



Home Inspector Information Meeting – Minutes September 27, 2011

Date	September 27, 2011 0930 am. – 2:45 pm.	
Location	Consumer Protection BC offices: Burnaby	
Industry Participants	Helene Barton Bill DeVries Tony Kazoleas John Leech Ken Mayo Bill Mullen Gaylene Patko	Executive Director, CAHPI BC Director of Eastern Provinces, CanNACHI President, CAHPI BC Executive Director, ASTTBC BCIPI Steering Committee, ASTT Director External Relations, NHICC Director Western Provinces CanNACHI
Consumer Protection BC	Scott McBride Manjit Bains Tayt Winnitoy	President & CEO, Consumer Protection BC Vice President Corporate Relations, Consumer Protection BC Vice President Operations, Consumer Protection BC
Guests	Toby Louie	Executive Director, Corporate Policy & Planning, PSSG
Chair	Tom Aquiline	Director Industry Relations, Consumer Protection BC
Regrets	Arne Kluge Claude Lawrenson	Communications Director CanNACHI Chair, NHICC

Item 1.0	Call to Order / Welcome
<p>The meeting was called to order at 0930 followed by round table introductions by the participants. The participants were advised of Consumer Protection BC's procedure with their industry Advisory Groups whereby the members all sign a code of conduct. While this was not being asked of today's participants, it was stated that:</p> <ul style="list-style-type: none"> ➤ The conduct and language of participants during today's meeting must meet acceptable social standards and must contribute to a positive productive environment; ➤ Participants must treat other participants and staff of Consumer Protection BC in a respectful and professional manner. 	
Item 2.0	HI Regulation History
<p>Toby Louie provided an overview on the history leading to the introduction of licensing of home inspectors and the Home Inspection Regulation to the participants which included the following highlights:</p> <ul style="list-style-type: none"> ➤ In 2009, BC became the first jurisdiction in Canada to require licensing of home inspectors to operate in the province. Licensing was in response to calls from the home inspection industry and consumers to enhance confidence and accountability. The first major push for licensing came from CAHPI BC as far back as 2001; ➤ The voluntary system of certification left the door open to untrained and unqualified individuals – creating a situation where the home buyer does not know if their home inspector is qualified to do the job they were hired to do; ➤ Government's decision was to establish a licensing framework under the Business Practices and Consumer Protection Act, and administered by Consumer Protection BC. The licensing framework relies on professional organizations. Licences will be issued to home inspectors meeting the requirements of professional organizations acceptable to the Consumer Protection BC; ➤ Government wanted the regulations to avoid unnecessary overlap and duplication. Recognition of membership in a professional association streamlines the licensing process. As a newly licensed industry, we wanted to keep the cost impact at a minimum at that time; ➤ The direction was to ensure we have qualified home inspectors in BC, but at the same time we wanted to establish a model that would not significantly reduce the number of home inspectors available to consumers. The framework ultimately sought to balance consumer interest with a streamlined approach to protect consumers and enhance the professionalism of the industry; ➤ Getting the regulations in place for a licensing model was significant first step. It wasn't the "be all and end all of licensing" for the industry. The industry now has the opportunity to provide views and input on where 	



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- we go with the regulations;
- This could entail reviewing the entire regulation in which case, quickly could mean a year or if only addressing simple changes for purposes of providing clarification then it could take less time. The process requires feedback on what is and what is not working.
- It is necessary to note that prior to Government being able to move forward, it is unknown how long it may take industry to put together a proposal that is both support by industry and that reflects a consumer perspective.

The participants were thanked for participating in today's meeting and for moving forward to address the issues facing the industry.

Item 3.0 Consumer Protection BC – Business Plan

Consumer Protection BC's business plan was reviewed with the members. The following highlights were discussed:

- The plan is a three year plan, 2011 – 13 and it is anticipated it will change somewhat heading into 2014 as consumers are better able to make smart choices as their education and awareness levels increase;
- A high priority is to identify what the risks are to consumers and balance the work done by Consumer Protection BC with the funds available. It would be preferable that this be leveraged with the industries skills / talents in outreaching to consumers;
- Reducing the incidence of violations is goal two. All will agree no one likes to see bad apples as it reflects poorly on the industry;
- Building trust with stakeholders is our third goal. The HI regulation is a unique construct and associations from other industries are not at the same level or hold the same responsibilities as does this group;
- Under our fourth goal that focuses on service delivery, a great deal of work has been done to balance resources which emphasises our need to run a low cost organization. This will be measured in part by licensee's satisfaction with our online licence renewal process.

A participant offered they saw this meeting as an indicator of efforts being made under goal 1 and that Consumer Protection BC would face challenges under the licensing model as success measures could be impacted by the performance of the associations. Last year's fee increase was supported however total revenues are not all that high and collectively the associations need to step up and support Consumer Protection BC efforts.

Item 4.0 Fee & Costing Review

Since the introduction of the home inspector regulations Consumer Protection BC has experienced several streams coming together that include:

- The reality of what the regulations mean;
- The experience gained from completing a full year of licensing this industry;
- Completion of a detailed costing exercise;
- Establishment of a clear alignment of what is driving our Consumer Protection BC's costs.

A presentation and discussion followed that included highlights beginning in 2009 with the introduction of the licensing regulation moving forward to where we are today:

- In 2009, there were 3 designated associations (by Regulation). The licensing program was implemented with an introductory licence fee of \$100. We had 356 home inspectors licensed, a new Association accredited with 2 year "transitional" inspectors in the marketplace;
- Today there are 4 designated associations. (2 by Regulation and 2 by Director), the transitional licensing provision has been appealed, licence fee increased to \$150 and there were 476 home inspectors licensed (410 today) and a detailed costing exercise has been undertaken;
- A 2011 costing review of both payday lending and home inspector sectors, both 2009 starts. The review analyzed resourcing across spectrum of service lines including Licensing, Compliance, Enforcement, Call Centre, Industry Relations, and Education;
- The costing model is built from direct, indirect and overhead costs. Is reviewed by our Board and our



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external auditors and drives both our budget, which is public, and our cost recovery model, largely through licence fees;

- The assumption made was that an increase must occur in 2012 to correct deficit and that the Increase will only address current costs (services to industry). Future adjustments to fee model may be considered and adjustments can also consider additional services;
- The current fee model is a simple calculation of # licensees divided by the total cost. Fee must be \$475. For comparison purposes, Alberta licences both the business and the individual. Businesses with 3 or fewer home inspectors pay \$500 a year. 3-10 is \$700 and over 10 is \$900. This means that sole proprietors pay \$500;
- The current flat fee option: continues the current model of an equal distribution of costs across the total licensee pool. PROS: Easy to administer, track and report CONS: Not flexible or scalable, may be cost prohibitive;
- Other options include a:
 - Range fee: renewals based on a self declared range of sales or inspection volumes. PROS: flexible, scalable, reflects business volume CONS: Harder to track, reporting subject to abuse
 - Hybrid fee: smaller base amount plus an annually reported sales or home inspection volume PROS: flexible, scalable, reflects business volume CONS: Harder to track, reporting subject to abuse
 - Indexed Fee: no base amount plus an annually reported sales or home inspection volume PROS: flexible, scalable, reflects business volume CONS: Harder to track, reporting subject to abuse, no base amount for consistency.
- It should be noted that the proposed fee reflects a continuation of the status quo in regard to the current level of activity and the role Consumer Protection BC fulfills;
- A participant suggested increasing AMP assessment payment of which could be tied to the licence renewal process, if outstanding penalty, licence not renewed. It was noted that much of the noncompliance was around unlicensed activity;
- Support was offered with regard to achieving a sustainable fee level after which modest 2% or cost of living increases will work. Best to keep it simple, hybrid models add complexity so keep with a flat fee model regardless of volume of inspection;
- Observation made that a fee of \$475 when prorated over the average number of inspections along with other fees / expenses paid such as insurance, puts the average cost at approx. \$26.00 per inspection. This does not appear to be excessive;
- The importance of not discounting some of the changes being asked for was reiterated and that these are new and not currently covered under the costing put forward;
- All agreed that the majority of inspectors were full time career people and anyone participating in the industry was making a career choice and would be expected to pay their dues. A comparison was offered of an RN or who retires and returns to work part time....they pay the same dues as a full time RN.

The participants were thanked for their comments and their preference for the continuation of a flat fee model was acknowledged. The consultation documents will be prepared and shared with the participants prior to being posted on the website. The material will be posted for approximately 30 days to provide time for responses to be provided. Should the associations receive feedback directly, Consumer Protection BC would appreciate being kept informed. The possibility of utilizing another model will be “parked” for now however may return to it depending on future discussions.

Item 5.0

Industry Issues

To establish an understanding of Consumer Protection BC’s role and ensure expectations were realistic with regard to addressing many of the industry issues identified, an overview of the process engaged with other industries through their advisory group was outlined.



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In those instances the advisory group (AG) identifies and agrees that an issue exists and that either a policy or regulation change is required. A working group is formed and assigned the task of developing a proposal / recommendation and brings it forward to the full advisory group.

Once the AG has agreed on the recommendation, it is forwarded to Consumer Protection BC who review it and may return to the group with questions or suggestions after which it is passed on to the ministry for their consideration and decision on whether to proceed further. The critical element being that if industry wants changes, preparing a list of issues does not satisfy the process, rather it is only the starting point from which their real work begins.

Discussion then continued with the next agenda item.

a) Accrediting agency standards:

- i. Association audits
- ii. Verification of Association processes and procedures;

Items (i) & (ii) were determined as being the same issue and therefore discussed at the same time.

The recommendation put forward was that the associations should be audited by Consumer Protection BC. This audit could be conducted as a matter of policy and possibly regulation at a later date. There would not be any specific number of audits and they would take place without notice, the cost of which to be covered by the association.

The participants were advised that Consumer Protection BC had the authority to audit the associations and that a baseline of criteria had been established. Visits will begin shortly and while generally "inspections" are conducted unannounced, in this first round some advance notice will be provided.

Next Steps:

- The inspection protocols & guides will be provided to the associations;
- Inspection audits will commence and results reviewed for possible revision to the process;
- The associations to consider whether they would be prepared to sharing the results of their inspection with their counterparts;

Once the inspections have been completed a meeting will be reconvened with the associations. Prior to the next meeting the associations will attempt to meet again in order to discuss and establish common ground on issues.

iii. Physical location requirements in BC

The position was expressed that it was important for members to be able to meet face to face with office administration staff and further it facilitated interaction between its members. Other views indicated that geographic differences did not play a significant role and public accessibility had not been seen nor reported to be an issue.

The participants were reminded that the legislation set the standard which did not include such a requirement and to require a BC office would be a significant departure from the precedent already established.

Next Steps:

Issue closed, withdrawn.

Agenda items 5(vi) through 7(b)



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The remaining agenda items, 5(iv) through 7(b) were noted as issues related primarily to a need for there to be a common standard for home inspectors. The current situation is that Government established the responsibility for setting these standards as the role of the associations. Consumer Protection BC's role is to ensure compliance with the regulations and to recognize associations whose responsibility it is to assess the qualifications of home inspectors.

As had been stated during the costing & fee review, under the model established by the government, Consumer Protection BC does not have the resources to take on the development of minimum standards for home inspectors. This responsibility rests with the associations and industry to move forward utilizing the expertise and resources of organizations such as Service Canada, the Industry Training Authority (ITA) and the Private Career Training Institutions Agency (of BC – PCTIA).

It was suggested that Consumer Protection BC could possibly play the role of facilitator and bring the group together for such discussions. Such a meeting would best suit representatives with the technical expertise to discuss such matters.

Next steps:

- Consumer Protection BC will look to see what possible resources may be available to support such an undertaking on behalf of industry;
- The Associations will consider what resources they may be able to make available;
- As stated earlier, Consumer Protection BC will convene a meeting following completion of the association inspections, and;
- The Associations will attempt to meet prior to the next full meeting being called.

Item 8.0

Closing

The meeting was adjourned at 2:45 pm.

A handwritten signature in black ink, appearing to read "Tom R. Aquiline".

Tom R. Aquiline
Chair

Date: September 27, 2011