

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON LAW AMENDMENTS**  
**Thursday, January 25, 1990**

**TIME — 10 a.m.**

**LOCATION — Winnipeg, Manitoba**

**CHAIRMAN — Mr. Helmut Pankratz (La Verendrye)**

**ATTENDANCE - 11 — QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Connery, Cummings, Ducharme  
Messrs. Kozak, Maloway, Minenko, Pankratz, Patterson,  
Praznik, Storie, Taylor

**WITNESSES:**

Mr. Manson I. Coles, Private Citizen  
Mrs. Heather Lamontagne, Private Citizen  
Mrs. Glennis Kaczmariski, Private Citizen  
Ms. Olga Foltz, Private Citizen  
Mr. Maurice Paul, Private Citizen

**APPEARING:**

**Legislative Counsel Staff:**

Ann Bailey, Amendments Drafter  
Michel Nantel, Translator  
Isaac Silver, Drafter  
Rob Walsh, Monitor of Amendments and  
Adviser to Committee

**MATTERS UNDER DISCUSSION:**

Bill No. 63—The Consumer Protection  
Amendment Act  
Bill No. 64—The Business Practices Act  
Bill No. 83—The Ozone Depleting Substances  
Act

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**Clerk of Committees (Ms. Bonnie Greschuk):** Will the committee please come to order? We must proceed to elect a Chairperson for the Standing Committee on Law Amendments. Are there any nominations? Mr. Pankratz has been nominated. Are there any further nominations?

Since there are no further nominations, will Mr. Pankratz please come and take the Chair?

**Mr. Chairman:** I will call the meeting Standing Committee on Law Amendments to order at this time.

I have something to read to the committee which has been presented to me, and I will do that at this time.

I have a statement for the committee. On Tuesday, January 23, 1990, at 8 p.m., the Standing Committee on Law Amendments met to hear public presentations

on Bill No. 63, The Consumer Protection Amendment Act No. (3) and Bill No. 64, The Business Practices Act. At that time a number of rulings were made concerning matters not properly before the committee. At this time I would like to summarize the contents of each Bill.

\* (1005)

Bill No. 63 contains aspects relating to:

providing increased protection for consumers who enter contracts with health, fitness, modelling, diet, talent, martial arts and dance clubs, as well as door-to-door sellers;

prepaid contracts will be limited to a length of 12 months; and

only one contract will be allowed to be in force for the same service at the same time and consumers will have 10 days instead of four to cancel their agreements.

Bill No. 64 contains aspects relating to:

better protection for both the victims of unfair business practices and for business people;

provide means of preventing deceptive practices from occurring and of remedying consumers losses resulting from these practices;

protect legitimate businesses from competitors who use deceptive practices to compete unfairly;

by giving the Consumers Bureau broader powers to stop unfair activities; and

by enabling the courts to impose hefty fines and prison terms where warranted by the severity of the act.

Before we proceed with today's presenters, I have found it necessary to reiterate the contents of both Bills in order for this committee to continue in an orderly and expedient manner.

I would also like to point out at this time that it is within my discretion to interrupt a Member whose remarks or questions are not relevant to the matter before this committee. May I also remind all Honourable Members that discussions of proposed amendments that have not been properly introduced will be out of order.

Today we will only be hearing from public presenters, and proposed amendments will be considered during clause-by-clause consideration of the respective Bills.

When we last met, a number of matters were discussed that were essentially out of order. This discussion does not create a precedent according to the preface in Beauchesne's 6th Edition. It states that just because something may turn up in the record of

this Chamber does not, of course, mean that it creates a precedent.

I have before me a list of presenters, and I would like to read them out. Mr. Storie, on a point of order.

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**Mr. Jerry Storie (Flin Flon):** Mr. Chairperson, I think we want to get into this fairly quickly because this is an obvious attempt, at least from our view in the New Democratic Party, to limit, stifle debate. In fact, we are quite unique in Legislatures across the country in giving the public an opportunity to present their views on legislation that we are dealing with.

One of the obligations of Opposition Members, and Government Members incidentally, is to listen to the concerns of the public with respect to amendments. We are dealing with very important legislation, dealing with consumer protection and business practices in the Province of Manitoba. I think everyone around this table, I hope, Mr. Chairperson, including you, understands that when these Acts are opened up, people from the public—not legislators, not people who deal with this on a regular basis—bring forward concerns, and those are discussed.

\* (1010)

They are discussed with Opposition Critics, they are discussed hopefully with Government Members, and they are discussed with the Ministers. Our job around this committee is to mold, to make the best possible legislation for the Province of Manitoba.

If now, because this Government wants to limit the debate, to limit the amendment, the improvements of this legislation, you are going to stop people from making presentations, from making comments, to suggesting amendments, then you are going to have a fight on your hands.

I have sat in this committee, and committees like this, for eight years, and it has never been the practice of the Chair to limit, to try to intimidate people who want to speak their mind about a particular topic. If this Chair is indicating by his opening remarks that he is going to attempt to limit what people have to say, or what they want to comment on, either on The Business Practices Act—

**Mr. Chairman:** Mr. Storie, please get to your point of order because so far it is not a point of order.

**Mr. Storie:** Mr. Chairperson, it is a point of order. In my opinion, you are attempting to intimidate the witnesses who are going to appear before this committee, and I do not want that to happen.

**Mr. Chairman:** Mr. Storie, absolutely not. That is not the case. What I have stated—

**Mr. Storie:** Then there is no need for those remarks, Mr. Chairman. Let the people make their presentation and make their comments as they see fit. This is their legislation, not yours.

**Mr. Chairman:** Mr. Storie, first of all, this is not a point of order, what you raised. These presenters that are on this list will all have an opportunity to make their presentation like I indicated. It is the committee that has a right to question the presenter at the time for clarification, and actually not to get into debate, but for clarification of their presentation. That is basically in summary, I think, what I read out to you at this point in time.

**Mr. Storie:** Then I misinterpret your ruling. You are not telling people that they cannot discuss, suggest alternative amendments, additional amendments that they would like this committee to consider. That is going to be completely within the rulings that you are going to make. Is that fair?

**Mr. Chairman:** Mr. Storie, it is not a ruling, it is a statement. The committee is here to hear the presenters on whatever they have to present, after which committee Members can question them to clarify their presentation.

**An Honourable Member:** Then what was the purpose of your statement?

**Mr. Chairman:** If I may clarify for the committee, in order to have an orderly committee meeting in an expedient manner, we must have certain guidelines from which to follow, either committee rules, which I was basically outlining here before we started this presentation this morning. Mr. Storie, I think if all Members in the committee will adhere to those, we will have no problems hearing all our presenters here this morning. Mr. Ducharme.

\* (1015)

**Hon. Gerald Ducharme (Minister of Urban Affairs):** I think the reason for the statement was that we did have people at our last meeting that came forward. There would be a debate going on between the two individuals, and sometimes the individuals—and even the people making the presentation, to be fair to them. We are not saying they should not allow us to give this information, but they did not understand what the suggestion was or what the amendment was. People were very, very taken by it; they were very surprised that things were being discussed. So I think that is the clarification.

No one is saying that people cannot come forward. Anybody who has been in Government, and all of us have been in Government for a long time, either at school board level or city level, or whatever, to not allow people to discuss. It is when people are badgered on an amendment, they do not know what they are being badgered about, because they do not have it in front of them. I think that is the reason.

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**Mr. Chairman:** Thank you, Mr. Ducharme. We have quite a few presenters before us. I think the sooner we get on with it, I think we could—okay, Mr. Maloway.

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**Mr. Jim Maloway (Elmwood):** Mr. Chairman, the Minister drew me into this one, I guess. I must comment. We are not in a dictatorship yet, and it is very clear to me that people who come before this committee should be given the respect of us as Members here to hear their comments. They are simply here to indicate problems they have had and to recommend changes to the Act. There is nothing wrong with that. That is consistent with past practice in this Legislature over years and over Governments of various stripes. So I recommend we proceed and hear them.

**Hon. Edward Connery (Minister of Co-operative, Consumer and Corporate Affairs):** The comment, the Member from Elmwood (Mr. Maloway), that I drew him in. I do not know where he comes about with that sort of a statement—

**An Honourable Member:** No, no, Ducharme—not you.

**Mr. Connery:** Well, then you should identify who you are talking about. We are prepared, and as I said on Tuesday night, I am prepared to stay as late, all night if we had to, to listen to every presenter. The problems that have arisen are not with the presenters, but are with yourself—is the problem and the Members of your Party. That is where the problem has been.

**Mr. Chairman:** As Chairman of this committee, I think it is time that we get to these presenters. They have come here this morning, and I think we are here to hear their presentation. At this point in time, I would like to read out all the presenters that are before us, hopefully, here today.

Mr. and Mrs. Jan Kaczmariski and Miss Lynn Martin will not appear.

Ms. Olga Foltz, Mrs. Mavis Bleasdale, Mr. Maurice Paul, Ms. Alice Balsillie, Mr. Maury Bay, Mrs. Heather Lamontagne, Mr. Ken Clark, Mr. Rick Wieler, Ms. Patricia Morrison -(interjection)- okay, will not, very good. Mr. Paul Gustavson, Mr. Buddy Brownstone and Mr. Dave King—that is part of the Winnipeg Chamber of Commerce—Mr. T.S. Durham. That is in respect to Bills Nos. 63 and 64.

Also for Bill 83, if we are going to get that far this morning, Mr. Chris Kaufmann, Mr. Manson I. Coles, Mr. Bob Shaw. That is in respect to Bill No. 63—oh, and Mr. David Brant. The last two I mentioned—there is a footnote attached to that—they will not be able to appear today. So that is the order that we will then follow. Unless any one of the presenters has any preference at this point in time, please indicate at this time.

\* (1020)

**Mr. Manson I. Coles (Private Citizen):** I am a Manitoba citizen; I came here as a private citizen. I would like to speak on energy, the pollution factor. I was hoping that Mr. Kaufmann would be here, and I could follow up on what he had to say on pollution.

**Mr. Chairman:** Mr. Coles, that is on Bill 83, and I am sure we will not get to that point this morning.

**Mr. Coles:** You will not get that far?

**Mr. Chairman:** Well, we do not know, but, as I did indicate, I read out about 10 or 12 names, presenters before you. After that, if time permits, we would allow you to make your presentation.

**Mr. Coles:** Mr. Kaufmann and I will have to wait until the last. Is that right?

**Mr. Chairman:** That is how you are recorded on this list. There was one more hand that was raised. Mrs. Lamontagne?

**Mrs. Heather Lamontagne (Private Citizen):** I was prepared to present this morning, but I understand that my concern has been considered. I would just like to reconfirm that I was speaking to Mr. Connery earlier, and I understand the situation that I wanted to address was—

**Mr. Chairman:** Please identify yourself. It will just be a few minutes. I would allow you at this point in time to address the Minister and committee on this. Mrs. Lamontagne.

**Mrs. Lamontagne:** My name is Heather Lamontagne and I operate a residential home cleaning service in the city. I have had a number of difficulties. I was presenting this morning based on the proposed changes to the amendment in that I was led to believe that the section of the legislation dealing with the deletion of any service of a domestic nature—I understand now that that has been looked at. For the moment that section is going to remain as is.

**Mr. Connery:** Mrs. Lamontagne, we are not sure. With Mr. Patterson, we have discussed this particular one, and we thought we had a resolution to it. We are not sure from legal counsel what can be done or will be done, so I think it would still be wise for you to make your presentation if you do not mind so other members of the committee hear it. In all fairness I think it should be done.

**Mr. Chairman:** Thank you. Then we will call on Mr. Jan Kaczmariski. Oh, I am sorry. Before I ask you to start with your presentation, I have another note that I would like to read out to you. I believe we have your written presentations, and you have a number of photographs that will be circulated for the committee members. So, if you identify yourself with your name and if you have anything to present that you could circulate to the members, please do so before you start your presentation.

\* (1025)

**Mrs. Glennis Kaczmariski (Private Citizen):** I am Glennis Kaczmariski, my husband could not appear this morning. I believe the papers have all been passed out and she has the photos up front.

**Mr. Chairman:** Very good, thank you. We will circulate them while you are making your presentation.

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**Mrs. Kaczmariski:** I would like to speak addressing the proposed Bill 63, the lemon law. This Bill will protect the consumer and the dealer because the dealer is in fact a consumer from the big factories. If a customer returns a lemon to a dealer, the dealer should return it to the factory. The law should cover that the lemon could not be resold to some unsuspecting person in the public, with the exception of maybe a movie studio or the Army to blow them up.

A person's reputation and their lives and their credit can all be ruined by these lemons. If the common person goes and borrows money to buy a vehicle like this and has to put unreasonable amount of repairs into the vehicle, they cannot afford it, they cannot make their payments, and then their credit line is ruined. A dealership's reputation is also ruined if they are not able to handle this situation in a reasonable manner.

If the law would say that these dealers could return these back to the factories and these factories would be made to take a little more pride in their work and not put out more than they can actually put out properly, the customers would not have to get angry with the dealerships, the dealerships would not have to lose customers because of their not being able to deal with them. They do not only lose the customer that has the lemon, they lose the customer's friends too. If the customer ends up going to the public with their complaints, they could lose more than that and that could be a big effect on any business.

We have always been faithful GM customers for the last 20 years. We have only purchased five new vehicles in that time and quite a few used ones. After this we will never ever buy another vehicle from Penner Chev or Brookdale Pontiac in Steinbach, and after what we have gone through, neither will our friends.

Our vehicle cost us \$20,000 on June 22, 1987. This vehicle had quite a few repairs, as you can see in the bills that I have presented to you, prior to September 26, 1989, but on September 26, 1989, Brookdale took our vehicle in to work on it, it took them 80 days, \$11,000, and we still have an estimate from an impartial company of almost \$4,000 to put the vehicle on the road again. People should have something standing behind them to protect them from companies like that.

There was an article that came out in the paper where Brookdale said that they had helped us finance the motor work that was done. I guess this was just to make them look good, because we paid for the motor work. It was never financed.

This law should also cover the service that people do for people. Where it said in your paper that I read the other day, it said that you were talking mostly about warranty work. Our vehicle unfortunately is not covered by warranty. The mileage was gone already. Within two years we had put on enough mileage that there was no warranty, but we have to rebuild the truck that GM sold to us. There is something wrong when companies can put out a vehicle like that and you have nothing to come back on them with.

Another thing they were mentioning the other day too, was that there should be stickers put on vehicles

saying how much the recommended sale value is of these vehicles. While we were going through all of this, we checked out the price of a vehicle in Winnipeg, and the exact vehicle minus air conditioning in Steinbach was \$4,000 more than the Winnipeg price. I guess it looks good to Steinbach if they can knock off \$4,000 to an unsuspecting buyer when they could have bought it in Winnipeg for the same price.

\* (1030)

**Mr. Chairman:** That is your presentation? Any questions?

**Mr. Maloway:** I do not have all of the details of your problem, but could you give us a little more detail as to how this came about? You have just told us in general detail as to when you bought the vehicle and the amount of repairs you put in, but exactly how did the thing transpire?

**Mrs. Kaczmariski:** I will pull out my bills. On August 7, 1987, we took our truck back to Penner's for some minor work; it was nothing serious. On August 19, 1987, they had to do some more work on the vehicle. Just a minute, I missed a paper here. I believe it was the ninth month the rear end fell out from under our truck, and that was replaced on warranty so we did not make a big fuss about it.

On November 5, 1987, they had to do more warranty work on the truck. December 1988 we took the truck in to Penner's and we said, look we are having problems with the four-wheel drive, there is something drastically wrong here. They said it needs de-iced, it needs cleaned, it needs oiled. We took it back three different times to them. After the warranty was gone we took it back again, and they said, I am sorry but your four-wheel drive system has to be replaced. That they managed to get in on a warranty, but we had to pay the deductible, after we had paid for all the other things they had done to it.

On August 2, 1989, I was driving home from Winnipeg and my clutch fell apart just as I reached Canadian Tire in Steinbach, so the vehicle's clutch was repaired there. They did not do something right, so I took it back, and they did not charge us for anything extra on that one. Then Brookdale got a hold of the vehicle.

On September 26, '89, the rear axle seized and the tire fell off on the highway, the whole wheel fell off actually, and I had an accident. So that was fixed for \$1,400 from Autopac.

On October 2, we took the vehicle in and asked Brookdale to please take care of our starting problem that we had with this truck and to check why we were having a revving problem all the time with it. So they put \$493 worth of repairs on it at that time. We took it back in again because they still had not corrected it. That time they put on \$74 worth of repairs.

On November 6, the motor completely went on us, and we asked Brookdale to give us an estimate of what the motor job would be. I am not a mechanic or anything, but they told us that a short block to this

truck would cost us \$3,300, plus \$1,000 labour. We asked what a complete motor, which they call a long block, would be, and they said \$4,500, with \$500 labour. So we said we wanted the complete motor. We did not want the short block. Brookdale chose to put in the short block without our permission—so we never signed that bill, as you can see, if it is in front of you—charging us \$5,183.76.

On the 11th day of December, '89, the rear end that they had worked on back in September completely disintegrated on us. For that job, they have charged us \$2,827.47.

All of the bills up to the rear end's last job have been paid by us. It was not financed, except for GM did go half on the motor job after one month of calling them and begging them to do it. Autopac paid the first bill on the rear end. Now we have an estimate from another company, because since Brookdale did this work, we have not been able to use this vehicle. Shaw Motors here in Winnipeg have told us that it will cost \$3,578.14 just to start the truck. They have not even been able to start it to open up the motor to see what further damage there is.

I do not think anybody should have to go through this. It took them 80 days to do the repairs at Brookdale, which to me is outrageous, and we still cannot use the vehicle. We are not millionaires. We cannot afford that kind of money.

**Mr. Chairman:** Any more questions to the presenter?  
**Mr. Maloway:**

**Mr. Maloway:** Thank you, Mr. Chairman. To the presenter, what has the attitude of the dealership been in this case and how do they explain this history of the vehicle? Do they describe it as natural wear and tear or do they consider this thing to be a little more serious than that?

**Mrs. Kaczmariski:** They tried to tell us that the rear end falling apart was natural wear and tear. It was not their mistake. Mr. Friesen, himself, I went to talk to him because I said, I think having our vehicle for 80 days when we use this vehicle to make an income with, we lost \$100 a day for every day that they had this vehicle because we could not haul firewood with it. He said, oh, I believe it and just had a funny look on his face and walked away. He would not even talk to me. I sent them a copy of the letter that I have presented in front of you. They have not bothered calling me.

A neighbour of mine called and talked to him yesterday, and they said, oh, we have called them many times and begged them to bring this vehicle back in. Well, it already shows we have brought it back in several times, and we have gotten nowhere with it except a lot of heartache.

**Mr. Maloway:** Mr. Chairman, under the amendment that we intend to introduce at committee stage, the dealer would have four attempts to repair the vehicle, the non-conformity. If they could not do that within four attempts, or if it was more than 20 days in the garage, the manufacturer would have to either provide you with

a new vehicle or have your money refunded. Would you have been satisfied if that had been the case?

**Mrs. Kaczmariski:** If that had been the case, we would not have made a big fuss about it. But we cannot afford to just let thousands of dollars out the window like that.

**Mr. Maloway:** Mr. Chairman, so you would agree then that such an amendment would be necessary, in your opinion, to this Act?

**Mrs. Kaczmariski:** Yes, I would agree that they need that type of an amendment, but it needs to cover more than just the first year where you are covered by warranty. This vehicle is only two years—at the time it went into Brookdale, it was a little over two years old. If it had been covered by warranty, we would have still had some kind of room to fight these people. But with no warranty, we do not have anything except a big heartache.

**Mr. Connery:** Mrs. Kaczmariski, you said on the last person, it was going to be \$3,000 to start the vehicle?

**Mrs. Kaczmariski:** Thirty-five hundred, yes. It is on Shaw's estimate in front of you. That is just to get the vehicle started so that they can find out what further damage is in the motor.

**Mr. Connery:** Have you—and I am trying to remember, I had one person write a letter to me about a car dealership in Steinbach. Was that yourself?

**Mrs. Kaczmariski:** It could have been. I have written a lot of them.

**Mr. Connery:** Have you contacted the Consumers Bureau on this matter?

**Mrs. Kaczmariski:** Yes, I have. I have also written.

**Mr. Connery:** What was the response there?

**Mrs. Kaczmariski:** They have not answered me yet.

**Mr. Connery:** How long ago was that?

**Mrs. Kaczmariski:** It has been the last week that I wrote to the Consumers Bureau, so it will take a while.

**Mr. Connery:** Oh, it was just last week. Okay, because the Consumers Bureau, its mediation process has a lot of success in working with consumers like yourself. There is no question that when a person gets a bad vehicle—and in my case I have had a lot of vehicles over the years and every once in a while we do have a problem vehicle—then it is very discouraging and frustrating getting it repaired. I have a lot of sympathy with your concerns.

We will look forward whether the bureau can help you. I guess my suggestion to the consumer is that the Consumers Bureau is there to help mediate some of these problems. If people would contact them early on,

we might have been able to have helped you resolve this problem.

**Mrs. Kaczmariski:** We had no idea, when we took this vehicle to Brookdale, that it was going to snowball like this.

**Mr. Storie:** I suppose everyone would like to think that this is an isolated incident. I gather that in the last several months, years—I am not sure when you first purchased the vehicle—you have had a chance to talk to other people. In your opinion, is this kind of legislation necessary? Is this just an unfortunate incident, something that has put you and your family through hell, or is it something that is a serious problem for a significant minority of people?

\* (1040)

**Mrs. Kaczmariski:** We have a few friends who have bought new vehicles and have had nothing but a nightmare with them, have turned around after a year or two fighting with the companies about them and traded the vehicle off onto some poor unsuspecting sucker just to get rid of their headache and taking a heck of a loss on it. But in our case, we still owe \$6,000 on this vehicle. We cannot even trade it off.

**Mr. Storie:** One other question. When you go to other dealerships, when you go to Shaw, are they sympathetic to your concern? Do they understand how this has happened? What is their response when you give them some of the history of this vehicle?

**Mrs. Kaczmariski:** This morning when I spoke with them, they said, why did I not take it back to Brookdale for Brookdale to correct their mistake? I said I thought we had taken it to Brookdale long enough, and that they evidently do not know what they are doing or they would not be making this kind of mistake with the truck. They said they could not believe that they have done such a terrible job on it.

**Mr. Storie:** What has the manufacturer said to you?

**Mrs. Kaczmariski:** In November when the motor was worked on and I called the head office, they said, talk to your zoning officer. I made several calls to the zoning officer. I was told he was out to lunch, he was out for coffee, he had gone on holidays. For 30 days this went on until I finally just gave up.

**Mr. Storie:** I gather you think this amendment might wake them up.

**Mrs. Kaczmariski:** I think it might, yes.

**Mr. Maloway:** To the presenter, we heard a moment ago that the Minister suggested the Consumers Bureau, and I agree with him that is the mediation process that has been in place since 1969 and it has worked well in a lot of cases. Obviously, it did not work all that well in other cases. We had Mr. Lutz before the committee the other day telling a similar horror story, and we had another man who is not able to get here yet, but may

be able to be here on Tuesday evening, and there are many more.

You should know that in the United States 45 states out of the 50 states have lemon laws, and the amendment that we are introducing is patterned on the Florida law which was passed only 12 months ago, which is the toughest law in the United States.

We feel that we want to go with the toughest law available, but obviously just by the sheer fact that 45 states out of 50 have taken such action points to the fact that there surely is a problem. It is just that some people have recognized it a little quicker than others. Those 45 states have been more, I believe, on the ball in this particular type of legislation. In Canada only Ontario has a process that is even similar to this, if you can call it a lemon law. In fact, the Minister of Housing (Mr. Ducharme) recognized this as a problem when he was in Opposition four years ago, because as Critic of Consumer and Corporate Affairs at the time, he said, on behalf of the Conservative Party, that when they came into Government they would bring this in. He said—

**Mr. Chairman:** I will have to call you, Mr. Maloway, on that because we are here to hear presenters and question the clarity of the presenters. We will have to stick to that; otherwise, we will not be able to do justice to the other presenters who are here this morning

**Mr. Connery:** Just a clarification that the Member for Elmwood (Mr. Maloway) made, that there were other instances, inferring that the Consumers Bureau had not been successful. In Mr. Lutz's case they also had not gone to the Consumers Bureau. Just as a matter of clarification that was not the case. They had not failed him.

**Mrs. Kaczmariski:** I did call them back in November and they told me that they would try, but after warranty they did not know whether they really could do anything.

**Mr. Storie:** The Minister is implying that the Consumers Bureau is going to apply some legal clout, is going to provide some protection in these kinds of specific circumstances, and that is very much in doubt, whereas the amendment that is being proposed will make the obligation of the manufacturers very clear and specific. Let us not confuse the two issues. The Consumers Bureau is quite effective in using moral suasion and so forth, but in terms of the actual legislative authority it is somewhat narrow than what this amendment proposes.

**Mrs. Kaczmariski:** One other point I should bring out too is that when they did the second job on the rear end falling apart on the truck, we were charged \$2,800 plus, and we were also told by another company that we could have had that complete rear end put in that truck for \$1,500.00. There should be something put in there to protect people from being overcharged also.

**Mr. Chairman:** Thank you very much. Are there any more questions from the committee? If not, I would like to thank you for making your presentation. We will go to the next presenter. Miss Olga Foltz.

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**Ms. Olga Foltz (Private Citizen):** My name is Olga Foltz. I am representing a lot of people on welfare. I have been actively involved for many years with different groups on quite a few different issues for over 20 years in Manitoba and across Canada.

I myself was on welfare nine years with six children. In the early '70s our cheques used to arrive on the second or third or maybe the fourth of the month, and that created a lot of problems, which would take too long to discuss right now, because that is not the issue. We brought our problems at that time to the provincial Government's attention and they made the changes and gave us two banking days to cash our welfare cheques. At that time, most of the banks co-operated with us because at that time they were very community minded. They did not even ask us if we had a driver's licence.

Now, provincial welfare is mailing out the cheques on the 26th of each month; therefore, it gives the welfare recipient an opportunity and the time to go to a bank to cash their cheque.

However, slowly since the '70s the banks started to change their policies and they created more and more difficulty to cash welfare cheques, Government cheques. Each district bank has mixed-up policies and we find it very confusing. Some branches say they would have to hold your cheque for 10 days for clearance.

Some welfare recipients will complain when they did open a chequing account and would only leave \$5 in the bank, all of a sudden when they go to cash their cheque, their account is closed and they will not cash their cheque, and without prior notice.

Some complaints were, if you have no account, then we will not cash your cheque, even with identification, even with a driver's licence, if you do not have an account, they will not cash it. If you do want to open an account while you are on welfare the banks would say, then you will have to leave the cheque here five days. You have some saying 10 days, some saying five days for clearance.

To us it seems like a Government cheque is no good to cash, but what happens, why do you think so many people are going to the money marts? I will go into more of that later. Some welfare recipients claim that they have no problem, some started accounts before they were on welfare and they just continued. In fact, one welfare recipient says, I have no problem at all, I have been cashing my cheques at the bank for a few years now, and she has only left \$2.50 in the bank. She was advised that they know her, they have a copy of her signature, no problem.

We have one mother that with ID, except for a driver's licence, she tried to cash her child tax credit. With two children it is quite high. She was refused. Why? Because she did not have her own bank account, but her husband had a bank account with that bank, and neither one of them were on welfare.

I must say because of my community involvement, and I travel across Canada, and I only had an account with a credit union, so approximately 10 years ago when I started doing this travelling, I decided that I

would go to the bank and start with a savings account and a chequing account, because you can cash a cheque across Canada with different banks. I applied for a banking card and I received that as well, so I could deposit money or take money out when I needed for emergencies only. Was I ever fooled, when in Vancouver I tried to cash a cheque for \$200 and I was refused. I had all the identification they asked for; my driver's licence—and on the driver's licence it states how many years you have been driving. I own a car, so my vehicle registration I had with me as well. At that time I owned a Monarch Mercury. I had my Plus Motor League Club, the CAA Club card. It also states on there how many years I have been a member, I would say since 1977. I had my social insurance, hospitalization card, I can go on an on, and also the different members (sic) that I am a member of, or board member of.

\* (1050)

I asked them to call Winnipeg, and I said to them, I will pay for the call, because all I want is \$200.00. They did phone and it was acknowledged that I had in my savings account over \$400, in my chequing account over \$400. It was a total of over \$900, and all I wanted to do was cash a cheque for \$200.00. I am not naming the bank because, like I said previously, this particular bank is a very well-known bank, but the policies I am finding, differ from one branch to the other.

The reason I got for not being able to cash this \$200 cheque was because my account was not active for about two years. Again, I never got a notice from them, and I have not moved out of Winnipeg. So you know what I did when I got back to Winnipeg. I went directly to the credit union and got them to transfer the money back to their account.

So what I am trying to bring across is the small example of the different confusions that the different banks have different policies, individual decisions people make. But some welfare recipients can go to the Safeway, or to Superstores, and I checked it out. Mind you we made the changes years ago because there was problems with welfare cheques at that time. If they buy their groceries there they can get a card and they can cash their cheques there as long as they buy groceries. They are not harassed or put down because of that.

But quite a few low-income earners and welfare recipients go to Money Marts because they will cash any cheque. What I did try when I was in Ottawa—we were making surveys, we do this a lot, the different anti-poverty groups—I went with travellers' cheques because after the incident I had at the bank I would not do that anymore. I would use travellers' cheques from now on. I asked them if they would cash my travellers' cheques, and they said, sure, no problem. I said, is there a charge? They said, yes, 6 percent. I said, you are crazy. I can go to a corner store and get it cashed for nothing. But they are in their business to charge 6 percent, legally they can for the service.

Money Marts right across Canada—and you will notice that there are more and more being opened up,

even since we have had a bad incident with one here in Winnipeg. They are mostly situated, if you look, where more low-wage earners are living, in the core areas or where welfare recipient people live.

When I was on the Board of Directors of the National Anti-Poverty Organization, each province at that time was making surveys. We went around asking different people about their cheques they had cashed at the Money Marts to find out whether they were really charging 6 percent. Lo and behold, what happened was that the Money Mart here in Winnipeg was charging 15 percent for welfare cheques that were post-dated. The reason the cheques were out earlier was that it was around Christmastime. So there would be no delay for people to cash their cheques in January, they got postdated cheques earlier. Some of them went to Money Marts. Mother is thinking well now they have a little more money for Christmas.

When this issue was brought to the attention of the public and to the media, the Money Marts said they would return that 9 percent to the ones who had their postdated cheques cashed. It sounded very good that they would do that. However, a single mother came to me, she tried to get that 9 percent back, and she was refused. They claimed that the only way they would do it was if she went back to the provincial welfare—she is on student social allowance, that is what I have in brackets SSA—and if they would give her a copy of the cancelled cheque then they would consider to give her the money back.

Somebody sent her down to see me when I was with the Manitoba Anti-Poverty Organization. I phoned the Money Mart. They claim they had no record of her. The mother advised me at that time that she had cashed not only this welfare cheque, other welfare cheques and some of her family allowance cheques, because when she was coming from school they were open, and they would cash her cheque. She did not want to leave her children any longer, and when she came home from school she wanted to pick up her groceries and go home and stay with the children. So that is why she went to the Money Marts, because banks are closed and this is her reason.

When I told them that, they again asked me to hold the line. They said well we have a record of her cashing other cheques, but not the one we are discussing. I said you mean to tell me that you are going to keep a record of her family allowance cheques that you have cashed and her other welfare cheques that you cashed, but you are not keeping this particular one? They said, no, we do not have it.

I said well I am going to tell you something, I am with the Manitoba Anti-Poverty Organization, and we do try to protect people from being exploited. You did make a statement in the press that you would reimburse the people who came back. She put me on hold again and said just a minute. She came back and said—because I said I was going to come down there with the client—if you come down immediately, we will have the cheque ready for her, and we will give her the difference, and we did.

So we know that this is a great profit. It has to be, because they are opening up in different places over

and over again. We are sick and tired of companies riding on the backs of the poor, especially when you are talking about cashing Government cheques. More and more Money Marts are being opened, and they are in the districts if you look around.

When I heard that Mr. Maloway is proposing changes in the Government cashing cheques, I was really happy to see that it was being picked up again. I could not resist the opportunity to come and speak on this issue. I will wait for the results of the changes, and as a member of the National Anti-Poverty Organization, believe me, I will phone them as soon as I hear the good news. Therefore, please make the changes, because you have the power to do so. Why not be the leaders of good common sense to see it is time for protecting Government cheques? Thank you.

**Mr. Chairman:** Thank you Ms. Foltz. Questions?

**Mr. Maloway:** Thank you, Mr. Chairman, to Ms. Foltz. Are you aware that the draft amendment that we have towards this Bill has actually been in law in Quebec now for about 10 years, that is the elimination of a charge on all Government cheques be it federal, provincial, and municipal?

**Ms. Foltz:** No, I was not aware when I first started, but I had heard some rumours about that.

**Mr. Maloway:** I have a further question for clarification Ms. Foltz. Could you tell us what percentage of welfare recipients do not have bank accounts, because there seems to be a real problem with the banks not living up to their social responsibility in providing for people who are disadvantaged in that fashion?

**Ms. Foltz:** I am sorry, I do not have those statistics, because at the Manitoba Anti-Poverty Organization that I worked for for over nine years, we have never gotten involved with statistics. We were too busy, advocacy.

\* (1100)

**Mr. Maloway:** Mr. Chairman, it seems to me that, if the banks were to be a little more lenient in allowing people to establish accounts, do you not agree that there would be less of a need for businesses such as Money Mart to be established. In other words, I am just wondering how it is that Money Mart found a niche in the market. It must be because the banks are not living up to their responsibilities and putting too many obstacles in the roadway for people to have accounts.

**Ms. Foltz:** I agree with you because for the simple reason I am not only talking about people on welfare that are having trouble cashing their cheques. Many people are talking, not only welfare recipients, people with even more money in the bank are having problems with the banks closing because they are not using their account, keeping it active, or it happens that they are starting to charge too much if you do not use it. That is a new one that has come up. If you do not use a bank account for a month or two they will charge you so much a month. I have heard of non-profit

organizations or small community groups that have put some money in the bank and did not touch it for about six months and wound up finding out that they were charged \$11 a month for not using that account. There is a variety, I could go on and on about different variety of problems that people are having with the banks and then we are saying that the bank is supposed to be there for cashing cheques and they are not.

**Mr. Maloway:** What do you think will be the reaction among the people if we pass this amendment outlining a charge on all Government cheques. What will be the effect in the community on this?

**Ms. Foltz:** I will tell you that you are going to have a lot of people applauding the Government by doing that, not only people on welfare, you are also going to have people who are not on welfare applauding you because of having the problems cashing cheques.

**Mr. Maloway:** What about the argument that some small stores are going to lose revenue because now they will not be able to collect money on cashing cheques? We have had instances where I believe it was a credit union in the north was collecting fees for cashing cheques. In the rural areas a lot of small stores charge, incidentally where the people are spending their cheque there anyway to buy the goods, but nevertheless they do make that 5 percent or whatever the charge to cash the cheque. What do you think the effect will be on those stores and also other businesses in Winnipeg who charge for cashing cheques?

**Ms. Foltz:** If you are talking about rural areas, they will not have any problem if they cash their cheques because they should not have to charge for cashing, but if they are going to buy their groceries there anyway, so what? So they are going to still continue to go to the store. So that company will not lose it, but when you are talking in the city that is a different story. It is only the Money Marts that are making the money.

**Mr. Maloway:** Mr. Chairman, to Ms. Foltz, then you would agree that this measure is in fact not going to be detrimental to Manitoba business and drive jobs out of the country and drive this economy into any more rack and ruin than it is already.

**Ms. Foltz:** No, I certainly do not think that this is going to drive business out of the city.

**Mr. Mark Minenko (Seven Oaks):** Mr. Chairman, how long has this particular problem existed?

**Ms. Foltz:** I would say at least 10 years.

**Mr. Minenko:** So this is for 10 years then. When the initial issue with respect to the charging by banks for various services came to the fore, were there any discussions with representatives of the banks or individual banks as to exactly the problem you have brought to us today?

**Ms. Foltz:** When I said that when we made the survey with the National Anti-Poverty Organization, that we

were complaining about the banks at that time publicly, the Executive Director of the National Anti-Poverty Organization, who is in Ottawa, had a visit from the president of the bank, stating that he would try to look into it to make it less. At that time there were some provinces in the banks putting signs up, this is the line you go to cash your welfare cheque. We got that down. So the president at that time promised to see what he could do to make it easier.

Now, like I am saying, here in Winnipeg there are some banks that are allowing people to cash their welfare cheques, but some are not. So this problem has been fluctuating for the last 10 years. It has been coming up and going down, and coming up and going down. The Money Marts have been growing larger. We do not have one anymore; we have three or four now.

**Mr. Minenko:** So here in Manitoba the organization that you had been involved in before, yourself personally, has never really spoken to the banks here in town and said, listen guys and gals, this is a problem here. Let us work on it together so we do not restrict the ability of people who receive Government cheques and cash them. So you have never communicated here at the local level then.

**Ms. Foltz:** I myself have not done communicating directly with the bank, but I know there has been a bank manager from the Royal Bank who has been trying very much to try to settle some of the problems. You must remember, each individual bank manager has his own policy, his or hers. So that is hard to control. I did not talk to the president, no, here in Winnipeg.

**Mr. Minenko:** So you mentioned earlier that there are some banks in town that in fact do provide this service without any charge?

**Ms. Foltz:** Yes.

**Mr. Minenko:** Okay now, I am just getting a little confused here then. It also seems you said that different banks, companies, allow each manager to set their own policies at the local branch level then. So if a policy, if it were to be a national or a provincial policy, applies to a particular bank, all of its branches do not necessarily have to follow that policy?

**Ms. Foltz:** I do not know what their policy is. All I am telling you is what happens to people in different areas. It is not necessarily different banks; it is different branches.

**Mr. Minenko:** So this problem is even within one bank?

**Ms. Foltz:** Yes, within.

**Mr. Minenko:** When did you become aware of Money Marts and similar type institutions coming onto the market or being available to people to cash their cheques?

**Ms. Foltz:** I would say for the past five years.

**Mr. Minenko:** So over the last five years, when you were involved in the organization that you were involved

in before and since, had any presentations been made with Money Mart or discussions with them at all?

**Ms. Foltz:** No, we have not.

**Mr. Connery:** Ms. Foltz, you say that this problem—I think that you answered the question earlier that this problem has been around for about 10 years.

**Ms. Foltz:** I am not too sure about the amount of time. All I am saying is that for the last 10 years, I would say, the problems started increasing with problems with people cashing their cheques in the welfare office.

**Mr. Connery:** I think your presentation is a very good presentation. I, as Minister in Government, I think all Members of this Legislature, are very concerned with those people who are on welfare and their problems with cheques and to ensure that as much of that money goes to them so that they can spend it on the things they require, so we are all very concerned about it.

Were there any presentations made to the provincial Government in the past number of years?

**Ms. Foltz:** I cannot really answer that because there have been so many issues that have been arising due to lack of staff, to try to do it and you are trying to do so many different volunteer things. Presentations, you know, are difficult to make.

**Mr. Connery:** I am not referring only to presentations as this one, which we appreciate and it does take some time to put it together, but has there been communication with the provincial Government or the federal Government as far as letters or meetings with the Governments to try to address this issue?

**Ms. Foltz:** I believe the National Anti-Poverty Organization has been contacting the federal Government and talking to them because the National Anti-Poverty Organization has two people per province being on the Board of Directors. So the National Anti-Poverty Organization has approached the federal Government on behalf of all the provinces.

**Mr. Connery:** But you do not know if our Government—I know since I have been the Minister our department has received no correspondence on the issue. Do you know if there has been correspondence earlier?

**Ms. Foltz:** Not through our organization, no, we have not approached your Government.

**Mr. Connery:** Thank you, Ms. Foltz, for your presentation. This issue has been discussed and I have discussed it with the Honourable Charlotte Oleson. There is a concern, of course, in resolving a problem. We do not want to create something that is more of a nightmare and so your concerns will be well addressed and the Government will try to bring about some resolution to ensure that those people on welfare are treated with all of the proper direction they should be.

**Mr. Darren Praznik (Lac du Bonnet):** Mr. Chairman, I understand that Mr. Maloway, the Member for Elmwood, will be presenting some sort of amendment at some stage during the committee. As a Member of this committee I wish that he had the courtesy to distribute it to us in advance so that we would have been able to deal with that amendment, or have a look at it as we are questioning Ms. Foltz. I would hope that he would have distributed it. It would have made our questioning much easier.

My question for Ms. Foltz, she talked quite a lot about welfare recipients in these cases, I am wondering in her experience, both personally and with the Manitoba Anti-Poverty Organization, if this is a problem that is also encountered with pensioners who receive their pension cheques and have difficulty cashing them at banks for the same reasons?

**Ms. Foltz:** I am not too sure about the pensioners and that is something that we were going to look into. The advantage that the pensioners can have is have their cheques sent directly to the bank. But the banks have been pretty lenient in helping seniors but I have not had complaints from seniors yet.

**Mr. Praznik:** The other question I have. You talked about convenience, in particular the example, Ms. Foltz, of the woman who was on social assistance for education and came home from school late and the banks were closed. Is that a major part of the reason, in your opinion, that the Money Marts and the discounters are doing so well, because of people not being able to go to banks, those institutions that do accommodate that cheque cashing are not open, do not have the hours, et cetera?

**Ms. Foltz:** No, I do not think that is the reason because a lot of banks have started to open on Saturdays and some of them are open later, so I do not believe it is because of the convenience of time. I think it is because of the convenience of having it so easy to cash their cheque, because they do get a card that they can cash their cheque across Canada, from the Money Marts.

**Mr. Praznik:** Ms. Foltz, one final question, have you found that the use of banking machines has eliminated this problem somewhat, or are those usually not used by the individuals that you are most concerned about. I ask that for purposes of information.

**Ms. Foltz:** Well, when you are talking about banking machines, to have a banking machine card, you have to have some money in the bank. So you have to have an account. But it depends on what bank or how much you can leave in the account. You must very well realize that, when a person is on assistance or if they are low wage earners, they are certainly not going to have any money at the bank at the end of the month. So they are going to have difficulty in using their chequing. So it is not the hours we are talking about, we are talking about cashing a cheque. That is the problem.

**Mr. Richard Kozak (Transcona):** Certainly all Members of the committee recognize Ms. Foltz's distinguished

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activity in this area over a number of years. She did mention for our information that the problem that she addresses today is one that she has been well acquainted with over a 10-year period. She mentions also that this has been the first occasion to her recollection on which this problem has been brought to the attention of the provincial Government. Just for clarification, may I, Mr. Chairman, ask Ms. Foltz whether this reflects a certain low priority attached to this concern, because it is frequently, in the case of priorities of organizations, an early priority for them to approach a level of Government, in this case the provincial Government which is the obvious regulatory jurisdiction. Why would not the province have been approached earlier if this is a high priority matter?

**Ms. Foltz:** I cannot say it is a priority. It just depends on what is going on at the time. But to be honest with you, I did not know I would have this opportunity to come to a committee like this. I did not know it is so open. It is not your fault or our fault, it is just because we did not know about it. I cannot say that we did not have the opportunity to visit our Minister, Charlotte Oleson, because there was no difficulty there. The things when we did go to see Charlotte Oleson on, the Minister, were other issues.

**Mr. Kozak:** I wonder if Ms. Foltz could suggest to us whether it is a routine activity of the organizations with which she is associated to write letters, for example, to responsible Cabinet Ministers regarding the concerns of the organization. Is that something that is done on a routine basis?

**Ms. Foltz:** No, it is not. We do it whenever we feel an issue comes up. We may do it and we may not.

**Mr. Kozak:** Thank you, Ms. Foltz. I believe you have addressed the questions relating to your organization's strategy to the full satisfaction of the committee.

**Mr. Storie:** I appreciate the questions of my colleague from Transcona, and obviously the reason Ms. Foltz and others are here to discuss amendments to this consumer protection Bill is because my colleague, the Member for Elmwood (Mr. Maloway) has had consultation with his constituents and others, inner city residents, who are concerned about this, and obviously as a Party we feel that this is an opportunity to deal with it.

The question to you, Ms. Foltz, is that in your brief, and I missed a few minutes of it, you may have mentioned some other kinds of Government's cheque besides welfare cheques or social assistance cheques that are not being cashed, or for which a fee is being charged by companies like Money Mart. Could you just give me some idea of what other cheques might be difficult to cash or a charge attached to them, from the provincial Government?

**Ms. Foltz:** What I was saying is that the Money Marts will charge you for cashing any cheque regardless of where it is from or whose it is. They will cash it at 6 percent. What I am trying to put across that people

on assistance and/or low-income wage earners have difficulty in opening bank accounts. Some of them do not own a car or drive a car. They have the difficulty in opening bank accounts or keeping enough money in their accounts to cash their cheques. Therefore they are forced to go to Money Marts, or if they live close enough to a Safeway or SuperValu, they will be able to cash their cheques there and get a card from the two stores. There may be others, but the two that I know of for sure will give them a card, and they can cash their cheques there as long as they buy groceries there.

**Mr. Storie:** Has your organization or have you done any thinking about what in total this charge for cashing, for example, social assistance cheques might cost social assistance recipients, a ballpark figure. What percentage of people are using that kind of service?

**Ms. Foltz:** I am sorry, I do not have that percentage of—to be honest with you, I do not even like to work on percentage because it means nothing to us. It may mean something to you to know statistics. All you have to do is look at how many Money Marts are there, and how many people are going there. You will know that there are a lot of people going there because they would not be in that business and the districts that they are in if they are not making money. We do not take statistics. I never have.

**Mr. Storie:** I did not anticipate that you would have the exact figures on hand, but what I am trying to get a handle on, there are two aspects to this amendment. Number one, clearly, is the question of whether it is legitimate to take money out of the hands of people that we as a society have decided to support for one reason or another whether it is an unemployment insurance cheque, a social assistance cheque or a tax credit. We have a whole gambit of support payments that are made, or transfers of income that are made to people on low income, fixed income or in difficult circumstances.

One of them is the question of whether we should allow others to take money out of the hands of those people. The other question is, what does that cost the treasury of the provincial Government and the federal Government? Is that fair? These are not questionable cheques. It is cash in hand.

What I was trying to get a handle on is what this is costing the treasury. If it is 50 percent of the people that are getting an assistance cheque are using this service, then it may be a considerable amount of money. If it is .05 percent, then it may not be as significant. From what you are telling me in the last couple of years you have seen an increase in the number of Money Marts and the people using that, that this is actually a very poor use of taxpayer's money, that we are actually throwing money away by having people, because of convenience or whatever, for other reasons, attach a charge to a cheque that should be cashed by virtually any business, certainly the large ones and certainly the banks without any problems.

**Ms. Foltz:** Like I said, we do not have statistics, but I look at the fact of how many Money Marts are being

opened. The thing is that they will take family allowance, they will take unemployment insurance, they will take any cheque you want, and I included, they will even turn around and charge you for cashing a traveler's cheque which is one of the simplest things to cash.

\* (1120)

**Mr. Storie:** Mr. Chairperson, I agree with Ms. Foltz entirely in talking about, you know, \$50 or \$60 on a \$1,000 cheque which is money out of the hands of the people that the Government intended to have that money. I gather that is a concern of yours. The other side of it is the concern that it is not a very good use of the taxpayers' money from the Government's point of view.

You said you did not have any statistics on that. Are there any other organizations in Winnipeg which have shared this kind of concern with your organization?

**Ms. Foltz:** There was a group called Community Income Tax Services that we were working on—I was on the committee as well—where people are selling their income tax. One of the banks was really trying to work with this organization to try to see what they could do to help them. This was on the income tax. They were working together with this group. The thing is that it fell apart because H&R Block was changing their system in you being able to sell your cheque to them. Then people were going directly to them, because with this Community Income Tax Service group it would take five days for them to get their cheque. If they went to H&R Block, they got it in two days.

Therefore, the organization was not doing income tax as much. They still would help you with processing your income tax, but you could not buy it from them any more, because the opportunity was failing. So it is a different story. But this group was very much concerned, and there are different groups that are concerned about it. But it is time consuming when it takes them away from what they are doing.

**Mr. Connery:** Ms. Foltz, you raised several issues with the cashing of cheques—the time, the day, a lot of other things. Should there be no charge at all for cashing a Government cheque? I guess maybe we should not say just Government cheques per se, but welfare cheques or cheques of a nature that are helping people in need, because the Government cheques include all of the Members around this table who get Government cheques. I do not think your concern is raising the issue with these people, but basically it is people on welfare or low income, whatever, who really require this money.

Is it your suggestion that credit unions and banks and all financial institutions would cash them at no charge at all, or are you saying the amount being charged is excessive?

**Ms. Foltz:** I am more concerned about the fact that the money marts are charging 6 percent or more, if they are not being lobbied or watched. I am concerned about the fact that Government cheques—the representatives here, you can afford to put enough

money in the bank and you would not have any trouble cashing your cheques. I really believe that they should not charge for cashing a Government cheque, because it would cost you more money to know whether you are on welfare, you are not on welfare, whatever, and this is just straight blanket. They should not charge for cashing Government cheques, including unemployment insurance, including the pensioners. There should not be a charge.

I you are 65 or you are over 60, some of the banks or credit unions do not charge you for even having a bank account. I have a bank account with a credit union. They do not charge me for writing cheques. If a credit union can do it, why can a bank not do it?

**Mr. Connery:** Yes, and I can see, Ms. Foltz, some banks doing it to attract business, but at the same time every institution or every business has a cost to it. There is staff, they have the facilities, the capital overhead, and your attempt is to ensure that welfare recipients or low-income earners get as much use of the money that they are getting from the Government. Should we extend that beyond just the cheque cashers, but the people who receive money from low-income families?

Let us say an Autopac person, should they get their administration costs for selling a dealer plate? There is a cost from the Government for the plate, but should the Autopac dealer then be selling it to those low-income families at a straight cost? There is a cost there, but because of the low income should we extend it beyond just the cashing? It is not the cashing of the cheque alone that we are dealing with; it is the best use we can make of Government money to help legitimately low-income earners.

**Ms. Foltz:** Right now, the only thing I can talk about is cashing the cheques. Looking into the other things is another story. I mean, it is another issue. Maybe you can go further, because of your expertise you can go further into looking into those other issues. I am really concerned about cashing Government cheques and putting a stop to companies that are charging to cash a Government cheque.

**Mr. Chairman:** Thank you. Mr. Praznik, you had one more question.

**Mr. Praznik:** Miss Foltz, there were some questions earlier about the length of time that this has been a problem, and for someone who, I think we all have seen a periphery of charges at banks and credit unions on the use of our accounts, et cetera. A very simple question, have you noticed in your own experience that this has been something that has been increasing say in the last few years as opposed to the last five or six? Is it a continuing growing problem that is getting worse every year, that is what I am asking?

**Ms. Foltz:** I feel it is getting worse every year.

**Mr. Praznik:** I tend to agree. Thanks, Mr. Chairman.

**Mr. Allan Patterson (Radisson):** Firstly, Mrs. Foltz, would you clear up some of my own ignorance on some

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of these matters? These social assistance cheques, is there anything on the cheque itself to indicate that it is a social assistance cheque, or are they just a standard City of Winnipeg or Province of Manitoba cheque?

**Ms. Foltz:** When you talk about provincial welfare cheques, it says the Province of Manitoba on it. It does not indicate that you are on welfare. That has been changed quite a few years ago.

**Mr. Patterson:** Similarly with any City of Winnipeg welfare cheques?

**Ms. Foltz:** City of Winnipeg welfare cheques do say the City of Winnipeg on them. The difference is that the cheques are generally made from the bank that is close to an office, when we are talking about the City of Winnipeg. The provincial welfare cheques are sent from the Treasury Department, and it says the Province of Manitoba on it. The people on city welfare sometimes get cash because they have the cash right in their office, especially at 705 Broadway. The people on city welfare do not have as much of a problem as the people on provincial welfare.

**Mr. Patterson:** Thank you. I would assume then that if they were a City of Winnipeg cheque issued for social assistance of any kind, it would just be a standard City of Winnipeg cheque. There would be nothing else on it to indicate—you will say welfare department, or whatever.

**Ms. Foltz:** No, there is nothing on it. It just says the City of Winnipeg and the Province of Manitoba.

**Mr. Patterson:** Again I have not looked at any of my Government cheques very closely other than for the amount. If I recall there is usually on them something to the effect that this cheque is cashable at par at any branch of any chartered bank in Canada, whether this applies to the provincial cheques or not I do not know.

At any rate, given that they are payable at par at any bank, and also given that there is no obligation on others to cash cheques, any merchant, store or individual who would accept a Government cheque would be providing a service to the individual in that that individual would not have to go to the bank, would you—some of the examples you have given of the Money Mart charges, I think most of us here would agree that 15 percent is amounting to usury. Would you or your organization agree that some more modest fee, say up to 6 percent, would be legitimate for some individual organization other than banks to charge for this service of cashing a cheque.

**Ms. Foltz:** I am sorry. I disagree. They legally can charge 6 percent now. They have a legal right to charge 6 percent now. What I am saying is they should eliminate that 6 percent entirely. No one should turn around and charge. There is a hotel on Main Street that charges, but people go to them and he charges and gives them cash. The man is making a fortune, but it is not done legally.

**Mr. Patterson:** I am thinking of the straight service of cashing the cheque, just as a service, as opposed to

cashing it when the individual is going to purchase some service or goods this store supplies.

**Ms. Foltz:** I still say there should be no charge for covering Government cheques.

**Mr. Kozak:** Ms. Foltz alerted us to a 6 percent maximum on cheque cashing under certain circumstances. I wonder if she could indicate to us whether that is by provincial regulation or federal regulation.

**Ms. Foltz:** To be honest with you, I am not sure if it is federal or provincial.

**Mr. Kozak:** As all Members of this committee know, we are operating under some disadvantage, shall we say, here, in that we are not certain of the details of the amendment that may eventually be put before us, and we are not entirely certain as to precisely what we are debating. Under the circumstances, my question to the Minister, for clarification, will be somewhat unfair.

Ms. Foltz is calling upon us to regulate the cashing of cheques within the province under certain selected circumstances. I know the Minister has, like me, not had the opportunity to see the amendment in question that will be proposed by the Member for Elmwood (Mr. Maloway), but I am aware, as are other committee Members, that the banking function within Canada in general is allocated by the Canada Act to the federal Government rather than to provincial Governments.

Now I know we are not speaking of banks per se at present. However, the cheque-cashing function does eventually in all cases touch upon the banks' clearing house function. I wonder if the Minister has had any legal opinion provided to him as to whether we can properly regulate in the area that we are being asked to regulate in. Is this matter perhaps not ultra vires of provincial powers given the terms of Canada's Constitution?

\* (1130)

**Mr. Chairman:** Mr. Kozak, I would like to raise this. At this point in time we have a presenter before us and we are questioning that presenter for clarification. So that is the point that we would like to follow at this point in time. There are a lot of other presenters waiting, and so go ahead, Mr. Kozak.

**Mr. Kozak:** Perhaps then I might ask Ms. Foltz if she has information at her disposal to suggest that her concern is within the capacity of this province under the Constitution of Canada.

**Ms. Foltz:** I heard Mr. Maloway say that it is in Quebec. That tells me you have the power. I do not know. If I hear in Manitoba that the Money Mart is charging 6 percent, I do not know who put that through. I feel you could do it.

**Mr. Kozak:** Ms. Foltz has been extremely helpful. I do suggest to my colleagues, however, that at some point should this matter proceed further we will have to satisfy ourselves that what we are talking about here is within the competence of this province.

**Mr. Connery:** Ms. Foltz, the advice that I have got is that there is some constitutional nature to it and I am not totally sure what the legalities would be with this particular aspect.

There is no legislation that says there is a maximum of six percent, there is nothing there, it is just what they have determined. So there is no legislation saying that is the maximum you can charge for cashing cheques.

It is interesting though that this particular situation, I do not say that it first raised its ugly head, but it raised its head as far back as 1983. This was an issue that was before the Government of the Day and was not acted upon.

**Mr. Chairman:** Ms. Foltz did you want to respond to that? No. Fine, we will go to the next one. Mr. Maloway. Mr. Storie.

**Mr. Storie:** Thank you, Mr. Chairperson. I am sure that Ms. Foltz is flabbergasted by the suggestion from my colleague from Radisson that six percent is reasonable. Ms. Foltz, I ask you, if you are a family of four or five receiving assistance from the province, you might receive \$20,000 in a year, does it seem reasonable that \$1,200 of those dollars should be given to someone else, when that money was provided by the Province of Manitoba through a cheque which is guaranteed by the Province of Manitoba? Does that seem reasonable to you?

**Ms. Foltz:** I am sorry, no, it does not because when you are on assistance and I, like I said, was on it for nine years, to be honest with you, sometimes when you get your cheque you are waiting for it so hard and waiting for it to come you do not even look at the amount. Because when I was on it I did not know, I assumed when I got a little more money that it was because one month had 30 days and one month had 31 days, and then I find out a few months later that there was an overpayment because whoever made the mistake. So when you are on assistance \$5 is too much of your cheque, regardless of what you are getting, and if you are a single person you only get about \$6,000 to \$7,000 a year. So we are not talking about a person on assistance being able to afford to lose that money.

**Mr. Storie:** It seems to me that if we are talking about \$600 or \$1,200 being lost we are talking about a month's worth of food for a family.

**Ms. Foltz:** That is right.

**Mr. Storie:** I was not clear whether you had in your remarks addressed the question of whether we should be simply saying that no person can charge for cashing cheques, or would you recommend that we take the next step and say that, for example, financial institutions, which clearly are a federal matter, should be required to cash cheques at no charge? Has that ever been contemplated, has your organization discussed that?

**Ms. Foltz:** Well, whatever way you put it I do not think Government cheques, no one should be able to charge,

no matter how you word it, you can word it to put it legally. All we are saying is that there should be no charge for cashing Government cheques, whether it be federal, provincial or city.

**Mr. Storie:** I do not understand the motivation of my Liberal colleagues in trying to find a way out of supporting this amendment. My question, though, is would you support going the further step and calling on the federal Government, and I realize that we are moving somewhat beyond—

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**Mr. Chairman:** Mr. Minenko, on a point of order.

**Mr. Minenko:** Thank you, Mr. Chairman. The Member for Flin Flon has I think gone a little far in offering his suggestion at what is the result of questioning by Members of our Party and I think he should reflect on his comments. I know he full well understands that he was incorrect in making that statement.

**Mr. Chairman:** Mr. Storie, on a point of order.

**Mr. Storie:** Mr. Chairperson, the Member does not have a point of order. I think everybody can read between the lines. We heard what the Member for Radisson (Mr. Patterson), we heard what the Member for Transcona (Mr. Kozak) said, the Liberals are prepared to let these people be abused. This amendment is trying to prevent that.

**An Honourable Member:** Oh, that is a strange story.

**Mr. Chairman:** Order, please; order please. We are here as committee Members to question the presenter and I would wish that all Members would be Honourable Members in this committee and stick to that procedure. At this present time I do not believe that is a point of order that was raised and I would wish that all Members would respect each other as Honourable Members in this committee. At this present time, Mr. Storie, a question to the presenter.

**Mr. Storie:** I recognize that it was not a point of order.

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**Mr. Storie:** Ms. Foltz, the question was raised by my colleague of whether your organization was aware of any other legislation, and my colleague referenced the fact that this legislation is in Quebec. I know that you also are involved in the Canadian Anti-Poverty Organization and I am wondering whether you have had any discussions whatsoever about the impact of that legislation. Do we know how that legislation has worked, have you had any feedback to that effect?

**Ms. Foltz:** Are you talking about the Quebec group? No I did not, but I am certainly going to make a point of finding out because I just heard about it, I believe it was on TV when Mr. Maloway was talking about it and this is why I tried to get involved. So that was the

first I heard that it was in Quebec. I am going to make a point of finding out myself as well, of how it is working.

**Mr. Storie:** Mr. Chairperson, I do not have any further questions other than to say that I likewise will be finding out. I think it is important that we be able to present that to committee later when we discuss this amendment. I am certainly pleased that you were willing to present. I think you add a certain amount of credibility to this discussion, given your knowledge and your work in the area. I expect that you will be watching these amendments with interest and we appreciate the support that you have provided to this amendment and your wisdom that you provided to the committee.

**Mr. Patterson:** Mr. Chairman, I do not want to get into, myself, any diatribe such as the Member for Flin Flon (Mr. Storie) has just engaged in. I am referring to my previous comments. If he had listened to them, he might understand them.

**Mr. Chairman:** Please address your question to the presenter.

**Mr. Patterson:** What I was asking Ms. Foltz was, or suggesting, that banks be required to cash Government cheques at par. If a merchant, or the recipient of the cheque is going to spend some money, should cash the cheque at par but if other merchants or individuals, just as a service, are to cash a Government cheque and just turn over the full amount in cash, I was suggesting it would not be unreasonable for them to charge some reasonable fee for that service, I said up to 6 percent. The example that the Member for Flin Flon gave, that if an individual recipient gets say \$20,000 in the course of the year, he is making an heroic leap and assumption that that individual would be cashing every single one of his or her cheques at some of these service institutions rather than at a bank or at a store, or whatever, where they would be spending the money and not be charged. So let us get some facts on the record.

**Mr. Chairman:** Thank you, Mr. Patterson. I would like to mention to the Members of the committee that we have a lot of presenters here and we have now gone over 60 minutes with this one presentation. What is the will of the committee, because we should then, in all fairness to the presenters, indicate how many more we will have this morning and as to what the delay will be?

\* (1140)

**Mr. Maloway:** Mr. Chairman, my recommendation would be to do what we did the other night. I only have a couple of more questions to this presenter. What I would suggest we do is to ask for a show of hands for those people who could show on Tuesday evening and those that cannot come back on Tuesday evening, that just have to go now, that we try to hear them.

**Mr. Chairman:** Mr. Maloway, I would like to at this point indicate that the House Leaders will designate the time for the next committee meeting. We are not

in a position here to be able to indicate when the committee will sit again. I think we must proceed. Mr. Storie.

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**Mr. Storie:** Just on a point of order, Mr. Chairperson.

**Mr. Chairman:** Point of order.

**Mr. Storie:** Yes, just for convenience for committee Members, who I hope have now received a copy of the proposed amendment. If there are any members in the audience who would like to address this particular amendment, perhaps they could speak now because you do not know when we will be back.

**Mr. Chairman:** That is not a point of order. We are here to ask questions of the presenters. We will follow that procedure, Mr. Storie. That is the way the committee will be functioning.

**Mr. Harold Taylor (Wolseley):** Mr. Chairperson, given the number of delegations that are here, has consideration been given to an evening sitting tonight?

**Mr. Chairman:** Again, as Chairperson of this committee, I must indicate that we are not here to indicate as to when the sittings will be of this committee. The House Leaders decide that between all three caucuses.

**Mr. Taylor:** I understand that is where the decision is made, Mr. Chairperson. We have to also look at the fact that there are a number of Members here who have taken quite an interest in these three Bills. The question is, when are the majority of the Members also available, as well as when are the delegations available?

I am well aware that there are numbers of our Members who are not available next Tuesday evening. I am not sure about the situation this evening, and I am just wondering if, therefore, it is possible. That is why I put it on the table for the communication to the House Leaders. If we can come to a resolution, and the public is aware of it, I just think it helps the process.

**Mr. Chairman:** Mr. Taylor, a point well taken. I think we should make sure that the House Leaders will discuss that because it is very important that the presenters could be notified.

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**Mr. Chairman:** At this time Mr. Maloway has a question to the presenter. Please carry on.

**Mr. Maloway:** Yes, I do, Mr. Chairman. I had a couple of questions, and then I think we can finish. To Ms. Foltz, it has been suggested to me that, in fact, there is a potential with the procedures that Money Mart operates under—that is, that they cash cheques without identification for a fee of, I believe, 4.9 percent—there is an increased potential for that practice to lead to more crime on the streets, because it is well known

that Family Allowance cheques come out on a certain day every month. It is quite possible for people to simply go and follow the post person around, and rifle through the mailboxes, take cheques and take them down to Money Mart and without I.D. get the cheques cashed. Do you have any comments on that as to whether or not that practice of Money Mart could, in fact, lead to cheques being cashed improperly?

I might also point out that I believe this situation has happened before, and single parents who were relying on the Family Allowance cheque to arrive a certain day, then in fact finding the cheque not there, had to go back and fight with the Government to get a replacement. That replacement took a couple of weeks, and in those two weeks the person was without the money.

**Ms. Foltz:** The only thing I can answer to is the fact that when a person on welfare loses their cheque, nine times out of 10, they cannot be replaced because some of the offices are saying no more overpayment. Therefore, you have to rely on a place to get free food and possibly get kicked out of the place you are living in, which is a different issue.

Whether it is creating more crime, it is because it is in the low area and because of lack of funds you are going to get more and more crime, whether it be the Money Marts that are creating it or who is creating it, because there is not enough money to go around, and it is costing more money to live. That is entirely a different issue. I cannot say whether it is or is not.

**Mr. Maloway:** Another question to Ms. Foltz, Mr. Chairman. I do not know how many people in this room are used to paying a \$60 service charge to cash a \$1,000 cheque. I suspect not too many, but that is reality, as I understand it out on the street, that people are cashing child tax credit cheques. They are cashing income tax cheques. They are cashing social allowance cheques. These are the cheques they need that particular day to survive to the next day. They are in a situation where they are cashing, if they are cashing, a person who is cashing a \$1,000 cheque, think about that for a moment, \$1,000 cheque, they are taking a 4.9 percent, they are taking a \$50 as an administration charge. As Mr. Patterson suggested earlier, the 6 percent charge that would be \$60, that is unbelievable, and we allow people who live in the poor areas of Winnipeg who are least able to pay, pay \$60 for a \$1,000 whereas people in River Heights or whatever simply get their cheques cashed at their bank for the normal 25 cents a cheque or whatever. Do you have any comments about that?

**Mr. Chairman:** Mr. Maloway, I think we are belabouring the same point, I think the question has been asked of the presenter quite a number of times and I believe she has also responded, but if you want to carry on Ms. Foltz it is up to you entirely. Do you want to respond?

**Ms. Foltz:** I believe I have responded, it is not only the fact to try to put something across, people on welfare are not only losing money when they are cashing their cheques at the Money Mart, they are also losing

money when they are having to take out of their basic allowance to pay towards rent and many other things. That is entirely a different issue. It is very difficult to live on welfare. I have the experience, I was on it for nine years with six children. It is very difficult to live on assistance. I am not blaming any particular Government. All I am here to say is please put a stop on charges being made when cashing a Government cheque. Regardless of who it is from or who it is for.

\* (1150)

**Mr. Chairman:** Thank you very much, Ms. Foltz. Mr. Maloway, any more questions, no.

**Mr. Maloway:** I believe Mr. Patterson had, and then I just had a final wrap up.

**Mr. Patterson:** One other question, I have a comment, Mr. Chairman, if the Members opposite would get off their soap boxes and confine themselves to asking questions of fact and clarification from the presenters, it would assist the progress of this committee and enable those that are waiting to present to be able to get out of here at a decent time.

**Mr. Chairman:** Thank you, Mr. Patterson, Mr. Maloway. Okay, I would like to thank you Ms. Foltz for your presentation and with that we will go to the next presenter at this point in time, which is a Mrs. Mavis Bleasdale, is she here? Okay, then we will go to the next one, Mr. Maurice Paul, Mr. Paul have you got a presentation, written submission to present?

**Mr. Maurice Paul (Private Citizen):** I have written a submission for myself to keep track of what I am saying, but I did not write it out for the Members.

**Mr. Chairman:** You have not got copies?

**Mr. Paul:** No, I just wrote it out last night.

**Mr. Chairman:** Okay, very good, Mr. Paul, carry on.

**Mr. Paul:** My name is Maurice Paul and to give you a little background, I retired from a company after working for many years, six years ago. Last year, because my wife is not feeling very well, I needed a new vehicle because she had trouble getting in and out of the ones that I had. I will be speaking on the idea of the thing I read in the paper the other day with regard to the manufacturer's suggested retail price posted on vehicles and also on the idea that the warranty deal on vehicles, documentation charge, that it is all lumped together, okay.

Last year, because of what I said, I went to the Convention Centre and looked at many vehicles to do with purchasing a smaller vehicle that could do what I wanted to do. Because I am retired I go fishing a lot. When I go fishing I go up and down hills and I have a cabin in Northern Ontario. Therefore, because of that we go there and the hills, so I want a truck that can pull my trailer and do all the nice things that I have to do. After working for many years you want to do these things.

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Anyway, so I went to the Convention Centre and looked at several vehicles and I found one that looked very attractive, and after a little while I was talking to the salesperson who told me that this was a Chevy S-10 and the price was \$17,420, documentation was \$44, and the rust inhibitor was \$199, provincial sales tax would be \$773.01, and in order that I could buy this truck I could trade in my regular full-size Chevy truck and I would pay the difference of \$11,816.01. I figured, well, this sounds pretty good. I had no idea; I have never bought a new truck. So it is one of those things.

Anyway I talked to the salesman from Carter Motors, a fellow that is named Ed Demski, and I put in an offer on the 14th of January to buy this truck. Then we took our ride around the block a few times. The truck seemed to do what it was supposed to do, and everything was great. On the 17th of January I brought the rest of the money down and paid for the thing and took possession of the truck.

A week later, when I have 198 kilometres on it, I find that the truck has difficulty climbing Arlington Bridge, cannot go up and down hills. It is a real problem, it just will not do anything, but it starts real well. However, that is a problem. Also, because of the lack of power, it took a half a block to get it moving to 20 kilometres per hour. So there is a real problem.

So I took it back to Carter Motors and I have had the truck for a week, because the first few days I was not feeling good so I did not drive the damn thing. They told me that there was no problem at all. The truck would be rectified and, when I put 2,000 or 3,000 kilometres on it, it would go like a jack rabbit. But, if I wanted to trade it in right away, in spite of the fact that I only had it for a week or 10 days, it would cost me \$10,000 to do so, or if I wanted them to change the motor, that would also cost me \$10,000.00. Now I may be old, but I am not stupid.

In any case, on the 15th of February, now I have 1,200 kilometres. I took the truck back to get the warranty work done so that it could get this thing moving, because I want to go ice fishing, but I cannot do it. Anyway, they sent me out with one of their truck experts called Henry Yapps and there was still no power, but he told me that the salespeople at Carter's will often tell you anything to make a sale. Well, I believe that.

On the 20th of March, now I have 2,894 kilometres and there is still no power and it is still not doing anything. On the 21st, the next day, I see their service manager and there still is no power. He sends me to the fellow who looks after when you go in there to get things done. This fellow says, what the hell do you expect from a four cylinder automatic? It is not going to do anything.

I said, oh, okay, so he sends me to the sales manager who told me that they would look after it. This Mr. Patterson, the service manager, sent me to see a fellow named Darcy at Shaw Trucks. I went for a drive with this fellow. He says, well, this truck is sluggish. It dogs it, it labours, it may roll over and die, but he says, all the salespeople everywhere are less than truthful. So I figure, well, what are you going to do?

On the 28th of March, this guy Demski whom I bought the truck from suggested that I should trade it in on a new truck. The sales manager says, well, we want \$3,800 difference. Now there is less than 3,000 kilometres on this thing. So I figure that is pretty expensive, that is a dollar a kilometre, or more than a dollar a kilometre. So I phone the Owner Assistance Program, and I spoke to a person called Jo-Anne Shaw. She said she would speak to Carter and told me that they would look after things. She asked me if I had seen Mr. Carter, and I told her that I had asked but they had refused. I wrote him a letter to make an appointment on the 30th of March, a few days later, and I got no reply.

On the 5th of April, this guy Davis, the sales manager, suggests that I should see the general sales manager. On the 5th, 6th, and 7th of April, each day he told me to get it there, as it says in the warranty book, to get some detail. Lo and behold, I get a reply from this Jo-anne Shaw telling me that the dealers are private business people. Any problems I should have with them should be made by them because General Motors only makes cars and trucks; they do not sell them.

I said, that is odd. I have been buying General Motors trucks for 45 years and, geez, where do they come from? On the 12th of May, this Jo-anne Shaw suggested I contact the Better Business Bureau. I wrote them a letter. I went down there and they told me that they would get to Carter Motors, which is fine. This was on the 25th of May.

On the 27th of June, a month later, I received a reply and a reply copy from the Better Business Bureau, and a reply copy from Carter Motors stating that I had been shown what the truck can do, what it should do. If I was not happy, well, then that was not really their problem, because they were not going to do anything about it. However, they would trade the truck, but this time they wanted \$12,800 difference, the same truck, except that it would have a 4.3 motor instead of a 2.5.

\* (1200)

On the 10th of July, I still had no power. I am trying to go fishing and I get stuck all the time. I wrote to the President of General Motors, a guy named Peapples, explaining the problem.

On the 24th of July, a couple of weeks later, I received another reply from this Jo-anne Shaw, telling me to see the dealer. There was nothing GM could do. Another letter to Peapples on the 1st of August '89 and another reply from Jo-anne Shaw, telling me to speak to the Better Business Bureau.

I spoke with the salesperson from Orion because I was not happy, and they told me that they would charge me \$7,000 for a new vehicle. Then I spoke with Jim Gauthier people, and they told me they wanted \$6,500.00. From the 17th or 18th rather of January until the 25th of August, because I go fishing and because I go to the country, I was stuck 22 times because I could not get this thing to do anything.

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On the 26th of August, I received a call from Carter Motors while I was at the lake, telling me that they were unhappy with me and that they would order me an identical 1990 truck with a bigger motor. We would negotiate the price later.

In October 1989, a new truck came. So they phoned me and said, come on down. We will work out a price. They then wanted \$6,950 for a truck that is identical to the one I had except that it has a 4.3.

I did a little investigating, and I found out that a new motor for that truck cost \$550.00. I figured, geez, there is something wrong. I was really frustrated and said, I am going to do something about it. I went down to another dealer and got a brand new 1989 truck with a 4.3 and a whole bunch of extras like air and all these other things that were not on my truck, and picked up this other truck from Holiday Chev Olds for \$4,500 difference.

I think that something should be done, because the manufacturer's suggested retail price on the original truck that I paid \$17,420 for, the truck by the manufacturer, is \$14,798.00. That is a \$2,622 difference. On the 5th of December, I was quite happy I had another truck, but some poor bugger has the other one now.

**Mr. Chairman:** Thank you for your presentation, Mr. Paul. Mr. Kozak.

**Mr. Kozak:** Mr. Chairman, Mr. Paul mentioned that after a great deal of negotiation and difficulty on his part he did trade up at a net cost of \$4,500.00. Is that correct?

**Mr. Paul:** Yes.

**Mr. Chairman:** Please wait until you have been addressed by the Chair before speaking.

**Mr. Kozak:** Mr. Paul, I believe you also mentioned that the cost of a new engine would have been in the range of \$500.00.

**Mr. Paul:** Yes, that is what was quoted to me by Orion and Jim Gauthier.

**Mr. Kozak:** I wonder if Mr. Paul might tell us why he opted for the more expensive alternative of trading up at a cost of \$4,500, rather than having a more powerful engine installed for a much lower price, perhaps something in excess of \$500.00.

**Mr. Paul:** I would be most happy to do that, except that they would not do that because the motor costs \$550, but in order to do it there were labour charges, and also the fact is that they would have to change the drive shaft, the automatic transmission and the flue-flue valves, and whatever else I do not know, but it would have amounted to a lot more money.

**Mr. Kozak:** Mr. Chairman, perhaps, Mr. Paul, you could suggest to us what it would in fact have amounted to. It certainly would have been in excess of \$500.00. Did anyone quote to you the actual cost of having a more powerful engine installed in your vehicle?

**Mr. Paul:** Yes, they suggested it would cost \$10,000 to do that on the other truck and, if we consider that I have a three-year warranty owner assistance booklet put out by General Motors to tell me all the nice things that they will do for you, they were not willing to do any of those things, except tell me that the truck that I had bought was doing exactly what it was supposed to do and if I had any problems, well, I obviously bought the wrong truck. But I told the man what I wanted to start off with so, as I said earlier in my conversation, that I did not know anything about a new truck so, therefore, I am taking the salesman from a reputable firm who has been at it since 1928 or '29, selling vehicles, one expects it will tell you the truth.

**Mr. Chairman:** No more questions, Mr. Kozak? Mr. Minenko.

**Mr. Minenko:** So the real issue here, or the real problem, was that you had told the salesman, I guess it was a salesman in this situation, what you needed the truck for.

**Mr. Paul:** Right.

**Mr. Minenko:** Then he goes ahead and he tells you that this is the truck for you.

**Mr. Paul:** That is right, exactly.

**Mr. Minenko:** And this engine will do the business. So in this situation you found that the engine was not strong enough to drive the truck to be able to do what you wanted it to do. Is that correct?

**Mr. Paul:** Uh huh. Yes, this is what I found, much to my dismay. Because, before buying the truck or before putting an offer, I told the guy where I had the cabin and where I went all the time because I am retired, I have lots of time. He told me that he had a cabin at Black Sturgeon Lake which is about 10 miles from where my cabin is, so I would suspect that he would know where I was talking about; like it was not completely foreign to him. Also the truck, if you are going to go fishing, presumably you pull a boat with you and I have one, and the back of this truck says that this truck could pull 2,000 pounds. Well, my boat, motor and trailer do not weigh 1,000 pounds and it still could not do it.

**Mr. Minenko:** As far as you know, there was nothing physically wrong with the engine, it was not like the kind of situation that we heard earlier this morning?

**Mr. Paul:** I really do not know because every time I went there they tell me there was nothing wrong with it and I pointed out at the times that I went there I did not go there just to complain. I get the idea that they should look at the motor, or the transmission, or the flue-flue or something to see if they could make it go and at no time did they suggest that they could make it go. They suggested to me that there was nothing they could do.

**Mr. Minenko:** So the real solution was to get something with a bigger engine then, and what you are concerned

about is that someone fed you a bill of goods, that really did not live up to what they said that the truck would do. That is your main complaint?

**Mr. Paul:** That, coupled with the idea that their booklet here says that it will do all those things, but it does not. I have the General Motors S-15 and S-10 booklet that they advertise that their trucks will do and for one small paragraph here it says—if I may take the liberty for a moment longer—the 2.5 litre standard for two-wheel drive models, this proven four cylinder motor engine with a 8.3 to 1 compression ratio provides an impressive performance for its size plus high mileage fuel economy. It produces a 92 net horse power at 44 r.p.m. and 130 pound feet of torque at 32 r.p.m. The engine includes a lightweight Delcronic generator.

In 1947 or '48, a friend of mine bought a Volkswagen that had a 38 horsepower motor and it could pull the same trailer as I am pulling.

**Mr. Minenko:** I am not at all familiar with motor vehicles other than for knowing where the fluid might have to go if it runs low. So combining what you just read with the salesman's saying that the truck could do it, you are probably speaking to Bill 64 then, the unfair Business Practices Act.

**Mr. Paul:** Whatever—I said at the start, at the outset, that I did not know what Bill I was speaking to, because just read this in the newspaper the other day. I did contact the consumer advisory people here some time ago, and they told me that they would have some kind of a deal by the Government to address these problems. I did not know that Mr. Maloway was going to do this, but it did not matter who was going to do it, it could have been you, I would still be here telling you about the same thing.

\* (1210)

**Mr. Minenko:** No, I appreciate it, no, I was just trying to for my own records here just to see exactly what the problem was—so really the salesman fed you a bill of goods that really did not live up to it, and as a result, it ended up costing you, and it is being suggested perhaps a breach of contract. That is all I have.

**Mr. Maloway:** Mr. Paul, could you check your sales contract and see whether or not there was a documentation fee charged, because one of the amendments that we are bringing in, one of the eight, is to deal with the elimination of the documentation fee? As you probably know, not all the car dealers in Winnipeg and Manitoba do charge one. Those who do tend to charge between \$45 and \$145.00. The fee involves the charge for typing up the sales contract and going down and checking for liens at the liens office, and it is basically a paperwork charge.

My understanding over the years is that people who object to this charge normally get it waived, that if you make a fuss about it, the dealership will drop it. I just wondered what happened in your case, whether you in fact got it dropped or whether you paid it.

**Mr. Paul:** Yes, I did pay it, a \$44 fee. Although I must say on their benefit, however, that they normally charge

undercoating \$300, but they only charged me \$199.00. The basis for that was that I was going to pay cash for the vehicle. Another thing is that I read in the book, after I got the thing home, that General Motors say that they do not need the undercoating done on their vehicles from 1987 on. So there they are selling me something that I do not really need, but I do not know about it because I have not got the book.

**Mr. Maloway:** To Mr. Paul, do you feel though that the documentation fee as explained is a legitimate charge for car dealers? Do you believe that it should be eliminated, or should it be allowed to be kept?

**Mr. Paul:** No, I do not think it is a reasonable charge, because if any of you or any of the people in the audience here charge \$44 for 10 minutes to type a little piece of paper, I think they are very well paid. I would object if you guys got that money for 10 minutes work and of course the rest of the people would never get it.

**Mr. Maloway:** To Mr. Paul, the second issue, Mr. Paul, deals with the manufacturer's suggested retail price, which is something you alluded to. You had indicated that you had paid, I believe, \$2,600 more than the manufacturer's suggested retail price. Are you aware that in the Province of Ontario, which has a requirement in law that car dealers must post and keep posted the manufacturer's suggested retail price, that if you had gone to Kenora just across the border you would have been able to see, based on the fact that the sticker has to be left on the car, you would have been able to see the manufacturer's suggested retail price and the options all listed there.

You would have been able to negotiate down from that price as opposed to Manitoba where they pay, the car dealers actually pay staff, to tear these stickers off the windshield when they come in off the trains, and they type up their own stickers, then affix them on the windshield, which are typically \$2,000 higher, so that they can negotiate down from a point that is \$2,000 higher. So if you are not a sophisticated buyer—I am not saying that everyone will be taken in by this—certainly there is a percentage of people that will walk into a dealership, see the sticker price on the car and negotiate down \$1000, sign a deal thinking that they have gotten a very good deal here but not realizing that they in fact were paying \$1000 more than the manufacturer's suggested retail price. Do you have comments on that? Because that is one of the amendments that we are bringing in.

**Mr. Paul:** Now I know what you are talking about. Prior to buying the vehicle, as I said earlier, I had not bought a new vehicle ever in my life, therefore I was not familiar with the ins and outs of it. I really had no idea.

**Mr. Maloway:** Mr. Chairman, so I gather then you would agree that we should follow the Province of Ontario and implement a policy whereby car dealers should have to, by law, leave these stickers affixed on their windshield until the car is sold so that we do not have people being misled and fooled?

**Mr. Paul:** Yes, I would agree with that. I would further agree that the manufacturer of the vehicle should be

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responsible to ensure that the vehicles they are selling are capable of doing what they say they can do in their advertisement. Obviously this one cannot. I do not know who is going to get it or if it is already sold. Really, it is a real problem, because somebody has got a problem with it.

**Mr. Maloway:** Mr. Paul, that brings me to the third question, and that is the third amendment, known as the lemon-law amendment. If this amendment had been in place in law, it is quite possible that the dealer or the manufacturer through the dealer would have had to provide you with either a new vehicle that worked or a the money refunded for that vehicle. Would you have been happy with either one of those options, had it been available to you?

**Mr. Paul:** Yes, I certainly would have been happy, because it would have saved me a whole summer of not being able to go fishing when I wanted to. I had to spend all my time in Winnipeg arguing with these people.

**Mr. Connery:** Mr. Paul, I wonder if you are aware that the Member for Elmwood (Mr. Maloway), as he does many times, has misled this committee and yourself into believing that Ontario has an MSRP window sticker law. There is no law in Ontario that says there has to be an MSRP sticker on the window. What the law in Ontario says, and it is probably a very good one, is that when there is an offer to purchase, on that offer to purchase there has to be the MSRP along with the options. Ontario does not have a law that says there has to be the MSRP sticker on the window. So the Member for Elmwood, as he does frequently, has misled this committee and the people here.

**Mr. Chairman:** Any more questions to the presenter. Mr. Paul? Any more questions? Mr. Paul, did you want to respond?

**Mr. Paul:** I would like to respond to that. It does not really matter a damn whether the thing is on the window or not, because the information will be available in Ontario on the offer to purchase. If the information is available there, what is the difference? It is not going to raise any big problem one way or the other.

**Mr. Connery:** So are you suggesting then that it is not required on the windshield that what is on the invoice is satisfactory? Or would you like it on both, as you go through the vehicle or through the auto dealers? It is kind of nice to know what those vehicles are worth rather than nothing on. What is your recommendation for it?

**Mr. Paul:** I would like to see it posted on all vehicles so that the buyer, who is unfamiliar with purchasing a vehicle, would go to dealer A and find out that truck No. 702 is this price, and the next dealer it is the same price or facsimile. Giving it a few dollars is not bad, but when it is \$2000 or \$3000, there is a big difference.

\* (1220)

**Mr. Chairman:** Thank you, Mr. Paul. If there are no more questions from the committee Members, I would like to thank you, Mr. Paul, for coming forward with your presentation.

**Mr. Paul:** Thank you.

**Mr. Chairman:** At this time, before I call up the next presenter, I would like to ask the committee, what is the wish of the committee, seeing the time is 20 after 12? Is it the wish of the committee—

**Mr. Storie:** In fairness to the presenters, we would probably not be able to get in their full presentation and that would be unfair to them.

**Mr. Chairman:** That is right.

**Mr. Storie:** If it is convenient, we should rise and make sure they are notified prior to the next meeting.

**Mr. Chairman:** I would also like to indicate that I am sure the presenters will be notified as to when the next committee meeting will be held. With that, committee rise.

**COMMITTEE ROSE AT:** 12:21 p.m.