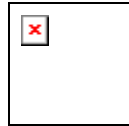


**AGRICULTURAL LOANS: ANNUAL REPORT**

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**Presented to the States on 14th March 2000  
by the Agriculture and Fisheries Committee**

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**STATES OF JERSEY**

**STATES GREFFE**

150

2000

R.C.11

Price code: B

## REPORT

Agricultural loans totalling £1,185,656 were granted in 1999, as a result of ten applications. 18 loans were granted to nine applicants. This is an increase in the number of loans, number of applicants and in the value of loans granted in 1998. Amounts loaned under the Agricultural Loans Scheme in recent years have been as follows -

| <i>Year</i> | <i>Total borrowed £000</i> |
|-------------|----------------------------|
| 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                        |
| 1999        | 1,185                      |

Since the commencement of the scheme in 1968, a total of 903 loans have been granted, and of this number 628 have been repaid and 275 remain outstanding. The total loaned since 1968 is in excess of £20 million. The balance on loans outstanding as at 31st December 1999 was £13.8 million. The level of arrears as at 31st December 1999 was £669,832.50 (4.8 per cent).

The table on the next page summarises the details of the loans granted to nine applicants in 1999.

**Summary of loans granted in 1999**

| <i>No. of<br/>loans</i> | <i>Total cost</i> | <i>Loans<br/>granted</i> | <i>Average<br/>length of<br/>loan years</i> |
|-------------------------|-------------------|--------------------------|---|
|-------------------------|-------------------|--------------------------|---|

| <i>Purpose of loans</i>               |    |           |           |       |
|---------------------------------------|----|-----------|-----------|-------|
| Purchase potato seed, boxes and bulbs | 1  | 113,500   | 102,150   | 5     |
| Purchase staff accommodation          | 2  | 65,000    | 58,500    | 14    |
| Purchase shed                         | 1  | 170,000   | 120,000   | 30    |
| Construct shed                        | 1  | 120,000   | 108,000   | 30    |
| Extend existing shed                  | 1  | 133,000   | 120,000   | 15    |
| Purchase livestock                    | 2  | 128,000   | 115,200   | 7     |
| Purchase machinery                    | 4  | 84,252    | 75,802    | 4.5   |
| Construct dwelling house              | 2  | 265,000   | 240,000   | 30    |
| Construct cattle housing              | 3  | 243,338   | 219,004   | 15.67 |
| Erect polytunnels                     | 1  | 30,000    | 27,000    | 10    |
| TOTAL:                                | 18 | 1,352,090 | 1,185,656 | 14.28 |

There were no applications rejected, however two were agreed after second discussion.

During the year five deferments were granted, resulting in repayments totalling £43,414.38 being deferred for one year.

Seven 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 1999 both the 17-29 and 40-49 age-groups were most attracted to the scheme, as illustrated in the following table -

| <i>Age group (years)</i> | <i>Number of successful applicants</i> | <i>Total borrowed</i> | <i>Range of loans</i> |
|--------------------------|--|-----------------------|-----------------------|
| 17 - 29                  | 2                                      | 468,000               | 108,000 - 120,000     |
| 30 - 39                  | -                                      | -                     | -                     |
| 40 - 49                  | 2                                      | 278,332               | 4,500 - 120,000       |
| 50+                      | -                                      | -                     | -                     |
| Company                  | 5                                      | 439,324               | 5,850 - 165,004       |

Average age: 35. Average loan per applicant: £113,739.56.  
(Excludes companies.)

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              | 1                      |
| 5,001 - 10,000         | 1                      |
| 10,001 - 15,000        | -                      |
| 15,001 - 20,000        | 2                      |
| 20,001 - 30,000        | 2                      |
| 30,001 - 40,000        | 2                      |

|                   |    |
|-------------------|----|
| 40,001 - 50,000   | 1  |
| 50,001 - 100,000  | 2  |
| 100,001 - 200,000 | 7  |
| Over 200,001      | -  |
| Total:            | 18 |

## **Administration**

The Agricultural Loans and Guarantees Advisory Board met on 13 occasions, and its recommendations were considered by the Agriculture and Fisheries Committee at its bi-monthly meetings. The Board membership during 1999 was as follows -

Mr. D. Le Marquand - Chairman  
Mr. D. Picot - Vice-Chairman  
Mr. W. Labey  
Mr. R. Perchard  
Mr. L. Rondel Resigned June 1999  
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 1999

| INCOME  | £       | 1999           | £                      | 1998           | £                       |
|---|---------|----------------|------------------------|----------------|-------------------------|
| Interest charged to borrowers<br>(Note 1)                           |         |                | 876,460                |                | 897,768                 |
| <b>EXPENDITURE</b>  |         |                |                        |                |                         |
| Interest on temporary advance<br>from Capital fund (Note 2)         |         |                |                        | 1,034,766      |                         |
| Administration expenses   | 734,640 |                |                        | <u>111,421</u> |                         |
|   |         | <u>111,506</u> | 846,146                |                | 1,146,187               |
| <b>SURPLUS/(DEFICIT) FOR<br/>THE YEAR</b><br>(Charged to Vote 4142) |         |                | <b><u>(30,314)</u></b> |                | <b><u>(248,419)</u></b> |

### Balance Sheet as at 31st December 1999

|  |   |  |                          |   |                          |
|--|---|--|--------------------------|---|--------------------------|
| <b>FUNDS EMPLOYED</b>                      |   |  |                          |   |                          |
| Temporary advance from<br>Capital fund     |   |  | <u>13,854,477</u>        |   | <u>13,948,713</u>        |
| <b>REPRESENTED BY</b>                      |   |  |                          |   |                          |
| Loans and interest<br>outstanding (Note 3) |   |  | 18,854,477               |   | 13,948,713               |
| Current assets                             |   |  |                          |   |                          |
| Debtors                                    | - |  |                          | - |                          |
| Current liabilities                        |   |  |                          |   |                          |
| Creditors                                  | - |  |                          | - |                          |
|  |   |  | <b><u>13,854,477</u></b> |   | <b><u>13,948,713</u></b> |

### 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 1999 was 5.42 per cent compared to 7.30 per cent in 1998.
3. No guarantees have been given in respect of bank loans by 31st December 1999.