

Legislative  
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législative  
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## **Official Report of Debates (Hansard)**

P-8

## **Journal des débats (Hansard)**

P-8

### **Standing Committee on Public Accounts**

2021 Annual Report,  
Auditor General:

Value-for-Money Audit,  
Ontario Motor Vehicle  
Industry Council

2<sup>nd</sup> Session  
42<sup>nd</sup> Parliament

Wednesday 6 April 2022

### **Comité permanent des comptes publics**

Rapport annuel 2021,  
vérificatrice générale :

Audit de l'optimisation  
des ressources,  
Conseil ontarien  
du commerce des  
véhicules automobiles

2<sup>e</sup> session  
42<sup>e</sup> législature

Mercredi 6 avril 2022

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House Publications and Language Services  
Room 500, West Wing, Legislative Building  
111 Wellesley Street West, Queen's Park  
Toronto ON M7A 1A2  
Telephone 416-325-7400; fax 416-325-7430  
Published by the Legislative Assembly of Ontario



Service linguistique et des publications parlementaires  
Salle 500, aile ouest, Édifice du Parlement  
111, rue Wellesley ouest, Queen's Park  
Toronto ON M7A 1A2  
Téléphone, 416-325-7400; télécopieur, 416-325-7430  
Publié par l'Assemblée législative de l'Ontario

ISSN 1180-4327

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

## COMITÉ PERMANENT DES COMPTES PUBLICS

Wednesday 6 April 2022

Mercredi 6 avril 2022

*The committee met at 1233 in room 151, following a closed session.*

### 2021 ANNUAL REPORT, AUDITOR GENERAL

#### MINISTRY OF GOVERNMENT AND CONSUMER SERVICES ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Consideration of value-for-money audit: Ontario Motor Vehicle Industry Council.

**The Vice-Chair (Ms. Christine Hogarth):** I'd like to call this meeting of the Standing Committee on Public Accounts to order. We're here to begin consideration of the value-for-money audit on the Ontario Motor Vehicle Industry Council from the 2021 Annual Report of the Office of the Auditor General.

Joining us today are officials from the Ministry of Government and Consumer Services and the Ontario Motor Vehicle Industry Council. Welcome. You will now have 20 minutes collectively for an opening presentation to the committee. We will then move on to the question and answer portion of the meeting, where we will rotate back and forth between the government and the official opposition caucuses in 20-minute intervals, with some time for questions allocated for the independent member—we don't have one here yet.

I would like to invite each of you to introduce yourselves for Hansard before you begin speaking. You may begin when ready.

**Ms. Renu Kulendran:** Perhaps I'll start. My name is Renu Kulendran. I'm the deputy minister for the Ministry of Government and Consumer Services. It's great to be back at public accounts.

I'd like to take a moment first to introduce the officials who are joining me today from both the ministry as well as the Ontario Motor Vehicle Industry Council, or OMVIC. First of all, to my left is Michèle Sanborn, who is the assistant deputy minister of the policy, planning and oversight division at the ministry. Just behind us is Kelly Houston-Routley, who is the director of the consumer policy and liaison branch. With her is Ana Tinta, who is the manager of the delegated administrative authorities policy and oversight unit.

With me, from OMVIC, is the president and chair of the board of directors, Virginia West; and to my right is the chief executive officer and registrar, John Carmichael.

It's a privilege to address the Standing Committee on Public Accounts today and to provide an update on the ministry's progress in implementing the recommendations from the Auditor General's value-for-money audit of OMVIC. We'd like to thank the Auditor General and her team for pulling together this report and sharing their helpful advice. We recognize that the role of the Auditor General is vital in ensuring democratic transparency and accountability.

Together, the ministry and OMVIC are carefully reviewing the recommendations, and have developed action plans to implement them. While the implementation process is at its beginning stages, we take the recommendations in this report very seriously and are committed to examining the areas where we can collectively improve.

As you know, OMVIC administers and enforces the Motor Vehicle Dealers Act under the oversight of our ministry. The ministry is responsible for proposing legislative changes to the Motor Vehicle Dealers Act and monitors the overall performance and reporting obligations of OMVIC. OMVIC has been designated as the administrative authority responsible for administering and enforcing the act and its regulations. As part of its mandate, OMVIC is responsible for protecting consumers who purchase or lease a motor vehicle from a registered motor vehicle dealer or salesperson. This includes enforcing rules on how registrants must transact with consumers, such as all-in pricing and the meeting of requirements of contract-of-sale disclosures.

Providing protections for consumers also includes enhancing consumer awareness of legislated protections under the legislation, handling complaints, and reviewing consumer claims for compensation from the Motor Vehicle Dealers Compensation Fund. In addition, OMVIC is responsible for the registration of motor vehicle dealers and salespersons, as well as enhancing industry professionalism and ensuring fair, honest and open competition for registered motor vehicle dealers and salespersons.

The ministry recognizes the need to strengthen its oversight of OMVIC, particularly as it relates to governance, the efficiency of its operations, and the efficacy of its consumer awareness campaigns. While the ministry is committed to exploring options for implementing the recommendations provided by the Auditor General, most

of the recommendations directed at the ministry require legislative or regulatory amendments, as well as careful consideration of many factors. The ministry has indicated to the Auditor General that it will develop proposals for government consideration. This includes implementing effective consumer protection measures that do not place undue burden on businesses.

Being mindful of this balance is especially important, given the unprecedented economic effects the pandemic continues to have on the production of motor vehicles, which has a direct impact on sales. Second, consultation with stakeholders and consumers would be critical to our understanding of the many options available to deliver change and determining if OMVIC has the resources to implement the change we propose.

It is the role of the government and the Legislature to propose and approve policy and legislative changes, and the ministry is committed to undertaking thorough analyses and consultations on the Auditor General's recommendations to bring forward proposals for the government's consideration.

I am pleased to share that the ministry and OMVIC have begun preliminary work to explore next steps in collaboratively addressing the recommendations. The ministry is already taking steps toward governance changes in the administrative authority sector. This is reflected in the Rebuilding Consumer Confidence Act, which amended several statutes governing administrative authorities to strengthen oversight, governance and transparency requirements.

The minister utilized one of the new tools under the Safety and Consumer Statutes Administration Act by appointing Virginia West as chair in June 2021, and has maintained an open dialogue on expectations for improvement of OMVIC's governance. The minister has also written letters to OMVIC's chair, outlining certain expectations in relation to governance, transparency and accountability.

Finally, the ministry is committed to working with OMVIC to update the administrative agreement between the minister and OMVIC, with the goal of enhancing performance measures and strengthening accountability and transparency requirements.

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We have a good plan in place and are working diligently to implement the Auditor General's recommendations. I look forward to reporting back to the Auditor General with more information as implementation continues, and to working in close collaboration with OMVIC to implement the Auditor General's recommendations.

Ontario's automotive sector is vital, and my ministry is committed to keeping this industry strong. In particular, we need to ensure consumers have the information they need to make informed purchasing choices, but also not place too heavy a burden on industry members, considering the challenges of the past two years and recognizing the existing shortage of motor vehicles for sale. We recognize the system is not perfect, but we are confident we can work together to make meaningful improvements

that will enhance protections for consumers and enable the industry to thrive.

Once again, thank you to the committee. I'm grateful for the opportunity to address you today and I want to thank you for your time this afternoon. I'll now turn the floor over to OMVIC's president and chair of the board of directors, Virginia West.

**The Vice-Chair (Ms. Christine Hogarth):** Just to let you know, you have 13 minutes left.

**Ms. Virginia West:** Thank you and good afternoon, Madam Chair and members of the committee. My name is Virginia West. I am here today in my capacity as chair of the board of directors of the Ontario Motor Vehicle Industry Council. Mr. John Carmichael, chief executive officer and registrar of OMVIC, will be speaking shortly to outline OMVIC's response to the 2021 value-for-money audit conducted by Ontario's Auditor General.

I want to begin by thanking the Chair and the members of the Standing Committee on Public Accounts for the very important work that you do.

Ms. Lysyk, I want to acknowledge and thank you for your important work in strengthening OMVIC's vision of becoming a modern regulator by providing a comprehensive set of recommendations. OMVIC has embraced the recommendations, and our board found the audit to be a significant exercise to reflect on the approach we currently take to maintain a fair and informed marketplace for consumers in Ontario and the automotive industry at large. We appreciate the collaborative work undertaken by both your team and our staff throughout 2021 as we worked together through the audit process and a pandemic simultaneously. Additionally, I want to thank you personally for the time that you took to meet with OMVIC's board members to highlight your recommendations and respond to their questions.

I appreciate the introductory remarks of Deputy Minister Renu Kulendran from the Ministry of Government and Consumer Services, and I recognize the shared role that the ministry and OMVIC have to protect the consumers and enhance industry professionalism. The Auditor General's report provided recommendations directly to OMVIC, as well as recommendations to the ministry to which we report. We will work collaboratively with the ministry as we undertake implementation.

The audit does come at a timely moment for OMVIC as we reach a key milestone in our history: 2022 marks our 25th year as Ontario's motor vehicle sales regulator.

As Deputy Minister Kulendran noted, OMVIC has two broad objectives. The first is protecting consumers. We do this by enhancing awareness of their rights when they purchase or lease a motor vehicle from a dealer or salesperson registered under the Motor Vehicle Dealers Act, as well as administering and enforcing the legislation, regulations and code of ethics which regulate the industry. OMVIC's second objective is to enhance industry professionalism. This, too, benefits the consumer and encourages a healthy industry.

OMVIC is in the midst of an organizational transformation. Our journey began in 2018 with an efficiency

study commissioned to identify the steps OMVIC could take to transform into a more modern regulator. The study resulted in a variety of recommendations to enhance our efficiency. The Auditor General's recommendations dovetail nicely with the changes we have implemented as a result of the efficiency study, and they will advance OMVIC along the path to realize our goal of becoming a modern regulator.

Since receiving the recommendations, OMVIC and the ministry have begun to explore the steps that need to be taken to address them. Working diligently with our senior management team and consulting extensively with our board of directors as well as industry and consumer groups, we have developed plans to deliver on those recommendations in a timely fashion. This demonstrates our alignment with the Auditor General's view of the vital work OMVIC can do to protect the rights of consumers and the importance of our right-touch approach to regulation. Implementing these recommendations will show that we take our responsibility as a regulator seriously and illustrate our commitment to continuous improvement.

Deputy Minister Kulendran mentioned my appointment as chair in June 2021, with a specific set of expectations communicated, including improved governance, transparency and accountability for OMVIC. The Auditor General has identified several ways in which we can improve in these key areas, and I can assure you that I am in full support of those recommendations.

In terms of governance, we have already strengthened some board policies and will continue to do more. An important recommendation relates to board composition, term limits and selection criteria to achieve a more balanced board with diverse perspectives. This is a fundamental shift in the historic constitution of OMVIC.

To ensure stronger accountability and transparency, the ministry will be working closely with OMVIC to update its administrative agreement and ensure those changes reflect the recommendations provided. I look forward to the support of the ministry and constructive consultations with our stakeholders as we pursue these objectives.

OMVIC has submitted the internal action plan to the Minister of Government and Consumer Services. We have also posted the public action plan on OMVIC's website to ensure full transparency and accountability to Ontarians. The plans will be updated quarterly to demonstrate the timely progress that OMVIC is making to all stakeholders and members of the public.

OMVIC shares the deputy minister's vision for a strong automotive sector in Ontario that ensures consumers are protected, without placing unnecessary burden on registrants, so this vital industry can thrive. I am confident that with the implementation of the Auditor General's recommendations, OMVIC will realize this vision and emerge as a stronger and more resilient modern regulator, with an enhanced focus on good governance, transparency and accountability. These are expectations we believe this committee shares with OMVIC.

I'd now like to turn it over to my colleague Mr. John Carmichael, who will further outline the steps we are taking in this regard. Thank you.

**The Vice-Chair (Ms. Christine Hogarth):** Sir, hello. Welcome. You have six and a half minutes.

**Mr. John Carmichael:** I'll go quickly.

Thank you, Ms. West. Good afternoon, everybody. I'd like to offer my personal greetings to you, Madam Chair, the committee members and the Auditor General for the opportunity to attend this meeting.

OMVIC's work with the Auditor General's team and our review of the final report delivered on December 1, 2021, served as a catalyst to examine our operations and assess how we are delivering on our mandate. Ms. Lysyk, on behalf of our organization and employees, thank you for your professionalism and the time you took to gain a deeper understanding of our approach to maintaining a fair, safe and informed marketplace for motor vehicle sales in Ontario.

Before I go too far, I want to introduce my colleagues who are with me today as well. I've got Maureen Harquail, who is our chief operating officer and deputy registrar, who will be addressing some issues, I expect; Joanne Beaton, our chief operating officer; Andrew Khuu, who is our chief financial operator; Julie Hiroz, director of communications; and Tatiana Zeleni, who is managing this process of the implementation of all of the Auditor General's recommendations.

Consumer protection has and will continue to be our number one priority. However, we recognize we can do more, and we must do more. We welcome the recommendations and are committed to embracing the spirit and intent of the value-for-money audit process. To that end, we took immediate action when we received the report and worked collaboratively with the Ministry of Government and Consumer Services and key stakeholders to develop a comprehensive action plan to guide our next steps.

OMVIC is committed to continuous improvement, and we have been meeting the objectives of our strategic plan since its launch in 2020, despite also navigating a rapidly changing landscape with the evolving global pandemic. The team you have before you today was instrumental as we worked to mitigate the spread of COVID-19, while helping registrants navigate the pandemic. Over the last two years, we delivered timely communications to registrants about changing restrictions. Our enforcement team pivoted to virtual inspections to ensure that, despite the pandemic, registrants continued to abide by the highest industry standards. Our consumer support team seamlessly transitioned to working virtually while continuing to provide excellent service and support to consumers.

**1250**

These examples illustrate that OMVIC takes its responsibility as a regulator seriously. However, we acknowledge and accept there is still work to be done. The recommendations identified challenges and gaps that we will address to ensure we administer the Motor Vehicle Dealers Act in the most effective way possible.

OMVIC's strategic plan is centred around four strategic pillars: consumer protection, registrant professionalism, stakeholder engagement and organizational efficiency. These goals drive efficiency and value for Ontarians—two

key objectives, not only for our organization but also the value-for-money audit process, as we continue to deliver against these goals.

Risk-based regulation is a strategy to target activities posing the highest risk to consumers while reducing the burden for lower-risk registrants to help level the marketplace. In 2021, OMVIC embarked on a refresh of its risk-based inspection process to focus on the highest risk to consumers and ensure an appropriate allocation of resources. This strategy is designed to help build confidence in the industry and promote a fair, safe and informed marketplace.

Simultaneously, OMVIC has worked to raise industry professionalism by providing registrants with educational opportunities and resources designed to promote compliance and a better understanding of the Motor Vehicle Dealers Act and its regulations. OMVIC's consumer support team offers information, support and a dispute resolution service to empower consumers, regardless of the stage they are at—

**The Vice-Chair (Ms. Christine Hogarth):** It's your two-minute warning.

**Mr. John Carmichael:** To maximize this service, a risk assessment was integrated into the dispute resolution program in 2020. When issues are identified, they are categorized to ensure high-risk items are quickly escalated for action.

In 2020, we began the implementation of our IT strategic plan, which provides a road map to modernizing OMVIC's digital infrastructure. To date, we have increased security and efficiency by transitioning files to a cloud-based retention system. We also began the development of a new client relationship management solution, which will enhance efficiency and expand our digital capabilities to realize cost savings as we drive toward operational excellence.

The industry continues to evolve as new technologies and consumer demands shift. However, our commitment to becoming an effective, modern regulator is unwavering. New methods of marketing, distribution and payment for motor vehicles have disrupted the marketplace and created unforeseen challenges associated with buying and selling a vehicle in Ontario. In addition to our mandate of protecting consumers and enhancing industry professionalism, OMVIC's job as a regulator is to keep abreast of industry trends, anticipate issues, embrace innovation and adapt, while taking fair and appropriate action when required.

OMVIC will continue on its path to become a modern regulator that can navigate emerging trends and issues. However, it's important to note that none of our achievements would be possible without the contributions and support of the Ministry of Government and Consumer Services, our board, our employees and our stakeholders. We will continue to work with these partners to address the recommendations—

**The Vice-Chair (Ms. Christine Hogarth):** Sir, that's time. Apologies for interrupting.

*Interjection.*

**The Vice-Chair (Ms. Christine Hogarth):** There you go. Good. Thank you so very much.

We're going to move forward. Thank you, everyone, for your presentations. This week we're going to proceed with the following rotations: 20 minutes for the official opposition—they're going to start—followed by 20 minutes for the government members. If people behind the presenters are asked to speak, we ask that you come to the microphone to respond to any questions. Thank you very much.

We're going to start with 20 minutes to the official opposition.

**Ms. Jessica Bell:** Thank you to all of you for coming in today, representatives from the Ministry of Government and Consumer Services—hello again—as well as representatives from the Ontario Motor Vehicle Industry Council. I want to thank you for your work, and also for your willingness to engage in the Auditor General's process. I know it has been just a few months now since the report came out, but it's good to hear that there is a willingness to improve, evolve and change.

I have a few questions. I'm going to take up about 10 minutes, and then I'm going to hand it over to MPP Rakocevic to do the other 10 minutes.

The first thing I do want to note is just the overall conclusions of the report, and that is that the audit did find that OMVIC did not have processes to consistently administer the Motor Vehicle Dealers Act in order to protect the public in their transactions with motor vehicle dealers and salespersons, OMVIC did not always effectively regulate motor vehicle dealers and salespersons, and the ministry has not sufficiently overseen OMVIC to confirm that OMVIC effectively fulfills its mandate. When I read that, the overall impression I get is that there are some serious shortcomings that need to be dealt with, both on the OMVIC side and the ministry side.

My question is to the ministry staff: What are some examples of legislative changes you are looking at bringing to Queen's Park to strengthen your oversight and OMVIC's work?

**Ms. Renu Kulendran:** Thank you for the question, member Bell. I would say that we've been on a journey in terms of oversight, more generally with respect to administrative authorities. That has been multi-year. A significant step for us in 2020 was the Rebuilding Consumer Confidence Act, which provided a number of new authorities and was really designed to enhance the ministry's oversight role. It also provided the ability for the minister to appoint a chair. We've noted that in the specific case of OMVIC, that happened last year with Virginia's appointment.

I would say we also have worked to strengthened our existing oversight model by ensuring that we have regular interaction at all levels of the organization. From my level, we've got a team here that works very closely with OMVIC on a regular basis, and also works through the administrative agreement and some of the performance requirements of the agreement to ensure that there is appropriate follow-up of issues that have been identified.



There is an administrative authority guidebook that has been established that provides detailed support that enables and facilitates that relationship.

I would say that, working with the Auditor General in terms of the work that has been done in the AA space over the last few years—because it's only recently that the Auditor General has had access to that space—the recommendations that have emerged from those reports form a cumulative suite of opportunities for us to ensure how we can more critically examine our role and have a more robust oversight relationship with the administrative authorities.

With respect to the specific recommendations—

**Ms. Jessica Bell:** We only have so much time, so my question is around if there are any specific legislative recommendations you're looking at moving forward on. If there are none, that's fine; I'm just curious if there's anything specific.

**Ms. Renu Kulendran:** With respect to the status of the Auditor General's recommendations with respect to OMVIC, we have a couple of things already operationally in play. We are working with OMVIC to develop legislative proposals that we would want to bring forward in 2023.

**Ms. Jessica Bell:** Okay. Would you be able to articulate what they would be?

**Ms. Renu Kulendran:** Some of them relate specifically to the Auditor General's recommendations around consumer awareness. They would address the board's constitution. We're working very closely with Virginia and John around developing those proposals, because there are some recommendations that OMVIC also has in that regard in terms of how to strengthen that oversight piece.

1300

**Ms. Jessica Bell:** Okay. I do want to move on. I probably have one more question before I have to hand it over, and this is a question around—there were many things in the report that I think drew interest for all of us. One that really stuck with me was the compensation fund. There were a few things I noted with that. One is that there did seem to be a surplus of money within OMVIC, yet not enough money was potentially being allocated to the compensation fund, and many consumers have had valid complaints—maybe they bought a vehicle that wasn't what they were told they were going to buy—and they aren't eligible to access the compensation fund.

I'll be specific here. Consumers who purchase vehicles from illegal dealers are not eligible to apply to the compensation fund. In some cases, they might be vehicles that could have been stolen, damaged or rebuilt, or had their odometer tampered with or have liens against them. They're not eligible to get funding from the compensation fund, even though there is a surplus available, it does seem, from the vehicle council.

I'm sure you agree there is an issue. Could you speak to how you'd like to address that issue? I think it would make sense to have either John Carmichael or Virginia

West address that question, because it's more in your scope.

**Mr. John Carmichael:** Thank you to the member. Let's begin with the compensation fund. It was established in 1986. It's been around a very long time, and it was governed under the Motor Vehicle Dealers Act. The parameters and the criteria upon which consumers are compensated are all within the regulations and the legislation of the act.

OMVIC, when you talk about surplus, does have a surplus, and I have no doubt we'll address some of that later today, but that surplus is such that there is no legislation or ability for us to transfer any of that surplus to the compensation fund. We were able to make a substantial reimbursement to the compensation fund in 2020 of \$3.3 million, which in fact took the compensation fund up to just under \$10 million, which is a significant amount of money to deal with consumer issues.

The compensation fund is the safety net for consumers, so your point on that is well taken. It has to be strong; it has to be well-governed. That's where consumers have the ability to go up to a total amount of \$45,000, which was changed by legislation several years ago. But the criteria issue is something we're working on. That is something we'll be working on, in concert with the ministry and with the compensation fund board, to find ways in which we can address that. But—

**Ms. Jessica Bell:** Okay, so just help me out here: How specifically do you intend to change the compensation fund criteria so that more consumers can have access to it? Can you go into the specifics there?

**Mr. John Carmichael:** It's a good question—

**Ms. Jessica Bell:** If someone buys an illegal vehicle, are you going to recommend to cabinet that they are eligible to the compensation fund? Just as an example.

**Mr. John Carmichael:** Currently, we address every consumer complaint that comes in because of a registered dealer's infraction or a gap in the transaction etc. The compensation fund deals directly with consumers whose claim is a result of some part of the transaction that has gone awry with their registered dealer.

As far as additional criteria—there are two levels of criteria; sorry. One is that for those who do bring us a complaint, a concern or a claim, we need to look at those criteria to establish—and we committed to that with the Auditor General, that we're going to look at the criteria we have available to us and see what needs to change. That has only just begun. We—

**Ms. Jessica Bell:** All right, so you're looking at it. Okay.

**Mr. John Carmichael:** I can't give you an exact answer on that, but we're going to look at that and work with our compensation fund board of trustees and with the ministry. We will address that as we go forward, where it's appropriate.

**Ms. Jessica Bell:** Okay.

**Mr. John Carmichael:** The other—

**Ms. Jessica Bell:** Just because of time, I'm going to thank you for answering that question. It's something that

we will be looking at pretty closely: What are those criteria? What are they going to be? I'm looking forward to seeing how you work with the Auditor General moving forward on that.

I'm going to hand it over to MPP Rakocevic.

**The Vice-Chair (Ms. Christine Hogarth):** There's just under 10 minutes.

**Mr. Tom Rakocevic:** I want to thank the ministry staff who are here, present, answering the questions. I want to thank the chair of the board, the CEO of OMVIC and all the staff that they've brought. I also want to thank them for their willingness to co-operate with the Auditor General. I know it's not easy. We've heard some positive words today about change—modernizing, right? So I just want to thank you for that.

In summary, upon reading the report—it was a very well-researched and studied report, and we really appreciate the Auditor General's work, as usual—it seems to me that we have a delegated authority created in the late 1990s to protect those who are purchasing used vehicles. Many people don't understand that that specific delegated authority even exists, or if they have heard the acronym, what protection they even have. Those people who do hear about it reach out to OMVIC. From mystery-shopper research, we found that for 50% of people, I think, if I remember correctly, who have made purchases from used vehicles sales people who are licensed—it does result in some questionable interaction, maybe an infraction that's present. In the cases when a consumer does reach out to OMVIC, it takes quite a long time—actually, almost a year—to see any kind of resolution in terms of what they have been asked. In fact, when there is a need for follow-up, 77% of the time, follow-up inspections aren't occurring. When an infraction actually is determined, the compensation fund seems to be, at least in the past, resistant to then paying out.

My first question is, does OMVIC pay an oversight fee to the ministry? I know with other delegated authorities, these DAAs pay oversight fees to the ministry, and I'm not really sure what the ministry does to assist in their practices. But do they pay an oversight fee to you, and what's the amount?

**Ms. Renu Kulendran:** I thank the member for the question. All administrative authorities pay an oversight fee to the ministry. The intent of the administrative authority model is to ensure that we have a robust consumer protection system but also that it's cost-neutral to the taxpayer. In essence, the model facilitates that by allowing the ministry to recover oversight fees, and that includes costs related to managing the relationship at all levels as well as supporting policy and legislated development consultation research.

**Mr. Tom Rakocevic:** But we haven't really seen any policy changes regarding this since the inception of this delegated authority, but they've been paying oversight fees.

**Ms. Renu Kulendran:** Just to the member: Yes, the act has not substantively changed since 2002, but we did engage in consultations last summer. We initiated consultations—

**Mr. Tom Rakocevic:** Right, sorry, and following—so in 1997, this was established. In 2002 were the last changes to the act. They have been paying oversight fees since that period of time, and any sort of substantial or any sort of change whatsoever that has been posited has come during the report of the Auditor General. Is that a fair—

**Ms. Renu Kulendran:** I don't think that's fair. I mentioned in my opening remarks that the Rebuilding Consumer Confidence Act did provide additional levers that affected the legislative framework that governs OMVIC. As a result, we have worked to—

**Mr. Tom Rakocevic:** When was that introduced? Sorry.

**Ms. Renu Kulendran:** That was in 2020.

**Mr. Tom Rakocevic:** Right, so at the time of the Auditor General beginning the report, is it not?

**Ms. Renu Kulendran:** No.

**Mr. Tom Rakocevic:** When would—

*Interjection.*

**Mr. Tom Rakocevic:** All right. So this preceded within the same year of the Auditor General's report.

**Ms. Renu Kulendran:** Yes. And I would also add that there have been a number of other statutes introduced, including the creation of other administrative authorities, that have leveraged lessons learned from ongoing oversight experiences. So there has been considerable work around the model.

**Mr. Tom Rakocevic:** All right. I appreciate that. Sorry; just in the interests of time, right?

**Ms. Renu Kulendran:** Absolutely.

**Mr. Tom Rakocevic:** There's a lot to unpack with regard to this. I guess the first thing is, what is OMVIC doing to increase consumer awareness of the existence of OMVIC, and what help is available?

**Mr. John Carmichael:** If I may, I'd like to call on my colleague Julie Hiroz to address that issue.

1310

**The Vice-Chair (Ms. Christine Hogarth):** Can you please introduce yourself first before you begin? Thank you very much.

**Ms. Julie Hiroz:** Thank you, John. Thank you very much for the question. My name is Julie Hiroz. I am the director of communications and public affairs at OMVIC.

I joined OMVIC in January 2021. In that same year, we launched our 2021 consumer awareness campaign in September. The focus of the campaign was on raising brand awareness of OMVIC—who we are, what we do and why it's important—and also raising awareness about the all-in price advertising right under the MVDA. Once we completed the consumer awareness campaign, we rolled out our consumer awareness survey. We surveyed over 2,000 consumers in Ontario. What we found is awareness of OMVIC had raised by 5% to 29% and awareness of the all-in price advertising right had raised by 16% to a total of 40%.

In addition, in 2021, we put together a list of high-risk issues for consumers and areas of high non-compliance among dealers. We utilized data within OMVIC and the subject matter experts within OMVIC. We also did this

through consultation with our industry and consumer group partners. Once we had developed that list, we used it to inform the development of our marketing plan, and the marketing plan was implemented in January this year. It focuses on the high-risk issues and the areas of high non-compliance among dealers that we'll focus on throughout the year. We've also developed key performance indicators that will help us to track and trend our progress towards meeting our marketing objectives.

**Mr. Tom Rakocevic:** Okay. Have you considered any changes in terms of—at the time of purchase, when a prospective consumer walks into a dealership: What are you willing to do during the purchasing process to share awareness of OMVIC and what they're able to do? Has there been any talk about—and I used this earlier, but let's say in terms of packaging: Certain packages come with, let's say, warnings, or at least information on where you go if there are any challenges or issues. Has that been considered during the purchasing process, from anything like signage requirements in used car sales, whether it's online or whatnot, to information when a sale is made, and maybe even coupling it with a potential cool-down period?

**Ms. Julie Hiroz:** Thanks for the question. There are a couple of things there. One, you're talking about providing information at the point of sale. You're also talking about signage within the dealerships, and you're also talking about cooling-off periods. So, maybe I'll start by speaking to the providing information at the time of sale. Within the report, that is actually one of the recommendations that came from the Auditor General, about looking at providing information to consumers at the point of sale. That is something that we are in agreement with and certainly our plan is—

**The Vice-Chair (Ms. Christine Hogarth):** Two-minute warning.

**Ms. Julie Hiroz:** —to do consultation with the ministry to look at implementing that as a change. It would require regulation change. That certainly is something that we're looking at.

**Mr. Tom Rakocevic:** And I do thank the Auditor General for including that in the report. I think that would be a really good way forward.

In the minute or so left, I just really want to touch on what I mentioned with regard to inspections. The amount of time it takes for an inspection to be resolved and the fact that so many of them don't result in a resolution where the consumer is receiving compensation that they should receive: What steps are you taking? Are you hiring more staff? Are you planning to do more inspections? How do we help more people and disburse money when it's needed or is deserved?

**Mr. John Carmichael:** Thank you for the question, to the member. In the interest of time, I'll be brief. Yes, we are hiring more people: inspectors, investigators. We've also taken a fulsome look at our processes. We began this in 2020. We reconstructed our entire enforcement division of our business, which is inspections, investigations and dealer support. We are working through addressing the various risk levels of dealership—high, medium, low—and the consistency with which we visit those dealerships.

At the end of all that—and I think we'll probably get into more of that as the afternoon goes on—this is a very important part of how we address our issues as we go forward. This is a part of our business that we take very, very seriously, to ensure that consumers can go into a dealership and ensure they're going to be well cared for in an open and transparent environment.

**Mr. Tom Rakocevic:** I thank you very much for answering the questions, again, and for being here. I appreciate it.

**The Vice-Chair (Ms. Christine Hogarth):** That's seven seconds. You're good? Okay. Thank you very much.

Next, we're going to move to the government side for 20 minutes, and we're going to start with MPP Barrett. Please go ahead, sir.

**Mr. Toby Barrett:** Thank you, everybody, for coming out today. There are always some really interesting things that come up on this public accounts committee.

I think I'll probably lead off just with some introductory questions and maybe questions for the council, OMVIC. We have the report from our Auditor General that's done an assessment, or a value-for-money audit, with respect to how effective the processes in place have been, and how efficient the processes in place have been with respect to fulfilling the mandate of this council given to you by the government. That goes back to 1997.

I might mention, we've all bought cars. I bought my first car when I was 17. I still drive that car. I'm a Conservative. That's value for money.

*Laughter.*

**Mr. Toby Barrett:** The car is a lot older than I am, by the way.

You've probably got a story about your first—

**Mr. Robert Bailey:** I do. I do.

**Mr. Toby Barrett:** I'm going to share my time with Mr. Bailey next to me here.

But with respect to the mandate given to the council—maybe, for the record, I'll just walk through it. I would ask for, from a lay perspective, some specific examples of how these processes are working, from the perspective of somebody walking into a GM dealership or a Toyota dealership, from that lens. I'd like some examples. Maybe there's a big 800-number on the wall, I don't know, to help the consumer, or they can access social media.

Just going back to the mandate, it's to maintain a fair marketplace, to maintain an informed marketplace, to protect the consumer, enhance professionalism, and again, to ensure fair competition, honest competition and open competition. I think that's a great mandate. I don't know whether many people who go in to buy a car with some trepidation know that they've got the backing of the council and the government and the various industry associations that aspire to this mandate.

I wonder—and we'll leave some time for Mr. Bailey, but could we have some real-world, specific examples of how these several points that I chunked out in the mandate are being accomplished?

**Mr. John Carmichael:** Thank you to the member for the question. Yes, we have a number of areas that I think are relevant to your question. The first is we govern or regulate in excess of 8,000 dealerships across the province, in excess of 31,000 salespeople, who register with us, who are part of our regulatory framework. Every one of those registrants—dealers and salespeople—has to complete a certification course in automotive law and ethics.

So the whole issue around the Motor Vehicle Dealers Act, the governance of the act, the regulations, all of the pieces of the puzzle that come together to address the member's comment about coming into a dealership—it's all part of establishing, if you like, a baseline. Our mandate is to ensure that those registrants are all operating at as high a level as we're able to provide.

Further, every registrant is required to post a sticker on the door of their dealership—be it a new or used or independent dealership—to recognize their OMVIC membership, their OMVIC registration, and every sales rep is responsible to post or put up their certificate, to have it available so that when a consumer comes in, they can recognize that that individual is certified in automotive law and ethics by OMVIC and by Georgian College, who are the adjudicators of our certification program.

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**Mr. Toby Barrett:** So it's like a plaque on the wall or something?

**Mr. John Carmichael:** Exactly, yes—where possible; it's changing with office structures these days. But that's the general purpose. They also have desk-mounted ones that we provide. Whatever it takes to recognize the certification, we think that's important for starters and insist on that.

Then, on our website, we have a listing of all dealerships who are doing their jobs effectively. So before shopping, a consumer could go to the OMVIC website and check out the dealership to see if there are any issues against that dealership, or if there are any problems or accumulated complaints or discipline features that might concern them.

Those types of things are all part and parcel of trying to establish a baseline that ensures that consumers can go in the dealership with comfort, knowing that the people they're dealing with are credible and going to do the job according to the mandate of the Motor Vehicle Dealers Act.

**Mr. Toby Barrett:** I know there are different associations for used cars and new cars. Do you find with your oversight that that is a challenge, dealing with different sectors within the truck or car dealership business? I wonder, as well, with different brands—would Toyota have a different approach than, say, Ford or GM?

**Mr. John Carmichael:** It's a good question by the member. We have two key stakeholders in associations: the Trillium Automobile Dealers Association, TADA, and the Used Car Dealers Association, both of whom are extremely concerned on a regular basis that their dealers represent their association honestly, openly and effectively. They support us in our mandate, so we work very closely with them.

As far as the manufacturers, we don't regulate the manufacturers, as you probably know. We only regulate dealers and salespeople. But the manufacturers—I could relate two stories, but probably not this afternoon.

**Mr. Toby Barrett:** Give us one story—a short one. I love stories.

**Mr. John Carmichael:** We have an all-in pricing mandate, and we have manufacturers that will work with our dealer support network to ensure that their dealer ads and their manufacturing ads are not going to confuse the public, that they're consistent, particularly in dealing with all-in price issues.

So that, combined with other manufacturers who want to ensure that their dealers are operating ethically and doing a good job on their behalf, representing their brand effectively, which is obviously a very critical issue—we hear from them regularly, and it's across all brands. There isn't a brand we don't talk to, to facilitate a discussion, if we can help and answer some of their questions. But they all have the same concerns. They want brand awareness and for their brand to be at a high level, and they want to ensure that their people are operating in a reputable, honest way.

**Mr. Toby Barrett:** I want to hear from my colleague. But my first car was a 1941 Dodge coupe, actually.

**Mr. John Carmichael:** That's one you still have?

**Mr. Toby Barrett:** Yes, I've got two of them now. They're such a good car.

**The Vice-Chair (Ms. Christine Hogarth):** You have 11 minutes, MPP Bailey.

**Mr. Robert Bailey:** I could tell quite a few stories. But anyway, I'd like to thank the Auditor General and, of course, her staff for the great work they've done here. I've read through all the recommendations. I speed-read it. I didn't dwell on every word, I'll be honest, but I did scan it. I was very impressed. There were a lot of issues there that I've brought up over the years.

I want to commend the Ministry of Government and Consumer Services staff who are here today with the OMVIC board, the public board, and Mr. Carmichael and Ms. West. I've had a number of dealings with them—very satisfactory, as well. I know when I first came into government in 2018, I had issues down home in Petrolia—no, not in the Petrolia area; I take that back. It wasn't Petrolia. It started in the London area, actually. Anyway, between the ministry staff and Mr. Carmichael and his folks, who were very good, that was resolved, in my opinion, very satisfactorily. These recommendations will only make that better.

I was thinking of MPP Barrett's comments. I remember my first car that I bought. It's hard to believe today—and I don't know whether the gentleman, who has long gone to his reward now—but I was getting married and my dad said to me, "It's about time you got a car." I was still living at home. I got married one day and moved out. Anyway, we went to this dealer that he knew—I don't think Mr. Carmichael will remember him—Orville Wallace, in Watford. Not likely; he's before your time too. But anyway, part of the deal was, we picked this car out—it was a

1964 Chevrolet Bel Air and I think it was \$650. We flipped a coin for the \$50. It was either \$600 or \$650. I don't think that would probably be in the OMVIC rules today. It probably wouldn't qualify for a way of doing business, but it worked. I got a lot of miles out of the car and it was my first experience buying something like that.

I think my car payment was \$80 a month. I remember I went to fill my car up with gas one day—and this was a while ago; I don't know what it would be today. But I was filling the car up and it came to \$70 or \$80. I said to the young fella, "My car payment, a number of years ago, was \$80 a month." He looked at me like I had two heads. But those days are gone. It was all part of the experience.

One of the questions I wanted to ask was how the administrative authority, which the ministry oversees quite well, I'm sure—how that model provides value for money to the general public and to the taxpayers in general. So maybe to the ministry staff to start with, and then if Mr. Carmichael or Ms. West would like to comment. I'll leave it to you guys.

**Ms. Renu Kulendran:** Thank you, member Bailey. I'm happy to start, and I may turn it over to my colleague Michèle Sanborn to maybe elaborate.

As I mentioned earlier, the administrative authority model allows the government to deliver critical programs and services, and ensure that consumer protection and public safety laws are implemented. There are 11 in existence, and they range from entities like the Technical Standards and Safety Authority and the Electrical Safety Authority, which are largely in the public safety space, to the Real Estate Council of Ontario, the Travel Industry Council of Ontario and OMVIC. So they are intended to provide the government with the responsibility for oversight in terms of the performance of the administrative authority. But the day-to-day operations of the authority, including licensing and regulation enforcement, are the responsibility of the administrative authority. The relationship is governed through an administrative agreement which specifies expectations of that service delivery, and it's reviewed on a periodic basis. That is an agreement between the minister and the AA.

The ministry is in the process right now of reviewing all its administrative agreements as part of that cycle. We've already started initiating work with OMVIC around updating its administrative agreement. As part of that process, we'll be addressing many of the operational recommendations that were made by the Auditor General and her team.

Just in terms of how it benefits taxpayers, it actually is designed to be cost-neutral to taxpayers and government, by inference, because the administrative authorities pay an oversight fee, as the member asked, and that is sort of calculated in proportion to the time and the work that have been involved at many levels of the organization to support oversight. That means that the sector itself, through licensing and other fees, actually pays the costs of the oversight and regulation. So these entities are meant to, as my colleagues John and Virginia indicated, be focused on consumer protection or public safety, in the

case of the Electrical Safety Authority and the Technical Standards and Safety Authority, and to deliver those services. They're meant to be accountable to government for the way they deliver that service, and the minister is accountable to the Legislature for the fulfillment of those requirements. So part of our role is around working with the authorities to develop policy regulations and to continuously improve in that space.

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I hope that answers your question, member Bailey?

**Mr. Robert Bailey:** Yes. But one thing I did want to ask—have I got a minute yet?

**The Vice-Chair (Ms. Christine Hogarth):** You have four and a half minutes.

**Mr. Robert Bailey:** Oh. Well, good.

I'll go to Mr. Carmichael: Something I don't understand—I didn't have time to read it, and I know I should know this. I'm going to ask anyway, because it's maybe for the benefit of, who knows, someone else out there in the general public.

I understand the compensation fund. I heard you speak to the surplus and that you just recently gave a one-time donation—it shouldn't be a donation, but a one-time payment—of \$3 million-plus to the compensation fund. Where does that surplus build up from, from dealers' fees and things like that?

**Mr. John Carmichael:** Thank you to the member. First of all, the bulk of our income comes from transaction fees. In today's world, \$10 of every new or used car that is sold or leased—\$10 is included in the bill of sale that comes to OMVIC upon renewal of the dealer's registration each year. That was changed in 2015—actually, before my time there—from \$5 to \$10.

The structure of OMVIC was operating—we did a number of things in those early years to accommodate that surplus, but over the course of time, there wasn't a surplus; there was literally a very modest organization in how it was run and how it was operated, and the government saw fit at that time to increase that transaction fee. There's also another fee, a registration fee, that's part and parcel of that exercise.

Those will accumulate. Our job is to use that money effectively, efficiently. Just for a point of reference, that is our sole source of income. We don't receive income from government sources; we receive income from industry, those transactions primarily.

When the pandemic hit, certainly the surplus had been increasing in those first couple of years, from a very modest base to a level that—when we hit the pandemic, a lot of the future of our industry became uncertain. We didn't know, as I'm sure you didn't know, where we were headed with this pandemic. So we did a number of things that literally closed down our business for a—

**The Vice-Chair (Ms. Christine Hogarth):** Two-minute warning.

**Mr. John Carmichael:** Do I have time?

**The Vice-Chair (Ms. Christine Hogarth):** You have two minutes. Sorry.

**Mr. John Carmichael:** Okay—that closed down our business for, certainly, the lockdown periods. We're an essential service and we continued to operate.

But within that surplus—I want to be clear—there are reserves that are restricted that are established to operate the business on an ongoing basis. At its peak, \$19 million, there was \$10 million in a restricted operating reserve, which is a six-month amount of money that, through CRA standards, you isolate in the event of a crisis to help pay for your bills.

We had a \$3-million restricted reserve for IT development. We had a system operating in our business that was already 10 years old. You know how fast technology is changing, and so we established that restricted reserve—our board did—to ensure that we would deliver new technology, new systems to meet our consumers' and registrants' demands.

We had a contingency reserve of \$3 million to deal with a number of variable issues that were in place, and there was a third reserve—sorry?

*Interjection.*

**Mr. John Carmichael:** Sorry, program development and continuity. One of the elements of that is that our consumer awareness plan went from some \$900,000 a year in 2015 to just over \$2 million a year, which is what we spend today to deal with the issues that Ms. Hiroz addressed earlier. Effectively, there is about a \$4-million gap—

**The Vice-Chair (Ms. Christine Hogarth):** Excuse me, sir. We are done with our time for our first round, but maybe we can pick that up if somebody asks a question.

So that's our first round. The second round is also going to be 20 minutes to the official opposition and 20 minutes to the government. And now, to the official opposition: MPP Bell, go ahead.

**Ms. Jessica Bell:** Thank you, Vice-Chair. I'm also going to split my time with MPP Rakocevic. I'm going to start, but I'm going to move it over to him.

I wanted to address another issue that I noticed in the Auditor General's report, which is the issue of money laundering. In her report, the researchers found that there could be an issue of money laundering happening through car dealerships. They found that 10 out of the 15 motor vehicle dealers that the AG team visited were willing to accept cash exceeding \$10,000 as a form of payment for a vehicle. It doesn't necessarily have to be—you're allowed to buy a car with cash—but if there are a lot of transactions like that, it can result in the sector or governments or FINTRAC starting to wonder what is going on there.

My questions are—and I would like to start with the ministry at this point, and then if you have additional ones, please answer as well. Do you think money laundering through the car dealership sector is a problem? And would you say yes to formalizing some kind of agreement with FINTRAC so that any cash transaction over a certain amount—\$10,000—is required to be reported to FINTRAC?

**Ms. Renu Kulendran:** Thank you, member Bell, for the question. We do appreciate the auditor's insight into this specific piece and the recommendations in this regard.

The determination of which sectors are meant to comply with FINTRAC is a federal decision, but we are actively engaging with OMVIC and also with the federal government. I am pleased to report that we had our initial engagement in February with FINTRAC. We have a plan to work closely with them with respect to the recommendation, to introduce a requirement and have motor vehicle dealers reporting large cash transactions be captured by that. So we're working on it, yes.

**Ms. Jessica Bell:** That's good to hear. Virginia or John, do you have a response?

**Mr. John Carmichael:** Could I call on my colleague Maureen Harquail, our chief operating officer, to address this?

**Ms. Jessica Bell:** Thank you. I do want to acknowledge that the ministry did seem to indicate that there is progress on having some kind of arrangement or recommendation to have cash transactions reported, or that's my summary. So I'm more interested in the question of if you think it is a problem that you're seeing right now within the motor vehicle sector.

**The Vice-Chair (Ms. Christine Hogarth):** Before you begin, can you please state your name for Hansard? Thank you.

**Ms. Maureen Harquail:** Thank you, Madam Chair. My name is Maureen Harquail. I'm the chief operating officer and deputy registrar at OMVIC.

You know, it's an interesting question. I think one of the things that we have been aware of is what's happening in other jurisdictions. Certainly in British Columbia there was an extensive report and extensive committee work that was done with respect to money laundering. Of course, there was some discussion about the motor vehicle side of it as well. So we're certainly aware of what came out of the British Columbia example and what they're trying to do with it.

As the regulator, that's not something that has necessarily been under our mandate—it is certainly not covered under the Motor Vehicle Dealers Act—but of course we look forward to working with MGCS and the federal government if the matter should move along.

**Ms. Jessica Bell:** I think that's all my questions. I'm going to hand it over to you.

I just want to say thank you so much for sharing your answers today and working with the Auditor General.

**The Vice-Chair (Ms. Christine Hogarth):** You have 15 and a half minutes. Mr. Rakocevic, go ahead.

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**Mr. Tom Rakocevic:** I'd like to talk a little bit about delegated authority board composition. My experience of other delegated authorities: They come into being to provide that arm's-length oversight of various industries, for instance. I find that usually the boards are made up—if not entirely of the industry itself, very large portions. If I understand correctly, there have been some changes to the board as of recently. Correct me if I'm wrong, but I believe 75% of the board's seats come directly from the industry itself. Is that correct?

**Ms. Renu Kulendran:** Nine of the 12 seats on the board are sectors or subsectors of the industries, and three are minister's appointees. I don't know, Virginia, if you want to add anything to that.

**Ms. Virginia West:** I can respond, if you like. That is the current composition, but board composition is an issue that the Auditor General raised. OMVIC was one of the first delegated administrative authorities founded—25 years ago, as I said earlier—and I think good practices in governance have evolved since then.

You're right: We do have nine members who are elected by the general membership, which is over 8,000 dealer members, dealer registrants who form that, and three appointed by the ministry. We are looking to amend the bylaws, where that composition is framed to look at a more forward, progressive approach to board governance. I think it's very important to have a diversity of thought, perspective, experience, and to have consumer awareness more appropriately represented on the board. I think all of that's important, but there's a long process we have to go through to make that happen.

**Mr. Tom Rakocevic:** Thank you for that. Could you describe in more detail what that looks like? Consumer protection should be at the heart of all of these delegated authorities, and so you're saying that, essentially—three of the board members are ministry-appointed and the other 75% are voted in by the dealers themselves to represent the board. And then the board, in turn, makes the laws, whatnot, for OMVIC to follow.

Can you, in more detail, tell us how you're planning to make consumer protection a focus in terms of board makeup for OMVIC?

**Ms. Virginia West:** Sure. Of course, the board doesn't make the policy or the law, but we enforce it. You're right that it's important as part of a good governance frame to have, again, a more balanced representation on the board. We will be, in the coming year, in response to the Auditor General's recommendation, looking at what the possibilities are in amending that.

As I say, there's a process that we have to go through because these are enshrined in the bylaws. So for us to be able to do this, we would undertake a review, develop a proposal, looking at other DAAs—which, as you've pointed out, are more balanced, have a different composition on their boards—and see what model may be most appropriate. We'll do this in consultation with stakeholders, consumer and industry stakeholders, as well as with the ministry, and bring forward a proposal.

The current board will have to support that proposal going forward, because it will require bylaw amendments to go to a properly constituted meeting of our members, the 8,000 registrant dealers, and that's where we have to get the approval. So that process will be initiated and brought to the AGM in 2023.

**Mr. Tom Rakocevic:** But if you're leaning on the dealers themselves to choose board composition, do you believe that it's going to be chosen within the interests of consumer protection or within the interests of the dealers themselves?

**Ms. Virginia West:** I have faith in the board directors and, I hope, in the members that will be voting on this eventually. I think what we want to present to them is the rationale for why the board would be better functioning if it had a more balanced composition. Again, the role of the board is somewhat limited. It provides oversight for OMVIC itself, but it doesn't insert itself into policies or into regulations or legislation. There are other channels for industry representatives to reflect on that.

**Mr. Tom Rakocevic:** Which is why I touched on the oversight fees. Again, that's why I went there and to say that, 20 years later, we saw some changes, but we're all hoping for changes in the right direction.

One of the things that came out of the report, and I touched on it before, was the inspections and the concerns I have around inspections, especially proactive ones. I believe that OMVIC was relying on a third party to do mystery-shopper investigations. Is there any willingness to bring that in-house? Because I feel that those can be quite revealing, when someone appears at a dealership and makes a purchase. It's very telling, what is discovered. Are you willing to do that in-house and put some money towards it and will towards that?

**Mr. John Carmichael:** Thank you to the member for the question. It's a very good question, because that was actually one of the recommendations of the Auditor General. We had used a third-party consumer group—two consumer groups, in fact—to do the bulk of our mystery shopping. In 2020 and 2021, we began testing in-house mystery shopping and found that we can be a lot more effective and a lot more successful at getting to the root of issues. So yes, the resources will be applied. It will operate through our enforcement division. I think at this point in time, it's just really starting to take shape based on those recommendations, but we're in full agreement with that and with the Auditor General on that recommendation.

**Mr. Tom Rakocevic:** Chair, just the time?

**The Vice-Chair (Ms. Christine Hogarth):** Nine minutes and 10 seconds.

**Mr. Tom Rakocevic:** Oh, excellent. Okay.

That's very good to hear. A piece of information that I learned as well that I thought was a bit concerning too is that when an investigator reveals that there is some sort of infraction—I guess my question is, in what percentage of cases is the condition of the vehicle not being properly reported on? I think it's self-explanatory, but you can imagine going in to purchase a new vehicle and if—let's say it was an accident—the degree of damage is under-reported, or the actual condition of a car, this could pose a significant safety concern. Do you have any information on what percentage of these infractions are regarding the condition of the car?

**Mr. John Carmichael:** Let me begin. And I'm going to invite my colleague Maureen Harquail to address the enforcement side of this.

It's a very good point. To the member's question, those disclosures are critical for consumer confidence. Part of our certification program, in fact, is just that, that if there are two panels side by side that have been damaged, it has

to be declared. If there's damage to a vehicle in excess of \$3,000, it has to be declared. So the goal is to ensure that those issues are, in fact, addressed in every dealership on every inspection, and when we do find such infractions, we have to deal with it.

Perhaps over to you, Maureen.

**The Vice-Chair (Ms. Christine Hogarth):** Ms. Harquail, do you mind introducing yourself again, please? Thank you.

**Ms. Maureen Harquail:** Maureen Harquail, chief operating officer.

I think the important thing to also remember here is, while we have the enforcement side of the business, we also have our consumer support team. That team is specifically there for consumers to answer questions before a sale, while they're going through the process and also helping consumers navigate what happens when they've faced a problem with a dealer or with a transaction. Our consumer support team is there at first instance to help consumers work their way through it. There is the enforcement side of it, which, of course, when we find out about it and—

**Mr. Tom Rakocevic:** I appreciate that. But do you have any idea in terms of percentage of how many—a breakdown of what complaints look like? I was looking down at my paper earlier, because, again, this is relying on the consumers to know their rights. We know that you are taking steps to give them more knowledge on that, but we're not there yet. We're quite some ways away from that. You had made an allusion to the fact that the dealers themselves should know what their responsibilities are. I believe, somewhere in the report—and I don't know the percentage off the top of my head, but I don't even know what percentage of dealers are up to date on what their information and what their responsibilities are. It does leave me with some concerns for consumers, at least at the present. Do you know what the breakdown is of what these complaints tend to be about?

**Ms. Maureen Harquail:** Well, I think we certainly get quite a variety of them. Sometimes they are lien issues. Sometimes they are vehicle-condition issues, there's no doubt about it. Sometimes it's inaccuracies on the bill of sale, lack of clarity when it comes to what was included in the bill of sale, whether they've complied with what's required on the bill of sale. Unfortunately, I can't give you the exact number.

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**Mr. Tom Rakocevic:** That's fine; that's okay.

You mentioned liens, actually. So if a person purchases a vehicle that has a lien on it through a dealer, the lien gets transferred over to the new purchaser. How does that work? And if that's the case, are there any steps or proposals being made to protect consumers when it comes to that?

**Ms. Maureen Harquail:** Certainly, liens are really one of the most important things that we look out for and our consumer support team looks out for. Sometimes that is actually one of the best indices of a dealership that is having challenges, because they're not paying off those

liens or they're slow at paying off those liens. For us, that's really a red flag that we look for. I think what happens when we identify a lien issue is that it gets escalated immediately, because it is one of our top priorities.

From the dealer perspective, they understand, and that's part of their certification course and training that they go to. They understand, or they should understand, that that is a top requirement for them, which is to discharge that lien and clear it so that it doesn't follow the new consumer.

**The Vice-Chair (Ms. Christine Hogarth):** You have four minutes and 10 seconds left, but the AG had a comment.

**Ms. Bonnie Lysyk:** I should actually say thank you quickly to OMVIC while I have this opportunity, because they have been wonderful to work with, the chair and the CEO and the organization and the ministry. So, thank you.

You had a question on the consumer complaints. In figure 12 in the report, you'll see an outline of the complaint type, and that will give you some indication. Those can probably be broken down even further, but at least that will give you a guide as to the consumer complaints against the dealers that were mediated by OMVIC. That's in figure 12 in the actual report itself. I can pass the page. There you go.

**Mr. Tom Rakocevic:** Thank you very much to the AG for that clarification.

I do want to return to what my colleague MPP Bell was talking about too. Again, a lot of the purchases that are being made by consumers often come from unlicensed dealers. Of course, under the current legislation, OMVIC is not able to protect them or provide any sort of help in this regard. What legislation is being considered today to protect people that are making those purchases? Is there anything that is being seriously discussed right now? Is there anything before us to protect them?

**Ms. Renu Kulendran:** The compensation fund comes from registered dealers and salespeople. It's part of the transaction that they pay when they register originally, so that's where the money comes from. It currently does not apply in the case of curbsiders, individuals that are not registered. Any expansion in eligibility will necessarily involve engagement in public consultation—with consumers, with the regulated sectors—and working with OMVIC to look into eligibility for the compensation fund. Because it is the registered, licensed individuals who are paying into the fund to support the payouts that are, I would say, generally speaking, according to the requirements, up to \$45,000—

**Mr. Tom Rakocevic:** No, I understand. Okay.

**Ms. Renu Kulendran:** Right. So just to answer your question, we are looking into it. It necessarily involves consultation because of the—

**Mr. Tom Rakocevic:** But there might be—I mean, it isn't just about the compensation fund, right? If a person—

**The Vice-Chair (Ms. Christine Hogarth):** It's your two-minute warning.

**Mr. Tom Rakocevic:** Okay.

So if someone is selling vehicles without a licence, what generally happens if it's determined that way? Is it



just a question that there's no consumer protection? Or does the government have some sort of say in this, saying, "Well, you need to get licensed"? Because it might not just be about access to the compensation fund. It might be a means to get more unlicensed individuals or businesses to become licensed. Are you taking any steps to do that?

**Ms. Renu Kulendran:** There are consumer protection provisions, for sure. There are also provisions under the motor vehicle dealers' association, and there's enforcement and compliance activity at OMVIC. I can certainly refer to OMVIC to talk a bit about that. But I would say that, as part of some of the recommendations that the Auditor General recommended with respect to—there a number of things that I think we can collectively do. One is to look at our Consumer Protection Act provisions and the MVDA provisions around some of the key issues—cooling-off periods and some of these other issues. We can also look, collectively, at what action can be taken around—

**Mr. Tom Rakocevic:** Sorry, are you committing to a cooling-off period with regard to this? Or is there any commitment towards—

**Ms. Renu Kulendran:** We committed to consult and engage on some of the—I mentioned in my opening remarks that there were a number of recommendations that require regulatory or legislative change. We committed to work with OMVIC, to consult on those proposals and to bring back recommendations to government in 2023.

**Mr. Tom Rakocevic:** Okay.

**The Vice-Chair (Ms. Christine Hogarth):** You have 23 seconds.

**Mr. Tom Rakocevic:** That's okay. Thank you very much again for the answers.

**The Vice-Chair (Ms. Christine Hogarth):** Wonderful. Thank you very much.

Now, over to the government side. Who's going to lead us off? MPP Ke.

**Mr. Vincent Ke:** Thank you, Auditor General, for your report. Thank you also to the ministry staff for your remarks.

My question is, are there any performance or targets in place to assess the Ontario Motor Vehicle Industry Council's performance as an administrative authority?

**Ms. Renu Kulendran:** Thank you to the honourable member for the question. There are performance measures in place that are part of our administrative agreement between the government and OMVIC. The Auditor General has made additional recommendations about strengthening those performance measures, so we are going to be working with OMVIC to look at ways to strengthen that.

I'm going to turn it over first to my colleague Michèle Sanborn to provide some examples of the types of performance measures that we would be currently tracking. And then if there's anything, John, you want to add, I'll turn it to you as well.

**Mr. John Carmichael:** Sure, thank you.

**Ms. Michèle Sanborn:** I'm Michèle Sanborn. I'm the assistant deputy minister of policy division.

With the ministry, we have four key performance measures that OMVIC does actually track and post on its website. They are the percentage of dealers inspected with no further administrative action; maintaining or improving customer satisfaction ratings for OMVIC's complaint handling process, which measures knowledge, efficiency and courtesy; percentage of consumers surveyed who are aware that motor vehicle dealers must be registered; and percentage of consumers surveyed who do not know what a curbsider is.

In addition, since 2020, the ministry has developed a fairly in-depth scorecard with about 30 additional measures that OMVIC reports to the ministry on a quarterly basis. I won't go through all 30 of them, but I'll maybe give you a sense of what's captured in that. They capture things around consumer satisfaction with OMVIC's complaint handling of staff, consumer awareness of all-in pricing and the overall number of inspections conducted.

I will turn it over to John, because I think he can give a bit more detail in terms of the scorecard.

In addition, OMVIC does have performance measures in its business plan, and it reports out in its annual report. So all of those things together make a fairly comprehensive performance measurement framework. However, this is one of the key focuses of the result of the audit that we will be working with OMVIC on to improve and really target those areas that the auditor focused on. Thank you.

**Mr. John Carmichael:** Thank you to the member—a very good question. We are literally governed by those metrics. We meet with the ministry regularly—certainly quarterly for liaison meetings, but more regularly when any issue jumps up that they have a question about in one of our metrics or one of the measurements by which we're measured. We operate with scorecards every day.

I would like to ask my colleague Joanne Beaton, who is our chief administrative officer, who manages our scorecard process, to address that issue, because I think it will give you good comfort. Can we do a better job? More than likely. I don't argue that, but we have vigorous metrics in place to ensure that we do our job as we're mandated.

1400

**Ms. Joanne Beaton:** Thank you, John. Joanne Beaton, CAO for OMVIC.

Thank you for the question. I joined OMVIC three years ago. When I joined OMVIC, the priority was to start annual target-setting for KPIs, to do quarterly reporting of outcomes and to make sure that the outcomes were publicly reported in our annual report. Working with senior management in developing KPIs which were meaningful, repeatable and able to be run easily from the system, we developed 74 metrics that we monitor quarterly, as the management team, of which 56 are monitored by the board and about 30, as Michèle mentioned, are monitored by the ministry.

Michèle mentioned some of the compliance measures, efficiency measures and outcome measures. They're all outlined in the admin agreement, that we must do this, generally speaking, and then management decides which metrics mean the most for reporting. Going forward into

2022 and 2023, the management team has developed a set of metrics and will be collaborating with the ministry and refining those metrics as we move forward.

**Mr. Vincent Ke:** Okay. Thank you for the details.

Thank you, Chair. I will pass my time to my colleague.

**The Vice-Chair (Ms. Christine Hogarth):** MPP Kramp, you have just over 14 minutes left.

**Mr. Daryl Kramp:** Thank you very much. I won't take all of that—I'll pass it back—but I have a couple of thoughts. It's good to see my old friend again, Mr. Carmichael, and certainly welcome to everyone here.

I'm going to follow up a little bit on Mr. Rakocevic's earlier comments regarding diversity on the board. I'm pleased to see that your chair is working towards trying to bring more and more experience into the fold on that. Any boards that I've ever sat on or do sit on, diversity is most welcome. There's a lot of strength in diversity. There is a perception, and sometimes perception becomes a reality in many, many people's minds, that—I'll use a sporting analogy here—the ballplayers are calling the strikes and balls on themselves and not using the umpire. I'm hoping that somehow you can alleviate that perception going forward.

I'm certainly not suggesting how you should run your board—you'll run it as you best see fit—but perhaps a legal entity on that, perhaps someone from the insurance industry, perhaps someone from a level of diversity, perhaps it could be a gender issue; goodness knows wherever you're going to find diversity. But it could be a consideration, possibly, that your board might find helpful to alleviate a perception that the industry is simply policing itself. That just might be a thought process moving forward that you want to consider. Perhaps you maybe even want to comment on it.

**Ms. Virginia West:** Well, I thank the member for those comments and that question. I'm in agreement with your viewpoint with respect to that. I think good governance does require an evolution, moving us to a more diverse board on a number of levels, whether it's diversity of skills, knowledge, experience, perspective or thought. I think it's important to address diversity and inclusion on other levels, as well, including gender, geographic distribution across Ontario, ethnicity. I think all of that is important to lend itself to a well-functioning board.

And because we are a regulatory authority—you're right—there are issues around perception, because we do have nine of the 12 members who have to be registrant dealers from the industry itself. And so—

**Mr. Daryl Kramp:** But that—

**Ms. Virginia West:** Sorry?

**Mr. Daryl Kramp:** But bylaws can change too.

**Ms. Virginia West:** And that's exactly it. That's the effort that we'll be undertaking in the year coming. I think it is important to get, for example, specific consumer representation on the board, as well. It will be a process that requires us to consult with others and to develop an alternate model of board that both the industry and consumer groups and other stakeholders would have comfort with.

I think one of the challenges for OMVIC, as well, is that the reality is the motor vehicle dealer industry is male-dominated. In the past, OMVIC has tried to identify even women to be eligible to be elected to the board, and there are so few women who actually have sufficient ownership in dealerships to be considered under our current model. So I think it's very important that we address that, and that's what we'll be doing in the coming year. We'll be consulting, developing a proposal, working with the ministry, developing a bylaw amendment that the ministry has to agree to as we move forward, and then presenting it to our membership at a properly constituted meeting, which is probably going to be the annual general meeting in June 2023, to get their approval of it as well.

**Mr. Daryl Kramp:** Thank you very much. I know the Auditor General and the committee would be most interested to see how you progress in a most challenging situation. We understand that.

I have to confess almost a little bit of ignorance. I'm a legislator, yet I have never heard of OMVIC—unbelievable. I didn't even know what it was. I was in the automotive business years ago too, and I didn't even know what OMVIC was. And if I didn't know what OMVIC was, how in the blazes is the public going to know what OMVIC is?

Where has been the mass campaign? Where has the government—potentially departmental people—let the public awareness down on this? Is there something that should somehow be generated so that they have an opportunity to say that there is a problem or not? I took a look at the challenge. The Auditor General noted that registered motor vehicles don't always report their vehicle sales to OMVIC, so they have a revenue loss, which is understandable. Yet MTO has all this information; they either can't, won't or don't share it. Why? To the department.

**Ms. Renu Kulendran:** I'm happy to start. I'm the deputy minister for government and consumer services.

Just a couple of things: We acknowledge that there needs to be a greater emphasis on consumer awareness, of access to the work that OMVIC does as a regulator as well as the compensation fund and the number of protections that agree under the legislation. We're working with OMVIC to increase that awareness.

As part of the delegated authority model, I would say that the day-to-day operations, including capacity around education and awareness, is part of the delegated administrative authority's responsibility and that OMVIC has taken significant action in that regard over the past several months to increase that awareness.

The other recommendation—

**Mr. Daryl Kramp:** What type of action?

**Ms. Renu Kulendran:** My colleague John can speak further to it, and perhaps Julie can speak further to it as well. But I think it includes its online presence, activity, research and other campaigns. But I'll defer to Julie to speak more to what the DAA is doing.

**Mr. Daryl Kramp:** No, I just wanted to inquire. The fact that you have been taking it seriously and taken some action on it, have moved and taken a look through the

various departments, whether it's an IT model, whether it's social media, whatever it happens to be—I think the fact that you are moving forward in that will certainly be of benefit to the consumer, and the industry as well. Because an industry only works well—and Mr. Carmichael certainly knows this better than most. He's been tremendously successful in industry because he's been able to develop a trust—a trust between his customers and his suppliers and the whole value chain. When we have a situation where people either are not informed and/or don't believe that there is a process they can follow, then that trust breaks down. And that does not provide a win-win situation for anybody on that.

So I'm really, really pleased that the Auditor General has done this study on this and has come up with some recommendations. The fact that we have a real willingness on behalf of the industry to try to adapt its models and change—I would certainly hope that the department, the government itself, recognizes that they have to play a role in this too.

One of the problems I have is that government, of course, takes forever. Try to get legislation changed? Well, this year, the next year and the next year thereafter, and after 14 committee studies, something, somehow, might happen. And then governments change. I would like to be assured somehow that the department is taking this as a very, very serious issue and is determined to work with the industry players to come up with a solution so that we all can benefit.

That's just a little personal rant—from frustration that I personally experienced in the governmental levels, at all levels.

1410

**Ms. Renu Kulendran:** No, I appreciate that. As a professional public servant, and my colleagues, we're all deeply committed to work with OMVIC to implement the recommendations of the Auditor General to improve consumer awareness, including—one of the recommendations talks about something that we have required working with the condo authorities, which is providing information packages to people who are purchasing condos. That's a model that has been recommended with respect to individuals who come into dealerships: to get awareness packages of their rights right off the bat so that they know from the day that they purchase their vehicle how they're protected under the legislative framework.

So I can assure you, MPP Kramp, that we're all deeply committed to implementation around this. As a public servant who has been involved in a number of legislative, regulatory and operational initiatives over the years, I can tell you that government can move fast too.

**Mr. Daryl Kramp:** Thank you kindly. I remain confident on that.

MTO, as I just previously mentioned, has information that could potentially be valuable for an effective line of communication on this, and yet they're not sharing it with OMVIC. Is this because of freedom of information? Is it because of legislation? Why has there not been a little bit

of a better level of co-operation to be able to assist the dealers and OMVIC in their process of identification?

**Ms. Renu Kulendran:** We're working with MTO now to help facilitate that information-sharing. I think there is greater awareness and capacity that is happening, really, across ministries and regulatory entities around information-sharing. Certainly, we are following up on the Auditor General's recommendations to ensure that that occurs, and also working closely with OMVIC to make sure that we can do that in a way that complies with privacy and other principles.

**Mr. Daryl Kramp:** Great. Well, thank you very much. We're really, really pleased to have both the departmental people and certainly OMVIC, and friends and neighbours and that, here. We're all here to do the right thing: to try to represent our industry and our governance models successfully to the benefit of all the people. So thank you very, very kindly for taking your time to come here. Thank you to the Auditor General and thanks to all of my colleagues from all sides here for bringing issues to this table that allow us to hopefully move forward in a positive manner.

**The Vice-Chair (Ms. Christine Hogarth):** The government side still has three minutes. MPP Barrett.

**Mr. Toby Barrett:** Maybe I'll follow up with Mr. Carmichael. You mentioned how, say, the salespeople, for example, might have a card on their desk indicating that they had taken—I guess it would be the required training course to get into the business. Then I see here that as far as continuing education, our Auditor General made recommendation number 24: "Motor vehicle dealers and salespersons are not required to take continuing education courses..." I assume that's obviously beyond that initial course to renew their registration, even though significant changes were made to the act in 2010—and I think a lot of regulation came in around 2010 as well that affected how vehicles are sold.

**The Vice-Chair (Ms. Christine Hogarth):** Two-minute warning.

**Mr. Toby Barrett:** My question, quickly: There are, what, 30,000 salesmen out there? And I don't know about the mechanics and everybody else in the back shop. How often do they have to renew their registration, and how many are taking ongoing courses? Or what kinds of courses are outdated? Is there a course on the amendments to the 2010 legislation?

**Mr. John Carmichael:** Thank you to the member. It's a good question, because it concerns all of us. There are two issues. One is continued professional development, CPD, constant education. We don't have a program for that.

Your question about salespeople: They register every two years. Dealers register—or re-register, rather—every year. So we see our registrants on a regular cycle, but our only method of education today is through the certification program, which is at inception, when they first register.

We've talked about continuous professional development, and it was a recommendation within the Auditor General's report—number 1—which we are working with

ministry officials to consult on, to discuss and to find a way forward, to see whether or not there is some semblance of balance in that. That will have to be consulted on within the industry, with all the stakeholder groups and the consumer groups. That's an issue that's going forward, but it was well raised by the Auditor General, and we thank her and her staff for that.

The other issue that you mentioned is those that were registered before 2010; we call them grandfathered—

**The Vice-Chair (Ms. Christine Hogarth):** Excuse me, sir. We're out of time for this round. Hopefully, you can fill in the blanks if a question is asked again.

In the final round, we're using the remaining time. It will be 12 minutes for the official opposition and then 12 minutes for the government party.

We'll start with the official opposition and MPP Rakocevic. Go ahead, sir.

**Mr. Tom Rakocevic:** One of the things that came out of the Auditor General's report, as well, was that there was an under-reporting of vehicle sales to OMVIC.

What is being done to actually determine the right amount of sales by OMVIC and to be really on top of that?

**Mr. John Carmichael:** The under-reporting that you're talking about is in terms of revenue generation. We're working with the ministry to find a way forward with the ministry of transport. MPP Kramp addressed that issue earlier, in that there is information available—where co-operatively we can find a resolution to better information so that we can govern ourselves accordingly. We are working with the ministry to find a way forward on that, consultatively, to see if we can't establish an agreement where we can share that information. That would certainly be a first step in gaining better traction on that issue.

**Mr. Tom Rakocevic:** For instance, for the period from 2016 to 2020, OMVIC paid out, I believe, \$2.4 million. Is that correct? There was about—

*Interjection.*

**Mr. Tom Rakocevic:** Yes, in terms of claims for that five-year period. At the same time, they were only able to recover \$520,000, I believe, from auto dealers.

So what is being done to ensure that OMVIC is able to recoup the money that it is paying out from dealers that have been found to have made infractions?

**Mr. John Carmichael:** It's a good question from the member.

That is a constant issue of concern for us. We register those claims; we keep a record of them. Obviously, dealerships come and go. Some go out of business in the course of a year and leave us with claims with consumers that we have to address—and they were registered and they're fully validated. We've got to deal with that. That's the safety net I addressed earlier, and I think it's very, very important.

Where we can capture that information is, when those dealers—if a dealer goes out of business and decides a couple of years later that they want to come back into the business, that will be an amount of money that's owing on that account, and we will do our best to address it at the time of re-registration. But there are no assurances that

we're going to recapture that money on an ongoing basis. We do our best to do it as it occurs, but if the dealer is gone or has gone insolvent, we can't.

**Mr. Tom Rakocevic:** Understood. What I've also learned, and this has to do with the compensation fund and the disbursements of them, is that it seems, certainly in the past of OMVIC, that there has been some resistance to parting with compensation money to people who have—well, in fact, when there has been an infraction and consumers have been requiring that money or needing that money, there has been some sort of resistance in paying it out.

What is changing to ensure that consumers who have been harmed or wronged and are entitled to compensation from the compensation fund will receive it now, according to the changes that are being made?

1420

**Mr. John Carmichael:** Thank you for the question. I think the primary issue is to ensure, first of all, that we're addressing the criteria by which a consumer can apply to the compensation fund. And we've committed to that. We're doing that in consultation with our stakeholders and with the ministry. We want to be sure that if we're going to change the criteria, we have the authority to do it, number one, and that it's an appropriate change of criteria at the time. That's going to take a bit of time. We have it in our—we've responded to that in the implementation plan, and it's something where we've begun the process of identifying it. It will take time, though, to actually move forward on that as an issue. Does that answer your question?

**Mr. Tom Rakocevic:** Yes. I'm glad to hear that steps will be taken or are being really strongly considered, but I'm hoping sooner than later because, again, what the process showed is that when an actual complaint is made, inspections take a long time to resolve. They often are not resolved. If they're resolved, the payouts don't necessarily come back. There are a lot of these concerns. I understand that, as has been stated many times, this takes time. But for a lot of people, for a lot of consumers, they have taken some serious harm to their pocketbooks or even worse as a result of a purchase, and we really need to see this happen in a fast manner.

One thing on top of that as well is the surplus fund. Is there any conversation about transferring the surpluses that you have into the compensation fund or spending it for other consumer protection needs?

**Mr. John Carmichael:** That, again, is a matter of operating the business. I talked earlier about the surplus versus the reserve accounts that have been structured. We have committed to consulting with the ministry on that issue in terms of the how-tos.

I can tell you that, on a go-forward basis, based on the recommendations of the Auditor General, we have done a tremendous amount of costing, to the extent that we've already begun hiring 14 new employees in the first quarter, another 14 in the third quarter, that will help to meet some of the recommendations that the Auditor General and her

team put forward. That's going to move us into a deficit environment for the next four years.

So I guess the difficulty of managing the business and the operational demands and the requirement to assist on the compensation fund—right now, though, the compensation fund is well cared for. It's got just under \$10 million. It's in good shape. It's paid out only \$6 million in restitution over—I shouldn't say “only.” It's paid all of \$6 million over its lifespan, and that's significant money. So when you think of where the fund sits today, all those claims come in and are addressed. And as I say, the criteria may change, which we're fine with that as far as finding what we have the authority to change or not.

**Mr. Tom Rakocevic:** Sorry. Chair, time?

**The Vice-Chair (Ms. Christine Hogarth):** You have four and a half minutes, just over.

**Mr. Tom Rakocevic:** I hear that, but again, to be fair, the majority of the people don't know what OMVIC is. They don't know what they're entitled to in terms of consumer protection. To really make the statement, to say, “Well, look, we've paid X amount”—maybe there are a lot more people out there that were entitled to compensation from the compensation fund in the first place. So I think that if we make those statements, we should understand that that might be a bit of a situation as well. I don't know if you can make a clear comparison with regard to that.

**Mr. John Carmichael:** Maybe I could take you to our consumer support side in terms of the operating business for a second. Consumer support is where a consumer has a complaint, they've had a situation arise, and we are drawn into it. For all the people who may not know about OMVIC, there are a lot of people who do. And when they've got a problem, they find us, and we will do more to ensure that they know what their rights are and are more readily aware of us before they start buying their vehicles.

But in 25 years, we've paid out over \$20 million in conciliatory payments. Our consumer support organization does not have the authority to demand of a dealer to repay a consumer on an amount that we consider to be in question. It might be an extended warranty that the consumer decides they don't want. Can they get their money back? We've worked with dealers across the province and are collecting for consumers, where dealers are repaying consumers up to a million and a half dollars a year, and we've now exceeded \$20 million, just in that part of our business, where we don't have the authority to demand that but are able to negotiate resolutions for consumers.

**Mr. Tom Rakocevic:** Thank you for that. So, a quick last question—I might have to cut you off on it, and I'm going to make a final comment on it. What steps are you taking to improve the accuracy of public reporting, as OMVIC? Are you taking any steps to do that? What steps exactly?

**Mr. John Carmichael:** Maybe I could turn that over to my colleague, Julie Hiroz, to address that.

**Mr. Tom Rakocevic:** If you could give it to me really quick.

**Mr. John Carmichael:** It will be quick.

**Mr. Tom Rakocevic:** Like a minute.

**The Vice-Chair (Ms. Christine Hogarth):** Just as a note, it's two minutes and 18 seconds.

**Mr. Tom Rakocevic:** Okay. I've sat in the Chair's space, so I know how you feel.

**Ms. Julie Hiroz:** Thanks, John, and thanks to the member for the question. Again, my name is Julie Hiroz. I'm the director of communications and public affairs.

To your point about the accuracy in public reporting, a couple of things that we're doing—certainly, I can speak from the perspective of the consumer awareness survey. One of the Auditor General's recommendations was to make the entire survey available publicly. In the past, we had reported metrics from it in our annual report. But our intention is to follow the Auditor General's recommendations and make sure that the full survey results are published on our website and also that we will highlight areas for improvement. I believe that the Auditor General also made comments about reporting and inspections, and I think the other one was about application processing times and registration. We've taken all of those on board as well, and we'll make the required changes.

**Mr. Tom Rakocevic:** Okay. Thank you. That was very quick.

In the final minute, I just want to thank the Auditor General for her reporting. It was very enlightening. I really appreciate your ongoing work and it's to the benefit of all Ontarians, so thank you for that.

Thank you very much to OMVIC and the ministry staff for being here. We really must focus on consumer protection. We must take all the steps necessary to let people know what OMVIC is, strengthen it with the necessary legislation, ensure that consumers get the compensation they deserve. Everything we can do to strengthen consumer laws and provide transparency so consumers make informed choices, I think, is paramount and absolutely key. Thank you so much for the willingness to work with the Auditor General as she has done her important work and for your willingness to answer questions today. I know some are harder than others, and we really appreciate your answers. Thank you so much.

**The Vice-Chair (Ms. Christine Hogarth):** Thank you.

Now over to the government side. You have 12 minutes. We're going to start with MPP Kramp. Go ahead, sir.

**Mr. Daryl Kramp:** I'd like to talk about a little thing called cold, hard cash. We all understand the realities of money laundering. We've seen it in casinos. We've seen it in property values. We've seen it wherever. Literally, hardly anybody is immune to it. But what kind of a protection can we take to prevent it? Would it be helpful with government regulations or does the industry police itself? I'm wondering, as an example, how much income or percentage of income in sales would ever be derived from actual cash sales rather than money transfers and whatever. Would you have any facts or figures on that at all?

**Mr. John Carmichael:** No, I'm sorry. I don't.

**Mr. Daryl Kramp:** I didn't think you would. But my point is, it is a challenge out there. It's been identified in many, many cases. Particularly in today's world, everything from the evasion of taxes to criminal elements, to unsavoury elements from other countries and that who—quite frankly, if there's a weakness in a financial structure, they'll exploit it. Canada being such a welcoming nation that we are—sure, our border security doesn't allow over \$10,000 to be taken in, blah, blah, blah. Well, we all recognize that, quite frankly, that's about as porous as Swiss cheese.

So I am concerned that there is an element, and certainly you would be no party to it other than unwilling, but if that were the case, would there be any potentially proposed legislation that we could bring forward that would be of assistance to you that would be any mandate to say, "Any sale over \$20,000 in cash must be reported and identified"—something like that. Have you ever given any thought to that? And/or the department or the ministry?

**Ms. Renu Kulendran:** Maybe I can start. Just with respect to money laundering, the Auditor General did make a recommendation requiring dealers to report large cash transactions to FINTRAC, which is a federal entity. That's the Financial Transactions and Reports Analysis Centre of Canada. We did have a conversation with them recently and we are looking at options to include this sector as one that would be required to report transactions over a certain threshold. So there is active work in that way, and we want to make sure that we have the full benefit of OMVIC's recommendations and knowledge in this regard.

1430

The other with respect to revenue loss and being able to leverage Ministry of Transportation data: There is work under way on that as well. There was an initial meeting in February with OMVIC and the Ministry of Transportation to look at facilitating potential information-sharing. Being able to kind of triangulate different sources of data to help get at what might approximate an underreported amount is always difficult in terms of the underground economy and other activity that happens in different sectors, and illegal activity. But we're hoping that with those initiatives, we can start getting to quantify what that looks like and also, with the requirement to report to FINTRAC, have some levers to address those issues.

I don't know if you want to add anything, John.

**Mr. John Carmichael:** Maybe two comments: One, thank you to the deputy for her comment on FINTRAC and some of the work the ministry is already doing, which is very important. The other is that the Auditor General's people went out and visited some dealerships and found that there was a willingness to accept cash over certain limits, which actually was disappointing to us. Dealers are required to establish a trust fund for any deposits or any cash over \$10,000, which is already in place. But the fact that the Auditor General's audit team was able to go into the market and determine that there was a willingness to take more than that was very disappointing.

We look forward to working with the ministry and with our own staff and stakeholders to find ways that we can put an end to that type of behaviour. It's just not appropriate. We have people who are skilled in anti-money laundering within our employ. One of my colleagues here today previously worked in that environment. We take it seriously; we understand it. But needless to say, there is work to be done.

**Mr. Daryl Kramp:** Thank you. I recognize the responsibility of FINTRAC. I've had the occasion of working with FINTRAC as well, and they're overworked, overloaded. The entire black market, of course, has expanded so dramatically from 10 years ago, from the origination of the actual federal program.

I would think that we, as provincial legislators as well—if there is any way that we can offer any solutions or be of any guidance or help in legislation preparation and/or preventive measures that we could take, we would be wide open for your suggestion, both as a department and as a ministry, and certainly as an industry. Have you any suggestions as to what we could do as legislators to help alleviate this problem? Because the problem, unfortunately, is not going away.

In many, many cases, as we all know, cash is king. It does not serve society across the board, when we need, obviously, the significant availability of taxation to be able to provide for people's needs, to provide for health care, education, everything like this.

If this was just a trickle, it would maybe be a minor nuisance. But with many, many people who I have dealt with and still consistently currently deal with across the departmental agencies and that, this not a trickle. It is a challenge. I would certainly hope that we would be all aware of that and, as I said, wide open to both possible suggestions from the department and ministry and possibly actions we should take—which would not be draconian, by any means. We don't want to establish priorities on the consumer and/or the seller basis that would be erroneous; that's not what we're looking for. But I do think we have to be mindful of that challenge that is out there, as we all are. Then, we will work towards solutions as we move forward with this.

That's all I had to say on that issue. Thank you.

**The Vice-Chair (Ms. Christine Hogarth):** The government side still has just under five minutes. MPP Scott, go ahead.

**Ms. Laurie Scott:** Thank you very much, and welcome, to OMVIC and Deputy and ADM. And thank you, AG, for your report, and the committee. I have the fortunate opportunity to be able to be substituted in to committee today, as you discover things that are unveiled in the reports that are done by the Auditor General and with OMVIC. I wanted to thank everybody for their collaborative work—there's work to be done, but going in the right direction.

I wanted to follow up a little bit more with MPP Barrett. I know, Mr. Carmichael, you mentioned about ongoing education. I come from a background of nursing, and I know there are always accredited hours to be done for

ongoing education and information. But that leads, of course, to consumer protection also, and that's what our goal is to strive for. I don't know if you wanted to take up a little bit more about what Mr. Barrett's question was on: re-certifications and ongoing education that are provided.

**Mr. John Carmichael:** Thank you to the member for the question. There are two issues within ongoing education. One is education of those who—as I mentioned to Mr. Barrett at the end of his time—are what we call grandfathered, or those who were registered before there was a requirement for certification at the level that we use today. For those individuals, we have an ongoing program right now. We've been running it since September 2021, encouraging and sending dealers who fall into that category to take a new course that will bring them current, particularly on the legislative changes of 2010, or certainly from 2002 to 2010, and there were significant numbers of changes at that time. We're working on that as I speak.

The other is continuous professional development. The Auditor General recommended that that was an important element, but it's not something we have the authority to go forward on. It's something that we will work closely on with the government and the ministry to consult with stakeholders and to find out what we need to do to bring that forward. I think it's an important element, but it's not that easy to change the whole process and introduce something as significant as continuous professional development. I think it can be done cost-effectively—

**The Vice-Chair (Ms. Christine Hogarth):** This is your two-minute warning.

**Mr. John Carmichael:** —and create good information for our registrants. We are a long way from—I think we committed that by the end of 2022 we would have some recommendations, some options prepared for government and ministry to consider. I suspect this will go well into 2023 before anything can be resolved in that area. But it is an interesting area to review.

**Ms. Laurie Scott:** I know, Madam Chair, there's not much time left.

**The Vice-Chair (Ms. Christine Hogarth):** Just a minute and a half.

**Ms. Laurie Scott:** I don't think I really have any more questions that can be answered in such a short time. I don't know if any of my other colleagues do. I think just a general thank you. MPP Barrett, do you want to—

**Mr. Toby Barrett:** Yes, maybe just a quick one with the government oversight of this part of the industry: The auto industry is a huge industry. I'm just thinking of the dealerships that have an awful lot of people doing repair work, auto repair and check-ups and what have you. Maybe to a government representative: Are all those employees included in the oversight as well, mechanics and—of course, I assume they would have to have a licence if they call themselves a mechanic, but—

**The Vice-Chair (Ms. Christine Hogarth):** Just 30 seconds.

**Ms. Renu Kulendran:** Under the act—and correct me if I'm wrong, Michèle—I think it's just the dealers and salespeople who are licensed and regulated by OMVIC. Those other individuals would be employees of those organizations, and as employees, depending on their status, they would be governed by other legislation—occupational health, employment standards.

**The Vice-Chair (Ms. Christine Hogarth):** Thank you for that.

At that point, this now concludes our time for questions this afternoon. I want to thank everybody. I want to thank both sides of the House, the opposition and the government. I want to thank our presenters for the excellent commentary today; the Auditor General's team; and everyone behind our presenters, who were there ready and spent their afternoon with us to make sure we got all the answers we needed.

Buying a motor vehicle can be an expensive, long-term financial commitment, and it's important for consumers to be aware of their rights. And with the spirit of collaboration, I know we'll get this done and do better for the people of Ontario.

Now, we'll pause briefly as we go into closed session so that the committee may commence report writing. You are dismissed. Thank you very much.

*The committee continued in closed session at 1441.*

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