



**M A Y T R E E**

For Leaders. For Change.

October, 2008

**EVALUATION OF THE MAYTREE-ALTERNA SAVINGS  
IMMIGRANT EMPLOYMENT LOAN PROGRAM**

*“Studies have shown that skilled immigrants who come to Canada and take a low-level job to survive are less likely to enter their specialized field. For the benefit of the immigrants and the economy, a loan program that allows people to take the time necessary to upgrade their qualifications at the outset appears to be a worthwhile investment. Highly-skilled immigrants represent a good risk, and may just need a bit of a “boost” before they become gainfully employed in their occupation and are able to pay back their loan.” (Alboim, 2002,38)*

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## **SUMMARY**

The Maytree Foundation – Alterna Savings Immigrant Employment Loan Program provides loans up to \$5000 to permanent residents and refugees who require short-term training, certification or registration in a profession in Ontario.

This program has been running for seven years. Alterna provides the loan and is responsible for the financial administration of the program. Maytree provides a guarantee of 75% of the loan amount and functions as the “loan office” by performing all of the non-financial functions of the program. This includes accepting, assessing and approving or declining applications and handling all general inquiries. In addition, Maytree monitors the progress of the borrower during and after their training. The Ontario Ministry of Citizenship and Immigration is now providing funding to the Maytree Foundation to support this work.

The loans are structured along market lines. The borrower pays a membership fee, an insurance premium and an administration fee. The borrower makes interest payments during the training and interest plus principal three months after completion of training. The interest rate is prime plus 6.0% (as of September, 2008).

### **Portrait of an applicant**

- There were 448 applicants. Of those whose gender is specified (435), 63% (274) are men, and 37% (161) are women.
- For those applicants for whom status in Canada is known (410), 77% (317) were permanent residents to Canada, 18% (73) were Convention Refugees, and 5% (20) were refugee claimants.
- Of those applicants for whom date of arrival in Canada is known (308), 38%(117) arrived between 2005-2008 inclusive.
- For those applicants who specified their employment status (431), almost half (201) had some kind of employment income but were underemployed.
- For those applicants who specified their sources of income (373), at the time of application 30% (109) of applicants were receiving Employment Insurance, Ontario Works, Ontario Disability Support Program or Workers Compensation.
- 162 applicants specified in their application that they had children. Most of these had two or more.
- 154 applicants reported having monthly expenses that exceeded their monthly incomes.

### **Portrait of a borrower**

- There were 448 applicants, 151 were approved borrowers.
- For those borrowers for whom status in Canada is known (149), 82% (122) are permanent residents, 18%(27) are Convention Refugees.
- Of those borrowers for whom date of arrival in Canada is known (147), 40%(60) arrived between 2005-2008 inclusive.
- For those borrowers who specified their employment status (149), half (75) reported some employment income, but they were underemployed at the time they received the loan.

- For those borrowers who specified their sources of income (132), at the time of application 20% (26) of applicants were receiving Employment Insurance, Ontario Works, Ontario Disability Support Program or Workers Compensation.
- 83 borrowers specified in their application that they had children. Most of these (55) had two or more.
- 55 borrowers reported having monthly expenses that exceeded their monthly incomes.

### **Success**

- A small loan can have a big impact on unemployment and underemployment. 90 days following the training, for those whose employment outcome is known, (101), approximately 73% (74) of borrowers have found employment in their target occupations. 10 borrowers who met their career objectives were receiving Ontario Works prior to receiving the loan.
- The loan led to an increase in wages for the applicants. If the wage estimates the borrowers provided are correct, the 74 borrowers who achieved their career goals would have seen their monthly after tax income increase by an average of \$1154. These successful borrowers received an average loan of \$3634.53.
- Immigrants are a safe investment. 95% of borrowers are paying, or have paid back their loans. Only 8 of the 151 have defaulted.

### **Challenges**

- Structuring the program along market lines has proven to be a deterrent, particularly as it relates to high and rising interest rates and the need to make payments during the study period.
- The program's market partner is not willing to take over the program because of its small financial return, and the staff time required to screen applicants.
- Many immigrants require a wage or living subsidy which was not a part of the loan program.

### **Recommendations**

1. That bridging programs, short-term upgrade training programs, and credential assessment be made eligible under the Ontario Student Assistance Program (OSAP) and Canada Student Loans.

*“We all benefit when immigrants put their specialized skills to work in the Canadian Labour Market” (Maytree, 2002, 1)*

## **CONTEXT: WHY DO IMMIGRANTS NEED STUDENT LOANS?**

*“The experience of applying for a job for which one is overqualified, or working in such a job, is disproportionately an immigrant experience.” Judge Sinclair, Canadian Human Rights Tribunal. (CHRT, 2006, 38).*

In the five years leading up to the 2006 census, 1.1 million newcomers arrived in Canada. Nearly 500,000 of those immigrants (approximately 40 per cent) landed in the Greater Toronto Area, more than half of them as part of the economic class. By some estimates, 75 per cent of Toronto’s newest working-aged residents hold a university degree from their country of origin, compared to 22 per cent of Canadian-born workers. (Statistics Canada, 2006 Census). Disturbingly, less than half of these newcomers are able to find work in their intended occupations, and fully one-quarter of highly skilled immigrants find they are underemployed, working in jobs that do not require any sort of post-secondary education. (Weiner, 2008, 4-5)

Despite this influx of highly-skilled, highly-educated workers, foreign-trained trades people and professionals continue to face significant barriers to employment and integration into the Canadian economy. These barriers remain despite commendable efforts by community agencies and the three levels of government to address some of the challenges. They include the inability to have foreign credentials assessed and recognized. Immigrant groups have frequently cited that an important barrier to this credentialing is lack of financial support for assessments, exams training and upgrading. (Weiner, 2008, 8; Public Policy Forum, 2008, 8; Maytree, 2003, 2, IAF, 2008, Interview; STEP, 2008, Interview; ITTFI, 2008, Interview; Bridge Program for ITPs Niagara, 2008, Interview; MOSAIC, 2008, Interview).

Research using the Longitudinal Survey of Immigrants to Canada “found that by six months after arrival, two-thirds of newcomers had tried to obtain education or training. Of those who reported trying to access education or training, four in ten reported some problems or difficulties. For a quarter of those, financial problems seem to be the most serious difficulty. Ruddick found that “skilled worker principal applicants were more likely to report financial problems as the most serious problem .... [and] financial problems were most commonly cited for those between 25 and 44 years of age (28%) About half of skilled worker principal applicants and refugees reported needing but not receiving financial help towards education or training costs (Ruddick 2005: 93).”(As cited in SP Consulting, 2008, 50.)

In another study, of 180 African and Asian skilled immigrants to Canada dealing with credentialing problems, “the main difficulty, which was identified by almost half of the

respondents (47.6%), was meeting the expenses associated with taking an academic program of studies.” (As cited in SP Consulting, 2008, 50.)

### *Bridge training*

Bridge training is “short term” training often 16 weeks or less, that provide immigrants with the skills and knowledge they need to enter into their intended occupation in Canada. Bridge training includes (but is not limited to):

- job search preparation (resume writing, interview preparation, etc.)
- Prior Learning Assessment and Recognition (PLAR)
- credential assessment
- orientation to Canadian culture
- occupation-specific language training (sometimes called enhanced language training)
- introduction to Canadian regulations and practices
- upgrading educational certificates (classroom-based skills training)
- certification preparation
- certification testing/licensure
- work placement/co-op (paid or unpaid) (SP Consulting, 2008, i.)

The costs of bridge training programs can range from \$100 to \$25,000. (SP Consulting, 2008, 51.)

*“Immigrants are losing out and the rest of Canadian society is losing out in all kinds of ways, but particularly, economic and social – and it’s not necessary.” Jim Gurnett, Executive Director, Edmonton Mennonite Centre for Newcomers. (PPF, 2008, 8)*

## **WHAT KIND OF FINANCIAL ASSISTANCE IS CURRENTLY AVAILABLE TO NEW IMMIGRANTS?**

Like Canadians, permanent residents and refugees can apply for loans from federal or provincial loan programs or private institutions. However, newcomers may find it difficult to access these loans.

### **Public Loan Programs**

#### *OSAP and Canada Student Loans*

Those living and studying in Ontario can apply for government loans through the Ontario Student Assistance Program (OSAP). Ontario residents fill out a single application, which encompasses both OSAP and the federal portion, Canada Student Loans. The loan is now called a **Canada-Ontario Integrated Student Loan** and is administered through the National Student Loans Service Centre. Basic eligibility requirements include:

- enrolment in an approved post-secondary institution
- must be in an approved program – right now, this is usually a program which leads to a degree, diploma or certificate
- must be taking a program that is 12 or more weeks in length.

The maximum loan amount varies according to the income of the applicant, whether or not the applicant has dependents, and the cost of tuition. The government makes interest payments on the loan during the study period. Students begin making payments on the principle six months after the completion of their studies. It is possible to defer payments, or to apply for interest relief (during which time the government will continue to pay the interest) if the borrower is unemployed or financially unable to make the loans. The interest rate on the provincial portion of the loan is set at prime plus 1%. The interest rate on the federal portion is set at prime plus 2.5%, or it can be locked in at prime plus 5% when repayment begins.

The following are reasons these public lending instruments are not always available to recent immigrants:

- Some bridging programs are not offered by an approved post-secondary institution;
- Some bridging programs are not approved programs under OSAP/Canada Student loans because they don't lead to a degree, diploma or certificate.
- Some bridging programs are not 12 weeks or more in length

The *Canada Part-time Student Loan* is also available to newcomers but it also excludes bridge training because you must be enrolled in a program that is equivalent in content to a full-time program that is eligible for a Canada-Ontario Integrated Student Loan.

The Government of Canada has recently recognized that, despite the creation of programming to facilitate immigrants transition to the Canadian workforce, very little has actually been done by governments to explore funding assistance for “short-term gap or laddering training (16 weeks or less).” Earlier this year, HRSDC hired a consultancy firm in Ottawa to conduct a full evaluation and assessment of all funding assistance programs that are currently available to immigrants in Canada over a period of ten weeks. One of the primary objectives was to determine to what extent skilled immigrants could benefit from financial assistance for ladder training (HRDSC, 2008, 1). This report confirmed that the greatest barrier to the recognition of bridge training as eligible under the Canada Student Loans Program is the requirement that the program of study lead to a degree, diploma or certificate.

### **Private Lending**

With no attachment to the labour market, no established network of contacts, and no credit history, there are very few private sector financing options available to Canadian newcomers. In partnership with community groups and government, a number of organizations have launched loan programs specifically targeted at new Canadians.

#### *Immigrant Access Fund (IAF)*

The Calgary-based Immigrant Access Fund was established in 2005 in partnership with the Edmonton Mennonite Centre for Newcomers. The IAF provides loans of up to \$5,000 for the accreditation, training and upgrading of internationally trained professionals who lack access to other financial resources. Loans may be used for tuition, exam fees, living and travel expenses, assessments, course materials and professional association fees.

Prior to launching the IAF, an extensive feasibility study was conducted. IAF’s founding board proceeded to design the microloan program around three priorities that it considered fundamental to its sustainability:

1. Acquire sustainable, longterm funding

The IAF is primarily funded by the federal and provincial governments. To date, the IAF has raised over \$2million in public and private sector support, including \$740,000 from the Government of Alberta and \$520,000 from the federal government’s Western Economic Diversification Canada. Other contributors



include Momentum,<sup>1</sup> the Calgary Foundation, HSBC Bank of Canada, RBC Financial Group and the United Way of Calgary and Area.

## 2. Maintain low overhead costs

Before any staff people were hired, the board was determined to establish relationships with a number of immigrant and settlement agencies that were already operating in the community for three reasons: 1) to avoid providing any redundancy of services available to immigrants in Alberta's largest cities; 2) to avoid the perception it would be competing for funding dollars; and 3) to tap into the human capital of established community programs.

One of the IAF's early partners, for example, was Calgary-based Momentum, which had a wealth of experience administering micro-loans. Momentum agreed from the outset to takeover many of the primary administration tasks, including applications, screening and credit checks. The IAF then hired two full-time staff, one each in Calgary and Edmonton.

## 3. Provide affordable loans

The board understood that, in order to best serve its target market – that is, new Canadians -- the loans had to be affordable. One of the fundamentals of the program is the maintenance of interest rates at prime plus 1.5 per cent. In order to ensure the IAF would maintain control over the interest rate, it required a substantial pool of capital, as well as the ability to guarantee the loan. Fundraising efforts secured corporate and private donations of \$500,000, which was deposited into a line-of-credit that borrowers would eventually draw from. Ten Calgary business people independently agreed to act as guarantors, in the case of loan defaults.

The IAF stated objective was to finance 272 loans between 2005 and 2010. As of September, 2008, the IAF was ahead of its interim target, having issued 225 loans to individuals from more than 52 countries and representing more than 45 occupations. Cheques are made out to individual applicants, as opposed to institutions. Only 2 borrowers have defaulted on the loans, a rate of less than one per cent. Only 5% of all those who have applied for an IAF loan have not been approved.

The IAF received an influx of secure funding from the federal and provincial governments in late 2007 that will cover its overhead costs for the next three years. Fundraising efforts have also been successful. The IAF plans to increase its pool of

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<sup>1</sup> For more information about Momentum, visit [http://www.momentum.org/who\\_we\\_are.php](http://www.momentum.org/who_we_are.php).

capital to \$1 million by next year. (Based on interview with Dianne Fehr, Executive Director, IAF).

### *Skilled Immigrant Loan Program (SILP)*

The Skilled Immigrant Loan Program was established in March 2008 to provide loans to foreign-trained immigrants in London and Southwestern Ontario. It was set up by WIL Employment Connections, in partnership with a local credit union, Libro Financial Group. The SILP provides loans of up to \$5,000 to cover costs of training programs (that are less than one-year) and/or certification assessment.

WIL Employment Connections is a not-for-profit, government-funded organization that has been offering career counselling services and employment preparation programs since 1984. In 2007, WIL recognized a need in Southwestern Ontario to provide services specifically to the region's growing immigrant population, which is rapidly becoming a big second settlement city. WIL partnered with Libro Financial Group, a credit union that was created more than 30 years ago by Dutch immigrants for immigrants. "It seemed like a natural link," said SILP program manager, Lisa Rusal. Administration costs are covered by government grants to WIL.

The program has approved 12 loans in the first six months of the program. The interest rate is set at prime plus 4 per cent, with terms of up to three years. Cheques are made out to institutions providing training, rather than to individual borrowers. Borrowers make interest payments during their training period and begin paying off the principle at the end of the study period. (Based on interview with Lisa Rusal, Program Manager, SILP).

### *Internationally Trained Talent Finance Initiative (ITTFI)*

The Internationally Trained Talent Finance Initiative was launched in 2002 by the Ottawa Community Loan Fund (OCLF), when it was approached by five immigrant teachers who were unable to complete accreditation programs due to lack of financing. ITTFI was created, in partnership with Alterna Savings to provide loans of up to \$5,000 (at prime plus 6%) to internationally-trained teachers, nurses and bio-tech workers to help with the costs of course tuition, books, school supplies and exam costs.

As of 2007, \$90,000 had been disbursed through the program. Data is not available to analyse the success of the loan program, in terms of defaults, etc. But personal communication with program director, George Brown, confirmed that uptake on the loan is decreasing, despite the formation of new partnerships with relevant community agencies. Mr. Brown believes that the high interest on the loan is the primary deterrent for potential applicants.

The OCLF has also recently entered into a community lending partnership with Local Agencies Serving Immigrants (LASI) World Skills. OCLF will administer the loan portfolio of the Dick Steward Fund for People, which was set up to help foreign-trained workers obtain short-term training. (Based on interview with and documentation provided by George Brown, President of OCLF).

### *Vancity*

Vancity is Canada's largest credit union, with \$14.1 billion in assets, more than 390,000 members and 59 branches across British Columbia. "Vancity and its subsidiary companies are guided by a commitment to corporate social responsibility, and to improve the quality of life in the communities where we live and work." (Vancity, 2008).

In 2008, Vancity launched two pilot stand-alone microloan programs.

**Back-to-Work** is an experimental loan program to help new Canadians or "anyone, but for a small amount of money, is having trouble getting into the work force." These are loans of up to \$10,000, at prime plus 4 per cent, that can, in theory, be used for training and bridging programs. Because they are custom-designed, however, they can be used for any activity that will help the borrower into gainful employment.

**With These Hands** is a pilot project to help people afford the tools and gear they need to get into the workforce. Loans of \$500 to \$10,000 will be provided at prime plus 4 per cent. The loans are designed on a case-by-case basis and payments are flexible. (Based on Interview with Catherine Ludgate, Community Business Banking Manager, Vancity)

## **EVALUATION: IMMIGRANT EMPLOYMENT LOAN PROGRAM (IELP)**

*“I had a bachelors degree in accounting. It was very prohibitive to get into the financial sector here. I worked nights at the factory and my husband worked days so I could look after the children. We made eight dollars an hour. If it wasn’t for the Maytree Loan program I wasn’t going to pursue my studies. There was no way I could fund it.” (Chi, CGA, Hamilton)*

In 2001, Maytree partnered with Alterna Savings to launch the Immigrant Employment Loan Program, with the primary goal of helping immigrants and Convention refugees acquire the credentials they needed to successfully integrate into the Canadian workforce. While the IEPL pilot project was established to assist immigrants and refugees who could not access credit from traditional financial institutions, it had three secondary objectives:

1. To provide 50 loans in the first year
2. To prove to credit unions and other financial institutions that newcomers could be a safe and low-risk population group for a loan program
3. To create a new and permanent stream of financial capital for immigrants and refugees that could be executed on a market basis through normal lending practices and organizations.

The IEPL was made available to immigrants and Convention refugees who:

- did not have access to credit through traditional lending institutions;
- needed financing to complete exams, bridging programs or part-time studies not eligible under the Ontario Student Assistance Program (OSAP) or Canada Student Loans
- were highly motivated to succeed
- had acceptable command of the English language

In order to minimize the risk, the IEPL has never covered living costs. Cheques from the program could only be directed to educational and assessment institutions to pay for:

- short-term training (up to one year) to enhance skills/qualifications within the borrower’s field;
- credential assessment
- professional examination and/or association fees
- books and other essential tools.

Loans were intended to cover the costs of training that:

- would lead directly to employment

- would leverage the borrower's existing skills and knowledge
- is provided by a credible community-based, private or institutional trainer with a history of providing quality training
- would provide training/accreditation for employment in an industry which where labour demand was such that it was likely the newcomer would find a job.

Maytree is responsible for all administration, case management – including interviewing applicants – and marketing activities, and provides 75% of the guarantee. Under the terms of the loan, borrowers are required to pay a \$50 administration fee and a \$15 membership fee to Alterna Savings, thus becoming a client of the credit union. Alterna Savings is responsible for credit checks, the issuing of loan cheques, any activities the client conducts within the credit union and it provides 25% of the guarantee. Borrowers are immediately required to make monthly interest payments (set at prime, plus 6%) and life insurance payments. Payment against the principle, however, isn't required until 90 days following the completion of the study period.

### **The Early Years**

The pilot program saw some initial success. Maytree administered four loans in 2001 under the IEPL, averaging \$4138.25. Three of the four borrowers completed their training, achieved their necessary credentials and found work in their desired sectors – including pharmaceuticals, welding and legal services.

Under the administration of a program manager, Maytree saw IEPL into the new year. Out of 65 applicants in the second year, 19 were approved for loans, including nine Convention Refugees. Fifteen out of 19 loan recipients achieved their stated career objectives and found work in their desired occupations. Eight of the borrowers who were unemployed prior to undertaking training – including four who were on social assistance -- found jobs in their fields. Two of the loans defaulted.

In the third year of the pilot IEPL program, Maytree approved 24 new loans (21). Maytree was encouraged by the initial success of the program. In 2003, 50 % of the borrowers were landed immigrants and Convention refugees who had been in Canada for less than two years. More than half achieved their career objectives.

Twenty-four new loans were dispersed in 2004 to four Convention Refugees and 20 landed immigrants. Maytree has attributed the high uptake in the fourth year to lower interest rates. Seventeen of the new borrowers (71%) had been in Canada for less than two years. The average loan size was \$3773.00. The IEPL had yet to reach its stated objective, however, of providing 50 loans per year.

In 2005, as interest rates began to creep higher, Maytree recognized that the floating interest rate was a deterrent for many potential applicants in its target market. Maytree

was already having difficulty finding new clients. The number of total applications decreased in 2005, down to just 53 new applicants, the lowest it had been since the first year of the program. Of the total applicants, 20 new loans were approved, all of which have been paid in full by the borrower.

The IELP continued into 2006, but discussions began to take place about the future of the microlending program. Total applications were down and Maytree approved just 14 new loans.

In 2007, the IELP received some funds from the Ontario government to help reach its target of 50 loans per year. It went on a marketing blitz, including: sending out 300 brochures to settlement agencies across the province; advertising in newspapers; making dozens of presentations to community organizations; and building/strengthening relationships with educational institutions offering bridging and training programs. The high interest rate on the loan, however, was raising a lot of eyebrows, with many suggesting it was too high for newcomers, particularly since they had to make minimum payments during their period of study. Although Maytree approved 27 loans in 2007 – the most of any year since the program began – it was still unable to reach its target.

In determining the best way forward, Maytree summarized a number of challenges to the IELP:

- Interest rates were high and continued to rise, acting as an impediment for newcomers who wanted loans
- Requirement to make interest payments during training was difficult for those in the target market

Maytree began to question its initial goal to try and influence credit unions and other financial institutions to takeover the Immigrant Loan Program on a larger scale. It concluded that the primary deterrents were directly linked to market lending and the fluctuations that go along with that. Canadian newcomers, it determined, although a good credit risk, were not in an established enough position to deal with the ebb and flow of capital markets. Moreover, there was no appetite with Alterna Savings to takeover the program. Microlending is not an area where banks generate much revenue.

There is also a staff member at Maytree who spends about 50% of their full-time work on the screening of applicants. This is a staff commitment that Alterna is not willing to take on.

In its 2007 internal evaluation, Maytree decided that there continued to be a great need among immigrants in Toronto and Ontario for access to small loans for training and credentialing. Maytree had proved that newcomers, particularly those who were highly

skilled, were a good credit risk. As possibly the only source of financing for many of these newcomers, the IELP had a niche role. And the impact of these loans on newcomers' wages and families was incredible.

## **Successes**

Maytree developed the IELP because it identified a need in the community that was not being met by other government or private institutions. Research has shown that financing for training and exams is frequently cited as one of the most significant barriers to integrating into the workforce. The initial pilot program set out to determine whether providing financing to immigrants and refugees in the form of a low-interest loan would help newcomers to more quickly make the transition from landing to full settlement.

### **The IELP reached many newcomers**

Between 2001 and September 2008, nearly 450 individuals applied for financing under the IEPL.

#### *Portrait of an applicant*

- There were 448 applicants. Of those whose gender is specified (435), 63% (274) are men, and 37% (161) are women.
- For those applicants for whom status in Canada is known (410), 77% (317) were permanent residents to Canada, 18% (73) were Convention Refugees, and 5% (20) were refugee claimants.
- Of those applicants for whom date of arrival in Canada is known (308), 38%(117) arrived between 2005-2008 inclusive.
- For those applicants who specified their employment status (431), almost half (201) were employed.
- For those applicants who specified their sources of income (373), at the time of application 30% (109) of applicants were receiving Employment Insurance, Ontario Works, Ontario Disability Support Program or Workers Compensation.
- 162 applicants specified in their application that they had children. Most of these had two or more.
- 154 applicants reported having monthly expenses that exceeded their monthly incomes.

Of 448 applicants, Maytree-Alternia Savings approved 151 loans that have covered tuition costs and various fees to help individuals into 50 different sectors of the workforce. A total of 151 loans have been administered, with an approximate disbursement of \$500,000. Over the seven year period, only 8 loans have defaulted.

#### *Portrait of a borrower*

- There were 448 applicants, 151 were approved borrowers.

- For those borrowers for whom status in Canada is known (149), 82% (122) are permanent residents, 18%(27) are Convention Refugees.
- Of those borrowers for whom date of arrival in Canada is known (147), 40%(60) arrived between 2005-2008 inclusive.
- For those borrowers who specified their employment status (149), half (75) were employed.
- For those borrowers who specified their sources of income (132), at the time of application 20% (26) of applicants were receiving Employment Insurance, Ontario Works, Ontario Disability Support Program or Workers Compensation.
- 83 borrowers specified in their application that they had children. Most of these (55) had two or more.
- 55 borrowers reported having monthly expenses that exceeded their monthly incomes.

### **The IELP expedited integration into the workforce**

- 90 days following the training, for those whose employment outcome is known, (101), approximately 73% (74) of borrowers have found employment in their target occupations.
- 10 borrowers who met their career objectives were receiving Ontario Works prior to receiving the loan.
- If the wage estimates the borrowers provided are correct, the 74 borrowers who achieved their career goals would have seen their monthly after tax income increase by an average of \$1154. These successful borrowers received an average loan of \$3634.53.

### **The IELP has seen 95.4% payback on the loans**

- 95% of borrowers are paying, or have paid back their loans. Only 8 of the 151 have defaulted. Seven started to pay back their loans, but were not able to make the payments for a variety of reasons that included inadequate income or health problems. Only one recipient did not pay back any portion of the loan. Maytree covered \$11,565.52 in default costs, and Alterna Savings had a loss of \$2,711.31.

### **The IELP has demonstrated best practice**

- The IELP has proven that immigrants are a very safe, low risk population group for a loan program.

### **Challenges**

Although the Maytree-Alterna Savings IELP has proven to have met the needs of a small cohort and the results have been positive, Maytree has also come to see the limitation of its program.



### **Uptake on the program is low**

- An average of 20 loans per year have been granted since the inception of IELP in 2001. Maytree has been unable to reach its stated goal of financing 50 new loans per year.

### **The structuring of loans along market lines has proved to be a deterrent**

- High and rising interest rates make the IELP difficult to afford. The loan program had its highest uptake in 2004 when the prime interest rate was low.
- It is difficult for students to make minimum payments against the interest and insurance during their training periods.

### **Not profitable for private institutions, despite public good**

- Although the truancy rate of the program is low, this is not an area where the bank can make a substantial profit.
- Alterna Savings legitimately cannot afford to lower interest rates, nor is there an appetite at Alterna to takeover this micro-lending program completely, in part because of the staff time required to screen applicants.

### **High proportion of applicants are declined**

The high number of declined applicants are the result of the tight eligibility criteria for the loan. Refugee Claimants and those seeking retraining in an entirely new field are ineligible and were declined at the application stage. Some did not complete the application form correctly. The most common reason for declining applicants was that they did not have a good credit history(17%). Other reasons for being declined included:

- access to other credit,
- limited employment opportunities or low anticipated salary following training (the applicant would be unable to pay back loan),
- training costs too high so that a combination of personal income/saving and the loan requested would not cover the costs;
- poor reputation of the school that the loan was requested for; and
- not proficient in English.

## **RECOMMENDATIONS: CHANGE ELIBILITY CRITERIA FOR PUBLIC LENDING PROGRAMS**

*“When I started speaking to recruiters, they said there was no way they could find work for me unless I got some Canadian experience.” (Rav, Design Engineer, IELP loan recipient).*

Maytree and Alterna Savings initially developed the Immigrant Employment Loan Program with the stated goal of “creating a new and permanent stream of financial capital for immigrants and refugees that can be executed on a market basis through normal lending practices and organizations.” Evaluation of the IELP has demonstrated that due to limitations of the market model, this may not be the best means of going forward.

Yet, there is widespread consensus among business leaders, governments, labour unions, academia and community organizations that the funding and financing of programs which help newcomers find work quickly is required for our national prosperity, and that governments must play a key role in breaking down barriers to labour market access. As Jim Gurnett, Executive Director of the Edmonton Mennonite Centre for Newcomers commented, “small loans or grants to write exams go a long way in shaping the careers of new immigrants.” (PPF, 2008, 5). A 2005 study published by the IRPP points to a role for governments – who can “see beyond the narrow interests held by a single employer, school or professional society” -- to help immigrants to use their foreign-obtained human capital more effectively.” (Alboim, Finnie and Meng, 2005,15). The authors go further to recommend that governments have a responsibility to develop a sustainable loan program to accelerate integration into the workforce:

“The potential role for government here is similar to the one that underpins student loan programs or some training programs in Canada and around the world, and is basically related to the associated capital market problem. Immigrants – like post-secondary students or workers undergoing training – may have difficulty in securing the financing they need on an individual basis due to lack of collateral or other means of securing loans. In helping to overcome these risk problems by guaranteeing loans in one manner or another, or even by become the direct lender, governments may be able to lead to a more efficient, higher-level of human-capital investment.” (Alboim, Finnie and Meng, 2005, 15)

*“One relatively little-explored mechanism, from a national perspective, is the provision of funding assistance for short-term gap or laddering training (16-weeks or less), and its potential to improve labour market outcomes of skilled immigrants.” (FAIT Request for Proposal, HRSDC, 2008)*

## Recommendations for OSAP and Canada Student Loans

*“A few hundred dollars can make the difference between being stuck in a low-wage job to support a family and taking a course that will propel them into a career.” Stan Droblich, Bridge Program for ITPs, Niagara Region*

This report recommends that bridging programs, short-term upgrade training programs, and credential assessment fees be made eligible under the Canada-Ontario Integrated Student Loan and it should include a living allowance for applicants with dependents.

- Currently Canada-Ontario Integrated Student Loan is only available to students who are taking 60% of a full course load, and working toward a diploma, degree or certificate program. This does not serve Canadian newcomers, who often only need a few months’ living allowance to make up for lost wages while they take bridge programs or ladder training that is essential to their career development.
- The new Canada Part-time Student Loan only recognizes those who are taking credits at an approved post-secondary institution toward a diploma, degree or certificate program. It does not provide a living allowance, based on the false assumption that borrowers can afford to support themselves and their families while undertaking part-time studies.

These recommendations are consistent with the recommendations put forward in a report prepared by SP Consulting for HRSDC on September 3, 2008. They examined the state of financial lending for newcomers for bridge training across Canada. They undertook an extensive literature review, an environmental scan of 163 existing bridge training programs, a survey of 147 skilled immigrants, a survey of bridge training providers, and 50 interviews with representatives from federal and provincial government departments, educational and training institutions and organizations, financial institutions, employers and immigrants serving agencies and associations.

Among their key findings:

- “...financial assistant programs which offer flexible terms (eg: what costs they cover; loan repayment terms) are imperative. Also key are integrated assistance models which cover direct tuition costs and in-direct living costs allow the immigrant to complete on their studies at the least cost to their families.” (SP Consulting, 2008, vii.)

One of their recommendations is:

- “Adapt the student loans and grants system. Modify federal/provincial student funding program eligibility requirements and regulations to support immigrant access to financial aid for bridge training.” (SP Consulting, 2008, viii.)

They also note that the overarching vision should be the integration of immigrants into the mainstream of lifelong learning and training opportunities being offered to all Canadians.

## **CONCLUSION**

The Immigrant Employment Loan Program has proven that immigrants are not only a safe investment, but that investing in this demographic has positive outcomes for the Ontario Economy. The IELP is ongoing in the hopes that by continuing its current program and creating a larger sample pool, the Government of Ontario and the Government of Canada will recognize what IELP has already demonstrated, that this demographic represents a good credit risk and an essential investment for future economic prosperity.

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## Appendix 1 – TABLES - LOAN RECIPIENTS DATA<sup>2</sup>

### *Loans Approved by Year*

YEAR	APPLICANTS	APPROVED	%APPROVED
TOTAL	448	151	34%
2001	10	4	40%
2002	65	19	29%
2003	73	24	33%
2004	71	24	34%
2005	56	20	38%
2006	49	14	29%
2007	76	27	36%
2008	46	19	41%

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<sup>2</sup> This table represents the loans and applications on an annual basis. Maytree's fiscal year (December 1-November 30) does not conform to the calendar year. As a result, previous reporting to the ministry which was based on fiscal years numbers may not conform exactly.



*Demographic Breakdown of Loan Recipients*

	<b>Loan Recipients</b>
<b>GENDER Total</b>	<b>151</b>
Male	90
Female	56
Unknown	5
<b>MARITAL STATUS Total</b>	<b>151</b>
married	87
Separated	5
single	34
Unknown	25
<b>CHILDREN Total</b>	<b>151</b>
Children under 18	68
Children 19-25	12
No Children or Unknown	71
<b>CITIZENSHIP STATUS Total</b>	<b>149</b>
Landed Immigrants	122
Convention refugees	27
Refugee Claimants	0
Unknown	2
<b>Arrival to CANADA Total</b>	<b>151</b>
2008	4
2007	13
2006	23
2005	20
Before 2005	91
Unknown	4
<b>AGE Total</b>	<b>151</b>
Under 25	3
25-35	60
36-49	71
50+	10
Unknown	7

*Employment Status of Loan Recipients*

<b>EMPLOYMENT STATUS (at time of application) Total</b>	<b>151</b>
Employed	75
Unemployed	74
Unknown	2
<b>EMPLOYMENT Objective (Total Known)</b>	<b>101</b>
# who met career objective	74
# who did not meet career objective	27

*Income of Recipients*

<b>SOURCE OF INCOME</b>	<b>151</b>
Ontario Works	23
Employment Insurance	3
Child Tax Benefit	20
Ontario Disability Support Program	0
Full-time employment	44
Part-time employment	28
Occasional employment	15
Business Income	2
Spouse	47
Other household member	6
<i>*Total does not equal 151 because some recipients detailed multiple sources of income</i>	
<b>INCOME (only for those who specified)</b>	
Average monthly income (including spouses' income and benefits)	\$1,923.63
Average Monthly expenses	\$1616.74
Estimated average income with training	\$2,795.14
Estimated average anticipated wage increase	\$1288.41
<b>Average LOAN AMOUNT REQUESTED</b>	<b>3734.27</b>
<b>Average study expenses</b>	<b>\$4944.68</b>
<i>*Study expenses exceed loan amount requested because many applicants chose to pay for some costs with own income or savings.</i>	

Target Occupation of Loan Recipients

	TOTAL Loan Recipients	Number of Loan recipients who met career objectives – 90 days following completion of training	Number of Loan recipients who did not meet career objectives – 90 days following completion of training
<b>TARGET PROFESSION</b>			
Accountant (CGA, bookkeeping, credit manager, prof. Accountant, gen. Accountant, auditor))	18	9	4
Aesthetician	2	2	
AIX administrator	1	1	
Applied Research (social sciences)	1	1	
AZ truck driver	2	1	1
Banking (financial, pensions, investment officer)	4	1	1
Cert. Building Code official (Home inspector, qualified building official)	3	2	1
Clinical Research	5	2	1
Computer Programmer/Admin (IT analyst, network admin, programmer, software, internetworking)	10	4	4
Counsellor	2	1	
Database Administrator	3	1	2
Dentist	1		1
Dietician (reg. Dietician)	2	1	1
Electrician	3	1	2
Engineer (civil, mechanical, electrical, network, quality, third engineer officer, manufacturing)	9	6	
Engineering Technologist	3	2	
Electronic Publisher/New Media	2		1
Food Service Supervisor	1	1	
GIS Analyst	1		
Hairstylist	1	1	
Human Resources	1	1	
HVAC Mechanic	1		
Immigration Consultant	1		
journalist	1		1
Lawyer	2	1	

Legal (Legal, mediator, paralegal)	4	2	
Librarian	1	1	
Medical technician	5	2	3
Midwife	5	1	1
Nursing Asst or PSW	3	3	
OIMG pre-internship	1	1	
Pharmacist	3	1	1
Pharmaceuticals (analyst, research, technician, sales, regulatory affairs officer)	3	2	
Physician	1		
Plumber (licensed plumber)	1		
Project Management	1	1	
Property Management	1	1	
Purchasing	2	2	
Real Estate	1		1
Registered Nurse (RPN)	11	8	
Quantity Surveyor	1		
SAP Consultant/Analyst	3	3	
Social Worker	1		
Technician (sound tech, sales)	2	2	
Tool and die maker	1		
Travel Agent / Tourism	2	1	
Teacher (ESL/College, University)	4	1	1
Veterinarian	4		
Welder	2	1	
Unknown or Other	8	2	

\*\*74 borrowers have said they have achieved their career objective. Approx. 35 people are still undergoing studies

## Appendix 2- TABLES – ALL APPLICANTS DATA

*Demographic Characteristics of Loan Recipients and Applicants – Table 1*

	<b>APPLICANTS</b>
<b>GENDER Total</b>	<b>448</b>
Male	274
Female	161
Unknown	13
<b>DATE OF ARRIVAL in Canada Total</b>	<b>448</b>
2001	10
2002	65
2003	73
2004	71
2005	56
2006	49
2007	76
2008	46
YEAR UNKNOWN	2
<b>AGE</b>	<b>448</b>
Under 25	12
25-35	164
36-49	208
50+	43
Unknown	21
<b>MARITAL STATUS</b>	<b>448</b>
married	176
Separated	8
single	59
Divorced	1
Unknown	204
<b>TOTAL WITH CHILDREN</b>	<b>448</b>
Children under 18	134
Children 19-25	25
Unknown	289
<b>EMPLOYMENT STATUS (at time of application)</b>	<b>448</b>
Employed	201
Unemployed	230
Unknown	17
Total	
<b>CITIZENSHIP STATUS (at time of application)</b>	<b>448</b>

Canadian citizens	0
Permanent Residents	317
Convention refugees	73
Refugee claimants	20
Unknown	38
<b>HOW LONG IN CANADA</b> (at time of application)	<b>448</b>
Less than 1 year	84
1-2 years	122
2 -3years	62
3-4 years	22
4 -5years	12
5 years or more	7
Unknown	139

*Income of Applicants*

<b>SOURCE OF INCOME</b>	<b>APPLICANTS</b>
Ontario Works	86
Employment Insurance	17
Full-time employment	112
Part-time employment	61
Occasional employment	69
Business Income	4
Spousal income	
Other household member	
ODSP	5
Other income or Not specified	104
Workers' compensation	1
<i>*Total does not equal 448 because some recipients detailed multiple sources of income and some applicants did not specify income</i>	
<b>INCOME</b>	<b>APPLICANTS</b>
Average monthly income	\$1,912.58
Average Monthly expenses	\$1,582.26
Estimated average income before study	\$1697.36
Estimated average income after study	\$3172.87
<b>LOAN AMOUNT REQUESTED</b>	\$3,997.57
<b>Average study expenses</b>	\$5193.43
<i>*Study expenses exceed loan amount requested because many applicants chose to pay for some costs with own income or savings</i>	

## **Appendix 3 Provincial Loan Programs and Australian Loan Programs**

The following are excerpts from SP Consulting and The Whetstone Group. *Financial Assistance for Immigrant Training (FAIT) Final Report*. Prepared for HRSDC. September 3<sup>rd</sup>, 2008. They are for information purposes only.

### **5.1.2 Provincial Financial Assistance (pages 66-72) Programs**

Various other forms of financial assistance are offered at the provincial level which may be leveraged to provide access to bridge training for skilled immigrants. Some provinces have financial assistance programs designed specifically for immigrants, while other programs have integrated immigrants into mainstream financial assistance programs aimed at the wider population.

#### **Immigrant Specific Provincial Programs**

**Manitoba Credentials Recognition Program.** First established in 1985, this is one of the longest standing provincial financial assistance programs which supports bridge training for skilled immigrants in Manitoba to enter the regulated professions and get employment in their field. Since 1993, 3,800 immigrants have been accepted into the program, with several hundred clients registered annually in recent years. The program has two components: academic assessment assistance and work experience. The assessment grants provide up to \$2,250 to refund 50 percent of the actual costs of assessment such as fees, books and exams, which are mandatory requirements to enter the profession. The wage subsidy is 40 percent of the gross wage per employee, paid to the employer, up to a maximum of \$4,500. Funding mainly comes from the provincial budget, with some supplementary federal money accessed at times. The program works through informal partnerships with professional associations/regulatory bodies and immigrant serving agencies which both refer clients to the program. Regulatory bodies may also recommend specific training and immigrant serving agencies may provide assistance in finding an employer. Also key are partnerships with the employers who participate in the wage subsidy program to provide work experience.

**Manitoba Professional Immigrant Pilot (PIP).** Administered by Competitiveness Training and Trade (CTT) - Employment Manitoba under the LMDA, underemployed professional immigrants who can meet EI eligibility criteria are supported through tuition and living supports, in order to finance a portion of their training and to cover basic living costs. Gap training plans which enable participants to resume their careers in Canada within a two year time-frame are considered. Most of the bridging/gap training offered in Manitoba include participants who have accessed this resource. This support is being offered on a pilot basis and does not address the needs of newcomers who

do not have adequate EI insurable hours to qualify. Further, this is seen as a stop-gap measure in that training supports should be available earlier in the settlement process to enable skilled immigrants to enter directly into their field rather than be forced to take survival jobs while undergoing the costly and time intensive struggle to have their qualifications and skills appropriately recognized in the labour market.

**Manitoba Opportunity Fund (MOF)**<sup>11</sup>. Administered jointly by CTT and Labour and Immigration Manitoba (LIM), this provincial fund provides pilot funding to projects which will further Manitoba's Growing Through Immigration Strategy. Manitoba Opportunities Fund (MOF) has approved funding to provide financial supports to employers and participants in two pilot projects: Work Internship for Skilled Immigrants and Work Integration of Newcomers (WIN). Project funding has a three year window and is not intended as an ongoing funding mechanism for financial supports to immigrants in training. Employer, participant and service provider feedback has strongly confirmed the need for financial assistance on an ongoing basis. This support is seen as essential to support individuals make the transition from survival jobs to professional employment and to help employers to actively participate in providing workplace based gap training and integration supports.

**British Columbia Skills Connect for Immigrants Program.** British Columbia runs one of the largest scale provincial grant programs which supports bridge training for skilled immigrants in the province, through the Skills Connect for Immigrants Program. Between the program start in mid 2006 and March 2008, 2,300 new Canadians had participated, and the program expects to reach a further 1,700 by the end of FY 2008-09. Participants may be entering a wide variety of professions including the trades, but the focus of the program is on five key sectors of the economy where there are skills shortages: construction, transportation, energy, tourism/hospitality and health.

The program is implemented by six contracted service providers which provide case management services to individual immigrants, billed to the government at a fee for service basis. The immigrant receives the case management service for free, and will receive a grant for two thirds of the cost of relevant training identified through the process. Enrolment in the program is for a maximum of 12 months. The total allocation per client for the case management and tuition subsidies is \$6,000, but the average funding accessed is more like \$3,500.

Funding for the program comes from the BC Ministry of Economic Development, Citizenship and Immigration Canada (Enhanced Language Training) and Health Canada (Internationally Educated Health Professionals Initiative). Providers reported that some participants in the Skills Connect program (which covers mainly tuition costs) may also use EI Skills Development Benefits (which may cover living expenses) at the same time. While the programs have not been designed to be complementary, there may be situations where they work well together for the immigrant.

According to a representative of the program, statistics collected indicate that, whereas only four percent of participants were employed in their field when they enrolled for the



program, 60 percent were employed in jobs fully commensurate with their experience after completing the program. Overall unemployment of participants has decreased from 42 percent to seven percent of people participating.

**Ontario Public Service (OPS) Internship Program for Internationally Trained Professionals.** The Ontario government does not appear to provide any immigrant specific financial assistance programs that provide grants or loans for bridge training. However, it is currently offering financial assistance through paid internships for 70 internationally trained professionals within the Ontario Public Service (MCI 2007). The program is implemented through a partnership with the Career Bridge program, run by Career Edge Organization, which registers candidates and advertises the internship positions, and manages the payroll. Interns received \$2,166 per month for placements of between 4 and 12 months. Placements are in a variety of fields including finance, chemistry, business administration, communications and environmental sciences.

**Québec Ministère de l'immigration et des communautés culturelles (MICC).** In 2004, a Parliamentary commission began to examine the issue of foreign credential recognition and integration of skilled immigrants into skills commensurate employment. As a result, bridge training now comes under the direction of the Ministère de l'éducation, loisir et sport du Québec (MELSQ, formerly MEQ), with the Ministère de l'immigration et des communautés culturelles (MICC) financing bridge training to educational institutions.

Statistics are not clearly available on the extent of bridge training in Quebec. However, a key informant interview indicated that approximately 8,000 immigrants arrive in Québec each year, of which some 4,000 apply for training or bridge training.

Financial aid to institutions is provided when MICC can identify a minimum number of training candidates, the recurrence of need within the market place, and the homogeneity of the group. As a result, most bridge training is completed in Montreal where the majority of immigrants come to live.

Outside of Montreal, bridge training is financed following a case management process by an educational institution where the immigrant is evaluated and prescribed the needed bridge training to exercise their profession, which can be two or three courses, or a practical field placement. Funding is provided by either the MICC directly to that institution, reducing the need for program costs to skilled immigrants.

When a program is offered, immigrants can apply directly. If no program is on offer, immigrants must apply to the Registrar of a public college, and each case is examined separately. It is important to note that Collège d'enseignement général et professionnel (CEGEP) education is free for all residents of Québec. Costs for materials may run 100\$ to 150\$, though arrangements can be made to have this paid. In addition, funding for living expenses can be accessed for those who demonstrate a financial need. Funding is

provided by the MICC. However, this funding is means tested, similar to most provincial financial assistance programs, and as such often is not available to immigrants who have a working spouse or minimal means to support themselves.

### **Generic Provincial Programs Used by Immigrants**

**Alberta Skills Investment Program.** The province of Alberta provides the most comprehensive program of support for low income learners through the Skills Investment Program. Grants are available for both EI eligible and non-EI eligible recipients for full-time studies, and a separate grants program addresses part-time studies. EI eligible clients are funded through LMDA funds, while the non-EI eligible clients are funded from the provincial budget. These programs offered through the Skills Investment Programs are being used by community colleges and non-profit training providers to ensure access to bridge training by low income skilled immigrants. Larger bridge training providers can sign agreements with Alberta Employment and Immigration (AEI) to be ‘Accountability Framework Agreement Holders’ through which the province devolves responsibility to assess and provide case management support to candidates to the provider’s financial aid office. All those clients who are EI eligible are served through that program, leaving only those non-EI eligible for the alternative program. Training providers assess applicants and make recommendations to the provincial government for the final decision. Grants can only be accessed for recognized programs of study offered at designated institutions, as recognized by AEI.

Immigrants who have the appropriate number of weeks in employment and are *eligible for EI* can approach Service Canada for a ‘counsel to leave employment (CLE)’. The CLE may recognize that, as underemployed skilled immigrants, they have ‘just cause’ to resign from their job, take bridge training and receive EI. These grants cover tuition, supplies, living allowance, child care and transport costs. Amounts are determined based on the documented cost of living of the individual.

Immigrants who have not met the requirements to be eligible for EI can access a parallel *Alberta Works (Non-EI)* income support program which also covers tuition, supplies, living allowance, child care and transport costs. Amounts for this stream of funding are calculated based on standard amounts depending on family size.

Immigrants who meet financial eligibility criteria can apply for *part-time assistance* bursaries to cover training related costs. Costs covered include tuition, books, internet fees, travel and child care. Grants range between \$900 and \$5,000.

**Saskatchewan Provincial Training Allowance.** The government of Saskatchewan provides Provincial Training Allowance (PTA) grant funding to assist with the costs of living for low income adult students enrolled in basic education and bridge training programs. This program is being used by eligible immigrants in bridge training implemented for skilled immigrants by immigrant serving agencies and community colleges. Depending on their living situation, marital status, and any other income earned, participants may receive between approximately \$450 and \$1,000 a month, plus

additional amounts for children, daycare and health benefits, and benefits can continue for more than 12 months. Training programs and training centres must be approved by the government. Immigrant serving agencies in Saskatchewan report that they have arrangements with government representatives to attend their training sessions early in the program to explain the PTA and assist with filling in applications. ISA staff suggested that while the PTA does allow some immigrants to participate who might not otherwise be able to afford to, it supports them at a very minimal standard of living.

### **5.3.1 The Australian Experience (pages 83-85)**

**Regulation and investment:** The situation in Australia is much more comparable to Canada, and indeed Canada is in direct competition with Australia to attract skilled immigrants. However, analysis of labour market integration of skilled immigrants arriving in Australia recently has shown markedly better results than in Canada. “Far greater proportions of new arrivals in Australia now than in Canada secure positions fast, access professional or managerial status, earn high salaries, and use their credentials in work” (Hawthorne 2006: 18). This is considered to be a result of two factors. First, since 1999 stricter immigration requirements in Australia have included both credential recognition by national or state licensing bodies, and passing an English language test *before* immigrant visas are issued. Second, the Australian government has invested some \$A 250 million of Federal funding per year for employment, credential recognition and English language bridge training programs (Hawthorne 2006). Recent bridge training programs share a number of features: most are around ten weeks in length with about four weeks of work experience combined with job search help and training on Australia workplace culture (MacDonald, Bertone, & Macdonald 2004).

**Earlier loans:** In the early 1990s Australia was providing a wide range of bridge training program elements including: a range of ESL courses; a range of specialised ‘exit’ courses which combined ESL with skills training and work experience; accessibility to tertiary courses; improved recognition of international qualifications; and active outreach to employers. Concerns were raised however about reductions in the amount of service offered and introduction of user pay principles for government programs. A loans system to cover some expenses was introduced. Between 2002 and 2005, Australian skilled immigrants had access to the *Bridging for Overseas Trained Professionals Loan Scheme* (BOTPLS), where eligible overseas trained professionals were able to apply for an interest free deferred payment loan from the Australian government, to pay for course fees. The Australia Government also provided funding for up to 75 overseas trained doctors candidates per annum to undertake a clinical bridge training course to assist candidates to meet the formal professional recognition requirements in Australia.

**Financial options:** In recent years, Australian immigrants have faced similar financial challenges to Canadian immigrants. “While many individuals would be prepared to undertake bridge training or other courses to address gaps in their skill levels, often cost is a significant disincentive: ... they just do not have the money to pay up-front. Often, they cannot study because they have to work to feed the family” (Joint Standing Committee on Migration 2006). However, some Australian skilled immigrants, mainly in

the regulated professions, have access to both loan programs and incentive grants which support the costs of upgrading. The Australian Department of Education, Science and Training (DEST) provides two programs that assist non-skills stream migrants gain recognition of their qualifications and skills:

1. *“Assessment Subsidy for the Disadvantaged Overseas Trained (ASDOT) professionals. The ASDOT funding program provided by DEST aims to assist overseas trained Australians pay for the cost of examinations. In some instances, the cost of having professional qualifications assessed may also be covered under ASDOT. Assistance is available for one attempt only at each examination stage or assessment...ASDOT is intended for those in financial difficulty and applicants must be registered with Centrelink<sup>21</sup>. ... [However] the criteria for ASDOT is very limited. ASDOT does not cover licensing and registration fees, is limited to twelve prescribed examinations and is not available to temporary protection visa holders.”* (Joint Standing Committee on Migration 2006)
2. *Bridging study assistance for overseas-trained professionals under FEE-HELP<sup>22</sup>.* The mainstream Australian student loans system has been adapted to include bridge training courses for immigrant professionals in the regulated professions. Beginning in 2005, interest free loans have been available for skilled immigrants to enable them to meet the requirements for entry to their profession in Australia (DIAC 2008). To access these student loans, the immigrant must be entering one of 19 regulated occupations and must be a permanent resident of Australia. They must get an ‘assessment statement’ issued on their behalf by the relevant professional assessing body which specifies what courses and other bridge training activities this individual must take to become licensed in the profession, including what exams must be passed. Up to \$A 80,000 can be borrowed for tuition fees for courses up to one full-year equivalent, which are specified in the assessment statement and offered by an approved higher education provider. These may be regular courses offered as part of certificate or degree programs, or may be special courses tailored to the needs of immigrants (Department of Education Science and Training 2007).

This lending approach effectively makes the regulating body the ‘gatekeeper’ for these government loans as they are the only bodies which can issue assessment statements, and gives them a kind of ‘case management’ role in that the statement must outline a tailored program of study and exams for each individual. The lending process gives the immigrant a clear pathway to their profession, as the regulator is then bound to admit the immigrant to the profession, provided they have met the requirements specified in the assessment statement. The system also supports increased involvement of higher education institutions in the business of bridge training by limiting the loans to only ‘approved higher education providers’. Universities and colleges may now be more encouraged to design and offer bridge training courses, based on the needs assessed by the regulators, and with the confidence that immigrants will be able to raise the funds for their tuition costs.

**Employer support:** Some Australian employers also offer financial incentives directly to new skilled immigrants. For example, nursing scholarships of up to AU\$ 2,000 are on offer in Victoria State for applicants meeting eligibility criteria and undertaking a 12-week preregistration course at an approved university, and incentive packages worth AU\$ 50,000 are available to doctors willing to work in rural areas which include covering the cost of registration and professional development (Department of Human Services 2007).