

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 MAXIMUM FEES  
FOR PAYDAY LOANS

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  
December 12th, 2007

Pages 2434 to 2702

1	APPEARANCES	
2	Anita Southall (np)	) Board Counsel
3	Bob Peters	)
4		
5	Leo Sorenson (np)	) Sorenson's Loans Till
6		) Payday
7		
8	Antoine Hacault	) Rentcash Inc.
9	Michael Thompson	)
10	Mona Pollitt-Smith	)
11		
12	Allan Foran	) Canadian Payday Loan
13	Lucia Stuhldreier	) Association
14		
15	Byron Williams	) CAC/MSOS
16		
17	Nathan Slee	) 310-Loan
18		
19	Robert Dawson (np)	) Assistive Financial
20		) Corporation
21		
22	Steve Sardo (Np)	) Cash X
23		
24	Kent Taylor (np)	) Progressive Insurance
25		) Solutions

1	TABLE OF CONTENTS	
2		PAGE NO.
3	Exhibit list	2438
4	List of Undertakings	2439
5		
6	310-Loan Panal:	
7	NATHAN SLEE, Resumed	
8		
9	Continued Cross-Examination by Mr. Bob Peters	2440
10	Cross-Examination by Mr. Allan Foran	2502
11	Cross-Examination by Mr. Byron Williams	2524
12	Cross-Examination by Mr. Antoine Hacault	2548
13		
14	Coalition Panel:	
15	WAYNE SIMPSON, Sworn	
16	CHRIS ROBINSON, Sworn	
17	JOHN OSBORNE, Sworn	
18	JERRY BUCKLAND, Sworn	
19	ANITA FRIESEN, Sworn	
20	TOM CARTER, Sworn	
21		
22	Examination-in-Chief by Mr. Byron Williams	2577
23	Voir Dire Commenced	
24	Examination-in-Chief by Mr. Byron Williams (Qual)	2587
25	Voir Dire Concluded	

1	TABLE OF CONTENTS (cont'd)	
2		Page No.
3		
4		
5	Examination-in-Chief by Mr. Byron Williams	2662
6		
7		
8	Certificate of Transcript	2702
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1	LIST OF EXHIBITS		
2	Exhibit No.	Description	Page No.
3	310-6	Emailed copy of research report of	
4		November 6, 2006 concerning illegal	
5		lending in the UK.	2482
6	310-7	Two (2) page document, Advance	
7		America update	2491
8	COALITION-15	Document entitled Key Issues for	
9		Consumers and Payday Loans in	
10		Manitoba, by Jerry Buckland, PhD	2661
11	COALITION-16	Slide Number 1, Manitoba	2661
12	COALITION-17	Document entitled Fee Collection,	
13		Revised Table 3, two (2) pages	2661
14	COALITION-18	Two (2) page document entitled,	
15		"Who Are the Consumers of Payday	
16		Loans" by Wayne Simpson	2662
17	COALITION-19	Coloured maps, Manitoba payday loan	
18		companies outside of Winnipeg as	
19		well as a number of slides attached	2662
20			
21			
22			
23			
24			
25			

1		LIST OF UNDERTAKINGS	
2	No.	Description	PAGE NO.
3	77	Mr. Nathan Slee to supply data	
4		concerning applications that have	
5		been rejected by 310-Loan.	2478
6	78	Mr. Nathan Slee to supply reason	
7		coding concerning 40 percent of	
8		customers who do not follow through	
9		with their loan application.	2481
10	79	Mr. Nathan Slee to provide the amount	
11		charged to him by the bank for an NSF	
12		charge	2499
13	80	Mr. Nathan Slee to determine whether	
14		or not Advance America offers a twenty-	
15		five dollar (\$25) incentive to take	
16		a loan out with them.	2548
17	81	Coalition to provide Board with	
18		information on whether doorstep	
19		lenders in the UK are licensed or	
20		regulated	2666
21	82	Coalition to explore for Board the	
22		feasibility of taking out the rapid	
23		rise of house prices and mortgages	
24		in the table showing the household	
25		debt	2700

1 --- Upon commencing at 9:06 a.m.

2

3 THE CHAIRPERSON: Welcome back everyone.

4 I see Mr. Slee has returned. Thank you very much, sir.

5 MR. NATHAN SLEE: You're welcome.

6 THE CHAIRPERSON: Okay, Mr. Peters.

7

8 NATHAN SLEE, Resumed.

9

10 MR. BOB PETERS: Yes, thank you, Mr.

11 Chairman. Good morning. Good morning, Board Members

12 Proven and Gerard, ladies and gentlemen.

13

14 CONTINUED CROSS-EXAMINATION BY MR. BOB PETERS:

15 MR. BOB PETERS: Mr. Slee, yesterday  
16 during my questioning of you in the afternoon, you gave  
17 me a bit of a homework assignment. So I -- I went back  
18 and I want to talk to you just to clarify a point so the  
19 Board is clear on your position.

20 Yesterday I asked you whether or not any  
21 additional charges for debit cards should be included in  
22 the APR.

23 Do you recall that discussion?

24 MR. NATHAN SLEE: Yes, I do.

25 MR. BOB PETERS: And I believe I

1 suggested to you that you took one position in your  
2 written evidence and you were perhaps changing that  
3 position orally, and you wanted me to find out where I  
4 was coming from on that.

5 So, if I can turn you to your answer to  
6 PUB-310, first round question Number 4 -- 4A --

7 MR. NATHAN SLEE: I have it.

8 MR. BOB PETERS: -- and I -- when I read  
9 your response, yeah, you were asked to tell the Board  
10 what you thought should form part of the fee structure.  
11 And you recommended that the fee structure would be an  
12 all-in fee for the loan, which would include things like  
13 the administration fee, brokerage fee, interest charge,  
14 et cetera?

15 MR. NATHAN SLEE: Yes, that's correct.

16 MR. BOB PETERS: And I, perhaps  
17 incorrectly, assumed you meant also in there the debit  
18 card, but not necessarily so.

19 MR. NATHAN SLEE: That wasn't my  
20 intention when I wrote this particular response.

21 MR. BOB PETERS: And -- and fair enough.  
22 I -- I want to bring to your attention your answer two  
23 (2) pages further in your Information Requests, and that  
24 was to PUB-310 first round question Number 4(e). You  
25 were directly asked about the charge for the debit card,



1 and you indicated that it could either be part of the APR  
2 or it could have its own rate ceiling.

3 And I just thought, in fairness, that was  
4 what you said in the written part, and I may have  
5 incorrectly interpreted it yesterday.

6 MR. NATHAN SLEE: Thank you I -- I've got  
7 it now.

8 MR. BOB PETERS: All right. And so what  
9 you're telling the Board is that in terms of the debit  
10 card, you're not taking a position on whether it should  
11 be part of the APR or whether the Board should prescribe  
12 a separate maximum fee for that?

13 MR. NATHAN SLEE: In my response  
14 yesterday I was trying to be careful, because I don't  
15 offer the debit card products, so I'm not necessarily  
16 speaking from a position of experience in this. So I'm -  
17 - I'm trying to be -- I'm trying to know what I don't  
18 know, so to speak.

19 So I did think about it a little bit more  
20 last night and this morning, and I'll do my best to  
21 articulate my position.

22 Basically what -- from -- from where I  
23 stand, what I would be concerned with, from the Board's  
24 position, is making sure that there wasn't something in  
25 place that allowed a loophole for firms to get around the

1 rate cap that's charged.

2                   So that is my concern. How the Board  
3   tackles that, I mean those -- the options there might be  
4   better put to firms that actually do have debit cards in  
5   place. And in terms of -- I think the other goals -- so  
6   one -- the first goal has no loopholes.

7                   And the second goal would be making the  
8   cost of the product easy for the customer to understand.  
9   So I think that in an ideal world -- and again, I'm not  
10   offering a product, so I'm not the best to speak to it.  
11   But in an ideal world the rates would be posted on the  
12   posters.

13                   If the debit card was used, say, more than  
14   90 percent of the time by the customers and it really was  
15   the best alternative available to get the money right now  
16   in that particular store, that the fees posted on the  
17   poster should include the debit card.

18                               And, I mean, one idea that the firms might  
19    want to offer is they might want to say, For a discount  
20    you can get it by cheque, or for a discount you can get  
21    your money in another method.

22 But if 90 percent of our customers are  
23 getting it one (1) way, then you should probably display  
24 your fees that way.

25 Does -- does that answer the answer the

1 question?

2 MR. BOB PETERS: Yes, thank you, Mr.  
3 Slee. Let's just turn back, then, to your response to  
4 first round question of the PUB 1-4A. In terms of the  
5 fee for the loan, we've talked about it yesterday.

6 And that was your 25 percent  
7 recommendation of the amount loaned, which would  
8 encompass the administrative fees as well as the interest  
9 portion, correct?

10 MR. NATHAN SLEE: Yes, that's correct.

11 MR. BOB PETERS: And the administration  
12 fees would -- would include the rate of return to the  
13 lender, if we can use it in that -- considered in that  
14 fashion.

15 MR. NATHAN SLEE: Yes, that's correct.

16 MR. BOB PETERS: Now, 310 does not offer  
17 a rollover service. Have I got that right?

18 MR. NATHAN SLEE: In our understanding of  
19 "rollover," yes, that's correct.

20 MR. BOB PETERS: Well, how do you  
21 understand "rollover"?

22 MR. NATHAN SLEE: Well, it's a bit of a -  
23 - it's a grey area. I think each province has got a  
24 slightly different definition, and I think we provided a  
25 definition of something to the extent of -- of rolling

1 fees from one loan into another loan or paying a fee to  
2 extend a loan.

3 MR. BOB PETERS: And no matter how you  
4 define it, you don't offer that service?

5 MR. NATHAN SLEE: That's not our  
6 impression, no.

7 MR. BOB PETERS: All right. What you do  
8 offer is unless your clients and customers have paid off  
9 their existing payday loan, you don't extend them a  
10 further payday loan?

11 MR. NATHAN SLEE: That's right.

12 MR. BOB PETERS: If they are in default,  
13 you do charge them an NSF fee on the cheque that will  
14 have come back from their bank "not sufficient funds"?

15 MR. NATHAN SLEE: That is correct. In  
16 our case it's a preauthorized debit, but it works the  
17 same as a cheque.

18 MR. BOB PETERS: All right. That -- the  
19 -- the -- what the Board or what I'm understanding is an  
20 NSF fee, you have that as a preauthorized debit.

21 MR. NATHAN SLEE: Correct, so we submit a  
22 preauthorized debit to the bank for the first payment for  
23 that loan. If that payment bounces, we charge a twenty-  
24 five dollar (\$25) NSF fee.

25 MR. BOB PETERS: I'm sorry. Okay. You

1 don't get a cheque back from the -- from the person to  
2 whom you're loaning the monies. You get a preauthorized  
3 debit?

4 MR. NATHAN SLEE: We get a void cheque,  
5 which we fill into the preauthorized debit form.

6 MR. BOB PETERS: All right. And -- and  
7 on top of -- if you don't get paid back when the  
8 preauthorized debit goes to the bank and it's supposed to  
9 be cashed and credited to your account on a certain date,  
10 you charge them a twenty-five (25) -- you charge your  
11 customers a twenty-five dollar (\$25) NSF fee?

12 MR. NATHAN SLEE: Yes, that's correct.

13 MR. BOB PETERS: And what makes up that  
14 twenty-five dollar (\$25) NSF fee?

15 MR. NATHAN SLEE: We chose that number as  
16 -- what we understood back in 2000, when we started  
17 business -- as a general amount that we understood to be  
18 charged by utilities or other service providers who would  
19 charge that amount on a bounced cheque.

20 MR. BOB PETERS: It's an arbitrary  
21 amount, but it's designed to discourage people from  
22 bouncing cheques on you?

23 MR. NATHAN SLEE: That's correct, and it  
24 -- it -- it, to an extent, funds our collection efforts;  
25 it doesn't in any way cover all of our collections costs.

1                   MR. BOB PETERS:    You're telling the Board  
2   it's not cost based, but it's -- it recovers partial  
3   costs.

4                   MR. NATHAN SLEE:   It's market based.  
5   It's not tied to costs at all, but certainly it's better  
6   than no dollars for our collection staff.

7                   MR. BOB PETERS:   All right.  In addition  
8   to that NSF fee of twenty-five dollars (\$25) on a  
9   customer who has not paid back their payday loan to 310,  
10   you also then would start the interest clock on the  
11   monies that are outstanding, correct?

12                  MR. NATHAN SLEE:   Yes, that's correct.

13                  MR. BOB PETERS:   And am I understanding  
14   your evidence correct, Mr. Slee, that as soon as a  
15   customer goes into default on payment of their loan,  
16   their interest rate drops?

17                  MR. NATHAN SLEE:   Yes, that's correct.

18                  MR. BOB PETERS:   And it drops to  
19   18 percent per annum?

20                  MR. NATHAN SLEE:   Yes, that's correct.

21                  MR. BOB PETERS:   And can you tell the  
22   Board how the 18 percent per annum was derived by 310?

23                  MR. NATHAN SLEE:   Yes, I can.  What we  
24   looked at -- and it wasn't always 18 percent.  It was  
25   originally 59 percent.  But as we became more

1 experienced, we realized that a lot of our customers,  
2 once they get to the collections point -- so they default  
3 on their loan, some customers take as much as a year to  
4 pay off that loan once they get into our collection  
5 system.

6                   And so we felt it wasn't appropriate to  
7 have an interest rate of 59 percent if the customer -- if  
8 the loan effectively was turning into a one (1) year  
9 term. So we chose a number that we felt was close to  
10 what a lot of credit cards charge. We thought that was  
11 the range we were trying to pick.

12                   It's important for us to have some  
13 interest that's accumulating to give the customer some  
14 incentive to make their payments in a timely manner.

15                   So that's why we want to have something  
16 there, but we want it to be reasonably relative to the  
17 term that it might take the customer to pay off their  
18 loan.

19                   MR. BOB PETERS:   At no time does 310  
20 offer the customer the option, in advance, to pay it off  
21 over a one (1) year term though. That -- is that  
22 correct?

23                   MR. NATHAN SLEE:   Yes, that's correct.

24                   MR. BOB PETERS:   Mr. Slee, going back to  
25 -- to our discussion of yesterday, when we talked about a

1 rate of return that you would recommend if the Board was  
2 considering incorporating a rate of return in their  
3 deliberations and calculations and determinations, your  
4 recommendation is that rate of return should be in the  
5 range of 25 to 35 percent?

6 MR. NATHAN SLEE: Yes, that's correct.

7 MR. BOB PETERS: And that is to  
8 compensate the payday loan lender for the risks involved  
9 and also a return on the equity capital that's being  
10 provided?

11 MR. NATHAN SLEE: Yes, that's correct.

12 MR. BOB PETERS: In response to PUB/310  
13 first round Question 1J, you provided the Board with a  
14 table that calculated projected rates of return under  
15 various scenarios.

16 MR. NATHAN SLEE: I know the table you're  
17 referring to. I'm just going to find it.

18 MR. BOB PETERS: It's on the top of page  
19 21 of what I printed off, but I'm not sure if that's the  
20 same for everybody.

21 MR. NATHAN SLEE: Yep. Got it.

22 MR. BOB PETERS: It's PUB/310-1-1J. I  
23 think it's the last Information Request under that  
24 heading.

25 MR. NATHAN SLEE: I have it.



1                   MR. BOB PETERS:    Would I be correct in  
2   suggesting to you that presently, at a 24 percent fee,  
3   310 is earning approximately a 36 percent rate of return?

4                   MR. NATHAN SLEE:    Yes, that's correct.

5                   MR. BOB PETERS:    And a 36 percent rate of  
6   return, you'll acknowledge, is at the high end of the  
7   range that you've recommended to the Board?

8                   MR. NATHAN SLEE:    Yes, that's correct.

9                   MR. BOB PETERS:    Do you consider the  
10   risks of 310 to be greater or lesser than those of your  
11   colleagues in the industry?

12                  MR. NATHAN SLEE:    I think my colleagues  
13   range from single-store operators to large, publicly-  
14   traded companies, so could you be more specific?

15                  MR. BOB PETERS:    If your -- if the 310  
16   rate of return is at the high end of the range that  
17   you're recommending, why is it at the high end of the  
18   range as opposed to the low end of the range that you're  
19   before the Board suggesting?

20                  MR. NATHAN SLEE:    That's a good question.  
21   I hope it's because I've made a lot of intelligent  
22   business decisions along the way, and we've -- we've done  
23   a fantastic job at what we do.

24                  MR. BOB PETERS:    All right.  So what  
25   you're telling the Board is that you're in business -- as

1 you've said, I think, quite directly in your direct  
2 evidence yesterday -- you're in business to make money?

3 MR. NATHAN SLEE: That's correct.

4 MR. BOB PETERS: And you want to provide  
5 a return for those -- for your shareholders?

6 MR. NATHAN SLEE: Yes, that's correct.

7 MR. BOB PETERS: I'm not sure if I asked  
8 you this but -- and you can decide if it's an answer you  
9 want to put on the public record -- are you a shareholder  
10 in this company?

11 MR. NATHAN SLEE: Yes, I am.

12 MR. BOB PETERS: And how many  
13 shareholders are there?

14 MR. NATHAN SLEE: There are four (4).

15 MR. BOB PETERS: Are you all equal  
16 shareholders?

17 MR. NATHAN SLEE: Yes, we are, give or  
18 take one (1) share.

19 MR. BOB PETERS: All right. If we turn  
20 to the risks that you've identified for the Board, that  
21 you want the Board to consider when it determines whether  
22 the rate of return is appropriate, if that's a route that  
23 they examine. It's found on your response to PUB/310  
24 first round question 1C.

25 The first risk that you -- you found it,

1 sir?

2 MR. NATHAN SLEE: Yes, I've got it.

3 MR. BOB PETERS: And the very first risk  
4 that you point out is the provincial laws and regulations  
5 as being the risk -- a risk facing the payday lenders.

6 Do you consider that to be the largest  
7 risk?

8 MR. NATHAN SLEE: Would we be talking  
9 today or -- I mean, okay, I suspect you're talking today?

10 MR. BOB PETERS: Yes.

11 MR. NATHAN SLEE: I think the combination  
12 of the regulatory risk -- I mean, it really depends on  
13 what the rates are. I mean, the rates could be set at a  
14 limit that would put us out of business.

15 So, yeah, that's a significant risk. And  
16 I do think the class action issue is also a major risk.  
17 I'm not sure how I would rate the two (2).

18 MR. BOB PETERS: Is it your view, Mr.  
19 Slee, that if, for example, the Public Utilities Board  
20 assists in determining a fee that's appropriate, that  
21 will cause class action suits to be -- to go away as long  
22 as people comply with those regulations?

23 MR. NATHAN SLEE: That's my  
24 understanding.

25 MR. BOB PETERS: So, in some -- in some

1 respects, the regulation will assist the industry in  
2 reducing at least one (1) of its major risks?

3 MR. NATHAN SLEE: For sure.

4 MR. BOB PETERS: And when you say  
5 "regulatory risks," other than the setting of the rate,  
6 are there any other regulatory risks that you refer to?

7 MR. NATHAN SLEE: Certainly. From some  
8 of the discussions I've had with provincial staff, there  
9 are some -- in some provinces we were considering, maybe,  
10 more stringent regulations that may dictate more  
11 specifically how we do our business.

12 And if they make a choice that doesn't  
13 really help the financial viability of our business, then  
14 that's -- that's a risk.

15 MR. BOB PETERS: Can you be more specific  
16 in that example that you've given the Board?

17 MR. NATHAN SLEE: Sure. Without getting  
18 into too much detail, but from my meetings in -- in  
19 another province, I've been told that some of the things  
20 they are considering is -- is dictating the terms of the  
21 loan -- dictating the payment periods and the payment  
22 process and dictating a lot more of what firms can and  
23 cannot do.

24 And I think if you're going to go down  
25 that road, I think you're running the risk, because now

1   you're having a -- a Board or a provincial body, you  
2   know, dictate the terms of the product. And -- and that  
3   could -- could decrease returns significantly if they  
4   make the wrong -- what I would think -- the wrong  
5   choices.

6                   MR. BOB PETERS:    Thank you. You also  
7   mention competition in the industry. How do you see that  
8   as a risk?

9                   MR. NATHAN SLEE:    I'm sorry, I'm pausing  
10   because, again, a lot of these -- these risks came with  
11   some help from my accountants, so I'm jogging my memory  
12   on -- on the detail.

13                   I guess competition is a risk because the  
14   more competition there is, the -- probably the tighter my  
15   margins are going to be as I try to compete with that --  
16   with those other competitors.

17                   MR. BOB PETERS:    But you're recommending  
18   the Board establish a rate ceiling that will encourage  
19   more competition, are you not?

20                   MR. NATHAN SLEE:    Yes, that's correct.  
21   I'm putting forth my position in the interest of the  
22   consumer.

23                   MR. BOB PETERS:    The fifth risk that  
24   you've identified that I want to turn to was the  
25   concentration of revenues in certain provinces could

1 adversely affect a lender's business.

2 Can you explain what you mean by that?

3 MR. NATHAN SLEE: Sure. For example, in  
4 our business, 50 percent of our revenues come from  
5 Ontario. So if the Province of Ontario were to regulate  
6 us in a certain way that was not financially viable, our  
7 business would be adversely affected.

8 MR. BOB PETERS: You also talk about the  
9 lack of product diversity as being a risk, and you offer  
10 that up recognizing that probably many of the payday loan  
11 lenders, you are one of the ones with the -- with the  
12 least diversity. Is that correct?

13 MR. NATHAN SLEE: Yes, that's correct.  
14 So I would say that's specifically a -- it's definitely a  
15 risk for us. I can't speak to the extent it's a risk for  
16 everybody else, although I would say that it seems like  
17 payday loans are in the 80 percent range of -- of  
18 people's revenue, so...

19 MR. BOB PETERS: And when you were saying  
20 "lack of product diversity," you were talking other  
21 services like cheque cashing, income tax factoring, and  
22 those matters?

23 MR. NATHAN SLEE: Yes, that's correct.

24 MR. BOB PETERS: And if I gathered from  
25 yesterday's discussion, Mr. Slee, you -- 310 doesn't face

1 a risk in terms of relying on cash management systems  
2 from major financial institutions?

3 MR. NATHAN SLEE: That is incorrect.

4 MR. BOB PETERS: You do rely on cash  
5 management systems?

6 MR. NATHAN SLEE: Yes. Our funds -- we  
7 issue funds to the customer relying exclusively on the  
8 electronic funds transfer systems of our financial  
9 institution.

10 MR. BOB PETERS: Okay. Then maybe I  
11 misunderstood your -- your risk. Can you explain how --  
12 how electronic funds transfer is a risk to your industry?

13 MR. NATHAN SLEE: Well it's -- it's a  
14 risk for our business. We have one (1) bank. If that  
15 bank changes the way that it issues its funds transfer or  
16 administers its funds transfer program, then we -- we  
17 have a serious problem.

18 So a -- a huge part of our success in 2007  
19 has -- for example -- has come from our email money  
20 transfer product. It allows us to send the customer  
21 their money within thirty (30) minutes, as opposed to the  
22 electronic funds transfer, which is next day.

23 I think you heard Rentcash talk a little  
24 about the issues they're having with CIBC, of using --  
25 electronic funds transfer. It was going to take them

1 three (3) days.

2 So, if -- if there's any changes to -- to  
3 our bank's email money transfer system that -- that  
4 doesn't allow us to continue offering that product, it's  
5 going to be a huge hit to our business.

6 MR. BOB PETERS: Maybe I should have  
7 asked this yesterday, but then can you explain to the  
8 Board how an email money transfer system is different  
9 from an electronic funds transfer system?

10 MR. NATHAN SLEE: Sure. They are two (2)  
11 different networks that the bank operates. So the  
12 electronic funds transfer is -- it's a batch process. So  
13 we upload a file to the bank and they process it at a  
14 certain time. There's certain cutoff times.

15 And so it's a -- it's a batch process  
16 thing. The money ends up in the customer's account  
17 sometime in the middle of the night, and it all happens  
18 at the same time for all of our transactions, whereas the  
19 email money transfer is a -- a one (1) transaction at a  
20 time system.

21 So, I mean, anybody can use email money  
22 transfer. You log into your bank, you click the transfer  
23 option, and you -- I can send you two hundred dollars  
24 (\$200) if I wanted to.

25 So we've had to build a system that --



1     that sort of works within that and does the individual  
2     transfers one (1) at a time.

3                     MR. BOB PETERS:     Maybe we can see if that  
4     system works here in Manitoba just to see...

5                     But for that electronic funds transfer to  
6     -- to work -- and then we'll continue with your example  
7     that I like this close to Christmas -- if you were going  
8     to send funds to me by way of an email money transfer, I  
9     would have to be able to do electronic banking at my  
10    branch.

11                    MR. NATHAN SLEE:     Yeah.    So the  
12    requirements for the email money transfer are that you're  
13    with one (1) of the Big 5 banks, you have online banking  
14    set up with that bank, and you have an email address.  
15    And we've found that 70 percent of our customers meet  
16    those qualifications.

17                    MR. BOB PETERS:     Thank you for that  
18    explanation, sir.

19                    I want to turn to the operations part of  
20    your business, and you told Board some -- some things  
21    about that yesterday, and I just want to make sure that -  
22    - that we're clear.

23                    You told the Board yesterday that for  
24    credit to be extended to an applicant, one of the minimum  
25    criteria is that the applicant must be actively employed,

1 correct?

2 MR. NATHAN SLEE: Yes, that's correct.

3 MR. BOB PETERS: What you meant by that  
4 was either full-time or part-time actively employed?

5 MR. NATHAN SLEE: Yes, that's correct.  
6 We do have minimum income cutoffs.

7 MR. BOB PETERS: What are those?

8 MR. NATHAN SLEE: I don't have them at my  
9 fingertips. We -- our system will calculate what the  
10 customer can get as a credit limit, and they'll have to  
11 qualify for at least a minimum of a hundred dollars  
12 (\$100) for -- for us to be able to extend a loan.

13 And I -- I don't know what the minimum  
14 cutoff is.

15 MR. BOB PETERS: You work backwards then,  
16 in terms of looking at what their income is and their  
17 credit ability, and you work back to see whether or not  
18 their income could support a hundred dollar loan, whether  
19 they asked for a hundred dollars (\$100) or not?

20 MR. NATHAN SLEE: If I understand the  
21 question, yes, we do work backwards to figure out what  
22 they qualify for. And then, if they qualify for at least  
23 a hundred (100), then we would move forward.

24 MR. BOB PETERS: Why don't you extend  
25 credit to applicants who are on any form of social

1 assistance?

2 MR. NATHAN SLEE: That's a risk  
3 management decision that we've made. We feel like with  
4 the criteria we've put forth, that has basically allowed  
5 us to manage our credit risk in a way that gives us the  
6 return that we're happy with.

7 So I guess I'm saying I think those  
8 customers are too risky for us.

9 MR. BOB PETERS: But you acknowledge  
10 there are others in your industry that do service those  
11 customers?

12 MR. NATHAN SLEE: It seems that way,  
13 yeah.

14 MR. BOB PETERS: And when -- if I asked  
15 you the same question as to why you don't extend credit  
16 to any applicants who have a pension, do I get the same  
17 answer, that it's too risky?

18 MR. NATHAN SLEE: We haven't done a ton  
19 of research. The -- the notion we like is that the  
20 customer is employed. We feel that gives them more  
21 options.

22 If they are finding themselves in a rut,  
23 they've got -- they may have the option to put in more  
24 time. They might get, you know, they might get overtime.

25

1                   I think they've got more flexibility when  
2 they're employed as -- as opposed to someone who's on a  
3 fixed income.

4                   MR. BOB PETERS:    Regardless of the level  
5 of that fixed income?

6                   MR. NATHAN SLEE:   It's -- it's honestly  
7 nothing that we've really ever looked closely at. It was  
8 the decision that we made way back when we started, and  
9 we've continued with it.

10                  MR. BOB PETERS:    If the applicant's sole  
11 source of income is a pension, you won't extend credit to  
12 them. But if a pension was a secondary source of income,  
13 would you extend credit to them?

14                  MR. NATHAN SLEE:    We would -- we wouldn't  
15 consider the pension income. We would just look at their  
16 employment income and make a decision based on that.

17                  MR. BOB PETERS:    And in terms of  
18 operational matters, why do you require applicants to be  
19 at their job for at least two (2) months?

20                  MR. NATHAN SLEE:    We want to see some  
21 degree of stability to be confident that they will be  
22 there when their loan comes due.

23                  MR. BOB PETERS:    Is it the same job for  
24 two (2) months or at least employed for two (2) months,  
25 regardless of the employer?

1                   MR. NATHAN SLEE:    It has to be the same  
2    job.

3                   MR. BOB PETERS:    Why do you require an  
4    active bank account with at least seven (7) transactions  
5    in the last month?

6                   MR. NATHAN SLEE:    Is the question about  
7    the bank account or about the transactions?

8                   MR. BOB PETERS:    Well, let's start with  
9    both and --

10                  MR. NATHAN SLEE:    Okay.  I wasn't sure  
11    which was important to you.  The bank statement is the  
12    most important piece of information that we work from.  I  
13    think you can -- you can see there that we look at some  
14    things such as NSF, stop payments.  We look for other  
15    payday loan transactions on that bank statement.

16                  And in terms of the seven (7)  
17    transactions, we just -- we need to see enough bank  
18    activity to get a sense of the risk that we're -- we're  
19    dealing with.

20                  MR. BOB PETERS:    Are there any specific  
21    transactions that you suggest make customers less of a  
22    risk - that is, on their bank statement -- that you  
23    would see?

24                  MR. NATHAN SLEE:    I -- I think I've  
25    identified the more risky transactions.  I don't know if

1   there's any that we would identify as saying, This  
2   person's less risky.

3                   So it's more an absence of such things as  
4   NSF and stop payments that we're looking for.

5                   MR. BOB PETERS:   And the requirement to  
6   have an active bank account is so that you can conduct  
7   your business electronically?

8                   MR. NATHAN SLEE:   Yes, that's correct.  I  
9   would also add that it's our only source of information  
10  on the customer's financial situation.

11                  MR. BOB PETERS:   You're not asking for a  
12  pay stub or something of that nature?

13                  MR. NATHAN SLEE:   Sure.  You're right.  
14  We do look at the pay stub.

15                  MR. BOB PETERS:   You alluded to it in an  
16  answer to me just a few minutes ago, but you will loan  
17  monies to a qualified applicant even if they already have  
18  a payday loan transaction on their bank statement,  
19  correct?

20                  MR. NATHAN SLEE:   Yes, we'll allow one  
21  (1) payday loan transaction, but we will factor that into  
22  the credit rating so that the combination of our loan  
23  plus the other company's loan will not exceed the credit  
24  limit that we think is appropriate for the customer.

25                  MR. BOB PETERS:   And is it possible,

1 then, that the customer will be using the loan from 310  
2 to use it as a rollover to essentially pay off the first  
3 payday loan?

4 MR. NATHAN SLEE: That's a good question.  
5 I haven't really tried to speak to our customers about  
6 what they might be doing with that. Certainly, if they  
7 are using to pay off another customer and switch over to  
8 310 because they prefer our service, then I -- I'm -- I  
9 think that's an outcome that I'm -- I'm happy with.

10 It's not something that I have a lot of  
11 data on.

12 MR. BOB PETERS: You don't -- you don't  
13 monitor the intended use of the monies?

14 MR. NATHAN SLEE: No, we don't.

15 MR. BOB PETERS: And the requirement to  
16 have an active phone number, that's either cellular or a  
17 land line I take it?

18 MR. NATHAN SLEE: Yes, that's correct.  
19 And I'm not sure if we accept pay-as-you-go cell phones.  
20 I think they must be contract cell phones.

21 MR. BOB PETERS: Why do you require an  
22 active phone number?

23 MR. NATHAN SLEE: That's our best method  
24 to get in touch with the customer, particularly if they  
25 don't pay for their loan. We also do a courtesy call

1     about three (3) days before the loan is due.

2                     MR. BOB PETERS:     What percentage of your  
3     applicants don't have an active phone number?

4                     MR. NATHAN SLEE:     That's a good question.  
5     I don't have that data at my fingertips. It would be a  
6     low number though, like -- let's say, less than 5  
7     percent.

8                     MR. BOB PETERS:     Mr. Slee, in your  
9     answers to Board Information Requests, first -- first  
10    round question Number 2, and I believe it's "H" -- part  
11    "H" -- you provide a number of payday loans transacted in  
12    the average size in Manitoba.

13                    Do you recall that?

14                    MR. NATHAN SLEE:     Yes, I do.

15                    MR. BOB PETERS:     Would it be correct to  
16    simply multiply the number of loans by the average size  
17    to get your loan volume for the year in Manitoba?

18                    MR. NATHAN SLEE:     Yes, it would be.

19                    MR. BOB PETERS:     In terms of your loan  
20    volume growing over the years, Mr. Slee, from Manitoba  
21    based customers, you told the Board yesterday that to  
22    source the additional capital required, you don't go to a  
23    financial institution for that money.

24                    MR. NATHAN SLEE:     We haven't had the need  
25    to   to date.



1                   MR. BOB PETERS:    You also tell the Board  
2    about bad debt experience in first round Information  
3    Request to 310, Number 2, "I" part.

4                   In there, you tell the Board that your bad  
5    debt expense, as a total of expenses, is running about 21  
6    percent.

7                   Do you recall that?

8                   MR. NATHAN SLEE:   Yes, I see the numbers,  
9    and I think they fluctuate from 14 to 21 ½ percent.

10                  MR. BOB PETERS:    Your latest experience  
11    is 21 percent?

12                  MR. NATHAN SLEE:   Yes, that's correct.

13                  MR. BOB PETERS:    And when you say "bad  
14    debts to total expenses," you're not using bad debts as a  
15    percentage or ratio of the loans that you've extended?

16                  MR. NATHAN SLEE:   No, I answered the  
17    question like it was asked.

18                  MR. BOB PETERS:    Fair enough.   Do I  
19    gather from yesterday's evidence that your total expenses  
20    are approximately 22 percent of the fee that you -- 22  
21    percent on one hundred dollars (\$100)?

22                  That was your administrative costs?

23                  MR. NATHAN SLEE:   That's our  
24    administrative fee.  I don't know that it would  
25    accurately reflect, to the penny, our costs.

1                   MR. BOB PETERS:   Well, can you tell the  
2   Board that, in terms of the number of loans in Manitoba,  
3   what is the bad debt experience relative to the loan  
4   volume?

5                   MR. NATHAN SLEE:   Sorry, are you asking  
6   how many -- do you want the number of how many loans  
7   default or how many loans we end up writing off?

8                   MR. BOB PETERS:   Let's start with the  
9   number of loans that default.  And to you, "default"  
10   means they haven't been paid after the 14 days?

11                  MR. NATHAN SLEE:   Yes, that's correct.

12                  MR. BOB PETERS:   And how many loans in  
13   Manitoba default after -- and are not paid within the  
14   fourteen (14) days.

15                  MR. NATHAN SLEE:   I don't have numbers  
16   broken down off the top of my head by province.  I can  
17   give you my national numbers, and my experience is that  
18   across the country the numbers are quite similar.  So  
19   this will be pretty close.

20                  MR. BOB PETERS:   Thank you.

21                  MR. NATHAN SLEE:   So, typically, between  
22   12 and 13 percent of our loans are not paid on time.  And  
23   we collect about 73 percent of our outstanding principal  
24   within 90 days and end up writing off approximately 3  
25   percent of the principle that we issue.

1 Does that answer your question?

2 MR. BOB PETERS: All right. You've given  
3 the Board lots of data in that answer, and I thank you  
4 for that, Mr. Slee.

5 Of the 73 percent of the principal you  
6 recovered in ninety (90) days, some of that principal --  
7 you're telling the Board -- is in default. And it's  
8 earning you an NSF fee of twenty-five dollars (\$25) plus  
9 18 percent per annum?

10 MR. NATHAN SLEE: Yes. And just -- just  
11 to be clear, so that's 73 percent of the principal that's  
12 been -- that is in default. So -- so 13 percent goes NSF  
13 and is default. And then from that chunk we end up  
14 collecting 73 percent within ninety (90) days.

15 And yes, all of those loans that do  
16 default have a twenty-five dollar (\$25) NSF fee. And  
17 just to clarify, the NSF fee is a one (1) time fee.

18 So during the collection process, the  
19 customer may bounce more payments to us -- and in fact,  
20 they often do -- and there are no NSF fees added on for  
21 those payments, even though we do incur a cost from the  
22 bank from every one of those payments that gets returned.

23 MR. BOB PETERS: Yes, thank you. I  
24 understood that from your evidence. Let's just follow up  
25 here, then, that of the 13 or 14 percent of the loan

1 volume that is not paid within fourteen (14) days, you  
2 end up collecting 97 percent of that 13 or 14 percent,  
3 correct?

4 And you only write off 3 percent?

5 MR. NATHAN SLEE: No. Sorry, that is not  
6 correct. We write off 3 percent of the total principal  
7 that we've issued, so it's a much larger number of the  
8 principal that goes NSF.

9 MR. BOB PETERS: All right, I think we  
10 can do the math with that, now that I've -- hopefully  
11 haven't scrambled the record too badly. But thank you  
12 for that.

13 MR. NATHAN SLEE: You're welcome.

14 MR. BOB PETERS: Mr. Slee, in your pre-  
15 filed evidence, there was mention of some degree of  
16 success that 310 has with its proprietary accounts  
17 receivable management system.

18 MR. NATHAN SLEE: Yes, that's correct.

19 MR. BOB PETERS: Is that -- is that a  
20 system that was designed by the employees of 310?

21 MR. NATHAN SLEE: Yes, it was.

22 MR. BOB PETERS: And that's not something  
23 you're prepared to put on the public record, as to how  
24 you can manage your receivables so that only 3 percent of  
25 your total principal outstanding is -- is written off?

1                   MR. NATHAN SLEE:   Well, I can do my best,  
2   and you can ask more specific questions if it helps.  But  
3   I think a big part of our success is our credit rating  
4   process and our applicant screening.  So there's kind of  
5   a front end and a back end part to it.

6                   So the front end is screening our  
7   applicants to make sure we get people who can, in fact,  
8   pay their loans back.

9                   And then the back end, you know, it's not  
10   quite as sexy, but it's -- it's making the right phone  
11   calls at the right time, sending the right emails or  
12   letters at the right time and -- and giving customers  
13   options that are -- that sort of suit their situation.

14                  Does that help?

15                  MR. BOB PETERS:   It does, and -- and  
16   while you were giving that answer, I -- I thought back to  
17   a previous answer.

18                  You told the Board that 3 percent of the  
19   principal that you loan is written off and is never paid  
20   back, correct?

21                  MR. NATHAN SLEE:   Yes, that's correct.

22                  MR. BOB PETERS:   And I just want to make  
23   sure the Board is clear that when you say "3 percent of  
24   the principal," does that include only the hundred  
25   dollars (\$100)?

1                   Or does it also include the twenty-two  
2 dollars (\$22) of -- or twenty-four dollars (\$24) of  
3 additional charges that 310 adds on to the hundred  
4 dollars (\$100)?

5                   MR. NATHAN SLEE:   All of the numbers that  
6 I gave, it only includes the principal, so -- and also  
7 when I'm talking about the 73 percent, we just measure in  
8 terms of principal.

9                   MR. BOB PETERS:   And principal is the  
10 hundred dollars (\$100), not --

11                  MR. NATHAN SLEE:   Yes, that's correct.

12                  MR. BOB PETERS:   -- not the additional  
13 costs?

14                  MR. NATHAN SLEE:   That's correct. We're  
15 talking about the hundred dollars.

16                  MR. BOB PETERS:   And when you do recover  
17 money from -- from parties who have defaulted, do you  
18 apply it first to the 310 fees and interest, or do you  
19 apply it to the principal?

20                  MR. NATHAN SLEE:   No, the money that  
21 we're -- the money that is collected we -- we apply to  
22 the fees first and the principal last.

23                  MR. BOB PETERS:   Is that your  
24 understanding as to being standard in the industry?

25                  MR. NATHAN SLEE:   I can't say I did a lot

1 of industry homework before we came up with that policy,  
2 so I -- I can't speak to the industry standard.

3 MR. BOB PETERS: Thank you. Back to  
4 Appendix B to your pre-filed evidence.

5 This is where you did a survey of ten (10)  
6 or eleven (11) payday lenders in Manitoba, and you  
7 provide the Board with what they quoted you as their  
8 fees, correct?

9 MR. NATHAN SLEE: Yes, that's correct.

10 MR. BOB PETERS: Can you explain to the  
11 Board why everybody in Manitoba is not charging eighteen  
12 dollars and seventy-five cents (\$18.75) on a hundred  
13 dollars (\$100) as -- as the lowest fee?

14 MR. NATHAN SLEE: I think there's two (2)  
15 parts to it, and I've -- I'm repeating myself, because  
16 I've spoken to both of these already.

17 But I think the -- the first issue is it's  
18 very difficult for consumers to compare rates in this  
19 market. Therefore it's -- it's not easy -- the customer  
20 doesn't have this list, quite frankly, and so they're not  
21 making that decision in -- in -- based on this list.  
22 They're making their decision based on -- on other  
23 factors. So that's the first part.

24 And the second part is I think there --  
25 there are quite different products within this range.

1 And I apologize, my experience is mostly in the direct  
2 business, so I'll use that example.

3 Again, for example, between us and Mogo, I  
4 can offer my customers when they apply they don't have to  
5 fax -- 70 percent of our customers would qualify for a  
6 fax-less application process.

7 So that means from their desk they can  
8 apply and have a response in a very short period of time  
9 without having to collect any paperwork, and then they  
10 can have the funds emailed to them in thirty (30)  
11 minutes.

12 With Mogo, for example, they would have to  
13 fax documents in. So you've got to go gather those  
14 documents, you've got to find a fax machine, send them  
15 in.

16 And if there's any problems with them,  
17 they're going to call you back and say, Sorry, there's a  
18 few problems, fax them again. And then they're going to  
19 set up an electronic funds transfer which will get into  
20 your account the next day.

21 So I think that's why customers choose  
22 310- Loan and choose to pay more for it.

23 MR. BOB PETERS: Does that summarize by  
24 saying the convenience factor from 310-Loan relative to  
25 others?



1                   MR. NATHAN SLEE:    I think the number one  
2 factor is speed with which you can get your funds.

3

4                                   (BRIEF PAUSE)

5

6                   MR. BOB PETERS:    I'd like to turn with  
7 you, Mr. Slee, to answers that 310 gave to PUB questions  
8 second round Number 2. We deal here with demographics of  
9 your customer base.

10                           And the data you provided here is broken  
11 down into Canada and Manitoba, and that's just your  
12 customers, correct?

13                   MR. NATHAN SLEE:    Yes, that's correct.

14                   MR. BOB PETERS:    We can look at the  
15 percentage numbers comparing Manitoba to Canada. But in  
16 general terms do you find Manitoba's demographics to be  
17 representative of the demographics across the country?

18                   MR. NATHAN SLEE:    I think the data speaks  
19 for itself.

20                   MR. BOB PETERS:    What is the one (1)  
21 factor that stands out to you that makes Manitobans  
22 different than others in the country?

23                   MR. NATHAN SLEE:    To be honest, I haven't  
24 really looked at it very closely. So if you want, I can  
25 scan it and -- or if you have an idea, you can throw it

1 at me.

2 MR. BOB PETERS: No, no. I -- I'll -- I  
3 look at the numbers here. But if -- if there was  
4 something that you in your business plan have found  
5 Manitoba to be different than the rest of Canada, I think  
6 the Board would like to know what -- what you perceive  
7 that to be.

8 MR. NATHAN SLEE: Sure. We haven't  
9 differentiated any of either our product offerings or our  
10 marketing efforts relative to a specific region of the  
11 country. So pretty much we do the same thing across  
12 every jurisdiction.

13 MR. BOB PETERS: When you provide the  
14 Board with gross personal income numbers in thousands of  
15 dollars, is that the individual applicant, or is that the  
16 household income?

17 MR. NATHAN SLEE: No, that's the  
18 individual applicant.

19 MR. BOB PETERS: Do you ever ask for what  
20 the household income is?

21 MR. NATHAN SLEE: No, we do not.

22 MR. BOB PETERS: Have you done any  
23 surveys or have any knowledge of what household incomes  
24 are in Manitoba for the people who are applying to 310?

25 MR. NATHAN SLEE: I -- no, I don't have

1     that information.

2                   MR. BOB PETERS:    Do you agree that, in  
3     terms of your demographics, they will reflect some of the  
4     points that you told the Board about a few minutes ago,  
5     such as you don't have anybody there who is on social  
6     assistance of any kind?

7                   MR. NATHAN SLEE:    That's correct, I would  
8     agree.

9                   MR. BOB PETERS:    And -- and you don't  
10    have pensioners or people whose -- whose primary source  
11    of income is pension?

12                  MR. NATHAN SLEE:    That's correct.

13                  MR. BOB PETERS:    And what I heard you  
14    telling the Board is that 70 percent of your customers  
15    have a computer, because they can -- they have an email  
16    address.

17                  MR. NATHAN SLEE:    I don't think you have  
18    to have a computer to have an email address. I'm -- a  
19    lot of people -- one of our big peak times for  
20    applications is over lunch hour.

21                  So a lot of people are applying from their  
22    desk at work. So they -- they don't necessarily have to  
23    apply from home.

24                  MR. BOB PETERS:    Oh, I see. You're  
25    differentiating home from the office then so that --

1                   MR. NATHAN SLEE:    I would say, to answer  
2   your question, they have access to a computer.  Whether  
3   they own the computer or not, it would be another  
4   question.

5                   MR. BOB PETERS:    All right, and so  
6   whether or not they pay the -- the monthly Internet fee -  
7   - whether it's high speed, low speed -- you don't know?

8                   MR. NATHAN SLEE:    No, I don't.

9                   MR. BOB PETERS:    It's perhaps their  
10   employer that's paying it?

11                  MR. NATHAN SLEE:    It could very well be.

12                  MR. BOB PETERS:    Okay.

13

14                                       (BRIEF PAUSE)

15

16                  MR. BOB PETERS:    When the Board considers  
17   your demographic numbers that you provided -- and thank  
18   you, Mr. Slee, for those -- it also has to take into  
19   account that if a customer doesn't have a bank account,  
20   an active bank account, they won't be included in your  
21   demographics?

22                  MR. NATHAN SLEE:    That's correct.

23                  MR. BOB PETERS:    And even if they have a  
24   bank account and it's not as active as the minimum  
25   requirements for 310, they likewise will be excluded from

1 your demographics?

2

3 MR. NATHAN SLEE: Yes, that's correct.

4 MR. BOB PETERS: All of the data that  
5 you've provided is only for those customers who have been  
6 accepted and provided credit from 310 Loan?

7 MR. NATHAN SLEE: Yes, that's correct. I  
8 have a lot more data from people who have applied, so if  
9 that's somehow helpful to the Board, perhaps -

10 MR. BOB PETERS: Well, I think it might  
11 be, and I -- I won't speak for the Board. They -- they  
12 don't let me do that. But in terms of what might be  
13 helpful to them, you have data on -- on applicants whose  
14 applications 310 has rejected?

15 MR. NATHAN SLEE: Yes, that's correct.

16 MR. BOB PETERS: If you could provide  
17 that to the Board, I think that would be -- be  
18 interesting.

19 MR. NATHAN SLEE: In the same format?

20 MR. BOB PETERS: The same format would be  
21 -- would be fine, yes.

22 MR. NATHAN SLEE: Okay.

23

24 ---UNDERTAKING NO. 77: Mr. Nathan Slee to supply  
25 data concerning applications

1                                   that have been rejected by  
2                                   310-Loan.  
3

4   CONTINUED BY MR. BOB PETERS:

5                   MR. BOB PETERS:    A couple of other points  
6   here, Mr. Slee.  You provided a copy of the illegal  
7   lending in the UK report which you referenced in your  
8   materials yesterday and also your pre-filed materials,  
9   correct?

10                  MR. NATHAN SLEE:   Yes, that's correct.  
11   Could I just interrupt for one...?

12                  MR. BOB PETERS:    Yes, sir.

13                  MR. NATHAN SLEE:    Just back on that data,  
14   just to make sure that I get it right.  Just to be clear,  
15   our data consists of -- basically, of all of our  
16   applicants, 30 percent are rejected because they don't  
17   meet our criteria; 40 percent are what we consider held,  
18   because they don't go through with the process.

19                  They realize that they have to send in  
20   bank statements, that sort of stuff, and they don't go  
21   through with it.  And then 30 percent are approved.

22                  So this data is the 30 percent that are  
23   approved and actually get loans from us.  I just want you  
24   to know when you get the data it'll contain those three  
25   (3) distinctions.

1                   MR. BOB PETERS:    Apologize for not paying  
2   better attention to that.  I got mixed up on the two (2)  
3   30 percent numbers.

4                   But 30 percent are rejected outright,  
5   because they don't meet your minimum criteria that you've  
6   set out in your pre-filed evidence and in your -- in your  
7   direct evidence of yesterday?

8                   MR. NATHAN SLEE:   Yes, that's correct.

9                   MR. BOB PETERS:    And then there's another  
10  40 percent who make application but, for some reason,  
11  they don't understand the process --

12                  MR. NATHAN SLEE:   Well they choose not to  
13  follow through with the process once -- for example, they  
14  may find out that they can't get their money until the  
15  next day, so they may decide to go somewhere else.

16                  Or they may find it too onerous to submit  
17  their bank statement, either electronically or by fax.

18                  Those would probably be the two (2) most  
19  common reasons.

20                  MR. BOB PETERS:    Do you canvass those who  
21  are in that 40 percent pool as to why they don't follow  
22  up?

23                  MR. NATHAN SLEE:   Yes, we do.  Sorry.  
24  For every one (1) of those 40 percent we have a reason  
25  code.  It's to our best understanding.

1                   So some of the reason codes would be, We  
2     didn't hear from the customer. So we don't call the  
3     customer -- if we can't get a hold of them we're not, you  
4     know, calling them for a week to find out why they didn't  
5     follow up. We use the best information we have  
6     available.

7                   MR. BOB PETERS:   And are you able to  
8     provide the Board with the reason coding for that 40  
9     percent and the percentages?

10                  MR. NATHAN SLEE:   Yes, I could.

11

12     ---UNDERTAKING NO. 78:         Mr. Nathan Slee to supply  
13   reason coding concerning 40  
14   percent of customers who do  
15   not follow through with their  
16   loan application.

17

18     CONTINUED BY MR. BOB PETERS:

19                   MR. BOB PETERS:   Okay. And then the last  
20     30 percent that you mentioned are approved, and you've  
21     already provided that data in answer to PUB/310-2-2.

22                   MR. NATHAN SLEE:   Yes, that's correct.

23                   MR. BOB PETERS:   All right. So the -- so  
24     the additional information you will provide will be with  
25     respect to that 40 percent who don't follow through as to



1 what your best understanding is as to why.

2 And in addition to that, you will provide  
3 your demographic information on the 30 percent that are  
4 rejected after they've made the application.

5 MR. NATHAN SLEE: Got it.

6 MR. BOB PETERS: Many thanks. Back to  
7 the UK report. Mr. Chairman, Board members, I propose  
8 this be marked as Exhibit 310-6 in the event it hasn't  
9 already been given that exhibit number. And this  
10 document again is provided -- I'm understanding that what  
11 I've proposed, Mr. Chairman, to be marked as 310 Exhibit  
12 6 was an emailed copy of the illegal lending in the UK  
13 report.

14 It's a research report of November 6,  
15 2006. It hasn't been circulated in paper copy. I'm  
16 prepared to do that at the recess if any party wants a  
17 copy. But I just wanted to make sure that was clearly  
18 marked on the record. Thank you.

19

20 --- EXHIBIT NO. 310-6: Emailed copy of research  
21 report of November 6, 2006  
22 concerning illegal lending in  
23 the UK.

24

25 CONTINUED BY MR. BOB PETERS:

1                   MR. BOB PETERS: Mr. Slee, in your  
2 rebuttal evidence, you have a concern with some evidence  
3 provided by Dr. Buckland, correct?

4                   MR. NATHAN SLEE: Yes, that's correct.

5                   MR. BOB PETERS: And specifically, you  
6 take issue with Dr. Buckland's conclusions that the cost  
7 of a payday loan has increased from 2002 to 2007.

8                   MR. NATHAN SLEE: Yes, that's correct.

9                   MR. BOB PETERS: And can you explain why  
10 you take issue with that?

11                  MR. NATHAN SLEE: Sure, and I'll admit  
12 stats was probably one of my worst classes in university.  
13 But one thing that I was able to take from it was I  
14 understood that in a situation where you have significant  
15 outliers in -- in your data set, that a median may be a  
16 more appropriate way to display the typical, I guess,  
17 range. And again, excuse my improper terms.

18                  But I thought looking at Dr. Buckland's  
19 data in 2002, for example, we have -- I'm not sure, do  
20 you guys have the data in front of you while I'm  
21 referring to it? I'm not sure if it helps.

22                  But in 2002 we have -- we have four (4)  
23 prices in the range of sixty-three (63) to seventy-five  
24 dollars (\$75), and then we have one outlier of thirty  
25 dollars (\$30).

1 So that caught my attention.

2 And then in 2007, we have one (1), two  
3 (2), three (3), four (4), five (5) -- we have six (6)  
4 prices in the range of forty-four (44) to sixty-one  
5 dollars (\$61), and then we have two (2) outliers of  
6 ninety-eight dollars (\$98) and one hundred and nine  
7 (109).

8 And I think the outliers in 2002 and in  
9 2007 make the mean an ineffective measure to display the  
10 typical payday loan price in the market. And that's why  
11 I presented the data using the median.

12 MR. BOB PETERS: So you're not  
13 disagreeing with his data points, but you're disagreeing  
14 with the inclusion of them in the calculation and  
15 removing the --

16 MR. NATHAN SLEE: No, I'm just  
17 disagreeing with the mean as being the appropriate  
18 measure to display the typical payday loan price in  
19 Manitoba.

20 MR. BOB PETERS: Thank you. One of the  
21 other points you make in your rebuttal evidence, Mr.  
22 Slee, is that payday loan consumers, you believe, behave  
23 the same as bank customers.

24 Have I got that correct?

25 MR. NATHAN SLEE: In the example that I

1 used, yes, I was trying to demonstrate that they did  
2 behave in a similar manner as bank customers when it came  
3 to making choices based on cost.

4 MR. BOB PETERS: And so the Board  
5 understands your point here, what you're saying to the  
6 Board is that if bank customers were motivated solely by  
7 the cost of their transactions, everybody would use -- in  
8 your example -- President's Choice Financial, because  
9 they have no fees or the lowest fees on the various  
10 banking transactions compared to the chartered banks?

11 MR. NATHAN SLEE: Yes, that's correct.

12 MR. BOB PETERS: And, according to your  
13 hypothesis, if people were only motivated by the cost,  
14 customers would leave the five (5) chartered banks and  
15 all rush to President's Choice Financial, because they  
16 have the absolute lowest costs that you've been able to  
17 find?

18 MR. NATHAN SLEE: Yes, that's correct.

19 MR. BOB PETERS: And you want the Board  
20 to then consider -- as they would look at your Appendix B  
21 that we've gone over a few times -- that not every payday  
22 loan customer chooses the lowest priced option for a  
23 variety of reasons?

24 MR. NATHAN SLEE: Yes, that's correct.

25 MR. BOB PETERS: And you've given the

1 Board the suggestion that one of the reasons that they  
2 may choose 310 is the speed with which the transaction  
3 can be conducted such that the money can be in their bank  
4 account within thirty (30) minutes?

5 MR. NATHAN SLEE: Yes, that's correct.

6

7 (BRIEF PAUSE)

8

9 MR. BOB PETERS: Mr. Slee, you are aware  
10 of and were here when the Pollara report -- I think it's  
11 been called -- presented by the Canadian Payday Loan  
12 Association was filed? It's in the book of documents  
13 that Board counsel's been using and is now Document  
14 Number 18.

15 You were here when that was discussed and  
16 referred to?

17 MR. NATHAN SLEE: I wasn't here, but I  
18 read the transcripts.

19 MR. BOB PETERS: All right. And you're  
20 aware that in that Pollara report there was some research  
21 done as to why consumers use payday loans?

22 MR. NATHAN SLEE: Yes, I am.

23 MR. BOB PETERS: How do you reconcile the  
24 Pollara results indicating that the reason people choose  
25 payday loans is the quick and easy process is 51 percent,

1 and 310 has provided information to the Board -- albeit  
2 from PIAC and Environics -- that the primary reason was  
3 the emergency cash for necessities?

4

5 (BRIEF PAUSE)

6

7 MR. NATHAN SLEE: The question is, How do  
8 I reconcile the differences in the two (2)?

9 MR. BOB PETERS: Yes.

10 MR. NATHAN SLEE: I'm not -- I haven't  
11 looked at either -- I haven't compared those two (2)  
12 reports closely enough to necessarily provide a -- a good  
13 answer in that, that I'm comfortable with. I don't want  
14 to make up answers on the spot.

15 MR. BOB PETERS: All right. But you do  
16 acknowledge that in the Pollara report 5 percent of those  
17 surveyed said that the reason they applied for a payday  
18 loan was out of necessity or a need -- a needed  
19 emergency?

20 MR. NATHAN SLEE: I actually haven't  
21 looked at the Pollara report closely enough to -- to get  
22 into it. If you want to give me a copy, I'll do my best.

23 MR. BOB PETERS: All right. We'll just  
24 work with these numbers then.

25 MR. NATHAN SLEE: Okay.

1                   MR. BOB PETERS:    If -- if Pollara is  
2   telling people in their report that necessity and needed  
3   -- needed it emergency is 5 percent, represents 5 percent  
4   of the reasons that people use payday loan -- payday  
5   lenders, you've provided reports to the Board suggesting  
6   that emergency cash for necessities is more in the  
7   neighbourhood of 31 to 36 percent?

8                   MR. NATHAN SLEE:    I'm not an expert on  
9   survey methodology or all the different intricacies of  
10  performing these types of surveys, so I'm -- I really  
11  don't know that I could get into a good answer as to why  
12  those numbers are different.

13                  MR. BOB PETERS:    Okay.

14                  MR. NATHAN SLEE:    And I'm -- again, I'm  
15  not trying to avoid the question. I just don't know that  
16  I can provide a good answer.

17                  MR. BOB PETERS:    Thank you. That's a  
18  fair response. I'll take that.

19

20                                       (BRIEF PAUSE)

21

22                  MR. BOB PETERS:    Would it likewise be  
23  your answer if I was to ask you to compare how Pollara  
24  determined the level of satisfaction with payday lenders  
25  compared to the data you provided in -- in your report,

1 is that you -- you really don't know the underpinnings of  
2 -- of the other reports and...?

3 MR. NATHAN SLEE: I think that would be  
4 correct.

5 MR. BOB PETERS: All right. Well, then I  
6 won't pursue that with you.

7 One of the final points you make in your  
8 rebuttal is the suggestion that the payday loan consumers  
9 are not absolutely poor. Do you recall that?

10 MR. NATHAN SLEE: Yes, that's correct.

11 MR. BOB PETERS: And you were saying that  
12 in -- in respect of trying rebut suggestion that it's the  
13 absolutely poor who -- who utilize payday lenders the  
14 most?

15 MR. NATHAN SLEE: Yes, that's correct.

16 MR. BOB PETERS: In the data that you  
17 provided -- and I think you just repeated one of your  
18 Information Request responses in your rebuttal here --  
19 you're trying to show the Board that of the portfolio of  
20 loans in Manitoba that 310 has, only 11 percent are for  
21 consumers with lower than 20 percent -- lower than twenty  
22 thousand dollars (\$20,000) a year income, correct?

23 MR. NATHAN SLEE: Yes, that's correct.

24 MR. BOB PETERS: And you compare that to  
25 the census or the information obtained of 45 percent of



1 residents being in that category to suggest that your  
2 market doesn't target the absolutely poor?

3 MR. NATHAN SLEE: Yes, that's correct.

4 MR. BOB PETERS: Again, you're not  
5 suggesting that they're not served by others in the  
6 industry, but they're not part of the portfolio of  
7 clients that 310 services mainly?

8 MR. NATHAN SLEE: Yes, I think that --  
9 that the only data I have on the rest of the industry is  
10 the same data that the Board has, in terms of some of the  
11 studies that have been conducted. So I'm just presenting  
12 my data because it's what I've got.

13 MR. BOB PETERS: Two (2) last points, Mr.  
14 Slee, one (1) of them being that in addition to your  
15 rebuttal evidence, you've also provided the Board with an  
16 update dated November 26, 2007.

17 And this is an -- an Advance America  
18 update, correct?

19 MR. NATHAN SLEE: Yes, that's correct.

20 MR. BOB PETERS: And was that circulated  
21 to other parties to the proceedings to your knowledge?

22 MR. NATHAN SLEE: Yes, it was.

23 MR. BOB PETERS: All right. Mr.  
24 Chairman, I'd suggest that we would mark that as Exhibit  
25 310, Exhibit Number 7, and I have it as a two (2) page

1 document.

2

3 --- EXHIBIT NO. 310-7: Two (2) page document,  
4 Advance America update.

5

6

7 CONTINUED BY MR. BOB PETERS:

8 MR. BOB PETERS: The purpose of your  
9 providing this to the Board, Mr. Slee, was to keep the  
10 Board current on the latest entrants into the Manitoba  
11 market as a payday lender?

12 MR. NATHAN SLEE: Yes, that's correct. It  
13 had come up in -- in one of the questions I think Ms.  
14 Southall had asked, so I wanted to provide some more  
15 information.

16 MR. BOB PETERS: And your information in  
17 this Exhibit 310 Exhibit 7 is that Advance America, under  
18 the brand name of National Cash Advance, started business  
19 in Manitoba on October 18th, 2007?

20 MR. NATHAN SLEE: Yes, that's correct.

21 MR. BOB PETERS: And that either as of  
22 three (3) weeks ago, they either have or -- or planning  
23 on opening as many as seven (7) locations in Manitoba --  
24 six (6) of them in Winnipeg, one (1) in Brandon?

25 MR. NATHAN SLEE: Yes, that's correct.

1                   MR. BOB PETERS:   And you're not aware  
2 whether or not those are in fact yet open?

3                   MR. NATHAN SLEE:   It's my understanding  
4 that they are all open.

5                   MR. BOB PETERS:   They're all storefront  
6 enterprises?

7                   MR. NATHAN SLEE:   That's my  
8 understanding, yes.

9                   MR. BOB PETERS:   And is it your  
10 understanding that they offer any online direct lending?

11                  MR. NATHAN SLEE:   It is my understanding  
12 that Advance America does not have an online direct  
13 product.

14                  MR. BOB PETERS:   And from the research  
15 that you conducted, they're not charging any fees other  
16 than -- sorry, they're only charging an interest  
17 component of 59 percent on the principal outstanding for  
18 the term of the loan?

19                  MR. NATHAN SLEE:   Yes, that's correct.  
20 As it was explained to me, they are concerned with the  
21 legal risks of charging any fee beyond the 60 percent and  
22 are going to continue with that practice until the Board  
23 makes its decision on what fees are allowed.

24                  MR. BOB PETERS:   The only fee that you're  
25 aware that they charge is an NSF fee of forty-five

1     dollars (\$45).

2                     MR. NATHAN SLEE:    Yes, that's correct.

3                     MR. BOB PETERS:    And do you know what  
4     interest rate they charge on any defaulted products?

5                     MR. NATHAN SLEE:    No, I do not.

6                     MR. BOB PETERS:    Yesterday you provided  
7     the Board with your opinion that Advance America was  
8     losing money in Manitoba.  Is that correct?

9                     MR. NATHAN SLEE:    Yes, that's correct.

10                    MR. BOB PETERS:    Would -- would you agree  
11    with me that you don't know that as an absolute fact, but  
12    that's your position in submission because they're not  
13    charging any additional fees?

14                    MR. NATHAN SLEE:    From almost eight (8)  
15    years in the industry, if they can charge 59 percent  
16    interest and make money, I -- I think I better walk away  
17    from my job right about now.

18                    MR. BOB PETERS:    All right.  Why would  
19    they be in Manitoba, in your opinion, losing money  
20    deliberately?

21                    MR. NATHAN SLEE:    They're in Manitoba  
22    because Manitoba is the first to regulate payday loan  
23    rates, so it's going to be the first place where they're  
24    going to have legal and regulatory certainty.  So I  
25    believe that's why they're here.

1                   The losing money -- I think they would  
2     like to make sure that they've got their base of stores  
3     established -- this is -- this is hypothetical; I'm just  
4     guessing -- base of stores established on the ground,  
5     ready to go, when this ruling comes down so that they're  
6     ahead of any other American competitors who may be  
7     planning on entering the market.

8                   And in terms of -- for a company their  
9     size, seven (7) stores operating at a significant loss is  
10    insignificant.

11                  MR. BOB PETERS:    I think I read somewhere  
12    in your evidence that their gross was in the  
13    neighbourhood of, was it half a billion dollars a year?

14                  MR. NATHAN SLEE:    550 million,  
15    approximately, in 2006.

16                  MR. BOB PETERS:    And you got that from  
17    their public filings?

18                  MR. NATHAN SLEE:    Yes, that's correct.

19                  MR. BOB PETERS:    I want to conclude, Mr.  
20    Slee, by going over what your final recommendations are  
21    to the Board for the Manitoba market to be effective for  
22    both the consumers and the lenders.

23                  You've identified three (3) measures that  
24    must be taken.

25                  And the first of those three (3) is you

1 think regulations need to be put in place to eliminate  
2 the legal risks that are present and to allow the  
3 competition to thrive and develop the market?

4 MR. NATHAN SLEE: Yes, that's correct.

5 MR. BOB PETERS: And for that to happen,  
6 what you're suggesting is, then, that this Board needs to  
7 issue its report based on how it determines appropriate  
8 fees should be charged in this industry?

9 MR. NATHAN SLEE: Yes, that's correct.

10 MR. BOB PETERS: The second aspect that  
11 you are suggesting is that there has to be standardized  
12 disclosure amongst all lenders so consumers can be better  
13 informed?

14 MR. NATHAN SLEE: Yes, that's correct.

15 MR. BOB PETERS: And you're aware that  
16 that is a requirement through the regulations in the  
17 legislation?

18 MR. NATHAN SLEE: Yes, I am.

19 MR. BOB PETERS: And is it correct that  
20 that -- the APR will also have to be published and  
21 prominently displayed?

22 MR. NATHAN SLEE: That's how I understand  
23 it.

24 MR. BOB PETERS: And, rather than how  
25 it's calculated, you feel that the APR will educate

1 consumers as to what the loan will be costing them and  
2 they could comparison shop if they're so inclined?

3 MR. NATHAN SLEE: I don't really have a  
4 position on the APR. I don't mind if it's there or if  
5 it's not there. I think there are other experts who can  
6 speak better to the effect of the APR being presented.

7 I've got no problem with it, I've got --  
8 it could be good, it could be bad, I'm not sure.

9 MR. BOB PETERS: And the last  
10 recommendation you're making to the Board is that the  
11 rate level that they set, and they cap it, will be such  
12 that those in the industry whose success depends on  
13 exploiting Manitoba's most vulnerable will be excluded  
14 from the market?

15 MR. NATHAN SLEE: And -- and this  
16 recommendation is -- I'll try not to go off on too much  
17 of a tangent here -- but this whole process, to me, is a  
18 little bit more complicated than it needs to be, because  
19 I don't have feedback from -- from the Board about what  
20 is important to them and what they are looking at.

21 So I'm trying to guess. I'm guessing that  
22 protecting vulnerable individuals is important. So if  
23 that is important, I think this would be a measure that  
24 would be effective.

25 If there are other things that are

1 important to you, you know, the more you could share, the  
2 more I can give you data that may help or give you ideas  
3 from my experience.

4 So because of the format we've got here,  
5 I'm doing the best I can to anticipate what's important  
6 to the Board.

7 MR. BOB PETERS: Well, thank you for  
8 that, and I'm sure that's greatly appreciated, Mr. Slee.

9 When you say that the rates must be capped  
10 at a level to prevent exploitation of Manitoba's most  
11 financially vulnerable, your recommendation to the Board  
12 is that that be the 25 percent cap that you've testified  
13 to?

14 MR. NATHAN SLEE: I think 25 percent  
15 would be -- certainly be effective at cutting off those  
16 extreme rates.

17 MR. BOB PETERS: Mr. Chairman and Board  
18 members, I would like to thank Mr. Slee for his answers.  
19 Those conclude my questions. Thank you.

20 THE CHAIRPERSON: Thank you, Mr. Peters.

21 Before we go on to Mr. Foran, we might  
22 take a break, depending. I have just a couple of little  
23 questions for clarification, if you do not mind?

24 MR. NATHAN SLEE: Yeah.

25 THE CHAIRPERSON: Mr. Slee, you were



1 talking about a rate of return on investment of  
2 36 percent at one point with Mr. Peters, and I am just  
3 trying to understand.

4 I take it that this return is based on the  
5 investment in the business, correct?

6 MR. NATHAN SLEE: Yeah. Again, we used  
7 Mr. Gaudreau's calculation of -- it was -- it was net  
8 income divided by -- excuse me, retained earnings and  
9 long-term debt.

10 Most of our calculation would be retained  
11 earnings or our -- it's -- we probably have an 80 percent  
12 equity and 20 percent debt ballpark.

13 THE CHAIRPERSON: But the debt is from  
14 the shareholders too then?

15 MR. NATHAN SLEE: No, the debt's from --  
16 from the bank. That's just the -- actually sorry --  
17 sorry, you are correct the debt would be from long term  
18 loans from shareholders.

19 THE CHAIRPERSON: Okay, so the rate of  
20 return that you're working out is -- is net income  
21 basically over the capital that's been invested by the  
22 shareholders either by way of --

23 MR. NATHAN SLEE: And including retained  
24 earnings, yes.

25 THE CHAIRPERSON: Yes. And that's just

1 to confirm, that's before or after tax?

2 MR. NATHAN SLEE: Before tax.

3 THE CHAIRPERSON: And is that after  
4 management salaries and bonuses or -- or before?

5 MR. NATHAN SLEE: I didn't exclude the  
6 management so that my net income includes management  
7 salaries.

8 THE CHAIRPERSON: Okay, thank you. You  
9 were referring to something again when Mr. Peters --  
10 you're talking about these preauthorizing the debits and  
11 when one (1) gets bounced in the nature of an NSF cheque.

12 What does the bank charge you when they --  
13 when they bounce one of these things back?

14 MR. NATHAN SLEE: That's -- I haven't  
15 looked at our fee agreement with the bank in a long time.  
16 It's somewhere between, I'm going to say one (1) to three  
17 dollars (\$3) per transaction.

18 Is that number important because I can get  
19 the exact number?

20 THE CHAIRPERSON: Yes, sir, if you  
21 wouldn't mind.

22 MR. NATHAN SLEE: Yeah.

23 THE CHAIRPERSON: As an undertaking.

24

25 --- UNDERTAKING NO. 79: Mr. Nathan Slee to provide

1 the amount charged to him by  
2 the bank for an NSF charge  
3

4 MR. NATHAN SLEE: I could be way off but  
5 that's off the top of my head.

6 THE CHAIRPERSON: You indicated that for  
7 these fund transfers you were relying on your bank, I'm  
8 not going to delve too deeply in this but is your bank  
9 one of the main chartered banks?

10 MR. NATHAN SLEE: Yes, it is.

11 THE CHAIRPERSON: One (1) last question  
12 which is a little bit further afield. This document you  
13 provided 310 Exhibit 6, Legal Lending in the UK. Just  
14 after quickly scanning it, one (1) question jumps to mind  
15 and just due to our lack of understanding of the  
16 situation there.

17 First of all, just to preface this remark,  
18 I understand from the material, the UK doesn't have any  
19 maximum interest rate.

20 MR. NATHAN SLEE: That's also my  
21 understanding.

22 THE CHAIRPERSON: So what is illegal in  
23 the UK. I guess that's the question?

24 MR. NATHAN SLEE: What is illegal?

25 THE CHAIRPERSON: What makes it illegal

1    lending?

2                   MR. NATHAN SLEE:    That's a really good  
3    question.  I'm -- I haven't read enough to give you a  
4    good answer.

5                   THE CHAIRPERSON:    Because I was -- when  
6    I was reading this material, the one thing it didn't do  
7    was give a definition of what was illegal.

8                   MR. NATHAN SLEE:    Right.

9                   THE CHAIRPERSON:    You could get -- you  
10   could gather some of these practices that went in here  
11   may have fallen into that category but it didn't say  
12   specifically what was illegal.

13                   MR. NATHAN SLEE:   I think that -- that  
14   makes sense.  I think intuitively there must be some  
15   customers that the lenders in the UK, the legal lenders,  
16   are not going to serve so I'm guessing that it's those  
17   customers who are going to -- to the illegal lenders.

18                   And I think there's some data in there  
19   about the amount of fees that are paid to the illegal  
20   lenders relative to the legal lenders.

21                   And it's -- there's quite a huge  
22   difference -

23                   THE CHAIRPERSON:   And again if there's --  
24   if there's no maximum --

25                   MR. NATHAN SLEE:   Mm-hm.

1                   THE CHAIRPERSON:     -- it may be the  
2     criteria is something different than that, but anyway  
3     you're not aware of exactly what makes it illegal in the  
4     UK?

5                   MR. NATHAN SLEE:     No, I'm not.

6                   THE CHAIRPERSON:     Okay. Thank you, sir.

7                   Mr. Foran, do you have -- you have some  
8     questions for this witness?

9                   MR. ALLAN FORAN:     Yes, I do.

10                  THE CHAIRPERSON:     Maybe we'll just take  
11     the break now. It'll make it easier for moving on. So  
12     we'll just have our break now. Thank you.

13

14     --- Upon recessing at 10:13 a.m.

15     --- Upon Resuming at 10:35 a.m.

16

17                  THE CHAIRPERSON:     Okay. I'm assured that  
18     all the parties are at least present so, Mr. Foran, if  
19     you want to begin your cross-examination now of Mr. Slee?

20                  MR. ALLAN FORAN:     Thank you very much,  
21     members of the panel. Good morning.

22

23     CROSS-EXAMINATION MR. ALLAN FORAN:

24                  MR. ALLAN FORAN:     Mr. Slee, Good morning.

25                  MR. NATHAN SLEE:     Good morning.

1                   MR. ALLAN FORAN:   In your evidence filed  
2   with the Board you advise that in your view the Manitoba  
3   marketplace is competitive; is that correct, sir?

4                   MR. NATHAN SLEE:   I believe that there is  
5   competition but I don't believe it's at a level that it  
6   could be.

7                   MR. ALLAN FORAN:   And could you tell me a  
8   little bit about why you have concluded there is  
9   competition in the Manitoba marketplace currently, even  
10  if it's not at the level that you'd like to see it at?

11                  MR. NATHAN SLEE:   Sure, I think the  
12  existence of as many firms as there are in the province  
13  indicates that there is certainly a level of competition.

14                  MR. ALLAN FORAN:   And are indicators of  
15  competition, the fact that there's a variation of pricing  
16  in the marketplace; is that one (1) of the things that --  
17  - that you would say is a factor that -- that leads you  
18  to conclude it's competitive?

19                  MR. NATHAN SLEE:   I would say that's a  
20  factor.

21                  MR. ALLAN FORAN:   The clustering of  
22  different firms, different stores operated by different  
23  firms in certain areas; that's another factor of  
24  competition?

25                  MR. NATHAN SLEE:   That could be a factor.

1                   MR. ALLAN FORAN:    Different hours of  
2 operation; that's a factor?

3                   MR. NATHAN SLEE:    Yes.

4                   MR. ALLAN FORAN:    Different loans being  
5 given to some payday customers that are more risky versus  
6 less risky; is that another factor?

7                   MR. NATHAN SLEE:    That could be a factor  
8 as well.

9                   MR. ALLAN FORAN:    And these are factors  
10 that you've observed currently in the Manitoba  
11 marketplace?

12                  MR. NATHAN SLEE:    Yes, I have.

13                  MR. ALLAN FORAN:    One of the other things  
14 that you've indicated in your recent filing is that  
15 there's at least one (1) other firm that's entering the  
16 Manitoba marketplace and my learned friend Mr. Peters  
17 indicated to you that was Advance America; that's  
18 correct?

19                  MR. NATHAN SLEE:    Yes, that's correct.

20                  MR. ALLAN FORAN:    And that's another sign  
21 that there are competitors out there that are prepared to  
22 enter into the Manitoba marketplace?

23                  MR. NATHAN SLEE:    I think it's a really  
24 big sign that there's competitors willing to enter the  
25 marketplace, particularly after the Board is finished its

1 work.

2 MR. ALLAN FORAN: Now, in conjunction  
3 with your views on competition, you advised the Board in  
4 your evidence that, in your view, the industry is close  
5 to maturity or it is mature.

6 Can -- can you just tell me what you mean  
7 by that?

8 MR. NATHAN SLEE: Sure and I don't want  
9 to -- I'm going to try to avoid getting too deep into it  
10 because, again, I'm offering these positions, you know,  
11 sort of best of my knowledge.

12 I do not believe that I would define the  
13 market as mature at this point. I'm -- in my pre-filed  
14 evidence I'm suggesting that if you were to use the  
15 product life cycle, that we're around the end of the  
16 growth stage of the product life cycle and heading  
17 towards maturity but not there yet.

18 MR. ALLAN FORAN: And so I'd like to  
19 understand that. When you say that the industry is  
20 likely not in a growth stage, from your perspective does  
21 that mean that the volumes of transactions that you would  
22 expect to see in the Manitoba marketplace have probably  
23 been achieved; is that what you mean by "maturity"?

24 MR. NATHAN SLEE: Sorry, I'm --

25 MR. ALLAN FORAN: You can just agree with



1 me and I will be happy and content. Is that -- is that  
2 why --

3 MR. NATHAN SLEE: If I --

4 MR. ALLAN FORAN: Go ahead.

5 MR. NATHAN SLEE: Do I understand your  
6 question that you're asking, is there more volume to come  
7 into the Manitoba marketplace on the consumer side?

8 MR. ALLAN FORAN: Yes, but what I'd like  
9 to do is put it slightly differently. Based on the fact  
10 that I read your evidence as saying the market is mature,  
11 would you agree with me that that is compatible with a  
12 maxed out loan volume for the province of Manitoba?

13 MR. NATHAN SLEE: I think -- what I'm  
14 trying to say is that I don't think the market is mature  
15 and I'm speaking on the side of the number of firms in  
16 the market. I don't believe there are enough firms in  
17 the market to fully satisfy what you would term a mature  
18 market.

19 MR. ALLAN FORAN: And so you do see then  
20 that there are consumers in the Manitoba marketplace that  
21 are not being serviced by payday lenders currently?

22 MR. NATHAN SLEE: Well, there are --  
23 sorry --

24 MR. ALLAN FORAN: And I'm just trying to  
25 -- go ahead.



1 you need some background information, which I understand  
2 includes bank statements and -- and pay stubs, correct?

3 MR. NATHAN SLEE: Yes, that's correct.

4 MR. ALLAN FORAN: How do you see them  
5 over the internet? Is this what you refer to in terms of  
6 your fax-less product or do you receive it by fax or how  
7 do you actually get this information from your potential  
8 customers?

9 MR. NATHAN SLEE: Right. So the pay stub  
10 is actually only a requirement for people who are faxing  
11 us, so they're faxing it to us, so -- so we see it, if  
12 they're faxing.

13 For the people who don't, we derive their  
14 pay history from their bank statements, so another  
15 requirement for the fax-less process is that they get  
16 paid by direct deposit. So with the thirty (30) day bank  
17 statement we're seeing two (2) pays go in, and we're  
18 using that as proof of their employment.

19 MR. ALLAN FORAN: Now I understand 310-  
20 Loan does not currently have a bricks & mortar operation  
21 in Manitoba?

22 MR. NATHAN SLEE: that's correct.

23 MR. ALLAN FORAN: And I also understand  
24 it's 310-Loan's intention to set up bricks & mortar  
25 facility in Manitoba after the PUB issues its order?

1                   MR. NATHAN SLEE:   We are considering our  
2 options in that regard and if it's required to get a  
3 license then, yes, that's our intention.

4                   MR. ALLAN FORAN:   And I -- I can put a  
5 statement to you or I can ask a question.  So let me --  
6 let me try putting the statement to you:

7                   Is it your understanding that in fact the  
8 regulations as currently drafted require 310-Loan as an  
9 internet operator to have bricks & mortar operation in  
10 Manitoba in order to be able to operate under whatever  
11 order the Board sets?

12                  MR. NATHAN SLEE:   The reason why I think  
13 there may be a grey area, and we're trying to get legal  
14 help on this, is that as an internet lender we're trying  
15 to figure out where, in fact, our jurisdiction is.

16                  So it may be that I set up a -- an office  
17 here, get a license here, and we operate under these  
18 Manitoba rules; it may be that because our call centre is  
19 in BC, it's -- our BC license when we get one may be  
20 applied to the whole country.  We're trying to get legal  
21 advice on that, so that's -- that's why I'm being a  
22 little grey with my answer.

23                  MR. ALLAN FORAN:   Okay.  It's my client's  
24 understanding that the Board's maximum rate will not  
25 apply to 310-Loan unless it has a facility in Manitoba.

1                   Would you disagree with me?

2                   MR. NATHAN SLEE:   No, and that's our  
3 understanding as well.

4                   MR. ALLAN FORAN:   if you open up premises  
5 in Manitoba that's going to change the -- your costs of  
6 operation in Manitoba, obviously, correct?

7                   MR. NATHAN SLEE:   Yes, it will.

8                   MR. ALLAN FORAN:   And your costs will go  
9 up?

10                  MR. NATHAN SLEE:   Yes, they will.

11                  MR. ALLAN FORAN:   And as your costs go up  
12 you're rate of return will go down?  If -- all other  
13 things being equal?

14                  MR. NATHAN SLEE:   It depends on the  
15 success we have at that branch in Manitoba.  We could  
16 open a fantastic store that does really well and actually  
17 makes more money for us, so it could go either way.

18                  MR. ALLAN FORAN:   Okay.  To be safe at  
19 first instance, however, you would build in to your  
20 business model some costs of opening and for some period  
21 of time in any event you will have increased costs as  
22 opposed to -- to --

23                  MR. NATHAN SLEE:   Certainly.  And it's --  
24 also it's not necessarily an area that we have as much  
25 experience in, so there's going to be a learning curve as

1 well.

2 MR. ALLAN FORAN: One of the things that  
3 had been suggested in previous testimony by another firm  
4 that offered internet loans was the suggestion that a  
5 tiered rate of some sort is something the Board should  
6 consider.

7 Do you recall reading that in the  
8 transcripts?

9 MR. NATHAN SLEE: Are you referring to  
10 Steve Sardo's testimony?

11 MR. ALLAN FORAN: Yes, I am.

12 MR. NATHAN SLEE: Then, yes, I do.

13 MR. ALLAN FORAN: Okay. And can you just  
14 provide me with your views on the impact on 310-Loan if a  
15 tiered rate system was implemented?

16 What would happen to the cost of providing  
17 a first loan?

18 MR. NATHAN SLEE: You might have to  
19 refresh my memory on -- on the tiering that you're  
20 referring to.

21 MR. ALLAN FORAN: So if I suggested to  
22 you a rate structure was set such that -- that subsequent  
23 loans to the same customer, you would be able to charge a  
24 lesser fee as opposed to an initial fee?

25 What would be the implications for 310-

1     Loan on your pricing structure?

2                     MR. NATHAN SLEE:     The implications would  
3     be that you would have to charge an astronomical fee on  
4     the first loan. I haven't done any numbers to break down  
5     the actual labor cost involved in the first loan versus  
6     the second loan.

7                     But just looking at advertising a loan, it  
8     costs me a hundred and twenty-five dollars (\$125) to  
9     acquire a customer just in my advertising expenses. So  
10    if you wanted to set up some sort of a tiered system  
11    where I was able to recover most of my costs on the first  
12    loan, then, at the very least, I've got to get the  
13    advertising costs in there.

14                    And already at a hundred and twenty-five  
15    dollars (\$125), it's -- it's not going to make sense.

16                    MR. ALLAN FORAN:     And I am going to move  
17    just to -- there's something you said then. It's -- it's  
18    -- 310-Loan does do advertising to attract customers?

19                    MR. NATHAN SLEE:     Yes, we do.

20                    MR. ALLAN FORAN:     And that's an important  
21    part of your business model?

22                    MR. NATHAN SLEE:     Yes.

23                    MR. ALLAN FORAN:     And that's a large  
24    expense for you?

25                    MR. NATHAN SLEE:     Yes.

1                   MR. ALLAN FORAN:   And to you, is that an  
2   indicator of the amount of competition that is in the  
3   marketplace, the -- the fact that you have to advertise  
4   to win customers?

5                   MR. NATHAN SLEE:   Yes, and I -- in my  
6   pre-filed evidence, I -- I gave some evidence about the  
7   relationship between how we're acquiring customers and  
8   how much we have to spend on advertising, demonstrating  
9   that over time, as the market has moved closer to  
10   maturity, we've had to spend a lot more on advertising in  
11   order to acquire customers.

12                   The argument, I guess, there is, in a --  
13   in a young market it's really easy to acquire customers,  
14   whereas in a more mature market it's much more expensive,  
15   because there's a lot more people competing for the same  
16   customers.

17                   MR. ALLAN FORAN:   Now one of the things  
18   that was pointed out to you by My Learned Friend, Mr.  
19   Peters, was the table at Appendix B of your pre-filed  
20   evidence, page 22.

21                   MR. NATHAN SLEE:   Okay, I'll find it.

22                   MR. ALLAN FORAN:   Okay.   And that  
23   Appendix B   was a list of payday loan rates in Manitoba  
24   that you compiled and filed with the Board that showed a  
25   -- a variation in pricing over a per hundred dollar



1 (\$100) loan.

2 Do you recall that?

3 MR. NATHAN SLEE: Yes, that's correct.

4 MR. ALLAN FORAN: And there was a wide  
5 variation of pricing in that schedule, going from  
6 eighteen dollars and seventy-five cents (\$18.75) to  
7 thirty dollars (\$30).

8 Do you recall that?

9 MR. NATHAN SLEE: Yes, I do.

10 MR. ALLAN FORAN: And you were asked  
11 questions about why customers -- payday loan customers in  
12 Manitoba would simply not go to the lowest priced option.

13

14 Do you recall that?

15 MR. NATHAN SLEE: Yes, I do.

16 MR. ALLAN FORAN: Is one of the factors  
17 in your estimation that customers look at, in addition to  
18 pricing, the -- one (1) of the factors is the ability to  
19 actually get the loan?

20 MR. NATHAN SLEE: Are you talking to  
21 approving criteria? Is that the question?

22 MR. ALLAN FORAN: So let me go one (1)  
23 step further. My understanding of your evidence is  
24 approximately 30 percent of applicants to 310 Loan are  
25 not approved?

1 MR. NATHAN SLEE: Yes, that's correct.

2 MR. ALLAN FORAN: But is it a fair  
3 expectation that those customers might go to a different  
4 company and get approved?

5 MR. NATHAN SLEE: I think that would be  
6 fair.

7 MR. ALLAN FORAN: Is it your  
8 understanding of the Manitoba marketplace that payday  
9 lenders have different risk criteria that are applied to  
10 customers?

11 MR. NATHAN SLEE: Yes, it is.

12 MR. ALLAN FORAN: And that every model of  
13 risk is different for different competitors?

14 MR. NATHAN SLEE: That's my  
15 understanding.

16 MR. ALLAN FORAN: And is that one of  
17 those secrets or business strategies that you try and  
18 keep confidential, and that is what risk assessments you  
19 are applying?

20 MR. NATHAN SLEE: Yes. I guess I'm not  
21 doing a good job of keeping mine confidential, but I --  
22 I'm sure that's something that people would -- would try  
23 to keep to themselves.

24 MR. ALLAN FORAN: Well, keep getting the  
25 undertakings you're asked. Those are really good. We

1 found that -- that gets a lot of information on the  
2 record.

3 I'm not going to ask you any, by the way.

4 MR. NATHAN SLEE: Okay.

5 MR. ALLAN FORAN: But that really is one  
6 of the fundamentals of the operation of the business,  
7 what kind of customer you're going to lend to, correct?

8 MR. NATHAN SLEE: Yes, that's correct.

9 MR. ALLAN FORAN: And if a fee structure  
10 is set too low then, obviously, a business is going to  
11 have to adapt its risk model to reflect what it can  
12 reasonably earn as a rate of return and still stay in  
13 operation, correct?

14 MR. NATHAN SLEE: Yes, that's correct.

15 MR. ALLAN FORAN: And would you expect it  
16 to lower the rates the less -- less riskier the loan is  
17 that's going to be advanced to payday customers?

18 MR. NATHAN SLEE: To an extent, yes.

19 MR. ALLAN FORAN: And if I could put it a  
20 different way, for those customers that are most in need,  
21 a lower rate may not help them as they will not be able  
22 to access the cash?

23 MR. NATHAN SLEE: That would be my  
24 understanding.

25 MR. ALLAN FORAN: In that regard, you've

1 indicated that, based on your survey of the Manitoba  
2 marketplace, you believe a competitive rate is somewhere  
3 in the vicinity of twenty-three (\$23).

4 Do I have that correct?

5 MR. NATHAN SLEE: Yes, and I -- I did  
6 acknowledge that I misinterpreted the Cash Store rates in  
7 my calculation. So I think the actual rate is probably  
8 something a little bit higher.

9 MR. ALLAN FORAN: And I know you've read  
10 the transcripts, but you recall the position of CPLA, the  
11 recommendation that's been made to the Board is that the  
12 rate in the range of between twenty (20) to twenty-three  
13 dollars (\$23) is something the Board should consider for  
14 payday lenders in Manitoba?

15 MR. NATHAN SLEE: I do understand that,  
16 yes.

17 MR. ALLAN FORAN: And you indicated to  
18 the Board that you would assume the Board would set the  
19 rate at the lower end of the spectrum, twenty dollars  
20 (\$20)?

21 MR. NATHAN SLEE: That's my guess, yes.

22 MR. ALLAN FORAN: But you'd agree with me  
23 that if the Board sets the rate towards the higher end of  
24 the spectrum, twenty-three dollars (\$23), that that is  
25 not dissimilar from what you have indicated as a

1 competitive price in the Manitoba marketplace?

2 MR. NATHAN SLEE: It -- again, I think my  
3 guess, my -- my competitive rate was low, but twenty-  
4 three (23) is certainly a lot closer.

5 MR. ALLAN FORAN: And so from your  
6 perspective, a more reasonable rate would be something  
7 above twenty-three dollars (\$23)?

8 MR. NATHAN SLEE: Yes.

9 MR. ALLAN FORAN: Your rate did not  
10 include contributions towards regulatory costs that might  
11 be required by application of the regulations that will  
12 apply to payday lenders after the Board's decision?

13 MR. NATHAN SLEE: No it --

14 MR. ALLAN FORAN: Is that correct?

15 MR. NATHAN SLEE: -- that's correct.

16 MR. ALLAN FORAN: And that those are  
17 costs that would have to factored in as well?

18 MR. NATHAN SLEE: Yes, they would.

19 MR. ALLAN FORAN: Do you believe in  
20 competition?

21 MR. NATHAN SLEE: Yes, I do.

22 MR. ALLAN FORAN: Do you think  
23 competition is good?

24 MR. NATHAN SLEE: Yes, I do.

25 MR. ALLAN FORAN: The more competition,

1 the better?

2 MR. NATHAN SLEE: Not necessarily for the  
3 firms, but for the -- for the customers, certainly.

4 MR. ALLAN FORAN: Okay, and -- and you,  
5 310-Loan has geared itself out -- up for competition, is  
6 that correct?

7 MR. NATHAN SLEE: Yes, we have.

8

9 (BRIEF PAUSE)

10

11 MR. ALLAN FORAN: Can you provide me with  
12 your views? Assume for a moment that a rate is set that  
13 creates one (1) or two (2) large operators in the  
14 Manitoba marketplace.

15 Based on your experience as a payday  
16 lender with 310-Loan, assuming again you were one (1) of  
17 those two (2), what would be the incentive on 310-Loan to  
18 improve its computer facilities, improve its electronic  
19 fund transfer capabilities, to go out and spend money on  
20 innovations? Could -- could you tell me a little bit  
21 about what -- how you would react if you were one (1) of  
22 the only operators in Manitoba?

23 MR. NATHAN SLEE: I think the -- the most  
24 straightforward answer is the easier it is to get  
25 customers, the less work I'm going to do to improve my

1 offering. All the changes that we make, again, is to try  
2 to get customers from our competitors.

3 And if I don't have very many competitors,  
4 then I'm probably not going to have to do that much work  
5 to get customers.

6 And I have that experience from being in -  
7 - in the industry since 2000, when the competition level  
8 was a lot different, and, quite frankly, we just put an  
9 ad in the newspaper and the phone would ring. It was  
10 very straightforward.

11 Now our marketing efforts are much more  
12 sophisticated, and they're going to continue to be more  
13 sophisticated the more competition comes into the  
14 marketplace.

15 I should also, I guess, elaborate that  
16 it's not just our marketing efforts in terms of throwing  
17 advertising out there, but our marketing efforts in terms  
18 of building a product that is more attractive to the  
19 consumer.

20 MR. ALLAN FORAN: So put a different way,  
21 you believe that the sophistication of the way in which  
22 you deliver services would be impacted if you were not  
23 faced with competition?

24 MR. NATHAN SLEE: Yes, I do.

25 MR. ALLAN FORAN: You were asked

1 yesterday, I believe, about the Quebec experience. And I  
2 -- I know you've been excellent, actually, providing  
3 information on other jurisdictions, but I'd like to ask  
4 you a few questions about the Quebec experience.

5                   And this was new for me. I wasn't aware  
6 of this. But the suggestion was put to you that  
7 Desjardin Financial acts as a safety valve or relieves  
8 some of the pressure in Quebec.

9                   But do you have any more information with  
10 respect to how Desjardin Financial in fact operates in  
11 Quebec? Is -- is that, first of all, a credit union to  
12 your knowledge?

13                   MR. NATHAN SLEE: The only knowledge I  
14 have on Desjardin is from Dr. Buckland, and I'm -- I'm  
15 happy to speak to it. I did dig it up, because I was  
16 curious if that would come up.

17                   So I'll just give you the background that  
18 he's given us, and it's basically that -- so Desjardin is  
19 offering a product to -- they're called "micro loans" --  
20 to previously unbanked people.

21                   And the unbanked person has to join the  
22 program -- again, this is from Buckland so I'm -- I'm  
23 taking it at his word -- join the program, go through the  
24 financial management training that they're eligible for,  
25 and then they'll be able to get a loan with the 5 percent



1 interest charge.

2 So, I know my customers and the faster I  
3 get them their money, the more are going to apply to use  
4 my service. So if I -- my customer and says, you know,  
5 I'd like a loan. And I say, Well, yeah, no problem, just  
6 go through a, you know, even one (1) day of -- of credit  
7 training, they're going to say, you know, Thanks but no  
8 thanks and walk down to Money Mart and -- and go that  
9 route.

10 Customers -- so -- so really I don't see  
11 this as an actual competitive product to -- to the payday  
12 loan.

13 MR. ALLAN FORAN: Okay. And I know Dr.  
14 Buckland's in the room, so perhaps he could take note as  
15 well. We did some digging on Desjardin Financial and,  
16 Dr. Buckland, I'm going to ask you these questions a  
17 little bit later, sir.

18 Are you aware that the Desjardin Financial  
19 program started in 2001, sir?

20 MR. NATHAN SLEE: To the best of my  
21 knowledge, yes.

22 MR. ALLAN FORAN: Are you aware that it's  
23 not part of the general credit offerings of Desjardin  
24 Financial? It's not located on their website?

25 MR. NATHAN SLEE: That's also my

1 understanding.

2 MR. ALLAN FORAN: Are you aware that as  
3 at 2006, two hundred and forty-five (245) cases were  
4 participating, but over the life of the program in the  
5 last six (6) years, only one thousand seven hundred and  
6 ninety-two (1,792) loans had been issued?

7 MR. NATHAN SLEE: That was also my  
8 understanding.

9 MR. ALLAN FORAN: And that the total  
10 value of all those loans is less than \$1 million? Are  
11 you aware of that?

12 MR. NATHAN SLEE: Yes, I am.

13 MR. ALLAN FORAN: And that the average  
14 repayment rate as of 2006 was 88 percent? Are you aware  
15 of that?

16 MR. NATHAN SLEE: Yes, I am.

17 MR. ALLAN FORAN: Okay. I have no  
18 further questions. Thank you.

19 THE CHAIRPERSON: Thank you, Mr. Foran.  
20 So next up is Mr. Williams. Mr. Williams, do you want to  
21 organize yourself to begin your cross-examination?

22 MR. BYRON WILLIAMS: Do I look that  
23 disorganized, Mr. Chairman?

24

25 (BRIEF PAUSE)

1                   MR. BYRON WILLIAMS:    I forgot. I'm not  
2    allowed to ask you questions. Mr. Peters is not allowed  
3    to speak for you.

4

5    CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

6                   MR. BYRON WILLIAMS:    Good morning, Mr.  
7    Chairman and Members of the Board.

8                   Mr. Slee, first of all, on behalf of my  
9    clients, they do want to thank you for coming in from BC  
10   and the thoughtful participation you've had in this  
11   proceeding. I'm not sure my witnesses have always  
12   appreciated your thoughtful questions. They've been good  
13   questions and we do appreciate them.

14                   I was -- I -- I saw Mr. -- I was watching  
15   Mr. Peters' face when you were discussing both the fax-  
16   less application process and, above all, the email money  
17   transfer. And I just want to get a -- a few more details  
18   about -- about that process.

19                   And perhaps, just to walk our way through  
20   it, we can assume by the way -- by way of hypothetical  
21   that my name is Bob and I'm a lawyer, a hockey fanatic,  
22   at the firm of Fillmore Riley. And I live a somewhat  
23   licentious lifestyle, so from time to time, I need money  
24   in a hurry.

25                   So tell me how it works for Bob. Bob goes

1 online, and let's assume Bob has -- he's -- he's got a  
2 bank account with one (1) of the Big 5 banks. He's got  
3 online banking, and he's got an email account.

4 He'd be the perfect candidate for -- for  
5 this product, is that right?

6 MR. NATHAN SLEE: Yes, that's right.

7 MR. BYRON WILLIAMS: I see you're nodding  
8 your head, but a "yes" is always --

9 MR. NATHAN SLEE: Yes.

10 MR. BYRON WILLIAMS: -- good as well.

11 MR. NATHAN SLEE: I was just -- sorry,  
12 Byron. He would also have to get paid by direct deposit.

13 MR. BYRON WILLIAMS: Okay. The -- let's  
14 assume -- you know, they -- I'm sure they just take big  
15 wads of cash at Fillmore Riley, but we'll assume -- we'll  
16 assume that he does it by direct deposit.

17 Bob contacts you electronically on Tuesday  
18 afternoon at, let's say, 2:05. I wonder if you can help  
19 me figure out what happens next, what kind of discussion  
20 takes place online and how long it takes.

21 Just -- if you can start me, and then I'll  
22 ask a few more questions after that.

23 MR. NATHAN SLEE: Sure. In our ideal  
24 scenario no discussions take place. Bob completes the  
25 process seamlessly, and we receive his bank statement and

1 all of his information. We process it on our end, and we  
2 issue an email money transfer to him.

3 MR. BYRON WILLIAMS: So if things work  
4 seamlessly, we may be assuming Bob's competence is a bit  
5 higher than -- than I might, but let's assume it is.

6 Say things work seamlessly. How long will  
7 it take Bob to complete the transaction? Do you have an  
8 estimate of that?

9 MR. NATHAN SLEE: The fastest we've ever  
10 been able to do it is we've done it in sixteen (16)  
11 minutes -- had the actual transfer issued -- and then it  
12 takes the bank less than thirty (30) minutes to actually  
13 issue the email.

14 So we would have initiated it within  
15 sixteen (16) minutes. That's certainly not the average.

16 MR. BYRON WILLIAMS: And if I'm probing  
17 too much into competitive secrets, you'll let me know,  
18 but you've been forthcoming.

19 So, in terms of the electronic application  
20 processes, if sixteen (16) minutes is the quickest, can  
21 you give me some sense of the average?

22 MR. NATHAN SLEE: I don't -- no, I -- I  
23 couldn't give you an accurate average. It depends on --  
24 on the customer's -- it depends on how fast the customer  
25 moves, basically, because they -- they have to download a

1 piece of software in order to send us the bank  
2 statements, so, you know, they may do that at their  
3 leisure. So it's up to the customer.

4 MR. BYRON WILLIAMS: From your end, once  
5 the customer has fulfilled their part of the -- they've  
6 downloaded the bank statement, what needs to be done at  
7 your end, kind of, in terms of processing, a seamless  
8 one?

9 MR. NATHAN SLEE: Right. We have a full  
10 one (1) page checklist with, probably, I'm going to say  
11 maybe thirty (30) different items on it that we check  
12 off, that we use to review the bank statement and any  
13 other information that we've got on the customer.

14 MR. BYRON WILLIAMS: And can you give me  
15 a sense, one that's going to -- how long does that take,  
16 from -- from your end?

17 MR. NATHAN SLEE: That's a good question.

18 MR. BYRON WILLIAMS: Less than ten (10)  
19 minutes, more than twenty (20) minutes?

20 MR. NATHAN SLEE: Somewhere --

21 MR. BYRON WILLIAMS: Somewhere in  
22 between?

23 MR. NATHAN SLEE: I -- I would say it's  
24 probably in the ten (10) minute range.

25 MR. BYRON WILLIAMS: And once you approve

1 it -- and again, assuming he meets the criteria, Bob  
2 does, for the e-mail money transfer -- it is done -- it  
3 can be done within half an hour.

4 Is that -- that right, sir?

5 MR. NATHAN SLEE: It can be, yeah. But  
6 to throw it back at you, if I could understand more about  
7 what you're trying to get at, I might be able to give a  
8 more full answer, if you're trying to understand, for  
9 example, you know, the time and costs involved in  
10 processing a new customer.

11 I'm right now giving you best-case  
12 scenarios, so if you want to talk about the whole  
13 picture...?

14 MR. BYRON WILLIAMS: I want to come back  
15 to that in just a second. You've given me a sense --  
16 what I -- one thing I am curious about is a new customer  
17 versus -- and, well, let's -- well, let's do that.

18 Tell me the average time for a new  
19 customer on -- under this electronic process.

20 MR. NATHAN SLEE: And again, I don't have  
21 accurate average times off the top of my head. But the -  
22 - the issue that we have, I mean, some customers, it  
23 could take two (2) days before we're actually issuing  
24 them a loan, because there's a back and forth of, you  
25 didn't send in the right thing. Or we do a lot of tech

1 support with the customers who are having trouble  
2 submitting their online bank statements.

3 So since we've introduced that, our  
4 staffing requirements are now a little different, as they  
5 coach people on how to download .Net Framework 2.0, which  
6 we don't care to get into.

7 So, yeah, there's a whole -- there's a  
8 whole realm of -- of different possibilities when the  
9 customer is applying.

10 MR. BYRON WILLIAMS: Now, does it work,  
11 on average, more quickly for repeat customers?

12 MR. NATHAN SLEE: Yes, it does.

13 MR. BYRON WILLIAMS: And why is that?

14 MR. NATHAN SLEE: Because we've already -  
15 - once their account is open, we -- we ask for less  
16 information from them. And they're also familiar with  
17 the process, so it's a -- it's -- there's -- there are  
18 less hiccups.

19 MR. BYRON WILLIAMS: And I should have  
20 been listening more closely yesterday, but in Manitoba  
21 your ratio for repeat customers is a bit lower than your  
22 national average, because you're a bit newer in the  
23 marketplace.

24 Is that right?

25 MR. NATHAN SLEE: Yes, that's correct.



1                   MR. BYRON WILLIAMS:   And the -- the ratio  
2   in Manitoba, though, of repeat customers to new customers  
3   is about seven point five (7.5) to one (1), is that  
4   right?

5                   MR. NATHAN SLEE:    Yes, that's correct.

6                   MR. BYRON WILLIAMS:   Now, now I did my --  
7   I did myself as Bob from Fillmore Riley, not wishful  
8   thinking on my part.

9                   What I just want to know, Mr. -- Mr. Slee,  
10  if I might, if my sister -- sister Number 4 in Souris,  
11  Manitoba -- which has a Royal Bank -- if she met the same  
12  criteria, that being she had a -- she was -- had an  
13  account in one of the Big 5 banks with online banking and  
14  she had email account, would she be able to undertake the  
15  same process as big Bob from Fillmore Riley?

16                  MR. NATHAN SLEE:    Yes.

17                  MR. BYRON WILLIAMS:   Okay.  And likewise,  
18  if I was in Flin Flon, Manitoba, would that be possible,  
19  sir?

20                  MR. NATHAN SLEE:    Yes.  And you -- you  
21  could do it from anywhere.

22                  MR. BYRON WILLIAMS:   And I believe in  
23  your discussion with My Learned Friend, Mr. Peters -- who  
24  I'll quit mocking now -- you do have some customers in  
25  the -- in the Northwest Territories -- or in the northern

1 territories.

2 Is that right, sir?

3 MR. NATHAN SLEE: Yes, we do.

4 MR. BYRON WILLIAMS: And do some of those  
5 customers, even in those remote areas, do some of them  
6 use the electronic process as well?

7 MR. NATHAN SLEE: Yes, they do.

8 MR. BYRON WILLIAMS: Could you give me  
9 some ideas, without going too much into your competitive  
10 secrets, but what communities you might serve in the  
11 Northwest -- if  
12 -- if I'm using the word wrong, I've got northern  
13 territories or Northwestern Territories.

14 MR. NATHAN SLEE: I don't have all the --  
15 I don't have the -- the map of all my customers in front  
16 of me. But we've got customers in Nunavut, Northwest  
17 Territory, Yukon, all sorts of communities.

18 MR. BYRON WILLIAMS: Now, again, in -- in  
19 terms of when you started business in Manitoba, just --  
20 am I right from your discussion with Mr. Peters, it was  
21 probably about 2003?

22 Is that about right, sir?

23 MR. NATHAN SLEE: Yes, that's correct.

24 MR. BYRON WILLIAMS: And I believe, in  
25 terms of your Manitoba customers, I heard the figure of

1 thirteen hundred (1,300) suggested.

2 Is -- is that about right, or is that the  
3 number of Manitoba customers you've over time?

4 MR. NATHAN SLEE: Are you getting that  
5 number from my Information Request with this?

6 MR. BYRON WILLIAMS: I thought it was  
7 mentioned yesterday, sir.

8 MR. NATHAN SLEE: I think that's just the  
9 loans -- the number of loans.

10 MR. BYRON WILLIAMS: Okay. Thirteen  
11 hundred (1,300) loans, and that's -- is that on an annual  
12 basis? I wasn't --

13 MR. NATHAN SLEE: Oh.

14 MR. BYRON WILLIAMS: That's what I'm  
15 trying to get a sense of, sir.

16 MR. NATHAN SLEE: If you want to take a  
17 look at it, it's in my response to PUB/310, first round,  
18 question Number 2H. So if you need to look at it, it's  
19 there.

20 And the 2007 data is year-to-date, and it  
21 was up to October 9th, 2007. It was twelve hundred and  
22 ninety-three (1,293) loans issued.

23 MR. BYRON WILLIAMS: So that was for the  
24 2007 year, three quarters of it. Okay, thank you. I was  
25 just trying to clear up the context.

1                   You do use, and you used in your  
2   discussion with Mr. Peters, the words "most vulnerable  
3   Manitoba consumers."

4                   Do you recall that Mr. Slee?

5                   MR. NATHAN SLEE:   Yes, I do.

6                   MR. BYRON WILLIAMS:   And I just want to  
7   make sure that I understand how you define that.  And  
8   what I'm looking for is some sense of whether you define  
9   it in terms of income, in terms of income source, or in  
10  terms of credit constraint.

11                  So perhaps if you could help me with that?

12                  MR. NATHAN SLEE:   The two (2) different  
13  variables that I've used are income and income source.  
14  And again, I'm -- I'm -- this is not my expertise.  I'm  
15  not in this field of policy, so I'm taking best guesses.

16                  MR. BYRON WILLIAMS:   Maybe the Chairman  
17  was right about me needing to being to be better  
18  organized.

19

20                                       (BRIEF PAUSE)

21

22                  MR. BYRON WILLIAMS:   So in -- in terms of  
23  -- just so I'm clear, in terms of setting a cap that --  
24  to erode the financial viability of business models whose  
25  success depends on the exploitation of Manitoba's most

1 financially vulnerable individuals, let's assume the  
2 Board takes your advice. They set that cap.

3 Those most financially vulnerable  
4 individuals, is it your expectation that they'll be able  
5 to find access to payday loans elsewhere in the market?

6 MR. NATHAN SLEE: Not if the Board sets -  
7 - my understanding is that -- and again, this is from my  
8 practice. I don't know how -- I've described -- the --  
9 the woman with the welfare cheque and diapers versus  
10 payday loans decision.

11 And I wouldn't accept her as a customer,  
12 because I think she's too high a risk. And I'm  
13 suggesting that at a certain rate you're going to be  
14 making sure that that "risk portfolio," we'll call it, is  
15 not being served.

16 And I am not sure if that's what the  
17 Board's after. I'm not sure if that's a policy  
18 objective. If it is, then that's what I think is one  
19 option to accomplish that objective.

20 MR. BYRON WILLIAMS: And I -- and I  
21 appreciate that, and I'm not criticizing the objective.  
22 I want to try and follow through the logic.

23 But as I understand the logic of that  
24 objective then, that group of the most financially  
25 vulnerable would not have access to credit -- that's your

1 assumption - through the payday loan market. That's the  
2 logic?

3 MR. NATHAN SLEE: Yes.

4 MR. BYRON WILLIAMS: So if they -- if  
5 they were still looking to have access to the -- to  
6 alternative credit, they would -- they would go  
7 underground.

8 Is that fair?

9 MR. NATHAN SLEE: Yes. I -- I mean I  
10 think that's a big issue that's here, and I would love to  
11 hear some input from the people who study this on a full-  
12 time basis as to what's important.

13 And then I could try to give some  
14 information that would help identify how to serve those  
15 people.

16

17 (BRIEF PAUSE)

18

19 MR. BYRON WILLIAMS: We may come back to  
20 that. I'm going to ponder that for a couple of minutes.

21 In your experience -- and let's leave --  
22 let's leave aside these payday lenders who target what  
23 you've defined as the most economically vulnerable.  
24 Let's leave those ones out of the picture.

25 In your experience do payday lenders tend

1 to restrict their loans to those who are actually  
2 employed -- other payday lenders, apart from your firm?

3 MR. NATHAN SLEE: I understand that there  
4 are other lenders who have different criteria than mine  
5 in terms of source of income. I don't have great data on  
6 it, but I think we've heard evidence of other lenders who  
7 have different criteria.

8 MR. BYRON WILLIAMS: In your experience,  
9 do many payday lenders tend to restrict their loans to  
10 those who are actually employed?

11 MR. NATHAN SLEE: I haven't surveyed my  
12 competitors in a thorough enough manner to know that  
13 answer.

14 MR. BYRON WILLIAMS: Okay. I'll -- I'll  
15 focus on you then.

16 The -- as I understand it, if I was a  
17 person who had an active bank account with at least seven  
18 (7) transactions, no more than two (2) NS -- in fact  
19 let's say I have zero no -- zero NSF or stop payments and  
20 no -- and no payday loan transactions on my bank  
21 statement, an active phone, and not with a calling plan,  
22 and I haven't filed for bankruptcy for the past twelve  
23 (12) months.

24 If I met those four (4) criteria but I was  
25 on Workers' Compensation, I would not qualify for your --

1 your payday loan product.

2 Is that right?

3 MR. NATHAN SLEE: Yes, that's correct.

4 MR. BYRON WILLIAMS: Okay. So, for  
5 example -- and I can't remember the name of the firm now,  
6 but let's say if I was an injured worker who used to work  
7 at the old Manitoba Rolling Mills in -- in Selkirk,  
8 former member of the Steelworkers, and I came -- and you  
9 know, let's say I've been long-term dis -- or Workers'  
10 Comp for five (5) years.

11 I still wouldn't qualify for a loan under  
12 your criteria. Is that right?

13 MR. NATHAN SLEE: That's correct.

14 MR. BYRON WILLIAMS: Okay. And I don't  
15 qualify because of the source of my income, essentially.  
16 Is that fair?

17 MR. NATHAN SLEE: Yes, that's correct.

18 MR. BYRON WILLIAMS: Just in terms of  
19 risk, just -- I know, perhaps that's an extreme example,  
20 but I sit on the Workers' Comp Appeal Board, so I see  
21 these examples often.

22 In terms of risk, someone who's been at a  
23 job for two (2) months versus someone who's a steelworker  
24 on Workers' Comp, probably got a pretty good income --  
25 that example, does one, in your view, have a -- a higher



1 risk than the other?

2 MR. NATHAN SLEE: The issue in that  
3 example is our ability to validate the customer's  
4 situation. So we're well equipped to analyze a  
5 customer's active employment income, to validate  
6 different scenarios where they may be on -- as you're  
7 saying -- Workers' Compensation.

8 We have not elected to put the procedures  
9 in place to be able to validate that situation.

10 MR. BYRON WILLIAMS: I want to go on, on  
11 kind of risk for a couple more minutes.

12 In terms of rate -- repeat customers  
13 versus first-time customers, do you have any sense from  
14 your own -- operations of your own business which  
15 customer offers the greater risk?

16 MR. NATHAN SLEE: The first-time cust --  
17 our -- our NSF rate for first-time customers is over --  
18 so this is for the very first loan they get -- is over 20  
19 percent.

20 And then I think I said earlier that our  
21 rate for everybody, all loans total, is around 13  
22 percent. So the first loan is far more risky.

23 From loans 2 through 10 or 2 through  
24 however many, I don't have data to break it down. I  
25 think what happens in that range is if a customer

1 defaults on a loan, it will be because their situation  
2 has changed.

3 Maybe something's changed at work. Maybe  
4 there is even more unexpected expenses that have come up,  
5 any number of things. So I don't know between 2 and 10  
6 when that may occur for the customer.

7 MR. BYRON WILLIAMS: And just so I'm  
8 clear -- and let me just say you -- you've been very  
9 helpful. The -- the risks for a first-time customer, in  
10 your business model, is significantly higher than for a  
11 repeat customer.

12 Is that fair?

13 MR. NATHAN SLEE: Yes, that's been my  
14 experience.

15 MR. BYRON WILLIAMS: And, on average,  
16 would it also be fair to say that the costs you incur in  
17 processing a customer for the first time, leaving aside  
18 risk, are -- are significantly higher than for a repeat  
19 customer?

20 MR. NATHAN SLEE: Yes, that's correct.

21 MR. BYRON WILLIAMS: Okay. I want to  
22 stay -- I'm going to stay on risk for just a -- a couple  
23 more seconds. I'm going to start with those famous  
24 words, "all other things being equal." I'm going to ask  
25 you to assess the risk of two (2) different customers.

1 So and if -- if I'm unclear, you'll correct me.

2 We're leaving first-timers and repeaters.

3 We've got two (2) customers. All other things being  
4 equal, I'm someone borrowing two hundred dollars (\$200) -  
5 - which amounts to 50 percent of my net pay -- versus a  
6 person who's borrowing five hundred dollars (\$500) --  
7 which amount -- amounts to 25 percent of my net pay. And  
8 all other things are -- are equal.

9 Which customer do you see as being more --  
10 bringing more risk to your business?

11 MR. NATHAN SLEE: I -- obviously,  
12 intuitively, where you're going with this is the -- the  
13 25 percent the five hundred dollar (\$500) loan at 25  
14 percent. The problem -- and I know it's all things being  
15 equal, but as soon as all things aren't equal, then I  
16 think that changes.

17 MR. BYRON WILLIAMS: Okay, and -- and  
18 that's what I -- I want to just walk through for you,  
19 because we -- we know from your business, at least for  
20 your business, repeat customers are less risky.

21 What I'm trying to -- to get at in -- in  
22 this next question is, from your experience, are you more  
23 worried about a person borrowing a larger proportion of  
24 their income or a larger absolute amount? And -- and  
25 maybe you don't have data, I'm just, maybe this is just

1 intuitive. I'm seeing intuitive -- intuition written on  
2 your face.

3 Is that right?

4 MR. NATHAN SLEE: Yes, that's correct.

5 MR. BYRON WILLIAMS: You're guessing.

6 MR. NATHAN SLEE: Yes, that's -- it's not  
7 a metric that I've looked at.

8 MR. BYRON WILLIAMS: Okay. Just on that  
9 point, okay, so it's not something that you've examined.

10 MR. NATHAN SLEE: That's correct.

11 MR. BYRON WILLIAMS: In terms of what's  
12 the best predictor of defaults, clearly one good  
13 predictor is whether you're a first-time customer or  
14 repeat.

15 When you look at past credit history, for  
16 example, someone who's had two (2) NSF's over the last  
17 bank statement versus someone with zero, do -- do you  
18 have any empirical information on that, sir?

19 MR. NATHAN SLEE: No, I don't. And the  
20 issue is, I mean, there may be someone with five (5) NSF's  
21 on his bank statement who is still just a good a risk as  
22 someone with zero. We're dealing with a risk spectrum  
23 that is, you know, it's as much art as it is science.

24 And so the criteria we've given is -- is  
25 sort of the best we can do, but it's -- it's really hard

1 to -- to make. And we were only looking at thirty (30)  
2 day bank statements. So it's -- it's difficult.

3 MR. BYRON WILLIAMS: It's as much art as  
4 science, but you -- your -- your model is relatively  
5 successful in -- in keeping losses of principal down to 3  
6 percent or so.

7 Is that -- that about right?

8 MR. NATHAN SLEE: That's correct.

9 MR. BYRON WILLIAMS: I have to confess, I  
10 thought when My -- My Learned Friend -- My Able and  
11 Learned Friend, Mr. Foran, and you were talking about the  
12 market, I thought you were going to be hugging each  
13 other.

14 But I -- I believe -- I believe you in --  
15 in your verbal embrace, if not physical -- I believe you  
16 stated that you believe in competition and the more  
17 competition the better.

18 Is that right, sir?

19 MR. NATHAN SLEE: Again, that statement  
20 is from a consumer's perspective. If I was the only one  
21 in the market, it'd be fantastic for me. That would be  
22 great.

23 MR. BYRON WILLIAMS: I've -- I've got  
24 that. Now you -- you live in -- you live in -- do you  
25 live in British Columbia?

1 MR. NATHAN SLEE: I do.

2 MR. BYRON WILLIAMS: You do. And do you  
3 own a vehicle or have you owned a vehicle in the past?

4 MR. NATHAN SLEE: I do.

5 MR. BYRON WILLIAMS: And, am I -- am I  
6 correct in suggesting to you that in British Columbia, as  
7 a consumer, you have to buy your personal injury  
8 insurance from a -- a monopoly, being ICBC.

9 Is that right, sir?

10 MR. NATHAN SLEE: Yes, that's correct.

11 MR. BYRON WILLIAMS: And am I correct in  
12 suggesting to you, on a philosophical basis, that you, as  
13 a consumer, believe you would be better served by the  
14 marketplace than by the ICBC monopoly?

15 Is that fair, sir?

16 MR. NATHAN SLEE: It's not something I've  
17 looked at. And I believe that with insurance we're  
18 getting into possibly more complicated issues. I know  
19 there's different jurisdictions in Canada that have  
20 competition than don't, and I haven't looked at the data  
21 on -- on which is better and which is worse.

22 All things being equal, I would support  
23 that competition will provide the consumer with a better  
24 product at a better price. And that's my argument.

25 MR. BYRON WILLIAMS: And in fairness, all

1 things being equal. Just out of curiosity are you -- are  
2 you aware that Manitobans have a Manitoba Public -- are  
3 served by Manitoba Public Insurance, which has a monopoly  
4 in basic auto insurance, including collisions, in  
5 Manitoba?

6 MR. NATHAN SLEE: I am now.

7 MR. BYRON WILLIAMS: You have to accept  
8 that subject to check?

9 MR. NATHAN SLEE: Subject to check.

10 MR. BYRON WILLIAMS: Yes. Now -- and you  
11 had a bit of discussion with Mr. -- Mr. -- My Friend --  
12 my Able and Learned Friend, Mr. Peters, this morning  
13 about your rebuttal evidence.

14 And I'll get to you, Mr. Hacault. You're  
15 able and learned as well. He felt left out.

16 You had a bit of a discussion with Mr.  
17 Peters about -- in your rebuttal evidence about -- about  
18 your rebuttal evidence and about some concerns you had  
19 with Table 3 of Dr. Buckland's evidence.

20 And -- and the suggestion that -- the  
21 suggestion that on average, rates have risen from 2003 to  
22 2007.

23 Is that right, sir?

24 MR. NATHAN SLEE: Yes, that's correct.

25 MR. BYRON WILLIAMS: And I realize that

1 you're not an -- that statistics may not have been the  
2 subject you excelled at in school, but in terms of the  
3 concern, one of -- the concern I understood in terms of  
4 the 2007 data was a figure of a hundred and nine dollars  
5 (\$109) for a two hundred and fifty dollar (\$250) loan.

6                   You -- your question was whether -- that  
7 was an outlier and should be excluded from that  
8 calculation. Is that -- that was one of your points?

9                   MR. NATHAN SLEE: Yes, that's correct.

10                  MR. BYRON WILLIAMS: And I don't want to  
11 get into -- too much into statistics, but I just -- I'm  
12 going to present the hypothesis to you and ask if this  
13 would change your conclusions.

14                  If you knew that that firm that was  
15 charging one hundred and nine dollars (\$109) on a two  
16 hundred and fifty dollar (\$250) loan was one of the  
17 larger firms in Manitoba, would you want to include that  
18 information in your calculations?

19                  MR. NATHAN SLEE: Yes. To answer your  
20 question in a little bit of a longer way, the best way to  
21 look at this data is if we had the loans volume  
22 associated with it. And then I think that would give us  
23 a fantastic number.

24                  But we don't have that, so I'm -- I'm  
25 going with what we have.



1 MR. BYRON WILLIAMS: And -- and we don't  
2 -- we certainly haven't presented the loans volume. But  
3 just let's assume for a moment that that was one (1) of  
4 the largest two (2) or three (3) firms in Manitoba.

5                   You would certainly think that that was a  
6   significant part of the calculation?

7 MR. NATHAN SLEE: I would have a hard  
8 time understanding how that firm would be the largest  
9 firm in Manitoba with rates like this, given how  
10 consumers behave.

11                   So if that was the case hypothetically,  
12   then yes, you are correct.

13 MR. BYRON WILLIAMS: Doesn't that go back  
14 to your comment with Mr. Peters though, Mr. Slee, that we  
15 don't have the benefit of these tables, and that  
16 information in the marketplace is less than optimal?

17 MR. NATHAN SLEE: Yes, I agree, and I  
18 think Dr. Clinton made some good points on that. I think  
19 that we're very thin on the data that we have.

20 MR. BYRON WILLIAMS: You strike me as a  
21 very successful businessman, a very successful witness as  
22 -- as well. But you haven't had much success in the US  
23 market to date.

24 Is that fair?

25 MR. NATHAN SLEE: Yes, that's correct.

1                   MR. BYRON WILLIAMS:    Do you have some  
2   degree of working knowledge of the US market?

3                   MR. NATHAN SLEE:     I -- I suspect I would.

4                   MR. BYRON WILLIAMS:   And my geography's a  
5   little hazy, but is Washington State fairly close to the  
6   Province of British Columbia?

7                   MR. NATHAN SLEE:     Yes, it is.

8                   MR. BYRON WILLIAMS:   In terms of the  
9   marketplace in Washington State, would I be correct in  
10   suggesting to you that these firms are currently  
11   operating in the marketplace?

12                   I'm going to give you five (5) and -- or  
13   you're --

14                   MR. NATHAN SLEE:     I really don't think  
15   I'll be able to help you because, as a direct lender,  
16   we're focusing on the direct people. And the problem  
17   with that even in comparing who's out there as the lead  
18   generation companies, which I referred to yesterday,  
19   so...

20                   MR. BYRON WILLIAMS:   Okay. So if -- if I  
21   were to suggest to you that Money Tree or Check Masters  
22   or Money Mart or Cash One or Checkmate are in that  
23   marketplace, you would be in no position to confirm or  
24   deny it.

25                   Is that -- it's an unfair question?

1 MR. NATHAN SLEE: That's correct.

2 MR. BYRON WILLIAMS: How about Ohio?

3 MR. NATHAN SLEE: Same answer.

4 MR. BYRON WILLIAMS: Mr. Slee, you've  
5 been a -- a helpful witness. I thank you for that. Mr.  
6 Chairman, I have no further questions.

7 THE CHAIRPERSON: Thank you, Mr.  
8 Williams. Mr. Hacaault...?

9 MR. ANTOINE HACAULT: Thank you very  
10 much, Mr. Chairman.

11 And I don't want my Learned Friend, Mr.  
12 Byron Williams, to feel left out in compliments too, so  
13 he's been doing an excellent job and I really appreciate  
14 what he's doing. Do you hear that Byron?

15

16 CROSS-EXAMINATION MR. ANTOINE HACAULT:

17 MR. ANTOINE HACAULT: Nathan, Mr. Slee,  
18 we've got a couple of things that I'm going to cover.  
19 Most of them were covered by Mr. Foran here, but let's  
20 start with this.

21 Am I right to understand that the maximum  
22 term of the loans your company provides is twenty-two  
23 (22) days?

24 MR. NATHAN SLEE: Yes, that's correct.

25 MR. ANTOINE HACAULT: Okay. So there's a

1 gap in the service that you provide from the twenty-two  
2 (22) days up to the maximum of sixty-two (62) days that's  
3 provided for in the legislation.

4 Is that correct?

5 MR. NATHAN SLEE: Yes, that's correct.

6 MR. ANTOINE HACAULT: Okay. And the  
7 table that you prepared and obtained rates on, was that  
8 for a fourteen (14) day loan? What was your script, so  
9 to speak, when you were asking for numbers there?

10 MR. NATHAN SLEE: I didn't specify the  
11 terms when I was at -- when I was speaking to those  
12 stores. So I would have explained that I was trying to  
13 ascertain the rates, shopping around for a payday loan.

14 And I would have asked for rates for --  
15 both for one hundred (100) and for three hundred (300),  
16 and then I also would have asked for them to explain how  
17 the rates were calculated. But I never did specify the  
18 term of the loan.

19 MR. ANTOINE HACAULT: You -- did you  
20 obtain copies of the agreements?

21 MR. NATHAN SLEE: No, I did not.

22 MR. ANTOINE HACAULT: Okay. Did you  
23 gather information from these operators as to the hours  
24 that they operate?

25 MR. NATHAN SLEE: No, I did not.

1 MR. ANTOINE HACAULT: Do you agree that  
2 hours of operation and how much staff you have to employ  
3 during that time could have an impact on your cost?

4 MR. NATHAN SLEE: Yes, I do.

5 MR. ANTOINE HACAULT: And that may be a  
6 service that's required or requested of clients, they  
7 want longer operation hours?

8 MR. NATHAN SLEE: Yes, I would agree with  
9 that.

10 MR. ANTOINE HACAULT: Okay. Did you  
11 gather any information on the risk profiles that are  
12 accepted by these different companies?

13 MR. NATHAN SLEE: No, I did not.

14 MR. ANTOINE HACAULT: I note that one (1)  
15 of the companies which is, I don't think, on that list is  
16 Mr. Gerry Charlebois, who had presented to us yesterday?

17 MR. NATHAN SLEE: That's correct.

18 MR. ANTOINE HACAULT: So you didn't have  
19 information with respect to his twenty-six fifty (26.50)  
20 charge plus interest?

21 MR. NATHAN SLEE: No, I did not.

22 MR. ANTOINE HACAULT: Okay. It didn't  
23 strike to me that Mr. Charlebois was what I would  
24 consider to be an egregious and unethical person. Your  
25 twenty-five dollar (\$25) limit would push him out of the

1 market?

2 MR. NATHAN SLEE: If I may, what I'm  
3 trying to present is a model ,and I'm demonstrating the  
4 way that I've done the work to come up with the numbers.

5 So if the numbers are incomplete --  
6 because we do have some -- some shortages of data in this  
7 process -- if the Board would like to take my -- my model  
8 and apply what numbers they understand to be applicable  
9 and go from there, then I think that would be an  
10 appropriate step to take.

11 So I'm using the data that I have which, I  
12 agree with you, is not perfect. And Dr. Clinton would  
13 probably have some more serious words for how unperfect  
14 it is. But it was the best that I could come up with  
15 within the time frame that I had.

16 And again, my model's based on these  
17 numbers, so if the numbers are different, then the -- my  
18 twenty-five (25) should change as well.

19 MR. ANTOINE HACAULT: In fact, because of  
20 the way various people calculate your loans, your numbers  
21 for some companies -- including Rentcash -- are pretty  
22 significantly out.

23 Do you put a number of about what, twenty  
24 odd dollars (\$20) for the Cash Store?

25 MR. NATHAN SLEE: Yes, that's correct.

1                   MR. ANTOINE HACAULT:   Twenty-two dollars  
2   and twenty-four cents (\$22.24), and in the rebuttal  
3   evidence, they showed a calculation which was -- do you  
4   remember what the new calculations were?

5                   MR. NATHAN SLEE:    I don't remember.  We  
6   covered a lot of numbers with Rentcash, so I'll let you  
7   refresh my memory.

8                   MR. ANTOINE HACAULT:   So we had, for the  
9   signature loan, a number that was over thirty-five (35)  
10   per hundred (100), because it was a different loan  
11   product --

12                  MR. NATHAN SLEE:    Right.

13                  MR. ANTOINE HACAULT:   -- and it was  
14   explained by Mr. Reykdal for a longer period of time with  
15   higher risk rates.

16                  So is it your intention that people like  
17   school teachers, who benefit from these loans in the  
18   market, no longer have these types of loans?

19                  MR. NATHAN SLEE:    No, it's not my  
20   intention.  And if the Board were -- I -- I think that's  
21   a really important consideration.  I tried to make  
22   reference to it in my direct yesterday.

23                  I think that the Board should consider  
24   different terms.  I think there's probably even better  
25   options in terms of terms for payday loans that may be

1 more attractive to customers.

2 A lot of those options aren't being  
3 offered in the market today, one, because there's not  
4 enough competitive pressure to do so, and two, because it  
5 costs a ton more money to do it.

6 So if there's enough pressure and enough  
7 market share to begin by making some changes, somebody is  
8 going to do it. And I did mention that 310-Loan is  
9 looking at test marketing three (3) different concepts  
10 that we think will serve the customers better, but all of  
11 those concepts shrink our margins considerably.

12 So we would have to get an incredible gain  
13 in market share to make them financially viable. So, you  
14 know, if the Board could consider all these different  
15 options, I think that would be important.

16 MR. ANTOINE HACAULT: Okay, we'll get  
17 into that a little bit more. So, I don't see that the  
18 tests you proposed is much different than what Dr.  
19 Clinton proposed. That, perhaps, the data that you had  
20 and when you prepared this you didn't have, for example,  
21 the data presented by the Deloitte Touche report when you  
22 presented this initial evidence, I don't believe.

23 MR. NATHAN SLEE: No I don't. I don't  
24 think I did.

25 MR. ANTOINE HACAULT: So you weren't



1     aware when you presented that data that at least the  
2     Deloitte sampling shows a cost which is over your  
3     recommended rate?

4                     MR. NATHAN SLEE:     That's right.

5                     MR. ANTOINE HACAULT:     Their cost is shown  
6     as twenty-six dollars and eighty-seven cents (\$26.87).

7                     MR. NATHAN SLEE:     Yeah, and I believe  
8     they upped it to eight-nine (89) cents now.

9                     MR. ANTOINE HACAULT:     Yeah, a couple of  
10    cents more.  Now, unfortunately, Rentcash, even with  
11    products like the signature loans, doesn't appear to be  
12    making as much profit on the formula that you're using  
13    with those kinds of loans.

14                    Do you consider that an unreasonable  
15    business conduct?

16                    MR. NATHAN SLEE:     No, I do not.  And a --  
17    again I'm presenting a model, and the numbers could be  
18    adjusted in there to -- to come up with something  
19    different if we had more perfect numbers.

20                    MR. ANTOINE HACAULT:     Okay.  You've made  
21    some comments that, I guess, conceded to Mr. Foran that  
22    you haven't considered the fifty-five hundred dollar  
23    (\$5,500) licensing fee.

24                    MR. NATHAN SLEE:     That's correct.

25                    MR. ANTOINE HACAULT:     Have you actually

1 done any concrete budgets as to what it would cost you as  
2 far as additional permanent costs for a store to operate  
3 a store?

4 MR. NATHAN SLEE: No, we have not. And  
5 the reason for that is I'm still waiting for  
6 clarification from the Province of Manitoba of what will  
7 be considered a location. So if I understand their  
8 intent, they want to have a location that customers can  
9 go to, to voice complaints, et cetera.

10 And so I'm trying to understand from them  
11 if that can just be an -- a small office in a non-prime  
12 area or if that needs to be a prime retail location, and  
13 that's going to make a big difference to our costs. So I  
14 -- I'm -- I can't guess as to what those might be.

15 MR. ANTOINE HACAULT: Okay. And,  
16 correspondingly then, you haven't considered how much  
17 cost per hundred (100) the fifty-five hundred dollar  
18 (\$5,500) licensing fee or the bonding fee would cost?

19 MR. NATHAN SLEE: No, I have not.

20 MR. ANTOINE HACAULT: Is one of the  
21 reasons that you've chosen to look at the -- the charges  
22 would be that in the future we wouldn't have to get into  
23 detailed and lengthy and costly regulatory costs to  
24 analyze the industry and each payday loan company in that  
25 industry?

1                   MR. NATHAN SLEE:    That would -- I -- I  
2   really didn't look into them because I -- I don't have  
3   enough information to -- to make an accurate guess about  
4   how much those costs would really be.

5                   MR. ANTOINE HACAULT:   Okay, with respect  
6   to the debit cards, you also made some comments that in  
7   your view they shouldn't be used to generate fees that  
8   otherwise should be generated in the flat rate, or at  
9   least they should be disclosed.

10                  Did I understand that --

11                  MR. NATHAN SLEE:    I -- I --

12                  MR. ANTOINE HACAULT:   -- is that pretty  
13   close?

14                  MR. NATHAN SLEE:    -- think ideally for  
15   the customer if we could display, you know, one company  
16   offers it with debit card, one company offers with cash,  
17   one company offers with email money transfer, but the  
18   prices are described the same. I mean, there's costs for  
19   all of those things.

20                  I incur a cost for email money transfer  
21   that's higher than the cost for electronic funds  
22   transfer, but I eat that cost and I display my price to  
23   the customer the same way.

24                  So I think if we're looking at it from  
25   customer's perspective, having one (1) rate that they can

1 compare across all companies would be the most effective  
2 for them.

3 MR. ANTOINE HACAULT: I'm not too sure  
4 whether it was distributed to you, but had -- have you  
5 had a chance to see the Rentcash proposal which actually  
6 shows how the disclosure would occur and that, even  
7 though it's excluded from the final APR calculation, it  
8 is disclosed?

9 Every item is disclosed in there. Would  
10 that satisfy your concern?

11 MR. NATHAN SLEE: I haven't reviewed it,  
12 so I don't want to speak to it. I think the suggestion I  
13 made earlier was that -- again from the customer's  
14 perspective -- if it is a case that 90 percent of the  
15 people are using the debit cards, that really is the only  
16 option they're considering, then I think it would be  
17 better to just display the non-debit card options as a  
18 discount option where they could save some money.

19 MR. ANTOINE HACAULT: Okay. Now, you've  
20 suggested that the Board might want to enter into this  
21 forum of suggesting rates for cards. Do you have any  
22 expertise in federal and provincial jurisdiction and as  
23 to whether or not this Board might be able to regulate  
24 banks and how much they charge for their cards?

25 MR. NATHAN SLEE: No, and I should -- I

1 should clarify that the only rate that I am comfortable  
2 speaking to is the actual selling of the card to the  
3 customer. So, I mean, the fees that are charged at an  
4 ATM or point of sale are obviously, I think, out of our  
5 hands, but I could be wrong.

6 MR. ANTOINE HACAULT: And if the bank  
7 charges three dollars (\$3) or five dollars (\$5) for its  
8 card, as I think Mr. Gerry Charlebois explained, is  
9 that --

10 MR. NATHAN SLEE: To sell the card, you  
11 mean?

12 MR. ANTOINE HACAULT: To --

13 MR. NATHAN SLEE: Right.

14 MR. ANTOINE HACAULT: If the customer  
15 wants a card?

16 MR. NATHAN SLEE: Yes.

17 MR. ANTOINE HACAULT: If the bank charges  
18 the customer and says, Well, listen, I've got processing  
19 just to be able to give you that card. I've got to --

20 MR. NATHAN SLEE: Yeah.

21 MR. ANTOINE HACAULT: -- you know, to  
22 make the card I've got to create it, I've got to create  
23 everything that goes with it. I'm going to charge for  
24 that.

25 MR. NATHAN SLEE: I think the industry is

1 best served if the customer knows all the costs and can  
2 compare prices, because that's going to let them express  
3 their views of what's important to them. And then firms  
4 will adjust their behaviour accordingly.

5 So, in terms of the card, selling the card  
6 -- whether it's three-fifty (3.50) or whatever the cost  
7 of the card may be -- I think that should be included in  
8 the rate disclosure.

9 And I guess -- the example I can give is  
10 that for me, I offer two (2) different ways that I can  
11 give you your money. One costs me pennies per  
12 transaction, and one costs me a dollar fifty (\$1.50) per  
13 transaction. And my rate is exactly the same, and I  
14 never -- I don't pass that charge on to the customer. I  
15 still tell the customer, This is my rate whether you get  
16 Option A or Option B.

17 MR. ANTOINE HACAULT: So that way if it's  
18 a President's Choice card and they choose to only charge  
19 the -- the customer two dollars and fifty cents (\$2.50),  
20 or if it's a Royal Bank card and they charge the customer  
21 five dollars (\$5), do you think it's important that they  
22 can pick and choose whether or not they're going to get a  
23 debit card from Royal Bank or through Royal Bank through  
24 Direct Cash or through President's Choice?

25 MR. NATHAN SLEE: I think we're -- I

1 think the issue of -- of the card, I think it's -- the  
2 card belong -- is -- if I'm offering a card, it's going  
3 to be a 310-Loan card. It's not going to be a RBC card  
4 or a President's Choice card.

5 So where I choose to buy the card from is  
6 up to me as the lender. And the consumer's not going to  
7 be able to say, Well, Nathan, I'd like to actually get a  
8 President's Choice card from you instead of a RBC card or  
9 a Direct Cash card.

10 MR. ANTOINE HACAULT: But --

11 MR. NATHAN SLEE: The customer's really  
12 just going to be getting a 310-Loan card from me.

13 MR. ANTOINE HACAULT: Yeah. Perhaps you  
14 weren't here when it was explained who owns those cards.  
15 Rentcash doesn't own those cards, and it's owned by the  
16 financial institution.

17 With respect to Advance America, you  
18 provided some additional information. Are you aware that  
19 in addition to only charging 59 percent interest, I'm  
20 informed -- and I don't know if your inquiry also  
21 disclosed this -- that the company is -- and I may be  
22 using the wrong terminology -- but in engaging in an  
23 anti-competitive pricing by actually offering twenty-five  
24 dollars (\$25) per loan as an incentive for customers to  
25 take a loan from them?

1                   MR. NATHAN SLEE:    I'm not sure that I  
2 understand the question.

3                   MR. ANTOINE HACAULT:    So that if a  
4 customer comes in, my understanding is that this new  
5 company is telling the customer, Not only will we not  
6 charge you a fee, we will pay you twenty-five dollars  
7 (\$25) if you take a loan from our company so we can  
8 establish a market share in Manitoba.

9                   MR. NATHAN SLEE:    That sounds very  
10 interesting. I'm -- I'm not an expert on competition  
11 law, and I wasn't aware of that, so I don't have a  
12 comment.

13                  MR. ANTOINE HACAULT:    But I guess it goes  
14 to how competitive and aggressive big multinationals can  
15 be in a small market?

16                  MR. NATHAN SLEE:    Certainly.

17                  MR. ANTOINE HACAULT:    And it goes to if a  
18 company's willing to go as far as paying customers money  
19 if you go into the store to take a loan, that they're  
20 really hungry to establish themselves in a market and  
21 take away loan volumes from other people who need money  
22 to actually operate?

23                  MR. NATHAN SLEE:    No question.

24                  MR. ANTOINE HACAULT:    Would you be able  
25 to just check to see whether or not my information is



1 correct on this twenty-five dollar (\$25) offer?

2 MR. NATHAN SLEE: I'll do my best.

3 MR. ANTOINE HACAULT: Thank you.

4

5 --- UNDERTAKING NO. 80: Mr. Nathan Slee to determine  
6 whether or not Advance  
7 America offers a twenty-five  
8 dollar (\$25) incentive to  
9 take a loan out with them.

10

11 CONTINUED BY MR. ANTOINE HACAULT:

12 MR. ANTOINE HACAULT: Now, I'm not too  
13 sure I fully understood your proposal. Is it a flat fee  
14 without any interest after -- any interest component?

15 MR. NATHAN SLEE: I suggested that  
16 interest be applied if the loan goes into default.

17 MR. ANTOINE HACAULT: Okay.

18 MR. NATHAN SLEE: Because it -- I --  
19 yeah, I think the customer needs a flat fee that they can  
20 understand, and the lender needs to be able to charge  
21 some sort of a fee -- or, excuse me, an interest rate if  
22 the loan goes into default, because the customer has to  
23 have some incentive to pay that sooner rather than later.

24 MR. ANTOINE HACAULT: Okay. Now, how do  
25 you see this being fair? Because ultimately there's

1 going to have to be a board to the lender who decides to  
2 make the longer term loan and who, you said, is going to  
3 have a major impact on the amount of money you need to  
4 have as a pool of funds to be able to offer longer term  
5 product.

6 I can understand why it works for you with  
7 fourteen (14) day loans, but how is it fair to somebody  
8 who has to change his business model, have a higher risk,  
9 and have a bigger pool of funds that he has to carry?

10 MR. NATHAN SLEE: I think it's a good --  
11 it's a good question, and I think what the Board should  
12 do is allow a higher rate to accommodate for those loans.  
13 Now, they may want to set a rate for a fourteen (14) day  
14 loan and then for -- for a longer term, say that there  
15 can be a different rate to accommodate for that. Or you  
16 may want to build in an interest rate component.

17 We're still in a very short term, so I'm  
18 not sure if the interest rate component would be enough  
19 to compensate for the difference in the term. For  
20 example, my money rolls over every two (2) weeks, so if  
21 I'm going to extend that for a month, that means I'm  
22 going to need double the capital to put my money out  
23 there.

24 So, yeah, interest might do it. I'd have  
25 to look into it more closely, but I think something

1    should be -- be accommodated for to allow for these  
2    different terms, because there might be a better product  
3    out there for the customer.

4                   MR. ANTOINE HACAULT:    So bottom line is,  
5    you really haven't thought that one through fully?

6                   MR. NATHAN SLEE:    I didn't fully think it  
7    through when I was doing my initial proposal, no.

8                   MR. ANTOINE HACAULT:    Okay. Now, with  
9    respect to your agreement, which was produced in the  
10   second round of interrogatories, this is with the client.  
11   I wasn't able to find in that agreement the reference  
12   which you make in your evidence to -- to charging a  
13   different rate after default.

14                   What I found in the agreement was, and I'm  
15   quoting:

16                           "Fifty-nine (59) percent calculated  
17                           daily from the date of advance until  
18                           payment of the loan and interest both  
19                           before and after default or judgment."

20                   Am I -- did I misread something or...?

21                   MR. NATHAN SLEE:    No, you didn't; that's  
22   correct. And when I submitted those to the Board -- I'll  
23   be -- we really haven't looked at our agreements in quite  
24   a long time, so that's an oversight on our part.

25                   If the Board would like, if there was some

1 way we could, you know, open up our books or provide data  
2 to back up the 18 percent, we'd be happy to do that.  
3 That's something we've done for, I believe, three (3)  
4 years now.

5 And if you were to look at it very  
6 closely, you'd actually find that we write off a lot of  
7 the interests in negotiating agreements with the  
8 customer.

9 So we'll say, If you pay by this point,  
10 we'll write off a certain percent of the interest. So  
11 the actual interest amount will be considerably less than  
12 the 18 percent that we've -- we've described.

13 MR. ANTOINE HACAULT: I guess this is  
14 just an example if we have an agreement or if we have the  
15 chance to ask further questions, we get to perhaps have  
16 more information. But the only thing the customer has --

17 MR. NATHAN SLEE: I -- I agree with you.  
18 That is what the customer has.

19 MR. ANTOINE HACAULT: -- is that he is  
20 going to be charged 59 percent, both before and after  
21 default and after judgment also?

22 MR. NATHAN SLEE: Yes, and that is an  
23 oversight as I mentioned. I intend to adjust it.

24 MR. ANTOINE HACAULT: Now I just wanted  
25 to explore what your thought of what a competitive rate

1 had to accommodate. And there's some overlap, and I  
2 apologize for that, with some of the questioning that Mr.  
3 Foran asked you. But when you're talking about setting a  
4 -- a competitive rate or above a competitive rate, what  
5 scenarios do we have to accommodate in the notion of  
6 competitive rate?

7 Do we have to not -- to accommodate the  
8 notation that different stores can operate in different  
9 hours and have different overhead with respect to that?

10 MR. NATHAN SLEE: I think the goal with a  
11 competitive rate is to set a rate in a way that does not  
12 disrupt the majority of the market. And I think if we  
13 look at -- I just want to flip to -- to Dr. Buckland's  
14 numbers.

15 For example, we were talking earlier about  
16 his 2007 data set, where there's a number of companies  
17 between forty-four (44) and sixty-one dollars (\$61). And  
18 I think he was talking about two hundred and fifty dollar  
19 (\$250) loans, I'm not sure. And then there's -- there's  
20 two (2) at ninety-eight (98) and one oh nine (109).

21 So what I'm suggesting is if you were to  
22 look at that data set, that you would set a rate, in this  
23 case, that would allow those forty-four (44) to sixty-one  
24 (61) to stay in business, but that ninety-eight (98) to  
25 one oh nine (109) -- and one oh nine (109) would be --

1 would be pushed out.

2 So the objective, as I understand it, is  
3 to disrupt the market as little as possible but exclude  
4 the most extreme rates.

5 And in -- that was my example from the  
6 2007 Buckland data.

7 MR. ANTOINE HACAULT: Okay. And there is  
8 a number of things in that data, though, where companies  
9 have different variables. Is that right? And I'll just  
10 go through one (1) at a time and see whether you agree  
11 these variables might exist.

12 Hours of operation could be a variable.  
13 Is that correct?

14 MR. NATHAN SLEE: Yes, that's correct.

15 MR. ANTOINE HACAULT: Time spent with the  
16 customers on initial loans might be different in  
17 different companies?

18 MR. NATHAN SLEE: Yes, that's correct.  
19 And if I could jump in, I'm --

20 MR. ANTOINE HACAULT: Yeah.

21 MR. NATHAN SLEE: -- maybe I can answer  
22 your question more directly, because I sounds -- it  
23 sounds like I didn't quite get at it.

24 I think the reason why you want to allow  
25 for a range of rates is that -- so that firms can offer

1 all sorts of different levels of service, hours of  
2 operation, speed to which you can issue your funds,  
3 change the application process, accept a different risk  
4 profile, you know, distribute your funds in different  
5 methods -- whether it be cash, debit, check, credit card,  
6 any number of options.

7 I think that's why you have to allow for a  
8 different range of rates.

9 MR. ANTOINE HACAULT: Okay. So  
10 additional ones you, perhaps, didn't mention would be  
11 different limits on first-time loans?

12 MR. NATHAN SLEE: That's certainly one,  
13 yes.

14 MR. ANTOINE HACAULT: Yeah. Percentages  
15 of customers declined initially that come to see you?

16 MR. NATHAN SLEE: Yes, I think that would  
17 speak to the risk profile.

18 MR. ANTOINE HACAULT: Rollover versus  
19 non- rollover companies?

20 MR. NATHAN SLEE: Yes.

21 MR. ANTOINE HACAULT: Because we've heard  
22 evidence that if it's a non-rollover, you can actually --  
23 you have to charge more, because the rollover situation  
24 allows you to charge less per hundred (100)?

25 MR. NATHAN SLEE: Yes, that's correct.

1                   MR. ANTOINE HACAULT:   Now with respect to  
2   the egregious.  You've used that, kind of, from the  
3   article --

4                   MR. NATHAN SLEE:    Mm-hm.

5                   MR. ANTOINE HACAULT:   -- that you had  
6   referenced in your initial paper.  If somebody has four  
7   (4) to five (5) or even up to 8 percent bad debt, does  
8   that follow into an egregious kind of conduct?

9                   MR. NATHAN SLEE:    I'm not really -- I  
10   don't have a great definition for "egregious."  I was  
11   really picking that up from other stakeholders who have  
12   made comments to the effect that there are -- there is  
13   behaviour in the market that they don't like.  I don't  
14   have specific examples of who they might of been speaking  
15   to.

16                  MR. ANTOINE HACAULT:   Well, one example  
17   is the lady who was charged fifty dollars (\$50) per  
18   hundred (100) and we heard of initially.  So, we're all  
19   in agreement that -- that is a real outlier, and it -- it  
20   wouldn't go into -- just like the higher costs of a  
21   thirty (30) day loan or -- or anything that we might see  
22   as a reasonable charge for a hundred dollars (\$100)?

23                  MR. NATHAN SLEE:    That's, right, that's  
24   my impression.

25                  MR. ANTOINE HACAULT:   Okay.  With respect



1 to -- I want to just deal with the concept of emergency  
2 or unexpected. It was dealt with somewhat by Dr. Clinton  
3 in cross-examination by Mr. Williams.

4 How many years did you operate where  
5 customers would receive funds by direct transfer?

6 MR. NATHAN SLEE: You mean by direct  
7 deposit? Like straight --

8 MR. ANTOINE HACAULT: Direct deposit,  
9 yeah.

10 MR. NATHAN SLEE: -- electronic funds  
11 transfer? Since December of 2000.

12 MR. ANTOINE HACAULT: And when did you  
13 introduce the electronic email funds transfer?

14 MR. NATHAN SLEE: Email money transfer  
15 was introduced in January of this year.

16 MR. ANTOINE HACAULT: Okay. So you were  
17 able to run your business where, on average, people would  
18 get the money the next day?

19 MR. NATHAN SLEE: Yes, that's correct.

20 MR. ANTOINE HACAULT: So any emergency or  
21 unexpected expense -- at least for that group of people  
22 to the extent that there were some using that product for  
23 that purpose -- their emergency wasn't something that  
24 needed to be dealt with that same hour.

25 They could wait a day before dealing with

1 what they considered to be an emergency?

2 MR. NATHAN SLEE: For the customers who  
3 stayed with us. As I mentioned, there is a good chunk of  
4 customers who didn't choose our service, and so the  
5 people with the more urgent need probably would have  
6 fallen into that category.

7 MR. ANTOINE HACAULT: Okay. But it might  
8 be different than somebody who has a car accident and  
9 needs to be brought by ambulance to the hospital. I mean  
10 he can't wait.

11 It's a life or death thing?

12 MR. NATHAN SLEE: That's correct.

13 MR. ANTOINE HACAULT: A lot of these  
14 people, would you agree, might just have bad financial  
15 planning?

16 MR. NATHAN SLEE: A lot of which people?

17 MR. ANTOINE HACAULT: Of the customers.  
18 If they had had decent financial planning, they might  
19 have a little bit of a rainy day fund to deal with  
20 unexpected expenses?

21 MR. NATHAN SLEE: I -- I don't have data  
22 to back that up one way or the other.

23 MR. ANTOINE HACAULT: Okay. Do you know  
24 what the competition -- composition of the Consumers'  
25 Measures Committee is? Is it consumers' bureaus or

1 consumers' groups?

2 MR. NATHAN SLEE: The Consumer Measures  
3 Committee, as I understand it, is made up of provincial  
4 bureaucrats.

5 MR. ANTOINE HACAULT: And they're from  
6 the Consumers' Bureau some -- do you know?

7 MR. NATHAN SLEE: I don't know  
8 specifically, but I believe that's the case, just from  
9 memory of who's on the list.

10 MR. ANTOINE HACAULT: Okay. The reason I  
11 was asking is I don't know if you had -- because you are  
12 quoting from somebody who was commissioned by the  
13 Consumers' Measures Committee, as Professor Ian Ramsay  
14 (phonetic) is who you're referring to.

15 Were you aware and -- and this is in  
16 Attachment A to the rebuttal evidence of Rentcash -- that  
17 the study commissioned by the Consumers' Measures  
18 Committee, and I'm quoting directly from that letter,  
19 concluded:

20 "The fees charged are generally  
21 reasonable and, as a result,  
22 Newfoundland has no plans to bring in  
23 legislation to regulate payday loan  
24 companies at all."

25 MR. NATHAN SLEE: I hadn't read that

1 portion.

2 MR. ANTOINE HACAULT: Okay. Were you  
3 aware that consumers in that province appeared to be  
4 satisfied with the service as the Department received no  
5 complaints with respect to payday loan companies?

6 MR. NATHAN SLEE: I hadn't heard that  
7 specifically, but I am aware in general that the number  
8 of complaints about payday loan companies at various  
9 provincial complaints bodies is -- is extremely low.

10 MR. ANTOINE HACAULT: Okay. With respect  
11 to the data that you relied on in making your  
12 recommendations, would you agree that the Ernst & Young  
13 report was done in a rollover environment?

14 MR. NATHAN SLEE: That was my  
15 understanding.

16 MR. ANTOINE HACAULT: Okay. And that  
17 would have a tendency to underestimate true costs?

18 MR. NATHAN SLEE: In the market today you  
19 mean?

20 MR. ANTOINE HACAULT: In the market  
21 today.

22 MR. NATHAN SLEE: Yes, that would be my  
23 understanding as well.

24 MR. ANTOINE HACAULT: And we've heard  
25 that the information that was used for that report was no

1 more recent than 2003, so we don't have -- that doesn't  
2 represent recent data either?

3 MR. NATHAN SLEE: That would be my  
4 understanding.

5 MR. ANTOINE HACAULT: And also it was --  
6 if we looked at the percentage of firms across Canada --  
7 was a small sample of those firms?

8 MR. NATHAN SLEE: I also understood that  
9 to be correct.

10 MR. ANTOINE HACAULT: And as a percentage  
11 of firms, actually, the Deloitte report represented a  
12 greater percentage of firms in Manitoba than did the  
13 Ernst & Young report?

14 MR. NATHAN SLEE: Off the top of my head,  
15 that would make sense.

16 MR. ANTOINE HACAULT: Now, in your  
17 initial paper you had indicated that many economic  
18 scholars believed that a price ceiling that excludes  
19 anything more than the most egregious lenders from the  
20 market will serve to limit the long-term affordability of  
21 short-term credit and dramatically slow the evolution of  
22 this product ending the degree to which it meets the  
23 consumers' non-price needs and desires.

24 I just wasn't too sure which scholars you  
25 might have been referring to. Was that just the article

1   that you had pulled out in the reference -- references in  
2   that article or...?

3                   MR. NATHAN SLEE:   The people that -- that  
4   -- the people that we had worked with I think the most  
5   were Derken (phonetic) and Ramsay (phonetic).

6                   And the bulk of the research that went  
7   into the stuff that's more theoretical came from Andrew  
8   Smith (phonetic), who wasn't able to join me so...

9                   He's -- he went through thousands of -- of  
10  pages of -- of these different studies, and so that  
11  comment comes more from him than it does from me from the  
12  reading that he's done.

13                  So I can't delve into how many more  
14  scholars he looked at.

15                  MR. ANTOINE HACAULT:   But it's not just  
16  an isolated scholar who's had this view?

17                  MR. NATHAN SLEE:   It's certainly not my  
18  impression.

19                                       (BRIEF PAUSE)

20  
21                  MR. ANTOINE HACAULT:   Thank you, those  
22  are all my questions.  Thank you very much for your  
23  helpful answers.

24                  MR. NATHAN SLEE:   Thank you.

25                  THE CHAIRPERSON:   Thank you, sir.  Mr.

1   Slee, is there any last comments that you would like to  
2   make?

3                   MR. NATHAN SLEE:    I think I'm all  
4   commented out.

5                   THE CHAIRPERSON:    You are not going to  
6   redirect yourself? Okay, that is fine.

7                   MR. NATHAN SLEE:    No.

8                   THE CHAIRPERSON:    Mr. Peters will help  
9   you out in reminding you what undertakings that you took  
10   under.

11                   So we want to thank you, Mr. Slee. You  
12   have been very forthcoming and quite helpful to our  
13   deliberations. Thank you very much.

14                   MR. NATHAN SLEE:    Thank you.

15

16                   (WITNESS STANDS DOWN)

17

18                   THE CHAIRPERSON:    Okay, we will adjourn  
19   for the lunch break. And when we come back, if my  
20   timetable is correct, Mr. Williams is up. So we will see  
21   you back at 1:15, thank you.

22

23   --- Upon recessing at 11:56 a.m.

24   --- Upon resuming at 1:18 p.m.

25

1 THE CHAIRPERSON: Okay. So the room  
2 looks different, Mr. Williams. If you want to start off  
3 by introducing your panel and we will swear them all in.

4 MR. BYRON WILLIAMS: Yes, I'm -- I'm not  
5 going to suggest it looks anymore organized, Mr.  
6 Chairman, but I'd like to introduce from the panels right  
7 to left; Tom Carter, Ms. Anita Friesen, Jerry Buckland,  
8 John Osborne, Chris Robinson, and then Wayne Simpson. I  
9 believe you're familiar with Dr. Buckland and Dr. Simpson  
10 from past appearances. I'd ask now that the witnesses be  
11 affirmed or sworn, Mr. Chairman.

12 THE CHAIRPERSON: Mr. Gaudreau...?  
13

14 COALITION PANEL:

15 TOM CARTER, SWORN

16 ANITA FRIESEN, SWORN

17 JERRY BUCKLAND, SWORN

18 JOHN OSBORNE, SWORN

19 CHRIS ROBINSON, SWORN

20 WAYNE SIMPSON, SWORN  
21

22 THE CHAIRPERSON: Thank you, Mr.  
23 Gaudreau. Okay, Mr. Williams.  
24

25 EXAMINATION-IN-CHIEF BY MR. BYRON WILLIAMS:



1 MR. BYRON WILLIAMS: Thank you. And  
2 thank you, Mr. Gaudreau as well. Just one second.

3

4 (BRIEF PAUSE)

5

6 MR. BYRON WILLIAMS: Mr. Chairman, just  
7 for the Board's information, the curriculum vitae of Dr.  
8 Robinson is an attachment to PUB/COALITION-B-1. And the  
9 curriculum vitae -- I don't know if there's an "S" at the  
10 end of the rest of the witnesses -- is at the response to  
11 B-29.

12 And just prior to going into  
13 qualifications, as -- as the panel will be aware, there  
14 was a Buckland et al team, and I thought it might assist  
15 the panel very quickly to just remind the panel of who  
16 did what in terms of the -- the papers. And I'll do it  
17 quite quickly, and then we'll move into qualifications.

18 And if -- if anyone's looking for  
19 references in the evidence, we'll be referring to Dr.  
20 Buckland's September 17th evidence, pages 2 and pages 15.

21 Dr. Buckland, I have to say I didn't  
22 realize you had so many names. I think I counted three  
23 (3) before Buckland. You have overall supervision of the  
24 report titled "Serving or Exploiting People Facing a  
25 Short-Term Credit Crunch," dated September 15th, 2007.

1                   Is that right, sir?

2                   DR. JERRY BUCKLAND:   Yes that's correct.

3                   MR. BYRON WILLIAMS:   It was prepared  
4 under your direction and control?

5                   DR. JERRY BUCKLAND:   That's correct.

6                   MR. BYRON WILLIAMS:   And it reflects your  
7 views?

8                   DR. JERRY BUCKLAND:   It does.

9                   MR. BYRON WILLIAMS:   Now, as I understand  
10 it, this report -- being the report of September 2007 by  
11 Buckland et al -- had five (5) individuals who  
12 participated in writing parts of the report under your  
13 supervision and control.

14                   Is that right, sir?

15                   DR. JERRY BUCKLAND:   Yes, that's correct.

16                   MR. BYRON WILLIAMS:   And the -- excuse  
17 me. In terms of the "Summary Analysis of Literature" and  
18 the "Institutional Context of the Rise of Payday Loan  
19 Consumers," those were prepared by you, were they, Dr.  
20 Buckland?

21                   DR. JERRY BUCKLAND:   Yes, that's correct.  
22 Those would be Sections 1, 2, as well as Section 4 in the  
23 report I was responsible to write.

24                   MR. BYRON WILLIAMS:   And Section 4 was  
25 "Key Payday Loan Issues for Consumers" as well?

1 DR. JERRY BUCKLAND: Yes, that's correct.

2 MR. BYRON WILLIAMS: And you also  
3 prepared the executive summaries?

4 DR. JERRY BUCKLAND: Yes, I did.

5 MR. BYRON WILLIAMS: And Part 3, being  
6 "Who are Payday Lender Clients," my understanding is that  
7 was Wayne Simpson and yourself guided the writing of that  
8 section.

9 Would that be fair, sir?

10 DR. JERRY BUCKLAND: That's correct, and  
11 Dr. Simpson did the analysis of the data.

12 MR. BYRON WILLIAMS: So he's probably the  
13 skilled econometrician that Dr. Clinton was referring to  
14 on the record?

15 DR. JERRY BUCKLAND: I believe he -- he  
16 is, yes.

17 MR. BYRON WILLIAMS: In terms of Part 5,  
18 which is "Field Research on Payday Lending in Manitoba,"  
19 would I be correct in suggesting to you that that was  
20 team approach, Dr. Buckland?

21 DR. JERRY BUCKLAND: Yes, that's correct.  
22 Tom Carter -- who is the Canada Research Chair at the  
23 University of Winnipeg in the Institute of Urban Studies  
24 -- and myself coordinated that field research here in --  
25 in Winnipeg, with the assistance of Dr. Robinson, who --

1 together we put together a set of questions and set of  
2 methods to look into the payday lending situation.

3 And Anita Friesen was responsible for  
4 working on the mystery shopping method as well as the  
5 initial writing up of the analysis. And John Osborne was  
6 responsible for writing up the sections on reporting on  
7 the mapping as well as the fee collection sections.

8 MR. BYRON WILLIAMS: And just to assist  
9 both the panel and other legal counsel who may have  
10 questions, for -- just so I understand the -- the group  
11 effort, Ms. Friesen participated both in the development  
12 of the methodology, the carrying out of the project in  
13 terms of mystery shopping and its analysis and writeup.

14 Is that fair, Dr. Buckland?

15 DR. JERRY BUCKLAND: Yes, that's correct.  
16 Initially we developed a methodology and tested it, and  
17 Ms. Friesen was the person who tested it. Once we had  
18 tested the mystery shopping methodology, then we made  
19 some minor adjustments and then moved into the -- the  
20 full implementation of the mystery shopping.

21 And Ms. Friesen was the one who was the  
22 person who guided the -- the mystery shoppers. There  
23 were three (3) of them, and she was the one on the ground  
24 guiding their work.

25 MR. BYRON WILLIAMS: And just to assist,

1 so Ms. Friesen was one of the mystery shoppers as well as  
2 guiding the work. And I -- I don't think we've indicated  
3 this before, but Mr. Osborne was one of the mystery  
4 shoppers in the initial inquiry visit.

5 Is that right, sir?

6 DR. JERRY BUCKLAND: That's correct.

7 MR. BYRON WILLIAMS: And in terms of the  
8 other parts of -- sections of Part -- Part 5 being "Field  
9 Research on Payday Lending in Manitoba."

10 There's a section which surveys firms in  
11 Manitoba in 2007 in terms of the rates they're charging  
12 for a two-hundred and fifty dollar (\$250) loan.

13 Is that right, sir?

14 DR. JERRY BUCKLAND: Yes, that's correct.  
15 We -- we refer to it as Table 3 in the document.

16 MR. BYRON WILLIAMS: Thank you for that.  
17 And Table 3 was developed -- in terms of the actual  
18 surveying, was -- that was done by Mr. Osborne.

19 Is that right, sir?

20 DR. JERRY BUCKLAND: That's correct. Mr.  
21 Osborne was the one who made the telephone calls to all  
22 the firms that we identified in Manitoba to -- to collect  
23 that information.

24 MR. BYRON WILLIAMS: And there's also  
25 some spatial analysis that the team developed, for

1 example, maps of payday loan locations in the City of  
2 Winnipeg and elsewhere and then comparison of that to  
3 various social science indicators.

4 I recognize it was a team approach  
5 involving yourself and Dr. Carter. Can you tell me the  
6 role that Mr. Osborne played in that, sir?

7 DR. JERRY BUCKLAND: Yes. Dr. Carter and  
8 I, with John Osborne and Anita, were meeting as a team  
9 and identified some key spatial issues that we wanted to  
10 be examined. And so then we asked John, with his GIS  
11 background, to first of all collect that data and then  
12 input that into his GIS program and essentially generate  
13 the maps that we then analyzed and reported on in the  
14 report.

15 MR. BYRON WILLIAMS: So John was the GIS  
16 brains of the team, is that fair to say?

17 DR. JERRY BUCKLAND: I think that's fair  
18 to say, yes.

19 MR. BYRON WILLIAMS: I see Dr. Carter  
20 nodding as well, does that -- can you confirm your nod,  
21 Dr. Carter?

22 DR. TOM CARTER: That is correct.

23 MR. BYRON WILLIAMS: And just to -- and  
24 in terms of the writeup of the GIS analysis, Mr. Osborne  
25 played a lead role in that, in consultation with yourself

1 and Dr. Carter. Would that be fair, sir?

2 DR. JERRY BUCKLAND: Yeah, that's  
3 correct. In -- in all the cases, what we did was the --  
4 in Anita Friesen's case, she was the one that coordinated  
5 the on-the-ground mystery shopping and compiled the orig  
6 -- the materials and wrote the draft materials.

7 John Osborne similarly did the data  
8 analysis and the original reporting. And then we would  
9 go through a draft revision -- draft revision-type  
10 process after that where Tom and myself and other team  
11 members could have input.

12 MR. BYRON WILLIAMS: And again -- and  
13 hopefully, I'm not burdening the Board with too much  
14 detail -- but I do want to turn very quickly to the  
15 October 31st rebuttal evidence of Buckland et al, just so  
16 the Board understands -- and other lawyers -- who did  
17 what.

18 Do you have that, Dr. Buckland?

19 DR. JERRY BUCKLAND: Yes.

20 MR. BYRON WILLIAMS: As I understand it,  
21 first of all, the authors of these -- of these reports  
22 included Dr. Simpson, Dr. Buckland, Dr. Robinson  
23 participated, as did a person by the name of Marilyn  
24 Brennan. Is that right, sir?

25 DR. JERRY BUCKLAND: Yes, that's correct.

1                   MR. BYRON WILLIAMS:   And we'll come to  
2   Ms. Brennan in just a second. But you had overall  
3   supervision of this report, Dr. Buckland, is that fair?

4                   DR. JERRY BUCKLAND:   That's correct.

5                   MR. BYRON WILLIAMS:   It was prepared  
6   under your direction and control?

7                   DR. JERRY BUCKLAND:   Yes, I did.

8                   MR. BYRON WILLIAMS:   And it reflects your  
9   views?

10                  DR. JERRY BUCKLAND:   It does.

11                  MR. BYRON WILLIAMS:   Now, as I understand  
12   the report, it had four (4) major questions, Number 1  
13   being, How well does the payday loan market in Manitoba  
14   function?

15                  Is that your understanding as well, Dr.  
16   Buckland?

17                  DR. JERRY BUCKLAND:   Yes, that's the  
18   first component of that report.

19                  MR. BYRON WILLIAMS:   And that component  
20   on the nature of the competitive market, Dr. Simpson  
21   played a lead role in writing that with support from both  
22   yourself and Dr. Robinson. Is that fair?

23                  DR. JERRY BUCKLAND:   Yeah. I think Dr.  
24   Simpson and I both kind of led that one and Dr. Robinson  
25   was -- was help -- very helpful in working on that one.



1                   MR. BYRON WILLIAMS:   Part 2, relating to  
2   the costs of payday lenders and in particular the  
3   Deloitte Report, my understanding is Dr. Simpson took the  
4   lead in that with some assistance from yourself and --  
5   and Dr. Robinson.

6                   Would that be fair?

7                   DR. JERRY BUCKLAND:   That's correct.

8                   MR. BYRON WILLIAMS:   Part 3, dealing with  
9   current and future existence of substitutes to payday  
10   loans in the market, my understanding is that Ms. Brennan  
11   took the lead in that with assistance from yourself and  
12   Dr. Robinson.

13                  Would that be fair?

14                  DR. JERRY BUCKLAND:   That's correct.

15                  MR. BYRON WILLIAMS:   And in terms of the  
16   impact of rate caps on the market, you took the lead role  
17   in that with some assistance from Dr. Robinson and Dr.  
18   Simpson.

19                  Is that fair?

20                  DR. JERRY BUCKLAND:   Yes, that's correct.

21                  MR. BYRON WILLIAMS:   Who's Marilyn  
22   Brennan?

23                  DR. JERRY BUCKLAND:   Marilyn Brennan is  
24   currently a PhD student at the Asper School of Business  
25   at the University of Manitoba, and she is working on her

1 course work right now, but has the plan to do her  
2 dissertation on a topic to do with payday lending.

3 And, actually, she has got many years of  
4 experience with banks. For twenty-five (25) years, she  
5 has been active with various banks and most recently was  
6 the regional vice-president of CIBC.

7 And, as well as that, Ms. Brennan has a  
8 Bachelor of Arts in economics and an MBA from the  
9 University of Manitoba. And, as well, she's working on a  
10 project that will be investigating bank efforts at  
11 financial inclusion in Canada right now.

12 MR. BYRON WILLIAMS: And -- and Dr.  
13 Buckland, just -- Ms. Brennan's not available to be with  
14 us this week, is that your understanding?

15 DR. JERRY BUCKLAND: That's what I  
16 understand.

17 MR. BYRON WILLIAMS: Thank you for that.  
18 And I hope the Board doesn't mind that little sidetrack,  
19 I thought it would be helpful for it to understand.

20

21 (VOIR DIRE COMMENCED)

22

23 EXAMINATION-IN-CHIEF BY MR. BYRON WILLIAMS (QUAL):

24 MR. BYRON WILLIAMS: I'd like to turn now  
25 to the qualifications of the witness and -- and Mr.

1 Chairman and members of the Panel, for your -- your  
2 information, I'm going to walk through the qualifications  
3 of each witness, because much -- much of it was done as a  
4 team. And then I'll propose that they be qualified at  
5 the end and I'll give the specific areas in which I  
6 propose that they be qualified.

7 And Dr. Buckland, we're starting with you.  
8 So, and again, your curriculum vitae is found at  
9 attachment to PUB/COALITION B-29.

10 And if you'd just give me one second,  
11 please.

12

13 (BRIEF PAUSE)

14

15 MR. BYRON WILLIAMS: Dr. Buckland, I  
16 understand that you received your Masters of Arts in  
17 economics in 1986 from Carlton University.

18 Is that right, sir?

19 DR. JERRY BUCKLAND: Yes.

20 MR. BYRON WILLIAMS: And you specialized  
21 in development economics and development studies?

22 DR. JERRY BUCKLAND: That's correct.

23 MR. BYRON WILLIAMS: And you received  
24 your Doctor of Philosophy in economics in 1995 from the  
25 University of Manitoba, sir?

1 DR. JERRY BUCKLAND: Yes, I did.

2 MR. BYRON WILLIAMS: And your  
3 specialization was in development economics and history  
4 of economic thought?

5 DR. JERRY BUCKLAND: Yes, they were.

6 MR. BYRON WILLIAMS: You, no doubt, would  
7 have had some interesting conversations with Dr. Clinton  
8 if we would have put you in the same room?

9 DR. JERRY BUCKLAND: Perhaps.

10 MR. BYRON WILLIAMS: Now, before moving  
11 to your current position, I wonder if you can discuss  
12 very quickly for the Board, within the field of  
13 development economics, what role the concept of applied  
14 ethics plays?

15 DR. JERRY BUCKLAND: In -- in the general  
16 field of economics today, neo-classical economic theory  
17 is, I believe to be the -- the most powerful, most  
18 influential school of thought. And within the neo-  
19 classical school, there is a claim made that it seeks to  
20 do an -- a completely objective form of analysis.

21 And I -- my training is of that approach  
22 as well as, because of my specialization in development  
23 economics, my training also looks at different  
24 approaches. And so the -- the approach that I'm more  
25 comfortable with is one that doesn't claim to do a

1 completely objective analysis that is not tied in with --  
2 with the context, but in fact recognizes that ethical  
3 issues are very much associated with policies, practices,  
4 with social reality.

5 And, therefore, it's important to be  
6 explicit about what those ethical issues are and try to  
7 work through them.

8 And so my training has been both in neo-  
9 classical economics, but also in other types of economic  
10 analysis: political economy, institutional economics,  
11 more interdisciplinary social economics, where it's  
12 understood that ethical issues need to be addressed  
13 directly and we need to -- we need to look at them,  
14 analyze them, and -- and look at them carefully.

15 MR. BYRON WILLIAMS: Thank you, Dr.  
16 Buckland.

17 In terms of your current position, I  
18 understand you're a professor and Coordinator of  
19 International Development Studies at Menno Simons  
20 College --

21 DR. JERRY BUCKLAND: Yeah.

22 MR. BYRON WILLIAMS: -- is that right,  
23 sir?

24 DR. JERRY BUCKLAND: That's correct.

25 MR. BYRON WILLIAMS: And it's affiliated

1 part of the Canadian Mennonite University which is  
2 affiliated with the University of Winnipeg, sir?

3 DR. JERRY BUCKLAND: The -- Menno Simons  
4 College is a part of Canadian Mennonite University, and  
5 we are -- Menno Simons, that is -- is affiliated with the  
6 University of Winnipeg.

7 MR. BYRON WILLIAMS: I shouldn't have  
8 made that so difficult. You also teach economic courses  
9 at the Canadian Mennonite University, is that right?

10 DR. JERRY BUCKLAND: From time to time I  
11 have taught economic courses at CMU, yes.

12 MR. BYRON WILLIAMS: And you've been at  
13 Menno Simons since about 1994.

14 Is -- is that right, sir?

15 DR. JERRY BUCKLAND: That's correct, full  
16 time since January '94.

17 MR. BYRON WILLIAMS: And your research  
18 and teaching there concentrates on social and  
19 institutional aspects of economic development.

20 Is that right, sir?

21 DR. JERRY BUCKLAND: Yes, I -- that's the  
22 way I would describe it.

23 MR. BYRON WILLIAMS: I'm glad I got that  
24 right. And your research interests include rural  
25 development, banking and poverty, and community

1 economics.

2 Is that fair?

3 DR. JERRY BUCKLAND: Yeah, that's fair.

4 MR. BYRON WILLIAMS: Your Curriculum  
5 Vitae describes a little bit different and -- and I want  
6 to just move there quickly. Some of your research areas  
7 include micro-financial services and community --  
8 community economic development both in the inner city and  
9 in rural Manitoba.

10 Is that right, sir?

11 DR. JERRY BUCKLAND: Well, my rural  
12 focussed and -- work has been more international. I've  
13 done a little bit of rural Manitoba, but it's been more  
14 international when I do the rural development work.

15 MR. BYRON WILLIAMS: And that's in  
16 Bangladesh.

17 DR. JERRY BUCKLAND: That's been my key  
18 focus area, yeah.

19 MR. BYRON WILLIAMS: And, you're -- in --  
20 in terms of the inner city your community economic  
21 development work is focussed on the inner city of  
22 Winnipeg?

23 DR. JERRY BUCKLAND: It is, although I  
24 got a pretty significant grant about a year and a half (1  
25 ½) ago which has allowed me to expand my -- my work to

1 encompass other inner cities. So I'm -- I'm doing a  
2 research project right -- right now where we're looking  
3 at an inner city neighbourhood in Winnipeg, Vancouver,  
4 and Toronto.

5 MR. BYRON WILLIAMS: And we're going to  
6 come to that in one (1) second, so that was a very good  
7 segue for me, Dr. Buckland, but you're one (1) step ahead  
8 of me. So, just for -- and -- and we'll come to that in  
9 just one (1) second -- in the past five (5) years would  
10 it be fair to say that you focus much of your research on  
11 the issue of financial exclusion and fringe banking in  
12 Canada?

13 Would that be fair, sir?

14 DR. JERRY BUCKLAND: Yeah, that would be  
15 fair. That's been the -- the principle focus of my  
16 research since 2002.

17 MR. BYRON WILLIAMS: And I do want to  
18 turn to research grants just very quickly in this area.  
19 And would I be correct in suggesting to you that you  
20 received from the Social Sciences and Humanities Research  
21 Council in -- in partnership with some other researchers,  
22 over a hundred thousand dollars (\$100,000) for research  
23 on financial exclusion in Canada, sir?

24 DR. JERRY BUCKLAND: Yes, that's correct.

25 MR. BYRON WILLIAMS: And, that's an



1 ongoing study?

2 DR. JERRY BUCKLAND: That's a three (3)  
3 year funded project and it started last year, and so  
4 we're actually into the second year now.

5 MR. BYRON WILLIAMS: And you've also  
6 received it looks like another three (3) year project  
7 from the Canadian Mennonite University Deans Research  
8 Award of fifteen thousand dollars (\$15,000) for -- to  
9 support your research on financial exclusion.

10 Is that right, sir?

11 DR. JERRY BUCKLAND: Yeah, that -- those  
12 funds are to allow me some course release so I don't have  
13 to teach my full teaching load, giving me time to work on  
14 my research projects.

15 MR. BYRON WILLIAMS: And there's also a  
16 grant from the University of Winnipeg, small research  
17 grant for research and financial exclusion in Canada

18 Is that correct, sir?

19 DR. JERRY BUCKLAND: Yes, that's --  
20 that's correct. And that actually helped me to get some  
21 background work done in order to apply for the SSHRC  
22 grant.

23 MR. BYRON WILLIAMS: And by SSHRC you  
24 mean S-S-H-R-C, the Social Sciences and Humanities  
25 Research Council, sir?

1 DR. JERRY BUCKLAND: Yes, that's correct.

2 MR. BYRON WILLIAMS: Now, Dr. Buckland,  
3 I'm not going to go through everything you've ever --  
4 ever written, but among the numerous books, book  
5 chapters, journal articles, conference presentations and  
6 reports that I see in your CV I've counted fourteen (14)  
7 or so documents which might appear to relate to issues of  
8 micro-finance or financial exclusion.

9 I wonder if you could talk about one (1)  
10 or two (2) of your studies, prior to -- to your work on  
11 Buckland, et. al., September 2007, and -- and that may  
12 relate to your work here.

13 DR. JERRY BUCKLAND: Okay, sure. Well,  
14 one of the papers I wrote like a sole authorship paper  
15 was a -- a book chapter in a book that was published by  
16 SEDI, Social Enterprise Development Innovations, which is  
17 a nonprofit based in Toronto. They do re -- research on  
18 asset building programs.

19 And they were doing a book on asset  
20 building in Canada. And were able to contract several  
21 people to look at different aspects of asset building.  
22 So, for instance, the history of asset building in  
23 Canada; you know, the origins of RRSPs and -- and other  
24 forms of asset building in Canada.

25 And they asked me to write a -- chapter

1 looking at how the individual development account which  
2 is a particular type of asset building program that SEDI  
3 is involved in, how the individual development account  
4 program helps or -- or not those people who are  
5 financially excluded.

6 So I was looking at the -- the question  
7 of, Okay, what causes financial exclusion, looking at  
8 sort of the demand side and supply side factors. And  
9 then -- excuse me -- looking at the nature of the  
10 individual development account and then asking the  
11 question, Do individual development accounts assist  
12 people to become financially included?

13 MR. BYRON WILLIAMS: Thank you, Dr.  
14 Buckland, and that's the "An Examination of Asset  
15 Building as a Means to Foster Financial Inclusion"?

16 DR. JERRY BUCKLAND: That's correct.

17 MR. BYRON WILLIAMS: Now, and -- and  
18 you've also done some work on alternative financial  
19 services or fringe financial services in the North End?

20 DR. JERRY BUCKLAND: Yes, that's correct.  
21 In fact, in 2002 I got a grant from the Winnipeg Inner  
22 City Research Alliance to do research with a team of  
23 researchers to look at the -- the question of pawn shops  
24 and fringe banks -- specifically in the North End of  
25 Winnipeg -- and -- and again looking at, you know, What -

1 - what's going on here? What's -- what are the changes?

2 And with a colleague of mine -- who at the  
3 time was at the University of Winnipeg, but is now at the  
4 University of Que -- Quebec and Gaetano (phonetic),  
5 Thibeault Marten (phonetic) -- we wrote an article, "Two  
6 Tier Banking, The Rise of Fringe Banks in Winnipeg's  
7 Inner City," which summarized one component of that  
8 research, sort of looking at, based on a qualitative  
9 study that we had done, where we interviewed various  
10 people in the North End as well as bringing in some other  
11 sorts of data to -- to look at, Well what are the causes  
12 of low income people using fringe banks and -- and what  
13 are their interests and concerns there?

14 MR. BYRON WILLIAMS: Thank you, Dr.  
15 Buckland. And -- and just the last point on this  
16 subject, and then we'll get your past expert evidence.

17 You mentioned qualitative surveys, and --  
18 and I wonder if you could briefly define them or -- and  
19 then tell me about -- a little bit about your experience  
20 in that area.

21 DR. JERRY BUCKLAND: Okay. The -- the  
22 whole area of research methods, in -- in my  
23 understanding, has really opened up quite dramatically in  
24 the last twenty (20) years in social sciences.

25 Twenty (20) years ago I think the -- the

1 majority of research was done using quantitative methods.  
2 And by that I mean scientific sample sizes, random  
3 selection, very fixed questions, multiple-choice type  
4 answers. And then that data would be analysed using, you  
5 know, statistical programs and would lead to certain sets  
6 of results and conclusions.

7 But in the last twenty (20) years there's  
8 been, I think, quite a revolution in research methods  
9 that -- where qualitative methods have come in.

10 And I think in some ways it's -- it's  
11 maybe not the best description, because I think  
12 qualitative methods range quite dramatically from  
13 something that's very qualitative, like a life history,  
14 to something that maybe is a cross between a qualitative  
15 and a quantitative method, like a small sample survey,  
16 where there's open-ended plus more codified-type  
17 questions.

18 So I would say that, you know, I've been  
19 involved in both types of search -- research methods.  
20 And so for instance, with the -- the more qualitative  
21 methods in SSHRC grant right now, we're undertaking a  
22 series of what I call "financial life histories," where  
23 we ask the -- the respondent to just talk to us, tell us  
24 about their -- their adult life history.

25 What have been their, you know, major

1 events in their life? What have been their goals? And  
2 then we asked them to kind of zero in on their finances  
3 and then specifically their financial services.

4 So it's very open-ended, but it is  
5 directed. And so that would be an example of a very  
6 qualitative-type approach to -- to research methods.

7 MR. BYRON WILLIAMS: Okay, thank you Dr.  
8 Buckland. Finally, you'll confirm that you were  
9 qualified and provided expert evidence to this -- the  
10 Manitoba Public Utilities Board on social and economic  
11 factors to consider in setting government cheque cashing  
12 fees in Manitoba, sir?

13 DR. JERRY BUCKLAND: That's correct.

14 MR. BYRON WILLIAMS: And did you enjoy  
15 working with me in that proceeding?

16 DR. JERRY BUCKLAND: I -- I did, very  
17 much.

18 MR. BYRON WILLIAMS: Is that why you're  
19 back?

20 DR. JERRY BUCKLAND: I -- I guess so.

21 MR. BYRON WILLIAMS: It -- it's not the  
22 pay.

23 DR. JERRY BUCKLAND: Right.

24 MR. BYRON WILLIAMS: Hiding around the  
25 corner from me -- at the end we'll ask each of these

1 witnesses to be qualified, Mr. Chairman. But again I'll  
2 -- I'm trying to introduce them as a team.

3 Hiding around the corner from me is Dr.  
4 Simpson. And Dr. Simpson you had the misfortune of  
5 working with me --

6

7 (BRIEF PAUSE)

8

9 MR. BYRON WILLIAMS: Dr. Simpson, you had  
10 the misfortune for working for me in a proceeding before  
11 the Public Utilities Board as well. Is that right, sir?

12 DR. WAYNE SIMPSON: I must admit to that,  
13 yes.

14 MR. BYRON WILLIAMS: We -- we'll come  
15 back to that in just one second. You received your MSC  
16 in Economics from the London School of Economics in 1974?

17 DR. WAYNE SIMPSON: That's correct.

18 MR. BYRON WILLIAMS: And you received  
19 your PhD in Economics from LSE or the London School of  
20 Economics in 1977, sir?

21 DR. WAYNE SIMPSON: That's correct.

22

23 (BRIEF PAUSE)

24

25 MR. BYRON WILLIAMS: Am I right in

1 suggesting to you that you're currently head of the  
2 Department of Economics at the University of Manitoba,  
3 sir?

4 DR. WAYNE SIMPSON: Yes.

5 MR. BYRON WILLIAMS: And you've taught  
6 there since 1979, is that right?

7 DR. WAYNE SIMPSON: Yes.

8 MR. BYRON WILLIAMS: And in the past  
9 you've worked as an economist for the Economic Council of  
10 Canada, Labour Canada and the Bank of Canada, sir?

11 DR. WAYNE SIMPSON: Yes. Only the Bank  
12 of Canada still exists in its -- in its past form.

13 MR. BYRON WILLIAMS: Did you drive the  
14 other two (2) out of business, sir?

15 DR. WAYNE SIMPSON: No. I hope not.

16 MR. BYRON WILLIAMS: Dr. -- Dr. Simpson --  
17 - I've got so many doctors I'm forgetting their -- their  
18 names, sir, Mr. Chairman.

19 But, Dr. Simpson, you've done a great deal  
20 of consulting work with a variety of organizations; would  
21 that be fair to say? Or you've done --

22 DR. WAYNE SIMPSON: Some. Yes, I've done  
23 some work, yes.

24 MR. BYRON WILLIAMS: Now I counted at  
25 least twenty (20) projects for outside organizations at



1 pages 6 and 7 of your CV. Would that be about right,  
2 sir?

3 DR. WAYNE SIMPSON: Yes.

4 MR. BYRON WILLIAMS: And some of your  
5 work has been, for example, for the Applied Research  
6 Branch of Human Resources Development Canada, is that  
7 correct?

8 DR. WAYNE SIMPSON: That's right, yes.

9 MR. BYRON WILLIAMS: You've also  
10 performed consulting work for Income Statistics -- The  
11 Income Statistics Division of Statistics Canada, is that  
12 right, sir?

13 DR. WAYNE SIMPSON: Yes.

14 MR. BYRON WILLIAMS: And for Strategic  
15 Policy and Planning, Employment and Immigration Canada?

16 DR. WAYNE SIMPSON: Yes.

17 MR. BYRON WILLIAMS: And for the  
18 Employment Equity Data Program for Statistics Canada?

19 DR. WAYNE SIMPSON: Yes.

20 MR. BYRON WILLIAMS: And for the  
21 Innovations Program, Employment and Immigration Canada?

22 DR. WAYNE SIMPSON: Yes.

23 MR. BYRON WILLIAMS: You've done work for  
24 the Economic Council of Canada?

25 DR. WAYNE SIMPSON: Yes.

1                   MR. BYRON WILLIAMS:    The Manitoba Task  
2   Force on Social Assistance?

3                   DR. WAYNE SIMPSON:    Right.

4                   MR. BYRON WILLIAMS:    And finally, this is  
5   not finally but another one, Economic and Social Policy,  
6   Health and Welfare Canada. Does that ring a bell?

7                   DR. WAYNE SIMPSON:    Yes.

8                   MR. BYRON WILLIAMS:    You've testified and  
9   been qualified before the Manitoba Public Utilities  
10  Boards in matters relating to Manitoba Public Insurance,  
11  in the matter of determining appropriate rate  
12  stabilization reserve for Manitoba Public Insurance; is  
13  that right, sir?:

14                  DR. WAYNE SIMPSON:    Yes.

15                  MR. BYRON WILLIAMS:    And you're the  
16  author of I think three (3) books or co-authors, one (1)  
17  being "Urban Structure and the Labour Market and Analysis  
18  of Worker Mobility," is that right?

19                  DR. WAYNE SIMPSON:    Yes.

20                  MR. BYRON WILLIAMS:    "Commuting and Under  
21  Employment in Cities," that's another one -- book you've  
22  published?

23                  DR. WAYNE SIMPSON:    That's the same bok.

24                  MR. BYRON WILLIAMS:    Same -- I apologize.

25                  DR. WAYNE SIMPSON:    Subtitle. Subtitle.



1 study do, sir?

2 DR. WAYNE SIMPSON: Well it looked at the  
3 -- at the characteristics of the users of the health  
4 system and tried to identify whether the -- the  
5 characteristics of -- of high frequency and low frequency  
6 users were -- were similar;  
7 whether the processes that were involved were similar.

8 Paid primarily attention to the -- to the  
9 characteristics of the users that -- the consumers of  
10 health.

11 MR. BYRON WILLIAMS: And you also wrote  
12 or participated in -- in an article "Economic Integration  
13 of Immigrants to Canada," a short survey with Dr. Hum  
14 (phonetic).

15 Could you discuss what that did?

16 DR. WAYNE SIMPSON: That's correct. Well  
17 this is actually a survey piece on a number of pieces  
18 that we've done and other people have done on -- on the  
19 integration of immigrants into the Canadian labour  
20 market. The characteristics of immigrants.

21 MR. BYRON WILLIAMS: And it surveyed the  
22 statistical and economic literature, did it, sir?

23 DR. WAYNE SIMPSON: That's correct, yeah.

24 MR. BYRON WILLIAMS: And again in the  
25 area of quantitative research into areas of social

1 policy, another article would be "What Are Canadians  
2 Doing After School?"

3 Is that right, sir?

4 DR. WAYNE SIMPSON: Yes.

5 MR. BYRON WILLIAMS: And what did it  
6 examine?

7 DR. WAYNE SIMPSON: It looks at the --  
8 the characteristics of -- of graduates -- school  
9 graduates -- and how that bears on their likelihood of  
10 training -- on-the-job training once they leave school.

11 MR. BYRON WILLIAMS: You looked at their  
12 statistical relationship with on-the-job training  
13 activities over time?

14 DR. WAYNE SIMPSON: Right.

15 MR. BYRON WILLIAMS: In terms of your  
16 areas of specialty would it be fair to say you specialize  
17 in labour economics, applied microeconomics, quantitative  
18 methods, and social policy?

19 DR. WAYNE SIMPSON: Yes.

20 MR. BYRON WILLIAMS: And when I say  
21 "quantitative methods and social policy," they're part of  
22 the same area of expertise. Is that right, Dr. Simpson?

23 DR. WAYNE SIMPSON: Well, they're really  
24 two (2) separate areas, but they -- they both -- they  
25 bear on each other, yes.

1                   MR. BYRON WILLIAMS:   In terms of articles  
2 relating to theory of the market you did perform a micro  
3 -- I've got to say this word again -- a microecono -- a  
4 microeconometric analysis of Canadian healthcare  
5 utilization, which we discussed previously?

6                   DR. WAYNE SIMPSON:   Yeah.

7                   MR. BYRON WILLIAMS:   And -- and that does  
8 -- looks at the nature of the market for healthcare  
9 services as well, did it, sir?

10                  DR. WAYNE SIMPSON:   Well, part of that is  
11 an assessment of the -- of the structure of the market  
12 for health service provision in Canada and how that  
13 affects the -- the consumers and the frequency of use,  
14 yes.

15                  MR. BYRON WILLIAMS:   Now, an older paper  
16 but a goodie you looked at unions, industrial  
17 concentration, and wages, a reexamination. Is that  
18 right, sir?

19                  DR. WAYNE SIMPSON:   Yes.

20                  MR. BYRON WILLIAMS:   And it specifically  
21 looked at the theory of market structure and the links  
22 between industrial concentration, union membership, and  
23 wage differences. Is that right?

24                  DR. WAYNE SIMPSON:   That's correct.

25

1 (BRIEF PAUSE)

2

3 MR. BYRON WILLIAMS: I don't -- I don't  
4 wish to chat a lot about your awarded researches, but  
5 just one. If you could talk about the award you received  
6 from the SSHRCC in -- between 1996 and 2001, sir?

7 DR. WAYNE SIMPSON: Yes, this is -- was a  
8 strategic research network grant in education and  
9 training outcomes with Ben Levin at the University of  
10 Manitoba and other collaborators at -- Jane Gasco  
11 (phonetic) was the lead coord -- investigator at  
12 University of British Columbia, looking at a variety of  
13 issue related to the links between -- between education  
14 and transitions to work and training in the -- in the  
15 post-school life.

16 MR. BYRON WILLIAMS: There is life after  
17 school, is there?

18 DR. WAYNE SIMPSON: Well, for most.

19 MR. BYRON WILLIAMS: I'm going to turn to  
20 Dr. Carter now, if I might. Certainly if the Board has  
21 any questions, they can always speak up or inter --  
22 speak.

23

24 (BRIEF PAUSE)

25

1 MR. BYRON WILLIAMS: The mic is on now,  
2 Dr. Carter?

3 DR. TOM CARTER: It is.

4 MR. BYRON WILLIAMS: Welcome.

5 DR. TOM CARTER: Thank you.

6 MR. BYRON WILLIAMS: You received your  
7 Master of Arts in Geography from the University of  
8 Saskatchewan. Is that right, sir?

9 DR. TOM CARTER: That's correct.

10 MR. BYRON WILLIAMS: And your Doctor of  
11 Philosophy in Urban and Regional Geography you received  
12 from the University of Alberta. Is that right, sir?

13 DR. TOM CARTER: That's correct.

14 MR. BYRON WILLIAMS: Now, I know you as  
15 the Canada Research Chair in Urban Change and Adaptation  
16 at the University of Winnipeg. Is that your current  
17 role, sir?

18 DR. TOM CARTER: That's my current role.

19 MR. BYRON WILLIAMS: And you've held that  
20 role from March 2003 until the present. Is that right?

21 DR. TOM CARTER: That's correct.

22 MR. BYRON WILLIAMS: And you had a life  
23 before that as well. Is that right, sir?

24 DR. TOM CARTER: I did.

25 MR. BYRON WILLIAMS: From July 2000 to



1 March 2003 you were a professor of geography and Director  
2 of Urban and Regional Research at the University of  
3 Winnipeg?

4 DR. TOM CARTER: That's correct. I'm  
5 also still a professor of geography.

6

7 (BRIEF PAUSE)

8

9 MR. BYRON WILLIAMS: Now, in terms of  
10 your research under the Canada Research Chair Program you  
11 focus on urban and neighbourhood change and  
12 revitalization of inner city neighbourhoods. Is that  
13 fair?

14 DR. TOM CARTER: That is correct, yes.

15

16 (BRIEF PAUSE)

17

18 MR. BYRON WILLIAMS: And you're a  
19 principal investigator of a Community University Research  
20 Alliance on Inner City Revitalization and Capacity  
21 Building, is that right?

22 DR. TOM CARTER: Yes, that's correct.

23 That was a grant from the Social Sciences and Humanities  
24 Research Council to undertake research on the inner city,  
25 which looks at not just the problems of the inner city

1 but capacity- building initiatives that can be  
2 implemented in the inner city.

3 MR. BYRON WILLIAMS: And, Dr. Carter, you  
4 -- I see some extensive work on editorial boards in your  
5 CV. Are there any that relate, at least to a certain  
6 degree, to the work that you've done on -- on this  
7 project?

8 DR. TOM CARTER: Yes, there are. Working  
9 with Anita Friesen, Anita and I have co-edited two (2)  
10 special issues of the Canadian Journal of Urban Research.  
11 And those particular issues consist of a series of  
12 articles that resulted from the funded research under  
13 that particular program.

14 And they -- they cover a wide range of  
15 topics on the inner city, including the work that Dr.  
16 Buckland did on fringe banking, but also housing issues,  
17 issues related to the Aboriginal population, capacity  
18 building exercises, education, a number of other topics.

19 MR. BYRON WILLIAMS: Now, you mentioned  
20 Ms. Friesen. Am I right in suggesting to you that she's  
21 a research associate to you? Is that right, sir?

22 DR. TOM CARTER: That is correct, yes.

23 MR. BYRON WILLIAMS: And Mr. -- Mr.  
24 Osborne is a Senior Research Assistant for the Canada  
25 Research Chair and Urban Change? Is that right, sir?

1 DR. TOM CARTER: That's correct.

2 MR. BYRON WILLIAMS: So he works for you  
3 too?

4 DR. TOM CARTER: He does.

5 MR. BYRON WILLIAMS: Can you tell me a  
6 little bit about the Canada Research Chair's research  
7 team, and in particular Mr. Osborne and Ms. Friesen?

8 DR. TOM CARTER: Okay. The -- the  
9 research team that -- that I have working for me, there  
10 are -- there are five (5) people involved. But speaking  
11 specifically to the -- to Anita Friesen and John Osborne,  
12 we work as a team on a variety of projects that focus  
13 largely on the inner city but also cover other areas like  
14 immigration, social policy development, poverty issues,  
15 neighbourhood change, neighbourhood revitalization and  
16 decline.

17 I can say a bit about their skills if you  
18 wish.

19 MR. BYRON WILLIAMS: Well, I was going to  
20 ask you to do that. Maybe you can start with Ms. Friesen  
21 and tell me about the skill sets that she brings to your  
22 team.

23 DR. TOM CARTER: Yes. Anita has a  
24 Masters of Community and Regional Planning from the  
25 University of British Columbia.

1                   And that academic background plus her  
2   experience in the workplace has given her a very strong  
3   background in social policy, particularly as it relates  
4   to social equity issues in the city and the -- the plight  
5   of marginalized populations in the inner city and issues  
6   surrounding poverty, a strong background in community  
7   development.

8                   Anita has worked extensively with  
9   community groups. I initially hired Anita to work as a  
10   Community Liaison Officer under the -- the Community  
11   University Research Alliance grant that I received. That  
12   was a grant of \$1.4 million to support inner city  
13   research.

14                  So she was the Liaison Officer. She  
15   worked with community groups and also partnerships  
16   between community groups and academics to develop  
17   research projects that focused on inner city issues.

18                  The other expertise that Anita brings to  
19   the team is the survey development, the development of  
20   survey tools and survey mechanisms and the analysis of  
21   survey information.

22                  She's become very skilled in interviewing.  
23   She's interviewed panhandlers on the streets of Winnipeg  
24   in a project that we have completed recently. She has  
25   been interviewing refugees, because we're doing a study

1 on refugee housing. She's also interviewed other  
2 immigrants in an evaluation we're doing for Manitoba  
3 Labour and Immigration.

4 So she has developed very strong skills in  
5 the interviewing field and has interviewed populations  
6 that are not easy to -- to work with and are not easy to  
7 communicate with. So she has a very strong basis of  
8 expertise in that particular area.

9 MR. BYRON WILLIAMS: Could I just --

10 DR. TOM CARTER: And then of --

11 MR. BYRON WILLIAMS: No, go --

12 DR. TOM CARTER: Yeah.

13 MR. BYRON WILLIAMS: Go ahead.

14 DR. TOM CARTER: Of course, the analysis  
15 of the survey and writing up of the reports is also one  
16 of her -- her skills, yeah.

17 MR. BYRON WILLIAMS: Now, I -- I think  
18 Dr. Buckland in his understated way, politely chastized  
19 me for using this word, but in terms of -- you -- you  
20 mentioned Ms. Friesen's research skills.

21 Is it -- would it be in the qualitative  
22 research skills?

23 DR. TOM CARTER: Yes, that would be her  
24 strength, although she can deal with statistics as well  
25 if necessary, but certainly in the qualitative side,

1 because that's where the interviewing techniques fall in  
2 the -- the interviewing of people to obtain information,  
3 their perceptions, their ideas, their concerns, so on and  
4 so forth so, yes, qualitative would be her strength.

5 MR. BYRON WILLIAMS: And, Dr. Buckland,  
6 just to -- not that -- the point you were making is that  
7 there's been an explosion in this area, but we sometimes  
8 draw too -- too blank of a -- or too concrete of a line  
9 between these -- these two (2) approaches to research.

10 Is that fair?

11 DR. JERRY BUCKLAND: Yeah, that's what I  
12 meant. And many methods are actually mixed methods.  
13 They -- they often involve some qualitative and  
14 quantitative aspects.

15 MR. BYRON WILLIAMS: Dr. Carter, perhaps  
16 if you can just talk about Mr. Osborne and in -- in terms  
17 of the specific skill set that he brought to the research  
18 task captured in chap -- Section 5 of Dr. Buckland et.  
19 al's report?

20 DR. TOM CARTER: Okay. Well, John  
21 Osborne -- John is just completing an honour's degree in  
22 geography and his -- his field of study is urban  
23 geography, so he has a good background knowledge in urban  
24 change, social issues in the city, land use issues,  
25 neighbourhood change, but I think I should speak

1 specifically to John's skill when it comes to GIS. And  
2 GIS by the way is geographical information system.

3               GIS is a field of study that is built  
4 around a number of software programs where you can  
5 collect and enter data on a geographical basis. In other  
6 words you can enter it by neighbourhood, you can enter it  
7 by census tracked, you can pick almost any geography that  
8 you wish and the software programs will organize the data  
9 in that particular fashion.

10              But the strength of GIS and the ability of  
11 -- of these software programs to analyse the data is that  
12 you can turn that data into maps. And this is where  
13 John's skills really came in very useful in this  
14 particular project, as well as others that I have him  
15 working on through the Canada Research Chair. So he's  
16 developed a strong skill set and is developing a great  
17 deal of expertise in GIS and mapping information systems.

18              The other skills that he brings to the  
19 work is that he has a good background and a good  
20 understanding of databases and data analysis,  
21 particularly SPSS which is a strong database program and  
22 he does much of the -- the survey entry and the survey  
23 analysis. In other words, he codes the data, he enters  
24 it into the database, and he runs the particular cross-  
25 tabulations and the statistical features that we require.

1                   The final thing that I would like to  
2 mention, another skill that he brings to the -- the work,  
3 is that John has also developed a strong expertise in  
4 survey development and interviewing, very much similar to  
5 Anita's expertise in this. And again he has worked with  
6 me on surveys and interviews of panhandlers in Winnipeg,  
7 the Refugee Housing Project that I mentioned.

8                   But John also worked with me in Kampala in  
9 Uganda. We were doing studies in a large slum area in  
10 Kampala surround -- or around the issue of developing  
11 services for HIV AIDS people in Kampala. And John and I  
12 worked together to develop survey instruments and focus  
13 group discussions in the slum area.

14                   So again John has developed a good  
15 expertise in interviewing, particularly interviewing  
16 difficult subjects.

17                   MR. BYRON WILLIAMS:   Okay. And -- and  
18 I'll talk to John very quickly about a bit more of this,  
19 but was he the last person standing of the research team  
20 in Uganda? Did you leave him by himself?

21                   DR. TOM CARTER:    Yes, I -- we were over  
22 there for month, although I was not there for a month. I  
23 left him on his own for almost two (2) weeks and by the  
24 end of it they were suggesting that he should run for the  
25 mayor of Kampala so he did very well.



1 MR. BYRON WILLIAMS: And -- and we'll  
2 move quickly through the rest of your -- your curriculum  
3 vitae, Dr. Carter.

4 You've -- just by my count would you agree  
5 that you've done consulting group for many groups and  
6 organizations.

7 Would that be fair, sir?

8 DR. TOM CARTER: That's correct, yes.

9 MR. BYRON WILLIAMS: And those have  
10 included -- and I'll list them all off: Alberta Housing,  
11 the CMHC, the Centre for Urban and Community Studies at  
12 the University of Toronto, the Manitoba Department of  
13 Family Services and Housing and Western Economic  
14 Diversification.

15 Would that be fair, sir?

16 DR. TOM CARTER: Those were included in  
17 the list, yes.

18 MR. BYRON WILLIAMS: And just very  
19 quickly. I -- I believe you mentioned work with  
20 refugees. In terms of your qualitative research skills,  
21 can you -- can you talk about some of the -- within the  
22 context of refugees, the qualitative research that you  
23 may have done in the past that may transfer to this --

24 DR. TOM CARTER: Specifically on  
25 refugees?

1                   MR. BYRON WILLIAMS:    -- oh, you pick one,  
2    Doctor.

3                   DR. TOM CARTER:    I'll pick one.

4                   Well, I would say that there are two (2)  
5    studies that are relevant.  The -- the panhandling study  
6    that we did certainly falls into the qualitative category  
7    because of the use of the survey instrument and the  
8    collection of data during the interview process.

9                   And, of course, panhandling issues are  
10   very much inner city issues, and it takes you into  
11   contact with various policies and programs and  
12   circumstances that relate to the -- the inner city.

13                  I think another one, which is probably  
14   more on the quantitative side, is that about six (6)  
15   months ago I completed a study for the City of Winnipeg.  
16   The City of Winnipeg characterizes all its neighbourhoods  
17   into particular categories:  major improvement,  
18   conservation, so on and so forth.

19                  And they do this so that they can better  
20   target programs of housing, community revitalization to  
21   the neighbourhoods that need it most.

22                  And working with another person in  
23   geography, Brian MacGregor, we -- we analyzed and mapped  
24   thirty-three (33) some -- or thirty (30) some indicators  
25   drawn from Statics Canada databases, from the Winnipeg

1 Real Estate Board, from the files of the City.

2 And we basically analyzed and mapped this  
3 data and characterized the neighbourhoods so that the  
4 City can use those characterizations as -- in a form of  
5 policy and program development.

6 MR. BYRON WILLIAMS: And I'll -- I'll  
7 confirm, did Mr. Osborne work on that second project?

8 DR. TOM CARTER: He did work on that to a  
9 certain extent --

10 MR. BYRON WILLIAMS: Yeah.

11 DR. TOM CARTER: -- yes.

12 MR. BYRON WILLIAMS: And Ms. Friesen  
13 worked and Mr. Osborne worked on the first project, being  
14 the panhandling project?

15 DR. TOM CARTER: The -- yes, they did.

16 MR. BYRON WILLIAMS: Thank you.

17 I'm -- I'm going turn to you, Ms. Friesen,  
18 and you had the -- the courtesy not to blush when Dr.  
19 Carter was -- well, maybe you were blushing inside -- was  
20 talking about you.

21 But in terms of the skill set you brought  
22 to the September 17th -- 15th evidence of Buckland et al,  
23 you'd agree with me that you bring skills in policy  
24 analysis and quality -- qualitative research methods,  
25 including the development of surveys, research ethics,

1 interview questionnaires, key informant interviewing,  
2 participant observation methods, data coding and  
3 analysis?

4                   It's a long list, but would you agree with  
5 that?

6                   MS. ANITA FRIESEN: I would, yes.

7                   MR. BYRON WILLIAMS: And you work as a  
8 research associate currently with -- with Dr. Carter, the  
9 Canada Research Chair?

10                  MS. ANITA FRIESEN: That's right, yes.

11                  MR. BYRON WILLIAMS: And as I understand  
12 your role there, you bring -- you've done your -- your  
13 task there is to develop qualitative research methodology  
14 -- methodologies and instruments in -- in consultation  
15 with the research team.

16                  Is that one of your roles?

17                  MS. ANITA FRIESEN: Yes, that's right.

18                  MR. BYRON WILLIAMS: And you conduct one-  
19 on-one research interviews?

20                  MS. ANITA FRIESEN: Yes.

21                  MR. BYRON WILLIAMS: And you compile and  
22 analyze research data and create research reports as part  
23 of this team?

24                  MS. ANITA FRIESEN: Yes, that's right.

25                  MR. BYRON WILLIAMS: Let's talk about

1 panhandling for a minute. Just very quickly, tell us the  
2 role that you played in the panhandling project.

3 MS. ANITA FRIESEN: With the panhandling  
4 research we -- my role was to work, again as part of the  
5 team, in developing the research questions. And then  
6 from that, deciding on what the most appropriate approach  
7 would be to undertaking the actual research and  
8 developing the research instruments for that, in terms --  
9 in terms of a matrix for observation, and the interview  
10 questionnaire.

11 And then undertaking the actual research,  
12 we did seventy-five (75) interviews over the course of a  
13 -- a number of months with panhandlers in Winnipeg.

14 And in collaboration -- we worked also in  
15 developing research instruments in collaboration with  
16 community organizations too.

17 And then we analyzed the data and wrote  
18 the final report based on that.

19 MR. BYRON WILLIAMS: And I'm going to  
20 just go to one other example. You can pick one. I -- I  
21 know you've done a lot of work, both in terms of the in -  
22 - in terms of qualitative research, in terms of -- of  
23 housing issues relating to refugees. Do you want -- and  
24 also in terms of a -- the settlement process.

25 Do you want to talk -- pick -- pick one of

1 those to talk about if you would, Ms. Friesen?

2 MS. ANITA FRIESEN: Okay. Well, my role  
3 in both of those projects -- one is the interviewing  
4 refugees -- people who came to Canada as refugees --  
5 about their housing circumstance in Winnipeg.

6 This is in collaboration with another  
7 researcher in Calgary, so it's a comparative study  
8 between the three (3) cities: Calgary, Edmonton and  
9 Winnipeg.

10 And it's a longitudinal study, so we have  
11 now completed the interviews for the second year and have  
12 done the analysis of the data from the first year and are  
13 now working on the second year.

14 And the other research project is very  
15 similarly structured. It's about the settlement  
16 experience of privately sponsored refugees.

17 And in both of these projects I worked  
18 right from the very beginning, again, in identifying the  
19 appropriate research methods to use and developing the  
20 research tools and then analyzing the data and writing  
21 the final report as well.

22 MR. BYRON WILLIAMS: In terms of the  
23 study relating to refugees, would it be fair to say you  
24 interviewed about -- or the team interviewed about  
25 seventy (70) participants?

1 MS. ANITA FRIESEN: Seventy (70) --

2 MR. BYRON WILLIAMS: Seventy-five (75).

3 MS. ANITA FRIESEN: Seventy-five (75) for  
4 that one as well, yes.

5 MR. BYRON WILLIAMS: Yeah. I was being  
6 imprecise, you caught me.

7 And the settlement process about fifty  
8 (50), would that be fair?

9 MS. ANITA FRIESEN: That's right. Fifty-  
10 five (55).

11 MR. BYRON WILLIAMS: I'll take your word  
12 for that one.

13 I want to go just to your work a little  
14 bit as with the Winnipeg Inner City Research Alliance.

15 And I understand that you had an oversight  
16 role in -- in terms of research projects in your duties  
17 between 2002 to -- as director? Is that -- that fair?

18 MS. ANITA FRIESEN: That's right, yes.

19 MR. BYRON WILLIAMS: Could you describe  
20 those for --

21 MS. ANITA FRIESEN: Again, Tom and I  
22 worked very closely as a team. Tom was the Academic  
23 Research Director and I was the Community Liaison  
24 Director, so I worked more closely with community.

25 And the way that the Winnipeg Inner City

1 Research Alliance Projects were structured were equal  
2 partnership of community and academics, to bring the  
3 research skills to the community and to bring the  
4 community knowledge to the ivory tower.

5                   And so there was a lot of work to be done  
6 with these research partnerships in terms of skills  
7 building within the community, regarding research and  
8 research approaches, and for the academics as well, in  
9 terms of understanding community relationships and  
10 workings.

11                   So right from the very beginning Tom and I  
12 would work together with the research partnerships to  
13 help develop their research ideas and research tools and  
14 approach their methodology.

15                   They would do the actual -- undertake the  
16 actual research, so I was just acting as a resource, and  
17 Tom was as well.

18                   And then we would offer insights on their  
19 -- or editing, proofreading for their final reports and  
20 assist them with dissemination, policy analysis ideas as  
21 well.

22                   And we had -- we -- sorry. Cut me off if  
23 I'm babbling too much. But there were thirty-three (33)  
24 projects completed under that.

25                   And this project, Winnipeg Inner City



1 Research Alliance, has sort of changed and morphed. It's  
2 still ongoing, but it's now focussed on the social  
3 economies -- so social enterprises, community economic  
4 development.

5 MR. BYRON WILLIAMS: The -- you weren't  
6 babbling. I was just going to ask you how many projects  
7 in any event.

8 MS. ANITA FRIESEN: Okay.

9 MR. BYRON WILLIAMS: Am -- am I correct  
10 in -- in suggesting that in terms of your -- your  
11 oversight, one of the -- the tasks was to make sure that  
12 research was conducted in accordance with academic  
13 standards?

14 Would that be fair?

15 MS. ANITA FRIESEN: That's right, yes,  
16 academic rigour. We wanted to ensure that that was  
17 maintained but also while taking into account the  
18 communities' needs in terms of research methodology and  
19 the communities' interests.

20 MR. BYRON WILLIAMS: In terms of -- we're  
21 -- we're moving down your -- your resume hopefully  
22 relatively quickly. You also were Community Research  
23 Coordinator at -- at the Centre of Excellence for Child  
24 and Youth Centre Prairie Communities. Is that right?

25 MS. ANITA FRIESEN: That's right, yes.



1 is it?

2 MR. BYRON WILLIAMS: Yeah. Well, let me  
3 focus the discussion. Thank you for that helpful hint.

4 In terms of your -- your skill set, in  
5 terms of qualitative research methodology from the start  
6 to the finish --

7 MS. ANITA FRIESEN: Mm-hm.

8 MR. BYRON WILLIAMS: -- how does that fit  
9 into it?

10 And if you want to talk about your Masters  
11 thesis, feel free to do so at the same time.

12 MS. ANITA FRIESEN: Okay.

13 In my undergrad, which was in anthropology  
14 at UBC, and my Masters degree I did study qualitative  
15 research methodology from a number of different angles  
16 and was able to -- was offered the opportunity and took  
17 advantage of it in my Masters program to do some research  
18 projects while doing my studies, including analysis of  
19 the single-room occupancy hotels in the downtown East  
20 Side.

21 And the major focus of my research, which  
22 I was hired to do at the -- now I can't remember --  
23 anyways, through UBC, one of the centres there -- was to  
24 do an initial analysis of a housing project in a city in  
25 Sri Lanka. And at the same time I was able to do

1 research on developing a sustainable tourism plan at the  
2 request of the City of Kandy.

3 MR. BYRON WILLIAMS: Thank you, Ms.  
4 Friesen.

5 And just to finish up, you've participated  
6 -- going to your public -- to the -- to the list of  
7 publications. Dr. Carter mentioned --

8 MS. ANITA FRIESEN: Okay.

9 MR. BYRON WILLIAMS: -- a couple that you  
10 did with -- worked with him on as editors, and those were  
11 "Working to Build a Strong Inner City in Winnipeg" and  
12 "Tackling the Challenges of Inner City Marginalization: A  
13 Partnership Approach." Is that right?

14 MS. ANITA FRIESEN: That's right, yes.

15 MR. BYRON WILLIAMS: And in -- in terms  
16 of your work in -- in the payday lending project, and  
17 specifically qualitative research area, can you tell me  
18 what it -- how if at all they relate?

19 MS. ANITA FRIESEN: I -- I guess  
20 essentially, -- the -- the basics would be that from  
21 within each of those journals there's articles on poverty  
22 and marginalization issues, capacity building, as Tom  
23 mentioned, and also the fringe banking.

24 I gained a lot of -- a broader  
25 understanding of fringe banking through reading and

1 editing Jerry Buckland's reports.

2 MR. BYRON WILLIAMS: Turning to you, Mr.  
3 Osborne, you've been sitting there so quietly and  
4 patiently, you and poor Dr. Robinson. We're getting near  
5 the end, Mr. Chairman, hopefully.

6 Mr. Osborne, you work as a -- and you have  
7 for the past sixteen (16) months -- a senior research  
8 assistant for Dr. Carter, is that right?

9 MR. JOHN OSBORNE: Yes, that's correct.

10 MR. BYRON WILLIAMS: And that's in his  
11 role as Canada Research Chair in Urban Change and  
12 Adaptation, is that right?

13 MR. JOHN OSBORNE: Yes.

14 MR. BYRON WILLIAMS: And Dr. Carter  
15 seemed to be quite -- well, let me back up a second.

16 Your area of focus is geography, is that  
17 right, sir?

18 MR. JOHN OSBORNE: Yes, I've a three (3)  
19 year Bachelor of Arts in Geography already. I'm  
20 finishing my thesis now to get my four (4) year Honours.

21 MR. BYRON WILLIAMS: As I understand  
22 geography, there's three (3) elements: human geography,  
23 physical geography, and technique geography.

24 Would that be fair, sir?

25 MR. JOHN OSBORNE: At least at the

1 University of Winnipeg it's divided into those three (3)  
2 streams, I guess.

3 My specialties are human geography, I  
4 guess, since it's through my -- my degree is a Bachelor  
5 of Arts. But also I've taken significant technical  
6 courses as well in mapping and GIS.

7 MR. BYRON WILLIAMS: And we're going to  
8 come back -- well, okay, we'll go -- we'll jump right to  
9 that.

10 In terms of technical courses, technique,  
11 geography, my understanding is you've taken courses such  
12 as statistical techniques, SPSS, remote sensing, advanced  
13 GIS -- which is the big one -- advanced computer mapping,  
14 and there's a couple of others as well.

15 Is that right, sir?

16 MR. JOHN OSBORNE: Yes, advanced GIS  
17 would be the big one, I guess.

18 The other ones kind of gave a foundation  
19 and background, some theory and also some lab course work  
20 where you run through different scenarios. But the  
21 advanced GIS course was actually a -- more project  
22 management, where you take a -- an idea from inception  
23 and carry it through to a final product.

24 And in our case, we were working with a  
25 real -- real-world scenario for -- we were analyzing a

1 project for Riding Mountain National Park to give some  
2 recommendations on certain elements of their operations  
3 there.

4 MR. BYRON WILLIAMS: So just to hone in -  
5 - and we'll speak on the kind of the statistical and  
6 spatial analysis just for a second.

7 MR. JOHN OSBORNE: Sure.

8 MR. BYRON WILLIAMS: The -- the skill --  
9 and -- and you're doing great -- the skill set that you  
10 bring.

11 In terms of spacial analysis, you bring  
12 strong cartographic and GIS skills. Would that be fair,  
13 sir?

14 MR. JOHN OSBORNE: That's correct.

15 MR. BYRON WILLIAMS: And you have  
16 experience in animated mapping, knowledge of ArcGIS  
17 spacial analysis, and ArcGIS 9.1. Would that be fair,  
18 sir?

19 MR. JOHN OSBORNE: Yes, and 9.2. There's  
20 an upgrade to that software and ArcView software as well.  
21 I'm learning more software programs as I go along.

22 MR. BYRON WILLIAMS: Arc 9.2 is better  
23 than 9.1?

24 MR. JOHN OSBORNE: Yeah, they fixed a few  
25 bugs.

1                   MR. BYRON WILLIAMS:    Okay.  And you also  
2   have proficiency in SPSS, spacial -- statistical  
3   analysis?

4                   MR. JOHN OSBORNE:    Yes, I'm -- as Dr.  
5   Carter said, I'm involved in the data collection but also  
6   the data entry, the data management, and part of the  
7   analysis for anything we use the SPSS software for.

8                   MR. BYRON WILLIAMS:   Now, you -- you  
9   spoke of the real world, so -- so let's talk about some  
10  of the work you've done with Dr. Carter.

11                   And again, first of all we'll focus on --  
12  not on the survey -- not on the -- but on the spacial  
13  analysis and the collection and application of that type  
14  of information.

15                   Can you outline some of the major projects  
16  you've done with Dr. Carter?

17                   MR. JOHN OSBORNE:    We've -- a lot of the  
18  projects we -- we work on tend to have a spacial aspect  
19  to them so there's a little bit of mapping or -- or --  
20  and/or GIS involved in all of them.

21                   I guess some of the -- a major one we're  
22  working on right now is one on -- I don't think this is  
23  confidential, the housing stock...?  You can cut me off  
24  if you have to.

25                   It -- it's looking at a certain age of



1 housing stock in the City of Winnipeg and what  
2 neighbourhoods those have been -- those are found in most  
3 often, where -- where -- and -- and what -- what's  
4 happening, who -- who's living in those neighbourhoods.

5 A lot of -- that one's very neighbourhood,  
6 the -- focused on the types of phenomena we're studying,  
7 which in this case is housing, and -- and socioeconomic  
8 relationships with -- with the housing stock.

9 MR. BYRON WILLIAMS: And what specific  
10 role do you play?

11 MR. JOHN OSBORNE: My role is to examine  
12 various data from Statistics Canada, to import that data  
13 into the GIS software, and create the -- create the maps,  
14 decide -- there's a lot of thought process that go into -  
15 - into the maps.

16 Various indicators I -- I use and help Dr.  
17 Carter and the rest of our team decide which indicators  
18 to use and then create the maps from the Statistics  
19 Canada data, at least in this particular case. It's not  
20 always Statistics Canada data.

21 MR. BYRON WILLIAMS: And do you have a  
22 role in the analysis of this data as well, sir?

23 MR. JOHN OSBORNE: Yes. We've presented  
24 a paper to the PCAG, the Prairie Conference of -- yeah, I  
25 never --

1                   MR. BYRON WILLIAMS:   We can't hear Dr.  
2   Carter on the mic, so you can finish, Mr. Osborne, you  
3   can --

4                   MR. JOHN OSBORNE:    The Prairie Conference  
5   of --

6                   DR. TOM CARTER:     Of the Canadian  
7   Geographers.

8                   MR. JOHN OSBORNE:    -- the Canadian  
9   Geographers.

10                  And we -- we presented the -- the  
11   findings, preliminary findings, of this paper, and we're  
12   now working on creating an academic paper.

13                  MR. BYRON WILLIAMS:   So that's a work in  
14   process, is it?

15                  MR. JOHN OSBORNE:    Yes.

16                  MR. BYRON WILLIAMS:   Who else is on the  
17   team for the housing stock one? Or is it you and Dr.  
18   Carter? Or are there others involved as well?

19                  MR. JOHN OSBORNE:    There's some other  
20   people involved as well.

21                  MR. BYRON WILLIAMS:   That's okay.

22                  MR. JOHN OSBORNE:    Yeah --

23                  MR. BYRON WILLIAMS:   Ms. Friesen's not on  
24   that? No.

25                  MR. JOHN OSBORNE:    No, she's not on that

1 one, a few others are. I'm the one that -- doing all the  
2 spacial aspects of -- of that project and then pretty  
3 much on all the projects we do through the CRC.

4 MR. BYRON WILLIAMS: Okay. Now Ms.  
5 Friesen mentioned a panhandling project, and if memory  
6 serves me right you've done a -- a lot of work in the  
7 panhandling project. And again, we'll focus on the  
8 mapping --

9 MR. JOHN OSBORNE: Okay.

10 MR. BYRON WILLIAMS: -- and the spacial  
11 analysis first, and then we'll come back to survey.

12 MR. JOHN OSBORNE: Okay. Sure. I --  
13 I've -- we've been working on this panhandling project.  
14 This is a case where it's not -- this is Canada data.  
15 It's data that -- a little sideline, that was collected  
16 in the field by myself and then that was used to -- to  
17 map locations of panhandling events.

18 Field data was -- was collected and then  
19 transferred to -- to the computer, from where all -- all  
20 the analysis -- a lot of the analysis sprang from the  
21 specific issues involved in that case.

22 MR. BYRON WILLIAMS: I want to turn to  
23 surveying for just a second, and I believe I've forced  
24 Dr. Carter to acknowledge that he abandoned you in -- in  
25 Kampala, where you were about to run for mayor.

1                   But perhaps you could describe for us just  
2 the -- the type of project that you are involved with and  
3 your role in terms of survey design methodology,  
4 gathering information, and anal -- analysis.

5                   MR. JOHN OSBORNE:   Okay for -- for the  
6 Kampala project, that was a -- it was -- it was actually  
7 a part of the partnership. The City of Winnipeg and  
8 Kampala City were -- had a partnership program where we  
9 went over there as the members of -- of Team Winnipeg, I  
10 suppose, to conduct a community needs assessment there  
11 and to HIV and AIDS needs in a -- in a small community.  
12 They call it a "parish" in Kampala; kind of like a  
13 neighbourhood here in -- in Winnipeg.

14                   And what we did, we -- we -- as Dr. Carter  
15 mentioned, we -- we had a series of focus groups. We  
16 had consultations with members of the Kampala City  
17 Council as well as more grassroots-based stakeholders.  
18 And from that we learned some information.

19                   There was -- this is an ongoing project,  
20 and we developed some -- some key informants, findings we  
21 need to find out.

22                   So one of my big roles, I guess, over  
23 there was -- was interviewing these key informants,  
24 whether they were service providers of HIV/AIDS services  
25 or hospitals, government officials, a whole gamut of --

1 of specialists.

2 MR. BYRON WILLIAMS: Thank you, Mr.  
3 Osborne.

4 And so -- so just to sum up. Your  
5 responsibilities included conducting interviews with  
6 service providers, interviewing key informants -- as you  
7 indicated -- and gathering and compiling an information  
8 database for both mapping and creating a major final  
9 report.

10 Would that be fair?

11 MR. JOHN OSBORNE: Yes. That's right.  
12 There -- there was attempt -- we -- we located different  
13 service providers and mapped their locations just to give  
14 us spacial reference for any assistance that would come  
15 to the -- the region from our -- from our efforts.

16 I guess -- it's already been mentioned  
17 that I was part of the phone call gathering information.  
18 The -- the key informants was not structured interviews.

19 I've also been an interviewer in the  
20 panhandler and refugee housing and refugee experiences  
21 studies.

22 The -- the -- the key informant studies,  
23 there was a lot more -- it was less scripted and more  
24 give and take and -- which I found very valuable in -- in  
25 work on this study.

1                   MR. BYRON WILLIAMS:   And thank you for  
2   that -- for start subtle reminder.  There is a difference  
3   in technique between scripted and unscripted interviews.

4                   There's still that research methodology  
5   but you -- you have experience in both, is that right,  
6   sir?

7                   MR. JOHN OSBORNE:   Yes.  It's a very  
8   important difference.

9                   MR. BYRON WILLIAMS:   Tell me about the  
10   difference.

11                  MR. JOHN OSBORNE:   Well, the difference -  
12   - a lot of the studies I think Dr. Buckland has pointed  
13   out and -- and Anita has as well, that some are, you  
14   know, multiple choice answers to certain questions, but  
15   there's some more open-ended questions.

16                  And when you get into certain situations,  
17   you can just -- it -- it's possible to codify some  
18   answers, but others there's more -- more open-ended.

19                  A lot of time there's -- you're reacting  
20   to what someone else has already told you, so there's a  
21   lot of -- not so much making it up on you go, it's just  
22   reac -- reacting to the experience that you're involved  
23   in.

24                  MR. BYRON WILLIAMS:   You're reacting to  
25   that experience, though, within an academic or structure,

1 is that right, sir?

2 MR. JOHN OSBORNE: Correct. Correct.

3 Well for the fee calling I had a -- a script that was  
4 also being followed, to go step-by-step through.

5 MR. BYRON WILLIAMS: I'm going to turn to  
6 Dr. Robinson, who has been sitting very quietly.

7 Dr. Robinson, just in terms of -- I wanted  
8 just to -- just as we did with Dr. Buckland, just give a  
9 bit of an overview of the material that you've provided  
10 to the Board.

11 You're aware that before the Board is a  
12 report that you prepared for September 17, 2007. Is that  
13 right, sir?

14 DR. CHRIS ROBINSON: Yes.

15 MR. BYRON WILLIAMS: And as well, on  
16 September 17th, 20007, under separate cover, an older  
17 report that you had done called the ACORN Report was  
18 provided. Is that right, sir?

19 DR. CHRIS ROBINSON: Yes.

20 MR. BYRON WILLIAMS: And you'll recall  
21 that I indicated that we hope the ACORN Report would  
22 provoke a bit of discussion. Do you recall that?

23 DR. CHRIS ROBINSON: Yes.

24 MR. BYRON WILLIAMS: Did it provoke a bit  
25 of discussion?

1 DR. CHRIS ROBINSON: It provoked a great  
2 deal of discussion.

3 MR. BYRON WILLIAMS: I thought it might  
4 have.

5 You also participated in the rebuttal  
6 evidence, as Dr. Buckland has indicated. Is that right,  
7 sir?

8 DR. CHRIS ROBINSON: Yes.

9 MR. BYRON WILLIAMS: And if I look at --  
10 and this may help legal counsel, you were responsible for  
11 the preparation of -- of first round Interrogatories PUB-  
12 A-1 to A-6, B-1 to B-28, Rentcash Coalition 21 to 46,  
13 CPLA Coalition 114 to 203, 310 119 to 137, as well as a  
14 number of second round interrogatory responses.

15 Does that ring a bell?

16 DR. CHRIS ROBINSON: I can be -- all  
17 right, I can be -- I could be absolutely sure that the  
18 responses to the PUB questions that you have the -- that  
19 you have the right numbers. That the same with the CPLA.

20 The others, it sounds familiar, but there  
21 were a great number of them.

22 MR. BYRON WILLIAMS: Yeah.

23 DR. CHRIS ROBINSON: I would also remind  
24 you that I did in fact contribute to answers that others  
25 were doing, and -- and in some cases they contributed to



1 my answers.

2 MR. BYRON WILLIAMS: Yeah, and that's  
3 fair enough, and thank you for that precision.

4 Did I mention when I retained you that you  
5 were going have to answer close to two hundred (200)  
6 interrogatory requests?

7 DR. CHRIS ROBINSON: I had no idea.

8 MR. BYRON WILLIAMS: The fee is still the  
9 same though, right?

10 DR. CHRIS ROBINSON: Unfortunately.  
11 That's assuming that I get paid the fee. I understand  
12 that I have to -- the Board has to be happy with me  
13 before I get paid.

14 MR. BYRON WILLIAMS: That's fair enough.  
15 But I have you under oath saying that the fee was  
16 satisfactory, which is really my motivation.

17 In terms of your -- your education, Dr.  
18 Robinson -- and you'll confirm for me that you have a --  
19 a Bachelor's degree in Commerce. Is -- is that right,  
20 sir?

21 DR. CHRIS ROBINSON: Yes.

22 MR. BYRON WILLIAMS: And you received  
23 your MBA in 1980 --

24 DR. CHRIS ROBINSON: Yes.

25 MR. BYRON WILLIAMS: -- with a focus on

1 finance and accounting. Is that right, sir?

2 DR. CHRIS ROBINSON: Yes.

3 MR. BYRON WILLIAMS: And you received  
4 your PhD in 1985 with a focus on finance. And that was  
5 from the University of Toronto, is that right, sir?

6 DR. CHRIS ROBINSON: All three (3)  
7 degrees are from the University of Toronto.

8 MR. BYRON WILLIAMS: Okay. And you've --  
9 you started work as a -- at York University in 1983. Is  
10 that right, sir?

11 DR. CHRIS ROBINSON: Yes.

12 MR. BYRON WILLIAMS: And you have taught  
13 at York since that time?

14 DR. CHRIS ROBINSON: Yes.

15 MR. BYRON WILLIAMS: Give me one second,  
16 sir, Mr. Chair.

17

18 (BRIEF PAUSE)

19

20 MR. BYRON WILLIAMS: All right. I stand  
21 -- stand guilty of the accusation of unorganization, I  
22 think.

23 In terms of the graduate courses you've  
24 taught at York, I -- I just want to chat about a few of  
25 them. You've taught Managerial Finance. Is that right,

1 sir?

2 DR. CHRIS ROBINSON: Yes. It might be  
3 more familiar to everyone present, it's often called  
4 Introductory Finance and Finance programs.

5 MR. BYRON WILLIAMS: Okay. And the -- in  
6 terms of graduate courses you've also taught Corporate  
7 Finance, is that right?

8 DR. CHRIS ROBINSON: Yes.

9 MR. BYRON WILLIAMS: And you taught the  
10 course Corporate Financial Analysis, is that right, sir?

11 DR. CHRIS ROBINSON: Yes, I also created  
12 that course.

13 MR. BYRON WILLIAMS: Yeah, so you  
14 developed that course. Okay, you've confirmed that.

15 And as well you taught Personal Finance,  
16 which is another course that you developed?

17 DR. CHRIS ROBINSON: Yes.

18 MR. BYRON WILLIAMS: Okay.

19 Now in terms of -- let's move into the  
20 specific areas of your expertise. Let's start with  
21 accounting.

22 My understanding is that you have  
23 extensive experience in accounting as an occupation with  
24 Shell Canada and with KPMG. Is that right, sir?

25 DR. CHRIS ROBINSON: Yes, KPMG at that

1 time was called Thorne Riddell. This was the subsequent  
2 merger.

3 MR. BYRON WILLIAMS: And you've also  
4 extensive appear -- experience in accounting as an area  
5 of research, teaching, and public engagement. Is that  
6 right, sir?

7 DR. CHRIS ROBINSON: Yes.

8 MR. BYRON WILLIAMS: You've taught  
9 financial statement analysis to undergraduate and  
10 graduate students at York University. Is that right?

11 DR. CHRIS ROBINSON: Yes.

12 MR. BYRON WILLIAMS: You've published  
13 financial analysis case studies. Is that correct?

14 DR. CHRIS ROBINSON: Yes.

15 MR. BYRON WILLIAMS: And you've been a  
16 frequent commentator in the media on bad financial  
17 reporting. Would that be fair?

18 DR. CHRIS ROBINSON: Yes.

19 MR. BYRON WILLIAMS: And I -- I want to  
20 turn to personal financial planning for a -- for a  
21 moment.

22 It would be fair to say -- and don't be  
23 falsely modest -- but you're an internationally  
24 acknowledged expert in personal financial planning both  
25 as a researcher and as a teacher. Would that be fair?

1 DR. CHRIS ROBINSON: Yes.

2 MR. BYRON WILLIAMS: And you've published  
3 several research papers in the field and won a number of  
4 Best Paper awards at conferences for them?

5 DR. CHRIS ROBINSON: Yes.

6 MR. BYRON WILLIAMS: And I'll -- we'll  
7 talk about some of those awards in just a second. And  
8 you've authored a textbook, "Personal Financial  
9 Planning," along with Dr. H-O, "Ho." Is that right, sir?

10 DR. CHRIS ROBINSON: Yes.

11 MR. BYRON WILLIAMS: And that's used  
12 across Canada?

13 DR. CHRIS ROBINSON: Yes.

14 MR. BYRON WILLIAMS: Including by -- I  
15 think Dr. Gould has indicated that's the -- the text he  
16 has --

17 DR. CHRIS ROBINSON: Dr. Gould is here,  
18 you could ask him.

19 MR. BYRON WILLIAMS: Is he here?

20 DR. CHRIS ROBINSON: Yes, I believe he's  
21 just out of sight, hiding around the corner.

22 MR. BYRON WILLIAMS: Oh.

23 DR. CHRIS ROBINSON: Is he not?

24 MR. BYRON WILLIAMS: Yeah.

25 DR. CHRIS ROBINSON: Yes.

1 MR. BYRON WILLIAMS: In -- in any event  
2 he's certainly, I think he'd indicated that already.

3 And you also co-authored "Personal  
4 Financial Planning" in English and French with Dr. Gilles  
5 Bernier as the first serious financial planning textbook  
6 in Canada. Is that right, sir?

7 DR. CHRIS ROBINSON: Yes.

8 MR. BYRON WILLIAMS: And that project was  
9 undertaken for the Professional Banking Program of the  
10 Institute of Canadian Bankers or ICB, is that right?

11 DR. CHRIS ROBINSON: Yes, that was a  
12 commissioned project.

13 MR. BYRON WILLIAMS: Now in terms of the  
14 ICB, you taught personal finance from 1985 to 1989.  
15 Would that be right?

16 DR. CHRIS ROBINSON: Yes.

17 MR. BYRON WILLIAMS: And you've been  
18 teaching personal finance to undergraduate and graduate  
19 students at York since 1992. Would that be right?

20 DR. CHRIS ROBINSON: Yes.

21 MR. BYRON WILLIAMS: And you've commented  
22 many times in the media on personal finance issues, is  
23 that right, sir?

24 DR. CHRIS ROBINSON: Yes.

25 MR. BYRON WILLIAMS: I see from your

1 curriculum vitae, which is the attachment to  
2 PUB/COALITION-B-1, that you are also a certified  
3 financial planner, sir, is that correct?

4 DR. CHRIS ROBINSON: Yes.

5 MR. BYRON WILLIAMS: And what does that  
6 mean, and what is the significance of that?

7 DR. CHRIS ROBINSON: Okay. Certified  
8 financial planner is a trademark designation that was  
9 originally developed in the United States for the Denver  
10 Certified Financial Planners Board of Standards. It is  
11 now an international designation in twenty (20) odd  
12 countries, I guess, and it's the most widely recognized  
13 professional financial planning credential in the world.

14 The Canadian Financial Planners Standards  
15 Council licenses that trademark and issues it by  
16 examination. And I had to pass the examination to do  
17 that and I now train students to -- for those courses.

18 And that -- the Canadian Financial  
19 Planners Standards Council is the second-most -- second-  
20 largest such organization in the world, after the Board  
21 of Standards in Denver.

22 MR. BYRON WILLIAMS: And you -- you  
23 completed that examination in 1998, is that right, sir?

24 DR. CHRIS ROBINSON: Yes.

25 MR. BYRON WILLIAMS: And in terms of the

1 area of payday loans, I understand your first work in  
2 this area was on behalf of Industry Canada. Is that  
3 right, sir?

4 DR. CHRIS ROBINSON: Yes.

5 MR. BYRON WILLIAMS: And you wrote two  
6 (2) reports for Industry Canada, but we can't share them  
7 with the Board. Is that right, sir?

8 DR. CHRIS ROBINSON: Yes, I've been  
9 ordered that they are so secret that they cannot be  
10 commented on. I cannot say anything about them.

11 MR. BYRON WILLIAMS: Well, can you at  
12 least tell me when you wrote them?

13 DR. CHRIS ROBINSON: Well, they didn't  
14 give me permission to say that, but I don't suppose it  
15 would hurt, because I don't think I've dated them anyway  
16 -- 2004 and 2005. So the first one, a fishing study, was  
17 in 2004 and then a larger study in 2005.

18 MR. BYRON WILLIAMS: Okay. And your  
19 knowledge, I guess, of the industry has progressed. The  
20 next article you wrote or the next -- one -- another  
21 publication you wrote was "The Regulation of Payday  
22 Lending in Canada," which was a report to ACORN.

23 Is that right, sir?

24 DR. CHRIS ROBINSON: Yes. I -- I might  
25 expand, because I think it will be useful for the Board



1 to understand and for the counsel for the various  
2 intervenors that these reports are all sequential.

3 The first report was just for Industry  
4 Canada. It was fishing. They didn't know what they  
5 wanted. They wanted me to tell them what they should  
6 want.

7 The second report they still didn't know  
8 what they wanted, but in fact -- so I figured out what I  
9 thought they should want.

10 In fact, all three (3) of the reports --  
11 the second report to Industry Canada, ACORN, and the work  
12 that I have now been doing for the Board that leads to my  
13 recommendations -- are in fact all proceeding in the same  
14 methods. And it is simply that I've been able to gain  
15 more recent data, improve what I am doing, benefit from  
16 submissions to this -- to this Board, to this Hearing.

17 And so -- I mean, I'm -- I'm sorry,  
18 because there have been of course all kinds of questions  
19 from the intervenors, Why won't you tell us more about  
20 this or that?

21 When you read the most recent works that  
22 I've done, you are seeing everything that is in the past  
23 so that, could you pry out of Stephen Harper the Industry  
24 Canada reports with Freedom of Information access?

25 Yeah, you could. They have no

1 justification for keeping them hidden. But you'd be  
2 wasting your time, because in fact you'll get -- I -- I  
3 could -- I did a better job in the subsequent reports.

4 MR. BYRON WILLIAMS: Okay. Thank you.

5 The area -- one area that we -- we haven't  
6 really touched upon is your -- your work in terms of --  
7 let me back up a second. Well, let -- let me try this  
8 again.

9 Your work in terms of qualitative research  
10 -- and I'm going to just note that when -- when one  
11 thinks of personal finance, or finance professors, or  
12 accountants, one tends to think of them in -- in terms of  
13 quantitative research.

14 But you've also been trained and done  
15 significant working terms of qualitative research. Is  
16 that right, Dr. Robinson?

17 DR. CHRIS ROBINSON: Yes.

18 MR. BYRON WILLIAMS: And could you  
19 elaborate briefly on your training and your experience in  
20 this area?

21 DR. CHRIS ROBINSON: Yes. Researchers  
22 have in fact natural predilections to follow certain  
23 directions. and then justify them with supposedly  
24 rational arguments.

25 In fact it seems that I have a pre -- a

1 predisposition to follow many different research methods  
2 and, unlike virtually the entire field of finance, I'm  
3 interested in qualitative in -- in actually understanding  
4 how human beings behave.

5               This is a natural thing to do in personal  
6 finance, but it in fact applies anywhere in finance.  
7 This, of course, is not shared by the finance field,  
8 which does not accept such inquiries being legitimate.  
9 But it is considered legitimate in every other area of  
10 social science.

11              So I took training not from finance  
12 people, because I'm one of the few people in the world in  
13 finance who understands it, but from others. First from  
14 Dr. Gareth Morgan (phonetic), who is an internationally  
15 renowned scholar at York University. And I don't use  
16 that title lightly. He's one of the twelve (12)  
17 university professors -- people come to York University  
18 for the sole purpose of studying under him.

19              His books, his methods influence  
20 researchers around the world, a large number of  
21 researchers. It's called "doing a Gareth Morgan" if you  
22 do research in some of the styles that he uses.

23              And I did this long post qualification. I  
24 was already a tenured professor when I then took work  
25 with him; and also with Pat Bradshaw (phonetic), who does

1 work in power, and politics, and analysis of -- of text;  
2 and Eileen Fisher (phonetic), who's Director of the  
3 Entrepreneurial Studies and is a marketing professor of  
4 Scalic School of Business, who does qualitative and  
5 quantitative research in marketing; and other scholars at  
6 York, Rekham Carambya (phonetic), Hazel Rosen (phonetic).

7 I'm -- I can't -- can't honestly, actually  
8 remember all of the names.

9 MR. BYRON WILLIAMS: You -- you probably  
10 got enough.

11 DR. CHRIS ROBINSON: Yeah.

12 MR. BYRON WILLIAMS: In -- in terms of  
13 your honours and awards, would I be correct in suggesting  
14 to you that in 2006 from the School of Administrative  
15 Studies you received an honourable mention in the Theory  
16 Practice Award for regulation of payday lending in  
17 Canada?

18 Is that right, sir?

19 DR. CHRIS ROBINSON: Yes.

20 MR. BYRON WILLIAMS: And in 1998 you  
21 received an award from the American -- the American  
22 College Award for an Outstanding Paper in Personal  
23 Finance from the -- at the Academy of Financial Services  
24 Conference.

25 Was that right?

1 DR. CHRIS ROBINSON: Yes.

2 MR. BYRON WILLIAMS: And in 1998 you also  
3 reserve -- received the CFP award for Best Paper in  
4 Personal Finance from the Midwest Finance Association  
5 Conference?

6 DR. CHRIS ROBINSON: Yes.

7 MR. BYRON WILLIAMS: And 1993 through '95  
8 you received the CFP award for an Outstanding Paper in  
9 Individual Financial Management from the Academy of  
10 Financial Services Conference.

11 Is that right, sir?

12 DR. CHRIS ROBINSON: Yes. I have, in  
13 fact, subsequently also won the 2007 CFP Outstanding  
14 Paper Award at the Academy of Financial Services. That  
15 actually happened after I submitted the CV -- a few days  
16 afterwards.

17 MR. BYRON WILLIAMS: Thank you. Mr.  
18 Chairman, if you'll give me one second, please.

19

20 (BRIEF PAUSE)

21

22 MR. BYRON WILLIAMS: Mr. Chairman, just  
23 in terms of the order, I'm ready to present the witnesses  
24 for qualification. In terms of the order that they'll be  
25 testifying, just so the Board knows, Dr. Buckland will

1 start off. Mr. Osborne will follow with mapping.

2 Ms. Friesen will follow with the mystery  
3 shopping. And then Mr. Osborne will talk about his  
4 shopping in terms of a -- a selection of all the payday  
5 lenders in terms of their rates in Manitoba.

6 Dr. Simpson will follow, and then Dr.  
7 Robinson will speak, and then we'll present both Dr.  
8 Robinson's recommendations and Dr. Buckland's represent -  
9 - recommendations.

10 Ms. Friesen and Mr. Osborne will be  
11 presenting results from the mystery shopping in math --  
12 mapping research team, and certainly we'll make them  
13 available for cross-examination as the people who  
14 conducted the study as will be their supervisors and  
15 colleagues on the project, Mr. -- Professor Buckland and  
16 Professor Carter.

17 So I'm asking in terms of Dr. Buckland  
18 that he be qualified as an expert at -- in economics,  
19 including qualitative and quantitative research  
20 methodology with particular specialization in micro  
21 finance, micro community development, economic  
22 development, and interdisciplinary development theory.

23 With regard to Dr. Simpson, we are asking  
24 that he be qualified as a -- as an expert in labour  
25 economics, applied microeconomics, quantitative methods,

1 and social policy.

2 With regard to Dr. Carter, we're asking  
3 that he be qualified as an expert in urban and community  
4 development and urban and neighbourhood change including  
5 qualitative and spacial studies in an urban setting.

6 In terms of Ms. Friesen, we're asking that  
7 she be qualified for her expertise in terms of  
8 qualitative research methodology, by which I mean from  
9 the development of the methodology through to the  
10 analysis of its finding.

11 In terms of Mr. Osborne, we're asking that  
12 his expertise in technique geography including advanced  
13 GIS mapping and spacial analysis be recognized, and his  
14 work in qualitative surveying of vulnerable persons and  
15 analysis be recognized.

16 In terms of Dr. Robinson, we're asking  
17 that he be recognized as an expert in accounting, in  
18 qualitative research and in personal finance.

19

20 (BRIEF PAUSE)

21

22 Certainly, included under accounting, we  
23 would include financial statement analysis.

24 THE CHAIRPERSON: Thank you, Mr.  
25 Williams. Mr. Foran, do you have any comments?

1 (BRIEF PAUSE)

2

3 MR. ALLAN FORAN: I'm really keen to  
4 cross-examine six (6) experts. I have a couple of  
5 comments, a couple of which you would -- you would  
6 probably expect. The first is the description of the  
7 various achievements of -- of this panel is very  
8 impressive. Sometimes it's difficult to go through them  
9 with immodesty, but I'm impressed with the way they've  
10 done that. They've described in -- in detail a lot of  
11 their background.

12 I believe it's important information that  
13 the Board wants to hear. I -- I don't object to any of  
14 the specific qualifications that my Learned Friend Mr.  
15 Williams is attempting to have these panellists qualified  
16 in. I -- I have a couple of caveats, however, and the  
17 caveats might become clear, I hope, in cross-examination.

18 The first is the application of these  
19 skill sets to payday lending. I have a concern about  
20 that, and of course, the results and the content of all  
21 the information that's been provided to the Board and the  
22 weight to be applied to the conclusions that have been  
23 reached by the various panellists. I have concerns with  
24 that as well. And that is another matter that we'll --  
25 we'll address in final argument and -- and, hopefully,



1 through cross-examination.

2                   You're looking for a simple answer. The  
3 simple answer is, I don't object.

4                   THE CHAIRPERSON: Mr. Hacault...?

5                   MR. ANTOINE HACAULT: I also may have  
6 some questions or qualifications that may become more  
7 apparent upon cross-examination about the focus of some  
8 of the work that is done, whether it's a balanced work or  
9 not. But as far as the qualifications, these are people  
10 who have done very good work and in -- in their field and  
11 with their focus and, in that respect also, I don't have  
12 any objections.

13                   THE CHAIRPERSON: Okay. We accept the  
14 panel and we look forward to hearing their testimony.

15

16                   (VOIR DIRE CONCLUDED)

17

18                   THE CHAIRPERSON: Mr. Williams, I think  
19 we'll take a break --

20                   MR. BYRON WILLIAMS: Yeah.

21                   THE CHAIRPERSON: -- and then allow you  
22 to start? Thank you.

23

24 --- Upon recessing at 2:50 p.m.

25 --- Upon resuming at 3:06 p.m.

1                   THE CHAIRPERSON:    Okay, Mr. Williams, any  
2   time.

3                   MR. BYRON WILLIAMS:   And Mr. Chairman,  
4   just to assist members of the audience and the Board, we  
5   have -- we have had some -- we have some handouts that --  
6   and we're -- I guess we're going to provide them to the  
7   Board as soon as I make sure there's no objections from  
8   any other parties.

9                   But just so parties know what they should  
10   have, these are not all the handouts, and we apologize  
11   for all the trees we're killing, but one is, first should  
12   be a "Key Issues for Consumers of Payday Loans in  
13   Manitoba," prepared by Dr. Buckland.

14                  There also should be a slide number 1 with  
15   "Manitoba" on it -- you have that; "Fee Collection,"  
16   revised Table 3; and also "Who are the Consumers of  
17   Payday Loans."

18                  And I -- I'm just -- Mr. Slee hasn't  
19   received one. We are happy to provide those to the -- to  
20   the Board. I just want to make sure these are the -- the  
21   subject -- the parties have not objection to this being  
22   provided?

23                  MR. ALLAN FORAN:    No objection.

24                  MR. ANTOINE HACAULT:   I haven't gone  
25   through all of it, but if there's any new information, I

1 expect that we'll have a chance to deal with that new  
2 information in due course and, accordingly, I don't have  
3 any objection.

4 THE CHAIRPERSON: I guess we get to see  
5 them, Mr. Williams.

6 MR. BYRON WILLIAMS: You get to see them,  
7 that's great. We're giving the Board a bonus package  
8 which is colour maps, I was too cheap to -- to print them  
9 out for my Learned Friends. But I'll ask Mr. Peters to  
10 share that with the Board.

11 THE CHAIRPERSON: He is blinded by the  
12 colour, Mr. Williams.

13

14 (BRIEF PAUSE)

15

16 MR. BYRON WILLIAMS: To further  
17 complicate things, Mr. Chairman, not all the PowerPoints  
18 are before you and not all the witnesses will be using  
19 PowerPoints. But -- so don't -- you don't need to start  
20 looking at your material yet.

21 THE CHAIRPERSON: Let's give them exhibit  
22 numbers and we will be there.

23 MR. BYRON WILLIAMS: That would be great,  
24 Mr. Chairman.

25 THE CHAIRPERSON: Mr. Gaudreau, do you

1 know the next number?

2 MR. BOB PETERS: Coalition 15 has been  
3 assigned to the document called "Key Issues for Consumers  
4 and Payday Loans in Manitoba." That's by Jerry Buckland,  
5 PhD.

6

7 --- EXHIBIT NO. COALITION-15:

8 Document entitled Key Issues for Consumers  
9 and Payday Loans in Manitoba, by Jerry  
10 Buckland, PhD

11

12 MR. BOB PETERS: And then we will  
13 sequentially go, Coalition 16 will be the Slide Number 1,  
14 Manitoba.

15

16 --- EXHIBIT NO. COALITION-16:

17 Slide Number 1, Manitoba

18

19 MR. BOB PETERS: Coalition 17 will be the  
20 Fee Collection, Revised Table 3 document, two (2) page  
21 document.

22

23 --- EXHIBIT NO. COALITION-17:

24 Document entitled Fee Collection, Revised  
25 Table 3, two (2) pages

1                   MR. BOB PETERS:   Coalition 18 will be  
2    "Who Are the Consumers of Payday Loans" by Wayne Simpson.

3  
4    --- EXHIBIT NO. COALITION-18:

5                   Two (2) page document entitled, "Who  
6                   Are the Consumers of Payday Loans" by  
7                   Wayne Simpson

8  
9                   MR. BOB PETERS:   And Coalition Exhibit 19  
10   will be the coloured maps, Manitoba payday loan companies  
11   outside of Winnipeg as well as a number of slides  
12   attached to that.

13  
14   --- EXHIBIT NO. COALITION-19:  
15                   Coloured maps, Manitoba payday loan  
16                   companies outside of Winnipeg as well  
17                   as a number of slides attached.

18  
19                   THE CHAIRPERSON:   Thank you, Mr. Peters.  
20   Okay, Mr. Williams...?

21  
22   EXAMINATION-IN-CHIEF BY MR. BYRON WILLIAMS:

23                   MR. BYRON WILLIAMS:   Thank you.   And I've  
24   been remiss of course, one of my clients, Ms. Gloria  
25   Desorcy is here from the Consumers Association; is always

1 keeping a sharp on me so I appreciate that.

2 And Dr. Buckland, I -- I want to start  
3 with you if -- if you can and going back to the September  
4 report of Buckland et al, can you very quickly just  
5 provide an overview of that project? Because that will  
6 be the subject of most of the evidence that will come in  
7 the next couple of hours for the Board.

8 DR. JERRY BUCKLAND: Yes, I can. Thank  
9 you very much and thank you Board Chair Lane, Board  
10 Member Gerard and Board Member Proven.

11 I would like to introduce the research and  
12 report entitled "Serving or Exploiting People Facing a  
13 Short Term Credit Crunch:, A Study of Payday -- A Study  
14 of Consumer Aspects of Payday Lending in Manitoba".

15 The team members as you already know were  
16 myself, Tom Carter, Wayne Simpson, Anita Friesen and John  
17 Osborne, as well Chris Robinson assisted us in some key  
18 aspects of the research from Toronto.

19 Drawing on a couple of excerpts from the  
20 report to explain the purpose of the report, the research  
21 and report explores key consumer issues --

22 MR. BYRON WILLIAMS: If I -- if I might -  
23 - and just so parties know and you're not scrambling  
24 through your power points, we didn't hand this one out so  
25 if I've got you scrambling, I apologize.

1 DR. JERRY BUCKLAND: Thank you. The --  
2 the purpose of the research and report were to explore  
3 key consumer issues related to payday lending and it  
4 seeks to inform public discourse and policy making by  
5 examining consumer issues.

6 In the report we synthesize key aspects of  
7 a growing relevant and academic literature on the topic  
8 as well as completing some field research undertaken in  
9 Winnipeg on payday lenders and consumers of payday  
10 lenders.

11 The research activities involved four (4)  
12 different things. First of all, a literature review,  
13 secondly, an analysis of consumer characteristics of  
14 payday lender consumers.

15 Thirdly, mystery shopping of Winnipeg  
16 payday lender outlets and fourthly, mapping of outlet  
17 locations and data collection on payday loan fees.

18 So just to run quickly through the four  
19 (4) different activities, the -- the literature review  
20 focussed primarily on Canadian and US literature simply  
21 because that's by and large the literature that's  
22 available.

23 In fact, it's very easy to get swamped by  
24 the literature from the US because they're an early start  
25 in terms of payday lending, much bigger country, there's

1 more of them and there just seems to be a much longer  
2 standing big debate there about the phenomenon.

3 I did contact a -- an expert in the UK,  
4 Elaine Kempston (phonetic) because I was a bit puzzled  
5 why I wasn't finding more literature on the UK because  
6 there are payday lenders in the UK.

7 And she confirmed to me that there hasn't  
8 been a lot of analysis, it's tended to focus more on the  
9 doorstep loan phenomenon and less so on the -- the payday  
10 loan phenomenon.

11 And there's some data for other countries  
12 like Australia but I could not find other data on other  
13 countries in Europe or other countries.

14 It is a small but I'd say a growing  
15 literature that encompasses both more theoretical aspects  
16 of consumer and market behaviour as well as more applied  
17 issues. And so what we did in this first component was  
18 to synthesize the literature on some key consumer issues.

19 MR. BYRON WILLIAMS: Dr. Buckland, just  
20 before you go to the next slide and I don't want you to -  
21 - to devote too much time to it, but in terms of the UK  
22 and the doorstep loan phenomena perhaps you could just  
23 quick -- I'm not familiar with that terminology.

24 DR. JERRY BUCKLAND: The -- in the UK I  
25 understand -- I -- I don't know very much about this



1 particular type of credit system. But in the UK there  
2 does seem to be a -- a more informal system of lending  
3 where the lenders actually go to people's homes to  
4 provide loans.

5 And my understanding is that it's -- it's  
6 less formal. It's quite informal process of lending and  
7 it's quite different from -- from payday lending which I  
8 understand also exists in the UK.

9 THE CHAIRPERSON: Are you talking about  
10 licensed lenders or the illegal lending that goes on  
11 apparently in the UK?

12 DR. JERRY BUCKLAND: I'm not sure,  
13 Chairperson Lane, to what extent the doorstep lenders are  
14 licensed. I -- I know that it's attracted more attention  
15 in the UK but I'm not certain what conditions -- whether  
16 they're regulated or not, but I can certainly look into  
17 that if -- if you'd like.

18 THE CHAIRPERSON: It would be interesting  
19 to know.

20 MR. BYRON WILLIAMS: Dr. Buckland will  
21 undertake to provide more information as requested by the  
22 Chairman and then you can proceed, Dr. Buckland.

23

24 --- UNDERTAKING NO. 81: Coalition to provide Board  
25 with information on whether

1                               doorstep lenders in the UK  
2                               are licensed or regulated  
3

4                               DR. JERRY BUCKLAND:    Okay.   So then the  
5                               second research activity was an analysis of consumer  
6                               characteristics of consumers that use payday loans.

7                               There are relatively limited databases  
8                               available on the topic.   The -- the two (2) databases  
9                               that were particularly useful were the Financial Consumer  
10                              Agency of Canada survey or sponsored survey that was done  
11                              in 2005.

12                             I refer in my slide to a 2001 survey but  
13                             let me clarify, they did not ask questions about payday  
14                             loans, they asked a question about pawn shop and cheque  
15                             cashing I believe.   So we did not focus on the 2001.   We  
16                             did focus on the 2005 survey.

17                             In addition, just in this -- this past  
18                             September we were quite pleased to find that the survey  
19                             on financial security for 2005 was released because they  
20                             had a question about payday loan use.   So that was I felt  
21                             a really important new source of information on payday  
22                             loan use.   So that was another key piece of information  
23                             that we -- we used.   And basically, we used statistical  
24                             analyses and a little bit of econometrics to analyse key  
25                             issues related to consumer characteristics.

1                   The third research activity was the  
2   mystery shopping, which I think was another quite new  
3   thing that we've done. In terms of applying it to the --  
4   the payday lenders, mystery shopping is a way of  
5   measuring the quality of service provided. It's  
6   typically done from what I understand by retail firms to  
7   measure either their own or their competitor's service  
8   quality.

9                   Now, the Financial Consumer Agency of  
10   Canada does regularly undertake mystery shopping, for  
11   instance to find out whether or not banks are in  
12   adherence with the Access to Basic Banking regulations;  
13   so in other words if they're opening bank accounts based  
14   on the requirements that they -- the client have the  
15   specific ID, et cetera.

16                  So the FCAC is, I believe, the -- the  
17   primary undertaker of mystery shopping. And in  
18   preparation of our research we did talk with a person at  
19   FCAC. They don't actually undertake their own mystery  
20   shopping. They get other companies to do it.

21                  So for the -- the most recent mystery  
22   shopping that was looking at the access to basic banking  
23   it was Environics. And so I also spoke to Environics  
24   about their method.

25                  And finally, in preparation for that

1 particular method we -- we spoke to a person at the  
2 Manitoba Consumers' Bureau. Although that wasn't so much  
3 a method question as a risk question for our mystery  
4 shoppers. We were concerned about sort of an aspect of  
5 risk that they would face.

6                   So that was the third activity. The  
7 fourth activity I've kind of lumped two (2) different  
8 activities here. Let me say 4(a) mapping of outlet  
9 locations and then 4(b) was data collection on payday  
10 loan fees.

11                   So to start off with, there's really no  
12 authoritative source of payday loan firms and outlets, so  
13 what we did was try to do the best we could to compile a  
14 base list of payday loan firms and outlets in Manitoba  
15 and in Winnipeg, using the Yellow Pages online on the  
16 web.

17                   And we mapped these locations using the --  
18 the GIS software and we associated the locations in  
19 Winnipeg with specific neighbourhood social and economic  
20 indicators.

21                   And 4(b) then would be the telephone  
22 interviewing which we did, where we telephoned at least  
23 one (1) outlet per firm to identify some key information  
24 about their payday loans. And we -- I call this sort of  
25 a quasi-mystery shopping method, in the sense that we

1 sent our researcher to the phone to essentially pretend  
2 as if he was a payday loan client looking for a certain  
3 kind of payday loan, but what we did was we asked him to  
4 ask a number of questions.

5 So he went with quite a long list of  
6 questions to ask the payday lenders but it was done, in a  
7 sense, clandestinely. We didn't identify ourselves ahead  
8 of time on the phone, and that's why we subsequently have  
9 the anonymity issue that we cannot reveal the identity of  
10 the firms that we've collected this information from.

11 And so those are the -- the four (4)  
12 activities and --

13

14 CONTINUED BY MR. BYRON WILLIAMS:

15 MR. BYRON WILLIAMS: Dr. Buckland, if I  
16 could just stop you for one (1) second on 4 -- 4B -- in -  
17 - in terms of the telephone interviews, those were done  
18 by Mr. Osborne.

19 Is that right?

20 DR. JERRY BUCKLAND: Yes, that's correct.

21 MR. BYRON WILLIAMS: And am I right,  
22 chronology wise, that Mr. Osborne would have participated  
23 in the -- the mystery shopping inquiry visits which you  
24 identified under Research Activity Number 3, prior to  
25 doing the telephone information -- trying to collect

1 information about the fees charged.

2 Is that right?

3 DR. JERRY BUCKLAND: Yes, that's correct.

4 And I -- I'd also like to add that both Chris Robinson  
5 and I have previously done this type of telephone call  
6 information collection work. And Chris actually, Dr.  
7 Robinson, has actually written a -- an extensive  
8 discussion paper explaining the various types of fees  
9 that different payday lenders charge and different  
10 variations that are -- are found and that was used to  
11 prepare our interviewer in -- in terms of those telephone  
12 calls.

13 MR. BYRON WILLIAMS: And going to 4A  
14 which is the spatial mapping, you may have heard some  
15 discussion about a -- a new firm in town, Advance  
16 America.

17 You've heard some discussion about that,  
18 Dr. Buckland?

19 DR. JERRY BUCKLAND: Yes, I have.

20 MR. BYRON WILLIAMS: And in terms of the  
21 spatial mapping that does not reflect the presence of  
22 Advance America stores in -- in Winnipeg.

23 Is that right?

24 DR. JERRY BUCKLAND: That's correct.  
25 When we were undertaking the mapping, they were not in

1 the phone book. At some point along our research  
2 process, some of us noticed the existence of this new  
3 payday lender. And we -- we really weren't sure what  
4 exactly to do with it so we just left it out. But that  
5 is not included in our -- our mapping or our fee  
6 collection data.

7 MR. BYRON WILLIAMS: Dr. Buckland, if  
8 you're done the overview, and if you're not you'll just  
9 raise your eyebrows at me, but if you are done your  
10 overview I'd ask you to turn now to Coalition Number 15  
11 which is a PowerPoint presentation, Key Issues for  
12 Consumers of Payday Loans in Manitoba.

13

14 (BRIEF PAUSE)

15

16 DR. JERRY BUCKLAND: Okay, once again,  
17 thank you very much. What I'd like to do is try to  
18 highlight some of the key issues that we've identified in  
19 our research regarding consumer aspect of payday loans.  
20 What I'd like to do is to first of all introduce the --  
21 the concept the -- the way in which we've approached it,  
22 talk about the ethical issue of payday loans, look at  
23 some theoretical questions that I think are useful to  
24 consider, talk about the social and institutional context  
25 just a little, and then focus in on some key concerns,

1 and a couple of examples.

2                   Payday loans, I think, are a cleverly  
3 designed short term small-sum loan that provide lenders a  
4 means to promote a reasonable -- reasonable repayment  
5 rate thus reducing their risks in that the repayment is  
6 tied to the consumers receipt of their paycheck. Payday  
7 loans have their historical roots and practices of  
8 employer and third party cash advances. Instead of  
9 reducing credit or risk using collateral such as a pawn  
10 loan, the lenders risk is reduced by tying repayment to  
11 the clients next paycheck.

12                  Payday loan outlets first sprang up in the  
13 late 1990's in Canada, and in some cases, completely new  
14 companies such as Rentcash and in other cases, existing  
15 check cashing companies added additional lines. CPLA  
16 estimates that today there are thirteen hundred and fifty  
17 (1,350) outlets in Canada, and the estimate from the  
18 survey on financial security of 2005 suggests 2.7 percent  
19 of Canadian families have used a payday loan in the last  
20 three (3) years.

21                  MR. BYRON WILLIAMS:   Dr. Buckland, if --  
22 if I might, and you're doing great you -- there's -- you  
23 can slow down just a bit, little bit if --

24                  DR. JERRY BUCKLAND:   Okay.

25                  MR. BYRON WILLIAMS:   -- if you wish.



1 DR. JERRY BUCKLAND: Thank you. Thank  
2 you for that reminder. So in addition to having some  
3 similarities to pawn loans, payday loans might be  
4 included in a number of credit innovations in the last  
5 twenty (20) years in the category of micro-credit.

6 An important difference with micro-credit  
7 is the size of the fees. APR's for micro-credit  
8 typically range from 5 to 60 percent.

9 By micro-credit, I'm referring to the  
10 almost sort of revolutionary introduction and ingrowth of  
11 solidarity based, or NGO based, and increasingly, bank  
12 based, micro-credit and now micro-financial services.

13 Grooming Bank is one of the most prominent  
14 examples. Bank O'Sol, Bank Raquette (phonetic); many  
15 large organizations around the world have developed and  
16 grown this idea of micro-credit, but there's an important  
17 difference, I think. Many of those are non-profit; APRs  
18 are lower.

19 MR. BYRON WILLIAMS: Dr. Buckland, by  
20 APRs you mean...?

21 DR. JERRY BUCKLAND: Thank you very much.  
22 APR -- I'm referring to Annual Percentage Rate, and what  
23 I mean there is when the fees associated with the loan  
24 are lumped together and then annualized into an annual  
25 percentage rate.

1                   Even though the clever design of payday  
2   loans reduces risk to the lender, it does not necessary  
3   work well for the consumer. Payday loans have come under  
4   criticism primarily, but not exclusively, on the basis of  
5   the size of their fees and the repeat nature of their  
6   use.

7                   Our study has been hampered by the  
8   relative youth of payday loans and the -- the small size  
9   of the industry and our lack of in-depth information.  
10   But what I'd like to do is present to you some of the key  
11   things that we have identified.

12                  So my second topic is to look at this  
13   ethical issue. It seems to me that the payday loan  
14   phenomenon, for a variety of reasons, strikes an ethical  
15   chord with many people. This is demonstrated,  
16   particularly in the US, where proponents and opponents  
17   debate one another continuously. This ethical concern  
18   was also demonstrated in Canada and was evidenced in  
19   presentations by various community groups to the PUB on  
20   the first day of the hearings on the 13th of November.  
21   I'm not an ethicist but through my work in international  
22   development studies, I have experience with ethical  
23   aspects of development as a form of applied ethics.

24                  And as I mentioned earlier, unlike  
25   neoclassical economics that claims to be neutral and

1 objective, IDS makes an explicit claim that values and  
2 goals are embedded in every action we take, policies,  
3 practice, in the way in which society's ordered, thus IDS  
4 seeks to be explicit about those ethical issues and to  
5 address them head on.

6 Critics claim that payday lenders prey on,  
7 exploit or trap their clients. This is done through high  
8 fees charged to low income or credit constrained clients,  
9 unfair business practices and rollover or repeat loans.

10 Proponents counter that payday loans are a  
11 product that help consumers with short-term financial  
12 crises. Payday loans are a service to people with a  
13 particular need. Without payday loans, many clients  
14 would either have no options or would have to resort to  
15 underground money lenders.

16 Why such conflicting views about payday  
17 loans? I thought quite a bit about this and it seems to  
18 me there's three (3) factors -- at least three (3)  
19 factors. First of all, the industry has grown very  
20 rapidly. As far as I know, it didn't really exist in the  
21 early 1990s. It's a unique model. It's a short-term --  
22 very short-term small sum loan.

23 And because of the high amount of lump sum  
24 fees which when converted into annual percentage rates,  
25 it challenges our basic notions of fairness.

1                   A second reason why I think it strikes an  
2 ethical chord, is because of the decline in mainstream  
3 banking -- services available to some low income  
4 Canadians. And I'll talk about that a little bit later.

5                   Finally, the underlying changes in  
6 Canadian society and in particular, the stagnation of  
7 income at the lower end of the income spectrum associated  
8 with the rise in income and wealth in a quality of -- in  
9 Canada in the last twenty (20) years amidst prosperity.

10                  So on the one hand, we have a growing and  
11 prosperous economy that many people are benefiting from,  
12 but the data is showing that there's some groups within  
13 the income spectrum that aren't benefiting. In fact,  
14 they're -- they seem to be stagnating in terms of their  
15 prosperity.

16                  To more clearly define the key ethical  
17 issues raised by opponents, I drew on work by Loyola  
18 University Political Scientist, Robert Mayer. I think he  
19 did a very interesting job of trying to crystalize the  
20 key ethical issues that opponents of payday lenders  
21 really focus on. I -- I thought he did a very nice job  
22 doing that so I -- I drew on that in this report.

23                  Mayer argues that a clearly exploitative  
24 relationship is one where there's winners and losers but  
25 that exploitation can take place when both parties win,

1 but it's a more subtle form of exploitation, he argues.

2 Mayer explains notions of exploitation  
3 found in neoclassical economics and Marxist theory, and  
4 he introduces two (2) new types of exploitation. One, he  
5 refers to as sufficiency exploitation and the other, as  
6 relative advantage exploitation. And these he  
7 specifically defined, based on the criticisms of payday  
8 loans.

9 I won't define Marxist exploitation, but  
10 the neoclassical exploit -- the neoclassical notion of  
11 exploitation finds that exploitation exists only when  
12 markets are imperfectly competitive. In an imperfectly  
13 competitive market, for instance, a monopoly -- the firm  
14 restricts output in order to raise the price that the  
15 consumer's face. In this case, all consumers in the  
16 market are exploited, according to the model. Everyone  
17 faces that higher price.

18 Conversely, if the market is perfectly  
19 competitive, then there's no way in which firms can  
20 influence the market; the price will be at a -- a  
21 perfectly competitive price, and there's no exploitation;  
22 no one is exploited.

23 Mayer introduces two (2) other -- these  
24 two (2) new concepts of exploitation, and these he,  
25 specifically, tailors to the critiques of payday loans.

1 Sufficiency exploitation occurs, according to Mayer, when  
2 an absolutely poor person buys a product from a non-poor  
3 person or company at a price that's higher than what the  
4 non-poor person pays for the equivalent service.

5               If payday loan consumers were all  
6 absolutely poor, all payday loan firms uniformly wealthy  
7 and all non-poor consumers accessing cheaper credit, then  
8 we'd have a -- a clear example of sufficiency  
9 exploitation according to Mayer's definition.

10              In our report, serving or exploiting, we  
11 found that many payday loan clients are from low and  
12 modest middle income groups; that some payday lenders are  
13 making good profits, and fees for payday loans are high  
14 compared with, for instance, credit cards and lines. In  
15 this sense we concluded that there is evidence of  
16 sufficiency exploitation.

17              Conversely, some payday loan clients come  
18 from less disadvantaged backgrounds so that sufficiency  
19 exploitation is not clear in this case. What would be  
20 useful is more data on the income and wealth position of  
21 payday loan clients to make a more definitive decis --  
22 conclusion.

23              A second type of exploitation Mayer  
24 describes is what he calls relative advantage. This type  
25 of exploitation has to do with the short term nature of

1 the payday loan and the likelihood that it's transformed  
2 into a multi-week or quasi-medium term loan. The various  
3 terms are used in the industry about this phenomenon  
4 including rollover extension, repeat roll loan -- re-  
5 loan, re-borrow, etcetera.

6 Consumers may seek to extend their  
7 liabilities at one payday lender through these various  
8 means or they may use other payday lenders as, generally,  
9 payday loans are not tied in with credit reporting  
10 agencies that monitor consumer borrowing.

11 Relative advantage exploitation results  
12 when a -- when the one (1) to two (2) short term -- one  
13 (1) to two (2) week short term payday loan is converted  
14 week after week through repeated loans from one (1) or  
15 more lenders into a multi-week medium term loan. The  
16 exploitation results from the rapid escalation of fees in  
17 the face of stagnant benefits.

18 Critics of rollovers and repeat loans  
19 argue that payday lenders encourage or even need repeat  
20 loans in order to be -- in order to thrive. Yet  
21 continuous rollovers or repeat loans demonstrate that  
22 payday lenders are not in the market for short term  
23 loans, but only attract customers that way. Once in the  
24 door, many customers get trapped into back-to-back loans  
25 because they cannot repay the loan. The result for the

1 consumer is a costly multi-week medium term loan.

2 To the extent that clients are repeat  
3 and/or rollover clients, relative advantage exploitation  
4 may be demonstrated. On the other hand, if repeat  
5 borrowing is uncommon then this type of exploitation is  
6 not demonstrated, and payday loans are all -- conversely,  
7 offering an -- an important service.

8 In our report drawing on data from the  
9 FCAC 2005 study, we found that just over one quarter  
10 (1/4) of the payday loan clients used a check cashing or  
11 payday loan service at least once a year suggesting that  
12 there is a significant number of payday loan clients who  
13 are using multiple payday loans in a year.

14 MR. BYRON WILLIAMS: Dr. Buckland, just  
15 if I could stop you there. In -- in terms of the study  
16 you used the acronym and -- and I wasn't sure I heard you  
17 was it the FCAC study?

18 DR. JERRY BUCKLAND: Yes, thank you for  
19 that clarification.

20 MR. BYRON WILLIAMS: And what -- what's  
21 the FCAC?

22 DR. JERRY BUCKLAND: FCAC stands for  
23 Financial Consumer Agency of Canada which is the  
24 government agency responsible for first of all monitoring  
25 bank compliance with certain -- for instance, access to



1 basic banking -- as well as educating financial consumers  
2 about financial services.

3 MR. BYRON WILLIAMS: And, Dr. Buckland,  
4 it may be that you misspoke; Dr. Simpson, do you have  
5 something you want to add?

6 DR. WAYNE SIMPSON: You were talking  
7 about the quarter of the FCAC group that was using payday  
8 loans at least once a month.

9 DR. JERRY BUCKLAND: Right.

10 DR. WAYNE SIMPSON: Is that correct?

11 DR. JERRY BUCKLAND: Yes.

12 DR. WAYNE SIMPSON: Yeah, you said once a  
13 year and repeated it but I know you meant once a month.  
14 Yeah.

15 DR. JERRY BUCKLAND: Thank you very much,  
16 Dr. Simpson, for that clarification.

17 MR. BYRON WILLIAMS: And just so I  
18 understand if I -- I probably muddled the record but in -  
19 - in terms of one-quarter (1/4) of the population sampled  
20 in the FCAC survey of those using payday loans were using  
21 them at least once a month during the -- in a year?

22 DR. JERRY BUCKLAND: Of those -- of those  
23 sampled that claimed they used payday loan or cheque  
24 cashing services, one-quarter (1/4) of them said that  
25 they used them at least once a month.

1                   MR. BYRON WILLIAMS:    Okay.  Thank you  
2    very much.

3                   DR. JERRY BUCKLAND:    So if I could move  
4    on to my third general heading and that's looking at  
5    theories of consumer and -- and the market.  First of  
6    all, just a general point.  You know, why -- why do we  
7    need to look at theories of consumers and -- and markets?

8                   Well, first of all what is a theory?  
9    Well, a theory is, according to Oxford definition, it's  
10   as system of ideas explaining something.

11                  And I think we all at either an intuitive  
12   or maybe a more explicit level we're seeking to  
13   understand, Okay, what's going on here?  What -- what is  
14   driving the payday loan growth and what are consumers  
15   doing and -- and we're trying to understand what's going  
16   on here because it's through that understanding that we  
17   can then make good decisions about policies and -- and  
18   practice.

19                  In some cases, I think our understanding  
20   is more intuitive and implicit.  In other cases, it's  
21   more deliberate and explicit.  So, for instance, I -- I  
22   did note that one (1) of the Intervenor Representatives,  
23   Mr. Clinton, has provided a -- a more explicit and  
24   deliberate kind of theoretical analysis of the -- the  
25   market for payday loans.  So that is, I would say, a more

1 explicit theoretical approach.

2                   What I'd like to suggest though is that  
3 that is one (1) theoretical approach that can be taken,  
4 and I would describe the -- the theory that I've seen Mr.  
5 Clinton present as coming from a particular school of  
6 thought -- the neoclassical economic theory. And I think  
7 this is an important theoretical way to look at the  
8 payday loan phenomenon, but I think it's -- it's one (1)  
9 of -- of some -- maybe three (3) or four (4) key ways of  
10 looking at this.

11                   So what I'd like to do is just sketch out  
12 some other theoretical approaches that I think would be  
13 useful to consider. So first of all -- neoclassical  
14 economic theory. My basic understanding of the -- the  
15 approach is that the -- the theory assumes that people  
16 make rational decisions to maximize their satisfaction.  
17 They're utility-maximizing rational creatures who will  
18 make decisions that are in their best interests. They'll  
19 take into account all the information that is available  
20 to them and in addition, generally speaking, neoclassical  
21 economics assumes that markets are functioning well and  
22 they're competitive or, I should say, they're -- they're  
23 perfectly competitive although there certainly are  
24 analyses of oligopoly, monopolistic competition, and  
25 monopoly markets as well.

1                   However, new types of financial services  
2   such as payday loans seem to challenge the underlying  
3   assumptions of rational financial choice. Its rapid  
4   growth and the high fees for these small sum, short-term  
5   loans have led many to wonder why they're so popular, and  
6   some have wondered if payday loan clients are indeed  
7   behaving in a rational way.

8                   And that leads me to the second school or  
9   -- or theoretical perspective that I think is useful to  
10   consider when trying to understand payday loans and  
11   that's behavioural economics. It finds that people's  
12   behaviour is complex and can't necessarily be simplified  
13   into a -- a rational homo economicus meaning only  
14   considering economic variables in decision making.

15                  Behavioural economics is an approach that  
16   rejects, sort of, simple, rational calculus approaches to  
17   analysis and says, Let's look at how people behave and  
18   then from the look at how people behave, we can make some  
19   decisions about what -- what are the underlying ways in  
20   which they're making decisions?

21                  So behavioural economics, I think, has an  
22   important contribution here to understanding the payday  
23   loan phenomenon. In this case, the -- the rationality is  
24   bounded by time or is, in some cases, people might be  
25   considered myopic from a behavioural economics

1 perspective. But what it boils down to is that people  
2 are complex beings -- that we make complicated decisions  
3 and we face -- we face complex sets of information that  
4 we have to muddle through a lot of the time.

5                   While there have been some interesting  
6 behavioural economic studies of credit decision making,  
7 as far as I know, there have been no experimental  
8 economic studies of -- of payday lending.

9                   And I certainly could be corrected on that  
10 but as far as I know, they -- the studies haven't looked  
11 at payday loans.

12                   A third important area of study to  
13 understand payday loans, I think, is the -- the general  
14 area of institutional structural theories. And I think  
15 it's important to look at institutional structural  
16 theories because there's a context in which payday loan  
17 companies and payday loan consumers are operating.

18                   And if we don't look at the context, then  
19 I think we can miss an important point. So the --  
20 because of structural changes in the economy, certain  
21 types of consumers flock to payday lenders in increasing  
22 numbers.

23                   Structural changes may include factors  
24 that affect the consumers and the providers of banking  
25 services. Declining or stagnant incomes among low income

1 people combined with the decline of banking services to  
2 low income neighbourhoods are examples that will be  
3 discussed in detail below.

4               These changes create pressure on consumers  
5 to look for alternative sources of financial services.  
6 Fringe banks have stopped -- by that -- I introduced  
7 fringe banks. By that term, I mean, general category of  
8 financial service providers that operate more on the  
9 margin of the financial service sector including payday  
10 lenders, cheque cashers, rent-to-owns, pawn shops.

11              So fringe banks have stepped in to avoid  
12 through the -- the rapid rise of payday lending outlets  
13 across the US and Canada.

14              And what I'd like to do is just explain  
15 this table which now presents -- well, there's four (4)  
16 theoretical approaches, and I haven't explained one (1)  
17 of them because I don't think it's relevant here.

18              But I've categorized them based on the  
19 assumptions they make about agent rationality and whether  
20 structures -- institutions are important or not.

21              So for instance, there are two (2)  
22 approaches that take as a basis of understanding that  
23 actors are rational. So neoclassical economic theory  
24 makes that founding assumption that people behave in  
25 rational ways.

1                   However, it doesn't have -- I would argue  
2     within it -- an analysis of structure and institutions so  
3     I've described it as A/structural.

4                   Another approach that starts with the  
5     assumption that actors are rational is a -- an  
6     institutional or a New Keynesian approach to the study of  
7     consumer or market behaviour.

8                   In this case, there is more of an accent  
9     on the -- the structural aspect of the -- the situation.  
10    Agents are rational, consumers are rational, firms are  
11    rational, but it's important to look at the institutional  
12    structure.

13                  On the other hand, there's the behavioural  
14    economics approach tends to drop the assumption of  
15    rational behaviour although they use the concept of  
16    bounded rationality.

17                  But it tends also to be A/structural, not  
18    particularly interested in looking at the structure in  
19    which people are making decisions.

20                  The -- the fourth one on the bottom right  
21    hand corner of the table -- I've put in parenthesis --  
22    modernization theory tends to see actors as -- at least,  
23    some actors as not rational, be concerned about  
24    structures but it's largely been rejected.

25                  So it's the -- the other three (3) that I

1 think are important to consider. So what this discussion  
2 is meant to say is that, I think, these three (3)  
3 theoretical perspectives; neoclassical economic theory,  
4 institutional theory and behavioural economics should be  
5 brought to bear to understand consumers in the payday  
6 loan market.

7               Neoclassical economics with its assumption  
8 about markets and consumers may not apply to all people  
9 and may not provide the whole story.

10              For instance, regarding consumer  
11 behaviour; it can sometimes be bounded in rationality.  
12 There are consumers and there are ex -- situations where  
13 the neoclassical assumption seems to be broken.

14              By borrowing at a high interest rate, some  
15 consumers may be needing short term needs and sacrificing  
16 longer term needs and goals. In this case, the consumers  
17 demand for payday loans may be perfectly inelastic;  
18 meaning insensitive to price.

19              So the neoclassical model may not be as  
20 useful in understanding those people's behaviour.  
21 Regarding structural issues, it's important to know that  
22 consumers make decisions about choice of financial  
23 service based on a number of factors including their  
24 current and future expected income and the accessibility,  
25 broadly defined, of banking services.



1                   If -- if a large number of consumers find  
2   that their incomes are low and stagnating, and they have  
3   little likelihood of purchasing a home or other consumer  
4   goods then building a credit rating or saving for the  
5   future is a less likely goal. This has important  
6   implications for their choice of financial services. If  
7   you're not looking to buy a house, buy big consumer items  
8   then why establish a credit rating -- why have a  
9   relationship with a mainstream bank?

10                  So to con -- conclude this section, I  
11   believe that to understand the rise of payday lending,  
12   one must first, consider a variety of theoretical  
13   perspectives and second, pay attention to institutional  
14   changes that have taken place in the last ten (10) to  
15   twenty (20) years.

16                  And actually, that's what I'd like to do  
17   in the -- in the second to last section of my  
18   presentation which is looking at some very specific  
19   social and institutional changes that I think are -- are  
20   important in understanding the payday loan phenomenon.

21                  The strength of an institutional theory is  
22   that it allows us to consider how important social and  
23   institutional changes effect the -- the topic in  
24   question. In this presentation, I highlight two (2) such  
25   changes.           First, income changes for people at the

1 bottom of the income spectrum, and second, changes in  
2 mainstream bank service provision.

3                   So first of all, social and economic  
4 structure is reflected in income distribution which then  
5 shapes markets. So if we have different types of income  
6 distributions within a society, that's going to shape the  
7 kind of markets that result from that society. And this  
8 can change over time.

9                   If a society has a very large middle  
10 class, then markets will be shaped by this. There will  
11 be a lot of firms providing services for that big middle  
12 class.

13                   On the other hand, if societies wealth and  
14 income is highly skewed, then there will be a set of  
15 likely -- one set of firms offering products for the  
16 wealthy and most likely, another set of firms offering  
17 products for the poor. And, of course, over time  
18 societies can move from more equal to less equal and vise  
19 versa.

20                   Just to put some meat to my point, compare  
21 Canada, for instance ,with a relatively large middle  
22 class with a southern country say, South Africa. And  
23 I've chosen South Africa because, in some ways, it's more  
24 compatible to Canada than Bangladesh which was my first  
25 example. I cut that one yesterday, and I put in South

1 Africa.

2                   Okay, now South Africa which has one-third  
3 (1/3) the average income of Canada, we find there that 34  
4 percent of the population fall below an absolute poverty  
5 line which is the two dollar (\$2) a day per person  
6 poverty line.

7                   There's two (2) standard international  
8 poverty lines -- one's a dollar (\$1) a day and the  
9 other's two dollars (\$2) a day. In South Africa, 34  
10 percent of the population fall below this -- the -- the  
11 higher standard -- the two dollar (\$2) a day per person  
12 poverty line. By the way, in Canada, the closest number  
13 I could come up with was that, in Canada, 7.4 percent  
14 fall below the eleven dollar (\$11) per day, per capita  
15 poverty line. I'd never heard of the eleven dollar (\$11)  
16 a day poverty line, but this is from -- data from the  
17 UNDP's 2007 Human Development Report.

18                   But anyways, two (2) very different  
19 societies. Moreover, the inequality -- the gap between  
20 the rich and poor in South Africa is far more marked than  
21 in Canada. So, for instance, the one (1) indicator of  
22 inequality -- the ratio of the rich is 20 percent income  
23 to the poorest 20 percent's income in South Africa is  
24 17.9 whereas, in Canada, it's 5.5. So South African  
25 inequality, by this measure, is three (3) times as great

1 as Canada's.

2                   So why am I bringing this example forward?  
3 Well, because here what we find is there's kind of a dual  
4 financial service system operating. On the one hand,  
5 there is the -- the mainstream banks in South Africa  
6 offering financial services and credit at rates that most  
7 middle income Canadians would be quite satisfied with.

8                   And this system coexists with informal  
9 financial services that many South Africans -- many of  
10 whom fall under this two dollar (\$2) a day poverty line -  
11 - that many of them face. And in fact, Darrel Collins  
12 has undertaken a financial diary project in South Africa  
13 looking in depth at the financial services used by low  
14 income South Africans and has come to the conclusion that  
15 actually informal sources of finances -- and that  
16 includes various community based money lender sourced  
17 sources of credit that -- that these are a significant, a  
18 very significant source of financial service for people  
19 there; and that the annual percentage rates for this  
20 types -- these types of credit are between a 100 and 200  
21 percent.

22                   So there's -- there's two (2) very  
23 different systems that seem to be coexisting in South  
24 Africa. And this quite different from -- from Canada.

25                   MR. BYRON WILLIAMS: Dr. Buckland, if I -

1 - I could just stop you there. I'm not sure if you're  
2 familiar with Dr. Clinton's evidence on the Dartmouth  
3 College Survey of South Africa or not. He -- he spoke to  
4 a certain degree of a lenders -- is that the type of  
5 lender you were -- you're speaking of there's?

6 DR. JERRY BUCKLAND: I'm familiar with  
7 the -- the work by Dean Karlan, and the -- the specific  
8 study I believe is looking at financial services coming  
9 from a mainstream bank in South Africa with a -- a new --  
10 well that particular study was providing credit to people  
11 who didn't fit their typical credit rating system. They  
12 typically wouldn't have gotten a loan from that bank.

13 And what they did was they wanted to do  
14 an experimental economics study, and -- and so they were  
15 able to get the bank to provide loans to -- to people who  
16 typically wouldn't of got -- got the loans.

17 MR. BYRON WILLIAMS: Sorry to interrupt.  
18 Please proceed.

19 DR. JERRY BUCKLAND: Yeah. So -- so the  
20 point of that was to say that the -- the social and  
21 economic fabric I think is really important to  
22 understand. Secondly it's important to understand the  
23 institutions, the norms, rules, and structures that are  
24 embedded in society. And again these can change over  
25 time.

1                   They do change over time. Understanding  
2   these institutional changes can help to understand the  
3   changing consumer choice in financial services, and I  
4   highlight just one here in my presentation and that's the  
5   mainstream banking -- the changes to mainstream banking  
6   specifically in reference to low income neighbourhoods  
7   and low income people.

8                   So the first point then is to look just  
9   very briefly at low income peoples incomes and also the  
10   question of debt and consumer debt and -- and just  
11   briefly mention the -- the point of consumerism. So just  
12   to start off with I've copied a couple of quotations from  
13   two (2) of the key payday lenders or in -- in one (1)  
14   case the -- the parent company for one (1) of the payday  
15   lenders in Canada to -- to highlight the importance of  
16   this question of stagnant income.

17                  Rentcash in their report for this hearing  
18   noted that a major reason for why payday loan industry  
19   developed -- they noted, and I quote:

20                         "For a significant portion of the  
21                                 population monthly income is eroded  
22                                 thus causing an increase in the need  
23                                 for short term liquidity at the  
24                                 household level."

25                  Now Dollar Financial Group is the parent

1 company of National Money Mart and it is based in the US,  
2 and they come out with a 10K report I believe every year.  
3 And I looked at their 2005 report, and I wanted to quote  
4 a statement from -- from their report. And I quote:

5 "Lower and middle income individuals  
6 represent the largest part of the  
7 population in each country..."

8 And if I could just put in parentheses  
9 here:

10 "(they work in at least three countries  
11 from what I understand, the US, Canada,  
12 and the UK)"

13 So that's the end of my parentheses there.

14 So I pick up on the quote:

15 "...in which we operate. Many of these  
16 individuals work in the service sector  
17 which in the US -- which in the United  
18 States is one of the fastest growing  
19 segments of the workforce."

20 So it seems as if at least some of the  
21 larger payday lending firms in Canada have identified the  
22 -- the situation -- the income situation of folks at the  
23 one end of the spectrum as an important source of their -  
24 - of their operations.

25 So what's happening to income levels in --

1 among low income Canadians in the recent past, say the  
2 last twenty (20) years. Well, there's several aspects to  
3 this question.

4 On the one hand there's the question of  
5 inequality. What's happening between the gap between the  
6 rich and the poor in Canada both in terms of their income  
7 and assets.

8 While data on income and equality are more  
9 ambiguous in the 1980's there is more clear increase in -  
10 - inequality in the 1990's. One study found that  
11 inequality of wealth has widened for the last twenty (20)  
12 years, and I quote a Study by Morissette and Zang which  
13 was published through Statistics Canada Journal -- a  
14 Statistics Canada Journal, and I quote:

15 "The growing wealth dispersion since  
16 the mid 1980's suggests that Canadian  
17 families are becoming increasingly  
18 unequal in their capacity to mitigate  
19 negative income shocks in bad times or  
20 to initiate forward looking strategies  
21 in good times".

22 The evidence suggests that income and  
23 assets of vulnerable Canadians has stagnated or declined  
24 particularly in the 1990s. So now moving from inequality  
25 to what's happening at the -- the low income people's



1 income and assets, a 2004 study found that in the 1990s  
2 earnings of poorer families stagnated in part because of  
3 social transfer decline.

4 A 2007 study found that family income for  
5 three (3) or four (4) of the bottom deciles or 30 to  
6 40 percent of the folks at the bottom of the income  
7 spectrum faced incomes that, and I quote, "barely stayed  
8 in place," from 1976 to 2004, while middle income  
9 families saw modest improvement in income due primarily  
10 to higher labour market participation. Median net worth  
11 stagnated or fell between 1984 and 2005 for the bottom 40  
12 percent of the distribution.

13 So what this means, in my mind, is that  
14 there's a significant chunk of the Canadian population  
15 who have experienced, if not decline, a level of  
16 stagnation of their income. And a, just a very, you  
17 know, rough calculation, if there's 30 million people in  
18 Canada and 40 percent of them are experiencing some kind  
19 of stagnation that's 12 million people. So it's a big  
20 chunk of the population, a lot of people.

21 Another critical contextual factor in  
22 under-standing payday loan, the payday loan rise, is the  
23 high and rising levels of consumer debt.

24 Ian Ramsay (phonetic) in 2000, noted the  
25 debt disposable income ratios for Canadians increased

1 from 78 percent in 1992 to 100 percent in 1998. And this  
2 is from a Stats Can study by Harchaoui and Tarkhani, I've  
3 got some additional data showing that the debt to  
4 disposable income ratio increased to 103.4 percent in  
5 2004 and up to 116 percent in 2006.

6 So the -- the debt weight that many  
7 Canadians are carrying is quite high. Ramsay noted that  
8 the debt to income ratios were higher for people who were  
9 young and who had low incomes. As we will see later  
10 young people are more likely to use payday loans than  
11 others. Record high consumer debt may be another factor  
12 explaining the growing use of fringe banks especially  
13 payday loans.

14 Some people, particularly younger people,  
15 with high debt levels, are unable to obtain more  
16 mainstream credit and must resort to credit from fringe  
17 banks. While interest rates on mainstream credit are  
18 low, this may not -- and may not present an unsustainable  
19 burden, but if interest rates were to rise, this burden  
20 may be significant.

21 THE CHAIRPERSON: Excuse me. This table  
22 with the household debt, is there any way of taking out  
23 the rapid rise of house prices and mortgages?

24 DR. JERRY BUCKLAND: I could undertake to  
25 -- to work on that.

1                   THE CHAIRPERSON:    I understand that the  
2   average mortgage prices have gone up steeply during at  
3   least the latter five (5) years or so, which to some  
4   degree might account for some of the large growth in the  
5   debt, you would think.

6                   MR. BYRON WILLIAMS:   What we might do,  
7   and Mr. Chairman, we would undertake to explore the  
8   feasibility of doing that and -- and in terms of -- I'll  
9   make sure that Dr. Buckland is able to give an informed  
10   response to your -- to your proposition, and if we can do  
11   it, we'll certainly be quite happy to without taking up  
12   an excessive amount of time, if I -- if I might?

13                  THE CHAIRPERSON:    Fair enough.   Thank  
14   you.   Sorry to interrupt.

15  
16   --- UNDERTAKING NO. 82:           Coalition to explore for  
17                                       Board the feasibility of  
18                                       taking out the rapid rise of  
19                                       house prices and mortgages in  
20                                       the    table showing the  
21                                       household debt

22  
23                   MR. BYRON WILLIAMS:   And if I could ask  
24   the Panel just to -- if we could stop for two (2)  
25   seconds, I just want to consult with witness on timing,

1 and -- and then I'll give my advice to the Board.

2 THE CHAIRPERSON: Very good.

3 MR. BYRON WILLIAMS: Okay.

4

5 (BRIEF PAUSE)

6

7 MR. BYRON WILLIAMS: Mr. Chairman...?

8 THE CHAIRPERSON: Yes, Mr. Williams?

9 MR. BYRON WILLIAMS: Mr. Chairman, the --  
10 Dr. Buckland advised me he has got about half an hour to  
11 go now. I realize that people are probably tired at the  
12 end of the day; at the same time I know I'm anxious to --  
13 to -- not to rush through our evidence. But I know Mr.  
14 Slee, for example, is here from out of province and might  
15 wish -- and I want to make sure that we can accommodate  
16 his schedule as well.

17 So we're happy to proceed for another half  
18 hour if the Board wishes. We're totally at your -- at  
19 your disposal.

20

21 (BRIEF PAUSE)

22

23 THE CHAIRPERSON: Mr. Williams, we don't  
24 want Dr. Buckland to rush. On the other hand we're quite  
25 prepared to persevere for another half hour but if we --

1 if we go another half hour and we're still a half an hour  
2 away, that's probably going to be too much.

3 MR. BYRON WILLIAMS: We're -- we're  
4 totally at your discretion. I understand that Mr. Slee's  
5 going to be back next week anyway. So whatever --

6 THE CHAIRPERSON: Okay. Then we'll stop  
7 and we'll take up from where we are right now, tomorrow  
8 morning fresh.

9 Thanks, we stand adjourned. Thank you Dr.  
10 Buckland.

11

12 (WITNESSES RETIRE)

13

14 --- Upon adjourning at 4:00 p.m.

15

16 Certified correct,

17

18

19

20

21

22 \_\_\_\_\_  
Wendy Warnock, Ms.

23

24

25