

**Stewart, Jacqui AVED:EX**

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**From:** Whittier, Joanne GCPE:EX  
**Sent:** Wednesday, February 1, 2012 10:48 AM  
**To:** Stewart, Jacqui AVED:EX  
**Subject:** FW: Question - media inquiry - interest rates  
**Attachments:** S13 s 17

-----Original Message-----

**From:** Whittier, Joanne GCPE:EX  
**Sent:** Tuesday, January 31, 2012 5:26 PM  
**To:** Wenezenki-Yolland, Cheryl AVED:EX; Thompson, Joseph AVED:EX; Thibeau, Victoria L AVED:EX; Minty, Dawn M AVED:EX  
**Cc:** Black, Marc GCPE:EX  
**Subject:** Question - media inquiry - interest rates

Hi there ... the Minister did an interview with a few outlets today in advance of the national student day of action tomorrow. During the interview, the Minister was asked about lowering interest rates and said to the reporter that we have looked at the calculations of what it would cost to lower the interest rate and that she is not convinced that lowering the interest rate would result in increased access to post-secondary education.

As a follow up, the Times Colonist has asked to see what the calculations are. S13, 17

S13, S17  
Can you let me know what your thoughts are about answering this question? Are we ready to go out with some numbers at this point?

Another way that we could answer the question is to find out if there is any data that demonstrates that access is not expected to change if the interest rate lowered. Do not know if this type of data exists though.

Plz let me know your thoughts .. thx much! Jo

Pages 2 through 4 redacted for the following reasons:  
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S13, S17

## Portal, Vincent AVED:EX

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**From:** Whittier, Joanne GCPE:EX  
**Sent:** Wednesday, February 1, 2012 3:05 PM  
**To:** Stewart, Jacqui AVED:EX; Portal, Vincent AVED:EX  
**Cc:** Black, Marc GCPE:EX  
**Subject:** FYI - Times Colonist - follow up story

Hi there ... TC just let us know that they will in fact be doing a follow up and will be filing at 5. I said I would check to see if the data was avail at this point so plz let me know. I appreciate that we are not going to make a 5 p.m. deadline now but just checking anyhow. Thx ☺

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**From:** Whittier, Joanne GCPE:EX  
**Sent:** Wednesday, February 1, 2012 2:11 PM  
**To:** Black, Marc GCPE:EX; Stewart, Jacqui AVED:EX  
**Subject:** FYI - Times Colonist - interest rate costs

Hi there ... Rob sent a follow up inquiry ... just talked to him to let him know that our data folks are working on the numbers. He is not committed to doing an additional story at this point but would like to see the data. Would be good to get him something over the next day or so. Thx! Jo

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**From:** Shaw, Rob (Times-Colonist) [<mailto:rshaw@timescolonist.com>]  
**Sent:** Wednesday, February 1, 2012 2:05 PM  
**To:** Whittier, Joanne GCPE:EX  
**Subject:** interest rate costs

Hi Joanne,

Just to follow-up from yesterday, I'm still interested in knowing exactly what costs the minister was referring to when she told me yesterday she looked at lowering the interest rates and the costs wouldn't be worth it because she doesn't believe it would encourage more students to go to school.

Would like a breakdown of the ministry's estimates in costs to government to lower the interest rates on student loans and eliminate it.

Thanks,  
Rob

Pages 6 through 47 redacted for the following reasons:

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S12, S13, S17

## Stewart, Jacqui AVED:EX

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**From:** Whittier, Joanne GCPE:EX  
**Sent:** Thursday, February 2, 2012 2:02 PM  
**To:** Thompson, Joseph AVED:EX; Wenezenki-Yolland, Cheryl AVED:EX  
**Cc:** Foran, Grace E AVED:EX; Stewart, Jacqui AVED:EX; Black, Marc GCPE:EX  
**Subject:** For approval - bullets for media inquiry - interest rates

**Importance:** High

Hi there ... here are the bullets that Jacqui and I have gone over. Are these ok with you both? Thx! Jo

Analysis done last year determined that the cost to government of reducing current interest rates charged in repayment to prime plus 1 percent would be \$9.7M in 2011 and \$121.5M over 10 years (2011 - 2020) assuming a prime rate of 3%.

These estimates do not represent the full cost to taxpayers because there are a variety of other services and Student Financial Aid programs provided to students such as debt relief, loan forgiveness

(<http://www.aved.gov.bc.ca/studentaidbc/repay/repaymentassistance/welcome.htm>), and provincial grants and bursaries

(<http://www.aved.gov.bc.ca/studentaidbc/specialprograms/grants.htm>).

## Portal, Vincent AVED:EX

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**From:** Stewart, Jacqui AVED:EX  
**Sent:** Monday, February 6, 2012 7:38 AM  
**To:** Portal, Vincent AVED:EX; Black, Marc GCPE:EX  
**Subject:** RE: Bullets

The CMFS research - - the Price of Knowledge – would be worth looking at - - believe they have previously commented about the relationships of price vs access. This may not be “interest rates” per se but the broader “price” of knowledge.

Not sure if the Ministry purchased a hard copy of the report but a PDF version is still available on the Queen's University website.

Can you please have someone look into this further?

Thanks,  
Jacqui

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**From:** Portal, Vincent AVED:EX  
**Sent:** Friday, February 3, 2012 2:29 PM  
**To:** Black, Marc GCPE:EX; Stewart, Jacqui AVED:EX  
**Subject:** RE: Bullets

We are not aware of any studies out there showing connection (one way or the other) between interest rates and access.

Key points / context:

- Not everyone need SFA to access PSE – use the fact that 70% of student population in public system does not use SFA.
- Access to PSE is influenced by more than interest rate.
- We know tuition is one of them - hence our 2% cap policy.
- Affordability, albeit critical to access, is not the only variable affecting students' access to post secondary education: while interest rate and tuition fees are often the main element of debate for students and post secondary institution, social, cultural, geographical factors (e.g. proximity to/of an institution), program availability, seat availability [insert reference to 25,000 new seats], and the quality of education offered at a particular institution also influence access to education [redirect to QA framework. Could also go back to why we moved some colleges to university status].
- SABC deals directly with reducing financial barriers students may have to maximize access.
- BC SABC funding formula: SABC funds at a ratio of 4.3 weeks / month of studies [a generous formula considering that most PT use 4weeks/month].

Hope this helps.

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**From:** Black, Marc GCPE:EX  
**Sent:** Friday, February 3, 2012 2:03 PM

**To:** Stewart, Jacqui AVED:EX; Portal, Vincent AVED:EX  
**Subject:** Bullets

Here's what finance is telling us – would like to add analysis that shows lowering the rate doesn't mean more will access education? Any luck on that?

- Approximately \$1 billion in student loans are outstanding as of March 31, 2011—\$618 million in repayment status and \$382 million not yet in repayment as students are either in school or are in the six-month grace period after studies.
- Reducing the interest rate by 1% on the \$618 million in student loans in repayment would reduce government revenues by approximately \$6 million annually.
- Taxpayers cover the interest cost on student loans while students are in interest-free status for years while they attend classes and during the six month grace period after a student graduates. Taxpayers also fund interest relief programs to support low-income students once they are finished their studies and in their repayment phase.
- These estimates do not represent the full cost to taxpayers because there are a variety of other services and Student Financial Aid programs provided to students such as debt relief, loan forgiveness (<http://www.aved.gov.bc.ca/studentaidbc/repay/repaymentassistance/welcome.htm>), and provincial grants and bursaries (<http://www.aved.gov.bc.ca/studentaidbc/specialprograms/grants.htm>).

Page 51 redacted for the following reason:

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> On 2012-01-31, at 5:26 PM, "Whittier, Joanne GCPE:EX" <Joanne.Whittier@gov.bc.ca> wrote:

>

>> Hi there ... the Minister did an interview with a few outlets today in advance of the national student day of action tomorrow. During the interview, the Minister was asked about lowering interest rates and said to the reporter that

we have looked at the calculations of what it would cost to lower the interest rate and that she is not convinced that lowering the interest rate would result in increased access to post-secondary education.

>>

>> As a follow up, the Times Colonist has asked to see what the calculations are.

S13 s 17

S13 s17

Can you let

me know what your thoughts are about answering this question? Are we ready to go out with some numbers at this point?

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>> Another way that we could answer the question is to find out if there is any data that demonstrates that access is not expected to change if the interest rate lowered. Do not know if this type of data exists though.

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>> Plz let me know your thoughts .. thx much! Jo

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S13, S17

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**From:** Landry, Dara M FIN:EX  
**Sent:** Monday, June 6, 2011 1:50 PM  
**To:** Twyford, Philip FIN:EX  
**Cc:** Klear, Darshi D FIN:EX; Hopkins, Jim FIN:EX; Pierce, Tim W FIN:EX; Stephenson, Ida FIN:EX; Hughes, Patty A FIN:EX  
**Subject:** RE: Media request from Times Colonist: Student loan interest rates - deadline today

Hi Philip,

The WACC for taxpayer-supported debt at March 31, 2011 disclosed in public accounts has not yet been published.

Budget 2011 has it forecasted at 5.1% and was 5.3% at March 31, 2009.

Cheers,  
Dara

Dara Landry, CGA  
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**From:** Hopkins, Jim FIN:EX  
**Sent:** Monday, June 6, 2011 1:16 PM  
**To:** Landry, Dara M FIN:EX; Pierce, Tim W FIN:EX  
**Cc:** Twyford, Philip FIN:EX; Klear, Darshi D FIN:EX  
**Subject:** Fw: Media request from Times Colonist: Student loan interest rates - deadline today  
**Importance:** High

Dara/ Tim....plse follow up w/ Philip

And advise

Thx Jim

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**From:** Twyford, Philip FIN:EX  
**Sent:** Monday, June 06, 2011 12:43 PM  
**To:** Klear, Darshi D FIN:EX  
**Cc:** Hopkins, Jim FIN:EX; Emery, Steven B FIN:EX; Klak, Steve M FIN:EX  
**Subject:** FW: Media request from Times Colonist: Student loan interest rates - deadline today

Darshi; we are receiving a number of media queries related to student loans, specifically the interest rate charged to students. Not all provinces use the current prime plus 2.5%.

Can you please confirm that the province's WACC is still 4.5% or advise if that has changed?

Thank you

**From:** Twyford, Philip FIN:EX  
**Sent:** Monday, June 6, 2011 12:38 PM  
**To:** Emery, Steven B FIN:EX  
**Cc:** Klak, Steve M FIN:EX; Parkinson, Pat A FIN:EX  
**Subject:** Student loans

Key messages:

1. The prime less 1% was an old internal mechanism. It was discontinued in the budget 2011/12 to recognize that Finance does not recover enough to cover the cost of borrowing.
2. WACC = 4.5%, on \$1B = \$45M annually; current anticipated recovery for interest from students = \$33M for 2011/12, therefore Finance will lose \$12M on borrowing for the student loan program. The program also generates defaults of approx \$23M p.a. therefore the total loss is \$35M annually to operate the program.

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**From:** Kristofferson, Kristie L GCPE:EX  
**Sent:** Monday, June 6, 2011 12:25 PM  
**To:** Twyford, Philip FIN:EX  
**Subject:** RE: Media request from Times Colonist: Student loan interest rates - deadline today  
**Importance:** High

FYI – Just sent this through to Steve Klak, but forgot to cc you. I believe Steve Emery will be touching base with you.

Cheers,  
Kristie

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**From:** Kristofferson, Kristie L GCPE:EX  
**Sent:** Monday, June 6, 2011 12:17 PM  
**To:** Klak, Steve M FIN:EX  
**Cc:** Mulloy, Eleanor FIN:EX; Edwardson, Jamie GCPE:EX; Fayad, Deborah FIN:EX  
**Subject:** FW: Media request from Times Colonist: Student loan interest rates - deadline today  
**Importance:** High

Hi Steve:

I originally sent this request to Janet Baltes/Steve Emery, but Janet suggested I redirect the media request to you.

We've received a media request asking the question below in yellow – how much we make borrowing at prime-1 and lending to students at prime+2.5 percent? I saw a figure of \$7million in a media article not long ago, but I don't know where they got that figure. We would also need to address why we charge the way we do. We need to have the approved figure to the reporter by 4pm today.

Give me a call if you have any questions. Thank you.

Regards,

**Kristie Kristofferson**

**Public Affairs Officer**

**Ministry of Finance**

☎ Office: (250) 387-9092

✉ [kristie.kristofferson@gov.bc.ca](mailto:kristie.kristofferson@gov.bc.ca)

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**From:** Shaw, Rob (Times-Colonist) [mailto:rfshaw@timescolonist.com]

**Sent:** Monday, June 6, 2011 11:24 AM

**To:** Edwardson, Jamie GCPE:EX

**Subject:**

Hey Jamie,

Doing a story about the BC gov'ts student loan interest rates. The issue was canvassed in Advanced Education ministry estimates a few weeks ago. But this exchange between the critic and minister says the answer is actually in the ministry of finance. The amount of money government makes by borrowing student loan money at one rate (prime minus 1 per cent) and charging students 3.5 per cent. So I'll leave it with you if that's okay? 4pm deadline if possible?

Thanks,  
Rob

M. Mungall: How much money is the province making from students paying a higher rate on their student loans than the province borrows at?

Hon. N. Yamamoto: The question is best directed towards the Ministry of Finance. The Ministry of Finance administers the program. But I'd like to add that we don't make money on our student loan program. The money is used to assist students in providing grants and loans.

M. Mungall: So if I understand correctly, then, this government is using students repaying their student loans to fund grants for low-income students. So low-income students who are getting loans and paying interest on those loans are funding grants for low-income students.

Hon. N. Yamamoto: This is not a profit-making exercise. If the member opposite recalls, banks actually got out of this business and didn't want to take part in this social exercise. Government has decided that this is something we should support.

M. Mungall: Then, please do tell me where that revenue is going.

Hon. N. Yamamoto: That revenue is directed to the Ministry of Finance.

M. Mungall: As the Minister of Advanced Education, is she saying that none of that revenue from student loans is going into anything in Advanced Education or that she does not know?

Hon. N. Yamamoto: The revenue goes into general revenue, which, of course, funds programs that we've been talking about all afternoon, amongst others.