



Daniel Shewchuk
A/Chairperson
Nunavut Wildlife Management Board
PO Box 1379
Iqaluit, NU, X0A 0H0

June 30, 2016

**RE: Invitation to provide written comments on the Nunavut Wildlife Management Board's
*Allocation Policy for Commercial Marine Fisheries***

Dear Mr. Shewchuk,

This letter is in response to the Nunavut Wildlife Management Board's (NWMB or Board) invitation to provide written comments on the Board's *Allocation Policy for Commercial Marine Fisheries* (Policy).

As you know, the Government of Nunavut (GN) has two appointees on the Fisheries Advisory Committee (FAC). During the recent application process, the FAC identified numerous areas of the Policy that require review. Through the careful and detailed deliberations of the FAC there were 11 considerations that were deemed *paramount* to the success of sub-allocating Nunavut's share of offshore fisheries resources, most being a reflection of the current policy. These considerations were as follows:

- 1) Conservation and sustainability of fisheries in Nunavut is of great importance.
- 2) It is imperative that the benefits of Nunavut's offshore resources and fishing enterprises be directly linked to the growth of inshore fisheries in the Qikiqtaaluk.
- 3) That all fishing enterprises demonstrate their commitment to be 100% Nunavut owned and controlled (vessels included).
- 4) That fishing entities provide maximum tangible benefits, employment, training opportunities and services to Inuit and Nunavummiut;
- 5) Nunavut fishers that are *most* adjacent to the resource will be given preference when making allocations.
- 6) Nunavut fishers that have the greatest history with the resource will be given preference when making allocations.
- 7) Due consideration will be given to the economic dependence of Nunavut communities on benefits, both direct and indirect, from the offshore resource. Conversely, the FAC



must consider over time the economic *independence* of communities to the resource and modify allocations accordingly so as to ensure equitable distribution of benefits within the Qikiqtaaluk.

- 8) Direct involvement of Inuit and Nunavut communities in the economic enterprise is required. There is a strong preference for direct HTO or RWO involvement.
- 9) Audited financial statements are required by all applicants as per the NWMB Allocation Policy for Commercial Marine Fisheries (Section 4: Key Factors).
- 10) Preference will be given to fishing enterprises that collaborate among themselves (e.g. harvest agreements) and with other stakeholders in Nunavut to ensure fishing assets, benefits and efforts are maximized.
- 11) Active and ongoing commitments to research, science and exploratory fisheries.

It is important that the policy prioritize these considerations. The above 11 considerations could be considered as the new set of “principles” guiding the NWMB’s allocation policy (currently Section 4). These 11 considerations could be modified through further consultation (e.g. greater clarity on audit requirement), even added to or some removed, but the document arrangement and revisions suggested below would be the same. The greatest contribution the Board could make to these 11 principles is in the application of *Inuit Qaujimajatuqangit*.

These 11 principles, or some version of them, should form the foundation of a revised Section 7 and a new set of scoring guidelines for applications. Each of the 11 sections could be prioritized and varying amounts of score applied; more sections to score with greater detail provides a finer way to score applicants and be more fair and transparent across applicants. It also allows the FAC and the NWMB greater opportunity to identify performance targets for each applicant awarded quota.

Each section would be complemented, as has been done in the current policy, by a more formal and better organized index (possibly presented in the form of a separate guide and in a checklist format) where terms such as economic dependence, benefits, adjacency, history, direct involvement, regular, Nunavummiut vs. Inuit, stewardship and so on are clearly defined, removing any of the ambiguity that currently exists in the guidelines. As an example, Section 6 provides a good start on defining “stewardship” as it pertains to the policy and its guidelines for scoring applications, but it could do more to actually inform the scoring process. This Section 6 has other parts that could be moved into an index as well for specific and meaningful reference for how applicants will be scored. There are a few other areas of the policy that could also be moved into a reference index for the scoring guidelines.



1. *How should allocation guidelines be evaluated and scored?*

- See discussion following 11 principles.
- The scoring system should be consistent and pre-defined. For example, if a question has a total of 10 points, each point from 1 to 10 should be predefined (e.g. 1 = very poor, did not meet any expectations). The current system asks the person scoring is inadequate and asks the scorer to define each point, creating inconsistency.
- The scoring should remove statements that include "and/or". These should be separated out and scored separately.
- A definition of "proper board and governance structure" is required.
- A definition of "reasonable number of board meetings" is required. This particular scoring question could be removed if there was more clarity on what is considered proper board and governance structure (and the minimum requirements needed).
- How is "profitability" defined? Without a clear expectation on what to look for to determine if the enterprise is or is not profitable it is difficult to score. Likewise to what degree does profitability affect the score? For example, if a company is breaking even do they get half the points? If a company is losing profit, but has good rationale for why and it doesn't seem to be a concern how do you rate that? Is this meant to be comparative where the scoring is based on each company being more or less profitable than each other? A simple financial worksheet provided in the policy would give the guidelines more robustness so that this type of concern can be fairly and more easily scored.
- When scoring "ownership" by the RWOs, HTOs, or Nunavut communities it is important to define the "level of" ownership, not just simply owning or not owning the enterprise.
- Regarding adjacency please refer to Principle #5 outlines at the beginning of this letter, but also this aspect needs to consider the number of communities involved and the scoring could be finer to score for adjacency per fishing areas being applied on. This finer detail to the issue of adjacency will aid in the scoring of this aspect.
- The scoring system must provide categories that are specific and detailed enough that they can be scored fairly. For example, when considering the employment of Inuit consideration should be given to the "Areas" of employment that qualify and how they are weighted. Is it overall employment in the company? Or Direct employment in fisheries work? Can separate points be given for what is in the "plan" that may not be in action yet? We think it is very important that fisheries employment be given priority over general employment. A worksheet could be provided in the policy to show the calculations of the number employed, what type of work, and at the end the percentage of expenses related to Inuit employment out of the total employment expense. A



separate score could be provided to evaluate “other Inuit employment” that could capture employment created in other areas or outside of the applicant’s enterprise.

- In order to consider elements like capacity and viability all applicants must clearly outline in their plans what their assets’ activities are outside of Nunavut or activities that do not involve fishing directly.
- When scoring “benefits”. The definition of “direct economic benefits” and “who are considered to be the beneficiaries” is absolutely essential to being able to score this aspect of the policy. Applicants should also be required to show on a calculations page/worksheet *exactly* the total dollars per benefit are whether as a cash or other kind of benefit and the exact percentage total of the revenues. FAC members or the NWMB should not have to do the leg work to calculate this out or make assumptions about the “value” of benefits. For example, if an item is being purchased in lieu of cash benefit then the value of the item should also be clearly stated and substantiated. No cash or non-cash benefit should be counted if it does not come directly from the royalties to the owners of the quota. The latter will have to be made obvious and clear on the suggested calculations worksheet provided in the new policy.

2. *What guidelines should be used to allocate commercial marine fisheries resources?*

- See discussion above and the 11 principles outlined in this letter.
- The current detailed review of an applicant’s *Governance, Business, Benefits and Stewardship Plan* (Plan) by the FAC can be exhaustive and time consuming. Having to comb through lengthy documents to find a single detail is counter-productive; particularly when an applicant submits a Plan that is hundreds of pages in length. To resolve this, the GN proposes that an application template, tied directly to the principles and their scoring guidelines, be created which asks specific detailed questions to answer the types of questions that come up during the review process (previous FAC reports and letters can help with this). The Plan should be submitted in addition to the application as supporting documentation.

3. *How should increases and decreases in Nunavut allocations be managed?*

- *Increase due to increase in biomass:* each company proving their ability to directly (with a Nunavut vessel) or cooperatively harvest the quota will be considered and among those who can the quota will be distributed proportionately. New entrants would only be considered in situations where no existing quota holder is eligible to harvest the increase.
- *Decrease due to decrease in biomass:* The current section 12.1.2 is acceptable and if the above is considered for increases then these two management approaches would be



much more in alignment and take less time than what is currently in the policy regarding increases.

- *What to do with quota made available when there is a decrease in allocation to one or more enterprises:* same as a biomass increase with the exception that new entrants are not allowed to be considered until the final allocations are made and if quota remains available then new entrants would only be assigned the quota until the next round of applications are made.

4. *For what time period should allocations be applied?*

- The time period should be consistent with the management plans in place for the species involved, should consider deeply and broadly any and all conservation concerns, and should reflect the best available information while still being precautionary.
- Business is always concerned with uncertainty so it is important that science and research have a high priority in the scoring guidelines as data will be a key element of the decision-making process. The more certainty we can have in the resource the more opportunity we have to address allocation periods that go beyond 2-3 year allocations.

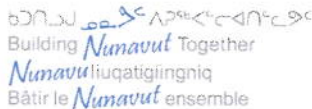
Section 10 – New Applicants for Commercial Fisheries Allocations

1. *Under what circumstances new entrants to the fishery should be considered?*

- New entrants should be considered during any allocation period regardless of whether or not new quota is available.
- New entrants would only be considered in situations where no existing quota holder is eligible to harvest the increase.
- When there is a decrease in allocation to one or more enterprises: same as a biomass increase with the exception that new entrants are not allowed to be considered until the final allocations are made for existing quota holders and if quota remains available then new entrants would only be assigned the quota until the next round of applications are made.
- “*The best opportunities for new applicants will likely arise in the case of an increase in Nunavut commercial marine fisheries allocations.*” This statement in the policy needs to be revised as it implies there is always an opportunity, just better or worse times to actually make it happen.

2. *How should new applicants be evaluated?*

- The questions in Appendix D do not give fair consideration for new entrants, thus not allowing them to meet the minimum of 18 points required in each section of the allocation evaluation guidelines (outlined in Section 7).



Ministère de l'Environnement

- 1(867) 975-7700
 1(867) 975-7740
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