

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MANITOBA PUBLIC UTILITIES BOARD

Re: TO DETERMINE ALLOWABLE FEES  
FOR CASHING GOVERNMENT CHEQUES

Before Board Panel:

- Graham Lane - Board Chairman
- Monica Girouard - Board Member
- Susan Proven - Board Member

HELD AT:

Public Utilities Board  
400, 330 Portage Avenue  
Winnipeg, Manitoba  
March 8th, 2007  
Volume II  
Pages 245 to 470

APPEARANCES

1  
2 Anita Southall ) Board Counsel  
3  
4 Byron Williams ) CAC/MSOS  
5 Beverly Froese )  
6  
7 Paul Edwards ) National Money Mart  
8 Norman Bishop ) Company  
9  
10 Allan Foran ) North West Company LP  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

|    |  |          |
|----|--|----------|
| 1  | TABLE OF CONTENTS                                  |          |
| 2  |  | Page No. |
| 3  | Opening Comments                                   | 251      |
| 4  |  |          |
| 5  | MONEY MART PANEL:                                  |          |
| 6  | PATTI SMITH, Resumed                               |          |
| 7  | NORMAN BISHOP, Resumed                             |          |
| 8  | Continued Examination-In-Chief By Mr. Paul Edwards | 268      |
| 9  | Cross-Examination by Mr. Byron Williams            | 282      |
| 10 | Cross-Examination by Ms. Anita Southall            | 346      |
| 11 |  |          |
| 12 | CAC/MSOS PANEL:                                    |          |
| 13 | DR. JERRY BUCKLAND, Resumed                        |          |
| 14 | Examination-in-Chief by Ms. Beverly Froese         | 392      |
| 15 | Cross-Examination by Mr. Allan Foran               | 422      |
| 16 | Cross-Examination by Ms. Anita Southall            | 427      |
| 17 |  |          |
| 18 | NORTH WEST COMPANY PANEL:                          |          |
| 19 | LEO CHARRIERE, SWORN                               |          |
| 20 | BRIAN FOX, SWORN                                   |          |
| 21 | Examination-in-Chief by Mr. Allan Foran            | 440      |
| 22 | Cross-Examination by Mr. Byron Williams            | 448      |
| 23 | Cross-Examination by Ms. Anita Southall            | 451      |
| 24 |  |          |
| 25 | Certificate of Transcript                          | 470      |

| 1  | LIST OF EXHIBITS |  |          |
|----|------------------|--|----------|
| 2  | EXHIBIT NO.      | DESCRIPTION                            | PAGE NO. |
| 3  | MM-7.4           | Part 2 of Money Mart's information     |          |
| 4  |                  | request responses.                     | 267      |
| 5  | MM-7.5           | Excerpts of the 2002 survey.           | 267      |
| 6  | MM-7.6           | Excerpts of the 2005 survey.           | 267      |
| 7  | MM-7.7           | Questions 1 through 37 forwarded to    |          |
| 8  |                  | Money Mart on behalf of the Board on   |          |
| 9  |                  | March 1st 2007.                        | 268      |
| 10 | CAC/MSOS 5.4     | Calculation Sheet.                     | 336      |
| 11 | MM-7.8           | Three (3) documents listing fees for   |          |
| 12 |                  | debit and credit cards.                | 390      |
| 13 | CAC/MSOS-5.5     | A study completed in September '05     |          |
| 14 |                  | entitled, There are no Banks Here,     |          |
| 15 |                  | Financial and Insurance Exclusion in   |          |
| 16 |                  | Winnipeg's North End.                  | 393      |
| 17 | CAC/MSOS-5.6     | A study completed in March '05         |          |
| 18 |                  | entitled, Fringe Banking in Winnipeg's |          |
| 19 |                  | North End.                             | 394      |
| 20 | CAC/MSOS-5.7     | A study done in August/'03 called, The |          |
| 21 |                  | Rise of Fringe Financial Services in   |          |
| 22 |                  | Winnipeg's North End, Client           |          |
| 23 |                  | Experiences, Firm Legitimacy, and      |          |
| 24 |                  | Community-Based Alternatives.          | 394      |
| 25 |                  |  |          |

## 1 LIST OF UNDERTAKINGS (cont'd)

| 2  | No.           | Description                          | Page No. |
|----|---------------|--------------------------------------|----------|
| 3  | CAC/MSOS 5.8  | The chart Dr. Buckland prepared.     | 435      |
| 4  | CAC/MSOS 5.9  | The Consumer Price Index.            | 436      |
| 5  | CAC/MSOS 5.10 | Report entitled, Public Experience   |          |
| 6  |               | with Financial Services and          |          |
| 7  |               | Awareness of the FCAC, March 24,     |          |
| 8  |               | 2005.                                | 436      |
| 9  | CAC/MSOS 5.11 | Document entitled, Canadian's        |          |
| 10 |               | knowledge and Awareness of Financial |          |
| 11 |               | Product Services and Institutions,   |          |
| 12 |               | FCAC Survey Final Report, September  |          |
| 13 |               | 15, 2001.                            | 436      |

14

15

16

17

18

19

20

21

22

23

24

25

| 1  |     | LIST OF UNDERTAKINGS                     |          |
|----|-----|--|----------|
| 2  | NO. | DESCRIPTION                              | PAGE NO. |
| 3  | 4   | Money Mart to provide CAC/MSOS a sense   |          |
| 4  |     | similar to its 2002 responses in terms   |          |
| 5  |     | of the percentage that are citing either |          |
| 6  |     | the absence of a bank account or         |          |
| 7  |     | difficulties with the bank system.       |          |
| 8  |     | (Taken under advisement)                 | 306      |
| 9  | 5   | Money Mart to supply CAC/MSOS with the   |          |
| 10 |     | amount of government cheques dishonoured |          |
| 11 |     | on an annual basis.                      | 324      |
| 12 | 6   | Money Mart to provide Board with list of |          |
| 13 |     | charges for the ATM transactions just    |          |
| 14 |     | described.                               | 346      |
| 15 | 7   | Dr. Buckland to provide Board with       |          |
| 16 |     | information on what is included in the   |          |
| 17 |     | bundle that's identified as financial    |          |
| 18 |     | services.                                | 432      |
| 19 |     |  |          |
| 20 |     |  |          |
| 21 |     |  |          |
| 22 |     |  |          |
| 23 |     |  |          |
| 24 |     |  |          |
| 25 |     |  |          |

1 --- Upon commencing at 9:10 a.m.

2

3 THE CHAIRPERSON: Okay. Looks like  
4 everybody's ready to go. Welcome back to the  
5 continuation of the Board's cashing the Government's  
6 cheques hearing which was adjourned on December the 19th,  
7 I believe, 2006. When we adjourned Money Mart's panel of  
8 witnesses were providing testimony.

9 To remind everyone present this Hearing  
10 and the process surrounding it are unique for this Board.  
11 Usually we have an applicant and are dealing with a  
12 monopoly. In this case we're responding to a  
13 responsibility placed on the Board by the Legislature and  
14 government.

15 What lies behind the reference to the  
16 Board is clear from the legislation and the remarks  
17 recorded in Hansard. The intent is to provide a higher  
18 level of protection to consumers with respect to the  
19 charges levied against consumers for the cashing of  
20 Provincial Government cheques.

21 When we began this process the Board was  
22 surprised to see so few Intervenors and presenters  
23 despite the public notice and some limited media  
24 attention. The Board concluded that the issue before it  
25 was such that it demanded more evidence and information

1 than was likely to be before it following the initial  
2 hearings in December.

3                   Accordingly, we asked Board Counsel and  
4 staff to do further research and seek out additional  
5 witnesses and presenters and these will be heard in  
6 April. I'm not quite sure of the date yet. Certain  
7 dates have been put forward and considered.

8                   Also, since we last met it became clear to  
9 the Board that a new reference will soon be made to it,  
10 that to do with the establishment of maximum rates and  
11 charges for payday loans. With this new charge expected  
12 to come soon, and given the industry now before the Board  
13 with respect to cashing Provincial Government cheques,  
14 also make payday loans -- both payday loans and cheque  
15 cashing being components of the income stream of the  
16 industry.

17                   The Board concludes that through this  
18 current proceedings the Board would best to seek to  
19 inform itself as best as possible as to the operation of  
20 the industry involved.

21                   Accordingly, while some of the questions  
22 to be asked to current Intervenors and anticipated new  
23 witnesses and presenters may be thought to be tangential  
24 to the issue currently before the Board, the Board  
25 anticipates that response to these questions will better



1 inform the Board with respect to the industry and make  
2 the Board better equipped to reach a decision on the  
3 matter now before it.

4                   Before we begin proceedings today I now  
5 call on Board Counsel, Ms. Southall, to provide us an  
6 outline of the proceedings to take place today and  
7 tomorrow.

8                   Ms. Southall...?

9                   MS. ANITA SOUTHALL: Thank you and good  
10 morning again, Mr. Chairman, Board Member Girouard, and  
11 Board Member Proven.

12                   Apropos your comments, Mr. Chairman,  
13 respecting future hearing dates, the Board is attempting  
14 to set dates in April to hear from further witnesses and  
15 presenters in an effort to gain as comprehensive a  
16 knowledge base as possible for its future work and for  
17 the grounding of the factors supporting the cheque  
18 cashing order which is the task at hand.

19                   We had booked April 4th and 5th initially  
20 with the hope that we could gather the further  
21 contributions on those dates but since -- have since  
22 cancelled those dates as we have been made aware that  
23 certain, if not all of the Intervenors, wish to present -  
24 - pardon me, to be present and participate on those  
25 further dates.

1                   I certainly speak for the Board in saying  
2 that they welcome the participation of the Intervenors in  
3 that further portion of the process and that the Board  
4 will do its best to accommodate that participation.

5                   We are awaiting response back on  
6 particular dates in April as I think you were mentioning,  
7 Mr. Chairman, and so those will ultimately be booked in  
8 due course. As well we continue to follow up with  
9 various groups and individuals who may participate on  
10 those dates, but those participants are not formally  
11 scheduled at this time. We will continue to share  
12 updated information with the Intervenors through their  
13 counsel as those further proceedings take shape.

14                   I've, once again, prepared an outline of  
15 the proceedings to take place today and I don't intend to  
16 go through it in detail but will just review it briefly  
17 with the Board Members and the other parties present.  
18 And so I've handed that out in a blue sheet. I think all  
19 counsel have it. I put a copy in front of the panel  
20 members.

21                   And once we complete opening comments this  
22 morning and introductions by Intervenor counsel, then we  
23 will move to completion of the public evidence of Money  
24 Mart and that will include, to the extent there is any  
25 further direct evidence, Mr. Edwards would complete his

1 direct evidence of his witness panel. And then cross-  
2 examination of the Money Mart witnesses will take place  
3 on the public evidence portion and any re-examination, as  
4 required.

5           Following that we will have re-attendance  
6 and further evidence of Dr. Buckland, who was originally  
7 put forward as a witness by CAC/MSOS. And there are few  
8 additional questions that will come by way of further  
9 direct evidence by counsel for money -- pardon me,  
10 counsel for CAC/MSOS.

11           To the extent that there is a need for --  
12 for cross examination on that further evidence, we will  
13 proceed in accordance with the outline that I've provided  
14 to you today and we will move from that to the public  
15 evidence on behalf of North West Company. We'll --  
16 direct evidence which will be introduced by Mr. Foran,  
17 counsel for North West Company. Again, cross-  
18 examination's on the public portion of the evidence will  
19 take place immediately thereafter and any re-examination  
20 as required.

21           Of course, we're not entirely sure as to  
22 the time that will be required for all of these  
23 processes. Certainly our hope is that we will complete  
24 the in-public direct evidence and in-public direct cross-  
25 examinations today and that by the end of the day today

1 that portion will be completed, we would then proceed  
2 with in-camera evidence from Money Mart and in-camera  
3 evidence from North West Company tomorrow. That would be  
4 Friday, March 9th.

5 And so, hopefully that's how we will  
6 proceed, Mr. Chair, over the next two days and then the  
7 Hearing, of course, will be adjourned pending the fixing  
8 of those additional dates in April.

9 And just a couple of other procedural --  
10 or one other procedural matter. With respect to further  
11 Exhibits today, I will suggest that they be entered as  
12 presented through the specific witnesses or witness  
13 panels via their counsel over the next two days. And so,  
14 I know that there have been some additional materials  
15 filed by, for example, CAC/MSOS.

16 I know that Mr. Edwards from Money Mart  
17 has provided some excerpts of some surveys as part of --  
18 in -- information responses and I -- I think the easiest  
19 way, because we already have some things exhibited is,  
20 just to have those introduced and numbered as they come  
21 forward, assuming there's no objections or issues to be  
22 considered in terms of those exhibits by the Intervenors.

23 Those conclude my opening comments and,  
24 Mr. Chair, I suggest you turn to the Intervenors for  
25 their introductions. Thank you.

1 THE CHAIRPERSON: Thank you. I will do  
2 as you ask.

3 Consumers Association of Canada, Manitoba  
4 Society Seniors, Mr. Williams, do you have any opening?

5 MR. BYRON WILLIAMS: Just very brief  
6 comments. Thank you and it's nice to see everyone here.  
7 I've missed you terribly in the -- the last little while.

8 To my left is my colleague, Ms. Bev Froese  
9 and Dr. Buckland is also in attendance this morning.  
10 Just two (2) very quick comments in terms of the outline  
11 of proceedings. Going to Item Number 4, which is re-  
12 attendance and further evidence of Dr. Buckland. His  
13 direct evidence will be led by my colleague, Ms. Froese.

14 And I would just note that I think other  
15 parties are aware of this, but CAC/MSOS in -- bringing  
16 forward more direct evidence is responding to a request  
17 of the Board so it's not a -- a -- an effort by CAC/MSOS  
18 to split their case of anything like that. I would note  
19 that Ms. -- Ms. Froese has essentially taken the  
20 questions posed by The Board, perhaps has tried to speak  
21 to their spirit, but perhaps reorganized them chronolog -  
22 - or in -- in the order in which they appear.

23 Just in reviewing her outline of  
24 questions, there is one new -- new very small question  
25 she was proposing to put to Dr. Buckland, but what I

1 would suggest is before CAC/MSOS come up I would share  
2 that with Board Counsel and also with counsel for Money  
3 Mart and for North West to see if they feel that there's  
4 any unfairness. It's an effort to add more information  
5 to the Board. Hopefully they won't object but if they do  
6 we'll give them an opportunity to review it in advance.  
7 Thank you, Mr. Chairman.

8 THE CHAIRPERSON: Thank you, Mr.  
9 Williams.

10 Mr. Edwards, from Money Mart...?

11 MR. PAUL EDWARDS: Thank you very much,  
12 Mr. Chair. Just again briefly some opening comments  
13 because I want in part respond to some of your comments  
14 at the outset about the Board's thinking following the --  
15 the December hearing date. But before I talk to that let  
16 me also thank the Board and Ms. Southall for changing  
17 the, what I thought -- think was a desire to have the  
18 April 4th and 5th dates in an effort to accommodate  
19 counsel.

20 We very much -- Money Mart very much wants  
21 to continue to -- to participate and certainly would want  
22 to be present for those presentations. So thank you for  
23 accommodating that and we'll -- we'll hope to accommodate  
24 everyone in -- in setting dates that accommodate the  
25 Board and get this done as quickly as possible.

1                   We're going to hear from -- from Mr.  
2 Bishop and -- and Ms. Smith who are here of course to --  
3 to complete their public testimony. They have responded  
4 in writing to all of the CAC/MSOS Interrogatories except  
5 one (1) and they will speak to that in their direct  
6 evidence which is -- they had not responded to in  
7 writing. And then, of course, we've now received the  
8 Public Utilities Board's further questions and my  
9 proposal is and my intention is that in the continuation  
10 and finalisation of their direct evidence they would  
11 respond to those.

12                   And the advantage of that is that of  
13 course all counsel will then hear their answers prior to  
14 -- to having to conduct their cross-examinations.

15                   With respect to your comments, Mr. -- Mr.  
16 Chair, about the -- the Board's exploring of -- of what I  
17 would cast as some of the broader issues:

18                   Number 1, there is a general thrust in the  
19 CAC's evidence to discussing access to financial services  
20 from -- from individuals in the lower income brackets.  
21 In particular Professor Buckland has focussed on that  
22 north Winnipeg area.

23                   And the second issue introduced here by  
24 you, Mr. Chair, is just generally understanding the  
25 industry and including the payday loan issue which of

1 course is now actively engrossing our -- in Ottawa at the  
2 Federal level. Who knows what will happen in that regard  
3 and what their timetable will be or what will happen but  
4 clearly that's coming to the agenda of this Board and I -  
5 - that's of course well understood.

6 Money Mart has, of course, committed  
7 substantial time and -- and effort to this process with  
8 the desire to assist this Board as much as possible with  
9 relevant information. However, in terms of the first of  
10 those general issues that I mentioned, that being low  
11 income individuals, Money Market -- Money Mart's position  
12 and -- and evidence has been that that's not their  
13 market. It hasn't been historically. It's not  
14 currently. It's not likely to be in the future. There's  
15 only one (1) of their thirteen (13) stores in Professor  
16 Buckland's area.

17 And Money Mart wants to put on the record  
18 and -- and it has already I think but -- but state again,  
19 it enthusiastically encourages the policymakers to  
20 address those issues. But Money Mart would not presume,  
21 in these proceedings or otherwise, to -- to comment on  
22 that role and that -- that goal of public servants and  
23 opine as to what may or may not work. They know about  
24 their business and that's what they're here to -- to  
25 describe to the Board.



1                   In terms of the -- and -- and, of course,  
2 the evidence has been and we'll contend the position is  
3 that price which is the issue before this Board in terms  
4 of cheque cashing of government cheques and cheque  
5 cashing generally is not part of the problem in terms of  
6 addressing low income individuals. The price is the same  
7 in north Winnipeg as it is in South St. Vital. There's  
8 no separate pricing certainly from Money Mark -- Mart's  
9 perspective for any particular demographic sector and it  
10 is a competitive market and so everybody benefits from  
11 that competitive market.

12                   So that's been the position and I -- I  
13 just want to -- to make clear that in terms of the  
14 overall social issues clearly the Board has an interest.  
15 Professor Buckland's put some very interesting evidence  
16 before this Board in terms of what may or may not work.  
17 That's not -- Money Market -- Mart won't presume to -- to  
18 comment in any substance on those issues.

19                   In terms of the payday loan issue, Money  
20 Mart is an active member as Mr. Bishop indicated of the  
21 National Payday Loan Association, the Canadian Payday  
22 Loan Association. That is an association for that  
23 industry and that business of payday loans actively  
24 involved in the Senate hearings and -- and other things  
25 in Ottawa.

1                   However, that's not an issue and those  
2 aren't issues that -- that Money Mart has prepared to --  
3 to deal with in these proceedings and so I want to  
4 forewarn you and -- and I hope not too much disappoint  
5 you, that the Money Mart will not be able here in these  
6 proceedings to speak in any detail on the payday loan  
7 issue.

8                   Yes, it is part of -- of their -- their  
9 business but frankly it's a very different business and  
10 it has its own association which they function through.  
11 Whether or not they will have independent status in any  
12 future hearings is -- is undetermined at this point. But  
13 for certain the Canadian Payday Loan Asso -- Loan  
14 Association is a very active industry representative.

15                   And in terms of the background and -- and  
16 information, although perhaps not specific to Manitoba,  
17 as I mentioned to Ms. Southall there's been an enormous  
18 amount of work done at proceedings, all public, in -- in  
19 public hearings at the Federal level. So there's been a  
20 lot of -- not just the -- the article produced out of the  
21 parliamentary library but also an enormous body of  
22 information come forward. So we recommend that to you.

23                   My final comment is that in reviewing the  
24 questions of the Public Utilities Board, and I thank you  
25 very much for sending them in advance, Money Mart's view

1 is that a number of them raise issues which they didn't  
2 foresee and don't believe are -- are relevant to the  
3 issue before the Board here in these Hearings.

4                   Having said that Money Mart has attempted,  
5 where able, to provide answers insofar as it can. A  
6 number of the questions you'll hear the answer that they  
7 don't believe it is relevant and -- and aren't going to  
8 provide answers but some may well. And so the only  
9 comment is that Money Mart has done its best to try to be  
10 helpful and it shouldn't be taken that by answering some  
11 questions where relevancy could be questioned that the  
12 acknowledge the relevancy exists or that they will be  
13 answering other questions.

14                   Those are the only comments I have by way  
15 of opening. Thank you.

16                   THE CHAIRPERSON: Thank you, Mr. Edwards.  
17 Mr. Foran, from North West Company...?

18                   MR. ALLAN FORAN: Good morning, Mr.  
19 Chairman, Members of the Board.

20                   My clients will be attending this  
21 afternoon to provide the public portion of their evidence  
22 and in discussions with the Board Counsel we also  
23 understand that a -- segment of time will be set aside  
24 tomorrow for the in-camera portion.

25                   I'd just like to reiterate that the North

1 West Company appreciates the opportunity to participate,  
2 thanks the Board for granting it intervention status, and  
3 particularly has addressed some of its concerns with  
4 respect to the confi -- confidentiality of the  
5 information it -- it has submitted.

6 For the purposes of the record I've  
7 indicated to Board Counsel previously and provided Board  
8 Counsel this morning with an updated Appendix C. And the  
9 Board may recall that Appendix C to the evidence of the  
10 North West Company was a detailed breakdown of costs.

11 The North West Company over the course of  
12 the last couple of months has taken the opportunity to --  
13 to closely scrutinize that and has updated that document  
14 and is prepared to provide that to the Board in  
15 confidence on the same basis that it provided the  
16 information before.

17 So those are the only comments I have.  
18 Currently we'll deal with the public portion of the  
19 presentation and the cross-examination this afternoon.  
20 Thank you.

21 THE CHAIRPERSON: Thank you, sir.

22 So, Mr. Edwards, if we could commence, I  
23 guess, from where we were just before Christmas.

24 MR. PAUL EDWARDS: Yes. Thank you very  
25 much, Mr. Chair. So, I'd ask Mr. Bishop and Ms. Smith to

1 resume their positions as witnesses.

2 THE CHAIRPERSON: I can imagine all of  
3 your difficulties in dealing with these things inside a  
4 bifurcated manner and we experience the same problems.  
5 We're used to hearings that sort of continue along and  
6 reach a conclusion and then we go onto our deliberations.  
7 This process has been unique for a variety of different  
8 reasons.

9 MR. PAUL EDWARDS: Now, I don't know if  
10 the Board would like them re-sworn or just to co --

11 THE CHAIRPERSON: That's fine. Just  
12 continue on. Consider them sworn.

13

14 PATTI SMITH, Resumed

15 NORMAN BISHOP, Resumed

16

17 MR. PAUL EDWARDS: Continued as -- as  
18 sworn. There were -- sorry, there were certain answers  
19 given, and I'm going to take the guide of Ms. Southall,  
20 by Money Mart to the CAC -- remaining CAC answers. Or  
21 interrogatories, I should say. Those were communicated  
22 by email to all parties and to the Board on March 6th,  
23 two (2) -- two (2) days ago.

24 Now, I'm going to be guided by Ms.  
25 Southall. Would that be appropriate at this time to

1 introduce that document as -- as an Exhibit?

2 MS. ANITA SOUTHALL: Yes. And The Board  
3 has received those res -- those further responses to the  
4 information requests. And I believe you had, Mr.  
5 Edwards, two (2) documents that accompan -- accompanied  
6 the further responses.

7 MR. PAUL EDWARDS: Yes. There is the  
8 answers document itself and then there is a edited  
9 version of the 2002 cheque cashing customer survey and a  
10 further edited version of the 2005 cheque cashing  
11 customer satisfaction survey.

12 So, would those go in as one Exhibit or  
13 would you like them separately marked?

14 MS. ANITA SOUTHALL: I think we'll mark  
15 them separately, please. And if we could just then note  
16 for the record that -- and the Exhibit list -- if you  
17 could just give me a moment, I'm going to locate where it  
18 would be noted.

19 We have Exhibit 7.2 as Money Mart's  
20 responses to information requests and this would be Part  
21 2 of that Exhibit.

22 Mr. Gaudreau, would that be correct, from  
23 your list?

24 Okay. Let's make it a new Exhibit.  
25 Exhibit 7.4 for Part 2 of the information request

1 responses.

2

3 --- EXHIBIT NO. MM-7.4: Part 2 of Money Mart's  
4 information request  
5 responses.

6

7 MS. ANITA SOUTHALL: Exhibit 7.5 then  
8 would be the excerpts of the 2002 survey.

9

10 --- EXHIBIT NO. MM-7.5: Excerpts of the 2002 survey.

11

12 MS. ANITA SOUTHALL: And then Exhibit 7.6  
13 would be the excerpts of the 2005 survey.

14

15 --- EXHIBIT NO. MM-7.6: Excerpts of the 2005 survey.

16

17 MS. ANITA SOUTHALL: Thank you.

18 MR. PAUL EDWARDS: Sorry. While we are  
19 dealing with Exhibits, again, I'll take the guide of Ms.  
20 Southall. The questions forwarded on behalf on the  
21 Board, would it be appropriate at this time to introduce  
22 those as a further exhibit?

23 MS. ANITA SOUTHALL: Sure. We can do  
24 just to be able to track everything properly for the  
25 record.

1 MR. PAUL EDWARDS: Okay.

2 MS. ANITA SOUTHALL: That would be  
3 Exhibit 7.7.

4  
5 --- EXHIBIT NO. MM-7.7: Questions 1 through 37  
6 forwarded to Money Mart on  
7 behalf of the Board on March  
8 1st 2007.

9  
10 MR. PAUL EDWARDS: Yes. And just so  
11 everyone's clear. That was a list of questions for Money  
12 Mart forwarded by My Friend on March 1st, 2007.

13 MS. ANITA SOUTHALL: And it's comprised  
14 of Questions 1 through 37?

15 MR. PAUL EDWARDS: That's correct.

16 MS. ANITA SOUTHALL: Thank you. So that  
17 -- I think we have noted that as Exhibit 7.7. We're  
18 preparing copies for the Panel Members just at the  
19 moment. Thank you.

20 MR. PAUL EDWARDS: And I'm not going to  
21 be dealing with 7.7 at the outset, so maybe I'll just  
22 start. Thank you.

23

24 CONTINUED EXAMINATION-IN-CHIEF BY MR. PAUL EDWARDS:

25 MR. PAUL EDWARDS: Ms. Smith and Mr.



1 Bishop, I want you to get in front of you what are now  
2 Exhibits 7.4, 7.5 and 7.6. It's the responses Part 2 to  
3 the CAC/MSOS interrogatories.

4 And I'm going to ask you, together or  
5 individually or however you wish, to take the board --  
6 I'm sorry -- to what is the one interrogatory which is  
7 not answered, that is CAC/MSOS Number 18. And the Board  
8 should have that in front of it as well if it has the  
9 original interrogatories.

10 THE CHAIRPERSON: We're going to need it.

11 MS. ANITA SOUTHALL: We'll just take a  
12 moment to locate those first interrogatory responses.  
13 Just a moment.

14

15 (BRIEF PAUSE)

16

17 THE CHAIRPERSON: We have the document.  
18 It's just, they're photocopying it. We're like a car  
19 after a 40-below night.

20

21 (BRIEF PAUSE)

22

23 THE CHAIRPERSON: I apologize Mr.  
24 Edwards. We're ready now.

25

1 CONTINUED BY MR. PAUL EDWARDS:

2 MR. PAUL EDWARDS: Thank you. So I'm  
3 going to -- I'm going to direct the witnesses to the one  
4 interrogatory, which was not answered in writing and that  
5 is CAC/MSOS 18. And it asked a question laying the  
6 foundation for that question by referencing a study done  
7 through Ryerson University.

8 Do -- do you have a copy of that question  
9 in front of you, Mr. Bishop and Ms. Smith?

10 MR. NORMAN BISHOP: Yes. We have the  
11 first version of the question. I'm not sure if it was  
12 ever restated.

13 MR. PAUL EDWARDS: Okay. And Ms. -- for  
14 the -- for the Board's knowledge and I think this was  
15 copied to the Board, Ms. Froese, in her letter of  
16 February 26th, 2007, restated the question or clarified  
17 it, and perhaps I can just read into the record so we're  
18 all of clear of her comment, which was:

19 "We are asking for your client to  
20 comment on the suggestion that it is  
21 possible for there to be a payday  
22 lender and a bank in a particular area,  
23 but they the neighbourhood is still  
24 under-served.

25 We are also asking your client to

1 comment on whether distance to the  
2 nearest bank poses a greater problem  
3 for low income persons since they are  
4 less likely to own a car."

5 So, I'd ask Mr. Bishop and Ms. Smith if --  
6 if you have a response to that?

7 MS. PATTI SMITH: Sure. We -- we  
8 actually would only comment on our own citing strategy  
9 because that really is all that we have any expertise in,  
10 and we've given substantial evidence outlining what that  
11 is, so.

12 MR. PAUL EDWARDS: Now moving then to  
13 the, what is now Exhibit 7.7. I'm going to ask you to  
14 just go through those in the order they're set out there  
15 and provide responses as you are able to.

16 MS. PATTI SMITH: Starting with Number 1,  
17 in regards to the ownership structure of Money Mart. All  
18 of the stores in Manitoba are corporately owned. I know  
19 there are some of the questions that we have identified  
20 as in-camera responses, so I'll -- I'll just go past  
21 those ones. So I will move down to Question Number 5  
22 that -- that asks about the fee schedules for cheque  
23 cashing.

24 There are -- there's one (1) standard  
25 fee for cheque cashing regardless of the type of cheque

1 that's being -- being issued or presented. The only  
2 changes to that would be cheques presented for under  
3 twenty (\$20) dollars are only charged the 2.99 percent.  
4 And we do have a special reduced rate for our employees.  
5 Those would be the only two (2) exceptions.

6 Moving on to Number 6 in regards to  
7 Manitoba franchisee's. There are no Manitoba  
8 franchisee's.

9 Number 7. If we have any --

10 MR. NORMAN BISHOP: I think -- I think  
11 the question is also, do you have any interest --

12 MS. PATTI SMITH: Oh, and any interest.  
13 No, there are -- there's no interest in any other payday  
14 loan or cheque cashing chain operating in Manitoba.

15 Number 7, in regards to any interest in  
16 Western Union. The answer is no.

17 We will take Number 9 in-camera.

18 In regards to Number 11, whether Money  
19 Mart stores in Manitoba offer customers credit or -- or  
20 debit cards, the answer for that is yes. We do sell  
21 debit and credit cards. They are an optional product.

22 We -- when we cash cheques for people, 95  
23 percent of the customers elect to take cash. Only a  
24 small percentage who purchase the credit card or the  
25 debit card load some of all of the amount onto the card.

1 So, it's a very small portion and as I say, it's a  
2 completely optional product and 95 percent of our cheque  
3 cashier's take cash.

4                   Number 12, ATMs. There is no interest or  
5 ownership of ATMs or an ATM network.

6                   Number 13. Again, I had kind of described  
7 that we -- we provide cash. Any service after providing  
8 cash is optional and can be purchased for a fee. For  
9 example, you can cash a cheque and purchase a money order  
10 or you can cash a cheque and wire money. You can cash a  
11 cheque and put it on a debit card. But by no means are  
12 any of those linked.

13                   We do have maximum amounts that can be  
14 loaded onto the cards. They vary. Whether it's the  
15 debit card or the Mastercard. It is free to unload all  
16 of the amounts at our stores so if there are unusual  
17 denominations left at the end, you can come to our stores  
18 and have that removed for free.

19                   We are a distributor of those cards so  
20 when -- when Number 14 asks whether cash is accepted, we  
21 do accept cash but that cash is then held in trust with a  
22 bank.

23                   Moving on to Number 15. If you require  
24 photo identification to cash a cheque, you do not but if  
25 you purchase a debit or credit card you do and we do

1 require proof of identity for a wire transfer.

2                   Number 16. Yes, we do take photographs of  
3 our customers if they allow us to. It's -- it's  
4 something that we ask every customer for they own safety.  
5 When they're presenting an item once we've identified  
6 them we take their photograph so when they come back it's  
7 kind of a -- an extra safety feature we offer our  
8 customers. There's no charge for that and again it is  
9 completely voluntary.

10                   Number 17 we'll take in-camera.

11                   Number 18. Whether a bank or credit card  
12 is required to cash a cheque at Money Mart; the answer is  
13 no.

14                   Number 19. In regards to a credit rating,  
15 Money Mart does not share or provide customer information  
16 with credit rating agencies. The only time that would  
17 happen is in extreme default and the customer is advised  
18 in advance.

19                   Number 20, whether we provide our lists.  
20 No, the only time we provide any information would be if  
21 we were subpoenaed by the police or a government agency.

22                   Number 21. In regards to government  
23 cheques, yes, we cash all government cheques; that  
24 includes tax returns, government payroll, GST, child tax  
25 benefits.

1                   Excluding cheques presented for payday  
2 loans indicate the percentage of cheques that are by  
3 recipients of Social Assistance or Old Age Security  
4 pensions, it's absolutely minimal. We estimate  
5 approximately 2 to 3 percent.

6                   Number 23. Whether we're making loans by  
7 securing real estate. No. And referring customers in  
8 Manitoba to mortgage brokers. No.

9                   Number 24. If Money Mart offers credit or  
10 insurance products in Manitoba. No. Nor do we receive a  
11 commission or expense reimbursement by any sort of those  
12 companies.

13                   Number 25. This information is actually  
14 provided publicly in our 10K and we can say that we  
15 provide an average cheque size of about \$419 for the year  
16 2006.

17                   Number 26. If Money Mart stores in  
18 Manitoba inquire of customers as to their reason for  
19 cashing cheques and the answer is no.

20                   Number 27, which -- oh, is in-camera.

21                   We would also skip down to Number 31.  
22 Whether Manitoba Money -- Money Mart has ever been the  
23 subject of a police or Canada Revenue Agency audit or  
24 inquiry. The answer is no with the exception of us  
25 calling the police to report a stolen cheque or any issue

1 like that.

2                   Number 32. Whether Money Mart uses us for  
3 the purpose of avoiding income tax or detection of funds  
4 for any reason. This is an absolute no and this question  
5 baffles me a little bit. But we are required to keep the  
6 exact same financial records as a bank so we work with  
7 CRA. We work with the Government as requested to provide  
8 information. And we also are responsible by law to file  
9 any AML, Anti-Money Laundering, as well as LTRC, Large  
10 Transaction Currency Reports, as anyone else is as  
11 governed under FINTRAC.

12                   And -- and really if you -- if you  
13 understand the complete paper trail we're -- we're  
14 responsible for providing, and if you understand the  
15 difference for money laundering where money laundering  
16 really is people coming in with cash and finding a way to  
17 turn it into paper. People are coming into our stores  
18 with paper and we turn it into cash so it really is the  
19 opposite of money laundering so we're really the last  
20 place you'd want to come if you were trying to avoid  
21 detection.

22                   Number 33. We comply in the same fashion  
23 as banks with FINTRAC.

24                   MR. NORMAN BISHOP: I just might add  
25 there as well that with respect to FINTRAC and terrorist



1 financing Money Mart was very active when the Federal  
2 Government put together the Proceeds of Crime and Money  
3 Laundering Act, worked with them to help them define the  
4 definition of money service business because that's  
5 different from a deposit taking agency.

6 We went to Ottawa and -- and met with the  
7 officials, provided suggestions on drafting the  
8 legislation, a good part of which was incorporated into  
9 the Act. Money Mart then worked with FINTRAC which is  
10 the electronic reporting agency to help them when they  
11 were setting up their system. Ms. Smith was actually  
12 asked to sit on the Board to help them when they were  
13 getting going.

14 So Money Mart's actually been very active  
15 and integral in working with the Federal Government to  
16 understand this whole industry, how it differs, and  
17 ensure that it -- it complies. I think Money Mart was  
18 also instrumental in helping Western Union because  
19 they're an international company but they're -- they're  
20 not based in Canada to understand how their reporting  
21 requirements were required in -- in the new legislation.  
22 and Money Mart has the exact same reporting requirements  
23 as any financial institution and so they electronically  
24 report on a monthly basis.

25 MS. PATTI SMITH: That brings us to 34

1 and 35 and I believe we were going to answer 34 in-camera  
2 but have no problem responding saying that yes, we have  
3 filed the compliance questionnaire and we will provide  
4 that to the Board in-camera.

5                   Number 35. As Norm had mentioned, we do  
6 report all of our required transactions to FINTRAC on a  
7 monthly basis. Those would be extremely infrequent for  
8 us mind you because they are large cash transactions or  
9 suspicious transactions and because of course we are  
10 outbound cash versus inbound cash it's fairly rare.

11                   In regards to Number 36, I have not read  
12 the study. I see it's related to payday -- payday loans  
13 though so I'm unable to comment on it as I haven't read  
14 it. But I can go on to answer some of the subsections of  
15 36. For example, Section 3 in regards to pre-signed  
16 asset transfer documentation, wage assignments, et cetera  
17 and in -- in reference to payday loans the answer from  
18 Money Mart is no.

19                   In regards to "D", Money Mart's knowledge  
20 of Saskatchewan -- Norm, maybe you want to take one.

21                   MR. NORMAN BISHOP: Well, we -- we have  
22 knowledge with respect to Saskatchewan's statutes which  
23 are -- I would just say are -- are inconsistent to the  
24 way they're -- they're drafted in the sense that there's  
25 a Trust and Loan Corporations Act in effect. It covers

1 all entities that loan money so you have to be licenced  
2 to offer payday loans in Saskatchewan.

3           They have a -- because they incorporate  
4 the Federal Trust and Loan Corporations Act by reference  
5 and that Act has a restriction on charging a fee for  
6 cashing government cheques which only applies to Federal  
7 Government cheques, that then is applicable in  
8 Saskatchewan only for Federal Government cheques, not for  
9 Provincial Government cheques if you are a licenced  
10 lender of any sort. But if you're a cheque cashing  
11 business only there's no restriction on cashing of  
12 government cheques so it's -- it's a little bit  
13 inconsistent at -- at this point in time.

14           MR. PAUL EDWARDS: I just want to jump in  
15 there and just -- on that Saskatchewan issue.

16           So which category does Money Mart fit into  
17 in -- in Saskatchewan? Are -- are you a licenced entity  
18 that -- or -- or do you -- and -- and who are the cheque  
19 cashing operations that are not licenced?

20           MR. NORMAN BISHOP: Money Mart is  
21 licenced in Saskatchewan. There are -- I don't know who  
22 -- excuse me -- I don't know who the cheque cashing  
23 companies are. I know there's a number of them that just  
24 do cheque cashing.

25           MR. PAUL EDWARDS: And for those

1 unlicenced companies, just to be clear, they are not  
2 restricted in any way in terms of the fees for any  
3 government cheques?

4 MR. NORMAN BISHOP: That's correct.

5 MR. PAUL EDWARDS: But -- but Money Mart  
6 and other licenced operations are restricted insofar as  
7 Federal Government cheques only, is that correct?

8 MR. NORMAN BISHOP: That's correct.

9 MR. PAUL EDWARDS: Okay. Thank you.  
10 Sorry to...

11 MS. PATTI SMITH: Further to that  
12 question and -- and maybe of interest is the -- the  
13 Province of Quebec has -- has instituted guidelines  
14 whereby you cannot charge to cash any government cheque -  
15 - Federal, provincial or municipal for any fee.

16 And in effect, what that has done has --  
17 has really driven that business underground and so we  
18 actually find from our customers that they're begging and  
19 pleading with us to do it which we will not do of course  
20 because we're restricted, because they're paying 10/15  
21 percent in back alleys, liquor stores, things like that.  
22 So it really has kind of backfired I think in what the  
23 Province was intending to do with that.

24 MR. NORMAN BISHOP: 37. I guess we  
25 wouldn't comment on that either.

1 MS. PATTI SMITH: And I don't think we're  
2 unable to comment on 37.

3

4 (BRIEF PAUSE)

5

6 MR. PAUL EDWARDS: Subject to any  
7 questions in re-examination, those are the questions I  
8 have in direct.

9 THE CHAIRPERSON: Thank you, Mr. Edwards.  
10 Thank you for your participation.

11 Mr. Williams, do you have any questions  
12 for the Panel?

13 MR. BYRON WILLIAMS: I have a few. Just  
14 for the Board's assistance and also for the assistance of  
15 the Witness -- Witnesses, where I'm going to be starting  
16 off is you probably will want to have four (4) or five  
17 (5) documents near at hand. One is Exhibit 7.1 which is  
18 the written evidence of Money Mart. As well, Exhibit 7.2  
19 and I believe Exhibit 7.4 which are the responses to the  
20 interrogatories of CAC/MSOS.

21 And, I'm just waiting for the Witnesses.  
22 I see they're nodding their heads. As well, Exhibit 7.5  
23 and 7.6 which are their customer surveys.

24 And I'm hopeful that Mr. Edwards has  
25 provided the Witnesses with a copy of the transcript from

1 the last hearing. And, if not, I have an extra copy that  
2 I could share with them.

3 MR. PAUL EDWARDS: I believe they have  
4 one.

5  
6 (BRIEF PAUSE)

7  
8 MR. PAUL EDWARDS: Yes, the witnesses  
9 have a copy of the transcript.

10 THE CHAIRPERSON: Just give us one (1)  
11 second, Mr. Williams, before you start.

12 MR. BYRON WILLIAMS: It was an ambitious  
13 starting list, wasn't it, Mr. Chairman?

14 THE CHAIRPERSON: Covered the field.

15  
16 (BRIEF PAUSE)

17  
18 THE CHAIRPERSON: We're all set, Mr.  
19 Williams, whenever you are.

20 MR. BYRON WILLIAMS: And I did neglect to  
21 introduce Ms. Desorcy who's here, smiling in the front  
22 row. So she's here as well and I'm glad that she's here  
23 checking up on me.

24  
25 CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

1                   MR. BYRON WILLIAMS:   Just to start with -  
2 - this probably goes, I'm not sure if goes to Ms. Smith  
3 or Mr. Bishop. I'll let your -- the -- your -- you two  
4 (2) decide.

5                   But I want to start off by getting a  
6 better sense of who is currently using Money Mart's  
7 cheque-cashing services. So I'd ask you to turn to  
8 Exhibit 7.6 which is the response to the 2005 customer  
9 survey.

10                   Do you have that, Ms. Smith?

11                   MS. PATTI SMITH:   Yes.

12                   MR. BYRON WILLIAMS:   And in particular  
13 I'd ask you to turn to Page 20, at the top, which  
14 presents a financial profile of Money Mart customers.

15                   Do you have that, Ms. Smith?

16                   MS. PATTI SMITH:   Yes, we do.

17                   MR. BYRON WILLIAMS:   Okay. And I'm going  
18 to -- based upon, as we look at this -- the results, I'm  
19 going to refer you to the table that appears about  
20 halfway down Page 20.

21                   And in terms of -- my understanding is  
22 that the results produced here were a consequence of a  
23 telephone survey from a firm known as Discovery Research  
24 out of Kelowna, is that correct?

25                   MR. NORMAN BISHOP:   That's correct.

1                   MR. BYRON WILLIAMS:   And in your view,  
2   it's a good survey?  It accurately portrays the Money  
3   Mart customer base?

4                   MS. PATTI SMITH:    I think it does.

5                   MR. BYRON WILLIAMS:   So when I see what  
6   you've done here in referring you specifically to Page 20  
7   is to provide a summary of a number of measures of the  
8   financial profile of the customers.  And the first one --  
9   I wonder if you could confirm that in 2005 of the --  
10  those surveyed using Money Mart cheque cashing services,  
11  66 percent had a bank account, is that right?

12                   MS. PATTI SMITH:    That's what it says,  
13  yes.

14                   MR. BYRON WILLIAMS:   And you confirm  
15  that?  That's your -- that's your view?

16                   MS. PATTI SMITH:    Yes.

17                   MR. BYRON WILLIAMS:   And so that would  
18  leave about 33 percent without bank accounts, is that  
19  correct?

20                   MS. PATTI SMITH:    That's correct.

21                   MR. BYRON WILLIAMS:   Moving down two (2)  
22  lines it would also suggest that in terms of owing a  
23  vehicle, about 42 percent of those surveyed owned a  
24  vehicle, is that right?

25                   MS. PATTI SMITH:    Yes.



1                   MR. BYRON WILLIAMS: 18 percent -- I'm  
2 moving down another couple of lines -- 18 percent owned  
3 an RRSP, is that correct?

4                   MS. PATTI SMITH: Yes.

5                   MR. BYRON WILLIAMS: And in terms of  
6 owning a home around one (1) in eight (8) or 13 percent  
7 owned a home, is that correct?

8                   MS. PATTI SMITH: Yes.

9                   MR. BYRON WILLIAMS: Now, if you -- going  
10 back to the top line of that -- of that table you see a  
11 bank account and you see in the extreme right-hand side  
12 what purports to be a comparison of the Canadian  
13 penetration rate in terms of bank accounts being eighty  
14 (80) -- suggesting that 81 percent of Canadians have a  
15 bank account; do you see that?

16                   MS. PATTI SMITH: Yes.

17                   MR. BYRON WILLIAMS: And just if we  
18 looked at that number that would suggest about 19 percent  
19 of Canadians do not have a bank account, is that right?

20                   MS. PATTI SMITH: Yes.

21                   MR. BYRON WILLIAMS: And I believe -- and  
22 you probably don't need to turn here, but at page 4 of  
23 your evidence you did a comparison of the -- those Money  
24 Mart customers having bank accounts versus Canadians  
25 having bank accounts, and you suggested that about 33

1 percent of Money Mart customers had no bank account  
2 versus the general population of 19 percent, is that  
3 right?

4 That's page 4 of your evidence, the -- the  
5 middle paragraph.

6 MR. NORMAN BISHOP: That -- that's  
7 correct.

8 MR. BYRON WILLIAMS: Now, -- and -- and I  
9 do want to thank your counsel and yourselves for  
10 providing additional responses to Interrogatories. If I  
11 -- and again I don't think you need to turn here but if I  
12 did refer you to the second round or the -- the  
13 supplemental one sent on March 6th, your response to CAC-  
14 14 suggests that that figure of 19 percent is -- is not  
15 accurate, is that correct?

16 MR. NORMAN BISHOP: That's correct. You  
17 had pointed out, in your questioning, inconsistency  
18 between this study and the McKay Task Force. When we  
19 followed up it looked like that was a reference to  
20 chequing accounts, not all bank accounts. And without  
21 doing much further investigation I think the McKay Task  
22 Force number was correct, the one that was cited in Dr.  
23 Buckland's study.

24 MR. BYRON WILLIAMS: Okay. So your  
25 current view would be that in terms of the general

1 population the McKay Task Force figure of 3 percent  
2 having no bank accounts as a reasonable figure, is that  
3 right?

4 MR. NORMAN BISHOP: That's correct.

5 MR. BYRON WILLIAMS: So just if we could,  
6 in terms of your evidence at page 4 where it says that  
7 the general population have -- about 19 percent have no  
8 bank accounts, you probably wish to correct it to say  
9 approximately 3 percent; would that be fair, sir?

10 MR. NORMAN BISHOP: That would be fair.

11 MR. BYRON WILLIAMS: And for the Board's  
12 information if they were to look at this table on page 20  
13 of the survey, the top line at the extreme right where it  
14 says, Canadian penetration, that figure of 81 percent  
15 should be replaced by a figure of 97 percent; would that  
16 be correct?

17 MR. NORMAN BISHOP: That's correct.

18 MR. BYRON WILLIAMS: Thank you and I  
19 appreciate your assistance in clarifying that.

20 So just to go back to -- to this point.  
21 So when we -- when we're comparing Money Mart customers  
22 to Canadians in general, we could say that about 66  
23 percent of Money Mart customers have bank accounts versus  
24 97 percent of Canadians; would that be fair, sir?

25 MR. NORMAN BISHOP: That's correct.

1                   MR. BYRON WILLIAMS:    And I -- I do want  
2 to be clear here.  We're talking about the 66 percent of  
3 Money Mart customers who are using your cheque cashing  
4 services, correct?

5                   MR. NORMAN BISHOP:    Correct.

6                   MR. BYRON WILLIAMS:    And likewise, just  
7 to -- to word it in a bit of a different way, in terms of  
8 those Money Mart customers using cheque cashing services  
9 we can say that 33 percent of them do not have bank  
10 accounts versus about 3 percent of Canadians who do not  
11 have bank accounts; would that be fair?

12                  MR. NORMAN BISHOP:    Yes.

13                  MR. BYRON WILLIAMS:    Now, you're --  
14 you're also aware and you can turn here.  I'm going to be  
15 kind of flipping back and forth between pages 5 and 20 of  
16 this survey, Exhibit 7.6, which is the 2005 survey.

17                   But if you want to turn to Page 5, if you  
18 would, for a second, you'll see under Financial Profile  
19 that Discovery Research concludes -- and this is the  
20 third line there -- that cheque cashers own very few  
21 assets relative average Can -- to average Canadians.

22                   And is that a conclusion that you would  
23 share?

24

25

(BRIEF PAUSE)

1 MS. PATTI SMITH: Yes. Based on their  
2 age and involvement normally with regular day-to-day  
3 banking, cheque cashers tend to be fairly -- fairly young  
4 and haven't had a lot of opportunity to own homes or get  
5 into mortgages or a lot of the traditional banking  
6 services. So I think that's fair.

7 MR. BYRON WILLIAMS: And just moving now  
8 -- directing your attention to Page 20 of this document,  
9 again being the 2005 Cheque Cashing Customer Survey,  
10 you'll see under the first bullet under Financial  
11 Profile:

12 "Discovery Research suggests that the  
13 cheque cashing customer segment has a  
14 relatively small financial footprint in  
15 contrast to average Canadians."

16 You'd agree with that as well?

17 MS. PATTI SMITH: Yes.

18 MR. BYRON WILLIAMS: And just moving down  
19 to the second bullet there, you see that Discovery  
20 suggests that most likely this lack of financial depth is  
21 a result of socioeconomic status and lifestyle.

22 And is that a conclusion you would share  
23 as well?

24 MS. PATTI SMITH: I think I'd mirror my  
25 comments in regards to the age and the sophistication

1 with banking products. I just don't think that most of  
2 our cheque cashing customers have had enough experience  
3 with traditional banking services to have experienced a  
4 large loan or a mortgage or anything like that. So  
5 that's what we mean when we say the socioeconomic status  
6 and life cycle.

7 MR. BYRON WILLIAMS: Now, were those your  
8 words or --

9 MS. PATTI SMITH: No, these are the words  
10 of --

11 MR. BYRON WILLIAMS: -- these are  
12 Discovery Research?

13 MS. PATTI SMITH: -- the Discovery  
14 Research.

15 MR. BYRON WILLIAMS: So, are you  
16 disagreeing with Discovery Research when they suggest  
17 that the lack of financial depth is a result of  
18 socioeconomic status?

19 MS. PATTI SMITH: No. I think when I  
20 define socioeconomic status, when I read that, I look at  
21 it as their life cycle almost, not lifestyle; where they  
22 are in the life cycle of using traditional bank products.

23 MR. BYRON WILLIAMS: Now, just to -- and  
24 again, you don't need to go there but you're welcome to  
25 if you wish, at page 221 of the transcript -- excuse me

1 one (1) second.

2

3

(BRIEF PAUSE)

4

5

MR. BYRON WILLIAMS: Actually, I  
6 misspoke. At page 218 of the transcript you'll see at  
7 lines 15 to 18, I believe this is you talking, Ms. Smith,  
8 you indicate:

9

10

11

"You probably heard today that -- that  
our customers don't normally have bank  
accounts."

12

And then you go on to say that:

13

14

15

"All the customers at Money Mart that  
do a number of our services must have  
bank accounts."

16

17

18

19

And I would just wish to confirm with you  
that, for the purposes of cheque cashing, it's not  
necessary for them to have bank accounts, is that  
correct?

20

MS. PATTI SMITH: That's correct.

21

22

23

MR. BYRON WILLIAMS: And, indeed, a third  
of your customers do not have bank accounts who are using  
the cheque cashing services, is that right?

24

MS. PATTI SMITH: That's correct.

25

MR. BYRON WILLIAMS: In your evidence,

1 and again this is at page 224, line 16 and 17, you  
2 indicate and I believe this -- again this is you, Ms.  
3 Smith:

4 "Our users are occasional."

5 And I wonder if it would be fair to  
6 suggest to you that you probably have three (3) discreet  
7 groups of users: light users, medium users and what  
8 Discovery Research describes as heavy users, those using  
9 your services more than eight times a year.

10 Would that be fair?

11 MS. PATTI SMITH: Are you speaking only  
12 in reference to cheque cashing customers?

13 MR. BYRON WILLIAMS: Only in reference to  
14 cheque cashing.

15 MS. PATTI SMITH: I think it's reasonable  
16 that we have different categories of users.

17 MR. BYRON WILLIAMS: And just to be  
18 clear, I'm suggesting to you that in terms of cheque  
19 cashers you -- that not all of them are occasional users,  
20 in fact you have a what you would categorize as heavy  
21 users, those using your services more than eight (8)  
22 times a year; would that be fair?

23 MS. PATTI SMITH: We do have customers  
24 that use us more than eight (8) times a year and if  
25 you're speaking to my testimony on page 224 and prior,



1 we're speaking about all Money Mart customers here and  
2 that's where I think you're -- you're missing the link.

3 MR. BYRON WILLIAMS: I'm actually not try  
4 -- and -- and that may well be the case and I think  
5 that's helpful. So just when we're looking at Money Mart  
6 users who are using the cheque cashing services it would  
7 be fair to say that many of them are not just occasional  
8 users, they are indeed heavy users of your service; would  
9 that be fair?

10 MS. PATTI SMITH: Yes, we do have some  
11 heavy users. We have all sorts of users. We have one-  
12 time users.

13 MR. BYRON WILLIAMS: And according to  
14 Discovery Research those heavy users represents three (3)  
15 out of every ten (10) cheque cashers, is that right?

16 MR. PATTI SMITH: At the time of the  
17 survey that's -- that's possible, yes.

18 MR. BYRON WILLIAMS: So when we look at  
19 the discreet subsection of Money Mart users using the  
20 cheque cashing services we can certainly indicate that at  
21 least in 2005 there was a group that was using that  
22 service fairly heavily, that being more than eight (8)  
23 times per year, is that right?

24 MS. PATTI SMITH: That's correct.

25 MR. BYRON WILLIAMS: And that would

1 indeed amount to about 30 percent of the cheque cashing  
2 customers?

3 MS. PATTI SMITH: Three (3) out of ten  
4 (10) would, yes.

5

6 (BRIEF PAUSE)

7

8 MR. BYRON WILLIAMS: Ms. Smith, I wonder  
9 if you could turn -- again we're staying with the 2005  
10 survey, and I wonder if you could turn to page 12 of that  
11 survey which is titled, Cheque Cashing Options.

12 Do you have that, Ms. Smith?

13 MS. PATTI SMITH: Yes, I do.

14 MR. BYRON WILLIAMS: And I was struggling  
15 with this table a little bit so I'm going to ask you for  
16 some help with it and also with -- you might want to keep  
17 it handy as well -- page 4 of your evidence again because  
18 I just want to clarify a couple of questions. So you  
19 want to have page 12 of the survey as well as page 4 of  
20 your evidence -- your written evidence. Yes, just to  
21 clarify it's the written evidence filed in December.

22

23 (BRIEF PAUSE)

24

25 MR. BYRON WILLIAMS: Just when I -- just

1 to -- to look at this surv -- the -- the results that  
2 are portrayed here on this table, before we go through  
3 the numbers I wonder if you could concern -- confirm that  
4 the results here are not normalized in that they total  
5 more than 100 percent; would that be fair?

6 If you -- if you add the numbers up, just  
7 to be clear you're -- you're probably -- they're going to  
8 total 126 percent?

9 MR. NORMAN BISHOP: That would appear to  
10 -- that would appear to be correct, yes.

11 MR. BYRON WILLIAMS: Would there also be  
12 normalized results in this category that are reported in  
13 the blanked out portion of this survey:

14 MR. NORMAN BISHOP: I don't understand  
15 your question.

16 MR. BYRON WILLIAMS: Well, here's the --  
17 here's the problem. We're -- we're using percentages and  
18 it's totalling over a hundred and twenty-six (126) so you  
19 would -- 126 percent. What would be helpful to do is to  
20 see these normalized down to 100 percent and see the data  
21 reported in that form.

22 You -- certainly you do it in other  
23 surveys that -- is that -- is that information available,  
24 Mr. Bishop, or do you know?

25 MR. NORMAN BISHOP: I would have to check

1 but I don't believe it is. I think the way this  
2 particular question was addressed was they asked  
3 customers if you don't cash a cheque at Money Mart, where  
4 do you cash it? 59 percent said nowhere and then -- then  
5 46 percent said a bank. 15 percent said a cheque cashing  
6 store.

7 In other words, some customers would have  
8 said I can cash here, I can cash there. And that's how  
9 you would get more than 100 percent.

10 MR. BYRON WILLIAMS: Right.

11 MR. NORMAN BISHOP: But I -- I don't  
12 believe there is a -- a survey that shows 100 percent  
13 normalized as you would frame it.

14 MR. BYRON WILLIAMS: Through you and  
15 perhaps through your counsel, I wonder if you would just  
16 undertake to see whether there is a normalized number.  
17 I've having a bit of difficulty getting these numbers to  
18 -- to reconcile so I wonder if you would undertake to do  
19 that.

20 MR. PAUL EDWARDS: No. I think the  
21 answer's been given. I think it's pretty clear from this  
22 that -- and then the indication's been given there's no  
23 normalized figure and it makes sense, given the answer of  
24 the witness. Nowhere else -- I think the answer is that  
25 there's going to be overlap between some of those

1 answers. It's still a percentage out of a hundred. It's  
2 just that some of the respondents, of course, might have  
3 said "yes" to more than one of those options. I think  
4 that's the obvious -- from this chart.

5 THE CHAIRPERSON: I understand your  
6 question, Mr. Williams. I must admit, just looking at  
7 it, there's one category here that seems pretty  
8 definitive. It says "only Money Mart 59 percent". So  
9 that means 41 percent have said that they cash cheques  
10 other than at Money Mart. So wouldn't be surprising in  
11 total that it would amount to more than a hundred.

12 MR. BYRON WILLIAMS: Here's the  
13 difficulty. Mr. Chairman, I'm sorry to interrupt and  
14 that would suggest that the highest number that would  
15 cash cheques anywhere else would be 41 percent. Yet if  
16 you go to the next line, you see that banks have 46  
17 percent. So look at the numbers together. They don't  
18 seem to add up. But I will put that in the form of a  
19 question to Mr. Bishop.

20 THE CHAIRPERSON: Well, the respondents  
21 have presumably -- are not necessarily accurate in their  
22 responses either, are they? Put it in a question.

23

24 CONTINUED BY MR. BYRON WILLIAMS:

25 MR. BYRON WILLIAMS: Well, let me go at

1 it this way and maybe we will do it this way. Assuming  
2 that there's no normalized table reproducing this, Mr.  
3 Bishop, looking at this data, would this confirm -- and  
4 let's go back into baby steps on this.

5                   What this question asks is where have  
6 customers gone to cash their cheques in the last 12  
7 months. Is that right?

8                   MR. NORMAN BISHOP: Yes.

9                   MR. BYRON WILLIAMS: And if I add  
10 together the total for banks being 46 percent, credit  
11 unions being 3 percent, ATMs, bank machines being 2  
12 percent and Other being 1 percent, that would suggest  
13 that 52 percent responding to this survey have used a  
14 service other than Money Mart or a cheque-cashing store.

15                   Would that be right?

16                   MR. NORMAN BISHOP: I'm not sure.  
17 Presumably somebody could answer that they had two (2)  
18 options, so I'm not sure I understand the question. But  
19 I think -- think that's possible. I have to admit I  
20 haven't read this study recently in detail, so.

21                   THE CHAIRPERSON: Have we actually seen  
22 the question that was asked? These are just the  
23 responses to the questions.

24                   MR. BYRON WILLIAMS: The question is  
25 summarized under Cheque Cashing Options, Mr. Chairman.

1                   MR. CHAIRPERSON:    No, I see that, but I'm  
2 just saying the form that the customer would have seen.

3                   MR. BYRON WILLIAMS:    No, we haven't.

4                   MR. CHAIRPERSON:    I'm wondering whether  
5 the form of the question explains the predicament in the  
6 answer. I understand what you're getting at, but --

7                   MR. BYRON WILLIAMS:    Yeah, I'll move on,  
8 Mr. Chairman.

9

10 CONTINUED BY MR. BYRON WILLIAMS:

11                   MR. BYRON WILLIAMS:    But, Mr. Bishop, I  
12 guess the one thing we can know for sure is that 59  
13 percent say that they've only used Money Mart. Is that  
14 right?

15                   MR. NORMAN BISHOP:    In the past 12  
16 months, that would be correct.

17                   MR. BYRON WILLIAMS:    Now, in your -- I'm  
18 going to move on, Mr. Chairman, seeing that I'm in  
19 trouble on this particular question for math reasons.  
20 And I wonder if I could take just a brief five minute  
21 break.

22                   THE CHAIRPERSON:    No problem at all.  
23 We'll come back at 10:30.

24

25 --- Upon recessing at 10:20 a.m.

1 --- Upon resuming at 10:35 a.m.

2

3 THE CHAIRPERSON: Okay, Mr. Williams...?

4 MR. BYRON WILLIAMS: Thank you, and I'd  
5 ask the Money Mart Panel, the massive panel of two (2),  
6 to -- to keep at hand just the two (2) customer surveys  
7 which -- the 2002 survey and the 2005 survey.

8 And to start off with I'd just like to  
9 direct your attention to page 5 of the 2002 survey,  
10 that's CAC/MS -- or MSOS-7-5. And the Panel can see that  
11 -- what -- there's a table on this page which is  
12 responding to the main reason that those customers  
13 surveyed indicated for cashing their cheque at Money Mart  
14 -- do you see that, Panel?

15 MS. PATTI SMITH: Yes.

16 MR. BYRON WILLIAMS: And you'll also see  
17 -- just going to the preamble before we get to the actual  
18 results, you'll also see that the -- the report indicates  
19 that customers tended to check multiple responses  
20 resulting in total percentages adding up to over 100  
21 percent.

22 So essentially, what we have here on -- on  
23 page 5 is the raw data and then when -- when we  
24 eventually get to page 6 we'll see the normalized data;  
25 would that be fair?



1 MS. PATTI SMITH: That's correct.

2 MR. BYRON WILLIAMS: And what I want to  
3 just draw your attention to, in terms of the raw data, is  
4 -- you'll agree with me that the first three are -- in  
5 terms of main reason are fast service, convenient  
6 location, and then open late; is that right?

7 MS. PATTI SMITH: Yes.

8 MR. BYRON WILLIAMS: But Number 4 at 19  
9 percent you'll agree with me is, Don't have a bank  
10 account; is that correct?

11 MS. PATTI SMITH: Yes, it is.

12 MR. BYRON WILLIAMS: And Number 6 in this  
13 -- in this table is at 6 percent, Got turned down at the  
14 bank; is that right?

15 MS. PATTI SMITH: Yes.

16 MR. BYRON WILLIAMS: So although they're  
17 not among the top three (3) reasons, the -- the fact that  
18 some cheque cashing customers either don't have a bank  
19 account or got turned down at the bank suggests that this  
20 is a key reason why customers are coming to seek your  
21 services; is that right?

22 MS. PATTI SMITH: Yes, that's one (1) of  
23 the reasons.

24 MR. BYRON WILLIAMS: And it's a pretty  
25 significant reason, correct?

1 MS. PATTI SMITH: Yep, 20 percent.

2 MR. BYRON WILLIAMS: And again, just to  
3 go to the normalized numbers which appear on page 6, you  
4 use the figure of 20 percent and I -- I'd suggest to you  
5 that when you add up those who don't have bank account  
6 with those who got turned down at the bank, you're  
7 probably in the range of 18 percent; would that be fair?

8 MS. PATTI SMITH: Yes, it would.

9 MR. NORMAN BISHOP: I would think -- I --  
10 I think it's important though to recognize that when they  
11 say they don't have a bank account, that includes people  
12 who by choice don't choose to have a bank account, as  
13 well as those who, for some reason, are unable to open a  
14 bank account.

15 MR. BYRON WILLIAMS: That's a fair  
16 statement. I appreciate that clarification.

17 Now, if we go to your 2005 survey, and in  
18 particular to page 3, do you have that?

19

20 (BRIEF PAUSE)

21

22 MR. BYRON WILLIAMS: You'll see on page 3  
23 in the second heading, Main Reason for Using Money Mart,  
24 and again you cite the top three (3) reasons for a  
25 customer's first visit to Money Mart, as well as the top

1 three (3) reasons for their most recent visit to Money  
2 Mart; is that correct?

3 MS. PATTI SMITH: Can you ask the  
4 question again?

5 MR. BYRON WILLIAMS: Yes, it was rather  
6 inarticulate, wasn't it? Going to -- to page 3, the  
7 first bullet - and we'll break it into smaller pieces -  
8 provides the top three (3) reasons for a customer's first  
9 visit to Money Mart; would that be fair?

10 MS. PATTI SMITH: Yes.

11 MR. BYRON WILLIAMS: And the second  
12 bullet provides the top three (3) reasons for the  
13 customer's most recent visit to Money Mart; is that  
14 correct?

15 MS. PATTI SMITH: Yes.

16 MR. BYRON WILLIAMS: And what I'm  
17 struggling with in terms of these reasons as -- as you'll  
18 -- you'll agree with me, let's say when we look to the  
19 top three (3) reasons for their -- their first visit that  
20 the -- the three (3) reasons cited when you add up those  
21 percentages, being 16 percent plus 15 percent plus 13  
22 percent, that only gets us to about 44 percent; would  
23 that be fair?

24 MS. PATTI SMITH: Yes.

25 MR. BYRON WILLIAMS: So that -- that

1 leaves 56 percent not included in the -- in the response  
2 to this answer; would that be right?

3 MS. PATTI SMITH: Yes, it would.

4 MR. BYRON WILLIAMS: And those numbers  
5 aren't elsewhere in this survey that I could locate at  
6 least in a -- in a public document.

7 Can you indicate to me whether they are  
8 reported here in the public part of this survey?

9 MS. PATTI SMITH: I don't know.

10 MR. BYRON WILLIAMS: Well, let's assume  
11 that they're not. I couldn't find them. Is there any  
12 reason that you wouldn't be able to share the reasons for  
13 those other 56 percent with my clients and with the  
14 Board?

15 MR. NORMAN BISHOP: I think we take that  
16 under advisement. The reason why we gave you an edited  
17 document is because Money Mart spent a significant amount  
18 of money to conduct the study. The sole purpose for the  
19 study was to determine their marketing and business  
20 strategies. And so Money Mart is concerned about  
21 disclosing information that they've obtained at their  
22 cost for their competitors to make use of.

23 So, we would want to consider what the  
24 undisclosed information said and whether it would affect  
25 their benefits of the study and their competitive

1 advantage. So, a long way of saying, we'll take it under  
2 advisement.

3 MR. BYRON WILLIAMS: And that's fair and  
4 I appreciate that. And I just wonder if you could  
5 indicate to me what, if any, competitive peril might  
6 result, for example, if you were obliged to disclose  
7 those who don't have bank accounts citing that as a  
8 reason, or those who got turned down by a bank.

9 Can you anticipate any competitive peril  
10 that might flow from that, Mr. Bishop?

11 MR. NORMAN BISHOP: No, I haven't given  
12 it any thought.

13 MR. BYRON WILLIAMS: If it would solve  
14 your problem in any way, what I'm really looking for is a  
15 sense similar to your 2002 responses in terms of the  
16 percentage that are citing either the absence of a bank  
17 account or difficulties with the bank system.

18 Would that assist you, Mr. Bishop?

19 MR. NORMAN BISHOP: It would. Thank you.

20 MR. BYRON WILLIAMS: And you've kindly  
21 undertaken to take it under advisement for the customer's  
22 first visit. I wonder if you could take it under  
23 advisement as well for the most recent visit. Would that  
24 be -- would that be fair, sir?

25 MR. NORMAN BISHOP: Sure.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

--- UNDERTAKING NO. 4: Money Mart to provide CAC/MSOS a sense similar to your 2002 responses in terms of the percentage that are citing either the absence of a bank account or difficulties with the bank system. (Taken under advisement)

CONTINUED BY MR. BYRON WILLIAMS:

MR. BYRON WILLIAMS: I want to stay on the surveys for a few more minutes, Mr. Chairman and members of the Panel. And I was struck by a comment, Ms. Smith, you made, and it's page 225 of the transcript and specifically at lines 3 and 4,

"and most importantly we have a 92 percent customer satisfaction rate."

And I would also draw your -- and you make a similar statement, you'll confirm for me, at page 3 of your evidence when you indicate that 92 percent of your customers are satisfied or highly satisfied.

Would that be fair?

1 MR. NORMAN BISHOP: Yes.

2 MR. BYRON WILLIAMS: And just if you're  
3 looking for it on Page 3, and I again apologize for the  
4 inelegance of the way I posed the question. It's the  
5 fourth paragraph, the second line.

6 "A total of 92 percent of cheque-  
7 cashing customers indicated they were  
8 satisfied or highly satisfied with that  
9 service."

10 Is that a fair statement?

11 MR. NORMAN BISHOP: Yes.

12 MR. BYRON WILLIAMS: And I just want to  
13 confirm, to start off with, that when you talk about 92  
14 percent being satisfied or highly satisfied, you're not  
15 suggesting that 92 percent of cheque-cashing customers  
16 are satisfied or highly satisfied with the price that  
17 they're paying. Would you agree with that?

18 MS. PATTI SMITH: I think price plays a  
19 role in overall customer satisfaction, but that wasn't  
20 the way the question -- the question was your overall  
21 satisfaction.

22 MR. BYRON WILLIAMS: And indeed, and if  
23 you're looking for a reference in your survey, it's at  
24 Page 3 or your customer survey.

25 In terms of price, a little bit less than

1 80 percent say they are very or somewhat satisfied; is  
2 that not correct?

3 MS. PATTI SMITH: Which year are you  
4 referring to, Mr. Williams?

5 MR. BYRON WILLIAMS: The 2005 survey,  
6 Page 3.

7 MS. PATTI SMITH: I'm sorry. You're  
8 going to have to ask again.

9 MR. BYRON WILLIAMS: Yes.

10 MS. PATTI SMITH: Here we go.

11 MR. BYRON WILLIAMS: In reference with  
12 the 2005 survey rather than 92 percent, you have a bit  
13 less than 80 percent -- 79 percent suggesting they are  
14 very or somewhat -- they consider the prices are very or  
15 somewhat reasonable.

16 Is that correct?

17 MS. PATTI SMITH: Yes, that's correct,  
18 and it's a 10 percent increase compared to 2002 in  
19 regards to satisfaction over price.

20 MR. BYRON WILLIAMS: Overall it is --  
21 you'll also confirm for me though that in terms of very  
22 satisfied, the numbers are actually down in 2005, going  
23 down from about 33 percent in 2002 to 27 percent in 2005,  
24 is that correct?

25 MS. PATTI SMITH: That's correct.



1 MR. BYRON WILLIAMS: And indeed, if we  
2 want to go back farther in history, if you were tracking  
3 this back to 1995, you were at 44 percent very satisfied  
4 whereas now you're down to 27 percent, is that correct?

5 MS. PATTI SMITH: That's correct.

6 MR. BYRON WILLIAMS: Staying with the  
7 2005 survey --

8 MS. PATTI SMITH: Yeah. What's  
9 interesting though is the price has remained unchanged  
10 for all those years.

11 MR. NORMAN BISHOP: So I think this is  
12 evidence that people are just getting harder and harder  
13 to please.

14 MS. PATTI SMITH: Well, they have more  
15 options.

16 MR. BYRON WILLIAMS: Or it may be  
17 something about the demographic of -- of who is using  
18 your service as well which has changed over time,  
19 correct?

20 MS. PATTI SMITH: Our cheque cashing  
21 demographics changed over time; is that what you're  
22 suggesting?

23 MR. BYRON WILLIAMS: Yeah.

24 MS. PATTI SMITH: Yes, it has.

25 MR. BYRON WILLIAMS: I want to stay with

1 this 2005 survey for just a couple of more minutes and --  
2 and we're going to ask you to move to -- to Table or page  
3 10, again in the 2005 survey.

4 And you see before you, Ms. Smith and Mr.  
5 Bishop, a -- I'm going to call it a graph titled, "Top  
6 Box Satisfaction versus Importance"; do you see that?

7 MR. NORMAN BISHOP: Yes. Yes.

8 MR. BYRON WILLIAMS: And if we look along  
9 the bottom line of this graph you'll see what it's --  
10 what it's trying to track are those services that -- that  
11 customers see as being very important; is that -- or the  
12 -- the quality of service that they see as being very  
13 important. Do you see that, Mr. Bishop?

14 MR. NORMAN BISHOP: Yes.

15 MR. BYRON WILLIAMS: So if we look to the  
16 right of the vertical line we see a number of -- of  
17 services including open late, convenient location, simple  
18 process, and price that customers rank as being of higher  
19 importance; would that be fair, sir?

20 MR. NORMAN BISHOP: That's correct.

21 MR. BYRON WILLIAMS: And you'll see that  
22 price is pretty competitive with fast service in terms of  
23 the higher importance that customers attribute to it;  
24 would that be a fair statement?

25 MR. NORMAN BISHOP: Correct.

1                   MR. BYRON WILLIAMS:   Moving to the -- the  
2 left-hand side of this -- what I'm calling a graph, you  
3 can also see what they're attempting to do there is  
4 provide a rating of very satisfied; would that be right,  
5 sir, in ascending order in that the lower -- the lower  
6 side of the graph is less -- not as much very satisfied  
7 whereas the top end is very -- towards the higher end of  
8 very satisfied; would that be right?

9                   MR. NORMAN BISHOP:   Yes.

10                  MR. BYRON WILLIAMS:   And in terms of that  
11 graph, you can see that as compared to -- you can see  
12 that on the -- the top side of the horizontal axis,  
13 services such as friendly, open late, convenient  
14 location, simple process, and fast service, there is a --  
15 they're over the 50 percent in terms of very satisfied;  
16 is that right, sir?

17                  MR. NORMAN BISHOP:   Yes.

18                  MR. BYRON WILLIAMS:   Whereas on the -- in  
19 terms of -- of again on the bottom side of this  
20 horizontal axis you see price being one of the ones where  
21 their -- where their satisfaction is lower; is that  
22 correct?

23                  MR. NORMAN BISHOP:   Yes, they're  
24 satisfied but they're less very satisfied.

25                  MR. BYRON WILLIAMS:   And so, in essence,

1 what -- where price is captured in this grid is in the  
2 lower satisfaction but higher importance part of the  
3 grid; is that correct? That's what it's titled?

4 MR. NORMAN BISHOP: That's -- I think  
5 that's what it says, yes.

6 MR. BYRON WILLIAMS: I think we're almost  
7 done with the surveys. I do want to go back to the 2002  
8 survey for just one (1) moment and specifically page 8.

9

10 (BRIEF PAUSE)

11

12 MR. BYRON WILLIAMS: And in particular,  
13 Mr. Bishop, I direct you to the -- the last paragraph on  
14 page eight (8) and, in -- in fact, the last sentence. In  
15 this paragraph, obviously, they're talking about speed of  
16 service, but in the last sentence, they're noting that:

17 "Considering stores have doubled in value,  
18 (most of which is from a complex and more  
19 time consuming product), these results are  
20 very significant."

21 Did I -- first of all, did I read that  
22 correctly, Mr. Bishop?

23 MR. NORMAN BISHOP: I believe so, yes.

24 MR. BYRON WILLIAMS: So, they're --  
25 they're looking at a -- a different service, which is

1 different than cheque cashing, a service which they  
2 described as complex and more -- and a more time  
3 consuming product.

4                   Would that product be payday loans, sir?

5                   MS. PATTI SMITH: Yes, it was one of  
6 many new products that we offered in and around that  
7 time.

8                   MR. BYRON WILLIAMS: And so, the point  
9 being that payday loans in terms of the cost of -- of  
10 conducting these transactions, it's more con -- complex  
11 and it requires more time than processing a -- a cheque.  
12 Would that be fair?

13                   MS. PATTI SMITH: It does take longer  
14 than processing a -- it depends on the cheque cashing  
15 transaction.

16                   MR. BYRON WILLIAMS: But, in general,  
17 it's -- it's a more complex and more time consuming pro -  
18 - process. Would that be fair?

19                   MS. PATTI SMITH: On average, a loan  
20 product would take longer to process than a cheque. On  
21 average.

22                   MR. BYRON WILLIAMS: And would that be  
23 significantly longer?

24                   MS. PATTI SMITH: As time goes by and  
25 we've perfected our systems, it becomes less and less of

1 an issue, but when we first offered the product, of  
2 course, it was a lot more time consuming as we tried to  
3 train people, and train customers on -- with the kind of  
4 information they needed to bring.

5 MR. BYRON WILLIAMS: Would -- would it be  
6 fair to say a -- and that when you you're comparing the  
7 costs of cheque cashing versus the costs of payday loans,  
8 that in terms of the magnitude of the costs, they're  
9 lower on the cheque cashing side to -- due to lower  
10 transaction costs and less risks? Would that be fair to  
11 say?

12 MR. NORMAN BISHOP: That's -- that's a  
13 pretty broad question. I don't know that, without  
14 analysis, we'd be in a position to answer that.

15 MR. BYRON WILLIAMS: Okay. We actually  
16 had posed that an a interrogatory as CAC/MSOS 9 and your  
17 answer was, Money Mart believes this is the case. So, I  
18 was --

19 MR. NORMAN BISHOP: So -- so, that's  
20 probably the answer.

21 MR. BYRON WILLIAMS: Perhaps you did that  
22 analysis and forgot?

23 MR. NORMAN BISHOP: It's been awhile  
24 since December 19th.

25 MR. BYRON WILLIAMS: Fair enough.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

(BRIEF PAUSE)

MR. BYRON WILLIAMS: I -- I'd like to turn your attention for just a few minutes to your evidence, which was provided so long ago on December 6th, 2006, which is Exhibit 7.1 of Money Mart. And, in particular, I want to, first of all, turn you to page 11 of your evidence, Mr. Bishop. And I -- I direct your attention, just first of all, to just above the conclusion.

The last sentence which suggested that throughout 2005 and 2006 Money Mart has had on average about thirteen thousand (13,000) of Government cheques on which it has been unable to collect. And I would like to start with a question of clarification, Mr. Bishop.

First of all, is that thirteen thousand (\$13,000) dollars worth of cheques in 2005 and thirteen thousand (13,000) in 2006 or is it six thousand five hundred (6,500) on average in 2005, six thousand five hundred (6,500) in 200 -- 2006? We -- we weren't quite sure in terms of the -- your answer -- your point on that.

MR. NORMAN BISHOP: My understanding is it's thirteen thousand (\$13,000) dollars per year.

MR. BYRON WILLIAMS: Now, just turning

1 you to -- and -- and I thank you for that clarification.

2 Turning you back to page 7 of your -- of  
3 your evidence file on December 6th. I direct your  
4 attention to the -- near the top of the page, the -- the  
5 second bullet. Jus -- which -- which provides, Mr.  
6 Bishop, that the -- it's -- it's in reference to  
7 Government cheques and it suggests that the amount Money  
8 Mart paid out to those customers during the 2004/05 year  
9 was \$18,441,000 and with one dollar (\$1) as well at the  
10 end.

11 First of all, did I get that figure right,  
12 sir, in 2004/'05? Between November 1, 2004 and October  
13 30, 2005 there was a bit over, well, 18.4 million.

14 Would that be fair?

15 MR. NORMAN BISHOP: That's correct.

16 MR. BYRON WILLIAMS: And just to get a  
17 sense of the magnitude of the cheques on which you are  
18 unable to collect as a percentage of the cheques that you  
19 -- that you paid out in terms of that, I would simply  
20 divide -- let's say for '04/'05 year, thirteen thousand  
21 (13,000) by about 18.4 million.

22 Would that be an appropriate way to get it  
23 to do that calculation, Mr. Bishop?

24 MR. NORMAN BISHOP: I think so. Yes.

25 MR. BYRON WILLIAMS: And you can take



1 this, subject to check, but if I suggested to you that  
2 would be -- that the result of that would be less than 1  
3 percent, it would be 0.7 percent.

4 Would you accept that, subject to check?

5 MR. NORMAN BISHOP: We would. Yes.

6 MR. BYRON WILLIAMS: Now, staying with  
7 the numbers on Page 7, and let's move up to the -- just  
8 wait one second -- we should be creating some controversy  
9 in the room to warm things up a little bit.

10 THE CHAIRPERSON: You would never know  
11 this is the last day of winter, at least theoretically,  
12 if you watch The Weather Channel. By winter I mean real  
13 cold.

14

15 CONTINUED BY MR. BYRON WILLIAMS:

16 MR. BYRON WILLIAMS: Thank you, and Mr.  
17 Bishop, I appreciate your patience on this. If I were to  
18 look at the number of cheques -- referring you now to the  
19 first bullet on page 7, you'll confirm for me that  
20 between -- if we take the '04/'05 year being November 1,  
21 2004 to October 30, 2005 and the '05/'06 year being  
22 November 1, 2005 to October 30, 2006.

23 I wonder if you could confirm for me that  
24 the number of cheques that you cashed rose by about one  
25 thousand four hundred (1,400) -- one thousand four

1 hundred and fifty three (1,453). Would that be fair?

2 So, what I'm suggesting to you is that the  
3 total number of cheques cashed in those respective  
4 periods rose by about fourteen hundred (1,400), fifteen  
5 hundred (1,500), somewhere in that range. Would that be  
6 fair?

7 MS. PATTI SMITH: That would be correct.  
8 But we also increased our store count dramatically.

9 MR. BYRON WILLIAMS: Thank you for that.  
10 You'd also confirm that in terms of the revenues for  
11 those years from cheque cashing, that the revenues rose  
12 by about three hundred thousand (300,000) between the  
13 '04/'05 year and the '05/'06 year.

14 Would that be accurate?

15 MS. PATTI SMITH: That would be accurate,  
16 but the number of cheques per store decreased.

17 MR. BYRON WILLIAMS: So what we have is  
18 your total volume of cheques being cashed within Manitoba  
19 as well as the value increasing, but when you look at it  
20 as a percentage, the amounts going through each store,  
21 it's a lower number. Is that right?

22 MS. PATTI SMITH: That's correct.

23 MR. BYRON WILLIAMS: For the '05/'06  
24 year, I want to get a sense just in terms of the revenue  
25 that you might have collected from the cheque cashing --

1 your cheque cashing activities and, Mr. Chairman, with  
2 the assistance of My Friend, Mr. Edwards, I've provided  
3 this calculation to -- to the witnesses from Money Mart  
4 and I'm certainly -- we're going to go through it orally  
5 as well.

6 But if it would be of any assistance to  
7 the Board, I could certainly share the calculations with  
8 the Board as well if you want to follow along.

9

10 (BRIEF PAUSE)

11

12 MR. BYRON WILLIAMS: And, Ms. Smith, I  
13 saw your eyebrows raising as much as mine when we're  
14 talking about doing mathematical calculations, but you'll  
15 work with me on this.

16 Just let's start by confirming that in  
17 terms of the fees that you charge in terms of cheque  
18 cashing for second-party cheques, there's a two-dollar  
19 and forty-nine dollar (\$2.49) kind of flat rate per item  
20 plus a 2.99 percent based upon the face value of the  
21 cheque. Would that be right?

22 MS. PATTI SMITH: Yes, it is.

23 MR. BYRON WILLIAMS: So, given my limited  
24 mathematical skills, if I wanted to get -- get a sense of  
25 the -- the -- in terms of the flat rate, I would multiply

1 the two point four nine -- two point four nine cents  
2 (\$2.49) times the number of cheques in '05/'06 being  
3 seventy-five thousand seven hundred and thirty-four  
4 (75,734); would that be fair?

5 MS. PATTI SMITH: Yes, it would.

6 MR. BYRON WILLIAMS: And what's a few  
7 hundred thousand dollars between friends? I'll -- I'll  
8 round it off to -- I'd suggest to you that the figure  
9 would be in the range of one hundred and eighty eight  
10 thousand dollars (\$188,000); would that be fair?

11 MS. PATTI SMITH: Yes, it would.

12 MR. BYRON WILLIAMS: And likewise, if I  
13 want to get a sense, in terms of the percentage, that  
14 would be earned through the cheque cashing of -- of  
15 government cheques in -- in this time period, I would  
16 multiply the -- the value of the cheques being  
17 approximately \$18.7 million times point zero two nine  
18 nine (.0299); would that be fair?

19 MS. PATTI SMITH: Yes, it would.

20 MR. BYRON WILLIAMS: And again I'd get  
21 around five hundred and sixty thousand dollars  
22 (\$560,000); would that be right?

23 MS. PATTI SMITH: Yeah.

24 MR. BYRON WILLIAMS: And just to finish  
25 off the equation, if I wanted to do the percentage of

1 cheques for which you're -- percentage of the value of  
2 cheques for which you're unable to collect -- excuse me,  
3 I -- I missed one (1) step.

4                   So if I wanted to add together those  
5 revenues, I would take the first figure of about a  
6 hundred and eighty-eight thousand (188,000) plus the  
7 second figure of five hundred and sixty thousand  
8 (560,000) and get somewhere in the range of seven hundred  
9 and forty-nine thousand (749,000); would that be right?

10                   MS. PATTI SMITH: Yes, it would.

11                   MR. BYRON WILLIAMS: And to just finish  
12 this off, if I wanted to get a sense of the percentage of  
13 the value of bad cheques as a percentage of the total  
14 revenues associated with it I would divide thirteen  
15 thousand (13,000) by seven hundred and forty-nine  
16 thousand (749,000), is that right?

17                   MS. PATTI SMITH: Yes, it is.

18                   MR. BYRON WILLIAMS: And you'd -- you'd  
19 get point zero one seven four (0.174), is that correct?

20                   MS. PATTI SMITH: Yes, it is.

21                   MR. BYRON WILLIAMS: And just to be  
22 clear, what we're talking about here are the calculations  
23 associated with government cheques. We're not talking  
24 about any other cheque cashing revenues or bad debts.

25                   Is that fair?

1                   MS. PATTI SMITH:   That is fair.  And as  
2 you say these -- this represents the number of cheques  
3 that we're unable to collect but what it doesn't  
4 represents are the number of cheques that were  
5 dishonoured.

6                   And I think that's a very important piece  
7 of the equation because the number of cheques that are  
8 dishonoured by the Government are -- are tracked and  
9 treated very differently than any other cheque that we  
10 receive back.  A bank has forty-eight (48) hours to let  
11 us know that a payroll or personal cheque has been  
12 dishonoured.

13                   The Government has a year so we usually  
14 lose track of our customers and our ability to -- to  
15 locate them again once the cheque has been dishonoured  
16 within a year.

17                   Further to that, it takes an extremely  
18 lengthy process with affidavits and dealing with  
19 government agencies to finally work through which one of  
20 those cheques we can possibly get reimbursed.  So we end  
21 up carrying the full cheque amount for a small fee for  
22 perhaps two (2) years before we get it collected.  It's  
23 kind of an important piece of that equation.

24                   MR. BYRON WILLIAMS:   Well, thank you for  
25 that.

1                   First of all, in terms of the small fee,  
2 what is it?

3                   MS. PATTI SMITH:   As you've indicated  
4 here two point four nine dollars (\$2.49) on every item  
5 and 2.99 percent.

6                   MR. BYRON WILLIAMS:   Okay.  And the  
7 second point is, in -- in terms of the ones on an annual  
8 basis, the average amount of cheques not honoured is --  
9 is how much?

10                  MS. PATTI SMITH:   I don't have that  
11 figure but it is hundreds of percent more than the ones  
12 we don't collect.

13                  MR. BYRON WILLIAMS:   Well, can you  
14 undertake to provide that?

15                  MR. PAUL EDWARDS:   Can I just clarify  
16 what the undertaking is, Mr. --

17                  MR. BYRON WILLIAMS:   You certainly can.

18                  MR. PAUL EDWARDS:   -- Williams?

19                  MR. BYRON WILLIAMS:   And the -- the --  
20 Ms. Smith has indicated that there is cheques which are -  
21 - as I understand it may not be honoured by the  
22 Government initially, that Money Mart has to carry for a  
23 certain period of time which are ultimately honoured  
24 unless I'm misstating it so I'd like to get some sense of  
25 the magnitude of -- of those on an annual basis.

1                   MR. PAUL EDWARDS:    I'm sorry, magnitude  
2 of the dollar amount or -- or...?

3                   MR. BYRON WILLIAMS:    Yeah, the dollar  
4 amount.

5                   MR. NORMAN BISHOP:    Might I suggest the  
6 relevant figure is the number of cheques that you have to  
7 spend the time and effort to collect as opposed to the  
8 dollar amount.  I don't know -- Money Mart would have to  
9 look and see if they actually have those figures and  
10 segment it out for Government and so we could see if  
11 those figures exist and advise you.

12

13 --- UNDERTAKING NO. 5:        Money Mart to supply CAC/MSOS  
14                                   with the amount of government  
15                                   cheques dishonoured on an  
16                                   annual basis.

17

18 CONTINUED BY MR. BYRON WILLIAMS:

19                   MR. BYRON WILLIAMS:    And I thank you for  
20 that.  And -- and just to go to your point, this is money  
21 that you ultimately collect.  You're speaking of the --  
22 the trouble that's associated with having to followup on  
23 these cheques and so you're suggesting that the  
24 significant number is the number of cheques, is that  
25 right?



1 MS. PATTI SMITH: That's correct.

2 MR. BYRON WILLIAMS: So when I look at  
3 the issue of cheques that are initially dishonoured and  
4 ultimately honoured it's the time -- that you actually do  
5 get those cheques. You actually get those revenues but  
6 there is a time and bother associated with collecting  
7 those revenues; is that fair?

8 MS. PATTI SMITH: That's fair.

9 MR. NORMAN BISHOP: I would think to --  
10 to put it in context with a regular cheque, a payroll  
11 cheque or something like that, if it goes NSF the  
12 majority of those cheques are collected and they're  
13 collected within how many days?

14 MS. PATTI SMITH: Seven (7) to ten (10)  
15 days.

16 MR. NORMAN BISHOP: Seven (7) to ten (10)  
17 days. Whereas government cheques are a year to two (2)  
18 years so there's a -- there's a wide variation. And the  
19 things that cost -- or the -- the staff have to go  
20 through to actually collect those cheques are far more  
21 onerous in terms of man hours spent to -- to collect  
22 them.

23 MR. BYRON WILLIAMS: And if it will  
24 assist, let's just -- we're talking on average about  
25 seventy-thousand (75,000) government cheques cashed a

1 year. Are you talking less than five hundred (500) that  
2 are dishonoured; would that be fair?

3 MS. PATTI SMITH: I don't know that  
4 number.

5 THE CHAIRPERSON: Is your experience much  
6 different whether it's a Federal or provincial cheque  
7 that's being dishonoured?

8 MS. PATTI SMITH: We actually find that  
9 they both are treated fairly similarly because the issues  
10 that result in dishonourment obviously isn't that there  
11 aren't any funds, it's because people have had their  
12 mailbox broken into and a number of their cheques have  
13 been stolen so it could be a whole run of GST cheques for  
14 a postal code or it could be tax return cheques, and with  
15 the rise in identity theft we found that that's really  
16 been in -- in the increase.

17 THE CHAIRPERSON: The Feds have the same  
18 time, two (2) years?

19 MS. PATTI SMITH: Yeah. They have one  
20 (1) year to -- to alert us to the dishonourment and then  
21 it can take up to a year or more to have the -- the item  
22 resolved.

23 THE CHAIRPERSON: Thank you.

24

25 CONTINUED BY MR. BYRON WILLIAMS:

1                   MR. BYRON WILLIAMS:   Mr. Bishop, I just  
2 have a -- a couple of short snappers for you and then,  
3 Mr. Chairman, I have something I'd -- I'd like to stand  
4 down for about a -- one (1) or two (2) minutes and chat  
5 with Mr Friend Mr. -- Mr. Edwards. And so I'll finish up  
6 my short snappers and then ask for a very quick stand-  
7 down.

8                   THE CHAIRPERSON:   Okay. We have the time  
9 clock on you, Mr. Williams. For your short snappers, I  
10 mean.

11                  MR. NORMAN BISHOP:   Fingers on your  
12 buzzer.

13

14 CONTINUED BY MR. BYRON WILLIAMS:

15                  MR. BYRON WILLIAMS:   I'm cracking under  
16 the pressure. I'm paralysed.

17                  Mr. Bishop, if you could turn to page 228  
18 of your evidence -- of the transcript, please.

19

20                                       (BRIEF PAUSE)

21

22                  MR. BYRON WILLIAMS:   And I just want  
23 to direct you for -- I -- I want to get to the subject of  
24 three (3) bucks on hun. That's -- I love those  
25 commercials.

1                   Just directing your attention to page --  
2 lines 9 through 17 of -- of this -- of this page you're -  
3 - you're talking about fees for the range of 3 percent on  
4 a hundred dollars (\$100); is that right, Mr. Bishop?

5                   MR. NORMAN BISHOP:    That's correct.

6                   MR. BYRON WILLIAMS:   And the point that  
7 you're making, and if I've misstated this you'll correct  
8 me, in lines 11 through 17 of this conversation, first of  
9 all you're suggesting that three (3) bucks on a hun is  
10 quite reasonable, and secondly given that the average  
11 withdrawal from an ATM is below a hundred dollars (\$100)  
12 and you're often looking at two to three dollars (\$2 to  
13 \$3) charges for something like that, putting that in  
14 context again you see that as support for the proposition  
15 that three (3) bucks on a hun is -- is reasonable; is  
16 that -- is that fair, sir?

17                   MR. NORMAN BISHOP:    That's correct.

18                   MR. BYRON WILLIAMS:   Now, I have two (2)  
19 -- given my anxiety to live up to my commitment, two (2)  
20 short snappers, two (2) followup questions from that.

21                   First of all, I wonder if you'd agree with  
22 me and you're experienced in the -- in the business of  
23 Ottawa, I wonder if you'd agree with me going to the  
24 second part of -- of that paragraph that there's actually  
25 been a considerable debate within -- within Canada,

1 within opinion leaders within Canada, over the last month  
2 or so in terms of the very reasonableness of two to three  
3 dollar (\$2 to \$3) charges from ATMs; would you agree with  
4 that, sir?

5 MR. NORMAN BISHOP: Yeah, to put it in  
6 context I think it's a discussion that is about -- been a  
7 long time coming because ATMs and the development of  
8 private ATM networks are relatively new and so  
9 politicians are now getting around to looking at this.

10 And the point -- the points that have been  
11 raised are that, you know, it's very expensive and -- and  
12 it's -- it's unfair to charge ATM fees. However, what --  
13 what the -- the banks are coming back with are saying,  
14 Well, we don't in fact charge any ATM fees if you go to  
15 our bank and -- and use it and take out money, but what  
16 you get charged a fee for is if you go to our bank and --  
17 or let me -- to give an example if -- if I go to the  
18 Bank of Nova Scotia and say, I'd like to take a hundred  
19 dollars (\$100) out of my account, they give it to me.

20 If I go to the Bank of Nova Scotia and  
21 say, I have an account at the Bank of Montreal, I'd like  
22 you to give me a hundred dollars (\$100) out of that  
23 account when I'm in the Bank of Nova Scotia branch,  
24 they're saying, Well, okay, we've now developed this  
25 technology system so that we can do that but I'm going to

1 charge you a fee for it.

2                   And so that's -- that's what the whole ATM  
3 debate is about and it's -- it's quite politicized now  
4 and it'll go through that process but yes, it's -- it's a  
5 debate that's time has come. But now to -- to bring back  
6 the point, the whole process of the ATMs and this new  
7 technology allows me to go to a Bank of Nova Scotia ATM  
8 and take money out of my Bank of Montreal account and  
9 that's what I'm paying for and that's because technology  
10 has allowed us to do it. And the customers are paying  
11 for the convenience of being able to do that just like  
12 they're paying for the convenience of cashing cheques at  
13 late hours at convenient locations.

14                   MR. BYRON WILLIAMS: Every once in a  
15 while I have to give you an opportunity to make a little  
16 speech or -- so that -- that was yours.

17                   Now, let's just make sure I understand  
18 where we do agree. We agree that -- that there -- there  
19 is some controversy, some debate, about the  
20 reasonableness of those two to three dollar (\$2 to \$3)  
21 ATM fees in -- at least in terms of political discourse;  
22 would that be fair, sir?

23                   MR. NORMAN BISHOP: I would agree with  
24 that, yes.

25                   MR. BYRON WILLIAMS: And in fact we've

1 got people from -- perhaps of a more conservative bent  
2 like Mr. Flaherty (phonetic) and people of perhaps a  
3 different bent such as Mr. Layton criticizing the  
4 magnitude of those fees; would that be fair, sir?

5 MR. NORMAN BISHOP: That would be  
6 correct.

7 MR. BYRON WILLIAMS: And this is where  
8 I'm not -- and I -- I don't need a -- elaboration but am  
9 I hearing you say that you believe that the two to three  
10 dollar (\$2 to \$3) fees are reasonable; would that be  
11 fair?

12 MR. NORMAN BISHOP: Well, I'm not here to  
13 express an opinion on ATM fees. I'm just pointing out  
14 that when you go to an ATM and you pay three dollars (\$3)  
15 you're paying for convenience and that's what you're  
16 being charged. And -- and likewise you're being paid for  
17 -- you're paying for a fee to cash your cheque at a Money  
18 Mart at eleven o'clock at night.

19 There are costs to run a Money Mart.  
20 There are costs to pay for and install an ATM and all the  
21 technology that goes with it. Those costs have to be  
22 covered -- recovered somehow but I -- I can't express  
23 whether ATM fees are reasonable or not. You know, that's  
24 a whole different discussion.

25 MR. BYRON WILLIAMS: Okay. Well, --

1 well, let 's just followup on your example though.  
2 Withdrawing a hundred dollars (\$100) or so from an ATM  
3 and then -- and you've indicated that the charge with  
4 that is probably two to three dollars (\$2 to \$3); that's  
5 correct, eh, that's what you say in your evidence?

6 MR. NORMAN BISHOP: Yes, that -- I --I  
7 think that's -- you know, I have to admit that I haven't  
8 done a scientific study of the -- the price.

9 MR. BYRON WILLIAMS: That's fair and I  
10 appreciate that -- that. Now, in terms of if I was going  
11 to -- to cash a cheque at Money Mart for one hundred  
12 dollars (\$100) I wouldn't be talking about three (3)  
13 bucks on a hun though would I? I'd be talking about five  
14 dollars and forty-eight cents (\$5.48); would that be  
15 fair, sir?

16 MR. NORMAN BISHOP: Yes.

17 MR. BYRON WILLIAMS: So that's somewhere  
18 -- if we're using the lower number from the ATM of two  
19 dollars (\$2) it's over twice as much. If it's -- if  
20 we're using the higher fee of three dollars (\$3) it's a  
21 bit less than -- it's -- it's one and a half (1 1/2)  
22 times, something like that; would that be fair?

23 MR. NORMAN BISHOP: Yes.

24 THE CHAIRPERSON: However, Mr. Williams,  
25 if you're only getting twenty dollars (\$20) out of the



1 ATM, the percentage at the ATM is higher.

2 MR. NORMAN BISHOP: And I think evidence  
3 will show you that on average the withdrawal from an ATM  
4 is far lower than a hundred dollars (\$100).

5

6 CONTINUED BY MR. BYRON WILLIAMS:

7 MR. BYRON WILLIAMS: And, Mr. Bishop, --  
8 and I appreciate the clarification, Mr. Chairman, -- I  
9 just want to be clear. When we're talking about three  
10 (3) bucks on a hun for that first hun it's -- it's five  
11 forty-eight (5.48), right?

12 MR. NORMAN BISHOP: That would be  
13 correct, yes.

14 MS. PATTI SMITH: I just have to say on  
15 behalf of our marketing department I'm thrilled you  
16 remember that. We haven't run that ad in ten (10) years.

17 MR. BYRON WILLIAMS: I -- I'm sure I saw  
18 a couple of my relatives in that -- in that commercial  
19 so.

20 The other -- the other thing I just want  
21 to -- a very -- and this I promise will be short snapper.  
22 Mr. Bishop, without asking you to elaborate, we heard The  
23 Chairman talk about the Record of -- in Hansard today.  
24 You've also sited Hans -- the comments of Minister  
25 Selinger, both in your oral evidence and in your written

1 evidence; is that right, sir?

2 MR. NORMAN BISHOP: That's correct.

3 MR. BYRON WILLIAMS: Would it be also  
4 fair to say that in the context of the Legislative De --  
5 Debate, the name Money Mart came up in -- in the comm --  
6 in the comments of Mr. Lamoureux, who was expressing some  
7 concerns about the fees charged by Money Mart.

8 Would that be fair?

9 MR. NORMAN BISHOP: Who's Mr. Lamoureux?

10 MR. BYRON WILLIAMS: He's the MLA for --  
11 for Inkster. You're not familiar with that part of the  
12 Legislative Debate?

13 MR. NORMAN BISHOP: Is he an opposition  
14 MLA?

15 MR. BYRON WILLIAMS: Yes, he is.

16 MR. NORMAN BISHOP: So, yeah. I'm not  
17 familiar with that. I might have read it some time ago,  
18 but -- but by experience, I -- I find the -- the comments  
19 of a Minister who's introducing a piece of legislation  
20 far more focussed on the -- the accuracy of the -- of the  
21 -- of the bill.

22 MR. BYRON WILLIAMS: Okay, So --

23 MR. NORMAN BISHOP: So, I'm -- I'm not  
24 surprised.

25 MR. BYRON WILLIAMS: So, it's something

1 you might have read, you don't recall?

2 MR. NORMAN BISHOP: That's correct.

3 MR. BYRON WILLIAMS: Mr. Chairman, that's  
4 -- that -- that was a pretty good short snapper. We'll--

5 THE CHAIRPERSON: You did better that  
6 time, Mr. Williams.

7 MR. BYRON WILLIAMS: If I can sit down  
8 with Mr. Edwards for just a couple quick seconds?

9 THE CHAIRPERSON: Very good.

10 MS. ANITA SOUTHALL: Excuse me. Just  
11 before you do that, Mr. Williams, did you want your  
12 calculation sheet entered as a CAC Exhibit or tracked in  
13 some fashion for the record?

14 MR. BYRON WILLIAMS: Certainly. If -- if  
15 -- if the Panel wishes it's -- the -- the calculations on  
16 the transcript roughly, but I'm happy to put it down.  
17 So, if you'd like to mark it --

18 MS. ANITA SOUTHALL: Mr. Chairman, do you  
19 have a preference?

20 THE CHAIRPERSON: Make it an Exhibit.  
21 Sure.

22 MS. ANITA SOUTHALL: Thank you. So, just  
23 to go to the exhibit list where we left off. I believe  
24 we would be at CAC Exhibit 5.4.

25 THE CHAIRPERSON: Subject to check.

1 Fine.

2 MS. ANITA SOUTHALL: Thank you.

3

4 --- EXHIBIT NO. CAC/MSOS 5.4: Calculation Sheet.

5

6 THE CHAIRPERSON: Okay. We will stand  
7 down for a few minutes.

8

9 --- Upon recessing at 11:17 a.m.

10 --- Upon resuming at 11:25 a.m.

11

12 THE CHAIRPERSON: Finished conferring  
13 with your colleague?

14

15 CONTINUED BY MR. BYRON WILLIAMS:

16 MR. BYRON WILLIAMS: As always, it was  
17 enlightening, Mr. Chairman. I just have a -- about a few  
18 questions left to -- to ask. First of all, Mr. Bishop, I  
19 want to direct your attention to the transcript at page  
20 230, lines 5 through 10.

21 MR. NORMAN BISHOP: Okay.

22 MR. BYRON WILLIAMS: You have that?

23 MR. NORMAN BISHOP: I do.

24 MR. BYRON WILLIAMS: Now, there -- here,  
25 Mr. Bishop, and I realize this was some time ago, but

1 you're -- you're making a personal ob -- observation that  
2 you've taken a drive through North Winnipeg to see the  
3 area and I notice that the area where you find all of the  
4 pawn shops, you don't find any payday loans store or  
5 cheque cashing stores.

6 That's an accurate paraphrase of your  
7 statement, sir?

8 MR. NORMAN BISHOP: That's correct, yes

9 MR. BYRON WILLIAMS: Now, my  
10 understanding is that Money Mart does have one (1) cheque  
11 cashing store within the -- the north end, as defined by  
12 Dr. Buckland; is that right, sir?

13 MR. NORMAN BISHOP: That's correct.

14 MR. BYRON WILLIAMS: And that's the Money  
15 Mart at 413 Selkirk Avenue on the corner of Selkirk and  
16 Salter; is that correct, sir?

17 MS. PATTI SMITH: That's correct.

18 MR. BYRON WILLIAMS: Now, Mr. Bishop,  
19 have you had an opportunity in your drive through the  
20 North end to check out the Money Mart in that location?  
21 At least to drive by it?

22 MR. NORMAN BISHOP: I think I have, yes.

23 MR. BYRON WILLIAMS: So, you'll be aware  
24 that right across from the Money Mart on the corner of  
25 Selkirk and Sal -- Salter is the -- the -- the famous or

1 infamous Chochy's Pawn Shop? Are you aware of that, sir?

2 MR. NORMAN BISHOP: No, but I -- I'm not  
3 -- I wouldn't dispute it.

4 MR. BYRON WILLIAMS: One of my -- one of  
5 my favourites, rivalling only, Elvis's Pawn Shop, which  
6 is a bit farther away, but not too far.

7 THE CHAIRPERSON: Elvis is not very seen  
8 often, however.

9 MR. BYRON WILLIAMS: Depends which  
10 fantasy world one inhabits, Mr. Chairman.

11

12 CONTINUED BY MR. BYRON WILLIAMS:

13 MR. BYRON WILLIAMS: Just a -- a last  
14 thing I -- I want to direct your attention to and -- and  
15 it can go to either Ms. Smith or Mr. Bishop. In your  
16 evidence at Tab B, you set out a -- both a list of Money  
17 Mart stores and a map of their location, is that right,  
18 sir?

19 MR. NORMAN BISHOP: That's correct.

20 MR. BYRON WILLIAMS: And I want direct  
21 your attention to the bottom right side of the map, being  
22 to the east of the Red River, and you'll see marked out  
23 there, St. Boniface, St. Vital, et cetera.

24 Do you see that, Mr. Bishop?

25 MR. NORMAN BISHOP: Yes.

1                   MR. BYRON WILLIAMS:    And I'm going to  
2 suggest to you that if I were to roughly demarcate the  
3 southwest corner of the city by the Red River, following  
4 that straight up to where you see the Number 1 by the  
5 Forks, and then turning right along Number 115 that -- do  
6 you see where I'm trying to delineate that, Mr. Bishop?

7                   MR. NORMAN BISHOP:    I see, yes.  Yeah.

8                   MR. BYRON WILLIAMS:    And thank you for  
9 your assistance, Ms, Smith.

10                   I'm going to suggest to you that if that  
11 was the boundary that we did for the southwest quarter of  
12 the city, we would find one (1) Money Mart within that  
13 southwest quarter.

14                   Would that be fair, sir?

15                   MR. NORMAN BISHOP:    That's correct.

16                   MR. BYRON WILLIAMS:    And if I'm right,  
17 that's the Money Mart on 620 Dakota Street, sir, is that  
18 correct?

19                   It's about fifth from the bottom in terms  
20 of your map -- in terms of your listing.

21                   MR. NORMAN BISHOP:    I'll take that as  
22 accurate.

23                   MR. BYRON WILLIAMS:    Okay.  And that  
24 would be the one (1) located adjacent to one of my other  
25 favourite haunts, the Dakota Hotel, would that be right,

1 sir?

2 MR. NORMAN BISHOP: I --

3 MR. BYRON WILLIAMS: The Motor Hotel.

4 MR. NORMAN BISHOP: -- I can't speak to  
5 your favourite haunts.

6 MR. BYRON WILLIAMS: And perhaps none of  
7 us should, really, now that I ponder that. Just to move  
8 you -- now, again, you've -- we've taken the southwest  
9 quadrant of the city, I wonder if could direct your  
10 attention to the -- excuse me, that was the southeast  
11 quadrant, I may have misspoke previously -- to the area  
12 to west of the Red River and following that up to the --  
13 up to the Assiniboine River, which is -- I'm not sure if  
14 you can see that on the map or not, it's just south of  
15 the Number 1 -- Number 1 Highway.

16 Can you see that, Mr. Bishop?

17 MR. NORMAN BISHOP: Right. By Osborne  
18 Village?

19 MR. BYRON WILLIAMS: Yeah. Okay. And  
20 I'm going to suggest to you that in the southwest  
21 quadrant of the city there are two (2) Money Marts; being  
22 one (1) on number 42 Pembina Highway, and then one (1) up  
23 on Osborne Village.

24 Would that be --

25 MR. NORMAN BISHOP: That's --



1                   MR. BYRON WILLIAMS:     -- would that be a  
2 fair suggestion, sir?

3                   MR. NORMAN BISHOP:    -- that's correct.

4                   MR. BYRON WILLIAMS:     So if we're looking  
5 at the distribution of Money Marts through the city,  
6 you'll indicate -- I think that there are fifteen (15)  
7 within the city of Winnipeg, would that be fair?

8                   MR. NORMAN BISHOP:    I think it's --  
9 fifteen (15) or thirteen (13)?  It's fifteen (15)?  Okay,  
10 fifteen (15).

11                   MR. BYRON WILLIAMS:     And using, of  
12 course, my definition of the quadrants of the city, of  
13 that fifteen (15), we have two (2) in the southwest  
14 quadrant and one (1) in the southeast quadrant.

15                                 Would that be fair, sir?

16                   MR. NORMAN BISHOP:    That's correct.

17                   MR. BYRON WILLIAMS:     And just to finish  
18 up -- and I'm hoping that I'm not trampling upon any of  
19 the questions Ms. Southall will answer, but in your  
20 direct this morning, Ms. Smith, in response to question  
21 11 -- so that would be Money Mart Exhibit 7-7.  I wonder  
22 if you could turn there for a second.

23                   MR. NORMAN BISHOP:    Are you speaking about  
24 the questions from the Board?

25                   MR. BYRON WILLIAMS:     I'm referring to the

1 questions from the Board, yes.

2 Question 11. And, Ms. Smith, I apologize  
3 if I missed this part of your answer. You were asked,  
4 first of all, whether the Money Mart stores in Manitoba  
5 offered customers debit and/or credit cards, and I  
6 believe that part of your answer was yes; is that  
7 correct?

8 MS. PATTI SMITH: Yes, we sell them. We  
9 distribute both debit cards and Mastercards.

10 MR. BYRON WILLIAMS: The second part of  
11 the question, which I wasn't sure I heard and answer to,  
12 and I apologize again if I missed it: And if so, for  
13 what, if any, fee?

14 I wonder if you can indicate what the fee  
15 is, if there indeed is a fee?

16 MS. PATTI SMITH: Yes, sure, no problem.  
17 In order to purchase a debit card from us, it's a dollar  
18 ninety-nine (\$1.99). In order to purchase a Mastercard -  
19 - and it's a bit of a misnomer, it's called a credit card  
20 but there really isn't a credit, it's a loaded  
21 Mastercard; that is twenty dollars (\$20).

22 In order to load -- if you walk in and you  
23 own one (1) of these and you want to load some money on  
24 them, it costs two dollars (\$2), but if you're doing a  
25 transaction, it costs nothing.

1                   The only fee -- sorry, the ATM fees, if  
2 you go and use an ATM somewhere, it's a dollar fifty  
3 (\$1.50) for the debit card, two dollars (\$2) for the  
4 Mastercard. There's a monthly fee; two fifty (\$2.50) for  
5 the debit card, seven fifty (\$7.50) for the Mastercard,  
6 and an Interac fee. So if you go to The Gap and buy a  
7 sweater, it costs fifty (50) cents for either card. Now  
8 those fees, the non-direct fees, the ones, not the -- the  
9 issuance fee, belong to the bank.

10                   MR. BYRON WILLIAMS: Ms. Smith, and I  
11 thank you for the answer and just so I understand, if I  
12 look to your original evidence from December in terms of  
13 services and app -- fees Attachment 'A' that -- that  
14 information that you provided wasn't in there, is that  
15 right?

16                   That's Tab -- Tab A to --

17                   MR. NORMAN BISHOP: That's correct.  
18 There -- there's a fees and services card -- we were  
19 talking about this last night --

20                   MS. PATTI SMITH: Yes.

21                   MR. NORMAN BISHOP: -- that listed all the  
22 fees. But with ATM cards, because they are a different  
23 product and I think they're a little more complex, they  
24 weren't listed on -- on the card.

25                   Just for clarification, we're not here

1 today to talk about an ATM product, but the -- the cards  
2 are -- Money Mart is a distributor of the cards so the  
3 cards are actually owned by a -- a bank. And when the  
4 customer receives a card and loads a card, those are --  
5 Money Mart is merely the distributor of the card. So the  
6 customer has a contract with -- with the bank and the  
7 bank charges fees for the transactions.

8                   It's -- it's -- it's quite an involved  
9 process and therefor, you know, without being fully  
10 prepared and getting into it, we don't want to jump into  
11 it.

12                   MR. BYRON WILLIAMS:   And I'm not sure  
13 what, if anything, turns on this but, Ms. Smith, it just  
14 looked to me like you were -- I don't know if you have a  
15 prepared list, a written explanation of those charges  
16 because it was a little difficult to follow. And if that  
17 is --

18                   MS. PATTI SMITH:   No, but we provide them  
19 in every one of our stores as a separate card, so I can  
20 run down the street and grab one.

21                   MR. BYRON WILLIAMS:   So if I hop over to  
22 the Money Mart --

23                   MS. PATTI SMITH:   Yeah.

24                   MR. BYRON WILLIAMS:   -- by Legal Aid then  
25 I can -- I can go get that then?

1 MS. PATTI SMITH: Any one of the fifteen  
2 (15) stores would have it, yeah.

3 MR. BYRON WILLIAMS: Okay. Thank you.

4 MR. NORMAN BISHOP: Or the one -- the one  
5 by Saint Boniface has it as well.

6 MS. PATTI SMITH: As well, yeah.

7 MR. NORMAN BISHOP: At a lower southwest  
8 quadrant.

9 MR. BYRON WILLIAMS: Okay. Thank you for  
10 that clarification.

11 Mr. Chairman, thank you for your patience  
12 and members of the Panel and I have no further questions.

13 THE CHAIRPERSON: Thank you, Mr.  
14 Williams.

15 Mr. Foran, do you have any questions of  
16 these Witnesses?

17 MR. ALLAN FORAN: No, I don't, Mr.  
18 Chairman.

19 THE CHAIRPERSON: Ms. Southall...?

20 MS. ANITA SOUTHALL: Thank you very much,  
21 Mr. Chairman. And just arising from that last exchange,  
22 would it be possible to provide us with that separate  
23 list of charges for the transactions you were just  
24 describing?

25 MS. PATTI SMITH: Yes, it would.

1 MS. ANITA SOUTHALL: Thank you.

2

3 --- UNDERTAKING NO. 6: Money Mart to provide Board  
4 with list of charges for the  
5 ATM transactions just  
6 described.

7

8 CROSS-EXAMINATION BY MS. ANITA SOUTHALL:

9 MS. ANITA SOUTHALL: I am going to ask  
10 the witnesses to turn back to the -- as a start, to turn  
11 back to the set of questions that you had reviewed and  
12 prepared on, and we certainly appreciate that. These are  
13 the questions that I forwarded through your counsel from  
14 the Board's -- or as a result of a request by the Board  
15 to reconsider those.

16 And I just have a few follow-ups again  
17 with respect to the public record questions, Ms. Smith,  
18 that you answered and, of course, Mr. Bishop, feel free  
19 to jump in.

20 In terms of the answer to Item 1 which was  
21 the ownership structure of the Money Mart stores in  
22 Manitoba, I believe the answer provided was that all of  
23 the Manitoba stores are corporate stores, is that right?

24 MS. PATTI SMITH: That's correct.

25 MS. ANITA SOUTHALL: And what does that

1 specifically mean?

2 MR. NORMAN BISHOP: Well, Money Mart also  
3 has a franchise system and there are some franchise  
4 stores throughout Canada, but none of them in -- in  
5 Manitoba. So they're all corporately-owned stores.

6 MS. ANITA SOUTHALL: And which is the  
7 corporation that actually owns the Manitoba stores?

8 MR. NORMAN BISHOP: It's called National  
9 Money Mart Company.

10

11 (BRIEF PAUSE)

12

13 MS. ANITA SOUTHALL: And National Money  
14 Mart Company is registered in another province but extra-  
15 provincially registered in Manitoba to do business?

16 MR. NORMAN BISHOP: That's correct.

17 MS. ANITA SOUTHALL: And still on the  
18 same issue, as a result of that -- and again here, I've  
19 spoken to your counsel. I've promised to try not to  
20 cross the line in the public evidence into information  
21 that you might wish to share in-camera.

22 So to the extent either that the witnesses  
23 or their counsel feel that any questions cross that line  
24 and they prefer to have those considered in-camera, I  
25 should have prefaced my earlier comments with that. I've

1    tried very hard to stay away from things that I would  
2    consider to be proprietary or confidential.

3                    But just to followup on the corporate  
4    store concept in Manitoba, are -- are policies and  
5    decisions relating to the charges for various  
6    transactional fees on the various products that you  
7    offer, are those, as a result of the fact that they're  
8    corporate stores, are those corporate decisions of  
9    National Money Mart Company?

10                   MR. NORMAN BISHOP: All of the -- the fees  
11    charged in every store across Canada are the same and  
12    franchisees' fees are the same as well so -- if that's  
13    your question?

14                   MS. ANITA SOUTHALL: I think that's an  
15    answer to my question. In other words if you charge two  
16    dollars and forty-nine cents (\$2.49) plus 2.99 percent to  
17    cash a cheque, that will be a cheque at a Manitoba  
18    corporate-owned store, that will be the fee -- will also  
19    be the fee at a franchise store in Ontario if that --

20                   MR. NORMAN BISHOP: That's correct.

21                   MS. ANITA SOUTHALL: I'm guessing there  
22    would be franchisees on Ontario and elsewhere across the  
23    country?

24                   MR. NORMAN BISHOP: That's correct.

25



1 (BRIEF PAUSE)

2

3 MS. ANITA SOUTHALL: I'm sorry. I hope  
4 not to review them question by question but I -- I was  
5 trying my best to record information as Ms. Smith was  
6 answering some of these questions and for me at least it  
7 moved fairly quickly.

8 So Question Number 5 was whether the fee  
9 schedule for cashing a cheque varied for some customers  
10 for commercial customers or for large ongoing customers.  
11 Those are our delineations by the way, not anything we've  
12 derived from your material. But I understood that there  
13 was no differentiation between the fees for cashing a  
14 cheque with the exception of cheques that were under  
15 twenty dollars (\$20).

16 There -- is that -- did -- did you mean by  
17 that there is a flat fee for under twenty dollars (\$20)  
18 of value?

19 MS. PATTI SMITH: We remove the two  
20 forty-nine (2.49) flat fee from any cheque under twenty  
21 dollars (\$20) so we only charge the 2.99 percent.

22 MS. ANITA SOUTHALL: Thank you for that.

23 MS. PATTI SMITH: The only other  
24 exception was our employee cheque cashing.

25 MS. ANITA SOUTHALL: Right. And I made a

1 note of the employees.

2                   So they have a special program offered to  
3 them by virtue of their employment?

4                   MS. PATTI SMITH: That's correct.

5                   MS. ANITA SOUTHALL: And I take it there  
6 -- that that same structure, based on your earlier  
7 response to the question on -- on fees, is that the  
8 Manitoba fees in that respect would parallel fees in  
9 other parts of the country?

10                  MS. PATTI SMITH: Yes, they're the same  
11 across the country.

12                  MS. ANITA SOUTHALL: If -- if you could  
13 turn to the question 13 that we posed and -- and that  
14 you've considered and responded to. I'm not sure if --  
15 if the answer to -- to 13A -- sorry, I'm not sure if --  
16 if in your evidence you've -- you've given an answer as  
17 to the fees that are charged for that.

18                  Are those part of the fee structure that  
19 you just went through a few moments ago with Mr. Williams  
20 in -- in respect of Question 11?

21                  MS. PATTI SMITH: I think it's important  
22 to really differentiate. When you come to a store to  
23 cash a cheque with us there are no other fees other than  
24 the two forty-nine (2.49) and the two point nine nine  
25 (2.99). Ninety-five percent of our customers leave with

1 cash.

2 We do have optional products that you can  
3 choose to purchase after that fact. You can purchase a  
4 Western Union money order and you can do that. Or you  
5 can load some or all of the proceeds onto a debit card  
6 and that would be the fees that I mentioned after. And  
7 there -- there you would purchase a card be it a debit  
8 card or a branded Mastercard and then if you're doing the  
9 cheque cashing transaction the load would be free.

10 If you were just coming in and you already  
11 owned one of those cards, there would be additional fees  
12 but by no means are those transactions joined in any way.

13

14 (BRIEF PAUSE)

15

16 MS. ANITA SOUTHALL: Thank you. Just to  
17 followup on Question Number 14 and the answer to it, if  
18 cash is accepted to purchase loaded debit or credit  
19 cards, Ms. Smith, I think you indicated that yes, that  
20 that was the case and in that case the monies were held  
21 in trust with the bank.

22 MR. NORMAN BISHOP: Yes, that's a -- a  
23 simple explanation of it. It's quite complicated in the  
24 fact that Money Mart has to pre-fund any amounts that are  
25 going to be loaded on the card with the bank in advance,

1 so that there is no gap. And the bank will always ensure  
2 there are funds in their account because they are  
3 responsible to the customer for the card and the credit  
4 on the card.

5 MS. ANITA SOUTHALL: Thank you. In terms  
6 of the response to item 15, with respect to photo  
7 identification, I understood the evidence to be that  
8 photo identification is not required for cheque cashing,  
9 that's correct?

10 MS. PATTI SMITH: That's correct.

11 MS. ANITA SOUTHALL: If the person wants  
12 to purchase a debit or credit card through your  
13 distributor program on behalf of the bank, you do require  
14 photo identification.

15 MS. PATTI SMITH: Yeah, it's a bank  
16 requirement.

17 MS. ANITA SOUTHALL: Okay. And -- and  
18 did I hear you correctly that photo identification is  
19 required for wire transfers?

20 MS. PATTI SMITH: Proof of identification  
21 is required, and that can be gleaned through a number of  
22 ways, and all those ways are outlined through Western  
23 Union. And as agents of Western Union, we need to comply  
24 with all of the proof of identity that they provide.

25 MR. NORMAN BISHOP: And under the Proceeds

1 of Crime (Money Laundering) and Terrorist Financing Act,  
2 for certain larger denominations you -- you have to meet  
3 further, stricter identification requirements as well.

4 MS. ANITA SOUTHALL: And then following up  
5 just on this photo identification issue, at Question 16,  
6 Ms. Smith, I believe you indicated that, in fact, there  
7 are times when, for no charge, you will photograph  
8 customers. And I guess we should stay focussed on cheque  
9 cashing customers.

10 Could you just confirm that -- that I had  
11 that noted correctly?

12 MS. PATTI SMITH: Yeah. It has nothing to  
13 do with photo identification. We do not issue photo  
14 identification to any of our customers. Our -- our  
15 registration process, part and parcel of that is taking a  
16 photograph of a person.

17 So, if you were coming in to cash a cheque  
18 with us and registering, one (1) of the things we would  
19 ask is if we could take a photograph of you. So next  
20 time you come in, when we punch in your name, a  
21 photograph would come up and it would assist us in  
22 ensuring that we were dealing the right person, for their  
23 own protection. And we do that free of charge.

24 MS. ANITA SOUTHALL: So, do you have a  
25 way of telling what percentage of cheque cashing

1 customers agree to the photo process?

2 MS. PATTI SMITH: I don't know for sure,  
3 but it's a large number. Most people understand that  
4 it's for their own protection, so there are very few  
5 people I've ever seen anecd -- anecdotally deny access to  
6 that. So I don't know that we actually have a report or  
7 anything though.

8 MS. ANITA SOUTHALL: I take it that that  
9 photo process not only ensures the secure transaction for  
10 your customer, but would have some sort of correlation to  
11 reducing the risk of cheques -- stolen cheques,  
12 fraudulently negotiated cheques, that kind of thing.

13 Have you seen that kind of correlation,  
14 where you're able to satisfy yourself, based on the  
15 photo, that you're dealing with the same person you were  
16 last time?

17 MS. PATTI SMITH: I think more than  
18 anything it helps with speed of service, because somebody  
19 is not fumbling to find a piece of photo identification  
20 to provide.

21 But I think it certainly -- well, it may  
22 have reduced fraud and risk, I think both of those are  
23 rising substantially in any part of the -- any part of  
24 the country, so we haven't seen a drama -- dramatic  
25 change in our risk numbers with the introduction of the

1 photographs, no.

2 THE CHAIRPERSON: Wouldn't the photos,  
3 though, make it less likely that someone would have just  
4 taken a cheque out of someone else's mailbox?

5 MS. PATTI SMITH: I think it helps very  
6 much with repeat customers, but we do have a large number  
7 of new customers that we're re-registering and normally  
8 in that case, we're hooped. But again, there is so many  
9 more identification fraud and mail fraud and all sorts of  
10 things, so where it may have really helped us, I think,  
11 in aggregate we're just not seeing the benefit yet.

12

13 CONTINUED BY MS. ANITA SOUTHALL:

14 MS. ANITA SOUTHALL: Sir, if you could  
15 give me a moment. I'm just reviewing this particular set  
16 of questions for followup. Thanks.

17

18 (BRIEF PAUSE)

19

20 MS. ANITA SOUTHALL: The Board was  
21 interested in the response, I know, to Question 25. And,  
22 Mr. Chairman, could I just ask you to look at that one  
23 again.

24 The answer that was provided was that on  
25 average the cheque values -- or pardon me, on average a

1 cheque value was four hundred and nineteen dollars  
2 (\$419.00).

3 Did I record that right, Ms. Smith?

4 MS. PATTI SMITH: That's correct.

5 MS. ANITA SOUTHALL: Was the Board  
6 interested in receiving further information on that?

7 THE CHAIRPERSON: Well, we gather that  
8 the four hundred and nineteen dollar (\$419.00) average is  
9 something that goes beyond just the government cheques,  
10 because in the government cheques, you said those were  
11 two hundred and fifty-eight (258) or forty-eight (48) or  
12 something in that order.

13 MS. PATTI SMITH: That's correct. The  
14 four nineteen (419) is all cheques. An average of all  
15 cheques cashed.

16 THE CHAIRPERSON: And you also indicated  
17 in the Form 10K that you file, the Americans, this type  
18 of information is provided there.

19 MS. PATTI SMITH: It's provided annually  
20 and quarterly.

21 THE CHAIRPERSON: Thank you. The  
22 information wouldn't necessarily be -- in a 10K it would  
23 be aggregate, wouldn't it?

24 MS. PATTI SMITH: I would have to check.  
25 I believe it's broken up by subsidiary.



1 THE CHAIRPERSON: Could you check to see  
2 if it was available for Manitoba alone?

3 MS. PATTI SMITH: Oh, it won't be by  
4 Province. It would just be by country.

5 THE CHAIRPERSON: And you don't collect  
6 this data just for Manitoba alone stores?

7 MS. PATTI SMITH: We don't report on it.  
8 We don't do anything like that, no.

9 THE CHAIRPERSON: Okay. Thank you.

10 MR. NORMAN BISHOP: Just to clarify.  
11 When we provided the four hundred nineteen dollar  
12 (\$419.00) figure, we got that figure by taking the 10K  
13 and dividing the number of cheques into the amount. And  
14 so -- and that's because the 10K is a public document and  
15 we could then get that figure directly from the public  
16 document. Anything that's not in the public document,  
17 we'd want to address in-camera, of course, so that's --

18 THE CHAIRPERSON: Thank you.

19 MR. NORMAN BISHOP: -- why we didn't go  
20 further.

21

22 CONTINUED BY MS. ANITA SOUTHALL:

23 MS. ANITA SOUTHALL: Actually, thank you,  
24 because that allows us to potentially explore that in  
25 just a little bit more detail in-camera. Thank you.

1 MS. PATTI SMITH: I guess the one thing  
2 that I should add though is when we look at Manitoba in  
3 general and how they react as far as overall cheque  
4 cashing numbers or, you know, size of cheque or anything,  
5 there's nothing about Manitoba that makes them any  
6 different than any other province. So I don't think  
7 you'll find much variation in any one of those statistics  
8 nationally.

9 MS. ANITA SOUTHALL: Could you just take  
10 a couple of minutes and explain to us what the actual  
11 process someone goes through if they come to a Money Mart  
12 with a cheque.

13 When you say we register people or we re-  
14 register people, are you able to just describe the  
15 process to assist the Board with what someone's actually  
16 doing, roughly how long that would all take, and if  
17 there's variation between if it's their first time or if  
18 you have the picture of them already or have dealt with  
19 them previously.

20 Could you just explain that to sort of  
21 take away the mystery of that part of the process for us.

22 MS. PATTI SMITH: Well, that's the beauty  
23 as it is a mystery. We kind of believe that to be our  
24 secret sauce, so we'd be happy to do that for you in-  
25 camera.

1 MR. NORMAN BISHOP: Would you like a bit  
2 of an elaboration about, you know, the -- the front of  
3 the store experience if -- just to know --

4 MS. ANITA SOUTHALL: Right. I guess I  
5 had assumed that if I wanted to I could go and do that,  
6 you know, at lunch time. And we all could.

7 MS. PATTI SMITH: I thought you meant a  
8 risk assessment process. So maybe -- maybe I  
9 misunderstood.

10 MS. ANITA SOUTHALL: Oh, I'm sorry. No,  
11 I didn't mean a -- sorry. I'm sorry, Ms. Smith. I  
12 didn't, so I apologize if I wasn't clear. But I really  
13 meant if I did what I just described --

14 MS. PATTI SMITH: Oh, sure. Sure.

15 MS. ANITA SOUTHALL: Could you give us a  
16 bit of a description of the mechanics of how you actually  
17 serve the customer.

18 MS. PATTI SMITH: You bet. There isn't a  
19 handwritten registration card that you need to fill out.  
20 We do everything at the window and in a kinetic  
21 interview. So we ask you a number of questions about  
22 your, you know, your address, your phone number, things  
23 like that. It probably, if you're a brand new customer,  
24 a cheque-cashing customer, it can take up to ten (10)  
25 minutes depending on how -- how interesting your cheque

1 is; whether it's a personal cheque or whether it's a -- a  
2 work cheque or a government cheque and -- and whether it  
3 -- it's the first time we've seen that cheque as well.  
4 It takes -- takes a little more time.

5                   Once you've -- you know, one you're in our  
6 system and we have the photograph and your identity and  
7 information confirmed, we would anticipate it taking no  
8 longer than two (2) minutes.

9                   MS. ANITA SOUTHALL:   And are you able to  
10 in some fashion -- again if this proprietary let me know  
11 but I wouldn't think so.

12                   Are you able in some fashion to identify  
13 then clearly when something is a government cheque? In  
14 other words is there ever any oddities in respect of  
15 government cheques? Or another way of putting it I  
16 suppose is are there any identifying marks on a cheque  
17 which will allow you to verify that in fact it's a  
18 government cheque, assuming it's not a forgery or  
19 something like that; leaving those aside?

20                   MS. PATTI SMITH:   No, it's very clear and  
21 -- and when we process them we identify them as such.  
22 The only grey area sometimes are some government payroll  
23 cheques which are, you know, a little bit difficult to  
24 determine whether they are a government body or not, but  
25 most of them are -- are very, very clear.

1                   And -- and the nice thing is as well is we  
2 have a -- a national database so if you walk into a store  
3 in Vancouver and you've done a transaction and then  
4 you're travelling and you walk into a store in -- in  
5 Ontario, we can still stick to the -- we have access to  
6 the same data and we're able to help you out quickly.

7                   THE CHAIRPERSON:    They could even pull up  
8 your picture then?

9                   MS. PATTI SMITH:    That's correct.  
10

11                                       (BRIEF PAUSE)

12  
13 CONTINUED BY MS. ANITA SOUTHALL:

14                   MS. ANITA SOUTHALL:    Jumping now, you'll  
15 be please to hear, all the way to Question Number 36 in  
16 this list. And following on a bit of an interchange and  
17 -- and information you shared with us with respect to  
18 what occurs in -- in our neighbouring province,  
19 Saskatchewan, I understood that as Money Mart is licenced  
20 under that adoption of the Federal legislation for  
21 provincial purposes there that Money Mart does not charge  
22 its customers for Federal Government cheque cashing  
23 services.

24                                       Did I piece that together correctly in my  
25 understanding?

1                   MR. NORMAN BISHOP:   That's correct.  What  
2  -- what they do is if -- if a customer wants to cash a  
3  government cheque, Money Mart will give them the option  
4  of exchanging the cheque for a money order or not cashing  
5  the cheque at all.

6                   And then a money order is different from a  
7  cheque in that it's -- it's far more negotiable so the  
8  customer then can cash the money more -- money order at  
9  Money Mart for a fee which is equivalent to the -- the  
10 government cheque cashing fee or they can go to a bank  
11 and cash it for free.  And they can also get money orders  
12 in the different denominations as opposed to -- to one  
13 denomination.

14                  So Money Mart makes that option available.  
15 That's how they address the issue in Saskatchewan.

16                  MS. ANITA SOUTHALL:   So some -- sorry, if  
17 I can just follow through for my own understanding  
18 purposes.  Someone brings a Federal Government cheque at  
19 the moment to Money Mart at a Saskatchewan outlet, you're  
20 not in a position to actually negotiate it the way you  
21 would if you -- if they brought in that cheque in  
22 Manitoba for the sake of comparison?

23                  MR. NORMAN BISHOP:   That's correct.

24                  MS. ANITA SOUTHALL:   So you give -- you -  
25 - you though offer them other options such as purchasing

1 a money order from Money Mart?

2 MR. NORMAN BISHOP: That's correct.

3 MS. ANITA SOUTHALL: And there's a fee  
4 associated with that?

5 MR. NORMAN BISHOP: That's -- no, there's  
6 no fee associated with that but once they exchange the  
7 cheque for one (1) or several denominations of money  
8 orders, then they can pay a fee to have some or all of  
9 the money orders cashed there or take them elsewhere.

10 MS. ANITA SOUTHALL: Okay. Thank you for  
11 that clarification.

12 I do have some other questions arising out  
13 of your written evidence and also as a result of the oral  
14 evidence that's been given.

15

16 (BRIEF PAUSE)

17

18 MS. ANITA SOUTHALL: I'm trying to  
19 understand in terms of the information that's been shared  
20 by -- that we've heard so far, previously by Dr.  
21 Buckland, and then subsequently in terms of information  
22 you shared with respect to Money Mart, whether or not  
23 there's really any fundamental disagreement with respect  
24 to the correlation that Dr. Buckland was attempting to  
25 establish in respect of bank -- traditional bank and

1 credit union closures in what he's defined as the north  
2 end of Winnipeg and Money Mart's locations.

3 I appreciate you haven't targeted and are  
4 not trying target -- is my understanding, if I'm wrong,  
5 correct me -- low income people or people on social  
6 assistance or welfare programs. That's correct I take  
7 it; that's not your target market?

8 MR. NORMAN BISHOP: That's correct.

9 MS. ANITA SOUTHALL: And I prefaced that  
10 with my remarks on Dr. Buckland, so sorry about that.

11 But getting back to the correlation he was  
12 trying to -- or he was sharing with the Board that he  
13 believes, from his studies, exist.

14 Has Money Mart given consideration to  
15 whether or not that correlation is valid if you take into  
16 account other cheque cashing organizations, including  
17 pawn brokers, for instance? In other words, have you  
18 done your own analysis to determine whether or not that  
19 correlation is valid in the north end of Winnipeg, if  
20 more than Money Mart is considered in the equation?

21 MR. NORMAN BISHOP: I would like to be --  
22 just refresh my memory on the -- what the correlation is.  
23 I don't think we would dispute that Dr. Buckland's  
24 research indicates that banks have moved out of the north  
25 end of Winnipeg. I don't know that the research



1 indicates that pawn shops and other cheque cashers have  
2 moved in as the banks move out.

3 I think the pawn shops may have been there  
4 all along, though I think certainly today there's no  
5 dispute that there's very few banks in the north end of  
6 Winnipeg and there's -- his research indicates the number  
7 pawn shops and the number of cheque -- cheque cashers are  
8 -- whatever the number is; seventeen (17) or something  
9 like that. So --

10 MS. ANITA SOUTHALL: So you're saying  
11 that you don't -- there is a fundamental disagreement as  
12 to whether or not there's a correlation between the --  
13 over the last twenty (20) years, significant closure of  
14 banks and credit unions in what Dr. Buckland has  
15 described as the north end of Winnipeg, and an increase  
16 or rise in cheque cashing firms and --

17 MR. NORMAN BISHOP: It's a complicated  
18 question, I think, and I don't know that Dr. Buckland is  
19 saying that specifically either, because there is a fine  
20 distinction.

21 We agree that, if his evidence is that the  
22 banks have pulled out over the last twenty (20) years, we  
23 wouldn't have anything to say that that's not correct.  
24 The cheque cashing business is relatively new, so yes,  
25 cheque cashers have probably moved in over the last ten

1 (10) to fifteen (15) years. I think the Money Mart store  
2 has been there for fifteen (15) years.

3 Pawn shops have -- there's probably been  
4 pawn shops there for a very long time because that's not  
5 a new industry and the research doesn't go into when did  
6 the pawn shops move in, or have they been there for  
7 thirty-five (35) or forty (40) or fifty (50) years.

8 Same with rent-to-own stores. There's no  
9 evidence as to when -- when they moved in or didn't move  
10 in, so, just the -- in -- his study deals with those four  
11 (4) groups together, so I don't think he's saying that  
12 those four (4) groups moved in as the banks moved out,  
13 and that's all I'm saying.

14 But, now that we're talking about cheque  
15 cashing, I think cheque cashing is a relatively new  
16 industry and I think if you went back twenty (20) years,  
17 you probably wouldn't find a lot of cheque cashers there.  
18 But I don't think Dr. Buckland -- and I might -- maybe  
19 mistaken on this, tracked when they actually moved into  
20 the -- the area.

21 So I guess, in a short way, I don't  
22 dispute his data at all.

23 MS. ANITA SOUTHALL: I'm going to ask you  
24 to turn to your written evidence, please, that was --  
25 that is dated December 6, 2006. I'm just trying to

1 locate the information on who cashes their cheque at  
2 Money Mart that you've shared with us. I believe that's  
3 at page 4 of the written evidence.

4 Pardon me. It's not actually that spot.  
5 If -- if you would turn to page 3, it was why people  
6 cash their cheques at Money Mart. And it would be the  
7 third paragraph down that -- that I asked you to look at  
8 and the -- and the last sentence of that paragraph:

9 "Other reasons customers in this  
10 group..."

11 This is repeat users, as -- as I  
12 understand it, as I'm reading this. So:

13 "Other reasons why repeat customers use  
14 Money Mart stores was simply that they  
15 needed to cash a cheque, at 15 percent,  
16 and because of Money Mart's fast  
17 service, 14 percent."

18 Do you see my reference to that,  
19 Witnesses?

20 MR. NORMAN BISHOP: Yes.

21 MS. ANITA SOUTHALL: Do you have any idea  
22 what -- what they mean by those responses for that  
23 combined 29 percent? In other words, could fast service  
24 mean that cheques at a bank or a credit union would be  
25 held for a period of time and they can't actually get

1 cash today if they want to get cash today?

2 MS. PATTI SMITH: That's a very big part  
3 of it. And -- and that's how they normally define fast  
4 and convenience in -- in a lot of ways, is they'll say, I  
5 get to go to that branch and I leave with money, my  
6 money. Whereas I go to the bank or an ATM and I deposit  
7 my cheque and I have to wait for two (2) to ten (10) days  
8 depending on -- on what's happening.

9 It's that and we try and be available and  
10 have our stores staffed so there's not long lineups and  
11 things like that. So, we think it's a combination.

12

13 (BRIEF PAUSE)

14

15 MS. ANITA SOUTHALL: I take it, Mr.  
16 Bishop, just following up on one of your comments in  
17 reply to one of the questions Mr. William's was asking in  
18 respect of the 2002 and 2005 surveys. And, it certainly  
19 made perfect sense to me that Money Mart had a particular  
20 reason why it would engage the -- in the survey process  
21 to begin with. And that was obviously, I think you  
22 mentioned, to assist in your marketing efforts to assist  
23 in your business planning, is that correct?

24 MR. NORMAN BISHOP: That's correct.

25 MS. ANITA SOUTHALL: So, you weren't

1 focussed in any way, in terms of those surveys, in asking  
2 for information that would assist you in coming to terms  
3 with why people would be potentially not using credit  
4 unions or banks or other traditional insti --  
5 institutions versus the new convenience cheque cashing  
6 locations?

7                   In other words, you weren't trying to  
8 track a trend or a move of that kind, in particular,  
9 you're more interested in, what do your customers want  
10 and what services you can offer them in the best way, so  
11 they would come back?

12                   MR. NORMAN BISHOP:     That -- that's  
13 correct.

14

15   (BRIEF PAUSE)

16

17                   MS. ANITA SOUTHALL:    Witnesses, at page 4  
18 of your written evidence, just attempt to locate it,  
19 there was reference, I believe, to the cost associated  
20 with maintaining a traditional bank account or the  
21 charges associated with negotiating basic transactions.  
22 I think it is in the paragraph that starts, "generally  
23 speaking", which should be page 4, I believe, right after  
24 the bullets.

25                   MR. NORMAN BISHOP:     Correct.

1 MS. ANITA SOUTHALL: "If cheque services,  
2 such as those provided by Money Mart  
3 were not available, some customers may  
4 be forced to open bank accounts to cash  
5 their cheques and pay the additional  
6 service charges that traditional  
7 institu -- institutions [pardon me]  
8 charge for maintaining and using those  
9 accounts."

10 Now, you -- you did hear earlier, Dr.  
11 Buckland speak about some basic account offerings in --  
12 and we could probably go back and locate his evidence,  
13 but I think around the four dollar (\$4) cost, some of the  
14 very basic accounts that are now available for consumers  
15 would be roughly about a four dollar (\$4) monthly charge?

16 MR. NORMAN BISHOP: Yeah, we don't have  
17 the statistics and I would assume Dr. Buckland is correct  
18 though. And maybe you can correct me if I'm wrong, but I  
19 think when you get a -- a basic bank account for four  
20 dollars (\$4), with those types of bank accounts then  
21 whenever you do transactions, you pay additional fees as  
22 opposed to bank accounts that offer more services and --  
23 and have a -- a better upfront fee or a --

24 MS. PATTI SMITH: And in most cases you  
25 need to maintain a minimum balance to get the low fee

1 which is very difficult in a lot of -- in a lot of ways  
2 so the minute you fall below the minimum balance, your  
3 bank fees go up.

4 MR. NORMAN BISHOP: So I think -- we --  
5 we don't have any comprehensive data on all of the costs  
6 for all the different types of bank accounts and I  
7 recognize Dr. Buckland has some -- some information on  
8 that.

9 MS. ANITA SOUTHALL: Sorry. Thank you.

10

11 (BRIEF PAUSE)

12

13 MS. ANITA SOUTHALL: At page 7 of your  
14 written evidence which was pre-filed the second last  
15 paragraph just above the heading of, Cost of Cashing  
16 Cheques, the statement is made:

17 "Although there is no empirical  
18 evidence on the subject, we believe  
19 from anecdotal evidence that Money Mart  
20 has a higher risk tolerance, meaning  
21 customers will have a greater  
22 likelihood of successfully cashing  
23 their cheque at Money Mart than other  
24 providers."

25 And then the statement:

1                    "This suggests that there is active  
2                    competition for the cheque cashing  
3                    business in Manitoba."

4                    Can you explain what your -- what your  
5                    meaning is in that couple of sentences? In other words,  
6                    will you accept greater risk? You see that as price of  
7                    competition?

8                    I'm not entirely sure what -- what you  
9                    actually mean by the statement.

10                   MR. NORMAN BISHOP: I -- yes, that's  
11                   correct that there are -- every time a cheque is cashed  
12                   by a cheque cashing business they do a risk assessment  
13                   and Money Mart without having any empirical data,  
14                   compared to its competitors, takes more risk in -- in  
15                   cashing the cheque.

16                   And -- and therefore, the likelihood of if  
17                   you take your cheque to Company A as opposed to Company B  
18                   as opposed to Company C, or Money Mart, you may not get  
19                   it cashed here or here but you will at Money Mart.

20                   MS. ANITA SOUTHALL: That is what you  
21                   would see as a -- I'm -- I guess I'm trying to understand  
22                   how the last line works. You're saying this suggests  
23                   that there is active competition so you -- you would see  
24                   that as giving you the competitive edge because you're  
25                   prepared to take greater risk at --



1 MR. NORMAN BISHOP: Yeah --

2 MS. ANITA SOUTHALL: -- at least as  
3 against these other places where they might not accept  
4 that great a risk?

5 MR. NORMAN BISHOP: And -- and also as  
6 Dr. Buckland points out there are a number of companies  
7 operating in the area that he did research on. The fees  
8 are all very close but a number of them have fees a  
9 little bit less -- the fees are a little bit lower than  
10 they are for Money Mart and that would reflect risk  
11 assessments.

12 MS. ANITA SOUTHALL: Money Mart has a  
13 number of business lines as you've indicated to us. Have  
14 -- have the -- again, here I'm trying to stay away from  
15 in-camera testimony as best I'm able so -- so please feel  
16 free to give me direction.

17 But there -- there would be some increased  
18 operating costs but some of the costs, the fixed costs,  
19 would remain similar when you take on new lines or new  
20 products for offering to your customers, just in -- just  
21 in principle as opposed to any details?

22 MR. NORMAN BISHOP: That would be  
23 correct. I mean, you -- you pay monthly rent on the  
24 space and -- regardless of the number of products you  
25 offer out of the store.

1 MS. ANITA SOUTHALL: And on a per-product  
2 basis as volumes grow, the -- does the cost per  
3 transaction decline?

4 MS. PATTI SMITH: Yes and no, because  
5 again some of them are very fixed. I mean, it makes  
6 sense that pieces of it like rent and things are fixed  
7 costs, obviously help us. But often times, depending on  
8 the product, we may offer products with higher risk.  
9 Some loan products have higher risk than other products.  
10 It just -- it really -- really depends.

11 But it's important to note too, as we  
12 continue to grow in response to competition and our  
13 stores decrease in transaction volume, we're actually  
14 seeing a reduction in margin as we grow.

15

16 (BRIEF PAUSE)

17

18 MS. ANITA SOUTHALL: At page 8 or your  
19 pre-filed evidence, two (2) paragraphs below the two (2)  
20 bullet points, there's a reference to Money Mart  
21 incurring additional costs to provide the services -- I'm  
22 not sure what "to provide each of these services" means,  
23 but it's obviously a reference to the earlier portion of  
24 the evidence above.

25 Are the additional costs the costs -- the

1 costs to keep them open late, make sure there's staff so  
2 that you can process customers quickly, are those the  
3 additional costs that you're referring to, if you could  
4 just take a moment and look at that.

5 I think you're -- I'm assuming you're  
6 comparing yourself to a traditional banking institution  
7 or credit union.

8

9 (BRIEF PAUSE)

10

11 MR. NORMAN BISHOP: That's correct.

12

13 (BRIEF PAUSE)

14

15 MS. ANITA SOUTHALL: At page 12 of your  
16 pre-filed evidence there's the statement:

17 "While banks and certain other deposit  
18 taking institutions are required to  
19 cash government cheques, the process is  
20 difficult for many consumers."

21 Are we getting at the same issues? Are we  
22 getting at the holds times, the ability to provide proper  
23 identification in order to have your cheque cashed by  
24 those institutions? Are those the same kind of things  
25 that you're referring to when you say, They have

1 difficulty?

2 MR. NORMAN BISHOP: That's correct.

3 MS. ANITA SOUTHALL: Does Money Mart have  
4 any locations in rural Manitoba?

5 MS. PATTI SMITH: No, the smallest centre  
6 I believe we're in currently is -- we're in Brandon -- no  
7 we just opened -- Portage La Prairie would be the  
8 smallest centre in Manitoba.

9 MS. ANITA SOUTHALL: So could you recap  
10 where you are in Manitoba. You're obviously in Winnipeg,  
11 I think you were just --

12 MS. PATTI SMITH: Yes.

13 MS. ANITA SOUTHALL: -- inferring you are  
14 in Brandon.

15 MS. PATTI SMITH: Fifteen (15) stores in  
16 Winnipeg, one (1) in Brandon, one (1) in Portage La  
17 Prairie.

18 MS. ANITA SOUTHALL: Thank you.

19 I gathered from your direct evidence back  
20 in December that you're strongly recommending to the  
21 Board that there's a competitive market in this industry  
22 in Manitoba and the Board should effectively leave it to  
23 market forces.

24 Are there any other factors that you see  
25 as key factors in the Board's setting of a -- of this

1 particular maximum fee or tariff with respect to  
2 government cheque cashing, beyond that sort of basic  
3 position that you were advancing at your first go?

4 MR. NORMAN BISHOP: No, other than we  
5 think it's reasonable that there should be a reasonable  
6 cap. Minister Selinger made reference to companies  
7 charging up to 30 percent to cash a cheque and -- and  
8 clearly that isn't -- not appropriate in our view.

9 And so the cap should be low enough to  
10 ensure that egregious charges are not made, but high  
11 enough to allow a competitive market to function because  
12 we've seen over the last ten (10) years to fifteen (15)  
13 years competition lower the -- the fee from 7 to 10  
14 percent on cheques down to -- to what it is today.

15 And it's -- it's stabilized over the last  
16 number of years and -- and I think that shows it's --  
17 it's where it should be.

18 MS. ANITA SOUTHALL: I understand that  
19 you've reported to us that government cheque -- or sorry,  
20 not government cheque cashing, but cheque cashing in  
21 general is effectively a shrinking segment of the  
22 services that at least Money Mart offers.

23 Did I understand that correctly?

24 MS. PATTI SMITH: That's correct. And  
25 that also does apply to government cheques as well.

1 MS. ANITA SOUTHALL: And why? What are  
2 the factors? Are you able to identify that in the public  
3 portion of your evidence?

4 MS. PATTI SMITH: Cheque cashing in  
5 general -- well, first if all, there's a lot more  
6 electronic transfer of funds, both from a payroll point  
7 of view and -- and other means. I mean, I think there  
8 are some provinces where the majority of the benefits are  
9 actually given out electronically.

10 So there are decreased number of cheques  
11 in the marketplace, according to the Canadian Bankers'  
12 Association, year after year in Canada as well as a large  
13 number of government agencies moving towards direct  
14 deposit and a large number of employers moving towards  
15 direct deposit.

16 MS. ANITA SOUTHALL: If you could bear  
17 with me, I think I'm probably about five (5) minutes away  
18 from my completion here. Thank you.

19 MS. PATTI SMITH: There's also -- sorry.  
20 There's also an increase in people's ability to get their  
21 tax return and their child tax benefit and their GST  
22 cheques all done directly into their bank account, so  
23 we're seeing a large decline in those numbers of cheques.

24

25

(BRIEF PAUSE)

1 MS. ANITA SOUTHALL: Mr. Bishop, if I  
2 could ask you to turn to the first transcript from our  
3 first day of hearing on December 19 at page 226.

4 MR. NORMAN BISHOP: Okay.

5 MS. ANITA SOUTHALL: And here if you  
6 could look at lines 18 through 25 on that page and then  
7 continuing on lines 1 through 5 on page 227. You make a  
8 statement, it arises from discussion previously with The  
9 Chairperson about regulatory hearings, the Board's sort  
10 of other life in other respects, but you make the  
11 comment:

12 "It's a different world, but this is  
13 not a utility and therefore you  
14 shouldn't be seeking to set a rate for  
15 a utility. The other, it's a  
16 competitive market."

17 So I take it that's getting back to what  
18 you were just saying a moment ago about the fact that, in  
19 your view, the market at the levels you're at now in  
20 terms of the rates that are being charged or the fees  
21 that are being charged is working well and is  
22 competitive?

23 I think I heard that from you previously.

24 MR. NORMAN BISHOP: That's correct.

25 MS. ANITA SOUTHALL: And then the next

1 point you make there at that same section, starting at  
2 line 22 on page 226 is:

3 "I think the other important point is  
4 that you're dealing, as we've heard  
5 from Professor Buckland and others,  
6 with businesses that don't sell one (1)  
7 thing. They don't sell gas or they  
8 don't sell light or whatever. They --  
9 those utilities sell -- they sell a  
10 range of products and that's all part  
11 of the environment. And you'll have a  
12 range of competitors that some sell one  
13 (1) product and some sell five (5),  
14 some sell a dozen, and that -- that  
15 brings in an important factor."

16 So that was moving on to page 227.

17 Can you just elaborate on the point you  
18 were trying to make there? I mean, not in respect of the  
19 comparison to utility, but if -- if --

20 MR. NORMAN BISHOP: Are you asking me  
21 what -- what did I --

22 MS. ANITA SOUTHALL: -- you have a -- if  
23 you have a -- pardon?

24 MR. NORMAN BISHOP: You want to know what  
25 I -- what I meant?



1                   MS. ANITA SOUTHALL:    Yeah.  I'm trying to  
2 understand what you meant by that comment, because if  
3 there -- if there's an aspect there that you want the  
4 Board to take into consideration, I just wanted to make  
5 sure that we didn't miss that.

6                   MR. NORMAN BISHOP:    So I have to figure  
7 out what I meant.  I think what I'm saying is that, the  
8 Board knows more about regulating utilities than I do,  
9 but when you're regulating a utility you look at a whole  
10 number of factors and -- and you're not -- and you're  
11 going to set the price and you -- you look at the cost of  
12 providing the product.

13                   Now, when you're dealing with a number of  
14 companies that offer a range of products as we've talked  
15 before -- you -- you raised the point that, well, you pay  
16 rent but then you're going to add a number of products  
17 and so there's a -- a portion of that price attributed to  
18 each product so it gets quite complicated when you're  
19 trying to just determine what's the price to offer this  
20 product out of nine (9) products out of one (1) store.

21                   And at the same time you then are dealing  
22 with a range of companies, and Company A offers nine (9)  
23 products, Company B offers five (5) products, Company C  
24 offers one (1) product.  So each one (1) of those  
25 companies, their incremental costs for that product will

1 differ and it's very difficult (a) to find out the  
2 incremental cost of one (1) out of nine (9) products and  
3 then that assessment is different for every company.

4           So what I am saying is, I think we've got  
5 a competitive market going and I think that -- that is  
6 functioning well. And if the Board said, Well, we think  
7 we should ignore that and instead we should set the price  
8 like you -- to the utility, then you would be basically  
9 going in and drawing a line down the middle of what all  
10 the fees were.

11           And I'm saying that you're -- you're then  
12 messing with the -- the competitive free market. That --  
13 that could cause a lot of problems because it -- it would  
14 be very difficult to come out and figure out really what  
15 -- what is the appropriate price.

16           So I think those are reasons why the  
17 approach we would suggest the Board take is draw or -- or  
18 set a maximum rate that's above what is determined to be  
19 the competitive market so that the market could come in  
20 and do this.

21           I think a good example is in -- in Europe  
22 in a couple of jurisdictions where they're trying to --  
23 where they want to decide what the appropriate lending  
24 rate cap should be they look at the lenders in that  
25 sector and they figure out what the average is. And then

1 they say the cap will be 25 or 50 percent above that  
2 average so that -- that it can be set that way. And that  
3 way it ensures that even if the average changes the cap  
4 will go with it.

5 So those were -- I think that's what I was  
6 trying to say back in 2006.

7

8 (BRIEF PAUSE)

9

10 MS. ANITA SOUTHALL: Thank you,  
11 Witnesses, those are my questions.

12 THE CHAIRPERSON: Thank you very much. I  
13 think this will provide Mr. Edwards a chance to consider  
14 any re-direct. So we'll have our lunch break now and  
15 we'll come back at 1:30.

16

17 --- Upon recessing at 12:25 p.m.

18 --- Upon resuming at 1:40 p.m.

19

20 THE CHAIRPERSON: Mr. Edwards, do you  
21 have any re-examination of your witnesses?

22 MR. PAUL EDWARDS: I do, very limited.

23

24 RE-DIRECT EXAMINATION BY MR. PAUL EDWARDS:

25 MR. PAUL EDWARDS: I just wanted first

1 just to clarify and maybe it is clear already but let me  
2 just clear it up. If there is any misconception about  
3 this issue of photographs, and taking a picture of  
4 someone when they go to cash a cheque, my understanding  
5 is that that is voluntary and is not necessary to -- to  
6 cash a cheque to have your picture taken.

7 MS. PATTI SMITH: That's correct.

8 MR. PAUL EDWARDS: Ms. Smith, you were  
9 asked by Mr. Williams about the status, the various  
10 information in the discovery survey about who the typical  
11 cheque cashing client is.

12 One aspect of that that was not mentioned  
13 that I just wanted to draw you -- to your attention and  
14 see if there was any comment.

15 We have the statistics, and these are, I  
16 think, set out -- summarized in the pre-filed materials  
17 at page 4. One of the aspects of that is an average  
18 annual household income of thirty-two thousand, five  
19 hundred dollars (\$32,500).

20 How does that factor into the life cycle  
21 comment you made in terms of the typical cheque cashing  
22 customer of Money Mart?

23 MS. PATTI SMITH: I think I -- I think I  
24 understand.

25 The average cheque cashing customer has a

1 -- a household income of thirty-two thousand, five  
2 hundred dollars (\$32,500), where the average Canadian has  
3 a household income of, I think, about thirty-four  
4 thousand (34,000).

5                   And so, although they're on a slightly  
6 lower end of that, I think a whole -- a whole big piece  
7 of that is age and experience with -- with traditional  
8 banking.

9                   But they're very close to -- to an average  
10 Canadian, hard-working, getting into the -- getting into  
11 the work -- the work-base.

12                   Does that answer your question?

13                   MR. PAUL EDWARDS: It does.

14                   MS. PATTI SMITH: Okay.

15                   MR. PAUL EDWARDS: Thank you. Just one  
16 (1) other question.

17                   You were asked, regarding the demographic  
18 profile of the typical cheque cashing customer changing  
19 over time, and I think the comment was -- your comment  
20 was that, or perhaps it was Mr. Bishop, that yes, it had  
21 changed.

22                   Can you indicate how it's changing, in  
23 your estimation?

24                   MS. PATTI SMITH: Our customers -- our  
25 cheque cashing customers are becoming more occasional

1 than habitual and because a large number of social  
2 services cheques are -- are being direct deposited, a  
3 larger number of our -- our cheque cashing customers are  
4 payroll and commercial customers.

5 So their demographic is definitely  
6 different. Slightly -- slightly more affluent, slightly  
7 more educated.

8 So it, year over year, changes and -- and  
9 slightly more banked.

10 MR. PAUL EDWARDS: Sorry, I do have one  
11 (1) more question, and that is, Mr. Williams asked you  
12 also about the location of Money Mart locations in the  
13 City of Winnipeg and you remember some discussion about  
14 the quadrants.

15 This is at Tab B of the pre-filled  
16 materials, where the list of locations and the map was  
17 set out. And I noticed that in the downtown commercial  
18 area there appear to be four (4) located within the  
19 downtown commercial; is that correct, and if so, why?

20 MS. PATTI SMITH: We normally site where  
21 the people are, and so if you walk around you'll see that  
22 people are working down here and there -- it's just a  
23 busy area, so we'll go where it's convenient for people  
24 to find us, whether it's at lunchtime or after work,  
25 before work.

1                   And in any major centre, if you look at  
2 how our growth has worked, we've always started our  
3 growth in the center of a city and migrated outward into  
4 the suburbs, and I think Winnipeg is no exception.

5                   MR. PAUL EDWARDS:    Okay.  And just to  
6 followup on that, I understand that you play some role  
7 for the Company in terms of siting new locations, is that  
8 correct?

9                   MS. PATTI SMITH:    I do.

10                  MR. PAUL EDWARDS:   Can you, without -- or  
11 just give us a summary of -- of the types of things you  
12 look at and how siting has occurred in recent years.

13                  What are the criterion and what do you  
14 look for?

15                  MS. PATTI SMITH:    Sure.  We actually use  
16 a fairly sophisticated process where we -- we maintain a  
17 database of all of our existing customers as well as some  
18 updated census data, and so we map all of that using a  
19 customer profile and our existing customer database.

20                  So we can take a look at where there are  
21 customers that fit our demographic profile that we're not  
22 currently serving, and that's where we would target.

23                  MR. PAUL EDWARDS:    In terms of that  
24 profile, does whether or not people are employed play a  
25 role?

1 MS. PATTI SMITH: Our largest growing  
2 product insists that a person is employed, and with our  
3 growing cheque cashing -- I mean our decreasing cheque  
4 cashing in all the areas with the exception of some  
5 payroll and commercial, again, those are employed people,  
6 so it plays a huge role.

7 Our demographic profile is, you know, the  
8 kind of eighteen (18) to forty (40) year old with an  
9 average income of about forty thousand dollars (\$40,000)  
10 would be a target.

11 MR. PAUL EDWARDS: When you make that  
12 comment about your largest growing business you're  
13 speaking of the payday loans?

14 MS. PATTI SMITH: Consumer lending in  
15 general.

16 MR. PAUL EDWARDS: Okay. And that  
17 requires someone to be employed?

18 MS. PATTI SMITH: A hundred percent. And  
19 have a bank account, a hundred percent.

20 MR. PAUL EDWARDS: Okay. Those are my  
21 questions. Thank you.

22 THE CHAIRPERSON: Thank you, Mr.  
23 Edwards, and thank you to the panel.

24

25 (PANEL STANDS DOWN)



1 THE CHAIRPERSON: We're moving on now to  
2 re-attendance and further evidence of Dr. Jerry Buckland.  
3 Dr. Buckland, maybe you want to switch  
4 places with the Money Mart Panel.

5  
6 JERRY BUCKLAND, Resumed

7  
8 THE CHAIRPERSON: Thank you for rejoining  
9 us.

10 Mr. Williams, if you want to begin with  
11 your further direct evidence of Dr. Buckland. Oh, I'm  
12 sorry --

13 MS. BEVERLY FROESE: Oh, actually --

14 THE CHAIRPERSON: -- it's Ms. Froese.

15 MS. BEVERLY FROESE: -- it's supposed to  
16 be me, Mr. Chair. Thank you.

17 THE CHAIRPERSON: Can I remember, it's an  
18 age thing.

19 MR. PAUL EDWARDS: I'm sorry to interrupt,  
20 I did -- we have produced the list of fees for the debit  
21 and credit card to Ms. Southall, and I believe -- I just  
22 wanted to make note of that. That had been discussed.

23 THE CHAIRPERSON: Thank you.

24 MR. PAUL EDWARDS: So, I don't know if we  
25 want to mark those --

1 MS. ANITA SOUTHALL: Yes, I have them  
2 here. We can. It may be --

3 THE CHAIRPERSON: Let's put them in then  
4 into the -- give them an exhibit number and we'll enter  
5 them in. I think it's 7.8 isn't it?

6 MS. ANITA SOUTHALL: 7.8 --

7 THE CHAIRPERSON: 7.8.

8 MS. ANITA SOUTHALL: -- would it be?  
9 That's my tracking, yes.

10

11 --- EXHIBIT NO. MM-7.8: Three (3) documents listing  
12 fees for debit and credit  
13 cards.

14

15 MR. PAUL EDWARDS: Yes. And it's actually  
16 -- and we can certainly get copies here, but just so  
17 you're aware, it's a small fee schedule, then there's a  
18 second little -- slightly larger one (1) page document  
19 and then there's the actual pamphlet on the cards, so  
20 there's actually three (3) documents. We'll make them  
21 all 7.8.

22 MS. ANITA SOUTHALL: Yes, and I'll make  
23 sure that --

24 THE CHAIRPERSON: Sort of like our  
25 driver's license, two (2) part forms.

1 MR. PAUL EDWARDS: That's -- that's it.  
2 There's no picture here though.

3 MS. ANITA SOUTHALL: I'll make sure that  
4 they stay intact so that the exhibit is complete. Thank  
5 you.

6 MR. PAUL EDWARDS: Thank you.

7 THE CHAIRPERSON: Very good, thank you.

8 Ms. Froese...?

9 MS. BEVERLY FROESE: It's -- it was my  
10 understanding that Dr. Buckland was to be re-sworn --

11 THE CHAIRPERSON: We're --

12 MS. BEVERLY FROESE: -- prior to giving  
13 his testimony.

14 THE CHAIRPERSON: -- we're fine. We just  
15 adjourned last December, so we'll just carry on on the  
16 basis as when he was up here before.

17 MS. BEVERLY FROESE: Thank you. Before I  
18 begin my questioning, I just wanted to mention to -- to  
19 the Board something Mr. Williams remarked in his opening  
20 statement, that with the exception of one (1) question,  
21 the questions that I'm going to be asking Dr. Buckland  
22 were posed by Board Counsel.

23 The one (1) question that we had added I  
24 can confirm that I spoke with Counsel for Money Mart and  
25 North West and they're not opposed to us asking this

1 question so with the Board's permission I will add that  
2 to the list.

3 THE CHAIRPERSON: Please.

4 MS. BEVERLY FROESE: Thank you.

5

6 EXAMINATION-IN-CHIEF BY MS. BEVERLY FROESE:

7 MS. BEVERLY FROESE: Dr. Buckland, just  
8 for the record could you please confirm the reports or  
9 studies that you've prepared either in whole or in part  
10 by yourself that are related to fringe or near banks and  
11 consumer interests that have been filed with the Board?

12 DR. JERRY BUCKLAND: I can confirm that  
13 prior to the start of the hearing a draft study that I am  
14 working on entitled, "Financial Exclusion in Canada,  
15 Evidence of its Relationship to Poverty" was sent by  
16 counsel for CAC/MSOS to the Board and all the parties.

17 I can also confirm that after I testified  
18 counsel for CAC/MSOS sent three (3) more of my reports to  
19 the Board and these reports are a study completed in  
20 September '05 entitled, There are no Banks Here,  
21 Financial and Insurance Exclusion in Winnipeg's North  
22 End, a study completed in March '05 entitled, Fringe  
23 Banking in Winnipeg's North End, and a study done in  
24 August '03 called, The Rise of Fringe Financial Services  
25 in Winnipeg's North End, Client Experiences, Firm

1 Legitimacy, and Community-Based Alternatives.

2 MS. BEVERLY FROESE: Thank you. I just  
3 wanted to confirm the -- the first study that Dr.  
4 Buckland mentioned was already marked as an exhibit,  
5 CAC/MSOS-5.2.

6 The last three (3) studies Dr. Buckland  
7 referred to were sent as part of an undertaking so I'm  
8 wondering at this point if they can be marked as Exhibits  
9 separately or together?

10 MS. ANITA SOUTHALL: Yes, I think we'll  
11 mark them as separate exhibits and I believe we had  
12 Exhibit 5.3 marked earlier today which was Mr. Williams'  
13 mathematical calculation. That was 5.4? I'm sorry, that  
14 was 5.4. We'll figure out what 5.3 was at the break.

15 THE CHAIRPERSON: We'll sort out the  
16 numbers but we'll put the reports onto the record.

17 MS. ANITA SOUTHALL: Right. So we would  
18 be 5.5, 5.6, and 5.7 in the order that Dr. Buckland has  
19 just identified them; is that satisfactory, Counsel?

20 MS. BEVERLY FROESE: Yes, thank you.

21

22 --- EXHIBIT NO. CAC/MSOS-5.5: A study completed in  
23 September '05 entitled, There are no  
24 Banks Here, Financial and Insurance  
25 Exclusion in Winnipeg's North End.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

--- EXHIBIT NO. CAC/MSOS-5.6: A study completed in  
March '05 entitled, Fringe Banking in  
Winnipeg's North End.

--- EXHIBIT NO. CAC/MSOS-5.7: A study done in August/'03  
called, The Rise of Fringe Financial  
Services in Winnipeg's North End,  
Client Experiences, Firm Legitimacy,  
and Community-Based Alternatives.

CONTINUED BY MS. BEVERLY FROESE:

MS. BEVERLY FROESE: Dr. Buckland, in  
your report and in your previous testimony you refer to  
the term "fringe banks" and I'm just wondering if you can  
confirm what you mean by that term?

DR. JERRY BUCKLAND: Yeah, by "fringe  
bank" I'm referring to a group of businesses that offer  
financial services and generally operate on sort of the  
margins or the fringes of the financial service sector  
including payday lenders, cheque cashers, pawn shops, and  
rent-to-own operations, in addition tax refund advancers,  
sub prime creditors such as City Financial and Wells  
 Fargo are also sometimes included in this category.

These services are disproportionately used

1 by low and modest middle income households in my opinion  
2 and these services face limited and patchy regulation  
3 across the country.

4 MS. BEVERLY FROESE: To your knowledge  
5 are there terms other than "fringe banks" that mean the  
6 same thing?

7 DR. JERRY BUCKLAND: Yeah, I've heard in  
8 some cases the term "near bank" used. I think there is a  
9 subcommittee of a consumer measures committee in Canada  
10 that uses the term "alternative credit market".

11 MS. BEVERLY FROESE: In your earlier  
12 testimony and I don't think we need to -- to go there but  
13 for the Board's reference I believe it's page 34 of the  
14 transcript, you stated that Rent Cash is one (1) of the  
15 dominant service providers in Winnipeg. Do you know when  
16 Rent Cash started to offer cheque cashing services?

17 DR. JERRY BUCKLAND: My understanding is  
18 that Rent Cash is made up of three (3) different  
19 components: Insta-Loans, the Cash Store, and Insta-Rent  
20 and this is the product of some recent mergers that have  
21 taken place I believe.

22 In my previous research in 2002/2003 we  
23 found that Insta-Loans at that time did not offer cheque  
24 cashing services but the Cash Store did so one (1) of the  
25 three (3) groups at that time did not offer cheque

1 cashing services, at least in the research in Winnipeg's  
2 north end.

3 MS. BEVERLY FROESE: I understand -- this  
4 next question I'm going to ask you, Dr. Buckland, you  
5 might be referring to a table that you created and  
6 prepared as sort of a visual aid to explain part of your  
7 answer.

8 At this time I'd like to ask Board Counsel  
9 for permission to enter this as an exhibit. I have  
10 provided a copy already to counsel for North West and  
11 Money Mart, with your permission, Mr. Chair.

12 MS. ANITA SOUTHALL: Yes, by all means,  
13 as long as you've canvassed the other counsel and there's  
14 no objection.

15 MS. BEVERLY FROESE: Yes.

16 MR. PAUL EDWARDS: No objection.

17 MR. ALLAN FORAN: No objection.

18

19 CONTINUED BY MS. BEVERLY FROESE:

20 MS. BEVERLY FROESE: As that's being  
21 handed out, Dr. Buckland, in your prior testimony and  
22 your written report, you talked about the reasons why  
23 consumers choose to cash government cheques and other  
24 cheques at fringe banks.

25 Could you please summarize your findings



1 for the Board on this point?

2

3

(BRIEF PAUSE)

4

5 DR. JERRY BUCKLAND: Thank you very much.

6 To do so, I'd like to draw on a theory that I'm kind of

7 working on coming out of, actually, the US where the --

8 the fringe banking phenomenon has been maybe longer

9 standing and maybe more established today.

10 It's called the institutional theory of

11 savings and financial services and essentially what it --

12 it finds is that there's factors on the demand side and

13 on the supply side of the financial services equation

14 that have created a kind of two-tier banking system.

15 And on the demand side, the factors that

16 typically are pointed to include how low income people's

17 incomes and entitlements have changed over time and, for

18 instance, there is evidence that there is a growing gap

19 in terms of income and assets in Canada between the

20 richest and the poorest and there's also evidence,

21 although this will depend on each province, but there's

22 evidence that in some cases welfare entitlements are not

23 keeping up, for instance, with inflation.

24 So, these factors affect the demand side

25 of the -- the demand that low income people have for

1 financial services.

2                   At the same time, there's factors on the  
3 supply side that have affected the -- the financial  
4 service market and, in particular here, I would want to  
5 note the factors that are influencing main stream banks  
6 in their determination of where their branches will be  
7 based and which branches will be closed and I would want  
8 to make the case that the limited data I've seen, for  
9 instance, in Winnipeg, that disproportionately the  
10 branches that have been shut down since the data has been  
11 collected by the Financial Consumer Agency of Canada,  
12 which has been in the last three (3) or four (4) years  
13 that disproportionately the bank branches shut in  
14 Winnipeg are in lower income neighbourhoods.

15                   And another factor on the supply side is  
16 the imperfect competition that we see in the financial  
17 services sector and -- and I might argue that both within  
18 mainstream banks and within fringe banks we see evidence  
19 of imperfect competition.

20                   So, then from that set of factors, I asked  
21 the question: how do these demand and supply side  
22 factors affect the individual low income person's  
23 decision-making about financial services?

24                   And there's sort of a debate in the  
25 literature right now. What can we assume about the

1 consumer's rationality and there are those that argue  
2 that, in fact, consumers, when they take out payday  
3 loans, it's evidence that they're irrational, they're  
4 behaving in quasi-rational ways.

5 I -- I don't agree with that myself. I  
6 think that maybe in some cases people don't make  
7 completely rational decisions, but I think it's a --  
8 generally, it's a good place to start by saying that  
9 people make rational decisions and the same applies for  
10 low income people as to non-low income people.

11 So, I start with the assumption that  
12 people in terms of making decisions about their financial  
13 lives which influences their livelihoods in general,  
14 they're making rational decisions. And then they make  
15 rational choices about financial service providers that  
16 they want to use in order to achieve those goals.

17 And, so in choosing financial services,  
18 people consider the costs and benefits in order to  
19 maximise their -- their satisfaction and achieve their  
20 goals.

21 And I think -- now I'm going to go to my -  
22 - my table which tries to, in a very simplistic kind of  
23 fashion point out the -- the three (3) types of costs  
24 that I think, typically, I've found in my research,  
25 people factor in when choosing what kind of financial

1 service provider they want to use.

2                   And what I've done is I've got two (2)  
3 kind of service providers; the mainstream bank, checking  
4 a cash -- cashing a cheque and -- and a cheque casher,  
5 cashing a cheque. And what I'm suggesting is there's  
6 sort of three (3) types of costs that people, from my  
7 reach -- my research factor in.

8                   First of all, the direct cost and that's  
9 the fee that the business charges and we've heard quite a  
10 bit of discussion about the fees and how -- how they're  
11 organized and so forth and -- and I would suggest that  
12 the mainstream bank fee, the fee that they charge for  
13 cashing a cheque is quite low. Relatively, the cheque  
14 casher's fee is high.

15                   However, when you look at other costs  
16 like, for instance, indirect economic costs. By that, I  
17 mean, the cost that it takes the consumer to get to the  
18 bank or the cost that it takes to get the cheque, sorry,  
19 get the cash from the cheque, in light of a hold period.  
20 The costs there tend to be more sig -- significant, so  
21 I've -- I've labelled that more of a medium level cost.

22                   For the cheque casher, the costs there are  
23 less. First of all, the cheque casher doesn't apply the  
24 hold period and secondly, the cheque casher is probably  
25 more close in proximity to the -- to the -- the low

1 income consumer.

2                   So, for instance in the North end of  
3 Winnipeg, which I use the North End Community Renewal  
4 Corporation mapping, which uses McPhillips on the -- the  
5 West, the Red River on the East, the train tracks on the  
6 South and Curruthers Avenue on the North, that's their  
7 sort of geographic unit that they use.

8                   What we se -- what we've seen is that  
9 there's been a dramatic decline in the number of bank  
10 branches and credit union outlets from 1980 until 2003.  
11 In 2003, we counted only five (5) of these mainstream  
12 banker/credit union outlets. In 1980, I think there were  
13 twenty (20) and conversely, in 1980 we identified only  
14 one (1) pawn shop in that particular North end area.

15                   By 2003, we found eighteen (18) pawn  
16 shops, cheque cashers, payday lenders and rent-to-owns.  
17 So clearly there for the low income consumer in the North  
18 end, these fringe banks are -- are more -- they're  
19 closer, they're more convenient to get to. So, the  
20 indirect costs are lower.

21                   And, then finally the third category of  
22 costs that, I think, people factor in are the indirect  
23 social costs. And here I'm referring to the level of  
24 trust, the level of respect that the client feels that  
25 they receive from the particular service provider. And

1 I'm not wanting to argue that this is a universal claim,  
2 but we have heard more complaints -- in -- in my  
3 research, I've heard more complaints from low income  
4 consumers regarding the level of respect and the level of  
5 trust they've received from a main stream bank than I've  
6 heard complaints about those factors from cheque cashers.

7           So, that's why I've then applied, you know  
8 sort of, a medium cost for the bank on that count and a  
9 low cost for the cheque casher. And, by the way, this is  
10 a very qualitative kind of table. I'm not trying to  
11 suggest that in any way, I've quantified this. I'm just  
12 trying to give a, kind of, qualitative picture. And,  
13 then the -- the bottom line here for the consumer is, ok,  
14 what's sort of the total cost in this qualitative fashion  
15 and I'm suggesting that the total cost is sort of a --  
16 they're -- it's quite similar in -- for -- for many  
17 consumers.

18           So, some might go to the bank, some might  
19 go to the cheque casher and so, in the end, there are a  
20 series of these factors that -- that they take into  
21 account. And, one other point I wanted to make was that  
22 on the last point, the indirect social costs, we have  
23 found or in -- in the research it does seem that there's  
24 a significant number of people, low income people that  
25 we've talked with, have a general level of suspicion or a

1 general level of distrust about large scale institutions;  
2 whether it's a bank, a Government agency, any kind of  
3 large scale institution. A -- a sense that somehow those  
4 institutions aren't operating in the interests of that  
5 low income person. That somehow those institutions are  
6 just -- they don't care, there's no empathy towards them  
7 and they're -- they're not listening, they're not  
8 helping, they're creating road blocks for those people's  
9 lives.

10                   So, the fear is sometimes expressed that  
11 providing information to those institutions, whether it's  
12 a bank or whether it's a Government agency, that somehow  
13 that will affect that person negatively in the future,  
14 maybe it will lead to them forfeiting some income in the  
15 future or have to forego some assets. So, this general  
16 level of suspicion is something I found.

17                   Whether the suspicion is real, partly real  
18 or imagined, you know, sometimes it's hard to really  
19 know, but I wanted to mention that.

20                   MS. BEVERLY FROESE: Thank you. You  
21 mentioned this general suspicion about large scale  
22 institutions. Do you have any specific knowledge about  
23 whether some consumers might choose to cash their cheques  
24 other than at a bank or credit union because they want to  
25 hide their revenue from, for instance, creditors or the

1 CRA or some other body that might be interested in their  
2 financial situation?

3 DR. JERRY BUCKLAND: Yeah. Well again, I  
4 can't quantify how common this is, but I've certainly  
5 heard this said by respondents that we've interviewed who  
6 feel that, again, providing information to a main stream  
7 bank and -- and cashing a cheque at a mainstream bank or  
8 having a bank account at a mainstream bank would put them  
9 in a vulnerable position; that this could lead to future  
10 identification that this person has, for instance student  
11 loan that hasn't been paid off or -- or some other kind  
12 of financial liability. And -- and so I have heard that.

13 But at the same time that I've heard that,  
14 I -- I realize that in some cases there's a  
15 misunderstanding of the liability and of the requirement  
16 to meet that liability.

17 For instance, in research I'm doing in  
18 Toronto, I have learned that in -- in some cases, if the  
19 person would go through a credit counselling process or  
20 go through various peer support processes, that a good  
21 portion of that debt would be written off.

22 So, again, it's -- the suspicion kind of  
23 leads people to, in some cases, stay away from banks and  
24 yet that can be an obstacle for their improvement in  
25 their financial well being.



1 MS. BEVERLY FROESE: Dr. Buckland, could  
2 you please outline your opinion on the difficulties, if  
3 any, that low income consumers face when they're trying  
4 to cash a cheque at a bank or a credit union?

5 DR. JERRY BUCKLAND: Okay. I think  
6 there's, first of all, the challenge of the personal  
7 identification, and we heard about those issues this  
8 morning, both to open an account and then to cash a  
9 cheque; whether you have an account or not, personal  
10 identification can be an obstacle. And for low income  
11 people who aren't drivers, who don't have a driver's  
12 licence, maybe who don't have a birth certificate, these  
13 personal identification issues are a challenge.

14 Of course, the hold period is a major  
15 obstacle for the use of the bank, the deposit account to  
16 cash the cheque. Typically, there's a three (3) to seven  
17 (7) day hold period placed on cheques. And for low  
18 income people with very limited money, that three (3) to  
19 seven (7) day period is a -- is a very long wait.

20 And then, finally, the other indirect  
21 social and economic cost that I was just discussing,  
22 whether it's travel time or the respect or trust issue  
23 also I think factor in.

24 MS. BEVERLY FROESE: And what's the  
25 impact of these difficulties that you've just talked

1 about on low income consumers?

2 DR. JERRY BUCKLAND: Well, I think these  
3 factors help explain the phenomenon of financial  
4 exclusion which -- which I define as a situation where  
5 there are few financial service options for individuals.  
6 And, as a result, individuals face variable and sometimes  
7 high fees charged by un- or under-regulated fringe banks  
8 or informal financial service providers.

9 MS. BEVERLY FROESE: Dr. Buckland, do you  
10 have an opinion on whether there's any value or benefit  
11 to consumers in cashing their cheques at fringe banks?

12 DR. JERRY BUCKLAND: Yeah, I think that  
13 there is an immediate value in the sense that the fringe  
14 bank is providing a service that meets an immediate need  
15 and low income people are, I think, generally very  
16 concerned about the immediate needs. They are concerned  
17 about the daily needs, transactions, getting cash  
18 immediately.

19 So those are -- that's an important  
20 service. And, in addition, it does provide an  
21 alternative -- the fringe bank provides an alternative  
22 financial service provider, particularly when banks are -  
23 - are shutting branches down it's an important  
24 alternative.

25 MS. BEVERLY FROESE: What about the

1 disadvantages? Are there disadvantages to consumers in  
2 using fringe banks to cash their cheques?

3 DR. JERRY BUCKLAND: Now, I think the  
4 disadvantages include the -- the higher fees for the  
5 service, the direct fees that we've talked about. The  
6 fact that fringe banks typically offer a set of services  
7 that are -- are for immediate need, and they don't  
8 typically have a range of services that help meet sort of  
9 developmental needs.

10 By that I mean the immediate needs are to  
11 cash the cheque to pay the bill, but there aren't the  
12 developmental service typically -- not in all cases --  
13 but typically the developmental services like credit  
14 repair, credit building, credit rating building, savings  
15 schemes -- that those types of things aren't available.

16 Another point is that fair disclosure is  
17 not necessarily followed by fringe banks so that fees, in  
18 some case, aren't posted, they're not clearly available  
19 for the customer. In some cases fees are made up of a  
20 variety of different types of fees -- a dollar, a  
21 percentage, administrative fee, a cheque-cashing fee --  
22 and that makes it difficult for the consumer to -- to  
23 compare the fee from -- from business to business and to  
24 kind of compare and shop around.

25 The fringe banks presently are -- the

1 regulation of them is limited and patchy across the  
2 country. And then, finally, I do think there's evidence  
3 of imperfect competition in the fringe financial sector  
4 and by that I mean, that there are a small number of  
5 firms that seem to have a large chunk of the industry.

6                   They seem to control a large chunk of the  
7 -- of the market. And in a situation where there's a  
8 small number of firms that have a significant share of  
9 the market, there is a risk -- it's not a certainty, but  
10 there is a risk that the outcome isn't going to maximise  
11 the consumer's benefit.

12                   There's a risk that the small number of  
13 firms don't behave like the perfectly competitive firms  
14 in the economist's model.

15                   The perfectly competitive market is where  
16 firms have no way to influence market prices, but, where  
17 we have a couple or a few large producers in a market,  
18 there is a risk that they can have an influence over  
19 market outcomes.

20                   MS. BEVERLY FROESE: Thank you. This  
21 morning we heard evidence of -- of something called a  
22 loaded debit or credit cards, and I'm wondering if you're  
23 familiar with those terms?

24                   DR. JERRY BUCKLAND: Yeah, okay. Yes, I  
25 am.

1 MS. BEVERLY FROESE: Could you please  
2 explain what you mean by those terms?

3 DR. JERRY BUCKLAND: Yeah. My  
4 understanding is the -- first of all the debit card, the  
5 loaded debit card is like a bank debit card that, in this  
6 case, is not tied to a bank account but it's tied to some  
7 kind of account associated with that card.

8 And I understand that -- from my  
9 understanding, there's two (2) basic types of these  
10 cards. One is a card that's associated with a particular  
11 store, like a Canadian Tire card that you might get as a  
12 gift, something like that.

13 And then the second type is the more  
14 generic card. For instance, the one that Money Mart has  
15 that allows you to use that debit card, subject to the  
16 funds you have on account, through an interact network or  
17 some kind of payment network.

18 Then the secured credit card is, again,  
19 it's like a regular credit card, from my understanding,  
20 in -- in that it's usually associated with one of the  
21 major credit card companies.

22 But the credit available to the consumer  
23 is limited to the amount of money the client has  
24 deposited in a secured deposit account at a participating  
25 bank or credit union.

1                   Now, I'm not certain this is the model  
2 that Money Mart uses with their secure credit card. I do  
3 know, for instance, that Assiniboine Credit Union has a  
4 secure credit card and this is the model they have; that  
5 you can have their secure credit card, for instance, for  
6 two hundred dollars (\$200).

7                   That would be the limit on your card and  
8 then you've had -- you -- you must have placed two  
9 hundred dollars (\$200) in a secured account which you  
10 can't touch.

11                   And -- and so the client can access credit  
12 up to the amount of the funds that they've deposited in  
13 that secure account.

14                   MS. BEVERLY FROESE: Do you have an  
15 opinion on whether there are any advantages or  
16 disadvantages to these loaded debit or credit cards for  
17 consumers?

18                   DR. JERRY BUCKLAND: Yeah. I think that  
19 new technologies like debit and secured credit cards,  
20 ATMs, point-of-service systems, telephone, internet  
21 banking all have the potential to assist people who find  
22 themselves financially excluded.

23                   I believe that if these technologies are  
24 developed with low income people in mind and if they're  
25 combined with structural changes, systemic changes within

1 the banking system, then they could help reduce financial  
2 exclusion.

3                   However, debit cards on their own can't  
4 overcome financial exclusion for low income people. This  
5 is because the causes of financial exclusion are  
6 multiple, in my opinion.

7                   Now, this is also because, in some cases,  
8 the same high fees that are associated with cheque  
9 cashing are now found associated with debit cards.

10                   So, in my own research in -- in preparing  
11 for my -- my report, I found that the fees associated  
12 with the Money Mart debit card are quite significant and,  
13 you know, could represent a significant proportion of a  
14 low income person's income.

15                   MS. BEVERLY FROESE: Thank you. Dr.  
16 Buckland, as you know, the purpose of this hearing is to  
17 establish fees for cashing government cheques.

18                   Do you have any specific recommendations  
19 as to the maximum fee the Board should set to cash such  
20 cheques?

21                   DR. JERRY BUCKLAND: Well, I guess  
22 thinking this over again, I still believe that whatever  
23 the -- the cap is, it would be useful to consider both  
24 the producer and the consumer interest.

25                   One of the issues for the producer is that

1 the fixed and variable costs component be included in  
2 some way because it is clear that the fixed costs for at  
3 least the -- the multi-service fringe bank, the -- the  
4 fringe bank that offers cheque cashing and payday lending  
5 have significant fixed costs that -- that somehow this  
6 cap addressed that and that's where you get into the  
7 percentage and the dollar figure.

8           And so then, in my opinion, the most  
9 advisable ceiling is one (1) of two (2), either the --  
10 what I call the economies of scale which is a cap that  
11 would be lower than the prevailing Winnipeg average or  
12 the firm average ceiling and that would be, you know, by  
13 -- by definition roughly the average of what the firms  
14 are paying right now.

15           I advocate one of these two over and above  
16 the third option that I -- I see as -- as sort of the  
17 general option which I refer to as the "outlier" ceiling  
18 and that would be a ceiling that would be significantly,  
19 you know, some percentage above what the -- the average  
20 is now.

21           I -- I would call for the economies of  
22 scale or the firm average ceiling because I think that  
23 either of these would rule out gouging and it would force  
24 firms charging slightly in excess of the ceiling to  
25 reduce or differentiate their fees or exit the service.



1                   The reason I suggest two (2) options is  
2 because the data has not been made available to us. I  
3 suggest that unless cheque cashers demonstrate that they  
4 do not earn supernormal profits that the ceiling for  
5 government cheque cashing be set at the lower economies  
6 of scale level, so at some fraction or some percentage  
7 below the Winnipeg average. If cheque cashers provide  
8 data that demonstrates that they are not earning  
9 supernormal profits, then I recommend the firm average  
10 level. And, of course, in -- in any case the inflation  
11 adjustment, in my mind, needs to be addressed in some way  
12 that over time the ceiling can -- can reflect inflation.

13                   To make better recommendations regarding a  
14 fee cap it's necessary to have better information on the  
15 -- the costs and returns of cashing government cheques.  
16 It would also be useful to have information on outlet  
17 numbers, volume of cheques, average size, revenues, and -  
18 - and costs for the services.

19                   MS. BEVERLY FROESE: Do you have any  
20 opinion on whether there should be a different fee set  
21 depending on where the cash -- or the cheque is cashed,  
22 for example if it's by a payday lender or a cheque  
23 casher, a bank, a credit union, a retail store, a pawn  
24 shop, or an individual?

25                   DR. JERRY BUCKLAND: This is sort of

1 outside of my area of the sort of the nuances of  
2 regulation. I -- I don't feel qualified to -- to really  
3 respond to it except to say that I think a simpler  
4 formulation would probably be -- would be better.

5 MS. BEVERLY FROESE: Thank you. You  
6 talked previously about the difficulties facing low  
7 income -- low income consumers when trying to cash a  
8 cheque at a bank or a credit union.

9 Dr. Buckland, do you have any  
10 recommendations this Board could make to the Government  
11 to improve that situation so that low income consumers  
12 would be able to select and successfully use and engage  
13 banks and credit unions to cash their cheques at a lower  
14 cost than what they're charged at a fringe bank?

15 DR. JERRY BUCKLAND: Okay. Well, if I  
16 could answer this in a slightly broader way. I think  
17 that low income people will want to cash their cheques at  
18 a bank if there's more opportunities to use the services  
19 of banks and so there are sort of four (4) areas that I  
20 think could be useful in trying to -- to deal with what  
21 would attract people to -- to using banks.

22 So, firstly, more information, that low  
23 income consumers need more information about the existing  
24 services that are available for them. First of all, the  
25 -- the fair disclosure point. I think it would be very

1 helpful for consumers to -- to know what are the -- the  
2 actual costs for various services at banks and at fringe  
3 banks and for these services to use common units of  
4 measurement whether it's APR or cost per cheque -- cost  
5 to cash a hundred dollar (\$100) cheque. It would allow  
6 them to shop around and -- and allow them to be more  
7 careful in their decision making.

8           Secondly, under this information category  
9 there are certain bank services presently available  
10 including a low fee account. The -- the low fee  
11 accounts, my understanding are a voluntary agreement that  
12 several of the major banks have established that provide  
13 a -- an account that provides something like ten (10) to  
14 fifteen (15) transactions per month for roughly four to  
15 five dollars (\$4 to \$5 dollars) fee per month. There's  
16 no additional transaction fee and there's no minimum  
17 balance.

18           So it's -- it's a pretty good deal but I  
19 don't think a lot of low income people necessarily know  
20 about these low fee accounts, so, it's the information  
21 that needs to get out there.

22           Also what are the personal identification  
23 requirements and the cheque hold policy? I mean, how  
24 often do we go to the bank and they have posted on the  
25 wall, you know, here are the requirements and here is our

1 cheque cashing policy? It's generally their -- their  
2 information that aren't readily available, so I think if  
3 that information was available it would be very useful.

4           And thirdly, under information, we all  
5 have rights as financial consumers and there are certain  
6 expectations that we can hold the financial sector  
7 accountable to, and there are channels by which we can  
8 complain if those -- if we're not getting -- if we feel  
9 we're -- our rights aren't being observed.

10           So the Financial Consumer Agency of  
11 Canada, FCAC, has a 1-800 number that you can call if you  
12 have a problem with some of your basic banking rights,  
13 but I don't think many Canadians, let alone low income  
14 Canadians, know about, first of all, their rights and  
15 then, secondly, what they can do about their rights if  
16 they feel that they're not being met. So that's, sort  
17 of, information.

18           The second general category I would say is  
19 that there needs to be more appropriate services offered  
20 at banks and that those services need to be more  
21 accessible.

22           So, firstly, the -- the question of bank  
23 branch accessibility. For instance in the north end, the  
24 accessibility of branch -- branches and credit union  
25 outlets has been declining as they've pulled out and --

1 and there's certainly evidence that low income people are  
2 more likely to not have transportation to get to the --  
3 the -- the branch that's supposed to take over that  
4 business.

5                   And so the accessibility question needs to  
6 be addressed and maybe banks need to get into some new  
7 innovative kinds of approaches using subsidiaries or  
8 working with other non-profit organizations. And there's  
9 examples in the country right now of that, the Cash and  
10 Save in Toronto is a subsidiary of the Royal Bank and  
11 there a community financial service project in the north  
12 end of Winnipeg that's got as a partner Assiniboine  
13 Credit Union.

14                   So there are some of these -- there's only  
15 a few, unfortunately, there's only a few, but there are  
16 certainly models that could be used.

17                   In addition, under appropriate services, I  
18 think clients are going to come in to the bank to cash  
19 cheques if there's other services that are worth their  
20 while. So if savings and credit services are made  
21 available, and I'm not talking about expensive, high --  
22 large loans.

23                   I'm talking about small loans and small  
24 projects to save money. And so, saving -- saving schemes  
25 that involve, for instance, a free second deposit account

1 for a customer who wants to have a second account to save  
2 some money in. Or asset building programs, this is a  
3 matched program where a person commits to saving a  
4 certain amount of money and then that's matched by a  
5 funder of some sort, and then it's intended to build that  
6 person's assets to help them with future plans.

7           Credit schemes involving revolving loan  
8 funds. The secure credit card, I think, is a very  
9 interesting idea that could help build credit rating and  
10 eventually help the person move into a -- you know, sort  
11 of a normalized kind of credit card.

12           Peer and staff supported credit and credit  
13 that assists in the credit rating are some other  
14 examples.

15           Personal identification, that's come up as  
16 an issue today, and is -- is a huge issue, I think, for  
17 low income Canadians who don't have sufficient id, and  
18 find it difficult to obtain that id. And yet it seems  
19 that there's some relatively straightforward answers to  
20 that and, frankly, I think Money Mart's got the right  
21 idea, in my opinion, with their photo system.

22           They're not the only ones, they're --  
23 presently the Cash and Save, this RBC subsidiary in  
24 Toronto has a similar kind of system where the -- the  
25 client's photo and some of their basic information is on

1 the computer and so they can check identification right  
2 there. And there's an operation that's affiliated with  
3 Vancity Credit Union in Vancouver's downtown east side  
4 called Pigeon Park Savings, and they have another kind of  
5 photo id system. It's not on the computer, but it's  
6 another system.

7                   So it's possible to set up these, either  
8 bank based, branch-based systems that I think would be  
9 very useful. Alternatively, what about governments  
10 getting into providing low cost id for -- for Canadians;  
11 that's another possibility.

12                   And then there is the question of new  
13 technologies for low income people and we've talked about  
14 that before and it seems like there are potential --  
15 there's potential there for the -- you know, new debit  
16 cards and secure credit cards, and ATMs and telephone and  
17 internet banking, could offer some hope, but what's  
18 important is the infrastructure be made available for low  
19 income people.

20                   So if we hope that low income people will  
21 be tied into banks through the establishment of telephone  
22 banking, then we need to make telephones available. Or  
23 if Internet banking is seen as a way to -- a cheap way to  
24 provide those services, then Internet access needs to be  
25 made available.

1                   And so why not setting up banks of  
2 telephones and computers in low income neighbourhoods  
3 that would allow people to -- to access those.

4                   Then, thirdly, the -- the organizational  
5 facilitation if sort of a third category where I think  
6 that banks, working with employers and government  
7 agencies, could try to establish mechanisms that  
8 facilitate those people who presently find themselves  
9 financially excluded to move into the -- the banking  
10 sector.

11                   So, for instance, if an employer offers a  
12 direct -- an automatic debit system for a -- for a  
13 savings program, or some kind of asset-building program I  
14 mentioned before, where the employer works with the bank  
15 and the government agency, I think these kind of  
16 opportunities could -- could increase low income people's  
17 use of banks.

18                   And then, finally, fourthly, the  
19 organizational culture. Research has found that many low  
20 income people have limited trust for and feel  
21 disrespected by mainstream banks. Low income people have  
22 also stated that they feel less in control of their  
23 income in a mainstream bank as compared with using a  
24 cheque casher.

25                   Finally, some low income people prefer an



1 anonymous relationship with their financial service  
2 provider and that fringe banks allow for more anonymity.  
3 These issues relate to the organizational culture of  
4 mainstream banks. To address these, banks and their  
5 staff need to develop a culture that is more supportive  
6 and interested in low income people.

7           This will involve the supporting and  
8 training of bank staff, managers and tellers alike, to  
9 provide services to low income people and neighbourhoods.  
10 In addition to training bank staff, banks are encouraged  
11 to hire residents from inner city neighbourhoods that  
12 they plan to operate in. Local people are more sensitive  
13 and aware of local needs.

14           And, in fact, I've seen in the US there  
15 was a -- a -- a major credit union association plan to  
16 try and promote credit union products for un-banked  
17 people. And one of their -- one of the places they  
18 started was they looked at fringe banks and the  
19 organizational culture of fringe banks and how they  
20 operated.

21           And they said, okay, this is -- here are  
22 some of the things that you as credit unions need to do.  
23 You need to open up your branches longer hours. You need  
24 to get your people into the community to understand the  
25 needs and concerns of the people and this could change

1 the culture and make it more open to -- to low income  
2 Canadians.

3 MS. BEVERLY FROESE: Thank you. Subject  
4 to any re-direct, Mr. Chairman, those are all the  
5 questions I have for Dr. Buckland.

6 THE CHAIRPERSON: Thank you. Mr.  
7 Edwards, do you have any cross-examinations for Dr.  
8 Buckland?

9 MR. PAUL EDWARDS: I wonder if I could  
10 just have a short break to confer with my client?

11 THE CHAIRPERSON: Yes, you may.

12

13 --- Upon recessing at 2:25 p.m.

14 --- Upon resuming at 2:38 p.m.

15

16 THE CHAIRPERSON: Okay, are you all set,  
17 Mr. Edwards?

18 MR. PAUL EDWARDS: Thank you, Mr. Chair.  
19 No questions.

20 THE CHAIRPERSON: Thank you, sir. Mr.  
21 Foran...?

22 MR. ALLAN FORAN: Yes, Mr. Chairman. I  
23 do have a few questions of this Witness.

24 THE CHAIRPERSON: Please proceed.

25

1 CROSS-EXAMINATION BY MR. ALLAN FORAN:

2 MR. ALLAN FORAN: Thank you. Dr.  
3 Buckland, you'd agree that cheque cashing is a very  
4 important service to the community?

5 DR. JERRY BUCKLAND: Yes, I agree with  
6 that.

7 MR. ALLAN FORAN: And that in the absence  
8 of financial institutions such as banks or credit unions,  
9 somebody needs to step into the void to cash those  
10 cheques that citizens are receiving?

11 DR. JERRY BUCKLAND: Yeah, in -- for many  
12 low income people there are few options. As banks have  
13 pulled out, then there needs to be someplace to cash the  
14 cheque.

15 MR. ALLAN FORAN: Has it been your  
16 experience from your studies that banks and financial  
17 institutions are profit driven?

18 DR. JERRY BUCKLAND: Yeah, I think that  
19 that's true.

20 MR. ALLAN FORAN: And that if there's a  
21 need that will drive a profit, then the bank or financial  
22 institution is likely to locate in that area?

23 DR. JERRY BUCKLAND: Well, I think that  
24 my hypothesis is that for the banks, the profit generated  
25 from cheque cashing isn't as significant as the profit

1 generated from other services like mortgages and RSPs.

2 MR. ALLAN FORAN: And whether it's  
3 individual or as part of a bundle, the lack of banking  
4 facilities in an area would indicate that the area won't  
5 provide sufficient profits to the bank or financial  
6 institution to allow it to maintain there.

7 DR. JERRY BUCKLAND: If I understand your  
8 -- can I just ask for a clarification. Are you -- are  
9 you wondering if the -- the rationale for a bank shutting  
10 down a branch is that they're -- they're not earning  
11 enough profit?

12 MR. ALLAN FORAN: Yes.

13 DR. JERRY BUCKLAND: Yeah, I think that's  
14 my hypothesis although I -- I really in -- I have talked  
15 with banks to a limited extent about their sort of  
16 decision making about branch closures and they're not  
17 that forthcoming about it.

18 But I have, you know, gotten general  
19 indication that that's an important factor, if the branch  
20 is not earning profits, then they're going to shut it  
21 down.

22 MR. ALLAN FORAN: Okay. And, conversely,  
23 if there was a profit opportunity, you'd expect a bank  
24 to, or a financial institution, to locate in a  
25 neighbourhood?

1 DR. JERRY BUCKLAND: Yes, yeah. I'd  
2 agree with that.

3 MR. ALLAN FORAN: Now, in terms of  
4 setting fees, you talked about your recommendations to  
5 this Board, and I take it that what you're saying is that  
6 in the scenario where you have an option of a -- no  
7 financial institution and, as you've described it then, a  
8 fringe lender, being the only source of cash, that you  
9 have a couple of examples that you've given the Board as  
10 to what should be established and I think you've called  
11 it the economies of scale option and the firm's average  
12 option.

13 There was a third one, too. It was called  
14 the outlier option?

15 DR. JERRY BUCKLAND: That's correct.

16 MR. ALLAN FORAN: And my notes indicate  
17 that what you recommend to the Board is that when they  
18 establish the cap or the fee schedule, they take into  
19 consideration that it be set so as to rule out gouging,  
20 correct?

21 DR. JERRY BUCKLAND: What I was  
22 suggesting is that the cap be set at that economies of  
23 scale level, a level lower than the firm average, if  
24 there's evidence that the cheque cashers are earning  
25 super-normal profit.

1                   MR. ALLAN FORAN:    In the scenario where  
2 there's only one (1) cheque cashing service, would you  
3 agree with me that it would be more important for the  
4 community to maintain that service than to set a rate too  
5 low that would drive that service out?

6                   DR. JERRY BUCKLAND:   In the context in  
7 which I've done most of my research, well, frankly, all  
8 of my research, has been in a city context, like an  
9 inner-city context.

10                   And in most inner-city contexts, I think  
11 the same thing would apply that there are mainstream  
12 banks, credit unions, there are fringe banks and, as well  
13 as -- there's informal sources of financial service --  
14 services.

15                   For instance, cashing a cheque at a corner  
16 store, a drug store, that kind of thing. So in that  
17 context, there's usually more than one (1) option.

18                   MR. ALLAN FORAN:    Okay, and really my --  
19 my question, then, and it's a hypothetical, is that if  
20 you found only one (1) service provider, however, you  
21 would think it would be very important to ensure that  
22 that service provider could continue to provide that  
23 service to the community.

24                   In -- in the case where there's one (1)  
25 service provider, I think then there's the situation of a

1 spatial monopoly and, in that case, it seems to me the  
2 more typical approach that the Public Utility Board takes  
3 would -- would apply.

4 In that case, with one (1) service  
5 provider, it's clear that within the spatial demarcation  
6 of the area, it is a monopoly, and more onus should be  
7 placed on the provider of the service to demonstrate that  
8 they're not earning super-normal profits.

9 MR. ALLAN FORAN: Right. And I think the  
10 wording you used was gouging or super-normal, correct?

11 DR. JERRY BUCKLAND: I --

12 MR. ALLAN FORAN: Those are the two (2)  
13 words that I --

14 DR. JERRY BUCKLAND: I don't think I've  
15 used 'gouging'. Correct me if I'm wrong. In economic  
16 theory, the -- the term that -- that's used is 'super-  
17 normal profit' and that refers to profit a firm earns in  
18 excess to normal profit which would be a reasonable  
19 return to all the factors of production.

20 MR. ALLAN FORAN: And so for the purposes  
21 of setting a fee schedule, however, recognition of  
22 increased costs in providing that service would be an  
23 important aspect for this Board to consider; you'd agree  
24 with that?

25 DR. JERRY BUCKLAND: Yeah, I agree with

1 that.

2 MR. ALLAN FORAN: I have no further  
3 questions.

4 THE CHAIRPERSON: Thank you, sir.

5 Ms. Southall...?  
6

7 CROSS-EXAMINATION BY MS. ANITA SOUTHALL:

8 MS. ANITA SOUTHALL: I only actually have  
9 one (1) further specific question and then I mean to note  
10 for the record, a few other exhibits as part of the  
11 package that was filed with the Board by CAC after our  
12 last hearing but first, Dr. Buckland, as -- as actually  
13 as part of that package following up on undertakings  
14 through your counsel, I believe that you did locate the  
15 Consumer Price Index published by Statistics Canada for  
16 November 2006?

17 DR. JERRY BUCKLAND: That's correct.

18 MS. ANITA SOUTHALL: Do you have a copy  
19 of that available or does your counsel have a copy of  
20 that they can provide to you?

21 DR. JERRY BUCKLAND: I don't have one.

22 MS. ANITA SOUTHALL: Yes.

23 DR. JERRY BUCKLAND: Thank you very much.

24 MS. ANITA SOUTHALL: And I believe that  
25 all counsel were provided with the same package that the



1 Board and myself were provided with.

2 So you have that in front of you now, sir?

3 DR. JERRY BUCKLAND: I do.

4 MS. ANITA SOUTHALL: In the letter filed  
5 with the Board by your counsel in respect of these  
6 additional documents our attention was drawn to page 16  
7 of the document and a reference to financial services on  
8 that page. That would be in the fourth section down from  
9 the top of that page which starts out:

10 "Other household goods and services..."

11 DR. JERRY BUCKLAND: Yes.

12 MS. ANITA SOUTHALL: Have you located  
13 that, sir?

14 DR. JERRY BUCKLAND: Yes. Yes, I see  
15 that, yeah.

16 MS. ANITA SOUTHALL: There's a reference  
17 there to financial services.

18 MR. PAUL EDWARDS: Excuse me. Sorry to  
19 interrupt, Ms. Southall. Can I just clarify what  
20 document and...

21 MS. ANITA SOUTHALL: I'm sorry, as part  
22 of the response to undertakings that CAC/MSOS filed with  
23 the Board and provided to Intervenor counsel in December  
24 -- December 20th, I believe it was, or 21st, the Consumer  
25 Price Index for November 2006 of Statistics Canada was

1 part of the package.

2 MR. PAUL EDWARDS: And what page number  
3 just -- are you referring to, Ms. Southall?

4 MS. ANITA SOUTHALL: Right. I was  
5 referring to page 16.

6 MR. PAUL EDWARDS: Thank you. Thank you  
7 very much.

8 MS. ANITA SOUTHALL: No problem.

9

10 CONTINUED BY MS. ANITA SOUTHALL:

11 MS. ANITA SOUTHALL: So, yeah, if you'd  
12 like to locate where I am, Mr. Edwards, I'm on page 16 of  
13 that document in the -- what I'm calling the fourth  
14 section down from the top and there's a reference to  
15 financial services with the base index showing for that  
16 category at December 2002 of one hundred (100); is that  
17 correct, Dr. Buckland?

18 DR. JERRY BUCKLAND: I'm sorry, could you  
19 repeat that comment?

20 MS. ANITA SOUTHALL: Right, I'm just  
21 indicating for the record that for the category  
22 "Financial Services" the -- the base index is actually  
23 set at December 2002 as the equivalent of one hundred  
24 (100).

25 DR. JERRY BUCKLAND: Yeah, that's

1 correct, that's when the index started to be collected,  
2 the data started to be collected.

3 MS. ANITA SOUTHALL: Thank you. And are  
4 you familiar with reading these indices? Can you  
5 indicate -- I'm assuming if I'm reading it correctly that  
6 between November 2005 and November 2006 there has been an  
7 increase in the cost of financial services?

8 DR. JERRY BUCKLAND: That's correct and  
9 that would be the -- my understanding that would be the  
10 far right column and so 3.4 percent increase.

11 MS. ANITA SOUTHALL: Over that one (1)  
12 year period of time?

13 DR. JERRY BUCKLAND: That's correct.

14 MS. ANITA SOUTHALL: And from December of  
15 2002 when they began their measure we've gone -- we've  
16 gone up 11.3 percent; is that -- is that the proper way  
17 of reading this?

18 DR. JERRY BUCKLAND: I believe that's  
19 correct.

20 MS. ANITA SOUTHALL: Do you happen to  
21 know what is included in the bundle that's identified as  
22 financial services?

23 DR. JERRY BUCKLAND: Thanks very much for  
24 asking. I -- I -- when I collected this information I --  
25 I did -- I -- I remember that there's three (3)

1 components that they -- they draw on and I'm -- I'm just  
2 a little bit unsure of the -- the two (2) minor  
3 components.

4 One (1) is a more major component that is  
5 heavily weighted and that has to do with the mainstream  
6 bank financial service products and then there's two (2)  
7 other more minor components and I'm -- I'm afraid I -- I  
8 apologize, I'm just not certain what those -- those two  
9 (2) components are but I can certainly do some homework  
10 and -- and come back with more background information on  
11 that.

12 MS. ANITA SOUTHALL: Yeah, If you can --  
13 in this case, if you -- if you want to submit that just -  
14 - to the Board by letter, through your counsel.

15 MS. BEVERLY FROESE: Yes, we can  
16 certainly undertake to do that.

17

18 --- UNDERTAKING NO. 7: Dr. Buckland to provide Board  
19 with information on what is  
20 included in the bundle that's  
21 identified as financial  
22 services.

23

24 MS. ANITA SOUTHALL: I don't think  
25 there's going to be any other fallout from that, just so

1 you know. So, if -- if you could provide that that would  
2 be of help.

3 MS. BEVERLY FROESE: Certainly.

4

5 CONTINUED BY MS. ANITA SOUTHALL:

6 MS. ANITA SOUTHALL: And, finally, then  
7 Dr. Buckland, just looking at that, if the, for example,  
8 the information that we have available from one of the  
9 Intervenors, who you've heard that the evidence on Money  
10 Mart, if their rates have stayed constant for the fees  
11 that they provide for cheque cashing from 2002 until the  
12 present time, that indicates that there's been no  
13 increase as compare -- at least in that respect versus  
14 what Statistics Canada's tracking for a financial service  
15 cost increase over that, roughly the same period of time,  
16 since -- since approximately 2002.

17 DR. JERRY BUCKLAND: Well, what the Stats  
18 Can index is trying to do, is track the cost of financial  
19 services for the average Canadian. And -- and that would  
20 include the cost for, maybe, more significant types of  
21 financial services like a mortgage, or an RSP. The kinds  
22 of service that a low income Canadian wouldn't  
23 necessarily use.

24 But yeah, I -- I agree with you that there  
25 has been an increase by 11.3 percent in the last, I

1 guess, four (4) years for the -- the bundle of financial  
2 services that they've looked at. That bundle, I don't  
3 think, would be the bundle that, for instance, a low  
4 income Canadian would -- would necessarily utilize.

5 MS. ANITA SOUTHALL: Okay.

6 THE CHAIRPERSON: By the way, when you  
7 talk about bundle, are you talking about service fees?

8 DR. JERRY BUCKLAND: A bundle of service  
9 fees for a bundle of services that fit the three (3)  
10 different categories under this index.

11 THE CHAIRPERSON: Right. For example, if  
12 a person had a fee schedule that was based on a  
13 percentage, the fees would go up as the average product  
14 went up.

15 DR. JERRY BUCKLAND: Potentially. Yeah.  
16 I -- I --

17 THE CHAIRPERSON: So, in other words, if  
18 you have a service fee, which is based on a percentage of  
19 something else then your fees are going to go up in line  
20 with any inflation that occurs on the -- what I'm just  
21 concerned about is this index may or may not have any  
22 particular relevance, as Dr. Buckland is pointing out as  
23 I listen to what he is saying, but...

24 DR. JERRY BUCKLAND: If -- if I could  
25 just make one (1) more comment. In my conversations with

1 the Stats Can people, through emails and one (1) phone  
2 call, it became clear to me that they in -- they don't  
3 systematically collect data on financial services  
4 specifically for low income people or financial services  
5 that would fall under a fringe bank category. So, they -  
6 - they don't have a systematic way to capture those  
7 costs.

8

9 CONTINUED BY MS. ANITA SOUTHALL:

10 MS. ANITA SOUTHALL: That was the only  
11 further question I wanted to pose based on what you've  
12 provided. And, Mr. Chairman, I would now ask, for the  
13 record -- that we have some -- some further reports, the  
14 one I've just been referring to, to mark as an Exhibit.

15 And I believe that counsel for CAC/MSOS  
16 also wanted to have marked an Exhibit, the chart that was  
17 prepared, that was referred to by Dr. Buckland. So,  
18 perhaps we'll make that the chart that Dr. Buckland  
19 prepared, Exhibit 5.8.

20

21 --- EXHIBIT NO. CAC/MSOS 5.8: The chart Dr. Buckland  
22 prepared.

23

24 MS. ANITA SOUTHALL: The Consumer Price  
25 Index that I've just referred to is Exhibit 5.9.

1 --- EXHIBIT NO. CAC/MSOS 5.9: The Consumer Price Index.

2

3 MS. ANITA SOUTHALL: There were two (2)  
4 further reports submitted, as requested, by The Board  
5 from the last appearance of Dr. Buckland and those were  
6 also submitted in December following the Hearing. One is  
7 called, Public Experience with Financial Services and  
8 Awareness of the FCAC, March 24, 2005. That would become  
9 Exhibit 5.10.

10

11 --- EXHIBIT NO. CAC/MSOS 5.10: Report entitled, Public  
12 Experience with Financial Services and  
13 Awareness of the FCAC, March 24, 2005.

14

15 MS. ANITA SOUTHALL: And the second being  
16 a document entitled, Canadian's Knowledge and  
17 Awareness of Financial Product Services and Institutions,  
18 FCAC Survey Final Report, September 15, 2001. And that  
19 would become Exhibit 5.11.

20

21 --- EXHIBIT NO. CAC/MSOS 5.11: Document entitled,  
22 Canadian's knowledge and Awareness of  
23 Financial Product Services and  
24 Institutions, FCAC Survey Final Report,  
25 September 15, 2001.



1 THE CHAIRPERSON: Very good. Thank you.  
2 Mr. William's, do you have any re-  
3 examination -- or sorry, Ms. Froese...?

4 MS. BEVERLY FROESE: No, Mr. Chairman.

5 THE CHAIRPERSON: You'll have to switch  
6 seats if you want me to get this right.

7 MS. BEVERLY FROESE: I don't have any  
8 further questions for Dr. Buckland. Thank you, Mr.  
9 Chairman --

10 THE CHAIRPERSON: Okay, thank you.

11 MS. BEVERLY FROESE: -- and Members of  
12 the panel.

13 THE CHAIRPERSON: So, once again, thank  
14 you, Dr. Buckland. We appreciate your testimony.

15

16 (WITNESS STANDS DOWN)

17

18 THE CHAIRPERSON: I think we'll just move  
19 on. No one minds if Mr. Foran and the North West is up.

20 MR. ALLAN FORAN: Yes. I'd like to call  
21 my Panel forward, and that would be Mr. Leo Charriere and  
22 Mr. Brian Fox.

23 MR. BYRON WILLIAMS: Mr. Chairman, if --  
24 if I might interrupt. I will speak once at least this  
25 afternoon. In the re-direct of Money Mart there was

1 some, and I'll have to review the transcript, some  
2 information put on the record regarding either average  
3 income per capita for Canadians or average household  
4 income and I can just indicate that we'll be reviewing  
5 that -- the information and if we have any comments  
6 regarding it, we would put it -- share those comments  
7 with counsel for the other side and also with Board  
8 counsel and get direction as to whether there's anything  
9 additional we want -- we wish to attempt to put on the  
10 record.

11 THE CHAIRPERSON: I think that would be  
12 useful. I don't believe the Money Mart witnesses were  
13 suggesting that they were experts in the fields of  
14 statistics related to family income.

15 I, myself, have heard other income levels  
16 so I think it would be helpful just to put...

17

18 (BRIEF PAUSE)

19

20 THE CHAIRPERSON: I think what he's  
21 talking about is there was an indication that the average  
22 family income of the customers was about thirty-two and a  
23 half (32 1/2) thousand as opposed to the Canadian  
24 average, was around that same level. And I must admit  
25 that's not my understanding of the figures, but they

1 weren't representing to be experts in that field.

2 But I think it would be helpful if you had  
3 the number.

4 MR. PAUL EDWARDS: And perhaps I can just  
5 clarify. I -- I -- I'm happy to discuss that with My  
6 Friend and I'm sure we can jointly put the -- what is  
7 clearly public information before the Board. I think  
8 what was being referred to was the average household  
9 income of the -- of the profiled client of Money Mart.

10 THE CHAIRPERSON: Actually, when you  
11 specify to that, that would move it undoubtedly a lot  
12 closer.

13 MR. PAUL EDWARDS: Yes.

14 THE CHAIRPERSON: That's right. Thank  
15 you to both of you.

16 Okay, please remind me which one of the  
17 witness -- I think it was only one of them were sworn in,  
18 correct?

19 MR. ALLAN FORAN: The good looking one  
20 would be Mr -- I'm just kidding. Mr. Leo Charriere is to  
21 the left if you -- as you're facing forward, Mr. Chairman  
22 and Members of the Board, and Mr. Fox is to the right.

23 And I think the first thing is to swear  
24 them in.

25 THE CHAIRPERSON: Oh, neither one of them

1 has. Okay, please produce Mr. Gaudreau. I'm partly  
2 right.

3

4 NORTH WEST COMPANY LP PANEL:

5 LEO CHARRIERE, Sworn

6 BRIAN FOX, Sworn

7

8 EXAMINATION-IN-CHIEF BY MR. ALLAN FORAN:

9 MR. ALLAN FORAN: Mr. Chairman, Members  
10 of the Board, this evidence that you're hearing today  
11 from this Panel, in effect, follows the evidence that has  
12 been prepared in written format and it was filed with the  
13 Board December 6, 2006.

14 First, I'll do a brief introduction. Mr.  
15 Leo Charriere is the chief financial officer of the North  
16 West Company. He joined in 2003 as Executive Vice-  
17 President, Chief Financial Officer and Secretary.

18 Prior to commencing work with the North  
19 West Company, Mr. Charrier was President and CEO, of a  
20 company called True Serve Canada Cooperative Inc., which  
21 was a retail cooperative distributing hardware and  
22 variety merchandise facility that provided merchandise to  
23 over six hundred and fifty (650) stores across Canada.  
24 And he's got a long background in merchandising.

25 Mr. Brian Fox has had over thirty (30)

1 years of experience in store management with the North  
2 West Company and that includes experience in both the  
3 regional, national and international realm.

4 North West actually operates in Alaska as  
5 well, so they have a US operation.

6 With that brief introduction, I'm going to  
7 turn it over. I believe Mr. Charriere is going to speak  
8 on behalf of the North West Company and then both members  
9 will be prepared to -- and available for cross-  
10 examination.

11 THE CHAIRPERSON: Thank you, sir. Please  
12 proceed.

13

14 CONTINUED BY MR. ALLAN FORAN:

15 MR. LEO CHARRIERE: Good afternoon, Mr.  
16 Chairman and Members of the Board.

17 We are pleased to present to the Members  
18 of the Public Utilities Board information which we trust  
19 will help you understand the cost and logistics of  
20 providing cheque-cashing services, especially in semi-  
21 remote and remote markets.

22 The North West Company with its head  
23 office located in Winnipeg is a leading retailer of food  
24 and everyday products and services to rural communities  
25 and urban -- urban neighbourhoods across Canada and

1 Alaska.

2 NWC has stores which have been operating  
3 for over three hundred and thirty (330) years. Overall,  
4 the North West Company operates 201 stores in Canada and  
5 Alaska of which a hundred and eighty-one (181) are  
6 located in semi-remote to remote communities. Presently  
7 we operate forty (40) stores in Manitoba under the North  
8 marked Northern, or Giant Tiger banners.

9 In our public present -- the prior  
10 presentation we had said twenty-seven (27) stores. Those  
11 twenty-seven (27) stores we had referred to were the  
12 semi-remote and remote locations and of these, twenty-  
13 three (23) of these communities do not have a financial  
14 institution. In that -- in that case I'm referring to  
15 either a bank or a credit union.

16 As previously mentioned NWC is a retailer.  
17 Throughout the years the company has supplied and  
18 continues to supply everyday products and services to its  
19 customers. The company modifies its offerings whether it  
20 is merchandise or services to meet its customer  
21 requirements.

22 Presently the company focusses on food and  
23 grocery which now accounts for over 70 percent of total  
24 sales. Our stores may offer a full line grocery  
25 assortment including produce, fresh meat, dairy, bakery,

1 grocery, and pharmacy based on the -- on the size of the  
2 community and the customer requirements. The customer  
3 also offers a wide range of general merchandise with an  
4 assortment tailored to the community requirements. Our  
5 general merchandise offering includes everyday clothing,  
6 fashion, housewares, hardware, electronics, and  
7 transportation such as snowmobiles, ATVs, and boats.

8           Due to the absence of financial  
9 institutions in most of the communities we service, the  
10 North West Company is looked upon to providing certain  
11 basic financial services; first and foremost, is the  
12 extension of credit which the company has done almost  
13 since its inception. As customer requirements grew, the  
14 company has extended its financial services to cashing of  
15 cheques and vouchers to cash-dispensing units and  
16 recently added white label debit cards through a third-  
17 party provider.

18           Financial services other than cash-  
19 dispensing units and some credit activities require  
20 personal interaction with very limited system assistance.  
21 Of the financial services offered cheque cashing is among  
22 the most expensive due to personal involvement of staff  
23 and the cash inventory requirements to service this  
24 activity.

25           Cash is our most expensive inventory as we

1 pay a premium for this inventory item. Contrary to  
2 regular merchandise there is no mark-up on cash. The  
3 only way to recover our cost is to charge a service fee.  
4 We must pay upfront for the inventory as no terms are  
5 provided by the supplier as with other suppliers.

6                   We pay fees to -- to the financial  
7 institution for the handling. You must add  
8 transportation costs and excluding the service fee, we  
9 actually sell the cash to the public at lower than our  
10 overall purchase cost.

11                   There has been increasing cost pressures  
12 over the last few years in all of our cost components.  
13 Financial institutions selling us the cash inventory are  
14 discouraging the handling of cash and have increased the  
15 fees charged to us.

16                   Energy-related costs are increasingly  
17 impacting our distribution costs and we are seeing  
18 increasing wage cost pressures.

19                   There is also the holding cost of the  
20 cash. The lag between the ordering of cash until  
21 receiving credit at -- for the cheques at the bank was  
22 previously stated to be fourteen (14) days in our prior  
23 submission but, after further investigation, can actually  
24 extend in our case to as high as twenty (20) days.

25                   Even though we operate in many semi-remote



1 and remote locations, we have competition for all of the  
2 products and services we provide. The local competitive  
3 environment does vary from full-line competitors offering  
4 similar products and services to local convenience stores  
5 with limited offerings. There can also be varying  
6 amounts of out shopping by community and it does vary by  
7 community.

8           And many of our communities also have a  
9 high level of business practice overview by the local  
10 authorities. Our current fee structure, in place, since  
11 2002 is the greater of three (\$3) dollars or 1 percent of  
12 the cheques cashed or the cheque cashed. We do provide a  
13 fixed fee charge in certain locations, but al -- and also  
14 exempt elders from paying fees on certain types of  
15 cheques.

16           We postponed the review of our fee  
17 structure until 2006, as we focussed our energies on the  
18 development and replacement of all of our in-store  
19 systems and the installation of broadband technology,  
20 just recently available in most of our markets. These  
21 systems have allowed us to improve in-store efficiencies  
22 and lowered costs for some services.

23           In early 2006, we began a strategic  
24 analysis of the various financial services provided to  
25 our customers to assess the best way to provide these

1 services and to determine the profitability of each of  
2 our various offerings. We needed to update all of the  
3 costs providing these services considering the new  
4 technology and the increase in cost pressures we are  
5 facing, as I previously mentioned.

6 As outlined in our submission, the company  
7 has the principals of services, recovering costs, and  
8 providing a rate of return. We do not want our product  
9 pricing to be at a disadvantage because we are not  
10 assessing adequate fees for services. It is a user-pay  
11 environment and presently we are not covering our costs  
12 and getting a return on cheque cashing services.

13 We will outline our costs in-camera to the  
14 Board -- board members tomorrow. In our fee review, we  
15 do also incorporate community considerations. Should  
16 cheque cashing fees not be sufficient, the North West  
17 Company would be forced to re-assess it's cheque cashing  
18 services to the disadvantage of our cu -- of customers.

19 We urge the Board to consider the costs of  
20 providing such services and the fact that the province  
21 itself does not pay in cash, but leaves it to others to  
22 provide this service to remote and semi-remote  
23 communities. We believe a fee structure with a fixed and  
24 variable component would be the best alternative. We  
25 also request that you allow a fee structure that is

1 sufficient to factor in future cost increases. If  
2 providers -- if providers of such services were to  
3 withdraw these, then who gains? Thank you for this  
4 opportunity.

5 THE CHAIRPERSON: Okay. Mr. Williams for  
6 CAC/MSOS.

7 MR. BYRON WILLIAMS: I don't have many  
8 questions, Mr. Chairman. Primarily, as a result of the  
9 motion on December 19th. Just for the record, and -- and  
10 not wishing to re-argue matters in the past, I note that  
11 my -- North West has filed a revised Appendix C. So, we  
12 would make the same objections to the filing of that and  
13 the reception of that in-camera as we would to the  
14 original Appendix C.

15 So, in -- I'm sure that -- those  
16 objections will be dismissed for the same reasons, but I  
17 just want to put that on the record.

18 I only have, perhaps, four (4) or five (5)  
19 questions for -- for North West. And, I -- I guess I  
20 would refer you to your evidence that was filed with The  
21 Board on December 6th, 2005, excuse me, 2006. And, in  
22 particular, near the back of that evidence is a fee  
23 schedule, which outlines some -- some fees. Do you have  
24 that?

25 MR. ALLAN FORAN: Just to assist the

1 witnesses, that would be Appendix B to the submission.

2

3 CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

4 MR. BYRON WILLIAMS: And I'm -- the page  
5 that I'm referring you to -- to -- to you specifically is  
6 on the right-hand side. It's got a fee schedule  
7 effective October 1st, 2002. On the left side there's a  
8 headline, we knew you have some and presumably questions  
9 and I -- I just note on -- the second question is that  
10 there is no fee charged by North West for cashing one's  
11 old age pension, annuity payment, old age pension or  
12 Canada Pension Plan and Annuity. Is that correct?

13 MR. LEO CHARRIERE: Yes, that is.

14 MR. BYRON WILLIAMS: And, not wanting to  
15 get into the details in anyway, but I wonder if you can  
16 indicate to me, in terms of the -- the total, first of  
17 all, number of cheques cashed. Is this a -- a  
18 significant number?

19 MR. LEO CHARRIERE: Unfortunately we  
20 can't say very much only because the whole aspect of  
21 cheque cashing is not our primary business, so a lot of  
22 our records do not tabulate any of that information.

23 MR. BYRON WILLIAMS: Okay, and that's on  
24 numbers. Just in terms of the value and your answer may  
25 very well be the same, value-wise in terms of a

1 percentage of the total number, the total value of  
2 cheques that you cash, would this be a significant number  
3 being Old Age Pension?

4 MR. LEO CHARRIERE: The same answer. We  
5 don't have the information on that.

6 MR. BYRON WILLIAMS: Well, that makes my  
7 questions a little bit shorter. Just two questions  
8 flowing from your direct exam -- or your direct evidence  
9 today. I believe you testified today that your cash,  
10 you're currently selling it at lower than your purchase  
11 cost. Is that right, sir?

12 MR. LEO CHARRIERE: If you exclude the  
13 fees, yes.

14 MR. BYRON WILLIAMS: Yes, thank you for  
15 that clarification. In 2002, excluding fees, would you  
16 have been selling your cash for at lower than purchase  
17 costs?

18 MR. LEO CHARRIERE: Excluding fees, yes.

19 MR. BYRON WILLIAMS: I just want to turn  
20 to one of the last comments that you made, and I may have  
21 misunderstood you, but as I understood your  
22 recommendation to the Board, it was to allow you to  
23 recover your current costs -- whatever rate it sets, you  
24 wish it to allow you to recover your current costs  
25 including a return on your investment. Is that right?

1 MR. LEO CHARRIERE: You are right.

2 MR. BYRON WILLIAMS: And the second part  
3 that I wasn't sure if I caught correctly, you also wanted  
4 the rate set by the Board -- the maximum rate set by the  
5 Board, sufficient to factor in future costs increase. Is  
6 that right?

7 MR. LEO CHARRIERE: Yes.

8 MR. BYRON WILLIAMS: And I just want to  
9 explore that for a second. You're not suggesting that  
10 the Board should set a maximum that allows you to recover  
11 not only what it considers to be a just and reasonable  
12 rate today, but what may be a just and reasonable rate in  
13 the future. Are you?

14 MR. LEO CHARRIERE: Depends on how you  
15 interpret the question. What I'm saying is depending on  
16 how often the fees are reviewed and if it only happens  
17 over every three (3) to five (5) years, there's got to be  
18 some room to be able to increase the fees as cost  
19 increases.

20 MY BYRON WILLIAMS: And are you proposing  
21 in terms of a recommendation something like an inflation  
22 adjustment? Is that what I'm understanding? For  
23 example, is that what you're proposing?

24 MR. LEO CHARRIERE: I'm really not  
25 proposing anything other than say it has to be

1 considered.

2 MR. BYRON WILLIAMS: Okay. Thank you for  
3 that. No further questions, Mr. Chairman.

4 THE CHAIRPERSON: Thank you, Mr.  
5 Williams. And in response to your question about the re-  
6 filing of Appendix C, our ruling remains the same. We  
7 think it's more important for the public interest to  
8 allow the interveners to this procedure to provide  
9 confidential material to us. But, thank you for your  
10 point. We certainly understand why you made it.

11 MR. ALLAN FORAN: Mr. Chairman, if I  
12 could, I just -- I hope my arguments today on that point  
13 were as persuasive as last time. Thank you.

14 THE CHAIRPERSON: Yes. I'm just re-  
15 confirming that. Mr. Edwards...?

16 MR. PAUL EDWARDS: No questions.

17 THE CHAIRPERSON: Board counsel?

18 MS. ANITA SOUTHALL: Thank you, Mr.  
19 Chairman.

20

21 CROSS-EXAMINATION BY MS. ANITA SOUTHALL:

22 MS. ANITA SOUTHALL: I do have a few  
23 questions of you, gentlemen, and I understand that your  
24 counsel may have provided you with a few questions that  
25 were provided through me, and these numbered one (1) to

1 three (3). I'm not sure if you've had access to those.

2 Yes, you have? I see nodding of heads.

3 The first question touches upon the fee  
4 schedule that I believe Mr. Williams was just referring  
5 to for the services that you provide to your customers.  
6 And, specifically, in respect of your clients' cheque  
7 cashing, we wondered whether there was any  
8 differentiation depending on the bill or goods payment or  
9 whether a government cheque is involved.

10 In other words, if -- on the first part of  
11 that, if your customers are going to be buying goods or  
12 receiving some credit with North West Company do they --  
13 do they still pay a fee to cash that cheque with you?

14 MR. LEO CHARRIERE: For the purchase of  
15 goods if they use a cheque, there is no fee for the  
16 cheque; that's just part of regular retailing. If they  
17 make a payment on account with us, if the payment on the  
18 account exceeds --

19 MR. ALLAN FORAN: 50 percent.

20 MR. LEO CHARRIERE: -- 50 percent, there  
21 is no fee on the cheque so if they want cash for the --  
22 for the difference there will be no fee on that cheque.  
23 If it's less than 50 percent there will be a fee  
24 assessed.

25 MS. ANITA SOUTHALL: So maybe taking a



1 question that's perhaps one (1) step back in terms of --  
2 in terms of customer accounts, someone that you're  
3 servicing in -- in the local community can come in and  
4 set up a -- an account with North West Company and -- and  
5 get credit for the goods that they're purchasing or  
6 perhaps you could just explain how that works?

7 MR. LEO CHARRIERE: Yeah, we -- we do  
8 have a -- a credit card, an in-store credit card that  
9 customers can use so they -- they apply for -- for the --  
10 the opportunity to -- to be able to charge and based on  
11 their level of income we determine a credit level like  
12 everybody -- a regular credit card service and then  
13 they're allowed to charge for whatever purchases they  
14 want to make through the store and then they can make pay  
15 -- of course there's required payments on those accounts  
16 with minimum payments requirement, as with a typical  
17 credit card.

18 MS. ANITA SOUTHALL: And if someone then  
19 -- and if you want to make reference to the fee schedule  
20 by all means, but if someone brings in a government  
21 cheque and they want to also do grocery shopping or buy  
22 clothing, whatever combination of goods they're  
23 considering purchasing at that outlet, do they pay a  
24 cheque cashing fee to -- if they -- if they want to  
25 convert it into cash, do they have an -- or do they have

1 an option of obtaining credit or -- or putting it on  
2 deposit I guess is another way of looking at it, buying  
3 goods and not paying a fee associated with that cheque  
4 cashing?

5 MR. BRIAN FOX: If I understand what  
6 you're asking, can they just bring the cheque in and  
7 trade the cheque for merchandise?

8 MS. ANITA SOUTHALL: Effectively, yes.

9 MR. BRIAN FOX: No, the cheques of that  
10 nature are all handled through one (1) central area  
11 within our store, specifically the place where the cash  
12 drawer and usually the most senior person is, so yes,  
13 there would be a fee if they take straight cash.

14 As Mr. Charriere alluded to they could pay  
15 the entire amount on their -- their account and then go  
16 charge against that account for no fee or if they paid 35  
17 percent of the cheque on account to keep the account in a  
18 current state, they were still open to buy, and they took  
19 cash there would be fee for the partial -- the part they  
20 took in cash. So it's a combination of -- of all.  
21 There's options for everybody.

22 MS. ANITA SOUTHALL: Did I understand  
23 correctly that they --

24 Sorry, just my comment in reply or my  
25 question in reply is I understand that clients who would

1 have an account, in other words a North West credit card,  
2 would have to qualify. There'd be some sort of  
3 qualifying income criteria or credit-worthiness  
4 assessment and I'm not asking for details, I'm -- I'm  
5 really just talking in principle.

6 MR. BRIAN FOX: Our proprietary credit  
7 system has virtually the same criteria, qualification  
8 criteria, as any other credit card program does.  
9 Different standards, different parameters are used  
10 obviously because of the type of customers that we --  
11 that we serve, but the principles are exactly the same.

12 MS. ANITA SOUTHALL: Thank you. I take  
13 it based on the fee schedule from October of 2002 that  
14 other than the minimum fee there is no maximum fee that  
15 one could be charged for cheque cashing through the North  
16 West Company?

17 MR. LEO CHARRIERE: You are right  
18 theoretically.

19

20 (BRIEF PAUSE)

21

22 MS. ANITA SOUTHALL: And I have some  
23 questions arising from the pre-filed evidence that I  
24 wanted to go through and, again, I'll preface -- I'll  
25 preface my comments, Mr. Foran, the way I did earlier

1 today with the other Intervenor, who was then testifying  
2 Money Mart and indicate that my intention is not to cover  
3 items that you would consider to be in-camera.

4 And, so, either if the witness panel  
5 wishes to indicate that they consider that to be  
6 sensitive information or, likewise, if you consider it to  
7 be sensitive information, I'd just ask you to speak up.

8 MR. ALLAN FORAN: I will. Thank you.

9  
10 CONTINUED BY MS. ANITA SOUTHALL:

11 MS. ANITA SOUTHALL: Thank you. If  
12 you've made it clear previously, I -- I apologize for  
13 asking you to repeat it, but is this a corporate owned  
14 chain of retail stores?

15 MR. LEO CHARRIER: Yes. It is corporate  
16 owned.

17 MS. ANITA SOUTHALL: And am I right in  
18 recollecting that in your pre-filed evidence you've  
19 identified what you consider to be all the cost  
20 categories applicable to service cheque cashing for North  
21 West?

22 In particular, I think, under item 2 in  
23 the pre-filed evidence, which would actually be on the  
24 second page at the second paragraph, there's a reference  
25 to cost components involved providing cheque cashing

1 services. There's a reference to labour operating costs  
2 at the store and the logistics of transporting money to  
3 remote areas and ensuring safe method of handling and  
4 storing the cash onsite.

5 MR. LEO CHARRIER: It covers the  
6 majority. There is some risk factors that are not fully  
7 outlined in here.

8 MR. ALLAN FORAN: Could I just jump in.  
9 I think too, unless I'm missing it, but there's also the  
10 cost of the goods that are being sold.

11 MR. LEO CHARRIER: Yes. Absolutely.

12

13 CONTINUED BY MS. ANITA SOUTHALL:

14 MS. ANITA SOUTHALL: The carrying costs?  
15 Are you -- are you?

16 MR. LEO CHARRIER: Well, just the  
17 purchase costs. If you buy a hundred dollar bill, you've  
18 got to sell it for one hundred (\$100) dollars, at least.

19 MS. ANITA SOUTHALL: I see. Yes. And,  
20 sir, either one of you, have -- I take it that your  
21 financial service offerings have actually increased since  
22 2002? I heard reference to a debit card offering through  
23 your company.

24 MR. LEO CHARRIER: We -- we have expanded  
25 our offerings based on the request of our customers.

1 Yes.

2 MS. ANITA SOUTHALL: Again, not -- not  
3 trying to seek sensitive information on the public  
4 record, but have volumes of your business increased since  
5 2002? Like, generally across all lines?

6 MR. LEO CHARRIER: Yes. Our sales are  
7 up, if that's what you're asking.

8 MS. ANITA SOUTHALL: Mm-hmm. And, in --  
9 in principal, have the overall costs, as a result of  
10 those increases, decreased for -- for the -- for the  
11 financial service offerings?

12 MR. ALLAN FORAN: Just on that point, I -  
13 - I'm going to defer to -- to my client, but I would just  
14 exercise some caution on that. That might be a question  
15 that's more properly answerable on camera.

16 MR. LEO CHARRIERE: I -- I'd prefer to do  
17 it in-camera. Yes.

18 MS. ANITA SOUTHALL: Thank you.

19 MR. ALLAN FORAN: And -- and, Ms.  
20 Southall, if it assists, my client's would be prepared to  
21 answer that question in-camera. They -- they -- they  
22 will do that.

23

24 CONTINUED BY MS. ANITA SOUTHALL:

25 MS. ANITA SOUTHALL: Thank you. Again on

1 -- on the issue of the percentage approach with a minimum  
2 flat fee, are you able to explain the rationale for why  
3 the original cheque cashing cost was established or,  
4 pardon me, fee was established that way?

5 MR. LEO CHARRIER: It was for simplicity  
6 and, in part, because our systems couldn't handle the --  
7 any complicated calculations.

8 MR. ALLAN FORAN: I don't want to provide  
9 evidence, but I believe just as part of the answer of  
10 this panel, it also relates to the constituency, to whom  
11 the service is being provided and the facility of  
12 ensuring the communication of the fee and the  
13 understanding of the fee takes place if -- if I'm saying  
14 the same thing as the Panel.

15 MR. LEO CHARRIERE: Yes, I guess that's  
16 what -- by simplicity means for our constituents. It  
17 was very easy for them to determine what the fee would be  
18 on the -- for the -- the payment on the -- cashing of the  
19 cheque.

20 MS. ANITA SOUTHALL: Thank you. That's a  
21 useful clarification. Are you able to speak to the risk  
22 of dishonoured or uncollectible government cheques in  
23 particular that come through your operations? Is -- and  
24 what I'm looking for not as a percentage specifically but  
25 whether or not, in fact, the risk is -- is fairly low?

1                   MR. ALLAN FORAN: I just suggest to the  
2 Panel that the principle rather than the details and we  
3 could provide further particulars tomorrow in-camera on  
4 the details but maybe the -- just the -- the generality  
5 would be sufficient.

6                   MR. LEO CHARRIERE: In general, the risks  
7 are generally low but there are risks.

8                   MS. ANITA SOUTHALL: And in terms of the  
9 characteristics of the customers that you serve in the  
10 remote or what you've identified as remote or semi-remote  
11 communities, are these primarily repeat customers that  
12 are known in your stores? In other words, there's an  
13 established relationship by and large with these  
14 customers who are doing the cheque cashing?

15                   MR. LEO CHARRIERE: Yes, they are repeat  
16 customers.

17                   MS. ANITA SOUTHALL: And we're talking  
18 relatively small communities, correct?

19                   MR. LEO CHARRIERE: It actually can vary  
20 from -- we service communities that may have a population  
21 of seven hundred (700) to as high as fifteen to twenty  
22 thousand (15,000 to 20,000) in population but the  
23 majority --

24                   MS. ANITA SOUTHALL: All of the -- sorry,  
25 go ahead.



1                   MR. LEO CHARRIERE:    But the majority are  
2 smaller communities and therefore they are repeat  
3 customers and they are known within the community.

4                   MS. ANITA SOUTHALL:    The -- the higher  
5 end in the thousands, are some communities located in  
6 northern Manitoba?

7                   MR. CHARRIERE:    Yes, Iqaluit would be one  
8 of those where there's fifteen thousand (15,000)  
9 population.

10

11   (BRIEF PAUSE)

12

13                   MS. ANITA SOUTHALL:    There was reference  
14 made to oversight of your business practices in certain  
15 communities. Do you recall making mention of something  
16 along that line?

17                   MR. LEO CHARRIERE:    Yes, I do.

18                   MS. ANITA SOUTHALL:    Could -- are you in  
19 a position where you can expound on that a little bit so  
20 we have some idea of the -- sort of the marketplace or  
21 the other influences that affect your operations just on  
22 that particular point?

23                   MR. ALLAN FORAN:    I think once again just  
24 a caution. It is I think maybe more of a general  
25 discussion on that. We can provide particulars in-camera

1 as to how that impacts the costs.

2 MS. ANITA SOUTHALL: Okay. Thank you.  
3 That would be good.

4 MR. LEO CHARRIERE: The -- in the aspect  
5 of the communities we service, because in many locations  
6 we are the -- the dominant retailer, we are of course  
7 sensitive to working with our -- with our -- within our  
8 communities and when we do certain changes to pricing of  
9 our services we -- there is usually a certain  
10 consultation that occurs and that's part of what I was  
11 referring to.

12 MS. ANITA SOUTHALL: And was that the  
13 same -- were you talking about the same thing when you  
14 identified that when you do your review of service  
15 charges that community considerations are a factor that  
16 North West Company looks at?

17 MR. LEO CHARRIERE: Absolutely. Same --  
18 same reference.

19 MS. ANITA SOUTHALL: And finally, sir,  
20 with respect to your recommendation to the Board for the  
21 fee structure you specifically identified as a point you  
22 wanted considered a fixed component and then a variable  
23 component; do you recall that?

24 Mr. LEO CHARRIERE: Yes, I do.

25 MS. ANITA SOUTHALL: And -- and what's

1 the rationale for that if you can explain it?

2

3

(BRIEF PAUSE)

4

5

MR. LEO CHARRIERE: It might be easier to  
6 explain once we go through the cost structures we incur  
7 and then get into that -- those aspects of how everything  
8 comes together.

9

MS. ANITA SOUTHALL: Okay. Even at a  
10 high level is there any sort of general principle that  
11 you can share on the public record as to --

12

MR. LEO CHARRIER: Well, when you provide  
13 a service, there's always a fixed component to a service  
14 and there's always a variable component to a service.  
15 So, from that aspect, it has some tie into how our  
16 internal costs are being incurred to provide that  
17 service.

18

MS. ANITA SOUTHALL: Fair enough.

19

MR. ALLAN FORAN: If -- if I could just  
20 supplement and, again, trying to be helpful on the public  
21 record at the same time as trying to maintain  
22 confidentiality.

23

There has some been some discussion about  
24 the interaction between the North West Company, which in  
25 some instances is a dominant presence in many communities

1 and the interaction with its constituency.

2                   And I think part of the fixed and variable  
3 component also reflects the history of how this fee has  
4 been charged to date. There is an understanding process  
5 in those communities and doing something that  
6 dramatically changes from that will have its own  
7 repercussions in terms of how North West deals with its  
8 constituency.

9                   MS. ANITA SOUTHALL: So, there's  
10 historical consistency that is of value. Is -- am -- am  
11 I safe in summarizing it that way?

12                   MR. ALLAN FORAN: If -- if I could sum it  
13 up, perhaps succinctly, there's an ease of understanding  
14 of -- of how -- how the interaction takes place with  
15 respect to the service between the citizens of the  
16 community and North West.

17                   MS. ANITA SOUTHALL: Thank you. Those  
18 are my questions for the public portion of the evidence,  
19 Mr. Chairman.

20                   THE CHAIRPERSON: Thank you very much.

21                   Mr. Foran, do you have any re-examination  
22 for your witnesses?

23                   MR. ALLAN FORAN: I do not, Mr. Chairman.

24

25                   (WITNESSES STANDS DOWN)

1 THE CHAIRPERSON: Well, thank you,  
2 gentleman. Appreciate your coming. We have moved  
3 spritely through this second section of our Winnipeg Oral  
4 Public Hearings.

5 Ms. Southall, do you want to give everyone  
6 a quick outline of -- oh, I see, Mr. Williams has  
7 something.

8 MR. BYRON WILLIAMS: Yeah, and I  
9 apologize, Mr. Chairman, and if I -- just as I reflect  
10 upon this and certainly from the position of my clients  
11 and the interest that they're seeking to represent, as we  
12 start to move towards closing argument, I can say that we  
13 have a pretty good idea where are friends from Money Mart  
14 are coming -- coming forward in terms of their final  
15 recommendation, which I -- I thank them.

16 I can -- I'm -- as I've just listened to a  
17 bit of the discussion today and it's -- it -- it's  
18 difficult for our clients. We -- for example, we know  
19 that Money Mart will be sup -- proposing something above  
20 the -- the -- what they consider to be the -- what the  
21 com -- competitive market is yielding.

22 Because so much of the North West  
23 information, including the changes, in terms of their --  
24 their cost structure in the last four (4) years is -- is  
25 not on the record, it's difficult for my clients to even

1 have a sense in terms of anticipating where they might be  
2 going in final argument.

3           And something that perhaps the Board can  
4 consider, as well as My Friend on behalf of North West,  
5 if they're -- if we might -- it would be helpful for my  
6 clients to get some sense of a -- of a recommendation  
7 that might be flowing from North West. For example, are  
8 they looking at proposing a doubling of their -- their  
9 fees or something like that, so at least my clients can  
10 contribute something in terms of closing argument on that  
11 subject. So, it's -- perhaps, I should have asked that  
12 in my questions.

13           I apologize for that, but as I just sat  
14 here listening, as I said, I feel that we can anticipate  
15 and respond to where Money Mart, we anticipate where they  
16 are going. We really have no idea where North West is.

17           THE CHAIRPERSON: We are also going to  
18 have some more presentations to the Board coming in April  
19 that might fill out the overall hearing a bit further.  
20 So, I think that Mr. Foran heard you. For us, we're  
21 appreciative of the fact that North West came forward as  
22 an Intervenor in this particular hearing. We don't have  
23 any other retailers that filed in that particular  
24 position.

25           We can understand that they have sensitive

1 information that they would prefer to keep to themselves.  
2 On the other hand, we can understand your difficulty  
3 because you too are faced the same predicament in the  
4 sense the Board has. We are used to dealing with an  
5 applicant, and in this particular case, it's a whole  
6 different charge and we are going to have to rely a lot  
7 on the charge placed on us to determine what the public  
8 interest is.

9                   And we have taken this route of accepting  
10 information in confidence in the public interest to avail  
11 ourselves of enough information to allow us to make a  
12 sensible decision in the end.

13                   Ms. Southall, do you want to give us some  
14 sort of an outlook for tomorrow?

15                   MS. ANITA SOUTHALL: The -- my  
16 preliminary discussions with -- of course, now we're  
17 turning, pardon me, now we're turning to in-camera  
18 evidence. We will start with in-camera evidence from  
19 Money Mart and then turn to in-camera evidence from North  
20 West Company.

21                   As my understanding, it will be the same  
22 witness panels that will be assisting the Board tomorrow  
23 and I have nods from the Intervenor counsel on that and  
24 we have the day set aside really -- it's up to the panel.  
25 My suggestion was that we start in the morning with Money

1 Mart and then we reconvene at one o'clock and take the  
2 in-camera evidence of North West.

3 If we feel that we would be finished by,  
4 you know, 10:30 with Money Mart, for instance, you know,  
5 we -- we could, theoretically, get through the in-camera  
6 evidence on both by late morning.

7 So, and I -- and I think that the  
8 witnesses would all be available one way or the other.  
9 It's just a question of when they ought to be here.

10 THE CHAIRPERSON: Well, we know we're  
11 starting with Money Mart at 9:00 --

12 MS. ANITA SOUTHALL: Yes.

13 THE CHAIRPERSON: We've -- there's been a  
14 lot of information put forward already from them and  
15 related thereto.

16 I'm wondering, Mr. Foran, for your  
17 clients, I'm sure they don't want to sit around all day.  
18 What would be your preference, because we can't guarantee  
19 that we'd be finished with Money Mart at 10:30 but I  
20 would say that there has to be some reasonable chance  
21 that we would.

22 MR. ALLAN FORAN: Could I just take one  
23 moment with my client?

24 MS. ANITA SOUTHALL: Yes, absolutely.

25 THE CHAIRPERSON: Please.



1

2 --- Upon recessing at 3:35 p.m.

3 --- Upon resuming at 3:37 p.m.

4

5 THE CHAIRPERSON: Mr. Foran...?

6 MR. ALLAN FORAN: Mr. Chairman, members  
7 of the Board. I think what we would do is, if this  
8 pleases everybody, we would be prepared to appear at  
9 10:30 in the morning and that would -- and then if you're  
10 not finished with Money Mart we'll wait.

11 MR. PAUL EDWARDS: I'm reasonably certain  
12 we'll be finished.

13 THE CHAIRPERSON: We're reasonably  
14 confident, too, but we're -- we're just not certain. So  
15 I think that's fine. I think that's fine.

16 Okay, then. Then we'll adjourn for the  
17 day. The difficulty part on this, of course, is that  
18 when we're dealing in-camera, we have Money Mart, sans  
19 North West, sans CAC/MSOS, et cetera and then after we're  
20 done with Money Mart, we just have North West, and again  
21 CAC/MSOS is excluded from that and there's no public  
22 hearing.

23 Then when we come back together again in  
24 April, we'll be back in full open session again.

25 MR. PAUL EDWARDS: Sorry, just -- and in

1 terms of those potential dates, Ms. Southall will -- will  
2 deal with counsel on those --

3 THE CHAIRPERSON: She's consulting the  
4 various counsel to arrive at a consensus.

5 MR. PAUL EDWARDS: Okay.

6 THE CHAIRPERSON: Something that will  
7 work for everybody as best as we can.

8 MR. PAUL EDWARDS: Thank you.

9 THE CHAIRPERSON: Okay, well with that  
10 said, then, we'll adjourn. Thank you.

11

12 --- Upon adjourning at 3:39 p.m.

13

14

15

16 Certified Correct,

17

18

19

20 \_\_\_\_\_  
Wendy Warnock, Ms.

21

22

23

24

25