



2012 Annual Report 2013 Business Plan

Consumer Protection • Dealer Professionalism • Customer Service

Promoting a Fair and Informed Vehicle Sales Marketplace in Ontario

Windsor

A horizontal strip of a yellow and green textured map of Ontario is shown, with a blue location pin above the city name "Windsor".

London

A horizontal strip of a yellow and green textured map of Ontario is shown, with a blue location pin above the city name "London".

Kitchener

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Toronto

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Kingston

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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. Ninety-five staff members, a number of whom work from regional home-based offices, provide OMVIC’s services.

Registration with OMVIC is mandatory for Ontario’s motor vehicle dealers and salespersons.

OMVIC’S 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 media relations, education outreach and public information and awareness programs
- Dealer professionalism through certification programs for new dealers and salespersons and ongoing information/education opportunities
- Increased accountability through administration of a Code of Ethics, Standards of Business Practice and an open disciplinary process

OMVIC’S PRIORITIES

- Consumer Protection
- Dealer Professionalism
- Customer Service

Protection for Ontarians

Ontario car buyers have “perhaps the best consumer protection legislation in North America” (Automobile Protection Association, 2013). In 2010, the Ministry of Consumer Services introduced the MVDA. This legislation not only protects consumers but also helps create a level playing field for all dealers. The MVDA also introduced a new code of ethics and discipline process as well as increased penalties for dealers or salespersons who breach the Act; these include maximum fines of \$50,000 and/or up to two years less a day in jail for individuals, and maximum fines of \$250,000 for a corporation.

The MVDA is supported by four key pillars:

Disclosure – dealers must disclose information related to a vehicle’s past-use, history and condition.

Advertising – if a dealer’s advertisement includes a price for a vehicle, that price must be an all-in price. There can be no hidden fees. Note: HST and Licensing do not have to be included in the all-in price so long as the advertisement clearly and prominently indicates they are not included.

Rescission – should a dealer fail to properly disclose a vehicle was previously used as a taxi, limo, emergency services vehicle, or daily rental (if the daily rental has not been owned by someone other than a rental company and registered dealers); or fail to disclose a vehicle was branded (irreparable, salvage, rebuilt); or fail to disclose the proper model year; or fail to disclose the true distance a vehicle has been driven (or the designated statement when the mileage is not known): any customer may cancel the contract within 90 days of delivery and receive back all monies paid.

Motor Vehicle Dealers Compensation Fund – consumers who suffer a financial loss as a result of a trade with a registered dealer may be entitled to receive compensation. The Fund will reimburse consumers up to \$45,000 per valid claim.

Ontario consumers are further protected by the *Consumer Protection Act* (CPA) and the *Sale of Goods Act*. This legislation prohibits unfair business practices including false, misleading or deceptive statements, or unconscionable representations.

It is vital consumers understand, however, that their rights and protections as car buyers depend entirely upon whom they buy from. Only when consumers buy from a registered dealer are they protected by OMVIC and Ontario’s consumer protection laws. Consumers who choose to buy privately are not protected. Should something go wrong in a private transaction, the consumer is basically on their own.

Message from the President and Chair of the Board

The Honourable Tracy MacCharles
Minister of Consumer Services

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

Dear Minister MacCharles:

On behalf of the OMVIC Board of Directors, I am very pleased to present the 2012 Annual Report.

2012 was another highly successful and productive year for OMVIC. Three years after implementation, the “new” MVDA has been demonstrated as an effective piece of legislation that has provided vastly improved consumer protection and a much fairer marketplace for dealers. The MVDA advertising regulations genuinely promote a level playing field and I am happy to report the new regulations have been widely embraced by the dealer community, so much so that they are eager to see these regulations extended to include vehicle manufacturers and distributors.

At an operational level, OMVIC’s Board has been highly impressed by the efforts put forth by OMVIC staff on many fronts. We believe consumers are better protected and informed than ever before. Amongst our stakeholder groups, OMVIC’s role as regulator is more widely known and understood, and its reputation for providing consumer protection, diligent enforcement and customer service is unassailable.

To accomplish this, OMVIC employed a number of strategies in 2012, which included:

- Conducting “data-mining” of classified advertisements to identify and contact possible curbsiders
- Utilizing the discipline process more actively to better address non-compliance
- Implementing a comprehensive consumer awareness advertising/marketing plan which resulted in 99,298,000 impressions (potential viewings)
- Utilizing new mediums, including TV and social media to deliver consumer protection messages

- Engaging mainstream media on important issues of consumer concern
- Delivering comprehensive training seminars on dealer advertising and best practices

Continually striving to increase dealer professionalism, the OMVIC Automotive Certification Course curriculum and textbook were revised in September 2012 to include financial best practices and record keeping. I’m pleased to report that according to the Automotive Business School of Canada, which administers the course on our behalf, nearly 5,400 individuals took the course in 2012. Each student who graduates and becomes registered with OMVIC earns the designation Certified in Automotive Law and Ethics (C. A. L. E.).

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 want to thank the ministry and its staff, OMVIC staff and our registrants and stakeholder groups for their ongoing assistance and collaboration during 2012.



Kevin Bavelaar
President and Chair
Auto Showplace

Message from the Registrar

The Honourable Tracy MacCharles
Minister of Consumer Services

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

Dear Minister MacCharles:

2012 was marked by achievements on many fronts. 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, enforcement and technological improvements.

Preventing consumer harm will always be preferred to addressing and correcting problems after they've occurred. This is why OMVIC spent considerable resources educating consumers about their rights and responsibilities when buying a motor vehicle and ensuring dealers understand their role in a regulated marketplace. To accomplish this, our consumer awareness media/advertising campaign was continued in 2012. The campaign targeted consumers actively involved in the car-buying process. As well, car-buying seminars were held from Thunder Bay to Toronto and the news media was engaged on a regular basis. Newsletters and bulletins designed for each group of stakeholders were also regularly distributed and 19 Dealer Bulletins were issued to registrants to ensure they were well-informed of developing or topical issues.

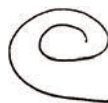
OMVIC's investigations department also launched a revolutionary new tactic to protect consumers and reduce curbsiding (the trading of vehicles by illegal sellers). Utilizing state-of-the-art data-mining provided by LTAS Technologies, OMVIC investigators searched online marketplaces for potential curbsiders. Once identified, potential curbsiders were sent a voice and text message informing them they had been identified, outlining the penalties and suggesting they contact OMVIC for further information. While this ongoing project is in its infancy, it demonstrates OMVIC's commitment to consumer protection and to promoting a fair and informed marketplace.

2012 also marked a very robust increase in the use of the discipline process outlined in the regulations to assist with non-compliance by registrants. Interestingly, this intensification was encouraged and supported by stakeholders, including the trade associations. The process is fair, objective, quick and uncomplicated. Without a doubt the discipline process is a valuable regulatory tool.

Each of these initiatives has been lauded by stakeholders – consumers and dealers alike – and the effectiveness is seen in the efforts of the vast majority of registrants who comply with the regulations. In the small number of cases where registrants have failed to comply, OMVIC's business standards, inspections, investigations and legal teams have actively fulfilled their role to provide enforcement and prosecution. In 2012, OMVIC inspectors conducted 2,946 inspections; OMVIC investigators conducted 622 investigations and laid 205 charges; 78 Code of Ethics matters were dealt with through the discipline process; and the Motor Vehicle Dealers Compensation Fund approved 29 claims reimbursing consumers a total of \$125,000.

In addition, OMVIC complaint/conciliation staff opened and handled 954 formal complaint files. As a result of these conciliation efforts, more than \$891,000 was returned to consumers, and 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.

Minister, OMVIC remains committed to our mandate of providing consumer protection while promoting a level playing field for 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 2013 and to our continued relationship with your office and your ministry.



Carl Compton
Executive Director and Registrar

OPERATIONS

Business Accomplishments

CONSUMER PROTECTION

STRATEGY	Provide complaint conciliation service
2012 – 2014 Targets	2012 Activities and Results
Complaint handling: provision of a free service for consumers and dealers as an alternative to litigation whenever possible	OMVIC complaint conciliators provided assistance to consumers and dealers in 954 formal complaints Conciliation efforts resulted in \$891,000 returned to consumers

DEALER PROFESSIONALISM

STRATEGY	Continued enhancement of stakeholder relations
2012 – 2014 Targets	2012 Activities and Results
Facilitate regular enhanced communication between OMVIC and stakeholders	Three meetings of OMVIC's Stakeholder Relations Committee were held in 2012. Topics discussed included: <ul style="list-style-type: none">• Wholesale and public auction compliance• Manufacturers' exemption from advertising requirements• Stakeholder survey• Market trends and environment scanning• Best practices for leasing
STRATEGY	Assist compliance with requirement for dealer financial integrity
Assist dealers in monitoring their financial position	In 2011, OMVIC completed the development of financial management guidelines for dealers in consultation with the Stakeholder Relations Committee. In 2012, this information was incorporated into the certification course and is being mailed out with every new dealer registration certificate

Business Accomplishments

CUSTOMER SERVICE

STRATEGY	Ongoing tracking of customer service
2012 – 2014 Targets	2012 Activities and Results
Conduct consumer service surveys	In 2011, OMVIC implemented an online customer service survey for dealers and consumers. These surveys are sent automatically via email to dealers, salespersons and consumers when complaint files, inspections and specified registration transactions are closed. In 2012, 3,000+ survey responses were received. OMVIC staff consistently averaged more than four on a five-point scale for knowledge, efficiency and courtesy

MVDA AWARENESS

STRATEGY	Increase awareness of OMVIC through law associations and law-enforcement agencies
2012 – 2014 Targets	2012 Activities and Results
Continue to provide seminars for law associations and policing authorities	Participated in panel discussion at Ontario Bar Association regarding “Hot Topics” in consumer protection law

BUSINESS CONTINUITY

STRATEGY	Ensure financial stability
2012 – 2014 Targets	2012 Activities and Results
Ensure OMVIC is adequately funded, as required by the administrative agreement	Funding proposal was approved by the OMVIC Board in October 2012

Overview

REGISTRATION

2012 saw Ontario's dealer population grow. In recent years, there was a decline in the population of registered dealers and a slight increase in the population of registered salespeople. That declining trend for dealer registrants has reversed since 2010 with two modest annual increases in the number of registered dealers.

At year-end 2012, 8,086 dealers (7,954 in 2011) and 24,620 salespersons (24,266 in 2011) were registered under the MVDA. Registration is mandatory for motor vehicle dealers and salespersons in Ontario.

During 2012, registration staff:

- processed 711 new dealer applications
- processed 3,179 new salesperson applications
- renewed 7,677 business registrations
- renewed 10,807 salesperson registrations, and
- performed 30,262 other transactions that included registrant information changes, transfers and terminations

More than 160,000 telephone inquiries were handled by OMVIC staff during 2012. This represents a significant decline from the 220,000+ inquiries handled in 2011. This may be the result of a decrease in inquiries from registrants as they become more familiar with the new MVDA which was proclaimed in January 2010.

In the summer of 2012, the Registration Team reviewed and updated all registration forms to amend questions applicants indicated they had difficulty understanding, and to add a checklist of required items. These changes have contributed to improved turnaround times for completed business and salesperson applications. The turnaround time for a properly completed salesperson application has been reduced to an average of 1.9 days (3.3 in 2011) and the turnaround time for a properly completed new dealer application was reduced to 25.4 days (30.1 in 2011).

Dealers and salespeople who have interactions with OMVIC staff on any registration application are sent an electronic customer service survey. In 2012, 2,061 registration customer service surveys were

completed. Registration Team members consistently rated more than four on a five-point scale in the areas of courtesy, knowledge and efficiency. The Registration Team also maintained an average response time well below the targeted one-minute mark for telephone inquiries.

The Registrar determines whether new applicants qualify for registration and whether existing registrants continue to be qualified. In order to keep registration valid, registrants must abide by legislation including the Code of Ethics regulations. Failure to do so may result in administrative action or a proposal to revoke registration. The Registrar may propose refusal or revocation of registration, or propose terms and conditions of registration, as appropriate.

If the Registrar proposes to refuse or revoke registration, the affected applicant or registrant may request a hearing before the License Appeal Tribunal (LAT). In such cases, the Registrar's Office presents the case for refusal or revocation before a panel of the tribunal; the applicant or registrant presents his or her appeal. 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.

The volume of Registrar's actions in 2012 was 1,415 – an increase from 1,373 in 2011. Actions included proposals to refuse or revoke registration and terms and conditions of registration.

Overview

COMPLAINT CONCILIATION

OMVIC's Complaints Team handles inquiries and complaints from consumers and dealers alike regarding the conduct of registered motor vehicle dealers and salespeople in Ontario. Complaints can be submitted online through OMVIC's website (omvic.on.ca) or by phone (1-800-943-6002). OMVIC staff handled more than 160,000 telephone inquiries during 2012. As a result of vacancy management (delayed/extended recruitment period due to budgetary constraints), the average response time for telephone inquiries increased from 50 seconds in 2011 to 73 seconds in 2012. Fourth quarter results however show this trend reversing and customer service levels improving with average response times of 44 seconds for the quarter.

When first contacted by a consumer, Complaints staff provide self-help instructions to the consumer/dealer and may escalate the file immediately 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 order a dealer to settle a complaint in a particular fashion – only the courts have this authority.

Once a complaint file is opened, it may take 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 contract cancellation, misrepresentation, vehicle condition, contract disputes and safety certificates are the most common complaints handled. During 2012, OMVIC's Complaint Team was actively involved in 954 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.

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 order further action be taken. There were no appeals in 2012.

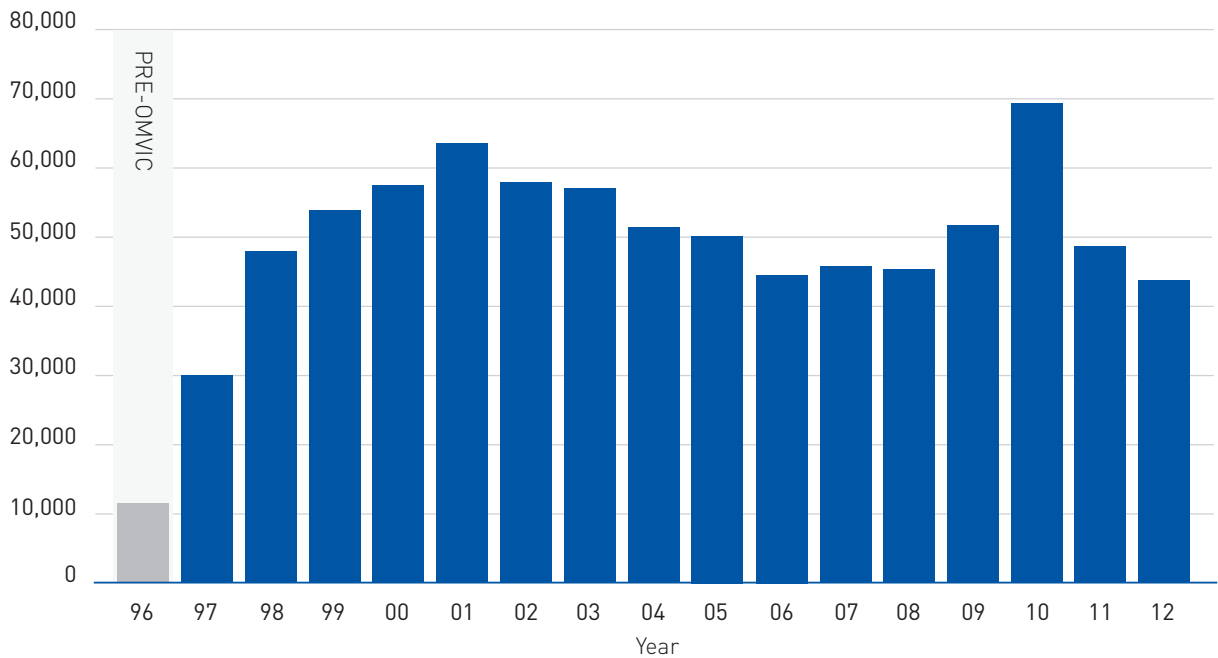
Performance Overview

REGISTRATION ACTIVITIES – 2012

ACTIVITY	2012	2011	2010
New Registration – Dealers	711	803	774
New Registration – Salespersons	3,117	3,179	2,915
Renewals – Dealers	7,677	7,680	8,326
Renewals – Salespersons	10,807	10,879	11,221
Information Changes	30,262	30,758	25,587
Employee Transfers *			
Registration Terminations *			

* Since 2010 these are reflected in the “Information changes” figures.

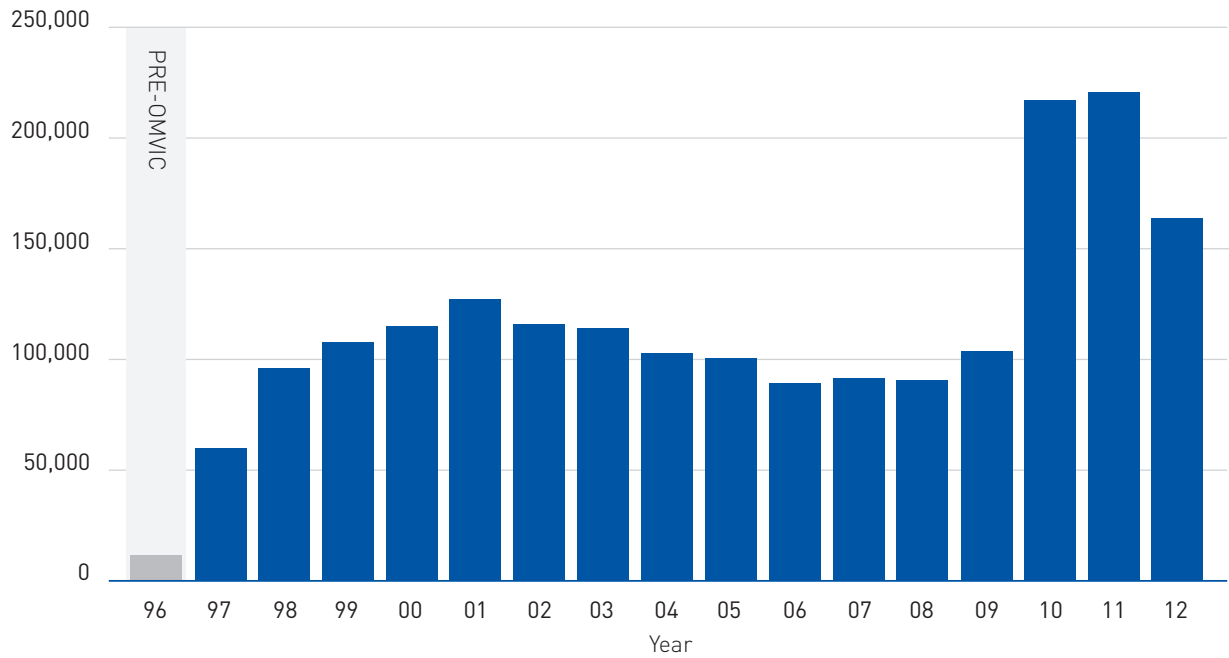
INQUIRIES – 2012 – TOLL FREE



Inquiries (1-800 LINE): staff handled 43,789 toll-free calls in 2012.

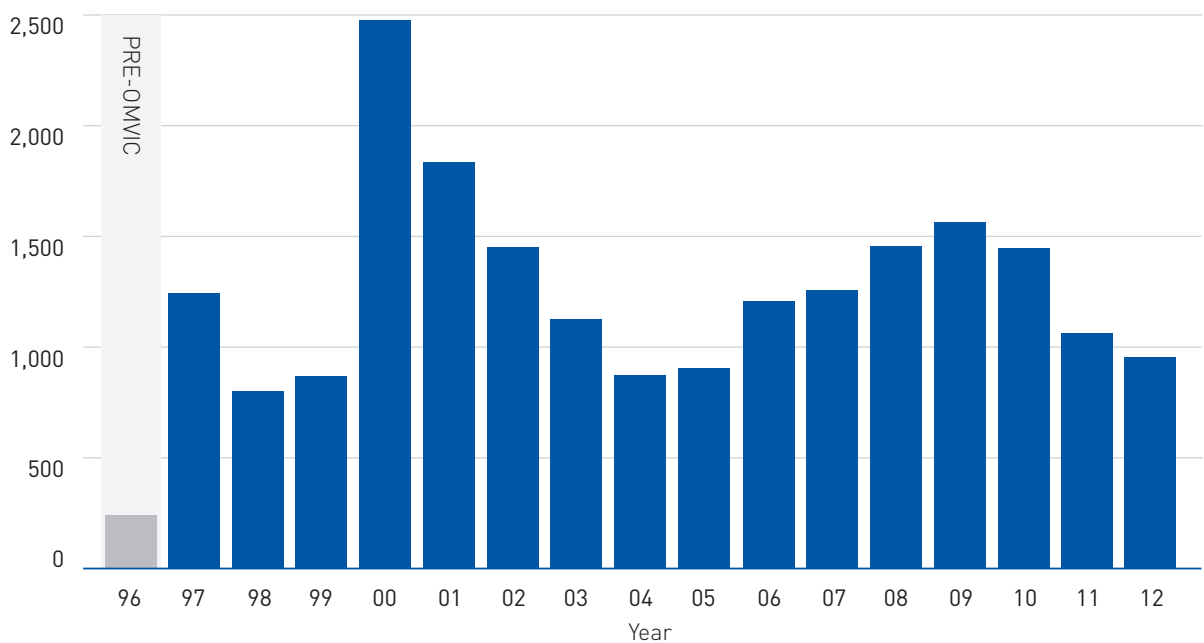
Performance Overview

INQUIRIES – 2012 – TOTAL



Inquiries (TOTAL): staff handled 163,810 calls (local and toll-free) in 2012.

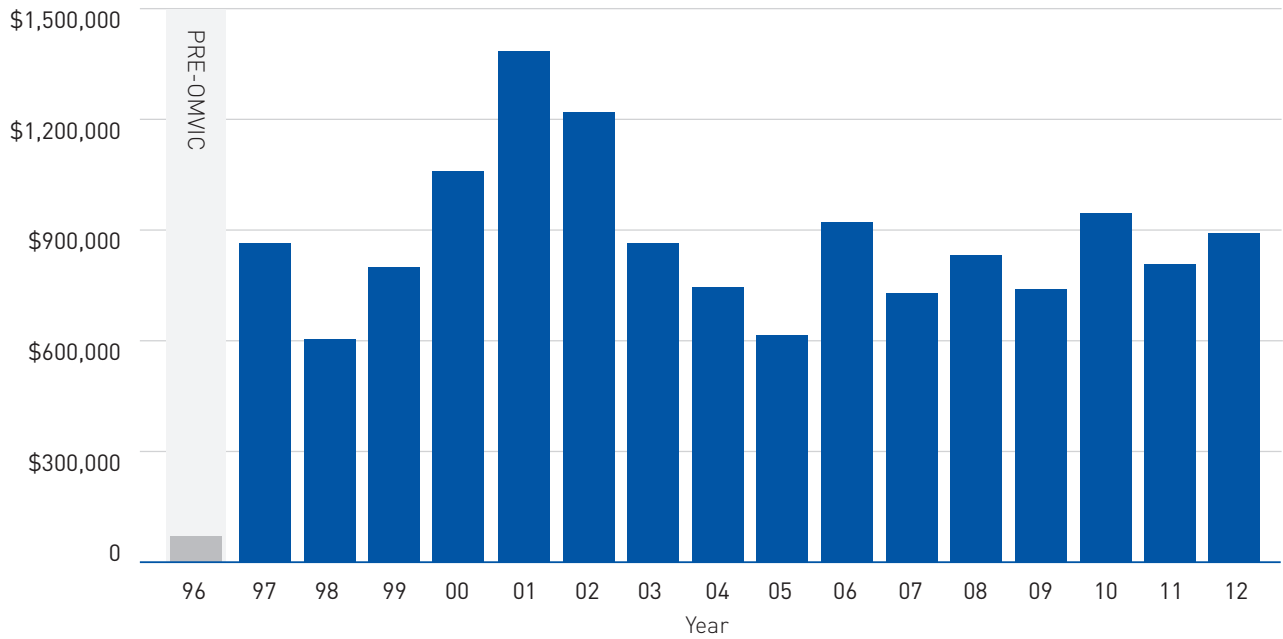
COMPLAINTS HANDLING – 2012



OMVIC's Complaints Team was actively involved in handling 954 formal complaints in 2012.

Performance Overview

CONCILIATION – MONEY RETURNED TO CONSUMERS – 2012



As a result of Complaints Team efforts in 2012, \$891,549 was returned to consumers by dealers. This figure does not include the significant value of non-monetary settlements, such as vehicle repairs or vehicle returns, which were also negotiated, nor does it include Compensation Fund payouts.

Business Accomplishments

CONSUMER PROTECTION AND MVDA AWARENESS

STRATEGY	Continue development and implementation of a strategic communications plan and increase MVDA awareness
2012 – 2014 Targets	2012 Activities and Results
<p>Implement Strategic Communications Plan</p> <p>Key messages – build awareness and promote understanding of MVDA including:</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 Motor Vehicle Dealers Compensation Fund• Dangers posed by curbsiders• Creepometer – how to spot curbsiders• Role of OMVIC as regulator	<p>Advertising</p> <p>2012 consumer awareness marketing/advertising campaign launched in September targeting consumers along the 401 corridor (Ottawa/Toronto/London/Windsor)</p> <p>The campaign utilized online, print, TV, billboards and radio advertising as well as PR initiatives</p> <p>This successful campaign exceeded estimated impressions (the number of potential viewings) by achieving 99,298,000 impressions – many in online marketplaces – and reaching consumers who were actively involved in the car shopping process, thereby providing information when the consumer was “most in need”</p> <p>Consumers were educated about their rights as car buyers, when their rights apply and about the dangers curbsiders pose. This included the key pillars of MVDA protection, the fact no consumer protection law applies to private purchases, and avoiding curbsiders</p> <p>Media/Public Relations</p> <p>Nine news releases were issued resulting in 35+ media interviews and hundreds of stories reported. Media included CBC, CTV, <i>Toronto Star</i>, Canadian Press, <i>Windsor Star</i> and Global TV</p> <p>Consumer Vehicle-Buying Seminars</p> <p>Five seminars held. Locations included: Toronto, Brampton and Thunder Bay</p> <p>Seminar content includes:</p> <ul style="list-style-type: none">• OMVIC’s role, highlights of consumer protection law and vehicle-buying considerations• Explanation of MVDA and other consumer legislation including:<ul style="list-style-type: none">– Sales final – no cooling-off period– Rescission rights under the MVDA– Entitlement to full disclosure of a vehicle’s past use, history and condition, all-in price advertising and access to the Compensation Fund

Business Accomplishments

CONSUMER PROTECTION AND MVDA AWARENESS (CONT'D)

STRATEGY

Continue development and implementation of a strategic communications plan and increase MVDA awareness

2012 – 2014 Targets

2012 Activities and Results

- The Compensation Fund – who is protected
- How to find registered dealers
- Questions to ask and research to conduct before buying
- Contracts
- How to solve a problem with a dealer
- Curbsiders – who they are and why they are a problem
- How to avoid curbsiders – recognizing common tactics
- Creepometer
- Helpful tips
- How to contact OMVIC for help

Events and Outreach

Attended and provided information to consumers at the following events in 2012:

- Canadian International AutoShow
- Georgian College Auto Show
- Mississauga Chinese Business Association Anti-Fraud Day

Provided 650+ Curbsider Protection Notice posters to:

- MPs, MPPs, city councillors
- Newcomer centres
- Libraries
- Driving schools
- Police agencies
- Trade associations
- Consumer advocacy groups

E-newsletter

Nine editions of *Consumer Line* were distributed – each contained valuable information to help consumers become better-informed car buyers

Community Newspapers

Advertise each week in the auto classified section of all Ontario weekly community newspapers (annual circulation – 100,000,000) with message:

“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”

Business Accomplishments

CONSUMER PROTECTION AND MVDA AWARENESS (CONT'D)

STRATEGY	Continue development and implementation of a strategic communications plan and increase MVDA awareness
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2012 – 2014 Targets	2012 Activities and Results
<p>Examine new opportunities for delivery of core messages (e.g., television, alternate publications)</p>	<p>Interactive</p> <p>YouTube channel hosted featuring dealer, consumer and Compensation Fund perspectives</p> <p>Videos include:</p> <ul style="list-style-type: none"> • “Creepometer” – How to spot these illegal sellers • OMVIC TV commercial • “Can You Spot the Difference” • “How to Avoid Curbsiders and Fraudsters” <p>Social Media</p> <p>Regular contributions to OMVIC’s Facebook page</p> <p>Began utilization of Twitter</p> <p>The use of social media engages consumers and registrants with immediacy</p>
<p>Utilized the following new communications channels:</p> <ul style="list-style-type: none"> • Full-page advertorial featuring consumer rights/protection information published in Canadian International AutoShow and Georgian College AutoShow programs • Produced 30-second TV commercial airing on CP24 AutoShop. Commercial outlines protections granted consumers by MVDA • Sponsorship of Ontario Association of Chiefs of Police (OACP) Drive Safe program. This included full-page advertorial in 250,000 Drive Safe booklets, posters, website and media launch participation • Six monthly full-page ads (Avoid Curbsiders) and four full-page stories in <i>ONtheGO</i> magazine. Stories educate consumers about car-buying rights and warn of dangers posed by curbsiders • Sponsorship of Automobile Protection Association (APA)/Lemon-Aid TV show on Rogers cable; included production of 15-second video outlining when car buyers are protected by law, and when they are not <p>Released Creepometer video – educational video designed to help consumers recognize common tactics used by curbsiders. Video used on website, YouTube and at trade-shows</p>	

Business Accomplishments

CONSUMER PROTECTION AND MVDA AWARENESS (CONT'D)

STRATEGY	Continue development and implementation of a strategic communications plan and increase MVDA awareness
2012 – 2014 Targets	2012 Activities and Results
Build registered dealer participation in the decal program	Continuation of decal program: <ul style="list-style-type: none"> • Provided decals to all new dealers • <i>Dealer Bulletin</i> sent to all dealers announcing fall campaign – reminded dealers to use decals and request replacements if needed • Host logo/artwork on site enabling dealers to utilize decal/symbol in advertising

EDUCATION AND DEALER PROFESSIONALISM

STRATEGY	Promote educational opportunities and enhance dealer professionalism
2012 – 2014 Targets	2012 Activities and Results
Work with the Automotive Business School of Canada (Georgian College) to expand delivery of the OMVIC Automotive Certification Course	Nine additional in-class Automotive Certification Courses offered in 2012 for a total of 24; an increase of 60 per cent Certification course curriculum, textbook and exam updated to include Financial Best Practices
Provide educational materials to registrants through multiple channels	Materials delivered via: <ul style="list-style-type: none"> • 19 Educational bulletins • Event participation • Four industry newsletters • Dealer seminars across Ontario • New website material • Updated Automotive Certification Course
Continually help educate registrants to ensure compliance with MVDA and other statutes	Newly developed Advertising Seminar successfully delivered to four dealer groups/ associations, one Dealer Advertising Association and four individual dealers. Positive feedback received Availability of seminar repeated in bulletins and newsletter All Inspectors provided with copy of seminar presentation for use as needed Direct training on advertising, contracts, disclosure, rescission, CPA delivered on as needed basis Ongoing review and update of information on omvic.on.ca

Business Accomplishments

EDUCATION AND DEALER PROFESSIONALISM (CONT'D)

STRATEGY	Promote educational opportunities and enhance professionalism
2012 – 2014 Targets	2012 Activities and Results
<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 • Websites • OMVIC YouTube channel • Facebook/Twitter
<p>Work closely with the Motor Vehicle Dealers Compensation Fund board to develop a compatible public education program</p>	<p>The Compensation Fund communications and key messaging piggybacked on most OMVIC initiatives</p> <p>Compensation Fund reached targeted audiences advertising directly to legal practitioners (Ontario Reports) and bankruptcy professionals (CAIRP magazine)</p> <p>Fund translated English language consumer awareness pamphlet into French, Cantonese, Mandarin, Punjabi, Spanish, Arabic, Tagalog, Urdu, Russian and Hindi. These are available for download on OMVIC and Buy With Confidence websites</p> <p>Fund developing strategies for further advertising/marketing opportunities</p>
<p>Assist dealers in monitoring their financial position</p>	<p>Financial Guidelines/Best Practices incorporated into Automotive Certification Course curriculum, textbook and exam</p>

Business Accomplishments

EDUCATION AND DEALER PROFESSIONALISM (CONT'D)

STRATEGY	Promote educational opportunities and enhance professionalism
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2012 – 2014 Targets	2012 Activities and Results
<p>Planning Day staff initiatives</p> <p><i>“If It’s Not In Ink – You Could Sink”</i></p> <ul style="list-style-type: none"> • Inspections Team identified lack of adequate written disclosures as an ongoing issue requiring greater compliance and education <p><i>“Knowledge is Horsepower”</i></p> <ul style="list-style-type: none"> • Complaints Team identified 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 as grandfathered dealers who have declined taking the new Certification Course 	<p>Liaised with trade associations. After consultations OMVIC, Used Car Dealers Association (UCDA) and Trillium Automobile Dealers Association (TADA) all issued bulletins echoing the message: “If It’s Not In Ink – You Could Sink”</p> <p>New Disclosure Seminar developed – will be available to dealers in early 2013</p> <p>Consulted with Georgian College Automotive Business School of Canada. Reviewed available online courses – determined pre-existing courses did not fit requirements sought. Georgian College considering development of online course(s) with content (MVDA, CPA, Code of Ethics) more suited to OMVIC requirements. Course proposal(s) to be reviewed in early 2013</p>

Overview

CONSUMER AWARENESS

OMVIC's communications initiatives were dramatically expanded in 2012 with the utilization of:

- new advertising mediums (TV, print and social media)
- greater use of mainstream media via news releases and interviews
- new partnership/sponsorship opportunities (OACP Drive Safe campaign and the APA Lemon-Aid TV show)
- direct outreach to consumers via newsletters and seminars
- the annual consumer awareness advertising campaign

New Mediums

TV – OMVIC produced a 30-second TV commercial designed to inform consumers about the protections provided when buying from a registered dealer including full disclosure of history/condition, all-in price advertising and the Compensation Fund, and the lack of protections in a private transaction. This commercial aired twice weekly on CP24's AutoShop – a call-in consumer protection program. This video was also used as part of OMVIC's display at the Canadian International AutoShow and is posted on the Buy With Confidence website and YouTube.

PRINT – OMVIC utilized *ONtheGO* magazine to deliver a number of key messages. This commuter targeted publication carried six full-page "Avoid Curbsider" advertisements and four full-page articles, each designed to educate consumers about their rights as car buyers and how they apply.

News Media

OMVIC issued nine news releases and conducted nearly 40 interviews with members of the media in 2012. This led to hundreds of stories on TV, radio, websites and in print across the country. Many of these related to vitally important information designed to make consumers aware of scams and frauds specifically targeting Canadians or to alert them to potential hazards such as those posed by vehicles flooded in Hurricane Sandy which are destined to be resold.

Sponsorships

OMVIC partnered with the OACP and the APA in 2012 in an effort to both support their worthwhile initiatives and to use the sponsorship as an opportunity to further disseminate OMVIC's core messages of consumer protection, avoiding curbsiders and the four pillars of the MVDA.

Sponsorship of the OACP Drive Safe Program included a full-page advertorial in the Drive Safe booklet. This information outlined the rights and the protections offered to car buyers by OMVIC and Ontario consumer protection law and warned of the dangers posed by curbsiders. 250,000 booklets were distributed by police at R.I.D.E. spot checks throughout the spring and summer. OMVIC also participated in the campaign launch and was featured on the campaign website and posters.

OMVIC also began sponsorship of the APA's Lemon-Aid TV show airing on Toronto Rogers TV. This consumer protection program has quickly become the highest rated of Toronto Rogers TV offerings and reaches consumers who are actively involved in the search for a vehicle, or for information regarding a purchase/repair. This sponsorship includes the airing of a specially designed 15-second video promoting OMVIC and outlining consumer protections; it airs three times each show, and is further repeated 15 times when the entire show is rebroadcast five times the following week. OMVIC's logo/link is posted on the Rogers TV Lemon-Aid website.

Direct Outreach

2012 saw nine issues of *Consumer Line* published, the most since it was first distributed in 2008. This e-newsletter provides advice, tips and industry news to consumers. As well, five car-buying seminars were held. These seminars outline the rights and protections available to Ontarians and teach vehicle buying strategies and considerations.

Overview

“Buy With Confidence” 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” and the dangers curbsiders pose, this year’s campaign had 99,298,000 impressions. Strategies included:

- Engaging consumers where they are actively involved in the car-buying process by delivering key messages on online vehicle marketplaces
- Educating consumers about their “car-buying rights” and when their rights apply
- Continuing to educate consumers about the dangers posed by curbsiders
- 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 MVDA and its benefits

Key Messages

- 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
- Avoid curbsiders: look for the Ontario-registered dealer decal
- Retail automotive sales is a regulated industry; as the regulator OMVIC is there to assist consumers who may have experienced problems in a vehicle transaction
- To find a registered dealer, visit BuyWithConfidence.ca or look for the blue and yellow decal on the windows and doors of dealerships
- Creepometer teaches telltale signs of a curbsider
- The vast majority of vehicle-buying experiences in Ontario are positive

TACTICS

Advertising

- Online – Kijiji.ca, AutoTrader.ca, Google AdWords
- Print – *Toronto Sun*
- Billboards (digital where possible) – 401 corridor
- Television – CP24 Autoshow



Overview

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 ploys

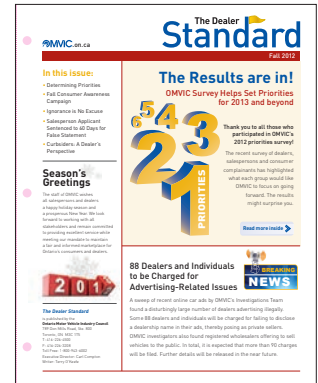


Public Relations

- *News Canada*: five print stories
- 2 News releases (CNW) on the new tag-teaming trend and the dangers posed by Hurricane Sandy cars
- Audio news release
- Strategic public relations outreach

Promoting the Campaign

- Dealer communications
 - *The Dealer Standard* (fall issue)
 - *The Dealer Bulletin* (September)
- 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

- Provided to all new dealer registrants

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 (ongoing)

Overview

EDUCATION AND DEALER PROFESSIONALISM

Automotive Certification Course

The Certification Course is mandatory for anyone seeking registration as a dealer or salesperson. Successful students who then become registered with OMVIC earn the designation C.A.L.E. (Certified in Automotive Law and Ethics). The course is administered by the Automotive Business School of Canada (Georgian College) and taught by experienced OMVIC staff. 2012 saw nine additional in-class sessions taught for a total of 24, an increase of 60 per cent.



The Dealer Standard

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. Four issues were published in 2012.

The Dealer Bulletin

Dealer Bulletins are issued on an ad hoc basis to make dealers and salespersons aware of current topics or issues. Often these Bulletins are meant as timely and important reminders/warnings to stem trending non-compliance. Nineteen were distributed in 2012.

Seminars

Very positive feedback was received as a result of OMVIC's Advertising Seminar. This seminar is available to all dealers and staff and was advertised in *The Dealer Standard* and via bulletins. OMVIC inspectors also ensure dealers are aware of the seminar. In 2012, four dealer groups/associations, four individual dealers and one dealer advertising association attended a seminar. Each seminar addresses the advertising requirements of the MVDA and CPA. They are taught by communications/business standards/inspections staff.

A new seminar on disclosure requirements was also developed in 2012. It will be made available in early 2013.

Website

OMVIC's website also provides content for dealers and new applicants through the posting and distribution of MVDA information, bulletins, announcements, news releases and enforcement activities. Information is updated regularly.

COMPLIANCE

Business Accomplishments

DEALER PROFESSIONALISM AND COMPLIANCE

STRATEGY	Inspections: an inspection program that employs risk-management principles to target problem areas, reviews consumer and dealer complaints and anticipates trends that may indicate risk
2012 – 2014 Targets	2012 Activities and Results
OMVIC's Inspection Team was expected to complete 2,500 inspections	2,946 inspections were completed, of which more than 60 per cent were risk based, 19 per cent were routine visits and 20 per cent were new dealer inspections
STRATEGY	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 and more frequent inspection
2012 – 2014 Targets	2012 Activities and Results
Continue to protect consumers and the integrity of the dealer community by identifying higher-risk registrants and monitoring compliance	<p>More than 60 per cent of inspections completed involved higher-risk registrants</p> <p>New dealers are inspected within the first 60 days of registration to educate and monitor activities, with some exceptions due to remote locale; 20 per cent of inspections involved new registrants</p> <p>Risk-based inspection files are given priority by inspectors</p> <p>Registrants with other risk identifiers are subject to more frequent visits as they continue to be identified using risk categories</p>

Business Accomplishments

INSPECTOR PROFESSIONALISM AND SAFETY

STRATEGY	Ensuring customer service
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2012 – 2014 Targets	2012 Activities and Results
On a routine basis customer service surveys are circulated to dealers subject of an inspection to ensure inspectors continue to be courteous, knowledgeable and efficient in the conduct of their duties	A customer service survey completed in 2012 rated OMVIC's Inspection Team more than four (average) on a five-point scale in the areas of courtesy, knowledge and efficiency

STRATEGY	Review, identify and address new areas of risk
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2012 – 2014 Targets	2012 Activities and Results
Personal harm mitigation	Inspector feedback solicited regarding personal safety measures. Recommendations are being reviewed as part of Workplace Health and Safety Committee work which includes inspector representation

Overview

INSPECTIONS

OMVIC completed 2,946 inspections during 2012. This inspection program is a vital component of OMVIC's overall strategy to ensure compliance with the MVDA; this increases the level of protection for both consumers and dealers.

OMVIC uses a risk-based inspection model and also conducts inspections on a routine basis. High-risk registrants are visited more frequently than the general dealer population. Dealers subject to Tribunal-imposed terms and conditions or previous disciplinary action – those that generate a high volume of consumer complaints or whose previous inspection(s) resulted in a referral to senior management – are examples of risk identifiers. This process of identifying risk is fluid and includes monitoring of industry trends and auto manufacturer performance.

Twenty per cent of inspections conducted in 2012 were considered routine. In addition, new dealers are inspected within the first 60 days of registration to ensure OMVIC's expectations are well understood and to identify any areas of concern, enabling changes to be implemented by the new registrant.

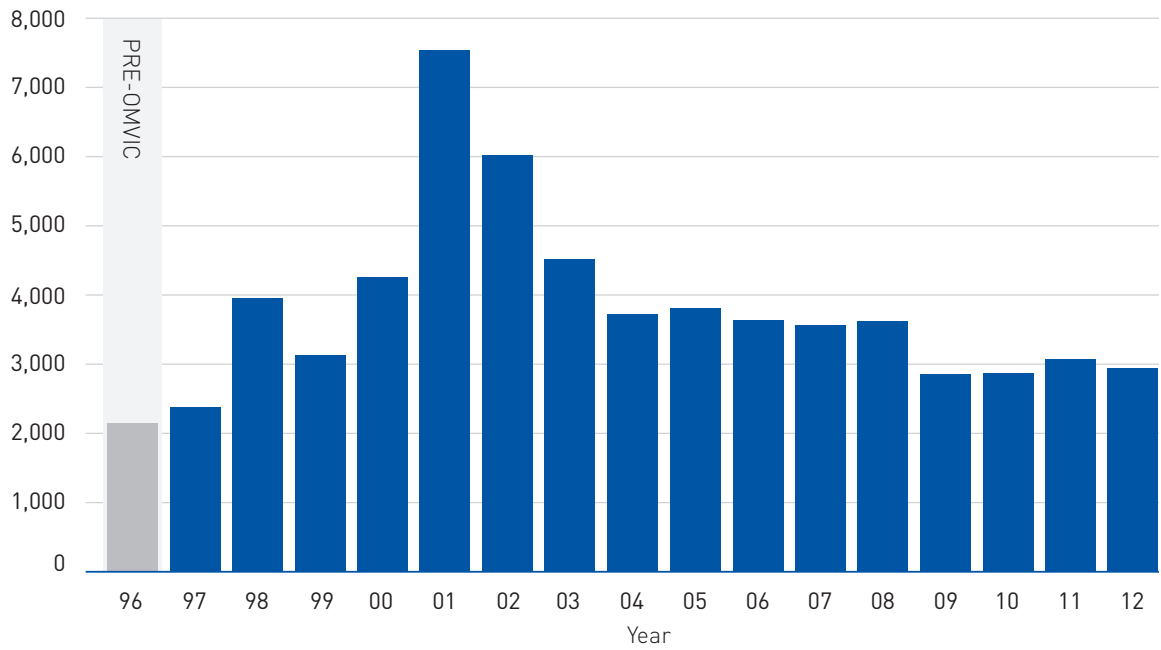
OMVIC inspectors have the unique opportunity to educate and inform dealerships on a one-on-one basis. Therefore they are trained, not only in compliance related matters, but also in registration and general OMVIC policies and procedures. This helps to ensure inspectors can respond to questions or concerns posed by registrants in a timely and consistent manner.

OMVIC inspectors are authorized to review books and records, premises, financial information, computer records and make inquiries regarding any complaint received about the dealer's conduct. A record is kept of all completed inspections and, as necessary, files are escalated to management when serious concerns are identified.

OMVIC's inspectors are based out of regional field offices to ensure consistency and compliance across the province.

Performance Overview

INSPECTIONS – 2012



During 2012, 2,946 inspections were completed. This number includes dealerships that were visited on more than one occasion due to unavailable records.

Overview

MOTOR VEHICLE DEALERS COMPENSATION FUND

In the fiscal year for the Compensation Fund ending October 31, 2012, the Fund paid out \$124,792 on 29 claims. This represents a significant reduction in the dollar amount of claims over most previous years. The Board of Trustees continues to monitor trends in claims to identify at-risk consumers.

The Compensation Fund, a fully dealer-supported and funded trust, provides financial assistance to consumers who have a valid claim against an Ontario-registered dealer. Consumers who are eligible for compensation from the Fund may qualify for up to \$45,000 per vehicle transaction. This represents the best protection offered by a motor vehicle compensation fund in Canada. The Compensation Fund is also the oldest and largest fund of its kind in Canada.

The Compensation Fund is intended as a last resort for consumers. In many cases, consumers who have a problem with a purchase can resolve the situation by talking with the dealer. If the issue cannot be resolved, OMVIC's Complaints Department may be able to negotiate a settlement with the dealer on the consumer's behalf.

If no resolution is possible however, consumers may submit a formal claim for financial compensation to the Fund. Transactions must meet eligibility criteria and claims must be accompanied by supporting documentation. This demonstrates the importance of retaining all records related to a transaction.

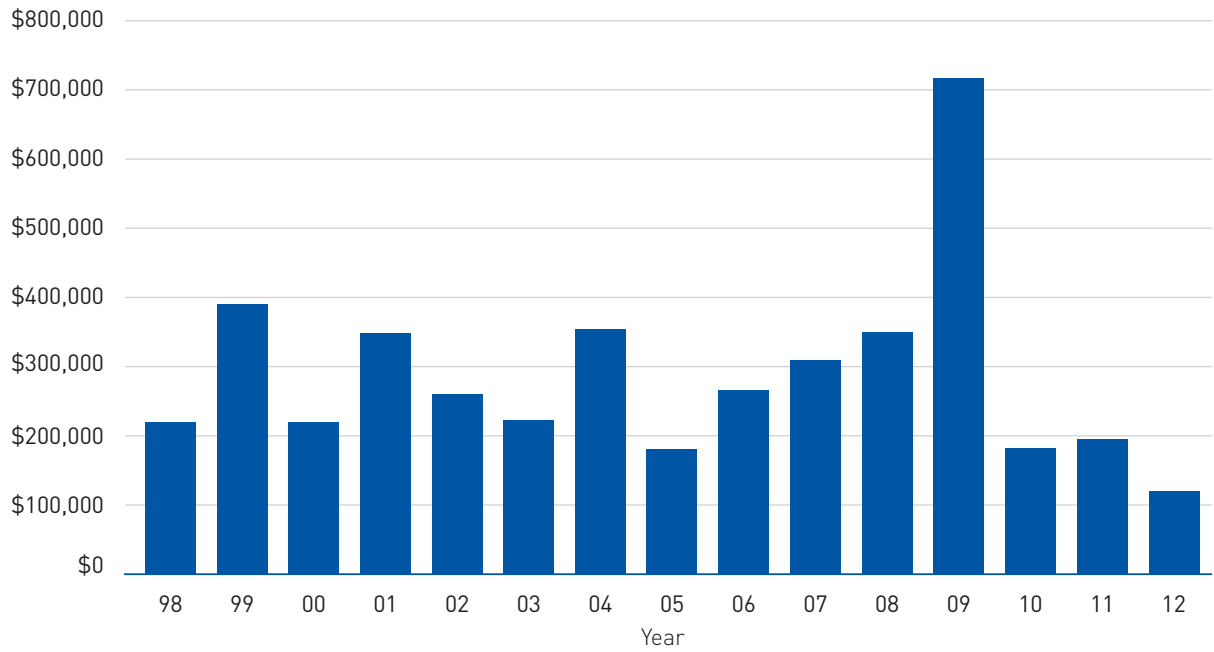
In 2010, the Compensation Fund introduced an initiative to educate consumers about the existence of the Fund. In 2012, this included making members of the legal and insolvency professions aware of the Fund's existence via targeted marketing. These professionals may have clients who would benefit from the Fund.

Consumers can only make a claim to the Fund if they dealt with a registered dealer. Purchasing a vehicle privately, for business purposes, or from an unregistered dealer means the buyer is not protected by the Fund.

OMVIC administers the Compensation Fund on behalf of a Board of Trustees.

Overview

COMPENSATION FUND – ANNUAL CLAIMS



Average Claim	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12
Average Claim	\$5,083	\$5,812	\$5,334	\$5,432	\$5,774	\$3,660	\$5,446	\$3,206	\$2,660	\$2,661	\$2,537	\$4,068	\$4,125	\$6,301	\$4,303
Number	43	67	42	64	45	61	65	56	100	116	138	176	44	31	29
Paid	\$218,548	\$389,373	\$224,043	\$347,679	\$259,842	\$223,284	\$353,965	\$179,523	\$265,995	\$308,659	\$350,083	\$716,044	\$181,485	\$195,342	\$124,792

MEMBERS OF THE COMPENSATION FUND BOARD OF TRUSTEES

Kathy Cook, Chair of the Board
Dealer Representative

Catherine Poultney, Vice-Chair
Dealer Representative

Larry Pringle, Secretary-Treasurer
Dealer Representative

Jamie Holmes
Consumer Representative

Catherine Finlay
Consumer Representative

Peter Eatson
Dealer Representative

Peter Silverman
Consumer Representative

Alan Silverstein
Consumer Representative

Dorian Werda
Consumer Representative

INVESTIGATIONS

Business Accomplishments

DEALER PROFESSIONALISM

STRATEGY	Pursuit of dealers/salespeople who violate the MVDA or CPA
2012 – 2014 Targets	2012 Activities and Results
Investigation and prosecution of industry conduct-related offences	266 industry conduct investigations were closed in 2012. Charges were laid in 76 cases

CONSUMER PROTECTION

STRATEGY	Increase awareness of OMVIC through law associations and law-enforcement agencies
2012 – 2014 Targets	2012 Activities and Results
Continue to provide seminars for law associations and policing authorities	Presentations to Halton Regional Police Auto Squad and Traffic Reconstruction Unit Participated in meetings of the Criminal Intelligence Service of Ontario, and CSIS Participated in the following conferences and seminars: <ul style="list-style-type: none">• Investigation & Enforcement Directors Council (Barrie, ON)• International Association of Auto Theft Investigators (Langley, PA)• Vehicle Financial Fraud Seminar (Chicago, IL) Delivered a presentation on OMVIC and the MVDA at the Association of Provincial Prosecutors of Ontario
STRATEGY	Pursuit of those who prey on an unwary public
2012 – 2014 Targets	2012 Activities and Results
Investigation and prosecution of curbsiders Identify curbsiders in online marketplaces Create auto-dialer program to phone and SMS warnings to potential curbsiders advertising online	258 curbsider cases were investigated in 2012. Charges were laid in 52 of these cases, and warning letters were served on 55 first-time offenders in lieu of charges Sophisticated data-mining software was created that identifies potential curbsiders advertising online 1,200 calls and SMS text messages were sent to potential curbsiders warning that their activity was illegal

Overview

INVESTIGATION

OMVIC's Investigation Department is staffed by 15 highly skilled former police officers who are deployed across the province. They are appointed as Provincial Offences Officers and are empowered to conduct investigations and lay charges under several statutes, including the MVDA and CPA.

Investigations fall into two broad categories: those involving unregistered dealers (curbsiders) and those involving industry misconduct – which typically involve allegations of non-compliant advertising, non-disclosure of material fact or unfair business practices.

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 referral to the Discipline Committee, prosecution and/or proposal for revocation of registration.

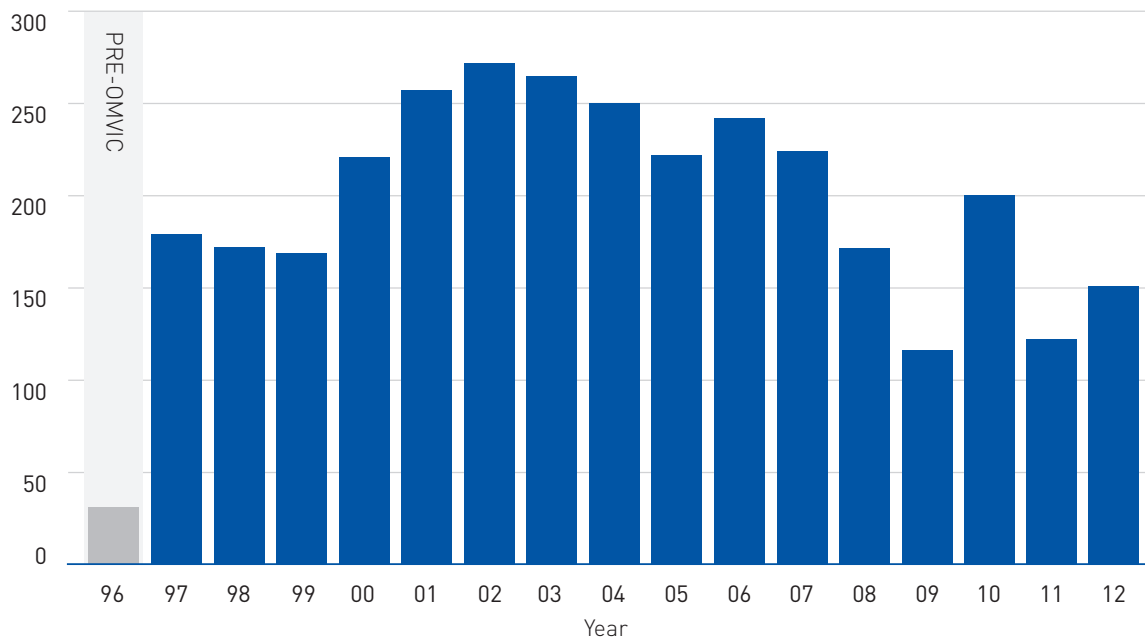
Curbsiding activity can be reported to OMVIC's Investigation Team through a toll-free number (1-888-NOCURBS) or through email at nocurbs@omvic.on.ca.

Investigators also provide education and support to other law-enforcement agencies through presentations at training conferences and partnerships with joint law-enforcement projects.

OMVIC also monitors the infiltration of organized criminal activity into the industry, and in furtherance of that role, is a member of the Criminal Intelligence Service of Ontario (CISO). Investigators are members of the International Association of Auto Theft Investigators.

Performance Overview

ENTITIES CHARGED – 2012



In 2012, OMVIC Investigators charged 151 entities. Note: OMVIC has changed its approach in the laying of charges. In many instances an individual or business now faces a single “global charge” instead of multiple charges. As well, some registrants accused of an offence have been redirected to the discipline process.

After further refinement, this same technology was utilized to support a new auto-dialing tool. Phone numbers identified as possible curbsiders received a voice and text message explaining the illegalities of curbsiding and the potential penalties. More than 1,200 calls and 1,200 SMS text messages were sent in a four-month period.

Notable Initiative

In 2012, OMVIC embarked on an innovative use of technology to assist investigations and further its consumer protection mandate.

With the assistance of LTAS Technologies OMVIC successfully employed sophisticated computer software to scour online automobile marketplaces to identify curbsiders. The LTAS program was later re-engineered to find dealers who were posing as private sellers; a violation of the advertising regulations which require dealers to include their registered name and phone number in all advertisements (unless there are time/space restrictions in which case the word “DEALER” can be used).

Performance Overview

PROVINCIAL OFFENCES INVESTIGATIONS/PROSECTIONS

OMVIC enforces the MVDA and other consumer protection legislation on behalf of the Ministry of Consumer Services. As such, OMVIC’s investigators are Provincial Offences Officers and are empowered to lay charges under the MVDA and other statutes. Should an investigator believe a dealer or salesperson has breached the MVDA, he or she can charge the individual and/or corporation. Once the accused has been served a summons, a trial will take place before a Justice of the Peace in Provincial Court.

OMVIC prosecutors represent the Crown; the accused normally appears with her/his own legal representation. The evidence is presented to the Court and it is up to the Justice of the Peace to determine if the allegations have been proved beyond a reasonable doubt and, if so, to determine the appropriate penalty. If convicted, the maximum penalties under the MVDA are as follows:

FOR AN INDIVIDUAL	FOR A CORPORATION
\$50,000 fine and/or two years less a day in provincial jail	\$250,000 fine

NOTABLE PROVINCIAL OFFENCES INVESTIGATIONS/PROSECUTIONS

Belleville salesperson jailed for unconscionable representations

Naheed Ali Ramji earned the dubious distinction of becoming the first registered dealer or salesperson to be jailed for violating Ontario’s consumer protection laws; previously, the only registrants jailed were convicted of criminal code offences. Ramji was convicted of making two unconscionable representations, in breach of the CPA, and of falsifying a document contrary to the MVDA, during the sale of two vehicles to elderly consumers.

In finding guilt, her Worship D. Chapelle stated “these women required help and assistance and both believed in Mr. Ramji. There was no reason not to. They assumed he would be honest, fair and respectful of their needs. Mr. Ramji targeted female customers who he deemed gullible to take advantage of. He used and took advantage of them both.”

Ramji was sentenced to seven months jail time.

Windsor-area man fined \$50,000 for illegal car sales

One of Ontario’s most prolific illegal sellers of vehicles, Bahjat (Bruno) Touma of Windsor, pleaded guilty to one count of acting as a dealer without benefit of registration (curbsiding) and one count of acting as a salesperson without registration, in contravention of the MVDA.

Touma was fined \$25,000 on each count and was ordered to pay a 25 per cent victim fine surcharge (VFSC); total penalty, \$62,500. He also received one year of probation and was ordered not to trade in motor vehicles unless registered as a dealer.

Touma was charged by OMVIC after receiving complaints from consumers in the Windsor/LaSalle/Amherstburg/Essex area. OMVIC’s investigation found Touma sold more than 10 vehicles between March and August 2011. In some instances he represented himself as a private seller while at other times he sold at a Windsor dealership (the dealership has also been charged). These convictions for illegal vehicle sales were not the first for Touma; he has been convicted numerous times for similar actions over the past 12 years.

Performance Overview

Toronto towing & auto services company and owner jointly fined \$64,000 for illegal sales and unfair business practices

Roberto Iraheta and Roberto Towing & Auto Services Inc. pleaded guilty in Toronto Provincial Offences Court to two counts each of acting as a dealer without benefit of registration (curbsiding), contrary to the MVDA and two counts each of engaging in unfair business practices by making false, misleading or deceptive statements, contrary to the CPA.

Iraheta was fined \$15,000, and the company \$13,000, for curbsiding.

Iraheta was also fined \$24,000, and the company \$12,000, for making false, misleading or deceptive statements about the history of the vehicles sold. This included a false statement about the accident history of a vehicle and a false statement about the distance a vehicle had travelled. Iraheta and Roberto Towing & Auto Services Inc. were charged after OMVIC investigators found approximately 31 vehicles had been sold, some of which were rebuilt insurance write-offs.

The total fines in this case including 25 per cent VFSC were \$80,000. Iraheta was also given two years probation which included an order that he “not trade in motor vehicles without benefit of registration under the *Motor Vehicle Dealers Act*.”

Salesperson Applicant Sentenced to 60 days for False Statement

An Ajax man was sentenced to 60 days in jail for furnishing false information on a motor vehicle salesperson application, contrary to Section 32 (1 (a) of the MVDA.

In order to gain registration, all applicants are screened and must provide a completed application and supporting documentation including a Canada-wide criminal background check.

Robert Small, 50, was charged by OMVIC after receiving forged documentation in support of his sales licence application. OMVIC’s investigation found Small had provided a falsified driver’s licence (his was under suspension) and a falsified criminal background search. At trial, a Durham Region Police officer testified Small had obtained a criminal background report from their police service, and that the report outlined a lengthy criminal past including convictions for fraud and assault. However, when that report was submitted to OMVIC, it was found to have been altered and much of the criminal information removed.

LEGAL AND PROSECUTIONS

Business Accomplishments

CONSUMER PROTECTION

STRATEGY	MVDA Awareness
2012 – 2014 Targets	2012 Activities and Results
Continue to provide seminars for policing authorities	Staff presented to: <ul style="list-style-type: none">• Ministry of the Attorney General, 2012 Provincial Prosecutors' Seminar• Auto Remarketing Conference

DEALER PROFESSIONALISM

STRATEGY	Registrar's actions
2012 – 2014 Targets	2012 Activities and Results
The volume of Registrar's actions is predicted to remain steady through the planning period at approximately 1,000 actions per year	In 2012, 1,415 Registrar's actions were logged

NEW LEGISLATION

STRATEGY	Implement MVDA
2012 – 2014 Targets	2012 Activities and Results
Monitor and adjust discipline process, selection criteria, recruitment and training program for members of the Discipline and Appeals Committees	In 2012, 78 discipline matters were initiated; 67 were completed, which resulted in more than \$201,475 in administrative penalties received. In almost all cases, a requirement for subject registrants to take the Automotive Certification Course was also issued
STRATEGY	Review, identify and address new areas of risk in light of changing legislation
2012 – 2014 Targets	2012 Activities and Results
Ensure investigation and prosecution intake procedures in place are compliant with evolving case law	Process of continuous review to ensure intake procedures are compliant with current case law

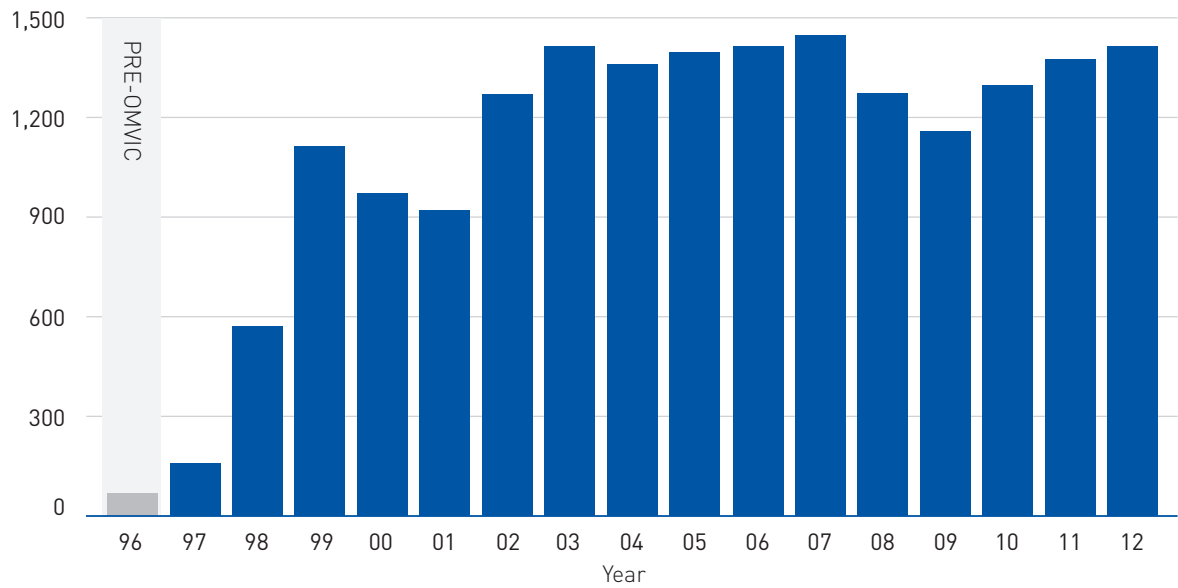
Overview

The Registrar's authority to issue a proposal to suspend, refuse, revoke or refuse to renew registration is a critical component of OMVIC's enforcement activities. It is the most severe action OMVIC takes and is reserved for the most serious cases. In 2012, the Registrar issued 117 proposals and appeared 91 times before the Licence Appeal Tribunal (LAT).

The Legal Department provides legal expertise and advice to the Board, Registrar and staff. Additionally, the department is responsible for addressing non-compliance with the MVDA and various other consumer protection statutes. Non-compliance matters are principally litigated before LAT, OMVIC Discipline Committee and all levels of court in Ontario

Performance Overview

REGISTRAR'S ACTIONS – 2012



Registrar's actions include issuance of proposals to refuse or revoke registration and registrations requiring terms and conditions. In 2012 there were 1,415 registrar's actions, of which 144 were proposals.

Performance Overview

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).

NOTABLE LAT CASES

LAT: 1775091 Ontario Inc. o/a Canadian Best Auto Inc. and Hadi Mahmoodi

In a 45-page decision released after a 14-day hearing, LAT Chair Gregory Flude ordered the Registrar to carry out his proposal to revoke 1775091 Ontario Inc. o/a Canadian Best Auto Inc. and Hadi Mahmoodi.

The tribunal found that Mahmoodi was "totally lacking in credibility," citing amongst other things his "blatant attempt ... to mislead the Tribunal by providing a doctored CarProof report." The allegations centred around numerous consumer transactions and complaints in which Mahmoodi and Canadian Best Auto Inc. failed to provide a basic warranty of fitness for the vehicle, to provide accurate disclosure and complete bills of sale, deliberately providing false documents and selling vehicles while suspended.

During his evidence Mahmoodi attempted to justify his failure to insert the requisite financing terms, claiming that "consumers are not really interested in such information. All they are interested in is the affordability of the monthly payment." The tribunal rejected this argument saying "It is sufficient to state that, at this time, it is a legal requirement that these details are included in a bill of sale or through other written disclosure before the bill of sale is signed. [Mahmoodi and Canadian Best Auto Inc.] did not do so and are in breach of the Act, the CPA and applicable regulations."

LAT: Warren Ifill and Total Auto Sales Inc.

By Proposal dated November 19, 2010, the Registrar alleged that Warren Ifill and Total Auto Sales Inc. due to a sizable debt to the Ministry of Revenue were not

financially responsible based upon irregularities involving three vehicle transactions.

In its January 2012 decision refusing the registrations of Warren Ifill and Total Auto Sales Inc., the tribunal found "the circumstances surrounding the purported transfer [of one of the vehicles] was a poorly disguised scam on the lending institution that loaned the money" and in another instance that Ifill "attempted to minimize his involvement or culpability in these matters" and "failed to acknowledge his involvement or his responsibility."

In summary, the tribunal stated the reasons Ifill "gave for his actions in [these] matters are not believable. He has shown a complete disregard for the law and for his obligations as a salesperson and for the obligations of Total Auto Sales as a dealership."

LAT: Robert (Bobby) W. Small

Upon application for registration, Small provided the Registrar with a copy of a criminal history report from the Durham Regional Police Services. OMVIC staff determined that the document had been doctored to delete any reference to four serious crimes noted on the original report. A Proposal to refuse registration was ultimately issued and the tribunal, in upholding the Registrar's decision, determined that "the false and misleading information [Small] provided on each application is compelling corroboration of [Small's] lack of honesty and integrity, a ground for refusing the application."

Performance Overview



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 applies to all motor vehicle dealers and salespersons in Ontario; this includes all persons employed, appointed or authorized by a 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 appoints an independent impartial panel to consider the allegations contained in a Notice of Complaint. The committee's composition consists of dealer/salespeople peer representatives as well as at least one arm's-length member of the public.

The committee holds hearings to examine alleged breaches of the Code of Ethics. Accused registrants are 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 issues 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 are 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 2012, OMVIC completed 67 discipline matters and collected a total of \$201,475 in fines.

NOTABLE DISCIPLINE CASES

Discipline: Abdul Popal o/a The Best Fine Used Car and Ali Popal

Despite repeated warnings from the Registrar in the form of Bulletins and various articles in OMVIC's *Dealer Standard*, Abdul Popal o/a The Best Fine Used Car continued to advertise motor vehicles for sale on Kijiji and elsewhere as for sale "by owner" without identifying as a registered motor vehicle dealer. The dealer ultimately admitted the allegations and was fined \$14,000 for failing to properly identify as a registered dealer in its online advertising."

Discipline: Thenesh Yoganathan o/a Classic Auto

In September 2012, Thenesh Yoganathan o/a Classic Auto was fined \$15,000 for selling seven low-value vehicles without disclosing the previous accident history, true distance travelled and brand history of the vehicles to the purchasers, in contravention of the MVDA and conditions of registration.

Business Accomplishments

CUSTOMER SERVICE

STRATEGY	Develop plan for business continuity
2012 – 2014 Targets	2012 Activities and Results
Complete implementation of approved data backup and recovery strategy that allows employees to work securely and remotely from home offices	Early in 2012, data backup to a remote centre (private cloud) was implemented. This included restore capabilities at the remote site with connectivity from the Internet using encrypted data connections Virtual Private Network In September OMVIC servers were also upgraded to include local redundancy and failover. Testing of the restore, connectivity and failover capabilities is conducted annually
Finalize memorandum of understanding with the ministry to provide temporary workspace for key staff in case of a disaster	Draft memorandum of understanding developed with signing expected in early 2013
STRATEGY	Diversity
2012 – 2014 Targets	2012 Activities and Results
Continue to emphasize importance of employee sensitivity to diversity and human rights issues	Presentation delivered to staff by Ontario March of Dimes regarding provision of service to persons with disabilities

ADMINISTRATION OF THE MVDA 2002

STRATEGY	Administration of a new MVDA
2012 – 2014 Targets	2012 Activities and Results
Monitor performance and functionality of new data and document management system	As well as monitoring operational issues such as systems performance, database tuning and network security, eBusiness staff regularly made approved application changes. During 2012, more than 50 application improvements were made to ensure better workflow, improved accuracy of information and improved service to our stakeholders

Business Accomplishments

ADMINISTRATION OF THE MVDA 2002 (CONT'D)

STRATEGY	Ensure OMVIC is adequately funded as required by the administrative agreement
2012 – 2014 Targets	2012 Activities and Results
Develop a funding proposal for board discussion	Five-year financial forecast with fee increase scenarios presented to the Board. Current strong financial position with good cash balance sustains deficit budgets in 2013 and 2014. Possible fee increase considered for 2015

BOARD GOVERNANCE/OPERATIONS

STRATEGY	Develop best governance practices and education programs for new and existing officers and directors
2012 – 2014 Targets	2012 Activities and Results
Continue board evaluation program	Completed in November
Complete committee work plans	Annual committee work plans prepared in April and periodically revised during the year
Complete board-effectiveness survey	Completed in November
STRATEGY	Manage budget and cash flow appropriately

2012 – 2014 Targets	2012 Activities and Results
Secretary-Treasurer to provide the Board with accurate and timely variance reports on revenues and expenditures	Financial statements were provided to each Board meeting – major variances reviewed
Board provided with material necessary to respond to in-year budget revisions, if required	2012 Budget revised in August
Develop and implement new resource-allocation tracking system or metrics	Completed. Quarterly Resource Allocation Tracking System reports provided to the Board. These reports provide an estimated cost for a variety of OMVIC products and services

Business Accomplishments

BOARD GOVERNANCE/OPERATIONS (CONT'D)

STRATEGY	Review, identify and address new areas of enterprise risk in light of changing legislation
2012 – 2014 Targets	2012 Activities and Results
<p>Prepare issues and crisis-preparedness plan</p>	<p>Formal Enterprise Risk Management processes implemented following a risk review with Marsh Canada. Potential risks have been identified, catalogued and classified; mitigation strategies were developed for those with high impact and high likelihood of occurrence. Risk Register is reviewed regularly by a Risk Management Committee and Senior Management</p> <p>Crisis Communications Recommendation report prepared for Executive Director and Crisis Communications strategies developed. Crisis Management Team established, emergency call-out list prepared, and remote news conference list prepared</p>
STRATEGY	Collaborate with Ministry of Consumer Services on adoption of Drummond report recommendations
2012 – 2014 Targets	2012 Activities and Results
<p>Continue to work collaboratively with the ministry and other delegated administrative authorities in review of the <i>Delegated Administrative Authority Act</i></p>	<p>Complete</p>
<p>Work with stakeholders on the development of a paper on the underground economy</p>	<p>OMVIC, UCDA and APA met with Ministry of Revenue (MoR) officials to offer assistance with Drummond Commission; MoR uncertain of the value of the study</p>
<p>Work with the Ministry on the development of a new administrative agreement</p>	<p>Final Agreement provided by Ministry for signature in January 2013</p>
<p>Work co-operatively with the ministry on programs to increase awareness of delegated administrative authority services provided to consumers</p>	<p>Ongoing participation in reconstituted DAA/MCS Public Education Committee</p>

Business Accomplishments

BOARD GOVERNANCE/OPERATIONS (CONT'D)

STRATEGY	Conservation
2012 – 2014 Targets	2012 Activities and Results
<p>Continue commitment to a green workplace policy</p>	<p>16 computer servers were virtualized and replaced by two new servers reducing the power and cooling energy required by more than 90 per cent (saving 92,555 kWh/year). The environmental impact of the reduced power generation translates to a reduction of 66,450 kg/year in CO₂ emissions. This is the equivalent of planting 220 trees or removing the emissions of 12 vehicles</p> <p>Direct deposits of employee expense reimbursements via electronic funds transfer was implemented in late September eliminating cheque printing, envelopes and postage</p> <p>Organic waste recycling program implemented in November</p>

Overview

Corporate Services acquires and manages OMVIC resources. These include staff (Human Resources), money (Finance), technology (e-Business) and facilities (Administration). Administration also extends to providing board and committee support.

During 2012 Corporate Services facilitated:

- Recruitment of 14 people
- Migration to electronic funds transfer for employee expense reimbursements
- Enhancements to electronic processes
- IT infrastructure upgrades
- Implementation of cloud based disaster recovery/ backup site
- Creation of an Enterprise Risk Management process

CUSTOMER SERVICE

Overview

OMVIC prides itself on delivering superior customer service to dealers and consumers alike. These initiatives are reflected in the following customer service survey and service delivery time results:

CUSTOMER SERVICE SURVEY RESULTS	Registration	Complaints (Dealers)	Complaints (Consumers)	Inspections
Responses	2,061	176	275	550
Courtesy*	4.6	4.5	4.5	4.8
Knowledge*	4.6	4.3	4.3	4.8
Efficiency*	4.5	4.3	3.9	4.8

* On a scale of 1 (lowest) to 5 (highest)

CALL CENTRE – ACD CALL RESPONSE

ACD CALLS	Target	Registration	Complaints
Average wait time in seconds	60	16	73

SERVICE DELIVERY TIMES

AVERAGE TURNAROUND TIMES	Target	Actual
Complaints	45 days	38
New Salesperson Applications *	3 days	1.9
New Dealer Applications *	42 days	25.4

* Registration service volumes only include properly completed applications; incomplete applications are not included and may take much longer depending on responsiveness of applicant.

FRENCH LANGUAGE SERVICES

OMVIC is responsive to all inquiries 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* and OMVIC Automotive Certification Course material are available in both official languages.

2012 Financial Overview/ Audited Statements

The following financial overview is based on the audited financial statements of OMVIC for the year ended December 31, 2012, with comparative figures for 2011.

OMVIC posted a surplus of \$1,077,161 in 2012 (2011 – \$879,762). Overall, revenues increased by a modest 1.5 per cent over the previous year while expenses remained at about the same level.

Main contributors to these were:

- a. Better than expected revenues from investment income
- b. Administrative penalties
- c. Lower professional services costs in 2012 as in-house legal staff handled most legal files
- d. Reduced, but focused 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 2012 expenses by service function were as follows:

	2012	2011
Investigation	\$1,974,786	\$1,973,310
Registration	1,888,764	1,822,668
Legal services	1,696,243	1,714,393
Compliance	1,666,991	1,668,476
e-Business	1,017,990	894,166
Inquiries and complaint handling	833,855	862,421
Communications	777,795	936,043
Governance	585,953	597,237
Compensation Fund	238,461	240,992
Discipline	40,309	36,056
	\$10,721,147	\$10,745,762

Cash available at the end of December 2012 was \$2,010,035. OMVIC also held investments of \$6,079,564, which reflects internally restricted operating reserve (\$3,092,000) and cash in excess of current requirements.

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

Capital expenditures during 2012 amounted to \$126,647 (2011 – \$243,860) and were used to support operational growth and operating efficiencies through technological improvements.

Financial Statements

Financial Statements of

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Year ended December 31, 2012



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INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

We have audited the accompanying financial statements of Ontario Motor Vehicle Industry Council, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Motor Vehicle Industry Council as at December 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

April 22, 2013
Toronto, Canada

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Current assets:		
Cash	\$ 2,010,035	\$ 3,733,468
Accounts receivable	61,272	87,376
Prepaid expenses	89,795	103,563
	<u>2,161,102</u>	<u>3,924,407</u>
Investments (note 2)	6,079,564	2,620,453
Capital assets (note 3)	408,382	1,018,621
	<u>\$ 8,649,048</u>	<u>\$ 7,563,481</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued charges (note 7)	\$ 921,361	\$ 829,045
Deferred revenue (note 4)	1,328,338	1,328,525
	<u>2,249,699</u>	<u>2,157,570</u>
Deferred lease inducement (note 5)	128,663	212,386
Net assets:		
Invested in capital assets	408,382	1,018,621
Unrestricted	2,770,304	1,628,904
Internally restricted operating reserve (note 8)	3,092,000	2,546,000
	<u>6,270,686</u>	<u>5,193,525</u>
Commitments (note 9)		
Contingencies (note 10)		
	<u>\$ 8,649,048</u>	<u>\$ 7,563,481</u>

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Revenue:		
Registration fees (note 1(b)(i))	\$ 10,523,477	\$ 10,487,518
Transfer fees	405,750	405,600
Certification course fees	261,230	266,540
Expense recoveries (note 6)	257,194	254,395
Administrative penalties	201,475	72,318
Interest and other income	149,182	139,183
	<u>11,798,308</u>	<u>11,625,554</u>
Expenses:		
Salaries and benefits (note 6)	6,436,851	6,011,520
Professional services	809,804	994,103
Amortization of capital assets	736,885	733,159
Travel	575,681	620,452
General and administrative (note 6)	478,752	490,692
Public awareness	470,750	646,901
Occupancy	432,639	441,059
Telecommunications	312,414	280,648
Per diem allowances	220,710	231,777
Government oversight fees	162,948	185,000
Industry awareness	83,713	110,451
	<u>10,721,147</u>	<u>10,745,762</u>
Excess of revenue over expenses	<u>\$ 1,077,161</u>	<u>\$ 879,792</u>

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2012, with comparative figures for 2011

	Invested in capital assets	Unrestricted	Internally restricted operating reserve	Total
Balance, January 1, 2011	\$ 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
Excess of revenue over expenses (expenses over revenue)	(736,885)	1,814,046	–	1,077,161
Transfer to internally restricted operating reserve (note 8)	–	(546,000)	546,000	–
Investment in capital assets	126,646	(126,646)	–	–
Balance, December 31, 2012	\$ 408,382	\$ 2,770,304	\$ 3,092,000	\$ 6,270,686

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,077,161	\$ 879,792
Items which do not involve cash:		
Amortization of capital assets	736,885	733,159
Unrealized loss (gain) on investment	6,782	(55,760)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	26,104	(30,823)
Decrease in prepaid expenses	13,768	33,755
Increase (decrease) in accounts payable and accrued charges	92,316	(240,300)
Increase (decrease) in deferred revenue	(187)	23,012
Decrease in deferred lease inducement	(83,723)	(55,969)
	<u>1,869,106</u>	<u>1,286,866</u>
Investing activities:		
Purchase of capital assets	(126,646)	(243,860)
Purchase of investment	(3,465,893)	(2,564,693)
	<u>(3,592,539)</u>	<u>(2,808,553)</u>
Decrease in cash	(1,723,433)	(1,521,687)
Cash, beginning of year	3,733,468	5,255,155
Cash, end of year	<u>\$ 2,010,035</u>	<u>\$ 3,733,468</u>
Supplemental cash flow information:		
Cash received for interest	\$ 34,922	\$ 57,630

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 2012

Ontario Motor Vehicle Industry Council (the "Council") is Ontario's first administrative authority created pursuant to the Safety and Consumer Statutes Administration Act. The Council is a not-for-profit organization with the mandate to administer the Ontario Motor Vehicle Dealers Act. This authority was delegated to the Council by the Minister of Consumer and Commercial Relations (the "Ministry") on January 7, 1997 through an Administrative Agreement (the "Agreement") with the Ministry.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with 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.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2012

1. Significant accounting policies (continued):

(ii) Certification course fees:

New applicants for registration must pass a certification course run by the Canadian Automotive Institute on behalf of the Council. Certification course fees are recognized when a new applicant registers for the course.

(iii) Transfer fees:

A transfer fee is charged when a registered salesperson moves from one dealership to another. Transfer fees are recognized upon written notice and when the Council receives payment.

(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)

Year ended December 31, 2012

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)

Year ended December 31, 2012

3. Capital assets:

2012	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 172,234	\$ 109,856	\$ 62,378
Computer software	1,406,798	1,359,331	47,467
Furniture and fixtures	240,213	177,003	63,210
Office equipment	177,077	111,193	65,884
Leasehold improvements	545,365	375,922	169,443
	\$ 2,541,687	\$ 2,133,305	\$ 408,382

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
	\$ 2,590,257	\$ 1,571,636	\$ 1,018,621

Amortization expense for 2012 was \$736,885 (2011 - \$733,159).

4. Deferred revenue:

	2012	2011
Registration fees received in advance	\$ 1,328,338	\$ 1,328,525

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 2012, \$83,723 (2011 - \$55,969) of this inducement has been amortized against rent expense.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2012

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 \$219,441 (2011 - \$221,972) relating to salaries and benefits and \$37,753 (2011 - \$32,423) relating to general and administrative expenses. At year end, \$42,216 (2011 - \$58,136) 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 (2011 - nil), which includes amounts payable for payroll related taxes.

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.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2012

9. Commitments:

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

2013	\$ 498,000
2014	168,000
2015	6,500
2016	5,500
	<hr/>
	\$ 678,000

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, 2012

**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2012

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INDEPENDENT AUDITOR'S 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 statements of financial position as at October 31, 2012, October 31, 2011 and November 1, 2010, and the statements of changes in net assets, statements of operations, and statements of cash flows for the years ended October 31, 2012 and 2011, 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 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 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, 2012, October 31, 2011 and November 1, 2010, and its financial performance and its cash flows for the years ended October 31, 2012 and October 31, 2011 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
February 13, 2013

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF FINANCIAL POSITION
AS AT

	October 31, 2012 \$	October 31, 2011 \$ (Note 1)	November 1, 2010 \$ (Note 1)
ASSETS			
CURRENT			
Cash - operating	15,546	60,035	33,924
- investment	5,512	740,206	-
Accrued interest receivable	45,370	42,875	33,665
Prepaid expenses	<u>11,232</u>	<u>11,232</u>	<u>500</u>
TOTAL CURRENT ASSETS	77,660	854,348	68,089
INVESTMENTS (Note 8)	<u>6,742,012</u>	<u>5,942,269</u>	<u>6,938,866</u>
TOTAL ASSETS	<u>6,819,672</u>	<u>6,796,617</u>	<u>7,006,975</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities (Note 4)	54,653	54,218	90,925
Claims payable	<u>4,317</u>	<u>-</u>	<u>62,447</u>
TOTAL LIABILITIES	58,970	54,218	153,372
NET ASSETS			
UNRESTRICTED NET ASSETS (Note 2)	<u>6,760,702</u>	<u>6,742,399</u>	<u>6,853,603</u>
TOTAL NET ASSETS AND LIABILITIES	<u>6,819,672</u>	<u>6,796,617</u>	<u>7,006,975</u>

Contingent Liabilities (Note 3)

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

_____, Chair
"Kathy Cook"

_____, Vice Chair
"Catherine Poultney"

See accompanying notes to the financial statements.

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF CHANGES IN UNRESTRICTED NET ASSETS
 FOR THE YEARS ENDED OCTOBER 31,

	2012 \$	2011 \$ (Note 1)
BALANCE , beginning of the year	6,742,399	6,853,603
Excess of revenues over expenses, (expenses over revenues), for the year	<u>18,303</u>	<u>(111,204)</u>
BALANCE , end of the year	<u>6,760,702</u>	<u>6,742,399</u>

See accompanying notes to the financial statements.

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED OCTOBER 31,

	2012 \$	2011 \$
REVENUES		
Investment and other income	327,511	348,016
Participant fees	184,500	186,900
Recoveries	<u>33,993</u>	<u>15,799</u>
	<u>546,004</u>	<u>550,715</u>
EXPENSES		
Salaries and benefits (Note 4)	220,717	218,388
Claims	124,792	195,342
Governance	63,521	98,931
Investment management fees	37,056	40,409
Consumer awareness	22,292	41,956
Occupancy (Note 4)	19,021	18,301
Insurance	10,692	9,926
Statutory trustee fees	10,662	10,642
Professional fees	9,812	13,778
Legal	5,191	8,922
Office and general	<u>3,945</u>	<u>5,324</u>
	<u>527,701</u>	<u>661,919</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES, FOR THE YEAR	<u>18,303</u>	<u>(111,204)</u>

See accompanying notes to the financial statements.

	2012 \$	2011 \$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses, (expenses over revenues), for the year	18,303	(111,204)
Non-cash items		
Change in fair value of investments	52,197	82,918
Change in non-cash working capital		
(Increase) in accrued interest receivable	(2,495)	(9,210)
(Increase) in prepaid expenses	-	(10,732)
Increase (decrease) in accounts payable and accrued liabilities	435	(36,707)
Increase (decrease) in claims payable	<u>4,317</u>	<u>(62,447)</u>
Cash provided by (used in) operating activities	<u>72,757</u>	<u>(147,382)</u>
INVESTING ACTIVITIES		
Investments purchased	(8,132,942)	(12,712,850)
Proceeds from sale of investments	<u>7,281,002</u>	<u>13,626,549</u>
Cash (used in) provided by investing activities	<u>(851,940)</u>	<u>913,699</u>
(DECREASE) INCREASE IN CASH DURING THE YEAR	(779,183)	766,317
Cash, beginning of the year	<u>800,241</u>	<u>33,924</u>
CASH, END OF THE YEAR	<u><u>21,058</u></u>	<u><u>800,241</u></u>

See accompanying notes to the financial statements.

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. 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 per claim, which became effective on January 1, 2010 (\$15,000 per claim 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of Accounting Policies:

During the period ended October 31, 2012, the Fund early adopted the new standards of the Canadian Institute of Chartered Accountants ("CICA") on accounting measurement and financial reporting by a not-for-profit organization contained in Section 1501 and in the 4400 series section of the CICA Handbook. The fund's date of transition to these accounting standards is November 1, 2010. There was no impact on the Fund's net assets as at November 1, 2010 and October 31, 2011 and no net impact to the excess (deficiency) of revenues over expenses or cash flows for the year ended October 31, 2011 as a result of the adoption of these standards.

Outlined below are those accounting 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.

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management 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. The Fund's estimates and judgments subject to the most uncertainty are related to contingent liabilities, as detailed in Note 3.

Continued...

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments:

The Fund follows the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3856, “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 (deficiency) 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 1.01% to 4.06% with a total fair market value of \$3,773,998, mutual funds in various industries with a fair market value of \$2,676,932 and other investments of \$291,082.

Comparative Figures:

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

2. 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.

3. CONTINGENT LIABILITIES

(i) As at October 31, 2012, the Board had denied no claims that were subject to appeal (October 31, 2011 – nil, November 1, 2010 – 1 claim valued at \$50,000).

(ii) Several motor vehicle dealers declared bankruptcy each year. The Fund’s liability related to such bankruptcies, if any, cannot be reasonably estimated and no related provision has been made in the financial statements.

(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, as the payments 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 the Fund is unsuccessful in its request, and a retroactive judgment is applied, the Fund’s liability is estimated to be \$25,120. No provision has been made in the financial statements for the liability as at October 31, 2012 and 2011.

Continued...

4. 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 \$220,717 (2011 - \$218,388) relating to salaries and benefits and \$19,021 (2011 - \$18,301) relating to occupancy expenses. At October 31, 2012, \$20,928 (October 31, 2011 - \$21,391, November 1, 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.

5. DONATED PROPERTY AND SERVICES

On an annual basis the Fund receives donated services. As similar services are not normally purchased by the Fund and due to the difficulty in determining their fair value, donated services are not recognized in these statements.

6. INCOME TAXES

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

7. FINANCIAL INSTRUMENTS

Financial Risk Factors

The Fund is exposed to various risks through its financial instruments.

(a) 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 in accordance with its policy. The Fund periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. Included in investments are fixed income securities with yields ranging from 1.01% to 4.06% with maturity dates ranging from 2013 to 2045.

(b) Price risk

The Fund is exposed to price risk with respect to equity prices related to its investments. The Fund invests in equity investments in accordance with the investment policy. 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 individual equity movements, and the stock market movements to determine the appropriate course of action to be taken by the Fund.

The Fund's investments are subject to fair value fluctuations. As at October 31, 2012, 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, 2012 would have been approximately \$1,685,500 higher/lower. Similarly, as at October 31, 2012, reported unrestricted net assets would have been approximately \$1,685,500 lower/higher as a result of a 25% decrease /increase in the fair value of investments.

Continued...

7. FINANCIAL INSTRUMENTS (Continued)

Financial Risk Factors

(c) Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. The Fund manages its liquidity risk by monitoring forecasted and actual cash flows and by holding financial assets that can be readily converted into cash. All of the Funds investments are expected to be readily realizable as they can be quickly liquidated at amounts close to their fair value. There has been no change to risk exposure during 2012 and 2011.

(d) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Fund is exposed to credit risk with respect to the financial institutions with which it transacts. The Fund believes its credit risk is minimal.

8. INVESTMENTS

Investments are comprised of the following:

	October 31, 2012	October 31, 2011
	\$	\$
Fixed income	3,773,998	4,091,710
Mutual Funds	2,676,932	308,838
Other	291,082	-
Canadian Equities	<u>-</u>	<u>1,541,721</u>
	<u>6,742,012</u>	<u>5,942,269</u>

Business Planning

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

OPERATIONS

Business Plan 2013 – 2015

CONSUMER PROTECTION

STRATEGY	2013 – 2015 Performance Measure
Complaint Handling: Provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible	OMVIC's Complaints Team anticipates handling approximately 1,100 complaints per year throughout the planning period

DEALER PROFESSIONALISM

STRATEGY	2013 – 2015 Performance Measure
Develop educational opportunities for registrants	Work collaboratively with trade associations and industry members to update the "Best Practices for Leasing" document from 2002
Explore opportunities to require further educational courses be taken by high-risk registrants	Develop a policy regarding the application of Section 14 of the MVDA requiring the completion of further educational courses by a registrant who is the subject of a complaint

Business Plan 2013 – 2015

CUSTOMER SERVICE

STRATEGY	2013 – 2015 Performance Measure
Provide excellence in customer service	Maintain or exceed current customer satisfaction levels
Increase employee sensitivity to diversity and human rights issues	Invite associations representing the interests of vulnerable groups (e.g., the elderly and those who suffer from mental illness) to make presentations to OMVIC staff
Introduce online services for partners and registrants	<p>Launch online renewals for dealers and salespersons. Registrants will be able to:</p> <ul style="list-style-type: none"> • process on-time renewals of dealers or salespersons • update profile information • monitor the registration status of related salespersons (dealers only) • receive email notifications regarding key events
Annually review and update all registration forms to ensure ease-of-use	Review and update all registration forms as needed. Collaborate with Rotman School of Business on review of standard eligibility questions
Further develop professionalism of OMVIC staff	Provide formal Alternative Dispute Resolution training for Complaints Team management to facilitate adoption of new techniques for complaints resolution

ADMINISTRATION OF THE MVDA

STRATEGY	2013 – 2015 Performance Measure
Ensure OMVIC is adequately funded, as required by the administrative agreement	Review and make recommendations regarding fees structure to promote more effective use of OMVIC resources

COMMUNICATIONS AND EDUCATION

Business Plan 2013 – 2015

CONSUMER PROTECTION AND MVDA AWARENESS

STRATEGY	2013 – 2015 Performance Measure
<p>Build awareness and promote understanding of the MVDA through implementation of strategic communications</p>	<p>Utilize opportunities for delivery of core messages (e.g., television, alternate publications, sponsorships)</p> <p>Continue use of mass media to promote OMVIC’s core messages</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 – Rescission rights – 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>Reach out to stakeholders (i.e., associations, newcomer centres, government, etc.) to promote OMVIC messaging</p> <p>Continue registered dealer participation in the decal program</p> <p>Continue to build awareness of OMVIC as the regulator</p>
<p>Website redesign</p>	<p>Continuously revise web content to reflect new legislation, policies and procedures</p> <p>In conjunction with e-Business Team, modernize and ensure usability of omvic.on.ca and BuyWithConfidence.ca</p>
<p>Increase awareness of OMVIC and the MVDA</p>	<p>Provide educational materials to registrants through multiple channels</p> <p>Provide consumer awareness materials through multiple channels</p>
<p>Increase awareness of Compensation Fund</p>	<p>Work closely with the Motor Vehicle Dealers Compensation Fund to create and deliver a public education program through the use of mainstream and ethnic media</p>

Business Plan 2013 – 2015

EDUCATION AND DEALER PROFESSIONALISM

STRATEGY	2013 – 2015 Performance Measure
Facilitate regular enhanced communication between OMVIC and stakeholders	Continue to use bulletins, newsletters, e-newsletters and social media to reach stakeholders
Promote understanding of the MVDA	<p>Continue to make available and deliver advertising and disclosure seminars to dealers and dealer groups as required</p> <p>Make disclosure 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 MVDA educational programs</p> <p>Focus on the MVDA’s key pillars in advertising/marketing:</p> <ul style="list-style-type: none"> • All-in pricing and disclosure in advertising • Vehicle history/condition disclosure • Rescission rights • The Compensation Fund <p>Provide information and updates on compliance issues through bulletins and newsletters</p>
Develop new educational opportunities for registrants	Work with Georgian College to develop and make available an online course teaching the key elements of the MVDA and CPA

BOARD GOVERNANCE/OPERATIONS

STRATEGY	2013 – 2015 Performance Measure
Review, identify and address new areas of enterprise risk	Continue refinement of crisis communications planning

Business Plan 2013 – 2015

DEALER PROFESSIONALISM /CONSUMER PROTECTION

STRATEGY	2013 – 2015 Performance Measure
Standards of Business Practice: staff educate dealers, review advertising and assist in development and delivery of effective educational materials for dealers to improve compliance with Code of Ethics and advertising regulations	<p>Participate in dealer education seminars regarding advertising and Code of Ethics compliance</p> <p>Continue to provide knowledgeable advice to dealers regarding advertising issues and monitor emerging trends</p> <p>React quickly and innovatively to address violations of the Code of Ethics, including but not limited to advertising concerns, by providing verbal warnings, formal caution letters or issuance of Notices of Complaint to offending registrants</p>
Inspections: an inspection program that employs risk-management principles to target problem areas, reviews consumer and dealer complaints and anticipates trends that pose a risk	<p>2,500 inspections to be completed in 2013</p> <p>To minimize consumer risk, more than 50 per cent of inspections will arise from risk-based inspection lists</p>
Review and re-assess existing premise requirements for dealers	<p>Consult with industry stakeholders about enhancements to the premise policy in order to ensure dealers are operating from their registered business premises</p> <p>Recognize and adapt to new and emerging business models (e.g., Internet-based models) to enable success without posing risk to the public</p>
Enhance advertising disclosure requirements	<p>Consult with industry and consumer stakeholders to enhance mandatory disclosures in advertising to ensure transparency (e.g., branding disclosures, odometer-reading irregularities)</p>

Business Plan 2013 – 2015

ADMINISTRATION OF THE MVDA

STRATEGY	2013 – 2015 Performance Measure
<p>Review inspection policies and procedures</p>	<p>Inspection Team to review forms, templates, policies and procedures used during inspections and recommend changes or enhancements</p> <p>Monitor risk-based inspection model and outcomes to ensure risk factors are effective and rate of recidivism decreases.</p>

COMPENSATION FUND

STRATEGY	2013 – 2015 Performance Measure
<p>Continue to reach out to vulnerable consumers about existence of the Fund</p>	<p>Institute communications plan via radio and ethnic media to enhance knowledge of the Fund for consumers amongst vulnerable sectors and general population</p> <p>Continue distribution of multilingual versions of the Compensation Fund brochure via OMVIC’s website</p>

BOARD EFFECTIVENESS AND STAFF ACCOUNTABILITY

STRATEGY	2013 – 2015 Performance Measure
<p>Ensure claimants to the Fund are satisfied with service provided by Staff and the Board</p>	<p>Continue to survey Compensation Fund claimants about the knowledge, courtesy and helpfulness of staff and response time of the board to claims.</p> <p>Maintain or improve current survey results which rank all categories at 3 or more on a scale of 4</p>
<p>Cost-effective management of claims process and board costs while assisting commitment to conservation</p>	<p>When practical, arrange for teleconferences to manage meeting costs and minimize environmental impact of travel</p>

INVESTIGATIONS

Business Plan 2013 – 2015

CONSUMER PROTECTION

STRATEGY	2013 – 2015 Performance Measure
Pursue those who prey on an unwary public	Ongoing investigation and prosecution of curbsiders
Identify curbsiders in online marketplaces	Expand robo-dialing program to include email warnings and examine additional online marketplaces
Increase awareness of OMVIC through law associations and law-enforcement agencies	Provide seminars to law enforcement agencies, and participate/assist in their investigations

DEALER PROFESSIONALISM

STRATEGY	2013 – 2015 Performance Measure
Pursue dealers or salespersons who violate the MVDA or CPA	Ongoing investigation and prosecution of industry conduct-related offences

LEGAL AND PROSECUTIONS

Business Plan 2013 – 2015

CONSUMER PROTECTION

STRATEGY	2013 – 2015 Performance Measure
Increase awareness of OMVIC through law associations and law-enforcement agencies	Continue to provide seminars for law associations and policing authorities

DEALER PROFESSIONALISM

STRATEGY	2013 – 2015 Performance Measure
Registrar's actions: institute effective registration and inspection processes that identify dealers who should not be registered or who require close monitoring through terms and conditions of registration	<p>The volume of Registrar's actions is anticipated to remain steady through the planning period at approximately 1,000 actions yearly</p> <p>Review and update Registrar's standard terms and conditions of registration</p>

ADMINISTRATION OF THE MVDA

STRATEGY	2013 – 2015 Performance Measure
Review regulatory requirements in view of changing technology	Review requirements concerning maintenance of electronic records by dealers

Business Plan 2013 – 2015

BUSINESS CONTINUITY/PROCESS IMPROVEMENT

STRATEGY	2013 – 2015 Performance Measure
Development of Business continuity plan (BCP)	<p>Technical and business aspects of the business continuity will be tested and BCP updated</p> <p>Memorandum of understanding with the ministry for temporary workspace for key staff in case of a disaster to be finalized</p>
Enhancements to website	<p>New online function which improves the speed of service to OMVIC stakeholders will be functional. This includes online Registration Renewals, Registration Lookup/Report by Dealer and Member Profile Changes</p> <p>Improved structure, navigation and ease of use of website</p>
Develop plan for implementing unified voice and data communication	Plan developed for improved use of unified communication technology

HUMAN RESOURCES MANAGEMENT

STRATEGY	2013 – 2015 Performance Measure
Develop strategic human resources planning	Human Resource Strategic Plan that provides a framework for OMVIC's long-term human resource practices developed
Implement HR Metrics	HR metrics for management purposes introduced
Further enhance performance management process	Performance management process to better align outcomes to corporate, departmental and personal objectives is implemented
Review HRIS	Human Resources Information System that supports organizational needs
Continue commitment to corporate policies promoting cultural and gender diversity in the workplace	Deliver presentation during 2013 regarding Generation Y's approach to work and how to best deal with these generational differences in the workplace

Business Plan 2013 – 2015

CORPORATE SOCIAL RESPONSIBILITY

STRATEGY	2013 – 2015 Performance Measure
Continued conservation efforts	Demonstrated commitment to a green workplace policy
Develop community-giving plan	A plan to participate in activities that gives back to the community

ENTERPRISE RISK MANAGEMENT

STRATEGY	2013 – 2015 Performance Measure
Enhance cyber security	Security tools and practices are aligned with current privacy policies and threats
Review internally restricted operating reserve	Board approved policy that sets a reasonable level of required reserve for OMVIC's operation
Review insurance coverage	Insurance policies are adequate to mitigate identified risks

ADMINISTRATION

STRATEGY	2013 – 2015 Performance Measure
Review office space	Adequate and optimal office facilities are available to support OMVIC's ongoing operations

Staff-Developed Program/ Process Improvements

Three teams of OMVIC staff made proposals designed to enhance customer service and/or assist with compliance or enforcement. The following proposals will be reviewed for possible implementation during the planning period:

From Ashley Briggs, Taylor Dickson and Leigh Bayes –
“Improving Curbsider Reporting Process”

- Create anonymous online curbsider reporting form/system to assist the public report illegal sellers
- System to utilize method that confirms report was successfully received

From TJ Lotton and Zafrin Vellani – “Online Status Updates”

- Develop online tool to allow applicants and registrants to view registration status
- System would allow 24-hour availability of specified info, speed up registration process and improve customer service

From Shelly Shah, Delia Dumitru and Vaish Pavan –
“French Language Services”

- Provide access to French language training for interested/designated staff
- Review available online language courses to determine which product/service meets requirements

Three-Year Financial Forecast

(\$ THOUSANDS)

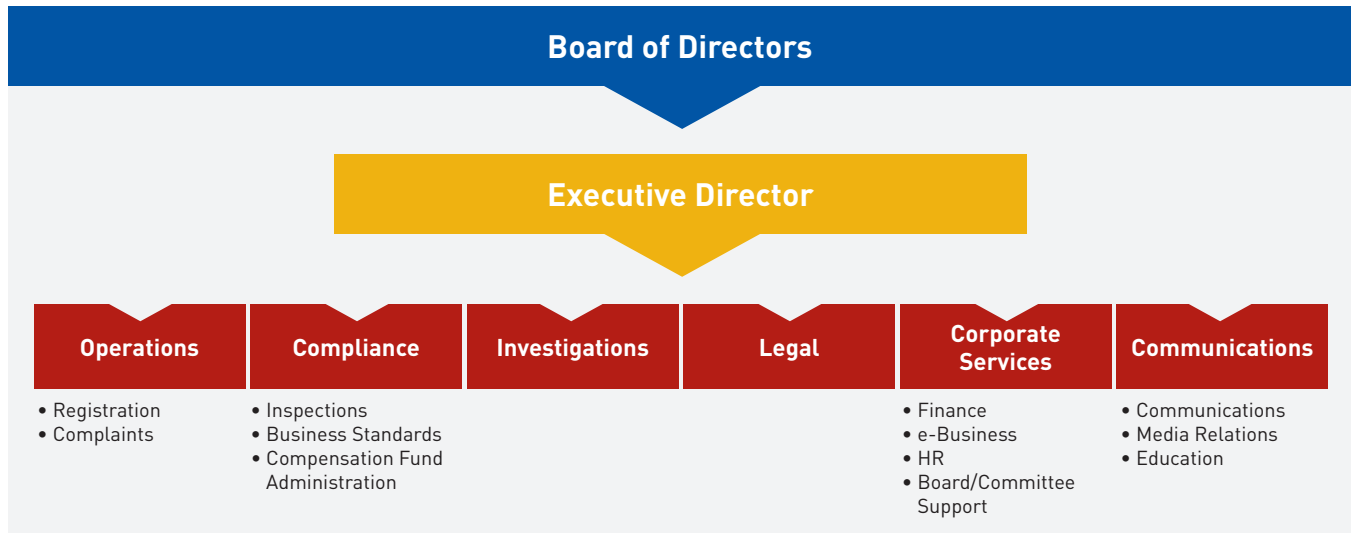
REVENUES	2013	2014	2015
Registration fees	10,454	10,446	10,446
Transfer fees	360	360	360
Expense recoveries	275	282	289
Certification course fee	213	233	213
Interest and other	24	25	25
	11,326	11,346	11,333

(\$ THOUSANDS)

EXPENSES	2013	2014	2015
Salaries and benefits	7,448	7,619	7,847
Professional services	904	925	952
Public awareness	700	700	700
Travel	593	606	624
General and administrative	579	592	610
Occupancy	413	483	523
Amortization of capital assets	348	204	131
Telecommunications	316	323	333
Per-diem allowances	249	254	262
Government oversight fees	199	199	199
Industry awareness	150	150	150
	11,849	12,005	12,281
Excess of expenses over revenues	(523)	(659)	(948)

Note: OMVIC's current cash holdings sustain the projected budgetary deficits. OMVIC has the authority to raise revenues and will consider fee increases from January 1, 2015.

Organizational Structure



BOARD OF DIRECTORS

The Board is made up of nine motor vehicle dealers drawn from all segments of the industry. Operating 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.

Kevin Bavelaar, President and Chair of the Board

*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 dealership. He was promoted to general manager in 1990. In 1993, Kevin 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.

During his first term as an OMVIC director from 1999 to 2004, Kevin chaired several committees, including Ethics and Discipline and Industry Professionalism. His current term began in May 2007 and since then he has served as OMVIC's secretary-treasurer, vice-president and is the current president and chair of the board.

Ken Peterson, Vice President

*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 15 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; he 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

Organizational Structure

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.

Ron Marostica, Secretary-Treasurer

Marostica Motors Ltd., Thunder Bay

Term expires May 2014

Ron Marostica has been an automotive dealer for more than 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 issues of national importance to dealers and administers the legal action defense fund. He was also a member of Motor Vehicle Dealers Compensation Fund’s Board of Trustees for six years. During that period, he also 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.

Matt Rispin

North Toronto Auction, Innisfil

Term expires May 2015

Matt Rispin graduated from the University of Toronto in 1998 and has enjoyed the automotive auction business for the past 16 years. In 2003, Matt and his partners opened North Toronto Auction in Innisfil and have succeeded in developing 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 and served as chair of the Board from May 2010 to

May 2012. He hopes to continue his representation of his industry peers working with the board and its mandate.

Nazreen Ali,

Consumer Representative

Term expires May 2015

Nazreen Ali earned an MBA from Queen’s University and has senior-level experience in the financial services and international trade sectors. Nazreen 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, including the United Way of Ottawa, and has been honoured by business and community groups. She was OMVIC’s secretary-treasurer in 2011.

Jeff Gray

Consumer Representative

Term expires January 2014

Jeff Gray has been practising civil litigation as a sole practitioner for more than 29 years. His practice is consumer oriented and focuses principally on automotive-related issues, such as product liability, insurance issues, motor vehicle accidents and 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.

Organizational Structure

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.

Denis Ayotte

*Gus Brown Pontiac Buick GMC Ltd., Whitby
Gus Brown Pontiac Buick GMC Ltd., Port Perry
Term expires May 2015*

Denis Ayotte is a partner in, and vice-president of, Gus Brown Pontiac Buick GMC Ltd. in Whitby and 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 a 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 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 50 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 chair of the OMVIC board of directors. He is a member of the Motor Vehicle Dealers Compensation Fund board of trustees and is a past chair of the Fund.

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.

Organizational Structure

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.

Cliff Pilon

*Gold Fleet Subaru/Suzuki, North Bay
Term expires May 2015*

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 and Rust Check franchises in both cities.

Cliff's hands-on approach, coupled with daily interaction with his businesses, helps 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 Cliff a valuable asset to the OMVIC board of directors. Cliff has served on the board since May 2006 and chaired the Communications Committee from 2010 to 2011.

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, he became 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.

John has served on the OMVIC board since May 2007, chaired the stakeholder relations committee from 2010-2012 and now chairs the Communications Committee.

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 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

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 not called upon to meet in 2012.

AUDIT, FINANCE AND RISK

Chair: Ron Marostica

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

The committee held five meetings during 2012.

Membership: Same as Management Committee (elected officers).

COMMUNICATIONS COMMITTEE

Chair: John Slaughter

Working with staff and in collaboration with the Motor Vehicle Dealers Compensation Fund, the Communications Committee provides 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 2012.

Membership: Five OMVIC board members.

CONSUMER PROTECTION ADVISORY COMMITTEE

Chair: Jeff Gray

The Consumer Protection Advisory Committee (CPAC) was created by the OMVIC board of directors to access consumer viewpoints. The committee is chaired by a consumer representative from OMVIC's board.

CPAC was established to provide the Ministry of Consumer Services and OMVIC board with expert advice on consumer issues. The committee's processes allow for direct and independent input to the Minister on issues of importance to consumers.

The committee held four meetings during 2012. Its activities helped develop content for educating consumers about marketplace trends that resulted in Consumer Line articles, website content and suggestions to the OMVIC Board.

Membership: OMVIC board members appointed by the Minister and five non-board consumer representatives. Majority of membership must be non-industry.

GOVERNANCE COMMITTEE

Chair: Cliff Pilon

The Governance Committee reviews the governance of the board of directors on a regular basis. This includes a review of the effectiveness of 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 four meetings during 2012.

Membership: Five OMVIC board members (four dealer representatives and one consumer representative). Same as Nominating Committee.

Committees

MANAGEMENT COMMITTEE

Chair: Kevin Bavelaar

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.

During 2012 the committee met in person nine times and held one teleconference.

Membership: Four OMVIC board members (elected officers).

NOMINATING COMMITTEE

Chair: David Cooke

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 three meetings during 2012.

Membership: Same as Governance Committee.

STAKEHOLDER RELATIONS COMMITTEE

Chair: Meredith Morris

The Stakeholder Relations Committee 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 three meetings during 2012.

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 change to the MVDA. The committee would also ensure appropriate consultation is conducted and recorded in accordance with a consultation period approved by the ministry.

The committee did not meet during 2012.

Membership: All OMVIC board members.

Contact

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, media relations and education

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 fulfil 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 the Trillium Automobile Dealers Association
- Three directors who are members of both the Used Car Dealers Association and the Trillium 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 the Trillium 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 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

Appendix A

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, TADA, UCDA –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

Appendix A

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 fulfil 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.



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