southern Ontario. Thirty officers representing 10 law enforcement agencies attended.</p>



BUSINESS ACCOMPLISHMENTS

DEALER PROFESSIONALISM

Strategy	2004-2006 Targets	2005 Activities and Results
<p>Certified registrants will be encouraged to complete a “bridging course” that outlines new requirements and responsibilities under the Motor Vehicle Dealers Act, 2002.</p>	<p>Market course benefits through <i>The Dealer Standard</i> articles and dealer bulletins.</p>	<p>Pending final Regulations for MVDA, 2002.</p>
<p>Inspections: an inspection program that employs risk management principles to target problem areas and reviews 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 five or more complaints • Dealers licensed to do structural inspections • Dealers subject to an investigation • Dealers who acquire salvage vehicles • Uninspected wholesale dealers 	<p>In 2005, there were 3,807 inspections completed – only 43 shy of the published target of 3,850.</p> <p>Risk-based program continues to be analyzed and refined.</p>

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BUSINESS ACCOMPLISHMENTS

DEALER PROFESSIONALISM

Strategy	2004-2006 Targets	2005 Activities and Results
<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.</p>	<p>The volume of Registrar's Actions is predicted to remain steady through the planning period with at least 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>1,396 Registrar's Actions completed in 2005.</p> <p>Special terms and conditions developed for dealers who are the subject of frequent consumer complaints relating to vehicle condition. The conditions educate dealers about their Sale of Goods Act obligations and require they implement a process for thoroughly inspecting and test driving vehicles, maintaining a record of results to ensure disclosure and implementing a process for responding to consumer complaints and reporting to OMVIC. During 2005, 15 dealers had these special terms and conditions imposed on them.</p>
<p>Investigations: effective program of enforcement of legislation governing dealers with emphasis on consumer protection, and establishing a level playing field for business.</p>	<p>OMVIC is forecasting at least 850 charges per year from 2004 through 2006.</p>	<p>During 2005, 1,852 charges were laid.</p> <p>Detailed quarterly management reports describing "industry conduct" investigations are now prepared which permit analysis of cases by assignment date, type, and disposition, etc.</p> <p>Following a national news story involving alleged activities inconsistent with registration under the Act by 14 Ontario dealers, OMVIC followed up with each: one registration was revoked, several became subject to strict terms and conditions, one is being referred to OMVIC's Discipline Panel, meetings were held with several others, one investigation is continuing and it was decided that no further action was required for two of them.</p>



BUSINESS ACCOMPLISHMENTS

DEALER PROFESSIONALISM

Strategy	2004-2006 Targets	2005 Activities and Results
<p>Dealer relations: Effective monitoring through 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>Dealer participation in surveys has traditionally been low. Survey alternatives will be considered during the planning period.</p>
<p>Enhanced communication between OMVIC and stakeholders.</p>	<p>Continue to encourage stakeholder participation in annual stakeholder sessions. Host a stakeholder roundtable discussion.</p>	<p>Held first stakeholder roundtable discussion in October. This initial discussion led to a follow-up curbsider strategy session involving all stakeholders.</p>



BUSINESS ACCOMPLISHMENTS

DEALER PROFESSIONALISM

Strategy	2004-2006 Targets	2005 Activities and Results
<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 five or more complaints were inspected in order to provide dealer education on an individual basis.</p> <p>Select Licence Appeal Tribunal and Discipline decisions were published in <i>The Dealer Standard</i>.</p>
<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'S Board.</p>	<p>Initial work includes: Seven staff (from registration, legal and investigations); attended a one-day seminar on Internet-based background investigations and skip-tracing. This training has been useful in identifying applicants that should not be in the industry.</p> <p>Head of fraud investigations for eBay provided presentation to OMVIC Board on eBay Motors and eBay's experiences in policing Internet sales.</p> <p>OMVIC also hosted a one-day seminar on behalf of eBay Internet auction for police officers from fraud and auto squads from southern Ontario. Thirty officers representing 10 law enforcement agencies attended.</p> <p>Staff provided suggestions to <i>Auto Mart</i> on changes to online classified ad intake form.</p>



BUSINESS ACCOMPLISHMENTS

CUSTOMER SERVICE

Strategy	2004-2006 Targets	2005 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>The registration team scored favourably in an industry survey completed between 2004 and 2005. On a five-point scale, the team scored a 4.4 average in the areas of courtesy, knowledge and efficiency.</p> <p>A consumer survey completed between 2002 and 2005 rated OMVIC’s consumer service at 3.7 (average) on a five-point scale in the areas of courtesy, knowledge and efficiency.</p>
<p>Review phone system service.</p>	<p>A report on options for improving phone service will be provided to the Board.</p>	<p>Due to project cost considerations and the need to focus OMVIC resources on the information technology project, this project has been delayed until 2006.</p>
<p>Review fee setting policy.</p>	<p>Review policy and introduce three-year cycle.</p> <p>Review different fee levels for renewals, reinstatements and new applications.</p>	<p>A three-year fee renewal system was thoroughly explored, but deferred for practical reasons related to the concurrent work with the Ministry of Transportation on implementation of a transaction-based fee proposal.</p> <p>Different fee levels were analyzed and are available for implementation once a decision to raise fees has been made. In the interim, OMVIC staff have been working with the Ministry of Transportation and the Ministry of Government Services on a transaction-based fee proposal.</p>



BUSINESS ACCOMPLISHMENTS

NEW LEGISLATION

Strategy	2004-2006 Targets	2005 Activities and Results
<p>Ensure organizational structure supports administration of new legislation and regulations introduced by the Ministry of Government Services. This includes the Motor Vehicle Dealers Act, 2002 and the Consumer Protection Act, 2002.</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><i>Motor Vehicle Dealers Act, 2002 (MVDA, 2002):</i> Formal implementation plan created. Initial projects started in fall 2004.</p> <p>Vendor selected for development of new technology system to replace current "Intraweb" with system reflecting changes arising from MVDA, 2002.</p> <p>Project has been on time and on budget. Implementation has been purposely delayed as a result of delays in finalizing MVDA, 2002 Regulations.</p> <p>Revised registration kits completed in draft form.</p> <p>Inspectors attended a three-day off-site training seminar on the new legislation.</p> <p>Dealer education, final training schedules and departmental restructuring pending final MVDA, 2002 Regulations.</p> <p><i>Consumer Protection Act, 2002 (CPA, 2002):</i></p> <p>Government proclamation of CPA, 2002 on July 31, 2005, resulted in sweeping changes to consumer protection law in Ontario. The motor vehicle sector was particularly affected by CPA, 2002.</p> <p>CPA, 2002 changes incorporated into new version of OMVIC certification course, released on time for CPA, 2002 proclamation in summer 2005.</p> <p style="text-align: right;"><i>continued...</i></p>



BUSINESS ACCOMPLISHMENTS

NEW LEGISLATION

Strategy	2004-2006 Targets	2005 Activities and Results
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CPA, 2002 training provided for staff including:

- seminars for all staff
- weekly study group sessions for complaint handlers
- training “cheat sheets”
- off-site training sessions specifically designed for inspection and investigation staff

Two bulletins were issued to dealers.

As a result of OMVIC’s efforts regarding the implementation of the new Consumer Protection Act, 2002, a leasing company contacted 600 lessees to offer refunds based on the company’s inadvertent non-compliance with new CPA, 2002 disclosure rules.



BUSINESS ACCOMPLISHMENTS

BOARD GOVERNANCE

Strategy	2004-2006 Targets	2004 Activities and Results
Introduce inspection tours for Board members.	Tours provided to members of the Board within the planning cycle.	Several Board members accompanied inspectors for a day of routine dealer inspections.
Review Board orientation manual and process.	Best practices of other administrative authorities documented and appropriate changes made to current OMVIC process.	Currently being discussed by committee of administrative authority executives.



OVERVIEW

REGISTRATION

In 2005, 8,730 dealers and 22,877 salespersons were registered under the Motor Vehicle Dealers Act (MVDA). Registration is mandatory for motor vehicle dealers and salespersons in Ontario and is valid for a two year period.

Criminal record searches are conducted Canada-wide on every individual entering or returning to the industry. These background searches assist in ensuring anyone entering the industry will conduct themselves with honesty and integrity, as well as in a financially responsible manner – all of which are requirements of the MVDA. Completion of the OMVIC Certification Course is also a requirement for registration.

OMVIC determines whether applicants qualify for registration and whether existing registrants continue to be qualified for registration. In order to keep registration valid, registrants must abide by industry legislation and OMVIC's Standards of Business Practice. Failure to do so may result in administrative action or even a proposal to revoke 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 office of 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 Government Services. In such cases, the Registrar's office 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.

Other registration activities include dealer and salesperson renewals, processing information changes and salesperson transfers from dealer to dealer.

During 2005, registration staff processed 760 business applications and 3,328 salesperson applications; renewed 4,385 business registrations and 11,399 salesperson registrations; and performed 15,485 other transactions that included registrant information changes, transfers and terminations.

Registrar's actions reached 1,396 in 2005 – an increase from 1,359 in 2004. Registrar's actions include proposals to refuse or revoke registration and terms and conditions of registration.

Due to the significant background checks conducted on all new dealer applications, applicants are advised final approval may take up to six weeks; however, analysis of new dealer applications processed in 2005 indicates the average processing time for complete applications was 20 days. The majority of applications that took longer than the six-week period contained deficiencies or involved investigations, proposals or terms and conditions.



COMPLAINT HANDLING

OMVIC's complaint team handles inquiries and complaints from both consumers and dealers regarding the conduct of registered motor vehicle dealers in Ontario. Complaints can be submitted online through OMVIC's web site (www.omvic.on.ca), or by phone (1-800-943-6002).

Intake staff collects basic information initially, provides self-help instructions to the consumer and escalates 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 (adopted in 2003), the volume of reported complaint files 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. However, the vast majority of complaint files are resolved within a few days. Issues related to liquidated damages, misrepresentation, vehicle condition, contract disputes and safety certificates are the most common complaints handled. During 2005, OMVIC's compliance team was actively involved in 905 disputes.

In an industry survey completed between 2004 and 2005, the team scored an average of 4.2 points (on a five-point scale) in the areas of courtesy, knowledge and efficiency. A consumer survey completed between 2002 and 2005 rated OMVIC's consumer service at an average of 3.7 points (on a five-point scale) in the same areas of courtesy, knowledge and efficiency.



APPEALS COMMITTEE

In the event 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 Government Services. There were no appeals in 2005.



INSPECTIONS

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. OMVIC inspectors are based regionally in order to provide an inspection program that covers the entire province.

Inspection activities throughout 2005 focused on a risk-based approach that targeted specific dealerships based on certain criteria. These included dealers who had terms and conditions placed on their registration through a Licence Appeal Tribunal decision; dealers with more than five complaints; dealers licensed as structural inspection stations; dealers who were previously the subject of an investigation; uninspected wholesale dealers; and dealers who had not been inspected in over two years.

OMVIC completed 3,807 inspections during 2005, slightly short of the 3,850 inspections targeted for the year.



INVESTIGATION AND PROSECUTION

OMVIC's investigators are appointed under the Motor Vehicle Dealers Act, 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 new Consumer Protection 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 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 referral to the Discipline Committee.

Investigators also provide education and support to other law enforcement agencies through presentations at training conferences and partnership in joint law enforcement projects.

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

During 2005, 1,852 charges were laid and 283 convictions were registered. Many of these charges are still outstanding and may result in convictions as they come to trial in 2006 and beyond.

HIGHLIGHTS OF 2005 INCLUDE:

1414059 Ontario Inc.: Convicted March 24, 2005. The numbered company pleaded guilty to 14 counts of selling vehicles without the benefit of registration and its officer and director pleaded guilty to five counts. 1414059 Ontario Inc. and its director were fined a total of \$187,500.

Ken Tam: Convicted May 2, 2005. Tam was found guilty on 10 counts of selling vehicles without the benefit of registration and faces an aggregate fine of \$50,000. This conviction marks Tam's second offence for illegal car sales – he was previously convicted in 2003.

Holakoo Hedayatzadeh: Convicted May 2, 2005. Hedayatzadeh plead guilty to nine counts of selling vehicles without the benefit of registration and faces one year of probation and an aggregate fine of \$24,750.



Barrie R.V.: OMVIC issued a Proposal to Revoke Barrie R.V.'s registration and that of its owner, Donald Earle, following a string of consumer complaints – many of which related to consignment sales of motor homes where consumers were still owed proceeds from the sales. The dealer and Earle abandoned an appeal against the proposal which resulted in automatic termination of their registrations. Staff fielded numerous consumer complaints regarding Barrie R.V. and provided advice and options for recourse.

For highlights of other cases visit http://www.omvic.on.ca/dealer_standard.htm and read OMVIC's industry newsletter, *The Dealer Standard*.



DISCIPLINARY PROCESS

All motor vehicle dealers and salespersons are required to comply with OMVIC's Code of Ethics and Standards of Business Practice (SPB). Alleged breaches of the Code are heard before a Discipline Panel and the panel may impose penalties. All parties can be represented by counsel at hearings and dealers are given the opportunity to submit documentation supporting their position. Following a hearing, the panel issues a formal decision which is published as a matter of record.

Recent discipline issues have 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 – a process that emphasizes education.

2005 Highlights Include:

CASE: ABBASS YASSINE O/A Z AUTO

Z Auto, a wholesale dealer, transferred registration of at least two vehicles to consumers. These vehicles were acquired from Mizo Car Sales which had entered into a financing arrangement with Automotive Finance Corporation (AFC). In June 2003, AFC determined Mizo sold the vehicles to Z Auto without notification of payment to AFC as required by their contractual agreement. AFC registered liens against both vehicles after Z Auto transferred registration to the consumers. Also, the wholesale buyer's agreement between Z Auto and Mizo was not clearly explained. The total amount for the sale of the two vehicles was \$9,523, but the only proof of payment shown was a bank statement provided by Mr. Yassine showing two withdrawals of \$2,500 each. No supporting documents were provided to support the claim that the remainder was paid in cash.

The Panel found "the Dealer has not lived up the standards of Section 1. We have concluded based upon the evidence presented, that Mr. Yassine participated in the transactions under suspicious circumstances. We have determined that the way that the Dealer conducted the sales of these two vehicles was without regard to honesty, fairness and financial responsibility."

Fine: \$2,000 plus \$3,000 in costs

**CASE: 1374269 ONTARIO INC. O/A DALEO MOTORS**

During an October 2003 inspection, it was found the dealer was not issuing safety certificates for leased vehicles. The dealer was made aware of the non-compliance and he assured OMVIC he would comply from that point on. Following a consumer complaint, a second inspection was completed in 2004 and it was found the dealer was still not issuing safety certificates.

The Discipline Panel ordered the following penalty:

- \$2,000 fine payable within six months of the date of the decision
- \$3,000 costs payable within six months of date of the decision
- The dealer shall successfully complete the certification course within six months of the date of this decision
- The dealer's business shall be reinspected to ensure compliance with the Standards of Business Practice, on a quarterly basis, commencing June 1, 2005 for a period of one year ending May 31, 2006



CONSUMER AWARENESS

OMVIC encourages consumer awareness with the use of an information campaign that includes helpful printed material, anti-curbsider ads placed in dailies and trade magazines, participation in media interviews, events and trade shows. *Consumer Line*, OMVIC's online consumer newsletter, provides a practical means of communicating consumer awareness tips, OMVIC enforcement activities and related industry information.

2005 HIGHLIGHTS INCLUDE:

- 35,000 information pieces were distributed through participation in eight consumer shows and events: Canadian International AutoShow, Ottawa-Gatineau Auto Show, National Women's Show – Toronto, Molson Indy, Georgian College Auto Show, Yorkfest Campus Festival, University of Toronto Orientation Week and the Toronto Motorcycle Show.
- OMVIC was one of the sponsors for the Ministry of Government Services' 2005 Fraud Free calendar.
- A new anti-curbsider poster and consumer brochure were created.
- The number of subscribers for OMVIC's online consumer newsletter, *Consumer Line*, has continued to increase. To sign up for a subscription to *Consumer Line*, visit <http://ewconsumers.omvic.on.ca/subscriptions/maillinglist/>.
- Paid advertising appeared in all Ontario community newspapers, *Today's Canadian*, *Local Trading*, the *Mississauga Crime Prevention Handbook* and *AutoTrader.ca*.
- Articles for publication appeared in *Local Trading* and *Auto Mart*.
- OMVIC's Board formed an Ad Hoc Communications Committee to provide advice and direction to communications activities and projects.



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 and each case is considered individually on its own merits. Consumers are expected to have exhausted all other legal remedies prior to making a claim against the Fund and full documentation as evidence of their claim is 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



The Motor Vehicle Dealers Compensation Fund is supported through a fee that dealers must pay when they apply for registration to the Ontario Motor Vehicle Industry Council. 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 2005 (ending October 31, 2005), 53 claims were approved by the Board of Trustees for a total payment to consumers of \$179,523.



DEALER PROFESSIONALISM AND EDUCATION

OMVIC's certification course, 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 in November 1999 – are not required to enroll in the course, but certification is encouraged by OMVIC. During 2005, changes were made to the course material to reflect the introduction of the Consumer Protection Act, 2002.

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 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. Nine bulletins were issued during 2005, three of which focussed on dealer obligations under the Consumer Protection Act, 2002.

FRENCH LANGUAGE SERVICES

OMVIC is responsive to all inquiries received in the French language. An equivalent level of service is provided in both languages whenever and wherever demand and customer service warrant. Bilingual staff members 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. OMVIC's anti-curbsider brochure is also available in both official languages.



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.

Membership: Four OMVIC Board members (two consumer representatives, one of whom serves as chair, and two dealer representatives).

CONSUMER PROTECTION ADVISORY COMMITTEE

Report of the Consumer Protection Advisory Committee
April 2006

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.

CPAC has been very active during 2005. Some of its activities include:

- Encouraged Ministry of Transportation (MTO) to enhance enforcement of the safety requirements for passenger vehicles, to revise outdated safety requirements and to enhance pre-screening of applicants for Safety Standards Certification stations. Two letters were sent to senior staff at MTO advising them of the committee's concerns and offering to assist them in implementing change.
- Initiated a study of alternative vehicle information products. Study has been completed and will be discussed with MTO and used as a consumer information piece.
- Approved a best practices document for checking vehicle condition. This document will be incorporated into a future edition of the OMVIC certification course materials to educate new dealers about how to check their vehicles to ensure that consumers don't have mechanical problems with their vehicles soon after they are purchased. This document is also being incorporated into terms and conditions of registration for dealers who have frequent consumer complaints about mechanical problems with their vehicles. This issue (i.e. mechanical problems) is a leading source of consumer complaints referred to OMVIC.
- Joined the OMVIC Board, and consumer and industry stakeholders in urging the Ministry of Government Services to ensure lessors, manufacturers and wholesale auctions are appropriately regulated under the Motor Vehicle Dealers Act, 2002. The committee feels this is undoubtedly the most important issue facing consumers in 2006.

Jeff Gray
Chair, Consumer Protection Advisory Committee

Membership: Four OMVIC Board members (two consumer representatives and two dealer representatives), one franchise dealer, one independent dealer and two consumer representatives.



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: Five dealer representatives, three industry representatives, three consumer representatives

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.

Membership: OMVIC's Board of Directors

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 of Government Services on OMVIC's activities and review of annual report and business plan.

Membership: Four OMVIC Board members (currently all dealer representatives)

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.

Membership: Six OMVIC Board members (currently five dealer representatives and one consumer representative)

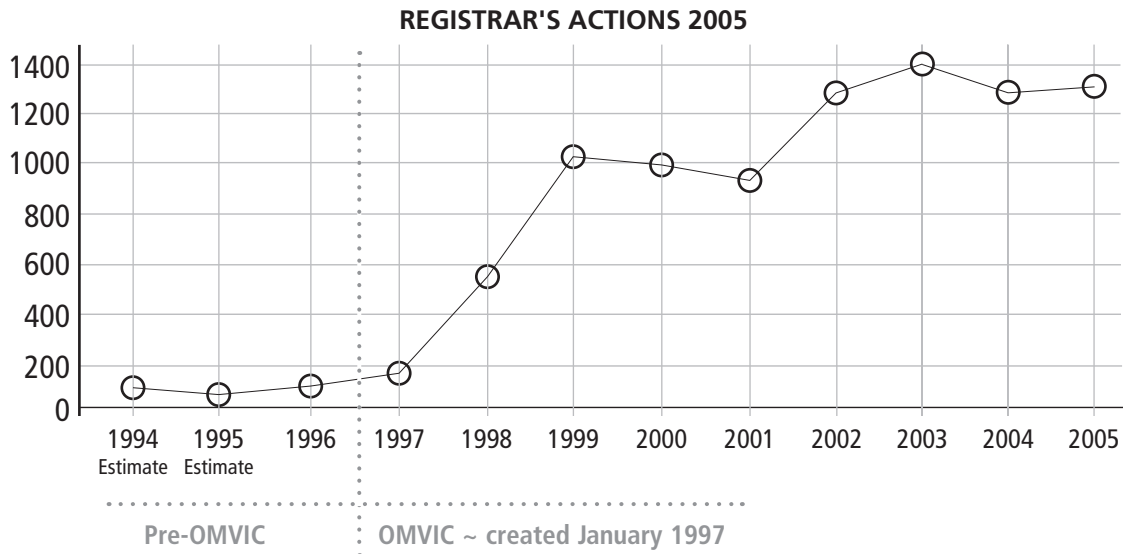


AD HOC COMMUNICATIONS COMMITTEE

The Ad Hoc Communications Committee provides guidance for OMVIC's communications strategies.

During 2005, the committee developed strategies to supplement communications activities already in place. It was decided that targetting pre-sale consumers could be done through development of a secondary school education program for use in consumer rights courses. The intention of this program will be to educate consumers *before* they make their first vehicle purchase. The committee also agreed that OMVIC could increase its exposure with consumers by developing a newspaper column that addressed consumer inquiries. To help registrants understand their obligations under the Consumer Protection Act, 2002 (introduced in 2005 by the Ministry of Government Services) and the upcoming Motor Vehicle Dealers Act, 2002, OMVIC will produce an easy-to-read guide for both pieces of legislation and distribute to registrants.

Membership: Five OMVIC Board members (currently 4 dealer representatives and one consumer representative), one dealer representative, one consumer representative



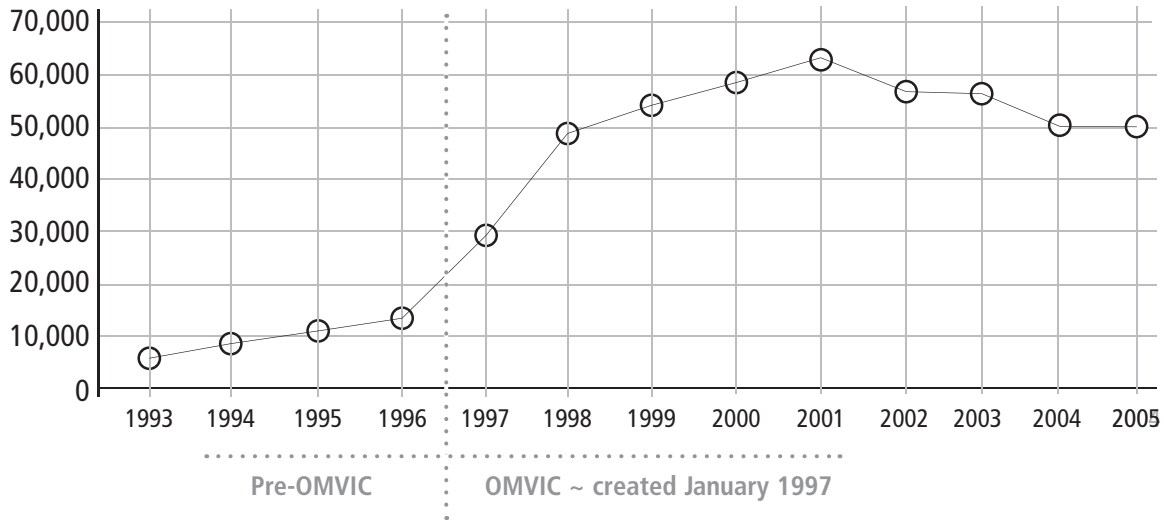
Registrar’s actions include issuance of proposals to refuse or revoke registration and registrations requiring terms and conditions. The number of Registrar’s actions logged in 2005 was 1,396.

REGISTRATION ACTIVITIES 2005

		2004	2003
New dealer applications:	760	710	856
New salesperson applications:	3,328	3,066	3,460
Dealer renewals:	4,385	3,479	4,719
Salesperson renewals:	11,399	9,724	12,168
Information changes:	2,004	1,658	1,690
Employee transfers:	5,440	5,279	5,336
Registration terminations:	8,041	7,839	7,934

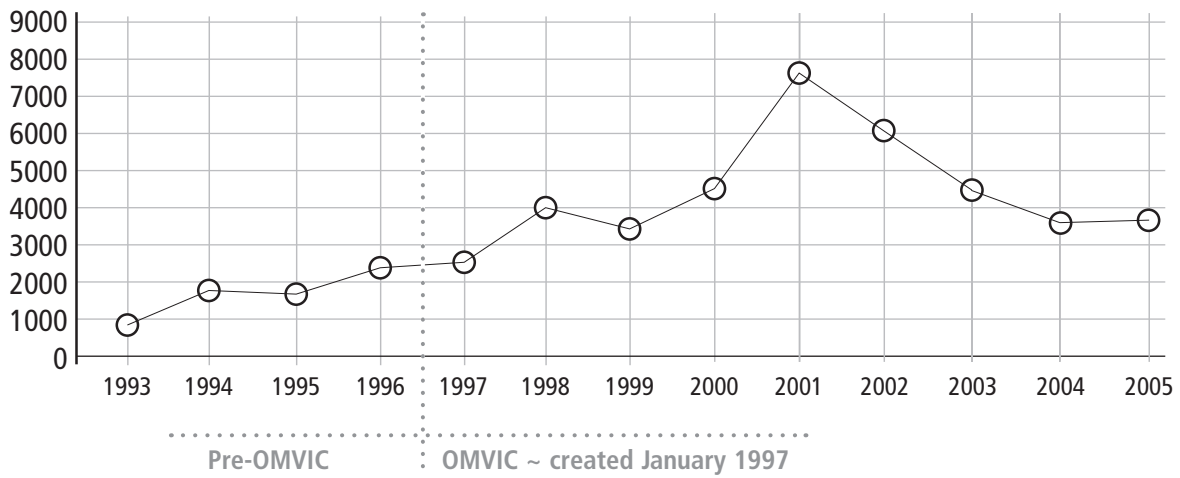


INQUIRIES 2005



Inquiries (1-800 line): Staff handled 50,171 toll-free calls during 2005. This chart does not include local calls which are assumed to match the volume of toll-free calls.

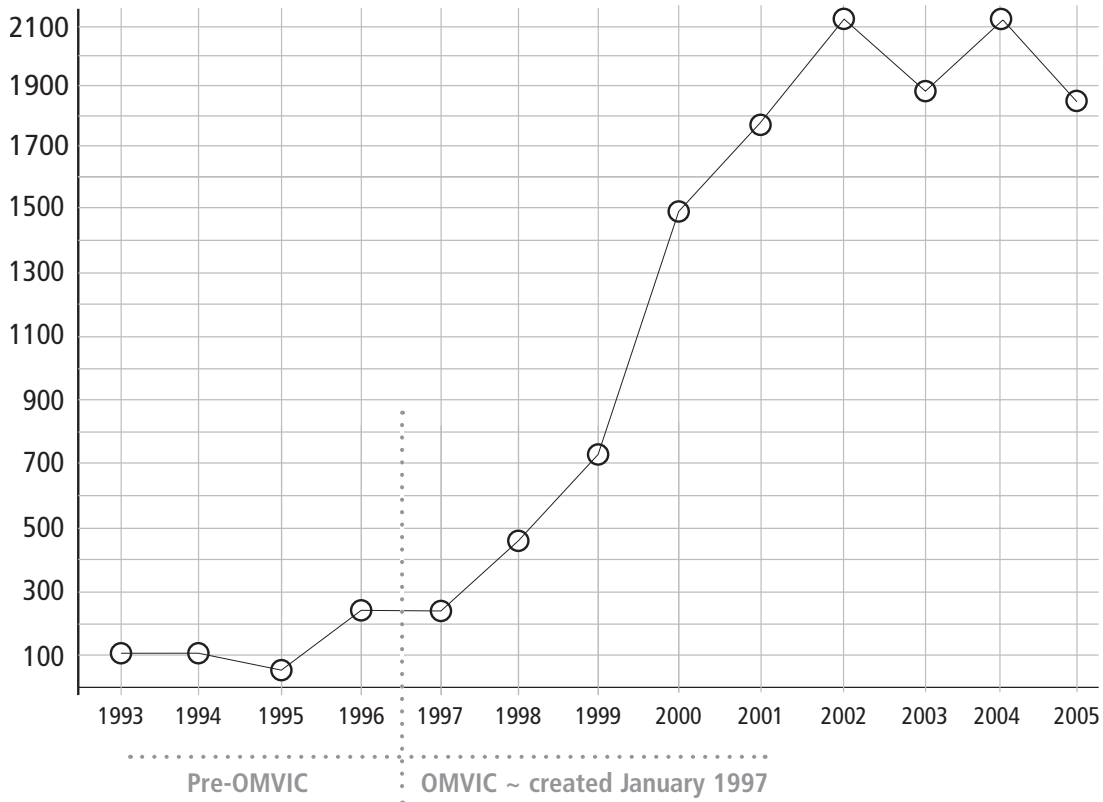
INSPECTIONS 2005



During 2005, 3,807 inspections were completed, down from previous years as a result of the adoption of a risk-based inspection program.

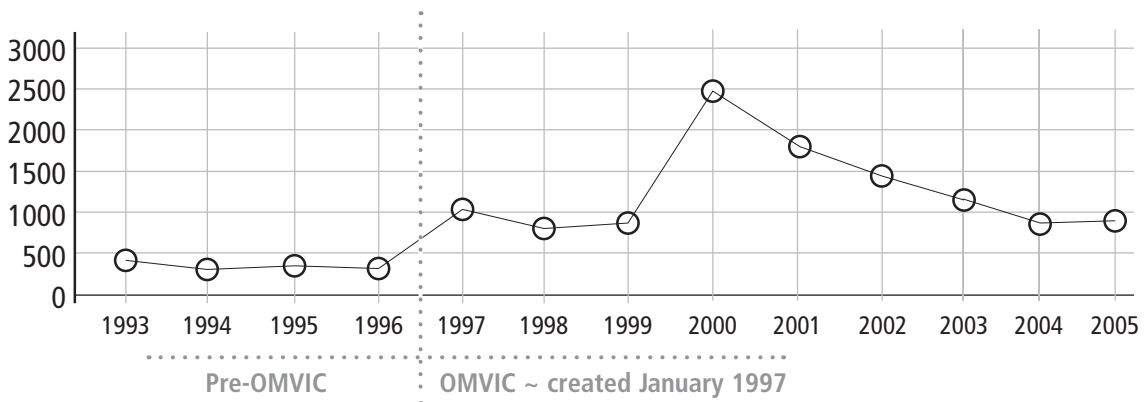


CHARGES LAID 2005



In 2005, 1,852 charges were laid by OMVIC investigators.

COMPLAINT HANDLING 2005



OMVIC’s compliance team was actively involved in handling 905 disputes in 2005. In recent years, procedural changes have resulted in a lower volume of reported complaint activities. A number of consumer inquiries were previously included in the reported complaint volumes.



FINANCIAL OVERVIEW

The following financial overview is based on the audited financial statements for the year ended December 31, 2005 with comparative figures for 2004.

Overview

Net assets of OMVIC at December 31, 2005 were \$77,845 compared to \$316,830 at December 31, 2004. This decrease in net assets resulted from an excess of expenses over revenues of \$238,985 for the year, which was well within the approved budget which anticipated over expenditures resulting from implementation of MVDA, 2002. In comparison, revenues in 2004 exceeded expenses by \$90,237.

Revenue

Total revenue in 2005 was \$5,210,069 compared to \$5,333,444 in 2004 and comprising:

Registration fees:

Registration fees remain the main source of revenue representing about 87% of the total which is consistent with previous year's level. In 2005 revenues from registration fees of \$4,536,325 were \$166,225 lower than the previous year as a result of the normal two-year renewal cycle fluctuation together with a slight decline in overall registrations.

Transfer fees:

Transfer fees of \$270,075 were slightly below the 2004 amount (\$275,325).

Certification course fee:

Revenue from certification fee in 2005 of \$275,910 was \$21,550 ahead of 2004 (\$254,360) from higher number of enrollments in the course.

Interest and other revenue:

Interest and other revenue received in 2005 was \$84,759 compared to \$94,709 for 2004. The 2004 amount included \$32,950 liability accrued in 2000 which was deemed no longer payable. Interest income during 2005 was higher than 2004 as result of strong cash balances throughout the year.

Administrative penalties:

Administrative penalties imposed on dealers during 2005 (\$43,000) through an internal disciplinary process for failing to comply with OMVIC's Code of Ethics and the Standards of Business Practices rose significantly over last year (\$6,500). This increase is due to the higher number of penalties imposed during the year and receipt of some penalties that were imposed in the previous year.



Expenses

Total expenses in 2005 of \$5,449,054 was \$205,847 higher than 2004 (\$5,243,207). Major variances were in the following areas:

Salaries and benefits:

Salaries and benefits cost \$2,969,746 in 2005 compared to \$2,775,217 in 2004. The increase of \$194,529 over last year reflects normal salary changes and year-end vacation accruals.

Professional services:

Professional services cost in 2005 was \$606,748 compared to \$568,009 in 2004. The higher expense in 2005 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 (MVDA).

Travel:

Travel expenses in 2005 of \$456,318 were \$28,941 higher than 2004 (\$427,377). During 2005, a number of in-house computer training sessions and several staff meetings relating to the new MVDA and Consumer Protection Act, 2002 (CPA) were held. As field staff were also involved in these sessions, additional travel expenses were incurred.

Communications:

Communication expenses decreased slightly in 2005 to \$373,097 from \$384,078 in 2004 due in part to a reduction in the number of issues of *The Dealer Standard* during the year (one edition was a "double" issue).

General and administrative:

General and administrative expenses of \$282,816 were \$25,269 higher than 2004 (\$257,547) mainly because of several meetings and staff training regarding the new MVDA and CPA during the year.

Amortization of capital expenses:

This non-cash expense of \$256,011 in 2005 was lower than last year by \$37,928. A number of capital projects planned for 2005 was deferred for practical reasons pending the finalization of the Regulations for the new MVDA.

Government oversight fees:

Government oversight fees decreased to \$159,628 in 2005 from \$229,789 in 2004. This fee is payable to the Ministry of Government Services under the terms of its Administrative Agreement with OMVIC on a cost



recovery basis. The 2004 oversight fee reflected 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 \$135,850 were \$37,888 higher than 2004 (\$97,962). There were a number of meetings dedicated to discussions on communications relating to the new MVDA.

The 2005 expenses by service functions were as follows:

	2005	2004
Registration	\$1,099,061	\$1,116,269
Inspection	1,003,446	1,075,274
Investigation	1,134,033	1,038,983
Legal services	633,247	564,816
e-Business	510,249	480,095
Governance	438,210	356,339
Inquiries and complaint handling	403,588	382,452
Communications (public awareness)	227,220	228,979
Total	\$5,449,054	\$5,243,207

Liquidity and capital resources

Cash available at the end of December 2005 was \$2,422,135 compared to \$2,433,939 in 2004.

Based on cash flows provided by its operations, OMVIC has sufficient liquidity to fund its short-term business plans and obligations. However, during 2006 long-term funding strategies will be considered. This may include higher registration fees which have not been adjusted since 1994 for salespersons and 1999 for dealers. Implementation of MVDA, 2002 will have significant impact on expenses in future years.

Capital expenditures

Capital expenditures during 2005 amounted to \$427,121 (2004 - \$245,809) and were used to support operational growth and to develop operating efficiencies through technological improvements.



FINANCIAL STATEMENTS OF
ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
YEAR ENDED DECEMBER 31, 2005



KPMG LLP
Chartered Accountants
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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, 2005 and the statements of operations and 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, 2005 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
April 7, 2006



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Current assets:		
Cash	\$ 2,422,135	\$ 2,433,939
Accounts receivable	52,813	51,445
Prepaid expenses	85,772	39,511
	<u>2,560,720</u>	<u>2,524,895</u>
Capital assets (note 2)	210,925	332,163
Software under development (note 3)	292,348	-
	<u>\$ 3,063,993</u>	<u>\$ 2,857,058</u>

Liabilities and Net Assets Equity

Current liabilities:		
Accounts payable and accrued charges	\$ 511,860	\$ 495,641
Deferred revenue (note 4)	2,474,288	2,044,587
	<u>2,986,148</u>	<u>2,540,228</u>
Net assets:		
Invested in capital assets	503,273	332,163
Unrestricted	(425,428)	(15,333)
	<u>77,845</u>	<u>316,830</u>
Commitments (note 6)		
	<u>\$ 3,063,993</u>	<u>\$ 2,857,058</u>

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Revenue:		
Registration fees	\$ 4,536,325	\$ 4,702,550
Transfer fees	270,075	275,325
Interest and other	84,759	94,709
Certification course fees	275,910	254,360
Administrative penalties	43,000	6,500
	<u>5,210,069</u>	<u>5,333,444</u>
Expenses:		
Salaries and benefits, net of recoveries (note 5)	2,969,746	2,775,217
Professional services	606,748	568,009
Travel	456,318	427,377
Communications	373,097	384,078
General and administrative, net of recoveries (note 5)	282,816	257,547
Amortization of capital assets	256,011	293,939
Occupancy	208,840	209,289
Government oversight fees	159,628	229,789
Per diem allowances	135,850	97,962
	<u>5,449,054</u>	<u>5,243,207</u>
Net earnings (loss)	<u>\$ (238,985)</u>	<u>\$ 90,237</u>

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2005, with comparative figures for 2004

			2005	2004
	Invested in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 332,163	\$ (15,333)	\$ 316,830	\$ 226,593
Excess (deficiency) of revenue over expenses	(256,011)	17,026	(238,985)	90,237
Investment in capital assets	427,121	(427,121)	-	-
Balance, end of year	\$ 503,273	\$ (425,428)	\$ 77,845	\$ 316,830

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ (238,985)	\$ 90,237
Item not involving cash:		
Amortization of capital assets	256,011	293,939
Changes in non-cash operating working capital:		
Accounts receivable	(1,368)	28,577
Prepaid expenses	(46,261)	22,913
Accounts payable and accrued charges	16,219	33,409
Deferred revenue	429,701	(574,701)
	<u>415,317</u>	<u>(105,626)</u>
Investing activities:		
Purchase of capital assets	(427,121)	(245,809)
Net redemption (purchase) of short-term investments	-	2,537,014
Interest distributions reinvested into short-term investments	-	(20,533)
	<u>(427,121)</u>	<u>2,270,672</u>
Increase (decrease) in cash	(11,804)	2,165,046
Cash, beginning of year	2,433,939	268,893
Cash, end of year	<u>\$ 2,422,135</u>	<u>\$ 2,433,939</u>
Supplemental cash flow information:		
Cash received for interest	\$ 70,724	\$ 50,288

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 2005

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, 2005

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.

(d) 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. Capital assets:

	2005		2004	
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 354,333	\$ 246,015	\$ 108,318	\$ 118,950
Computer software	326,728	269,300	57,428	144,051
Furniture and fixtures	83,600	53,298	30,302	44,130
Office equipment	59,923	46,859	13,064	22,932
Leasehold improvements	2,386	573	1,813	2,100
	\$ 826,970	\$ 616,045	\$ 210,925	\$ 332,163

3. Software under development:

During 2005 the Council commenced developing a new information system in order to handle the new requirements of the Motor Vehicle Dealers Act, 2002. At the end of December 2005, the amount expended on the project was \$292,348.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2005

4. Deferred revenue:

	2005	2004
Registration fees received in advance	\$ 2,474,288	\$ 2,044,587

5. 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 because the Council has representation on the Fund's Board of Trustees. Included in the Council's expenses are recoveries from the Fund of \$143,953 (2004 - \$147,916) relating to salaries and benefits and \$10,395 (2004 - \$10,395) relating to general and administrative expenses. At year end, \$30,628 (2004 - \$34,252) was receivable from the Fund. Amounts received from the Fund are determined on a cost recovery basis.

6. Commitments:

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

2006	\$ 211,600
2007	213,354
2008	209,833
2009	209,833
2010 and thereafter	489,611
	\$ 1,334,231



MOTOR VEHICLE DEALERS

COMPENSATION FUND

FINANCIAL STATEMENTS

OCTOBER 31, 2005



**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2005

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Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Notes to the Financial Statements	5 - 8



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, 2005 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, 2005 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 14, 2005

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, 2005

Page 2

	2005 \$	2004 \$ (Note 3)
ASSETS		
CURRENT		
Cash	35,494	28,738
Accrued interest receivable	69,489	59,821
Prepaid expenses	<u>9,575</u>	<u>9,410</u>
	114,558	97,969
INVESTMENTS		
(Market value \$7,923,803; 2004 - \$7,491,450)	7,252,990	7,239,282
EQUIPMENT (Notes 3 and 4)		
	<u>1,904</u>	<u>3,808</u>
	<u>7,369,452</u>	<u>7,341,059</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	51,601	48,580
Claims payable	<u>45</u>	<u>35,562</u>
	<u>51,646</u>	<u>84,142</u>
NET ASSETS		
Invested in equipment	1,904	3,808
Unrestricted net assets (Note 5)	<u>7,315,902</u>	<u>7,253,109</u>
	<u>7,317,806</u>	<u>7,256,917</u>
	<u>7,369,452</u>	<u>7,341,059</u>

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

 "TERRY O'KEEFE", Chair

 "ROSALIND DREWERY", Vice Chair



MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED OCTOBER 31, 2005

Page 3

	Invested in Equipment \$	Unrestricted \$	2005 \$	2004 \$ (Note 3)
BALANCE , beginning of year	3,808	7,253,109	7,256,917	7,252,528
Excess (deficiency) of revenues over expenses for the year	<u>(1,904)</u>	<u>62,793</u>	<u>60,889</u>	<u>4,389</u>
BALANCE , end of year	<u>1,904</u>	<u>7,315,902</u>	<u>7,317,806</u>	<u>7,256,917</u>



MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2005

Page 4

	2005	2004
	\$	\$ (Note 3)
REVENUES		
Investment and other income	397,444	432,802
Participant fees	<u>194,400</u>	<u>200,700</u>
	<u>591,844</u>	<u>633,502</u>
EXPENSES		
Claims (net of recoveries of \$15,066; 2004 - \$7,104)	164,457	346,862
Salaries and benefits	145,464	145,642
Board	78,898	50,986
Legal	56,875	3,653
Investment management fees	38,334	37,538
Trustee fees	10,818	10,509
Occupancy	10,395	10,395
Insurance	9,735	8,730
Professional fees	9,010	7,725
Office and general	5,065	2,622
Amortization	<u>1,904</u>	<u>4,451</u>
	<u>530,955</u>	<u>629,113</u>
EXCESS OF REVENUES OVER EXPENSES, FOR THE YEAR	<u>60,889</u>	<u>4,389</u>

**NOTES TO THE FINANCIAL STATEMENTS**

OCTOBER 31, 2005

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, 2005

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

In the prior year the Fund changed its method of amortizing its equipment from the diminishing balance method to the straight line method. This change in policy was adopted retroactively and the prior year's comparatives were restated to reflect this change.

4. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2005 Net</u>	<u>2004 Net</u>
	\$	\$	\$	\$
				(Note 3)
Computer equipment	<u>5,711</u>	<u>3,807</u>	<u>1,904</u>	<u>3,808</u>

Continued...



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2005

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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, 2005, the Board had denied 1 (2004 - 2) claim totalling \$15,000 (2004 - \$18,162), which was 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, 2005

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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 excess of revenues over expenses. Acquisitions of equipment during the year amounted to \$Nil (2004 - \$5,711).

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



**2006
BUSINESS PLAN**



2006-2008 BUSINESS PLAN

OMVIC's Business Plan outlines its objectives 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 Government Services and stakeholders, coupled with responses collected through customer surveys, are taken into consideration when determining objectives.

OMVIC is anticipating successful proclamation of the Motor Vehicle Dealers Act, 2002 – implementation of which 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 2006-2008 planning period.



Although objectives like customer service and dealer professionalism will remain priorities during the upcoming planning period (2006-2008), implementation of the Motor Vehicle Dealers Act, 2002 will require substantial time and resources, and for that reason, will be considered a primary objective.



BUSINESS OBJECTIVES:

CONSUMER PROTECTION

Strategy	Performance Measure
Implementation of strategic communications plan to increase consumer awareness by providing an understanding of consumer rights and responsibilities when purchasing or leasing vehicles.	<p>Develop educational DVD product for use in secondary school consumer rights courses. Content to include: how to check on dealer and salesperson registration, OMVIC's complaint handling function, the differences between buying and leasing, completing a contract, basic consumer rights, the Motor Vehicle Dealers Compensation Fund, curbsiders and the risks of buying privately.</p> <p><i>Consumer Line</i>, OMVIC's online consumer newsletter, was developed to provide information on consumers' rights and the vehicle buying experience. During the planning period, OMVIC will focus on increasing the number of subscribers by 50 per cent.</p> <p>Promote awareness of OMVIC through community speaking engagements and attendance at consumer trade shows.</p> <p>Support OMVIC's anti-curbsiding message through increased media coverage.</p> <p>Review OMVIC's online consumer survey to improve scope of questions.</p> <p>Develop specific communications strategies that respond to the data collected through OMVIC's online survey and other consumer research that becomes available.</p> <p>Create consumer awareness program that outlines the results of the Consumer Protection Advisory Committee's study of alternative vehicle information products.</p> <p>Communicate legislative changes to consumer audiences.</p>



BUSINESS OBJECTIVES:

CONSUMER PROTECTION

Strategy	Performance 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.
Review current Safety Standards Certificate.	<p>Work with consumer stakeholders to advocate for necessary changes to safety certificates.</p> <p>Commission study through Canadian Automotive Institute of provincial safety standards regimes to assist in assessing currency of Ontario Standards.</p>
Increase awareness of OMVIC through law enforcement agencies.	Provide seminars for policing authorities in order to increase awareness of OMVIC and the prevalence of unregistered activity (curbsiding) in communities across Ontario.



BUSINESS OBJECTIVES:

DEALER PROFESSIONALISM

Strategy	Performance Measure
Upon development of Regulations for MVDA, 2002, encourage certified registrants to complete a "bridging course" that outlines new requirements and responsibilities under the Act.	Market course benefits through <i>The Dealer Standard</i> articles and dealer bulletins.
Conduct dealer surveys in order to determine new ideas for enhancing dealer professionalism from dealers themselves.	Develop alternate delivery methods to improve response rates.
Facilitate enhanced communication between OMVIC and stakeholders.	<p>Key stakeholder groups invited to make presentations at OMVIC's annual board planning meeting.</p> <p>Host the second annual stakeholder roundtable discussion. Use forum to advance or report on GST parity project (see "New Legislation" Section below).</p>
Inspections: Develop an inspection program which employs risk management principles to target problem areas and review consumer and dealer complaints.	<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.</p> <p>The target for 2006 is 3,800 risk-based inspections.</p>
Registrar's actions: Institute 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>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>



BUSINESS OBJECTIVES:

DEALER PROFESSIONALISM

Strategy	Measure
<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 <i>The Dealer Standard</i> • Develop best practices on selected topics and publish in <i>The Dealer Standard</i> • 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:

CUSTOMER SERVICE

Strategy	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 salespersons.
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 service will be provided to the Board.



BUSINESS OBJECTIVES:

NEW LEGISLATION

Strategy	Performance Measure
<p>Ensure organizational structure is in place to support successful implementation of the Motor Vehicle Dealers Act, 2002.</p>	<p>Introduce appropriate departmental training and restructuring as necessary; develop new departmental policies.</p> <p>Provide specific training 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>
<p>Explore GST parity between private sales and dealer used car sales to help reduce curbsider advantage.</p>	<p>Work with stakeholders in development of political action plan.</p>



BUSINESS OBJECTIVES:

BOARD GOVERNANCE

Strategy	Performance Measure
Review Board orientation manual and process.	Best practices of other administrative authorities documented and appropriate changes made to current OMVIC process.
Review Nominations Committee structure.	Develop structure that reflects best governance practices; define terms of office, committee makeup and representation.
Review Management Committee responsibilities.	Develop structure that reflects best governance practices; define terms of office committee makeup and representation.
Investigate possibility of creating an inter-provincial association of motor dealer regulators.	Contact will be made with other provincial regulators in order to convene an exploratory meeting.



THREE YEAR FINANCIAL FORECAST

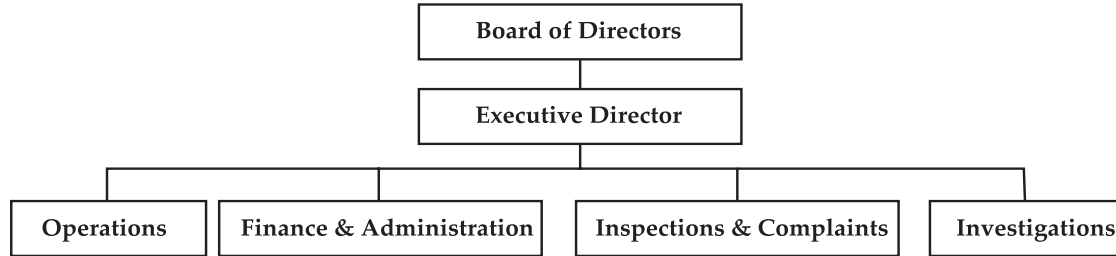
(Fiscal years 2006 to 2008)

	2006	2007	2008
Revenues:			
Registration fees	\$4,518,875	\$4,518,875	\$4,518,875
Out of Province registration	17,000	17,000	17,000
Certification course fee	255,200	274,200	255,200
Transfer fees	247,500	247,500	247,500
Interest and other	30,000	20,000	-
	5,068,575	5,077,575	5,038,575
Expenses:			
Salaries and benefits	3,130,764	3,193,379	3,257,247
Government oversight fees	220,000	220,000	220,000
Professional services	618,404	630,772	643,388
Telecommunications	204,675	208,769	212,944
Travel	482,326	491,973	501,812
Occupancy	210,128	220,179	226,432
Per-diem allowances	147,797	147,797	147,797
General and administrative	370,379	377,786	385,342
Public awareness	218,978	136,657	139,391
Amortization of capital assets	507,206	487,720	527,431
	6,110,657	6,115,032	6,261,784
Net	\$(1,042,082)	\$(1,037,457)	\$(1,223,209)
Accumulated surplus/(deficit)	(964,237)	(2,001,694)	(3,224,903)

Because of the continuing uncertainty about the implementation of the new Motor Vehicle Dealers Act, 2002 and the means of funding the anticipated costs associated with the new MVDA, 2002, the above forecast includes neither the costs nor the revenues. OMVIC does have the authority to raise the revenues necessary however to properly fund the organization on an ongoing basis and fully intends to generate the revenues if and when required. At that time it is the Board's intention to focus more resources on increasing public awareness.



OMVIC'S BOARD OF DIRECTORS



The Board is made up of nine motor vehicle dealers elected 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 Government 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.

Ken Peterson, President

Ken Peterson Sales and Leasing, Thunder Bay

Term of Office: May 2001 - May 2008

Mr. Peterson has over 22 years experience in the automotive business, with 11 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 two terms on the Thunder Bay Hydro Commission and was its chair for three 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 three-year term and has served as OMVIC's Secretary Treasurer and also served as President and Chairman in 2003.

**Michael Davies, Vice President**

West Ottawa Auto Inc., Nepean

Term of Office: May 2004 - May 2007

Mr. Davies began his career as a technician at Capital Dodge and graduated from Algonquin College's Motor Vehicle Technician program. He later attended university in Michigan.

He has been a dealer principal for over 19 years – 16 years as President of Michael Davies Plymouth Chrysler and the past three years as President of West Ottawa Hyundai.

Mr. Davies has also served as Director for the local and national Chrysler Dealers Council, President of the Ottawa New Car Dealers Association, and as Chair of Performance Inc. Group.

Past achievements and awards include Young Entrepreneur of the Year - 1995, Top 40 Under 40 - 1999, and New Business of the Year - 2002.

Hugh Brennan, Secretary Treasurer

Dixie Plymouth Chrysler Ltd., Brampton

Term of Office: May 2002 - May 2008

Hugh Brennan has a B.A. degree from Wilfred Laurier University. He has been a dealer principal at Dixie Plymouth Chrysler Ltd. since 1993.

Mr. Brennan was elected to the OMVIC Board of Directors in May 2002 and has served on various OMVIC, and auto-industry, committees. He has also served as Chair of OMVIC's Industry Professionalism Committee.



Colin Abbott

Car-o-line Auto, Chesterville

Term of Office: May 2003 - May 2006

Colin Abbott started work in 1960 as an "Indentured Apprentice" at a BMC/Leyland dealership in Shropshire, England. He studied for seven years at the Shrewsbury Technical College, passing the City and Guilds Mechanic, followed by the National Craftsman's Certificate, the City and Guilds Technicians Certificate, and finally, the Institute of the Motor Industry Management finals. During the 17 years he worked in England, he covered every aspect of the automotive industry before immigrating to Canada in 1977. Since entering Canada, he has continued to work in the automotive industry, eventually opening his own company, Car-o-line Auto, in 1984. His dealership carries out service, sales and financing. He also owns his own finance company, Concord Apartments and Green-Ber Estate.

Mr. Abbott holds the designation of F.I.M.I., granted to him by the Institute of the Motor Industry, in recognition of his life time work in the industry. The designation stands for "Fellow to the Institute of the Motor Industry." Mr. Abbott has also completed OMVIC's automotive certification course.

Peter Eatson

Peterborough Volkswagen, Peterborough

Term of Office: May 2004 - May 2006

Peter Eatson has worked in the automotive industry for more than 40 years. He started in the automotive industry in 1960 and opened his own dealership, Peterborough Volkswagen, in 1969.

He is the past president of the Ontario Automobile Association, and past president of the Ontario Automobile Dealer Association. He is also past chairman of the Volkswagen National Dealer Council. An active member of the Peterborough community, he is a past trustee and chair of finance of St. Joseph's Hospital and past president and member of the Rotary Club of Peterborough.

Mr. Eatson is also a past President and Chairman of the OMVIC Board of Directors.



John Gibbons

John Gibbons Pontiac Buick GMC Ltd., Chatham

Term of Office: November 2005 - May 2008

John Gibbons began his career in the automobile industry as an apprentice mechanic, eventually moving on to automotive sales at a GMC dealership in St. Thomas. After advancing through a number of management positions, Mr. Gibbons became General Sales Manager in 1990. In 1993, he entered into an agreement to purchase Jack Carroll Pontiac Buick GMC in Chatham, Ontario. The dealership name later changed to John Gibbons Pontiac Buick GMC Ltd.

Mr. Gibbons has also served on both the Pontiac Buick and GM Goodwrench regional marketing boards.

Mr. Gibbons is also very involved with the Chatham community, and has served, along with his wife Glenda, as chair of the 2003 United Way Campaign.

Karen Girling

Consumer representative

Term of Office: July 2005 - July 2008

As a corporate communications specialist, Karen Girling's career has focused on Canadian corporations and the agencies that counsel them, providing public and investor relations counsel to clients in the financial services, industrial and service sectors.

In July 2005, she was appointed to the Board, and the Consumer Protection Advisory, Ad Hoc Communications, and Appeals Committees of OMVIC for a three-year term. From 2003 to 2005, Ms. Girling was a Board and committee member of Tarion Warranty Corporation.

She is a committee member with the Real Estate Council of Ontario, and in 2006, completed a six-year term with Advertising Standards Canada.

As a founding member of Consumers Council of Canada, she brings a business perspective to that Board, and sits on the Nominations Committee.

Ms. Girling holds a science degree from the University of Western Ontario.



Jeff Gray

Automobile Consumer Coalition, Toronto
Term of Office: January 2003 - January 2008

Jeff Gray has been practicing civil litigation, as a sole practitioner, for over 23 years. His practice is consumer-oriented and focuses principally on automotive-related issues such as product liability, insurance issues and motor vehicle accidents. His practice also involves contractual disputes, including agreements of purchase and sale for both new and used vehicles; lease matters; repair agreements and defective vehicles and warranty issues with vehicle manufacturers.

In addition to authoring "Used Car Buying Strategies" (a consumer's guide to purchasing used vehicles), Mr. Gray has taught non-diploma/general interest auto mechanics courses in Montreal and Toronto.

Mr. Gray donates his time to the community by coaching baseball and hockey.

Mr. Gray chairs OMVIC's Consumer Protection Advisory Committee and is currently completing his second term on the Board.

Vishnu Kangalee

Ministry of Government Services
Term of Office: January 2006 - January 2009

Vishnu Kangalee, Manager Compliance and Consumer Services, Ministry of Government Services, holds degrees in International Affairs, Political Science and Education.

One of his major responsibilities is to manage the Consumer Services Bureau - the section of the Ministry that provides an advisory and information service to the general public in the areas of consumer complaints, third party mediation and marketplace education.

Mr. Kangalee also manages the inspection function of the Ministry which entails compliance and educational field visits to regulated businesses and other companies operating in the Ontario marketplace to ensure that such companies are aware of, and adhere to, the provisions of Ministry-administered legislation.



Tim Moffatt

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

Term of Office: May 2004 - May 2007

Tim Moffatt is the President of CAN-AUTO.ca Automobile Brokers & Appraisers Inc., established in 1994. As an appraiser, auctioneer, software designer and former GM franchise manager, his hands on approach to the automotive industry has left very little untouched.

Before entering the automotive industry, Mr. Moffatt served in the Canadian Armed Forces and with Sears Canada, Rhone Poulenc Rorer and Billingsly Reed Holdings.

Education highlights include: Georgian College (automotive certification); Sir Sanford Fleming College (web site design certificate); South Western School of Auctioneering (auctioneer); St. Lawrence College (business administration & marketing); studies with the UCDA, Rhone Poulenc Rorer, GMAC and Sears.

Mr. Moffatt volunteers his time coaching minor hockey.

Meredith Morris

Sudbury Hyundai, Sudbury

Term of Office: May 2004 - May 2007

Meredith Morris was appointed vice president and general manager of C.J. Morris Investments Limited, which owns and operates Sudbury Hyundai and Sudbury Used Cars, in January 2002.

Ms. Morris attended Northwood University in Michigan where she obtained her BA in automotive marketing/business administration. She has been working in the automotive industry, and related fields, since the age of 14.

Ms. Morris is also actively involved in the community. She has served on the branch council of the local Canadian Red Cross since 2003 and volunteers with their fundraising projects regularly. She has served as president of the local "Ladies of Harley" group from 2003-2005. She sits on the Board of Directors for the Sudbury Community Foundation, to assist in the disbursement of earnings from a pool of permanent funds to those less fortunate. She has been a member of the Sudbury Business Women and Professional Association since 2003.

Ms. Morris is currently running for a position on the Board of Directors with the Sudbury Chamber of Commerce.



Ron Scagnetti, Sr.

Mid-North Motors, Sudbury

Term of Office: May 2003 - May 2006

Ron Scagnetti, Sr. has been a GM dealer in Sudbury for more than 30 years with the Pontiac Buick Cadillac and GMC Truck franchises. Previously, Mr. Scagnetti was dealer principal.

Mr. Scagnetti is past president of Club Montessori, a business and professional club that assists in health and education. He is also past director of the Ontario Automotive Dealers Association and was previously on the Board of Dealer Council, General Motors of Canada.

The Scagnettis have been in business in Sudbury since 1916, having held franchises for Toyota, Mazda, Hyundai and Mercedes Benz. With many family members active in the auto industry today, Mid North Motors takes pride in having a real family business.



SENIOR MANAGEMENT

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 and collection agencies.

Mary Jane South

Director of Operations and Deputy Registrar

Laura Halbert

Director, Compliance

Don MacAndrew

Chief Investigator, Unregistered Activity

Javier Valdivieso

Manager, e-Business

Chandar Singh

Comptroller

Aviva R. Harari

Senior Legal Counsel

Carey Smith

Chief Investigator, Industry Conduct



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

Motor Vehicle Dealers Compensation Fund: compfund@omvic.on.ca, 416-226-3661

Communications and Media Relations: Brenda McIntyre, 416-512-3167,
brenda.mcintyre@omvic.on.ca

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M3C 1T5

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Toll-free: 1-800-943-6002

Web site: www.omvic.on.ca

Email: omvic@omvic.on.ca



OMVIC'S CODE OF ETHICS FOR ONTARIO'S REGISTERED MOTOR VEHICLE DEALERS

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



APPENDIX A

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 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 Government 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. Although not a requirement, Board members are encouraged to complete OMVIC's certification course.



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 and 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 public above any special interest, geographic or personal constituency.
- Be prepared to accept at least one Board committee assignment and participate by attending the committee meetings.
- Attend and participate in, at 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.
- 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
- Strategic planning



**Ontario Motor
Vehicle Industry
Council**

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