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## Important notice for paua quota owners: Paua Commodity Levy renewal process

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### *What's happening?*

The Paua Industry Council (PIC) is applying to renew the Commodity Levies (Paua) Order 2013, extending the current levy order from its expiry date in February 2019 through until 2024.

### *What is a commodity levy?*

The commodity levy provides funding to enable PIC to deliver services to the paua industry, including science and technical services, fisheries management, policy and advocacy on behalf of the industry. It also enables PauaMACs to fund activities that benefit paua fisheries in each region. All paua quota owners pay the levy, which is collected by FishServe on behalf of PIC.

### *Why now?*

The paua levy order was put in place in February 2013 for an initial period of six years. Under the legislation an application to extend a levy order must be completed a year in advance of the expiry of the existing levy order, which is why industry consultation on the renewal is occurring this year.

### *What will change?*

The proposal will not change the current levy order other than to extend its period of validity for a further five years. Further details about how the current levy order operates are provided below.

### *How can I find out more?*

PIC will be consulting on the proposed extension of the levy order at the PauaMAC AGMs, held throughout the country in June (see dates and locations below). **You are encouraged to attend one of these meetings** so that you can ask any questions, provide your feedback, and find out about the ballot process to renew the levy order.

### *How do I have a say?*

When the consultation is completed, an independent contractor will conduct a ballot of all levy payers (quota owners) to seek support for extending the levy order. To be successful, out of the total votes cast, there must be more than 50% approval by number of votes and more than 50% approval by the number of quota shares owned.

Note that this ballot is separate from (and additional to) the voting that occurs every year at PauaMAC AGMs to approve annual work plans and budgets.

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### Find out more about the paua commodity levy and provide your views at the PauaMAC AGMs

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| <b>PAU 2</b> | Wednesday 21 June, 10am   | Masterton Club, 98 Chapel Street, <b>Masterton</b>          |
| <b>PAU 3</b> | <b>Either</b> Wednesday 31 May, 10am<br>or Friday 30 June, 10am | Venue to be confirmed, <b>Kaikoura</b>                      |
| <b>PAU 4</b> | Wednesday 14 June, 1pm  | Norman Kirk reserve lounge, Waitangi, <b>Chatham Island</b> |
| <b>PAU 5</b> | Wednesday 7 June, 10am  | Crowe Howarth, 173 Spey Street, <b>Invercargill</b>         |
| <b>PAU 7</b> | Thursday 29 June, 10am  | Waikawa Boating Club, 43 Beach Road, <b>Picton</b>          |

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If you have questions about the levy order renewal, please contact

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## Key features of the paua commodity levy order

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|---|---|
| <b>Who pays the levy?</b>                       | The levy is a compulsory levy on wild-caught paua. It is paid by quota owners on the basis of the 'quota weight equivalent' of quota shares owned by a levy payer.  |
| <b>How frequently is the levy set?</b>          | The levy is set annually for the 12 month period commencing on 1 October each year.   |
| <b>What are the two components of the levy?</b> | <p>The <b>core services levy</b> funds PIC's own activities, other paua-industry wide services, and the paua industry share of any services provided for the wider benefit of the seafood industry.</p> <p>A <b>stock specific levy</b> may be imposed only at the request of a PauaMAC and must first be approved by the levy payers to whom it applies.</p>   |
| <b>How is the core services levy set?</b>       | PIC's annual project plan and budget is consulted on at PauaMAC level, usually at the AGM of the PauaMAC. All quota owners, irrespective of whether they are a member of the PauaMAC, can provide feedback. The final decision on PIC's project plan, budget and the core levy is made by the PIC directors (one PIC director is appointed by each PauaMAC). This process is set out in the Fifth Schedule to PIC's constitution.   |
| <b>How is the stock specific levy set?</b>      | <p>For each PauaMAC, the annual project plan, budget and proposed levy rate are approved using a special mandating procedure. This usually takes place at the PauaMAC AGM. All quota owners, irrespective of whether they are a member of the PauaMAC, have the right to vote. A quorum for the voting is persons holding at least 66⅔ % of the quota weight equivalent for the fishery. The proposal must have the support of at least 66⅔ % (by quota weight equivalent) of those voting. This mandating procedure is set out in the Sixth Schedule to PIC's constitution and is reflected in the rules of association of each PauaMAC.</p> <p>The PIC directors are responsible for the final sign-off on a stock specific levy, but only after levy payers have approved the proposal in the PauaMAC mandating process.</p> |
| <b>What is the total levy?</b>                  | <p>The total levy is the sum of the core levy and the stock specific levy. A different levy rate may be set for each paua stock to reflect the variable stock specific component.</p> <p>PIC notifies rates for the levy year in the <i>Gazette</i> and also notifies all levy payers directly before the start of the levy year.</p>   |
| <b>Is there a cap on the levy?</b>              | <p>The maximum total levy rate specified in the levy order is \$3,100 per tonne in order to allow headroom for stock specific activity by PauaMACs, where approved by levy payers.</p> <p>In practice, total levy rates have been less than half this amount for all stocks. The current core levy rate (2015/16) is \$398.54 per tonne.</p>  |
| <b>How is the levy paid?</b>                    | Quota owners are invoiced one twelfth of the annual levy every month. FishServe issues the invoices and collects the levy on behalf of PIC.   |
| <b>How is the levy spent?</b>                   | <p>PIC spends the levy either directly (on core services) or by purchasing stock-specific services and projects from the PauaMACs. Levy payers are consulted on how the levy is spent from year to year, as outlined above, and PIC is accountable to levy payers for all expenditure.</p> <p>The levy can be spent only for specified purposes – these are: (a) science and technical services, (b) management of paua fisheries, (c) policy issues affecting the paua industry, (d) promotion of the paua industry, (e) education and training, and (f) day to day administration of PIC.</p>   |