

**Question:** What sort of agreements are in place for the collection by government from those who fail to pay back the loans?

**Response:** During the first year of the loan, monthly Statements of Accounts are sent and a repayment schedule is established. Based on the debtor's financial circumstances, a deferment period of up to 2 years may be granted. If the repayment schedule is not honoured more active collection actions are initiated. These include personal letters requesting payment and telephone calls to the debtor. If the client is still unwilling to make voluntary payments, the Commission will seek payroll deductions once the client is employed and/or court action if all other avenues are exhausted.

Employment and Immigration initiated a pilot project in October 1987 to evaluate the use of private collection agencies to assist in the collection of immigration loans receivable. The pilot operated for a period of nine months and proved to be successful in terms of financial and service performance. Debtor complaints on the use of private collection agencies were minimal.

The success of the pilot project led to the approval to the use private collection agencies on a regular basis for accounts which :

- 1) have been established for at least three years;
- 2) have a loan balance which is greater than \$500; and
- 3) are at least three months in arrears.

Private collection agencies are used only as an extension of our current collection activities, with EIC maintaining sole the responsibility and ultimate control of the accounts.

Private collection agencies have been used since January, 1990. Since that time our collections have increased from an average of \$1.2 million per month to an average of \$1.9 million per month.