THE SCHEDULE HEREINBEFORE REFERRED TO

COPY OF LETTER FROM THE HONOURABLE MR. DANIEL GILES SULLIVAN TO THE SECRETARY OF THE FARMERS' FEDERATION

18th June, 1943.

The Secretary,
The Farmers' Federation,
P.O. Box 715,
Wellington, C. 1.

DEAR SIR,—

Farm Products Stabilization Accounts

Referring to your letter of the 31st May and to discussions that have taken place between representatives of your Federation and of the Stabilization organization, I understand that agreement has been reached on the points involved subject to my approval. The form in which the arrangement now stands is as follows :—

1. A separate account will be kept in respect of each product or group of products as may be determined by the Government after consultation with the industry.

2. Stabilization accounts will be kept in the Marketing Accounts with the Reserve Bank, but will be recorded separately from existing pool and other accounts.

3. Into the stabilization account for any product will be paid any increase in price received from sales overseas for that product after the determined date unless the increase, although related to a specific product or products has been paid for a general national purpose, in which case it will be applied as provided in clause 5 below.

4. If any increase in price is paid to meet increased costs in respect of more than one product the increase will, after consultation with the particular organizations dealing with the products involved, be allocated among the respective stabilization accounts in proportions related to the cost increases.

5. If any increase paid from overseas on any product is paid for any general national purpose such as to maintain sterling balances to offset general import price increases or Government expenditure in holding costs that increase will be applied as follows :

(i) if it includes compensation for any cost increase held by subsidy which is charged against a stabilization account, a credit equivalent to the amount of the subsidy will be made to the appropriate stabilization account.

(ii) the balance of the payment will be credited as the Government determine.

6. Where a subsidy is required to keep costs of production of any product down to the level existing on the determined date, the amount of that subsidy, excluding the continuation at the level on the determined date of any subsidy paid or payable prior to that date, will be debited to the appropriate stabilization account subject to the provisions in 7.

7. If any increase credited to a stabilization account is paid specifically to cover increases in costs including increase in costs held by subsidy paid or payable before the determined date, the account will also be debited with any part of that earlier subsidy which relates to increases specifically covered.

8. Any debit still remaining in a stabilization account on the closing of the account will be transferred to War Expenses Account.

9. Any credit still remaining in a stabilization account on the closing of the account will be used for the benefit of the appropriate industry after consultation with representatives of that industry and no payment will be paid out of the account pursuant to this clause except with the consent of the producers' organization dealing