





*Written Public Hearing:*

# Final Approval of the Draft Revised Nunavut Wildlife Management Board Allocation Policy for Commercial Marine Fisheries

**Prepared For:**

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## Issue:

In early 2016 the Nunavut Wildlife Management Board (NWMB) directed its staff to initiate a review of the *Allocation Policy for Commercial Marine Fisheries* (Allocation Policy or Policy). The intent of this review was to clarify components of the allocation process by improving its objectivity and transparency. Following a series of consultations, the NWMB passed a resolution on September 11, 2018 approving in principle the draft revised Policy. A public written hearing is currently underway for final comments on the Policy before the final decision for the approval of the draft is made.

Arctic Fishery Alliance (AFA), one of Nunavut's four offshore commercial allocation holders subject to this Policy, respectfully presents its position on the draft Policy for the NWMB's consideration. AFA is Nunavut's first 100% Inuit owned and governed offshore fishing enterprise. Since our establishment in 2008, we have been committed to returning the benefits of Nunavut's offshore fisheries to our owners – the HTAs and Community Trusts for the communities of: Qikiqtarjuaq, Arctic Bay, Grise Fiord and Resolute Bay.

## Recommendation:

Overall, the draft Allocation Policy is significantly improved in its clarity and objectivity relative to the existing Policy. AFA commends the efforts of Drs. Megan Bailey and Carie Hoover in resolving the various positions of stakeholders into a coherent process.

However, despite the excellent progress that has been made to date, the objective of the review has not yet been achieved. The Policy continues to lack two critical components that would fully define the allocation process and ensure it is fair, open and transparent to all stakeholders. Specifically, the Policy requires:

1. An objective link between an applicant's scores and its recommended allocation;
2. A consistent threshold for quota reductions.

There are also several additions to this draft of the Policy that are new relative to the version discussed at the July-August 2018 workshop that would benefit from slight modifications. Finally, AFA has noted several inconsistencies in this draft with our understanding of the consensus that was negotiated at the July-August 2018 workshop that should be rectified. All of these items are explained and substantiated in the following section of this document.

It is on the basis of these concerns that AFA strongly recommends to the NWMB that **this draft Policy should not receive final approval** following this public hearing.

## Outstanding Concerns:

As mentioned above, AFA does not endorse the draft Allocation Policy for final approval by the NWMB at this time. The partnership has developed a list of its outstanding concerns regarding the Policy that should be addressed before final approval is received. They are presented below.

### Scores Need to Be Linked to Allocations

The most significant obstacle preventing the draft Policy from achieving the NWMB's goal of increasing the process' objectivity and transparency is the lack of guidance on how scores will be used to determine allocation recommendations. At present, the only link between the scores and these recommendations is the requirement for applicants to achieve a minimum score of 60% to be eligible for quotas. Beyond that, the Fisheries Advisory Committee (FAC) and applicants have no direction on how to interpret scores. This omission **must** be rectified to ensure that any subsequent allocation decisions are transparent and objectively justifiable not only to the NWMB and applicants, but also to Nunavut's public.

Based on the discussions that have occurred during this review process, it is evident that there is a need to increase the fairness of the process while retaining a degree of discretion for the FAC and the NWMB. However, it is the opinion of all industry members that the draft Policy requires further clarification on how scores are connected to allocation recommendations before objectivity and discretion are appropriately balanced.

AFA supports the Nunavut Fisheries Association (NFA) position to link scores to allocation recommendations. We suggest that the following thresholds be considered for inclusion in the Policy:

1. Per the draft Policy, applicants must score a minimum of 60% in Sections 7.2 to 7.5 to qualify for quota (if a new applicant and if an increase is available) or maintain their allocation (if an existing quota holder).
2. Applicants who score above a higher threshold of 75% would qualify for an increase in their allocations, if available.

In keeping with our position regarding the culpable negligence standard, there is no proposed range of scores that would subject applicants to a reduction of quota.

Simply put, this proposal bestows meaning to each applicant's score. At present, the only score that matters is 60% - if this threshold is reached, an applicant qualifies for quota. But beyond that, it is unclear what score is considered "good enough" to maintain an allocation or even be rewarded an increase. Without such a link between scores and quotas, applicant's scores will by necessity be ranked relative to each other, rather than to an objective scale. Consequently, it is foreseeable that an enterprise could increase its score from one application to the next (and justifiably create an expectation of reward for improved performance), and yet be subject to a quota reduction as another company scored still higher. The predictable result is that the FAC's recommendations under the draft Policy will be more difficult to rationalize to both applicants and the NWMB.

From our perspective, NFA's position and our expanded proposal balance the need for clarity to applicants regarding what scores are necessary to maintain and/or increase quotas, while granting the FAC the autonomy to recommend specific quantities of allocation increases based on their assessment of the virtues of the applications. Under such a system, applicants and the NMWB will be able to understand quickly and objectively why an enterprise received their quota recommendation, simplifying the FAC's justification of their recommendations.

Moreover, this proposed system will likely assist allocation holders secure financing from lending agencies. As has been repeatedly stated by stakeholders during this review process, the Policy must create an environment of stability and predictability to allow Nunavut's fishing industry to grow. If this proposal is incorporated, enterprises will be able to clearly demonstrate to lending institutions that a score of 60% will maintain the revenue source that will service the requested loan. In other words, the retention or increase of quotas will be dependent solely on that enterprise's own performance, rather than be subject to external factors such as the scores of other allocation holders.

As stated above, AFA cannot stress enough how the Allocation Policy must be revised to include the NFA proposal if it is to achieve its goal to be fair, open and transparent. If the Policy receives final approval without a mechanism that links scores to allocation recommendations, this two-year review will have created an extensive and costly application and scoring process that ultimately still does not inform the NWMB, the FAC, or enterprises how allocation recommendations are determined. From our perspective, this would be an unfortunate outcome that falls far short of Nunavut's potential to be a leading example of fisheries co-management policy in Canada.

### Culpable Negligence Threshold

During the July-August 2018 workshop, Michael d'Eca (Legal Advisor to the NWMB) provided verbal assurances that quota deductions should **only** be applied in instances of culpable negligence<sup>1</sup>. This intent was repeated several times over the course of the workshop and to AFA's understanding, it would be applied to the entire Policy. This is a critical component to the Policy from an industry perspective – second only to the link between scores and quotas – as the inclusion of this objective threshold would significantly increase the fishery's stability.

However, this culpable negligence standard for quota loss only applies during years where Annual Reports are evaluated in the draft Policy. This important baseline does not apply to quota applications. The list below outlines where a lower threshold for quota loss is described:

- *7.0 Mandatory Requirements for Responsible Stewardship* – instances of non-compliance of stewardship may require unspecified NWMB action (page 13), less allocation (page 8)
- *7.6 Consideration of Past Performance Targets* – lack of achievement of performance targets places an allocation holder at risk of allocation reduction (page 26)

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<sup>1</sup> As defined on page 36 of the draft Policy.

- 14.1 *Allocation Application Procedure* – no explanation of when it is appropriate for the FAC to recommend a quota decrease is provided. (page 33-34)
- Appendix B, Section 4 *Accountability* – statement included that “any significant failure” to live up to the commitments made in [the applicant’s] plans may result in a warning and subsequent loss of a portion or all of an organization’s allocation (page 50)

The discrepancy between the written Policy and the repeated assurances of the Policy’s intent by the NWMB’s Legal Advisor is concerning. While it may be the aim of the current NWMB to recommend against quota reductions except in cases of culpable negligence during quota applications, we strongly advocate for its inclusion in the written Policy itself. This Policy is intended to prevail for years, and it is conceivable that staff and/or Board changes at the NWMB may occur during this time. Unwritten “understandings” of how the Policy should be applied are likely to be lost.

Explicitly including the standard of culpable negligence to quota applications as well as Annual Reports will increase the stability of the industry and promote conditions for growth. For instance, allocation holders will be able to confidently demonstrate to lending institutions that by continuing to operate in a responsible manner, they will not be subject to quota reductions.

In addition, the inclusion of the culpable negligence standard should not be viewed as a limit on the FAC’s or NWMB’s ability to apply the Policy with discretion. For instance, on page 13 of Section 7.0 *Mandatory Requirements for Responsible Stewardship*, the bottom of table 7.0.1 states that when there is more than one instance of non-compliance and no suitable action has been put in place to resolve the recurring situation, the FAC should recommend action to the NWMB. To AFA’s understanding, this situation would meet the definition of culpable negligence<sup>2</sup> as the lack of an action plan to rectify a recurring problem appears to be intentional conduct with a reasonably foreseeable negative outcome. We also support the NFA position requesting clarification of this standard to ensure we are interpreting the current definition correctly.

In the other instances of the Policy where quota reductions have been permitted, AFA suggests that mechanisms for incentivizing compliance are already available and should be employed in lieu of penalties. For instance, section 7.6 *Consideration of Past Performance Targets* states that the lack of achievement of performance targets may subject an applicant to a quota reduction during an application. However, Section 12.2 *Increases to Nunavut Offshore Allocations or to the Surplus* indicates that when outstanding performance targets are not met for 2 or more years between applications, the eligibility of the enterprise for quota increases will be subject to review on a case-by-case basis. AFA submits that the method of promoting the rapid implementation of performance targets between applications can be equally applied during the application process instead of the unspecified and subjective risk of quota loss currently permitted in section 7.6.

Similarly in Appendix B, Section 4 *Accountability*, the Policy states that “any significant failure to live up to the commitments made in these [application] plans may result in a warning and subsequent loss of a

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<sup>2</sup> From Black’s Law Dictionary (as cited on page 36 of the draft Policy): Culpable negligence “...means something more than negligence...intentional conduct which the actor may not intend to be harmful but which an ordinary and reasonably prudent man would recognize as involving a strong probability of injury to others”.

portion or all of an organization's allocation if the organization fails to comply". Presumably the warning would be in the form of a performance target, in which case AFA's comments in the previous paragraph would apply. Moreover, the achievement of business and benefits plans are scored in guidelines 7.2.6a, 7.5.1a and 7.5.2a. Thus, failure to meet an applicant's own plans are already penalized in several ways throughout the Policy.

From our perspective, establishing the threshold of culpable negligence for Applications for Allocations does not limit the FAC or NWMB's ability to respond to underperforming enterprises, but its inclusion in the Policy does positively respond to industry's need for stability in order to grow. We would therefore recommend to the NWMB to include this provision as it is likely to have a net benefit to the fishing industry and therefore to Nunavut's economy.

### New Applicants Definition

AFA was pleased with the draft Policy's proposed definition of new applicant in Section 10. Our partnership suggests that the wording may be clarified still further, particularly with respect to the phrase "no current allocation holder in a fishery may be a member of a new applicant for that fishery". While we applaud the sentiment, we recommend to the NWMB that the word "member" be altered to "associated corporation" to align with the well-established definition in the Canadian Income Tax Act (RSC., 1985, c. (5<sup>th</sup> Supp.))<sup>3</sup>.

Under the Income Tax Act definition, one corporation is associated with another if one of the corporations (or a representative(s) of that corporation) controls directly or indirectly the other in any manner. Simply put, if one allocation holder or its representatives/employees are able to exert any influence on a new applicant, they should be considered associated. We believe using this specific, legally-established definition will provide greater clarity to the FAC and NWMB in determining whether an applicant should be considered new to the fishery relative to the current use of "member".

### Composition of the FAC

AFA would also like to commend the NWMB for the addition to Appendix A, Section 3.1 *Appointment of Members* that states the appointing agencies to the FAC will not nominate their employees to "avoid potential conflicts of interest and apprehension of bias". However, AFA suggests that the footnote associated with this new clause should be modified such that only 50% of long-standing incumbent FAC members (1 per appointing organization) are retained. This recommendation balances the need to retain institutional knowledge within the FAC with Policy's intention to prevent the appearance of conflicts of interest or bias. We feel strongly this alteration is necessary to **immediately** confer legitimacy to the Allocation Policy and the FAC. It should not wait to be implemented until the second Call for Applications a half decade from now. It does not make sense to recommend this change but then defer its implementation for a full allocation cycle.

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<sup>3</sup> Available at: <http://laws-lois.justice.gc.ca/eng/acts/l-3.3/FullText.html>

## Verification Reports

Under this draft Policy, allocation holders are now expected to request their own Verification Reports from Fisheries and Oceans Canada (DFO) and Transport Canada (TC). Based on the discussions held at the July-August 2018 workshop, we understood this change is intended to avoid potential conflicts with federal privacy regulations if the NWMB requests these reports.

AFA supports the NFA position that the NWMB continue to request these reports, to ensure that allocation holders will not be penalized for any late deliveries by the federal agencies. Individual allocation holders have no power to compel the federal agencies to comply with the NWMB's timelines as set out in Annexes 2 and 3. We would be willing to provide written release of these documents to the two departments if required.

## Scoring

Finally, AFA would like to highlight several inconsistencies in scoring guidelines relative to our understanding of the consensus negotiated during the July-August 2018 workshop.

### 7.2.5a Demonstrate collaboration with other industry partners to benefit the industry and maximize benefits to Nunavut

- Note the bold sub-heading for section 7.2.5 is missing in the draft Policy

The current distribution of scores continues to penalize enterprises that seek partnerships with Southern enterprises, when there is no net loss of benefits by valuing this arrangement at 3 points rather than the maximum 4. As was discussed at length at this summer's workshop, Nunavut's offshore fishery (and in particular its fixed-gear fleet) is limited to operating during the ice-free season in NAFO 0A and 0B. At best, this period extends from May to November, leaving nearly half the year when these vessels will – by necessity for safety reasons – be either forced to sit idle in a southern port or fish in southern Canadian waters.

If there is no net loss of benefit to Nunavut, as dictated by the scoring guideline, we are struggling to understand why the NWMB would support penalizing enterprises that exchange a portion of their Nunavut quota for access to southern fisheries to enable a year-round fishing operation. This would create additional employment opportunities for Inuit and Nunavummiut, as well as increase profits to benefit Nunavut, and thus we believe such a situation should be encouraged. We suggest that either:

- The guideline “Allocated to a Southern enterprise, with no net loss = 3 points” should be revised to be worth 4 points, or
- A new option could be added to this guideline, “Allocated to a Southern enterprise to enable year-round fishing, with no net loss = 4 points”.

### 7.2.6a Demonstrate adherence to and achievement of business plans, goals, and objectives

AFA would like to convey its concern – which is shared by NFA – with the scoring of guideline 7.2.6a. Applicants are asked to demonstrate their adherence to their previous business plan, with points awarded based on the percentage of goals met. While this guideline is intended to create accountability in quota holders between applications, in practice the lack of flexibility permitted in the evaluation of this guideline will place all enterprises at a substantial competitive disadvantage.

Allocations will last for five years. Although applicants will attempt to prepare a reasonable business plan for that period when the application is submitted, it is well understood that business plans require regular amendments over time as the original projections become less accurate the further into the future they extend.

In the proposed Policy, applicants are expected to explain any changes in their business plan and outline reasons for not achieving their goals; however, the score descriptions do not indicate whether such adjustments will be acceptable. It is crucial that more flexibility be added to this guideline, otherwise Nunavut's fishing industry will be forced to choose between scoring well to maintain their future allocations or adapting their businesses to respond to changing conditions. Requiring such a choice will limit the ability of the fishing industry to compete with southern Canadian enterprises and potentially limit the benefits Nunavut can reap in the long-term. Altering this scoring guideline will confer a degree of flexibility, allowing enterprises to take advantage of opportunities that could not have been foreseen when the application was submitted. AFA supports the scoring guideline proposal included in the NFA submission.

### 7.3.1b Identify employment of Nunavummiut, especially Inuit

In the revised scoresheet distributed by Dr. Carie Hoover on August 2<sup>nd</sup>, guideline 7.3.1b had a maximum score of 3. Per the July-August workshop debates, non-Inuit Nunavummiut employment has not been a focus of the Nunavut fishing industry for two key reasons. First, increasing Inuit employment in this industry to a representative workforce has always been the priority. Second, the Nunavut Fisheries and Marine Training Consortium (NFMTTC) training programs are open to Nunavut Beneficiaries only. Consequently, the pool of trained harvesters in Nunavut is currently exclusively Inuit.

In the current draft however, this guideline multiplies the 3-point scale to be worth a maximum of 5, the same value industry members questioned in July and August. We recommend that the rescaling calculation be removed from this guideline and the maximum score be revised to 3, per the materials distributed following the workshop this summer.

Finally, AFA would appreciate clarification on how this section should be interpreted and the employment figures calculated. Are Nunavut Inuit to be counted in the Nunavummiut employment guideline along with non-Inuit Nunavummiut?

### 7.3.1d Present plans to improve employment opportunities and promotion within your enterprise for Inuit, Nunavut, and senior employment

In addition, on the scoresheet distributed by Dr. Hoover on August 2, guideline 7.3.1d had its total score revised from 2 to 4 points. However, in the current draft, the guideline total has reverted to 2. The highest points awarded in this Policy are currently associated with Inuit and Nunavummiut employment, and we support the consensus that if this factor is valued so highly, having a plan to improve employment figures should also be rewarded. Similarly, by increasing the score to 4 points, it would place the evaluation on the same scale as the governance plans evaluated in section 7.2, rendering the FAC's review of applications more consistent.

#### 7.4.1a Identify degree of ownership/sponsorship by RWOs, HTOs or Nunavut Communities

From AFA and NFA's perspective, the greatest discrepancy in scoring is guideline 7.4.1a regarding Inuit ownership. It was unanimously negotiated in July/August that this guideline was significantly undervalued at 3 points, especially compared to the points available for Inuit and Nunavummiut employment. Inuit ownership of Nunavut's fishery has been a key founding principle since the Allocation Policy was first formulated and the current draft vastly minimizes its importance.

The consensus at this workshop was that this guideline should be worth 12 points (calculated by multiplying the existing point descriptors by 4). This was reflected on the scoresheet distributed following the July-August workshop on August 2<sup>nd</sup> by Dr. Hoover. AFA is concerned to see that the current draft has reverted to the original score total and hopes this is an oversight that will be corrected before the Policy receives final approval by the NWMB.

#### 7.4.2 Demonstrate level of enterprise asset ownership by Inuit inside the Territory

In scored guideline 7.4.2a, AFA would appreciate clarification on how location of ownership of quotas/enterprise allocations will be determined. Surely the intent of 7.4.2a is not to penalize enterprises who seek to diversify their operations (a standard and prudent business practice) beyond Nunavut by purchasing southern Canadian quotas. AFA recommends that location of ownership of these quotas is determined not by the fishing area of the quota, and instead location is considered synonymous with the owner of the license. In other words, if a Nunavut enterprise owns a southern quota, it should be considered a Nunavut asset.

Moreover, AFA is not sure how to reconcile the scoring guidelines 7.4.2a and 7.4.2c. In 7.4.2c, a point can be earned for increased ownership of assets outside of Nunavut if the asset can be demonstrated to directly benefit Nunavummiut more than it would if it were located in the territory. However, enterprises who can demonstrate that certain assets have greater value to the territory if they are located elsewhere will still be penalized for locating this asset outside Nunavut in 7.4.2a. In this guideline, anything less than 100% ownership of assets inside the territory is subject to a reduction in score.

AFA strongly recommends that the test in both guidelines should be whether the asset benefits the enterprise and by extension, Nunavut. For instance, it is often more beneficial for an enterprise to own an asset, rather than lease it for an extended period. However, if this asset is not located in Nunavut (such as a warehouse near where the enterprise's vessel overwinters), an enterprise holder will be forced under the proposed Policy to choose between increasing its asset ownership outside the territory and be subject

to a reduction in score in 7.4.2a or incurring higher costs over the long-term by leasing it annually, resulting in less revenue to be invested in benefits, ultimately to the detriment of Nunavut.

#### 7.5.2 Demonstrate other (non-cash) benefits provided to Nunavut owner(s)/community(ies)/industry(ies) in total dollars and percentage of total fisheries related profits

In scoring guideline 7.5.2a, applicants are asked to link their non-cash benefits to their audited financial statements. As the NFA submission highlights, this is not possible for applicants to comply with.

The current draft Policy, scoring guideline 7.5.1a asks for cash and cash-equivalent benefits (i.e. those that can be quantified with a specific cash value) and guideline 7.5.2a asks for a list of items that have no cash-equivalent value. Because this guideline is specifically looking for a list of benefits that cannot be quantified with cash values, they are not possible to include on audited financial statements. We recommend the NWMB simply remove the statement “Link to your audited financial statement” in guideline 7.5.1c to rectify this situation.

#### Other Comments

Finally, AFA would like to note a few additional minor concerns regarding the Policy and/or minor housekeeping that would ensure consistency throughout the document.

#### Section 6.5 Compliance with responsible fishing practices and gear use

AFA finds it unfortunate that section 6.5a requires fixed-gear vessels to employ best practices to minimize the risk of gear loss while the same standard is not applied to mobile gear. Why is a functional plan for the recovery of lost gillnets required, but not one for trawler gear? We understood that the Policy would be written such that it was “gear-neutral”. In other words, no expectation would be created that would apply a standard to only one type of gear within a fishery.

#### Section 7.0 Mandatory Requirements for Responsible Stewardship

Please note there is redundancy in the draft policy by including scoring guideline 6.6 (voluntary stewardship measures) in table 7.0.1 on page 12 and then scoring this same standard in guideline 7.1.1a on page 14.

#### Section 7.5.3 Demonstrate your participation in using your fisheries related profits in leveraging funds for activities related to fisheries and community economic development in Nunavut

AFA believes the descriptions and points for 7.5.3a and 7.5.3b have become inverted. Industry prepared a consensus position regarding its wording and allocation of points of guideline 7.5.3a. The industry’s submission is included *verbatim*; however, it is listed as 7.5.3b instead of 7.5.3a.

Moreover, as they are currently written 7.5.3a and 7.5.3b both request the same 500-word summary of leveraged benefits. Is this redundancy intentional?

### Section 12.2 and 12.3 Increases/Decreases to Nunavut Offshore Allocations or to the Surplus

AFA would like to clarify the language in these sections. In subsection 12.2 and 12.3, there is a sentence that states, “[i]n the event NFA cannot reach a decision, the FAC will convene to review the issue and may provide advice to the NWMB.” This wording should be modified to explain that it is not NFA specifically who will arrive at a decision on the distribution of a 15% or greater change to Nunavut’s total allocation, but rather the allocation holders under NFA. NFA is merely the forum in which the enterprises will meet to discuss the potential distributions, but the association itself has no direct involvement in the Allocation Policy and its procedures.

### Supported Additions/Revisions:

While AFA has outlined why we feel it is premature to approve the draft Policy before the above issues are addressed, we would also like to highlight the significant improvements to the Policy that have been incorporated into this draft. As was mentioned earlier, Drs. Bailey and Hoover facilitated several excellent workshops in 2018 and their efforts to revise the Policy have not gone unnoticed or unappreciated. AFA strongly endorses the following changes that have been made to the Policy and encourages the NWMB to retain these sections as they are currently written.

### Increased Flexibility in Stewardship Requirements

During the July-August 2018 workshop, industry highlighted its concerns with lack of flexibility and severity of penalty in the event of non-compliance with Section 7.0 *Mandatory Requirements for Responsible Stewardship*. The revised wording and guidelines for scoring in the draft Policy now reflect the substance of the workshop’s consensus – namely that while industry does strive to meet these requirements, accidents can happen. AFA appreciates the Policy’s new approach that if reasonable precautions can be demonstrated, allocation holders will not be subject to an automatic loss of quota. We firmly believe this has reconciled the Policy’s principles with the realities of operating a fishing business.

### Inclusion of Industry Consensus Positions

Similarly, AFA was heartened to see the industry suggested scoring guidelines for Sections 7.5.3 and 7.5.4 were incorporated verbatim. Moreover, it was evident that where a consensus was reached at the July-August 2018 workshop, it was incorporated into this draft Policy. For example, the governance scoring guidelines now better reflect who should have demonstrable influence on corporate decision making. In other instances, the timing of the delivery of the audited financials and the elements of a business plan

were adjusted to align with standard business practices. Overall, these modifications have made the Policy much more realistic and achievable for allocation holders to operate under.

### Inclusion of Face-To-Face Meetings with NWMB

Most importantly, AFA commends the inclusion of the face-to-face meetings with the NWMB if the FAC recommends a quota reduction during the quota application or annual report processes. We advocated for this throughout the revision process and are deeply satisfied to see it incorporated. From our perspective, these additions to Sections 14.1 and 14.2 create an appeal mechanism and therefore significantly improve the fairness of the Policy's procedures. This adds a much-needed element of legitimacy to the quasi-judicial processes outlined in the Policy.

### Summary:

Overall, this version of the draft Allocation Policy represents a considerable improvement over the Policy that was in effect during the 2015 Call for Applications. This draft has increased the clarity of the process and the objectivity of many of the evaluation guidelines. However, despite this commendable progress, the Policy still does not link scores to allocation recommendations. Without such a mechanism, the Policy – and by extension the FAC and NWMB – will never achieve the ideals of fairness or transparency that are aspired to.

Moreover, industry has repeatedly indicated that continued growth of Nunavut's fisheries is dependent on the stability and predictability of allocations. To that end, industry was assured by NWMB's legal advisor in July and August 2018 that the intent of the Policy was that quota reductions would only apply in instances of culpable negligence. The draft Policy only applies this threshold to Annual Reports, and not the Applications for Allocations. We firmly believe this standard should be applied throughout the Policy as the net benefits derived from the resulting stability of the industry far outweigh any potential drawbacks.

**Until these two critical elements are addressed, AFA adamantly believes this draft Policy is not ready to receive final approval from the NWMB. Additional revisions are required if the NWMB is to achieve its goal of a fair, open and transparent allocation process.**