

Student Loans

Mr. Speaker: Has the minister leave to present the motion to which he referred?

Some hon. Members: Agreed.

Mr. Speaker: Will the minister present the Chair with the motion?

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on a point of order, and I speak as one who has agreed to the minister's request, I do not think he has stated it in quite the same form it was submitted to us. His motion now is that the bill be referred without being put to the house.

What we agreed to was that if Bill S-35 was called for second reading we would not debate it, but would let it pass and immediately refer it to the committee. I am sure that is the position.

Mr. Speaker: If that is the agreement we will wait until the bill comes before the house.

EDUCATION**ONTARIO—STATEMENT ON OPERATION OF LOAN PLAN**

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, in response to questions by the hon. member for York-Scarborough and by other members who have asked me about the operation of the Canada student loans plan in Ontario, I think it would be helpful if I made a brief statement on this subject.

The Canada Student Loans Act passed by parliament in 1964 specifies that loans may be made only to students who are in need of loans. The loans made to students under the guarantee provisions of this legislation by banks and other lenders may be made only on the basis of certificates of eligibility issued by provinces participating in the plan. The assessment of a student's need for a loan is accordingly made by the provincial authorities.

Although these loans are repayable starting six months after graduation, the interest on the loans is paid by the federal government while the borrowers are full time students and for six months thereafter. This is a substantial charge to the Canadian taxpayer, a charge that may in a few years rise to about \$10 million a year. The volume of loans made is currently running between \$35 million and \$40 million a year, and this complements an increasing flow of aid funds from

[Mr. Nicholson.]

provincial governments. The sum total of these funds, though increasing, is nevertheless limited, and the federal government as well as the provincial governments have a common interest in seeing that the funds are directed to those who need them most.

To help avoid major inconsistencies in the handling of applications for loans under the plan in the various provinces a committee of federal and provincial officials formulated a set of general administrative criteria which have been accepted by all governments concerned and have been made public in appendices to *Hansards* of June 11, 1965 and July 11, 1966.

Against this background I would like to reply more specifically to the question posed by the hon. member for York-Scarborough on October 18. The Ontario student awards program this year includes Canada student loans as well as the various provincial scholarship, fellowship, bursary and grant programs. The hon. member, in referring to the Ontario government's student awards program, asked whether I could give an assurance that no delays or restrictions have been imposed or dictated by the government of Canada.

In commenting on the new Ontario student awards program it is important to make a careful distinction between the general criteria to which I have just referred and the formulation of specific administrative procedures applied by a province within its jurisdiction. The degree of detail that is required of each applicant, for instance, in application forms and the degree of flexibility in considering applications have not been the subject of federal-provincial agreement and remain a matter of individual provincial judgment and responsibility.

There have recently been some press reports, and I am referring specifically to an article in the *Globe and Mail* of September 29, which may have caused some misunderstandings. This news story reported a meeting of the Ontario minister of education with a group of students in which he is reported to have said that many problems connected with the new Ontario program were not the fault of his department, and that the loan application form, for instance, was drawn up to comply with the requirements of the Canada student loans plan, a federal scheme with a complicated means test. Also, an Ontario government brochure describing the new student awards program contains a statement to the effect that eligibility for a loan is based on