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# Standing Committee on Finance

EVIDENCE

**NUMBER 129**

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Chair: Mr. Peter Fonseca





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• (1105)

[English]

**The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)):** I call this meeting to order.

Welcome to meeting 129 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, January 30, 2024, the committee is commencing its study on non-prime lending and the criminal interest rate.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application.

I would like to make a few comments for the benefit of witnesses and members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic. Please mute yourself when you are not speaking. For interpretation, for those on Zoom, you have the choice at the bottom of your screen of floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

Although this room is equipped with a powerful audio system, feedback events can occur. These can be extremely harmful to interpreters and cause serious injuries. The most common cause of sound feedback is an earpiece worn too close to a microphone. We therefore ask all participants to exercise a high degree of caution when handling the earpieces, especially when your microphone or your neighbour's microphone is turned on. In order to prevent incidents and safeguard the hearing health of the interpreters, I invite participants to ensure that they speak into the microphone into which their headset is plugged and to avoid manipulating the earbuds by placing them on the table, away from the microphone, when they are not in use.

Just as a reminder, all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as best we can. We appreciate your patience and understanding in this regard.

In accordance with the committee's routine motion concerning connection tests for witnesses, I am informing the committee that all witnesses have completed the required connection tests in advance of the meeting.

I would now like to welcome our witnesses. From ACORN Canada, we have Donna Borden, the national representative—welcome—and Bhumika Jhamb, the research and communications coordinator. From Prosper Canada, we have Elizabeth Mulholland, the chief executive officer.

Go ahead, Mr. Baker.

**Mr. Yvan Baker (Etobicoke Centre, Lib.):** Mr. Chair, on this, in the motion that we passed for this study on predatory lending, the committee specifically asked that the Canadian Lenders Association come to committee. Could you clarify why they're not appearing?

**The Chair:** I can tell you that Sacha—or Alexandre—is here, but the other Alexandre, Alexandre Roger, is not with us here today. He is the standing clerk of the committee.

I know that he makes every effort possible with all witnesses to be able to get them here. He did reach out to the Canadian Lenders Association a number of times and was not successful in being able to get the witness you had asked for to be here.

**Mr. Yvan Baker:** I would just say that I'm incredibly disappointed with that for a few reasons. One is that those witnesses were in the motion. They were given notice. One of the members of that organization, I understand, had confirmed attendance as of Friday. At the last minute, they've now pulled their presence at this committee.

One of the reasons we're having this study, one of the primary reasons, is because of the unfounded allegations that these folks have put out into communities. We have low-income folks who are being taken advantage of, the folks these people represent, and for them to speak in the media and everywhere else but be unwilling to appear, especially when they were given notice and had previously confirmed their attendance, is incredibly disappointing to me.

I just wanted to make sure that you understood and that it was put on the record how disappointed I am. If we're serious about studying this issue, then these folks need to be here.

**The Chair:** Thank you for that, MP Baker.

I'll reiterate that I do know that our clerk makes all best efforts to be able to have our witnesses here. I know personally, having heard from Alexandre, that he did reach out to the individuals from the Canadian Lenders Association to be here. As I said, he made every effort for them to be able to appear, but they are not here with us today. We do have some other witnesses.

Go ahead, MP Chambers.

**Mr. Adam Chambers (Simcoe North, CPC):** Thanks very much, Mr. Chair.

I always enjoy the opportunity to speak to the experts. As my colleague mentioned, certain people were invited. I think we also have to recognize, notwithstanding that this winter is a little bit different from others, that it's vacation time. When we are very rigid on a date as in, you need to appear or we want you to appear on X date, and someone isn't in the country, I would submit that it would be reasonable for you as chair and the clerk to use some discretion to say that, if this is a witness we'd like to hear from, maybe we would move the date.

We programmed out the motion to be very specific that today was the day when we were having this hearing. That was set before we had any discussion with any witnesses. I can't speak to the particular details of the current situation, but if we want to have very specific requests on individuals, we may need to be a bit more flexible. I would give more flexibility to you as chair and to the clerk, to say, "This individual we really want is not available on the 27th, but they are available on this date, so can we change the motion or just have unanimous consent to move this meeting to the next meeting?"

I worry now that I don't know what the plan is for future studies on this.

Anyway let's get to the witnesses here today. I think because we were fairly rigid on the date, that prevented us from potentially hearing from witnesses we wanted to hear from. You have, at least from me, the ability to make recommendations on changing dates in the future, depending on the availability of witnesses.

• (1110)

**The Chair:** Thank you, MP Chambers, for that.

I'll just speak to that. It is up to the committee, the members, in terms of what can be done. What I went by is the motion. I looked to the team and, of course, our clerk who does an outstanding job I think for our committee, and I know he did provide flexibility, not on the date but in other ways, for the witnesses to appear. Unfortunately, they're not here with us, and that's where we are.

MP Baker.

**Mr. Yvan Baker:** First of all, Mr. Chair, I don't know if the folks at the Canadian Lenders Association cited that it was vacation time when they explained why they couldn't appear. To me, this is not vacation time. This is not March break. This is not the middle of August. The folks from the Canadian Lenders Association on a full-time basis are out there advocating, spreading misinformation in the media and defending actions that are hurting the most vulnerable in our society.

They were given notice. They confirmed their appearance on Friday, so they weren't planning to be on vacation as of Friday. Suddenly they've apparently booked a vacation on Monday and Tuesday. That, to me, doesn't hold water.

I'm just expressing my disappointment because I think this is clearly a priority for them, and if it is a priority, the forum to discuss this is here when the finance committee is doing a study on the topic. That's all.

**The Chair:** Thank you, MP Baker.

I'm going to go to MP Thompson, but I do want to get to the witnesses we have with us today. We want to hear from them and hear their remarks, and we want to get to the members' questions.

MP Thompson.

**Ms. Joanne Thompson (St. John's East, Lib.):** Thank you, Mr. Chair.

I'll be very brief. I want to note that we have the option of hybrid. CLA is not an independent witness; it is an organization. With all due respect, hybrid, even if someone is on vacation, allows for witnesses to join from wherever it is they find themselves. I think their absence today is noted and unfortunate.

**The Chair:** Thank you, MP Thompson. You're right. We do have the hybrid opportunity—

**Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC):** Mr. Chair, just on this point....

**The Chair:** Yes.

**Mr. Marty Morantz:** I did see on the notice of meeting that the Canadian Lenders Association was on the notice, but I didn't see a name of a person. I'm wondering whether they did in fact confirm they were going to be here or not. There's some confusion around that. There was never a name. Normally there's the name of the organization and the name of the individual, but the notice didn't have the name of an individual at all. It didn't have Mr. Schwartz or anyone else on it, so I just would like the clerk to confirm that they did actually have confirmation that the Canadian Lenders Association and someone from that organization would be here.

**The Chair:** The clerk, Alexandre Roger, is not with us here today. We have another Alexandre with us today, but he does not have that information.

What I can tell you from the information I do have is that the clerk did reach out to the principals within the organization, and they were not able to join us. That's what I can tell you.

**Mr. Marty Morantz:** Did the clerk or you, Mr. Chair, reach out to the Ontario police association as well?

**The Chair:** I don't reach out to the witnesses. It is the clerk who reaches out to the witnesses, so I do not have that information for you.

I don't believe he has, because they were not one of the witnesses that were cited within the motion.

**Mr. Marty Morantz:** Okay. Great.

**The Chair:** Now we'll go to our witnesses, who have been waiting patiently. We thank you for that, and we thank you for coming before our committee for this study.

We'll start with ACORN Canada.

Ms. Jhamb, you can start for us. I know you're sharing your time with Ms. Borden.

**Dr. Bhumika Jhamb (Research and Communications Coordinator, ACORN Canada):** That's right. Thank you so much for having us today.

ACORN is very encouraged by the federal government's decision to lower the interest rate for installment loans from 48% to 35%. ACORN's fair banking campaign has been asking for this change for years now, and we're happy it is finally happening.

The evidence, through a series of surveys and testimonies of low- and moderate-income people, refutes the claims of lenders that it helps people in any way or improves their credit scores—

**Ms. Julie Dzerowicz (Davenport, Lib.):** Mr. Chair, I'm very sorry. Could you please ask our witness to slow down for our translators and even for me?

Thank you.

**The Chair:** We want to make sure that we hear everything you have to say, and we have interpreters here in the room to interpret English and French. If you could just slow down a bit in terms of your pace, that would be helpful.

Thank you.

**Dr. Bhumika Jhamb:** Thank you. I'm sorry about that.

ACORN is very encouraged by the federal government's decision to lower the interest rate for instalment loans from 48% to 35% APR. The evidence, through a series of surveys and testimonies of low- and moderate-income people, refutes the claims of lenders that it helps people in any way or improves their credit scores.

The latest survey by ACORN of low- and moderate-income people highlights the impact of high-cost loans to 623 community contacts. This research was funded by the federal office of consumer affairs, and the report was reviewed by distinguished professor in economics and public policy Brenda Spotton Visano.

The study shows that 80% of respondents reported stress, anxiety and depression; 72% said it resulted in even more debt; and 67% reported adverse effects on their credit score. One-third said their loans got refinanced multiple times; and the majority were highly unsatisfied with the high-cost loan.

As far as claims made by lenders that this move will impact their profit margins and the industry will cease to exist are concerned, there is enough evidence that points to the contrary. Many states in the U.S. have lowered the interest rate for a two-year, \$2,000 instalment loan to 32.5% APR and to 25% APR for a five-year, \$10,000 instalment loan, yet lenders continue to thrive.

Quebec is the only province in Canada that already has an interest rate cap of 35%. Goeasy, in fact, in its annual report said it will be expanding in Quebec. It also said in its annual report that the new federal interest rate will benefit Goeasy and those with scale in the long term, and it is well prepared to adapt if this federal interest rate is lowered.

Research in Alberta by El Hazzouri et al. on payday lending shows that a lower allowable interest rate did not result in de-

creased access to credit, nor did it result in more, riskier borrowing. Payday loans in most provinces had a fee of \$21 per \$100, which now stands at \$15 per \$100, but payday lending continues to thrive. Decreased access to high-cost credit results in much better alternatives, not riskier alternatives as the industry suggests.

The U.S.A.'s National Consumer Law Center's extensive survey of research found that once a state limits rates, in state after state, consumers are better off and find better ways to cope with financial challenges. Credit union DUCA's 2020 report on the "State of Fair Banking in Canada" notes the significant negative economic and well-being impacts of high-interest predatory lending. The report helped inspire the launch of DUCA's escalator loan, which provides access to fair credit for borrowers.

These are the kinds of models we want to support, not high-interest fringe lending.

The amount of money someone would save by taking out a \$5,000 instalment loan over five years, with the rate lowered from 48% to 35%, is \$2,000 and more. This is a substantial amount of money saved for those who need it most.

I'll now hand it over to Donna Borden to share her experience.

Thank you.

• (1115)

**Ms. Donna Borden (National Representative, ACORN Canada):** Thank you so much.

Hello and thank you for having us today.

I took out an instalment loan several years ago with CitiFinancial, which is now called Fairstone. I borrowed \$10,000, paid back around \$24,000 after five-plus years, and then realized that I still owed \$7,000.

The lender kept renewing and refinancing my loan without my knowledge. Refinancing is a common tactic employed by these lenders so that the borrowers can never come out of the debt trap.

If there's one thing we have heard from people who have taken out these high-cost loans, it is "never again." These lenders charge the maximum interest rate. It doesn't matter. Even after—

**The Chair:** We're going to have to stop, Ms. Borden.

**Ms. Donna Borden:** Okay.

**The Chair:** We are having some trouble with the sound from your mic. Hang on for one second.

**Ms. Donna Borden:** Sure. Thank you.

**The Chair:** We're going to suspend, so that we can see whether we can fix your sound and make sure the interpreters are able to get a clear sound from you.

Thanks.

• (1115) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1120)

**The Chair:** We're back and we're going to get started.

Ms. Borden, you don't have to be rushed. Try to keep your head steady, so that you don't move a lot when you're speaking.

Thank you. Go ahead.

**Ms. Donna Borden:** These lenders charge a maximum interest rate, which is never lowered, even after making payments for years. The real cost of borrowing is extremely difficult to understand, as all kinds of fees, insurance, etc., are bundled into the loan.

Most often, people end up filing bankruptcy or consumer proposals because it's impossible to pay off the debt. The Canadian Lenders Association is saying that people will have to go to payday lenders and illegal loan sharks.

For one, instalment loans and payday loans are two different credit products. The average amount of payday loans borrowed is \$500, and they are payable on the next payday. This is not to say that payday loans are better, but given the huge increase in instalment loans, this move is critical. Also, fringe lenders often resort to the same tactics as loan sharks.

The bottom line is that lowering the criminal interest rate will reduce the harm caused by predatory loans. It's good for people and it's good for society.

As the federal government moves forward to lower the criminal interest rate, we'd like to see a fair credit alternative so that people don't have to rely on these loans.

Thank you.

• (1125)

**The Chair:** Thank you, Ms. Borden. Thanks for your patience as we worked through some of our technological challenges.

Now we're going to hear from Prosper Canada and Elizabeth Mulholland, please.

**Ms. Elizabeth Mulholland (Chief Executive Officer, Prosper Canada):** Thank you very much, Mr. Chairman.

Thank you to the committee for the invitation to speak with you today on the issue of predatory lending and the government's proposal to lower the criminal rate of interest. In my remarks, I'll speak primarily to the impact of this proposal on Canadians with low incomes, as this is our domain of expertise.

Prosper Canada firmly supports the government's proposal to lower the criminal rate of interest as a means to reduce the burden of debt on low-income households and the risk that the loans they take out will rapidly balloon into runaway debt.

Members of the high-cost lending industry claim that the proposed change will deny low-income and subprime consumers critically needed credit and valuable opportunities to improve their credit scores. Nothing could be further from the truth. A high-cost loan is never the best solution for someone who is low-income, credit-impaired and/or struggling to make ends meet. There are also very few occasions in which this is the only solution open to people in these circumstances.

Allow me to explain. Prior to the pandemic, in 2019, 51% of low-income households carried no consumer debt at all, knowing that even small loans can quickly become problematic when you are already struggling to make ends meet. In fact, low-income Canadians at that time were already spending an average of 31% of their annual income just to service their debts. High debt repayment costs compromise the ability of people with low incomes to meet their basic needs, as the incomes of many are well below the poverty line. This can in turn drive them to borrow more to cover their necessary expenses.

To the point, as of June 2023, 33% of households with low incomes in Canada reported that their household debt level felt somewhat or very unmanageable, and 42.6% of households with low incomes somewhat or completely agreed that they had increased their borrowing to help pay for everyday expenses.

When a low-income consumer has a temporary income expense gap and no savings or interest-free source of credit—for example, a family member, a friend or employer from whom they can borrow—then short-term commercial credit can be a good solution if the rate is reasonable and the consumer has the means to repay the loan.

Loans at effective interest rates over 35%, however, are not reasonable for low-income consumers, for whom even modest additional expenses can quickly cut into their food budget or their ability to pay their rent or their utility bills. Nor can many low-income consumers afford to repay such loans, as evidenced by the ACORN Canada survey cited earlier, which found that 72% of low- and moderate-income respondents reported that their loans, and their efforts to repay them at these high interest rates, caused them to go further into debt. Eleven per cent reported having to file a consumer proposal or file for bankruptcy.

For consumers with chronically insufficient income to meet their basic needs, the problem is not inadequate credit. It is inadequate income. Borrowing money is not the solution. Taking on debt when you are chronically short of income is like punching a larger hole in a boat that is already leaking rather than fixing the leak. It does not save you. It only sinks you faster.

The solution to an inadequate income is to find more income and/or reduce one's expenses. Consequently, the best immediate option for these households is financial counselling that can help struggling consumers to review their budgets for potential savings; identify and access in-kind services and supports that reduce their expenses, such as public drug plans, subsidized housing, food banks and other supports variously available in different communities; and identify and help people access income benefits and tax credits that they may be eligible for but are not receiving.

One in five people with low incomes across Canada currently do not tax-file. As a consequence, they miss out on an average of \$3,500 a year in income, and potentially much more than that if they have children under 18, are a senior or live with a disability. For people who have not filed in a number of years, the simple act of filing their back taxes can result in tax refunds in the tens of thousands of dollars, eliminating their need to borrow. Tax filing also helps people with low incomes establish their eligibility for a broad range of in-kind supports and services that can make their lives far more affordable.

• (1130)

With respect to establishing a credit score or repairing damaged credit, high-cost loans are also never the best option. Newcomers and young people who are credit invisible are far better off obtaining and responsibly using a secured or low-limit credit card to build a credit history. A secured card is an equally good option for anyone seeking to repair their credit, in contrast with a high-cost loan, which is far more expensive and, according to ACORN's 2023 survey, actually lowered the credit scores of 67% of low- and moderate-income borrowers.

Finally, high-cost lenders would have us all believe that, without them, low-income people would fall prey to loan sharks or worse. Consequently, lawmakers should give them free rein to charge their current rate. This is also nonsense.

The proverbial baseball bat aside, there is actually very little to distinguish a high-cost lender today from a loan shark. Both charge exorbitant interest with no regard for the consumer's ability to repay, and then hound and pressure them and their families relentlessly when they fall behind in their payments. Both are hurting people. ACORN reported that 80% of their survey respondents reported stress, anxiety and depression as a result of not making all or most of their high-interest loan payments.

Fortunately, people with low incomes do have alternatives to high-cost lenders. For non-emergencies, they can opt not to borrow at all and, instead, to wait and save for the expenditure in question. Consumers can also sometimes find ways to free up needed resources—for example, by selling something, by using a rent bank or food bank, or by accessing relief programs offered by utility providers—or they can access other less costly forms of credit.

In ACORN's survey, only 22% of respondents, who had borrowed over the past year, had resorted to a payday or instalment lender, and 71% had used a credit card or borrowed from a family member, friend or a bank.

Low-income consumers are too often seduced into taking out high-cost loans by their ubiquity, the ease and speed with which

money can be accessed and clever marketing that emphasizes low monthly payments at the expense of the actual true cost of the loan. However, high-cost loans are never the best or even an acceptable solution for people with low incomes, and they are very rarely the only solution open to them, despite slick and specious claims to the contrary.

Reducing the maximum criminal rate of interest as proposed is a much needed and welcomed reform. With more and more struggling households taking on debt that they cannot afford, this measure cannot come soon enough.

I would also invite the committee, however, to explore additional ways that the federal government can help to put this terrible sector and its toxic financial products out of business once and for all.

These include investing in community financial help services to close the current financial help gap for 1.5 million Canadians with low incomes and to connect them to the \$2 billion in additional income benefits for which they are eligible but not yet receiving. For more information I refer you to Prosper Canada's 2024 federal budget proposal. There's a link in my statement.

**The Chair:** Thank you, Ms. Mulholland. We're well over time in the remarks by witnesses.

**Ms. Elizabeth Mulholland:** I'm sorry.

**The Chair:** You will have a lot of opportunity during the members' questions to add to what you've had to say. That's where we're going right now.

In our first round, each party will have six minutes to ask questions of our witnesses.

We are starting with MP Chambers for the first six minutes, please.

**Mr. Adam Chambers:** Thank you very much, Mr. Chair. I appreciate the presentations by our witnesses. Thank you for coming today.

Perhaps I'll just start with ACORN. In your submission to the finance department I think you made reference to wanting to encourage—I don't know if "force" is the right language—banks to lend to what I guess we call the "non-prime" space. Is that fair?

• (1135)

**Dr. Bhumika Jhamb:** Can I go ahead and answer the question?

**The Chair:** Yes, you may.

**Dr. Bhumika Jhamb:** Thank you.

Basically ACORN's proposal was that the federal government backstop some of what we call the "fair credit benefit" for low- and moderate-income people, which could be administered by the banks. We know the banks will not themselves do this because they don't see any profit in doing so, and they're probably also evaluated on insolvency and stuff.

I think what we were hoping the federal government could do is something like a fair credit benefit, which could be administered by the banks, or even by a non-profit agency. It doesn't need to be a bank.

**Mr. Adam Chambers:** That's fair enough.

On one level you do recognize that access to credit is an issue and you want to make sure that people have access to credit. Is that correct?

**Dr. Bhumika Jhamb:** Yes, that's correct—but to fair credit.

**Mr. Adam Chambers:** Sure. It's a subjective term, but yes, I agree.

If there is evidence or suggestion that policy actions will potentially reduce people's access to credit, is that not a concern to you?

**Dr. Bhumika Jhamb:** We don't believe that this particular move will reduce access to credit. We've seen the payday loans case as well, when we had this campaign where we were pushing the provincial governments to lower the fee when it was around \$21 for \$100. Even then, the payday lending industry said that the access to credit is going to be reduced because there was a push to lower the fee from \$21 to.... Now it's \$15 on average for a payday loan. We don't see that payday lending has been eliminated. In fact, we see payday lending stores everywhere in our neighbourhoods.

We think that this is not going to happen. This industry is going to survive. In fact, as I said, Goeasy, in its annual report—and Goeasy is counted as one the biggest instalment lenders—said very clearly that it sees its growth further expanding and that it is very well suited to adapt if this change were to happen.

We have evidence and we also believe that access to fair credit will improve if this measure were to be adopted.

**Mr. Adam Chambers:** Thank you.

Were you able to make these recommendations to the government? Were you able to make representations to the minister's office or the government about fair credit and your submission?

**Dr. Bhumika Jhamb:** Yes.

**Mr. Adam Chambers:** Okay. You had meetings with finance officials.

**Dr. Bhumika Jhamb:** That's right, yes.

**Mr. Adam Chambers:** Thank you very much.

Why not make the rate 10%?

**Dr. Bhumika Jhamb:** ACORN has been pushing for 30% and lower—

**Mr. Adam Chambers:** Okay. Why not 10%?

**Dr. Bhumika Jhamb:** We know that credit cards charge anywhere between 20% and 22%, so a lower interest rate is definitely

better than.... We know that even 35% is huge; it's not still a fair credit.

For us at ACORN, we've been saying 30%. We know that there was a proposal by Senator Pierrette Ringuette, who was asking for 20%-plus the Bank of Canada prime rate. We know that a lower interest rate will help consumers.

**Mr. Adam Chambers:** Thank you very much.

Ms. Mulholland, you mentioned wanting to remove this toxic industry from operating.

Is it your position that any of these lenders provide no valuable service to Canadians anywhere, under any circumstances?

• (1140)

**Ms. Elizabeth Mulholland:** I think Canadians have been progressively growing more indebted. More households are struggling with unmanageable debt and debt that is exorbitantly priced with no regard, actually, for people's creditworthiness. It's not a good financial product that builds financial well-being for anybody.

There is probably a small number of people who can effectively use it on a very short-term basis to tide them over in a pinch, but we don't have good data in Canada.

**Mr. Adam Chambers:** Thank you very much.

Are you aware that just by walking into a payday loan facility, you are multiple times more likely to file for bankruptcy? Should we not be trying to avoid those types of situations?

**Ms. Elizabeth Mulholland:** I think they're both likely to cause people to go bankrupt. We should absolutely be trying to avoid those situations.

I think the government needs to put real energy into creating more accessible, lower cost, small dollar credit for low- and modest-income households. ACORN has outlined one approach. We've outlined some ideas in our submission to the government. There are lots of interesting models. There are a number of credit unions that offer great alternatives to payday loans that are far more affordable in Canada already.

There's a great model in Australia of free and fair loans for people with low incomes that's administered by the Good Shepherd non-profit, but with funding from the federal government in Australia and the participation of its national bank.

**Mr. Adam Chambers:** Thank you very much, Ms. Mulholland.

I want to make sure the chair continues to put me on his Christmas card list, so we'll come back to you.

**The Chair:** Thank you very much to both of you—and yes, we'll get you those Christmas cards.

MP Baker, go ahead, please, for six minutes.

**Mr. Yvan Baker:** Thanks very much, Chair.



I'd like to ask Ms. Mulholland a question. The Canadian Lenders Association has made claims that reducing allowable interest rates will leave consumers without options when they are short on cash, yet Easy Financial's latest annual report shows, I would point out, that they've reduced the weighted average interest rate from 46% to less than 33%. They are strategically increasing their presence in Quebec, which has a 35% interest rate cap. Goeasy, which is Mr. Mullins' company—Mr. Mullins is with the Canadian Lenders Association—has done the same.

In your view, doesn't this point to the ability of lenders to simply adjust their risk tolerance rather than limit access to credit?

**Ms. Elizabeth Mulholland:** Yes. It would seem so.

**Mr. Yvan Baker:** Okay. Could I ask the same question of our friends at ACORN?

**Dr. Bhumika Jhamb:** Could you please repeat your last sentence, MP Baker, if you don't mind?

**Mr. Yvan Baker:** Given what I just said about the fact that Easy Financial's annual report shows that they've reduced their weighted average interest rate from 46% to less than 33%, they're increasing their presence in Quebec even though they've lowered their interest rate, and Goeasy, Mr. Mullins' company, has done the same, what I'm asking is this: Does this not point to the ability of lenders, like these ones I've just cited, to simply adjust their risk tolerance rather than limit access to credit?

**Dr. Bhumika Jhamb:** Exactly. That's exactly the point. We know that they're making a huge profit out of this business. Lowering from 48% APR to 35% APR will still allow them to make enough profit—a decent profit.

You quoted from Easy Financial's annual report. They're saying that they're already lowering the interest rate for some clients from the highest to 33% or 35%, although we haven't seen that happening among ACORN members who have experience with Easy Financial. But if that's happening, they're still making a profit. They're still expanding in Quebec, which already has a 35% interest cap. Why are they concerned?

**Mr. Yvan Baker:** Yes. It's a good question.

I'll just ask this question once. It's for both of you, but I'll start with Ms. Mulholland, if that's okay.

Industry argues that the high rates they charge are necessary to cover the costs of higher-risk lending. In your view, don't these claims fall short when we examine the growth of the more affordable lending alternatives in the marketplace? What I mean by this is that I'm thinking of the small dollar loan programs at credit unions, the Canada Post MyMoney loan and small dollar loans in the fintech sector.

Ms. Mulholland, I'll turn to you first, if I could.

• (1145)

**Ms. Elizabeth Mulholland:** I'm not a business analyst and I haven't analyzed this industry, but I would say that if the companies are growing and their profits are growing, then there is certainly room to reduce the interest rate and still make a profit. That would be the bottom line.

**Mr. Yvan Baker:** Right.

I'll turn now to our friends at ACORN, if I could.

**Dr. Bhumika Jhamb:** We completely agree with Elizabeth. They're making huge profits. Making just a little less profit will not harm this industry at all.

In our survey that we did last year, which actually focused on fair credit alternatives, we saw that a lot of credit unions are providing payday loan alternatives. Obviously, the scale is limited, but at least there is that space available. Desjardins is providing such an alternative nationally, not just in Quebec or Ontario. It's available nationally.

You mentioned Canada Post MyMoney. It was a decent product. Unfortunately, it got discontinued after a while, but it was a good product. We need to focus energy on providing fair credit alternatives rather than maintaining this industry, which is just not the solution for low- and moderate-income people in our country to access fair credit.

**Mr. Yvan Baker:** I appreciate that. I think I have about a minute left.

Ms. Mulholland, I'll ask you this last question, if I could. We have about 60 seconds. You've spoken to this a little bit, but I think we're all aware of the Canadian Lenders Association's claims that lowering the criminal rate of interest will lead to limited access to credit for lower-income Canadians.

I want to make sure we get you on the record. What is your view about that claim?

**Ms. Elizabeth Mulholland:** I think it's false.

**Mr. Yvan Baker:** I'll turn to our friends at ACORN since we have few seconds left.

**Dr. Bhumika Jhamb:** It's totally false, as we've seen not just in study after study but in the U.S., where it has already been lowered for instalment loans. People are turning to better alternatives. There is an increasing number of better alternatives coming up. People are able to resort to different means and not go to, as the Canadian Lenders Association is claiming, payday loans.

As we also specifically mentioned, a payday loan is a different product altogether from an instalment loan. We are seeing a huge jump in the uptick of instalment loans. This needs to stop. This is predatory. This is only going to push people more into poverty instead of helping them.

**Mr. Yvan Baker:** Thank you very much.

**The Chair:** Thank you, MP Baker.

Now we go to MP Ste-Marie.

Welcome.

[Translation]

**Mr. Gabriel Ste-Marie (Joliette, BQ):** Thank you, Mr. Chair.

Good morning to the three witnesses, and thank you for being with us today. I would also like to thank them for their presentations and the answers they are giving us.

I'm going to start by quoting from the document "Consultation on Fighting Predatory Lending by Lowering the Criminal Rate of Interest", which has to do with the proposed changes to criminal interest rates. The document was published in 2022 by the Department of Finance.

I'm going to read from that report. I will then put two questions to the representatives of the two organizations and ask them for their reactions.

Here's a quote from that report:

The rate was not established with the intent of being a financial consumer protection measure to combat the growth of high-interest loans; rather, the provision was meant to deter loan-sharking and other predatory practices where lenders offer credit at high interest rates and employ intimidation, violence, or threats of violence to enforce repayment. A fixed interest rate of 60 per cent was included in the offence to provide a level of certainty; an objective standard was expected to be easier to prove, rather than the prosecution having to prove that there was violence or intimidation associated with the loan.

My first question is this.

Has the offence been successful in prosecuting or reducing the occurrence of coercive practices in enforcing repayment of these types of loans?

• (1150)

[*English*]

**Ms. Elizabeth Mulholland:** I can't comment on whether it's been successful as a law enforcement mechanism. Also, I believe Professor Gail Henderson at Queen's University has written a paper on this and suggests that it's only been used on a very small number of occasions by law enforcement. I would say it's probably not succeeding on that front as well as not succeeding as a consumer protection measure.

I would only say in conclusion that I think we need to aim higher. We should be aiming to have financial products and services available to Canadians at all income levels that help them build their financial well-being. If our only bar is that if it's not criminal or it does not actually involve a member of organized crime physically harming you, then it's good enough, that's a pretty low bar and it's not really sufficient for Canadians.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Thank you very much, Ms. Mulholland.

Ms. Jhamb, do you have any comments to add?

[*English*]

**Dr. Bhumika Jhamb:** Thank you. I'm sorry. I'm not sure if I understood the question correctly, but as far as I understood, I think you were specifically speaking to the enforcement piece, which is the ability of borrowers to prosecute lenders.

We believe that enforcement needs to go hand in hand. We know that with the way it is at this point in the Criminal Code of Canada it's very hard to prosecute these lenders because one needs an actuarial certificate. Our submission has been that the enforcement

piece needs to be strengthened at the same time as we are doing this.

Also, there is one more element to this, which is that a lot of these lenders have been adding insurance and other products, so 60% is the maximum rate but then, on top of it, lenders can add insurance and other products that actually take the interest rate much higher than 60%. Donna is here today. She had an installment loan from CitiFinancial at the time and when she went to CitiFinancial, they said do whatever you want; nobody can touch us.

This is really problematic because lenders think that nobody can prosecute them. The problem is that the enforcement needs to be strengthened as we are moving towards the lowering of criminal interest rates, because those go hand in hand.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Thank you very much. That's very helpful.

I'm going to move on to another topic, again for both organizations.

I'm going to refer to the financial well-being surveys that the Financial Consumer Agency of Canada conducts. It found an upward trend in the percentage of Canadians who used online lenders or payday loans. It apparently went from 1.9% in 2019 to 4.52% in September 2022. Of those who used online lenders or payday loans, 48% reported using a cash advance or a short-term payday loan, and 30% reported using an instalment loan in September 2022. Indigenous peoples, recent immigrants and low-income Canadians were found to be more likely to have used these types of loans.

Have your organizations noticed any demographic changes in the people using online lenders or payday loans?

Ms. Mulholland, do you want to go first again?

[*English*]

**Ms. Elizabeth Mulholland:** I'm afraid that we haven't done any research on that specifically, so I can't provide an answer. I'm hoping ACORN may be able to.

**Dr. Bhumika Jhamb:** Sure. Thank you.

During the pandemic we tried understanding whether there had been an uptake in accessing high-cost credit, and obviously there was an increase. Like we've been saying, it's quite easy. That's their tag line—fast credit, convenient. These lenders were actually deemed essential during the pandemic.

Obviously there's growth in these lenders online, but again, as we are saying, this is not a fair credit alternative. They are equivalent to loan sharks. They are predatory, and we are just very encouraged that the federal government is moving towards lowering the criminal interest rate, because that's really the right way to go.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Thank you.

**Mr. Gabriel Ste-Marie:** Thank you very much.

**The Chair:** Thank you, Mr. Ste-Marie.

[English]

That's the time. You can go in the next round.

Now we go over to MP Blaikie.

• (1155)

**Mr. Daniel Blaikie (Elmwood—Transcona, NDP):** Thank you, Mr. Chair.

Thank you to our witnesses.

I know that neither of our witnesses is in the business themselves, but there was some reference made to the annual reports of some of the companies that are engaged in instalment loans. I'm just wondering if the witnesses have a sense of what margins those companies are making when we're talking about profit. I know you said that they're making more profit. I wonder if you have a sense of the margin.

If not, that's all right. I know we're going to be trying to talk to those companies as well as per the discussion at the beginning of today's meeting, so we'll be happy to get some of that information from them.

I do have one more question along those lines. If you don't know the answer, that's all right. As I say, we'll be talking to them as well. I'm curious to know what the bad-debt level for instalment loans is, in terms of loans that they make that they don't collect on.

**Ms. Elizabeth Mulholland:** I don't think that's publicly available to us, so it's hard to know. It's corporate information.

**Mr. Daniel Blaikie:** Okay. That's something we'll be asking the companies as well.

There's another thing that I want to just narrow in on. There was some talk before about the ways that instalment loans are marketed to Canadians, and of course, there are industries where we have regulations around what companies can and can't do in terms of advertising. I take the point on the need to lower the criminal rate of interest. It's something that New Democrats have been advocating for a long time.

I wonder if either of you—or either of your organizations—have done some thinking around the ways that instalment loans are marketed to Canadians and have any suggestions on whether that's a space where you think there should be some intervention to ensure that, when Canadians are receiving messages about the credit options available to them, they're made fully aware of what the consequences are and that misleading advertisement about what may be available to them isn't something they have to contend with.

**Dr. Bhumika Jhamb:** Should I go ahead?

**Mr. Daniel Blaikie:** Yes, please.

**Ms. Elizabeth Mulholland:** You go ahead, Bhumika, and then I'll jump in.

**Dr. Bhumika Jhamb:** Thank you.

Definitely there's a lot that one can do in the instalment lending space, for sure, particularly because we know there's no complaint mechanism at the federal level in case a person wants to prosecute, ask any questions, take these lenders to court or even file a complaint. There is no mechanism that exists.

In our submission, ACORN said that we need a complaint mechanism at the federal level so people have some sort of space these issues can be taken to.

I'll also let Donna speak about her experience with her instalment loan, but I think one thing we've noticed is that, in the absence of accredited alternatives, these lenders are pushing.... For instance, if a member has a payday loan, they're enticed to take an instalment loan. A lot of our members have been enticed to do that. It's, "Oh, you're paying your payday loan regularly, so why don't you take a \$5,000 loan?" In that vulnerable situation when a person needs money, this is exactly what they do.

As Donna mentioned in her remarks, it is very difficult to understand the cost of borrowing. It's not about people who are not financially literate. It's just that the numbers are so hard to understand. On top of it, as I mentioned, there's insurance and there are late fees. There are a lot of things bundled into the loan that make the interest rate much more than 60%.

Donna may wish to add something. Thank you.

**Mr. Daniel Blaikie:** Quickly, on the question of complaints—and then we'll go to Donna—one thing that's happening now is that government is going back to a regime where we have one ombudsperson for making complaints about Canada's financial institutions.

If I'm hearing you right, that doesn't apply to or it doesn't cover payday lenders. Do you think that it should?

**Dr. Bhumika Jhamb:** I don't think it would cover payday lenders—

**Mr. Daniel Blaikie:** Do you think there needs to be a different place where people go to make complaints about payday lenders?

**Dr. Bhumika Jhamb:** I do believe it should be a different space for predatory lenders because the way it works is different.

**Ms. Elizabeth Mulholland:** On this one, I think there's an issue of jurisdiction. These fall under provincial jurisdiction and their consumer protection regimes, not the federal government's, because they're not federally regulated banking institutions.

I think, though, that there is a role for the Financial Consumer Agency of Canada to do research on effective practice in regulating this type of space as well and to work with its provincial counterparts to try to build some commonality across and greater protection for consumers, including a recourse mechanism that they can access.

I also think that, even if there was a standardized way they could push these lenders to provide simple, clear, transparent information on the true cost of the loan—not just the interest but all of the other charges like insurance, etc., that go with that.... In our submission, we talked about the financial facts labelling that the Mission Asset Fund has used in the United States very successfully. It looks like a food nutrition label, but it's financial information.

Then there's potentially having the Financial Consumer Agency have an instalment loan term selector tool that inputs this information and allows consumers to compare different instalment loans that are on the market and select the one that best meets their needs. When they did that with credit cards, it drove actual fees down because consumers could easily compare them for once. That immediately forced cards that weren't doing so well and weren't getting selected to adjust their rates and their features to be more competitive in that.

If we could create more tools to help consumers see clearly and be able to easily compare the rates, that would go a long way to giving them more power to make good choices for themselves. Right now, it's extremely difficult.

• (1200)

**Mr. Daniel Blaikie:** Thank you.

**The Chair:** Thank you.

That ends our first round of questions. We're moving into our second round.

Just for the witnesses' sake, the times are a little bit different in terms of how much time members have to ask questions.

We are starting with MP Morantz for the first five minutes.

**Mr. Marty Morantz:** Thank you, Mr. Chair.

I want to thank our witnesses for being here today.

We can start with Prosper.

Since 2015—since this current government came to power—housing prices in Canada have doubled and sometimes it's more than that in certain markets. Mortgage payments have doubled and sometimes more than doubled. Inflation got up to 8% at one point. Although it's coming down, the damage is done.

Everything is more expensive and it's really made basic necessities unaffordable. Interest rates went up faster than ever before, from basically almost 0% to 5%. There are homeless encampments all over the country—tent cities. I had the mayor of Guelph here last fall. He said that when he got elected in 2014, there were no homeless tent cities in Guelph. Today there are 20. We know that millions of Canadians are lining up at food banks. By some reports, it's two million Canadians.

The Financial Consumer Agency of Canada has reported that the usage by Canadians of payday loans has gone up by 237%, from 1.9% in 2019 to 4.5% in 2022. Do you think there's any correlation between the difficult times Canadians are going through and the increase in usage of payday loans?

**Ms. Elizabeth Mulholland:** Obviously, the cost of living and inflation rates have put additional financial pressures on households.

These are global phenomena right now. I'm not sure they're attributable to the actions of any one government. I think there are other dynamics at work that we can all read about in the newspaper.

If you look over the past 30 years, Canadian households have been increasing their debt loads and their savings levels have been dropping. There are broader structural drivers that have been at work in Canada for decades that are causing households to become less and less financially resilient. I don't think Canada has done as good a job, under any government, of unpacking what is actually driving these changes over the past decades and putting in place solutions to help households become more financially stable and resilient.

If we look to the U.S., the U.K., Australia and even New Zealand, they've done a much better job than we have at understanding what is driving these changes and putting in place national solutions, in partnership with the financial sector and their community sector. I would encourage our government—whoever is in government—to be working in the same direction.

Thank you.

I'm afraid I have to leave for a medical appointment. I'm going to have to say goodbye.

Thank you to the committee for having me today.

• (1205)

**The Chair:** We thank you, Ms. Mulholland. We understand.

You still have another minute and a half, MP Morantz.

**Mr. Marty Morantz:** If you look at the current proposal, it would peg the criminal rate of interest at 35% APR, which is 30 percentage points above the current bank rate of 5%. One problem of pegging it at 60% or 47% APR was, when that happened in the 1980s, the bank rate was actually 20% or 21%. As interest rates came down, the spread as to what was criminal became larger, so it became also impossible to charge because very few lenders really needed to get to that criminal rate.

Wouldn't it make more sense to peg the criminal rate to the bank prime, so that if it moved down or moved up...? For example, for 30 percentage points above bank prime, if it goes down to 3% then the criminal rate would be 33%, for instance.

What do you think of that type of suggestion?

**Dr. Bhumika Jhamb:** We've maintained a fixed rate more than keeping it variable. Obviously, a lower rate is better than a higher rate of 35%.

We are encouraged by the fact that the federal government is moving toward lowering it. We did see further consultation to further lower the criminal interest rate from 35%—once it is 35%—to whatever level. We are happy this is going further. It's hard to predict how....

We saw the interest rates changing fast, so some level of fixed rate or predictability is probably better at this point. We do agree that a lower interest rate is definitely something we'd prefer.

**The Chair:** Thank you.

Thank you, MP Morantz.

Now we'll move to MP Dzerowicz, please, for five minutes.

**Ms. Julie Dzerowicz:** Thank you, Mr. Chair.

I want to thank our witnesses, minus one, for their excellent presentations.

I had questions for the second one, but since we have only our two witnesses from ACORN, I will direct my questions only to them.

I'm actually going to start off with Ms. Borden.

Ms. Borden, you provided testimony about the need to take out an instalment loan. I would say that the average Canadian actually doesn't know what an instalment loan is. Could I maybe ask you to explain why it is you felt you had to go to an instalment loan and what other options you might have considered? I just want the average Canadian who might be listening to understand how you got to where you are and what other options....

You have about a minute to do that because I have a few other questions. Thank you.

**Ms. Donna Borden:** Sure.

I went to the Royal Bank, which was my bank for 30-plus years. I wanted to consolidate all of my debts so that I would have the one payment. They said that I didn't have bad credit but that I had too much credit. They referred me to CitiFinancial, saying that they would be able to help me. I never even knew about them until the bank referred me to them.

**Ms. Julie Dzerowicz:** The bank referred you to them.

You said that you took out a loan of \$10,000 and five years later had paid.... Was it \$24,500?

**Ms. Donna Borden:** I paid over \$24,000, yes.

**Ms. Julie Dzerowicz:** It was Royal Bank that actually recommended that you go to this organization.

**Ms. Donna Borden:** Yes.

**Ms. Julie Dzerowicz:** When you were signing on to this instalment loan, was there full and clear disclosure of the costs before you signed the agreement?

**Ms. Donna Borden:** They showed me the agreement, and I asked the questions. I thought I was asking the proper questions. I thought I knew how interest was calculated. They said it was like a credit card. I asked them all these questions, and then she said, "Oh, yes, yes." She showed me the statement. I asked her about the different fees, and she said, "Oh, no, that's only if you don't pay it off.

You pay this many payments for this many months, and it's paid off." However, it just wasn't. It was just never paid off.

**Ms. Julie Dzerowicz:** Okay.

Thank you so much, and thank you for sharing your experience with us. It's very helpful.

**Ms. Donna Borden:** Thank you.

**Ms. Julie Dzerowicz:** My next question is for Ms. Jhamb.

Ms. Jhamb, I have a press release from the Ontario Association of Chiefs of Police and the Canadian Lenders Association. One of the quotes in this press release with regard to the legislation that we're proposing says:

Under the legislation, illegal predatory lenders could take advantage of Canadians by operating online from outside the bounds of Canadian jurisdiction. By forcing legal, responsible lenders out of the marketplace, we worry Canadians will be targeted by this type of criminal activity.

It seems like there is a concern out there that these changes might increase criminal activity and might actually push people like Ms. Borden to other options that might be worse. I wouldn't mind if you could comment on that, please.

• (1210)

**Dr. Bhumika Jhamb:** We believe that this is really a false claim. Like I said, when we were pushing to lower the fee for payday loans, it was the same argument—that people will be forced to go to loan sharks and that this industry will cease to exist—but none of that happened. The payday lending industry continues to exist.

What really pushes people into crime is poverty, not these fringe lenders. We don't want these predatory lenders to take advantage of people who are already in a vulnerable situation, and that's exactly what's happening today.

The lowering of criminal interest rates will really help reduce harm, as we've been saying. It's a positive step, and we really support this move. We don't think that it's going to lead to an increase in criminal activity.

Donna wants to say something.

**Ms. Julie Dzerowicz:** Yes. Actually I want to go back to you, Ms. Borden, just to ask what you would have done if you didn't have access to an instalment loan. That's question one.

Question two is this: Is there anything else you might want to respond to in terms of the question I just asked Ms. Jhamb?

**Ms. Donna Borden:** If I didn't, I probably would have just tried to go to family to borrow money from family, or I would have just stuck it out and paid all the separate payments, but I did go there.

I'd also like to point out that near the end when I tried to file a complaint against this company, I was told that they were bullet-proof and that they could do what they wanted and nobody would do anything to them. I went to several complaint agencies, and there was no process.

I did go to the police to file a complaint because they threatened me. They threatened to come and smack the money out of me, and they threatened to come to my home. When I did go to the police, the police officer said to me, “If you were going to take out a loan, you would have been better to have taken out a loan with a loan shark because we would have gone after them and already arrested them.” He said, “We don't know where these people stand, and we don't have any regulations. We have nothing to go by.” He said, “If you go to court with them and it says they did something wrong, then we'll charge them.”

However, other than that, they couldn't do anything.

**Ms. Julie Dzerowicz:** Thank you so much, Ms. Borden.

Thank you, Ms. Jhamb.

**The Chair:** Thank you, MP Dzerowicz and our witnesses.

Now we're going to MP Ste-Marie, please.

[Translation]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Chair.

First of all, I want to inform you, Mr. Chair, that I'll be giving my next turn to my fellow member Mr. Morrice from the Green Party.

I'm going to start with a comment.

Ms. Borden, your story touches me a great deal. I find it appalling, and I sincerely hope that we, as legislators, and the government will manage to put rules and laws in place so that this type of situation never happens again.

I would like to ask a slightly more technical question. I'm referring again to the “Consultation on Fighting Predatory Lending by Lowering the Criminal Rate of Interest”, published by the Department of Finance in 2022. It says, “Since the criminal rate of interest is applicable to all credit products in Canada, except for payday loans made in accordance with section 347.1 of the Criminal Code, it is a very broad measure.”

Here are two quick questions.

First, should there be additional exceptions?

Second, should payday loans be subject to the criminal rate of interest?

[English]

**Dr. Bhumika Jhamb:** We don't believe that there should be any exemptions. In fact, there was a consultation recently about making bond loans an exemption, and we believe that even bond loans equivalent to less than \$1,500 shouldn't be an exemption because bond loans are also equally predatory.

Regarding the payday loan specifically, there was a specific exemption carved out for payday loans, and that's when the whole regulation of payday loans moved to the provinces. That's really led to this whole differential interest rate that we see across different provinces and territories, and it's very high. It's 400% to 500% APR, for payday loans. Yes, we do believe that payday loans should come back under the ambit of the Criminal Code of Canada.

• (1215)

[Translation]

**Mr. Gabriel Ste-Marie:** Thank you very much.

Mr. Chair, how much time do I have left?

[English]

**The Chair:** You have about 15 seconds.

[Translation]

**Mr. Gabriel Ste-Marie:** Okay, I'll leave it at that, because my next question will be too long.

Mr. Morrice will take my next turn.

Thank you again to the witnesses.

[English]

**The Chair:** Okay, and MP Morrice will have an opportunity.

We are going to MP Blaikie now.

**Mr. Daniel Blaikie:** Thank you very much, Mr. Chair.

With apologies to the witnesses, I want to put a motion on notice with the committee. I'm just going to read that out before posing my next questions.

The motion I'm putting on notice is as follows, Mr. Chair:

Given that the Canadian grocery sector made more than \$6 billion in profit in 2023 and that millions of Canadians have reported food insecurity in the last year, the Standing Committee on Finance call on the government to immediately take action by implementing an excess profit tax on large grocery companies that would put money back in the people's pocket with a GST rebate and establish a National School Food Program, and that this motion be reported to the House.

Thank you for your patience, witnesses, while I do that bit of business.

We've heard definitely of the importance of—

[Translation]

**Mr. Gabriel Ste-Marie:** A point of order, Mr. Chair.

I'm sorry, Mr. Blaikie. The interpreters are indicating that they have not received a copy of the motion. That's why they didn't interpret it. It is always helpful to give them the motion in advance.

[English]

**The Chair:** MP Blaikie, please distribute that. If we can also get a soft copy, an electronic copy, to our clerk, he'll get that distributed.

[Translation]

Thank you, Mr. Ste-Marie.

[English]

Go ahead, MP Blaikie.

[Translation]

**Mr. Daniel Blaikie:** I can repeat it in French.

The motion reads as follows:

*Étant donné que le secteur canadien de l'épicerie a réalisé plus de 6 milliards de dollars de bénéfices en 2023 et que des millions de Canadiens ont fait état d'insécurité alimentaire au cours de l'année écoulée, le Comité permanent des finances demande au gouvernement d'agir immédiatement en mettant en œuvre une taxe sur les bénéfices excédentaires des grandes entreprises d'épicerie qui remettrait de l'argent dans les poches des citoyens...*

[English]

**The Chair:** We're going just suspend for a second.

We were getting interpretation in the other language, so I'm going to ask you to go through it one more time

**Mr. Daniel Blaikie:** That's no problem.

**The Chair:** Start from the top.

**Mr. Daniel Blaikie:** Are we good to go?

**The Chair:** Yes, you're good to go.

**Mr. Daniel Blaikie:** Okay.

[Translation]

The French version of the motion reads as follows:

*Étant donné que le secteur canadien de l'épicerie a réalisé plus de 6 milliards de dollars de bénéfices en 2023 et que des millions de Canadiens ont fait état d'insécurité alimentaire au cours de l'année écoulée, le Comité permanent des finances demande au gouvernement d'agir immédiatement en mettant en œuvre une taxe sur les bénéfices excédentaires des grandes entreprises d'épicerie qui remettrait de l'argent dans les poches des citoyens sous la forme d'un remboursement de la TPS et d'établir un programme national d'alimentation en milieu scolaire, et que cette motion fasse l'objet d'un rapport à la Chambre.*

[English]

Thank you very much, Mr. Chair.

With the time I have remaining, I just wanted to ask our witness a question.

We've heard, for sure, about the importance of lowering the criminal rate of interest. I'm wondering if there are some other measures that you haven't had an opportunity to share that would either protect Canadians from predatory loans or increase the non-predatory credit options that would be available to them.

**Dr. Bhumika Jhamb:** Thank you.

We've been pushing for a fair credit benefit. That's something that the federal government could do. That could be administered by the banks or by a non-profit agency.

As Ms. Mulholland stated in her remarks, Good Shepherd in Australia has provided a good alternative in that country. It was supported by the federal government and administered by a non-profit agency. Alternatives such as these could provide fair credit to people who need it most.

We are seeing more credit unions offering credit products. We saw DUCA credit union start a DUCA escalator loan recently. There are these products that are becoming more and more available, offering a payday loan alternative. We want to see more of such alternatives. As I said, the Canada Post and TD loan product was a decent product. Unfortunately, it was discontinued.

We've also been pushing postal banking as an alternative because we believe that's something that could offer people a fair credit alternative. There are such alternatives that can be made available,

rather than giving fringe lenders a free market to exploit vulnerable people.

• (1220)

**The Chair:** Thank you, MP Blaikie.

**Mr. Daniel Blaikie:** I also want to advise that I'll give my next round to Mr. Morrice as well, so that he gets a proper block of time.

**The Chair:** All right. MP Morrice, you're going to have a lot of time in the next round.

We have MP Lawrence now, for five minutes.

**Mr. Philip Lawrence (Northumberland—Peterborough South, CPC):** I am tempted to give my time to Mr. Morrice as well. I'll refrain from that, even though I do quite enjoy Mr. Morrice. I'm sure his questions will be excellent.

I want to have a serious discussion with our friends today. They are great witnesses. It would be great if we had some more, as per Mr. Baker's comments.

When we look at these issues, I get in mind where we would like to be—I don't think anyone here would disagree—which is in a situation where no one needed to get a payday loan or comparables.

I look at the fact that we have record food bank usage, and we have had high inflation. The Governor of the Bank of Canada came before this very committee and said that the carbon tax alone was represented in 20% of inflation, including 20% of food inflation. If we saw a dramatic decrease in inflation, one would only think that it would be logical that the reliance on high-interest loans would be dramatically decreased. Do you think that has any solvency? I know that hasn't been...certainly in the responses I've been hearing.

I have to think that the underlying poverty issue.... You can't legislate prosperity. That is 100% clear. What we really need is for the economy to start rolling. We need higher levels of productivity so that more people are helped by not needing the help of government.

The floor is yours, my friends.

**Dr. Bhumika Jhamb:** Thank you.

I don't think I understood the question correctly.

ACORN's belief is that, at least when it comes to basic services, especially housing and income security, the government has a primary role to play. We've seen what's happened to housing when we leave it to the market to enforce standards. We've seen how the rental prices have gone up, given the lack of adequate rent protections and rent control.

**Mr. Philip Lawrence:** I 100% believe your heart is in the right place.

The reality is that over the last eight years we've seen more government intervention. The results are clear at this point. They are clear. There are more people who are unhomed. There are more people who are in difficult, vulnerable situations. There are much higher levels of poverty and food bank usage. This is clear. This is from your own organizations. Eight years of more government intervention has led to dramatic increases in poverty.

**Dr. Bhumika Jhamb:** We do know, at least in this space, that more government intervention is the right answer.

**Mr. Philip Lawrence:** How do we know that?

**Dr. Bhumika Jhamb:** The predatory lending industry is not going to solve this problem. It's only going to push people into more poverty.

**Mr. Philip Lawrence:** Okay, let's just say.... It's not the ideal solution. The ideal solution is for everyone who is able to be given an opportunity to start a successful business and to have a great job. Is that not where we want to be?

**Dr. Bhumika Jhamb:** Yes, but that can only happen when people have basic needs met.

**Mr. Philip Lawrence:** Exactly. The vast majority of Canadians who have achieved those goals have done that through the private sector. Do you not believe that the private sector has a role? Is it not the economy that can...? Granted, taking care of those individuals who have unfortunate circumstances, who take....

Don't we need to drive a healthier and stronger economy, an economy that has a rate of growth that is not in the negative but in the positive, and that doesn't make wealthier people wealthy but helps the most vulnerable and gives them that hand up and that first opportunity?

• (1225)

**Dr. Bhumika Jhamb:** Donna, do you want to say something?

**Ms. Donna Borden:** Yes.

We have so many homeless people because the government hasn't stepped up and hasn't had proper rent control. ACORN said, prior to the pandemic, that people were going to end up homeless, that they were going to end up on the streets if we didn't do something soon because the rents were being jacked up. However—

**Mr. Philip Lawrence:** I do appreciate that. I just have limited time.

**Ms. Donna Borden:** Yes.

**The Chair:** MP Lawrence, avoid the crosstalk and allow the witnesses to answer your questions.

**Mr. Philip Lawrence:** It is my time.

**The Chair:** Yes.

**Mr. Philip Lawrence:** There's one thing I do want to get on the record as well. One of the things that I think could really help those folks who are at least in a position to review their financial position.... Some people aren't in that position, and I think we should acknowledge that. If you have no money to eat, no matter how much disclosure you have, you're not going to make the right decision. That's just the reality of it.

However, for those folks who are in that position where they can make a decision, don't you think that open banking and the ability to switch between financial institutions...and with that...? I think you've talked about transparency and being able to choose from a multitude of vendors so that you can get a better rate. More competition would also be helpful.

**Ms. Donna Borden:** Yes, but also with these particular companies, the instalment loans, all of us could go in there and we're all going to be charged the same amount. They don't have any, "Oh, we'll review your financial situation, and you're going to pay 11%, and you're going to pay 20%."

These other alternatives, like the banks, the other loan companies and the different types of financial loan...they were willing to review your financial situation and say what they can charge you. Then, after you pay for so long, you develop your credit, and then you can pay lower interest.

These companies don't do that. They go right to the top, and they charge you all these fees. They charge you interest. They charge you insurance without your permission. They renew it without your permission.

You're right that what we want is alternatives. We want people to have a choice and to be able to go and find a loan where they want to without being turned away, unfortunately, like me. Even though I had the money and was at a bank for 30 years, I was told to go to the instalment loan company.

**The Chair:** Thank you.

Thank you, MP Lawrence.

Now we're—

**Mr. Daniel Blaikie:** I have a point of order.

I'm wondering if Mr. Lawrence would like for the committee to invest in a Ouija board so that he can call Ayn Rand as a witness and perhaps get the answers he—

**The Chair:** That's not a point of order. We're going to actually go on. We're not going to address Ouija boards here.

We're going to go to MP Thompson, please, for five minutes.

**Mr. Marty Morantz:** Milton Friedman would be good, as well.

**Ms. Joanne Thompson:** Thank you.

Ms. Jhamb, I'll start with you, please.



In 2007, the Harper government decided to exempt payday lenders from adhering to the Criminal Code's maximum interest rate and transferred the regulatory enforcement to the provinces. Some argue that this resulted in a patchwork of inadequate regulation and enforcement and enabled payday-loan interest rates to soar, topping 600% in some areas.

Since then, there are stronger payday-loan regulations across the country, and that's really thanks to your work at ACORN and your advocacy. However, instalment lenders still fall through the regulatory cracks.

I wonder if we're seeing lenders turn towards instalment loans instead, following provincial policy changes. If so, where is this most prevalent? Can you speak to that, please?

**Dr. Bhumika Jhamb:** Obviously, we are seeing a jump in the uptake of instalment loans. When we did the survey in 2016 and then did it in 2021, there was a 300% uptake in instalment loans. Instalment loans are definitely becoming popular. That's exactly why we want this move to go ahead. Instalment loans are much higher amounts of debt payable over a longer period of time. A person who has a debt of \$10,000 is paying a huge amount of interest and is probably never going to pay the debt that they owe.

Definitely there has been an increase in the number of people who have taken instalment loans. Also, the entire industry has adapted to offering more and more instalment loans—payday loans also. I don't think it's either-or. Both kinds of products are quite common in the absence of fair credit alternatives.

• (1230)

**Ms. Joanne Thompson:** Thank you.

How will federal changes interact with provincial and territorial regulations? Does this federal change lead to a close in the regulatory gap?

**Dr. Bhumika Jhamb:** What we did learn from the last fall economic statement is that the federal government wants to put a cap of \$14 per \$100 on the fee for payday loans. Obviously, that's a positive move, but it's still high. Obviously, \$15 per \$100 is equivalent to 400% or 500% APR. That's still a very high amount of interest that payday lenders will continue to charge.

A long-term solution would be to bring payday loans back into the ambit of the Criminal Code of Canada, which also regulates instalment loans, because right now there's an exemption. That would be a long-term solution. The federal government would again have the power to regulate payday loans as well.

**Ms. Joanne Thompson:** Thank you.

Given our current environment of higher interest rates and rising costs of living, vulnerable Canadians may increasingly be forced toward high-cost loans, which tend to aggravate and not alleviate existing financial challenges.

Have you seen this—in other words, people falling into the debt trap—more frequently in the last two years?

**Dr. Bhumika Jhamb:** We haven't specifically. Obviously, we don't have the numbers to cite, but as I said in my initial remarks, we did a survey back in 2023 of 623 of our community contacts. A lot of our members resort to payday loans and instalment loans,

which are high-cost loans. This is exactly why we want the interest rate to be lowered. In the absence of fair credit alternatives, people don't have a choice but to resort to these kinds of loans.

Definitely, as the cost of living increases and we don't have fair credit alternatives, these loans become more and more popular.

**Ms. Joanne Thompson:** Thank you.

**The Chair:** You have time for one more question.

**Ms. Joanne Thompson:** That's perfect.

I have one quick, final question.

Ms. Borden, maybe you could speak to this as well, but I'll start with Ms. Jhamb.

Existing government programs, certainly through the CRA, are used in communities to allow people to understand the importance of being part of the CRA and to be able to maximize the benefits they receive from government and also the existing supports that the government provides to people to help with affordability issues.

How is this impacting the vulnerable sector that you're seeing through ACORN, and how is it that we can expand the supports or the availability of supports to help people with financial needs?

**Dr. Bhumika Jhamb:** One of the measures that Prosper Canada has also been recommending is automatic tax filing. That's something that will really help a lot of Canadians, low-income Canadians especially—especially those with children—who currently don't have access to those tax benefits. They would be able to access those benefits if automatic tax filing were something that was pursued.

Yes, there are all those benefits, but a lot of people are unable to access them at this point.

**The Chair:** Thank you.

Thank you, MP Thompson.

Now, witnesses and members, we are moving into our final round, our third round.

We have MP Morrice. You have five minutes. Just so you're aware—because there's been a lot of generosity here—you're going to get another five minutes after MP Baker, who comes after you.

MP Morrice, you have five minutes, please.

**Mr. Mike Morrice (Kitchener Centre, GP):** Thank you, Mr. Chair.

Thank you, colleagues.

I appreciate the chance to be a part of this conversation; it's a very important one.

I want to start by thanking ACORN and Prosper Canada for your advocacy this afternoon. This particularly applies to ACORN, not only for your advocacy here in Ottawa but in my community also. The chapter in the Waterloo region has been a wonderful ally for folks who are facing renovations. Thank you again to the good folks at ACORN for how you're bringing your lived experience to some really important advocacy, both in the Waterloo region and of course here this afternoon.

Ms. Borden, thanks for sharing some of your lived experience. It reflects what many in my community have shared with me in terms of the debt trap. I appreciate the story you shared in terms of borrowing \$10,000. I think you shared that you paid back \$24,000 and still owed \$7,000 by the end. It speaks to the real injustice of the issue that is meant to be addressed by this change. To reduce these predatory interest rates down to 35% is certainly a step in the right direction.

My question is for Ms. Jhamb. Specifically with respect to the association representing lenders who started this letter-writing campaign, my office has received two of these letters. I know that ACORN and Momentum have put out a statement that refutes the myths shared in these emails, including by pointing out that in Quebec this 35% maximum interest rate has already been in place for years, yet the industry seems to still expand in that province. I know that ACORN is pushing to reduce the maximum rate even further.

Ms. Jhamb, can you summarize in a minute or so the myths that ACORN has dispelled to help folks make sense of some of the emails we're receiving?

• (1235)

**Dr. Bhumika Jhamb:** Thank you, MP Morrice.

One of the biggest arguments posed by the Canadian Lenders Association is that this industry will cease to exist and that borrowers will have to go to loan sharks. We've maintained, as you mentioned, that in Quebec the interest rate is already capped at 35%, yet Goeasy, one of Canada's biggest installment lenders, boasts to its investors that it is going to expand in Quebec and other urban markets. If they were incurring a loss or if it were really affecting their profit margins, why would they go and expand further into Quebec?

It's very clear that there's enough of a profit margin even if the interest rate is lowered. In their annual report, they also say very clearly that they are very well placed to adapt to this lower interest rate. In the U.S. also, in state after state, we have seen the lower interest rate, and still this industry thrives.

**Mr. Mike Morrice:** Thank you, Ms. Jhamb.

I also appreciate that ACORN has shared concerns about the loopholes in draft regulations, specifically loopholes for pawn loans and commercial loans. I think it is a very important time to be sharing those concerns so that those regulations might be amended and improved upon.

I have about a minute or so left. Could you share in this last minute a summary of those concerns around how ACORN would like to see these draft regulations improved so that the experience that Ms. Borden shared earlier...? The intent is that this doesn't happen to folks in my community and others across the country.

Can you briefly share how you'd like to see these regulations improved to get rid of these loopholes?

**Dr. Bhumika Jhamb:** Sure.

We are mostly in agreement with the draft regulations, except for the fact that there was an exemption specifically mentioned with respect to pawn loans, for which the amount is equivalent to \$1,500 or \$1,000, as I recall, or lower.

We spoke to a lot of ACORN members about this issue, and we know that a lot of people who have pawned their gold or whatever have never been able to get it back because of the predatory interest rate that pawn loans carry. It's the argument that pawn loans should be regulated in the same way. As the government further lowers the predatory interest rate, pawn loans should not be exempt.

**Mr. Mike Morrice:** Thank you.

**The Chair:** Thank you, MP Morrice.

You'll have another opportunity.

I'll now go to MP Baker.

**Mr. Yvan Baker:** Thanks very much, Chair.

I expressed earlier my disappointment that the Canadian Lenders Association didn't appear. I want to reiterate some of the reasons I'm disappointed.

I'm disappointed because they were a feature witness for this study. They've been putting significant resources out there to communicate their point of view, which I think is misinformation, in my personal view. They had confirmed attendance as of Friday, and then suddenly they cancelled. One would think they'd want to make themselves available to share with MPs their point of view. This was also an opportunity for us to learn more about the subject and learn about the allegations—the misinformed allegations, in my view—that they're putting out into the public.

I think it's really important that we send a message as a committee that we're disappointed with the fact that they haven't appeared, especially with the fact that it was a last-minute refusal to appear, given that they had initially confirmed. I also think it's important that we get answers to the questions and get the information that I think we would have sought from them—which we have been seeking from our wonderful witnesses who are here today, whose presence we appreciate—and obtain the information that a representative from the Canadian Lenders Association could have provided but who chose not to appear to provide.

I would like to move a motion, Chair, on the subject. I am willing to pause to make sure we distribute copies in both official languages. I can pass them to the clerk so that the interpreters have a moment to look at them as well.

• (1240)

**The Chair:** Let's give everybody a moment to receive those.

**Mr. Yvan Baker:** When you're ready, Chair, let me know and I'll read the motion.

**The Chair:** It's being sent electronically, but there are also hard copies coming around.

Has everyone received a copy?

I think you're good, MP Baker. Go ahead and read it into the record.

**Mr. Yvan Baker:** It reads as follows:

Given high-cost installment loans are the second fastest-growing type of debt in Canada; and that these products are disproportionately accessed by low-income Canadians;

Given that high-cost loans tend to aggravate, not alleviate existing financial challenges, where Canadians resorting to these loans have ended up in vicious cycles of debt as they struggle to cover the increased cost of bills;

Given the Canadian Lenders Association's extensive lobbying since the release of regulations in December 2023 to be excluded from the scope of regulations, while refusing to publicly appear at committee to discuss their position;

That the committee express its disappointment in the Canadian Lenders Association's last-minute refusal to appear as part of the committee's current study;

That, in the context of its study on predatory lending, and pursuant to Standing Order 108(1)(a), the committee send for any documents from the Canadian Lenders Association and its member organizations related to the following:

- i. The total revenues and profits of CLA's membership, specifically of all publicly traded companies such as Goeasy Ltd;
  - ii. Goeasy Ltd. and Easy Financial's total revenues in the province of Quebec in 2022 and 2023; given the rapid increase in high-cost lending services in the province, despite the maximum APR of 35%;
  - iii. The total number and value of high-cost agreements granted in 2022 and 2023, broken down by province and territory;
  - iv. The dollar value of the CLA's advertising campaign regarding changes to the criminal rate of interest, and how much of that cost is borne by borrowers' repayments;
  - v. All executive compensation and bonuses, including for the CLA's entire executive and board;
- That the committee receive the information no later than Monday, March 18th, 2024.

• (1245)

**The Chair:** Thank you, MP Baker.

MP Chambers, do you have a comment on this?

**Mr. Adam Chambers:** Thanks very much, Mr. Chair. We're just getting this for the first time, but at least....

It's unfortunate—and I wish the clerk well—that we don't have Mr. Roger here to discuss how we got to this place.

My understanding is that the CLA was refused an appearance if Goeasy was unavailable, so there might be a little bit of broken telephone here on why someone may or may not be available. The accessibility of headsets to somebody, as was raised by Ms. Thompson, was certainly, in my understanding, an issue.

I would also ask—

**Ms. Joanne Thompson:** I would like to speak on a point of order.

To clarify, I didn't mention headsets. I mentioned hybrid as an ease to witness availability, so please, let's not confuse that issue.

**Mr. Adam Chambers:** Sure. Ms. Thompson correctly identified that hybrid is an option, but in order to participate in a hybrid meeting, someone needs an approved headset, which I understand was not possible in this circumstance. I don't know how we get headsets to remote locations in the world, but in my understanding that was not possible. When that person was not allowed or could not appear, the CLA was told that because the one individual could not appear it could not appear.

It seems to me that the government really wanted one individual to appear, and that person was unavailable. Instead of being flexible, government members refused to be flexible and said that we had to have the date for the meeting at this time—and here we are.

I don't understand. Number one, there is a thing called Google and reading financial statements. I'll reserve judgment on the rest of the motion, but I think we may be able to solve this in a relatively more reasonable way if we have a bit more information or a bit of flexibility on what happens in timing.

To be honest, I'm not sure I personally want to extend this study. We have a bunch of other things on the docket. We should have swapped something else in for today until we had the witnesses that the government absolutely wanted to have. I don't know why we proceeded in the way we did. I would be willing to give the chair and the clerk much more flexibility in the future to make sure that, if there is a witness we absolutely want to have, they're available.

I don't know why we pushed through today, and now we're using that as an example, knowing that it was not possible. We're using that to kind of create the grocery experience here for the government. That is totally fine. It's the government's prerogative, but we probably could have had a moment in the sun if we had just let them come a different day. I don't quite understand why we're here, but we'll take it under advisement.

• (1250)

**The Chair:** Thank you, MP Chambers.

I have MP Lawrence next.

**Mr. Philip Lawrence:** My apologies to the witnesses for having to listen to, as I believe Daniel called it, this business today. You have my apologies, and thank you very much for your testimony.

I would like to move the following amendment. It would commence at the very beginning of the motion.

I apologize, because I'm just doing this orally, so I don't have it in French. I will speak very slowly and we can have it translated quickly.

It reads as follows: “Given that after eight years of this NDP-Liberal government, Canadians are facing the worst economy since the Great Depression”.

**The Chair:** On the amendment to the motion, go ahead, MP Baker.

**Mr. Yvan Baker:** From my point of view, I think the intent of the original motion was to get the information that we could have obtained if the Canadian Lenders Association had been present. We could have asked the appropriate questions to get the information we need. The purpose of the original motion was to achieve that goal and to send a message of disappointment about their choosing not to appear.

To me, this addition is basically the Conservatives playing politics. I think we should refocus on why we're here, which is to make sure we get the information we need from folks who are out there dedicating a tremendous number of resources to advocate on this issue and who, in my view, were available and chose not to appear.

I'm opposed to the amendment.

**The Chair:** We have MP Lawrence and then MP Morantz.

**Mr. Philip Lawrence:** Thank you for that.

This is, I think, appropriate context. Even in the meeting I believe there were actually multiple rounds of questions with respect to the economic context that is motivating or animating individuals to take on loans and to take on additional credit, some of it “fair” and some of it “unfair”.

All that's meant by this is to add the additional context that, in an economy where the GDP per capita has grown by just shy of 5% over the last 10 years and where Canadians have record food bank usage, that is no doubt motivating individuals, or maybe “forcing” is the right word, to take on “unfair” credit. I think leaving that out does not tell the full story.

Thank you.

**The Chair:** Go ahead, MP Morantz.

**Mr. Marty Morantz:** Thank you, Mr. Chair.

I wanted to add a little bit more context to this discussion. Last night I received an email from Mr. Schwartz from the Canadian Lenders Association. It was sent to my non—

**The Chair:** Let me interrupt for a second, MP Morantz.

The preamble that's asked for in this amendment is not admissible. It comes in as debate and is not admissible. It is not in keeping with the spirit of the motion, so it is not admissible. I've just conferred with the clerk.

Go ahead, MP Lawrence.

**Mr. Philip Lawrence:** I would bring another amendment, then. I'll read the first part of the motion and then read the amendment.

The motion says, “Given high-cost installment loans are the second fastest-growing type of debt in Canada; and that these products

are disproportionately accessed by low-income Canadians”. The amendment would add, “and given that there are additional low-income Canadians because Canada's per capita growth has been less than 5% over the last 10 years”.

[*Translation*]

**Mr. Gabriel Ste-Marie:** A point of order, Mr. Chair.

I think you will find that there is unanimous consent from the committee to release the witnesses.

• (1255)

[*English*]

**Mr. Marty Morantz:** Mr. Chair, I have a point of order.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Excuse me, Mr. Morantz, I'm speaking on a point of order, so I'm going to finish.

I think there is unanimous consent to release the witnesses, since I gather that we will be discussing the motion and the amendments for the remaining minutes.

Thank you.

[*English*]

**The Chair:** Members, is there unanimous consent to allow the witnesses to be released?

**Mr. Adam Chambers:** I think we can finish this pretty quickly.

**The Chair:** Do we have unanimous consent, as MP Ste-Marie has said, to allow the witnesses to be released?

**Mr. Adam Chambers:** If they wish, but I think we might be able to fix this in probably two minutes if they want to stay and Mr. Morrice has more questions. I don't want to.... If you're open to doing that as an option—

**The Chair:** We don't have unanimous consent, or we do?

**Mr. Adam Chambers:** Well—

**Mr. Daniel Blaikie:** I think not, so that we can proceed and get back to—

**The Chair:** Okay. We're proceeding. We do not have unanimous consent.

Go ahead, MP Chambers.

**Mr. Adam Chambers:** I'll make a proposal, subject to my friend's consent.

**The Chair:** This is on the amendment.

**Mr. Adam Chambers:** That's correct. It's on the amendment. If my friend would withdraw the amendment—and I'm looking for some direction from the government on this—and if this motion included a clause that this information would represent the fullness of the evidence to be considered for the study, i.e., no more meetings, then I think we'd pass this right away.

If that's acceptable, then I can try to make that happen, and we could get back to these wonderful witnesses and give some time to Mr. Morrice.

**The Chair:** Thank you, MP Chambers.

The current amendment is also inadmissible, just so members are aware.

**An hon. member:** Also...?

**The Chair:** Yes, on that preamble, it's inadmissible. The amendment is inadmissible.

Do you need time or...?

**An hon. member:** No.

**Mr. Yvan Baker:** Which amendment was inadmissible? I'm sorry.

**The Chair:** They were both inadmissible.

**Mr. Yvan Baker:** Then, from our end, we're comfortable with what Mr. Chambers has proposed.

**The Chair:** All right. Good.

**Mr. Adam Chambers:** Could we pass it on division?

**Mr. Yvan Baker:** I'd prefer a recorded vote.

**The Chair:** We'll have a recorded vote.

(Motion agreed to: yeas 11; nays 0 [*See Minutes of Proceedings*])

**The Chair:** Great.

Do we have any time left for MP Baker? Are you good?

**Mr. Yvan Baker:** Yes.

**The Chair:** Okay. Now I'm off to MP Morrice.

You have a good five minutes.

**Mr. Mike Morrice:** Thank you, Chair.

We heard earlier in the testimony from Ms. Mulholland. She said that the problem isn't inadequate credit. It's inadequate income.

For the folks at ACORN Canada who are with us, I know that you've been wonderful advocates for the Canada disability benefit, because you recognize that 40% of those living in poverty are people living with disabilities. Folks living with disabilities have been disproportionately living in poverty for far too long. This disability benefit is meant to be a really critical measure to start to make progress on reducing legislated poverty for people with disabilities.

Recognizing, if you take a step back, that this conversation isn't just about the credit issue but about inadequate income for people living in poverty, I wonder if Dr. Jhamb and/or Ms. Borden would like to comment on ACORN's view of how important it is for our Parliament and this government to make progress on funding the Canada disability benefit.

• (1300)

**Dr. Bhumika Jhamb:** Thank you, MP Morrice. I think that's really well put.

It's definitely connected with the lack of a living wage, I would say. A lot of people with disabilities are forced into deep poverty because of a lack of or very inadequate or abysmal supports from provinces. That's exactly why there is a push for the federal Canada disability benefit, and we're glad that's moving forward.

It's really the lack of a living wage that pushes people to resort to predatory loan products and, also, a lack of fair credit alternatives. It's really a market failure. That's what we believe, because if the market were working perfectly, we wouldn't see this happening. We need government intervention in this space—in fact, more government intervention—to solve this crisis that we're in today.

**Mr. Mike Morrice:** Thank you, Ms. Jhamb.

Of course, when it comes to the Canada disability benefit, what we have seen is that a piece of legislation got passed, but the regulations have been very slow and we're very unclear on the outcome of that regulatory process. The minister has now said that the benefit might not be rolled out until June 2025. There's all of this slow-down while Canadians with disabilities continue to live in legislated poverty.

We know that this Parliament can move with urgency when it sees a crisis. There is clearly a crisis here for folks in my community and across the country who continue to live in poverty, and there is a very clear intervention that could make progress to reduce that. Ideally, it could have gone further if we would have been able to expand the legislation to include people over the age of 65. Unfortunately, that wasn't the case.

Is there anything you'd like to add, Ms. Borden or Ms. Jhamb, in terms of what you want to see from MPs in the lead-up to budget 2024 when it comes to addressing this inadequate income issue that is really the bigger overlying issue in this study the committee is in the midst of?

In looking at the chair, I think I have a minute or so left.

**The Chair:** You have another minute and a bit. This will be the final question.

**Mr. Mike Morrice:** That's great.

I'll get a final thought from you both with regard to the need for Parliament to be expedient when it comes to not just talking about critical income interventions like the Canada disability benefit but, in fact, funding them and making sure that they end up in the bank accounts of people living with disabilities across the country.

**Dr. Bhumika Jhamb:** We fully support this move. We hope that the government can act fast and also ensure that it promises a living wage and not just the kind of assistance that we see across the provinces, which is pushing persons with disabilities into deeper poverty.

**Mr. Mike Morrice:** Thank you again, Ms. Jhamb, for making sure the adequacy.... You've mentioned a few times that it's not just about funding the benefit but about ensuring that the benefit ends up bringing people above the poverty line. That need for adequacy has come through from ACORN and from your members across the country throughout this advocacy. I would be remiss to not also share the really critical testimony that people with disabilities have been providing for many years to push for this benefit to come to fruition. I certainly hope that this conversation helps and is a part of that.

Thank you.

**The Chair:** Thank you, MP Morrice.

On that, we want to thank our witnesses for being with us.

**Mr. Jasraj Singh Hallan (Calgary Forest Lawn, CPC):** Mr. Chair—

**The Chair:** I'm thanking the witnesses, so hang on one second.

I want to thank our witnesses. Thank you for going through what you went through. I know we had some motions, etc., that we had

to deal with here, but you've been terrific. You've answered a lot of questions. Your testimony will be used for this important study, and I thank you on behalf of the finance committee.

MP Hallan.

**Mr. Jasraj Singh Hallan:** Thanks, Mr. Chair.

I just want to find out, for the information of the committee, what we're doing on Thursday.

**The Chair:** I will look to the members. We had talked about the FES and....

**Mr. Philip Lawrence:** No, I don't think that's in the.... No.

**The Chair:** We'll look into that, and we'll get back to the members.

Thank you very much.

Members, we are adjourned.

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