



**Ontario Motor Vehicle Industry Council**

**The 1997 Annual Report**

**Committed to a fair marketplace**

# Ontario Motor Vehicle Industry Council

## 1997 Annual Report

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April 21, 1998

The Honourable David Tsubouchi,  
Minister of Consumer & Commercial Relations  
250 Yonge St.,  
Toronto, ON M5B 2N5

Dear Minister,

It is my pleasure to submit the first Annual Report of the Ontario Motor Vehicle Industry Council. We were successful in delivering the promises set out in our 1997 Business Plan and have even completed some of the milestones scheduled for our second year. Some highlights from the Annual Report include:

- For the first time, every registered dealer was visited by an OMVIC inspector to ensure that it was operating from its registered premises; as a result, some 1100 administrative actions were initiated against these "phantom" dealers;
- Three times as many consumer inquiries were handled in 1997 as in 1996;
- OMVIC investigators laid over 200 charges resulting in over 100 convictions;
- Our anti-curbsider campaign went into full swing with the development of a consumer awareness poster, setting up of an anti-curbsider hotline and e-mail address;
- A Code of Ethics which sets out high standards of ethical business behaviour for dealers and salespersons was approved by the OMVIC Board.

During 1997, four Registrar's Reports were mailed to our 8,600 dealer members. Among other things, topics included OMVIC's business plan, our anti curbsiding efforts, enforcement of advertising guidelines, and the registration of business managers.

OMVIC's staff have established a particularly positive rapport with the media in its first year. Staff participated in numerous print and broadcast interviews and collaborated with the producers of CTV's award-winning national newsmagazine, W5, in the development of a consumer protection feature on curbsiders.

Finally, I wish to express our appreciation for the productive relationship we have enjoyed with the staff of your ministry. Their professionalism ensured that our organizations maintained the highest possible levels of co-operation.

Today, we look forward to our second year with a renewed sense of enthusiasm and commitment to a fair marketplace.

Sincerely,

John Carmichael  
Chair, Board of Directors

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### **EXECUTIVE DIRECTOR'S REPORT**

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### EXECUTIVE DIRECTOR'S REPORT

#### 1. 0 Summary

OMVIC is Ontario's first administrative authority created pursuant to the *Safety & Consumer Statutes Administration Act*. The Honourable David Tsubouchi, Minister of Consumer & Commercial Relations, delegated responsibility for the day-to-day administration of the *Motor Vehicle Dealers Act* to OMVIC on January 7, 1997.

This document is OMVIC's first Annual Report. It sets out our performance against the commitments contained in OMVIC's first Business Plan completed in the spring of 1997. This document provides an overview of OMVIC, lists our services and details our accomplishments during our inaugural year.

#### 2. 0 Overview

##### 2. 1 Vision & Mission

OMVIC's vision is simple: *A fair marketplace.*

We will promote a fair marketplace through innovation, enforcement and excellence in service.

##### 2. 2 Values

OMVIC has a series of values or operating principles, which guide it in its day-to-day decision-making. These values were identified by staff as important to them and necessary in their view for the effective delivery of the OMVIC mandate. In no particular order, these operating principles are:

We will be **innovative** in our search for the best solution for problems faced by our clients.

We will have **respect** for our clients, our colleagues, our partners, our critics and ourselves.

We will exercise **fairness** in all the things we do.

**Integrity** will be our hallmark.

We will at all times be **knowledgeable** about our programs and communicate with clients.

Without assignment of blame, we will be **accountable** for everything we do as individuals, as a team, and as an organization.

We will be **committed** to the service of our clients and to our vision, mission and mandate.

Because of all of the above, the workplace will be a place where **fun** is an ever-present commodity incorporated into daily activities.

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### 2.3 Priorities

- *Consumer Protection*
- *Dealer Professionalism*
- *Customer Service*

### 2.4 Objectives

- Increased consumer confidence through compliance and mediation activities
- Increased accountability through implementation of a Code of Ethics, Rules of Practice and an open Disciplinary Process
- Consumer protection by pursuit of those who would prey on an unwary public, with emphasis on curbsiders.
- Consumer awareness through dissemination of information concerning consumer rights via publications, articles & media interviews
- Dealer professionalism through certification programs for new dealers and salespersons

## 3.0 Organization

OMVIC is a non-profit professional association of Ontario's 8,600 motor vehicle dealers. OMVIC was established for the purposes of administering the Ontario *Motor Vehicle Dealers Act*, a consumer protection statute. OMVIC performs its responsibilities pursuant to an Administrative Agreement with the Ministry of Consumer and Commercial Relations. The Council is government sanctioned, serves the public interest and membership is mandatory for Ontario's registered dealers.

### 3.1 Governance

A Board of Directors provides guidance and direction to OMVIC. The board comprises nine motor vehicle dealers drawn from all segments of the industry: large and small, used and new, urban and rural. These industry representatives are joined by three consumer/government representatives appointed by the Minister of Consumer and Commercial Relations.

The founding industry members were selected through a process of self-nomination approved by government. As these founding members complete their terms (two, three or four years), they will be replaced by means of a democratic process overseen by a Nominating Committee of the Board and subject to independent audit.

An Executive Director is responsible for the day-to-day affairs of OMVIC and also performs the responsibilities of Registrar under the *Motor Vehicle Dealers Act*. The

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responsibilities of Director, *Motor Vehicle Dealers Act*, are provided by a member of the Board of Directors appointed by the Minister.

### **Founding Board of Directors**

John Carmichael, Chairman  
President, City Buick Pontiac Cadillac, Toronto

Anne Marie Chisholm, Secretary-Treasurer  
President, Stevens Lincoln Mercury, Kitchener

Gerry Barg  
President, Barg Management Inc., Kitchener

Mark Campbell  
Partner, Campbell Auto Sales, Barrie

Sue Corke  
Assistant Deputy Minister (Acting), Business Division, Ministry of Consumer and Commercial Relations, Toronto

Harold Cunningham  
President, Baywest Motors Inc., Owen Sound

Al McDowell  
President, Southbank Dodge Chrysler, Ottawa

Pauline Mitchell  
Director, Public & Government Relations, Canadian Automobile Association, South Central Ontario, Hamilton

Steve Peck  
Owner, Jillran Holdings, Thornhill

Whipple Steinkrauss  
Assistant Deputy Minister (retired), Business Practices Division, Ministry of Consumer and Commercial Relations, Toronto

Bob Stephen  
President, Agincourt Nissan, Scarborough

Richard Tasse  
President, Tasse Motors, Sudbury

### **3. 2 Role of the Board**

The Board's role is to:

1. Provide business direction to OMVIC. Through strategic planning, determining priorities and setting policy guidelines, provide overall direction to the Executive Director in order to ensure that OMVIC's mandate is delivered.
2. Ensure financial and functional viability of OMVIC. Through its fee-setting policies and the exercise of fiscal oversight, ensure the financial and functional viability of OMVIC.
3. Ensure that OMVIC's operational and financial controls are operating properly.

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4. Provide OMVIC with access to the necessary resources. Through the Executive Director, ensure that OMVIC has the necessary resources, competence, tools and organization to effectively fulfil its mandate.
5. Communicate and market OMVIC's benefits enjoyed by consumers, registrants, members and government.

### 3.3 Committees

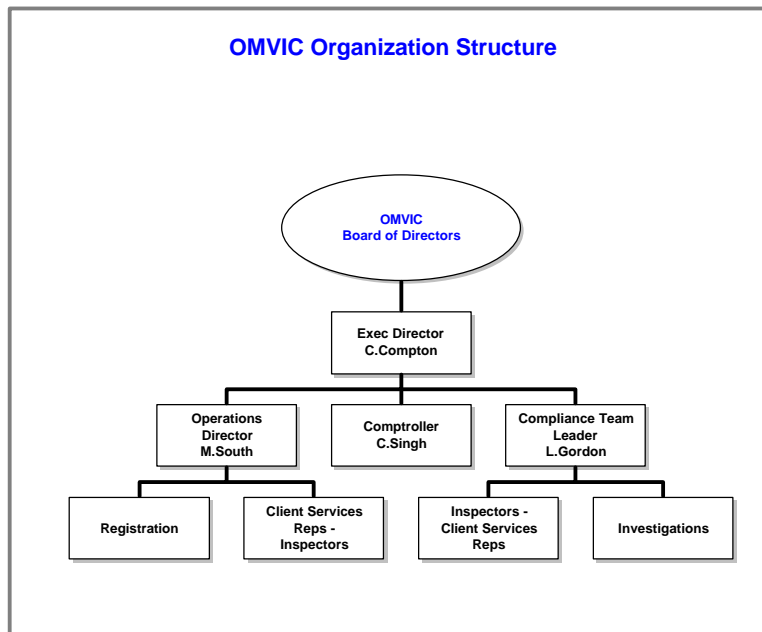
There are several active committees of the Board.

- *Appeals*, Chair, Pauline Mitchell (see also Appeals Committee section below)
- *Communications & Advertising*, Chair, Whipple Steinkrauss
- *Education*, Chair, Harold Cunningham
- *Ethics & Discipline*, Chair, Gerry Barg
- *Finance & Audit*, Chair, Anne Marie Chisholm
- *Human Resources Advisory*, Chair, Bob Stephen
- *Legislative Review*, Chair, Pauline Mitchell

### 3.4 Management Summary

Management is provided by a team of four including the Executive Director (who also provides the responsibilities of Registrar under the MVDA), Operations Director, Compliance Team Leader, and Comptroller. Approximately 35 staff provide the services described previously, eight of whom work from home-based offices.

### 3.5 Organizational Structure



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OMVIC's organizational structure is decidedly flat with only three layers, including the Executive Director. Generic job specifications have been used wherever possible to maximize organizational flexibility, personal challenge and reward. Team members are allowed every opportunity to either "specialize" or to branch into new areas, while still permitting OMVIC flexibility in the assignment of work. Reflecting this flexibility, most staff hold the same job title: Client Service Representative. All staff, but particularly the Client Service Representatives, are trained to think of themselves as OMVIC's ambassadors in the community.

### 3.6 Origins & History

OMVIC was incorporated under the laws of Ontario and received its Letters Patent in October of 1996. Its founding board was in place the following month and the Minister of Consumer and Commercial Relations delegated responsibility for administering the *Motor Vehicle Dealers Act* on January 7, 1997 to OMVIC.

A transition period ensued during which OMVIC operated out of the ministry's headquarters using ministry staff and technical resources. This transition period ensured a transparent and problem-free transfer of responsibility for administering the MVDA from the ministry to OMVIC. The transition period came to an end on April 7, 1997, when OMVIC moved into its own quarters at 36 York Mills Road, Suite 110, Toronto, Ontario M2P 2C5.

In May of 1997, Minister David Tsubouchi appointed OMVIC's investigators as Provincial Offence Officers under the *Provincial Offences Act* thus enabling them to lay charges under the *Motor Vehicle Dealers Act*, the *Business Practices Act* and other related provincial statutes.

In December, the process of integrating procedures between OMVIC and the Motor Vehicle Dealers Compensation Fund was initiated.

OMVIC was created as a result of the commitment of government and the industry to improving consumer protection through dealer professionalism. When the MVDA was administered by the Ministry of Consumer and Commercial Relations, ministry staff struggled with an extraordinarily broad range of responsibilities.

Through the work of administrative authorities such as OMVIC, each regulated business sector has the opportunity to develop a regulatory professional association with the commitment, expertise and resources necessary to improve consumer confidence and create a level playing field for its regulated professionals.

### 3.7 Locations and Facilities

OMVIC's headquarters are located at:  
36 York Mills Road, Suite 110  
Toronto, ON  
M2P 2C5



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OMVIC staff can be reached at:  
416-226-4500 or 1-800-943-6002  
Fax: 416-226-3208  
<http://www.omvic.on.ca>

Several field staff work from home offices in major communities across the province. These staff conduct inspections or investigations and also attempt mediations of disputes between consumers and dealers and between dealers.

### **4.0 Products and Services**

OMVIC activities, which include registration, inspection, investigation and prosecution, enquiry and complaint handling, dealer professionalism and consumer awareness, are intended to support our priorities: consumer protection, dealer professionalism and customer service.

#### **4.1 Product and Service Description**

##### *Registration:*

By exercising the duties of the Registrar under the *Motor Vehicle Dealers Act*, OMVIC determines whether applicants qualify for registration and whether existing registrants continue to be qualified for registration. The Registrar has a responsibility to propose refusal or revocation of registration or to propose terms and conditions of registration. OMVIC maintains a register of dealers and salespersons in Ontario that have qualified for registration under the *Motor Vehicle Dealers Act*.

There are an estimated 8,600 dealers and 18,000 salespersons registered under the MVDA in Ontario. Each registration is for two years, renewable on the anniversary of registration. OMVIC processes applications for registration as well as renewals, information changes and records transfers of salespersons from dealer to dealer.

When the Registrar decides to propose refusal or revocation of registration, the affected applicant or registrant may request a hearing before the Commercial Registration Appeals Tribunal (CRAT), an independent quasi-judicial agency of the Ministry of Consumer and Commercial Relations. In such cases, the Registrar presents the case for refusal or revocation before a panel of the Tribunal. The panel may direct the Registrar to carry out his proposal, modify the proposal or set aside the proposal and replace it with its own order.

##### *Inspection:*

OMVIC's inspection staff conduct inspections of registered dealers and as such have right of access to business books and records. Inspections are conducted in order to ensure ongoing compliance with the MVDA.

The MVDA requires dealer registrants to conduct business from premises approved by the Registrar and sets out the requirement to have a lot, a sign and a separate office for

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the conduct of business. The MVDA also sets out requirements for the maintenance of books and records. Dealers may only use the services of registered salespersons whose registrations indicate that they are providing services to that dealer.

Under the MVDA, appropriately appointed inspectors have the right to inspect a dealer's premises, to view and photocopy books and records and to make inquiries regarding any complaint received about the dealer's conduct. A record is kept of all completed inspections and, as necessary, follow-up action is taken. Inspectors also prepare proposal files and present evidence at CRAT.

### *Investigation & Prosecution:*

OMVIC's investigations staff are appointed under the MVDA and the *Provincial Offences Act*. They are empowered to conduct investigations under several relevant statutes. As a result of those investigations, investigators may choose to lay charges under a number of provincial statutes including the *Motor Vehicle Dealers Act*, the *Business Practices Act* and the *Consumer Protection Act*.

OMVIC prosecutes offenders using the services of local prosecutors or by providing its own counsel. Investigators also collect evidence, interview and prepare witnesses, prepare court briefs, present evidence and in some cases conduct prosecutions.

### *Enquiries and complaints:*

Enquiries from consumers, dealers, salespersons, applicants for registration, government and other stakeholders are handled by OMVIC staff. Staff also offer a mediation service for complaints between consumers and dealers and between dealers themselves.

Consumers who feel aggrieved by a transaction with a registered dealer are advised as to their rights. They are then encouraged to attempt to settle the disagreement by contacting the dealer directly. If further assistance is required, OMVIC's staff will attempt to mediate the complaint. Often, dealers themselves will request OMVIC's assistance in resolving a dispute with either a consumer or with another dealer.

### *Dealer professionalism:*

OMVIC encourages increased professionalism among registrants through the development and endorsement of a certification program for new dealers and salespersons. Also, OMVIC's Board of Directors has recently endorsed a Code of Ethics for registrants which will be followed shortly by Rules of Practice and an open disciplinary process administered by dealer members.

OMVIC staff and board members have worked closely with staff from the Canadian Automotive Institute (CAI) at Georgian College in the development of a certification program for new dealers and salespersons. Although still in its early stages, OMVIC and CAI are optimistic that it will be operational within 1998.

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### *Consumer awareness:*

OMVIC encourages consumer awareness by means of an information dissemination campaign, which includes a poster, brochures and participation in media interviews and events. Although the program is also in its infancy, OMVIC plans to provide a series of articles for publication in vehicle trader type publications during the course of 1998. These articles will highlight consumer rights, dealer responsibilities, and provide helpful tips for buying or leasing vehicles.

### **4. 2 Publications**

An anti-curbsider poster and brochure as well as four Registrar's Reports, four news releases, our website (<http://www.omvic.on.ca>) and our first Business Plan are among our publications in 1997. OMVIC's Business Plan won the Canadian Public Relations Society's Pinnacle Award presented in February of 1998.

### **4. 3 French Language Services**

OMVIC endeavours to ensure that it is responsive to all enquiries received in the French language. An equivalent level of service will be provided in both languages whenever and wherever demand and customer service warrant. Bilingual staff will be sought for key positions in order to ensure that French language enquiries, whether from dealers or consumers, can be dealt with quickly, courteously and effectively. As well, all correspondence received in French will receive a response in French.

### **4. 4 Appeals Committee**

If a consumer feels that a complaint has not been handled properly by OMVIC, the consumer may appeal to the Appeals Committee of OMVIC's Board of Directors. The Appeals Committee is chaired by a non-industry Board member appointed by the Minister of Consumer and Commercial Relations. During 1997, one complaint was referred to the Appeals Committee but has not been pursued further by the complainant.

## **5. 0 Registration Statistics**

There are currently approximately 8,600 registered dealers and 18,000 registered salespersons in Ontario. Over the years, overall population growth has shown a slow but steady increase of 2 to 4% per year until the early 1990s, when a small decline was noted. For the moment, the dealer population appears to have reached a plateau. As a result of OMVIC's focus on increasing compliance with the law, increasing dealer professionalism through certification programs and enforcement of a Code of Ethics, the population is not likely to grow beyond the current level in the immediate future.

# Ontario Motor Vehicle Industry Council 1997 Annual Report

## 6.0 Performance Review

The following charts provide an indication of our operational performance during 1997 as compared to previous years for inspections, mediations, enquiries handled, investigations and Registrar's actions.

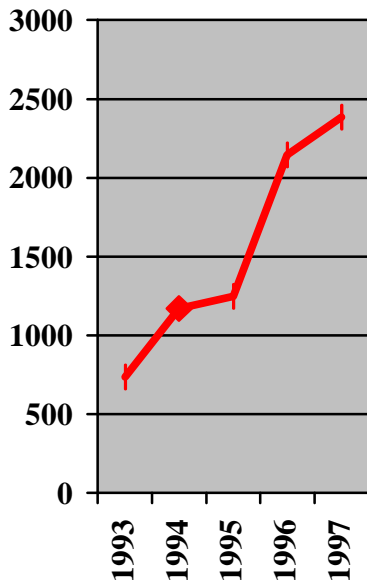


Fig.1 – Completed inspections.

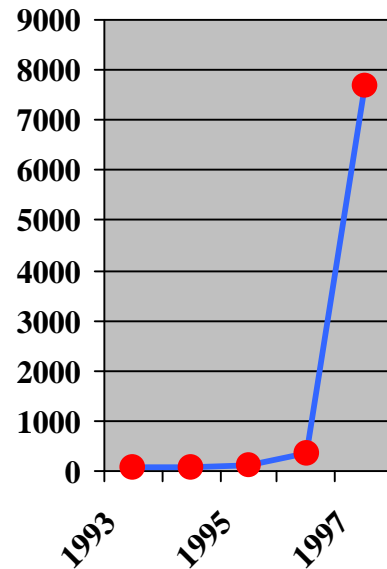


Fig.2 – Site visits. In an effort to reduce the number of phantom dealers, an inspector viewed the premises of every registered dealer in Ontario. As a result, there were over 1,100 trade freezes imposed.

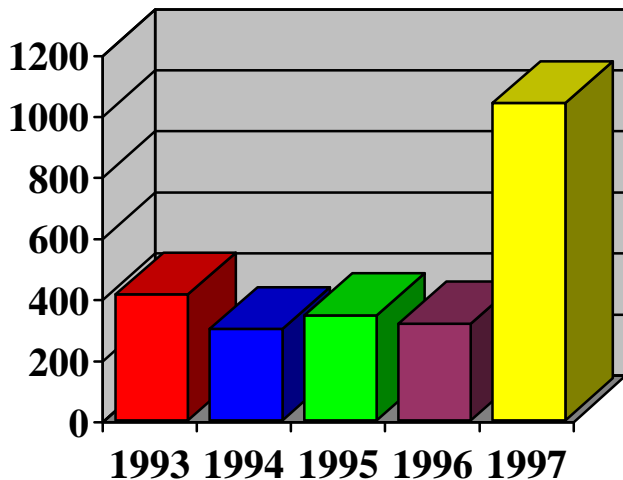
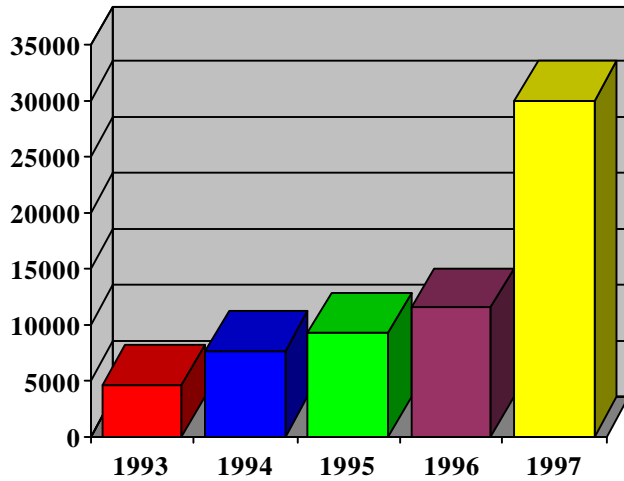


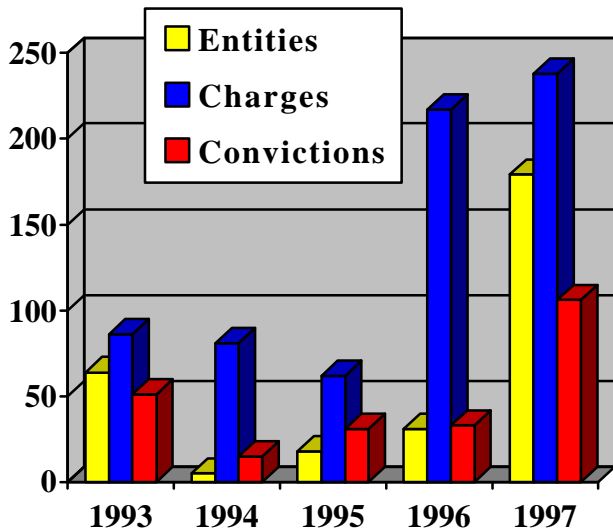
Fig.3 – Complaint mediations. OMVIC staff attempt to resolve disputes between consumers and dealers and between dealers themselves. Staff were actively involved in mediating approximately 1,000 disputes in 1997.

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**Fig.4 – Consumer Inquiries.** The volume of consumer inquiries received by OMVIC during 1997 was roughly triple that which we had expected (and is expected to climb even higher in 1998). It is difficult to explain the increase other than to assume that MCCR’s voice-mail system handled a large volume of consumer inquiries in lieu of a live operator.

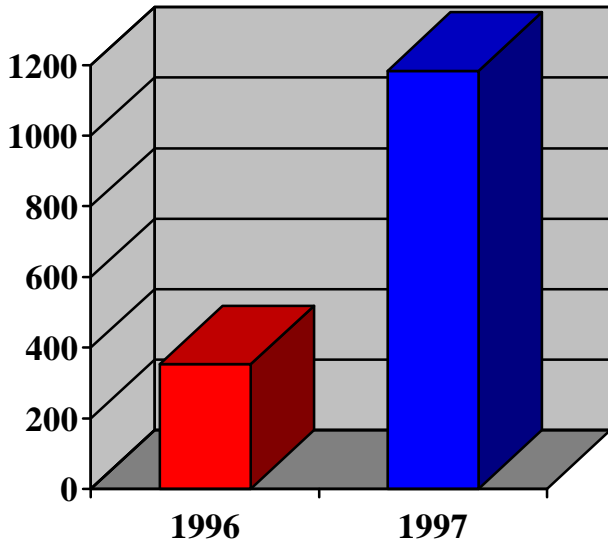


**Fig.5 - Investigations.** Investigative activity rose sharply in 1997, OMVIC’s first year of operation, with the number of entities charged and convictions registered increasing dramatically over previous years.

# Ontario Motor Vehicle Industry Council

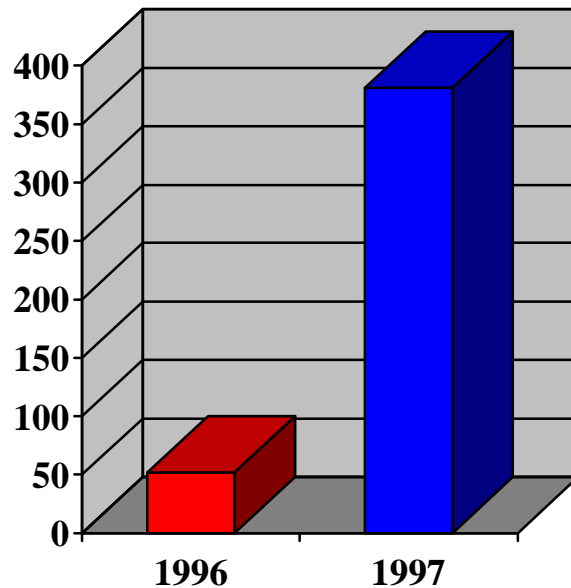
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**Fig.6 - Trade Freezes:** A trade freeze is an administrative action which prevents a dealer's registration number from being used for improper purposes at Ministry of Transportation licensing offices. The "freeze" is intended to provide a measure of protection to registrants but is also an effective tool for disabling phantom dealers (dealers who are not operating from their approved premises). The number of freezes increased dramatically in 1997 as a result of OMVIC's phantom dealer project in which every registered dealer was subject to a site visit.

**Fig.7 – Registrar's Actions:** These include issuance of proposals to refuse or revoke registration, negotiation of terms & conditions, abandonments, mediations, and pre-hearing conferences.



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### 7.0 Major Milestones

Our 1997 Business Plan proposed a number of milestones for the first year of operation. Our progress towards completion of these milestones is shown below:

MILESTONE	RESULT
Develop new plain language registration kit for new applicants	New kit has been drafted and is expected to go into production by May 1998
Define classes of registration and propose regulatory/bylaw amendments	New definition of dealer and salesperson has been drafted by Legislative Review Working Group
Require identification for all new applicants	Applicants are now required to provide proof of identification, e.g. driver's licence, passport, etc.
Focus project-based inspectors on phantom dealers	Phantom dealer project completed in September 1997: all registered premises visited, resulting in 1,100+ trade freezes
Launch co-operative enforcement with other non-legislative stakeholders	Information sharing arrangements in effect
Proceed to implementation of joint project with Ministry of Finance	Agreement signed
Assist in developing course objectives, curricula and process with course provider	Curriculum and process drafted by Canadian Automotive Institute with input from OMVIC
Establish Board committee on Code of Ethics	Done. Code of Ethics approved
Establish Board committee on Discipline	Done. Process drafted
Establish Board committee on Appeals	Done.
Develop alternative dispute resolution (ADR) process with CRAT	CRAT pre-hearing conference is used as ADR forum
Work co-operatively with industry associations to develop advertising guidelines and educate manufacturers	New guidelines drafted (February 1998)
Establish regional network of qualified compliance staff	Staff in place
Integrate Compensation Fund and registration process	Partially in place – agreement with Comp. Fund Trustee not yet finalized
Relocate compensation fund office to OMVIC location (Year 2)	Done
Implement website (Year 2)	Done

**APPENDIX A:**

**Audited Statements for 1997**





KPMG  
Chartered Accountants

55 St Clair Avenue West  
Suite 300  
Toronto Ontario M4V 3C2

Telephone (416) 5150055  
Telefax (416) 51-2355  
<http://www.kpmg.ca>

## AUDITORS' REPORT

To the Members of the Ontario Motor Vehicle Industry Council

We have audited the statement of financial position of the Ontario Motor Vehicle Industry Council as at December 31, 1997 and the statements of operations, changes in net assets and changes in cash position for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 1997 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles

A handwritten signature of the KPMG firm, written in black ink. The letters 'KPMG' are written in a stylized, cursive-like font.

Chartered Accountants

Toronto, Canada  
March 13, 1998

# ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

## Statement of Financial Position

December 31, 1997

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### Assets

#### Current assets:

Cash and short-term investments	\$ 467,417
Accounts receivable	16,516
Prepaid government oversight (note 2)	459,999
Prepaid expenses	31,347

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975,279

#### Capital assets (note 4)

219,473

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\$ 1,194,752

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### Liabilities and Net Assets

#### Current liabilities:

Accounts payable and accrued charges	\$ 306,381
Deferred revenue	1,853,261

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2,159,642

#### Net assets:

Invested in capital assets	219,473
Unrestricted	(1,184,363)

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(964,890)

#### Commitments (note 5)

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\$ 1,194,752

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See accompanying notes to financial statements.

# ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

## Statement of Operations

Year ended December 31, 1997

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Revenue:

Registration fees	\$ 1,853,261
Interest and other revenue	26,840

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1,880,101

Expenses:

Government Oversight (note 2)	459,999
CCR Service Contract (note 3)	558,277
Salaries	998,276
Employee benefits	87,543
Professional services	76,250
Communications	189,733
Staff development	8,523
Equipment lease/rental	22,140
Entertainment	7,055
Bank charges	3,080
Office	56,697
Occupancy costs	64,448
Travel	128,395
Board	71,263
Insurance	19,511
Dues and fees	3,135
Pre-designation	10,000
GST on purchases	46,951
Depreciation	33,715

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2,844,991

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Excess of expenses over revenue \$ (964,890)

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See accompanying notes to financial statements.

# ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 1997

	Invested in capital assets		Unrestricted		Total
Excess of expenses over revenue	\$ (33,715)	\$	(931,175)	\$	(964,890)
Investment in capital assets	253,188		(253,188)		
Balance, end of year	\$ 219,473	\$	(1,184,363)	\$	(964,890)

See accompanying notes to financial statements.

# ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

## Statement of Changes in Cash Position

Year ended December 31, 1997

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Cash provided by (used in):

Operations:

Excess of expenses over revenue	\$ (964,890)
Item not involving cash:	
Amortization	33,715
Change in non-cash working capital:	
Accounts receivable	(16,516)
Prepaid government oversight	(459,999)
Prepaid expenses	(31,347)
Accounts payable and accrued charges	306,381
Deferred revenue	1,853,261
	<hr/>
	720,605

Investments:

Purchase of capital assets	(253,188)
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Cash, end of year	\$ 467,417
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See accompanying notes to financial statements.

# ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December, 1997

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

## 1. Significant accounting policies:

The significant accounting policies are as follows:

### (a) Revenue recognition:

The Council derives its revenue primarily from fees charged for registration as a motor vehicle dealer or salesperson. Registration is for a two-year period and therefore one-half of the fee is recognized as revenue in each year of the membership period. The balance of the fee is recorded as deferred revenue.

### (b) Capital assets:

Capital assets are recorded at cost. Amortization is recorded at the following annual rates which are expected to amortize the cost of these assets over their estimated useful lives:

Asset	Basis	Rate
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%

### (c) Estimates and assumptions:

The preparation of the Council's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts in the financial statements and the disclosure in the notes thereto. Actual results could differ from those estimates used in preparing the financial estimates.

# ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements, page 2

Year ended December 31, 1997

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## 2. Government Oversight fee:

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In accordance with the Administrative agreement with the Ministry, a fee of \$54 is paid to the Ministry for each registration application processed during the five years immediately following execution of the Administrative agreement. Since the registration is for a two-year period, half of the expense is recorded as Prepaid Government Oversight.

## 3. CCR Service Contract:

The Ministry continues to provide the Council with information technology support services and limited administrative support such as mailing of registration certificates and document microfiching.

## 4. Capital assets:

Capital assets comprise the following:

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	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 38,754	\$ 20,813	\$ 219,473
Computer software	\$ 29,164	\$ 4,375	\$ 24,789
Furniture and fixtures	\$ 53,782	\$ 5,378	\$ 48,404
Office equipment	\$ 31,488	\$ 3,149	\$ 28,339
	\$ 253,188	\$ 33,175	\$ 219,473

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## 5. Lease Commitments:

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

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1988	\$ 146,979
1999	151,083
2000	132,050
2001	114,097
2002 and thereafter	27,904

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