



CONSUMER
PROTECTION BC

ANNUAL REPORT 2017



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Our audited financial statements are available in the [publications section](#) of our website.

MESSAGE FROM THE BOARD CHAIR AND CEO

On the behalf of our Board of Directors, staff and stakeholders, we are pleased to present Consumer Protection BC's 2017 Annual Report. As we look back on the accomplishments of this year, we think it's accurate to say that change was a fundamental theme.

We operated in an ever-changing marketplace, with consumer protection demands arising in response to new technologies, the economy and consumers wanting to better understand the implications of their purchase decisions. We supported new legislation that saw the cost of a payday loan decrease from \$23 for every \$100 borrowed to \$17, and we continued to assist government in finding ways to strengthen and create effective consumer protection legislation in the coming years, especially in the areas of high-cost lending incremental to payday lending, ticket reselling and ridesharing. We also continued to seek out and form partnerships with likeminded organizations to increase our operational effectiveness and strengthen the overall consumer protection landscape in British Columbia.

Turning our focus towards internal changes, we made significant advances in our information and technology systems to better serve the needs of consumers and licensed businesses. We launched a new website in the fall, producing a user-focused site with clear, helpful and easy-to-find information for consumers, and we introduced a new online business account tool for licensees to view and renew their licences, update business details and submit documents in faster and easier ways.

Another noteworthy change was increasing the amount of information we share about our enforcement decisions. In January 2017, we started to make public our full written reasons on why our decision-makers came to certain conclusions through their investigations, and why specific enforcement actions were issued against businesses – an effort to further transparency, better inform consumers and encourage business compliance. Finally, we went through an extensive and consultative fee review process with our licensed sectors to ensure that we, as an independent and self-funded not-for-profit, continue to operate based on cost-recovery while ensuring accountability.

Consumer Protection BC is an innovative and adaptive regulator that works to protect consumers by ensuring businesses operate within the law, and we are resolute in supporting and engaging our dedicated and professional employees. The Board of Directors and staff at Consumer Protection BC look forward to continuing to serve and provide value to British Columbian consumers, businesses and government stakeholders in the years ahead.



Douglas Enns
Board Chair



Rob Gialloreto
President and CEO

2017



CONSUMER
PROTECTION BC

YEAR AT A GLANCE

RESOLVED AND CLOSED
60% OF COMPLAINT FILES WITH
VOLUNTARY COMPLIANCE
BY THE BUSINESS

RECOVERED NEARLY \$120,000

\$\$\$\$\$\$\$\$\$\$\$ IN RESTITUTION FOR CONSUMERS

1,226,638

VIEWS OF OUR
CORPORATE WEBSITE



COMPLETED

330

INSPECTIONS

3,071,193
PEOPLE SAW OUR
CONSUMER
EDUCATION
INFO ON FACEBOOK



\$26,532 PAID TO
IMPACTED TRAVELLERS THROUGH
THE TRAVEL ASSURANCE FUND



2,042

GENERAL RELEASE MOVIES &
TRAILERS WERE CLASSIFIED

COMPLETED
AN INFO-SHARING
& REFERRAL AGREEMENT
WITH THE
VEHICLE SALES
AUTHORITY OF BC



DONATED
\$12,794
THROUGH OUR
EMPLOYEE-DRIVEN
GIVE DONATION PROGRAM

70% OF 220 CONSUMERS
SURVEYED RATED THE QUALITY OF
THE INFO WE PROVIDED AS
GOOD, VERY GOOD OR EXCELLENT

90% OF LICENSEES INSPECTED
RATED OUR PROCESS AS
GOOD, VERY GOOD
OR EXCELLENT

81% OF LICENSED BUSINESSES
RESPONDING TO OUR SURVEYS RATED
THE LICENSING PROCESS AS
GOOD, VERY GOOD OR EXCELLENT



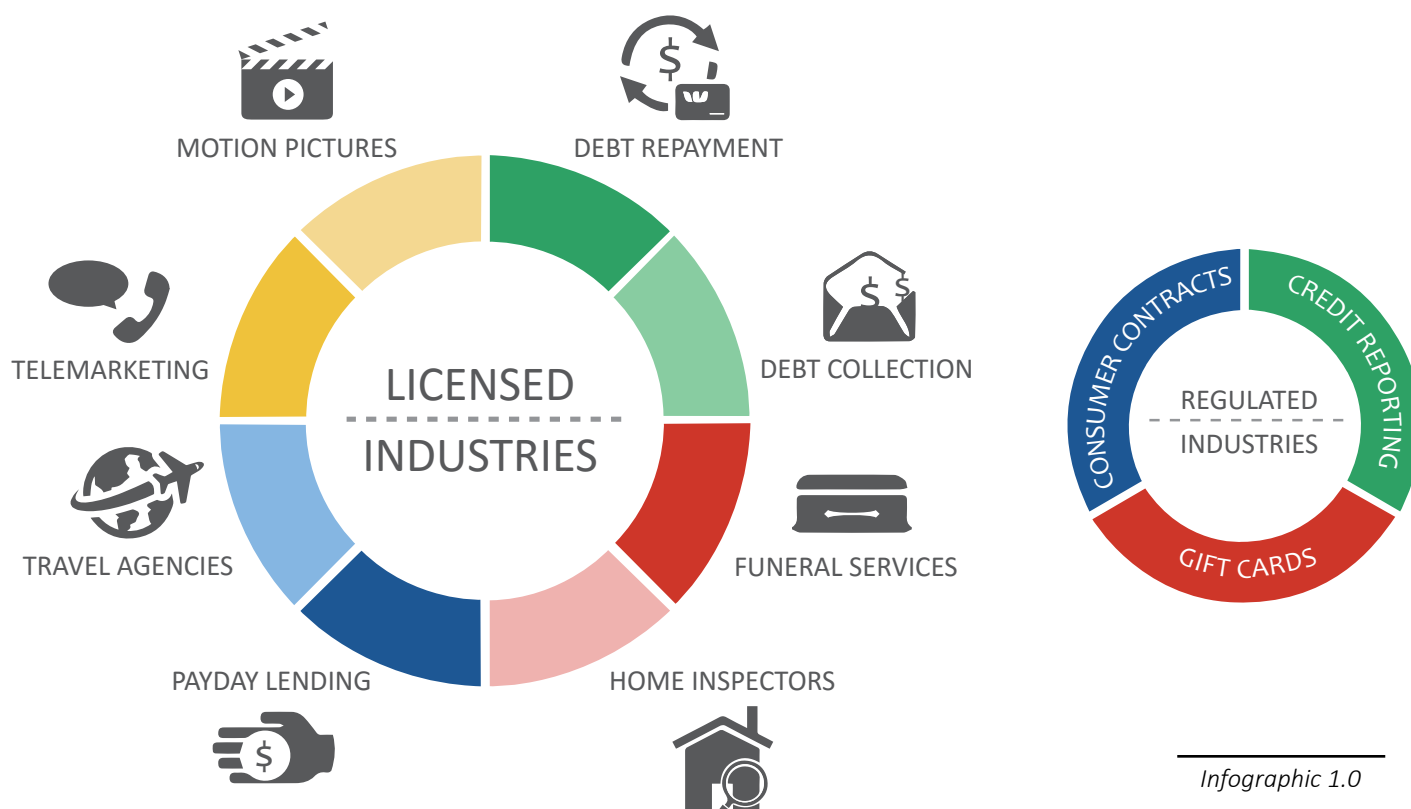
NAMED TO THE 2017 LIST OF
"BEST WORKPLACES IN CANADA – SMALL BUSINESSES"
BY GREAT PLACE TO WORK® INSTITUTE CANADA

CORPORATE OVERVIEW



Who we are

Consumer Protection BC is a designated authority of the Province of British Columbia. We are a team of dedicated and passionate individuals based in Victoria and Burnaby, who are responsible for regulating various industries and consumer transactions in the province of British Columbia (see infographic 1.0).



Infographic 1.0

Our purpose is to license and inspect regulated businesses, respond to consumer inquiries, investigate alleged violations of consumer protection laws, classify motion pictures and provide information and referrals to the public.

In the public interest and through the authority delegated by the Province of British Columbia, Consumer Protection BC is responsible for administering three Acts:

- *Business Practices and Consumer Protection Act* [SBC 2004]
- *Cremation, Interment and Funeral Services Act* [SBC 2004]
- *Motion Picture Act* [RSBC 1996]

Our revenue is generated primarily through licensing fees. This ensures that licensed businesses and occupations fund annual regulatory and general consumer protection costs as required by legislation.

What we do

We deliver consumer protection services throughout British Columbia by:

- educating consumers and businesses about their rights and responsibilities;
- responding to inquiries and complaints from BC consumers and businesses;
- licensing specific businesses and occupations;
- inspecting licensed businesses and occupations to ensure they are following BC's consumer protection laws;
- investigating alleged violations of consumer protection laws, then resolving through progressive enforcement;
- classifying all motion pictures exhibited in British Columbia;
- approving all retail adult video products sold or rented to consumers;
- providing recommendations to government and supporting government's policy making process regarding enhancements to consumer protection laws; and
- regulating certain aspects of consumer transactions and contracts in the province, including deceptive and unconscionable practices.

For more information about what we do, visit our website at www.consumerprotectionbc.ca, or follow us on [Twitter](#) and [Facebook](#).

Board of Directors

Douglas Enns
Chair of the Board of Directors
Finance & Audit Committee Chair

Rod Dewar
Director
Human Resources & Compensation Committee Chair

Deborah Lovett
Director

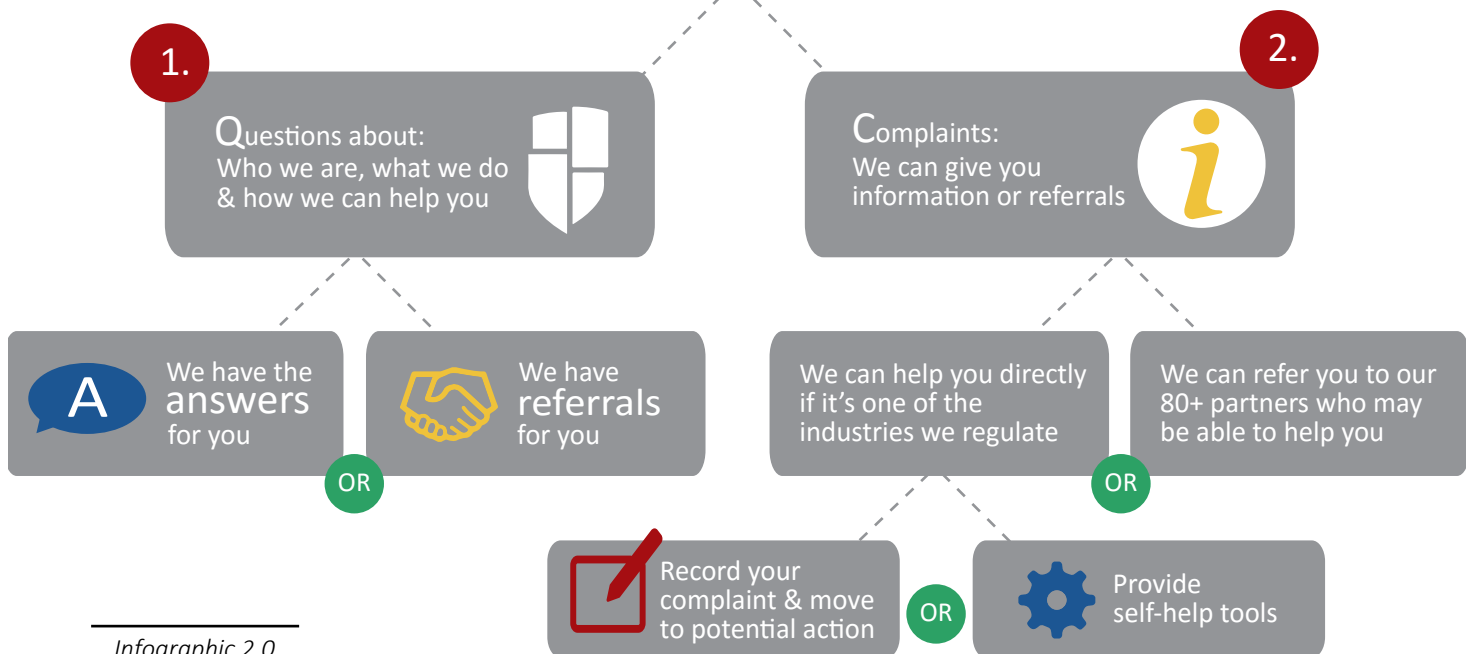
Cathy McIntyre
Director

Anar Popatia
Director

Julie Winram Jang
Director
Governance & Nominating Committee Chair

How we do it

Here's how we help and protect consumers:

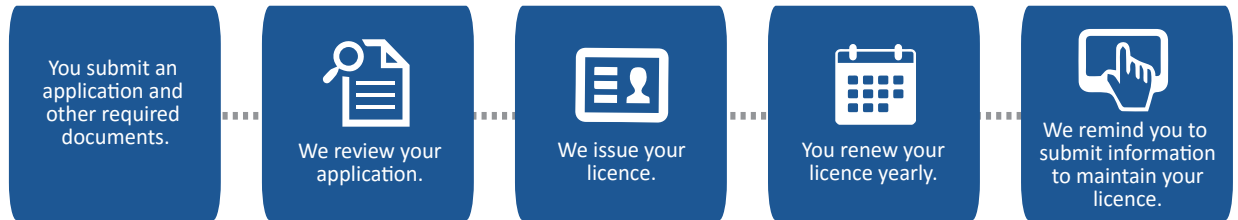


Infographic 2.0

Here's how we help ensure regulated businesses operate within the law:



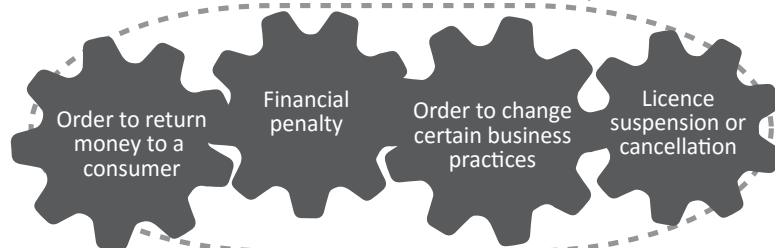
LICENSING



COMPLAINT HANDLING



OUR ENFORCEMENT TOOLS



INSPECTION



Infographic 3.0



MAJOR INITIATIVES

Enhancing online services

Our new website launch

On November 1, 2017, we launched our new website with a focus on simplicity and user friendliness.

The new site makes it easier and more efficient for our licensed businesses and consumers to do what they need to do. Our goal was to build a site that is easy to navigate, has clear and helpful information written in plain language, is mobile-friendly, has a great search function and offers several ways for users to find the information they are looking for. Visit our new site at www.consumerprotectionbc.ca.

This was a significant undertaking, which involved rethinking, rewriting and reorganizing thousands of pages of content, improving search capability, self-help tools and more easily accessible forms to assist consumers.

Our online business platform: MyAccount

The new public website also links to MyAccount, an online business platform where our licensed businesses can renew licences and update business information. Our licensed travel agents were the first to use MyAccount to renew their licences in early 2017. The platform allows a business to log on, view and renew licences, update details and submit documents.

A feature of MyAccount is that all head offices can access, edit and renew their branch office licences through one account and one login. This move modernized our systems which will allow us to offer more online business services over time. Almost all our licensed sectors have been moved over to the new platform. By the end of the year, 90% of businesses (within the sectors that had been set up on the platform) used MyAccount to renew their licence.

A fee review for all licensed sectors

As an independent, self-funded, not-for-profit corporation, we are required by law to recover our costs. In 2017, we conducted a fee review of our licensed sectors. Licensing fees pay for the direct costs of regulating each sector, such as licensing, compliance inspections, complaint handling and enforcement activities, as well as indirect costs like IT, finance and accounting and communications. Every effort is made to control costs and ensure that fee increases are kept to a minimum; however, some increases are unavoidable. In some cases, increases are consistent with inflation, while in other cases, increases are based on specific and unique factors such as changes to the law that result in new regulatory requirements.

Throughout the year, we shared information about our fee review process (including how we use fees, the proposed new fees and a way to provide feedback), consulted with our licensed businesses and provided 90 days' notice of changes to fees, as required by law. All the information is available on our website.

As required by law, we completed a fee review consultation with all our licensed businesses in 2017. The vast majority of our licensees reported they a) understood how we use their fees to regulate their sector, and b) understood we were proposing to change those fees to reflect regulatory costs. Our Stakeholder Relations department continues to work with our licensed sectors to increase understanding of their fees and our work.

For most sectors, new fees were to come into effect in early January 2018.

A consumer awareness marketing campaign

In June 2017 we tested a marketing program the mid-Vancouver Island market in an effort to reach consumers who had experienced an unfair business transaction. We positioned ourselves as an important step on a consumer's path to a solution. While this campaign resulted in more calls and emails to our inquiry centre (during the June period, the total number of email and mail correspondence from consumers increased by 47% compared to June 2016), we saw an increase in the volume of inquiries outside of our power to resolve. There was also an expectation from consumers that we would resolve their issues in one step. As a result, we suspended the campaign and took away positive learnings from the initiative which were incorporated into improvements to our new website (such as clearer information about referral partners and better self-help tools).

Joint payday lending investigation

We kicked off a large and complex investigation into the lending practices of three BC payday lenders. We identified several alleged violations of our legislation plus multiple infractions involving the sale of credit protection insurance.

We partnered with the Financial Institutions Commission to take action against these lenders and against the credit protection insurer. Through this investigation, approximately \$395,000 has been returned to consumers for the unlawful sale of credit protection insurance.

Publication of the reasons for enforcement decisions

The publishing of all our enforcement and licensing actions began in 2016. In 2017, we increased our public education efforts and transparency by also publishing the written reasons for our enforcement decisions. This initiative helps consumers make informed decisions and highlights a business's legal responsibilities in transactions with consumers.

MEETING OUR STRATEGIC TARGETS



Meeting our strategic targets

In our 2017-2019 Strategic Business Plan, we set a number of targets to be met during the year.¹

These targets measure our ability to add value to consumers, meet our financial targets and fulfill our regulatory mandate.

Performance assessment

A summary of our performance against our targets is presented below. We've used a "traffic light" assessment to show our progress: green dots for a target that was achieved and red dots for a target that was not achieved. For green dots, the report describes our key annual activities. For any red dots, the report offers an analysis as to why the target was missed.

1. Stakeholder perspective

Build mutual trust and understanding of our key stakeholders

Measure: Overall Administrative Agreement compliance

Description: Measures our compliance with the Administration Agreement, which details the functions the Ministry of Public Safety and Solicitor General expects to be delivered.

2016 Actual	2017 Target	2017 Actual	Assessment
100%	100%	100%	●

1. For more detailed information, consult our [Strategic Business Plan 2017-2019](#).

Key activities:

- ✓ Confirmed Administration Agreement compliance at quarterly meetings with the Ministry of Public Safety and Solicitor General.
- ✓ Completed and reviewed an annual corporate risk assessment, which found no evidence of non-compliance with the Administration Agreement.

Measure: Overall rate of licensee compliance

Description: This measures the general level at which licensed businesses comply with the laws and regulations which govern them.

2016 Actual	2017 Target	2017 Actual	Assessment
99%	>90%	99%	●

Key activities:

- ✓ 161 random inspections of licensed businesses established the general level of compliance at 99% (other inspections were based on a risk assessment for non-compliance or follow up inspections).

Measure: Inquiries within our power to resolve

Description: Measures the overall volume of inquiries we receive annually, as well as the volume of those inquiries which fall within our power to resolve.

2016 Actual	2017 Target	2017 Actual	Assessment
36%; 10,828 inquiries	38%; of min 12,000 inquiries	34%; 11,068	●

Key activities:

- ✓ The “Something’s Not Right” marketing campaign was designed grow the number of overall inquiries and increase the number of inquiries within our power to resolve.
- ✓ The overall number of inquiries in 2017 increased compared to 2016, but the percentage of inquiries within our power stayed the same.
- ✓ As a result, we were turning more people away with referrals to other agencies, information on how to resolve issues themselves, or no assistance. This increased frustration levels for consumers. Therefore, we decided to suspend the campaign for 2017 and built a strategy for stakeholder brand understanding for 2018 delivery.

Measure: Consumer inquiries solved by self-help tools

Description: Measures the percentage of referral solutions and other self-help tools we provided compared to total consumer inquiries for the year.

2016 Actual	2017 Target	2017 Actual	Assessment
72%	75%	65%	●

Key activities:

- ✓ As above, the “Something’s Not Right” marketing campaign resulted in a significant increase in the number of inquiries outside of our power to resolve.
- ✓ The overall number of inquiries in 2017 increased compared to 2016, but the percentage of inquiries within our power to resolve stayed the same.
- ✓ The result was a higher volume of consumers we could not directly help, and a lower percentage of consumers we could offer a self-help and referral option for 2017 over 2016.



Consumer Story: Jody exercises her cancellation rights for a cemetery plot

While visiting her father’s grave in Victoria, Jody was approached by the cemetery operator about buying a cemetery plot next her father. After signing the contract and paying for the plot and the grave marker, Jody began to have second thoughts.

With her children on the Lower Mainland, Jody decided she needed to cancel the contract so her final resting place could be close to her kids. When she contacted the cemetery, Jody was told that neither the interment right nor the cost of the marker, totaling several thousand dollars, were refundable.

“That was not the way I read the contract. I emailed them and explained how shocked I was. I even wrote a letter to the head of the company,” says Jody, “I never heard back.”

Jody decided to contact Consumer Protection BC for help.

Once the investigators reviewed the contract, they realized the refund information was missing, resulting in the cancellation wording being unclear. This made the contract non-compliant and Jody was able to receive a refund.


“I consider myself to be a smart person and I really didn’t imagine something like this happening to me,” says Jody, “I never thought I would have to contact Consumer Protection BC – but I’m sure happy I did.”

2. Process perspective

Implement efficient and effective business processes for licensees and consumers

Measure: Quality of licensing and compliance processes

Description: Measures the assessment by licensees of the quality of our licensing and compliance process.


2016 Actual	2017 Target	2017 Actual	Assessment
85%	85%	86%	

Key activities:

- ✓ Continued to invest in our MyAccount online business platform as well as mobile inspection technology to increase efficiency and effectiveness of processes.
- ✓ 257 licensing and 39 compliance surveys were completed and aggregated to establish the 86% quality result.

Measure: Quality of investigation and enforcement processes

Description: Measures the quality of our investigation and enforcement process.


2016 Actual	2017 Target	2017 Actual	Assessment
92%	70% ²	76%	

Key activities:

- ✓ Began publishing reasons for our decisions to offer enhanced information to consumers and to foster compliant business behaviour.
- ✓ 42 follow-up inspections found that 76% of previous issue(s) of non-compliance had been corrected.

Measure: Quality of consumer solutions provided

Description: Measures the assessment by consumers of the quality of the solutions provided when their issue was within our power to resolve.

2016 Actual	2017 Target	2017 Actual	Assessment
66%	70%	70%	

Key activities:

- ✓ We continued to focus on providing quality information through web, social media, phone and email channels. We expanded our customer service training and focused on positive ways to understand and support consumers with issues.
- ✓ The 220 consumers who completed the 2017 survey were generally satisfied with the solutions that we provided and found our information useful.

2. The target for **P2. Quality of investigations and enforcement** was changed following a review of quarter two 2017 data. The actual achievement of 92% for 2016 was based on a very limited data set (as this measure was new for quarter four 2016), which turned out to be artificially high and not a good target for current performance. Based on this information the 2017 target was changed from 92% to 70%.

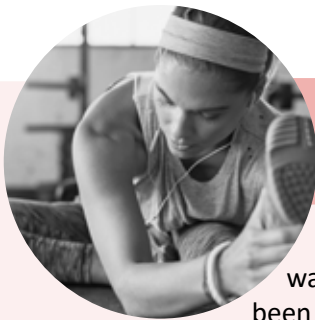
Process Measure 4: Quality of consumer self-help tools used

Description: Measure represents the assessment by the consumers of the quality of solutions that were provided specifically through our referral partners and self-help tools.

2016 Actual	2017 Target	2017 Actual	Assessment
72%	85%	67%	●

Key Activities:

- ✓ The Something's Not Right marketing campaign established consumer expectations that we would find direct solutions for unfair transactions.
- ✓ These heightened expectations were not met by our referrals to other agencies or online information, as consumers expected immediate resolutions to their issues and were, therefore, unsatisfied with the quality of our solutions.
- ✓ Overall satisfaction with our solutions started to increase at the end of 2017 following the November launch of our new website with clearer information about referral partners and improved self-help tools.



Consumer story: Kelsey defends her right to cancel her gym membership

Kelsey and her partner signed up at a new gym. She soon realized she did not want to continue with the gym and tried to cancel her membership. She had not yet been given a copy of the contract, so she was within her rights to cancel.

The gym refused to accept her cancellation and battled with her for three months before sending her unpaid fees to collections. "I was receiving threatening emails and phone calls, sometimes in the early hours of the morning," says Kelsey. "It was a stressful and concerning time for me."

After posting about her experience on Facebook, a neighbour of hers advised Kelsey to call Consumer Protection BC for help with cancelling the contract.

It turned out that the gym had never given Kelsey a copy of the future performance contract, as required by law. She was within her rights to cancel.

"[The investigators] went to bat for me against this business which thought it could bully me into paying for a contract that I didn't have," says Kelsey. After corresponding with Consumer Protection BC, the gym accepted the cancellation, waived all charges and ceased all collection activity.


Kelsey hopes when other people hear her story, they will be inspired to stand up for themselves in similar situations. "If you feel as though your back is up against a wall and there's no way out, contact Consumer Protection BC and don't give up. They're not just there to hear complaints, they're there to help you."

3. Capacity perspective

Develop corporate skills, knowledge, and systems

Measure: Overall employee engagement

Description: Measures how engaged employees are in their work and their workplace.


2016 Actual	2017 Target	2017 Actual	Assessment
76%	76%	74% ³	

Key activities:

- ✓ Administered the Employee Engagement Survey in combination with the **Great Place to Work®** Trust Index Survey to ensure year over year data consistency.
- ✓ Achieved recertification as a Canadian **Great Place to Work®** and named a 2017 Best Workplaces in Canada.

Measure: Overall management performance

Description: Measures the overall performance of excluded management staff delivering on core functions and the successful achievements of organizational growth or enhancement outlined in the operational plan.


2016 Actual	2017 Target	2017 Actual	Assessment
90%	90%	90%	

Key activities:

- ✓ Management Employee Performance & Development Plans outlined the desired operational and strategic achievements for the year.
- ✓ Employee Performance & Development Plan assessments were completed at year-end. Aggregated individual scores established the 90% actual result.

Measure: Protect capacity as required

Description: Measures the effect that our investment in capital assets has on the efficiency of our licensing and inspection processes.

2016 Actual	2017 Target	2017 Actual	Assessment
85%	85%	87%	

Key activities:

- ✓ Continued enhancements to our internal case management system (IRIS) and corporate website, as well as investment in more efficient internal systems for collaboration and time/pay management.
- ✓ Implementation of additional sectors to the online business platform (MyAccount) to allow them to renew their licence online.

3. The Employee Engagement Survey had a margin of error of 3.3%, meaning the result is within target.

Measure: Invest in capacity as required

Description: Measures the effect that our investment in capital assets has on the efficiency of our licensing and inspection processes.

2016 Actual	2017 Target	2017 Actual	Assessment
9.3 days	10 days	4.5 days	●

Key Activities:

- ✓ Enhancements to the effectiveness of MyAccount, and targeted education and support to licensed businesses to improve system adoption rates.
- ✓ Motion picture retailer renewals were the quickest at one day; funeral service renewals were the slowest at 12 days, leaving room for future improvement.



Community story: spokes for little folks

In May, our Victoria and Burnaby staff got together for a big team meeting. After a day of presentations and group discussions we were told we would be participating in a team-building exercise.

We were led into a room filled with disassembled bikes ready to be put back together. We were put into teams and told that, upon completion, our handiwork would be judged by industry professionals. After an hour of teamwork and a bit of elbow grease, we were done.

To our amazement, the “industry professional” judges were actually a group of excited kids eager to try out the bikes. It turned out that the bikes we built were for children-in-need from a local Vancouver community.

We were beyond surprised, and many staff were brought to tears. “To see the kids’ faces and know that they’re going to benefit from what we did was absolutely amazing,” said one staff member. “It’s not every day you feel so a part of something like that.”

The experience reminded us of what we can do as a team. “The kids were riding their new bikes around the conference room. It was amazing to see.”


To see the surprise unfold, [watch our video](#).

4. Financial perspective

Maintain sufficient liquid and capital assets to meet financial obligations

Measure: Net revenue to support the financial plan

Description: This measure demonstrates that our budget provides sufficient net revenue to support the operational, capital and strategic initiatives outlined the in the 2017-2019 Strategic Business Plan.


2016 Actual	2017 Target	2017 Actual	Assessment
\$78,949	\$59,964	\$131,099	

Key activities:

- ✓ Gross revenue for the 2017 fiscal year was \$6,085,546.
- ✓ The amortization amount removed from net revenue to determine the actual amount was \$218,761.

Measure: Real rate of return on investment

Description: This measure is based on adopted Board of Directors policy; it is the targeted aggregate rate of return on all investments to ensure the value of investments are maintained and dividend and interest revenue targets are met.


2016 Actual	2017 Target	2017 Actual	Assessment
3.6%	1.5%	4.6%	

Key activities:

- ✓ The Board of Directors investment policy set clear and reasonable investment targets.
- ✓ One factor driving over-target performance was the effect that increased interest rates had on the value of fixed income holdings in our portfolio.

Measure: Liquidity to support financial plan

Description: Measures the liquidity needed to support the Strategic Business Plan and meet short-term financial obligations, as represented by a ratio of current assets divided by current liabilities.

2016 Actual	2017 Target	2017 Actual	Assessment
1.04 : 1	1.2 : 1	0.94 : 1	

Key activities:

- ✓ Amortization amounts were higher than originally estimated due to a delay in major capital investment from 2016 to 2017.

Measure: Capital investment to support financial plan

Description: Measures the capital investment designed to support the strategic direction for the year and the achievement of our outcomes statements. The mitigation of technological risk and the modernization of IT tools is also factored into this investment.

2016 Actual	2017 Target	2017 Actual	Assessment
10.1%	4.3%	5.1%	●

Key Activities:

- ✓ Significant capital investments comprised of office equipment, computer hardware, website, MyAccount, compliance application and videoconference tools.
- ✓ Annual capital expenditures totaled \$311,997 or 5.1% of total revenue.



Consumer story: it's not my debt!

Glenn's son got himself into financial trouble and some of his unpaid bills went to collections. A debt collection agent began calling Glenn at home, trying to get ahold of his son.

"I talked to the agent countless times and explained to him I didn't have any way of getting in touch with my son but would gladly pass along any mail or information when I heard from him," says Glenn. When the collection agent continued to call, Glenn asked that he stop phoning about his son's debt.

Debt collection agents are not allowed to contact someone other than the debtor about a debt, unless it's to obtain the debtor's contact information. Glenn filled out a form on Consumer Protection BC's website to formally notify the debt collector that he was not the debtor.

But the agent continued to call Glenn. "He said that if I was a good father, I would pay off my son's debt," says Glenn. "I was looking after as many bills as I could at the time. I was doing my best."

Having gone through all the proper processes to no avail, Glenn contacted Consumer Protection BC for help. Following an investigation into the matter, Consumer Protection BC determined the agent was unlicensed in BC and should not have been collecting debt.

When Consumer Protection BC brought the evidence forward, the debt collection company complied, dismissed the collection agent in question and agreed to stop contacting Glenn about his son's debt.

"This whole situation struck at a bad time for our family," says Glenn, "but my experience with Consumer Protection BC was terrific." Glenn urges other consumers to become aware of their rights when it comes to debt collection. "I would tell other consumers to remember to keep notes, including dates and times, about your communication with the collection company. It helped me."

OPERATIONAL STATISTICS



The following is a three-year snapshot summarizing our consumer outreach, media coverage, licensing and regulatory operations statistics.

Consumer education & awareness	2015	2016	2017
Website pageviews ⁴	1,120,150	1,194,322	1,226,638
Blog pageviews	135,924	204,285	228,309
News stories ⁵	306	161	137
Facebook page likes	33,208	43,146	44,966
Facebook post reach ⁶	3,623,547	2,882,303	3,071,193
Twitter followers	5,306	6,458	7,088
Email subscribers on our consumer list ⁷	1,444	1,662	1,737

4. A pageview is the number of times a page was viewed/read.

5. News stories include Consumer Protection BC quotes, mentions or references to the laws we administer. The number of stories vary year over year depending on both external and internal factors such as a new consumer issue in the marketplace or the number of press releases we have issued. 2015 saw a higher number of news stories over 2016 and 2017 as some topics were covered by numerous media outlets. In 2015, trending news coverage included cryonics (48 stories) and two specific Consumer Protection BC enforcement actions (42 stories).

6. Reach on Facebook is the number of individuals who saw our content on that platform. This number fluctuates every year and is dependent on our advertising budget, major consumer issues that prompted additional promotion, content that is of particular interest that gets shared broadly and changes to Facebook's news feed algorithm.

7. We use MailChimp as our email marketing platform and we abide by Canada's anti-spam legislation. For context, the average open rate for the emails we sent to consumers during 2015-2017 was 45%, while MailChimp lists an average open rate of 25% for the non-profit industry.

Number of consumer inquiries about our licensed sectors:	2015	2016	2017
Debt collection, bailiffs and repayment agents	1,258	1,388	1,480
Cremation, interment and funeral services	286	373	315
Home inspectors	82	387 ⁸	381
Motion pictures and video retailers, distributors and theatres	41	91	92
Payday loans	218	333	184
Telemarketing	59	60	42
Travel	578	575	728
Total number of consumer inquiries:	8,777	10,882	11,068

Number of licences by sector: ⁹	2015	2016	2017
Debt collection, bailiffs and repayment agents	4,410	4,324	3,752 ¹⁰
Cremation, interment and funeral services	575	702	1,068 ¹¹
Home inspectors	426	538	502
Motion picture and video retailers, distributors and theatres	1,581	1,443	1,007 ¹²
Payday lenders	244	208	196
Telemarketers	48	53	50
Travel agents and travel wholesalers	1,243	1,232	1,225
Total volume of licences issued and renewed:	8,527	8,500	9,423

Compliance inspections: ¹³	2015	2016	2017
Debt collection, bailiffs and repayment agents	15	10	18
Cremation, interment and funeral services	116	112	58
Home inspectors	0	11	34
Motion picture and video retailers, distributors and theatres	44	73	62
Payday lenders	28	47	70
Telemarketers ¹⁴	3	0	5
Travel agents and travel wholesalers	131	106	83
Total compliance inspections:	327	358	330

8 The Government of BC introduced amendments to the Home Inspector Licensing Regulation (HILR) in September of 2016. We continue to get calls from potential new home inspectors wanting to understand the rules and requirements.

9. These numbers shifted in 2017 to reflect a point in time count of licensees with active licences as of December 31, 2017, as opposed to prior year numbers that reflected the volume of licences issued and renewed during the year.

10. This number is lower to reflect the actual count of licensees as opposed to prior year volume numbers that were generally higher given the amount of turnover in the debt collection sector.

11. This number increased to reflect the actual count of licensees, including protected but not active cemeteries.

12. This number was corrected to show the number of licensed theatre businesses, as opposed to the number of licensed screens.

13. The overall number of compliance inspections decreased slightly in 2017 compared to 2016 due to staff leave and the lengthy training process.

14. Generally, compliance inspections are categorized as risk-based, random and follow up. In 2016, telemarketers were not placed into any of these standard categories due to the small number of BC-based telemarketers and the low risk results identified in previous years. Instead a complaint-based approach was taken, resulting in zero inspections performed.

Enforcement files concluded:	2015	2016	2017
Debt collection, bailiffs and repayment agents	54	21	21
Cremation, interment and funeral services	26	27	24
Home inspectors	5	14	5
Motion picture and video retailers, distributors and theatres	34	27	67
Payday lenders	15	22	7
Telemarketers	16	8	5
Travel agents and travel wholesalers	56	27	44
Non-regulated businesses	122	56	49
Total enforcement files concluded:	337	202	222

Assets, recoveries, and restitution:	2015	2016	2017
Administrative penalties to the Consumer Advancement Fund ¹⁵	\$16,100	\$12,250	\$53,400
Costs recovered from compliance orders and undertakings ¹⁶	\$3,090	\$50,530	\$13,110
Restitution	\$44,918	\$39,840	\$119,362

15. By law, administrative monetary penalties are deposited into BC's Consumer Advancement Fund, to be used for specific purposes including consumer education.

16. The higher number in 2016 is largely attributed to investigations costs paid by Budget Rent-A-Car (\$40,000) and payday lender Cashco PDL (\$5,000 in 2016).

FINANCIAL REVIEW



Financial review

Our deficit in 2017 was \$87,662 compared to a budgeted deficit of \$187,348. As planned in the budget, significant capital investments in information systems were made in 2015 and 2016. These resulted in \$193,679 in amortization costs in 2017 and contributed to the overall annual deficit.

Revenue and expenses

Our revenue in 2017 was \$6.09 million, compared to \$5.78 million in 2016. The increase in revenue primarily reflects the increase in income earned on investments held by us and increases in revenue from motion picture classification. Expenses were \$6.17 million in 2017, compared to \$5.88 million in 2016. Increases in wage and benefit costs were due to a higher staffing complement as planned in the 2017 budget.

Change in net assets

The net asset balance decreased to \$3.59 million at December 31, 2017. Net assets are used to create a reserve for future capital and operating expenditures. Per policy, we maintained a six-month operating reserve which enables us to continue to provide consumer protection services during unforeseen events. Our complete audited financial statements are available in the publications section of our website.

APPENDIX A: THE TRAVEL ASSURANCE FUND



We administer the Travel Assurance Fund, a fund of last resort that provides possible compensation in the event a consumer paid for, but was not provided with, travel services purchased through a BC-licensed travel agent or wholesaler.

In late 2016, Golden Travel Ltd. suddenly ceased operations and we received multiple claims against the Travel Assurance Fund. In 2017 the majority of these claims were reviewed with 17 claims being paid out, totaling over \$26,000.

Travel Assurance Fund claims:	
Claims carried forward from 2016	28
Claims received in 2017	26
Reconsiderations received	0
Claims denied ¹⁷	10
Claims approved	17
Claims carried forward to 2018	29
Amount paid out for approved claims	\$26,532

Travel Assurance Fund statement:	
Fund balance as of January 1, 2017	\$5,583,776
Fund income	\$431,527
Payments and expenses from the Travel Assurance Fund	\$176,532
Fund balance as of December 31, 2017	\$5,838,771

17. 70% of the Travel Assurance Fund claim denials were related to allegations of fraud committed by the travel agent, which generally do not qualify for reimbursement.



APPENDIX B: ADMINISTRATION OF THE *MOTION PICTURE ACT*

We have administered the Motion Picture Act (MPA) since 2007. Our responsibilities include motion picture classification, licensing, consumer education and compliance and enforcement services.

Per our Administrative Agreement with government, we report out on the following performance objectives:

- Response time in undertaking the powers, duties and functions of the director under the MPA
- Public satisfaction in the public information we provide
- Percentage of licensees under the MPA that are in compliance with the MPA
- Frequency of fee increases
- Fees charged to perform the powers, duties or functions of the director required under the MPA compared with costs of delivering the same powers, duties or functions
- Administration costs as they relate to program costs

2017 highlights

- Our motion picture classification department reviewed a record high volume of 2,042 movies and advertising trailers which is a 14% increase over last year
- We classified nearly 250 features for the province of Saskatchewan
- We reviewed almost 74,000 minutes of feature film submitted by licensed distributors, an increase of 7% over 2016
- Our compliance team seized 759 adult videos that were either unapproved or that did not have a certificate of approval, preventing these videos from entering the marketplace
- We were invited to participate at the annual International Classification Conference in Stockholm, Sweden. Participants represented countries in Africa, Asia, Europe, Australia, South America and North America

Service to our stakeholders

We continued to provide comprehensive and timely motion picture classification information on our [website](#) and on social media through our corporate [Twitter](#) account.

Motion picture classification:	2015	2016	2017
General release exhibition trailers & motion pictures viewed	1,884	1,787	2,042
General release exhibition trailers & motion pictures additional approvals	49,383	44,560	50,346

In October 2017, we presented at the BC Movie Theatre Association's Annual General Meeting. Approximately 40 theatre managers attended from all over BC. We provided information and answered questions about the law and the classification process, as well as about our policies and procedures.

Public satisfaction

Immediately after we review a movie or trailer submission, we publish our classification decision on our website and share the rating on Twitter. This information helps consumers and their families make informed viewing choices. In 2017, we published 1,390 classification decisions.

In 2017, the number of visits to our classification webpages stayed steady at approximately 115,926 views. Our most popular motion picture tweet in 2017 received 45,293 impressions, a 430% increase over 2016. These increases suggest there is interest in our work and in our continued delivery of reliable, comprehensive and timely information.

Six consumers contacted our Motion Picture Classification department with questions about the motion picture legislation, our business practices and classification decisions. We did not receive any complaints about the comprehensiveness or timeliness of the information we provided to the public.

Response time:	2015	2016	2017
Processing adult video ¹⁸	2 days	N/A	N/A
Posting classification decisions	Same day	Same day	Same day
Processing video decal orders	1 day	1 day	1 day
Processing inspection reports	12 days	2 days	1 day

Financials

Fees charged to perform the powers, duties, or functions of the director required under the MPA compared with costs of delivering the same powers, duties, or functions

Up to the end of 2016, we were authorized to set fees subject to Ministerial approval. As of January 1, 2017, we have the authority to set fees with new rules under the MPA and consistent with our other sectors. We operate on a cost-recovery basis when we provide services to motion picture distributors, retailers and theatres regulated by the MPA. Our fee schedule is publicly available on our website.

18. We did not process any adult videos in 2016 or 2017, as we did not receive any new adult videos for review and approval. As previously stated, the pressure in the industry from online sources and some non-compliant activity resulted in no new titles being approved in 2016 or 2017 for distribution.

Fee waivers

Under our current policy, we waive review fees for films submitted by registered BC societies and registered federal charities. We perform this work in the public interest. In 2017, we classified 652 theatrical films for these groups.

Adult market

In 2017, we received no new adult video submissions from distributors. However, we did process 32,960 decal orders for copies of already approved adult DVDs, a 42% increase over 2016.

In 2017, we licensed 57 adult retailers, which is a decrease from the 72 adult retailers we licensed in 2016.

Adult video classification:	2015	2016	2017
Adult videos reviewed ¹⁹	70	0	0
Adult video decals issued	19,824	23,250	32,960

Administration and program costs

We operate on a cost-recovery basis. This means the classification and licensing fees must cover our direct (program) and indirect (administration) costs. Our costing model is approved by our Board of Directors and our financial statements are reviewed annually by independent auditors. The costing model separates the MPA direct and indirect costs by service functions that include licensing, compliance and enforcement services, helping consumers, classifying films and public policy and industry relations.

Costs related to regulating the motion picture industry totaled approximately 27.2% of our annual expenditure in 2017. Overall, costs for regulating the motion picture industry in BC totaled \$1.7 million in 2017.

Number of inspections:	2015	2016	2017
Video retailers	29	57	49
Theatres	15	14	12
Motion picture distributors	0	2	1
Total inspections:	44	73	62

19. 2016 was the first year we did not receive any new adult videos for review and approval. While previously approved titles continued to be sold, and thus resulted in decals issued, the pressure in the industry from online sources and some non-compliant activity resulted in no new titles being approved in 2016 or 2017 for distribution.

Inspection outcomes:	2015	2016	2017
Video retailers			
No action required	2	34	26
Remedial action required	0	6	8
Follow-up required	22	6	6
Report to director	5	11	9
Theatres			
No action required	7	5	7
Remedial action required	1	3	3
Follow-up required	6	6	2
Report to director	1	0	0
Motion picture distributors			
No action required	0	1	1
Remedial action required	0	0	0
Follow-up required	0	0	0
Report to director	0	1	0
Total acceptable:	11 (25%)²⁰	49 (67%)	45 (73%)
Total unacceptable:	33 (75%)	24 (33%)	17 (27%)

Enforcement files concluded:	2015	2016	2017
Video retailers			
Favourable	25	14	38
Unfavourable	1	7	18
No outcome	1	0	5
Theatres			
Favourable	1	3	2
Unfavourable	0	0	0
No outcome	3	0	1
Motion picture distributors			
Favourable	2	2	1
Unfavourable	0	1	1
No outcome	1	0	1
Total case outcomes:	34	27	67

20. Please note that these statistics were accidentally reversed and therefore misreported in the 2015 annual report.



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