

Northern Coalition Corporation
Proposal to Access a Northern Shrimp (Borealis) Allocation
in
Eastern Assessment Zone

May 2021

Proponent

Northern Coalition Corporation (NC) was formed in 1996 as a collaboration among all Northern Shrimp licence holders throughout the Eastern Arctic and Labrador regions.

Member firms include:

- Qikiqtaaluk Corporation (QC), Iqaluit, Nunavut
- Makivik Corporation, Saint-Laurent, Quebec
- Unaaq Fisheries Inc., Joint venture - Qikiqtaaluk Corporation and Makivik Corporation
- Torngat Fish Producers Co-operative, Happy Valley-Goose Bay, Labrador, NL
- Nunatsiavut Group of Companies (NGC), Happy Valley-Goose Bay, Labrador, NL
- Labrador Fishermen's Union Shrimp Company, L'Anse au Loup, Labrador, NL

This collaboration was spurred by growth in Northern Shrimp stocks and the desire of northerners to achieve a more equitable share of adjacent shrimp resources. The Coalition includes six social enterprise corporations that are either indigenous birthright corporations, pursuant to the respective Inuit land claim agreements in Nunavut, Nunavik and Nunatsiavut, or are community-based organizations owned predominantly by indigenous residents in Labrador.

NC members are adjacent to all Northern Shrimp fishing areas, other than SFA 7. All but one of NC's members are directly adjacent to the Eastern Assessment Zone (EAZ).

Coalition members have a long-standing and highly successful presence of over 40 years in the Northern Shrimp industry and share a collective allocation of Northern Shrimp (Borealis) in SFA 5 (covering portions of Nunatsiavut and Southern Labrador). Shares reflect members' licence holdings resulting in the following regional distribution: Nunavut 21.4%, Nunavik 21.4%, Nunatsiavut 28.6% and Southern Labrador 28.6%.

Member firms are committed to economic development and employment in their respective regions and have reinvested all profits and/or revenues from their fishing licences and operations to support some 45 social enterprises employing almost 2,400 people in birthright corporations and community-based indigenous businesses. The significant benefits of these fishing operations and partnerships accrue to 52 Northern coastal communities and their 40,000 residents. A recent Case Study by Memorial University's Harris Centre provides a comprehensive overview of the substantial benefits to Northerners arising from access to adjacent commercial fishing licences and quotas. The Executive Summary of this Report is attached. The full report and an overview of its contents may be accessed via the following links:

https://www.mun.ca/harriscentre/Northern_Coalition_Project.pdf

http://www.mun.ca/harriscentre/Two_Pager_Northern_Coalition.pdf

Rationale

NC's access to Northern Shrimp has spanned 24 years and has provided a cumulative allocation of 147,026 tons of the SFA 5 quota. During this period, the total annual allocations of Northern Shrimp grew from 37,600 tons in 1996 to peak at almost 180,000 tons in 2009 and have been reduced by roughly 100,000 tons since. It is important to note that NC's original allocation of 6,120 t (40%) of the SFA 5 quota remained relatively stable until 2019 but fell to 4,046 tons in 2020 and will likely remain at a similar level in 2021. The recommendations of the Ministerial Advisory Panel on LIFO in 2016 (MAP) set NC's share of SFA 5 at 28%, reflecting the erosion of the Coalition's original 40% share, because the quota increases during the late 90s and 2000s were allocated to other fishing interests.

Quota levels in the historically predominant fishing areas SFA 4 and 6 are expected to increase slightly in 2021. However, the SFA 5 TAC and, consequentially, the allocation held by Northern Coalition will undoubtedly remain at its historically low level in 2021, roughly two-thirds of the 2019 level.

The severity of this reduction provides the motivation to seek access to the EAZ which has experienced a Fishable Biomass increase in 2019 of 103% to 95,138 t, the highest in the time series. While the 2020 Fishable Biomass was slightly lower at 86,211 tons, it is well above the long term mean of 63,486 tons.

At the Northern Shrimp Advisory Committee (NSAC) meeting on March 5, 2020 NC acknowledged that quota increases in the EAZ for 2020 ought to be moderate and that a two-year averaging of the Fishable Biomass with an exploitation rate of 15% would be prudent. This conservative approach appeared to reflect a consensus among industry stakeholders, resulting in a 2020 TAC for the EAZ of 10,653 t, a 23.7% increase of 2,043 t. The second year of high biomass levels places the stock well into the Healthy Zone, irrespective of where the USR is eventually established, thus warranting a substantial increase in the TAC. At the NSAC meeting of March 9, 2021, Northern Coalition recommended the application of a 20% Exploitation Rate, providing for a 2021 quota of 18,135 tons. It was noted that the biomass distribution of this stock shows about 24% of the biomass in the Davis Strait East management area of the stock area. The fishing experience in this management area has consistently been very poor over time such that it is highly unlikely that this portion of the TAC will be harvested to a significant degree.

Proposal

NC's proposal to share in the growth of shrimp in the EAZ is predicated on the following points:

- NC acknowledges and endorses the paramountcy of land claim agreements and supports full compliance with those agreements pertinent to the EAZ.
- NC's allocation in SFA 5 has remained virtually unchanged over 24 years and its share of the TAC has been eroded from 40% to 28%.
- NC's Northern Shrimp access is solely derived from SFA 5 which covers portions of both Nunatsiavut and Southern Labrador. Almost 43% of this allocation has been for the benefit of Nunavut and Nunavik regions. Compensatory access to areas of resource growth in northern zones is sorely needed and warranted.
- The consecutive and significant reductions in shrimp resources in SFA 5 have resulted in a cumulative reduction in NC's allocation of 3,130t (43.6%) since 2018. This represents the largest reduction of all Northern Shrimp licence holders over this period.
- NC spearheaded improved access for Northerners to adjacent shrimp resources in 1996 and since then, NC's quota in SFA 5 has consistently provided substantial income and employment benefits for Northerners. The need for this support continues and EAZ access would help sustain the Coalition's pivotal role in delivering benefits of adjacent resources throughout the Eastern Arctic and Labrador regions.
- Any allocation to Northern Coalition Corporation is for the benefit of all regions including Nunavut, Nunavik, Nunatsiavut and Southern Labrador.

NC proposes that its recommended quota increase in the EAZ of 7,482 tons should firstly be allocated in full compliance with the obligations associated with the applicable land claim agreements in the region. Secondly, the remaining quota increase in the EAZ should be allocated among Northern licence and quota holders. It should be noted that the Offshore sector's allocation in the EAZ was returned to its historic peak allocation of 5,250 tons in 2020. NC proposes that its historic average quota in SFA 5 of 6,126 tons be reinstated through an allocation in the EAZ.

Should the predominant advice at NSAC for a 20% Exploitation rate yielding a 2021 TAC of 18,135 tons be accepted, the proposed Northern Coalition quota in the EAZ would be 2,072 tons. The distribution of this allocation within the EAZ should be proportional to the distribution of the biomass between Davis Strait West and the Davis Strait East Management Units which DFO estimates to be 74/26 per cent respectively.

In advocating access to the EAZ quota, NC is mindful of the possibility that the advice provided by the Nunavut Wildlife Management Board and the Nunavik Marine Resources Management Board to the Minister of Fisheries and Oceans may present an alternate TAC recommendation and, in any event, the Minister may choose to set the TAC at some other level. Nevertheless, the prospects for a substantial quota increase in the EAZ appear certain. NC proposes that if the final TAC decision varies from NC's recommended increase, that NC receive a quota allocation as proposed in the amount of 2,072 tons, again following adherence to the respective land claim agreements.