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HUMAN RESOURCES AND SKILLS DEVELOPMENT

Interest on Canada Student Loans

Question by:

The Honourable Claudette Tardif

Tuesday, February 12, 2013

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INTEREST ON CANADA STUDENT LOANS

Hon. Claudette Tardif (Deputy Leader of the Opposition): Honourable senators, my question is for the Leader of the Government in the Senate and is related to a question raised last week by the Honourable Senator Callbeck on youth unemployment. Senator Callbeck pointed out that the unemployment rate for young Canadians is roughly double that of the general population. I would add the fact that Canada has not recovered the 214,000 jobs lost by young Canadians since 2008.

This is an issue that affects everyone. Young Canadians of today will be the ones paying into the health care system and buying the baby boomers' homes tomorrow, but they cannot even start thinking of a house and starting a family if they cannot find a good job and pay off their student debt. For example, the average debt for university graduates is \$27,000. At today's interest rates for student loans, it would cost a hefty \$530 a month to pay off that debt over five years.

Madam Leader, why not eliminate interest on federal student loans, as some provinces have done, to make the debt that young Canadian graduates are carrying more tolerable?

Hon. Marjory LeBreton (Leader of the Government): I thank the honourable senator for the question. As I mentioned last week in my response to Senator Callbeck, since 2006, the government has invested heavily in the issue of Canada's youth, particularly on the unemployment side, in our efforts to assist Canada's young people in finding gainful employment.

In 2011-12, we assisted 50,000 youth to receive training through the Youth Employment Strategy; we made a permanent increase of 36,000 youth jobs per year to the Canada Summer Jobs program; we provided support for the Canadian Youth Business Foundation; Career Focus helps employers provide recent graduates with internships that provide valuable work

experience and about 3,000 people benefit from this per year; Pathways to Education, which has a record of success helping vulnerable youth complete post-secondary education, will help an additional 10,000 young people; our Apprenticeship Incentive Grant has helped 283,000 young people; Skills Link helps youth obtain skills and has helped over 17,000 youth; and, of course, the Canada Student Grants Program helped over 320,000 young people in 2011-12 to obtain the loans they need to attend post-secondary education, that is 185,000 more than was the case under the previous government. Unfortunately, most of these important measures have not had the support of the honourable senator's colleagues in the other place.

Senator Tardif: Madam Leader, I appreciate the list of programs that the government has invested in for youth unemployment and for youth generally, and I do have that list before me. I have read the *Debates of the Senate*. However, that does not address the question that I raised here concerning eliminating the interest on student loans. This is something that provinces — and I name P.E.I. and Newfoundland and Labrador — have been doing, and it is something that is widely agreed on in the post-secondary education system.

Why is the government not taking real, practical action when many young Canadians are facing heavy student debt and a weak job outlook? Does not such a measure, which would have a real and broad impact, deserve at least consideration, given the economic situation of young Canadians?

Senator LeBreton: With regard to what the various jurisdictions do in this area, it is important to point out that we provided an increase of 40 per cent through the Canada Social Transfer. That 40 per cent represented \$800 million a year. We have provided a great increase and significant funding to the provinces.

The senator points out that some provinces have initiated policies in their own jurisdictions, but that does not take away from the fact that the federal government increased the transfer to the provinces by 40 per cent, or \$800 million a year.