



Registrar's Bulletin – November 26, 2007

Please note the following Notice from the Chairman of the Board of OMVIC: **Fee Change Notice**

The last time an OMVIC chairperson had to write a message to members about fees was before the turn of the century.

I guess that's my way of saying OMVIC registration renewal fees haven't increased for dealers since 1999, almost eight years ago. And for salespersons, the last change was in 1994 – almost 14 years ago!

In the eight years since the last fee increase for dealers, OMVIC staff processed over 200,000 registration transactions, answered 700,000 phone calls, conducted 30,000 inspections, laid over 12,000 charges, taken over 8,000 administrative actions, and handled some 9,000 complaint calls. Meanwhile, some 35,000 students have completed the OMVIC-CAI certification course, and \$2 million in compensation fund claims have been paid out by the Motor Vehicles Dealers Compensation Fund Board of Trustees.

OMVIC's main source of revenue is the registration fee and reliance on it has two major drawbacks:

- The overall number of registered dealers and salespeople has remained fairly constant since at least 1996 - and we can't exactly go out and drum up new business! Like everyone else though, expenses tend to rise annually through inflationary and other factors. Primarily though, the Ministry of Government and Consumer Services' new Motor Vehicle Dealers Act will significantly increase our day-to-day operating costs.
- Secondly, our dealer population includes a wide range of business types: wholesale and retail, large and small, urban and rural operations, as well as dealers of seasonal vehicles such as motorcycles. The sales volumes and profitability vary considerably across these business types. Current registration renewal fees do not recognize this difference.

The board has spent considerable time reviewing options to reduce costs, but inevitably, new revenues will still need to be found.

Faced with the limitations of raising revenues through registration fees, AND the desire to correct the perceived inequity in the dealer registration fee, OMVIC's Board of Directors approved the introduction of a new registration renewal fee structure based on volume of sales, in addition to the existing basic renewal fee.

Under this new program, dealers will be required to remit \$5 for every sale, lease, fleet or "as is" transaction as a component of their registration renewal fee, except transactions deemed wholesale.

If you wish, you may add this portion of your renewal fee to your bill of sale or lease contract, thus distributing the cost of funding public protection to your customers.

If you choose to add the transaction-based portion of the fee to your bill of sale or lease contract, please be advised that **you will need to also collect and remit both PST and GST directly to tax authorities.**

This new renewal fee structure will reflect the size of the business operations being regulated and, based on statistics provided by MTO, is expected to generate adequate funding for OMVIC for the foreseeable future.

The alternative would have involved a significant increase in renewal fees for salespeople. The board believes dealers will agree that we want to protect our professional sales force from fee increases.

Please Turn Over



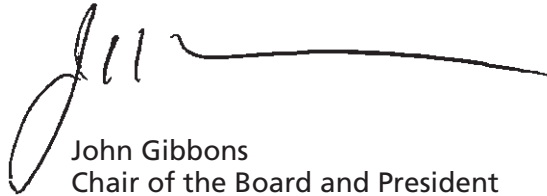
The renewal cycle for dealers will also change from two years to one year to facilitate timely collection of the renewal fee.

Start-up for the revised dealer renewal fee structure will be May 1, 2008. Dealers with a registration expiry date of May 1 or after will be sent a renewal notice approximately 45 days prior to expiry indicating a basic renewal fee equivalent to the current two-year fee, plus \$5 per transaction starting February 1, 2008.

The fee for new applications for registration will increase as follows:

- New dealer application - \$500 for one year.
- New salesperson application - \$250 for two years.

If you have any questions, please fax them to me at 416-226-3208 or by email at president@omvic.on.ca or visit our website at: www.omvic.on.ca



John Gibbons
Chair of the Board and President
Ontario Motor Vehicle Industry Council

Summary of new dealer renewal fee structure:

**If your current dealer registration expires between
May 1, 2008 and December 31, 2008:**

Your one-year renewal fee for 2008 will be a base fee of:
\$500 plus \$5 per transaction for a period starting February 1, 2008.

Your next one-year renewal for 2009 will be a base fee of:
\$0 plus \$5 per transaction for a prior 12-month period.

Each subsequent one-year renewal starting in 2010 will be a base fee of:
\$250 plus \$5 per transaction for a prior 12-month period.

If your current dealer registration expires anytime on or after January 1, 2009:

Your one-year renewal fee will be a base fee of:
\$250 plus \$5 per transaction for a period starting February 1, 2008.

Each subsequent one-year renewal will be a base fee of:
\$250 plus \$5 per transaction for a prior 12-month period.