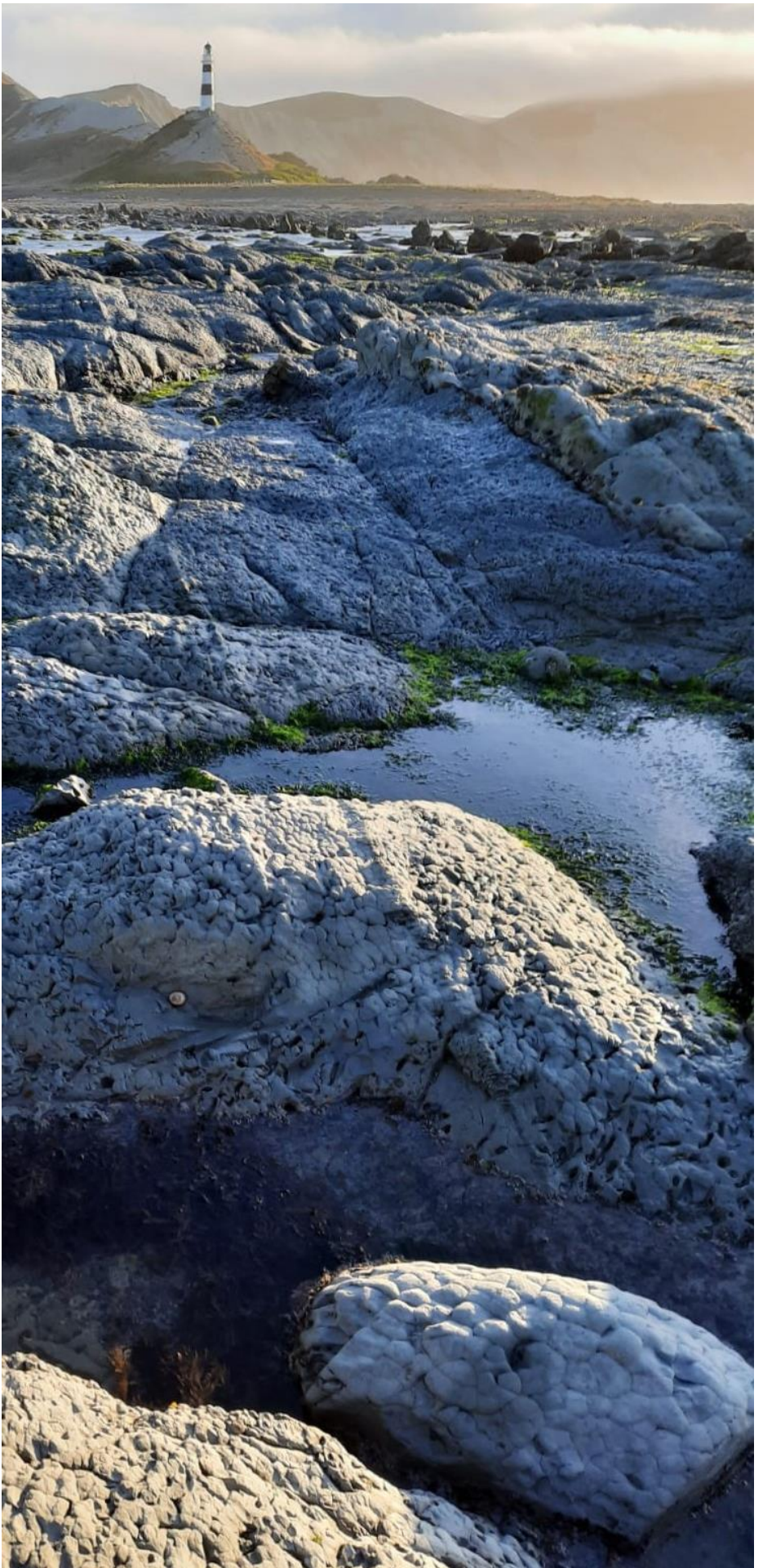


PĀUA INDUSTRY COUNCIL

ANNUAL REPORT 2021

Pāua Industry Council
Private Bag 24-901
Wellington 6142



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Paua Industry Council Ltd Financial Statements for the year ended 30 September 2021

Independent Auditor's Report

**This report is provided to meet the requirements of section 25 of the Commodity Levies Act 1990.
The report covers the PIC financial year from 1 October 2020 to 30 September 2021.**

The Pāua Industry Council (PIC)

PIC is an industry owned limited liability company managed by a Board of Directors who represent the company's shareholders. PIC's shareholders are five PauaMACs (Pāua Management Area Councils), being body corporates that represent not less than 51% of the quota in each pāua area. The PauaMACs are the foundation of pāua industry activities, consistent with a long held industry desire to have regional autonomy and self-determination in matters relating to commercial fishing and fisheries management.

PIC's primary role is *"To add value to pāua quota through active management of the pāua fishery to ensure its sustainability and productivity and to protect and enhance industry interests generally"*. PIC carries out this role by providing a range of technical, advisory and advocacy services in support of its shareholders.

The Pāua Commodity Levy

The technical, advisory and advocacy services provided by PIC and the regional functions delivered by the PauaMACs are funded under the Commodity Levies (Pāua) Order 2013, which was extended until February 2024 under the Commodity Levies (Pāua) Amendment Order 2017. The levy is imposed on wild-caught pāua (*Haliotis iris* and *Haliotis australis*) and is payable to PIC by pāua quota owners. The levy is calculated in two components, i.e.:

- The PIC core services levy funds PIC's own activities, other pāua-industry wide services, and the pāua industry share of any services provided for the wider benefit of the seafood industry; and
- A stock specific levy funds services undertaken by PauaMACs to benefit the pāua industry in a particular region. PIC purchases the approved stock specific services from the relevant PauaMAC.

Pāua fisheries research and management services

Annual FNZ processes

PIC participates on behalf of the pāua industry in all regular Fisheries New Zealand (FNZ) research and management processes including stock assessments, Shellfish Working Group meetings, plenary meetings, research planning, and cost recovery.

Fisheries research and data collection

Pāua stock assessments are underpinned by FNZ's electronic reporting regime which collects catch and location data from commercial harvesters. Commercial catch monitoring is supplemented by research co-ordinated by PIC and funded by the commodity levy. The levy fully funds industry research on pāua growth and length at maturity, and part-funds translocation trials and a joint industry-NIWA project on pāua habitat enhancement and recruitment monitoring. The balance of these two projects is funded by

Seafood Innovations Limited. Additional PIC research projects are funded under research contracts with MPI. In 2020-21 these included shell length sampling, and post-earthquake pāua biomass surveys in PAU3 (Kaikōura/ Canterbury) and PAU7 (Marlborough).

The pāua industry's research programme is co-ordinated under PIC's Pāua Industry 5 Year Research Strategy.

Fisheries plans

PIC supports the preparation, under section 11A of the Fisheries Act, of fisheries plans to consolidate fine-scale, responsive and integrated management for pāua fisheries. During the 2020-21 fishing year PauaMAC4 continued to successfully implement the approved Chatham Islands Pāua Fisheries Plan, and the Minister of Fisheries endorsed the PAU7 (Marlborough/Nelson) Pāua Fisheries Plan in March 2021 and approved the PAU3 (Kaikōura/Canterbury) Fisheries Plan in April 2021.

Ecosystem Approach to Fisheries (EAF)

PIC has an ongoing programme to weave an ecosystem approach into the management of pāua fisheries. As part of this programme, in 2020-21 PIC developed a process and criteria for identifying habitat of particular significance for fisheries management (HPSFM), with the aim of mapping important pāua habitats and working with others (including iwi, FNZ and regional councils) to protect these habitats from the adverse effects of marine and terrestrial activities.

Reopening the earthquake-affected pāua fisheries

The commodity levy funded work undertaken by PIC and PauaMACs 3 and 7 to plan for the re-opening and subsequent management of the pāua fisheries affected by the November 2016 Kaikōura earthquake. Industry management initiatives to support the cautious re-opening of the fisheries include the PAU3 Fisheries Plan, the quota owner-initiated subdivision of PAU3 into two new quota management areas (which took effect on 1 October 2021) and the PAU7 re-opening strategy.

Policy issues affecting the pāua industry

Generic fishing industry policy

Major generic policy issues that PIC was involved in during 2020-21 included input to FNZ's Fisheries Change Programme, and response to the exposure draft of the Natural and Built Environments Bill where we sought to clarify the interface between the new legislation and the management of fisheries under the Fisheries Act.

Spatial access and protection of property rights

Fair access to fisheries remains a key issue for the pāua industry, and – as in previous years – this was reflected in PIC's 2020-21 work programme which included: responding to numerous proposals related to marine protected areas, customary fishing areas, and customary marine title; participating in regional coastal planning processes under the RMA; and advocating for better information on recreational harvest.

Paua Industry Council Ltd
Income and Expenses by Project for the Financial Year 1 October 2020 to 30 September 2021

	Commodity Levy Projects			Stock Specific Levies	Research Projects		Total
	PIC Operations	Paua Industry Wide Services	Whole of Seafood		CS	Kaikoura	
Paua Core Levy					0.00	0.00	384,812.00
Interest Income					0.00	0.00	105.27
Other Revenue					0.00	0.00	1,952.17
Research Income					143,690.50	216,250.00	452,823.42
Stock Specific levy Income				131,121.96	0.00	0.00	131,121.96
Total Trading Income				\$ 131,121.96	\$ 143,690.50	\$ 216,250.00	\$ 970,814.82
Expense Code							
Accountancy Fees	3,500.00	0.00	0.00		0.00	0.00	3,500.00
Advocacy & Promotion	135,128.83	0.00	0.00		0.00	0.00	135,128.83
Audit fees	5,100.00	0.00	0.00		0.00	0.00	5,100.00
Conference Expenses	0.00	981.81	0.00		0.00	0.00	981.81
Consulting	8,880.00	26,145.00	108,024.35		0.00	0.00	130,549.35
Directors Fees	81,536.04	0.00	0.00		0.00	0.00	81,536.04
*Research Contract	0.00	500.00	0.00		234,472.87	78,237.71	314,491.12
*Stock Specific Levies Outgoing				131,121.96			131,121.96
Travel - National	25,215.91	14,792.12	0.00		239.91	0.00	40,608.37
Operating Expenses	20,264.84	6,773.43	2,263.43		309.03	0.00	29,610.73
Total Operating Expenses	\$ 279,625.62	\$ 49,192.36	\$110,287.78	\$ 131,121.96	\$ 235,021.81	\$ 78,237.71	\$ 872,628.21

Paua Industry Council Limited
Financial Statements
For the Year Ended 30th September 2021

Paua Industry Council Limited

Company Directory

As at 30 September 2021

Issued Capital

5 Shares

Registered Office

C/- NZ Rock Lobster Industry Council Limited
Level 7
Eagle technology House
135 Victoria House
Wellington

Directors

Nicholas Manuel Cameron
Barry Wayne Chandler
Antonios Focas
Peter Herbert
Jason Elliot Wade Ruawai
Stormalong John Stanley
Rodney Louis Tribe
William Udy
Andreas Focas
David Andrew Rae

Company Number

1568995

Bankers

Bank of New Zealand

Date of Formation

1 December 2004

Nature of Business

Industry Association

Shareholders

Paua 2 Industry Assn Inc	1 Share
Pau3 Industry Assn Inc	1 Share
Pauamac 4 Industry Assn Inc	1 Share
Pauamac 5 Inc	1 Share
Pauamac 7 Industry Assn Inc	1 Share

Paua Industry Council Limited

Statement of Comprehensive Income

For the Year ended 30 September 2021

	2021 \$	2020 \$
Revenue		
Paua Core Levy	384,812	380,590
Stock Specific Levy Income	131,122	191,244
Interest Received	105	186
Research Income	452,823	660,512
Other Income	1,952	2,430
Total Income	970,814	1,234,961
Less Expenses		
Accountancy Fees	3,500	3,800
Advocacy & Promotion	135,129	130,231
Audit Fees	5,100	5,100
Bad Debts	-	1,595
Conference Expenses	982	3,869
Consultancy	130,549	110,412
Director Fees	81,536	81,536
Operating Expenses	29,611	29,448
Research Contracts	314,491	619,220
Stock Specific Levy Outgoing	131,122	191,244
Travel	40,608	47,678
Total Expenses	872,628	1,224,133
Net Surplus Before Depreciation	98,186	10,828
Depreciation expense	7,304	6,409
Depreciation – Loss on Sale	-	312
Net Depreciation Adjustment	7,304	6,721
NET SURPLUS BEFORE TAX	90,882	4,107
Less Tax Expense	25,446	1,150
SURPLUS AFTER TAX	65,435	2,957
NET SURPLUS/(DEFICIT) FOR THE YEAR	65,435	2,957

NOTE: This statement is to be read in conjunction with the Notes to the Financial Statements and accompanying audit report

Paua Industry Council Limited

Statement of Movement in Equity

For the Year ended 30 September 2021

	Note	Shareholder Capital \$	Retained Earnings \$	Total Equity \$
Opening balance at 1 October 2020		9,557	133,077	142,634
Prior Period Adjustment	12	-	24,397	33,885
Net Surplus/(deficit)		-	65,435	55,948
Balance at 30 September 2021		<u>9,557</u>	<u>222,910</u>	<u>232,467</u>
Opening balance at 1 October 2019		9,557	130,120	139,677
Net Surplus/(deficit)		-	2,957	2,957
Balance at 30 September 2020		<u>9,557</u>	<u>133,077</u>	<u>142,634</u>

NOTE: This statement is to be read in conjunction with the Notes to the Financial Statements and accompanying audit report

Paua Industry Council Limited

Statement of Financial Position

For the Year ended 30 September 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and Cash Equivalents	13	227,679	175,219
Taxation		-	13,016
Accounts Receivable		78,086	231,462
Levies – Holding Account		-	116
Total Current Assets		305,766	419,813
NON-CURRENT ASSETS			
Fixed Assets	14	17,109	10,204
TOTAL ASSETS		322,874	430,017
CURRENT LIABILITIES			
GST due for payment		4,163	22,821
Tax Payable		29,976	-
Accounts Payable		43,923	64,786
Accrued Expenses		5,000	165,892
Deferred Commodity Levies		-	33,885
Levies – Holding Account		7,345	-
Total Current Liabilities		90,407	287,383
TOTAL LIABILITIES		90,407	287,383
NET ASSETS		232,467	\$142,634
Represented by;			
EQUITY			
Share Capital		9,557	9,557
Retained Earnings		222,910	133,077
TOTAL EQUITY		\$232,467	\$142,634

For and on behalf of the Board;

Director S. J. Stanley
S J Stanley (May 18, 2022 08:22 GMT+12)

Director T

Date May 18, 2022

Paua Industry Council Limited

Notes to the Financial Statements

For the Year ended 30 September 2021

1. REPORTING ENTITY

The financial statements are for Paua Industry Council Limited. Paua Industry Council Limited is a company registered under the Companies Act 1993 and is engaged in the business of advocacy and promotion of the paua fisheries and to the industry.

2. BASIS OF PREPARATION

(a) Reporting Framework

These financial statements are classified as special purpose financial statements. They have been prepared in accordance with CAANZ's Special Purpose Financial Reporting Framework for For-Profit-Entities. The financial statements have been prepared for the entities owners for their purposes.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation Currency

The financial statements are presented in New Zealand dollars, and rounded to the nearest dollar.

(d) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less.

(b) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation.

Depreciation is charged on a diminishing value basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

- Furniture & Fitting	16%
- Office Equipment	50%
- Field Equipment	40-48%

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gains or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in comprehensive income in the year the asset is derecognised.

NOTE: This statement is to be read in conjunction with the accompanying audit report

Paua Industry Council Limited

Notes to the Financial Statements

For the Year ended 30 September 2021

(c) Goods & Services Tax

The Statement of Comprehensive Income has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of accounts receivable and payables.

(d) Income Tax

The Income Tax expense charged to the Statement of Comprehensive Income recognises the current obligations for the period, calculated using the Taxes Payable Method.

(e) Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

(f) Revenue

Revenue for research income and levy income are recognised in the period when the contracted services are provided.

4. AUDIT

These financial statements have been subject to audit, please refer to the independent Auditor's Report.

5. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2020: \$0). Paua Industry Council Limited has not granted any securities in respect of liabilities payable by any other party whatsoever.

6. IMPUTATION CREDIT ACCOUNT

Imputation credits available to the shareholders as at 31 March 2021 were \$71,219 (2020: \$56,851).

7. SECURITIES AND GUARANTEES

There was no overdraft as at balance date nor was any facility arranged.

8. TAXATION

	2021 \$	2020 \$
Net Surplus before tax	90,882	4,107
	<u>90,882</u>	<u>4,107</u>
Taxation @ 28%	25,446	1,150
Income Tax Expense	<u>25,446</u>	<u>1,150</u>
Income Tax Payable/(Receivable)	2021 \$	2020 \$
Opening Balance	(13,016)	13,443
Current Year Tax	25,446	1,150
Tax Refunds Received	13,016	-
Terminal Tax	-	(13,443)
Provisional Tax	(4,929)	(14,114)
RWT	(29)	(52)
Tax payable on Prior Year Error	9,488	-
Closing Balance	<u>29,976</u>	<u>\$(13,016)</u>

NOTE: This statement is to be read in conjunction with the accompanying audit report

Paua Industry Council Limited

Notes to the Financial Statements

For the Year ended 30 September 2021

9. SUBSEQUENT EVENT

There were no significant events after 30 September 2021.

10. RELATED PARTY TRANSACTIONS

Related party transactions during the year are as follows:

Related party relationship	Description of the transaction	Value of transactions		Receivable/ (payable)	
		2021	2020	2021	2020
		\$	\$	\$	\$
Shareholder – Paua 2 Industry Association Incorporated	Stock Specific Levies & Outgoings	-	-	-	-
Shareholder – Pau 3 Industry Association Incorporated	Stock Specific Levies & Outgoings, & Research Expenses	(25,210)	(51,514)	-	-
Shareholder – Pauamac 4 Industry Association Incorporated	Stock Specific Levies & Outgoings	-	-	-	-
Shareholder – Pauamac 5 Incorporated	Stock Specific Levies & Outgoings, Research & General Expenses	-	(3,700)	-	-
Shareholder – Pauamac 7 Industry Association Incorporated	Stock Specific Levies & Outgoings, Research & Travel Expenses	398	-	-	-
Director – Nicolas Manuel Cameron	Research Expenses	600	1,500	-	-
Director – Stormalong John Stanley	Director Fees, Research, Travel, Consulting, Office, Conference, & General Expenses	148,307	146,642	-	-
Director – David Andrew Rae	Travel Expenses	173	-	-	-

11. COMMITMENTS

At balance date there were no commitments as at balance date (2020: Nil).

12. PRIOR PERIOD ERROR

It was noted during the course of the 2021 audit that deferred commodity levies was incorrectly stated for 2020. Open deferred commodity levies was reduced by \$24,397 to \$0 opening equity has increased by \$24,397.

13. CASH AND CASH EQUIVALENTS

		2021 \$	2020 \$
Bank accounts and cash	BNZ – Cheque Account	132,825	72,676
	BNZ – Commodity Levy Account	35,210	49,155
	BNZ – TotalMoney Account	59,644	53,388
	Total	227,679	175,219

NOTE: This statement is to be read in conjunction with the accompanying audit report

Paua Industry Council Limited

Notes to the Financial Statements

For the Year ended 30 September 2021

14. PROPERTY, PLANT AND EQUIPMENT

2021	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Asset class:			
Furniture & Fittings	522	401	121
Office Equipment	2,248	468	1,780
Field Equipment	62,310	47,102	15,208
	<u>65,080</u>	<u>47,971</u>	<u>17,109</u>

2020	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Asset class:			
Furniture & Fittings	522	378	144
Field Equipment	50,349	40,289	10,060
	<u>50,871</u>	<u>40,667</u>	<u>10,204</u>

NOTE: This statement is to be read in conjunction with the accompanying audit report

Independent auditor's report

To the Shareholders of Paua Industry Council Limited

Opinion

We have audited the special purpose financial statements of Paua Industry Council Limited on pages 2 to 8, which comprise the statement of financial position as at 30 September 2021 and the statement of comprehensive income, and statement of movement in equity for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of Paua Industry Council Limited for the year ended 30 September 2021 are prepared, in all material respects, in accordance with the financial reporting provisions of the *Special Purpose Financial Reporting Framework for use by for-profit entities* issued by Chartered Accountants Australia and New Zealand.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in *the Auditor's responsibilities for the audit of the special purpose financial statements* section of our report.

We are independent of Paua Industry Council Limited in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than our capacity as auditor we have no relationship with, or interests in, Paua Industry Council Limited.

Emphasis of Matter: Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared in accordance with the financial reporting provisions of the *Special Purpose Financial Reporting Framework for use by for-profit entities* issued by Chartered Accountants Australia and New Zealand. They have been prepared for the entity's owners for their purposes. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of Paua Industry Council Limited for the year ended 30 September 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2021.

Other information

The directors are responsible for the other information. The other information comprises the information included in the company directory but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the special purpose financial statements

The Directors are responsible on behalf of Paua Industry Council Limited for the preparation of these special purpose financial statements in accordance with the *Special Purpose Financial Reporting Framework for use by for-profit entities* issued by Chartered Accountants Australia and New Zealand and for such internal control the Directors determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible on behalf of Paua Industry Council Limited for assessing Paua Industry Council Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate Paua Industry Council Limited or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these special purpose financial statements.

A further description of the auditor's responsibilities for the audit of the special purpose financial statements is located at the XRB's website at <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

This report is made solely to the shareholders of Paua Industry Council Limited. Our audit has been undertaken so that we might state to the shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, for our audit work, for this report, or for the opinions we have formed.



Kendons Chartered Accountants Limited

Alastair Lloyd • Associate Director

Qualified Auditors • Lower Hutt • New Zealand
18 May 2022