

Third Session - Thirty-Ninth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Legislative Affairs

Chairperson
Ms. Erna Braun
Constituency of Rossmere

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

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**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON LEGISLATIVE AFFAIRS**

Wednesday, June 3, 2009

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Ms. Erna Braun (Rossmere)

**VICE-CHAIRPERSON – Mr. Tom Nevakshonoff
(Interlake)**

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Messrs. Bjornson, Mackintosh, Selinger

*Mr. Altemeyer, Meses. Braun, Brick, Mr. Briese,
Mrs. Driedger, Messrs. Faurschou,
Nevakshonoff, Pedersen*

APPEARING:

Hon. Jon Gerrard, MLA for River Heights

WITNESSES:

Bill 22–The Cooperatives Amendment Act

*Mr. Randy Schroeder, Granny's Poultry
Cooperative (MB) Ltd.*

*Bill 19–The Mortgage Dealers Amendment and
Securities Amendment Act*

*Mr. Buzz Grant, Mortgage Logic
Mr. Daryl Harris, Canadian Association of
Accredited Mortgage Professionals*

*Bill 12–The Residential Tenancies Amendment
Act*

*Mr. Ron Penner, Professional Property
Managers' Association*

Mr. Larry Todd, Private Citizen

Ms. Lois Todd, Private Citizen

*Mr. Jean Yves Rochon, Manitoba Council on
Aging*

Mr. George McBride, Private Citizen

*Bill 14–The Consumer Protection Amendment
Act (Payday Loans)*

Mr. Antoine Hacault, Cash Store Financial

*Ms. Gloria Desorcy, Manitoba Branch of the
Consumers' Association of Canada*

Mr. Robert Thompson, The Money Tree

Mr. Byron Williams, Public Interest Law Centre

*Mr. John Silver, Community Financial
Counselling Services Inc.*

*Ms. Laurie Johnson, New Directions for
Children, Youth, Adults and Families*

WRITTEN SUBMISSIONS:

*Bill 14–The Consumer Protection Amendment
Act (Payday Loans)*

*Mr. Gerry Charlebois, AI Financing & Loans
Hon. Stan Keyes, P.C., Canadian Payday Loan
Association*

*Mr. John Silver, Community Financial
Counselling Services, Inc.*

*Bill 19–The Mortgage Dealers Amendment and
Securities Amendment Act*

Mr. Murray J. Taylor, IGM Financial Inc.

MATTERS UNDER CONSIDERATION:

*Bill 12–The Residential Tenancies Amendment
Act*

*Bill 14–The Consumer Protection Amendment
Act (Payday Loans)*

*Bill 19–The Mortgage Dealers Amendment and
Securities Amendment Act*

Bill 22–The Cooperatives Amendment Act

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Madam Chairperson: Good evening. The stand–will the Standing Committee on Legislative Affairs please come to order.

This meeting has been called to consider the following bills: Bill 12, The Residential Tenancies Amendment Act; Bill 14, The Consumer Protection Amendment Act (Payday Loans); Bill 19, The Mortgage Dealers Amendment and Securities Amendment Act; Bill 22, The Cooperatives Amendment Act.

We have a number of presenters registered to speak this evening and—as noted on the list before you. Before we proceed with presentations, we do have another—a number of other items and points of information to consider.

First of all, if there is anyone else in the audience who would like to make a presentation this evening,

please register with the staff at the entrance of the room.

Also, for the information of all presenters, while written versions of presentations are not required, if you are going to accompany your presentation with written materials, we ask that you provide 20 copies. If you need help with photocopying, just ask one of our staff.

As well, I would like to inform presenters that in accordance with our rules, a time limit of 10 minutes has been allotted for presentation and another five minutes allotted for questions from the committee members.

Also in accordance with our rules, if a presenter is not in attendance when their name is called, they will be dropped to the bottom of the list. If the presenter is not in attendance when their name is called a second time, they will be removed from the presenters' list.

Written submissions from the following persons have been received and distributed to committee members: Gerry Charlebois, Murray J. Taylor, Honourable Stan Keyes, P.C.

Does the committee agree to have these documents appear in the *Hansard* transcript of this meeting?

Some Honourable Members: Agreed.

Madam Chairperson: Agreed? Thank you.

Order of presentation: On the topic of determining the order of public presentations, I will note that we do have an out-of-province as well as out-of-town presenters in attendance marked with an asterisk on your list. With this consideration in mind, what order does the committee wish to hear presentations?

Mr. David Faurshou (Portage la Prairie): I believe we could proceed in numerical order. However, I would like to ask leave of the committee, perhaps to take Bill 22 first, being that there's only one presenter for the—for Bill 22 and—if I have leave of the committee.

Madam Chairperson: We have a proposal to go numerically, but have Bill 22 come first because there's only a single presenter?

Mr. Rob Altemeyer (Wolseley): If I take that in a friendly amendment step further in keeping what we did last night, perhaps we'll do all of the bills in reverse order of the number of presenters signed up.

So, absolutely, with bill—we'd do Bill 22 first, and then go, be, by my count, I think, 19, then 12 and 14, so we can be as accommodating to the public as possible.

Mr. Faurshou: Agreed.

Madam Chairperson: Agreed. We have agreed that we will commence in order of the least number of presenters, so Bill No. 22 would be first, Bill No. 19 would follow, Bill 12 and then Bill No. 14. Is the committee in agreement?

Some Honourable Members: Agreed.

Madam Chairperson: Thank you. I would like to inform all in attendance of the provisions in our rules regarding the hour of adjournment. Except by unanimous consent, a standing committee meeting to consider a bill in the evening must not sit past midnight to hear presentations unless fewer than 20 percent presenters are registered to speak to all bills being considered when the committee meets.

As of 6 p.m. this evening, there were more than 20 presenters registered to speak to these bills. Therefore, except by unanimous consent, this committee may not sit past midnight to hear presentations.

How late does the committee wish to sit tonight?

Mr. Altemeyer: Well, I, I agree we are over 20 but not by very many. Perhaps it's the will of the committee to sit until we hear all members of the public. It would be a shame to have someone stay here till midnight and then not be able to present.

Madam Chairperson: Is it the will of the committee that we hear all the presenters that are registered for this evening?

Some Honourable Members: Agreed.

Madam Chairperson: Thank you. Prior to proceeding with public presentations, I would like to advise members of the public regarding the process for speaking in committee. The proceedings of our meetings are recorded in order to provide a verbatim transcript. Each time someone wishes to speak, whether it be an MLA or a presenter, I first have to say the person's name. This is a signal for the *Hansard* recorder to turn the mikes on and off.

Thank you for your patience, and we will now proceed with our public presentations.

Bill 22—The Cooperatives Amendment Act

Madam Chairperson: We will commence with Bill 22, The Cooperatives Amendment Act, and I will call on Randy Schroeder, Granny's Poultry Cooperative. Do you have some materials for distribution?

Mr. Randy Schroeder (Granny's Poultry Cooperative (MB) Ltd.): No, mine is a short verbal presentation. I have notes, that's it.

Madam Chairperson: Then please proceed.

Mr. Schroeder: Good evening, ladies and gentlemen. My name is Randy Schroeder. I'm president and board chair of Granny's Poultry Cooperative of Winnipeg.

I'm here today to speak in favour on Bill 22, relating to the amendments of the co-op act. Granny's has its roots in the old Manco organization, known as Manitoba Dairy and Poultry Cooperative that used to have its head office in, on Roseberry.

In 1979, we came a—became a poultry only co-operative under the name of Granny's. We employ just short of 450 people at our head office and hatchery on Pandora and our processing plant in Blumenort, Manitoba. We have approximately 150 active member owners that ship turkey, broiler chicken and hatching eggs to the co-operative. My wife and I ship hatching eggs from our farm near Lowe Farm, Manitoba.

Bill 22 should pave the way for Granny's to establish tax-deferred co-operative shares under new regulations from CRA that established some time ago. Immediately upon the federal government's announcement for changes to the tax act, Granny's attempted to establish tax-deferred co-operative shares. We consulted extensively with legal counsel and CRA for further clarifications on the rules. Once that had been established and done, we, however, as we began to prepare to change our bylaws, we found, through the co-operative's branch, that the Manitoba act, Manitoba co-op act did not permit a Manitoba agriculture co-operative to create tax-deferred co-operative shares as referred to in the Income Tax Act.

* (18:10)

Just a word about tax-deferred co-operative shares. Currently, our co-operative issues patronage dividends to members based on the net profitability of the co-operative, and proportionate to the amount of business that the member does with the

co-operative by shipping product or commodities to us. This reduces the taxation for the company. However, this is merely a shift in burden, and the farmer pays the tax when we issue a T4A, even though they may not have access to that money until retirement. Granny's is under obligation to submit 15 percent withholding tax on these earnings on behalf of farmers, plus a competitive obligation for further release of cash to farmers since the tax burden is often significantly more than 15 percent, as we have submitted—or have remitted.

Under the new CRA rules, an agricultural qualifying co-operative may issue tax-deferred co-operative shares instead of patronage dividends, in effect, deferring the tax obligation to the farmer member to a time when they qualify for withdrawal of their funds. But there are some conditions that apply to the co-op member in order to qualify for tax-deferred co-operative shares.

The revision—the revision before you in Bill 22 should pave the way for us and any other qualifying co-operative so inclined to establish by-laws, enabling them to participate in member tax deferral. Granny's, the company, would benefit in that the 15 percent withholding tax would not be due upon issue. We would not issue T4As and, instead, we would issue tax-deferred co-operative shares, and the farmer would only pay the taxes due when they redeemed their shares and had the cash on hand or in hand.

Bill 22 amendments allow co-operatives to establish a class of shares that co-operative by-laws could regulate to qualify for tax-deferral status under the provisions of The Income Tax Act.

We congratulate and confirm—or affirm—the government of Manitoba on its introduction and consideration of these amendments. On behalf of Granny's Poultry Cooperative, I encourage this committee to endorse Bill 22, the co-operative amendment act, and support its prompt enactment by the Manitoba Legislature. Thank you.

Madam Chairperson: Thank you for your presentation.

Mr. David Faurshou (Portage la Prairie): Thank you very much, Randy. I appreciate you attending today and explaining a little bit from—about the bill from your perspective.

Might I ask you, in relationship to the retained earnings or the patronage dividends under this new provision, will, will you be considering a, a managed

withdrawal? Like, a—for the purposes of making use of the money for improvement in operations and capital investments that an individual would then know that they have, it'll be five years or so that you'll have this patronage dividend, or are you still only looking at the age of the individual?

Floor Comment: We—

Madam Chairperson: Mr. Schroeder.

Mr. Schroeder: Sorry. I'm sorry.

We use a variety of methods of managing cash in the company. Of course, we desire to retain as much cash as possible to make ourselves as liquid as possible. But we often redeem patronage on the basis of obligation. In, in the sense we have restrictions on terms of how soon we can redeem tax-deferred shares, and, and so it would be our plan to have a managed withdrawal of any of the tax paid equity under pat dividends that we currently have. But it's not our desire to have this money flee the company. It wouldn't be on a managed process.

Does that adequately—

Mr. Faurshou: Appreciate that clarification, and I thank you ever so much for taking time out of, I know, your very, very busy schedule to be here with us this evening.

Hon. Greg Selinger (Minister of Finance): Yeah, I'd just like to thank you for your clear presentation, which I thought explained quite well the purpose of the bill and the advantage to the co-ops of having this kind of measure put forward in legislation. So thank you for that.

Madam Chairperson: Thank you for your presentation.

Bill 19—The Mortgage Dealers Amendment and Securities Amendment Act

Madam Chairperson: We will now move to Bill 19, and I will call upon Sherry Wilkinson, Platinum Mortgages & Financial. Sherry Wilkinson? Not seeing her, she will be moved to the bottom of the list.

I will now call on Buzz Grant, Mortgage Logic. Do you have some materials for distribution.

Mr. Buzz Grant (Mortgage Logic): No. No, I don't.

Madam Chairperson: Then please proceed with your presentation.

Mr. Grant: Ladies and gentlemen of the committee, it's a pleasure to be here. I'm a mortgage broker. Been in the industry in Manitoba since about 2002. I believe that our industry provides a tremendous alternative to the consumer in that we, we provide a professional alternative to helping them source out and seek the best financing available for mortgage financing.

I am pleased to see regulation come to the table in Manitoba. My only concern is that in the act as proposed, the bill, it, it does not talk to, or speak to, a consultation process for the details of regulations that are to be established after the bill is passed. I believe that's how it works, and my request and my desire would be to have mandated in the bill that key stakeholders are consulted with to, to go through the process of developing the detailed regulations for the bill, for the act, to ensure that this occurs properly and to the satisfaction of all the stakeholders including the mortgage brokers that it'll affect as well as consumers and whatnot.

So that's the key thing that I'd like to see in there. I think the whole process and what is happening is good. It's good for the profession. It's good for the province, and I believe that we just need to underline and mandate that that be included in the bill if possible.

Hon. Greg Selinger (Minister of Finance): Thank you for your presentation. It's Buzz Grant? We don't normally put those kinds of clauses in the bill, but I can assure you that we will be consulting all the stakeholders. And I can give you that undertaking tonight as the minister responsible that our staff will contact you and other stakeholders and have a full consultation in the development of the regulation, and then if you're not satisfied with that, you can certainly get back to myself at the political level with concerns, and those can be taken into account, but I'm pretty sure you'll get. I'm certain you'll get a good consultation and have input into it and then the regulation will be developed to, first and foremost, protect consumers but also to allow mortgage brokers to offer the kind of service that you suggest they offer.

So I think you'll be satisfied with it, and there's, there's a long tradition in the Department of Consumer and Corporate Affairs of doing these kinds of consultations and a good track record of achieving satisfaction with that.

Mr. Grant: Will there be a list of key stakeholders that is established going forward?

Mr. Selinger: Normally, we develop a list of the, obviously, the mortgage brokers and then members of the consuming public that would be using those products, and we'll be happy to contact you. If you have suggestions of other people that should be consulted along the way, we'd be happy to receive those suggestions. We have an open mind, but we want to contact both the people providing the service and the people that are supposed to be benefiting from the service. So we want both sides to be adequately consulted in the process.

Mr. David Faurichou (Portage la Prairie): Thank you very much, Buzz, for your presentation here this evening and know that it's taking time out of your busy schedule to, to share your thoughts is, is important not only to yourself but to ourselves as well.

What I would like to ask of you as a professional, are you engaged in membership in a particular organization, just to assist the minister in, in the compiling a stakeholders' listing. Is there an association or certifying body or, like, knowing your industry as you do, can you perhaps guide us all as to what group or organization or if any, that should be definitely on the list of contactees.

Mr. Grant: Our national association is the Canadian Association of Accredited Mortgage Professionals, who—whom are, who is represented today by our colleague, Daryl Harris.

Mr. Faurichou: Is that organization completely encompassing of all individuals or organizations that participate in your industry?

* (18:20)

Mr. Grant: Not all of them but, in Manitoba, but probably most of them, majority.

Mr. Faurichou: It, it is a voluntary participation in this, in the Canadian Association of Credit and Mortgage Professionals?

Mr. Grant: Yes.

Mr. Faurichou: Then the follow-up question would be: For those that are not part of the organization, how would they then be contacted, or do you have any suggestions as to why they're not members, just to clarify for, for our interest in stakeholders?

Mr. Grant: The answer to the second question is I wouldn't, I wouldn't know why it's a voluntary decision they would make. How we would get in touch with them, I'm sure one of the people in the

industry would, maybe even Daryl, our representative from CAAMP, would be able to tell you who that is.

Mr. Faurichou: Thank you ever so much, and I guess we'll have opportunity to put that question to Daryl. And I do appreciate your attending here this evening. It's been most informative.

Madam Chairperson: Thank you for your presentation.

I will now call on Daryl Harris, Canadian Association of Accredited Mortgage Professionals.

Do you have some materials for distribution?

Mr. Daryl Harris (Canadian Association of Accredited Mortgage Professionals): Yes, I do.

Madam Chairperson: Please proceed.

Mr. Harris: Thank you.

Good evening. My name is Daryl Harris, and I'm the Manitoba Director for the Canadian Association of Accredited Mortgage Professionals, otherwise known as CAAMP.

The time that I'm not in this role, my profession is that of a full-time mortgage broker at Verico One Link Mortgage & Financial here in Winnipeg.

I want to thank you for providing me with the time to comment on Bill 19, which is before you today.

First, a little bit about CAAMP. CAAMP is a national association of mortgage professionals in Canada. There are 12,000 members in all 10 provinces with over 200 members here in Manitoba. CAAMP represents all facets of the mortgage industry, including brokers, lenders and insurers, like CMHC and Genworth.

In 2004, CAAMP created the Accredited Mortgage Professional or AMP designation, Canada's only national mortgage designation. AMPs must take a proficiency course, meeting continuing education requirements and be in the industry for two years before applying to become an AMP. There are over 3,600 AMPs in Canada today, with 120 in Manitoba. Manitoba has the highest percentage of members with their AMP designation in the country, something we're very proud of.

CAAMP has taken a leading position in provinces, including Manitoba, in support of legislation to regulate mortgage brokers. We support having minimum education standards, disclosure

requirements and licensing of mortgage brokers and agents. We believe this not only raises the bar on professionalism, but also enhances consumer protection.

CAAMP has been involved in recent mortgage broker legislation in Saskatchewan, Québec and Ontario and was involved in several rule changes in Alberta. These provinces, like Manitoba, have seen growth of the mortgage brokerage channel and want their regulatory framework to reflect this growth. After all, a mortgage is the largest decision or financial commitment most individuals are likely to make in their lifetime.

We've also developed a positive working relationship with the Manitoba Securities Commission, the regulator of the current Mortgage Dealers Act, which this legislation will replace. Representatives of the Manitoba Securities Commission attend our regional symposium here in Winnipeg each year and have also attended our national conference, which was held in Vancouver last fall. You may also be interested to know that there was recently a meeting of national mortgage brokerage regulators for the first time.

The legislation before you is really the framework for the new licensing structure. The details will come when the regulations are released. CAAMP supports the legislation and the proposed framework. My request to the committee today and the government, is that the industry and CAAMP be consulted and involved when the regulations are tabled. We would ask for a process in which we can review the draft regulations and provide meaningful input before they're formally approved.

I'd like to thank you for your time and attention. The package of materials that was handed out, in addition to my comments, also include CAAMP's most recent annual report, and a copy of our most recent research report on the residential mortgage market in Canada. And near the end of that report, there's some great information on how our mortgage market differs from the U.S., and I'd be pleased to answer any questions you may have.

Madam Chairperson: Thank you for your presentation.

Mr. Faurchou: Thank you ever so much for being here with us this evening.

And, Daryl, maybe a follow-up question is one I posed to Mr. Grant. I want absolutely to make certain that government, upon establishing the regulations,

has been able to contact or consult with the stakeholders. Can you, perhaps, maybe, elaborate on the persons that are not in the fold, shall we say, and yet are operating in the business?

Mr. Harris: The only ones that I can think—we have errors and omissions insurance which covers—and that's the reason why a lot of members become members of CAAMP for that errors and omissions insurance. Mortgage brokers operating without that errors and omissions insurance, or done through another company, that would be the only ones that I could see that may be outside of our membership. So there may be a few in that category, and I'm not sure who—how we might be able to get those names and lists for you.

Mr. Faurchou: Do you, through your own organization, do a bit of policing, if I can use that terminology, of individuals that are out there in the lending business that perhaps give the whole industry a bad name? And might be interested in your comment reflecting that, because this legislation is to actually govern all persons representing either yourself or any other lending institution at all levels, not actually, you know, from initial contact and publication and promotion all the way through, through the chain of approval. So, might you comment?

Mr. Harris: Yes, Canadian Association of Accredited Mortgage Professionals has a well-defined process, and it's an ethics review process. We're bound by a code of ethics, and that is on our Web site at www.caamp.org and that information, the Web site should be in your materials, and the ethics process is outlined in there for consumers as well, and there is an independent body that deals with that.

Mr. Faurchou: Thank you ever so much, Daryl, for your presentation. It's been most informative and professionally prepared, and I do look to the, to the minister for commitment of your inclusion, your organization's involvement in the drafting of the legisla—regulations.

Mr. Selinger: Yes, thank you for your presentation. As I said earlier, we'll be happy to consult you on the regulations, and I can assure you that we'll do that.

I do want to follow up on one question, though. For those that aren't members of your association, how would the public know who is a member following your code of ethics and practice, and how would the public know who isn't a member? Is there

a designation that you put behind your name or on your business card or—?

* (18:30)

Mr. Harris: Yes, there is a designation that goes behind our name on our business cards. We also have pins. Those are ones that are AMPs. Not all members are AMPs, so there is a membership listing, again, on that Web site, of the members that are members of the Canadian Association of Accredited Mortgage Professionals.

Mr. Selinger: And in terms of your professional association, does it operate under any statute in any jurisdiction, either a federal or provincial? Does it have any legislation to support the professional association you've developed?

Mr. Harris: Not that I'm aware of. It's all provincially regulated.

Mr. Selinger: For example, in the health profession there's many different professions and they have their own bill that determines how they govern themselves and how the public can participate in dealing with complaints and appeal procedures, but you don't have an actual statute in any province that underlines and supports your professional code of practice?

Mr. Harris: No.

An Honourable Member: Okay, thank you.

Mr. Faurschou: Yes. Sorry for returning to the microphone. Mr. Harris do—in light of your understanding of other provinces, the legislation we have before us, would you care to comment on as to, as it is before us today? Is it similar to other provinces? Is it, and if I can use the word, harmonious, with other provinces, so that your membership would be able to actually operate in other provinces and, and with, with similar documentations, similar policies and practices.

Mr. Harris: The legislation as it is laid out is very similar. The devil is in the details, in my opinion, and that's really where it differs.

Madam Chairperson: Seeing no further questions, thank you for your presentation.

Floor Comment: Thank you.

Madam Chairperson: I will now call on Jeff Sparrow, Castle Mortgage Group. Jeff Sparrow. Jeff Sparrow's name will be dropped to the bottom of the list.

Bill 12—The Residential Tenancies Amendment Act

Madam Chairperson: We will now move to Bill No. 12, The Residential Tenancies Amendment Act, and I will call on Ron Penner, the Professional Property Managers' Association.

Do you have some materials for distribution?

Mr. Ron Penner (Professional Property Managers' Association): I do not. Just—

Madam Chairperson: Please commence your presentation.

Mr. Penner: Okay. Good evening and thanks for the opportunity to speak.

My name is Ron Penner. I'm the current president of the Professional Property Managers' Association. We represent about 50 landlords in the city in excess of 50,000 units. I'd also like to, maybe before I get into it, just say a bit of a thank you to the process and to Laura Gowerluk and her staff at the Residential Tenancies Branch for involving the PPMA in discussions as we lead—have led up to this day and we had certainly appreciated the last half dozen years or so of being involved in these sorts of decisions that affect our industry. So that's, that's a very positive move and we very much appreciate that.

While there are many changes that affect us, I think our membership, in general, is in agreement with most everything. The one issue that I'd like to highlight is the pet deposit. There's been some discussion in our, amongst our membership and in, in the industry and in the newspaper about the, the whole pet deposit.

I think the first thing I'd like to say is that we would be very much in favour of having any discussions as they relate to pet deposits remain a deposit that is an optional, it's optional for landlords. There—we've heard some discussion that, that it should be mandatory for landlords to allow pets and that deposits will, will resolve all those issues. But, again, our membership is very adamant that, that it remain an optional item for landlords with—to choose whether, in fact, they want to have pets in their buildings or not.

And the, the overwhelming majority also has provided comment that, while the deposit of a half a month's rent is a start, in our business we sort of say there's no such thing as a \$250 pet problem. The damage as a result of pet owners who are the type of

people that we don't want in our buildings far exceed a \$250, \$300, \$400 deposit.

During the consultation process, we did have some discussions about what we felt was fair and, and, you know, we had numbers that were quite large, but most of our membership believe that it will make some difference to those who are on the fence, but we, we need to be allowed a more substantial amount to set aside for the deposit because we are often dealing with several thousand dollars' worth of damage when we do have pet damage.

So those are my, my points. The, the—as I said, the, the issues—the other issues that are, are suggested are, in our belief, a lot of some very good housekeeping issues and will help us in our business as well.

Madam Chairperson: Thank you. Questions from the committee?

Mr. David Faurichou (Portage la Prairie): Certainly appreciate you being here this evening, Ron, but have you had opportunity to completely study the, the bill that's, that's been before us today? I—and, and, and, and if so, what capacity have you been engaged in, in the development of the, of the bill?

Mr. Penner: Yes, I—I've been involved in the bill. I've been involved in discussions on each of the items on the bill since I—well, I would say since the in—ception, but possibly not. We have gone through with Laura and her staff how, how some of these things affect our business.

There are some—the Professional Property Managers Association currently in our membership, we do not have any large personal care home situations, so I can't speak so much to the tenant services side of things, although I did personally sit in on some of the early sessions of the personal services side of things and when—we, we deferred that to people in our organization who are much more aware of how these things will affect their business.

But the guarantee agreements, we had a great deal of discussion and understand that we would like the guarantee agreements to remain under the residential tenancies situation. We don't want—you know, there's some discussion about guarantors being taken out and being taken into small claims; we want those included, and there's some wording that was required to—and some work that we're required to do as landlords to bring that under the act

and to ensure that we can continue to have these guarantors in some situations.

The—there are some administrative penalties that, you know, in our membership, for the most part, people believe is, is sort of a bad landlord rule, and we hope that it doesn't apply to any of us, and we work hard to ensure that we, we don't fall into that, but—and the—again, there's some housekeeping issues at the commission that appear to be there to speed things up that we're satisfied with.

Mr. Faurichou: Obviously, within your organization you would be—also study other provinces and, and their particular pieces of legislation, and, in your opinion, is this striking a balance between the renter and landlord and in—and it—is it fair to say that the legislation before us today strikes that, that balance?

Mr. Penner: That's a, that's a risky question to ask a landlord, 'cause I'm thinking of the provinces such as Alberta, Saskatchewan that are not rent controlled. You know, we don't spend a lot of time comparing ourselves to other provinces because we're a very unique province. We are rent controlled here. We do live in a rent-controlled environment, and we really don't—you know, there's been suggestion—suggestions of other provinces have, for example, I think it's called the fuzzy law in Ontario; the landlords are mandated to accept pets. They have no choice. But, but, it's—that wouldn't be apples to apples to say well, we should do that in Manitoba because they have voluntarily vacated suites; we don't have voluntarily vacated suite.

There's many, many differences. And we really, as an organization, don't spend a lot of time worrying about what other provinces do. I, personally—our company does business in other provinces, so I have some idea, but when we have discussions like this, we, we certainly understand that there needs to be a fairness and, and this, this issue of pets has become a, you know, it, it's been off the news for a little while, but it is a hot potato. We do understand that people moving out of homes, you know, there's an attachment, but—sort of got off-track there. But we, we do worry, really, and look at how the balance is in Manitoba versus other provinces. I'm not sure if that answers your question.

Madam Chairperson: Thank you.

* (18:40)

Mr. Rob Altemeyer (Wolseley): The 50,000 units that your organization represents, what percentage of

the overall private sector rental market would that, would that add up to?

Mr. Penner: You know, I should know that percentage. But it's, you know, the vast majority of larger—there's, there's a lot of small, sort of, we call them ma and pa operations, that we are actually—we're working very hard to get people involved because those are some of the people that are often most affected by these sorts of changes. But it's probably 75, 80 percent, I'm thinking of the private.

Madam Chairperson: Thank you. And our time for questions has expired. Thank you for your presentation.

Mr. Penner: Thanks for the opportunity.

Madam Chairperson: I will now call on Larry Todd, private citizen. Do you have some materials for us to distribute, distribute?

Mr. Larry Todd (Private Citizen): I do, Madam Chairperson.

Madam Chairperson: Thank you. Please proceed to with your presentation.

Mr. Todd: Thank you, Madam Chairperson. My name is Larry Todd, and I live in Brandon, Manitoba, and this evening I wish to address Bill 12.

First of all, to the Legislature of Manitoba, I want to express my gratitude and my thanks, first that we, as citizens, are able to have the opportunity to respond to evolving legislation between the second and third readings before it's voted on for final approval. I understand that many provinces in our country do not have this.

And, secondly, that you as a legislative body have had the wisdom and the foresight to recognize the value and the need of what has already been done in Ontario, through legislation known as Fluffy's law, and to now place on the legislative docket of Manitoba, similar material.

Presently I'm a board member of the Brandon Humane Society and also on the Brandon Seniors for Seniors Co-op. Through these two positions, I chair the advocacy committee for seniors, which, amongst other things, includes housing and also a special projects committee, which can cover a wide array of matters pertaining to animals and people. I'm also retired so all of these activities are on a volunteer basis.

Madam Chairperson, I'm requesting that the Legislature of Manitoba be faithful to what has

already been implemented in Ontario by outlawing discriminatory no-pet clauses.

If the present form of your intended legislation for Bill 12 is passed, the landowner will still have the right to refuse people access to living accommodation simply because they have a pet or pets. I'm asking that this not happen and for the following reasons.

When I did receive a paycheque, I had the privilege of providing pastoral care to people for over 30 years. During that time, I was able to witness first-hand the positive effects that animals have on the well-being of people from children to seniors. For the younger people, the middle-aged and senior persons in our society, they are able to experience companionship, friendship, a reason for being, support and comfort. Animals, and pets in general, do provide a priceless component to the health and the well-being of persons of every age.

This is a crucial point for health-care costs. With animal friends, the tendency for people to become depressed, lonely, isolated and withdrawn is reduced considerably. When we look at the affect which these symptoms can have on our health-care system, it can be shown that there is a direct relationship between a lower cost in care services to those with pets, as opposed to those without pets. I believe that it is especially important for those who advance in years, and must, by virtue of the fact that they are aging, experience many losses such as that of friends, family and general autonomy.

Legislation to allow them the right to continue to live with a companion pet or pets will help to lessen these losses in a significant way, support a better quality of life for them mentally, emotionally and spiritually and also reduce health-care costs in our province.

(b) At the present time, because of existing laws, a number of animals are turned into animal shelters or pounds when residents must move and they cannot take their pets with them. Many of these animal facilities are already stretched to the limit with existing resources of volunteers, accommodations and finances. Much of this kind of work is supported by the generous donations from the citizens of Manitoba. Why continue to cause unnecessary stress and burden to these organizations when it could be alleviated considerably?

People with pets love their pets. They will do whatever they can to care for them, to feed them,

shelter them and to have them to be part of their lives. And thus the quality of an animal's life and the quality of a person's life are ensured by their ongoing relationship together, because the potential for having them separated is removed. It also enables animal shelters to be more effective by having less drainage on their resources.

(c) I believe that as the government in power for the province of Manitoba, you have historical and moral obligations to see that Bill 12 is passed in the form that prevents discrimination against anyone because he or she has a pet. Why? First, it's important to note that when Fluffy law was passed in Ontario, the then-Ontario NDP leader, Bob Rae, was a very active supporter of this law. Surely, the leadership of today's NDP party in Manitoba continues to be in keeping with the ethos of those from the past who gave voice to the voiceless. Secondly, in January of 1916, Manitoba was the first province to legislate the right for women to vote. This was a real landmark piece of legislation for the powerless.

People with pets are in a similar position at the present time. Will you not step up to the plate and do the right thing again for pets and their companions? And thirdly, we should not forget the efforts of Alonzo Fowler, Charles Kerr and seven other persons, most or all of whom were farmers. These particular people founded Wawanesa Insurance on September 25th, 1896. At that time, settlers faced drought, hail, prairie fires, high transportation costs and accidents with coil oil lamps and straw-burning equipment. They also had trouble paying their premiums. Since farmers didn't have the cash until after the harvest, Wawanesa Insurance began its company by issuing their first policies without a premium payout. Now this story, I feel, is relevant to Bill 12. It has been shown that people with pets are as good or better tenants. They are more responsible, and they tend to stay for longer periods of time. Therefore, like the farmers, they're good risks.

* (18:50)

Furthermore, there is provision in Bill 12, as I understand it, as in Fluffy law in Ontario, to protect both the landowner for possible damages, as well as other tenants, by stipulating that pets must be well-behaved, do not cause harm and are not dangerous.

Madam Chairperson, I believe that Bill 12 must ensure that there is protection, that is, non-discrimination against pet owners whose

animals are not interfering with the reasonable enjoyment and protection of other tenants and the owners of rental units. Thank you for this opportunity to share my thoughts at this time.

Madam Chairperson: Thank you very much. I've got some questions.

Hon. Jon Gerrard (River Heights): Yes, I'm very interested in your comments about the pets and would like to give you an opportunity to talk a little bit more about the Ontario experience. I think that there are probably some landlords who are nervous about having pets in their buildings and there are certainly some buildings in Manitoba where tenants can't have pets. So give us a little bit more information about Ontario and what's happened and why we should do that, make that change, here.

Mr. Todd: The reality in Brandon—I can't speak for Winnipeg—is that there are very few places for people to move into because they have a pet, period. And the general openness in Ontario to allow such things to happen is only because there is also the recognition of the nervousness of those who own the buildings, and I believe that through Fluffy law there has been a very concerted effort and directed effort to ensure that: the landlord is taken care of, such as a deposit for damages; stipulation, perhaps, of certain kinds of animals which would be totally inappropriate; perhaps the landowner might have—is allergic to animals or certain tenants are. So there are conditions or factors that would be weighed, but by and large, simply because you have a pet should not mean that you should not have access to accommodation of your choice. I realize that you have to recognize both parties and be responsible to both parties, and that if a person with a pet or pet is going to move in somewhere, they have to be responsible as well, and if they're not, out they go. Or they, they are refrained from going in because of a certain kind of pet.

Madam Chairperson: Thank you. Seeing no further speakers, thank you very much for your presentation.

Mr. Todd: Thank you.

Madam Chairperson: I will now call on Tanya Gerolamy, private citizen. Tanya Gerolamy? Tanya Gerolamy will be dropped to the bottom of the list.

I will now call on Lois Todd. Do you have some materials for distribution?

Ms. Lois Todd (Private Citizen): Yes, I do.

Madam Chairperson: Please begin your presentation.

Ms. Todd: Thank you. Madam Chairperson, ladies and gentlemen, my name is Lois Todd and I live in Brandon, Manitoba. I volunteer at the Brandon Regional Health Centre, Central United Church, the Humane Society and Seniors for Seniors. It is because of my involvement with Seniors for Seniors, as the secretary of the advocacy committee, and the Humane Society, that I speak to you today.

In some countries, it is unheard of to own a pet. However, in Canada, we begin early in our lives to care for, shelter and love animals. Many childhood memories are of our beloved cat, dog or both. Pets become an integral part of our lives, beginning at an early age. Some pets live for 10, 15 or more years. There are many people who cannot imagine what it would be like not to have a pet. Human beings are the only species that willingly house and care for animals for the sheer pleasure they derive from their company. As our lives move on and we grow up, we have children of our own and often adopt a family pet. There are many important lessons for a child to learn by having and caring for an animal and receiving unconditional love in return. Once again, pets become an integral part of who we are as a society.

When we age and our families move away, our pets are there to give us much-needed love and companionship. Eventually, for age or health reasons, we find ourselves seeking suitable accommodations that do not require snow shovelling, grass cutting and other home maintenance activities.

Seniors moving from their homes to other accommodations are forced to give up their pets for adoption. This is heartbreaking for the people and the pets. How traumatic it is for someone to have to leave their home as well as give up their family pet and companion.

A study completed in 1993 at the University of Melbourne entitled Health Cost Savings: The Impact of Pets on Australian Health Budgets found that the annual savings to Australia could be \$790 million to \$1.5 billion on an annual health-care benefit of \$33 billion. The study revealed that pet owners visit their doctors less than the rest of the population, saving up to 4.47 annually on health-care spending alone. Even a small difference in behaviour between pet and not pet–non-pet owners can have a huge

potential to save tremendous amounts of money in the health-care system.

I would like to refer everybody to the law passed in Ontario 19 years ago that is affectionately called Fluffy's law. It is an amendment to the tenancy act and simply states that a tenant cannot be prohibited by a landlord from keeping a pet. Ontario also has a tribunal to ensure that the landlords' interests are also taken into consideration.

Owning pet is something that should not be taken away from people, especially when provisions can be made to protect the landlord. I believe this is a very positive thing for both sides.

Madam Chairperson, to conclude, I believe the scientific evidence is very clear as to the benefit of owning a pet. I am very supportive of Manitoba acquiring a similar law to Ontario's Fluffy's law.

Thank you for allowing me to speak today and for your consideration of this matter.

Madam Chairperson: Thank you very much.

Mr. Gerrard: Yes, thank you for your presentation.

You know, in, in, the numbers in Manitoba were comparable to that in Ontario, it would be saving Manitoba about a hundred million a year, maybe a little more. So that's not small change to be sneezed at.

What—maybe you could tell us a little bit about the tribunal that was set up in Ontario, and how it works?

Ms. Todd: Well, I know that the landlord is protected. As Larry mentioned, if there's allergies they have the right to deny pets. There is the deposit. There are three months probation, I believe, for the tenant. If there is a problem with a dog barking all day, or odour from kitty litter, or other kinds of problems on the elevator, in the halls with the animals, then the tenant is told it isn't working out, from my understanding.

And I believe that something could be put in place to protect our landlords along whichever lines that they deem necessary to allow pets to be permitted into their apartments.

Hon. Greg Selinger (Minister of Finance): Yes, I'd like to thank you and the other chap that presented under the name of Todd for your very thoughtful presentation. Thanks. Those were both very good presentations.

Ms. Todd: Thank you.

Madam Chairperson: Seeing no further questions, thank you very much for your presentation.

Ms. Todd: Thank you.

Madam Chairperson: I will now call on Jean Yves Rochon. Do you have some materials to distribute?

Mr. Jean Yves Rochon (Manitoba Council on Aging): I have a copy of my presentation.

* (19:00)

Madam Chairperson: Thank you. You may start your presentation.

Mr. Rochon: You pronounced my name very well, which is a challenge for many people.

Madam Chairperson: Thank you.

Mr. Rochon: Good evening. My name is Jean Yves Rochon. I am the chair of the Manitoba Council on Aging.

The Manitoba Council on Aging is an advisory body to the Minister responsible for Seniors (Ms. Irvin-Ross). The council is composed of older adults who represent a cross section of geographic, ethnic and community service backgrounds in Manitoba.

Housing has been and continues to be a priority issue for our council. The need for affordable and accessible housing options in Manitoba is often discussed at our meetings. We are pleased to see an increase in assisted-living residences, now described as housing with tenant services. The terms seem to be interchangeable. This, now, is another option for many older Manitobans.

Housing with tenant services provide in-house services such as meals, laundry and housekeeping. Together, these supports allow their tenants to continue to live in the community, maintain their independence and age in place. As the population, our population ages, the demand for housing with tenant services is expected to increase.

The Manitoba Council on Aging actively participated on the Assisted Living Community Consultation group, which was established by the Residential Tenancies Branch. This group met between 2006 and 2008 and consulted on issues which needed to be addressed in order to better protect tenants living in housing with tenant services. We are pleased to see that many of the issues we discussed are addressed in the proposed legislation of Bill 12, The Residential Tenancies Amendment Act.

The Manitoba Council on Aging welcomes the proposed changes through Bill 12. Seniors and older adults need to and want to make informed choices when it comes to choosing housing that provides services.

Bill 12 proposes that housing providers standardize their tenancy agreements and clearly identify their services and costs for these services. The Manitoba Council on Aging supports this amendment as it is important that seniors be informed of the amount they are paying for the rental unit and the amount for the tenant services packages, as well as any other services that could be provided at an extra cost.

Furthermore, there is a wide range in advertised costs for this type of housing. With Bill 12, as consumers, seniors and their families would be better educated and, therefore, able to make the right choice for housing that will meet their needs.

Bill 12 also requires that housing providers give proper written notice for any reduction or changes of services, such as meals, laundry and housekeeping services. Individuals who are seriously affected by a reduction in services would have the ability to go to the Residential Tenancies Branch to have the extent of the impact determined. Requiring landlords to provide written notice to their tenants of any changes to these services also allows these tenants time lines for disputing changes, as well as a time to arrange for alternative services during disruptions, if necessary, or to find alternate housing.

Until the introduction of Bill 12, the Residential Tenancies Branch did not have the jurisdiction to intervene in matters relating to the provision of services in assisted living.

We know that some tenants would be left with no recourse if the housing provider failed to deliver the services as advertised. The Manitoba Council on Aging supports Bill 12 as the amendments provide needed protection to tenants living in housing that provide tenant services.

We feel that it is important that seniors and their families be well-informed of the cost of services, the type of services they will receive and what are extra charges, in order to make education-educated decisions about where they want to live and who is going to provide their services.

The Manitoba Council on Aging sees there is a great need to educate the public and senior consumers about this type of housing and how these

amendments will work to ensure tenants are fully aware of the services provided to each—in each building.

I recently met with an administrator of a residence that provides services, to speak to him about these changes, and he viewed these changes quite positively. On occasion, he has provided a breakdown of costs to tenants who had required this information when they were filing their personal income tax. He saw no problem in providing this information to all tenants.

Assisted living or housing with tenant services is another important community living option that allows some older adults to stay in their communities and age in place. Providing older Manitobans with housing options to meet their diverse needs is an important step in creating an age-friendly community. An age-friendly community is one which supports seniors in leading active, socially engaged, independent lives that contribute to healthy living.

The Manitoba Council on Aging supports this legislative amendment as it provides better information and protection to seniors who are paying for and relying about certain services—relying upon certain services, to stay in their communities. Thank you.

Madam Chairperson: Thank you for your presentation. Are there any questions from the committee?

Mr. Gerrard: Thank you for your presentation. I would ask the view of your, of the council on aging on the situation with regard to pets and whether there should be measures included in this to prevent discrimination against pet owners.

Mr. Rochon: I was afraid someone would ask that question. We do not—we've talked about this informally at some meetings, but we have not discussed it to the extent where we would have a formal position on that. I know that, having heard the other presentations and also, personally, I live in a condominium building where the issue of pets is—can be at times controversial.

We know that there are a number of seniors who have pets and are very attached to their pets and need to be with their pets. We also know that there are other seniors who don't particularly want to be with pets or want to have them around. I know this is around, but we haven't really discussed it to the

extent of having a formal position on it. I just threw in some of my own observations.

Mr. Selinger: Jean Yves, merci pour votre présentation ce soir. C'est un plaisir de vous avez ici. Merci beaucoup.

Translation

Jean Yves, thank you for your presentation this evening. It's a pleasure to have you here. Thank you very much.

Madam Chairperson: Seeing no further questions, thank you very much for your presentation.

I will now call on George McBride, private citizen. Do you have some materials to distribute?

Mr. George McBride (Private Citizen): No, I just have questions written down, Madam Chairman.

Madam Chairperson: Then please start your presentation.

Mr. McBride: Good evening, Madam Chairman, and honourable members. Thank you for the opportunity to speak in this—on Bill 12. My name is George McBride. I'm a private citizen. I know some of the people in this room. I will go naming them because I'll probably misspell their names or say their names the wrong way.

But, anyways, I'd like to start off by mentioning a month, two months security should not be too high for the tenant. Monitoring previous damage by pets prior to a new person moving in, the amount of security can be a hardship for seniors, et cetera, moving in.

I agree a landlord should get the security deposit but a low one. Pets for seniors are like family. I have two cats and a dog, and my dog is five years old and my cats are 15 years old. Security should be only once a year. There are responsible owners and irresponsible ones, but one bad apple doesn't make every one bad.

Complaints: This could be numerous regarding the rentals board. A landlord should be reprimanded for refusing to allow a pet if a person wants to move in and they're responsible, a responsible owner. The number of pets and types, security deposit for more than one pet, if you lose your pet, do you receive your security deposit back? What about the damage security, your word versus the landlord.

The expense for a new tenant, senior, et cetera, moving in: There's moving charges, damage deposit,

security deposit and a month's rent on moving in. As an example, if a person rents a two-bedroom home, as an example, for \$800, they have to pay a damage deposit of \$400. If the Bill 12 goes through and it's a half a month's rent, now you're looking at another \$400. You're looking at eight plus eight for moving in. That's \$1,600 plus your moving charges. You're looking over \$2,000, and that's a lot of money for a har—for a te—senior moving into a new residence.

*(19:10)

A month-to-month lease—what about a month-to-month lease? Does that give the, the landlord the opportunity to go ahead, after you've been there a month, to say, hey, I'm charging you a security deposit?

Madam Chairman, those are my questions.

Madam Chairperson: Thank you very much.

Are there any questions from the committee?

Mr. Selinger: Thank you, Mr. McBride.

Have you had the opportunity to meet with our staff to discuss your questions and your concerns yet?

Floor Comment: When you speak to your staff, may I ask—

Madam Chairperson: Sorry, Mr. McBride.

Mr. McBride: Sorry. When you're speaking of your staff, Mr. Selinger, who are you referring to?

Mr. Selinger: The people from the residential tenancy branch.

Floor Comment: I've spoken—

Madam Chairperson: Mr. McBride.

Mr. McBride: Sorry. We, we all go through this, Madam Chairman.

I've spoken to a few of your people down there who put me in touch with, with this meeting coming up. I know that you've already had one reading or one, one reading on the bill already, and it's got to go to a couple more readings, or at least one more reading, if you consider passing it.

I've had occasion to speak to different members of Parliament—members of the Legislative office, and for— and, as I told you prior to the meeting, I fell through the cracks on your office, Peter Bjornson's office, Marilyn Brick's office and Myrna Driedger's

office, and I was successful in getting through on Nancy Allan's office.

I realize that everybody's been busy, and I don't begrudge them for not returning my calls because you are busy.

Mr. Selinger: I'm gonna, I'm gonna ask my staff to, from the residential tenancy branch, to set up a time to talk to you and answer your questions.

Mr. McBride: That's fine.

Madam Chairperson: Thank you.

Seeing no further questions—

Floor Comment: Excuse me. Excuse me, Madam Chair.

Madam Chairperson: Mr. McBride.

Mr. McBride: I would ask one thing and one thing that when I leave, leave tonight that if there's any follow-up after this meeting in regards to notes or minutes, whatever the case may be, that I be sent a copy of the whatever takes place if there's any decisions made today.

Madam Chairperson: The, the events of the evening—any, any presentations are recorded and will be in *Hansard*, which will then be distributed to, to the House and that becomes a public document. So, any, any conversations or decisions that are made will be public record through the *Hansard*, and so you would be able to, to see what, what occurs after you've left here, in the *Hansard*.

Floor Comment: I'm not familiar with your proce—

Madam Chairperson: Mr. McBride.

Mr. McBride: Sorry. I'm not proce—I'm not familiar with your procedures, ma'am. Where do you obtain this information, receive this information?

Madam Chairperson: The, the *Hansard* record is on the Internet, but you could also come here, and the Clerk's office would be able to provide you with a copy.

Mr. McBride: I thank you for your time.

Madam Chairperson: Thank you for your presentation.

Bill 14—The Consumer Protection Amendment Act (Payday Loans)

Madam Chairperson: We are now moving on to Bill 14, The Consumer Protection Amendment Act (Payday Loans).

I will now call upon Antoine Hacault, Cash Store Financial.

Do you have some materials for us to distribute? Thank you.

You may commence your presentation.

Mr. Antoine Hacault (Cash Store Financial): Thank you, Madam Chairman. Good evening, honourable members of the Legislature, ministers.

My name is Antoine Hacault of Thompson Dorfman Sweatman, solicitors for Cash Store Financial Services Inc. Cash Store has 420 branches in Canada, 30 of which are in Manitoba. Cash Store employs approximately 90 people in its Manitoba stores.

On behalf of Cash Store, I thank this committee for allowing me to make a presentation with respect to Bill 14. The presentation is focussed on three points, the first one being the need for a statutory provision to ensure that rates are just and reasonable to both consumers and the payday loan industry.

The second point is the need to ensure, from our perspective, that leasing, sale and lending sectors contribute to financial literacy. This fund should not be funded only by the payday loan sector.

The third and final point is the need for public consultation and the reimbursement of reasonable costs to those participating in the consultation process.

Cash Store has welcomed consumer protection initiatives with respect to payday loans in The Consumer Protection Act and in Bill 14. In fact, it has been a leader in consumer protection initiatives, often advancing any legislated initiatives and implementing things that are even more favourable than the legislation.

Cash Store and its employees are also active participants in community activities and philanthropy.

I do want to provide some context so I'll start by giving a context of how it's reg—how this industry is regulated in Canada. Not everybody regulates rates; for example, in Newfoundland, and I've put a letter from that province, they have chosen not to regulate rates of payday loans because there are no complaints about this industry. Fees charged are generally reasonable and regulation increases cost which are ultimately passed on to the consumer.

This government, and I've attached some of the statements and letters, has publicly stated that the intention of the first amendments dealing with payday loans were not intended to drive companies out of business because people were showing an interest in having this service and the government wanted to make sure that when these companies offered the service, they did it in a way that was just and reasonable.

I've provided reference to tabs where those similar types of statements have been made in other provinces across Canada also. The background to this bill necessitates some discussion about the history, and the history is that payday loan companies and consumer groups presented evidence at lengthy hearings before the Public Utilities Board in 2007 and 2008.

The Public Utilities Board, after hearing extensive evidence, set rates at a maximum of 17 percent per hundred, declining to 6 percent per hundred. I want to make it clear, the evidence is very clear that 6 per cent per hundred is not a rate at which any company can provide the service. So, and you'll have that information at tab 4. So that if a rate at 6 percent is provided, just the sheer costs of rents, employee costs and everything else, setting a rate for a particular sector of, like social assistance sector, at 6 percent is effect—eliminating any service to those people. So that in January of this year, a judge of a Court of Appeal agreed that a three member panel of the Court of Appeal should decide whether the Public Utilities Board set a rate which was just and reasonable.

Now I've read the *Hansard* and I don't—and the *Hansard* extract is there and it can be read. I understood that one of the reasons why this bill was going forward is that there was concern about the Court of Appeal actually making a decision on this issue.

I can assure members of the Legislature that the courts, if we want to have a prompt decision and need to have a prompt decision, they do it promptly and we probably would of had a decision on the issue by now if we had sought that assistance of the court. The court is very sensitive to business issues and government priorities.

The next issue leading to this is business certainty. I explained that an important feature of being able to conduct business in Manitoba is what we call the rule of law. Persons need to know what the rules are so they're able to arrange their affairs

accordingly. So that at tab 4 I've provided affidavits of four small business owners which were provided in the courts, some of which were unionized people. They've put all their lifesavings into setting up these small businesses. They explained, for example, that in Thompson it is more expensive to provide the service than in Winnipeg and they explained why that's so; rents, wages and that the cost there for that small operator—and he explains that he has given interest-free loans to people who needed it—is 24.48 percent per hundred. So it's \$17 per hundred. Even at \$21 per hundred, you're going to eliminate services in rural areas. It won't be possible to provide the service.

*(19:20)

There is some misconception that you can do a cookie-cutter model for this industry. In fact, there is a huge gambit of types of services that are provided and there's a huge discrepancy between the types of people that are accepted for loans, so that if there's going to be a competitive industry and services provided in smaller communities, you can't set rates that are too low and that aren't just and reasonable to both the consumer and to the lender in that community.

By then—in the submission, and I'll leave the whole submission for reading at a later time, but go into the heading, just and reasonable, on page 3. The Court of Appeal was going to decide whether the rates being set were just and reasonable to both consumers and lenders. None of the lenders were making unreasonable returns on their investment, and the judge who heard this matter noted that the Public Utilities Board rate at 17 percent was lower than any expert appearing before it recommended and which anticipated would put some, if not many, payday lenders out of business in Manitoba, thereby eliminating service to people who wanted the service.

I've also provided information at tab 8 to show that other provinces, on average, charge or allow a maximum rate of 25 percent per hundred to allow this competition.

Bill 14 removes the requirement of the Public Utilities Board to set rates that are just and reasonable. Without that requirement, arguably, rates could be unjust and unreasonable to consumers or they could be unjust and unreasonable towards the companies. It depends who's in power and who decides to set the rates.

It's for this reason that I, on behalf of Cash Store, recommend a legislative amendment which requires fees or costs or rates or formulas and tariffs for determining fees or costs, be subject to a test that it be just and reasonable and it take into account the interests of the consumers and the financial health of payday lenders. This is a test that applies to public utilities. It served us well for Manitoba Hydro and other public utilities. It seems to me it would be a test that would serve us well for this sector of the industry also.

I also submit that in the public consultation process, because there will be public consultation now done by the Public Utilities Board, not an actual order, that the Public Utilities Board also apply this just and reasonable test in its consultation and subsequent recommendations to the minister why.

One of the things that we experienced in this last hearing was a lack of focus. It caused both the consumer group and the industry to spend inordinate amount of time and money on issues which were probably not useful and shouldn't have been the focus of the hearing. If we have a proper focus, it allows us to have proper recommendations.

Madam Chairperson: You have one minute left.

Mr. Hacault: The other two points which I wish to draw—and thank you for bringing to my attention the finite, the time limits—is at page 7, the financial literacy support levy. We think it's an excellent idea, but we suggest that it's not only this payday loan sector that provide this, the money for the sector, and it's been brought up by Kevin Lamoureux in the second reading.

The last part is the cost of the cons—public consultation. In these—in this process, the consumer groups were reimbursed for their reasonable costs. The companies presenting evidence were not. This has the direct effect because the pa—the costs get passed to the consumer of increasing costs to the consumer because the companies have to bear that cost and pass it to the payday loan consumer. If the cost was borne by the general taxpayer, it wouldn't further penalize the consumer.

Thank you very much for giving me time to make this presentation. I'd be pleased to answer any questions this committee may have.

Madam Chairperson: Thank you for your presentation.

Are there questions from the committee?

Hon. Jon Gerrard (River Heights): I thank you for your presentation, which is clear. And I would ask two questions: One is that you, you're suggesting that if we'd let the PUB do its work it probably would've done its work reasonably well and this bill would never have been needed. And, second, that—I'm puzzled as to why the PUB set the rates in the area that they did, which were economically non-workable.

Can you help with an answer to those two questions?

Mr. Hacault: I can't, unfortunately, speak for the board as to why it took the approach it did. You have at least one judge of the Court of Appeal who thought that the test wasn't applied properly. That it was a one-sided approach. I can tell you that the rates that were put in there are based on American conglomerates and American models with low wages. Those wages don't work in places like Thompson and remote areas.

Mr. David Faurchou (Portage la Prairie): Madam Chairperson, obviously, you have operations in other provinces and, and you have that then perspective of comparison. Is the legislation before us one that is in similar or to other jurisdictions? How is it the other provinces set rates? And you have made reference to B.C., for one. How did they determine the, the rates or do they have any determination at all?

Mr. Hacault: There are two processes. Some of them are set by regulation, and in Nova Scotia, for example, they also had a hearing. And in that province, it was a hearing as to what was a just and reasonable rate. And the—because the industry is very competitive they—and there's a lot of different services provided and a lot of different costs. They actually set a cap rate at \$31. It doesn't mean that people all charge 31. There's some people that charge 17 and they provide a rate that's commensurate to that and, also, limit who they lend money to and limit as to where the service can be provided. So there isn't uniformity across the country and some don't even regulate it.

Mr. Faurchou: Is there any other points that you'd, you'd like to, to make? Seeing that you ran outta time, I, I give you that latitude that if there was a point that you wanted to allow for to a question from myself, is there any other point you'd like to make?

Mr. Hacault: I perhaps would expand a little bit more on the financial literacy support levy. I think that's an excellent initiative to help consumers. But I

think it's a mistake to just put the levy on the payday loan companies, because then it's a cost to the payday loan company, and, if the company is going to provide that service, they have to pass it on to the consumer. And the problem doesn't arise by the time—at the payday loan company. Often it's because the credit union has been far too generous in how it grants credit. For example, my son went, and I would've never given him a particular line of credit that he got. But then he maxes it out, and I hope that he can manage his finances and that he gets properly informed.

But my point is that, if this is a good idea, it's a good idea for the whole financial services industry. You go to get leases for vehicles, you get the same issue and the same problem. Thank you.

Madam Chairperson: Seeing no further questions, thank you for your presentation.

Mr. Hacault: Thank you. Good night.

Madam Chairperson: I will now call on Randy Schiffner, President, Assistive Financial Corp. Randy Schiffner. Randy Schiffner will be moved to the bottom of the list.

I will now call on Nathan Scee, 310-LOAN. Nathan Scee. Nathan Scee will be moved to the bottom of the list.

* (19:30)

I will now call on Gloria Desorcy, Manitoba Branch of the Consumers' Association of Canada. You may begin your presentation.

Ms. Gloria Desorcy (Manitoba Branch of the Consumers' Association of Canada): Thank you. My name is Gloria Desorcy and on behalf of the Manitoba Branch of the Consumers' Association of Canada, I'd like to thank the committee for the opportunity to comment on Bill 14 and the important consumer issue it addresses.

Mr. Tom Nevakshonoff, Vice-Chairperson, in the Chair

I'd also like to begin with a little bit of history. CAC Manitoba has long been concerned about the high cost of payday loans, especially when compared to other types of credit. Anecdotally, we've always received information from consumers over the phone and through personal contact letting us know that many of the consumers who use this type of loan are those consumers who are—can least afford to pay that extra cost. And actually, during the Public Utilities

Board hearing, evidence was presented that supported that notion.

So CAC Manitoba commended the government of Manitoba for taking the lead amongst Canadian provinces by addressing protection for consumers of payday loans with legislation in 2007. We commended their approach to setting a maximum charge for payday loans, an approach that put this task in the hands of a transparent public process overseen by the Public Utilities Board. We applauded their decision to put the Consumers' Bureau in charge of licensing lenders and monitoring compliance with the new regulation.

We were very disheartened when we—when what we thought was a balanced, reasoned decision taken by the Public Utilities Board based on an exhaustive public hearing process was being revisited once again through legal appeal. And so when the government brought Bill 14 forward, the opportunity to provide timely protection and relief for vulnerable consumers definitely resonated with our organization.

There are several aspects of Bill 14 that we support hardily, including the prohibition of charging consumers for a cash card and the provision that allows consumers to access their cash card balance, even if it's less than the smallest amount they can withdraw from a bank machine. The prohibition of discounting. The restriction on tied selling and the introduction of the Borrowers' Financial Literacy Fund.

The need for financial literacy education for consumers has been recognized by governments and organizations across the country. This need is exacerbated by our current economic situation, and so we applaud the decision to include this incentive in Bill 14.

CAC Manitoba has two concerns about this bill. The first is the maximum charge for loans to be set by the Lieutenant-Governor-in-Council. Many of the organizations represented here today, or at least on the list, spent a lot of days together last year at the Public Utilities Board hearing, exploring this topic and providing the best evidence possible on behalf of the stakeholders they represented. I think I can speak for the other two groups CAC Manitoba worked with as interveners at the hearing, the Manitoba Society of Seniors and Winnipeg Harvest, when I say that at the end of that process, we felt certain that few stones remained unturned in the quest for current information, varying perspectives and potential

solutions and scenarios that would help the PUB determine a maximum charge for payday loans in Manitoba that was in the public interest.

It's a matter of public record that the maximum charge determined by the PUB by—sorry—higher than the one recommended by CAC Manitoba, MSOS and Winnipeg Harvest. It was, however, very close to the rate recommended by experts hired by our three organizations, experts whose credentials, objectivity, expertise and conscientious attention to detail more than qualified them to give advice on this issue in our estimation. We felt confident that the transparent public multistakeholder process carried out by the PUB had resulted in a decision that was in the best interests of all concerned and, therefore, provided sufficient protection for both consumers and business at this time. And I'd just like to add that I believe Dollar Financial and the Cash Store in media press releases indicated that they would be able to operate—or would continue to operate in Manitoba after the PUB order was issued.

The test of this current bill, Bill 14, in our estimation, will be the maximum charge set by the Lieutenant-Governor-in-Council. A number any higher than that recommended by the PUB, which is roughly 17 percent of the face value of the loan, will be unacceptable to CAC Manitoba.

That brings me to CAC Manitoba's second concern, the setting of the maximum charge over the long term. CAC Manitoba is prepared to accept the expedience of having the Lieutenant-Governor-in-Council set the maximum charge this time around because it will enable all the other protections in the 2007 legislation and in Bill 14 to be instituted with less delay.

We are very concerned, however, with the long-term impact of moving that decision from a transparent multistakeholder public process to a political process. One need only look at the rates set in other provinces—I think 23 percent in Alberta today—through political process or without public input to see why we are concerned. CAC Manitoba appreciates the fact that the PUB process continues to be part of the legislation going forward, but we are concerned that the PUB will only have the power to make recommendations to government. We believe strongly that the power to set the maximum charge should be returned to the PUB after this year.

CAC Manitoba requests amendment of Bill 14 to include a multistakeholder review of this one aspect

of the bill to be completed prior to the next rate-setting period within three years.

Once again, on behalf of CAC Manitoba, I'd like to thank you for the opportunity to provide these comments.

Mr. Vice-Chairperson: Thank you, Ms. Desorcy. Questions?

Mr. Gerrard: Thank you for your presentation. We heard earlier that the—and in the text of the presentation, there was a view that the cost of making loans was higher in, for instance, Thompson and some smaller communities than in Winnipeg.

Do you see that there should be a differential rate in difference parts of the province in order to make sure that loans are available or not?

Ms. Desorcy: Well, I think that one of the upcoming presenters will talk about this, but I'll just mention that during the Public Utilities Board process, there was one case mentioned of a florist who also gives out, sells payday loans. Their regular means of income was the florist, but they also provided the payday lending to that community in Steinbach, I believe it is, as another option, and their rate is actually fairly low.

So my suggestion would be, no, not to change the rate but to encourage companies to be more diverse and to be maybe more creative.

Mr. Faurischou: I appreciate you coming out this evening, Gloria, and sharing your thought patterns, thoughts with us. The research that you've done into the actual users or those that are getting monies from the payday loan industry, you made a statement that they're the ones who could least afford it.

Did you have some scientific figures or study or something to base it on?

Ms. Desorcy: There was information presented at the Public Utilities Board that indicated not every user of a payday loan, certainly, but that there were many users of payday loans whose incomes were smaller, who had less education. And, yes, there was research presented by experts that we hired for the process, and I believe possibly research done by other organizations, as well, that was brought forward through all the questions and all the investigation that was done during the process.

Are you asking—oh, sorry. Can I—

Mr. Vice-Chairperson: Go ahead.

Ms. Desorcy: Would you like to see some of that information?

Mr. Faurischou: Well, I was just—yes, I would. *[interjection]*.

Floor Comment: Sorry. I wasn't sure. Like, I can't quote it, you know, but I'll certainly provide it.

* (19:40)

Mr. Vice-Chairperson: Mrs. Desorcy, would you repeat that?

Ms. Desorcy: Yes, I'm sorry. I can't quote it, but I can certainly provide it, yes.

Mr. Faurischou: Yes. Do you feel, though, also, too, though, there is not competitiveness in the marketplace to keep the rates down? And, and that's why you're feeling that there is a true need for, for all of the rates to be actually prescribed, and by legislation and regulation?

Ms. Desorcy: One of the pieces of information that came out during the hearing—and I'm gonna say I believe it was Dr. Buckland's research, but I, I, I can't swear to that for sure—indicated that there is kind of a concentration between two large companies in Manitoba. Dollar Financial and the Cash Store have most of the actual outlets or own most or—most of the actual outlets are part of those companies and so there is a concentration of owners and also, there is quite a price spread. Our own mystery shopping revealed—that we did for the hearing—revealed that there was quite a price spread between what consumers can pay for a payday loan, and neither of those things would indicate to me a hotly competitive marketplace.

Hon. Greg Selinger (Minister of Finance): Thanks for your presentation, Gloria. I'm just wondering—one of the reasons that people might use payday lenders is because they can't get an equivalent or a similar type of service from mainstream financial institutions, be they banks or, or credit unions or other institutions. Has, has the Consumers' Association, either in Manitoba, in Canada, ever approached the mainstream financial institutions to see if they would offer this type of service to people, either through a line of credit facility or some other innovative facility that would allow people that have short-term credit needs to use their, their institutions to meet those needs?

Ms. Desorcy: I can't speak for the national organization, national Consumers' Association, but certainly in Manitoba, we have not approached with

a specific plan. We have approached asking why it is so difficult for some consumers to get credit and hopefully the specific plan would be the next step, and we're certainly looking with a lot of interest to some of the things that are being done by credit unions in the U.S., offering short-term, small-amount loans for a more reasonable—you know, not the lowest interest rate, but at least within the ballpark—interest rate and yes. So, yes, that's certainly something we would hope to do.

Mr. Vice-Chairperson: Seeing no further questions, thank you for your presentation.

Call Mr. Leo Sorensen, Sorensen's Loans til Pay Day. Mr. Leo Sorensen? Mr. Sorensen's name will be dropped to the bottom of the list.

Call Mr. Robert Thompson, The Money Tree.

Mr. Thompson, do you have any written materials for the committee?

Mr. Robert Thompson (The Money Tree): No.

Mr. Vice-Chairperson: You may proceed.

Mr. Thompson: Good evening. I'm finding this a little overwhelming, and I'm out of my comfort level, but—my name is Bob Thompson. My wife and I, in January of 2002, opened a payday loan store on McPhillips called The Money Tree. I believe we, we represent the quintessential mom-and-pop operation. I was asked by other people we know in the industry to make a presentation here, and here I am.

I can't articulate any critique of the, of the Public Utilities Board as it, it's done very well in, in the Nova Scotia Public Utilities and Review Board's report, plus that of Justice McInnon—MacInnes of the Manitoba Court of Appeal.

Beyond that, the—all I can say is that, that from a Manitoba perspective, a company that is strictly Manitoba, we are, are not going to be able to survive on \$17. It'll virtually guarantee any Manitoba company is going to be eliminated from, from the industry. You've created an industry here, but Manitoba entrepreneurs need not apply. The Public Utilities Board even knows this and they, they've referred to, I heard, I heard the lady say that National Money Mart applauds the decision, and Advance America applauds the decision. Well, these are American multinational corporations. Of course, they're going to applaud the decision because it's going to drive the domestic industry out and leave it for them. Anybody who wants to get a payday loan is going to have to go to an American multinational

corporation, and that's a strange juxtaposition here, an NDP government and American multinational corporations. You know, I don't understand this.

The, the, the board's report is further discredited by \$31 in Nova Scotia, \$23 in British Columbia, \$21 in Ontario and, today, we have \$23 in Alberta, and, and we're sitting here with \$17, and declining that. You know, not only the \$17 but there's everything else that's added into that. It's going to have a drastic impact on our business. We employ three people, two, two part-timers—no, one part-timer, two full-time. We pay them very well. My wife and I both come from strong union backgrounds, and we believe that persons should get paid what they're worth to get—make, make a decent wage at what they do. I don't know if Money Mart or Advance America shares those sentiments.

And the rates that you're establishing at \$17—payroll is, is your hugest cost, and that, that, it's going to impact on that. Like I say, I'm really out of my comfort level here and, and that's all. I, I, I can't go on anymore, so.

Mr. Vice-Chairperson: Thank you, sir. Questions?

Mr. Gerrard: Thank you. You presented very well. I don't think that you need to feel out of your comfort zone and I think you made a, you know, a very important point in terms of, you know, we need to make sure that there's opportunities for Manitoba businesses to serve Manitobans. Thank you.

Mr. Thompson: Absolutely. Absolutely.

Mr. Faurschou: Well, I want to thank you very much for coming out and, believe me, if this is your first time, it doesn't show.

In regards to the, the various rates, there's going to be a consultative process that is going to take place. Obviously, there was one through the Public Utilities Board. Did you have opportunity to present at that hearing or, or did you not know about it? Like, the information you brought before committee this evening here is most valuable and I'd like to know whether you have had previous opportunity to share this knowledge.

Mr. Thompson: We're, we're, we're members in the CPLA and I know from my union background that you should speak from one voice. You don't need, like, that was what we did as a union. One person spoke for the union and we, we had our spokesman with the CPLA, so I declined to, to make any presentation there.

Mr. Faurschou: Yes, knowing the industry as you do, how many mom-and-pop operations are there in existence in the province?

Mr. Thompson: I—it, it, it was my cousin who was doing the rural phone—they're, they're more prevalent in, in the rural area; 15, 20. The lady mentioned the, the, the payday loan store in Steinbach, who works in conjunction with the florist shop. He's not going to survive. He, he cannot afford the \$5,500 licensing fee every year. He doesn't make that much money from the, the payday loan side of his operation. So he, he's going to be having a dilemma there.

* (19:50)

Mr. Faurschou: I, I do appreciate you, you sharing your thoughts with us this evening and, and information that you, you bring is, is most valuable, as I stated before. It's just a matter of making certain that your voice is heard when the consultative process takes place, and I would most encourage you to, to, you know, speak from your own, own operation, because each individual business, although similar in nature, does have its, its own unique traits. So I would encourage you to do so.

I look to the minister to, you know, assure us that this will have an opportunity for the mom and pop operations to, to have a bearing on this and I do know from comparative points of view, we are the highest in Canada with our licensing fees, significantly higher than in other jurisdictions. So I hope the minister will have this in, in mind when, when establishing the new rates.

So thank you very much for coming out tonight.

Mr. Thompson: Thank you.

Mr. Selinger: Thank you, Mr. Thompson, and thanks for coming out to present. I know it's not easily—not easily done.

I just wondered if you could give me some idea, why do you think people come to, say, your outlet as opposed to credit unions or banks to get service? What, what's the reason that brings them to you? Do you have any idea about that?

Mr. Thompson: They, they wouldn't—they wouldn't qualify. One of my—one of our mentors, when we opened, was my brother-in-law. He worked for 38 years in the Royal Bank, and he sat in quite a bit when we first opened, and when he looked at some of the customers that came in, he said to me—he says, I couldn't do this job, not after 38 years in the bank. We're giving credit to people that he would chase out

the door. He wouldn't even think of offering them credit. They have a bad credit rating.

Mr. Selinger: Thank you.

Mr. Vice-Chairperson: Time for this presentation has expired.

Call Mr. Byron Williams, Public Interest Law Centre.

Mr. Williams, I see you have some written materials. The Chamber staff will distribute them, and I turn the Chair back over to the Member for Rossmere (Ms. Braun).

Madam Chairperson in the Chair

Madam Chairperson: Mr. Williams, please start your presentation.

Mr. Byron Williams (Public Interest Law Centre): Thank you, Madam Chairman, and thank you for this opportunity, members of the board—or, of the committee.

And I see the lawyers are competing with each other to see who kills the most trees today. Lest you fear that I'm going to try and go through all this material, I hope some of it will be helpful background material. I am going to try and take you through the first 10 or 11 pages of, of my outline, and I'll just be clear: at the two hearings in Manitoba setting rates both for government cheque cashers and for payday lenders, I was legal counsel for the Consumers' Association, Winnipeg Harvest and the Manitoba Society of Seniors.

But I know today, you've got some industry representatives here, you've got some great community representatives and they're making specific proposals about amended—amendments. So what I thought I'd try and do today is give you some background context, both about the Canadian and Manitoba marketplace and also about some of the recent regulatory experience in the U.S. And I hope in doing so, some of the questions that were asked by Dr. Gerrard and Mr. Faurschou I can help to, to answer, answer at least a few of them as well.

Starting point—and I'm on page 2 of the, of the notes if you're reading along with rapt interest. The marketplace both in Canada and Manitoba is very highly concentrated when you look at the payday lending industry, and it's quite in contrast to the American marketplace where even the biggest one only has about 11 percent of the marketplace. It's

much more competitive down there. In Canada, the two largest firms dominate the marketplace.

The Public Utilities Board in, in, in the hearing with regard to Manitoba found about 62 percent of the stores and in, in excess of 75 percent of the total volume going through in payday loans in Manitoba is coming through these two companies: Dollar Financial Money Mart and the, and Rentcash, so a very strong market concentration.

There are some interesting smaller stores, some neat mom and pops. The Steinbach florist is one of my favourite. There's also some nimble operators in rural Manitoba, some operations that only operate part-time hours and that. So there are some neat things going on out there.

The rates charged in the Manitoba marketplace are extremely high, and what we've done on page 3 is give you a typical loan, first-time customer from the Cash Store, someone walking in for the first time. You walk in, you want a—and that's at the top of page 3, figure 4, you—and this is their own evidence. You want \$100. You want to borrow it for 10 days. It's gonna cost you over \$40 to take out that loan. That's for that first-time customer at the Cash Store, \$40 to borrow \$100 for 10 days. So that is a number that I think, when you first look at these things, it's kind of striking.

What we've done on the latter part of page 3 is we've taken a table from the Public Utilities Board, and we compared the cost of credit for a payday loan versus other, other options like a line of credit. And if you look at that table, it's table 1 on page 3, you'll find that the rates charged to the Manitoba marketplace are very high, especially when compared to other sources of credit. So this is from our mystery shopping exercise. You can see everyone's taken out a loan of, of, of \$250 and the amounts vary dramatically in Manitoba.

Firm A, to borrow that \$250 for 12 days, close to 50 bucks. Firm B, that is not a store I'd wish to patronize, for 250 days—a hundred—\$250, \$109. Firm C, for 12 days, \$96 to borrow 250. It's a weird market. It's not consistent with what you would expect with the well-functioning market, both the heavy concentration and this gross variation in rates between service providers.

Of interest, of the two largest firms in Manitoba, Money Mart charges rate amongst the lowest and so does that Steinbach flower shop. Among the very

highest are Mr. Hacault's clients. They're right up there in terms of who's, who's charging.

Turning to page 4 of the outline, in terms of the industry, it's important to understand this is an industry that thrives on repeat business. This is important ramifications for consumers. An industry study in 204 said that for every one new—new customer there's 15 repeat customers and there's about 26 percent of payday loan customers are using this service at least once a month, often twice a month. So this is, it's, it's more than kind of a source of occasional credit. It's almost like an addiction.

Amer—Advance America, which is the biggest lender in North America, their customers take out about nine loans a year. Why does that matter? Because the industry has a real interest in churning clients through and getting them to repeat their business as much as possible because it's cheaper to do repeat visits and why, why that's important as well is because repeat customers, that's when you get into those credit crunches, those credit crises.

A one-time payday loan, even if the numbers are kind of large, we can all understand it, but the really, the most vulnerable group are those consumers who are using this service once a month, twice a month.

Pages 4 and 5, I just, it talks about the, the marketplace itself. The Public Utilities Board found very little evidence of price competition in Manitoba and partly that's because of the, just the high concentration of between these two firms. There's other reasons that I've set out here.

You asked about—on page 6 we talk more about the customers of payday loans. I don't know how many took out loans last year, but the best estimate we have is that between 55,000 and 80,000 Manitobans were going to be taking out payday loans last year. That's according to the Public Utilities Board. Who are these people? Well, they tend to be employed, low to modest income earners, less likely to have a university degree, with static after-tax income and poor or no credit relationships with banks and credit unions. That's who they are.

On page 7 we talk a little bit about what—why they're there. One is, and to be fair to the industry, fast and convenient service. They are treated, in some ways, better than the banks. Why else were they there though? 'Cause they're, they're vulnerable, they have less options. As we set out in figure 3 on page 7, they're more likely to be refused their credit card, more likely to spend in excess of income, more

likely to have less than \$200 in a bank account, and more likely to have no one else to turn to in the event of financial difficulty. These are these consumers.

* (20:00)

At the bottom on page 7, we talk a little bit about this most vulnerable group, and those are the consumers who are using this service once or twice a month. And those consumers, according to an Ipsos-Reid survey, they're disproportionately lower income. Over 50 percent of the really frequent users earn less than, than thirty perc—\$30,000 a year.

And you'll see a really pretty chart on page 8. I'm really proud of that chart, and that, that, that illustrates in tabular form that of those using this service at least once a month, often twice a month, really kind of addicted to this service, over half of those are making less than \$30,000 a year.

The question was asked, either indirect—perhaps by my friend, Mr. Hacault and perhaps by Mr. Fauschou and Dr. Gerrard. I'm turning to page 9 in my outline. Can the industry survive? Can it thrive with rates like the Public Utilities Board set? Let's say 15 to 17 bucks on a hundred. And I want to point out those figures still. Those are really high. You know, if you look at a consumer [*inaudible*], those are still big numbers. What did Money Mart say?

I pulled out a little excerpt from their press release right after the Public Utilities Board hearing. They all cried that they could never survive under this in the context of the hearing. What Money Mart said, and I bolded this on page 9, we believe the new, newly proposed Manitoba legislation provides new growth opportunities for Money Mart. We're comfortable that we'll continue to operate efficiently under the new Manitoba model.

And on page 10, I put in some quotes from Mr. Hacault's client, Rentcash, and you can see in the bolded portion that they were not happy with this decision, but what did they say? Cash Store fully intends to continue operations in that province. That's the number that, when push comes to shove, Cash Store, No. 2, can live with.

Madam Chairperson: You have one minute.

Mr. Williams: The last thing, on page 11, what's going on in the States. Well, in rate-cap states, the average rate cap is about \$16 on a hundred, fairly comparable to what we have in Manitoba, and we, we've just put in a little table here at the bottom of the page. We've given states such as Ohio, Michigan,

hardly low-wage states, and we've shown what their average rates are, and we've just taken the number of Advance America stores, and you can see that the industry is actually growing even under these rates. So the doom-and-gloom scenario's a little overstated.

And I, I thank the committee for the—this opportunity.

Madam Chairperson: Thank you. Are there questions from the committee?

Mr. Gerrard: My question to you is whether it is better to let the PUB set the rates with all its faults, compared to having, basically, the government try and set the rates, and, I mean, can you have a go at that?

Mr. Williams: Yes, thank you, and I'll admit to a bias. Part of my business is rate regulations so I probably have a bias—a bias in that direction, and my clients have that bias so you can probably guess what, what my answer, answer might, might be, which is, is that my clients prefer a transparent process with—it, it's cumbersome, it's got flaws but it's worked well for Manitobans.

That being said, in the short term, there's 55 to 80,000 people who could see some immediate rate relief through this, this bill, and I think my clients would support that in the short term, but in the longer term, they'd like to see a return to a, a more fulsome regulatory process. Did I dance enough on that one?

Mr. Blaine Pedersen (Carman): Madam Chair, I just—you've mentioned that these \$15 to \$17 is still an exorbitant rate, which it is. Do you have an alternative? Like, I understand from where you're going is that cash stores are not a—and I don't believe they're a good alternative for banking. Do you have an alternative for people to use other than a cash store?

Floor Comment: Yeah. Short—

Madam Chairperson: Mr. Williams.

Mr. Williams: Oh, thank you, and I apologize.

Short term, I, I think the answer is rate regulation in that range which is sustainable. We've seen a lot of examples where firms, where that works. In the long term, and I put in some material towards the back and even on pages, I think, 12 and 13 of my outline, they talk about North, North Carolina. That's a state where actually the regulated rate is way lower, but the credit union industry has dramatically got more involved in providing this

service at, let's say, 28 percent APR, and there's some—I put in some statistics about how the volume of transactions has grown.

But, in the short term, rate regulation is the, the best there is because if, if consumers are gonna still borrow, they need, they need, they need a service like this in the short term.

Mr. Pedersen: Well, I won't, I won't argue the fact that maybe credit unions should have a place in there, but I'll tell you, my credit union's gonna hear from me if they start putting out money for, for high-risk loans, and someone has to pay for that. So my lower rate, low-risk loan is going to pay for that, and I—you have to address that somewhere in there.

Mr. Williams: On page 14, for example, I put in a quote, quote from an executive out of North Carolina: Offering low-cost alternatives to high-cost payday loans can be done profitably.

There are excellent examples, and some of the evidence we put into the Public Utilities Board proceeding has some great examples of jurisdictions in the States.

I think there's—I'm going off the top of my head, but like 1,200 credit unions in the United States were offering a credit alternative and enough—you know, in North Carolina the numbers look pretty good.

So you'll have to take that up with them. Go ahead.

Mr. Pedersen: You've just given me a brilliant idea. Now I'm going to go home to my credit union, and we're gonna get into the payday loan business. Thank you.

Mr. Faurshou: I, I appreciate your data that you provided to us.

Are we looking at the, the complete picture here insofar as not just rates, but overhead, and I'll come—hearken back to the licensing fee here in the province of Manitoba.

Is this all-inclusive with you, your figures here? Because I'll, I'll, I don't know whether you're in the business with a hands-on affair, but we just heard from a gentleman that is hands-on. It, it's, this is his business. This is all that he's got to, to feed his family with. So I'd really appreciate if you honed in on, on some of the specifics here.

Mr. Williams: I think that's a really good question, which I didn't address in my, my presentation.

I can tell you that when you looked at all-in costs, like the Ernst & Young study that the industry did in, in, in kind of two or three years ago, that looked at all-in costs of—which, including cost of capital, suggested that these rates were sustainable.

In—and certainly, in the Public Utilities Board process, they looked expressly about—at the regulatory cost. But, I don't know the specific figures for that individual. That was kind of—when I heard it, that, that raised the question of whether, for a few of these smaller firms, maybe, maybe the overall cost is not sustainable. And, you know, I can't, I can't offer much more than that.

But, certainly, in the regulatory process, they expressly took into account the \$5,500. That was all part of the, the calculation. Again, most of their, their data was looking at what was publicly available, whether that's Red Cash, Dollar Financial stores and firms of that like.

Madam Chairperson: Our time for questions has expired.

Thank you very much for your presentation.

Mr. Williams: Thank you.

Madam Chairperson: I will now call on John Silver, Community Financial Counselling Services.

Do you have some materials to distribute?*[interjection]* Thank you.

You may commence your presentation.

Mr. John Silver (Community Financial Counselling Services, Inc.): Thank you, Madam Chairman, and thank you for this opportunity to, to speak to the committee.

First, a bit of background on Community Financial Counselling Services. Community Financial Counselling Services, of which I am the executive director, has more than 30 years' experience in helping to meet the complex and often unique needs of individuals, couples, and families in Manitoba who are experiencing financial challenges.

Community Financial Counselling Services, CFCS, was established in 1974 as a non-profit corporation. It's registered with Canada Revenue Agency as a charitable organization and responsibility for the operation of CFCS rests with a voluntary board of directors drawn from the community who serve without remuneration. CFCS is a member agency of the United Way of Winnipeg

and also receives operating funding from the Department of Finance, Province of Manitoba.

* (20:10)

In addition to its role as a financial counselling service open to all Manitobans, as a publicly funded community-governed agency, Community Financial Counselling Services is uniquely positioned to address the needs of our more vulnerable and high-risk populations, such as youth, seniors, lower income, the mentally challenged and problem gamblers.

CFCS receives funding from the Manitoba Lotteries Commission and works in partnership with the Addictions Foundation of Manitoba to address the financial issues related to problem gambling. We are able to take the time to provide comprehensive financial counselling that takes into consideration the individual's or families' other concerns, to partner with other organizations in order to provide more integrated service delivery and to focus some attention on community education and professional cross training that increase the preventive and the access to service aspects of our financial counselling and our debt management programs.

CFCS also has specific programming that provides education, assistance and adgif-advocacy to individuals and families and other organizations with respect to their rights and responsibilities within the Employment and Income Assistance program.

CFCS provides counselling to more than 800 individuals and families and workshops and seminars to thousands more on financial and credit management each year. We average 135 enrollees in our licensed debt management program and 25 percent of the individuals and families within, in this program have outstanding loans to payday lenders ranging in amounts from several hundred to several thousand dollars. The higher amounts are often found where gambling is involved. Approximately half of our payday borrowers have more than one outstanding loan from the same or multiple payday lenders. The number of loans per client ranges from two to eight concurrent payday loans. We have noted that our clients with outstanding payday, payday loans are almost twice as likely to default on their, on their payments and/or not to complete their debt-management program. We attribute this, to some degree, to the higher risk, more vulnerable populations that must use payday lenders as a credit alternative.

Now the following comments and suggestions briefly touch upon issues based on our experiences with clients involved with payday lenders. They mirror those previously presented during the Public Utilities Board hearings as the basic issues related to payday lending haven't changed. They may not all fall within the purview of this committee and some may be covered under the previously enacted or planned regulations that accompany the act. They are just raised here to illustrate the range of interventions required to, and to underscore our concerns.

The first is with rollover and replacement loans. When a—the client is unable to meet payment obligations as scheduled, a current practice is for payday loan companies to rollover existing loans. The original loan amount plus interest is combined with an additional amount to form a new loan. We have seen examples of this being repeated several times thus increasing the client's indebtedness exponentially. The fixed interest rate is not increased thereby not conven—not contravening any federal acts and although legislation may tend to, may intend to disallow roll-rollovers, there needs to be regulations in place to regulate repeat borrowing. That is, that is to successfully take out payday loans to meet basic financial needs and to repay other loans. Which I think is, has been referred to in the addictive category. Repetitive borrowing over an, over an extended period of time defeats the short term ast—aspect of payday lending.

Loan shopping and the independence of payday lender franchises: Relative to the last point, there appears to be no communication or coordination of service between payday lenders or among the many different locations for multilocation payday lender operations. And while rollover or replacement loans may be regulated, there remains the possibility that consumers can access concurrent and/or consecutive loans from different payday lenders, at—payday lenders and/or separate locations of the same payday lender. And we have much experience with this. Consumer total loan amounts and the interest payments could be well in excess of that allowed in terms of the, of the, of the loan amount in duration and interest rate. Upon default, individual payday lender franchise will forward loans to their head offices for collection. Individual consumers may have several outstanding payday loans now being perser—being pursued by one collector.

Preauthorization for payment: In most cases, payday loan companies have required a cheque in the amount of the loan repayment dated for the loan due

date. The client can cancel that cheque or incur NSF charges should funds not be available to repay the loan on that date. However, we have dealt with instances where the payday loan client has been required to provide a void cheque and authorize the payment—payday loan company to directly debit their account in the amount of the loan payment. This allows the payday loan company to continually withdraw funds until the loan has been repaid. Clients will have their bank accounts emptied and be left unable to meet their basic needs and/or default on other payments they, they, they, they may have made already.

Security title loans: Contrary to the perceived intent of the payday loan as short-term and unsecured, we have seen examples where clients have been asked for security and had property registered with the provincial property registry against their payday loans.

Documentation: Our experience has been that payday loan companies do not provide formal receipts for loan repayments, nor do they utilize discreet file numbers to identify customers or loans. It is extremely difficult to determine outstanding amounts, amounts paid on behalf of clients. As well, loans can't be tracked back and reconciled with the payday lender of origin, particularly if the client has loans at several payday lenders or payday lender locations. There's—there is nothing more—to identify the client anymore than their, their name and address, and both of those can be in question or there can be many people with the same name.

Voluntary wage assignment: Our clients have been asked to sign voluntary wage assignment documents as a part of that loan repayment agreement. Now, contrary to legislation, payday lenders have sent voluntary loan agreements through employers implying that there's an obligation for the employer to comply. It's important that clients and employen—and employers are made aware that this is not per—permissible and will not be under the, under the new regulations.

Misleading and intimidating correspondence: Default loan collection letters sent by payday loan companies range from the misleading to the intimidating, and letters sent to our clients have included threats of wage garnishment, the threat of legal action in the Court of Queen's Bench, and an excerpt from something called the bill of exchange act, which I'm not sure what that is.

Loan protection plans: Insurance policies are being offered by payday lenders for loss of life, injury, job loss, et cetera. The additional premium costs need to be included in all the information regarding the cost of the loan. As well, we, we question the cost benefit of such a polity—policy for a loan that is to be re—repaid within 62 days or less. This just appears to be another payday loan fee on top of the interest rate.

Penalties: Penalties within the regulations must be of a sufficient deterrence to counterbalance the significant profits avail—available to payday lenders. Payday lenders are often dea—dealing with the financially and socially vulnerable members of our community, such as the working poor and those on income assistance, disability payments, pensions and other fixed incomes. The investigative process sanctions, fines and penalties should keep in mind the harm and suffering that can occur in a rel—relatively brief time to this population as a result of the financial problems caused by the actions of payday lenders.

Madam Chairperson: You have one minute.

Mr. Silver: Okay, then, I'm gonna—I'm gonna skip over right to—I'll just say, on a positive note, that we have had good relations with payday lenders, and that we have found most payday lenders willing to drastically reduce interest rates, or remove entirely interest rates, on loans once the individual has entered the formal debt management program. And, at this time, our clients are repaying payday lenders from 0 to 5 percent interest on their repayment schedules rather than the 28 or 29 percent, which is to, to their credit.

I just want to say something about most of those vul—vulnerable consumers. This legislation and its accompanying regulations will go a great distance to meeting the objective to protect consumers from excessive loan rates and dubious business practices. However, par—particular care must be taken to protect the most vulnerable of consumers and those most opened—open to exploitation with regard to payday lending: individuals, families on social assistance, employment insurance and other forms of compensation, seniors struggling to manage on shrinking pension dollars. Those coping with disabilities all survive on incomes below or close to the poverty line.

* (20:20)

Madam Chairperson: I'm sorry to interrupt, your time has expired.

Mr. Silver: Okay.

Any questions from the committee?

Ms. Marilyn Brick (St. Norbert): Would you—would it be possible to have this entire presentation appear as read in the *Hansard*, as written?

Madam Chairperson: Is there leave of the committee to have the entire presentation as printed in the *Hansard*?

Some Honourable Members: Agreed.

Madam Chairperson: Agreed? Thank you.

So your entire report will be in, in the *Hansard*.

Questions from the committee.

Mr. Faurshou: I do appreciate you being in attendance this evening and, and taking time to share your thoughts and for the continued work that you do in assistance of others in financial difficulties. So thank you.

Madam Chairperson: Any further questions? Seeing none, thank you very much for your presentation.

Mr. Silver: Thank you, again, for the opportunity.

Madam Chairperson: I will now call on Laurie Johnson, New Directions for Children, Youth, Adult and Families.

Do you have some materials to distribute?

Ms. Laurie Johnson (New Directions for Children, Youth, Adults and Families): No, I don't, thank you.

Madam Chairperson: Then please start your presentation.

Ms. Johnson: Good evening, Madam Chairwoman and honourable members. My name is Laurie Ann Johnson. I'm speaking tonight as the program manager at New Directions for Children, Youth, Adults and Families. I have a master's degree in social work, and I've been working in my field for about 30 years, and I thank you for this opportunity to speak tonight about consumers of payday loans and New Directions' experience with consumers.

I work for a social service agency that has been serving the people of Winnipeg for 124 years. New Directions has over 20 programs that work with a wide range of children and adults. Our constituents

are tho—are those often marginalized in society. They are single parents. They're single parents. They are people with mental health issues, the working poor, people with mental health issues and we provide services that try to help people who live in poverty. We have a—we are a Winnipeg Harvest depot. We advocate for people and encourage self-advocacy. We help people upgrade their literacy and employment skills, and we support people making a transition into work and school. We support people who want to live independently. We also provide residential settings for people who cannot. We provide day service and training programs, and we work with people on problem solving and on financial literacy.

I say that the people we work with are marginalized, and I mean by that they face systemic barriers of racism, violence, barriers to economic stability and chronic or intermittent unemployment, means our constituents almost always live in poverty and the great majority of our service users live in the downtown and core area.

We also work with families whose cultures and values emphasize mutual support and caring, and that means if one family member is needing financial support, other family members step up and provide for that person. So a financial crisis for one family member becomes a financial crisis for all the family. Examples would be when someone is—say, a woman comes down from St. Theresa's Point because she's having a baby. Medical services will cover the, the cost of her coming down but not the cost of her boyfriend coming down. When he gets here, he needs to be able to provide for himself. He needs to be able to find somewhere to stay while she's having the child, and that becomes for the extended family something they must respond to.

At New Directions, our values are that everyone should be treated with dignity and respect, and we also believe that people have the right to make informed choices about their lives, and we find it can be challenging to work with people who are in financial crisis and to make sure they have all the information they need to make good decisions about their finances. So we feel that New Directions has a place in speaking about the impact payday lenders and financial services have on the well-being of our constituents and their communities.

We recognize that recent changes in federal law make obtaining a conventional bank account much easier, but it doesn't address the issue of payday

loans and the financial credit industry. We find most abusers of payday loans are already mired in a circle of debt repayment and rollover loans, and this leads to chronic credit patterns of indebted–indebtedness.

The terms of these loans and the mechanisms involved in repayment and borrowing to make up for shortfalls are complicated and, and somewhat archaic, and we ask that you take into account, most–in our constituents, most of the disabilities they experience are invisible, and those are the people that we find get in trouble with payday loans. These are people who have FASD, have learning problems, have low literacy rates, low numeracy rates, those who are in constant chronic stress, possibly from family situations.

They may be newcomers to Winnipeg. They may be unfamiliar with city institutions and practices. They may have English as an additional language. They may be–have an illness–for example, diabetes–that may, at times, impair their judgment and reasoning. We know that the people with whom we work are often products of the foster-care system and that multiple places in childhood does not lead to consistent development of problem-solving skills. We certainly recognize that companies have a right to do business, but we want our government to recognize that many of the users of financial services are people who are vulnerable to exploitive financial practices.

So this is what we suggest: that the current PUB cap rate is maintained. We'd like to recognize and–the government's efforts to include in the bill clarity in language and simple explanations about the terms and process of payday loans for consumers, and the mechanism to increase financial literacy amongst those most likely to use payday loans. And we want our government to understand that it's just not acceptable for irresponsible and mercenary business practices to be part of the social safety net for Canadians, and we really support our government in taking measures to protect its vulnerable citizens. Thank you.

Madam Chairperson: Thank you for your presentation. Are there any questions from the committee?

Mr. Selinger: Thank you, Laurie. I–you're the first person that's come forward and indicated some of the barriers that people have to make an informed decision about getting a loan. Do you find that prevalent among your clients, that they have these–

what you called invisible barriers–that prevent them from– *[interjection]*

Madam Chairperson: Excuse me, Ms. Johnson.

Ms. Johnson: Yes, I do, and that's–you know, people are in trouble for a reason and that is usually why people come to New Directions, because they are experiencing these difficulties.

Madam Chairperson: Thank you.

Mr. Faurtschou: I, I just wanted to say thank you very much for coming out this evening and being as patient as you have been, waiting out till your turn. Thank you.

Madam Chairperson: Seeing no further questions, thank you very much for your presentation.

We will now return to names that were called earlier and did not respond. On Bill No. 19, Sherry Wilkinson, Platinum Mortgages & Financial. Is Sherry Wilkinson present? Sherry Wilkinson will be dropped from the list.

Jeff Sparrow, Castle Mortgage Group. Is Jeff Sparrow present? Jeff Sparrow will be dropped from the list.

Tanya Gerolamy, private citizen? Is Tanya Gerolamy present? Tanya Gerolamy will be dropped from the list.

Randy Schiffner, President, Assistive Financial Corp. Is Randy Schiffner present? Randy Schiffner will be dropped from the list.

Nathan Scee, 310-Loan. Is Nathan Scee present? Nathan Scee will be dropped from the list.

Leo Sorensen, Sorensen's Loans til Pay Day. Is Leo Sorensen present? Leo Sorensen will be dropped from the list.

That concludes the list of presenters I have before me. Are there any other persons in attendance who wish to make a presentation? Seeing none, that concludes public presentations.

With leave of the committee, can we take a five-minute recess just to have a bit of a stretch? Is that–?

Seeing no leave, we will continue on. In what order does the committee wish to proceed with clause-by- clause consideration of these bills?

Mr. Rob Altemeyer (Wolseley): Madam Chair, if it's the will of the committee, we can just do it numerically.

Madam Chairperson: So the suggestion is that we follow, we do the bills numerically. Is that the will of the—

An Honourable Member: Agreed.

Madam Chairperson: Agreed? Okay.

* (20:30)

**Bill 12—The Residential Tenancies
Amendment Act**

Madam Chairperson: We will begin with Bill No. 12. Does the minister responsible for Bill 12 have an opening statement?

Hon. Greg Selinger (Minister of Finance): No, I'm prepared to proceed on clause by clause.

Madam Chairperson: We thank the minister. Does the critic from the official opposition have an opening statement?

An Honourable Member: Apparently not, he's not here.

Madam Chairperson: No, he's not here. Thank you.

Mr. Blaine Pedersen (Carman): No.

Madam Chairperson: Thank you.

Shall clauses 1 and 2 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 1 and 2 are accordingly passed.

Shall clause 3 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 3 is accordingly passed.

Shall clause 4 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 4 is accordingly passed.

Shall clauses 5 through 8 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 5 through 8 are accordingly passed.

Shall clauses 9 through 13 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 9 through 13 are accordingly passed.

Shall clause 14 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 14 is accordingly passed.

Shall clauses 15 through 17 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 15 through 17 are accordingly passed.

Shall clauses 18 through 20?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 18 through 20 are accordingly passed.

Shall clauses 21 and 22 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 21 and 22 are accordingly passed.

Shall clauses 23 through 27 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 23 through 27 are accordingly passed.

Shall clauses 28 through 31 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 28 through 31 are accordingly passed.

Shall clauses 32 and 33 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 32 and 33 are accordingly passed.

Shall clauses 34 through 36 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 34 through 36 are accordingly passed.

Shall clause 37 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 37 is accordingly passed.

Shall clauses 38 through 40 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 38 through 40 are accordingly passed.

Shall clauses 41 and 42 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 41 and 42 are accordingly passed.

Shall clause 43 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 43 is accordingly passed.

Shall clauses 44 through 46 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 44 through 46 are accordingly passed.

Shall clause 47 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 47 is accordingly passed.

Shall clause 48 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 48 is accordingly passed.

Shall clauses 49 through 52 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 49 through 52 are accordingly passed.

Shall clauses 53 through 56 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 52–53 through 56 are accordingly passed.

Shall clauses 57 and 58 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 57 and 58 are accordingly passed.

Shall clauses 59 and 60 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 59 and 60 are accordingly passed.

Shall clause 61 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 61 is accordingly passed.

Shall clause 62 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 62 is accordingly passed.

Shall clauses 63 through 65 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 63 through 65 are accordingly passed.

Shall clause 66 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 66 is accordingly passed.

Shall clause 67 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 67 is accordingly passed.

Shall clause 68 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 68 is accordingly passed.

Shall clause 69 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 69 is accordingly passed.

Shall clause 70 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 70 is accordingly passed.

Shall clause 71 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 71 is accordingly passed.

Shall clause 72 through 74 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 72 through 74 are accordingly passed.

Shall clause 75 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 75 is accordingly passed.

Shall clauses 76 through 79 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 76 through 79 are accordingly passed.

Shall clauses 80 and 81 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 80 and 81 are accordingly passed.

Shall clause 82 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 82 is accordingly passed.

Shall clauses 83 through 87 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 83 through 87 are accordingly passed.

Shall clauses 88 through 91 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 88 through 91 are accordingly passed.

Shall clauses 92 through 94 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 92 through 94 are accordingly passed.

Shall clauses 95 and 96 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 95 and 96 are accordingly passed.

Shall clause 97 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 97 is accordingly passed.

Shall clause 98 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 98 is accordingly passed.

Shall clauses 99 through 101 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 99 through 101 are accordingly passed.

Shall clause 102 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 102 is accordingly passed.

Shall the enacting clause pass?

Some Honourable Members: Pass.

Madam Chairperson: The enacting clause is accordingly passed.

Shall the title pass?

Some Honourable Members: Pass.

Madam Chairperson: The title is accordingly passed.

Shall the bill be reported?

Some Honourable Members: Agreed.

Madam Chairperson: Agreed. The bill shall be reported.

Bill 14—The Consumer Protection Amendment Act (Payday Loans)

Madam Chairperson: Our next bill is Bill 14. Does the minister responsible for Bill 14 have an opening statement?

Hon. Greg Selinger (Minister of Finance): No, I'm ready for clause by clause.

Madam Chairperson: Thank you.

Does the critic from the official opposition have an opening statement?

Mr. David Faurshou (Portage la Prairie): No.

Madam Chairperson: Thank you. Shall clauses 1 and 2 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 1 and 2 are accordingly passed.

Shall clauses 3 and 4 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 3 and 4 are accordingly passed.

Shall clauses 5 and 6 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 5 and 6 are accordingly passed.

Shall clauses 7 and 8 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 7 and 8 are accordingly passed.

Shall clause 9 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 9 is accordingly passed.

Shall clause 10 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 10 is accordingly passed.

Shall clauses 11 through 15 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 11 through 15 are accordingly passed.

Shall clauses 16 and 17 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 16 and 17 are accordingly passed.

Shall clause 18 and 19 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 18 and 19 are accordingly passed.

Shall the enacting clause be pass?

Some Honourable Members: Pass.

Madam Chairperson: The enacting clause is accordingly passed.

Shall the title pass?

Some Honourable Members: Pass.

Madam Chairperson: The title is accordingly passed.

Shall the bill be reported?

Some Honourable Members: Agreed.

Madam Chairperson: Agreed. The bill shall be reported.

Bill 19—The Mortgage Dealers Amendment and Securities Amendment Act

Madam Chairperson: Bill 19. Does the minister responsible for Bill 19 have an opening statement?

Hon. Greg Selinger (Minister of Finance): No, I don't. I'm ready for clause by clause.

Madam Chairperson: Thank you. Does the critic from the official opposition have an opening statement?

Mr. David Faurchou (Portage la Prairie): No.

Madam Chairperson: Thank you.

Shall clauses 1 through 3 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 1 through 3 are accordingly passed.

Shall clauses 4 and 5 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 4 and 5 are accordingly passed.

Shall clause 6 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 6 is accordingly passed.

Shall clause 7 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 7 is accordingly passed.

Shall clauses 8 and 9 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 8 and 9 are accordingly passed.

Shall clauses 10 through 14 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 10 through 14 are accordingly passed.

Shall clauses 15 through 18 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 15 through 18 are accordingly passed.

Shall clauses 19 through 21 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 19 through 21 are accordingly passed.

Shall clauses 22 and 23 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 22 and 23 are accordingly passed.

Shall clauses 24 through 26 be pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 24 through 26 are accordingly passed.

Shall clause 27 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 27 is accordingly passed.

Shall the enacting clause pass?

Some Honourable Members: Pass.

Madam Chairperson: The enacting clause is accordingly passed.

Shall the title pass?

Some Honourable Members: Pass.

Madam Chairperson: The title is accordingly passed.

Shall the bill be reported?

Some Honourable Members: Agreed.

Madam Chairperson: Agreed. The bill shall be recorded.

Bill 22—The Cooperatives Amendment Act

Madam Chairperson: We are now on Bill 22. Does the minister responsible for Bill 22 have an opening statement?

Hon. Greg Selinger (Minister of Finance): No, I'm ready for clause by clause.

Madam Chairperson: Thank you. Does the critic from the official opposition have an opening statement?

Mr. David Faurshou (Portage la Prairie): No.

Madam Chairperson: Thank you.

Shall clauses 1 and 2 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 1 and 2 are accordingly passed.

Shall clauses 3 and 4 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 3 and 4 are accordingly passed.

Shall clauses 5 through 8 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 5 through 8 are accordingly passed.

Shall clause 9 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 9 is accordingly passed.

Shall clauses 10 through 13 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 10 through 13 are accordingly passed.

Shall clauses 14 through 16 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 14 through 16 are accordingly passed.

Shall clauses 17 through 20 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 17 through 20 are accordingly passed.

Shall clause 21 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 21 is accordingly passed.

Shall clause 22 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 22 is accordingly passed.

Shall clauses 23 and 24 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 23 and 24 are accordingly passed.

Shall clauses 25 through 28 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 25 through 28 are accordingly passed.

Shall clauses 29 and 30 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 29 and 30 are accordingly passed.

Shall clause 31 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 31 is accordingly passed.

Shall clauses 32 and 33 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 32 and 33 are accordingly passed.

Shall clauses 34 through 36 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 34 through 36 are accordingly passed.

Shall clauses 37 and 38 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clauses 37 and 38 are accordingly passed.

Shall clause 39 pass?

Some Honourable Members: Pass.

Madam Chairperson: Clause 39 is accordingly passed.

Shall the enacting clause pass?

Some Honourable Members: Pass.

Madam Chairperson: The enacting clause is accordingly passed.

Shall the title pass?

Some Honourable Members: Pass.

Madam Chairperson: The title is accordingly passed.

Shall the bill be reported?

Some Honourable Members: Agreed.

Madam Chairperson: Agreed. The bill shall be reported.

The hour being 8:39 p.m., what is the will of the committee?

Committee rise.

COMMITTEE ROSE AT: 8:39 p.m.

**WRITTEN SUBMISSIONS PRESENTED
BUT NOT READ**

Re: Bill 14—The Consumer Protection Amendment Act (Payday Loans)

C11 A1 Financing & Loans

A Division of C11 Holdings Ltd.

This is my written presentation in reference to Bill 14

I cannot attend in person to make a verbal presentation.

My name is Gerry Charlebois and I am the President of C11 Holdings Ltd.

C11 Holdings Ltd has a trade name of A1 Financing & Loans and has a pay advance business in Thompson Manitoba.

I made a presentation to the Manitoba Public Utilities Board in January of 2008. I presented our costs to them and I was disappointed that the Board would set a rate cap explicitly designed to put small companies such as ours out of business.

There is a relatively large demand for credit from working people from all walks of life whether it is for larger loans or for emergency smaller loans as offered by the pay advance companies. Most users of pay advance services have no where else to go to when they need immediate credit, family or friends may not be willing to help or may not be in a position to help them. Our clients come to us for emergency financial help. This help may be for; unexpected trips, home or vehicle breakdowns, medical expenses, temporary transportation to or from work, covering mortgage payments and / or car payments are just a few of the many reasons for the immediate need of credit. Many clients have limited or no credit elsewhere and if it was not for services like ours their hardships could become a matter of

not making it through a temporary downturn in their lives. The alternative of not having access to immediate credit for most of our clients are the realities that without credit our clients are forced in to an even higher cost than what our fees are costing them.

To elaborate on the costs of our services, we charge \$26.00 per \$100.00 for a two week loan. In a perfect world this would be great. However since this is a high risk business, after all is said and done, at the end of the day we end up with fees that were \$26.00 which net out to \$7.50 per \$100.00 on a two week loan when losses, overhead and taxes are considered. These are the reasons why fees have to be maintained high at a minimum level of \$26.00. It is common in our industry where clients take out loans with no intentions to repay. This is proven over and over again when clients shortly after taking out their loans either close their bank accounts or place stop payment orders at their financial institutions to prevent us from receiving repayment. Stop payment orders lasts for 12 months. Either stop payments or closed accounts become a 100% write-off of principle amounts of the loan. There are also clients who cannot pay and may take 1 to 6 months time to repay their loan. Therefore the costs to the clients become anywhere from \$13.00 to \$1.00 per \$100 borrowed depending on the time it takes to have the loan repaid. There are other loans where clients start a repayment plan but do not follow thru in which cases principle and or fees must be written off. In all collection cases there is a large requirement of time and money are required in order to keep collections in check and write-offs to a minimum

The ruling of the Public Utilities Board last year ruled that card loading fees to facilitate the loan be included in the fee. At an income of \$7.50 per \$100.00, this would force companies to do cash loans only. In today's society cash loans are not safe to do for clients or staff alike. Plus there are many situations where clients are not in driving distance to our offices to receive cash and the only time efficient way to get the money to them are with ATM card loads which are completed electronically. Companies who have armoured vehicles and specialize in delivering cash to businesses do not exist in smaller communities therefore staff members would be required to carry from the bank to our offices large quantities of cash, this daily process could be fatal or cause serious injury to our staff members should a robbery take place. Clients also want the security of having credit on plastic cards

and not be in possession of large amounts of cash. I am giving you examples why safety is of the utmost importance and proves that costs of ATM cards must be an additional cost and not to be included in the rate fees set by the Government

Finally I want to point out the economic costs to clients who do not have access to credit. Banking institutions will charge anywhere from \$40 to \$50 on an NSF fee, there is no minimum amount that a bank tolerates for an overdraft therefore it is less costly for a pay advance client to cover the overdraft by using an advance. There are cost and penalties applied if insurance premiums, car payments and or mortgage payments cannot be met. There are costs if medication cannot be purchased when it is required. There are costs for missing work because of vehicle break downs and no money to have it repaired. Employers are penalized by being short of staff and employees miss out on wages. There are human costs when there is no food on the table because one partner walked out on the other partner leaving behind no financial resources to provide the immediate needs of their partner or family. All of these situations happens far too often and services such as ours are the only hope for so many people. It is often the pay advance companies who can bridge the gap to get people over these temporary difficulties in their lives. Therefore I hope you will look at the positive and necessary services that we offer. Also that you will realize the costs in offering these services. You may realize the present fees charged by pay advance companies may be low in comparison to the costs our clients would suffer without services like ours.

We thank you for allowing us to present this to you today. We express our hope that you will consider in your deliberation the real costs to offer these services. The costs that pay advance clients would have to endure without our services and the additional hardships that not having credit would impact on these people.

Thank you

Gerry Charlebois / President
C11 Holdings Ltd. operating as A1 Financing & Loans,

Re: Bill 14—The Consumer Protection Amendment Act (Payday Loans)

Thank you for the opportunity of allowing us to make a written submission to the Standing

Committee on Legislative Affairs with respect to Bill 14 which is before you today. Due to scheduling requirements and short notice, we were unable to attend in person.

The Canadian Payday Loan Association on the whole supports Bill 14 as we believe the amendments and additions improve upon The Consumer Protection Amendment Act (Payday Loans) that was previously passed by this Legislature. Particularly, we believe it is important to regulate all payday loans being provided in the province, including loans provided through the Internet.

We note that there are provisions in Bill 14 for the creation of a Financial Literacy Fund to improve financial literacy among borrowers and potential borrowers and the government will require lenders to pay a levy to fund the initiative. While all members of the Canadian Payday Loan Association are required to have credit counselling brochures and other information on financial literacy in their outlets, we do not believe it is the responsibility of the payday loan industry to run programs designed to improve the financial literacy of borrowers and potential borrowers. If the fund is to be funded by industry, then we believe it should be funded by all businesses that provide financial services, not just payday lenders. The Province should be mindful that licensing fees and bonding costs in Manitoba are far in excess of fees in other provinces and, depending on the maximum rate set by the Province, the addition of a further levy could potentially jeopardize the viability of the industry, which is not in the interest of borrowers or lenders.

We also note that section 164 of the bill requires the Public Utilities Board to commence a review of the maximum rates every three years. We believe the Province could develop a more effective and efficient form of review. A public utility board hearing process is meant for a different purpose and is cumbersome and extremely costly for payday loan stakeholders to participate in. Having direct experience, we would advise that it is doubtful that the CPLA or its members would have the resources to participate in any further review before the PUB in a meaningful way. We would suggest that the government consider creation of an advisory board as was done in the province of Ontario to make recommendations on maximum rates. Stakeholders were able to provide meaningful information to the Board in a manner that was not cost-prohibitive, yet effective.

We thank you for your consideration and hope this information will be helpful to the committee members in their deliberations.

Canadian Payday Loan Association

Per: Hon. Stan Keyes, P.C., President

* * *

Community Financial Counselling Services Inc.

Presentation to the Legislative Committee

Re: Bill 14 – The Consumer Protection Amendment Act (Payday Loans)

Background:

Community Financial Counselling Service, Inc. (CFCS) has more than thirty years experience in helping to meet the complex and often unique needs of individuals, couples and families in Manitoba who are experiencing financial challenges.

Community Financial Counselling Services, Inc. (CFCS) was established in 1974 as a nonprofit corporation and is registered with Canada Revenue Agency as a charitable organization. Responsibility for the operation of CFCS rests with a voluntary Board of Directors drawn from the community, who serve without remuneration. CFCS is a member agency of the United Way of Winnipeg. CFCS also receives operating funding from The Department of Finance, Province of Manitoba.

In addition to its role as a financial counselling service open to all Manitobans. As a publically funded, community governed agency, Community Financial Counselling Services is uniquely positioned to address the needs of our more vulnerable and high risk populations such as youth, seniors, lower income, mentally challenged, and problem gamblers. CFCS receives funding from the Manitoba Lotteries Commission and works in partnership with the Addictions Foundation of Manitoba to address financial issues related to problem gambling. We are able to take the time to provide comprehensive financial counselling that takes into consideration the individual's or families' other concerns; to partner with other organizations in order to provide more integrated service delivery; and to focus some attention on community education and professional cross training that increase the preventive and access to service aspects of financial counselling and debt management. CFCS also has specific programming that provides education, assistance and advocacy to individuals, families and

other organizations with respect to their rights and responsibilities within the Employment and Income Assistance Program.

CFCS provides counselling to more than 800 individuals and families and workshops and seminars on financial and credit management to several thousand more each year. We average 135 enrollees in our licensed debt management repayment program. Twenty-five percent of the individuals and families in this program have outstanding loans to payday lenders ranging in amounts from several hundred to several thousand dollars. The higher amounts are often found where gambling is involved. Approximately half of our payday borrowers have more than one outstanding loan from the same or multiple payday lenders. The number of loans per client ranges from 2-8 concurrent payday loans. We have noted that our clients with outstanding payday loans are almost twice as likely to default on their payments and/or not complete the debt management program. We attribute this, to some degree, to the higher risk more vulnerable populations that must use payday lenders as a credit alternative.

The following comments and suggestions briefly touch upon issues based on our experiences with clients involved with payday lenders. They mirror those previously presented during the Public Utilities Board hearings as the basic issues related to payday lending have not changed. They may not all fall within the purview of this committee and some may be covered under previously enacted or planned regulations that accompany this act. They are raised here to illustrate the range of interventions required and to underscore our concerns.

Rollovers/Replacement Loans

When the client is unable to meet payment obligations as scheduled a current practise is for payday Loan companies to "rollover" existing loans. The original loan amount plus interest is combined with an additional amount to form a new loan. We have seen examples of this being repeated several times thus increasing the client's indebtedness exponentially. The fixed interest rate is not increased thereby not contravening acts in that regard. Although the legislation may intend to disallow rollovers there needs to be regulations in place to regulate repeat borrowing. That is to successively take out payday loans to meet basic financial needs and/or repay other loans. Repetitive borrowing over an extended period of time defeats the short term aspect of payday lending.

Loan "Shopping"/ Independence of payday lender franchises

Relative to the last point. There appears to be no communication or coordination of service between pay day lenders or among the many different locations for multi-location payday lender operations. While rollover or replacement loans may be regulated, there remains the possibility that consumers can access concurrent and/or consecutive loans from different payday lenders and/or separate locations of the same payday lender. Consumers total loan amounts and interest payments could be well in excess of that allowed in terms of the loan amount duration, and interest rate. Upon default individual payday lender franchises will forward loans to their head offices for collection. Individual consumers may have several outstanding payday loans now being pursued by one collector.

Preauthorization for Payment

In most cases payday Loan companies will require a cheque in the amount of the loan repayment dated the loan due date. The client can cancel that cheque or incur NSF charges should funds not be available to repay the loan on that date. However we have dealt with instances where the payday loan client has been required to provide a void cheque and authorize the payday loan company to directly debit their account in the amount of the loan repayment. This allows the payday loan company to continually withdraw funds until the loan has been repaid. Clients will have their bank accounts emptied and be left unable to meet their basic need and/or default on other payments they have made.

Security/Title Loans

Contrary to the perceived intent of payday loans as short term and unsecured, we have seen examples where clients have been asked for security and had property registered with the provincial property registry against their pay day loans

Documentation

Our experience has been that payday loan companies do not provide formal receipts for loan repayments nor do they utilize discreet file numbers to identify customers or loans. It is extremely difficult to determine outstanding amounts/amounts paid on behalf of clients. As well loans cannot be tracked back and reconciled to the payday lender of origin particularly if the client has loans at several payday lenders or payday lender locations.

Voluntary Wage Assignment

Our clients have been asked to sign voluntary wage assignment documents as a part of their loan repayment agreements. Payday lenders have sent voluntary loan agreements to employers implying that there is an obligation for the employer to comply. It is important that clients and employers are made aware that this will not be permissible under the new act.

Misleading/Intimidating Correspondence

"Default" loan collection letters sent by payday loan companies range from the misleading to the intimidating. Letters sent to our clients include:

- The threat of wage garnishment
- The threat of legal action in the Court of Queens Bench
- An excerpt from "Bill of Exchange Act"

Loan "Protection Plans"

Insurance policies are being offered by payday lenders for loss of life injury, job loss etc. The additional premium costs should be included in the all information regarding the cost of the loan. As well, we question the cost benefit of such a policy for a loan that is to be repaid within 62 days (often less). This appears to be another fee.

Penalties

Penalties within the regulations must be of sufficient deterrence to counterbalance the significant profits available to payday lenders. Payday lenders are often dealing with financially and socially vulnerable members of our community such as the working poor and those on income assistance, disability payments, pensions and other fixed incomes. The investigative process, sanctions, fines and penalties should keep in mind the harm and suffering that can occur in a relatively brief time to this population as a result of the financial problems caused by the actions of payday lenders

Fees

Payday loans usually include a variety of fixed and variable fees that may or may not be tied to the loan amount and are not always disclosed prior to signing for the loan. These fees can be as much as or greater than the interest on the loan. Simple, clear

information must be made available to all clients as to the total cost of the loan. This information should be presented in a way that allows clients to compare loan costs across payday loan companies and with other types of loans. The total cost of the loan must be taken into consideration when setting rates of return.

A Positive Note

Despite all of these concerns, our experience with payday lenders has not all been negative. We have found them, relative to many other primary and secondary lending institutions, to be cooperative with regard to negotiating and agreeing to repayment schedules for our clients who have defaulted on their loans. We have found most payday lenders willing to drastically reduce or remove entirely the interest on the loan once the individual has entered a formal debt management program. At this time our clients are repaying payday lenders from 0-5% interest on their repayment schedules. Hopefully this is not simply a reflection of the overall profit being made by the payday lenders.

Most Vulnerable Consumers

This legislation and its accompanying regulations will go a great distance in meeting its objective to protect consumers from excessive loan rates and dubious business practices. However particular care must be taken to protect the most vulnerable of consumers and those most open to exploitation with regard to payday lending. Individuals/families on social assistance, employment insurance or other forms of compensation, seniors struggling to manage on shrinking pension dollars, those coping with disabilities all survive on incomes below or close to the poverty line. They all experience circumstances where additional funds are needed for unexpected emergencies, or to meet basic living expenses, or to provide for simple family activities or as a result of a lack of financial literacy or because they like all of us sometimes confuse needs with wants. Regardless of any other limits to be placed on payday loans individuals/families in these situations will not be able to repay the loan and interest charges in the allotted time without seriously compromising their ability to meet the most basic of living expenses. Individuals/families in this situation do not have the luxury to reduce nonessential costs or to put in some overtime to increase their earnings; they will have to do without food, shelter or clothing. It is critical that the legislation or the regulations or the to be

determined rates special consideration be given those on fixed incomes regarding interest rates, length of repayment or their ability to access payday loans at all.

Closing

Canada's debt to income ratio continues to rise to unprecedented levels at the same time as our savings rate declines. The average Canadian household owes more than its annual take home pay. We carry 74 million credit cards-three for every Canadian over the age of 18. Students are now graduating university with an average debt of \$25,000.00. Household debt has reached 1.3 trillion dollars. Retail consumer credit offerings, the mail-out of some 184 million credit card applications to Canadians each year, buy now pay later plans and our increasing unchecked consumerism will insure that debt continues to be a growth industry.

There are close to 1400 payday loan location across Canada and an estimated 66 locations in Manitoba the majority centered in lower income areas of Winnipeg. This does not include the myriad of internet payday loan vendors where applications are completed online and cash received via direct deposit. The popularity and proliferation of payday lenders is testament to their filling a need in society. Payday loans are not the only factor in this regard. Retail credit cards and secondary lenders with relatively exorbitant interest rates, buy now pay later plans where interest is accrued the moment the balance is not paid in full, all contribute to financial exploitation of consumers without access to other forms of credit or a full understanding of the consequences of the credit agreement they are entering into. It points to the need for systemic changes in our mainstream financial services that will provide for the needs of the under-banked, the un-banked, and those whose financial history, cultural background, socioeconomic status or financial requirements make access to mainstream financial services difficult. It also underscores the need for formal education in basic financial management and the use of credit beginning with our school system. Neighbourhood access to more mainstream banks and credit unions, credit and savings schemes that address these specific needs, partnered with credit and financial counselling services are needed to break the cycle of debt that many find themselves in.

Mr. John Silver

Community Financial Counselling Services Inc.

* * *

Re: Bill 19--The Mortgage Dealers Amendment and Securities Amendment Act

May 27, 2009

Dear Sir or Madam,

Please accept this letter as an expression of support by IGM Financial Inc. ("IGM") and its subsidiaries for passage of Bill 19, The Mortgage Dealers Amendment and Securities Amendment Act ("Bill 19").

IGM is based in Winnipeg and is one of Canada's premiere personal financial services companies. It is one of the country's largest managers and distributors of mutual funds and other managed asset products with over \$103 billion in assets under management as at April 30, 2009. IGM's activities are carried out principally through Investors Group, Mackenzie Financial Corporation and Investment Planning Council. IGM is a member of the Power Financial Corporation group of companies, its common shares are publically traded on the TSX and it has a current market capitalization of \$10 billion.

Through its various subsidiaries, IGM is registered in several capacities with multiple regulators throughout Canada including in connection with the distribution of mortgage products. We have approximately 100 employees based in Winnipeg in our mortgage operations and administration areas. In Manitoba alone, our mortgage portfolio is in excess of 3,900 mortgages with a total portfolio of approximately \$472 million. As at the end of 2007, IGM placed 9th amongst Canadian financial institutions with approximately \$4.6 billion in outstanding residential mortgages.

We are of the view that the Bill will provide additional protection to the people of Manitoba by enhancing the mortgage regulatory regime in place. Consumers are best served, in our view, by having the benefit of professional advice, appropriate disclosure and the overall protection of a risk-based regulatory regime. We feel that the Bill accomplishes these requirements.

In particular, we believe the exemption for registrants under The Securities Act in section 3(1)(f) is very appropriate as it avoids layering of regulation which can be duplicative and counter-productive.

We are also appreciative of the consultation process that took place with The Manitoba Securities

Commission so that the views of the industry could be considered in arriving at the best possible result for consumers while being conscious of legitimate industry concerns.

It is our hope that the Bill will proceed and be enacted into force without substantial amendment.

If you require anything further with respect to this matter, please do not hesitate to contact me.

Thank you for allowing us to make our reviews known regarding our position with on this important piece of legislation for all Manitobans.

Yours truly,

IGM Financial Inc.

Murray J. Taylor

Co-President & Chief Executive Officer

cc Mr. Don Murray, Chair, The Manitoba Securities Commission

The Legislative Assembly of Manitoba Debates and Proceedings
are also available on the Internet at the following address:

<http://www.gov.mb.ca/legislature/hansard/index.html>