

## APPENDIX

(See p. 6253)

(Documents tabled by Hon. John Wise, Minister of Agriculture)

**Operations under the Farm Improvement Loans Act  
During the year ended December 31, 1984**

40<sup>th</sup> ANNUAL REPORT

The Farm Improvement Loans Act came into force in March, 1945 for an initial period of 3 years and was subsequently amended from time to time to remain in effect for additional lending periods. The current lending period expires June 30, 1985.

The purpose of the Act is to encourage the provision of intermediate term and short term credit to farmers for the improvement and development of farms and for the improvement of living conditions thereon. To this end, the Act authorizes the Minister of Agriculture to guarantee, against loss, term loans made to farmers by chartered banks, Alberta Treasury branches and other lenders designated by the Minister, for a wide range of farm improvement projects.

The main purposes for which Farm Improvement Loans could be made during 1984 were:

- purchase of agricultural implements and equipment;
- general works for the improvement or development of a farm, including clearing and breaking of land, irrigation systems, farm electric systems, fencing and drainage works;
- construction, repair or alteration of farm buildings;
- purchase of livestock;
- purchase of additional farm land;
- major repair or major overhaul of agricultural implements and equipment (including equipment for beekeeping) where the cost of such repair or overhaul is not less than \$400.

A borrower may have several guaranteed loans outstanding at any one time up to a maximum combined amount of \$100 000.

The repayment term of a loan depends largely upon the amount borrowed and the particular circumstances of the borrower. The maximum repayment period is 15 years where a loan was granted for the purchase of additional land, and 10 years for all other purposes.

Farm Improvement Loans must be secured and borrowers are required to provide a certain portion of the cost of a purchase or a project from their own resources.

The maximum rate of interest on loans made under the program is equal to the prime lending rate of chartered banks,

plus 1%. This maximum, which varies with the prime rate, applies to both new and outstanding loans.

## Review of 1984 Lending

During the year, 12 037 loans were made, amounting to \$159.9 million. The average loan made during the year was \$13 288. The total amount lent was borrowed for the following purposes:

- \$105.7 million or 66.1% to purchase agricultural implements;
- \$14.1 million or 8.8% for construction, repair or alteration of farm houses and buildings;
- \$15.7 million or 9.8% to purchase land;
- \$10.5 million or 6.6% for other improvement purposes such as clearing of land, fencing, irrigation and similar projects;
- \$13.4 million or 8.4% for the purchase of livestock;
- \$0.5 million for major repair or major overhaul of agricultural implements and equipment.

From the inception of the program to December 31, 1984, approximately 1 904 200 Farm Improvement Loans were made amounting to approximately \$5 152 million. During the same period, payments were made to lenders under the guarantee provision in respect of 7 177 claims amounting to approximately \$17.0 million, while recoveries were effected of about \$2.8 million.

Appended to this Report are the following tables showing in detail the lending operations for 1984:

- Table 1. Summary of Operations
- Table 2. Loans and Repayments to Lenders
- Table 3. Loans Classified by Province and Lender
- Table 4. Loans Classified by Province and Purpose
- Table 5. Loans for Implements
- Table 6. Loans for Various Farm Improvement Purposes
- Table 7. Loans for Construction, Repair and Alteration of Farm Houses and Buildings