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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

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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

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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,  
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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.

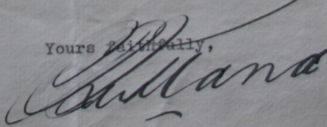
I would not, being Government representative on the Board, allow any steps to be taken in this direction without your approval, but with such approval I will take the full responsibility and see the matter through. The results will be :-

- (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.