

PROMOTING A FAIR AND INFORMED
VEHICLE SALES MARKETPLACE IN ONTARIO



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OMVIC'S MISSION STATEMENT

We will take pride in the results of our commitment to a fair marketplace, achieved through innovation, enforcement and excellence in service.

OMVIC's creation on January 7, 1997, marked the first time a regulated business sector had moved to self-management. Previously, Ontario's motor vehicle dealer industry was regulated by the Ministry of Consumer and Commercial Relations (now the Ministry of Government and Consumer Services). OMVIC is a not-for-profit corporation governed by a 12-member Board of Directors.

Registration with OMVIC is mandatory for all Ontario vehicle dealers (new and used) and salespeople.

The Ontario Motor Vehicle Industry Council (OMVIC) administers and enforces the *Motor Vehicle Dealers Act 2002* (MVDA) – a public protection statute – on behalf of the Ministry of Government and Consumer Services. OMVIC's mandate is to maintain a fair and informed vehicle sales marketplace in Ontario by protecting the rights of consumers, enhancing industry professionalism and ensuring fair, honest and open competition for registered vehicle dealers. OMVIC's adherence to these ideals is reflected in its mission statement.

OMVIC'S ONGOING OBJECTIVES

OMVIC'S PRIORITIES

- CONSUMER PROTECTION
- DEALER PROFESSIONALISM
- CUSTOMER SERVICE

- Consumer protection through
 - pursuit of those who would prey on an unwary public
 - dissemination of information concerning consumer rights and responsibilities via media relations, educational outreach and public information and awareness programs
 - compliance activities and complaint-handling
- Dealer professionalism through
 - certification programs for new dealers and salespeople
 - ongoing information and education initiatives
 - increased accountability through administration of a Code of Ethics (CoE), Standards of Business Practice and an open disciplinary process

PROTECTION FOR ONTARIANS

Ontario vehicle buyers benefit from excellent consumer protection legislation and a vigilant and dedicated regulator. Vehicle sales is a regulated industry in Ontario. As the regulator, OMVIC administers and enforces the MVDA and sections of the *Consumer Protection Act* (CPA) on behalf of the Ministry of Government and Consumer Services.

Penalties for breaching the MVDA or CoE are significant. The maximum penalty for an individual is a fine of \$50,000 and/or imprisonment for two years less a day. The maximum fine for a corporation is \$250,000. For an individual acting as a dealer without benefit of registration (a curbsider), the minimum penalty is \$2,500.

Ontario consumers are further protected by the CPA – legislation that prohibits unfair business practices, including false, misleading, deceptive or unconscionable representations.

It is important to note that the protections provided by the MVDA, the Motor Vehicle Dealers Compensation Fund and OMVIC apply only to consumers who buy or lease from a registered dealer. Consumers who choose to buy privately are not protected.

Key protections provided by the MVDA include the following:

All-In Price Advertising. If a dealer advertises a price for a vehicle, that price must include all fees and charges the dealer intends to collect; there can be no hidden fees. *Note: HST and licensing do not have to be included in the all-in price as long as the advertisement clearly and prominently indicates they are not included.*

Disclosure. Dealers must disclose in writing specified information (including any material facts) related to a vehicle's past use, history and condition.

Cancellation Rights. Should a dealer fail to properly disclose

- a vehicle's previous use as a taxi, limousine, police cruiser, emergency service vehicle or daily rental (unless the daily rental was subsequently owned by someone other than a registered dealer);
- that a vehicle was branded (irreparable, salvage or rebuilt);
- a vehicle's make, model and model year; or
- the true distance a vehicle has been driven (or the designated statement if the mileage is not known),

the purchaser may cancel the contract within 90 days of delivery and all monies paid must be refunded.

Access to the 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 compensation of up to \$45,000 per valid claim.

PROTECTION FOR ONTARIANS

The text is overlaid on a decorative graphic consisting of several overlapping, curved, light blue shapes that resemble stylized waves or abstract brushstrokes, creating a sense of movement and depth.

OMVIC:
Promoting a Fair and
Informed Vehicle Sales
Marketplace in Ontario

2016 SUMMARY



2016

SUMMARY

OMVIC BY THE NUMBERS

THE FOLLOWING IS A BRIEF SUMMARY OF **OMVIC'S 2016** STATISTICS, INITIATIVES AND ACHIEVEMENTS.



REVENUE FOR FISCAL 2016
\$16,839,367

EXPENSES FOR FISCAL 2016
\$13,621,594



REGISTRANTS

36,013 includes

- 8,099 DEALERS
- 27,914 SALESPERSONS

REGISTRATION ACTIVITIES

- 646 NEW DEALER APPLICATIONS
- 4,166 NEW SALESPERSON APPLICATIONS
- 7,770 DEALER RENEWALS
- 12,164 SALESPERSON RENEWALS



COMPLIANCE INITIATIVES

(INCLUDES INSPECTIONS/INVESTIGATIONS/PROSECUTIONS/ADMINISTRATIVE ACTIONS)

2,869

INSPECTIONS CONDUCTED. NOTE: 2.8% OF INSPECTIONS REFERRED TO SENIOR MANAGEMENT FOR POSSIBLE FURTHER ACTION

1,071

REGISTRAR ACTIONS TAKEN (INCLUDES 53 PROPOSALS TO REVOKE, SUSPEND OR DENY REGISTRATION)

1,114

HOURS ASSISTING LAW ENFORCEMENT AGENCIES

519

ADVERTISING COMPLIANCE CAUTIONS ISSUED

435

INVESTIGATIONS OPENED (244 CURBSIDER/ 191 INDUSTRY)

221

CHARGES LAID AGAINST 34 CURBSIDERS

44

CHARGES LAID AGAINST 22 INDUSTRY MEMBERS

33

NOTICES OF DISCIPLINE SERVED (CoE/DISCIPLINE MATTERS)

99

COMPLIANCE WARNING LETTERS ISSUED

OMVIC BY THE NUMBERS

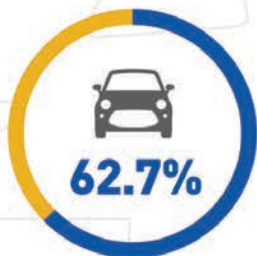


CONSUMER COMPLAINT HANDLING

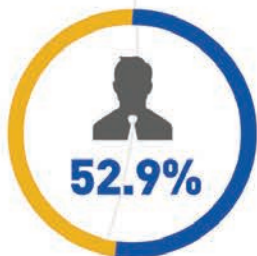


- **956** FORMAL COMPLAINTS RECEIVED
- **\$966,066** RETURNED TO CONSUMERS AFTER CONCILIATION EFFORTS

ONLINE SERVICES



OF DEALERS UTILIZE



OF SALESPERSONS UTILIZE

COMMUNICATIONS



- **80** BULLETINS, NEWSLETTERS AND NEWS RELEASES PUBLISHED
- **71** SEMINARS/WEBINARS CONDUCTED
- **55** MEDIA INTERVIEWS CONDUCTED
- **571** FACEBOOK POSTS, **1,024** TWEETS, **27** LINKEDIN POSTS AND **53** BLOG POSTS PUBLISHED

MOTOR VEHICLE DEALERS COMPENSATION FUND



TOTAL VALUE OF CLAIMS PAID
\$219,920

MESSAGE FROM THE PRESIDENT AND CHAIR OF THE BOARD

The Honourable Tracy MacCharles
Minister of Government and 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 2016 Annual Report and 2017 Business Plan.

2016 was a very challenging year for this Board and for OMVIC. But with a great amount of dedication by the members of the Board, and with the help of some very good OMVIC staff, we have overcome the challenges and become an even better organization. It is this Board's committed intention that we will serve both consumers and registrants even better in the future.

There are still challenges ahead of us, Minister. Emerging online business models require understanding and monitoring to ensure consumers are protected, seemingly faster and faster technological change requires expertise and nimbleness, and demand for educational information to assist our dealer body continues to increase. But meeting and overcoming these challenges will make it easier for our staff to help both consumers and registrants.

One of our greatest ongoing accomplishments, Minister, is our ability to consult with our various stakeholders. The Used Car Dealers Association (UCDA), Trillium Automobile Dealers Association (TADA), the Automobile Protection Association (APA), Car Help Canada (CHC), the Consumer Council of Canada (CCC) and Georgian College are all respected members of our stakeholders group and are partners in our efforts to provide even greater protection to consumers and to enhance the professionalism of our industry. It is my fervent hope that we will continue to consult with our stakeholders as we do an even better job of informing the public about their rights as consumers under the MVDA.

Minister, on behalf of OMVIC's Board of Directors, I want to assure you that OMVIC remains committed to protecting the rights of Ontario's motor vehicle buyers and to enhancing the knowledge and professionalism of our registrants. On behalf of the Board I want to thank your ministry and your staff, OMVIC's staff, our registrants and our various stakeholder groups for their ongoing assistance, collaboration and support.

Sincerely,



Ron Marostica
President and Chair
OMVIC Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The Honourable Tracy MacCharles
Minister of Government and Consumer Services

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



Dear Minister MacCharles:

2016 was indeed a year of challenges for OMVIC, challenges met by a dedicated staff and management team with proven commitment to OMVIC's mandate. Through compliance, enforcement and prosecutorial efforts, OMVIC protected the rights of Ontario consumers. And through educational initiatives for both consumers and registrants, OMVIC enhanced industry professionalism and helped ensure a fair, safe and informed vehicle sales marketplace.

In 2016 OMVIC conducted 2,869 inspections, 435 investigations were opened that led to 265 charges against 56 entities, 33 Notices of Discipline were served for alleged breaches of OMVIC's Code of Ethics, 1,071 Registrar actions were taken (including 53 Proposals to Revoke, Suspend or Deny Registration) and 956 formal complaints were conciliated resulting in the return of \$966,066 to consumers. While these types of compliance and enforcement activities are required to maintain a fair and open marketplace, they alone cannot create it. Education and awareness also play key roles.

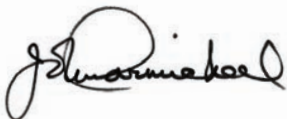
To that end, OMVIC conducted a province-wide consumer awareness campaign to inform vehicle buyers of their right to all-in price advertising. This campaign increased awareness of a key consumer right to 33 per cent (from 28 per cent in 2015 and 19.7 per cent in 2014). Direct outreach was also conducted: 26 educational consumer seminars were held across the province and 45 educational dealer seminars/webinars were conducted. Additionally, OMVIC Education staff travelled to Ottawa, Thunder Bay, Sudbury, London and two locations in the Greater Toronto Area to discuss trending issues in the vehicle sales industry and deliver educational presentations on dealer advertising and the mandatory disclosure requirements. These sessions were very well received by registrants and provided a venue for dialogue between OMVIC and the registrant community.

As part of its goal to increase consumer awareness and be a trusted source of information for the public, OMVIC launched a webpage enabling users to view information related to charges (under the *Motor Vehicle Dealers Act* or the *Consumer Protection Act*) laid by OMVIC Investigators and convictions if registered. This new resource can be accessed via common search engines (e.g., Google) and has improved transparency for consumers and registrants alike.

In 2016, OMVIC collaborated with the Financial Consumer Agency of Canada to continue raising awareness of the growing issue of negative equity (i.e. when outstanding financed amount (loan owing) exceeds the vehicle value). OMVIC also partnered with Georgian College to develop an online version of the existing OMVIC Certification Course for would-be registrants. This online course is expected to be completed in the spring of 2017. It is through this commitment to collaboration with stakeholders that OMVIC continues to prove itself to be a transparent, trusted and respected regulator.

Minister, while I may be the newest member of OMVIC's senior team, my experience thus far gives me confidence that OMVIC will meet the challenges of 2017, achieving the objectives laid out in our Strategic Plan. I look forward to building upon our positive relationship with your office and your ministry.

Sincerely,



John Carmichael
Chief Executive Officer

2016 ANNUAL REPORT

ACCOMPLISHMENTS

OMVIC's 2016–18 Strategic Plan established four strategic goals:

1. Increase consumer awareness.
2. Increase registrant professionalism.
3. Be a trusted and respected partner.
4. Improve organizational capacity.

These goals are the Board of Directors' highest-level promises to its stakeholders. Each priority sets a clear direction for operational leadership to align resources with operational activities to enable delivery of these promises.

OMVIC's 2016 Annual Report outlines the actions taken to achieve the strategic goals and the measures used to demonstrate their success.

GOAL 1: INCREASE CONSUMER AWARENESS

Strategic Direction: Increase consumer awareness and education and be a trusted source of information for the public on motor vehicle sales

STRATEGY	Identify issues of consumer interest through inspection findings, business standards, consumer complaints and mystery shopping by consumer groups and OMVIC.
2016–18 Targets	2016 Activities and Results
Identify issues of interest	Inspections, Business Standards, Investigations and Complaints, and Inquiries Teams were consulted. A list of all issues (including current messaging where existing) was created.
STRATEGY	Create searchable list of publicly available enforcement information, such as the <i>Provincial Offences Act</i> (POA).
2016–18 Targets	2016 Activities and Results
Make webpage publically available	OMVIC successfully created a publicly available list of all POA charges and prosecution outcomes to ensure greater transparency and accountability. The list, hosted on OMVIC's website, complies with the Act and OMVIC's Publication Policy.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

Strategic Direction: Increase consumer awareness and education and be a trusted source of information for the public on motor vehicle sales

STRATEGY	Increase outreach to consumers through various initiatives.
2016–18 Targets	2016 Activities and Results
Conduct annual awareness campaign	A campaign to raise awareness of consumers' right to all-in price advertising was conducted, using TV, radio, online and social media advertising and media engagement. All-in price advertising awareness increased to 33 per cent from 28 per cent.
Continue all-in price advertising messaging	All-in price advertising was the focus of OMVIC's annual consumer awareness campaign. It was also promoted in paid advertising stories and social media posts and was discussed in numerous media interviews.
Use ad hoc advertising opportunities	Ad hoc advertising included two full pages in the Canadian International AutoShow Program and pre-show in the <i>Toronto Star</i> , monthly advertorials in <i>ON the GO</i> magazine and full-page advertisements in the quarterly <i>Ontario Dealer</i> magazine.
Conduct direct outreach via seminars and tradeshow/event participation	26 consumer car-buying seminars were held province-wide. 12 tradeshows/events were attended, including auto shows and events targeting new Canadians, seniors and first-time car buyers.
Engage with mainstream media	55 media interviews were conducted and five news releases were issued.
Use sponsorships	OMVIC disseminated messaging and raised awareness through numerous sponsorships, including the Automobile Protection Association's <i>Lemon-Aid Car Show</i> (Rogers TV), <i>Car Help Canada AutoShow</i> (CHML radio), <i>Dave's Corner Garage</i> (AM740), Bray AutoSport Canadian NASCAR Series team and <i>Goldhawk Fights Back</i> (AM740).
Engage consumers via social media	Social media engagement included 571 Facebook posts, 1,024 tweets, 27 LinkedIn posts and 53 blog posts.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

Strategic Direction: Increase consumer awareness and education and be a trusted source of information for the public on motor vehicle sales

STRATEGY	Offer information and advice to consumers engaged in a motor vehicle transaction.
2016–18 Targets	2016 Activities and Results
Offer translation services in 150 languages	The number of telephone calls requiring translation has doubled since 2015 (from 44 to 90). Translation services have been provided in 18 languages.
Continue to offer free conciliation service to consumers engaged in a dispute with a registered dealer	956 complaints were received in 2016, resulting in restitution to affected consumers of \$966,066.
Achieve a rating of 4 or greater on a scale of 1 to 5 for knowledge and courtesy from both consumers and dealers	OMVIC maintained impressive customer service ratings on a scale of 1 to 5 (with 5 being excellent). Participants in a closed conciliation are sent an online survey through a survey provider so they can remain anonymous. 349 consumer respondents gave average ratings of 4.2 for courtesy and 4.0 for knowledge. 152 dealers who participated in conciliations gave OMVIC staff average ratings of 4.5 for courtesy and 4.3 for knowledge.
Provide assistance to consumers for claims presented to the Board of Trustees for the Compensation Fund	The Compensation Fund Board of Trustees developed and published consumer video testimonials to educate consumers about the purpose of protections provided by the Fund.
Educate consumers on the risks associated with long-term and subprime credit agreements for vehicles transactions	OMVIC staff attended conferences and meetings with the Financial Consumer Agency of Canada (FCAC), consumer associations and other stakeholders. A joint webinar was developed with the FCAC that was delivered to the Canadian Credit Union Association (CCUA) and Credit Counselling Canada.
Update web content	Website content was revised as needed; 67 webpage updates were completed.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

Strategic Direction: Expand awareness and understanding of OMVIC's role and extent of authority

STRATEGY	Increase awareness of OMVIC.
2016–18 Targets	2016 Activities and Results
Increase general awareness of OMVIC (from 22 per cent in 2015)	Awareness increased to 24.2 per cent.
STRATEGY	Facilitate a consumer focus group to gauge other areas of importance.
2016–18 Targets	2016 Activities and Results
Hold a facilitated focus group discussion to determine other areas of priority messaging	OMVIC held a meeting with the Consumer Protection Advisory Committee and identified potential areas of priority messaging: <ul style="list-style-type: none">▪ vehicle condition issues▪ contract signing/cooling-off period confusion

GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

Strategic Direction: Provide tools and information to consumers to prevent or resolve problems in motor vehicle transactions

STRATEGY	Complete concept and design of an interactive consumer information and complaints portal.
2016–18 Targets	2016 Activities and Results
Complete concept and design of an interactive consumer information and complaints portal	Recommendations were prepared in consultation with the Complaints and Inquiries Team.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM

Strategic Direction: Ensure a fair marketplace for our registrants

STRATEGY	Develop and publish a self-audit checklist and inspection guide.
2016–18 Targets	2016 Activities and Results
Make checklist and guide available to registrants	An Inspection Guide and Checklist were developed and published in fillable PDF and printable formats.
STRATEGY	Identify and track new and emerging business models and their impact on the industry.
2016–18 Targets	2016 Activities and Results
Prepare report on applicants and registrants with non-traditional business models	<p>OMVIC continued to engage with legal counsel, stakeholders and other jurisdictions in Canada and the US regarding the impact of online, new and emerging or non-traditional dealer models.</p> <p>Completed an initial jurisdictional scan across North America to identify emerging business models and how other governmental and/or regulatory bodies are responding. Additional review required of specific jurisdictions with more mature experience regarding identified trends and possible responses.</p>
STRATEGY	Ensure persons who have (or may) put the public at risk do not get or maintain registration as dealers or salespeople.
2016–18 Targets	2016 Activities and Results
Process applications in accordance with the Registrar's authority under the MVDA	More than 59,000 registration applications from dealers and salespersons were processed while maintaining customer service ratings of 4.7, 4.7 and 4.6 for courtesy, knowledge and efficiency, respectively. OMVIC performed the necessary due diligence, with Registrar's actions taken in 1,071 cases, including negotiating terms and conditions of registration, letters of credit and issuing Proposals to Refuse, Revoke or Suspend Registration.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Ensure a fair marketplace for our registrants

STRATEGY	Ensure a robust inspection program is in place to encourage compliance with the MVDA and CoE.
2016–18 Targets	2016 Activities and Results
Conduct more than 50 per cent of inspections from risk-based inspection lists	2,869 inspection visits were completed. 62 per cent of inspections were of higher-risk registrants, 22 per cent were of new dealers and 16 per cent were routine. OMVIC inspected some dealers with innovative business models to better understand risks and opportunities for consumers and to educate registrants on compliance issues, if any.
Apply right-touch enforcement	607 registrants were left with instructions called Inspection Findings. 4 per cent of files were referred to Intake for review and 2.8 per cent resulted in further escalation (cautions, administrative actions, investigation referrals, legal referrals, etc.). Files referred for Disciplinary action were focused primarily on consumer issues such as non-compliance with the all-in price advertising and disclosure regulations.
STRATEGY	Use risk-based inspection program to mitigate risk to the public, Compensation Fund and marketplace.
2016–18 Targets	2016 Activities and Results
Conduct annual review of risk-based inspection criteria	Risk-based inspection criteria were reviewed.
Review data from claims to Compensation Fund to identify early indicators of problems	Historical Compensation Fund data were reviewed, resulting in modified procedures to expedite escalation of files identified as having financial stability concerns.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Provide educational opportunities for registrants

STRATEGY	Facilitate a focus group with registrants regarding the definition of professionalism.
2016–18 Targets	2016 Activities and Results
Hold a facilitated focus group discussion; define professionalism	This is currently underway through the Stakeholder Relations Committee; completion is targeted for 2017.
STRATEGY	Monitor the success of the OMVIC Certification Course.
2016–18 Targets	2016 Activities and Results
Conduct periodic review of Certification Course outcomes	Reviews were conducted and showed a record 6,879 students registered for the course, with an 88.8 per cent pass rate.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Apply right-touch enforcement

STRATEGY	Review data to identify gaps and prioritize enforcement decisions to ensure compliance with the MVDA.
2016–18 Targets	2016 Activities and Results
Act on curbsider activity	In 2016, 244 curbsider investigations were conducted. Charges were laid in 26 cases; warning letters were served to 35 first-time offenders.
Report on the number of curbsiders who sought or gained registration	Identification search parameters were set by the Registration, Investigations and Information Technology departments; a standard report is to be designed in 2017.
Analyze and evaluate curbsiding data	Curbsiding data are analyzed and evaluated continuously to identify trends in location.
Lower the percentage of repeat offenders	Identification search parameters were set; a baseline is to be established in 2017.
STRATEGY	Identify non-compliant activities for investigation, prosecution and disciplinary or administrative action in accordance with authority under the MVDA and <i>Consumer Protection Act</i> .
2016–18 Targets	2016 Activities and Results
Report on non-compliance, including investigations, prosecutions, disciplinary actions and administrative actions	<p>The Investigations Team may issue warning letters, issue Notices of Discipline or lay charges under the MVDA or CPA. Each case is weighed and the appropriate tool is used to achieve the outcome of compliance.</p> <p>In 2016, 191 industry misconduct investigations were opened, resulting in 44 charges against 22 entities. Additionally, seven matters were referred to the Registrar that resulted in the issuance of a Notice of Discipline.</p>
Report on enforcement actions by type	In 2016, 35 warning letters were issued by Investigators to curbsiders, seven matters were brought before the Discipline Committee and 265 POA charges were laid.
STRATEGY	Review and refresh Intake Process.
2016–18 Targets	2016 Activities and Results
Review Intake Process	OMVIC completed a review of other regulators' best practices and recent Licence Appeal Tribunal case law; results will be incorporated into OMVIC's existing Intake Process.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Communicate with registrants in an efficient and effective manner

STRATEGY	
Identify gaps in communications with registrants.	
2016–18 Targets	2016 Activities and Results
Review possible gaps in communications	Registrant communications include newsletters, bulletins, seminars, webinars and social media. A review was conducted by Communications/Education staff and a survey was sent to registrants attending Education/information sessions. No major gaps were identified.
Use new or improved communication tools and techniques to assist registrant communications	A new email subject protocol was introduced to improve open rates for <i>Dealer Bulletins</i> and <i>Dealer Standard</i> newsletters. Education/information sessions were provided to registrants in Thunder Bay, Sudbury, Ottawa, London and the Greater Toronto Area.
STRATEGY	
Provide educational materials to registrants to assist with compliance.	
2016–18 Targets	2016 Activities and Results
Deliver educational seminars and webinars to dealers and salespersons	37 seminars and four webinars were provided to dealers and dealer groups by OMVIC Communications/Education staff. An additional four seminars were delivered by Inspections staff.
Publish bulletins and newsletters	13 <i>Dealer Bulletins</i> and four <i>Dealer Standard</i> newsletters were published.
Respond to dealer inquiries about advertising or other compliance issues	The Business Standards Team provided assistance to 582 dealers.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Use technology to increase and improve service to registrants

STRATEGY	Identify opportunities to better use OMVIC's online membership.
2016-18 Targets	2016 Activities and Results
Increase online membership to 60 per cent of dealers and 45 per cent of salespersons	As a result of staff outreach and messaging, online membership use increased to 62.7 per cent of dealers and 52.9 per cent of salespeople.
STRATEGY	Identify additional online services for registrants.
2016-18 Targets	2016 Activities and Results
Complete year-end report identifying online services options	An internal memo was prepared based on staff and user feedback with options to provide additional services and improve usability.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 3: BE A TRUSTED AND RESPECTED PARTNER

Strategic Direction: Position OMVIC as a trusted and respected partner with governments and other regulators and partners

STRATEGY	Influence impact of ministry's strategic initiatives on OMVIC.
2016–18 Targets	2016 Activities and Results
Review and comment on ministry initiatives	OMVIC provided comments as requested.
Attend meetings and consultations	OMVIC participated in ongoing consultations with the ministry and other Delegated Administrative Authorities (DAAs).
Meet quarterly with Deputy Minister	Ongoing quarterly meetings with the Deputy Minister took place to discuss topics of interest and concerns.
Attend regular meetings with ministry staff	OMVIC attended quarterly liaison meetings with ministry staff.
Develop legislative/regulatory submissions to the ministry to address issues identified through consultation with stakeholders	OMVIC consulted with stakeholders and provided an inventory of proposed legislative and regulatory amendments for "red tape" reduction.
STRATEGY	Increase and improve knowledge sharing among OMVIC and its stakeholders.
2016–18 Targets	2016 Activities and Results
Identify and map data sources to allow use of data analytics methods and graphical presentation of the results	A new query/report was created to help Investigations staff enhance resource allocation.
Use data visualization tools such as dashboards to provide real-time measurement of OMVIC business processes	A Charges and Convictions Chart was created using interactive data visualization in real time to provide information on all entities (individuals and businesses, registrants and curbsiders) charged or convicted in the past 10 years. This chart is on the OMVIC website.
Produce easily understood, quantifiable and qualifiable statistics	Review was begun of key operating indicators and linking of related data.
Participate in ministry/DAA Communications Committee	OMVIC attended and provided information and insights at quarterly committee meetings.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 3: BE A TRUSTED AND RESPECTED PARTNER (CONT'D)

Strategic Direction: Position OMVIC as a trusted and respected partner with governments and other regulators and partners

STRATEGY	Continue consultation with related government and other stakeholders on the risks associated with long-term and subprime credit agreements and possible interventions.
2016–18 Targets	2016 Activities and Results
Attend meetings and consultations	OMVIC met with a wide variety of stakeholders on these issues, including the FCAC and the CCUA.
Make available educational information related to the risks	OMVIC participated in the following to discuss these issues: <ul style="list-style-type: none">▪ parliamentary press conference in association with the FCAC Commissioner▪ CP24 (<i>AutoShop</i>)▪ Autoremaking Canada Conference Panel discussion▪ AM740 (<i>Dave's Corner Garage</i>)▪ CCUA podcast
STRATEGY	Promote government's Consumer Protection Ontario (CPO) brand.
2016–18 Targets	2016 Activities and Results
Include CPO brand on OMVIC website and educational handouts	CPO branding is included on OMVIC's webpages, <i>Roadmap to Buying a Car</i> infographic, consumer brochures and maps.
STRATEGY	Protect privacy and personal information. Conduct comprehensive policy review and implement changes to OMVIC's Privacy Code.
2016–18 Targets	2016 Activities and Results
Conduct review and implement changes as needed	In collaboration with other provincial administrative authorities, OMVIC developed and implemented a new Privacy Code that adheres to the spirit and intent of Ontario's <i>Freedom of Information and Protection of Privacy Act</i> .

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 3: BE A TRUSTED AND RESPECTED PARTNER (CONT'D)

Strategic Direction: Position OMVIC as a trusted and respected partner with governments and other regulators and partners

STRATEGY	Ensure focus on existing and new cyber threats brought about by the increase in number and types of consumer interface devices.
2016–18 Targets	2016 Activities and Results
Ensure security tools are up to date	Security tools were reviewed and continuously updated to the latest versions.
Test backups and disaster recovery	Disaster recovery was tested. Results exceeded recovery time and recovery point objectives.
Ensure security extends to mobile phones	Risks associated with mobile phones were reviewed and a plan for appropriate mitigation in 2017 is being developed.
Address any identified threats	Cyber intrusion tests were conducted – no major threats were identified. Minor threats were mitigated.

GOAL 3: BE A TRUSTED AND RESPECTED PARTNER (CONT'D)

Strategic Direction: Partner and collaborate with stakeholders with shared objectives

STRATEGY	Explore opportunities to develop or enhance educational offerings.
2016–18 Targets	2016 Activities and Results
Consult with partners to consider expansion of educational offerings	OMVIC provided guidance and expertise to Georgian College for development and creation of an online version of the OMVIC Certification Course. Discussions were held with trade associations and Georgian College regarding potential new course development.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 3: BE A TRUSTED AND RESPECTED PARTNER (CONT'D)

Strategic Direction: Partner and collaborate with stakeholders with shared objectives

STRATEGY	Increase awareness of OMVIC and MVDA among stakeholders, including law enforcement and industry personnel.
2016–18 Targets	2016 Activities and Results
Provide educational sessions for industry, law enforcement and other stakeholders	<p>A presentation was developed in collaboration with the Investigations, Inspections and Registrations Teams and delivered to the Criminal Intelligence Service Ontario Annual Operations Body meeting.</p> <p>OMVIC was an exhibitor-presenter at, and sponsor of, the Blue Line Conference.</p>
Participate with law enforcement agencies and other regulators in joint investigations	<p>70 investigations were opened as a result of police information; 50 joint investigations were conducted.</p> <p>Two OMVIC Investigators received commendations from Niagara Regional Police Service for assistance provided.</p>
Assist law enforcement and other regulators with inquiries	<p>Investigators received daily inquiries from law enforcement agencies across the province. In 2016 the Investigations Team logged 1,114 hours assisting other enforcement agencies.</p>
Update technology to improve information sharing with law enforcement	<p>This target has been achieved.</p>

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY

Strategic Direction: Develop an HR strategy, policies and processes that support the Strategic Plan

STRATEGY	Document the HR strategy.
2016–18 Targets	2016 Activities and Results
Update and enhance the HR strategy	OMVIC began updating and enhancing the HR strategy; recommendations are scheduled for presentation to the Board in 2017.
STRATEGY	Develop and implement performance management policies and processes and conduct performance reviews.
2016–18 Targets	2016 Activities and Results
Update policies and implement performance management process	In progress.
Conduct performance reviews	Recommendations for a formal performance review process were developed and are scheduled to be presented to the Board in 2017.
STRATEGY	Develop process for and conduct exit interviews.
2016–18 Targets	2016 Activities and Results
Conduct interviews as required	Interviews were conducted.
STRATEGY	Develop and implement formal reward and recognition program.
2016–18 Targets	2016 Activities and Results
Implement formal reward and recognition program	The draft recognition program was under review for implementation in 2017.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Develop an HR strategy, policies and processes that support the Strategic Plan

STRATEGY	Conduct a compensation review based on <ul style="list-style-type: none">▪ competencies and skills of all positions▪ leadership skills and competencies of senior management positions▪ accountability and responsibilities of all positions
2016–18 Targets	2016 Activities and Results
Complete compensation review and develop implementation plan for Board approval	Work on this target is in progress; recommendations are scheduled for presentation to the Board in 2017.
STRATEGY	Review current field staff Code of Conduct.
2016–18 Targets	2016 Activities and Results
Review, approve and publish field staff Code of Conduct	An Inspections and Investigations Code of Professionalism was developed and published with the assistance of HR. The document was shared with all OMVIC field staff and made available on OMVIC's website. OMVIC Inspectors and Investigators participated in joint 2-day workshops and adopted a field staff safety policy to mitigate risks to field staff.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Improve organizational strength through effective succession planning

STRATEGY	Develop a succession plan for key positions.
2016–18 Targets	2016 Activities and Results
Develop Board-approved succession plan	A succession plan for key positions was updated and approved.
STRATEGY	Provide cross-function training for Registration Officers and Inspectors to enhance familiarization with specific geographical issues.
2016–18 Targets	2016 Activities and Results
Invite Senior Registration staff to Inspection Team meetings	Senior Registration Team members regularly participated in Inspection Team meetings to share information about registration requirements and learned from Inspectors' experience in the field.
Explore opportunities for joint training sessions	OPP Behavioural Sciences provided interview skills training to Senior Registration Officers and a cross-functional group of OMVIC staff.

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Align the Board and committee structure with strategic directions

STRATEGY	Review committee structure and consider the model that will enhance Board efficiency and effectiveness.
2016–18 Targets	2016 Activities and Results
Review committee structure, focusing on Nominating Committee, Executive Committee, Governance Committee, Communications Committee and Human Resource and Compensation Committee	The committee structure was reviewed and no changes were recommended for 2016. Better alignment of responsibilities of some committees with their purposes to further promote efficiency and effectiveness was recommended. The Compensation Fund Board of Trustees developed a work plan and Terms of Reference for its Management Committee, which provides risk, audit and governance oversight.
Implement Board-approved recommendations	Committee Terms of References were revised in line with the above recommendations.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Enhance Board effectiveness

STRATEGY	Review and revise skills matrix for Board members.
2016–18 Targets	2016 Activities and Results
Revise skills matrix for Board approval	Parameters of the skills matrix were revised and a Board member skills survey was conducted. A consolidated skills matrix will be presented to the Board in 2017.
STRATEGY	Define training needs for Board members, both individually and collectively.
2016–18 Targets	2016 Activities and Results
Identify learning plans for Board as a whole and for Board members	Annual governance training for all OMVIC and Compensation Fund Board members was held.
STRATEGY	Review Board remuneration.
2016–18 Targets	2016 Activities and Results
Complete review and develop implementation plan for Board approval	Board remuneration policy was reviewed and it was determined that no changes were required. This is done annually to ensure it is appropriate within a good governance framework.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Optimize services and processes and their delivery through technology

STRATEGY	Develop technology plan to support Year 1 Strategic Plan initiatives.
2016–18 Targets	2016 Activities and Results
Develop technology roadmap for approval by the Board	A roadmap was created.
STRATEGY	Update web technology.
2016–18 Targets	2016 Activities and Results
Update technology	Development tools were upgraded to allow current technology/methods of information delivery through online services.
STRATEGY	Update intelligence database.
2016–18 Targets	2016 Activities and Results
Update database	Database was updated.

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Increase and improve internal communications, information and knowledge sharing

STRATEGY	Review and revise Mission Statement.
2016–18 Targets	2016 Activities and Results
Complete review of Mission Statement and revise as necessary	Work on this target is in progress; completion is targeted for 2017.
STRATEGY	Communicate strategic directions to all staff.
2016–18 Targets	2016 Activities and Results
Regularly report to staff on Strategic Plan implementation	Regular meetings were held as required.

2016 ANNUAL REPORT

ACCOMPLISHMENTS

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Continue to be fiscally prudent

STRATEGY	Begin transition to departmental budgets.
2016–18 Targets	2016 Activities and Results
Provide training to Department Heads	Introductory discussions began; further training is scheduled for early 2017.
Transition departmental budget allocations	Departmental budgets are to be introduced in early 2017.
Implement departmental reporting	Departmental reporting will commence in 2017.
STRATEGY	Monitor and report to the Board on implementation of the Strategic Plan.
2016–18 Targets	2016 Activities and Results
Report to Board quarterly on Strategic Plan implementation	Regular updates were provided to the Board.
STRATEGY	Continue to control operational costs.
2016–18 Targets	2016 Activities and Results
Follow Board-approved budget	The Board-approved budget was followed. Regular financial statements were presented at Board meetings comparing actual results with budget.

BUSINESS ACCOMPLISHMENTS

OPERATIONS

REGISTRATION

In 2016, the number of registered salespeople in Ontario increased to 27,914 (from 27,092 in 2015), a continuing growth trend beginning shortly after OMVIC's inception in 1997. However, the number of registered dealers has remained relatively constant, near 8,000, since 2012.

Online Registration Services

OMVIC launched Online Registration Services in 2013 as a membership service for both dealers and salespersons. Users can access a multitude of services that have been developed and implemented, and this service continues to grow. Online registration services include

- **Pending application checks.** Online members receive the contact information of the assigned Registration staff member. If no application is pending, information and a link is provided for the required registration form.
- **Salesperson termination checks.** Online members who are dealers can review a related salesperson's registration.
- **Notifications.** Online members can subscribe to email notifications for registration expiry, renewal or approval for the dealership or related salespersons.
- **Renewals.** Immediate online approval of eligible renewal applications.

In 2016, the percentage of dealers registered as members increased to 62.7 per cent from 54.3 per cent in 2015 and salespersons membership increased to 52.9 per cent from 44.2 per cent in 2015.

Registration Activities

During 2016, Registration staff

- processed 646 new dealer applications
- processed 4,166 new salesperson applications
- renewed 7,770 dealer applications
- renewed 12,164 salesperson applications
- performed 34,305 other transactions, including registrant information changes, transfers and terminations

Customer Satisfaction

Dealers and salespersons who interact with OMVIC staff on any registration application are sent an electronic customer service survey. In 2016, 2,081 surveys were completed. Registration Team members were consistently rated 4 or higher on a 5-point scale in the areas of courtesy, knowledge and efficiency. The Registration Team also maintained an average response time of 16 seconds, well below the targeted one-minute mark for telephone inquiries through its Automatic Call Distribution (ACD) system.

Telephone Inquiries

In 2016, OMVIC staff addressed 148,000 telephone inquiries, down slightly from 150,000 in 2015. This decrease is likely due to the degree to which customers increasingly communicate via email and the increasing use of online registration services. Notwithstanding the implementation and increasing use of online services in 2013, the number of ACD calls for the Registration Department has remained relatively steady. Except for an increase in 2014 of 36,400 calls (the first full year of online services) the annual ACD call volume for the Registration Team has remained steady at between 32,900 and 34,600 since 2011.

BUSINESS ACCOMPLISHMENTS

OPERATIONS

REGISTRATION (CONT'D)

Registration and the MVDA

The Registrar determines whether new applicants qualify for registration and whether existing registrants continue to be qualified. To maintain registration, registrants must abide by legislation, including the Code of Ethics. 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 for registration, as appropriate.

Should the Registrar propose to refuse or revoke registration, the affected applicant or registrant may request a hearing before the Licence Appeal Tribunal. In such cases, the Registrar's office presents the case for refusal or revocation before a Panel of the Tribunal and the applicant or registrant presents his or her appeal. The Panel may direct the Registrar to carry out, modify or set aside the Proposal and replace it with the Panel's own order. If a recipient of a Proposal fails to appeal, the Proposal becomes effective as written.

The Registrar took 1,071 actions in 2016, a decrease from 1,179 in 2015. Registrar actions included Proposals to Refuse or Revoke Registration and the inclusion of terms and conditions on registration. In the case of newly registered dealers, such conditions may include the requirement to provide an irrevocable letter of credit to the Motor Vehicle Dealers Compensation Fund. This letter of credit serves to protect the Compensation Fund should consumers have valid claims to the Fund as a result of the dealer's conduct.

REGISTRATION ACTIVITIES 2016

ACTIVITY	2012	2013	2014	2015	2016
New Registration – Dealers	711	620	702	694	646
New Registration – Salespersons	3,117	3,215	3,740	3,983	4,166
Renewals – Dealers	7,677	7,874	7,828	7,710	7,770
Renewals – Salespeople	10,807	11,543	11,701	11,757	12,164
Information Changes*	30,262	32,181	32,301	33,099	34,305

*This includes information changes, terminations and salesperson transfers.

BUSINESS ACCOMPLISHMENTS

OPERATIONS

COMPLAINT HANDLING

OMVIC's Complaints and Inquiries Team assists consumers and dealers alike. Complaints can be submitted via email, online or by phone.

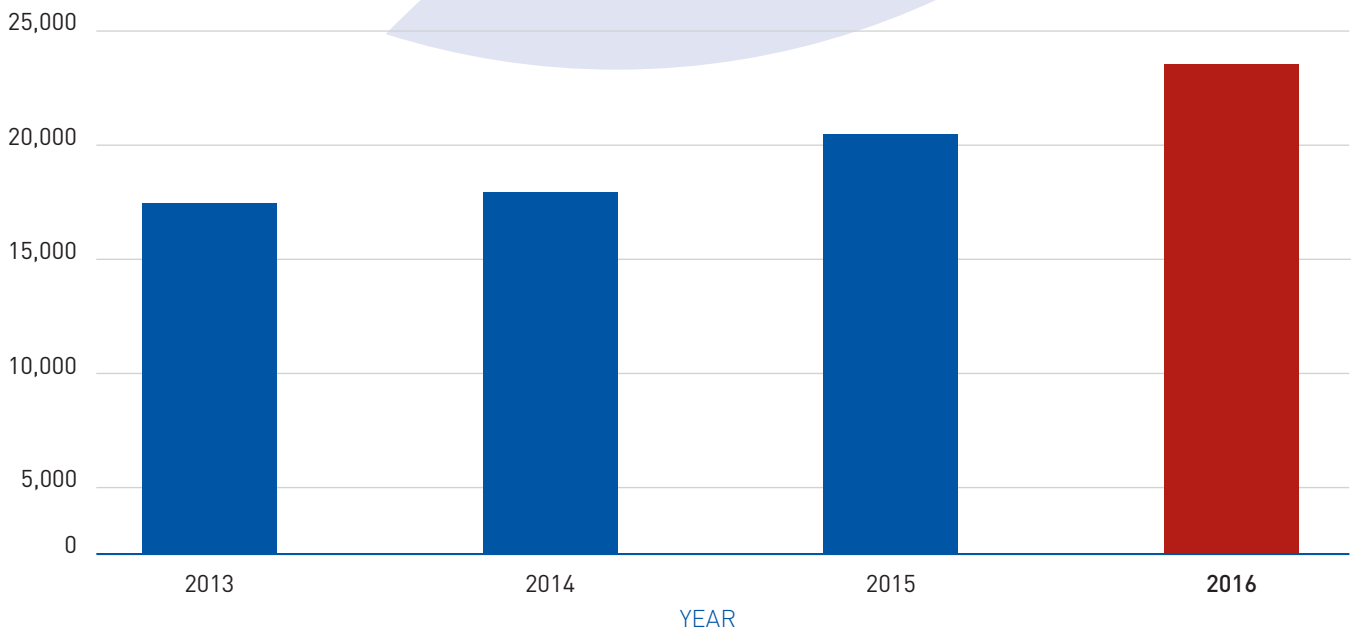
In 2016, the Complaints and Inquiries Team handled 956 formal complaints (up slightly from the 946 in 2015). As a result of the Team's efforts and the cooperation of registered dealers, \$966,066 was returned to consumers. This amount does not include the hundreds of thousands of dollars in repairs or vehicle exchanges that were also negotiated.

The Complaints and Inquiries Team has maintained a high level of customer service survey results. People who contact the Complaints office are sent a survey from a third-party survey provider so individual respondents can remain anonymous. 349 consumer respondents gave average ratings of 4.2 for courtesy, 4.0 for knowledge and 3.6 for efficiency. OMVIC staff received even higher ratings from 152 dealers who participated in conciliations and

responded to the survey. They rated Complaint Handlers 4.5 for courtesy, 4.3 for knowledge and 4.4 for efficiency.

The Complaints and Inquiries Team managed an unprecedented level of demand for its services in 2016. The best available leading indicators of customer demand are the number of calls through the ACD centre and complaints received through OMVIC's online complaints portal. These are the methods most consumers use to first contact the Complaints and Inquiries Team, with subsequent contact largely conducted via email. The number of ACD calls into the Complaints and Inquiries Department increased more than 16 per cent to 23,711 in 2016 (from 20,374 in 2015) and the number of complaints submitted online has increased more than 7 per cent to 1,127 (from 1,049 in 2015). This trend is due to the success of OMVIC's new and ongoing consumer awareness initiatives.

ACD CALLS - COMPLAINTS 2016



The number of ACD calls into the Complaints and Inquiries Department increased more than 16 per cent to 23,711 in 2016.

BUSINESS ACCOMPLISHMENTS

OPERATIONS

Complaints Process

On first contact with OMVIC consumers or dealers are commonly provided with self-help instructions to resolve complaints. Complex complaints require direct staff engagement with the objective of reasonable conciliation between the two parties. Depending on the complexity of the issues and cooperation levels, the process can take hours to months.

The most common complaints relate to

1. Vehicle condition concerns
2. Concerns regarding contract cancellation, misrepresentation, contract disputes and safety certificates

Note: OMVIC does not have the authority to compel or order a dealer to cancel a contract, return money or carry out repairs; only the courts have such authority.

Should a suitable resolution not be found via the Complaints Process, consumers may consider civil action. If a consumer believes their complaint was not addressed, they can appeal to the Appeals Committee of OMVIC's Board of Directors. The Appeals Committee is chaired by a non-industry Board member. There were no appeals filed with the Appeals Committee in 2016.



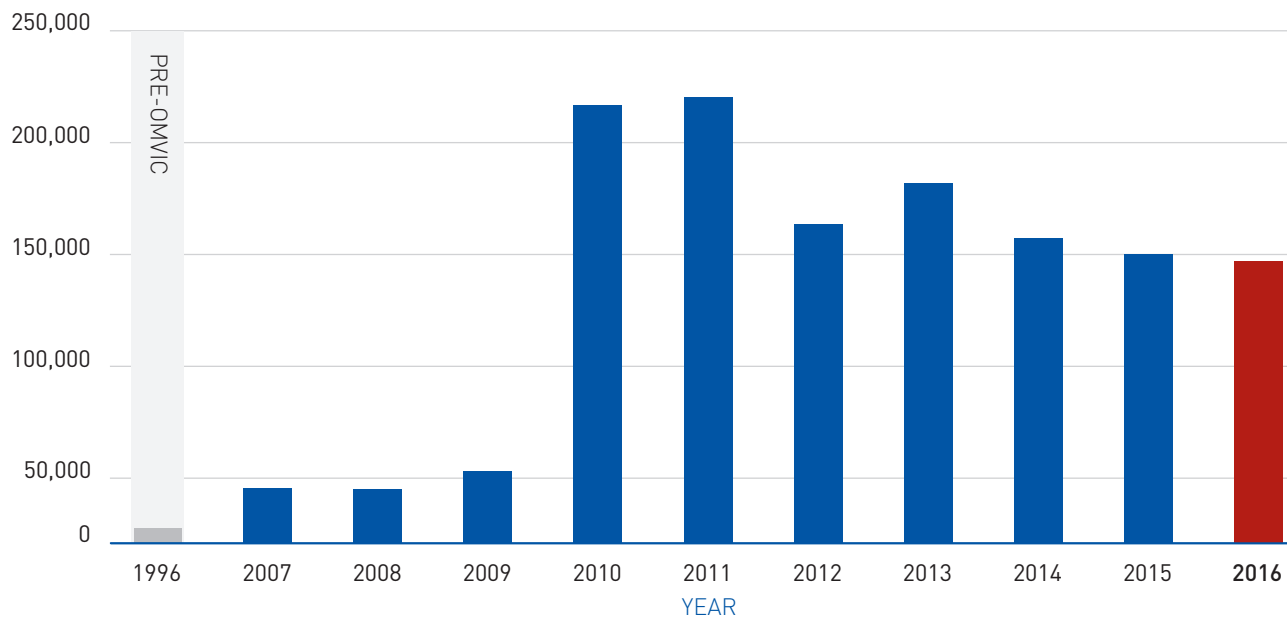
Translation Service Initiative

OMVIC is pleased to offer on-demand translation services for those whose first language is not English to help consumers understand their rights and/or the dealer's obligations. The Complaints and Inquiries Team offers a free telephone translation service to assist these consumers in more than 150 languages. To date, services have been provided in Arabic, Cantonese, Farsi, French, Haka, Italian, Korean, Mandarin, Persian, Polish, Portuguese, Punjabi, Romanian, Russian, Spanish, Tagalog, Tigrinya and Turkish.

PERFORMANCE OVERVIEW

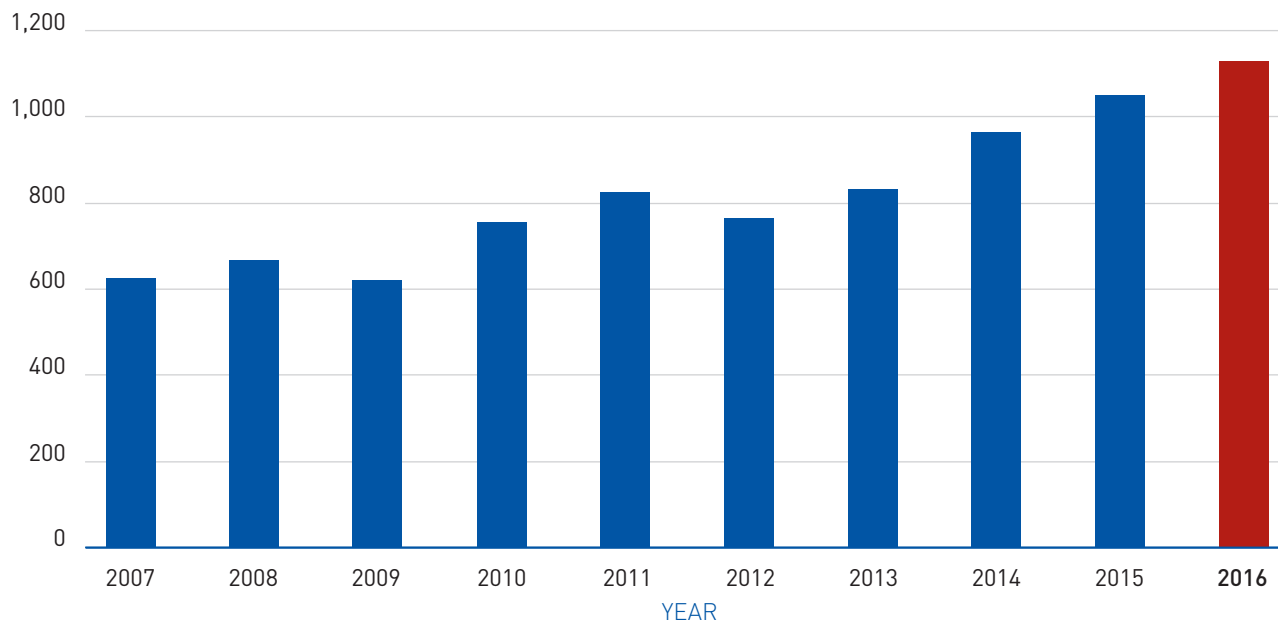
OPERATIONS

INQUIRIES 2016 – TOTAL



Inquiries (total): staff handled 147,886 calls (local and toll-free) in 2016.

COMPLAINTS RECEIVED THROUGH OMVIC ONLINE PORTAL 2016

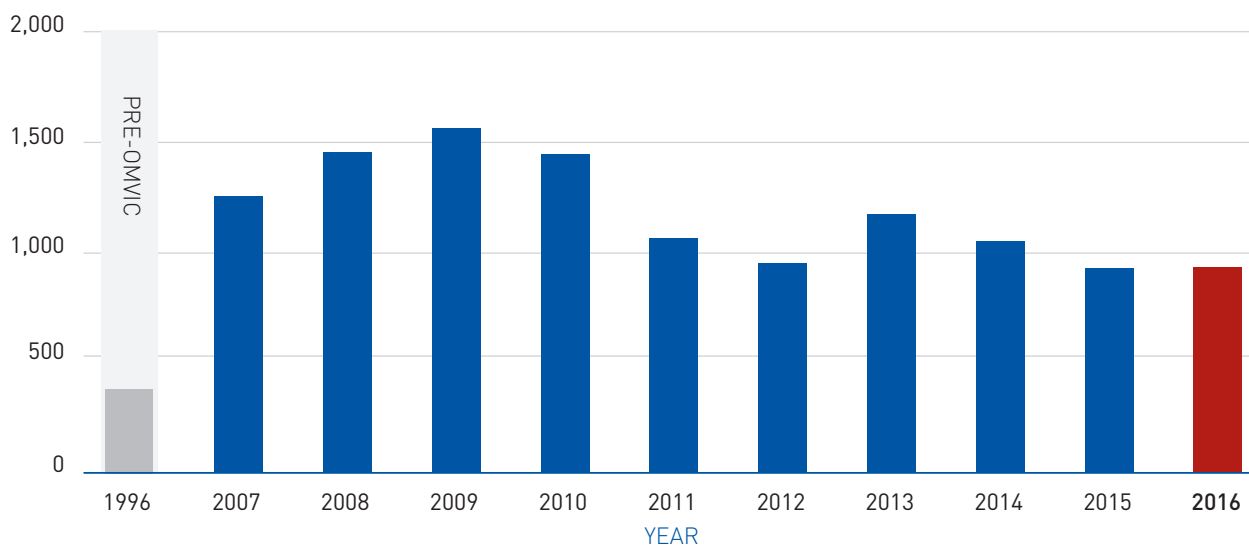


Number of complaints received through OMVIC online portal 2016: 1,127.

PERFORMANCE OVERVIEW

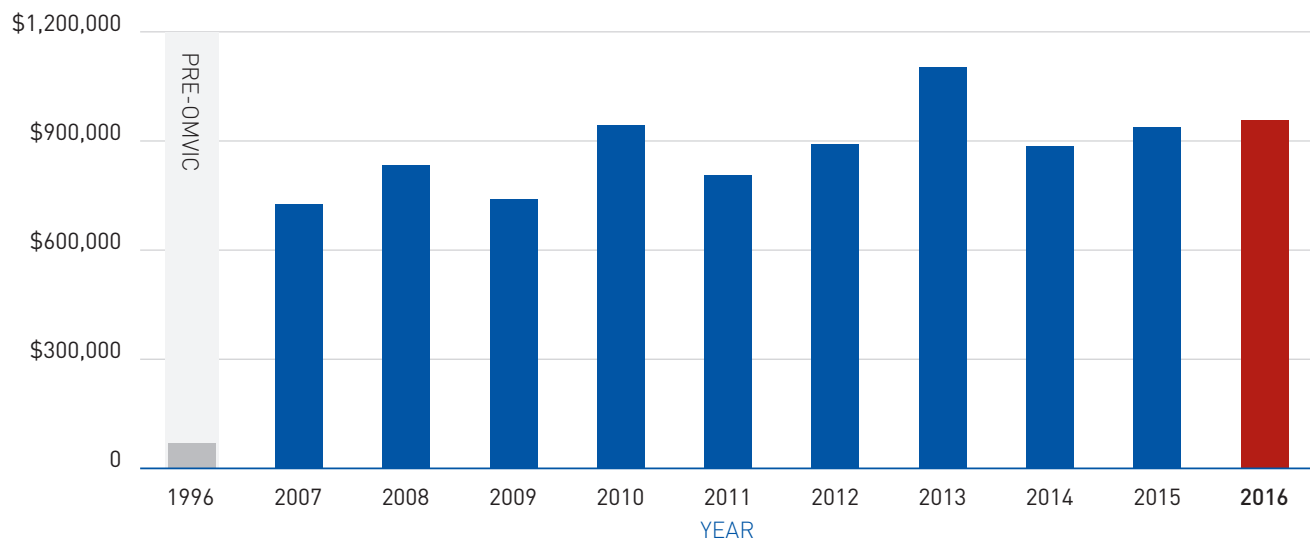
OPERATIONS

COMPLAINT HANDLING 2016



The Complaints and Inquiries Team handled 956 formal complaints in 2016.

CONCILIATION – MONEY RETURNED TO CONSUMERS 2016



As a result of the Complaints and Inquiries Team's efforts, in 2016, \$966,066 was returned to consumers by dealers. This amount does not include the significant amounts negotiated for repairs or vehicle exchanges, nor does it include Compensation Fund payouts.

BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS, MEDIA RELATIONS AND EDUCATION

CONSUMER AWARENESS

OMVIC has developed messaging designed to inform consumers and provide them with the information they need to make safe and educated car-buying decisions. OMVIC's 2016 consumer awareness messaging raised awareness of

- the right to all-in price advertising
- the dangers posed by curbsiders (illegal, unlicensed dealers)
- the "final sale" nature of vehicle purchase contracts
- the potential effects of negative equity
- the protections provided to consumers by the MVDA when buying from a registered dealer and lack of protection when buying privately
- the protections offered by the Compensation Fund
- general car-buying tips
- OMVIC's role and mandate

This messaging was delivered in part via a formal advertising campaign, targeted sponsorships, earned media, ad hoc advertising, social media and direct outreach, including

- an annual consumer awareness campaign using multiple advertising media (TV, radio and online), including direct advertising to consumers actively involved in the car-buying process
- feature stories in print and online publications
- engagement with mainstream media

- direct outreach to consumers via blogs, newsletters, seminars and participation in trade shows and events
- partnership and sponsorship opportunities
- social media

Annual Consumer Awareness Campaign

Building on the success of its 2015 "All-in price advertising – IT'S THE LAW" campaign, OMVIC's 2016 consumer awareness campaign was built around a new 15-second version of the original TV commercial and a new radio commercial. Together with online and social media support, the campaign messaging educated consumers about their right to all-in price advertising and helped protect them from unscrupulous dealer advertising.

Media used to deliver the campaign included

- TV (province-wide)
- online (Google, Kijiji)
- radio (including multicultural radio)
- social media
- news release (and direct engagement with news media)

The campaign's success (in conjunction with ad hoc initiatives and media engagement) was measurable: the percentage of Ontarians who know dealers should not charge fees in excess of an advertised price rose to 33 per cent from 28 per cent in 2015. Additionally, OMVIC's all-in price advertising webpage received 68,560 views; the average time on the page was 2 minutes 51 seconds.

CONSUMER AWARENESS

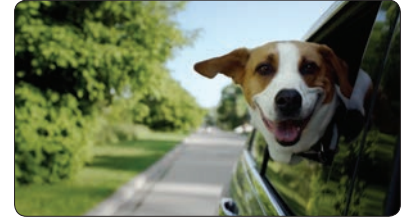
Measure	Goal	2016
Percentage of consumers surveyed who are aware that motor vehicle dealers must be registered	Improve benchmark of 43%	81.6%
Percentage of consumers surveyed who do <i>not</i> know what a "curbsider" is	Decrease benchmark of 49%	38.8%

BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS, MEDIA RELATIONS AND EDUCATION



Ottawa-Gatineau International Auto Show



Stills from 15-second TV commercial

WHEN IT COMES TO DEALER ADVERTISING - ARE YOU A MADMAN (OR MADWOMAN)... OR JUST MAD?

Think you're a pretty savvy car buyer? Understand dealer advertising? Let's check and find out if your consumer smarts are stuck in first gear or set on cruise control.

Question - If a dealer's advertisement includes a price for a car, which of the following is true?
A. There are likely to be additional fees or charges that aren't included in the advertised price.
B. The advertised price must be "AS IS."
C. There is no reason a dealer advertising it's better because...
D. There is no reason a dealer advertising it's better because...

FOR SALE 2012 Supramobile
 \$12,599 + GST + License + \$1000 delivery fee
 OMVIC's New Cars 1-800-943-8888

OMVIC'S ALL-IN-PRICE ADVERTISING
 A dealer advertises a price for a vehicle on a sign, the sign MUST include ALL fees and charges the dealer intends to collect. If it's a "cash" price, those fees or charges include:
 • Dealer's fee
 • PDI/Pre-delivery inspection/expense
 • Administration (dealer's fee)
 • Government taxes (for you, etc.)
 • Sales tax
 • Safety and seat belts on the vehicle
 • Being off-road and the cost of extra accessories
 • The cost of any product or service that the dealer has provided on the vehicle (e.g. airbags, etc.)
 The only additional fee an Ontario dealer can charge on top of the advertised price is the cost of vehicle registration/plates.
 In a separate case, however, that vehicle and dealer's ads.

OMVIC
 Ontario's Vehicle Sales Regulator
 omvic.ca

Toronto AutoShow Magazine Spread

ALL-IN-PRICE ADVERTISING

It's putting the fun and excitement back into car buying...and IT'S THE LAW.

OMVIC
 Ontario's Vehicle Sales Regulator
 omvic.ca

Car Shopping on Black Friday? KNOW YOUR RIGHTS!

It is commonly held that Black Friday - the day of mega amazing colossal unbelievable can't-beat blow-out sales signifying the unofficial start of the Christmas shopping season - is so named as it marks the point many retailers turn a profit for the year, going from being "in the red" to being "in the black." The more cynical might argue it's consumers run amuck and a black mark on our society, and perhaps for good reason.

"Pleasant and cheerful" in an advertisement when something some of the recent seasons' annual tradition of Black Friday shoppers before bargains hunters - all in the name of a "great deal!" And while great deals can be hard to pass up, they don't warrant anything more than the best of a small child's eye view Black Friday shopping. And as a consumer, you have the right to know when a retailer is advertising a price that may seem, every consumer must always themselves to get ready up in the excitement of the moment. Particularly because not all transactions are covered by the terms of a consumer's ability to cancel the deal, that it, in return, the product.

In fact, every contract for the sale of a vehicle in Ontario must legally contain a clause, in no greater font size than the remainder of the contract, stating "TALES FINAL."

"Disputes involving cancelled contracts are the second most common complaint OMVIC receives from consumers..."

BLACK FRIDAY BIG SALE

1) Review the deposit and read the contract as a gesture of goodwill.
 2) Ask the consumer to make sure they understand the deal.
 3) Review the deposit and read the contract as a gesture of goodwill.
 4) Cancel the contract but keep part (or all) of the deposit to cover the expenses the dealer will incur by allowing the consumer to back out of the purchase. This can include additional finance charging costs, additional advertising fees and/or re-selling or repossessing a new car before being.

Buying a car can be an emotionally-charged endeavor and while it's easy to get caught up in the thrill of a "great" in-store or deal, a vehicle purchase contract should only be signed when a consumer has done his/her research and is absolutely certain he/she wants to proceed to the purchase.

OMVIC
 Ontario's Vehicle Sales Regulator

ON the GO Magazine Spread

Remember When Car Buying Was Fun?

All-In Price Advertising Makes Car Buying Fun Again.

No Hidden Fees Or Surprise Costs. It's The Law.

Learn More

OMVIC
 Ontario's Vehicle Sales Regulator

BUYING A CAR? AVOID HIDDEN FEES.

Ask The Right Questions Before Buying A Car

Learn More

OMVIC
 Ontario's Vehicle Sales Regulator All in Pricing.

Buying A New Or Used Car?

Protection Comes In Many Forms.

The OMVIC Compensation Fund Protects Your Purchase Up To \$45,000.

Check If You're Protected

Motor Vehicle Dealers Compensation Fund

Frames from animated online banners

BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS, MEDIA RELATIONS AND EDUCATION



Car-Buying Seminar in Markham

Direct Outreach

In 2016, OMVIC launched a revised format of the *Consumer Line* newsletter, published 53 blog posts and facilitated 26 consumer Car-Buying Seminars.

OMVIC's consumer-targeted Car-Buying Seminar is delivered free to community groups, schools and newcomer centres across the province. The seminar provides information related to consumer rights and when they apply:

- resources to help conduct vehicle research
- considerations when choosing a vehicle
- required disclosures
- all-in price advertising
- curbsiders, the danger they pose and how to spot them
- what to do if problems arise
- OMVIC's role and services
- the Motor Vehicle Dealers Compensation Fund

OMVIC also maintained strong social media engagement that included 571 Facebook posts, 1,024 tweets and 27 LinkedIn posts.



Partnership/Sponsorship Opportunities

OMVIC continued its partnerships with the Automobile Protection Association (APA) and Car Help Canada (CHC) in 2016. As the title sponsor of the APA's Lemon-Aid Car Show on Rogers TV and CHC's Auto Show on CHML radio, OMVIC supported important and valuable stakeholder initiatives while promoting OMVIC's core messages.

Other sponsorships in 2016 included

- *Dave's Corner Garage* (SiriusXM Canada and AM740), a program that targets consumers seeking vehicle information
- *Goldhawk Fights Back* (AM740), a consumer advocacy program
- Bray AutoSport Canadian NASCAR Series team – races broadcast on TSN

These sponsorships enable OMVIC to raise awareness of its role as a regulator, to inform and educate and thereby protect consumers, and to support vital initiatives conducted by partners or stakeholders.

In continued partnership with the Ministry of Government and Consumer Services, OMVIC promoted the CPO brand. The branding included the prominent display of the CPO logo on OMVIC's homepage and inclusion of the logo on all other webpages and on all print resources (brochures, maps and infographics).



BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS, MEDIA RELATIONS AND EDUCATION

EDUCATION AND DEALER PROFESSIONALISM

Automotive Certification Course

The OMVIC Certification Course is mandatory for anyone seeking registration as a dealer or salesperson in Ontario. In 2016, a record 6,879 students enrolled in the course. The program is administered by the Automotive Business School of Canada (Georgian College); successful students who become registered with OMVIC earn the Certified in Automotive Law and Ethics (C.A.L.E.) designation.

In 2016, OMVIC Communications/Education staff provided expertise and guidance to Georgian College in developing an online version of the course. Although it has been delayed, it is expected that the online course will become available in early 2017.



Key Elements Course

OMVIC Communications/Education staff, as well as industry stakeholders, continued working with Georgian College to assist in redeveloping the online Key Elements course.

The Dealer Standard

OMVIC's industry newsletter, *The Dealer Standard*, provides ongoing communication with the dealer/salesperson community. Features promote education and awareness by reporting OMVIC activities and industry news, trends and events. Four issues were published in 2016.

Dealer Bulletins

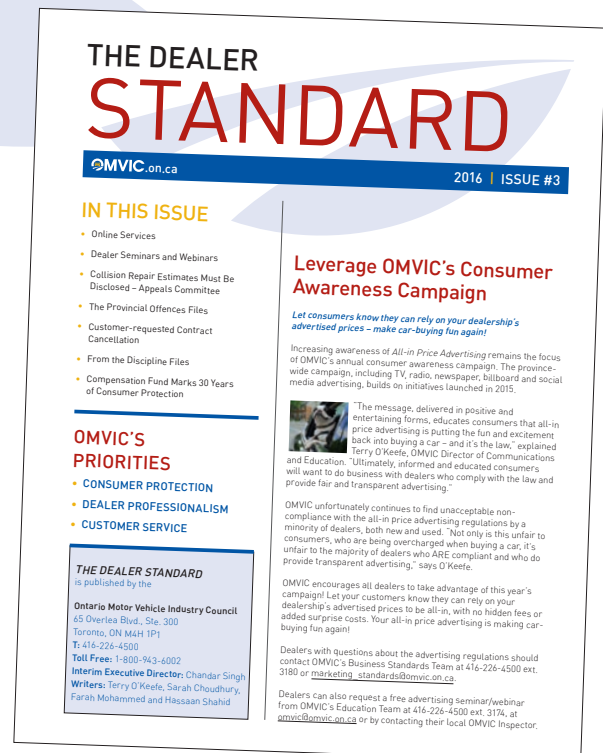
Dealer Bulletins are issued on an ad hoc basis to make dealers and salespeople aware of current topics or issues. Often these bulletins are meant as timely and important reminders – or warnings – to stem trending non-compliance. In 2016, 13 *Dealer Bulletins* were distributed.



Dealer and salesperson "Road Show" information session

Seminars/Webinars

Thirty-seven educational seminars and four webinars were delivered to dealers and dealer groups by the Communications/Education Team in 2016. An additional four seminars were delivered by Inspections staff. These presentations, designed to maintain or improve compliance, are provided at no cost to all interested dealerships.



BUSINESS ACCOMPLISHMENTS

COMPLIANCE

INSPECTIONS

OMVIC completed 2,869 inspections in 2016. The inspection program is a vital component of OMVIC's delivering on its oversight mandate to ensure industry compliance with the MVDA. Inspections are preventive, encourage dealer compliance and provide opportunities for dealer education.

It is important to note that OMVIC employs a risk-based inspection model and also conducts routine inspections; therefore, high-risk registrants are visited more frequently than the general dealer population. Examples of risk identifiers include

- serious or numerous complaints
- financial stability concerns
- previous history of compliance issues

The process of identifying risk was refreshed and included the monitoring of industry trends and staff feedback. Of the inspections conducted in 2016, 62 per cent were risk-based, 22 per cent were of newly registered dealerships and the remainder were routine or random. New dealers are generally inspected within the first 60 days of registration to ensure OMVIC's expectations are understood and to provide dealers an opportunity to have questions answered. The inspection also provides an opportunity to identify and correct compliance concerns before potential risk to the public arises.

In addition, dealer surveys continue to rank Inspectors at 4.8 or higher on a scale of 0 to 5 in areas of knowledge, courtesy, efficiency and professionalism.

Inspections – Compliance and Education

Every inspection visit provides an opportunity to discuss best practices, identify areas requiring changes and answer questions from registrants. In 2016, members of the Inspections Team also led or participated in several dealer education seminars.

STANDARDS OF BUSINESS PRACTICE DEPARTMENT

Standards of Business Practice (SoBP) staff provide advice to registrants and advertisers (and OMVIC field staff) about the MVDA, CoE and SoBP advertising requirements to ensure compliance with the CoE and SoBP. In 2016, the SoBP Team

- communicated with dealers on 519 occasions to advise of the need for corrective measures with advertising; in some instances, the ads in question were discovered by the SoBP Team as part of their monitoring role, while others were brought to their attention by other dealers, members of the public or other OMVIC staff
- answered 582 inquiries from advertising agencies and dealers requesting advice about advertising
- participated in educational presentations regarding general compliance concerns and advertising requirements
- conducted undercover shopping to ensure dealers were compliant with the all-in price advertising and disclosure requirements
- provided guidance and best practice documents to dealers with vehicle condition complaints to ensure dealers take proactive steps to avoid consumer harm

Additionally, SoBP staff issued 99 formal caution letters related to conduct or advertising concerns and initiated 33 Notices of Discipline (for alleged breaches of the CoE) from various departments, including Inspections, Complaints and Investigations. SoBP staff was able to negotiate agreements that resulted in restitution to consumers stemming from non-compliance with all-in price advertising regulations.

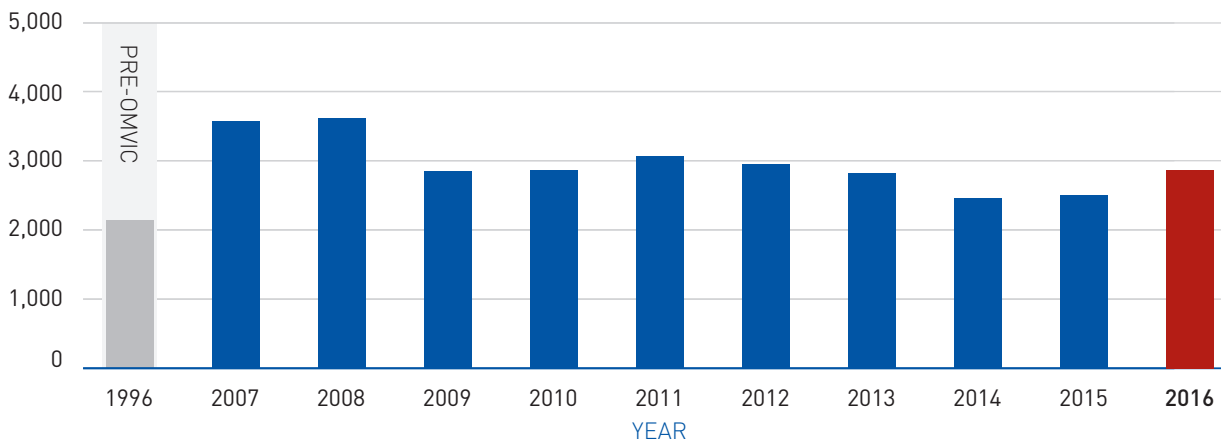


Dealer and salesperson education seminar

PERFORMANCE OVERVIEW

COMPLIANCE

INSPECTIONS 2016



During 2016, 2,869 inspections were completed. This number includes dealerships visited more than once because of unavailability of records or scheduling difficulties.



To help dealers prepare for an inspection and gain the most benefit, OMVIC's Inspections Team have developed the *Inspection Guide & Checklist*.

BUSINESS ACCOMPLISHMENTS

MOTOR VEHICLE DEALERS COMPENSATION FUND

MOTOR VEHICLE DEALERS COMPENSATION FUND

In the fiscal year ending October 31, 2016, the Compensation Fund received 43 claims; 37 were approved, resulting in payment of \$219,920 to consumers. The Fund, a dealer-supported and -funded trust, provides financial assistance to consumers who have a valid claim against an OMVIC-Registered Dealer. The Fund is intended as a last resort for consumers. Eligible claimants may qualify for up to \$45,000 per vehicle transaction. The Fund is the oldest and largest fund of its kind in Canada.

Claims to the Fund must meet eligibility criteria set out in the MVDA and supporting documentation must accompany claims. This requirement demonstrates the importance of retaining all records related to a transaction. Only a consumer (an individual purchasing a vehicle for personal, family or household use) who traded (purchased, leased or consigned) with an OMVIC-Registered Dealer is eligible to file a claim.

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

Notable Compensation Fund Activities in 2016

The Compensation Fund created consumer testimonial videos in 2016 (two in English and one in French) to assist in educating consumers about the existence of the Fund. While the vast majority of transactions with OMVIC-Registered Dealers go well, in those rare instances when something does go wrong Ontario consumers can turn to OMVIC's Compensation Fund for help. These video productions were filmed using actual claimants' stories and words about why and how they came to know of the Compensation Fund and how relieved they were to receive compensation.

The Compensation Fund Board also completed Board governance training and created Terms of Reference for the Management Committee with responsibility for risk, governance and audit oversight.

Common Claim Events

In 2016, the Compensation Fund continued to pay claims based on acts or omissions of a dealer that was the subject of a Proposal to Revoke Registration, such as lien non-payout. This criterion allows a consumer access to the Compensation Fund without requiring a judgement. Also, 18 claims paid by the Compensation Fund resulted from consumers leaving deposits with dealers who closed before delivering the vehicle.



Meet Giselle – a real Ontario car buyer

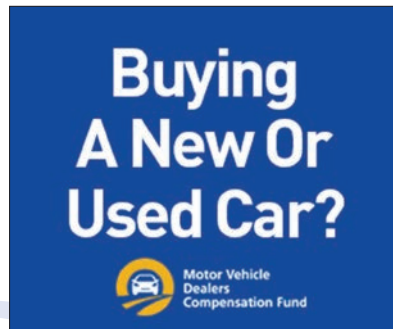


Meet Marc – a real Ontario car buyer

Stills from consumer testimonial videos

BUSINESS ACCOMPLISHMENTS

MOTOR VEHICLE DEALERS COMPENSATION FUND



Elements of the online consumer awareness campaign featuring the Compensation Fund

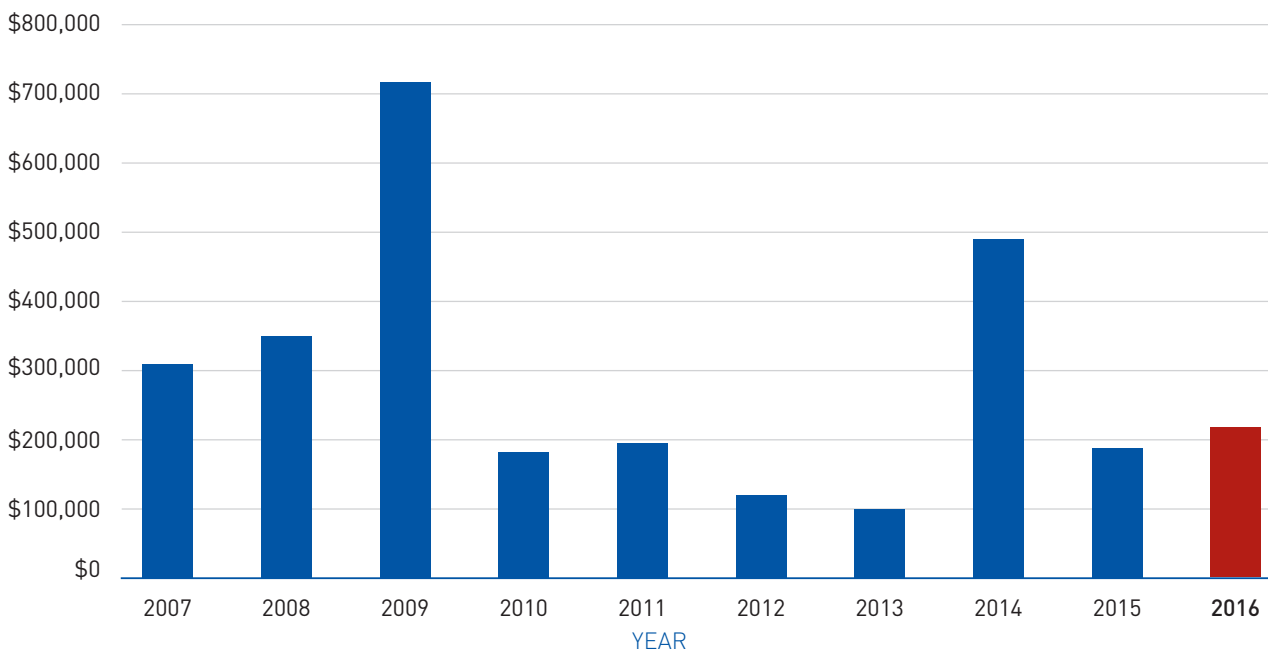


Frames from animated online banner

PERFORMANCE OVERVIEW

MOTOR VEHICLE DEALERS COMPENSATION FUND

COMPENSATION FUND – ANNUAL CLAIMS



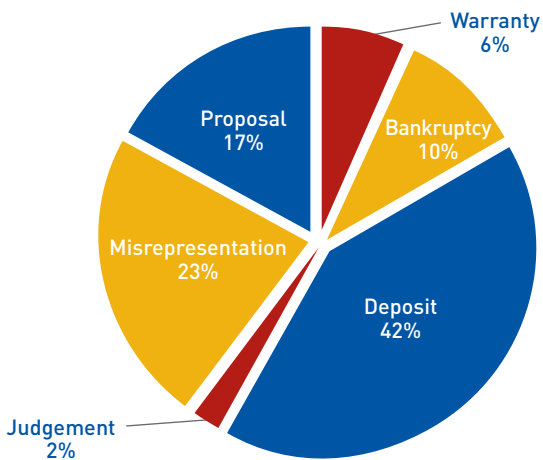
In 2016, the Compensation Fund reimbursed \$219,920 to 37 consumer claimants.

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Average Claim	\$2,661	\$2,537	\$4,068	\$4,125	\$6,301	\$4,303	\$5,015	\$16,411	\$8,363	\$5,944
Number	116	138	176	44	31	29	20	30	22	37
Paid	308,659	350,083	716,044	181,485	195,342	124,792	100,307	492,334	183,976	219,920

PERFORMANCE OVERVIEW

MOTOR VEHICLE DEALERS COMPENSATION FUND

ELIGIBILITY CRITERIA FOR CLAIMS RECEIVED IN 2016



The criteria for filing a claim to the Compensation Fund are set out in the MVDA.

MEMBERS OF THE COMPENSATION FUND BOARD OF TRUSTEES

Larry Lantz, Chair

Dealer Representative

Jeffrey Newhouse, Vice Chair

Dealer Representative

Paul Dray, Secretary-Treasurer

Consumer Representative

Kevin Bavelaar

Dealer Representative

Jason Bennett

Consumer Representative

Mohamed Bouchama

Consumer Representative

Jamie Holmes

Consumer Representative

Larry Pringle

Dealer Representative

Peter Silverman

Consumer Representative

BUSINESS ACCOMPLISHMENTS

INVESTIGATIONS

INVESTIGATION

OMVIC's Investigation Department is staffed by 16 highly skilled former police officers. Deployed across Ontario, OMVIC Investigators are appointed as Provincial Offences Officers and are empowered to conduct investigations, obtain search warrants 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. Investigations are initiated as a result of information received from various sources, including referrals from OMVIC Inspectors, consumers, police, registrants and trade associations. If substantiated, complaints against a registrant can result in referral to the Discipline Committee, prosecution (*Provincial Offences Act* Court) and/or issuance of a Proposal to Revoke or Suspend Registration. Curbsider enforcement is conducted through POA prosecution.

Curbsiders

Curbsiders are illegal, unlicensed vehicle dealers. They often pose as private sellers, though some operate from small automotive businesses (repair shops, rental companies, etc.). Curbsiders not only misrepresent themselves, they often misrepresent the vehicles they sell: many are previous write-offs with undisclosed accident repairs or are odometer-tampered.

Curbsiding investigations are typically initiated as a result of tips from consumers, dealers or trade associations. OMVIC also employs sophisticated data mining software that searches online marketplaces to identify advertisements posted by curbsiders and then maps their location to assist with identification and investigation.

Curbsiding can be reported anonymously to OMVIC's Investigations Team through a toll-free number (1 888 NO-CURBS) or via email (nocurbs@omvic.on.ca).

Assistance to Other Law Enforcement Agencies

OMVIC Investigators educate and support other law enforcement agencies by delivering educational presentations at training conferences and through partnerships in joint law enforcement projects. In 2014, OMVIC entered into a special partnership with the Canadian Police College in Ottawa to deliver training in auto theft investigation to police officers. The course is run once per year with a class size of 24 to 30. By virtue of their expertise, OMVIC's Investigators are uniquely positioned to provide this highly specialized one-of-a-kind training in automotive crime.

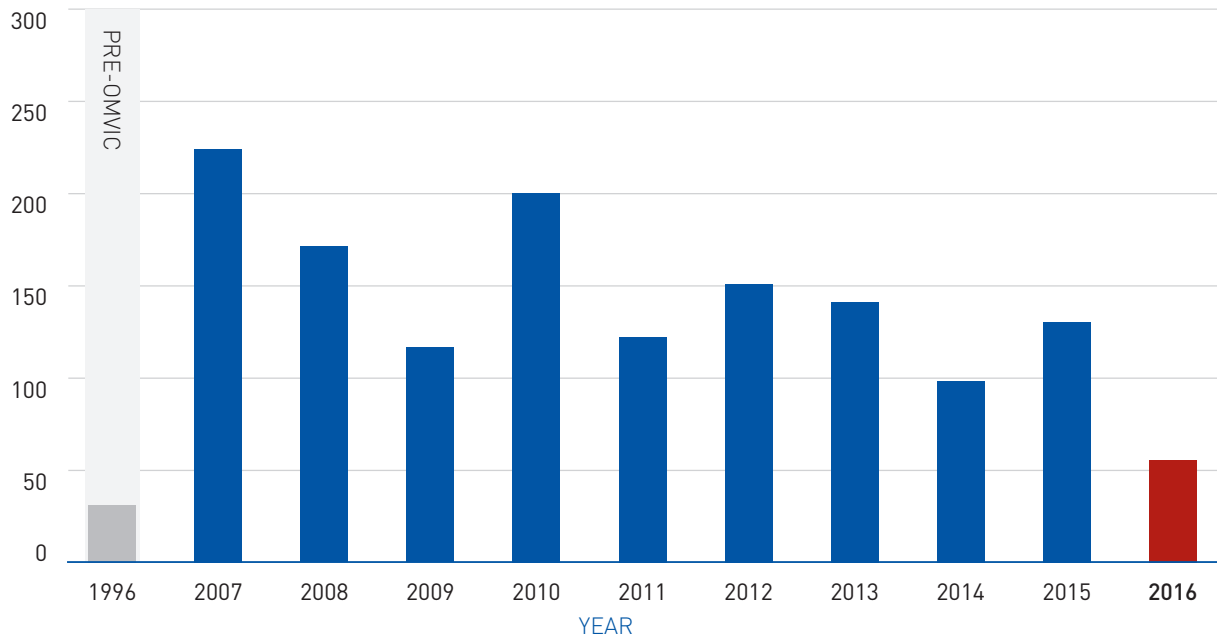
OMVIC monitors the infiltration of organized criminal activity into the vehicle sales industry. In furtherance of that role, OMVIC is a member of the Criminal Intelligence Service Ontario. Investigators are members of the International Association of Auto-Theft Investigators and Provincial Auto Theft Network.

OMVIC is a member of the Investigations and Enforcement Directors Council, which is made up of similar regulatory agencies.

PERFORMANCE OVERVIEW

INVESTIGATIONS

ENTITIES CHARGED 2016



In 2016, OMVIC Investigators opened 435 cases and closed 651 files, laying 265 charges against 56 entities. Seven Notices of Discipline, in lieu of charges, were issued for alleged breaches of the CoE.

BUSINESS ACCOMPLISHMENTS

INVESTIGATIONS

PROVINCIAL OFFENCES INVESTIGATIONS/ PROSECUTIONS

OMVIC enforces the MVDA and other consumer protection legislation on behalf of the Ministry of Government and Consumer Services. Should an OMVIC Investigator believe a dealer or salesperson has breached the MVDA, the Investigator can charge the individual 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 his or her own legal representation.

If convicted, the maximum penalties under the MVDA are as follows:

- for an individual: \$50,000 fine and/or two years less a day in provincial jail
- for a corporation: \$250,000 fine

PERFORMANCE OVERVIEW

INVESTIGATIONS

NOTABLE PROVINCIAL OFFENCES INVESTIGATIONS/PROSECUTIONS

1. **Mehran Amini**, 58, of Toronto was sentenced to 300 days in prison after being found guilty of acting as a motor vehicle dealer without registration (curbsiding). This is in addition to a 450-day sentence meted out to Amini on similar charges three months earlier.

The court found Amini operated an “elaborate scheme” in which he bought high-mileage vehicles from individuals in Ontario in 2013 and sold them with much lower odometer readings to unsuspecting buyers in Manitoba and Alberta. Evidence presented by OMVIC proved Amini purchased the vehicles using several aliases and the email address ibuyanycarcana@yahoo.ca. Once the vehicles were transported to Manitoba, he obtained new Manitoba title documents for them by manufacturing false bills of sale that showed odometer readings significantly lower than the readings on file with the Ministry of Transportation in Ontario. “Mehran Amini acted deceitfully,” stated Michael Rothe, Director of Legal Services for OMVIC. “He harmed not only those who purchased the misrepresented vehicles, but also damaged public confidence by falsifying government documents.”

Amini had a long history of this type of behaviour. In 2013 fines of \$393,000 were levied against Amini and the company he used to sell 42 vehicles with tampered odometers to unsuspecting Ontarians. In January 2016 he was sentenced to 450 days’ imprisonment for curbsiding and selling vehicles with rolled-back odometers in Ontario.

“These most recent jail sentences are two of the longest ever handed out for illegal vehicle sales in Ontario,” explained Rothe. “And because the court saw fit to order them to be served consecutively, the result is a period of incarceration for Mr. Amini of 750 days – nearly 25 months.” Amini has appealed his convictions.

2. **Yuriy Beresnev**, operating as W Auto, was convicted of curbsiding and fined \$24,000 after an OMVIC investigation found he purchased a large number of total loss vehicles from a salvage auction, conducted repairs and then sold them to consumers without disclosing the true history of the vehicles.

This is the second conviction for Beresnev, who was first convicted of curbsiding in 2012 and fined \$15,000.

“OMVIC conducts extensive investigations and prosecutions for illegal car sales,” stated Tom Girling, OMVIC Director of Investigations. “Curbsiders pose a serious threat to consumers and the recent substantial fines and jail time meted out in some of these cases demonstrate that the courts also understand the seriousness of the issue.”

3. **Hussein Dabaja** was convicted of curbsiding and sentenced to 30 days in jail. The Windsor-area man was charged in 2013 after an OMVIC investigation found that he purchased vehicles wholesale from dealers in Windsor, Tilbury and London and subsequently exported them.

OMVIC’s Prosecutor sought a custodial sentence because Dabaja had failed to pay a previous \$20,000 restitution order from a criminal conviction (fraud over \$5,000) and had an unpaid fine for a conviction under the Environmental Protection Act. His Worship Justice of the Peace Michael Hurst agreed that incarceration was necessary.

Dabaja has also now been charged with two additional counts of curbsiding, both of which are currently before the courts.

BUSINESS ACCOMPLISHMENTS

LEGAL AND PROSECUTIONS

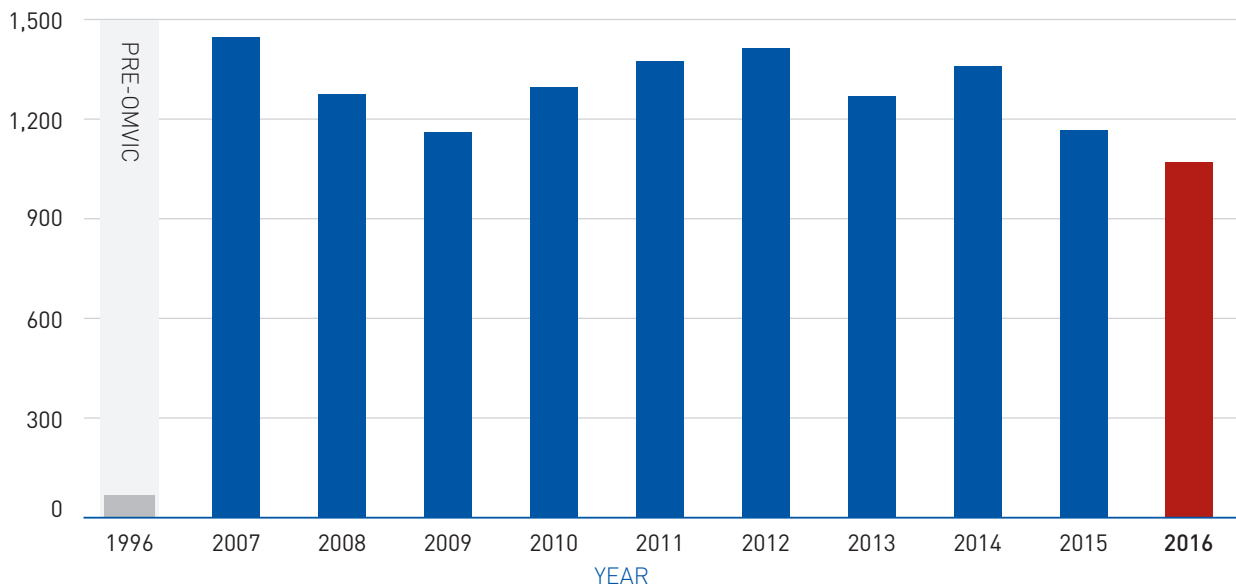
LEGAL AND PROSECUTIONS

The Legal Department is responsible for both civil and enforcement litigation. The Department also provides legal and strategic advice to the Board, Registrar, Chief Executive Officer, Compensation Fund, Senior Management and staff.

Enforcement of the MVDA requires a multifaceted approach by OMVIC to ensure compliance. The Registrar's authority to issue a Proposal to Refuse,

Suspend, Revoke or Refuse to Renew Registration is a primary component of OMVIC's enforcement activities. These Proposals are reserved for the most serious compliance and enforcement concerns. OMVIC's Legal Department litigates before the Licence Appeal Tribunal, OMVIC Discipline and Appeals Committee and all levels of court.

REGISTRAR'S ACTIONS 2016



Registrar actions include issuing Proposals to Suspend, Refuse or Revoke Registrations, as well as to impose terms and conditions of registration. In 2016, there were 1,071 Registrar actions, of which 53 involved issuing a Proposal.

PERFORMANCE OVERVIEW

LEGAL AND PROSECUTIONS

LICENCE APPEAL TRIBUNAL (LAT)

Dealers or salespeople may appeal Proposals to LAT, an independent adjudicative agency that hears appeals of licensing and administrative matters. For more information on LAT, visit www.lat.gov.on.ca.

NOTABLE LICENCE APPEAL TRIBUNAL CASES

Robert Vernon

The Ontario Superior Court of Justice has overturned a decision of the Licence Appeal Tribunal that ordered OMVIC to grant a licence to a man convicted of firebombing a New York State government office.

In May 2014 Robert Vernon, who held citizenship in Australia, the USA and Canada, applied for an OMVIC salesperson's licence. The application came only four days after his release from a US prison, where he had served a five-year sentence for arson. Vernon had been convicted and imprisoned after hiring an arsonist to firebomb an office of the New York State Department of Motor Vehicles (DMV) and the car of a DMV inspector. Vernon operated two car dealerships in Buffalo at the time.

OMVIC denied Vernon a licence, stating he had failed to meet the necessary requirements for registration under the MVDA. Specifically, Vernon had made a false statement on his application, and his past conduct afforded reasonable grounds for the belief that he would not carry out business in accordance with the law and with honesty and integrity. Vernon appealed the decision to Ontario's Licence Appeal Tribunal, which ordered OMVIC to issue Vernon a licence.

The Ontario Superior Court of Justice overturned LAT's decision, finding the "Tribunal made errors in law, with the result that its decision does not fall within a range of reasonable outcomes." Normally, on an appeal from an administrative tribunal, the matter would be referred back to the Tribunal for a new hearing. However, in this case the court found no reason to send the matter back, as the only reasonable conclusion was that Vernon is "disentitled to registration" because of the false information provided on his application and that, as a result of his past conduct, there was no reasonable grounds for the belief that he

would conduct business in accordance with the law and with honesty and integrity.

Mak Auto Sales

LAT refused the registration of 2067304 Ontario Inc., o/a Mak Auto Sales, as a dealer and the registration of Mohamed Kassab as a salesperson.

Kassab and his dealership, Mak Auto Sales, had both been previously registered with OMVIC but were refused renewal in 2012 owing to outstanding payments under the *Retail Sales Act*. It was alleged that Kassab then went to work with another dealer while he tried to sort out his *Retail Sales Act* issues.

While at the other dealership, the Registrar alleged that Kassab knowingly worked as a dealer and salesperson without the benefit of registration and purchased vehicles from a salvage auction and sold them to vulnerable consumers without providing proper disclosure. The Registrar had serious concerns about Kassab's governability.

In confirming the Registrar's decision to refuse Mak Auto Sales and Kassab, the Tribunal wrote that Kassab was "seriously lacking in credibility" and more importantly did not accept that his "... actions were inadvertent as he anticipated his registration would soon be reinstated" and that "[he] displayed a cavalier attitude when he described the bill of sale as an 'internal calculation sheet' and not an official document and that the signature was of no significance."

The Tribunal directed OMVIC to carry out its Proposal to Refuse the registrations of Mak Auto Sales and Mohamed Kassab.

BUSINESS ACCOMPLISHMENTS

LEGAL AND PROSECUTIONS

DISCIPLINARY PROCESS

The MVDA imposes an obligation on dealers and salespersons to conduct business with honesty, integrity and financial responsibility and in accordance with the law. The CoE under the MVDA and the Standards of Business Practice apply to all registrants and impose obligations of integrity, accountability, compliance and professionalism.

Conduct that does not comply with the CoE may result in the Registrar issuing a Notice of Discipline (formerly Notice of Complaint). If a Notice of Discipline is issued, the chair of the Discipline Committee appoints an independent, impartial Panel to consider the allegations. The Panel consists of dealer and salesperson peer representatives, along with at least one arm's length member of the public.

Hearings are held to determine whether there have been breaches of the CoE. Persons accused of breaching the CoE are given the opportunity to testify, submit documents and provide other evidence in support of their position on the allegations set out in the Notice of Discipline. Parties before the Panel may be represented by a lawyer or agent. A record is made of each hearing.

Following a hearing, and after due consideration, the Discipline Committee issues a formal decision stating the reasons that led the Committee to reach its conclusions.

If the Discipline Committee finds there has been a breach of the CoE, the Committee may order dealers and salespersons to take further educational courses, may require dealers to fund educational courses for their registrants and may impose fines of up to \$25,000 per party. The Committee can also order recovery of 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 a decision of the Discipline Committee. Appeals are limited to issues of law or mixed fact and are not a rehearing of the matter.

During 2016, 52 Discipline matters were completed, nine education orders were issued and \$178,050 in fines was collected.

PERFORMANCE OVERVIEW

LEGAL AND PROSECUTIONS

NOTABLE DISCIPLINE CASES

Pal Auto Sales

Pal Auto Sales Inc. and Harpal Badesha were found in breach of OMVIC's Code of Ethics by a Discipline Panel for failing to disclose in writing collision damage estimates despite having been given the information when they acquired the vehicles. In many instances the disclosure was simply listed as "accident repaired" or the dealer verbally disclosed his cost to repair the vehicles – in most cases these amounts were but a fraction of the estimated cost of repairs (e.g., \$19,539 damage estimate vs. \$4,972 Pal Auto repair invoice). Additionally, the dealer failed to disclose that the manufacturers' warranties had been cancelled on a number of vehicles. As a result, Pal Auto was fined \$14,000 and Badesha was fined \$5,000.

The dealer appealed the decision, arguing the Discipline Panel erred by interpreting Subsection 42(19) to include damage estimates. The Appeals Panel disagreed. In its written findings the Panel stated, "the position of the Appellants [Pal Auto/Badesha] had no merit and...were not persuasive." Further, the Panel found "the committee made no error....[and] the conclusion that repair estimates ought to be disclosed under Subsection 42(19) was not only reasonable but it was also correct."

Plaza Kia of Thornhill

2157689 Ontario Inc., o/a Plaza Kia of Thornhill, and Robert Stein were found in breach of OMVIC's CoE and fined \$6,000 for failing to advertise all-in prices as required by the MVDA. In an agreed statement of facts, the dealership admitted advertising four vehicles without promoting all-in vehicle prices, despite OMVIC issuing multiple publications reminding dealers of their obligation to do so.

The MVDA mandates that a dealer's advertised price include all fees and charges the dealer intends to collect, with the exception of HST and licensing. Failing to do so misleads consumers and gives the offending dealer an unfair advantage over compliant dealers. The dealership was ordered to have all current managers in positions of authority over sales or related activities complete the OMVIC Certification Course.

BUSINESS ACCOMPLISHMENTS

INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY (IT)

The IT Department facilitates the delivery of secure and robust infrastructure, information and business function to ensure ongoing business operations. Ensuring OMVIC's technology infrastructure is current, available and secure is a key function of IT.

In this respect,

- staff rely on technology in the office and in the field to conduct the work required to administer and regulate as set out in the MVDA
- consumers rely on the website to research their rights, post complaints and review the registration status of dealers and salespersons
- registrants use online services to renew and manage their registrations and to receive notifications from OMVIC

Achieving these deliverables requires a robust and reliable technology infrastructure that includes hardware, software, applications, data, telephony, networks, system services and cyber security. IT integrates these components to logically streamline OMVIC's processes, facilitate optimal workflow and allow effective delivery of process/interaction in all business functions.

PERFORMANCE OVERVIEW

INFORMATION TECHNOLOGY

HIGHLIGHTS – CURRENCY OF BUSINESS APPLICATIONS

OMVIC's IT Department delivered 28 enhancements to OMVIC's core application and added seven functions to online services, including

- timely generation and expedition of documents and letters for Operations, Inspections, the Compensation Fund and the Complaints Team
- a Charges and Convictions web service that provides information on all entities (individuals and businesses, registrants and curbsiders) who were charged or convicted in the past 10 years; filtering options allow users to easily categorize and find information

Development also began on the addition of significant functionality to OMVIC's online services. These improvements are slated for completion in the second quarter of 2017.

HIGHLIGHTS – AVAILABILITY AND SECURITY OF SYSTEMS

In 2016, uptime of OMVIC internal- and external-facing systems (website and online services) continued to be greater than 99.9 per cent on a 24/7 basis.

Operating and application software was continuously patched to current levels. Security appliances and

cyber-threat (mitigation) utilities were updated daily to include the most current signatures.

Disaster Recovery of systems was tested against the requirement of the organization's Business Continuity Plan.

BUSINESS ACCOMPLISHMENTS

CORPORATE SERVICES

CORPORATE SERVICES

The Corporate Services Department acquires, manages and allocates resources in an optimal manner to enable OMVIC to meet its mandate. These resources include people (Human Resources), money (Finance) and facilities (Administration). Administration also extends to providing Board and committee support and managing OMVIC's internal disciplinary process.

During 2016, Corporate Services

- facilitated recruitment and ongoing staff training and development
- revised and published several policies on OMVIC's website (Travel and Meal Expense Reimbursement Policy, Access and Privacy Code, Complaint Policy, Procurement Policy and Social Media Personal Use Policy)
- managed the development of and reporting on the Strategic Plan for 2016-18 and Business Plan for 2016/17

OVERVIEW

CUSTOMER SERVICE

CUSTOMER SERVICE PERFORMANCE MEASURES

OMVIC prides itself on delivering superior levels of 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
Number of responses	2,081	152	349	646
Courtesy*	4.7	4.5	4.2	4.9
Knowledge*	4.7	4.3	4.0	4.8
Efficiency*	4.6	4.4	3.6	4.9

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

CALL CENTRE – AUTOMATIC CALL DISTRIBUTOR (ACD) CALL RESPONSE

ACD CALLS	Target	Registration	Complaints
Average wait time in seconds	60	16	35

SERVICE DELIVERY TIMES

AVERAGE TURNAROUND TIME (DAYS)	Target	Actual
Complaints	45	30.8
New Salesperson Applications*	3	3.4
New Dealer Applications*	42	30.7

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

FRENCH-LANGUAGE SERVICES

In 2016, OMVIC received 40 telephone requests for service in French.

Since 2013 OMVIC has provided telephone translation services for consumers and registrants as a further backstop if bilingual staff members are not available. OMVIC responds to all French inquiries. Bilingual staff members are sought for key positions to ensure that

French-language services are always available for dealers, consumers or the media. As well, all correspondence received in French receives a response in French. The equivalent level of service is provided in both English and French for all constituents.

OMVIC's consumer Car-Buying Seminar and Automotive Certification Course are available in both official languages.

2016 FINANCIAL OVERVIEW/ AUDITED STATEMENTS

The following financial overview is based on the audited financial statements of Ontario Motor Vehicle Industry Council for the year ended December 31, 2016, with comparative information for 2015.

Net income of \$3,217,773 was up \$3,369,623 from a year ago when the result was a deficit of \$151,850. This substantial change was due mainly to higher registration fees introduced in October 2015.

Total revenues of \$16,839,367 were 27 per cent ahead of last year (\$13,208,749). The main increase was in Registration Fees (\$15,414,765), which was almost 34 per cent higher than 2015 (\$11,506,215). Two factors contributed to this: a new fee structure for renewal of dealer registrations was implemented in October 2015 and while dealer registrations increased slightly over last year, vehicle sales were higher than expected.

Investment and Other Income declined by \$107,133, largely because of market conditions (investments are marked to market). Investment income recorded on an accrual basis includes interest, dividends, net realized gains (losses) on sale of investments and net unrealized gains (losses).

Revenue from Administrative Penalties was down by \$182,900.

In contrast, total expenses rose by about 2 per cent over the prior year (\$13,360,599) to \$13,621,594. The main contributors to this were

- a) Higher payroll costs resulting from annual merit increases and year-end accruals
- b) Increased, but focused spending on the public awareness campaign

At the end of fiscal 2016, net assets were \$10,046,798, compared with \$6,829,027 in 2015, reflecting a surplus of \$3,217,772 for the year.

The 2016 expenses by service areas were as follows:

	2016	2015
Investigation	\$ 2,412,477	\$ 2,385,978
Registration	2,203,767	2,119,010
Legal Services	2,120,770	2,133,635
Compliance	1,979,615	1,928,761
Communications	1,773,250	1,710,636
Information Technology	1,180,924	1,171,227
Inquiries and Complaint Handling	913,959	904,420
Governance	759,795	675,517
Compensation Fund	176,905	176,800
Discipline	100,132	154,615
	\$13,621,594	\$13,360,599

Cash available at the end of December 2016 was \$5,050,676. OMVIC also held investments of \$7,284,526.

Based on cash flow provided by its operations and the current investment portfolio, OMVIC has sufficient liquidity to fund its short-term business plans and obligations.

FINANCIAL STATEMENTS

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

FINANCIAL STATEMENTS

DECEMBER 31, 2016

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

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DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

Report on the Financial Statements

We have audited the accompanying financial statements of Ontario Motor Vehicle Industry Council, which comprise the statement of financial position as at December 31, 2016, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 misstatements, 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 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, 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, these financial statements present fairly, in all material respects, the financial position of Ontario Motor Vehicle Industry Council as at December 31, 2016, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

April 24, 2017

Sloan Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
STATEMENT OF FINANCIAL POSITION**

As at December 31	2016	2015
ASSETS		
Current		
Cash	\$ 5,050,676	\$ 1,718,883
Accounts receivable	53,920	54,661
Prepaid expenses	116,536	219,492
	5,221,132	1,993,036
Investments (note 2)	7,284,526	7,162,630
Capital assets (note 3)	1,116,049	1,258,208
	\$ 13,621,707	\$ 10,413,874
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,060,315	\$ 1,033,203
Deferred revenue (note 4)	1,563,863	1,521,688
	2,624,178	2,554,891
Deferred contributions - capital assets (note 5)	660,229	739,456
Deferred lease inducement	290,500	290,500
	3,574,907	3,584,847
NET ASSETS		
Invested in capital assets (note 6)	455,820	518,752
Internally restricted operating reserve	7,500,000	3,638,000
Unrestricted	2,090,980	2,672,275
	10,046,800	6,829,027
	\$ 13,621,707	\$ 10,413,874

Approved by:

Director: _____

Director: _____

See accompanying notes to the financial statements

Page 2

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31	2016	2015
NET ASSETS CONSIST OF:		
Invested in capital assets (note 6)		
Balance, beginning of the year	\$ 518,752	\$ 640,155
Excess of expenses over revenue	(104,961)	(133,388)
Purchase of capital assets	42,029	11,985
Balance, end of the year	455,820	518,752
Internally restricted operating reserve		
Balance, beginning of the year	3,638,000	3,638,000
Transfer from unrestricted (note 8)	3,862,000	-
Balance, end of the year	7,500,000	3,638,000
Unrestricted		
Balance, beginning of the year	2,672,275	2,702,722
Excess of revenue over expenses (expenses over revenue)	3,322,734	(18,462)
Transfer to internally restricted operating reserve (note 8)	(3,862,000)	-
Purchase of capital assets	(42,029)	(11,985)
Balance, end of the year	2,090,980	2,672,275
NET ASSETS, end of the year	\$ 10,046,800	\$ 6,829,027

See accompanying notes to the financial statements

Page 3

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
STATEMENT OF OPERATIONS**

Year ended December 31	2016	2015
REVENUE		
Registration fees	\$ 15,414,765	\$ 11,506,215
Transfer fees	490,650	467,925
Certification course fees	324,890	319,270
Expense recoveries (note 7)	202,885	219,129
Administrative penalties	178,050	360,950
Investment and other income	148,900	256,033
Amortization of deferred contributions	79,227	79,227
	16,839,367	13,208,749
EXPENSES		
Salaries and benefits (note7)	8,491,193	8,302,122
Public awareness	1,225,742	1,212,232
Occupancy	798,749	657,077
Travel	707,052	685,488
Professional services	667,361	708,739
General and administrative (note 7)	643,949	624,904
Per diem allowances	338,677	351,078
Telecommunications	287,033	305,523
Government oversight fees	198,707	198,707
Industry awareness	78,943	102,114
Amortization of capital assets	184,188	212,615
	13,621,594	13,360,599
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	\$ 3,217,773	\$ (151,850)

See accompanying notes to the financial statements

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ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
STATEMENT OF CASH FLOWS

Year ended December 31	2016	2015
OPERATING		
Excess of revenue over expenses (expenses over revenue)	\$ 3,217,773	\$ (151,850)
Items not affecting cash:		
Unrealized loss/ (gain) on investments	56,442	(33,070)
Realized loss on investments	11,799	9,389
Amortization of capital assets	184,188	212,615
Amortization of deferred contributions	(79,227)	(79,227)
Amortization of deferred lease inducement	-	96,833
Changes in non-cash working capital:		
Accounts receivable	741	928,507
Prepaid expenses	102,956	12,614
Accounts payable and accrued liabilities	27,112	(144,666)
Deferred revenue	42,175	58,275
	<u>3,563,959</u>	<u>909,420</u>
INVESTING		
Purchase of capital assets	(42,029)	(11,985)
Purchase of investments, net	(190,137)	(206,083)
	<u>(232,166)</u>	<u>(218,068)</u>
NET INCREASE IN CASH	3,331,793	691,352
CASH AT THE BEGINNING OF THE YEAR	1,718,883	1,027,531
CASH AT THE END OF THE YEAR	\$ 5,050,676	\$ 1,718,883

See accompanying notes to the financial statements

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ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

PURPOSE OF THE ORGANIZATION

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Revenue Recognition

(i) Registration fees:

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.

Fees charged for registration as a dealer are paid annually and are recognized on a monthly basis as received. Dealers are also required to remit \$10 for every sale (excluding wholesale transactions), lease, fleet or "as is" transaction for the prior twelve month period as a component of their registration renewal fee. 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 received.

(ii) 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.

(iii) Administrative penalties:

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

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Certification course fees:

New applicants for registration must pass a certification course run by the Automotive Business School of Canada on behalf of the Council through Georgian College. Certification course fees are recognized when a new applicant registers for the course.

(v) Investment income

Investment income, which is recorded on an accrual basis, includes interest income, dividends, net realized gains (losses) on sale of investments and net unrealized gains (losses).

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Council has elected to carry its investments at fair value. Transaction costs are expensed as incurred.

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:

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

When a capital asset no longer contributes to the Council's ability to provide services, its carrying amount is written down to its residual value.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Lease Inducement

The Council moved into a new office in 2014 and the lease agreement included a free rent period from May 1, 2014 to April 30, 2015. The benefit of this rent inducement is recognized on a straight-line basis over the term of the lease. Total rent expense is based on the entire cash cost over the term of the lease amortized evenly over the term of the lease.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from these estimates. Significant estimates are comprised of prepaid expenses, accruals for accounts payable and accrued liabilities, deferral of revenues, deferral of contributions, and deferred lease inducement.

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized above.

2. INVESTMENTS

	2016	2015
Fixed income	\$ 5,810,423	\$ 6,498,443
Other	535,792	385,792
Cash	513,983	278,395
Equities	424,328	-
	\$ 7,284,526	\$ 7,162,630

The Council manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by The Board. The Council is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. INVESTMENTS (CONTINUED)

The Council believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Council believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. The fixed income securities yield interest between 1.33% and 7.10% and have maturities ranging from May 2017 to December 2045.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Leasehold improvements	\$ 1,337,315	\$ (324,198)	\$ 1,013,117	\$ 1,134,691
Furniture and fixtures	124,593	(75,821)	48,772	73,690
Computer hardware	78,720	(48,621)	30,099	17,183
Office equipment	57,280	(33,219)	24,061	32,644
	<u>\$ 1,597,908</u>	<u>\$ (481,859)</u>	<u>\$ 1,116,049</u>	<u>\$ 1,258,208</u>

4. DEFERRED REVENUE

	2016	2015
Registration fees received in advance	<u>\$ 1,563,863</u>	<u>\$ 1,521,688</u>

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

5. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2016	2015
Balance, beginning of the year	\$ 739,456	\$ 818,683
Amortization of deferred contributions	(79,227)	(79,227)
Balance, end of year	\$ 660,229	\$ 739,456

The amounts received in the 2014 fiscal year related to the cash due under the terms of the lease for the new premises to pay for leasehold improvements. It is amortized into income on the same basis as the related leasehold improvements which is the term of the lease.

6. INVESTED IN CAPITAL ASSETS

a) Net assets invested in capital assets, which represents internally financed capital assets, are calculated as follows:

	2016	2015
Capital assets, net	\$ 1,116,049	\$ 1,258,208
Less unamortized deferred contributions - capital assets	(660,229)	(739,456)
	\$ 455,820	\$ 518,752

b) The net change in net assets invested in capital assets is calculated as follows:

	2016	2015
Amortization of deferred contributions	\$ 79,227	\$ 79,227
Less amortization of capital assets	(184,188)	(212,615)
	\$ (104,961)	\$ (133,388)

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

7. 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 \$166,183 (2015 - \$166,078) relating to salaries and benefits and \$36,702 (2015 - \$53,051) relating to general and administrative expenses. At year end \$33,430 (2015 - \$32,166) 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.

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.

An initial reserve target of \$4,730,000 was established. On October 25, 2016, the Board approved the reserve to be increased to \$7,500,000 effective immediately in recognition of Council's expanded budget.

9. COMMITMENTS

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

<u>Fiscal year</u>	<u>Amount</u>
2017	\$ 800,957
2018	815,593
2019	827,994
2020	879,418
2021 and thereafter	<u>4,067,894</u>
	<u>\$ 7,391,856</u>

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

10. CONTINGENCIES

Claims have been made against the Council in the normal course of operations. 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, 2016

**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2016

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Statements of Operations	4
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Notes to the Financial Statements	6 - 9

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 statement of financial position as at October 31, 2016, and the statement of changes in net assets, statement of operations, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

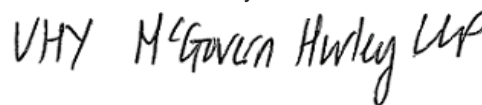
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for 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, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
February 15, 2017

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF FINANCIAL POSITION
AS AT OCTOBER 31, 2016

	October 31, 2016 \$	October 31, 2015 \$
ASSETS		
CURRENT		
Cash - operating	20,299	30,105
- investment	110,779	6,927
Accrued interest receivable	17,982	20,687
Prepaid expenses	<u>6,343</u>	<u>11,257</u>
TOTAL CURRENT ASSETS	155,403	68,976
INVESTMENTS (Note 8)	<u>7,035,986</u>	<u>7,476,907</u>
TOTAL ASSETS	<u><u>7,191,389</u></u>	<u><u>7,545,883</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	73,471	58,892
Claims payable	<u>54,900</u>	<u>-</u>
TOTAL LIABILITIES	<u>128,371</u>	<u>58,892</u>
NET ASSETS		
UNRESTRICTED NET ASSETS (Note 2)	<u>7,063,018</u>	<u>7,486,991</u>
TOTAL NET ASSETS AND LIABILITIES	<u><u>7,191,389</u></u>	<u><u>7,545,883</u></u>

Contingent Liabilities (Note 3)

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

_____, Chair

"Larry Lantz"

_____, Vice Chair

"Jeff Newhouse"

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEARS ENDED OCTOBER 31, 2016

	2016	2015
	\$	\$
BALANCE, beginning of the year	7,486,991	7,189,651
(Deficit) excess of revenues over expenses, for the year	<u>(423,973)</u>	<u>297,340</u>
BALANCE, end of the year	<u>7,063,018</u>	<u>7,486,991</u>

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED OCTOBER 31, 2016

Page 4

	2016	2015
	\$	\$
REVENUES		
Participant fees	153,600	141,900
Recoveries	<u>22,726</u>	<u>11,609</u>
TOTAL REVENUES	<u>176,326</u>	<u>153,509</u>
EXPENSES		
Claims	219,920	183,976
Salaries and benefits (Note 4)	164,998	159,164
Governance	82,499	50,720
Consumer Awareness	78,543	73,450
Investment Management fees	40,784	43,540
Statutory trustee fees	11,525	11,997
Professional Fees	16,066	11,655
Occupancy (Note 4)	10,722	10,721
Insurance	10,692	10,692
Office and General	<u>5,062</u>	<u>5,008</u>
TOTAL EXPENSES	<u>640,811</u>	<u>560,923</u>
Excess of expenses over revenue before other income	(464,485)	(407,414)
OTHER INCOME		
Investment and other income	322,511	364,805
Fair value change in investments	<u>(281,999)</u>	<u>339,949</u>
TOTAL OTHER INCOME	<u>40,512</u>	<u>704,754</u>
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES	<u>(423,973)</u>	<u>297,340</u>

	2016	2015
	\$	\$
CASH PROVIDED BY:		
OPERATING ACTIVITIES		
(Deficit) excess of revenues over expenses, for the year	(423,973)	297,340
Non-cash items		
Change in fair value of investments	101,602	(413,695)
Change in non-cash working capital		
Decrease (increase) in accrued interest receivable	2,705	(1,129)
Decrease in prepaid expenses	4,914	-
Increase in accounts payable and accrued liabilities	14,579	18,494
Increase (decrease) in claims payable	<u>54,900</u>	<u>(122,920)</u>
Cash used in operating activities	<u>(245,273)</u>	<u>(221,910)</u>
INVESTING ACTIVITIES		
Cash provided by investing activities (net)	<u>339,319</u>	<u>112,662</u>
CHANGE IN CASH DURING THE YEAR	94,046	(109,248)
Cash, beginning of the year	<u>37,032</u>	<u>146,280</u>
CASH, end of the year	<u><u>131,078</u></u>	<u><u>37,032</u></u>

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.

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**

Basis of Presentation:

The financial statements have been prepared using accounting policies consistent with section 1501 and the 4400 series section of the CPA Canada Handbook.

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.

Financial Instruments:

The Fund follows the CPA Canada 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.

Continued...

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments:

Investments consist of fixed income notes bearing interest at rates ranging from 1.3% to 11% with a total fair market value of \$1,403,332 (2015 – \$1,765,909), mutual funds in various industries with a fair market value of \$5,162,688 (2015 – \$5,226,405) and other investments of \$469,966 (2015 – \$484,593) Fair market values are determined based on the quoted market value of the investment.

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 due to 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

Several motor vehicle dealers declare 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.

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 \$164,998 (2015 – \$159,164) relating to salaries and benefits and \$10,722 (2015 - \$10,722) relating to occupancy expenses. At October 31, 2016, \$48,225 (2015 - \$26,512) was included in accounts payable, due to the Council. Payable amounts are unsecured, non-interest bearing, and due on demand. 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.

Continued...

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 interest rates ranging from 1.3% to 11% with maturity dates ranging from 2017 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, 2016, if the fair value of the investments had decreased/increased by 10% with all other variables held constant, excess of expenses over revenues for the year ended October 31, 2016 would have been approximately \$703,599 higher/lower. Similarly, as at October 31, 2016, reported unrestricted net assets would have been approximately \$703,599 lower/higher as a result of a 10% decrease /increase in the fair value of investments.

(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 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 2016 and 2015.

(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.

Continued...

8. INVESTMENTS

Investments, recorded at their estimated fair value, are comprised of the following:

	2016		2015	
	Cost \$	Fair Value	Cost \$	Fair Value
Mutual Funds	3,753,863	5,162,688	3,525,555	5,226,405
Fixed Income	1,375,910	1,403,332	1,746,195	1,765,909
Other	<u>459,856</u>	<u>469,966</u>	<u>476,792</u>	<u>484,593</u>
Total	<u><u>5,589,629</u></u>	<u><u>7,035,986</u></u>	<u><u>5,748,542</u></u>	<u><u>7,476,907</u></u>

The unrealized gain on investments at October 31, 2016 is \$1,446,357 (2015 - \$1,728,365).

PROMOTING A FAIR AND INFORMED
VEHICLE SALES MARKETPLACE IN ONTARIO



2017-18 BUSINESS PLAN

GOAL 1: INCREASE CONSUMER AWARENESS

Strategic Direction: Increase consumer awareness and education and be a trusted source of information for the public on motor vehicle sales

STRATEGY	2017-18 Performance Measure
Offer information and advice to consumers engaged in a motor vehicle transaction	<ul style="list-style-type: none"> Provide translation services in more than 150 languages Provide free conciliation service to consumers engaged in a dispute with a registered dealer Achieve ratings of 4 or greater on a scale of 1 to 5 for knowledge and courtesy from both consumers and dealers Provide assistance to claimants to the Compensation Fund
STRATEGY	2017-18 Performance Measure
Increase outreach to consumers through various communications initiatives	<ul style="list-style-type: none"> Conduct annual consumer awareness campaign Use ad hoc advertising opportunities Conduct direct outreach via seminars and tradeshow/event participation Engage with mainstream media Use sponsorships Engage consumers via social media Engage consumers via e-newsletter
Increase awareness of the Compensation Fund	Conduct consumer awareness campaign
Increase awareness of all-in price advertising	Conduct consumer awareness campaign to increase general awareness of all-in price advertising (from 33 per cent in 2016)
Revise/update website content to improve usability and clarity	Update web content with improved content and usability
Revise/update tradeshow materials/messaging on brochures, maps and signage	Update tradeshow materials with revised messaging

2017-18 BUSINESS PLAN

GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

Strategic Direction: Increase consumer awareness and education and be a trusted source of information for the public on motor vehicle sales

STRATEGY	2017-18 Performance Measure
Expand OMVIC's current publicly available enforcement information by creating a searchable list of Discipline Committee and Licence Appeal Tribunal actions	Expand searchable list to include OMVIC's Discipline Committee and Appeals Committee as well as LAT matters

GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

Strategic Direction: Provide tools and information to consumers to prevent or resolve problems in motor vehicle transactions

STRATEGY	2017-18 Performance Measure
Review and update online complaints documents and general complaints conciliation messaging	Establish Complaints/Communications working group; revise, update or create complaints resources

2017-18 BUSINESS PLAN

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM

Strategic Direction: Ensure a fair marketplace for our registrants

STRATEGY	2017-18 Performance Measure
Identify and monitor the impact of new and emerging business models	Engage Board, stakeholders, other jurisdictions and experts in discussions regarding the impact of various online or non-traditional dealer business models Report to the ministry on industry or regulatory impact
Ensure persons who have (or may) put the public at risk do not get or maintain registration as a dealer or salesperson	Continue to process applications in accordance with the Registrar's authority under the MVDA
Review and update processes and resources to encourage financial responsibility	Update and publish <i>Financial Management Best Practices</i> document Update required forms and procedures Identify appropriate financial management educational courses and opportunities for dealers
STRATEGY	2017-18 Performance Measure
Continue to monitor advertising during inspections, complaints and reviews by Business Standards Team	Review advertisements, including all-in price advertising compliance, during all books and records inspection visits for retail dealers Conduct undercover shopping at retail dealers to monitor compliance
Monitor manufacturer advertising issues	Continue to refer issues related to manufacturer advertising concerns to Competition Bureau or appropriate government agency as required
STRATEGY	2017-18 Performance Measure
Make inspection process more transparent for registrants	Make available <i>Inspection Guide & Checklist</i> to increase transparency and understanding of the inspection process and requirements Encourage industry partners to communicate existence of the Guide to their membership

2017-18 BUSINESS PLAN

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Ensure a fair marketplace for our registrants

STRATEGY	2017-18 Performance Measure
Use risk-based inspection program to mitigate risk to the public, Compensation Fund and marketplace	Review risk-based inspection criteria as required
Monitor indicators of consumer harm to provide early indication of possible compliance issues	<p>Encourage new dealer registrants to monitor finances with professional assistance if they are inexperienced</p> <p>Monitor weekly reports issued based on risk criteria and take appropriate action</p> <p>Communicate importance of financial oversight to avoid consumer harm and ensure success of dealers' businesses</p> <p>Review and provide <i>Financial Management Best Practices</i> document when appropriate</p>
STRATEGY	2017-18 Performance Measure
Ensure a robust inspection program is in place to encourage compliance with the MVDA and CoE	Conduct 50 per cent or more of inspections from risk-based inspection lists

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Provide educational opportunities for registrants

STRATEGY	2017-18 Performance Measure
Monitor success of OMVIC Certification Course	Conduct periodic review of Certification Course outcomes
Assist registrants in complying with the MVDA	Create information and messaging to encourage registrants to use OMVIC resources

2017-18 BUSINESS PLAN

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Apply right-touch enforcement

STRATEGY	2017-18 Performance Measure
Ensure responsible and measured enforcement of the MVDA and other consumer protection legislation	Review processes to identify and prioritize non-compliant activity and report on actions taken

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Communicate with registrants in an efficient and effective manner

STRATEGY	2017-18 Performance Measure
Increase interest in e-newsletter	Develop and implement an improved email delivery format for <i>The Dealer Standard</i> newsletter
Examine possible new educational information delivery mediums	Consult and plan new educational information delivery medium(s)
Review, revise or develop advertising toolkit, decal and messaging, and C.A.L.E. acknowledgment for dealers and salespeople	Develop advertising toolkit, revised decal and C.A.L.E. resources

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Use technology to increase and improve service to registrants

STRATEGY	2017-18 Performance Measure
Continue adding registrant self-serve function/capabilities to online services	Allow Sales Change applications online Provide online capability for dealerships to have multiple dealer administrators

2017-18 BUSINESS PLAN

GOAL 3: BE A TRUSTED AND RESPECTED PARTNER

Strategic Direction: Position OMVIC as a trusted and respected partner with governments and other regulators and partners

STRATEGY	2017-18 Performance Measure
Educate consumers on the risks associated with long-term and subprime credit agreements for vehicles transactions	Continue to support the FCAC and CCUA and make other appropriate efforts to raise awareness Provide updates to ministry
STRATEGY	2017-18 Performance Measure
Use data visualization tools such as dashboards to provide real-time measurement of OMVIC business processes	Create live dashboard for Key Operational Indicators
Enhance security on mobile phones	Complete the development of a plan for appropriate mitigation of cyber risks with mobile phones
STRATEGY	2017-18 Performance Measure
Translate OMVIC Discipline and Appeals Committee rules and forms into French	Enhance OMVIC's French-language services by augmenting current Discipline and Appeals Committee rules by producing a French translation of the rules and attendant forms

2017-18 BUSINESS PLAN

GOAL 3: BE A TRUSTED AND RESPECTED PARTNER (CONT'D)

Strategic Direction: Partner and collaborate with stakeholders with shared objectives

STRATEGY	2017-18 Performance Measure
Increase awareness of OMVIC and MVDA among stakeholders, including law enforcement and industry personnel	Continue to deliver auto theft investigative training and expertise through the Canadian Police College Continue to engage frontline officers via <i>Blue Line</i> Magazine
STRATEGY	2017-18 Performance Measure
Engage law enforcement partners	Participate with law enforcement agencies and share information through entities such as Criminal Intelligence Service Ontario and International Association of Auto Theft Investigators Engage with police services

2017-18 BUSINESS PLAN

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY

Strategic Direction: Optimize services and processes and their delivery through technology

STRATEGY	2017-18 Performance Measure
Optimize services and processes and their delivery through technology	Review platform for newsletter and communications publishing
STRATEGY	2017-18 Performance Measure
Implement and enhance e-disclosure process for <i>Provincial Offences Act</i> charges	Review policing and enforcement best practices to implement an e-disclosure procedure for <i>POA</i> matters
STRATEGY	2017-18 Performance Measure
Identify opportunities to better use OMVIC's online membership functions	Increase online membership to 65 per cent of dealers and 55 per cent of salespersons
Identify additional online services for registrants	Implement online salesperson changes

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Continue to be fiscally prudent

STRATEGY	2017-18 Performance Measure
Continue to be fiscally prudent	Review contracts with IT suppliers to ensure applicability of services delivered and value for money Continue to meet with other regulators (DAA – IT committee) on IT efficacy matters
Conduct organizational review	Conduct an efficiency/organizational review for optimizing process flow and efficient use of resources

THREE-YEAR FINANCIAL FORECAST

FISCAL YEARS 2017 TO 2019

(\$ THOUSANDS)

Revenues	2017	2018	2019
Transaction fees	11,570	11,570	11,570
Registration fees	5,357	5,357	5,357
Transfer fees	457	457	458
Certification fees	295	295	286
Expense recoveries	170	174	179
Amortization of deferred contribution	79	79	79
Interest and other	18	22	24
	17,946	17,954	17,953

(\$ THOUSANDS)

Expenses	2017	2018	2019
Salaries and benefits	8,878	9,055	9,236
Public awareness	2,000	2,000	2,000
Professional services	834	853	870
Travel	693	707	721
General and administrative	685	698	712
Occupancy	819	833	848
Amortization of capital assets	213	292	255
Telecommunications	321	327	334
Per-diem allowances	332	339	345
Government oversight fees	199	199	199
Industry awareness	400	400	400
	15,374	15,703	15,920
Net	\$2,572	\$2,251	\$2,033

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

Board of Directors

Chief Executive Officer

Operations

- Registration
- Complaints

Compliance

- Inspections
- Business Standards
- Compensation Fund Administration

Investigations

Legal

Corporate Services

- Finance
- HR
- Board/Committee Support

Information Technology

Communications

- Communications
- Media Relations
- Education

BOARD OF DIRECTORS

The Board comprises nine dealers from different segments of the industry, including large and small dealerships in both the new and used market sectors. These industry representatives are joined by three public representatives appointed by the Minister of Government and Consumer Services. Dealer members are elected by dealers across the province.

The Chief Executive Officer leads the overall management and administration of OMVIC and reports to the Board of Directors. The CEO has seven direct senior management reports and key accountabilities are as follows:

- 1) Strategic and organizational leadership
- 2) Stakeholder relations
- 3) Board relations
- 4) Fiscal planning and risk management

2016 BOARD MEMBERS

Ron Marostica

**2016 President and Chair of the Board,
ex-officio all committees**

*Marostica Motors, Thunder Bay
Term expires May 2017*

Ron has been an automobile dealer for more than 35 years. He operates a Subaru dealership in Thunder Bay, a used-car dealership (Thunder Bay Used Car Superstore) and an automotive leasing company. His dealerships are members of both the Trillium Automobile Dealers Association and the Used Car Dealers Association.

Ron has served eight years on OMVIC's Board of Directors. He was also a member of the Motor Vehicle Dealers Compensation Fund Board of Trustees for six years, on which he also served as chair and secretary-treasurer. He sits on the Canadian Automobile Dealers Association's Industrial Relations Committee, which addresses issues of national importance to new-car dealers and administers the Legal Action Defense Fund. He is a past chair of Hyundai Auto Canada's National Dealer Council.

Ron has served on a number of charitable and community organizations, including the board of a major hospital and as a governor of Lakehead University. He enjoys sports of all kinds, particularly hockey and golf. Ron is married and has four children and four grandchildren.

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

Matt Rispin

2016 Vice President; Chair, Nominating Committee; Member, Governance Committee, HR and Compensation Committee, Audit, Finance and Risk Committee, Communications Committee, Regulatory Affairs Committee

*North Toronto Auction, Innisfil
Term expires May 2018*

Matt is a proud graduate of the University of Toronto and has enjoyed the automotive auction business for almost 20 years. In 2003, he and his partners opened North Toronto Auction and they have succeeded in developing it into the largest independent auction in Canada. North Toronto Auction is recognized as a pioneer hybrid auction model specializing in both wholesale and public auctions. North Toronto Auction celebrated its 11th anniversary in 2014 and was recognized by Canadian Business magazine as one of Canada's fastest growing companies.

Most recently, Matt and his partners launched AutoGavel Inc. and AGX, a multifaceted online remarketing solution and lease grounding tool that will complement their current business model. Matt was OMVIC's President and Chair of the Board from 2010 to 2012.

Nazreen Ali

2016 Secretary-Treasurer; Chair, Audit, Finance and Risk Committee; Member, Consumer Protection Advisory Committee, Governance Committee, Communications Committee, Regulatory Affairs Committee

*Ministerial Appointee
Term expires May 2018*

Nazreen earned a Master of Business Administration degree from Queen's University and is executive vice president of MiiScan Corporation, a mobile commerce company. She has assisted a number of Canadian firms in developing socially responsible international initiatives. Previous to that, Nazreen served in a business development capacity at Trimark Investment Management (International) and at the Canadian Soccer Association, with overall responsibility for financial administration. She led the development of the successful first-ever Canadian

Businesswomen's Trade Mission to the United Arab Emirates, Egypt and Jordan, led by the former Ontario Minister of Small Business and Entrepreneurship.

Nazreen has served on many boards, including the United Way of Ottawa, and has been honoured by business and community groups. She served as OMVIC's Secretary-Treasurer from 2011 to 2013 and was OMVIC's President and Chair of the Board in 2014.

Kevin Bavelaar

Past President and Chair of the Board; 2016 Chair, Governance Committee; Member, HR and Compensation Committee, Nominating Committee, Audit, Finance and Risk Committee, Communications Committee, Regulatory Affairs Committee

*Auto Showplace, North York
Term expires May 2019*

Kevin 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 since 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 on OMVIC's Board of Directors (1999–2004), Kevin chaired several committees, including Ethics and Discipline and Industry Professionalism. His current term began in May 2007 and he has served as OMVIC's Secretary-Treasurer, Vice President, and President and Chair of the Board.

Kevin was President and Chair of OMVIC's Board of Directors in 2015 and also currently serves as a member of the Motor Vehicle Dealers Compensation Fund's Board of Trustees.

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

Denis Ayotte

2016 Chair, Stakeholder Relations Committee; Member, Nominating Committee, Governance Committee, Communications Committee, Regulatory Affairs Committee

*Gus Brown Pontiac Buick GMC Ltd., Whitby;
Gus Brown Pontiac Buick GMC Ltd., Port Perry
Term expires May 2018*

Denis is a partner in and vice president of Gus Brown Pontiac Buick GMC Ltd. in Whitby and Port Perry, Ontario. He 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. He 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 the past president of the Central Ontario Dealers Association and he sits on the Board of Directors of the Lakeridge Health Foundation and is the vice chair of the Finance and Audit Committee for the Foundation.

Denis and his business partner, Gus Brown, are active members of 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 \$850,000 for the R.S. McLaughlin Durham Regional Cancer Centre and the Lakeridge Health Foundation. The Gus Brown Group of dealerships supports numerous charities in and around Durham Region.

David Cooke

2016 Chair, Consumer Protection Advisory Committee; Member, Appeals Committee, Stakeholder Relations Committee, Communications Committee, Regulatory Affairs Committee

*Ministerial Appointee
Term expires November 2019*

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.

David has served on the Board as a consumer representative since November 2010 and has served as Vice President in the past.

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

Meredith Morris

2016 Chair, Communications Committee; Member, Consumer Protection Advisory Committee, Stakeholder Relations Committee, Regulatory Affairs Committee

Sudbury Hyundai, Sudbury

Term expires May 2017

Meredith was born into an automotive family in Sudbury, Ontario. Growing up, she worked in all aspects of her family's automotive dealerships, starting in the wash bay. She is a graduate of the Automotive Marketing and Business Administration Program at both the Canadian Automotive Institute (now the Automotive Business School of Canada) and Northwood University. Following her studies, Meredith began working as the general manager of Sudbury Hyundai in 2002. In 2009 she purchased Sudbury Hyundai, which is currently undergoing a massive expansion and renovation. She has grown her dealership from a staff of four to a team of 40. She has been a Board member of OMVIC since 2004, has been on the executive four times and has served two terms as the President and Chair.

Meredith has also served on the Board of Directors for the Sudbury Community Foundation, Sudbury Chamber of Commerce and Canadian Red Cross Sudbury branch and was the President of the Ladies of Harley. When Meredith isn't working she is an avid downhill skier and loves spending time at her cottage on Manitoulin Island.

Harbans Pawan

2016 Chair, Appeals Committee; Member, HR and Compensation Committee, Consumer Protection Advisory Committee, Nominating Committee, Communications Committee, Regulatory Affairs Committee

Ministerial Appointee

Term expires March 2020

Harbans joined the Indian Air Force Technical College in 1954. He served in the Indian Air Force in Avionics at various locations all over India. Harbans also has an Honours Bachelor of Arts degree in English and Punjabi from the University of the Punjab.

He immigrated to Canada in 1971 and worked in different companies in the electrical field. He served as policy chair and vice president of the Etobicoke-Lakeshore Federal and Provincial Liberal Riding Associations from 1979 to 2000.

While employed at ABB, Harbans introduced a pay for skills program (paid for "what you know, not what you do") in 1988, which proved to be quite successful. He also served as union president for the salaried employees from 1986 until 1997, when he retired. He is currently involved in not-for-profit organizations such as various senior citizen clubs and the Ontario Khalsa Darbar.

Ken Peterson

2016 Chair, Regulatory Affairs Committee; Member, Appeals Committee, Stakeholder Relations Committee, Governance Committee, Communications Committee

Ken Peterson Sales & Leasing, Thunder Bay

Term expires May 2017

Ken has been in the automobile business most of his life and operated Ken Peterson Sales and Leasing for 20 years, 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, including three years as Chair. He was also Director of Northwest Energy and a member of the Municipal Electric Association of Ontario.

Ken brings a strong analytical and proactive problem-solving approach to the business of OMVIC. He has served as OMVIC president for two years, providing consistent use of leading governance practices, innovative solutions and a commitment to getting the job done.

Ken is actively engaged in effective and focused advocacy with the government to gain support for initiatives and address issues that are important to automobile dealers.

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

Cliff Pilon

2016 Member, Appeals Committee, Stakeholder Relations Committee, Consumer Protection Advisory Committee, Communications Committee, Regulatory Affairs Committee

Gold Fleet Subaru/Suzuki, North Bay

Term expires May 2018

Cliff entered the automotive industry in 1981. He has been the dealer principal of Gold Fleet Subaru in North Bay for 30 years. 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.

Cliff's strong automotive, mechanical and financial knowledge, coupled with his sales expertise and interpersonal skills, make him a valuable asset to OMVIC's Board of Directors. Cliff has served on the Board since May 2006.

Frank Romeo

2016 Member, Communications Committee, Regulatory Affairs Committee

Pine View Hyundai, Vaughan

Term expires May 2019

Frank started working full time at Pine View Pontiac Buick GMC, his family business, in 1978. Having had the opportunity to work in all departments, Frank gained valuable experience and knowledge of the automotive industry. In 1988 Frank became general manager and business partner alongside his father, Dom Romeo. In 2001 he became president and dealer owner-operator. He opened Pine View Hyundai in 2010, where he currently serves as president and dealer owner-operator.

Frank has served on numerous boards throughout his career, including as past president and director with the Vaughan Chamber of Commerce (1988-95), past president and director with the General Motors Dealers Association of Toronto (1996-2006), past chair and director of Co-Auto

Co-Operative Inc. (2003-10), past president and director of Trillium Automobile Dealers Association (2005-15) and past president and director of the Canadian International AutoShow (2010-15).

Frank has also served on a number of charitable organizations in the Vaughan community and enjoyed coaching rep hockey for more than 20 years.

Frank has been married to his wife, Rosemary, for over 34 years. They have three children, two of whom work in the family business. Frank and Rosemary also have one wonderful grandchild. In his spare time Frank enjoys gardening, golfing and breeding and racing thoroughbred horses.

Griffith Slaughter

2016 Member, Consumer Protection Advisory Committee, Communications Committee, Regulatory Affairs Committee

Hyundai Pembroke, Pembroke

Term expires May 2019

Griffith has been involved in his family's automotive business from an early age: he was washing cars when he was 11 years old! A graduate of Lakehead University with an honours Bachelor's degree in outdoor recreation, parks and tourism and a degree in geography, Griffith spent seven years in northwestern Ontario operating a fishing resort in the summers and working at a ski hill in the winters. Returning home in 2005, Griffith has been managing Hyundai Pembroke for the past 12 years.

Griffith has served on the board of Mountain Equipment Co-op and PSSC. He is currently on the board of Carefor in Pembroke.

SENIOR MANAGEMENT

SENIOR MANAGEMENT

John Carmichael

Chief Executive Officer

Chandar Singh

Director, Corporate Services

Laura Halbert

Deputy Registrar and Director, Compliance

Michael Rothe

Director, Legal Services

Joe Scarfo

Director, Information Technology

Terry O'Keefe

Director, Communications, Media Relations and Education

Tom Girling

Director, Investigations

COMMITTEES

COMMITTEES

APPEALS COMMITTEE

Chair: Harbans Pawan

The Appeals Committee provides a forum to review complaints from consumers regarding OMVIC's handling of consumer complaints about dealers and, if appropriate, makes recommendations to staff to ensure that subsequent complaints are handled in the most effective and expeditious manner. There were no appeals in 2016.

Membership: A minimum of three OMVIC directors.

AUDIT, FINANCE AND RISK COMMITTEE

Chair: Nazreen Ali

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 scope of the annual audit with the external auditors and reviews annual audited financial statements and audit findings with the external auditors. The committee reviews the performance of the auditors and recommends appointment of auditors for the coming year. The committee also reviews OMVIC's enterprise risk management processes, including insurance policies.

The committee held three meetings in 2016.

Membership: Same as the Executive Committee (elected officers).

COMMUNICATIONS COMMITTEE

Chair: Meredith Morris

Working with staff and in collaboration with the Motor Vehicle Dealers Compensation Fund, the Communications Committee provides guidance in developing 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 four meetings in 2016.

Membership: All OMVIC Board members and the MVDCF Chair.

CONSUMER PROTECTION ADVISORY COMMITTEE

Chair: David Cooke

The Consumer Protection Advisory Committee was established to provide both the Ministry of Government and Consumer Services and the OMVIC Board with expert advice on consumer issues. At least half of its members are non-industry consumer representatives.

The committee held three meetings in 2016 and discussed issues such as extended warranties and the illusion of protection, proposed changes to the Drive Clean program and the potential impact on consumers, and provided advice to the Communications Team about future consumer-centric topics of interest.

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

EXECUTIVE COMMITTEE

Chair: Ron Marostica

The Executive Committee assists the Board of Directors in fulfilling its governance role. Responsibilities include providing guidance and direction to the Chief Executive Officer and the Director of Corporate Services as needed; helping management ensure that appropriate financial and operational controls are in place; liaising with the provincial government, trade associations and consumer groups on industry matters; reviewing management reports regarding statutory and ethical compliance; reviewing quarterly and annual financial statements; through the Chair, periodically briefing the Minister of Government and Consumer Services on OMVIC's activities; and reviewing the annual report and business plan.

The committee held nine meetings in 2016.

Membership: Four OMVIC Board members (elected officers) and the immediate past president.

COMMITTEES

GOVERNANCE COMMITTEE

Chair: Kevin Bavelaar

The Governance Committee regularly reviews the governance of the Board of Directors. This includes reviewing the effectiveness of Board committees and their chairs; determining whether committees should be merged, disbanded or created; and thoroughly examining all procedures related to the effective operation of meetings. The committee also ensures the Board has an annual governance refresher.

The committee held four meetings in 2016.

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

HR AND COMPENSATION COMMITTEE

Chair: Ron Marostica

The Human Resources and Compensation Committee makes recommendations to the Board for its consideration on matters relating to OMVIC's HR and compensation philosophies and policies, including Board remuneration. Responsibilities include developing total compensation guidelines and philosophies covering salary and benefits for all staff and periodically reviewing market comparators, and ensuring effective HR policies and strategies that support OMVIC's values, vision, mission and strategic directions.

The committee held four meetings in 2016.

Membership: Four OMVIC Board members.

NOMINATING COMMITTEE

Chair: Matt Rispin

The Nominating Committee carries out duties assigned in the OMVIC bylaws and by the Board of Directors. Responsibilities include developing and recommending selection criteria for new Board members, seeking nominees for vacancies on the Board and developing selection criteria for membership on committees of the Board and for the Compensation Fund Board of Trustees.

The committee held three meetings in 2016.

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

REGULATORY AFFAIRS COMMITTEE

Chair: Ken Peterson

From time to time, the Regulatory Affairs Committee develops recommendations concerning potential changes to the MVDA and its regulations, as well as to other relevant legislation. The committee ensures that, whenever possible, those recommendations provide a Regulatory Impact Assessment and appropriately documented consultation.

The Committee did not meet in 2016.

Membership: All OMVIC Board members.

STAKEHOLDER RELATIONS COMMITTEE

Chair: Denis Ayotte

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 not less than twice per year.

The committee held three meetings in 2016.

Membership: Includes representatives from

- Used Car Dealers Association
- Trillium Automobile Dealers Association
- Automobile Protection Association
- Car Help Canada
- Consumers Council of Canada
- Georgian College Automotive Business School of Canada
- ADESA Canada (wholesale auction)
- Vehicle manufacturer associations (declined participation)

CONTACTING OMVIC

CONTACTING OMVIC

Registration Services

Email: registration@omvic.on.ca

Telephone: 416-226-4500 ext. 3941

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

Complaints and Inquiries

Email: consumers@omvic.on.ca

Telephone: 416-226-4500 ext. 3942

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

Reporting Curbsider Activity

Email: nocurbs@omvic.on.ca

Telephone: 1-888-NO-CURBS (662-8727)

Motor Vehicle Dealers Compensation Fund

Email: compfund@omvic.on.ca

Telephone: 416-226-3661

Media Relations

Terry O'Keefe

Email: terry.okeefe@omvic.on.ca

Telephone: 416-226-4500 ext. 3525

Privacy Officer

Michael Rothe

Email: privacy@omvic.on.ca

Telephone: 416-512-3165

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

Complaints Officer (complaints against OMVIC)

Michael Rothe

Email: Michael.rothe@omvic.on.ca

Telephone: 416-512-3165

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

Address

65 Overlea Blvd., Suite 300

Toronto, ON M4H 1P1

Telephone: 416-226-4500

Toll-free: 1-800-943-6002

Website: omvic.on.ca

Email: omvic@omvic.on.ca

THE BOARD'S ROLE

1. Work with the Chief Executive Officer 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 Chief Executive Officer 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

OMVIC's Board of Directors is composed of 12 individuals:

- 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 Government and Consumer Services

The term of office for a Board member is three years from the date of the annual and general meeting at which the member is elected. Although not a requirement, Board members are encouraged to complete OMVIC's Automotive Certification Course.

BOARD REQUIREMENTS AND SELECTION CRITERIA

To qualify as a candidate for election to OMVIC's Board of Directors, a nominee must meet specific criteria:

1. Be registered as a vehicle dealer, in good standing, under the MVDA,
 - a. whose registration is not currently subject to terms and conditions imposed by LAT,
 - b. who is not currently the subject of a Proposal of the Registrar and
 - c. who has been registered under the MVDA for at least the two-year period prior to the date of 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 objectives and purposes of OMVIC as listed in its letters patent.
8. Be an Ontario resident.
9. Be at least 18 years of age.
10. Not be an undischarged bankrupt.

APPENDIX

11. Be supported by two other registrants in good standing who have endorsed the nominations form by affixing their signatures where noted.
12. Satisfy such other qualifications or criteria, which are established by the Nominations Committee from time to time, including the endorsement of nominees by the appropriate trade association (i.e., UCDA, 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 vehicle industry and protection of the public above any special interest, or geographic or personal constituency.
- Attend and participate in, at minimum, three-quarters of Board meetings, committee meetings and subcommittee meetings (if applicable). Failure to consistently attend meetings will result in a request for resignation.
- Complete tasks and projects assigned and accepted.
- Be prepared to accept at least one Board committee assignment and actively participate in 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 TO NOT DO THE FOLLOWING

- 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.
- Use 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 on any corporation or entity in which there is a significant interest or affiliation.
- Operate in any manner that is contrary to the best interests of the council, the vehicle industry or the public.
- Make public statements about the council and its policies, the Board or other Board members or about council or Board administrative matters, without the express authorization of the council.

BOARD MEMBERS UNDERSTAND AND AGREE TO SUPPORT THE FOLLOWING MAJOR FUNCTIONS OF THE BOARD

- Maintain and perpetuate the council as a viable, relevant, effective and legal entity by working with other directors in overseeing and reviewing the conduct and operation of the council.
- Act as a trustee of stakeholder interests and recognize fiduciary duty to OMVIC.
- Review and approve plans and financial objectives for the council's future role and scope of activities.

- Ensure the integrity of internal control and of management and financial systems.
- Measure progress toward stated goals (consumer protection and education, industry regulation and customer service) and control resource allocation.
- Assess the performance and results of management and the council, including the Board of Directors.
- Exercise due diligence.
- Along with other directors, act as steward of the council's assets.

BOARD 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 a Board member skills profile, the Nominating Committee attempts to ensure that OMVIC's Board of Directors consists of respected members of the community with a high level of integrity 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 those of business, government and consumers
- be strategic thinkers

- understand the governance role of a Board member and the Board's responsibilities and 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.

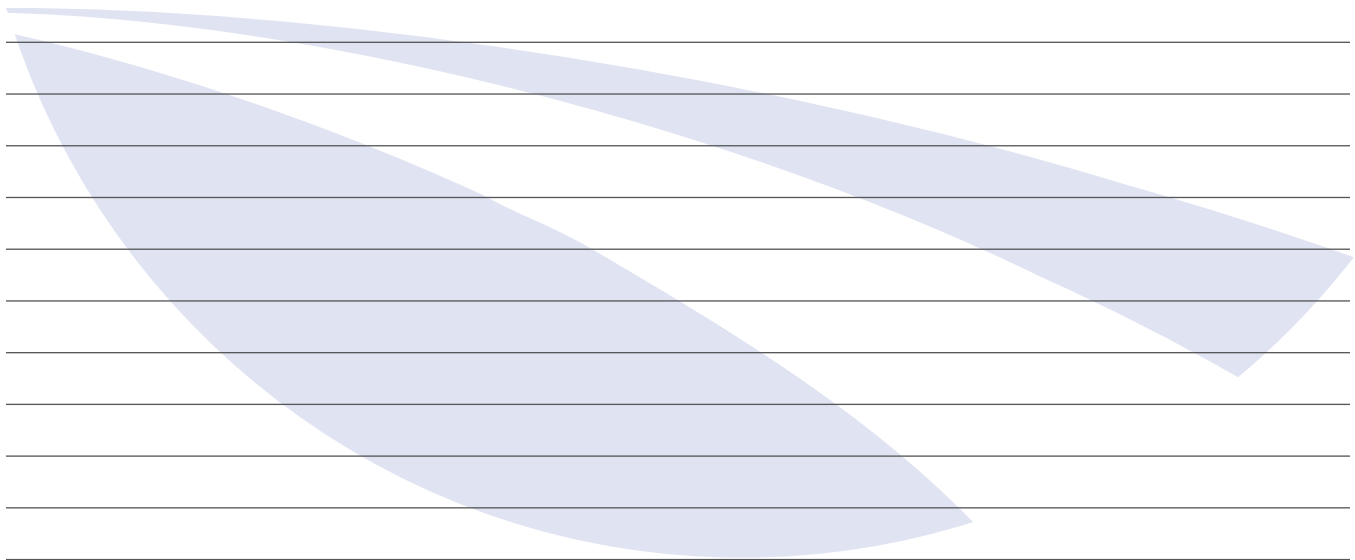
Individual Knowledge and Experience

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.

NOTES





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