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67/10/68

Department of Agriculture,

Private Bag,  
WELLINGTON,

8th March, 1932.

MEMORANDUM for:-

The Hon. Minister of Agriculture.

N.Z. Honey Producers' Assn.

The financial position of the Honey Producers' Assn. and its possible effect on the future prospects of the honey industry in Great Britain, has been further considered, and after a long discussion with the Managing Director of the Assn. and the Government representative on the Honey Control Board - Messrs. Rentoul and Butland - the following conclusions were arrived at as embodying the best alternative to letting the Honey Producers' Assn. go into liquidation, and the industry losing all interest in the "Imperial Bee" brand and other substantial trading advantages acquired in Great Britain at considerable expenditure over many years.

The proposals of the Honey Producers' Association are:-

That Mr. Butland, who has been appointed by a joint meeting of the Assn. and the Honey Control Board to visit the Old Country for the purpose of effecting as satisfactory an understanding with Messrs. C. & E. Morton, Ltd., as possible, be authorised to negotiate along the following lines:-

1. Messrs. Morton to take over and credit the account of the Association with £12,000, all the London assets of the Assn. in the shape of plant, machinery, goodwill and all rights in the "Imperial Bee" brand.
2. Messrs. Morton to take over the New Zealand assets of the Assn. and credit the account of the Assn. with £5,000.
3. Messrs. Morton, through the liquidator appointed to wind up the affairs of the Assn. to proceed to recover the balance of the debt (approximately £7,000) from the exporters of honey who since the season 1928 have received over-advances against honey shipped.
4. With a view to creating a better atmosphere in connection with Mr. Butland's negotiations with Messrs. Morton, the Government to undertake to back the position



In Cabinet  
14th March 1932  
No action

*Edmondson Secy*

FOR CABINET.

C. P. M.

8/3/32.

Mr. Rentoul & Butland  
to be advised.

Approved  
7/3/32  
The Hon. Minister  
D.S.W.

to the extent of £7,000 payable in 5 years; this guarantee to be called upon only to meet the difference between the amount recovered by way of recourse from the shippers of honey and that portion of the total debt (£7,000) proposed to be recovered in this way.

5. The liquidator appointed to wind up the affairs of the Honey Producers' Assn. to work in collaboration with the N.Z. Honey Control Board.

With regard to proposal (1) Messrs. Morton to make the assets referred to therein available to the N.Z. Honey Control Board - which organisation will take over complete control of the export of honey - with the right to purchase in 5 years. The only legal or moral obligation on the part of the Board in this to be an undertaking on the part of the Board to deduct an amount not exceeding one penny per pound from the proceeds of all honey exported through the Board during the period. If the quantity of honey exported during the 5 years is insufficient to yield £12,000 plus interest on the basis indicated, Messrs. Morton to be free to (a) renew the arrangements with the Board for a further period; or (b) take over the assets and dispose of them otherwise as they think fit. In the latter event Messrs. Morton and Co. to return to the Board, after an adjustment of interest has been made, whatever amount the Board has in the meantime paid toward the purchase of the assets in question.

With regard to proposals (3) and (4), the Managing Director of the Assn. has gone into the matter of recourse for the 1928 season - this is as far back as recourse can be had, owing to the fact that the honey shipped during the seasons immediately prior to that paid its way - and has ascertained that a sum of from £6,000 to £7,000 could be treated as over-advances for that year. The correct position relative to the 1929 season's honey cannot be ascertained, owing to the whole of the stock of that season having not yet been disposed of, but no doubt a similar amount at least will obtain.

While the total represented by over-advances would not be sufficient to liquidate the whole £24,000 debt, it is held that more than sufficient should be recoverable from shippers to safeguard the Government's backing of £7,000.

The collapse of the existing marketing arrangements in Great Britain, with the consequent loss of the "Imperial Bee" brand, which has a high market value in itself, would disastrously affect the bee-keeping industry of the Dominion. Thus, the matter merits the special attention of the Government, and the above proposals are submitted for your consideration. The idea of the £7,000 guarantee from the Government is largely based on the negotiations being conducted with some evidence of sympathy from the Government, and it may not involve any payment later on, though the risk of course exists.

*J. R. Rakes*  
Director-General.