

Draft Directive No. 1R4

Dear Office of the Superintendent of Bankruptcy (OSB):

I operate one of the many 4 Pillars Consulting offices that are located throughout Canada. I have read through and studied the proposed new directive, OSB Directive 1R3, as well as the 2013 Industry Canada Evaluation of Mandatory Counselling Report. There are several concerns that I have regarding what I have read, which I would like to express through this letter.

From the 2013 Industry Canada Evaluation of Mandatory Counselling Report, it states, "mandatory counselling addresses a continued need by contributing to the rehabilitation of debtors and helping them avoid future financial difficulties", as well as "there are opportunities for improvement to the content and materials provided".

4 Pillars has created counselling materials with improved content and relevance, that will improve upon the current existing materials used by most, which will help to standardize the process for all debtors. According to the feedback from the 2013 Industry Canada Evaluation of Mandatory Counselling Report, "trustees and counsellors often produced their own set of materials for counselling sessions, such as brochures, workbooks, videos, and links to online resources", and that "they would like a standard tool for counsellors and trustees who do not have the resources to develop their own aids". What this tells me is that across the country, the debtor is not receiving the same information/tools/guidance, which may be leading to the ever increasing repeat offender rate.

In a survey done for the 2013 Industry Canada Evaluation of Mandatory Counselling Report, "8% of respondents did not feel that mandatory counselling would help them to avoid future financial difficulties". Of those 8%, "68% of these respondents said it was because the sessions were not useful because the information provided was not sufficient".

There was also a survey done on Counselling Topics in the same 2013 Industry Canada Evaluation of Mandatory Counselling Report, which stated that, "24% of trustees and counsellors recommended adding new topics, such as credit scores and credit rehabilitation. Debtors want to know how credit scores work and how they can gain access to credit again". The materials that 4 Pillars has developed does include these topics.

The repeat offender rate is estimated to be between 20%-24%, and is continuing to rise. Based on the information in the 2013 Industry Canada Evaluation of Mandatory Counselling Report, "repeat insolvencies costs society as a whole. Slower economic growth, by increasing costs of goods, services, and credit. There is also an increase in court and administration costs. Helping debtors to not become repeat offenders has benefits to both debtor and creditor, such as higher

profits to creditors, lower costs for consumers, and improved finances for debtors, resulting in reduced stress and better health”.

I am sure that these increased repeat offender rates can at least be partially attributed to a lack of Financial Literacy for the debtor. As discussed in the report, the priority of the Government of Canada is to improve Financial Literacy. 4 Pillars has 15 years of financial literacy experience and the counselling material that 4 Pillars has developed is based on that experience. 4 Pillars is very proud of the quality of the financial literacy skills that we teach and provide to our clients. The results of these skills speak for themselves. Our clients have a much lower rate of insolvency re-occurrence than those who use other services.

With all of the suggestions that were gathered in this report, there has still been very little, if any, positive changes to address these concerns to date. Directive No. 1R3 does not enhance the Counselling in Insolvency Matters, but rather restricts it even further. 4 Pillars believes that there needs to be more research and evaluation done before any proposed changes are considered regarding the counselling or changes to the BIA.

OSB Directive 1R3 is defined as educating debtors on good financial management practices, including: The prudent use of consumer credit and budgeting principles; developing successful strategies for achieving financial goals and overcoming financial setbacks. The responsibility of the OSB does not include the issues of financial literacy or social development, based on a letter 4 Pillars received on June 27/2017. So then one is to conclude that the LIT's responsibility is not to increase financial literacy or the financial rehabilitation of the debtor. So then the new directive seems to be in conflict of the duties and responsibilities of the OSB.

I am not a qualified/certified Insolvency Counselor like many of the other 4 Pillars locations. However, I do believe that the proposed changes to Directive No 1R3 does jeopardize our business and the well being of all debtors. 4 Pillars is more than willing to work together, along with all of the industry stakeholders, to work on a solution that meets the needs for everyone involved, most importantly, the many debtors that are vulnerable to any changes that may affect their ability to overcome their financial challenges.

Please reconsider your proposed change for a longer consultation period so the proper evaluation and assessment can be conducted to measure the true impact your counselling change will make on debtors and society moving forward.