

FEE REVIEW BACKGROUNDER: VIDEO RETAILERS AND THEATRES

July 6, 2017

We are undertaking a fee review for each of our licensed sectors, as current fees and other charges expire on December 31, 2017. As part of this process, we are consulting with all video retailers and theatres in BC. Once this consultation process closes on August 4, 2017, licensees will be provided with 90-days' notice prior to fee changes. 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 (page 5).

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, to consult with you and to provide at least ninety (90) days' notice prior to changing or introducing fees. For reference, this requirement to consult and provide notice regarding fees can be found in the *Fee Setting Criteria Regulation* made under the *Business Practices and Consumer Protection Act*, the *Cremation, Interment and Funeral Services Act*, and the *Motion Picture 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:

- Licensing fees and other charges will continue to increase at 2% per year for 2018-2020, as has been the case for the previous three years.
- Fees for replacement licences, and late licence renewal have been eliminated.

Video Retailers

Fee Type	Current Fee	Proposed Fees Jan. 1, 2018	Proposed Fees Jan. 1, 2019	Proposed Fees Jan. 1, 2020
Adult film retailer (incl. video retailer) new *	\$224	\$285	\$291	\$297
Adult film retailer (incl. video retailer) renewal *	\$224	\$228	\$233	\$238
Video retailer new *	\$112	\$171	\$174	\$177
Video retailer renewal *	\$112	\$114	\$116	\$118

For a full listing of all proposed fee changes for your sector, please review the draft Fee Schedule online.

Theatres

Fee Type	Current Fee	Proposed Fees Jan. 1, 2018	Proposed Fees Jan. 1, 2019	Proposed Fees Jan. 1, 2020
General Release screen new *	\$112	\$171	\$174	\$177
General Release screen renewal *	\$112	\$114	\$116	\$118
Restricted or Adult Screen new *	\$224	\$285	\$291	\$297
Restricted or Adult Screen (subsequent screens at same location) new *	\$56	\$114	\$116	\$118
Restricted or Adult Screen renewal *	\$224	\$228	\$233	\$238
Restricted or Adult Screen (subsequent screens at same location) renewal *	\$56	\$57	\$58	\$59

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

For a full listing of all proposed fee changes for your sector, please review the draft Fee Schedule online.

Why are fees changing?

Your licensing fees pay for the direct costs of regulating your sector, such as licensing, compliance inspections, complaint handling and enforcement activities as well as indirect costs like IT, finance and accounting, office rent, etc. Every year these costs increase. In some cases, costs 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 regulating the adult film, video retailer and theatre sectors have remained relatively consistent since 2015. Therefore, we are proposing to continue with the 2% annual increase through 2018-2020, as in the previous three years.

A new structure for renewing your licence

We are implementing a new structure for licence renewal fees, **effective January 1, 2018**. You will pay a lower fee if you renew your licence at least two (2) weeks before it expires. This means you will pay less if you renew your licence at least two (2) weeks before the expiry of your licence, starting with 2018 licence renewals. 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 our licensed businesses to submit their renewals on time and early. This will create efficiencies in the processing of renewals.

How are fees determined?

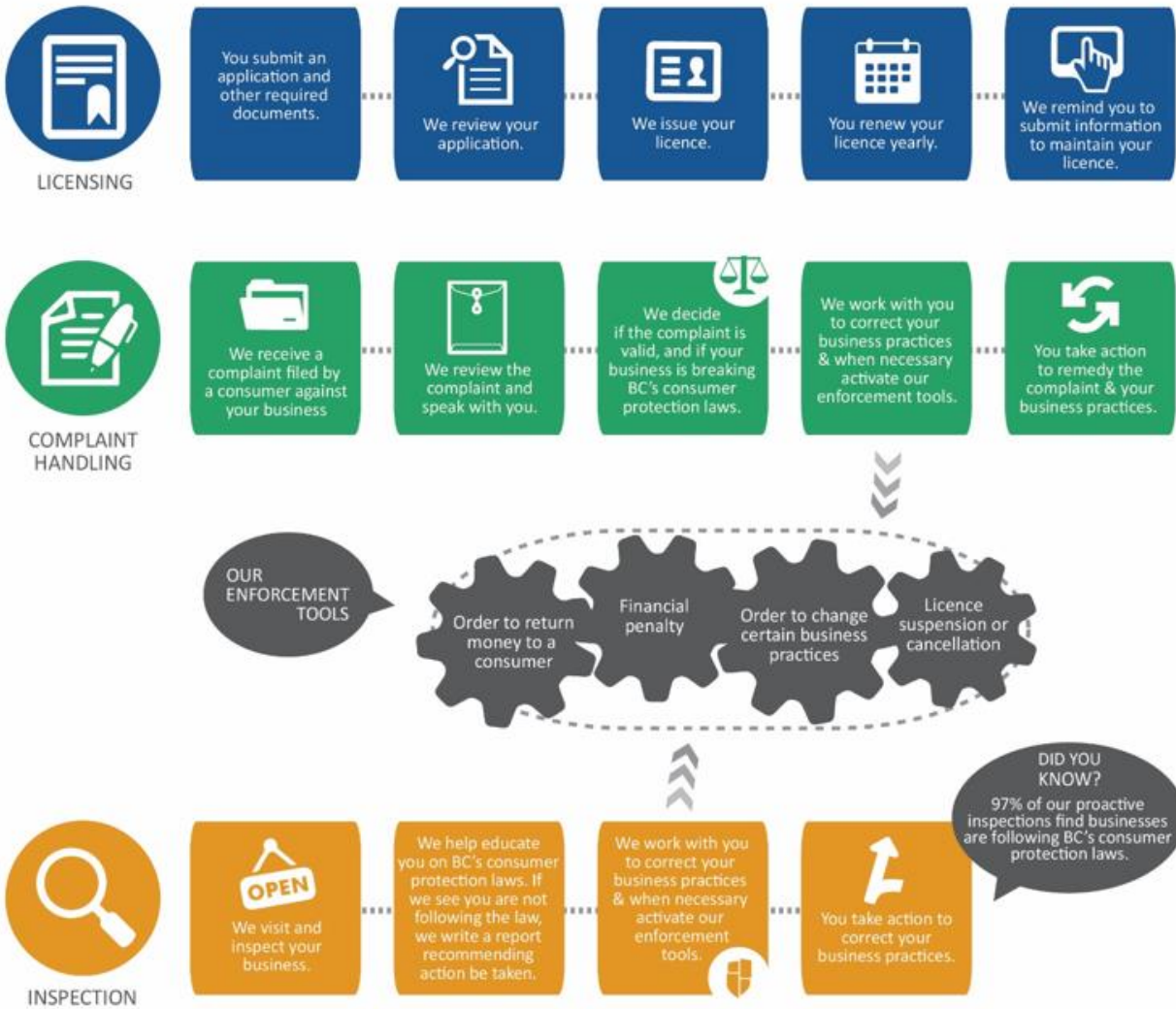
Consumer Protection BC operates on a cost recovery basis. As such, costs to licence and regulate seven different industries and provide general consumer protection are primarily covered by the fees that are collected through licensing.

In setting these 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 of 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.
Education & awareness, industry relations, policy & research	Costs for functions including education and awareness, industry relations, policy and research are allocated based on time spent on each sector.
General consumer protection	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.

What do your fees pay for?

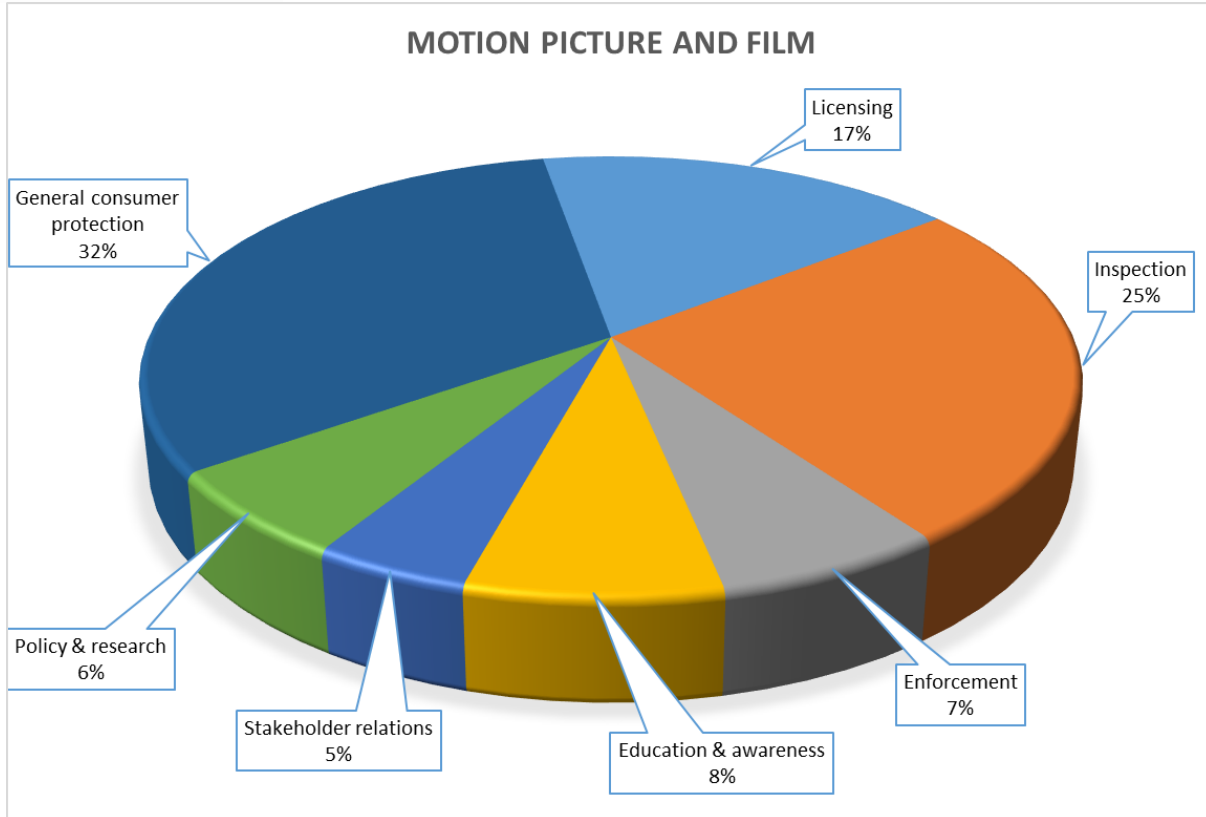
Your fees pay for the licensing and regulation of your sector. Here's how we do that:



What do these services cost in relation to your 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 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 **August 4**.

TAKE OUR SURVEY »

What happens next?

After the consultation closes on August 4 and we have assessed all the feedback, we will give you 90 days' notice of all fee changes.