



# Ontario Motor Vehicle Industry Council

## 2007 Annual Report 2008 Business Plan



Promoting a fair, safe and informed vehicle sales marketplace in Ontario

 Consumer Protection

 Dealer Professionalism

 Customer Service

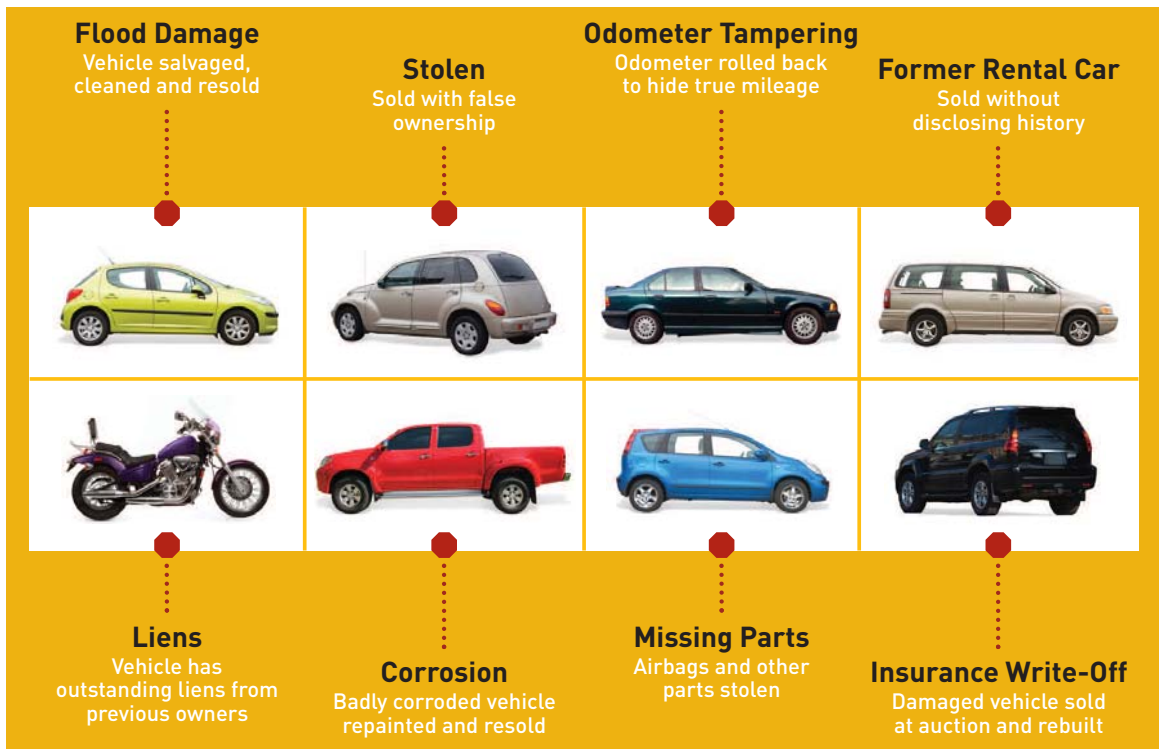


Ontario Motor Vehicle Industry Council

Conseil ontarien du commerce des véhicules automobiles

## You can't always spot the fraud.

The cover of OMVIC's 2007 Annual Report/2008 Business Plan was styled after the Council's 2008 consumer awareness campaign. Consumers at trade shows were challenged to look at photos of vehicles and "spot the fraud."



When purchasing a used vehicle, ask questions about a vehicle's history and get it in writing. If you purchase from a registered dealer, provincial law provides a measure of protection, including access to a compensation fund, not available when purchasing privately. When purchasing a used vehicle privately, protect yourself by:

- 1) Knowing the history of the vehicle by purchasing a Used Vehicle Information Package or vehicle history report.
- 2) Confirming the seller's identity – only the current owner may sell a vehicle privately.
- 3) Getting an inspection from a trusted mechanic.

## 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 and Consumer 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 dealer industry was previously regulated by the Ministry of Consumer and Commercial Relations (now the Ministry of Government and Consumer 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:

- Consumer Protection
- Dealer Professionalism
- Customer Service

### 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



## OMVIC's Code of Ethics for Ontario's Registered Motor Vehicle Dealers

Our Code of Ethics applies to our interaction with consumers, employees, suppliers, competitors, government, and all others with whom we have business relationships. Each OMVIC member embraces the demanding standards detailed in this Code and agrees to adhere to its language and intent. Through this Code of Ethics, we pledge to:

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

## Message from the President and Chairman

**Honourable Ted McMeekin**  
**Minister of Government and Consumer Services**

Office of the Minister  
99 Wellesley Street West  
Room 4320, Whitney Block  
Toronto, Ontario  
M7A 1W3

**Dear Minister McMeekin,**

I am pleased to present the 2007 Annual Report for the Ontario Motor Vehicle Industry Council.

The Council anticipates implementation of the Motor Vehicle Dealers Act, 2002 (MVDA 2002) in late 2008. Knowing the new Act will usher in many changes to the industry, we have been working diligently to guarantee a successful transition for both staff and registrants.

One of the Council's priorities over the last year has been ensuring OMVIC has sufficient revenues to continue funding current activities, as well as the new activities that will be required by MVDA 2002. The MVDA 2002 will impact all areas of OMVIC operations and will, for example, increase OMVIC's profile resulting in more public inquiries; create new classes of registration; provide new consumer remedies for non-disclosure; enhance OMVIC's authority to scrutinize new applicants; increase penalties for curbsiding (illegal vehicle sales); and expand the disciplinary process.

OMVIC has not increased registration fees for motor vehicle dealers in over seven years and fees for salespeople have not increased in 13 years. Without an increase in fees for some time, and faced with the costs of administering a new MVDA, as well as education programs to better achieve OMVIC's consumer protection mandate, the Board examined a number of options to cover operating expenses in 2008 and beyond.

To avoid a significant increase in registration fees, the Board approved the implementation of a new fee structure that includes a transaction-based fee requiring dealers to remit \$5 to OMVIC for every retail vehicle sale. The introduction of the new fee structure means the 22,000 salespersons registered with OMVIC will not experience a fee increase, and the impact on lower volume and seasonal dealers will be minimal.

The Board strongly believes this approach to funding is fair to salespeople, smaller businesses and consumers. This funding strategy has also received support from a number of consumer advocacy groups, as well as dealer associations, namely the Ontario Automobile Dealers Association and the Toronto Automobile Dealers Association.

In conjunction with our funding strategy, OMVIC has also developed the MVDA 2002 Implementation Program – a comprehensive plan that outlines all operational requirements needed to implement new legislation. The program focuses on 12 core projects: technology, training, communications, processes and procedures, policies, forms and templates, human resources, professional services, finance, new phone system, disciplinary process and the Compensation Fund.

Moving forward in 2008, OMVIC will continue to develop and execute its implementation plans for MVDA 2002 while maintaining, and improving where possible, current levels of service. The Board looks forward to working with the Ministry and its staff, as well as our many stakeholder groups, throughout the implementation period.

**John Gibbons**  
**President and Chairman**



## Message from the Registrar

### Honourable Ted McMeekin Minister of Government and Consumer Services

Office of the Minister  
99 Wellesley Street West  
Room 4320, Whitney Block  
Toronto, Ontario  
M7A 1W3

#### Dear Minister McMeekin,

In addition to our implementation plans for the Motor Vehicle Dealers Act, 2002, I am happy to report that many other initiatives were also developed and executed during 2007. These programs were largely geared towards improving communication with consumers and registrants.

Last fall OMVIC launched an education initiative titled *Know Your Ride*. The objective of the program is to educate students when it comes to buying used vehicles privately. When buying privately, consumers run the risk of becoming the victim of a curbsider – con-artists who pose as private sellers, but are in the business of selling vehicles that may be stolen, damaged, rebuilt, odometer-tampered or have liens against them. Vehicles sold by curbsiders put unsuspecting buyers and their passengers at risk.

The *Know Your Ride* program consists of a DVD and is accompanied by a teacher's guide and student handout. The guide provides teachers with suggestions for integrating the subject matter during classes, and student handouts provide safety tips to use when purchasing a vehicle privately. All pieces were developed with input from the education sector and were designed to be an integral component of the Grade 10 Civics curriculum.

Research has proven there is a need to educate and provide awareness of the curbsiding issue. Although studies have suggested one in four vehicle classified ads is placed by a curbsider, over 80 per cent of Ontarians are unfamiliar with the term. OMVIC has targeted the student demographic given that many young consumers are in the market for their first car, and may be searching for a good deal from any source.

OMVIC distributed the *Know Your Ride* program to more than 1,000 high schools across the province of Ontario in November 2007. An English and French version can be viewed online by visiting the Council's website: [www.omvic.on.ca](http://www.omvic.on.ca).

In addition to our DVD program, OMVIC also launched a redesign of its website. The new format includes updated graphics and design features, as well as navigation that will allow registrants, consumers and partners to find and access materials quickly.

I am also pleased to report that in addition to these initiatives, OMVIC maintained its service levels during 2007. Our investigation team laid 2,442 charges (the highest number of charges the team has laid in one year); 1,448 Registrar's actions were taken (includes proposals to refuse or revoke registration and Registrar's terms and conditions imposed); 45,768 calls were handled through OMVIC's toll-free line; and 1,258 consumer and dealer complaints were handled.

OMVIC looks forward to another exciting year and the challenges that lie ahead in 2008.

**Carl Compton**  
Executive Director and Registrar

## Business Accomplishments

### CONSUMER PROTECTION

Strategy	2007-2009 Targets	2007 Activities & Results
<p><b>Complaint handling: provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible.</b></p>	<p>OMVIC anticipates handling approximately 800 complaints per year throughout the planning period.</p>	<p>The team handled 1,258 complaints during 2007.</p>
<p><b>Communications: development and implementation of strategic communications plan that will increase consumer awareness.</b></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, curbsiders and the risks of buying privately.</p>	<p>OMVIC's DVD project, <i>Know Your Ride</i>, launched in November 2007. It was produced in both English and French and distributed to all secondary schools in Ontario. The DVD, and its accompanying teacher's guide and student handouts, were designed for use in Grade 10 Civics classes – a mandatory course for Ontario's high school students.</p>
	<p>Promote awareness of OMVIC through community speaking engagements and attendance at consumer trade shows.</p>	<p>During 2007, OMVIC was involved in the 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. Through these events, OMVIC distributed approximately 40,000 brochures and information pieces.</p>
	<p>Support OMVIC's anti-curbsiding message through increased media coverage.</p>	<p>OMVIC participated in W-FIVE's annual story on used car sales, which also reported on curbsiding in Ontario. OMVIC also participated in interviews for print and broadcast stories.</p>



## Business Accomplishments

### CONSUMER PROTECTION (cont'd)

Strategy	2007-2009 Targets	2007 Activities & Results
<p><b>Communications: development and implementation of strategic communications plan that will increase consumer awareness (cont'd).</b></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>A consumer awareness story was written and published on OMVIC's website about used vehicle history reports. It outlines what the reports are, how to use them and how to purchase them.</p>
	<p>Communicate legislative changes to consumer audiences.</p>	<p>Communications for consumers and registrants is one of the core projects for OMVIC's MVDA 2002 Implementation Program. Work on the project started in 2007 and will continue into 2008.</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>Consumer survey results were collected in 2007 and will be reviewed throughout the planning period to create focused messages.</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>Due to the resources needed to complete the <i>Know Your Ride</i> program, <i>Consumer Line</i> did not publish regularly in 2007; however, the layout for the publication was updated to reflect the new design of OMVIC's website. Regular publication and increased subscription will be a focus during the remainder of the planning period.</p>
<p><b>Review current Safety Standards Certificate.</b></p>	<p>Commission study through Canadian Automotive Institute to assess if Ontario standards are current.</p>	<p>A study was commissioned in 2006 and a report was delivered to the Consumer Protection Advisory Committee (CPAC). A follow-up study has been requested.</p>



**CONSUMER PROTECTION (cont'd)**

Strategy	2007-2009 Targets	2007 Activities & Results
<p><b>Increase awareness of OMVIC through law enforcement agencies.</b></p>	<p>Provide seminars for policing authorities.</p>	<p>Seminars were provided for: MTO – East Region enforcement officers; Ottawa Fraud Group Training (hosted by Ottawa Police, but for all area agencies including Canada Revenue Agency, RCMP, etc.); Eastern Ontario Fraud Group (hosted by CFB Kingston Military Police and RCMP, but for all area agencies); Toronto Police Auto Squad; Peel Regional Police auto and fraud squads; York Regional Police Service auto squad; Barrie Police fraud squad and Ottawa Police auto and fraud squads.</p> <p>OMVIC was also an exhibitor at the 2007 Ontario Chiefs of Police conference.</p>
<p><b>Assess possibility of identifying curbsiders by tracking phone numbers in classified advertisements.</b></p>	<p>Review potential benefits of being able to track recurrence of phone numbers in classified vehicle advertising.</p> <p>Review technology solutions for scanning classified advertising to identify occurrence of phone numbers that match curbsider profile.</p>	<p>Privacy issues related to the publication of individual phone numbers prevented completion of the proposal.</p> <p>Review of available technology indicated limited usefulness at this time.</p>



## Business Accomplishments

### DEALER PROFESSIONALISM

Strategy	2007-2009 Targets	2007 Activities & 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. In the interim, staff of the Canadian Automotive Institute have commenced work on the initiative.
Inspections: an inspection program that employs risk management principles to target problem areas and reviews consumer and dealer complaints.	OMVIC’s inspection team was expected to complete 3,500 inspections in 2007.	During 2007, 3,567 inspections were completed.
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.	During 2007, 1,448 Registrar’s actions were completed.
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 2004 through 2007.	During 2007, OMVIC investigators laid 2,442 charges.
Dealer relations: effective monitoring through dealer surveys in order to determine new ideas for enhancing dealer professionalism from dealers themselves.	Develop alternate delivery methods to improve response rates.	The Board reviewed alternatives and decided to focus on email delivery. OMVIC is currently collecting registrant email addresses.

**DEALER PROFESSIONALISM (cont'd)**

Strategy	2007-2009 Targets	2007 Activities & Results
<p><b>Communications: enhanced communication between OMVIC and stakeholders.</b></p>	<p>Key stakeholder groups invited to make presentations at OMVIC's annual Board planning meeting.</p> <p>Host an annual stakeholder roundtable discussion.</p>	<p>Stakeholder groups made presentations at OMVIC's annual Board planning meeting. Guests included the Ontario Automobile Dealers Association, Consumers Council of Canada, Car Help Canada, Automobile Protection Association, Ministry of Government and Consumer Services and the Motor Vehicle Dealers Compensation Fund.</p>
<p><b>Compliance: follow up with the dealer community on issues of non-compliance by providing statistics on offenders and the action taken by OMVIC.</b></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"> <li>• Increasing the number of Licence Appeal Tribunal decisions published in <i>The Dealer Standard</i></li> <li>• Develop best practices on selected topics and publish in <i>The Dealer Standard</i></li> <li>• Report on the types of investigations conducted related to industry conduct</li> </ul>	<p>Presentation to dealer groups has included information on most common complaints (e.g., contract cancellations, Consumer Protection Act issues).</p> <p>A number of Licence Appeal Tribunal decisions were published in <i>The Dealer Standard</i>.</p> <p>A senior investigator delivered stats and updates to dealer organizations throughout the province through a series of presentations.</p>
<p><b>Review regulatory options for internet sales.</b></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 the OMVIC Board.</p>	<p>An internal review of existing internet channels was completed. Focus of the next phase will be on controls in place at wholesale auctions.</p> <p>Attempted to engage automotive media that specialized in used car sales, but with limited success.</p>



## Business Accomplishments

### DEALER PROFESSIONALISM (cont'd)

Strategy	2007-2009 Targets	2007 Activities & Results
Revamp OMVIC website.	<p>A new dealer portal to facilitate dealer transactions, including the filing of their fee returns and remittances of their dues.</p> <p>Addition of a communications and education component to the website.</p> <p>Division of contents into dealer and consumer segments.</p> <p>Promotion of the website to be included in OMVIC communications strategies.</p>	<p>OMVIC's website was redesigned in 2007. The new format includes updated graphics and design features, as well as navigation that will allow registrants, consumers and partners to find and access materials quickly.</p> <p>Content for the site will be developed and refined as implementation projects for MVDA 2002 continue.</p> <p>Portals continue to be linked to MVDA 2002 implementation.</p> <p>All publications and brochures highlight OMVIC web address.</p>
Assess possibility of photo ID for dealers and salespersons.	Analyze options for introduction of photo licensing for dealers and salespersons including the possibility of using MTO photo licensing system. Options will be presented to OMVIC's Board.	<p>Use of photo identification at the two principal auctions was reviewed, but provides little opportunity.</p> <p>The addition of a photo requirement in the registration application process is being reviewed from a legal perspective.</p>

### CUSTOMER SERVICE

OMVIC website: effective adoption of new technologies will allow OMVIC to better serve the dealer and consumer communities through the internet.	In successive phases during the planning period, new services will be introduced which will permit dealers to access their own records in order to check and correct their registration status and those of their salespersons.	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.
Review phone system service.	A report on options for improving phone service will be provided to the Board.	Report deferred, pending final Regulations for MVDA 2002.
Facilitate dealer input via surveys.	Add dealer surveys to application renewal mailings.	A list of questions was approved and will be included in renewal mailings in 2008. The surveys were delayed until implementation of the new fee structure has matured.

**NEW LEGISLATION**

Strategy	2007-2009 Targets	2007 Activities & Results
<p>Ensure organizational structure supports administration of new legislation and regulations introduced by the Ministry of Government and Consumer 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: website, 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>OMVIC has developed the MVDA 2002 Implementation Program – a comprehensive plan that outlines all operational requirements needed to implement new legislation.</p> <p>The program focuses on 12 core projects: technology, training, communications, processes and procedures, policies, forms and templates, human resources, professional services, finance, new phone system, disciplinary process and the Compensation Fund.</p> <p>Work on these projects began in 2007 and will continue into 2008.</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>Exploratory meetings held with Canada Revenue Agency and Canadian Auto Dealer’s Association.</p> <p>To be included as agenda item at interprovincial regulators meeting.</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>Broader staffing strategies for MVDA 2002 implementation reviewed as part of 2008–2010 budget.</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 timetable evolves.</p>	<p>OMVIC’s Board approved and implemented a transaction-based fee. Government, trade and consumer associations were engaged in consultations. Nine presentations were delivered to dealer groups. Forms, procedures and training were delivered.</p>



## Business Accomplishments

### BOARD GOVERNANCE

Strategy	2007-2009 Targets	2007 Activities and Results
<b>Review Management Committee responsibilities.</b>	Develop structure that reflects best governance practices; define terms of office, committee makeup and representation.	Report submitted to Board and approved.
<b>Investigate possibility of creating an inter-provincial association of motor vehicle dealer regulators.</b>	Contact will be made with other provincial regulators in order to convene an exploratory meeting.	Initial plans to jointly host a meeting in Quebec deferred due to changes in Quebec service staff.

\*Consumer Protection Act, 2002 (CPA)

- This piece of legislation was introduced by the Ministry of Government and Consumer 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.

## Overview

### Registration

At year end, in 2007, 8,642 dealers (8,684 in 2006) and 23,600 salespersons (23,323 in 2006) 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 Canada-wide criminal record searches 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 new 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 2007, registration staff processed 747 business applications and 3,492 salesperson applications; renewed 4,396 business registrations and 11,638 salesperson registrations; and performed 15,940 other transactions that included registrant information changes, transfers and terminations.

Registrar's actions reached 1,448 in 2007 – an increase from 1,415 in 2006. 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 that final approval may take up to six weeks; however, analysis of new dealer applications processed in 2007 indicates the average processing time for complete applications was 17 days.

The majority of applications that took longer than the six-week period contained deficiencies or involved investigations, proposals or terms and conditions.

In an industry survey completed during 2006 and 2007, OMVIC's registration team scored an average of 4.3 points (on a five-point scale) in the areas of courtesy, knowledge and efficiency.

**In 2007, 8,642 dealers and 23,600 salespersons were registered under the Motor Vehicle Dealers Act (MVDA).**

### Complaint Handling Process

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 website ([www.omvic.on.ca](http://www.omvic.on.ca)), or by phone (1-800-943-6002).

Compliance and registration staff handled 45,768 toll-free calls during 2007 (44,527 toll-free in 2006). 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



## Overview

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 2007, OMVIC's compliance team was actively involved in 1,258 disputes. The team handled 1,206 complaints in 2006.

In an industry survey completed during 2006 and 2007,



OMVIC's complaint handling team scored an average of 4.2 points (on a five-point scale) in the areas of courtesy, knowledge and efficiency.

In the event a consumer feels a complaint has not been handled properly by OMVIC, the consumer may appeal to the Appeals Committee of OMVIC's Board of Directors. The Appeals Committee is chaired by a non-industry Board member appointed by the Ministry of Government and Consumer 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 2007 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 3,567 inspections during 2007, slightly more than the 3,500 inspections targeted for the year.

In an industry survey completed during 2006 and 2007, OMVIC's inspection team scored an average of 4.4 points (on a five-point scale) in the areas of courtesy, knowledge and efficiency.

## 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, 2002 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](mailto: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 partnerships with joint law enforcement projects.



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

During 2007, 2,442 charges were laid. This is an increase from the 2,328 charges laid in 2006.

## Disciplinary Process

All motor vehicle dealers and salespersons are required to comply with OMVIC's Code of Ethics and Standards of Business Practice (SBP). 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 2007, nine discipline matters were settled without a hearing. A total of \$58,900 was collected in fines.

## 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.

In 2007, OMVIC also produced and released an educational DVD and related materials entitled *Know Your Ride*, which targeted high school students. The DVD was distributed to over 1,000 schools in Ontario.

## 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 judgement (related to a trade in a motor vehicle) in an Ontario court against a registered dealer who has then failed or refused to pay (the judgement must remain unpaid for 90 days).
- 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.





## Overview

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

The Fund cannot compensate consumers for a loss resulting from a private sale or a transaction involving a company that is not registered under the Motor Vehicle Dealers Act. Nor can the Fund compensate a business, other dealer or other customer acting in a business relationship even if the dealer is registered under the Act and a court judgement received. These restrictions reflect the Fund’s mandate: industry-funded consumer protection.

During the Motor Vehicle Dealers Compensation Fund’s fiscal 2007 year (ending October 31, 2007) 116 claims were approved by the Board of Trustees for a total payment to consumers of \$308,659. A total of 117 claims were received by the Fund.

## 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 website also provides content for dealers and new applicants through the posting and distribution of bulletins, announcements, press releases and enforcement activities.

## 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 available in both official languages, as is its educational DVD, *Know Your Ride*.

### Motor Vehicle Dealers Compensation Fund

#### Members of the 2007–2008 Board of Trustees

**Phil Raby, Chair of the Board**

Consumer representative

**John Kenny, Vice-Chair**

Dealer representative

**Joe Wade, Secretary Treasurer**

Dealer representative

**Rosalind Drewery**

Dealer representative

**Peter Eatson**

Dealer representative

**Catherine Finlay**

Consumer representative

**Ron Marostica**

Dealer representative

**Terry O’Keefe**

Consumer representative

**Alan Silverstein**

Consumer representative

## Committees

### Appeals Committee

**Chair:** Jeff Gray

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 subsequent complaints are handled in the most effective and expeditious manner. This committee also provides an impartial forum for hearing appeals from decisions of the Discipline Panel.

The committee was not called upon to meet during 2007.

**Membership:** Four OMVIC Board members (one consumer representative and three dealer representatives).

### Consumer Protection Advisory Committee (CPAC)

**Chair:** Jeff Gray

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

Some of CPAC's activities for 2007 include the following:

A review of Ontario's safety standards certificate program continued through the year and other phases were added to the project, including industry consultation. The committee expects their research to culminate in a summary report for the Ministry of Transportation.

As a result of the CPAC-driven research on vehicle information packages, the committee met with some of the leading service providers who looked to CPAC for input on how to improve their products. Service providers also shared the steps they have taken to improve their products since the release of CPAC's initial research into vehicle information packages.

The committee also worked with the Ministry of Government and Consumer Services during the final phases of consultation for the Motor Vehicle Dealers Act, 2002.

The committee held five meetings during 2007.

**Membership:** Five OMVIC Board members (three consumer representatives and two dealer representatives), one non-Board franchise dealer and five non-Board consumer representatives. The committee is chaired by a consumer representative from OMVIC's Board.

### Industry Professionalism Committee

**Chair:** Peter Eatson

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.

The committee was not called upon to meet during 2007.

**Membership:** Seven OMVIC Board members (six dealer representatives and one consumer representative), one non-Board independent dealer, one non-Board consumer representative and 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.

The Board met on two occasions during 2007 to review proposed regulations.

**Membership:** OMVIC Board of Directors.



## Committees

### Management Committee

**Chair: John Gibbons**

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 and Consumer Services on OMVIC’s activities and review of annual report and business plan.

The committee held nine meetings during 2007.

**Membership:** In 2007, there were four OMVIC Board members (two dealer representatives and two consumer representatives) and one past president.

### Nominating Committee

**Chair: John Gibbons**

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.

The committee held six meetings during 2007.

**Membership:** In 2007, five OMVIC Board members (four dealer representatives and one consumer representative) and one past president.

### Communications Committee

**Chair: Karen Girling**

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.

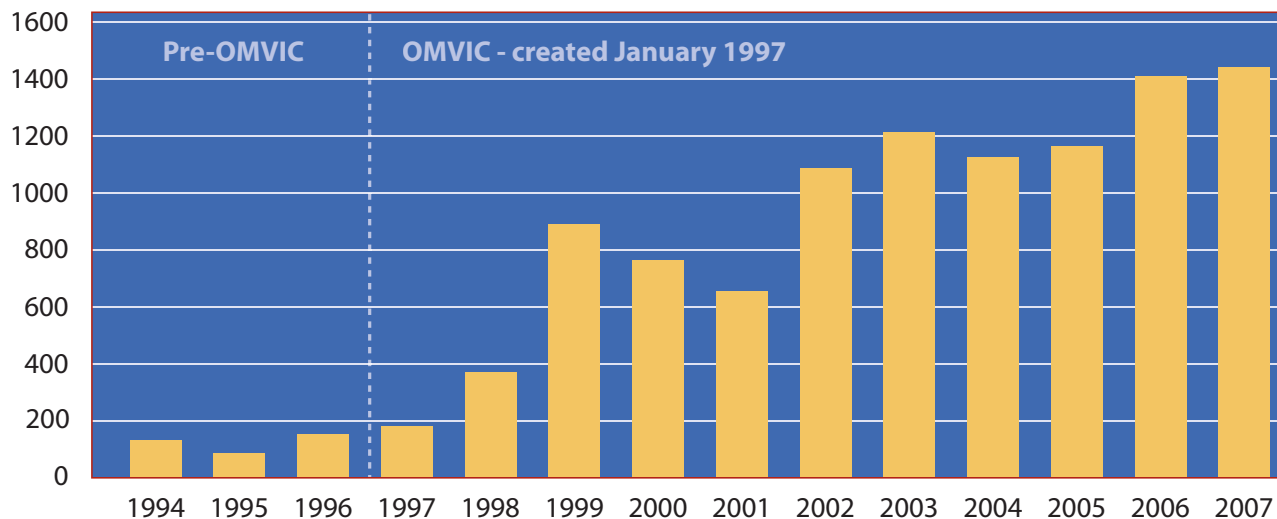
During 2007, the committee focused attention on the completion of OMVIC’s DVD project, *Know Your Ride*, which launched in November 2007. It was produced in both English and French and distributed to all secondary schools in Ontario. The DVD, and its accompanying teacher’s guide and student handouts, were designed for use in Grade 10 Civics classes – a mandatory course for Ontario’s high school students.

The committee held four meetings during 2007.

**Membership:** Five OMVIC Board members (four dealer representatives and one consumer representative), three non-Board dealer representatives and two consumer representatives.

## Performance Overview

### REGISTRAR'S ACTIONS 2007



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 2007 was 1,448.

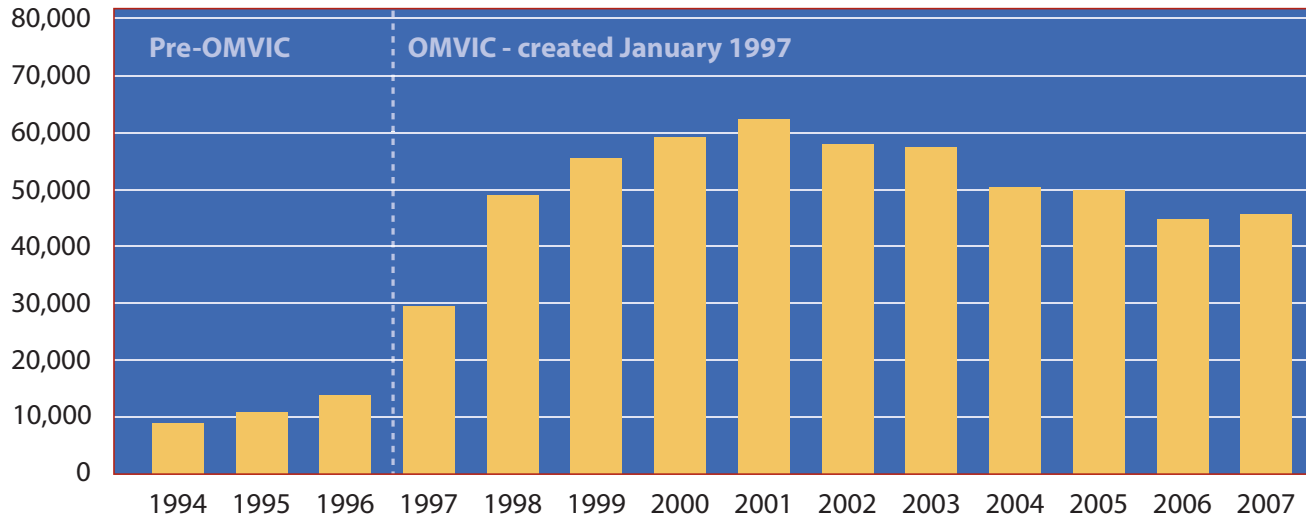
### REGISTRATION ACTIVITIES 2007

Activity	2007	2006	2005
New dealer applications	747	721	760
New salesperson applications	3,492	3,473	3,328
Dealer renewals	4,396	3,777	4,385
Salesperson renewals	11,638	11,150	11,399
Information changes	1,929	2,057	2,004
Employee transfers	5,754	5,665	5,440
Registration terminations	8,257	7,214	8,041



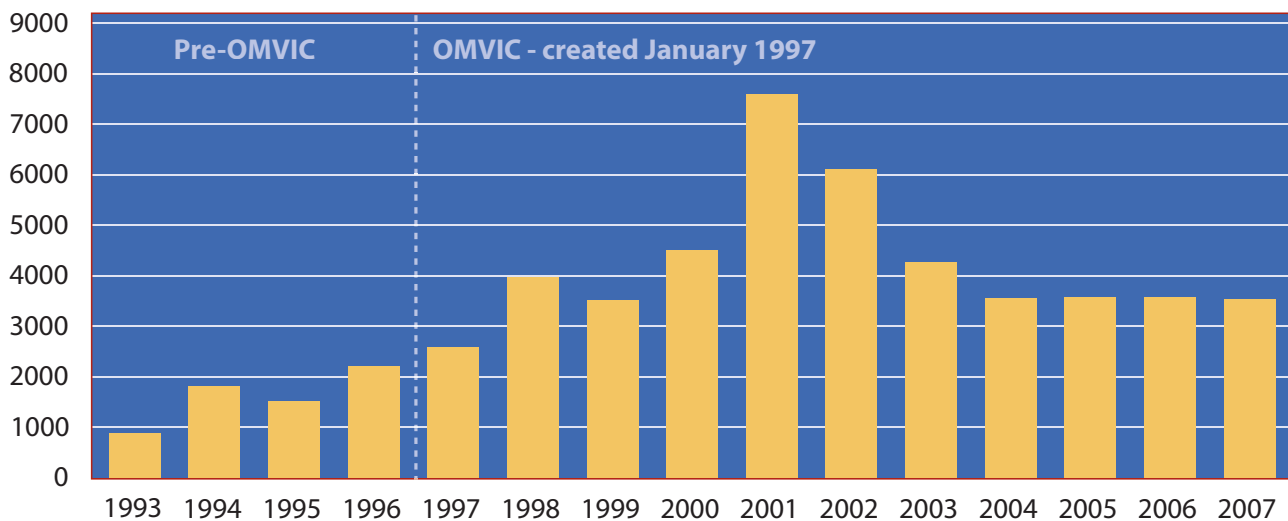
## Performance Overview

### INQUIRIES 2007



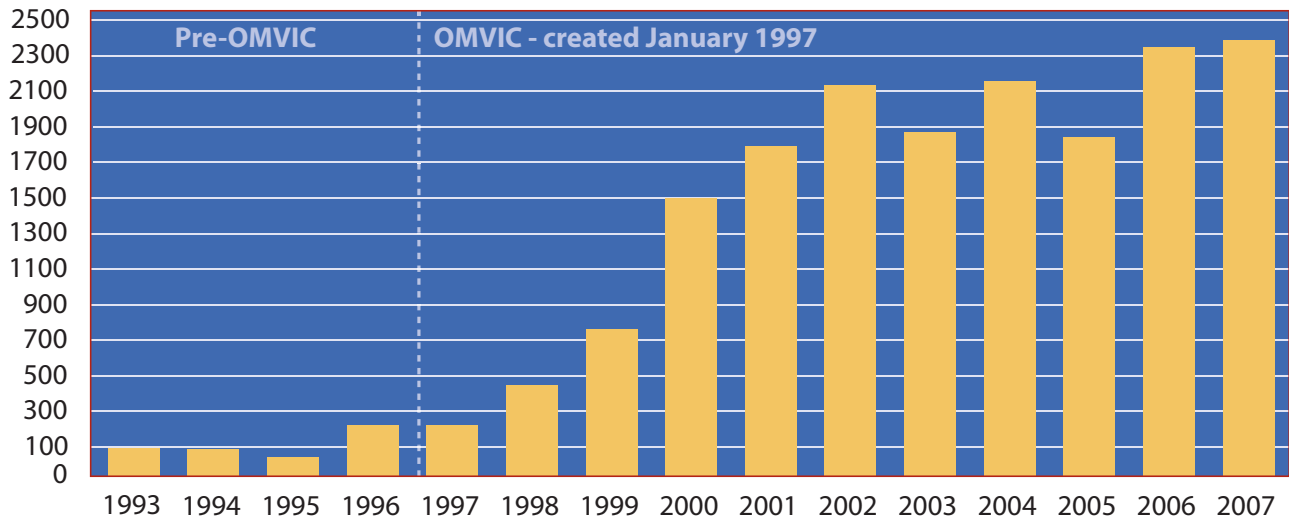
Inquiries (1-800 line): Staff handled 45,768 toll-free calls during 2007. This chart does not include local calls, which are assumed to match the volume of toll-free calls.

### INSPECTIONS 2007



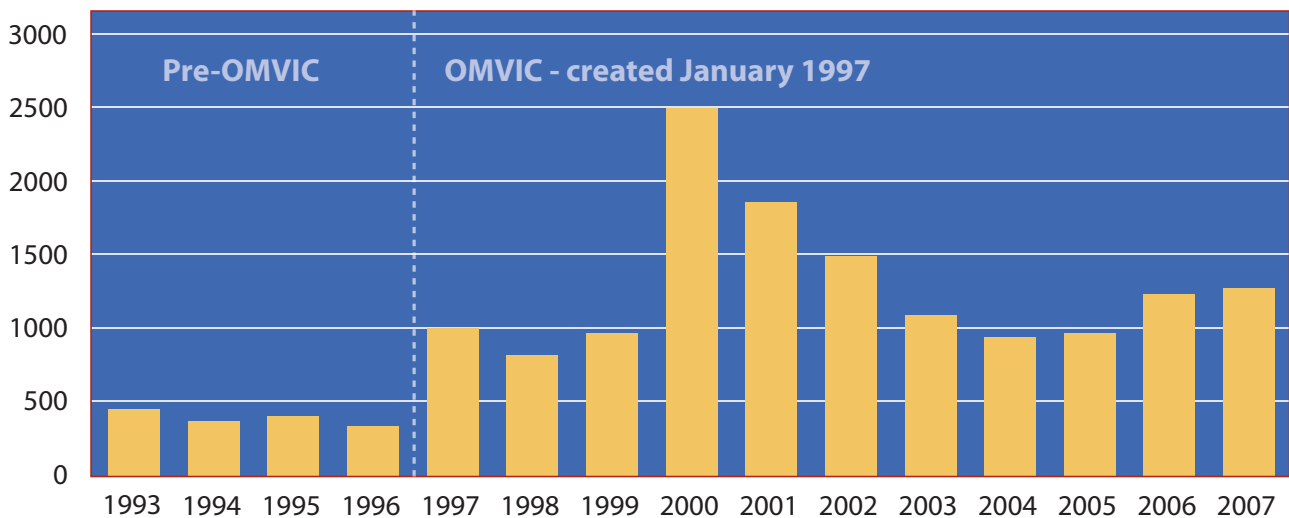
During 2007, 3,567 inspections were completed – slightly more than the 3,500 planned for the year. A decline in inspections over recent years is a result of the adoption of a risk-based inspection program, whereby inspections are more focused and take longer to conduct.

### CHARGES LAID 2007



In 2007, OMVIC investigators laid 2,442 charges. This is an increase from the 2,328 charges laid in 2006.

### COMPLAINT HANDLING 2007



OMVIC’s compliance team was actively involved in handling 1,258 disputes in 2007. 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.



## 2007 Financial Overview/Audited Statements

The following financial overview is based on the audited financial statements for Ontario Motor Vehicle Industry Council for the year ended December 31, 2007 with comparative figures for 2006.

### Overview

OMVIC ended its 2007 fiscal year with a deficit of \$539,372 – a significantly better result than was budgeted. This marked the third 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. OMVIC has, however, introduced a new fee structure commencing May 1, 2008 that is expected to generate sufficient funds to meet OMVIC's operations for the foreseeable future and to clear the accumulated deficit.

Accumulated deficit at the end of the year was \$654,415, compared to a \$115,043 deficit at the end of December 2006.

### Revenue

Total revenue in 2007 was \$5,592,380 compared to \$5,483,027 in 2006 and comprised:

#### Registration fees:

As in previous years, registration fees remain the principal source of revenue, representing about 87% of the total. In 2007, revenue from registration fees of \$4,854,638 was \$60,950 higher than the previous year.

#### Transfer fees:

Transfer fees of \$293,400 were slightly above 2006 totals (\$286,800) since more salespersons moved among dealerships during the year than anticipated.

#### Certification course fees:

Revenue of \$280,090 from certification fees in 2007 was also slightly higher than last year's level of \$275,100, in line with the increase in registration fees.

#### Interest and other revenue:

Interest and other revenue received in 2007 was \$105,352, compared to \$93,189 for 2006. This increase was due to better-than-expected cash flow during the year.

#### Administrative penalties:

Administrative penalties totaling \$58,900 in 2007, imposed through an internal disciplinary process for failing to comply with OMVIC's Code of Ethics and the Standards of Business Practices, were substantially higher than last year (\$34,250).

### Expenses

Overall expenses in 2007 of \$6,131,752 were \$455,837 more than 2006 (\$5,675,915). Expenses were in line with new and expanded projects during 2007, in the areas of public and industry awareness. In addition, purchased service costs, such as legal fees, and government oversight fees were above 2006 levels. Total expenses for 2007, however, were well below the planned amount. This was managed through cost controls and deferred spending because of the uncertainty surrounding time frame for implementation of MVDA. Major expense categories were:

#### Salaries and benefits:

Salaries and benefits cost \$3,257,224 in 2007 compared to \$3,136,782 in 2006. The increase of \$120,442 over last year reflects normal salary changes and year-end vacation accruals.

#### Professional services:

Professional services in 2007 cost \$634,143, compared to \$565,090 in 2006. The higher expenses in 2007 resulted from legal costs associated with certain issues relating to OMVIC's governance and preparation for the introduction of a revised fee structure in early 2008.

#### Travel:

Travel expenses in 2007 of \$533,061 were \$16,390 higher than 2006 (\$516,671) and resulted from increased inspection and investigation activities and a Board meeting held in Hamilton.

#### General and administrative:

General and administrative expenses of \$350,780 were slightly above 2006 expenses (\$331,097) and can be attributed to preparations for the anticipated implementation of the MVDA 2002 in late 2007.



## Public awareness:

During 2007, public awareness activities cost \$277,814, compared to \$149,428 in 2006. The substantial increase in expenses over last year is due mainly to the production and distribution costs of a bilingual, educational DVD for use in the Ontario secondary school system. This project is one of an ongoing series of planned consumer awareness programs to better meet OMVIC's consumer protection mandate.

## Telecommunications:

Telecommunications expenses increased slightly in 2007 to \$222,753 from \$217,749 in 2006.

## Occupancy:

Occupancy costs increased nominally in 2007 to \$217,141 from \$214,070 in 2006.

## Government oversight fees:

On a cost recovery basis, this fee is payable to the Ministry of Government and Consumer Services under the terms of its Administrative Agreement with OMVIC. The amount payable in 2007 was \$215,730, compared to \$195,493 in 2006. The higher fees in 2007 reflect the extensive work put in by the Ministry in the development of the proposed Regulations supporting the new Motor Vehicle Dealers Act, 2002.

## Amortization of capital expenses:

This non-cash expense of \$161,699 was lower than last year by \$57,177. A number of capital projects planned for 2007 were deferred for practical reasons, pending the finalization of the Regulations for the MVDA, 2002.

## Per-diem allowances:

Per-diem allowances of \$134,662 were slightly above the 2006 level of \$130,659.

## Industry awareness:

In 2007, OMVIC decided to track separately the costs associated with industry awareness. During the year, \$126,745 was incurred in printing and distribution costs for OMVIC's newsletter (*The Dealer Standard*), keeping the industry abreast of issues; through a special bulletin on the new Consumer Protection Act; as well as advance notification to the industry of the pending registration fee change.

The 2007 expenses by service function were as follows:

	2007	2006
Investigation	\$1,251,919	\$1,210,441
Registration	1,165,267	1,132,427
Inspection	1,012,553	951,941
e-Business	649,528	597,445
Legal services	643,620	672,457
Governance	530,776	411,335
Communications	503,516	289,968
Inquiries and complaint handling	374,573	409,901
	\$6,131,752	\$5,675,915

## Liquidity and capital resources

Cash available at the end of December 2007 was \$1,670,330 compared to \$1,928,418 in 2006.

Based on cash flows provided by its operations, OMVIC has sufficient liquidity to fund its short-term business plans and obligations. For longer-term, however, after careful consideration of several options, OMVIC has implemented a new fee structure commencing February 2008 which is expected to generate adequate funds to meet its ongoing operations for the foreseeable future and to clear the accumulated deficit.

## Capital expenditures

Capital expenditures during 2007 amounted to \$197,184 (2006 - \$385,613) and were used to support operational growth and to develop operating efficiencies through technological improvements. Certain expenditures were deferred to 2008 in order to better manage spending in 2007's planned deficit budget. Capital outlay will be much higher in 2008 as a result.



# Financial Statements

Financial Statements of

## **ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

Year ended December 31, 2007



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

Telephone (416) 228-7000  
Fax (416) 228-7123  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

We have audited the statement of financial position of Ontario Motor Vehicle Industry Council as at December 31, 2007 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, 2007 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, Licensed Public Accountants

Toronto, Canada  
March 28, 2008



## Financial Statements

### ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

#### Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Assets</b>		
Current assets:		
Cash	\$ 1,670,330	\$ 1,928,418
Accounts receivable	58,072	57,059
Prepaid expenses	121,697	90,649
	<u>1,850,099</u>	<u>2,076,126</u>
Capital assets (note 2)	142,453	202,058
Software under development (note 3)	563,042	467,952
	<u>\$ 2,555,594</u>	<u>\$ 2,746,136</u>

#### Liabilities and Net Assets Deficiency

Current liabilities:		
Accounts payable and accrued charges	\$ 669,246	\$ 561,854
Deferred revenue (note 4)	2,540,763	2,299,325
	<u>3,210,009</u>	<u>2,861,179</u>
Net assets:		
Invested in capital assets	705,495	670,010
Unrestricted	(1,359,910)	(785,053)
	<u>(654,415)</u>	<u>(115,043)</u>
Commitments (note 6)		
	<u>\$ 2,555,594</u>	<u>\$ 2,746,136</u>

See accompanying notes to financial statements.

## ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

### Statement of Operations

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Revenue:</b>		
Registration fees	\$ 4,854,638	\$ 4,793,688
Transfer fees	293,400	286,800
Certification course fees	280,090	275,100
Interest and other	105,352	93,189
Administrative penalties	58,900	34,250
	<u>5,592,380</u>	<u>5,483,027</u>
<b>Expenses:</b>		
Salaries and benefits, net of recoveries (note 5)	3,257,224	3,136,782
Professional services	634,143	565,090
Travel	533,061	516,671
General and administrative, net of recoveries (note 5)	350,780	331,097
Public awareness	277,814	149,428
Telecommunications	222,753	217,749
Occupancy	217,141	214,070
Government oversight fees	215,730	195,493
Amortization of capital assets	161,699	218,876
Per diem allowances	134,662	130,659
Industry awareness	126,745	-
	<u>6,131,752</u>	<u>5,675,915</u>
<b>Excess of expenses over revenue</b>	<b>\$ (539,372)</b>	<b>\$ (192,888)</b>

See accompanying notes to financial statements.



## Financial Statements

### ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

#### Statement of Changes in Net Assets

Year ended December 31, 2007, with comparative figures for 2006

			2007	2006
	Invested in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 670,010	\$ (785,053)	\$ (115,043)	\$ 77,845
Excess of revenue over expenses (expenses over revenue)	(161,699)	(377,673)	(539,372)	(192,888)
Investment in capital assets	197,184	(197,184)	-	-
Balance, end of year	\$ 705,495	\$(1,359,910)	\$ (654,415)	\$ (115,043)

See accompanying notes to financial statements.

## ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

### Statement of Cash Flows

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ (539,372)	\$ (192,888)
Item not involving cash:		
Amortization of capital assets	161,699	218,876
Changes in non-cash operating working capital:		
Accounts receivable	(1,013)	(4,246)
Prepaid expenses	(31,048)	(4,877)
Accounts payable and accrued charges	107,392	49,994
Deferred revenue	241,438	(174,963)
	(60,904)	(108,104)
Investing activities:		
Purchase of capital assets	(197,184)	(385,613)
Decrease in cash	(258,088)	(493,717)
Cash, beginning of year	1,928,418	2,422,135
Cash, end of year	\$ 1,670,330	\$ 1,928,418
Supplemental cash flow information:		
Cash received for interest	\$ 89,490	\$ 83,193

See accompanying notes to financial statements.



# Financial Statements

## ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 2007

---

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, 2007

### 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:

	2007		2006	
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 329,118	\$ 230,555	\$ 98,563	\$ 134,220
Computer software	112,750	73,247	39,503	49,041
Furniture and fixtures	15,632	13,332	2,300	15,632
Office equipment	3,956	3,110	846	1,638
Leasehold improvements	2,386	1,145	1,241	1,527
	<b>\$ 463,842</b>	<b>\$ 321,389</b>	<b>\$ 142,453</b>	<b>\$ 202,058</b>

### 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 2007, the amount expended on the project was \$563,042.



# Financial Statements

## ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2007

### 4. Deferred revenue:

	2007	2006
Registration fees received in advance	\$ 2,540,763	\$ 2,299,325

### 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 \$167,715 (2006 - \$150,367) relating to salaries and benefits and \$10,395 (2006 - \$10,395) relating to general and administrative expenses. At year end, \$34,540 (2006 - \$35,729) 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:

2008	\$ 217,200
2009	213,400
2010	209,200
2011	205,900
2012	68,600
	-
	\$ 914,300

### 7. Comparative figures:

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

## Financial Statements

**MOTOR VEHICLE DEALERS  
COMPENSATION FUND**

**FINANCIAL STATEMENTS**

**OCTOBER 31, 2007**



# Financial Statements

## MOTOR VEHICLE DEALERS COMPENSATION FUND

### FINANCIAL STATEMENTS

OCTOBER 31, 2007

<b>INDEX</b>	<b>PAGE</b>
Auditors' Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations and Comprehensive Income	4
Notes to the Financial Statements	5 - 9



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, 2007 and 2006 and the statements of operations and comprehensive income and changes in net assets for each of the years in the two-year period ended October 31, 2007. 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, 2007 and 2006 and the results of its operations and comprehensive income and the changes in its net assets for each of the years in the two-year period ended October 31, 2007 in accordance with Canadian generally accepted accounting principles.

**McGOVERN, HURLEY, CUNNINGHAM, LLP**



**Chartered Accountants  
Licensed Public Accountants**

TORONTO, Canada  
January 16, 2008

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



# Financial Statements

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

Page 2

	2007 \$	2006 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	-	54,987
Accrued interest receivable	53,519	55,283
Prepaid expenses	<u>10,801</u>	<u>10,301</u>
	64,320	120,571
<b>INVESTMENTS</b> , at fair market value (Note 2)	<u>8,598,395</u>	<u>7,331,092</u>
	<u>8,662,715</u>	<u>7,451,663</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness	18,481	-
Accounts payable and accrued liabilities	68,802	67,491
Claims payable	<u>41,075</u>	<u>57,115</u>
	128,358	124,606
<b>NET ASSETS</b>		
Unrestricted net assets (Note 3)	<u>8,534,357</u>	<u>7,327,057</u>
	<u>8,662,715</u>	<u>7,451,663</u>

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

\_\_\_\_\_, "PHIL RABY", Chair

\_\_\_\_\_, "JOHN KENNY", Vice Chair

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

Page 3

	Unrestricted \$	2007 \$	2006 \$
<b>BALANCE</b> , beginning of year	7,327,057	7,327,057	7,317,806
Adoption of new accounting policy (Note 2)	984,476	984,476	-
Excess of revenues over expenses and comprehensive income, for the year	<u>222,824</u>	<u>222,824</u>	<u>9,251</u>
<b>BALANCE</b> , end of year	<u>8,534,357</u>	<u>8,534,357</u>	<u>7,327,057</u>



## Financial Statements

MOTOR VEHICLE DEALERS COMPENSATION FUND  
**STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED OCTOBER 31,

Page 4

	2007	2006
	\$	\$
<b>REVENUES</b>		
Investment and other income	499,677	502,737
Participant fees	<u>188,400</u>	<u>172,200</u>
	<u>688,077</u>	<u>674,937</u>
<b>EXPENSES</b>		
Claims (net of recoveries of \$7,198; 2006 - \$26,070)	301,461	239,924
Salaries and benefits	164,527	144,685
Board	65,451	81,303
Legal	64,445	114,880
Investment management fees	39,269	38,910
Trustee fees	11,385	11,143
Occupancy	10,395	10,395
Insurance	10,692	9,966
Office and general	3,199	7,056
Professional fees	5,587	5,520
Amortization	<u>-</u>	<u>1,904</u>
	<u>676,411</u>	<u>665,686</u>
<b>EXCESS OF REVENUES OVER EXPENSES, FOR THE YEAR</b>	11,666	9,251
Change in fair value of investments	<u>211,158</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES AND COMPREHENSIVE INCOME, FOR THE YEAR</b>	<u>222,824</u>	<u>9,251</u>



## **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 except as disclosed below. Outlined below are those policies considered particularly significant.

### Claims:

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

### 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.

Continued...



# Financial Statements

MOTOR VEHICLE DEALERS COMPENSATION FUND  
**NOTES TO THE FINANCIAL STATEMENTS**  
OCTOBER 31, 2007

Page 6

---

---

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

### Financial Instruments:

On November 1, 2006 the Fund adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments - Recognition and Measurement; Section 3861, Financial Instruments - Disclosure and Presentation; and Section 3865, Hedges.

#### (i) Financial Instruments

Under the new standards, financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in excess of revenues over expenses for the year. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

Continued...

MOTOR VEHICLE DEALERS COMPENSATION FUND  
**NOTES TO THE FINANCIAL STATEMENTS**  
 OCTOBER 31, 2007

Page 7

---



---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Financial Instruments (Continued):

- (ii) **Comprehensive Income**  
 Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of excess of revenues over expenses and other comprehensive income, is defined as the change in net assets from transactions and other events from non-owner sources. Other comprehensive income for the Fund includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in net assets.
- (iii) **Hedging**  
 Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Fund currently has no hedges.

As at November 1, 2006, the effect on the Fund's balance sheet of adopting these standards is summarized below. As prescribed by these standards, prior periods have not been restated.

	As Previously <u>Stated</u> \$	Adoption of New <u>Accounting Policy</u> \$	<u>As Adjusted</u> \$
Unrestricted net assets, November 1, 2006	<u>7,327,057</u>	<u>984,476</u>	<u>8,311,533</u>

Investments:

The Fund has classified its investments as held-for-trading financial instruments and therefore they are measured at their fair value with changes in fair value recognized in excess of revenues over expenses for the period.

Continued...



# Financial Statements

MOTOR VEHICLE DEALERS COMPENSATION FUND  
**NOTES TO THE FINANCIAL STATEMENTS**  
OCTOBER 31, 2007

Page 8

---

---

### 3. 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.

### 4. CONTINGENT LIABILITIES

As at October 31, 2007, the Board had denied 2 (2006 - 1) claims totaling \$44,432 (2006 - \$10,000), which were 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.

The Fund may also be responsible for \$113,000 of legal fees plus the costs of an appeal relating to a judgment, which is currently under appeal

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.

### 5. 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.

### 6. 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, 2007

---

---

Page 9

## **7. 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 (2006 - \$Nil).

## **8. 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.



# 2008-2010 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 is received from government, stakeholders, board and staff.

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 2008-2010 planning period:

## CONSUMER PROTECTION

Strategy	2008-2010 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>Promote and evaluate use of <i>Know Your Ride</i> in Ontario high schools and driver education programs.</p> <p>Develop editorial calendar and library of tools (audio clips, images) to provide frequent communication to media.</p> <p>Engage influencers who will help endorse and spread OMVIC’s message (e.g., consumer protection agencies).</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 numbers.</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>Complaint handling: provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible.</p>	<p>OMVIC anticipates handling approximately 800 complaints per year throughout the planning period.</p>

**CONSUMER PROTECTION (cont'd)**

Strategy	2008-2010 Performance Measure
Review current Safety Standards Certificate to assess if Ontario standards are current.	Complete follow-up study commissioned through the Canadian Automotive Institute.
Increase awareness of OMVIC through law enforcement agencies.	Provide seminars for policing authorities.

**DEALER PROFESSIONALISM**

Strategy	2008-2010 Performance Measure
Upon development of Regulations for MVDA 2002, encourage certified registrants to complete a “bridging course” that outlines new requirements and responsibilities under the Act.	Market course benefits through <i>The Dealer Standard</i> articles and dealer bulletins.
Facilitate enhanced communication between OMVIC and stakeholders.	Key stakeholder groups invited to make presentations at OMVIC’s annual Board planning meeting.
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>The volume of Registrar’s actions is predicted to remain steady through the planning period at approximately 1,000 actions yearly.</p> <p>Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process.</p>
Follow up with dealer community on issues of non-compliance by providing stats on offenders and the action taken by OMVIC.	<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"> <li>• Increasing the number of Licence Appeal Tribunal decisions published in <i>The Dealer Standard</i></li> <li>• Develop best practices on selected topics and publish in <i>The Dealer Standard</i></li> <li>• Report on the types of investigations conducted related to industry conduct</li> <li>• Report on the nature of proposals and Registrar’s Actions</li> </ul>
Improve communication with registrants by using email for delivery of bulletins and newsletters.	Promote collection of registrant email addresses.



## 2008-2010 Business Plan

### DEALER PROFESSIONALISM (cont'd)

Strategy	2008-2010 Performance Measure
Review regulatory options for internet sales.	The internet provides a new channel for curbsider sales. Current use of the internet will be reviewed and a report of findings submitted to OMVIC's Board.
Assessing possibility of photo ID for dealers and salespersons.	Review and confirm legal authority to collect photos.

### CUSTOMER SERVICE

Strategy	2008-2010 Performance Measure
Effective adoption of new technologies that will allow OMVIC to better serve dealers, consumers and government through the internet.	<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>A new dealer portal to facilitate dealer transactions including the filing of various applications.</p> <p>Addition of a communications and education component to the website.</p> <p>Promotion of the website to be included in OMVIC communication strategies.</p>
Review phone system service.	Following implementation of the pending MVDA 2002, a report on options for improving phone service will be developed.
Facilitating dealer input via surveys.	Adding dealer surveys to application renewal mailings.
Develop plan for business continuity.	Plan completed and approved.



**NEW LEGISLATION**

Strategy	2008-2010 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: website, 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>Seek support of other provincial dealer regulatory bodies.</p>
<p>Ensure investigation and prosecution procedures comply with recent case law.</p>	<p>Adopt new procedures for case handling.</p>

**BOARD GOVERNANCE**

Strategy	2008-2010 Performance Measure
<p>Develop best governance practices and education program for new and existing officers and directors.</p>	<p>Identify and attend programs that will serve to enhance directors’ understanding and practice of governance skills.</p> <p>Institute a Board evaluation program.</p>
<p>Investigate possibility of creating an inter-provincial association of motor vehicle dealer regulators.</p>	<p>Efforts to arrange and hold an exploratory meeting will continue.</p>



## Three Year Financial Forecast

(\$ thousands)

Revenue	2008 Budget	2009 Plan	2010 Plan
Registration fees	6,526	9,522	11,142
Certification course fees	273	287	273
Transfer fees	270	270	270
Interest and other	75	100	120
	7,144	10,179	11,805
Expenses			
Salaries and benefits	3,611	4,152	4,680
Professional services	638	786	763
Amortization of capital assets	573	626	671
Travel	557	629	704
Public awareness	464	1,074	1,324
General and administrative	369	383	385
Occupancy	295	322	326
Telecommunications	235	239	251
Government oversight fees	220	220	220
Per-diem allowances	173	173	173
Industry awareness	97	110	115
	\$7,232	\$8,714	\$9,612
Net	\$(88)	\$1,465	\$2,193

## Three Year Financial Forecast

These financial forecasts include the anticipated costs of implementing the MVDA 2002 from mid-2008, and revenues based on a new fee structure described below:

Effective, February 1, 2008, dealer registration renewal fee will be based on volume of sales, in addition to the existing basic renewal fee. Dealers will be required to remit \$5 for every sale, lease, fleet or “as is” transaction as a component of their registration renewal fee, except transactions deemed wholesale. Dealers may add this portion of their registration renewal fee to the bill of sale or lease contract, thus distributing the cost of public protection to their customers. This portion of the registration fee will be recognized as revenue when received.

The renewal cycle for dealers will also change from two (2) years to one (1) year to facilitate timely collection of the renewal fee. Thus revenue will be recognized in the year the renewal fee is received. This change in revenue recognition, however, will not occur until January 2009 as OMVIC has decided that for dealers with registrations expiring between May 1, 2008 and December 31, 2008, the base fee for dealer registration for one year will remain \$500 in order to provide better cash inflow in the transition year.

Start-up date for the revised dealer renewal fee structure will be May 1, 2008 and the fee structure may be summarized as follows:

### **Dealer registrations expiring between May 1, 2008 and December 31, 2008:**

- One-year renewal fee will be a base fee of \$500 plus \$5 per transaction for a period starting February 1, 2008 until two (2) months before the renewal date.
- Next one-year renewal for 2009 will be a base fee of \$0 plus \$5 per transaction for a prior 12-month period.
- Each subsequent one-year renewal starting in 2010 will be a base fee of \$250 plus \$5 per transaction for a prior 12-month period.

### **Dealer registrations expiring on or after January 1, 2009:**

- One-year renewal fee will be a base fee of \$250 plus \$5 per transaction for a period starting February 1, 2008 until two (2) months before the renewal date.
- Each subsequent one-year renewal will be a base fee of \$250 plus \$5 per transaction for a prior 12-month period.

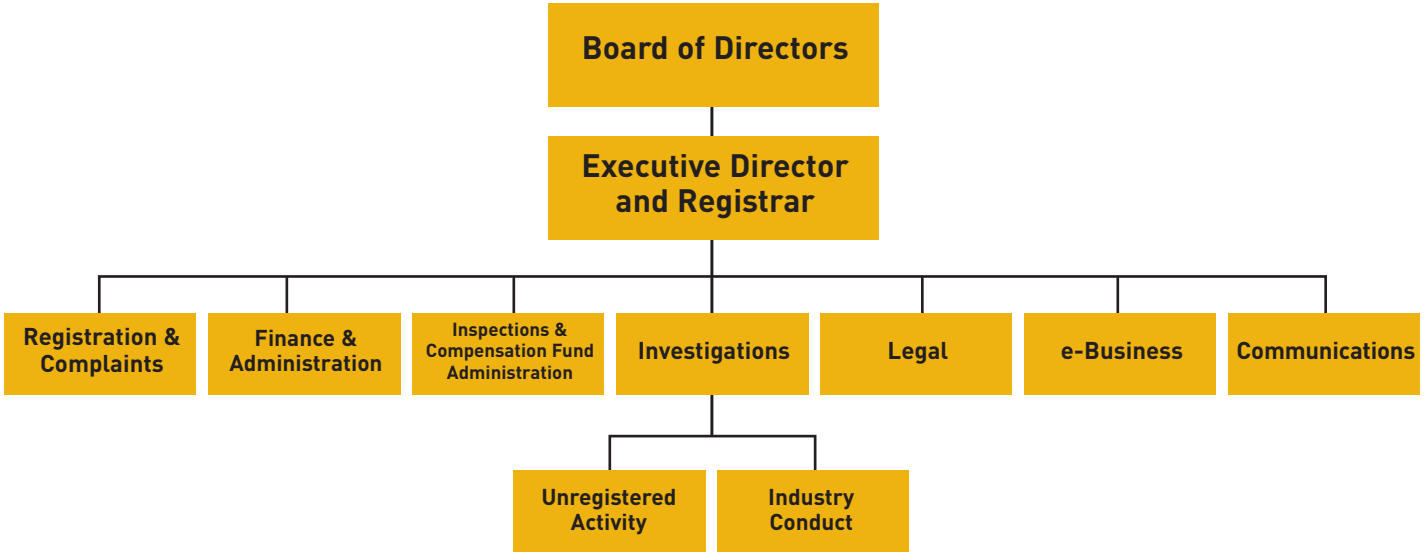
Effective May 1, 2008 the fee for new applications for registrations will reflect the costs of processing the applications and will be as follows:

- New dealer application - \$500 for one (1) year
- New salesperson application - \$250 for two (2) years

The revised fee structure is expected to generate adequate funds to clear the accumulated deficit and to meet OMVIC’s operational needs for the foreseeable future.



# Organizational Structure



## 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 market. These industry representatives are joined by three consumer/government representatives appointed by the Minister of Government and Consumer 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.

## John Gibbons, President and Chairman

**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, Vice President

**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.

## **Meredith Morris, Vice President**

**Sudbury Hyundai, Sudbury**

**Term of office: May 2007 – May 2010**

As a result of growing up in an automotive family, Meredith Morris has been involved in various aspects of the car business since the age of 14. She graduated from the automotive marketing/business administration program at Northwood University in Michigan in 2000. She is president of C.J. Morris Investments Ltd., which owns and operates Sudbury Hyundai and Sudbury Used Cars.

Ms. Morris was elected to the OMVIC Board of Directors in May of 2004 and is currently serving her second three-year term. She is an active member of OMVIC's Consumer Protection Advisory Committee and Communications and Nominating Committees.

Ms. Morris also serves on the national Hyundai Dealer Council, Board of Directors for the Sudbury Community Foundation and the Board of Directors for the Canadian Red Cross.

## **Karen Girling, Secretary Treasurer**

**Consumer Representative**

**Term of office: July 2005 – July 2008**

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

In July 2005, she was appointed to OMVIC's Board for a three-year term. She chairs the Communications Committee, and is an active member of OMVIC's Consumer Protection Advisory Committee and Nominating Committee. 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 Consumers Council of Canada, bringing a business perspective to that Board and committees.

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

## **Kevin Bavelaar**

**Auto Showplace, North York**

**Term of office: May 2007 – May 2010**

Kevin Bavelaar is the dealer principal of Auto Showplace in North York.

Mr. Bavelaar commenced his career as a salesperson at Car Connection in 1989. He became the General Sales Manager in 1993, but left Car Connection in January 1994 to open his own dealership.

He is a hands-on dealer principal with experience in all facets of the business who has a good understanding of the challenges facing the industry.

Mr. Bavelaar served on OMVIC's Board of Directors from May 1993 to May 2004 and currently serves on OMVIC's Consumer Protection Advisory Committee.

## **Hugh Brennan**

**Dixie Plymouth Chrysler Ltd., Brampton**

**Term of office: May 2002 – May 2008**

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

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

## **Peter Eatson**

**Peterborough Volkswagen, Peterborough**

**Term of office: May 2004 – May 2009**

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.



## Organizational Structure

### Vishnu Kangalee

**Ministry of Government and Consumer Services**

**Term of office: January 2006 – January 2009**

Vishnu Kangalee, Manager Compliance and Consumer Services, Ministry of Government and Consumer 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.

### 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 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 skills 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 into 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 Board, trying to strengthen the relationships between auctions and automotive dealers.

### John Slaughter

**Hyundai, Pembroke**

**Term of office: May 2007 – May 2010**

A graduate of McMaster University, Mr. Slaughter started his professional career as a school teacher and quickly rose in the ranks to become a principal in Fort McMurray, Alberta. In 1990, he purchased a 50 per cent interest in a Jeep/Eagle franchise in Pembroke, Ontario which developed into a Dodge/Chrysler/Jeep franchise in 1993.

Mr. Slaughter became a partner in a Hyundai franchise in 1995 and today is the president of Hyundai Pembroke.

For eight years Mr. Slaughter was on the Chrysler Ontario DAA. He has also served in numerous capacities on various community-based boards in Fort McMurray.

## Senior Management

### Carl Compton

Registrar and Executive Director

### Mary Jane South

Director of Operations and Deputy Registrar

### Laura Halbert

Director, Compliance

### Chandar Singh

Comptroller

### Carey Smith

Chief Investigator, Industry Conduct

### Don MacAndrew

Chief Investigator, Unregistered Activity

### Javier Valdivieso

Manager, e-Business

### Aviva R. Harari

Senior Legal Counsel

## Contacting OMVIC

### Registration Services:

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

Registration kits can be downloaded from [www.omvic.on.ca](http://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](http://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

### Privacy Officer:

Michael Rothe, 416-512-3166, michael.rothe@omvic.on.ca

OMVIC's Privacy Policy is available at [www.omvic.on.ca](http://www.omvic.on.ca)

789 Don Mills Road, Ste. 800

Toronto, Ontario M3C 1T5

**Telephone:** 416-226-4500

**Facsimile:** 416-226-3208

**Toll-free:** 1-800-943-6002

**Website:** [www.omvic.on.ca](http://www.omvic.on.ca)

**Email:** [omvic@omvic.on.ca](mailto: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 both the Used Car Dealers Association and the Toronto or Ontario Automobile Dealers Association
- Three directors who are appointed by the Minister of Government and Consumer 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. Has 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 that may be required at the sole discretion of the Nominating 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 that are established by the Nominating 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.



## Appendix A

- 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  
du commerce des  
véhicules automobiles

[www.omvic.on.ca](http://www.omvic.on.ca)