




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

 Consumer
Protection

 Dealer
Professionalism

 Customer
Service

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Profile

The Ontario Motor Vehicle Industry Council (OMVIC) is responsible for administering the *Motor Vehicle Dealers Act* (MVDA) – a public protection statute – on behalf of the Ministry of Small Business 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 Small Business 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. Sixty-six 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

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:

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



Message from the President and Chair of the Board

Honourable Harinder Takhar Minister of Small Business and Consumer Services

6th Floor, Mowat Block
Queen's Park
900 Bay Street
Toronto, Ontario
M7A 1L2

Dear Minister Takhar,

The *2008 Annual Report* for the Ontario Motor Vehicle Industry Council provides an outline of the progress made on each of the objectives set out in last year's Business Plan. In reviewing the Plan, I am proud to report the Council has met, or made significant progress on, the majority of its objectives.

Implementation projects for the *Motor Vehicle Dealers Act (MVDA)* were the most critical in 2008 and all are on schedule.

Some highlights follow:

- We have collaborated with the Canadian Automotive Institute on development of a new certification course.
- We have been working closely with developers to ensure new technologies will be in place to better serve our registrants.
- Training programs for staff were created last year and delivered in early 2009.
- Registration materials have been reviewed and redesigned.
- Requirements for a new phone system were identified and are being reviewed.
- Educational materials for registrants (including online tutorials and bulletins) were also developed and delivered.

One of the Council's other main objectives for 2008 was delivery of a consumer education program and we are happy with the progress that has been made on this front. Omnibus research, a media relations program and an online advertising program were all completed. In the fourth quarter of 2008 alone, the Council was able to deliver 16 million media impressions (an estimation of the number of times that media

was viewed). Media stories were covered not only in the GTA, but also in other key markets of the province. In addition to these initiatives the Council's communications plan was also supported by the development of a visual identity that was applied to trade show materials, advertising graphics, web content, *The Dealer Standard*, bulletins and the *2007 Annual Report*.

I am also happy to report that our high school education program, *Know Your Ride*, received approval from Curriculum Services Canada (CSC). CSC is a standards agency that ensures quality in learning products and programs. *Know Your Ride* (KYR) was OMVIC's first attempt at developing an education product, so we are pleased to have received this endorsement.

Other objectives met throughout the year include the delivery of training on best practices in governance for Board members; improved communication with registrants through the collection of their email addresses; improved communication with stakeholders; and the scheduling of a conference of provincial motor vehicle dealer regulators.

In closing, I also wish to extend thanks to Ministry staff, OMVIC staff, OMVIC Board members, our registrants and stakeholder groups. Together we have been able to achieve our objectives and ensure a fair and safe marketplace for our registrants and Ontario's consumers.

Meredith Morris
President and Chair of the Board

Message from the Registrar

Honourable Harinder Takhar
Minister of Small Business and Consumer Services

6th Floor, Mowat Block
Queen's Park
900 Bay Street
Toronto, Ontario
M7A 1L2

Dear Minister Takhar,

The Ontario Motor Vehicle Industry Council is pleased to present its *Annual Report* for 2008. We are proud of our accomplishments over the past year and are eager to roll out the final steps for implementation of new legislation.

With an expected launch date of April 1, 2009, successful implementation of the *Motor Vehicle Dealers Act, 2002* (MVDA 2002) was an ongoing priority for the Council throughout 2008.

In preparation of the new Act, the Council's MVDA 2002 Steering Committee identified and developed an implementation program consisting of 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.

Built into each core project were a number of deliverables – many of which required significant staff resources and time to complete. Training, for instance, was not just a matter of training staff, but involved developing programs to educate a registrant base of more than 8,600 dealers and 23,000 salespeople. The technology project has also been a major undertaking, with critical deadlines. Ensuring a new database and system were in place to accommodate legislative changes has been crucial.

I also draw attention to the performance charts that follow. In addition to ensuring implementation tasks were completed for April 1, staff was also expected to deliver and maintain service levels. The following numbers suggest that we have been successful:

Our investigation team laid 1,806 charges; 1,273 Registrar's actions were taken (includes proposals to refuse or revoke registration and Registrar's terms and conditions imposed); 45,295 calls were handled through OMVIC's toll-free line; and 1,452 consumer and dealer complaints were handled.

We have enjoyed the opportunity to work with Ministry staff throughout the development of new legislation over the last few years and look forward to finalizing the last steps of the implementation process with your team.

Carl Compton
Executive Director and Registrar



Business Accomplishments

CONSUMER PROTECTION

Strategy	2008-2010 Targets	2008 Activities & Results
<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>Endorsement from Curriculum Services Canada (standards agency for quality assurance in learning products and programs) received.</p> <p>Product review written and submitted to <i>Canadian Teacher</i> magazine and <i>Professionally Speaking</i> for publication. <i>Canadian Teacher</i> published the review.</p> <p>Mailing to Ontario high schools included: cover letter announcing CSC endorsement, posters, teacher survey and written review. Packages were sent with CSC letterhead to achieve credibility. CSC website also posted info on <i>Know Your Ride</i> (KYR).</p> <p>November 8: Presentation at Ontario History and Social Science Teachers Association conference (Toronto). This conference is attended by Civics teachers and was a good opportunity for promotion. The material was posted online following the conference for educators not in attendance at conference.</p> <p>The communications plan was also supported by the development of a visual identity for OMVIC. The visual identity was applied to: tradeshow materials (booth, tearpad handouts, contest/ballot forms, maps); 2007 <i>Annual Report</i>; Winter 2008 <i>Dealer Standard</i>; <i>Know Your Ride</i> kit; consumer brochure; registrant bulletins; PowerPoint templates and registration materials for 2009 (pocket folder, registration certificates, registration forms, some website graphics).</p>

Business Accomplishments

CONSUMER PROTECTION (cont'd)

Strategy	2008-2010 Targets	2008 Activities & Results
	<p>Develop editorial calendar and library of tools (audio clips, images) to provide frequent communication to media.</p>	<p>Editorial calendar for fall 2008 included News Canada stories, advertising, omnibus research and a media relations plan to promote research findings and “9 Tips” story.</p> <p>Media relations and advertising in the last quarter of 2008 generated more than 16 million impressions (an estimation of the number of times that media was viewed).</p> <p>News Canada: Stories published in September and November issues.</p> <p>Story titles:</p> <ul style="list-style-type: none"> • “Know Your Ride Program Targeted Towards Teens” • “No Cooling Off Period. Period” • “Understand Vehicle Advertisements and Pricing” • “Used Buyers to Check History of Vehicle” • “Buying a Car? Steer Clear of These Words” • “Complaint Line Offers Help for Car Buyers” <p>Print and online coverage: <i>Lakeshore News</i>, <i>Metro</i> (high circulation in GTA), <i>Vaughan Today</i>, <i>The Free Press</i>, metronews.ca, midlandfreepress.com, epochtimes.com, thespec.com, windsoressexnews.com, oliverchronicle.com.</p> <p>Online advertising ran on AutoTrader.ca and carpages.com.</p> <p>Omnibus research through Angus Reid was completed and results compiled. The findings were used to support OMVIC’s key messages.</p> <p>Media relations program was completed to promote findings of research. Included: promotion of key omnibus findings (two news releases issued, two audio news releases issued, story pitched to relevant sources and journalists, two radio interviews granted, media monitoring, media evaluation and summary of results).</p>



CONSUMER PROTECTION (cont'd)

Strategy	2008-2010 Targets	2008 Activities & Results
	<p>Engage influencers who will help endorse and spread OMVIC's message (e.g., consumer protection agencies).</p>	<p>List of contacts created that includes: Ontario MPs and MPPs, city councillors, libraries, Chambers of Commerce, legal aid clinics, multicultural newspapers and radio stations, and campus newspapers and radio stations.</p> <p>Letter of introduction drafted for above. Will be sent with newly badged* KYR DVD in 2009 (next disc production) with suggestion to include link to OMVIC website.</p> <p>*With CSC stamp of approval.</p> <p>Meeting with Crime Stoppers held to outline partnership opportunities for 2009 (e.g., distribution of jointly labelled memory sticks pre-loaded with KYR video).</p> <p>The Ontario Association of Chiefs of Police newsletter printed an OMVIC story in its December 2008 issue.</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>Addresses have been collected from consumers at trade shows. An invitation will be sent to them asking to sign up for <i>Consumer Line</i>. The complaints team also provided additional consumer emails.</p> <p>Number of subscribers increased from 1,000 to approximately 1,500, as tabulated in early 2009.</p>
	<p>Communicate legislative changes to consumer audiences through <i>Consumer Line</i>.</p>	<p>Legislative changes to be featured in <i>Consumer Line</i> closer to implementation date, which has been delayed to January 2010.</p>

Business Accomplishments

CONSUMER PROTECTION (cont'd)

Strategy	2008-2010 Targets	2008 Activities & Results
	Promote awareness of OMVIC through community speaking engagements and attendance at consumer tradeshows.	Staff attended the following events: <ul style="list-style-type: none"> • Canadian International Auto Show • Explore Design • Georgian College Auto Show • Government Services Fair • Mississauga Crime Awareness Day • OACP conference • Ottawa-Gatineau Auto Show • Ryerson Orientation Week • YorkFest
	Support OMVIC's anti-curbsiding message through initiatives that will generate increased media coverage.	Message supported through News Canada articles that were recently distributed and picked up. Coverage included <i>Metro</i> newspaper with an estimated circulation in the GTA of 471,000 daily readers and 915,000 weekly readers.
Complaint handling: provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible.	Based on a five-year average, OMVIC anticipates handling approximately 1,100 complaints per year throughout the planning period.	1,452 complaints were handled in 2008. On average over the last five years, the complexity of complaint files has grown. In the years ending June 1, 2004 versus June 1, 2008 there has been a 28% increase in the workload (average number of activities) per complaint file.
Review current Safety Standards Certificate (SSC) to assess if Ontario standards are up to date.	Complete follow-up study commissioned through the Canadian Automotive Institute (CAI).	Phase 1 (completed September 2006) – Shows a comparison of vehicle operating standards used for Safety Standards Certificates in Ontario, Quebec and New York State. The written standards in Ontario compared favourably to the other jurisdictions studied. Phase 2 (completed November 2007) – Focused on requirements to become a mechanic and inspection station. Phase 3 (commenced September 2008) – Report regarding Standards of Enforcement for safety certificates and issuers to be reviewed in Ontario versus other jurisdictions.



CONSUMER PROTECTION (cont'd)

Strategy	2008-2010 Targets	2008 Activities & Results
Increase awareness of OMVIC through law enforcement agencies.	Provide seminars for policing authorities.	Staff made presentations to the following agencies: <ul style="list-style-type: none">• Northern Ontario Intelligence Conference• OPP – Northwest Region• Halton Regional Police Service• York Regional Police – Property Crime Workshop• Ontario Association of Chiefs of Police Conference• RCMP Milton Federal Enforcement Unit• Joint Forces Project: Niagara Regional Police/ Canada Border Services/ Biker Enforcement Unit• Georgian College – Canadian Automotive Institute• Ottawa New Car Dealers Association• Secretary-Treasurer's Association• First Ontario Credit Union – Dealer Finance Centre• Aviva Insurance – Special Investigations Unit• Insurance Bureau of Canada – Investigations

DEALER PROFESSIONALISM

Strategy	2008-2010 Targets	2008 Activities & Results
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.	Differences between MVDA and MVDA 2002 are too substantial for a bridging course to be practical.
Facilitate enhanced communication between OMVIC and stakeholders.	Key stakeholder groups invited to make presentations at OMVIC's annual Board planning meeting.	Inaugural meeting of Stakeholder Relations Committee held on September 23, 2008.

Business Accomplishments

DEALER PROFESSIONALISM (cont'd)

Strategy	2008-2010 Targets	2008 Activities & Results
<p>Registrar's actions: Institute effective registration and inspection processes that identify those who should not be registered or who require close monitoring through terms and conditions.</p>	<p>The volume of Registrar's actions is predicted to remain steady through the planning period at approximately 1,000 actions yearly.</p>	<p>1,273 Registrar actions in 2008.</p>
	<p>Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process.</p>	<p>Senior registration staff, inspectors and investigators attended a two-day session on forensic accounting, asset tracking and money laundering to further develop skills in identifying problem applicants through stricter scrutiny of financial information.</p> <p>OMVIC has conducted a review of registration screening in other jurisdictions to incorporate in the development of the MVDA 2002 registration forms. These forms (currently in draft) contain more detailed questions focusing on identifying "interested" or "associated" persons and other new requirements in the MVDA 2002.</p>
<p>Follow up with the dealer community on issues of non-compliance by providing stats on offenders and the action taken by OMVIC.</p>	<p>Provide details on the types of calls fielded by the complaints team so dealers can address issues internally.</p>	<p>For the most part, issues have remained static throughout the years (contract cancellation, misunderstanding of SSC, vehicle quality, contract disputes) although the <i>Consumer Protection Act</i> (2002), implemented in summer 2005, has created a new stream of complaints and these tend to be more complex.</p> <p>Over a five-year period, an average of 75 complaint files per year result in further administrative action (referral to Investigations or Legal departments).</p> <p>OMVIC and Ministry of Small Business and Consumer Services staff have been collaborating on development of educational materials for <i>Consumer Protection Act</i>. Topics to include cost of borrowing and FAQs with articles written (dealer disclosure when consumers borrow money to buy a vehicle).</p> <p>Several presentations were made to dealer groups on regulatory compliance issues and on avoiding fraud:</p> <ul style="list-style-type: none"> • Performance Car Group (St. Catharines) • Ottawa New Car Dealers Association



DEALER PROFESSIONALISM (cont'd)

Strategy	2008-2010 Targets	2008 Activities & Results
		<ul style="list-style-type: none"> • Secretary Treasurers Association • Ontario Automobile Dealers Association • CAI degree program Accounting class • Dixie Auto Group
	<p>Communicate stats and updates by:</p> <ul style="list-style-type: none"> • Increasing the number of Licence Appeal Tribunal decisions published in <i>The Dealer Standard</i> • Develop best practices on selected topics and publish in <i>The Dealer Standard</i> • Report on the types of investigations conducted related to industry conduct • Report on the nature of proposals and Registrar's Actions 	<p>Select decisions are published. In lieu, readers are directed to the OMVIC website, where all decisions are now posted.</p> <p>Best practices articles on advertising and registration drafted, but cancelled due to announcement of MVDA 2002.</p>
<p>Improve communication with registrants by using email for delivery of bulletins and newsletters.</p>	<p>Promote collection of registrant email addresses.</p>	<p>Email addresses solicited through <i>The Dealer Standard</i> and monthly draws. Email addresses increased from 13,558 to 15,802, a 17% increase.</p>
<p>Review regulatory options for Internet sales.</p>	<p>The Internet provides a new channel for curbsider sales. Current use of the Internet will be reviewed and a report of findings submitted to the OMVIC Board.</p>	<p>"Internet sales" has been added to the agenda of the Provincial Dealer Regulators conference. Report deferred.</p>
<p>Assessing possibility of photo ID for dealers and salespersons.</p>	<p>Review and confirm legal authority to collect photos.</p>	<p>Other relevant legislation reviewed for regulated sectors requiring photo ID. Photo ID to be considered following MVDA 2002 implementation.</p>

Business Accomplishments

CUSTOMER SERVICE

Strategy	2008-2010 Targets	2008 Activities & Results
<p>Effective adoption of new technologies that will allow OMVIC to better serve dealers, consumers and government through the Internet.</p>	<p>In successive phases during the planning period, new services will be introduced that will permit dealers to access their own records electronically in order to check, and to correct, their registration status and those of their salespersons.</p>	<p>Online services capabilities to be available shortly following implementation of MVDA 2002 system (which was delayed until January 2010): enhanced searching and reporting for consumers, read-only and read-and-write access for partners.</p>
	<p>A new dealer portal to facilitate dealer transactions, including the filing of various applications.</p>	<p>Being developed as part of the MVDA 2002 application. Will include a registrant portal that will allow for transactions for registered dealers and salespersons.</p>
	<p>Addition of a communications and education component to the website.</p>	<p>A communications and educational component will be streamlined for dealers and consumers by focusing on consumers, applicants and other non-registered audiences.</p> <p>MVDA 2002 page created and published for registrants, including online bulletins and A/V presentations on select topics.</p> <p>A consumer page, Know Before You Buy, was created in conjunction with online media campaign.</p>
	<p>Promotion of the website to be included in OMVIC communication strategies.</p>	<p>OMVIC's website is included on all communications material: trade show booth and supplies (maps, brochures, bags), ads, published stories, annual report, <i>The Dealer Standard</i>, <i>Consumer Line</i>, <i>Know Your Ride</i> materials (DVD, teacher's guide, student cards).</p> <p>Our website is also promoted through the Ministry's Smart Consumer Calendar. We participate in the calendar annually.</p>



CUSTOMER SERVICE (cont'd)

Strategy	2008-2010 Targets	2008 Activities & Results
Review phone system service.	Following implementation of the pending MVDA 2002, a report on options for improving phone service will be developed.	Vendor selected.
Facilitate dealer input via surveys.	Add dealer surveys to application renewal mailings.	Surveys included on renewal forms starting in October. Return numbers insignificant to date.
Develop plan for business continuity.	Plan completed and approved.	Initial business continuity training has been completed for key staff. OMVIC now has the capability of using an online application for planning, testing, training and recovery execution. Subsequent to launch of MVDA 2002, OMVIC will undertake planning efforts to ensure resiliency of newly re-structured organization.

NEW LEGISLATION

Strategy	2008-2010 Targets	2008 Activities & Results
Ensure organizational structure is in place for successful implementation of the <i>Motor Vehicle Dealers Act</i> (MVDA 2002).	Introduce appropriate departmental training and restructuring as necessary; develop new departmental policies.	Review of MVDA 2002 included as standing agenda item on biweekly team meetings since early 2007. Legislative training on MVDA 2002 scheduled for February 2009. Each staff member will receive approximately five days training. Training on new computer system scheduled for March 2009.
	Provide specific training for inspectors and investigators.	Scheduled for January and February 2009. Will include an A level (in-depth and investigators/inspectors) and a B level.

Business Accomplishments

NEW LEGISLATION (cont'd)

Strategy	2008-2010 Targets	2008 Activities & Results
	Allow for significant changes to OMVIC's certification course materials.	New course for MVDA 2002 implemented in January 2009.
	Reflect legislative changes in all communications: website, registration kits, etc.	MVDA 2002 registration forms revised.
	Communicate legislative changes to registrants by providing educational materials/lectures.	<p>Communications materials included:</p> <ul style="list-style-type: none"> • Wholesale auction seminars • Website tutorials • Bulletins • <i>The Dealer Standard on MVDA 2002</i> <p>Many regional dealer and auction meetings held or scheduled.</p>
	Develop strategies for managing implementation of mandatory certification course/bridging course.	<p>A bulletin was sent to all registered dealers requiring a dealer class be pre-selected. A special notice will also be included in all dealer renewal applications, which will be sent out 90 days prior to expiry of their registration.</p> <p>Regional sessions on the MVDA 2002 will continue through summer of 2009. "Grandfathered" registrants will be encouraged to attend.</p>
Explore GST parity between private sales and dealer used car sales to help reduce curbsider advantage.	Seek support of other provincial dealer regulatory bodies.	<p>This item to be included on agenda of provincial regulators' meeting. (See "Board Governance.")</p> <p>In November 2008, invited officials from the Ministry of Transportation, Government Services and Revenue to attend briefing session on MVDA 2002 to advise of potential of MVDA 2002.</p>
Ensure investigation and prosecution procedures comply with recent case law.	Adopt new procedures for case handling.	Investigation and prosecution processes reviewed in July 2008. Specific standards were established to bring these processes in line with current law and accepted policing and prosecuting procedures.



BOARD GOVERNANCE

Strategy	2008-2010 Targets	2008 Activities & Results
Develop best governance practices and education program for new and existing officers and directors.	Identify and attend programs that will serve to enhance directors' understanding and practice of governance skills. Institute a Board evaluation program.	Governance consultant retained to deliver a series of governance training sessions to the Board, the Chairperson and the Executive Director. Draft Terms of Reference for a Governance Committee written and distributed to committee members. Meeting deferred until after completion of consultant's seminars.
Investigate possibility of creating an inter-provincial association of motor vehicle dealer regulators.	Efforts to arrange and hold an exploratory meeting will continue.	Date set for February 5-6, 2009 in Vancouver, to be hosted by B.C. and chaired by OMVIC. Every province involved in dealer regulation has confirmed attendance.

Overview

Registration

At year-end in 2008, 8,597 dealers (8,642 in 2007) and 23,810 salespersons (23,600 in 2007) 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. This registration period for dealers is currently being migrated from a two-year period to a one-year period and will be complete in 2010.

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.

The 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 Code of Ethics. 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 LAT. 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. If a recipient of a proposal fails to appeal, the proposal becomes effective as written.

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

During 2008, registration staff processed 723 business applications and 3,433 salesperson applications; renewed 3,448 business registrations and 11,495 salesperson registrations; and performed

14,996 other transactions that included registrant information changes, transfers and terminations. In recent years, there has been a slight decline in the population of registered dealers and a slight increase in the population of registered salespeople.

Registrar's actions reached 1,273 in 2008 – a decrease from 1,448 in 2007. 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 2008 indicates the average processing time for complete applications was 15 days, a slightly shorter period than previous years. The majority of applications that took longer than the six-week period contained deficiencies or involved investigations, proposals, or terms and conditions.

**In 2008, 8,597 dealers
and 23,810 salespersons
were registered under
the *Motor Vehicle
Dealers Act*.**

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), or by phone (1-800-943-6002).

Compliance and registration staff handled 45,295 toll-free calls during 2008 (45,768 toll-free calls in 2007). 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.

Once a complaint file is opened, it may take anywhere from a few hours to a few weeks – or even months – to complete, depending upon the complexity of issues, the availability of documents and the level of cooperation of those involved. However, the vast majority of complaint files are resolved within a few days. Issues related to liquidated damages, misrepresentation, vehicle condition, contract disputes and



safety certificates are the most common complaints handled. During 2008, OMVIC's compliance team was actively involved in 1,452 disputes. The team handled 1,258 complaints in 2007.

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 Small Business and Consumer Services. The Appeals Committee reviews the handling of the complaint file to ensure timely, thorough and fair handling of the complaint. The Committee may suggest further lines of inquiry, but cannot direct further action be taken. One complaint was referred to the Appeals Committee in 2008. The Appeals Committee determined that OMVIC staff properly handled the complaint.



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 use only 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 2008 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 more than two years.

OMVIC completed 3,608 inspections during 2008, exceeding its inspections target by more than 100.

Investigation and Prosecution

OMVIC's investigators are appointed under the *Motor Vehicle Dealers Act* and the *Provincial Offences Act*, and are also designated as Provincial Offences Officers. They are empowered to conduct investigations under several relevant statutes. As a result of those investigations, investigators may lay charges under a number of provincial statutes including the *Motor Vehicle Dealers Act* and the *Consumer Protection Act*, 2002.

Investigations fall into two broad categories: unregistered activity (curbsiders) and industry conduct – which typically involve allegations of odometer tampering, falsifying records and non-disclosure of accidents. Curbsiding activity can be reported to OMVIC's investigation team through a toll-free number (1-888-NOCURBS) or through email at nocurbs@omvic.on.ca.

Investigations are initiated from information received from various sources, including referrals from OMVIC inspectors, consumer complaints, police and other dealers. If substantiated, they can result in prosecution, proposal for revocation, or referral to the Discipline Committee.

Investigators also provide education and support to other law enforcement agencies through presentations at training conferences and 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 2008, 1,806 charges were laid.

Overview (cont'd)

Disciplinary Process

All motor vehicle dealers and salespersons are required to comply with OMVIC's Code of Ethics and Standards of Business Practice. 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. Panels are composed of registered dealers who have been specifically trained to hear matters brought forward under the Code of Ethics bylaw and is supported by independent counsel. Panels may impose up to a \$10,000 fine, require the taking of training courses and may recommend the Registrar consider further administrative action.

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 paid fines, most were also required to adopt a policy that requires all sales staff to be certified – a process that emphasizes education. During 2008, 27 discipline matters were settled without a hearing. A total of \$63,750 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.

Throughout 2008, the Council increased its consumer awareness activities. Projects included the development of a new visual identity, development of an online advertising campaign, completion of omnibus research and completion of a media relations program that included: news releases (both print and audio), participation in media interviews and a series of published articles through News Canada. Total media impressions (an estimation of the number of times that media was viewed) for the final quarter of 2008 reached 16 million.

In 2008, OMVIC also continued promotion of its educational program and DVD, *Know Your Ride*. The program received endorsement from Curriculum Services Canada and a product review was published in *Canadian Teacher*. Packages were also mailed to Ontario high schools announcing the endorsement and inviting teachers to provide comment on *Know Your Ride* by completing a survey.

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's Board of Trustees – five consumer representatives and four registered dealers – considers 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.



The Motor Vehicle Dealers Compensation Fund is financed 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 2008 year (ending October 31, 2008) 138 claims were approved by the Board of Trustees for a total payment to consumers of \$350,084. A total of 136 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 enrol in the course, but certification is encouraged by OMVIC.

Members of the Board of Trustees:

John Kenny, Chair of the Board

Dealer representative

Alan Silverstein, Vice Chair

Dealer representative

Joe Wade, Secretary Treasurer

Dealer representative

Peter Eatson

Dealer representative

Catherine Finlay

Consumer representative

Jamie Holmes

Consumer representative

Catherine Poultney

Dealer representative

Phil Raby

Consumer representative

Peter Silverman

Consumer representative

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.

During 2008 OMVIC collaborated with the Canadian Automotive Institute on development of a new certification course to reflect content of MVDA 2002.

To help registrants understand the changes expected with new legislation, a series of online tutorials was also created and posted on OMVIC's website. These tutorials were supported by broadcast bulletins and a special edition of *The Dealer Standard*.

Finally, OMVIC commenced a series of dealer information sessions in 2008.

These sessions were held at auctions and will continue in 2009 in communities throughout the province. The sessions provide an introduction to MVDA 2002 and provide a forum for registrants to ask questions about the new legislation.

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*.

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.

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. 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.

The committee held five meetings during 2008.

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.

Management Committee

Chair: Meredith Morris

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 Small Business and Consumer Services on OMVIC's activities and review of the annual report and business plan.

The committee held eight meetings during 2008.

Membership: In 2008, four OMVIC Board members (two dealer representatives and two consumer representative) and one past president.



Nominating Committee

Chair: Ken Peterson

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 two meetings during 2008.

Membership: In 2008, 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 provides high-level guidance in the development of 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.

The committee held five meetings during 2008.

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

Stakeholder Relations Committee

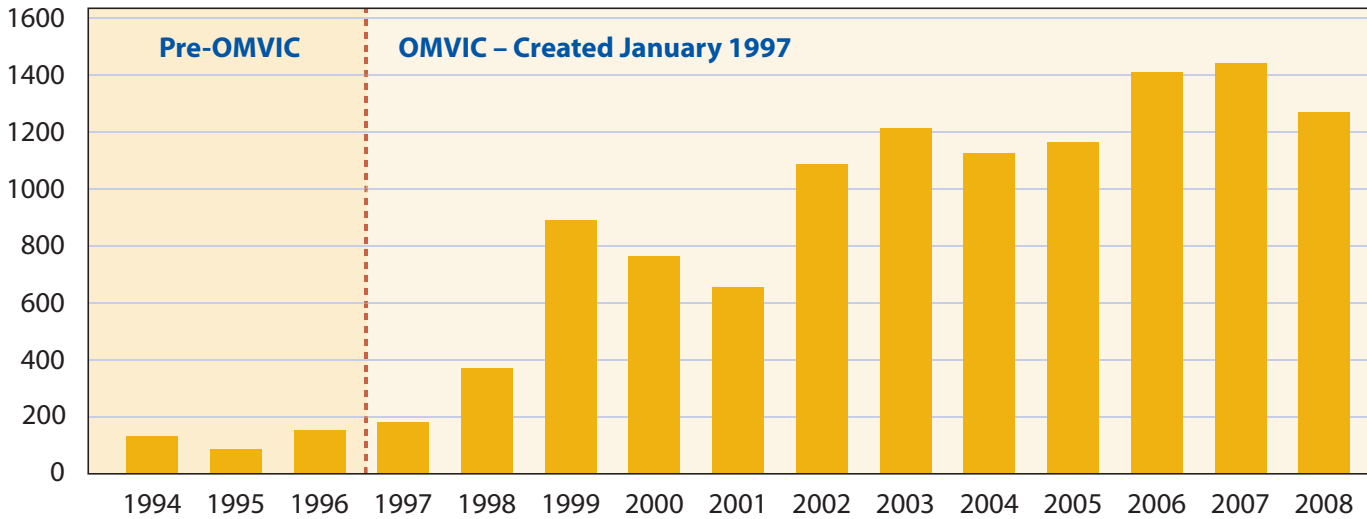
Chair: John Slaughter

The Stakeholder Relations Committee, formed in June of 2008, provides a forum for stakeholder groups and OMVIC to share points of view on various issues relevant to the sector. The committee meets on an ad hoc basis no fewer than two times per year.

Membership: Four OMVIC Board members and representatives from government, industry trade associations, the Motor Vehicle Dealers Compensation Fund Board of Trustees, the Canadian Automotive Institute and consumer advocacy groups.

Performance Overview

REGISTRAR'S ACTIONS 2008



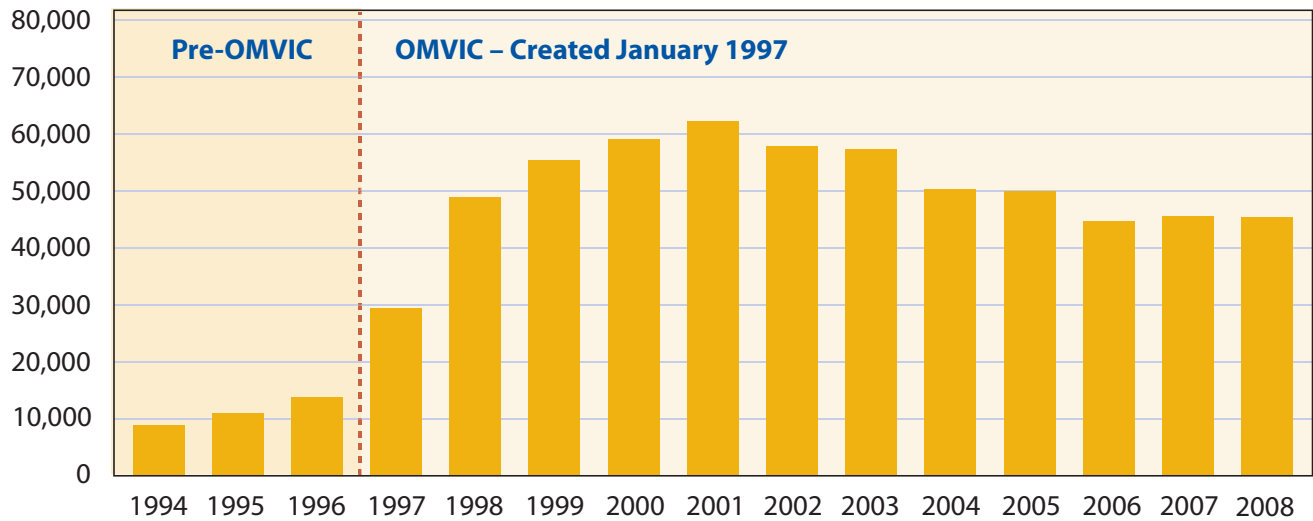
Registrar's actions include issuance of proposals to refuse or revoke registration and registrations requiring terms and conditions. The number of Registrar's actions logged in 2008 was 1,273.

REGISTRATION ACTIVITIES

Activity	2008	2007	2006
New dealer applications:	723	747	721
New salesperson applications:	3,433	3,492	3,473
Dealer renewals:	3,448	4,396	3,777
Salesperson renewals:	11,495	11,638	11,150
Information changes:	1,525	1,929	2,057
Employee transfers:	5,290	5,754	5,665
Registration terminations:	8,181	8,257	7,214

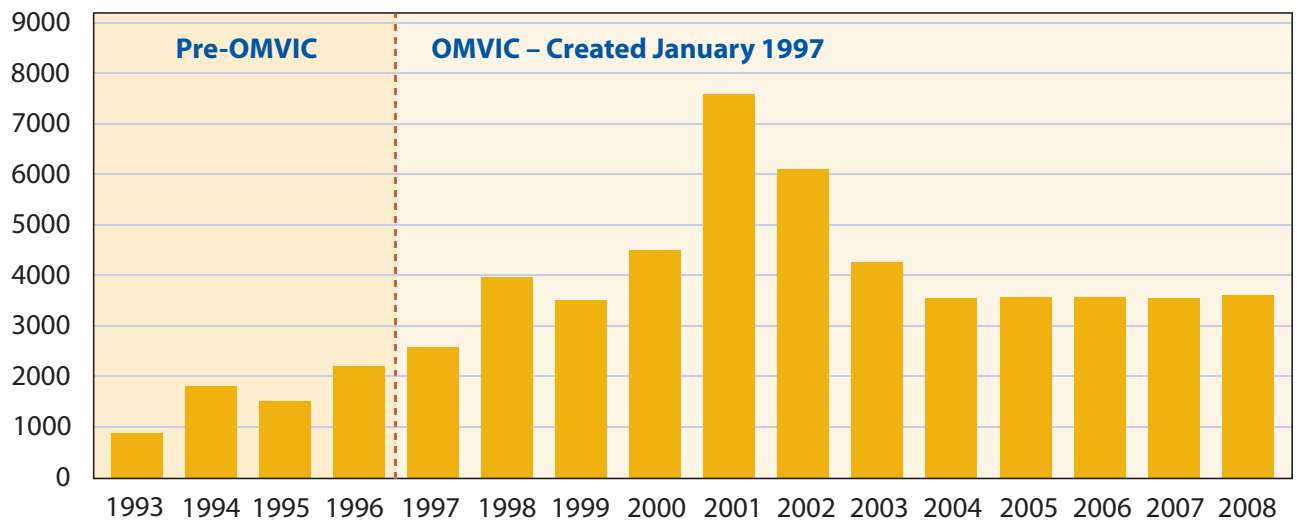


INQUIRIES 2008



Staff handled 45,295 toll-free calls during 2008. This chart does not include local calls, which are assumed to match the volume of toll-free calls.

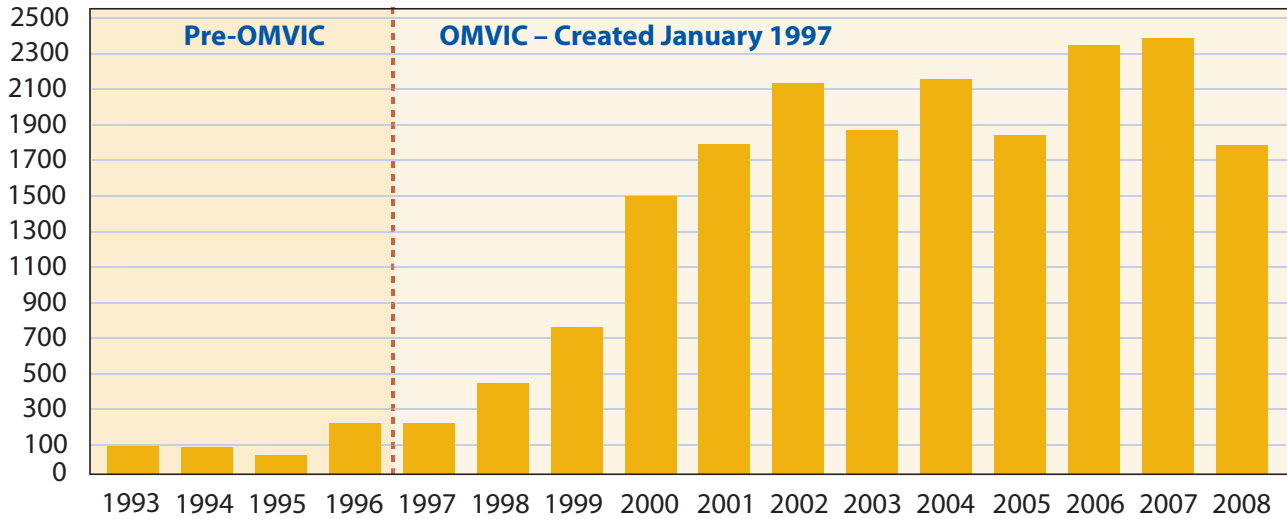
INSPECTIONS 2008



During 2008, 3,608 inspections were completed – slightly more than the 3,500 planned for the year.

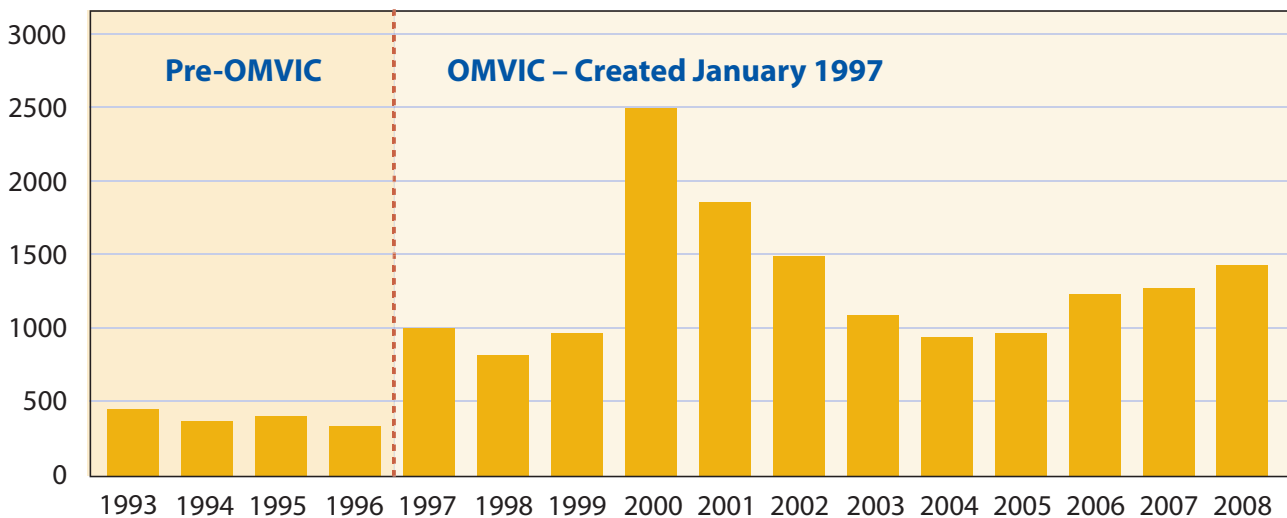
Performance Overview (cont'd)

CHARGES LAID 2008



In 2008, OMVIC investigators laid 1,806 charges.

COMPLAINT HANDLING 2008



OMVIC's compliance team was actively involved in handling 1,452 disputes in 2008. In recent years, procedural changes have resulted in a lower volume of reported complaint activities.



2008 Financial Overview/Audited Statements

The following financial overview is based on the audited financial statements for the Ontario Motor Vehicle Industry Council for the year ended December 31, 2008, with comparative figures for 2007.

Overview

OMVIC ended its 2008 fiscal year with net earnings of \$470,452, compared to a planned loss of \$88,000. This favourable result was due to cost controls and deferred spending because of the uncertainty surrounding the timeframe for implementation of MVDA 2002.

Accumulated deficit at the end of the year was \$183,963, compared to \$654,415 at the end of December 2007.

Revenue

Revenues in 2008 rose to \$7,076,190 (from \$5,592,380 in 2007) and comprised:

Registration fees:

As in previous years, registration fees remain the principal source of revenue, representing about 90% of the total. The significant increase in 2008 arose from a revised fee structure introduced in May 2008.

Transfer fees:

Transfer fees of \$275,925 were slightly below 2007 totals (\$293,400), since there was a smaller number of movements of salespersons between dealerships.

Certification course fees:

Revenue of \$267,460 from certification fees in 2008 was also lower than last year's level of \$280,090. There was a noticeable decline in enrolments during the last three months of the year because of the economic conditions.

Administrative penalties:

Administrative penalties totalling \$63,750 in 2008, imposed through an internal disciplinary process for failing to comply with OMVIC's Code of Ethics and Standards of Business Practice, were marginally higher than last year (\$58,900).

Interest and other revenue:

Interest and other revenue received in 2008 was \$57,820,

compared to \$105,352 in 2007. Average interest rate for the year was at a historic low.

Expenses

Overall expenses of \$6,605,738 were \$473,986 more than the 2007 total (\$6,131,752). Major expense categories were:

Salaries and benefits:

Salaries and benefits cost \$3,618,261 in 2008 compared to \$3,257,224 in 2007. The increase of \$361,037 over last year reflects three new staff hired during the year, normal salary changes and year-end vacation accruals.

Professional services:

Professional services in 2008 cost \$672,898, compared to \$634,143 last year. The higher expenses in 2008 reflect costs of consultants engaged for strategic planning, governance training, and risk analysis and management.

Travel:

Travel expenses in 2008 of \$570,004 were \$36,943 higher than 2007 (\$533,061) and resulted from a mileage-allowance revision during the year.

Public awareness:

During 2008, \$389,592 was spent on public awareness activities, compared to \$277,814 in 2007. The substantial increase in expenses over last year is due mainly to development of OMVIC's communication strategy.

General and administrative:

General and administrative expenses of \$367,957 were slightly above 2007 expenses (\$350,780) and can be attributed to preparations for the anticipated implementation of the MVDA 2002.

Telecommunications:

Telecommunications expenses increased slightly in 2008 to \$246,356 from \$222,753 in 2007.

Occupancy:

Occupancy costs increased nominally in 2008 to \$223,544 from \$217,141 in 2007.

2008 Financial Overview/Audited Statements (cont'd)

Government oversight fees:

On a cost recovery basis, this fee is payable to the Ministry of Small Business and Consumer Services under the terms of its Administrative Agreement with OMVIC. The amount payable in 2008 was \$164,678, compared to \$215,730 in 2007.

Per-diem allowances:

Per-diem allowances of \$144,850 were slightly above the 2007 level of \$134,662.

Amortization of capital expenses:

This non-cash expense of \$141,663 was lower than last year by \$20,036. A number of capital projects planned for 2008 were deferred for practical reasons, pending the finalization of the Regulations for the MVDA 2002.

Industry awareness:

During 2008, \$65,953 was incurred in printing and distributing OMVIC's newsletter (*The Dealer Standard*) and keeping the industry abreast of issues through bulletins. Last year's expenses of \$126,745 included a special bulletin on the new *Consumer Protection Act* and advance notification to the industry of the pending registration fee change.

The 2008 expenses by service function were as follows:

	2008	2007
Investigation	\$1,320,085	\$1,251,919
Registration	1,173,026	1,165,267
Inspection	1,072,588	1,012,553
e-Business	677,709	649,528
Legal services	750,012	643,620
Governance	571,725	530,776
Communications	574,868	503,516
Inquiries and complaint handling	465,725	374,573
	\$6,605,738	\$6,131,752

Liquidity and Capital Resources

Cash available at the end of December 2008 was \$1,037,101 compared to \$1,670,330 in 2007.

Based on cash flows provided by its operations, OMVIC has sufficient liquidity to fund its short-term business plans and obligations. However, in view of the current economic downturn, in March 2009 OMVIC entered into a \$50,000 operating line of credit and a \$716,000 non-revolving credit facility arrangement with the Bank of Nova Scotia.

Capital Expenditures

Capital expenditures during 2008 amounted to \$391,884 (2007 – \$197,184) and were used to support operational growth and to develop operating efficiencies through technological improvements.



Financial Statements

Financial Statements of

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Year ended December 31, 2008

Financial Statements (cont'd)



KPMG LLP
Chartered Accountants
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Canada

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Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

We have audited the statement of financial position of Ontario Motor Vehicle Industry Council as at December 31, 2008 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, 2008 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 13, 2009



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Financial Position

December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash	\$ 1,037,101	\$ 1,670,330
Accounts receivable	53,985	58,072
Prepaid expenses	108,303	121,697
	<u>1,199,389</u>	<u>1,850,099</u>
Capital assets (note 2)	135,256	142,453
Software under development (note 3)	820,460	563,042
	<u>\$ 2,155,105</u>	<u>\$ 2,555,594</u>

Liabilities and Net Assets Deficiency

Current liabilities:		
Accounts payable and accrued charges	\$ 656,380	\$ 669,246
Deferred revenue (note 4)	1,682,688	2,540,763
	<u>2,339,068</u>	<u>3,210,009</u>
Net assets:		
Invested in capital assets	955,716	705,495
Unrestricted	(1,139,679)	(1,359,910)
	<u>(183,963)</u>	<u>(654,415)</u>
Commitments (note 6)		
Subsequent events (note 7)		
	<u>\$ 2,155,105</u>	<u>\$ 2,555,594</u>

See accompanying notes to financial statements.

Financial Statements (cont'd)

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Registration fees	\$ 6,411,235	\$ 4,854,638
Transfer fees	275,925	293,400
Certification course fees	267,460	280,090
Interest and other	57,820	105,352
Administrative penalties	63,750	58,900
	<u>7,076,190</u>	<u>5,592,380</u>
Expenses:		
Salaries and benefits, net of recoveries (note 5)	3,618,261	3,257,224
Professional services	672,898	634,143
Travel	570,004	533,061
Public awareness	389,592	277,814
General and administrative, net of recoveries (note 5)	367,957	350,780
Telecommunications	246,356	222,753
Occupancy	223,544	217,141
Government oversight fees	164,678	215,730
Per diem allowances	144,850	134,662
Amortization of capital assets	141,663	161,699
Industry awareness	65,935	126,745
	<u>6,605,738</u>	<u>6,131,752</u>
Net earnings (loss)	\$ 470,452	\$ (539,372)

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2008, with comparative figures for 2007

			2008	2007
	Invested in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 705,495	\$ (1,359,910)	\$ (654,415)	\$ (115,043)
Excess of revenue over expenses (expenses over revenue)	(141,663)	612,115	470,452	(539,372)
Investment in capital assets	391,884	(391,884)	-	-
Balance, end of year	\$ 955,716	\$ (1,139,679)	\$ (183,963)	\$ (654,415)

See accompanying notes to financial statements.

Financial Statements (cont'd)

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ 470,452	\$ (539,372)
Item not involving cash:		
Amortization of capital assets	141,663	161,699
Changes in non-cash operating working capital:		
Accounts receivable	4,087	(1,013)
Prepaid expenses	13,394	(31,048)
Accounts payable and accrued charges	(12,866)	107,392
Deferred revenue	(858,075)	241,438
	(241,345)	(60,904)
Investing activities:		
Purchase of capital assets	(391,884)	(197,184)
Decrease in cash	(633,229)	(258,088)
Cash, beginning of year	1,670,330	1,928,418
Cash, end of year	\$ 1,037,101	\$ 1,670,330
Supplemental cash flow information:		
Cash received for interest	\$ 34,738	\$ 89,490

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 2008

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 dealer are paid annually and are recognized on a monthly basis over one year (2007 - two years). Unearned fees are recorded as deferred revenue.

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

During the 2008 fiscal year, the Council changed the fee structure for registration to include a transaction fee based on the volume of sales. Dealers are required to remit \$5 for every sale (excluding wholesale transactions), lease, fleet or "as is" transaction as a component of their registration renewal fee. The dealers are responsible for reporting sales accurately to the Council and to remit the amount due when renewing their registration. Transaction fees are included in registration fees and recorded as revenue when they are received.

(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.

Financial Statements (cont'd)

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2008

1. Significant accounting policies (continued):

(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.

(iv) Administrative penalties:

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

(c) Capital assets:

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

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

2. Capital assets:

	2008		2007	
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 282,608	\$ 217,280	\$ 65,328	\$ 98,562
Computer software	104,606	85,829	18,777	39,503
Furniture and fixtures	25,545	11,416	14,129	2,300
Office equipment	3,901	2,050	1,851	847
Leasehold improvements	43,018	7,847	35,171	1,241
	\$ 459,678	\$ 324,422	\$ 135,256	\$ 142,453



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2008

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 2008, the amount expended on the project was \$820,460. It is expected that the new information system will be operational by the beginning of fiscal 2010.

4. Deferred revenue:

	2008	2007
Registration fees received in advance	\$ 1,682,688	\$ 2,540,763

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 \$176,234 (2007 - \$167,715) relating to salaries and benefits and \$10,395 (2007 - \$10,395) relating to general and administrative expenses. At year end, \$34,482 (2007 - \$34,540) 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:

2009	\$	359,000
2010		427,300
2011		428,400
2012		430,600
2013		430,600
Thereafter		143,500
	\$	2,219,400

Financial Statements (cont'd)

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2008

7. Subsequent events:

Subsequent to year end, the Council entered into a \$50,000 operating line and a \$716,000 non-revolving credit facility agreement with the Bank of Nova Scotia. The applicable interest rate on the operating line is the bank's prime lending rate plus 1.25%, and interest rate on the non-revolving credit facility agreement is the bank's prime lending rate plus 1.50%.

8. Comparative figures:

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



MOTOR VEHICLE DEALERS
COMPENSATION FUND

FINANCIAL STATEMENTS

OCTOBER 31, 2008

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Auditors' Report	1
Statement of Financial Position	2
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Statement of Operations	4
Notes to the Financial Statements	5 - 11

Financial Statements (cont'd)



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, 2008 and 2007 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our 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, 2008 and 2007 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
January 5, 2009



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

Page 2

	2008 \$	2007 \$
ASSETS		
CURRENT		
Cash	80,496	-
Accrued interest receivable	51,482	53,519
Prepaid expenses	<u>10,801</u>	<u>10,801</u>
	142,779	64,320
INVESTMENTS, at fair market value	<u>6,997,729</u>	<u>8,598,395</u>
	<u>7,140,508</u>	<u>8,662,715</u>
LIABILITIES		
CURRENT		
Bank indebtedness	-	18,481
Accounts payable and accrued liabilities (Note 5)	59,380	68,802
Claims payable	<u>108,479</u>	<u>41,075</u>
	167,859	128,358
NET ASSETS		
Unrestricted net assets (Note 3)	<u>6,972,649</u>	<u>8,534,357</u>
	<u>7,140,508</u>	<u>8,662,715</u>
Contingencies (Note 4)		

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

_____, "JOHN KENNY", Chair

_____, "ALAN SILVERSTEIN", Vice Chair

Financial Statements (cont'd)

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

Page 3

	Unrestricted \$	2008 \$	2007 \$
BALANCE, beginning of year	8,534,357	8,534,357	7,327,057
Adoption of new accounting policy (Note 2)	-	-	984,476
Excess of (expenses over revenues) revenues over expenses, for the year	<u>(1,561,708)</u>	<u>(1,561,708)</u>	<u>222,824</u>
BALANCE, end of year	<u>6,972,649</u>	<u>6,972,649</u>	<u>8,534,357</u>



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

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	2008	2007
	\$	\$
REVENUES		
Investment and other income	533,908	499,677
Participant fees	<u>200,400</u>	<u>188,400</u>
	<u>734,308</u>	<u>688,077</u>
EXPENSES		
Claims (net of recoveries of \$3,443; 2007 - \$7,198)	346,641	301,461
Salaries and benefits (Note 5)	181,255	164,527
Legal	169,176	64,445
Board	61,133	65,451
Investment management fees	38,924	39,269
Trustee fees	11,252	11,385
Insurance	10,692	10,692
Occupancy (Note 5)	10,550	10,395
Professional fees	8,269	5,587
Office and general	<u>6,215</u>	<u>3,199</u>
	<u>844,107</u>	<u>676,411</u>
EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES BEFORE THE UNDERNOTED, FOR THE YEAR	(109,799)	11,666
Change in fair value of investments	<u>(1,451,909)</u>	<u>211,158</u>
EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES, FOR THE YEAR	<u>(1,561,708)</u>	<u>222,824</u>

Financial Statements (cont'd)

MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008

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1. PURPOSE OF THE ORGANIZATION

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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...



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008

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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:

The Fund follows the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, "Financial Instruments – Recognition and Measurement" to account for its financial assets, liabilities and equity instruments.

The Fund has designated its cash as held for trading and it is measured at fair value, with changes in fair value being recorded in operations. Accrued interest receivable and prepaid expenses are classified as receivables and are recorded at amortized cost. Investments are classified as held-for-trading financial instruments and are measured at their fair value. Accounts payable and accrued liabilities and claims payable are classified as other financial liabilities and are recorded at amortized cost.

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.

	<u>As Previously Stated</u>	<u>Adoption of New 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:

Investments consist of fixed income notes bearing interest at rates ranging from 4% to 11% with a total fair market value of \$4,308,936 and equities in various industries with a fair market value of \$2,688,793. 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 (expenses over revenues) revenues over expenses for the year.

Continued...

Financial Statements (cont'd)

MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies

a) Capital Disclosures

The Fund adopted CICA Handbook Section 1535 effective November 1, 2007. Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Fund has included disclosures recommended by the new Handbook section in Note 9 to these financial statements.

b) Financial Instruments

The Fund adopted CICA Handbook Sections 3862 and 3863 regarding Financial Instruments effective November 1, 2007. Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Fund has included disclosures recommended by the new Handbook section in Note 9 to these financial statements.

Future Accounting Policies

In November 2008, the CICA issued amendments to Section 1540, Cash flow statement, Section 1751, Interim financial statements, Section 4400, Financial statement presentation by not-for-profit organization, Section 4430, Capital assets held by not-for-profit organization, Section 4460, Disclosure of related party transactions by not-for-profit organization and issued Section 4470, Disclosure of allocated expenses by not-for-profit organization. The new standards will be applicable to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, the Fund will adopt the new standards as at November 1, 2009.

Continued...



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008

Page 8

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Policies (Continued)

Sections 1540 and 1751 have been amended to include not-for-profit organizations within their scope. Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions. Section 4430 has been amended to specify that smaller organizations that capitalize their capital assets shall capitalize all classes of capital assets, amortize and write down those assets in accordance with relevant Handbook Sections. Section 4460 has been amended to make the language in Section 4460 consistent with related party transactions, Section 3840. Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. The Fund is currently assessing the impact that the adoption of these new standards will have on its financial statements.

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, 2008, the Board had denied Nil (2007 - 2) claims totaling \$Nil (2007 - \$44,432), which were subject to appeal. The probability of these appeals occurring and their outcome cannot be reasonably determined and no provision has made in the financial statements for it. However, should any loss result from the resolution of these claims, such loss would be accounted for in the period settled.

In addition, several motor vehicle dealers 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.

Continued...

Financial Statements (cont'd)

MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008

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5. RELATED PARTY TRANSACTIONS

The Fund shares office space and administrative services with the Ontario Motor Vehicle Industry Council (the "Council"). The two organizations are related parties because the Council has representation on the Fund's Board of Trustees. Included in the Fund's expenses are shared expenses with the Council of \$181,255 (2007 - \$164,527) relating to salaries and benefits and \$10,550 (2007 - \$10,395) relating to occupancy expenses. At October 31, 2008, \$34,117 (2007 - \$41,617) was payable to the Council. Amounts paid to the Council are determined on a cost recovery basis.

All transactions with related parties have occurred in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

6. DONATED PROPERTY AND SERVICES

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

7. INCOME TAXES

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

8. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included as the required cash flow information is readily apparent from the other financial statements. Cash flow from operations approximates the excess of (expenses over revenues) revenues over expenses before taking the change in fair value of investments into account. The change in fair value of investments of (\$1,451,909) (2007 -\$211,158) is a non-cash item and therefore does not impact the cash flows of the Fund. Acquisitions of equipment during the year amounted to \$Nil (2007 - \$Nil).

Continued...



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008

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9. FINANCIAL INSTRUMENTS

Fair value of financial instruments

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 value of cash, accrued interest receivable, accounts payable and accrued liabilities and claims payable approximate their fair value due to the relatively short periods to maturity of the financial instruments.

Capital management

The Fund manages its capital structure and makes adjustments to it, based on the funds available to the Fund, in order to stand in the place of participants where the participant has refused, failed or been unable to pay a claim registered against the participant. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Fund's management to sustain future development of the Fund.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and purpose of the Fund, is reasonable.

There were no changes in the Fund's approach to capital management during the year ended October 31, 2008.

Financial Risk Factors

It is management's opinion that the Fund is not exposed to significant credit or liquidity risks arising from its financial instruments.

Market risk

Market risk is the risk of loss that may arise from changes in interest rates, foreign exchange rates and commodity and equity prices.

Continued...

Financial Statements (cont'd)

MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008

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9. FINANCIAL INSTRUMENTS (Continued)

Financial Risk Factors (Continued)

(i) Interest rate risk

The Fund has cash balances, investments and no interest-bearing debt. The Fund's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. The Fund periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. As of October 31, 2008, the Fund had approximately \$328,000 of investments in investment-grade short-term deposit certificates.

(ii) Foreign currency risk

The Fund's functional and reporting currency is the Canadian dollar and all purchases are transacted in Canadian dollars. As a result, the Fund's exposure to foreign currency risk is minimal.

(iii) Price risk

The Fund is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Fund's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Fund closely monitors commodity prices of individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Fund.

Sensitivity analysis

The Fund has, for accounting purposes, designated its cash as held for trading, which is measured at fair value. Investments are classified for accounting purpose as held-for-trading, which are measured at fair value. Accrued interest receivable and prepaid expenses are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities and claims payable are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value.

As of October 31, 2008, the carrying and fair value amounts of the Fund's financial instruments are approximately equivalent.

Continued...



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008

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9. FINANCIAL INSTRUMENTS (Continued)

Sensitivity analysis (Continued)

Based on management's knowledge and experience of the financial markets, the Fund believes the following movements are "reasonably possible" over a twelve-month period:

(i)The Fund's investments are subject to fair value fluctuations. As at October 31, 2008, if the fair value of the investments had decreased/increased by 25% with all other variables held constant, excess of (expenses over revenues) for the year ended October 31, 2008 would have been approximately \$1,750,000 higher/lower. Similarly, as at October 31, 2008, reported unrestricted net assets would have been approximately \$1,750,000 lower/higher as a result of a 25% decrease/increase in the fair value of investments.

(ii)The Fund's investments are subject to exchange rate fluctuations. As at October 31, 2008, if the foreign exchange rate of the investments had decreased/increased by 10% with all other variables held constant, excess of (expenses over revenues) for the year ended October 31, 2008 would have been approximately \$77,000 higher/lower. Similarly, as at October 31, 2008, reported unrestricted net assets would have been approximately \$77,000 lower/higher as a result of a 10% decrease/increase in the fair value of investments.

2009-2011 Business Plan

OMVIC’s Business Plan outlines its objectives for the next three years and highlights the strategies that will be used to achieve those targets.

Objectives for the 2009-2011 period relate to consumer awareness, dealer professionalism, customer service, new legislation and Board governance.

CONSUMER PROTECTION

Strategy	2009-2011 Performance Measure
<p>Implementation of strategic communications plan to increase consumer awareness by providing an understanding of consumer rights and responsibilities when purchasing or leasing vehicles.</p>	<p>Continue to promote and evaluate use of <i>Know Your Ride</i> in Ontario high school and driver education programs.</p> <p>Develop tag line to support communications and branding initiatives.</p> <p>Collaborate with Ministry of Small Business and Consumer Services on launch of MVDA 2002.</p> <p>Continue development of 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><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 continue to 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 1,100 complaints per year throughout the planning period.</p>
<p>Increase awareness of OMVIC through law enforcement agencies.</p>	<p>Continue to provide seminars for policing authorities.</p>



DEALER PROFESSIONALISM

Strategy	2009-2011 Performance Measure
Facilitate enhanced communication between OMVIC and stakeholders.	Facilitate meetings for the Stakeholder Relations Committee that formed in 2008.
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.	The volume of Registrar’s actions is predicted to remain steady through the planning period at approximately 1000 actions yearly. Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process.
Follow up with dealer community on issues of non-compliance by providing stats on offenders and the action taken by OMVIC.	Provide details on the types of calls fielded by the complaints team so dealers can address issues internally. Communicate stats and updates by: <ul style="list-style-type: none"> • Increasing the number of Licence Appeal Tribunal decisions published in <i>The Dealer Standard</i> • Develop best practices on selected topics and publish in <i>The Dealer Standard</i> • Report on the types of investigations conducted related to industry conduct • Report on the nature of proposals and Registrar’s Actions
Improve communication with registrants by using email for delivery of bulletins and newsletters.	Increased reliance on delivery of material via email expected to launch in 2009.

CUSTOMER SERVICE

Strategy	2009-2011 Performance Measure
Effective adoption of new technologies that will enable OMVIC to better serve dealers, consumers and government through the Internet.	In successive phases during the planning period, new services will be introduced, permitting dealers to access their own records electronically in order to check, and to correct, their registration status and those of their salespersons. A new dealer portal to facilitate dealer transactions including the filing of various applications. Addition of a communications and education component to the website. Promotion of the website to be included in OMVIC communication strategies.
Develop plan for business continuity.	Plan completed and approved.

NEW LEGISLATION

Strategy	2009-2011 Performance Measure
<p>Implement new <i>Motor Vehicle Dealers Act, 2002</i> (MVDA 2002).</p>	<p>Revise policies, procedures and forms to reflect new legislation.</p> <p>Revise web content to reflect new legislation.</p> <p>Replace Standards of Business Practice with document illustrating new Code of Ethics regulation.</p> <p>Develop discipline process and selection criteria, recruit and train members for Discipline and Appeals Committees.</p> <p>Work with Motor Vehicle Dealers Compensation Fund Board of Trustees to:</p> <ul style="list-style-type: none"> • Develop new policies and procedures regarding warranties and service plans. • Develop new forms, policies and procedures regarding claims adjudication and management. <p>Determine resource needs, recruit personnel and acquire physical resources as required.</p> <p>Monitor service levels post-implementation and provide periodic reports to the Board together with recommendations for updated service-level targets.</p> <p>Train staff on new legislation, systems, forms, procedures and policies.</p> <p>Determine accommodation needs and acquire new space.</p> <p>Finalize development of new data and document management systems and implement.</p> <p>Review phone system requirements; determine and install new system.</p>
<p>Review, identify and address new areas of risk in light of changing legislation.</p>	<p>Ensure investigation and prosecution intake procedures in place are compliant with evolving case law.</p> <p>Continue business continuity project following MVDA implementation.</p>



NEW LEGISLATION (cont'd)

Strategy	2009-2011 Performance Measure
Increase awareness of OMVIC and MVDA 2002.	Work with Canadian Automotive Institute to develop new certification course. Provide educational materials to registrants through multiple channels. Provide consumer awareness materials through multiple channels. Work closely with the Motor Vehicle Dealers Compensation Fund to develop compatible public education program.
Explore GST parity between private sales and dealer used car sales to help reduce curbsider advantage.	Seek support of other provincial dealer regulatory bodies.

BOARD GOVERNANCE/OPERATIONS

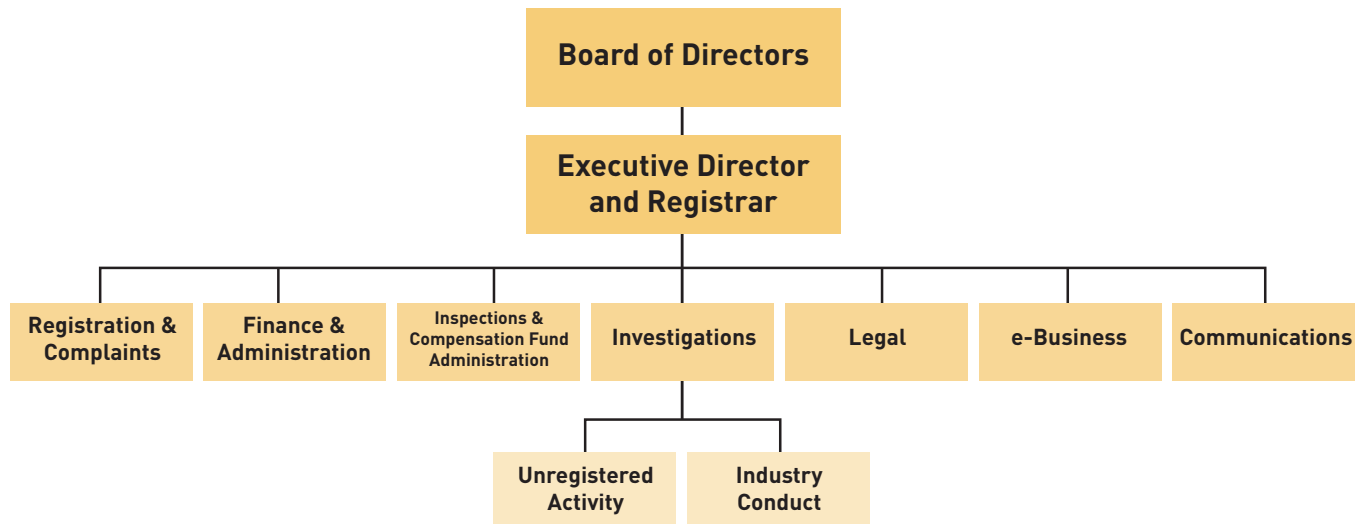
Strategy	2009-2011 Performance Measure
Develop best governance practices and education program for new/existing officers and directors.	Continue to identify and attend programs that will serve to enhance directors' understanding and practice of governance skills. Institute a Board evaluation program.
Manage budget and cash flow appropriately.	Secretary Treasurer to provide Board with accurate and timely variance reports on revenues and expenditures. Board provided with material necessary to respond to in-year budget revisions, if required. Review five-year revenue projections and business processes; recommend potential revenue sources.
Encourage review/reform of OMVIC corporate structure by Ministry.	Provide material in support of review/reform, including legal case and model bylaws.
Succession plan for senior management positions.	Present draft succession plan to Board for approval.
Review, identify and address new areas of enterprise risk in light of changing legislation.	Conduct human rights audit and introduce training for all staff.

Three-Year Financial Forecast

(\$ thousands)

Revenue	2008 Budget	2009 Plan	2010 Plan
Registration fees	\$ 9,746	\$10,441	\$10,456
Transfer fees	271	270	270
Certification course fees	240	188	242
Interest and other	17	20	23
TOTAL REVENUE	\$10,274	\$10,919	\$10,991
Expenses			
Salaries and benefits	\$ 4,351	\$ 4,998	\$ 5,248
Professional services	871	750	789
Travel	606	695	695
Public awareness	600	1,000	1,000
Occupancy	435	481	481
General and administrative	379	401	422
Industry awareness	320	320	220
Telecommunications	262	272	280
Government oversight fees	220	220	220
Amortization of capital assets	214	628	712
Per-diem allowances	190	190	190
TOTAL EXPENSES	\$ 8,448	\$ 9,955	\$10,257
NET EARNINGS	\$ 1,826	\$ 964	\$ 734

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 Small Business 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*.

Meredith Morris, President and Chair of the Board

Sudbury Hyundai, Sudbury

Term of office: May 2007 – May 2010

Meredith's automotive family background has enabled her to accumulate over 18 years of experience in all aspects of the dealership and automotive industry. She is a graduate from the Automotive Marketing/Business Administration Program from Northwood University, Michigan. Ms. Morris is the President of C.J. Morris Investments Limited, which owns and operates Sudbury Hyundai and Sudbury Used Cars. Ms. Morris was elected to the OMVIC Board of Directors in May 2004 and she is currently serving her second three-year term.

Ms. Morris is the Vice-Chair on the Hyundai Auto Canada National Dealer Advisory Council and the Chair of the Cambrian College Automotive Technology Program. Ms. Morris' past involvements include serving on the Board of Directors for the Sudbury Community Foundation, the Sudbury Chamber of Commerce, and the Canadian Red Cross. Meredith was also the President of the Sudbury Harley Owners Group, "Ladies of Harley" division.

Matt Rispin, Vice President

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 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, working to strengthen the relationships between auctions and automotive dealers.

Organizational Structure

Jeff Gray, Secretary-Treasurer

Consumer Representative

Term of office: January 2003 – January 2011

Jeff Gray has been practicing civil litigation, as a sole practitioner, for more than 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.

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 and 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.

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.

Vishnu Kangalee

Ministry of Small Business and Consumer Services

Term of office: January 2006 – January 2009

Vishnu Kangalee, Manager Compliance and Consumer Services, Ministry of Small Business 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.



Ron Marostica

Marostica Motors Ltd., Thunder Bay

Term of office: May 2008 – May 2011

Ron Marostica has been an automotive dealer for about 30 years. He currently operates a Hyundai, Subaru and Suzuki dealership in Thunder Bay. He also owns Thunder Bay Used Car Superstore Ltd. and Marostica Leasing, the leasing arm of his business.

Mr. Marostica presently sits on the Canadian Automobile Dealers Association Industrial Relations Committee, which addresses the issues of national dealer importance and administers the legal action defense fund. He was also a member of the Board of Trustees for the Motor Vehicle Dealers Compensation Fund for six years. During that period he served as the Secretary-Treasurer and Chair of the Fund.

Mr. Marostica has always been involved in community activities. He is a member of the Board of Governors of Lakehead University and serves as Chair of a number of its committees. He is also the Treasurer of Ambassadors Northwest, a business group that promotes economic development in northwestern Ontario.

Ken Peterson

Ken Peterson Sales and Leasing, Thunder Bay

Term of office: May 2001 – May 2011

Mr. Peterson has more than 22 years of 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.

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% 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.

Members who left the Board during 2008 include **John Gibbons of John Gibbons Pontiac Buick GMC of Chatham and Karen Girling, consumer advocate and communications specialist. Their contributions to the Board and to OMVIC's objectives during their terms were much appreciated.**

Senior Management

Carl Compton

Executive Director and Registrar

Mary Jane South

Director of Operations and Deputy Registrar

Laura Halbert

Director, Compliance

Michael Rothe

Director, Legal Services

Chandar Singh

Comptroller

Carey Smith

Chief Investigator, Industry Conduct

Contacting OMVIC

Registration Services:

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

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

Consumer inquiries, complaint handling:

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

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

Reporting curbsider activity:

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

Motor Vehicle Dealers Compensation Fund:

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

Communications and Media Relations:

Brenda McIntyre, 416-512-3167,

brenda.mcintyre@omvic.on.ca

Privacy Officer:

Michael Rothe, 416-512-3166,

michael.rothe@omvic.on.ca

OMVIC's Privacy Policy is available at www.omvic.on.ca

Ontario Motor Vehicle Industry Council

789 Don Mills Road, Ste. 800

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Telephone: 416-226-4500

Facsimile: 416-226-3208

Toll free: 1-800-943-6002

Website: www.omvic.on.ca

Email: omvic@omvic.on.ca



Appendix A

The Board's Role

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.

Composition

OMVIC's Board of Directors is currently composed of 12 individuals as follows:

- Two directors who are members of the Used Car Dealers Association
- Two directors who are members of either the Toronto or Ontario Automobile Dealer Association
- Three directors who are members of both the Used Car Dealers Association and the Toronto or Ontario Automobile Dealer Association
- One franchised dealer who may or may not be currently a member of either the Toronto or Ontario Automobile Dealer Association
- One dealer who is not a franchised dealer and who may or may not be currently a member of the Used Car Dealers Association
- Three directors who are appointed by the Minister of Small Business 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. Have been registered under the MVDA for at least the two-year period prior to the date of the nomination;
2. Be a person of good character, honesty, integrity and financial responsibility;
3. Agree to completion of any reasonable background checks and inquiries 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 Nominating 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;

Appendix A

11. Be supported by two other registrants in good standing who have endorsed the nominations form by affixing their signatures where noted;
12. Satisfy such other qualifications or criteria which are established by the Nominating Committee from time to time, including the endorsement of nominees by the appropriate trade association (i.e., 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 goals and its services.
- Be thoughtful and objective, in all deliberations.
- Make decisions in consideration of the Council and its stated objectives.
- Place regulation of the motor vehicle industry and protection of the public above any special interest, geographic or personal constituency.
- 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 resignation.
- Complete tasks and projects assigned and accepted.
- Be prepared to accept at least one Board Committee assignment and actively participate in the Committee meetings.
- Inform the Board of the needs and concerns of stakeholders.
- Self-evaluate performance as a Director each year.
- Understand that the Board's role is to set policy. Recognize the role of the Registrar/CEO and OMVIC staff and refrain from involvement 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 bylaws 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, 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 stakeholder interests and recognize fiduciary duty to OMVIC.
- Review and approve plans and financial objectives for the Council's future role and scope of activities.
- Ensure the integrity of internal control and of management and financial systems.



- Measure progress toward stated goals (consumer protection and education, industry regulation and customer service) 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 Skills and Experience

The Ontario Motor Vehicle Industry Council (OMVIC) has a mandate to protect and serve the public interest. OMVIC's Board of Directors must therefore comprise a range of members whose collective experience and skills are best suited to accomplish this mandate. Each member of the Board brings unique skills and experience to the task. This document sets out some of these skills and experiences and serves as a guide to OMVIC in developing its Board nomination and election process. Through the establishment of formal Selection Criteria and Board Member Skills Profile, the Nominating Committee attempts to ensure that OMVIC's Board of Directors are respected members of the community with a high level of integrity, and who collectively possess a mix of skills and experience that add strategic value to OMVIC.

Board members should:

- Demonstrate a positive attitude toward the public interest
- Actively participate when they have something to offer
- Listen to other points of view and support consensus-building
- Promote consumer protection and industry professionalism
- Possess diverse perspectives, including that of business, government and consumers
- Be strategic thinkers
- Understand the governance role of a Board member, its responsibilities and its limitations
- Demonstrate a willingness to actively support OMVIC's mandate and vision
- Be sensitive to the economic and ethnic diversity of the retail automotive sector

The Board will seek to achieve diversity in its membership.

Individual Knowledge and Experience

To enable it to provide strategic direction and fulfill its oversight responsibilities, the Board should include members with some of the following skills, knowledge and experience:

- Knowledge of retail automotive sector: new, used, leasing
- Membership on boards, including not-for-profit boards
- 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

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



Ontario Motor
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du commerce des
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