

Agricultural Loans Fund 2024 FAQs

Who can apply for an Agricultural Loan?

The Minister may make loans to:

1. Any person(s) who is (are) or will be: engaged wholly or mainly in work of an agricultural nature in Jersey.
2. An “agricultural company” - a Company incorporated under the Companies (Jersey) Law 1991 or the Lois (1861 à 1965) sur les Sociétés à Responsabilité Limitée which is, or the beneficial owners of which are (will be) engaged wholly or mainly in work of an agricultural nature in Jersey.
3. A loan may be made to spouses jointly if the real property on which the loan is to be secured is owned by them for themselves and the survivor of them and the heirs of such survivor.

Businesses or individuals making a loan application will be expected to be working within the terms of the Rural Support Scheme (or be eligible to access the Rural Support Scheme) i.e. be involved with a land dependent agricultural activity, with all land operations covered under either LEAF (Linking Environment and Farming) Marque, GACP (Good Agricultural and Collection Practice) or Organic Certification.

What can an Agricultural Loan be used for?

- (a) purchase agricultural land (to be occupied and farmed by the applicant);
- (b) construct a dwelling-house or permanent farm buildings (including greenhouses), or carry out improvements to an existing farm building or convert into a dwelling-house;
- (c) purchase and install, agricultural machinery, vehicles and equipment;
- (d) carry out, on agricultural land, improvements of a kind which will contribute to the more efficient and economic farming of that land;
- (e) purchase livestock;
- (f) purchase shares in an agricultural company;
- (g) purchase flower bulbs, seed potatoes, or seed potato boxes;

How much can I borrow?

The amount of the principal of a loan shall not exceed 90% of the estimated cost of project in respect of which the loan is sought.

The maximum permissible value for a loan will be £1.0m.

What is the loan interest rate?

Loans shall normally bear interest at the rate of 3.0% per annum, accruing on a daily basis on the amount of the principal (and any unpaid arrears on interest).

What is the maximum available term for a loan?

The maximum borrowing period for a loan is 30 years.

Borrowers may apply for a specific loan term which will be considered by the Board, though the actual term will be determined by consideration of a combination of factors, including: the age of the applicant(s), the purpose for which the loan is required, the affordability of repayments.

How do I apply for a loan?

If you think you meet the qualification criteria for an Agricultural Loan, you will be able to complete an 'Expression of Interest' form on the Jersey Business website.

Link: <https://www.jerseybusiness.je/finance/agricultural-loans-fund/>

Following successful screening of the Expression of Interest, you will be invited to make a full application to the Agricultural Loans and Guarantees Advisory Board for their consideration. This is a structured application process guided by a Jersey Business advisor.

What information is required for a loan application?

- Name and contact details for the applicant
- A full description of how the loan funding will be utilised by the applicant (application form)
- Full set of business accounts for the last two years (for an existing trading entity)
- If the applicant is a limited company: a board resolution acknowledging the loan application; a list of beneficial owners of the company (with % shareholding)
- Statement of current assets and liabilities for the applicant*
- Profit and Loss forecast for next three years*
- Cash flow projections for the next eighteen months*
- Expected return on investment calculation for the loan*
- For start-up businesses a business plan will be required*

*templates will be provided by Jersey Business

How does the Agricultural Loans and Guarantees Advisory Board assess your application?

In accordance with the regulations loan applications are assessed using the following criteria:

1. Viability – will the applicant be able to service and repay the loan over the determined term? Is the applicant business a going concern – or in the case of a new enterprise do projections indicate it will be a viable going concern?
2. Productivity – will the project funded by the loan increase the productivity of the applicant(s) by improving the economic efficiency of the applicant?
3. Return on Investment – will the project funded by the loan deliver a return on the investment in a manner that demonstrates good value for public money?
4. Management - does the applicant(s) have the requisite knowledge, experience, management skills and infrastructure required for the successful delivery of the project and overall management of the business?
5. Financial Status – what are the current assets/liabilities of the applicant and do these demonstrate the need for an agricultural loan and an acceptable financial risk profile.

Loan applications will also be evaluated with the additional considerations:

Environmental

The environmental impact of the application will need to be considered and evidenced where appropriate – including (but not limited to) impact on landscape, soil, energy, water, waste, carbon, biodiversity and wildlife.

Social

Impact on employment, education, skills, training, contribution to the wider community and wellbeing of Islanders may also be considered.

Economic

In addition to the measurements above: displacement – impact on existing business; innovation; added value; business integration; efficiencies; collaboration.

Will loans for projects requiring planning approval be granted before planning permission has been gained?

Loans may be awarded ‘in principle’ to an applicant for a project with a proposed planning application but funds cannot be accessed until full planning and building permission has been granted.

The cost of unsuccessful planning applications will not be funded by the Agricultural Loans Fund.

It should be noted that a recommendation by the Agricultural Loans Board to approve a loan application ‘in principle’ for a project seeking Planning and Building Approval is not an endorsement in any way of the merits or otherwise of any planning or building application, which will be evaluated solely on the criteria specified in the Island Plan and Building Bye-Laws.

How is the offer of an Agricultural Loan confirmed?

The Minister for Sustainable Economic Development determines all loan applications, with the decision based upon the recommendations made by the Agricultural Loans Board. Applicants will be notified in writing of the Minister’s decision by the Department for the Economy. Successful applicants will receive a loan offer letter setting out the terms and conditions of the loan.

All offers will be subject to an acceptance period, this may vary if planning approval forms part of this process.

Can a loan refusal be appealed?

No, there is no appeal process for a loan refusal, though applicants may consider making a fresh loan application if this can be materially different from an application previously refused.

Does the applicant need to provide security for a loan?

Loans in excess of £150k will **require** registered security on property assets.

Independently verified valuations for property assets by a qualified valuer will be required when the loan is secured (and will need to be funded by the applicant).

Evidence of insurance for property assets will be required in circumstances when property assets are offered as security.

Can an applicant use property owned by another person/company as security for an agricultural loan?

No – if the agricultural loan is to be secured, it can only be secured on property in the ownership of the applicant (jointly with spouse if applicable).

Can property used as security for an agricultural loan be used as registered security for other types of borrowing?

No, a property used as security may not be also as security used for other types of borrowing – but subject to sufficient ‘loan to value’ (i.e. the property value is greater than the outstanding loan value) may be used for further borrowing on the Agricultural Loans Fund.

Can property on which the loan is secured be sold?

No, it may not be sold (unless the loan is either first repaid or repaid with the proceeds of the sale).

How will the loan be drawn down?

The loan may be drawn in it’s entirety or by instalments, depending on the circumstances of the project financed.

Can loans be repaid without penalty or notice periods?

Yes, loans may be repaid in part or in full without penalty or notice.

Can loan repayments be deferred?

The Minister may, on the recommendation of the Board, allow a borrower to reschedule repayments on a maximum of three occasions over the lifetime of the loan.

How will deferred repayments be rescheduled?

Over the existing lifetime of the loan, with remaining payments increased accordingly.

What is the process to request a repayment deferral?

An application for deferment will need to be made to the Board, setting out the rationale behind the request and will need to follow a deferment request process.

If a loan holder is in breach of the terms and conditions of the loan, can it be recalled?

Yes, the Minister can demand the recall of a loan.

How much notice will a loan holder receive if they have not adhered to the terms and conditions of the loan and the Minister seeks reimbursement of the loan or call upon the security provided?

30 days written notice.

If the holder of an agricultural loan ceases agricultural trading, does the agricultural loan need to be repaid?

Yes, the Minister can require the loan to be repaid when an agriculturist (person or business) ceases agricultural activity.