

## **Michael Dawe - High Cost Alternative Financial Services**

There are numerous alternative financial services businesses in our community and as you have indicated, the cost of using those services is very high.

Regulation of these businesses falls generally under provincial government jurisdiction, and to some extent, federal jurisdiction (e.g. setting of interest rates and definitions of usury)

A lot of municipal control comes up under by-law and land use regulations.

Which then flows into your second question.

By-laws and land use regulations can, and should be used to limit and control how many of these businesses can be set up and in which locations.

However, these rules have to be carefully crafted.

I unfortunately have had the experience of legal challenges to municipal rules, particularly by businesses that are legal under provincial and federal legislation.

And the companies in question, often have the monetary means to launch extensive legal challenges and appeals.

The City of Red Deer, particularly since the electric utility was created in 1927, has used its utilities as a major revenue source.

We have seen more players in the utilities markets, after the deregulations of the 1990's.

Unfortunately, this deregulation did not bring lower costs through competition.

I think all of us have seen our bills rise dramatically, with many of the increased charges going to overhead and administration and not the direct cost of the gas, water, electricity, etc. provided.

I am not sure to what extent, given the franchise agreements which the City has with its providers, there is flexibility in the setting of rates

However, it seems that in every budget cycle, increases to utilities charges are included in the budgets.

While sometimes those increases seem to be relatively small, the impact on limited and fixed incomes can be huge.

I would be willing to look at what controls and adjustments can be made to the City's existing utility rate structure and the annual increases made.

Financial literacy can and should be included in the package of social services and supports offered by the City.

However, a multi-level and multi agency approach is vital.

Different approaches are needed to assist people with diverse backgrounds and problems.

Hence, partnerships and innovative initiatives will have to be developed and implemented.