

# Government, banks mum about key student loan info

BY CHRIS BODNAR

OTTAWA (CUP) — Both government and banking officials cannot provide key information about Canada's student loan system, a Canadian University Press (CUP) investigation has revealed.

Last week, three of Canada's largest banks — the Royal Bank, CIBC and Scotia Bank — announced they were no longer administering the Canada Student Loans program for the federal government.

Monetary losses and lack of financial guarantees from Ottawa for defaulted loans were cited as reasons for the pullout.

These three banks had administered the program since 1995, when Human Resources Development Canada transferred the loan system from their department to the private sector.

Yet immediately following the bank announcement, conflicting reports began to circulate about the real cost of the program and the true demands of the banks.

Media reports said the loan system cost anywhere from \$1-billion to \$1.8-billion a year to administer.

Other stories said the banks

wanted \$75-million more in risk premiums from Ottawa, while other pegged the number at \$100-million.

And questions about the true number of student loan defaults were rampant, as critics accused the banks of inflating the default rate numbers.

But clarifying details with those involved isn't easy.

"Have you called the government?" asked Shannon Bonus, a representative from CIBC, responding to an inquiry about how many student loans the banks financed.

"That sounds like an industry number. Have you called the Canadian Bankers Association?"

Sharon Wilks, of the Canadian Bankers Association, replied that only Human Resources Development Canada and the three banks involved with the program keep these numbers.

"Only three of our members are involved, so we don't keep those numbers," said Wilks. "You'll have to contact the member banks involved."

Meanwhile, Steve Dyck, a representative from the Royal Bank, cited figures as reported in the media. He said the default rate on student loans is at 27 percent, citing

HRDC figures he said he saw.

"I think that's an accurate number," said Dyck.

Dyck also said his bank may have lost between \$100- to \$160-million annually in administering student loans, but he couldn't provide specific numbers.

When asked how much the banks spent in administering the program, Dyck wouldn't commit to numbers.

Upon suggestion that some media outlets reported the amount to be \$1-billion, he responded, "I don't know if that's an accurate number."

The government wasn't being any more helpful than the banks.

Gino Trifiro, an HRDC spokesperson, told CUP he didn't know how much the student loan system cost the banks to administer.

"We can't calculate the cost last year because we were not administering the system," he said. "What we can say is that starting August 1 we will have to raise the capital to run the program, and that is \$1.8 billion."

Current figures kept by Statistics Canada show that Canadian banks had a total of \$3.6-billion lent

out in the form of government-guaranteed loans.

Government critics say this figure points to the fact that the system is likely losing money, and that a vital trust was broken between the banks and the government.

"This program was a disaster and wouldn't improve," said Henri Sader, a researcher for New Democratic Party MP Lorne Nystrom. "The banks wanted to be perceived as white knights for financing education. Instead they became the arm-twisters forcing students into debt."

If the \$3.6-billion figure is correct, said Sader, and you assume that 20 percent of students default on their loans, then you can conclude that the three banks were collectively losing \$700,000 annually.

But accurate default rates are also hard to come by.

The latest figures from Ottawa show 80 percent of students repay their Canada Student Loans without incident, while 13 percent repay their loans after defaulting at least once.

In other words, 93 percent of students eventually repay their federal loans.

These numbers, however, date back to 1995 — the same year the three major banks began administering the student loan system.

The banks have not released

conclusive data to show what the current default rate is like.

Student leaders, meanwhile, say they are pleased the government will begin administering the loan program rather than the banks.

But they quickly add, however, that the lack of concrete numbers from the program is problematic.

"From our standpoint the lack of information on this only shows the lack of transparency in the student loan program," said Michael Conlon, national chairperson of the Canadian Federation of Students (CFS).

He said neither the banks nor the government have provided concrete figures on the cost of administering the student loan program or how much is being put up annually to finance the loans.

All of these figures were public information until 1995 when the student loan program was given to the banks to administer.

Now it isn't known if these figures are even kept.

"The primary reason the numbers aren't there is because it went to the banks. [The government] got rid of the people who administered the program," said Conlon.

The CFS leader, however, did tell CUP that HRDC officials had told him at meetings this school year that the loan system cost \$1-billion to administer.

## THE GAZETTE EDITORIAL BOARD ELECTIONS for 2000/2001

### Positions open:

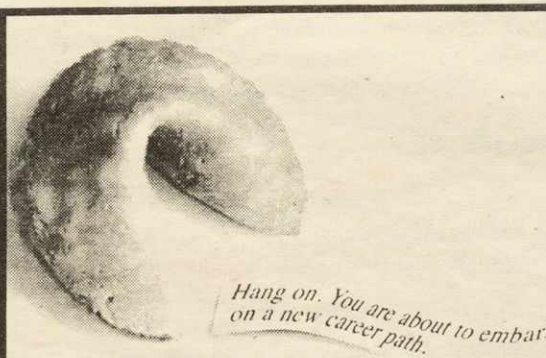
- Managing Editor
- Photo Editor
- National News
- Science / Environment
- Arts & Culture
- Sports Editor
- Website manager
- Focus Editor

Election day is Monday, March 27th, 2000.

For nomination information, call 494-2507, or drop into the office, room 312 SUB.

Regular meetings are held every Monday at 4:30 as well.

## Information Technology Professional Program at UNB



Hang on. You are about to embark on a new career path.

You are on the cusp of completing your degree. There are good jobs now and in the future for IT experts. Consider the possibilities.

Take your fortune into your own hands by choosing a 12-month, full-time program designed to get results. University of New Brunswick and the Software Human Resource Council of Canada have created an intensive, one-year Information Technology Professional Program, which gives you the specific skills needed to get a good job. ITP is an intensive training environment with a three-

month work term, providing real-world experience and adding specific skills to your resumé. Skills like project management that industry is crying out for. Skills that command top price in the marketplace. ITP prepares you for Microsoft, Cisco, Novell, and A+ certification exams. At other sites, where the ITP program is already running, many grads are recruited before their year is even complete.

TUITION: \$15,000; (INCLUDES BOOKS AND MICROSOFT EXAM VOUCHERS).

NEXT INTAKE — ITP 2 — STARTS MARCH 13, 2000

- PUBLIC INFORMATION SESSIONS:
- THURSDAY, JANUARY 20, 2000 7:00 PM — ITP LABS, D'AVRAY HALL, UNB, FREDERICTON.
  - THURSDAY, FEBRUARY 17, 2000 7:00 PM — HILTON HOTEL, DOWNTOWN SAINT JOHN.
  - THURSDAY, FEBRUARY 24, 2000 7:00 PM — ITP LABS, D'AVRAY HALL, UNB, FREDERICTON.

The ITP Program at UNB: Phone: 506 447-3065 E-mail: coned@unb.ca



## BICYCLE TOUR LEADERS

VBT Cycling Vacations seeks bicycle tour guides for PEI & NS.

Required skills include: commitment to superior customer service, experience with leadership, excellent communication skills, bicycle mechanical proficiency, full time availability from June through Sept. Class 4B license, CPR and First Aid certifications are required.

For application and information call Janet Chill 800-245-3868 or e-mail at jchill@gct.com



If you're not registered @



JobsCanada™, The National Employment Registry™, allows you to utilize the latest Internet technology to build your own personal profile for inclusion within our searchable database. It's FREE to Job Seekers and exposes your qualifications to employers worldwide.



will they find you? www.jobscanada.com