

Guide to the Vegetable and Fruit Commodity Levy

Horticulture New Zealand's focus is to promote and protect growers' interests in an ever-changing environment, so that growers across the country thrive. Without a levy, HortNZ would cease to operate.

In 2018, HortNZ held a referendum asking growers to vote on a new compulsory levy affecting all fruit and vegetables. Growers voted yes to the levy, which came into effect in February 2019.

HortNZ represents New Zealand's 6,000 fruit and vegetable growers on industry-wide issues. Each year HortNZ makes numerous written submissions to central and local government

on behalf of growers seeking the best operating conditions for horticulture.

HortNZ formed out of the merger of the New Zealand Vegetable and Potato Growers' Federation (Vegfed) and the New Zealand Fruitgrowers Federation (NZFF) in 2005. 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 in **Table 1** and **Table 2** are legally required under the Commodity Levies (Vegetables and Fruit) Order 2019 to pay a levy on the sale of those fruit and vegetables grown in New Zealand.

You can read the levy order legislation on this website: www.legislation.govt.nz.

For more detailed information on the HortNZ levy, growers and collectors should call **0508 467 869**.

Do I have to pay any other levies on my fruit and vegetables?

Some horticultural crops are also represented by Product Groups that are affiliated to, but separate from HortNZ. Many of these Product Groups also have Commodity Levy Orders requiring growers to pay a levy directly to that Product Group. A list of other commodity levies applying to fruit and vegetables can be found by searching for 'Commodity' under 'Statutory Regulations' on the website www.legislation.govt.nz.

Some of the vegetable Product Groups that have their own Commodity Levy Orders and require separate levy payments for vegetable crops are:

- (a) **asparagus** grown in New Zealand for commercial processing, the domestic fresh market, or export; and
- (b) **buttercup squash** that is exported in a fresh state or sold for export; and
- (c) **onions** grown in New Zealand for commercial processing, the domestic fresh market, or export; and
- (d) **potatoes** grown in New Zealand for commercial processing, the domestic fresh market, seed, or export; and
- (e) **tomatoes** grown in New Zealand for commercial processing, the domestic fresh market, or export; and
- (f) **vegetables** grown in New Zealand for commercial processing, the domestic fresh market, or export.

How is the levy to be paid?

Via collection agents

If you buy fruit and/or vegetables from growers for resale, export or for processing, or sell fruit and/or vegetables on behalf of a grower (as a wholesaler, agent, broker, etc.) you are liable to collect the levy. Submit payments to HortNZ with the HortNZ Buyer Created Invoice, which can be downloaded from our website www.hortnz.co.nz. Levy collectors are required to pay by the 20th of the month following the purchase.

Via direct sales

If you are a grower and you sell fruit and/or vegetables that you have grown yourself 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 April to 31 March.

What crops does the levy have to be paid on?

The following crops are covered by the Commodity Levies (Vegetables and Fruit) Order 2019, and incur a levy payable to HortNZ.

Imported fruit and vegetables are not 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 sent for processing.

Table 1 – fruit that will be levied

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

What is the levy rate for fruit?

The HortNZ levy rate for fruit (as defined in **Table 1**) is 0.14% (14c per \$100 of sales). This funds HortNZ activity.

Vegetables

Including all vegetables listed in **Table 2** and their hybrids grown for commercial purposes except where that vegetable is graded out of a fresh export or fresh domestic line and sent for processing.

TABLE 2 – vegetables that will be levied as fresh vegetables and process vegetables

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

TABLE 3 – vegetable levy rates, collected by HortNZ

Vegetable	Fresh Vegetables Domestic and Export	Potatoes	Fresh Tomatoes Domestic and Export	Process Vegetables	Asparagus	Export Squash	Onions
HortNZ	14c	14c	14c	14c	14c	14c	14c
Product Group	*	*	*	80c	*	*	*
Levy (per \$100 of sales)	14c	14c	14c	94c	14c	14c	14c
Levy (% of sales)	.14	.14	.14	.94	.14	.14	.14

* not collected by HortNZ but collected by listed Product Group

What are the levy rates for vegetables?

The HortNZ levy rate for vegetables (as defined in **Table 2**), is 0.14% (14c per \$100 of sales). The Commodity Levies (Vegetable and Fruit) Order 2019 imposes levies for vegetables and for Process Vegetables NZ. **Table 3** shows the combined levy rates for those groups. These fund HortNZ and the product group Process Vegetables activities.

How will the levy be calculated?

For domestic sales, the levy is calculated as a percentage of the **price received** at the first point of sale and exclusive of GST.

For exported produce, the levy is calculated as a percentage of the **price received** by the grower after deduction of all offshore costs (including international freight). 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.

Calculating payments due

Levy Collectors /Collection Agents

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

TABLE 4 – example of collection agent’s calculation of levy

Sales Value	\$1,000.00
Levy due at 0.14% of sales	\$1.40
Less collection fee (from 0% to 4%*)	0.06
Levy due after deduction of collection fee at 4%	\$1.34
Plus GST (15%)	0.20
Total owed to HortNZ (incl GST)	\$1.54

*collection fee at collector’s discretion

The figures in **Table 4** are rounded. So, in the example in **Table 4**, HortNZ would be owed \$1.54 on \$1,000 of product. 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) 472 3795**.

Can I claim levy collection fees?

Levy collectors may charge a collection fee of up to 4% of the amount of levy collected (exclusive of GST) plus the GST payable. This fee is deducted before payment to HortNZ.

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 5% 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.

Key points

For Levy Collectors (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 fruit and/or 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 levy collector to deduct the levy from payments to the growers, and to account for these deductions to HortNZ.
- A collection fee of up to 4% of the levy collected may be paid by HortNZ to the agent or buyer to cover the costs of levy collection.

For Direct Levy Payers (Growers)

- If you are a grower and you sell fruit and/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.
- You must complete a Growers' Direct Levy Declaration each year, covering the 12-month period from 1 April to 31 March.
- Payments must be received by 30 June 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.

Retaining and returning records

All payments of levy (by growers and collection agents) made to HortNZ must state the value and kinds of fruit and/or vegetables 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 two 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, if requested by HortNZ, as soon as is reasonably practical.

Where should I send payments?

Levy payments should be made to:

Horticulture New Zealand Inc
PO Box 10232
The Terrace
Wellington, 6143

Payments can be made by direct credit to Horticulture New Zealand Inc's Bank Account 02-0500-0793676-00.

Questions and answers

Who set the new levy rates?

The rates were voted on by growers in a 2018 referendum.

Why do we need a levy at all?

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

Do I have to collect the levy?

Yes, if you buy fruit and/or vegetables from, or sell fruit and/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 HortNZ 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.

Where can I get more information?

If you have any queries about the levy, HortNZ, or need copies of any forms, please direct dial the grower Freephone:

0508 HORTNZ (0508 467 869)
or email hortnzlevy@hortnz.co.nz