



2010 ANNUAL REPORT
2011 BUSINESS PLAN

A billboard advertisement set against a blue sky with light clouds. The billboard is divided into a red section on the left and a yellow section on the right. In the red section, a man in a dark jacket and sunglasses is talking on a mobile phone, holding a black bag containing several toy cars. The text "Avoid Curbsiders" is written in white. In the yellow section, the text "Look for this Decal" is written in black, with a white arrow pointing to a circular "BUY with CONFIDENCE" decal. The decal contains the text "ONTARIO Registered Dealer" and the MMVIC logo. Below the decal, the website "BuyWithConfidence.ca" is printed in black.

Avoid Curbsiders

Look for this Decal

BUY with CONFIDENCE
ONTARIO Registered Dealer
omvic.on.ca

BuyWithConfidence.ca

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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 Consumer Services. OMVIC’s mandate is to maintain a fair 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.

OMVIC 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 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. Eighty-seven 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

- 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

Message from the President and Chair of the Board

Honourable John Gerretsen Minister of Consumer Services

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

Dear Minister Gerretsen,

I am pleased to present the 2010 Annual Report and 2011 Business Plan for the Ontario Motor Vehicle Industry Council (OMVIC). This year brought the proclamation of a new *Motor Vehicle Dealers Act* (MVDA) in January. The MVDA received considerable attention from consumer and industry stakeholders and the media. It introduced important consumer protection measures such as all-in price advertising, greater access to the Motor Vehicle Dealers Compensation Fund, new classes of registration, redesigned contracts with enhanced disclosure and increased penalties for curbsiding.

With the new changes came greater exposure for OMVIC. This presented an opportunity to further enhance consumer education and dealer professionalism. As a registered dealer and OMVIC's President, I understand the importance of both. In 2010, we expanded our unprecedented "Buy With Confidence" (BWC) consumer awareness campaign by:

- Hosting a very successful press conference to launch the MVDA, which received attention from 10 different media outlets (television, radio and print)
- Advertising the BWC website and the importance of doing business with a registered dealer through print, web-based and radio advertising in key markets across Ontario. The fact that Ontarians were exposed to the key messages of this campaign more than 100 million times demonstrates its success
- Expanding the BWC website to include key consumer protection features of the MVDA plus information in French, Italian, Punjabi and Cantonese
- Launching a YouTube channel featuring seven short videos with information about disclosure, the Motor Vehicle Dealers Compensation Fund and all-in price advertising

- Updating all consumer material to reflect key points in the *Act*
- Conducting a series of vehicle-buying seminars with the intent of reaching out to newcomer communities across the province and educating them on vehicle purchases. Vehicle-buying seminars have been conducted in English, Cantonese, Mandarin, Ukrainian, Arabic, Italian, Filipino and Tamil

In terms of dealer professionalism, we revised our certification course in 2009 to include new requirements of the MVDA and updated it again in January 2010. I'm pleased to report that 8,000 registrants have completed this course to date. Also, the number of course enrolments have increased by a factor of about 28% between 2009 and 2010. During 2010, we continued to provide educational seminars for registrants across Ontario and also updated 10 educational videos which are available on our website.

As OMVIC continues to grow and gain greater exposure, it is important to continue developing new ways of communicating our message to our registrants and the public. Our registrants are vital to the success of the motor vehicle industry and the public is vital to the success of our registrants. Without both, OMVIC would not be able to deliver the services we provide.

On behalf of OMVIC's Board of Directors, I thank the Ministry and its staff, OMVIC staff and our registrants and stakeholder groups for their ongoing assistance and collaboration over the course of this year.

Matt Rispin
President and Chair
North Toronto Auction



Message from the Registrar

Honourable John Gerretsen Minister of Consumer Services

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

Dear Minister Gerretsen,

OMVIC is pleased to present its Annual Report for 2010. We are very happy with the developments that have occurred over the past year as we have implemented the new *Motor Vehicle Dealers Act* (MVDA).

A year ago OMVIC's focus was to ensure a smooth transition between *Acts* for our registrants and staff. This consisted of ensuring key projects, such as creating new forms and procedures, a new computer and phone system and staff training, were in place before the new *Act* was implemented. In 2010, our focus switched from implementation to communication.

It is crucial for OMVIC to ensure our registrant base of almost 8,000 dealers and 23,000 salespeople know the new MVDA. OMVIC continued a series of MVDA training sessions across Ontario into 2010 to help address the most common questions registrants had regarding the MVDA, such as all-in price advertising, disclosure on contracts and warranties. We conducted sessions in 11 cities, including Toronto, Kingston and Ottawa, which were attended by approximately 300 dealers and 500 salespeople. This information was also made available on the OMVIC website for quick reference.

OMVIC investigators laid 364 charges, our inspections team inspected 2,865 dealers and 1,295 Registrar's actions were taken. In addition, 216,846 calls and 1,446 consumer complaints were handled. This is a testament to OMVIC's partnership with government, industry and consumer stakeholders being good for consumer protection.

In addition to this, a number of new staff members were hired over the course of the year in key departments such as legal, registration and compliance to handle administration of the MVDA with the exceptional level of customer service that consumers and dealers have come to expect.

OMVIC also embarked upon greater consumer communication about the *Act*. We continued our "Buy With Confidence" campaign that communicated a message to consumers to look for a specific blue and yellow "Buy With Confidence" window decal. Also, in April, with the Ministry's assistance, we jointly launched a series of vehicle-buying seminars targeting newcomers to Canada and educating them on the changes to the MVDA and how to buy a vehicle the right way – through an Ontario-registered dealer.

OMVIC looks forward to the challenges and opportunities 2011 will bring and also to celebrate the first anniversary of the new *Motor Vehicle Dealers Act*.

Carl Compton
Executive Director and Registrar

Business Accomplishments

CONSUMER PROTECTION

Strategy	2010 – 2012 Targets	2010 Activities and Results
<p>Implementation of strategic communications plan.</p>	<p>Build awareness of the right way to purchase a vehicle (Ontario-registered) and the reasons why.</p>	<p>CONSUMER VEHICLE-BUYING SEMINARS</p> <p>News conference</p> <p>The Ministry of Consumer Services held a news conference on April 26, 2010 to announce OMVIC’s new vehicle-buying seminars. OMVIC participated in the news conference and prepared OMVIC materials for the event.</p> <p>Tactics included:</p> <ul style="list-style-type: none"> • Prominently displaying visuals of the “Ontario-Registered Dealer” decal, highlighting the dangers posed by curbsiders and emphasizing the importance of buying from registered dealers • Presentations from Minister Aggelonitis and OMVIC spokesperson on the importance of “buying a vehicle the right way” and from an Ontario-registered dealer • Graphics that highlight the key protection measures of the MVDA: <ul style="list-style-type: none"> – All-in price advertising and disclosure – Vehicle history disclosure – Rescission rights – Access to the Compensation Fund • A testimonial from a consumer who experienced an issue when buying a vehicle and successfully applied to the Compensation Fund



CONSUMER PROTECTION (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
		<p>Implementation of seminars</p> <p>To date, 19 seminars offered. Languages include: English, Cantonese, Mandarin, Ukrainian, Arabic, Italian, Filipino and Tamil.</p> <p>Seminar content:</p> <ul style="list-style-type: none">• Curbsiders – who they are and why they're a problem• How to avoid curbsiders and signs you might be dealing with a curbsider• Buying privately: buyer beware<ul style="list-style-type: none">– What to do if you choose to buy privately• What it means when you buy Ontario-registered• How to find registered dealers• Consumer protection available when you buy Ontario-registered• How to solve a problem with your dealer• Helpful tips• How to contact OMVIC for help <p>EVENTS</p> <p>Attended and provided information to consumers at the following events in 2010:</p> <ul style="list-style-type: none">• Government Services Fair• Canadian International AutoShow• Mississauga Car Clinic• Ontario Association of Chiefs of Police Conference• YorkFest• Mississauga Community Crime Awareness Day• McMaster University Festival• Georgian College Auto Show

Business Accomplishments

CONSUMER PROTECTION (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
		<p>PUBLIC RELATIONS AND MEDIA</p> <p>Ontarians were exposed to MVDA press conference key messages more than seven million times in January 2010.</p> <p>Ten news releases issued to date.</p> <p>Interviews conducted with: CP24, Auto Shop, Auto Experts, CTV News, Goldhawk, Toronto Star, Globe and Mail, Orangeville Banner, Fairchild radio (Mandarin), Meest (Ukrainian radio), CBC Metro Morning, Ontario Morning, AM 800, AM 570, Moose FM (North Bay), K-Lite (Hamilton).</p> <p>INTERACTIVE</p> <p>YouTube channel developed featuring dealer, consumer, Ministry and Compensation Fund perspectives.</p> <p>“Can You Spot the Difference?” video posted on YouTube channel and BuyWithConfidence.ca.</p> <p>“How to Avoid Curbsiders and Fraudsters” video posted on YouTube channel and BuyWithConfidence.ca.</p> <p>KNOW YOUR RIDE</p> <p>Continued promotion of OMVIC’s education video to Ontario high schools through advertising and articles for publication in student papers and teaching industry magazines.</p> <p>ADVERTISING</p> <p>Advertising for 2010 launched in October and included:</p> <ul style="list-style-type: none"> • Online: AutoTrader.ca and Wheels.ca • Print: Toronto Sun, 24 Hours and Toronto Star • Out-of-home: transit shelters throughout the GTA • Digital billboard: Gardiner Expressway • Radio: markets outside of the GTA



CONSUMER PROTECTION (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
	<p>Build registered dealer participation in the decal program.</p>	<p>Extension of decal program in 2010 includes:</p> <ul style="list-style-type: none"> • Updating materials to reflect 2010 messages • Running mini-campaign to reinforce posting of decal • Posting “ad maker kit” on website so that dealers can put decal symbol on ads <p>Dealers registered after the initial mail-out in 2009 have also been sent the Point of Sale (POS) package.</p>
	<p>Continue to build awareness of OMVIC as the regulator.</p>	<p>Supported through tactics such as:</p> <ul style="list-style-type: none"> • Seminars • Media coverage • Event attendance • Interactive tools • Advertising • 2010 Justice of the Peace conferences <p>Consumer Protection Advisory Committee (CPAC) developed consumer protection pieces on the following topics:</p> <ul style="list-style-type: none"> • Extended warranties • Buying vs. leasing
	<p>Build extra awareness within vulnerable communities (vulnerable due to ethnic, cultural or financial factors).</p>	<p>To date, vehicle-buying seminars offered in English, Cantonese, Mandarin, Ukrainian, Arabic, Italian, Filipino and Tamil.</p> <p>MVDA news conference and Ministry news conference covered by ethnic media.</p> <p>PR to support seminars included a media interview on Roger’s Talk Local and a second interview completed in Ukrainian.</p> <p>Multilingual options developed for BuyWithConfidence.ca. Translated languages include:</p> <ul style="list-style-type: none"> • French • Italian • Punjabi • Cantonese

Business Accomplishments

CONSUMER PROTECTION (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
<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>OMVIC handled 1,446 complaints in 2010. A customer service survey completed in 2010 rated OMVIC’s complaint handling service at more than four (average) on a five-point scale in the areas of courtesy, knowledge and efficiency.</p>
<p>Increase awareness of OMVIC through law enforcement agencies.</p>	<p>Continue to provide seminars for policing authorities.</p>	<p>Staff presented to the following agencies:</p> <ul style="list-style-type: none"> • Ontario Association of Chiefs of Police (OACP) • MTO enforcement officers (London District) • Cornwall Police Service • London Police Auto Squad • York Regional Police Service • Criminal Intelligence Service Ontario (CISO) <p>Staff also participated in sponsoring various police golf tournaments, which helped raise awareness of OMVIC.</p>



DEALER PROFESSIONALISM

Strategy	2010 – 2012 Targets	2010 Activities and Results
Facilitate regular enhanced communication between OMVIC and stakeholders.	Facilitate meetings for the Stakeholder Relations Committee that formed in 2008.	Five meetings were held in January, April, June, September and November. Issues discussed included: <ul style="list-style-type: none">• MVDA, 2002 implementation• All-in price advertising• Guarantees versus warranties• OMVIC consignment agreement and best practices document• Disclosure of information in the public interest• New standards of business practice• CPIC procedures• Lease buy-out charges• Dealer awareness• Broker and stakeholder survey
Inspections: an inspection program that employs risk management principles to target problem areas and reviews consumer and dealer complaints.	OMVIC's inspections team was expected to complete 2,500 inspections in 2010.	During 2010, 2,865 inspections were completed, of which 57% were risk-based and 43% were routine visits. A customer service survey completed in 2010 rated OMVIC's inspections team at more than four (average) on a five-point scale in the areas of courtesy, knowledge and efficiency.

Business Accomplishments

DEALER PROFESSIONALISM (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
<p>Registrar’s actions: Institute effective registration and inspection processes that identify those dealers who should not be registered or who require close monitoring through terms and conditions of registration.</p>	<p>The volume of Registrar’s actions is predicted to remain steady through the planning period at approximately 1,000 actions yearly.</p>	<p>In 2010, 1,295 Registrar’s actions were logged.</p>
	<p>Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process.</p>	<p>New dealers are inspected within first 60 days of registration to educate and monitor activities. Risk-based inspection files are given priority by inspectors. High volume dealer inspections are subjected to transaction fee scrutiny to ensure integrity of remittances. Those with other risk identifiers are subject to more frequent visits.</p>



CUSTOMER SERVICE

Strategy	2010 – 2012 Targets	2010 Activities and Results
Develop plan for business continuity.	Plan completed and approved.	Draft implementation plan for business continuity based on approach used by other delegated administrative authority (DAA) presented to Management Committee in August 2010. Based on feedback, other approaches currently being reviewed.
Implement new <i>Motor Vehicle Dealers Act</i>.	Monitor service levels post-implementation and provide periodic reports to the Board.	Following service levels based on year-end review: Complaints: 42-day turnaround Registration: 11 days for salesperson applications Dealer reinstatement: 18 days Dealer applications: 29-day average turnaround Telephone response times: <ul style="list-style-type: none">• Registration: 67 seconds• Complaints: 25 seconds
Enhance customer service tools.	Introduce online services for partners and registrants.	Develop business requirements for online services, finalize legal and other technical framework for mid-2011.
	Review interactive voice response system and introduce efficiencies.	Changes to voicemail system implemented so callers can access registration and complaint queues within 10 seconds. On average, a live operator is available in approximately one minute.
Consumer service surveys.	Develop and introduce updated consumer service survey.	Existing consumer survey not generating sufficient responses. Slow response time on existing survey may be contributing to the problem. Plan is to expand eligibility question to reach a broader audience (i.e., anyone who has ever purchased/leased a vehicle). Objective is to make survey more prominent on OMVIC's website and to make it available in conjunction with the 2011 Canadian International AutoShow.

Business Accomplishments

CUSTOMER SERVICE (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
Diversity.	Increase employee sensitivity to diversity and human rights issues.	Diversity was a primary topic of discussion at the 2010 annual planning day; discussion was led by a facilitator. Diversity-relevant lunch and learn session held in June.
	Implement corporate policies promoting cultural and gender diversity in the workplace.	Diversity policy added to Human Resources manual.

NEW LEGISLATION

Strategy	2010 – 2012 Targets	2010 Activities and Results
Implement new <i>Motor Vehicle Dealers Act.</i>	Adjust and fine tune policies, procedures and forms to reflect new legislation.	<p>Registration and complaint forms are all updated. Renewal forms are being updated again as part of the mail-out implementation in 2011.</p> <p>Crown Briefs (used by investigations and prosecutors) were standardized, as was the flow of court documents. Position of Court Officer was created.</p> <p>Inspection forms revised and in place in early 2010.</p> <p>Compensation Fund forms compliant with old and new regulations.</p> <p>Compensation Fund developed a new consumer brochure promoting itself and outlining claim procedures and criteria.</p>



NEW LEGISLATION

Strategy	2010 – 2012 Targets	2010 Activities and Results
	<p>Continuously revise web content to reflect new legislation, policies and procedures.</p>	<p>Material added to website includes:</p> <p>OMVIC.ON.CA</p> <ul style="list-style-type: none"> • 15 dealer bulletins • Dates for dealer seminars • Standards of Business Practice, 2010 • Insured warranty providers • Revised certification course materials • Revised Compensation Fund pages/claim package • Revised registration pages/packages • Revised complaint handling pages and Complaints Process Acknowledgement form • Understanding contracts • News releases related to MVDA launch • Webcast of MVDA launch <p>BUYWITHCONFIDENCE.CA</p> <ul style="list-style-type: none"> • Seminar dates • Compensation Fund consumer video • Compensation Fund info video • Two new pages related to MVDA
	<p>Continuously revise document illustrating new Code of Ethics regulation.</p>	<p>Standards of Business Practice (SoBP) introduced to reflect the new Code of Ethics regulation.</p> <p>As problem areas and issues are identified, OMVIC will be able to supplement the SoBP to address the issues on an ad hoc basis.</p>
	<p>Monitor and adjust discipline process, selection criteria, recruitment and training program for members of Discipline and Appeals Committees.</p>	<p>The first half of 2010 saw the finalization of the recruitment process, training and ultimate formation of the MVDA, 2002 Discipline and Appeals Committees.</p> <p>Training is anticipated to continue on an annual basis to ensure best practices are adhered to and to address any deficiencies in the process. Further, recruitment will also continue on an ad hoc basis to ensure that there are sufficient numbers to populate the various panels.</p>

Business Accomplishments

NEW LEGISLATION (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
	Work with Compensation Fund Board of Trustees to: <ul style="list-style-type: none"> • Monitor and adjust new policies and procedures regarding warranties and service plans • Monitor and adjust forms, policies and procedures regarding claims adjudication and management 	Issued bulletin to dealers and letter from Compensation Fund to warranty providers explaining risk to the Fund and OMVIC's expectations of dealers. Legal opinion received from outside counsel regarding the issue of rescission and the Fund's role and responsibilities. Policy to be developed in conjunction with OMVIC's complaint team. Draft to be presented at Fund's December meeting.
	Monitor performance and functionality of new data and document management system.	Ongoing: a planned Release 2, originally to be purchased from outside software developers, is now being completed internally. A revised system is expected for mid-2012.
	Formalize process for prioritizing, approving and scheduling new releases.	Process implemented for reviewing and approving requests for changes, testing changes and releasing to production.
Review, identify and address new areas of risk, in light of changing legislation.	Ensure investigation and prosecution intake procedures in place are compliant with evolving case law.	Intake procedures are compliant with current case law.
	Personal harm mitigation.	Security on the 8th floor was reviewed and an additional door fitted with "strike card" access to staff was added in order to avoid entry through the main door.
	Review insurance requirements.	Legal review of insurance needs was completed in February 2010. Proposals for revised coverage were sought, reviewed and adopted in March.



NEW LEGISLATION (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
	Publish policy on “public harm.”	Both an external policy and a more detailed internal policy have been drafted. The external policy, circulated to the Stakeholder Relations Committee earlier in 2010, is published, circulated and live on OMVIC’s website.
	Mitigate risk of lawsuits resulting from complaint handling services.	Acknowledgement letter has been in use since late March.
Increase awareness of OMVIC and the new <i>Motor Vehicle Dealers Act</i>.	Work with Canadian Automotive Institute to develop proposal for specialized/dealer management course.	Presentation delivered to Board at October meeting.
	Provide educational materials to registrants through multiple channels.	Materials delivered via: <ul style="list-style-type: none">• Educational bulletins• Industry newsletter• Dealer seminars across Ontario• Significant new website material added• New certification course In addition to educational component of inspections, new business standards staff to be active in delivering seminars.

Business Accomplishments

NEW LEGISLATION (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
	<p>Provide consumer awareness materials through multiple channels.</p>	<p>Materials delivered via:</p> <ul style="list-style-type: none"> • Event participation • Media coverage (online, print, radio and television broadcast) • MVDA press conference* • Vehicle-buying seminars • Website • OMVIC YouTube channel • Facebook <p><i>* A press conference and launch event was held in January 2010, with participation from the Ministry.</i></p> <p>Tactics included:</p> <p>Press conference at a GTA dealership with representatives from OMVIC, the Compensation Fund and the Ministry of Consumer Services. A demonstration on vehicle disclosure followed speeches and a question and answer period.</p> <p>A webcast of the event was distributed to media and registrants.</p> <p>Two advisories, a press release and a social media release were issued.</p> <p>YouTube channel was developed featuring video clips of Minister, Peter Silverman of the Compensation Fund, a dealer, a consumer and an OMVIC investigator.</p> <p>Additional web pages for BuyWithConfidence.ca created and posted.</p>



NEW LEGISLATION (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
		<p>Results:</p> <p>Ontarians exposed to the event’s key messages more than seven million times.</p> <p>More than 100 total news stories.</p> <p>Frequent and varied positive coverage (print, broadcast and online).</p> <p>Coverage in major and regional markets.</p> <p>Advertising:</p> <p>Advertising for 2010 launched in October:</p> <ul style="list-style-type: none"> • Online: AutoTrader.ca and Wheels.ca • Print: Toronto Sun, 24 Hours and Toronto Star • Out-of-home: transit shelters throughout the GTA • Digital billboard: Gardiner Expressway • Radio: markets outside of the GTA
	<p>Work closely with the Motor Vehicle Dealers Compensation Fund to develop compatible public education program.</p>	<p>The approved 2010 Compensation Fund communications plan states that the majority of communications will piggyback on OMVIC initiatives and that OMVIC will incorporate key messages into all OMVIC initiatives.</p> <p>A new draft of the Compensation Fund brochure created and approved for use at various OMVIC events.</p>
<p>Explore GST parity between private sales and dealer used car sales to help reduce curbsider advantage.</p>	<p>Seek support of other provincial dealer regulatory bodies.</p>	<p>Implementation of HST addresses this issue.</p>

Business Accomplishments

BOARD GOVERNANCE

Strategy	2010 – 2012 Targets	2010 Activities and Results
Develop best governance practices and education program for new and existing officers and directors.	Continue to identify and attend programs that will serve to enhance directors' understanding and practice of governance skills.	Refresher on governance delivered at the Board planning session in October.
	Institute a Board evaluation program.	Evaluation completed over October and November meetings.
	Complete Committee work plans.	Completed.
	Complete Board effectiveness survey.	Evaluation completed over October and November meetings.
	Review strategic plan.	Completed at October meeting.
Manage budget and cash flow appropriately.	Secretary Treasurer to provide Board with accurate and timely variance reports on revenues and expenditures.	Ongoing.
	Board provided with material necessary to respond to in-year budget revisions, if required.	2010 Budget approved in August.
	Review five-year revenue projections and business processes; recommend potential revenue sources.	Fee adjustments deferred to 2012. Minister and Ministry briefed regarding fees.
	Implement new revenue proposals.	No new revenue streams proposed for 2010.



BOARD GOVERNANCE (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
	Put controls in place to ensure remittance of transaction fees meet stated level of certainty.	Registration forms have been updated. Renewal applications updated to clarify common misunderstandings about transaction fees. Inspection and renewal procedures revised appropriately.
	Develop financial policies manual.	Investment policy to be drafted subsequent to completion of review of Motor Vehicle Dealers Compensation Fund's investment policy.
Encourage review and reform of OMVIC corporate structure by Ministry of Consumer Services.	Provide material in support of review/reform including legal case and model bylaws.	Need for bylaw already reviewed by Board and determined that it may be unnecessary and, in any case, would require steps to be taken by the Ministry. In lieu, section 11 of the bylaw was deleted.
Succession plan for senior management positions.	Present draft succession plan to Board for approval.	Presented to Board in May 2010.
Review, identify and address new areas of enterprise risk in light of changing legislation.	Conduct human rights audit and introduce training for all staff.	Investigators have received many hours of human rights/sensitivity training with their respective police agencies. All investigators attended training in April 2010. Meetings held with groups of staff during early months of 2010.

Business Accomplishments

BOARD GOVERNANCE (CONT'D)

Strategy	2010 – 2012 Targets	2010 Activities and Results
Collaborate with Ministry of Consumer Services on Todres Report.	Continue to work collaboratively with the Ministry and other delegated administrative authorities in adopting relevant recommendations of the independent consultant's report on administrative authorities (Todres Report).	Continuing to work closely with other DAAs and Ministry staff on new Administrative Agreement (deferred by Ministry to 2011).
Comply with labour mobility legislation.	Ensure policies, procedures, forms and website in compliance with labour mobility legislation.	Completed.
"Open for Business."	Establish Regulatory Review Committee and develop regulatory plan.	Regulatory Review Committee created. Seeking guidance from the government on an appropriate Regulatory Impact Assessment tool to develop regulatory plan.
Conservation.	Develop green workplace policy and communicate to staff.	Policy added to Human Resources manual.



Overview

Registration

The introduction of the new *Motor Vehicle Dealers Act* (MVDA) on January 1, 2010, added significant complexity to the registration process. All registration forms were amended to reflect new requirements concerning preconditions to registration, interested and associated persons, persons in charge and bank and trust accounts. New requirements needed to be reviewed with applicants and more detailed information recorded on OMVIC's database.

At year end in 2010, 7,893 dealers (8,229 in 2009) and 23,668 salespersons (23,704 in 2009) were registered under the MVDA. Registration is mandatory for motor vehicle dealers and salespersons in Ontario.

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 including the

**At year end in 2010,
7,893 dealers and 23,668
salespersons were registered
under the MVDA.**

Code of Ethics regulations. Failure to do so may result in administrative action or even a proposal to revoke registration. The Registrar may propose refusal or revocation of registration, or propose terms and conditions of registration, as appropriate.

When the office of the Registrar proposes to refuse or revoke registration, the affected applicant or registrant may request a hearing before the Licence Appeal Tribunal (LAT). In such cases, the Registrar's office presents the case for refusal or revocation before a panel of the Tribunal. The panel may direct the Registrar to carry out the proposal, modify the proposal or set aside the proposal and replace it with its own order. 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 2010, registration staff processed 774 business applications and 2,915

salesperson applications; renewed 8,326 business registrations and 11,221 salesperson registrations; and performed 35,514 other transactions that included registrant information changes, transfers and terminations. In recent years, there has been a noticeable decline in the population of registered dealers and a slight increase in the population of registered salespeople (with 2010 being a slight exception).

A customer service survey completed in 2010 rated OMVIC's registration service at more than four (average) on a five-point scale in the areas of courtesy, knowledge and efficiency.

Registrar's actions reached 1,295 in 2010 – a slight increase from 1,158 in 2009. 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. The majority of applications that took longer than the six-week period contained deficiencies or involved conduct issues, investigations or proposals.



Overview (cont'd)

Complaint Handling Process

Introduction of the new *Motor Vehicle Dealers Act* also had a significant impact on OMVIC's complaint team. Complaint handlers took on an important educational role as they explained the new bills of sale, security requirements around third-party warranties, all-in advertising and the many disclosure statements now required in consumer contracts.

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 (omvic.on.ca), or by phone (1-800-943-6002). Compliance and registration staff handled 69,332 toll-free calls during 2010 (51,714 toll-free calls in 2009).

Intake staff collects basic information initially, provides self-help instructions to the consumer/dealer and escalates 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. OMVIC cannot direct a dealer to settle a complaint in a particular fashion – only the courts can do this.

Once a complaint file is opened, it may take anywhere from a few hours to a few weeks – or even months – to complete, depending on the complexity of issues, the availability of documents and the level of cooperation of those involved. Issues related to liquidated damages, misrepresentation, vehicle condition, contract disputes and safety certificates are the most common complaints handled. During 2010, OMVIC's compliance team was actively involved in 1,446 disputes. The team handled 1,562 complaints in 2009.

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 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.

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).

OMVIC completed 2,865 inspections during 2010.

Inspections

The MVDA requires members to conduct business from premises approved by the Registrar and sets out the requirement to have a lot, sign and an office for the conduct of business. The MVDA also sets out requirements for the maintenance of books and records at the registered premises. Dealers may only use the services of registered salespersons whose registrations indicate they are providing services to that dealer.

Under the MVDA, appropriately appointed inspectors have the right to inspect a dealer's premises, view and photocopy books and records, and 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.

OMVIC completed 2,865 inspections during 2010.

Investigation and Prosecution

OMVIC's investigators are appointed under the *Motor Vehicle Dealers Act*, 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 (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 2010, 364 charges were laid.

OMVIC will initiate prosecutions through provincial courts or proposals through LAT that are of importance to the industry because they provide an opportunity to demonstrate the high thresholds for entry into, and throughout, the industry.

Licence Appeal Tribunal (LAT)

The Registrar may issue a proposal to suspend, refuse or revoke registration. Such proposals can be appealed to the Licence Appeal Tribunal. LAT is an independent tribunal that hears appeals of licensing and administrative matters.

For more information on LAT decisions, please visit OMVIC’s website or the LAT website (www.lat.gov.on.ca).

Here are some examples that demonstrate the consequence for misconduct in the industry.



LAT Cases: Rashid Latif Malik

The Registrant originally sought OMVIC registration in March 2009. OMVIC issued a Proposal to Refuse registration because the dealer failed to provide accurate and consistent information and documentation regarding the source of deposited funds in his bank account.

The Registrant was provided numerous opportunities to clarify the source of the funds in question and failed to provide verification.

In its decision, the Tribunal noted: “It is critical that the Registrar know the source of a motor vehicle dealer’s funds. The *Act* is consumer protection legislation and the Registrar must have that information in order to regulate the industry in the public interest. The Applicant failed to provide the necessary information. This failure raises a concern as to his governability as a motor vehicle dealer, if a licence were to be issued to him.”

The Tribunal directed OMVIC to carry out the Proposal to Refuse registration.

Unity-A-Automotive Inc. and Ramanathan Thangarajah

The Applicants had a series of convictions for acting as an unregistered dealer in 2002, 2004 and 2005. The corporation held a licence as a motor vehicle inspection station and had additional convictions under the *Highway Traffic Act* (HTA), including one conviction for issuing a false safety certificate. The Registrar issued a Proposal to Refuse registration in May 2008. The Applicants appealed the proposal to LAT, which directed the Registrar to register the Applicants in January 2009. OMVIC appealed the Tribunal’s decision to the Divisional Court, which directed that a new hearing be held.

In 2009, the Registrants were charged with multiple counts of making false statements on structural inspection certificates under the HTA. The dealership was also found to be advertising vehicles for sale without the benefit of registration.

Continued...

Overview (cont'd)

In its decision, the Tribunal noted: “The Tribunal agrees that the Applicants are not governable and conditions on a licence for the Applicants would be inappropriate. There are reasonable grounds to believe that the past conduct of the Applicants is such that in the future, they will not carry on business in accordance with law and with integrity and honesty.”

The Tribunal directed OMVIC to carry out the Proposal to Refuse registration.

Rocky Moors o/a Rocky’s Auto Sales

OMVIC initially issued a Proposal to Revoke in December 2009 and the Registrant appealed the proposal in 2010.

OMVIC received a complaint from a consumer regarding the purchase of an automobile from the Registrant. Evidence presented at LAT mentioned the Vehicle Identification Number (VIN) plate may have been tampered with and, after some further investigation, it was found that the body of the vehicle had been reported stolen from Kentucky and the frame had been reported stolen from California.

The consumer initiated a claim with the Ontario Superior Court and obtained a judgment against the Registrant in the amount of \$18,240.29 plus \$6,000 in costs.

The consumer brought this court judgment to the Motor Vehicle Dealers Compensation Fund. The Compensation Fund awarded the consumer the maximum under the previous *Motor Vehicle Dealers Act*, which was \$15,000, and awarded an additional \$6,000 in costs.

In its decision, the Tribunal noted: “The Ontario Superior Court of Justice has found him to be liable to [the consumer] for a significant amount of money which he did not pay. [The consumer] is entitled to try to enforce that judgment.”

The Tribunal continues, “The Act also requires that the Applicant act in a financially responsible manner in the conduct of his business. By not abiding by the terms of the judgment granted by the Ontario Superior Court of Justice and by simply refusing to try to resolve this matter, the Applicant has failed to meet the requirements of the Act.”

The Tribunal directed OMVIC to carry out the Proposal to Revoke registration.

Notable Charges 2010

Name	Charge	Fine
Eric Stiles	30 counts curbsiding	One-year prison term plus \$375,000
6286470 Canada Inc. o/a Capital Remarketing	31 counts curbsiding	\$310,000
L.P. Europe Motor Sport Inc. o/a L.P. Eurosport Auto Sales	1 count curbsiding	\$5,000
Tareq El Barassi	3 counts curbsiding	\$4,500
World Gate Trading Inc.	3 counts curbsiding	\$4,500

Disciplinary Process

Section 6 of the *Motor Vehicle Dealers Act* (MVDA) requires dealers and salespeople to conduct business activity with honesty, integrity, financial responsibility and in accordance with the law.

The Code of Ethics and attendant Standards of Business Practice apply to all motor vehicle dealers and salespersons in Ontario. This includes all persons employed, appointed or authorized by a motor vehicle dealer to act on a dealer’s behalf in any transaction arising from or related to the purchase, sale or lease of motor vehicles. Dealers and salespeople who disregard the Code of Ethics may face disciplinary action by the Discipline Committee.

The Chair of the Discipline Committee will appoint an independent, impartial panel to consider the allegations contained in the notice of complaint. The Committee’s composition will consist of dealer/salespeople peer representatives, as well as at least one arm’s-length member of the public.

The Committee will commence a hearing to examine alleged breaches of the Code of Ethics. The registrant will be given the opportunity to submit relevant documentation and oral evidence supporting its position with respect to the alleged breach. All parties may be represented by a lawyer or agent. Hearings before the Discipline Committee are recorded. Following a hearing, and after due consideration, the Discipline Committee will issue a formal decision stating the reasons that led the committee to reach its conclusion.

The Committee may impose disciplinary measures including requiring dealers/salespeople to take educational courses, requiring dealers to fund educational courses for their salespeople, imposing a fine to a maximum of \$25,000 and imposing costs. Decisions of the Discipline Committee will be published as a matter of public record and may be appealed to the Appeals Committee. Appeals must be requested by submitting the proper form within 30 days of the Discipline Committee's decision, are limited to questions of law or mixed fact, and cannot be a re-hearing of the matter.

During 2010, OMVIC handled 11 discipline matters and collected a total of \$17,815 in fines.

Consumer Awareness

Buy With Confidence Campaign

With the introduction of the new MVDA, OMVIC revised the objectives and strategies of its consumer awareness campaign to focus on key consumer protection measures of the MVDA, while continuing to identify "Ontario-registered dealers" and driving consumers to registered dealers for increased consumer protection.

This approach enabled OMVIC to maintain and grow the early awareness that OMVIC generated through previous advertising, while further developing the OMVIC story. Strategies included:

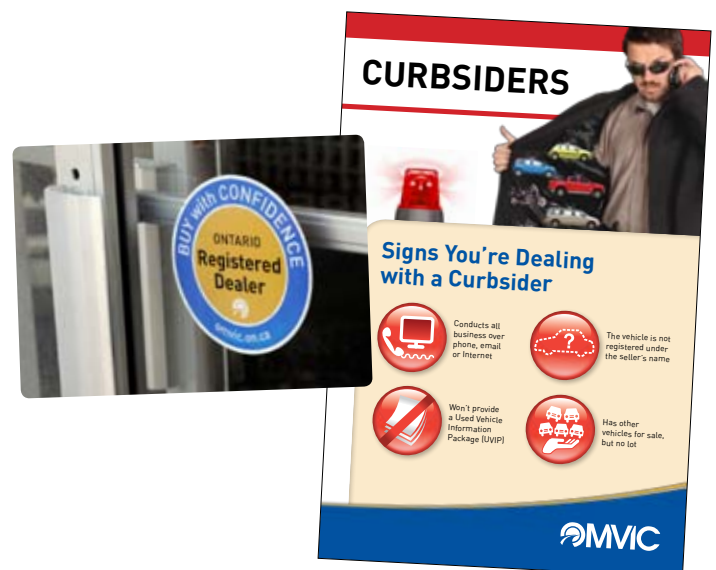
- Driving consumers to Ontario-registered dealers and to look for the decal
- Identifying curbsiders and how to avoid them
- Raising general awareness of potential vehicle-buying issues



- Continuing to raise awareness that OMVIC is the regulator of Ontario's motor vehicle sales industry
- Raising general awareness of the new MVDA and its benefits

Key Messages

- Avoid curbsiders: look for the Ontario-registered dealer decal
- Buy from an Ontario-registered dealer and benefit from consumer protection – full vehicle history disclosure, all-in pricing, rescission and financial protection from the Compensation Fund
- To find a registered dealer, visit BuyWithConfidence.ca or look for the blue and yellow decal on the windows and doors of dealerships
- The right way to buy a vehicle is through an Ontario-registered dealer and the wrong way to buy a vehicle is through a curbsider
- OMVIC is the place to go for preventive information and if you have issues stemming from a vehicle purchase
- The vast majority of vehicle-buying experiences in Ontario are positive



Overview (cont'd)

Tactics

- Advertising
 - Print – Toronto Sun, 24 Hours and Toronto Star
 - Online – placement on AutoTrader.ca and Wheels.ca
 - Transit shelters – “Avoid Curbsiders” ads across Toronto and the GTA near dealership clusters
 - Digital billboard – Gardiner Expressway in Toronto
 - Radio advertising – 30-second spots and tactical buys for 25 stations in 10 regional markets
- Public relations
 - News Canada: five print stories
 - News Releases (CNW and Marketwire)
 - Two audio news releases
 - One video news release: “How to Spot a Curbsider”
 - Strategic public relations outreach
- Promoting the campaign
 - Dealer communications
- October Dealer Standard
- October Dealer Bulletin email
 - Stakeholder communications
- Dealer Bulletin emails
- Point of sale merchandising program – “Ontario-Registered Dealer” ID kit
 - New introductory letter distributed to new dealers
 - New brochure outlining benefits of program distributed to new dealers
- BuyWithConfidence.ca website
 - Website redesign
 - Key messages aligned to improve Search Engine Optimization (SEO)
 - Refresh key info on OMVIC and curbsiders with downloads and contact info

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:

- The dealer has failed to satisfy a court judgement that has become final
- The dealer has failed to return a deposit to a consumer or an undelivered motor vehicle
- The dealer has failed to remit an extended warranty contract and/or payment for same to the warranty company or has not paid for a repair which would have been covered and/or refunded the warranty premium paid by the consumer
- The dealer has become bankrupt
- The dealer has been convicted of an offence related to the trade in the motor vehicle
- The dealer has seriously misrepresented the vehicle to the consumer and the consumer would be eligible for rescission of the contract*

Continued...



- The dealer has had its licence revoked by the Registrar and one of the reasons includes issues related to the transaction*
- The dealer has failed to remit or honour the condition of a service plan agreement
- The motor vehicle has been seized by law enforcement or lawfully by a creditor (not yours) and the motor vehicle will not be returned*

*only applicable to transactions taking place after January 1, 2010

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 \$45,000.

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 is received. These restrictions reflect the Fund's mandate: industry-funded consumer protection.

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 MVDA.

During the Motor Vehicle Dealers Compensation Fund's fiscal 2010 year (ending October 31, 2010), 44 claims were approved by the Board of Trustees for a total payment to consumers of \$181,485. A total of 45 claims were received by the Fund.

Under the new MVDA, consumers who experience a legitimate problem with a vehicle purchase may be able to receive increased financial compensation from the Motor Vehicle Dealers Compensation Fund. The maximum compensation limit increased from \$15,000 to \$45,000. This change was made to better reflect the true cost of purchasing a vehicle today. The higher compensation levels and new criteria apply to transactions that take place after January 1, 2010.

Members of the Board of Trustees

Peter Eatson, Chair of the Board

Dealer Representative

Jamie Holmes, Vice Chair

Consumer Representative

Kathy Cook, Secretary-Treasurer

Dealer Representative

Catherine Finlay

Consumer Representative

Catherine Poultney

Dealer Representative

Larry Pringle

Dealer Representative

Peter Silverman

Consumer Representative

Alan Silverstein

Consumer Representative

Dorian Werda

Consumer Representative

Overview (cont'd)

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.

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.

Throughout 2010, OMVIC embarked upon a campaign to assist registrants with the implementation and understanding of the new MVDA. This campaign included conducting seminars in various locations across the province, the creation of educational videos on specific areas of the *Act* and informing registrants through bulletins and *The Dealer Standard* on MVDA-specific issues.

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. OMVIC's DVD, *Know Your Ride*, is available in both official languages.





Committees

Appeals Committee

Chair: Nazreen Ali

The Appeals Committee provides a forum for reviewing complaints from consumers regarding OMVIC's handling of consumers' complaints about dealers and, if appropriate, makes recommendations to staff to ensure subsequent complaints are handled in the most effective and expeditious manner.

This Committee also provides an impartial forum for hearing appeals from decisions of the Discipline Panel.

The Committee was not called upon to meet during 2010.

Membership: Four OMVIC Board members (must be chaired by a non-industry member).

Audit, Finance and Risk Committee

Chair: Kevin Bavelaar

The Audit, Finance and Risk Committee assists management in ensuring that appropriate financial and operational controls are in place; requests and reviews reports from management regarding select financial and operational controls; reviews terms of reference of the annual audit with the external auditors; and reviews annual audited financial statements and audit findings with the external auditors. The Committee also reviews the performance of auditors and recommends appointment of auditors for the coming year.

The Committee held five meetings during 2010.

Membership: Management Committee (i.e., elected officers of the company).

Communications Committee

Chair: Cliff Pilon

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 2010.

Membership: Four OMVIC Board members.

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 of Consumer Services and the OMVIC Board with expert advice on consumer issues.

The Committee held five meetings during 2010.

Membership: Four OMVIC Board members and five non-Board consumer representatives. Majority of membership must be non-industry. The Committee is chaired by a consumer representative from OMVIC's Board.

Committees (cont'd)

Governance Committee

Chair: Ron Marostica

The Governance Committee reviews the governance of the Board on a regular basis. This includes a review of the effectiveness of the Board Committees and their Chairs, whether Committees should be merged, disbanded or created, as well as a thorough examination of all procedures related to the effective operation of meetings.

The Committee held five meetings during 2010.

Membership: Six OMVIC Board members (includes all members of the Nominating Committee).

Management Committee

Chair: Matt Rispin

The Management Committee assists the Board of Directors in the provision of its governance role. Responsibilities include: providing guidance and direction to the Executive Director and Director of Corporate Services 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; through the Chair, periodic briefings to the Minister of Consumer Services on OMVIC's activities and review of annual report and business plan.

The Committee held nine meetings during 2010.

Membership: Five OMVIC Board members (elected by the Board).

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 four meetings during 2010.

Membership: Five OMVIC Board members (four dealer representatives and one consumer representative).

Stakeholder Relations Committee

Chair: John Slaughter

The Stakeholder Relations Committee, formed in June 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 but no less than two times per year.

The Committee held five meetings during 2010.

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

Regulatory Affairs Committee

Chair: Nazreen Ali

Once the Ministry provides a Regulatory Impact Assessment tool to OMVIC, the Regulatory Affairs Committee will employ the tool in development of recommendations for regulatory changes to the *Motor Vehicle Dealers Act*. The Committee would also ensure that appropriate consultation is conducted and recorded in accordance with a consultation protocol approved by the Ministry.

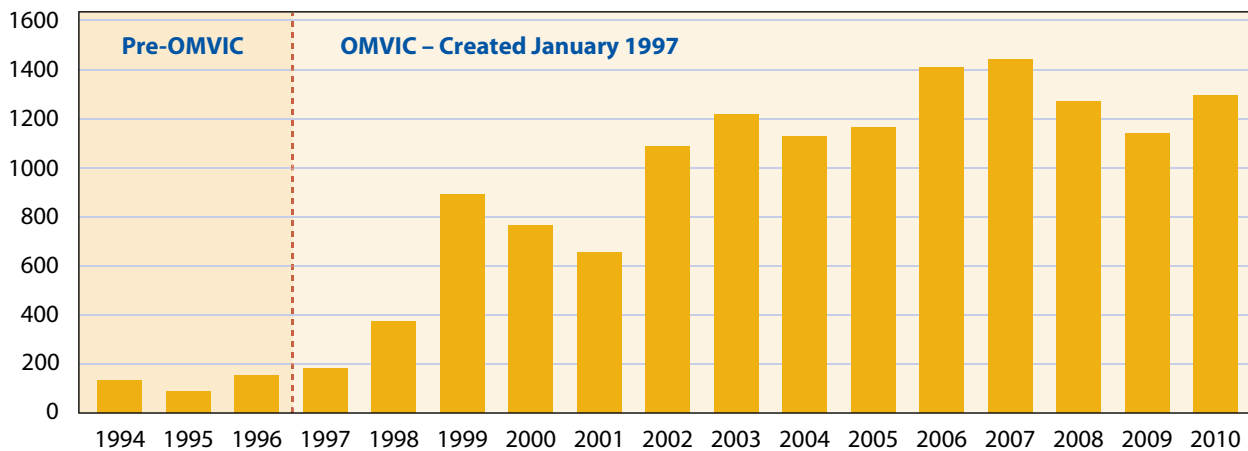
The Committee met once during 2010.

Membership: All OMVIC Board members.



Performance Overview

REGISTRAR'S ACTIONS 2010



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 2010 was 1,295.

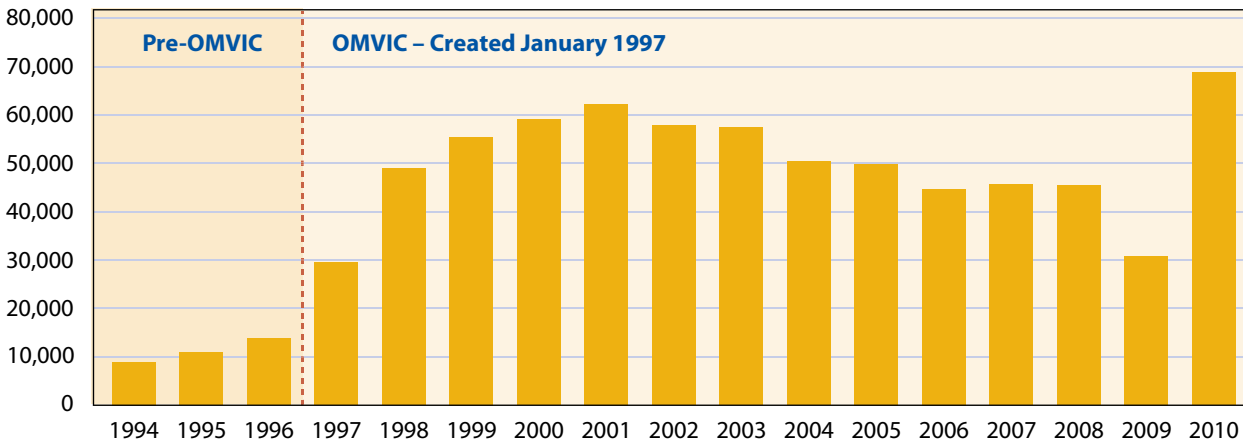
REGISTRATION ACTIVITIES 2010

Activity	2010	2009	2008
New dealer applications	774	710	723
New salesperson applications	2,915	2,766	3,433
Dealer renewals	8,326	6,653	3,448
Salesperson renewals	11,221	12,389	11,495
Information changes	35,514*	1,663	1,525
Employee transfers	0	5,536	5,290
Registration terminations	0	10,395	8,181

*This total now includes all employee transfers and registration terminations.

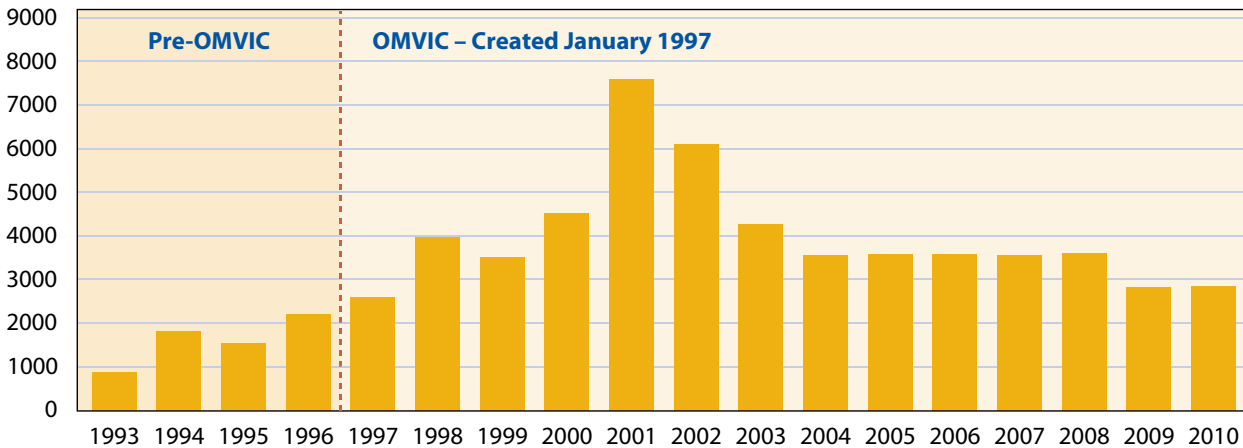
Performance Overview (cont'd)

INQUIRIES 2010



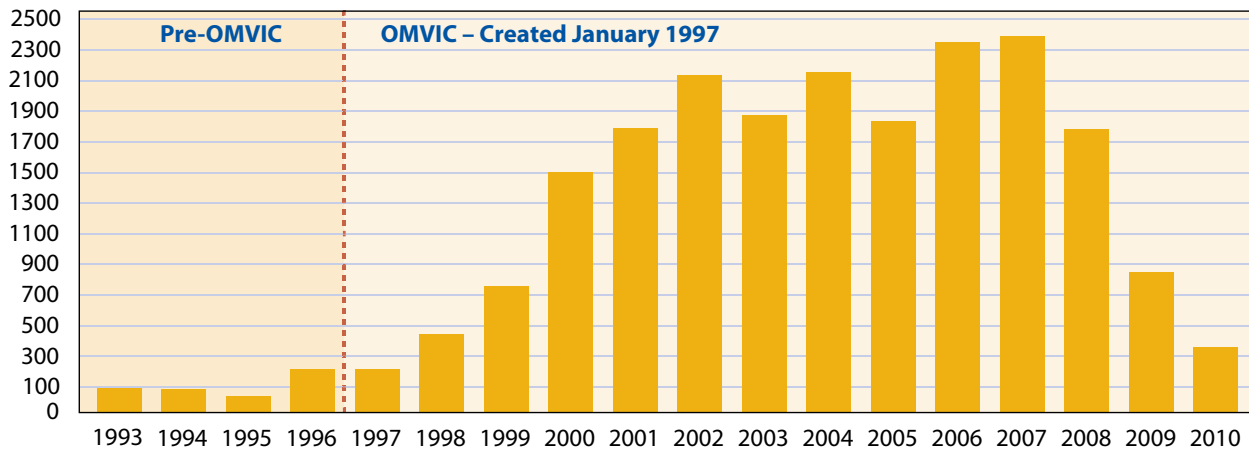
Inquiries (1-800 line): staff handled 69,332 toll-free calls during 2010 and 147,514 local calls.

INSPECTIONS 2010



During 2010, 2,865 inspections were completed.

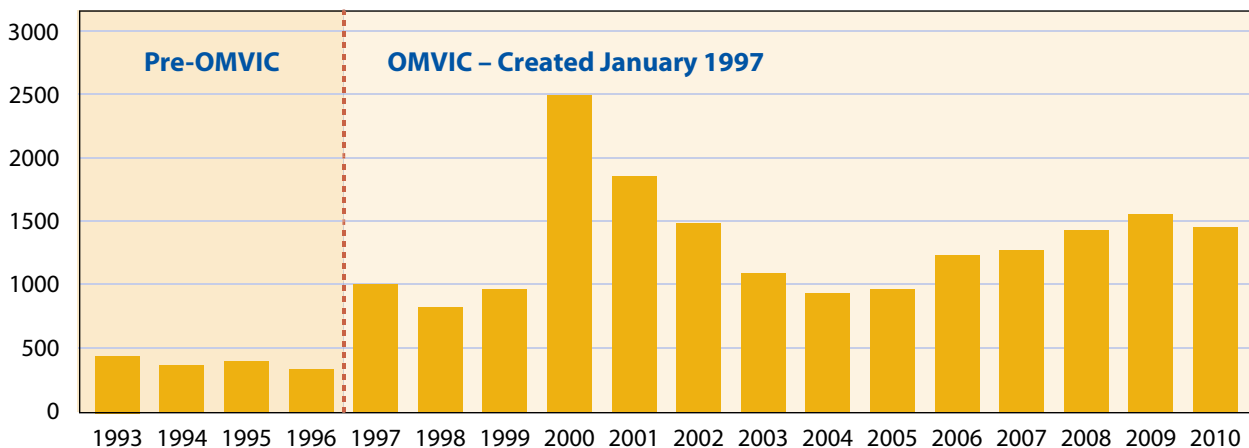
CHARGES LAID 2010



In 2010, OMVIC investigators laid 364 charges.

The investigation numbers for 2010 are reduced from historical highs. This reduction was anticipated due to a change in enforcement strategy implemented in 2009. The strategy involved focusing investigative and prosecution effort on the “worst curbsiders”: repeat offenders and those selling wrecked vehicles. This latter group is particularly threatening to citizens in that these curbsiders sell cars that are a safety hazard and their typical customer is economically vulnerable (least able to afford a car requiring significant repairs). In addition to targeting these serious offenders, “first-time curbsiders” were formally warned instead of being prosecuted, as they have been in prior years. Although the number of charges is down, the number of entities (persons or companies) charged has increased. Furthermore, the rate of conviction and fines handed down by the courts has more than doubled since 2008.

COMPLAINT HANDLING 2010



OMVIC’s compliance team was actively involved in handling 1,446 disputes in 2010. In recent years, procedural changes have resulted in a lower volume of reported complaint activities.

2010 Financial Overview / Audited Statements

The following financial overview is based on the audited financial statements of Ontario Motor Vehicle Industry Council for the year ended December 31, 2010, with comparative figures for 2009.

Overview

Despite the challenging economic environment through most of 2010, OMVIC's financial results, with a net surplus of \$2,145,543 for the year, were better than anticipated. This is attributed chiefly to higher revenues from the revised fee structure introduced in May 2008 that matured during 2010. All dealers are now on a one-year registration cycle.

In keeping with best practices, during fiscal 2010, OMVIC adopted a policy which will lead to an operating reserve equivalent to six (6) months of annual operating expenses, excluding amortization of capital assets, for the purposes of:

- a) maintaining funds for winding down expenses in the event that OMVIC's designation as a Delegated Administrative Authority under the SCSAA is revoked in accordance with the Termination Plan; and
- b) accumulating funds that are available when needed due to unforeseen operating shortfalls.

The favourable financial result for fiscal 2010 enabled this reserve to be set up at the end of December with an initial amount of \$2 million.

Revenue

Revenue in 2010 rose 11% over 2009 to \$12,130,733 and comprised:

Registration fees:

Registration fees continue to be the principal source of revenue, representing about 92% of the total. The increase in 2010 over the previous year results from the revised fee structure maturing during the year.

Transfer fees:

Transfer fees of \$423,900 were \$146,925 above the 2009 level of \$276,975. This increase is indicative of the volatility in the automotive sector during 2010 with salespersons moving more frequently from one dealership to another.

Certification course fees:

Revenue of \$275,550 from certification fees in 2010 was slightly over last year (\$216,250). Enrolments in the certification course picked up towards the end of the year with the improving economic conditions.

Expense recoveries:

OMVIC provides office space and administrative services to the Motor Vehicle Dealers Compensation Fund. Related expenses are recovered on a cost recovery basis. There was a slight increase in 2010 over the prior year.

Interest and other revenue:

Interest and other revenue received in 2010 was \$45,800, compared to \$24,122 in 2009. Overall cash balances during 2010 were higher than that of 2009.

Disciplinary fines:

Disciplinary fines totalling \$17,815 in 2010, imposed through an internal disciplinary process for failing to comply with OMVIC's Code of Ethics and the Standards of Business Practices, were lower than last year (\$37,800).



Expenses

Total expenses in 2010 increased by \$1,410,852 to \$9,985,190 from \$8,574,338 the previous year. Major expense categories and the reasons for the increase are outlined below:

Salaries and benefits:

Salaries and benefits cost \$5,346,138 in 2010, compared to \$4,527,969 in 2009. The increase of \$836,169 over last year reflects hiring of new staff, normal salary changes and year-end accruals.

Public awareness:

During 2010, OMVIC continued with its communications plan adopted in 2008, in addition to raising public awareness of the consumer protection aspects of the new *Motor Vehicle Dealers Act*. As a result, expenses in this area rose in 2010 by \$179,391 (\$839,468) over last year (\$660,077).

Professional services:

Professional services in 2010 cost \$810,468, compared to \$917,710 last year. The higher expenses in 2009 reflect costs related to the office move and preparations for the implementation of the new MVDA from January 1, 2010.

Amortization of capital expenses:

This non-cash expense of \$673,246 was higher than last year by \$434,500 as it includes amortization of the new database system that came into operation from January 1, 2010, with the implementation of the new *Act*.

Travel:

In 2010, travel expenses of \$550,854 were slightly lower than those of 2009 (\$591,619). During 2009, staff travelled throughout the province for information sessions on the new *Act*.

General and administrative:

General and administrative expenses of \$532,043 were above 2009 expenses (\$472,874) and are related to the implementation of the MVDA 2002 from January 1, 2010. This included training of new employees.

Occupancy:

OMVIC commenced leasing additional space on another floor in the same building from May 2009 to accommodate its expanding workforce. As a result, occupancy costs increased in 2010 to \$416,703 from \$339,183 in 2009.

Per-diem allowances:

Per-diem allowances of \$258,144 were above the 2009 level of \$207,326. During 2010, two sets of training sessions were held for Disciplinary Panel members.

Telecommunications:

Telecommunications expenses of \$249,257 were in line with last year's (\$240,490).

Government oversight fees:

On a cost recovery basis, this fee is payable to the Ministry of Consumer Services under the terms of its Administrative Agreement with OMVIC. The amount payable in 2010 was \$149,242, compared to \$184,923 in 2009. The higher amount in 2009 was related to the preparations leading to the implementation of the new *Act*.

2010 Financial Overview / Audited Statements (cont'd)

Industry awareness

During 2010, \$141,627 was spent on industry awareness. Some of the expenses included printing and distributing OMVIC's newsletter (*The Dealer Standard*), keeping the industry abreast of issues through bulletins and implementation of the "Point of Sale Merchandising Program."

The 2010 expenses by service function were as follows:

	2010	2009
Registration	\$1,854,452	\$1,630,629
Investigation	1,809,504	1,560,116
Inspection	1,478,892	1,324,078
Legal services	1,255,885	903,541
Communications	1,127,662	980,455
Inquiries and complaint handling	904,890	674,343
e-Business	884,763	838,379
Governance	669,142	662,797
	\$9,985,190	\$8,574,338

Liquidity and Capital Resources

Cash available at the end of December 2010 was \$5,255,155, compared to \$2,141,051 in 2009. Of this amount, \$2 million is designated to operating reserve. All funds were in cash as there was hardly any differential in interest rates relative to short-term investments.

Based on cash flows provided by its operations, OMVIC has sufficient liquidity to fund its short-term business plans and obligations.

Capital Expenditures

Capital expenditures during 2010 amounted to \$278,119 (2009 – \$1,186,077) and were used to support operational growth and develop operating efficiencies through technological improvements.



Financial Statements

Financial Statements of

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Year ended December 31, 2010



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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

We have audited the accompanying financial statements of Ontario Motor Vehicle Industry Council, which comprise the statement of financial position as at December 31, 2010, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Motor Vehicle Industry Council as at December 31, 2010 and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

April 6, 2011
Toronto, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 5,255,155	\$ 2,141,051
Accounts receivable	56,553	464,587
Prepaid expenses	137,318	120,290
	<u>5,449,026</u>	<u>2,725,928</u>
Capital assets (note 2)	1,507,920	744,522
Software under development (note 3)	-	1,158,525
	<u>\$ 6,956,946</u>	<u>\$ 4,628,975</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued charges	\$ 1,069,345	\$ 739,919
Deferred revenue (note 4)	1,305,513	1,400,950
	<u>2,374,858</u>	<u>2,140,869</u>
Deferred lease inducement (note 5)	268,355	319,916
Net assets:		
Invested in capital assets	1,507,920	1,903,047
Internally restricted operating reserve (note 7)	2,000,000	-
Unrestricted	805,813	265,143
	<u>4,313,733</u>	<u>2,168,190</u>
Commitments (note 8)		
Contingencies (note 9)		
	<u>\$ 6,956,946</u>	<u>\$ 4,628,975</u>

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Registration fees (note 1(b)(i))	\$ 11,139,263	\$ 10,167,213
Transfer fees	423,900	276,975
Certification course fees	275,550	216,250
Administrative penalties	17,815	37,800
Interest and other	45,800	24,122
Expense recoveries (note 6)	228,405	204,131
	12,130,733	10,926,491
Expenses:		
Salaries and benefits (note 6)	5,364,138	4,527,969
Public awareness	839,468	660,077
Professional services	810,468	917,710
Amortization of capital assets	673,246	238,746
Travel	550,854	591,619
General and administrative (note 6)	532,043	472,874
Occupancy	416,703	339,183
Per diem allowances	258,144	207,326
Telecommunications	249,257	240,490
Government oversight fees	149,242	184,923
Industry awareness	141,627	193,421
	9,985,190	8,574,338
Excess of revenue over expenses	\$ 2,145,543	\$ 2,352,153

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2010, with comparative figures for 2009

				2010	2009
	Invested in capital assets	Unrestricted	Internally restricted operating reserve (note 7)	Total	Total
Balance, beginning of year	\$ 1,903,047	\$ 265,143	\$ -	\$ 2,168,190	\$ (183,963)
Excess of revenue over expenses (expenses over revenue)	(673,246)	2,818,789	-	2,145,543	2,352,153
Transfer to internally restricted operating reserve (note 7)	-	(2,000,000)	2,000,000	-	-
Investment in capital assets	278,119	(278,119)	-	-	-
Balance, end of year	\$ 1,507,920	\$ 805,813	\$ 2,000,000	\$ 4,313,733	\$ 2,168,190

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ 2,145,543	\$ 2,352,153
Item not involving cash:		
Amortization of capital assets	673,246	238,746
Changes in non-cash operating working capital:		
Accounts receivable	408,034	(410,602)
Prepaid expenses	(17,028)	(11,987)
Accounts payable and accrued charges	329,426	83,539
Deferred revenue	(95,437)	(281,738)
Deferred lease inducement	(51,561)	319,916
	3,392,223	2,290,027
Investing activities:		
Purchase of capital assets	(278,119)	(1,186,077)
Increase in cash	3,114,104	1,103,950
Cash, beginning of year	2,141,051	1,037,101
Cash, end of year	\$ 5,255,155	\$ 2,141,051
Supplemental cash flow information:		
Cash received for interest	\$ 30,722	\$ 9,462

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 2010

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 as received.

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.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2010

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

(d) Deferred lease inducement:

In 2009, the lease for the original office space was renegotiated and the terms of the lease were modified and the lease term extended. The Council is continuing to account for the lease under the old terms until the term of the original lease contract expires April 30, 2012. Deferred lease inducements are considered to relate to the lease extension and will be amortized over the period from May 1, 2012 to April 30, 2014, the extended lease term.

The Council assumed more space in 2009 and the lease related to the expansion space is for a term of 5 years. The deferred lease inducements related to this space will be amortized over the term of the lease.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2010

2. Capital assets:

	2010		2009	
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 255,677	\$ 169,305	\$ 86,372	\$ 107,191
Computer software	1,363,299	478,833	884,466	34,656
Furniture and fixtures	201,090	81,450	119,640	147,992
Office equipment	122,838	40,362	82,476	61,393
Leasehold improvements	478,603	143,637	334,966	393,290
	<u>\$ 2,421,507</u>	<u>\$ 913,587</u>	<u>\$ 1,507,920</u>	<u>\$ 744,522</u>

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 2009, the amount expended on the project was \$1,158,525. The system came into operation January 1, 2010 with the implementation of the new Act and was capitalized during fiscal 2010 to computer software. It is being amortized on a straight-line basis over 3 years.

4. Deferred revenue:

	2010	2009
Registration fees received in advance	\$ 1,305,513	\$ 1,400,950

5. Deferred lease inducement:

Deferred lease inducement represents the reimbursement by the lessor of certain expenditures for leasehold improvements made by the Council as inducements to enter into a long-term lease agreement. During fiscal 2009, the Council received the benefit of \$354,291 as an inducement under a new lease with its lessor. During fiscal 2010, \$51,561 (2009 - \$37,019) of this inducement has been amortized against rent expense.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2010

6. Related party transactions:

The Council provides office space and administrative services to the Motor Vehicle Dealers' Compensation Fund (the "Fund"). The two organizations are related parties because the Council has representation on the Fund's Board of Trustees. Included in the Council's statement of operations are recoveries from the Fund of \$217,291 (2009 - \$193,736) relating to salaries and benefits and \$11,114 (2009 - \$10,395) relating to general and administrative expenses. At year end, \$33,186 (2009 - \$34,482) was receivable from the Fund. Amounts received from the Fund are determined on a cost recovery basis.

7. Internally restricted operating reserve:

During fiscal 2010, the Council created an operating reserve equivalent to 6 months of annual operating expenses, excluding amortization of capital assets, for the purposes of maintaining funds for winding down operations in the event the Council's designation as a Delegated Administrative Authority under the SCSAA is revoked in accordance with the Termination Plan, and for accumulating funds that are available when needed due to unforeseen operating shortfalls.

This reserve was created through an initial transfer of \$2,000,000 approved by the Board on August 23, 2010. The reserve target balance was approved for approximately \$4,730,000 and the remainder will be transferred over 60 monthly installments of \$45,500.

8. Commitments:

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

2011	\$ 486,401
2012	490,809
2013	489,237
2014	161,277
	-
	<u>\$ 1,627,724</u>



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2010

9. Contingencies:

Claims have been made against the Council in the normal course of operation. The Council believes these claims are without merit. The outcome of these actions is not presently determinable and, accordingly, no provision for these claims has been made in these financial statements.

**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2010



**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2010

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McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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AUDITORS' REPORT

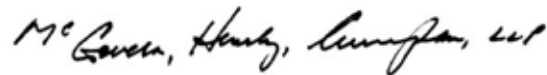
To the Board of Trustees and Participants in the
Motor Vehicle Dealers Compensation Fund

We have audited the statements of financial position of the Motor Vehicle Dealers Compensation Fund as at October 31, 2010 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our 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, 2010 and the results of its operations, the changes in its net assets and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP



**Chartered Accountants
Licensed Public Accountants**

TORONTO, Canada
February 9, 2011

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

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	2010 \$	2009 \$
ASSETS		
CURRENT		
Cash	33,924	17,859
Accrued interest receivable	33,665	39,646
Prepaid expenses	<u>500</u>	<u>500</u>
	68,089	58,005
INVESTMENTS , at fair market value	<u>6,938,886</u>	<u>6,726,734</u>
	<u>7,006,975</u>	<u>6,784,739</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	90,925	71,823
Claims payable	<u>62,447</u>	<u>29,982</u>
	153,372	101,805
NET ASSETS		
Unrestricted net assets (Note 3)	<u>6,853,603</u>	<u>6,682,934</u>
	<u>7,006,975</u>	<u>6,784,739</u>
Contingent Liabilities (Note 4)		

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

"PETER EATSON", Chair

"JAMIE HOLMES", Vice Chair

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

Page 3

	Unrestricted \$	2010 \$	2009 \$
BALANCE , beginning of year	6,682,934	6,682,934	6,972,649
Excess of revenue over expenses, for the year	<u>170,669</u>	<u>170,669</u>	<u>(289,715)</u>
BALANCE , end of year	<u>6,853,603</u>	<u>6,853,603</u>	<u>6,682,934</u>



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

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	2010	2009
	\$	\$
REVENUES		
Investment and other income	352,079	268,273
Participant fees	<u>148,500</u>	<u>148,799</u>
	<u>500,579</u>	<u>417,072</u>
EXPENSES		
Salaries and benefits (Note 5)	217,299	191,381
Claims (net of recoveries of \$27,151; 2009 - \$12,293)	154,348	703,751
Governance	110,139	106,432
Professional fees	64,544	25,018
Investment management fees	36,931	36,045
Legal	13,045	19,492
Statutory Trustee fees	11,104	9,699
Insurance	10,854	11,210
Occupancy (Note 5)	10,395	10,844
Office and general	<u>8,083</u>	<u>5,197</u>
	<u>636,742</u>	<u>1,119,069</u>
EXCESS OF (EXPENSES OVER REVENUES) BEFORE THE UNDERNOTED, FOR THE YEAR	(136,163)	(701,997)
Change in fair value of investments	<u>306,832</u>	<u>412,282</u>
EXCESS OF REVENUES OVER EXPENSES, (EXPENSES OVER REVENUES), FOR THE YEAR	<u>170,669</u>	<u>(289,715)</u>

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

Page 5

	2010 \$	2009 \$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses, (expenses over revenues), for the year	170,669	(289,715)
Non-cash items		
Change in fair value of investments	(306,832)	(412,282)
Change in non-cash working capital		
Decrease in accrued interest receivable	5,981	11,836
Decrease in prepaid expenses	-	10,301
Increase in accounts payable and accrued liabilities	19,102	12,443
Increase (decrease) in claims payable	<u>32,465</u>	<u>(78,497)</u>
Cash provided by operating activities	<u>(78,615)</u>	<u>(745,914)</u>
INVESTING ACTIVITIES		
Investments	<u>94,680</u>	<u>683,277</u>
Cash provided by investing activities	<u>94,680</u>	<u>683,277</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	16,065	(62,637)
Cash, beginning of the year	<u>17,859</u>	<u>80,496</u>
CASH, END OF THE YEAR	<u><u>33,924</u></u>	<u><u>17,859</u></u>



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2010

Page 6

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"), which has since been replaced by the Motor Vehicle Dealers Act 2002. 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 \$45,000 each, which became effective January 1, 2010 (\$15,000 prior to January 1, 2010).

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.

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.

Investments:

Investments consist of fixed income notes bearing interest at rates ranging from 3.55% to 11% with a total fair market value of \$3,585,210, equities in various industries with a fair market value of \$2,996,860 and short term notes with a fair market value of \$356,816. The Fund has classified its investments as held-for-trading financial instruments and therefore they are measured at their fair value with changes in fair value recognized in excess of revenues over expenses for the year.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Changes

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 Organizations (“NPO’s”), Section 4430, Capital assets held by NPO’s, Section 4460, Disclosure of related party transactions by NPO’s and issued Section 4470, Disclosure of allocated expenses by NPO’s. The new standards will be applicable to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Fund adopted the new standards effective November 1, 2009.

Sections 1540 and 1751 have been amended to include NPO’s 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 NPO 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 NPO 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 NPO that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The Fund has determined that the adoption of these policies had no material impact on its financial statements and that no adjustments are required for the year ended October 31, 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Fair Value Hierarchy and Liquidity Risk Disclosure**

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, "Financial Instruments Disclosures" in an effort to make Section 3862 consistent with IFRS Section 7 - Disclosures ("IFRS 7"). The purpose was to establish a framework for measuring fair value in Canadian GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The adoption of the new standard resulted in additional disclosures in the notes to the financial statements.

Future Accounting Changes**Not For Profit Accounting**

The Accounting Standards Board ("AcSB") has concluded that NPO's may apply either International Financial Reporting Standards ("IFRS"), being Part I of the CICA Handbook, or the existing standards dealing with the unique circumstances of NPO's, currently the "4400 series" standards in Part V of the Handbook along with the new accounting standards for the private enterprises in Part II of the Handbook. An exposure draft was also released in March 2010 that would increase the "4400 series" standards. The changeover to International IFRS or the "4400 series" standards is effective for fiscal years beginning on or after January 1, 2011 with early adoption permitted. The Fund is currently assessing these alternate standards and does not expect to adopt IFRS.



MOTOR VEHICLE DEALERS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2010

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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 \$3,000,000 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 \$3,000,000, which became effective January 1, 2010 (\$1,500,000 prior to January 1, 2010).

4. CONTINGENT LIABILITIES

As at October 31, 2010, the Board had denied 1 (2009 – Nil) claim totaling \$50,000 (2009 - \$Nil), which was subject to appeal. The probability of this appeal and its outcome cannot be reasonably determined and no provision has been made in the financial statements for it. However, should any loss result from resolution of this claim, such loss would be accounted for in the period settled.

In addition, several 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.

5. RELATED PARTY TRANSACTIONS

The Fund shares office space and administrative services with the Ontario Motor Vehicle Industry Council (the "Council"). The Fund and the Council 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 \$217,299 (2009 - \$191,381) relating to salaries and benefits and \$10,395 (2009 - \$10,844) relating to occupancy expenses. At October 31, 2010, \$38,744 (2009 - \$39,424) 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. 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.

At October 31, 2010, the Company's financial instruments that are carried at fair value, consisting of cash and investments, have been classified as Level 1 within the fair value hierarchy.

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, 2010.



8. FINANCIAL INSTRUMENTS (Continued)

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.

(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, 2010, the Fund had approximately \$260,000 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.

8. FINANCIAL INSTRUMENTS (Continued)

Financial Risk Factors (Continued)

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, 2010, the carrying and fair value amounts of the Fund's financial instruments are approximately equivalent.

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, 2010, if the fair value of the investments had decreased/increased by 25% with all other variables held constant, excess of revenues over expenses for the year ended October 31, 2010 would have been approximately \$1,735,000 higher/lower. Similarly, as at October 31, 2010, reported unrestricted net assets would have been approximately \$1,735,000 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, 2010, if the foreign exchange rate of the investments had decreased/increased by 10% with all other variables held constant, excess of revenues over expenses for the year ended October 31, 2010 would have been approximately \$74,000 higher/lower. Similarly, as at October 31, 2010, reported unrestricted net assets would have been approximately \$74,000 lower/higher as a result of a 10% decrease/increase in the fair value of investments.

2011 – 2013 Business Plan

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

CONSUMER PROTECTION

Strategy	2011 – 2013 Performance Measure
<p>Implementation of strategic communications plan.</p>	<p>Through the fall consumer awareness campaign, continue to build awareness of the MVDA's four key pillars:</p> <ul style="list-style-type: none"> • All-in pricing and disclosure in advertising • Vehicle history disclosure • Rescission rights • Compensation Fund <p>Increase anti-curbsider messaging on online sales media – focusing on the dangers that exist in unregulated marketplaces.</p> <p>Continue to build relationships with other ministries – Ministry of Transportation and Government Services – to get OMVIC's message out through ServiceOntario locations and driving schools like Young Drivers of Canada.</p> <p>Build registered dealer participation in the decal program – refresh and expand OMVIC's Point of Sale (POS) package.</p> <p>Build awareness for the 25th anniversary of the Motor Vehicle Dealers Compensation Fund.</p> <p>Conduct benchmarking research to evaluate consumer awareness levels and understanding of consumer protection.</p> <p>Continue to build awareness through vehicle-buying seminars within vulnerable* communities.</p> <p><i>*Vulnerable due to cultural or financial factors.</i></p> <p>Reach out to stakeholders (i.e., associations, newcomer centres, government, etc.) to promote OMVIC messaging.</p> <p>Continue to build awareness of OMVIC as the regulator.</p> <p>Investigate the development of an OMVIC mobile site for smartphone users.</p>

2011 – 2013 Business Plan

CONSUMER PROTECTION (CONT'D)

Strategy	2011 – 2013 Performance Measure
Complaint handling: provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible.	OMVIC anticipates handling approximately 1,100 complaints per year throughout the planning period.
Increase awareness of OMVIC through law associations and law enforcement agencies.	Continue to provide seminars for law associations and policing authorities. Seek membership in Criminal Intelligence Service Ontario (CISO).
Consumer protection initiative.	Work cooperatively with the Ministry on programs to increase awareness of delegated administrative authority services provided to consumers.

DEALER PROFESSIONALISM

Strategy	2011 – 2013 Performance Measure
Facilitate regular enhanced communication between OMVIC and stakeholders.	Facilitate meetings for the Stakeholder Relations Committee that formed in 2008. Provide stakeholders with the refreshed and expanded POS package and include them on the distribution list for <i>The Dealer Standard</i> and dealer bulletins.
Registrar's actions: institute effective registration and inspection processes that identify those dealers who should not be registered or who require close monitoring through terms and conditions of registration.	The volume of Registrar's actions is anticipated to remain steady through the planning period at approximately 1,000 actions yearly. Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process. Review and update all registration forms. Review feasibility of setting specific maximum intervals between inspections for higher-risk registrants.



DEALER PROFESSIONALISM (CONT'D)

Strategy	2011 – 2013 Performance Measure
Promote understanding and adoption of MVDA.	Explore opportunities for increasing proportion of dealers and salespeople who have taken the certification course and for introduction of new MVDA educational programs. Focus on the MVDA's four pillars: <ul style="list-style-type: none">• All-in pricing and disclosure in advertising• Vehicle history disclosure• Rescission rights• Compensation Fund Regular bulletins and updates on compliance issues through bulletins and newsletters.
Assist dealers in monitoring their financial position.	Consult with industry stakeholders on development of a Best Practices document. Provide inspections team with improved technology to give it improved access to vehicle information package information and MTO records. Conduct benchmarking research to evaluate dealer awareness levels and understanding of MVDA.

2011 – 2013 Business Plan

CUSTOMER SERVICE

Strategy	2011 – 2013 Performance Measure
Develop plan for business continuity.	Alternate plan proposed to Board.
Administration of new <i>Motor Vehicle Dealers Act</i> .	Monitor service levels post-implementation and provide periodic reports to the Board.
Consumer service surveys.	Develop and introduce updated consumer service survey.
Diversity.	<p>Continue to emphasize importance of employee sensitivity to diversity and human rights issues.</p> <p>Continue commitment to corporate policies promoting cultural and gender diversity in the workplace.</p>
French language services.	Review current practices in provision of French language services to ensure adequate level of service.
Deliver salesperson and dealer registration certificates more promptly.	Move mailing operation in-house to allow daily mail-outs and reduced response time between certificate request and mail-out.
Implement expedited new salesperson registration process.	<p>Target five business day turnaround time for completed new salesperson applications with:</p> <ul style="list-style-type: none"> • Clean security clearance • Course completion • Eligibility questions answered “no” • No conduct issues flagged
Streamline renewal process.	Introduce revised renewal turnaround document with pre-printed information.



NEW LEGISLATION

Strategy	2011 – 2013 Performance Measure
Administration of new <i>Motor Vehicle Dealers Act</i> .	<p>Adjust and fine tune policies, procedures and forms to reflect new legislation.</p> <p>Continuously revise web content to reflect new legislation, policies and procedures.</p> <p>Monitor performance and functionality of new data and document management system.</p>
Increase awareness of OMVIC and the new <i>Motor Vehicle Dealers Act</i> .	<p>Further develop proposal for specialized dealer management course.</p> <p>Provide educational materials to registrants through multiple channels.</p> <p>Provide consumer awareness materials through multiple channels.</p> <p>Work closely with the Motor Vehicle Dealers Compensation Fund to develop compatible public education program.</p>
Compliance with advertising provisions of the new MVDA by marketing associations and manufacturers.	<p>Take an advocacy approach to manufacturers as way to influence dealer marketing advertising (DMA) compliance with advertising provisions of the MVDA.</p>
Compliance with exemption criteria by wholesale auctions.	<p>Use available tools to increase compliance with the new MVDA.</p>

2011 – 2013 Business Plan

BOARD GOVERNANCE/OPERATIONS

Strategy	2011 – 2013 Performance Measure
Develop best governance practices and education program for new and existing officers and directors.	Continue Board evaluation program. Complete Committee work plans. Complete Board effectiveness survey.
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. Issue Request for Quotation (RFQ) for office supplies, stationery and promotional products with focus on discount pricing, cost centre management, inventory control and replenishment. Increase frequency of renewal application mailing to even out cash flow and workflow.
Review, identify and address new areas of enterprise risk in light of changing legislation.	Prepare issues and crisis preparedness plan.
Collaborate with Ministry of Consumer Services on Todres Report and report of Auditor General.	Continue to work collaboratively with the Ministry and other delegated administrative authorities in adopting relevant recommendations of the independent consultant's report on administrative authorities (Todres Report). Work with the Ministry on development of a new administrative agreement. Engage Ministry in discussions concerning shared policy development tools and planning. Cooperate with the Ministry in development of outcome-based performance metrics.
Conservation.	Continue commitment to green workplace policy.
Accountability.	Review and adopt appropriate expense claims best practices. Finalize HR policy manual. Create a unified document management protocol for all departments (e.g., naming convention/style guide).



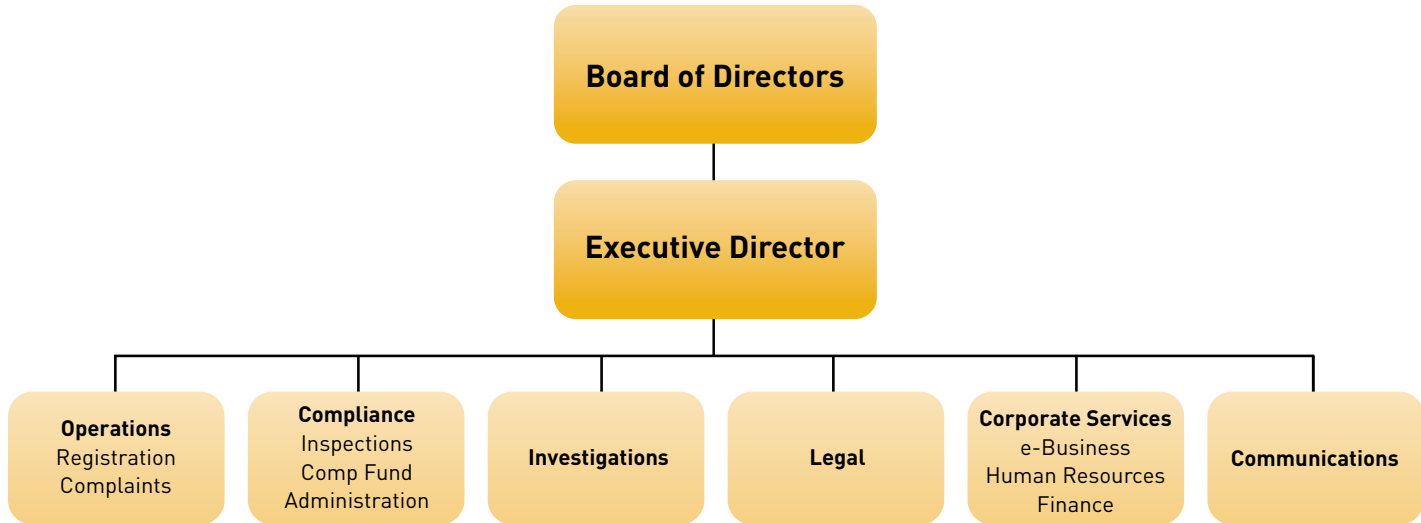
Three-Year Financial Forecast

(\$ thousands)

Revenue	2011	2012	2013
Registration fees	\$10,017	\$9,989	\$9,989
Transfer fees	300	300	300
Certification course fees	227	173	226
Interest and other	24	24	25
TOTAL REVENUE	\$10,568	\$10,486	\$10,540

Expenses			
Salaries and benefits	\$5,318	\$5,424	\$5,533
Professional services	840	840	849
Amortization of capital assets	877	869	371
Public awareness	700	700	700
Travel	633	647	682
Occupancy	457	462	467
General and administrative	621	621	618
Per-diem allowances	322	322	322
Industry awareness	200	200	200
Telecommunications	310	312	314
Government oversight fees	220	220	220
TOTAL EXPENSES	\$10,498	\$10,618	\$10,276
EXCESS OF REVENUES OVER EXPENSES	\$70	(\$132)	\$264

Organizational Structure



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 vehicle market. These industry representatives are joined by three consumer/government representatives appointed by the Minister of 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*.

Matt Rispin, President and Chair of the Board

North Toronto Auction, Innisfil
Term expires May 2012

Matt Rispin graduated from the University of Toronto in 1998 and has been in the automotive auction business for the past 13 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, Mr. Rispin and his partners opened North Toronto Auction in Innisfil and have succeeded in developing it into the largest independent auction in Canada. Mr. Rispin serves as General Manager/Owner of North Toronto Auction, overseeing all aspects of remarketing for fleets and dealers in both the dealer and public auctions.

Mr. Rispin was elected to the Ontario Motor Vehicle Industry Council (OMVIC) Board of Directors in May 2006 and

is currently enjoying his second term on the Board.

His experience offers the OMVIC Board a unique perspective compared to that of a traditional automotive dealership. Mr. Rispin looks forward to continuing his tenure on the OMVIC Board and working to strengthen the relationships between auctions, automotive dealers and consumers.

Jeff Gray, Vice President

Consumer Representative
Term expires January 2014

Jeff Gray has been practicing civil litigation as a sole practitioner for more than 27 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 chairs OMVIC's Consumer Protection Advisory Committee and is Vice Chair for the Audit, Finance and Risk Committee. He is currently completing his fourth term on the Board.



Ron Marostica, Vice President

Marostica Motors Ltd., Thunder Bay
Term expires 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.

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.

Kevin Bavelaar, Secretary-Treasurer

Auto Showplace, North York
Term expires May 2013

Kevin Bavelaar started in the used car business in 1989 in a medium-sized independent car dealership as a salesperson. He was promoted to General Manager in 1990. In 1993, he started Auto Showplace and has been involved in all aspects of automotive remarketing. As owner of Auto Showplace, he is familiar with the challenges of running a medium-sized independent car dealership, including marketing, strategic planning, risk management and financial responsibility.

Mr. Bavelaar was an OMVIC Director from 1999 to 2004 and has chaired several Committees, including Ethics and Discipline and Industry Professionalism. He is currently the Secretary-Treasurer of OMVIC, Chair of the Audit, Finance and Risk Committee and sits as a Director representative on several Committees.

Nazreen Ali

Consumer Representative
Term expires May 2012

Nazreen Ali earned an MBA from Queen's University and has senior-level experience in the financial services and international trade sectors. Ms. Ali is an executive with BrightStar Corporation and its sister firm, P&B Marketing. Both companies are involved with real estate development, marketing and financing.

Previously, Ms. Ali served in a business development capacity at Trimark Investment Management (International) and the Canadian Soccer Association with an overall responsibility for the financial administration of the association. Ms. Ali also assisted a number of Canadian firms in developing socially responsible initiatives. She also led the development of the first-ever successful Canadian Businesswomen Trade Mission to the United Arab Emirates (UAE), Egypt and Jordan, led by the Ontario Minister of Small Business and Entrepreneurship.

Ms. Ali has served on many boards, such as the United Way of Ottawa, and has been honoured by business and community groups.

Denis Ayotte

Gus Brown Pontiac Buick GMC Ltd., Whitby
Gus Brown Pontiac Buick GMC Ltd., Port Perry
Term expires May 2012

Denis Ayotte is a Partner and Vice President of Gus Brown Pontiac Buick GMC Ltd. in Whitby and Port Perry, Ontario. Mr. Ayotte graduated with a Bachelor of Science degree from Trent University with a joint major in Computer Studies and Psychology. He has worked in the Information Technology field for more than 20 years as department manager, project manager and program manager, leading major implementations across Canada, the United States and parts of Europe.

Mr. Ayotte moved to the automotive industry in 2003 and became a partner of the Gus Brown Group in 2006. He is a hands-on operator and led the top General Motors New Vehicle Retail Sales Operation for six years, from 2004 to 2009. Mr. Ayotte is a Director for the Central Ontario Dealers Association (CODA) and also sits on the Board of Directors for

Organizational Structure (cont'd)

the Durham Regional Crime Stoppers and most recently the Durham Chapter for ProAction Cops & Kids. He is a member of the Customer Advisory Board for Reynolds and Reynolds Software Company.

Mr. Ayotte along with his wife, Gail, and two children reside in Whitby, Ontario. He, his partner and Gus Brown are active members in the community and are involved in community sports, arts, entertainment and the Chamber of Commerce. He is Co-Chair of the Annual Gus Brown Golf Classic, raising more than \$500,000 for the R.S. McLaughlin Durham Regional Cancer Centre. The Gus Brown group of dealerships supports numerous charities including the United Way, the Abilities Centre and others in and around the Durham Region.

Peter Eatson

Peterborough Volkswagen, Peterborough

Term expires May 2013

Peter Eatson has worked in the automotive industry for more than 50 years. He started in the automotive industry in 1960 and opened his own dealership, Peterborough Volkswagen, in 1969.

Mr. Eatson 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 and is the current Chair of the Motor Vehicle Dealers Compensation Fund Board of Trustees.

Meredith Morris

Sudbury Hyundai, Sudbury

Term expires May 2011

Meredith Morris's automotive family background has enabled her to accumulate more than 20 years of experience in all aspects of the dealership and automotive industry. She is a graduate from the Automotive Marketing/Business Administration Program at Northwood University in Michigan.

Ms. Morris is the President of C.J. Morris Investments Limited, which owns and operates Sudbury Hyundai and Sudbury Used Cars. She was elected to the OMVIC Board of Directors in May 2004 and has served two terms as President and Chair of the OMVIC Board.

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

Ken Peterson

Ken Peterson Sales and Leasing, Thunder Bay

Term expires May 2011

Ken Peterson has more than 40 years of experience in the automotive business. For the past 14 years, he has operated Ken Peterson Sales and Leasing in Thunder Bay, building a solid reputation for integrity and outstanding customer service.

Mr. Peterson is involved in his community and was elected to the Thunder Bay Hydro Commission, serving two terms and was Chair for three years. He was also Director and Treasurer of Northwest Energy and Vice-Chair of the Municipal Electric Association of Ontario.

First elected in June 2001 to OMVIC's Board of Directors, Mr. Peterson brings a strong analytical and proactive problem-solving approach to the business of OMVIC. He served as OMVIC's President in 2003 and 2005 providing consistent use of leading governance practices, innovative solutions and a commitment to getting the job done. Mr. Peterson actively engaged in effective and focused advocacy with the government to gain support for initiatives and address issues that are important to automobile dealers.



Cliff Pilon

Gold Fleet Subaru/Suzuki, North Bay

Term expires May 2012

Cliff Pilon entered the automotive industry in 1981. Since 1987, he has been the Dealer Principal of Gold Fleet Subaru/Suzuki in North Bay. In addition, he owns and operates Gold Fleet North, a used vehicle dealership in New Liskeard, plus Dollar Thrifty Car and Truck rental agencies and Rust Check franchises in both cities.

His strong automotive, mechanical and financial knowledge coupled with his sales expertise and interpersonal skills make him a valuable asset to the OMVIC Board of Directors. Mr. Pilon presently chairs OMVIC's Communications Committee.

John Slaughter

Hyundai, Pembroke

Term expires May 2013

John Slaughter graduated from McMaster University with a Bachelor of Arts degree and a Bachelor of Education degree, holding various positions in education and administration before becoming a partner in a Chrysler franchise in the early 1990s. He participated on the Chrysler Ontario DAA for eight years.

The Ottawa Valley is now home for Mr. Slaughter and his wife, Janet, who are owners of a Hyundai store in Pembroke.

After four years on the OMVIC team, Mr. Slaughter chairs the stakeholder group and has worked on both the Governance and Nominating Committees.

David Cooke

Consumer Representative

Term expires November 2013

David Cooke started practicing law in Ontario in 1968, primarily in litigation. As a member of the Ontario Legislature from 1985 to 1990, he chaired the Select Committee on Free Trade and played a major role in determining the terms of the auto industry's inclusion in the Free Trade Agreement. Following that, Mr. Cooke chaired the first Finance Committee in the Ontario Legislature. He has spent a lifetime as an active member of various non-profit boards and commissions in the Kitchener-Waterloo area.

More recently, Mr. Cooke served 10 years as a full-time member of a federal tribunal. He is a member of OMVIC's Consumer Protection Advisory Committee.

Senior Management

Carl Compton

Executive Director and Registrar

Mary Jane South

Director of Operations and Deputy Registrar

Michael Rothe

Director, Legal Services

Chandar Singh

Director, Corporate Services

Laura Halbert

Director, Compliance

Carey Smith

Director, Investigations

Contacting OMVIC

Registration services:

Email: registration@omvic.on.ca

Phone: 416-226-4500 ext. 5104

Registration kits can be downloaded from omvic.on.ca

Consumer inquiries, complaint handling:

Email: consumers@omvic.on.ca

Phone: 416-226-4500 ext. 5105

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

Reporting curbsider activity:

Email: nocurbs@omvic.on.ca

Phone: 1-888-NOCURBS

Motor Vehicle Dealers Compensation Fund:

Email: compfund@omvic.on.ca

Phone: 416-226-3661

Communications and Media Relations:

Robert Kirsic

Email: robert.kirsic@omvic.on.ca

Phone: 416-512-3525

Privacy Officer:

Michael Rothe

Email: privacy@omvic.on.ca

Phone: 416-512-3165

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

Address:

Ontario Motor Vehicle Industry Council

789 Don Mills Road, Ste. 800, Toronto, Ontario M3C 1T5

Phone: 416-226-4500

Facsimile: 416-226-3208

Toll-free: 1-800-943-6002

Website: omvic.on.ca

BuyWithConfidence.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 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

The OMVIC 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 Dealers Association
- Three directors who are members of both the Used Car Dealers Association and the Toronto or Ontario Automobile Dealers 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
- One franchised dealer who may or may not be currently a member of either the Ontario Automobile Dealers Association or the Toronto Automobile Dealers Association
- Three directors who are appointed by the Minister of 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 Nominations Committee in its determination of the nominee's honesty, integrity, financial responsibility, and suitability to be a director, including, but not limited to, OMVIC inspection findings, complaint history, and a Canada-wide criminal record check
4. Agree to permit the Registrar to share with the members of the Nominations Committee the results of the background checks referred to above
5. Commit to attending 75% of scheduled meetings of the Board of Directors in each year, and commit to active participation on committees
6. Commit to reviewing relevant materials prior to Board and committee meetings
7. Commit to the objects and purposes of OMVIC as listed in its Letters Patent
8. Be an Ontario resident
9. Be at least 18 years of age
10. Not be an undischarged bankrupt

Appendix A (cont'd)

11. Be supported by two other registrants in good standing who have endorsed the nominations form by affixing their signatures where noted
12. Satisfy such other qualifications or criteria which are established by the Nominations Committee from time to time, including the endorsement of nominees by the appropriate trade association (i.e., UCDA, OADA/TADA, UCDA – OADA/TADA) and the desirability of maintaining regional representation
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, 75% of the Board meetings, Committee meetings and subcommittee meetings (if applicable); failure to consistently attend meetings will result in a request for resignation
- Complete tasks and projects assigned and accepted
- Be prepared to accept at least one Board Committee assignment and 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 by-laws of the Council to receive such information
- Knowingly take any action or make any statement intended to influence the conduct of the Council in such a way as to confer any financial benefit or any corporation or entity in which there is a significant interest or affiliation
- Operate in any manner that is contrary to the best interests of the Council or the motor vehicle industry or the public
- Make public statements about the Council and its policies, the Board or other Board members or about Council or Board administrative matters, without the express authorization of the Council

Board members understand and agree to support the following major functions of the Board:

- Maintain and perpetuate the Council as a viable, relevant, effective and legal entity by working with other directors in overseeing and reviewing the conduct and operation of the Council
- Act as a trustee of 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 towards 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 the 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 towards 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
Vehicle Industry
Council

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du commerce des
véhicules automobiles

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