

FIRST PRINT

LETONA CO-OPERATIVE (ASSISTANCE) BILL 1993

NEW SOUTH WALES



EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

The objects of this Bill are:

- (a) to provide an endorsement by Parliament for a business plan and restructuring plan for the Letona Co-operative Limited ("Letona"); and
- (b) to recommend the provision of Government financial assistance to Letona and the growers who supply it; and
- (c) to facilitate the appointment of an administrator for the co-operative under the Co-operatives Act 1992 and to recommend that the State Bank revoke the appointment of a receiver and manager of Letona, for the purpose of enabling Letona to trade out of its current difficulties; and
- (d) to apply a provision of the Rural Assistance Act 1989 to loans from the State Bank to Letona so as to enable certain orders to be made under that Act (for example, orders suspending or deferring the payment interest and principal) and to recommend immediate consideration of any assistance that can be given to Letona under that provision.

Clause 1 specifies the short title of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on assent.

Clause 3 contains definitions used in the proposed Act.

Clause 4 endorses the Business Plan referred to in the Bill and recommends its implementation.

Clause 5 recommends that the State provide financial assistance to Letona by way of a \$5,000,000 grant.

Clause 6 recommends a special scheme be implemented under the Rural Assistance Act 1989 to assist growers who supply Letona, until they can be paid by Letona.

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Clause 7 recommends revocation of the appointment of a receiver and manager by the State Bank so that Letona can trade its way out of difficulty under the control of an administrator appointed under the Co-operatives Act 1992.

Clause 8 applies section 35 of the Rural Assistance Act 1989 to existing loans from the State Bank to Letona. This will enable the Rural Assistance Authority to order the deferral of interest and principal under those loans. The clause also contains a recommendation by Parliament that the Authority give immediate consideration to the assistance that can reasonably be given to Letona under that section.

Clause 9 provides that the assistance which the proposed Act recommends is to be funded by money to be appropriated by Parliament or out of money otherwise legally available.

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LETONA CO-OPERATIVE (ASSISTANCE) BILL 1993

NEW SOUTH WALES



No. , 1993

A BILL FOR

An Act relating to the provision of financial assistance to the Letona Co-operative Limited; and for other purposes.

Letona Co-operative (Assistance) 1993

The Legislature of New South Wales enacts:

Short title

1. This Act may be cited as the Letona Co-operative (Assistance) Act 1993.

5 **Commencement**

2. This Act commences on the date of assent.

Definitions

3. In this Act:

10 **“Business Plan”** means the Business Plan and Restructure Document for Letona prepared by the Letona Community Action Team and dated 27 September 1993, a copy of which was presented to the Speaker of the Legislative Assembly (by the Member who introduced the Bill for this Act) when the Bill was read a second time in the Assembly;

15 **“Letona”** means the Letona Co-operative Limited;

“State Bank” means the State Bank of New South Wales Limited.

Parliament endorses Business Plan

4. Parliament endorses the Business Plan and recommends that steps be taken to implement it.

20 **Government financial assistance to Letona**

5. (1) To assist in the implementation of the Business Plan, Parliament recommends that the State provide financial assistance to Letona by means of a grant in the sum of \$5,000,000.

25 (2) The assistance recommended by this section is in addition to any financial assistance to be provided by the Commonwealth.

Rural assistance to growers

30 6. Parliament also recommends that financial assistance in the amount of \$2,500,000 be provided by way of a special scheme under the Rural Assistance Act 1989 to growers who supply farm produce to Letona to assist them until payments due to them from Letona can be made.

Appointment of administrator for Letona

7. (1) It is declared by this Act that the necessary grounds exist as referred to in section 343 of the Co-operatives Act 1992 for the appointment of an administrator under Division 6 of Part 12 of that Act to conduct the affairs of Letona. 5

(2) Parliament recommends that the State Bank revoke its appointment of a receiver and manager in respect of Letona for the purpose of permitting the appointment of an administrator to conduct the affairs of Letona so as to enable Letona to trade on.

(3) If the State Bank revokes the appointment of the receiver and manager, the Registrar under the Co-operatives Act 1992 is to appoint an administrator under Division 6 of Part 12 of that Act to conduct the affairs of Letona for such period as the Registrar considers desirable. 10

Rural Assistance Act to apply to State Bank loans to Letona

8. (1) Section 35 (Authority's powers with respect to debtors etc.) of the Rural Assistance Act 1989 applies to all money owed by Letona to the State Bank under loans existing at the commencement of this Act, so as to enable (for example) the Rural Assistance Authority to suspend or allow further time for payment of principal and interest under those loans. 15

(2) Parliament recommends that the Rural Assistance Authority give immediate consideration to the assistance that may reasonably be extended to Letona under that Act in respect of money owed by Letona to the State Bank. 20

Source of assistance

9. The financial assistance recommended by sections 5 and 6 is to be provided out of money to be provided by Parliament or that is otherwise legally available. 25
