



Councillor Paul Ainslie

Toronto City Council
Scarborough East - Ward 43

Chair, Government Management Committee

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December 12, 2016

Hon. Mitzie Hunter, MPP (Scarborough—Guildwood)
109 - 4117 Lawrence Ave E
Toronto ON M7A 1E9

Dear Hon. Mitzie Hunter,

I want to raise a serious matter which has a very detrimental impact on the daily lives of not just residents in Scarborough, but across Ontario. But first and foremost, I raise this matter as a Toronto City Councillor.

Lately, many residents of Ward 43- Scarborough East which I represent, have been coming forward to tell me of their very serious concerns about "payday lending" businesses. I have made inquiries with regards to "payday lenders" and their operations in the City of Toronto. The Municipal Licensing and Standards staff have advised me these loan establishments are overseen by the Province of Ontario under the Payday Loans Act (2008).

My focus of concern is how borrowers who utilize these businesses are protected from being abused financially. Residents have told me stories suggesting loan repayments are missed, even by a fraction of a day.... sometimes hours.... Can have a lender can trigger an overdraft fee which results in the borrower being charged 400% interest or more.

Problems occur within this process when the borrower does not have sufficient funds to pay back the lender within or by the given payment period time. This results in the borrower placing another loan to pay back the previous loan, thus a cycle forms. The high cost in borrowing fees and the short repayment periods are the real issue which negatively impact Ontarians.

A legislative amendment is required to the Payday Loans Act (2008) placing limits on lenders ability to charge bloated interest rates, and forced repayment terms.

As the City Councillor for Ward 43- Scarborough East, I have community residents who are being directly affected. A number of payday lenders establishments are opening in low-income neighborhoods targeting those who are most susceptible to the payday loan cycle.

The City of Toronto has been doing its best to assist vulnerable residents. Over the past few years I have lead a process to implement a Social Services Benefits' Card. The City of Toronto uses these debit-style cards for those on social assistance, who are unable to secure commercial bank accounts. This process is now being replicated by the Provincial Government of Ontario, and examined as well for utilization by the Canadian Federal Government.

We need the Ontario Provincial Government to do more.... now.

I hope I can have your support important in addressing this very important matter to see the introduction of legislation to protect our residents from the detrimental payday loan cycle.

I look forward to your response.

Sincerely,

Councillor Paul Ainslie
City of Toronto
Ward 43 Scarborough East

Cc. Honourable Kathleen Wynne, Premier of the Province of Ontario