

MEMORANDUM FOR CABINET BY THE MINISTER OF
TRADE, INDUSTRY & AGRICULTURE

Assistance to the Gozo Milk and Agricultural Producers
Co-Operative Society Ltd

Following the termination of Mr F.G. Soler's services as Secretary to the Gozo Milk and Agricultural Producers Co-Operative Society Ltd in 1965, the Malta Milk Producers Co-Operative Society, of which Mr Soler is both Secretary and Manager, served a claim on the Gozo Society for the immediate payment of the sum of about £31,000, being the unpaid balance in respect of fodder supplied by the Malta Society in 1964. Besides this debt the Gozo Society had others, amounting to about £30,000.

2. In order to save the Gozo Society from liquidation which, in fact, would not have brought a penny to the Malta Society as the Gozo Co-Operative has very large hypothecated debts taking precedence over the Malta Society's claims, and at the same time to avert the large-scale ruin that would fall on the Gozitan farming community, the Registrar of Co-Operatives on the 15th April, 1966 gave a Decision in this Dispute. In accordance with Part VI of this Decision, interest at 6% per annum on the sum of £31,000, from 26th October, 1965, payable every six months in arrears, became due on the 26th April, 1966. The sum involved amounted to about £930, but to honour this commitment the Gozo Milk and Agricultural Producers are not paying farmers in respect of tomatoes etc. supplied on assignment to the Co-Operative. This is creating a great ferment among Gozitan farmers as they badly need the cash to enable them to meet their day to day livelihood.

3. All along Government had followed closely these developments and a Ministerial statement had been made that Government was actively considering the difficulties of the Gozo Society with a view to solving them. To translate this declaration of intent into practice it was felt that Government should extend a helping hand to save the Co-Operative from impending bankruptcy. In May, 1966 my Ministry put forward a proposal to the Ministry of Finance for authorization to pay a sum of £2000 a year to the Gozo Milk and Agriculture Producers Co-Operative Society to enable it to meet interest due to the Malta Milk Producers Cooperative on the above-mentioned sum of £31,300, out of the provision for Contribution towards marketing expenses by Co-Operatives

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Societies - Vote 30 - Agriculture - Subhead E - Co-Operative - B.7 - the resultant excess to be offset by savings under the block vote of Personal Emoluments of the same Head.

4. In July, 1966 Government paid the Society the sum of £5,000 which had been recommended by the Aids to Industries Board, tied to export performance, and which could not be paid before as the Gozo Society's Manager and Secretary, as Members of the House of Representatives, were precluded by law from receiving any such grants from Government. This grant, however, was only a palliative. The position now is that unless the amount of £2,000 is passed at an early date to the Society it will have to go into liquidation as the Bank is not prepared to keep financing it unless there is goodwill also on Government's part.

5. The liquidation of this Society will bring in its wake a number of problems in Gozo which Government should try and avoid at all costs. The proposal made to the Ministry of Finance only amounts, in reality, to a subvention of under £2,000 to the Gozo community, which is a much lower figure than Government would have to fork out were it to allow the Society to drift into liquidation and consequent ruin and then try to bring about its rehabilitation by pumping much bigger sums later as an emergency measure to save the farming community in Gozo.

6. In the circumstances Ministers are requested to approve, as a matter of urgency, this Ministry's recommendation that a sum of £2,000 be paid out of Vote 30 Subhead E-Cooperatives - B 7 to the Gozo Milk and Agricultural Producers Co-operative Society to meet interest due to the Malta Milk Producers Co-operative.

21st December, 1966.
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