

OPENING STATEMENT

Norm Bishop

Secretary, Canadian Payday Loan Association

Thank you, and good morning, panel.

Further to the opening statement provided by the Honourable Mr. Keyes, I would like to speak briefly about payday regulation in other Canadian jurisdictions, as we note that this is one of the items on the Issues List for this proceeding and one of the items the Board can consider under the Regulations in setting the maximum cost of borrowing. As part of my work with the CPLA, I have had the occasion to work in many other jurisdictions across Canada with respect to the regulation of payday loans.

First of all, it is important to understand that federal and provincial governments have been working on this issue for a long time.

During this particular hearing or in your review of the evidence, you may hear reference to the term "Consumer Measures Committee," or CMC. This is a committee comprised of a representative of Industry Canada, and a representative from the department in each provincial and territorial government that has responsibility for this area from province to province.

In Canada, the payday loan industry started around 1995, primarily in British Columbia, and grew rapidly in response to consumer demand.

It has worked its way across the country over the past ten years, so while initially most of the outlets were in BC, most are now located in proportionately across Canada.

As a result of the rapid growth in the industry, the CMC created a subcommittee in the year 2000 or so to study payday loans in particular.

In May of 2007, as the Board is no doubt aware, Bill C-26 became law. This Bill amends Section 347 of the Criminal Code to provide that if a province introduces regulations and sets rates with respect to payday lenders, then section 347 would not apply to lenders in that province.

Nova Scotia should be commended for being the first province in Canada to pass legislation, followed quickly by Manitoba, with the result that even before Bill C-26 became law, we had payday legislation in both Manitoba and Nova Scotia.

Since then, the provinces of Saskatchewan and British Columbia have introduced and passed legislation. And the legislation in all four (4) provinces is substantially similar.

The CPLA would credit this, in large part, to the work done by the Consumer Measures Committee, because the purpose of that committee is essentially to harmonize legislation from province to

province. And we believe they have developed templates that the provinces now seem to be adopting on a voluntary basis.

The Provinces of Nova Scotia and Manitoba have now passed regulations to their payday loan Acts.

British Columbia has issued a consultation paper to stakeholders on proposed regulation. Responses to the consultation paper are to be filed February 15, 2008. After reviewing the responses, the province will issue its regulations.

The Province of New Brunswick introduced legislation in November 2007 to regulate the industry while maintaining a viable competitive industry. We expect to see passage of the bill when their legislature resumes sitting in March.

Alberta has begun consultations in advance of regulation. That province, as far as we are aware, is not going to introduce a new act, as it believe it has all the necessary powers under their Fair Trading Act. So they are merely going to introduce regulations.

Ontario has indicated their intention to move forward. The government was re-elected in October of 2007, and a new Minister has been appointed. The government has indicated that they intend to move forward with payday loan legislation.

To date, Prince Edward Island has merely made comments about introducing legislation, and we don't believe that Newfoundland or Quebec have taken any steps at this point.

With respect to the setting of rates, the Province of Manitoba has charged its Public Utilities Board with the responsibility for setting rates. This process is very similar to the hearings underway here in Nova Scotia. These hearings have been intensive, and are still ongoing.

In the Province of Saskatchewan, where the Department of Justice has responsibility for this matter, they have recently retained the accounting firm of Meyers Norris Penny to do a cost study on the cost to offer payday loans and provide advice and recommendations to that province on the appropriate level to set rate caps.

Meyers Norris Penny has taken the questionnaire developed by Ernst & Young in the 2004 report and circulated it to all the lenders in that province. That questionnaire was circulated last Fall, and we now believe the consultant is in the process of analysing the information.

The Saskatchewan government has advised us that they intend to take this information and recommendation, develop suggested rates, and then circulate it to all stakeholders to get input from all parties. Later in the year, they may be in a position to make a decision. We understand the Province of New Brunswick will be setting rates using

the Public Utility Board process, and that this also may occur sometime later this year.

The other provinces, to the best of our knowledge, have not finalized how they will ultimately set rates. Each one is still working through the process.

In closing, we would like to make one final comment about the effect of Bill C-26 and the adoption of rates and regulations in the provinces.

In this hearing, the Board will hear evidence on and consider the extent of the existence of a competitive market in this industry in Nova Scotia, and whether there are barriers to entry.

We believe it is important to recognize that Section 347, with the interest rate cap of 60 percent, has created a distortion in the marketplace from a market perspective. When regulation and rate caps come into effect and provide market participants with certainty regarding the treatment of the industry, that market distortion will be removed.

So while there is a competitive marketplace right now, we also believe that when you remove this barrier to entry, you will find that more competitors will enter the market across the country.

Thank you. (1131997.2)