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Monday 2 June 2008

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Lundi 2 juin 2008

**Standing Committee on
General Government**

Payday Loans Act, 2008

**Comité permanent des
affaires gouvernementales**

Loi de 2008 concernant
les prêts sur salaire

Chair: Linda Jeffrey
Clerk: Trevor Day

Présidente : Linda Jeffrey
Greffier : Trevor Day

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENT

Monday 2 June 2008

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Lundi 2 juin 2008

*The committee met at 1402 in committee room 1.*PAYDAY LOANS ACT, 2008
LOI DE 2008 CONCERNANT
LES PRÊTS SUR SALAIRE

Consideration of Bill 48, An Act to regulate payday loans and to make consequential amendments to other Acts / Projet de loi 48, Loi visant à réglementer les prêts sur salaire et à apporter des modifications corrélatives à d'autres lois.

The Chair (Mrs. Linda Jeffrey): I call to order the Standing Committee on General Government. We're here to go through clause-by-clause consideration of Bill 48, An Act to regulate payday loans and to make consequential amendments to other Acts. We're going to start with part I, the interpretation, application and administration. Our first motion is on section 1.

Ms. Lisa MacLeod: I move that the definition of "lender" in subsection 1(1) of the bill be amended by adding "but does not include a credit union or caisse populaire to which the Credit Unions and Caisses Populaires Act, 1994 applies," at the end.

The Chair (Mrs. Linda Jeffrey): Do you want to describe it?

Ms. Lisa MacLeod: This came forward from the credit unions and caisses populaires of Ontario, who were concerned that they would be included in this act and have a double regulatory framework. Therefore, I think it's incumbent upon us to recognize the fact that they will receive two new regulatory frameworks. I think it would behoove all of us to understand that the Credit Unions and Caisses Populaires Act, 1994 governs credit unions and caisses populaires. Therefore, I would encourage my colleagues to support this resolution.

The Chair (Mrs. Linda Jeffrey): Any discussion?

Ms. Lisa MacLeod: Recorded vote.

The Chair (Mrs. Linda Jeffrey): Recorded vote for—Ms. DiNovo?

Ms. Cheri DiNovo: May I ask for a 20-minute recess before that recorded vote, please? It's within my rights under standing order 128(a), page 61.

The Chair (Mrs. Linda Jeffrey): Okay. Can we move on to another section or do you want—

Ms. Cheri DiNovo: A 20-minute recess.

The Chair (Mrs. Linda Jeffrey): You just want a 20-minute recess? Okay, we're recessed.

The committee recessed from 1404 to 1424.

The Chair (Mrs. Linda Jeffrey): A recorded vote has been requested on the motion put forward by Ms. MacLeod.

Ayes

DiNovo, MacLeod, Savoline.

Nays

Kular, Mauro, Mitchell, Sandals, Sousa.

The Chair (Mrs. Linda Jeffrey): That motion is lost. Our next motion on the floor, Ms. MacLeod.

Ms. Lisa MacLeod: I move that the definition of "loan broker" in subsection 1(1) of the bill be amended by adding "but does not include a credit union or caisse populaire to which the Credit Unions and Caisses Populaires Act, 1994 applies" at the end.

I would ask, Madam Chair, because it's for the same reasons, that we just go forward with the same vote.

The Chair (Mrs. Linda Jeffrey): Any discussion? Ms. DiNovo.

Ms. Cheri DiNovo: Yes, and I'd like to use my full 20 minutes allotted under page 54, section 108 of the standing orders.

The Chair (Mrs. Linda Jeffrey): Ms. DiNovo, you have the floor.

Ms. Cheri DiNovo: Thank you. My concern is that if this government, as it shows every intention of doing, rushes Bill 48 through the legislative process, that is, by the end of this session, and still does not have any kind of regulatory hard cap in the bill, and still has not struck, to my understanding, the so-called expert committee—one wonders about the expertise of the expert committee since Professor Robinson, foremost expert and also consultant to the Manitoba government when they passed their legislation, and Bob Whitelaw, who was former and in fact the first president of the Canadian Payday Loan Association, were not considered worthy to be experts on the expert panel. But let's say this so-called expert panel sits and then comes back with their recommendations for regulations. It could be another six months at least, and that's assuming the best possible wishes of the parliamentary assistant and the Honourable Ted McMeekin themselves. So in that six months, essentially what we

will have done in the province of Ontario is legalize usury.

Right now there is protection under the Criminal Code for those people who are preyed upon by payday lenders. We heard an excellent deputation from Justice Matters about this very matter, in which Mr. Foster said that they are successfully—and he's not alone in doing this; there's a class-action lawsuit against Money Mart—taking the payday lenders to court on behalf of their clients, getting them reimbursed for the money that was taken from them, we would say illegally, under the Criminal Code. Once this bill is passed—and for those who are reading in Hansard, if not able to watch on the television, this is how nefarious it is—these same individuals will not have that protection in the same way under the Criminal Code. Having had our eyes opened to that fact on behalf of our stakeholders, we certainly do not relish that prospect.

Also, it will allow others, particularly those who are planning to move from Manitoba, Ohio, Delaware and other places and jurisdictions where they do have regulation and do have hard caps, to move into Ontario in unprecedented numbers.

In fact, what seems to be a step forward would be a huge step back. Perhaps the government itself is not aware of this and how dangerous the situation is. Certainly I don't understand why, in the construction of Bill 48, hard caps could not have been put into place or why a so-called expert panel is needed. That has never been explained.

Everyone knows. Everyone has seen what's happened in other jurisdictions. We don't have to reinvent the wheel here, folks. We know the difference between a bill with a hard cap and a bill without a hard cap. We know the difference between a bill that actually accomplishes something and a bill that simply opens the door for even more predatory lending practices than we've already seen.

It strikes me as wild that we can sit around here—again, all of us, probably, who don't have need of payday lenders—and pass judgment, which is what we're doing, on the lives of those who are too impoverished and too tied up with work and concerns to be able to even come and depute here. The best we've been able to hear from in this committee are those who work with them. Hats off to those who do work with them, who have come and deputed on their behalf, organizations like ACORN, Justice Matters and the United Way. But they are not legal scholars. They didn't read this bill—except perhaps for Justice Matters—with a fine-tooth comb. They didn't see the implications of this bill and what this could conceivably bring about.

Again, it is quite staggering that someone who has the means—and most of us in this room have the means—to go to a bank and get prime plus something, in other words, to secure a mortgage at 6% or five-point-something per cent, would then decree that the poorest among us who are living on ODSP or OW, on the welfare system or working for minimum wage or slightly above

it, would be condemned to 300%, 800%, 1,000% real interest rates, not the pretend interest rates; the real costs of borrowing, not pretend costs of borrowing.

There are all sorts of problems in this bill. There are all sorts of amendments that we want to bring forward, one of them being that anybody who has a payday lending licence, if they are to be licensed, should certainly have surety involved. In other words, if they go out of business, how are we to collect on the fines, which are hardly awe-inspiring to begin with, as stated in this bill? That's one problem with this bill right there.

The other problem with this bill is the length of time. As you heard from one of the deputants, the two weeks really imprisons people. If you get a \$300 paycheque and you're borrowing \$100, how can you be expected to pay \$200 back the following week, or \$125? And so it goes. The problem for the people who are using payday lending is that they don't have options. This is where the banks could play a role. This is where the credit unions would play a role if they could.

1430

Since I get to speak for 20 minutes on every amendment, I'm going to happily share with this committee some of the excellent work that's been done by ACORN and others who have spent many, many hours and much research time in looking at this.

Really, what we're talking about here, folks, is loan-sharking. We're talking about something that should be called by its rightful name. In the Criminal Code, it's seen that way. In the Criminal Code, anything over 60% is considered usury. Usury is what we have on every street corner in the province of Ontario, or soon will have, if this bill passes. All of those payday lenders who are flying from other jurisdictions where they actually have the courage and the intestinal fortitude to do something about them will be flying here. They'll be here in droves. United Way, of course, outlined in their report that we've increased the number of payday lenders tenfold in this province in the last 10 years. That's nothing. If this bill passes without regulations in it, you'll see another tenfold increase in this province as well.

Of course, you might see a little turf warfare on behalf of the large payday lenders, the ones that are supported by the banks, with those smaller payday lenders. The large ones might drive the smaller ones out; that's true. There might be a little settling ground, but then rest assured that more will arrive, and Money Mart and those like Money Mart will be opening new branches all across the province. If that's what this bill intends, that's what this bill will get.

What I don't understand is why this committee is reluctant and why the government is reluctant to actually put into the body of the bill something real. Something real would be a hard cap in some way, shape or form on the cost of borrowing. That's after all what we're looking for.

Just posting the fact that you'll be charged 300% to 1,000% interest does not deter people who need to pay the rent. It does not deter people who need to feed their

children. Those who are really desperate will still come to a payday lender and will still borrow. Even if they're educated about the costs of borrowing, the reality is that these are desperate people, and this is an industry that preys upon desperate people.

There is very little difference, actually, from the Tony Soprano episodes and the loan sharks of yore, except that perhaps the threat of violence isn't there. But certainly the threat of disaster is.

The thought that a provision against rollovers is going to change anything is a fool's paradise, because all that means is that somebody going to one payday lender who can't pay it back will then go to the next payday lender and borrow enough from them to pay the first one back. We see this with people with credit cards; why wouldn't we see it with the most desperate, those who can't even get credit on their credit cards anymore, who will go from one payday lender to the next, to the next, to the next? Again, the rollover bill has no meaning if that's in fact the case.

I know that my friend across the way, the parliamentary assistant, seems to dislike it when I speak about the bank's role in this. That's where, in the time allotted to me—and it's going to be considerable—I will go and outline every single share that every single bank has in payday lending. We're talking about Toronto-Dominion Bank, we're talking about the Royal Bank of Canada, we're talking about Scotiabank. There is, of course, an incentive to the banking system to support this kind of legislation because they, through their investments, are making money from this kind of legislation and this kind of industry. There's an incentive for the banks not to make micro-loans, because they don't need to make micro-loans. Their brothers and sisters in the payday lending industry, the usurious industry that it is, are making the micro-loans for them.

There's no incentive for us to look at maybe having credit unions come into the picture who have already offered to make micro-loans at 28%, since why would you lend out money at 28% when you can get 385% or 685% or 1,000%? As Carol Goar said in the Star, "1,000% Interest 1,000% Wrong."

The Star has been excellent; I must give them kudos for their coverage of this issue, which has been exemplary. What they've done is highlight the fact that what we're talking about here is no different, absolutely no different, from usury, that the Criminal Code has made that clear with its 60% cut-off.

It's amazing to hear the deputants from the payday lending industry when they come in wearing fine suits—I must say, if I were making the kind of profits they are, I'd be wearing fine suits too—and talking about what a service they're providing for such middle-class people. Come on. Give me a break. We all know where the payday lenders are. They're not in Rosedale and they're not in Forest Hill. They're in south Parkdale, in the Junction and in Scarborough. They're across the city and they are opened closest to the poorest. That's where they're opened: closest to the poorest.

I remember very well when I was out campaigning in a Toronto housing project at 100 High Park Avenue; I'll tell you the number. On every door there was a door hanger. That door hanger said "Free coffee and free doughnuts" for those who wanted to come in and cash a cheque just before the government cheques came out. One of my constituents—people are fond of bringing me evidence—brought me evidence of a \$266 free cheque—"free cheque," it said—to anyone, no credit checks; no questions asked. "Just come in with a piece of identification, come in with a pay stub, and we'll give you \$266." What they didn't say, of course, was how much interest it was going to cost them for that \$266.

Hence, we have the stories that have been well outlined in the Star: somebody going in for a few hundred dollars, and a few years later finding themselves thousands and thousands and thousands of dollars in debt. That story is replayed over and over again across this province. The way Bill 48 is written will make it more difficult, not less difficult, for those who have been beleaguered, for those who have been put upon by payday lenders, to get their heads above water.

At least now they have the somewhat protection of the Criminal Code of Canada. Thank God for the Criminal Code of Canada. We should all be very pleased that it exists and that it offers some sort of protection, even if it's a protection that has to be told and transferred, in terms of education, to those who are preyed upon by the usurers in their communities. Most people walking into a payday lender think they're walking into a legitimate business. They think they're walking into a business that's sanctioned by law. Little do they know that there's no legal sanction for payday lending. It actually exists in a very grey area. It's the last unregulated lending operation of its kind in Canada, and certainly in most of the jurisdictions in the States.

So what we're talking about here is regulating it. The problem is, if the regulation we bring in, hence Bill 48, is not as strong as the regulation we have, which is the Criminal Code of Canada, which outlines usury as 60%, these poor people are being beset upon right now but—but—still have the legal option of going to court and getting their money back. That's interest, penalties, default, rollover fees and all of those other hidden costs of going to a usurer; they have the legal recourse right now of going and getting that money back. Once Bill 48 is passed into law, they won't have that recourse. That recourse becomes eminently more problematic and difficult.

So really what you're doing is not helping those who are preyed upon by payday lenders. You're pulling the rug out from under their feet. Quite frankly, I won't let that happen. If I have to talk here until 2 in the morning, I'll talk here until 2 in the morning every day. I'm doing it on behalf of all of those out there who don't have a voice, who haven't been allowed a voice by this committee.

If there ever was an instance in this place where you see the difference of class, it's this committee, where we have deputants who can sit here for the entire length of

the deputations and watch and wait; where you have all of those who are the prey of the payday lenders who can't come, who are ashamed to come, who don't want to come, who don't have the time to come, who don't have the means to come, and, by the way, who didn't even know that such a deputation was taking place, because they don't have computers. Many of them don't have phones. As you've heard from ACORN, many of them have had their phones cut off because of the money they owe. That's what we're talking about. We're talking about people who owe thousands of dollars, the vast majority of it in interest, those who are least able to pay it.

1440

Let me tell you about one payday lender in my riding. It's on Queen Street, right across the street from Parkdale Activity-Recreation Centre. Parkdale Activity-Recreation Centre is a drop-in centre for those who have mental health and addiction issues. Is it a surprise, is it an anomaly that this particular payday lender opened up just across the street from those who have mental health and addiction issues? I think not. In fact, there are four within about an eight-block radius of that drop-in centre, a drop-in centre that sees hundreds of people go through every day. I see those same people, once their ODSP or OW cheques come, walk across the street to the payday lender.

Many of these folks don't even have the mental wherewithal to understand the fine print on a payday loan. Most of these people, even if it were explained to them, couldn't get it, but they have what's necessary to qualify for a payday loan at 800% interest, because that's what it's going to be. Imagine if you made just over \$500 a month, which is OW, and you went into a payday lender and got \$100 this week. It will be \$150 the next, \$200 the next. Then you run out of one payday lender and you go to the next and the next. I have seen them patiently explain to somebody who clearly is a victim of schizophrenia what the interest rate is about. Please, give me a break. This is the sort of practice that's going on, and Bill 48 is going to do nothing to prevent that kind of practice—absolutely nothing.

I know that when Mr. Keyes, the former revenue minister for the Liberal Party of Canada, head of Canadian Payday Loan Association, came in, he made an offer to everyone here to go into a payday lender and see what goes on. I'll extend the same offer. If anybody wants to come to my riding, wants to see where the payday lenders are set up, how they market, who they market to, and how they explain what they do to people who have schizophrenia and manic depression, who are on ODSP and OW, I'd love to show them. I'd absolutely love to do a walking tour of the payday lenders and their clients in my riding. I'm telling you, you won't find a Gucci bag among them. No Fendi purses there. You won't find nice shoes. You're not going to find middle-class people. Nobody drives up to a payday lender. If they do, the car is about to be repossessed.

The people who go into payday lenders in my riding are the people who are so desperate that that is their last

chance to be able to get enough money just to pay for the basic needs, the necessities of life. That's why they go to payday lenders. Of course, if you happen to have an addiction issue, you can just add to those basic necessities of life a huge bill for the drug or alcohol of your choice, because many of those I've seen who go in and out of payday lenders are not of right mind. Many of them are, as one would say, stoned. Many of them are under the influence of alcohol. But do they still get their cheque cashed? They still get their cheque cashed.

I would say it's illegal. One would want to call a policeman in. But hey, wait a minute, it's a grey area. Payday lending is an unregulated financial service, so-called. It is unregulated. Well, Bill 48 will simply take the very last regulation that their last attempt to regulate still has. That poor person who comes to the next day or the next week or the next month and realizes what they've done, when they're massively in debt—that person will have the rug pulled out from under their feet because they won't be able to take that payday lender to court, as there is a class action suit against Money Mart, as there are individual suits against a number of payday lenders.

We know that this works. We know it can work for those who are desperate. But somehow get the guidance, somehow get the advice they need—

The Chair (Mrs. Linda Jeffrey): Ms. DiNovo, excuse me.

Ms. Cheri DiNovo: The 20 minutes are up?

The Chair (Mrs. Linda Jeffrey): Your 20 minutes are up.

Ms. Cheri DiNovo: Thank you very much. As I understand, there's a—

The Chair (Mrs. Linda Jeffrey): I'm going to ask if there is any further debate. Any further debate?

Mr. Charles Sousa: I'd ask that the question now be posed to the committee.

Ms. Cheri DiNovo: I would ask for a 20-minute recess, please.

The Chair (Mrs. Linda Jeffrey): Okay, we'll have a 20-minute recess.

The committee recessed from 1446 to 1506.

The Chair (Mrs. Linda Jeffrey): Committee, we're ending our recess.

Mr. Sousa has moved that the question now be put, which means that he has asked whether or not we're to move directly to section 1. I can explain it in English: That means the motions that have not yet been put on the table would not be discussed if we move to section 1. That's the question we're being asked now. Okay? There's no debate on this. Ms. DiNovo.

Ms. Cheri DiNovo: Yes, actually, there is. Do I have the 20 minutes again to talk about it? I don't?

The Chair (Mrs. Linda Jeffrey): Not on this, you don't.

Ms. Cheri DiNovo: How much time do I have?

The Chair (Mrs. Linda Jeffrey): Nothing.

Are the members ready to vote? This is a recorded vote.

Ayes

Kular, Mauro, Mitchell, Sandals, Sousa.

Nays

DiNovo, MacLeod, Savoline.

The Chair (Mrs. Linda Jeffrey): That's carried. Shall section 1 carry? All those in favour?

Interjection.

The Chair (Mrs. Linda Jeffrey): No, it's not amended. All those—

Interjection.

The Chair (Mrs. Linda Jeffrey): No, please don't correct me. It's not amended.

Shall section 1 carry? All those in favour? All those opposed? That's carried.

Section 2: Ms. DiNovo, you have the first motion.

Ms. Cheri DiNovo: If you look at the NDP motion for Bill 48:

I move that subsection 2(1) of the bill be struck out and the following substituted:

“Application of act

“(1) Subject to the regulations, despite anything in a payday loan agreement, this act applies in respect of a payday loan if the borrower, lender or loan broker is located in Ontario when the loan is made or to be made, whether the loan is made or the payday loan agreement for the loan is entered into by means of the Internet or other electronic or technological means that does not allow the location of the lender or the loan broker to be determined.

“Location of borrower

“(1.1) For the purposes of subsection (1), a borrower who receives a payday loan is deemed to be located in Ontario if,

“(a) the borrower is ordinarily resident in Ontario at the time the loan is made; or

“(b) any part of the advance is,

“(i) deposited to the credit of the borrower in a bank or other financial institution located in Ontario, or

“(ii) at the direction of the borrower, paid to any person or entity located in Ontario.”

Essentially, we're suggesting that the Internet not be kept out of the range of jurisdiction of this bill.

The Chair (Mrs. Linda Jeffrey): Any further discussion?

Ms. Lisa MacLeod: Just very quickly, I support this, and obviously I've got an amendment that will be ruled out of order as a result of this, but I think it's something the committee heard from those who are concerned about the industry: that we must regulate Internet payday loans. So I will be supporting this amendment and I urge my colleagues from the government caucus to support it as well. I think it will strengthen this legislation. Thank you.

The Chair (Mrs. Linda Jeffrey): Any other—Ms. DiNovo.

Ms. Cheri DiNovo: Yes, just to let you know, I'll be speaking for 20 minutes on this as well.

I am most interested in keeping the Internet as part of the area of jurisdiction of this bill, for obvious reasons: As has been rightly pointed out by just about every deputant, the problem in Quebec, where they do have a hard cap, one that we would long to see in Ontario, the 35% hard cap that is part of my bill, has been that then people go to pawn shops—not such an onerous reality, certainly better than payday lenders. Much more onerous is the role of the Internet. There, you have a faceless, nameless person who will grant you money at the click of a tab. We want to prevent that from happening because that's still payday lending; it's still usury and it's still available.

I have heard the argument—perhaps the government is going to make it on this section—that this is a more federal purview, but in fact we've had a legal opinion saying that the province can act in this regard, that they don't have to leave it up to the feds, that we do have some jurisdiction and that we can put that as part of the bill. It just adds strength to the bill. It adds what the bill needs, which is true protection for those who are subject to the payday lending scam—so the Internet.

The other thing we would want to look at down the road, of course, for which this opens the door, is those who are quite willing and able and waiting to make payday loans for less than the 60% usurious rate. I should say use “cost of borrowing” because so often, as we've heard in the Money Mart case, they say 59%, but the reality is that it's far, far greater than 59% once the default fees and other fees are placed upon the poor victim. So what we need is a total cost of borrowing that does not exceed 60%. We've had credit unions—Alterna, for one—saying that they could make a profit at 28% and that they are almost ready and willing to move into this zone. But the room is not there for anything like that because of payday lenders, and payday lenders are on every corner.

Some of the excellent research around this bill has been done for ACORN, and it was done in part by Professor Robinson, who was one of the deputants here. It's interesting, talking about the banks' involvement here:

“By funding these ‘shadow banks’”—I'm quoting here from the ACORN report—“Royal Bank of Canada and Toronto-Dominion are enforcing their own brand of economic apartheid and maintaining two separate and very unequal financial systems. This is even more apparent in the investments the banks have made in the largest subprime mortgage lenders in North America.” We've seen the effect of subprime mortgage lending in our neighbours to the south. My daughter and I just came back from Florida and lost track of the number of foreclosures and bank seizures down there. It's a very sad time for real estate in that state and others like it.

“Those second-class customers can be found on the other side of town”—says the report—“hocking their limited possessions, paying triple-digit rates for payday loans, forking over large fees to cash their cheques, and getting tricked into taking out subprime mortgages that may cost them their homes.” There's another ugly fallout of the payday lending industry.

“Of the two banks, Toronto-Dominion is more heavily invested in the predatory economy, owning over a million shares, worth more than \$50 million, in predatory payday lenders and mortgage companies, including 250,000 shares in Money Mart”—they’re the ones, of course, that have the class-action lawsuit against them—“the largest payday lender and cheque casher in the country.

“The existence of two separate and very unequal financial systems has become more and more clear in recent years, although the definition of the different systems has changed.

“Previously, the distinction was between those with a bank account and those without—the ‘banked’ and ‘unbanked.’ Much attention was focused on the ways that banks shut out lower-income and minority families and on how to bring these ‘unbanked’ families into the economic mainstream.”

I know that my colleague the parliamentary assistant on this mentioned one of those instances—the Cash ‘N’ Save on Queen Street. I was part of the Parkdale Banking Project, actually, that brought that about. At that point I was in ministry in a church, and I was there with a number of activists—kudos to the Royal Bank for doing that. Of course, one hand giveth and the other hand taketh much, much more away, which I’ll get into when we talk about the Royal Bank’s holdings in payday lending.

But the good news of Cash ‘N’ Save was at least that they were a little bit more lenient in terms of the identification, for example, that they would accept. They brought in a whole new form of identification. So there’s an example of a company that was doing, at least in part, what they should be doing in low-income neighbourhoods. However—and it’s a big “however”—what the people really needed there were micro-loans, and that Cash ‘N’ Save does not do.

“Much attention was focused on the way that banks shut out lower-income and minority families and how to bring these ‘unbanked’ families”—as I said—“into the economic mainstream.

“Now, there is growing awareness of the large numbers of ‘underbanked’ folks—who have a bank account but do much of their business through other types of financial service providers.

“Nowhere is this more evident than in the proliferation of payday loan stores. Payday loans require the customer to have a bank account and to provide a post-dated cheque for the repayment amount. Ten years ago, payday lending was almost unheard of, and even five years ago, payday lending played only a marginal role in the economy. Now it is a \$2-billion-a-year industry.

“—Rentcash Inc., which conducts business under the names the Cash Store, Instaloes and Insta-rent, grew from 25 stores in 2002 to 432 stores in 2006.

“—In 2003, Money Mart made \$248 million in payday loans in Canada. By 2006, this number had more than doubled, to \$554 million.”

Imagine if this was extended to the Internet. Imagine leaving a loophole so large that literally a Brink’s truck—

it would have to be, to deliver all the profits through it that would happen if the Internet was not covered, or at least attempted to be covered, by any sort of legislation.

We all know, or should know by now, what payday loans are. They’re “short-term consumer loans for small amounts. They derive their name from their due date”—and this is one of the horrors of the payday lending industry, and I alluded to this earlier—that you’ve got two weeks to pay back. Again, we’re not dealing with those with huge bank accounts here, who can get much better interest rates or overdraft protection or simply use their credit cards or probably don’t need the money in the first place; we’re talking about those who are desperate—desperate people who don’t earn a great deal, who borrow part of their paycheque and then in two weeks have to pay it back. But, lo and behold, not only can they not pay it back, but in fact what tends to happen is they need another little loan. And so it goes.

As I said before, the rollover protection doesn’t offer protection because all it means is that they roll over their business to another outlet. If Internet banking is included, or payday lending is included in this mix, then of course it’s endless. Then they cannot only roll over their indebtedness from one corner store to another, but they can roll over their indebtedness to any number of servers, from any numbers of countries, on the Internet.

“In most of Canada, the payday lending industry operates completely unregulated and makes money by blatantly violating the law with every loan they make.” That’s really quite critical. Interestingly enough, I heard from a number of lawyers at the break time. I’m not a lawyer; I’m just a United Church minister by trade, who was elected by her constituents. They all tried to argue and persuade me that the Criminal Code would still cover those who are beset by payday lenders. Of course, what they failed to say as well is that payday lenders will continue to charge usurious illegal rates until regulations are posed as well.

So, yes, the Criminal Code is still in effect, but illegal usurious rates charged by payday lenders are still in effect as well with Bill 48. Bill 48 does nothing, nothing at all, to stop that. “While the Criminal Code clearly states that annual effective interest rates must not exceed 60% ... [a] customer may have to pay up to \$90 in fees to borrow \$300 for just two weeks.”

You can imagine that somebody needing \$300 for two weeks is going to have a very difficult time paying \$390 back in two weeks’ time. Of course, they won’t; they go into even more debt, which is exactly why the Star did their wonderful series of exposés and talked about what is, in a sense, an up to 1,000% interest rate, which is really charged by payday lenders despite what they say in their brochures or on their signs.

1520

It says, “Payday lenders say their loans are meant to help people in a one-time emergency, but in fact payday loans are set up to sink people deeper in debt and trap them”—and trap them, I repeat—“in extremely expensive loans.”

Let's go back to the legal opinion that I received. Of course, we're debating here an amendment to do with the loophole of the Internet. The legal opinion that I received at the last recess was that those who are preyed upon by payday lenders will still have Criminal Code protection. I will check that out tonight from other sources—just what you do around here. What was not addressed was that usurious interest rates will still be charged with the passing of Bill 48. Every day that goes by, even if Bill 48, as it exists, were to get royal assent tomorrow, people are being charged illegal interest rates by every payday lender out there. Essentially what I'm hearing from the good lawyers present is that that's all right because they may still have protection to take those payday lenders to court.

Let's listen to what we're saying here. Those who need a payday loan for \$300 are going to pay back up to \$390 in the next paycheque period in two weeks and, if they can't do it, will roll it over either within that company or another company if Bill 48 passes. Those people, who presumably are ashamed that they had to get in this difficult place, who don't have a lot of money to begin with, who probably don't have a lot of cultural capital, who don't have Internet access, or not a lot of them do, who don't have a lot of legal expertise, actually think that businesses that arise on their corner are legal.

One would assume that: that a business is legal. If the Hells Angels set up on my corner and started dealing cocaine, I would assume that cocaine had been made legal, or I would assume that the police would go and shut them down—two options there. Payday lenders are different. Payday lenders engage in an illegal activity according to the Criminal Code, but presumably we don't have the wherewithal to have the police shut them down. What we have to do is take them to court to prove our case, so those least able to hire a lawyer and take a large company to court are the ones we're asking to enforce the law, the law that was put in place on their behalf. This is equivalent to asking those who walk past the Hells Angels selling crack cocaine on the street corner to take the Hells Angels to court or else they're going to continue to do business. That's exactly the analogy here.

So I don't take a great deal of comfort from the legal opinions that say, "Don't worry about it; they can still take them to court," because taking them to court, quite frankly, isn't a good option for many, and it shouldn't have to be an option. When you're dealing with an illegal industry, it shouldn't have to be an option. What a government should do is enforce the law. What our government should do is enforce the law of the land, which says that anything over 60% is usurious. But instead, at its very best, assuming that the legal counsel I received is absolutely in every sense correct, what we've got is this grey area, this unregulated financial industry that is still unregulated when this bill passes because they're still charging usurious interest rates. In other words, they're still breaking the law. For every day this bill would be in effect, they would still be breaking the law of the land.

So to the people I represent, those who can't be here, who don't have the wherewithal to be here, I'm supposed to say that's good news? I don't think so. I don't think I'm going to go back to those who have been preyed upon by payday lenders and say, "You know what? It's good news. Even if Bill 48 passes, nothing's going to change much in your corner payday-lending experience, but you know what? If you really want to, you can take them to court. After the process of court—they'll have lots more lawyers than you will, and lots more money to drag it on, but maybe at the end of it, maybe at the pot of gold at the end of that rainbow, you might get your interest rate back." Give me a break. This is supposed to be solace to people who are preyed upon by payday lenders? I don't think so.

I think it's absolutely appalling that the banks are invested in them, by the way. I know that people get a little edgy when I start mentioning banks around here; I don't quite know why that is. Certainly the banks are involved. Let me just read out the number of shares that are owned by our supposedly squeaky-clean banks. People really should know this, because I know that people are invested in the banks. People are invested in banks who would never consider investing in payday lenders.

People, for that matter, are invested in mutual funds who don't know that their mutual funds include payday lenders. This is the ideology of this bill. Not only ACORN and stakeholders who were constantly coming in as those seeking redress, but one of my staffers discovered that his father was actually invested in payday loans and didn't even know it. So there you go. I would suggest, as I did in the House, to everyone who's reading this Hansard that they check their own portfolio, if they're lucky enough to have one. They're certainly not the ones going to payday lenders if they have one. Those who have more means, but perhaps still have a conscience, should look at their investment portfolios and find out if they in fact are invested in payday lending.

Those who are shareholders of banks or clients of banks should ask their banks why they're invested in payday lenders. I'm certainly going to do that. I'm a Royal Bank customer. Let's start with my bank: Royal Bank of Canada and affiliates, payday lender, Advance America—28,700 shares, value of those shares \$410,000; CompuCredit—this is what the Royal Bank owns in these payday lenders—18,819 shares, \$749,000 value of those shares. I could go on and on.

The purpose of this amendment, which I know is going to be defeated—by the way, that's why I'm doing this. For those who are reading Hansard who think I just enjoy doing the equivalent of a filibuster here, I don't. There are better things I could do, like have some lunch. The reason I'm doing this is because I know how this place works. We have five Liberals on this committee, two Progressive Conservatives and one me. There's one against seven here on a number of these amendments, and the only way I will get the message out about the problems—

Mrs. Liz Sandals: Lisa made the same amendment.

Ms. Cheri DiNovo: Yes, certainly Lisa. Forgive me. My sister over here, Lisa MacLeod, did support an amendment. But judging from the Progressive Conservative stance around the bill, I imagine that the meaty ones will get voted down.

So the question is, “Do we go through this motion?” It is a motion because I wish that everyone here were represented democratically and fairly, all of those customers—if you can call them that—those victims of payday lenders were represented as fairly as the payday lenders in this room, but I suspect that’s not the case. They need a voice too, and they get more of a voice if I get to speak for 20 minutes over every amendment than they would if I put forward an amendment and have it summarily voted down, which is what tends to happen in these rooms.

Of course, you could prove me wrong when I come to the 35% hard cap amendment, which I certainly hope to hear on from everyone around the table. It is, after all, simply the state of the law of the land of Quebec.

I know that many of our cabinet members are in Quebec right now consulting with them on the environment. Perhaps they should consult with them on their payday lending legislation as well, because in Quebec they have exactly what we would hope for, could only hope for in our dreams to have in Ontario. Maybe, while they’re at it, they could consult with other jurisdictions too, because there are many of them, including the Pentagon, by the way, for their military personnel. It’s frightening that Dalton McGuinty’s Ontario is less progressive than the Pentagon, but there you have it. The Pentagon brings in a 36% cap for their military personnel, whereas ours have no cap whatsoever and will have no cap whatsoever even if Bill 48 passes.

I’m asked during the recess to keep in mind that they plan on doing all this. “Trust us,” they say. “Trust us” is something that you hear a lot around here. “Trust us; regulations will take care of what’s not in the bill.” I do; I absolutely do. I like the Honourable Ted McMeekin. I think he is one of the more trustworthy people around this place. He’s a United Church minister, like myself. I have every faith in him.

Forgive me, though, if I don’t necessarily have every faith in the payday lending association and other members of cabinet, because we know the way this place works. We know that if something is going to get the light of day legislatively, it’s going to have to have the Premier’s assent and the cabinet’s assent as well, not just Ted’s—

The Chair (Mrs. Linda Jeffrey): Ms. DiNovo, your time has elapsed.

Ms. Cheri DiNovo: Thank you very much.

The Chair (Mrs. Linda Jeffrey): Committee, we have a motion on the floor moved by Ms. DiNovo. All those—

Ms. Cheri DiNovo: A 20-minute recess.

The Chair (Mrs. Linda Jeffrey): A 20-minute recess has been called.

The committee recessed from 1530 to 1550.

The Chair (Mrs. Linda Jeffrey): Committee, our recess is complete.

We’re at the section now where Ms. DiNovo has moved a motion. A recorded vote is necessary after a 20-minute recess.

All those in favour of the motion?

Ayes

DiNovo.

Nays

Kular, Sandals, Sousa.

The Chair (Mrs. Linda Jeffrey): That’s lost.

The next motion on the floor is the Conservative motion, which I rule out of order. It has to be read into the record. Mrs. Savoline, would you mind reading that into the record, please? Or you can withdraw it.

Mrs. Joyce Savoline: I’ll withdraw. I think that’s what Ms. MacLeod’s motion was going to do.

The Chair (Mrs. Linda Jeffrey): Yes. Thank you.

Shall section 2 carry? All those in favour of the section? Yes, Ms. DiNovo.

Ms. Cheri DiNovo: If this is a recorded vote, I’ll call for another 20-minute recess, please.

The Chair (Mrs. Linda Jeffrey): Okay, another 20-minute recess has been called.

The committee recessed from 1551 to 1611.

The Chair (Mrs. Linda Jeffrey): The motion on the floor is, shall section 2 carry? The 20-minute period of time has passed.

Ayes

Kular, Mauro, Mitchell, Sandals, Sousa.

Nays

DiNovo, MacLeod, Savoline.

The Chair (Mrs. Linda Jeffrey): That’s carried.

Sections 3 to 8 have no amendments. Shall sections 3 to 8, inclusive, carry? That’s carried.

Ms. Cheri DiNovo: Excuse me. I didn’t have a chance there. A 20-minute recess, please, before that recorded vote.

The Chair (Mrs. Linda Jeffrey): I think I already asked the question, so I’m going to—

Ms. Cheri DiNovo: I didn’t have a chance even to speak to it, so I challenge the Chair on that.

The Chair (Mrs. Linda Jeffrey): You can challenge, but I’m going to rule that I asked the question; I went to it. You’ll have other opportunities.

So sections 3 to 8, inclusive, have carried.

We’re at section 9. Ms. DiNovo, you have the motion.

Ms. Cheri DiNovo: I move that subsection 9(1) of the bill be struck out and the following substituted:

“No right to hearing

“(1) If an applicant for a licence or renewal of a licence does not meet the prescribed requirements or has not provided the prescribed security to the registrar, the registrar shall refuse to issue or renew the licence, as the case may be.”

The Chair (Mrs. Linda Jeffrey): Any debate on that issue?

Ms. Cheri DiNovo: What this motion allows is that the minister can require a security bond of some sort. We heard a deputant on that, and I was just interested in looking up that deputant. It was the Surety Association of Canada. They’ve worked very closely with the Manitoba government on this.

The purpose of putting up a bond, of course, is that it ensures compliance. If it’s just a fine—by the way, I think the fines are far too light in this bill anyway—and the company doesn’t have the means or drags their heels on paying, then this is a way of getting that money for the client or, again, the victim. That’s why we think this amendment is important.

I also wanted to go back to something I was speaking about before. That was a discussion that I had around the “Trust me” aspect of regulations in a bill that doesn’t have much going on in it, a bill that really just opens the door for regulations but doesn’t provide them, which still keeps victims paying usurious interest rates. The problem with “Trust me”—and I will make this very specific—is that this government has proposed an expert committee. If this government was really acting in good faith and proposed an expert committee, one would hope that the experts who sat on the expert committee would be those recognized in their field.

We were lucky enough in this committee to have two such experts depute before us. One was Bob Whitelaw, and the other was Professor Chris Robinson. I just want to read you his academic qualifications. Chris Robinson is associate professor of finance—

The Chair (Mrs. Linda Jeffrey): Can I just ask that there not be so many side conversations. Ms. DiNovo has the floor.

Ms. Cheri DiNovo: Chris Robinson, an associate professor of finance at the Atkinson School of Administrative Studies at York University, is a widely published expert on personal finance. He wrote two reports on payday loans for Industry Canada in 2004 and 2005, one report for the Association of Community Organizations for Reform Now, and he appeared in 2007 and 2008 as an independent expert witness for the Manitoba Public Interest Law Centre in the payday loan rate cap hearings, in front of the Manitoba Public Utilities Board. The board adopted his recommendations almost entirely.

So this is the latest Canadian jurisdiction to pass payday loan regulations. One might ask, why wouldn’t this man be acceptable as an expert witness on the expert panel? His recommendations, of course, as he said, were adopted almost entirely by the Manitoba government.

The other person, of course, is Bob Whitelaw, who served as the very first president of the Canadian Payday Loan Association. Mr. Whitelaw had one of those road to Damascus moments—ah, I showed my United Church background—and is now working on the side of light, trying to get micro-loans offered at, whoa, the lowly sum of 28% and is working in the credit union industry to see if that can’t happen. Bob Whitelaw is a recognized expert, a consultant now in the field, a former head of the Canadian Payday Loan Association, yet he still is not considered expert enough for the expert committee.

This is where one has to question one’s trust in this government bringing forward regulations that actually will protect the consumer in a real way, not just asking the industry to get licensing, not just asking the industry to stop rollover loans, but actually asking the industry to make micro-loans to those who need them at a—and again, I almost choke on the words—reasonable interest rate: the 35% interest rate cap that Quebec has, or the 16% and rising interest rate that Manitoba has, or the 36% interest rate cap that is so popular in jurisdictions in the States. One is not asking for the moon here; one is simply asking for an interest rate that anybody who had means would refuse to pay. They can get a credit card for 28%, so why would they go to a payday lender and pay 35%? Instead, we’ve got those who are operating outside the law, illegally, offering an illegal product at between 300% and 1,000% interest. That’s what payday loans are.

What makes me a little nervous is that we have no idea who these experts are who are going to be making the recommendations. The government hasn’t said how they’re choosing them, they haven’t said who they’ve chosen, and they haven’t given any valid reasons as to why the two recognized experts who have deputed before this committee are not considered expert enough, even though they’ve been expert enough for other jurisdictions—the most recent being Manitoba—to adopt almost all of their recommendations. That makes me a little nervous. That makes me not want to trust the regulatory process, where this bill is concerned. That makes me want to keep talking and keep taking recesses. I don’t trust that this government will walk through the door that is all that Bill 48 really is and help the victims of payday lending to go through it, too, to the other side. I think what’s going to happen is that we’re going to get experts sitting on that so-called expert panel who very much side with the payday lending institutions or the banks that are invested in them, and not the consumer.

Nobody from the two consumer groups that we heard deputing here, ACORN and the United Way, has been asked to sit on the expert panel either. These are the pre-eminent consumer advocacy groups who came to depute before us. I should also mention Parkdale Community Legal Services and Workers’ Action Centre—any of those groups who have worked with people on the ground, people who are actually victims of payday lenders. Those are the people we need on this committee. Presumably, one of the experts on the expert committee should be somebody who’s been stung badly by the

payday lenders and who doesn't want to pay between 300% and 1,000% interest, who doesn't want to be preyed upon by an illegal industry.

This is hush-hush, secret. We don't know the committee, we don't know who's going to sit and who's going to make the regulatory calls that are going to be put into regulation and brought forward, presumably, at some point in the fall, and we don't know when it's going to happen. Presumably, Bill 48 could pass and we might never hear from this committee again. We don't know either way. We don't have a timeline here and we don't know the experts.

What makes us—and I'm going to repeat it again—extremely nervous about who these experts are is that none of the experts who are recognized in the field on this issue are even being considered for the so-called expert committee.

I suspect this is going to be a little bit like the poverty consultations that are done behind closed doors, where only those hand-picked and invited by the government are invited, or those who respond to an \$87,000 ad in the newspaper, who actually buy a newspaper and have the wherewithal to respond to it.

1620

That's not what we want here. We don't want that, and if that's what we seem to be getting—and it is what we seem to be getting—then it makes me lack trust, forgive me, in the powers that be to actually do what's needed here under the umbrella of this bill. Hence, we're back to Bill 48 and what's actually printed on the paper, not what's promised—not the pie in the sky, but pie now. The "pie now" of Bill 48 is a dangerous one. It's a kind of empty caloric pie, one that promises to give you some sustenance, and then you eat it and, hey, it's some sort of meringue; it's meringue and no lemon. That's what the pie of Bill 48 is.

What's so sadly missing, too—and missing in this room, missing in these discussions, again, and I come back to them because they're so clearly absent from this process—are the victims of the illegal industry operating in this grey zone of the payday lending. I think I'm going to work with this metaphor again of the Hells Angels selling crack cocaine on the corners. If Hells Angels did set up on your corner and did sell crack cocaine, I really think that most good people in the neighbourhood—despite the fact that they might have a nice clubhouse and the fact that they might not be dressed in leathers, but dressed in suits—might actually call the police, might actually get somebody in there to stop them from doing what they're doing, because it's illegal and because it harms people.

Here we have the crack cocaine of the lending industry, payday lenders, set up on the same corner. They're illegal too; we know that. The Criminal Code has said that usurious rates are anything over 60%. Bill 48 does nothing to change that reality, and yet for some reason the police aren't called; the RCMP aren't at the door. All that those who are their prey can do is challenge them with class action suits, as in the case of Money Mart, or

individual suits, which is highly unlikely, given the lack of means of those who are their victims.

One might ask—and perhaps this is a question really that should be asked of the Attorney General—why they don't crack down on payday lenders, even when Bill 48 is passed. Why do we not have raids of every payday lender across the province of Ontario? Why do we not have raids of every payday lender across Toronto? And why, by the way, if we are really going to be good sleuths, don't we trace the money—always trace the money, as they tell you in crime dramas—back to the banks, in part where some of it comes from?

We don't do that, of course. Why don't we do that? Because these people are the friends of the government. There's no question there. We had a deputant here, Stan Keyes, head of the Canadian Payday Lending Association, who is a former revenue minister and has a huge long list of ministries that he has held for the Liberal Party in Canada. We don't do that because, of course, the banks are involved, and God forbid that we do something in favour of the users of the banks and against the banks themselves. God forbid that we do something to help the victim of the payday lender that might actually hurt the wallet of the banker.

So that's the situation: A blatantly illegal activity is being conducted on the streets of our neighbourhoods. It's blatantly illegal, and I've had assurances from the lawyers around the table that it will still continue to be illegal despite the passing of Bill 48, and yet it's up to the consumers to protect themselves against the crack cocaine of the lending industry. This is outrageous. This is absolutely appalling. It's really amazing—there's a great line from T.S. Eliot, "... the world ends not with a bang but a whimper." I feel like we're in this room kind of whimpering here, but it's not a whimper for those whose lives are being devastated as we speak. May I remind everyone that Bill 48 won't change that, not one iota. It may make it worse—the jury is out on that—but it certainly will not make it better. Those who need the money—and we're talking about people who need the money. You don't go to a payday lender because you want to buy a new dress; you go to a payday lender because you want to pay the rent, because you want to pay the mortgage, because you want to feed your children, because your paycheque just doesn't stretch. With the high cost of fuel and the high cost of everything else, it just doesn't stretch.

Some of our deputants have made a very large point about how the typical payday lender is just your average middle class person. Folks, I beg to differ, only because I watch what goes on in my own riding. But even if that were so, what a sorry state of affairs. Even if it's a middle class person—and I understand that some do use payday lenders—that shows the egregious state of our economy, that someone's credit rating is so bad that they would have to go to a money lender, a usurer, to get outrageous rates because they couldn't get the money at their own bank or credit union, or, God forbid, out of their credit card, just as cash advances. This is a person in

desperate straits, a person, they tell us, who earns a middle-class salary.

But one can see it, with the cost of gas if you have to drive to work; if you're not covered or your place of employment isn't inspected—as so many aren't; only 1% are—by the employment standards officers; if you're one of the unfortunates, one of the 200,000 who just lost their manufacturing job in the province; if you're a single parent, and certainly even a middle-class salary just doesn't suffice to look after your child or children and the overhead in the city of Toronto, which is such an expensive city. If these are the people who are using it, it doesn't make anything more palatable; it makes it worse.

Should it be enough that they prey on those on ODSP and OW? Absolutely, that should be bad enough to have us act. But the fact that it's creeping up to even the middle class—the middle class are now subject to usurious interest rates on every corner—that's really telling and that's really sad. There's nothing laudable about that.

We know that anybody who knows what they're doing, who has any options, would not go there. They would go somewhere else. They would go to their ATM, they would go to their bank manager, they would go—if they need be—to their credit card.

I certainly advise people to watch two wonderful films on the topic, both of which I've had the privilege of watching. One is *Maxed Out*; it's an American film. It's a brilliant film, and it targets the credit card companies.

They are considered usurious down there, but remember, in the States many jurisdictions have already passed legislation against payday lenders, to put a hard cap. So they're targeting the city banks and those that are trying to flog credit cards to university students. We all know they do. We know everybody does that. We know that university students, graduating as they are with an average debt of between \$25,000 and \$30,000 or more, cannot afford a credit card and shouldn't have credit cards.

I know most of our children probably have credit cards. They shouldn't be using credit cards unless they can pay them off every month in total. But they do, and they rack up even more debt.

One of the experts in *Maxed Out* talks about how—she was a university professor called in to consult with the banks and loan organizations that are making these marketing moves—if you just took out the bottom 15% of those who have questionable credit ratings, if you just didn't lend to them or give them a credit card, you would eliminate 50% of your bad debt. A very wise CEO in the crowd says, “And you would also eliminate 50% of our profit.”

They're not stupid. They know where their profit comes from. It comes from churning them and then burning them, which used to be the way it was described in the stock market. They're churning them and burning them at the lower ends of the income echelon, where they cannot afford and shouldn't be allowed to have—and should get some help towards paying their bills from some other source that's not usurious. That's *Maxed Out*.

There were suicides noted in *Maxed Out* of some of those students who got those credit cards—suicides because of huge debt on top of their huge student loan debt, that they just couldn't see beyond.

Another great movie was called the *Debt Trap*, a Canadian film we showed at the *Revue*. We showed it for free, which I think says something. It was shown there under the auspices of Peggy Nash, our MP in Parkdale—High Park.

We had the filmmaker come. In the final scene of that, the filmmaker cuts up his credit cards and says, “You know, no more. I'm not supporting this system anymore.” Again, there were interviews and interviews with those who were just sinking under a sea of debt, including one wonderful young woman who was getting her doctorate. But guess what? She had exceeded the allowable student loan—this is in Canada, this is not the States. She had \$100,000 worth of student loans. One could ask, how did she ratchet it up so high? Well, she had children. She was a single parent, an African-Canadian single parent who was trying to pull herself up by her bootstraps, as we so often ask people to do.

She had almost finished. She had her dissertation left to write, but they were starting to bug her. They were already starting, the collection calls were already coming in: “When are you going to make your first payment? When are you going to make your first payment?” Is this the society we want to live in? Is this the world we want to create? Is this how we treat each other?

I'm old enough to remember being a kid and having one of my first summer jobs with a woman from the old school. That's when they were out trying to flog credit cards as this new thing—“This will allow you to buy what you can't afford”—and she said, “No way. I remember.” She was old enough to remember; she was on the verge of retirement. She said, “I remember what happened in the 1920s and the 1930s. I remember when credit was extended willy-nilly to hundreds of people. I remember what happened then.”

You know, it's happening right now. It's happening everywhere right now. It's happening on our street corners right now. It's happening illegally, as well as legally, right now. We should be concerned enough about 28% interest rates—which is what some credit card companies are charging—never mind 300% to 1,000% interest rates, which is the de facto cost of borrowing the payday lenders are charging. That's what we should be concerned about.

I appeal to those on the Liberal side. I appeal to backbenchers. I really do. I appeal to everyone. I'm appealing to that still small voice that I know we all have in us that tells us when something is right and when something is wrong, and that tells us that there are people out there suffering right now, and that even if Bill 48 goes through as written—which it will, with maybe a little frilly amendment here or there that doesn't change the nature of the bill; no hard cap, no real regulation—that's another day, another month, another week.

The Chair (Mrs. Linda Jeffrey): Ms. DiNovo.

Ms. Cheri DiNovo: Thank you. I'll continue later.

The Chair (Mrs. Linda Jeffrey): The 20 minutes has passed. We're at the point where Ms. DiNovo's motion is on the floor. Any further debate?

Ms. Cheri DiNovo: A 20-minute recess.

The Chair (Mrs. Linda Jeffrey): A 20-minute recess has been called.

The committee recessed from 1633 to 1653.

The Chair (Mrs. Linda Jeffrey): Okay, committee, 20 minutes has passed. Ms. DiNovo's motion is on the floor. A recorded vote is required.

Ayes

DiNovo.

Nays

MacLeod, Mauro, Mitchell, Sandals, Savoline, Sousa.

The Chair (Mrs. Linda Jeffrey): That vote is lost. Shall section 9 carry? All those in favour?

Ms. Cheri DiNovo: Sorry, do we have a chance to speak to this motion then, Madam Chair?

The Chair (Mrs. Linda Jeffrey): If you'd asked me beforehand, I could have.

Ms. Cheri DiNovo: Before what? Before the recorded vote? Surely I can ask you after the recorded vote, which is what I'm doing.

The Chair (Mrs. Linda Jeffrey): Do you want to speak to this section? Is that what you're asking for?

Ms. Cheri DiNovo: Yes.

The Chair (Mrs. Linda Jeffrey): Okay.

Ms. Cheri DiNovo: Fulsome debate is what's accorded in the standing orders.

The Chair (Mrs. Linda Jeffrey): I'll start again. Is there any debate on section 9?

Ms. Cheri DiNovo: Yes, there is.

The Chair (Mrs. Linda Jeffrey): Ms. DiNovo.

Ms. Cheri DiNovo: Thank you. Just to refresh those who are watching, if they are hidden in the recesses of this building—it's only televised in this building, which I think is part of the problem. I was speaking to Ms. MacLeod during the recess about that. It would be nice to have this as transparent as possible, but that was squashed, as we know, at the very first meeting.

Just to refresh everybody here and everybody who might be in the building watching, what I am doing here is absolutely asserting my rights under the standing orders to speak for up to 20 minutes on amendments and on sections of this bill and then to call a recess before recorded votes, which is also completely within my rights under the standing orders. The reason I'm doing this is not to be vexatious, it's not to irritate; it's to make valid points about a piece of legislation that may have ramifications that are negative and not positive.

It's to make valid points for those who can't be here to make them for themselves: all of those who are victims of payday lending across this province, and there are

thousands of them; those who just can't get to shore from the sea of debt they find themselves swimming in; those who are subjected to usurious interest rates—and that is what is being charged, illegal interest rates—who are told that their only lifeline in this sea of debt, the only thing that will possibly bring them to shore is a lawsuit against an illegal organization.

That in itself should give us cause for pause. That in itself should make us want a bill right out of the gate that actually ceases this practice until something that's legal can be brought in. By "legal," let us again remind ourselves that we're talking about 60% interest rates. That's the definition in the Criminal Code, that anything above 60% is usurious. That's their definition; that's our definition; that is the Criminal Code of Canada. We have across the province payday lenders who are charging, in terms of the total cost of borrowing, way in excess of that amount.

I just want to share with the committee some interesting little evidences, if you want, around payday lending. One is a payday certificate that one of my constituents gave me. I told you about this earlier. This is from an organization called the Cash Store. It says, "Signature loans for those on a fixed income." So you know where they're targeting it: For those on a fixed income.

When I hear "for those on a fixed income," I don't necessarily think of middle-class people with well-paying jobs; I think of seniors, who are targets of payday lenders, I think of those on government cheques of various sorts. So that's who they're targeting it to.

"When you need the cash instantly," it says. Well, one worries about people who "need the cash instantly." I highlighted in one of my earlier deputations that there are many people with mental health and addiction issues in my riding using payday lenders. One wonders what the money is for that is needed instantly—or for that matter the real necessities of life, which makes one pause as well: food, rent, the hydro bill and, if we give them credit and say there are those one or two middle-class persons in the crowd who use a payday lender, even for gas for their car these days.

Here's what it says:

"Dear Neighbour,

"We are pleased to offer you a pre-approved loan. We offer customer satisfaction. You have been pre-approved for \$260," and then it says, "based on a \$520 net income." It doesn't actually give a time span for that. Interestingly enough, that's exactly the amount many people get on a welfare cheque per month. So presumably you could borrow maybe half of your welfare cheque at this place, the Cash Store.

"To take advantage of this extra payday certificate, simply bring in this certificate along with the following to your nearest Cash Store location...

"A government-issued photo identification"—well, just about everybody has one of those;

"One most recent pay stub or confirmation of income"—that could be a welfare cheque, it could be a senior's pension cheque;

“A current bank statement or printout from an ATM;

“Confirmation of home address;

“Blank cheques....

“Don’t delay....

“Need more than we’ve guaranteed you? We can lend up to \$50,000 instantly. Come in and ask about our other cash solutions. No strings. No hassles. No credit checks.”

It’s interesting; this was not handed out in Rosedale or even High Park and it certainly wasn’t handed out on Riverside Drive; it was handed out in low-income high-rise apartments around my riding. So there you go. That’s marketing for payday lenders.

The other exhibit that I’ll share with you is the editorial from the Toronto Star, where the editorial, de facto, came out and called for a hard cap on payday lenders. This wasn’t yesterday, this was October 29, 2007. It’s taken the government a little while to respond to this—a little while. I remind you that as the clock ticks, from the time the Toronto Star came out and called for a capped rate charged by payday lenders—they were very specific. They mentioned Oregon, they mentioned US jurisdictions where they have 36%. They certainly called for something less than 60%. They called for this now, immediately. They mentioned, “After holding public consultation this summer, it is now considering whether it should go further and regulate the industry.” That was last summer, the summer of 2007. So again, it was almost a year ago that this government was talking about this, and finally we get a piece of legislation.

I find it very interesting. It would be an interesting piece of research to find out how many people have taken out how many loans in the time that has transpired since the Toronto Star and their own research dictated to this government that it needed to act, until this Bill 48. Again, I remind you that Bill 48 does not contain within it any hard cap, any cost of borrowing whatsoever.

1700

I also remind you again that the expert committee that’s supposedly looking into what that hard cap regulation will be contains none of the expert witnesses who came to depute on behalf of those who are preyed upon by payday lenders. In fact, two of them who have been really recognized as expert witnesses by other jurisdictions and by other bodies, including the founding president of the payday lenders association, have been rejected as not expert enough.

So here we have the Toronto Star asking for it. Here’s an article that definitely caught my attention. It’s going way back to over a year ago, April 22, 2007, a year in which many more had been victimized by an illegal industry. I want to say that again: an illegal industry, operating in the grey area of the law on street corners in your town and mine, as illegal as any other Criminal Code offence. Usury is a Criminal Code offence; it’s 60%. They are charging more—de facto way more, in some cases—to their clients than that, and they’re operating. No RCMP is kicking in the door, no police are arresting them. Nothing is happening except research into what they’re doing.

Imagine if we were researching into the illegal sale of drugs when it was done openly on our corners. Imagine if we were researching into other Criminal Code offences. I won’t go too far with that analogy because unfortunately, in some instances, we are just researching. But let’s go back to this article by Carol Goar. It says, “Cash-Poor Families Drawn to Payday Loans”—actually, this isn’t the Carol Goar article. I will get to that. This is another article, in this case from the CBC news. Here’s an example that the CBC used, “one woman whose \$500 loan took five years to retire. In the end, the woman paid an additional \$9,500 in interest and other fees.” I wonder how many women like that woman whom the CBC cites on their website have been stung and victimized by this illegal industry in their midst since this article came out.

This is, by the way, not the bought-and-paid-for analysis that was delivered here in a deputation by a so-called polling firm. This is actually StatsCan that gave this piece of information. It says, “Families who had been refused a credit card were more than three times as likely to have had a payday loan than those who had been granted a card, the report said.” So we’re dealing, in part, with those who have been refused other lines of credit, other, more reasonable lines of credit—again, I use that with some emphasis—those that charge 28% or more. They’ve been refused that and instead have been driven to use those that charge 300% or more—the illegal ones.

In fact, very few Canadians use this kind of service. Less than 3% of families have taken such a loan in the three years ending in 2005. That number’s probably gone up, unfortunately. Again, that’s a StatsCan number. So here, we’re not dealing with a lot of people; we’re dealing with a small number of people taking out small amounts of money that they end up paying back over and over and over again.

There were a number of articles at around the same time, because it was around the same time that I brought in my bill, which calls for a 35% cap. I modelled my bill, with the help of the wonderful research staff here, on the Quebec bill. The Quebec bill calls for a 35% cap, and guess what? It’s been passed in Quebec. And guess what? They don’t have payday lenders. So payday lenders admit that they can’t make money at 35%. That’s pretty frightening. We’re talking about an industry that says they can’t make money at 35% interest—I mean, please. One has to ask oneself about the nature of any industry that would come out with a statement like that.

Here’s another example. “When Kim Elliott”—this is, again, from a Star editorial—first borrowed \$250 from a payday lender after her partner lost his job, she had no idea that the couple would entangle themselves in an escalating series of loans,” all from payday lenders, “that would ultimately cost them \$20,000 in interest and fees in less than three years.”

Two hundred and fifty dollars; \$20,000. That’s what usury does. That’s what compound interest—the black magic, in this case—and usurious fees does. This is amazing. It’s staggering, it’s ugly and it’s on your street corner operating in a grey zone of the law, actually being

illegal, but nobody will do anything about it, except those who have the gumption to take them to court, and those are few.

It goes on to say that unanticipated expenses, interest and fees can jack up the annualized cost of borrowing to as much as 1,000%.

It's really quite staggering. It concludes, in this one editorial, that, "Queen's Park should now use the powers that Ottawa has conferred to regulate the cost of these loans"—regulate the cost of these loans. "For too long, government has turned a blind eye to abuse and gouging in the industry. Meanwhile, vulnerable citizens are paying an intolerable price."

Oh, when was this? Wednesday, May 2, 2007. Over a year ago, the Toronto Star, in its editorial, was calling for this government to act on this bill, and what did we get? We get Bill 48, which does not include within it a hard cap.

Now: "1,000% Interest 1,000% Wrong." This is Carol Goar's seminal article on this issue. As she says: "Usury, a crime once considered obsolete, has made a comeback.

"Since Canada's chartered banks pulled out of low-income neighbourhoods in the late 1990s, a new industry has sprung up: payday loan companies. These storefront outlets charge borrowing rates as high as 1,000% to clients desperate to avoid eviction, stay ahead of the bill collectors or get through emergencies.

"The two biggest companies, Money Mart and Rentcash, operate 650 outlets. There are hundreds of small firms.

"It is illegal to charge more than 60% interest per annum"—she makes the point, as I have here and others have before me—"but the law is seldom enforced.... A lender can charge the legal maximum, then pile on processing fees, penalties and service charges without violating any statute."

That's how they get away with it. I was wondering why the RCMP wasn't kicking in their doors. This is the grey area of the law.

"Payday lenders aren't subject to the Bank Act." As I said, they're unregulated. "They aren't overseen by the Superintendent of Financial Institutions. They aren't regulated in most provinces (including Ontario). And the media generally ignore them.

"No one really knows how much business they do or how much money they make. A parliamentary research team tried to find out last year and came up with estimates ranging from \$170 million to \$1 billion a year.

"ACORN Canada, an advocacy group that monitors the sector, says the figure is closer to \$2 billion."

This is astounding. And she goes on to say, "Ontario is one of the laggards." I'll give my nod to my Progressive Conservative colleagues in the House. "Conservative MPP Tim Hudak has called for a crackdown, but so far all the government has done is include a provision in the Consumer Protection Act requiring payday lenders to spell out their borrowing costs in writing." It's sort of like asking the Hells Angels to put in the window of their crack dealership the amount that crack is going to cost.

This is Carol Goar. Again, when was this article written? April 22, 2007. Over a year ago, this article was written. Over a year ago, these editorials were put out. The call had gone up from not just the major dailies but also from the advocacy groups, from the United Way, from ACORN, from those who work in the trenches with those who have been victimized. The cry went up and the cry was almost completely unheeded. We have before us—and that is what we are looking at, all those who are listening—this Bill 48, that does not do what they all have called on a bill and the government to do, which is to state a cost of borrowing.

1710

Instead, we have, "Don't worry, trust us"—the famous last words. "We will bring it in regulation. Trust our expert panel." There's no date upon which the expert panel will deliver its expert findings. Those whom we consider experts have been completely negated by this process. They're not considered expert enough.

I'm looking forward to seeing who the experts are going to be. I wouldn't be surprised, and I don't think anybody out there who works in the trenches with those who are victimized by payday lending would be surprised, if we don't have some payday lender as one of them. I would be extremely surprised, in fact I would be gobsmacked, if there was actually somebody victimized by the payday lenders on that panel or even someone who stood up for them: somebody from ACORN; somebody from the United Way; somebody from Workers' Action; somebody from Parkdale Legal or other legal aid clinics that see this problem all too often; somebody from Justice Matters, a group that has been taking payday lenders to court; or Professor Robinson, who's written a number of definitive papers on this topic and has actually seen his recommendations put into legislation in Manitoba; or Bob Whitelaw, who deputed here, the founding president of the Canadian Payday Loan Association. If any of those experts were on that committee, this particular MPP would do a little dance, I honestly would. I and ACORN and any of those people that I've just mentioned would do a little dance. I don't think it's going to happen. They've already been rejected. I suspect that the expert committee will probably have people from the industries that we're trying to prescribe, sort of like having the fox talk about how to build safeguards for the chicken coop. I suspect we'll have some foxes dictating safeguards for the chicken coop on this expert committee. And I wouldn't be at all surprised if they come up with recommendations that are very much in line with what the government wants.

What the government wants and what payday lenders want and what the big banks who are invested in payday lenders want is for them to keep on making record profits. They want them to keep on being a blight in our neighbourhoods, victimizing those who can least afford it—

The Chair (Mrs. Linda Jeffrey): Ms. DiNovo, 20 minutes has passed.

Section 9 is on the table. Shall section 9 carry? Recorded vote.

Ayes

Kular, MacLeod, Mauro, Mitchell, Sandals, Savoline, Sousa.

The Chair (Mrs. Linda Jeffrey): That's carried. Section 10. Ms. DiNovo, you have the motion.

Ms. Cheri DiNovo: This is section 10(1).

I move that subsection 10(1) of the bill be amended by striking out the portion before clause (a) and substituting the following:

“Right to hearing:

“(1) If an applicant for a licence or renewal of a licence meets the prescribed requirements and has provided the prescribed security to the registrar, the applicant is entitled to have the registrar issue or renew the license, as the case may be, unless,”

The Chair (Mrs. Linda Jeffrey): Any debate on that motion?

Ms. Cheri DiNovo: Yes. Again, this follows on the last amendment that we made in the New Democratic Party of Ontario, which calls for some kind of surety, some kind of guarantee, that those who use payday lenders will actually be protected by the law. We don't see any of that in this particular bill, Bill 48.

In fact, what's surprising about Bill 48 is how it manages to say so much and yet promise so little. It's actually quite a work of art in that regard. It talks about licensing—and it's interesting. If we just look at what licensing is—without any teeth to licensing, licensing is partly a tax grab for the government just to get some money for something and for which the government delivers you a piece of paper which you then frame and put on your wall. That's what licensing is, unless there are teeth associated with licensing. In fact, it can be a cover for those who continue to break the law—in this case, those we call payday lenders, who, again, I remind all of those present, are breaking the Criminal Code law but are not charged, because they're not calling it interest; they're calling it something else.

I'm really having fun with my Hells Angels analogy. The Hells Angels set up shop on your corner. It looks legal. They sell crack but they don't call it crack. No, they call it aspirin, let's say. Because they don't call it crack but they call it aspirin, the drug legislation that renders selling crack cocaine illegal—it's sort of in a grey area, except that nobody actually goes, kicks the door in and then tests the crack to find out what it really is. In the same way, payday lenders operate an illegal, usurious business where they charge up to 1,000% interest—you've just heard a number of writers and the CBC and the Toronto Star and a number of other dailies that have spoken about this—and contravene the Criminal Code, but this government, under the Attorney General, will not kick the door in, the RCMP will not be at their door, because they don't call it interest; they call it fees, penalties, default payments etc. Please.

It staggers the imagination; it really does. I suppose it would be down the rabbit hole and slightly amusing if it weren't for the fact that lives are being shattered as we speak. I appeal to the still, small voice of the backbenchers, very few of whom are left in the room right now—I appeal to their sense of justice and ethicality for those people in their own ridings who have fallen prey to payday lenders. I am sure that every MPP has had someone come forward, in terms of casework, to their constituency office who'd been a victim or who had worked with victims of payday lenders. I'm sure that we've all heard the words—certainly everybody in this room has heard the words—of those who work in the trenches: the legal aid clinics, the advocacy groups, United Way. United Way is not some radical group. This is the United Way that has come forward and asked for action, some regulatory action, to prevent the spread of payday lending and to protect those whom the spread of payday lending exploits. The United Way, no less, has called for this, as one of its anti-poverty recommendations.

Let's be frank: This is an industry that preys on the poor. It does. StatsCan has said it does. We know it does, despite, again, the paid-for polling work that was done by the Canadian payday lending association itself.

One of the things that I was taught in university—I think in first year, way back when—was that he who pays the piper calls the tune in terms of collecting data, and that one should be highly suspicious of data collected when it's paid for by the people who are implicated by the results of that data. This is not news to anyone. So if there's going to be data collected, it has to be independent. It has to be arm's length. It has to be done—not bought and paid for by the very industry that we're trying to regulate here, but by an arm's-length organization, perhaps like StatsCan. Some of the amendments that will go in, when we get a chance, are exactly for that. We need more reporting on this industry. We don't have hard data on this industry. We don't know how much money they're taking out of our communities and out of people's wallets; we don't have that information. This government's job it is, I believe, to get that information if they're going to bring in legislation like this.

Meanwhile, what do we have? We have other jurisdictions across North America and around the world that do have caps on payday lenders. Everybody in the industrialized world is facing the same scourge. The difference between many other jurisdictions and Ontario is that they're doing something about it. Even New South Wales put a hard cap of 48%. Again, I wonder how many people in this room would even remotely consider paying 48% interest, but at least it's a hard cap. It's something below the usurious rate, the cut-off of 60%.

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This is what we're asking for; this is all we're asking for. We're simply asking that Bill 48, after a whole year of asking, after more than a year of asking, after more

than a year of study, after more than a year of deputations, of investigation of other jurisdictions acting while ours doesn't—after all of that time, that ours actually does something other than pass a bill with a number on it that asks people to get a licence, prevents rollovers and just sends them to the competition and makes some changes here and there, some of them positive and some of them not so positive. What we need has to do with usurious rates of interest, pure and simple. That's what we're asking for here: to cap usurious rates of interest for those who can least afford to pay them—usurious as defined by the Criminal Code of Canada.

My goodness, you would think that we were asking this government to, I don't know, do something radical about poverty, like raise the minimum wage above the poverty line, like build affordable housing for the 170,000 people who are waiting on the affordable-housing list, or, I don't know, pass a Buy Ontario policy so that we can get some people working again in this province. We're not asking for anything radical. The reason I'm taking every minute I can get with this committee is that they will refuse, and are refusing, to pass any amendment that does what this bill should do, and that is to cap interest rates below the level defined as usury by the criminal code.

So, as someone who wants to stand up for my stakeholders and my residents—not just the wealthy, but all of my residents and all of my stakeholders, not just the payday lending associations and payday lending companies and big banks—as someone who wants to actually do what I was elected to do and stand up for those who can't stand up for themselves, I figure the best shot I have at a 7-to-1 chance—the odds are 7 to 1 here in this room—is to speak and to tell the truth, simply to tell the truth about what is a usurious interest rate by the Criminal Code of Canada, what is being charged by payday lenders in our midst, which is over that, and demand that the government do something about it. That is, either apply the Criminal Code or bring in a bill of its own that does something—that the Criminal Code and the government of Canada downloaded to this jurisdiction—that we haven't done yet, although others have, notably Quebec and Manitoba, others following in Canada.

My best shot here—and it's pretty sad, isn't it?—the best shot that the victims of usury in this province have, has come down to my energy levels at 5:25 tonight, when everybody would rather be enjoying the pleasant weather outside than listen to me. Even me; I have better things to do. I have better things to do than this, but I'm doing what is required of me as a representative of the people of Ontario, and that is to stand up against the payday lenders; to stand up against the banks, if need be, if they're invested in the payday lenders; to stand up for those who are their victims and not let another day or another month, another three months or another six months go by before this government actually does something. That something—there's only one real step it can take at the end of the day—is to cap the interest, the

cost of borrowing charges that these companies charge. That's all this government can do. That's all they should do. That's what they need to do. If they don't do that, certainly in the interim what they need to do is to enforce the Criminal Code.

Instead, what's happening is lawsuits. Instead, what's happening is those who are fighting for those victims are taking the payday lenders to court, and they're winning. They're winning. That should tell us something. Courts, almost unilaterally, are deciding in favour of the victims. Why? Because they're operating outside of the law; that's why. That's why there's a class action suit against the biggest of them all, Money Mart. That's why. We don't want to—or certainly I don't want to; I think the population of Ontario doesn't want to do anything that might jeopardize those lawsuits, doesn't want to do anything that might cast even more of a shadow over the rights of those who are victims. They certainly don't want to drag this on anymore.

They certainly want what was called for over a year ago, which is action, not by an expert panel of people who are in the industry of payday lending, but an expert panel of real experts who are on both sides of this issue, people like Bob Whitelaw, people who have spent their lives looking at lending and institutions that lend and do micro-loans to those who need them. That's what we need—and/or those who work with them.

My goodness, is there only one person who is willing to say what I'm saying? It's quite appalling, actually. It truly is quite appalling. There's only one person in this room who's willing to say what I'm saying. What I have put forward, most Ontarians want. They really do. They want action out of this government, action on poverty, not words, not a fluffy little bill that promises regulation sometime never but doesn't deliver anything today—pie tomorrow, pie in the sky, but never pie today, not for the ones who need the food.

Could we, any of us, really look those people in the eye, those people whose stories I told? Could we really, any one of us around this table, look those people in the eye, really look those people in the eye and say, "You know what? We're acting with Bill 48. We're going to stop the debt that you're amassing. We're going to stop the fact that you spent \$20,000 on a \$250 loan. We're going to stop the \$9,500 on the \$900 loan. We're going to stop that right now because that's wrong and it's illegal"? Would you really?

If you are willing to, I will happily bring you to my riding and introduce you to such a person. I'll also introduce you to the people with mental health issues and addiction issues who have payday loans out. I'll introduce you to them too and the social workers who work with them, some of whom have said to me, when I've said, "We need more stories of people like this"—she said, "Oh, there are hundreds of them. Where do you want me to begin?" Would you, anyone in this room, really be willing to sit down and speak to one of those victims and say, "You know, we're working on it. We've been working on it for over a year and we're getting

closer. We're getting to the expert panel. Then, after the expert panel, we'll get closer. Maybe then we'll get a little bit closer?"

Meanwhile, as their furniture is being taken out of their apartments and put on the streets, as their phones are being turned off, as they're moving in the middle of the night from one apartment to the other, as they're falling victim to yet other payday lenders—Maxed Out talked about suicides. Can you not see that the result of our inaction is actually death? It is; in instances it is. Come on, people; it's actually death in some instances.

When you get so above your head that you don't know where to turn and you are sinking in a sea of debt, do you think that doesn't contribute to depression? Do you think that doesn't contribute to health disorders of various kinds? Watch the movie. Watch the mothers of those kids reading the notes from those kids, and that's at 28%. Here, we're talking about interest rates of 300% and 1,000%. Just because we can't read the suicide notes, just because we don't have the mothers in the room, just because we didn't allow the deputants to talk doesn't mean it's not happening.

Come on; this is usury. There's a reason the Criminal Code ruled on this. There's a reason 60% is the cap for criminal interest rates. The federal government, in their wisdom—God bless them—knows that lives are harmed at over 60%.

1730

Mrs. Carol Mitchell: She said she supports the federal government.

Ms. Cheri DiNovo: Carol Mitchell just said that I support the Harper government. No, actually you support the Harper government; Dion supports the Harper government. Here's one thing that all the governments have got right. No government has overturned that Criminal Code statute, because they know it's valid. We know it's valid. We know 60% is already too much to charge those who can't afford it.

It's wild. It really is quite appalling and wild. I think of those wonderful writers when they talk about the banality of evil, that evil isn't necessarily Hitler storm troopers. The banality of evil means good people who do nothing when confronted with evil in their midst. It's bureaucrats, civil servants. It's people who sign off on bills like this when people's lives are being harmed. That's evil. What we are talking about in this room is evil. There's no doubt about it. If you doubt it, if you smirk—and there are people smiling at this characterization of what's going on.

The Chair (Mrs. Linda Jeffrey): Ms. DiNovo, please. It's not that the time is past; I'm asking you to speak to the motion, please.

Ms. Cheri DiNovo: Okay, I will.

The Chair (Mrs. Linda Jeffrey): You still have time.

Ms. Cheri DiNovo: Is it evil to have a Bill 48 that doesn't even have the decency to include within it a chance to actually collect the money owed to the people who are its victims? This is why we're asking for some

sort of surety in section 9. This is why we're asking for some sort of action in this entire bill, quite frankly.

But again, to the banality of evil: It really is the banality of evil. If you were only to sit down with a social worker in any of your ridings who has dealt with the consequences of the scourge of payday lending, of usury, you wouldn't smile. You wouldn't smirk. You wouldn't rule me out of order. You would actually act. You would actually do something now, because every day there's another victim or tens or hundreds of victims.

This is what we in the New Democratic Party are asking you for. It's not even really partisan. I hope it's not partisan. I hope it's called human decency. I hope it's called simply obeying the law of the land. I hope it's called simply enforcing the law of the land for the victims, some of them quite innocent, I might add; some of whom are not of right mind and for whom no explanation or education is going to make much difference. They are also harmed.

A group I haven't talked about very much today—

The Chair (Mrs. Linda Jeffrey): Ms. DiNovo, I'm sorry. The 20 minutes has passed.

Ms. Cheri DiNovo: Thank you. I'll get to seniors next time.

The Chair (Mrs. Linda Jeffrey): Ms. MacLeod.

Ms. Lisa MacLeod: While my colleague makes some compelling points and tugs at the heart strings from a human interest point of view, I think that at the end of the day my colleagues and I have to understand that there is an aspect of personal responsibility with this legislation. We can't protect people from themselves; we can only set the conditions where we protect the general public. I think we need to understand that while we're debating this piece of legislation. I don't support her logic. I think that if we did, then we would eliminate for the folks that she's talking about any source of credit. So I don't know where the end or the follow-through of that logic is.

We in the official opposition won't be supporting this motion. I can't support that logic. I know that because of the way this is going, we all want to speed along the resolutions so we have an opportunity to vote on them. But at some point what's going on here is that the opposition, and I guess in some cases the government too, are being muzzled through this process, because we feel compelled to allow the process to move along and not comment on whether it's our own resolutions or the resolutions of the government or the third party. I have a real issue with that, and I think we should have fulsome debate. What's occurring now is that we are not having fulsome debate. We are not getting our points on the record because we feel that one party is able to recess for 20 minutes or have discussion for 20 minutes so that we can get through these resolutions in the time allotted. We would like to have our say, in the official opposition, on ways we believe we could improve the bill. To sit here and say that there are seven against one or five against three—at the end of the day, I think we can compromise on this initiative. We have to remember why we're here. The

federal government has told us, as legislators, we must do this, province by province right across this country.

We have to make a decision in this committee room today on certain amendments that we think can improve the bill. We believe that we need to do something on Internet payday loans. We also believe we must do something with credit unions. Unfortunately, the government didn't see fit to include that, but that's their choice.

Later on, we'd like to see some fiscal literacy initiatives, so that the issues that are being dealt with by my colleague in the third party won't happen, so that people won't be spiralling downward with that circle of debt. I would urge her to consider—I know it's fun and this is a game that some of us might like to play from time to time, but it's in the interests of actually having a productive and fulsome debate to have all three political parties in this chamber, including the official opposition and the government, participate in debate. The spirit of fulsome debate is not what's happening right here. I just wanted to add that. I wanted to be on the record. I'm not sure if my colleague from Burlington has the same comments or if members of the government do, but I think in the interests of making this bill better, we should each be able to participate without feeling handcuffed through the time constraints we have.

The Chair (Mrs. Linda Jeffrey): Is the committee ready to vote on this motion?

Ms. Cheri DiNovo: I would ask that we recess for 20 minutes, please.

The Chair (Mrs. Linda Jeffrey): A recess has been requested.

The committee recessed from 1737 to 1757.

The Chair (Mrs. Linda Jeffrey): Committee, 20 minutes has passed. We have Ms. DiNovo's motion on the floor. All those in favour of the motion?

Ayes

DiNovo.

Nays

Kular, MacLeod, Mauro, Mitchell, Sandals, Savoline, Sousa.

The Chair (Mrs. Linda Jeffrey): That's lost. Committee, we don't have enough time to deal with any further business today. We will be reconvening on Wednesday at 4 o'clock. We're adjourned.

The committee adjourned at 1757.

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