

Chapter Eight (Consumer-Related Measures and Standards) 2004-2005 Annual Report

Chapter Eight of the Agreement on Internal Trade (AIT) calls upon the federal, provincial and territorial (FPT) governments to report on and cooperate in, the enforcement of consumer protection measures. As part of that agreement, the Committee on Consumer Related Measures and Standards (CMC), composed of federal, provincial and territorial officials, undertook negotiations to reach agreement on specific commitments made under the AIT. This work was substantially completed in 1998. The CMC is tasked with monitoring the implementation and administration of these agreements.

The CMC is also responsible for identifying any substantive measures for inclusion in future negotiations, acting as a forum for discussions between the Parties on consumer-related measures, and undertaking dispute resolution.

In 2004/2005 the following steps were taken by the Parties:

- On August 4, 2004, a Dispute Resolution Panel established under the AIT released its report on the **dispute between Canada (the Party complained against) and Alberta, British Columbia and Québec** on the federal **Cost of Borrowing (Banks) Regulations** (CBR). The Panel found that Canada “acted inconsistently with its implementation rights and obligations” under a **Harmonisation Agreement on Cost of Credit Disclosure** signed by all jurisdictions under the auspices of the AIT. The Panel further found that federal *Cost of Borrowing (Banks) Regulations* (administered by the Department of Finance) “cause injury to the AIT and to federal-provincial relations generally and to provincially regulated financial institutions and to consumers.”¹
- In its recommendations, the Panel instructed the CMC to meet at the earliest opportunity to resolve the concerns raised by the parties in the CBR dispute by October 15, 2004. In response, the CMC struck two working groups to address the Panel’s recommendations:
- The CMC struck two working groups. The first Working Group carried out a public consultation from mid-December through March 2005 on the substantive issues of the dispute, that is, **the calculation of the Annual Percentage Rate for open credit other than credit cards**, and the **waiver of the two-day cooling off period for mortgage loans**. The Working Group will continue its deliberations in 2005/2006. The other Working Group developed text to clarify **the limits of flexibility afforded to the Parties in implementing the Harmonisation Agreement**, and a clear process for notification of deviations

¹ The full Panel report may be found at [The Agreement on Internal Trade - Dispute Resolution](http://www.intrasec.mb.ca) (www.intrasec.mb.ca)

and the resolution of any issues resulting from those deviations. CMC has reviewed and approved this text.

- FPT Consumer Deputy Ministers met in June 2004 during which a roundtable discussion was held on **Pay Day Lending**, involving external resource organizations. Guest speakers for this session represented academia, both Canadian and international non-governmental organizations, business groups and industry associations.
- The CMC Alternative Consumer Credit Market Working Group began work to: develop a legal framework for consumer protection in the **payday lending** sector; examine the cost structure of this sector; elaborate best practices for a legal payday lending sector; examine the role of traditional lenders in this market, and improve consumer awareness of issues surrounding the use of this form of lending.
- The CMC **Charge-back** Working Group consulted with industry stakeholders to examine their willingness to implement credit card charge-back policies on a voluntary basis. On the whole, the Working Group received little response to the initiative. One exception was VISA Canada's announcement, in June 2004, of a voluntary charge-back regime for online, phone and mail order purchases, in some circumstances. Also in June, FPT Consumer Deputy Ministers agreed to support a hybrid between a regulatory and a voluntary approach to implementing charge-backs, and continued to press the sector for action on this issue.
- The CMC **Travel Services** Working Group conducted a consultation with stakeholders on how to improve the transparency of air travel price advertising, and initiated work with the relevant regulators and stakeholders on opportunities to address protection of consumer pre-paid monies in the travel marketplace.
- During National Fraud Awareness Month, the CMC launched the **Identity Theft Information Kit for Business**, to help businesses protect their clients' personal information.
- The CMC updated the **Canadian Consumer Handbook 2004**.
- **The Harmonized Collection Practices Agreement** was implemented in British Columbia (July 2004).
- The **Internet Sales Contract Harmonization Template** was implemented in British Columbia (Spring 2004) and in Newfoundland and Labrador (Fall 2004), via its Consumer Protection Act.
- With the agreement of all parties, the **CANSHARE** information system was terminated. Canshare members agreed on the importance of continuing the sharing of information in the future and of exploring appropriate and inclusive

means to do so. In particular, members expressed a desire to examine the possibility of establishing an electronic communication process that would allow them to rapidly exchange consumer alerts and like information, as well as to hold periodic conference calls.

July 2005