

Private Members' Business

The hon. member has put forward for consideration a private member's bill which would amend the Income Tax Act so that tuition fees and education credits would be extended to cover certain primary and secondary level students. I would like to clarify for the hon. member that the funding of education, as I am sure my other colleagues have mentioned to him, is a provincial responsibility. At a time like this when we are searching our souls to find out who has responsibility for what, it is certainly not something that we want to put on the table to confuse the issue even more.

While the federal government has historically provided supplementary, direct and indirect support to post-secondary students, this support recognizes that post-secondary students must pay tuition fees to attend educational institutions. The families of primary and secondary students generally pay no fees for the education of their children.

The greatest amount of federal support to post-secondary students is provided indirectly through federal transfers to provinces and to territories under the Established Programs Financing, commonly known around here as EPF, which provides per capita assistance to all provinces and territories in the areas of health and post-secondary education. The post-secondary education portion of this support is worth \$6 billion per year.

Significant direct support is also provided to post-secondary students throughout Canada through the Canada Student Loans Program. Over 215,000 students benefit from this program each year. The Canada Student Loans Program targets students from modest income families who might not otherwise be able to afford to attend post-secondary educational institutions. The interest rates charged on these loans are much lower than the market rate of interest on a consumer loan. In addition, while the student is in school the interest on these loans is paid by the federal government.

Finally further direct support is provided to post-secondary students through the federal tax system. Students of course are eligible to claim two types of federal tax credit: a credit in respect of tuition fees and a credit based on the number of months of full-time study that the student engaged in during the taxation year. If the

student does not have enough or sufficient income to take advantage of these credits they may be transferred up to a specified limit to a spouse, a parent or a grandparent. Many hon. members in this House have taken advantage of that particular provision in the law. Post-secondary students may also earn up to \$500 of scholarship, bursary or fellowship income tax-free.

The tuition fee credit reduces federal taxes by \$130 million per year for 1.1 million students across the country. The education credit reduces taxes by \$35 million for almost 600,000 students, and another 400,000 spouses, parents and grandparents benefit from the transfer of the tuition fee I mentioned a moment ago and/or education credits. The federal taxes are reduced by \$95 million. Over 160 students have their federal taxes reduced by \$20 million due to the \$500 exemption for scholarship, bursary or fellowship income as I mentioned earlier.

The 1992 federal government budget announced that the dollar limit on which the education credit is calculated would be increased by one-third, up from \$60 to \$80 per month of full-time study. In addition, the limit on the total number of tuition fees and education credits that may be claimed by another taxpayer will be increased from \$600 to \$800. This will benefit 600,000 students claiming the education credit and 400,000 taxpayers claiming the transfer.

[*Translation*]

Mr. Jean-Luc Joncas (Matapédia—Matane): Mr. Speaker, I listened very carefully to the comments on this bill, but the hon. member knows the federal government already provides substantial assistance to students attending institutions for post-secondary education. This assistance is threefold. First, the federal government transfers substantial amounts to the provinces and territories every year. About \$6 billion is transferred annually through EPF programs for post-secondary education.

The provinces and territories may use these funds as they see fit. Furthermore, about \$8 billion is transferred annually to the poorer provinces in the form of equalization payments. There are no strings attached, so that the provinces are free to spend these funds on education or on other services for which they are responsible.