

Mr. President, Ladies & Gentlemen,

As Chairman of New Zealand Honey Ltd., the Producers' Marketing Company recently acquired by the Government, permit me this opportunity to make reference to two circulars issued by the late members of the Honey Control Board. Mr. J. R. Butland, Chairman and Government representative, Mr. P. A. Hillary, and Mr. W. Watson, producers' representatives.

I take no exception to the circular issued by the late Chairman Mr. J. R. Butland, whom I recognise was fully justified in stating his position and that of his colleagues to the producers. The circular, however, from the producer members Mr. Hillary and Mr. Watson is in quite a different category, and it is this circular I propose to deal with. The statement and tone of the circular is more in keeping with what producers invariably expect from political propaganda of commercial interests rather than from producers' representatives dependent solely on the production of honey. I would not regard the circular worthy of notice, but for the fact that it reflects also on the business capacity of my six colleagues of the directorate of the late Company. From these gentlemen I received the most loyal support during the entire period of the Company's existence, and in common fairness to them I feel impelled to issue this statement. Let me first inform you that the account for drafting out, printing and posting for the two circulars was presented to the new Control Board for payment, the details of which are as follows:-

Messrs. Wilkinson & Campbell, Accountants	28	8	0
Armstrong & Springhall	17	18	9
Farrell Printing Coy.			
for 3500 circulars	<u>17</u>	<u>16</u>	<u>4</u>
TOTAL -	244	3	1

My information is that these circulars were posted to beekeepers; registered newspapers and Chambers of Commerce. It is obvious that by far the major portion of the above account was because of the producers circulars from Messrs. Hillary and Watson, who apparently considered it quite in order to spend the producers' money on a chartered account for the purpose they had in mind. This attitude is in sharp contrast to the spirit shown by my colleagues of New Zealand Honey Ltd., who unknown to the shareholders paid out of their own pockets the cost of my final circular as company chairman to all shareholders.

May I remind this audience that these gentlemen were shareholders in the late Company, and large shareholders at that, and it seems almost incredible that they as shareholders, who during the lifetime of the Company availed themselves of the benefits of their Company, could so completely somersault and attach their names to such a reprehensible document. Messrs. Hillary and Watson endeavour by an array of figures to show that all past marketing efforts on the part of producers have been an utter failure with one exception - the one exception being the late Honey Control Board. They express no doubt as to the ability of the present Control Board and the Internal Marketing Department to evolve a sound and satisfactory marketing system, in fact, they go almost so far, (and I am speaking with a due sense of responsibility) as to say that the present authorities will quickly lead the industry into a state of bankruptcy.

I will not weary you with a review of all that you already know, but I would ask you to think back and visualise the state of the market when the Company was formed and compare that position with the improved position which was manifest when the Company was sold to the Internal Marketing Department.

At the time the Company commenced business the local market was in a complete state of chaos, so much so that the Government of the day could do little or nothing for the producers. It was under such conditions the Company came into existence. With no money available on which to commence business and no assets or assets on which to borrow money, surely never a body or company directors faced a more difficult task. Yet in the face of unrestricted competitive selling from new shareholders the company stepped up priced from a basis of 5/6d. a doz. cartons in 1934 to a basis of 11/6 in 1937 (a 100% increase.) Further, in 1934 to year of the Company's operation recorded the largest volume of business during the 4½ years existence of the Company's operations on the local market. Can Messrs. Hillary and Watson's operations better service from any other producers' Company? The very last thing my former colleague and I wish to do is to say anything that may even remotely reflect unfairly on the record of service of the members of the Honey Control Board. We would not be a party to any such move. The quoting, however, of certain cold facts is required to meet the position created by the issuing of the circular in question.

Let me first point out that slump prices occurred when the late members of the Control Board were in office prior to the Company being in existence and the position on the local market was rapidly becoming worse. It was not until New Zealand Honey Ltd. came into being that prices improved and progressively continued to do so right through the 4½ years of life of the Company, Messrs. Hillary and Watson quote figures to show that the Control Board always paid out more than the Company. Producers were quite well aware of this fact, and it did not require the service of a chartered accountant to further emphasise it. Producers also knew however, why it was possible for the late Board to make the returns they did. All along the board had the 25% exchange operating in its favour, and the restricted supplies from New Zealand Honey Ltd. was a further major factor contributing to the Board's success. This is clearly demonstrated by a perusal of the figures submitted by these two astute gentlemen. You will note that in the year 1935 when the Company exported 950,152 lbs. and held only 235,846 lbs. for the local market, the Control Board's pay out dropped by ½ per lb. on the previous year, whereas the Company paid a ½d. per lb. more than it did the previous year.

I have heard references made by Mr. Hillary to the amount repaid by the Board against the Government loan of £10,000. Well, the shareholders of New Zealand Honey Ltd. can claim credit for the greater part of this repayment, as during the period in question the Company provided the Board with the great bulk of the honey exported, the actual percentages for the three years 1934-35-36 being:-

Quantity supplied to the Board by N.Z. Honey Ltd.	85½%
Outside suppliers to Board	14½%

This shows surely how completely the Board relied upon the organisation of New Zealand Honey Ltd. to obtain supplies.

The directors of New Zealand Honey Ltd. were criticised in certain quarters over the importation of a certain class of Australian honey, and in view of Mr. Hillary's association with selecting the honey, the Company might have expected better treatment. Apparently it does not disturb Mr. Hillary to know that the Australian honey he inspected on behalf of the firm through which the Company purchased the honey, failed to comply with the specifications as to grade set down by the directors and explainance. Mr. Hillary was invited to meet the directors and offer his position in this matter, but he had no explanation to offer. This moved the directors to place on record the following resolution:

"Resolved that this meeting of directors regrets that Mr. Hillary has declined to offer any explanation with regard to the Australian honey not being up to standard, and that it is the view of directors that the 150 tons of Australian honey passed by Mr. Hillary failed to measure up to the specifications laid down for his guidance."

The whole tone of the circular is sadly out of tune with the following record of Mr. Hillary's actions.

At a meeting held in the Y.M.C.A. rooms in Hamilton on October 15th, 1936, Mr. Hillary moved the following resolution:

"That this meeting of beekeepers urges all shareholders to give their keenest support to their company, New Zealand Honey Ltd., during the coming season."

This resolution was seconded by Mr. C. Horn, and passed unanimously. Mr. T Pearson in the chair.

If Mr. Hillary believed the Company was badly directed and heading for trouble as a result, then why did he move the above resolution?

Again on March 8th at Hamilton Mr. Hillary made an appeal for harmony, but he only contributes to discord not harmony by a circular of this nature. In the April issue of his paper "The Honey Bee", Mr. Hillary states, "The Control Board had for years advocated and supported local control and pooling of both overseas and local market returns." As soon as the Government decided upon that procedure the three members of the Board resigned because they did not approve of that policy.

Messrs. Hillary and Watson claim that the Company failed to give the service expected of it, and had to lean on the export market to increase its pay out to its suppliers. The Company did not fail, and when the business was sold its finances were in a sound condition, and so sound in fact that the shareholders have good reason to expect 20/- in the pound from the liquidation.

The sale to the Internal Marketing Department included what Mr. Hillary himself described as the most up-to-date plant in the world, developed to its present state during the active life of the Company.

(Sgd.) W. NELSON