
Ministry of Agriculture and Fisheries

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22 September 1987

The Director
MAFQual
HEAD OFFICE

ATTENTION: D Bretton, HEAD OFFICE
R Ivess, HEAD OFFICE

MAFQual Area Managers
RUAKURA, PALMERSTON NORTH, CHRISTCHURCH, INVERMAY

Apicultural Advisory Officers
WHANGAREI, AUCKLAND, PALMERSTON NORTH, NELSON,
CHRISTCHURCH, GORE

INDUSTRY FUNDING: APIARY REGISTERS AND APIARY INSPECTION

1.0 Introduction

The MAF and the National Beekeepers' Association (NBA) have been negotiating since 1984 over what services the industry requires from MAF and how these can be funded. The NBA determined that the service it most required from MAF was one of endemic disease control, ERP and border control, zoosanitary certification and quality assurance, and industry statistics. Maintenance of the apiary database (over 35,000 names and addresses of beekeepers and apiary locations) is an essential part of these activities.

2.0 Funding Apiary Registers: Annual maintenance cost \$104,800

MAF sought Ministerial approval in August 1986 for a regulation to be made under the Apiaries Act to charge all beekeepers a registration fee of \$15.00 (GST included). This proposal was eventually rejected by the Parliamentary Counsel in May 1987 under the current Act. This information apparently lay with MAF's Solicitors until late July before being made known to myself.

2.1 Options for MAF

2.1.1 Accept the cost of maintaining the registers as a charge against MAF. This has been calculated at \$104,800 of which about \$8,000 would be material costs, the remainder labour and overheads. MAF is obliged, under the Act, to maintain the apiary registers.

2.1.2. Amend the Act to allow for a recovery of a fee and accept the enormous administration work-load of invoicing 7500 beekeepers for say \$15.00, servicing the bad debts plus the consequences of deliberate non-registration of apiaries by many hobbyists. It costs as much to register those with less than 50 hives as it does for those with more than 50 hives.

2.1.3 Experience over the past 12 months has shown that it will be much easier to "sell" a levy to hobbyist beekeepers which incorporates both a base fee on all beekeepers, plus a sliding scale fee based on hive numbers. It would also be easier to adjust the levy to pay for both registration and apiary inspection services and to have one organisation administer it whether the NBA or MAF.

3.0 Funding Apiary Inspection: Cost 1986/87 - \$100,073

3.1 Background

MAF sought recovery of this expense from the beekeepers who own 50 or more hives and who pay a compulsory hive levy under their own Hive Levy Act. The fee was 33¢ per hive.

3.2 Current Situation

The industry declined (8 September 1987) to seek ministerial approval for such an increase as they are already seeking an increase of 12.5¢ per hive (total now 37.5¢) to fund their own activities. They are experiencing considerable difficulties servicing a significant number of defaulters at 25¢/hive, expect more of a problem at 37.5¢/hive, and an impossible situation at 70.5¢/hive. The beekeeping industry is very depressed in many areas with export prices below what they were 8 years ago and a large number of producers not being able to sell their honey from last season.

3.3 Industry Response

The executive of the NBA recognises the implications of their decision and have had discussions with the Director of MAFQual and Maxwell, Under Secretary for Agriculture. They resolved the following:

- (a) To ask MAF to maintain its current level of staffing and expenditure on apiary inspection at least for this financial year.
- (b) To re-enter negotiations with MAF on how best to fund MAF's activities. Amendments will be required to both relevant Acts i.e. Apiaries Act (MAF) and Hive Levy Act (NBA).
- (c) To reconfirm their intention of funding these activities but funds will not be available for this financial year.
- (d) To send their president to each region over the next four weeks to have discussions with area managers.

4.0 Recommendations

- 4.1 MAF maintain Apicultural Advisory Officer positions as at present i.e. Whangarei, Auckland, Hamilton, Tauranga, Palmerston North, Nelson, Christchurch and Gore.
- 4.2 MAFQual maintain apiary inspections at the 10% level negotiated with the NBA. Regional management to make funds available for MAF staff to carry out field work for this season.
- 4.3 MAFQual continue to use duly warranted beekeepers who volunteer their services as part-time inspectors (69 beekeepers used 1986/87, 45 volunteered their services free of charge).
- 4.4 The industry be encouraged to seek amendments to their Hive Levy Act to generate additional funds that could be contracted to MAF.
- 4.5 MAF also investigate the feasibility of cost recovery for registration and inspection under the Apiaries Act. If MAF recovers \$200,000 by way of industry levies and spends \$310,000 on the apicultural section (salaries and expenses, no overheads) then we will be well on the way to meeting revenue targets. MAF to consider:
- (a) Relevant amendments to the Apiaries Act.
 - (b) The problem of debt servicing especially where the recoverable amount due is based on a declaration by the beekeeper as to his hive numbers.
 - (c) Publicity and awareness campaign to inform beekeepers of the proposed levies.
 - (d) Frequency of collection i.e. annually or biennially.
 - (e) All recommendations and drafted amendments to be negotiated with the NBA executive at their December 1987, March and May 1988 meetings and presented to their annual conference July 1988. Any amendments to the Act to be in place by September 1988.
- 4.6 MAFQual maintain faith with an industry that has accepted the challenge of funding the advisory and regulatory work of MAF. They already contribute approximately \$60,000 per year to MAF, DSIR and some universities for research work.



G M Reid
National Apicultural Advisory Officer

APPENDIX I .

PROPOSED REGISTRATION FEE FOR BEEKEEPERS

The charging methodology has been discussed with Anne Herrington at Head Office and is based on a least cost basis. The following parameters were established:

- the time spent by the registrar and by the apicultural advisory officer (AAO) working on the register would be added together.
- this would be costed at \$40.00 per hour.
- that total would be the cost of the register service.

The times mentioned above would not include any of the following:

- invoicing and recovering bad debts
- training the registrar
- writing computer manuals
- R and D for the registration software
- clerical assistance in mailing out statement of inspection forms etc.

The \$40 per hour includes all such overheads, as well as physical overheads such as building overheads, stationery, stamps, computer time, etc.

The figures below were calculated by the various regions and are for eight hours per day.

Apiary district	AAO time (days)	Registrar time (days)	
Whangarei	6.5	24	30.5
Auckland	10	46	56
Hamilton	8	27	35
Tauranga	8	33	41
Palmerston North	10	50	60
Nelson	5	25	30
Christchurch	10	15	25 + 1/20th } 38
Oamaru	5	20	25
Gore	15	10	35 } 47
Total	77.5	250	327.5

This represents a total of 327.5 days. At \$320.00 per day (\$40 x 8 hours) the least cost to MAF to operate nine registers is \$104,800 or \$15.11 per beekeeper. (At 31 May 1986 there were 6 934 beekeepers registered with MAF in New Zealand).

GST has to be added to this, or the fee charged could be adjusted so the total fee charged to the beekeepers was \$15.00, ie a registration fee plus GST only. Only 4% of the beekeepers will be registered and thus able to recover the GST charge.

Recommendation

That the registration fee be set at \$13.64 plus \$1.36 GST; total \$15.00 per beekeeper per year. The year to end or begin on 7 December when all statement of inspection forms are due for return under the Act.

18th March 1988.

N. B. A. EXECUTIVE NEWSLETTER.

TO ALL HIVE LEVY PAYERS:

The 1988 Industry Planning meeting was held earlier this month, and a number of important decisions were made affecting the beekeeping industry, and particularly hive levy payers. Because of this, the Executive felt a newsletter should be sent to members detailing some of the recent developments. You are urged to read this information carefully, in your own best interests.

FUNDING OF MAF APIARY REGISTER AND DISEASE INSPECTION SERVICES.

Under current Government user-pays policies, and with the restructuring of MAF, the beekeeping industry has been facing the difficult question of funding those services previously provided by Government. It has been made very clear that the historical services of maintaining the apiary register of beekeepers and the disease inspection service provided by the MAF must be funded by some source if it is to continue.

The NBA has been faced with deciding whether the services are essential to the beekeeping industry, and if so how can they be funded. Over the past three years considerable negotiations have taken place between the Minister of Agriculture, MAFQual, and the NBA Executive in an attempt to reach a satisfactory agreement for funding. Briefly, the main developments are as follows:

1) During the 1986 NBA Conference, the following resolution was unanimously passed:-

"That Executive negotiate the best possible agreement with the MAF to provide for the funding of an improved programme of apiary registration, disease control and quality assurance, for the benefit of the whole industry."

2) Late 1986 a proposal for amendment of the Apiaries Act to apply a levy of \$15 to all beekeepers to fund the Apiary Registration costs, was submitted to the Minister of Agriculture.

3) May 1987: Proposal for Registration fee rejected by Parliamentary Council. The following reasons were given:

a) There is an element of public benefit as well as beekeepers benefit in the maintenance of the present bee health status. Work on a 50/50 basis i.e. the state should meet half the cost of registration etc.

b) In the 50% to be met by beekeepers there must not only be an element of equity, but hobbyists must not be discouraged from registering. A token amount for hobbyists.

- 4) Sept. 1987: Executive notified of Parliamentary decision - (too late for Conference discussion.)
- 5) Sept. 1987: Executive decided not to apply for increased Hive Levy for disease inspection services. President to visit four MAFQual Area Managers to request support for 1987-'88 inspections on basis of undertaking to provide funding for 1988-'89 season.
- 6) Dec. 1987: Support obtained from all Area Managers. Inspection services to be maintained for this season only in all areas.
- 7) March 1988: Industry Planning meeting, Flock House. Decision taken on best possible option for funding.

Which brings us to the present time, and the following is a summary of discussions which took place at Flock House in early March. Four possible options for funding were identified, and each was examined in detail, on the basis of arriving at the most cost effective and equitable way of maintaining the services.

CURRENT STATISTICS:

Total beekeepers registered	7600	
Hobbyists		7000
More than 50 hives		600
Total hive holdings	330000	
By hobbyists		30000
By 50+ beekeepers		300000
(By hive levy payers		240000)
National Beekeepers Assn	1200 members	
By subscription		650
Hive levy payers		550
Current hive levy	25 cents per hive	
Hive levy 1989 (proposed)	37.5 cents per hive	
NBA administration, promotion costs, Journal, etc. (revenue collected from hive levy, subs, etc)		\$90000
Cost of providing apiary register and inspection services (1988/89) (estimated)		\$225000

OPTION 1: Cost recovery based on collection from beekeepers only in the 50 plus hive holding category (hive levy payers).

If collection is on beekeeper basis, it would work out to about \$1 additional levy on top of the NBA administration levy. (37.5)

OPTION 2: Cost recovery based on government contribution with balance being recovered by levy on beekeepers with 50 plus hives

Amount to recover \$225000

Government contribution: \$105000
 To collect from hive levy payers: \$120000
 (240000 hives at 50 cents per hive)

Plus NBA administration levy of 37.5c per hive.

OPTION 3a: Cost recovery based on equal collection from all beekeepers of fixed amount.

Amount to recover \$300000
 (includes increased cost of collection and provision for evasion)

Spread over all beekeepers (7500) = \$40 for each beekeeper
 (Has already been rejected by Minister)

This option still requires NBA administration levy. (37.5c/hive.)
 from hive levy payers.

Option 3b: All beekeepers pay hive levy, with a minimum of say \$35 for less than 30 hives. (All become NBA members.)

Amount to recover \$450000
 (includes NBA administration levy, plus increased cost of collection and administration, voting, journal etc , for increased NBA membership)

Less than 30 hives	6750 beekeepers at \$35	\$ 236250
30+ hives -	304000 hives at 70c per hive	\$ 212800

OPTION 4: Don't pay anything and let the service lapse

Advantages of this option:

- No further work required
- Short term cost saving
- No administration or collection costs
- Possible savings of some hives due to drug control rather than destruction.

Disadvantages:

- Loss of Apicultural Advisors - no MAF input to industry.
- Loss of restrictions and control of bees and honey imports.
- Loss of disease surveillance by Government audit.
- Probable export restrictions in some markets for honey & bees.
- Emergency Response Procedures not possible with no register.
- Higher administration costs for NBA.
- Increased disease levels.
- Non-reversible drug feeding option.
- beekeepers left with no disease control option; forces drug feeding to control, leading to increased work and costs.

SUMMARY OF DISCUSSIONS: Option 2 is favoured, including a public interest payment by Government and levy on commercial beekeepers (the present hive levy payers).

Advantages to NBA:

- Contract with MAF for bee health control - oversight of spending. More beekeeper inspectors = money returned to industry.
- Contribution for hobbyist sector comes from Government direct.
- Acceptable to Government under present policies.

Disadvantages to NBA:

- Possibly greater evasion of increased levy.
- Increased administration costs.
- Increased cost to members. 1989 Hivelevy: (37.5 + 50) =87.5c

Options 3a & 3b both involve considerably more administrative cost, and the recovery of outstanding levies is not considered economically viable at a level of \$35 or \$40. Further investigation of these options is being carried out to ascertain if feasible alternatives do exist.

It is intended to prepare a submission to the Minister of Agriculture for acceptance of Option 2 as a means of funding apiary registration and disease control services for our industry. This decision has not been taken lightly, and there is no easy option. Executive have acted in what is considered to be the best interests of the beekeeping industry to ensure the maintenance of our bee - health status.

1988 HIVE LEVY.

Levy payers may have noted that this year's Hive Levy did not increase from 25 to 37.5 cents per hive as had been indicated earlier. This was due to an administrative oversight within MAFCorp, whereby our application for increase was held up, and failed to meet the required Gazette deadline. A small sum of compensation has been received from MAF, but the 1988 - '89 NBA budget indicates a deficit for the year, and even more careful management is required to see us through.

As indicated above, an application for increase will again be made for 1989, at least to 37.5 c per hive for NBA activities.

THE MARKET SITUATION:

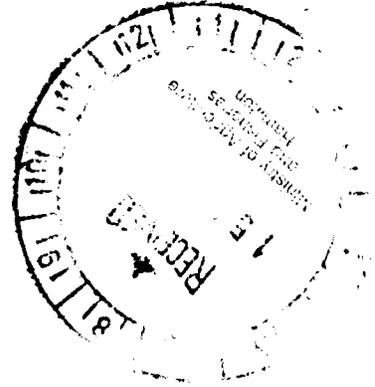
Markets continue to be difficult for our products, and it is recognised that depressed prices for export and local honey sales are causing considerable hardship for many beekeepers. While there are signs of improvement in the export situation the actions of some honey packers on the local market are very hard to understand. At a time when local prices should be maintained or increased to bolster low export returns, some of our largest packing groups are locked into a downward price chase, which has only one inevitable result - lower returns to producers and no more honey sold overall.



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Minister of Agriculture

APIARIES (FEES) REGULATIONS

- 1 I attach for reference to the Chief Parliamentary Counsel drafting instructions for the above regulations.
- 2 One of the activities carried out by the Ministry under the Apiaries Act 1969 is the keeping of a register of apiaries for each registration district. At present the Ministry recovers no money from the industry for this.
- 3 In line with government policy of charging for services, it is proposed that each beekeeper be charged a fee of \$15 (inclusive of Goods and Services Tax) towards the costs of keeping the register.
- 4 The proposed fee is not a registration fee in the usual sense as registration continues until such time as the beekeeper requests cancellation. Registration is a prerequisite to the keeping of an apiary. In other words, there is no power to cancel registration for failure to pay a fee or provide particulars.
- 5 It is considered that section 46(b) of the Apiaries Act 1969 authorises the making of the proposed regulations.
- 6 Numerous consultations took place and several alternative cost recovery mechanisms were considered by the National Beekeepers Association and the industry. The proposal as outlined was considered to be the fairest and the most appropriate in the circumstances, and, it has the approval of the NBA.
- 7 It has been contended that the imposition of a fee on each beekeeper rather than each apiary or each hive results in the hobbyist beekeeper paying a disproportionate amount as compared to the commercial beekeeper.

- 8 While on the surface and from the point of view of numbers of hives it appears that the hobbyist beekeeper would be discriminated against in the proposal to levy a fee in reality this would not happen because at the same time and as a separate exercise the industry intends to recommend an increased levy under Hive Levy Act. The increased levy would be based on the number of hives owned and the industry would contract MAF to carry out a hive inspection programme.
- 9 The industry considers the operation of the disease control programme by MAF of paramount importance as evidenced by its willingness to undertake this action.
- 10 As the majority of MAF inspection efforts and money is spent on examining hobbyist hives in practice this would mean that the commercial beekeepers would be subsidising the smaller beekeepers to keep this service.
- 11 Therefore any apparent disadvantage to the smaller beekeeper in the imposition of the Apiaries (Fees) Regulations would be compensated for by the commercial beekeepers with the imposition of the Hive Levy Regulations.

Recommendation

- 12 If you agree, you are recommended to sign and forward the attached drafting instruction to Chief Parliamentary Counsel for the preparation of suitable regulations.



REW Elliott
Group Director
MAFQUAL

Encl

Division MAF. 2242
File Ref Ag/F. Ref
Drafted by J.A. Burns
Cleared by

	DIRECTORATE - GENERAL
Cleared by R. Ellich

Sent to Minister

- 7 MAY 1987

Chief Parliamentary Counsel
 Parliamentary Counsel Office
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 WELLINGTON

APIARIES (FEES) REGULATIONS

Section 46(b) of the Apiaries Act 1969 provides for the making of regulations prescribing the fees to be paid in connection with services rendered under that Act.

One of the services the Ministry is required to render under the Act is the maintenance of registers of apiaries. Currently, no fee is fixed for the provision of this service. The Ministry proposes to fix a fee of \$15 per annum for each beekeeper who registers an apiary(s). With respect to new registrants the fee would be payable on application. For existing registrants the fee would be payable annually on 7 December. It is not proposed that there should be any proportional reduction in the fee paid by new registrants where the period between the date of registration and the next 7 December is less than one year.

It may be argued that the maintaining of registers is not a service rendered for the purposes of section 46(b) of the Act. The use of the word service in this context is somewhat unusual. An analysis of the Act has led us to the view that insofar as any services are described in the Act the maintaining of a register is such a service. If you have any questions or comments would you please contact Mr Fergusson of the Ministry.

Colin Moyle

Minister of Agriculture