



## Executive Summary

Arctic Fishery Alliance Limited Partnership (AFA) was established with the intention of ensuring that any benefits accrued from the harvesting of its Greenland halibut (turbot) quotas are returned to its owner communities of:

1. Arctic Bay (Ikajutit)
2. Grise Fiord (Iviq)
3. Qikiqtarjuaq (Nattivak)
4. Resolute Bay

In 2022, AFA had an outstanding year both operationally and financially, as it recovered from the many challenges arising from the global COVID-19 pandemic encountered in 2020, 2021, and into 2022. In 2020, as the result of pandemic impacts, AFA posted its first financial loss. This highlighted the challenges of operating an Arctic fishing enterprise during a global pandemic. In 2021 AFA adapted to the ever-changing impacts of the still ongoing COVID-19 pandemic, and aided by improved markets and operating conditions, was able to return to profitability with net earnings of over \$2.7 million. In 2022, AFA continued its post-pandemic recovery, maintaining profitability with net earnings of over \$1.6 million. The reduction in net earnings in 2022 was primarily attributable to specific quota cuts imposed upon AFA on the advice of the NWMB and to a smaller extent, general cuts in TAC imposed on all participants. AFA continued to make some progress on a few of its stated goals and objectives. This document reports on these achievements, in accordance with the Nunavut Wildlife Management Board's *2019 Allocation Policy for Commercial Marine Fisheries*.

### Stewardship

In 2022, AFA continued to adhere to its commitment of utilizing only fixed gear to harvest turbot. In 2022, AFA used the F/V Suvak and the F/V Atlantic Optimist, a vessel chartered from Ueushuk Fisheries Limited (a fishing enterprise operating on behalf of the Innu of Labrador), to harvest turbot allocations in Northwest Atlantic Fisheries Organization (NAFO) Divisions 0A and 0B using gillnets. AFA continued to follow the principles of responsible harvesting practices and regulatory compliance when undertaking its operations.

AFA would like to note its efforts to adhere to the Nunavut Wildlife Management Board's (NWMB) requirements for responsible stewardship, including continuing to avoid any identified sensitive habitat areas. AFA continues to be a member of the Marine Conservation Working Group that has supported the establishment of three Marine Refuges in Baffin Bay and Davis Strait. Moreover, AFA continued to utilize its vessel, the F/V Kiviug II (formerly the F/V Kiviug I), to undertake research in the Arctic in 2022. AFA fully supports research into the marine ecology and fisheries dynamics in waters adjacent to Nunavut, as this important work supports sustainable fisheries management and the opportunity to develop inshore fisheries in the region.

## **Business**

In 2022, AFA continued to participate in NAFO Divisions 0A and 0B turbot fisheries in Nunavut, harvesting 97.7% of its total quota allocation. In 2022, AFA continued its post-pandemic recovery, maintaining profitability with net earnings of over \$1.6 million. This continued AFA's outstanding financial performance for two years in a row, after suffering its first financial loss in nearly a decade in 2020 due to COVID-19 pandemic-related challenges that reduced its ability to harvest turbot.

AFA recently committed to purchasing a modernized state-of-the-art vessel to improve its ability to harvest its full quota, bolster its Inuit employment capabilities, and improve the sustainability of its fishing operations. In 2021, AFA made progress towards this goal and identified a suitable vessel, the F/V Anna, subsequently renamed the F/V Kiviug I. The purchase was finalized in June of 2022 and the vessel began upgrades, the installation of a state-of-the-art factory and freezer for processing turbot and an upgraded Mustad automated longline system. This purchase will facilitate and enable further progress on several of AFA's business commitments as it enters operation late in the 2023 fishing season, as this was a cornerstone commitment of its recent (2019) Strategic Plan.

## **Governance**

In 2022 AFA was unable to hold any in-person meetings in its communities. Poor internet infrastructure within AFA's High Arctic communities also made it difficult to hold virtual meetings. As a result, the Annual General Meeting (AGM) was unable to be held in 2022, and elections were postponed to February 2023 when an AGM was held in-person at a centralized location.

AFA continued to face challenges recruiting a replacement Director of Community Relations (DCR) in 2022. To broaden the search for qualified candidates in 2022, AFA created a replacement position for the DCR role, the Manager of Community Benefits and Relations (MCBR), a new senior management position with similar job responsibilities as the DCR. AFA advertised publicly for a new MCBR in December of 2022, and subsequently filled the position on April 1 of 2023. AFA has also encountered difficulty in filling and retaining its Community Liaison Officer (CLO) positions, with the part-time nature of the job making it unattractive to qualified candidates. AFA previously committed to seek funding to assist in the conversion of the CLO positions to fulltime. In 2022, AFA received funding from the Kakivak Association to promote its existing CLO in Grise Fiord to fulltime, and intended to seek more funding in 2023. In July of 2023, AFA received funding from Fisheries and Oceans Canada's (DFO) Northern Integrated Commercial Fisheries Initiative (NICFI) to convert its remaining vacant CLO positions to fulltime. As fulltime positions they will also be tasked with the additional responsibility of coordinating community-led inshore fisheries development activities. The new fulltime Community and Fishery Liaison Officers (CFLOs) will work with their local HTAs, hamlets, and community members to advance community-led inshore fisheries development activities, while also maintaining their current responsibility as AFA's primary representative in their community. Now that the MCBR position is filled, they will be tasked with recruiting qualified candidates for and filling the vacant CFLO positions.

## **Financial and Investment Plan**

AFA's primary financial commitment for the 2021-2025 Allocation Period was the acquisition of a state-of-the-art fishing vessel. A deal to purchase such a vessel was nearly completed in the summer of 2020 when extenuating COVID-19 related circumstances caused the seller of the vessel to abruptly cancel the deal. AFA remained dedicated to this commitment and in 2021 AFA identified a suitable vessel, the F/V Anna (subsequently renamed the F/V Kiviug I). The purchase was finalized in June of 2022 and the vessel began undergoing upgrades at that time. It is expected to begin fishing late in the 2023 fishing season.

AFA also committed to purchase or build a new head office space in Qikiqtarjuaq. In 2021 AFA built a new office building and the new head office opened in March of 2022.

AFA also continued to provide a significant portion of its revenue/cash flow as cash benefits to its owner communities.

## **Benefits and Employment Plan**

AFA's positive trend of increasing Inuit employment was interrupted in 2020 by the COVID-19 pandemic and associated restrictions. Due to the extensive loss of fishing days, employment opportunities and benefits for Inuit were severely curtailed. In 2021, AFA adapted to the ever-changing impacts of the still ongoing COVID-19 pandemic as the restrictions and associated impacts changed. AFA was able to employ 20 Inuit during harvesting activities in 2021. In 2022, AFA employed 17 Inuit, including four from its owner communities and five in administrative and management positions.

AFA continued to adhere to its commitments to provide cash benefits to its owner communities. In 2022, AFA delivered cash and cash-equivalent benefits to its owner communities and organizations: \$236,793 in total was given to the Hunter and Trapper Associations of each of its four owner communities. Additionally, in 2022 AFA directly paid the Canada Revenue Agency \$275,000 in corporate income tax on behalf of AFA Community Holdings Incorporated, owned by the four community trusts of AFA's owner communities. Had AFA not paid these corporate taxes, they would have been a liability and the responsibility of the communities and residents themselves.

Table 1 below summaries AFA's previous commitments outlined in its Application for Allocation (2021-2025) and their current status.

**Table 1. AFA's previous commitments and current status.**

<b>Section</b>	<b>Previous Commitment</b>	<b>Current Status</b>
<b>Stewardship</b>	Harvest turbot using exclusively fixed gear	✓
	Acquire a new vessel to harvest turbot that is an industry leader in sustainable design and technology	✓ (in 2022)
	Continue to investigate alternative gear and fishing practices to improve sustainability	Ongoing
	Support marine research in Nunavut waters when profitable to AFA	✓
	Avoid fishing in identified sensitive habitat areas	✓

<b>Business</b>	Acquire a new, sustainable vessel that uses innovative fixed gear and processing technology and use it to harvest AFA's entire turbot quota	✓ (in 2022)
	Reassign the F/V Suvak to research and community supply delivery once the F/V Kiviuq I is retired.	Ongoing
	Participate in research when profitable & beneficial for AFA's owner communities	✓
	Investigate access to other groundfish fisheries	Ongoing
	Develop a plan to finance the acquisition of additional turbot quota	Ongoing
<b>Governance</b>	Finalize & implement Benefits Policy	Delayed in 2022. Progress anticipated in 2023 with new MCBR in place.
	Approve & implement Engagement Strategy	
	Approve & implement updated Governance Plan	
	Complete purchase of new vessel as part of Strategic Plan	Ongoing
	Annual election of Chairperson of the Board of Directors and Secretary-Treasurer	Delayed in 2022 as the AGM was postponed and subsequently held in February of 2023.
	Pass Board resolutions to direct management with major corporate decisions	✓
	Hold an Annual General Meeting and Board meetings on a quarterly basis	Board meetings held via teleconference. AGM postponed in 2022 and subsequently held in February of 2023.
Provide new Board members & Trustees with an onboarding package in advance of the AGM	Delayed in 2022 as the AGM was postponed and subsequently held in February of 2023.	
<b>Financial and Investment</b>	Purchase of a new state-of-the-art fishing vessel	✓ (in 2022)
	Contribute a portion of profits to its four owner communities, appropriate to business performance	✓
	Purchase or build a new head office space in Qikiqtarjuaq	✓ (opened in 2022)
	Seek financing for the acquisition of additional quotas	Ongoing
<b>Employment and Benefits</b>	Phase out non-Inuit employment through time, aided by the planned purchase of a new vessel	Ongoing
	Explore alternate employment opportunities within the organization for Inuit members	Ongoing
	Continue hiring Community Liaison Officers (CLOs)	Delayed in 2022 due to vacant DCR position. DCR/MCBR and vacant CLO/CFLO positions to be filled in 2023.
	Hire a suitable Director of Community Relations (DCR)	Delayed in 2022. DCR position changed to MCBR, advertised in December of 2022 and to be filled in 2023.
	Resume monthly meetings of DCR, Community Development Officer (CDO) and CLOs	Delayed in 2022 due to vacant DCR position. DCR/MCBR and vacant CLO/CFLO positions to be filled in 2023.
	Acquire or build a new Qikiqtarjuaq office space	✓
	Continue to follow the Inuit Training Plan	Delayed in 2022. Progress expected in 2023.

AFA's commitments for 2023 are included in Table 2. Most of these commitments are rollovers and extensions of the commitments AFA presented in its most recent *Application for Allocation* (2021-2025). The COVID-19 pandemic presented unheralded challenges for progress in 2020 and 2021, forcing AFA to focus on the survival of the business and to deprioritize and postpone many of its previous commitments.

2022 marked the beginning of a “return to normal” that allowed AFA to begin prioritizing the pursuit of its commitments with fewer external challenges. Importantly, AFA secured a modern long-line vessel that will improve the sustainability of AFA’s operations, improve harvesting capacity, allow AFA to harvest its full quota and provide greater opportunity to increase the level of Inuit employment. AFA is confident that in 2023 this positive momentum will continue, and AFA will show significant progress towards its commitments.

**Table 2. AFA's commitments for 2023 with associated timelines.**

Section	Commitment	Timeline
<b>Stewardship</b>	Harvest turbot using exclusively fixed gear	Ongoing
	Acquire a new vessel to harvest turbot that is an industry leader in sustainable design and technology	Completed in 2022; Vessel anticipated to begin harvesting in late 2023.
	Continue to investigate alternative gear and fishing practices to improve sustainability	Ongoing
	Support marine research in Nunavut waters when profitable to AFA	Ongoing
	Avoid fishing in identified sensitive habitat areas	Ongoing
<b>Business</b>	Acquire a new, sustainable vessel that uses innovative fixed gear and processing technology and use it to harvest AFA’s entire turbot quota	Completed in 2022; Vessel anticipated to begin harvesting in late 2023.
	Focus harvesting all of the current turbot allocations using the F/V Suvak (short term) and a new efficient, innovative, and ecologically friendly vessel	2023
	Once the F/V Kiviug I is retired, purchase of a replacement vessel or reassign and upgrade the F/V Suvak to fulltime workboat for research and community supply delivery.	2023
	Participate in research when profitable & beneficial for AFA’s owner communities	Ongoing
	Investigate access to other groundfish fisheries	Ongoing
	Develop a plan to finance the acquisition of additional turbot quota	Ongoing
	Assist owner communities to purchase Community Vessels	Ongoing
<b>Governance</b>	Finalize & implement Benefits Policy	2023
	Approve & implement Engagement Strategy	
	Approve & implement updated Governance Plan	
	Complete purchase of new vessel as part of Strategic Plan	Met
	Annual election of Chairperson of the Board of Directors and Secretary-Treasurer	By AGM in February of 2023
	Pass Board resolutions to direct management with major corporate decisions	Ongoing
	Hold an Annual General Meeting and Board meetings on a quarterly basis	AGM, in February 2023; Board meetings ongoing
	Provide new Board members & Trustees with an onboarding package in advance of the AGM	By AGM in February of 2023, ongoing thereafter.
<b>Financial and Investment</b>	Purchase of a new state-of-the-art fishing vessel	Completed in 2022
	Contribute a portion of profits to its four owner communities, appropriate to business performance	Ongoing
	Purchase or build a new head office space in Qikiqtarjuaq	Completed in 2021, opened in 2022
	Seek financing for the acquisition of additional quotas	Ongoing
<b>Employment and Benefits</b>	Phase out non-Inuit employment through time, aided by the planned purchase of a new vessel	Ongoing

	Explore alternate employment opportunities within the organization for Inuit members	Ongoing
	Continue hiring CFLOs	2023
	Hire a suitable MCBR	2023 (completed in April of 2023)
	Resume monthly meetings of MCBR, CDO and CFLOs	2023 (once MCBR position is filled)
	Acquire or build a new Qikiqtarjuaq office space	Completed in 2021, opened in 2022
	Continue to follow the Inuit Training Plan	Ongoing