
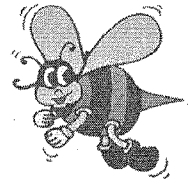


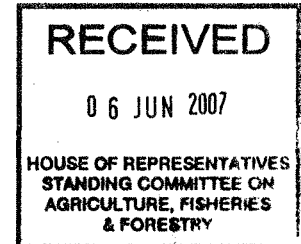
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Secretary:	



To the Secretary – Agriculture, Fisheries and Forestry

Please find attached **Wescobee Limited's submission** into the inquiry of the future development of the Australian Honey Bee Industry. Our submission addresses the areas requested as they apply to our business or as they influence us on your topics being:

1. Current and future prospects;
2. Role in agriculture and forestry;
3. Biosecurity issues;
4. Trade issues;
5. The impact of land management and bushfires;
6. Research and development needs of the industry; and
7. Existing industry and government work that has been undertaken for the honeybee industry.



Background – Wescobee Limited is Western Australia's largest honey packer & marketer established in 1926. For the last 80 years we have led the honey industry in Western Australia and we are one of the four major honey packing company's in Australia. Wescobee packs and markets its products in to the domestic and export arenas. Marketing occurs under our various brands or under brands that we contract pack such as house branded product for supermarkets. The company is owned by beekeeper shareholder enterprises and currently our shareholders are 157. However, this small number of shareholders includes all the major commercial beekeeper producers in W.A. Additionally Wescobee Limited services the needs of non shareholder beekeepers in WA who are more than welcome to deliver their product to our company. Those beekeepers are many in number from hobbyists to semi commercial beekeepers.

This submission is biased towards honey production and marketing as that is the area where our company and shareholders mostly operate. We trust other inputs may better address issues from the other sectors ie; Pollinators and Commercial Queen Breeders. It is also more slanted towards Western Australian perspectives irrespective that they may parallel the national industry.

1. Current and future prospects;

Current - Currently the Australian Industry produces between 27 to 32,000 tonnes of honey each year (season dependant). While by-products are also produced (like beeswax) it has been honey production that directly is the mainstay of the industry. The honeybee industry does provide pollination services to Horticulture and Agriculture and pollination by honey bees (both managed and incidental) are estimated to be worth well over \$1.7 billion to Australia's economy.

In Western Australia around 3,000 ton of honey is produced with 65% going through the mainstream market and the rest moving through fragmented markets on a direct basis. As we currently see it, there is little chance of increasing the

volume of honey produced in WA unless there are some quantum changes that occur for industry. Firstly, beekeepers need secured access to native forest reserves. They are increasingly being reduced access to this resource (if we compare the last 30 years alone). Without access to native flora the commercial beekeeping industry would simply find it very difficult to exist. Continued access to native flora on private and especially public land is essential for our beekeepers in Western Australia as it provides critical nutrition for colony build up of the bees and a valuable honey crop production. Coupled with this is the fact that if pollination requirements for the Horticulture and Agriculture industries increases then the volumes of honey produced may well diminish at an increased rate.

Next, farm gate values for honey paid to beekeepers are at a point that is considered by many as unsustainable (Australia wide) and as such it is difficult for producers to invest on capital improvements to their business, employ people and/or attract new blood in to the industry. Supermarket power against packers is at a critical and dangerous point with 80% of the Australian grocery industry being controlled by two players – Coles & Woolworths. Tremendous pressure is felt by honey packers with the move by these supermarket chains to push their own house brands at the expense of private brands. Margins and realisable prices are being squeezed to the extreme and this does not help to sustain our honeybee industry.

Internationally Australia's high cost of infrastructure (and current high exchange rates) from both a beekeeper and packing house perspective, makes it difficult to compete in many markets against low cost developing countries producing honey. China & Vietnam are two examples where they can sell bulk honey at some \$800 per tone lower than Australia can. World wide everyone is trying to find that specialty niche so even there competition is high. Australia's renowned honey quality does give a little comfort but in the long term one questions if industry can grow or sustain unless global shortages and a lower exchange rate comes into play.

Equally global supermarkets are dominating trade making the task of doing business and being able to support it harder. Listing fees and promotional supports demanded can run into the tens of thousands of dollars (eg. a recent survey on a new product line to list required a minimum of AUD\$65,000 in a Malaysian supermarket group).

Future – Very dependant on world honey supply conditions, weather patterns in Australia and keeping free of such exotic pests as Varroa. With these and other factors considered the honeybee industry does not seem to have an extremely bright future in Australia. This is in part because the current basic economics found in the industry are not brilliant and are coupled with an ever aging producer population. If continued access to native forest reserves can be maintained and Varroa or other pests that are injurious to the industry can be held out of Australia, then there is better chance that industry will survive. The two previously mentioned points are critical to Australia's horticulture and agriculture industries for their

wellbeing. Critically better returns are required by the producing sector here in WA and Australia.

The CIE report 'Future Directions for the Australian honeybee industry' commissioned by industry in 2005 addresses opportunities to overcome some of the hurdles for the future and that report should be read in conjunction with this submission.

On a brighter note, exports of retail packaged product in to rapidly developing countries such a China and India offer some potential for honey packers to develop. As rising affluence occurs in developing countries so will the buying patterns of those consumers who will then be prepared to pay for quality imported products that differentiate from local produce.

2. Role in agriculture and forestry;

While the industry's farm gate value of production is around \$70 million per annum the real overall value of our industry is the significant worth to Australian horticulture and agriculture that it provides by default. While marginal volumes of honey are produced by the industry providing pollination services, the contribution to Australia's economy is valued at \$1.7 billion per year for just the most important honeybee dependent crops. When other crops, are added this assessment becomes even larger and is estimated at around \$2.4 billion. On a pro rata basis the same value to agricultural/horticulture applies from beekeeping in Western Australia, being around \$240 million.

In some plantation timbers (forestry) there has been a request to bring in managed bees for seed set although little value can be attained for honey production. This is because plantation trees are harvested before maturity when the real value for beekeeping comes into play for honey production. Also the species used in plantations provide little nutritional value for bees in terms of pollens.

From a forestry perspective continuous threats to the floral resources accessed by beekeepers in Western Australia include:

- land clearing for urbanization or agriculture;
- forestry activities that remove flowering and/or mature trees;
- replacement of felled trees with pine and low pollen yielding eucalypt plantations like Blue gums;
- fire, including the back burning practices of the State department and natural bushfires;
- environmentalists / conservationists demanding beekeeping not to take place in native reserves, wilderness areas and parks.

On the last point above there is actually a conflict of interest that has occurred. During the early part of 1900's up to the 60's there was not an issue as beekeepers worked in harmony along side forest workers and users, including the public.

Of the eucalypt species in Western Australia, Jarrah, Marri (Redgum), Karri, and the goldfield Mallees are considered of most importance. However, Karri has been so heavily

logged and beekeeping access restricted (along with climate change) that this record honey producing species now is no longer considered by Wescobee Limited as a crop worthwhile to market in its own right due to the little production achieved. In 2002, Jarrah honey was been found to have active antimicrobial healing properties yet this species of Eucalypt too is being logged out and access for beekeepers is being restricted. Jarrah promises to provide many health benefits to the community at large and will give great economic benefits to the industry.

The impact of climate change is a major threat to the West Australian honey industry. With the Karri trees for instance, estimates are of a 40% drop in rainfall over the southwest in the last few decades. In our opinion this has resulted in very low karri yields from the remaining old growth forest, as much as any other factor.

Only limited research has addressed the subject of honeybees in the Australian environment. Generally the amount of research has been carried out by one sided, outside, vested interest parties like conservationists and the conclusions remain equivocal and very open-ended. An AHBIC paper on managed honeybees in conserved forests reviewed both sides of the arguments (Moncur 2005) and the overall conclusion reached was that the findings of the limited scientific investigations into competition between honeybees and native flora and fauna have been inconclusive (this situation has only improved in favour of beekeepers today). In a few minor instances wild honeybees have a negative effect while in others they have a neutral or positive effect. But while the research has been equivocal, conservation agencies have used the precautionary principle and desire for only native ecosystems in conservation reserves to justify an exclusion policy. This is incorrect in Wescobee's opinion as there has to-date been no conclusive proof that managed honeybees damage the environment.

It is essential therefore that a sustainable honey industry is maintained in Western Australia and security of tenure is granted to the industry for sites using native reserves.

3. Biosecurity issues;

Australia is one of the very few major honeybee producing countries in the world where Varroa mite is not present. This mite is a parasite of adult honeybees and the brood and it seriously weakens and eventually kills the bee colonies. Varroa mites are difficult to detect in the early stages, are very mobile and can readily transfer between bees and apiaries. While Varroa would wipe out feral bees there would be a major loss to Australia from the loss of incidental pollination to agriculture/horticulture and the resulting shortfall for managed bees to service those industries.

New Zealand had an incursion in the year 2000 and after considerable effort they were unable to eradicate the pest with it now present through out the country. The New Zealand incursion illustrates the risk that Australia's beekeeping industry faces with this pest. Because of the migratory activities of beekeepers in Western Australia, and the difficulty of detecting the mite in early stages of infection, the pest once introduced, is likely to spread rapidly perhaps before detection.

With WA having its natural border of the Nullarbor Plain and its strict protocol on the current non movement of bees into the state, there may be some temporary relief should a Varroa incursion happen on the east coast. The cost for the beekeepers to manage the pest would add another burden to an already fragile industry in terms of its viability. Therefore it is paramount to the industry, and the beneficiaries of the apicultural industry, to be united in the maintenance of Australia's biosecurity. Funding for more sea and airport surveillance is required.

4. Trade issues;

Without going and setting a list of trade issues it can be simplified by stating that the largest trade barrier faced by Wescobe as honey exporters is at overseas country borders via the application of ad valorem tariffs or artificial barriers. These can be seen below:

Country Ad valorem tariffs Country Ad valorem tariffs By %

Republic of Korea 248.4	Bangladesh 15.0	Mauritius 65.0	Kenya 15.0
Indonesia 5.0	India 35.0	Lebanon 35.0	Italy 17.3
Djibouti 20.0	Finland 17.3	Germany 17.3	China 17.0
Japan 25.5			

Source: Market Access Database (accessed 22 April, 2005).

There are also non-tariff barriers faced by Australian honey exporters. These include quotas place on the total amount of honey allowed to be exported into the country and expensive quality testing measures that are not placed on domestic honey supply in those countries. In some markets there are unequal rules – such as Mexico which can ship to Germany with just a 7% tariff yet we face 17.5%. In South Africa there is an insistence that all honey must be irradiated before entering which excludes Australia to ship final product into the retail market of that country. Irradiation for South Africa is insisted on for local disease control yet South Africa is well known to have most if not all of the bee diseases that are found in the world.

While Wescobe and Australian honey exporters face these barriers honey can be imported into Australia from the above tariff mentioned countries without these barriers. China is a good example of this with no tariff applied.

5. The impact of land management and bushfires;

There is no doubt in Wescobe's mind that practices such as clear felling, and forestry burning practices have had a major detrimental effect on the beekeeping industry. The wholesale loss of large areas of mature trees changes the forest forever. Even regenerated forest areas are often logged again when the trees are not mature, rendering them of very little value for our industry. Note – beekeepers are not against timber harvesting or the forestry industry but the relentless deterioration of valuable reserves and the subsequent squeeze on our industry is a real issue that needs to be addressed.

Burning practices are supported by beekeepers however burning relentlessly and letting the burn get out of control is another matter. Many beekeepers spend much time helping to

quell fires only to be frustrated and see large areas they work, destroyed. Requested access roads not developed or repaired is also an issue. Another prime concern to beekeeper viability is the need to burn a particular block of forest when valuable production is to take place for our industry when the beekeepers needs and requests can easily be accommodated via agreed planning and timing rather than the situation that currently seems to occur.

Wild lightning strike bushfires in themselves have also a big effect. Most of the impact to beekeepers is felt - when a bush fire occurs (our resource) - that all effort goes to saving farms and humans leaving the bush itself to burn. Even then forest management decisions are poorly made destroying more native bush area than would appear necessary.

It is important to note the following in regard to burnt areas of reserves and forests. Some species of native floral will take 3-5 years to regenerate, others 5 – 10 years while other species will take up to 10 - 15 years to regenerate. Burnt areas which were previously highly productive for beekeepers are now rendered useless. In regard to 'controlled burns' to eliminate excessive undergrowth, the situation has now arisen where regerminated areas just coming back to full production from a beekeeper perspective are now often re-burnt again. This has a major negative impact on our industry in Western Australia and is demoralising for our produces. What sort of future will this endless practice hold for the next generation of producers?

For our industry to maintain viability these situations need to be resolved immediately.

6. Research and development needs of the industry;

The Australian industry works collectively on research projects via RIRDC where its levy funding is matched dollar for dollar by the government. The levy raise's up to \$450 000 per annum. Overall the system works well and Wescobee supports the work undertaken. What can be improved is, is the amount of funding to be dramatically increased. For the value bees have to Australia overall, more co-operative research with other beneficial industries (horticulture/agriculture) needs to be undertaken.

Funding is a problem when industry's value of production falls after many sustained years of drought and as such its capacity to attract matching funds from the Australian Government diminishes. The beekeeping industry is today suffering a 'double' effect with less of its own levy resources and less matching funding at a time when it can be least afforded. Research for bees needs to be increased not decreased. Clearly this is an area that needs to be addressed.

7. Existing industry and government work that has been undertaken for the honeybee industry.

For this Wescobee notes that the AHBIC submission should detail to the inquiry what the work has been and currently is. References are also found in the CIE report '*Future Directions for the Australian honeybee industry*' commissioned by industry in 2005

8. In a very broad summary, Our Company insists the Federal Government of Australia support and addresses the importance of maintaining a viable Apiculture Industry in

Australia. (Australian producers of our most staple commodity, FOOD, should not be thrust into a similar fear of non-production that currently exists in many countries in the world today, due to a strange phenomenon of "Dwindling Bee Disease".)

Thanking you for being able to express our views.

Best regards

Eduard Planken - CEO

Wescobee Limited – for the Board of Directors and shareholders