



**CONSUMER
PROTECTION BC**

ANNUAL REPORT 2018



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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 2018 Annual Report.

Consumers and businesses in British Columbia rely on the services we deliver to support a safe and fair marketplace. Innovation and a willingness to adapt to changes in business and consumer behaviour has always been one of our organization's strengths, dating back to 2004 when we were first delegated authority by government to administer BC's consumer protection laws.

To this end, in 2018 we:

- Launched a revised administrative monetary penalty program to ensure penalties issued against businesses are sufficient to penalize and deter illegal behaviour and other infractions;
- Signed an agreement to provide motion picture classification services for Manitoba (mirroring what we've done for Saskatchewan since 2007); and
- Worked to support government in the development of effective legislation and regulations, in such areas as high-cost lending, ticket reselling and segments of the sharing economy.

In the fall, we were honoured with the prestigious Investigative Excellence Award from the Council on Licensure, Enforcement & Regulation, recognizing our in-depth investigation into several payday lenders that facilitated the refund of hundreds of thousands of dollars to BC borrowers.

Consumer protection is a people business. None of the work we do would be possible without the dedication and expertise of our professionals, and we are pleased to report that we closed the year with our highest-ever level of employee engagement (81%) and were, once again, recognized as a Best Workplaces™ in Canada 2018 by Great Place to Work®.

We are proud of the work we completed in 2018 to further consumer protection in the province, and we look forward to working with our provincial and regulatory partners in continuing to serve and provide value for our businesses and consumers in the years ahead.



Douglas Enns
Board Chair



Rob Gialloreto
President and CEO



CONSUMER
PROTECTION BC

YEAR AT A GLANCE



\$43,521 PAID TO IMPACTED
TRAVELLERS THROUGH THE
TRAVEL ASSURANCE FUND



SECURED NEARLY **\$475,000**
IN **REFUNDS** FOR IMPACTED
PAYDAY LOAN BORROWERS



1,119,471
VIEWS OF OUR
CORPORATE WEBSITE



2,156,760 PEOPLE SAW OUR
CONSUMER EDUCATION
INFORMATION ON FACEBOOK

80% OF LICENSED BUSINESSES RESPONDING TO OUR SURVEYS RATED
THE LICENSING PROCESS AS **GOOD, VERY GOOD OR EXCELLENT**



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



INCREASED NUMBER OF
INSPECTIONS BY **52%**
COMPARED TO LAST YEAR



2,170
GENERAL RELEASE
**MOVIES &
TRAILERS**
REVIEWED

COMPLETED INFO-SHARING AND REFERRAL AGREEMENTS
WITH THE **COMPETITION BUREAU**,
THE **CRTC** AND THE **BBB OF MAINLAND BC**



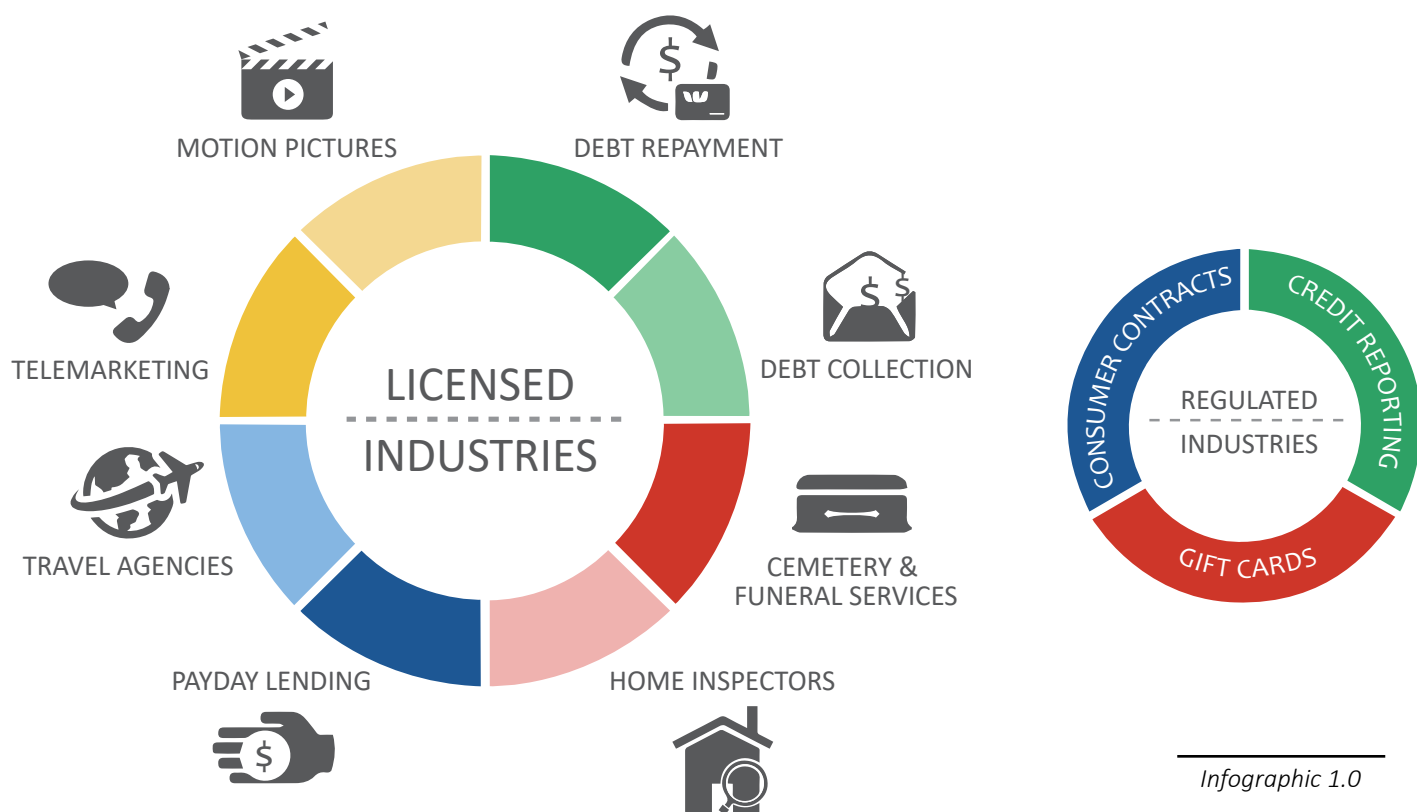
RE-CERTIFIED AS A GREAT PLACE TO WORK®
AND AWARDED **BEST WORKPLACES**™ IN BC
AND CANADA BY GREAT PLACE TO WORK®



CORPORATE OVERVIEW

Who we are

Consumer Protection BC is 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.

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

- *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:

- 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
- Educating consumers and businesses about their rights and responsibilities
- Responding to inquiries and complaints from BC consumers and businesses

For more information about what we do, visit our website at www.consumerprotectionbc.ca or follow us on our social platforms.

Board of Directors

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

Gigi Chen-Kuo
Director (term started February 2018)

Rod Dewar
Vice Chair (effective November 23, 2018), Director
Human Resources & Compensation Committee Chair

Deborah Lovett
Director (term ended February 2018)

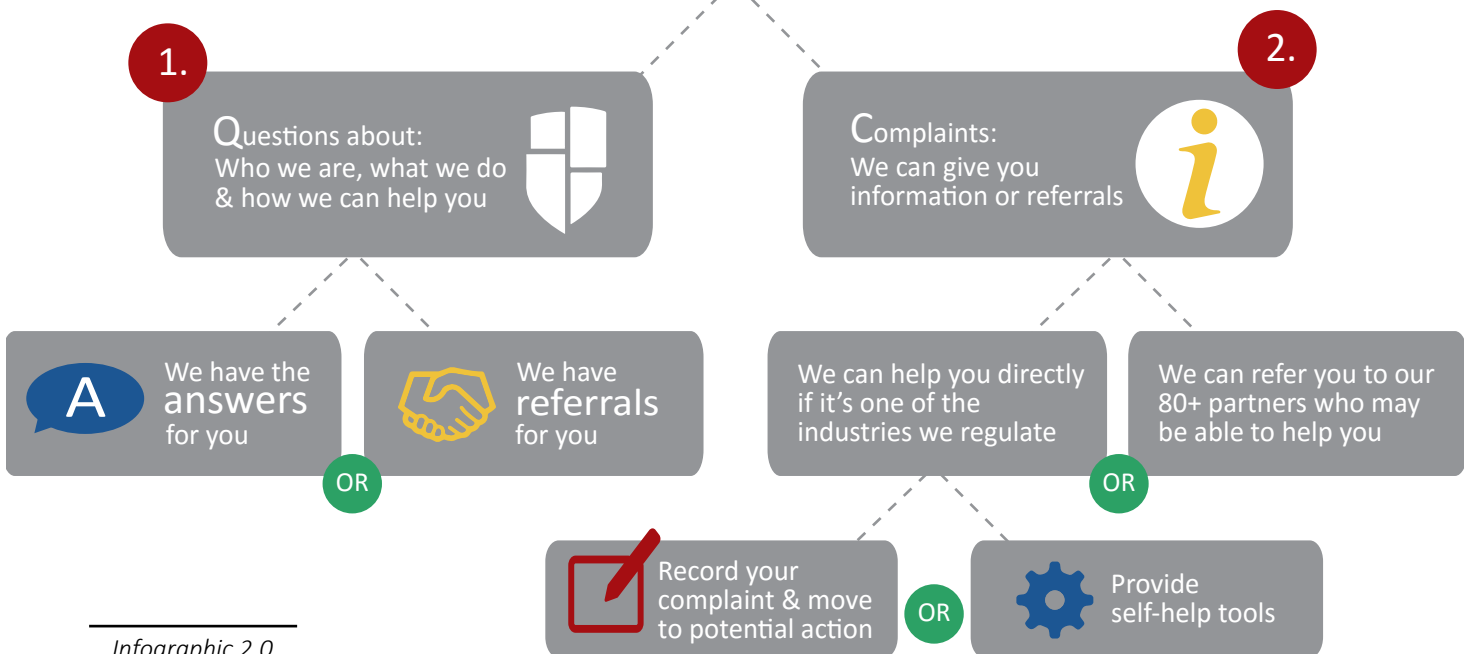
Cathy McIntyre
Director

Anar Popatia
Director
Governance & Nominating Committee Chair

Julie Winram Jang
Director (term ended February 2018)
Governance & Nominating Committee Chair

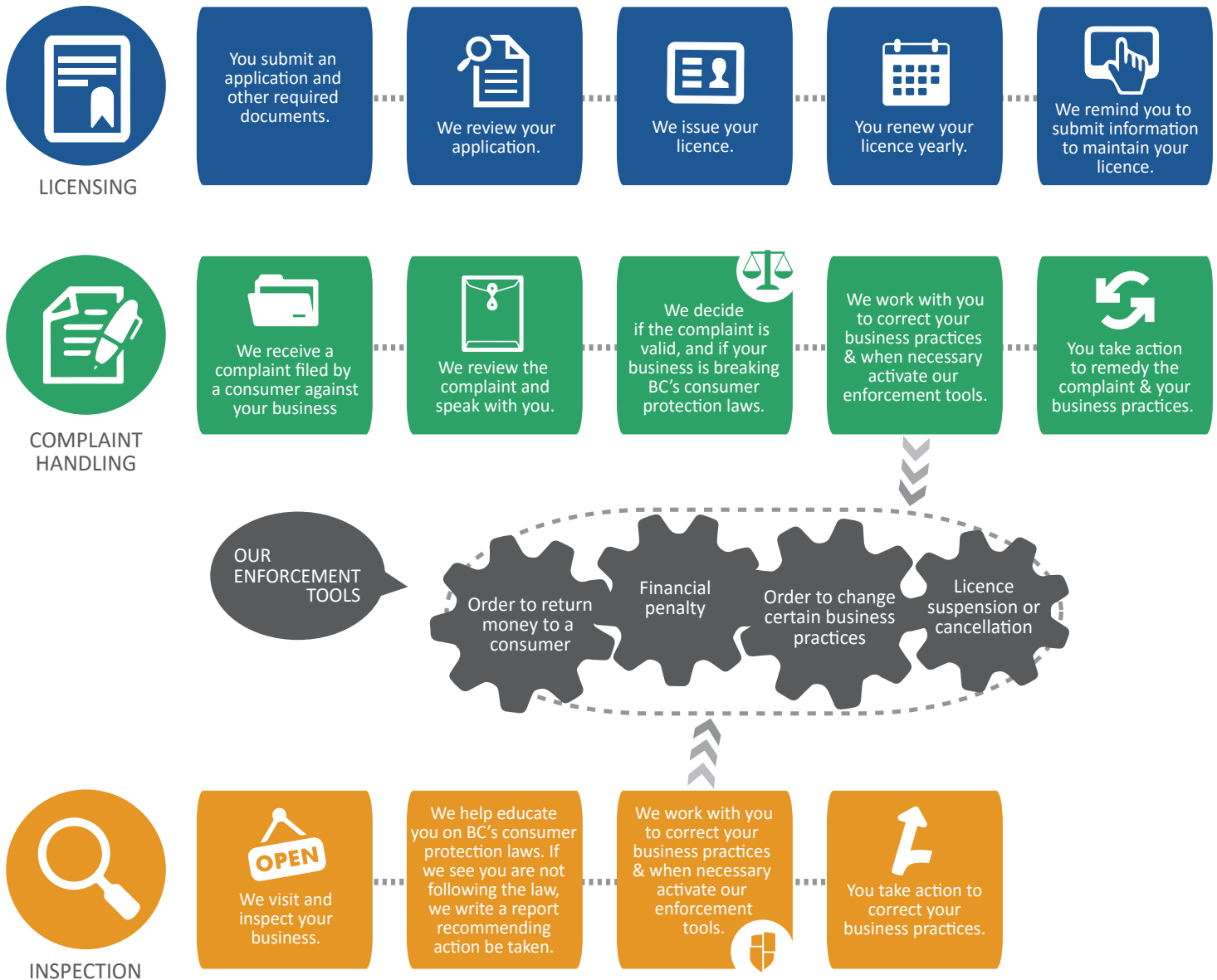
How we do it

Here's how we help and protect consumers:



Infographic 2.0

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



Infographic 3.0



MAJOR INITIATIVES

Following the data to uncover widespread issues in the payday lending sector

Using data and market intelligence collected in 2017, we focused significant regulatory efforts on the payday lending industry and completed a large-scale compliance project in 2018. The focus of the project was on deceptive and misleading practices being used by payday lenders and on other activities that impaired borrowers' rights to extended repayment terms on loans.

We carried out a series of inspections across the province and what we found indicated there were widespread issues within the payday lending industry. We then spent the remainder of the year correcting the issues we identified that violated borrowers' rights.

As a result of that work, 25 payday lenders in BC agreed to refund nearly \$475,000 to impacted consumers. The strategic investigative work of this project culminated in an Investigative Excellence Award from the Council on Licensure, Enforcement & Regulation (CLEAR).

Introduction of a revised administrative monetary penalty program

As a risk-based regulator, we use several progressive enforcement methods to address and correct marketplace violations. One of the methods we employ is imposing administrative monetary penalties (AMP) on businesses not complying with the law. Typically, an AMP will be issued after previous attempts to gain voluntary compliance from the business or person have failed.

In 2017, we looked at the effectiveness of the penalties over the last five years and found they weren't having the desired results. After a period of education with our licensed businesses, we introduced a new model to calculate AMP amounts with the goal of transparency, consistency and increased fairness. The new model increased penalty amounts as part of an overall effort to deter non-compliance, intensify the consequences for serious infractions and to respond aggressively to bad operators.

We are committed to making a greater impact in the marketplace and we will continue to do that by encouraging voluntary compliance and focusing our efforts on frequent and serious offenders.

Our story:

A great investigation starts with its people

In 2018, we won an award for investigative excellence from the Council on Licensure, Enforcement and Regulation (CLEAR).

Shahid Noorani, Vice President of Regulatory Services, leads our investigative team. If you were to talk to him about their work, you might expect to learn about policies, procedures and techniques. This is where you would be wrong. Instead, he will tell you about the people. Shahid believes that a successful investigative team is fueled by three key characteristics:



Shahid and Sean, Manager, Inspections and Case Management

- 1. It starts with your corporate culture.**
“If our investigative team stands for the same things as our organization, we can only succeed,” says Shahid. “Integrity, impact, accountability, trust, excellence - those shared values guide us when things get difficult.”
- 2. A passion for the mandate.**
“This type of work encourages you to test yourself, take risks and push to new limits,” explains Shahid. “To thrive, the desire to achieve our mandate must be there for each of us.”
- 3. A willingness to embrace challenges and see opportunities.**
The more complex the case, the harder it can be on legal, human and financial resources - and even on your working relationships. Shahid believes that you must be willing to accept those difficulties, trust your team, stand behind your knowledge of the law and be willing to take risks. “In a recent payday lending investigation, we recognized that we couldn’t do it alone to be able to make the biggest impact for consumers,” he says. “We needed help from our colleagues to make decisions based on meaningful data. We shared our findings with another regulator, the Financial Institutions Commission, because we knew they had the authority and a deeper knowledge in an area that we didn’t. The willingness to collaborate, both internally and externally, led to hundreds of thousands of dollars in refunds to borrowers.”

The takeaways here? Champion a positive culture. Believe in what you do. Take a chance. And collaborate.

Targeted industry communications

Our industry stakeholders are a diverse group and have wide preferences when it comes to receiving our information. We completed two pilot projects in 2018 to help make our industry communications more effective.

The first project involved sharing instructional videos with funeral service providers and cemetery operators about how to submit preneed reports. These videos were designed to help them understand and complete the forms accurately.

The second was a webinar presentation to our licensed businesses about our organizational priorities (see business strategy 3). Webinars allow us to reach a much broader audience. The learnings around hosting this webinar have been shared throughout our organization and we will continue to use this technology as needed.

Developing and strengthening our strategic partnerships

We see partnerships with likeminded organizations as opportunities to increase operational effectiveness, identify and address common consumer issues and strengthen the overall consumer protection landscape in BC. With this in mind, we established several key partnerships with relevant organizations across Canada throughout the year.

We implemented a strategic partnership with the Better Business Bureau (BBB) of Mainland BC. This involved a commitment to enhance various aspects of our shared interests, including information-sharing and team development with our licensing and information, business practices, inspections and communications teams. We also completed agreements with the Competition Bureau in January and with the Canadian Radio-television Telecommunications Commission (CRTC) in July. We continue to work with the CRTC to share data on telemarketers.

We established a working arrangement with the Commission for Complaints for Telecom-Television Services (CCTS) to share information on mobile contract and related complaints. We continue working on establishing rapport with the Canadian Transportation Agency.

We also joined the Pacific Partnership Against Cross-Border Fraud in Vancouver in the fall of 2018. This group is designed to continue the work of the Vancouver Partnership (which met until 2016 to discuss cross-border cooperation in combatting economic crime and mass-marketing fraud). We are assisting with any investigations that involve BC businesses and possible civil enforcement under our authority. Consumers benefit from our strategic partnerships with other regulators and likeminded agencies, as they help leverage resources in the delivery of our mandate and strengthen the consumer protection landscape.

Expansion of MyAccount, our online business platform

In 2018, we extended the service for all licensed businesses to access the annual licence renewal feature. The platform allows a business to log on, view and renew licences, update details and submit documents.

This move modernized our systems which will allow us to offer more online services over time. This work supports our internal efficiencies and provides value to our licensed stakeholders: the average turnaround time for licence renewal applications decreased from 7.8 days in 2017 to five days in 2018 and licensees now have round-the-clock access to their business information. At the end of the year, 90% of businesses (within the sectors that had been set up on the platform) used MyAccount to renew their licences.

Harmonized licensing and financial reporting for the travel sector

In 2018, we launched a two-year initiative focused on streamlining and enhancing the licensing and reporting process for the travel industry. Building on the success of our MyAccount platform, the licences of travel agents and wholesalers now expire based on each business's fiscal year-end, instead of a common expiry date.

This shift will increase efficiency for the sector by aligning the licence renewal process with other financial reporting requirements.

We have, and will continue to, work closely with the sector to answer questions and make the transition as smooth as possible. Once complete, we will review other sectors for similar efficiencies in reporting and renewals.



PERFORMANCE ASSESSMENT

The business strategies presented in the [2018 - 2020 Business Plan](#) were specifically designed to enhance our effectiveness as a regulator. They described those areas in which we seek to improve and outlined the specific steps (tactics) that we would undertake to be better. The strategies were also coupled with clear measures of what success would look like.

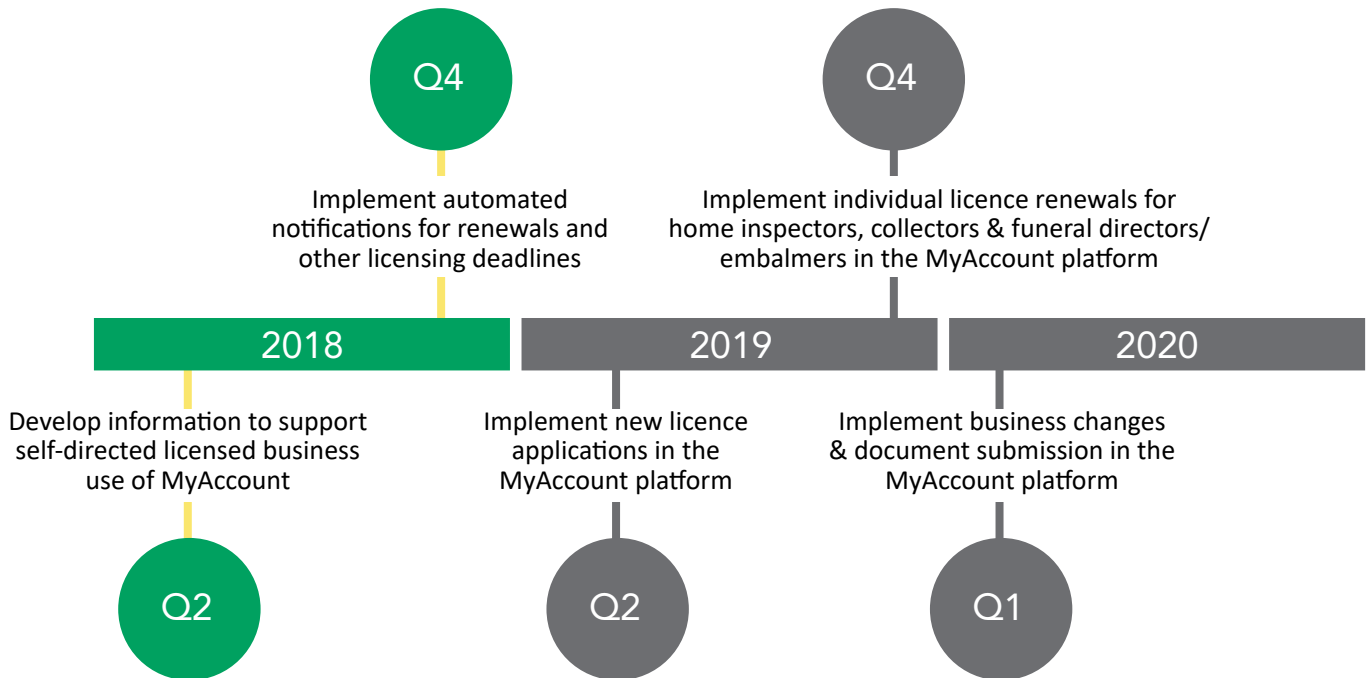
A summary of our strategic performance is presented below. For each business strategy we have used a “traffic light” assessment to show our progress. A green light indicates we are making good progress or have achieved the strategic outcome, whereas a red light indicates we have not progressed as planned, have changed or have not achieved the strategic outcome.

Each specific performance target is also compared against actual annual performance and provides explanatory comments where required.

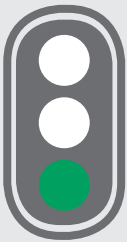
Business strategies performance summary

Our Business Plan is a three-year roadmap. The key milestones from 2018 through 2020 are represented in the graphic below. The details in this Annual Report speak to our progress in 2018.

Business strategy 1: Add value to licensed businesses by simplifying the application and renewal process



2018 progress:



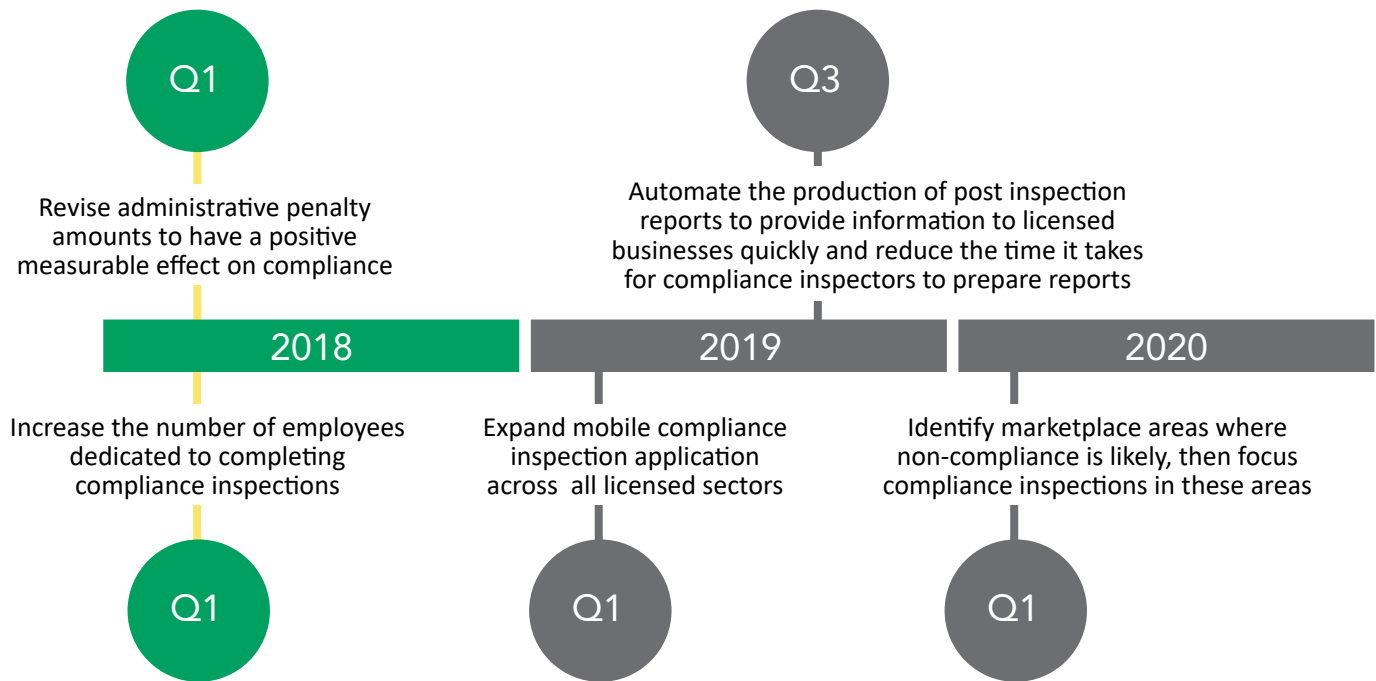
Tactic 1: Completed in Q2 by providing information to support licensed businesses' use of MyAccount.

Tactic 2: Completed in Q4 by implementing automatic notifications for all licence renewals and other important deadlines.

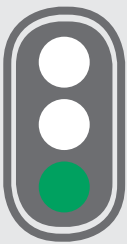
Other: Over the year, we simplified the application and renewal process. While the annual performance targets were not met, continual enhancements and licensed business familiarity should allow for these targets to be achieved through this multi-year business strategy.

Performance measures	2018 Target	2018 Actual
Average time to complete a licence renewal or application	4.0 Days	5.0 Days
Overall quality of licensing processes	82%	80%
Incomplete applications submitted	50%	61%

Business strategy 2: Increase the frequency and focus of compliance inspections



2018 progress:



Tactic 1: Completed in Q1 by increasing inspectors from four to seven.

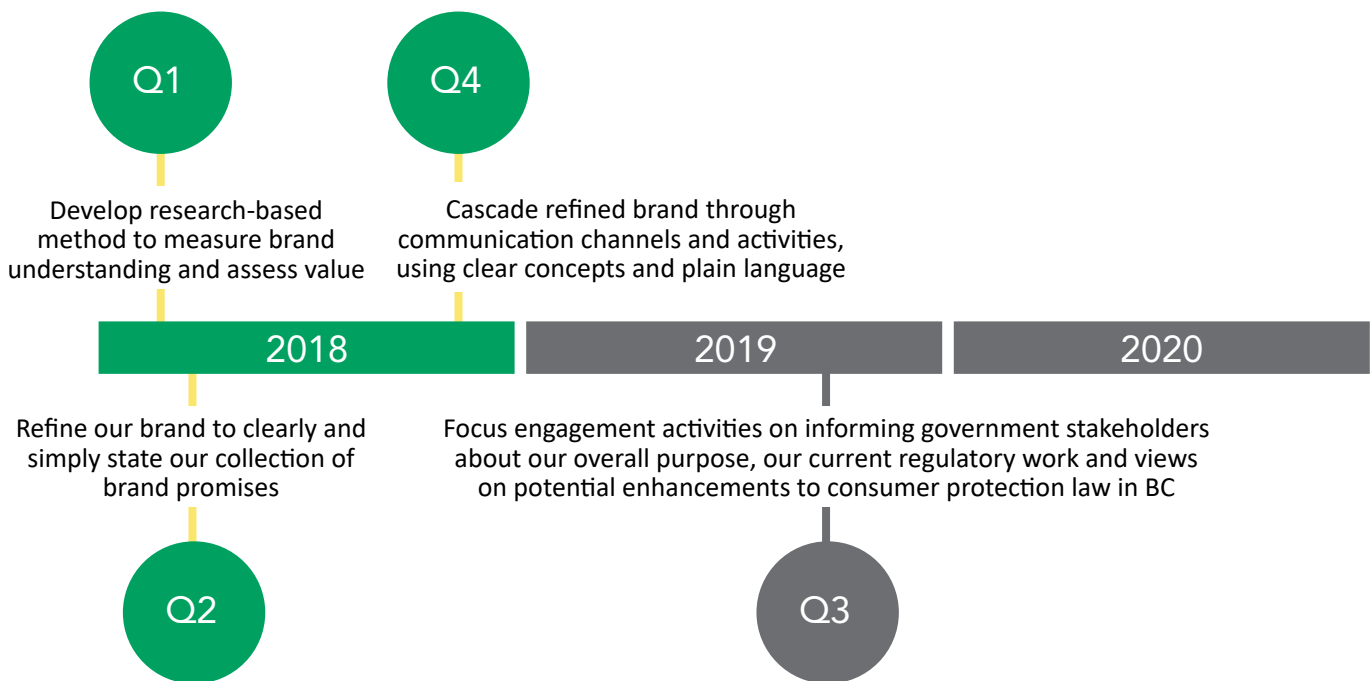
Tactic 2: Completed in Q1 with the introduction of a revised administrative penalty matrix designed to support the improvement in the underlying rate of licensed business compliance.

Other: The focus of our inspections shifted in 2018 based on problems we uncovered in the payday lending sector, which impacted the percentage of inspections where compliance was confirmed. See the Major Initiatives section of this Report for information about this payday lending project.

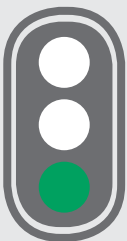
Performance measures	2018 Target	2018 Actual
Number of compliance inspections completed annually	425	503
% of inspections where compliance is confirmed	90%	87%
% of compliance achieved following enforcement action	73%	75%

Business strategy 3: Reinforce our brand promise through engagement with licensed businesses and government stakeholders

Our engagement with licensed businesses and government stakeholders confirmed they understand our brand promise and purpose. This business strategy was originally slated to continue until the end of 2020, as we initially thought there would be ongoing work to do to increase awareness levels. As the targets have been achieved, no further work was needed, and this strategy is now complete.



2018 progress:



Tactic 1: Completed in Q1 with the development of methods to measure perception and understanding of our brand promises.

Tactic 2: Completed in Q2 with the development of clear and concise brand promises.

Tactic 3: Completed in Q4 as we wrapped up a series of in-person meetings and one webinar to explain and discuss our brand promise to stakeholders.

Tactic 4: Completed early in Q4 of 2018 through focused in-person engagements with government and related stakeholders.

Performance measures	2018 Target	2018 Actual
Understanding by licensed businesses about our purpose as a regulator	72%	72%
Provincial government's understanding of our purpose and services provided	65%	78%

2018 update on emerging public policy

High-cost lending incremental to payday lending

Regulatory amendments to the existing payday lending law were announced in June and implemented on September 1, 2018. We continue to support government's efforts to modernize the existing payday lending law and create new protections for users of (non-payday) high-cost loans.

Ticket-reselling

In 2018, we completed research and stakeholder engagement and shared our preliminary views on how to most effectively regulate ticket-reselling with government. This advice spoke to the importance of robust disclosure requirements, a prohibition on ticket bots, an appropriate regulatory scope and the need to assess cost-recovery implications and options.

Ride-hailing

As government reviewed options for a regulatory model for ride-hailing in BC, we engaged several government stakeholders to explore ways we can provide value to government, consumers and industry, depending on what model is chosen. We will continue to closely monitor this file and to engage key stakeholders, as needed.

Consumer story:

How Ainsley helped her parents out of a costly contract



Ainsley was surprised when her parents told her they'd decided to buy a new furnace, water treatment system and air conditioner. They told Ainsley a company came to their door and convinced them they would own the items after three years of monthly payments.

"I thought it was a great deal at first," says Ainsley. She then realized her parents hadn't been given a copy of the contract. When she looked into it, she was shocked to find out that the contract was actually a lifetime lease and her parents would be paying thousands of dollars more than expected.

"I thought this couldn't be real, who would agree to this for a lifetime?" asked Ainsley. She tried to cancel the contract, but the company denied her request. "I was so worried about the stress on my mom," says Ainsley. "It was a lot of money." That's when she contacted Consumer Protection BC.

Consumer Protection BC contacted the business on behalf of Ainsley's family, stating that they had not received a copy of the contract and were within their rights to cancel. The company agreed to cancel the contract, refund all payments and allowed the family to keep the appliances without charge.

"We are really thankful that we had someone helping us," says Ainsley. She explains that although it was a difficult time, she never lost hope that things would work out, "I always believe that the truth will prevail."

Ainsley encourages others to contact Consumer Protection BC when they feel like they're out of options.

OPERATIONAL STATISTICS

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

Consumer education & awareness	2016	2017	2018
Website pageviews ¹	1,194,322	1,226,638	1,119,471 ²
Blog pageviews	204,285	228,309	314,318 ³
News stories ⁴	161	137	464
Facebook page likes ⁵	43,146	44,966	50,529
Facebook post reach ⁶	2,882,303	3,071,193	2,156,760
Twitter followers	6,458	7,088	6,938 ⁷
Email subscribers on our consumer list ⁸	1,662	1,737	2,184

1. A pageview is the number of times a page was viewed/read.
2. We launched a new website in the fall of 2017. We amalgamated many pages to create a simpler, more user-friendly website which decreased the total number of pages. Also, since the launch, Google re-indexed all our content. The combination of these two factors likely decreased the views to our site in 2018.
3. While pageviews decreased with our new website, a few specific blog posts got an enormous number of views, including "A scam warning from the Canada Revenue Agency," written in 2014, which was seen 131,400 times in 2018. Switching to a new website platform (WordPress) which optimizes search engine results for keyword specific searches is likely responsible for the increase.
4. 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 news releases we have issued. In 2018, we published double the number of press releases and web notices over 2017. June, August and December 2018 all saw over 50 stories on a range of topics mentioning us, and April 2018 had an unprecedented 134 stories: half of which were republished articles about a parent's complaint about a movie trailer.
5. These are the number of people who "like" our corporate Facebook page. It's essentially the size of our community on that platform.
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 interest that gets shared broadly and changes to Facebook's newsfeed algorithm.
7. The decrease in Twitter followers is likely a result of our decision to stop spending advertising dollars on the platform. In recent years, social media platforms have become more and more of a pay-to-play environment and we predicted a small decrease in followers when we ceased ads to gain new followers.
8. We use MailChimp as our email marketing platform and we abide by Canada's anti-spam legislation. We spent some effort and resources to increase our subscribers this year. The average open rate for the emails we sent to consumers in 2018 was 43% while MailChimp lists an average open rate of 25% for the non-profit industry.

Number of consumer inquiries about our licensed sectors:	2016	2017	2018
Cremation, interment and funeral services	373	315	279
Debt collection, bailiffs and repayment agents	1,388	1,480	1,385
Home inspectors	387 ⁹	381	220
Motion pictures and video retailers, distributors and theatres	91	92	96
Payday loans	333	184	175
Telemarketing	60	42	22
Travel	575	728	761 ¹⁰
Total number of consumer inquiries: ¹¹	10,882	11,068	11,177



Consumer story:

Paige's persistence pays off

Paige signed up for a one-year contract with a gym near her home. Due to an unforeseen move, she decided to cancel her membership because her new place was too far from the gym. Paige was within the first 10 days of her contract, so she had the right to cancel.

"She [the owner of the gym] told me that once I signed up, that was it. She said I wasn't going to get my money back," says Paige. "It was really frustrating."

After multiple emails back and forth, the owner agreed to partially refund Paige for the membership. The owner claimed she had applied the refund to Paige's credit card, but nothing was showing up. "At this point, the gym had stopped returning my emails and I wasn't sure who I could turn to. I started doing some research and that's when I contacted Consumer Protection BC," said Paige.

"[The investigator] was wonderful. She told me to leave it with her and validated that I was well within my rights to get my money back," says Paige.

An investigator from Consumer Protection BC spoke to the owner of the gym and she eventually agreed to refund Paige the total amount she paid for her membership.

Paige hopes that others who are stuck in a similar situation don't lose hope and know Consumer Protection BC can help. "The situation really restored my faith. I've told a lot of people about what happened – it's important to know that there's someone there to back you up when you're stuck," says Paige. "It's a lesson learned."

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

10. The failure of Sinorama Travel Vancouver Inc. accounted for many of the inquiries we received regarding travel in 2018.

11. Volumes are based on each unique contact point logged by our tracking system, not combined interactions with consumers on certain issues. Additionally, when businesses contact us about becoming licensed, the system captures each contact point with that business as an inquiry. We have identified that inquiries from individuals (looking for information about becoming licensed) predominately increase the inquiry numbers for both the home inspector and travel industry.

Number of licences by sector:¹²	2016	2017	2018
Cremation, interment and funeral services	702	1,068 ¹³	1,066
Debt collection, bailiffs and repayment agents	4,324	3,752 ¹⁴	3,870
Home inspectors	538	502	481
Motion picture and video retailers, distributors and theatres	1,443	1,007 ¹⁵	1,010
Payday lenders	208	196	181
Telemarketers	53	50	45
Travel agents and travel wholesalers	1,232	1,225	1,241
Total volume of licences issued and renewed:	8,500	9,423¹⁶	8,269

Compliance inspections:¹⁷	2016	2017	2018¹⁸
Cremation, interment and funeral services	112	58	101
Debt collection, bailiffs and repayment agents	10	18	6
Home inspectors	11	34	16
Motion picture and video retailers, distributors and theatres	73	62	154
Payday lenders	47	70	77
Telemarketers ¹⁹	0	5	4
Travel agents and travel wholesalers	106	83	145
Total compliance inspections:	358	330	503

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

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

14. 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.

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

16. 2017 saw a fair amount of processing duplications. This occurs when licensed businesses renew their licences at the end or at the beginning of the year. Our system captures each processed licence which results in duplicates and increases the overall licence count.

17. Inspections are risk-based and fluctuate year-over-year within each industry depending on where evidence of non-compliance is identified.

18. 2018 saw a strategic increase in inspections as laid out in the Business Plan 2018-2020 and due to increased resource capacities.

19. 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:	2016	2017	2018
Cremation, interment and funeral services	27	24	15
Debt collection, bailiffs and repayment agents	21	21	37
Home inspectors	14	5	7
Motion picture and video retailers, distributors and theatres	27	67	21
Payday lenders	22	7	31
Telemarketers	8	5	3
Travel agents and travel wholesalers	27	44	86
Non-regulated businesses	56	49	45
Total enforcement files concluded:	202	222	245

Assets, recoveries, and restitution:	2016	2017	2018
Administrative penalties to the Consumer Advancement Fund ²⁰	\$14,400	\$53,400	\$44,050
Costs recovered ²¹ from compliance orders and undertakings	\$50,830	\$13,110	\$67,572
Restitution	\$34,848 ²²	\$119,362	\$303,026 ²³

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

21. 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). The increase in 2018 is due to a change in policy to generally recover costs on inspection and enforcement work. Additionally, the payday lending project in 2018 collected \$24,000 in inspection and enforcement costs.

22. A database inputting error showed the 2016 amount of restitution as \$39,840. That error has been corrected and is accurately reflected in this Report.

23. The increase in restitution amounts for 2018 can be attributed to the refunds obtained from the payday lending project.



FINANCIAL REVIEW

We generated a surplus of \$109,966 compared to a budgeted surplus of \$91,815.

Revenue and expenses

We earned \$6.21 million in revenue in 2018, compared to \$6.09 million in 2017. The increase in revenue primarily reflects the increase in interest earned on cash balances and increases in revenue from licensing fees. Expenses were \$6.09 million in 2018, compared to \$6.17 million in 2017.

Change in net assets

The net asset balance increased to \$3.70 million at December 31, 2018. Net assets are used to create a reserve for future capital and operating expenditures. We continue to meet our goal of maintaining a six-month operating reserve, enabling us to provide consumer protection services during unforeseen events. Our complete audited financial statements are available in the [publications section](#) of our website.

APPENDIX A: 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 August 2018, we suspended and then cancelled the licence of Sinorama Travel Inc. Vancouver, a Richmond-based travel agency with affiliated businesses in several provinces. Thousands of travellers were affected and claims against the Travel Assurance Fund (TAF) will be accepted until the spring of 2019.

We continue to review and pay out claims related to previous travel failures, specifically Kimiya Travel and Hawaii Island Air.

Travel Assurance Fund claims:	
Claims carried forward from 2017	29
Claims received in 2018	149
Reconsiderations received	0
Claims denied	44
Claims approved	20
Claims carried forward to 2019	123 ²⁴
Amount paid out for approved claims	\$43,521 ²⁵

Travel Assurance Fund statement:	
Fund balance as of January 1, 2018	\$5,838,771
Fund income	\$171,256
Payments and expenses from the Travel Assurance Fund	\$193,521
Fund balance as of December 31, 2018	\$5,816,506

24. This number is high due to the failure of Sinorama Travel Vancouver. No Sinorama claims will be adjudicated until the spring of 2019. This ensures we have received all claims prior to processing.

25. The approved TAF claims are a result of an airline failure, Hawaii Island Air, and a travel agency failure, Kimiya Travel Ltd.

Our story:

Helping global travellers get their refunds after an agency failure



In August 2018 we took action against Sinorama Travel Vancouver Inc., a Richmond-based travel agency with affiliated businesses in several provinces. Communication with other provincial travel regulators about the financial standing of the business caused us concern. We initiated our own investigation of the BC location and determined the business could not fulfil the travel plans it had made for its customers.

With the ability to sell travel online, the BC business had been paid millions of dollars to book travel for consumers across North America. Impacted travellers were facing the possibility of losing the money they had paid the business or risking being stranded in a foreign country.

We moved quickly to suspend Sinorama's licence to sell travel and we located the contact information of impacted consumers. Once identified, we took immediate action to inform consumers that their travel plans were at risk and provided them with a series of steps on how to proceed. We shared real-time updates on our website and social channels with information about consumer rights, how to seek a chargeback from credit card providers and explained what was needed to make a claim to the Travel Assurance Fund. Our office fielded hundreds of calls and emails from worried travellers and provided step-by-step guidance on how best to secure a refund.

Our efforts resulted in many consumers being fully compensated for their financial loss through their credit card provider or travel insurance. Claims against the Travel Assurance Fund, a fund of last resort, remain open until the spring of 2019 to ensure that all eligible travellers have a chance to submit their information. Adjudication and potential refunds won't begin until 2019 and will be included in the 2019 Annual Report.





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.

As required under 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 licensed businesses under the MPA that comply 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 those powers, duties or functions
- Administration costs in comparison to program costs

2018 highlights

- Our motion picture classification department reviewed a record high volume of 2,170 movies and advertising trailers, which is a 6% increase over last year
- We began classifying films for the province of Manitoba in July and worked closely with all stakeholders to ensure a seamless transition
- We classified nearly 280 features for the province of Saskatchewan and 281 for the province of Manitoba
- We reviewed more than 79,000 minutes of feature film submitted by licensed distributors, an increase of 7% over 2017
- Our compliance team seized 2,692 adult videos that were either unapproved or that did not have a certificate of approval, preventing these videos from entering the marketplace

Service to stakeholders

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

Motion picture classification:	2016	2017	2018
General release exhibition trailers & motion pictures viewed	1,787	2,042	2,170
General release exhibition trailers & motion pictures additional approvals	44,560	50,346	49,591

In October 2018, 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 feedback

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 2018, we published 1,529 classification decisions.

In 2018, our motion picture ratings webpages were viewed 117,624 times,²⁶ a small increase over the previous year. On average, we tweet 64 movie ratings per month, and each tweet reaches about 427 users (of which six engage with the post by re-tweeting, liking or replying). The most popular tweet in 2018 was for the motion picture *Fifty Shades Freed*. This tweet generated 16,563 impressions, resulted in 437 engagements including 19 re-tweets and 125 likes.

Nine consumers contacted our Motion Picture Classification department with questions about legislation, 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:	2016	2017	2018
Processing adult video	N/A	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	2 days	1 day	1 day

26. This statistic is the total number of pageviews of our [Recent ratings](#) and [Find a rating](#) pages.

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

Since January 1, 2017, we've had 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.

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 2018, we classified 615 theatrical films for these groups, representing 28% of total film content submitted.

Adult market

In 2018, we received no new adult video submissions from distributors and processed 16,884 decal orders for copies of already approved adult DVDs.

In 2018, we licensed 52 adult retailers, five fewer than in 2017.

Adult video classification:	2016	2017	2018
Adult videos reviewed	0	0	0
Adult video decals issued	23,250	32,960	16,884

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 28.9% of our annual expenditure in 2018. Overall, costs for regulating the motion picture industry in BC totaled \$1.8 million in 2018.

Number of inspections:	2016	2017	2018²⁷
Motion picture distributors	2	1	1
Theatres	14	12	13
Video retailers	57	49	140
Total inspections:	73	62	154

27. 2018 saw a strategic increase in inspections as laid out in the 2018 - 2020 Business Plan and due to increased resource capacities.

Inspection outcomes:	2016	2017	2018
Video retailers			
No action required	34	26	75
Remedial action required	6	8	40
Follow-up required	6	6	12
Report to director	11	9	13
Theatres			
No action required	5	7	6
Remedial action required	3	3	4
Follow-up required	6	2	3
Report to director	0	0	0
Motion picture distributors			
No action required	1	1	0
Remedial action required	0	0	0
Follow-up required	0	0	1
Report to director	1	0	0
Total acceptable:	49 (67%)	45 (73%)	125 (81%)
Total unacceptable:	24 (33%)	17 (27%)	29 (19%)

Enforcement files concluded:	2016	2017	2018
Video retailers			
Favourable	14	38	7
Unfavourable	7	18	11
No outcome	0	5	1
Theatres			
Favourable	3	2	1
Unfavourable	0	0	0
No outcome	0	1	0
Motion picture distributors			
Favourable	2	1	0
Unfavourable	1	1	0
No outcome	0	1	1
Total case outcomes:	27	67	21



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