

N.Z. HONEY PACKERS ASSOCIATION INC.
MONTHLY BULLETIN
MAY 1978

EXECUTIVE OFFICERS 1977-1978

PRESIDENT	LLOYD HOLT	P.O.BOX 52, NGONGOTAHA
VICE PRESIDENT	KEITH HERRON	GREENVALE APIARIES, No. 5 CORE
SECRETARY	MRS. BONNI WILDE	P.O.BOX 2134, ROTORUA
EXECUTIVE MEMBERS	R. JANSEN	P.O.BOX 460, TAUPO
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PUBLISHED FOR MEMBERS INFORMATION BY:

N.Z. HONEY PACKERS ASSOC. INC.
P.O.BOX 52
NGONGOTAHA

EDITOR: LLOYD HOLT

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EDITORIAL:

Members will be pleased with the financial situation of this Association as shown in the financial statement published in this Bulletin.

From this point on we are placed in a position where the Association can only go from strength to strength due to the fact that we have now established a continuing income other than Subscriptions with which to meet our financial obligations.

The second item of interest is that, by the end of May we should be able to have, from the production line, the plastic 500 gram pot which will be on display at this Associations meeting in Hastings on 21st July.

Members will also note the considerable amount of correspondence with the Office of the Examiner of Commercial Practices. It would appear that it is very difficult for us to convince the Examiner that we are not trying to contravene the Act in any way and that our Association is mainly concerned with the stabilisation of this Industry and not with trying to overcharge the consumer. As a matter of interest they do not seem to even appreciate that the Government, through the New Zealand Honey Marketing Authority controls, had for a number of years forced the honey industry into almost what could be described as a "peasant class" industry. Further, the Industry provides this Country a free pollination service with the exception of odd areas of high density fruit growing, where a fee is paid to odd beekeepers to provide the fruit growers with this service.

Recently Members would have received a discussion paper on private exports of bulk honey, in which the statement was made that the Authority, having set out a criteria for the export of packed honey this opportunity had been availed upon in one instance. The fact of the matter is that the Honey Marketing Authority regulations on the export of packed honey are considered by the majority of members as being so restrictive and so uncertain that they will not attempt to take advantage of this relaxation which could, next year, be completely discontinued by the Authority.

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However, Members should study this discussion paper with the view of further discussing the principle of exports at our July meeting.

It is also noted in a circular from the New Zealand Honey Marketing Authority, that the board has approved the immediate drawing up and pricing for the re-building of the Pleasant Point plant.

The question that should be considered at this point is to whether a packing plant should be established in the South Island at all, or whether this should be simply a grading depot exporting the hi-grade South Island honey overseas, as any expansion of this type must be paid for by the producers of the present day and the cost will be considerable. This will reduce the payout to the producer lowering all financial returns on honey sales.

In view of the Authority's claim that the best returns are received from the high quality honey exports, it would appear to be a ridiculous situation to spend considerable money on a packing plant in the South Island when there are sufficient plants in that area to fulfill the needs of the local population. It is suggested that our members give urgent consideration to this matter and discuss it fully at both the N.B.A Conference and the meeting of our Association which is to be held during the same period.

Lloyd Holt
EDITOR

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LETTER:

17 April 1978

OFFICE OF THE EXAMINER
OF COMMERCIAL PRACTICES
Wellington

Mrs. Bonni Wilde
Secretary
N.Z. Honey Packers Ass.
ROTORUA

Dear Mrs. Wilde,

Thank you for your letter of 24 March. We have taken photo copies of the bulletins you sent us and herewith return the original material.

We would appreciate seeing a copy of bulletin No. 8 and of the Association's rules. As requested in our letter of 24 February would you also provide copies of all minutes / resolutions relating to Association meetings held during the past five years at which prices were discussed, and also copies of all circular memoranda relating to prices sent to members during that period.

Unfortunately, we do not have an agent in Rotorua to peruse your file so all this material will need to be sent to Wellington.

What, precisely, does the Association do in the pricing field? You state that you sometimes issue members price lists as a guide. Would these be along the suggested mark-up levels of paragraph 7 of your letter? Does the Association give any restrictions on whom members can sell to? Does the Association approve of sales from the honey packers gate and recommend prices for this? Are these prices wholesale or retail?

In our letter of 24 February we asked concerning the selling levels at which the Association recommends prices. Also as to why the Association recommenced issuing price lists after apparently ceasing this practice. When may we expect a reply on these points?

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Another topic covered in our previous letter was the relationship of the Association's recommended prices and those operating by the New Zealand Honey Marketing Authority. Perhaps the easiest way for you to cover this point would be to provide two or three examples (issued on different dates) of complete price lists of both organisations so that they may be readily compared. We would also appreciate any comments you could offer on such a comparison.

In my previous letter I raised the question of the public interest and asked you to indicate to what extent, this trade practice might be in conformity with that interest.

You will recall that, in lodging this application on TP1 on behalf of the Association, the President, Mr. Holt and, then Secretary, Mr. Davidson, were required to state in clause six of the form that the "parties do not consider that the agreement/arrangement in question has or is likely to have any of the effects described in Section 20 of the Act (set out below) and are therefore, of the view that the agreement/arrangement is not contrary to the public interest". You are no doubt aware that the relevant public interest criteria are now to be found in section 21 of the Commerce Act.

May I make it very clear, once more, that it is essential that the grounds on which the views expressed in these statement were based should be set out in as much detail as possible.

It is suggested that each of the eight effects as spelt out in section 21 (a further copy of which is attached) as being contrary to the public interest should be dealt separately and detailed information should be supplied supporting the views expressed on behalf of your Association that the pricing arrangement does not have, or is not likely to have, any of these consequences.

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I have noted with interest that, as far as your Association is concerned, "the Association's members are in direct and free competition with one another. For this reason, it is highly unlikely that members would agree to any collective pricing arrangement, even if it were lawful." If this is so and the collective pricing arrangement you operate is not very rigidly adhered to, any way, I am wondering whether it might not be to your advantage - or, at least, not to your disadvantage - to abandon the collective practice and withdraw the application for the Commission's approval of your collective arrangement.

Your attention is drawn to the fact that the Association's desire to circularise prices to members has not been consistently expressed. On 4 June 1977 the Association advised that the arrangement had lapsed but on 11 August 1977 we were advised that the Association, at its meeting of 26 July 1977, indicated it wished to continue to operate the collective practice. Your letter of 21 March 1978 states that while the members compete with one another and would not agree to any collective pricing arrangement; the Association still wish to periodically issue the New Zealand Money Marketing Authority's price list or a price list provided by an Association member.

It is, naturally, for your members to decide whether or not they wish to continue a collective pricing arrangement which is, according to your last letter, neither very much adhered to nor very important.

Finally, I would point out in response to paragraph 12 of your letter of 21 March that it is not suggested that your Association is "contravening" the Commerce Act. The position is that the Association has lodged an application for the Commerce Commission's approval of a collective pricing arrangement, and in terms of section 38 of the Act, the Examiner is required to investigate the practice and submit a report and recommendation to the Commission on the collective arrangement. In doing so the Examiner is required to have regard to public interest as defined by section 21 of the Act. The information requested of you is required in

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order that the Examiner may complete his investigations into this matter.

I look forward to hearing from you in the near future.

Yours sincerely,

R.M. Snell
For Examiner of Commercial Practices

PUBLIC INTEREST:

21. Trade practices deemed contrary to the public interest -

(1) For the purposes of this Act, a trade practice shall be deemed contrary to the public interest only if in the opinion of the Commission, the effect of the practice is or would be -

- (a) To increase the costs relating to the production, manufacture, transport, storage, or distribution of goods, or to maintain such costs at a higher level than would have obtained but for the trade practice: or
- (b) To increase the prices at which goods are sold or to maintain such prices at a higher level than would have obtained but for the trade practice: or
- (c) To hinder or prevent a reduction in the costs relating to the production, manufacture, transport, storage, or distribution of goods, or in the prices at which goods are sold: or
- (d) To increase the profits derived from the production, manufacture, distribution, transport, storage, or sale of goods, or to maintain such profits at a higher level than would have obtained but for the trade practice: or
- (e) To prevent competition in the production, manufacture, supply, transportation, storage, sale, or purchase of any goods: or

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- (f) To reduce or limit competition in the production, manufacture supply, transportation, storage, sale, or purchase of any goods : or
 - (g) To limit or prevent the supply of goods to consumers: or
 - (h) To reduce or limit the variety of goods available to consumers or to alter, restrict, or limit, to the disadvantage of consumers, the terms or conditions under which goods are offered to consumers.
- (2) Notwithstanding that the Commission is of the opinion that the effect of any trade practice is or would be any of those described in subsection (1) of this section, that practice shall not be deemed contrary to the public interest if the parties to the practice satisfy the Commission that, in the particular case:
- (a) The practice has or would have effects of demonstrable benefit to the public sufficient to outweigh any of the effects described in subsection (1) of this section, which, in the opinion of the Commission, the practice has or would have : or
 - (b) Even though the Commission is of the opinion that the effect of the practice is or would be one or more of those described in subsection (1) of this section, that effect or effects is or are not unreasonable.
- (3) In considering, under subsection (2) (b) of this section, whether any effect mentioned in paragraph (a) (b) or (d) of subsection (1) of this section is not unreasonable, the Commission may where applicable have regard to the considerations laid down in section 98 of this Act for the purpose of determining:
- (a) The price that would obtain for the goods if they were subject to price control under section 82 of this Act : or
 - (b) Where the practice is a collective pricing practice under paragraph (b) or paragraph (d) or paragraph (e) of section 23 (1) of this Act or to which section 27 (1) of this Act applies, the price that would obtain in respect of the goods (if the goods were subject to price control under section 82 of this Act) -

(Continued on Page 10)

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NEW ZEALAND HONEY PAC

INCOME & EXPEN

FOR THE YEAR ENDED

EXPENDITURE:

Die Commissions	473. 00	
Hall Hire	55. 90	
Tolls	3. 58	
Letters & Duplicating	100. 53	
Bank Fees	2. 30	
Display Stand - Perth	176. 98	
Interest - Members Loans	285. 00	
Audit Fee	20. 00	
	<hr/>	
Total Expenditure		1,117. 29
Net Surplus for Year		<u>2,860. 72</u>
		<u>\$ 3,978. 01</u>

BALANCE SHEET AS A

LIABILITIES:

Members Loans		2,300. 00
<u>Accumulated Funds</u>		
Balance 1.10.76	46. 60 (DR)	
Plus Surplus for Year	<u>2,860 72</u>	<u>2,814. 12</u>
		<u>\$ 5,114. 12</u>

N.B. The Financial Statement set out above has been prepared by me in by my client. As my instructions did not include an audit I have not accept any responsibility for the accuracy of the material from which t pared at the request of and for the purposes of my abovenamed client o any ground whatsoever to any other person.

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KERS ASSOCIATION INC:

TRUSTEES ACCOUNT

30 SEPTEMBER 1977

INCOME:

Subscriptions	619. 85
Commissions	3,328. 04
Stamp Duty Refund	19
Interest	29. 93

\$ 3,978. 01

T 30 SEPTEMBER 1977

ASSETS:

Balance at Bank	614. 12
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Die (Cost)	<u>4,500. 00</u>
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\$ 5,114. 12

in accordance with records, information and instructions furnished to me I have audited the accounts and therefore neither I nor any of my employees has prepared this statement. Further, the accounts have been prepared by the association and neither I nor any of my employees accept any responsibility on

BONNI WILDE

CHARTERED ACCOUNTANT, ROTORUA

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- (i) For each individual party to the practice;
and
 - (ii) On an industry or group basis.
- (4) In considering, under subsection (2) (b) of this section whether any effect mentioned in paragraph (e) or paragraph (f) of subsection (1) of this section is not unreasonable, the Commission shall -
- (a) Be guided by the need to secure effective competition in industry and commerce in New Zealand : and
 - (b) Have regard, among other things, to the total demand or total potential demand for the goods in question, and then have regard to the portion of the total demand or total potential demand over which a reduction in competition is likely to result from the trade practice.

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LETTER FROM OUR ASSOCIATION TO : -

The Examiner of Commercial Practices,
WELLINGTON

2 May 1978

Dear Sir,

I am in receipt of your letter of 17th April 1978 and frankly am amazed at many of the questions raised by you as I feel that the majority of your questions were covered by my letter of the 21st March

As requested by you, I enclose a copy of Bulletin No. 8 together with a copy of the Associations Rules and Minutes of all Association Meetings held during the past five years. To the best of my knowledge and belief no other Circular Memoranda relating to prices were sent to Members during the past five years.

Your letter asks, quote, "What precisely does the Association do in the pricing field", I believe this question was answered by item 8 of my letter of 21st March. You further ask whether the Members' Price Lists issued would be along the suggested Mark-up levels of paragraph 7 of my letter. In answer to this I can only assume that they would be. Since they are the Members own price lists and not those of the Association then it would be necessary to approach every individual packer to ascertain the answer to this question. You also ask whether the Association gives any restrictions on who Members can sell to; Item 5 in my previous letter stated that there was only one rule governing Members' activities and that was a requirement that they be engaged in packing Honey, no restrictions whatsoever are placed on Members' trading activities. The short answer therefore, to your question, is, quote "No". You ask whether the Association approves of sales from the Honeypackers Gate and recommends prices for this; on this issue the Association has not, nor does it intend to offer an opinion on this subject. It is for Members to make their own decisions. It may be that occasionally contributors to, or the Editor of the Bulletin may advance a personal opinion on this or other matters

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however I must stress that these opinions are personal ones and not necessarily those of the Association.

You ask at what levels the Association recommends prices: Item 10 of my letter clearly states the Association does not recommend prices. You go on to ask why the Association re-commenced issuing price lists after apparently ceasing this practice. Please read again Item 10 of my letter, the Association has not re-commenced issuing price lists save as stated in Item 10 of my letter. Honey Marketing Authority prices are circulated with the Associations Bulletins, however the Authority is always most happy to circulate their price lists to any interested parties, and I do not therefore feel that this should be a bone of contention.

You go on to question the relationship between the Association's prices and those operated by the Honey Marketing Authority. I don't know how I can provide you with two or three examples of prices of both organisations as the Association does not issue any. I am quite sure that you have ready access to price lists issued by the Honey Marketing Authority. Further, as I cannot make a comparison, I cannot offer any comment on same.

Your letter also suggests that we abandon collective practises and withdraw the application. I would refer you to the third paragraph of your letter of 1st July, 1977 stating that circulation of the Honey Marketing Boards price list would amount to a collective pricing agreement. As the Association has never at any stage ceased circularising the Honey Marketing Authority price list and, further wishes to continue to circulate them, I do not see how we can withdraw the application however perhaps you may be able to reconcile this matter for me.

With respect to the public interest, I do not consider that any of the Association's practices are contrary to the public interest, particularly in terms of Section 21 of the Act, I do not believe that the practices (a) increased costs relating to the production manufacturers transport, storage or distribution of goods or maintain

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costs at a higher level than would have obtained but for the Trade practice or (b) increase the prices at which goods are sold or to maintain such prices at a higher level than would have obtained but for the Trade practice or (c) to hinder or prevent a reduction in costs relating to the production, manufacture transport, storage or distribution of goods or in the prices at which goods are sold or (d) to increase the profits derived from the production, manufacture, distribution, transport storage or sale of goods or to maintain such profits at a higher level than would have obtained but for the Trade practice or (e) to prevent competition in the production, manufacture, supply, transportation, storage, sale or purchase of any goods or (f) to reduce or limit competition in the production, manufacture, supply, transportation, storage, sale or purchases of any goods or (g) limit or prevent the supply of goods to consumers or (h) to reduce or limit the variety of goods available to consumers or to alter, restrict or limit to the disadvantage of consumers the terms or conditions under which goods are offered to consumers. I trust this will cover the "Public Interest" criteria.

You comment that the Association's collective pricing arrangement appears to be neither very much adhered to nor very important: I seriously believe that there is no collective pricing arrangement in effect save for the publishing of Honey Marketing Authority price lists and Members own price lists.

If you feel contrary to your letter of 1st July, 1977, that the practices outlined in the foregoing do not constitute a collective pricing agreement, I shall be glad to receive your advice on the subject. However in future correspondence, in order to save much valuable time, may I suggest that you read your correspondence a little more carefully.

Yours faithfully,

BONNI WILDE
SECRETARY

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LETTER:

Office of the Minister of
Health

13 April 1978

The Secretary
N.Z. Honey Packers Assc.
ROTORUA

Dear Mrs. Wilde,

Thank you for your letter dated 5 April 1978, in which you express the opinion that special health regulations should be applied to buildings used in the honey industry and request the opportunity to discuss the matter with officers of the Department of Health.

You will, of course, be aware that one of the effects of Amendment Number 1 to the Food Hygiene Regulations 1974 is to apply the provisions of the Food Hygiene Regulations to the honey industry from 1 April 1979. From that date all registered apiaries within the meaning of section 2 (1) of the Apiaries Act 1969 will, unless no food is prepared or packed in the premises, be required to be registered by the local authority. The physical requirements of the First Schedule to the regulations will, therefore, apply to premises used for the processing and packing of honey. Parts 1, 11 and 111 of the regulations, which relate to the registration of premises, conduct and maintenance of food premises and conduct of workers, will all apply to the honey industry from 1 April 1979.

The attitude of your association, in indicating its support of the promotion of separate legislation, applicable only to the honey industry, is to be commended. The need for such legislation is not evident at present, however, and there are therefore, no plans to promote any.

Mr. N.T. Cook, Chief Inspector of Health in the Department of Health, would be pleased to meet with representatives of your association at a mutually convenient place and time, to discuss any particular aspect of the Food Hygiene Regulations in relation to your industry. Mr. Cook can be contacted at Box 5013, Wellington.

MINISTER OF HEALTH.

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LETTER:

The Secretary
N.Z. Honey Packers Assc.
TAUPO

Dept. of Labour
WELLINGTON.
3 April 1978

Dear Sir,

THE METRICATION (RETAIL TRADING) REGULATIONS 1978

These regulations requiring goods sold retail by weight or measure to be sold in metric units came into force on 1 April 1978. There are exceptions to this requirement viz

1. Second-hand goods sold are not affected.
2. Goods packed prior to 1 April 1978 may continue to be sold, and
3. Standardised and non-standardised prepacked goods i.e. goods packed prior to the time of sale wither on or off the premises of the seller, may continue to be prepacked in imperial units until 1 October 1978.

The regulations revise the list of standardised goods and quantities in Tables A and B of Part V1 Weights and Measures Act 1926 - 51. Copy of the schedules covering these goods is attached.

All goods which are prepacked after 1 October 1978 including standardised and non-standardised goods must be in metric units but packers have the option of supplementing metric with imperial units until at least 30 June 1979 provided the size of the imperial lettering is not more than half the metric and is not given greater prominence. This option also applies to advertising, price ticketing and price listing of any goods sold by retail by weight or measure. Packers have a period of 6 months to meet the requirements of these regulations and it would be appreciated if you will inform all members of your organisation accordingly.

Yours faithfully,

Chief Inspector of Weights & Measures.

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LETTER:

Davidsons Apiaries Ltd
TIMARU.

1 May 1978

Dear Lloyd,

The Local New Zealand market may look excellent for suppliers to the H.M.A. but for private packers the outlook (in my opinion) looks grim.

I attach a photo copy of an item in the Christchurch Star of 18th April 1978 advertising "Hollands" 500 gram pack at 69 cents. The firm handling this "special" has retail outlets spread over the whole of the South Island (including the West Coast). This affects the local producer packer in that it sets the standard of local sales at a very low level. It will not affect the payment to H.M.A. suppliers as stocks (they may be large) will be valued at "The last sales before stock taking" and by that time the present 2 month special will be over and the book value of stocks will be at their normal high level (retailing at \$1.00 for the 500 gram pack). The value of stock is normally taken into account when calculating the payout.

Yours faithfully

BOB DAVIDSON