

FEE REVIEW BACKGROUNDER: HOME INSPECTORS

September 29, 2017

We are undertaking a fee review for each of our licensed sectors, as current licensing fees and other charges expire on December 31, 2017. As part of this process, we are consulting with all Home Inspectors licensed by Consumer Protection BC. Once this consultation process closes on October 31, 2017, you will be provided with 90-days' notice prior to fee changes. Please note that the existing fee schedule remains in effect until the new fees come into force. The information below provides you with an overview of our fee setting process, how we use your fees, and how you can provide feedback on our fee review process (see page 6).

INFORMATION ABOUT YOUR FEES

Our authority to set fees & our mandate to recover costs

The [Business Practices and Consumer Protection Authority Act](#) provides the legal authority for us to set fees to fund our operations. For each of the sectors government has tasked us with regulating and licensing we have authority to set licensing fees and other charges. In doing so, we are required to recover our costs of regulating your sector, to consult with you and to provide at least ninety (90) days' notice prior to changing or introducing new fees. For reference, this requirement to consult and provide notice regarding fees changes can be found in the [Fee Setting Criteria Regulation](#) made under the [Business Practices and Consumer Protection Act](#).

What is happening?

We are in the process of setting your licensing fees for 2018-2020. Following a review of our costs and forecasted revenues for the next three years, we are proposing to change your licensing fees. To sustain and improve the oversight of your sector and recover costs, we are consulting on the following proposed licensing fee increases and other fee changes for 2018-2020:

- Annual 25% increases for licence renewal fees
- A 36% increase for new licence fees in 2018, followed by 25% increases for 2019 and 2020.
- Annual 2% increase for other charges for 2018 through to 2020.
- Fees for replacement licenses and late licence renewals have been eliminated.

Home Inspectors

Fee Type	Current Fee	Proposed Fees Apr. 1, 2018	Proposed Fees Apr. 1, 2019	Proposed Fees Apr. 1, 2020
New licence	\$525	\$713	\$891	\$1114
Renewal licence*	\$525	\$656	\$820	\$1025

* For more information about changes to the structure of licence renewals, effective April 1, 2018, please read the information below.

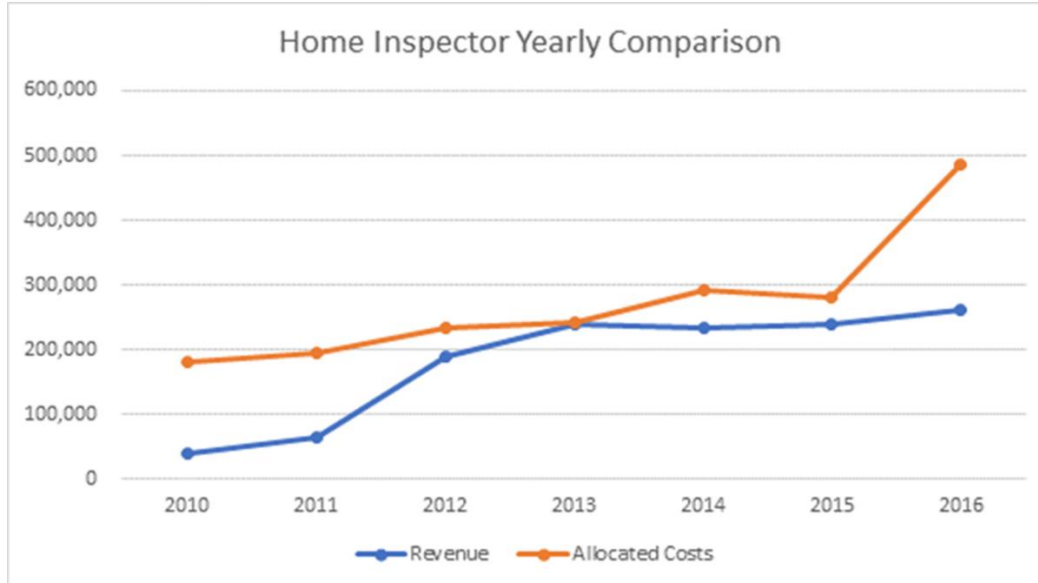
Why are fees changing?

Your licensing fees pay for the direct costs of regulating your sector, such as approvals of practical trainers and evaluators and educational providers, licensing, compliance inspections, complaint handling and enforcement activities as well as indirect costs like communications, stakeholder relations, IT, finance and accounting, office rent, etc. Every effort is made to control and manage the cost of regulating your sector; however, with recent changes to the law and related shifts in our costs, some increases are unavoidable. In some cases, cost increases are consistent with inflation, in other cases increases are based on specific and unique factors related to a sector (for example, changes to the law that result in new regulatory requirements).

Consumer Protection BC's costs for licensing and regulating your sector have increased significantly since 2015. Changes to the law, which came into effect on September 1, 2016, expanded our responsibilities for overseeing your sector, as we took on responsibility for administering new and expanded requirements for both new and existing home inspectors. The below chart provides a graphical representation of the extent to which our costs have outpaced the revenues we generate through your licensing fees. As a result, we are proposing an annual 25% increases for licence renewal fees and 2% increases for other charges for 2018 through to 2020, with the goal of achieving cost recovery by 2020. As we move toward achieving cost recovery for your sector we will continue to assess our costs, including the impact any future changes to the law may have on our costs and therefore licensing fees. Under a scenario where additional fee changes are required, we will consult with you prior to making any changes.

Examples of Consumer Protection BC's responsibilities for new and expanded requirements for home inspectors include:

- Assessing qualifications (educational and practical training and evaluation requirements) for new home inspector applicants;
- Administering new and expanded requirements for existing home inspector licensees (e.g. expanded requirements for home inspector contracts with consumers and inspection reports);
- Assuming responsibility for all consumer inquiries and complaints for your sector (a function previously shared with the home inspector associations); and
- Continued involvement in government's ongoing efforts to develop a single BC Scope of Practice for home inspector as well as a streamlined credentialing model for aspiring home inspectors.



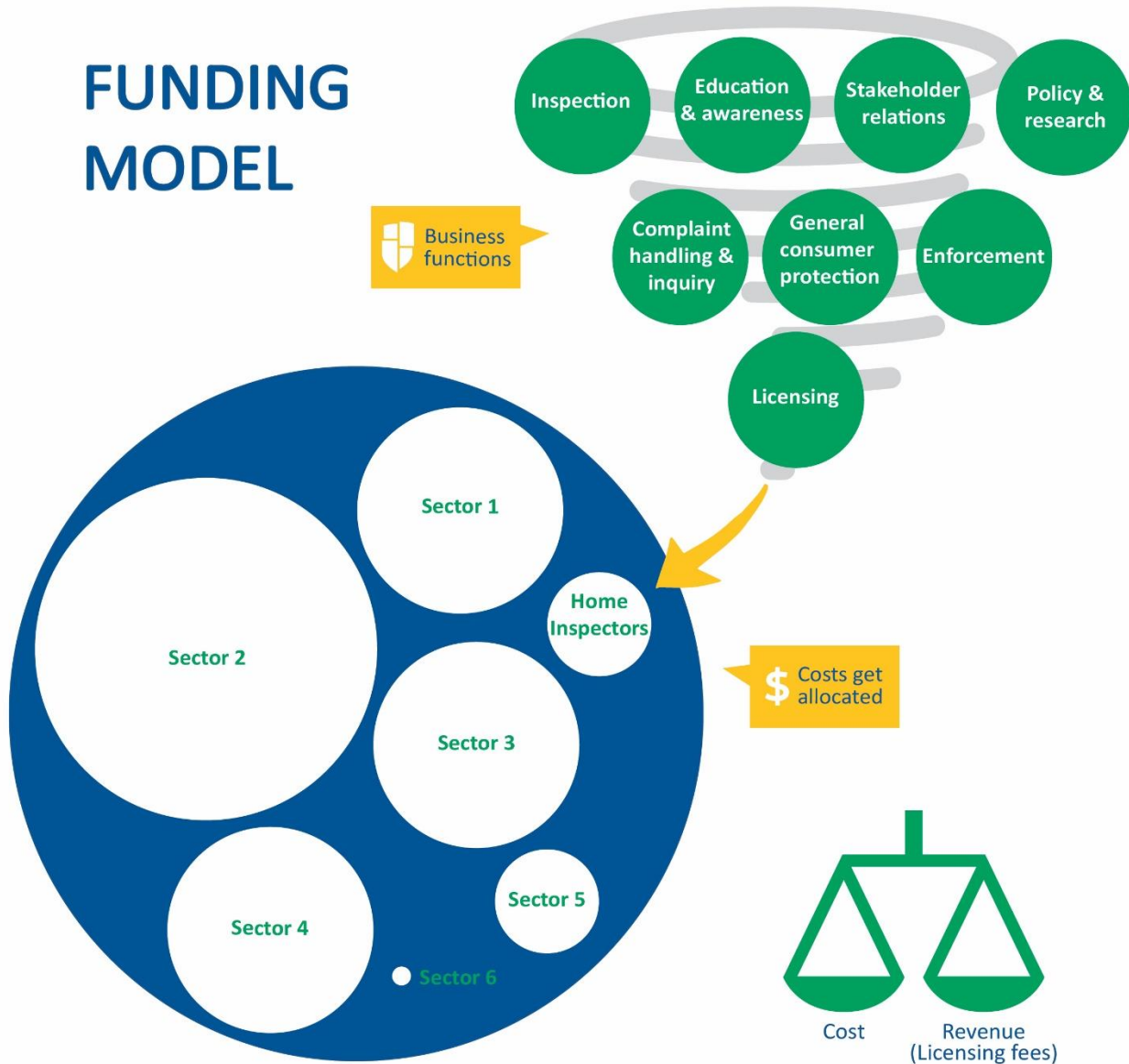
A new structure for renewing your licence

We are implementing a new structure for home inspector licence renewal fees, **effective April 1, 2018**. You will pay a lower fee if you renew your licence at least two (2) weeks before it expires, starting with **April 1, 2018** licence renewals. There will be a higher fee for licences renewed within 2 weeks prior to expiry. We will also no longer be charging late fees. If you don't renew your licence by its expiry date you will need to submit a new licence application, which costs more money. The purpose of these changes is to encourage you to submit your renewals on time and early. This will create efficiencies in our renewal processing.

How are fees determined?

Consumer Protection BC operates on a cost recovery basis. As such, costs to licence and regulate seven different industries and provide general consumer protection are primarily covered by the fees that are collected through licensing.

FUNDING MODEL



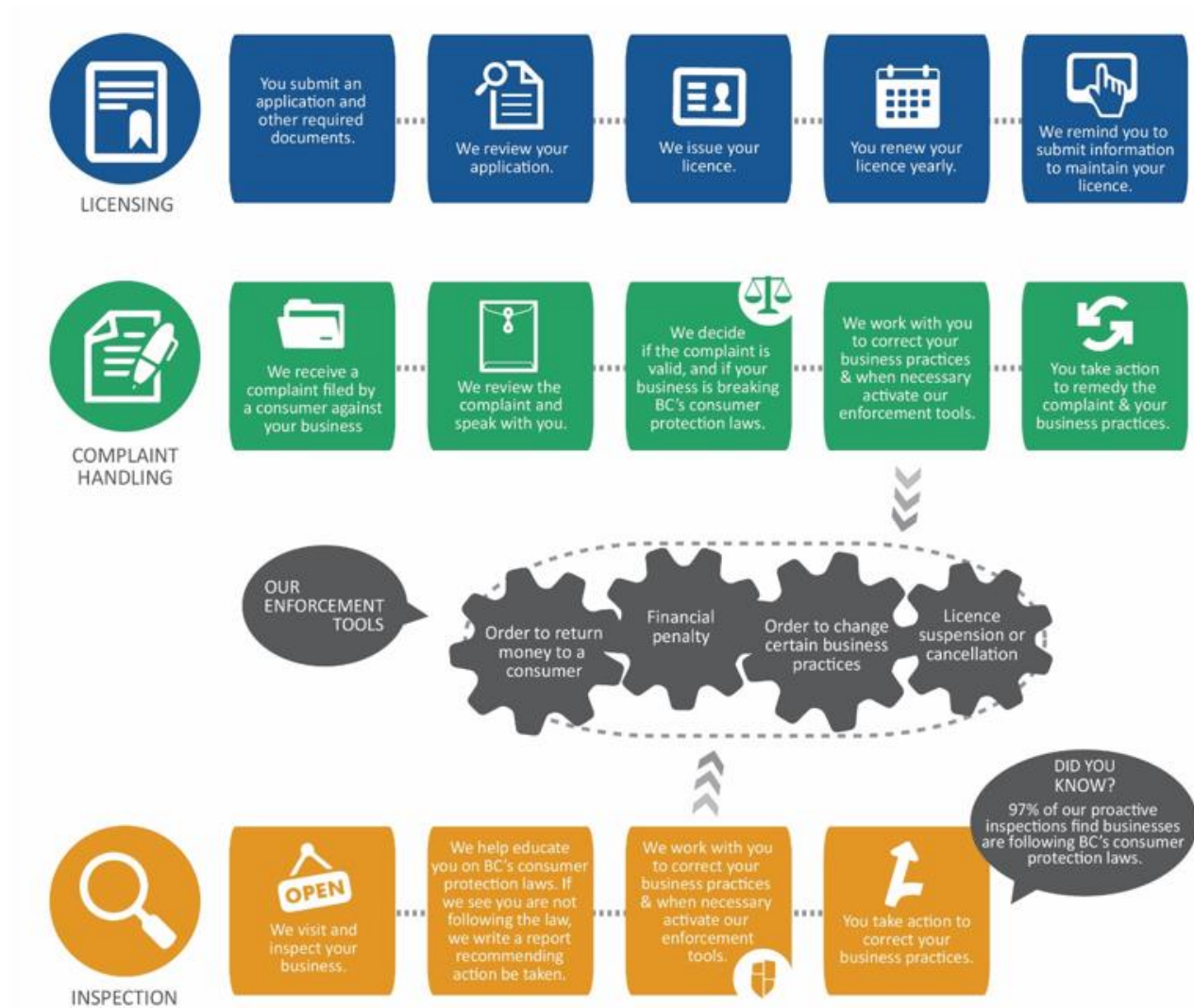
In setting our fees, we allocate costs to each licensed sector using a number of factors to determine the share of the overall costs for us to operate. The factors that determine a sector’s share of our costs are broken down by the functions our organization. Once these costs are determined for each licensed sector, a fee schedule is developed so that projected revenues from each sector closely match our costs to regulate each sector.

Function	Allocation method
Licensing and inspections	The costs of licensing and inspections are allocated to each sector based on the number of active licences and the average time and complexity of processing a licence.
Complaint handling	Complaint handling costs are allocated based on the average number of annual complaints and inquiries for each industry.
Enforcement	Enforcement costs are allocated based on the average number of annual active case files for each industry being processed through the enforcement function of Consumer Protection BC.

<p>Education & awareness, industry relations, policy & research</p>	<p>Costs for functions including education and awareness, industry relations, policy and research are allocated based on time spent on each sector.</p>
<p>General consumer protection</p>	<p>A sector's proportionate share of the cost for general consumer protection is based on the cost to licence and regulate that sector relative to the costs of other licenced and regulated sectors. Examples of general consumer protection include consumer and business education initiatives, our responsibilities for overseeing BC's prepaid purchase card law and the unfair business practices provisions of BC's consumer protection law.</p>

What do your fees pay for?

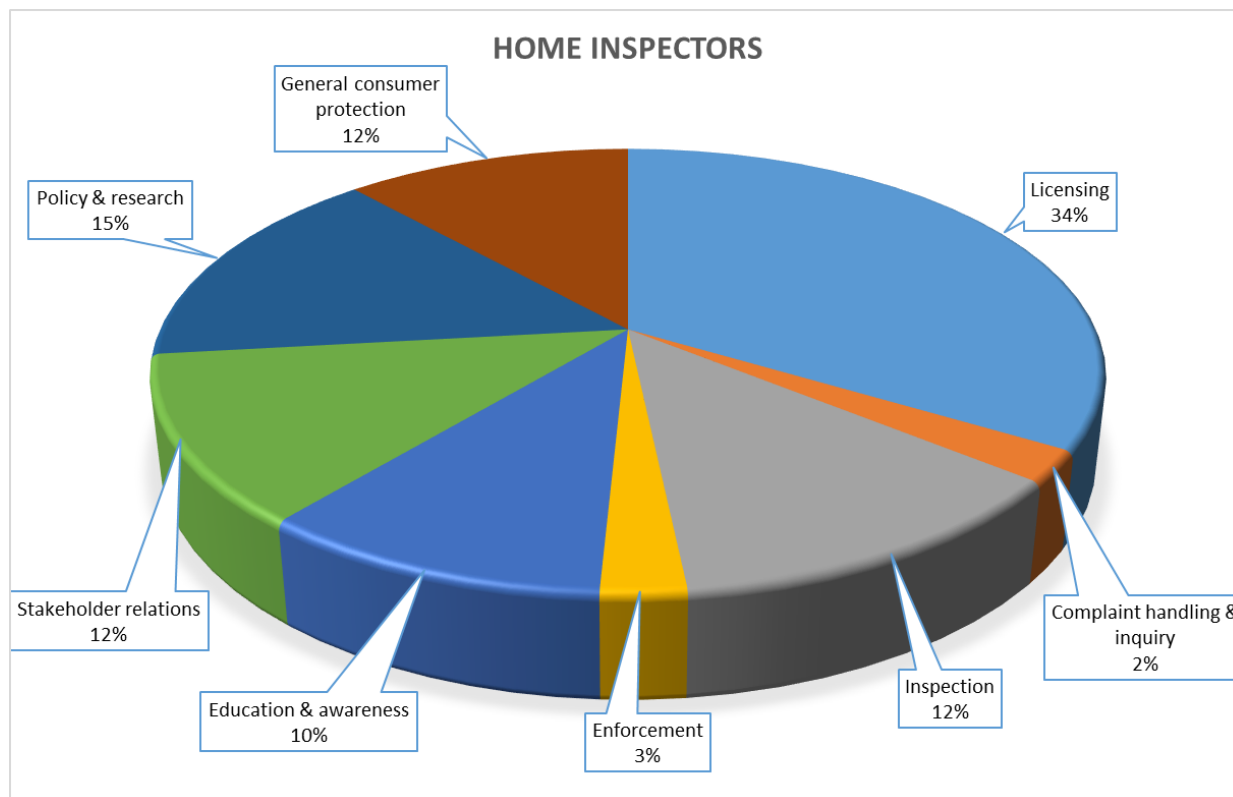
Your fees pay for the licensing and regulation of your sector. Here's how we do that:



What do these services cost in relation to the Home Inspector sector?

We are committed to keep costs down. By using human, financial and information technology resources across a spectrum of industry groups, you receive the maximum benefits - economies of scale - without the overhead costs associated with industry-specific licensing and regulatory schemes.

Costs related to your sector are divided by activity as follows:



GIVE US YOUR FEEDBACK

This consultation document provides information about the proposed fee changes and is an opportunity for you to provide feedback. To share your feedback on the proposed 2018 to 2020 fee changes and/or our fee review process, please take our survey. All feedback must be received no later than **October 31, 2017**.

[TAKE OUR SURVEY >>](#)

What happens next?

After the consultation closes on October 31st, and we have assessed all the feedback, we will give you 90 days' notice of all fee changes.