
NEW FEE STRUCTURE EFFECTIVE MAY 1, 2006

Since assuming responsibility for administering the Motor Dealer Act and related consumer legislation in April, 2004, operating independent of government, the success of MDC programs has created an overwhelming demand for services from dealers, salespeople and the public. Industry and government understood from the outset that the MDC would require far greater financial resources as it went forward. As programs evolved and succeeded over the past year of operation, it became overwhelmingly evident that the organization was seriously under-resourced.

For the 2006/07 fiscal year, the budget will move to \$3.8 million from \$2.4 million, a sum which must be viewed in the context of a \$10 billion industry. Building upon program success, the MDC will grow by 60%, and about 60% of the new spending will be to encourage compliance, including enforcement and licensing.

The MDC budget and fee structure are established by the Board of Directors consisting of prominent citizens, both from industry and the public-at-large.

EQUITY became the principal issue in establishing new licence fees:

- Salesperson licensing fees accounted for almost half the total budget, an improper burden on industry workers.
- New vehicle dealers - most of them significant corporate entities - have paid little or no more than most independents. They will now pay more.
- The Lower Mainland requires a disproportionate amount of service, particularly enforcement. A flat fee surcharge of \$500 will be applied to all dealer licenses in the Lower Mainland, including the Fraser Valley as far as Hope, and north to Whistler.

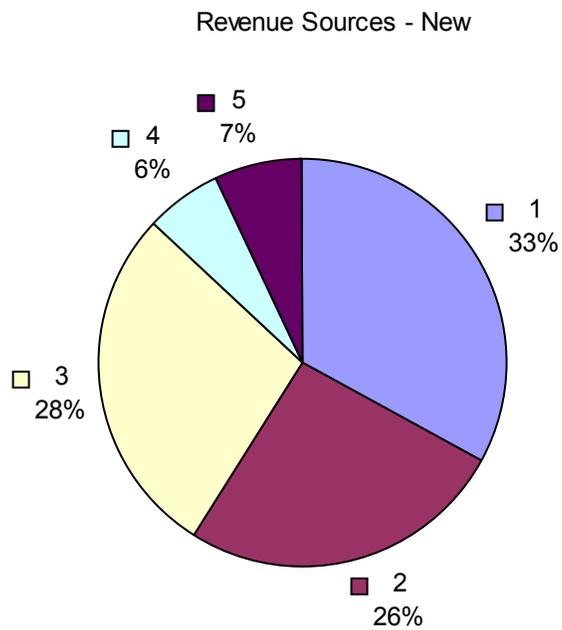
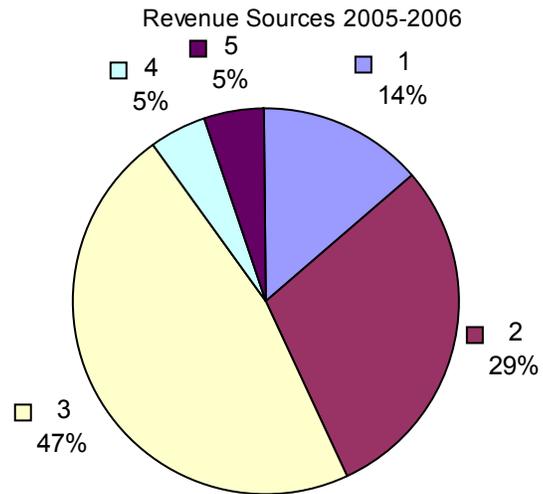
The most significant change is for new vehicle dealers, who also sell two-thirds of dealer-sold used vehicles. Their fees represented just 14% of the 2005-2006 MDC budget. Please see the charts on the attached page..

Previous Fee Structure

- Motor Vehicles (six or more demo licences) - \$750
- Motor Vehicles (two - five demo licences) - \$625
- Motor Vehicles (one demo licence) - \$460
- Motorcycles/trailers only - \$250
- Mopeds only - \$75

New - effective May 1, 2006

- New vehicle dealers - \$2,500
- Used vehicle dealers (six or more demo licences) - \$788
- Used vehicle dealers - (two - five demo licences) - \$656
- Used vehicle dealers - (one demo licence) - \$483
- Motorcycles/trailers only - \$263
- Mopeds only - \$79
- Lower Mainland surcharge (all dealers, except mopeds only) - \$500



1. New vehicle dealers
2. Used vehicle, motorcycle & moped dealers
3. Salespeople
4. Training
5. Other