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Public Utilities Board Triennial Review of Allowable Fees for Cashing Government Cheques – Submission from the Province of Manitoba

Order 25/14 issued by the Public Utilities Board (Board) on March 7, 2014, provided the rates set by Order 72/07 and 51/10 remain in force, with no amendments. Order 72/07 included nine recommendations for government consideration. The Province provided information to the Board regarding the recommendations in 2010 and 2013. An update to the 2013 information is provided below in italics.

Recommendation #1 – Social Assistance Recipients should be provided photo identification at no cost.

Employment and Income Assistance provides funding to participants for this purpose. MPI has continued its policy to waive the \$20.00 fee for the Manitoba Identification Card for low-income individuals.

Recommendation #2 – Social Assistance recipients should receive counseling on the costs of cashing cheques and other financial matters, and be encouraged and assisted in opening a bank or credit union account.

Funding support to SEED Winnipeg, the non-profit agency that fights poverty and helps renew Winnipeg's inner city, has been continued. Employment and Income Assistance staff continue to provide counseling, assistance, and referral information to clients.

Recommendation #3 – Direct deposit of social assistance cheques into bank or credit union accounts should be proactively promoted by the Province (the Board understands that a substantial number of recipients of social allowance currently receive their support by direct deposit).

Currently, 85% of Employment and Income Assistance participants receive their benefits through direct deposit. This is a 22% increase since 2013. Direct deposits which offer the beneficiary immediate access to funds will continue to be promoted.

Recommendation #4 – Community Financial Services Centre, a pilot project serving North Winnipeg, should receive government support towards making the service permanent with expanded counseling and referral services.

The Citizen's Bridge Pilot Project is the successor to the Community Financial Services Centre Program. Citizen's Bridge assists community members in obtaining government-issued ID,

facilitates financial literacy workshops throughout the community in partnership with SEED Winnipeg and provides driver training. Citizen's Bridge and SEED's ID Fund continue to help address the issue of lack of identification required to open a bank account, and is a key barrier for some community members.

Recommendation #5 – The Province should engage banks and credit unions into discussion towards the provision of low-cost accounts for social assistance families.

Assiniboine Credit Union has established partnerships with SEED Winnipeg and other community based agencies to provide access to basic banking for community members with barriers to financial services.

In 2014, the federal government announced that the country's eight largest banks had agreed to expand low-cost and no-cost banking services for Canadians. The new rules took effect January 15, 2015, and resulted in banks offering the financially vulnerable groups no-cost accounts with cheque-writing privileges and no extra charges for debit cards.

Recommendation #6 – The Province should consider providing banks and credit unions with indemnification of Provincial Government cheques given adequate identification, with respect to cheques of \$1,000.00 or more.

While this is still under consideration, the Province is currently experiencing an increase in cheque fraud and therefore the potential risk of an indemnification program could be higher than previously anticipated. Manitoba continues to promote direct deposit which offers the beneficiary immediate access to funds. Direct deposits are secure, reliable, safe and the lowest cost payment option.

Since 2013, the Province has also started exploring the use of prepaid benefit cards which could be used to pay benefits to individuals without bank accounts or in emergency situations where cheques and direct deposits are not suitable.

Recommendation #7 – The list of Provincial Government agencies for which their cheques will be subject to the maximum fees set by this Board should be expanded to include:

- a) All agencies included within the Summary Accounts of the Province; and**
- b) Municipal governments.**

All government agencies that issue large volumes of cheques remain in scope of this recommendation.

Manitoba Hydro was added to the list of designated agencies on January 2, 2012.

Recommendation #8 – The Province should bring about regulation to provide for the licensing of the near bank industry, including payday lenders and cheque cashers, pawn shops and rent-to-own firms.

Payday lenders and pawnshops that offer payday loans require a licence to offer payday loans to Manitobans. Rent-to-own agreements are subject to the cost of credit disclosure provisions under The Consumer Protection Act. Clear and understandable disclosure provides the consumer with information related to the cost of the agreement and terms and conditions.

Bill 34, The Consumer Protection Amendment Act (High-Cost Credit Products) will come into force on September 1, 2016. All credit grantors that offer high-cost loans, as defined in the legislation, will be required to be licensed by the Consumer Protection Office and disclose important information to consumers about any fees, charges and all terms and conditions. Borrowers will also be able to cancel a high-cost credit agreement within 48 hours without penalty.

Recommendation #9 – The Consumers’ Bureau of the Division of Consumer and Corporate Affairs of the Department of Finance (now a Division of Family Services and Consumer Affairs) which will oversee adherence to the Board’s determination as to the maximum fees for the cashing of government cheques, should consider:

- a) the development of a code of conduct for cashers of government cheques; and**
- b) the development of pamphlets and other information for general dissemination regarding the cashing of government cheques.**

Information on cheque cashing maximum rates continues to be made available to consumers through the Consumer Protection Office, via Fact Sheets, website information, and public education session materials and presentations.

The Consumer Protection Office receives few complaints and continues to monitor the marketplace in regards to retailers and cheque cashers. As there has been no indication of widespread breaching of the cheque cashing maximum rates, a Code of Conduct will not be developed at this time.

Respectfully submitted,
Beatrice Dyce
Director
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