

# HONEY MARKETING.

## CONTROL BOARD'S POLICY.

Report of Address delivered by Mr. J. R. Butland, Chairman of the Honey Control Board, at the Twentieth Annual Conference of the National Beekeepers' Association, held in Wellington.

"The purpose of my coming to speak to you is to outline the position in the honey industry as a result of negotiations which were finalised in London, and those which have taken place since. It will be necessary to tell you something of the history of the Honey Producers' Association, although its affairs have nothing to do with me as a member of the Control Board, but you will realise that until the liquidation of the association is completed the Control Board, having in mind the interests of the beekeepers throughout the Dominion, must take into consideration certain circumstances arising out of the liquidation.

"The Honey Producers' Association was largely a co-operative organisation of beekeepers formed with the idea of marketing honey both in England and New Zealand. The object of the association was to install a packing plant in London and to establish a national brand, which would enable the industry to export its surplus honey to Great Britain and obtain for it a fair price, and at the same time bring some control into the export business. The association also hoped to build up local business under the brand, and to co-ordinate its New Zealand and English businesses, so that the two systems would work in harmony and put the beekeeper in a position where he could more effectively control his marketing. The results appeared to be satisfactory up to the point when the export business grew, and it was then realised by the directors of the association that they would have to find some other system which would take care of the exporting side of the industry. In 1924 the Honey Producers' Association and the beekeepers approached the Government for some system of control, and as a result the Control Act of 1924 was passed. The Control Board appears to have found some difficulty in functioning, as was intended, because 98 per cent of the exporting beekeepers were members of the Honey Producers' Association. The board took no active interest in the association's business other than to just watch its progress. It did, however, take partial control, and established an agent in Great Britain, through which the association's honey was to go. In December, 1932, there were changes on the board, and these changes brought about certain investigations into the business of the Honey Producers' Association, not in a critical way, but with the object of understanding from the board's point of view where the association had been, where it was, and where it was going. The board decided that it was necessary to call a combined meeting of the directors of the Honey Producers' Association and the board to have a frank discussion of the whole position, because the directors of the association had been embarrassed for a considerable time owing to the fact that they had been trading with the knowledge that they had lost their capital. As a result of this meeting, it was decided that there was only one alternative, and that was to put the Honey Producers' Association into liquidation. The board was not agreeing to this course without first letting the principal creditors know the position, and the shareholders owe a debt of gratitude to the directors for taking the situation in their own hands, in that they carried on the business at a personal risk, in the hope of being able to arrange a more satisfactory settlement with the creditors than would have been possible had the association

been put into liquidation and the assets realised hurriedly. At the request of England as soon as possible to conduct negotiations on their behalf with the directors, Messrs. C. and E. Morton Ltd., with a view to making the position of the shareholders as easy as possible.

"The position was more difficult in New Zealand, and it involved a great deal more time than I had thought necessary before leaving. I was to try to bring about a settlement in the affairs of the association that would be satisfactory, and I was to see that the affairs of the industry and beekeepers generally were properly taken care of in the event of trouble with creditors, but I must emphasise the fact that the negotiations in London were helped in every possible way. The creditors were



MR. J. R. BUTLAND,  
Chairman of the Honey Control Board.

not at all antagonistic, and they agreed to a settlement on an extremely satisfactory basis.

"Messrs. C. and E. Morton and everybody connected with the industry knew that the Imperial Bee brand was owned by the association, and naturally became the property of the creditors. The board would not have found it possible to function had that brand been lost to the industry. This matter was discussed before I left, and it had been decided that the board would be prepared to pay up to £10,000. After finalising the association's affairs, the negotiations for the ally became a separate and distinct proposition. The brand was eventually purchased by the Control Board for £5,000 sterling. Even then the difficulty arose as to how the industry could find the £5,000 without considerable embarrassment. There was no Government assistance, and it was decided that the brand would be bought by the beekeepers, payment to be made over a period of years, to which the creditors willingly agreed.

"Having purchased the brand, it became necessary to investigate the whole situation in England, and to see if the board would be in a position, if it decided to function, to carry on successfully. I was given a free hand

by my colleagues on the board to change or completely cancel the present system of marketing it, after proper investigation, I found it necessary, I can frankly say that with a knowledge of how the association's policy had been criticised, I went to England prepared to be critical myself of the whole position and with the impression that the association may have been working on wrong lines. I found a tremendous difference in trading conditions in England, as compared with New Zealand, and you will realise that the average business that is done in England is with hundreds of small retail shops, and handle honey largely as a luxury line, and some of them do not sell more than 6lb a week; you will see that it would obviously be useless to change a marketing system that had been so satisfactorily established. I was firmly convinced, after discussing the position in many disinterested quarters, and bearing in mind that other members of the board and many independent investigators failed to find any real criticism of the methods adopted, that we were carrying out a policy which was in the best interests of the honey producers.

"Apart altogether from these investigations, I decided to employ one of the leading advertising consultants in London to prepare an independent report before coming to a final decision on the question of policy." (This report was read to the meeting, and a summary of it appeared in last month's issue of the "Smallholder.") "You will see that this is a complete confirmation of the position. I think that even the critics will acknowledge that their opinions are unfounded, and no prejudice could stand up against such a report, made by one of the leading marketing experts in England. In addition to this, we have countries that are competing with us offering to co-operate and endeavouring to come into our marketing scheme. I was approached in this direction in the United States, and Canadian beekeepers are trying to follow almost exactly New Zealand's procedure in marketing. Our system is the envy of honey producers in every part of the world.

"I think nothing more need be said other than that the Government, although understanding the position, has since agreed to advance the board £5000 to pay in cash for the Imperial Bee brand. I think that is a clear indication of the Government's view of the industry. The Department of Agriculture is in an excellent position to know the whole of the facts, and the board has had their wholehearted support in this negotiation. Ever since I have been on the board I have been closely associated with both the Minister of Agriculture (Hon. C. E. Macaulay) and Mr. Campbell, Director of Horticulture. The Minister has taken a great deal of trouble and given much of his time in examining every side of the industry, and only those connected with the negotiations know to what extent he has helped the industry. In Mr. Campbell, the beekeeper has a friend, for he takes a personal interest in their affairs and is ever ready to give his time and experience to help you in your problems. I can assure you it is a great pleasure to be able to speak in this way about those who are so closely concerned with you and the industry.

"The principal question that concerns all beekeepers is—what of the future? All I can do is to tell you that the board is as much concerned with the future as any one engaged in production. Questions have arisen as to how we should safeguard the future, and the following letter represents the views of future operations arranged with Messrs. C. and E. Morton Ltd., and will give you an idea of the thoroughness with which we have tried to take care of your interests.

"This letter was read and dealt with all details of future arrangements with regard to both finance and marketing, the provisions of which were aimed at

avoiding the possibility of a recurrence

of the conditions of the association.)

"You will see from this letter that

it is the intention of the board to take

absolute control of all exportation, and

after my return control was taken of

honey on March 30th. The honey pre-

viously was under the control of the Association, and the work for the Honey

Control Board was done by Mr. John

Renton, manager of the association.

The question arose that someone would

have to be employed by the Control

Board, and Mr. Renton resigned from

the board and was appointed manager.

Some beekeepers consider the industry

is in a very difficult position at the

moment. I agree with that, but say

that, apart from the work involved,

this expense will be made up time and

time again because of the close super-

vision which will be exercised over all

English exportations. You have many

people giving their time and money

gratis to the industry, but if you ap-

point a man to responsible position

occupying the whole of his time, he

must be paid for his work. I would

like to tell you, in order to show just

to what extent Mr. Renton has the

interests of the industry at heart, that

on the suggestion being made that his

salary may cause embarrassment, he

came to my office and voluntarily re-

duced his salary by 40 per cent. The

board considered the position yester-

day, and we were reluctantly com-

pelled to agree to the reduction. The

members feel personally that the posi-

tion was worth exactly the salary

arranged for Mr. Renton, and that the

board is fully justified in employing his

services, but we do not want the mem-

ber of the industry to think that we

are imposing upon him one penny of

unnecessary expenditure, and for that

reason we agreed to the reduction.

"This year's crop of honey is now

being sent forward by the board, but

owing to their being about 12 months'

supply of honey yet to be disposed of,

the board is not able to put its present

export through the packing depot, but

expects to be able to deal with this in

bulk at a satisfactory figure to the

exporter without in any way inter-

fering with the process of liquidation

of the stocks held by the association.

"A considerable percentage of the

honey that has come forward this year

for export is absolutely unfit to send

to anybody. It seems to me that bee-

keepers have said, 'This is poor honey,

and we will give it to the bees.' In

this connection I would tell you

that negotiations are now proceeding

for a revision of the grading system,

which will make it unprofitable for bee-

keepers to pick out their best honeys

and retain them for the local market,

and send the board honeys which, if

used in their own packs, would spoil

their brands. It is absolutely useless

our trying to carry on as if you expect us

to give you 3d or 4d per lb for honey

which you can't possibly use

yourself. Send us a reasonable per-

centage of your good honey and we

will give you an increasingly better

return each year.

"The board is prepared to be judged

on its merits, and we know that it has

the unqualified support of every

member in this room, but it cannot

function properly, and cannot be judged

until it has had an opportunity of

putting through the packing plant its

own export, which we anticipate

will be next season, and at the same

time put through honeys which are

sufficiently good quality to maintain

the prestige that New Zealand honey

now holds on the English market.

"The fact that you have an outlet

through the packing depot of approx-

imately 500 tons of honey a year at

prices which far exceed those which you

can obtain from any other source, or

which can be obtained by any other

country, means that you can export in

excess of 400 tons a year and sell the

whole lot at an average price which

would be vastly better than you would

get if you attempted to dispose of

your honey to the meeting depot, and

speculate on the English market. You

will not make the progress you antici-

pate unless you reduce your prices, how-

ever, until you reduce your prices. Prices

are too high in England. In my

opinion, if honey was brought down to

a basis where it could retail at 1/4

1b, you would double the possibility of

sale through the meeting depot. I know

people in England who are prepared

now to have New Zealand honey

packed under their own brands, through

our English depot, thus ensuring a

much greater return to the beekeeper

than if it were sold in bulk. It is in

this direction that we hope to reduce

our overhead and increase our turn-

over as soon as we are able to operate

through the depot on a basis that will

enable these people we have in mind

to sell their own brand honey at a

competitive price.

"The board has reluctantly been

compelled to cancel expenditure in

advertising and display. The position

is that we consider the industry cannot

afford expensive and excessive adver-

tising at the present time, and it is

most important that the beekeepers

should not be saddled with heavy and

perhaps unnecessary commitments. Too

much money has been spent in adver-

tising, and the board has no desire to

repeat possible mistakes of the past.

As soon as possible, however, it intends

to advertise judiciously.

"The association's old packing plant

in London was burnt down last year,

and it was fortunate that the insur-

ance company paid out the full amount

insured, which was £4,800, and what

seemed to be a tragedy at the time

was actually a substantial benefit to

the industry. The board has in the

course of erection a new plant at a

cost of approximately £1,300, which,

being automatic, is in every way

superior to the association's plant, and

will result in a considerable reduction

in overhead packing costs.

"You will ask me possibly how, if the

association could not function satisfac-

torily, the board can hope to do so.

This is largely covered in the letter

previously read to you, but can be

summed up in this way: The Board is

not concerned in any way with the

debts of the Honey Producers' Associa-

tion. It has no accumulated debts and

no forward commitments in advertis-

ing. It has an up-to-date packing

plant through which it can command a

premium for your honey. It is free

from the element of speculation, and it

does not have to contend with one

merchant working against another.

"The board will continue to ignore

destructive and unjust criticism in the

correspondence columns of the public

to take sufficient interest in the affairs

of the board to ascertain the correct

position, but it will openly welcome

any form of criticism from anyone in

the industry who is concerned with its

welfare. We have heard that there

has been a suggestion that there is a

great deal of money at the disposal of

the board, and I am glad to hear that

the fact that the Association has a

clear position in the industry is what

was decided at our meeting, and that

every branch of producing industry

should be brought into the fold of the

Association with a view to the

of its activities.

"The honey industry today, and the

marketing is concerned, is in a most

difficult position, but if the industry

could benefit from their efforts, they

should bring their local marketing back

to co-operative lines.

"To live in and breathe the very

atmosphere of co-operation is your

business. You have under your con-

sideration in your hives what is probably

the finest example of co-operation that

it is possible to see in industry, so

vitaly concerned in a sad thing for those

of the remnants of a company designed to

bring about co-operation now in liquida-

tion. The Minister of Agriculture has

said in his opening remarks that the

salvation of the industry lies in suc-

cessful co-operation on the local mar-

ket, and unless you do something in

this direction you will spoil the bene-

fits the English market is providing for

you. There is a scheme being brought

forward at the present time to form a

co-operative company, and whatever

difficulties have been with it, I am

of opinion, are due, not to the bee-

keeper failing to appreciate the value

of co-operation, but because of the

very widely scattered nature of the

industry. If you could see the results

of the selling of honey in the local

market you would realise how neces-

sary it is to deal with this posi-

tion. If you co-operate on your local

market you will not only be able to

co-ordinate your business with the

British market, and thereby bring

about a more satisfactory position in

both.

"I seriously suggest that if your

scheme for co-operation is likely to be

prejudiced on account of the small man

not joining up, that the National Bee-

keepers' Association should take steps

to bring about some form of local

control which will stop a very small

minority spoiling the chances of your

scheme succeeding.

"Whatever criticisms may be levelled

against the suggestion I have just

made, and I am fully aware that criti-

cism is likely to come from outside

interests, I will close by reminding you

that it is your capital that is invested,

your labour that is expended in the

production of honey, and finally, your

honey, and it is for you and not for

me that the industry, to say how it

shall be marketed."

Following on Mr. Butland's address,

Mr. Bates said that beekeepers should

have faith in the leaders of the indus-

try. "There is a large amount of

ignorance among some people, who have

great difficulty in pulling together," he

said. "No sooner does a co-operative

venture approach such that there is

an agitation against it. Let us give

our leaders every chance of doing their

best for us. I think we are very for-

fortunate in having Mr. Butland in help-

ing to guide us."

Mr. Sage: I should like a decided

stand against any attempt to abolish

the Export Control Board, and I appeal

to beekeepers to retain it at all costs.

There were a number of other speak-

ers who spoke in a similar strain.