

question but that the Canada Student Loans Act is an extraordinarily difficult piece of legislation to administer properly. It raises all the problems of divided jurisdiction. There is the question of jurisdiction as between Canada on the one part and the provincial governments on the other. There is the question of divided jurisdiction between the provincial governments and the universities. There is the question of divided jurisdiction between the Government of Canada and the lending agencies, the banks.

We had very good testimony on these difficulties from the officials. Evidently, divided jurisdiction is raising serious administrative problems, particularly with regard to defaulters. The government is struggling to find some way to cope with the banks, because it seems the banks are more than happy to make loans guaranteed by the Government of Canada. Then, if a former student goes into default, the bank simply sends him or her a letter. If the repayment is not forthcoming, the bank then requests the money from the Government of Canada on the ground that the bank cannot collect it.

However, these are not the problems with which Bill C-76 deals. Insofar as Canada student loans are concerned, Bill C-76 says that students going into universities hereafter — the measure is not retroactive — will have to pay interest on the loan during the first six months after they have graduated from university. We heard no suggestion that this is a part of a remedy for the problems about which we heard in committee. This measure is designed primarily to save some money, the interest on the loans for that six-month period.

The bill is very unpopular with students. The government says that we all have to do our best in these tough economic times; students, too, have to tighten their belts. In isolation that is a relatively convincing argument but, honourable senators, let us remember what this same government is doing with another bill, Bill C-92. That is the bill to extend the tax exemption on trusts. With regard to this matter, Sidney Goldstein of Goldstein, Goldstein and Goldstein has said that there is no question that it represents a massive windfall for existing trusts.

● (1740)

Kathryn Bush from Blake, Cassels has said that a cynical person might suggest that pressure from influential political supporters also should be listed as a reason for the draft legislation. Neil Brooks of Osgoode Hall has said the government has given Canada's wealthiest families notice that it intends to give them a gift worth several billion dollars.

**Senator Thériault:** Look what they just did with the UI bill.

**Senator Stewart:** A representative of Fraser & Beatty has said that if legislation now before Parliament is not passed

before the end of the year, thousands of trusts could be hit with massive tax bills.

It will be very difficult to convince the students of Canada that it is really fair for Parliament to change the law to require them to pay interest on their loans during the six-month period after they graduate and while many of them will still be looking for jobs when, on the other hand, the same government is making gifts of millions, perhaps billions, of dollars to Canada's wealthiest families by tax changes.

I do not know whether these two proposals originated in quite different parts of the government, but surely at some point or other, even for the sake of appearances, there should have been an attempt at reconciliation.

With Bill C-92 dealing with these trusts now before Parliament, I do not see how this house in good conscience can ask students, many of whom will be having a real tough time, to assume the burden of the interest on their loans in the weeks and months immediately after they have graduated. In terms of dollars it may not look like a great burden. But think of the symbolism. We should do something about these sections of Bill C-76.

#### MOTION IN AMENDMENT—DEBATE ADJOURNED

**Hon. Raymond J. Perrault:** Honourable senators, I know that all of us have appreciated hearing the very excellent words of Senator Stewart. I spoke on Bill C-76 a few days ago. I do not intend to retrace my footsteps, but I have an initiative this evening that I hope will be supported by a majority of senators. First of all, however, I will review, basically, why some of us are opposed to this bill.

As you know, Bill C-76 removes the six-month grace period for Canada student loans, thereby adding six months of additional interest costs to those students who have to borrow to access post-secondary education.

In light of the information which has just been conveyed to the chamber by Senator Stewart, such an initiative by the government is positively obscene. Designating the students as a resource centre to be treated economically in this fashion and burdened so onerously is an obscene action on the part of the government.

I attended the committee meetings on this bill. Finance officials stated that the additional six months of interest would cost \$35 million annually to Canada's students. Billions of dollars of money to the richest families in Canada; \$35 million additional burden on the backs of the students. How can anyone in conscience support this kind of initiative? I know in your secret hearts many of you are just as repelled by the idea of adding this burden as are some of us on this side.