

## **Appendix B to the Allocation Policy of the Nunavut Wildlife Management Board for Commercial Marine Fisheries: Governance, Business, Benefits and Stewardship Plan Template**

**Background:** Fishery resources in Nunavut waters are co-managed and allocated by the Department of Fisheries and Oceans (DFO) and the Nunavut Wildlife Management Board (NWMB). As an Institution of Public Government established under the Nunavut Land Claims Agreement (NLCA), the NWMB has the responsibility for providing individual commercial fisheries sub-allocations to Nunavut fishing interests. With this trust comes a tremendous amount of responsibility to ensure that resources are allocated, fished and managed in an open and accountable manner and that allocation holders provide substantial benefits to Nunavummiut. This necessarily means that the public has to be fully informed of the use and benefit of these resources. Recognizing that many of Nunavut's coastal communities have limited employment opportunities stresses the overall importance of maximizing benefits from its adjacent fisheries resources.

The lack of a strong business and overall organizational capacity has long been identified as one of the key factors limiting Nunavut's direct involvement in the offshore fishing industry. Given Nunavut's relative recent emergence in this industry it is not surprising that this challenge persists, however efforts must be taken to increase the business capacity of Nunavut fisheries stakeholders.

**Purpose:** The primary reasons for preparing a Governance, Business, Nunavut Benefits and Stewardship Plan are as follows:

- To ensure that quota recipients in Nunavut adjacent waters are operating their business venture in an open, transparent and accountable manner, demonstrating competence and responsibility. The ability to establish an open and transparent process in determining fisheries allocations in Nunavut adjacent waters will establish Nunavut in a leading edge position in terms of Canadian fisheries policy;
- To ensure that quota recipients have a clear and viable plan to effectively manage the public resource it is entrusted with and thereby increase overall benefits to Nunavummiut. This approach is consistent with the Nunavut Fisheries Strategy, which identified business and organizational capacity development as one of its key objectives;
- To ensure that organizations requesting quota allocations provide substantive details as to how Nunavut will benefit from their allocations. This approach is consistent with the *Nunavut Fisheries Strategy (2005)* as well as the *Organizational and Performance Review of Nunavut's Offshore Fishing Industry (2006)*; and
- To ensure that quota recipients understand and are prepared to meet the mandatory requirements for responsible stewardship.

**Evaluation Criteria:** Due to the limited availability of quota in Nunavut adjacent waters, applications for access will be evaluated in competition with one another. Under the *Allocation Guidelines for Nunavut's Commercial Marine Fisheries*, the key areas to be addressed in the Governance, Business, Benefits and Stewardship Plan are as follows:

- 1. Governance and Business Capacity** (up to 30 points).
  - (a) Open, transparent and accountable operations;**
  - (b) Viable commercial venture; and**
  - (c) Positive history in the fishery.**

This guideline is in accordance with any or all of principles 1, 2, 3, 4, 5, 6, 8 and 9.

Points are awarded under subsection (a) to fishing enterprises that are able to demonstrate proper governance procedures - including openness, transparency and accountability in their operations.

Fishing enterprises that can demonstrate viability – including suitable business planning, capacity to fish, responsible stewardship, relative economic return, value added to the fishery, stability of employment, and economic benefits to Nunavut - are recognized through subsection (b).

A proven record in the fishery is appropriately acknowledged through subsection (c).

- 2. Inuit Involvement** (up to 40 points).
  - (a) RWO or HTO ownership/sponsorship of the economic enterprise;**
  - (b) Inuit ownership of the economic enterprise;**
  - (c) Adjacency of the community to the fishing area; and**
  - (d) Economic dependence of the community on the resource.**

This guideline is in accordance with principles 3 to 9.

More points are awarded under subsection (a) for ownership than sponsorship, with 100% ownership by an RWO or multiple HTOs receiving the highest scores.

Under subsection (b), the most points are awarded to fishing enterprises, owned/sponsored by RWOs or HTOs, whose communities are most adjacent to a particular fishing area.

Under subsection (c), the most points are awarded to fishing enterprises, owned/sponsored by RWOs or HTOs, whose communities demonstrate the greatest dependence on the resource.

- 3. Benefits to Nunavummiut** (up to 30 points).
  - (a) Employment of Nunavummiut, especially Inuit;**
  - (b) Ownership of the economic enterprise and/or the vessel(s) by one or more residents of Nunavut; and**

(c) **Participation in the *Exploratory Fisheries Fund*, and the provision of other direct benefits to Nunavut.**

This guideline is in accordance with principles 1 to 9.

With respect to subsection (a), points are awarded for the number of people employed (including land-based employees), the level of position(s) filled (management and technical level positions receiving more points than entry-level positions), and a demonstrated record of retaining Nunavut employees, especially Inuit.

Nunavut ownership of an enterprise and/or vessel is recognized under subsection (b), with more points awarded for multiple Nunavut owners.

With respect to subsection (c), see Part 12 of this Allocation Policy regarding the *Exploratory Fisheries Fund*. Examples of other direct benefits are economic benefits to dependent communities, market development and investment in training, research, inshore processing and infrastructure.

**Key Factors:** Key factors that should be taken into account and included in the applicant's Governance, Business, Nunavut Benefits and Stewardship Plan include:

***Governance Factors***

- Evidence that applicants are qualified and registered as a Nunavut Business and/or HTO/RWO;
- Provide description of ownership and management structure;
- Demonstrate how management structure is qualified to carry out business activities and manage the overall fisheries allocations;
- Provide list of key personnel, including contract personnel;
- Identify legal relationship between applicant group and managing organization (if different);
- Provide a list of the applicant companies Board of Directors;
- Provide a copy of the company/group's internal governance regulations/by-laws;
- Provide an overview of shareholder and/or membership reporting structures;
- Provide evidence of communications with shareholders/members related to the organization's fisheries activities, and evidence of shareholder/member awareness of and participation in decisions related to these activities;
- Provide an organizational chart of all divisions, subsidiaries, joint ventures and partnerships specifying (where applicable) legal structure, province/territory/country of registration, percentage ownership, etc.;
- Provide a summary of proposed profit sharing and/or royalty arrangements;
- Identify and demonstrate any history of good governance on the part of the applicant.

***Business Factors***

- Provide copies of most recent audited consolidated income statement, balance sheet and cash flow statements;

- Provide a summary of proposed harvesting activities by target species including:
  - A detailed harvesting plan for each target species for the calendar year;
  - A summary of the proposed harvesting method(s);
  - Description of proposed vessel(s) to be used;
  - Identify where fish will be landed and processed;
  - Identify percentage of quota to be harvested under a charter arrangement;
- Provide overview of proposed processing and marketing plans;
- Identify transition plan from joint venture/charter program to self-sufficiency (if applicable);
- Provide projected general budget for calendar year including income from all sources and anticipated expenditures for all projects and administration;
- Provide overview of any proposed long-term development strategies;
- Other business information which may assist in the evaluation of the application;

***Benefits Factors***

- Goals and objectives of applicant's plan;
- Economic opportunities provided through employment of Nunavummiut, especially Inuit;
- Ownership of the economic enterprise and/or the vessel(s) by one or more residents of Nunavut;
- Plans to re-invest revenue into fisheries R&D and/or emerging fisheries development, including the *Exploratory Fisheries Fund*;
- How the plan generates new capital and/or equity for harvesting and/or processing opportunities;
- Efforts taken to include residents from other communities;
- Contribution to Nunavut economy;
- Cooperative efforts with other communities;
- Proposed training plan;
- Any plans to re-invest revenues into non-fisheries based activities;
- Benefits indicators summary;
- Any other benefits information which may assist with the evaluation of the application.

***Stewardship Factors***

- Demonstrate an understanding of what is meant by responsible stewardship;
- Detail measures to be taken to comply with NWMB's *Mandatory Requirements for Responsible Stewardship*;
- Identify and demonstrate any history of responsible stewardship on the part of the applicant.

**Accountability:** Applicants are advised to complete their Governance, Business, Benefits and Stewardship Plan in detail. It is important for all applicants to note that the governance structure and the reporting, business, benefits and stewardship commitments outlined in this plan will be cross referenced with the information provided in the Annual

Reports which are a requirement for all successful applicants. Any significant failure to live up to the commitments made in the Governance, Business, Benefits and Stewardship Plan may result in a loss of a portion or all of an organization's allocation in the following year.

**Table of Contents:** The following pages outline a draft Table of Contents for the Governance, Business, Benefits and Stewardship Plan. Although applicants are not required to follow this report structure, they are advised that their Governance, Business, Benefits and Stewardship Plan must be complete and include all of the key information requirements outlined above.

## **Governance, Business, Benefits and Stewardship Plan**

### **Table of Contents**

**Executive Summary:** Provide a 5-7 page summation of the applicant's Governance, Business, Nunavut Benefits and Stewardship Plan, highlighting the key factors illustrating: the applicant's commitment to good governance and responsible stewardship; the applicant's ability to establish and operate a viable business, generating returns and benefits to Nunavummiut; and the applicant's commitment to maximizing the benefits from their allocations for Nunavummiut.

**Background:** Provide a detailed background on the applicant company/organization, focusing on: the history of organization development and steps that have been taken to improve governance, responsible stewardship and the development of open, transparent and accountable operations; its ability to maximize employment and financial benefits from allocations; and its ability to ensure these benefits are equitably distributed/utilized. Provide a summary of prior activity by the company/organization (organizational activity, fishing activity, etc.).

**The Company/Organization:** Provide detail on the company/organization, including ownership and management structure, organizational charts, etc. Provide detail on the applicant company/organization's current governance structure. Illustrate and detail how the company/organization has or plans to obtain the experience and management capacity to establish/run a successful fishing enterprise. Applicants are advised to ensure that the key factors identified in the Plan template are included.

#### **Governance Section**

**Governance Plan:** Provide detail on the applicant company/organization's future plans for improving governance, and openness, transparency and accountability to shareholders/membership of their operations. Identify, in tabular form where possible, commitments and timeframes.

#### **Business Section**

**Operations Plan:** Provide detail on operations, including a detailed harvesting plan and details on processing and marketing plans.

**Financial Plan:** Provide detail on company/organization financing and financial performance. For existing allocation holders, provide audited statements for the prior year. Provide financial projections for the current season, detailing projected revenues and costs (operating costs, administrative costs). Identify proposed investment activities and explain any major changes from previous years.

**Implementation Plan:** Outline an action plan with timelines for the current and future seasons. Identify commitments on organizational and enterprise development and Inuit involvement.

### **Benefits Section**

**Benefits – Employment:** Detail the direct and indirect employment benefits to be derived from the allocation for Nunavummiut and especially Inuit. Outline plans and commitments to increase these employment benefits over time. Detail plans to develop/implement Inuit-appropriate working conditions/environment, to increase Inuit recruitment and retention.

**Benefits – Training and R&D:** Detail proposed investments in training and R&D and the potential benefits to be derived from these investments.

**Benefits – Fisheries Investment:** Detail proposed contribution to the *Exploratory Fisheries Fund*, as well as investments in fisheries assets and the benefits to be derived from these investments.

**Benefits – Other Investment:** Detail any proposed investments to be made outside the fishery and the benefits to be derived from these investments.

**Benefits – Summary:** Summarize the plans and commitments being made to maximize benefits to Nunavummiut. Provide a benefits indicators summary, including the following indicators:

- Composition of workforce: number of Inuit and non-Inuit; shifts or hours worked for each group; and earnings for each group per quarter;
- Intensity of employment: number of Inuit and non-Inuit by level of earnings per quarter, i.e. < \$5K, \$5-15K, \$15-25K, etc.; and
- Employee recruitment, retention and turnover: Inuit and non-Inuit recruited and retained, reasons for non-retention, etc.

### **Stewardship Section**

**Responsible Stewardship:** Detail the applicant's understanding of the meaning and importance of responsible stewardship. Outline the applicant's past history in achieving responsible stewardship.

**Stewardship Plan:** Detail the measures that will be taken by the applicant to comply with each of the measures outlined in the NWMB's *Mandatory Requirements for Responsible Stewardship*. Identify, in tabular form where possible, commitments and timeframes.