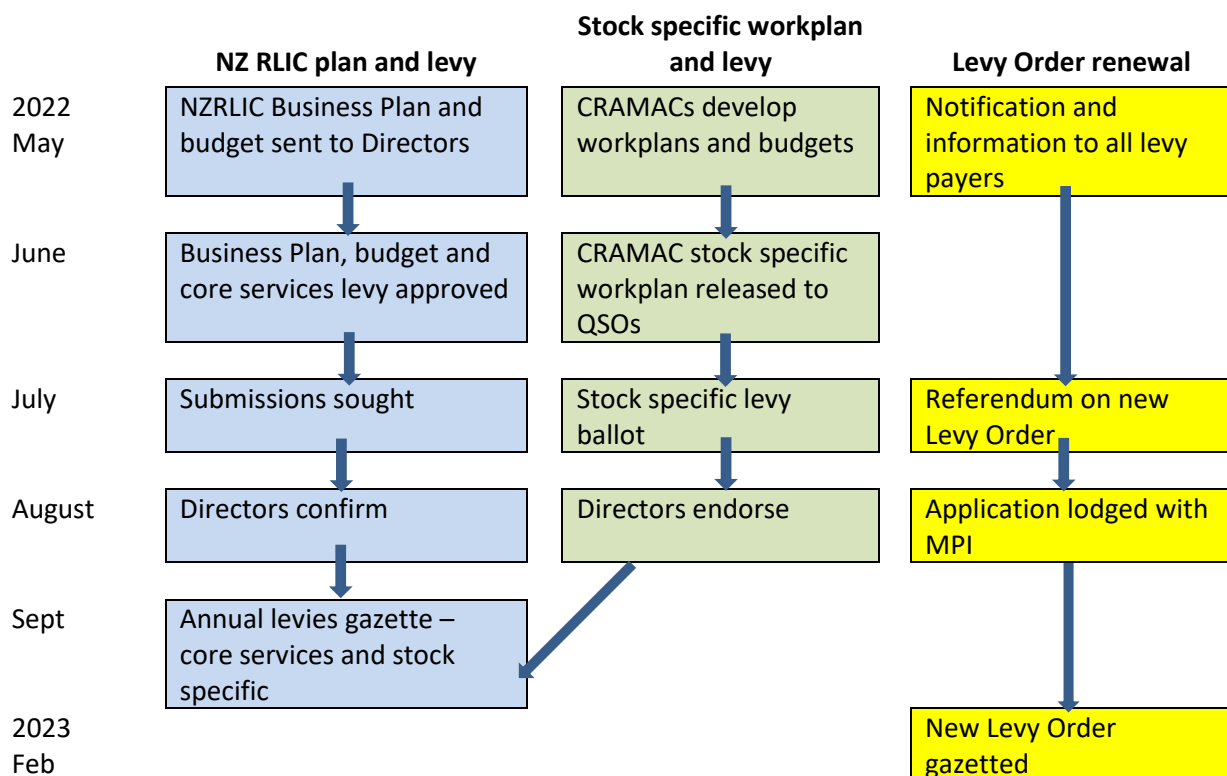


Important notice for rock lobster (CRA and PHC) quota owners: Rock Lobster Commodity Levy Order process

What's happening?	In 2022, the NZ Rock Lobster Industry Council (NZ RLIC) will oversee the annual process to set the levy rate for 2022/23, but will also apply for a new Commodity Levies (Rock Lobster) Order under the Commodity Levies Act 1990.
What is a commodity levy?	The commodity levy provides funding to enable NZ RLIC to deliver services to the rock lobster industry, including science and technical services, fisheries management, policy and advocacy on behalf of the industry. There is a second element of the levy - it enables the nine regional CRAMACs (CRA1 – CRA9) to fund activities that benefit rock lobster fisheries in each region. All rock lobster quota owners pay the levy, which is collected by FishServe on behalf of NZ RLIC.
What will change?	Very little will change. The new rock lobster levy order will: <ul style="list-style-type: none"> • Continue all the provisions of the existing levy order for the period 2023 to 2029. Further details about how the annual levy order operates are provided below; and • Incorporate a new ability to levy packhorse rock lobster (PHC) quota owners.
Why now?	The current rock lobster levy order was put in place in February 2013, extended in February 2019, and expires in February 2024. Under the legislation an extension to the term of a levy order must be completed a year in advance of the expiry of the existing levy order (i.e., by February 2023). Although NZRLIC is technically seeking a new levy order (rather than an extension), we have decided to proceed with industry consultation during 2022 so that the new levy order will be in place for 2023. The process to set the annual levy rate under the existing order will be undertaken in parallel. The diagram below sets out these two processes which will run in 2022.



How can I find out more?

In June NZ RLIC will initiate consultation on the new the levy order using information distributed to individual quota share owners (QSOs) by mail. If you have any questions or feedback, or want to find out more about the referendum process to renew the levy order, please contact Mark Edwards, NZRLIC Chief Executive, email mark.edwards@nzrocklobster.co.nz or phone 04 8014685. If you have any questions or feedback, or want to find out more about the ballot process for the CRAMAC stock specific levies, please contact the CRAMAC officer listed below;

- CRA1; Geoff Creighton, Geoff@nzred.co.nz
- CRA2; Butch Waterhouse, r-waterhouse@xtra.co.nz
- CRA3; Salve Zame, szame@gisfish.co.nz
- CRA4; Mark Peychers, mark@flc.co.nz
- CRA5; Larnce Wichman, larnce@burkhart-fish.co.nz
- CRA6; Terry Gittings, terry.gittings@moana.co.nz
- CRA7; Kate Hesson, cra7otago@gmail.com
- CRA8; Malcolm Lawson, cra8@xtra.co.nz
- CRA9; Sonya Tuerlings, sonyatuerlings@porttarakohe.nz

How do I have a say?

In July, an independent contractor will conduct a referendum of all QSOs to seek support for the new rock lobster 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 referendum is separate from (and additional to) the ballot that occurs every year to approve CRAMAC annual work plans and budgets. Both of the referendum and ballot papers will be sent out by the end of June 2022.

What do I need to do when I receive the voting papers?

You can vote by post or on-line for both the annual levy ballot and the new Levy Order referendum – you should:

- Tick the appropriate box (yes or no) on the referendum for renewal of the levy order; and
- Tick the appropriate box (yes or no) for the ballot to approve the annual work plans and budgets for your CRAMAC stock specific levies.

Make sure that your voting is completed by the deadline specified on the voting papers.

Key features of the current rock lobster commodity levy order

The key features of the current levy order will continue unchanged under the new rock lobster levy order. Packhorse rock lobster will be incorporated into the new levy order as described below.

Who pays the levy?	<p>The levy is a compulsory levy on wild-caught rock lobster (currently CRA only). It is paid by CRA quota owners on the basis of the 'quota weight equivalent' of quota shares owned by a levy payer.</p> <p>New levy order: The new levy order will also enable the levying of owners of packhorse rock lobster (PHC) quota.</p>
How frequently is the levy set?	<p>The levy is set annually for the 12 month period commencing on 1 October each year.</p>
What are the two components of the levy?	<p>The core services levy funds NZ RLIC's own activities, other rock lobster-industry wide services, and the rock lobster industry share of any services provided for the wider benefit of the seafood industry.</p> <p>A stock specific levy may be imposed only at the request of a CRAMAC and must first be approved by the levy payers to whom it applies.</p>
How is the core services levy set?	<p>NZ RLIC informs and consults CRAMACs on the NZRLIC annual business plan and budget. All quota owners, irrespective of whether they are a member of the CRAMAC, can provide feedback. The final decision on NZ RLIC's business plan, budget and the core levy is made by the shareholders (one NZ RLIC director is appointed by each of the nine CRAMACs). This process is set out in the Fifth Schedule to NZ RLIC's constitution.</p> <p>New levy order: The same process will be used to set the core levy rate. A differential core levy rate will be set for CRA and PHC quota, based on the difference in value (as measured by port price) of the two species.</p>
How is the stock specific levy set?	<p>For each CRAMAC, the annual project plan, budget and proposed levy rate are approved using a special mandating procedure. All CRA quota share owners have the right to vote. A quorum for the voting is persons holding at least 66.6 % of the quota weight equivalent for the fishery. The proposal must have the support of at least 66.6 % (by quota weight equivalent) of those voting. This mandating procedure is set out in the Sixth Schedule to NZ RLIC's constitution and is reflected in the rules of association or constitution of each CRAMAC.</p> <p>The NZ RLIC directors are responsible for the final sign-off on a stock specific levy, but only after levy payers have approved the proposal in the CRAMAC mandating process.</p> <p>New levy order: The CRAMAC1 rules of association have been amended to incorporate the setting of a stock specific levy for PHC. All PHC quota owners have the right to vote on the project plan, budget and proposed levy rate for packhorse rock lobster, with the same voting rules described above.</p>

<i>What is the total levy?</i>	<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 rock lobster stock to reflect the variable stock specific component.</p> <p>NZ RLIC 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>
<i>Is there a cap on the levy?</i>	<p>The maximum total levy rate, where approved by levy payers, is specified in section 11 of the Commodity Levies (Rock Lobster) Order 2013. In practice, total levy rates have been well under half this amount for all stocks. The current core levy rate (2021/22) is \$359.53 per tonne and the stock specific levy for each CRAMAC in 2021/22 ranges between \$138.00 and \$1073.45 per tonne.</p>
<i>How is the levy paid?</i>	<p>Quota owners are invoiced one twelfth of the annual levy every month. FishServe issues the invoices and collects the levy on behalf of NZ RLIC.</p>
<i>How is the levy spent?</i>	<p>NZ RLIC spends the core services levy either directly (on core services) or by purchasing stock-specific services and projects from the CRAMACs. Levy payers are consulted on how the levy is spent from year to year, as outlined above, and NZ RLIC is accountable to levy payers for all expenditure.</p> <p>The levy can be spent only for specified purposes – i.e., (a) science and technical services, (b) management of rock lobster fisheries, (c) policy issues affecting the rock lobster industry, (d) promotion of the rock lobster industry, (e) education and training, and (f) day to day administration of NZ RLIC.</p>
