

1978 BILL 11

Fourth Session, 18th Legislature, 27 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 11

THE FEEDER ASSOCIATIONS GUARANTEE
AMENDMENT ACT, 1978

MR. HANSEN

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 11
Mr. Hansen

BILL 11

1978

THE FEEDER ASSOCIATIONS GUARANTEE AMENDMENT ACT, 1978

(Assented to , 1978)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

1 The Feeder Associations Guarantee Act is amended by this Act.

2 Section 2 is amended

(a) by adding the following after clause (a):

(a.1) "guarantee" means a guarantee given under this Act;

(a.2) "guaranteed loan" means a loan to a feeder association in respect of which a guarantee is given;

(a.3) "lender" means a person who makes a loan to a feeder association;

(b) by adding the following after clause (b):

(c) "Minister" means the Minister of Agriculture.

3 Section 3 is amended by repealing subsections (1), (2) and (3) and substituting the following:

3(1) Where a lender makes a loan to a feeder association for the purpose of acquiring livestock for growing and finishing or either of them by the members of that feeder association, the Lieutenant Governor in Council, upon the recommendation of the Minister, may by order authorize the Provincial Treasurer to guarantee on behalf of the Government the repayment of an amount in respect of the feeder association's indebtedness under that loan not to exceed 25% of

(a) the total amount of all the advances made to the feeder association under the guaranteed loan, or

Explanatory Notes

1 This Bill will amend chapter 141 of the Revised Statutes of Alberta 1970.

2 Defines “guarantee”, “guaranteed loan”, “lender” and “Minister”.

3 Section 3(1), (2) and (3) presently reads:

3(1) Upon the recommendation of the Minister of Agriculture, the Lieutenant Governor in Council may authorize the Provincial Treasurer to guarantee on behalf of the Province due repayment of the losses that might be sustained by any person as a result of loans made by such person to a feeder association for the purposes of acquiring livestock for growing and finishing by the members thereof.

(2) The liability of the Province under any such guarantee shall be restricted to an amount not exceeding twenty-five per cent of the aggregate amount advance under the loan in respect of which the guarantee is given.

(3) A loan in respect of which a guarantee is given under this Act shall be repaid on the expiration of

(a) twelve months after the loan is made, or

(b) the total amount prescribed under subsection (2) that may be advanced to the feeder association at any one time under the guaranteed loan,

whichever is less.

(2) An order made under subsection (1) shall prescribe

(a) the total amount that may be advanced to a feeder association at any one time under a guaranteed loan, and

(b) the percentage to be used in determining the liability of the Government in respect of a guaranteed loan.

(3) An advance made under a guaranteed loan shall be repaid

(a) within 12 months from the day that the advance was made, or

(b) within such other period of time not to exceed 15 months from the day that the advance was made as may be agreed upon between the feeder association and the lender.

4 *The following is added after section 3:*

3.1(1) Where the Minister is of the opinion that a feeder association is not complying with this Act or a regulation made under this Act or that a feeder association is being operated in an unsound manner, he may by order prohibit that feeder association from obtaining any further advances under a guaranteed loan.

(2) Upon making an order under subsection (1), the Minister shall send a copy of the order by registered mail to or deliver a copy of the order to

(a) the feeder association named in the order,

(b) the lender from whom the feeder association obtained the guaranteed loan, and

(c) the Provincial Treasurer.

(3) Where a lender

(a) after receiving a copy of an order made under subsection (1), and

(b) during the time the order remains in force,

makes a further advance to the feeder association named in the order under a guaranteed loan, the Provincial Treasurer may, upon written notice to that lender, reduce the liability of the Government under that guarantee to the amount that would have existed if that advance had not been made.

(b) such shorter period of time as may be agreed upon between the association and the lender.

4 Section 3.1 empowers the Minister to prohibit a feeder association from obtaining further advances under a loan. Section 3.2 permits the Provincial Treasurer to be subrogated to the rights of a lender and of a feeder association.

3.2(1) Where

(a) a feeder association defaults in repaying an amount due under a guaranteed loan, and

(b) the Provincial Treasurer makes a payment to a lender under a guarantee on account of that default,

the Provincial Treasurer is subrogated, in respect of that guaranteed loan,

(c) to all the rights of the lender under any security or negotiable instruments given to the lender by the feeder association,

(d) to any action that the lender has against the feeder association,

(e) to all rights of the feeder association under any security or negotiable instruments given to the feeder association by its members, and

(f) to any action that the feeder association has against any of its members.

(2) A payment made by the Provincial Treasurer under a guarantee on account of a default by a feeder association does not affect any liability of or security given by the feeder association under the guaranteed loan and, notwithstanding that a payment was made under the guarantee, the liability of and the security given, if any, by the feeder association

(a) remains and continues in full force and effect, and

(b) may be enforced against the feeder association by the Provincial Treasurer.

5 This Act comes into force on the day upon which it is assented to.