

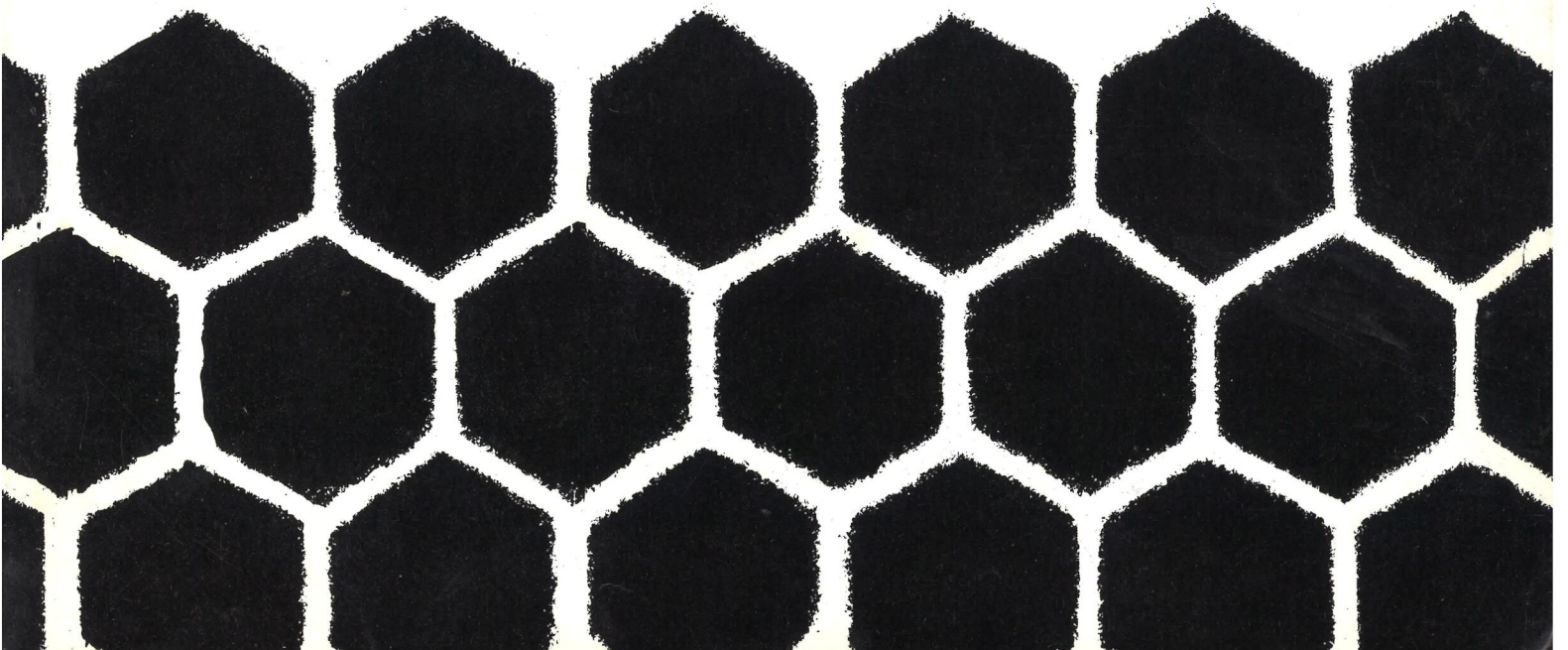
NEW ZEALAND
HONEY MARKETING AUTHORITY

*D.O. (Identified)
CAO (Ap) cm.*



ANNUAL REPORT

1979



NEW ZEALAND HONEY MARKETING AUTHORITY

26th ANNUAL REPORT

DIRECTORY

MEMBERS OF THE AUTHORITY:

CHAIRMAN
DEPUTY CHAIRMAN

GOVERNMENT REPRESENTATIVE

EXECUTIVE:

GENERAL MANAGER
ACCOUNTANT
FACTORY MANAGERS

BANKERS
SOLICITORS

HEAD OFFICE:

**PROCESSING FACTORIES &
WAREHOUSES**
AUCKLAND

CHRISTCHURCH
TIMARU

DEPOTS:

P. BERRY, HAVELOCK NORTH
M.A. STUCKEY, AUCKLAND
I.J. DICKINSON, MILTON
J.K. BRAY, LEESTON
D. HAYMAN

C. WICHT
G.G. CHADWICK
C. CHRISTIAN, AUCKLAND
J. OLYKAN, CHRISTCHURCH
W. MERRITT, TIMARU
BANK OF NEW ZEALAND
WYNARD, WILSON & CO. AUCKLAND
P.O. BOX 2615, AUCKLAND
TELEPHONE: 792-574
TELEGRAMS & CABLES: "HONEYMARK"
TELEX: HONEY NZ 21544

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

CORRIGENDUM

P:5 TOTAL VALUE OF SALES

Together with the estimated realisation of Honey
Stock on hand at 31st August 1979

P:11 USE OF 1979 REVENUES

Read Wages & Salaries 7.43%

CONTENTS

Chairman's Report.	2
Notes to Accounts — Auditors Report.	3
Hive Levy Account.	4
Income & Expenditure Account.	5
Balance Sheet.	6-7
Statement of Source & Application of Funds.	8
Comparative Financial & Statistical Review for 7 years 1973-79	9-12

NEW ZEALAND HONEY MARKETING AUTHORITY

26th ANNUAL REPORT AND 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 to the Honey Marketing Authority for the year ending 31 August 1979.

The election for two of the four producer representatives on the Board resulted in the election of Mr J. Bray and the re-election of Mr P. Berry. At the first meeting following this election the Board elected P. Berry as chairman and M. Stuckey as deputy chairman.

Honey intake: The intake for the year was 1767 tonnes compared with 2441 tonnes the previous year. Of the 1767 tonnes 390 tonnes were produced in the North island and 1377 tonnes were produced in the South Island.

Over the 7 years from September 1 1972 to August 1979 the Authority's intake from the North island suppliers has averaged 481 tonnes and from the South Island suppliers 1544 tonnes.

The average production of honey in New Zealand is about 6000 tonnes per annum. Approximately equal quantities are produced in both Islands. The Authority's most valuable building and packing plant and its administration centre are situated in Parnell, Auckland.

Payout: The base price was again set at 81 cents per kg and the trigger price was 85 cents. The actual average payout was 86.16 cents with \$36065 being put to reserves. The payout was higher than in any previous year but it was still not a satisfactory return when related to the best available prices.

Exports: The Authority exported a greater than normal quantity of honey. This was made possible by the increased stocks on hand at the beginning of the year.

Finance: Treasury's attitude to allocation of increased short term funds against increased stocks was less than helpful. This resulted in some delays in payments to producers from November 1978 until sufficient funds from sales were received by the Authority. In the latter part of the year the position improved and by July-August 1979 suppliers had received a larger proportion of their payout than usual.

Returns to producers: During the year the Authority looked closely at its returns to producers from honey sold to export and from honey sold on the local market. The honey sold on the local market yielded significantly less than that exported. To the extent that this was a result of the Authority's policies, changes must be made. To the extent that it was a result of the Government's price fixing policies in force at that time it demonstrates that due regard was not given to export values when fixing the local price.

During the year the trend towards increased interest in private exporting gained momentum. Careful orderly change was allowed to continue with resultant benefits to the industry and country. By the end of the year it appeared that sufficient attractive export markets were available to private exporters. The proportion of retail packs to bulk honey sold on the export market was increasing, the honeydew exporters were finding strong demand and exporters of comb honey were finding good markets for increased production. The Authority's export of retail packs increased during the year in line with Board policy.

It was clear from decisions of the Beekeepers' Conference held late in the year that the industry no longer accepted that centrally controlled marketing is necessarily synonymous with orderly or profitable marketing, and that further changes could be beneficial to the industry. At the time of writing this report for year ended August 1979 the indications are that my second annual report to you will show that the industry has overcome many of its problems of the 1970's and earlier and will have established much more satisfactory marketing methods. These methods will enable producers and buyers to use modern communication systems to bypass some of the costly traditional marketing operations. An increasing number of beekeepers are actively and successfully involved in the new methods of selling on overseas markets. Government incentives for exports are effectively encouraging this development and our Government Trade Representatives overseas do much to help in the selling of our product.

The Authority and the industry are assessing the packing and storage facilities needed to provide for the domestic and export market and to provide suitable outlets for all producers, whether or not they wish to be directly involved in marketing.

The changes which are occurring within the industry will inevitably affect the management and staff of the Authority. The Board regrets this and will endeavour to make the structural changes in a way which will minimise the impact on its employees. However, the overall position is that the improved prospect for the industry is resulting in increased interest in producing, packing and selling honey. There has been a marked increase in the market value of hives of bees over and above the increased cost of establishing hives. Increased employment opportunities in the New Zealand beekeeping industry seem assured. In size it will never compare with our major primary producing industries but it may develop marketing methods of interest to all.

Yours faithfully,

P. Berry
Chairman

NEW ZEALAND HONEY MARKETING AUTHORITY

NOTES TO FINANCIAL ACCOUNTS AS AT 31 AUGUST 1979

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 81.24 per kilo being the weighted average cost of honey purchased during the year at 85.09c per kilo. Included in these stocks is approximately 160 metric tonnes purchased **prior** to the commencement of the 1979 Season.
 - ii) Packed lines at ex Factory Cost.
 - iii) Work in progress at 50% of ex Factory Cost.
 - iv) Packing materials at latest cost price.
 - v) Used containers in hands of the Authority and its suppliers at estimated Market Value.These policies are unchanged as compared with the previous year.
 - c. Fixed Assets and Depreciation — Fixed Assets are recorded at cost with the exception of Land and Buildings owned at 31/8/78 which are written up to the latest Government Valuation. Depreciation has been provided on a straight line basis to arrive at a written down value, consistent with the remaining life of the assets concerned.

General Manager

18 February 1980

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 accepting 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 31 August 1979 and the results of the financial operations for the year.

(S.T. Keene)
Assistant Controller and Auditor-General

18 February 1980

NEW ZEALAND HONEY MARKETING AUTHORITY

HONEY INDUSTRY — HIVE LEVY

INCOME & EXPENDITURE ACCOUNT FOR PERIOD 1ST SEPTEMBER 1978 TO 12TH FEBRUARY 1979

1978	Expenditure	1979	1978	Income	1979
Nil	Election Expenses	696		Excess of Expenditure over	
	Bank Fees	4		Income Transferred to	
				Acc. Funds	700
		<u>700</u>			<u>700</u>

BALANCE SHEET AS AT 12 FEBRUARY 1979

1978	Current Liabilities	1979	1978	Current Assets	1979
100	Sundry Creditors	100		Bank	420
	Accumulated Funds	1129		Debtors	109
<u>1130</u>	Less Expenditure	<u>700</u>			
<u>1230</u>		<u>429</u>			
	TOTAL	<u>529</u>		TOTAL	<u>529</u>

NOTE:

The administration of the Hive Levy Fund was transferred to the National Beekeepers Association on 12th Day of February 1979 in accordance with the Hive Levy Act 1978 which came into force on October 1st 1978.

N.Z. HONEY MARKETING AUTHORITY

STATEMENT OF INCOME & EXPENDITURE

FOR YEAR ENDING 31st AUGUST 1979

1978 \$		1979 \$
	TOTAL VALUE OF SALES	
	Together with the estimated valuation ^{realisation} of Honey Stock on hand at 31st August 1979	
2,680,069		2,703,563
8,386	Plus Income from: Levies and Grants	10,627
791	Interest	175
884	Service Charges	8,270
	Overprovision 1978 Payout	6,242
2,690,130	TOTAL INCOME	2,728,877
	The total manufacturing, administrative and selling expenses (including marketing board expenses (\$8142.95) and audit fees (\$1582) for the twelve months amounted to	
852,441		1,128,103
1,837,689	Leaving an excess of Income amounting to	1,600,774
5,345	Fixed assets have been depreciated by	10,961
8,250	Marketing Board honoraria amounted to	8,875
1,824,094	Leaving a surplus of	1,580,938
	Your board have transferred:—	
159,645	To: Stabilisation Reserve	36,065
6,591	To: Mortgage Redemption Reserve	6,774
1,977,148	Leaving available for distribution to suppliers the sum of:—	1,538,099
1,268,361	From this advances made to suppliers total:—	1,258,566
708,787	Leaving available for final distribution the amount of:—	279,533

N.Z. HONEY MARKI

BALANCE SHEET AS AT 31/12/1979

1978		\$	\$	\$	1979
\$					\$
	CURRENT LIABILITIES				
675,166	Reserve Bank			448,748	
48,758	Creditors: Trade	86,809			
10,667	Other	19,341		106,150	
708,787	Honey Suppliers Final Payment			281,849	
<u>1,443,378</u>	TOTAL CURRENT LIABILITIES				836,747
	TERM LIABILITIES				
108,251	Rural Banking & Finance Corp (Secured)				101,477
	REVENUE RESERVES				
493,275	Stabilisation Reserve	473,956			
87,049	Mortgage Redemption Reserve	93,823			
<u>580,324</u>	TOTAL REVENUE RESERVES			567,779	
	Assets Revaluation Reserve	268,358			
511	Capital Reserve	511		268,869	
<u>580,835</u>	TOTAL CAPITAL & REVENUE RESERVES				836,648
<u><u>2,132,464</u></u>					<u><u>1,774,872</u></u>

The Accompanying notes form part of and are to be read in conjunction with this Balance Sheet.

ETING AUTHORITY

AT 31st AUGUST 1979

1978		\$	\$	\$	1979
\$					\$
	CURRENT ASSETS				
27,031	Cash in hand and at BNZ			41,381	
130,986	Debtors: Local	212,194			
63,654	Overseas — Est to realise	132,428			
2,972	Other	5,931		350,553	
4,822	Prepayments			4,349	
	Stock on hand (at cost)				
1,559,092	Honey (see note 2B)	813,052			
118,326	Other (see note 2B)	102,663		915,715	
<u>1,906,883</u>	TOTAL CURRENT ASSETS				1,311,998

FIXED ASSETS (AT COST/VALUATION LESS DEPRECIATION)

		Cost/Val	Dep'cn	Book Value
20,850	Land	154,900		154,900
174,930	Buildings	357,354	96,596	260,758
24,135	Plant	97,148	54,776	42,372
5,476	Off. Equip	12,916	8,072	4,844
190				
		<u>622,318</u>	<u>159,444</u>	<u>462,874</u>

<u>225,581</u>	TOTAL FIXED ASSETS (see note 2C)	<u>462,874</u>
<u><u>2,132,464</u></u>		<u><u>1,774,872</u></u>

For and on behalf of the Board
P. Berry (Chairman)

C. Wicht (General manager)

N.Z. HONEY MARKETING AUTHORITY

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR YEAR ENDING 31st AUGUST 1979

1978		1979
\$		\$
	FUNDS WERE PROVIDED	
1,824,094	From Operations	1,574,696
5,345	Depreciation	10,961
1,829,439		1,585,657
	FROM OTHER SOURCES	
510	Net Revaluation Land & BUildings	212,974
	Extraordinary Item	6,242
1,829,950		1,804,873
166,466	Increase/Decrease in Working Capital	11,745
1,996,416		1,793,128
	FUNDS WERE APPLIED	
1,977,148	Payment to Suppliers	1,538,100
11,526	Revaluation & Purchases Fixed Assets	248,255
6,592	Reduction Term Liabilities	6,773
1,150	Extraordinary Item	
1,996,416		1,793,128
	INCREASE/DECREASE IN WORKING CAPITAL	
777,954	Stocks	761,703
476,276	Creditors	380,212
24,948	Debtors	152,469
443,198	Cash Balances	240,767
166,466		11,745

NEW ZEALAND HONEY MARKETING AUTHORITY

COMPARATIVE FINANCIAL & STATISTICAL REVIEW

ANALYSIS OF NEW ZEALAND TRADING (IN \$ 000)

SALES
Less: Commission and
Distribution Expenses
**EX STORE
REALISATION**

	1973	1974	1975	1976	1977	1978	1979
SALES	352	659	919	900	1048	1005	1220
Less: Commission and Distribution Expenses	30	45	64	77	87	102	139
EX STORE REALISATION	322	614	855	823	961	903	1081

ANALYSIS OF OVERSEAS TRADING (IN \$ 000)

SALES
Less: Commission and
Export Charges
**EX STORE
REALISATION**

	1973	1974	1975	1976	1977	1978	1979
SALES	1390	349	510	1669	819	906	2230
Less: Commission and Export Charges	99	15	39	232	91	97	224
EX STORE REALISATION	1291	334	471	1437	728	809	2006

PARTICULARS OF ANNUAL SALES (IN TONNES)

Overseas: Bulk
Packs
TOTAL
Local: Bulk
Packs
TOTAL

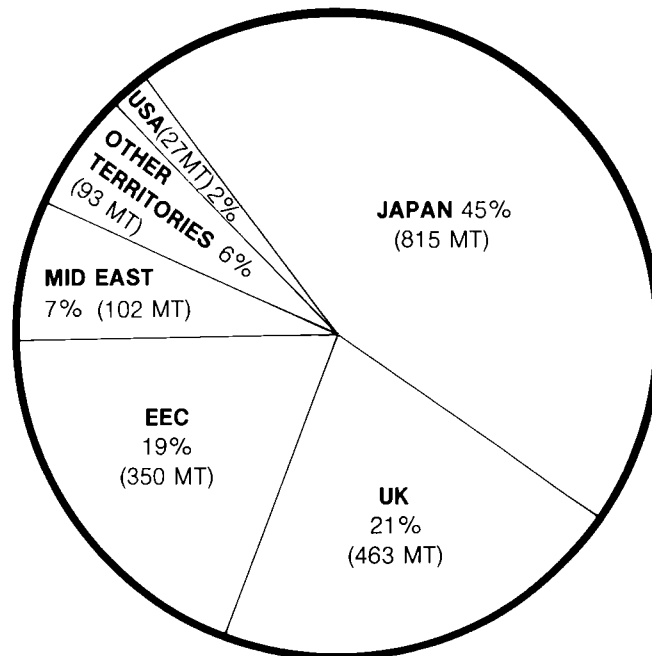
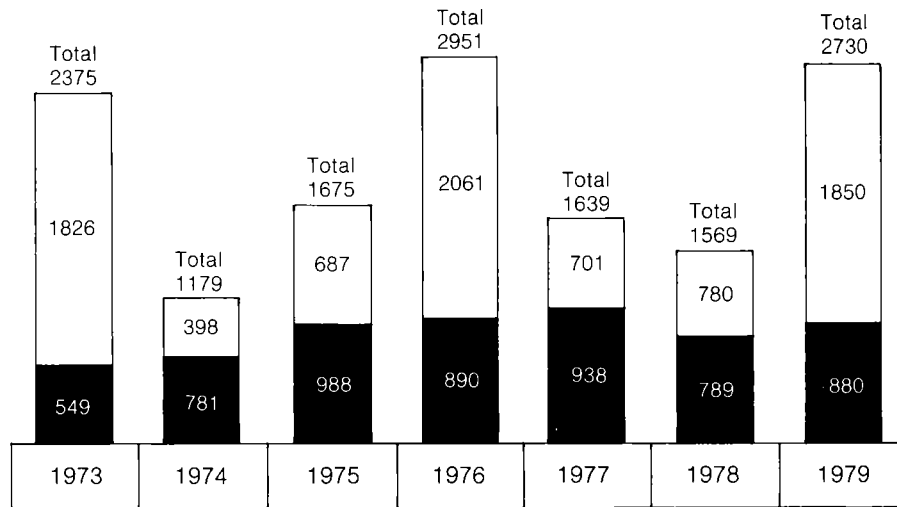
	1973	1974	1975	1976	1977	1978	1979
Overseas: Bulk	1,695	265	567	1,933	543	596	1593
Packs	131	133	120	128	158	184	257
TOTAL	1,826	398	687	2,061	701	780	1850
Local: Bulk	41	28	114	24	21	31	43
Packs	508	753	874	865	917	758	837
TOTAL	549	781	988	889	938	789	880

SALES ANALYSIS

SALES BY MARKET (IN TONNES)

7 YEAR AVERAGE

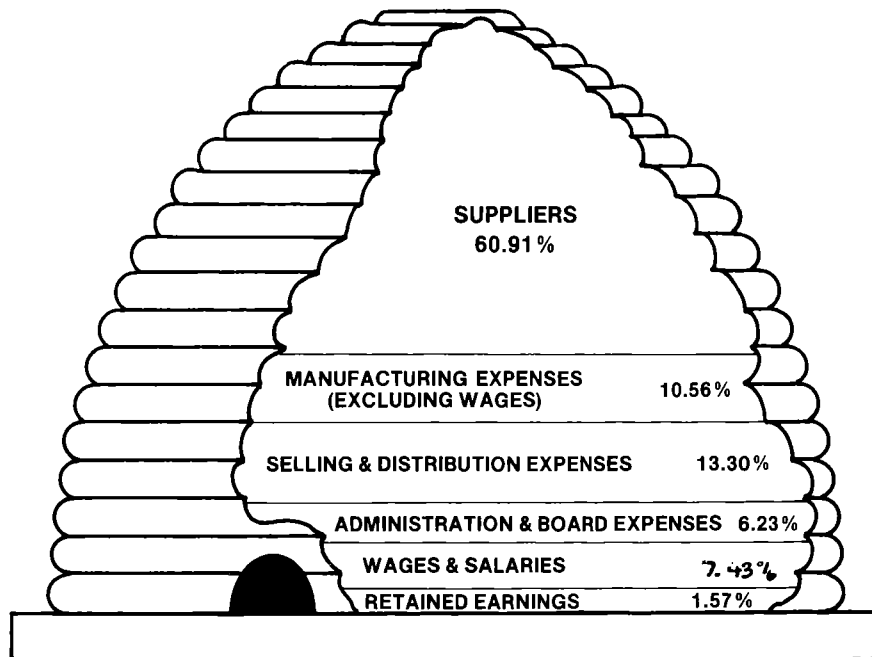
EXPORT	1186
LOCAL	831



PARTICULARS OF DISTRIBUTION TO SUPPLIERS

	1973	1974	1975	1976	1977	1978	1979
	\$	\$	\$	\$	\$	\$	\$
Straight Purchase	20,470	2,648	2,403	19,022	13,045	22,953	39,410
Advance Payment	800,828	581,129	1,156,999	656,811	1,048,930	1,201,992	1,200,610
Bonus Payments	17,411	13,867	29,889	22,736	29,290	43,416	18,545
Final Payment	114,704	216,676	408,190	336,387	241,633	708,787	279,534
TOTAL	953,413	814,320	1,597,481	1,034,956	1,332,898	1,977,148	1,538,099

USE OF 1979 REVENUE



**COMPARISON OF OVERALL AVERAGE PAYMENT
(PER KILOGRAM)**

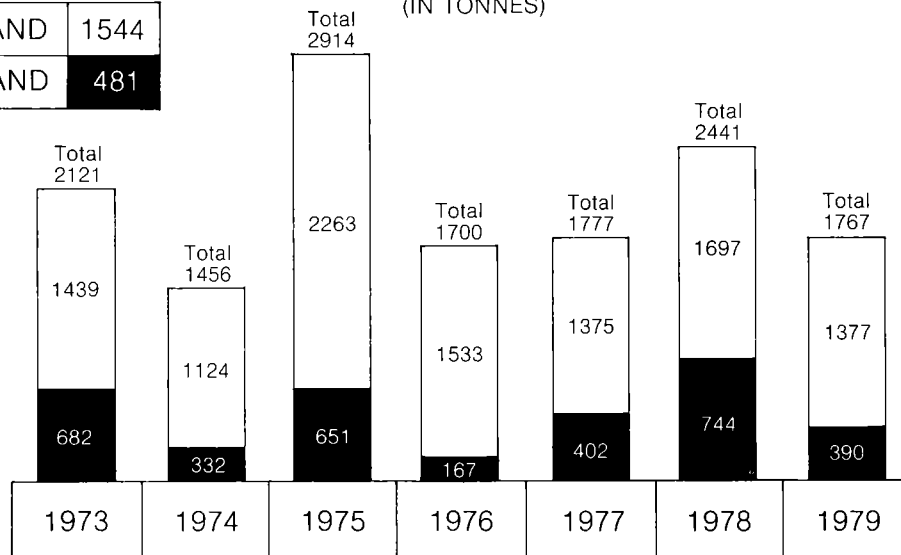
EXCLUDING STRAIGHT PURCHASES AND BONUS PAYMENTS

	1973	1974	1975	1976	1977	1978	1979
Tonnes Supplied	2,053	1,451	2,909	1,662	1,751	2,414	1,717
Average Payout Points	94.59	93.47	96.89	97.72	95.83	94.19	94.58
Average Payment (c per Kilo)	44.58	54.98	54.11	59.75	73.72	79.15	86.16

7 YEAR AVERAGE

SOUTH ISLAND	1544
NORTH ISLAND	481

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



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

	1973	1974	1975	1976	1977	1978	1979
White	1,345	1,002	2,350	1,138	1301	1968	1120
Extra Light Amber	376	226	285	266	262	238	313
Light Amber	304	186	199	170	155	167	254
Medium Amber	77	41	67	120	48	56	64
Dark Amber	19	1	13	6	11	12	16
TOTAL	2,121	1,456	2,914	1,700	1777	2441	1767