

Horticulture New Zealand held a referendum in 2012 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 July 2013.

HortNZ represents New Zealand’s 5500 fruit and vegetable growers on industry-wide issues. 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 2013 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.

How is the levy to be paid?

VIA COLLECTION AGENTS

If you buy fruit, vegetables, or other 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. 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, vegetables, or other 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 July to 30 June.

*other vegetables means —

- (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



What crops does the levy have to be paid on?

The following crops are covered by the Commodity Levies (Vegetables and Fruit) Order 2013, 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 0.15% (15c per \$100 of sales). This funds HortNZ activity.

VEGETABLES

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.

OTHER VEGETABLES

- asparagus grown in New Zealand for commercial processing, the domestic fresh market, or export; and
- buttercup squash that is exported in a fresh state or sold for export; and
- onions grown in New Zealand for commercial processing, the domestic fresh market, or export; and
- potatoes grown in New Zealand for commercial processing, the domestic fresh market, seed, or export; and
- tomatoes grown in New Zealand for commercial processing



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

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

TABLE 3 – VEGETABLE LEVY RATES, COLLECTED BY HORTNZ

Vegetable	Fresh Vegetables – Domestic	Fresh Vegetables – Export	Potatoes	Fresh Tomatoes	Process Vegetables	Asparagus	Process Tomatoes	Export Squash	Onions
HortNZ	15c	15c	15c	15c	15c	15c	15c	15c	15c
Product Group	30c	20c	*	35c	41.25c	*	*	*	*
Levy (per \$100 of sales)	45c	35c	15c	50c	56.25c	15c	15c	15c	15c
Levy (% of sales)	0.45	0.35	0.15	0.50	0.5625	0.15	0.15	0.15	0.15

* = not collected here

What are the levy rates for vegetables?

The HortNZ levy rate for vegetables (as defined in **Table 2**) and for other vegetables, is 0.15% (15c per \$100 of sales). This funds HortNZ activity.

The Commodity Levies (Vegetable and Fruit) Order 2013 also imposes levies for Vegetables New Zealand, TomatoesNZ and Process Vegetables NZ. **Table 3** shows the combined levy rates for those groups. These fund the product group activity. Note there may be different levy rates for fresh vegetables that are exported and those that are sold domestically.

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.

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	\$1000.00
Levy due at 0.15% of sales	\$1.50
Less collection fee (from 0% to 4%*)	\$0.06
	\$1.44
Plus GST (15%)	\$0.22
Total owed to HortNZ	\$1.66

*collection fee at collector's discretion

The figures in **Table 4** are rounded. So, in the example in **Table 4**, HortNZ would be owed \$1.66 on \$1000 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) 470 5865**.

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 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.

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, vegetables, or other 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.

Key Points for Direct Levy Payers

(Growers)

- If you are a grower and you sell fruit, vegetables, or other 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 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.

Retaining and returning records

All payments of levy (by growers and collection agents) made to HortNZ must state the value and kinds of fruit, vegetables, or other 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, PO Box 10232, The Terrace, Wellington, 6143.
Payments can be made by direct credit to Horticulture New Zealand'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 2012 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, vegetables, or other vegetables from or sell fruit, vegetables, or other 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.

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20 Ballance Street, Wellington 6011.
(Postal) PO Box 10232, The Terrace, Wellington 6143.

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