



Access Alliance
Multicultural Health and Community Services
reSEARCH FOR CHANGE

Summary of Research Findings

Impact of Transportation Loan Repayment Requirement on Government Assisted Refugees (GARs) in Toronto

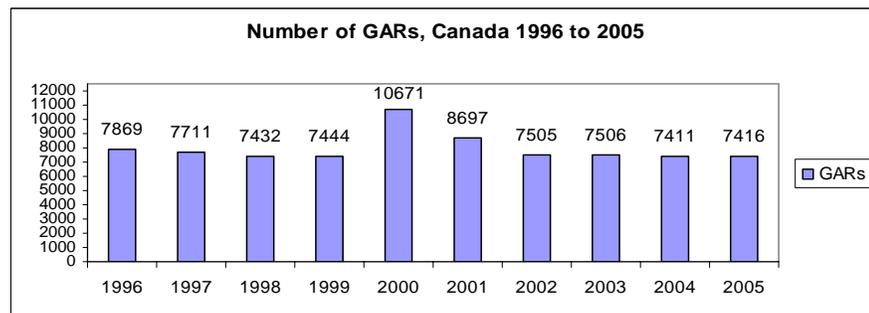
INTRODUCTION

In 2007-2008, Access Alliance Multicultural Health and Community Services (Access Alliance) in partnership with Centre for Addiction and Mental Health (CAMH) conducted an exploratory research to investigate pre-migration and post-migration mental health issues faced by newly arrived Government Assisted Refugees (GARs) settling in Toronto. The research was focused on GARs from Afghan, Karen and Sudanese community in Toronto. The research conducted focus groups and interviews with GARs from these communities and with service providers working with these communities. The study methodology was grounded in community-based research (CBR) principles. We trained and engaged 5 GARs from the three communities as “peer researchers”; peer researchers worked collaboratively with the rest of the research team in the design, data collection, analyses and dissemination process of the study.

The findings from this research indicate that the burden of repaying the transportation loan is a major source of economic as well as mental health stress on GARs; in turn, this stressor adds to and exacerbates the multiple vulnerabilities and risks that GARs face.

FACTS ABOUT GARs AND TRANSPORTATION LOAN

Canadian government defines GARs as “permanent residents in the refugee category who are selected for resettlement in the convention refugee class or source country class and who are eligible for government assistance” (CIC, 2008)



Canada receives roughly 7500 GARs annually. After arriving in Canada, GARs receive specific settlement services and income support for one to two years (through the Resettlement Assistance Program). Most of the refugee sponsoring nations (eg Australia, Netherlands, Sweden) fully cover the pre-travel medical expenses and airfare costs incurred by GARs. Canada and the US are one of the few nations that require GARs to repay the costs of airfare, pre-travel medical costs, and initial resettlement expenses. In Canada, GARs are required to repay the principal with interest (GARs to US only repay principal). For a GAR family of four people, the loan can total \$9000 or more. The loans are provided as part of the Immigration Loan Program (ILP) with funds coming from the federal government’s Consolidated Revenue Fund. GARs are asked to sign loan repayment agreement papers prior to coming to Canada. They are required to repay the loans in instalments (usually over three year period) with repayment process starting from three months after arrival in Canada.

HIGHLIGHTS OF FINDINGS

Finding 1: Transportation loan repayment requirement appears to be a major cause of worry, stress, and anxiety for newly arrived GARs in Canada.

"We will have a lot of loan and the thought of it can give us heart attack" (Government Assisted Refugee)

"She has to pay back the loan to government. The money that she gets from welfare is only \$500. She still has to pay back the travel loan and others. *She said that she almost went crazy.*" (Government Assisted Refugee)

"I think about my own situation and wonder if I will be able to pay back the travel loan within three years or not. I have to pay back about \$100 or a little bit more than \$100 each month, but I owe more than \$9,000 in total. If my calculation is right, I cannot pay off the full amount (\$9,000) within three years. *So, we feel burdened as we worry about how to repay the loan within three years.*" (Government Assisted Refugee)

"Yes, when you owe money that is a *lot of worries and when you think about that it's not easy*" (Government Assisted Refugee)

"People told us that if we can't pay off the loan within three years, it can complicate our citizenship application process... *When I heard that it makes us worry a lot.*" (Government Assisted Refugee)

"It's just a, you know, *[the transportation loan repayment] adds to all other issues.* You have immigration problems; you have to deal with settlement and adjustment issues; and you have to deal with poverty, lack of employment, unemployment. All those issues add up, and in addition to that you have to start paying back loan." (Service Provider)

Discussion

GARs from all three communities (Afghan, Karen and Sudanese) as well as service providers working with GARs identified the burden of transportation loan repayment as a significant cause of mental stress and worry. The selected quotes highlight the serious nature of the worry and anxiety that GARs face because of the burden of having to repay the transportation loan during the first few years in Canada when their economic condition is most weak and vulnerable. The study findings indicate that the stress from the transportation loan exacerbates the multiple mental health issues that GARs face. In turn, anecdotal evidence suggests that compounding of post-migration stressors may prevent refugees from seeking care for pre-migration mental health issues (including trauma and PTSD). Statements such as "it can give us heart attack" or "she almost went crazy" or even "it makes us worry a lot" should not be taken lightly considering the many stresses that GARs face, and considering GARs are high risk groups in terms of mental health concerns.

Finding 2: GARs sign the contractual obligation to take and repay the transportation loan out of vulnerability and desperation rather than through informed choice.

"Regarding the loan, the loan is a big obstacle... There are a number of documents that need to be signed when you are in the process to come to Canada. *You because you are so desperate to come to Canada they make you sign some documents in Egypt. You just sign any document just to come to Canada*" (Government Assisted Refugee)

"And it's also different when you're a refugee. You just want to get out of the country. And maybe you don't hear half the things that are being said because you just want to leave." (Service Provider)

"Regarding the loan repayment, *I already signed the document before I came* here agreeing to the condition that I would repay my travel loan. So I have to repay." (Government Assisted Refugee)

"I owe \$8000 for six family members. This is our debt we owe to the government. *If we do not repay our debts, our children will have to pay anyway.*" (Government Assisted Refugee)

Discussion

Findings from this study suggest that GARs sign the loan agreement before coming to Canada with little or no choice and with little understanding about the impact the loan may have. Respondents in the study highlighted how they are in a vulnerable position when they are signing the loan agreement and that they would "sign any document just to come to Canada." The lack of informed choice is inconsistent with lending policies in Canada. Findings from this study suggest that this vulnerability persists even after coming to Canada; GARs feel enormous pressures to repay the loans because they fear that they may be sent back, not be able to apply for Canadian citizenship, or face other consequences.

Finding 3: In communities where there is social stigma attached to being in debt, GARs from those communities are at risk of being stigmatized from the day they arrive in Canada due to their

“Different cultures in general view loans differently, and in some cultures any kind of debt has a negative connotation.”
(Service Provider)

“Afghani people don’t like loans” (Government Assisted Refugee)

Discussion

The study found that in certain communities (particularly Muslim communities), there is social stigma associated with being in debt. GARs from Afghan community indicated how the transportation loan can have stigmatizing impact on them, and therefore if given a choice they would not take loans.

Finding 4: Transportation loan repayment requirement appear to directly undercut the already low levels of income (or social assistance) GARs receive, thereby worsening the poverty and economic risk that they face, particularly in the first few years of arrival.

“With the sponsorship money from the government, we have barely enough to pay our monthly expenses in our house including rent, telephone, clothing, and food. Thus, to pay back monthly travel loan of \$500 is a lot for us already.”
(Government Assisted Refugee)

“And for the money we receive now, and there is very little left from after the rent and then we cannot *it is difficult to pay from that money the travel cost*” (Government Assisted Refugee)

“Most GARs are still on social assistance. They can’t afford to be giving money back to the government at this point” (Service Provider)

“In fact, I do want to repay it back. I ask the government ‘could you please give me a job, any kind of job will do.’ They will reply ‘wait, wait, I cannot really give you job.’ (Government Assisted Refugee)

“We do want to repay our loans, but we need jobs. Please help us find appropriate jobs, and we will work hard and do our best. Please, understand our situation and problems p6”
(Government Assisted Refugee)

“that the newcomers or the GARS are not successful to get jobs, leave alone what they were training for, but even for the general labour, takes at least 6, 7, 8, 9 months, at least a year to work in a factory. And even when you go to the factories, *the income is barely enough to pay your rent*” (Service provider)

“Not all people can work to pay back their loan, due to health problems or old age” (Government Assisted Refugee)

Discussion

The study findings indicate that GARs face financial difficulty in making the installment payments for the transportation loan since their household income is already very low (“barely enough”). In turn, paying the loan worsens their low-income status since they have even less to cover basic expenses like rent, food, and clothing. Client surveys conducted by Access Alliance and Immigrant Services Society of BC have found that newly arrived GARs face multiple barriers in the labor market and thus experience high levels of unemployment, underemployment and poverty. *In absence of supportive labor market environment for GARs, the burden of transportation loan worsens the poverty and economic insecurity that GARs face.* There is also growing evidence that GARs arrive in Canada with less than optimal health which can undermine their economic capacity. Respondents in this study noted that the transportation loan repayment process is insensitive to this and other challenges that GARs face.

CONCLUSION AND POLICY IMPLICATIONS

Findings from this study strongly suggest that the burden of the transportation loan is a major source of mental health and economic stress on GARs. Also, the study found that GARs sign the loan agreement when they are in a vulnerable position and not necessarily through informed choice; to this extent, the loan agreement process is inconsistent with formal Canadian lending policies. Moreover, the study findings indicate that the financial burden of repaying the transportation loan makes GARs more vulnerable to poverty and economic insecurity. *The high repayment rate for transportation loans for GARs (91% according to Citizenship and Immigration Canada) cannot be taken as an indication of the success of the immigration loan program nor is it evidence of successful economic integration for GARs; rather, the assessment of the immigration loan program needs to consider the multiple socio-economic costs and risks to GARs incurred in achieving the high repayment rate.*

Based on these findings, and in support of the campaign launched by the Canadian Council for Refugee, Access Alliance calls the Government of Canada to fully sponsor the pre-arrival medical examination costs, the transportation costs and the initial settlement expenses for GARs. Doing so will not only relieve the socio-economic burden and mental health stress associated with the loan but also decrease the risk of GARs falling into chronic poverty and long term income insecurity.

Informed by the findings of this study, we would like to make the following policy recommendations:

1. Replace the existing Immigration Loan Program with a program that fully sponsors the pre-travel medical expenses, transportation costs and initial settlement costs for all future arriving GARs.
2. Introduce a debt relief program that absorbs all outstanding debt owed by GARS who are currently in Canada.

Additionally, we recommend that the Canadian government:

3. Implement debt/loan education program for newcomers (including GARs selected for resettlement in Canada) that increase their capacity to make informed decisions about taking and repaying loans in general.
4. Conduct/fund research to better understand why refugees continue to face high levels of poverty and unemployment, and use this evidence to improve services that can overcome the systemic barriers that GARs face in the labour market and in achieving income security.

ABOUT COMMUNITY BASED RESEARCH AT ACCESS ALLIANCE

Access Alliance is working to establish itself as the *Centre for Excellence in Community-Based Research on Newcomer Urban Health*. Access Alliance conducts community-based research on newcomer health with the explicit goal of generating evidence that can inform the development of healthy public policy and services for reducing disparities faced that newcomers (particularly people of color).

For more information about this research and other community based research projects at Access Alliance, please visit www.researchforchange.ca or call (416)324-0927 ext 286, or email at research@accessalliance.ca

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