



Fresh Tomatoes Biosecurity Levy implementation

Background

Growers voted in support of the implementation of a Biosecurity levy on fresh tomatoes at the 2017 TomatoesNZ AGM. The levy was approved by the Minister in September this year and signed by the Governor General this week. It was gazetted 19th December 2019 and will come into effect on **3rd February 2020**. The biosecurity levy will be in addition to the fresh tomato commodity levy.

Funds collected from the biosecurity levy will be used initially to fund TomatoesNZ contribution to the 2019 fruit fly responses in Auckland. TomatoesNZ a signatory to the fruit fly Operational Agreement with the Ministry for Primary Industries (MPI) and other industries to fight this pest. Part of that commitment is contributing to the response costs. MPI are paying 87% of this year's fruit fly response costs, and the estimated cost to TomatoesNZ as of December 2019 is \$100,000.

What is the biosecurity levy rate?

The initial rate is 0.10% (10 cents per \$100). This is calculated on the price received at the first point of sale, or when tomatoes are exported it is calculated on the price received by the grower after deduction of all offshore costs (including international freight). This is the same basis for collection as the fresh tomato commodity levy.

At the initial rate of 0.10%, we expect to raise about \$125,000 per year.

What will it be used for?

The initial funds will be used to meet the fresh tomato industry share of the 2019 Auckland fruit fly response costs. The cost share has been pre-agreed under the fruit fly operational agreement under (GIA). Money collected under the biosecurity levy can only be used for biosecurity readiness and response.

TomatoesNZ will report on biosecurity levy income and expenditure in our annual report and at the annual general meeting (AGM) each year, along with updates at workshops and in the NZ Grower magazine TomatoesNZ column.

What is the maximum levy rate?

The maximum rate is 0.25% (25 cents per \$100).

Is there a maximum dollar amount that TomatoesNZ will collect for the biosecurity levy?

Once the current fruit fly response costs have been paid for, we plan to build a biosecurity reserve fund with a cap of \$500,000. This fund will be used to pay for response costs if and when they occur (such as another fruit fly response), or for readiness activities. If required, the rate of levy can be moved up to no more than the maximum rate (0.25%). The rate can be moved down or set at zero if the reserve fund cap is reached and the levy is not required for readiness activities.

What will the levy look like on my invoice?

On the buyer created invoice provided by your collection agent (distributor or retailer), the new biosecurity levy will be shown as a separate line. For example (highlighted):



PO Box 10232, Wellington 6143
Ph: 04 472 3795
Fax: 04 471 2861
Email: hortnzlevy@hortnz.co.nz

BUYER CREATED INVOICE
Please return to Tomatoes New Zealand Inc and retain a copy for your own records.
UPON COMPLETION THIS BECOMES A TAX INVOICE
GST NO. 119-058-619

AGENT NUMBER: _____
LEVY PERIOD: _____

Levy		Levy Collected \$	Less Collection Fee (0 to 4%)	Total to Pay \$
Domestic Fresh Tomatoes	0.35%			
Bioresecurity Levy	0.10%			
↳ Domestic Fresh Tomatoes				
Export Fresh Tomatoes	0.35%			
Bioresecurity Levy	0.10%			
↳ Export Fresh Tomatoes				
Sub-total				\$
Plus GST @15%				\$
Total				\$

Who will have to pay the Biosecurity levy and how is it collected?

All commercial fresh tomato growers in New Zealand are required to pay the levy.

Growers will pay the biosecurity levy in the same way they pay their commodity levy, via levy collectors (including wholesalers, packhouses, brokers, produce distribution centers, retailers and exporters) who buy fresh tomatoes from, or sell fresh tomatoes on behalf of, growers. Collection agents would collect the levy at the first point of sale and pay it to TomatoesNZ.

In the case of grower direct sales to the public (e.g. though gate or roadside sales, internet sales, farmers or flea markets, restaurants or grower-own exports), growers will pay the levy directly to TomatoesNZ.

Levy collection agents will be entitled to retain a collection fee of up to 4% (plus GST) of the amount collected.

When is the levy due?

The due date for payment of the levy by a collection agent is the date on which the collection agent recovers the levy from the grower. The last date for payment of the levy by the collection agent is the 20th day of the month after the month in which the levy is recovered from the grower.

If fresh tomatoes are sold directly to the public by growers, or exported by growers, the due date for payment of the levy is 30 June, for sales during the preceding 12 months. The latest date for payment is 30 September in the same calendar year.

What records must growers and collection agents keep?

Growers and collection agents must retain records, for each levy year, for at least two years after the levy year of:

- The amount of levy paid and, the sales that the levy money was deducted from;
- 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).

Who do I talk with if I have questions?

You can read and download the [Biosecurity \(Readiness and Response - Fresh Tomatoes Levy\) Order 2019](#) here.

If you have any questions, or would like further information about this levy, please contact Karen Orr (04-494 9984 or karen.orr@hortnz.co.nz) or Helen Barnes (04-470 5666 or helen.barnes@hortnz.co.nz).
