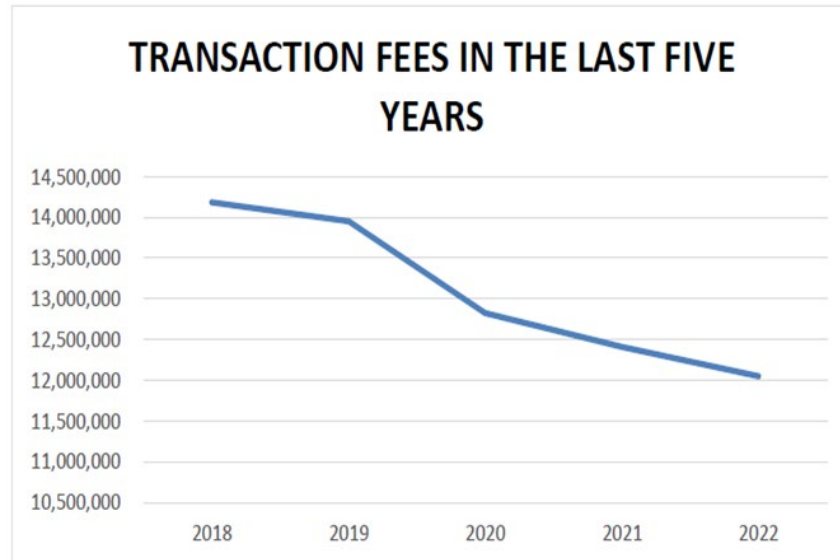


Proposed Changes to OMVIC's Registration and Transaction Fees

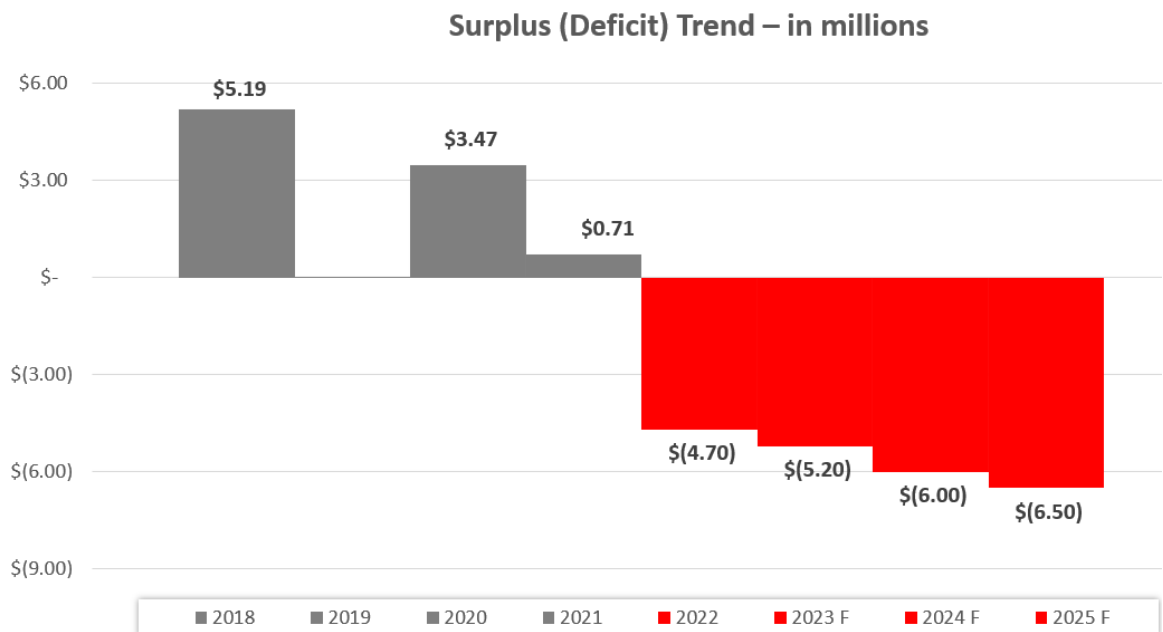
Reference:	Registration and Transaction Fees
Instrument Type:	Proposal
Summary of Proposal:	<p>OMVIC is proposing increases to its registration and transaction fees. OMVIC regulates in the public interest but is not government funded. Rather, OMVIC is funded primarily through its fees (e.g., registrations, applications, renewals, and transactions).</p> <p>The proposed fee increases will align to the rate of inflation since the date the fees were last increased.</p> <p>Fee increases would provide the following benefits related to:</p> <ul style="list-style-type: none"> • Delivering upon the Auditor General of Ontario's Value-for-Money audit recommendations • Moving ahead with key projects • Improving public awareness • Improving core services • Increasing resources devoted to operations • Increasing enforcement • Training • Providing financial stability <p>OMVIC welcomes feedback on the proposed changes to OMVIC's registration and transaction fees.</p> <p>OMVIC will consider all feedback as part of the decision-making process, whether it is reflected in the final document.</p> <p>Please share your thoughts by clicking here to the online form by December 3, 2023.</p>
Rationale for Fee Increases:	<p>Fee increases are needed due to a prolonged absence of adjustments over the years.</p> <p>For instance, specific registration fees have not increased since the 1990s, while transaction fees have remained unchanged since 2015.</p>

Prior to the pandemic, OMVIC was reporting annual transaction fee revenues averaging \$14M. However, between 2020 and 2022, OMVIC averaged only \$12.5M, which is a direct result of lower vehicle transactions (sales and leasing) in Ontario:

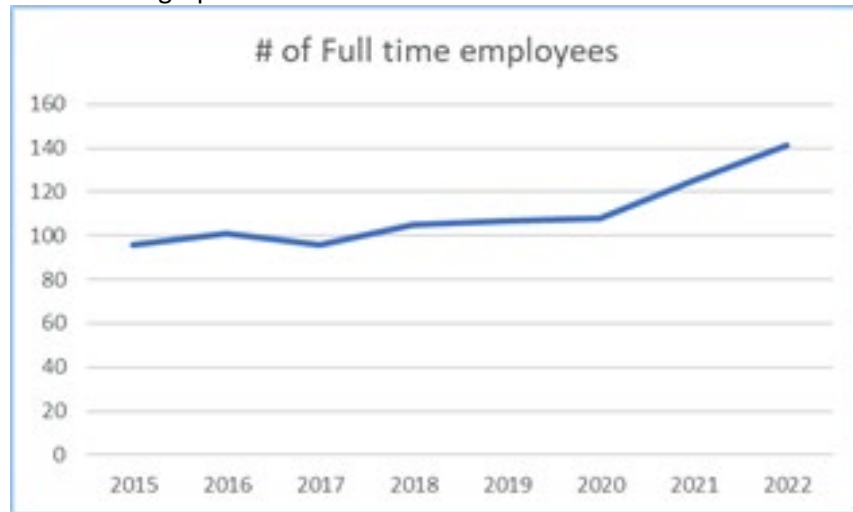


Simultaneously, OMVIC's operating expenses, including government oversight fees and administrative costs, steadily rise each year. Inflation and changes to services drive this trend.

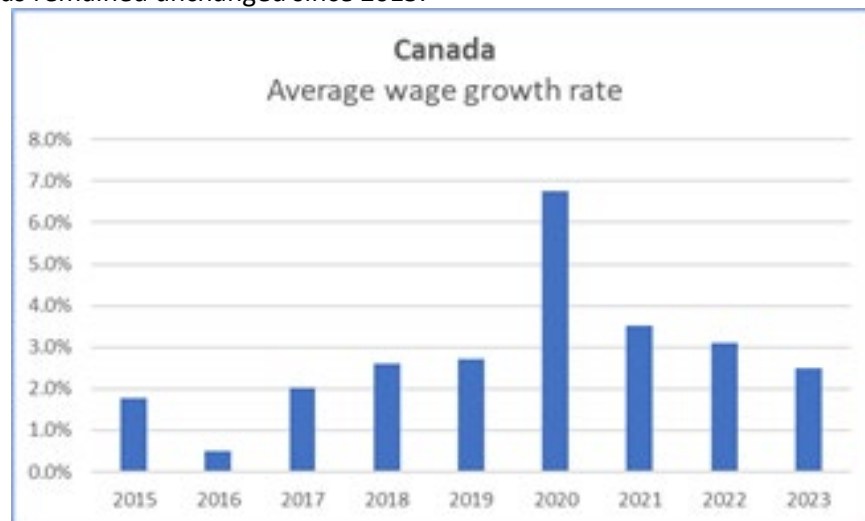
OMVIC is responsible to operate on a cost-recovery basis. While large annual surpluses occurred in the past, the decline in transaction fees, along with inflation and increased operating costs, has impacted OMVIC's bottom line.



OMVIC, like numerous other organizations in Canada, faces the challenge of escalating human resource costs. The Ontario Auditor General's Value for Money Report was released in December 2021 and included recommendations to enhance the value that OMVIC provides. The report noted that OMVIC had accumulated a growing reserve/surplus (275% over 5 years) instead of using that surplus to increase resources devoted to enforcement actions and staffing of key areas including complaints, inspections, and registrations, that have remained largely unchanged over the years. The increase in human resources following the Value for Money audit is illustrated in the graph below.



In Canada, historical average wages have grown year over year. The average earnings of employees in Canada rose to 3.6% year-on-year in May 2023. The largest gains were seen in 2020 at an average growth of 6.9%. The chart below shows Canada's annual increase in average salaries from 2015 to YTD 2023. Wages have grown each year since 2015, although OMVIC's fee structure has remained unchanged since 2015.



Increasing fees will ensure OMVIC has the financial resources to deliver on the recommendations set out by the Auditor General of Ontario. This will enable OMVIC to expand services such as enforcement activities, public awareness and other key projects. It is important to note that OMVIC is not solely relying on fee increases to achieve these goals. OMVIC has been cost-conscious by historically operating with a lean staff, transitioning services online, renegotiating with vendors, and actively seeking ways to reduce office space, thereby reducing rental expenses.

Analysis of Impact:	<p>Some of OMVIC’s fees have been the same since the 1990s. Other fees were last increased in 2008, 2010 and 2015. No fees have increased since 2015. In the interim, operating costs have increased due to annual inflation, human resources and expanded services.</p> <p>OMVIC experienced a deficit in 2022, and deficits are projected for the next few years. Therefore, OMVIC proposes to increase its registration and transaction fees effective April 1, 2024, to ensure that OMVIC can continue to regulate the industry and protect the public effectively. This will allow OMVIC to achieve an annual break-even position.</p> <p>OMVIC will review all feedback and present a final recommendation to the OMVIC Board by December 15, 2023. Resultant changes will be communicated to registrants and stakeholders by January 15, 2024 and take effect April 1, 2024.</p>																																			
Proposed Fee changes:	<table><tr><th>FEE CATEGORY</th><th>CURRENT FEE</th><th>PROPOSED FEE</th></tr><tr><td>Renewal - salesperson</td><td>\$175 (set in 1994)</td><td>\$200</td></tr><tr><td>Renewal - dealer</td><td>\$250 (set in 1999)</td><td>\$385</td></tr><tr><td>Transfer fee</td><td>\$75 (set in 1999)</td><td>\$115</td></tr><tr><td>New application-salesperson</td><td>\$250 (set in 2008)</td><td>\$335</td></tr><tr><td>New application-dealer</td><td>\$500 (set in 2008)</td><td>\$670</td></tr><tr><td>Branch application</td><td>\$250 (set in 2010)</td><td>\$325</td></tr><tr><td>Business class change application</td><td>\$250 (set in 2010)</td><td>\$325</td></tr><tr><td>Out-of-province application-salesperson</td><td>\$175 (set in 2010)</td><td>\$225</td></tr><tr><td>Out-of-province application- dealer</td><td>\$250 (set in 2010)</td><td>\$325</td></tr><tr><td>Transaction fee</td><td>\$10 (set in 2015)</td><td>\$12.50</td></tr></table> <p>The salesperson renewal fee was set at \$175.00 and is paid every two years. The fee has not changed in 29 years. Using the Bank of Canada’s online inflation calculator, \$175.00 is equivalent to \$310.46 in today’s dollars. However, OMVIC is proposing to change the fee to \$200.00. This is to recognize that some salespersons are paid solely on commission and that some salespersons pay this fee out of pocket.</p> <p>The dealer renewal fee was set at \$250.00 and has not changed in 24 years. Using the Bank of Canada’s online inflation calculator, \$250.00 is equivalent to \$408.48 in today’s dollars. However, OMVIC is proposing to change the fee to \$385.00. Some stakeholders believe that dealers could afford much higher renewal fees. However, OMVIC is proposing to cap the increase to \$385.00 based on the principle of adjusting all fees closer to present-day valuations.</p>			FEE CATEGORY	CURRENT FEE	PROPOSED FEE	Renewal - salesperson	\$175 (set in 1994)	\$200	Renewal - dealer	\$250 (set in 1999)	\$385	Transfer fee	\$75 (set in 1999)	\$115	New application-salesperson	\$250 (set in 2008)	\$335	New application-dealer	\$500 (set in 2008)	\$670	Branch application	\$250 (set in 2010)	\$325	Business class change application	\$250 (set in 2010)	\$325	Out-of-province application-salesperson	\$175 (set in 2010)	\$225	Out-of-province application- dealer	\$250 (set in 2010)	\$325	Transaction fee	\$10 (set in 2015)	\$12.50
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Basis of Change:	<p>The over-arching principle is to adjust historical fees no more than the accumulated inflation that has occurred since the fees were last changed. (Source: Bank of Canada’s online inflation calculator)</p> <p>The only exception to this approach is to increase the transaction fee slightly beyond accumulated inflation. The \$10.00 transaction fee, in today’s dollars, is equal to \$12.10, and it is proposed this be rounded to \$12.50.</p>																																			

For Discussion:	What are your views on this proposal? Please explain.
Posting Date:	November 3, 2023
Comments Due Date:	Please share your thoughts through the online form by December 3, 2023.
Contact Address:	consultations@omvic.on.ca OR OMVIC Fee Consultation Ontario Motor Vehicle Industry Council 65 Overlea Boulevard, Suite 300 Toronto, ON M4H 1P1