

October 21, 2016

Danica Crystal Wildlife Management Biologist Nunavut Wildlife Management Board PO 1379, Iqaluit, NU XOA 0H0

Re: Follow-Up Comments to NWMB Allocation Policy Workshop

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⁵b⊳∂Δ^c⊃^{sb} Resolute Bay

Qikiqtarjuaq, NU X0A 0B0

\$ (867) 927-8894
♣ (867) 927-8896
arcticfisheryalliance@qiniq.com

59A ⊂L\°^c ⊲⁵ថી∩∿Ⴑ ∩∩™bʰdል∿Ⴑ 8622 \∆°c দ≈ነ,♂▷<°č.° A1B 3T1

▲ (709) 579.3278
 ▲ (709) 579.3304
 harry@arcticfisheryalliance.com

Dear Ms. Crystal,

On behalf of Arctic Fishery Alliance (AFA), I would like to thank the Nunavut Wildlife Management Board (NWMB) for hosting the September 16th workshop to review the *Allocation Policy for Commercial Marine Fisheries*. Per your email dated September 27th, AFA would like to comment on the identified points of consensus and provide a few additional suggestions prior to the drafting of the first revisions.

AFA agrees with the points of consensus provided in the September 27 email with a few supplementary comments:

- Evaluation Process consensus slide: the "greater detail on the process for recommending and applying allocation penalties" should be extended to include the application review process for allocating quotas.
- Fisheries Advisory Committee (FAC) consensus slide: the fishing industry knowledge should be clarified to ensure that it includes knowledge of standard business practices. We also strongly support the concept of having the FAC receive support from an independent fishery/business consultant who would assist the members review each quota application.
- New Applicants consensus slide: it should be noted that new applicants must supply a plan to acquire their own harvesting capacity within 2 years of being awarded quota, and be accountable to that plan, to avoid creating a royalty-dependent participant in the Nunavut fishery; a situation that is contrary to the objectives of the *Allocation Policy*. The harvesting capacity must also be Inuit owned and not have any non-Nunavut owners.

- Increases/Decreases to TAC consensus slide: it is probable that the turbot fishery will be moving to a Precautionary Approach in its management. This should be taken into consideration as it will likely affect how TACs are set.
- Annual Performance Reviews consensus slide: AFA would like to highlight the fact that DFO has indicated they do not intend to adjust allocations between multi-year quota applications. Thus, we would like to emphasize that the reporting requirements to industry for the Annual Review should be streamlined to better reflect the concept of a "Progress Report" rather than a review to determine if penalties are required.
- Appeal Process consensus slide: AFA strongly advocates for the implementation of an independent appeals process. Every judicial or quasi-judicial system in Canada has an appeals process. A more detailed suggestion of how this could be implemented for the *Allocation Policy* is provided below.

In addition to the points of consensus, AFA requests that the NWMB take into consideration the following comments while drafting the revisions.

Suggested Appeals Process

The appeals process should be applicable only if there is a perceived misapplication of the *Allocation Policy* by the FAC. It should not be used to dispute the amount of allocation recommended by the FAC. The appeal panel or moderator must be independent of the FAC and NWMB. Further, the launching of an appeal must not create tension between an applicant, the FAC and the NWMB that could result in retribution in the future against the applicant. A suggested timeline is provided in the next paragraph.

In order to efficiently implement an appeal, an applicant should have five (5) business days following the delivery of the FAC's preliminary recommendations to serve notice that they intend appeal. The written complaint and supporting arguments should be provided by the applicant within the next five business days (ten business days total after the release of the recommendations). The FAC should have five business days to respond to the complaint, and the independent appeals panel or moderator will have five business days to issue a binding decision. This decision will be binary – a) no misapplication of the *Policy* has occurred and the preliminary recommendations stand, or b) a misapplication. In total, this appeal should take 20 business days, fitting within the 30 day response period following the preliminary recommendations.

Clarifying Ambiguous Evaluation Terms

One of the strongest points of consensus among stakeholders was the need to clarify the terms used on the Evaluation Form. These terms need to be objective and quantifiable to ensure that the industry, NWMB and FAC are interpreting the *Policy* in the same manner. AFA recommends that a subset of stakeholders convene for a working group to identify and define

these contentious terms. Ideally the group should include only one representative from each of the following organizations:

- Arctic Fishery Alliance
- Baffin Fisheries
- Cumberland Sound Fisheries Ltd/Pangnirtung Fisheries Ltd.
- Qikiqtaaluk Corporation
- Government of Nunavut, Fisheries & Sealing Division
- Nunavut Tunngavik Inc.
- Nunavut Wildlife Management Board

At the "definitions workshop", the evaluation form should be rewritten into a table with each term defined and the criteria for each score provided. For example, the current evaluation of direct benefits is written as:

Demonstrate other direct benefits provided to Nunavut owner(s)/community(ies)/ industry(ies), in total dollars and percentage of total revenues – 7 points

In a revised evaluation form, this would be rewritten to:

• Demonstrate other direct benefits provided to Nunavut owner(s)/community(ies)/ industry(ies) as a percentage of revenue. 7 points.

Direct benefits is defined as non-wage distributions of revenue to Nunavut owner(s)/community(ies)/industry(ies). For greater clarity, non-wage distributions may include cash bonuses to shareholders and/or investments by an enterprise into programs that have short or long-term potential benefits to Nunavut owner(s)/ community(ies)/ industry(ies). These include but are not limited to: exploratory fisheries (inshore or offshore), training or education support for fisheries or otherwise (e.g. scholarships, distance learning, in-community training), donations to community events, efforts to improve food security (e.g. distributing or purchase of groceries or hunting or fishing equipment), etc. Industry-mandated contributions (i.e. to NFMTC or NOAHA) are excluded. Scoring is as follow:

| Score | Criteria |
|-------|--|
| 0 | Other direct benefits not provided |
| 1 | Direct benefits between 0.1 and 5% of total annual revenue distributed |
| 2 | Direct benefits between 5.1 and 10% of total annual revenue distributed |
| 3 | Direct benefits between 10.1 and 15% of total annual revenue distributed |
| 4 | Direct benefits between 15.1 and 20% of total annual revenue distributed |
| 5 | Direct benefits between 20.1 and 25% of total annual revenue distributed |
| 6 | Direct benefits between 25.1 and 30% of total annual revenue distributed |
| 7 | Direct benefits greater than 30% of total annual revenue distributed |

Preliminary Recommendations Holdback

Finally, AFA suggests that the *Allocation Policy* include the obligation for a holdback of quota (e.g. 10% of Nunavut's allocation) whenever the FAC makes a preliminary recommendation. This will allow the FAC to adjust their recommendations without penalizing other applicants after the response period.

AFA looks forward to reviewing the first revisions of the *Allocation Policy*. We hope that the suggestions provided above will assist in the preparation of these revisions.

Sincerely,

Harry Earle General Manager Arctic Fishery Alliance

CC:

Lootie Toomasie, CEO Arctic Fishery Alliance

Jaypetee Akeeagok, Chairman Arctic Fishery Alliance