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**VIA COURIER AND EMAIL: [stevensmg@gov.ns.ca](mailto:stevensmg@gov.ns.ca)**

Ms. Mora Stevens  
AGA Officer/Clerk of the Board  
Nova Scotia Utility and Review Board  
3rd Floor, Summit Place  
1601 Lower Water Street  
Halifax, NS B3J 3P6

Dear Ms. Stevens:

**Re: Pay Day Loan Hearings – Written Submissions – PD-07-001**

Please accept the following as the Consumer Advocate's reply to the Board's letter dated April 10, 2008 inviting comments on the decision rendered April 4, 2008 by the Manitoba Public Utilities Board ("Manitoba PUB").

We submit the Manitoba PUB decision provides helpful guidance in several respects.

### **Identification of the Board's Mandate**

Like in Nova Scotia, the Manitoba PUB heard competing arguments with respect to the Board's mandate in setting rates. These arguments centre on the extent of which the payday loan industry should be regulated in light of government's decisions to "legalize" the payday loan industry. Industry advocates have argued that decisions to legalize the industry, being effected through federal and provincial governments, should be interpreted to allow lenders to enter and remain unless their rates are "clearly excessive to those of their competitors." Others, principally consumer groups, argue that governments' decisions to legitimize the industry should not be interpreted as an abandonment of regulation other than to safeguard consumers from "loan sharks". Rather, the

regulatory mandate is to set rates so as to permit the industry to operate, as governments have seen fit to allow it to do so, while at the same time providing maximum protection to consumers.

With the Manitoba PUB's rendering of its decision, it is clear it has rejected the former interpretation in favour of the latter. In this regard, we draw this Board's attention to several of areas of the Manitoba PUB's decision.

Under Heading 5.3 "Manitoba's Response to Regulation of Payday Lending", beginning at page 224, the Manitoba PUB states the following:

As previously indicated, the Board's mandate was provided through amendments to The Consumer Protection Act (Manitoba), the objective of that Act being the provision of protection to consumers.

Neither the Act nor the Board were or are focused on sustaining the payday loan industry for the benefit of its owners and employees. The Board's particular focus is assisting and protecting those consumers now relying on payday loans to meet short-term credit needs, yet unable to access that short-term credit from a lower-cost source.

The mechanism chosen by Manitoba includes the role provided to the Board, that being to set the maximum rate allowable for payday loan charges. The Board interprets the intention of the legislature was not to "drive out" the payday loan industry, inferring that the legislators' unwillingness to end the practice of payday lending was due to a concern that to do so would leave some consumers without access to short-term credit and therefore, subject to the long-feared loan sharks, or other illegal sources of funds.

The Board views Manitoba's actions to regulate the payday industry not to be an endorsement of the industry, but rather, an action to mitigate a bad situation and improve the lot of desperate borrowers. (emphasis added).

In summary, the Manitoba PUB says that its mandate, given that the Manitoba Legislature's decision to regulate the payday loan industry under the auspices of Manitoba's *Consumer Protection Act*, is to protect the consumer. Although the Manitoba Legislature made a decision to allow the industry to operate in Manitoba, its decision to do so should not be viewed as an endorsement of the industry, but as the best means to protect consumers.

The Manitoba PUB's decision also recognizes that consumer protection may requires that the Board set maximum rates at levels that may force inefficient and high cost providers to exit the industry. Under heading 2.1 "Board's Mandate," the following is stated beginning at page 13:

In introducing the legislation, Manitoba Finance Minister Selinger advised that the amended CPA would require payday lenders to be licensed and bonded, and be subject to maximum charges to be set by the Board.

...

Minister Selinger stated that the government's purpose for the Act amendments, for licensing and regulating payday lenders." "... was not to drive the companies out of business, because people are showing an interest in having this service, but to make sure that when they offer the service they do it in a way that's just and reasonable".

The Board understands the Minister's statement within the context of the amendments, and does not interpret the remark as a directive to avoid setting maximum rates resulting in some payday lenders exiting the industry. (emphasis added).

In summary, the Manitoba PUB, on its examination of amendments to Manitoba's *Consumer Protection Act*, amendments substantially similar to those effected by the Nova Scotia Legislature under Bill No. 87, has interpreted its regulatory mandate as one that will allow the industry to exist, but not tolerate businesses operating within that industry who are unable or unwilling to provide rates that are "just and reasonable" to the consumer.

### **Rejection of Market Based Approach**

As noted in our March 3, 2008 submissions, two models have been placed before this Board for consideration. The model presented by Dr. Kevin Clinton on behalf of his client, the Cash Store, advocates a market based perspective. Dr. Clinton believes that competitive forces can ensure the fees stay reasonable for consumers. As stated at page 25 of our submission the "light" regulatory approach he advocates would have rates regulated "so that it would have hardly any effect on the rates actually being charged at the moment in Nova Scotia."

We draw this Board's attention to the Manitoba PUB's summary of the Cash Store's (Rentcash) evidence beginning at page 199:

Rentcash opined that the objective of the Board, in establishing caps, should be "to protect the consumer from extreme rates and to allow payday loan companies to continue to fairly and freely compete".

Rentcash submitted that the Public Utilities Board's regular cost analysis model used for utilities is "ill-suited to regulate the payday loan sector in which there are a number of firms competing", suggesting instead an approach allowing for "an initial elimination of extreme rates followed by monitoring of the payday loan sector (that should both) achieve consumer protection and allow competition of differentiated services and products in the new regulatory environment which is being implemented pursuant to the Act".

Beginning at page 210 of its decision, the Manitoba PUB further summarized the position of Rentcash/the Cash Store/Dr. Clinton as follows:

Rentcash advised that by adopting Dr. Clinton's recommendation, adopted by Rentcash, and establishing a cap based on the normal market limit, the Board will not have to "choose a particular business and service delivery model... (and can allow the market to function) based on (adequate disclosure and) actual market demand as opposed to theoretical demand".

Rentcash suggested that by adopting Rentcash's proposed cap, the "normal limit" approach of Dr. Clinton, the Board could avoid future "lengthy, costly hearings by avoiding detailed review which will be required if the public utility cost model is adopted". Rentcash suggested that under the public utility model of regulation, the Board would have to "have full access to (firm operational statistics and results) and full analysis, as

(the Board does) in (the case of) public utilities". Without such information, Rentcash suggested the Board would be establishing caps based on "guessing" and opined that the Board should not be "guessing at numbers and whether things are reasonable or not when that has impacts on the lives of small businesses in (Manitoba)".

Rentcash, in its opposition to the lower cap recommendation of Dr. Gould and CPLA, suggested that if the Board were to adopt that approach, based on "average cost over time", the result would be fewer firms and ever lower averages, as the higher fee firms drop out of the industry.

Rentcash concluded that if the Board adopts either the recommendation of CPLA or the Coalition (either Dr. Gould's or Dr. Robinson's theoretical approach) "in four or five years from now, (the Board will) be regulating a monopoly... because you're going to gravitate towards the lowest provider and that lowest provider may not be providing (adequate service and) information to consumers because they need to push (the loans) out really quick".

Dr. Clinton and his client have adopted identical positions in Manitoba and Nova Scotia. The position of the Cash Store is perhaps best summarized in its March 10, 2008 rebuttal under the sections entitled "The Market Approach Should Be Used To Set The Maximum Cost of Borrowing" and "The Maximum Cost of Borrowing Should Be Set At Or Above \$35 Per \$100".

Under section 5.13 "Objections and Discussion," the Manitoba PUB offered the following comments on Dr. Clinton's opinions and his clients' position, beginning at page 243:

Dr. Clinton proposed a much higher rate cap than is established in this Order, relying on Adam Smith's argument suggesting that competition may be relied upon to produce just and reasonable rates. Dr. Clinton held that by setting too low a cap, the Board would bring about a decline in social welfare as a result of some consumer demand for loans going unsatisfied.

However, the Board observes that, notwithstanding Adam Smith's reliance on the "invisible hand" of the market, the famous economist wrote in favour of anti-usury laws, suggesting that too-high rates would result in funds being available to "... prodigals and projectors, who alone would be willing to (accept) this high interest. Sober people... would not venture into the competition". In short, the Board infers that Smith was concerned that, if rates got too high, the "takers" would include those for whom "taking" the loan would be unwise.

Economists have, over the years, been on both sides of the argument over the efficacy of usury laws. The Board is particularly concerned with the power imbalance represented by borrowers "with no other place to go" and lenders seeking incremental gains from higher returns at perhaps ever-higher risk levels; Dr. Clinton held that some payday lenders had less onerous credit criteria than others; the Board questions whether there is a point where a reasonable credit criteria would suggest that no loan should be made.

...

... Some payday borrowers likely could obtain credit from a bank or credit union, but have not found them approachable. Dr. Clinton, under cross-examination, conceded that people who apply for payday loans do so because they have, for the most part, exhausted their options. *[Note: Dr. Clinton made the same admission in Nova Scotia at pages 1106-1107 of the hearing transcript.]*

With these new limits, the Board expects that many firms within the current roster of payday lenders (though not necessarily the majority of locations) may be unable to continue operations in Manitoba. Assuming that the average payday lender now charges \$25 per \$100 advanced, including interest, the new maximums will substantially reduce overall revenue (and profitability), particularly for low volume "mono-line" lenders. The new maximums will likely allow only the most efficient of payday lenders to remain in business.

In concluding its remarks under this heading, the Manitoba PUB stated at page 246:

The Board cannot eradicate poverty or require banks or credit unions to make a better effort at serving the poor. Nor can the Board fund or operate either non-government or government operations to provide emergency loans to the poor at bank or credit union rates, or higher. However, the Board can act to restrict the charges the payday lenders charge their customers, and can employ a maximum charge schedule to discourage certain disadvantaged categories of borrowers as well as the making of larger loans still falling within the \$1500 cap for payday loans.

In summary, the Manitoba PUB expressly rejected Dr. Clinton's "outlier approach"; that is limiting regulation so as to provide an unfettered market for those wishing to enter and remain in the market the Payday loan business so long as their rates were not grossly excessive. Rather, the Board's role was to protect consumers, especially the most disadvantaged consumers.

As well, it must be pointed out the Manitoba Board recognizes its approach may cause many players to exit the industry, something Dr. Clinton viewed as both anti-competitive and anti-consumer. In this regard, we draw the Board's further attention to the Manitoba PUB's comments under headings 5.14 "Board Deliberations" beginning at page 246:

... the Board's intention is to ensure, as reasonably as possible, that consumers to be protected and assisted by the setting of the maximum charges are not inadvertently damaged by the directions of the Board.

One of the identified risks in the setting of maximums relates to payday lenders' forecast of the effect on their revenues as a consequence of the new maximums. If their revenue is less than the sum of their costs and a reasonable return or profit, the lenders have stated that some will withdraw from the market. This will reduce the availability of payday loans to the public, particularly to the segment of the market that now lacks bank or credit union loan access. The Board acknowledges the risk that has been identified, and thus sets a maximum fee it deems sufficient to allow efficient payday lenders within the fringe bank industry to remain in the market. (emphasis added)

In the Manitoba PUB's view, consumers are not best protected by the light regulatory regime advocated by Dr. Clinton, one that restricts its role to eliminating "outliers". Consumers are best protected where only highly efficient businesses within the industry are permitted to remain in the industry.

### Efficiency in Costs

In the Consumer Advocate's main submission to the Board dated March 3, 2008, we took the position that the Board, in light of subsection 18T(5) of Bill No. 87 (the "just and reasonable" subsection) and the related jurisprudence the Board has developed, should adopt a methodological approach that allows industry to recover the reasonable costs borne to provide the service along with a fair rate of return. Our position is, generally, similar to that advocated by CPLA through its expert, Dr. Gould. However, we identified two key areas of concern with the methodological approach of Dr. Gould.

First, as we point out beginning at page 27 of our submission, Dr. Gould prefers to use unweighted averages rather than weighted averages in determining cost. The problem with this is discussed at page 29 of our March 3, 2008 submission:

Using an unweighted average in Nova Scotia would likely create an average cost that is not truly reflective of the market. The list of Nova Scotia stores provided by the CPLA (PD - 4) combined with evidence presented at the hearing (of a new Money Mart outlet in New Minas) indicate that at least twenty of the approximately twenty-eight outlets in Nova Scotia are owned or affiliated with three national chains: the Cash Store/Rentcash, Money Mart, and Cash Money.

Applying the same weight to the cost of a "mom and pop" as, for example, with the Cash Store which operates twelve outlets, simply does not reflect the reality of the marketplace. As a result, one single outlet operator with particularly high costs could dramatically affect the calculation of average costs. The result of this could be higher costs to the consumer by the setting of higher maximum rates. Such a result would be neither just nor reasonable for the consumer.

The other issue with Dr. Gould's approach was its failure to consider and adjust for the effects of inefficient business practices on costs:

The other concern with the Gould model deals with the issue of accounting for inefficiencies. In cases such as *Bluefield Water Works Co. v. Public Service Commission*, 262 U.S. 679 (1923) or the decision of the Manitoba Public Utilities Board regarding maximum cheque cashing fees (Manitoba - *The Public Utilities Act* - Order No. 72/07 May 28, 2007 - Maximum Fees for Cashing Government Cheques) (both discussed further below), decision makers cautioned that in calculating operating costs, costs that reflect inefficiencies in the regulated business should not be passed on to the consumer through regulated rates. Accordingly, costs of a given outlet which significantly deviate from others should be scrutinized to ensure they are not caused by inefficient operations or business practices.

The importance of accounting for inefficiencies was recognized by the Manitoba PUB throughout its decision. In particular, the Manitoba PUB extensively discussed the evidence offered by Dr. Chris Robinson, who appeared on behalf of the Coalition<sup>1</sup>. As noted at page 74 of the Board's decision, "Dr. Robinson provided a review of Payday lending in Canada and the United States, including estimates of cost and profitability experience."

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<sup>1</sup> The "Coalition" consisted of Consumers' Association of Canada (Manitoba) Inc., Manitoba Society of Seniors and Winnipeg Harvest

The Manitoba PUB commented at length on both the Coalition's and Dr. Chris Robinson's evidence. We draw the Board's attention first to its comments on Dr. Robinson's evidence beginning at page 146 of its decision:

The Coalition noted that Dr. Robinson's recommended maximums (the "17% recommendation"), arose out of the witness' considerations of "an efficient mono-line provider with modest volumes (\$1.6 million per store), and... would allow (such a firm) to earn a modest excess profit". The Coalition reminded the Board that Dr. Robinson had "tested (his recommendation for a 17% rate) against... an efficient, multi-service provider with high volume, \$3 million per store... the US. regulatory experience... against US. data for Advance America average fees... US. data for Dollar Financial Group average fees and. .. internally tested and considered within the Coalition witnesses decision-making process".

With regard to the Coalition, at page 145, the Manitoba PUB summarized the Coalition's position with respect to "its key conclusions as to what should be taken into consideration by the Board in establishing a fair and reasonable rate (i.e. maximums)":

- fairness to the consumer, balanced by providing a fair rate of return to efficient service providers;
- "the assumption that the market will create just and reasonable rates breaks down for certain industries or for certain classes of customers within non-competitive industries";
- allowing for "efficient businesses to earn a fair rate of return";
- "the fact that less efficient companies may not be able to continue. .. does not necessarily mean that the rate is not just and reasonable in the circumstances";  
and
- "a proper balance of interests may require not the automatic acceptance of a middle ground but rather a full understanding and analysis of each party's position."

The Coalition claimed that its review of American and Canadian Court decisions "reinforces the concept that setting a just and reasonable rate involves a balancing of interests and an exercise in discretion on the part of the administrative agency (and while) the cost of service will be a factor that a board will consider in setting a just and reasonable rate. .. it need not be the only consideration".

The Coalition opined that the Board's Order should establish "a just and reasonable rate for the maximum amount chargeable for payday loans" that. .. "the Board considers just and reasonable in the circumstances, having regard to the factors and data considered by it ... (and) the weight (the Board should) give various factors will depend on the particular circumstances of the payday lending industry".

In summary, the Coalition in Manitoba advocated a position not unlike the Consumer Advocate in Nova Scotia: The Board is required to set a just and reasonable rate and, in so doing, must examine the cost to the industry offering the service. Moreover, in the analysis of these costs, the Board cannot simply determine a just and reasonable rate from an unweighted average or, alternatively, adopt the cost of a high-end provider. Rather, the Board is obliged to look into these costs and ensure that only those "efficient businesses earning a fair rate of return" remain in the market.

Both the CPLA and the Cash Store/Rentcash criticized both the Coalition and its witness, Dr. Robinson. The CPLA argued that Dr. Robinson's estimations of payday loan outlet operating costs were not supported by "actual costs" and accused him of "being biased against the Payday loan industry". Further, the CPLA suggested that his "operating cost model was technically flawed".

The Manitoba Board expressly rejected any suggestions that Dr. Robinson was biased, concluding that he was both "credible" and "independent". The Board also found that, rather than technically flawed, his model was "reasonable in the circumstances". We quote the following from page 250 of the PUB's decision:

Industry interveners were particularly critical of the evidence presented and testimony given by Coalition witness Dr. Robinson. The industry interveners cited Dr. Robinson's changes to his recommendations over time throughout the hearing, and before. They also critically cited his use of data and development of estimates, and his frequent "suppositions", as well as his reliance on American data, as was available. Industry interveners also suggested that Dr. Robinson (accepted by the Board as an expert witness) was biased and was acting more as an advocate than as an independent expert. The Board has a contrary view.

The Board finds Dr. Robinson to have been a credible and independent expert, and that his use and sourcing of data, production of estimates and posing of suppositions was reasonable in the circumstances. Industry (as represented at the hearing) was unwilling to place proprietary information on the record, leaving Dr. Robinson little choice other than to derive information from such sources as were available to him. (emphasis added).

After accepting Dr. Robinson's evidence the Board summarized its methodology at page 252:

Assisted by the interveners, the Board has considered payday lenders' cost of doing business and the risks associated with payday loans for payday lenders and the brokers of payday loans. The Board has given extensive consideration to what constitutes a fair rate of return for the investments made in and by payday lenders, a matter of particular concern to industry interveners.

Also, the Manitoba PUB specifically noted at page 217 that efficiency is an important consideration in determining a just and reasonable rate:

... the Board concludes that the maximum charges to be set for Payday loans should be such as to reduce the cost of credit for consumers while promoting increased efficiency within the industry.

Lastly, as noted above, the Board acknowledged that not every Manitoba payday loan provider may survive under the new regulatory regime. In the executive summary at page 10, the Board stated as follows:

The Board anticipates that the maximum charges established by this Order will result in some, if not many, payday lenders exiting Manitoba, and acknowledges that such a result will bring transitory hardship to some payday loan borrowers who will either have to establish an alternative source of credit or do without. The Board also anticipates that some relatively efficient payday lenders will continue to operate at the lower level of authorized rate charges, and that those surviving firms will assume some of the market

demand that may become available with the closure of some of the existing payday lenders.

We submit the position taken by the Manitoba PUB regarding efficiencies is the correct one, and we encourage the Board to adopt such in determining the proper methodology in Nova Scotia when it is ready to make a decision on maximum rates.

### **Variable Rates Based On Issue of Loan**

In the Consumer Advocate's main submission dated March 3, 2008, we acknowledged that having a fee structure the consumer can readily understand is attractive, especially given suggestions that determining actual fees for payday loans presently may be confusing to the consumer. However, we also advocated that simplicity must be balanced by fairness to the consumer. In this regard, we recommended that a variable fee structure (per \$100 amount borrowed) would provide fairness to all consumers and further, that fees for repeat borrowers be reduced to reflect the smaller costs that accrues to the Payday loan provider. We note specifically that in Manitoba the PUB has decided, inter alia, that a sliding scale be implemented despite concerns expressed by others that such may be too complicated for consumers to understand.

### **Recommendations To The Legislature**

In the submission filed by the Consumer Advocate on March 3, 2008 we advocated that this Board make recommendations to the government with respect to the better regulation of the industry. In this regard, we note that the Manitoba PUB has made numerous recommendations to improve, in its view, the regulation of this industry in that province. Although this Board has not had the benefit of the same amount of evidence regarding this industry as was before the Manitoba PUB, we urge this Board to make recommendations where it believes it to be appropriate.

### **Sufficiency of Evidence**

In the earlier submissions to the Board there was extensive discussion why, in our view, the Board presently lacks sufficient evidence in order to determine a just and reasonable rate as per its mandate. Although the Manitoba decision provides valuable insights on various issues that the Board must consider in rendering a decision, it is not a substitute for the gathering of sufficient Nova Scotia evidence in our view.

Industry Intervenors have disagreed with our position. Both CPLA and the Cash Store have insisted that the Board does in fact have sufficient evidence to render a decision. Counsel from the CPLA submitted that the Board has "more than sufficient evidence" while counsel for the Cash Store submitted that the Board has "ample evidence before it".

Virtually all of the evidence before the Nova Scotia Board was also considered in Manitoba. All of the experts on behalf of the Industry Intervenors – Professor Lawrence Gould, Dean Schinkel,

Michael Marzolini, and Dr. Kevin Clinton – gave evidence at the Manitoba hearings. Many of the same, or substantially similar, reports were submitted before both Boards, including the 2004 Ernst & Young Report and the Deloitte Touche Manitoba report.

The CPLA, in its March 3<sup>rd</sup> submissions, suggested at page 12 that the evidence in the Nova Scotia hearing demonstrated that costs facing payday lenders do not differ substantially across different jurisdictions in Canada. In support of that position the CPLA relied on evidence from Gordon Reykdal of Rentcash and Nathan Slee of 310 Loan.

We maintain that the evidence before the Board to date is insufficient to render a decision. If the Board were to find otherwise, presumably it would be accepting the position of the Industry Intervenors: that costs largely do not differ across Canada, and therefore a decision could be based on that information. Under this approach, the Manitoba Board's findings on costs and rates would be particularly relevant.

For example, at page 53 of the Manitoba decision, the Board provides findings on costs from Professor Chris Robinson, who as noted above was found by the Manitoba Board "to have been a credible and independent expert, and that his use and sourcing of data, production of estimates and posing of suppositions was reasonable in the circumstances":

Dr. Robinson suggested that typical payday lender operating costs, including cost of funds but excluding bad debts, were as follows:

<b>Cost Category</b>	<b>Large Lender: \$3m</b>	<b>Large Lender: \$2m</b>	<b>Large Lender: \$1.6m</b>	<b>Large Lender: \$1.2m</b>	<b>Small Lender: \$1.5m</b>	<b>Small Lender: \$1.0m</b>	<b>Small Lender: \$.5m</b>
Operating costs/\$100	\$8.51	\$8.51	\$11.00	\$12.00	\$12.00	\$15.00	\$16.00

These cost data appear to have been applied by the Board in arriving at its rate of \$17.00 per \$100.00. The Consumer Advocate submits that if one chooses to proceed based on the premise that costs are substantially similar across the country, then one must also accept that the conclusions of the Manitoba Board are similarly relevant. If there are no material differences between the Nova Scotia market and the Manitoba market, then there is no reason to vary from the rates determined by the Manitoba Board.

### *Charges for Extension or Renewals*

In our earlier submissions to the Board regarding charges for extensions or renewals of a Payday loan we emphasized that such charges should be low enough to enable a borrower to better escape from the cycle of repeatedly using payday loans to cover shortfalls, often necessitated from an earlier loan. Both the CPLA and the Cash Store recommended that lenders should be entitled to charge up to the criminal interest rate limit of 60% for extensions or renewals.

In Manitoba the maximum amount that may be charged for an extension or renewal is 5% of the balance, as found on pages 225 and 226 of the decision:

5.4.2 Extension, Renewal or Replacement

The maximum amount that may be charged, required or accepted in respect of an extension, renewal or replacement loan is 5% of the balance extended, renewed or replaced.

Only one charge is allowed for each extension, renewal or replacement event, notwithstanding the number of frequency or times that extension, renewal or replacement occurs. No separate interest or any other charge may be levied related to the extension, renewal or replacement of a payday loan.

The Manitoba Board did not expressly explain the reasoning behind that figure. However, we submit that the rate set by the Manitoba Board is consistent with the principle articulated in our earlier submissions that the interest charged should be sufficiently low to enable the borrower the opportunity to escape from the outstanding indebtedness. Such a view would be consistent with the Manitoba Board's mandate found at page 224 of the decision:

Neither the Act nor the Board are focused on sustaining the payday loan industry for the benefit of its owners and employees. The Board's particular focus is assisting and protecting those consumers now relying on payday loans to meet short-term credit needs, yet unable to access that short-term credit from a lower-cost source.

...

The Board views Manitoba's actions to regulate the payday industry not to be an endorsement of the industry, but rather, an action to mitigate a bad situation and improve the lot of desperate borrowers".

Although the Board need not simply adopt the Manitoba rate, we submit that it is helpful both in its reasoning and its result.

**Conclusion**

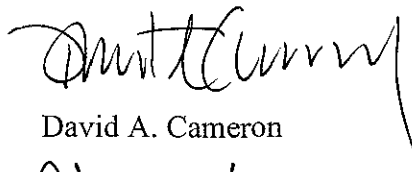
In conclusion, the Consumer Advocate submits that the decision of the Manitoba PUB may be helpful in many respects to the Board's deliberations.

Of particular interest are the Manitoba Board's findings on its mandate. Rather than preserving the status quo for industry, the Board identified its role as one to protect those who are forced to choose a payday loan. The Board also recognized that a just and reasonable rate is one that considers both costs of an efficient lender and a fair rate of return. This position is consistent with our previous submission and should be applied in Nova Scotia.

All of which is respectfully submitted.

Yours respectfully,

**BURCHELL HAYMAN PARISH**



David A. Cameron



Jason Cooke

DAC/tbm