



**AN BILLE CAIRDE THALMHAIOCHTA, 1960.
AGRICULTURAL CREDIT BILL, 1960.**

EXPLANATORY MEMORANDUM

The purpose of the Bill

1. A survey of agricultural credit in Ireland was made at the request of the Minister for Agriculture by Mr. F. W. Gilmore, Deputy Governor of the U.S.A. Farm Credit Administration, and his report (Pr. 5223) was presented to the Dáil and Seanad on 16th September, 1959. The modifications of the law which the Government consider desirable as a result of the examination of this survey are contained in the present Bill.

2. The Bill is intended to enable the Agricultural Credit Corporation more fully to accomplish its purposes of giving credit to persons engaged in agriculture and businesses ancillary to agriculture and also to create conditions in which arrangements can be devised for the participation of farmers in the ownership and control of the Corporation.

3. Under the Bill the Corporation will have adequate financial resources, and will be free to lend for all agricultural purposes.

4. The Bill places the Corporation in a position to undertake such lending and other investments as are clearly in the national interest even if the degree of risk involved may, at times, be higher than is normal in banking practice. It simplifies the Corporation's procedure for taking land as security for loans, makes it clear that the Corporation can engage in hire-purchase business, enables the Corporation to promote companies and projects for the benefit of agriculture and widens the scope for the use of chattel mortgages. It also provides for the enlargement of the Board of Directors and makes possible investment by farmers in the Corporation.

The Sections

Section 1 provides necessary definitions.

Section 2 provides for an increase in the share capital from £300,000 to £2 million. The shares can be issued in different denominations and different classes.

Section 3 increases the Corporation's effective borrowing potential from £8.3 million to £10 million, the Minister for Finance's consent to borrowing being required so long as he holds more than one-fifth of the issued capital. Stamp duty will not be payable on securities issued by the Corporation under this section to secure the repayment of moneys borrowed.

Section 4 of the Bill enables the Minister for Agriculture, with the consent of the Minister for Finance, to guarantee the Corporation in approved cases against losses not exceeding £5 million at any one time on agricultural credit schemes and to recoup the Corporation in respect of such losses out of voted moneys.

Section 5 empowers the Minister for Finance to guarantee borrowings by the Corporation, a statement regarding any such guarantees to be laid before each house of the Oireachtas annually. The Corporation is obliged to repay any moneys paid on foot of the guarantees. Any amount not repaid is to be made good to the Central Fund out of voted moneys.

Section 6 of the Bill empowers the Corporation to issue stock or shares to persons other than the Minister for Finance but the Minister's consent is necessary so long as he holds not less than half the issued capital. The Minister may also purchase and sell stock or shares of the Corporation. This section and sections 2 and 3 above will enable arrangements to be made for investment by farmers.

Section 7 generalises the purposes for which loans may be made by the Corporation. It also explicitly empowers the Corporation to take up shares in corporate bodies for the benefit of agriculture, issue and accept bills of exchange, guarantee the repayment of advances made by banks to farmers, and engage in hire-purchase arrangements. In addition the limit of £10,000 on loans is removed. The memorandum and articles of association of the Corporation are to be amended to give effect to these changes.

Section 8 provides that the Corporation shall have power to promote, manage, supervise, or take part in the management or supervision of any company for any purpose which, in the opinion of the directors, is of benefit to agriculture. The definition of agriculture is widened.

Section 9 empowers the Corporation to make orders charging loans on land, subject to the consent of the owner, or of the occupier, if the loan is for work of permanent improvement. Loans so charged will also be a personal liability of the owner or occupier, as the case may be, for the time being. Charging orders made by the Corporation may be varied with the consent of the owner or occupier. Neither stamp duty nor Land Registry fees will be payable in respect of charging orders.

Section 10 increases the maximum number of directors from five to seven, a majority to be nominated by the Minister so long as he holds not less than one half of the issued capital.

Section 11 authorises the Minister for Finance to make advances to the Corporation subject to such conditions as to interest and repayment and other matters as the Minister may determine.

Section 12 extends the provisions of the Agricultural Credit Act, 1947, relating to chattel mortgages to cover contractual liabilities generally. Up to now a chattel mortgage could be used as a security for a direct loan only but under this provision it can also be used for such purposes as to secure a guarantee given by the Corporation to a merchant in respect of agricultural goods supplied on credit to a farmer.

Under existing legislation loans charged by the Corporation on registered land, the title to which is marked "subject to equities," are given priority over the "equities" up to a limit of £400. In the case of unregistered land there is a similar priority over the corresponding burdens. Section 13 increases these limits from £400 to £1,000 to allow for changed money values.

Section 14 empowers the Corporation to alter its memorandum and articles of association so as to give effect to the provisions of the Bill.

Section 15 enables moneys required under the Bill to be paid out of the Central Fund and provides the necessary borrowing authority for the Minister for Finance.

Section 16 provides for the repeal of provisions of the earlier Acts which are superseded by the provisions of the Bill. Section 34 of the 1947 Act is also being repealed; it provided for the compulsory furnishing of information regarding their liabilities by persons intending to make chattel mortgages and for compulsory notification to other creditors of the intention to make chattel mortgages. It is proposed to operate in future on a purely voluntary basis except that the existence of a previous chattel mortgage must be disclosed (section 33 of the 1947 Act).

An Roinn Airgeadais
Márta, 1961.