

Canada Student Loans Act

Let me now turn to the proposed amendments. Hon. members will recall that the Canada Student Loans Act provides for a basic loan provision for each loan year. This provision is divided among the provinces, both participating and non-participating, into provincial allocations on the basis of the distribution among them of the general population in the 18 to 24-year age group. The provincial allocation acts as a limit on the aggregate value of certificates of eligibility which can be issued by a participating province. The basic loan provision was originally established for the loan year opening on July 1, 1964, at \$40 million. The original act provided that this could be increased in subsequent loan years by the percentage increase of Canada's population in the 18 to 24-year age group from year to year. The \$40 million, while sufficient over-all in the first loan year, proved to be inadequate in the case of a few individual, participating provinces. It was necessary, therefore, through the medium of the estimates to provide special increases for that year.

Early in the second loan year which began on July 1, 1965, it became apparent that the basic loan provision, which had increased by a small amount over the first year, would be inadequate to meet the demand for loans which would be placed on it. In June of 1966, therefore, amendments were made to the act which increased the basic loan provision for the year 1965-66 to \$58 million. At the same time a supplementary loan provision, equal to 20 per cent of the basic loan amount in a loan year, was established.

This provision could be allocated by the Minister of Finance of the day on the request of a province where the demand for loans exceeded the available provincial allocation. This feature was incorporated in the act because it came to be recognized that there was a different relative demand for loans among participating provinces which could not be met simply by dividing the basic loan provision among provinces on the basis of population distribution.

These amendments enabled the Canada student loans plan to work effectively until the loan year 1968-69. During the intervening period, however, the rate of increase in the number of students attending post-secondary institutions was some three times greater than that in the 18 to 24-year age group. This inevitably meant that the growth in demand for student loans would outstrip the increase in the basic loan provision from year to year. When this situation in fact came to a head

last year, use was made of the supplementary estimates to provide a temporary solution.

The Appropriations Act, No. 1, 1969, established the basic loan provision for the loan year 1968-69 at \$80 million and increased the supplementary loan amount from 20 per cent to 21 per cent of the revised basic loan provision. The same item also took account of the current loan year which commenced last July 1, setting the basic loan amount at \$100 million and increasing the supplementary provision to 30 per cent. However, no provision was made for the period beyond June 30 of next year. This meant, in the absence of legislative action prior to that time, available allocations for the loan year 1970-71 would have to be determined under the basic provisions currently in the act itself, and these would be insufficient to meet current needs. It is primarily to prevent this from happening that this bill is being presented at this time.

Another reason for this bill is that during the period since the act was last amended a number of matters have arisen related to conditions spelled out in it, which have caused complications for borrowers and others involved in the effective administration of the program. A number of the proposed amendments are intended to deal with these complications.

As I have said, Mr. Speaker, the most important of the amendments before us is the one dealing with available allocations for the loan year commencing July 1, 1970, and for subsequent years. In 1970-71 the basic loan provision under the proposed amendment will be established at \$115 million, a 15 per cent increase over the current year. For loan years subsequent to 1970-71 the basic loan provision will be escalated by the percentage increase in total post-secondary enrolment in Canada in that year rather than the percentage increase in the 18 to 24-year age group. This will provide for an automatic escalation factor of from 12 per cent to 15 per cent a year for the next few years rather than the 4 per cent to 5 per cent which would have been the case under the present act, and at least will allow the basic loan provision to increase in line with the increase in the post-secondary student population.

In addition to increasing the basic loan provision, the amendments will make permanent the increase in the supplementary loan provision which has been implemented for the current loan year. The supplementary loan provision, if Parliament agrees, will accordingly from this year on be established