could be much more. In the way the Bill is worded, there is no limit.

I draw his attention to Clause 12(1)(b) on page 9 of the Bill, where he will see that the fee can be set at one half of one per cent of the amount of the loan, as he described in his opening remarks. However, it goes on to say:

—or such other fee as is prescribed or calculated in the manner prescribed.

The "manner prescribed" is subject to regulation, and we do not see that in this Bill. We do not see any guarantee, so to speak, that the fee could not be 1 per cent, 2 per cent, or even 5 per cent. This constitutes one of these forms of taxation that I referred to in my remarks on the Small Businesses Loans Act.

Parliament is usually quite loath to grant to any Minister or any Government an open-ended type of taxation. Perhaps the Minister could describe, for future legislators, what he sees coming out of this, and put some distinctions to it.

It may be that the matter may have to be referred to committee for later clarification. I do have an amendment which I will be moving, and we can discuss it at the time I move it. I have discussed it with the Minister. My amendment calls for the fee to be limited to one half of one per cent, with that becoming the cap.

I would like to have the Minister's thinking on this, with a view to reassuring those out there who feel that they may find themselves subject, in the future, to a much greater fee than the one half of one per cent, which is the present intention.

Mr. Wise: Mr. Chairman, there would be no purpose in my attempting to baffle or mislead my hon. colleague over this particular matter. He knows too much about agriculture. As well, he has taken a special interest in this particular piece of legislation, as has the Member for Algoma.

● (1740)

We have quite honestly and quite legitimately made an effort since assuming office to enter into a reasonable, common sense cost recovery plan. It has been difficult in agriculture, but we have advanced in certain areas in consultation with the industry. We have sat down with them, around the table, and we have done some additional cost recovery in those areas that were in a position to absorb. In other areas—and seed potatoes is an example—that were not in a position to absorb much of the cost recovery, the degree to which we cost recovered the services we provided to the industry was considerably less.

We have an obligation to the nation to do everything we possibly can to reduce the deficit. Even though we have increased expenditures in agriculture by 350 per cent, we still have a responsibility to do what we can in the area of cost recovery.

Yes, there is a cost recovery factor, and I think it is reasonable. I do not know how much smaller it could have been and still have been in keeping with the Government's over-all commitment to introduce a cost recovery fee. As I indicated before, it is not great but it is new and it is there.

It will be $50 on a $10,000 loan, and it will be $500 on a $100,000 loan. I think that scale or schedule is ample evidence that it is not that heavy. It is a one-term application. Farmers can have the option of either paying the $50 on the $10,000 loan or rolling it into the loan.

I know what the Hon. Member wants. I would like to agree with it. However, Members of the House will realize that it is impossible for me to agree with what he is suggesting and what he is proposing in the amendment. It is no secret—it is public information and public knowledge—that because of the priority we place on agriculture there are some special provisions in the Bill, and the cost recovery fee would be a prime example.

We know that there are some very serious difficulties in the primary sector. We also know that if we apply a cost recovery fee, it could be about two percentage points. We are not doing that. We are looking at the last 40 years, and we think that a cost recovery fee of one-half of one per cent would be a reasonable one.

I know the Hon. Member is signalling a warning. I am getting the message loud and clear. He is telling me that he will be in his place, day in and day out, if there is an adjustment 12 months or 24 months from today or if any future Government decides that it should be adjusted. We will do everything possible to maintain as long as we can the one-half of one per cent cost recovery. We hope that Canadian agriculture will have some better economic times in the near future.

However, I heard the Hon. Member's message loud and clear. It is about the third time I have received it from him today.

Mr. Althouse: Mr. Chairman, I should like to spend a few moments speaking generally about the Bill.

It is a revision of the farm improvement loans provisions which have been available to Canadian farmers for some 42 years. It increases the loan limits from $100,000 to $150,000. It continues to offer loans to farmers at prime plus one per cent. It is now being extended to off-farm income farmers or farmers who receive part of their income off farm. This was probably being done by many lenders, but it will now become legal.

It is now possible to refinance loans under the purview of the Act. It cannot be used to refinance loans which were taken out to purchase fertilizers or fuel. However, if part of the farmer's loan portfolio was for building a fence, repairing a building, or repairing some machinery, he could turn part of the existing loan over into a farm improvement loan and spread it over a five-year to ten-year period.

I welcome the inclusion of co-operative ventures. A group of farmers can now borrow up to $1.5 million. I see this being used for processing operations and ventures of that kind in