

NATIONAL BEEKEEPERS' ASSOCIATION OF NEW ZEALAND (INC.)

Notes on the Meeting of Honey Industry Organisations held in the Association's Board Room, Level 14, Pastoral House, Wellington, on Tuesday, 18 March 1980, commencing at 10.00 am.

---

PRESENT:

Representing National Beekeepers' Association -

Mr P. W. Marshall, President, (In Chair)  
Messrs M. G. Stuckey, I. Berry, A. Clissold, M. Cloake  
and S. J. Lyttle

Representing Honey Marketing Authority -

Mr P. Berry (Chairman), Messrs M. G. Stuckey, J. Bray,  
I. Dickinson, D. Hayman and Mr Curtis Wicht (General  
Manager)

Representing NZ Honey Packers' Association -

Messrs L. Holt and K. Herron

Representing South Island Suppliers' Association -

Mr H. Cloake

Representing North Island Suppliers' Association -

Mr P. Blair

Representing Comb Honey Association -

Mr H. C. Bellin

Representing Honey Dew Association -

Mr J. Bray

In Attendance Mr G. Walton - Ministry of Agriculture and Fisheries

Mr N. Dellow - Accountant (carrying out Co-operative study)

Dr D. Peer - Canadian visitor

Mr D. J. Dobson - Secretary

APOLOGIES:

Mr N. Cattermole and Mr G. Jeffries - Honey Dew Association

Mr Bray said he was representing the Honey Dew Association

WELCOME:

Mr Marshall welcomed all those attending the Meeting and in particular to Dr D. Peer from Canada, who had indicated an interest in listening in on the discussion, and Mr N. Dellow who had been involved in the preparation of the report on the proposed co-operative for the Honey Marketing Authority.

Mr Berry said that the Minutes were a fair record of the previous Meeting except that resolution 4 on page 9 should read -

"That the centre of export control should be removed from the Honey Marketing Authority by the Minister and placed by him in the hands of a competent person who has other employment."

REVIEW OF DEVELOPMENTS SINCE THE NOVEMBER MEETING

Mr Marshall's statement was as follows:

"Since the November meeting the industry is now facing a below average honey crop for the 1979/80 season. If I read the signs correctly honey stocks, especially in the North Island, are low. This current situation should give the industry the breathing space needed to consider all possibilities in the rearranging of our present marketing organisation as neither the Authority, or beekeepers are holding excessive stocks.

Stemming from the present transition period with the knowledge that the Authority is being phased out over an unspecified period of time, as a result of the lack of overall beekeeper support, two lines of thought seem to be coming to the fore:-

(1) Removal of export controls.

Such a move it is argued would be beneficial to both the larger beekeeper, or groups of beekeepers working in co-operation, to find their own markets. The second option and the one that has prompted positive action by its supporters is

(2) Formation of a Suppliers' Co-operative to replace the present Authority.

To me this appears to be in reality merely changing the name over the door from Authority to Co-operative, but it is probably a more realistic appraisal of an existing situation. However I hope the proposers of such a scheme recognise the inherent inefficiencies built into the Honey Marketing Authority, when and if, they pick up its operations. I note with interest that the meetings held to gain support for such a move were held recently at both Dunedin and Hamilton, where no doubt full attendance could presumably be obtained because they are the centres of concentration for beekeepers. Please note in neither city is there an Authority processing depot.

Whatever the course of action that is taken for the industry's future, the beekeeper of today is going to have to put his money where his mouth is. In choosing the first option to market on his own account or with a group of others, will require greater capital to overcome the periods of slow turnover. While the second choice will require capital input by participating beekeepers to float such a venture.

The answer to the problem will probably be a blend of the two options, but if it is the wish of the industry to remove marketing restrictions it will be important to make sure that no group within the industry stipulates controls over other sectors of the industry. It is hoped that after today's meeting we will be able to make recommendations to our fellow beekeepers and Mr Talbot as to the direction that the beekeeping industry wishes to follow.

STATEMENT OF MARKETING POLICY FROM GOVERNMENT

Mr Marshall read a letter he had received from the Parliamentary Under-Secretary to the Minister of Agriculture, Mr R. L. G. Talbot. This was as follows.

"Dear Mr Marshall

I am sorry that I cannot be with you today at the meeting of honey industry organisations. I am confident however that with the readiness that all sectors of the industry have shown to meet together and discuss jointly the future organisation and direction of the industry, you will be able to chair the meeting ably in my absence.

I welcome the opportunity extended to make a few comments on the Government's attitude in these matters. Firstly, let me repeat what I said last November; that the industry must work out for itself how its marketing should be organised. I am glad to see therefore that suppliers to the Authority have come forward and are actively promoting the establishment of an independent co-operative to take over the marketing operations of the Honey Marketing Authority.

The Government supports this move away from statutory board involvement in honey marketing and will give every encouragement to its successful establishment. Mr Dellow has sent me a copy of his report to the Authority and the concept which he proposes seems sound to me.

If suppliers to the Authority are prepared to join together and establish one industry wide co-operative to take over the Authority's trading operations, then I believe this move should be encouraged rather than the establishment of a series of smaller regional co-operatives. A marketing co-operative involved in exporting needs a broad local market base for its exporting operations, and in my view a single industry wide co-operative is better able to achieve this than a series of local co-operatives.

The exporting of New Zealand's primary produce to best advantage, requires co-ordinated marketing overseas, and again a single co-operative to take over the Authority's operations in this sphere seems to me to be more desirable. The present Authority is the principal exporter of extracted honey from New Zealand and the strong position it is able to hold on world markets should not be lightly given away.

As far as funding the new co-operative goes, the Government will want to see more details before it can give any commitments. I am sure however that a substantial proportion of the present Authority's equity can be made available to the new co-operative, especially if it is widely based within the industry.

I wish you well in your deliberations, and close with the comment that the Government is pleased to see beekeepers being prepared to take upon themselves the responsibility of marketing their crop.

With kind regards.

Yours sincerely

Rob Talbot"

STATEMENT FROM THE CHAIRMAN OF THE HONEY MARKETING AUTHORITY,  
MR P. BERRY

Mr Berry stated that the Authority had at an earlier date had a meeting at which it had considered the possibility of selling the Auckland factory and building a new one. However after full consideration the Authority had finally decided to take no action on the matter in the meantime.

Plans to rebuild the Authority's plant at Pleasant Point had been taken to an advanced stage but the present view was to renovate this building.

On 17 January, Mr Berry and Mr Bray had met in Christchurch with a group from the South Island Honey Suppliers' Association. At this meeting the suggestion of a co-operative arose and it was at this meeting that Mr Dellow was asked to investigate the feasibility of a co-operative. The Honey Marketing Authority agreed to give financial support to Mr Dellow's study. This study was to be industry wide and the terms of reference included an investigation into the place of the Auckland plant and the positioning of a plant in the South Island.

Mr Dellow's report had been presented to the Honey Marketing Authority.

Mr Berry reported that on 17 March the Authority had met in Wellington and had passed the following resolutions.

- (1) That the Authority agrees in principle to the concept of a Honey Marketing Co-operative on a voluntary membership basis, and that the Minister's opinion be sought as to the status of the Authority's funds and assets if the Authority were to be disbanded.
- (2) Subject to the Authority being satisfied as to the viability of the proposed Honey Marketing Co-operative, the Authority agrees in principle to sell its operations at market valuation and to advance 80% of its equity to the proposed Honey Marketing Co-operative at 1% interest with the remainder advanced at Rural Bank export rate.
- (3) That this meeting recommends that at the appropriate time the New Zealand Honey Marketing Authority be dissolved.

Mr Holt asked whether the co-operative was to be a South Island co-operative or New Zealand wide.

Mr Berry said the funding suggested was for a New Zealand wide co-operative.

Mr Cloake said that people who had supported the Honey Marketing Authority were contacted and to date most of these people have signed a paper indicating support for the co-operative. He said that this would avoid unnecessary competition and unnecessary industry politics.

Mr Holt said he had not heard of such an agreement.

Mr Lyttle said that only suppliers of the Honey Marketing Authority were called to an initial meeting to obtain sufficient support for a co-operative to warrant taking a case to the Honey Marketing Authority.

Mr Blair said that the North Island Suppliers' Association had considered a co-operative before they heard of moves being made in the South Island but the North Island group now supported a New Zealand co-operative controlled by the industry.

Mr Berry said that producers must be left options and the co-operative must be a voluntary organisation. He said the Authority would assist in all ways to allow a smooth start for the co-operative. He also considered that export controls would be unnecessary.

Mr Belin said the Comb Honey Association believed in orderly marketing and control of exports.

Mr Herron presented a paper from the Honey Packers' Association which presented three points. He said the future of the industry reserves should be determined by the Authority before it stops trading. He said these were industry reserves and not exclusive to Honey Marketing Authority suppliers. The use of funds for the co-operative or any other alternative organisation would not be acceptable until the industry knew how the reserves were to be dealt with.

He said that it appeared that it would be unnecessarily expensive for the co-operative to establish a packing plant when adequate facilities already existed.

On exports, he said the co-operative could concentrate on exporting bulk honey as this would require the least capital. He said that packers had the facility to produce packed lines for export.

Mr Holt asked who would control the funds loaned to the Co-operative when the Authority was dissolved.

Mr Berry said the Minister's advice would be sought on the status of the funds and it may require a change in the regulations to achieve a satisfactory resolution of the financial involvement.

Mr Holt said that the National Beekeepers' Association could act as a trustee for the industry funds and that the Co-operative could borrow at reasonable rates of interest from the trust.

Mr Hayman considered that the funds belonged to the industry but that suppliers to the Honey Marketing Authority could be said to have a greater claim than non-suppliers, however the apportionment would have to be carefully investigated.

Mr H. Cloake considered that the assets of the Authority are indivisible and the ownership intangible. He said the Co-operative could not operate without substantial support from the Authority. He said the assets of the Authority needed protection and the Honey Marketing Authority could act as a trustee. Any division of funds would only be a "guesstimate".

Mr M. Cloake said the price of honey to the producer would be reduced if a higher interest rate had to be paid.

Mr Bray said the Honey Dew Association would support the formation of the Co-operative provided there was no control over exports.

The Chairman asked for an expression of opinion regarding the proposal. There was a general consensus of opinion that the formation of the Co-operative should go ahead and that the next step would be to continue the feasibility study.

Mr Berry said that Mr Dellow had received a briefing regarding the continuation of his study. Mr Blair said that the Honey Marketing Authority must remain until it was no longer required and that the industry would need to decide the eventual requirement for the H.M.A.

Mr Holt expressed further concern for the control of industry funds, he said that it was an industry fund and should be treated as such.

Mr Stuckey said the money was being lent to the Co-operative and not given. He said that the H.M.A. would have to look at any other proposition on its merits.

Mr Berry emphasised that the viability of the Co-operative and the final support for it would influence the Authority's final decision on the question of whether 80% of the H.M.A. assets would be loaned at 1% or a different percentage finally agreed.

It was a general concensus of opinion that the status quo should remain regarding export control and that any further review should come via remits to Annual Conference.

Dr Don Peer from Canada addressed the meeting on the operation of co-operatives in Canada. He said that the Co-operative must decide what it is going to do, how it is going to trade and what it is going to trade in. Co-operatives must be made to work.

Will the Co-operative pack for Independents or sell to Independents?

He said a Co-operative needed volume of through-put and this would have to increase to cover increasing costs. He said a co-operative was a private entity owned by a large number of people, it was a simple organisation but was not a panacea for the ills of an industry. It would only do what the shareholders wanted it to do. It cannot become a dumping ground for honey.

He described some of the problems of the export industry as he saw them, particularly in relation to the Republic of China which was emerging as a major producer and exporter of honey.

Mr Grahame Walton briefly outlined estimates of production for the year.

Current estimates were for a production of 6685 tonnes in New Zealand:

North Island 2900 tonnes (below the 5-year average of 3221 tonnes)  
South Island 3800 tonnes (above the 5-year average of 3410 tonnes)

He briefly discussed the proposed Export Regulation saying that the Ministry of Agriculture and Fisheries proposed providing documentation to meet importing countries requirements. There was a question asked regarding moisture content which seemed to differ from earlier regulations. Mr Walton said that higher moisture content could be approved by the Director-General as industrial honey.

Mr Belin questioned the voluntary aspect of the regulations.

The concensus of opinion was that the proposals were more realistic and covered present day trading conditions.

There was no general Business and the meeting closed at 2.55 pm.