

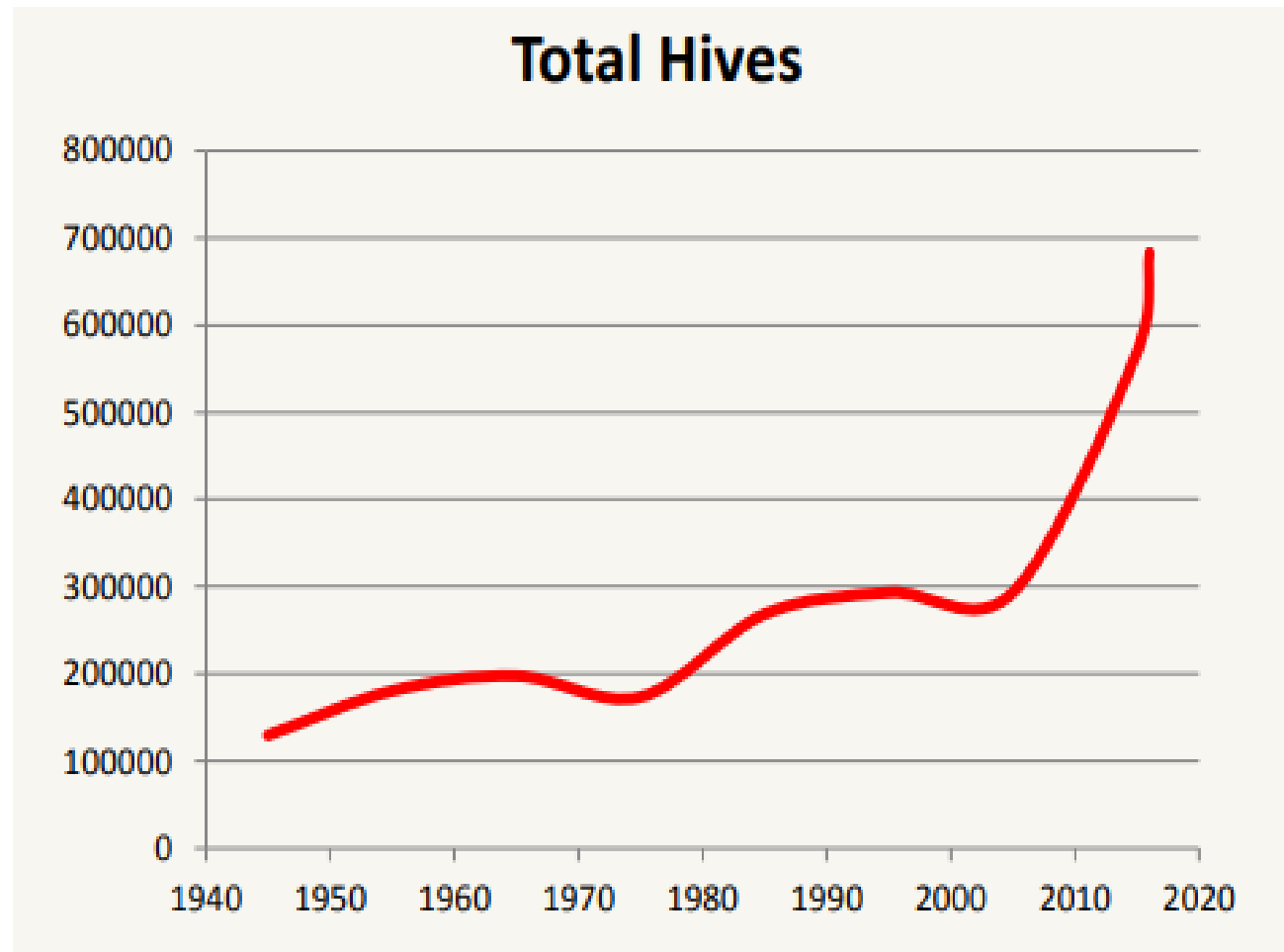
Jason Prior
Downunder Honey Ltd
&
Trees for Bees Plant Nursery
Cheltenham



About us

- Operate 1600 Hives – mix of clover, bush & manuka sites
- Extraction business, 200-300 tonne per annum
- Trees for Bees Plant Nursery
- Consult on Trees for Bees projects
- Promote sustainable beekeeping and partnerships

Exponential Growth



Honey industry growth

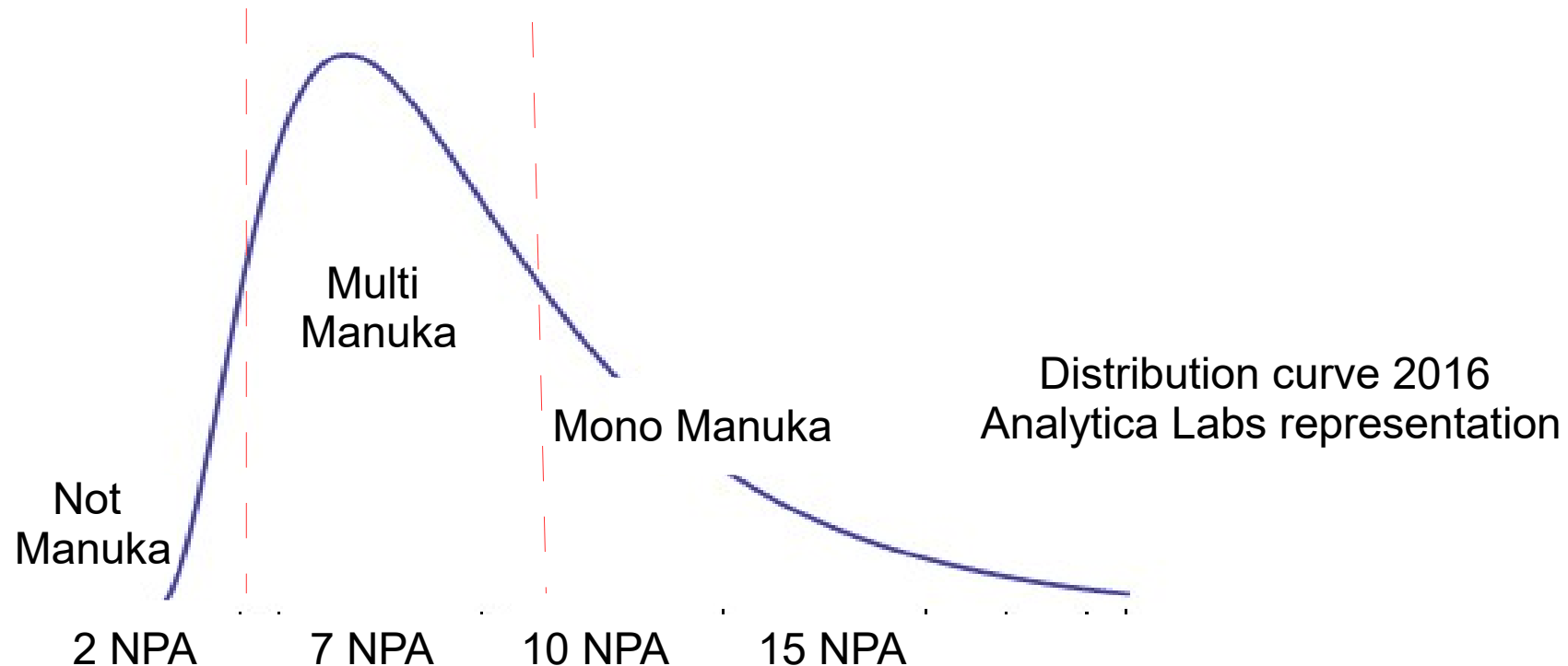
YEAR ENDED 30 JUNE		2013	2014	2015	2016	2017	2018
Beekeeper and hive numbers							
Number of registered beekeeping enterprises ¹		4,279	4,814	5,551	6,735	7,814	8,552
Number of registered bee hives ¹		452,018	507,247	575,872	684,046	795,578	881,185
Honey production							
New Zealand annual honey production	Tonnes	17,825	17,610	19,710	19,885	14,855	20,000
Honey yield per hive	kg/hive	39.4	34.7	34.2	29.1	18.7	22.7
Honey prices²							
Bulk honey price range for light clover honey	NZ\$/kg	5.00-7.30	5.50-8.30	7.00-10.75	9.50-13.00	10.00-14.00	8.50-12.00
Bulk honey price range for mānuka honey ³	NZ\$/kg	10.45-60.00	8.00-85.00	9.50-116.50	12.00-148.00	10.80-127.00	12.00-135.00
Honey exports (pure honey)⁴							
Honey export volume	Tonnes	8,054	8,702	9,046	8,831	8,450	8,692
Honey export value (at fob ⁵)	Million NZ\$	145	187	233	315	329	348
Honey export price (at fob ⁵)	NZ\$/kg	17.99	21.45	25.77	35.62	38.92	40.04

- Growth in beehives from 270k to ~900k in just over a decade
- Overcrowding with falling per hive yields, record failure in 2017
- Challenging weather conditions for honey production last 3 years
- Falling prices for non Mono Manuka after MPI standard launch

MPI Manuka standard

- Sets 4 chemical markers plus DNA marker which honey must meet to be exported as Manuka
- Two grades of Manuka: Mono & Multi, one of the markers is used for to define Mono-Manuka
- Blending of Bush and Dark clover no longer easy, prices have crashed from \$11 to \$6 and lower, weak demand and a lot of stock in inventory
 - Global clover price is around \$4, could fall further
 - Over 2000t Clover unsold from 2018 season
 - Weak export demand, product being dumped on local market
 - Manuka represents 35% of total honey production so price fall for non Manuka is having widespread impact on beekeepers
- Multi-Manuka demand is weak, honey that did sell for \$27/kg now worth \$20, lower grades with poor markers gone from \$20-22 to \$8-12
- Market has moved to buying aged Manuka so beekeepers typically holding mono Manuka for 12 months+

Where has the Standard hit Manuka



- Manuka is still priced based on NPA (UMF)
- Standard has resulted in grading of non Mono grades
- Companies are reblending Multi grades to achieve compliance, requires capital and large inventories
- Beekeepers being forced to blend their crops before sale to avoid grading
- Issues with high MGO honey failing mono tests

Industry Insights

- Still a lot of industry debate about MPI Manuka standard
 - Spectrum varies from loathing to wanting to make changes
 - Low grade and heavily blended honey is still being sold into export markets as blending is occurring overseas
 - No country has yet adopted the standard
 - Australian Manuka is competing and some evidence it is being used for blending overseas now low grade NZ Manuka is harder to obtain
 - Likely there will be changes to the standard
- A lot of cashflow issues, non Manuka honeys selling below operating costs
- Holding inventory for a year to 18 mths
- Growing realisation that overstocking as well as weather is impacting honey yields
- Larger operations with high overheads struggling
- GOOD MANUKA (>15 UMF) STILL SELLING FOR GOOD MONEY

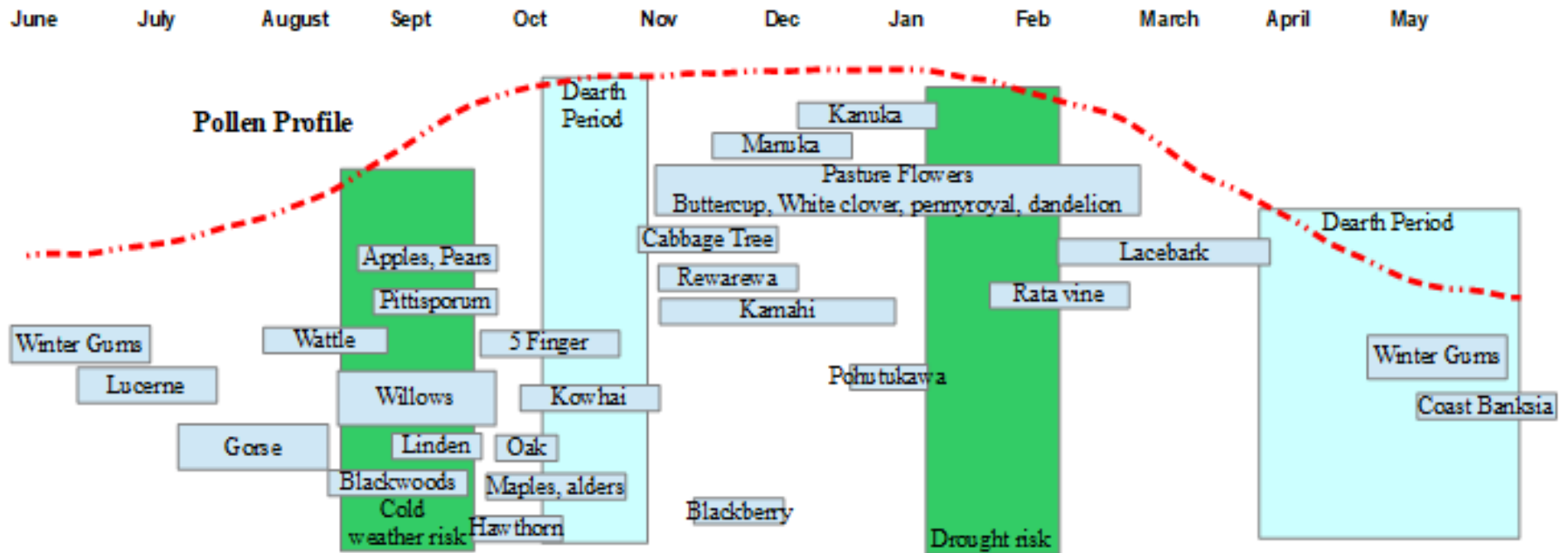
General Themes

- Good Manuka land is still very much in demand
- Lower prices forcing a reality check on prices paid for scattered Manuka with inconsistent and multi grade honey yields
- A number of beekeeping businesses likely to exit this winter
- Hopefully sanity will prevail with hive number growth, bees eat 80% of what they collect, overstocking biggest influence in hive yield declines
- No industry solution to reel in “cowboy” behaviours, perhaps it will disappear through attrition
- Some beekeeping operations moving to renegotiate agreements, moving to net rather than gross revenue and also equity partnerships
- Clover honey operating costs are higher than revenue with current yields, situation is not sustainable without yields increasing which will require stocking rate reductions
- New beekeeping operators are struggling to maintain supply agreements with main players
- Likely payments for wintering sites will stop if they haven't already

Opportunities

- Mono Manuka over 10 UMF still commanding good prices but requires holding for 12 months. Honey industry needs more quality high yielding Manuka
- Opportunity with Billion Trees initiative to plant more marginal land in Manuka and also Trees for Bees Plantings
 - Consider planting more flowering eucalyptus (timber, firewood) and other species that offer good honey yields outside of manuka window
 - Add more flowering species into farm planting strategies to support bees year-round (hedges, riparian etc)
 - Plant high yielding Manuka to target prices in the \$70-100/kg range. Manuka payback models are very sensitive to assumptions!!
- White clover is still the lowest cost source of nitrogen, bees will make it flourish but pasture management is important. Don't forget about other species eg Lotus
- Bees need flowers all year round, Bees need more than Manuka which typically only has a 3 week flowering window

Trees for Bees – Year round strategy



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- Strategies to provide nectar and pollen in dearth periods of October and Autumn/winter
- Careful planning to not interfere with Manuka window
- Targeting trees with pollen protein >20%

Planting opportunities

- Look at honey production when considering planting for timber or firewood, NZDFI has been doing some work on the best varieties for both timber and honey
- Pick Natives that have better outputs for pollinators
- Shelter and hedging that flowers, hedges dont need to involve maintenance
- Mix other species in with Poplars if doing land stabilisation as poplars dont produce for bees
- Consider fodder or basket willows they have a lot of different applications
- Amenity planting that flowers
- Consider Manuka for blocks over 25 ha, Manuka needs sun so dont pick all the south facing hillsides!

Working with beekeepers

- Fixed site fees are difficult with current cashflow conditions, it's likely there will be a reset on remuneration payments
- Choose a beekeeper you trust
- Consider the bigger picture - many beekeepers are just using sites for wintering hives with the hives being removed over the summer. The loss of pollination is worth a lot more than payments
- Consider the wider farm ecosystem and what you want to achieve
- Be aware that putting too many hives in an area affects not only the neighbours hives but all the other pollinators that are competing with your bees
- Consider year round planting for bees as part of any honey strategy
 - Farms with a good year round supply of bee food will always be in demand from beekeepers

Questions

Find out more www.treesforbees.co.nz

Example Halcombe circa 2016, Beehive range, 4 commercial apiaries, 120 hives total (3T pollen)

Bee range,
2.5km



Halcombe 2019, Beehive Range, 7 commercial apiaries significant overstocking, 240+ Hives (6T pollen)

Bee range,
2.5km

