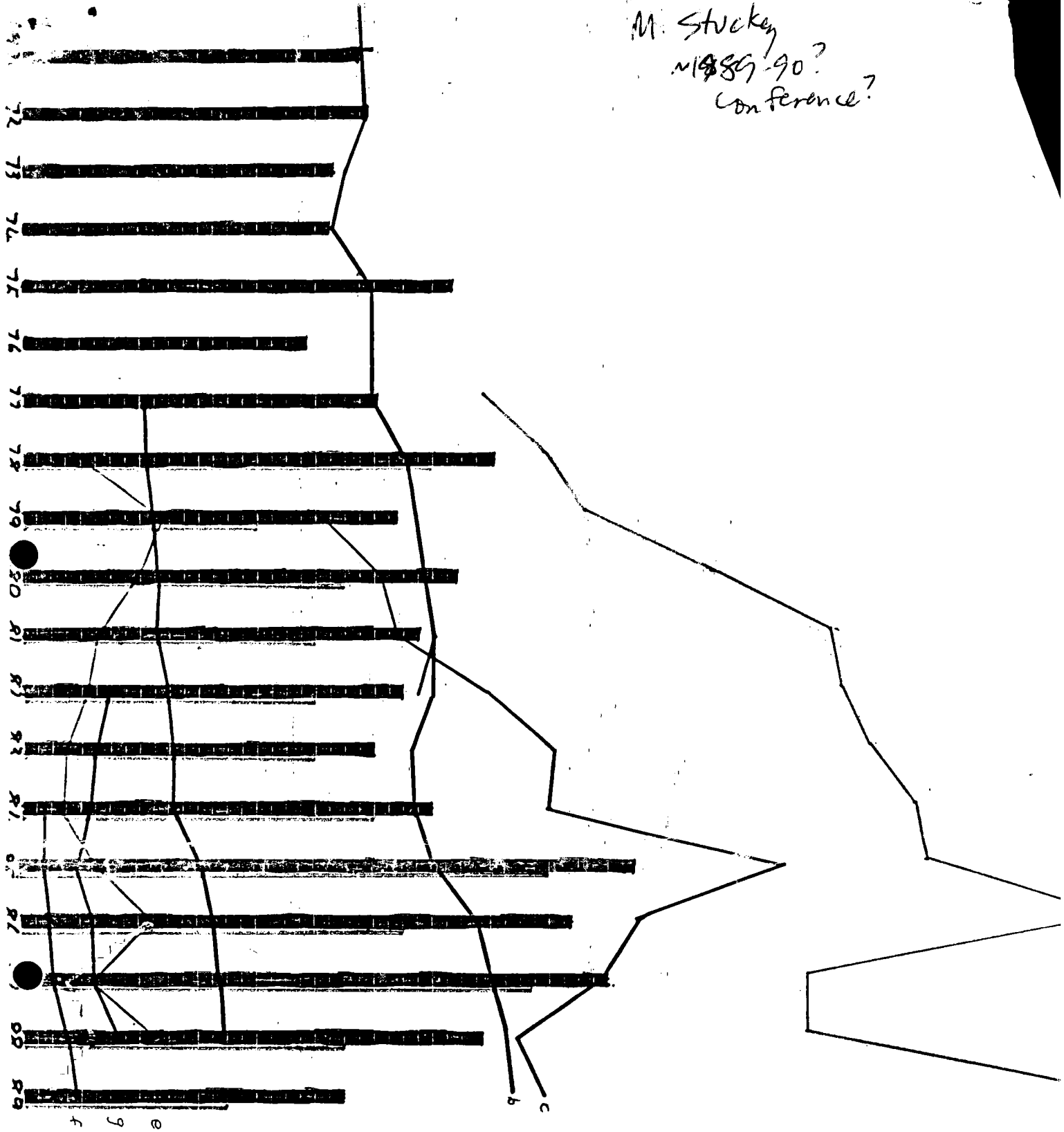


M. Stucky  
 1989-90?  
 Conference?



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- Retail Prices cents per 500g. \_\_\_\_\_
- Annual crop 1000 Tonnes **█** **█**
- Five year crop average. \_\_\_\_\_
- Bulk price in USA cents per 500g. \_\_\_\_\_
- Total Hives \_\_\_\_\_
- Total Exports Honey 1000 tonnes \_\_\_\_\_
- Exports Retail packs 1000 tonnes \_\_\_\_\_
- Five year total Export average \_\_\_\_\_
- Estimation of consumption + Honey held over. **█** **█**

The graph shows the following:-

Price in 10cents/500g

Annual production in 1000 tonnes.

Average of previous 5 years production.

Hive numbers in 100,000.

Retail exports 1000 tones.

Total exports.

Estimation of total of local consumption and honey held over.

Value on world market 10c/500g.

One part of the graph is deceptive - the price shows a steep increase, however it is only at the rate of 10%/year and this equates with the inflation rate over the period shown.

Before we can come to any conclusion over ways to plan the future it is necessary to understand the past. If we do not recognise past problems and mistakes then they will revisit us in the future.

The major problem seems to be the overproduction in the years 85-88. It is obvious that when production increased dramatically there was an immediate drop in price on the domestic market. It can be clearly seen that the export graph follows the trend in the production graph. From this we can see that the local consumption remains the same. Indeed it seems that the dramatic drop in price recently sold very little more on the local market. It is interesting to examine the cost to the Industry of this type of marketing regime.

The price available on the world market for bulk honey, directly dictates the value of the surplus. This in turn influences the value of the total crop. Producers and marketers will naturally sell on the best available market and this has the effect of levelling the local market value to that available on the world market less the cost of delivery to this market. I feel that this fact is not yet fully appreciated. Consider the loss to the Beekeeping industry in the year 87-88. About 9,000 tonnes of honey was sold at a reduced price. While it is hard to establish factual figures it is probable that the return to producers was in the vicinity of 50c/kg less that it needed to be, this is \$500 per tonne or \$4,500,000 or looking at it another way this is about \$18 per levy paying hive or \$16,000 per full time beekeeper.

These sorts of losses suggest that it would be in the best interests of the Industry if something was done to eliminate or lessen the loss.

Turn to the graph again. There is no significant relationship between the price on the world market and the volume of exports - in fact from 1979-84 the value rose steadily from 50c to \$1.25/500g. Meanwhile the volume exports dropped from over 2,000 tonnes/annum to about 1,000. During this period 87-88 the world price took a sudden dip. Had this happened at a time of low NZ crop this may not have caused such an effect on our incomes. The industry must consider whether it is worthwhile taking out an insurance policy against this happening again.

So much for the problem - is there a solution.

There is one positive feature which shows up. This is that the export of retail packs has shown a steady increase. This honey is mainly being sold in special markets which are not subject to the fluctuations of the bulk price. The Packers Association has recognised the value of this trend and has awarded a sum of money to exporters to help in the promotion of honey over the last twelve months.

Perhaps the industry as a whole could accept that when an exporter promotes honey overseas he is helping the whole industry. When the industry can come to this acceptance it could take over or at least assist the Packers Association scheme.

This however is a plan very much for the future. Indeed it will probably be at least ten years before the export of packed lines can completely solve the problem unless the rate of increase is boosted. However, there is another requirement to successful selling overseas and that is continuity of supply. A health food chain is not going to stock our product unless it is always available. We must establish a stockpile of suitable honeys in NZ. In fact with the 5 year average at 8,000 tonnes and a low crop of 5,500 tonnes it seems that there needs to be a stockpile of in excess of 2,000 tonnes. In fact the industry should not be scared of a carry over of over 4,000 tonnes. The major stumbling block is the cost of interest. It should not be necessary for the industry to buy the honey nor should it be necessary for the industry to store it, beekeepers can do this much cheaper.

The idea I would like to promote is that there should be a small levy building up a fund. This fund to be used at times of large crops and inadequate prices. The producers or packers who agree to hold their prices and who carry over stock would have the interest factor on the carry-over paid from the fund. I believe that had this scheme or a similar one been in operation over the last few years there were sufficient beekeepers willing to hold stocks and we would and we would have all been much better off as a result. Further to this I believe that the increase in hive numbers is going to cause larger fluctuations in the crop in the years to come. This will aggravate the problem and we could well find the recent situation occurring on a more frequent basis. When it comes to selling on the world market we must recognise that we are associates and not competitors.