



Horticulture New Zealand

Guide to the Vegetable and Fruit Commodity Levy

●●● Our Growth Industry

Information for all levy payers and collectors.

Horticulture NZ held a referendum in 2006 asking growers to vote on a new compulsory levy affecting all fruit and vegetables. Growers voted "YES" to the levy, which comes into effect on 23 July 2007.

The new levy replaces those previously collected by The New Zealand Vegetable and Potato Growers' Federation (Vegfed) and the New Zealand Fruitgrowers Federation (NZFF), which in 2005 merged to form Horticulture NZ. Horticulture NZ represents New Zealand's 7,000 fruit and vegetable growers on industry-wide issues.

This brochure is a guide for all growers and collection agents that are responsible for paying or collecting the levy on fruit and vegetables.

Do I have to pay or collect a levy?

All commercial growers of the fruit and vegetables listed below are legally required under the Commodity Levies (Vegetables and Fruit) Order 2007 to pay a levy on the sale of those fruit and vegetables grown in New Zealand:

- Fruit (except berryfruit, olives and grapes)
- Fresh tomatoes
- Fresh vegetables
- Process vegetables
- Potatoes
- Other vegetables (Asparagus, Kabocha, Process Tomatoes)

Berryfruit and olive growers are members of HortNZ though a subscription paid by their product group, so HortNZ does not collect levies from them. HortNZ does not represent grape growers, or mushroom growers and these growers do not pay levies to HortNZ. The products listed above are defined overleaf.

How is the levy to be paid?

VIA COLLECTION AGENTS

If you buy fruit or vegetables from growers for resale, export or for processing, or sell fruit or vegetables on behalf of a grower (as a wholesaler, agent, broker, etc.) you are liable to collect the levy.

DIRECT SALES

If you are a grower and you sell fruit or vegetables that you have grown directly to the public e.g. gate or roadside sales, internet sales, farmers or flea markets, restaurants or own exports, you must complete a Growers' Direct Levy Declaration each year, covering the 12 month period from 1 July to 30 June. Payments must be received by 30 September in the same calendar year or a penalty may be incurred.

What crops does the levy have to be paid on?

The following crops are covered by the Commodity Levies (Vegetables and Fruit) Order 2007, and incur a levy payable to HortNZ. Imported fruit and vegetables will not be levied.

FRUIT

Including all fruit listed in Table 1 and their hybrids grown for commercial purposes except where that fruit is graded out of a fresh export or fresh domestic line and are sent for processing.

FRESH TOMATOES

Including tomatoes grown for commercial purposes, but excluding tomatoes grown for commercial processing by way of artificial drying, evaporating, freezing, canning, bottling or preserving.

FRESH VEGETABLES

Including all the vegetables listed in Table 2 grown for commercial purposes, but excludes vegetables grown for commercial processing by way of artificial drying, evaporating, freezing, canning, bottling or preserving. The definition does include fresh-cut vegetables, but does not include tomatoes, potatoes, asparagus or mushrooms.

PROCESS VEGETABLES

Including all the vegetables listed in Table 2 grown for commercial processing by way of artificial drying, evaporating, freezing, canning, bottling or preserving. Note that the definition does not include tomatoes, potatoes, asparagus, mushrooms or fresh cut vegetables.

POTATOES

Including all potatoes grown commercially for seed, the domestic fresh market, processing and export.

ASPARAGUS

Including all asparagus grown for the domestic fresh market, processing and export.

KABOCHA (EXPORT SQUASH)

Including all kabocha (export squash) exported in a fresh state from New Zealand

PROCESS TOMATOES

Including all tomatoes grown for commercial processing by way of artificial drying, evaporating, freezing, canning, bottling or preserving.

TABLE 1 – FRUIT THAT WILL BE LEVIED

Apples	Asian Pears
Avocados	European Pears
Babacos	Casanas
Cherimoyas	Citrus (including grapefruit, lemons, limes, mandarins, oranges and tangelos)
Feijoas	Kiwifruit
Guavas	Passionfruit
Loquats	Quinces
Persimmons	Summerfruit (including apricots, cherries, nectarines, peaches and plums)
Sapotes	
Tamarillos	

TABLE 2 – VEGETABLES THAT WILL BE LEVIED AS FRESH VEGETABLES AND PROCESS VEGETABLES

Artichokes (Globe & Jerusalem)	Herbs (including basil, bay, borage, caraway, chervil, chives, coriander, dill, fennell, horseradish, lemon balm, marigold, marjoram, mint, nasturtium, oregano, parsley, rosemary, sage, savory, sorrell, tarragon & thyme)	Rakkyo
Asian Vegetables (including but not limited to Chinese cabbages, broccolis & spinach)	Indian Vegetables (including but not limited to indian melons, marrows, beans, peas, curry and taro leaves)	Radishes (including Chinese Radish & Daikon)
Beans (excluding field dried beans)	Kohlrabi	Rhubarb
Beetroot	Kumara	Salsify
Box Thorn	Leeks	Salad Leaves
Broccoli	Lettuces	Scorzonera
Broccoflower	Marrows	Silverbeet
Brussels Sprouts	Melons (including water, green netted, honey dew, bitter, rock, white musk & prince)	Spinach (including water spinach)
Burdock	Okra	Spring Onions
Cabbage	Onions (including shallots)	Sprouted Beans and Seeds
Capsicums (including chilli peppers)	Parsnips	Squash (excluding fresh squash exported from New Zealand)
Carrots	Peas (excluding field dried peas)	Swedes
Cauliflower	Puha	Sweetcorn (including baby corn)
Celeriac	Pumpkins	Taro
Celery	Purslane	Turnips
Chokos		Ulluca
Courgettes (or Zucchini and Scallopinis)		Watercress
Cucumbers (including Gherkins)		Witloof (or Chicory or Endive))
Egg Plant (or Aubergine)		Yakon
Florence Fennel		Yams
Garlic		
Garland chrysanthemum		

What is the levy rate for fruit?

The levy rate for fruit (as defined in Table 1) will be 0.11% (11c per \$100 of sales). This will fund Horticulture New Zealand activity.

What are the levy rates for vegetables?

The levy rates for vegetables are shown in Table 3. Definitions of these vegetables are given on the previous page.

For fresh vegetables, potatoes, fresh tomatoes and process vegetables, the levy will fund both HortNZ activity (15c per \$100 of sales or 0.15%) and product group activity. The levy on asparagus, process tomatoes and Kabocha (export squash) funds HortNZ activity only.

Note there are different levy rates for fresh vegetables that are exported and those that are sold domestically

TABLE 3 – VEGETABLE LEVY RATES

Vegetable	Levy (per \$100 of sales)	Levy (% of sales)
Fresh Vegetables – Domestic	45c	0.45
Fresh Vegetables – Export	35c	0.35
Potatoes	75c	0.75
Fresh Tomatoes	67.5c	0.675
Process Vegetables	56.25c	0.5625
Asparagus	15c	0.15
Process Tomatoes	15c	0.15
Kabocha (Export Squash)	15c	0.15

How will the levy be calculated?

For domestic sales, the levy is calculated as a percentage of the gross sales value at the first point of sale. The gross sales value is the price or value before the deduction of any costs or charges (e.g. commissions, fees, freight, grading, storage, packaging or packing costs) and exclusive of GST.

For exported produce, the levy is calculated as a percentage of the Free on Board (FOB) value.

If the produce is processed prior to the first point of sale, the levy will be calculated on the notional process value, which is the amount of money that the grower would have received if the produce had been sold to a processor instead of processed by the grower.

When does the levy have to be paid or collected?

LEVY COLLECTORS

Levy collectors are required to pay by the 20th of the month following the sale. HortNZ provides a Buyer Created Invoice for collection agents.

GROWERS DIRECT LEVY

Growers selling vegetables or fruit directly e.g. gate or roadside sales, internet sales, farmers or flea markets, restaurants or own exports, must complete a Growers' Direct Levy Declaration each year, covering the 12-month period from 1 July to 30 June. Payments must be received by 30 September or a penalty may be incurred.

If you require a copy of either of these forms or would like an electronic version of the form emailed please email hortnzlevy@hortnz.co.nz or phone (04) 470 5865.

Can I claim levy collection fees?

Levy collectors may charge a collection fee of up to 10% of the amount of levy collected (exclusive of GST) plus the GST payable. This fee is deducted before payment to HortNZ.

KEY POINTS FOR COLLECTION AGENTS (WHOLESALERS, PROCESSORS, RETAILERS, AGENTS, BROKERS ETC.)

- Collection agents are all individuals or businesses that buy from growers for resale, export or for processing, and/or sell vegetables on behalf of a grower (as a wholesaler, agent, broker, etc)
- Levy deductions are made at the time the grower is paid. The collection agent then pays them to HortNZ by the 20th of the following month
- The levy is a cost against the grower, not the agent or buyer
- Although growers pay the levy, it is the responsibility of the collection agent to deduct the levy from payments to the growers, and to account for these deductions to HortNZ
- A collection fee of up to 10% of the levy collected may be paid by HortNZ to the agent or buyer to cover the costs of levy collection

KEY POINTS FOR DIRECT LEVY PAYERS (GROWERS)

- If you are a grower and you sell fruit or vegetables that you have grown directly e.g. gate or roadside sales, internet sales, farmers or flea markets, restaurants or own exports, you must pay levies directly to HortNZ
- Complete a Growers' Direct Levy Declaration each year, covering the 12-month period from 1 July to 30 June.
- Payments must be received by 30 September or a penalty may be incurred
- If you are a grower and you do not make any direct sales, your levy will be paid via a collection agent. You do not need to complete a Growers' Direct Levy Declaration.

What are the penalties for late payment?

Any amount of levy (or GST payable on the levy) that has not been paid by the latest day for payment may incur a 10% penalty. A further 2% penalty may be charged at the end of each additional month that payment is outstanding.

What about GST?

The levies and collection fees attract GST.



Calculating payments due

COLLECTION AGENTS

Deductions from the grower should total the amount of the levy plus GST. The example in Table 4, using the potato sector levy, shows how it works:

TABLE 4 – EXAMPLE OF COLLECTION AGENT'S CALCULATION OF THE POTATO LEVY

	Excluding GST		Including GST	
Sales value	\$1000.00	plus	\$125.00 GST	= \$1125.00
Levy due @ 0.75%	\$7.50	plus	\$0.94 GST	= \$8.44
Less collection fee @ 10% of \$7.50	\$0.75	plus	\$0.09 GST	= \$0.84
Due to HortNZ	\$6.75	plus	\$0.85 GST	= \$7.60

The figures in Table 4 are rounded. So, in the example in Table 4, Horticulture NZ would be owed \$7.60 on \$1000 of potatoes. Note that the collection fee is calculated as a percentage of the total levy collected.

Collection agents should use a HortNZ Buyer Created Invoice form when making payment. The completed form must be returned to HortNZ, and a copy retained for the collection agent's records. If you require a copy of the Buyer Created Invoice or would like an electronic version of the form emailed please email hortnzlevy@hortnz.co.nz or phone (04) 470 5865.

GROWERS DIRECT LEVY

Table 5 has an example of how to calculate direct levy on \$1,000 (excl. GST) of Asparagus sales.

TABLE 5 – EXAMPLE OF GROWERS' DIRECT LEVY CALCULATION ON ASPARAGUS

Sales value (including GST)	\$1125.00
Levy due @ 0.15%, includes GST	\$1.69

So, \$1.69 would be owed to HortNZ.

Retaining and returning records

All payments of levy (by growers and collection agents) made to HortNZ must state the value and kinds of vegetables and fruit the payment is for. This can be done by completing and returning the HortNZ Grower's Direct Levy form (growers) or Buyer Created Invoice (collection agents) with payment.

Additionally, growers and collection agents must retain records for at least 2 years of:

- The amount of levy paid; and
- The sales that the levies were deducted from; and
- Growers must retain the name and address of the collection agent if applicable; and
- Collection agents must retain the details of the growers they have collected levies from (including grower's name, trading name and postal address).

Growers and collection agents must provide these records in writing to HortNZ as soon as is reasonably practical after receiving a written request from HortNZ.

What is HortNZ?

Horticulture NZ is the trade association representing New Zealand's commercial fruit, vegetable, berryfruit and olive growers.

HortNZ's aim is to promote, encourage and enhance the profitable production, distribution and consumption of New Zealand grown fruit and vegetables within New Zealand and overseas.

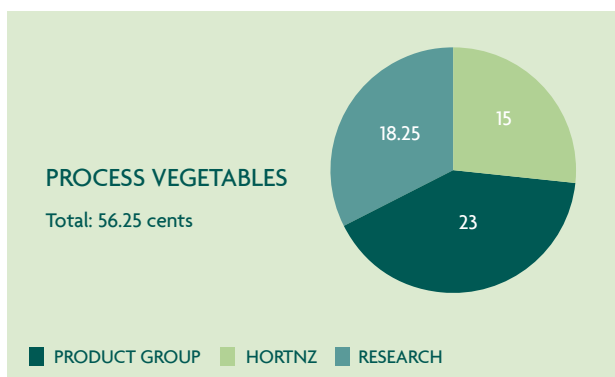
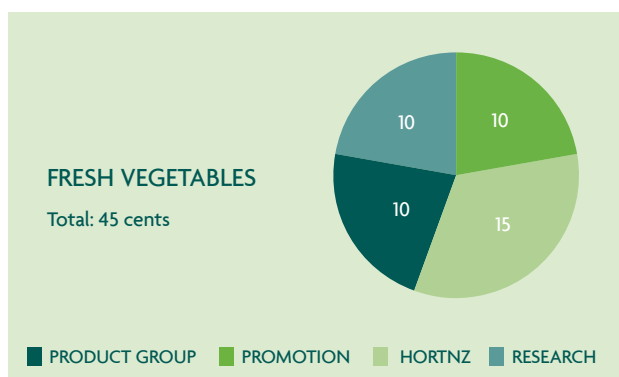
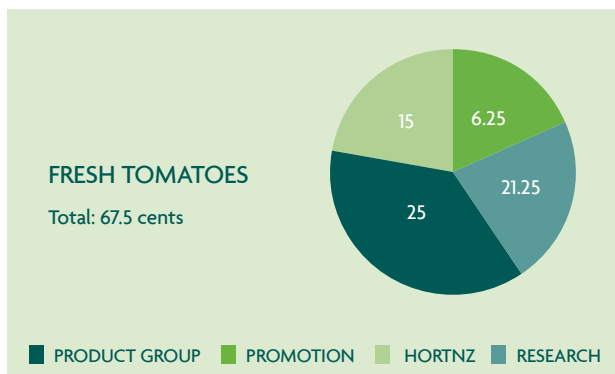
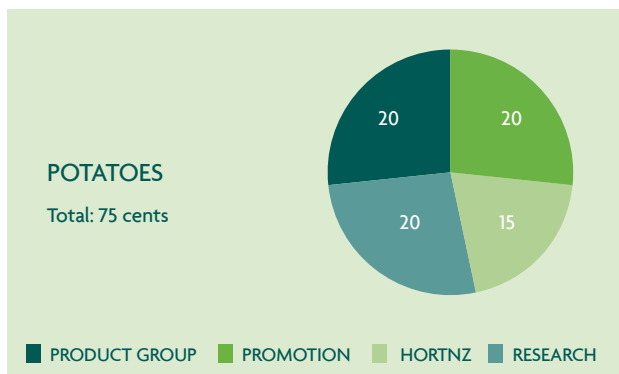
HortNZ was established in 2005 to take over the roles previously undertaken by NZFF, Vegfed and Berryfed. Its key functions include lobbying on behalf of growers, educating growers on industry issues and trends, and representing growers on numerous industry groups and governmental committees.

Where should I send payments?

Levy payments should be made to: Horticulture New Zealand (Inc), PO Box 10232, Wellington, 6143
Payments can be made by direct credit to Horticulture New Zealand's Bank Account 02-0500-0793676-00

What is the vegetable product group component of the levy spent on?

Levy money collected by HortNZ for the vegetable product groups is used for the activities shown in the pie charts below, which give the spending breakdown of levy paid per \$100 of sales.



The Fresh Vegetable Product Group will not collect the promotion component of the levy from export crops.

Questions and answers

WHO SET THE NEW LEVY RATES?

The rates were voted on by growers in a 2006 referendum.

WHY DO WE NEED A LEVY AT ALL?

Without a levy, Horticulture NZ, the trade association representing the interests of commercial growers, would cease to operate. Horticulture NZ's prime reason for existence is to protect growers' interests, increase fruit and vegetable consumption and improve profitability of the entire industry.

DO I HAVE TO COLLECT THE LEVY?

Yes, if you buy fruit or vegetables from or sell fruit or vegetables on behalf of growers you are legally required to deduct the levy from payments to growers and pay the levy collected on to HortNZ.

CAN HORTICULTURE NZ PUT THE LEVY RATE UP BEYOND THE MAXIMUM LEVELS VOTED ON BY GROWERS?

No, not without the approval of at least 50% of growers in the respective sector by volume and turnover. This would require holding another referendum under the Act.

DO THE LEVIES REPLACE THE EXISTING PRODUCT GROUP LEVIES?

No, the new HortNZ levy only replaces the existing Fruitgrowers Federation and Vegfed levies.

Where can I get more information?

If you have any queries about the levy, Horticulture NZ, or need copies of any forms, please direct dial the levy line on (04) 470 5865 or the Horticulture NZ office on 0508 HORTNZ (0508 467 869) between 8.30am and 5.00pm weekdays, or email hortnzlevy@hortnz.co.nz



Our Growth Industry