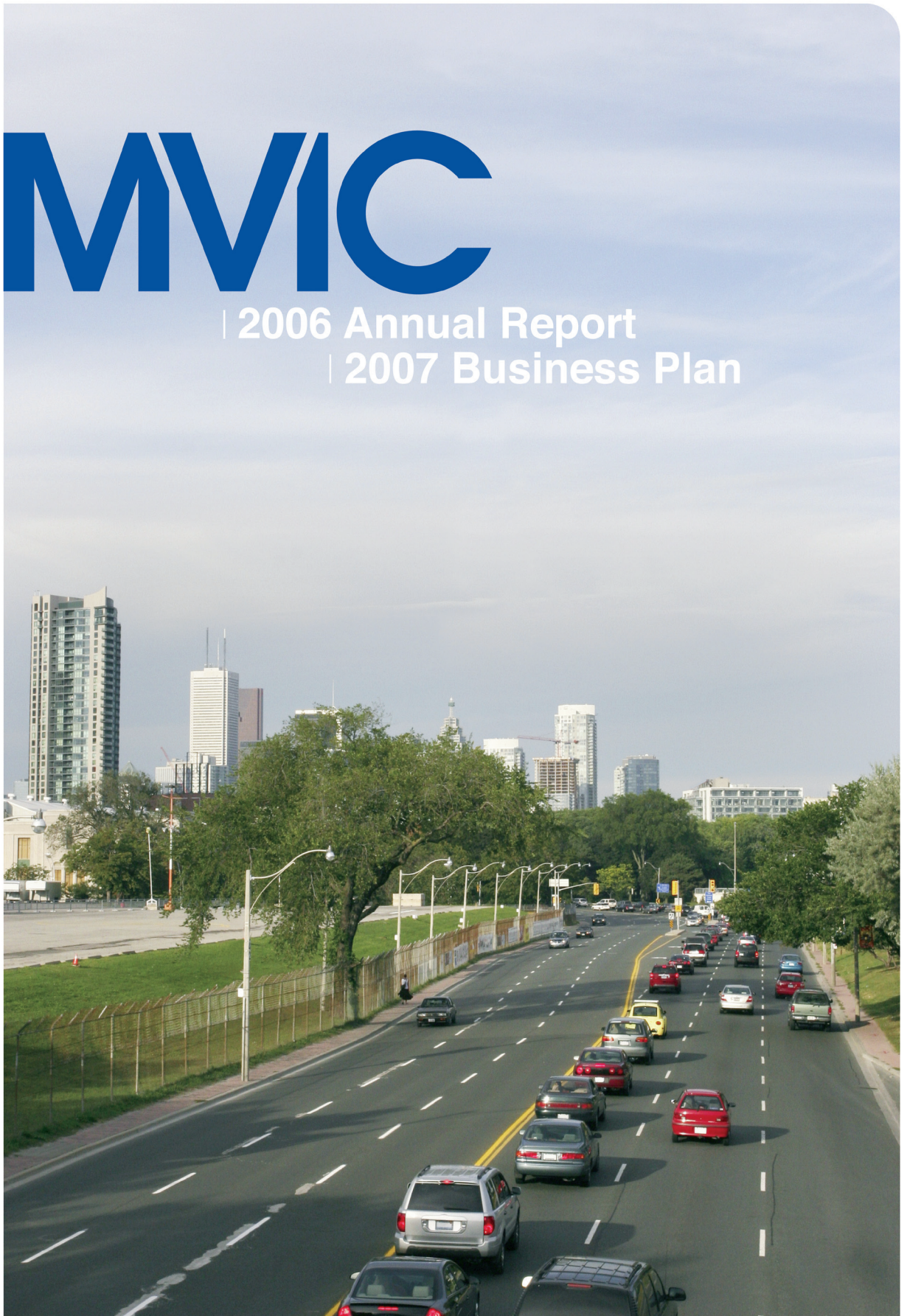




| 2006 Annual Report
| 2007 Business Plan



Ontario Motor
Vehicle Industry
Council

Conseil ontarien
de commerce des
véhicules automobiles



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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 former 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'S 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 public information and awareness programs
- Dealer professionalism through certification programs for new dealers and salespersons
- Increased accountability through administration of a Code of Ethics, Standards of Business Practice and an open disciplinary process

CURBSIDING

“Curbsider” is an industry term used to describe someone who poses as a private seller, but is actually in the business of selling vehicles for profit. Curbsiders put unsuspecting consumers at risk by selling vehicles that are often stolen, damaged or odometer-tampered. Surveys have shown that one in four classified vehicle ads are placed by curbsiders. This type of fraud also takes away sales from legitimate motor vehicle dealers, where consumers are afforded greater protection.

Many of OMVIC’s programs focus on eradicating curbsider activity in Ontario. The Council’s investigation and legal teams identify and prosecute curbsiders, while communications efforts educate consumers about the dangers of buying vehicles privately. These programs have resulted in OMVIC having one of the most aggressive anti-curbsider campaigns in North America. Significant fines have ranged from \$3,200 to \$493,000. Some offenders have also faced jail time.



**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.



PRESIDENT'S MESSAGE

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 with great pleasure that I present the 2006 Annual Report/2007 Business Plan for the Ontario Motor Vehicle Industry Council.

This year marks the Council's 10-year anniversary and both our Board of Directors and staff members take pride in sharing the achievements of not only the last year, but of the last decade.

Ten years ago we were faced with the challenge of regulating the first business sector in Ontario to move to self management. Despite being pioneers in the field we created a successful business model that has since been adopted by other jurisdictions.

Through the years, our strength has always been demonstrated by our track record and the programs we have introduced. Standards of Business Practice, a mandatory certification course and an effective compliance program have increased dealer professionalism and accountability. More resources have been allotted to increase consumer awareness and education. Registration procedures have been designed to ensure applications are processed in a timely fashion. Our complaint handling process is efficient and we have played an important role in settling both consumer and dealer disputes. And perhaps most significant is our investigation function which has led to thousands of charges being laid against curbsiders. Curbsiders prey on the public by deceptively selling vehicles that are not road worthy – they often deal in vehicles that are damaged, stolen and odometer-tampered. Not only do curbsiders create an unfair marketplace for Ontario's registered dealers, they put unsuspecting vehicle buyers and their families at risk. This year we celebrate a record achievement – over 2,300 charges were laid, bringing the total for the past decade to 15,000 charges laid.

Going forward in 2007, OMVIC will spend considerable time preparing for implementation of the Motor Vehicle Dealers Act, 2002. Further review of the Council's financial situation will also be of importance so existing programs and new consumer awareness initiatives can be delivered effectively. OMVIC staff have been working with the Ministry of Transportation and the Ministry of Government Services on a transaction-based fee proposal and will continue to explore this and other funding strategies.

Despite facing a number of challenges in our 10-year history, OMVIC has enjoyed success thanks to the combined efforts of many. We thank the Ministry and its staff for ongoing support and guidance. We also appreciate the input we have received from both dealer and consumer stakeholders including the Consumers Council of Canada, Car Help Canada, the Automobile Protection Association, the Ontario Automobile Dealers Association and the Used Car Dealers Association. Finally, I personally thank the directors of our Boards, both past and present, and the ongoing dedication of OMVIC staff. I know that going forward we will have even more achievements to share and celebrate together.

Michael Davies
President and Chairman, Ontario Motor Vehicle Industry Council



MILESTONES: CELEBRATING OUR TEN-YEAR HISTORY

January 1997 – OMVIC becomes the first regulated business sector to move to self-management. The Council becomes fully operational in April 1997 when it moves into its own offices.

November 1997 – OMVIC develops and approves a Code of Ethics for registered dealers and salespeople

October 1998 – OMVIC introduces new advertising rules to govern new and used motor vehicle sales in Ontario. Introduction of the marketing standards help level the playing field for both consumers and dealers.

October 1998 - Curbsider receives 45-day jail term after pleading guilty to one charge of selling vehicles without registration under the Motor Vehicle Dealers Act.

November 1999 - OMVIC introduces a compulsory Certification Course for Ontario's dealers and salespeople, which promises to enhance the professionalism of dealers and salespeople in the province. Motor vehicle dealers and salespeople entering the profession will be required to pass the certification course before applying for registration under the Motor Vehicle Dealers Act.

November 2000 - Standards of Business Practice, based on the Code of Ethics, and an accompanying discipline process, are adopted.

December 2002 – OMVIC launches online consumer survey to determine what awareness and education programs are needed for Ontario's vehicle buyers.

June 2004 – OMVIC launches *Consumer Line*, an online newsletter to educate consumers about the motor vehicle dealer industry and the ins and outs of vehicle purchases.

August 2004 – OMVIC begins planning for the implementation process for the Motor Vehicle Dealers Act, 2002.

November 2004 – An Ontario curbsider and his numbered company are convicted of 23 counts of operating in the motor vehicle dealer industry without the benefit of registration. The curbsider faces \$493,750 in fines and a four-month jail term – the heaviest sentence handed down in Canada for illegal car sales.

January 2005 – Guilty verdicts announced for the last of the accused in Project Phantom – a joint forces operation that OMVIC participated in that investigated GST fraud. Total loss from fraud is pegged at \$53 million.

July 2005 – OMVIC welcomes introduction of the Consumer Protection Act, 2002 – legislation that affects the day-to-day transactions that take place in dealerships across Ontario.

December 2006 – OMVIC's investigation team celebrates a record year after laying over 2,300 charges.



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,

For some time now, OMVIC has been working towards implementing the Motor Vehicle Dealers Act, 2002. As we have outlined in previous Business Plans, the Council expects the new legislation to have a significant impact on our daily operations. We have been laying the ground work to support new procedures, training and departmental restructuring while maintaining, and in many cases, improving our current service levels.

Our highlights for 2006 include:

- 2,328 charges were laid by OMVIC. This is the highest number of charges ever laid in a single year by OMVIC's investigation team.
- 1,415 Registrar's Actions (includes proposals to refuse or revoke and Registrar's terms and conditions imposed) were taken
- Pursuant to a risk-based program, OMVIC inspected 3,629 motor vehicle dealer premises to monitor compliance and provide dealer education
- 44,527 calls were handled through OMVIC's toll-free line
- 1,206 complaints consumer and dealer complaints were handled. OMVIC's complaint team works with the both the complainant and dealer involved to settle disputes that may arise from a motor vehicle transaction. Issues related to liquidated damages, misrepresentation, vehicle condition, contract disputes and safety certificates are the most common complaints received.
- 100 claims to the Motor Vehicle Dealers Compensation Fund were approved by the Fund's Board of Trustees with a total payout of \$265,994
- Consumer and dealer surveys continue to collect feedback for development of future programs and services
- OMVIC held its second stakeholder roundtable meeting
- OMVIC is now delivering its online consumer newsletter, *Consumer Line*, to over 1,000 subscribers.

We thank the Ministry once again for the voice we have been given in the review and development of new legislation and look forward to putting MVDA, 2002 into practice, despite the challenges that may be involved. We trust that updated legislation will provide the tools necessary to maintain fair practices in our changing marketplace.

Carl Compton
Executive Director and Registrar



BUSINESS ACCOMPLISHMENTS

CONSUMER PROTECTION

Strategy	2005-2007 Targets	2006 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.</p> <p>OMVIC anticipates handling approximately 800 complaints per year throughout the planning period.</p>	<p>All complaint handlers have now completed a three-day negotiation skills course at the Canadian Management Institute. Staff members also attended a selection of other training sessions in 2006 to complement their individual skill sets.</p> <p>The team was actively involved in handling 1,206 disputes in 2006.</p>
<p>Development and implementation of strategic communications plan that will increase consumer awareness.</p>	<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>Development of OMVIC's high school education program began and will continue into 2007.</p> <p>Producer for the educational DVD has been selected.</p> <p>OMVIC's online consumer newsletter, <i>Consumer Line</i>, is now delivered to over 1,000 subscribers. Content responded to data that was collected in OMVIC's online consumer survey.</p> <p>40,000 information pieces were distributed through participation in eight consumer shows and events: Canadian International AutoShow, Ottawa-Gatineau Auto Show, National Women's Show – Toronto and Ottawa, Georgian College Auto Show,</p> <p style="text-align: right;"><i>continued...</i></p>



BUSINESS ACCOMPLISHMENTS

CONSUMER PROTECTION

Strategy	2005-2007 Targets	2006 Activities and Results
	<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 piece that outlines the results of the Consumer Protection Awareness Committee's study of alternative vehicle information products.</p> <p>Communicate legislative changes to consumer audiences.</p>	<p><i>continued from previous page</i></p> <p>Yorkfest Campus Festival, University of Toronto Orientation Week and Cloverdale Mall's Government Services Fair.</p> <p>OMVIC sponsored the Ministry of Government Services' 2006 Smart Consumer calendar.</p> <p>Paid advertising appeared in all Ontario community newspapers, AutoTrader.ca and the Mississauga Crime Prevention Handbook.</p> <p>Articles for publication appeared in a selection of Ontario community newspapers.</p> <p>Questions for OMVIC's online consumer survey were reviewed and updated.</p> <p>A consumer awareness piece on used vehicle history information products was completed and will be released in 2007.</p> <p>Awaiting implementation of the new MVDA.</p>



BUSINESS ACCOMPLISHMENTS

CONSUMER PROTECTION

Strategy	2005-2007 Targets	2006 Activities and Results
<p>Review current Safety Standards Certificate.</p>	<p>Work with consumer stakeholders to seek opportunities to work with the Ministry of Transportation to recommend changes to safety certificates.</p> <p>Commission study through Canadian Automotive Institute to assess if Ontario standards are current.</p>	<p>A study was commissioned with the Canadian Automotive Institute in 2006 and is ongoing.</p>
<p>Increase awareness of OMVIC through law enforcement agencies.</p>	<p>Provide seminars for policing authorities.</p>	<p>Presentations were provided to federal, provincial and municipal enforcement groups: Eastern Ontario Fraud Conference, MTO Durham, MTO GTA, Eastern Ontario Fraud Group, by-law enforcement officers (north-west region), Ontario Association of Property Standards Officers and probation and parole officers (south-west region).</p>



BUSINESS ACCOMPLISHMENTS

DEALER PROFESSIONALISM

Strategy	2005-2007 Targets	2006 Activities and Results
Continuing education: certified registrants will be encouraged to complete a “bridging course” that outlines new requirements and responsibilities under the Motor Vehicle Dealers Act, 2002.	Market course benefits through <i>The Dealer Standard</i> articles and dealer bulletins.	Pending final Regulations for MVDA, 2002.
Inspections: an inspection program that employs risk management principles to target problem areas and reviews consumer and dealer complaints.	Continued refinement of a risk-based inspection program that balances routine inspections with targeted inspections. Identifying dealers who supply curbsiders will also take priority.	In 2006, there were 3,629 inspections completed. Risk-based program continues to be analyzed and refined.
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.	The volume of Registrar’s actions is predicted to remain steady through the planning period at approximately 850 actions yearly. Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process.	1,415 Registrar’s Actions completed in 2006.
Investigations: effective program of enforcement of legislation governing dealers with emphasis on consumer protection, and establishing a level playing field for business.	OMVIC is forecasting at least 850 charges per year from 2005 through 2007.	During 2006, 2,328 charges were laid. This is the highest number of charges ever laid in a single year by OMVIC’s investigation team.



BUSINESS ACCOMPLISHMENTS

DEALER PROFESSIONALISM

Strategy	2005-2007 Targets	2006 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>Develop alternate delivery methods to improve response rates.</p>	<p>Delivery through dealer portals will be considered as an alternative.</p>
<p>Communications: enhanced communication between OMVIC and stakeholders.</p>	<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 that follows).</p>	<p>Held second stakeholder roundtable discussion.</p>
<p>Compliance: follow up with the 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>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 • Ensuring regular production of <i>The Dealer Standard</i> <p>Report on the nature of proposals and Registrar's Actions.</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>Dealer education sessions were held with OADA-TADA, the GM Dealer Association (Toronto district) and the Dixie Auto Group (a group of 10 dealerships in the GTA).</p> <p>Select Licence Appeal Tribunal and Discipline decisions were published in <i>The Dealer Standard</i>.</p> <p>Articles on best practices were completed in 2006 and will be published in 2007.</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 Board.</p>	<p>Project slated for completion in 2007.</p>



BUSINESS ACCOMPLISHMENTS

CUSTOMER SERVICE

Strategy	2005-2007 Targets	2006 Activities and Results
<p>OMVIC web site: effective adoption of new technologies 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 as required in response to external influences i.e. analysis of complaints/feedback or changing regulatory requirements.</p>	<p>Service levels reviewed to ensure they are appropriate and are being reliably met:</p> <ul style="list-style-type: none"> • 48 hour processing time for salesperson applications • Four to six week processing time for dealer applications • Ensure phone messages are returned within 24 hours
<p>Review phone system service.</p>	<p>A report on options for improving phone service will be provided to the Board.</p>	<p>Report deferred, pending final Regulations for MVDA, 2002.</p>



BUSINESS ACCOMPLISHMENTS

NEW LEGISLATION

Strategy	2005-2007 Targets	2006 Activities and Results
<p>Ensure organizational structure supports administration of new legislation and regulations introduced by the Ministry of Government Services. This includes the pending Motor Vehicle Dealers Act, 2002 and the *Consumer Protection 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 to reflect MVDA, 2002 changes.</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><i>Motor Vehicle Dealers Act, 2002 (MVDA, 2002):</i></p> <p>Formal implementation plan created. Initial projects started in fall 2004.</p> <p>Dealer education, final training schedules and departmental restructuring pending final MVDA, 2002 Regulations.</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 a political action plan.</p>	<p>Discussions held with the Canadian Automobile Dealers Association.</p>
<p>Review fee structure.</p>	<p>Review policy and introduce three-year cycle.</p> <p>Review different fee levels for renewals, reinstatements and new applications.</p>	<p>OMVIC staff have been working with the Ministry of Transportation and the Ministry of Government Services on a transaction-based fee proposal. OMVIC's Board has considered several fee proposals and has informed the Ministry of Government Services of the proposals.</p>



*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



BUSINESS ACCOMPLISHMENTS

BOARD GOVERNANCE

Strategy	2005-2007 Targets	2006 Activities and Results
Review Board orientation manual and process.	Best practices of other administrative authorities documented and appropriate changes made to current OMVIC process.	Information exchanged with the Real Estate Council of Ontario, the Travel Industry Council of Ontario, the Board of Funeral Services and Vintners Quality Alliance, Ontario.
Review Nominating Committee structure.	Develop structure that reflects best governance practices; define terms of office, committee makeup and representation.	Structure and Terms of Reference revised.
Review Management Committee responsibilities.	Develop structure that reflects best governance practices; define terms of office, committee makeup and representation.	Research conducted on similar committees of other administrative authorities.
Investigate possibility of creating an inter-provincial association of motor vehicle dealer regulators.	Contact will be made with other provincial regulators in order to convene an exploratory meeting.	Numerous attempts have been made to find an agreeable venue and date for the exploratory meeting, but without success to date. Efforts will continue in 2007.



OVERVIEW

REGISTRATION

At year end, in 2006, 8,684 dealers (8,730 in 2005) and 23,323 salespersons (22,877 in 2005) 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.

OMVIC conducts criminal record searches 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's Registrar 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). 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 2006, registration staff processed 721 business applications and 3,473 salesperson applications; renewed 3,777 business registrations and 11,150 salesperson registrations; and performed 14,936 other transactions that included registrant information changes, transfers and terminations.

Registrar's actions reached 1,415 in 2006 – an increase from 1,396 in 2005. 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 2006 indicates the average processing time for complete applications was 22 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). Compliance and registration staff handled 44,527 toll-free calls during 2006. This compares to 50,171 toll-free calls in 2005. The volume of local calls is assumed to match the number of toll-free calls.

Intake staff collect basic information initially, provide self-help instructions to the consumer/dealer and escalate the file to a complaint depending on the nature of the concerns and the information provided by the complainant. 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 2006, OMVIC's compliance team was actively involved in 1,206 disputes. The team handled 905 complaints in 2005.

There were no appeals in 2006, or in 2005.



APPEALS COMMITTEE

In the event that a consumer feels a complaint has not been handled properly by OMVIC, the consumer may appeal to the Appeals Committee of OMVIC's Board of Directors. The Appeals Committee is chaired by a non-industry Board member appointed by the Ministry of Government Services.



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 2006 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 3,629 inspections during 2006, slightly more than the 3,500 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 Consumer Protection Act, 2002.

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. Curbsiding activity can be reported to OMVIC's investigation team through a toll free number (1-888-NOCURBS) or through email at nocurbs@omvic.on.ca.

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. Joint forces operations have been conducted with the Insurance Bureau of Canada, the Ministry of Transportation's Branding unit, Project Econo Car, Project Phantom and Durham Regional police.

During 2006, 2,328 charges were laid. This is the highest number of charges ever laid in a single year by OMVIC's investigation team.



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.

During 2006, seven discipline matters were settled without a hearing and two matters were heard before the Discipline Panel.



CONSUMER AWARENESS

OMVIC encourages consumer awareness with the use of an information campaign that includes helpful printed material, anti-curbsider ads placed in community newspapers, 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.

2006 HIGHLIGHTS INCLUDE:

- 40,000 information pieces were distributed through participation in eight consumer shows and events: Canadian International AutoShow, Ottawa-Gatineau Auto Show, National Women's Show – Toronto and Ottawa, Georgian College Auto Show, Yorkfest Campus Festival, University of Toronto Orientation Week and Cloverdale Mall's Government Services Fair.
- OMVIC's Communications Committee began development of a student DVD to be distributed in high schools throughout Ontario. This program will aim to educate vehicle buyers *before* they make their first purchase.
- OMVIC was one of the sponsors for the Ministry of Government Services' 2006 Smart Consumer calendar.
- OMVIC's online consumer newsletter is now delivered to 1,000 subscribers.
- Paid advertising appeared in all Ontario community newspapers, the *Mississauga Crime Prevention Handbook* and *AutoTrader.ca*.
- Articles for publication appeared in a selection of Ontario community newspapers.
- A consumer awareness piece on used vehicle history information products was completed and will be released in 2007.



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 problems arising from motor vehicle transactions with registered dealers under the specific circumstances described in the Motor Vehicle Dealers Act. The fund trustees consider each case 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 the Motor Vehicle Dealers Compensation Fund's fiscal 2006 year (ending October 31, 2006) 100 claims were approved by the Board of Trustees for a total payment to consumers of \$265,994.

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.

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.

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 OF THE BOARD

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 (CPAC)

The Consumer Protection Advisory Committee (CPAC) is a committee created by OMVIC's 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 OMVIC's Board with expert advice on consumer issues.

Some of CPAC's activities for 2006 include the following:

- A study on used vehicle history packages was completed and results were shared with the Ministry of Transportation. The committee also recommended improvements to the Ministry's Used Vehicle Information Package. A consumer awareness article on used vehicle history information packages was completed and will be released in 2007.
- The committee reviewed and updated questions for OMVIC's online consumer survey. Data collected through this survey will be used to design consumer awareness programs.
- A review and comparison of safety standards certificates was commissioned through the Canadian Automotive Institute. The study was launched to compare Ontario's level of standards with those of other jurisdictions. Work on this project will continue into 2007. The committee also sent a formal request to the Ministry of Transportation's Deputy Minister to review criteria for safety standards certificates.

CPAC Membership: Four OMVIC Board members (three consumer representatives and one dealer representative), one franchise dealer, one independent dealer and four non-board consumer representatives. The committee is chaired by a consumer representative from OMVIC's Board.



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. It is called upon to review issues brought to it by CPAC.

Membership: Six OMVIC Board members (five dealer representatives and one consumer representative), one non-board independent dealer, one non-board consumer representative, two industry 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 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 ensure 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; periodic 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 three dealer representatives, one past president, and one consumer representative).

NOMINATING COMMITTEE

The Nominating 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: One OMVIC Board member drawn from each "group" as defined recognized in the OMVIC bylaws, plus the past chairperson of the Board (currently five dealer representatives and one consumer representative).

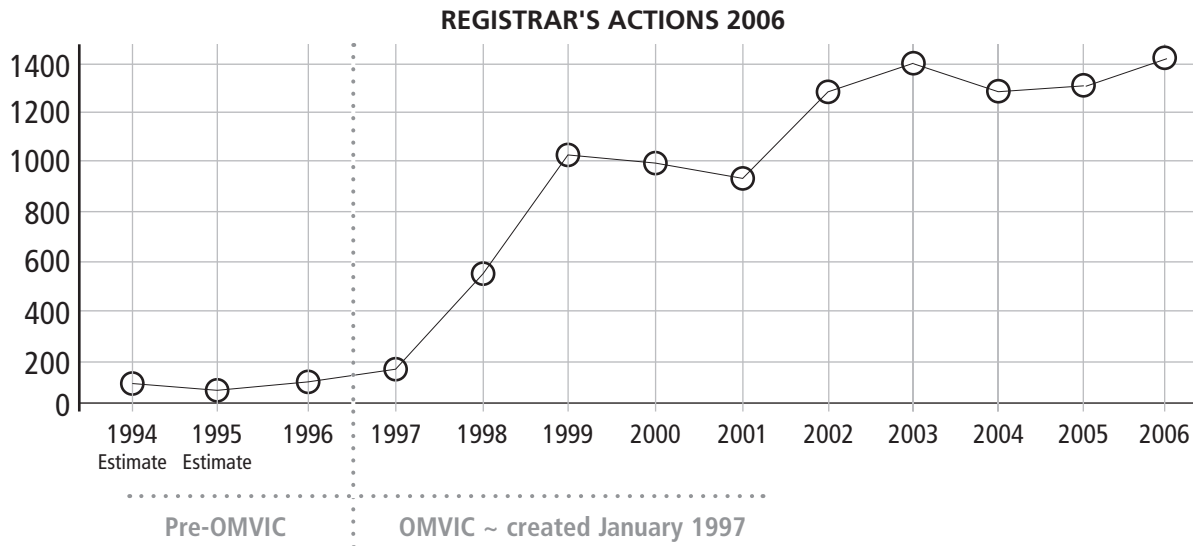


COMMUNICATIONS COMMITTEE

Working with staff, and in collaboration with the Motor Vehicle Dealers Compensation Fund, the Communications Committee develops and recommends strategies to communicate and market OMVIC's goals, accomplishments, services and values to key stakeholder groups: consumers, dealers, salespeople, government, media, interested associations and related industries.

During 2006, the Committee continued 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.

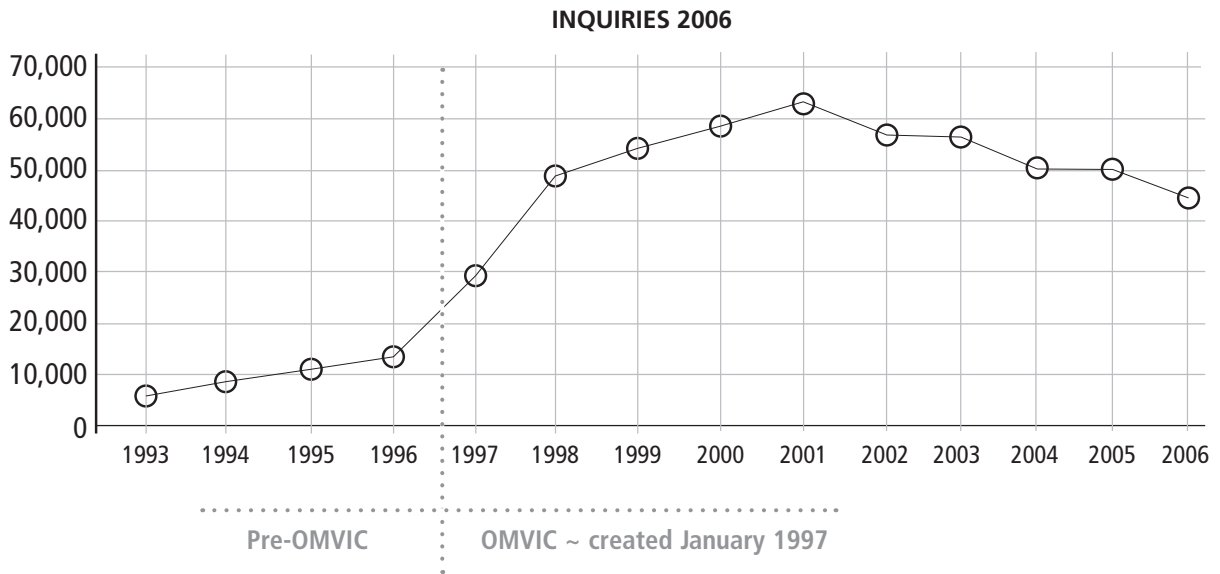
Membership: Five OMVIC Board members (currently 4 dealer representatives and one consumer representative), two dealer representatives and one consumer representative.



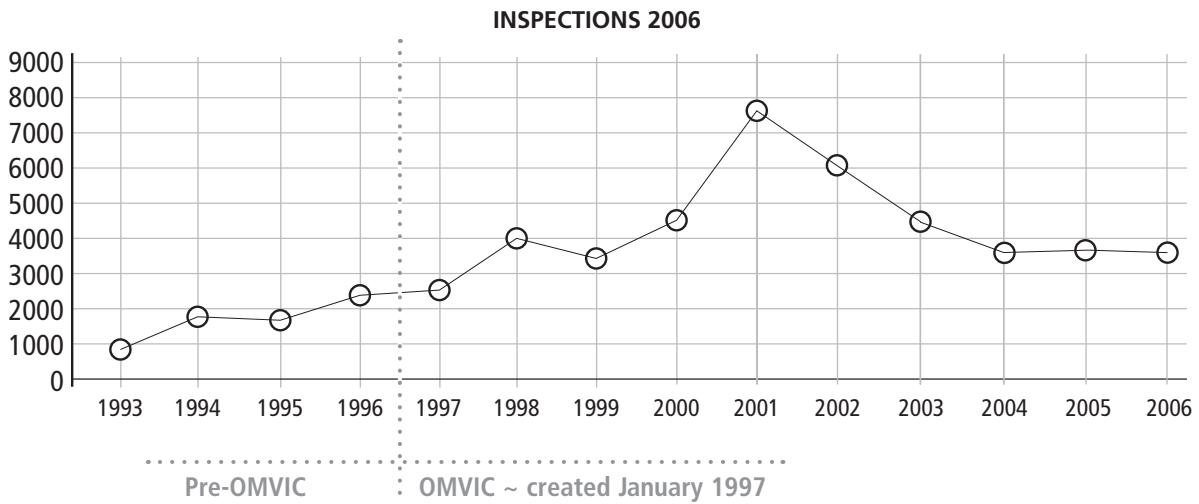
Registrar's actions include issuance of proposals to refuse or revoke registration and registrations requiring terms and conditions. The number of Registrar's actions logged in 2006 was 1,415.

REGISTRATION ACTIVITIES 2006

		2005	2004
New dealer applications:	721	760	710
New salesperson applications:	3,473	3,328	3,066
Dealer renewals:	3,777	4,385	3,479
Salesperson renewals:	11,150	11,399	9,724
Information changes:	2,057	2,004	1,658
Employee transfers:	5,665	5,440	5,279
Registration terminations:	7,214	8,041	7,839



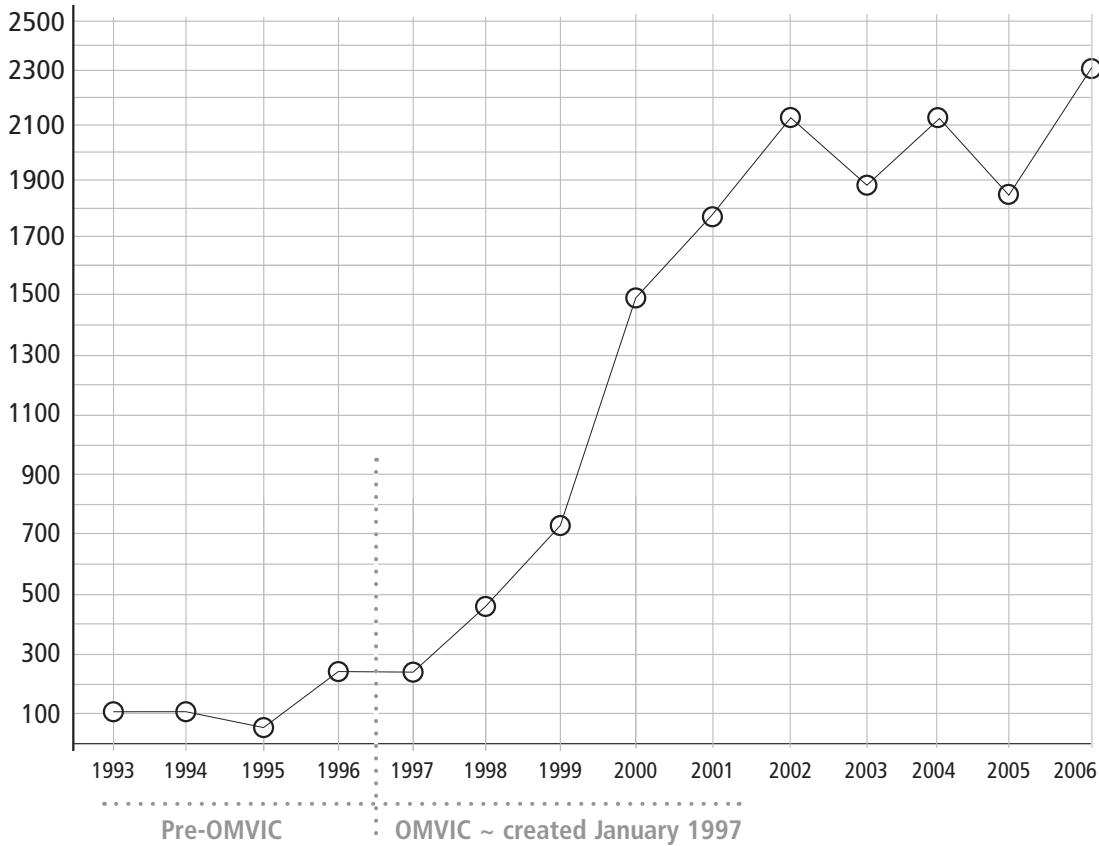
Inquiries (1-800 line): Staff handled 44,527 toll-free calls during 2006. This chart does not include local calls which are assumed to match the volume of toll-free calls.



During 2006, 3,629 inspections were completed – slightly more than the 3,500 planned for the year. A decline in inspections over recent years is a result of the adoption of a risk-based inspection program. (see page 19)

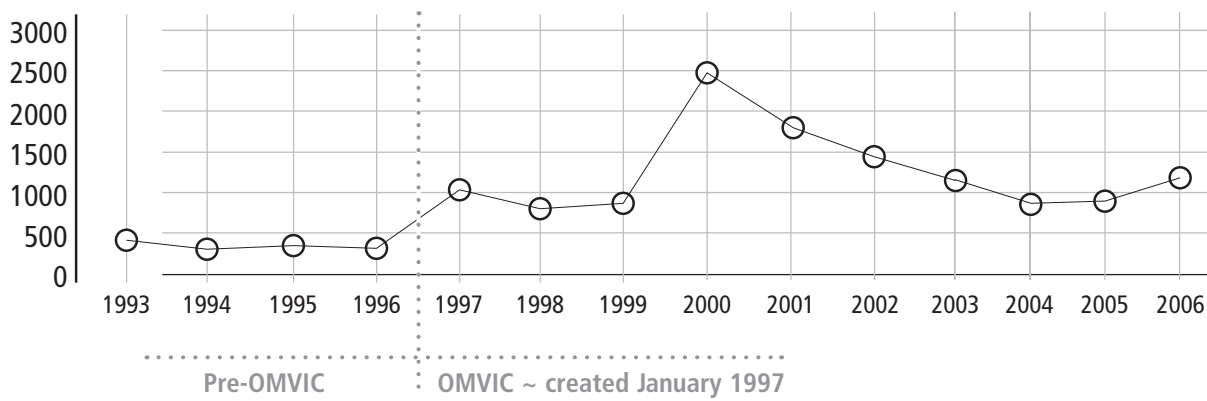


CHARGES LAID 2006



In 2006, 2,328 charges were laid by OMVIC investigators. This is the highest number of charges ever laid in a single year by OMVIC's investigation team.

COMPLAINT HANDLING 2006



OMVIC's compliance team was actively involved in handling 1,206 disputes in 2006. 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, 2006 with comparative figures for 2005.

Overview

OMVIC ended its 2006 fiscal year with a deficit of \$192,888, a significantly better result than was budgeted. 2006 marked the second year of deficit spending planned and approved by OMVIC's Board, using cash reserves built over the years, rather than raising revenues in other ways. Going forward though, additional revenues will be required and various options are under consideration by the Board.

Accumulated deficit at the end of the year was \$115,043. In comparison, at the end of December 2005, accumulated surplus was \$77,845.

Revenue

Total revenue in 2006 was \$5,483,027 compared to \$5,210,069 in 2005 and comprised:

Registration fees:

As in previous years, registration fees remain the principal source of revenue, representing about 87% of the total. In 2006 revenues from registration fees of \$4,793,688 were \$257,363 higher than the previous year. The increase was due to the normal two-year renewal cycle fluctuation and a slight increase in overall registrations.

Transfer fees:

Transfer fees of \$286,800 were slightly above the 2005 total of \$270,075. There were noticeably more movements of salespersons from one dealership to another during the year.

Certification course fee:

Revenue from certification fee in 2006 of \$275,100 was practically unchanged from last year's level of \$275,910.

Interest and other revenue:

Interest and other revenue received in 2006 was \$93,189 compared to \$84,759 for 2005. This slight increase was due to better than expected cash balances throughout the year.

Administrative penalties:

Administrative penalties imposed during 2006 (\$34,250) through an internal disciplinary process for failing to comply with OMVIC's Code of Ethics and the Standards of Business Practices was slightly below last year (\$43,000).



Expenses

Overall expenses in 2006 of \$5,675,915 were \$226,861 higher than 2005 (\$5,449,054). Major expense items were:

Salaries and benefits:

Salaries and benefits cost \$3,136,782 in 2006 compared to \$2,969,746 in 2005. The increase of \$167,036 over last year reflects normal salary changes and year-end vacation accruals.

Professional services:

Professional services cost in 2006 was \$565,090 compared to \$606,748 in 2005. The higher expense in 2005 resulted from certain legal costs associated with curbsider prosecutions.

Travel:

Travel expenses in 2006 of \$516,671 were \$60,353 higher than 2005 (\$456,318). The higher cost in 2006 is attributable to more field staff during the year and a moderate increase in mileage allowances towards the end of the year.

General and administrative:

General and administrative expenses of \$331,097 were slightly below 2005 (\$347,350). Last year's expenses were higher because of several meetings and staff trainings for the new MVDA and CPA.

Amortization of capital expenses:

This non-cash expense of \$218,876 was lower than last year by \$37,135. A number of capital projects planned for 2006 were deferred for practical reasons pending the finalization of the Regulations for the new MVDA.

Telecommunications:

Telecommunication expenses increased in 2006 to \$217,749 from \$200,661 in 2005 due in part to a higher number of field staff with home offices.

Occupancy

Occupancy costs increased in 2006 by \$5,230 from higher utility costs.

Government oversight fees:

This fee is payable to the Ministry of Government Services under the terms of its Administrative Agreement with OMVIC on a cost recovery basis. Amount payable in 2006 was \$195,493 compared to \$159,628 in 2005. The higher fees in 2006 reflect the extensive work put in by the Ministry in the development of the proposed Regulations supporting the new Motor Vehicle Dealers Act.



Public awareness

In 2006 \$149,428 was spent on public awareness activities compared to \$107,902 in 2005. In comparison to last year, more consumer awareness advertisements were placed in community and other media during 2006.

Per-diem allowances:

Per-diem allowances of \$130,659 were slightly below 2005 (\$135,850).

The 2006 expenses by service functions were as follows:

	2006	2005
Investigation	\$1,210,441	\$1,134,033
Registration	1,132,427	1,099,061
Inspection	951,941	1,003,446
Legal services	672,457	633,247
e-Business	597,445	510,249
Governance	411,335	438,210
Inquiries and complaint handling	409,901	403,588
Communications	289,968	227,220
	\$5,675,915	\$5,449,054

Liquidity and capital resources

Cash available at the end of December 2006 was \$1,928,418 compared to \$2,422,135 in 2005.

Based on cash flows provided by its operations, OMVIC has sufficient liquidity to fund its short-term business plans and obligations. However, during 2007 long-term funding strategies will be considered and a decision made.

Capital expenditures

Capital expenditures during 2006 amounted to \$385,613 (2005 - \$427,121) 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, 2006



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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, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Toronto, Canada
March 30, 2007



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Financial Position

December 31, 2006, with comparative figures for 2005

	2006	2005
Assets		
Current assets:		
Cash	\$ 1,928,418	\$ 2,422,135
Accounts receivable	57,059	52,813
Prepaid expenses	90,649	85,772
	<u>2,076,126</u>	<u>2,560,720</u>
Capital assets (note 2)	202,058	210,925
Software under development (note 3)	467,952	292,348
	<u>\$ 2,746,136</u>	<u>\$ 3,063,993</u>

Liabilities and Net Assets Equity (Deficiency)

Current liabilities:		
Accounts payable and accrued charges	\$ 561,854	\$ 511,860
Deferred revenue (note 4)	2,299,325	2,474,288
	<u>2,861,179</u>	<u>2,986,148</u>
Net assets:		
Invested in capital assets	670,010	503,273
Unrestricted	(785,053)	(425,428)
	<u>(115,043)</u>	<u>77,845</u>
Commitments (note 6)		
	<u>\$ 2,746,136</u>	<u>\$ 3,063,993</u>

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
Revenue:		
Registration fees	\$ 4,793,688	\$ 4,536,325
Transfer fees	286,800	270,075
Certification course fees	275,100	275,910
Administrative penalties	34,250	43,000
Interest and other	93,189	84,759
	5,483,027	5,210,069
Expenses:		
Salaries and benefits, net of recoveries (note 5)	3,136,782	2,969,746
Professional services	565,090	606,748
Travel	516,671	456,318
General and administrative, net of recoveries (note 5)	331,097	347,350
Amortization of capital assets	218,876	256,011
Telecommunications	217,749	200,661
Occupancy	214,070	208,840
Government oversight fees	195,493	159,628
Public awareness	149,428	107,902
Per diem allowances	130,659	135,850
	5,675,915	5,449,054
Excess of expenses over revenue	\$ (192,888)	\$ (238,985)

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2006, with comparative figures for 2005

			2006	2005
	Invested in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 503,273	\$ (425,428)	\$ 77,845	\$ 316,830
Excess of revenue over expenses (expenses over revenue)	(218,876)	25,988	(192,888)	(238,985)
Investment in capital assets	385,613	(385,613)	-	-
Balance, end of year	\$ 670,010	\$ (785,053)	\$ (115,043)	\$ 77,845

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ (192,888)	\$ (238,985)
Item not involving cash:		
Amortization of capital assets	218,876	256,011
Changes in non-cash operating working capital:		
Accounts receivable	(4,246)	(1,368)
Prepaid expenses	(4,877)	(46,261)
Accounts payable and accrued charges	49,994	16,219
Deferred revenue	(174,963)	429,701
	(108,104)	415,317
Investing activities:		
Purchase of capital assets	(385,613)	(427,121)
Decrease in cash	(493,717)	(11,804)
Cash, beginning of year	2,422,135	2,433,939
Cash, end of year	\$ 1,928,418	\$ 2,422,135
Supplemental cash flow information:		
Cash received for interest	\$ 83,193	\$ 70,724

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 2006

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, 2006

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:

	2006		2005	
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 365,066	\$ 230,846	\$ 134,220	\$ 108,318
Computer software	212,416	163,375	49,041	57,428
Furniture and fixtures	73,347	57,715	15,632	30,302
Office equipment	57,132	55,494	1,638	13,064
Leasehold improvements	2,386	859	1,527	1,813
	\$ 710,347	\$ 508,289	\$ 202,058	\$ 210,925

3. Software under development:

In fiscal 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 2006, the amount expended on the project was \$467,952.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2006

4. Deferred revenue:

	2006	2005
Registration fees received in advance	\$ 2,299,325	\$ 2,474,288

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 \$150,367 (2005 - \$143,953) relating to salaries and benefits and \$10,395 (2005 - \$10,395) relating to general and administrative expenses. At year end, \$35,729 (2005 - \$30,628) 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:

2007	\$ 211,396
2008	207,872
2009	207,872
2010	207,872
2011	207,872
2012	69,291
	\$ 1,112,175

7. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.



MOTOR VEHICLE DEALERS

COMPENSATION FUND

FINANCIAL STATEMENTS

OCTOBER 31, 2006



**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2006

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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

Page 1

AUDITORS' REPORT

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

We have audited the statements of financial position of the Motor Vehicle Dealers Compensation Fund as at October 31, 2006 and 2005 and the statements of operations and changes in net assets for each of the years in the two-year period ended October 31, 2006. 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 audits.

We conducted our audits 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, 2006 and 2005 and the results of its operations and the changes in its net assets for each of the years in the two-year period ended October 31, 2006 in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

Chartered Accountants

TORONTO, Canada
January 16, 2007

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, 2006

Page 2

	2006	2005
	\$	\$
ASSETS		
CURRENT		
Cash	54,987	35,494
Accrued interest receivable	55,283	69,489
Prepaid expenses	<u>10,301</u>	<u>9,575</u>
	120,571	114,558
INVESTMENTS		
(Market value \$8,315,567; 2005 - \$7,923,803)	7,331,092	7,252,990
EQUIPMENT (Note 3)		
	<u>-</u>	<u>1,904</u>
	<u>7,451,663</u>	<u>7,369,452</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	67,491	51,601
Claims payable	<u>57,115</u>	<u>45</u>
	<u>124,606</u>	<u>51,646</u>
NET ASSETS		
Invested in equipment	-	1,904
Unrestricted net assets (Note 4)	<u>7,327,057</u>	<u>7,315,902</u>
	<u>7,327,057</u>	<u>7,317,806</u>
	<u>7,451,663</u>	<u>7,369,452</u>

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

_____, "ROSALIND DREWERY", Chair

_____, "PHIL RABY", Vice Chair



MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED OCTOBER 31, 2006

Page 3

	Invested in Equipment \$	Unrestricted \$	2006 \$	2005 \$
BALANCE , beginning of year	1,904	7,315,902	7,317,806	7,256,917
Excess (deficiency) of revenues over expenses for the year	<u>(1,904)</u>	<u>11,155</u>	<u>9,251</u>	<u>60,889</u>
BALANCE , end of year	<u>-</u>	<u>7,327,057</u>	<u>7,327,057</u>	<u>7,317,806</u>



MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2006

Page 4

	2006	2005
	\$	\$
REVENUES		
Investment and other income	502,737	397,444
Participant fees	<u>172,200</u>	<u>194,400</u>
	<u>674,937</u>	<u>591,844</u>
EXPENSES		
Claims (net of recoveries of \$26,070; 2005 - \$15,066)	239,924	164,457
Salaries and benefits	144,685	145,464
Legal	114,880	56,875
Board	81,303	78,898
Investment management fees	38,910	38,334
Trustee fees	11,143	10,818
Occupancy	10,395	10,395
Insurance	9,966	9,735
Office and general	7,056	5,065
Professional fees	5,520	9,010
Amortization	<u>1,904</u>	<u>1,904</u>
	<u>665,686</u>	<u>530,955</u>
EXCESS OF REVENUES OVER EXPENSES, FOR THE YEAR	<u>9,251</u>	<u>60,889</u>



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
 OCTOBER 31, 2006

Page 5

1. PURPOSE OF THE ORGANIZATION

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Investments:

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

Equipment and Amortization:

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

Computer equipment	3 years
Computer software	3 years

Claims:

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

Continued...



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
 OCTOBER 31, 2006

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. EQUIPMENT

	<u>Cost</u> \$	<u>Accumulated Amortization</u> \$	<u>2006 Net</u> \$	<u>2005 Net</u> \$
Computer equipment	<u>5,711</u>	<u>5,711</u>	<u>-</u>	<u>1,904</u>

Continued...



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2006

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4. 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.

5. CONTINGENT LIABILITY

As at October 31, 2006, the Board had denied 1 (2005 - 1) claim totalling \$10,000 (2005 - \$15,000), which was subject to appeal. The probability of this appeal and its outcome cannot be reasonably determined and no provision has been made in the financial statements for it. However, should any loss result from resolution of this claim, 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.

6. 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.

7. 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, 2006

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8. 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 (2005 - \$Nil).

9. 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



**2007
BUSINESS PLAN**



2007-2009 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.

As outlined in previous Business Plans, OMVIC is still 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 2007-2009 planning period:



Although objectives like customer service and dealer professionalism will remain priorities during the upcoming planning period (2007-2009), 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	2007-2009 Performance Measure
<p>Implementation of strategic communications plan to increase consumer awareness by providing an understanding of consumer rights and responsibilities when purchasing or leasing vehicles.</p>	<p>Continue development of educational DVD product for use in secondary schools. This is a significant communications project and completion of it will be a primary objective for 2007.</p>
	<p>Communicate legislative changes to consumer audiences through <i>Consumer Line</i>.</p>
	<p><i>Consumer Line</i>, OMVIC's online consumer newsletter, provides information on consumers' rights and the vehicle buying experience. During the planning period, OMVIC will focus on increasing subscription rates 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 initiatives that will generate increased media coverage.</p>
	<p>Promote web site through current channels.</p>



BUSINESS OBJECTIVES:

CONSUMER PROTECTION

Strategy	2007-2009 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 to assess if Ontario standards are current.	Complete study commissioned through the Canadian Automotive Institute.
Increase awareness of OMVIC through law enforcement agencies.	Provide seminars for policing authorities.
Assessing possibility of identifying curbsiders by tracking phone numbers in classified advertisements. This may assist in determining the volume of suspected curbsider ads which OMVIC could then use to inform the public and/or measure curbsider market share. This may assist with investigation programs as well.	Review potential benefits of being able to track recurrence of phone numbers in classified vehicle advertising. Review technology solutions for scanning classified advertising to identify occurrence of phone numbers that match curbsider profile.



BUSINESS OBJECTIVES:

DEALER PROFESSIONALISM

Strategy	2007-2009 Performance Measure
<p>Upon development of Regulations for MVDA, 2002, encourage certified registrants to complete a “bridging course” that outlines new requirements and responsibilities under the Act.</p>	<p>Market course benefits through <i>The Dealer Standard</i> articles and dealer bulletins.</p>
<p>Facilitate enhanced communication between OMVIC and stakeholders.</p>	<p>Key stakeholder groups invited to make presentations at OMVIC’s annual Board planning meeting.</p>
<p>Registrar’s actions: Institute effective registration and inspection processes that identify those who should not be registered or who require close monitoring through terms and conditions of registration.</p>	<p>The volume of Registrar’s actions is predicted to remain steady through the planning period at approximately 850 actions yearly. Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process.</p>
<p>Follow up with dealer community on issues of non-compliance by providing stats on offenders and the action taken by OMVIC.</p>	<p>Provide details on the types of calls fielded by the complaints team so dealers can address issues internally.</p> <p>Communicate stats and updates by:</p> <ul style="list-style-type: none"> • Increasing the number of Licence Appeal Tribunal decisions published in <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’s Board.</p>



BUSINESS OBJECTIVES:

DEALER PROFESSIONALISM

Strategy	2007-2009 Performance Measure
*Revamp OMVIC web site	A new dealer portal to facilitate dealer transactions including the filing of their fee returns and remittances of their dues. Addition of a communications and education component to the web site. Division of contents into dealer versus consumer segments. Promotion of the web site to be included in OMVIC communication strategies.
Assessing possibility of photo-ID for dealers and salespersons.	Analyze options for introduction of photo-licensing for dealers and salespeople including possibility of using MTO photo licensing system; present options to Board.

*Also relevant to Consumer Protection and Customer Service.



BUSINESS OBJECTIVES:

CUSTOMER SERVICE

Strategy	2007-2009 Performance Measure
<p>Effective adoption of new technologies that will allow OMVIC to better serve dealers, consumers and government 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 electronically in order to check, and to correct, their registration status and those of their salesperson.</p>
<p>Review phone system service.</p>	<p>Following implementation of the pending MVDA, 2002, a report on options for improving phone service will be provided to the Board.</p>
<p>Facilitating dealer input via surveys.</p>	<p>Adding dealer surveys to application renewal mailings.</p>



BUSINESS OBJECTIVES:

NEW LEGISLATION

Strategy	2007-2009 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>Continue work with stakeholders in development of a political action plan.</p>
<p>Develop business case for adding policy analyst skills to OMVIC staff resources</p>	<p>Business case developed and submitted to OMVIC's board</p>
<p>Finalize and implement a revenue strategy based on timing of the pending Motor Vehicle Dealers Act, 2002.</p>	<p>Strategies will be brought to OMVIC's Board for review as the time table evolves.</p>



BUSINESS OBJECTIVES:

BOARD GOVERNANCE

Strategy	2007-2009 Performance Measure
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 vehicle dealer regulators.	Efforts to arrange and hold an exploratory meeting will continue.

**FINANCIAL FORECAST****ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL****Three year Financial Forecast - without MVDA**

(Fiscal years 2007 to 2009)

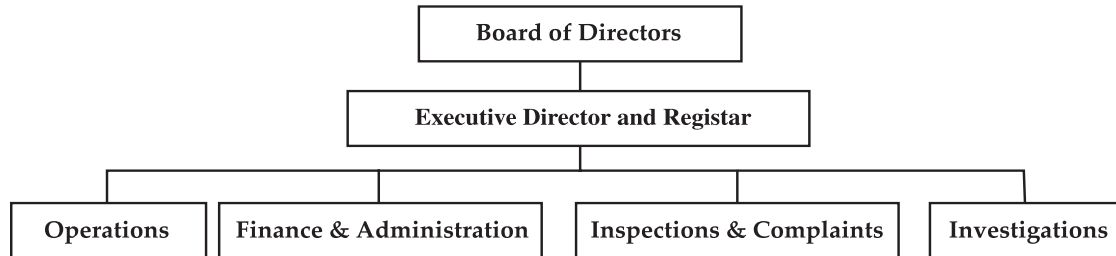
	2007	2008	2009
Revenues:	(\$ thousands)		
Registration fees	4,791	4,791	4,791
Certification course fee	274	273	274
Transfer fees	270	270	270
Interest and other revenue	60	30	10
	5,395	5,364	5,345
Expenses:			
Salaries and benefits	3,322	3,488	3,662
Professional services	624	632	641
Travel	534	541	544
Amortization of capital assets	496	536	458
General and administrative	345	352	359
Telecommunications	224	229	233
Government oversight fees	220	220	220
Occupancy	220	226	229
Public awareness	174	177	181
Per-diem allowances	158	158	158
Dealer education	156	156	156
	6,473	6,715	6,841
Net	(1,078)	(1,351)	(1,496)
Accumulated surplus/(deficit)	(1,193)	(2,544)	(4,040)

Note:

OMVIC has the authority to raise revenues to address its current deficit forecast. A number of options are under consideration. In addition, because of the uncertainty regarding the timeframe for the implementation of MVDA, 2002 and the means of funding the anticipated costs associated with the new Act, the above forecast includes neither the additional costs nor any new revenues.



OMVIC'S BOARD OF DIRECTORS



The board is made up of nine motor vehicle dealers drawn from all segments of the industry: large and small dealerships in both the new and used markets. 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.

Michael Davies, President and Chairman

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.



Meredith Morris, Vice President

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 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.

Karen Girling

Consumer Representative, Secretary Treasurer

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 OMVIC's Board for a three-year term. During the past year she has been an active member of OMVIC's Consumer Protection Advisory Committee and Communications and Nominating committees. 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.

She is a founding member of the Consumers Council of Canada - from which she retired in 2006 - and brought a business perspective to that Board and its committees.

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



Hugh Brennan

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 served as Chair of OMVIC's Industry Professionalism Committee.

Peter Eatson

Peterborough Volkswagen, Peterborough

Term of office: May 2004 – May 2007

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 is also very involved with the Chatham community.

Jeff Gray

Consumer Representative

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 and marketing); studies with the UCDA, Rhone Poulenc Rorer, GMAC and Sears.

Mr. Moffatt volunteers his time coaching minor hockey.



Ken Peterson

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. He has served as OMVIC's President and Chairman in 2003 and 2005.

Cliff Pilon

Gold Fleet Subaru/Suzuki, North Bay

Term of office: May 2006 – May 2009

Mr. Pilon entered the automotive industry in 1981. Since 1987, he has been the dealer principal of Gold Fleet Subaru/Suzuki in North Bay. His strong automotive, mechanical, sales, financial and interpersonal make him a valuable asset to the OMVIC Board of Directors.

Matt Rispin

North Toronto Auction, Innisfil

Term of office: May 2006 – May 2009

Matt Rispin graduated from the University of Toronto in 1998. He has been in the automotive auction business for the past nine years. He has worked in all facets of the auction business holding such titles as Arbitration Manager, Operations Manager, and Sales and Marketing Manager. In 2003, Matt and his partners opened North Toronto Auction (NTA) in Innisfil Ontario, and in the past four years have enjoyed developing NTA in to one of the largest independent auctions in Canada.

Matt's experience in the auction business offers the OMVIC Board a unique perspective compared to that of a traditional automotive dealership. Matt looks forward to continuing his tenure on the OMVIC Bboard trying to strengthen the relationships between auctions and automotive dealers.



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 former 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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Web site: www.omvic.on.ca
Email: omvic@omvic.on.ca





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 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, the motor vehicle industry as a whole, and the consumers we protect.
- 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/ Executive Director 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**

**Conseil ontarien
de commerce des
véhicules automobiles**

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