

Notwithstanding the interest of the Deputy Leader of the Opposition in my haematology, as expressed the other day, we are dealing with two issues. One issue is the contribution of all sectors of Canadian society to the problem of the debt and deficit reduction. The Minister of Finance of my province, in meeting the challenge yesterday, kept two-thirds of the non-repayable part of the bursary program.

The Liberal government of that province and the federal Tory government are not against students or higher education. As I said the other day, we spend a tremendous amount of money in support of higher education in this country, but we have to get more results for the money we are investing. The amendment fails to address the issue of having an important segment of Canadian society, the student segment, making its contribution to deficit reduction.

Let me turn to the other part of it. I agree with the Honourable Senator Corbin that we did have excellent testimony from the Canadian Federation of Students. I also thought that we adduced good evidence from the officials of the Department of the Secretary of State with reference to the Canada Student Loans Program. They are going to conduct, for the first time since 1964, a program evaluation and they said that the students would be consulted in that process.

I have read the testimony over again and I have read things in the media. There has been a lot of misunderstanding. I should like to make it clear that one of the Canadian Student Loans Program measures in Bill C-76 is the removal of the six-month interest-free period after borrowers have completed their studies. A number of points need to be made about that, because there has been a fair amount of misunderstanding on it.

First and foremost, the elimination of the interest-free period is only going to affect borrowers after the completion of their studies. Second, former students will continue to have up to six months to make repayment arrangements with lenders. Interest on the loan will accrue. The first payment on the loan will not be due until the end of the six-month period. Borrowers will have the option of paying the accrued interest at the end of the six months or capitalizing it into the loan.

For former students, the financial burden of eliminating the six-month, post-graduation, interest-free period should be minimal. For a student finishing school with an average loan of \$6,130, the monthly payment will increase by less than \$3.50 as a result of capitalizing the accrued interest, an amount well within the financial capacity of most borrowers.

Third, borrowers encountering difficulty in repaying their loans will continue to have what is already in the act, namely, access to interest relief which operates for up to 18 months while interest relief payments are made by the federal government. It is in this context that the Interest Relief Program has been responsive to economic conditions.

[Translation]

**Hon. Jean-Maurice Simard:** Honourable senators, I would like to ask Senator Corbin a question. Would the honourable senator agree to tell us what his amendment is about or what it is for?

**Senator Corbin:** It is for the same purpose as Senator Perrault's amendment, except it applies to the clauses which I enumerated in the motion that I gave the Chair.

In other words, it would remove the interest on student loans for six months. It is as simple as that.

**Senator Simard:** Honourable senators, I would like to say a few words on a news item in this morning's *Telegraph Journal* from Saint John, New Brunswick.

The headline contains accusations like those made about Bill C-76. If they are true, the bill would hurt the student loan program and would limit access to education. The first line of this headline reads as follows:

[English]

— "Student loan changes 'scary'".

We heard that last week and earlier this week about Bill C-76.

• (1550)

I will read for the record, colleagues, an extract from an article written by Alan White in today's *Telegraph Journal*.

"It's scary," said Roxane McCarthy, student vice-president at St. Thomas University in Fredericton. "It seems like they're trying to make education for the rich and not for the ones who need it and who are intelligent.

"I don't think that's the best thing because the richest aren't necessarily the smartest," she said.

"Students are not going to be able to afford two loan programs where interest is going to come in later," said Paul Ward..

"Now we're going to be talking about \$30,000-\$35,000 in loans owed on graduation," he said.

"It's been pretty disappointing to find out that yes, it's going to be a split, when the students are having a hard enough time now paying off student loans," said McCarthy.

"The access has been impossible in a two-stage area and now we have a three-stage area?" said McCarthy.