

Ag. 54  
3/10



ADDRESS ALL COMMUNICATIONS TO  
THE CONTROLLER AND AUDITOR-GENERAL,  
P.O. BOX 14, GOVERNMENT BUILDINGS,  
WELLINGTON, C. I.



No. A. 23/88  
IN ANY FURTHER CORRESPONDENCE  
ON THIS SUBJECT PLEASE QUOTE THE  
ABOVE NUMBER.

The Audit Office,  
Wellington, C. 1,

29th March, 1939.

Memorandum for

The Director-General,  
Agriculture Department,  
WELLINGTON.

N.Z. Honey Control Board.

With reference to your memorandum 54/3/10 of the 1st  
September 1938 and previous correspondence in connection with  
the purchase of honey by the Honey Control Board, I notice that  
Section 42 of the Finance Act 1938 specifically validated the  
acquisition and disposal of one hundred tons of Australian honey.

During a recent audit of the accounts of the Board it  
was noticed that West Indian honey also had been purchased during  
1938 and, before certifying the accounts, I should be obliged if  
you would advise me of the steps you are prepared to take to  
regularise the transaction.

*[Signature]*  
Controller and Auditor-General.

*M Morrison  
2/10  
2/13*

*Please see audit  
report whether the  
reference to 1938 is correct.  
The Australian honey  
was purchased in  
1937. aw  
3/13*

*Mr  
Piercell  
aw  
2/13*

*Account  
settled  
March 1939*

*Party*

30th September, 1938.

The Chairman,  
New Zealand Honey Control Board,  
P. O. Box 1295,  
AUCKLAND, C.1

Dear Sir,

With reference to previous correspondence I have to inform you that legislation validating the Board's action in purchasing one hundred tons of Australian honey is contained in Section 42 of the Finance Act, 1938, which reads as follows:

"42. (1) The expenditure by the New Zealand Honey Control Board of the sum of three thousand four hundred and ninety-two pounds eight shillings and two pence in connection with the purchase and shipment to London of one hundred tons of Australian honey is hereby validated and declared to have been lawfully incurred.

(2) All moneys received by the Board in respect of the sale of that honey shall be paid by the Board into its bank account pursuant to section twenty-one of the Honey-export Control Act, 1924. The proceeds of the sale of the honey, after deducting all expenditure incurred by the Board in connection with the purchase, shipment, and sale thereof, shall be applied by the Board in such manner as the Minister of Finance shall direct."

Yours faithfully,

*J.*  
E. J. FAWCETT,  
PER H.G.

Acting Director General.

red  
Acting Director-General  
E. J. FAWCETT,  
For draft reply, please.  
DIVISION

Director,  
Horticulture Division,  
For draft reply, please.

E. J. FAWCETT,  
Acting Director-General,  
per *H.G.*

*Mr Goodwin*  
*W.H. 10/10/38.*

*In your information*  
*4/10/38*  
*Scan of 7.10.38*  
DIRECTOR OF THE HORTICULTURE DIVISION

*For information*  
*14/10*  
*File all papers below*

42. (1) The expenditure by the New Zealand Honey Repeal.  
15 Control Board of the sum of three thousand four Validating  
hundred and ninety-two pounds eight shillings and purchase of  
and twopence in connection with the purchase and shipment Australian  
to London of one hundred tons of Australian honey by honey by  
is hereby validated and declared to have been lawfully New Zealand  
20 incurred. Board.  
(2) All moneys received by the Board in respect  
of the sale of that honey shall be paid by the Board  
into its bank account pursuant to section twenty-one  
of the Honey-export Control Act, 1924. The proceeds See Reprint  
25 of the sale of the honey, after deducting all expenditure of Statutes,  
incurred by the Board in connection with the purchase, Vol. VIII,  
shipment, and sale thereof, shall be applied by the p. 696  
Board in such manner as the Minister of Finance shall  
direct.

*Clause extracted from the Finance Bill, which was passed  
without amendment.*

*And have been advised for Hon. by Treasury, of the  
provision.*

*P.  
21-9-38.*

MINUTE-SHEET.  
H.

The Acting Director-General,-

Your minute of the 7th instant on a memorandum of the 2nd idem from the Secretary to the Treasury relative to the utilisation of the profits expected to be derived by the Honey Control Board from the 100 tons of Australian honey forwarded by the Board to its agents in London for sale on its behalf.

Whatever stipulations were made at the time this transaction was under discussion as to the utilisation of the profits arising from this trade, the matter is not worth pursuing further, as I understand there were no profits.

I was advised when in Auckland at the time the new Board was installed that of the 100 tons of Australian honey previously shipped to London by the Board 70 odd tons still remained unsold, and as this honey could not be satisfactorily blended with New Zealand honey for any purpose, it would in all probability have to be disposed of in bulk. The value placed upon the honey by Morton's was £1 per cwt, and that a sale at this price would result in a loss.

I took this matter up with Mr. Innes, of the Internal Marketing Department, on Friday last, and he confirmed the matter; but added that since that time the agents assessed the value of this Australian honey at only 15/- per cwt., but that something better than this may be had a little later.

In view of this position I think it is pretty safe to say there will be no profit derived from the transaction.

*W. Campbell*  
Director of the Horticulture  
Division.  
20/6/38.

*Acty J. G.*

*It would be better if the Honey Control Board submitted a statement giving full particulars of the transactions and position to date so that there may be no misunderstanding of the position as it stands at present.*

*Colby*  
24/6

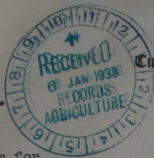


DJ.



Ag. 54  
3/10

C. 30/25/2.



Customs Department,

WELLINGTON, C. 1. 5th January, 1938.

Memorandum for

The Director-General,  
Department of Agriculture,  
WELLINGTON.

Honey from Australia.

Adverting to my memorandum No. C.30/25/2 of 22nd October last (your file No. Ag.54/3/10) I have to inform you that a shipment of 4524 lb. of Australian honey was imported at Auckland by Messrs. New Zealand Milk Products Ltd. ex "Aorangi" which arrived on 30th November last.

The honey is to be used by the importers in the manufacture of confectionery.

I shall be glad if you will advise me whether it is desired that information respecting all shipments of honey imported should be forwarded to your office in future.

*J. H. ...*  
for Comptroller of Customs.

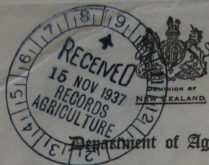
Director,  
*Workhouse* Division.

For draft reply, please.

*A. G. Lockayne*

Director-General.

per *A*  
6/1/38



Ag. <sup>54</sup>/<sub>3/10</sub>

Department of Agriculture.

Private Bag,  
DUNEDIN, C.1,  
12th November, 1937.

The Director,  
Horticulture Division,  
Department of Agriculture,  
Private Bag,  
WELLINGTON, C.1.

Further to my memorandum to you, dated 30th. September in reference to the correspondence received from W. Ballantine, Waikaka Valley, in regard to the importation of Australian Honey.

I inspected this apiary on October 13th. which consisted of 63 colonies of bees. No trace of disease was found in any hive.

The tin of molasses purchased by Mr. Ballantine, had a label on, bearing the following -

"The Producers Co-operative Distributing  
Society Ltd., Sydney.  
Pure Australian Honey.  
Amber 58 lbs. Net.

Portions of honey could be seen on the inside of the top of the tin and round the bottom angles of the inside of tin.

*S. Robinson*

APIARY INSTRUCTOR.

*r. a. f. 1. 3. 4*  
*22-11.34*



Ag. 54  
3/10

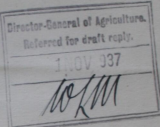
# NATIONAL BEEKEEPERS' ASSOCIATION OF N.Z.

An organisation for the advancement of the Beekeeping Industry in New Zealand

General Secretary: J. R. P. MADOC

8 Cameron St.  
47 Grey Road, TIMARU, N.Z.

October 28th, 1937.



Hon. W. Lee Martin,  
Minister of Agriculture,  
WELLINGTON.

Dear Sir,

I am enclosing for your perusal a copy of an extract from a letter that I have received from the Gore Branch of the above Association.

It will be readily realised that there is a fair chance of disease being spread through bees robbing the honey from such tins after they have been discarded and thrown onto rubbish tips, etc.

As there is a duty charged on Australian honey imported into New Zealand it should not be a difficult matter for your Department to trace these tins to the importers and I would respectfully suggest that your Department could notify all importers of honey, of the dangers of disease being spread in the manner suggested in the inclosed copy.

I wish to take this opportunity of thanking you on behalf of the Executive of the above Association, for the arrangements that have been made for beekeepers to obtain loans from the Government for the purpose of buying sugar for feeding bees.

Director,

*Concession Division,*

Yours faithfully,

For draft reply, please.

*A to be kept*

Director-General.

per. 26

7/11/37

*sent with*

SECRETARY.

*J. R. P. Madoc*

*J. Lee (3)*



RECEIVED  
26 OCT 1937  
RECORDS  
AGRICULTURE  
CUSTOMS

DJ.



Customs Department,

WELLINGTON, C.I., 22nd October, 1937.

Ag. 54  
3/10

C.30/25/2.

Memorandum for

The Director-General,  
Department of Agriculture,  
WELLINGTON.

Importation of Honey from Australia.

Adverting to my memorandum No.C. 30/25/2 of the 14th instant (your file No. Ag. 54/3/10) I have to inform you that a shipment of 576 lb. of Australian honey was imported at Auckland by Messrs. Burns Philp and Company Ltd. ex "Wanganella" which arrived on the 14th instant.  
The honey is stated to be for local consumption.

*J. K. M.*  
for Comptroller of Customs.

Direct, Horticulture *supplied*  
JK  
26.10.37  
*M. G. P.*  
*J. C.*  
27/10/37  
28/10/37



SEPTEMBER 14th 1937.

C.A. WILKINSON, ESQ.,  
House of Representatives,  
W E L L I N G T O N.

---

Dear Sir,

I have noticed a report of an interview which appeared in the N.L. "Herald" which, in referring to New Zealand primary products in England, reads as follows :-

"Pure New Zealand honey was practically unobtainable;  
"a blended type of honey being sold."

As the Board is responsible for the marketing of New Zealand honey in London I am very anxious if possible to get further particulars, for it is conceivable that the report of the interview, which in all probability is condensed, has lost its original meaning, and may create a wrong impression in the minds of those interested in the Honey industry in New Zealand.

The Board has, up to the present, never marketed any honey except pure New Zealand under its packs and anything appearing on the British market as New Zealand honey is pure New Zealand, graded by Government graders, and nothing of inferior grade New Zealand is accepted for export. No honeys have ever been blended with New Zealand to be marketed under the Board's packs.

I feel sure that there has been some mistake somewhere and the Board would much appreciate it if you would be good enough to advise me of the position so that, should any producer be under a wrong impression regarding the published report, I shall be able to correct it on your authority.

Yours faithfully,  
W.2. HONEY CONTROL BOARD

JRB/ECM.

*W.2. Honey Control Board*  
2.11.37



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Department of Agriculture,

Private Bag,  
DUNEDIN, C.1.,  
30th September, 1937.

Director, Horticulture Division,  
Department of Agriculture,  
Private Bag,  
WELLINGTON, C.1.

(THROUGH SENIOR APIARY INSTRUCTOR.)

The following letter has been received by me from Mr. W. Ballantine, Waikaka Valley, dated 9th instant, which I forward to you for your information:-

"This is to ask your opinion on a certain position, also to air my views regarding the company's action in importing foreign honeys into N.Z. Owing to shortage of fodder I have been feeding my cattle on molasses mixed among hay. The molasses was delivered in tins similar to our 60 lb. honey tin but I had been using it some time before I noticed the label of Australian honey. On investigation I find the tin has not even been washed before refilling. There is still granulated honey adhering to it. As my bees have been busy about the place where I feed my cattle I am slightly apprehensive of the result. I would be thankful if you would give me your views as to whether there is any danger; I have never yet had any disease among my bees. It would just be too bad if I got it from a source like that."

On 13/9/37 I replied to Mr. Ballantine that the possibility of his bees contracting disease from the source he indicated was fairly remote and asked him to save the tin for me to see when I was in his district. On 30th instant I received the following information from Mr. Ballantine:-

"In regard to the matter referred to previously I had only one tin with granulated honey and will keep it so I can show it to you on your rounds if you should be coming this way. I made inquiries from the firm I purchased the molasses from and find that it was packed locally. It was in all probability packed in Auckland."

I will look into the matter when next in the district and make a thorough inspection of his apiary and advise you of the results of the inspection.

*L. Robertson*

APIARY INSTRUCTOR.

*5-2-5  
28/10/37*

BRING UP
28/10/37
and

Lyons, E.  
Harkness,  
Hay, John,  
Hay, Willie,  
Hay, W. O.,  
Hunter, A.  
Hutchings, F.  
Hutchings, M.  
Hutchings, W.  
Hutchings, J.



Department,

Ag. 54 / 3 / 10

C. 30/25/2.

WELLINGTON, C.I. 27th September, 1937.

Memorandum for

The Director-General,  
Department of Agriculture,  
WELLINGTON.

Importation of Honey from Australia.

With reference to your file No. Ag.54/3/10 I forward herewith for your information a list setting out details of shipments of honey which have been made to Auckland from Australia for local consumption since 1st April last.

The quantities of Australian honey imported at other ports in New Zealand since 1st April last are also set out in the list.

*W. Hutchings*  
for Comptroller of Customs.

*Director, Horticulture Division*  
26  
4/10/37

BRING UP	
<i>[Signature]</i>	

Importation of Australian honey at Auckland  
since 1st April, 1937.

Ship.	Date.	Importer.	Quantity.
Aorangi	20.4.37.	Johnston Kerr and Johnston Ltd.	72,351 lb.
Marama	18.5.37.	"	131,930 lb.
Niagara	20.5.37.	W.E. Fuller and Co. Ltd.	516
Wanganella	27.5.37.	Johnston Kerr and Johnston Ltd.	94,668
Wanganella	28.6.37.	W.E. Fuller and Co. Ltd.	830
Wanganella	28.6.37.	Johnston Kerr and Johnston Ltd.	11,897
Wanganella	28.6.37.	Burns Philp and Co. Ltd.	432
Kekerangu	24.6.37.	Johnston Kerr and Johnson Ltd.	18,558
Maunganui	6.7.37.	"	20,252
Maunganui	6.7.37.	W.E. Fuller and Co. Ltd.	4,740
Omana	8.7.37.	"	6,020
Kauri	12.7.37	"	3,457
Niagara	15.7.37.	"	1,080
Omana	8.7.37.	Johnston Kerr and Johnston Ltd.	9,963
Kekerangu	4.8.37.	W.E. Fuller and Co. Ltd.	1,312
Awatea	9.8.37.	"	1,950
Kalingo	15.9.37.	Hy Berry and Co. Ltd.	112
Kalingo	15.9.37.	Johnston Kerr and Johnston Ltd.	<u>30,024</u>
			<u>410,092</u>

Importations of Australian Honey at Ports  
other than Auckland since 1st April 1937 :-

Wellington	39,026 lb.
Christchurch	4,852
Dunedin	Nil
Other Ports	2,333





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POSTAL ADDRESS: BOX 1283  
CABLE ADDRESS: "WEEK" CODE BENTLEY'S



LONDON OFFICE  
PORTERCOCK HOUSE  
155-157 MARK LANE  
LONDON, E.C.3.

TELEPHONE  
32-738

*N.Z. Honey Control Board*  
*Auckland C.I.*  
*New Zealand*

25th. August, 1937.

Director General,  
Department of Agriculture,  
Private Bag,  
WELLINGTON

C.I.

Dear Sir,

Honey Export Control Act 1924.  
Board's purchase of Australian Honey.

I am in receipt of your letter of the 17th. inst., having reference to the above matter. The following are the particulars asked for by you in the order of your request :-

- (1) The total quantity of honey purchased in Australia was 100 tons.
- (2) The price paid for the honey so purchased was  $3\frac{1}{4}$ d. N.Z. currency, per lb. C.I.F. New Zealand. This was the exact price for the first shipment of 597 cases. On the second shipment of 470 cases there was an additional charge of 10d. per case to provide for extra packing. The balance of the 100 tons is being shipped direct from Sydney, price being the contract price of  $3\frac{1}{4}$ d. less the freight and insurance included in this price between Australia and New Zealand, plus 10d. per case for extra packing, with an additional charge of 6d. per case for the addition of "starter" to granulate the honey.
- (3) Only a portion of the honey has been received in London; is now in the process of disposal as outlined No. 4.
- (4) The price realised is not yet ascertainable, but the honey was bought particularly for the purpose of blending to fulfil contracts for honey for manufacturing purposes, the lowest contract price being 40/- per cwt. sterling (N.Z. currency 49/9 $\frac{1}{2}$ d.). Also for the blending with low grade New Zealand honeys to carry on a pack known as Moore's Empire Honey, which is returning the Board on -  

6-oz. pack	4.86d.	per lb. sterling	(N.Z. Currency	6.05d.)
1-lb. "	4.32d.	" " " "	" "	5.38d.)
- (5) The direction in which the profits from the sale of such honey is to be applied has not yet been determined by the Board, but I am of opinion that the Board will consider the matter under



25th. August, 1937.

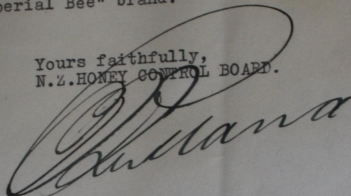
Director General

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three headings :-

- (1) To augment the payment to producers
- (2) In reduction of the Board's loan from the Government
- (3) In the further development of advertising of the Board's "Imperial Bee" brand.

Yours faithfully,  
N.Z. HONEY CONTROL BOARD.



Chairman.

JRB/ECM.

*M. Morrison*  
Jh  
26. 8. 37

Crown Law Office,

WELLINGTON, C.1.

22nd June, 1937.

The Director-General,  
Department of Agriculture,

Honey-export Control Act, 1924  
Board's Purchase of Australian Honey  
Ref. Ag. 54/3/10.

In reply to your memorandum of 18th instant and with further reference to my opinion herein of 22nd April last.

I am asked to advise whether the Board's action in this matter necessitates the introduction of validating legislation. I am unable to find on the file any complete statement of what the Board's action has been or is to be. There are a number of statements in different documents and it appears that some of them have been contradicted. As far as I can gather from the file the Board's action may be summarised as follows:-

1. It purchased in Australia certain quantities of Australian grown honey the purchase being effected from Australian producers or brokers or both.
2. Some of the honey purchased was imported into New Zealand the Board becoming the owner and assuming possession of the honey.
3. The honey so imported has been exported to London remaining in the ownership of the Board and in the custody of the Board's London agents.
4. Further quantities of the honey purchased in Australia are to be forwarded to London either direct from Australian ports or via New Zealand.
5. On arrival in London the honey is to be blended by the Board (through its agents) with New Zealand honey held by the Board in London.
6. The blended honey is to be made up in packages for retail sale and in this condition sold by the Board (through its agents) to British wholesale dealers.

7. Such packages will be sold under the trade-mark known as "Imperial Bee" which has heretofore been used exclusively for packages containing honey wholly the produce of New Zealand. Besides this trade-mark the labels of packages are to bear words indicating that the packages contain New Zealand honey and other honey.
8. The expenditure involved in the purchase of honey, freight and similar charges, blending and packing have been and will be met by the Board from its general funds to which Section 21 of the Act relates.
9. The proceeds of sales in Great Britain have been or will be paid to the same account.

I should be glad if you would check this summary and it may be advisable to get it confirmed (with such alterations as you are able to make) by the Honey Control Board.

Assuming that the summary is substantially correct then for the reasons indicated in my previous opinion I advise that the steps numbered 1 to 6 and 8 were, as far as now appears, ultra vires the Board and therefore require statutory validation, whilst step number 9 should in view of the direction of the Acting Prime Minister also be the subject of statutory direction.

The action in step number 7, if irregular, may amount to breach of some contract between the Government and the Board, and may be contractually waived.

(Sgd.) A. E. Currie

Crown Solicitor.



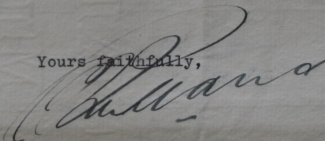
E.J. PAWCETT ESQ.

14th JULY, 1937.

come up for consideration, it will cost thousands of pounds to bring the brand back after so long an absence from the market, if indeed it can ever recover the setback.

However, this is merely by the way and I consider the advice tendered by Major Buckley will prove to be advice based on the consideration of the situation in England, without adequate knowledge of the situation at this end, and will prove to be wrong, and in my opinion, the decision arrived at will, in the fullness of time, prove to be a costly mistake.

Yours faithfully,



Chairman

N.Z. HONEY CONTROL BOARD.

Y:PER



HON. W. WASH  
C/- DEPUTY  
LONDON

Prime Minister's Department

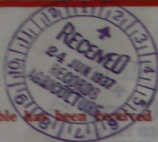
21st June, 1957.

HON LEE MARTIN informs me he has discussed honey position thoroughly with Director General of Agriculture and Messrs. Butland Chairman and Hilliary member of Honey Control Board and asks me forward following message to you begins replying your cable eighteenth firstly neither Government nor Board committed to proposals beyond extent stated in cables to High Commissioner and Major Buckley secondly Government approached by Board middle April and again eighteenth May thirdly all Commercial honey producers canvassed since beginning season for export honey fourthly Government approved purchase hundred tons Australian Honey for second grade and bulk sale after fullest investigation being convinced necessity such action fifthly opinion of Jordan and yourself noted and Government Board and Industry anxious follow this policy if means of doing so can be found but position is that owing unprecedented crop failure no possibility securing adequate supplies prior next season even if all remaining crop secured (STOP) Cannot meet New Zealand demand even with substantial importations from Australia ( stop) present decision only course to avoid failure supply British Market with Imperial Bee after August ( stop) decision reached with great reluctance but considered less disastrous than only alternative namely withdrawal Imperial Bee (stop) reports from Buckley emphasized extreme danger any hold up (stop) recommend decision stand unless you on spot can offer better solution ends would suggest that you and Jordan see Major Buckley and give us the benefit of your opinion after discussion with him and other investigations if necessary

FRAZER.

# CABLEGRAM.

Ag.



Prime Minister's Department.

21st June, 1937.

THE following cable has been received from Hon. Walter Nash.

dated London. 18th June.

NEW ZEALAND POST OFFICE TELEGRAMS.

Major Buckley London representative Honey Control Board has been advised by Chairman of the Board that Government has approved purchase of any suitable honey in London for blending with New Zealand honey to be sold here as Imperial Bee under amended labels as blended honey. Words "pure New Zealand" being deleted from existing labels. Please cable extent Government committed to proposal also date Government approached and advice as to steps taken to secure sufficient suitable honey in the Dominion to meet London requirements, advise whether Government have approved purchase of 100 tons Australian honey for second grade and bulk sale. Jordan and I are of opinion that no honey should be sold as Imperial Bee other than first quality New Zealand. (SIGNED). NASH.

*W.A.*

MEM:

54/3/10.

22nd June, 1937.

MEMORANDUM for:-

The Hon. Minister of Agriculture.

I beg to recommend that the following cablegram be coded and despatched to the High Commissioner for New Zealand, London:-

"Your cable 18th Government committed to extent that Board arrangements with its London agents made with our concurrence after full discussion Stop First approach by Sutland Imperial Bee position May 18th Stop Normal New Zealand crop about 3,000 tons Failure this season probably 1,500 tons only Stop Every endeavour made procure New Zealand produced honey any grade but despite importation 130 tons Australian to replace local consumption total delivered to Board for export 25 tons Stop Deficiency second grade honey notified April 20th and Government approval given Board purchase 100 tons Australian April 22nd Stop Consider imperative supply be maintained to meet agents trade requirements but Mortons must ensure labels suitably amended"

Director-General.

APPROVED:

Minister of Agriculture.  
/6/37.

Secretary to Cabinet.

Please code and despatch.

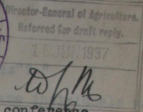
for the prime minister.  
/6/37.

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3 10

NOTES OF FURTHER CONVERSATION BETWEEN MR. W. B. BRAY AND  
HON. W. LEE MARTIN (MINISTER OF AGRICULTURE) 18th JUNE, 1937.

Mr. Bray accompanied by a Mr. Symes

Mr. H. E. Herring, M.P. also present



*W. L. M.*

MR. BRAY said that the outcome of the Federation's conference had justified his remarks at the previous interview. He had proved that the Board had purchased honey for export to England. A member of the Board had gone to Australia and had acted for Johnson, Kerr and Johnson in purchasing. The Chairman of the Board was only quibbling as to whether they had bought several hundred tons. Actually they had bought 100, but had an option over a further quantity. He was still of the opinion that the Board's action was wrong, and that Parliament has not had an opportunity of stating a policy allowing the Board to handle another country's honey. Producers have been committed to a policy by the Board's action, and they have committed Parliament without Parliament being consulted.

MINISTER:- "I do not admit that."

MR. BRAY :- "I can only give that as my interpretation of the Act. Our only course is to seek an injunction from the Court to stop the Board taking unconstitutional action."

MINISTER:- "Parliament will not meet until August."

MR. BRAY:- "I do not know whether my friends will go to the expense."

MINISTER:- "They would be very foolish."

MR. BRAY gave an instance where a grocer in Wellington had said that inferior honey he was selling was Australian. Customers were refusing to buy this honey.

MINISTER:- "You seem to think you have the whole responsibility."

MR. BRAY:- "My reason is that our markets will be injured and we will take a long time to recover our prestige." He was not opposed to the Government marketing ~~the~~ if plans included technique to benefit the consumer as well as the producer, i.e. by reduction of price, by use of national credit, and not out of taxation. All were agreed on that point in Christchurch.

*W. L. M.  
J. H.  
S. H.  
23/6/37*

MINISTER:- "You do not think there is any possibility of reducing costs?"

MR.BRAY:- "That will put somebody out of a job."

MINISTER:- "Suppose costs are created by "parasites"? "

MR.BRAY:- "You can call them parasites, but they are individuals and those people have the right to a living. While they perform the services they get an income which enables them to live."

THE MINISTER promised to place the resolution before the Minister concerned. He repeated that he thought Mr.Bray would be well advised not to lead people into spending money that there was no justification for.

MR.BRAY said that he regarded price reduction as a most important thing, and he was quite prepared to ask for that and leave other things to take care of themselves. He intended in the future to concentrate on local marketing.

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Ag. 54  
3/10

NOTES OF STATEMENT WHICH MR. W. B. BRAY HAD WITH  
THE HON. G. LES MARTIN AT WELLINGTON, ON 15TH  
JUNE, 1937.

Mr. BRAY read the following letter:-

"At a meeting of honey producers, convened by advertisement by myself to consider Honey Control Board affairs and marketing control, and held this afternoon (12th June) in Christchurch, the following resolutions were passed unanimously:

1. That this meeting of producers protests against the action of the Honey Control Board in handling Australian honey and demands a Commission of Inquiry into the whole proceedings of the Board in order to prevent a recurrence of the trouble.
2. That in view of our lack of confidence in the present Board we ask the Government for an assurance that legislation will not be brought down to legalise the past unconstitutional acts of the Board.
3. That this meeting of producers is opposed to any form of marketing which does not protect the interests of consumers as well as producers by a price discount subsidy which does not come out of taxation.
4. That this meeting of producers asks the Government to amend the Honey Control Board Act, 1924, to extend the franchise for the election of Board members to include all owners of registered apiaries who sell honey.
5. That the producers at this meeting are opposed to any form of registration of apiaries coupled with taxation.

Minister-General of Agriculture  
REFERRED.  
16 JUN 1937  
w/hk

The production represented by those at the meeting amounted to over one hundred tons. The meeting appointed me to convey the resolutions to you personally.

At Timaru on Friday, 11th, a similar meeting of producers passed resolutions similar to 1, 2, and 3. In the second resolution the reference to lack of confidence in the Board was an addition suggested in order to emphasise our protest."

See  
54  
7.6.37

In reply to the Minister's question what was meant by the "unconstitutional acts of the Board", Mr. Bray said that they thought there was a possibility of the Government legalising what the Board had done by an amendment to the Act. He thought there was that possibility and so he moved that resolution.

MINISTER:- "It is largely assumption. You have nothing to go on."  
MR. BRAY said there was so much in it that they desired a Commission of Inquiry.

MINISTER:- "I think it would be better to wait until after your meeting, and if anything develops then you can make further representations. I cannot see a single reason for setting up a Commission."

MR. BRAY said Johnson, Kerr and Johnson had 600 cases consigned to them and their telephone was connected with Mr. Butland's telephone. That was sufficient to warrant the inference that they were dummy for Mr. Butland privately.

MINISTER:- "I think your proper step is to go to the meeting and if anything arises from the meeting that you are not satisfied with you can come to me again. I am not going to sit here and give you information, even though I have the information."

MR. BRAY said it was a matter of marketing that they were concerned in and it was the Government's duty to protect them.

MINISTER:- "How do you know we have not protected you?"

MR. BRAY:- "Mr. Watson said the matter was to be finalised today. If the 34 tons are already shipped it must be finalised. The Board has no power under the Act to handle Australian honey. Mr. Rentoul, Manager of the Board, <sup>said they</sup> purchased 100 tons, and Mr. Watson said they bought 100 tons; but this was denied. That makes it suspicious. If they all agreed we could possess ourselves in patience. After the meeting it may be too late. We do not want the Government to commit itself to any course of action in this respect."

MINISTER:- "I can assure you that the Government will do what they think is right irrespective of any opinion you have in regard to the matter."

MR. BRAY wanted to be satisfied that the Minister knew all the facts. If Johnson, Kerr and Johnson's consignment went to the Board's London Agents it would be detrimental to their interests.

MINISTER:- "I will say this much, as far as the Board is concerned nothing has been done in regard to a consignment to London."

MR. BRAY:- "Will you go further and find out what Mr. Butland is doing independently of the Board, as Johnson, Kerr and Johnson?"

MINISTER:- "I do not know that I should do that. I do not know that it interests us. You have an opportunity of dealing with these things at your conference."

MR. BRAY:- "Supposing Mr. Butland gives us no intimation at the meeting, what will you do?"

MINISTER:- "We will wait and see. Mr. Butland replied to the letter, which was absolutely full of inaccuracies. You were just on a kite-flying expedition to find out things."

MR. BRAY:- "The Manager's letter and Mr. Watson's contradicted Mr. Butland's. Those letters have been published in the 'Christchurch Press'. You cannot maintain that my letter was full of inaccuracies."

MINISTER: "I do. You have a line of action that you can take at the Conference."

MR. BRAY said it remained to be seen whether they would be allowed at the Conference as they were not members of the National Association. They knew Mr. Butland was doing it for some time.

MINISTER:- "Not for the Board: for Honey Limited."

MR. BRAY said the Board's powers were confined to honey to be exported from New Zealand.

MINISTER:- "You cannot export without the Board. I think you should make your protest at the Conference and if you do not get satisfaction you can then come to me."

Mr. Cockayne entered the room and the Minister said to him:- "Mr. Bray wants me to disclose to him the different things that he is not sure about himself so that he can go to the meeting and say he has been to the Minister and had the information from him."

MR. BRAY said he wanted an assurance from the Minister that he was acquainted with the facts, and especially the fact that the firm Mr. Butland was connected with was on its own account importing.

MINISTER:- "I do not know anything about Johnson, Kerr and Johnson."

MR. BRAY wanted the Minister's assurance that he would make it his business to find out what was being done.

MINISTER:- "I will give you my assurance that I know all that has transpired with regard to the honey in Australia, - the dealings of Honey Limited and the Board in connection with it."

MR. BRAY said it was the assurance about Johnson, Kerr and Johnson that he wanted, and that was where the need for a public inquiry came in. He would have to report to his people in Christchurch that the Minister would not extend his assurance to cover that point.

MINISTER:- "I will not give you any assurance that there will be a public inquiry into the business. Come back after the meeting and make your representations."

MR. BRAY said the other resolutions were not so important. They wanted all producers included in the franchise. It was a franchise of exporters only.

MINISTER:- "I take it all these producers would be willing to link up with the organisation?"

MR. BRAY:- "We would get them to register."

"As producers of New Zealand we have a proprietary interest in the London market."

MINISTER:- "You would like to work independently of the Board?"

MR. BRAY:- "Suppose the Board spoilt the market at Home by putting Australian honey on it so that they lose our goodwill."

MINISTER:- "You would not have any confidence in the Board unless you had the members on the Board whom you really wanted?"

MR. COCKAYNE:- "The present position is that the exporters are represented, and you would like the whole of the beekeepers to be represented."

MINISTER:- "We will give that consideration."

MR. FAWCETT:- "It has been brought forward from a large number of interests at different times."

MINISTER:- "It is democratic and is worth consideration. I will undertake to look into it."

"I do not think you have helped the position by the meetings you have held and the announcements you have made to the Press. I think it would have been infinitely better to have reserved your remarks for your own conference instead of publishing it as you did, and largely on assumption."

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3/10



NEW ZEALAND POST OFFICE TELEGRAPHS

# ELEGRAM



H 46 25 AUCKLAND 10 45 A +

HON LEE MARTIN PARLIAMENT BUILDINGS  
WELLINGTON +

Received at  
10:50 AM  
Initials of Operator:  
[Signature]

Director-General of Agriculture  
Referred to  
7 JUN 1937  
[Signature]

WOULD APPRECIATE ADVICE IF ANY FINALITY HAS BEEN  
REACHED RE HONEY STOP POSITION IN LONDON BECOMING  
INCREASINGLY DIFFICULT + BUTLAND ++

Tel. 142. 25,000 pnds/11/26-12/64

Note.—This form must accompany any inquiry made respecting this telegram.

Mr. Grant,  
This crossed over  
copy of 7th  
18 26/37.

File  
7/6/37



Dear Sir,

I have to acknowledge receipt of your letter of the 24th ultimo placing on record with further elaborations the matter relative to the honey marketing position in the United Kingdom you discussed with me at Auckland on the 10th idem.

Your suggestions have been carefully considered here and the general idea is approved subject to the following:-

1. That you as Chairman of the Board, place the details of the proposal before your London Agents and that Major Buckley consult with the High Commissioner on the matter and that they jointly determine the methods to be pursued.
2. That the resultant "Imperial Bee" pack be sold under labels clearly showing that there is other than New Zealand honey in the blend.

This can be done by incorporating the words suggested in the typed slip previously forwarded by you namely:- "This package temporarily contains honeys other than of New Zealand origin. "Imperial Bee" is guaranteed to conform with the usual high standard." Other words to the same effect might be used such as:- "This package contains a blend of New Zealand and other honeys."

If the first wording is used the word "temporarily" should be deleted and it is doubtful whether the words after 'origin' are necessary.

It is thought advisable that the wording adopted indicating that the package contains other honeys than of New Zealand origin should be incorporated in the label and not attached to the package in the form of a sticker and that they might take the place of, or be incorporated with those towards the bottom of the present label commencing with:

BLENDED AND PACKED, ETC.

see sample specimen returned.

Yours faithfully,

W. LEE MARTIN  
Minister of Agriculture.

The Chairman,  
N. Z. Honey Control Board,  
Box 1293,  
AUCKLAND, C.I.

*W.L.M.*  
*10-6-37*

*Handwritten signature*

*File 11*

CC



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3  
10

MEMBERS: NEW ZEALAND  
ASSOCIATION: HONEY-EXPORTING BEEKEEPERS



LONDON OFFICE  
WESTMINSTER HOUSE  
105-107 MARK LANE  
LONDON, E.C.3

*N.E. Honey Control Board*

*Auckland Ltd.*

*New Zealand*

29th  
MAY  
1937.

Director-General of Agriculture  
**REFERRED.**  
31 MAY 1937  
*10/11*

THE HON. E. LEE MARTIN,  
Minister of Agriculture,  
WELLINGTON. C.I.

Dear Sir,

*Telephone*

I appreciate your suggestion to the CHRISTCHURCH PRESS that they refer to me a letter written by Mr. Bray for publication.

I ascertained that this letter had been sent to four papers, and was able to arrange that its publication be withheld pending my reply.

The letter is typical of Mr. Bray, who is not a member of the National Beekeepers Association, of N.E. Honey Ltd. or an exporter through the Control Board.

It is bad enough for me to have to spend the time answering stuff like this without your being bothered with it, and I have therefore deliberately avoided mentioning that the matter has been thoroughly discussed with the Government.

Yours faithfully,  
N.E. HONEY CONTROL BOARD

*Chairman*

Chairman.

*JRB*  
*2.6.37*

JRB/ECM.  
ENCL.

P.  
Y.

THE PRESS

CHRISTCHURCH N.Z.

Copy of letter signed by W.B. BRAY, to the Editor  
of "The Press" from Mr. W.B. Bray.

---

"I write to direct the attention of those interested in honey production to the dangers that threaten our industry through the unconstitutional action of the Honey Control Board in bringing Australian honey to both our local and export market. A few years ago the Board, determined to give the British consumer what he wanted, i.e. the best of our production, took steps to tighten up the grading regulations to a point where it became unprofitable to producers of certain flavours from native flora to export their honey. I know of one long-established producer who, as a result, went out of the business. Assuming that such a policy was correct, how does it compare with the present policy? The honeys concerned are certainly rank flavoured as compared with clover honey, the standard aimed at, but they do not approach in rankness the general run of Australian honey. Australian producers have repeatedly failed to establish their honey in the British market, which, though it accepts other flavoured honeys, fights shy of the peculiar gum flavour. Australian consumers, knowing no other, are satisfied, but even they object to the strongest flavours, so that producers there are faced with an accumulation, under their marketing schemes, of strong flavoured honey most difficult to sell at any price.

A member of the Board recently went to Sydney and arranged for the purchase of several hundred tons of this honey, the price presumably being the lure. The trouble caused by the leakage in the initial consignment is nothing to that caused by the leakage of news concerning the transaction. The Board may have hoped to keep it quiet but our producers have a right to know what is being done. As a result of the protests made by some producers, the Board has disposed of some to a local packing organisation which is spoiling New Zealand honey with it under a label denoting a blend of New Zealand and British honey, a half truth which is tantamount to a

lie. The remainder has been shipped home by the Board. What the beekeeping public want to know is why the Board went to the extra expense of shipping through Auckland if they intended to be frank about the source of the honey?

Is the Board carrying out its determination to give the British consumer what he wants? Presuming that he will welcome the change of flavour, will he not look to Australia for future supplies. The same applies to the New Zealand consumer. Either the Board is showing the cat the way to the cream (if the honey is a bargain) or it is setting up consumer resistance to honey by giving him something he does not like, in which case the honey is dear at any price. In my opinion the whole business is so unsatisfactory that it warrants the suspension of the Board and the immediate setting up of some tribunal competent to call for the production of all the evidence. As further shipments are to follow, producers should individually press for urgent action before irreparable damage is done. We want to know who finds the money for these deals and also what the Government is doing to prevent such twinny-dingling with the goodwill of our markets.

(Signed) W.B. BRAY

26th May, 1937.



A letter dealing with Honey business written by Mr. W.B. Bray, was referred to Mr. J.R. Butland, Chairman of the Honey Control Board, who made the following statement :-

"The letter amounts to a collection of inaccurate statements typical of the type of criticism which has been levelled at the Board by this gentleman in the past. Dealing with the points raised -

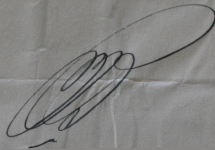
1. The Board has not and is not likely to engage in any unconstitutional action.
2. The Board has not, and is not likely, to bring any Australian honey into the local market. It has neither jurisdiction in, nor control of, the New Zealand market.
3. The Board did take steps to adjust the grading regulations but instead of this proving unprofitable it has proved to be immensely profitable to the whole industry, as disclosed by the Board's pay-out.
4. A member of the Honey Control Board (an expert on Honey grading) certainly did go to Australia, and there has never been any secret about this. It must be perfectly obvious that his mission was not for the purpose of purchasing "rank flavoured" Australian honey. The Board did not purchase several hundred tons of honey. There is no secrecy surrounding the Board's business and the gentleman well knows this, and in due time, which will be at the conference of the National Beekeepers' Association in Wellington in June, the reason for the Board's representative's visit to Australia will be disclosed to the industry.
5. The letter further states that as a result of protests made by some producers, the Board has disposed of some (presumably he means Australian honey), to a local packing organisation. The Board has neither imported into, nor has it sold a pound of honey to anyone in New Zealand.
6. The suggestion that the Board may have brought honey through New Zealand for the purpose of avoiding a disclosure of its source of origin shows a lamentable lack of knowledge. Honey exported from either New Zealand or Australia cannot enter the British market without a proper declaration of the country of origin.
7. It is true that the Board determined, some years ago, to give the British consumer what he wants. The results have been reflected in record sales and record prices, and any action the Board may take will have as its objective the maintenance of the above results.



8. Regarding the nonsense about "showing the cat the way to the cream", I have already stated the Board did not and is not likely to be interested in importing honey into the New Zealand market.

The Honey Control Board has and always will give the industry the fullest information concerning its activities on their behalf and no innuendo in the Press from Mr. Bray, who incidentally is not an exporter, will cause exporters to think otherwise. Whatever action the Board has taken or is likely to take to preserve the goodwill of New Zealand honey on the British market will be taken with a full knowledge of the conditions existing and those for whom the Board acts will know that all the facts of the Board's business are available to them.

Suggestions from Mr. Bray as to what course should be taken to protect the goodwill of New Zealand honey on the British market are quite unnecessary, for the Board having built such goodwill is more concerned than Mr. Bray in its preservation.

A handwritten signature in dark ink, consisting of several overlapping loops and a long horizontal stroke at the bottom, located in the lower right quadrant of the page.

Ag. 54  
3/10



BOX 1283  
BEEB' LODGE, BENTLEY'S

LONDON OFFICE  
PORTBOKEN HOUSE  
155-157 MINCHIES  
LONDON, E.C.3



Honey Control Board  
Auckland C.I.  
New Zealand

24th  
MAY,  
1937.

The Hon. W. LEE MARTIN,  
Minister of Agriculture,  
WELLINGTON C.I.

Dear Sir:

Your telegram reading as follows :-

"Have mentioned your proposals to Hon. Fraser and am to discuss them further with him on Tuesday morning glad if you would write me by tomorrow's giving details."

reached me this morning. This letter goes forward by the first Wellington mail and should be in your office early Tuesday morning.

I shall endeavour to cover the points raised in our discussion, which were perhaps more fully covered with Mr. Campbell. The circumstances which led up to my interview with the Hon. P. Fraser and yourself in Wellington were that the Honey Crop failure in New Zealand this season caused the Board considerable anxiety as to the best means to adopt to prevent -

- (1) The loss of goodwill in London as a result of not being able to maintain supplies of sufficient honey for "IMPERIAL BEE" sales,
- (2) The necessity of providing honey to execute contracts for bulk and maintain the business built under the secondary pack "MOORE'S EMPIRE HONEY."

It was considered that the acquiring of suitable Australian honey would, in addition to taking care of No.2 go a long way towards solving No.1, as by the provision of suitable honey to satisfy the requirements of No.2 honey in London, in transit, and yet to be shipped would be available for "IMPERIAL BEE" pack. The position seemed, at the time of my visit to Wellington, to be reasonably secure as during the months of May, June and July a large proportion of the season's export is expected to come forward for grading and shipment. The principal crop produced in New Zealand this season has been "IMPERIAL BEE" types, the types used for secondary pack and bulk sales, principally Waikato

to, how can this be accomplished? The Australian honeys already

N.Z. HONEY CONTROL BOARD.

24th MAY, 1937.

honey, having failed. It was reasonably safe, in view of the Australian purchase to provide for No.2, to presume that the "IMPERIAL BEE" position did not present immediate embarrassment.

N.Z. Honey Ltd. had advised the Board in February that it expected to be in a position to export in the vicinity of 200 tons of "IMPERIAL BEE" types. I now find that despite the supplementing of the Company's supplies by the purchases of Australian, so little local honey is being received by the Company that they will not have sufficient to take care of their own commitments and there is little likelihood in these circumstances of the Board receiving other than a small proportion of the anticipated quantity, despite the considerably higher return from export.

The quantity in grade store during May, direct from producers for export is five tons, and in these circumstances it is reasonably certain now to assume that the honey is not available in New Zealand. Had some system of crop statistics been available this position could have been ascertained earlier. (see separate letter).

There is sufficient honey in sight to provide for the increasing "IMPERIAL BEE" sales for the next two months, but in view of the above circumstances I felt it was my duty to bring before you my anxiety as to the position likely to apply when supplies become exhausted with the prospect of totally inadequate supplies from New Zealand before the new crop arrives in London in March 1938. This anxiety is shared by the Board's agents, who sent a cable received on Saturday, a copy of which was forwarded to you in my previous letter.

"IMPERIAL BEE" goodwill provides a premium to New Zealand producers of from 3d. to 4d. per lb. over that of any other honey imported into Great Britain. The goodwill has been built as a result of the creation of consumer demand by advertising and organised selling. There are two alternatives facing the Board -

- (1) Whether we are to allow this valuable and increasing asset to be seriously set back through failure to supply the demand

or

- (2) To acquire such suitable honeys immediately for the purpose of blending with New Zealand honey to enable present supplies to carry through until new season's become available.

I have considered the matter from every aspect and with the knowledge I have of the British market, supported by Major Buckley's letter (copy enclosed) I unhesitatingly recommend that we should take immediate steps to ensure that there is no failure in the continuity of supply of "IMPERIAL BEE" honey. The question is, how can this be accomplished? The Australian honeys already

N.Z. HONEY CONTROL BOARD.

24th MAY, 1937.

purchased and under option are not "IMPERIAL BEE" types and would be unsuitable for this purpose, and although types suitable for "IMPERIAL BEE" are available at 4<sup>1</sup>/<sub>2</sub>d. New Zealand currency, which would prove a very profitable transaction, I would not feel happy about purchasing this without proper inspection which could not be arranged at present. I am sure more advantageous arrangements could be made in London with Canadian, Australian, Jamacian and Californian honeys.

There are two methods by which this honey could be purchased :-

- (1). By the High Commissioner's Office. I understand the Hon. W.J. Jordan has a full knowledge of the honey business.
- (2) By the Board's agents.

From every point of view the putting of the responsibility on the agents is sound as they have to blend and sell the honey and are bound in their agreement to pack exactly to the Board's standard. The Board's agents, however, could not reasonably be asked to purchase and pay for the honey and remit the Board the full proceeds less their usual selling commission. The only alternative would be to pay the agents a buying and financing commission. A transaction of this kind where purchases are being made at varying prices and from different sources might easily give rise to unjust suggestion, which in the interests of the Board and the agents should be avoided.

I feel sure the agents would willingly undertake the arrangement if requested to do so, but, notwithstanding the many advantages in the adoption of the above, I recommend that unless you see any disadvantage that the High Commissioner's office be instructed to buy and supply honey to the prices, grades and quantities specified by the Board through its agents. The funds used for such purpose to be repaid to the Government from realisation as in the case of exports.

An important point in our discussion was how such honey blended with New Zealand should be labelled? The question as to whether we should add the words "and Empire" or eliminate the word "New Zealand." On further consideration I am forced to agree with the tentative view of yourself and Mr. Campbell that we should market as "IMPERIAL BEE", eliminating the words "New Zealand" rather than add "and Empire". It did not occur to me at the time that we may need to purchase Californian or other foreign honey in London for price and quality consideration, which otherwise would not be possible under the "and Empire" suggestion.

We discussed the question as to whether in selling "IMPERIAL BEE" without the words "New Zealand" on the label (see label attached)

Chairman,  
N.Z. HONEY CONTROL BOARD.



The HON. W. LEE MARTIN

24th MAY, 1937.

the question of inference would apply. I think not, but if it is thought necessary an explanatory slip could be put on the bottles (see suggestion attached). This I do not recommend, and think it was agreed in our discussion that the temporary elimination of the word "New Zealand" from the label seemed sufficient evidence that we were taking the step to avoid such inference. The trade can buy New Zealand honey from packers and blenders, and the Board has no control over that, and I am sure it is principally the trademark "IMPERIAL BEE" which sells honey, and not the country of origin.

Mr. Hillary, the Producers' representative on the Board, and Mr. Rentoul, the Board's Manager, are fully in agreement with the above proposals. There has not yet been time to submit the matter to Mr. Watson.

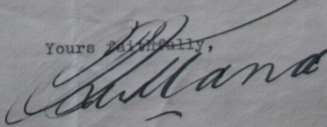
I would not, being Government representative on the Board, allow any steps to be taken in this direction without your approval, but with such approval I will take the full responsibility and see the matter through. The results will be :-

- (1). The ensurance of continuity of "IMPERIAL BEE" supplies.
- (2). The avoidance of any hold-up in sales development.
- (3). The preservation through the No.1 and 2 of "IMPERIAL BEE" goodwill.

As a result of the considerable difference in the prices at which suitable honeys are obtainable in bulk and the high comparative return under "IMPERIAL BEE" brand, the suggested scheme will produce considerable profit to the industry at a time when a short crop makes this particularly desirable. In addition the Board's distribution remains intact and ready to absorb an increasing quantity of next year's crop without setback.

These are the facts as I see them. I shall look forward to hearing from you at your earliest possible convenience, as the position will need to be dealt with promptly by cable if these recommendations are to be carried out and made effective.

Yours faithfully,



Chairman.  
N.Z. HONEY CONTROL BOARD.



14 MAY 1937

Dear Sir,-

I am in receipt of your letter of the 3rd instant in which you raise the question of the validity of the Board's action in purchasing Australian honey.

This matter has been given careful consideration by Cabinet, and it is agreed that it is necessary in the interests of the operation of the N.Z. Honey Control Board that orders which their agent has accepted for low-grade honey should be filled. These orders are from manufacturing concerns which require a blended low-grade quality product, and action has been taken to ensure that the honey supplied this year will be suitably described as an Australian and New Zealand blend. The Board has not imported honey for the purpose of sale in New Zealand, but N.Z. Honey, Ltd., has imported a certain amount of Australian honey for this purpose. I understand that this action became necessary to safeguard the stability of the New Zealand Company, and to enable it to retail honey in New Zealand at a price which is reasonable to the consumer.

Yours faithfully,

CC: (170420) W. LEE MARTIN

Minister of Agriculture.

F. Pearson, Esq.,  
P.O. Box 10,  
DUNEDIN.

Minister of Agric.  
11 MAY 1937

*Dunedin, Horticulture Division*

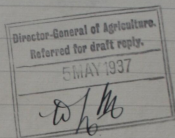
*36  
14.5.37*

*[Signature]*  
*13.5.37*



Tai Tapu  
Canterbury  
3/4/37

Hon. Sec Martin  
Minister for Agriculture  
Wellington



Dear Sir

I have been informed that the N.Z. Honey  
Control Board is importing honey from Australia,  
1200 cases having already arrived and a further 1000  
cases on the way.

I think you will readily understand that the above  
board was not appointed to be a buyer of honey  
to compete with the N.Z. article on both the local and  
export trade which is the board's intention.

It is evident the board is exceeding their powers  
and I trust you will look into this buying of honey  
outside N.Z. by the Control Board and have it  
rectified.

yours faithfully  
J. Pearson

dealt with

COPY.

April 30th, 1937.

per Airmail.  
Copy per Ocean Mail.

Major John Buckley,  
European Representative,  
N.Z. Honey Control Board,  
Portoken House,  
155/157 Minories,  
LONDON, S.W.3., ENGLAND.

Dear Sir,-

I indicated in a previous letter that it had been arranged that Mr. Hillary go to Australia for the purpose of selecting honeys that would be suitable for certain purposes in connection with business we do on the dark and more strongly flavoured varieties of honey. After spending a month covering the whole of Australia the honeys generally proved to be unsatisfactory, but Mr. Hillary was able to secure 100 tons of blended honeys which should be suitable for the purposes of our contracts with Cadburys and others. The Board has an option over further quantities which may, if the necessity arises, be secured to enable you to carry on until the position locally becomes a little easier.

It became necessary to take urgent and immediate action in view of your various communications to the Board regarding the difficulties in which you found yourself in taking care of contracts already booked. Although the Board is now receiving information from producers which leads me to think that the situation will become somewhat easier regarding supplies in the near future, I am still afraid that these supplies will comprise mostly the lighter honeys suitable for "IMPERIAL BEE" blend, and probably a sufficient supply of darker honeys to moderate the colour and give the lighter honeys the necessary flavour to enable you to maintain the "IMPERIAL BEE" standard.

It was with the idea of releasing such honeys for this purpose that the Board, in the general interests of the industry and the maintenance of supplies in London, took the steps indicated above to secure honeys which would enable you to honour the contracts made with manufacturers and blenders.

It was also the Board's opinion that the secondary pack, which is branded "Empire Honey" and makes no reference to New Zealand, could absorb certain of these honeys. Needless to say "IMPERIAL BEE" blend, which is essentially marketed as New Zealand, must not, under any circumstances, have an admixture of honeys which are not of New Zealand origin, irrespective of their quality.

It is hardly necessary for the Board to state this position for you, as the board's representative, will, the board knows, see to it that nothing is done which would, in any way, prejudice the goodwill of New Zealand honey. As stated above the Board feels that contracts for darker and flavoured honey could be executed from supplies going forward, but if it is found that any slight variations in flavour or colour are required, it would be possible to effect a blend of the honeys going forward with New Zealand honeys, which would suit the requirements of contractors such as Cadbury's.

The one important and definite feature, however, is that in no circumstances must any such honey be sold as New Zealand honey, nor by inference directly or indirectly should the buyer presume any honeys so blended to be wholly New Zealand honey. As all the dark honey business is done on sample and with your knowledge as to the type required for specific contracts you would have samples prepared of such straight or blended honeys as would be most likely to be acceptable. The question of the country of origin in the ordinary way would not arise, and as the final blend would be indistinguishable from New Zealand honeys, it is thought necessary to make it perfectly clear that even though it cannot be detected it must be clearly indicated to the buyer that, as a result of the short crop of the particular honeys, it has been necessary to use certain honeys which are not the production of New Zealand, to enable us to carry through our contracts in the meantime until these types from New Zealand become available.

The Board would be glad if you would send your confirmation of this as it is anxious to have it clearly defined for the purpose of satisfying the New Zealand Government that the transaction which the Board has undertaken as an expediency shall not in any way create either a wrong impression or effect the goodwill of New Zealand products generally or of New Zealand honey in particular.

Yours faithfully,  
N.Z. HONEY CONTROL BOARD.

Chairman.

N.Z. HONEY CONTROL BOARD.

3rd May, 1937.

The Hon. Acting Prime Minister,  
WELLINGTON.

Dear Sir,-

In reply to your letter of the 22nd April, and our further discussion this morning, I am enclosing a copy of a letter dated 30th April which has been forwarded to the Board's London representative in connection with the export of Australian honey now being made by the Board.

I interpret our discussion to mean that the Board is authorised to proceed along the lines it has already acted on, and that if any question arises as to the legality of such action, steps will be taken to validate it.

I will have pleasure in forwarding the Board's London agent's reply to its letter confirming that they will take such action as the Board instructed them to take in its letter of the 30th ultimo.

Yours faithfully,

Chairman.



TELEPHONE  
32-738



LONDON OFFICE  
PORTSOKEN HOUSE  
155-157 MARK LANE  
LONDON, E.C.3.

*N.Z. Honey Control Board*  
*Auckland C. I.*  
*New Zealand*

APRIL  
23rd  
1937.

THE HON. P. FRAZER,  
Acting Prime Minister,  
Parliament Buildings,  
W E L L I N G T O N.

Dear Sir,

I am in receipt of your letter of the 22nd. inst.

The points covered by your letter raise issues which, in my opinion, are fundamental to the Board, to the welfare of the industry and to me personally in my capacity as Chairman of and Government Representative on the Board.

I feel that the only satisfactory procedure at this stage is for me to discuss the whole position with you personally as suggested. I understand you are visiting Hamilton next week and I would appreciate it if it could be arranged that I meet you there.

Yours faithfully,  
N.Z. HONEY CONTROL BOARD

A large, cursive handwritten signature in dark ink, appearing to read 'C. J. ...'.

Chairman.

JRB/ECM.

22nd April, 1937.

Dear Sir,-

I understand that your Board has purchased a considerable quantity of Australian honey which the Board intends to export to the United Kingdom in fulfilment of orders arranged by the Board's agent, but which would have been filled with New Zealand honey had sufficient quantities of comparable quality been available.

I have to advise you that the action of the Board is ultra vires, in that it has no authority to purchase honey whether of New Zealand or Australian origin. As the New Zealand Honey Board is established under a Government Act, and is under the Chairmanship of the Government nominee, I am very concerned that the action taken by the Board should not have repercussions on the Dominion's overseas trade. So that the greatest degree of protection possible may be assured, I wish you to communicate immediately with your London agent, and inform him that the Board cannot deliver New Zealand honey in fulfilment of the sales that he has made on your behalf, but that you can supply Australian honey of comparable grade. Your agent should be further instructed to inform contract buyers of this fact, and to cable you whether Australian honey is acceptable under the contracts made. If the reply is satisfactory, you can proceed with the export of Australian honey as already arranged by the Board. I wish you to forward to me at the earliest possible date, a copy of your cable to your agent, and of the reply you receive from London.

With regard to the 30 tons of honey now in bond in Auckland, this may be shipped immediately, and if the reply from contracting buyers in England is unsatisfactory, it must be sold on the Board's account. If the reply from London is satisfactory and the full 150 tons are shipped, I wish you to take any steps necessary to ensure that there is no possibility of any portion of it being sold directly or by inference, as a product of New Zealand.

As the Government representative on the Board I look to you to protect the Government's interests in this matter, and shall be glad if you can arrange to discuss the transaction with me at an early date so that future operations may be arranged satisfactorily. The method to be adopted in the distribution of profits (if any) from this transaction must also be decided upon.

Yours faithfully,

(Sgd) P. Fraser.

Acting Prime Minister.

The Chairman,  
N.Z. Honey Control Board,  
P.O. Box 1372,  
AUCKLAND.

22nd April, 1937.

the vendors of the honey in Australia. I had for a honey in Australia was 25 per ton, f.o.b., and it will before we reach that the transaction will not a handsome profit the Board if it is completed on the basis of the contracts held in London. The Chairman, Mr. Butland, estimates MEMORANDUM for:- all to be in the vicinity of 24,000 to 25,000.

I was not satisfied that the action taken by the Board legal and have discussed the matter with Mr. Currie of the Hon. Minister of Agriculture.

The Hon. Minister of Agriculture. I have the powers of the Board to issue licences for export for 1937, and may determine from time to time the extent to which it necessary for the effective operation of the Act, and the fulfilment of its purposes that it should exercise control over the part of any honey which is intended to be exported. I have read a report of the Board which states that it is intended that the Board should act as agent for the producers of New Zealand honey only.

#### Operations of the N.Z. Honey Control Board.

The New Zealand Honey Control Board was set up under the Honey Export Control Act, 1924. It consists of three members, two being elected by producers and one being appointed by the Government. The Government member is Mr. J. Butland of Butland Proprietary, Ltd., Auckland, and he is Chairman of the Board. The Board has appointed a sole agent in the United Kingdom, namely, Messrs. Morton, Ltd., London. New Zealand honey is sold through the London agent in three main channels, namely, "Imperial Bee", which is a high grade product, "Empire Pack", which is a secondary product and is not branded as New Zealand honey, and in bulk to blenders or to manufacturers.

In the past the Board has experienced a considerable amount of difficulty in handling low grade honey, and has restricted its export considerably. Its agent has, however, established a trade for such honeys, particularly with the manufacturers of sweets and certain medicines. It is stated that the Board's requirement of such honeys to fill orders which have been placed with their London agent is in the vicinity of 150 to 175 tons for this season. The honey crop in New Zealand this season is a very light one, and the Board recognised at an early date that they would have difficulty in delivering sufficient honey to meet these bulk orders. It is not known whether the Board has definitely signed an agreement to deliver a certain quantity of honey, but it is thought that this is not the case. It is reasonable to assume that their London agent might have signed contracts for delivery of a certain quantity, and if such quantities were not available through the New Zealand Board, it would probably have been essential for Morton's Ltd. to buy on the open market to meet their contracts. The contract price for low grade honey to such people as Cadbury's, Ltd. is £49 per ton. I now learn that for some time past the Board has been making enquiries in Australia, and I was informed yesterday by the Comptroller of Customs that a shipment of 30 tons of honey, ex Sydney, had arrived in bond in Auckland, consigned to the N.Z. Honey Control Board. I immediately communicated with Mr. Butland, and was informed by him that the Board intended shipping this honey direct to Messrs. Morton's Ltd. as part of a total shipment of 150 tons of Australian honey to meet Morton's order for the low grade product. I understand that it was requested that the marks of country of origin be allowed to be deleted from the packages, but this has been refused by the Comptroller of Customs, as it is essential for the country of origin to be declared on any honey imported into the United Kingdom.

The transactions were arranged on the basis of a Letter of Credit from Morton & Co., London, in favour of the N.Z. Honey Control Board, and this Letter of Credit has been drawn upon to

pay the vendors of the honey in Australia. The price paid for this honey in Australia was £25 per ton, f.o.b., and it will therefore be seen that the transaction will net a handsome profit to the Board if it is completed on the basis of the contracts held by their agent in London. The Chairman, Mr. Butland, estimates that this profit will be in the vicinity of £4,000 to £5,000.

I was not satisfied that the action taken by the Board was legal, and have discussed the matter with Mr. Currie of the Crown Law Office. He points out that the powers of the Board enable it to assume control of all honey intended for export for London, and may determine from time to time the extent to which it is necessary for the effective operation of the Act, and the fulfillment of its purposes that it should exercise control over the export of any honey. He further states that this clause, read in conjunction with the remainder of the Act, clearly indicates that it is intended that the Board control as an agent for the producers, New Zealand honey only. He therefore rules that on the information at his disposal the action of the Board is ultra vires. The question now arises as to the wishes of the Government so far as the functions of the Board are concerned, and the immediate question of the shipment of the 30 tons of honey now in Auckland, and intended to be shipped on the 25th or 26th instant.

The pertinent points are as follows:-

- (1) The action of the Board in functioning as a trader in honey is ultra vires.
- (2) Insofar that no immediate harm might result to New Zealand producers, and that the action taken by the Board would enable them, through their agent, to fulfil certain contracts, their action might be condoned, even though they have acted outside of the powers conferred on them in the Act.
- (3) It is assumed that the contract of Morton's Ltd. with certain manufacturers is on the basis of delivery of New Zealand honey. If honey of Australian origin is delivered to fill such contracts, it is possible that the purchasers may decline to accept or may accept only at prices lower than the original contract.
- (4) The delivery of Australian honey to fill contracts for the New Zealand product may have a detrimental effect on the future prospects of New Zealand's trade in this product.
- (5) If the transaction is completed and profit accrues to the Board therefrom, the money must be used either in the expenses of the Board or for distribution to New Zealand producers who export through the Board or to a reserve fund which might be used for the general purposes of the Board. As a very small percentage of New Zealand producers are exporting honey this season it would appear reasonable that any profit made from this trading transaction should be distributed pro-rata on the New Zealand honey exported, but it would appear rather that it should be used in the general interests of the industry. The industry owes certain moneys to the Government on account of loans, and any profit could reasonably be used to partly liquidate such loans.



(6) If this transaction is allowed to be completed even to the extent of the 30 tons now in Auckland, a precedent would be established which might later embarrass the Government in respect of this or any other produce board. It might therefore be necessary to amend the Produce Acts to enable a Board to function in this way under conditions of emergency. If this were done it would be placing the Control Boards in a position somewhat similar to the Primary Products Marketing Department.

(7) The only method which could be adopted to prevent the Board exporting this honey (if decided that such action is necessary) would be to take out an injunction against the Board.

(8) If the 30 tons or any additional amounts are allowed to be exported, it may be necessary to stipulate the conditions under which such honey is sold, and the channels through which profit, if any, is distributed.

shipment of 30 tons of honey from Auckland, consigned in the name of the N.Z. Honey Control Board.

I have made enquiries from Mr. Rutland, Chairman of the Board, and am informed that the Board has entered into arrangements for the purchase of 150 tons, approximately, of Australian honey for shipment to London. These shipments are to be made to the Board's London agents, Messrs. Barton & Co. The transaction was arranged on 14th August 1941. Whether it is to be made is a matter for the Board to decide.

Director-General.



21st April, 1937.

MEMORANDUM for:-

The Solicitor-General,  
WELLINGTON.

I am informed by the Comptroller of Customs that a shipment of 30 tons of honey, ex Sydney, is at present in bond in Auckland, consigned in the name of the N.Z. Honey Control Board.

I have made enquiries from Mr. Butland, Chairman of the Board, and am informed that the Board has entered into arrangements for the purchase of 150 tons, approximately, of Australian honey for shipment to London. These shipments are to be made to the Board's London agents, Messrs. Morton & Co. The transaction has apparently been arranged on Letter of Credit lodged in Auckland by Messrs. Morton & Co., but I am not yet clear as to whether the Board is cited in the Letter of Credit, or whether it is in favour of Morton's New Zealand agent, namely, Messrs. Butland Ltd. In any case it is apparently the intention of the Board to sell this honey at a profit, but it is not clear how any such profit would be distributed in New Zealand. The Board has previously entered into forward commitments with Messrs. Morton & Co. for the delivery of honey, and now find that they are unable to fill the orders from the New Zealand crop. The practice of the Board in the past has been to sell through Messrs. Morton's Ltd. "Imperial Bee" honey brand, and a secondary brand known as "Empire Pack". The honey which has been bought in Australia for shipment to Messrs. Morton & Co. is intended for use in the secondary or "Empire" pack, and would presumably be represented as a New Zealand product, at least by Messrs. Morton, Ltd., in their sales propaganda.

I shall be glad if you can give a ruling as to the legality of the Board's action, as it is essential to make a rapid decision if the honey now in bond is to be prevented from shipment in the name of the Board.

(Sgd) A.H. COCKAYNE.

Director-General.

The Director-General of Agriculture.

HONEY EXPORT CONTROL ACT 1926  
PURCHASE OF AUSTRALIAN HONEY BY BOARD.

In reply to your memorandum of 21st instant asking for a ruling as to the legality of the Board's action.

1. I regret that on the information supplied it is impossible to give a confident opinion, even if the statute were clear enough in any case to enable that to be done.

2. In my opinion the dominant provision of the Act is Section 12 (1) under which 'the Board is empowered to assume control of all honey intended for export from New Zealand.' Two relevant questions arise. In the first place, in my opinion, regarding the whole scope of the Act, the Board's powers are limited to honey produced in New Zealand and do not extend to assuming control of honey produced abroad and imported into New Zealand even though it be intended for subsequent re-export. In the second place control, even absolute control as referred to in Section 13 and elsewhere, stops short of acquisition by the Board of honey as owner. That somebody else than the Board remains owner is to be inferred from provisions such as Sections 16 (2), 17, 21 (f) and 23 (1). It follows that generally speaking a contract by the Board for the purchase of honey would be ultra vires.

3. Nevertheless there may be an exception to this rule. It is suggested that the Board has entered into "forward commitments with the Board's London Agents for the delivery of honey." This in itself means nothing. Such an arrangement cannot be part of a contract of agency, and it is difficult, though perhaps not impossible for the same persons to act as vendors' agents and be themselves the purchasers. Nevertheless it is conceivable that the Board may have contracted (as producers' agent) for sales of honey for forward delivery. A person so contracting takes a certain risk, should unforeseen circumstances prevent him from carrying

out his contract. It may be that from the standpoint of prudent conduct of its business the Board was justified in taking such a risk, if according to the custom of trade in Great Britain it could not otherwise have arranged for disposal of the produce under its control at reasonably satisfactory prices. If such a contract was made, and if it can be shown to have been a prudent one and therefore within the Board's powers, the Board would be liable for a breach of it. As an ancillary power, and for the sake of reducing its liability in damage, the Board could, I think, legitimately take steps to ensure supplies from some other source reaching its purchasers, if the latter were prepared to accept them. This consideration prevents me from saying out of hand that the purchase of honey in Australia was ultra vires. It must nevertheless be observed that the act of sending it to Great Britain by way of New Zealand is one which calls for explanation; and further that purchases in quantities sufficient to reduce liability under contracts is a different thing from purchases of foreign honey in greater quantities merely as a market speculation. It cannot apparently be applied for the

4. If and so far as such transactions are ultra vires, different considerations apply to an executed contract, which I take to be the position of the thirty tons already arrived in Auckland, and to the contracts that are still executory, which may be the position of a further 120 tons. Although the authorities conflict, I think that in the former case although the contract was ultra vires, the property in the goods passed to the Board and the Board can legally now dispose of the goods: Ayers v. South Australian Banking Co., (1871) L.R. 3 P.C. 548, followed in Batson v. London School Board, (1903), 67 J.P. 457. This principle is indeed doubted in Street on Ultra Vires, pp. 119-124. No doubt the position arrived at is illogical in that a good title arises from actions which are nullities in law; but this is no more illogical than the established principle that a corporate body may be liable civilly or criminally for illegal acts, notwithstanding that it has of

course no power to do an act that is illegal, and that a stricter logical analysis would regard all such acts as the necessarily unauthorised acts of individuals purporting (but not enabled) to act for the company.

5. As regards executory contracts, I think these could be intercepted by an action for injunction at the suit of the Attorney-General as representing the public interest. In view of the particular circumstances of this case the name of the Attorney-General could not be used automatically and the Hon. Attorney-General must himself be asked to consider the position. It is not unlikely that he would prefer to have it considered in Cabinet.

6. As regards the proceeds from the sale of the money already in the Board's ownership, ex hypothesi, this will be applied in mitigation of purchaser's claim for damages, if the circumstances so require. If the transaction proves to be completely ultra vires then the money must go to the Board's account established by Section 21 of the Act. It can be applied for any of the purposes enumerated in paragraphs (a) to (e) of that section. It cannot apparently be applied for the purposes set out in paragraph (f). In view of the convenient provisions of paragraph (e) what is to happen to it if none of the purposes of paragraphs (a) to (e) are adopted is a question which ought not to arise.

7. As to any direct liability imposed on members of the Board in consequence of the transaction, I am unable to advise with confidence that any steps can be taken. Section 22 of the Act says that the accounts of the Board shall be subject to audit as if the moneys of the Board were 'public moneys' within the meaning of the Public Revenues Act 1910 (now to be read as a reference to the Public Revenues Act 1926). This however is only a limited application of the Public Revenues Act. Sections 69 to 71 of that Act, referring to surcharges, deal with something more than an audit of moneys and it may be that Section 22 is insufficient to import them. As the matter is not clear you may feel justified in calling the

attention of the members of the Board to the provisions of Sections 69 to 71.

8. As has been agreed in conversation, the legal position is not the only thing to be considered. Questions of policy arise. On the one hand it has to be borne in mind that the Honey-export Control Board has succeeded in conducting its affairs so as to produce a result which compares very favourably with activities of other export boards. On the other hand is the consideration that if and when it becomes known that a New Zealand Board has been dealing in Australian produce, and perhaps making a profit out of it that the Australian producers think should have gone to them, commercial relations between the Governments of New Zealand and Australia may suffer some strain.

(Sgd.) A. E. Currie.  
Crown Solicitor.



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MAJOR BUCKLEY'S LETTER OF 13th FEBRUARY, 1937.

The first matter I want to discuss is the one most prominent in our minds here at the moment and is of paramount importance to the successful development of Honey sales in this country.

Throughout our friendly discussions in New Zealand and since that time I have always been slightly worried that a time might possibly arrive when for some reason supplies of Honey would fall short. I cannot too strongly impress upon you the disaster following such an event. Before we got together on the matter it would merely have resolved itself into a loss of commission on our part and a certain dislocation of the Agency arrangements. The position today, however, is that in every direction we are laying the foundation of a stable and ever increasing business, and if at this stage or at any time during the next year we ran short of supplies, this foundation would be shaken beyond repair.

I dictate this with a full psychological knowledge of English market conditions; nothing would do a scheme of this nature so much harm as any question of deferred deliveries. It is true that the position is not acute at the moment, but the delay in delivering the 25 tons of Honey now on the way, brought the matter seriously to my notice early this month, and on the 5th I sent you the following telegram :

"SERIOUSLY WORRIED HONEY SHORTAGE SALES PROGRAMME  
DANGEROUSLY THREATENED DESPATCH IMMEDIATELY  
ADDITIONAL FIFTY TONS EACH LOW GRADE AND IMPERIAL".

My attitude at the moment only dealt with the local situation, but there is a real indication that we shall become embarrassed if we do not get some supplies fairly quickly. The bigger issue is created by the news now received, which although perhaps does not suggest a crop failure, definitely indicates that the crop will not be a good one. In this connection I am going to make a definite suggestion to you. Quite apart from any suggestion of local control for New Zealand, I think that it would be a wise move on your part to make a really serious effort to induce the Government, if possible, and in any case, the Beekeepers, to take steps to ensure continuity and increasing supplies of Honey for the Export market.

I fully appreciate that the average Beekeeper, threatened with a shortage in New Zealand, will be tempted to go for the higher prices in the local market which such conditions would inevitably produce. Even from his point of

view this would be a short-sighted policy, as the New Zealand market, being a protected one, would not suffer from any after effects when the more productive seasons arrived. This market, however, is a highly competitive one, and the only possible result of a shortage of New Zealand Honey would be to let in the Canadian, Californian, Australian and West Indian honey to a degree from which we could not possibly dislodge them later on. I am quite sure that you have already appreciated this point of view, but I feel that it needs vigour and emphasis from this end to support you in any action you are taking.

This question of competitive intervention, although terribly important, is not the most serious; the most troubling aspect of the whole thing is that even a threat of a short crop psychologically effects the impetus which we are now creating. All along I have taken the line with the Beekeepers in New Zealand, that we are not out for spectacular effect, but there has already been evidence that we are surely but solidly creating distribution and developing sales which ultimately must be far in excess of anything that had previously been achieved in this country. As a slight indication of the rate of progress, we already visualise, both Taylor and myself feel that against the 530 tons sold last year, we shall need 750 tons to provide for the requirements as we see them at the present rate of development this year. Furthermore, we must not overlook the snowball effect of the efforts we are making, and I have a distinct fear that if these Honey products get really going in this market, the 1,000 tons which I referred to once or twice in New Zealand in a very abstract way, will materialise at a very much earlier date than I anticipated when I was with you. In this connection I propose to have a talk with Nash and Jordan in the hope that they can do something to strengthen the contention in New Zealand generally that to profiteer in the local market in the event of a honey shortage this year, must spell calamity for all time in the development of the export trade.

MAJOR J. BUCKLEY'S LETTER of the 20th February 1937.

1.

I have had my preliminary talk with Jordan and hope to see him and Nash together next week. He is particularly sympathetic regarding the psychological effect of this market at any time receiving inadequate supplies, and has promised to approach the Government, to assist you in any efforts you are making to persuade the Beekeepers at all costs not to allow a set-back, however temporary of the increasing supplies we shall be needing.

A propos of this, I have read Taylor's letter to you dated the 16th February, wherein he refers to a 750-ton requirement to the end of May, 1938, divided 350 tons "Imperial Bee" 200 tons for the Moore pack and manufacturing purposes, and 200 tons for Cadbury requirements. This may seem a bit ambitious to you, but as a result of a further talk we have had this morning, I am beginning to wonder whether it will be sufficient. "Imperial Bee" sales are still increasing rapidly; January showed a 36% increase over the corresponding month of 1936, and last week, sales showed a 94% increase over the corresponding week last year. The actual sales of "Imperial Bee" last week were 18,373-lbs., representing something like 8½ tons of honey, and this is exclusive of any Export sales.

Whilst wishing to avoid any serious excess being sent here, I do feel that you want to legislate in your own mind for something even in excess of 750 tons. Could it not be arranged internally that there is a sort of reserve maintained so that if, say, next November or December we find we are getting near the knuckle again, you can send us special shipments either of "Imperial Bee" or for Moore and manufacturing purposes, according to which particular line indicates a shortage?

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P  
Y.

MAJOR J. BUCKLEY'S LETTER of the 13th March, 1937.

at this end as you will at yours.

There is much that is concerning to you.

Notwithstanding the assurances contained in the letter to which I am now replying, I am still unhappy, sometimes a little alarmed, about the Honey position in relation to supplies.

At the present rate of progress we shall, I feel, soon exceed the most optimistic estimates we discussed when I was with you. Not only are the sales of "IMPERIAL BEE" increasing weekly, but distribution is almost daily becoming broadened. In addition to this, we are extending our activities in new lines and channels for disposal.

Each day as I look through the Home Trade orders, quite apart from figures and sales, I get a little worried at the increasing distribution. All this concern, of course, is engendered by the slight doubt that still exists as to whether adequate supplies are on the way. So far as we definitely know, 25 tons ought to arrive about the 23rd March. There is no definite information that the other 50 tons for which I cabled is on the way. Although I am one-hundred percent with you against the accumulation of any heavy stocks here, in fact this must not happen in any circumstances, I shall be much happier when I know that there are 300-400 tons in the depot, and such a position would definitely stimulate our already intensive efforts.

In your letter of the 16th February you state that even with the production of one thousand tons, which is an extremely low estimate, there would not be the slightest difficulty in attracting, say, 400 tons by increasing the initial advance slightly. Frankly, I have ceased to think in terms of 400 tons, and already my vision embraces at least double that figure for the coming year.

You go on to say that for the last three or four years the whole of the South Island has had a complete disaster, but yet this has not in any way prejudiced our position in England. It seems pretty clear to me, however, that it would have done if sales had been even at today's level, which I hope is only the beginning of a very big increase.

As I said before, we all here cordially agree with the principle that we must avoid banking up stocks in excess of what we can handle, but it would be a mistake to carry this theory to the point of even risking being right out of stock. There must always be provision for increased sales even at the risk of a small carry-over, and believe me, we shall watch this aspect of the case just as diligently

at this end as you will at yours.

There is much that is assuring in your letter, and I do realise how alive you are to the necessity for this market getting its supplies. Particularly was I glad to read that you have now had a fortnight of almost perfect weather throughout Waikato and that there are indications that the crop is going to be better than was anticipated.

If, by the time this letter reaches you, you have given us no intimation of any shipment of Honey other than the 25 tons which we ought to receive in about a fortnight, will you please cable us saying exactly what is on the way, as if we know that sufficient stocks are on the way to deal with current requirements, much of our anxiety will be removed. We are taking it for granted that in addition to the 25 tons which we know of, and the other quantity which you said would be coming along (which here we are assuming is the 50 tons I cabled for), other shipments will follow almost immediately, as 75 tons, even if the whole lot is here by the middle of April, may quite easily not see us through. Don't forget that "Imperial Bee" sales alone are already accounting for about 30 tons a month.

I have just heard of your cable giving particulars of two more shipments, and the position today is:-

28 tons by the "NORFOLK" due 23rd March; 29 tons by the "RANGITIKI" due 12th April; and 40 tons being shipped in March which should arrive early May. TOTAL 97 tons.

This may keep our heads above water, but is totally inadequate if further immediate shipments are not considerable.