



Commodity Levy Proposal

For the New Zealand Olive
Industry



Commodity Levy Proposal

Why the need?

- **To secure the future of our industry**
- **To provide marketing support to promote the benefits of New Zealand produced extra virgin olive oil**
- **To invest in R&D to improve grove productivity**
- **To ensure the maintenance of an effective quality management programme**
- **To develop a robust information data base of industry activity**



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Urgent Priority

- **Secure additional funding by way of an industry commodity levy so that we can bring forward important educational research and promotional actions that are listed in our future plan.**
- **We need to achieve NZ Government recognition that ONZ is the official industry body for all growers.**

Strategic Plan

2008/2020;



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Critical success factors

- **Increasing volumes of high quality extra virgin olive oil and olive products**
- **A high quality image and excellent governance**
- **Premium prices**
- **Increasing profitability**
- **Sustainable industry practices**
- **Care for the environment**
- **Increase in local market share**

Strategic plan – 2008/2020



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Financials

- **Assumptions**
 - **350,000 litres in 2010 increasing by 20-25% per annum**
 - **levy rate 50 cents per litre for oil or 6.5 cents per kilo on olives**
 - **Conference and processing course costs are self funding**
 - **Membership from 350**
 - **ONZ Membership fee \$60 (plus gst)**



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Revenue 2010/11 [first year of levy collection]

- **Levy 350,000 L at 50c/litre = \$175,000**
- **Membership- 350 at \$60 = \$ 21,000**

Note – levy based on olive oil- the levy on fruit would be at an equivalent rate of 65 cents/kilo based on a 13% oil yield.

Reduced membership fee will encourage increased membership



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Expenditure \$K

| | 2008 | 2010/11 with levy/ membership |
|-------------------------|-------------|----------------------------------|
| 1. Marketing | 56 | 67 |
| 2. Research | 47 | 50 |
| 3. Industry Information | 0 | 10 |
| 4. Day to day admin | 71 | 75 |
| Total | 174* | 202 |

***Offset by some income- see next slide**



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Marketing

| \$K | 2008 | 2010/11 |
|--------------------------------|-------------|----------------|
| Awards - income | 23 | 35 |
| - costs | 17 | 35 |
| Net Contribution | 6 | 0 |
| Certification- income | 20 | 25 |
| - costs | 17 | 30 |
| Net contribution (cost) | 3 | (5) |
| Website | 10 | 15 |
| Promotion | 10 | 52 |



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Research

| \$K | 2008 | 2010/11 |
|------------------------------------|-------------|----------------|
| Sustainable Farming contrib | *47 | 20 |
| Contribution to Grant | 0 | 15 |
| Contribution to new project | - | 15 |
| Total | 47 | 50 |

* Current year offset by \$11k from Agmardt



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Industry Information

| \$K | 2008 | 2010/11 |
|-----------------------------------|-------------|----------------|
| Quality standards | 0 | 3 |
| Quality Assurance | 0 | 5 |
| Education | 0 | 2 |
| Support Specialised Groups | 0 | 0 |
| Total | 0 | 10 |



FREQUENTLY ASKED QUESTIONS (FAQS)

- **What commodity will be levied ?– *olive oil and olives***
- **Who will pay the levy?- *all growers of olives for sale (levy rate is GST exclusive)***
- **How will the levy be paid?- *collection agents (eg processors) will add the levy to the processing charge to growers and remit the levy collected to ONZ on an agreed frequency basis.***



- **How will the levy be calculated? – *for olive oil, on the basis of olive oil pressed from olives supplied and for olives on the actual kilogrammes harvested and sold***
- **Can I have a say on how the money is spent?- *Recommendations for the spending will be presented to all olive growers for discussion and approval at AGMs or SGMs***
- **How will I be notified of the rate of the levy each year?- *As soon as practicable after the AGM, ONZ will publish the rate and the levy year to which it applies in The Gazette.***



- ***What rate will the levy be set at?- The initial rate of levy will be set by ONZ after consultation with growers and will apply for a 12 month period . In subsequent years will be set by ONZ on the following conditions that the new rate- is no greater than the year before OR***
 - was approved by growers at the last AGM of ONZ and is increased no more than the most recent CPI.***

In any year that the levy rate is not approved at the AGM of ONZ then the levy remains at the rate last set.



- **The levy cannot be spent on commercial or trading activity.**
- **What will happen to the information about me that is collected?- *information about you will not be divulged in a form that identifies any individual grower. The total collected information will be used for statistical and research purposes but in a form which does not identify any individuals or individual trading entity.***



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- **What will the levy be spent on?- *ONZ may spend levy money for the following purposes related to olives and olive growers***
 - *Market research and development*
 - *Product research and development*
 - *Promotion of olive oil and olives*
 - *Quality assurance*
 - *Education*
 - *Industry information*
 - *Day to day administration*

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- **Time line**
- **March/ April**
- **-Consultation/Regional Meetings**
- **April- Referendum distribution and collection**
- **May – Results to Minister/MAF**
- **May 2010 -levy in place**
- **need to advise as many growers as possible- make sure everyone knows**
- **Return your Referendum as soon as possible**



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Thank you

Questions

Discussion

