

In the last 10 years the overseas market has provided better prospects, and now most beekeepers want to play a part in the returns available from exporting honey.

We come up against conflicting viewpoints. Some believe the Authority should remain the sole exporter. Others believe that a measure of competition should apply with all commercial beekeepers being given the opportunity to export honey under certain conditions.

The majority viewpoint within the industry now appears to be in favour of private exporting, and the traditional function of the Authority as a buyer of last resort can no longer be maintained.

This brings us to the two immediate issues - the guaranteed base price system and the "take all honey offered" system. These may be liked by the industry, but because of the restrictions required to maintain the two systems they may be difficult to operate.

Many beekeepers feel they can get along independently without the cradle of a base price or guaranteed buy-in system. But I'm sure everyone will be aware that any such systems require the whole industry to be involved with them, presumably on a compulsory basis. This will ensure the long term viability of the proposition. Therefore it is clear that a majority of the industry must be in favour of the systems and be prepared to give the necessary support.

The crux of the matter is that it appears that this consensus within the industry no longer exists. Although suppliers may believe the Authority should have the sole right of export and be given the support to continue the two systems, the Government cannot undertake this support until there is a clear majority in favour.

We therefore find a situation where there is an authority trading in honey - in a sense operating as the Hollands Honey Co-op - but geared up with the facilities and overheads to operate as a national body with the wide functions and responsibilities.

The changed market situation makes it vital that a revision in the present structure be undertaken.

I cannot see why those beekeepers who wish to supply an industry board should not get together and operate such a body either as a co-operative or as a private company. The need for this organisation to be a statutory one, and the need for any Government involvement must now be closely questioned.

It seems that a supplier company or co-operative could almost take over and run the present "Hollands" side of the Authority's functions, including the exporting markets. This is leaving aside for the moment the question of export policy and export controls.

It's recognised that the present availability of Government guaranteed overdraft accommodation through the Reserve Bank may make this option appear less desirable. But if the Authority is not being called on to perform any industry-wide functions and is being supplied by one-third of the country's honey producers then it's entitlement would have to be looked at. The question of export control also comes in to this matter. If the Authority relinquishes its powers over export control to some other person or organisation, then I understand the non-supplier members of the Board would be happy to relinquish their positions and allow the Authority to be run and controlled only by its suppliers.

This of course still raises the question of whether it is necessary for the Honey Marketing Authority to be a statutory body.

The industry must consider all these factors and work out for itself how its marketing should be organised. The Government cannot do this for the industry and indeed does not wish to. It will however assist producers to look at options, and to provide a platform from which the industry can decide its future.

I urge this meeting to adopt a unified approach in considering the alternatives, and deciding what is best for the future. The first requirement from this meeting is to reach a consensus and begin work on the following questions: begin feasibility studies in the Authority's operations or proposed operations; where its facilities should be located; and how it should be owned and operated.

Before I leave this particular subject, let me convey just one or two thoughts of the beekeepers. Of course, Paul Marshall follows me to give a detailed account of his viewpoint on the industry's marketing needs.

Two points are worth mentioning. The Association points out that the next Authority elections are two years away, and regular suppliers would be disadvantaged by an accelerated policy of relaxing export control on honey. This in turn might affect the price paid to the suppliers.

The beekeepers are also aware that should the industry be divided about future marketing procedures then there will be no uniform approach to prices on the world market.

To finish off, this brings me to the question of the present base price and stabilisation schemes. The present stabilisation scheme has in practice really only applied to Authority suppliers. If it remains then it should only apply to honey exports. There is no need for any price stabilisation scheme to operate on the local market. As well the price stabilisation scheme should operate on all honeys exported. But the Government would not wish to impose a scheme against the wishes of the beekeepers.

As regards the base price scheme, the meeting will need to reach some consensus on how this scheme should be phased out bearing in mind the Authority is no longer able to pay a guaranteed price on all honey offered. "

- (2) Paper from Mr P. W. Marshall, President of N. B. A. The following paper was presented.

"Over the last year or so the beekeeping industry has become divided in its views of how best to market honey. This not only showed up in the last H. M. A. election, but indications of this rift came to the surface at the last Beekeepers Association Conference in Christchurch. With this polarisation of attitude coming to the fore as well as the Government's six options on the H. M. A. handed down to the industry just before the conference, which resulted in recommendations that the Authority exercise its right not to accept all honey offered, as well as deciding against the continuance of the stabilisation scheme. These left in my mind some doubt as to whether or not the industry was heading in the right direction. These thoughts were also expressed to me by other similar conservative minded beekeepers as myself, many of whom were not sure if they knew the answers to their doubts.

As president of the National Beekeepers' Association I felt it was advisable to call this meeting in the hope that we will restore some unity to the industry and establish a sound progressive marketing policy. My thanks must go to Mr Talbot, Under-Secretary to the Minister of Agriculture, with whom I discussed the idea and who gave me every encouragement, as well as agreeing to be Chairman for the first hour. The ball is now in our court to come up with the answers, and I hope our solutions will meet with both industry and Government approval. They will at least know that all groups of the industry were fully involved with the discussions.

No doubt throughout this meeting the Authority will come in for its fair share of criticism. But let us not forget that over the years many of us have been thankful of its existence, while at the same time abusing the privilege. What this statement really means is that many beekeepers sent honey into the Authority for which they had no market. To many the H. M. A. is, or has been, a convenient dumping ground. By the attitude

of some over the years toward such a fully committed industry organisation it's a wonder the Authority was able to operate at all. Now the situation has evaporated that only a third of the country's honey producers supply all, or part of their crop to the Authority, leaving the remainder operating under its protective umbrella.

The umbrella being

- (1) an alternative market
- (2) until recently a price stabilising scheme
- (3) supplying a wholesale/retail price list
- (4) stipulating a minimum F.O.B. price for export honey,

thereby giving a measure of control on exports.

With this form of stability, although some would argue that it's far too restrictive, the Authority was tailor made for those who wished to produce honey only and leave the specialist field of marketing to others. It also meant a guarantee payout for honey supplied, which for those with a low capital investment was vital for their survival. Unfortunately problems with lack of capital became a major problem these days of high inflation rates using what little reserves one may have on rising production costs. Believe me from one who knows, as I seem to bounce from one financial crisis to another.

So perhaps it's not surprising that the arguments to retain the H.M.A. as a viable trader within the industry tends to appeal to me as one who has built a business on a small input of capital. Like many others it's nice to operate under the protective umbrella. However, I am guilty of wishing to have my piece of the cake and eat it at the same time. For none of my crop reaches the Authority but small amounts do venture into the export world of cut comb. Although I find that this type of trading requires intensive labour input, the rewards are very good.

Much can and will be said for the exporting of honey by the private individual. Many of the arguments to open up the export trade were based on the success story of the comb honey producer, and all credit must go to them for what they have achieved. However, it was not without its trials and tribulations. While behind these producers was their Comb Honey Producers' Association giving advice where necessary and especially on the matter of price, all of which gave some stability and confidence to those involved. From personal experience selling one's honey crop, or part of it, on the overseas market is not for the faint hearted. One must be able to stand firm on price and know the market. Such knowledge cannot be instantly obtained, and finding a market is hard enough for the beginner; on top of which there is the increased capital expenditure necessary to start off with and to sustain oneself while looking for a buyer.

This aside, a change in our thinking and approach to marketing is now required. Quite clearly the H.M.A. must move with the times. Personally I would not like to see it cease functioning altogether, as it still has a place in the industry. By its very existence, even if only as a token purchaser of honey, or as an advisory board would give producers some confidence in selling their crop as well as stability to the market.

At conference it was mooted that perhaps the individual or co-operatives take over from the Authority with removal of marketing controls. Such a concept may have merit and should be investigated. Before doing so we must ask ourselves can the industry afford to have individuals and/or ad hoc groups offering honey to buyers both here and abroad at uncontrolled prices. Not wishing to be personal, but my faith in my fellow beekeeper as a salesman is not high. While on the home front we must question whether or not the Honey Packers have the financial capability of purchasing larger quantities of honey to replace the gap left by the diminishing trading activity of the Authority.

By world standards our industry is not large. The average honey production over a ten year period is only 6088 tonnes per annum. The number of beekeepers on a commercial scale operating 251 hives and over, is for the North Island only 87 and 101 in the South Island. Respective production on this ten year average is 3122 tonnes for the North and 2966 for the South.

Gentlemen, bearing in mind the size of the industry, do we tie ourselves up with controls or do we slowly loosen a few of the existing restrictions? There are many questions that should and must be asked before agreement to a sound marketing policy can be resolved. I ask you to please approach the subject with an open mind."

- (3) Address from Mr Percy Berry - Chairman of the Honey Marketing Authority.

The following is a summary of Mr Berry's report prepared from notes taken by the Secretary.

Mr Berry advised that no prepared paper had been assembled because the Authority had been meeting on the previous three days. Accordingly he would make his report as informal as possible.

In the past three days a great deal of work had been done: the price for the last season's supply had been fixed at 86.16 per kg. Also some \$36000 had been placed to Reserves. The intake had been 1770 while sales had been 1000 tonnes in excess of intake. The export market had yielded better returns than the local market.

The Conditions of Supply for the coming season had regard to the changed circumstances. The Authority had assumed that the Stabilisation Scheme had now gone. The land and buildings had been revalued and as a consequence reserves were close to \$800000.

The Authority thinking in respect of the Parnell property was that if it did cease operation there then it would retain ownership and rent out the building. This among other things could help stabilise the reserves. There were many benefits in retaining the ownership of the Parnell property.

In respect of the Pleasant Point property - the proposal was to build at Pleasant Point. Mr Berry said his personal view was that one worry was overcentralisation - this could be costly. It might for example be cheaper to build two buildings at different places. The Pleasant Point proposal had been much more deeply studied by Mr Dickinson who could answer particular questions in respect of it - a meeting of suppliers would be held shortly.

Mr Berry then referred to private exports - these had been supported by a majority on H.M.A. - overall the policy followed was in accord with industry wishes. The resolution of a year ago that 150 tonnes of bulk be released to export had again been confirmed. There was of course no restriction on packed lines. Also because of the abolition of stabilisation there would be no levy on private exports.

Exporters would apply to H.M.A. for export clearances and a fee would be charged.

Mr Berry concluded by saying that there were a number of basic decisions - it was the timing of these decisions that was important - it was essential that the best facts available should be gathered and researched.

- (4) Paper from Mr Harry Cloake - Suppliers' Association. The following paper was presented by Mr Cloake.

"Our Executive has considered the invitation to express our opinion on the marketing needs of the Honey Industry and submit the following opinions.

It is our considered opinion the Honey Marketing Authority as at present constituted should be retained and continue to operate as at present. Also we consider some better costing procedure should be established and certain of its operations closely examined to ensure no part of the structure is totally uneconomic.

Alternatives have been considered and investigated by us but evidence shows that to establish and operate any other form of marketing organisation would place an impossible financial burden on those producers involved unless considerable finance was available from Government or other outside sources at reasonable rates. Also an alternative on a national scale would inherit the same problems and financial difficulties as the present Authority.

Professional advice has been obtained on this matter and after lengthy and full discussion we were advised to endeavour to retain what we already had and make it work.

The industry at the recent National Beekeepers' Association conference quite clearly expressed the opinion some form of marketing organisation was wanted but not for the whole of the industry to finance its operation.

As the industry has already expressed its wish to retain some form of marketing organisation why is the need to change from what we already have? This is the question we want answered.

It is important before any change can be made to know the reason and once that is known a full investigation should be made by a competent person into the effects of the proposed change and the report of the investigation closely studied. No study in depth of this nature has been made therefore how can we properly discuss the industry needs?

It appears this whole matter of looking at the industry marketing needs arises from a report presented to a recent Honey Marketing Authority meeting by Mr Don Hayman. In his report it is quite clear the Government is questioning the increased reliance by the Authority on Government finance and suggesting the industry become more financially self reliant. Already the suppliers have established a Reserve Fund over the last six years of half a million dollars. Surely this is evidence the industry is becoming more financially self reliant.

If then this is purely a matter of financial trouble should we be looking at this aspect rather than the marketing needs. We see no evidence the Authority needs to be replaced or eliminated; it appears to be serving the industry quite adequately.

To expect the industry to make radical changes in the short term without proper examination into the effects of a change is unreasonable and it is our considered opinion that as the precedent of financing the industry was established some 25 years ago then before any change was suggested the total effects must be known.

There is no doubt any change away from a marketing organisation like the present Authority will affect suppliers to a greater extent than non-suppliers. Many of these suppliers have no wish to market their honey, they are content to deliver the honey to a depot and receive payment. Should this service be not available to them their efforts to dispose of the honey could cause chaos in the industry.

We believe in the principle of a single exporting outlet for bulk honey. It is difficult to see a more suitable controlling agency than the Authority; any other appointed or established agency would suffer the same problems as the Authority but be more costly.

Also while we do not wish to suggest any change in the procedure of exporting other honey or honeydew there is evidence sales are being made to the detriment of all sales, prices are lower than need be. Some measure of control may be required in the future and the situation should be closely watched.

Again we stress, we see no need to make any major changes in the marketing of honey except to return to the principle of a single outlet for bulk exports.¹¹

- (5) Address by Messrs Lloyd Holt and K. Herron - N. Z. Packers Assn.
(Report ex Secretary's Notes)

Mr Holt said his Association felt that the meeting was important to all in the industry, and it could take the industry forward.

The need in marketing was to cut costs - private enterprise was favoured as being the best approach. There should and would always be a close relationship between export and local honey marketing. Because of the high freight costs regional packing units should be used by the Authority. In general there was a shortage of honey in the North Island - the H. M. A. plant should not be continued.

In respect of exports, control on quality was all that was needed - the Packers were a well financed organisation capable of servicing the industry.

Mr Herron then dealt with the South Island situation - about two-thirds of the H, M, A, suppliers came from the South Island. There was a degree of concern that the Pleasant Point location may not be the best - container ports were important. Having regard to the production it was apparent most of the surplus was in the lower part of the South Island.

The Canterbury producers have a good opportunity to sell - minimum prices were a key factor and all including H, M, A, should operate on the same basis. A number of private exporters continued Mr Herron, were not happy that the best system was not available to all exporters. While exporters dealt with H, M, A, a number felt it was not in their interest to do so.

- (6) Address by Mr H. C. Belin - Comb Honey Assn. (Prepared from Secretary's Notes)

Mr Belin indicated that in general Comb Honey producers were doing well. The production of comb honey could in the current season double that of a year ago. It was important to note that comb honey exports largely grew up because they were based on honey that was not acceptable to the H, M, A. Today world markets were accepting comb honey of all types.

In respect of price the Association was able to assist its members. All the progress made in the marketing of comb honey had been achieved without the help of anyone.

It was important to note that the increased production of comb honey this year would affect the supplies of ordinary honey. In all about 400 tonnes of comb honey would be marketed.

- (7) Address by Mr G. L. Jeffery - Chairman, Honeydew Honey Assn. (From Secretary's Notes)

Mr Jeffery pointed out that honeydew honey did not come within the orbit of the operations of the H, M, A. It could be sold in any form and a good deal was exported.

In general the members would like to see a separate basis established covering the export of honeydew honey - grading was not required or really needed. It was true that some importing countries could require M, A, F, certification but this should provide few problems. The main objective was that administration be simple and straight forward.

STAGE SUMMING UP BY CHAIRMAN, MR TALBOT

In a short summing up before vacating the chair Mr Talbot said it was clear that suppliers wanted the current system to remain. Mr Berry's advice that the stabilisation scheme had been discontinued should be noted. It was clear too that only about one-third of the commercial producers were supplying H, M, A, and this presented a rather unrealistic situation. There was he felt a strong need for a producer co-operative or company. This point should be considered.

Finally Mr Talbot said the maintenance of a status quo was not on - some basic changes were necessary and the meeting should consider these areas carefully.

Mr Ian Forbes took the Chair at this stage.

In opening the meeting up to general discussion Mr Forbes reminded the meeting that Mr Talbot had made Government's attitude quite clear: it was desirable to examine the major issues and he hoped the meeting could reach a consensus.

Mr Curtis Wicht reported that the documentation for export now provided that the buyers name was not indicated - there was no export levy involved. Mr Wicht also commented upon central warehousing and pointed out recent examples of this.

Mr Mervyn Cloake said finance was a key factor in looking at alternative systems to the H, M, A.

Mr Don Hayman pointed out that most were quite happy with the export of packed lines - however in respect of bulk lines some confusion existed. This year the Authority had again approved 150 tonnes.

Mr P. Berry - Re Finance

Mr Berry advised that H, M, A. had not exercised its option to sell Parnell. In respect to the future there was in his opinion a difference between the North and South Island situations. The North Island intake of 440 tonnes was not likely to support a North Island plant. In the South Island there was around 1500 tonnes available and it needed to continue on the present lines. There was no reason why the H, M, A. should not continue.

It appeared that it would be sound to hold the Parnell property as values tended to be sound in central city areas. It also appeared sound to use depots nearer the points of production.

In the South Island there is a volume support supply for at least 5/10 years - a lot of factors like energy could affect any current estimate. In the long run Mr Berry said he saw an H, M, A. type operation being viable to the South Island for a reasonable period ahead.

Mr Ivan Dickinson reported that all were satisfied something should be done at Pleasant Point. It appeared that an establishment to handle around 1500 tonnes was needed. The price range for a suitable building could range from \$190000 - \$290000. The Authority had approved up to \$206000 subject to discussions with the Suppliers Association. The complex would be on a design and build basis. The possible sale of the Hornby plant was an open option and could be decided as required.

The Chairman pointed out that the H, M, A. viability in the North Island was fine.

Mr H. Cloake advised that what had to be studied was the consequential effect on the whole industry of any operational system.

Mr P. Berry drew attention to the payment procedures already adopted that could deal more effectively with difficult sale honeys.

Mr H. Cloake pointed out that Beekeepers were considering buying buildings in the South Island.

Mr M. G. Stuckey advised that it appeared that the Auckland plant would run down in the foreseeable future - contract packing appeared a reasonable alternative.

The meeting then noted

THAT THE HONEY MARKETING AUTHORITY REVIEW THE SITUATION AT THE END OF THE CURRENT YEAR.

In a general discussion Mr Wicht reported that the Authority had at this stage left all its options open.

Mr Hayman advised that it was very desirable that the future of the Auckland plant, its level of operation should be assembled in a report - facts were needed: the report should cover

- a) the operational basis
- b) the alternatives available
- c) other related factors.

The Chairman in summarising pointed out that

- a) one-third of the Commercial group supply H, M, A.
- b) the majority on the Board do not - this was untenable
- c) a consensus as to how the meeting viewed this was required.

Mr Stuckey pointed out that 75 per cent wanted to export on their own account.

Mr P. Berry then dealt with some of the alternatives and especially the trends in the North Island. It appeared as though depots close to area production were needed. There was plenty of room for beekeepers to get together. Mr Berry said the 150 tonne of exports of bulk honey had been retained.

Mr H. Cloake pointed out that 150 tonne could be unduly limiting.

If the controversy was over exports, then what changes were necessary. If all exports were limited to H, M, A, then no controls were necessary. If H, M, A, was to operate alongside other private exporters then some change was desirable.

It was then suitably agreed by the meeting

THAT THE ADMINISTRATION OF EXPORT CONTROL
SHOULD BE TAKEN AWAY FROM THE AUTHORITY.

Further discussion then centred around the service that should be available to exporters in pricing information and the fixing of minimum export prices for the respective markets.

Mr Mervyn Cloake pointed out that the sole exporting system had provided a very good system indeed - it gave a) good quality control and b) a strong selling unit.

Mr G. Jeffery advised trends had changed over the past ten years - there were higher overhead costs; the export of problem honeys such as honeydew honey and Kamahi honey - darker honeys had entered the market with white honeys.

Mr H. Cloake referred to the co-operative system applying in Alberta and this should be further studied.

Mr Wicht then gave the meeting information on honey pricing and advised that buyers respected an informed seller.

Mr Herron pointed out that progression in the style of honey marketing will occur. As an industry activity it appeared as though the North Island would fade downwards - it seemed doubtful whether the H, M, A, could operate rationally. Some basic changes were necessary.

After further general discussion Mr P. Berry made the following points

- 1) THAT IT BE NOTED THAT A SOUTH ISLAND OPERATION COULD IN DUE COURSE BE THE ONLY COMMERCIAL INVOLVEMENT FOR THE H, M, A.
- 2) THAT CONTROL OVER EXPORTS WAS STILL DESIRED.
- 3) THAT A NEW EXPORT ADMINISTRATION SYSTEM FOR CONTROLLING EXPORTS WAS NEEDED SO THAT COMMERCIAL EXPORTERS AND THE H, M, A, WERE PLACED ON A COMMON FOOTING.
- 4) THAT THE CENTRE FOR EXPORT CONTROL SHOULD THUS BE REMOVED FROM THE H, M, A, BY THE MINISTER AND PLACED IN THE HANDS OF AN ALTERNATIVE BODY OF ONE OR MORE MEMBERS.
- 5) THAT THE NEW EXPORT CONTROL OFFICE SHOULD SET EXPORT PRICE MINIMA - THIS TO BE DONE BY APPROPRIATE

AND GENERAL BACKGROUND STUDIES INCLUDING THE
H. M. A. GENERAL MANAGER.

The meeting then gave this approach its full support.

The Chairman then summed up the meeting discussion held and expressed the view that much had been achieved. He thanked all for their contributions.

In respect of further meetings of a like kind the meeting agreed the Under-Secretary should consult with Messrs Marshall and Berry as necessary.

VOTE OF THANKS TO MR P. MARSHALL

The meeting passed a unanimous vote of thanks to Mr Marshall for Initiating the action that led to the meeting being convened.

The Chairman then closed the meeting at 3.30 p.m.