

2021-2023 BUSINESS PLAN



**CONSUMER
PROTECTION BC**

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Message from the Chair and CEO

On the behalf of the Board of Directors and employees at Consumer Protection BC, we are pleased to present our 2021 - 2023 Business Plan: a plan developed through a collaborative process with our employees, Leadership Team and Board of Directors and informed by current realities, market data and our stakeholders.

While the COVID-19 pandemic has disrupted British Columbia's marketplace in unprecedented ways, our licensed businesses have displayed resilience, innovation and creativity. We anticipate the impacts of COVID-19 will remain for some time and the three strategies which comprise the 2021 - 2023 Business Plan recognize the current and potential future reality. The strategies identify new areas of growth and complexity to enhance our effectiveness as a regulator while strengthening protections for consumers and supports for businesses.

The introduction of a new customer relationship management solution, part of our first strategy to *enhance the consumer complaint process by leveraging technology*, builds on prior year's momentum and represents our commitment to help consumers resolve issues quickly and effectively. Our second strategy, *create consumer insights through a corporate data strategy*, will help us leverage data more effectively to increase our overall impact in the marketplace, both in terms of early identification of issues as well as swift correction of non-compliant business practices. Finally, our third strategy, *increase compliance of continuing services contracts*, will focus on an issue becoming increasingly more problematic in the COVID-19 environment. Using an education-first approach, we will help businesses amend the continuing services contracts they use to ensure they comply with BC's consumer protection laws. This effort will ultimately help consumers (as the contracts they sign will accurately outline cancellation rights and obligations) as well as protect the financial interests of businesses (as contracts missing certain contents may be cancelled by consumers for any reason).

We look forward to continuing to work on the behalf of all British Columbians as a value-add and effective regulator and keeping pace with and anticipating changes in public policy, consumer and business needs and the marketplace.

Respectfully,



Rod Dewar
Board Chair, Consumer Protection BC



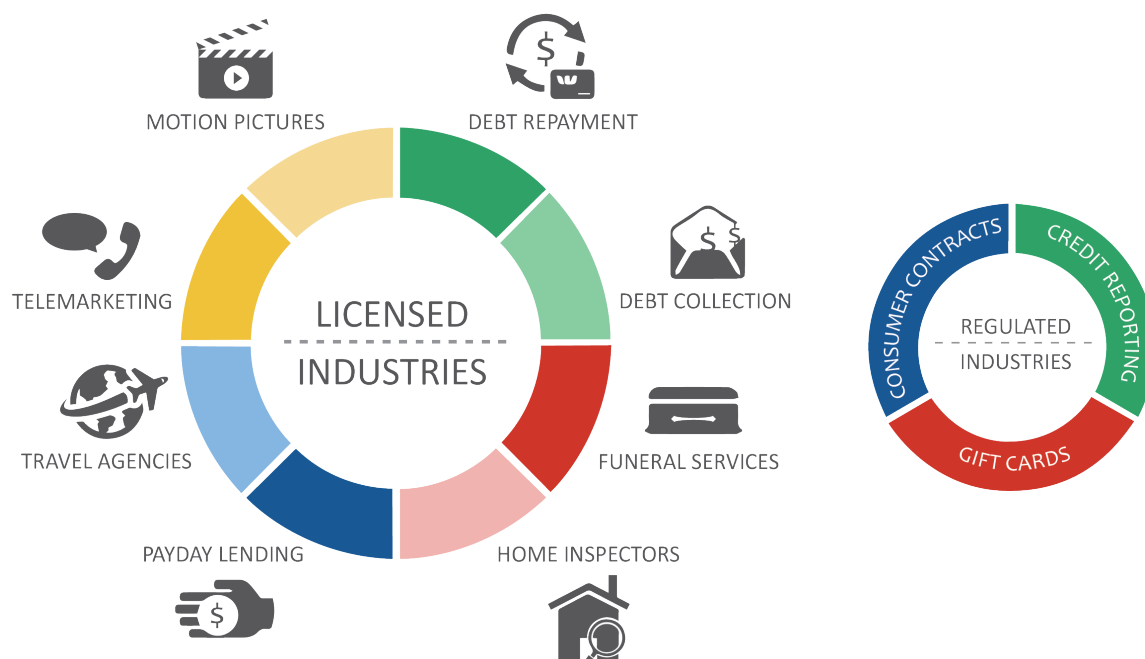
Rob Gialloreto
President & CEO, Consumer Protection BC

Corporate overview

Who we are

Consumer Protection BC is a team of dedicated and passionate individuals based in Victoria and Burnaby, responsible for regulating various industries and consumer transactions in the province of British Columbia (see 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.



Infographic 1.0

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

- *Business Practices and Consumer Protection Act* [SBC 2004]
- *Cremation, Interment and Funeral Services Act* [SBC 2004]
- *Motion Picture Act* [RSBC 1996]
- *Ticket Sales Act* [SBC 2019]¹

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

¹ The *Ticket Sales Act* received Royal Assent on May 16, 2019, however the full delegation for Consumer Protection BC to administer the Act is pending the completion of regulations required to enforce the Act.

Our corporate values

Our corporate values are developed and defined by our employees and cascade through our operational and governance systems. We have five corporate values:

- Trust:** We consistently come from a belief that we have the best interests of the organization and each other at the heart of everything that we do.
- Accountability:** We hold ourselves in ownership of, and take responsibility for, everything that we do.
- Integrity:** We behave in an honest and transparent way with each other.
- Excellence:** We are passionate, enthusiastic professionals continually seeking to deliver with a high level of quality.
- Impact:** We consistently strive to make a positive difference in the lives of British Columbians.

Our five values culminate in an overarching values statement, as follows:

We believe in accountability to ourselves and to each other, in the investment and maintenance of integrity, and in the pursuit of excellence in the delivery of services that ultimately make a positive difference in the lives of British Columbians.

What we do

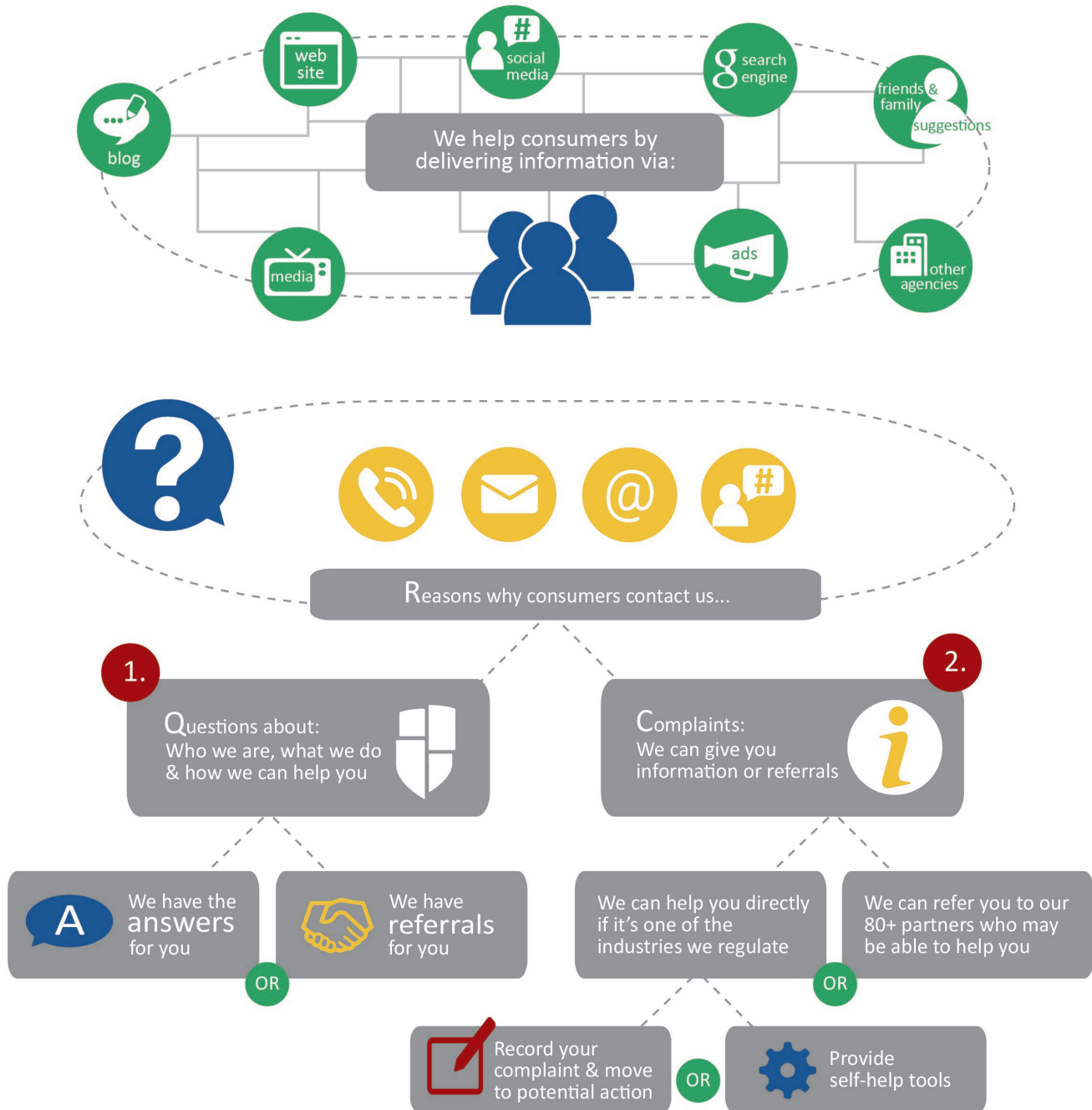
We deliver consumer protection services throughout British Columbia by:

- 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 adult video products sold, rented or exhibited to consumers.
- Providing recommendations to government and supporting government's policymaking process regarding enhancements to consumer protection laws.

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

How we protect consumers

Here's how we help and protect consumers:



Infographic 2.0

How we regulate businesses

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



Infographic 3.0

Emerging public policy

We continue to work with the Provincial Government on several public policy issues, which may be implemented into our scope of regulatory authority during this business cycle.

High-cost lending

High-cost lending rules were announced in February 2019 as amendments to the *Business Practices and Consumer Protection Act*. We are working with the Ministry of Public Safety and Solicitor General as they develop regulations which will bring the legislation into effect.

Ticket sales

On February 27, 2019, the provincial government introduced Bill 27 (*Ticket Sales Act*). The *Ticket Sales Act* received Royal Assent on May 16, 2019 and we are working with the Ministry of Public Safety and Solicitor General as they develop regulations which will bring the legislation into effect.

Business Plan 2021 - 2023

The 2021 - 2023 Business Plan describes our business strategies for the next three years. We live the plan internally with our employees and Board of Directors, and share it with government, industry and the public as a roadmap of how we fulfill our purpose within a dynamic regulatory environment and constantly-changing marketplace.

Our corporate values are consistently applied to the development and delivery of our Business Plan. They are infused into our daily operating practices and serve as a guide for how we choose to act and behave as we go about our work. The plan also summarizes our areas of principal risk, including the continuing COVID-19 pandemic. These risk areas are identified by our Board of Directors and are mitigated on an ongoing basis to ensure that risk exposure is minimized and any potential opportunities are explored.

Doing business during the COVID-19 era

The COVID-19 pandemic has significantly impacted licensed businesses, consumers and our operations. The effects of the pandemic warranted a recast of our initial 2020 - 2022 Business Plan and Budget to ensure our financial viability and maintain a mission-critical focus on regulatory services. In recognizing the challenges some licensed sectors were facing, we delayed our scheduled fee review until a future time and offered fee deferrals to some licensed businesses. New consumer risks and issues have evolved due to the pandemic, such as the price gouging of essential goods and refund resistance from businesses. We responded to price gouging activity by intaking and assessing consumer complaints and working to correct illegal behaviours directly with businesses through voluntary compliance (and, if not successful, referring complaints to Emergency Management BC for possible ticketing). For consumers having issues obtaining owed refunds from businesses, we provided self-help resources, emphasized to businesses their obligations under BC's contract laws to provide refunds under certain circumstances and, in some cases, took enforcement action.

In the planning for the 2021 - 2023 Business Plan, COVID-19-era data was gathered and incorporated, and new forecasting tools and assumptions were used. This facilitated the development of relevant strategic priorities based on current marketplace factors and on the most likely post-COVID-19 scenarios.

COVID-19 will continue to shape the BC marketplace for years to come. This 2021 - 2023 Business Plan recognizes we will ultimately move towards a different "normality" that will allow for a more consistent and accurate picture of future years. Consumer Protection BC is prepared and positioned to be responsive to this everchanging landscape and have

identified three business strategies that will protect consumers while reducing the regulatory burden for licensed businesses.

Business strategies

The strategies presented in this 2021 - 2023 Business Plan are designed to improve or enhance our effectiveness as a regulator. They strive to ensure we are making the most productive use of our internal resources and capabilities to deliver services and respond to dynamic shifts in the regulatory environment. The strategies articulate how we are going to continue to innovate and deliver as an agile and responsive regulator and shows the specific steps (or tactics) we will take coupled with a clear definition of success.

Business Strategy 1: Enhance the Consumer Complaint Process by Leveraging Technology

Our Licensing & Information Services team receives more than 11,000 consumer inquiries each year by phone and email. Historically, about 34% of these are within our regulatory authority and 66% are about issues where other agencies are better positioned to help. As our employees respond to all inquiries live with information and referrals, this is a time-consuming process. Streamlining the consumer information and complaints process, and more effectively capturing and analyzing inquiry data, will significantly reduce the amount of time consumers have to wait to get information or get a resolution to their specific problems.

Tactics:

This business strategy was implemented in 2019 to capitalize on technological enhancements to streamline the consumer complaint process. In 2019, we enhanced the web-based complaint intake form on our corporate website, which has already led to substantial reductions in consumer wait times.

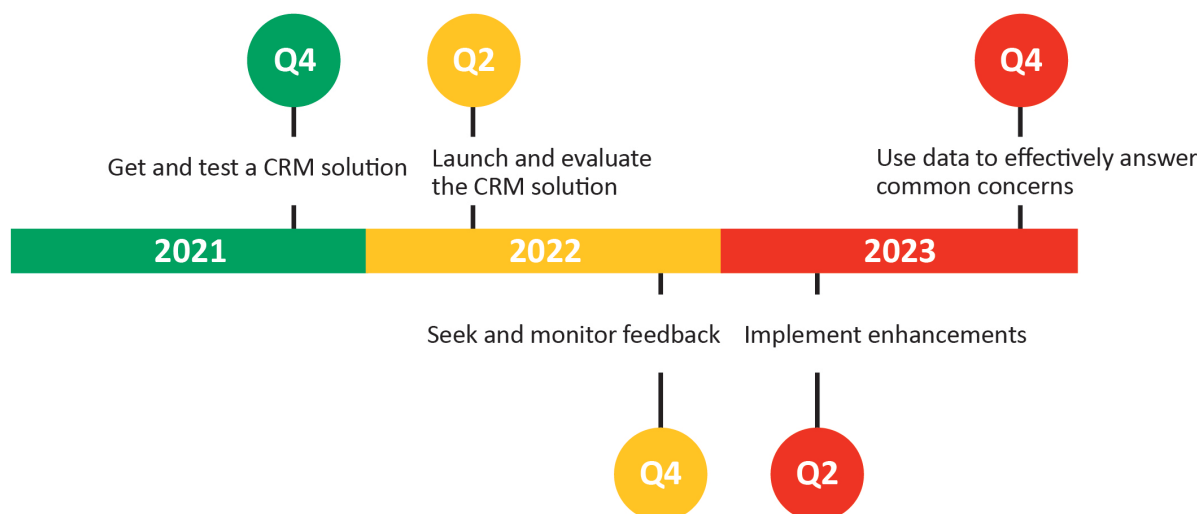
The strategy and associated tactics were paused in 2020 due to the COVID-19 pandemic. Despite the hold, our teams were able to complete incremental changes to automated call distribution software and web-based complaint intake forms to better direct and support consumers with issues. We also completed our research and made recommendations to introduce enhanced technology to further improve consumer complaint handling efficiency and effectiveness, including a Customer Relationship Management (CRM) solution.

In this plan we will:

- Acquire and test a CRM solution to be used as a ticketing system which will help us more effectively respond to issues and capture vital data in all customer contact channels. (Q4 2021)
- Following refinements and optimization, launch the CRM solution and evaluate its effectiveness in resolving issues. (Q2 2022)
- Continuously seek and monitor feedback from consumers to enhance or add channels for complaint resolution as appropriate. (Q4 2022)
- Implement enhancements or add channels for complaint resolution by leveraging existing internal resources and capabilities. (Q2 2023)
- Capitalize on data collected through our CRM solution to provide answers more effectively to common concerns in the most appropriate channels. (Q4 2023)

Timeline:

The timeline below outlines the scheduled completion dates for each listed tactic:



Performance:

This business strategy is focused on consistent improvement over a multiyear period. The 2020 numbers listed below are annual targets set out in the 2020 - 2022 Business Plan; actuals will be reported in the 2020 Annual Report.

Performance targets for 2021 through 2023 are presented as follows:

Performance Measure (Target)	2020	2021	2022	2023
Increase percentage of in-mandate complaints²	45%	>40% ³	>50%	>55%
Reduce average wait times for web and written complaint responses	2 - 4 days	2 - 4 days	0 - 2 days	0 - 2 days
Divert existing or reach new consumers by enhancing or adding a communication channel	n/a	n/a	1 - 3% of inquiries	5 - 9% of inquiries

Business Strategy 2: Create Consumer Insights Through a Corporate Data Strategy

The purpose of a data strategy is to ensure all our data resources are positioned so they can be used, shared and moved easily and efficiently. This new strategy will help our organization shift from considering data as a business function to considering data as an asset and will ensure we are effectively leveraging data to generate insights and make better business decisions – from a strategic to a tactical level. The outcome will allow us to ask and answer data-related questions, thus identifying insights where we can increase our impact in the marketplace.

² A higher percentage for this performance measure indicates our resources are increasingly dedicated to resolving in-mandate problems, and consumers with complaints that can be resolved by partners and the courts are receiving referral information more quickly.

³ 2020 was an unusual year, with a significant volume of in-mandate complaints related to price gouging and contracts. We expect numbers to normalize in 2021, hence the lower target.

Tactics:

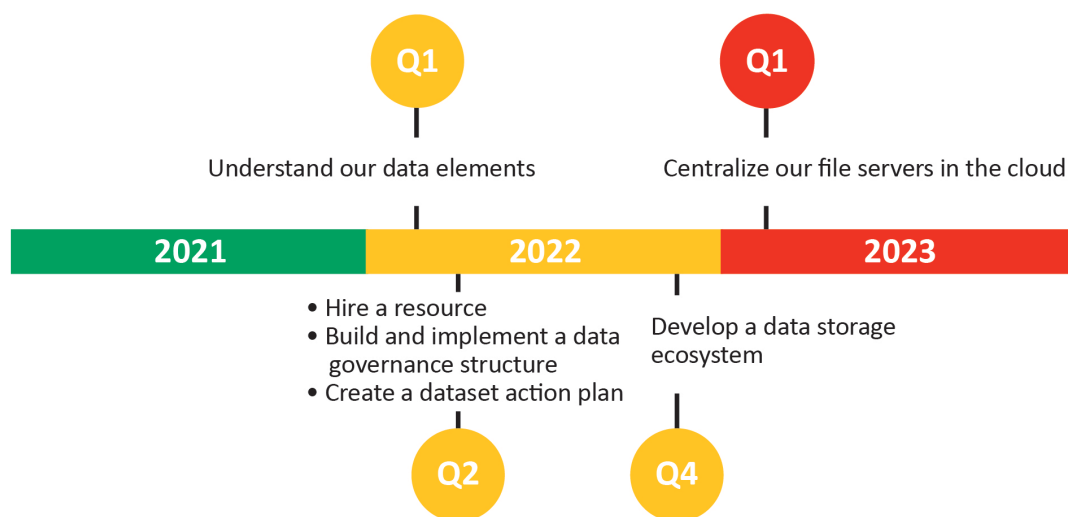
The Corporate Data Strategy will include several tactics aimed at improving the way Consumer Protection BC uses, shares, and moves data to develop insights and actions. Many of the tactics reflect specific sections of the Corporate Data Strategy, including data identification, storage, provisioning, processing and governance. There are key activities we will accomplish to bring our Corporate Data Strategy to life and begin to move towards our vision of specific use cases to form future strategies in our business plans.

In this plan we will:

- Undertake various data identification activities that will allow us to effectively understand all our corporate data elements. (Q1 2022)
- Resource a data analytics function tasked with implementing the Corporate Data Strategy. (Q2 2022)
- Build and implement a data governance structure to ensure we are establishing, managing and communicating information policies and mechanisms for effective data usage across Consumer Protection BC and beyond. (Q2 2022)
- Define and prepare action plans, ownership and management related to specific dataset creation, validation and provisioning. (Q2 2022)
- Develop a data storage ecosystem and key data storage repositories to ensure we eliminate duplication and redundant data, as well as identify strategic data access and sharing opportunities. (Q4 2022)
- Centralize and cloud-enable our file servers and document stores to ensure consistency and ease of access for both internal and external audiences. This includes developing robust and well-aligned credentials and security protocols to allow the right people to access data for the right purpose. (Q1 2023)

Timeline:

The timeline below outlines the scheduled completion dates for each listed tactic:



Performance:

This business strategy is focused on consistent improvement over a multiyear period. Successful implementation of the data strategy will allow us to generate more insights and direction from our data. We expect our data strategy will improve our performance in key operational areas, including consumer complaint handling, inspections, investigations and business licensing. Performance targets for 2021 through 2023 are presented as follows:

Performance Measure (Target)	2020	2021	2022	2023
Develop data management function including human, technological and operational resources to implement the corporate data strategy	n/a	90%	100%	n/a
Number of data-driven compliance and inspection-oriented strategies that address high-risk market activities	n/a	1	2 - 4	3 - 5
Increase in number of targeted campaigns to vulnerable consumers based on complaint trends in data	n/a	n/a	1	>2
Number of features for licensees in MyAccount portal that use data to present new information and support related to licensing and compliance	n/a	1	2	>2
Increase the number of features in our consumer assistance channels (web, social, phone, etc.) that rely on data to present relevant and topical information to serve consumer interests	n/a	n/a	1	>2

Business strategy 3: Increase Compliance of Continuing Services Contracts

When we find businesses operating in non-compliance, we employ methods to correct their behaviours, whether voluntarily or through specific regulatory actions (such as orders, penalties or reports to Crown counsel for prosecution). In many cases, non-compliance is unintentional, and our progressive enforcement approach provides opportunities for learning and for voluntary compliance. Our overall measure of success is the degree to which BC businesses comply with the laws we administer.

Regulated by Consumer Protection BC, continuing services contracts provide for the ongoing delivery of services oriented towards a consumer's participation in dance, physical culture, exercise, weight loss, figure development or self-defense. These services can be for instruction or training in the activity, or simply be for the consumer's use of a facility to perform one of the activities. For instance, a gym membership would be a continuing services contract.

In 2020, we received 1,215 consumer inquiries about continuing services contracts – a significant increase over 2019 (308) and 2018 (277)⁴ and largely due to consumers trying to cancel contracts due to COVID-19. In 2020, we randomly inspected several businesses that use continuing services contracts and we found that none were using contracts that comply with BC's consumer protection laws. Businesses are often unaware of their contractual obligations under the law and, as a result, use non-compliant contracts (an example would be a contract missing specific terms and conditions). Using unlawful contracts hurts consumers and businesses alike: consumers are left without protections meant to be

⁴ 2020 numbers are accurate to November 15, 2020. For comparison purposes, numbers presented for previous years also reflect the period to November 15. Statistics for all years include multiple inquiries from the same consumers and both in and out of mandate inquiries.

afforded under the law and businesses are positioned for significant financial risk (as consumers are legally allowed to cancel contracts and demand refunds in instances where non-compliant contracts are used).

Through this strategy, we will proactively reach out to businesses that use continuing services contracts to assess and correct non-compliance. Our process will involve conducting preliminary inspections to define specific areas of non-compliance and establish a compliance baseline; providing businesses with written communications to outline identified issues and the benefits associated with using compliant contracts; and sharing related information with businesses on our website and through other communication channels. We may apply the learnings from this work in future years as we focus on other types of regulated contracts (such as direct sales contracts, future performance contracts and distance sales contracts).

Tactics:

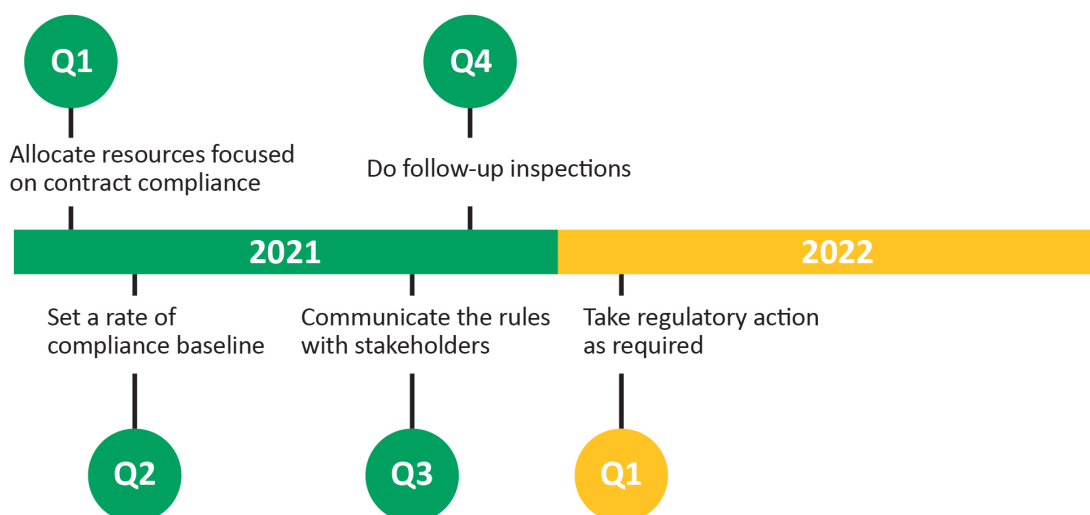
The purpose of this strategy is to increase the compliance of British Columbia businesses related to the contractual obligations contained within the *Business Practices and Consumer Protection Act*. Baseline compliance rates will be established by testing contracts from a statistically significant number of appropriate businesses and, using this data, we will deliver targeted communications to assist and encourage these businesses to use compliant contracts. Follow-up inspections will then take place to measure success and where non-compliance continues, escalated regulatory tools will be used.

In this plan we will:

- Allocate staffing resources to focus on reviewing continuing services contracts for compliance. (Q1 2021)
- Establish a baseline for the current compliance rate of businesses regularly using continuing services contracts, confirming our current dataset and performing further reviews, as necessary. (Q2 2021)
- Deliver communications to raise awareness, promote voluntary compliance with contractual obligations and provide information about the consequences for non-compliance. (Q3 2021)
- Conduct follow-up inspections to assess the impact of communications and rates of compliance. (Q4 2021)
- Take appropriate regulatory action against businesses that continue to be in non-compliance. (Q1 2022)

Timeline:

The timeline below outlines the scheduled completion dates for each listed tactic:



Performance:

This business strategy will be complete in 2021 but may continue in 2022 and 2023 if necessary. The 74 compliance inspections noted below will be randomly selected from the identified business population of 322 businesses; therefore, the established baseline will be accurate plus or minus 10%, 95 times out of 100. Follow-up compliance inspections will determine the effectiveness of communications efforts and determine the remaining non-compliance rate. Actual results will be reported in the 2021 Annual Report.

Performance Measure (Target)	2020	2021	2022	2023
Number of compliance inspections completed	n/a	74	tbd	tbd
Percentage of compliance inspections completed that identify business non-compliance	n/a	baseline established	tbd	tbd
Percentage of follow-up inspections completed that identify continued non-compliance⁵	n/a	0 - 35%	tbd	tbd

Areas of principal risk

In each business planning cycle, the areas of principal risk are articulated, a risk appetite for each area is established and risk tolerances are set (which are monitored and mitigated as required). The current areas of principal risk include:

Financial risk	Specific risk factors include investment, liquidity, capital and business model risk. Mitigation efforts ensure enough liquidity and capital to meet our long-term operational obligations.
Legal risk	Specific risk factors include civil litigation, judicial review and tribunal risk. Mitigation efforts focus on consistent and reasonable administration of our delegated authority, supported, where necessary, by sound legal advice and experienced legal counsel.
Compliance risk	Specific risk factors include Act and regulation, laws and contract (agreement) risk. Mitigation efforts focus on the completion of regular compliance assessments with various stakeholders, including the Ministry of Public Safety and Solicitor General, the Office of the Information and Privacy Commissioner for BC, legal counsel and our auditors.
Technology risk	Specific risk factors include data breach, data loss and system failure risk. Mitigation efforts focus on the readiness of our Business Recovery Action Plan and the evolution of our IT Disaster Recovery Plan, which specifically protects our data and systems from intrusion and creates data redundancy.
Reputation risk	Specific risk factors include licensee, government and public risk. Mitigation efforts focus on clear and concise communications with all stakeholders and providing corporate responses to any regulatory or operational issues in a timely and transparent manner.
Strategic Risk	Specific risk factors include strategic planning, strategic alignment and strategic implementation risk. Mitigation efforts focus on filling the Board skills matrix, sound intelligence presented at strategic planning sessions and regular accountability reporting to stakeholders.

⁵ A lower percentage for this performance measures indicates a higher rate of compliance and, therefore, a reduced need for follow-up enforcement.

COVID-19 Risk	Specific risk factors include financial sustainability, value to stakeholders, operational deliverables and healthy, engaged staff. Mitigation efforts focus on revenue forecasting and cost controls, proactive listening and engagement with stakeholders, a prioritization on mission-critical services and providing staff supports, while continuing to monitor emerging consumer risks resulting from the pandemic.
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Operating and capital budget

The following budgets outline the financial and human resources required to deliver our overall regulatory purpose and achieve the targets articulated in the 2021 - 2023 Business Plan. We have assessed the viability of all future revenue streams and maximized efficiencies through cost savings, wherever possible. This process is a continuation of the balanced financial direction we have taken since our establishment in 2004.

Operating budget				
Resources and outputs	Fiscal year (\$ thousands)			
	2020 <small>(Forecast)</small>	2021	2022	2023
Total revenue	5,801	6,056	6,394	6,641
Total expenditures	5,842	5,807	6,322	6,347
Excess of revenues over expenditures	- 41	249	71	294
<i>Full time employees (FTEs)</i>	<i>40.6</i>	<i>40.6</i>	<i>41.6</i>	<i>41.6</i>

Operating reserve budget				
Investment income	14	138	169	191
Investment expense	14	15	15	16
Excess of revenues over expenditures	0	123	154	175

Capital reserve budget				
Gain on sale of asset	1	0	0	0
Amortization	287	210	117	116
Deficiency of revenue over expenditure	-287	-210	-117	-116
<i>Base and planned expenditures</i>	<i>72</i>	<i>115</i>	<i>115</i>	<i>115</i>