

February 1, 2019

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

Re: Proposed Sharing Agreement on OA/OB Turbot Increase

Dear Mr. Shewchuk:

The members of the Nunavut Fisheries Association (NFA) are pleased to submit a formal request for consideration by the Nunavut Wildlife Management Board (NWMB) at its upcoming scheduled Board meeting on the sharing of the 2019/2020 increase in Nunavut turbot allocations in Subareas OA and OB. After extensive negotiations over the past several weeks, the members of NFA have entered into a proposed sharing agreement on the additional 1,933 t of turbot allocations for Nunavut for the years 2019 and 2020.

This proposal represents a major milestone for the Nunavut industry (and Canadian industry in general) in reaching an agreement on quota sharing, one based on maximizing the utilization of Nunavut's fishing fleet. A fully executed agreement outlining the agreed to sharing terms is appended to this letter.

The rationale for entering into negotiations and reaching a sharing agreement was based on the following factors:

- QC's shortfall in allocations required to keep its vessel busy and viable, attributable to the recent reductions in shrimp in southern Shrimp Fishing Areas (SFAs) and the company's low share of Nunavut's turbot allocations;
- A desire by industry members to expand their collaborative efforts in support of industry development and viability, to demonstrate a united voice to federal and territorial stakeholders;
- The four companies desire to work together to follow the principles and the spirit of the new NWMB Commercial Fisheries Allocation Policy, and to respect the process employed by the NWMB in drafting the policy;
- Given that this Policy has not been formally released by the NWMB as approved, NFA members feel that it would be unfair to go directly into a multi-year assessment process in the near future. The approach proposed through the industry agreement will provide the commercial industry with a period of time to adjust to the changes in this Policy prior to having to make a full submission; and
- A recognition by the existing industry players that the Qikiqtani Fisheries Alliance (QFA) has been provided with an indication by the NWMB that it would be looked on favorably for sharing in allocation increases during the next round of allocations and, as such, agreement amongst members that this entity should be considered in industry sharing.

As previously indicated, this agreement serves as a first for the Nunavut industry and a major accomplishment and demonstration of collaboration. The NFA is requesting that the Board consider this two-year agreement at

its March Board meeting and approve it for consideration by the Minister of Fisheries and Oceans Canada. Please let me know if you have any questions.

Sincerely,



Brian Burke
Executive Director, Nunavut Fisheries Association

cc: Jason Akearok, NWMB Executive Director
Jeffrey Maurice, NTI
Lootie Toomasie, NFA Chair
Jerry Ell, NFA Vice-Chair
Sakiasie Sowdloopik, NFA Secretary-Treasurer
Jerry Ward, NFA Director

Memorandum of Agreement

Between: **Qikiqtaaluk Corporation**, a body corporate duly incorporated under the laws of the Territory of Nunavut, Canada (hereinafter referred to as “**QC**”)

And **Baffin Fisheries**, a federally incorporated not-for-profit (hereinafter referred to as “**BF**”)

And **Cumberland Sound Fisheries Ltd./Pangnirtung Fisheries Ltd. Partnership** (hereinafter referred to as “**CSPFL**”)

And **Arctic Fishery Alliance LP**, a partnership between hunter and trapper associations and community trusts in the Territory of Nunavut, Canada (hereinafter referred to as “**AFA**”)

(and each or all are referred to as the “party” or “parties” as the case may be)

Whereas the parties have agreed that it is mutually beneficial to establish an agreement where the increase in 0A and 0B Greenland halibut (turbot) quota announced by the Minister of Fisheries and Oceans is shared for the 2019 and 2020 fishing years in lieu of proceeding to a full quota application process via the Nunavut Wildlife Management Board (NWMB);

Whereas the parties agree that in view of the major revisions to the Allocation Policy for Commercial Marine Fisheries it is in the best interest of all parties and NWMB to delay a multi-year quota application to permit all parties to adjust their operations to conform to the revisions of the Policy;

Whereas the parties have agreed to compromise in the interest of coming to an agreed sharing arrangement of the 2019 0A/0B turbot quota increase and a demonstration of cooperation among the four quota holders.

NOW THEREFORE THE PARTIES ENTER INTO THIS MEMORANDUM OF AGREEMENT WITNESSETH AS FOLLOWS:

1. The parties agree to the following sharing arrangement as outlined in the table below.

Proposed allocations for the 2019-2020 0A & 0B turbot fishery. Numbers in table may not add up to exact totals due to rounding of some numbers.

1	2	3	4	5	6	7	8
Company	2018 Quota	Current Share	Prorated Share of Proposed 2019 Increase	Quota Made Available to QC/QFA at Nominal Royalty (MT)	Additional Quota Made Available to QC/QFA on Commercial Royalty Basis (MT)	Total Quota Made Available to QC/QFA	Total Quota Available from 2019 Increase (MT)
AFA	2,232	18.8%	364	-189	-52	-241	123
BF	6,208	52.4%	1,013	-527	-146	-673	340
CS/P	2,131	18.0%	348	-181	-50	-231	117
QC	1,272	10.7%	208	897	248	1,145	1,353 (70%)
TOTAL		100.0%	1,933*				1,933

*Based on DFO Minister's announced allocation between 0A & 0B after allowing for 10% of 0B to Makivik.

2. This proposal is based on the understanding that the parties would have their 2018 allocations become the base allocations and be considered part of their history.
3. This proposal is for a two-year period only, but there would be an opportunity to extend or renegotiate a sharing arrangement if the parties agree and it is acceptable to NWMB. The achievement of this agreement is a demonstration of the parties' ability to cooperate on future quota allocation matters.
4. The parties agree that a royalty of \$100 per MT will be paid on the quota made available in the above table, Column 5 to cover quota access fees paid to DFO and other administrative costs.
5. **AFA**, **CSPFL**, and **BF** agree to make available to **QC** as outlined in the above table, Column 6, a share of the increase at commercially competitive royalty rates. **AFA** and **CSPFL** also agree to make available their allocation of DSW shrimp to **QC** based on commercially competitive royalty rates.
6. While **AFA**, **CSPFL**, and **BF** agree to make turbot quota available to **QC** and Qikiqtani Fisheries Alliance (QFA), it is understood that **QC** is not in position to agree to this proposal on behalf of QFA. However, since **QC** is a member of QFA and will harvest the QFA quota under a royalty arrangement it is agreed that **QC** is in a position to use its best efforts to ensure QFA will support this proposed quota sharing arrangement and that QFA will not make a separate application for quota except for the allocation for them as agreed to between

QC and **QFA**. It will be the responsibility of **QC** to negotiate with **QFA** a satisfactory sharing arrangement of the quota increase made available to the two organizations.

7. All other quota holders will commit to offer first to **QC** any quota they will have surplus to their harvesting arrangements on a royalty basis on or before July 31 of each fishing year.
8. Any party may, by notice in writing given as herein-before provided, change its address for notice hereunder, and such address so changed shall be deemed to be the address of that party for the purpose hereunder. Until notice of change of address is given by any party, the addresses for notice of the parties are:

Qikiqtaaluk Corporation

922 Niaqunngusiaq Rd, PO Box 1228
Iqaluit, NU, X0A 0H0
Tel 867-979-8400

Baffin Fisheries

Building 208, Box 6008
Iqaluit, NU, X0A 1H0
Tel 867-979-3070

**Cumberland Sound Fisheries Ltd./
Pangnirtung Fisheries Ltd. Partnership**

PO Box 185
Pangnirtung, NU, X0A 0R0
Tel 867-473-4628

Arctic Fishery Alliance L.P.

Box 205
Qikiqtarjuaq, NU, X0A 0B0
Tel 867-927-8894

9. This agreement shall be construed and enforced in accordance with the applicable laws of the Territory of Nunavut and the federal laws of Canada applicable therein.

In Witness Whereof, the undersigned, hereby certifying that they are authorized to do so, have executed this agreement on behalf of the parties on January 31, 2019.

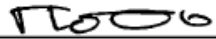



Qikiqtaaluk Corporation

Witness 

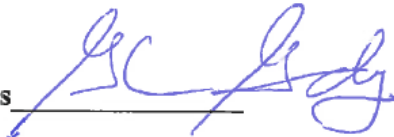



**Cumberland Sound Fisheries Ltd./
Pangnirtung Fisheries Ltd. Partnership**

Witness 



Baffin Fisheries
Chris Flanagan, Interim CEO

Witness 



Arctic Fishery Alliance L.P.

Witness 