

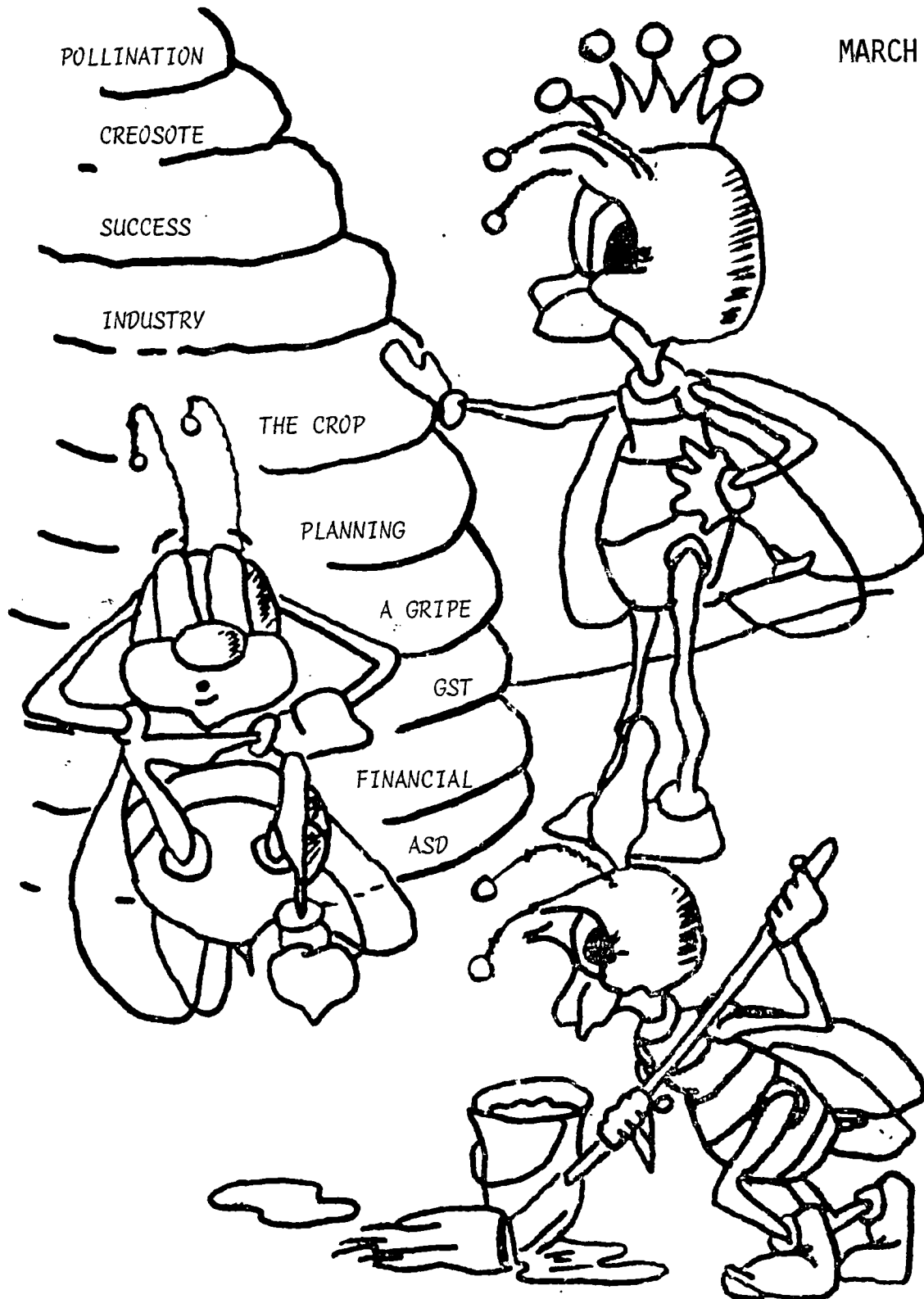
YOUR

NEWSLETTER

12/03/86

MARCH 1986

NO 37



Ministry of Agriculture & Fisheries
Private Bag
Tauranga

Telephone: 82 069

T G Bryant
Apicultural Advisory Officer

Telephone: 65 962 Private

What is of concern is the widespread number of reports which makes it very difficult to trace the source of infection. MAF has been unable to find the source of a major outbreak in the Atiamuri district, it is believed the Old Kaimai Road area is clear but if you keep bees in the vicinity of the area take more than usual care.

Other areas of concern are Colville, Te Kaha, Broadlands and Otumoetai. Of major concern was the finding of 16 diseased hives in orchards during pollination, these were destroyed by MAF.

The destruction of these hives will no doubt have jeopardised the owners' future involvement in pollination and highlights the need for thorough colony examination before hives are placed in orchards.

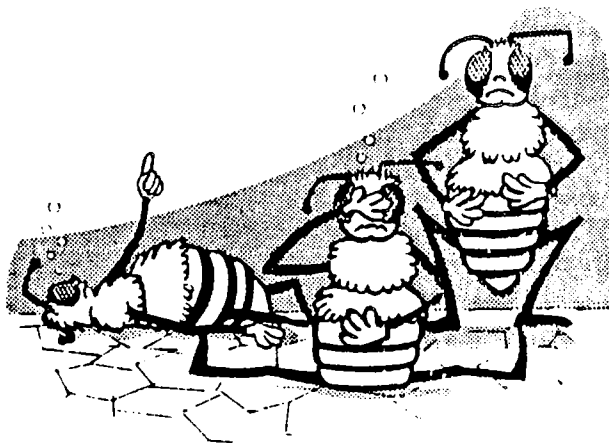
Two beekeepers were unable to use of number of colonies for pollination as a result of an unexceptable level of BL in their apiaries just prior to pollination, their contracts had to be passed onto other beekeepers.

CHALK BROOD

In the previous newsletter a hard line was conveyed and while every endeavour was made to maintain that stance (at the request of industry) it seems unlikely that a similar stance can be taken in the future. Chalk Brood is now widespread throughout the region (probably 10% of hives infected) and will spread further before pollination 1986. Industry will need to come to grips with the situation and there is a need to discuss fully the implications and what should be done in the future.

'When men are easy in their circumstances they are naturally enemies to innovations.'

- Joseph Addison (1672-1719)



POLLINATION

A very difficult season and one which hopefully will not be repeated too often.

Statistics Gisborne:	NO POLLINATORS	13
	NO HIVES	3587 (+27%)
	NO ORCHARDS	156

Statistics Bay of Plenty:	NO POLLINATORS	122
	NO HIVES	30690 (+18%)
	NO ORCHARDS	1571 (-11%)

Despite the weather pollination and fruit set is on a par with previous years but pollination remains one of the major problem areas in producing export quality (size) fruit. I feel that poor pollination is something beekeepers have little control over. The problem is in the orchardists' hands, if all orchards had good male distribution and good male vines (identified M series) then export production could be lifted dramatically.

A check of those beekeepers whose hives were below standard in 1984 showed considerable improvement had been made, this does not mean, however, that beekeepers should rest on their laurels as more can be done.

The industry can take a great deal of satisfaction from this season and it has done a tremendous job in providing a quality product to a very critical customer. The KPA worked hard and growers reaction to the monitoring scheme for members has resulted in a very favourable response from growers and grower organisations, well done.

'The mind's direction is more important than its progress.'

- Joseph Joubert (1754-1824)

A NEW PRODUCT:

CREOSOTE'S NEW IMAGE

Good old-fashioned Creosote has been around for years, coating wood in a grimy black, smelly substance that helps preserve it.

Well, Creosote has now bounced into the 1980s with the Preservit range featuring five light-fast intermixable colours.

The smell is still there to remind you that Creosote hasn't changed, but it is now avail-

able in redwood, rustic, charcoal, forest and olive colours.

Modern technology has given a coating that combines the decorative effect of the new-wave latex and oil based timber coatings with the natural bactericidal-fungicidal and preservative properties of Creosote.

Creosote is one of the most effective, reasonably priced agents for protection of wood

against decay, insects and fungus growth.

Preservit should not be used over previously painted timber since an essential part of its action depends on its ability to penetrate the surface carrying the phenols and cresols of the creosote into the pores of the timber.

Preservit is a product for outdoor use only.

For further information quote Reader Enquiry No. 4943.

**PRODUCT
NEWS**

Agents in Tauranga are Dalgety Crown (sponsors of this newsletter) and Elders Pastoral. Price per 10ℓ \$61.95.

A SUCCESS STORY

Steve Weenick - 1984 Young Beekeeper of the Year (BOP)

Over the past five years Steve has successfully developed a viable commercial beekeeping enterprise which saw him produce 6.7 t honey per 100 hives and put 250 hives into orchards in 1984/85.

From humble beginnings, the judicious purchase of a run down business, to obtain a reasonable base (sites) Steve outproduced all and sundry and has done it again in 1985/86.

Steve learnt his trade from working with experienced beekeepers prior to taking the plunge on his own, he worked hard and by attending field days, NBA meetings etc adopted ideas, new technology to suit himself and put them into practice. His recipe for success - requeen regularly with selected stock (do your own), judicious use of capital (invested in production units) take advantage of all available honey crops to produce a surplus, strategic feeding of bees all put together at the right time, achieved by good planning and by being flexible enough to change in mid-stream if necessary.

Most important to Steve in everything he does, is, do the basics right, have populous colonies, get the timing right and know your local flora/fauna. Lessons he has learnt well but his main philosophy is, bees, not hives produce honey crops.

--o00o--



INDUSTRY CONFERENCE

This years industry conference is to be held in Rotorua, mine hosts Waikato branch NBA, sometime towards end of July. More details in next issue.

%%%%%%%%%

VEXING:

ICHABOD: *'Hey, Dad, where's the Bosphorus?'*

DAD : *'You dumb kid, if you'd put things away you'd know where to find them!'*

<p><i>'Nobody ever forgets where he buried the hatchet'</i> - Kim Hubbard (1868-1930)</p>
--

'Heredity is nothing but stored environment.'

- Luther Burbank (1849-1926)

FINANCIAL

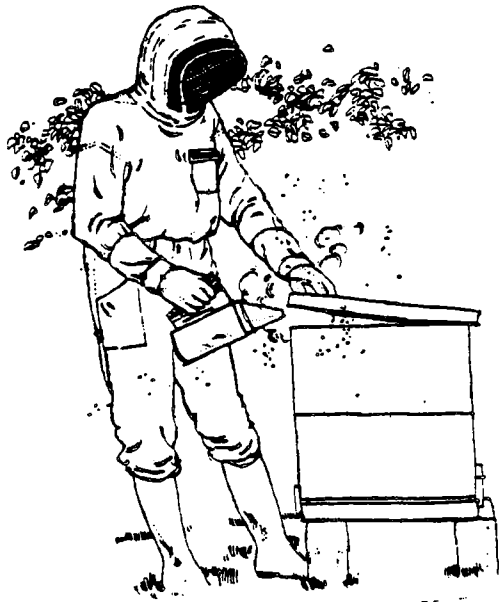
The cash cost to produce a productive unit is approximately \$53/year/hive for beekeepers involved in honey production and pollination. The major expenses are vehicles \$9.05, wages \$13.74, sugar \$6.10, processing and marketing \$8.62. (The \$53 does not include owners salary, indebtedness, development, taxation, interest on capital etc).

It is becoming increasingly obvious that unless more income can be generated from each producing unit the margin left (profit) is a diminishing one, for example, no increase in the price of bulk honey in the foreseeable future and pollination fees are likely to remain the same as 1985.

If profit margins are to be maintained or improved the only alternative is to become more efficient and hopefully reduce costs.

SOME IDEAS:

- * Raise your own queens in the autumn and winter down earlier.
- * Reduce the number of apiary visits by planning carefully and avoiding all unnecessary visits.
- * Convert vehicles to CNG or LPG.
- * Contract processing.
- * Avoid overcapitalising and sell off all unnecessary assets.
- * Use the 26-46 Rule ie % of debt servicing costs to gross beekeeping income and % of personal drawings to net profit respectively.
- * Use your financial adviser now and when looking to the future.
- * be quality orientated rather than quantity, excellent rather than mediocrity.
- * Every hive a producing hive, passengers are more expensive.
- * Bees not hives produce crops, manage hives accordingly.
- * Site hives carefully, reduce drifting, stress, minimise nosema, CB etc.
- * cooperative or collective purchasing of bulk sugar etc.





G S T

A Great Service to Taxpayers or a Gigantic Swindle Tax? Opinions might differ but like it or not, the countdown to GST day has begun. In the next few months you'll have to start putting your house in order ready for 1 October next.

This article on GST outlines some of the tax's important features.

What is GST?

It's a comprehensive tax on goods and services. Comprehensive because it includes virtually everything, and on goods and services because it covers both tangible products (goods) and intangible ones (services).

It is not a retail sales tax, like that in the USA where a set percentage is added onto the bill at the final point of sale. Rather it is imposed at each sale or transaction, but effectively is levied only on the added value. The example I've given later will illustrate this principle.

Why a GST?

New Zealand currently gets a huge proportion of tax (63%) from personal income tax. The introduction of GST will allow a reduction in average and marginal personal tax rates.

An invoice-based GST system should stamp out a lot of tax evasion that occurs through the "underground economy"

GST will replace most of the existing wholesale sales tax system - a hidden component of prices which has come about largely through historical accident and has no real logic to it.

How does GST work?

Let's look at a hypothetical example, to see how the 10% GST is calculated and paid at various steps in the life of a product:

Step	Cost of product	GST calculation	GST paid to IRD
1. Wholesaler imports a product which costs \$100.	\$100	\$10	\$10
2. Wholesaler adds \$40 mark-up (to cover costs and profit margin) to the \$110 total cost of product	\$150		

Step	Cost of product	GST calculation	GST paid to IRD
3. Distributor buys product at \$150 plus 10% GST.	\$165		
4. Wholesaler collects \$15 GST from the distributor but has already paid \$10 GST. Therefore pays the balance to the IRD.		\$15-\$10	\$ 5
5. Distributor sells the product to a retailer for \$200 (to cover overheads) plus \$20 GST.	\$220		
6. Distributor pays IRD the \$20 GST collected from the retailer, less the \$15 already paid.		\$20-\$15	\$ 5
7. Retailer adds mark-up to the cost, and sells the product for \$500 plus \$50 GST.	\$550		
8. Retailer has collected \$50 GST from the consumer, but has paid \$20 already. Therefore owes the IRD \$30		\$50-\$20	\$ 30
		Total GST paid to IRD	\$50

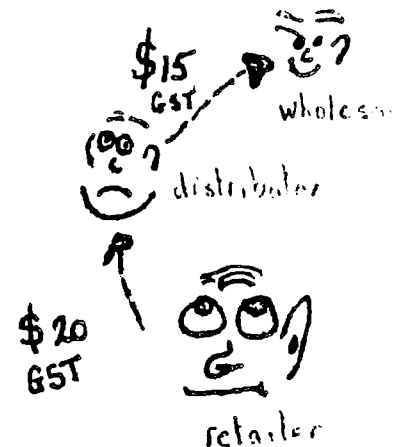
At each step, the article increases in price by the mark-up plus a 10% GST. Why not just charge the tax once at the step where the retailer sells to the consumer? The answer was provided by overseas systems and showed that when the intermediate steps are avoided, consumers by-passed the retailer (and GST) and purchased directly from the warehouse. This penalises smaller consumers without the ability to do that.

In New Zealand's GST system, the only expense incurred by the people in the middle of the system (wholesaler, distributor, retailer) is the administrative cost of handling the tax. They do not pay the GST, the end-user does. They merely pass it down the chain.

How do you claim GST back

In the previous example, the distributor paid \$15 GST to the wholesaler, yet received \$20 GST from the retailer. How does the distributor prove payment of the \$15 GST, so only a payment of \$5 (not \$20) is made to the IRD? There are two requirements:

1. the business must be registered
2. proof of payment of the GST is needed.



1. Registration

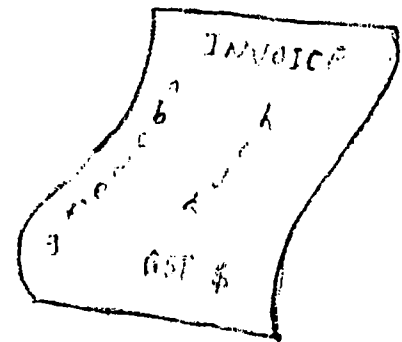
All businesses involved in taxable activities with turnovers exceeding \$24 000 must be registered with the IRS. Registration begins on 1 August 1986, and businesses will have a month to register. The IRD will use a business's IRD tax number as the registration number.

If turnover is less than \$24 000, registration is voluntary but could be beneficial if the business is in competition with other, registered, businesses. A registered buyer will prefer to buy from a registered seller, if the GST paid is to be claimed. Purchases from unregistered sellers prevent the refund of the GST paid.

2. Proof of payment - the invoice

If GST is to be claimed all transactions must be traceable, which generally means that an invoice is required. Invoice numbers scribbled on envelopes or inadequate invoicing will not be accepted. Very clear rules have been drafted on what the invoice must contain:

- (a) Invoice number
- (b) Supplier's name and address
- (c) Supplier's registration number
- (d) Purchaser's name and address
- (e) Date the invoice was issued
- (f) Date of supply if different to (e)
- (g) Description of goods or services sold
- (h) Quantity of goods or services sold
- (i) Price
- (j) GST paid
- (k) Total price



- PROOF OF
PAYMENT

For sales exceeding \$100, all of (a) - (k) are necessary, whereas only (b), (c), (g) and (k) are required for purchases of under \$100. By placing the onus on the buyer to provide the information, the IRD has transferred the responsibility of providing accurate claims back to the business. Remember, invoices must now be kept for 10 years.

For purchases of less than \$10, no invoice is required, just for price (plus GST). The IRD will be watching for excessive claims in this category.

A minor change on those yellow credit card receipt slips will bring them up to the acceptable invoice standard - the main point is that the transaction must be verifiable.

When must returns be submitted?

For turnovers of less than \$250 000, the IRD offers you the choice of submitting returns once every 6 months or once every two months. Note: If an application is not lodged, returns will be expected bi-monthly. The two-monthly cycle is mandatory for businesses with turnovers exceeding \$250 000.

Payment of GST is due on the first day of the second month following the end of the period. Although this sounds ridiculous, it is not complicated. For example, if the period ends on 30 April, the GST should be paid by the first day of June (i.e. the second month after the period ends). Severe penalties, not the attractive 10% penalty of the past, exist for late payment of GST (e.g. on 2nd June).



© GOOD GOD!...IT'S WINNIE THE POOH..."

What tax categories are there?

The government has made this as straightforward as possible. Goods and services are either:

- (a) taxable
- (b) exempt (this is not the same as zero-rated, see later)

Almost all goods and services will be taxable, but the notable exceptions are land sales, private dwelling rentals and financial services, i.e. those dealing in money, such as banks, stock and shares). Because banks won't charge GST, but will still incur the extra costs for their goods and services, they will probably increase bank charges. This rise should be lower than the GST percentage (if they play fair), if not, you are welcome to take your overdraft elsewhere.

Any registered person buying a capital item which is used in a "taxable activity" (business) can claim from the IRD the GST content of the price paid when making his/her return.

For example, if a business bought a \$25 000 truck (cost \$25 000 + \$2 500 GST), the GST portion is recoverable because the truck is used in the business. However, if the truck was later sold, whether by auction, through the newspaper or at a clearing sale, it would be subject to GST.

The zero rating is applied to all goods and services which are not subject to the tax, that is no GST is paid by the end-user. A good example is exports. Although exporters pay GST on their purchases, they will not recover it when selling their exports. Instead they have the pleasure of receiving cheques from the IRD for GST paid on the exporter's purchases.

If you are selling honey (or pollination services) to an exporter, you might like to suggest that this benefit be spread around a bit.

Another point - if the business is sold as a going concern, GST is not payable, but if it is sold piecemeal, then GST must be paid. This makes sense because it stops unnecessary GST transaction between the buyer, seller and IRD where the buyer would pay GST and then claim it back as a business expense.

When is GST due?

During submissions to the GST white paper, it was shown that the time of payment and the time of supply could be different. Market gardeners are unaware of their returns until their produce is auctioned. Dairy farmers on daily supply receive advances during the year and a settling payment once a year. This called for a change in the white paper and at present, GST is due at the earlier of either:

- the time an invoice is issued, or
- the time any payment is received by the supplier.

What other effects will GST have?

The impact on cash flow depends on the length of your return period, and the ratio of cash to credit sales.



- when selling packed honey, you hold the extra 10% of sale price for up to 6 months before paying it to the IRD.

- however, GST worsens your cash flow if you make significant credit sales on extended payment terms or have a lot of bad debts (poor payers).

One of the biggest advantages that I can see is that GST will force businesses to keep better records. Every transaction will have to be recorded in detail on a standard invoice form, and bookkeepers

who aren't using some sort of cashbook and invoice/receipt folder, will have to come into the 19th century at last.

Further information

No doubt there will be plenty of seminars run on GST by accountants, small business agencies, polytechnics and the like. Use them - even though they won't have a beekeeping bias, they will be helpful.

The IRD has some information available. One piece is the Public Information Bulletin No. 139 (September 1985), a free, 51 page booklet on the tax. It's not very well written, but if you can wade through the woolly verbiage you'll find out the latest on GST.

Remember:

- learn about GST
- don't leave it to your accountant; you can't afford not to be able to manage it yourself
- if you are going to register, do it by 31 August 1986.

(Ref Nov. 1985 Beekeepers Bulletin - A Matheson)

Said a beekeeper to their partner: "It's all down there in black and white - we're in the red"!

What's the difference between an Aussie and a pot of yoghurt?

The yoghurt has the culture.

COMING EVENTS

March: MBO for beekeepers, a one day evaluation of the 1985 course.

This Winter: Management for Performance (MFP) for beekeepers. If interested contact Trevor at MAF Tauranga. The course structure is yet to be fully developed, more details at a later date.

July: Conference at Rotorua.

\$

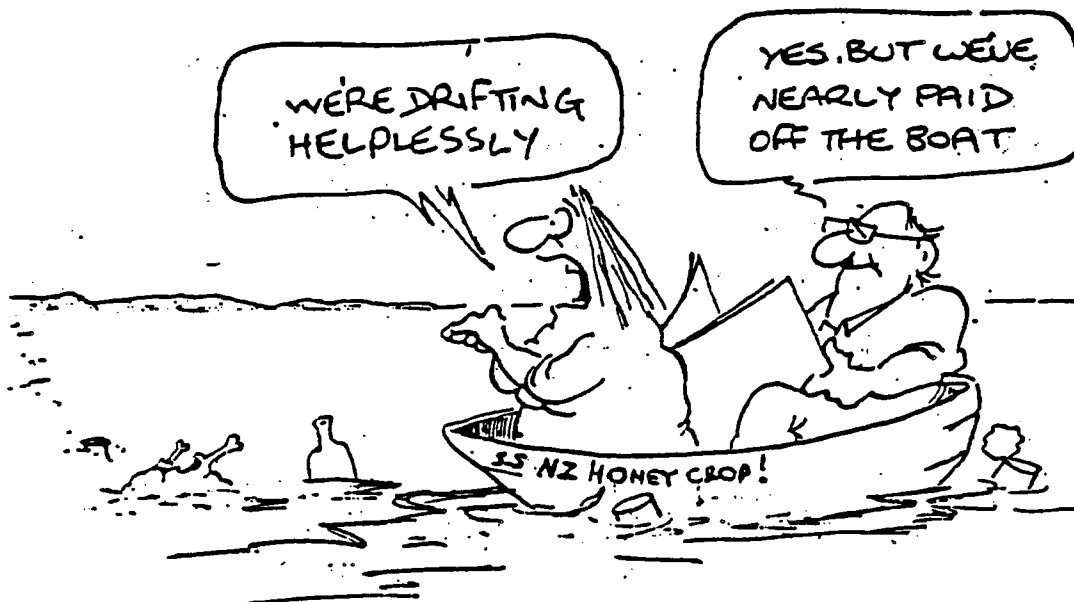
THE HONEY CROP

Nationally the crop appears similar to 1984/85 but the BOP crop is down 50% and overall the district crop is estimated at 1150 t, down 30% on 1984/85.

With a shortfall in the Northern Hemisphere crop prospects for export are encouraging for white honey producers but dark honey is moving very slowly.

The floating New Zealand dollar has posed some problems for exporters and it is becoming very important to watch the exchange rate when any export crop is offered. High interest rates and other pressures make it more important than ever before that the New Zealand beekeeper becomes almost as familiar with the money market as he is with his bees if he is to remain in charge of his future.

@@@@@@@@@@@@@@@@@@@@@@@@@@@@



STRATEGIC PLANNING FOR BOP BEEKEEPING

Conducted by Trevor Bryant
 Apicultural Advisory Officer
 Ministry of Agriculture and Fisheries
 14 February 1986

OBJECTIVES: Determine strategies for dealing with key issues/opportunities facing beekeeping over the next decade.

- * Our vision of beekeeping in 1995
- * The current situation
- * Determine issues/opportunities facing the industry
- * Priorise key issues if industry is to achieve its vision

* OUR VISION OF BEEKEEPING IN 1995

Possible and/or preferred situations that may face the industry by 1995. Factors that may have major impact on the industry by then.

- * Profitability
- * Lifestyle
- * Industry co-ordination
- * Communication
- * Specialisation
- * MAF to direct disease control
- * Regional co-operation
 - Marketing
 - Processing of crop
- * Honey
 - Up market approach to marketing
 - Stress health aspects
- * Diversification of products
 - Bees
 - Queens
 - Propolis
- * Exports
 - Increase in quantity
 - 'Quality' approach
- * Image of beekeeping
 - Need to stress professionalism
- * European Brood Disease effects
 - Opening up honey importations
 - Possible chemical controls
- * More competitive, both local and export
- * Time management
- * Public relations
- * New innovative products/developments
- * Pollination fees decreasing
- * 50% of orchards using artificial pollination
- * Meaningful forward planning, amount of change
- * Cyanomide and its effects
 - Short early flowering
 - Possible honey crops after pollination

- * Profitability for kiwifruit growers
- * Average orchard size of 15 ha.
- * Need for flexibility
- * 48000 hives for pollination in 1995
- * Increased honey production
- * More use of restricted zones
- * Growing crops for honey production
- * Ministry of Agriculture and Fisheries
 - Reduced to information gathering
 - regulatory function
 - quality assurance function
- * Industry to pay for MAF services
- * Licensing of beekeepers
- * Politics and its impact on beekeeping
- * National Beekeepers Association
 - About the same
 - Aligned or absorbed with Federated Farmers
- * International honey marketing body
- * Structure of industry
 - Similar to present
 - Possible smaller operations with same profitability
- * Centralised honey marketing
- * Use of irradiation for disease sterilisation

Beekeepers then ranked the above topic areas to discover the ones that they considered of the most importance to them. Results were (in order):

- * Politics, considered in a wide sense
- * Marketing through up market promotions
- * Profitability

* CURRENT SITUATION

Topics of particular importance at the present time and up date of information about them.

- * Honey crop
 - Estimate of 1150 tonnes in BOP (down 1/3 on last season)
 - National crop estimate 9000 tonnes
- * Pollination
 - 30690 hives used (up 17% from last season)
 - 1573 orchards with bees (with est. of 11% not using hives)
- * American Brood Disease
 - 0.6% infection rate in BOP
 - 4 MAF inspectors, 2 part time and 3 temporary warrants
- * Chalkbrood
 - Est. 10% infection rate, varying between beekeepers
 - Need for breeding and management to control
- * Lessons learned from chalkbrood outbreak
 - Need for immediate response, prompt reporting and plan for eradication or control

- * Honey sales
 - Highly competitive market in Auckland
 - Overseas influence on demands for exports
 - U.S. 'honey mountain'
- * Exports
 - Queens full potential not reached, prices of \$11-20 mentioned
 - Up to 25000 packages due to be exported
- * Pollination
 - Indication of up to 5000 hives coming back into BOP at \$55
 - Static hive charges for coming season?
 - Effects of GST on fees
 - KPA protection and affiliation
 - Escalating orchard costs
 - Need for flexible approach by beekeepers
 - Need to develop goodwill

* THINGS NEEDING TO BE DONE

Actions that should be undertaken now to help achieve long term objectives

- * Lobbying on all levels of political process for changes in government policies that affect beekeepers
- * Promotion of the product and the industry
- * Highlight beekeepers joint concerns
- * Prepare plans for use in exotic pest/disease outbreak
- * Educate beekeepers to greater flexibility
- * Co-operation of beekeepers
- * Need for accuracy in public statements regarding beekeeping
- * Commitment to industry
 - Quality assurance
 - Ethics

19

That's enough for now, good harvesting (or is it robbing) and wintering, and here's to a better honey crop 1986/87!

Trevor

THIS ISSUE OF YOUR NEWSLETTER SPONSORED BY DALGETY CROWN
TAURANGA, STOCKISTS OF THE 'NEW' CREOSOTE.