



Canadian Council for Refugees Conseil canadien pour les réfugiés

End the burden of transportation loans

“My friends left a starvation and disease-ridden refugee camp with nothing because they had nothing. To put them in the red almost as soon as they arrive in Canada—while they have little means of paying their debt—impedes their opportunities to rise above the pain they’ve come from.”

- *One concerned Canadian*



“I worried all the time about repaying this debt. How can I further my education and get a good job and how can I support my family, how can I provide them with good food?”

- *Gowah, left, single mother of six children.*

“Does the government of Canada expect this old refugee woman to repay the loan? How can the government that feeds us with its wheat ask for money from me?”

- *Fatumo, a Somali refugee in her 80s*

Each year thousands of refugees are resettled to Canada so that they can find safety and a permanent home. Canada opens the doors to these refugees as a humanitarian act, yet expects the refugees to pay for their medical exam and their travel to Canada. Since most refugees of course can’t afford these expenses, Canada offers them a loan. As a result, refugee families start their new life in Canada not only with the challenges of adapting to a new country, learning a new language, catching up with missed schooling and recovering from trauma, but also with a debt of up to \$10,000.

The burden of the transportation loans is having a painful impact on thousands of refugees and on Canadian society. It undermines refugees’ ability to integrate and to contribute to their full potential in their new home. The cost individually and collectively is huge.

Canada can easily afford to eliminate the loans for refugees at the same time as maintaining or preferably increasing the numbers resettled. It is consistent with Canada’s commitment to protect refugees, including the most vulnerable.

“First Call’s partner organizations were dismayed to learn that refugee families are required to re-pay transportation loans to the Canadian government. We are deeply concerned that the successful settlement and integration of refugee children and youth is being undermined by a policy that puts additional financial strains on these vulnerable families. We know that new immigrant families are over-represented in poverty statistics, and poverty puts healthy child and youth development at significant risk.”

- *Adrienne Montani, Provincial Coordinator, First Call: BC Child and Youth Advocacy Coalition*

SOLUTION: The Canadian Council for Refugees calls on the Governments of Canada and Quebec to absorb the costs of the transportation and overseas medical expenses for refugees.

For more information, see: www.ccrweb.ca/transportationloans.htm

IMPACTS OF LOANS

The following are some of the consequences for resettled refugees of arriving with a debt of several thousand dollars:

- > Teenagers struggle to keep up with their high school studies while working to contribute towards loan payments.
- > Refugees postpone upgrading their skills and qualifications while working at low-end jobs to meet the monthly loan payments.
- > Refugee youth sacrifice ambitions of pursuing higher education because they must work.
- > Parents working multiple jobs to meet loan payments are hardly at home and can't give their children the support they need.
- > Refugee families making their loan repayments may not have enough money for basic living costs, including food.
- > Refugees struggling with the trauma of persecution and exile and the stresses of adapting to a new country are particularly vulnerable to feelings of acute anxiety over the huge debt burden.

Many resettled refugees have been selected specifically because they are particularly vulnerable and have special needs: for example, single mothers, refugees with disabilities or health problems, large families. They are further marginalized and impoverished by the debt burden.

Requiring refugees to repay their transportation loans also has costs for society as a whole. Yes, the government saves money in the short-term. But over the longer term, it is a false saving, because refugees' integration is delayed, they do not contribute to their full potential and may require extra support from society over a longer period. It makes much better financial sense to invest in refugees on arrival, so that they can get off to a good start in their new home.

“Lots of single mums with several children came, and the single mums had very little schooling themselves and so they were mostly illiterate in their own language. And for them to find a job after a year is practically impossible. So what happens is that the older children have to step in and start working.”

- Karin Linschoten,
Psychologist, Edmonton

Nura

Nura is an outgoing young woman who likes to talk and interact with people. Born in Somalia, she was forced to flee persecution. After four years in exile, she was recently resettled to Canada by the government.

In Canada, Nura found a new home in Winnipeg – where it is cold, but people are very friendly. Despite her limited English, she enjoys interacting with people. Nura's goal is to learn English as quickly as possible and to find decent work. In the meantime Nura depends on government assistance.

As a single person, Nura receives \$667 a month from

Nura's monthly budget		the Resettlement Assistance Program (RAP). She pays
Income:	\$667	\$360 in rent (the minimum cost for bachelor apartment
Expenses:		in the city). \$20 a month goes towards Hydro bills.
Rent	\$360	That leaves \$287 for food,
Hydro	\$20	transportation (bus pass),
Other	\$287	telephone, cable and
Total Expenses:	\$667	cleaning supplies.
Loan payment:	\$90	

Nura would like to be able to send money to her family overseas, who think that since she is in Canada she must be rich. But she doesn't have enough for her

basic needs, let alone to send money back home. Recently, Nura went to see her settlement counsellor about using the food bank, because she has run short of food.

Not long ago Nura received a letter from the government saying that she should start paying \$90 a month to pay off her transportation loan before interest starts to be charged. She took the letter to her settlement counsellor to find out what it was. When the settlement counsellor translated the letter to her, she got up from the chair, sat down on the floor and started crying in front of him.

She asked her settlement counsellor how she would be able to live in Canada. She requested him to send her back to any country where she could be safe.

She asked her counsellor to tell the government that she appreciates what they did for her. However, she cannot pay this loan at the present time. If the government wants to arrest her she is more than willing to go jail.

“When the settlement counsellor translated the letter to her, she got up from the chair, sat down on the floor and started crying in front of him.”

Gowah

Gowah arrived in Canada in November 2006, as a refugee from Liberia. With her came her six children aged between 3 and 16. The total transportation loan for the family was just over \$8,600, and Gowah was expected to pay \$125 a month.

Gowah enrolled in classes to improve her English, so she could take advantage of employment training. She struggled with taking classes when she still had young children at home, and balancing pursuing an education for herself while still being available for her young family after school. Like many recently arrived refugees, Gowah lacks the support of extended family and a network of friends.

Gowah remembers: “I worried all the time about repaying this debt. How can I further my education and get a good job and how can I support my family, how can I provide them with good food?”

Gowah was fortunate to have her transportation loan forgiven after six months. “It is a relief,” said Gowah. “Having no loan to repay has reduced my stress.”

Since then, Gowah has completed her Health Care Aide training and is working in the field. She has been able to take some of the money she was using to repay the transportation loan and set it aside to ensure her children will have some money to pay for

their education after they graduate from high school. She has also been able to move from the inner-city to a “safer” neighbourhood.

Gowah’s eldest child has graduated from high school and is planning to attend university to become a social worker. Her second child will complete Grade 12 this year and dreams of university. The youngest has just started kindergarten and loves school. Gowah wants her children to focus

on their education and is relieved that they can now spend more time on studying instead of worrying about helping out with the household expenses.



Gowah was lucky to have her family’s loan forgiven. Many other families facing the same challenges as Gowah’s continue to have to repay their loans.

One Canadian’s perspective on the transportation loans

“My family has been blessed to be friends with a family who came to Canada as government-sponsored refugees from Burma. We were introduced to each other through a local non-government program that matches Canadians with refugee families to help the newcomers adjust to life in Canada.

When they arrived, our friends were new to most aspects of life in Canada: cars, electricity, plumbing, the food and, of course, the English language. As we got to know each other through a gradually decreasing language barrier, we introduced them to life in our city. We were able to provide assistance with the day-to-day business of life, like bills, forms, appointments and school permission slips. They were so eager to learn and work... to become Canadians.

One day, as I was helping them go through some mail, there was a letter from the government of Canada. As was our normal practice, I read through the letter so I could explain it to them. I was shocked to read that, only six months after arriving in Canada, my friends were being asked to begin paying the government back for the six plane tickets that got them to this country. “But the government knows they have nothing,” I thought. “That’s why the government invited them to come here. This isn’t fair.”

It just doesn’t add up. Government-sponsored refugees get income support for their first year in Canada, and they may attend government-funded English classes to help them get on their feet. So the government seems to recognize that refugees are in no place to enter the workforce or be self-supporting as they settle in Canada. The government’s policy of asking refugees to repay their airfare is inconsistent but, even more, it is unjust. My friends left a starvation and disease-ridden refugee camp with nothing because they had nothing. To put them in the red almost as soon as they arrive in Canada—while they have little means of paying their debt—impedes their opportunities to rise above the pain they’ve come from.”

- Names withheld to protect privacy, Reprinted with permission from Partners, Diaconal Ministries Canada

Fatumo

Fatumo spent most of long life (she is over 80) in her native Somalia. She never went to school, or learned to read or write, but she raised six children.

1991 brought disaster in the form of civil war. Fatumo's two sons were killed and she fled the country with her daughter and three grandchildren. The family spent sixteen years as refugees in Kenya, before finally being resettled to Canada in 2007.

The family is extremely happy that they finally have a peaceful life. But settling in presents them with many new challenges: bills, a different life style, food that is unfamiliar and language barriers.

Two months after they arrived, the family received notices from the government stating that they must start repaying their transportation loan. They were stunned—they had not expected that they would be asked for money so soon. They ask: "How can we repay the loan when we do not have a job? The government allocated a little money for us so that we can pay for rent, food, telephone and transportation (bus passes). We cannot see where the money will come from to pay for the transportation loan."

Fatumo says: "Those who brought me here know what they should do and how we live with the money they provide. Does the government of Canada expect this

old refugee woman to repay the loan? How can the government that feeds us with its wheat ask for money from me?"

Fatumo cannot work, walk or see. One day an English-speaking friend was visiting when Fatumo a man called demanding payments on the loan. The family asked the friend to tell the man that Fatumo is fragile, cannot work and cannot repay the money. The man was very aggressive and insisted that they borrowed money from the government and they should pay. He told them he does not want to hear any excuses: he wants money. The family was terrified. Based on their bad experience with government in their home country, Fatumo and her family thought they might be deported.

From the money earned by two of the family members, they managed to pay back some of the loans. But they still face the remaining balance, the interest, the man on the phone with a bad voice, and the threat that their file will be passed to a collection agency.

"Does the government of Canada expect this old refugee woman to repay the loan? How can the government that feeds us with its wheat ask for money from me?"

- Fatumo, a Somali refugee woman in her 80s

SOME FACTS ABOUT LOANS

- > The loans usually cover both transportation costs and the expenses of the medical examination refugees must undergo before travelling to Canada. Canada is the only country to make resettled refugees pay for their medical examination.
- > Since 1995, refugees pay interest on the loans. Canada is the only country to charge refugees interest on transportation loans.

A young man of 18 years was resettled to Canada with his mother and 3 younger siblings (his father has died). He must pay \$158 every month, in addition to the payments his mother makes for the rest of the family.

> The maximum amount for a loan is \$10,000. However, a family might have to repay more than \$10,000 since a separate loan can be issued to any children over 18 years in a family.

- > The cost of transportation exceeding the \$10,000 cap is recovered by folding it into the costs

assessed to other refugees. Thus some refugees are paying not only for their own transportation, but also to subsidize other refugees' transportation.

- > The government covers directly the costs of some refugees (some single parents, large refugee families, women at risk, disabled refugees), in recognition of their particular vulnerability. However, decision-making on whether to exempt refugees the travel loan seems to be inconsistent and many refugees with significant integration challenges still arrive with a debt burden.
- > The loan repayment rate is 91% – an astonishingly high rate given the sacrifice repayment entails for many refugees.
- > The federal government could absorb the transportation and medical expenses at a cost of \$13 to \$15 million annually.
- > Forgiving the current outstanding loans would cost approximately \$38 million.