



2011 ANNUAL REPORT
2012 BUSINESS PLAN

Promoting a Fair and Informed Vehicle Sales Marketplace in Ontario

- Consumer Protection
- Dealer Professionalism
- Customer Service



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Profile

The Ontario Motor Vehicle Industry Council (OMVIC) is responsible for administering the *Motor Vehicle Dealers Act* (MVDA) – a public protection statute – on behalf of the Ministry of 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 a not-for-profit corporation 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

The Honourable Margaret Best Minister of Consumer Services

6th Floor, Mowat Block
900 Bay Street
Toronto, ON
M7A 1L2

Dear Minister Best,

I am pleased to present the 2011 Annual Report for OMVIC. This was a very successful year for OMVIC. Building on the 2010 implementation of the new MVDA, OMVIC determinedly continued its education outreach and promotion ensuring Ontario consumers and dealers understand the important consumer protection measures contained in the new MVDA. These protections include full disclosure of vehicle history and condition, all-in price advertising, greater access to the Motor Vehicle Dealers Compensation Fund, redesigned contracts and increased penalties for curbsiding.

I am very pleased to report these new consumer protection regulations have been widely embraced by dealers and trade associations alike. The new regulations don't just benefit consumers, they also help to create a level playing field for dealers; this is great news for all legitimate businesses.

To continue fostering and improving understanding of the new MVDA in 2011, OMVIC employed a number of strategies:

- Implemented a comprehensive advertising/marketing plan provincewide, which resulted in 167,545,317 impressions (a measure of the number of times a message may be viewed)
- Developed the Creepometer – an interactive tool hosted on BuyWithConfidence.ca designed to help consumers spot the telltale signs of curbsiders
- Developed a comprehensive training seminar on dealer advertising and best practices

- Conducted vehicle-buying seminars with the intent of reaching out to newcomer communities across the province and educating them on vehicle purchases
- Updated all consumer materials to reflect key points of the MVDA

Continually striving to increase dealer professionalism, we revised the OMVIC Automotive Certification Course and textbook in June 2011 to include the new Standards of Business Practice. I'm pleased to report that according to the Automotive Business School of Canada (formerly Canadian Automotive Institute), which delivers the course, some 11,000 individuals have taken the new certification course since January 1, 2010. Each student who graduates and becomes registered with OMVIC earns the designation Certified in Automotive Law and Ethics (CALE).

OMVIC remains committed to assisting and educating Ontario's car buyers and to enhancing the knowledge and professionalism of our registrants.

On behalf of OMVIC's board of directors, I wanted to 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

The Honourable Margaret Best Minister of Consumer Services

6th Floor, Mowat Block
900 Bay Street
Toronto, ON
M7A 1L2

Dear Minister Best,

OMVIC is pleased to present its Annual Report for 2011. The successes of the 2010 implementation of the new MVDA laid the foundation for even greater achievements in 2011. Consumer protection was advanced, education was improved and services to our registrants were enhanced. This was accomplished by a dedicated OMVIC staff utilizing a multifaceted approach that included communications, education, regulation and enforcement.

Outreach to both consumers and registrants was a top priority. A provincewide marketing/advertising campaign was launched. Seminars were offered throughout the province. Newsletters and bulletins designed for each group of stakeholders were regularly distributed. Bulletins were issued to keep registrants informed of developing or topical issues; the general media was engaged to promote a better understanding of consumer protection and OMVIC's role.

This outreach has been effective and is seen in the efforts of the vast majority of registrants to comply with the new regulations – in fact, the new MVDA has generally been embraced by stakeholders, including the trade associations.

In the small number of cases where registrants have resisted compliance, OMVIC's inspections, investigations and legal teams have actively fulfilled their role to provide enforcement. In 2011, OMVIC inspectors conducted 3,066 inspections; OMVIC investigators conducted 703 investigations and laid 237 charges; 20 Code of Ethics matters were dealt with through the discipline process; and the Motor Vehicle Dealers Compensation Fund approved 31 claims reimbursing consumers a total of \$195,342.

In addition, OMVIC staff opened and handled 1,065 formal complaint files. As a result of complaint handlers' conciliation efforts, \$807,000 was returned to consumers. This figure does not include the significant value of non-monetary settlements, such as repairs or vehicle returns, which were negotiated throughout the year.

OMVIC remains committed to our mandate of providing consumer protection while promoting a level playing field for all registrants. We will continue to strive to provide the highest quality of service to consumers and dealers alike. We look forward to the challenges of 2012 and to our continued relationship with your office and your ministry.

Carl Compton
Executive Director and Registrar

Business Accomplishments

CONSUMER PROTECTION

Strategy	Continue development and implementation of a strategic communications plan
2011 – 2013 Targets	2011 Activities and Results
<p>Key messages build awareness of:</p> <ul style="list-style-type: none"> • Rights and protections available to Ontario consumers when buying from registered dealers (and lack of protections in private transactions) • Consumers' rights under the MVDA, which includes full disclosure of a vehicle's history and condition, all-in price advertising and access to the Compensation Fund • Dangers posed by curbsiders • Creepometer – how to spot curbsiders • Role of OMVIC 	<p>ADVERTISING</p> <p>2011 marketing/advertising campaign launched in September included:</p> <p>Online: AutoTrader.ca, TheStar.com and Wheels.ca</p> <p>Print: <i>Toronto Star</i>, <i>Toronto Sun</i>, <i>Windsor Star</i> and <i>World of Wheels</i></p> <p>Out of home: Transit shelter and billboard ads throughout the Greater Toronto Area (GTA), Ottawa/Pembroke, Peterborough, Sudbury and Thunder Bay</p> <p>Digital billboard: Gardiner Expressway (Toronto)</p> <p>Radio ads: markets included Hamilton, Kingston, Pembroke, Ottawa, Peterborough, Sault St. Marie, St. Catharines, Sudbury, Thunder Bay, Windsor, North Bay and Oshawa</p> <p>Radio news releases: aired in Sudbury, Elliot Lake, Penetanguishene, Waterloo, Windsor, Marathon, Thunder Bay, London, Guelph, Pembroke, Hamilton, Midland, Orillia, Erin, Bolton, Toronto, Cornwall, Ottawa, Tillsonburg, Niagara Falls, Welland, Collingwood, Kincardine, Oshawa and Algonquin</p> <p>Total marketing campaign impressions – 167,545,317</p> <p>MEDIA/PUBLIC RELATIONS</p> <p>Interviews conducted with: CP24, Auto Shop, CBC, CTV, <i>Toronto Star</i>, <i>Windsor Star</i>, Sun Media, <i>The Globe and Mail</i>, Orangeville Banner, AM740 (Toronto), Chinese News, <i>carguide</i> magazine, AM800 (Windsor), Star 96 (Pembroke), <i>World of Wheels</i>, CanadianAutoNews.ca</p> <p>CONSUMER VEHICLE-BUYING SEMINARS</p> <p>Twenty-nine seminars held. Locations included: North York, Toronto, Mississauga, Brampton, Scarborough and Vaughan</p> <p>Seminar content expanded to include:</p> <ul style="list-style-type: none"> • OMVIC's role, highlights of consumer protection laws and vehicle-buying considerations • Explanation of rights and protections as a car buyer, which depend upon whom the consumer buys from – only consumers who buy from registered dealers are protected by OMVIC, MVDA and other consumer legislation • MVDA highlights: entitlement to full disclosure of a vehicle's past use, history and condition, all-in price advertising and access to the Compensation Fund

CONSUMER PROTECTION (CONT'D)

Strategy	Continue development and implementation of a strategic communications plan
2011 – 2013 Targets	2011 Activities and Results
	<ul style="list-style-type: none"> • Buying privately: what to do if you choose to buy privately • Curbsiders – who they are and why they are a problem • How to avoid curbsiders – signs you might be dealing with a curbsider • Creepometer • How to find registered dealers • Questions to ask and research to conduct before buying • Contracts • Sales final – no cooling-off period • Rescission rights under the MVDA • The Compensation Fund – who is protected • How to solve a problem with your dealer • Helpful tips • How to contact OMVIC for help <p>EVENTS AND OUTREACH</p> <p>Attended and provided information to consumers at the following events in 2011:</p> <ul style="list-style-type: none"> • Canadian International AutoShow • Government & Community Services Fair • Ontario Association of Chiefs of Police Conference • YorkFest • Georgian College Auto Show <p>Provided 650+ Curbsider Protection Notice posters to:</p> <ul style="list-style-type: none"> • MPs, MPPs, city councillors • Newcomer centres • Libraries • Driving schools • Police agencies • Trade associations • Consumer advocacy groups

Business Accomplishments

CONSUMER PROTECTION (CONT'D)

Strategy	Continue development and implementation of a strategic communications plan
2011 – 2013 Targets	2011 Activities and Results
	<p>COMMUNITY NEWSPAPERS</p> <p>Advertise (weekly) in the auto classified section of all 180 Ontario weekly community newspapers with message:</p> <p>“Vehicle buyers are ONLY protected by OMVIC and Ontario consumer protection laws when they buy from registered dealers. There’s no protection if you buy privately and you risk becoming victim of a curbsider. To verify dealer registration or to seek help with a complaint: omvic.on.ca or 1-800-943-6002”</p> <p>Annual circulation – 104,000,000</p> <p>INTERACTIVE</p> <p>YouTube channel hosted featuring dealer, consumer and Compensation Fund perspectives</p> <p>Videos include:</p> <p>“Can You Spot the Difference”</p> <p>“How to Avoid Curbsiders and Fraudsters”</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>Build registered dealer participation in the decal program</p>	<p>Continuation of decal program:</p> <ul style="list-style-type: none"> • Provided decals and promotional materials to new dealers • Hosted logo/artwork on site enabling dealers to utilize decal/symbol in advertising
<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

CONSUMER PROTECTION (CONT'D)

Strategy	Continue development and implementation of a strategic communications plan
2011 – 2013 Targets	2011 Activities and Results
Continually help educate registrants to ensure compliance with MVDA 2002 and other statutes	<p>Developed seminar on advertising requirements and best practices. Seminars scheduled to roll out in early 2012</p> <p>Provided answers/guidance to published industry questions</p> <p>Provided updated information on omvic.on.ca</p>

Strategy	Complaint handling: provision of a free service for consumers and dealers as an alternative to litigation whenever possible
2011 – 2013 Targets	2011 Activities and Results
OMVIC anticipates handling approximately 1,100 complaints per year throughout the planning period	<p>OMVIC handled 1,065 complaints in 2011</p> <p>A customer service survey completed in 2011 rated OMVIC's overall complaint handling service over four (average) on a five-point scale</p>

Strategy	Increase awareness of OMVIC through law-enforcement agencies
2011 – 2013 Targets	2011 Activities and Results
Continue to provide seminars for policing authorities	<p>Staff presented to the following agencies:</p> <ul style="list-style-type: none"> • Ontario Association of Chiefs of Police • Criminal Intelligence Service Ontario (CISO) • Police Pensioners Association of Ontario • Integrated Municipal Enforcement Team (Thunder Bay) • LaSalle Police Service • Ontario Provincial Police • Windsor Police Service • London Police Service • Hamilton Police Service • York Regional Police • Halton Regional Police Service

Business Accomplishments

DEALER PROFESSIONALISM

Strategy	Facilitate regular enhanced communication between OMVIC and stakeholders
2011 – 2013 Targets	2011 Activities and Results
Facilitate meetings for the Stakeholder Relations Committee formed in 2008	<p>Two meetings were held in June and September 2011. Issues discussed included:</p> <ul style="list-style-type: none"> • Negative equity • Financial management guidelines • Advertising review • <i>Consumer Protection Act</i> – discussion of cost of credit disclosure obligations

Strategy	Inspections: an inspection program that employs risk-management principles to target problem areas and reviews consumer and dealer complaints
2011 – 2013 Targets	2011 Activities and Results
OMVIC's inspection team was expected to complete 2,500 inspections	<p>During 2011, 3,066 inspections were completed, of which more than 47 per cent were risk based, 27 per cent were routine visits and 26 per cent were new dealer inspections</p> <p>A customer service survey completed in 2011 rated OMVIC's inspection team over four (average) on a five-point scale in the areas of courtesy, knowledge and efficiency</p>

DEALER PROFESSIONALISM (CONT'D)

<p>Strategy</p>	<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>2011 – 2013 Targets</p>	<p>2011 Activities and Results</p>
<p>The volume of registrar’s actions is predicted to remain steady through the planning period at approximately 1,000 actions per year</p>	<p>In 2011, 1,373 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 the first 60 days of registration to educate and monitor activities. There are some exceptions based on distance 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>

Business Accomplishments

CUSTOMER SERVICE

Strategy	Develop plan for business continuity
2011 – 2013 Targets	2011 Activities and Results
Plan approved by the board	Data backup and recovery service by a third party approved by the board in October 2011. Further measures to follow in 2012

Strategy	Implement new MVDA
2011 – 2013 Targets	2011 Activities and Results
Monitor service levels post-implementation and provide periodic reports to the board	<p>Following service levels based on year-end review:</p> <ul style="list-style-type: none"> • Complaints: 35-day turnaround • Salespersons: 2.7 days for applications that are fully completed by the applicant and where no issues exist • Dealer applications and reinstatements: 26 days for applications that are fully completed by applicants and where no issues exist • Average phone response time: less than one minute

Strategy	Enhance customer service tools
2011 – 2013 Targets	2011 Activities and Results
Introduce online services for partners and registrants	The business requirements continue to be defined. Changes to the technical framework to ensure safe and responsive online transactions have been made. These include the creation of an isolated interface between the website and the MVDA 2002 application as well as an upgrade to the network capability

Strategy	Diversity
2011 – 2013 Targets	2011 Activities and Results
Increase employee sensitivity to diversity and human rights issues	<p>Recognition of days of importance to different faiths</p> <p>Presentation in October by the Canadian National Institute for the Blind regarding provision of service to people with sight impairments</p>
Implement corporate policies promoting cultural and gender diversity in the workplace	Diversity policy added to the human resources manual

NEW LEGISLATION

Strategy	Implement new MVDA
2011 – 2013 Targets	2011 Activities and Results
<p>Adjust and fine tune policies, procedures and forms to reflect new legislation</p>	<p>Updated renewal forms were launched in December 2011. Forms have been redesigned to clarify requirements and reduce the need to follow up on missing information</p> <p>The Compensation Fund forms will be reviewed in 2012 to improve ease of use</p> <p>The Compensation Fund distributed a consumer brochure promoting itself and outlining claim procedures and criteria</p>
<p>Continuously revise web content to reflect new information, legislation, policies and procedures</p>	<p>Material added to website includes:</p> <p>omvic.on.ca:</p> <ul style="list-style-type: none"> • 12 dealer bulletins • Four issues of <i>The Dealer Standard</i> • Six Consumer Lines • Invitation to request dealer seminars • Updated insured warranty providers • Revised Automotive Certification Course materials • Revised Compensation Fund pages/claim package • Revised registration pages/registration packages • Revised complaint handling pages and complaints process acknowledgement form • Understanding contracts <p>BuyWithConfidence.ca:</p> <ul style="list-style-type: none"> • Creepometer: interactive tool to help consumers understand the dangers posed by curbsiders and learn methods to spot them • Compensation Fund consumer video • Compensation Fund information video • Information related to the MVDA
<p>Continuously revise document illustrating new Code of Ethics regulation</p>	<p>Standards of Business Practice included in Automotive Certification Course and textbook</p> <p>As problem areas and issues are identified, OMVIC will supplement the Standards of Business Practice to address the issues on an ad hoc basis</p>

Business Accomplishments

NEW LEGISLATION (CONT'D)

Strategy	Implement new MVDA
2011 – 2013 Targets	2011 Activities and Results
Monitor and adjust discipline process, selection criteria, recruitment and training program for members of the Discipline and Appeals Committees	In 2011, 20 discipline matters were completed, which resulted in more than \$70,000 in fines being issued and, in many cases, a requirement for subject registrants to take the Automotive Certification Course
<p>Work with the Compensation Fund board of trustees to:</p> <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 • Monitor ongoing viability of the Fund • Monitor customer service surveys 	<p>The Compensation Fund board identified an area of risk for the Fund regarding extended warranties and is working with OMVIC's committees and board to find solutions to limit potential liability</p> <p>The Compensation Fund annually reviews revenue vs. potential liabilities to ensure ongoing viability of the Fund and will recommend adjustments to fee structure should the need arise</p> <p>In 2012, the Compensation Fund is reviewing meeting frequency to ensure claimants' overall satisfaction with the process</p>
Monitor performance and functionality of new data and document management system	Ongoing: satisfactory performance although significant change requests outstanding, which are being addressed. Major changes expected by mid-to-late 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

Strategy	Review, identify and address new areas of risk in light of changing legislation
2011 – 2013 Targets	2011 Activities and Results
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 reviewed – appropriate measures taken Inspectors provided with self-defence training and de-escalation techniques
Publish policy on “public harm”	The external policy was circulated to the Stakeholder Relations Committee earlier in 2011 and is now published on the OMVIC website

NEW LEGISLATION (CONT'D)

Strategy	Promote educational opportunities
2011 – 2013 Targets	2011 Activities and Results
<p>Work with the Automotive Business School of Canada (Georgian College) to expand delivery of the OMVIC Automotive Certification Course</p>	<p>Proposed 75 per cent increase in the number of on-site classes for the GTA and the Barrie area (trial basis)</p> <p>Arrangements finalized to host additional classes at Georgian College and OMVIC offices</p> <p>OMVIC staff now responsible for delivery of in-class lectures</p> <p>Additional OMVIC teaching staff trained to assist with increase in class frequency</p> <p>Certification course textbook updated to include Standards of Business Practice</p>
<p>Provide educational materials to registrants through multiple channels</p>	<p>Materials delivered via:</p> <ul style="list-style-type: none"> • Educational bulletins • Event participation • Industry newsletter • Dealer seminars across Ontario • New website material • Updated Automotive Certification Course <p>In addition to the educational component of inspections, business standards staff to be available to deliver seminars</p>
<p>Provide consumer awareness materials through multiple channels</p>	<p>Materials delivered via:</p> <ul style="list-style-type: none"> • Advertising/marketing campaign • Media coverage (online, print, radio and television) • Event participation • Vehicle-buying seminars • Website • OMVIC YouTube channel • Facebook • Consumer Protection Notice mailing

Business Accomplishments

NEW LEGISLATION (CONT'D)

Strategy	Promote educational opportunities
2011 – 2013 Targets	2011 Activities and Results
<p>Work closely with the Motor Vehicle Dealers Compensation Fund board to develop a compatible public education program</p>	<p>Press release issued and numerous interviews given regarding 25th anniversary of the Fund</p> <p>The Compensation Fund communications and key messaging piggybacked on most OMVIC initiatives</p> <p>Targeted Compensation Fund ad in community at risk (Windsor)</p> <p>Ad placed in publication used by trustees in bankruptcy</p> <p>The Compensation Fund will work to ensure lawyers and paralegals are better informed about the Fund through outreach in industry publications</p> <p>The Compensation Fund brochure is distributed at various OMVIC events</p>

Strategy	Explore GST parity between private sales and dealer used car sales to help reduce curbsider advantage
2011 – 2013 Targets	2011 Activities and Results
<p>Seek support of other provincial dealer regulatory bodies</p>	<p>Implementation of HST addresses this issue</p>

BOARD GOVERNANCE

Strategy	Develop best governance practices and education program for new and existing officers and directors
2011 – 2013 Targets	2011 Activities and Results
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 Revised Compensation Fund bylaws drafted, approved and reviewed by the OMVIC board
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

Strategy	Manage budget and cash flow appropriately
2011 – 2013 Targets	2011 Activities and Results
Secretary-Treasurer to provide the board with accurate and timely variance reports on revenues and expenditures	Ongoing
The board provided with material necessary to respond to in-year budget revisions, if required	2011 budget revised 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	Deferred to 2012
Develop financial policies manual	Completed

Business Accomplishments

BOARD GOVERNANCE (CONT'D)

Strategy	Succession plan for senior management positions
2011 – 2013 Targets	2011 Activities and Results
Present draft succession plan to board for approval	Reviewed by the board in March 2011

Strategy	Comply with labour-mobility legislation
2011 – 2013 Targets	2011 Activities and Results
Ensure policies, procedures, forms and website are in compliance with labour-mobility legislation	Liaising with the ministry on possible changes to registration forms for labour-mobility tracking

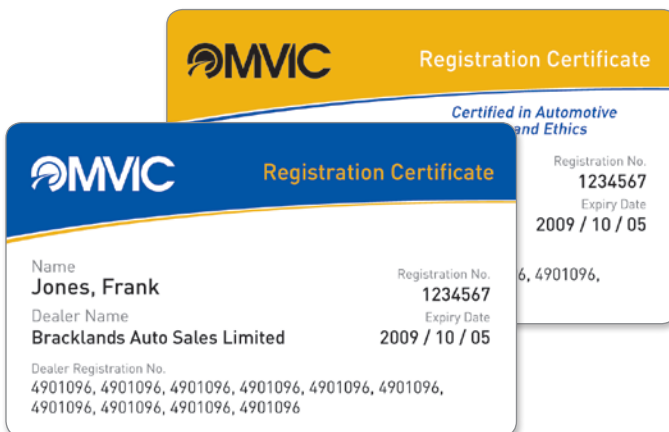
Strategy	Conservation
2011 – 2013 Targets	2011 Activities and Results
Develop green workplace policy and communicate to staff	Policy added to human resources manual Paper reduction: board and committee materials now distributed in electronic format; energy conservation: servers reduced from 32 to 23 with further virtualization planned for 2012; recycling program for used toner cartridges implemented

Overview

Registration

At year-end in 2011, 7,954 dealers (7,893 in 2010) and 24,266 salespersons (23,668 in 2010) 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. In response to concerns from applicants regarding the turnaround time for obtaining reports from their local police, OMVIC introduced an online records search with a 24-hour turnaround time. This allowed OMVIC to significantly reduce the average processing time for completed new salesperson applications in 2011. 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 Automotive 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 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.

**REGISTRATION STAFF PROCESSED
803 NEW BUSINESS APPLICATIONS AND
3,179 NEW SALESPERSON APPLICATIONS, AND
RENEWED 7,680 BUSINESS REGISTRATIONS
AND 10,879 SALESPERSON REGISTRATIONS.**

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

During 2011, registration staff processed 803 new business applications and 3,179 new salesperson applications; renewed 7,680 business registrations and 10,879 salesperson registrations; and performed 30,758 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 2011 being an exception with a slight increase for dealers). Registration staff handled an estimated 150,000 incoming phone calls in 2011. Average response time is under one minute. A customer service survey completed in 2011 rated OMVIC's registration service at over four (average) on a five-point scale in the areas of courtesy, knowledge and efficiency.

Registrar's actions reached 1,373 in 2011 – an increase from 1,295 in 2010. 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

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 staff handled an estimated 70,000 calls during 2011. The average response time was under one minute.

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.

COMPLIANCE STAFF HANDLED AN ESTIMATED 70,000 CALLS DURING 2011. THE AVERAGE RESPONSE TIME WAS UNDER ONE MINUTE.

Once a complaint file is opened, it may take anywhere from a few hours to a few weeks – or even months – to complete, depending upon the complexity of issues, the availability of documents and the level of co-operation of those involved. Issues related to liquidated damages, misrepresentation, vehicle condition, contract disputes and safety certificates are the most common complaints handled. During 2011, OMVIC's compliance team was actively involved in 1,065 disputes.

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.

Inspections

The MVDA requires members to conduct business from premises approved by the registrar and sets out the requirement to have a lot, a 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, appointed inspectors have the right to inspect a dealer's premises, to view and photocopy books and records and to make inquiries regarding any complaint received about the dealer's conduct. A record is kept of all completed inspections and, as necessary, followup action is taken. OMVIC inspectors are based regionally in order to provide an inspection program that covers the entire province. OMVIC completed 3,066 inspections during 2011.



Investigation and Prosecution

OMVIC's investigators are appointed under the MVDA, 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 MVDA and the *Consumer Protection Act*, 2002.

Investigations fall into two broad categories: unregistered activity (curbsiders) and industry conduct – which typically involves allegations of non-compliant advertising, non-disclosure of material facts or unfair business practices. Curbsiding activity can be reported to OMVIC's investigation team through a toll-free number (1-888-NOCURBS) or through email at nocurbs@omvic.on.ca.

Investigations are initiated from information received from various sources, including referrals from OMVIC inspectors, consumer complaints, police, other dealers and trade associations. 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 CISO, and investigators are members of the International Association of Auto Theft Investigators. During 2011, 703 new cases were opened, 571 cases were closed and 237 charges were laid.

Licence Appeal Tribunal (LAT)

The registrar may issue a proposal to suspend, refuse or revoke registration. Such proposals can be appealed to LAT.

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).

LAT Case: Mohammed Shaikh and Ken Trung

“The conduct... reflects poorly on their honesty and integrity and falls below the acceptable standards of the Act” and “this was an unconscionable deal” were two of the many findings LAT chairperson Harinder Gahir made in handing down one-year registration suspensions to Mohammed Shaikh and Ken Trung, formerly of Orangeville Mazda.

OMVIC issued proposals to revoke the registrations of Shaikh and Trung, as well as those of Surjeet (Sonny) Bains (dealer principal) and that of the dealership itself. Initially all parties appealed the proposals; however, Bains and Orangeville Mazda abandoned their appeals and their registrations were revoked. Shaikh and Trung, however, requested an LAT hearing to appeal revocation of their registrations.

The tribunal heard evidence from three consumers; however, the most substantive complaint related to a specific consumer transaction. This consumer told the tribunal she had attended the dealership to purchase tires. While waiting, she spoke to a salesperson who eventually introduced her to sales manager Mohammed Shaikh. The consumer alleged Shaikh pressured her into buying a new car, a Mazda 6, at a price that was higher-than-market price and that Trung pressured her to buy extras at a higher-than-market price. Evidence presented showed this to be the case.

The sales contract listed the base price of the Mazda 6 at \$46,291; however, the MSRP of the vehicle was actually \$36,695. Further evidence showed the car sold to this consumer was actually used. The consumer was also charged \$3,927 for rust, paint, fabric protection and undercoat – a package the tribunal believed was readily available for \$1,200. The consumer testified “that due to her medical conditions she was quite confused and unable to make good decisions. She could not afford this car as she was living on a disability pension of \$850 and spousal support of \$1,000 per month.”

Continued...

Overview (cont'd)

The tribunal found Shaikh and Trung “sold the car and extras at a grossly higher than market price... that the transaction was excessively one-sided in favour of the dealership, a result of undue pressure” and that the consumer “was not reasonably able to protect her interests because of her disability, ignorance of the market and her inability to understand the transaction.”

The tribunal was further “troubled” by the fact that Shaikh and Trung “knowingly and collaboratively exploited a person under disability and failed to accept responsibility of their conduct. They attempted to pass the responsibility on to the dealer by saying that the dealer had put the prices in the system. The evidence is clear that the Applicants [Shaikh and Trung] were instrumental in overcharging the consumer.”

Tribunal chair Gahir then ordered Mohammed Shaikh’s and Ken Trung’s registrations suspended for one year and that they successfully complete the OMVIC Automotive Certification Course.

LAT Case: Alfa Motors Inc. and Amrish Gathani

Amrish Gathani became a registered dealer (Alfa Motors Inc.) in April 2009. Shortly after becoming registered, OMVIC became aware of previous curbsiding activities by Gathani.

Gathani had operated Nufresh Marketing Inc., a dry goods food import company. In 2008, when a downturn in business occurred, Gathani and Nufresh began selling cars; neither was registered. Numerous consumers testified they bought vehicles from Gathani and/or Nufresh that had been imported from the United States and that were salvaged and rebuilt. Disclosure of the true history of the vehicles was not provided to the purchasers.

After learning of these events, Gathani and Nufresh were charged by OMVIC (later convicted) of curbsiding and of misrepresentation under the *Consumer Protection Act*. OMVIC also issued a proposal to revoke Gathani’s registration on the grounds that his past behaviour demonstrated he would not conduct business in accordance with the law and with honesty and integrity as is demanded by the MVDA. Gathani appealed.

Testimony presented at the appeal hearing demonstrated Gathani “did not advise the consumers that [the vehicles] had been insurance write-offs... and that he did bend the truth.” The tribunal also heard Gathani provided history reports to purchasers that did not disclose the true history of the vehicles because these reports were “outdated and deceiving.”

LAT vice-chair J. Weary stated “it is clear Mr. Gathani was not honest in his dealings with consumers when acting under the Nufresh name” and that “he deprived his consumer purchasers the protection provided to them under the Act.” Of Gathani’s past conduct, Weary found “there exists reasonable grounds for belief that he will not carry on business in accordance with the law and with honesty and integrity.”

However, Gathani asked the tribunal to consider his most recent (two-year) conduct and to base its decision on a cumulative history. Weary found “there has been no evidence, positive or negative, during these two years... such a neutral situation is insufficient to overturn the reasonable conclusion arising out of older past conduct which clearly falls below the standard.”

The tribunal then directed OMVIC to revoke the registration of Amrish Gathani and that of Alfa Motors Inc. (by then operating as Gateway Inc.).



Disciplinary Process

Section 6 of the MVDA requires dealers and salespeople conduct their business 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 registrants will be given the opportunity to submit relevant documentation and oral evidence supporting their 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 and are limited to questions of law or mixed fact and cannot be a re-hearing of the matter.

During 2011, OMVIC completed 20 discipline matters and issued a total of \$70,300 in fines.

Notable Cases

Capital Dodge Chrysler Jeep Ltd.

During inspections in 2005 and 2006, the dealer was reminded of his obligation to ensure all salespeople are registered with OMVIC. In August 2008, the dealer signed an Authorization, Agreement and Undertaking agreeing to ensure all salespeople he employs are registered with OMVIC. However in 2011, the dealer was found to be employing four unregistered salespeople. The matter was referred to the Discipline Panel and the dealer was **fined \$9,000** and required to offer all staff the opportunity to take the OMVIC Automotive Certification Course at the dealer's cost.

Tiger Auto Sales

During an inspection in 2007, the dealer was reminded of his obligation to provide purchasers with written disclosure of all material facts about the vehicles he sells. Nevertheless, in 2010, an OMVIC inspector discovered the dealer had twice failed to provide purchasers with written disclosure of their vehicle's accident repair history. The issue was referred to the Discipline Panel and a hearing was scheduled to decide the matter. The Discipline Panel **fined the dealer \$8,000** and required him to complete the OMVIC Automotive Certification Course.

Buchi Auto Sales

During an inspection in 2009, the dealer was reminded of his obligation to provide purchasers with written disclosure of all material facts about the vehicles he sells. In 2010, an OMVIC inspector discovered the dealer had failed to provide purchasers with full written disclosure on seven separate occasions. The issue was referred to the Discipline Panel; after a hearing on the matter, the Discipline Panel **fined the dealer \$8,750** and required him to complete the OMVIC Automotive Certification Course.

Overview (cont'd)

Consumer Awareness

“Buy With Confidence” Campaign

OMVIC increased its consumer education campaign with a continuing focus on key consumer protection measures provided by the MVDA and by informing consumers of the added protections received when they buy from “Ontario-registered dealers.”



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

- Developing and utilizing the Creepometer, an interactive tool to help consumers spot curbsiders
- Continuing to educate consumers about the dangers posed by curbsiders
- Educating consumers about their “car-buying rights” and when they apply
- Educating consumers that OMVIC and consumer protection regulations only cover transactions with registered dealers – not private transactions
- Educating consumers about how to identify registered dealers (decal program, website search)
- Raising general awareness of potential vehicle-buying issues
- Continuing to raise awareness that OMVIC is the regulator of Ontario motor vehicle sales
- Raising general awareness of the new MVDA and its benefits

Key Messages

- Avoid curbsiders: look for the Ontario-registered dealer decal
- Creepometer teaches telltale signs of a curbsider
- Buy from an Ontario-registered dealer and benefit from consumer protection – full vehicle history disclosure, all-in price advertising, 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
- OMVIC is the place to go for preventive information and if you have issues
- The vast majority of vehicle-buying experiences in Ontario are positive

Tactics

- **ADVERTISING**
 - Print – *Toronto Star* and *World of Wheels* magazine
 - Online – AutoTrader.ca, Wheels.ca, TheStar.com
 - Transit shelters – “Avoid Curbsiders” ads across the GTA, and in Ottawa/Pembroke, Peterborough, Sudbury and Thunder Bay
 - Digital billboard – Toronto (Gardiner Expressway) and Ottawa
 - Radio advertising – 30-second spots and tactical buys for 24 stations in 12 regional markets





• **CREEPOMETER**

- Developed the Creepometer, an interactive tool designed to educate consumers and make them aware of the tactics used by curbsiders
- Video produced to demonstrate how the Creepometer can help spot common curbsider plays

• **PUBLIC RELATIONS**

- *News Canada*: seven print stories
- News release (CNW and Marketwire) – promoting the 25th anniversary of the Compensation Fund
- Two audio news releases
- Strategic public relations outreach

• **PROMOTING THE CAMPAIGN**

- Dealer communications
 - *The Dealer Standard* (October)
 - *The Dealer Bulletin* (October)
- Stakeholder communications
 - Curbsider and Consumer Protection Notice distributed to:
 - ▶ Government – MPs, MPPs, city councillors
 - ▶ Newcomer centres
 - ▶ Libraries
 - ▶ Driving schools
 - ▶ Police
 - ▶ Consumer advocacy groups
 - ▶ Industry associations

• **POINT-OF-SALE MERCHANDISING PROGRAM – “ONTARIO-REGISTERED DEALER” IDENTIFICATION KIT**

- Refreshed and distributed Ontario-registered dealer ID kit (new introductory letter and decals)

• **BUYWITHCONFIDENCE.CA WEBSITE**

- Promoted website as a source of consumer protection information
- Key messages aligned to improve search engine optimization (SEO)
- Updated information on OMVIC and curbsiders, with downloads and contact information



Overview (cont'd)

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 MVDA. The Fund's board of trustees, five consumer representatives and four registered dealers consider each case individually on its own merits. Consumers are expected to have exhausted all other legal remedies prior to making a claim against the Fund, and full documentation as evidence of their claim is required.

To be eligible for consideration by the Fund's board of trustees, a written claim must be submitted within two years of a registered dealer refusing or failing to pay the compensation, and must be based on one of the situations described below:

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

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

During the Motor Vehicle Dealers Compensation Fund's fiscal 2011 year (ending October 31, 2011), 31 claims were approved by the board of trustees for a total payment to consumers of \$195,342.

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:

Jamie Holmes, Chair of the Board

Consumer Representative

Kathy Cook, Vice Chair

Dealer Representative

Catherine Poultney, Secretary-Treasurer

Dealer Representative

Catherine Finlay

Consumer Representative

Larry Pringle

Dealer Representative

Peter Eatson

Dealer Representative

Peter Silverman

Consumer Representative

Alan Silverstein

Consumer Representative

Dorian Werda

Consumer Representative

Dealer Professionalism and Education

OMVIC's Automotive Certification Course, which is mandatory for new dealers and salespersons, focuses on law and ethics and is offered through Georgian College. "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.

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: David Cooke

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 called upon once to meet during 2011 and determined that staff had taken all reasonable steps to assist the consumer.

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

Audit, Finance and Risk

Chair: Nazreen Ali

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 nine meetings during 2011.

Membership: Same as Management Committee (elected officers).

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 three meetings during 2011.

Membership: Five OMVIC board members.

Consumer Protection Advisory Committee

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 four meetings during 2011.

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.

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 2011.

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 the 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 the annual report and business plan.

The committee held 11 meetings during 2011.

Membership: Three OMVIC board members (elected officers).

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 2011.

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 of 2008, provides a forum for stakeholder groups and OMVIC to share points of view on various issues relevant to the sector. The committee meets on an ad hoc basis but no less than two times per year.

The committee held two meetings during 2011.

Membership: Six OMVIC board members and representatives from government, industry trade associations, the Compensation Fund board of trustees, the Automotive Business School of Canada and consumer advocacy groups.

Regulatory Affairs Committee

Chair: Nazreen Ali

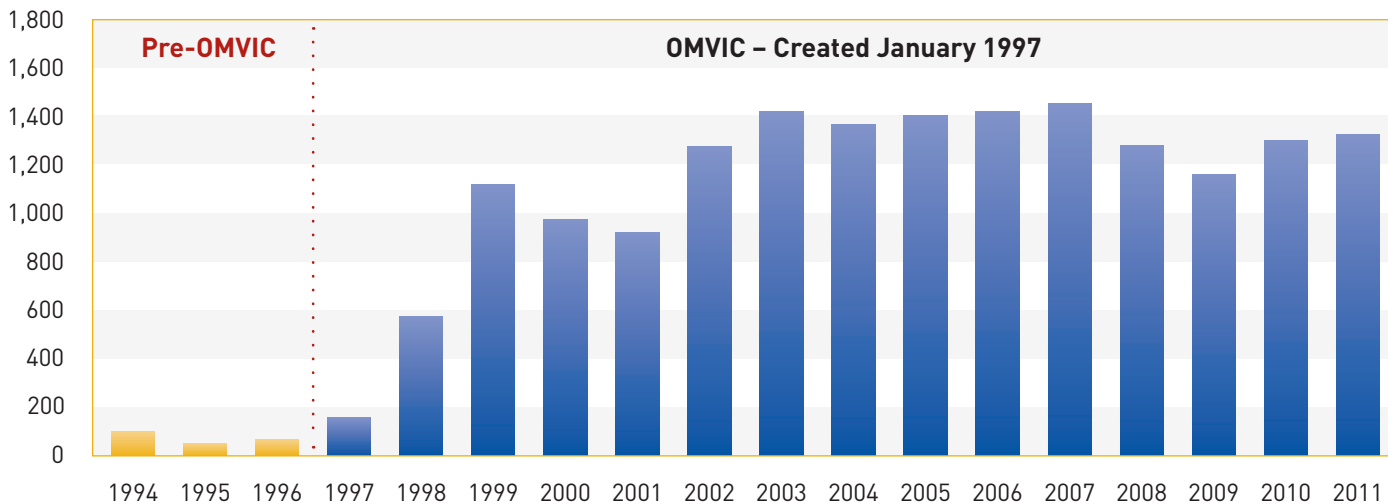
Once the Ministry provides a Regulatory Impact Assessment tool to OMVIC, the Regulatory Affairs Committee will employ the tool in development of recommendations for regulatory changes to the MVDA. The committee would also ensure that appropriate consultation is conducted and recorded in accordance with a consultation period approved by the ministry.

The committee did not meet during 2011.

Membership: All OMVIC board members.

Performance Overview

REGISTRAR'S ACTIONS 2011



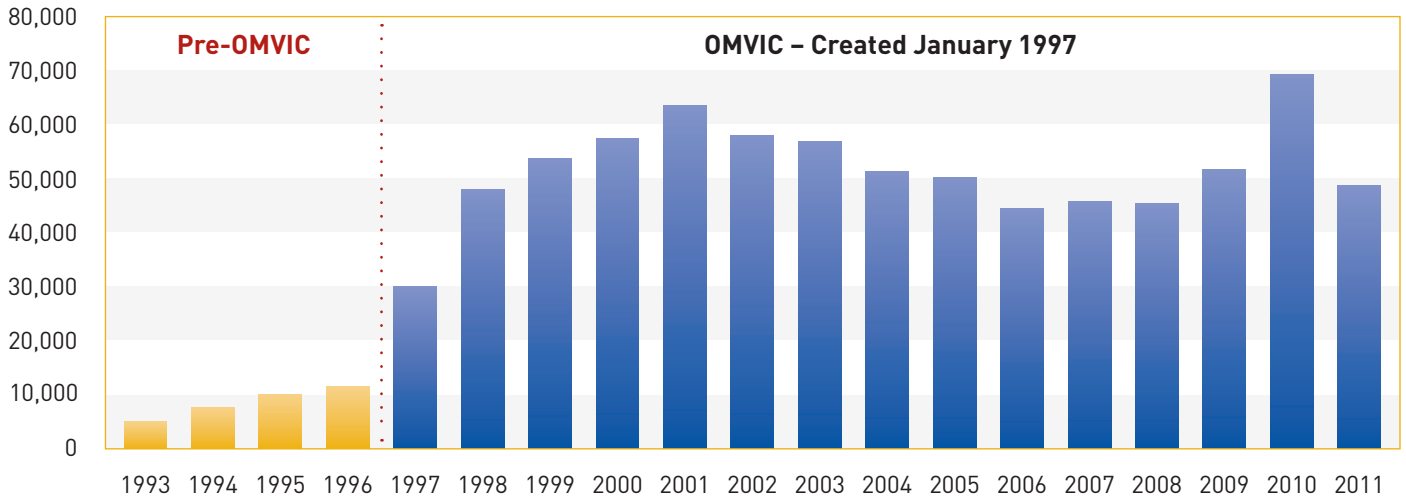
Registrar's actions include issuance of proposals to refuse or revoke registration and registrations requiring terms and conditions. The number of registrar's actions logged in 2011 was 1,322.

REGISTRATION ACTIVITIES 2011

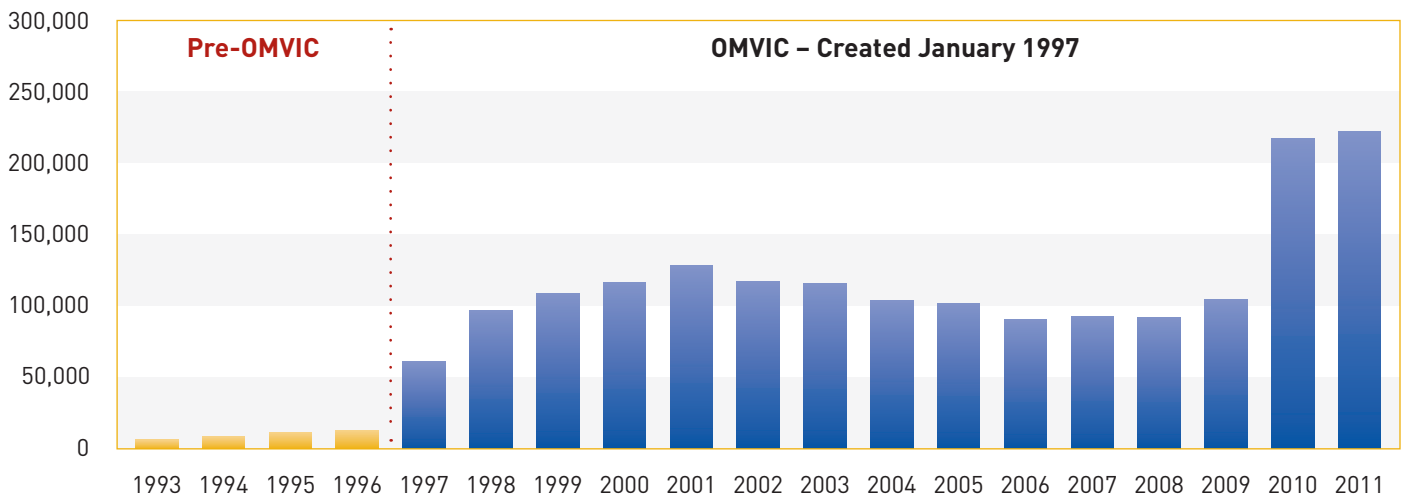
Activity	2011	2010	2009	2008
New dealer applications	803	774	710	723
New salesperson applications	3,179	2,915	2,766	3,433
Dealer renewals	7,680	8,326	6,653	3,448
Salesperson renewals	10,879	11,221	12,389	11,495
Information changes	30,758*	25,587*	1,663	1,525
Employee transfers	0	0	5,536	5,290
Registration terminations	0	0	10,395	2,526

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

INQUIRIES 2011



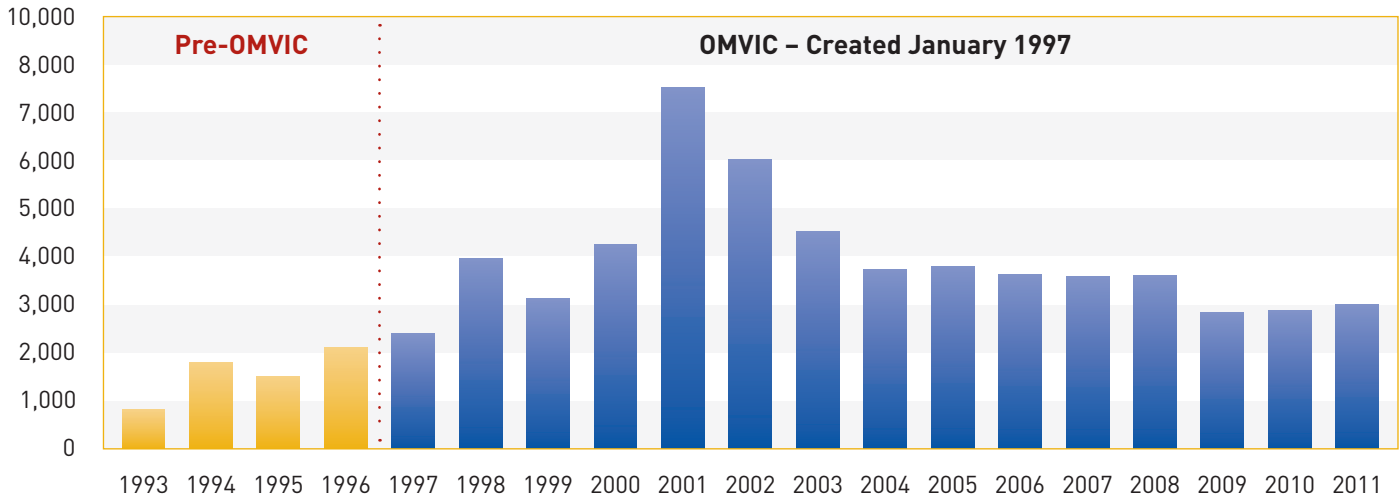
Inquiries (1-800 line): staff handled 48,679 toll-free calls in 2011.



Inquiries (TOTAL): staff handled 220,626 calls (local and 1-800) in 2011.

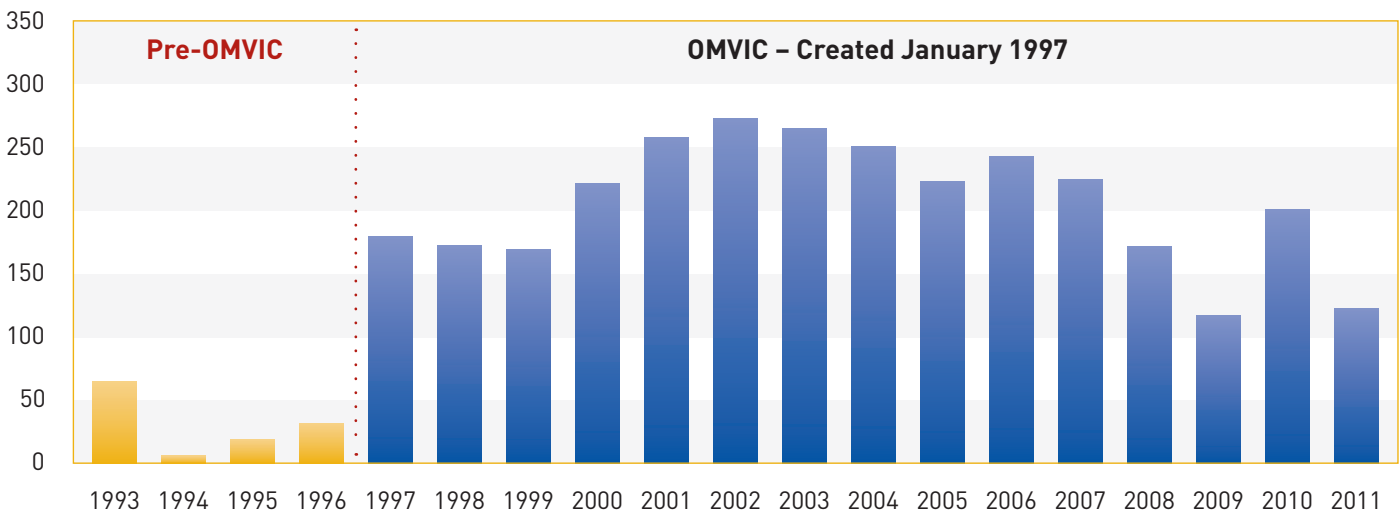
Performance Overview (cont'd)

INSPECTIONS 2011



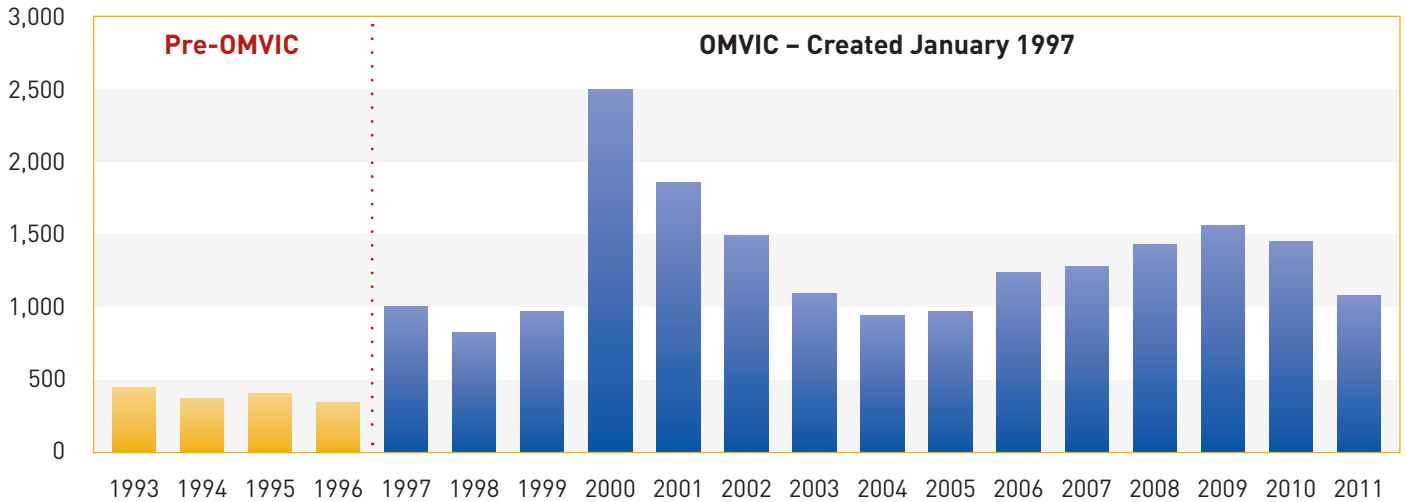
During 2011, 3,066 inspections were completed. This number includes dealerships, which were visited on more than one occasion due to records being unavailable.

ENTITIES CHARGED IN 2011



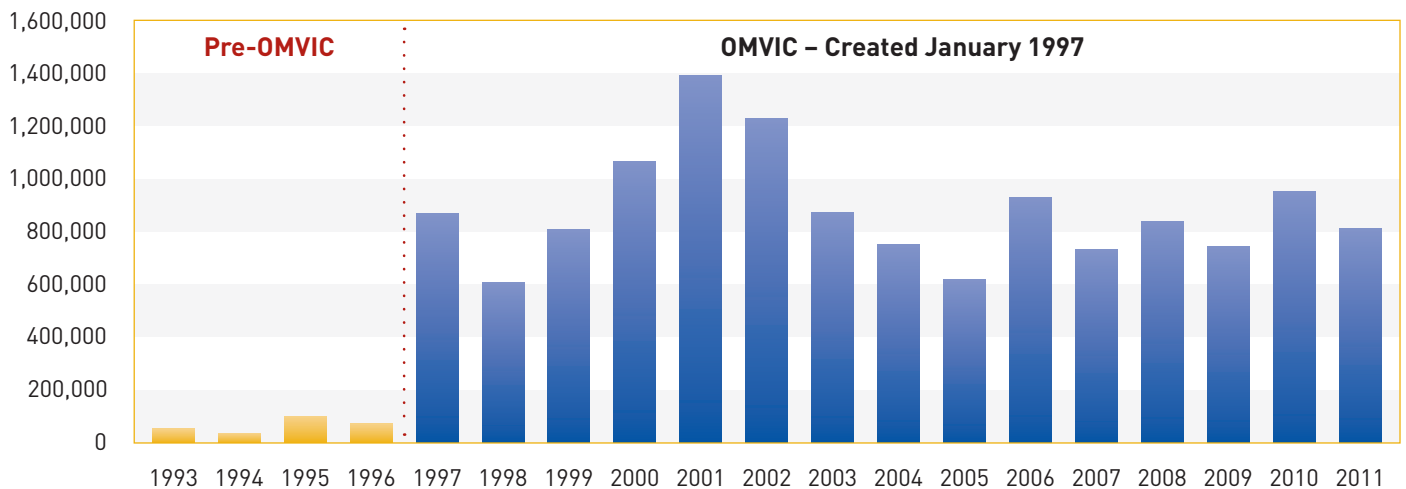
In 2011, OMVIC investigators charged 122 entities. OMVIC has changed its approach in the laying of charges. In some instances, an individual or business may now face a single “global” charge instead of multiple charges. OMVIC has also begun redirecting some offenses to the discipline process rather than to the Provincial Offences Court. Although the number of charges is down, the conviction rate and average fines imposed by the courts have increased.

COMPLAINT HANDLING 2011



OMVIC's compliance team was actively involved in handling 1,065 disputes in 2011.

CONCILIATION – MONEY RETURNED TO CONSUMERS 2011



As a result of OMVIC complaint handlers' conciliation efforts in 2011, \$807,000 was returned to consumers by dealers. This figure does not include the significant value of non-monetary settlements, such as repairs or vehicle returns, which were also negotiated throughout the year nor does it include compensation fund payouts.

2011 Financial Overview/Audited Statements

The following financial overview is based on the audited financial statements of OMVIC for the year ended December 31, 2011, with comparative figures for 2010.

OMVIC posted a surplus of \$879,792 in 2011. Although it was significantly lower than last year's surplus, this result was better than expected. Overall, revenues declined by about 4.2 per cent and expenses increased by 7.6 per cent over 2010. Main contributors to these were:

- a) Registration fees that were 5.9 per cent lower than last year. Higher revenue in 2010 resulted from maturity during that year of the revised fee structure
- b) An increase of \$647,382 in salaries and benefits costs that reflects new staff, normal salary changes and year-end accruals
- c) Higher professional services costs in 2011 arising from legal fees for defending several claims made against OMVIC
- d) Reduced spending on public-awareness campaign

Most of the variances over last year for other line items were either not material or within acceptable ranges and, therefore, no further elaboration is provided here.

The 2011 expenses by service function were as follows:

	2011	2010
Investigation	\$1,973,310	\$1,770,146
Registration	1,822,668	1,799,351
Legal services	1,714,393	1,208,698
Compliance	1,668,476	1,426,415
Communications	936,043	1,122,414
e-Business	894,166	866,396
Inquiries and complaint handling	862,421	876,028
Governance	597,237	666,388
Compensation Fund	240,992	228,405
Discipline	36,056	20,949
	\$10,745,762	\$9,985,190

Cash available at the end of December 2011 was \$3,733,468. OMVIC also held investments of \$2,620,453, which reflects internally restricted operating reserve.

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

Capital expenditures during 2011 amounted to \$243,860 (2010 – \$278,117) and were used to support operational growth and operating efficiencies through technological improvements.

Financial Statements

Financial Statements of

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Years ended December 31, 2011 and 2010



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

Telephone (416) 228-7000
Fax (416) 228-7123
Internet www.kpmg.ca

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 statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of operations, changes in net assets and cash flows for the years ended December 31, 2011 and December 31, 2010, 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 accounting standards for not-for-profit organizations, 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 audits. We conducted our audits 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 in our audits 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, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

April 16, 2012
Toronto, Canada

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ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statements of Financial Position

	December 31,		January 1,
	2011	2010	2010
Assets			
Current assets:			
Cash	\$ 3,733,468	\$ 5,255,155	\$ 2,141,051
Accounts receivable	87,376	56,553	464,587
Prepaid expenses	103,563	137,318	120,290
	<u>3,924,407</u>	<u>5,449,026</u>	<u>2,725,928</u>
Investments (note 2)	2,620,453	–	–
Capital assets (note 3)	1,018,621	1,507,920	744,522
Software under development	–	–	1,158,525
	<u>\$ 7,563,481</u>	<u>\$ 6,956,946</u>	<u>\$ 4,628,975</u>

Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued charges (note 7)	\$ 829,045	\$ 1,069,345	\$ 739,919
Deferred revenue (note 4)	1,328,525	1,305,513	1,400,950
	<u>2,157,570</u>	<u>2,374,858</u>	<u>2,140,869</u>
Deferred lease inducement (note 5)	212,386	268,355	319,916
Net assets:			
Invested in capital assets	1,018,621	1,507,920	1,903,047
Unrestricted	1,628,904	805,813	265,143
Internally restricted operating reserve (note 8)	2,546,000	2,000,000	–
	<u>5,193,525</u>	<u>4,313,733</u>	<u>2,168,190</u>
Commitments (note 9)			
Contingencies (note 10)			
	<u>\$ 7,563,481</u>	<u>\$ 6,956,946</u>	<u>\$ 4,628,975</u>

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statements of Operations

Years ended December 31, 2011 and 2010

	2011	2010
Revenue:		
Registration fees (note 1(b)(i))	\$ 10,487,518	\$ 11,139,263
Transfer fees	405,600	423,900
Certification course fees	266,540	275,550
Expense recoveries (note 6)	254,395	228,405
Interest and other income	139,183	45,800
Administrative penalties	72,318	17,815
	<u>11,625,554</u>	<u>12,130,733</u>
Expenses:		
Salaries and benefits (note 6)	6,011,520	5,364,138
Professional services	994,103	810,468
Amortization of capital assets	733,159	673,246
Public awareness	646,901	839,468
Travel	620,452	550,854
General and administrative (note 6)	490,692	532,043
Occupancy	441,059	416,703
Telecommunications	280,648	249,257
Per diem allowances	231,777	258,144
Government oversight fees	185,000	149,242
Industry awareness	110,451	141,627
	<u>10,745,762</u>	<u>9,985,190</u>
Excess of revenue over expenses	<u>\$ 879,792</u>	<u>\$ 2,145,543</u>

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

	Invested in capital assets	Unrestricted	Internally restricted operating reserve	Total
Balance, January 1, 2010	\$ 1,903,047	\$ 265,143	\$ –	\$ 2,168,190
Excess of revenue over expenses (expenses over revenue)	(673,246)	2,818,789	–	2,145,543
Transfer to internally restricted operating reserve (note 8)	–	(2,000,000)	2,000,000	–
Investment in capital assets	278,119	(278,119)	–	–
Balance, December 31, 2010	1,507,920	805,813	2,000,000	4,313,733
Excess of revenue over expenses (expenses over revenue)	(733,159)	1,612,951	–	879,792
Transfer to internally restricted operating reserve (note 8)	–	(546,000)	546,000	–
Investment in capital assets	243,860	(243,860)	–	–
Balance, December 31, 2011	\$ 1,018,621	\$ 1,628,904	\$ 2,546,000	\$ 5,193,525

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statements of Cash Flows

Years ended December 31, 2011 and 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 879,792	\$ 2,145,543
Items which do not involve cash:		
Amortization of capital assets	733,159	673,246
Unrealized gain on investment	(55,760)	–
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(30,823)	408,034
Decrease (increase) in prepaid expenses	33,755	(17,028)
Increase (decrease) in accounts payable and accrued charges	(240,300)	329,426
Increase (decrease) in deferred revenue	23,012	(95,437)
Decrease in deferred lease inducement	(55,969)	(51,561)
	1,286,866	3,392,223
Investing activities:		
Purchase of capital assets	(243,860)	(278,119)
Purchase of investment	(2,564,693)	–
	(2,808,553)	(278,119)
Increase (decrease) in cash	(1,521,687)	3,114,104
Cash, beginning of year	5,255,155	2,141,051
Cash, end of year	\$ 3,733,468	\$ 5,255,155
Supplemental cash flow information:		
Cash received for interest	\$ 57,630	\$ 30,722

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Years ended December 31, 2011 and 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:

On January 1, 2011, the Council adopted Canadian Accounting Standards for Not-For-Profit Organizations. These are the first financial statements prepared in accordance with the Canadian Accounting Standards for Not-For-Profit Organizations.

(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)

Years ended December 31, 2011 and 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) Investments:

Investments are recorded at fair value.

Unrealized gain or loss on investments, being the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of operations. Transaction costs that are directly attributable to the acquisition of investments are not considered significant and are expensed when paid. Fair values of investments are determined as follows:

Fixed income securities are valued at year-end quoted market prices, where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities. Transaction costs are expensed as incurred. Short-term notes, treasury bills and term deposits maturing within a year are stated at cost which, together with accrued interest income, approximates fair value given the short-term nature of these investments.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided 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

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value.

(e) 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 on 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 five years. The deferred lease inducements related to this space will be amortized over the term of the lease.

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

1. Significant accounting policies (continued):

(g) Transitional adjustments:

There were no adjustments to net assets as at January 1, 2010 or excess of revenue over expenses for the year ended December 31, 2010 as a result of the transition to the Canadian Accounting Standards for Not-For-Profit Organizations.

2. Investments:

	December 31, 2011		December 31, 2010		January 1, 2010	
	Cost	Market	Cost	Market	Cost	Market
Cash	\$ 929,240	\$ 930,231	\$ -	\$ -	\$ -	\$ -
Fixed income	1,629,777	1,690,222	-	-	-	-
	<u>\$ 2,559,017</u>	<u>\$ 2,620,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The fixed income securities bear a yield to maturity from 1.85% to 4.34% with staggered maturity dates ranging from January 23, 2013 to June 1, 2041.

(a) Market price risk and credit risk:

The value of equity securities changes with market conditions, which are affected by general economic conditions. The value of securities will vary with developments within the specified companies or governments that issue the securities.

(b) Interest rate risk:

The value of fixed income securities will generally rise if interest rates fall and decrease if interest rates rise. Changes in interest rates may also affect the value of equity securities.

(c) Foreign currency risk:

The securities are restricted to be denominated in Canadian dollars in accordance with the investment policy. Therefore, the Council is not exposed to foreign currency risk.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

3. Capital assets:

December 31, 2011	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 223,230	\$ 182,747	\$ 40,483
Computer software	1,411,867	935,312	476,555
Furniture and fixtures	237,549	128,960	108,589
Office equipment	177,078	75,778	101,300
Leasehold improvements	540,533	248,839	291,694
	<u>\$ 2,590,257</u>	<u>\$ 1,571,636</u>	<u>\$ 1,018,621</u>

December 31, 2010	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 255,677	\$ 169,305	\$ 86,372
Computer software	1,363,299	478,833	884,466
Furniture and fixtures	201,090	81,450	119,640
Office equipment	122,838	40,362	82,476
Leasehold improvements	478,603	143,637	334,966
	<u>\$ 2,421,507</u>	<u>\$ 913,587</u>	<u>\$ 1,507,920</u>

January 1, 2010	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 265,319	\$ 158,128	\$ 107,191
Computer software	87,101	52,445	34,656
Furniture and fixtures	192,116	44,124	147,992
Office equipment	79,304	17,911	61,393
Leasehold improvements	468,125	74,835	393,290
	<u>\$ 1,091,965</u>	<u>\$ 347,443</u>	<u>\$ 744,522</u>

Amortization expense for 2011 was \$733,159 (2010 - \$673,246).

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

4. Deferred revenue:

	2011	2010
Registration fees received in advance	\$ 1,328,525	\$ 1,305,513

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 2011, \$55,969 (2010 - \$51,561) of this inducement has been amortized against rent expense.

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 \$221,972 (2010 - \$217,291) relating to salaries and benefits and \$19,020 (2010 - \$11,114) relating to general and administrative expenses. At year end, \$58,136 (2010 - \$33,186) was receivable from the Fund. Amounts received from the Fund are determined on a cost recovery basis.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Accounts payable and accrued charges:

Included in accounts payable and accrued charges are government remittances payable of nil (2010 - nil), which includes amounts payable for payroll related taxes.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

8. Internally restricted operating reserve:

During fiscal 2010, the Council created an operating reserve equivalent to six 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.

9. Commitments:

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

2012	\$ 499,300
2013	495,800
2014	167,800
2015	6,600
2016	5,500
	<hr/>
	\$ 1,175,000

10. 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, 2011

**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Motor Vehicle Dealers Compensation Fund, which comprise the statement of financial position as at October 31, 2011, and the statement of changes in net assets, statement of operations, and statement of cash flows for the year then ended, and 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 the auditor's 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, the auditor considers 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 the Motor Vehicle Dealers Compensation Fund as at October 31, 2011, and its financial performance and its 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 8, 2012

2005 Sheppard Avenue East, Suite 300, Toronto, Ontario, Canada, M2J 5B4
Telephone: (416) 496-1234 – Fax: (416) 496-0125 – E-Mail: info@mhc-ca.com – Website: www.mhc-ca.com

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

Page 2

	2011 \$	2010 \$
ASSETS		
CURRENT		
Cash - operating	60,035	33,924
- investment	740,206	-
Accrued interest receivable	42,875	33,665
Prepaid expenses	<u>11,232</u>	<u>500</u>
	854,348	68,089
INVESTMENTS , at fair market value	<u>5,942,269</u>	<u>6,938,886</u>
	<u>6,796,617</u>	<u>7,006,975</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	54,218	90,925
Claims payable	<u>-</u>	<u>62,447</u>
	54,218	153,372
NET ASSETS		
Unrestricted net assets (Note 3)	<u>6,742,399</u>	<u>6,853,603</u>
	<u>6,796,617</u>	<u>7,006,975</u>
Contingent Liabilities (Note 4)		

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

_____, Chair
"Jamie Holmes"

_____, Vice Chair
"Kathy Cook"

See accompanying notes to the financial statements.

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

Page 3

	Unrestricted \$	2011 \$	2010 \$
BALANCE , beginning of year	6,853,603	6,853,603	6,682,934
Excess of (expenses over revenues), revenues over expenses, for the year	<u>(111,204)</u>	<u>(111,204)</u>	<u>170,669</u>
BALANCE , end of year	<u>6,742,399</u>	<u>6,742,399</u>	<u>6,853,603</u>

See accompanying notes to the financial statements.

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

Page 4

	2011 \$	2010 \$
REVENUES		
Investment and other income	430,934	352,079
Participant fees	<u>186,900</u>	<u>148,500</u>
	<u>617,834</u>	<u>500,579</u>
EXPENSES		
Salaries and benefits (Note 5)	218,388	217,299
Claims (net of recoveries of \$15,799; 2010 - \$27,151)	179,543	154,348
Governance	98,931	110,139
Consumer awareness	41,956	47,598
Investment management fees	40,409	36,931
Occupancy (Note 5)	18,301	10,395
Professional fees	13,778	16,946
Statutory trustee fees	10,642	11,104
Insurance	9,926	10,854
Legal	8,922	13,045
Office and general	<u>5,324</u>	<u>8,083</u>
	<u>646,120</u>	<u>636,742</u>
EXCESS OF (EXPENSES OVER REVENUES) BEFORE THE UNDERNOTED, FOR THE YEAR	(28,286)	(136,163)
Change in fair value of investments	<u>(82,918)</u>	<u>306,832</u>
EXCESS OF (EXPENSES OVER REVENUES), REVENUES OVER EXPENSES, FOR THE YEAR	<u>(111,204)</u>	<u>170,669</u>

See accompanying notes to the financial statements.

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

Page 5

	2011 \$	2010 \$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of (expenses over revenues), revenues over expenses, for the year	(111,204)	170,669
Non-cash items		
Change in fair value of investments	82,918	(306,832)
Change in non-cash working capital		
(Increase) decrease in accrued interest receivable	(9,210)	5,981
(Increase) in prepaid expenses	(10,732)	-
(Decrease) increase in accounts payable and accrued liabilities	(36,707)	19,102
(Decrease) increase in claims payable	<u>(62,447)</u>	<u>32,465</u>
Cash used by operating activities	<u>(147,382)</u>	<u>(78,615)</u>
INVESTING ACTIVITIES		
Investments	<u>913,699</u>	<u>94,680</u>
Cash provided by investing activities	<u>913,699</u>	<u>94,680</u>
INCREASE IN CASH DURING THE YEAR	766,317	16,065
Cash, beginning of the year	<u>33,924</u>	<u>17,859</u>
CASH, END OF THE YEAR	<u><u>800,241</u></u>	<u><u>33,924</u></u>

See accompanying notes to the financial statements

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 was 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. Amounts recoverable to offset claims paid are recorded when received.

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.

Investment income is recognized on an accrual basis.

Continued...

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 and accrued interest receivable as loans and receivables recorded at amortized cost. Investments are classified as held-for-trading financial instruments and are measured at their fair value, with changes in fair value recognized in excess of revenues over expenses for the year. 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 1.75% to 11% with a total fair market value of \$4,091,710 and equities in various industries with a fair market value of \$1,850,559.

Comparative Figures:

Certain prior year comparative figures have been reclassified to conform to the current year’s financial statement presentation.

Continued...

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Changes

Not For Profit Accounting

The Accounting Standards Board ("AcSB") has concluded that non-profit organizations ("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, 2012 with early adoption permitted. The Fund will adopt the 4400 series accounting standards for not-for-profit organizations.

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

(i) As at October 31, 2011, the Board had denied no claims that were subject to appeal (2010 – 1 claim valued at \$50,000). The probability of the 2010 claims appeal and its outcome could not be reasonably determined and no provision was been made in the 2011 financial statements for it. Any loss resulting from the resolution of such claim would be accounted for in the period in which it was settled.

(ii) Several motor vehicle dealers declared bankruptcy during 2011. The Fund's liability, if any, cannot be reasonably estimated and no provision has been made in the financial statements.

Continued...

4. CONTINGENT LIABILITIES (continued)

(iii) Pursuant to a Canada Revenue Agency (“CRA”) ruling dated August 29, 2011, it was determined that since the payments made into the Fund by the motor vehicle dealers are compulsory, the Fund is not eligible to collect Goods and Services Tax (“GST”) or Harmonized Sales Tax (“HST”) on these payments since these are not considered taxable supplies. Similarly, the Fund is not eligible to claim any Input Tax Credits (“ITCs”) with respect to any GST/HST paid on purchases.

As such, the Fund has been ordered to amend its GST/HST returns for the periods in which GST/HST was collected and ITCs were claimed.

The Fund is in communications with CRA to seek a clarification in this matter and have the judgment be reflected prospectively. However, if this is unsuccessful, and a retroactive judgement is applied, the Fund’s liability is estimated to be \$22,438. No provision has been made in the financial statements for the liability as at October 31, 2011.

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. Included in the Fund’s expenses are shared expenses with the Council of \$218,388 (2010 - \$217,299) relating to salaries and benefits and \$18,301 (2010 - \$10,395) relating to occupancy expenses. At October 31, 2011, \$21,391 (2010 - \$38,744) 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.

Continued...

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.

Financial instruments recorded at fair value must be disclosed in the context of the fair value hierarchy. The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - 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); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At October 31, 2011 and 2010, the Company's financial instruments that are carried at fair value, consisting of 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.

Continued...

8. FINANCIAL INSTRUMENTS (Continued)

Capital Management (Continued)

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, 2011.

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, 2011, the Fund had no 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.

Continued...

8. FINANCIAL INSTRUMENTS (Continued)

Sensitivity analysis

The Fund has, for accounting purposes, designated its cash as loans and receivables, which are measured at amortized cost. 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. Accounts payable and accrued liabilities and claims payable are classified for accounting purposes as other financial liabilities, which are measured at amortized cost.

As of October 31, 2011, 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:

The Fund's investments are subject to fair value fluctuations. As at October 31, 2011, if the fair value of the investments had decreased/increased by 25% with all other variables held constant, excess of expenses over revenues for the year ended October 31, 2011 would have been approximately \$1,486,000 higher/lower. Similarly, as at October 31, 2011, reported unrestricted net assets would have been approximately \$1,486,000 lower/higher as a result of a 25% decrease /increase in the fair value of investments.

2012 – 2014 Business Plan

OMVIC's business plan outlines its objectives for the next three years and highlights the strategies that will be used to achieve those targets.

CONSUMER PROTECTION

Strategy	2012 – 2014 Performance Measure
<p>Implementation of strategic communications plan</p>	<p>Through the fall consumer-awareness campaign, continue to build awareness of:</p> <ul style="list-style-type: none"> • The rights and protections available to Ontario consumers when buying from registered dealers (and lack of protections in private transactions) • The MVDA's key pillars including: <ul style="list-style-type: none"> – All-in pricing and disclosure in advertising – Vehicle history/condition disclosure – The Compensation Fund • The dangers posed by curbsiders (especially in the online marketplace) and ways to identify them • Creepometer as a fun and effective method to identify curbsiders <p>Examine new opportunities for delivery of core messages (e.g., television, alternate publications)</p> <p>Reach out to stakeholders (i.e., associations, newcomer centres, government, etc.) to promote OMVIC messaging</p> <p>Continue to build relationships with other ministries – Ministry of Transportation and Ministry of Government Services – to get OMVIC's message out through ServiceOntario locations, driving schools, public offices, etc.</p> <p>Build registered dealer participation in the decal program</p> <p>Continue to build awareness of OMVIC as the regulator</p>
<p>Complaint handling: provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible</p>	<p>OMVIC anticipates handling approximately 1,100 complaints per year throughout the planning period</p>
<p>Increase awareness of OMVIC through law associations and law-enforcement agencies</p>	<p>Continue to provide seminars for law associations and policing authorities</p>

DEALER PROFESSIONALISM

Strategy	2012 – 2014 Performance Measure
<p>Facilitate regular enhanced communication between OMVIC and stakeholders</p>	<p>Facilitate meetings for the Stakeholder Relations Committee</p> <p>Provide stakeholders with the refreshed and expanded point-of-sale (POS) package and include them on the distribution list for <i>The Dealer Standard</i> and dealer bulletins</p>
<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 anticipated to remain steady through the planning period at approximately 1,000 actions yearly</p> <p>Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process</p> <p>Review and update all registration forms</p> <p>Review and update registrar’s standard terms and conditions of registration</p> <p>Review feasibility of setting specific maximum intervals between inspections for higher-risk registrants</p>
<p>Promote understanding and adoption of the MVDA</p>	<p>Make available and deliver advertising seminar to dealers and dealer groups as required</p> <p>Make advertising seminar available to the inspections team for wider distribution of educational opportunities</p> <p>Provide direct training (seminars) to dealers identified as requiring remedial training in specific areas (e.g., disclosure, contracts)</p> <p>Explore opportunities for increasing proportion of dealers and salespeople who have taken the certification course and for introduction of new MVDA educational programs</p> <p>Focus on the MVDA’s key pillars:</p> <ul style="list-style-type: none"> • All-in pricing and disclosure in advertising • Vehicle history/condition disclosure • The Compensation Fund <p>Regular bulletins and updates on compliance issues through bulletins and newsletters</p>
<p>Assist dealers in monitoring their financial position</p>	<p>In 2011, OMVIC completed the development of financial management guidelines for dealers in consultation with the Stakeholder Relations Committee. In 2012, this document will be reviewed with newly registered dealers and will be incorporated into OMVIC’s Automotive Certification Course</p> <p>Provide the inspection team with improved technology to give them improved access to vehicle information package information and MTO records</p>

2012 – 2014 Business Plan (cont'd)

CUSTOMER SERVICE

Strategy	2012 – 2014 Performance Measure
Develop plan for business continuity	<p>Complete implementation of approved data backup and recovery strategy that allows employees to work securely and remotely from home offices</p> <p>Finalize memorandum of understanding with the ministry for temporary workspace for a number of key staff in case of a disaster</p>
Administration of a new MVDA	<p>Monitor service levels and provide periodic reports to the board</p>
Consumer service surveys	<p>In 2011, OMVIC implemented an online customer service survey for dealers and consumers. This survey is sent automatically via email to dealers, salespersons and consumers when complaint files, inspections and specified registration transactions are closed. We will continue to review survey results to identify areas for improvement and as part of the overall performance evaluation of OMVIC staff</p>
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	<p>Review current practices in provision of French language services to ensure adequate level of service</p>
Deliver salesperson and dealer registration certificates more promptly	<p>Updated versions of all other registration forms will be launched in the spring of 2012</p> <p>Requirements will be clarified to reduce the frequency of incomplete applications. This will include providing a checklist on all forms</p>

ADMINISTRATION OF THE MVDA 2002

Strategy	2012 – 2014 Performance Measure
<p>Administration of a new MVDA</p>	<p>Adjust and fine-tune policies, procedures and forms to reflect new legislation. Updated versions of dealer and salesperson renewal documents were launched in December 2011. Updated versions of all other registration forms will be launched in the spring of 2012. Questions have been clarified and standard checklists added to reduce the frequency of incomplete applications</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>
<p>Increase awareness of OMVIC and the new MVDA</p>	<p>Provide educational materials to registrants through multiple channels</p> <p>Provide consumer awareness materials through multiple channels</p> <p>Increase availability of the in-class certification course</p> <p>Utilize new mediums/techniques for delivery of key messages</p> <p>Work closely with the Motor Vehicle Dealers Compensation Fund to develop a compatible public education program</p>
<p>Ensure OMVIC is adequately funded, as required, by the administrative agreement</p>	<p>Develop a funding proposal for board discussion</p>
<p>Compliance with advertising provisions of the new MVDA by marketing associations and manufacturers</p>	<p>Take an advocacy approach to manufacturers as way to influence dealer marketing advertising (DMA) compliance with advertising provisions of the MVDA</p>

2012 – 2014 Business Plan (cont'd)

BOARD GOVERNANCE/OPERATIONS

Strategy	2012 – 2014 Performance Measure
<p>Develop best governance practices and education programs for new and existing officers and directors</p>	<p>Continue board evaluation program Complete committee work plans Complete board-effectiveness survey</p>
<p>Manage budget and cash flow appropriately</p>	<p>Secretary-Treasurer to provide the 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 Develop and implement new resource-allocation tracking system or metrics</p>
<p>Review, identify and address new areas of enterprise risk in light of changing legislation</p>	<p>Prepare issues and crisis-preparedness plan</p>
<p>Collaborate with Ministry of Consumer Services on adoption of Drummond report recommendations</p>	<p>Continue to work collaboratively with the ministry and other delegated administrative authorities in review of the <i>Delegated Administrative Authority Act</i> Work with stakeholders on the development of a paper on the underground economy Work with the ministry on the development of a new administrative agreement Engage the ministry in discussions concerning shared policy development tools and planning Work co-operatively with the ministry on programs to increase awareness of delegated administrative authority services provided to consumers</p>
<p>Conservation</p>	<p>Continue commitment to a green workplace policy</p>

Staff-Developed Program/Process Improvements for Planning Period

Three teams of OMVIC staff made insightful proposals designed to improve customer service and/or registrant compliance. The following will be adopted/implemented:

- From Zafrin Vellani, TJ Lotton, Asif Mirza – “Improving Services”
 - Install a secure drop box for registrants or consumers needing to leave documentation for OMVIC staff outside office hours
 - Draft and install signage designed to help applicants understand the role of OMVIC registration staff and the extent of assistance available, especially as it relates to answering questions on application documents
 - Design and implement a consumer-assistance document for consumers visiting OMVIC’s offices seeking help with a dealer complaint. This initial contact document will ensure OMVIC staff has the necessary information to provide timely assistance, thereby improving customer service
- From John Berezcki, Stefanie Haslam, Tina Cabot – “If it’s Not in Ink – You Could Sink”
 - This inspections team identified the lack of adequate written disclosures as an ongoing issue requiring greater compliance and education
 - Development of educational strategies to ensure dealers understand “if it’s not in ink – you could sink”
 - Resources to be considered include bulletins, seminars, best-practices document, *The Dealer Standard* stories and one-on-one meetings
 - Delivery of this message may include inspections, compliance and/or communications/education staff
- From Sara Griffin, Ashley Didier, Maureen Harding – “Knowledge is Horsepower”
 - This complaints team identified the need for continuing education for registrants, especially as it relates to dealers identified as having: terms and conditions attached to registration, inspection-discovered problems, recurring or serious consumer complaints and/or problematic trends. As well, dealers who have declined taking the new Automotive Certification Course may benefit greatly from continuing education related to the MVDA
 - Strategies to be developed include promoting and utilizing courses offered by Georgian College and the Automotive Business School of Canada
 - Utilize registrar’s powers under the MVDA to compel remedial education
 - Develop courses, perhaps in conjunction with stakeholders (e.g., Georgian College, trade associations), and collect income. Suggested topics included disclosure, advertising, rescission, contracts, code of ethics, trade-in disclosures and complaint handling

Three-Year Financial Forecast

(\$ thousands)

Revenues:	2012	2013	2014
Registration fees	10,170	10,170	10,170
Transfer fees	360	360	360
Expense recoveries	275	282	289
Certification course fee	190	210	190
Interest and other	55	55	55
	11,050	11,076	11,063

Expenses:			
Salaries and benefits	6,587	6,751	6,920
Professional services	945	960	980
Amortization of capital assets	833	498	434
General and administrative	628	638	644
Travel	620	620	620
Occupancy	507	514	520
Public awareness	500	500	500
Telecommunications	309	313	315
Per-diem allowances	278	285	292
Government oversight fees	180	180	180
Industry awareness	150	150	150
	11,537	11,409	11,555
Excess of revenues over expenses	(487)	(332)	(491)

Note: OMVIC has the authority to raise revenues to address its current deficit forecast. A number of options are under consideration.

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 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.

The executive director is responsible for the day-to-day affairs of OMVIC and also performs the responsibilities of registrar under the MVDA.

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 enjoyed the automotive auction business for the past 15 years. In 2003, Matt and his partners opened North Toronto Auction in Innisfil and have succeeded in developing it into the largest independent auction in Canada. North Toronto Auction is recognized as a pioneer of a hybrid auction model specializing in both wholesale and public auctions.

Because of Matt's passion for the industry and dealer awareness, he joined OMVIC's board of directors in May 2006. He has enjoyed serving the past two years as chair of the board and hopes to continue his representation of his industry peers working with the board and its mandate.

Kevin Bavelaar, Vice President

Auto Showplace, North York
Term expires May 2013

Kevin Bavelaar started in the used car business in 1989 as a salesperson in a medium-sized independent car dealership. 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.

Kevin has been an OMVIC director from 1999 to 2004 and has chaired several committees, including Ethics and Discipline and Industry Professionalism. He is currently the vice-president of OMVIC and sits as a director representative on several committees.

Organizational Structure (cont'd)

Nazreen Ali, Secretary-Treasurer

Consumer Representative

Term expires May 2012

Nazreen 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, Nazreen 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 associations. Nazreen also assisted a number of Canadian firms in developing socially responsible initiatives. She also led the development of the first-ever successful Canadian Businesswomen's Trade Mission to the United Arab Emirates (UAE), Egypt and Jordan led by the former Ontario Minister of Small Business and Entrepreneurship.

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

Jeff Gray

Consumer Representative

Term expires January 2014

Jeff Gray has been practising civil litigation as a sole practitioner for more than 28 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), Jeff has taught non-diploma/general interest auto mechanics courses in Montreal and Toronto.

Jeff chairs OMVIC's Consumer Protection Advisory Committee. He is currently completing his fourth term on the board.

Ron Marostica

Marostica Motors Ltd., Thunder Bay

Term expires May 2014

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.

Ron 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.

Ron 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.

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 in Port Perry, Ontario. Denis graduated with a bachelor of science degree from Trent University with a joint major in computer studies and psychology. He 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.

Denis moved to the automotive industry in 2003 and became a partner of the Gus Brown Group in 2006. Denis is a hands-on operator who led the top General Motors New Vehicle Retail Sales Operation for six years from 2004 to 2009.

Denis has been an OMVIC board member since May 2009. He is currently the past president of the Central Ontario Dealers Association and he also sits on the board of directors for the Durham Regional Crime Stoppers and the Durham Chapter for ProAction Cops & Kids. Denis is also a member

of the customer advisory board for Reynolds and Reynolds Software Company. Most recently, Denis has accepted the position of chair for the “Buy a Bed” campaign in support of the Lakeridge Health Whitby Foundation’s effort to raise money to purchase new patient beds for the Whitby hospital.

Denis, along with his wife Gail and two children, resides in Whitby, Ontario. Denis and his partner Gus Brown are active members in the community and are involved in community sports, arts, entertainment and the Chamber of Commerce. Denis has been the co-chair of the Annual Gus Brown Golf Classic, raising more than \$600,000 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 many 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 40 years. He started in the automotive industry in 1960 and opened his own dealership, Peterborough Volkswagen, in 1969.

Peter 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.

Peter is also a past president and chairman of the OMVIC board of directors and current chair of the Motor Vehicle Dealers Compensation Fund board of trustees.

Meredith Morris

Sudbury Hyundai, Sudbury
Term expires May 2014

Meredith’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 of the Automotive Marketing/Business Administration Program from Northwood University in Michigan.

Meredith 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.

Meredith is the past chair of 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 2014

Ken 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.

Ken 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, Ken brings a strong analytical and proactive problem-solving approach to the business of OMVIC. Ken 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. Ken actively engaged in effective and focused advocacy with the government to gain support for initiatives and to address issues that are important to automobile dealers.

Cliff Pilon

Gold Fleet Subaru/Suzuki, North Bay
Term expires May 2012

Cliff entered the automotive industry in 1981. Since 1987, he has been the dealer principal of Gold Fleet Subaru in North Bay. In addition, he also owns Gold Fleet North, a used vehicle dealership in New Liskeard plus Rust Check franchises in both cities.

Organizational Structure (cont'd)

Cliff's hands-on approach, coupled with daily interaction with his business, help keep him in tune with the constant changes in the industry.

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. Cliff has served on the OMVIC board since May 2006 and has chaired the Communications Committee for the past two terms.

John Slaughter

Hyundai, Pembroke

Term expires May 2013

John graduated from McMaster University with a bachelor of arts 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 John and his wife Janet, who are owners of a Hyundai store in Pembroke.

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

David Cooke

Consumer Representative

Term expires November 2013

David started practising 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, David 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, David has served 10 years as a full-time member of a federal tribunal. He is a member of OMVIC's Consumer Protection Advisory Committee, the Nominating Committee and the Governance 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

Telephone: 416-226-4500 ext. 5104

Registration kits can be downloaded from omvic.on.ca

Consumer inquiries, complaint handling:

Email: consumers@omvic.on.ca

Telephone: 416-226-4500 ext. 5105

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

Reporting curbsider activity:

Email: nocurbs@omvic.on.ca

Telephone: 1-888-NOCURBS

Motor Vehicle Dealers Compensation Fund:

Email: compfund@omvic.on.ca

Telephone: 416-226-3661

Communications and media relations:

Terry O'Keefe

Email: terry.okeefe@omvic.on.ca

Telephone: 416-226-4500 ext. 3525

Privacy officer:

Michael Rothe

Email: privacy@omvic.on.ca

Telephone: 416-512-3165

OMVIC's privacy policy is available at omvic.on.ca

Address:

789 Don Mills Road, Ste. 800

Toronto, ON M3C 1T5

Telephone: 416-226-4500

Fax: 416-226-3208

Toll free: 1-800-943-6002

Websites: 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 the 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 Automotive 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 MVDA, and
 - a. Whose registration is not currently subject to terms and conditions imposed by the LAT
 - b. Not currently the subject of a proposal of the registrar
 - c. Has been registered under the MVDA for at least the two-year period prior to the date of the nomination
2. Be a person of good character, honesty, integrity and financial responsibility
3. Agree to completion of any reasonable background checks and inquiries that may be required at the sole discretion of the 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 per cent 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
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, three-quarters of the board meetings, committee meetings and subcommittees (if applicable). Failure to consistently attend meetings will result in a request for resignation
- Complete tasks and projects assigned and accepted
- 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 policies. Recognize the role of the registrar/chief executive officer and OMVIC staff and refrain from involvement in administrative decision-making or program implementation

Board Members Agree Not to:

- Authorize the use of, or use for the benefit or advantage of any person, the name, emblem, endorsement, services or property of the council except in conformance with council policy
- Accept, or seek on behalf of another individual, any financial advantage or gain of other-than-nominal value offered as a result of council affiliation

- Utilize any council affiliation in connection with the promotion of partisan politics, religious matters or positions on any issue not in conformity with the position of the council
- Disclose any information available because of board membership to any person not authorized by law or the bylaws of the council to receive such information
- Knowingly take any action or make any statement intended to influence the conduct of the council in such a way as to confer any financial benefit or any corporation or entity in which there is a significant interest or affiliation
- Operate in any manner that is contrary to the best interests of the council 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 toward stated goals (consumer protection and education; industry regulation; 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 of Directors Skills Profile

Board Skills and Experience

OMVIC has a mandate to protect and serve the public interest. OMVIC's board of directors must, therefore, comprise a range of members whose collective experience and skills are best suited to accomplish this mandate. Each member of the board brings unique skills and experience to the task. This document sets out some of these skills and experiences and serves as a guide to OMVIC in developing its board nomination and election process. Through the establishment of formal selection criteria and board member skills profile, the Nominating Committee attempts to ensure that OMVIC's board of directors are respected members of the community with a high level of integrity, and who collectively possess a mix of skills and experience that add strategic value to OMVIC.

Board members should:

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

The board will seek to achieve diversity in its membership.

Individual Knowledge and Experience

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

- Knowledge of the retail automotive sector: new, used, leasing
- Membership on boards, including not-for-profit boards
- Public policy and regulatory environments, especially pertaining to consumer law
- Customer service delivery
- Financial literacy
- Marketing, public relations and communications
- Executive management and compensation
- Technical training and public education
- Risk management and analysis
- Strategic planning

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



Ontario Motor
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