

APR 15 2016

**Ministry of Government and  
Consumer Services**

**Ministère des Services  
gouvernementaux et des Services  
aux consommateurs**



Office of the Minister

Bureau du ministre

6<sup>th</sup> Floor, Mowat Block  
900 Bay Street  
Toronto, Ontario M7A 1L2

6<sup>e</sup> étage, Edifice Mowat  
900, rue Bay  
Toronto (Ontario) M7A 1L2

Tel.: 416-327-8300  
Fax: 416-326-1947

Tél. : 416 327-8300  
Télec. : 416 326-1947

**APR 13 2016**

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His Worship Fred Eisenberger  
Mayor  
City of Hamilton  
71 Main Street, 2<sup>nd</sup> Floor  
Hamilton, ON L8P 4Y5

Dear Mr. Eisenberger:

Thank you for your letter informing me of your City Council's recent amendment to the Hamilton licensing by-law to license payday loan businesses.

Our government shares your interest in strengthening consumer protection. Bill 156, the Alternative Financial Services Statute Law Amendment Act, is one way that we are strengthening consumer protection, especially for payday loan borrowers. This bill, if passed, would amend several pieces of legislation to better protect consumers of alternative financial services, like payday loans, and consumers with debts in collection.

Please know that my ministry is reviewing your requests to take further steps to address various aspects of alternative financial services and will take them into consideration where possible. Please note that several of these recommendations may be addressed through Bill 156 and others are outside of provincial jurisdiction. I am happy to say that Bill 156 would, if passed, address broadening the application of debt collection rules and provide regulation-making authority to require payday lenders to take a borrower's ability to repay into account. However, regulation of interest is a federal matter. The federal Criminal Code defines the criminal rate as an effective annual rate of interest that exceeds sixty percent. You may wish to contact the Honourable Jody Wilson-Raybould, Minister of Justice and Attorney General of Canada, regarding your concerns with the criminal rate of interest.

I appreciated your continued engagement on consumer financial protection. The stakeholder discussions in Hamilton in the spring and summer of 2015 helped inform the development of Bill 156. Should the bill pass, we look forward to discussing the regulatory amendments to implement the bill with you and other interested stakeholders.

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In addition, my ministry is considering a review of the maximum total cost of borrowing a payday loan. We look forward to any additional input you may have on that matter.

I have also taken the liberty of forwarding a copy of your letter to my colleague, the Honourable Helena Jaczek, Minister of Community and Social Services, for her consideration of your recommendations related to Ontario Works and the Ontario Disability Support Program.

Thank you again for sharing your concerns.

Sincerely,

A handwritten signature in dark ink, appearing to read 'David Oraziotti', with a stylized flourish at the end.

David Oraziotti  
Minister

c: The Honourable Helena Jaczek, Minister of Community and Social Services