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BAFFIN FISHERIES



Daniel Shewchuk,
Chair, Nunavut Wildlife Management Board

January 29, 2024

Re: Five-year Review of NWMB Allocation Policy

From: Arctic Fishery Alliance, Baffin Fisheries, Cumberland Sound Fisheries Ltd./Pangnirtung Fisheries Limited

Dear Mr. Shewchuk:

We are writing to request a review of the NWMB Allocation Policy to ensure it is working as intended, and best supports Nunavut interests. A review of the Policy will ensure it is maximizing delivery of benefits to the Inuit Beneficiaries of Nunavut, ensuring sustainability of Nunavut's fisheries resources, and fostering a strong, globally competitive fishing industry in Nunavut.

The review is warranted at this time for the following reasons:

1. To check effectiveness, and follow best-practice precedent set by NLCA and DFO

The current, 2018/19 version of the NWMB Allocation Policy is an ambitious, industry-changing policy, unique in the world. It has now undergone a full, five-year cycle, with significant quota adjustments made. However, the application, adjudication, and impact of this version of the Policy has not yet been assessed. Is it working as intended? Decisions affecting hundreds of jobs and tens of millions of dollars are made based on clauses in the Policy. Nunavut communities and the lives of its citizens are affected by the Policy. The policy therefore requires careful, regular review.

The Nunavut Land Claims Agreement required a five-year review to analyse obligations, assess impact, examine implementation, and make recommendations for improvement. The 2019 Amendments to the Fisheries Act are also required to be reviewed every five years, at a minimum.

The time is right for a review of the Policy and its impact on the people of Qikiqtani and Nunavut.

2. Assess Policy's impact in a changing Nunavut industry

When the policy was last developed, additional capacity was required in the Nunavut fleet. The Policy encourages this. Since then, all Nunavut fishing companies have increased capacity, delivering or ordering new vessels, and increasing onshore and offshore production capacities. At the same time, Nunavut quotas have decreased. All Nunavut quotas can now be harvested and processed by Nunavut-owned assets. The Policy now may be incentivizing overcapacity which, as seen in many other jurisdictions, negatively impacts communities. A review is required in light of this industry evolution.

The labour market has changed since 2018. The Policy may now encourage unsafe work practices, due to intense competition for a small pool of qualified personnel, which has not grown as anticipated five years ago. Regulatory incentives can lead to unintended consequences, particularly in the fishing industry. It is important to conduct a review of the NWMB Allocation policy to ensure it is working as intended and adapted to changing environment in the Nunavut fishery.



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3. Assess Policy’s opportunities in a changing national environment

Canada’s evolving national reconciliation policy, combined with major changes in Indigenous participation in the fishing industry, have changed the opportunities to be considered by the Policy.

For example, a single Nunavut company could not have competed with the Mi'kmaq Nation for the 2020/2021 \$500 million financed purchase of a 50% interest in Clearwater Seafoods, due to allocation risks associated with the Policy, and the Policy’s focus on competition versus cooperation. The Mi'kmaq Nation acquisition demonstrated what could be possible for Nunavut. Such an opportunity was not considered by the authors of the 2018 Policy, because no such acquisition had occurred before. The Policy needs to be reviewed to ensure such opportunities are considered, and available to Nunavut.

4. Assess Policy’s opportunities in a changing global environment

The global fishing industry has changed over the past five years, particularly due to international market conditions, record-setting inflation, and global supply constraints.

Global trade risks have increased. When the 2019 Policy was under development in 2017/18, Canada was negotiating a free trade agreement with China. Now, relations are unfriendly, and all trade with China is a risk. China dominates the global seafood import market, and remains the final destination for more than 75% of Nunavut seafood production. Nunavut fishing companies must make investments to offset this unprecedented risk. However, the policy has no provisions for such investments. In fact, the policy may discourage certain investments, including market diversification, vertical integration, investment in the fishery outside of Nunavut and investment in other industries to offset the heavy reliance on one market and two species.

5. Address Changes in DFO shrimp management practices

When the Allocation Policy was last reviewed and revised in 2018, DFO used averages from multiple years of survey data to establish the biomass and set the TAC for Northern Shrimp. Over the last two years, however, DFO has switched to considering only a single year of data when setting the TAC for the upcoming year. This means shrimp total allowable catches (TAC) are forecast to move up and down beyond 15% every single year.

Section 12.2 of the Policy triggers a potential allocation review every time the TAC changes +/- 15%. When this section of the Policy was written, this volatility did not exist. These allocation reviews will unnecessarily increase NWMB’s administrative burden, and further increase volatility, which is detrimental to commercial offshore fishery investment and planning.

For the reasons listed above, a Policy review is required in 2024.

Thank you,

Joeli Qamanirk, Arctic Fishery Alliance;

Sandy Kautuq, Baffin Fisheries;

Julai Alikatuktuk, CSFL