

CONSULTATION PAPER: VIDEO RETAILER AND THEATRES

July 14, 2021

We are undertaking a fee review for all our licensed sectors. In 2020, we postponed our regularly scheduled fee review and deferred all fee increases, keeping all fees at 2020 rates for 2021. We made this decision because of the impact of COVID-19 to our licensed sectors in 2020 and 2021.

It is now time to conduct our fee review as originally scheduled in 2020.

As part of the process, we are providing an opportunity for feedback to all licensed video retailer and theatres in BC. This process closes on August 12, 2021, and we will give you 90-days' notice prior to fee changes.

The information below includes an overview of our fee setting process, how we use fees, and how you can provide feedback on our fee review process.

INFORMATION ABOUT YOUR FEES

Our authority to set fees & our mandate to recover costs

The *Business Practices and Consumer Protection Authority Act* gives us the legal authority to set fees to fund our operations. For each of the sectors that government has tasked us with regulating and licensing, we have authority to set licensing fees and other charges. In doing so, we are required to recover our costs, to consult with you, and to provide at least 90 days' notice prior to changing or introducing fees. For reference, this requirement can be found in the *Fee Setting Criteria Regulation* under the *Business Practices and Consumer Protection Act*, the *Cremation, Interment and Funeral Services Act*, and the *Motion Picture Act*.

What is happening?

We are in the process of setting your licensing fees for 2022-2024. Following a review of our costs and forecasted revenues for the next three years, we are proposing to change your licensing fees. To sustain and improve the oversight of your sector and recover costs, we are giving you the opportunity to provide feedback on the following proposed licensing fee increases and other fee changes for 2022 – 2024:

- Annual 4% increase for all licence fees and other charges for 2022-2024.

Video retailer

Fee type	Current fee	Proposed fees Jan. 1, 2022	Proposed fees Jan. 1, 2023	Proposed fees Jan. 1, 2024
New adult film retailer (incl. video retailer)	\$297	\$309	\$321	\$334
New video retailer	\$177	\$184	\$191	\$199
Renewal adult film retailer (incl. video retailer) more than 2 weeks prior to expiry	\$238	\$248	\$258	\$268
Renewal adult film retailer (incl. video retailer) less than 2 weeks prior to expiry	\$297	\$309	\$321	\$334

Renewal video retailer more than 2 weeks prior to expiry	\$118	\$123	\$128	\$133
Renewal video retailer less than 2 weeks prior to expiry	\$177	\$184	\$191	\$199
Change of name or address	\$59	\$61	\$63	\$66
Change of directors/officers/shareholder	\$59	\$61	\$63	\$66
NSF payment	\$57	\$59	\$61	\$63
Reconsideration	\$252	\$262	\$272	\$283

Theatres

Fee type	Current fee	Proposed fees Jan. 1, 2022	Proposed fees Jan. 1, 2023	Proposed fees Jan. 1, 2024
New general release screen	\$177	\$184	\$191	\$199
New restricted or adult screen	\$297	\$309	\$321	\$334
New single restricted or adult screen	\$297	\$309	\$321	\$334
New restricted or adult screen (subsequent screens at same location)	\$118	\$123	\$128	\$133
Renewal general release screen more than 2 weeks prior to expiry	\$118	\$123	\$128	\$133
Renewal general release screen less than 2 weeks prior to expiry	\$177	\$184	\$191	\$199
Renewal restricted or adult screen more than 2 weeks prior to expiry	\$238	\$248	\$258	\$268
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Why are fees changing?

Your licensing fees pay for the direct costs of regulating your sector, such as licensing, compliance inspections, complaint handling and enforcement activities as well as indirect costs like IT, finance and accounting, and office rent. Every year these costs increase. In some cases, cost increases are consistent with inflation, in other cases increases are based on specific and unique factors related to a sector (for example, changes to the law that result in new regulatory requirements).

Our costs for regulating the video retailer and theatre sector have remained relatively consistent. Throughout the COVID-19 pandemic we have made every effort to reduce costs while maintaining our ability to operate. However, due to a 0% increase in fees for 2021 and increased inflationary pressures we are proposing a 4% annual increase for the next three years to cover our costs for regulating your sector.

How are fees determined?

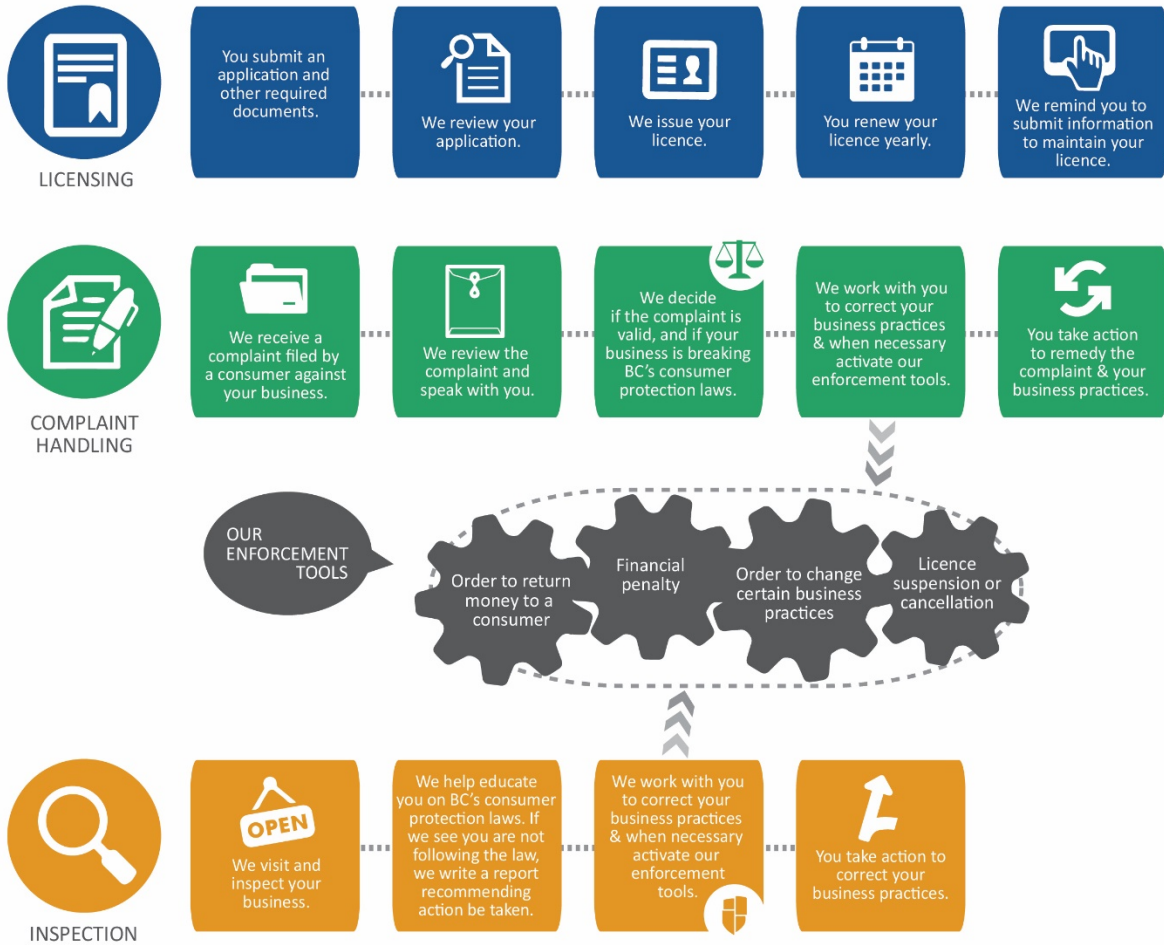
We operate on a cost recovery basis. We receive no funding from the province of British Columbia. This means that the costs to license and regulate seven different industries and provide trade practice regulation are primarily covered by licensing fees.

In setting these fees, we allocate costs to each licensed sector using several factors to determine the share of the overall costs for us to operate. The factors that determine a sector's share of our costs are broken down by the functions of our organization. Once these costs are determined for each licensed sector, fees are developed so that projected revenues from each sector closely match our costs to regulate each sector. Due to the uncertainty that COVID-19 caused in the marketplace, we have used fact-based assumptions from our previous fee review and economic forecasting to allocate costs to each sector.

Function	Allocation method
Licensing and compliance	The costs of licensing and compliance are allocated to each sector based on the number of active licences and the average time to process a licence or perform an inspection.
Complaint handling and inquiries	Complaint handling costs are allocated based on the average number of annual complaints and inquiries for each industry.
Education & awareness, business practices, industry relations, policy & research	Costs to deliver consumer and business education which are a core mandated function for us and has impact on all sectors. Also, costs related to work in industry relations, and policy and research.
Trade practices	A sector's proportionate share of the cost for regulating trade practices in the marketplace is based on the cost to license and regulate that sector relative to the costs of other licenced and regulated sectors. Examples of trade practices include our responsibilities for overseeing BC's prepaid purchase card law, the regulation of multiple types of consumer contracts, the unfair business practices provisions of BC's consumer protection law, credit, and other consumer-centric areas. These areas for which there is no direct licensing revenue and are under our jurisdiction.

What do your fees pay for?

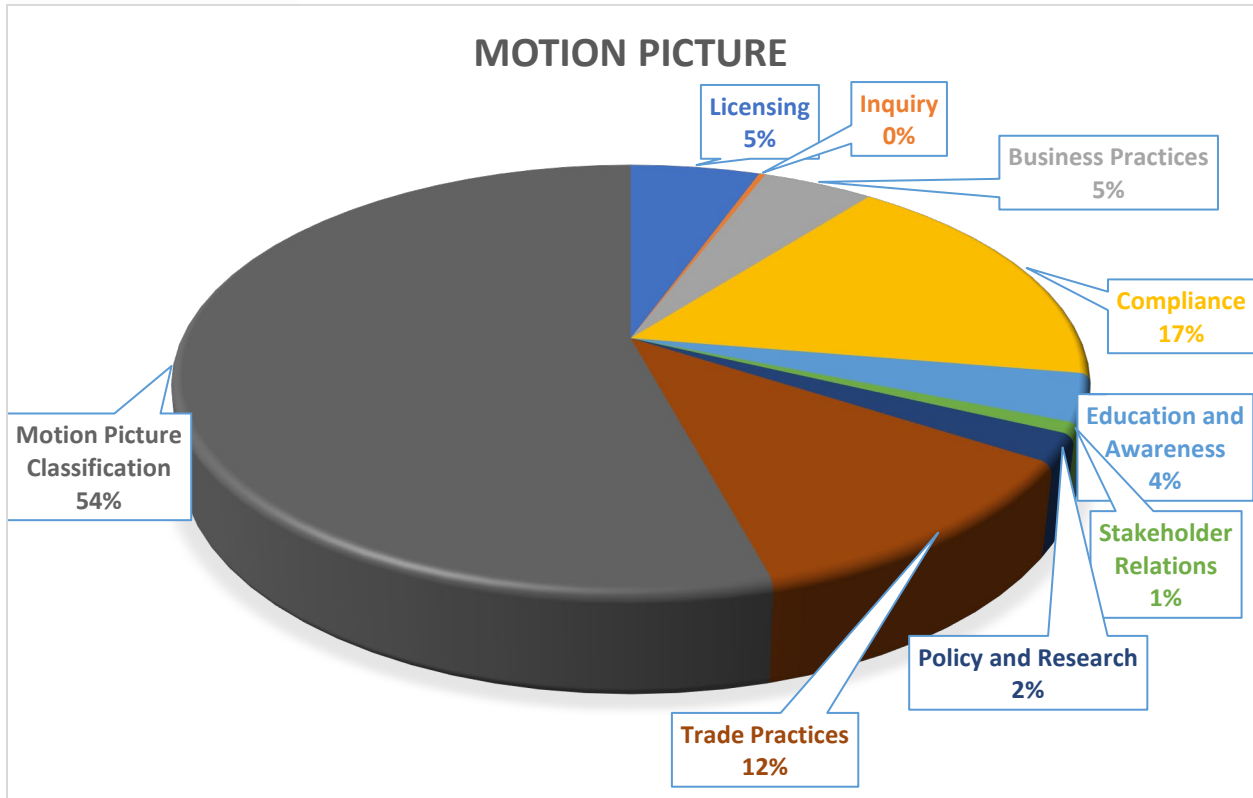
Your fees pay for the licensing and regulation of your sector. Here is how we do that:



What do these services cost in relation to the video retailer and theatre sector?

We are built on a model that leverages economies of scale. Vital functions that include human resources, financial and fund management, technology resources, facility management and organizational governance are a shared cost of all licensed sectors. All costs are managed to meet our cost-recovery mandate.

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



GIVE US YOUR FEEDBACK

This consultation document provides information about the proposed fee changes and is an opportunity for you to provide feedback. To share your feedback on the proposed 2022 to 2024 fee changes and/or our fee review process, please take our survey.

The deadline to provide feedback is August 12, 2021.

[TAKE OUR SURVEY >>](#)

What happens next?

Once the consultation closes and we have assessed your feedback, we will give you 90 days' notice prior to any fee changes.