



## TRANSPORTATION LOANS BACKGROUNDER

### OPENER

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.

The Canadian Council for Refugees is calling upon the Governments of Canada and Quebec to eliminate the burden of the loans by absorbing the costs of the transportation and overseas medical expenses for refugees.

### 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.

“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

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.

“First Call's partner organizations were dismayed to learn that refugee families are required to repay 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

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, meaning that 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.

### **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.
- 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.

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.

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.

**JOIN THE CCR IN WORKING FOR AN END TO  
THE TRANSPORTATION LOAN BURDEN!**