

CONSUMER PROTECTION

DEALER PROFESSIONALISM

CUSTOMER SERVICE



Ontario's Vehicle Sales Regulator

2013 ANNUAL REPORT
2014 BUSINESS PLAN

Promoting a Fair and Informed
Vehicle Sales Marketplace in Ontario

Table of Contents

PROFILE	1
PROTECTION FOR ONTARIANS	2
MESSAGE FROM THE PRESIDENT AND CHAIR OF THE BOARD	3
MESSAGE FROM THE REGISTRAR	4
OPERATIONS	6
COMMUNICATIONS AND EDUCATION	15
COMPLIANCE	24
MOTOR VEHICLE DEALERS COMPENSATION FUND	30
INVESTIGATIONS	32
LEGAL AND PROSECUTIONS	37
CORPORATE SERVICES	43
CUSTOMER SERVICE	48
2013 FINANCIAL OVERVIEW/ AUDITED STATEMENTS	49
BUSINESS PLAN 2014-16	73
THREE-YEAR FINANCIAL FORECAST	84
ORGANIZATIONAL STRUCTURE	85
COMMITTEES	89
CONTACT	91
APPENDIX A	92

Profile

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

OMVIC'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.

Ontario's motor vehicle dealer industry was previously regulated by the Ministry of Consumer and Commercial Relations (now the Ministry of Consumer Services), and OMVIC's creation on January 7, 1997, marked the first regulated business sector to move to self-management. OMVIC is a not-for-profit corporation governed by a 12-member Board of Directors. One hundred staff members, a number of whom work from regional home-based offices, provide OMVIC's services.

Registration with OMVIC is mandatory for all Ontario motor vehicle dealers and salespeople.

OMVIC'S ONGOING OBJECTIVES

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

OMVIC'S PRIORITIES

- Consumer protection
- Dealer professionalism
- Customer service

Protection for Ontarians

Ontario car buyers continue to benefit from excellent consumer protection legislation and a vigilant and dedicated regulator. In 2010, the Ministry of Consumer Services introduced the MVDA. Administered and enforced by OMVIC, this legislation not only protects consumers but also helps create a level playing field for all registered dealers. The MVDA introduced a new Code of Ethics (CoE) and discipline process as well as increased penalties for dealers or salespeople who breach the Act or CoE; these include maximum fines/penalties of \$50,000 and/or up to two years less a day in jail for individuals found in breach of the MVDA; maximum fines of \$250,000 for corporations found in breach of the MVDA; and maximum fines of \$25,000 for breaches of the CoE.

The MVDA is supported by four key pillars:

Disclosure – Dealers must disclose specified information (as well as all material facts) related to a vehicle's past use, history and condition.

Advertising – If a dealer's advertisement includes a price for a vehicle, it must be an all-in price; there can be no hidden fees. *Note:* HST and licensing do not have to be included in the all-in price as long as the advertisement clearly and prominently indicates they are not included.

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

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

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

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

Message from the President and Chair of the Board

The Honourable Tracy MacCharles
Minister of Consumer Services

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

Dear Minister MacCharles:

On behalf of OMVIC's Board of Directors, I am very pleased to present the 2013 Annual Report and 2014 Business Plan. 2013 proved to be yet another successful and productive year for OMVIC and our industry as a whole, and I am certain this report outlining OMVIC's activities, accomplishments and direction will provide you confidence and perhaps even pride, as it so clearly demonstrates the dedication and commitment of OMVIC's board and staff to the protection of Ontario consumers and to providing excellence in service to its dealers and salespeople.

As a dealer member of the board, I can assure you that OMVIC does an outstanding job engaging its stakeholders – all stakeholders. This is perhaps one of the reasons the new MVDA continues to be embraced by consumers and dealers alike.

Much of this engagement comes through education and awareness. I believe this to be a key strategy, vitally important for both consumers and registrants. More than simply enforcing the law, OMVIC's educational initiatives strive to inform consumers about their rights and to inform dealers and salespeople about their obligations: not just of the regulations, but of best practices and strategies that can be used to ensure compliance. Not only do these efforts provide an important service to Ontario consumers, they help build trust in OMVIC-Registered Dealers. These initiatives have included:

- Dramatically redesigning OMVIC's websites with improved content, user interface, searchability and readability
- Conducting vehicle-buying seminars for newcomer communities across the province and educating them on vehicle purchases

- Delivering comprehensive seminars for dealers and salespeople related to advertising and disclosure requirements
- Ongoing outreach via bulletins, newsletters, event participation, advertising, and fully engaging mainstream media
- Engaging sponsorship opportunities, such as the Jim Bray NASCAR Canadian Tire Series Racing Team, the Automobile Protection Association's (APA's) *Lemon-Aid Car Show*, and radio broadcasts of the SUBWAY Super Series Canada-Russia junior hockey tournament

As well, OMVIC continues to strive to increase dealer professionalism. OMVIC has worked collaboratively with the Automotive Business School of Canada to develop three new online courses for the dealer community (expected to roll out in early 2014) and to deliver the OMVIC Certification Course. The Certification Course, administered by the Automotive Business School of Canada at Georgian College, is mandatory for anyone seeking registration as a dealer or salesperson. I'm pleased to report that 5,700 individuals took the course in 2013! Each student who graduates and becomes registered with OMVIC earns the designation "Certified in Automotive Law and Ethics" (C.A.L.E.). Again, these educational requirements help registered dealers and salespeople serve Ontario consumers with honesty and integrity which in turn builds more trust in our industry. It is a win-win.

In closing, Minister, OMVIC remains committed to assisting and educating Ontario's car buyers and to enhancing the knowledge and professionalism of our registrants. On behalf of OMVIC's Board of Directors, I want to thank the ministry and its staff, OMVIC staff, our registrants and our stakeholder groups for their ongoing assistance and collaboration over the course of this past year.



Ron Marostica
President and Chair
President, Marostica Motors Ltd.

Message from the Registrar

The Honourable Tracy MacCharles
Minister of Consumer Services

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

Dear Minister MacCharles:

In 2013, OMVIC celebrated 16 years as the regulator of motor vehicle sales in Ontario. It was a year marked by successes and achievements in many areas. Consumer protection and awareness were advanced, education was improved and services to our registrants were enhanced on many fronts – all made possible by a staff dedicated to consumer protection and whose expertise and commitment to service, education, awareness, regulation and enforcement proudly serve the people of Ontario.

One of the key services provided to consumers is the handling of inquiries and complaints. In 2013, OMVIC's Complaints Team responded to tens of thousands of calls and handled 1,173 formal complaints resulting in the return of over \$1.1 million to purchasers. This figure does not include the significant value of non-monetary settlements, such as repairs or vehicle returns, which were also negotiated throughout the year.

While helping consumers deal with problems is vital, we also recognize that the prevention of "problems" is equally important. Often, this can be achieved by education. This is why outreach to both consumers and registrants continued to be a top priority in 2013. One major component of our consumer awareness plan is the annual fall advertising/marketing campaign. The 2013 campaign adopted a new theme – "You're Protected." Promoting the protections car buyers receive from Ontario's consumer protection legislation when they purchase from OMVIC-Registered Dealers while continuing to educate consumers about the dangers posed by curbsiders, the campaign generated 116 million potential viewings (impressions) and specifically targeted consumers involved in the car-buying process. This year, a new "tool" was introduced as part of the annual campaign:

an interactive online quiz that challenged consumers to test their vehicle-buying knowledge while educating them on their car-buying rights in Ontario. The quiz has proven to be a very successful and popular feature.

OMVIC's online presence was also dramatically improved in 2013 with the redevelopment of our websites: omvic.on.ca and buywithconfidence.ca were completely redesigned. With usability and clarity as key features, OMVIC's e-Business, Communications and Registration Teams worked doggedly for more than a year to craft and build the new websites. Not only is the content expanded and renewed, dealers and salespeople now have access to online registration renewals. Given the complex nature of these multi-faceted projects, both the new websites and online services have been hugely successful, and we are proud of these accomplishments.

OMVIC's outreach has been effective and is seen in compliance efforts of the vast majority of registrants. In the small number of cases where dealers or salespeople have failed to meet the requirements of the MVDA, OMVIC's Business Standards, Inspections, Investigations and Legal Teams have actively fulfilled their role in providing enforcement and prosecution. In 2013, OMVIC Inspectors conducted 2,818 inspections; OMVIC Investigators conducted 598 investigations and laid 181 charges; 71 Code of Ethics matters were initiated via the discipline process; and the Motor Vehicle Dealers Compensation Fund approved 20 claims that reimbursed \$100,000 to consumers.

Finally, I want to make you aware of one initiative piloted in 2013 that demonstrates OMVIC's value and reflection of the diverse communities we serve: a multilingual translation service. Via this pilot project, non-English speakers can communicate with OMVIC staff in over 150 languages, at no cost to the consumer (or registrant). Any Ontarian can access the service simply by calling OMVIC; within minutes a translator will join and assist in the call. This program will receive wider implementation in 2014 and help ensure OMVIC staff can serve non-English-speaking Ontarians who may have questions or concerns regarding a car-buying experience.

Message from the Registrar

Minister, OMVIC remains committed to providing excellence in service to all stakeholders as we diligently strive to ensure a fair and informed marketplace for Ontario consumers and registrants alike. We look forward to the challenges of 2014 and to our continued relationship with your office and your ministry.



Carl Compton

Executive Director and Registrar

OPERATIONS

Business Accomplishments

CONSUMER PROTECTION

STRATEGY	Provide complaint-handling provision
2013 – 2015 Targets	2013 Activities and Results
OMVIC's Complaints Team anticipates handling approximately 1,100 complaints per year throughout the planning period.	OMVIC complaint handlers provided assistance to consumers and dealers in 1,173 formal complaints, resulting in \$1,108,000 returned to consumers.

DEALER PROFESSIONALISM

STRATEGY	Develop educational opportunities for registrants
2013 – 2015 Targets	2013 Activities and Results
Work collaboratively with trade associations and industry members to update the "Best Practices for Leasing" document from 2002.	Assisted with content development of webinars on financial management and MVDA key elements.
STRATEGY	Explore opportunities to require further educational courses be taken by high-risk registrants
2013 – 2015 Targets	2013 Activities and Results
Develop a policy regarding the application of Section 14 of the MVDA requiring the completion of further educational courses by a registrant who is the subject of a complaint.	Finalized policy and procedures regarding requirement to take further educational courses pursuant to Section 14 of the MVDA.

Business Accomplishments

DEALER PROFESSIONALISM

STRATEGY	
Review policies to assist with compliance	
2013 – 2015 Targets	2013 Activities and Results
Upgrade standards for retail dealers' premises.	In consultation with key stakeholders, finalized policy and implementation plan regarding premises requirements for retail dealers. Objective is to ensure dealers who conduct business with consumers have a professional business premises that is safe for consumers and provides secure storage of books and records. Policy scheduled for launch in February 2014.
STRATEGY	
Facilitate ongoing communication with stakeholders	
2013 – 2015 Targets	2013 Activities and Results
Facilitate regular enhanced communication between OMVIC and stakeholders.	Three meetings of OMVIC's Stakeholder Relations Committee were held in 2013. Topics discussed included: • Advertising disclosure • Dealer premises requirements • Electronic records • "Greenwashing" of aftermarket products • Negative equity and long-term credit agreements OMVIC also conducted focus groups for the following: • Dealership office managers prior to launch of online services • Leasing dealers and trade association representatives around the development of an updated leasing best practices document

CUSTOMER SERVICE

STRATEGY	
Provide excellence in customer service	
2013 – 2015 Targets	2013 Activities and Results
Maintain or exceed current customer satisfaction levels.	In 2013, over 3,400 customer service survey responses were received. OMVIC staff consistently average more than four on a five-point scale for knowledge, efficiency and courtesy. <i>Note:</i> These surveys are sent automatically via email to dealers, salespeople and consumers when complaint files, inspections and specified registration transactions are closed. In 2013, the Complaints Department initiated a pilot project to offer telephone translation services to consumers in their native language.

Business Accomplishments

CUSTOMER SERVICE

STRATEGY		Increase employee sensitivity to diversity and human rights issues	
2013 – 2015 Targets		2013 Activities and Results	
Invite associations representing the interests of vulnerable groups (e.g., the elderly and those who suffer from mental illness) to make presentations to OMVIC staff.		Identified educational opportunities for staff to understand challenges faced by vulnerable groups through guests speakers at staff lunch 'n' learns (Canadian Mental Health Association), piloted use of telephone translation services and support for charitable causes (Holiday Angel Program, New Circles Community Services, Typhoon Haiyan Disaster Relief, etc.).	
STRATEGY		Introduce online services for partners and registrants	
2013 – 2015 Targets		2013 Activities and Results	
Launch online renewals for dealers and salespersons. Registrants will be able to: • Process on-time renewals of dealers or salespersons • Update profile information • Monitor the registration status of related salespersons (dealers only) • Receive email notifications regarding key events		Online registration services for dealers and salespeople launched in October 2013. Registrants who create an online account can now renew registrations online, update contact information and receive important email notifications (e.g., registration due for renewal, registration about to expire). Dealers using online services can also monitor the registrations of related salespeople.	
STRATEGY		Annually review and update all registration forms to ensure ease of use	
2013 – 2015 Targets		2013 Activities and Results	
Review and update all registration forms as needed. Collaborate with Rotman School of Business on review of standard eligibility questions.		Registration forms updated based on feedback from registrants, staff and key stakeholders. Completed. A study analyzed whether a rewording of eligibility questions or the insertion of an honour code would increase the frequency of voluntary disclosure. The study has been completed. Results of data analysis were that there is no statistically significant difference in voluntary disclosure of adverse past conduct between the different versions of the form tested.	

Business Accomplishments

CUSTOMER SERVICE

STRATEGY	
Further develop professionalism of OMVIC staff	
2013 – 2015 Targets	2013 Activities and Results
Provide formal Alternative Dispute Resolution training for Complaints Team management to facilitate adoption of new techniques for complaints resolution.	More than 20 Operations staff attended educational courses in 2013. Subjects included conflict management, alternative dispute resolution and customer service.

ADMINISTRATION OF THE MVDA

STRATEGY	
Ensure OMVIC is adequately funded, as required by the administrative agreement	
2013 – 2015 Targets	2013 Activities and Results
Review and make recommendations regarding fees structure to promote more effective use of OMVIC resources.	Implementation of funding proposal deferred to 2015.

Overview

REGISTRATION

The number of registered salespeople in Ontario increased in 2013 to 25,146 (up 526 from 2012), continuing a pattern of growth that began shortly after OMVIC's inception in 1997. The number of registered dealers declined slightly to 8,037 (8,086 in 2012). Registration is mandatory for motor vehicle dealers and salespeople in Ontario.

Registration Services

In 2013, we saw the highly successful launch of online registration renewal services for registered dealers and salespeople. As of October 26, 2013, dealers and salespeople were able to renew their registrations and pay all associated fees online. Users can also update pertinent information online and receive important email notifications (e.g., "registration is due for renewal," "registration about to expire," etc.). Dealers can also monitor the registration status of related salespeople and receive email notifications regarding the registration status of their sales staff.

During 2013, Registration staff:

- Processed 620 new dealer applications
- Processed 3,215 new salesperson applications
- Renewed 7,874 business registrations
- Renewed 11,543 salesperson registration
- Performed 32,181 other transactions that included registrant information changes, transfer and terminations

OMVIC's Registration Team has maintained short turnaround times for processing new dealers' and new salespeople's applications.

The turnaround time for a properly completed salesperson application was 2.2 days (compared to 1.9 in 2012) and 28.1 days (compared to 25.4 in 2012) for new dealer applications.

Customer Satisfaction

Dealers and salespeople who have interactions with OMVIC staff on any registration application are provided an electronic customer service survey. In 2013, 2,229 customer service surveys were completed. Registration Team members consistently rated higher than four on a five-point scale in the areas of courtesy, knowledge and efficiency. The Registration Team also maintained an average response time well below the targeted one-minute mark for telephone inquiries.

More than 180,000 telephone inquiries were handled by OMVIC staff during 2013, up from approximately 160,000 inquiries handled in 2012.

Registration and the MVDA

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

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

The volume of Registrar's actions in 2013 was 1,267 – a decrease from 1,415 in 2012. Actions included proposals to refuse or revoke registration and the inclusion of terms and conditions on registration.

Overview

COMPLAINT HANDLING

OMVIC's Complaints Team handles inquiries and complaints from consumers and dealers alike regarding the conduct of registered motor vehicle dealers and salespeople in Ontario. Complaints can be submitted online through OMVIC's website (omvic.on.ca) or by phone (1-800-943-6002). OMVIC staff handled more than 180,000 telephone inquiries during 2013, and the response time for telephone inquiries was reduced significantly: from 73 seconds in 2012 to 44 seconds in 2013. This was accomplished despite a significant rise in the number of formal complaints handled by the Team: from 954 in 2012 to 1,173 in 2013. These efforts resulted in additional compensation to consumers from \$891,000 in 2012 to \$1,108,000 in 2013.

When first contacted by a consumer, Complaints staff provide self-help instructions to the consumer/dealer and may escalate the file immediately depending on the nature/severity of the complaint and the information provided by the complainant. In most situations, before direct conciliation efforts are begun, consumers are encouraged to attempt to solve a dispute by contacting the dealer directly. If that is not successful, a complaint file is opened and an OMVIC complaint handler will become directly involved. It may take a few hours to a few weeks – or even months – to complete the complaint-handling process, depending on the complexity of issues, the availability of documents and the level of co-operation of those involved. Issues relating to contract cancellation, misrepresentation, vehicle condition, contract disputes and safety certificates are the most common complaints handled. *Note:* OMVIC cannot order a dealer to settle a complaint in a particular fashion – only the courts have this authority.

In the event a consumer feels a complaint has not been handled properly by OMVIC, the consumer may appeal to the Appeals Committee of OMVIC's Board of Directors. The Appeals Committee is chaired by a non-industry board member.

Translation Service Initiative

In 2013, the Complaints Team piloted the use of telephone translation service to assist consumers in over 150 different languages. To date, services have been provided to consumers in Cantonese, Mandarin, Romanian, Punjabi, Portuguese, Korean, Tigrinya and Russian.

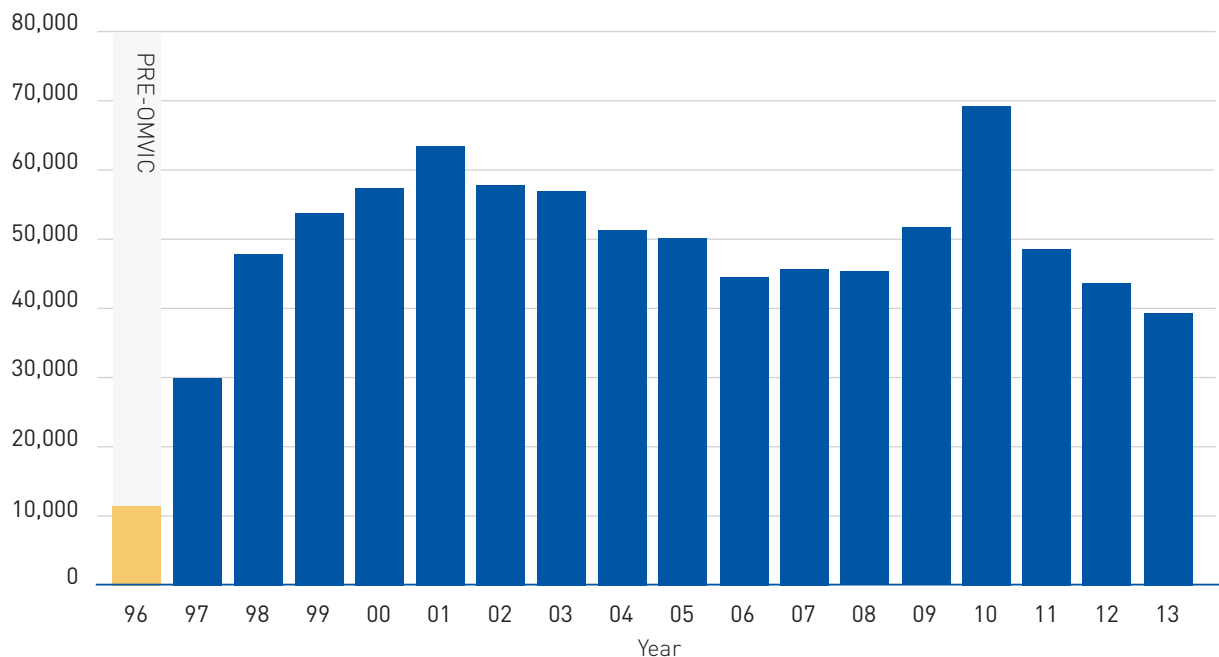
Performance Overview

REGISTRATION ACTIVITIES 2013

ACTIVITY	2013	2012	2011	2010
New Registration – Dealers	620	711	803	774
New Registration – Salespeople	3,215	3,117	3,179	2,915
Renewals – Dealers	7,874	7,677	7,680	8,326
Renewals – Salespeople	11,543	10,807	10,879	11,221
Information Changes*	32,181	30,262	30,758	25,587

*This includes information changes, terminations and salesperson transfers.

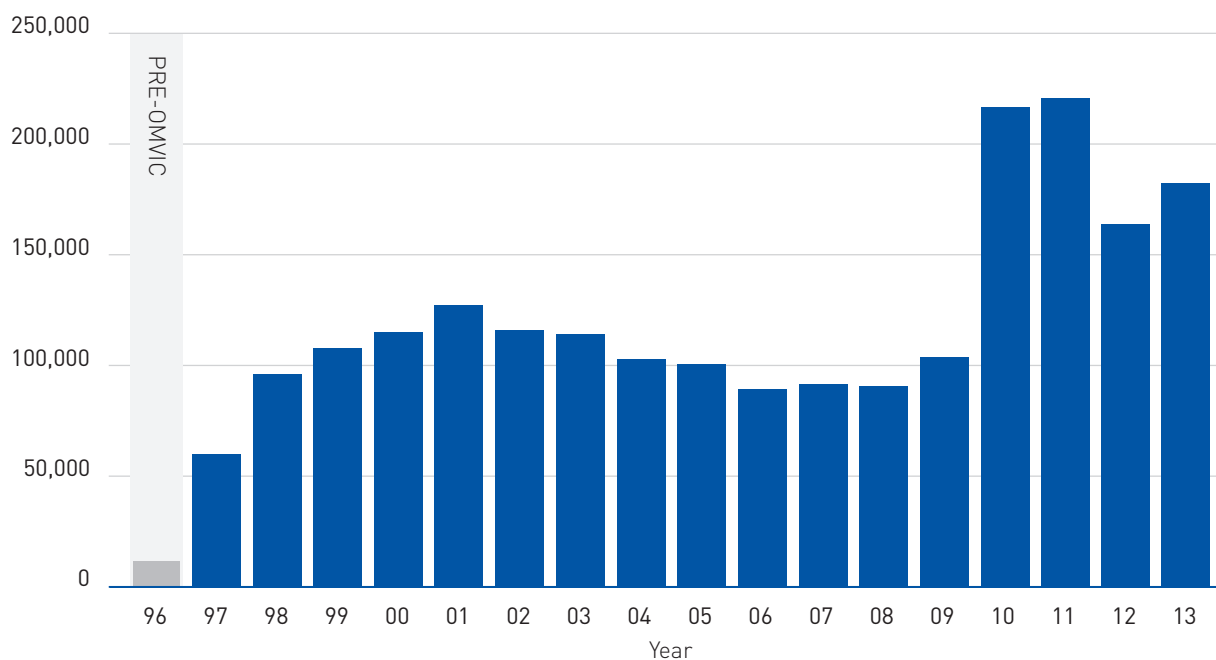
INQUIRIES 2013 – TOLL-FREE



Inquiries (1-800 line): staff handled 39,055 toll-free calls in 2013.

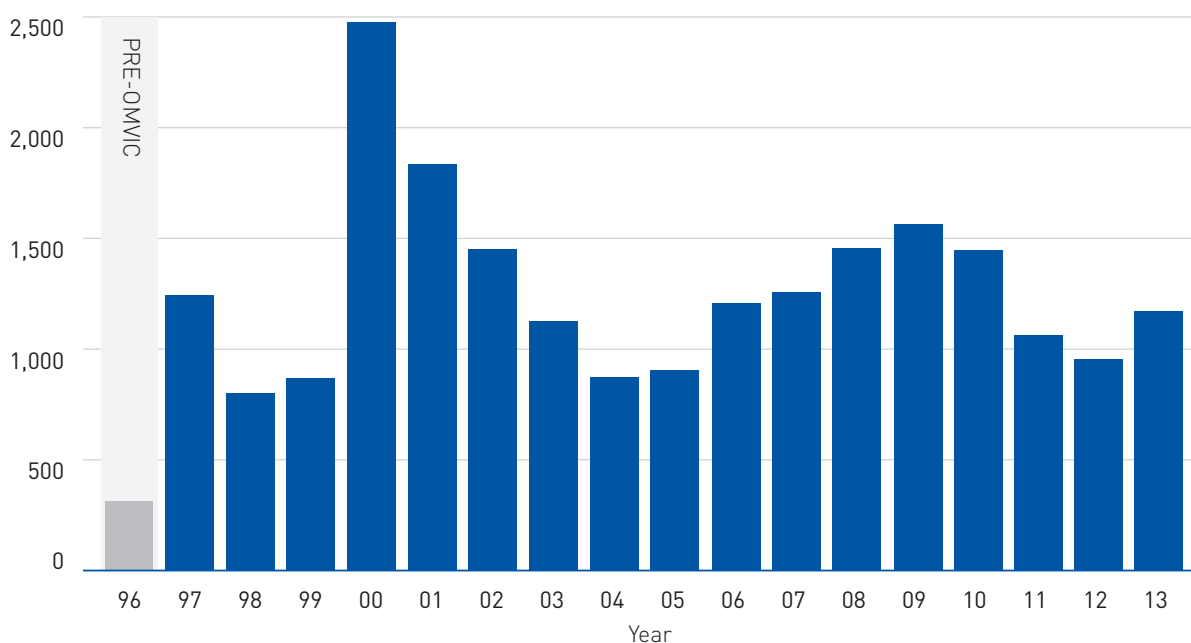
Performance Overview

INQUIRIES 2013 – TOTAL



Inquiries (total): staff handled 182,112 calls (local and toll-free) in 2013.

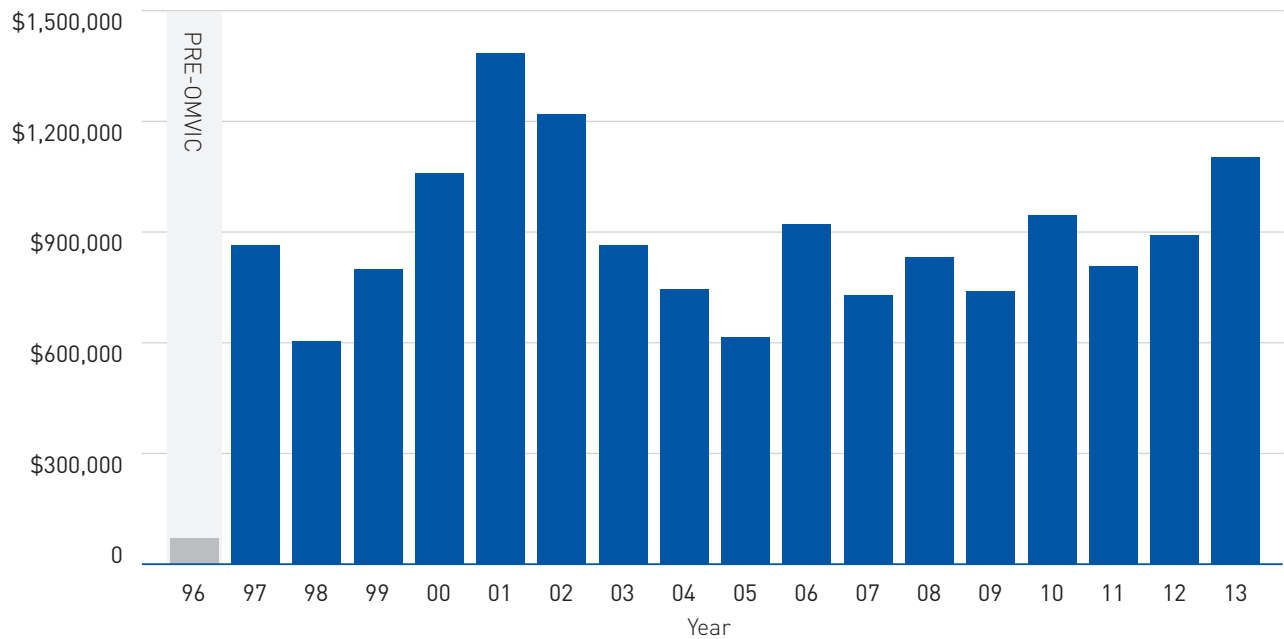
COMPLAINTS HANDLING 2013



Complaints Team was actively involved in handling 1,173 formal complaints in 2013.

Performance Overview

CONCILIATION – MONEY RETURNED TO CONSUMERS 2013



As a result of Complaints Team efforts in 2013, \$1,108,000 was returned to consumers by dealers. This figure does not include the significant value of non-monetary settlements, such as vehicle repairs or vehicle returns, which were also negotiated, nor does it include Compensation Fund payouts.

Business Accomplishments

CONSUMER PROTECTION AND MVDA AWARENESS

STRATEGY	Build awareness and promote understanding of the MVDA through implementation of strategic communications
2013 – 2015 Targets	2013 Activities and Results
Use opportunities for delivery of core messages (e.g., television, alternate publications, sponsorships).	Messaging designed to inform consumers of their rights and, when they apply, OMVIC's role and the dangers posed by curbsiders delivered via TV advertising (CP24); advertising in <i>Toronto Sun</i> (<i>First Time Car Buyers' Guide</i>), <i>ONtheGO Magazine</i> (12 monthly ads/advertorials), six months of weekly ads in the classified section of all Ontario weekly newspapers, advertorials in Toronto and Georgian College auto show programs; sponsorship of Automobile Protection Association's <i>Lemon-Aid Car Show</i> on Rogers TV Toronto, Ontario Association of Chiefs of Police (OACP) Drive Safe Campaign, and the Jim Bray NASCAR Canadian Tire Series Racing Team (exposure at races and broadcasts on TSN).
Continue use of mass media to promote OMVIC's core messages.	27 interviews provided with mainstream media, including <i>Windsor Star</i>, CTV, <i>Wheels</i> (<i>Toronto Star</i>), <i>Hamilton Spectator</i>, AM900 and CP24. Four news releases issued.
Through the fall consumer-awareness campaign, continue to build awareness of: • The rights and protections available to Ontario consumers when buying from registered dealers (and lack of protections in private transactions) • The MVDA's key pillars, including: • All-in pricing and disclosure in advertising • Vehicle history/condition disclosure • Rescission rights • Access to the Compensation Fund • The dangers posed by curbsiders (especially in the online marketplace) and ways to identify them • The Creepometer as an effective method to identify curbsiders	The 2013 campaign "You're Protected" represented a new strategic direction and focused on the four pillars of protection (all-in pricing, full disclosure, rescission rights, access to Compensation Fund) available when consumers buy from OMVIC-Registered Dealers, the lack of protection available when buying privately, and the dangers posed by curbsiders. Campaign used Ontario-wide advertising in online marketplaces where consumers were actively involved in the car shopping process as well as on TV (via a new commercial featuring consumer advocate Peter Silverman), on billboards throughout the 401 corridor, and in the <i>Toronto Sun</i> and its affiliated website. Campaign included launch of interactive online quiz that challenged consumers to test their car-buying (consumer rights) knowledge. This technique dramatically improved the ad's effectiveness and click-through rate (percentage of individuals visiting web page accessed via link in advertisement). Total campaign impressions (possible views): 116,920,900.

Business Accomplishments

CONSUMER PROTECTION AND MVDA AWARENESS (CONT'D)

STRATEGY	Build awareness and promote understanding of the MVDA through implementation of strategic communications
2013 – 2015 Targets	2013 Activities and Results
Reach out to stakeholders (e.g., associations, newcomer centres, government, etc.) to promote OMVIC messaging. Continue registered dealer participation in the decal program. Continue to build awareness of OMVIC as the regulator.	Dozens of emails and letters sent to newcomer and community centres, as well as to senior associations/organizations to make them aware of OMVIC and its resources, including the OMVIC consumer rights car-buying seminar. Bulletin issued to all dealers and story published in <i>Dealer Standard</i>, making dealers aware of campaign, encouraging leverage of the campaign message and inviting dealers to request additional decals if needed. As well, provided link to enable dealers to download Buy With Confidence logo for use in dealer advertising. Campaign promoted (through dramatically increased use of logo and messaging) OMVIC as the industry regulator; this represents an important shift in campaign messaging.
STRATEGY	Redesign website
2013 – 2015 Targets	2013 Activities and Results
Continuously revise web content to reflect new legislation, policies and procedures. In conjunction with e-Business Team, modernize and ensure usability of omvic.on.ca and buywithconfidence.ca.	Working in close collaboration with e-Business Team, both websites (omvic.on.ca and buywithconfidence.ca) were completely redesigned and launched. New websites have dramatically improved user interface, searchability and readability. Content underwent thorough review and edit. Content revisions and enhancements are ongoing on a regular basis.

Business Accomplishments

CONSUMER PROTECTION AND MVDA AWARENESS (CONT'D)

STRATEGY		Increase awareness of OMVIC and the MVDA
2013 – 2015 Targets	2013 Activities and Results	
Provide educational materials to registrants through multiple channels. Provide consumer awareness materials through multiple channels.	Four <i>Dealer Standards</i> and 10 <i>Dealer Bulletins</i> issued to registrants. Messaging also provided via social media (Facebook and Twitter). Educational materials were made available through 11 Advertising and Disclosure Seminars delivered to dealer groups and via webinar hosted by Kijiji (160+ viewers). Full-page ad ran in the Used Car Dealers Association's (UCDA's) <i>The Ontario Dealer</i> magazine, promoting free Advertising and Disclosure Seminars. Eight <i>Consumer Line</i> newsletters issued. Six consumer rights car-buying seminars held across GTA using newly revised PowerPoint presentation. Participated in numerous trade shows, including Canadian International AutoShow, Georgian College Auto Show, Honda Indy, Student Life Expo, and ZoomerShow! Lifestyle Expo. Trade show display and banners were redesigned, attracting more attention and visitors with more relevant messaging and dramatic visuals. Materials and information were also made available via social media (both Facebook and Twitter), by guest appearances on live radio and TV programs (<i>South Asian Car Talk</i>, <i>AutoShop</i>, <i>Lemon-Aid</i>), and during a NASCAR race driver signature event.	
STRATEGY		Increase awareness of Compensation Fund
2013 – 2015 Targets	2013 Activities and Results	
Work closely with the Motor Vehicle Dealers Compensation Fund to create and deliver a public education program through the use of mainstream and ethnic media.	Developed/launched public awareness campaign using targeted media strategies. Print ads ran in <i>Sing Tao Daily</i> newspaper, and broadcast ads aired on 680 News and OMNI TV. Campaign considered highly successful generating 36,710,000 impressions (potential views).	

Business Accomplishments

EDUCATION AND DEALER PROFESSIONALISM

STRATEGY		Facilitate regular enhanced communication between OMVIC and stakeholders
2013 – 2015 Targets	2013 Activities and Results	
Continue to use bulletins, newsletters, e-newsletters and social media to reach stakeholders.	Four <i>Dealer Standards</i> issued. 10 <i>Dealer Bulletins</i> issued. Eight <i>Consumer Line</i> issued. 90 Facebook posts. 229 Twitter tweets.	
STRATEGY		Promote educational opportunities and enhance professionalism
2013 – 2015 Targets	2013 Activities and Results	
Continue to make available and deliver Advertising and Disclosure Seminars to dealers and dealer groups as required.	Six Advertising Seminars, eight Disclosure Seminars and one webinar (advertising with 160+ participants) presented by Communications staff (some in conjunction with Business Standards staff).	
Make Disclosure Seminar available to the Inspections Team for wider distribution of educational opportunities.	Seminar and PowerPoint reviewed with Inspections Team and copies provided. Seminar promoted in <i>Dealer Standard</i> .	
Provide direct training (seminars) to dealers identified as requiring remedial training in specific areas (e.g., disclosure, contracts).	None ordered in 2013.	
Explore opportunities for increasing proportion of dealers and salespeople who have taken the OMVIC Certification Course and for introduction of MVDA educational programs.	Liaised with Georgian College (Automotive Business School of Canada) to increase promotion of OMVIC Certification Course and the benefits of the C.A.L.E. designation (Certified in Automotive Law and Ethics), to both registrants and consumers. Georgian implemented initiatives to promote/advertise in various mediums.	

Business Accomplishments

EDUCATION AND DEALER PROFESSIONALISM (CONT'D)

STRATEGY		Develop new educational opportunities for registrants
2013 – 2015 Targets	2013 Activities and Results	
Work with Georgian College to develop and make available an online course teaching the key elements of the MVDA and CPA.	Liaised extensively with Georgian to determine/develop content for three new online courses: MVDA Key Elements, Automotive Record Keeping and Automotive Language Preparedness. Once developed, the courses underwent review by OMVIC staff; feedback provided to college. Courses currently undergoing refinement; Georgian expects courses to be available spring 2014.	

BOARD GOVERNANCE/OPERATIONS

STRATEGY		Review, identify and address new areas of enterprise risk
2013 – 2015 Targets	2013 Activities and Results	
Continue refinement of crisis communications planning.	Strategies prepared/reviewed/refined. Media training for designated senior management and Communications staff planned for early 2014 .	

Overview

CONSUMER AWARENESS

OMVIC's communications and public awareness initiatives included the complete redesign of two websites and the use of proven (and new) creative methods to promote public awareness in 2013, including:

- Direct advertising to consumers actively involved in the vehicle-buying process, including interactive online advertising (Car-Buying Quiz)
- Continued use of multiple advertising mediums (TV, print, online and social media)
- Continued engagement with mainstream media
- Restrategized annual consumer-awareness campaign
- Redesigned websites
- Direct outreach to consumers via newsletters and seminars
- Partnership/sponsorship opportunities (NASCAR, OACP Drive Safe Campaign and the APA *Lemon-Aid Car Show*)
- Greater presence at trade shows and events

Websites

OMVIC's websites (buywithconfidence.ca and omvic.on.ca) were completely redesigned in 2013. Launched in late October, the new sites offer dramatically improved usability and ease of navigation. Much of the content (for both dealers and consumers) has been revised and dealers now have access to online renewal services. The last two months of 2013 saw a 750 per cent increase in the number of visitors to buywithconfidence.ca over the same period in 2012. This remarkable increase was, in part, due to the fall consumer campaign advertising, interconnectivity with omvic.on.ca, increased social media, assistance from autoTRADER to warn consumers about online scams (links from autoTRADER ads), and the creation/marketing of the Car Buying Quiz.

Car-Buying Quiz

As part of the "You're Protected" campaign, OMVIC made available an online quiz design to test and demonstrate a consumer's car-buying savvy. This fun and interactive quiz

was accessible on buywithconfidence.ca and was linked directly from ads placed on Kijiji and autoTRADER. These ads were designed to reach consumers directly involved in the car-buying process. In less than three months, the quiz was viewed 17,699 times; the average time spent visiting the quiz was 5:25 minutes.

Mediums

TV – OMVIC produced a new 30-second TV commercial designed to inform consumers about the protections provided when buying from a registered dealer, including full disclosure of history/condition, all-in price advertising, access to the Compensation Fund, and the lack of protections in a private transaction. This commercial, featuring consumer advocate Peter Silverman, replaced OMVIC's previous TV ad and aired twice weekly on CP24's *AutoShop* – a call-in consumer protection program. This video will also be used as part of OMVIC's display at the 2014 Canadian International AutoShow and is posted on buywithconfidence.ca and YouTube.

PRINT – OMVIC used *ONtheGO* Magazine to deliver a number of key messages to consumers. This commuter-targeted publication carried 11 full-page "Know When You're Protected" advertisements as well as five full-page articles; topics varied from the dangers of curbsiders to car-buying scams to car-buying rights and how they apply.

OMVIC placed advertorials in the *Toronto Sun First Time Car Buyers' Guide* and in the programs for the Canadian International AutoShow and Georgian College Auto Show.

Dealers were also targeted via print media with a full-page ad placed in the inaugural edition of the UCDA's *The Ontario Dealer* magazine.

News Media

OMVIC issued four news releases and conducted nearly 30 interviews with members of the media in 2013. Many of the resulting stories related to vitally important information designed to make consumers aware of scams and frauds specifically targeting Canadians.

Overview

Sponsorships

OMVIC again partnered with the OACP and the APA in 2013 in an effort to support their worthwhile initiatives and to use the sponsorship as an opportunity to further disseminate OMVIC's core messages of consumer protection, avoiding curbsiders and the four pillars of the MVDA. OMVIC also sponsored the Jim Bray NASCAR Canadian Tire Series Racing Team and radio broadcasts of the SUBWAY Super Series Canada-Russia junior hockey tournament.

Title sponsorship of the APA *Lemon-Aid Car Show* on Rogers TV provided the following:

- Inclusion in graphic of show title; airs at the introduction, all breaks, closing credits
- Promotion of the program on Rogers TV and 15 U.S. specialty channels, including A&E, CNN, TLC, American Movie Classics (AMC), Peachtree TV, GOLF, Game Show Network, BBC World News, Fox News Channel, Black Entertainment Television, Spike TV, Bloomberg Television, NFL Network, Military Channel and MSNBC (100/week)
- Two 15-second sponsorship advertisements that run three times in every broadcast

- OMVIC name included on the Rogers digital listings guide
- Home page banner ad, rotated on rogerstv.com/toronto with a click-through to OMVIC website
- Logo and sponsorship advertisement, or click-through on "OMVIC presents Lemon-Aid Car Show" show page on rogerstv.com/toronto
- Twitter and Facebook hits to promote the show

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

Sponsorship of the Jim Bray Racing Team in the NASCAR Canadian Tire Series provided not only title exposure on two vehicles at two popular race venues, but even greater exposure via TV broadcast of both races on TSN.



Overview

OMVIC sponsored the Team Canada power play and penalty kill for radio broadcasts of the SUBWAY Super Series Canada-Russia junior hockey tournament. Messages, designed to promote OMVIC as regulator and to inform consumers about their car-buying rights, included the following:

- This power play is brought to you by OMVIC, Ontario's regulator of vehicle sales. To learn more about your car-buying rights, visit buywithconfidence.ca.
- This power play is brought to you by OMVIC. OMVIC protects Ontario vehicle buyers and enforces consumer protection laws. Learn more about your car-buying rights at buywithconfidence.ca.
- This power play is brought to you by Ontario's regulator of motor vehicle sales – OMVIC. Did you know you're only protected by consumer protection laws when you buy from a registered dealer? If you buy privately, you're on your own. Learn more about your consumer rights at buywithconfidence.ca.



Direct Outreach

In 2013, eight issues of *Consumer Line* were published. This e-newsletter provides advice, tips and industry news to consumers. Many of the topics discussed were recommended by the Consumer Protection Advisory Committee.

Six car-buying seminars were held. These seminars outline the rights and protections available to Ontarians and teach vehicle buying strategies and considerations.

EDUCATION AND DEALER PROFESSIONALISM

Automotive Certification Course

The Certification Course is mandatory for anyone seeking registration as a dealer or salesperson. Successful students who then become registered with OMVIC earn the C.A.L.E. designation. The course is administered by the Automotive Business School of Canada (Georgian College) and taught by experienced OMVIC staff. Twenty-seven in-class sessions were taught in 2013, an increase of four over 2012.

The Dealer Standard

OMVIC's industry newsletter, *The Dealer Standard*, provides ongoing communication with the dealer community. Written features promote education and awareness by reporting OMVIC activities and industry news and events. Four issues were published in 2013.

The Dealer Bulletin

Dealer Bulletins are issued on an ad hoc basis to make dealers and salespeople aware of current topics or issues. Often these bulletins are meant as timely and important reminders/warnings to stem trending non-compliance. Ten *Dealer Bulletins* were distributed in 2013.

Seminars

Positive feedback continues to be received for OMVIC's Advertising and Disclosure Seminars. Delivered by a combination of Communications, Business Standards and Inspections staff, a total of 14 seminars were held in 2013. These do not include an advertising webinar hosted by the Kijiji Autos Team (160+ dealers participated). Each seminar addressed the advertising and/or disclosure requirements of the MVDA and CPA.

Overview

New Online Courses

OMVIC Communications staff have worked closely with Georgian College to develop three new online courses: MVDA Key Elements, Automotive Record Keeping and Automotive Language Preparedness. These courses are expected to become available from the college in 2014.

Website (dealer/salesperson resources)

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

CONCLUSION

2013 was a highly successful year for the OMVIC Communications and Education Team, that built upon the successes of previous initiatives and campaigns. This is demonstrated in the following performance measures:

CONSUMER AWARENESS			
	Measure	2008-9	2013
% of consumers surveyed who are aware that motor vehicle dealers must be registered	Improve benchmark of 43%	43%	81%
% of consumers surveyed who do not know what a "curbsider" is	Improve benchmark of 49%	49%	34%

Business Accomplishments

DEALER PROFESSIONALISM/COMPLIANCE/CONSUMER PROTECTION

STRATEGY	Standards of Business Practice: staff educate dealers, review advertising and assist in development and delivery of effective educational materials for dealers to improve compliance with Code of Ethics and advertising regulations
2013 – 2015 Targets	2013 Activities and Results
Participate in dealer-education seminars regarding advertising and Code of Ethics compliance. Continue to provide knowledgeable advice to dealers regarding advertising issues and monitor emerging trends. React quickly and innovatively to address violations of the Code of Ethics, including but not limited to advertising concerns, by providing verbal warnings, formal caution letters or Notices of Complaint to offending registrants.	26 dealers and their staff attended education presentations on advertising requirements and/or MVDA requirements at various dealer locations. Over +160 dealers participated in Kijiji-hosted webinar on advertising requirements. OMVIC staff fielded 440 calls from advertising agencies or dealers requesting advice on advertising matters, contacted 392 dealers regarding published advertising concerns, and issued 31 formal warning letters related to compliance concerns noted during inspections; and they explained MVDA requirements and OMVIC expectations.
STRATEGY	Inspections: an inspection program that employs risk-management principles to target problem areas, reviews consumer and dealer complaints and anticipates trends that pose a risk
2013 – 2015 Targets	2013 Activities and Results
Complete 2,500 inspections in 2013. To minimize consumer risk, more than 50 per cent of inspections will arise from risk-based inspection lists.	There were 2,818 inspections conducted in 2013. Of those, 6.5 per cent were escalated to senior management for further review of compliance concerns. Sixty-two per cent were closed by Inspectors as no further action was required. The inspection program continued to focus on risk-based inspection criteria. Sixty-one per cent of inspections conducted were risk based, 21 per cent were conducted on new dealer registrants, and 18 per cent were routine in nature. Inspectors provided input for the financial management course material based on their experiences with dealership records.

Business Accomplishments

DEALER PROFESSIONALISM/COMPLIANCE/CONSUMER PROTECTION (CONT'D)

STRATEGY		Review and re-assess existing premise requirements for dealers
2013 – 2015 Targets	2013 Activities and Results	
Consult with industry stakeholders about enhancements to the premise policy in order to ensure dealers are operating from their registered business premises. Recognize and adapt to new and emerging business models (e.g., Internet-based models) to enable success without posing risk to the public.	In consultation with key stakeholders, finalized policy and implementation plan regarding premises requirements for retail dealers. Objective: to ensure retail dealers have a professional business premises that is safe for consumers and provides secure storage of books and records. Policy scheduled for launch in February 2014.	
STRATEGY		Enhance advertising disclosure requirements
2013 – 2015 Targets	2013 Activities and Results	
Consult with industry and consumer stakeholders to enhance mandatory disclosures in advertising to ensure transparency (e.g., branding disclosures, odometer-reading irregularities).	Consultation and review with stakeholders around subsequent changes to the Standards of Business Practice to be completed in 2014. Advertising Seminar presentation updated in conjunction with Communications staff.	

Business Accomplishments

ADMINISTRATION OF THE MVDA

STRATEGY		Review inspection policies and procedures
2013 – 2015 Targets	2013 Activities and Results	
Inspection Team to review forms, templates, policies and procedures used during inspections and recommend changes or enhancements. Monitor risk-based inspection model and outcomes to ensure risk factors are effective and rate of recidivism decreases.	In anticipation of new-premises requirements for general dealers in 2014, inspection forms and procedures were reviewed and modified. System changes were also put in place to record findings.	

CUSTOMER SERVICE

STRATEGY		Develop Mega Dealer Project
2013 – 2015 Targets	2013 Activities and Results	
Identify unique considerations/requirements of large dealer groups.	Kick-off meeting with staff conducted to set parameters to identify large dealer groups and possible unique requirements associated with them. Identification of the number of dealer groups and composition completed in draft. Industry consultation will begin in 2014.	

MOTOR VEHICLE DEALERS COMPENSATION FUND

STRATEGY		Continue to reach out to vulnerable consumers about existence of the Fund
2013 – 2015 Targets	2013 Activities and Results	
Institute communications plan via radio and ethnic media to enhance knowledge of the Fund for consumers in vulnerable sectors and general population. Continue distribution of multilingual versions of the Compensation Fund brochure via OMVIC's website.	Allocated \$63,500 for outreach to vulnerable consumers through OMNI television, <i>Sing Tao Daily</i> newspaper and 680 News. In addition, the Compensation Fund brochure is available in 10 different languages online.	

Business Accomplishments

COMPENSATION FUND BOARD EFFECTIVENESS AND STAFF ACCOUNTABILITY

STRATEGY		Ensure claimants to the Fund are satisfied with service provided by staff and the board
2013 – 2015 Targets		2013 Activities and Results
Continue to survey Compensation Fund claimants about the knowledge, courtesy and helpfulness of staff and response time of the board to claims. Maintain or improve current survey results that rank all categories at three or more on a scale of four.		Turnaround times for claim consideration by the board (currently 64 days) and subsequent turnaround times for restitution to consumers, if applicable, (currently at eight days) are monitored and reported to the Compensation Fund board annually. In addition, surveys are sent to all claimants to the Fund regardless of claim outcome. The Fund has maintained an average of three or more on a scale of four in areas of knowledge, courtesy, efficiency and timeliness. All Compensation Fund board members completed the OMVIC Certification Course.
STRATEGY		Ensure board member familiarity with MVDA, CPA and <i>Sale of Goods Act</i>
2013 – 2015 Targets		2013 Activities and Results
Maintain or improve effective governance.		Compensation Fund board members passed changes to the bylaws requiring all new board members to complete OMVIC Certification Course within one year of appointment.
STRATEGY		Cost-effective management of claims process and board costs while assisting commitment to conservation
2013 – 2015 Targets		2013 Activities and Results
When practical, arrange for teleconferences to manage meeting costs and minimize environmental impact of travel.		Two meetings held via teleconference to maintain costs and efficiency of claim considerations by board. Meeting packages, including agenda, financial statements and claims are sent electronically to Compensation Fund board members whenever possible.

Overview

INSPECTIONS

OMVIC completed 2,818 inspections during 2013. This inspection program is a vital component of OMVIC's overall strategy to ensure compliance with the MVDA; this increases the level of protection for both consumers and dealers.

Strategies

OMVIC uses a risk-based inspection model and also conducts inspections on a routine basis. High-risk registrants are visited more frequently than the general dealer population. Dealers subject to terms and conditions imposed by an independent tribunal, previous discipline proceedings and investigations (regardless of outcome) are examples of risk identifiers. The process of identifying risk is fluid and includes the monitoring of industry trends and auto manufacturer performance.

Sixty-one per cent of inspections conducted in 2013 were considered risk based; 21 per cent were for newly registered dealerships. New dealers are inspected within the first 60 days of registration to ensure OMVIC's expectations are well understood and to identify any areas of concern thus enabling changes to be implemented by the new registrant before a potential risk to the public arises. Eighteen per cent of inspections were completed on a routine basis.

Only six per cent of inspection results required referral to senior management for further action.

Inspections – Compliance and Education

OMVIC Inspectors have the unique opportunity to educate and inform dealerships on a one-on-one basis; therefore, they are trained – not only in compliance-related matters, but also in registration and general OMVIC policies and procedures. This helps to ensure Inspectors can respond to questions or concerns posed by registrants in a timely and consistent manner. Inspection Team members also led or participated in 26 dealer compliance education seminars to assist with technical questions.

Inspections Logistics

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

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

Standards of Business Practice Department

Staff ensures compliance with the Code of Ethics and Standards of Business Practice (SOBP).

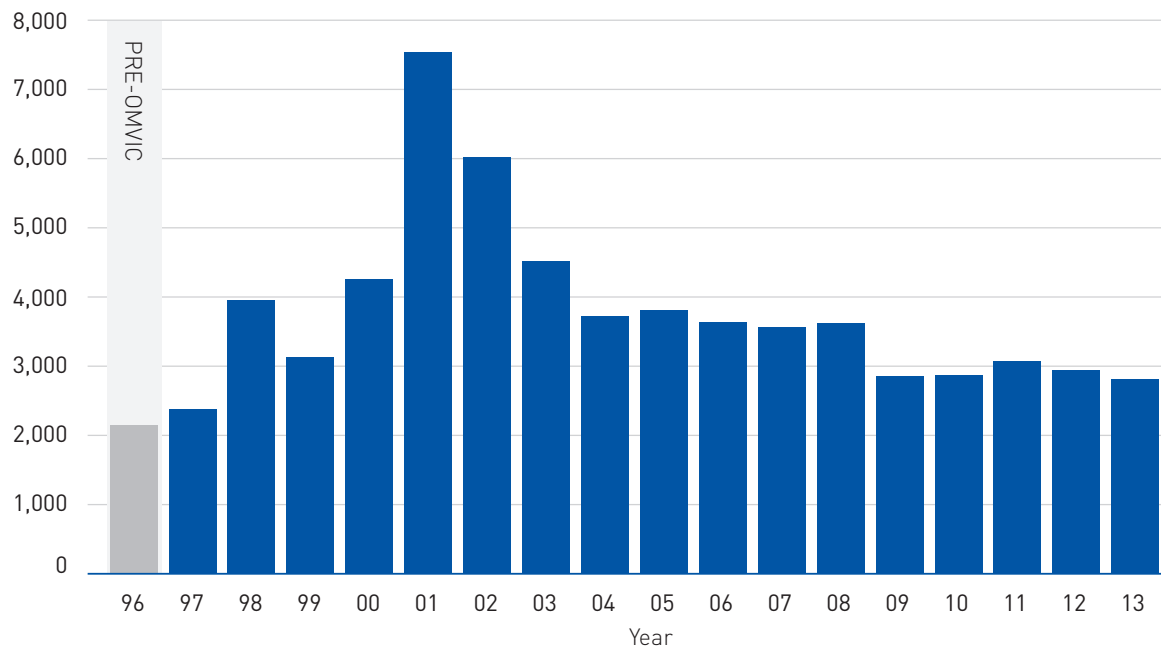
The Team assisted with education presentations by Inspectors and Communications staff on general compliance concerns and advertising requirements.

In conjunction with the Communications Department, they presented to over +160 dealers on a Kijiji-hosted webinar regarding advertising requirements.

SOBP staff proactively fielded 440 calls from advertising agencies or dealers requesting advice on advertising matters. As well, the Team investigated or took action on 392 published advertising concerns. In some instances, the ads in question were found by the SOBP Team as part of their monitoring role, while others were brought to their attention by other dealers, members of the public or OMVIC staff.

SOBP staff also issued 31 formal warning letters related to compliance concerns noted during inspections. They explained OMVIC's expectations in order to encourage compliance in the future.

Performance Overview

INSPECTIONS 2013

During 2013, 2,818 inspections were completed. This number includes dealerships that were visited on more than one occasion due to unavailable records.

Overview

MOTOR VEHICLE DEALERS COMPENSATION FUND

In the fiscal year for the Compensation Fund ending October 31, 2013, the Fund paid 20 claims totalling \$100,307. This represents the lowest number of claims and dollars paid by the Fund to date, despite its continued allocation of funds to support an awareness campaign to educate consumers about its existence. This consumer-awareness campaign included advertisements on OMNI TV and 680 News and in *Sing Tao Daily* newspaper.

The Compensation Fund, a fully dealer-supported and funded trust, provides financial assistance to consumers who have a valid claim against an OMVIC-Registered Dealer. Consumers who are eligible for compensation from 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 Compensation Fund is intended as a last resort for consumers. In many cases, consumers who have a problem with a purchase can resolve the situation by talking with the dealer. If an issue cannot be resolved, OMVIC's Complaints Department may be able to negotiate a settlement with the dealer on the consumer's behalf.

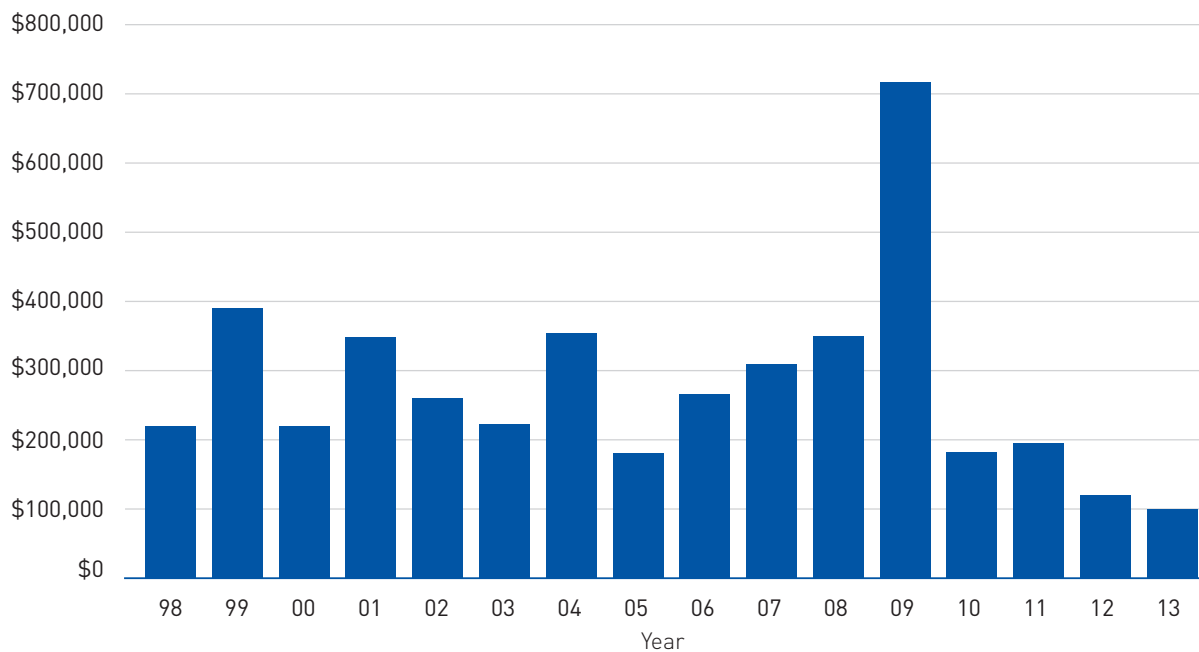
If no resolution is possible, however, consumers may submit a formal claim for financial compensation to the Fund. Transactions must meet eligibility criteria and claims must be accompanied by supporting documentation. This demonstrates the importance of retaining all records related to a transaction.

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

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

Overview

COMPENSATION FUND – ANNUAL CLAIMS



Average Claim	\$5,093	\$5,812	\$5,334	\$5,432	\$5,774	\$3,660	\$5,446	\$3,206	\$2,660	\$2,661	\$2,537	\$4,068	\$4,125	\$6,301	\$4,303	\$5,015
Number	43	67	42	64	45	61	65	56	100	116	138	176	44	31	29	20
Paid	\$218,548	\$389,373	\$224,043	\$347,679	\$259,842	\$223,284	\$353,965	\$179,523	\$265,995	\$308,659	\$350,083	\$716,044	\$181,485	\$195,342	\$124,792	\$100,307

MEMBERS OF THE COMPENSATION FUND BOARD OF TRUSTEES

Catherine Poultney, Chair of the Board

Dealer Representative

Larry Pringle, Vice Chair

Dealer Representative

Kathy Cook, Secretary Treasurer

Dealer Representative

Catherine Finlay

Consumer Representative

Peter Silverman

Consumer Representative

Alan Silverstein

Consumer Representative

Dorian Werda

Consumer Representative

Jeff Newhouse

Dealer Representative

Jamie Holmes

Consumer Representative

INVESTIGATIONS

Business Accomplishments

CONSUMER PROTECTION

STRATEGY		Pursue those who prey on an unwary public
2013 – 2015 Targets	2013 Activities and Results	
Investigate and prosecute curbsiders.	Investigated 266 curbsider cases in 2013. Charges were laid in 51 of these, and warning letters were served on 35 first-time offenders.	
STRATEGY		Identify curbsiders in online marketplaces
2013 – 2015 Targets	2013 Activities and Results	
Expand robo-dialing program to include email warnings and examine additional online marketplaces.	Sophisticated data-mining software, first created in 2012, was enhanced several times throughout 2013 to improve its ability to identify and locate curbsiders advertising online. In 2013, 2,323 robo-dialed calls and 1,894 SMS text messages were sent to potential curbsiders warning that their activity was illegal.	

DEALER PROFESSIONALISM

STRATEGY		Investigate reports of violations of the law by registrants
2013 – 2015 Targets	2013 Activities and Results	
Investigate and prosecute industry conduct-related offences.	In 2013, 256 industry conduct investigations were closed. Charges were laid in 49 cases.	

Business Accomplishments

COLLABORATION WITH OTHER LAW ENFORCEMENT AGENCIES

STRATEGY	Increase awareness of OMVIC through law associations and law-enforcement agencies
2013 – 2015 Targets	2013 Activities and Results
Provide seminars to law enforcement agencies, and participate/assist in their investigations.	In May, OMVIC Investigators attended the training conference of the International Association of Auto Theft Investigators. OMVIC conducted a seminar at this conference, which hosted police and other law enforcement from the U.S. and Canada. Both the Investigations and Legal Department directors spoke at the North American Motor Vehicle Boards and Commissions conference in Baltimore, showcasing OMVIC's use of technology in curbsiding enforcement. Three Investigators attended the New York City Police Department's Auto Crime School and conducted a presentation on OMVIC and Ontario legislation. Considerable time was devoted to assisting other law enforcement agencies (police, etc.) with their investigations. OMVIC sponsored the annual convention of the Ontario Association of Chiefs of Police.

Overview

INVESTIGATION

OMVIC's Investigation Department is staffed by 15 highly skilled former police officers who are deployed across the province. They are appointed as Provincial Offences Officers and are empowered to conduct investigations, obtain search warrants and lay charges under several statutes, including the *Motor Vehicle Dealers Act* and *Consumer Protection Act*.

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

Investigations are initiated from information received through various sources, including referrals from OMVIC Inspectors, consumer complaints, police, other dealers and trade associations. If substantiated, they can result in referral to the Discipline Committee, prosecution and/or proposal for revocation of registration.

Curbsiders

Curbsiders are illegal unregistered dealers who commonly pose as private sellers. Often the vehicles they sell are previous write-offs, accident-damaged or odometer-tampered. Curbsiding investigations are typically initiated as a result of tips from members of the public, other dealers or trade associations. Curbsiding can be reported to OMVIC's Investigations Team through a toll-free number (1-888-NOCURBS) or by email (nocurbs@omvic.on.ca). OMVIC also employs sophisticated software that scours online marketplaces to identify advertisements posted by curbsiders, and then "maps" their location for ease in identifying and investigating them.

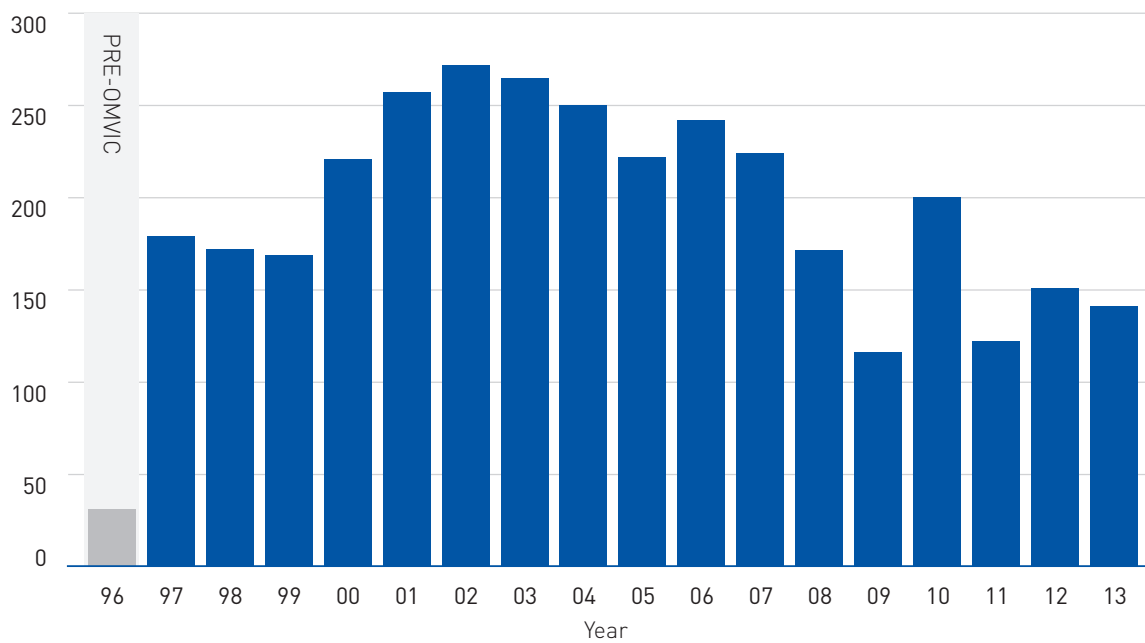
Assistance to Other Law Enforcement Agencies

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

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

Performance Overview

ENTITIES CHARGED 2013



In 2013, OMVIC Investigators opened 598 cases and charged 141 entities. *Note:* OMVIC has changed its approach in the laying of charges. In many instances, an individual or business now faces a single “global charge” instead of multiple charges. As well, some registrants accused of an offence have been redirected to the discipline process.

After further refinement, this same technology was used to support a new auto-dialing tool. Phone numbers identified as possible curbsiders received a voice and text message explaining the illegalities of curbsiding and the potential penalties. More than 2,323 calls and 1,894 SMS text messages were sent in 2013.

Notable Initiative

In 2012, OMVIC successfully employed sophisticated computer software developed by LTAS Technologies Inc. to search online automobile marketplaces to identify curbsiders. The LTAS program was later re-engineered to find dealers who were posing as private sellers – a violation of the advertising regulations, which require dealers to identify themselves as such.

Performance Overview

PROVINCIAL OFFENCES INVESTIGATIONS/PROSECUTIONS

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

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

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

NOTABLE PROVINCIAL OFFENCES INVESTIGATIONS/PROSECUTIONS

Windsor-area Man Pleads Guilty to Three Global Counts of Curbsiding

George Marius Chifor of Windsor, operating as Chifor Racing, pled guilty to three global counts of curbsiding. The charges related to the sale of motorcycles in 2011.

The court heard evidence that Chifor (described as a motorcycle enthusiast) had a registered business to buy and sell motorcycle apparel and accessories; however, he was trading directly in motorcycles. OMVIC's investigation showed Chifor had an inventory of over more than 60 motorcycles and various parts. He had placed ads on Kijiji for the bikes; interested parties were then directed to one of two locations where they could view or test drive the motorcycle.

In passing judgment, the court sentenced Chifor to 15 days in custody on the first two charges, and a suspended sentence was ordered for the third charge, for a total of 30 days.

Windsor Dealer Receives Jail Sentence

Hussain Al Manhsoor was sentenced to 180 days jail time and his dealership 1659560 Ontario Inc. operating as Sandwich Auto was fined \$90,000 on multiple counts of breaching the MVDA. The Windsor-area man and company were convicted of:

- Trading off premises
- Retaining unregistered sales staff (two counts)
- Falsifying documents
- Failing to provide a purchaser with required financing information (CPA)
- Failing to maintain required records (six counts)
- Failing to provide a copy of the bill of sale

Manhsoor was sentenced to 15 days (to be served *consecutively*) on each of the 12 charges. Sandwich Auto was fined \$7,500 on each count.

Business Accomplishments

CONSUMER PROTECTION

STRATEGY	Increase awareness of OMVIC through law associations and law-enforcement agencies
2013 – 2015 Targets	2013 Activities and Results
Continue to provide seminars for law associations and policing authorities.	OMVIC staff presented to: • Auto Remarketing Conference • National Association of Motor Vehicle Boards and Commissions Staff also organized and participated in the Ontario Regulatory Authorities' Continuing Professional Development Conference, the first of its kind, which provided professional development training for the legal staff of eight regulatory bodies.

DEALER PROFESSIONALISM

STRATEGY	Registrar's actions: institute effective registration and inspection processes that identify dealers who should not be registered or who require close monitoring through terms and conditions of registration
2013 – 2015 Targets	2013 Activities and Results
The volume of Registrar's actions is anticipated to remain steady through the planning period at approximately 1,000 actions yearly. Review and update Registrar's standard terms and conditions of registration.	In 2013, 1,267 Registrar's actions were logged. The Registrar's standard terms and conditions were reviewed and updated to ensure that they were in line with the <i>Motor Vehicle Dealers Act, 2002</i>, as well as relevant changes in the relevant case law.

Business Accomplishments

ADMINISTRATION OF THE MVDA

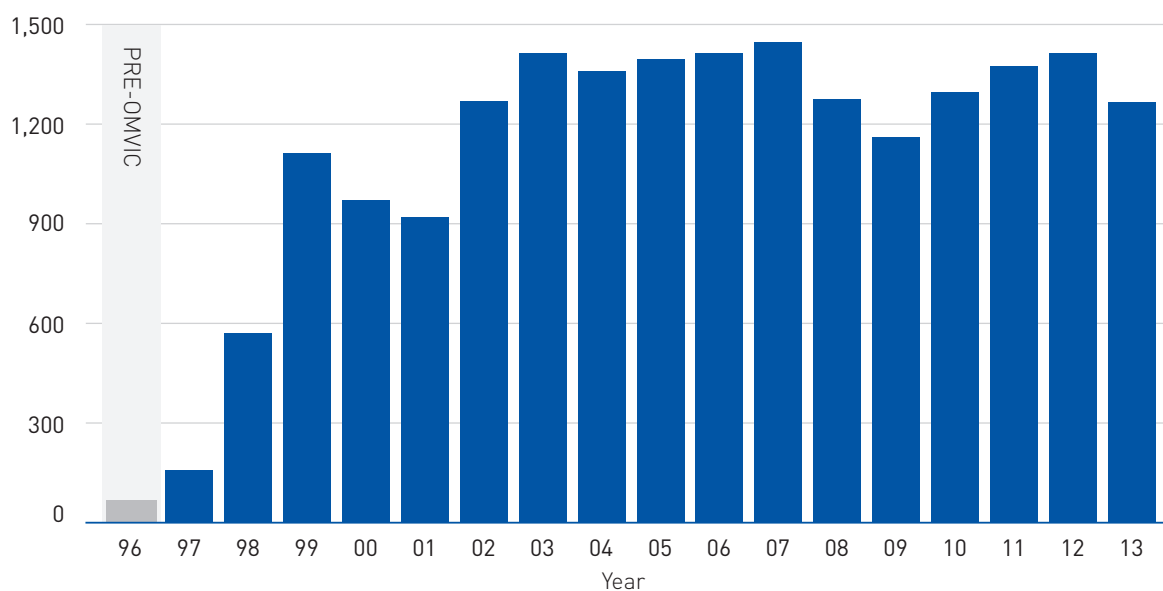
STRATEGY		Review regulatory requirements in view of changing technology
2013 – 2015 Targets		2013 Activities and Results
Review requirements concerning maintenance of electronic records by dealers.		In consultation with stakeholder groups, OMVIC staff completed a review of the emerging trends both within and outside of the automotive industry concerning the maintenance of electronic records by dealers.
STRATEGY		Review, identify and address new areas of risk in light of changing legislation
2013 – 2015 Targets		2013 Activities and Results
Ensure investigation and prosecution intake procedures are compliant with evolving case law.		Intake procedures are continually reviewed to ensure that they are compliant with the best regulatory practices and current case law.

Overview

The Registrar's authority to issue a proposal to suspend, refuse, revoke or refuse to renew registration is a critical component of OMVIC's enforcement activities. It is the most severe action OMVIC takes and is reserved for the most serious cases. In 2013, the Registrar issued 67 proposals and appeared 89 times before the Licence Appeal Tribunal (LAT).

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

REGISTRAR'S ACTIONS 2013



Registrar's actions include issuance of proposals to refuse or revoke registration and registrations requiring terms and conditions. In 2013 there were 1,267 registrar's actions, of which 67 were proposals.

Performance Overview

LICENCE APPEAL TRIBUNAL

The Registrar may issue a proposal to suspend, refuse or revoke registration. Such proposals can be appealed to LAT. LAT is an independent tribunal that hears appeals of licensing and administrative matters. For more information on LAT decisions, please visit OMVIC's website or the LAT website (lat.gov.on.ca).

NOTABLE LAT CASES

LAT: Gregory A. Stevens

On March 21, 2013, LAT refused Gregory Stevens' registration as a salesperson. He was registered in 2006 on LAT's conditions of registration, which included a prohibition from having any "interest or involvement, either directly or indirectly, in the operation or ownership of the Dealer." Despite these conditions of registration, the tribunal found that Stevens had continued involvement in the dealership and that they had engaged in questionable business practices and caused several lenders to lose significant amounts of money. Moreover, the tribunal found that Stevens played a role in the dealer's operation after the order was in breach of his conditions of registration, and this alone constituted grounds for his application for registration to be refused.

LAT: Clifford Bentley

Clifford Bentley was previously registered as a salesperson, until his registration expired in 2005. He was cautioned in 2008 after being found working at a dealership without registration. Despite this, he continued to act as an unregistered salesperson until 2012, when he was convicted of acting as a motor vehicle salesperson without registration. In 2012, he submitted an application for registration.

Despite the warning and conviction for acting as an unregistered salesperson, Bentley created a website that actively advertised numerous vehicles for sale.

The website did not identify the name of a registered dealer, though Bentley admitted most of the vehicles belonged to his sponsoring dealer. Additionally, despite being advised that his website was in breach of the MVDA, Bentley proceeded to advertise further vehicles through Twitter, essentially seeking to broker motor vehicle deals. Ultimately, the tribunal held that Bentley "either does not understand or simply chooses not to comply with the regulatory requirements governing motor vehicle sales. In either case, consumers are placed at risk." LAT ordered the Registrar to carry out its proposal to refuse registration.

LAT: Allistair Grier

In December 2012, Allistair Grier applied for registration as motor vehicle salesperson. He disclosed his criminal convictions, which included assault causing bodily harm, pointing a firearm and using a weapon in the commission of an indictable offence, but failed to fully disclose the circumstances surrounding his convictions and in fact "the information provided was not only incomplete but was also incorrect." Specifically the applicant provided various descriptions/explanations regarding the weapon used including: non-existent, "only a toy" gun and later that "his lawyer had proven there was no gun." LAT found that Grier "had provided false and misleading information to the Registrar in his application for registration" and directed that Grier's registration be refused.

Performance Overview

DISCIPLINARY PROCESS

Section 6 of the MVDA requires dealers and salespeople conduct business with honesty, integrity, financial responsibility and in accordance with the law.

The Code of Ethics and attendant Standards of Business Practice apply to all motor vehicle dealers and salespeople in Ontario; this includes all those employed, appointed or authorized by a dealer to act on a dealer's behalf in any transaction arising from or related to the purchase, sale or lease of motor vehicles. Dealers and salespeople who disregard the Code of Ethics may face disciplinary action by the Discipline Committee.

The chair of the Discipline Committee appoints an independent, impartial panel to consider the allegations contained in a Notice of Complaint. The committee consists of dealer/salesperson, peer representatives and at least one arm's-length member of the public.

The committee holds hearings to examine alleged breaches of the Code of Ethics. Accused registrants are given the opportunity to submit relevant documentation and oral evidence supporting their position with respect to the alleged breach. All parties may be represented by a lawyer or agent. Hearings before the Discipline Committee are recorded. Following a hearing, and after due consideration, the Discipline Committee issues



a formal decision stating the reasons that led the committee to reach its conclusion.

The committee may impose disciplinary measures, including requiring dealers/salespeople to take educational courses, requiring dealers to fund educational courses for their salespeople, imposing a fine to a maximum of \$25,000 per party and imposing costs. Decisions of the Discipline Committee are published as a matter of public record, and may be appealed to the Appeals Committee. Appeals must be requested by submitting the proper form within 30 days of the Discipline Committee's decision and are limited to questions of law or mixed fact and cannot be a rehearing of the matter.

During 2013, OMVIC completed 69 discipline matters, issued 53 education orders and collected a total of \$329,725 in fines.

NOTABLE DISCIPLINE CASES

Discipline: 421342 Ontario Ltd. o/a Kingston Nissan, CarOne, and Trevor Cotton

421342 Ontario Ltd. o/a Kingston Nissan and CarOne, as well as Trevor Cotton, were fined a total of \$27,000 for breaches of the Code of Ethics. The agreed statement of facts before the panel included a number of infractions, such as retaining an unregistered salesperson (the dealership's business manager), failure to disclose the daily rental history of vehicles on contracts, and advertising-related failures, including failures to properly disclose:

- The as-is status of advertised vehicles
- All-in pricing
- The daily rental history of the vehicles

In determining the fines, the discipline panel stated that "the penalty is appropriate to the circumstances." Trevor Cotton was also ordered to complete the OMVIC Certification Course.

Performance Overview

NOTABLE DISCIPLINE CASES

Discipline: Matkath Corporation o/a Matkath Auto Sales and Christopher Hader

The dealer and Christopher Hader were fined \$15,000 after placing 15 vehicle advertisements that did not include an all-in price. In each case the advertisement listed an additional \$95 administration charge, a gas fee and, in some cases, a \$5 OMVIC fee. The dealer argued that because he had disclosed the additional fees in the ads and that the fees were minimal, he therefore had not contravened the law. However, the MVDA is clear: disclosing additional fees is NOT the same as providing an all-in price. Hader was also ordered to complete the OMVIC Certification Course.

Discipline: Kamyar Agahi o/a Prestige Carline

Agahi, operating as Prestige Carline, was ordered to pay an \$18,000 fine after the dealer's advertising was found to contravene the Code of Ethics. In early 2012, the dealer placed numerous advertisements that did not properly disclose vehicles were being sold "unfit." The dealer was reminded of the requirement to include the proper unfit disclosure statement in advertisements. Later in 2012, the dealer placed a further 29 advertisements for unfit vehicles that also lacked the required disclosures.

Business Accomplishments

BUSINESS CONTINUITY/ PROCESS IMPROVEMENT

STRATEGY		Development of Business Continuity Plan (BCP)	
2013 – 2015 Targets		2013 Activities and Results	
Test technical and business aspects of the business continuity and update BCP. Finalize memorandum of understanding with the ministry for temporary workspace for key staff in case of a disaster.		BCP was completed and a successful disaster recovery test was conducted. This was based on the technology required, currency of information (data), and number of staff that could be supported remotely in the event of a disaster. The cutover to the remote hot site exceeded expectation. Memorandum of understanding completed and signed.	
STRATEGY		Enhance website	
2013 – 2015 Targets		2013 Activities and Results	
Launch online function that improves speed of service to OMVIC stakeholders. This includes online registration renewals, registration lookup/report by dealer and member profile changes. Improved structure, navigation and ease of use of website.		A new improved website was successfully launched. The website now allows online renewals for dealers and salespersons as well as easier navigation and updated content.	
STRATEGY		Develop plan for implementing unified voice and data communication	
2013 – 2015 Targets		2013 Activities and Results	
Develop plan for improved use of unified communication technology.		Plan developed and approved in 2013. Proposed upgrades to hardware and procedures will take place in 2014.	

Business Accomplishments

HUMAN RESOURCES MANAGEMENT

STRATEGY	Develop strategic human resources planning
2013 – 2015 Targets	2013 Activities and Results
Develop human resources strategic plan that provides a framework for OMVIC's long-term human resources practices.	Framework under ongoing development.
STRATEGY	Implement HR metrics
2013 – 2015 Targets	2013 Activities and Results
Introduce HR metrics for management purposes.	HR metrics were introduced and are reviewed quarterly by the senior management team.
STRATEGY	Further enhance performance management process
2013 – 2015 Targets	2013 Activities and Results
Ensure performance management process to better align outcomes to corporate, departmental and personal objectives is implemented.	Board briefed by an outside consultant on generational differences and performance management in workplace.
STRATEGY	Review Human Resources Information Systems (HRIS)
2013 – 2015 Targets	2013 Activities and Results
Implement HRIS to support organizational needs.	Current HRIS were reviewed and assessed as meeting current organizational needs.

Business Accomplishments

HUMAN RESOURCES MANAGEMENT (CONT'D)

STRATEGY	Continue commitment to corporate policies promoting cultural and gender diversity in the workplace
2013 – 2015 Targets	2013 Activities and Results
Deliver presentation during 2013 regarding Generation Y's approach to work and how to best deal with these generational differences in the workplace.	Presentation on generational differences delivered to OMVIC Board of Directors at fall planning session. International holidays and customs communicated to staff regularly. International Day celebrated in June.

CORPORATE SOCIAL RESPONSIBILITY

STRATEGY	Continued conservation efforts
2013 – 2015 Targets	2013 Activities and Results
Demonstrate commitment to a green workplace policy.	Online renewal services reduce the need for paper-based applications. Standard email font changed to Century Gothic to save printer toner. Participated in the National Waste Reduction Week Challenge.
STRATEGY	Develop community-giving plan
2013 – 2015 Targets	2013 Activities and Results
Implement plan to participate in activities that give back to the community.	During an International Day celebration in June, staff raised funds for various charities. Through a golf tournament in July, staff raised \$6,500 for a neighbourhood charity. Further assistance was provided to this charity in December through their Holiday Angel Program. OMVIC sponsored a youth soccer team in the Thorncliffe Soccer Club.

Business Accomplishments

ENTERPRISE RISK MANAGEMENT

STRATEGY	Enhance cybersecurity
2013 – 2015 Targets	2013 Activities and Results
Ensure security tools and practices are aligned with current privacy policies and threats.	All cyber threat products were updated with the latest versions in 2013. An intrusion test was conducted in early December that revealed no high vulnerability.
STRATEGY	Review internally restricted operating reserve
2013 – 2015 Targets	2013 Activities and Results
Develop board-approved policy that sets a reasonable level of required reserve for OMVIC's operation.	Policy reviewed by the board in October. Management currently exploring insurance products that can stand in place of the reserve.
STRATEGY	Review insurance coverage
2013 – 2015 Targets	2013 Activities and Results
Ensure insurance policies are adequate to mitigate identified risks.	All insurance policies were reviewed with the assistance of an insurance broker; current coverage was determined to be adequate.

ADMINISTRATION

STRATEGY	Review office space
2013 – 2015 Targets	2013 Activities and Results
Adequate and optimal office facilities are available to support OMVIC's ongoing operations.	Space needs analysis was completed and presented to the board. Board approved plan to identify new premises with the required space for leasing. OMVIC is scheduled to move into the new premises at the end of April 2014.

Overview

Corporate Services acquires and manages OMVIC resources. These include people (human resources), money (finance), technology (information technology) and facilities (administration). Administration also extends to providing board and committee support.

During 2013, Corporate Services:

- Recruited 11 staff
- Facilitated employee development and growth through lunch 'n learn sessions and outside training
- Introduced online services for registrants
- Created a new website infrastructure
- Tested and updated Business Continuity Plan
- Enhanced a number of IT applications
- Identified new office premises based on business needs

CUSTOMER SERVICE

Overview

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

CUSTOMER SERVICE SURVEY RESULTS	Registration	Complaints (Dealers)	Complaints (Consumers)	Inspections
Responses	2,229	219	395	550
Courtesy*	4.6	4.5	4.3	4.8
Knowledge*	4.6	4.4	4.0	4.8
Efficiency*	4.5	4.4	3.7	4.8

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

CALL CENTRE – AUTOMATIC CALL DISTRIBUTOR (ACD) CALL RESPONSE

ACD CALLS	Target	Registration	Complaints
Average wait time in seconds	60	15	44

SERVICE DELIVERY TIMES

AVERAGE TURNAROUND TIMES	Target	Actual
Complaints	45 days	29
New salesperson applications *	3 days	2.2
New dealer applications *	42 days	28.1

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

FRENCH-LANGUAGE SERVICES

OMVIC is responsive to all inquiries in French. An equivalent level of service is provided in both English and French whenever and wherever demand and customer service warrant. Bilingual staff members are sought for key positions in order to ensure that French-language inquiries – whether from dealers, consumers or the media – can be dealt with quickly, courteously

and effectively. As well, all correspondence received in French receives a response in French. OMVIC's DVD *Know Your Ride* and OMVIC's Automotive Certification Course materials are available in both official languages. In 2013, OMVIC initiated a pilot project to offer telephone translation services to consumer complainants as a further backstop in the event bilingual staff members are not available.

2013 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, 2013 with comparative information for 2012.

OMVIC posted a modest surplus of \$75,301 in 2013 (2012 - \$1,077,161).

Overall revenues declined by 1.8% over the previous year mainly because of unrealized losses from investments that are marked to market. All investments are held in instruments that are highly liquid. Fixed income securities yield interest between 2.25% and 7.10% and have maturities ranging from August 2014 to December 2038.

Expenses on the other hand were 7.4% greater than prior year. Main contributors to this were:

- a. Higher salaries and benefits cost reflecting additional staff, normal salary increases and year end accruals.
- b. Increased, but focused spending on public awareness campaign.

Most of the variances over last year for other line items were either not material or within acceptable ranges; therefore no further elaboration is provided here.

The 2013 expenses by service function were as follows:

	2013	2012
Investigation	\$2,140,810	\$1,974,786
Registration	1,854,572	1,888,764
Legal services	1,807,555	1,696,243
Compliance	1,847,990	1,666,991
e-Business	1,021,554	1,017,990
Inquiries and complaint handling	922,457	833,855
Communications	1,011,373	777,795
Governance	617,929	585,953
Compensation Fund	185,870	238,461
Discipline	99,319	40,309
	\$11,509,429	\$10,721,147

Cash available at the end of December 2013 was \$2,009,187. OMVIC also held investments of \$6,457,824 which reflect internally restricted operating reserve (\$3,638,000) and cash in excess of current requirements.

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

Capital expenditures during 2013 amounted to \$71,739 (2012 - \$126,646) and were used to support operational growth and operating efficiencies through technological improvements.

Financial Statements

Financial Statements of

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Year ended December 31, 2013



KPMG LLP
Yonge Corporate Centre
4100 Yonge Street Suite 200
Toronto ON M2P 2H3
Canada

Telephone (416) 228-7000
Fax (416) 228-7123
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

We have audited the accompanying financial statements of Ontario Motor Vehicle Industry Council, which comprise the statement of financial position as at December 31, 2013, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Motor Vehicle Industry Council as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

April 21, 2014
Toronto, Canada

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
Assets		
Current assets:		
Cash	\$ 2,009,187	\$ 2,010,035
Accounts receivable	50,175	61,272
Prepaid expenses	262,137	89,795
	<u>2,321,499</u>	<u>2,161,102</u>
Investments (note 2)	6,457,824	6,079,564
Capital assets (note 3)	179,285	408,382
	<u>\$ 8,958,608</u>	<u>\$ 8,649,048</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued charges	\$ 1,205,930	\$ 921,361
Deferred revenue (note 4)	1,374,525	1,328,338
	<u>2,580,455</u>	<u>2,249,699</u>
Deferred lease inducement (note 5)	32,166	128,663
Net assets:		
Invested in capital assets	179,285	408,382
Unrestricted	2,528,702	2,770,304
Internally restricted operating reserve	3,638,000	3,092,000
	<u>6,345,987</u>	<u>6,270,686</u>
Commitments (note 8)		
Contingencies (note 9)		
	<u>\$ 8,958,608</u>	<u>\$ 8,649,048</u>

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Revenue:		
Registration fees	\$ 10,488,807	\$ 10,523,477
Transfer fees	418,050	405,750
Administrative penalties	329,725	201,475
Certification course fees	272,430	261,230
Expense recoveries (note 6)	213,584	257,194
Investment and other income (loss)	(137,866)	149,182
	11,584,730	11,798,308
Expenses:		
Salaries and benefits (note 6)	7,361,199	6,436,851
Professional services	741,338	809,804
Public awareness	660,517	470,750
Travel	654,228	575,681
General and administrative (note 6)	557,335	478,752
Occupancy	421,163	432,639
Amortization of capital assets	300,836	736,885
Per diem allowances	264,374	220,710
Telecommunications	264,254	312,414
Government oversight fees	198,707	162,948
Industry awareness	85,478	83,713
	11,509,429	10,721,147
Excess of revenue over expenses	\$ 75,301	\$ 1,077,161

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2013, with comparative information for 2012

				2013	2012
	Invested in capital assets	Unrestricted	Internally restricted operating reserve	Total	Total
Balance, beginning of year	\$ 408,382	\$ 2,770,304	\$ 3,092,000	\$ 6,270,686	\$ 5,193,525
Excess of revenue over expenses (expenses over revenue)	(300,836)	376,137	—	75,301	1,077,161
Transfer to internally restricted operating reserve (note 7)	—	(546,000)	546,000	—	—
Investment in capital assets	71,739	(71,739)	—	—	—
Balance, end of year	\$ 179,285	\$ 2,528,702	\$ 3,638,000	\$ 6,345,987	\$ 6,270,686

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 75,301	\$ 1,077,161
Items which do not involve cash:		
Amortization of capital assets	300,836	736,885
Unrealized loss on investments	263,842	75,806
Realized loss (gain) on investments	34,026	(72,635)
Amortization of deferred lease inducement	(96,497)	(83,723)
Change in non-cash operating working capital:		
Accounts receivable	11,097	26,104
Prepaid expenses	(172,342)	13,768
Accounts payable and accrued charges	284,569	92,316
Deferred revenue	46,187	(187)
	747,019	1,865,495
Investing activities:		
Purchase of capital assets	(71,739)	(126,646)
Purchase of investment, net	(676,128)	(3,462,282)
	(747,867)	(3,588,928)
Decrease in cash	(848)	(1,723,433)
Cash, beginning of year	2,010,035	3,733,468
Cash, end of year	\$ 2,009,187	\$ 2,010,035

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 2013

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

1. Significant accounting policies:

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

(a) 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 \$5 for every sale (excluding wholesale transactions), lease, fleet or "as is" transaction as a component of their registration renewal fee. The dealers are responsible for reporting sales accurately to the Council and to remit the amount due when renewing their registration. Transaction fees are included in registration fees and recorded as revenue when they are received.

(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.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(iii) Administrative penalties:

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

(iv) Certification course fees:

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

(v) Investment income:

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

(b) 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.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

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

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.

(d) Deferred lease inducement:

In 2009, the lease for the original office space was renegotiated and the terms of the lease were modified and the lease term extended. The Council was continuing to account for the lease under the old terms until the term of the original lease contract expired on April 30, 2012. Deferred lease inducements are considered to relate to the lease extension and will be amortized over the period from May 1, 2012 to April 30, 2014, the extended lease term.

The Council assumed more space in 2009 and the lease related to the expansion space is for a term of five years. The deferred lease inducements related to this space will be amortized over the term of the lease.

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2013

2. Investments:

	2013	2012
Cash	\$ 532,288	\$ 1,702,884
Fixed income	5,600,536	4,226,680
Other	325,000	150,000
	\$ 6,457,824	\$ 6,079,564

Financial risks:

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.

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 2.25% and 7.10% and have maturities ranging from August 2014 to December 2038.

3. Capital assets:

			2013	2012
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 136,645	\$ 90,998	\$ 45,647	\$ 62,378
Computer software	145,477	103,581	41,896	47,467
Furniture and fixtures	223,275	204,720	18,555	63,210
Office equipment	175,292	144,466	30,826	65,884
Leasehold improvements	545,365	503,004	42,361	169,443
	\$ 1,226,054	\$ 1,046,769	\$ 179,285	\$ 408,382

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2013

4. Deferred revenue:

	2013	2012
Registration fees received in advance	\$ 1,374,525	\$ 1,328,338

5. Deferred lease inducement:

Deferred lease inducement represents the reimbursement by the lessor of certain expenditures for leasehold improvements made by the Council as inducements to enter into a long-term lease agreement. During fiscal 2009, the Council received the benefit of \$354,291 as an inducement under a new lease with its lessor. During fiscal 2013, \$96,497 (2012 - \$83,723) of this inducement has been amortized against rent expense.

6. Related party transactions:

The Council provides office space and administrative services to the Motor Vehicle Dealers' Compensation Fund (the "Fund"). The two organizations are related parties because the Council has representation on the Fund's Board of Trustees. Included in the Council's statement of operations are recoveries from the Fund of \$172,382 (2012 - \$219,441) relating to salaries and benefits and \$41,202 (2012 - \$37,753) relating to general and administrative expenses. At year end, \$24,962 (2012 - \$42,216) was receivable from the Fund. Amounts received from the Fund are determined on a cost recovery basis.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2013

7. Internally restricted operating reserve:

During fiscal 2010, the Council created an operating reserve equivalent to six months of annual operating expenses, excluding amortization of capital assets, for the purposes of maintaining funds for winding down operations in the event the Council's designation as a Delegated Administrative Authority under the SCSAA is revoked in accordance with the Termination Plan, and for accumulating funds that are available when needed due to unforeseen operating shortfalls.

This reserve was created through an initial transfer of \$2,000,000 approved by the Board on August 23, 2010. The reserve target balance was approved for approximately \$4,730,000 and the remainder will be transferred over 60 monthly installments of \$45,500.

8. Commitments:

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

2014	\$	253,534
2015		563,879
2016		790,580
2017		796,690
2018		808,689
Thereafter		5,763,798
	\$	8,977,170

9. Contingencies:

Claims have been made against the Council in the normal course of operation. The Council believes these claims are without merit. The outcome of these actions is not presently determinable and, accordingly, no provision for these claims has been made in these financial statements.

**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2013

**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2013

INDEX	PAGE
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Changes in Net Assets	3
Statements of Operations	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 9

2005 Sheppard Avenue East, Suite 300
Toronto, Ontario
M2J 5B4, Canada
Phone 416-496-1234
Fax 416-496-0125
Email info@mhc-ca.com
Web www.mhc-ca.com

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, 2013, 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Motor Vehicle Dealers Compensation Fund as at October 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
February 12, 2014

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF FINANCIAL POSITION
AS AT

Page 2

	October 31, 2013 \$	October 31, 2012 \$
ASSETS		
CURRENT		
Cash - operating	35,567	15,546
- investment	11,815	5,512
Accrued interest receivable	24,346	45,370
Prepaid expenses	<u>11,419</u>	<u>11,232</u>
TOTAL CURRENT ASSETS	83,147	77,660
INVESTMENTS (Note 8)	<u>7,010,436</u>	<u>6,742,012</u>
TOTAL ASSETS	<u>7,093,583</u>	<u>6,819,672</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	59,939	54,653
Claims payable	<u>-</u>	<u>4,317</u>
TOTAL LIABILITIES	59,939	58,970
NET ASSETS		
UNRESTRICTED NET ASSETS (Note 2)	<u>7,033,644</u>	<u>6,760,702</u>
TOTAL NET ASSETS AND LIABILITIES	<u>7,093,583</u>	<u>6,819,672</u>
Contingent Liabilities (Note 3)		

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

_____, "Catherine Poultney", Chair
_____, "Larry Pringle", Vice Chair

See accompanying notes to the financial statements.

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

Page 3

	2013 \$	2012 \$
BALANCE , beginning of the year	6,760,702	6,742,399
Excess of revenues over expenses, for the year	<u>272,942</u>	<u>18,303</u>
BALANCE , end of the year	<u>7,033,644</u>	<u>6,760,702</u>

See accompanying notes to the financial statements.

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

Page 4

	2013 \$	2012 \$
REVENUES		
Investment and other income	638,915	327,511
Participant fees	143,700	184,500
Recoveries	<u>7,005</u>	<u>33,993</u>
	<u>789,620</u>	<u>546,004</u>
EXPENSES		
Salaries and benefits (Note 4)	183,087	220,717
Claims	100,307	124,792
Consumer awareness	74,862	22,292
Governance	69,595	63,521
Investment management fees	38,489	37,056
Occupancy (Note 4)	14,871	19,021
Insurance	10,692	10,692
Statutory trustee fees	11,011	10,662
Professional fees	9,332	9,812
Office and general	4,430	3,945
Legal	<u>-</u>	<u>5,191</u>
	<u>516,676</u>	<u>527,701</u>
EXCESS OF REVENUES OVER EXPENSES		
FOR THE YEAR	<u>272,944</u>	<u>18,303</u>

See accompanying notes to the financial statements.

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

Page 5

	2013 \$	2012 \$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses, for the year	272,944	18,303
Non-cash items		
Change in fair value of investments	(407,716)	52,197
Change in non-cash working capital		
Decrease (increase) in accrued interest receivable	21,023	(2,495)
(Increase) in prepaid expenses	(187)	-
Increase (decrease) in accounts payable and accrued liabilities	5,287	435
(Decrease) increase in claims payable	<u>(4,317)</u>	<u>4,317</u>
Cash provided by (used in) operating activities	<u>(112,966)</u>	<u>72,757</u>
INVESTING ACTIVITIES		
Purchase of investments	(2,958,695)	(8,132,942)
Proceeds from sale of investments	<u>3,097,985</u>	<u>7,281,002</u>
Cash provided by (used in) investing activities	<u>139,290</u>	<u>(851,940)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	26,324	(779,183)
Cash, beginning of the year	<u>21,058</u>	<u>800,241</u>
CASH, END OF THE YEAR	<u><u>47,382</u></u>	<u><u>21,058</u></u>

See accompanying notes to the financial statements.

The Motor Vehicle Dealers Compensation Fund (the "Fund") was established July 1, 1986 under the Motor Vehicle Dealers Act (the "Act"), which was replaced by the Motor Vehicle Dealers Act 2002. The Fund was established to stand in place of registered motor vehicle dealers (the "Participants") where the Participant has refused, failed or been unable to pay a claim registered against the Participant. Claims are submitted by consumers and approved by the Board of Trustees (the "Board"). The Fund pays claims to consumers up to a maximum of \$45,000 per claim.

The affairs of the Fund are overseen by the Board and the Fund is managed by a trust corporation appointed by the Board to act as the Trustee (the "Trustee").

In accordance with the Act, it is compulsory for motor vehicle dealers to pay an initial payment to the Fund in order to obtain registration in Ontario.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

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

Outlined below are those accounting policies considered particularly significant.

Claims:

Claims are recognized in the accounts at the time of approval by the Board. Amounts recoverable to offset claims paid are recorded when received.

Revenue Recognition:

The Fund follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized on an accrual basis.

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those reported. The Fund's estimates and judgments subject to the most uncertainty are related to contingent liabilities, as detailed in Note 3.

Financial Instruments:

The Fund follows the CPA Canada Handbook Section 3856, "Financial Instruments – Recognition and Measurement" to account for its financial assets, liabilities and equity instruments.

The Fund has designated its cash and accrued interest receivable as loans and receivables recorded at amortized cost. Investments are classified as held-for-trading financial instruments and are measured at their fair value, with changes in fair value recognized in excess (deficiency) of revenues over expenses for the year. Accounts payable and accrued liabilities and claims payable are classified as other financial liabilities and are recorded at amortized cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments:

Investments consist of fixed income notes bearing interest at rates ranging from 0.2% to 4.1% with a total fair market value of \$2,431,907, mutual funds in various industries with a fair market value of \$4,186,538 and other investments of \$391,991.

Comparative Figures:

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

2. UNRESTRICTED NET ASSETS

The capital of the Fund is comprised of contributions by Participants and income earned on investments. Where at any time the net assets of the Fund are less, or are anticipated to be less than \$3,000,000 by reason of payments or proposed payments to claimants, the Trustee may require each Participant to pay such additional amounts as is considered necessary to bring the net assets of the Fund up to at least \$3,000,000.

3. CONTINGENT LIABILITIES

(i) As at October 31, 2013, no claim denied by the Board was appealed (October 31, 2012 - nil).

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

4. RELATED PARTY TRANSACTIONS

The Fund shares office space and administrative services with the Ontario Motor Vehicle Industry Council (the "Council"). The Fund and the Council are related parties because the Council has representation on the Fund's Board. Included in the Fund's expenses are shared expenses with the Council of \$183,087 (2012 - \$220,717) relating to salaries and benefits and \$14,871 (2012 - \$19,021) relating to occupancy expenses. At October 31, 2013, \$24,105 (2012 - \$20,928) was payable to the Council. Amounts paid to the Council are determined on a cost recovery basis.

All transactions with related parties have occurred in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

5. DONATED PROPERTY AND SERVICES

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

6. INCOME TAXES

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

7. FINANCIAL INSTRUMENTS

Financial Risk Factors

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

(a) Interest rate risk

The Fund has cash balances, investments and no interest-bearing debt. The Fund's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions in accordance with its policy. The Fund periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. Included in investments are fixed income securities with yields ranging from 0.2% to 4.1% with maturity dates ranging from 2014 to 2045.

(b) Price risk

The Fund is exposed to price risk with respect to equity prices related to its Investments. The Fund invests in equity investments in accordance with the investment policy. Equity price risk is defined as the potential adverse impact on the Fund's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Fund closely monitors individual equity movements, and the stock market movements to determine the appropriate course of action to be taken by the Fund.

The Fund's investments are subject to fair value fluctuations. As at October 31, 2013, if the fair value of the investments had decreased/increased by 25% with all other variables held constant, excess of expenses over revenues for the year ended October 31, 2013 would have been approximately \$1,752,600 higher/lower. Similarly, as at October 31, 2013, reported unrestricted net assets would have been approximately \$1,752,600 lower/higher as a result of a 25% 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 of the Funds investments are expected to be readily realizable as they can be quickly liquidated at amounts close to their fair value. There has been no change to risk exposure during 2013 and 2012.

(d) Credit risk

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

8. INVESTMENTS

Investments are comprised of the following:

	October 31, 2013	October 31, 2012
	\$	\$
Mutual Funds	4,186,538	2,676,932
Fixed Income	2,431,907	3,773,998
Other	<u>391,991</u>	<u>291,082</u>
	<u>7,010,436</u>	<u>6,742,012</u>

Business Planning

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

Business Plan 2014 - 2016

CONSUMER PROTECTION

STRATEGY	2014 - 2016 Performance Measure
Provide complaint-handling services: provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible.	Continue to assist consumers with 1,000 formal complaints (estimated) while maintaining or exceeding current customer satisfaction levels as per OMVIC's online customer service survey.

DEALER PROFESSIONALISM

STRATEGY	2014 - 2016 Performance Measure
Upgrade standards for retail dealer's premises.	Launch new standards in February 2014, and monitor ongoing compliance. New standards to apply to dealers in the General Class of registration who are new applicants or are relocating. Standards expected to include requirement for separate and professional office with permanent walls, secure storage of records, garage insurance and clearly marked lot for vehicles.
Update standards for wholesale dealers' premises.	Finalize requirements for wholesale dealers that accommodate the mobile nature of their business and while facilitating free access to their books and records.
Provide ongoing outreach and education to dealers regarding best practices.	Develop and implement communications plan regarding leasing best practices document.
Develop educational opportunities for registrants.	Assist with content development of webinars on financial management and MVDA key elements.
Explore opportunities to require further educational courses be taken by high-risk registrants.	Implement MVDA Section 14(4) policy regarding completion of educational courses. Identify registrants who should be required to take further educational courses through complaint handling efforts and follow up as required.

Business Plan 2014 - 2016

CUSTOMER SERVICE

STRATEGY	2014 - 2016 Performance Measure
Encourage registrants to participate in online services.	Continue email renewal notifications for all registrants who are not online members and revolving email bulletins regarding benefits of online services. Achieve 30 per cent participation for dealers and 15 per cent for salespeople by year end.
Provide more timely information to registrants regarding application status.	Provide applicants with the ability to check the status of specified applications online.
Enhance website tools for consumers.	Provide enhanced self-help advice to consumers to assist them in resolving disputes with dealers before contacting OMVIC.
Increase employee sensitivity to diversity and human rights issues.	Continue to provide educational opportunities for staff to understand challenges faced by vulnerable groups; for example, through guest speakers at staff lunch 'n' learns, use of telephone translation services and support for charitable causes.

Business Plan 2014 - 2016

CONSUMER PROTECTION AND AWARENESS

STRATEGY	2014 – 2016 Performance Measure
Build awareness and promote understanding of the MVDA through implementation of strategic communications.	Use opportunities for delivery of core messages (e.g., television, online, alternate publications, sponsorships, social media, trade shows).
Increase awareness of the potential consequences of negative equity and long-term financing in the acquisition of a motor vehicle.	Use various mediums to disseminate messages. Liaise with other partners to share/promote concerns.
Increase awareness of OMVIC and the MVDA.	Provide educational materials to registrants through multiple channels. Provide consumer awareness materials through multiple channels. Work collaboratively with the Ministry of Consumer Services in launch of "Consumer Protection Ontario" brand.
Increase awareness of Compensation Fund.	Work closely with the Motor Vehicle Dealers Compensation Fund to deliver a public education program through the use of mainstream and ethnic media.
Refresh OMVIC logo.	Update logo to promote better understanding of OMVIC role as regulator.

Business Plan 2014 - 2016

EDUCATION AND DEALER PROFESSIONALISM

STRATEGY	2014 - 2016 Performance Measure
Facilitate regular enhanced communication between OMVIC and stakeholders.	Continue to use bulletins, newsletters, e-newsletters and social media to reach stakeholders. Implement email blasts as a means of communicating quick tips and advice to registrants.
Promote understanding of the MVDA.	Continue to make available and deliver Advertising and Disclosure Seminars to dealers and dealer groups as required. Develop other topical seminars for delivery to registrants. Provide direct training (seminars) to dealers identified as requiring remedial training in specific areas (e.g., disclosure, contracts). Provide information and updates on compliance issues through bulletins and newsletters.
Develop new educational opportunities for registrants.	Work with Georgian College to finalize development of online courses teaching key elements of the MVDA and CPA, record-keeping requirements and language preparedness. Seek opportunities to develop other online courses. Work with trade associations to develop opportunities for delivery of OMVIC Certification Course and topical seminars. Use webinars for delivery of seminars or other key messaging. Review possibility of packaging seminars and webinars as components of a continuing education program. Review possibility of increasing field presence of OMVIC staff, such as Inspectors, as ambassadors and educators.

Business Plan 2014 - 2016

DEALER PROFESSIONALISM/CONSUMER PROTECTION

STRATEGY	2014 – 2016 Performance Measure
Ensure transparency and fairness in advertising.	Continue to monitor advertising during inspections and via review by Business Standards staff. Review and update Standards of Business Practice with input from Consumer Protection Advisory Committee staff and stakeholders to reflect marketplace trends (e.g., advertising vehicles as is or with the use of coupons or vouchers).
Inspections: an inspection program that employs risk-management principles to target problem areas, reviews consumer and dealer complaints and anticipates trends that pose a risk.	In 2014, 2,500 inspections to be completed. To minimize consumer risk, more than 50 per cent of inspections will arise from risk-based inspection lists.
Enhance advertising disclosure requirements.	Continue consultation with industry and consumer stakeholders to enhance mandatory disclosures in advertising to ensure transparency (e.g., branding disclosures, odometer-reading irregularities).

Business Plan 2014 - 2016

COMPENSATION FUND

STRATEGY	2014 – 2016 Performance Measure
Continue to reach out to vulnerable consumers about existence of the Fund.	Continue communications plan via radio, TV, print and ethnic media to enhance knowledge of the Fund for consumers within vulnerable sectors and general population.

COMPENSATION FUND BOARD EFFECTIVENESS AND STAFF ACCOUNTABILITY

STRATEGY	2014 – 2016 Performance Measure
Ensure claimants to the Fund are satisfied with service provided by staff and the board.	Continue to survey Compensation Fund claimants about the knowledge, courtesy and helpfulness of staff and response time of the board to claims. Maintain or improve current survey results, which rank all categories at three or more on a scale of four.
Continue cost-effective management of claims process and board costs while assisting.	When practical, host meetings via teleconference to manage meeting costs and minimize environmental impact of travel.

Business Plan 2014 - 2016

CONSUMER PROTECTION

STRATEGY	2014 – 2016 Performance Measure
Pursue those who prey on an unwary public.	Investigate and prosecute curbsiders. Continue education for OMVIC Investigators on current and trending automotive-related misconduct, and the techniques for investigating them.

DEALER PROFESSIONALISM

STRATEGY	2014 – 2016 Performance Measure
Investigate alleged violations of the MVDA and CPA.	Investigate and prosecute industry conduct-related offenders – take enforcement action where warranted. Increase use of the Code of Ethics and discipline process to improve compliance rates.

COLLABORATION WITH OTHER LAW ENFORCEMENT AGENCIES

STRATEGY	2014 – 2016 Performance Measure
Increase awareness of OMVIC and MVDA by law enforcement agencies.	Participate with police in joint investigations. Assist other law enforcement agencies with their inquiries. Conduct presentations and seminars for law enforcement agencies. Deliver a new specialized vehicle theft investigation techniques course for police.

Business Plan 2014 - 2016

CONSUMER PROTECTION

STRATEGY	2014 – 2016 Performance Measure
Increase awareness of OMVIC through industry and law associations.	Continue to provide seminars for industry and law associations.

DEALER PROFESSIONALISM

STRATEGY	2014 – 2016 Performance Measure
Maintain effective registration and inspection processes that identify dealers who should be registered or who require close monitoring through terms and conditions of registration.	The volume of Registrar's actions is predicted to remain steady through the planning period at approximately 1,000 actions per year.
Maintain effective enforcement of the Code of Ethics.	Increase use of the Code of Ethics and discipline process to improve compliance rates.

Business Plan 2014 - 2016

PROCESS IMPROVEMENT

STRATEGY	2014 – 2016 Performance Measure
Expand online services.	Working with Operations, add new online capabilities for registrants.
Enhance telecommunication capability for field staff.	Replace business lines with IP phones to improve security and internal communications.

BUSINESS CONTINUITY

STRATEGY	2014 – 2016 Performance Measure
Ensure OMVIC is adequately funded, as required, by the administrative agreement.	Review long-term funding requirements and recommend changes required.

BOARD GOVERNANCE/OPERATIONS

STRATEGY	2014 – 2016 Performance Measure
Implement an online Board Portal.	Board Portal in place that provides an online, collaborative meeting space for meeting packs and board-related documents.

Business Plan 2014 - 2016

HUMAN RESOURCES MANAGEMENT

STRATEGY	2014 – 2016 Performance Measure
Review human resources practices.	Human resources practices updated.

ADMINISTRATION

STRATEGY	2014 – 2016 Performance Measure
Relocate office.	New premises provide improved space and facilities more suited to OMVIC's need for the near future. Move successfully completed as planned.

Three-Year Financial Forecast (Fiscal years 2014 - 2016)

(\$ THOUSANDS)

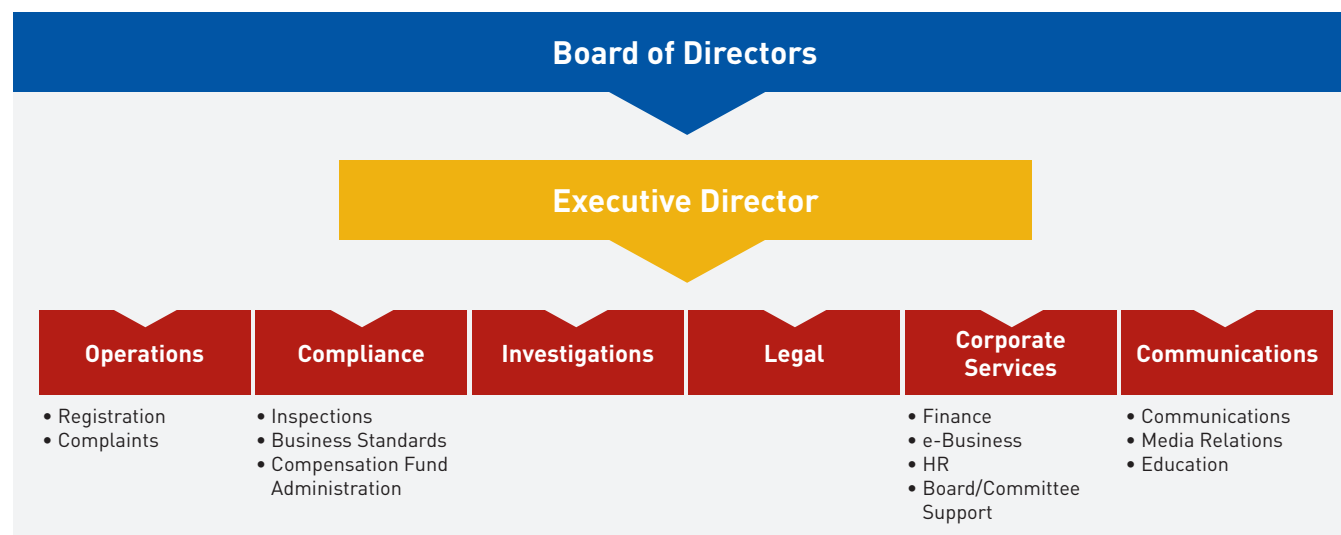
REVENUES	2014	2015	2016
Transaction fees	5,695	5,695	5,695
Registration fees	4,970	4,967	4,967
Transfer fees	360	360	360
Expense recoveries	157	161	165
Certification fee	236	237	237
Interest and other	24	25	25
	11,443	11,445	11,449

(\$ THOUSANDS)

EXPENSES	2014	2015	2016
Salaries and benefits	7,971	8,155	8,399
Professional services	760	738	756
Public awareness	700	700	700
Travel	593	598	604
General and administrative	583	598	613
Occupancy	358	566	697
Amortization of capital assets	350	339	356
Telecommunications	298	306	313
Per-diem allowances	285	290	299
Government oversight fees	199	199	199
Industry awareness	100	100	100
	12,197	12,588	13,036
Excess of expenses over revenues	(754)	(1,143)	(1,586)

Note: OMVIC has the authority to raise fees to address its current deficit forecast.
A number of options are under consideration.

Organizational Structure



BOARD OF DIRECTORS

The board is made up of nine motor vehicle dealers drawn from all segments of the industry: large and small dealerships in both the new and used market. These industry representatives are joined by three consumer/government representatives appointed by the Minister of Consumer Services. Dealer members are elected by dealers across the province.

The executive director is responsible for the day-to-day affairs of OMVIC and also performs the responsibilities of registrar under the MVDA.

Ron Marostica, President and Chair of the Board

Marostica Motors Ltd., Thunder Bay

Term expires May 2014

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

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

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

Ken Peterson, Vice President

Ken Peterson Sales and Leasing, Thunder Bay

Term expires May 2014

Ken has more than 40 years of experience in the automotive business. For the past 16 years, he has operated Ken Peterson Sales & Leasing in Thunder Bay, building a solid reputation for integrity and outstanding customer service.

Organizational Structure

Ken is involved in his community and was elected to the Thunder Bay Hydro Commission, serving two terms; he was chair for three years. He was also director and treasurer of Northwest Energy and vice-chair of the Municipal Electric Association of Ontario.

First elected in June 2001 to OMVIC's Board of Directors, Ken brings a strong analytical and proactive problem-solving approach to the business of OMVIC. He served as OMVIC's president in 2003 and 2005, providing consistent use of leading governance practices, innovative solutions and a commitment to "getting the job done." Ken actively engaged in effective and focused advocacy with the government to gain support for initiatives and to address issues that are important to automobile dealers.

Nazreen Ali, Secretary-Treasurer

Consumer Representative

Term expires May 2018

Nazreen earned an MBA from Queen's University and is currently executive vice president with MiiScan Corporation, a mobile commerce company. She also assisted a number of Canadian firms in developing socially responsible and international initiatives. Previous to that, Nazreen served in a business development capacity at Trimark Investment Management (International) and at the Canadian Soccer Association, with overall responsibility for the financial administration. She also led the development of the first-ever successful 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 secretary-treasurer in 2011.

Kevin Bavelaar, Immediate Past President and Chair of the Board

Auto Showplace, North York

Term expires May 2016

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 been involved in all aspects of automotive remarketing. As owner of Auto Showplace, he is familiar with the challenges of running a medium-sized independent car dealership, including marketing, strategic planning, risk management and financial responsibility.

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

Cliff Pilon

Gold Fleet Subaru/Suzuki, North Bay

Term expires May 2015

Cliff entered the automotive industry in 1981. Since 1987, he has been the dealer principal of Gold Fleet Subaru in North Bay. In addition, he also owns Gold Fleet North, a used vehicle dealership in New Liskeard and Rust Check franchises in both cities.

Cliff's hands-on approach, coupled with daily interaction with his businesses, helps keep him in tune with the constant changes in the industry.

Cliff's strong automotive, mechanical and financial knowledge, coupled with his sales expertise and interpersonal skills, make him a valuable asset to OMVIC's Board of Directors. Cliff has served on the board since May 2006 and chaired the Communications Committee from 2010 to 2011.

Organizational Structure

David Cooke

Consumer Representative

Term expires November 2016

David started practising law in Ontario in 1968, primarily in litigation. As a member of the Ontario legislature from 1985 to 1990, he chaired the Select Committee on Free Trade and played a major role in determining the terms of the auto industry's inclusion in the *Free Trade Agreement*. Following that, David chaired the first Finance Committee in the Ontario legislature. He has spent a lifetime as an active member of various non-profit boards and commissions in the Kitchener-Waterloo area.

More recently, David served 10 years as a full-time member of a federal tribunal. He is a member of OMVIC's Consumer Protection Advisory Committee, the Nominating Committee and the Governance Committee.

Denis Ayotte

Gus Brown Pontiac Buick GMC Ltd., Whitby

Gus Brown Pontiac Buick GMC Ltd., Port Perry

Term expires May 2015

Denis is a partner in, and vice-president of, Gus Brown Pontiac Buick GMC Ltd. in Whitby and Port Perry, Ontario. He graduated with a bachelor of science degree from Trent University with a joint major in computer studies and psychology. He worked in the information technology field for more than 20 years as a department manager, project manager and program manager, leading major implementations across Canada, the United States and parts of Europe.

Denis moved to the automotive industry in 2003 and became a partner of the Gus Brown Group in 2006. He is a hands-on operator who led the top General Motors New Vehicle Retail Sales Operation for six years from 2004 to 2009.

Denis has been an OMVIC board member since May 2009. He is the past president of the Central Ontario Dealers Association and he sits on the board of directors

of Durham Regional Crime Stoppers and the Durham Chapter of ProAction Cops & Kids. Denis is also a member of the customer advisory board of Reynolds and Reynolds, a software company. Most recently, Denis accepted the position of chair for the "Buy a Bed" campaign in support of the Lakeridge Health Whitby Foundation's effort to raise money to purchase new patient beds for the Whitby hospital.

Denis, along with his wife Gail and two children, resides in Whitby, Ontario. He and his business partner Gus Brown are active members in the community and are involved in community sports, arts, entertainment and the Chamber of Commerce. Denis has been the co-chair of the Annual Gus Brown Golf Classic, raising more than \$600,000 for the R.S. McLaughlin Durham Regional Cancer Centre. The Gus Brown Group of dealerships supports numerous charities, including the United Way, the Abilities Centre and many others in and around the Durham region.

Jeff Gray

Consumer Representative

Term expires January 2014

Jeff has been practising civil litigation as a sole practitioner for more than 29 years. His practice is consumer oriented and focuses principally on automotive-related issues, such as product liability, insurance issues, motor vehicle accidents and contractual disputes, including agreements of purchase and sale for both new and used vehicles; lease matters; repair agreements; and defective vehicles and warranty issues with vehicle manufacturers.

In addition to authoring *Used Car Buying Strategies* (a consumer guide to purchasing used vehicles), Jeff has taught non-diploma/general interest auto mechanics courses in Montreal and Toronto.

Jeff chaired OMVIC's Consumer Protection Advisory Committee last year. He is currently completing his fourth term on the board.

Organizational Structure

John Slaughter

Hyundai, Pembroke

Term expires May 2016

John graduated from McMaster University with a bachelor of arts and a bachelor of education. Holding various positions in education and administration, he became a partner in a Chrysler franchise in the early 1990s. He participated on the Chrysler Ontario Dealers Advertising Association for eight years.

The Ottawa Valley is now home for John and his wife Janet, who are owners of a Hyundai store in Pembroke.

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

Matt Rispin

North Toronto Auction, Innisfil

Term expires May 2015

Matt graduated from the University of Toronto in 1998 and has enjoyed the automotive auction business for the past 16 years. In 2003, he and his partners opened North Toronto Auction in Innisfil and have succeeded in developing the largest independent auction in Canada. North Toronto Auction is recognized as a pioneer of a hybrid auction model specializing in both wholesale and public auctions.

Because of Matt's passion for the industry and dealer awareness, he joined OMVIC's Board of Directors in May 2006 and served as chair of the board from May 2010 to May 2012. He hopes to continue to represent his industry peers working with the board and its mandate.

Meredith Morris

Sudbury Hyundai, Sudbury

Term expires May 2014

Meredith's automotive family background has enabled her to accumulate more than 20 years of experience in all aspects of the dealership and automotive industry.

She is a graduate of the Automotive Marketing/Business Administration Program at Northwood University in Michigan. Meredith is the president of C.J. Morris Investments Limited, which owns and operates Sudbury Hyundai and Sudbury Used Cars. She was elected to OMVIC's Board of Directors in May 2004 and has served two terms as president and chair.

Meredith is the past chair of the Hyundai Auto Canada National Dealer Advisory Council and the Cambrian College Automotive Technology Program. Her past involvements include serving on the board of directors for the Sudbury Community Foundation, the Sudbury Chamber of Commerce and the Canadian Red Cross. She was also president of the Sudbury Harley Owners Group, "Ladies of Harley" division.

SENIOR MANAGEMENT

Carl Compton

Executive Director and Registrar

Mary Jane South

Director of Operations and Deputy Registrar

Michael Rothe

Director, Legal Services

Chandar Singh

Director, Corporate Services

Laura Halbert

Director, Compliance

Carey Smith

Director, Investigations

Terry O'Keefe

Director, Communications, Media Relations and Education

Joe Scarfo,

Director, Information Technology

Committees

APPEALS COMMITTEE

Chair: Jeff Gray

The Appeals Committee reviews the handing of the complaint file to ensure timely, thorough and fair handling of the complaint. The committee may suggest further lines of inquiry but cannot order further action be taken. There were no appeals in 2013.

AUDIT, FINANCE AND RISK COMMITTEE

Chair: Nazreen Ali

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

The committee held five meetings during 2013.

Membership: Four OMVIC board members (elected officers) – same as Executive Committee.

COMMUNICATIONS COMMITTEE

Chair: John Slaughter

Working with staff and in collaboration with the Motor Vehicle Dealers Compensation Fund, the Communications Committee provides guidance in the development of strategies to communicate and market OMVIC's goals, accomplishments, services and values to key stakeholder groups: consumers, dealers, salespeople, government, media, interested associations and related industries. In 2013, the committee membership was changed to include all OMVIC board members.

The committee held two meetings during 2013.

Membership: All OMVIC board members.

CONSUMER PROTECTION ADVISORY COMMITTEE

Chair: David Cooke

The Consumer Protection Advisory Committee (CPAC) is a committee created by OMVIC's Board of Directors. At least half of CPAC's members are non-industry consumer representatives. The purpose of establishing CPAC was to provide both the Ministry of Consumer Services and the OMVIC board with expert advice on consumer issues.

The committee held four meetings during 2013.

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

GOVERNANCE COMMITTEE

Chair: Denis Ayotte

The Governance Committee reviews the governance of the Board of Directors on a regular basis. This includes a review of the effectiveness of board committees and their chairs, whether committees should be merged, disbanded or created, as well as a thorough examination of all procedures related to the effective operation of meetings.

The committee held four meetings during 2013.

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

Committees

EXECUTIVE COMMITTEE

Chair: Ron Marostica

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

The committee met nine times during 2013.

Membership: Four OMVIC board members (elected officers).

NOMINATING COMMITTEE

Chair: Kevin Bavelaar

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

The committee held two meetings during 2013.

Membership: Same as Governance Committee.

STAKEHOLDER RELATIONS COMMITTEE

Chair: Meredith Morris

The Stakeholder Relations Committee provides a forum for stakeholder groups and OMVIC to share points of view on various issues relevant to the sector. The committee meets on an ad hoc basis but no less than two times per year.

The committee held three meetings during 2013.

Membership: Six OMVIC board members and representatives from government, industry trade associations, the Compensation Fund board of trustees, the Automotive Business School of Canada and consumer advocacy groups.

REGULATORY AFFAIRS COMMITTEE

Chair: Nazreen Ali

Once the Ministry provides a Regulatory Impact Assessment tool to OMVIC, the Regulatory Affairs Committee will employ the tool in development of recommendations for regulatory change to the MVDA. The committee would also ensure appropriate consultation is conducted and recorded in accordance with a consultation period approved by the ministry.

The committee did not meet during 2013.

Membership: All OMVIC board members.

Contact

CONTACTING OMVIC

Registration services

Email: registration@omvic.on.ca

Telephone: 416-226-4500 ext. 5104

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

Consumer inquiries, complaint handling

Email: consumers@omvic.on.ca

Telephone: 416-226-4500 ext. 5105

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

Reporting curbsider activity

Email: nocurbs@omvic.on.ca

Telephone: 1-888-NOCURBS

Motor Vehicle Dealers Compensation Fund

Email: compfund@omvic.on.ca

Telephone: 416-226-3661

Communications, media relations and education

Terry O'Keefe

Email: terry.okeefe@omvic.on.ca

Telephone: 416-226-4500 ext. 3525

Privacy officer

Michael Rothe

Email: privacy@omvic.on.ca

Telephone: 416-512-3165

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

Address

65 Overlea Blvd., Suite 300

Toronto, ON M4H 1P1

Telephone: 416-226-4500

Fax: 416-226-3208

Toll-free: 1-800-943-6002

Websites: omvic.on.ca
buywithconfidence.ca

Email: omvic@omvic.on.ca

Appendix A

THE BOARD'S ROLE

1. Work with the executive director in providing overall business direction through strategic planning, determining priorities and setting policy guidelines.
2. Ensure financial and functional viability of OMVIC by exercising fiscal oversight and determining fee-setting policies.
3. Ensure that OMVIC's operational and financial controls are operating properly.
4. Work with the executive director to ensure OMVIC has the necessary resources, competence, tools and organization to effectively fulfil its mandate.
5. Communicate and market the benefits OMVIC offers to consumers, registrants and the government.

COMPOSITION

OMVIC's Board of Directors is currently composed of 12 individuals, as follows:

- Two directors who are members of the Used Car Dealers Association
- Two directors who are members of the Trillium Automobile Dealers Association
- Three directors who are members of both the Used Car Dealers Association and the Trillium Automobile Dealers Association
- One dealer who is not a franchised dealer and who may or may not be currently a member of the Used Car Dealers Association
- One franchised dealer who may or may not be currently a member of the Trillium Automobile Dealers Association
- Three directors who are appointed by the Minister of Consumer Services

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

BOARD REQUIREMENTS AND SELECTION CRITERIA

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

1. Be registered as a motor vehicle dealer, in good standing, under the MVDA, and
 - a. Whose registration is not currently subject to terms and conditions imposed by LAT
 - b. Not currently the subject of a proposal of the registrar
 - c. Has been registered under the MVDA for at least the two-year period prior to the date of the nomination
2. Be a person of good character, honesty, integrity and financial responsibility.
3. Agree to completion of any reasonable background checks and inquiries that may be required at the sole discretion of the Nominations Committee in its determination of the nominee's honesty, integrity, financial responsibility and suitability to be a director, including, but not limited to, OMVIC inspection findings, complaint history and a Canada-wide criminal record check.
4. Agree to permit the registrar to share with the members of the Nominations Committee the results of the background checks referred to above.
5. Commit to attending 75 per cent of scheduled meetings of the Board of Directors in each year, and commit to active participation on committees.
6. Commit to reviewing relevant materials prior to board and committee meetings.
7. Commit to the objects and purposes of OMVIC as listed in its letters patent.
8. Be an Ontario resident.
9. Be at least 18 years of age.
10. Not be an undischarged bankrupt.
11. Be supported by two other registrants in good standing who have endorsed the nominations form by affixing their signatures where noted.

Appendix A

12. Satisfy such other qualifications or criteria, which are established by the Nominations Committee from time to time, including the endorsement of nominees by the appropriate trade association (i.e., UCDA, TADA, UCDA-TADA) and the desirability of maintaining regional representation.
13. Sign agreements relating to confidentiality, conduct and conflict of interest.

RESPONSIBILITIES OF A DIRECTOR OF OMVIC

- Remain well-informed about the work of the council and its stated objectives.
- Understand the role of the council, its goals and its services.
- Be thoughtful and objective in all deliberations.
- Make decisions in consideration of the council and its stated objectives.
- Place regulation of the motor vehicle industry and protection of the public above any special interest, geographic or personal constituency.
- Attend and participate in, at minimum, three-quarters of the board meetings, committee meetings and subcommittees (if applicable). Failure to consistently attend meetings will result in a request for resignation.
- Complete tasks and projects assigned and accepted.
- Be prepared to accept at least one board committee assignment and actively participate in the committee meetings.
- Inform the board of the needs and concerns of stakeholders.
- Self-evaluate performance as a director each year.
- Understand that the board's role is to set policies.
- Recognize the role of the registrar/chief executive officer and OMVIC staff and refrain from involvement in administrative decision-making or program implementation.

BOARD MEMBERS AGREE TO NOT DO THE FOLLOWING

- Authorize the use of, or use for the benefit or advantage of any person, the name, emblem, endorsement, services or property of the council except in conformance with council policy.
- Accept, or seek on behalf of another individual, any financial advantage or gain of other-than-nominal value offered as a result of council affiliation.
- Use any council affiliation in connection with the promotion of partisan politics, religious matters or positions on any issue not in conformity with the position of the council.
- Disclose any information available because of board membership to any person not authorized by law or the bylaws of the council to receive such information.
- Knowingly take any action or make any statement intended to influence the conduct of the council in such a way as to confer any financial benefit or any corporation or entity in which there is a significant interest or affiliation.
- Operate in any manner that is contrary to the best interests of the council or the motor vehicle industry or the public.
- Make public statements about the council and its policies, the board or other board members or about council or board administrative matters, without the express authorization of the council.

Appendix A

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

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

BOARD OF DIRECTORS SKILLS PROFILE

Board Skills and Experience

OMVIC has a mandate to protect and serve the public interest. OMVIC's Board of Directors must, therefore, comprise a range of members whose collective experience and skills are best suited to accomplish this mandate. Each member of the board brings unique skills and experience to the task. This document sets out some of these skills and experiences and serves as a guide to OMVIC in developing its board nomination and election process. Through the establishment of formal selection criteria and board member skills profile, the Nominating Committee attempts to ensure that OMVIC's Board of Directors consists of respected members of the community with a high level of integrity, and who collectively possess a mix of skills and experience that add strategic value to OMVIC.

Board members should:

- Demonstrate a positive attitude toward the public interest
- Actively participate when they have something to offer
- Listen to other points of view and support consensus building
- Promote consumer protection and industry professionalism
- Possess diverse perspectives, including that of business, government and consumers
- Be strategic thinkers
- Understand the governance role of a board member, its responsibilities and its limitations
- Demonstrate a willingness to actively support OMVIC's mandate and vision
- Be sensitive to the economic and ethnic diversity of the retail automotive sector

The board will seek to achieve diversity in its membership.

Individual Knowledge and Experience

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

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

The Nominating Committee reviews and updates this profile periodically to ensure that it reflects the current needs of the board consistent with the achievement of OMVIC's mandate and vision.



Ontario Motor
Vehicle Industry
Council

Conseil ontarien
du commerce des
véhicules automobiles

omvic.on.ca