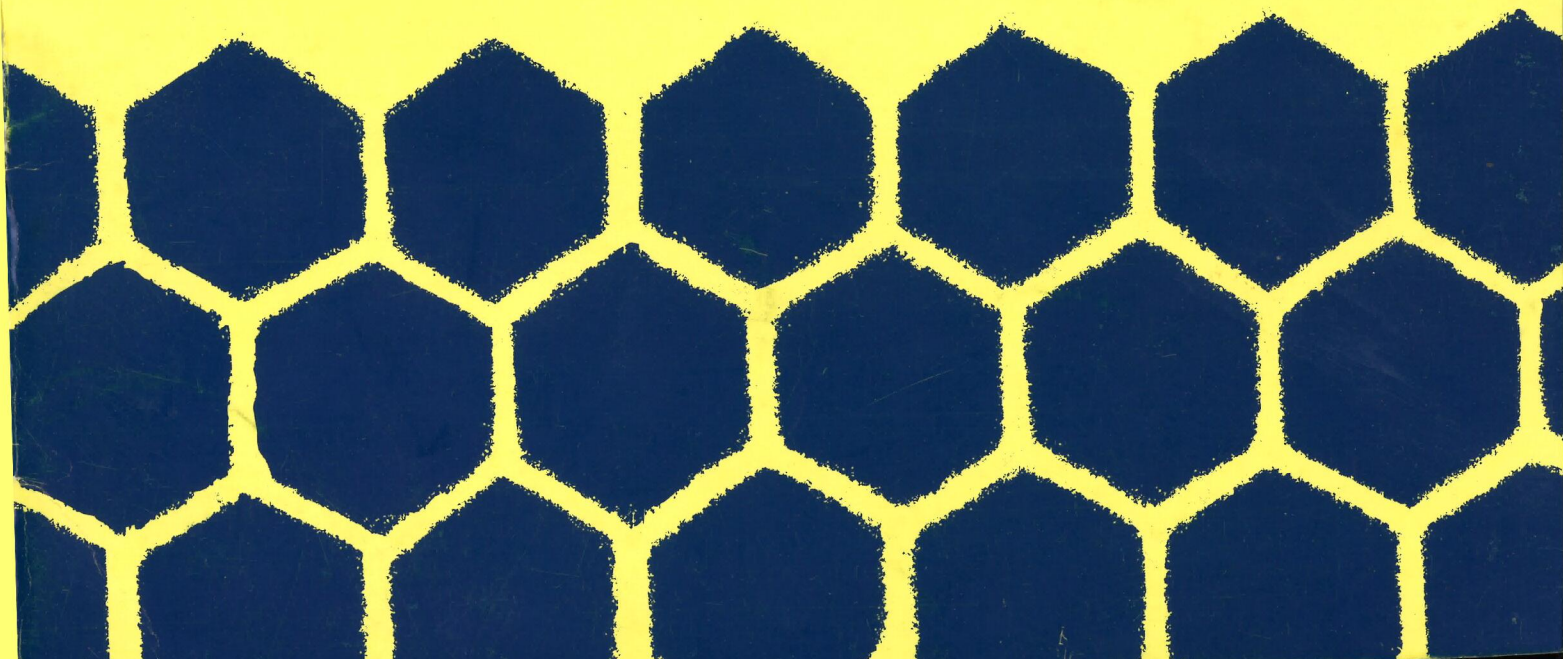


NEW ZEALAND  
HONEY MARKETING AUTHORITY



# ANNUAL REPORT

1978



# NEW ZEALAND HONEY MARKETING AUTHORITY

## 25th ANNUAL REPORT

### DIRECTORY

**MEMBERS OF THE AUTHORITY:**

CHAIRMAN  
DEPUTY CHAIRMAN

I.J. DICKINSON, MILTON  
R.F. POOLE, CHRISTCHURCH  
P. BERRY, HAVELOCK NORTH  
M.A. STUCKEY, AUCKLAND  
D. HAYMAN

GOVERNMENT REPRESENTATIVE

**EXECUTIVE:**

GENERAL MANAGER  
ACCOUNTANT  
FACTORY MANAGERS

C. WICHT  
G.G. CHADWICK  
C. CHRISTIAN, AUCKLAND  
J. OLYKAN, CHRISTCHURCH  
W. MERRITT, TIMARU

BANKERS  
SOLICITORS

BANK OF NEW ZEALAND  
WYNYARD, WILSON & CO. AUCKLAND

**HEAD OFFICE:**

P.O. BOX 2615, AUCKLAND  
TELEPHONE: 792-574  
TELEGRAMS & CABLES: "HONEYMARK"  
TELEX: HONEY NZ 21544

**PROCESSING FACTORIES &  
WAREHOUSES  
AUCKLAND**

CNR. GARFIELD & CHURTON STS.,  
PARNELL.  
235 BUCHANANS ROAD, HORNBY  
16 HORTON ROAD, PLEASANT POINT  
N.Z. EXPRESS CO. LTD.,  
35 WARD ST.,  
DUNEDIN.  
FREIGHTWAYS ROAD SERVICES  
(SOUTHLAND) LTD. INVERCARGILL.

CHRISTCHURCH  
TIMARU

**DEPOTS:**

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# NEW ZEALAND HONEY MARKETING AUTHORITY

## 25th ANNUAL REPORT & STATEMENT OF ACCOUNTS

The Hon. Minister of Agriculture & Fisheries,  
Parliament Buildings,  
WELLINGTON.

Dear Sir,

In accordance with Section 11 of the Primary Products Marketing Act 1953, I am submitting to you the Annual Report of the Honey Marketing Authority for the year ending 31 August 1978.

This year no election was held consequently there was no change in the personnel of the Board. However, at the October meeting, Mr Russell Poole stood down as Chairman of the Authority Board. Mr Poole over eight years as Board Chairman has served the Authority and the Industry very well and the contribution he has made will long be remembered.

The Base Price set by you in October last year was 81 cents per kilogram and because of the high intake and slow overseas sales this was the price paid to suppliers for the season. To meet this payout it was necessary to draw from Reserves, however, it must be appreciated that this was not due to sales being made at prices lower than the base price, but was due to the variation in opening and closing stocks of honey.

The intake for the year was 2441 tonnes. It was thought early in the season the intake could well be a record as the estimated crop for the year under review was some 8279 tonnes, however, it does now appear that producers may have carried over stocks or internal marketing by private packers or producers has absorbed a greater quantity than usual. During the period November to January/mid February the Authority was not in a position to offer honey overseas as all stocks from the previous season had been sold. When supplies did come to hand from the new season's crop the overseas market had firmed and although good sales were being made at satisfactory prices, we were unable to move quantity and maintain prices.

The mood of the overseas market was firm but slow and the Board from information available was confident that sales could be made at prices that would realise not less but better than the base price. However, to do this it was necessary to call on greater assistance from the Reserve Bank to enable the Authority to finance its operations and be in a position to hold stocks until such time as the market overseas could accept our honeys at our asking price. The Board has been negotiating with Treasury for the financial assistance necessary from the Reserve Bank to finance its defined operations of buying from the producer and selling locally and internationally at a price that will give the industry a fair return for the product and for the skills necessary in producing that product. Prices which the Board believes are obtainable on the overseas market especially for the select honey that New Zealand produces and the quantities we have to offer do not interfere with the normal operations of the domestic market.

At the time of writing this report the Board is concerned at the reluctance of Reserve Bank and Treasury to finance the industry in the same manner as other producer boards in financing stock held pending improvement in overseas markets.

"Their" requirement that the Board agree to a reduction in the middle of a year to the next season's Base Price as a requirement of further financial assistance is also unacceptable and the Board cannot see any reason to depart from the normal procedure set down by you, that the Base Price for the next season shall be set after consideration and recommendations are made to you when the past season's operations of the Authority are known.

In a year of high intake and a somewhat depressed overseas market the Authority has endeavoured to maintain its policy of obtaining the best prices available and this has been done by careful selling and negotiation by the Manager and the staff and much credit must go to them in a year when pressures of finance have been so demanding. In the latter part of the year the Board has required a continued updating of financial and stock positions to enable them to have a clear appreciation of the position and the administrative staff has done an excellent job on behalf of the Board. The Board has prepared plans and specifications necessary to update the packing plants to meet the requirements and demands of a competitive international market. These have regrettably, had to be withheld until the present financial discussions are satisfactorily resolved.

In line with the Board's policy to encourage and increase production and supplies, provision has been made in the new season's Conditions to pay bonuses for international premium honeys and an agreement has been developed to provide and identify free of charge containers suitable for bulk honey to all suppliers to this Authority.

Yours faithfully,

I.J. Dickinson  
Chairman

# NEW ZEALAND HONEY MARKETING AUTHORITY

## NOTES TO FINANCIAL ACCOUNTS AS AT 31 AUGUST 1978

### Statement of Accounting Policies

1. The general accounting principles for the measurement and reporting of earnings and financial position on a historical cost basis as laid down by the New Zealand Society of Accountants Statement of Standard Accounting Practice No. 1 have been followed by the Authority.
2. The following particular accounting policies which materially affect the measurement of earnings and the financial position have been applied.
  - a. Accounts Receivable are shown at their net realisable value with Overseas Debtors recorded at the rates of exchange ruling at the date of sale. Exchange fluctuations are adjusted at time of realisation and subsequently incorporated through Income & Expenditure Account.
  - b. Stocks are valued as follows:
    - i) Unprocessed bulk stock at 77.28c per kilo being the average weighted cost of honey purchased during the year at 81c per kilo.
    - ii) Packed lines at Selling Price less selling and distribution expenses.
    - iii) Work in Process at Selling Price less selling and distribution expenses and 50% of process costs.
    - iv) Packing materials at latest cost price.
    - v) Used containers in hands of the Authority and its suppliers at estimated Market Value.
  - c. Depreciation has been provided in accordance with rates allowed by the Inland Revenue Department i.e.
    1. Land & Buildings on Straight Line basis
    2. Plant and Office Equipment on Diminishing Value.These policies are unchanged as compared with the previous year.
  - d. No provision has been made for payment of interest accruing at a rate of 1% per month on the unpaid balance (\$204,000) of the Honey Suppliers final Payment account as at 30th November 1978 accruing as from 1st November.

GENERAL MANAGER  
17/11-78

### REPORT OF THE AUDIT OFFICE

The Audit Office, having been appointed in terms of section 12, Primary Products Marketing Act 1953, has audited the accounts of the New Zealand Honey Marketing Authority.

The audit was conducted in accordance with generally accepted auditing standards and practices comprising such auditing procedures considered necessary in terms of section 25, Public Finance Act 1977 and included:

- a review of accounting procedures and controls
- examination and tests of accounting records and other supporting information.

All the information and explanations required have been obtained.

In the opinion of the Audit Office, the attached financial statements fairly reflect, in accordance with applicable accounting principles, the financial position as at 31st August 1978 and the results of the financial operations for the year.

7 December, 1978

(J.T. Chapman)  
Assistant Controller and Auditor-General

# NEW ZEALAND HONEY MARKETING AUTHORITY

## HONEY INDUSTRY — HIVE LEVY

### INCOME & EXPENDITURE ACCOUNT

FOR YEAR ENDING 31 AUGUST 1978

1977 \$		1978 \$	1977 \$		1978 \$
4,573	Payments in Advance	Nil	8,393	Levies Received in Advance	Nil
20,000	Grant to N.B.A.	20,000.00	26,115	Levies Received	26,015.24
7,299	H.M.A.	7,532.49		In Arrears	108.90
	Postal Charges & Stat.	226.51	180	Interest Received	172.48
11	Bank Charges	12.38		Overprovision Audit Fee	
150	Provision for Audit Fee	100.00		y/e 31/8/77	50.00
2,655	Excess of Income over Expenditure	—		Excess of Expenditure over	
				Income transferred to	
				Acc. Funds	1,524.76
<u>\$34,688</u>		<u>\$27,871.38</u>	<u>\$34,688</u>		<u>\$27,871.38</u>

### BALANCE SHEET AS AT 31 AUGUST 1978

<b>Current Liabilities</b>				<b>Current Assets</b>	
7,449	Sundry Creditors (Audit Fee)	100.00	10,104	Cash and at Bank	1,121.07
2,655	Accumulated Funds	2,654.73		Debtors — Levy owed	108.90
	Less Excess of Expenditure over Income	1,524.76			
		1,129.97			
<u>\$10,104</u>		<u>\$ 1,229.97</u>	<u>\$10,104</u>		<u>\$ 1,229.97</u>

# NEW ZEALAND HONEY MARKETING AUTHORITY

## STATEMENT OF INCOME & EXPENDITURE

FOR THE YEAR ENDING 31st AUGUST 1978

1977 \$		1978 \$
	<b>TOTAL VALUE OF SALES</b>	
	Together with the estimated realisation of Stock on hand at 31st August 1978	
2,079,785		2,680,069.94
7,173	Plus Income from: Levies and Grants	8,385.94
2,423	Interest	791.46
259	Service Charges	883.48
<hr/>		<hr/>
2,089,640	<b>TOTAL INCOME</b>	2,690,130.82
	The total manufacturing, administrative and selling expenses (including Marketing Board expenses \$4039.62 and Audit Fees \$1332.50) for the twelve months amounted to	852,441.23
680,847		<hr/>
<hr/>	Leaving an excess of Income amounting to	1,837,689.59
1,408,793		
	Fixed Assets have been depreciated by	5,345.06
5,373	Marketing Board Honoraria Amounted to	8,250.00
5,350		<hr/>
<hr/>	Leaving a surplus of	1,824,094.53
1,398,070	Your Board have transferred:	
	From Stabilisation Reserve	159,645.42
59,070	To Mortgage Redemption Reserve:-	6,591.51
6,102		<hr/>
<hr/>	Leaving a nett surplus available for distribution to suppliers of	1,977,148.44
1,332,898		
1,091,265	The total of advance payments made to suppliers amount to	1,268,361.37
<hr/>		<hr/>
241,633	Leaving available for final payment to suppliers a sum of	708,787.07
<hr/>		<hr/>







# NEW ZEALAND HONEY MARKETING AUTHORITY

## STATEMENT OF SOURCE & APPLICATION OF FUNDS

FOR THE YEAR ENDING 31st AUGUST 1978

1977		1978
\$	SOURCE OF FUNDS	\$
1,398,069	From Operations	1,824,094.53
6,086	Depreciation	5,345.06
1,404,155	<b>TOTAL FUNDS FROM OPERATIONS</b>	1,829,439.59
1	From other Sources	510.60
1,404,156	Extraordinary item	1,829,950.19
	<b>INCREASE/DECREASE IN WORKING CAPITAL</b>	
236,023	Increase in Stocks	777,954.59
85,002	Increase in Creditors	476,276.03
11,502	Decrease in Debtors	24,947.20
79,630	Decrease in Cash Balances	443,197.21
59,889		166,465.85
1,344,267		1,996,416.04
	<b>APPLICATION OF FUNDS</b>	
1,332,898	Payments to Suppliers	1,977,148.44
1,588	Purchase Fixed Assets	11,526.22
6,102	Reduction of Term Liabilities	6,591.51
-	Payment of Grant	1,000.00
3,679	Extraordinary Item	149.87
\$ 1,344,267		\$ 1,996,416.04

# NEW ZEALAND HONEY MARKETING AUTHORITY

## COMPARATIVE FINANCIAL & STATISTICAL REVIEW

### ANALYSIS OF NEW ZEALAND TRADING (IN \$ 000)

	1972	1973	1974	1975	1976	1977	1978
<b>SALES</b>	448	352	659	919	900	1048	1005
Less: Commission and Distribution Expenses	39	30	45	64	77	87	109
<b>EX STORE REALISATION</b>	409	322	614	855	823	961	903

### ANALYSIS OF OVERSEAS TRADING (IN \$ 000)

	1972	1973	1974	1975	1976	1977	1978
<b>SALES</b>	711	1390	349	510	1669	819	906
Less: Commission and Export Charges	93	99	15	39	232	91	97
<b>EX STORE REALISATION</b>	618	1291	334	471	1437	728	809

### PARTICULARS OF ANNUAL SALES (IN TONNES)

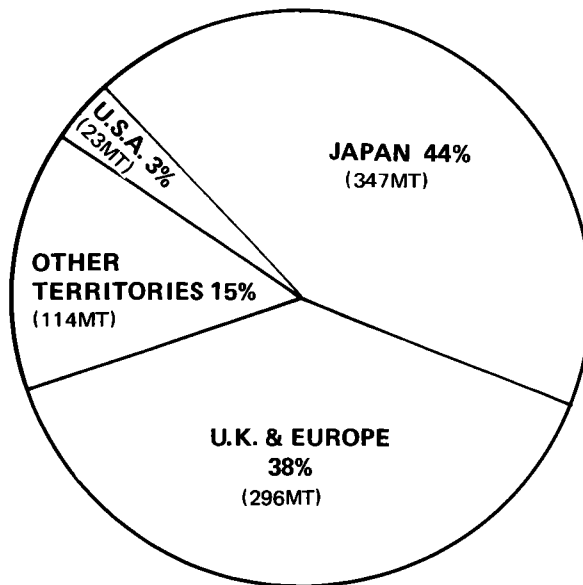
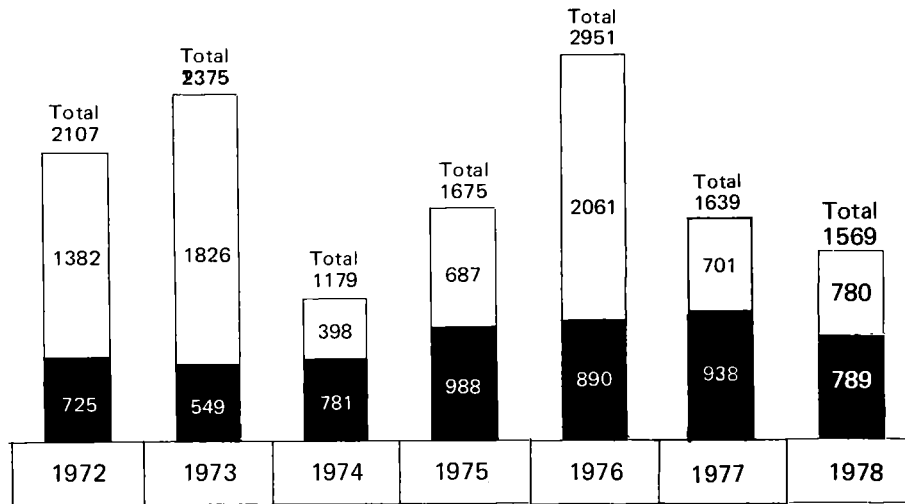
	1972	1973	1974	1975	1976	1977	1978
<b>Overseas: Bulk</b>	1,194	1,695	265	567	1,933	543	596
Packs	188	131	133	120	128	158	184
<b>TOTAL</b>	1,382	1,826	398	687	2,061	701	780
<b>Local: Bulk</b>	79	41	28	114	24	21	31
Packs	646	508	753	874	865	917	758
<b>TOTAL</b>	725	549	781	988	889	938	789

# SALES ANALYSIS

## SALES BY MARKET (IN TONNES)

### 7 YEAR AVERAGE

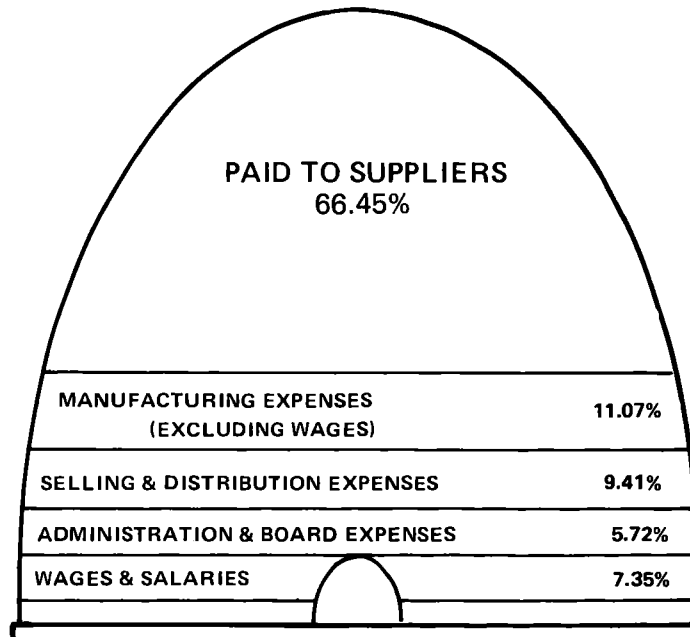
EXPORT	1119
LOCAL	808



PARTICULARS OF DISTRIBUTION TO SUPPLIERS

	1972	1973	1974	1975	1976	1977	1978
	\$	\$	\$	\$	\$	\$	\$
Straight Purchase	8,873	20,470	2,648	2,403	19,022	13,045	22,953
Advance Payment	470,257	800,828	581,129	1,156,999	656,811	1,048,930	1,201,992
Bonus Payments		17,411	13,867	29,889	22,736	29,290	43,416
Final Payment	218,649	114,704	216,676	408,190	336,387	241,633	708,787
<b>TOTAL</b>	697,779	935,413	814,320	1,597,481	1,034,956	1,332,898	1,977,148

USE OF 1978 REVENUE



**COMPARISON OF OVERALL AVERAGE PAYMENT  
(PER KILOGRAM)  
EXCLUDING STRAIGHT PURCHASES AND BONUS PAYMENTS**

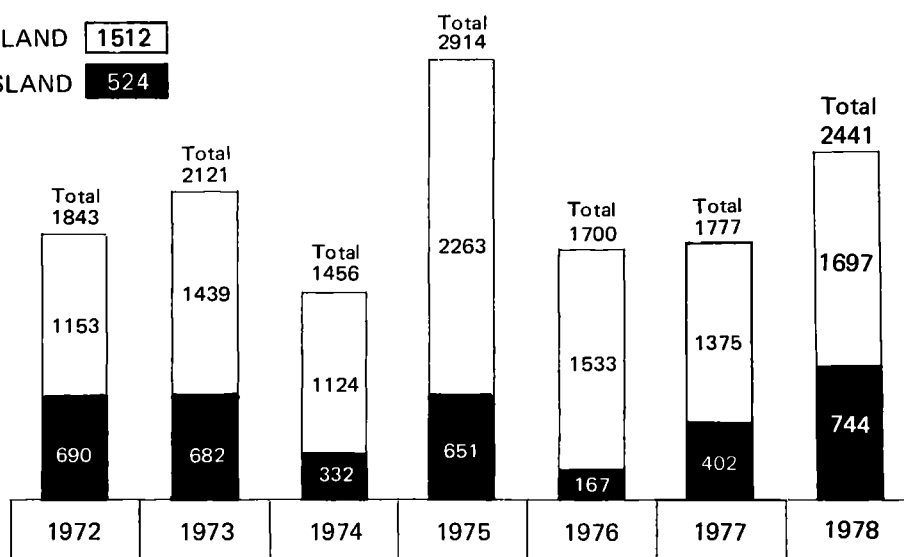
	1972	1973	1974	1975	1976	1977	1978
Tonnes Supplied	1,820	2,053	1,451	2,909	1,662	1,751	2,414
Average Payout Points	92.83	94.59	93.47	96.89	97.72	95.83	94.19
Average Payment (c per Kilo)	37.85	44.58	54.98	54.11	59.75	73.72	79.15

**HONEY SUPPLIED TO AUTHORITY  
(IN TONNES)**

**7 YEAR AVERAGE**

**SOUTH ISLAND 1512**

**NORTH ISLAND 524**



**GRADES OF HONEY SUPPLIED  
(IN TONNES)**

	1972	1973	1974	1975	1976	1977	1978
White	1,025	1,345	1,002	2,350	1,138	1301	1968
Extra Light Amber	462	376	226	285	266	262	238
Light Amber	300	304	186	199	170	155	167
Medium Amber	54	77	41	67	120	48	56
Dark Amber	2	19	1	13	6	11	12
<b>TOTAL</b>	<b>1,843</b>	<b>2,121</b>	<b>1,456</b>	<b>2,914</b>	<b>1,700</b>	<b>1777</b>	<b>2441</b>



Trade Mark of the  
New Zealand Honey Marketing  
Authority

