

AGRICULTURAL LOANS: ANNUAL REPORT

**Presented to the States on 27th April 1999
by the Agriculture and Fisheries Committee**



STATES OF JERSEY

STATES GREFFE

140

1999

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REPORT

Agricultural loans totalling £729,532 were granted in 1998, as a result of ten applications. Ten loans were granted to seven applicants. This is a decrease in the number of loans, number of applicants and in the value of loans granted in 1997. Amounts loaned under the Agricultural Loans Scheme in recent years have been as follows -

<i>Year</i>	<i>Total borrowed £000</i>
1988	942
1989	2,446
1990	1,673
1991	1,512
1992	1,103
1993	1,705
1994	1,629
1995	1,858
1996	1,778
1997	1,121
1998	729

Since the commencement of the scheme in 1968, a total of 875 (plus 98 loans) loans have been granted, and of this number 286 remain outstanding. The total loaned since 1968 is in excess of £20 million. The balance on loans outstanding as at 31st December 1998 was £13.9 million.

The table on the next page summarises the details of the loans granted to seven applicants in 1998.

Summary of loans granted in 1998

<i>No. of loans</i>	<i>Total cost</i>	<i>Loans granted</i>	<i>Average length of loan years</i>
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<i>Purpose of loans</i>				
Purchase potato seed, boxes and bulbs*	1	168,500	111,400	7
Construction of staff accommodation	1	39,000	35,100	3
Refurbish packhouse building	1	20,000	18,000	10
Purchase land	2	150,500	110,100	17.5
Purchase machinery	3	138,650	124,489	5
Repay bank loan	1	260,492	234,443	15
Purchase fish farming business	1	107,000	96,000	10
TOTAL:	10	884,142	729,532	9.5

*Subject to an amendment of the Agriculture (Loans) (Jersey) Regulations 1974 being approved.

One application was rejected involving a request for a loan of £100,000.

Six of the applications also required the consent of the Finance and Economics Committee, as the granting of the loan would have taken the applicant's capital indebtedness to the States in excess of £150,000.

During 1998, both the 17-29 and 30-39 age-groups were the most attracted to the scheme, as illustrated in the following table

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<i>Age group (years)</i>	<i>Number of successful applicants</i>	<i>Total borrowed</i>	<i>Range of loans</i>
17 - 29	2	321,989.00	32,059 - 111,400
30 - 39	2	149,100.00	18,000 - 96,000
40 - 49	1	9,000	9,000
50+	1	15,000	15,000
Company	1	234,443.00	234,443

Average age: 40.3. Average loan per applicant: £72,953.2.

The variations in the actual amounts borrowed by those who succeeded in obtaining a loan are given below -

<i>Amount borrowed</i>	<i>Number of loans</i>
1 - 5,000	-
5,001 - 10,000	1
10,001 - 15,000	-
15,001 - 20,000	2
20,001 - 30,000	-
30,001 - 40,000	2
40,001 - 50,000	-
50,001 - 100,000	3
100,001 - 200,000	1
100,001 - 200,000	1
Over 200,001	1
Total:	10

Administration

The Agricultural Loans and Guarantees Advisory Board met on seven occasions, and its recommendations were considered by the Agriculture and Fisheries Committee at its monthly meetings. The Board membership during 1998 was as follows -

Mr. D. Le Marquand - Chairman
Mr. D. Picot - Vice-Chairman
Mr. W. Labey
Mr. R. Perchard
Mr. L. Rondel
Mr. M. Touzel
Mr. D. Vautier

The Committee would wish to record its appreciation of the unsparing efforts of all the Members of the Board in undertaking this demanding task, which requires considerable understanding and judgement.

Agricultural Loans and Guarantees Fund

Income and Expenditure Account for the year ended 31st December 1998

INCOME	£	1998	£	1997	£
Interest charged to borrowers (Note 1)			897,768		900,084
EXPENDITURE					
Interest on temporary advance from Capital fund (Note 2)					
Administration expenses	1,034,766			928,935	
	<u>111,421</u>		1,146,187	<u>100,711</u>	1,029,646
DEFICIT FOR THE YEAR (Charged to Vote 4142)			<u>(248,419)</u>		<u>(129,562)</u>

Balance Sheet as at 31st December 1998

FUNDS EMPLOYED					
Temporary advance from Capital fund			<u>13,948,713</u>		<u>14,430,206</u>
REPRESENTED BY					
Loans and interest outstanding (Note 3)			13,948,713		14,463,231
Current assets					
Debtors				75	
Current liabilities					
Creditors				33,100	(33,025)
			<u>13,948,713</u>		<u>14,430,206</u>

Notes

1. The interest is charged to borrowers at a fixed rate of 6.5 per cent per annum.
2. The average rate of interest charged to the fund in 1998 was 7.30 per cent compared to 6.54 per cent in 1997.
3. No guarantees have been given in respect of bank loans by 31st December 1998.