



Ontario's Vehicle Sales Regulator

Promoting a Fair and Informed
Vehicle Sales Marketplace in Ontario

2018
ANNUAL
REPORT
2019-21
BUSINESS PLAN

CONSUMER PROTECTION | DEALER PROFESSIONALISM | CUSTOMER SERVICE

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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 Ontario Ministry of Government and Consumer Services (MGCS).

OMVIC's creation on January 7, 1997, marked the first time a regulated business sector had moved to self-management.

OMVIC is a not-for-profit corporation governed by a 12-member Board of Directors.

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

OMVIC'S MANDATE

To maintain a fair and informed vehicle sales marketplace in Ontario by

- protecting the rights of consumers
- enhancing industry professionalism
- ensuring fair, honest and open competition for registered vehicle dealers

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 ONGOING OBJECTIVES

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 conciliation.

Dealer professionalism through certification programs for new dealers and salespeople; ongoing information and education initiatives; and increased accountability through administration of a Code of Ethics (CoE), Standards of Business Practice (SoBP) and a transparent disciplinary process.

OMVIC'S PRIORITIES

- CONSUMER PROTECTION
- DEALER PROFESSIONALISM
- CUSTOMER SERVICE

PROTECTION FOR ONTARIANS

Ontario vehicle buyers benefit from excellent consumer protection legislation administered and enforced by a vigilant and dedicated regulator.

The retail sale of vehicles is regulated in Ontario. As the regulator, OMVIC administers and enforces the MVDA and its regulations and CoE as well as relevant sections of the *Consumer Protection Act 2002* (CPA).

Penalties for breaching the MVDA 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. The maximum fine for breaching the CoE is \$25,000.

Ontario consumers are further protected by the CPA – legislation that prohibits unfair business practices (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:

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 if 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 rescind (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. Claims criteria are set out in the MVDA.

PROTECTION FOR ONTARIANS

OMVIC:

Promoting a Fair and
Informed Vehicle Sales
Marketplace in Ontario

2018 SUMMARY



2018

OMVIC BY THE NUMBERS

THE FOLLOWING IS A BRIEF SUMMARY OF **OMVIC'S 2018** STATISTICS, INITIATIVES AND ACHIEVEMENTS.

SUMMARY



REVENUE FOR FISCAL 2018
\$21,172,677

EXPENSES FOR FISCAL 2018
\$15,980,690



REGISTRANTS

38,159, including

- **8,100** DEALERS
- **30,059** SALESPERSONS

REGISTRATION ACTIVITIES

- **711** NEW DEALER APPLICATIONS
- **4,730** NEW SALESPERSON APPLICATIONS
- **7,750** DEALER RENEWALS
- **13,072** SALESPERSON RENEWALS



COMPLIANCE INITIATIVES

(INCLUDES INSPECTIONS/INVESTIGATIONS/PROSECUTIONS/ADMINISTRATIVE ACTIONS)

2,491

INSPECTIONS CONDUCTED. NOTE: 4% OF INSPECTIONS REFERRED TO SENIOR MANAGEMENT FOR POSSIBLE FURTHER ACTION

1,174

REGISTRAR ACTIONS TAKEN, INCLUDING 90 PROPOSALS TO REVOKE, SUSPEND, REFUSE OR IMPOSE CONDITIONS ON REGISTRATION

800+

HOURS ASSISTING LAW ENFORCEMENT AGENCIES

53

COMPLIANCE WARNING LETTERS ISSUED

351

INVESTIGATIONS OPENED (144 CURBSIDER/ 207 INDUSTRY)

350

CHARGES LAID AGAINST 30 ENTITIES

220

AGAINST 18 ALLEGED CURBSIDERS

130

AGAINST 12 REGISTRANTS

NOTE: AS OF DECEMBER 2017, OMVIC INVESTIGATORS LAY INDIVIDUAL CHARGES, NOT SINGLE GLOBAL COUNTS FOR MULTIPLE OFFENCES, AS HAD BEEN DONE HISTORICALLY

37

NOTICES OF DISCIPLINE SERVED FOR ALLEGED BREACHES OF THE CoE

197

ADVERTISING COMPLIANCE CAUTIONS ISSUED

437

DEALERS PROVIDED WITH ADVERTISING ASSISTANCE

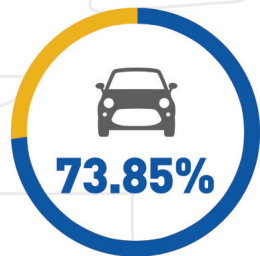
OMVIC BY THE NUMBERS



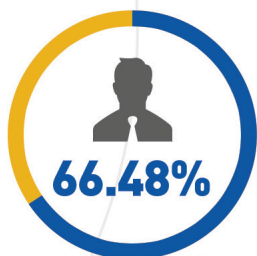
CONSUMER COMPLAINT HANDLING

- **1,192** FORMAL COMPLAINTS CLOSED
- **\$965,540** RETURNED TO CONSUMERS AFTER CONCILIATION EFFORTS

ONLINE REGISTRATION SERVICES USED BY



OF DEALERS



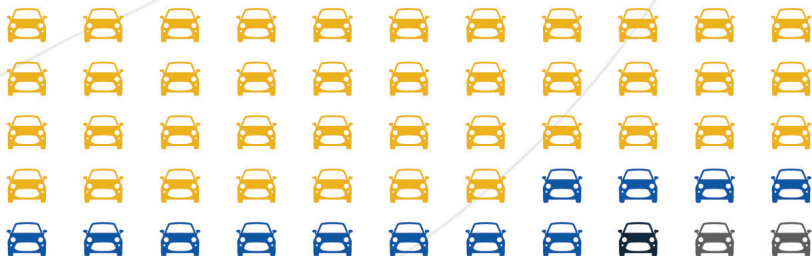
OF SALESPERSONS

COMMUNICATIONS

- **74** BULLETINS, NEWSLETTERS AND NEWS RELEASES PUBLISHED
- **39** SEMINARS/WEBINARS CONDUCTED
- **39** MEDIA INTERVIEWS CONDUCTED
- **1,065** SOCIAL MEDIA POSTS PUBLISHED (FACEBOOK, TWITTER, LINKEDIN, BLOGS, INSTAGRAM)
- **2,051,637** WEBSITE PAGE VIEWS



MOTOR VEHICLE DEALERS COMPENSATION FUND



TOTAL VALUE OF
CLAIMS PAID
\$402,016

55 CLAIMS RECEIVED; **40 APPROVED** (12 DEFERRED TO 2019 AND ONE WITHDRAWN AFTER THE CLAIMANT RECEIVED RESTITUTION FROM THE DEALER); 2 DENIED

MESSAGE FROM THE PRESIDENT AND CHAIR OF THE BOARD

The Honourable Bill Walker
Minister of Government and Consumer Services

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



Dear Minister:

On behalf of the OMVIC Board of Directors, I am pleased to present the 2018 Annual Report and 2019–21 Business Plan.

In 2018, the results and recommendations of a comprehensive efficiency study of OMVIC were reviewed and approved by the Board. This Deloitte report considered the efficiency of operations, stakeholder satisfaction, and organizational structure and culture. The review included thorough evaluations of OMVIC processes, technology and IT infrastructure, roles and accountabilities, and a comparison to other regulators. I am grateful to the Board members, staff and our stakeholders for generously sharing their time and valuable knowledge to inform the review process.

Work was begun on many of the recommendations, including the restructuring of the senior management team and digital transformation planning to ensure OMVIC has the technological support and resources needed to face future challenges.

Combined, the 18 recommendations provide a framework that will ensure OMVIC continues as a modern regulator. The Board looks forward to working together with management and staff to fully implement this ambitious plan.

While the efficiency study recommendations help inform strategic directions, one strategy that will not change is OMVIC's commitment to stakeholder engagement – this has been a guiding principle for 21 years and it continues to be so. Gaining insights from consumer groups, trade associations and your ministry helps ensure OMVIC is nimble and responsive – important qualities for a regulator in today's fast-changing marketplace. In 2018, OMVIC conducted an Engagement Series. With presentations/meetings in 10 communities across the province, OMVIC's CEO and education staff met with dealers and salespeople to provide information and resources to assist attendees with compliance, to share ideas and concerns, and, just as importantly, to hear from dealers about the challenges they face. To ensure consumer voices remain clear and loud, the number of consumer representatives on OMVIC's Consumer Protection Advisory Committee was increased in 2018.

Minister, I assure you that OMVIC, its Board of Directors and staff remain committed to its founding mandate to protect the rights of Ontario's motor vehicle buyers, to enhance the professionalism of our registrants, and to ensure a fair, honest and open marketplace for registered motor vehicle dealers.

I want to thank you and your ministry, OMVIC senior management and staff, our registrants and consumer stakeholder groups for their ongoing assistance, collaboration and support.

Sincerely,

A handwritten signature in black ink that reads "K. Bavelaar".

Kevin Bavelaar
President and Chair
OMVIC Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The Honourable Bill Walker
Minister of Government and Consumer Services

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



Dear Minister:

Operationally, 2018 was a busy year for OMVIC. Registration staff processed more than 63,000 applications/renewals/transfers/etc.; inspectors conducted 2,491 inspections; Complaints and Inquiries staff provided conciliation services to 1,192 consumers involved in a dispute with a registrant, negotiating the return of \$965,540 to those consumers; and staff took 1,174 Registrar actions, including the issuance of 90 Proposals to Refuse/Revoke/Suspend Registration.

In 2018, OMVIC launched a new consumer awareness campaign. The *Take a Picture Campaign* was designed to raise awareness of a consumer's right to all-in price advertising and to empower consumers should they encounter non-compliant advertising. The campaign instructed consumers to "Take a picture of a dealer's advertisement the next time you're shopping for a car and take it with you to your dealer; because the dealer should not charge more than that advertised price." Using TV, radio, online and social media advertising, OMVIC's province-wide campaign resulted in a 5 per cent increase in awareness.

On the education front, a record 7,733 students registered for the OMVIC Certification Course and a new online version of that course was made available. OMVIC education staff also began work on two new education initiatives in 2018: *The OMVIC Academy for Consumers* and the *Help for Dealers* education campaign. Each consists of five educational videos and supporting resources that will launch in early 2019.

Like many regulators, OMVIC faces challenges brought about by new technologies and interrupters. OMVIC continues to monitor new and emerging business models and to work with applicants seeking registration, wherever possible finding solutions that enable these new businesses to operate within the requirements of the MVDA and ensuring consumer protection is maintained. We will continue to monitor these trends and liaise with ministry staff accordingly.

Minister, implementation of the efficiency study recommendations, while challenging, will ensure OMVIC remains a modern regulator equipped to meet its mandate. This important work was begun in 2018 and it will continue to inform OMVIC's Business Plans for the next two to three years. I can state with confidence that OMVIC is well positioned to meet and exceed the challenges and needs of this period and beyond.

I look forward to continuing the positive relationship with your office and your ministry.

Sincerely,



John Carmichael
Chief Executive Officer

2018 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. In light of the success of these goals, the Board has extended the Strategic Plan for three years (2019–21).

OMVIC's 2018 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	Offer information and advice to consumers engaged in motor vehicle transactions
2018–20 Targets	2018 Activities and Results
Provide free translation services to consumers	Provided translation services to 109 callers in 20 languages.
Provide free information and, where appropriate, conciliation services to consumers engaged in disputes with registered dealers	Provided assistance/conciliation in 1,192 formal complaints, resulting in restitution to affected consumers totalling \$965,540.
Achieve ratings of 4 or greater on a scale of 1 to 5 for knowledge and courtesy from both consumers and dealers	Achieved average ratings of 3.9 for courtesy and 3.7 for knowledge from 317 consumers who participated in conciliation efforts. Achieved ratings averaging 4.4 for courtesy and 4.3 for knowledge from 232 dealers. Statistics were gathered from consumers and dealers through an anonymous online survey.
Provide assistance to claimants to the Compensation Fund	55 claims were presented to the Fund's Board of Trustees resulting in \$402,016 paid to 40 consumer claimants. Twelve claims were deferred to 2019, one was withdrawn after the claimant received restitution from the dealer and two claims were denied.

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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 communications initiatives
2018–20 Targets	2018 Activities and Results
Conduct annual consumer awareness campaign	<p>Consumer awareness campaign conducted using TV, radio, ethnic radio and online advertising. Campaign focused on increasing awareness of all-in price advertising; secondary messaging increased awareness of the dangers posed by curbsiders (online only). Awareness of all-in price advertising increased to 47 per cent (from 42 per cent).</p> <p>OMVIC's curbsider webpage was viewed 323,825 times (289,866 unique views).</p>
Use ad hoc advertising opportunities	<p>Accessed numerous ad hoc advertising opportunities, including radio (all-in price advertising messaging); ServiceOntario (distribution of educational pamphlets); Canadian International AutoShow Program; Ontario Association of Chiefs of Police magazine; <i>Toronto Star</i>, <i>Toronto Sun</i>, <i>Ottawa Sun</i> and <i>CAA Magazine</i> (Understanding Negative Equity messaging); <i>Toronto Star</i>, <i>Ottawa Citizen</i> and Metroland (Consumer Warnings); Georgian College AutoShow Program; Dave's Corner Garage radio program; <i>ONtheGO</i> Magazine; Lemon-Aid TV show; and Car Help Canada podcast.</p>
Conduct direct outreach via seminars and tradeshow/event participation	<p>Conducted 35 consumer education/awareness seminars and four registrant seminars; planned and conducted registrant engagement series at 12 Ontario locations; participated in CIAS, Georgian College AutoShow, Ottawa Auto Show, Concours d'Elegance Auto Show, Student Life Expo, Zoomer Show, Import Fest and Doors Open Oshawa (Canadian Automotive Museum).</p>
Engage with mainstream media	<p>Issued 10 news releases and conducted 39 interviews with mainstream media.</p>
Engage consumers via social media and e-newsletters	<p>Issued/published 230 Facebook posts, 39 blogs, 722 tweets (Twitter), 36 LinkedIn posts, 38 Instagram posts and eight <i>Consumer Line</i> e-newsletters.</p>

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ACCOMPLISHMENTS

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

Examine practical viability of remedies available to consumers

2018–20 Targets

Review and evaluate remedies available to consumers to resolve vehicle purchase disputes with third parties

2018 Activities and Results

Examined issues related to disputes between dealers and finance companies that resulted in liens being placed on vehicles sold to often uninvolved and/or unwitting consumers left with no practical or viable remedy to remove the lien. Stakeholders and experts were canvassed about potential remedies or lack thereof. Evaluation of practicality and viability of remedies was completed, including assessment of cost, time sensitivity, court proceedings and negotiated resolutions.

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ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM

Strategic Direction: Ensure a fair marketplace for our registrants

STRATEGY	Identify and monitor the impact of new and emerging business models
2018–20 Targets	2018 Activities and Results
Engage Board, stakeholders, other jurisdictions and experts in discussions regarding the impact of various online or non-traditional dealer business models	Continued to review new business models. Whenever possible, worked with applicants to achieve Act/regulation compliance ensuring consumer protection was not compromised.
2018–20 Targets	2018 Activities and Results
Report to the ministry on industry or regulatory impact	Provided quarterly updates to the Ministry on the impact of new business models on the regulatory process.
STRATEGY	Ensure persons who have (or may have) put the public at risk do not get or maintain registration as dealers or salespersons
2018–20 Targets	2018 Activities and Results
Continue to process applications and renewals in accordance with the Registrar's authority under the MVDA	To protect consumers, OMVIC remained vigilant to ensure that all registrants met the registration requirements. Processed 64,322 applications (including renewals), ensuring those obtaining registration met the requirements set out in the MVDA. Registrar action taken in 1,174 cases, including negotiating Term and Conditions of registration, requiring letters of credit and issuing Proposals to Refuse, Revoke or Suspended Registration.
STRATEGY	Review and update processes and resources to encourage financial responsibility
2018–20 Targets	2018 Activities and Results
Update and publish <i>Financial Management Best Practices</i> document	<i>Financial Management Best Practices</i> document was published and made available on OMVIC's website. It is also provided to all newly registered dealers with their dealer certificates.
Update required forms and procedures	Registration forms and procedures updated.
Identify appropriate financial management educational courses and opportunities for dealers	<i>Financial Management Best Practices</i> guide provided to all new dealers with registration certificate. Course research to be conducted in 2019.

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ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Ensure a fair marketplace for our registrants (cont'd)

STRATEGY	Continue to monitor advertising during inspections, complaints and reviews by Business Standards Team
2018–20 Targets	2018 Activities and Results
Review advertisements, including all-in price advertising compliance, during all books and records inspection visits for retail dealers	Advertising reviews conducted during inspections. Of inspections conducted, 3.5 per cent found issues related to non-compliant advertising (versus 5.5 per cent in 2017).
Conduct undercover shopping at retail dealerships to monitor compliance	In 2018, two undercover shopping projects were conducted. A total of 40 GTA dealerships were visited: 12 were found to be non-compliant with the MVDA all-in price advertising regulation, resulting in enforcement (charges) or administrative action (discipline or formal cautions).
STRATEGY	Monitor manufacturer advertising issues
2018–20 Targets	2018 Activities and Results
Continue to refer issues related to manufacturer advertising concerns to Competition Bureau or appropriate government agency	The Business Standards Team continued to refer issues to the Competition Bureau's online complaints portal.
STRATEGY	Use risk-based inspection program to mitigate risk to the public, Compensation Fund and marketplace
2018–20 Targets	2018 Activities and Results
Review risk-based inspection criteria as required	Inspection criteria were refined. This is an ongoing process to address issues of non-compliance and emerging trends, including but not limited to complaints from the public.

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ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Ensure a fair marketplace for our registrants (cont'd)

STRATEGY	Identify and monitor indicators of consumer harm to provide early detection of possible compliance issues
2018–20 Targets	2018 Activities and Results
Encourage new dealer registrants to monitor finances with professional assistance as required	<p>Provided new registrants with best practices document and encouraged them to access professional assistance where needed.</p> <p>Discussed issues related to financial responsibility at new dealer visits within the first 60 days of registration.</p> <p>As appropriate, the Registrar applied terms and conditions to new registrants with little business experience to ensure risk is mitigated and businesses are aware of legal obligations and OMVIC's expectations. This included requiring letters of credit and/or having inexperienced new dealer applicants seek education/professional assistance for financial management/bookkeeping and other financial matters.</p>
Monitor weekly reports issued based on risk criteria and take appropriate action	Monitored reports related to consumer complaints data, resulting in timely escalation (including urgent inspections) of serious non-compliance and consumer harm issues.
Communicate importance of financial oversight to avoid consumer harm and ensure success of dealers' businesses	Importance of financial oversight communicated to new dealer applicants by registration staff during registration process and by inspectors during new dealer inspections.
Review and provide <i>Financial Management Best Practices</i> document when appropriate	<i>Financial Management Best Practices</i> document provided to all new dealer registrants.
Make <i>Financial Management Best Practices</i> document available	<i>Financial Management Best Practices</i> document made available on OMVIC's website.
STRATEGY	Ensure a robust inspection program is in place to encourage compliance with the MVDA and CoE
2018–20 Targets	2018 Activities and Results
Conduct 50 per cent or more of inspections from risk-based inspection lists	More than 61 per cent of inspection visits were related to dealers on risk lists (includes new dealers).

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ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Provide educational opportunities for registrants

STRATEGY	Monitor success of OMVIC Certification Course
2018–20 Targets	2018 Activities and Results
Conduct periodic review of Certification Course outcomes	Monthly review of course outcomes conducted: pass/fail rates and average grades stable.
STRATEGY	Assist registrants in complying with the MVDA
2018–20 Targets	2018 Activities and Results
Create information and messaging to encourage registrants to use OMVIC resources	Used bulletins, seminars, newsletters, social media and engagement series presentations to promote online services and/or advertisement review service.

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Apply right-touch enforcement

STRATEGY	Ensure responsible and measured enforcement of the MVDA and other consumer protection legislation
2018–20 Targets	2018 Activities and Results
Review processes to identify and prioritize non-compliant activity and report on actions taken	Commenced case management system review to maximize investigative enforcement activities through a risk-based, recidivism-reducing priority system.
Implement priority-setting processes	Priority-setting process review started; implementation scheduled for 2019.

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ACCOMPLISHMENTS

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Communicate with registrants efficiently and effectively

STRATEGY	Review, revise or develop advertising toolkit, decal and messaging, and Certified in Automotive Law and Ethics (CALE) acknowledgement for dealers and salespeople
2018–20 Targets	2018 Activities and Results
Develop advertising toolkit, revise decal and CALE resources	Made advertising tool kit and decal available on OMVIC website. Held consultations with Georgian College to create a new CALE resource for launch in 2019.

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

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

STRATEGY	Continue adding registrant self-serve functions and capabilities to online services
2018–20 Targets	2018 Activities and Results
Implement new self-serve kiosk in lobby and new system-guided online registration form	Installed hardware/kiosks. Began development work (programming and connectivity). Launch scheduled for 2019. New salesperson registration application launch scheduled for 2019.

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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	Educate consumers on the risks associated with long-term and subprime credit agreements for vehicle transactions
2018–20 Targets	2018 Activities and Results
Make information available to consumers	Made information available to consumers via advertising campaign, social media, sponsorships, website, ad hoc advertising, engagement with media, seminars, trade shows/events, newsletters, news releases and educational pamphlets/resources.
Provide updates to ministry	Provided updates. Worked with the Ministry to provide products to educate consumers on the risks associated with long-term vehicle financing at ServiceOntario locations.
STRATEGY	Use data visualization tools such as dashboards to provide real-time measurement of OMVIC business processes
2018–20 Targets	2018 Activities and Results
Create live dashboard for Key Operational Indicators	Created financial dashboards for OMVIC and the Compensation Fund. Began design of a Balanced Scorecard for OMVIC. Additional dashboards for operational areas will be created in 2019.
STRATEGY	Report <i>Provincial Offences Act</i> (POA) and Discipline decisions to publicly available case law databases
2018–20 Targets	2018 Activities and Results
Continue to make OMVIC POA and Discipline decisions available to the public through case law reporting services	Uploaded OMVIC decisions to case law reporting services, providing base for adjudication in the justice system, and decision-making by regulators, to the public and stakeholders.

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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
2018–20 Targets	2018 Activities and Results
Continue to deliver auto theft investigative training and expertise through the Canadian Police College	Assigned an Investigator to coordinate and teach the “Specialized Vehicle Theft Investigation Techniques” course at the Canadian Police College in Ottawa. The class was composed of 24 police officers from services across Canada.
Engage frontline officers	Placed advertorial explaining OMVIC’s role, resources and authority in the <i>Ontario Chiefs of Police Magazine</i> to raise awareness of OMVIC with frontline officers. Investigators regularly engaged and assisted Police Services during investigations into industry related fraud, re-vinned stolen vehicles and identity theft.
STRATEGY	Engage law enforcement partners
2018–20 Targets	2018 Activities and Results
Report on engagement and assistance provided to law enforcement partners	OMVIC Investigators jointly spent more than 800 hours assisting law enforcement agencies and other regulatory enforcement partners.

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ACCOMPLISHMENTS

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY

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

STRATEGY	Optimize services and processes and their delivery through technology
2018–20 Targets	2018 Activities and Results
Expand Board portal availability	<p>In 2018, hosted all Board meeting and committee meeting materials on the Board portal, except the Consumer Protection Advisory Committee (CPAC) and Stakeholder Relations Committee (SRC) meeting materials.</p> <p>In 2019, a pilot will be conducted to post the CPAC, SRC and Compensation Fund meeting materials on the Board portal.</p>
STRATEGY	Identify opportunities to better use OMVIC's online membership functions
2018–20 Targets	2018 Activities and Results
Improve collaboration of online membership users and OMVIC	<p>Improved email notifications to salespeople.</p> <p>Sent email invitation to registrants who were not online members to promote the service and encourage its use.</p> <p>Added survey to online application to allow users to provide feedback regarding online services.</p>
STRATEGY	Identify additional online services for registrants
2018–20 Targets	2018 Activities and Results
Introduce new services	<p>Reviewed recommendations from efficiency study related specifically to online services for registrants and applicants. Retained external consultant to conduct review of existing IT structure and services and recommend a framework to move forward with process optimization and continued digitization to support future online services.</p>

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ACCOMPLISHMENTS

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Continue to be fiscally prudent

STRATEGY	Review sustainability of the Motor Vehicle Dealers Compensation Fund
2018–20 Targets	2018 Activities and Results
Conduct an actuarial study and consider options for implementation	<p>Completed draft actuarial study. Presented preliminary results to the Compensation Fund Board of Trustees and the OMVIC Board of Directors. Final report expected in 2019.</p> <p>Mitigating risk to the Fund by registrant non-compliant conduct will be a focus in the planning cycle and coordinated across operational business departments.</p>
STRATEGY	Review Deloitte efficiency study
2018–20 Targets	2018 Activities and Results
Review efficiency study and implement recommendations as appropriate with organizational restructuring a priority	Reviewed report. Began implementation/prioritization plan.

BUSINESS ACCOMPLISHMENTS

REGISTRATION

REGISTRATION

In 2018, the number of registered salespeople in Ontario increased to 30,059 from 29,024 in 2017, continuing the growth trend seen since OMVIC's inception in 1997. The number of registered dealers (8,100) has remained relatively constant since 2012.

Online Registration Services

In 2018, the percentage of dealers registered as online users increased to 73 per cent from 62.7 per cent in 2017; salesperson usage increased to 66 per cent from 62.9 per cent in 2017.

These Online Registration Services enhance the efficiency of registration processes and include:

- **Renewals.** Eligible online renewal applications are approved immediately.
- **Salesperson Change Application.** Salespeople can transfer/add their licence to other dealer(s).
- **Pending application checks.** Registrants receive the contact information of their assigned Registration staff member. If no application is pending, information and a link are provided for the required registration form.
- **Salesperson termination checks.** Dealers can review a related salesperson's registration.
- **Notifications.** Users receive email notifications for registration expiry, renewal or approval for the dealership or related salespersons.
- **New Salesperson Application/Reapplication.** Development started in 2018; service will launch in 2019.

Registration Activities

In 2018, Registration staff

- processed 711 new dealer applications
- processed 4,730 new salesperson applications
- renewed 7,750 dealer applications
- renewed 13,072 salesperson applications
- performed 38,069 other transactions, including registrant information changes, transfers and terminations

Customer Satisfaction

Dealers and salespersons who interact with OMVIC staff during registration activities are sent an anonymous electronic customer service survey. In 2018, 1,895 surveys were completed. Registration Team members were rated 4.7 for courtesy, 4.7 for knowledge and 4.6 for efficiency on a 5-point scale.

The Registration Team also maintained an average response time of 14 seconds for telephone inquiries through its Automatic Call Distribution (ACD) system, well below the target of one minute.

Telephone Inquiries

In 2018, OMVIC staff addressed 156,922 telephone inquiries, up from 154,950 in 2017. While the use of online services is quickly growing, the number of ACD calls received by the Registration Department increased to 32,666 in 2018, from 27,444 in 2017.

BUSINESS ACCOMPLISHMENTS

REGISTRATION

Registration and the MVDA

The Registrar determines whether new applicants meet requirements for registration and if existing registrants will continue to be registered. To gain registration, applicants must meet the preconditions set out in the MVDA; to maintain registration, registrants must adhere to the MVDA and the CoE. Non-compliance with the Act 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 does not appeal, the Proposal becomes effective as written.

The Registrar took 1,174 actions in 2018, a slight increase from 1,011 in 2017. 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.

In addition to the Registrar's actions noted above, OMVIC experienced additional challenges in 2018. The Registrar or Deputy Registrar issued Immediate Suspensions to two dealers and one salesperson. An Immediate Suspension is the most severe sanction against a registrant and is used only when OMVIC determines that a dealer's actions pose an imminent threat of public harm. From the time OMVIC was empowered with the authority to order an Immediate Suspension in 2010, that authority had been exercised four times prior to 2018. The registration of one of the suspended dealers was eventually revoked; at the time of writing the other remains suspended pending appeal.

REGISTRATION ACTIVITIES 2018

ACTIVITY	2014	2015	2016	2017	2018
New registration – dealers	702	694	646	611	711
New registration – salespersons	3,740	3,983	4,166	4,245	4,730
Renewals – dealers	7,828	7,710	7,770	7,732	7,750
Renewals – salespersons	11,701	11,757	12,164	12,640	13,072
Information changes*	32,301	33,099	34,305	33,631	38,069

*Includes information changes, terminations and salesperson transfers.

BUSINESS ACCOMPLISHMENTS

COMPLAINTS AND INQUIRIES

COMPLAINTS AND INQUIRIES HANDLING

OMVIC's Complaints and Inquiries Team assists both consumers and dealers, providing general advice and a conciliation/dispute resolution service. Complaints can be submitted via email, online, in person or by phone.

In 2018, the Complaints and Inquiries Team provided conciliation for 1,192 formal complaints. As a result of the Team's efforts and the cooperation of registered dealers, \$965,540 was returned to consumers. This amount does not include the significant value of repairs or vehicle exchanges that were also negotiated.

Customer Satisfaction

The Complaints and Inquiries Team maintains a high level of customer service satisfaction. Feedback was solicited via an anonymous electronic survey from those who participated in the conciliation process. Results from 317 consumer respondents gave average ratings of 4.0 for courtesy, 3.8 for knowledge and 3.5 for efficiency.

Of the 232 dealers who responded to the survey, Complaints and Inquiries staff were rated 4.4 for courtesy, 4.4 for knowledge and 4.3 for efficiency.

Inquiries

Initial consumer contact with the Complaints and Inquiries Team occurs predominately through the ACD centre or online, with subsequent contact largely via email.

In 2018, the Complaints and Inquiries Team managed unprecedented levels of demand for its services, as demonstrated by the increased number of calls through the ACD centre and complaints received via the online complaints portal. The number of ACD calls to the Complaints and Inquiries Department increased to 28,377, from 27,444 in 2017, 23,711 in 2016 and 20,374 in 2015 (see chart). Additionally, the number of online complaints submitted increased to 1,423, from 1,277 in 2017. In addition to the formal online complaints, OMVIC staff responded to 1,828 email inquiries in 2018. OMVIC believes this rapidly increasing demand from consumers is due to the success of its ongoing consumer awareness initiatives.

BUSINESS ACCOMPLISHMENTS

COMPLAINTS AND INQUIRIES

The 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 being reasonable conciliation between the two parties. Depending on the complexity of the issues and cooperation levels, the process can take hours or months. *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.*

The most common complaints relate to

- vehicle condition concerns (including alleged improperly issued safety standards certificates)
- contract cancellation concerns
- misrepresentation and contract disputes

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. No appeals were filed with the Appeals Committee in 2018.

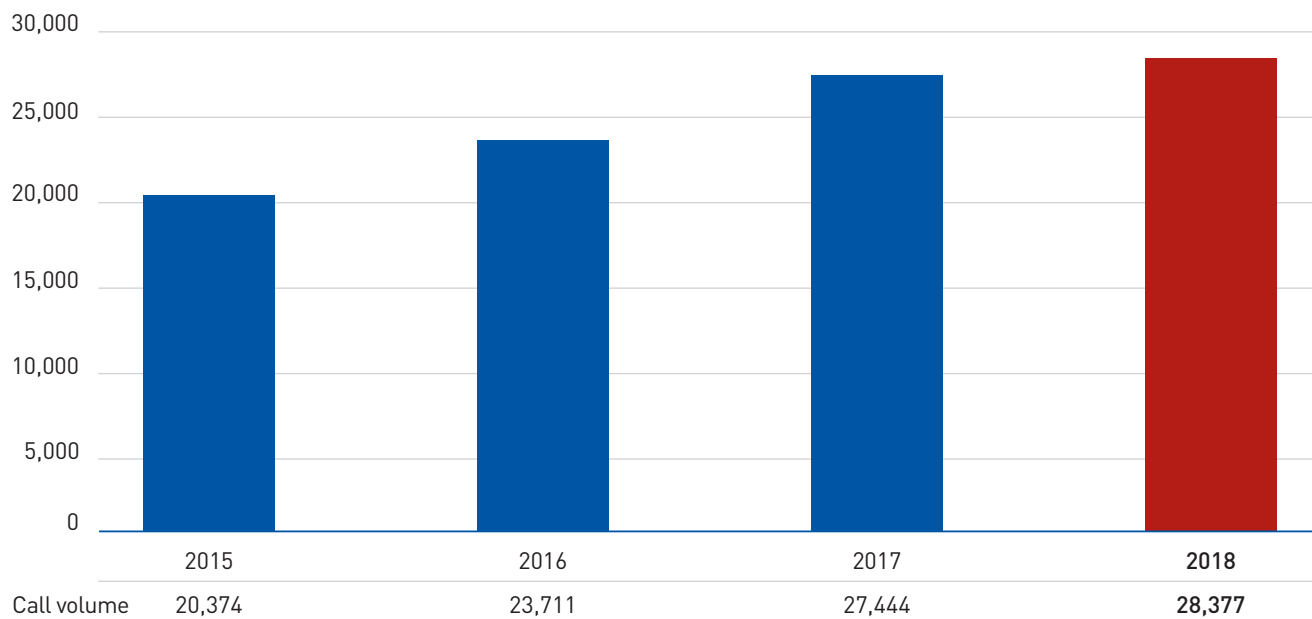
Translation Service Initiative

To help consumers, particularly new Canadians, navigate the car-buying process or access OMVIC's complaints conciliation service, OMVIC provides a free on-demand translation service. Translation services are available in more than 150 languages. Since implementation, services have been provided in Arabic, Cantonese, Farsi, French, Hakka, Italian, Korean, Macedonian, Mandarin, Persian, Polish, Portuguese, Punjabi, Romanian, Russian, Spanish, Tagalog, Tamil, Tigrinya and Turkish. In 2018, 109 consumers used this service.

PERFORMANCE OVERVIEW

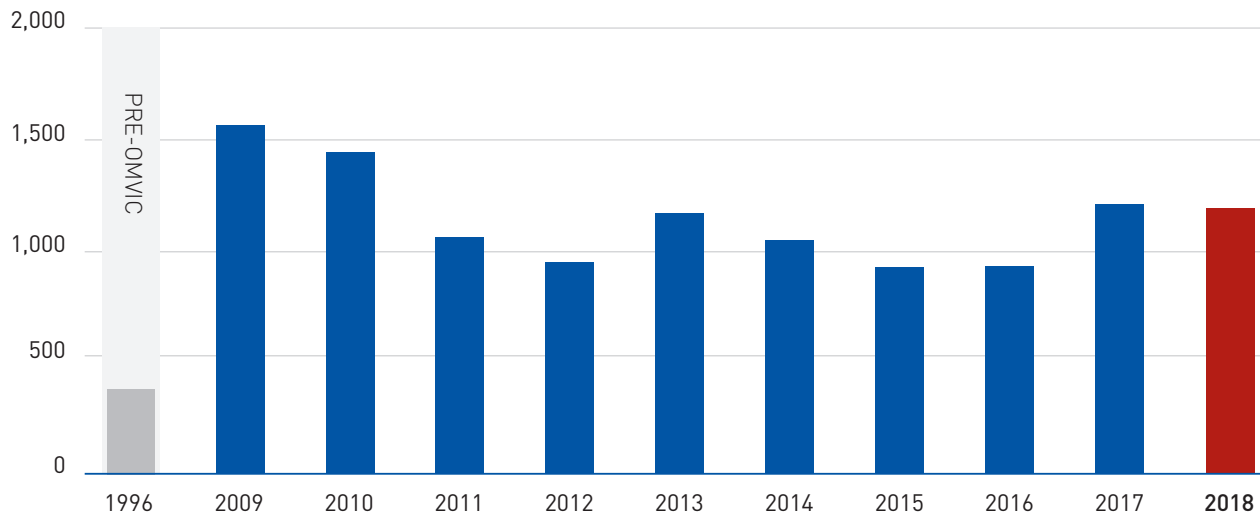
COMPLAINTS AND INQUIRIES

AUTOMATED CALL DISTRIBUTION CENTRE CALLS – COMPLAINTS 2018



ACD calls into the Complaints and Inquiries Department has increased more than 28 per cent in the past three years.

COMPLAINT HANDLING 2018

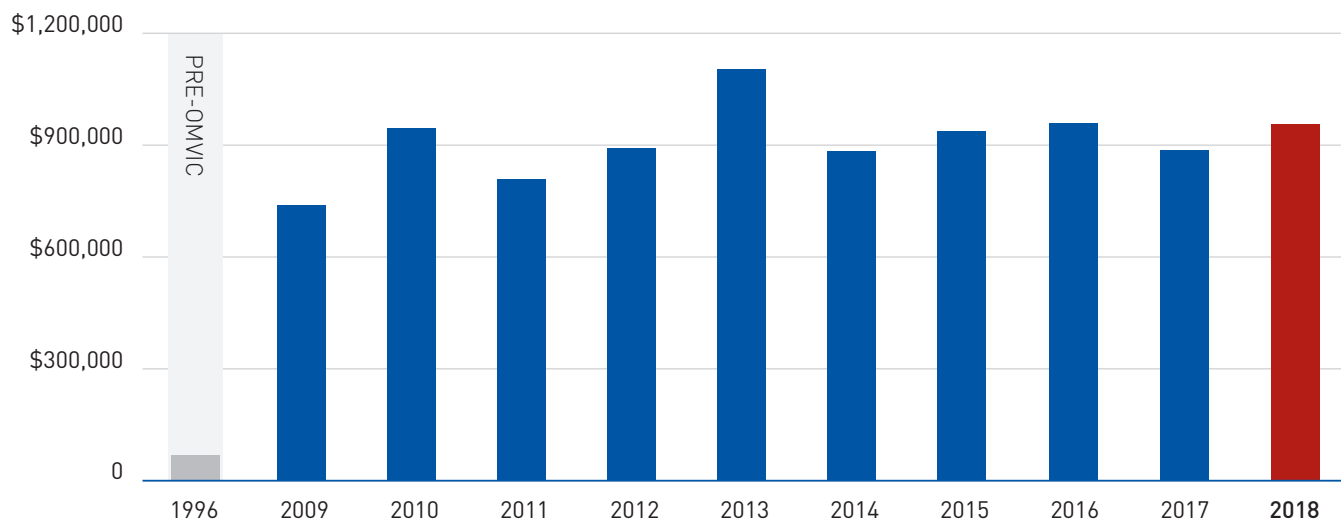


The Complaints and Inquiries Team handled 1,192 formal complaints in 2018.

PERFORMANCE OVERVIEW

COMPLAINTS AND INQUIRIES

CONCILIATION – MONEY RETURNED TO CONSUMERS 2018



As a result of the Complaints and Inquiries Team's efforts, in 2018, \$965,540 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

OVERVIEW

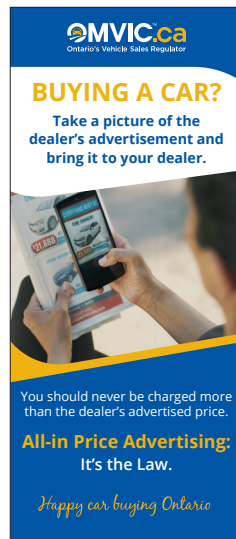
The Communications, Media Relations and Education (CME) Team is the face and voice of OMVIC.

Responsible for external communications to registrants and the car-buying public, the CME Team produces nearly all content in-house, including news releases, *Dealer Bulletins*, *Dealer Standard* newsletters, *Consumer Line* newsletters, blog posts, pamphlets, infographics, stories and advertorials for paid advertising and all social media content.

Additionally, this small team is responsible for

- managing news media enquiries
- acting as spokespersons for media enquiries
- managing advertising, awareness and educational campaigns for consumers and registrants
- coordinating media-related sponsorships
- coordinating/providing engagement with consumers at tradeshows/events
- creating/editing website content
- providing oversight of the OMVIC Certification Course in partnership with Georgian College
- managing the development of new educational courses/resources
- managing the relationship with providers for delivery of the in-class Certification Course
- developing and delivering educational resources, seminars, webinars and presentations for registrants
- developing and delivering educational resources and seminars for consumers

All-in Price Advertising banner



CONSUMER AWARENESS

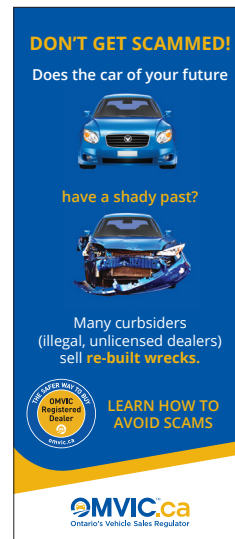
OMVIC develops and provides messaging to inform consumers and provide them with information necessary to make safe and educated car-buying decisions. OMVIC's 2018 consumer awareness messaging raised awareness of:

- the right to all-in price advertising (necessitated by significant dealer non-compliance identified through mystery shopping initiatives)
- the dangers posed by curbsiders (illegal, unlicensed dealers)
- the potential effects of extended-term auto loans (ETLs) and negative equity
- 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
- feature stories in print and online publications
- engagement with mainstream media
- direct outreach to consumers via blogs, newsletters, seminars and participation in tradeshows and other events

- partnership and sponsorship opportunities
- social media



Curbsiders banner

BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS, MEDIA RELATIONS AND EDUCATION

Annual Consumer Awareness Campaign

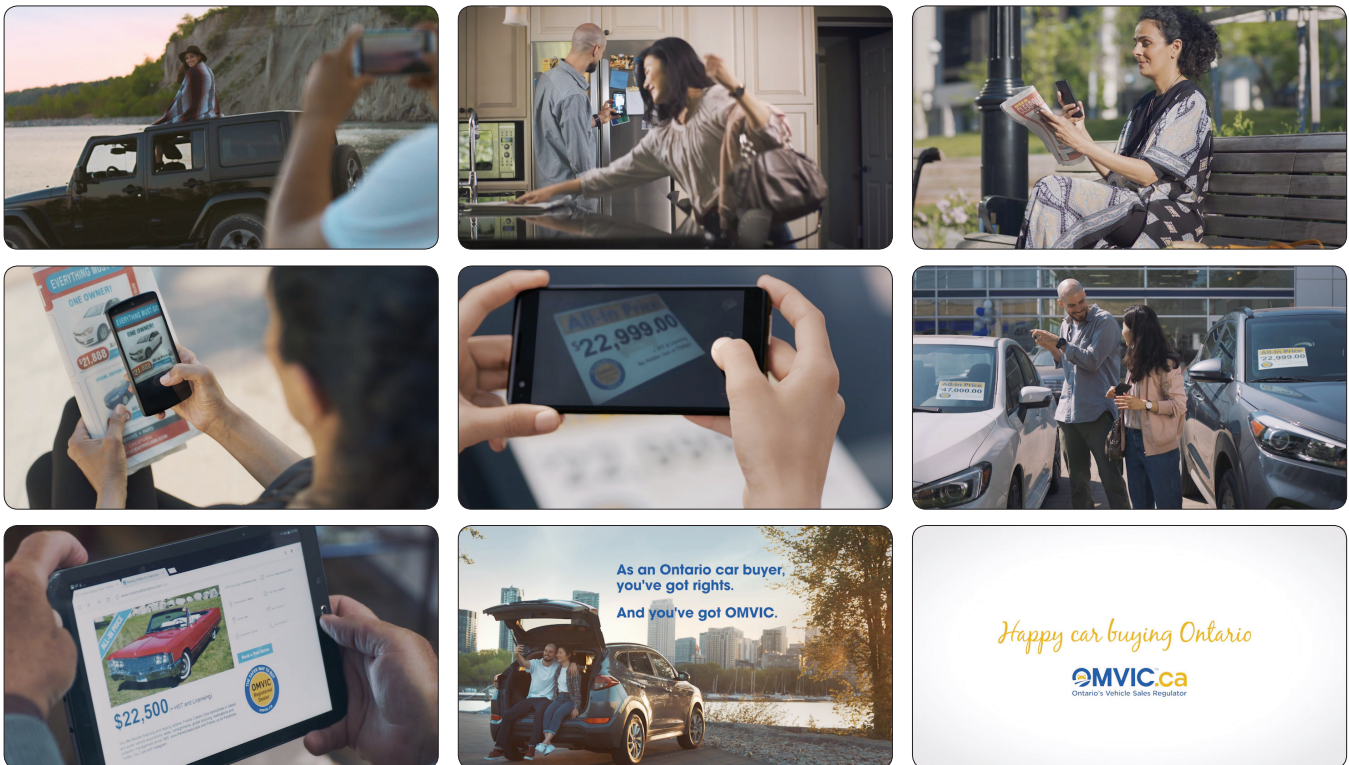
Ontario car buyers have a right to all-in price advertising. If a dealer advertises a price for a new or used vehicle, that price must include all fees and charges the dealer intends to collect, with the exception of HST and licensing. However, research conducted by OMVIC still finds unacceptable levels of non-compliance with the all-in pricing regulations by some dealers.

To help ensure consumers are educated, OMVIC launched a new awareness campaign in 2018. Titled *“Take a Picture,”* the campaign instructs car buyers to “take a picture of the dealer’s advertisement and take it with you to your dealer; because the dealer should not charge more than that advertised price.”

The messaging is designed to help empower consumers and to help protect them should they encounter non-compliant advertising.

The campaign used TV, radio, online and social media advertising. To help reach new Canadians, many of whom are unfamiliar with Ontario’s consumer protection laws, radio advertisements were also broadcast in Mandarin and Cantonese and Google search ads appeared in Arabic, French, Hindi, Mandarin, Portuguese, Russian, Spanish, and Urdu.

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 47 per cent, a significant increase from 42 per cent awareness in 2017. Additionally, OMVIC’s all-in price advertising webpage received 129,590 total views: the average time on the page was two minutes, 47 seconds.



Stills from 30-second TV commercial

BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS, MEDIA RELATIONS AND EDUCATION

Direct Outreach

In 2018, OMVIC delivered 35 Car Buying Seminars to consumer/community groups and engaged thousands of consumers at nine tradeshows and other events, including the Canadian International AutoShow, the Ottawa and Georgian College Auto Shows, the Student Life Expo and the Zoomer (seniors) show.

OMVIC's Car Buying Seminar is delivered free to community groups, schools and newcomer centres across Ontario. The seminar provides car-buying tips and information related to consumer rights including:

- resources to help conduct vehicle research
- considerations when choosing a vehicle, including financing, ETLs and negative equity
- 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, including 230 Facebook posts, 722 tweets, 39 blogs, 38 Instagram posts and 36 LinkedIn posts.



Partnership/Sponsorship Opportunities

OMVIC continued its partnerships with the Automobile Protection Association (APA) and Car Help Canada (CHC) in 2018. As the title sponsor of the APA's *Lemon-Aid Car Show* on CHCH TV and CHC's *Auto Show* podcast, valuable stakeholder initiatives were supported while promoting OMVIC's core messages.

Other advertising/partnership outreach in 2018 included

- making OMVIC's ETL/Negative Equity educational infographic available in all ServiceOntario offices (in English and French)
- sponsoring *Dave's Corner Garage* (SiriusXM Canada and AM740), a program targeting consumers seeking vehicle information
- paid advertising (to educate consumers about ETLs/negative equity) in *CAA Magazine* and major newspapers

These initiatives enabled 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 Consumer Protection Ontario (CPO) brand. This branding included the prominent display of the CPO logo on OMVIC's website and brochures, maps, infographics, etc.



CONSUMER AWARENESS

MEASURE	GOAL	2018
Percentage of consumers surveyed who are aware that motor vehicle dealers must be registered	Increase benchmark of 43%	72%
Percentage of consumers surveyed who do <i>not</i> know what a "curbsider" is	Decrease benchmark of 49%	45%

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 2018, a record 7,733 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 (CALE) designation.

In 2018, with expertise and assistance provided by the CME Team, Georgian College launched the online version of the course, providing students with informative and interactive resources.

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. Three issues were published in 2018.

Dealer Bulletins

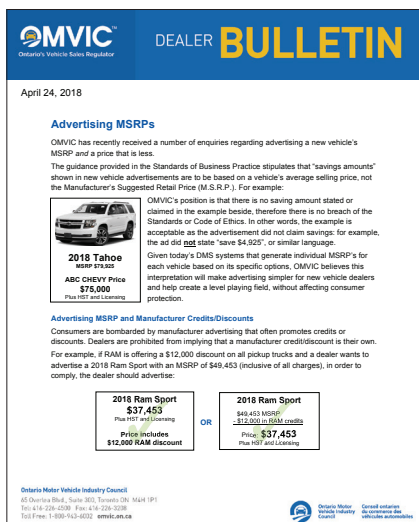
Dealer Bulletins are issued on an ad hoc basis to make dealers and salespeople aware of current topics or issues. Often these bulletins are meant as reminders – or warnings – to stem identified or trending non-compliance. In 2018, 17 *Dealer Bulletins* were distributed.

Seminars/Webinars

The CMT Team delivered four educational seminars to dealers and dealer groups in 2018. These presentations, designed to maintain or improve compliance, are provided at no cost to interested dealerships.

Educational Initiative

Working with the feedback provided by a survey of more than 3,000 registrants regarding possible alternative information delivery methods, the CME Team began development of five educational videos and supporting resources designed to assist dealers and salespeople understand and comply with the MVDA and associated regulations. The videos and resources will be available in early 2019.



OMVIC 2018 Registrant Engagement Series



OMVIC 2018 Registrant Engagement Series

BUSINESS ACCOMPLISHMENTS

COMPLIANCE

INSPECTIONS – COMPLIANCE AND EDUCATION

OMVIC Inspectors take pride in the role they play as ambassadors. Not only are they responsible for conducting compliance inspections, Inspectors also routinely educate and inform dealers, providing information and educational resources, and answering questions.

In 2018, Inspectors visited 2,517 dealerships, conducting 2,491 compliance audits and providing assistance to registrants with issues related to registration, advertising and the CoE.

The majority of inspections are initiated using risk-based criteria. The process for identifying risk was reviewed and refreshed in 2018, resulting in expedited inspections of dealers about which there are lien non-payout concerns or other serious complaints related to misrepresentation of vehicle condition.

As a result of expedited inspections, OMVIC issued two Immediate Suspension orders.

In anonymous registrant surveys, OMVIC inspectors continue to receive high scores (4.9 out of 5) in the areas of courtesy, knowledge and efficiency. These scores reflect the values of the team and the importance placed on a respectful interaction with registrants.

By their nature, inspections deter non-compliance, but, just as importantly, they provide valuable insight into industry trends and practices, provide opportunities to answer registrant questions and allow for face-to-face dealer education.

New Dealer Inspections

Newly registered dealers are usually inspected within the first 60 days of operation to ensure OMVIC's expectations are understood and financial reporting systems are in place, to build rapport with registrants and to identify and correct compliance concerns early.

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. In 2018, the SoBP Team

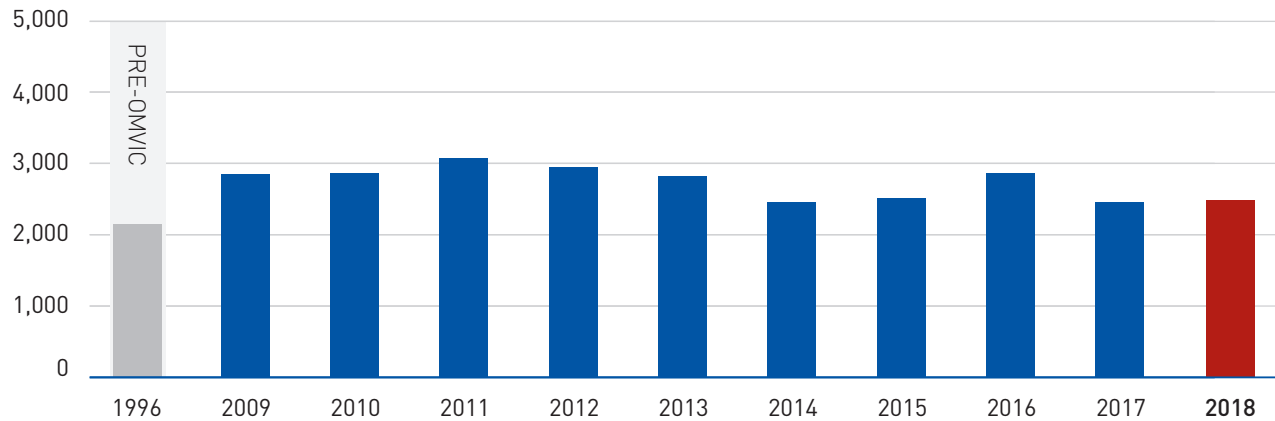
- communicated with dealers on 197 occasions to advise of the need for corrective measures with advertising; in some instances, the ads in question were discovered by the SoBP Team as part of their advertising monitoring role, while others were brought to their attention by dealers, members of the public or OMVIC staff
- answered 437 inquiries from dealers and advertising agencies requesting advice about advertising and CoE matters
- participated in educational presentations to dealers
- conducted undercover shopping with investigators to expose non-compliance with all-in price advertising regulations

Additionally, SoBP staff issued 53 formal caution letters related to conduct or advertising concerns and initiated 37 Notices of Discipline (for alleged breaches of the CoE) from various departments, including Inspections, Complaints and Investigations. SoBP staff were able to negotiate agreements/undertakings that resulted in restitution to consumers stemming from non-compliance with the CoE.

PERFORMANCE OVERVIEW

COMPLIANCE

INSPECTIONS 2018



During 2018, Inspectors completed 2,491 inspections, including dealerships visited more than once because of unavailability of records or scheduling difficulties.

BUSINESS ACCOMPLISHMENTS

MOTOR VEHICLE DEALERS COMPENSATION FUND

OVERVIEW

The Compensation Fund, a dealer-supported and funded trust, provides financial assistance to consumers who have a valid claim against an OMVIC-Registered Dealer. The Compensation Fund is intended as a last resort for consumers. Eligible claimants may qualify for up to \$45,000 per vehicle transaction. The Compensation Fund is the oldest and largest fund of its kind in Canada.

The volume of claims, while still significant, was down from the historic highs of 2017. In 2018, 55 claims were received; 40 were approved or partially approved, resulting in payment of \$402,016 to consumers; 12 were deferred while awaiting additional information; two claims were denied; and one claimant received restitution from the dealer they transacted with.

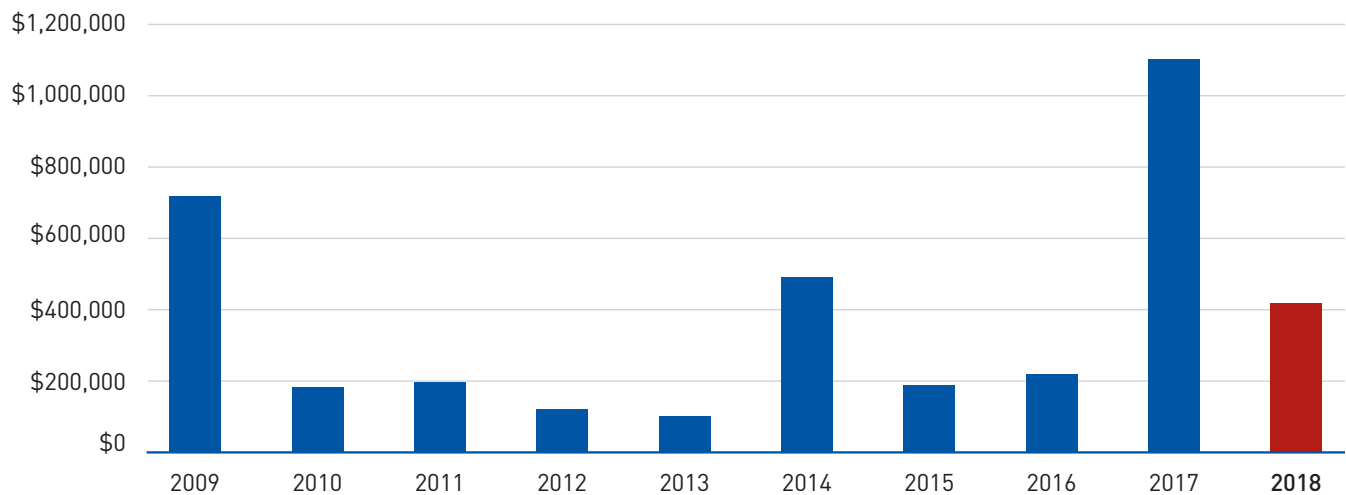
In 2018, the Compensation Fund commissioned an actuarial

review of the funding formula and stress tested the financial sustainability of the Fund based on adverse scenarios. The results are now under review by the Board of Trustees and the OMVIC Board of Directors to determine next steps.

MAJOR CLAIM EVENTS IN 2018

In 2018, the Compensation Fund continued to pay claims relating to the revocation of **Personal Touch Auto Limited** of Sault Ste. Marie (\$462,188 to date in claims) and **Georgina Quality Motors Limited o/a Credit Connect of Toronto** (\$511,000 to date in claims). The most common issues for both dealers included lien non-payouts, warranty non-submittals and not paying/or partially paying consumers whose vehicles were sold by the dealer on consignment.

COMPENSATION FUND – ANNUAL CLAIMS



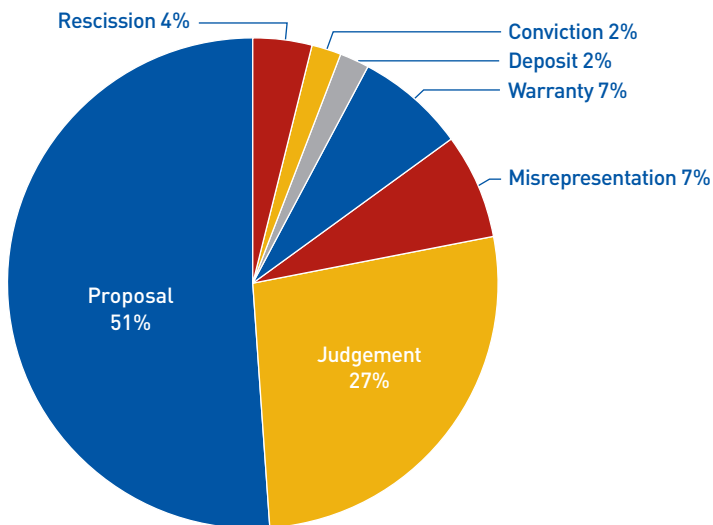
In 2018, the Compensation Fund reimbursed \$402,016 to 40 consumer claimants.

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Average Claim	\$4,068	\$4,125	\$6,301	\$4,303	\$5,015	\$16,411	\$8,363	\$5,944	\$16,111	\$10,308
Number	176	44	31	29	20	30	22	37	69	40
Paid	\$716,044	\$181,485	\$195,342	\$124,792	\$100,307	\$492,334	\$183,976	\$219,920	\$1,111,673	\$402,016

BUSINESS ACCOMPLISHMENTS

MOTOR VEHICLE DEALERS COMPENSATION FUND

ELIGIBILITY CRITERIA FOR CLAIMS RECEIVED IN 2018



The criteria for filing a claim to the Compensation Fund are set out in the MVDA (details at right). Claims related to Proposals, which may allow consumers to avoid pursuing a court judgement, were significant but lower than the historic high in the last fiscal year.

ELIGIBILITY CRITERIA FOR CLAIMS

Rescission: The dealer seriously misrepresented the vehicle and the consumer would be eligible for cancellation of the contract under Section 50 of the MVDA.

Conviction: The dealer has been convicted of an offence related to the trade in the motor vehicle.

Deposit: The dealer failed to return a deposit to a consumer on an undelivered motor vehicle.

Warranty: The dealer failed to remit payment on an extended warranty contract or has not paid for a repair that would have been covered by the dealer's warranty.

Misrepresentation: The dealer made a material misrepresentation about the motor vehicle.

Judgement: The dealer failed to satisfy a court judgement.

Proposal: The dealer's registration was revoked by the Registrar for issues related to the consumer's transaction.

MEMBERS OF THE COMPENSATION FUND BOARD OF TRUSTEES

Paul Dray, Chair
Consumer Representative

Jason Bennett, Vice Chair
Consumer Representative

Dan Fleming, Secretary-Treasurer
Consumer Representative and Ministerial Appointee

Larry Lantz, Past Chair
Dealer Representative

Jeffrey Newhouse
Dealer Representative

Larry Pringle
Dealer Representative

Mohamed Bouchama
Consumer Representative and Ministerial Appointee

Janet Feasby
Consumer Representative and Ministerial Appointee

Cliff Pilon
Dealer Representative

BUSINESS ACCOMPLISHMENTS

INVESTIGATIONS

OVERVIEW

OMVIC's Investigation and Enforcement Department is staffed by 15 former police officers.

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 staff, consumers, police, registrants and trade associations. If substantiated, complaints against a registrant can result in referral to the Discipline Committee, prosecution in Provincial Offences Court and/or issuance of a Proposal to Revoke or Suspend Registration. Curbsider enforcement is conducted through POA prosecution.

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.

In 2018, Investigators conducted 351 investigations, 207 related to industry conduct and 144 related to illegal sales (curbsiding). This resulted in 130 charges against 12 registrants and 220 charges against 18 alleged curbsiders.

In 2018, a senior member of the Inspections Team transferred to Investigations. The experience and knowledge of dealership operations of this new Investigator will enhance capabilities of the Investigations Team moving forward. The Investigations department was further augmented by the addition of a manager to oversee the unit and provide support to the Director of Investigations.

CURBSIDERS

Curbsiders are illegal, unlicensed vehicle dealers. They often pose as private sellers, though some operate from small automotive businesses (e.g., repair shops and rental companies). Curbsiders not only misrepresent themselves, they often misrepresent the vehicles they sell, many of which 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.

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 from across Canada. The course is offered annually. In 2018, 24 police officers from across Canada completed the course. By virtue of their expertise, OMVIC's Investigators are uniquely positioned to provide this one-of-a-kind training to combat automotive crime.

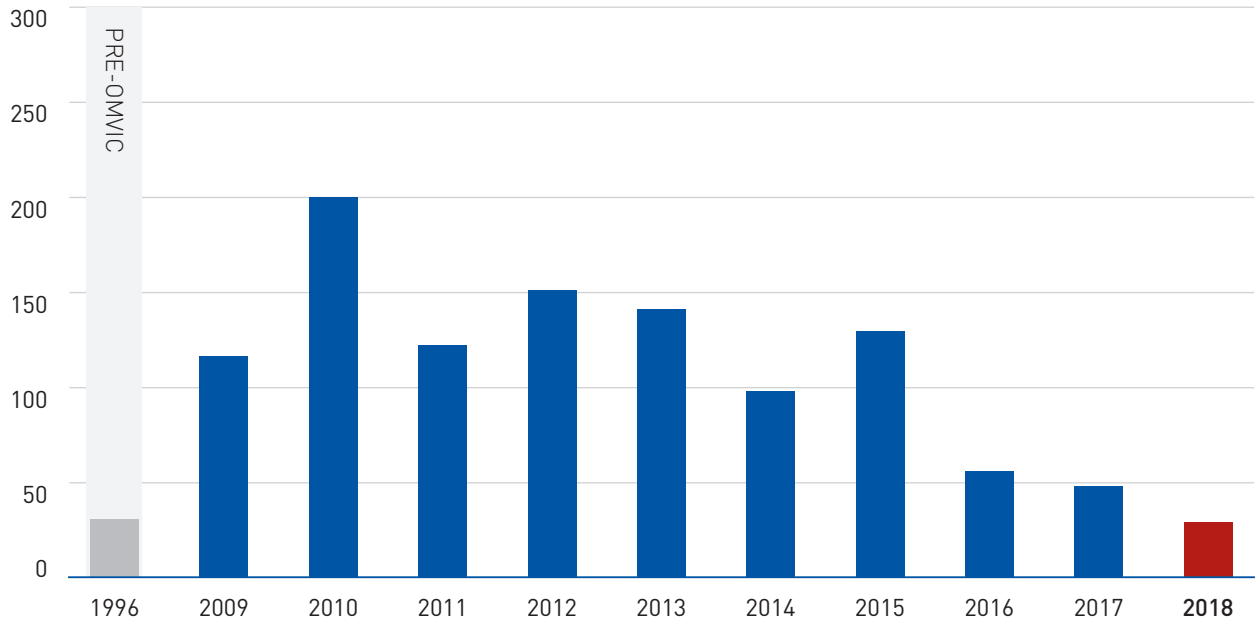
OMVIC monitors the infiltration of organized criminal activity into the vehicle sales industry. In furtherance of that role, OMVIC is a member of the Criminal Intelligence Service Ontario. Investigators are members of the International Association of Auto Theft Investigators and the Provincial Auto Theft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

OMVIC's Director of Investigations sits on the Board of Directors of the Regulators Compliance and Enforcement Council (Investigations and Enforcement Directors Council), which provides training and is made up of similar regulatory agencies.

PERFORMANCE OVERVIEW

INVESTIGATIONS

ENTITIES CHARGED 2018



30 entities were charged in 2018 (including curbsiders and registrants).

BUSINESS ACCOMPLISHMENTS

INVESTIGATIONS

PROVINCIAL OFFENCES INVESTIGATIONS/ PROSECUTIONS

OMVIC enforces the *Motor Vehicle Dealers Act* and certain provisions of the *Consumer Protection Act* on behalf of the Ministry of Government and Consumer Services. Should an OMVIC Investigator believe a dealership 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 legal staff act as prosecutors; 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

In 2018, a total of 350 charges were laid by the Investigations Team:

- 220 against non-registrants (curbsiders)
- 130 against registrants

NOTABLE PROVINCIAL OFFENCES INVESTIGATIONS/PROSECUTIONS

Oshawa Salesperson Sentenced to 305 Days in Jail

Ryen Maxwell, a once-registered salesperson at Countryside Motors in Oshawa, was sentenced to 305 days in jail for 10 breaches of the MVDA and CPA. OMVIC demonstrated that Maxwell operated with little regard for the regulations governing vehicle sales in Ontario by

- falsifying documents
- failing to make required disclosures related to a vehicle's past use, history or condition
- failing to provide a purchaser with a copy of a sales contract
- failing to provide a purchaser with a copy of a finance agreement
- making false, misleading, deceptive or unconscionable representations

Some of the evidence presented to the court showed Maxwell sold cars without disclosing accident histories; misled consumers about financing (increasing the interest rate on loan documents without the consumer's knowledge); and, in one instance, sold a customer a "four-wheel drive" vehicle, when it was actually two-wheel drive. When later confronted about this misrepresentation,

the court heard Maxwell scratched out four-wheel drive on the sales contract, writing in two-wheel drive and telling the consumer there was nothing that could be done.

At trial OMVIC argued that Maxwell's conduct was planned, ongoing and motivated by greed; that he had a high level of moral blameworthiness; and that, because he had previously served an 18-month house arrest sentence on a fraud over \$5,000 conviction, actual jail time was required to meet specific and general deterrence. Maxwell had also been convicted on similar MVDA and CPA charges earlier in 2018 for which he received a 30-day jail sentence.

In handing down her sentence, Her Worship McIlwain found Maxwell showed no remorse for his victims, that he had deliberately betrayed the trust of people who had relied on him and that explanations of his behaviour were disappointing and little more than excuses.

The dealership where Maxwell was employed (1307313 Ontario Inc. operating as Countryside Motors, located at 437 Simcoe Street South in Oshawa) was Disciplined and fined \$5,000 for failing to take reasonable care and prevent Maxwell from committing the offences, a breach of OMVIC's CoE. Countryside Motors is currently not registered.

PERFORMANCE OVERVIEW

INVESTIGATIONS

NOTABLE PROVINCIAL OFFENCES INVESTIGATIONS/PROSECUTIONS (CONT'D)

Selling Unsafe Vehicle Costs North York Dealer \$62,000

Signature Motor Car Inc., 125 Ashwarren Road, North York, was charged by OMVIC for making false, misleading or deceptive representations in contravention of the CPA related to the sale of a car that was unsafe for the road.

The used Mercedes was sold by Signature Motor Car Inc. in October 2015. At that time, the purchaser says he was told the car had been in a previous accident but that it had been repaired, passed inspections and was “100 per cent safe to drive without a worry.” He did not understand the vehicle had actually suffered an estimated \$31,000 in damage in a 2014 collision, was deemed a total loss and branded as Salvage, was repaired and then rebranded as Rebuilt. Nor did the buyer understand the Structural Inspection Certificate that was used to change the brand from Salvage to Rebuilt, allowing the vehicle to be plated and driven again, contained false information and should not have been issued.

Evidence presented at trial demonstrated the vehicle was outright missing components, while some other components that should have been replaced were instead repaired. The court also heard there were open welds, a portion of the bumper was held on with a zip-tie, and a frame rail and sub-frame component had been welded even though that type of repair is not allowed. “If the car had been involved in another serious collision it could simply fold up.” And, according to a Ministry of Transportation Branding Officer who also testified, the repairs were simply “a dog’s breakfast” and the vehicle was unsafe for the road.

OMVIC’s investigation found Signature Motor Car Inc. had purchased the Mercedes from a salvage auction in 2014 and hired an unlicensed body shop to conduct the repairs, which cost the dealer less than one-third of an insurance company’s \$31,000 estimate.

At trial, Signature’s officer and director, **Riath Haydar**, denied involvement in the repair process and admitted no wrongdoing. Her Worship Justice Lau, who presided

over the court proceedings, found the testimony of Haydar, and of a body repairman called by the defence, to be inconsistent, uncorroborated and “self-serving.” The court was also critical of the consumer’s lack of due diligence when purchasing the car.

Both Signature and Haydar were convicted of committing unfair business practices in contravention of the CPA. Riath Haydar was fined \$15,000; Signature Motor Car Inc. was fined \$30,000; and the defendants were jointly ordered to pay restitution to the consumer totalling \$17,313.

Electrical Tape Deception Costs Dealer \$5,000

A Vaughan dealership (and repair facility) was fined \$5,000 for committing an unfair business practice in contravention of the CPA. **Sama Shirazi, o/a Green Tech Auto Sales** at 1851 Wilson Avenue, was charged by OMVIC following a consumer complaint.

The consumer purchased a 2009 Mini Cooper from Green Tech in December 2015. When the consumer test drove the car, the check engine light was on, so as part of the purchase agreement, the dealer agreed to fix the issue causing the check engine light.

When the consumer took delivery of the car the check engine light was out. A short time later, however, the purchaser noticed that the vehicle’s message centre was not displaying messages, so he took the car to a local BMW dealership. After running diagnostics it was determined that there was still a problem with the car’s engine, a problem requiring \$5,776 in repairs, and it was a problem that should have caused the check engine light to illuminate. Further investigation discovered the check engine light was in fact illuminated, but could not be seen as a piece of black electrical tape had been used to cover the bulb.

In addition to the \$5,000 fine, Sama Shirazi was ordered to pay the consumer \$5,776 in restitution to cover the costs of the engine repair.

BUSINESS ACCOMPLISHMENTS

LEGAL AND PROSECUTIONS

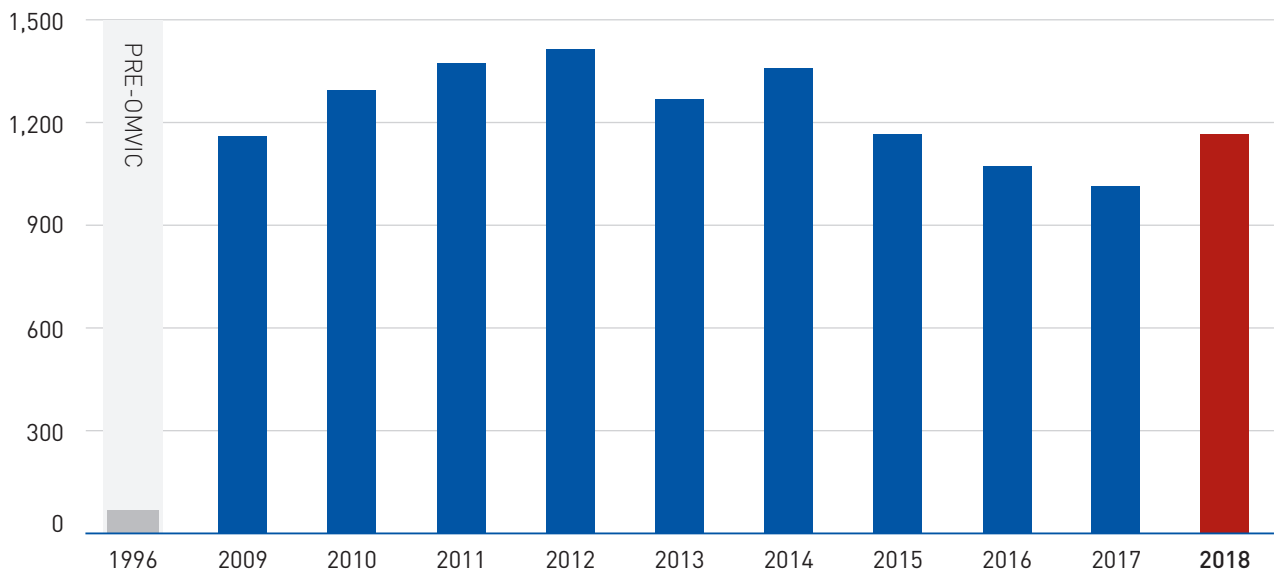
OVERVIEW

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.

Enforcing 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's Discipline and Appeals Committees and all levels of court. The department issued 90 Proposals in 2018.

REGISTRAR'S ACTIONS 2018



Registrar actions include issuing Proposals to Suspend, Refuse or Revoke Registration and to impose terms and conditions of registration. In 2018, there were 1,174 Registrar actions, including the issuance of 90 Proposals.

PERFORMANCE OVERVIEW

LEGAL AND PROSECUTIONS

LICENCE APPEAL TRIBUNAL (LAT)

Dealers or salespeople may appeal Proposals to Refuse, Revoke, Suspend, or apply terms and conditions to their registration to LAT, an independent adjudicative agency that hears appeals of licensing and administrative matters. In 2018, there were 72 days of LAT hearings related to OMVIC matters.

For more information on LAT, visit: www.slsto-tsapno.gov.on.ca/en/

NOTABLE LICENCE APPEAL TRIBUNAL CASES

Bumblebee Motors Limited and Vilteau Delvas

LAT upheld OMVIC's Proposal to Refuse the registration of **Bumblebee Motors Limited** as a motor vehicle dealer and **Vilteau Delvas** as a salesperson. The Tribunal found that Delvas and Bumblebee had traded in vehicles while unregistered and this finding afforded reasonable grounds for belief they would not carry on business in accordance with the law or with integrity and honesty. Delvas was an officer and director of Bumblebee.

The legal representative for Bumblebee and Delvas acknowledged that they were in breach of the MVDA but argued that they did not know there were in breach and took reasonable steps to comply with the law. The representative also asserted that Delvas made reasonable disclosures to consumers and that the consumers were satisfied with their purchases.

The Tribunal did not accept these submissions, instead finding that, as an officer and director of Bumblebee, Delvas was responsible for the company's compliance with the law. He chose to conduct business before his application for registration was processed, despite having taken the Certification Course which cautioned against doing so.

Christopher Charles Lyons

LAT upheld OMVIC's Proposal to Refuse the registration of **Christopher Charles Lyons** as a salesperson. A person is disentitled to registration if they make a false statement on an application. The Tribunal found that Lyons made a false statement on his application.

Lyons had previously been convicted of sexual offences three years before he applied for registration. Lyons asserted that he had fully accepted the wrongfulness of his behaviour, was remorseful and would not offend again. The Tribunal was satisfied that Lyons had rehabilitated himself to the point that the public trust could be reposed in him again.

However, the Tribunal also found that Lyons made a false statement about his convictions on his application. Lyons disclosed his criminal convictions but failed to disclose that he had been the subject of a disciplinary proceeding before another regulator. The Tribunal found that Lyons knowingly made a false statement and did not accept Lyons's explanation that he simply misread the question.

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 SoBP 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 2018, 33 Discipline matters were completed, 23 education orders were issued and \$67,850 in fines was collected.

PERFORMANCE OVERVIEW

LEGAL AND PROSECUTIONS

NOTABLE DISCIPLINE CASES

2387798 Ontario Inc. o/a Barrhaven Honda and Vik Dilawri

Barrhaven Honda and Dilawri were ordered to pay a combined fine of \$650 for failing to refund a deposit. The dealer also undertook to return the deposit.

In an agreed statement of facts, the dealer admitted that a consumer left a deposit on a lease without signing a lease agreement or bill of sale. Four days later, the consumer returned to the dealer and indicated he was no longer interested in completing the transaction. The dealer refused to return the deposit.

In the absence of a signed bill of sale, Dilawri's refusal to return the deposit constituted a breach of section 38 of Ontario Regulation 333/08 as well as the accountability and professionalism sections of the CoE. Dilawri was also required to successfully complete the Certification Course and offer the course to sales staff.

1610777 Ontario Inc. o/a National Auto Sales & Leasing and Navid Amin

National Auto Sales & Leasing was fined \$1,500 and **Navid Amin** was ordered to complete the OMVIC Certification Course. In an agreed statement of facts, the dealer admitted to selling a consumer a vehicle that was not fit as a means of transportation for a reasonable amount of time.

Within days of taking delivery, the consumer experienced significant problems with the vehicle. The Ministry of Transportation inspected the vehicle and found the vehicle had significant corrosion on the underside and should not have passed a safety standards certificate inspection.

Amin, who was a director of the dealer, refused to take responsibility for the condition of the vehicle. As a result, the dealer and Amin failed to comply with their conditions of registration and the accountability and professionalism requirements of the CoE. Amin was also ordered to successfully complete the Certification Course.

BUSINESS ACCOMPLISHMENTS

OPERATIONS

OVERVIEW

The results of an efficiency study were delivered in 2018, making 18 recommendations related to registrations and renewals, inspections, investigations, complaints, the Compensation Fund, education, finance and performance management, technology and analytics, human resources (HR), and training and culture.

One of the recommendations was to hire a Chief Administrative Officer and a Chief Operating Officer.

Together with senior management, the new leadership conducted an assessment of staffing needs for 2019 to support implementation of the efficiency study recommendations. By the end of 2018, some progress had been made in each of the areas and plans were developed to complete the prioritized recommendations in 2019, with the balance to be accomplished by 2021.

BUSINESS ACCOMPLISHMENTS

ADMINISTRATION

OVERVIEW

The Administration Department acquires, manages and allocates resources to optimally enable OMVIC to meet its mandate. These resources include people (HR), money (Finance), technology (Information Technology) and facilities (Administration). Administration also extends to providing Board and committee support and managing OMVIC's internal disciplinary process.

During 2018, Administration

- facilitated recruitment and ongoing staff training and development
- began an information technology needs assessment
- expanded the Board Portal
- collaborated with Operations to begin implementation of the efficiency study project

BUSINESS ACCOMPLISHMENTS

INFORMATION TECHNOLOGY

OVERVIEW

The IT department is responsible for the acquisition, integration and delivery of OMVIC's technical and information infrastructure. Components of this infrastructure include technical support, hardware, software, applications, data, telephony, networks, system services and cyber security.

IT builds new function into OMVIC's applications and integrates components to facilitate optimal workflow and allow effective interaction and delivery of processes in all business functions. Key results of IT efforts include

- keeping OMVIC applications current to meet the needs of the business
- ensuring the availability of OMVIC's IT resources

HIGHLIGHTS – CURRENCY OF BUSINESS APPLICATIONS

OMVIC's IT department delivered and deployed 78 enhancements to OMVIC's applications portfolio, including 27 enhancements to online services and 51 to OMVIC's operations/database system, including these online services

- link to survey about Online Services from Receipt page of renewals, sales changes and confirmations

- Dealer Renewal – Uploaded Document for Interested Person with Ministry of Finance or Compensation Fund Arrears
- major improvements to Sign-up and Sales Change Application processes
- improved email notifications to salespeople

HIGHLIGHTS – AVAILABILITY OF INFORMATION TECHNOLOGY SYSTEMS

In 2018, scheduled uptime of OMVIC's internal and external-facing systems (website and online services) continued to be significantly better than 99.9 per cent on a 24/7 basis.

Operating and application software were regularly patched to current levels. Security appliances and

cyber-threat mitigation signatures continued to be updated daily to include the most current signatures.

(Private) Cloud Backup was upgraded.

BUSINESS ACCOMPLISHMENTS

HUMAN RESOURCES

OVERVIEW

The HR department serves as a strategic partner with OMVIC's administration and staff. Supporting the mission of OMVIC, HR plays a vital leadership role by providing services to all departments and by promoting the concept that OMVIC's employees are its most valuable resource and will be treated as such.

In 2018, HR

- implemented a new compensation plan, facilitating the appropriateness of remuneration at all levels
- implemented a formalized performance management program for staff, with a focus on organizational, departmental and personal development
- conducted an Employee Satisfaction Survey with an overall satisfaction score of 91 per cent based on a 72 per cent response rate
- facilitated 18 recruitments as well as ongoing staff training and development

PERFORMANCE OVERVIEW

CUSTOMER SERVICE

PERFORMANCE MEASURES

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

CUSTOMER SERVICE SURVEY RESULTS	Registration	Complaints (Dealers)	Complaints (Consumers)	Inspections
Number of responses	1,895	232	317	682
Courtesy*	4.7	4.4	4.0	4.9
Knowledge*	4.7	4.3	3.8	4.9
Efficiency*	4.6	4.3	3.5	4.9

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

SERVICE DELIVERY TIMES

AVERAGE TURNAROUND TIME (DAYS)	Target	Actual
Complaints	45	23.0
New salesperson applications*	3	3.1
New dealer applications*	42	33.8

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

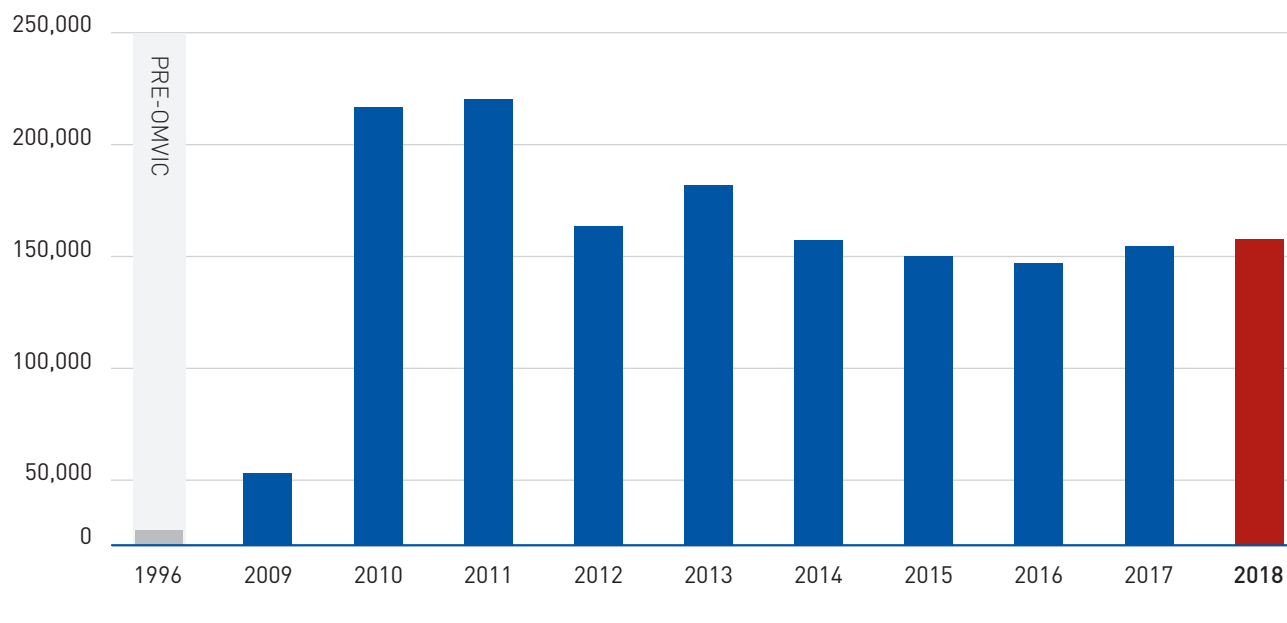
CALL CENTRE – AUTOMATIC CALL DISTRIBUTOR (ACD) CALL RESPONSE

ACD CALLS	Target	Registration	Complaints
Average wait time in seconds	60	16	52

PERFORMANCE OVERVIEW

CUSTOMER SERVICE

TOTAL TELEPHONE INQUIRIES 2018



Inquiries (total): staff handled 156,922 calls (local and toll-free) in 2018.

FRENCH-LANGUAGE SERVICES

In 2018, OMVIC received 37 telephone requests for service in French.

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.

An 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.

2018 FINANCIAL OVERVIEW

OVERVIEW

The Finance department manages financial resources by planning, budgeting and reporting financial results while implementing internal controls. It is responsible for keeping the bills paid and properly recording the various types of incoming payments. This assists management in making informed business decisions, enabling OMVIC to optimally meet its mandate.

During 2018, Finance

- introduced a new budgeting process that included input from all department heads
- refreshed the presentation and disclosure of month-end financial statements, including financial analysis commentary
- created financial dashboards that summarize financial results in a graphical format
- assessed current accounting processes and controls to pave the way for implementing improvements, strengthening internal controls and automation commencing in 2019
- commenced preparation of new accounting and corporate policies and updated existing policies

2018 FINANCIAL OVERVIEW

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, 2018, with comparative information for 2017.

OMVIC continued its strong financial results in 2018, with Excess of Revenues Over Expenses of \$5,191,987, which is comparable to the prior year at \$5,194,470.

Overall revenues were \$21,172,677, which represents a 6 per cent increase from 2017 revenues of \$19,915,243. The increase is due primarily to Registration fees earned in 2018 (\$19,777,633) compared to 2017 (\$18,480,340). Registration fees are driven by the number of registrants and the number of retail vehicle sales transactions.

Investment and other income remained steady at \$321,307 in 2018 (\$391,329 in 2017). Investment income is recorded on an accrual basis and includes interest, dividends, net realized gains (losses) on sale of investments and net unrealized gains (losses).

Discipline fines doubled in 2018 to \$67,850.

There was no Expense Recovery in 2018. In the past, this revenue has included recovery on a cost basis from the Motor Vehicle Dealers Compensation Fund for space and administrative services provided by OMVIC. In September 2017, OMVIC indefinitely suspended recovery of such expenses to provide some financial relief to the Fund, which in recent years has experienced higher claims.

Total expenses rose more than 8 per cent, to \$15,980,690 in 2018 from \$14,720,773 in 2017.

The main contributors to this increase were

- higher payroll costs resulting from annual merit increases and year-end accruals
- expenses related to a comprehensive organizational efficiency and effectiveness study by outside consultants, 50 per cent of which was incurred in 2017 and the remaining 50 per cent in 2018 (\$102,830)

At the end of fiscal 2018, net assets were \$20,433,257 compared with \$15,241,270 in 2017, reflecting a surplus of \$5,191,987 for the year.

The 2018 expenses by service areas were as follows:

Service Area	2018	2017
Investigation	\$ 2,401,075	\$ 2,435,332
Registration	2,542,428	2,288,864
Legal Services	2,505,960	2,028,591
Compliance	2,154,589	2,030,993
Communications	2,708,733	2,605,879
Information Technology	1,310,088	1,234,563
Inquiries and Complaint Handling	1,170,472	928,453
Governance	964,090	950,325
Compensation Fund	179,800	159,486
Discipline	43,455	58,287
	\$ 15,980,690	\$ 14,720,773

Cash available at the end of December 2018 was \$14,218,258. OMVIC also held investments of \$8,810,541.

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.

2018 FINANCIAL STATEMENTS

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

FINANCIAL STATEMENTS

DECEMBER 31, 2018

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

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DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Motor Vehicle Industry Council

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ontario Motor Vehicle Industry Council as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

April 23, 2019

Sloan Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31	2018	2017
ASSETS		
Current		
Cash	\$ 14,218,258	\$ 9,210,849
Accounts receivable	18,910	17,820
Prepaid expenses	198,725	119,775
	14,435,893	9,348,444
Investments (note 2)	8,810,542	8,638,232
Capital assets (note 3)	941,875	986,091
	\$ 24,188,310	\$ 18,972,767
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,246,503	\$ 1,240,907
Deferred revenue (note 4)	1,716,275	1,619,088
	2,962,778	2,859,995
Deferred contributions - capital assets (note 5)	501,775	581,002
Deferred lease inducement	290,500	290,500
	3,755,053	3,731,497
NET ASSETS		
Invested in capital assets (note 6)	440,100	405,089
Internally restricted operating reserve	7,500,000	7,500,000
Unrestricted	12,493,157	7,336,181
	20,433,257	15,241,270
	\$ 24,188,310	\$ 18,972,767

Approved by:

Director: _____

Director: _____

See accompanying notes to the financial statements

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

Year ended December 31	2018	2017
NET ASSETS CONSIST OF:		
Invested in capital assets (note 6)		
Balance, beginning of the year	\$ 405,089	\$ 455,820
Excess of expenses over revenue	(179,536)	(117,488)
Purchase of capital assets	214,546	66,757
Balance, end of the year	<u>440,100</u>	<u>405,089</u>
Internally restricted operating reserve (note 8)		
Balance, beginning of the year	7,500,000	7,500,000
Transfer from unrestricted	-	-
Balance, end of the year	<u>7,500,000</u>	<u>7,500,000</u>
Unrestricted		
Balance, beginning of the year	7,336,181	2,090,980
Excess of revenue over expenses	5,371,523	5,311,958
Transfer to internally restricted operating reserve	-	-
Purchase of capital assets	(214,546)	(66,757)
Balance, end of the year	<u>12,493,157</u>	<u>7,336,181</u>
NET ASSETS, end of the year	<u><u>\$ 20,433,257</u></u>	<u><u>\$ 15,241,270</u></u>

See accompanying notes to the financial statements

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

Year ended December 31	2018	2017
REVENUE		
Registration fees	\$ 19,777,633	\$ 18,480,340
Transfer fees	551,700	469,725
Investment and other income	321,307	391,329
Certification course fees	374,960	349,730
Expense recoveries (note 7)	-	111,892
Disciplinary fines	67,850	33,000
Amortization of deferred contributions	79,227	79,227
	21,172,677	19,915,243
EXPENSES		
Salaries and benefits (note 7)	9,615,010	8,605,494
Public awareness	1,929,187	1,826,204
Occupancy	832,918	792,173
Professional services	950,811	775,219
Travel	574,872	691,402
General and administrative (note 7)	694,587	656,127
Per diem allowances	477,233	428,282
Industry awareness	170,822	277,873
Telecommunications	277,780	272,577
Government oversight fees	198,707	198,707
Amortization of capital assets	258,763	196,715
	15,980,690	14,720,773
EXCESS OF REVENUE OVER EXPENSES	\$ 5,191,987	\$ 5,194,470

See accompanying notes to the financial statements

Page 5

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
STATEMENT OF CASH FLOWS**

Year ended December 31	2018	2017
OPERATING		
Excess of revenue over expenses	\$ 5,191,987	\$ 5,194,470
Items not affecting cash:		
Unrealized gain on investments	(385,348)	(259,354)
Realized loss on investments	27,819	112,274
Amortization of capital assets	258,763	196,715
Amortization of deferred contributions	(79,227)	(79,227)
Changes in non-cash working capital:		
Accounts receivable	(1,090)	36,100
Prepaid expenses	(78,950)	(3,239)
Accounts payable and accrued liabilities	5,595	180,592
Deferred revenue	97,187	55,225
	<u>5,036,736</u>	<u>5,433,556</u>
INVESTING		
Purchase of capital assets	(214,546)	(66,757)
Purchase of investments, net	185,219	(1,206,626)
	<u>(29,327)</u>	<u>(1,273,383)</u>
NET INCREASE IN CASH	5,007,409	4,160,173
CASH AT THE BEGINNING OF THE YEAR	9,210,849	5,050,676
CASH AT THE END OF THE YEAR	\$ 14,218,258	\$ 9,210,849

See accompanying notes to the financial statements

Page 6

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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) Disciplinary fines:

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

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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
Computer software	3 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, 2018**

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

	<u>2018</u>	<u>2017</u>
Fixed income	\$ 2,681,436	\$ 3,618,251
Other	1,700,792	750,792
Cash	305,772	190,085
Equities	4,122,542	4,079,104
	<u>\$ 8,810,542</u>	<u>\$ 8,638,232</u>

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, 2018**

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 1.25% and 7.10% and have maturities ranging from February 2018 to December 2048.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Leasehold improvements	\$ 1,337,315	\$ (567,346)	\$ 769,969	\$ 891,543
Furniture and fixtures	166,076	(131,343)	34,733	24,385
Computer hardware	271,183	(142,053)	129,130	47,011
Office equipment	58,573	(56,389)	2,184	12,605
Computer software	15,820	(9,961)	5,859	10,547
	\$ 1,848,967	\$ (907,092)	\$ 941,875	\$ 986,091

4. DEFERRED REVENUE

	2018	2017
Registration fees received in advance	\$ 1,716,275	\$ 1,619,088

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2018	2017
Balance, beginning of the year	\$ 581,002	\$ 660,229
Amortization of deferred contributions	(79,227)	(79,227)
Balance, end of year	\$ 501,775	\$ 581,002

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:

	2018	2017
Capital assets, net	\$ 941,875	\$ 986,091
Less unamortized deferred contributions - capital assets	(501,775)	(581,002)
	\$ 440,100	\$ 405,089

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

	2018	2017
Amortization of deferred contributions	\$ 79,227	\$ 79,227
Less amortization of capital assets	(258,763)	(196,715)
	\$ (179,536)	\$ (117,488)

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 \$nil (2017 - \$104,091) relating to salaries and benefits and \$nil (2017 - \$7,801) relating to general and administrative expenses. At year end there was no amount 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. As of September 2017, the board has decided to suspend indefinitely expense recoveries from the Fund.

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, 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>
2019	836,074
2020	888,033
2021	918,790
2022	935,263
2023 and thereafter	<u>2,243,663</u>
	<u><u>\$ 5,821,823</u></u>

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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.

2018 FINANCIAL STATEMENTS

MOTOR VEHICLE DEALERS COMPENSATION FUND

**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2018

**MOTOR VEHICLE DEALERS
COMPENSATION FUND
FINANCIAL STATEMENTS
OCTOBER 31, 2018**

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Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Motor Vehicle Dealers Compensation Fund, which comprise the statement of financial position as at October 31, 2018, 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, 2018, 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
April 17, 2019

A member of UHY International, a network of independent accounting and consulting firms

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2018

	October 31, 2018 \$	October 31, 2017 \$
ASSETS		
CURRENT		
Cash - operating	292,780	185,216
- investment	13,046	21,222
Accounts receivable	9,979	-
Accrued interest receivable	5,655	5,674
Prepaid expenses	<u>6,397</u>	<u>6,343</u>
TOTAL CURRENT ASSETS	327,857	218,455
INVESTMENTS (Note 8)	<u>5,841,311</u>	<u>6,142,107</u>
TOTAL ASSETS	<u><u>6,169,168</u></u>	<u><u>6,360,562</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	<u>26,681</u>	<u>31,200</u>
TOTAL LIABILITIES	<u>26,681</u>	<u>31,200</u>
NET ASSETS		
UNRESTRICTED NET ASSETS (Note 2)	<u>6,142,487</u>	<u>6,329,362</u>
TOTAL NET ASSETS AND LIABILITIES	<u><u>6,169,168</u></u>	<u><u>6,360,562</u></u>

Contingent Liabilities (Note 3)

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

_____, Chair

_____, Vice Chair

See accompanying notes to the financial statements

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2018

Page 3

	2018	2017
	\$	\$
Balance, beginning of the year	6,329,362	7,063,018
Excess of expenses over revenues	<u>(186,875)</u>	<u>(733,656)</u>
Balance, end of the year	<u><u>6,142,487</u></u>	<u><u>6,329,362</u></u>

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED OCTOBER 31, 2018

Page 4

	2018	2017
	\$	\$
REVENUES		
Participant fees	140,400	139,500
Recoveries	143,099	234,987
Other contributions (Note 4)	<u>175,466</u>	<u>22,844</u>
TOTAL REVENUES	<u>458,965</u>	<u>397,331</u>
EXPENSES		
Claims	401,746	1,111,673
Salaries and benefits (Note 4)	124,799	151,979
Governance	90,787	83,531
Legal fees	67,145	54,247
Professional fees (Note 4)	51,276	7,684
Investment management fees	34,402	37,534
Occupancy (Note 4)	10,722	10,722
Statutory trustee fees	10,185	10,800
Insurance	5,778	5,778
Consumer awareness	2,712	70,343
Office and general (Note 4)	<u>2,421</u>	<u>6,467</u>
TOTAL EXPENSES	<u>801,973</u>	<u>1,550,758</u>
Excess of expenses over revenues	<u>(343,008)</u>	<u>(1,153,427)</u>
OTHER INCOME		
Investment and other income	232,925	239,827
Fair value change in investments	<u>(76,792)</u>	<u>179,944</u>
TOTAL OTHER INCOME	<u>156,133</u>	<u>419,771</u>
EXCESS OF EXPENSES OVER REVENUES	<u><u>(186,875)</u></u>	<u><u>(733,656)</u></u>

See accompanying notes to the financial statements

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED OCTOBER 31, 2018

	2018 \$	2017 \$
CASH PROVIDED BY:		
OPERATING ACTIVITIES		
Excess of expenses over revenues, for the year	(186,875)	(733,656)
Non-cash items		
Change in fair value of investments	(104,897)	(333,218)
Changes in non-cash working capital		
Accounts receivable	(9,979)	-
Accrued interest receivable	19	12,308
Prepaid expenses	(54)	-
Claims payable	-	(54,900)
Accounts payable and accrued liabilities	<u>(4,519)</u>	<u>(42,271)</u>
Cash used in operating activities	<u>(306,305)</u>	<u>(1,151,737)</u>
INVESTING ACTIVITIES		
Cash provided by investing activities (net)	<u>405,693</u>	<u>1,227,097</u>
CHANGE IN CASH DURING THE YEAR	99,388	75,360
CASH , beginning of year	<u>206,438</u>	<u>131,078</u>
CASH , end of year	<u>305,826</u>	<u>206,438</u>
CASH consists of:		
Operating	292,780	185,216
Investment	<u>13,046</u>	<u>21,222</u>
	<u>305,826</u>	<u>206,438</u>

See accompanying notes to the financial statements

The Motor Vehicle Dealers Compensation Fund (the "Fund") was established July 1, 1986 under the Motor Vehicle Dealers Act (the "Act"), which was replaced by the Motor Vehicle Dealers Act 2002. The Fund was established to stand in place of registered motor vehicle dealers (the "Participants") where a Participant has refused, failed or been unable to pay a claim registered against that 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 Canadian accounting standards for not-for-profit organizations.

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.

Other Contributions represent the fair value of shared services and occupancy costs received from a related entity whereby the Fund has not been requested to pay for such services. Fair value has been determined based on an allocation of cost as incurred by the related entity. See note 4.

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 the estimated fair value of certain pooled fund investments, and contingent liabilities (Note 3).

Financial 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 estimated 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...

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 board 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, become insolvent, or otherwise end their operations 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 as the Council has representation on the Fund's Board. Included in the Fund's expenses are shared expenses with the Council of \$124,799 (2017 - \$151,979) relating to salaries and benefits and \$10,722 (2017 - \$10,722) relating to occupancy expenses.

Effective September 1, 2017, the Council suspended billings of shared expenses to the Fund. The suspension of billings to the Fund will remain effective until further notice from the Council. During 2018, shared expenses with an estimated fair value of \$175,466 (2017 - \$22,844), \$124,799 relating to salaries and benefits (2017 - \$19,986), \$39,945 relating to professional fees (2017 - nil), nil relating to office and general costs (2017 - \$1,072) and \$10,722 relating to occupancy (2017 - \$1,787) have been included in the Fund's expenses at their estimated fair values and recorded as "Other contributions" within revenue.

All transactions with related parties have occurred in the normal course of operations and were measured at the exchange amount, unless otherwise noted, 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 0.75% to 11% with maturity dates ranging from 2019 to 2048.

(b) Price risk

Market price risk arises as a result of investing in equity securities and fixed income securities. Fluctuations in market prices expose the Fund to a risk of loss. The Fund manages market price risk by substantially investing in equities and fixed income pooled mutual funds that meet specific investment criteria established and approved by the Board of Directors and designed to adequately diversify the Fund's investments to reduce exposure to market price risk. Professional investment managers invest and manage the investment portfolio in accordance with the Fund's investment policy statement. Investments are recorded at estimated fair value or quoted market value, as applicable. Fair value estimates are made at a specific point in time and may not be reflective of future value. See Note 8.

The Fund's investments are subject to fair value fluctuations. As at October 31, 2018, 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, 2018 would have been approximately \$584,131 higher/lower. Similarly, as at October 31, 2018, reported unrestricted net assets would have been approximately \$584,131 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 significant change to risk exposure during 2018 and 2017.

(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:

	2018		2017	
	Cost \$	Estimated Fair Value \$	Cost \$	Estimated Fair Value \$
Mutual Funds	3,084,876	4,579,736	3,351,858	4,951,142
Other Funds	434,867	615,044	425,822	560,039
Fixed Income	531,086	502,809	521,233	511,429
Other	<u>143,578</u>	<u>143,722</u>	<u>119,497</u>	<u>119,497</u>
Total	<u>4,194,407</u>	<u>5,841,311</u>	<u>4,418,410</u>	<u>6,142,107</u>

Fixed income investments bear interest at rates ranging from 0.75% to 11%.

The cumulative unrealized gain on investments at October 31, 2018 is \$1,646,904 (2017 - \$1,723,697).

Other funds represent amounts invested in the Yorkville Long Term Healthcare fund (the Fund). The Fund invests in Southbridge Healthcare LP which focuses on the operation, acquisition and re-development of long-term care facilities in Ontario. This is a private pooled investment (not publicly traded) and the fair market value of the Fund is estimated by the fund's management (Southbridge Group). Since the Fund trades on a monthly basis there is a timeline for the redemption of units; a 30-day notice period for redemption is required, the trade is submitted in the following month, and funds are remitted within 4-6 weeks of the trade date.

Mutual funds represent public mutual funds which are traded on a daily basis. The fair market value of these funds are estimated based on their book value per share.



Ontario's Vehicle Sales Regulator

Promoting a Fair and Informed
Vehicle Sales Marketplace in Ontario

2019-21 BUSINESS PLAN

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

CONSUMER PROTECTION | DEALER PROFESSIONALISM | CUSTOMER SERVICE

2019-21 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	2019-21 Performance Measures
Offer information and advice to consumers engaged in motor vehicle transactions	<ul style="list-style-type: none">Provide free translation services to consumersProvide free information and, where appropriate, conciliation services to consumers engaged in disputes with registered dealersAchieve ratings of 4 or greater on a scale of 1 to 5 for knowledge and courtesy from both consumers and dealersProvide assistance to claimants to the Compensation Fund
STRATEGY	2019-21 Performance Measures
Identify and monitor the impact of new and emerging business models on consumers	<ul style="list-style-type: none">Engage stakeholders, other jurisdictions and experts in discussions regarding the impact of various online or non-traditional dealer business modelsReport to the ministry on possible needed changes to the MVDA
STRATEGY	2019-21 Performance Measures
Increase outreach to consumers through various communications initiatives	<ul style="list-style-type: none">Conduct annual consumer awareness campaignAccess ad hoc advertising opportunitiesConduct direct outreach via seminars and tradeshow/event participationEngage with mainstream mediaEngage consumers via social media and e-newsletters

2019-21 BUSINESS PLAN

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM

Strategic Direction: Ensure a fair marketplace for our registrants

STRATEGY	2019-21 Performance Measures
Accommodate or facilitate registration of new business models in compliance with the MVDA	<p>Consult with applicants and current registrants with new or unique business plans and track</p> <p>Exercise discretion where afforded in the MVDA while ensuring consumer interests are protected</p>
STRATEGY	2019-21 Performance Measure
Ensure persons who have (or may have) put the public at risk do not get or maintain registration as dealers or salespersons	Continue to process applications in accordance with the Registrar's authority under the MVDA
STRATEGY	2019-21 Performance Measures
Review and update processes and resources to encourage registrant financial responsibility	<p>Continue to update and publish the <i>Financial Management Best Practices</i> document</p> <p>Update required forms and procedures</p> <p>Identify appropriate financial management educational courses and opportunities for dealers</p>

2019-21 BUSINESS PLAN

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Ensure a fair marketplace for our registrants (cont'd)

STRATEGY	2019-21 Performance Measures
<p>Monitor dealer advertising and address dealer non-compliance</p>	<p>Review advertisements, including all-in price advertising compliance, during all books and records inspection visits for retail dealers</p> <p>Conduct mystery shopping research to help monitor all-in price advertising compliance</p> <p>Make educational resources available to dealers to inform them about the regulations regarding all-in price advertising</p> <p>Conduct undercover shopping to enforce the MVDA and CoE and deter non-compliance</p>
STRATEGY	2019-21 Performance Measure
<p>Use risk-based inspection program to mitigate risk to the public, Compensation Fund and marketplace</p>	<p>Review risk-based inspection criteria as required</p>
STRATEGY	2019-21 Performance Measures
<p>Identify and monitor indicators of consumer harm to provide early detection of possible compliance issues</p>	<p>Encourage new dealer registrants to monitor finances with professional assistance as required</p> <p>Review and revise current complaints processes and tracking data</p> <p>Monitor weekly reports based on complaints information collected; escalate and take appropriate action where consumer risk is identified</p> <p>Communicate importance of financial oversight to avoid consumer harm and ensure success of dealers' businesses</p>

2019-21 BUSINESS PLAN

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Provide educational opportunities for registrants

STRATEGY	2019-21 Performance Measure
Monitor success of OMVIC Certification Course	Conduct periodic review of Certification Course outcomes
STRATEGY	2019-21 Performance Measure
Assist registrants in complying with the MVDA	Provide educational resources to help registrants comply with the MVDA
STRATEGY	2019-21 Performance Measures
Review registrant education	<p>Explore opportunities to increase registrant professionalism, including continuing education for registrants</p> <p>Conduct evaluation of current Certification Course curriculum and/or requirements</p> <p>Explore greater OMVIC involvement in educational processes</p>

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Apply right-touch enforcement

STRATEGY	2019-21 Performance Measures
Ensure responsible and measured enforcement of the MVDA and other consumer protection legislation	<p>Review processes to identify and prioritize non-compliant activity and report on actions taken</p> <p>Implement priority-setting processes</p> <p>Use administrative authority/discretion to address non-compliance, minimize consumer harm and discourage recidivism, where appropriate</p>
STRATEGY	2019-21 Performance Measure
Optimize investigative processes	Review and enhance policies for risk-based investigation actions and procedures

2019-21 BUSINESS PLAN

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Communicate with registrants efficiently and effectively

STRATEGY	2018-19 Performance Measures
Provide new learning opportunities using video and/or electronic messaging	<ul style="list-style-type: none"> Develop and make available educational videos Review alternative message delivery mediums

GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

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

STRATEGY	2019-21 Performance Measure
Continue adding registrant self-serve functions and capabilities to online services	Implement system-guided online new registration form

STRATEGY	2019-21 Performance Measures
Optimize registration and renewal processes	<ul style="list-style-type: none"> Automate components of the registration process Review application information requirements to consider efficiencies Increase applicants' awareness of registration requirements

STRATEGY	2019-21 Performance Measures
Optimize digital inspection reporting	<ul style="list-style-type: none"> Review and enhance digital tools for Inspectors Develop digital inspection findings service

2019-21 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	2019-21 Performance Measure
Use data visualization tools such as dashboards to provide real-time measurement of OMVIC's business processes	Create live dashboard for Key Operational Indicators
STRATEGY	2019-21 Performance Measure
Report POA and Discipline decisions to publicly available case law databases	Continue to make OMVIC POA and Discipline decisions available to the public through case law reporting services

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

Strategic Direction: Partner and collaborate with stakeholders with shared objectives

STRATEGY	2019-21 Performance Measures
Increase awareness of OMVIC and the MVDA among stakeholders, including law enforcement and industry personnel	Revise curriculum and deliver auto theft investigative training to Canadian police services at the Canadian Police College Engage frontline officers
STRATEGY	2019-21 Performance Measure
Engage law enforcement partners	Report on engagement and assistance provided to law enforcement partners

2019-21 BUSINESS PLAN

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY

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

STRATEGY	2019-21 Performance Measure
Optimize services and processes and their delivery through technology	Expand availability of Board Portal
STRATEGY	2019-21 Performance Measures
Develop and implement IT Strategic Plan	Establish IT steering committee and terms of reference Develop plan
STRATEGY	2019-21 Performance Measure
Identify opportunities to better use OMVIC's online membership functions	Improve collaboration between online membership users and OMVIC
STRATEGY	2019-21 Performance Measure
Identify additional online services for registrants	Introduce new services

2019-21 BUSINESS PLAN

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

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

STRATEGY	2019-21 Performance Measure
Optimize investigative processes	Review and enhance case assignment and oversight tracking
STRATEGY	2019-21 Performance Measure
Review and revise formalized Key Performance Indicators (KPIs) and outcome strategies	Review and enhance KPIs to support strategic objectives and inform data-driven decisions

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

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

STRATEGY	2019-21 Performance Measures
Optimize investigative processes	Review and optimize investigative staff roles and responsibilities Review and enhance Investigation Team performance and outcomes
STRATEGY	2019-21 Performance Measure
Review and revise formalized KPIs and outcome strategies	Explore opportunity to include KPIs in performance reviews (where applicable)

2019-21 BUSINESS PLAN

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Continue to be fiscally prudent

STRATEGY	2019-21 Performance Measure
Review sustainability of the Motor Vehicle Dealers Compensation Fund	Review actuarial study and monitor sustainability
STRATEGY	2019-21 Performance Measures
Implement remaining efficiency study recommendations	<p>Develop plan to implement remaining recommendations:</p> <ul style="list-style-type: none"> ▪ Review applicant experience ▪ Review inspections scheduling ▪ Review investigation resource deployment ▪ Review Complaints and Inquiries processes, roles and responsibilities, and optimization ▪ Monitor sustainability of the Compensation Fund ▪ Digitally integrate the Compensation Fund ▪ Enhance finance and performance management audit function ▪ Enhance organization-wide analytics ▪ Enhance contract and career planning ▪ Review training procedures ▪ Review culture and leadership

GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Improve organization strength through effective succession planning

STRATEGY	2019-21 Performance Measure
Review organization-wide staff complement	Review staffing requirements to ensure delivery of regulatory responsibilities

THREE-YEAR FINANCIAL FORECAST

FISCAL YEARS 2019 TO 2021

(\$ THOUSANDS)

Revenues	2019	2020	2021
Registration fees	18,771	18,848	18,930
Transfer fees	525	525	533
Certification fees	369	369	369
Amortization of deferred contribution	79	79	79
Interest and other	130	131	132
Total Revenue	19,874	19,952	20,043

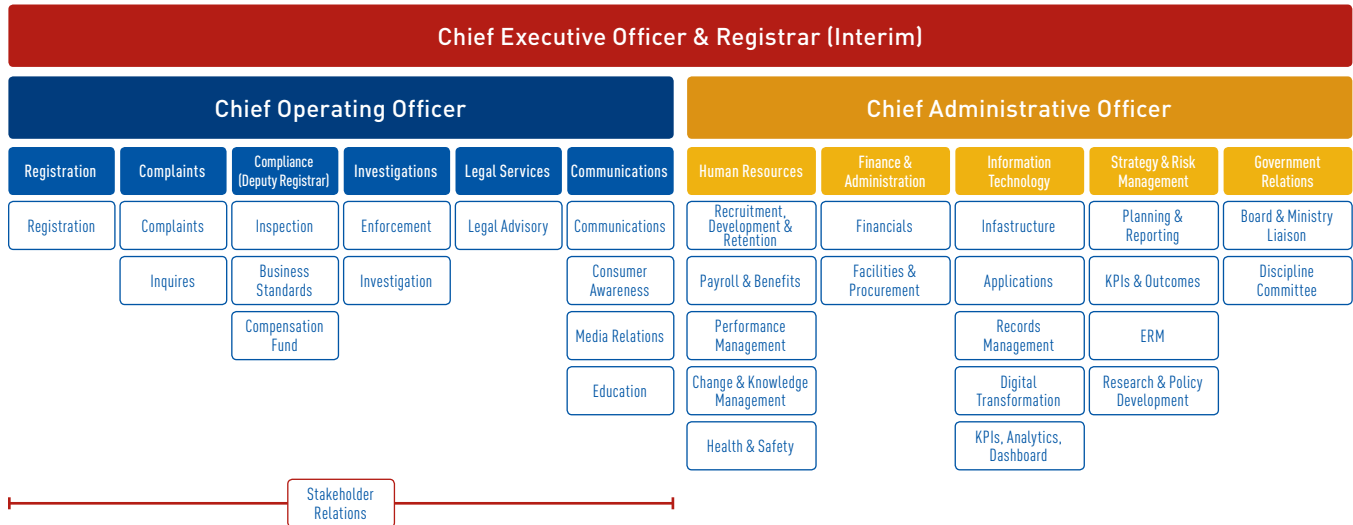
(\$ THOUSANDS)

Expenses	2019	2020	2021
Salaries and benefits	11,821	12,238	12,508
Public awareness	2,000	2,000	2,000
Professional services	876	911	892
Travel	537	573	584
General and administrative	646	683	697
Occupancy	853	887	923
Amortization of capital assets	263	260	255
Telecommunications	243	259	264
Board-related per diem allowances	480	490	500
Government oversight fees	199	199	199
Industry awareness	320	320	320
Total expenses	18,238	18,820	19,141
Excess of revenues over expenses before other income	1,636	1,131	901
Investment income	173	175	180
Net	\$1,809	\$1,306	\$1,081

Note: Excluding digital transformation costs to be considered separately.

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS



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's key accountabilities are

- strategic and organizational leadership
- stakeholder relations
- Board relations
- fiscal planning and risk management

The 2018 Board of Directors and Officers are listed on the following pages.

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

2018 BOARD MEMBERS

Kevin Bavelaar

President and Chair

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 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.

Nazreen Ali

Past Chair

Ministerial Appointee

Term expires December 2019

Nazreen earned a Master of Business Administration degree from Queen's University and is executive vice president of Riavera Corporation, a mobile e-commerce technology incubator. She has assisted a number of Canadian firms in developing socially responsible international initiatives. Previously, 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 as OMVIC's President and Chair of the Board in 2014.

Matt Rispin

Secretary-Treasurer

North Toronto Auction, Innisfil

Term expires May 2021

The automotive remarketing business has helped satisfy Matt's entrepreneurial passion for the past 20 years. In 2003, Matt and his partners opened North Toronto Auction (NTA) and have succeeded in developing it into the largest independent auction in Canada. NTA is recognized as a pioneer of the hybrid auction model, specializing in both wholesale and public auctions. Matt and his partners have enjoyed the journey as NTA has grown from a small business with seven employees to an operation supported by over 100 valued personnel. The growth of NTA was substantiated when *Canadian Business Magazine* recognized it as one of Canada's fastest growing companies for three consecutive years.

In 2017, Matt and his partners launched TireKicker Inspections, an innovative vehicle inspection company and application as they continually look to complement their existing business portfolios.

Matt is a proud Varsity Blue alumnus and gives back to the automotive industry by serving dealer members on the OMVIC Board of Directors. Matt was President and Chair of the OMVIC Board from 2010 to 2012.

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

Harbans Pawan

Vice President

Ministerial Appointee

Term expires February 2019

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. Harbans has completed the Automotive Law and Ethics course from the Automotive Business School of Canada, Georgian College. He is currently involved in not-for-profit organizations such as various senior citizen clubs and the Ontario Khalsa Darbar.

David Cooke

Ministerial Appointee

Term expires February 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 OMVIC Board as a consumer representative since November 2010 and has served as Vice President in the past.

Meredith Morris

Sudbury Hyundai, Sudbury

Term expires May 2020

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 completed a massive expansion and renovation in 2018. 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 and has been on the executive four times, serving 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 is not working, she is an avid downhill skier and loves spending time at her cottage on Manitoulin Island.

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

Cliff Pilon

Gold Fleet Subaru/Suzuki, North Bay

Term expires May 2021

Cliff entered the automotive industry in 1981. He has been the Dealer Principal of Gold Fleet Subaru in North Bay for more than 31 years.

Cliff's hands-on approach, coupled with daily interaction with his businesses, and learning and adapting to technology, social and environmental changes, helps keep him in tune with the ever-changing landscape. Combined with his strong automotive, mechanical and financial knowledge, Cliff's experience makes him a valuable asset to OMVIC's Board of Directors.

Cliff's goal is to give back to the community by mentoring young men and women in the automotive field to be successful, not only in the workplace but also in the world we live in.

Cliff has proudly served on the OMVIC Board since May 2006.

Frank Romeo

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 in 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 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 35 years. They have three children, two of whom work in the family business. Frank and Rosemary also have two wonderful grandchildren. In his spare time, Frank enjoys gardening, golfing and managing the family thoroughbred horse breeding and racing stable.

Griffith Slaughter

Hyundai Pembroke, Pembroke

Term expires May 2019

Griffith has been involved in his family's automotive business from an early age, washing cars when he was 11 years old and learning all aspects of the business from the ground up. 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 as coach/director at ski hills in the winters. Returning home in 2005, having a passion for the automotive industry, Griffith has been with Hyundai Pembroke for the past 14 years.

Griffith has board experience, having served on the board of Mountain Equipment Co-op, PSSC and Carefor.

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

Hugh Sisley

Sisley Honda, Toronto

Term expires 2020

Sisley Honda was started by Hugh's grandfather, M.M. Sisley, in 1946, following his return from World War II. Three years later, Hugh's father joined the dealership at the age of 19. Hugh began working at the dealership when he was a young boy, doing odd jobs such as sweeping the shop and jockeying cars on the lot. At age 16, he spent school breaks and summer vacations driving the parts delivery truck. In 1983, Hugh started working at the dealership full time as a used vehicle salesperson. In 1984, he moved to the new vehicle sales department as a salesperson and became the dealership's first Finance and Insurance Manager in 1985. Hugh was promoted to general manager in 1986 and, in 1987, he attended the National Auto Dealers Association Dealer Academy. In 1993, he purchased the dealership from his father and became the Dealer Principal.

In 2007, Hugh expanded the business with the purchase of a Hyundai dealership in Ajax. He successfully operated and grew that business until it was sold in 2015.

Hugh has served the industry in several capacities, including as the president of both the Trillium Auto Dealers Association and the Canadian International Auto Show and as a board and committee member of the Canadian Auto Dealers Association.

Hugh is married with three grown children and enjoys downhill skiing and golf.

Paul Tinney

Paul Tinney Auto Sales, Peterborough

Term expires 2021

Paul's father started a used vehicle dealership in 1950. As a teenager, Paul worked at the dealership jockeying cars and performing odd jobs. This experience generated Paul's interest in the automotive industry.

In 1993, Paul established a wholesale and retail dealership, Paul Tinney Auto Sales, which he still operates today.

SENIOR MANAGEMENT

John Carmichael

Chief Executive Officer and Registrar (Interim)

Maureen Harquail

Chief Operating Officer

Joanne Beaton

Chief Administrative Officer

Laura Halbert

Deputy Registrar and Director, Compliance

Terry O’Keefe

Director, Communications, Media Relations and Education

Joe Scarfo

Director, Information Technology

Brian Osler

Director, Legal Services

Thaya Gengatharan

Director, Registration

Tim Hines

Director, Complaints

Lesley Goldthorpe

Director, Human Resources

Andrew Khuu

Director, Finance

Don Cousens

Manager, Investigations

COMMITTEES

APPEALS COMMITTEE

Members: David Cooke (chair), Cliff Pilon, Frank Romeo, Harbans Pawan, Paul Tinney (A minimum of three members comprise a panel to hear a case.)

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 as effectively and expeditiously as possible. The committee met once in 2018 to discuss one matter.

AUDIT, FINANCE AND RISK COMMITTEE

Members: Matt Rispin (Chair), Nazreen Ali, Kevin Bavelaar and Harbans Pawann

The Audit, Finance and Risk Committee assists management in ensuring appropriate financial and operational controls are in place, requests and reviews reports from management regarding select financial and operational controls, reviews terms of reference of the annual audit with the external auditors and reviews annual audited financial statements and audit findings with the external auditors. The Committee 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 six meetings in 2018.

COMMUNICATIONS COMMITTEE

Members: Meredith Morris (Chair), David Cooke, Frank Romeo, Hugh Sisley and Griffith Slaughter

Working with staff, 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 2018.

CONSUMER PROTECTION ADVISORY COMMITTEE

Members: Nazreen Ali (Chair), David Cooke, Meredith Morris, Harbans Pawan, Cliff Pilon and Automobile Protection Association Representatives (max 2), Automobile Consumer Coalition Representatives (max 2), a Consumer Council of Canada Representative and a Motor Vehicle Dealers Compensation Fund Representative

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.

The full Committee held three meetings in 2018 and three additional meetings with a focus group of consumer members. In 2018, the Committee revised its terms of reference and membership to include more consumer representatives. The Committee focused its attention on identifying the top three issues related to consumer protection and explored the pros/cons of a cooling-off period for some consumer transactions.

EXECUTIVE COMMITTEE

Members: Kevin Bavelaar (Chair), Nazreen Ali, Harbans Pawan and Matt Rispin

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 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 10 meetings in 2018.

COMMITTEES

GOVERNANCE COMMITTEE

Members: Cliff Pilon (Chair), Meredith Morris, Hugh Sisley, Griffith Slaughter and Paul Tinney

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 six meetings in 2018.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

Members: Griffith Slaughter (Chair), Kevin Bavelaar, David Cooke and Cliff Pilon

The HR 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 three meetings in 2018.

NOMINATING COMMITTEE

Members: Meredith Morris (Chair), Nazreen Ali, Harbans Pawan, Matt Rispin and Paul Tinney

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 Motor Vehicle Dealers Compensation Fund Board of Trustees.

The Committee held five meetings in 2018.

REGULATORY AFFAIRS COMMITTEE

Members: All Board members with Cliff Pilon as Chair

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 2018.

STAKEHOLDER RELATIONS COMMITTEE

Members: Frank Romeo (Chair), David Cooke, Meredith Morris, Griffith Slaughter and Hugh Sisley

The committee also has 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)

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 annually.

The Committee held three meetings in 2018.

CONTACTING OMVIC

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

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.

Complaints Officer (complaints against OMVIC)

Brian Osler

Email: brian.osler@omvic.on.ca

Telephone: 416-512-3166

OMVIC's complaint policy is available 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: 416-512-3525

Privacy Officer

Brian Osler

Email: privacy@omvic.on.ca

Telephone: 416-512-3166

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

APPENDICES

APPENDIX A

SELECTION CRITERIA

A. Definitions

As used in these Selection Criteria, the following terms have the meanings specified or referred to below:

- (a) **“Act”** means the *Motor Vehicle Dealers Act, 2002*, S.O. 2002, c. 30, Sched. B, including any regulations made thereunder, as amended from time to time;
- (b) **“Dealer Principal”** means, in respect of a registered motor vehicle dealer, either (1) a registered salesperson who has an Ownership Interest in such registered motor vehicle dealer, or (2) a sole proprietor who is a registered motor vehicle dealer;
- (c) **“motor vehicle dealer”** shall have the meaning ascribed thereto pursuant to the Act;
- (d) **“nomination”** means nomination of an individual as a candidate for election as a director of the Ontario Motor Vehicle Industry Council (OMVIC);
- (e) **“Ownership Interest”** means, in respect of a registered motor vehicle dealer, the beneficial ownership, held directly or indirectly (including through any holding company), of at least 15 per cent of the share capital or at least 15 per cent of any other equity interest in such registered motor vehicle dealer, as determined by the Nominating Committee, acting reasonably;
- (f) **“Proposal of the Registrar”** means a Proposal by the Registrar to suspend, revoke, apply conditions to, or refuse to renew a registration; or an order of the Registrar under the Act in respect of false, misleading, or deceptive statements by registrants;
- (g) **“registered motor vehicle dealer”** means a person who is registered as a motor vehicle dealer under the Act and whose registration is not suspended;
- (h) **“registered salesperson”** means a person who is registered as a salesperson under the Act and whose registration is not suspended;
- (i) **“regulated industry”** means the industry regulated by the Act;

- (j) **“salesperson”** shall have the meaning ascribed thereto pursuant to the Act; and
- (k) **“trade”** shall have the meaning ascribed thereto pursuant to the Act.

B. Criteria

In order to be considered by the Nominating Committee to be a candidate for election to the OMVIC Board of Directors, an individual shall:

1. be a Dealer Principal of a registered motor vehicle dealer and meet the following additional criteria:
 - 1.1 neither the candidate’s registration as a salesperson (if applicable), nor that of the registered motor vehicle dealer of which he or she is a Dealer Principal, has been the subject of an order from the Licence Appeal Tribunal regarding conditions of registration within the two-year period prior to the deadline for submitting nominations;
 - 1.2 neither the candidate’s registration as a salesperson (if applicable), nor that of the registered motor vehicle dealer of which he or she is a Dealer Principal, is currently the subject of a Proposal of the Registrar under the Act or subject to conditions applied by the Registrar under s. 9 of the Act;
 - 1.3 the candidate has been the Dealer Principal of a registered motor vehicle dealer that has been registered continuously under the Act for at least two years prior to the deadline for submitting nominations;
 - 1.4 the candidate has participated actively in the management of such registered motor vehicle dealer for at least two years prior to the deadline for submitting nominations;
 - 1.5 the candidate has participated actively in the trading in motor vehicles on behalf of such registered motor vehicle dealer for at least two years prior to the deadline for submitting nominations; and

APPENDICES

- 1.6 if the candidate is a Dealer Principal who is a registered salesperson (and is not a sole proprietor), he or she has been continuously registered as a salesperson under the Act for at least two years prior to the deadline for submitting nominations;
2. sign and commit to abiding by the attached agreements entitled “Responsibilities of a Director of OMVIC” and “Director Confidentiality”;
3. agree to completion of any background checks, inspections, inquiries, and/or a Canada-wide criminal record check, as required at the sole discretion of the Nominating Committee;
4. agree to permit OMVIC to share with the members of the Nominating Committee the results of the background checks, inspections, and inquiries referred to above in paragraph 3;
5. be at least eighteen (18) years of age;
6. not be a person who has the status of bankrupt;
7. not be a person who has been found to be incapable by any court in Canada or elsewhere or who has been found under the *Substitute Decisions Act, 1992* or under the *Mental Health Act* to be incapable of managing property;
8. be a Director member of OMVIC or agree to become a Director member of OMVIC within ten (10) days of his or her election as a director;
9. not be an employee of a trade association representing the interests of the regulated industry;
10. have his or her nomination supported by two other current registered motor vehicle dealers who have endorsed the attached Nomination Form by affixing their signatures where noted;
11. be a current member of the group or trade association for which the seat he or she seeks is designated under paragraph 13(b) of OMVIC’s General By-Law;
12. if required, attend an information exchange session with the Nominating Committee; and
13. satisfy such other qualifications or criteria that are established by the Nominating Committee from time to time.

APPENDIX B

BOARD OF DIRECTORS SKILLS PROFILE

Board Skills and Experience

The Ontario Motor Vehicle Industry Council (OMVIC) has a mandate to protect and serve the public interest. OMVIC’s Board of Directors must therefore comprise a range of members whose collective experience and skills are best suited to accomplish this mandate. Each member of the Board brings unique skills and experience to the task. This document sets out some of these skills and experiences and serves as a guide to OMVIC in developing its Board nomination and election process. Through the establishment of formal Selection Criteria and the Board Member Skills Profile, the Nominating Committee attempts to ensure that OMVIC’s Directors are 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, its responsibilities and its limitations
- Demonstrate a willingness to actively support OMVIC’s mandate and vision
- Be sensitive to the economic and ethnic diversity of the retail automotive sector

The Board will seek to achieve diversity in its membership.

APPENDICES

Individual Knowledge and Experience

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

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

The Governance Committee of the Board 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.

APPENDIX C

RESPONSIBILITIES OF A DIRECTOR OF OMVIC

By accepting my election to the Board of Directors of the Ontario Motor Vehicle Industry Council (OMVIC), I agree to adhere to certain standards, outlined below. I understand it is my responsibility to:

- Remain well informed about the work of OMVIC and its stated objectives.
- Understand the role of OMVIC, its goals, and its services.
- Be thoughtful and objective in all deliberations.
- Make decisions in consideration of OMVIC and its stated objectives.

- Comply with the Code of Conduct and Conflict of Interest Guidelines, as they exist from time to time.

As a Board member I hereby agree to:

- Place regulation of the motor vehicle industry and protection of the public above any special interest or geographic or personal constituency.
- Be prepared to accept at least one Board committee assignment and actively participate in the committee meetings.
- Attend and participate in, at minimum, three-quarters of the Board meetings, committee meetings and subcommittees (if applicable). I understand that failure to consistently attend meetings will result in a request for my resignation.
- Complete tasks and projects assigned and accepted.
- Inform the Board of the needs and concerns of stakeholders.
- Self-evaluate my performance as a director each year.
- Recognize the role of the CEO, Registrar, and OMVIC staff and refrain from involving myself in administrative decision-making or program implementation.

As a Board member I hereby agree NOT to:

- Authorize the use of, or use for the benefit or advantage of any person, the name, emblem, endorsement, services, or property of OMVIC except in conformance with OMVIC policy.
- Accept, or seek on behalf of myself or any related parties, any financial advantage or gain of other than nominal value offered as a result of my OMVIC affiliation.
- Utilize any OMVIC affiliation in connection with the promotion of partisan politics, religious matters, or positions on any issue not in conformity with the position of OMVIC.
- Disclose any information available to me solely because of my Board membership to any person not authorized by law or the bylaws of OMVIC to receive such information.

APPENDICES

- Knowingly take any action or make any statement intended to influence the conduct of OMVIC in such a way as to confer any financial benefit on myself or any corporation or entity in which I have a significant interest or affiliation.
- Operate in any manner that is contrary to the best interests of OMVIC or the public.
- Make public statements about OMVIC and its policies, the Board or other Board members or about OMVIC or Board administrative matters, without the express authorization of OMVIC.

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

- Maintain and perpetuate OMVIC as a viable, relevant, effective and legal entity by working with other Directors in overseeing and reviewing the conduct and operation of OMVIC.
- Act as a trustee of stakeholder interests and recognize my fiduciary duty to OMVIC.
- Review and approve plans and financial objectives for OMVIC's future role and scope of activities.
- Ensure the integrity of internal controls of financial management.
- Measure progress toward stated goals (consumer protection and education, industry regulation, customer service) and review management input on resource allocation.
- Assess the performance and results of management and OMVIC, including the Board of Directors.
- Exercise due diligence.
- Along with other Directors, act as steward of the Council's assets.

APPENDIX D

BOARD OF DIRECTORS – CODE OF CONDUCT

Board members agree that in order to exercise their fiduciary responsibilities as OMVIC Board members, they must:

1. Review materials provided for Board and committee meetings
2. Arrive prepared to discuss issues, ask questions and challenge staff
3. Consult others (stakeholders) without violating confidentiality
4. Provide informed viewpoints
5. Encourage fellow Board members to participate
6. Respect views of fellow Board members even if those views vary significantly from their own
7. Respect the officers of the corporation and adhere to rules of decorum to ensure productive meetings
8. Make decisions that support OMVIC's objects and priorities
9. At all times, demonstrate respect for human rights
10. Make decisions that serve the best interests of OMVIC rather than their own or those of any particular group or association
11. Avoid or declare real or perceived conflicts of interest
12. Conduct themselves in accordance with the law, this Code of Conduct, and the Confidentiality and Conflict of Interests policies
13. Conduct their businesses in accordance with the *Motor Vehicle Dealers Act, 2002*, and other laws that apply to their businesses
14. Ensure sound fiscal management of OMVIC

APPENDICES

APPENDIX E

BOARD OF DIRECTORS – CONFLICT OF INTEREST GUIDELINES

A director of the corporation must act scrupulously to avoid actual, perceived and potential conflicts of interest. Conflicts may arise where a director's personal, professional or business interests conflict with those of the corporation.

An actual conflict of interest arises when the director derives a personal, professional or business benefit from his/her position as director.

A perceived conflict arises when there is the perception that the director could derive a benefit from his/her position.

A potential conflict of interest exists solely if there is a perception that the director could derive a benefit from his /her position.

If a director believes that an actual, perceived or potential conflict of interest may exist, the director must immediately disclose the conflict and the nature of the conflict to the other directors.

Following the disclosure of the conflict of interest, the director with the declared conflict shall not be involved in any Board discussion giving rise to the conflict and the director with the declared conflict must abstain from any vote of the directors on the issue. In the director's best interests, as well as those of the corporation, the director with the declared conflict should leave the Board meeting during any discussion of the issue giving rise to the conflict.

If, following the disclosure by the director of a conflict, the majority of the other directors believe that it is in the best interests of the corporation for the director with the declared conflict to leave the Board meeting during any discussion of the issue giving rise to the conflict, the director with the declared conflict shall leave the meeting.

If a director is unsure of whether he or she has a conflict of interest on an issue, he/she may wish to obtain independent legal advice on the matter, or he or she may wish to put the matter before the Board for its

consideration. If the majority of the Board believes that the director has an actual, perceived or potential conflict of interest, the Board will request that the director declare a conflict of interest.

A director should be mindful of the need to treat as confidential all information that comes to his/her attention as a result of his/her appointment as a Board member, particularly if such information would be of personal, professional or business benefit to the individual.



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