



May 29, 2000

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

Dear Minister,

It is my pleasure to submit to you the third Annual Report of the Ontario Motor Vehicle Industry Council. You will note that we have made many proud accomplishments. Some highlights from our Annual Report include:

- OMVIC investigators laid over 700 charges during 1999, and 247 convictions were registered;
- Almost 3,100 dealer inspections and 3,600 site visits were completed;
- On average, approximately 9,000 telephone inquiries were handled by OMVIC staff each month during 1999;
- Our mandatory Certification Program for Ontario's dealers and salespersons was implemented in November, 1999, the first of its kind in Canada;
- Staff mediated approximately 870 consumer and dealer complaints;
- Significant progress was made in developing Standards of Business Practice and a dealer-administered Disciplinary Process;
- Over 1,100 administrative actions were taken including registration refusals, revocations or imposition of strict terms and conditions;
- OMVIC now boasts its own fully independent registration and enforcement information system.

With these achievements, OMVIC has demonstrated that Ontario's motor vehicle dealer sector is a mature industry, taking responsibility for consumer protection and advancing dealer professionalism. We have raised the standards of our industry by dedicating resources to compliance and enforcement programs, providing consumers and dealers with access to no-charge mediation services, raising the registration standards for dealers and salespersons, and by raising awareness of the high ethical business standards that dealers impose on themselves and expect of each other.

I wish to express our appreciation for the productive relationship that we have enjoyed with the staff of your ministry. They continue to provide the highest possible levels of co-operation and demonstrate great professionalism at every turn.

We look forward to another successful year with a renewed sense of enthusiasm and commitment to a fair marketplace.

Sincerely,

Bob Stephen
Chair, Board of Directors



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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 sets out our performance against the commitments contained in OMVIC's 1999 Business Plan. The following pages provide an overview of OMVIC, list our services and detail our accomplishments during our third 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 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.



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 Business 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 dealers and salespersons

3.0 Organization

OMVIC is a non-profit professional association of Ontario's 9,000 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 is made up of 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 responsibilities of Director under the *Motor Vehicle Dealers Act* are provided by a member of the Board of Directors appointed by the Minister.

Board members are elected by dealers across the province.

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*.



Board of Directors

Robert Stephen, President

President, Agincourt Infiniti Nissan, Scarborough

Jim McAlpine, Vice President

President, McAlpine Ford Lincoln Sales Ltd., Aurora

Paul Burroughs, Secretary Treasurer

President, City Chevrolet Oldsmobile Ltd., Hamilton

Gerry Barg (from October 1999)

President, Barg Automotive, Kitchener

Kevin Bavelaar

Owner, Auto Showplace, Toronto

Mark Campbell

Partner, Campbell Auto Sales, Barrie

Sue Corke

Assistant Deputy Minister, Business Division, Ministry of Consumer and Commercial Relations, Toronto

Roger Lockhart

President, Lockhart Motors Ltd., Collingwood

Al McDowell

President, Southbank Dodge Chrysler, Ottawa

Pauline Mitchell

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

Steve Peck (until August 1999)

Owner, Jillran Holdings Inc., Thornhill

Whipple Steinkrauss

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

Richard Tassé

President, Tassé Automobiles, Sudbury



3.2 Role of the Board

The Board's role is to:

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

3.3 Committees

There are several active committees of the Board.

- Appeals, Chair, Pauline Mitchell (see also Appeals Committee section, 4.4)
- Communications & External Relations, Chair, Roger Lockhart
- Compensation Fund Liaison, Chair, Al McDowell
- Education, Chair, Whipple Steinkrauss
- Ethics & Discipline, Chair, Kevin Bavelaar
- Executive Committee, Chair, Bob Stephen
- Legislative Review, Chair, Richard Tassé
- Nominations Committee, Chair, Bob Stephen

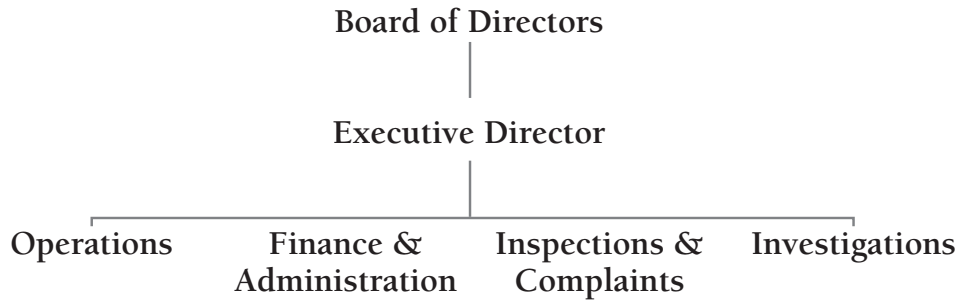
3.4 Management Summary

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 Director, and Comptroller. Approximately 42 staff provide the services described at Section 4.1, a number of whom work from home-based offices.



3.5 Organizational Structure

Ontario Motor Vehicle Industry Council



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 & Commercial Relations delegated responsibility to OMVIC for administering the Motor Vehicle Dealers Act on January 7, 1997.

OMVIC's creation is a result of the shared commitment by both dealers and government to improving consumer protection through higher industry standards and professionalism.

3.7 Locations and Facilities

OMVIC's headquarters are located at:

36 York Mills Road, Suite 110
 Toronto, ON M2P 2E9

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 mediate disputes between consumers and dealers and between dealers.

4.0 Products and Services

OMVIC activities include:

- Registration
- Inspection
- Investigation and prosecution
- Enquiry and complaint handling
- Dealer professionalism
- Consumer awareness

These 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 MVDA.

There are an estimated 9,000 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 proposes to refuse or revoke 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 & 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 the 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, sign and a separate office for 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 lay charges under a number of provincial statutes including the *Motor Vehicle Dealers Act*, and the *Business Practices Act*.

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

Enquiries and complaints:

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

Consumers dissatisfied by a transaction with a registered dealer are advised as to their rights. They are 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:

By completing the new OMVIC Certification program, registrants can increase their level of professionalism. The program, which is mandatory for new dealers and salespersons, focuses on law and ethics and is a community college credit course. This course is the first part of a more extensive educational program. The next step is currently under development.

Consumer Awareness:

OMVIC encourages consumer awareness with the use of an information campaign, which includes a poster, brochures and participation in media interviews and events. A series of articles for publication in vehicle trader industry publications is being created. These articles will highlight consumer rights, dealer responsibilities, and provide helpful tips for buying or leasing vehicles.

4.2

Technology

Since inception, OMVIC has depended on systems developed by the Ministry of Consumer & Commercial Relations in the mid- to late-eighties. These systems were designed to accommodate the needs of several different business sectors regulated by the ministry. As a result, some features required by OMVIC were lacking.

As of March 31, 1999, OMVIC implemented its own information system, integrating registration, enforcement and compensation fund information. Approximately 9,000 information changes were processed as a result of database clean-up activities. This new system is also fully Y2K compliant.

OMVIC's telephone system experiences significant pressure as a result of the high volume of inquiries received. Our system was designed to handle the 2,000 to 3,000 calls per month traditionally handled by the Ministry of Consumer & Commercial Relations. Actual volumes of calls handled by OMVIC during 1999, however, are running in excess of 9,000 calls per month (per Bell Telephone traffic studies). Alternatives are currently being examined.

4.3

French Language Services

OMVIC makes an effort to be 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 1999, one complaint was referred to the Appeals Committee, which determined that the complaint was unfounded.

5.0 Registration Statistics

There are currently approximately 9,000 registered dealers and 18,000 registered salespersons in Ontario. This population has remained reasonably stable for a number of years now.

During 1999, approximately 1,200 applications for dealer registration were processed as well as 4,400 salesperson applications. As a result of the significant scrutiny and background checks conducted on new applications pursuant to the *Motor Vehicle Dealers Act*, salesperson applicants are advised that processing may take up to three weeks and dealer applicants are advised that processing may take up to six weeks.

In addition to the above, 13,700 renewal applications, 4,000 information changes, 2,900 employee transfers and 6,400 registration terminations were processed during 1999. Processing of these transactions is normally completed in less than two weeks.

6.0 Motor Vehicle Dealers Compensation Fund

The Motor Vehicle Dealers Compensation Fund was established in 1986 as a "court of last resort" for consumers who have lost money in certain types of transactions involving dealers who are registered under Ontario's Motor Vehicle Dealers Act.

To be eligible for consideration by the Fund's Board of Trustees, a written claim must be submitted within two years of a registered dealer refusing or failing to pay compensation, and must be based on one of the situations described below.

- A customer has won a judgement in an Ontario court against a registered dealer who has then failed or refused to pay.
- A customer has entered into a transaction with a registered dealer and the dealer has subsequently been convicted of fraud, theft or false pretences in connection with that transaction.
- A customer has entered into a transaction with a registered dealer who is unable to fulfil his or her obligation because the dealer has gone out of business.
- A customer has made a down payment or a deposit on a vehicle and the dealer has delivered neither the vehicle nor an acceptable alternative and has not refunded the money. (It should be noted that a claim to the Fund cannot be based on the cost, value or quality of a vehicle that has been delivered.)



- A customer has purchased an extended warranty or service plan that is not underwritten by an insurance company and the claim is for a non-earned premium or for a repair under the warranty.

The Fund is considered the final safety net for consumers since they should have exhausted other avenues of compensation available to them before applying to the Fund. The maximum amount that can be paid for any one claim is \$15,000.

All claim applications must be accompanied by full and proper documentation, such as the bill of sale or purchase order, a judgement order or proof of conviction, or other supporting evidence.

When the Fund pays a claim, the consumer signs over to the Fund all rights and remedies related to the claim to which he or she is entitled. The Fund may then pursue its own legal action to recover the amount of the claim from the dealer or the dealer's representative.

The Fund cannot compensate consumers for a loss resulting from a private sale or a transaction involving a company that is not registered under the Motor Vehicle Dealers Act. Nor can the Fund compensate a commercial client or creditor of a dealer, even if the dealer is registered under the Act and a court judgement received. These restrictions reflect the Fund's mandate – registered automobile dealers standing behind other registered dealers in their consumer transactions to ensure a fair marketplace.

The Motor Vehicle Dealers Compensation Fund was created and is supported through a fee that dealers must pay when they apply for registration to the Ontario Motor Vehicle Industry Council.

During 1999, the Board of Trustees met on 12 occasions, and approved \$389,373 in payments to consumers from the Fund. (Note – the Fund's fiscal year runs from November '98 to October '99) For further information about the Compensation Fund:

Motor Vehicle Dealers Compensation Fund

36 York Mills Road
Toronto, Ontario
M2P 2E9

Telephone: 416-226-3661 or 800-943-6002 ext. 135

Fax: 416-226-9406 Email: compfund@omvic.on.ca.

7.0

Performance Review

The following charts demonstrate our operational performance during 1999 as compared to previous years for inspections, mediations, enquiries handled, investigations and Registrar's actions.

Fig.1 – Completed inspections. OMVIC inspectors completed 3,100 dealer inspections during 1999 – down from 1998 as inspectors turned their attention to site visits and proposal preparation. (see Figures 5 & 6).

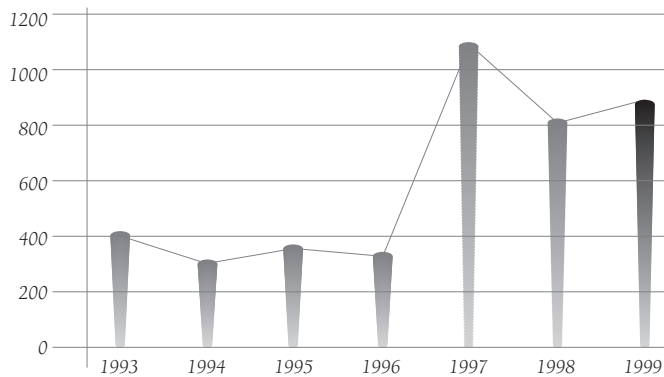
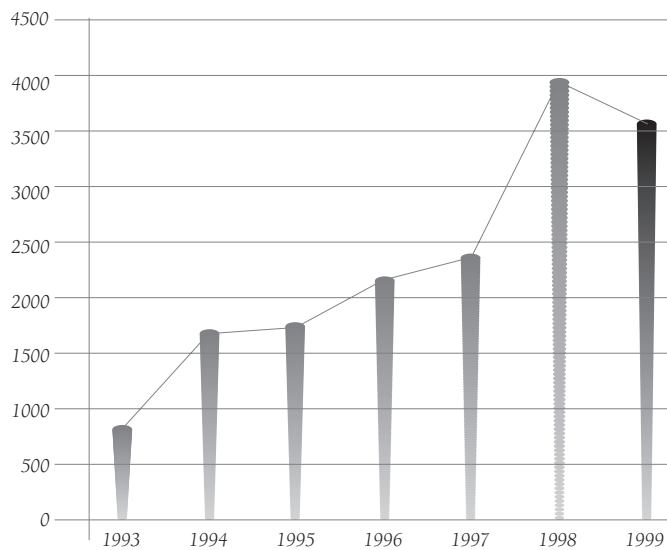


Fig.2 – Complaint mediations. OMVIC staff mediate disputes between consumers and dealers and between dealers themselves. Staff was actively involved in mediating approximately 870 disputes in 1999.

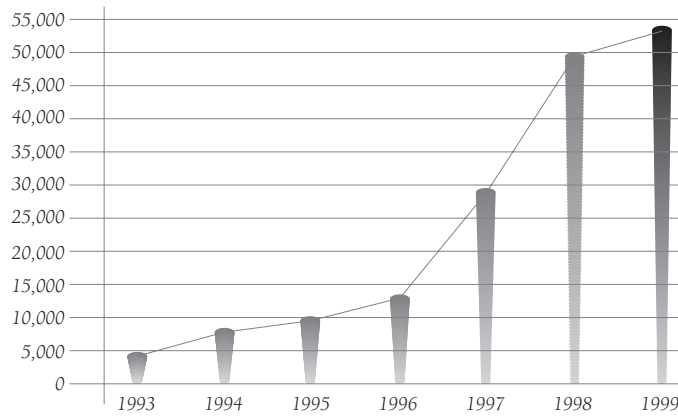


Fig.3 – CLIENT ENQUIRIES (1-800 line only): In excess of 4,000 client enquiries are handled monthly on OMVIC's toll free service. (At present, incoming *local* calls are not counted but are assumed to match toll-free calls. This chart does NOT include local calls) Although projected volumes of enquiries answered are higher than that experienced prior to self management, we continue to provide prompt, expert assistance to clients who require information regarding dealer transactions including buying, selling and leasing as well as information concerning registration requirements.

Fig.4 - Investigations. Investigative activity rose sharply in 1998 and again in 1999, with the number of entities charged and convictions registered increasing dramatically over previous years.



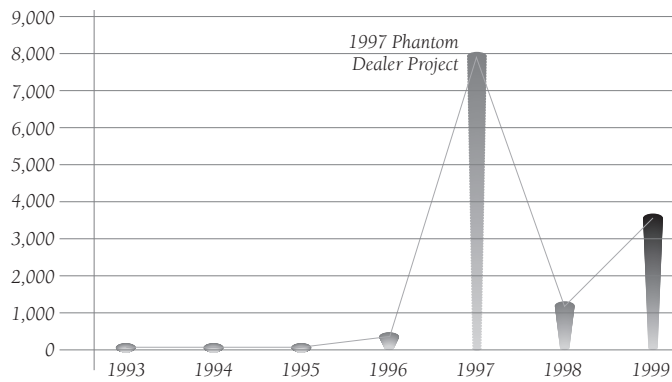
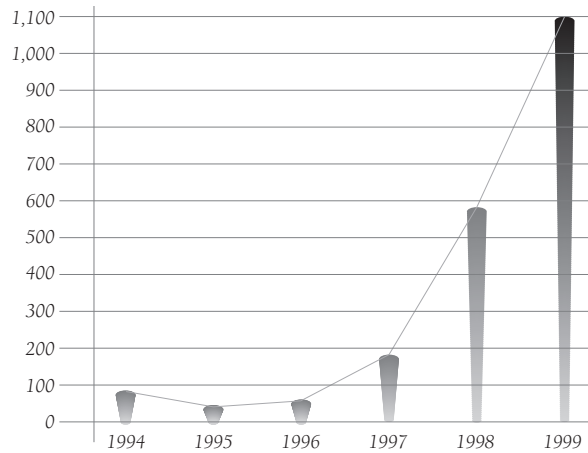


Fig.5 – Site visits. Following the success of 1997’s Phantom Dealer Project, site visits continued to be employed by OMVIC’s compliance staff in 1999. Some 3,600 site visits were completed in 1998, augmenting the 3,100 routine inspections (see Figure 1).

Fig.6 – Registrar’s Actions: These include issuance of proposals to refuse or revoke registration, and terms & conditions settlements.





8.0 Major Milestones

Our 1999 Business Plan proposed a number of milestones for the 1999 to 2001 planning period. Our progress towards completion of these milestones is shown below:

MILESTONE	RESULT
Develop Mandatory Certification Program for new dealers and salespersons.	Program introduced November 15 th , 1999.
Adopt Standards of Business Practice based on Code of Ethics.	Substantial progress made in development of Standards of Business Practice.
Develop Disciplinary Process for enforcement of Code and Standards of Business Practice	Substantial progress made in developing self-administered Disciplinary Process.
Develop communications to heighten awareness of OMVIC's responsibilities and achievements at an industry and consumer level.	Engaged communications professional to create and execute various communications initiatives.
Dealer handbook.	Production of the handbook will commence following assessment of Module One of the mandatory OMVIC Certification program and introduction of the Standards of Business Practice
Increase internet service.	Set up the technical infrastructure necessary to provide database access for field staff and information and services to the public.
Regulatory and Legislative reform	Initial policy paper completed in February 1999
Complaint handling	OMVIC mediated 870 complaints during 1999.
Inspections	OMVIC completed 3,100 dealer inspections during 1999.
Investigations	OMVIC laid 733 charges in 1999.
Registrar's Actions	OMVIC completed 1,100 Registrar's Actions in 1999.



APPENDIX A:

Audited Statements for 1999



KPMG LLP
Chartered Accountants
95 Mural Street
Suite 300
Richmond Hill ON L4B 3G2

Telephone (905) 707-2800
Telefax (905) 707-2810
www.kpmg.ca

AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

We have audited the statement of financial position of Ontario Motor Vehicle Industry Council as at December 31, 1999 and the statements of operations, changes in net assets and cash flows 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 Canadian 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, 1999 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Richmond Hill, Canada

February 16, 2000





ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Financial Position

December 31, 1999, with comparative figures for 1998

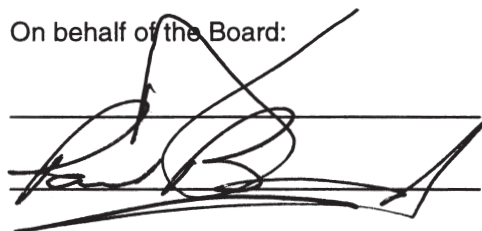
	1999	1998
Assets		
Current assets:		
Short-term investments (note 8)	\$ 857,253	\$ 619,450
Accounts receivable	107,723	21,065
Deferred government oversight fee (note 2)	483,597	417,555
Prepaid expenses	47,718	42,367
	<u>1,496,291</u>	<u>1,100,437</u>
Capital assets (note 4)	474,025	260,628
	<u>\$ 1,970,316</u>	<u>\$ 1,361,065</u>


Liabilities and Net Assets

Current liabilities:		
Bank indebtedness due to outstanding cheques	\$ 149,532	\$ 198,084
Accounts payable and accrued charges	345,835	353,212
Deferred revenue	1,905,975	1,573,038
	<u>2,401,342</u>	<u>2,124,334</u>
Long-term liability:		
Deferred contributions related to capital assets (note 7)	127,500	-
Net assets:		
Invested in capital assets	346,525	260,628
Unrestricted	(905,051)	(1,023,897)
	<u>(558,526)</u>	<u>(763,269)</u>
Commitments (note 6)		
	<u>\$ 1,970,316</u>	<u>\$ 1,361,065</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year ended December 31, 1999, with comparative figures for 1998

	1999	1998
Revenue:		
Registration fees	\$ 3,524,958	\$ 3,511,923
Contributions	150,000	—
Interest and other revenue	49,292	35,156
Transfer fees	21,900	—
Amortization of deferred contributions (note 7)	22,500	—
Certification course fee	18,650	—
	<u>3,787,300</u>	<u>3,547,079</u>
Expenses:		
Salaries and benefits, net of recoveries (note 5)	1,477,619	1,488,829
Government oversight fee (note 2)	901,152	877,554
Communications	199,027	196,576
Professional services	184,083	125,885
General and administrative, net of recoveries (note 5)	161,512	138,518
Special projects	150,386	11,218
Travel	149,442	146,198
Amortization of capital assets	121,711	75,415
Board	110,366	78,426
Occupancy	96,025	102,384
CCR service contract (note 3)	31,234	104,455
	<u>3,582,557</u>	<u>3,345,458</u>
Excess of revenue over expenses	<u>\$ 204,743</u>	<u>\$ 201,621</u>

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 1999, with comparative figures for 1998

			1999	1998
	Invested in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 260,628	\$ (1,023,897)	\$ (763,269)	\$ (964,890)
Excess (deficiency) of revenue over expenses	(99,211)	303,954	204,743	201,621
Investment in capital assets	185,108	(185,108)	-	-
Balance, end of year	\$ 346,525	\$ (905,051)	\$ (558,526)	\$ (763,269)

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year ended December 31, 1999, with comparative figures for 1998

	1999	1998
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 204,743	\$ 201,621
Items not involving cash:		
Amortization of capital assets	121,711	75,415
Amortization of deferred contributions	(22,500)	-
Change in non-cash operating working capital:		
Accounts receivable	(86,658)	(4,549)
Deferred government oversight fee	(66,042)	42,444
Prepaid expenses	(5,352)	(11,020)
Accounts payable and accrued charges	(7,376)	46,832
Deferred revenue	332,937	(280,224)
	<u>471,463</u>	<u>70,519</u>
Investing activities:		
Purchase of capital assets	(335,108)	(116,570)
Contributions received for purchase of capital assets	150,000	-
Net purchases of short-term investments	(205,000)	(125,026)
Interest distributions reinvested into short-term investments	(32,803)	(20,839)
	<u>(422,911)</u>	<u>(262,435)</u>
Decrease (increase) in bank indebtedness	48,552	(191,916)
Bank indebtedness, beginning of year	(198,084)	(6,168)
Bank indebtedness, end of year	\$ (149,532)	\$ (198,084)
Supplemental cash flow information:		
Cash received for interest	\$ 37,758	\$ 24,340

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 1999

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 (the "Agreement") with the Ministry of Consumer and Commercial Relations (the "Ministry").

1. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with generally accepted accounting principles. The preparation of 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.

(b) 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 revenue is recognized evenly over this period. Unearned fees are recorded as deferred revenue.

(c) Capital assets:

Capital assets are recorded at cost. Amortization is recorded on a declining-balance basis over the assets' estimated useful lives, at the following annual rates:

Computer hardware	30%
Computer software	30%
Furniture and fixtures	20%
Office equipment	20%



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 1999

1. Significant accounting policies (continued):

(d) Statement of cash flows:

Effective January 1, 1999, the Council adopted, retroactively, the new recommendation of the CICA for statement of cash flows. As a result, this change has revised the definition of cash and cash equivalents to include only cash and highly liquid investments and does not include the Council's bank indebtedness as was the case in prior years.

2. Government oversight fee:

In accordance with the 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 Agreement. Since registration is for a two-year period, this fee is expensed evenly over the two-year period. Amounts related to future years are recorded as a Deferred Government Oversight fee.

3. CCR Service Contract:

Until March 1999, the Ministry provided the Council with information technology support services and limited administrative support such as mailing of registration certificates and document microfiche. Thereafter, these activities were performed internally or by other service provider.

4. Capital assets:

Capital assets comprise the following:

			1999	1998
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 254,573	\$ 104,707	\$ 149,866	\$ 103,795
Computer software	356,747	88,292	268,455	91,145
Furniture and fixtures	59,705	23,831	35,874	40,900
Office equipment	33,840	14,010	19,830	24,788
	\$ 704,865	\$ 230,840	\$ 474,025	\$ 260,628



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 1999

5. Related party transactions:

The Council provides office space and administrative services to the Motor Vehicle Dealers' Compensation Fund (the "Fund"). The two organizations are related parties because the Council has representation on the Fund's Board of Trustees. Included in the Council's expenses are recoveries from the Fund of \$48,044 relating to salaries and benefits, \$6,650 relating to general and administrative expenses and \$7,500 for capital asset expenditure. At year end, \$18,552 was receivable from the Fund. Amounts received from the Fund are determined on a cost recovery basis.

6. Commitments:

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

2000	\$ 128,298
2001	107,138
2002	26,835
	\$ 262,271

7. Deferred contributions:

The Council received contributions of \$150,000 for the purchase of capital assets. These contributions have been deferred and are recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

8. Short-term investments:

The Council invests excess funds into low risk mutual fund units which are convertible into cash upon demand, recorded at lower of cost and market.

9. Comparative figures:

Certain 1998 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1999.