

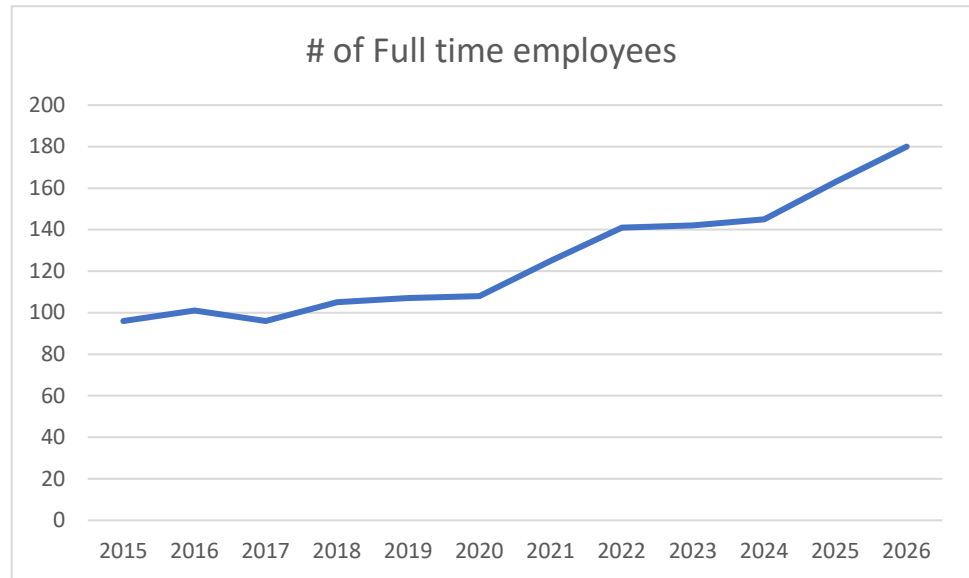
## Proposed Changes to OMVIC's Registration and Transaction Fees

<b>Reference:</b>	Registration and Transaction Fees
<b>Instrument Type:</b>	Proposal
<b>Summary of Proposal:</b>	<p>OMVIC regulates in the public interest but receives no government funding. Rather, OMVIC is funded primarily through its fees (e.g., registrations, applications, renewals, and transactions).</p> <p>OMVIC is proposing increases to its registration fees on September 1, 2025, by inflation. Between the last fee review in 2023 and the most recent review in 2024, inflation, as per the Bank of Canada's Inflation Calculator was 2.5%. Additionally, OMVIC is proposing to increase the transaction fee from \$12.50 to \$22.00.</p> <p>Fee increases would provide the following benefits related to:</p> <ul style="list-style-type: none"> <li>• Increased enforcement activities, such as more frequent inspections, and an enhanced mystery shop program, which will provide more significant safeguards for Ontario consumers.</li> <li>• Creation of a new provincial Curbsider Taskforce to strengthen efforts to combat illegal vehicle sales, protect consumers, and ensure fair market competition.</li> <li>• To develop OMVIC's first Professional Development (CPD) program, launching in 2026, OMVIC will require significant upfront capital. This program will ensure registrants provide competent and professional services to consumers, thereby enhancing consumer protection and trust in the motor vehicle sales industry.</li> <li>• Deliver OMVIC's strategic plan goals, including a stronger information technology posture making systems more efficient, reliable and secure.</li> <li>• Continue to implement and sustain operational improvements following the Auditor General's 2021 Value-for-Money audit to enhance transparency and efficiency.</li> </ul> <p>OMVIC welcomes feedback on the proposed changes to its registration and transaction fees. All feedback will be considered as part of the decision-making process, regardless of whether it is reflected in the final document.</p> <p>The consultation period is open from May 7, 2025, through June 6, 2025, at 5:00 p.m.</p> <p>OMVIC will review all feedback and present a final recommendation to the OMVIC Board by June 13, 2025.</p> <p>Resultant changes will be communicated to registrants and stakeholders by July 1, 2025, and any fee changes will take effect on September 1, 2025.</p>

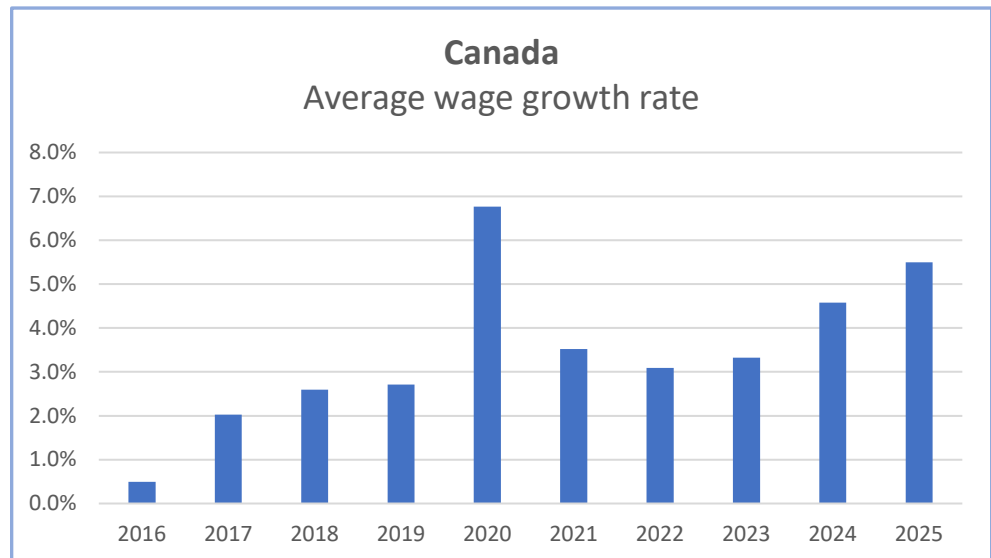
<p><b>Rationale for Fee Increases:</b></p>	<p>OMVIC’s largest source of revenue is derived from transaction fees. Dealers must remit a fee to OMVIC per vehicle for sales, leases, fleets, or as-is transactions. Examples of motor vehicles subject to the transaction fee include cars, vans, trucks, SUVs and motorcycles. The transaction fee can be passed on to customers by disclosing the fee on the bill of sale or lease.</p> <p>Prior to the pandemic, OMVIC reported annual transaction fee revenues averaging \$14M/year.</p> <p>However, in the 5 years from 2019 to 2023, OMVIC averaged revenues of \$12.4M/year – an 11% decline, reflective of fewer vehicle transactions (sales and leasing) in Ontario. The following table demonstrates the decline in annual transaction fees received from 2019-2023. In 2024, transaction fees increased but have not yet returned to pre-pandemic levels.</p> <div data-bbox="527 714 1437 1228"> <p style="text-align: center;"><b>TRANSACTION FEES IN THE LAST FIVE YEARS</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Transaction Fees (\$)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>13,900,000</td> </tr> <tr> <td>2020</td> <td>13,200,000</td> </tr> <tr> <td>2021</td> <td>12,400,000</td> </tr> <tr> <td>2022</td> <td>12,000,000</td> </tr> <tr> <td>2023</td> <td>12,000,000</td> </tr> </tbody> </table> </div> <p>Simultaneously, OMVIC’s operating expenses, including government oversight fees and administrative costs, have risen steadily each year. Inflation and service improvements drive this trend.</p> <p>The 2021 Auditor General of Ontario Value-for-Money audit report concluded that “OMVIC did not have processes to consistently administer the Motor Vehicle Dealers Act, 2002 effectively in order to protect the public in their transactions with motor vehicle dealers and salespersons”. The report noted that OMVIC should be increasing resources devoted to enforcement actions and staffing of key areas, including complaints, inspections, and registrations, which had remained largely unchanged over the years.</p> <p>In 2021, OMVIC conducted a workload assessment and identified the value that 52 additional staff roles would bring to fully carry out the AGO recommendations while accounting for growth in the Ontario motor vehicle sales industry.</p> <p>Positions were prioritized relative to immediate resources needed to fill shortages, address processing backlogs, and provide required staffing for information</p>	Year	Transaction Fees (\$)	2019	13,900,000	2020	13,200,000	2021	12,400,000	2022	12,000,000	2023	12,000,000
Year	Transaction Fees (\$)												
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technology improvements. 28 positions were prioritized for inclusion in the 2022 budget, and the remaining roles were placed on hold.

In the summer of 2024, OMVIC returned to the previous workload assessment to consider the resources required to support current conditions and anticipated future activities. This resulted in the inclusion of 32 additional staff roles from 2025 through 2027, which causes net new annual costs of approximately \$3.5M/year of incremental payroll costs.

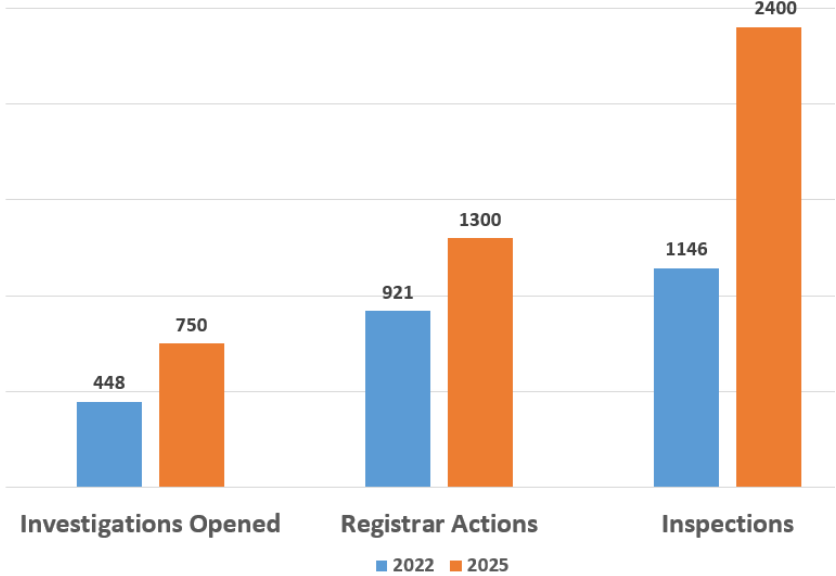
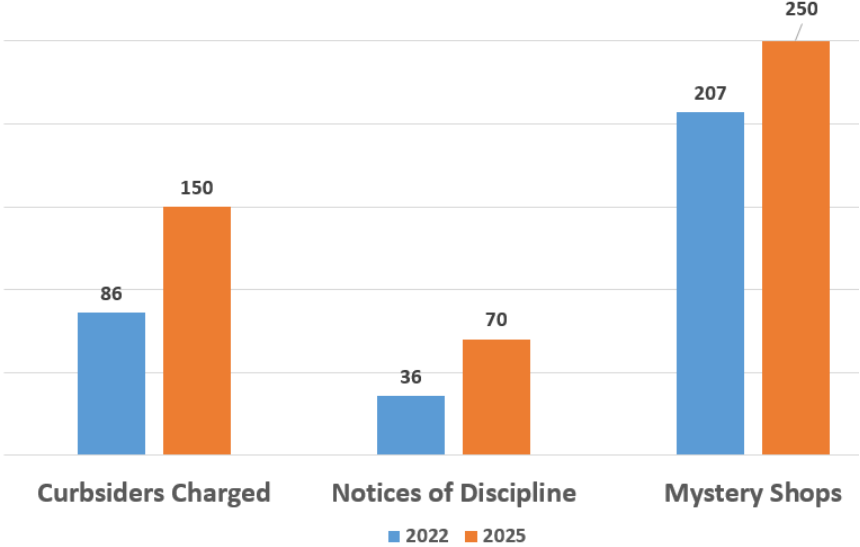


In Canada, historical average wages have grown year over year. The average earnings of employees in Canada rose to 4.5% year-on-year in 2024. The largest gains were seen in 2020 at an average growth of 6.9%. The chart below shows Canada's average wage growth rate from 2016 to 2025.



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

	<p>to expand services such as enforcement activities, public awareness and other key projects.</p> <p><b>Efficiencies:</b> 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.</p>
<b>Strategic Alignment &amp; Key Benefits:</b>	<p>In June 2024, OMVIC released its 2024-2026 Strategic Plan, a stakeholder-informed and future-focused road map designed to guide the organization as it continues to raise the bar as a modern and best-in-class regulator that is impactful in carrying out its consumer protection mandate. For the 2024-2026 planning horizon, OMVIC's time, effort and resources are focused on achieving strategic objectives across three priority areas:</p> <ul style="list-style-type: none"> <li>▪ Consumer Protection</li> <li>▪ Registrant Professionalism</li> <li>▪ Organizational Excellence</li> </ul> <p>The fee adjustments directly support OMVIC's strategic goals and provide the following key benefits:</p> <ul style="list-style-type: none"> <li>▪ <b>Consumer Protection:</b> Increased enforcement activities, such as more frequent inspections, and an enhanced mystery shop program, will better ensure compliance with regulatory requirements and provide more significant safeguards for Ontario consumers.</li> <li>▪ <b>Provincial Curbsider Taskforce:</b> Creation of a new provincial Curbsider Taskforce to strengthen efforts to combat illegal vehicle sales, protect consumers, and ensure fair market competition.</li> <li>▪ <b>Registrant Professionalism:</b> The development of OMVIC's first Continuing Professional Development Program to launch in 2026 will ensure that registrants acquire the necessary knowledge and skills to provide competent and professional services to consumers, thereby enhancing consumer protection and trust in the industry.</li> <li>▪ <b>Long-Term Financial Stability:</b> By increasing registration fees by inflation and raising the transaction fee, OMVIC will continue to deliver on its consumer protection mandate, undertake new strategic goals, while achieving its strategic goal of long-term financial viability.</li> <li>▪ <b>Enhanced Innovation and Growth through IT:</b> The 2025-2027 Information Technology Strategic Plan, aligned with OMVIC's broader strategic objectives, will enhance IT's role in driving innovation and fostering organizational growth. Critically, IT continues to improve its customer relationship management ("CRM") system to provide more effective and efficient service to staff and industry users and remains committed to upgrading cybersecurity initiatives to protect the organization.</li> <li>▪ <b>Compliance with Auditor General Recommendations:</b> Incremental revenue will continue to support OMVIC's commitment to implementing</li> </ul>

	and sustaining operational improvements to follow the Auditor General’s Value for Money audit recommendations and enhance transparency and efficiency.																								
Expanded Services:	<p>The following tables demonstrate the growth in compliance activities since 2022. Investment is required in order to increase compliance activities beyond current levels.</p> <p><b>Table 1:</b></p>  <table border="1"><thead><tr><th>Category</th><th>2022</th><th>2025</th></tr></thead><tbody><tr><td>Investigations Opened</td><td>448</td><td>750</td></tr><tr><td>Registrar Actions</td><td>921</td><td>1300</td></tr><tr><td>Inspections</td><td>1146</td><td>2400</td></tr></tbody></table> <p><b>Table 2:</b></p>  <table border="1"><thead><tr><th>Category</th><th>2022</th><th>2025</th></tr></thead><tbody><tr><td>Curbsiders Charged</td><td>86</td><td>150</td></tr><tr><td>Notices of Discipline</td><td>36</td><td>70</td></tr><tr><td>Mystery Shops</td><td>207</td><td>250</td></tr></tbody></table>	Category	2022	2025	Investigations Opened	448	750	Registrar Actions	921	1300	Inspections	1146	2400	Category	2022	2025	Curbsiders Charged	86	150	Notices of Discipline	36	70	Mystery Shops	207	250
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Expanded Services - Detail:	<p><b>1) Renewal Enhancements</b></p> <ul style="list-style-type: none"><li>- OMVIC is planning on launching enhanced dealer and salesperson certificates with updated branding and built-in security features to prevent forgery and build trust with auctions, lenders, and consumers.</li><li>- Other key future renewal improvements include:<ul style="list-style-type: none"><li>○ <b>Downloadable certificates:</b> Easily accessible through the portal.</li></ul></li></ul>																								

	<ul style="list-style-type: none"> <li>○ <b>Enhanced identity verification:</b> Salespersons will upload a valid photo ID during renewal to reduce impersonation and ensure current photos appear on certificates.</li> <li>○ <b>Clear terms and conditions:</b> New certificates outline obligations, helping prevent unintentional violations.</li> <li>○ <b>Updated renewal process:</b> Will include new eligibility questions to better understand business operations and provide tailored support.</li> <li>○ <b>Financial stability checks:</b> Identify risks early - like tax debt or trust account issues – to support long-term compliance.</li> <li>○ <b>Enhanced dealership profiles:</b> Profiles will display all active salespersons with photos and licenses, improving internal oversight and helping to ensure readiness for inspections.</li> </ul> <ul style="list-style-type: none"> <li>- These proposed updates increase transparency, reduce the risk of fraudulent certificates being used by unregistered individuals, especially in high-risk areas like auctions, and support a more professional, accountable marketplace.</li> </ul> <p><b>2) Enhancements to Industry Standards</b></p> <ul style="list-style-type: none"> <li>- As part of OMVIC’s commitment to upholding industry standards, OMVIC has increased investigations and enforcement efforts against auctions that fail to meet obligations.</li> <li>- In response to complaints about wholesale trades, OMVIC is assessing both sellers and auctions thoroughly and proactively engaging auctions to clarify OMVIC’s expectations.</li> <li>- These steps allow OMVIC to resolve issues faster and take action when violations occur. OMVIC also responds quickly to emerging trends, such as wholesale trade concerns and exporter obligations, often guided by industry feedback from groups like the UCDA (Used Car Dealers Association of Ontario).</li> <li>- When dealers report unfair practices—like misleading advertising—OMVIC will take action, including issuing cease and desist orders in serious cases to ensure compliance.</li> <li>- OMVIC continues to support dealers by providing timely guidance and answering questions.</li> </ul> <p><b>3) Webinars</b></p> <ul style="list-style-type: none"> <li>- OMVIC’s 2025 webinar program offers sessions to help dealers and salespersons stay informed and compliant. Topics will include advertising rules, disclosure requirements, upcoming Continuing Professional Development (CPD) obligations and transaction fee reporting.</li> <li>- These interactive webinars will provide a chance for registrants to ask questions about the Motor Vehicle Dealers Act and the Consumer Protection Act. Participant feedback will help improve future sessions and ensure they meet the needs of participants.</li> </ul> <p><b>4) Consumer complaints and mediation</b></p> <ul style="list-style-type: none"> <li>- Improvements to OMVIC’s complaint process have increased transparency, resulting in registrant satisfaction reaching nearly 97% in 2024.</li> <li>- This success is partly due to OMVIC’s increased focus on mediation over the past year, helping both consumers and registrants reach fair solutions instead of moving straight to discipline.</li> </ul>
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	<p><b>5) Remote Inspections</b></p> <ul style="list-style-type: none"> <li>- Field inspections currently occur approximately every three years. To increase the frequency to a two-year cycle, additional investment in human resources is necessary. In the interim, remote inspections are leveraged strategically to extend coverage where it is operationally and economically viable.</li> <li>- As of early 2025, OMVIC has enhanced its remote inspection process to improve efficiency, consistency, and adaptability.</li> <li>- A key improvement includes a new internal alert system that helps inspectors identify whether a dealer uses electronic or paper records, allowing for a more tailored approach.</li> <li>- A new questionnaire now accompanies record requests, guiding dealers on secure document uploads and collecting business-specific details to support a more focused inspection.</li> <li>- OMVIC has also identified key triggers for remote inspections, including: <ul style="list-style-type: none"> <li>o Location.</li> <li>o Use of electronic records.</li> <li>o Low sales volume.</li> <li>o Low-risk matrix scores.</li> <li>o Inclement weather.</li> </ul> </li> <li>- While these factors help guide inspections, OMVIC may conduct remote reviews outside of the listed criteria when necessary.</li> <li>- These changes reflect OMVIC's commitment to high inspection standards while embracing modern business practices and technologies.</li> </ul> <p><b>6) Curbsider Taskforce</b></p> <ul style="list-style-type: none"> <li>- The Curbsider Taskforce, scheduled to launch in late 2025, will aim to develop a comprehensive strategy to identify, manage and reduce curbsider activity in Ontario's vehicle sales marketplace.</li> <li>- This approach combines education, awareness, and enforcement to better protect consumers. Key actions include: <ul style="list-style-type: none"> <li>o Educating the public about the risks of buying from curbsiders.</li> <li>o Strengthening collaboration with industry stakeholders and law enforcement.</li> <li>o Conducting investigations and laying Provincial Offences Act charges when warranted.</li> </ul> </li> </ul> <p>The taskforce will use an intelligence-led, proactive approach focused on reducing repeat offences. Resources will be strategically allocated based on the scale, location, and complexity of each case, with targeted efforts on large-scale, organized unregistered selling activity.</p> <p><b>7) Legal Services</b></p> <ul style="list-style-type: none"> <li>- The overall growth of the organization's operations has led to a sharp increase in the amount of legal advice and support requested from the Legal Services department in its role as legal counsel to the corporation.</li> <li>- As other departments update their procedures, engage third party service providers or stakeholders to fulfil their mandates and encounter higher numbers of complaints, registration applications and requests for guidance from the industry, they increasingly turn to Legal Services for guidance. As a result, additional investment in Legal Services personnel is now required.</li> </ul>
<b>Analysis of Impact to OMVIC:</b>	OMVIC, as an Administrative Authority, is responsible for ensuring that it has adequate resources, including financial resources, to comply with the

	<p>Administrative Agreement, the Motor Vehicle Dealers Act, and other relevant laws, and in accordance with its business plan that it has provided to the Minister of Public and Business Service Delivery and Procurement (the “Minister”) under clause 6(1)(a) of the Administrative Agreement.</p> <p>OMVIC's reserve position presently remains considerably below target levels. December 31, 2024, operating reserves stand at 1.6 months.</p> <p>Current financial projections indicate that under the existing fee structure, achieving the six-month operating reserve target would take until 2041 – significantly longer than is viable for the organization's long-term financial health.</p> <p>The proposed September 1, 2025, fee increases support the 2024-2026 Strategic Plan initiatives and the addition of new resources. A \$5.1M deficit is anticipated in 2025, followed by a return to break-even operations in 2026. If realized, any future annual surplus will help to restore the inadequate reserve level by 2028 and achieve a six-month operating reserve target by 2029.</p>
<b>Analysis of Transaction Fee Increase:</b>	<p>While dependent on personal and financial situations, trends indicate that the transaction fee increase would be included in a consumer’s motor vehicle price on average every 4 to 8 years, given the timespan during which the average Ontarian keeps their motor vehicle. (Source: Varied industry reports from organizations such as J.D. Power, Canadian Black Book, and DesRosiers Automotive Consultants, who track ownership habits across Canada).</p> <p>When considering the \$9.50 incremental increase from \$12.50 to \$22.00, relative to the timeframe of typical motor vehicle ownership/leasing periods, the average dollar impact is \$2.38/year if over a 4-year timeframe or \$1.19/year if over an 8-year timeframe.</p> <p>Based on data from a Canadian Vehicle Survey conducted by Statistics Canada between 2021 and 2023, it can be estimated that drivers will, on average, purchase or lease 7 vehicles in their lifetime. At the proposed rate of \$22.00, this translates to <math>7 \times \\$22.00 = \\$154.00</math> in total transaction fees paid over a lifetime, which is nominal relative to the total cost of purchasing or leasing those 7 vehicles.</p> <p>OMVIC recognizes that in today’s economy, every dollar counts for Ontario consumers. OMVIC froze the transaction fee for 8 years at \$10.00 until the 2024 inflationary increase to \$12.50 became effective. Going forward, the \$22.00 transaction fee will be considered for annual inflationary adjustment, as/if fiscally necessary.</p> <p>The benefits to consumers and the industry are substantial and include improved consumer protection, enhanced fraud prevention, and greater consumer trust in motor vehicle sales. These improvements can lead to increased sales and a stronger reputation for businesses within the automotive sector.</p>



Proposed Fee changes:			
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	On December 31, 2024, the Minister acknowledged receipt of the Fee Review Analysis and expressed his understanding that OMVIC would continue to the follow process steps as outlined in the administrative agreement.
<b>For Discussion:</b>	Stakeholders are encouraged to share their views on the proposal.
<b>Posting Date:</b>	May 7, 2025
<b>Comments Due Date:</b>	Please provide any feedback using <a href="#">this online form</a> by 5:00 p.m. on Friday, June 6, 2025.
<b>Contact Address:</b>	<a href="mailto:consultations@omvic.on.ca">consultations@omvic.on.ca</a>  OR  OMVIC Fee Consultation Ontario Motor Vehicle Industry Council 65 Overlea Boulevard, Suite 300, Toronto, ON M4H 1P1