

**Public Interest Law Centre of Legal Aid of Manitoba
2016 Payday Loans Review
First Round Information Requests
CAC Coalition
March 31, 2016**

COALITION/CPLA 1-1

Document:	CPLA Pre-Filed Evidence (PFE) and Schedule G	Page No.:	PFE, p. 2
Topic:	Manitoba specific lender cost data		
Subtopic:			
Issue:	No Manitoba specific data appears to have been filed by the CPLA		

PREAMBLE:

The *Consumer Protection Act* provides that:

164.1(2) Within three years after the board completes its latest review and report to the minister under section 164, and every third year after that, the minister must review the effectiveness of this Part and the regulations under this Part and decide

- (a) whether to require a further review by the board in accordance with section 164; and
- (b) whether to recommend changes to this Part or the regulations under this Part.

The CPLA evidence, p. 2 indicates that it has filed among other items

- evidence related to the cost of providing payday loans in Alberta

QUESTION:

a) Can the CPLA confirm its understanding that “within three years after the board completes its latest review and report to the minister under section 164, and every third year after that, the minister must review the effectiveness of this Part and the regulations under this Part”?

b) Can the CPLA confirm that the most recent review of payday lending rates by the PUB was completed in 2013?

c) Can the CPLA confirm it has not filed any current, Manitoba specific study related to the cost of providing payday loans?

- d) Can the CPLA confirm it received a request from the Public Interest Law Centre on behalf of the Consumer Coalition for Manitoba specific data relating to the payday

lending industry in Manitoba along with a proposed undertaking of confidentiality?

RATIONALE FOR QUESTION:

Based on clear legislative language, the CPLA should have been aware that a Ministerial review would be undertaken in 2016. Notwithstanding this fact, it appears that the CPLA has not filed any Manitoba specific lending costs and has chosen not to provide access to Manitoba specific industry data. In the event these assumptions are confirmed, it will be open to the PUB to draw an adverse inference from the failure to provide Manitoba specific industry data.

RESPONSE:

- (a) The CPLA confirms that this is its understanding.
- (b) The CPLA confirms that this is its understanding.
- (c) The CPLA confirms that it has not filed any current, Manitoba specific study related to the cost of providing payday loans.
- (d) The CPLA confirms that it received such request.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence and Schedule G	Page No.:	PFE, p. 2
Topic:	The Deloitte Report		
Subtopic:			
Issue:	Where are the qualifications of the report's authors stated and what, if any, peer review was undertaken?		

PREAMBLE:

The CPLA evidence, p. 2 indicates that it has filed among other items

- evidence related to the cost of providing payday loans in Alberta

The PUB *Rules of Procedure* provide:

17. (5) Pre-filed written evidence may be received in evidence at the hearing with the same force and effect as if it were stated orally by the witness, provided that the witness shall be present at the hearing and that the witness:
- a) testifies as to his/her qualifications;
 - b) confirms that the written material was prepared under his/her direction and control and is accurate to the best of his/her knowledge and belief; and
 - c) submits to cross-examination on the same.

QUESTION:

- a) Please provide the *curriculum vitae* of the authors of the Deloitte Report found at Schedule G of the CPLA evidence. Please identify any regulatory or judicial proceeding in which the authors of the report have been qualified as expert witnesses including the specific area in which their expertise was recognized.
- b) Please identify which of the authors of the Deloitte Report will be appearing to defend their analysis before the Public Utilities Board.
- c) Please outline what, if any, steps were taken by the authors of the Deloitte Report to undertake a peer review of their methodology, analysis and calculations. In particular, please outline who the independent peer reviewer was and their qualifications.
- d) Assuming an independent peer review was undertaken, please outline what, if any, changes were made to the report as a consequence of the external, independent review.
- e) Please outline the total number of hours billed by the authors of the Deloitte Report in preparing

their study.

RATIONALE FOR QUESTION:

The qualifications of the authors and the existence or non-existence of a peer review are relevant considerations in determining the weight, if any, to be given to the report. It is unusual in a regulatory process for a report to be prepared without clearly identifying the qualifications of the authors which allow them to present their opinions.

RESPONSE:

- (a) Please find attached the *curriculum vitae* of Jeremy Webster. Mr. Webster has appeared as an expert witness before the Alberta Court of Queen's bench and qualified in the areas of valuation, intellectual property, license agreements, accounting, and economics.
- (b) None.
- (c) Darren Crocker, a partner with Deloitte LLP's financial advisory team, completed a quality assurance review. The review provides an independent/critical review of the business or professional advice included and supporting documentation relied on in the report prior to issuance to the client. An analyst with Deloitte LLP also conducted a separate math check on all calculations included in the report.

Please find attached the *curriculum vitae* of Darren Crocker.

- (d) The independent reviewer agreed with the methodology. Minor changes to language were made to improve clarity of the report.
- (e) 95 hours.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:



Jeremy Webster, CA•CBV, ASA

Partner, Financial Advisory

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Profile

Jeremy is a Partner in Deloitte's Financial Advisory Services practice specializing in valuations, licensing & alliances, mergers & acquisitions, due diligence, strategy, damage quantification, and financial advisory services. He is the leader of the Public Sector practice for Deloitte for the Prairies. He also advises Financial Services clients.

Previous experience

Jeremy is a Chartered Accountant and Chartered Business Valuator with 28 years of experience consulting to businesses and the public sector. He has assisted clients across North America and Europe.

Jeremy assists public sector clients such as governments, educational institutions, non-profit organizations and aboriginal organizations with investment decisions, financial analysis, strategic analysis and direction. He has also advised crown corporations on strategic initiatives, operations, transactions, and business optimization.

Jeremy has experience in the litigation support practice of Deloitte concentrating on business valuation and commercial damage quantification. He has appeared as an expert witness before the Alberta Court of Queen's Bench in the areas of valuation, intellectual property, license agreements, accounting and economics. He has assisted clients with shareholder disputes, intellectual property infringement, expropriation, loss of profits, and other commercial damage analysis.

Jeremy has conducted numerous valuations of businesses and intangible assets for a number of purposes including purchase and sale agreements, purchase price allocations, goodwill impairment testing, asset carve-outs, shareholder disputes, merger & acquisitions, negotiations, fairness opinions and income tax strategies.

Jeremy has extensive experience advising private clients in strategy, succession planning, management buy-outs, employee stock ownership plans, with strategic & financial investors, governance and mergers & acquisitions.

He has been an equities trader at the Toronto Stock Exchange

Selected industry experience

Jeremy has assisted provincial, municipal and federal governments with operational matters, strategic matters, financial analysis, innovation, economic analysis and governance. He has assisted on privatizations, economic strategy, investments, divestitures, and business process optimization. He has assisted governments with the design, implementation, evaluation and launching of innovative programs.

Jeremy has advised many clients in the financial services industry. He has been an equities trader on the floor of the Toronto Stock Exchange and advised investment dealers, venture capital funds, private equity funds, sovereign wealth funds, investment management firms, wealth management firms, banks and trust companies. He has assisted in the purchase and sale of financial institutions and performed consulting in the areas of loan portfolio analysis, credit risk management and alignment with Sound Business and Financial Practices. He has valued numerous financial institutions including banks, trust companies and insurance companies. He has provided advisory services, transaction services, due diligence services, consulting and valuation services to private equity and venture capital funds.

Jeremy has extensive experience in the technology industry including telecommunications, software, hardware, clean tech and internet.

With his considerable life sciences expertise and clients in the biotechnology, pharmaceutical, and medical devices sectors, Jeremy is Deloitte's national leader of Biotechnology in Canada. He is part of Deloitte's global life sciences leadership team.

Jeremy has advised clients in the energy services industry providing valuations, transaction support, reorganizations, financial modeling and strategic advice.

Jeremy has also advised clients in other industries including construction (from home builders to general contractors to commercial and industry builders), Retail and Manufacturing.

Professional affiliations

- Licensing Executives Society – Member (past chapter chair)
- BioAlberta – Board member

Professional designations and education

- Chartered Business Valuator (CBV), 1994
- Chartered Accountant (CA), 1990
- American Society of Appraisers – Accredited Senior Appraiser – Business Valuation (ASA), 1997
- Harvard Leadership Essentials – Certification Program, 2013
- Canadian Securities Course, 1986
- Bachelor of Music in Performance (University of Toronto), 1985



Darren Crocker, CPA, CGA, CIRP, Licensed Insolvency Trustee

Partner | Financial Advisory
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Profile

Mr. Crocker is a Partner with Deloitte Restructuring Inc. located in Edmonton, Alberta, providing services in corporate restructurings and shareholder disputes in Northern Alberta, Northwest Territories and Nunavut. Mr. Crocker has over 25 years of experience in insolvency and restructuring matters.

Mr. Crocker has an extensive background in all areas of financial restructuring engagements including restructurings under the *Companies' Creditors Arrangement Act*, proposals under the *Bankruptcy and Insolvency Act*, court-appointed receiverships, shareholder disputes, private receiverships, interim receiverships and consumer and corporate bankruptcies. In addition, Darren has experience as Co-Manager and Third Party Manager in a number of First Nations engagements on behalf of Health Canada, First Nations Inuit and Health Branch.

Experience

Mr. Crocker has assisted clients in several industries including, but not limited to, transportation, oil & gas, high-tech, retail (clothing, automotive, gift shops, and jewelry), construction, tourism, manufacturing, food processing, hospitality, agriculture and forestry.

Numerous insolvency engagements including:

- Trustee in Bankruptcy and privately appointed receiver of a construction company with operations in Kugluktuk, Nunavut;
- Trustee in Bankruptcy and privately appointed receiver of a construction company with operations in Inuvik, Northwest Territories;
- Appointed by the Federal Court as Receiver and Manager of the Salt River First Nation to exercise the powers of Chief and Council for an interim period until an election for Chief and Council transpired;
- Monitor under the *Companies' Creditors Arrangement Act* of a developer and manufacturer of Microelectromechanical Systems (MEMS);
- Court-appointed Inspector and Court-appointed Receiver of federal funds in relation to the Whitefish Lake First Nation (#459);

- Third Party Manager of the Whitefish Lake First Nation (#459) on behalf of Health Canada, First Nations Inuit and Health Branch;
- Trustee in Bankruptcy of a children's toy retailer;
- Monitor under the *Companies' Creditors Arrangement Act* of a private mortgage lending firm;
- Trustee under a Notice of Intention to Make a Proposal and Trustee in Bankruptcy of an oilfield trucking company;
- Monitor under the *Companies' Creditors Arrangement Act* of a privately owned, national retail chain of novelty stores;
- Court-appointed Receiver and Trustee in Bankruptcy of a fabricator of oilfield tanks;
- Court-appointed Inspector and Court-appointed Receiver of a road construction company with projects throughout Edmonton and Northern Alberta;
- Trustee in Bankruptcy of a northern tourism company with a clientele of international clients;
- Court-Appointed Receiver of a construction company with municipal building projects in various locations in Northern Alberta;
- Co-Manager of a health centre located at the Alexander First Nation, on behalf of Health Canada, First Nations Inuit and Health Branch;
- Court-appointed Inspector and Court-appointed Receiver of salvage operation with three locations in Edmonton, Alberta;
- Trustee under a Proposal of a software developer to the Health Sciences sector;
- Court-appointed Interim Receiver and Trustee under a Proposal of a software developer to the Education sector;
- Third Party Manager of a health centre located at the Blood Tribe First Nation, on behalf of Health Canada, First Nations Inuit and Health Branch
- Privately-appointed Receiver of food processing facility;
- Trustee in Bankruptcy of a retailer of high end furniture.

Darren frequently speaks at seminars and conferences including the Annual Review of Insolvency Law and for the Canadian Association of Insolvency and Restructuring Professionals.

Education / Professional Affiliations

- Licensed Insolvency Trustee (1998) [Canada](#)
- Chartered Insolvency and Restructuring Professional (1997) [Canada](#)
- Certified General Accountant (1996) [Canada](#)
- Diploma, Accounting and Business Administration, Lambton College (1990) [Canada](#)

Languages

English

Document:	CPLA Pre-Filed Evidence and Schedule B	Page No.:	PFE, p. 2
Topic:	Manitoba specific borrower data		
Subtopic:			
Issue:	Does Environics 2013 address the central issue of repeat loans?		

PREAMBLE:

The CPLA evidence, p. 2 indicates that it has filed among other items:

- a “comprehensive study and profile of the typical payday loan customer in Manitoba” from the 2013 Environics Survey

QUESTION:

a) Can the CPLA confirm that the 2013 Environics Survey does not provide evidence on the sample of payday loan users who used payday loans more than once? If not, please identify where this information is provided in the 2013 Environics Report.

b) Can the CPLA confirm that the 2013 Environics Survey does not provide evidence from the sample of payday loan users of how many times they used payday loans? If not, please identify where this information is provided in the 2013 Environics Report.

c) Can the CPLA confirm that the 2013 Environics Survey does not provide insight into whether the reasons for using payday loans of repeat payday loan users differ from those who use a payday loan only once? If not, please identify where this information is provided in the 2013 Environics Report.

d) Can the CPLA confirm it has not undertaken any study of the repeat loan issue in Manitoba subsequent to 2013?

e) Can the CPLA identify any study of the repeat loan issue it has undertaken in Canada since 2013? If so, please provide any relevant research reports.

RATIONALE FOR QUESTION:

There is overwhelming data in the literature relating to the particular vulnerability of repeat payday loan users. Data from BC and Nova Scotia payday lending regulators as well as from the US highlights the preponderant role of repeat users in the industry. To the extent that Environics fails to explore the issue of repeat loans, adverse inferences about its utility and weight can be drawn.

RESPONSE:

- (a) The CPLA confirms same.
- (b) The CPLA confirms same.
- (c) The CPLA confirms same.
- (d) The CPLA confirms same.
- (e) No

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence	Page No.:	3
Topic:	Identification of payday loan consumers		
Subtopic:			
Issue:	Payday lenders requesting Social Insurance Number		

PREAMBLE:

On p. 3, it is stated:

“Our goal is to advocate for the right balance between adequate consumer protection and an economically viable industry for our members.”

The Coalition's evidence has shown that some payday lenders in Manitoba are requesting consumers' Social Insurance Number (SIN) as part of the loan application process.

Applying for a payday loan, proving identity (except for specific government programs), or completing financial transactions are not listed uses of the SIN by Service Canada (see <http://www.servicecanada.gc.ca/eng/sin/protect/provide.shtml>).

QUESTION:

- a) Given the stated appropriate uses of the SIN stated by Service Canada, please provide the reason why the SIN is requested by payday lenders in Manitoba.
- b) If consumers refuse to provide a SIN when applying for a loan, can they be refused the loan?
- c) If the answer in a) above is for identification purposes, what type of identification would be needed by payday lenders in lieu of the SIN, and why?
- d) What would be an appropriate alternative to the SIN?
- e) Would CPLA support a recommendation to make non-SIN identification more accessible to all consumers?

RATIONALE FOR QUESTION:

Although not illegal, the practice of requesting a Social Insurance Number when not required is strongly discouraged and could negatively affect consumers' privacy.

RESPONSE:

- (a) The CPLA is not involved with operational aspects of its members and, as such, does not have any information in this regard.

- (b) The CPLA is not involved with operational aspects of its members and, as such, does not have any information in this regard.
- (c) The CPLA is not involved with operational aspects of its members and, as such, does not have any information in this regard.
- (d) The CPLA is not involved with operational aspects of its members and, as such, does not have any information in this regard.
- (e) The CPLA requires further clarification as to what making “non-SIN identification more accessible to all consumers” entail.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence	Page No.:	3
Topic:	Size of the Payday Lending Industry in Canada and Manitoba		
Subtopic:			
Issue:	Number of outlets and loan volume		

PREAMBLE:

On p. 3, it is suggested that the 940 stores and online lending platforms held by CPLA members constitute 67% of the payday lending industry in Canada. It also is indicated that CPLA members hold 30 licenses in Manitoba.

QUESTION:

- a) Please provide the derivation of the 67% calculation.
- b) Can the CPLA confirm that the estimate of 67% is not based on loan volume as a percentage of total loan volume, but on store numbers as a percentage of estimated store numbers?
- c) Based on the assertion that 940 stores and online lending platforms constitutes 67% of the payday lending industry in Canada, would it be fair to conclude that the CPLA estimates there are approximately 1403 stores in Canada ($940/.67$)? If not, please provide the proper calculation.
- d) What is the CPLA estimate of its members loan volume as a percentage of total loan volume in Manitoba? Please provide support for your estimate.

RATIONALE FOR QUESTION:

To the extent there is an unhealthy marketplace, there may be a stronger argument for greater price regulation.

There is ample evidence to conclude that the payday lending industry does not represent a healthy, properly functioning competitive marketplace. There is evidence of increasing concentration in the industry which may not be fully represented by the number of outlets.

It is not clear that the number of outlets is the best estimate of industry concentration. Loan volume is likely a better indicator of industry concentration.

RESPONSE:

- (a) Please refer to the CPLA's response to Coalition/CPLA 1-5(c).
- (b) The CPLA confirms same.

- (c) The CPLA confirms the stated conclusion.
- (d) The CPLA is not involved with operational aspects of its members and, as such, does not have any information in this regard.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence	Page No.:	4
Topic:	Borrowing on sources of income other than employment		
Subtopic:			
Issue:	Understanding if and why payday lenders borrow on other sources of income		

PREAMBLE:

On p. 4, it is stated:

“Most commonly, payday loans are to be repaid at the customer's next payday.”

In the past, the CPLA's Code of Best Business Practices indicated that CPLA members should not provide loans on social assistance payments. The Code of Best Business Practices no longer contains a provision relating to the source of income used to borrow a payday loan.

QUESTION:

- a) Could CPLA provide the reason why the provision regarding social assistance payments was removed from the CPLA Code of Best Business Practices?
- b) Do CPLA members provide payday loans on sources of income other than employment (e.g. social assistance, Child Tax Benefit, Old Age Security, pension, etc)?
- c) If the answer to b) above is yes, is there a difference in payday lenders accepting provincial government cheques compared to federal government cheques? If so, what is the reason?
- d) Please provide the views of the CPLA on the implications, if any, on consumer well being of making payday loans available based on social assistance payments and other non-employment sources of income.
- e) Please provide the views of the CPLA on the implications, if any, on bad debt risk of making payday loans available based on social assistance payments and other non employment sources of income.

RATIONALE FOR QUESTION:

Evidence from the Coalition shows that some payday lenders in Manitoba provide loans on sources of income other than employment. It is important to understand this phenomena in terms of its impact on consumer vulnerability and lender risk.

RESPONSE:

- (a) The CPLA *Code of Best Business Practices* is modified to conform with legislative requirements.
- (b) The CPLA is not involved with operational aspects of its members and, as such, does not have any information in this regard.
- (c) The CPLA is not involved with operational aspects of its members and, as such, does not have any information in this regard.
- (d) Please refer to the CPLA's response to PUB/CPLA 1-32.
- (e) Please refer to the CPLA's response to PUB/CPLA 1-32.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence and Schedule A	Page No.:	PFE, p. 4
Topic:	Manitoba specific lender cost data and Manitoba specific borrower data		
Subtopic:			
Issue:	The CPLA has not filed current Manitoba data on loan volume		

PREAMBLE:

At page 4 of its PFE, the CPLA presents a narrative of the growth and maturation of the payday lending industry in Canada and Manitoba between 2007 and today as measured in the number of licensed lenders and store outlets.

QUESTION:

Please provide any data, surveys or reports in the possession of the CPLA which documents, measures or tracks the total volume of payday loans in Canada and/or Manitoba between 2007 and today. In providing this material, please also provide the audited (preferably) or unaudited data on which any estimates are based.

RATIONALE FOR QUESTION:

There is ample literature supporting the proposition that loan volume can be an important indicator of industry developments. Loan volume per store is a central element of the profitability of the business. Conclusions drawn from data on store numbers alone are invalid.

RESPONSE:

Amongst other things, the CPLA refers the CAC to:

- The *Summary of the 2015 Survey on the Cost of Providing Payday Loans* prepared by Deloitte LLP ("Deloitte Study"), filed as Schedule "G" to the CPLA's Pre-Filed Evidence in these proceedings;
- The Grant Thornton letter dated October 1, 2015 (the "Grant Thornton Report"), filed as Schedule "H" to the CPLA's Pre-Filed Evidence in these proceedings;
- Correspondence from the Nova Scotia Department of Justice, Legal Services Division, dated January 30, 2015, along with referenced Exhibit P-1, attached; and
- BC Aggregated Payday Loan Data – Reported for Licence Years ended October 31, provided by Consumer Protection BC, attached.

The CPLA does not have the underlying data. All supporting information provided to Deloitte LLP for the Deloitte Study and Grant Thornton LLP in the Grant Thornton Report was done so in confidence and covered by privilege, including but not limited to solicitor work-product privilege. Similarly, the CPLA is not privy to the underlying data of the information provided by Consumer Protection BC.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:


NOVA SCOTIA
Department of Justice
Legal Services Division

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Mark V. Rieksts
Solicitor

File No.: 14-2384

January 30, 2015

Via Email

Elaine Wagner
Chief Clerk of the Board
Nova Scotia Utility and Review Board
Summit Place - 1601 Lower Water Street, 3rd Floor
Halifax, NS B3J 3P6

Dear Ms. Wagner:

**Re: M06084-February 2015 PayDay Loan Hearing – (PD-14-01)
Correction to filed data/SNS (CA) IR-8**

Service Nova Scotia (SNS) has filed at Exhibit P-1, data for each payday loan outlet in the Province, for 2014. An accompanying table shows year-over-year comparisons for 2012, 2013, and 2014.

In answer to SNS (CA) IR-8, SNS clarified data for the “average amount loan granted” and “average amount loan defaulted”, for the years 2012, 2013 and 2014.

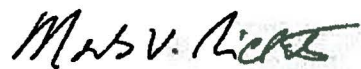
I am writing to note, and to file a correction to data calculations provided for the year 2012, as set out in SNS (CA) IR-8(a). The data that had initially been provided under the heading “2012”, was for the period from July 1, 2010 to June 30, 2011 (the 2011 year).

The correct values for 2012 are set out in the Revised Response to IR-8(a), attached hereto. I have also included the Response to IR-9, as the answer now refers to the corrected average values.

With this correction, I also attach a revised table showing year-over-year data for each of the years 2012, 2013, and 2014. This table is to replace the same table filed at Exhibit P-1. As with the data at Exhibit P-1, and for the same reasons as originally given, we request that this table be filed on a confidential basis with the Board.

If the Board requires, SNS can file data showing the breakdown by outlet of the year to year data provided in the Exhibit P-1 table.

Yours very truly,



Mark V. Rieksts

MVR/mvr

cc: Client

A Hearing respecting certain aspects of the Consumer Protection Act relating to payday loans
(NSUARB/M06084)
Service Nova Scotia's (SNS) Responses to Consumer Advocate's (CA) Information Requests
(AMENDED)

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Request IR-8:

Exhibit P-1 "Data required to be filed by payday lenders under the Regulations" also includes a spreadsheet entitled "Year-Over-Year Comparisons". Some of the values in this spreadsheet do not correspond to the values in spreadsheet "2014". In particular, the "Average Amount Loan Granted" for July 1, 2013 – June 30, 2014 is \$428.02, compared to \$436.93 in spreadsheet "2014", The Average Amount Loan Defaulted for July 1, 2013 – June 30, 2014 is \$550.84, compared to \$554.94 in spreadsheet "2014".

a) Would you please clarify which data is correct?

Response IR-8

a) The correct values are:

Item	2012	2013	2014
Average Amount Loan Granted	\$423.02 \$447.98	\$438.06	\$433.03
Average Amount Loan Defaulted	\$459.79 \$524.46	\$517.88	\$527.23

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Request IR-9:

Some of the values in spreadsheet "Year over Year Comparisons" are not internally consistent. For example, the spreadsheet includes three categories: Total Loan Granted, Average Amount Loan Granted and Estimated Value of Loans Granted. For July 1, 2013-June 30, 2014, the Estimated Total Value of Loans Granted is \$89,276,435.39 and the Total Loans Granted is 206,165. If one divides the total value by the total loans, the average value is \$433.03. The value in the

**A Hearing respecting certain aspects of the Consumer Protection Act relating to payday loans
(NSUARB/M06084)
Service Nova Scotia's (SNS) Responses to Consumer Advocate's (CA) Information Requests
(AMENDED)**

1 spreadsheet, however, for Average Amount Loan Granted is \$428.02. This
2 inconsistency exists in each of the three years for which data is provided.

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4 a) Would you please clarify which data is correct?

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8 Response IR-9

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10 a) The Estimated Total Value of Loans Granted and Total Loans Granted are
11 the correct values. The correct average values are reflected in the response
12 to IR8 above.

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COMPANY	LOCATION ADDRESS	Permit #	No. of borrowers granted > 1 loan	No. of repeat loans granted	No. borrowers granted repeat loans	No. of 1 Time Repeat	No. of 2 Time Repeat	No. of 3 Time Repeat	No. of 4 Time Repeat	No. of 5 Time Repeat	No. of 6 Time Repeat	No. of 7 Time Repeat	No. of 8+ Time Repeat	Total Loans Granted	Subtotal - Total Loans by Company	Average Amount Loan Granted	Estimated Total Value of Loans Granted	Subtotal - Estimated Total Loan Value by Company	Company - % of Estimated Value of Loans Granted	Total Loans Defaulted	Average Amount Loan Defaulted	Subtotal - Total Loans Defaulted by Company	Default Percentage By Location	Default Percentage By Company
TOTALS:			24788	107274	18794	4801	2546	1853	1408	1127	884	800	5531	208165	185555	\$436.93	\$89,276,435.39			14596	\$554.94			

Period Covered	No. borrowers granted > 1 loan	No. of repeat loans granted	No. borrowers granted repeat loans	No. of 1 Time Repeat	No. of 2 Time Repeat	No. of 3 Time Repeat	No. of 4 Time Repeat	No. of 5 Time Repeat	No. of 6 Time Repeat	No. of 7 Time Repeat	No. of 8+ Time Repeat	Total Loans Granted	Average Amount Loan Granted	Estimated Total Value of Loans Granted	Total Loans Defaulted	Average Amount Loan Defaulted
July 1, 2013 - June 30, 2014	24788	107274	18794	4801	2546	1853	1408	1127	884	800	5531	206165	\$428.02	\$89,276,435.39	14596	\$550.84
July 1, 2012 - June 30, 2013	19630	89218	15545	3782	2164	1644	1273	1465	693	582	4098	194794	\$443.34	\$85,330,660.04	13304	\$555.58
July 1, 2011 - June 30, 2012												148348	\$399.32	\$62,753,761.33	12149	\$422.63
Percentage Change In Activity 2012 - 2013												31.3%	11.0%	36.0%	9.5%	31.5%
Percentage Change In Activity 2013 - 2014												5.8%	-3.5%	4.6%	9.7%	-0.9%

Consumer Protection BC

BC Aggregated Payday Loan Data - Reported for Licence Years ended October 31

	For Entire Industry			
	2014	2013	2012	% Change 2013 / 2014
1 Total \$ Loan Volume	\$385,303,137	\$351,354,396	\$318,149,042	9.7% Increase
2 Total \$ Cost of Credit	\$84,337,727	\$76,416,309	\$68,414,329	10.4% Increase
3 Total # of Payday Loans	857,830	796,580	738,688	7.7% Increase
4 Total # of Individual Borrowers	198,003	146,701	125,172	35.0% Increase
5 Average \$ Loan Amount	\$449	\$441	\$431	1.8% Increase
6 Average \$ Cost of Credit	\$98	\$96	\$93	2.5% Increase
7 Average % Cost of Credit per \$100	21.9%	21.7%	21.5%	0.6% Increase
8 Average # of Loans per Borrower	4.3	5.4	5.9	-20.2% Decrease
9 Total \$ of Loans Initially Defaulted	\$93,032,739	\$87,648,916	\$72,263,144	6.1% Increase
10 % of Total Loans Initially Defaulted	24.15%	24.95%	22.71%	-3.2% Decrease
11 Total \$ of Loans Ultimately Written Off	\$19,449,207	\$14,030,705	\$13,904,495	38.6% Increase
12 % of Total Loans Ultimately Written Off	5.05%	3.99%	4.37%	26.4% Increase
13 Total # of Licensed Locations (H.O. + Branches)	274	275	274	-0.4% Decrease
14 Total # of Licensed Corporate Entities (H.O. Only)	46	51	44	-9.8% Decrease
15 # of Individuals with 1 Loan Only during Year	49,628	33,074	16,857	50.1% Increase
16 # of Individuals with 2 to 5 Loans during Year	77,416	55,104	26,948	40.5% Increase
17 # of Individuals with 6 to 10 Loans during Year	40,509	34,077	18,809	18.9% Increase
18 # of Individuals with 11 to 15 Loans during Year	21,585	17,723	11,049	21.8% Increase
19 # of Individuals with More than 15 Loans during	8,865	6,608	1,260	34.2% Increase
20 # of Loans-\$0 to \$500 Loan Amount	578,936	531,403	505,919	8.9% Increase
21 # of Loans-\$501 to \$1,000 Loan Amount	241,142	228,321	205,210	5.6% Increase
22 # of Loans-\$1,001 to \$1,500 Loan Amount	37,752	36,856	29,511	2.4% Increase
23 # of Policies Sold Payment Default Insurance	150,254	152,693	Not Reported	-1.6% Decrease
24 \$ of Premiums Earned on Default Insurance	\$2,677,853	\$2,762,092	Not Reported	-3.0% Decrease
25 Aver \$ Amt of All Loans Issued-per Location	\$1,406,216	\$1,277,652	\$1,161,128	10.0% Increase
26 Aver \$ Amt of All Fees Earned on Loans-per	\$307,802	\$277,877	\$249,687	11.3% Increase

Notes: This information was collected in accordance with section 144 (Application for license) of the Business Practices and Consumer Protection Act. Payday Loans Regulation 4(2)(b) and 4(3) require all payday lenders licensed in British Columbia to annually report their aggregate loan data. The data represents all of the loans granted by the licensee during their most recently-completed fiscal year.

Information about payday lending in BC can be found at www.paydayloanrightsbc.ca.

Document:	CPLA Pre-Filed Evidence	Page No.:	4
Topic:	Locations of payday lending outlets		
Subtopic:			
Issue:	Understanding the locations of payday lending outlets in Manitoba		

PREAMBLE:

It is stated on p. 4:

“Based on the CPLA’s outlet survey of January, 2007 there were 71 outlets offering payday loans in Manitoba. Today there are 40 licensed outlets and 3 internet lenders. Attached as Schedule “A” is a graph showing the change in the number of store locations in Manitoba since January 2007.”

QUESTION:

a) Please provide the original data including payday lender name and postal address.

RATIONALE FOR QUESTION:

To facilitate an examination of the location of existing outlets versus original outlets in order to better understand the implications of closures on consumers. For example, some may conclude that the implications on consumers of the closing of a CashStore premises on Portage Avenue are minimal given that there is a MoneyMart outlet within a block.

RESPONSE:

The CPLA does not have all of the information requested.

Please refer to the CPLA’s responses to PUB/CPLA 1-1(c), and PUB/CPLA 1-10(a) and (b). Please also see list of payday lenders as of September 2007, attached.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:



Manitoba Payday Lenders List

Company Name	Number of Stores	Cities of Operation	Address	Phone
NON MEMBER COMPANIES				
<i>Attic Furniture Pawnshop</i>	1	Winnipeg	216 Sherbrook, Winnipeg, MB R3C 2B6	(204)783-5213
<i>Can Cash</i>	1	Winnipeg	208 Marion St, Winnipeg, MB R2H 0T6	(204) 253-2274
<i>Payday Loans Cash Now</i>	1	Winnipeg	216-819 Sargent Ave, Winnipeg, MB R3E 0B9	(204) 784-2274
<i>Cash X</i>	1	Winnipeg	Cityplace Shopping Center, Winnipeg, MB, R2C 0A1	(204) 949-3617
Rent Cash (The Cash Store & Instalozans)				
<i>The Cash Store</i>	1	Brandon	2637 Victoria Avenue, Brandon, MB R7B 0M9	(204) 571-4729
	1	Dauphin	210 Main Street North, Dauphin, MB R7N 1C4	(204) 638-4149
	1	Portage La Prairie	1101 Saskatchewan Ave, Portage La Prairie, MB R1N 0R2	(204)239-1849
	1	Thompson	300 Mystery Lake Road, Thompson, MB R8N 0M2	(204) 778-5863
	10	Winnipeg	989 McPhillips Street, Winnipeg, MB R2X 2K3	(204) 586-4729
		Winnipeg	176 Henderson Highway, Winnipeg, MB R2L 1L6	204) 663-4729
		Winnipeg	912 Portage Avenue, Winnipeg, MB R3P 0P5	(204) 786-4729
		Winnipeg	584 Pembia Highway, Winnipeg, MB R3M 3X7	(204) 262-2410
		Winnipeg	1000 Nairn Ave, Winnipeg, MB R2L 0Y2	(204) 668-5657
		Winnipeg	279 Portage Ave., Winnipeg, MB R3B 2B4	(204) 944-9416
		Winnipeg	922 St James Street, Winnipeg, MB R3H 0K3	(204)774-2292
		Winnipeg	25 Marion Street, Winnipeg, MB R2H 0S8	(204) 231-3149



Manitoba Payday Lenders List

Company Name	Number of Stores	Cities of Operation	Address	Phone
		Winnipeg	101 Regeant Ave East, Winnipeg, MB R2C 0C2	(204) 222-2890
		Winnipeg	1020-1030 Keewatin Street, Unit 2, Winnipeg, MB R2R 2E2	(204) 632-4463
Instaloans	1	Brandon	759-1 Street, Brandon, MB R7A 2X5	(204) 571-4140
	1	Portage La Prairie	50, 24 Street NW, Portage La Prairie, MB R1N 3V7	(204) 856-2550
	1	Selkirk	321E Main Street, Selkirk, MB R1A 1T2	(204) 785-4070
	8	Winnipeg	859 Portage Avenue, Winnipeg, MB R3G 0N8	(204) 975-5077
		Winnipeg	1594 St Mary's Road, Winnipeg, MB R2M 3W4	(204) 954-2091
		Winnipeg	2519 Portage Avenue, Winnipeg, MB R3J 0P1	(204) 954-2111
		Winnipeg	1417B Henderson Highway, Winnipeg, MB R2G 1L8	(204) 954-2074
		Winnipeg	#120, 2855 Pembina Highway, Winnipeg, MB R3T 2H5	(204) 940-4101
		Winnipeg	1155 Main Street Unit E, Winnipeg, MB R2W 3S4	(204) 697-7710
		Winnipeg	1565 Regent Avenue West, Winnipeg, MB R2C 3B8	(204) 940-4106
		Winnipeg	1235 Pembina Hwy, Unit 5, Winnipeg, MB R3T 2A9	(204) 478-1169



Manitoba Payday Lenders List

Company Name	Number of Stores	Cities of Operation	Address	Phone
Cash Money (27 employees in MB)	5	Winnipeg	311 Henderson Hwy. Winnipeg, MB, R2L 1M4	(204) 222-2274
		Winnipeg	647 Portage Ave., Winnipeg, MB, R3B 2G4	(204) 275-2274
		Winnipeg	890 St. James St., Winnipeg, MB, R3G 3J7	(204) 452-2274
		Winnipeg	1321 Archibald St., Winnipeg, MB, R2J 3A4	(204) 255-2274
		Winnipeg	1353 McPhillips St. Unit 1, Winnipeg, MB, R2X 3A6	(204) 334-9656
Main Stream Payday Loans	1	Winnipeg	(City Place Shopping Center?) Winnipeg, MB, R2C 0A1	(204) 956-2274
Moneymax Canada Ltd	1	Winnipeg	Portage Ave, Winnipeg	(204)944-4999
MOGO	3	Winnipeg	1086 St. Mary's, Winnipeg, MB	(204) 956-5626
		Winnipeg	414 Graham Ave, Winnipeg, MB	
		Winnipeg	62 Albert St, Winnipeg, MB	
Sorensen's Loans Till Payday	3	Winnipeg	313A Day St., Winnipeg, MB, R2C 1B1	(204) 777-2274
		Winnipeg	551 Selkirk Ave, Winnipeg, MB R2W 2M8	(204) 586-2274
		Winnipeg	6-510 Sargeent Ave, Winnipeg, MB	(204) 779-2274

MEMBER COMPANIES

Money Mart (99 employees in MB)	1	Brandon	750B Victoria Ave, Brandon, MB	(204) 571-6218
	1	Portage La Prairie	10 Saskatchewan Ave. East, Portage La Prairie, MB	(204) 239-4171
	1	Selkirk	295 Main Street, Selkirk, MB	(204) 482-5532
	15	Winnipeg	405 Ellice Avenue, Unit B, Winnipeg, MB,	(204) 982-3700
		Winnipeg	879 Portage Ave. Winnipeg, MB	(204) 982-3727
		Winnipeg	413 Selkirk Ave. Winnipeg, MB	(204) 982-3724



Manitoba Payday Lenders List

Company Name	Number of Stores	Cities of Operation	Address	Phone
		Winnipeg	215 Henderson Hwy, Winnipeg, MB	(204) 982-3714
		Winnipeg	620 Dakota St., Winnipeg, MB	(204) 982-3754
		Winnipeg	253 Osborne St., Winnipeg, MB	(204) 982-4181
		Winnipeg	#103 - 1601 Regent Ave. W, Winnipeg, MB	(204) 663-0600
		Winnipeg	#102 - 294 Portage Ave., Winnipeg, MB	(204) 943-6001
		Winnipeg	2188 McPhillips St., Winnipeg, MB	(204) 632-9346
		Winnipeg	186 - 666 St. James Str, Winnipeg, MB	(204) 786-1525
		Winnipeg	1740 Pembina Hwy, Unit 3, Winnipeg, MB	(204) 261-5708
		Winnipeg	2545 Portage Ave, Winnipeg, MB,	(204) 832-9161
		Winnipeg	379 Broadway, Unit 101, Winnipeg, MB	(204) 943-9761
		Winnipeg	95 Oak Point Highway, Winnipeg, MB	(204) 633-3311
		Winnipeg	801 McLeod Ave, Winnipeg, MB	(204) 667-4491
The Fast Cash (10 employees in MB)	3	Brandon	840 McTavish Avenue, Brandon MB R7A 6W9	(204) 725-5208
		Steinbach	329 Main Street Steinbach MB R5G 1Z2	(204) 326-3418
		Winkler	254 Main Street Winkler MB R6W 4A4	(204) 331-3418
The Money Tree Payday Loans Inc (4 employee's + 1 part time in MB)	1	Winnipeg	1376 McPhillips Street Winnipeg MB R2X 2M4	(204) 632-8733
Da\$h Into Cash (5 employee's in MB)	1	Flin Flon	41 Main Street Flin Flon MB R8A 1J7	(204) 687-4989
Xtra Cash (4 employee's in MB)	1	Winnipeg	741 Portage Avenue Winnipeg, MB R3G 0N1	(204) 772-1177

Document:	CPLA Pre-Filed Evidence and Schedule B: Environics Payday Loan Users Study (Manitoba) for the Canadian Payday Loan Association	Page No.:	PFE, p. 5
Topic:	Methodology and Sampling		
Subtopic:			
Issue:	Understanding the weight to be given to the Environics survey		

PREAMBLE:

Regarding the Environics survey, it is stated on p. 5 of the PFE:

“Records were provided directly to Environics by licensed lenders on a confidential basis and the names or number of participants is not known to the CPLA. The study was conducted through 250 interviews of borrowers randomly sampled from 8800 records.”

QUESTION:

- a) Please indicate whether all payday lenders in Manitoba cooperated in providing a complete customer list and, if not, the percentage of lenders by both outlet and loan volume who cooperated.
- b) Please provide the time period that was used to define customers and whether that specific time period was used by all lenders in providing customer lists.
- c) Please provide the rate of non-response among those customers contacted by telephone.
- d) Please indicate what assessment, if any, was made of the characteristics of non-respondents compared to those who responded.
- e) Please indicate what procedures were followed for listed customers that could not be reached by telephone, whether this occurred because the customer did not have a telephone or because no telephone number was listed or found.
- f) Please indicate what percentage of those selected for the sample fell into this category, i.e. could not be contacted by telephone.
- g) Please indicate what assessment, if any, was made of the characteristics of those who could not be contacted by telephone compared to those who were contacted.

RATIONALE FOR QUESTION:

The information provided by the CPLA does not provide a basis to appropriately assess the utility of the survey or the weight that should be ascribed to it.

RESPONSE:

- (a) As indicated, licensed lenders provided records directly to the Environics Research Group on a confidential basis and, as such, the CPLA does not have access to such information.
- (b) As far as the CPLA is aware, the time period applicable is January to April 2013.
- (c) Please refer to the CPLA's response to Coalition/CPLA 1-11(b)(ii).
- (d) Please refer to the CPLA's response to Coalition/CPLA(b)(i). Given the randomization of selection, the CPLA does not understand such assessment to be necessary or to have taken place.
- (e) Please refer to the CPLA's response to Coalition/CPLA 1-11(b)(i).
- (f) Please refer to the CPLA's response to Coalition/CPLA 1-11(b)(ii).
- (g) Please refer to the CPLA's response to Coalition/CPLA(b)(i). Given the randomization of selection, the CPLA does not understand such assessment to be necessary or to have taken place.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence and Schedule B: Environics Payday Loan Users Study (Manitoba) for the Canadian Payday Loan Association	Page No.:	PFE, p. 5 Environics survey, p. 4
Topic:	Respondent Profile		
Subtopic:			
Issue:	Understanding the weight to be given to the Environics survey		

PREAMBLE:

The Environics survey makes reference to the incomes of payday loan borrowers in Manitoba.

QUESTION:

- a) Please indicate whether income refers to personal income or household income.
- b) Please indicate what respondents were asked to include in income, i.e. only wages and salaries or other income sources as well.

RATIONALE FOR QUESTION:

The information requested provides superior insight into the implications of the survey.

RESPONSE:

- (a) Personal income.
- (b) All income sources.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence and Schedule B	Page No.:	5
Topic:	Additional information for Environics survey		
Subtopic:			
Issue:	Understanding how the sample for the survey was selected		

PREAMBLE:

Regarding the Environics survey, it is stated at p. 5:

“Records were provided directly to Environics by licensed lenders on a confidential basis and the names or number of participants is not known to the CPLA. The study was conducted through 250 interviews of borrowers randomly sampled from 8800 records.”

QUESTIONS:

- a) Please provide the following data, in terms of the 8800 records:
 - i) For what years?
 - ii) For which payday lenders?
 - ii) Were there complete listings including single and multiple borrowers? Were there complete listings for timely repayers and delinquent repayers?
- b) Please provide additional information about the 250 interviews:
 - i) How was the random sampling done?
 - ii) What was the response rate of the chosen sample?

RATIONALE FOR QUESTION:

The Coalition wishes to better understand how the sample for the Environics survey was chosen to assess how much weight should be given to the report.

RESPONSE:

- (a)(i) Please refer to the CPLA’s response to Coalition/CPLA 1- 9(a).
- (a)(ii) As indicated, licensed lenders provided records directly to the Environics Research Group on a confidential basis and, as such, the CPLA does not have access to such information.
- (a)(iii) To prevent bias of sampling or results, sample information requested and provided did not specify the number of loans taken or status.

(b)(i) The Environics Research Group utilized computer aided telephone interviewing (CATI) methodology, which includes a randomization of selection of prospective respondents from the sample database for contact. When the Environics Research Group encountered busy signals or answering machines, 8 callbacks were attempted before replacing the case.

(b)(ii) Utilizing the Marketing Research and Intelligence Association's (MRIA) definition, the response rate was 5.1%. This factors in non-answered calls, voice mail, not in service lines, etc., as well as refusals. The actual cooperation rate among those contacted was 40.2%.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence	Page No.:	5
Topic:	Demographics of Manitoba borrowers		
Subtopic:			
Issue:	The CPLA does not provide a reason for why it believes there has not been any material change in the demographic of borrowers in Manitoba		

PREAMBLE:

You stated on p. 5:

“Because of a lack of time and resources, we have not been able to update the study however we do not believe there has been any material change in the demographic of borrowers since that time.”

QUESTION:

a) Please explain why you believe that there have been no material changes in the demographic of borrowers?

RATIONALE FOR QUESTION:

The Coalition wishes to better understand why the CPLA does not believe there has been any material change in the demographic of borrowers since 2013.

RESPONSE:

Please refer to the CPLA’s response to PUB/CPLA 1-46.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence and Schedule D	Page No.:	PFE, p. 6
Topic:	Unlicensed payday lenders		
Subtopic:			
Issue:	The relationship between regulation and unlicensed payday lenders		

PREAMBLE:

In the report it is stated many times (e.g., p.6, p.7, p.9) that certain types of regulations will harm payday lenders so that they will be unable to offer loans. It is also stated that this will expose consumers to unlicensed lenders that will potentially harm them more. For instance on page 6 it is said,

“It is important to set maximum rates and regulations correctly. There are unintended consequences of regulatory provisions that are too harsh. If regulations are too onerous and maximum rates too low, then licensed lenders leave the market. Demand for credit remains and the market becomes a target for unlicensed lenders.”

QUESTIONS:

a) Please provide empirical evidence that demonstrates that certain types of payday loan regulations lead consumers to rely on unlicensed lenders? What type of lenders are they?

b) Please define what you mean by “vacuum” as mentioned on page 6.

c) Please provide details regarding the method in which you collected website material related to online payday loans.

i) What was the method for collecting the websites? From one computer or several? In Manitoba or elsewhere? Were the search filters removed?

ii) Does each website represent a unique payday lender? Or, is it some type of combination of types of companies, lenders, lead generators?

iii) Does each website represent a unique payday lender that offers payday loans to Manitobans?

iv) Did you complete a payday loan transaction with each company to confirm that they provide payday loans?

v) If you did complete the transactions, please provide data on fees, disclosure of fees, caps on size of the loan.

vi) You mention that “these sites are constantly changing,” so in what way is your collection helpful to understanding online payday lending?

RATIONALE FOR QUESTION:

There is a substantial and recent research casting doubt on the assertions contained in the CPLA evidence. It is important to understand whether they are able to support their allegations with credible research.

In addition, it is important to understand whether the methodology of the online review is defensible.

RESPONSE:

- (a) Please refer to the CPLA's response to PUB/CPLA 1-13. To re-iterate, the CPLA's position is that the interests of payday loan consumers are better served by having licensed payday lenders viable and operational in Manitoba. Amongst other things, the CPLA refers the CAC to:
- Sample of web pages of unlicensed online payday loan lenders, filed as Schedule "D" to the CPLA's Pre-Filed Evidence in these proceedings;
 - *Consumer Experiences in Online Payday Loans* commissioned by the Consumers Council of Canada (the "Barrett Report"), filed as Schedule "E" to the CPLA's Pre-Filed Evidence in these proceedings;
 - CBC news article, filed as Schedule "F" to the CPLA's Pre-Filed Evidence in these proceedings;
 - *Who Borrows, Where They Borrow, and Why* commissioned by The PEW Charitable Trusts (the "PEW Report"), filed as Appendix "B" to the CAC's Pre-Filed Evidence in these proceedings; and
 - *Banking on the Margins: Finding Ways to Build an Enabling Small-Dollar Credit Market*, commissioned by Cardus (the "Cardus Report"), filed as Appendix "D" to the CAC's Pre-Filed Evidence in these proceedings.
- (b) The CPLA generally defines "vacuum" in this context as a void or gap.
- (c)(i) The methodology comprised of searches for the term "payday loan", sometimes in conjunction with the term "in Manitoba", via the Google and Bing search engines, from one computer. No search filters removed.
- (c)(ii) Not all of the websites clearly identified a unique payday lender.
- (c)(iii) While some websites expressly referred to Manitoba, this information was not clearly identified by all websites.
- (c)(iv) No, as the completion of a loan application requires input of personal information that the CPLA does not have.
- (c)(v) Please refer to the CPLA's response to Coalition/CPLA 1-13(c)(iv).

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence, Schedule C and Schedule F: Consumer Council of Canada Report	Page No.:	PFE, p. 7 Schedule C, p. 1 Schedule F, p. 29
Topic:	Unlicensed online payday lenders		
Subtopic:			
Issue:	Whether stricter regulation leads to more unlicensed payday lenders		

PREAMBLE:

At page 7 of its PFE, the CPLA comments on licensed and unlicensed online payday vendors in Manitoba including an allegation that Manitobans may be more likely to encounter unlicensed lenders.

In Schedule C to its evidence, the CPLA indicates that the maximum rate in Nova Scotia is \$22/\$100 loan. It also indicates that the maximum rate in PEI is \$25/\$100 loan.

In Schedule F to the CPLA evidence, p. 29, Table 2, the Consumer Council of Canada sets out the results by province of its online audit of licensed and unlicensed online lenders

QUESTIONS:

- a) Please confirm that the Consumer Council audit identified 3 licensed online payday lenders in Nova Scotia and 8 unlicensed online payday lenders.
- b) Please confirm that the Consumer Council audit identified 0 licensed online payday lenders in PEI and 9 unlicensed online payday lenders.

RATIONALE FOR QUESTION:

The questions highlight the disconnect between the CPLA assertion and the evidence in certain highly permissive regulatory regimes.

RESPONSE:

To ensure clarity, the CPLA does not necessarily agree with the CAC's summary or interpretation of the CPLA's submissions, nor with the CAC's application of the Barrett Report to same.

- (a) The CPLA confirms that this is what Table 2, found at page 29 of the Barrett Report, states.
- (b) The CPLA confirms that this is what Table 2, found at page 29 of the Barrett Report, states.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence and Schedule F: Consumer Council of Canada Report	Page No.:	PFE, p. 7 Schedule F, p. 36
Topic:	Safety of payday loan consumers		
Subtopic:			
Issue:	The relationship between safety of consumers and regulation		

PREAMBLE:

Re your quotation from Ken Whitehurst on p. 7:

"You are not safer in provinces with more regulation,' said Ken Whitehurst, executive director of the Consumers Council of Canada. He is calling the situation an "unintended consequence" of Manitoba's stringent payday loan regulations."

QUESTIONS:

- a) Does 'you are not safer...' mean that you are less safe, or does it mean that rate caps do not improve payday loan safety? Please explain.
- b) Based on the report, is it accurate to conclude that Money Mart offers online payday loans in five provinces where it has storefronts and does not offer online payday loans in two other provinces where it has storefronts (see p. 36)?

RATIONALE FOR QUESTION:

Better understanding the CPLA reference to safety of payday lending consumers in provinces with more regulation.

RESPONSE:

- (a) Please refer to the CPLA's responses to PUB/CPLA 1-13 and Coalition/CPLA 1-13(a).
- (b) Yes.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence and Schedule F: Consumer Council of Canada Report	Page No.:	PFE, p. 7 Schedule F: pp. 10 and 13
Topic:	Information collected in Consumer Council of Canada report		
Subtopic:			
Issue:	Limitations of the Consumer Council of Canada report		

PREAMBLE:

See below for references to Consumer Council of Canada report.

QUESTIONS:

a) In terms of the Consumer Council of Canada report does the CPLA agree that it was not possible to obtain information on the volume of sales for each site (p.10) to assess its importance in the online payday loan marketplace?

b) In terms of the Consumer Council of Canada report does the CPLA agree that since no loans were actually transacted, information on loan processing, overdue account collection, actual rollover practices, etc. could not be collected (p.13) and the conclusions drawn must be based on website language not actual loan agreements.

c) What are the limitations of the results of the Consumer Council of Canada study, given the methods?

i) For instance, where they able to guarantee a representative sample of internet payday loan websites?

ii) Also, did the researchers complete the payday loan transaction in order to test the level of compliance?

d) You state on p. 7:

“The Report states on page 21 “Figures show payday lenders in other countries are moving online, and Canadian lenders and regulators observe the same in Canada.””

Please provide data that you have that confirms or refutes this claim.

RATIONALE FOR QUESTION:

The Consumer Council of Canada report offers insight but there are important analytical limitations that are not identified by the CPLA.

RESPONSE:

To ensure clarity, the CPLA is not the author of the Barrett Report and generally defers to the Barrett Report in response to Coalition/CPLA.

- (a) The CPLA requires clarification as to which part of page 10 of the Barrett Report this references.
- (b) Based on the Barrett Report, the CPLA understands that the methodology utilized by the Barrett Report did not include obtaining actual payday loans and, as such, did not test collection processes, rollover policies, compliance with restrictions on contact with family, employers and references, and whether the rates charged on overdue amount match posted rates¹.

However, it appears that the authors of the Barrett Report may have had some loan agreements available to them. For example, refer to page 13 of the Barrett Report, where the authors state "In the vast majority of cases, the audits were not able to access the standard terms and conditions of loan agreements.....in many of these cases, audit results were based on web site language, not actual agreement.

- (c) The CPLA refers the CAC to "3.1.1 Limitations" found at page 13 of the Barrett Report.
- (d) Amongst others, the CPLA refers the CAC to pages 20 through 22 of the Barrett Report.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

¹ For example, refer to page 10 of the Barrett Report.

Document:	CPLA Pre-Filed Evidence	Page No.:	8
Topic:	Repeat borrowing and regulation		
Subtopic:			
Issue:	Does stricter regulation lead to greater repeat borrowing?		

PREAMBLE:

You state at p. 8:

“Manitoba is already far more restrictive than any other province in Canada in limiting how much a borrower can borrow as a payday loan. If a borrower has a specific need and is limited to how much he or she can borrow, the borrower will simply seek a loan elsewhere from another licensed or unlicensed lender putting the borrower into the situation where they now have two loans to manage.”

QUESTION:

a) Please provide any empirical or other evidence in the CPLA possession relied upon to demonstrate that ‘more restrictive’ regulations lead to greater repeat borrowing. Please include any reports or source data audited (preferably) or unaudited.

RATIONALE FOR QUESTION:

The Coalition is seeking evidence to make the link between the assertion and adjudicative fact.

RESPONSE:

Please refer to the CPLA’s response to Coalition/CPLA 1-13(a).

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	CPLA Pre-Filed Evidence	Page No.:	PFE, p. 2
Topic:	Unregulated lenders		
Subtopic:			
Issue:	Whether consumers who cannot access payday loans through licensed lenders will turn to unregulated lenders?		

PREAMBLE:

It is stated at p. 2:

“(e) If consumers do not have access to payday loans from licensed lenders they will seek out credit from lenders that are not regulated at a higher cost and subject themselves to abusive collection practices.”

QUESTION:

a) Please provide any empirical or other evidence in the CPLA possession relied upon to support this assertion. Please include any reports or source data audited (preferably) or unaudited.

RATIONALE FOR QUESTION:

The assertion appears to be inconsistent with the thrust of the literature review and leading edge research. We are seeking evidence to make the link between the assertion and adjudicative fact.

RESPONSE:

Please refer to the CPLA’s response to Coalition/CPLA 1-13(a).

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	Schedule A: Manitoba PDL's (license) count 2009-2016 (Jan 2016)	Page No.:	
Topic:	Locations of payday lenders		
Subtopic:			
Issue:	Understanding the locations of payday lending outlets in Manitoba		

PREAMBLE:

QUESTIONS:

a) Please provide payday lender names and outlet addresses for all of the years, 2009 through 2016

RATIONALE FOR QUESTION:

To facilitate an examination of the location of existing outlets versus original outlets in order to better understand the implications of closures on consumers. For example, some may conclude that the implications of the closing of a CashStore premises on Portage Avenue on consumers are minimal given that there is a Money Mart outlet within a block.

RESPONSE:

The CPLA does not have all of the information requested. Please refer to the CPLA's response to Coalition/CPLA 1-8.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	Schedule G: Deloitte Report	Page No.:	2
Topic:	1.02 Sampling Issues		
Subtopic:			
Issue:	Nature of the Sample		

PREAMBLE:

There are over 30 companies registered in AB with about 235 physical outlets. The regulator is unable to provide a complete list of outlets.

QUESTION:

- a) Deloitte chose four companies and got responses from all four. How did it choose those four companies?
- b) Why were more companies not asked to respond to the survey?
- c) From the data we have, we know that three of the companies are National Money Mart, Cash Money and Cash Canada. Who is the fourth company?
- d) National Money Mart offers online payday loans. Which of the other companies does so in Alberta?
- e) How many outlets does each of the four companies have?

RATIONALE FOR QUESTION:

Sample selection bias is an important problem in survey research.

RESPONSE:

- (a) The selection was based on size.
- (b) There are constraints due to time and resources available.
- (c) All information, including the identity of the participants, were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege.

- (d) The CPLA understands that, of the three companies identified by the CAC, National Money Mart, Cash Money, and Cash Canada offers online payday loans in Alberta. Due to constraints in time and resources, the CPLA is not able to identify all lenders that offer online payday loans in Alberta.
- (e) All information, including that which may lead to the identity of the participants, were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	Schedule G: Deloitte Report	Page No.:	Appendix A unpaginated
Topic:	Additional information gathered in survey		
Subtopic:			
Issue:	Deloitte gathered extensive data relevant to regulation, but has not reported it		

PREAMBLE:

The Coalition has done extensive research in many aspects of payday lending, but such work is hampered by lack of Canadian data on such topics as internet lending, frequency of repeat borrowing and term of the loan.

QUESTION:

Please provide summary statistics of data collected in the survey, but not reported:

- a) Question 22(b) average term of loans for these four companies
- b) Question 22(c) total for the four companies
- c) Question 22(d), (e), (f) total for the two companies offering internet loans
- d) Question 22 (g) the lists
- e) Question 24 (a), (b), (c) We are not sure how to interpret part (c). Is it per loan, or the total dollars collected as default fees? A loan that goes into default will be charged fees in addition to the original fee of 23%, but some of those fees that are levied are never collected. Please explain 24(c) and provide more data on all three parts of the question.
- g) Question 25 response for each company.
- h) Question 26 response each line for each company

RATIONALE FOR QUESTION:

Repeat borrowing/frequency of borrowing is a major issue in payday lending. We have data for NS and BC from regulators, for Canada from Statistics Canada and for Manitoba from Coalition research. More data directly from the companies would help confirm our findings or raise questions about them. The loan term is part of the determination of required capital. Internet lending is an issue in itself that the CPLA claims is a reason for allowing physical outlets to charge high fees, but we have only a single piece of reliable data on the volume of internet lending so far, from Dollar Financial's June 30,

2013 10K report, and it does not provide separate Canadian numbers.

RESPONSE:

- (a) All information were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege, and as such, the CPLA does not have the information requested.
- (b) All information were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege, and as such, the CPLA does not have the information requested.
- (c) All information were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege, and as such, the CPLA does not have the information requested.
- (d) All information were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege, and as such, the CPLA does not have the information requested.
- (e) Question 24 appears to be self-explanatory and the CPLA requires clarification as to what the CAC is asking.

Otherwise, all information were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege, and as such, the CPLA does not have the further information requested.

- (f) There does not appear to a question (f)
- (g) All information were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege, and as such, the CPLA does not have the information requested.
- (h) All information were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege, and as such, the CPLA does not have the information requested.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	Schedule G: Deloitte Report	Page No.:	Appendix B unpaginated
Topic:	Financial statements of respondents		
Subtopic:			
Issue:	The Coalition needs to be able to verify the validity of the responses compared with full financial disclosure, and consider the impact on its own financial analysis.		

PREAMBLE:

QUESTION:

a) Please provide the financial statements submitted by the four respondents and also indicate if they are for Alberta or Canada.

RATIONALE FOR QUESTION:

We lack financial data that is a normal requirement for any regulatory process.

RESPONSE:

All information were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege, and as such, the CPLA does not have the information requested.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Document:	Schedule G: Deloitte Report	Page No.:	2
Topic:	Cost of payday loans in Ontario		
Subtopic:			
Issue:	More information to help in determining a fair and just rate		

PREAMBLE:

On p. 2, it is stated:

Deloitte has previously prepared the following reports on the cost of providing payday loans:

- Manitoba, September 2007: "Cost of Providing Payday Loans in Manitoba";
- Nova Scotia, November 2007: "Transactional data report on Payday Loan Providers in Nova Scotia"
- British Columbia, June 2008: "Cost of Providing Payday Loans in British Columbia"; and
- Ontario, October 2008: "Cost of Providing Payday Loans in Ontario."
- Ontario, March 2014: "Summary of the 2014 Survey on the Cost of Providing Payday Loans in Ontario"

QUESTION:

a) Please provide the Coalition with a copy of this report that you prepared: Ontario, March 2014: "Summary of the 2014 Survey on the Cost of Providing Payday Loans in Ontario"

RATIONALE FOR QUESTION:

Cost of providing loans is a fundamental issue in determining the rate cap.

RESPONSE:

The CPLA did not prepare or commission this report. The report was provided to the CPLA in confidence as a stakeholder in the Ontario Government Consultation process and, as such, the CPLA cannot disclose same.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

COALITION/CPLA 1-24

Document:	Schedule G: Deloitte Report	Page No.:	No specific reference
Topic:	Allocation of head office costs		
Subtopic:			
Issue:	Determining a just and fair rate		

PREAMBLE:

Dollar Financial reports huge “corporate expenses” for the whole company, and substantial unidentified “other” costs for each division, each year, in its 10K reports. Almost one-quarter of total expenses are unidentifiable, and the identified costs include labour, occupancy, bad debts, interest and various other things.

Dollar Financial owns Money Mart, and Money Mart is part of the Deloitte survey. These unidentified costs are an abnormally high percentage of expenses compared with similar reporting in other companies in general and payday lenders in particular. How they are treated in any cost allocation model is crucial to determining an appropriate cost structure.

QUESTION:

- a) How did the companies report costs for Alberta vs the rest of Canada, if they have operations outside Alberta?
- b) How did the companies allocate head office costs to Alberta and how did Deloitte specifically allocate them to payday lending, if they have operations outside Alberta?

RATIONALE FOR QUESTION:

These costs are essential for the determination of a just and fair rate and we need more information about how Deloitte dealt with them.

RESPONSE:

- (a) The CPLA notes that, as a preamble to questions 3 and 4 of Deloitte LLP’s survey, Deloitte LLP states “[please] note that if you operate in multiple provinces, this survey is intended to collect financial and statistical data for you Alberta operations only.”

All information were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege, and as such, the CPLA does not otherwise have further information in this regard.

- (b) Please refer to the CPLA’s response to Coalition/CPLA 1-24(a).

The CPLA also notes question 16(a) of Deloitte LLP's survey, which instructs "[based] on your business' most recently completed fiscal year, please present your business' expenses for (i) all business lines; (ii) payday lending only....."

All information were provided to Deloitte LLP in confidence and covered by privilege, including but not limited to solicitor work-product privilege, and as such, the CPLA does not have further information in this regard.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION: