

Reinvesting Fishery Profits for Economic and Social Development: A Case Study of the Northern Coalition

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Development of robust and sustainable economies and societies in the Eastern Arctic and on the Labrador Coast is a challenging exercise. The efforts and successes of the Northern Coalition members clearly illustrate their responses to that challenge and offer great hope for the future. Thank you for sharing that vision and experience with us.



Project Report

Reinvesting Fishery Rents for Economic and Social Development: A Case Study of the Northern Coalition

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Executive Summary

Introduction

This report is a case study of the Northern Coalition, a group of enterprises based in Canada's Eastern Arctic and on the Labrador coast, whose members have a mandate to reinvest the profits from income generated by their fisheries in their communities and regions. The project explores how profits from the shrimp and Greenland halibut fisheries have been used to diversify adjacent coastal regions for long-term economic and social sustainability.

The Northern Coalition Corporation

The Northern Coalition Corporation is a federally incorporated non-profit organization, established in 1996 as an alliance of six fisheries-based enterprises based in Canada's Eastern Arctic and Labrador. It provides a common voice on Northern fisheries issues and access. Its members are:

- Qikiqtaaluk Corporation, Nunavut
- Makivik Corporation, Nunavik
- Nunatsiavut Group of Companies, Nunatsiavut
- Torngat Fish Producers Co-operative Society Limited, Nunatsiavut
- Labrador Fishermen's Union Shrimp Company Limited, Labrador
- Unaaq Fisheries Inc. (owned jointly by Qikiqtaaluk and Makivik Corporations).

All profits derived from their fishing licences and operations are reinvested in the region to support some 45 other enterprises employing almost 2,400 people in birthright corporations and community-based, Indigenous businesses. The benefits of their fishing industry operations and partnerships directly or indirectly accrue to 52 Northern coastal communities and their 40,000 residents in Nunavut, Nunavik, Nunatsiavut and Labrador.

The Eastern Arctic and Labrador Coast Fisheries

Northern Coalition companies have been involved in the Northern shrimp and Greenland halibut fisheries in the Eastern Arctic and off the Labrador coast for some forty years. Members hold 6.5 of the 17 offshore shrimp licences and quotas for Shrimp Fishing Areas (SFAs) 1-7 and fishing licences and quotas in NAFO areas 0, 1, and 2GHJ for Greenland halibut. They also share a collective allocation of Northern shrimp in SFA 5 assigned to the Northern Coalition.

The offshore shrimp fishery is a year-round activity. The offshore fleet currently comprises ten factory freezer trawlers, which operate in all areas of the northern shrimp-fishing zone. One Northern Coalition member has its own offshore shrimp vessel; another has a 50 per cent interest in another vessel. The others arrange to harvest their quotas through strategic partnerships with other fishing companies. The product generated is a frozen-at-sea, shell-on product that is primarily sold into the Japanese and Asian market and to Western Europe.

Shrimp allocations have declined significantly, from 176,868 tonnes in 2009-2010 to 71,880 tonnes in 2020-2021, a reduction of almost 59 per cent. Some SFAs were affected more than others, particularly those in the south. SFA 7 allocated 24,990 tonnes in 2009, but fishing was closed completely in 2015. SFA 6 has seen a dramatic rate of decline, from 85,725 tonnes in 2009 to 8,290 in 2020. SFA 5, the zone in which the Northern Coalition's quota is derived, has experienced reductions in its Total Allowable Catch of almost 44% since 2018.

The Canadian commercial Greenland halibut fishery began in 1981 in Division OB. During the 1990s, it became the most significant groundfish fishery in the region. Exploration for Greenland halibut in Division OA began between 1996 and 2000 and received commercial status in 2007. Greenland halibut is also harvested in NAFO Subarea 2 and Divisions 3KLMNO. Over time, quotas have been increased for Greenland halibut in the north and landings and landed values have generally increased in areas OA and OB.

Both the shrimp and Greenland halibut fisheries face uncertainties throughout the fishing regions and resultant changes to Total Allowable Catches and how they are shared are a major concern for licence and quota holders.

Profits and Reinvestment

Profits realised from the Eastern Arctic and Labrador coasts fisheries can be significant. For example, Nunatsiavut Group of Companies, which only has access to 50 per cent of a shrimp licence, reported \$7m in royalties between 2016-2017 and 2018-2019, while Makivik Corporation (1.5 shrimp licences plus additional shrimp within its land claim area and Greenland halibut quotas) reported royalties of \$18.6m for the same period. The capital generated by the offshore fishery has historically been one of the most important sources of investment capital for Coalition members.

While regional and community development are at the core of each of the Coalition members' activities, their individual mandates differ, as do the ways in which they choose to deliver on them. Both the Torngat Fish Co-op and the Labrador Shrimp Company, for example, focus on reinvestment of their offshore fishery profits to maintain and develop their inshore fisheries, while the other members have much broader interests that include, but extend well beyond, the fishery sector.

Nine case studies are developed to illustrate the range of ways fishery profits have been reinvested in the region. Examples are drawn from offshore and (three) inshore fisheries projects, air transportation, banking, mining services and clean/renewable energy businesses, and from financial distributions to communities and organizations for social development projects.

The examples provide strong evidence of the role that Northern and Indigenous community-focused organizations are playing in developing successful business models in remote coastal

communities. They provide further support for the need for greater recognition of this role in the way fisheries policies are developed in the future in this region.

Summary and Recommendations

The economies within which the Coalition members operate are undeveloped compared with most of their southern counterparts, fragile and vulnerable by virtue of their dependence on a few sectors, and constrained by a host of factors associated with their geographic, environmental, historical and social characteristics. Economic and social development benefits from reinvestment offer opportunities for the regions themselves to address many of these factors. The fishery represents a long-term, sustainable resource with fewer environmental risks compared with other types of resource development and has demonstrated the ability to generate substantial ongoing benefits over the years.

The benefits of reinvestment in new or established local businesses can include, but are not limited to:

- Generation of new funds for further reinvestment and leverage of other capital;
- Business ownership and control, increasing capacity, self-reliance, self-determination and independence;
- Diversification and strengthening of the economy;
- Generation of employment, incomes and taxes;
- Growth and development of the workforce; and
- Building of partnerships and relationships.

The mandates of the Coalition members also explicitly or implicitly include a social development component. While this may, in part, be associated with business projects whose primary objectives are social development-related, benefits are also distributed through awards, donations, grants and other forms of funding to communities, organizations and individuals.

In 2019, Canada published its *Arctic and Northern Policy Framework*. This identifies a number of priorities and actions set out by the government and its partners. One of these is to create jobs, foster innovation, and grow Arctic and northern economies. One of the sectors in which growth is anticipated is the commercial fishery.

The new Framework is intended to “put the future into the hands of the people who live there to realize the promise of the Arctic and the North.” Historical practices of fishery licence and quota allocations now appear inequitable both in light of the growing demand by northern residents to be able to act on their own priorities and aspirations, and the government’s wish to advance reconciliation and renew Canada’s relationship with Inuit and other Indigenous groups. In implementing the Framework, the federal government has the opportunity to restructure licence and allocation arrangements to allow Indigenous fishing operations to derive greater benefits from local resources than is currently the case and to address issues which have been

long-standing concerns for the Northern Coalition and other fishery organizations in the region. In this regard, the report offers the following recommendations:

To ensure maximum impact in any discussions with the federal government, regional organizations need to be able to speak with one voice. To that end:

- Consensus among Nunavut, Nunavik, Nunatsiavut and Southern Labrador fishing interests, particularly with respect to interregional allocation principles/policies, should be pursued; and,
- Indigenous groups in Eastern Arctic and Labrador need to collaborate with DFO and Indian and Northern Affairs Canada, toward development of a comprehensive fisheries management and development framework that will support economic and ecologically sustainable fisheries, executed by and for Northerners.

There has been increased recognition that resource development comes with a responsibility to ensure that benefits are shared between developers and those living in the regions where that development occurs. Benefits Agreements between developers and Indigenous groups or developers and provincial/territorial governments, for example, are now standard for mining, oil and gas (including offshore oil) and other resource and major infrastructure projects. While there is nothing comparable for the Eastern Arctic or Labrador fisheries, the findings of this report demonstrate that the benefits of commercial fish allocations (Northern Shrimp and Greenland Halibut) have provided substantial contributions to meeting Canada's Arctic Policy objectives. Unfortunately, there is currently no process by which these benefits are monitored or recognised and no mechanism by which that information is incorporated into allocation decisions.

- The contribution of Canadian offshore fishery activities to Canada's Arctic policy objectives should be recognized and incorporated in future resource allocation decisions.

Indigenous and Northern groups in the Eastern Arctic and Labrador (including Northern Coalition members) collectively hold an estimated 60 per cent and 70 per cent respectively of adjacent Shrimp and Greenland halibut allocations. In 2017, these resources generated an estimated revenue stream of roughly \$75 million. Full access to these adjacent resources would generate annual revenues for Northerners to almost \$120 million, based on 2017 quotas/markets. At present, there are no resource allocation policies or financial pathways that would enable increased access by Northerners to adjacent marine resources. To help realize this and with respect to future access and allocation policies:

- In keeping with the Government of Canada's Arctic Policy objectives of self-reliance and reconciliation for Northerners, increased access to adjacent marine resources should be considered as a mechanism to foster pursuit of social and economic benefits in the Eastern Arctic and Labrador regions;

- Consistent with fisheries allocations throughout Canada, DFO's Access and Allocation policies should ensure that commercial fisheries opportunities in the Eastern Arctic and Labrador will be for the primary benefit of adjacent Northern and Indigenous groups;
- Recognizing the limited resource growth opportunities over the short- to medium-term and the decline in Northern Shrimp quotas, access for Northerners to adjacent licences and quotas could be increased by allocation policies such as:
 - Differential Quota Adjustments – Establishment and/or adjustment to quota levels, should be for the benefit of Northern licence/quota holders; and,
 - Implementation of a Right of First Refusal requirement for all Eastern Arctic/Labrador quotas/licences, in favour of Northern/Indigenous community-based interests.

A lack of information about fishery resources in the North and the ongoing impact of climate change indicate the need for more research.

Members of the Northern Coalition are already undertaking research that will help determine new opportunities, but:

- Further collaboration between Arctic and Northern fishery organizations and DFO and additional federal funding for fisheries research will contribute to the growth, development and sustainability of the fishery in the region.

Implicit in this is that:

Priority access to adjacent emerging or rebuilding fisheries should be granted to Indigenous and Northern groups in the Eastern Arctic and Labrador as opportunities arise.

1.0 Objectives, Report Structure and Methods

This report is a case study of the Northern Coalition, a group of enterprises based in Canada's Eastern Arctic and on the Labrador coast, whose members have a mandate to reinvest the profits from the income generated by their fisheries in their communities and regions.

The report builds on an earlier study by Foley et al. (2013) that provided a detailed comparative study of the northern shrimp fishery in Newfoundland and Labrador and the relationship between fisheries resource allocation policies and regional development. That project explored how profits from the shrimp fishery have been used to diversify adjacent coastal regions for long-term economic and social sustainability. This report has a similar focus, but at a broader geographic, functional and organizational scale. In this case, member companies are from Nunavut, Nunavik, Nunatsiavut and southeastern coastal Labrador. In several cases, their business interests go well beyond the fishery and structurally they are, in many cases, individually very different, ranging from a fisher-owned cooperative to the business arm of an indigenous government. That said, their commonality lies in their goals, which are the long-term economic and social viability and sustainability of their communities, and their strategies in which the reinvestment of offshore fishery generated income in their respective regions plays a fundamental role.

The report has two main parts. In the first, Sections 2 and 3 begin with a description of the context in which this activity takes place, providing a summary of the Northern Coalition and an overview of these northern fisheries, their governance and participants, with particular attention given to the organization and activities of the Northern Coalition members. The second part, Sections 4, 5 and 6, illustrates the contributions that fisheries profits make to the investment capital available to Coalition members and presents a series of case studies of individual members' activities to illustrate their individual community and regional development activities. The term "reinvestment" is used to emphasize that the profits generated are returned to – reinvested in – the Coalition members' regions, a practice which is part of each of their mandates. Here the illustrations first begin with investments in the offshore fishery and then broaden to demonstrate how income generated from this source has been used to develop or sustain the inshore fishery. For both this has generated and maintained employment, business and social benefits in the region.

Additional case studies are then provided to illustrate how Coalition members have invested offshore fishery profits in business opportunities outside of the fishery and in social activities and infrastructure that contribute to regional economic diversification, sustainability and social development. As in the Foley et al. (2013) report, these data provide strong evidence of the role that community-focused organizations can play in successful business development in remote coastal communities and the need for greater recognition of this in the way fisheries policies are developed in the future.

Much of the contextual background material is from scientific publications on the fishery, regional development, business organization and the like. These sources are cited directly.

Information about Coalition members, other fishing companies and their respective activities is drawn from less formal secondary data, such as company websites, annual reports, media reports and other “grey literature”. These sources are also referenced. Information was also gathered from interviews with Northern Coalition member company representatives involved with the fishery and other businesses that those companies operate. This report could not have been completed without the input from these company representatives who gave generously of their time and experience and for which the authors are extremely grateful.

2.0 The Northern Coalition

The focus of this report is the contribution that members of the Northern Coalition make to the economic and social development of the communities and regions that they represent. This section summarizes the purpose and mandate of the organization and the characteristics of its members.

The Northern Coalition Corporation (Northern Coalition) is a federally incorporated non-profit organization, established in 1996 as an alliance of fisheries-based enterprises based in Canada's Eastern Arctic and Labrador (Northern Coalition 2017) (Figure 2.1). There are significant differences between many of these enterprises in terms of their mandates, membership, organizational structure and scale, but their commonality lies in their reinvestment of the profits generated from their fishing activities into their communities and regions for economic and social development purposes.



Source: Northern Coalition 2017

Figure 2.1 – Northern Coalition Area

Prior to the establishment of the Coalition, all offshore shrimp licence holders were members of the Canadian Association of Prawn Producers (CAPP). The Coalition was formed because these northern-based and community focused enterprises believed that because the issue of adjacency was not being adequately considered they were being disadvantaged in terms of licence and quota allocations relative to the privately-owned southern-based CAPP members, and as such needed to be heard by government and regulators as a separate voice.

The mandate of the Coalition is to:

- increase members' share of adjacent fish resources;

- ensure security of access to Northern Shrimp;
- share quota access equitably;
- promote development and conservation of Northern fisheries;
- provide a common voice on Northern fisheries issues and access;
- collaborate with DFO in resource management/allocation functions; and,
- promote members' roles in job creation and Northern development (Northern Coalition 2017).

Acting collectively has been a more efficient and effective way of pursuing these objectives.

The Coalition consists of six organizations, three that are government or politically-based Indigenous birthright corporations, pursuant to respective Inuit land claim agreements in Nunavut, Nunavik and Nunatsiavut, two that are community-based organizations in Labrador, and one that is a corporate entity established and owned by two of the Indigenous birthright corporations. All Coalition members:

- have had a successful presence of almost 40 years in the Northern shrimp and Greenland halibut fishing industry and hold fishing licences and quotas in adjacent coastal areas (NAFO Areas 0, 1, 2GHJ);
- share a collective allocation of Northern shrimp in Shrimp Fishing Area 5 (off Northern Labrador); and,
- are committed to economic development and employment in their respective regions (Northern Coalition 2017).

All profits derived from their fishing licences and operations are reinvested to support some 45 other enterprises employing almost 2,400 people in birthright corporations and community-based, Indigenous businesses throughout the regions. The benefits of their fishing industry operations and partnerships directly or indirectly accrue to 52 Northern coastal communities and their 40,000 residents in Nunavut, Nunavik, Nunatsiavut and Labrador. Coalition members also make significant contributions to the social well-being of people in their regions through a variety of awards, grants, donations and investments to individuals, community organizations and other groups.

The Coalition works closely with federal, provincial and territorial governments throughout the region and has a history of collaboration with Canada's Department of Fisheries and Oceans (DFO). Northern Coalition members are committed to ensuring that adjacent marine resources are responsibly and sustainably managed and that the sensitive Arctic Marine ecosystem is appropriately protected (Northern Coalition 2017).

Coalition members have strategic partnership arrangements with fishing companies in Atlantic Canada. In addition, the Coalition partners with other fishing industry organizations in fisheries research through the Northern Shrimp Research Foundation and in international marketing programs such as the current Coldwater Shrimp Marketing Program for China.

The members of the Coalition are:

2.1 Qikiqtaaluk Corporation

Qikiqtaaluk Corporation (QC), based in Iqaluit, Nunavut, is a 100 percent Inuit-owned birthright development corporation established in 1983 by its sole shareholder Qikiqtani Inuit Association (QIA). QC is the for-profit development arm of QIA. QC's goal is to improve the social and economic well-being of Nunavut and the 19,000 people it represents in the 13 communities of Nunavut's Qikiqtani Region (Figure 2.2), by investing in and creating strategic business opportunities that build on the spirit and culture of Nunavut and the Nunavut Agreement.

2.2 Makivik Corporation

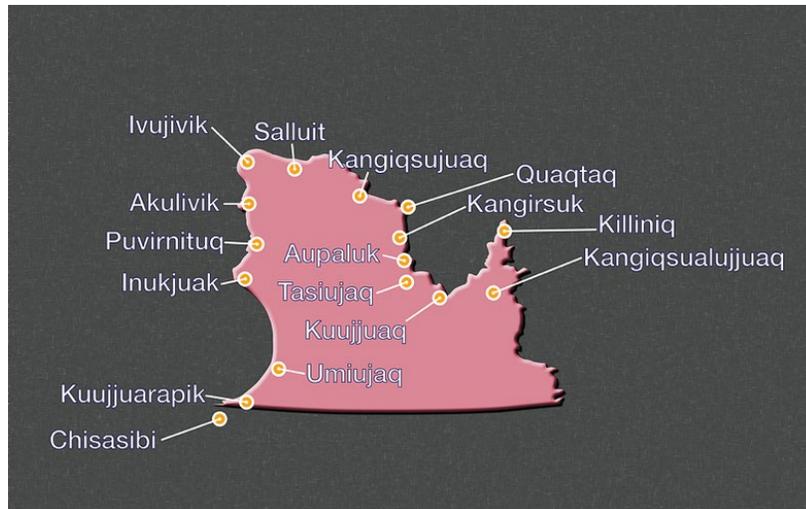
Makivik Corporation is the legal representative of Quebec's Inuit, established in 1978 under the terms of the 1975 James Bay and Northern Quebec Agreement (JBNQA), which established the institutions of Nunavik.

It represents the Inuit of Nunavik in their relations with the governments of Quebec and Canada on issues pertaining specifically pertaining to their Indigenous rights (Canada 2019). Its principal responsibility is the administration of Inuit lands and the compensation funds it has received under the terms of the JBNQA and the offshore Nunavik Inuit Land Claims Agreement that came into effect in 2008. It is a non-profit organization with a mandate to use those funds to promote the economic and social development of Inuit society in Nunavik (Figure 2.3) by:



Source: Northern Coalition 2017

Figure 2.2 - Qikiqtani Region, Nunavut



Source: Northern Coalition 2017

Figure 2.3 – Makivik Corporation Region, Nunavik

- owning and operating profitable business enterprises;
- generating employment;
- pursuing socio-economic opportunities;
- improving housing conditions; and
- protecting Inuktitut culture and the natural environment.

2.3 Nunatsiavut Group of Companies

The Nunatsiavut Group of Companies (NGC) is the for-profit business operation of Nunatsiavut and operates under the direction of the Labrador Inuit Capital Strategy Trust (LICST). LICST was created by the Nunatsiavut Government in 2006 to provide independent oversight of the Nunatsiavut Government’s business interests which are held by NGC. LICST provides financial, management, economic and other assistance to promote employment, business and other relationships carrying out this broader mandate with funding from the earnings of the NGC. The NGC is headquartered in Happy Valley-Goose Bay and its mission is to “create wealth in trust for Nunatsiavut Beneficiaries by owning profitable, sustainable businesses,” and “be an Inuit led business leader in the North” (Nunatsiavut 2020).

NGC operates primarily in Nunatsiavut (Figure 2.4).and Upper Lake Melville.



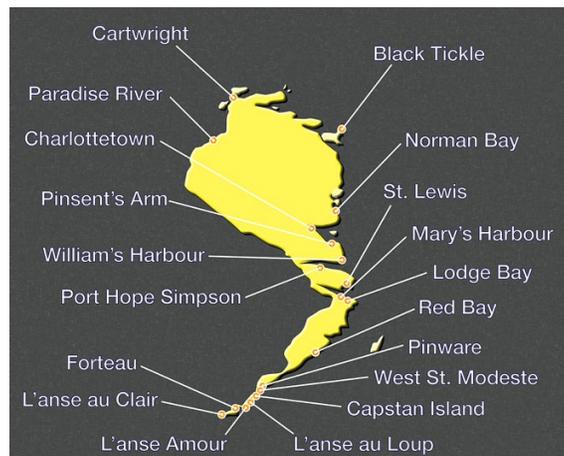
Source: Northern Coalition 2017

Figure 2.4 – Nunatsiavut Group of Companies Region

2.4 Labrador Fishermen’s Union Shrimp Company Limited

The Labrador Fishermen’s Union Shrimp Company Limited, known locally as the Labrador Shrimp Company (LSC), was established in 1978. It is a recognized Indigenous, private sector fishing company wholly owned by the fish harvesters in the 19 communities extending from L’Anse au Clair to Cartwright in southern Labrador (Figure 2.5).

Headquartered in L’Anse au Loup, the company has restrictions on dividends that retain all profits for development of fisheries-related infrastructure and services along the Labrador Coast. The LSC’s employment and investment benefits have been and remain critically important to the social and economic well-being of the region’s 4,400 residents; without them, the economic base of many of the communities, and potentially the communities themselves, would have disappeared.



Source: Northern Coalition 2107

Figure 2.5 - Labrador Fishermen’s Union Shrimp Company Region

2.5 Torngat Fish Producers Co-operative Society Limited

Torngat Fish Producers Co-operative Society, Limited (Torngat Fish Co-op) is an Indigenous co-operative incorporated in 1980 by fishers and plant workers from five north coast Labrador communities (Figure 2.4), the same region and communities as are served by the NGC.

Headquartered in Happy Valley-Goose Bay, the Torngat Fish Co-op promotes the economic interests of its members. This is achieved by supporting the acquisition of fishing rights and licences for members and by processing and marketing their seafood products.

Over the past 40 years, the Co-op has worked to develop and grow the fishery for the benefit of the communities along the North Coast of Labrador. In recent years, the Co-op has collaborated with the Nunatsiavut Government to the same ends.

2.6 Unaaq Fisheries Inc.

Unaaq Fisheries Inc. (UFI) is a fishing company jointly owned by the Qikiqtaaluk and Makivik Corporations. Its activities are discussed further in the context of those corporations.

3.0 Overview of Canada's Eastern Arctic and Labrador Coast Fishery

Coalition members fish for a variety of species in the region. The focus here is on shrimp and Greenland halibut.

3.1 Geography

The designated Northwest Atlantic Fisheries Organization (NAFO) fishing areas for the northern and southern parts of the Eastern Arctic and Labrador coast are illustrated in Figure 3.1. DFO designated shrimp fishing areas for the region are indicated in Figure 3.2.

The fisheries-based enterprises that make up the Northern Coalition have been involved in the Northern shrimp and Greenland halibut fisheries for approximately forty years. Members hold fishing licences and quotas in NAFO areas 0, 1, and 2GHJ for Greenland halibut, offshore shrimp licences and quotas for SFAs 1-7, and share a collective allocation of Northern shrimp in SFA 5 assigned to the Northern Coalition.

Subarea 0 for Greenland halibut is divided into a northern region (Division 0A, Baffin Bay) and southern region (Division 0B, Davis Strait). Fishing primarily occurs along the Baffin Island and Greenland shelf slopes in waters 800-1,500 metres deep.

The Northern shrimp fishery stretches from Baffin Island to the northeast coast of Newfoundland with the primary fishing ground being SFAs 2, 4, 5, and 6. These areas account for 75 per cent of the Total Allowable Catch (TAC).

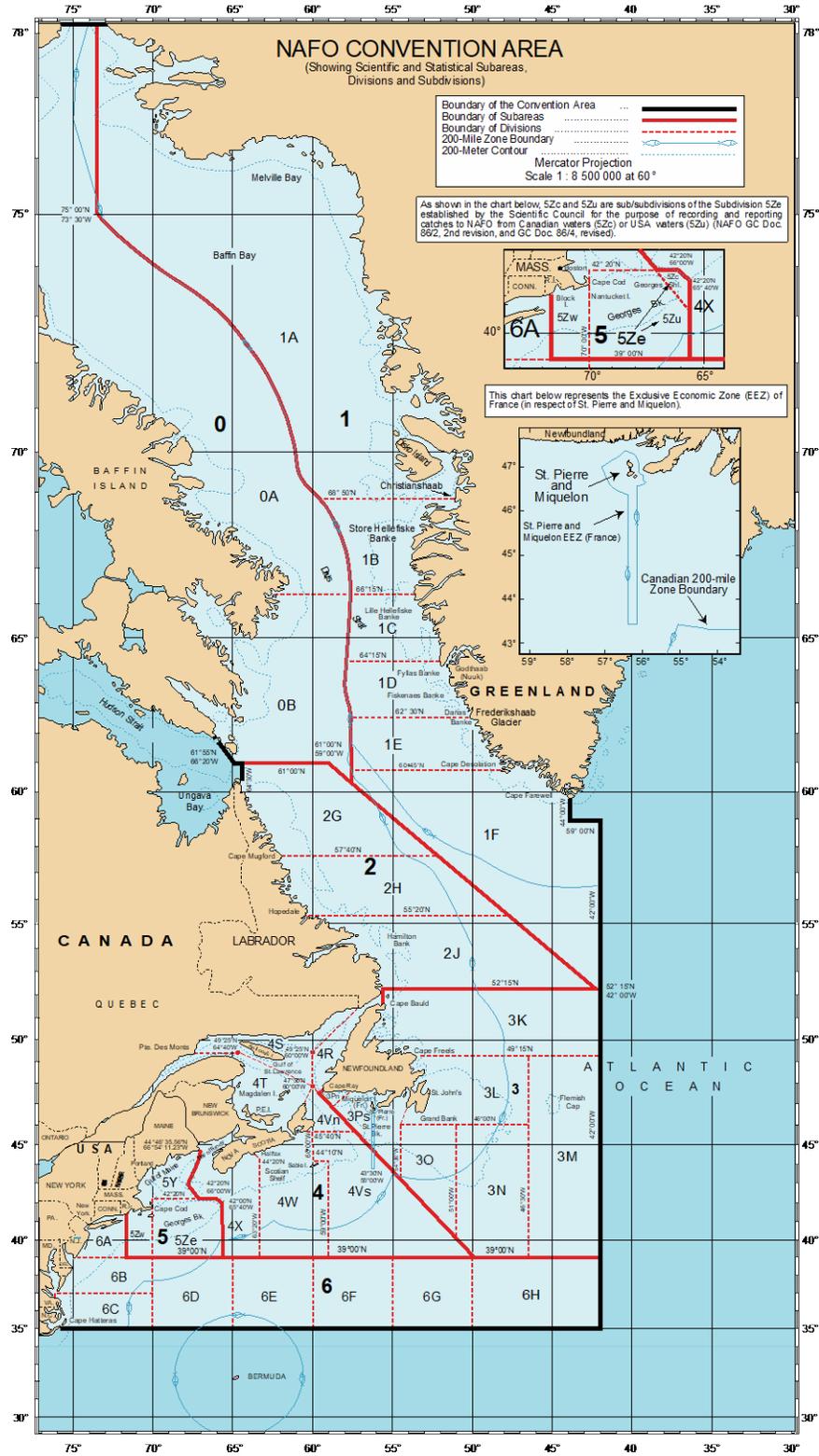
3.2 History and Operations

3.2.1 Northern Shrimp

The Northern shrimp fisheries started in the 1970s with an exploratory program, which confirmed the presence of shrimp stocks. Between 1978 and 1996, 17 offshore licences (for vessels >100') were granted and in 1997 temporary inshore licences (for vessels <65') were introduced in SFA 6. Generally, stocks and quotas continued to increase until the mid to late 2000s, after which time the fishable biomass began to decline in southern SFAs. This has been associated with changing oceanic conditions and related ecosystem dynamics. NAFO suspended directed fishing for shrimp in Division 3M in 2011, and in 2015 in Division 3L (SFA 7).

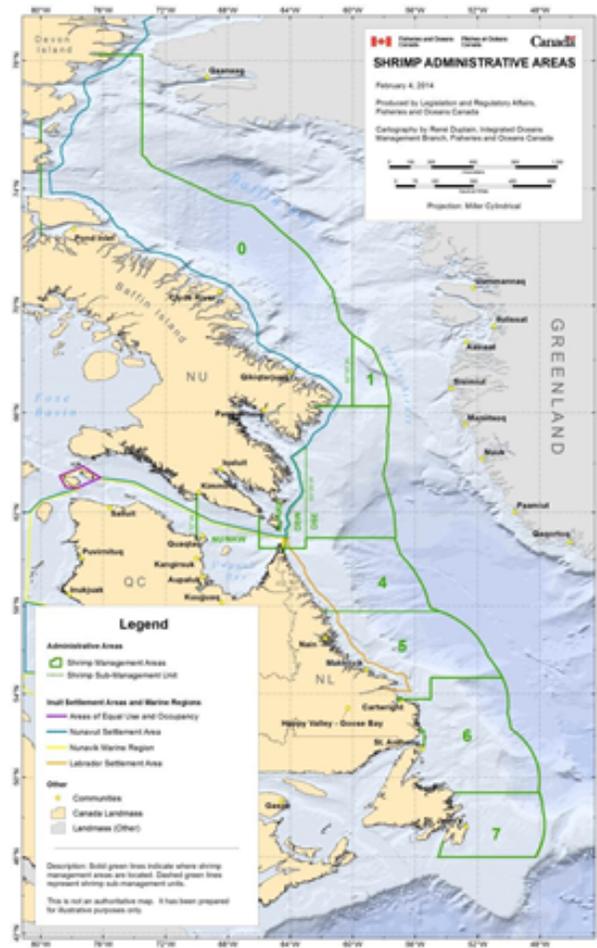
3.2.2 Greenland Halibut

The Canadian Greenland halibut commercial fishery, commonly referred to as the turbot fishery, began in 1981 in Division 0B, when most of the Canadian quota was allocated to foreign countries (i.e., Union of Soviet Socialist Republics, German Democratic Republic, Faroe Islands, Norway, and Japan). These foreign allocations, however, were steadily reduced until they were



Source NAFO 2020

Figure 3.1 – NAFO Convention Area



Source: Canada 2007

Figure 3.2 – DFO Shrimp Fishing Areas

eliminated in 1992. With the collapse of most major groundfish stocks in the Northwest Atlantic, Greenland halibut became the most significant groundfish fishery in the region. However, due to a decline in biomass and shift in age structure, the TAC was significantly reduced in the mid-1990s and remained low until there were increases in 2010 and 2017.

There was no Greenland halibut fishing in Division 0A until exploration began in 1996 and an exploratory fishery quota established for the area. Since 2001, the quota for Division 0A has increased several times. Initially, foreign vessels were used by Nunavut fishing interests, however this was phased out by 2004. In 2006, a quota increase of 2,500 tonnes, reserved exclusively for Nunavut interests, was established for Division 0A. The exploratory fishery of the area was converted to commercial status in 2007 with the exception of the portion of Division 0A that falls within the Nunavut Settlement Area (NSA). The following year the NSA received quota for fisheries development (Canada 2019a).

Greenland halibut is also harvested in NAFO Subarea 2 and Divisions 3KLMNO (Figure 3.1). The groundfish fishery in these areas took off after World War II with large-scale commercial fishing

for cod, Atlantic halibut, Greenland halibut, pollock and redfish, and intensive fishing continued through the 1980s. Declining stocks resulting in the cod moratorium in 1992, led to other groundfish species becoming a greater proportion of the catch with shellfish, such as shrimp, snow crab and lobster, becoming highly valuable fisheries in Newfoundland and Labrador. Since the mid-2000s, changing marine environmental conditions have resulted in a measured return to participation in groundfish fisheries and modest increases in landings of some species, including cod and Greenland halibut.

3.2.3 Operations

The offshore fishery is a year-round fishery, which starts in the more southern fishing areas of SFA 5 and 6 and extends into the more northern areas as weather and ice conditions permit. Lack of port and other fisheries-related infrastructure in the Eastern Arctic and along the Labrador coast mean that none of the offshore vessels are based in the region. Instead, they offload product and are supplied from their homeports in Newfoundland and Nova Scotia and occasionally Greenland.

The inshore shrimp fishery is generally prosecuted from April to October, depending on weather and ice conditions. The closure of SFA 7 and decreases in allocations for SFA 6 have significantly disrupted activities, but have encouraged further collaboration between Coalition members. For example, the quota allocated to the Nunatsiavut Government for SFAs 4 and 5 is landed at the LSU's Charlottetown plant and in recent years has been essential to that plant's continued viability.

The offshore shrimp fishing fleet has decreased in number in recent years and now comprises ten factory freezer trawlers, which operate in all areas of the northern shrimp fishing zone, Areas 0 to 7, from Baffin Island to the waters off Greenland. The inshore shrimp fishing fleet comprises vessels ranging in size from 50 to 89' 11" feet in length. They are operated by enterprises based in the coastal communities adjacent to the fishing grounds, and the licence allocations reflect the owners' area of residence.

Northern Coalition members operate in the offshore fishery in various ways. Qikiqtaaluk Corporation is the only Coalition member to have its own offshore trawler. The Labrador Shrimp Company has a 50 per cent interest in a shrimp trawler that harvests the company's Northern shrimp and a portion of its Greenland halibut quotas, and it also operates two offshore fixed gear freezer vessels. The Nunatsiavut Group of Companies (NGC), Makivik Corporation and The Torngat Fish Co-op harvest their quotas through strategic partnerships with other licence holders, which have their own vessels.

The product generated by these vessels is a frozen-at-sea, shell-on product that is primarily sold into the Japanese and Asian market and to Western Europe. While income earned from the offshore fishery is of great importance to Northern Coalition members, for most the direct impact of the fishery is limited to some jobs for local residents on the trawlers and the wages and benefits from that employment. Most other spin-off benefits from the fishery, including

product handling, storage and shipping, and vessel maintenance, repair and supply, are experienced outside of the region at the vessels' homeports and elsewhere.

The principal arguments for partnership arrangements are the capital cost of entrance to the fishery and the view that there is not enough shrimp attached to a licence to sustain a year-round fishery plan for a vessel. Coalition members' actions suggest that cooperation and sharing in this fishery are considered necessary if the industry is to continue to be successful and these profit participation agreements appear to have greatly contributed to the cooperation between licence holders and improved the viability of the existing fleet (Northern Coalition 2016).

The inshore shrimp fishing fleet is represented by the Fish, Food and Allied Workers (FFAW) union and smaller local committees established by harvesters. This fishery is based on a fresh shrimp landing and a shell-off cooked product is processed in plants in coastal communities around Newfoundland and Labrador. One of these, in Charlottetown, Labrador, is owned and operated by the Labrador Shrimp Company, a member of the Northern Coalition. This product is primarily sold into the United States and European markets.

3.3 Access and Allocation

The level of commercial fishing activity allowed is determined by two factors: access (licences) and allocation (quotas and total allowable catch).

Indigenous interests adjacent to the resource hold 6.5 of the 17 commercial offshore licences issued. The Torngat Fish Producers Co-operative Society Ltd., Makivik Corporation and Qikiqtaaluk Corporation each have an individual licence and Makivik and Qikiqtaaluk share the Unaaq Fisheries Inc. licence. The PiKalujak Fisheries Ltd. licence also contains an Indigenous component through the Nunatsiavut Group of Companies 50 per cent interest in this licence. The Labrador Shrimp Company has two licences (see Table 3.1).

In 1997, increased access to the resource for Indigenous people became a priority of the federal government, resulting in temporary allocations to the Innu, the Nunatsiavut Government, and what are now NunatuKavut and later (2003-2014) the Miawpukek First Nation. There are also special allocations to Makivik Corporation and for Nunavut interests. These take into account decisions of the Nunavut Wildlife Management Board (NWMB) with respect to allocations within the Nunavut Settlement Area and recommendations of the NWMB with respect to allocations in Zones I and II, as defined in the Nunavut Land Claims Agreement.

Allocations to Nunavut and Nunavik's adjacent fishing stock are distributed through the NWMB and the Nunavik Marine Resources Management Board's (NMRMB) respective Access and Allocation Policies. Members harvest using their own quota and some, such as QC, also lease quota from other Nunavut and non-Nunavut allocation holders.

3.3.1 Northern Shrimp Access and Allocation

The offshore shrimp fishery operates under an Enterprise Allocation (EA) system, instituted in 1989, whereby each licence receives an equal EA in each shrimp fishing area.

Table 3.1 – Offshore Shrimp Licence Holders

Offshore Licence Holder	Number of Licences
Canadian Association of Prawn Producers (CAPP)	
• Ocean Choice International Inc.	2 licences
• Mersey Seafoods Ltd.	2 licences
• M.V. Osprey Ltd.	1 licence
• Crevettes Nordiques	1 licence
• Atlantic Shrimp Co. Ltd.	1 licence
• Caramer Ltd.	1 licence
• Newfoundland Resources Ltd.	1 licence
• Harbour Grace Shrimp Co.	1 licence
• PiKalujak Fisheries Ltd.	.5 licence
TOTAL licences represented by CAPP	10.5 licences
Northern Coalition	
• Labrador Fishermen’s Union Shrimp Company Ltd	2 licences
• Torngat Fish Producers Co-op Society Ltd	1 licence
• Nunatsiavut Group of Companies *	.5 licence
• Qikiqtaaluk Corporation	1 licence
• Unaaq Fisheries**	1 licence
• Makivik Corporation	1 licence
TOTAL licence holders represented by the Northern Coalition	6.5 Licences
TOTAL OFFSHORE LICENCES	17 licences

* Nunatsiavut Group of Companies owns half of the PiKalujak Fisheries Ltd licence

** Shared by Makivik and Qikiqtaaluk Corporations

Source: Based on Canada 2007

In 2020, the Offshore Fleet had approximately 37 per cent of the total allocation and the Inshore approximately 10 per cent. Nunavut, Nunavik and Nunatsiavut were allocated approximately 17, 10 and 3 per cent, respectively, and the Northern Coalition a little over 5 per cent. The remainder was allocated among other Indigenous groups and regional associations.

Table 3.2 – TAC Allocations Northern Shrimp¹ by SFA and Fleet/Interest 2020-2021

SFA	Fleet/Interest	Allocation (tonnes)	Share by SFA (%)
0	Offshore fleet	500	100
	Total	500	
1	Offshore fleet	14,246	77.1
	Nunavut	3,722	20.1
	Makivik	499	2.7
	Total²	14,520	
2EAZ	Offshore ³	6,250	54.4
	Nunavut ³	4,342	37.8
	Nunavik ³	491	4.3
	Bycatch	410	3.6
	Total	11,493	
3WAZ	Nunavut ³	7,568	50.0
	Nunavik ³	6,401	50.0
	Total	13,969	
4	Offshore fleet	5,455	63.0
	Inshore fleet	379	4.4
	Innu Nation	608	7.0
	Nunatsiavut Government	716	8.3
	NSRF Survey	1,500	17.3
	Total	8,658	
5	Offshore fleet	5,497	38.0
	Northern Coalition	4,046	28.0
	Innu Nation	750	5.2
	Nunatsiavut Govt.	1,431	9.9
	Imakpik	400	2.8
	NunatuKavut Community Council	899	6.2
	Inshore Cod Harvesters (Cartwright to L'Anse au Clair)	1,277	8.8
	Inshore Cod Harvesters (Northern Peninsula)	150	1.0
	Total	14,450	
6	Offshore fleet	1,915	23.1
	SABRI	373	4.5
	Innu Nation	141	1.7
	Fogo Island Co-op	91	1.1
	Inshore Fleet	5,770	69.6
	Total	8,290	
7	Closed		
	Total	0	NA
	Grand Total	71,880	

1 Includes both *Pandalus borealis* and *Pandalus montagui*

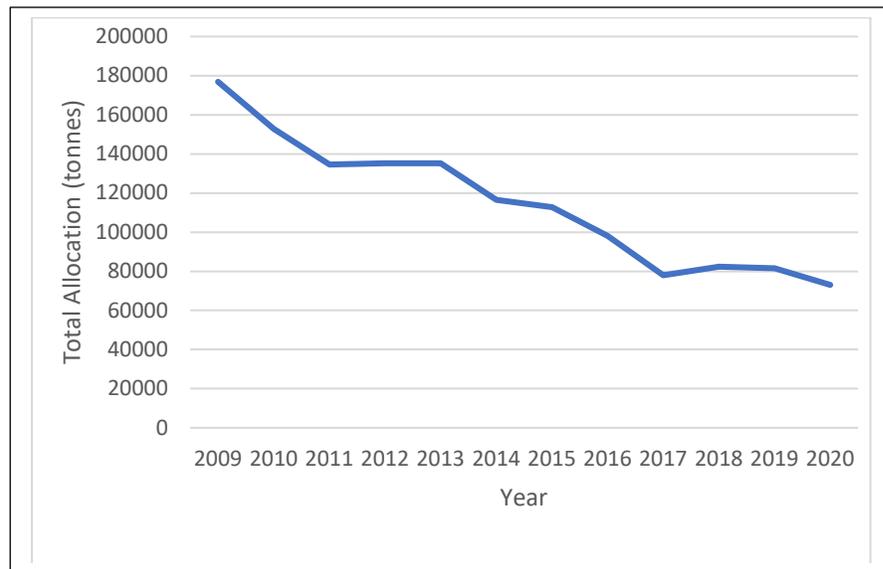
2 Allocations maintained at high levels, but fishery is closed when the TAC is reached, as a result allocations and total do not match

3 Aggregate allocations for the region

Source: Canada 2020b, DFO 2020;

Figure 3.3 illustrates the decrease in total allocations between 2009 and 2020. In 2009, 176,868 tonnes were allocated over the 8 SFAs. In 2020-21, the total allocation was 71,880 tonnes, a reduction of almost 59 per cent. Some SFAs were affected more than others. As Figure 3.4 illustrates, SFA 7 allocated 24,990 tonnes in 2009, but fishing was closed completely in 2015 and there were no allocations. SFA 6 shows the greatest rate of decline from 85,725 tonnes in 2009 to 8,290 in 2020.

TACs for SFAs 4 and 5 were reduced in 2018 and only SFA 3 has shown an increase over the 2009-2020 period. Other more northerly SFA TACs have remained relatively stable over time.



Source: Canada 2020

Figure 3.3 – Total Shrimp Allocation 2009-2020

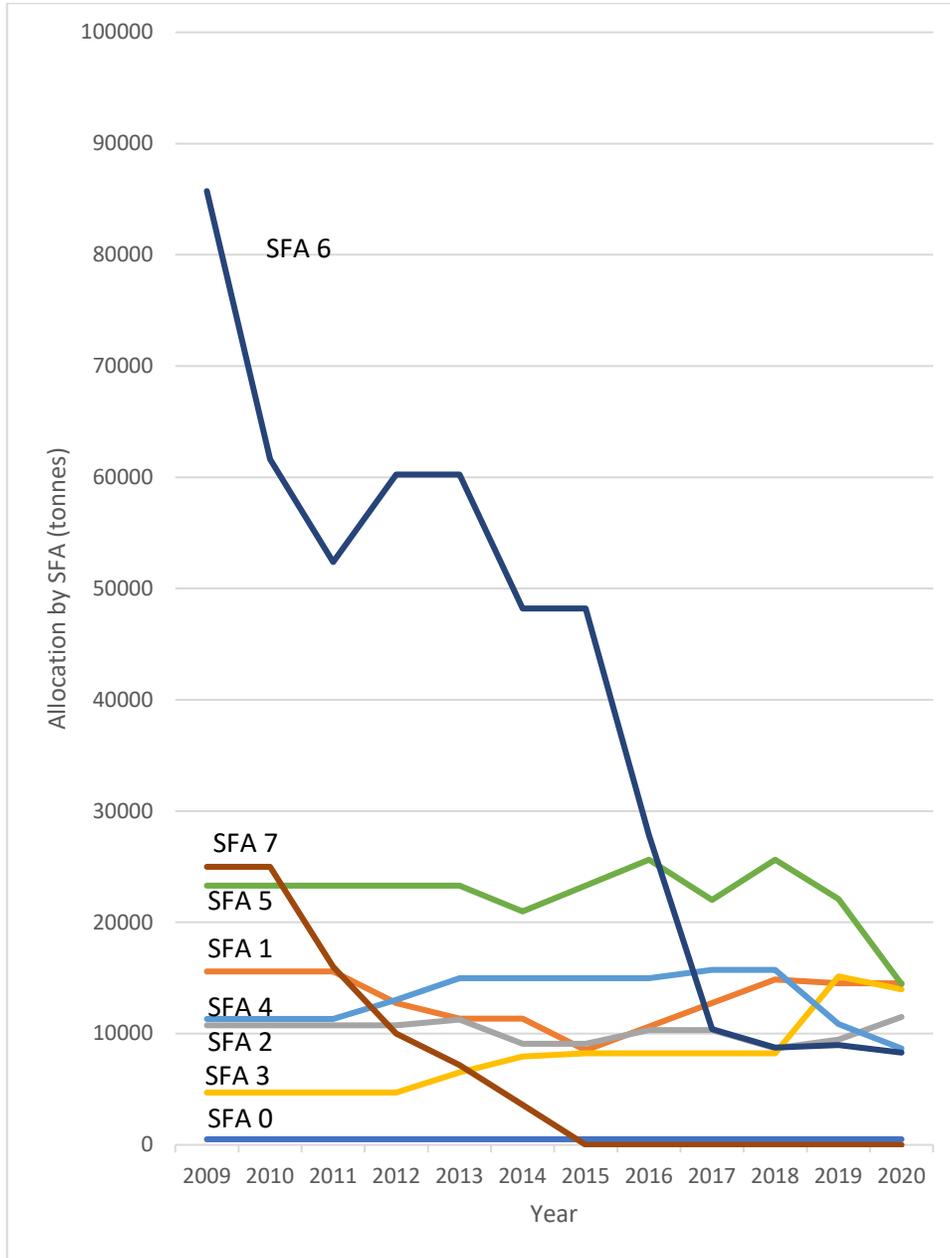
3.3.2 Greenland Halibut Access, Allocation and Landings

There has been no increase in non-Nunavut access to the Greenland halibut fishery or allocation since 2002 in area 0. The NWMB makes individual sub-allocation recommendations for Nunavut enterprises to the federal Minister for consideration.

In 2013, the Nunatsiavut Government was provided access to 3.38% for the Greenland halibut fishery in area 2+3K, this has been harvested by inshore beneficiaries and landed in Makkovik for processing.

In January 2019, DFO announced an increase in Greenland halibut quota for divisions 0A and 0B. A TAC increase of 11.9 per cent in Division 0A went to Nunavut fishers. A TAC increase of

13.4 per cent in Division 0B was split between Nunavut fishers (receiving 90 per cent of the increase) and Inuit fishers in Nunavik (receiving the remaining 10 per cent) (Table 3.3).



Source: Canada 2020

Figure 3.4 – Shrimp Allocation by SFA 2009-2020

Table 3.3 – Greenland Halibut Quota Changes Divisions OA and OB

Greenland Halibut Quota (tonnes)	2018	2019	Change (%)
OA	8,575.0	9,592.5	11.9
OB	7,575.0	8,592.5	13.4

Source: Canada 2019a

Allocation of this quota is determined through the NWMB and NMRMB commercial fisheries allocation policies.

Greenland halibut has become an increasingly valuable and important fishery to the region. Since 2011 prices have increased by more than 200 per cent and more recently, with the reduction of shrimp quotas in SFA 6, it has become of much greater interest and importance to fishers in NAFO Areas 2 and 3K in particular.

The Subarea O Greenland halibut fishery adds significant economic value to Northern communities. For the north coast fishing areas OA and OB the landed volume and value of Greenland halibut generally increased over the 2013-2017 period (Table 3.4). Over this period, landed volume and value have significantly increased in Division OA (up 34 per cent and 35 per cent respectively). In Division OB, Nunavut landed volumes and values have remained relatively steady while Newfoundland volume and value has increased by 14 and 41 per cent respectively.

Table 3.4 – Greenland Halibut Landings Areas OA and OB 2013-2017

	2013	2014	2015	2016	2017
OA					
Landings (t)	6,315	7,576	7,926	7,527	8,458
Landed Values (\$000)	\$39,821	\$49,171	\$54,598	\$55,479	\$53,618
OB					
Landings (t)	7,036	6,853	7,513	6,255	7,477
<i>Nunavut</i>	3,289	3,286	3,478	2,608	3,260
<i>Newfoundland</i>	3,747	3,568	4,035	3,646	4,217
Landed Values (\$000)	\$40,115	\$50,377	\$30,859	\$42,121	\$47,399
<i>Nunavut</i>	\$21,174	\$23,937	\$13,706	\$19,223	\$20,663
<i>Newfoundland</i>	\$18,941	\$26,440	\$17,154	\$22,899	\$26,736
OA + OB					
Landings (t)	13,351	14,429	15,439	13,782	15,935
Landed Values (\$000)	\$79,567	\$89,286	\$104,975	\$97,600	\$101,017

Source: Canada 2019a

In 2017, there were 1,638 active licenced groundfish enterprises operating in NAFO Subarea 2 plus Division 3KLMNO (all fleets) (Figure 3.1). Over 94 per cent of all licences (active and inactive) were held in Divisions 3L and 3K. Divisions 2J and 2H in Labrador, however, hold only 5.6 per cent and 0.04 per cent of the licences respectively.

3.4 Current Issues

While quotas have recently been increased for Greenland halibut in the north, both fisheries are facing challenges, particularly in the south. TACs for shrimp have been reduced or held constant in many SFAs. The TAC in SFA 6, for example, has declined significantly since 2014, and there has been a fishing moratorium in SFA 7 since 2015. In 2020, DFO announced Northern shrimp TAC decreases of 20.2, 34.6 and 7.5 per cent in SFAs 4, 5, and 6 respectively. How these cuts are shared is a major concern for all licence and quota holders.

A weakening of the Chinese economy, a key export market for both shrimp Greenland halibut, may also be a concern for the fisheries. Chinese market conditions and demand will continue to have a significant impact on prices, an issue that has become of even greater importance in the face of the 2020 COVID pandemic.

4.0 Northern Coalition: Fisheries Profits and Reinvestment

Economic development in Canada's North faces significant challenges. Makivik Corporation summarizes the situation in Nunavik, typical of that elsewhere, as follows:

“The economy of Nunavik is not as varied as other economies in southern Canada and is based largely on the provision of government services, resource extraction, and tourism. Expanding and diversifying the economy involves overcoming a number of constraints beyond those that face similar jurisdictions in the south including the high costs of doing business, small and remote markets, transportation challenges, housing issues, low education and literacy levels etc. Unilingual Inuit in particular face great challenges in finding employment” (Makivik Corporation 2016).

Significant investment in people, infrastructure and business is necessary if these constraints are to be addressed.

Profits from the Eastern Arctic and Labrador coasts shrimp and Greenland halibut fisheries can be significant, providing the licence holders with a substantial amount of capital that can be reinvested and used as a base for leveraging other funds. While reduced since 2017, the Northern Coalition estimates that in that year shrimp and halibut resources collectively generated a revenue stream for all Northern licence/quota holders in the order of \$75 million (Northern Coalition 2018). Reinvestment of profits from these fisheries has the potential to generate significant economic and social benefits in the region.

A detailed tracking of profits generated and how they are reinvested is beyond the remit of this report. Coalition members report this information in different ways, some information is confidential and some not available. Direct comparisons between companies are therefore not possible and any aggregation of information risks error and oversimplification. That said, some of the available data do provide a sense of the scale of the funds generated and available for reinvestment. Some of these available data are provided below.

4.1 Qikiqtaaluk Corporation

Qikiqtaaluk Corporation (QC) disperses its net profits in the form of dividends to its parent organization, QIA, which in turn invests in regional and community economic development. Dividends from all business activities, including the offshore fishery, between 2009 and 2020 totaled approximately \$10.25m (Qikiqtaaluk 2020).

Annual dividend data for 2016-2020 are shown in Table 4.1. No data for individual business sectors are available, but the fisheries division is reported to have been responsible for the majority of total QC dividend contributions over this period.

Table 4.1 – Qikiqtaaluk Corporation Dividends Paid 2017-2020

	2016-17	2017-18	2018-19	2019-20
Annual Dividend to QIA (\$million)	1.1	1.84	4.6	1.0

Source: Qikiqtaaluk Corporation Annual Reports 2017-2020

4.2 Makivik Corporation

In the period 2011-2019, Makivik’s net royalty revenues from its fisheries grew from \$829,111 to \$6.0m, peaking in 2017-2018 at \$7.1m (Table 4.2) and the contribution from the fisheries to Makivik’s overall revenue ranged from 7-26 per cent over that period for those years for which data are available (Makivik 2018c).

Makivik royalties from shrimp show an increasing trend over the 2012-2019 period. Shrimp royalties as a percentage of total revenues fluctuate because of both changes in fishery activity and activities in other businesses in the corporation. In addition to royalties, wages and benefits generate additional community impacts. In 2015, the fishery contributed \$104.2m in benefits and wages to the regional economy (Makivik 2016).

Table 4. 2 – Makivik Corporation Fishery-generated Revenue

	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019
Shrimp Net Royalty Revenue (\$m)	.83	1.61	1.49	3.54	4.4	5.5	7.1	6.0
Per Cent Total Revenue	7	20	15	20	12	26	NA	NA

Source: Makivik 2016

4.3 Nunatsiavut Group of Companies

For NGC, its fishery subsidiary, Nuluak Fisheries, has contributed some \$30m from royalties since it was established in 1992. Annual data for fishery revenue for the 2016-2019 period are shown in Table 4.3.

Table 4.3 – NGC Fishery-generated Revenue

	2016-17	2017-18	2018-19
Total Fishery Revenue (\$m)	1.9	2.3	2.5
Per Cent Total Revenue	5.1	7.8	7.0

Source: NGC Annual Reports

4.4 Labrador Fishermen's Union Shrimp Company Limited

The LSC has two shrimp licences. Foley and Mather (2016) report that between 1978 and 2008 the company invested \$60m in Labrador communities generated from these licences and other fishery sources. Recent data from the company indicate that in ten years to 2020 payments back to the community made directly by the LSC were in the order of \$486m, an average of \$48.6m per year, the components of which are listed in Table 4.4.

**Table 4.4 – Labrador Fishermen's Union Shrimp Company Limited
Community Payments 2011-2020**

Labrador Fishermen's Union Shrimp Company Limited 10-year Historical Activity (\$million)	
Fish purchases	284.4
Wages and Benefits	56.3
Payments to crew	35.4
Materials and supplies	15.7
Repairs and maintenance	11.5
Fuel	17.8
Freight	30.0
Municipal Taxes	3.4
Capital expenditures	30.3
Donations	.4
Total	485.6

Source: LSC 2020, pers. com.

To this can be added more than \$11m per year for crew shares to be paid to LSC members associated with the MV Osprey partnership; crew shares associated with shrimp and turbot quota exchanges with other companies; profit participation paid directly to fishers; and payments for additional plant processing labour.

4.5 Torngat Fish Producers Co-operative Society Limited

In the early 1980s, shortly after its formation, the Torngat Fish Co-op generated between \$350,000 and \$500,000 per year, which was reinvested in the Labrador north coast fishery (Foley et al. 2017). The Company reports that in the 35-year period, 1980-2015, it has reinvested \$32m from the net offshore shrimp earnings into the north coast fishery, an average of over \$900,000 per year (Torngat 2016).

Data limitations notwithstanding, it is evident that the offshore fishery is a significant source of net income for Northern Coalition members and an important contributor to their investment

capital funds. How they choose to invest those funds to meet their economic and social development mandates is the focus of the remainder of this report.

5.0 Reinvestment and Regional and Community Development

While regional and community development are at the core of each Coalition member's activities, their individual mandates differ as do the ways in which they try to deliver on them. The Torngat Fish Co-op, for example, aims to:

“promote, on a co-operative basis, the economic interests of its members. This is achieved by supporting the acquisition of fishing rights and licences for members and by processing and marketing their seafood products.” (Torngat 2016)

To realise these objectives, it focuses solely on fishing-related activities in its region (Figure 2.4).

The Labrador Shrimp Company's mandate is broader:

“to re-invest all profits back into Company operations, for the creation and development of sustainable employment for coastal communities” (LSC 2014),

but it, too, focuses primarily on fishing-related activities as the basis for sustainable employment generation in its region (Figure 2.5).

The other three Coalition members have even broader mandates and they do not focus primarily on the fishery. In addition, some of their investment activities extend well beyond their geographic borders:

Qikiqtaaluk Corporation

“to improve the social and economic well-being of Nunavut by investing in and creating strategic business opportunities that build on the spirit and culture of Nunavut and the Nunavut Agreement” (Qikiqtaaluk Corporation 2019).

Makivik Corporation

“to promote the economic and social development of Inuit society in Nunavik by:

- owning and operating profitable business enterprises;
- generating employment;
- pursuing socio-economic opportunities;
- improving housing conditions; and
- protecting Inuktitut culture and the natural environment” (Makivik Corporation 2019a).

Nunatsiavut Group of Companies

“to create wealth in trust for Nunatsiavut Beneficiaries by owning profitable, sustainable businesses, and to be an Inuit led business leader in the North” (NGC 2020).

Table 5.1 illustrates the broad range of involvement of these three organizations by type of activity and interest.

Table 5.1 - Corporate Ownership: Qikiqtaaluk Corporation, Makivik Corporation and Nunatsiavut Group of Companies¹

Parent Company	100% owned subsidiaries	Majority owned subsidiaries	Equally owned subsidiaries	Minority owned subsidiaries
Qikiqtaaluk Corporation	<p>*Qikiqtani Industry Ltd (Logistics and employment services)</p> <p>*Qikiqtaaluk Properties Inc (Real estate management)</p> <p>*Qikiqtani Retail Services Ltd (Baffin Gas and Convenience)</p> <p>*Akiuq Corp (Land development)</p> <p>*Qikiqtani Resource Institute (Economic development)</p> <p>*Sikku Corporation (Marine construction)</p> <p>*Qikiqtaaluk Business Development Corp (Business development)</p> <p>*Aqsarnlit Hotel and Conference Centre Inc (Hotel and conference centre operator)</p> <p>*Panarctic Communications Inc (Telecommunications)</p> <p>*Nunavut Nukkiksautiit Corp (Clean energy development)</p> <p>*Qikiqtaaluk Fisheries Corp (Offshore shrimp and turbot Fishery)</p>	<p>*QC-Scarlett Services Inc (Security services provider to resource sector)</p> <p>*Qikiqtaaluk Environmental Inc (Consulting and engineering services)</p> <p>*Qikiqtani First Aviation (Aviation services)</p> <p>*Tulaktarvik Inc (Marine construction)</p>	<p>*Unaaq Fisheries Inc (Fishery)</p>	<p>*Nunasi Corp (Business development)</p> <p>*NCC Investment Group Inc (Real estate investment)</p> <p>*Nunavut Sealink and Supply Inc (Sealift carriage to Nunavut/ Central Arctic communities)</p> <p>*QPI/NCCP Plateau Development L.P. (Property development)</p> <p>*Sanavallianiq Ltd (Built Inuit Broadcasting Building, Iqaluit)</p> <p>*Tormont Arctic Inc (Equipment rental)</p> <p>*Larga Baffin Ltd (Accommodation and support in Ottawa for medical patients)</p> <p>*Nunavut Petroleum Corp (Petroleum Delivery and supply to Iqaluit area)</p> <p>*Uqsuq Corp (Bulk fuel storage/ distribution)</p>

Makivik Corporation¹	<ul style="list-style-type: none"> *Air Inuit (Airline) *Nunavik Furs (Tanning services) *Halutik Enterprises (Fuel services, heavy equipment rental, Kuujjuaq) *Kautaq Construction (Development and construction) *Nunavik Geomatics (Geomatics Consulting) 	<ul style="list-style-type: none"> *Canadian North (Airline) 	<ul style="list-style-type: none"> *Unaaq Fisheries (Offshore shrimp fishery) *NEAS Group (Marine shipping) *Pan Arctic Inuit Logistics (Support Services CFS Alert) *Tarquti Energy Inc (Renewable energy development) 	
Nunatsiavut Group of Companies	<ul style="list-style-type: none"> *NGC Solutions (Logistical and procurement support) *Nunatsiavut Marine Inc (Shore-side marine services) *Nunatsiavut Construction Inc (Residential/Commercial construction) *Goose Bay Capital Corp (Residential commercial development) *Nunak Land Corp (Commercial property ownership) *Nuluak Fisheries (Fishery) 	<ul style="list-style-type: none"> *Torngait Services Inc (Voisey's Bay site services) *Timmiak Construction (Resource construction projects) *PiKalujak Fisheries (Shrimp fishery) 	<ul style="list-style-type: none"> *Dominion Trading (Fishery) *Air Borealis (Passenger/Cargo Airline) *Integrated Nunatsiavut Logistics (port services for Muskrat Falls and Vale projects) *Pan Arctic Inuit Logistics (Support Services CFSAlert) * Mining Partnerships (Mining services) 	

1 Only major holdings are listed. A number of these companies themselves have subsidiaries.
Sources: Qikiqtaaluk 2020; Makivik 2019; Nunatsiavut 2019

Unlike traditional private sector companies, the mandates of these organizations mean that factors other than profitability may be critical in their investment decisions. For example, some of the above business investments are clearly strategic, in the sense that the business services are essential to the operation of the economies of these remote regions. While profitability may be essential for viability, lower rates of return may be acceptable if the services contribute to individual and community well-being. Air and marine transportation and communications fall into the category of contributing to essential regional (and beyond) connectivity. Other investments, such as in construction-related businesses, may be essential in helping to fill critical regional and community infrastructure gaps.

For other investments, employment opportunities may be the principal driver; for example, externally generated resource projects have provided opportunities to provide support services to new mining operations and employment for local residents. In other cases, investment in skills development has allowed companies to undertake more complex work. Provision of

housing and affordable and reliable fuel supply and distribution are critical to the well-being of residents and may therefore be viewed as social support activities rather than profit maximizing opportunities, while environmental clean-up and management and clean energy projects may require a trade-off between environmental benefits and profits.

Regardless of the motivation for investment, investment capital or the leverage to generate that capital is required, and as illustrated in Section 4, the offshore fishery has been one of the longest and most important sources of that capital for Coalition members. However, as noted, tracking that reinvestment is not always a simple process. Where the member's mandate is focused on the fishery and the source of their investment capital is the offshore fishery (e.g. Torngat Fish Co-op and the LSC), the reinvestment impacts are relatively straightforward to document. However, in the cases of the other members fishery profits are typically returned by the fishery enterprise to the parent organization in the form of a dividend, after which they are absorbed into general revenue and individual contributions to reinvestment decisions are no longer easily traceable. The parent organization may choose to reinvest these and other dividend funds in a variety of existing or new enterprises, or allocate funds to non-business social investments such as scholarships, support for community organizations and community infrastructure. While it is difficult to separate the components of these overall and aggregated investment funds and their individual contributions to economic and social development projects it is nevertheless clear that fishery profits form a vital source of funds for economic development initiatives that benefit Inuit in the various regions.

It should also be noted that the more successful the organization is in creating new and profitable businesses, the less important fishery-generated income will become in total investment capital availability. What is important is that the offshore fishery has been and, subject to resource and market conditions, should continue to be, an important investment capital generator for each of the Northern Coalition members.

To illustrate the impacts of reinvestment of fishery-generated capital a number of case studies are presented that highlight the range of benefits to the regional economies of the Coalition members. Because all members are involved in the reinvestment in a variety of fishery business activities, examples are first drawn for that sector. Other non-fishery business investments are then described in Section 6 to illustrate the different types of regional and community benefits that have been generated.

5.1 Case Study: Qikiqtaaluk Corporation – The Evolution and Growth of an Offshore Fishery Enterprise

Northern Coalition members are invested in the offshore fishery in a variety of ways. Qikiqtaaluk Corporation (QC), for example, is the sole owner of its factory freezer trawler, the *Saputi*, and harvests Northern shrimp and Greenland halibut not only for its own licence, but also on behalf of other licence holders, for which it pays a royalty. The LSC is a 50 per cent owner of its freezer trawler, the *Northern Osprey III*, as well as other smaller vessels that fish both shrimp and Greenland halibut. Others, such as the NGC and Torngat Fish Co-op, arrange

for their shrimp licences to be fished by others, from which they receive royalty payments for the catch and as such have little direct involvement in the offshore fishery.

QC has opted to invest directly in the offshore fishery rather than lease their fishing licences in return for royalty payments. Given the level and commitment of investment required to enter and maintain a viable presence in this sector and its associated risks, this has been a bold move, but one that to date has generated substantial returns. As noted in Section 4, in addition to wages and benefits to Nunavut fishery workers, the fishery has contributed a significant portion of the dividend paid to the QIA for reinvestment into the regional economy.

QC has been involved in the offshore shrimp fishery since 1987 following the issuance of a licence directly to QC and another which is jointly shared with Makivik Corporation through Unaaq Fisheries Inc. (UFI). Over time QC has also gained access to Greenland halibut and shrimp quotas allocated to Nunavut and other quota holders, including the Northern Coalition.

When QC first received its shrimp licence it possessed none of the capital, equipment, fishing or management experience requirements to engage successfully in the offshore fishery. As a result, from 1987 through 2004 QC's licence was initially fished on a royalty basis by external companies. While this generated a significant cashflow available to QC for investment in other business interests and community development, it involved little direct involvement in the sector.

In 2005, as the result of a strategic business planning process, QC decided to invest directly in the offshore fishery and established a joint venture, Qikiqtaaluk Fisheries Corporation (QFC), in partnership with a southern operator, but with QC as the majority shareholder. QFC purchased the *Saputi*, a 76m twin trawl factory freezer trawler and entered the fishery utilizing QC's shrimp licence. In addition, QC has access to fish from Nunavut commercial quotas for shrimp and Greenland halibut allocated to QC by the Nunavut Wildlife Management Board (NWMB), plus a share of a special shrimp quota held by the Northern Coalition in SFA 5, and from quota made available through its membership in the Northern Shrimp Research Foundation.

From 1987 through 2014 the UFI licence was also fished on a royalty basis by a Nova Scotia-based fishing company, with half of the royalties going to QC and half to Makivik Corporation. In 2015 Unaaq's partners, QC and Makivik, agreed that they would individually decide how to allocate their share of that licence.

In September 2018, QC acquired 100 percent ownership of QFC after purchasing shares from its minority partner. Acquiring full ownership of QFC has brought and will bring a number of opportunities for QC including more training and employment for Inuit, more of the income generated staying within Nunavut, and an increase of returns that will allow QC to further diversify its operations, thereby increasing benefits to the region.

QFC's stated mission is to:

- maximize profit and royalties to the shareholders and Nunavut from QC's and Nunavut fishing resources in a sustainable manner;
- maximize Inuit jobs on the *Saputi* over the long term;
- sustainably harvest QC's and Nunavut's allocations and bring maximum value from the resources; and
- grow the company in a sustainable manner.

This is an ongoing process. Since QFC was established it has invested significantly to upgrade the *Saputi* to maximize productivity and reliability. In 2012, for example, at a cost of \$7m, the vessel was extended by 12m, the freezing system was changed from a Freon-based one to an ammonia system, and additional freezing equipment was installed. These changes contributed to increased fishing time, reduced non-productive steaming time and added the potential to complete two additional fishing trips per year.

Significant refits in 2015 and 2018, each costing more than \$3.4m, further increased productivity through an overhaul of the vessel's main engine, replacement of two auxiliary engines and an overhaul of crewing and galley facilities. These upgrades and maintenance investments have also added to vessel safety, reliability and crew comfort, and ensured an additional 10+ years of vessel life. These and other changes have helped make the *Saputi* one of the top producing vessels in the Canadian offshore fishing fleet.

To fully utilize the *Saputi* on a year-round basis, QFC now fishes quotas outside of those of QC on a royalty basis. From 2010 to 2015, for example, 25 per cent of the shrimp and 51 per cent of the Greenland halibut harvested came from outside sources, making QFC not only a significant player in the fishery in its own right, but also of considerable importance to other licence/quota holders.

In 2019, QC strongly advocated for a more equitable share of Nunavut's adjacent Greenland halibut and shrimp allocations administered through the Nunavut Wildlife Management Board (NWMB) Access and Allocations process. Previously, QC only had 11 per cent of Greenland halibut and 34 per cent of shrimp allocations, the lowest shares of any of the four Nunavut allocation holders. QC lobbied that investment in the industry, the percentage of Inuit employment, and commitment to reinvestment in Nunavut and the fisheries, should all be considered in the access and allocation decision-making process. QC negotiated with the other Nunavut allocation holders to correct this.

As a result, QC entered into an agreement with these holders by which QC would harvest a minimum 19 per cent of the overall Nunavut Greenland halibut allocations in 2019 and 2020. This increase in allocations allows the *Saputi* to better maximize its halibut harvesting capacity. The agreement is for two years and was to be re-evaluated in the next call for applications taking for implementation in the 2021 fishery.

QFC's focus is to maximize its harvest of Greenland halibut and shrimp using the *Saputi*, but any fishable quotas the vessel cannot harvest are harvested under agreements with other vessel operators. The Fisheries Division of QC negotiates these transactions to ensure the benefits from the quotas are maximized for Nunavut.

Direct employment of Inuit in the offshore fishery has been increasing. Data provided by QC indicate that a typical crew complement on the *Saputi* is 26. Training and advancement programs have seen the average number of Inuit crew per trip increase from one, in 2009-2010, to four, in 2013 and to 10.3 in 2018-2019 and 2019-2020.

In 2019-2020, the vessel made 12 trips. A total of 50 different Inuit employees worked on the *Saputi* during that season, up from 35 individuals in 2018-2019. These crew members participated in anywhere from one to six trips, averaging 2.5 trips per Inuit crew member. In 2019-2020 wages and benefits to Inuit crew members on the *Saputi* were over \$2.7m and Inuit crew on vessels fishing QC's share of other quotas received another \$672,000.

Future employment-related efforts will encourage workers on the *Saputi* to participate in four to six trips per annum, which will provide greater workforce continuity and increased employment income for these individuals, and to continue to focus on moving Inuit into more responsible positions on the vessel, which will also increase their share amounts.

Relatively few Inuit are rated as officers, engineers, mechanics and other positions requiring more qualifications and experience. Most have been employed in factory positions, the lowest paid positions on the vessel. In 2019-2020, average Inuit factory employment was 77 per cent, while the combined average for deck and factory employment was 59 per cent. Ongoing training will allow more crew members to move to bridge, officer and other crew positions.

While increased attraction and retention of Inuit fishery workers has seen some success, it continues to be a challenge. Factors affecting attraction and retention include the length of the operation season, logistics of travel for Inuit employees and availability because of conflict with traditional hunting seasons. Some of these are associated with lifestyle choices and are not easily be resolved by job-site changes.

All Inuit crew are graduates of the Nunavut Fisheries and Marine Training Consortium (NFMTC) program, an industry-supported, not-for-profit organization that provides training opportunities in Nunavut for those interested in pursuing a career in the fishing industry. Since being established in 2005 the NFMTC has provided training across all careers in the fishing industry including officer and advanced deckhand training and it estimates that it will provide 10 courses per year in these areas over the next five years (OMX 2020).

The commitment to the offshore fishery is a long-term one, as is illustrated by QC's five-year plan, which includes commissioning a replacement for the *Saputi* and exploring other ways by which benefits from the fishery can be generated in Nunavut.

Direct employment benefits from the fishery include wages, vessel construction, repair, maintenance and re-supply, trucking, cold storage, support workers and onshore processing, and governments benefit from personal and commercial income and payroll taxes, municipal taxes, DFO access fees and port fees. However, other than employment on the vessel and some onshore management functions, few other benefits accrue to Nunavut because it has no port and other infrastructure to support the fishery, with the result that many benefits are lost to the region. For example, the homeport for the *Saputi* is Iqaluit but, because of a lack of infrastructure, it discharges most of its product and is serviced from Bay Roberts, Newfoundland, though ports in Greenland are sometimes used when fishing in northernmost Arctic waters. During each of these landings an average of \$120,000 to \$150,000 is expended on offloading, cold storage, resupply, maintenance, etc. With an average of 12 landings per annum, these expenditures are considerable, but do not benefit Nunavut.

Following taking control of QFC, QC has completed construction of a 4,000 square foot office and warehouse building in Paradise, Newfoundland. It will serve QFC's Newfoundland-based operations staff and have storage space for fishing gear and equipment. While over time this facility may involve employment of more Inuit beneficiaries, these activities provide limited direct benefit to Nunavut.

Since its first involvement in the commercial offshore fishery in the late 1980s, QC and its subsidiary QFC, have become highly successful entities in Canada's Eastern Arctic and Labrador coast fishery. The company is an independent and sustainable entity that does not draw on public money to help maintain it, and its royalty and profit income and crew earnings are major benefits for Nunavut. With annual dividends generated from the fishery all reinvested for the benefit of the region in other business ventures and through programs such as the QIA's Community Initiatives Program, the offshore fishery investment strategy has proven to be a major contributor, both directly and indirectly, to regional and community development in Nunavut.

5.2 Case Study: The Labrador Shrimp Union - Using the Offshore Fishery to Support and Develop the Inshore Fishery

While reinvesting profits has led to increased involvement in the offshore fishery for some, investment in the inshore fishery has been the focus for others. Resource income generated by the offshore fishery is used by the LSC to help grow, develop and sustain the inshore fishery on the southeast coast of Labrador and thereby help to improve the livelihoods of the people and communities in that region.

The LSC is based in southeastern Labrador, and was incorporated in 1979. It is founded on the principles of cooperative operation, being locally owned by fishers from the 19 communities in the L'Anse au Clair to Cartwright region (Figure 2.5).

Following the announcement that the federal government would reserve three offshore shrimp licences for Labrador, Richard Cashin, the president of the FFAW union, organized a meeting

among mainly small boat fishers and residents of communities along the southeast coast. At the meeting, the group endorsed the idea of collectively applying for licences, and it subsequently established a cooperative (which later reconstituted as the Labrador Fishermen's Union Shrimp Company) that successfully secured two of those licences (Foley et al. 2015).

The company's mission is: "To become a leading provider of multi-species fish products throughout Canada, the United States, and beyond; to expand our processing capabilities in value added and secondary products; and to continue in the role of a leading economic force in the province of Newfoundland and Labrador" (LSC 2014).

In 1978, the fishers of Southern Labrador originally considered organizing as a Co-operative under the guidelines for Co-Operatives in the Province of Newfoundland and Labrador. However, after reviewing all options they determined that a Canadian Controlled Private Corporation (CCPC) was the best model to develop a fishery along the South Coast of Labrador. However, while a CCPC was the preferred vehicle the founders recognized the benefits that could be provided through a co-operative approach to the fishery and therefore established the by-laws of the company along Co-Operative principles.

The founders of the company wanted to develop viable, long-term, sustainable operations in their region. Income from the two offshore shrimp licences provided the seed capital to get started and combined with the profits from ongoing operations, provided funding to purchase other fish quotas and to allow for reinvestment in the fisheries and communities of the southeast Labrador coast. It is estimated that the LSC, on average, contributes in the order of \$60m per year to the economy through fish purchases, wages and benefits, operational and capital expenditures (Table 4.4, Section 4.4).

The LSC began its investment in processing facilities in 1981 when it acquired a fresh fish plant in L'Anse au Loup. Northern Fisheries Ltd. had filed for bankruptcy the year before leaving local fishermen, plant workers and local businesses unpaid. Using profits from the offshore shrimp licences to take over the operation and pay off outstanding bills—an approach that probably would not have been adopted had the company not been owned by local fishers (Foley and Mather 2016)—this initial investment played an important role in establishing the LSC's identity as an organization that supported fishers, plant workers, and communities in the region (Foley et al. 2015). The company also hired two of the plant's top managers, who still remain with the company.

The LSC operates five seafood-processing plants, employing more than 400 plant workers (Table 5.2) and providing ports, markets and support services for roughly 600 hundred harvesters. Operations and investments in infrastructure have expanded considerably over the past 30 years. Incomes and personal expenditures in the communities, together with other spin-off benefits from infrastructure development, supply opportunities and local taxes, have been crucial in sustaining the economies of the communities in the region. As a result, the LSC is variously described by its members as the "bread and butter" and the "lifeline for the coast" (LSC 2018). Many see the LSC as not just a company, but a way of life focusing on the well-being

of its communities and it has been described as “probably Labrador’s greatest success story” (Rompkey 2003 cited in Foley et al. 2015).

Table 5.2 – Labrador Fishermen’s Union Shrimp Company Limited Plants

Plant Location	Established	Products/Functions	Plant Employment	Harvesters
L’Anse au Loup	1981	Greenland halibut, cod, scallop, herring, capelin, mackerel. Central cold/dry storage facility	133	159
Mary’s Harbour	1986	Snow crab, salt cod	81	183
Pinsent’s Arm	1994	Whelk, scallop. Collection point	15	50
Charlottetown	2001	Shrimp	106	71
Cartwright	1982	Snow crab	76	114

Source: LSC

In 2012, the LSC purchased a 50 per cent interest in MV Osprey Limited. Its partner is L’Association Cooperative des Pecheurs de l’Ile Ltee., a cooperative operation in Lamèque, New Brunswick. This is an interesting partnership showing how likeminded companies from different provinces have combined to make commercial fishing enterprises more viable. This subsidiary is an offshore shrimp harvesting and processing operation, which owns the *Northern Osprey III*, an 80-meter freezer vessel built in 2017 and based in North Sydney, NS, to fish its two allocated Northern Shrimp licences, its share of the shrimp quotas allocated to the Northern Coalition and the Northern Shrimp Research Foundation.

In addition, the LSC owns and operates two middle distance, fixed gear groundfish vessels, the *Nain Banker* and *Belle Isle Banker*, which mainly fish in the Northern Labrador-Nunavut region for Greenland halibut. The inshore fleet, vessels less than 65’, owned by local fishers, harvest along the coast of Labrador for shrimp and a variety of other species.

Whitecap International Seafood Exporters, a member of the Scandinavian Sirena Group of companies, which has its Canadian base in St. John’s, Newfoundland, has been a broker for LSC products for the past 20 years. Annual sales of these products exceed \$90 million.

When the shrimp licences were first issued, federal policies encouraged licence holders to purchase offshore vessels to catch their own shrimp. In the mid-1980’s LSC owned a majority interest in a Canadian company that owned and operated a shrimp trawler. This company had financial difficulties and eventually closed and sold the trawler. The company continued in the fishery by partnering with other Canadian companies and sharing profits and royalties from the harvesting of this shrimp.

Early arrangements with harvesting companies were complex and not always successful. However, over time and with more experience, the LSC has been able to negotiate financially

productive and secure arrangements with these companies. Royalty payments, for example, were originally, normally based on a fixed rate per tonne of shrimp harvested. This changed to a percentage of the value of the landed value of the catch, which significantly increased the revenue for licence holders.

During the 1980s and 1990s, the LSC continued to invest its royalties from its shrimp licences in processing facilities, thereby diversifying its economic base. It purchased a fish plant in Cartwright in 1982, which was subsequently modified and converted into a crab plant. The company's investments in crab processing facilities also include building a state-of-the-art facility in Mary's Harbour, completed in 2013.

In 2003 some 350 inshore, owner-operator fish harvesters gained access to shrimp allocations. The LSC applied for, and was granted, an inshore shrimp processing licence by the provincial government on the basis that it would generate jobs and provide an economic boost to communities in southeast Labrador. It was decided to make significant investments in shrimp processing infrastructure and to establish a plant at Charlottetown (Foley and Mather 2016). This location was chosen for its proximity to the shrimp resource and the availability of a workforce drawn from communities from Black Tickle to Red Bay.

Lack of experience in onshore shrimp processing and the need for additional capital for the plant at Charlottetown led to a joint venture with the Barry Group Inc., a Corner Brook-based fish company that already operated two shrimp plants in Newfoundland. The joint venture, Labrador Choice Seafoods Limited, saw the Barry Group provide expertise in shrimp processing and marketing, while LSC members supplied the plant with raw material. In 2007 the LSC bought out the Barry Group and has since run the plant on its own.

The Charlottetown plant buys shrimp from local vessels, the majority of which are owned by LSC members. As noted in Section 3.2.3, in recent years, the majority of shrimp purchases have come from Nunatsiavut Beneficiaries and is an illustration of the cooperative and collaborative working arrangements among Coalition members.

All of the shrimp is landed at the plant, and none is trucked in. Only inshore shrimp is processed. Offshore shrimp are processed onboard and exported through different market channels than the shrimp processed onshore. The Charlottetown plant processes shrimp between June and October each year, which is marketed in the UK and Europe through Whitecap International Seafood Exporters.

Total direct LSC employment for 2020 is indicated in Table 5.3. Add to this the approximately 600 fish harvesters serviced by the LSC and the importance of the inshore fishery to regional employment and incomes (see Section 4.4) in region with a population of about 4,400 and few alternative opportunities is clear.

**Table 5.3 – Labrador Fishermen’s Union Shrimp Company Limited
Employment 2020**

Employees	429
Crew employed on shrimp vessels	41
Crew members for Banker boats	46
Total	516

Source: LSC pers. com.

The social purpose of the LSC is to reinvest in the communities, but this has not meant that it has ignored basic business principles. As a number of people interviewed by Foley et al. (2015) pointed out, good business decision-making could not be ignored, as it was crucial to both the organization and the economic sustainability of the remote coastal communities that it served. At the same time, the company is sensitive to the needs of its shareholders and has been very supportive of harvesters in the area. It has a record of providing assistance, if it can, to its fishers if they need help with welding, mechanical, electrical or other technical issues and participates with all harvesters in the purchase of fishing licences and quotas to keep these in Labrador.

The wealth generated from offshore fishing – which has relatively little direct local impact aside from limited employment opportunities – has been diverted to support the inshore fishing and processing and, by extension, the people and communities of Labrador’s southeast coast (Foley and Mather 2016). The revenue generated through its offshore shrimp licences remains the backbone for the LSC. As a manager cited by Foley et al. (2015) explained:

“The offshore licences are the blood that flows through our veins. They are the thing that breathes life into us in the beginning and they still help a lot today. Now obviously, we got four or five plants today, that contributes enormously to our success. Some are up some years, some are down. And other years, the other one is up, and the other one's down...But the offshore licences have been the blood that has flowed to keep the life in the company. And it continues to do that, and we're hoping that it'll do, you know, contribute a lot toward that going forward. We're a major company now...but at the same time, if ya didn't have the offshore licences, it would be very, very difficult to continue operating.

5.3 Case Study: Torngat Fish Producers Co-operative – Sustaining Employment and Culture

The Torngat Fish Co-op was first registered in 1980 and incorporated in 1981, operating in what is now Nunatsiavut territory in Northern Labrador (Figure 2.4), and focusing on selling high-quality seafood products, while serving the diverse needs of their customers (Torngat 2020).

The Co-op was established for Inuit fish plant workers and fishers in the Torngat Mountains electoral district. Each member of the Co-op has ownership of the organization; they have

equity by contributing a portion of their paycheck or fish landings and their initial application payment to the co-op. The minimum shares each member would own is \$500 but, like the LSC, the rules on dividends are that they are not returned to shareholders, rather they are reinvested in the fishery in the region.

In 1978, the formation of the Co-op was prompted by the announcement of an offshore shrimp licence to be provided to the North Coast of Labrador. During the 1980's changes proposed in the way the provincial government managed the Labrador fishery, which included the intention to sell existing plants to the highest bidders, were not acceptable to local fishers, residents and the Torngat Fish Co-op. The fishery has always been important in the region and at one time was its largest seasonal employer. It has long provided meaningful and relatively well-paid employment and supported a preferred lifestyle, including fishing for salmon and Arctic char which is culturally important for Labrador Inuit.

As part of arrangements negotiated with the provincial government, the Torngat Fish Co-op leased and operated five processing plants (Rigolet 1981; Makkovik, Postville and Hopedale 1987; Nain 1995). Prior to 1987, Torngat Fish Co-op would lease the Makkovik facility part of the year to process species harvested by the local fishers and the Province operated the other portion of the year. In the 1980-2015 period only one plant made a profit and then only for a nine -year period (Torngat 2016). Most of the plants were subsequently closed and the Co-op now operates plants in Nain and Makkovik.

The plant in Nain currently focuses on Arctic char. Caught by local fishers (a group of 8-20 individuals, of whom about 11 are regular participants), the plant processes about 40,000 lbs./year and employs about 30 seasonal workers. The plant is not profitable, but the jobs and the product are valued and important to the local economy. Recognizing this, the Nunatsiavut Government also provides financial assistance to keep the plant open.

The Makkovik plant has two processing facilities that work in conjunction with each other. The facility leased from the provincial government processes mainly Greenland halibut, while the facility constructed and owned by Torngat Fish Co-op processes snow crab and is usually profitable. About 70 plant workers are employed and fish is purchased from 70-100 provincial harvesters.

The Co-op now also has a cold storage facility, retail store and offices in Happy Valley-Goose Bay. The need for cold storage capacity came about because of changes to the marine coastal boat system, which eliminated Lewisporte as a port of call and as the location where product was previously held. Lack of facilities in Happy Valley-Goose Bay prompted the Co-op to develop their own, with the new \$3m building funded by income generated by the offshore shrimp fishery.

The Torngat Fish Co-op has one offshore shrimp licence, which is fished by Mersey Seafoods in Nova Scotia. The argument in favour of this royalty arrangement has been and continues to be the level of capital investment required to fully engage in the fishery directly, that one licence is

insufficient to justify that investment, and that attempts to access to significant additional shrimp or Greenland halibut quotas have been unsuccessful. The Mersey vessel allocates six crew positions on the boat to qualified Torngat Fish Co-op members, which generates employment and employment income.

The licence is reported to generate in the order of \$3m per year in royalties. These are reinvested to help maintain valued traditional fishery activities and employment in a region where opportunities for many of the approximately 2,500 residents of the region are otherwise limited.

Maintaining the fishery is not without its challenges. Over the last 15 years or more, the sourcing of labour has been a growing problem because of an aging population and outmigration of younger people. To reduce labour requirements, the Co-op has invested in more high-tech equipment, at its Makkovik and Nain plants. However, with other employment options available at, for example, the Voisey's Bay mine/mill, even fewer people are interested in working in the fishery (Business View Magazine 2019). Resource availability and a shortage of fishers with suitable vessels also present difficulties for fishery diversification or expansion though, as discussed in Section 5.4 below, efforts are underway to try to address some of these issues.

The reinvestment of profits from the shrimp licence has allowed the company to operate in all communities in its region with various species, including the traditional Arctic char fishery and to continue providing employment and income for fishers and plant workers in Nain and Makkovik. The Co-op has supported the fishery in northern Labrador for the past forty years and while it may not be clear what the future holds, these community benefits would not have been realized had the shrimp licence and the fishery infrastructure in the region been in private hands.

5.4 Case Study: Northern Coalition Members – Fisheries Research

Members of the Northern Coalition are investing income generated from their shrimp licences and other sources to undertake research to explore additional fishery opportunities, particularly those associated with the inshore fishery in their regions. The primary objectives are to ensure viable and sustainable fisheries and to increase local employment and other business opportunities as part of their regional and community development mandates. Examples of investment in this research are described below:

5.4.1 Experimental Fisheries – Scallop and Whelk

In 2019, Nuluak Fisheries, the fishing subsidiary of the NGC, together with the Nunatsiavut Government and the Torngat Fish Co-op was successful in securing \$100,000 through the Atlantic Fisheries Fund (DFO) to begin an experimental fishery for scallops and whelk in northern coastal Labrador (Figure 2.4).

From the early 1990s to 2006, the waters around Nain sustained a flourishing scallop fishery. More than a dozen 30 to 45-foot vessels fished in this area during those years. The scallop fishery ceased when the vessels, which had been leased from harvesters in southern Labrador and Newfoundland, were attracted away by more lucrative southern shellfish quotas and higher prices for the larger sea scallops found elsewhere compared to prices for the Bay-type scallops found in the northern region.

A major impediment to determining whether the scallop fishery could again be viable has been a lack of suitable fishing vessels in the region. In response and to engage in the experimental scallop and whelk fisheries, the Torngat Fish Co-op funded the construction of a purpose-built 33-foot vessel *Torngat I*.

The goal of the experimental fishery in 2019 was to determine if the scallop beds remained commercially viable. Based on the catch results, the group concluded that the resource was healthy and that it could support a viable commercial scallop fishery. The experiment also showed that the purpose-built *Torngat I* was suitable for scallop harvesting. The experiment was intended to continue in 2020 with the *Torngat I* fishing in the Rigolet/Double Mer area in early summer and then returning to the waters around Nain. However, the COVID pandemic forced a change in these plans and the vessel remained in the Nain area fishing scallop.

The 2019 experimental fishery was also directed at the whelk resource. Whelk is abundant in waters adjacent to all Nunatsiavut communities. The challenge is to determine if the fishery can be developed commercially.

Assuming scallop and whelk fisheries are viable, the group proposes to first encourage experienced southern Labrador and Newfoundland harvesters to come north to fish in partnership with Nunatsiavut licence holders and if this proves successful, to subsequently assist Nunatsiavut harvesters in acquiring suitable vessels to fish scallop, char, whelk and other species in the region (NGC 2020).

5.4.2 Baseline Research

QC has a commitment to research and develop the inshore fishery in the Qikiqtani region and has designed a five-year Inshore Fisheries Development Plan to enable this. The inshore fisheries in the region are currently in the early stages in all communities other than Pangnirtung and the Plan aims to help member communities evaluate local fishery opportunities. This includes further science and research efforts to demonstrate the availability of the resources required to support investments in harvesting and processing capacity that could bring future employment opportunities. This includes exploration of Nunavut's redfish resources, the potential health benefits of Omega-3s found in ringed seal blubber, and research on self-contained portable processing plants for deployment in communities (Qikiqtaaluk Corporation 2020).

QC's investment commitment to implement the Plan started with the construction of a new inshore research vessel. Funding was secured through various Federal and Territorial agencies

and departments, leveraged with funding from QC, to design and construct a \$2.5 million multi-purpose research vessel. This vessel will work with the communities in the region (Figure 2.2) to do baseline research and surveys for the inshore sector (Qikiqtaaluk Corporation 2020).

The construction contract for the vessel was awarded in late 2018/19 and in Fall 2020 the vessel was delivered to St. John's ready to move north in 2021 when ice conditions permit, then to start research in the Qikiqtani inshore region.

5.4.3 Northern Shrimp Research Foundation

In 2004, in response to the lack of research activities and scientific data about the North, under the auspices of the federal government, all of the 17 offshore shrimp licence holders formed the Northern Shrimp Research Foundation (NSRF). The NSRF conducts surveys north of SFA4 and surveys for quotas held in the Eastern and Western Assessment Zones. DFO provide the scientific advice on sample design and analysis of the data collected.

The first of an annual survey series was conducted in the summer of 2005. This collaborative investment in research seeks to help maintain the shrimp fishery and thereby ensure that the income flow from this activity continues. By extension, the benefit from this investment to Northern Coalition licence holders is the continuation of the income stream that allows them to reinvest in both the fishery and other sectors in their respective regions.

5.4.4 Port Infrastructure

Even though their offshore trawler vessel is locally owned, spending by QC on non-employment fishing expenses in Nunavut is severely limited by the fact that the *Saputi* cannot land its product in Nunavut or be supplied and serviced from within the region. This expenditure leakage also applies to all other Coalition offshore licence holders whether they have any ownership interest in an offshore vessel or not. Lack of landing infrastructure throughout the Eastern Arctic and Labrador has been another contributory factor to the continued use of royalty arrangements rather than offshore vessel ownership.

As noted in Section 5.1, QC generally lands its harvests in Bay Roberts, Newfoundland and occasionally in Greenland. On average, there are about twelve landings per year. Each of these involves an average expenditure of \$120,000 to \$150,000 for offloading, cold storage, resupply, maintenance, etc., all monies that are lost to the Nunavut economy. QC argues that a properly located and serviced port would enable all Nunavut vessels (and other vessels fishing in areas OA and OB) to land in Nunavut, potentially generating additional economic benefits for the region.

QC, through its development arm Qikiqtaaluk Business Development Corporation (QBDC), have been working with the hamlet of Qikiqtarjuaq on the southeast coast of Baffin Island and provides funding support for efforts to lobby to have a full port facility developed. QC contends that port developments in Iqaluit and the small craft harbour in Pond Inlet will not meet the

needs of Nunavut's offshore fishing industry. Iqaluit, located at the far reaches of Frobisher Bay, is well away from the Baffin Island coast and the offshore fishing grounds and is not a viable alternative for offloading and resupply. A small craft harbour will not have the capacity to handle large offshore factory freezer vessels.

5.4.5 Fisheries Research Chair

QC Fisheries has been working with the Marine Institute of Memorial University in St John's Newfoundland to establish and fund an inshore fishery research program and an Industrial Research Chair in Nunavut inshore fisheries. In developing the research program QC will work initially with members of the Qikiqtani Fisheries Alliance (Kinnigait, Saniluaq, Sanirajak and Igloodik) to prioritize inshore fishery community projects that will include local training and capacity building (Qikiqtaaluk Corporation 2020).

6.0 Non-Fishery Investments

Part of their mandates of Northern Coalition members is to improve the social and economic well-being of people and communities in their regions by creating or partnering in profitable and sustainable business opportunities. This may include investment of fishery-generated profits in non-fishery activities. However, as noted earlier, tracing these investments is often difficult as those rents are typically returned to general revenue and then, together with income from other sources, used to invest in other business opportunities.

Decisions by Coalition members about what other businesses to reinvest in vary considerably based on corporate mandates, need, opportunity, potential viability and other place and time-related considerations, but there are some commonalities. The following case studies do not represent a comprehensive list of all investments, rather they offer some examples that reflect different ways by which members have attempted to meet their development mandates. As will be seen, these investment categories are not discreet and multiple objective purposes may be served, but the categorization does help to illustrate the different ways in which reinvestment can help the economies and societies in question to expand, diversify and offer new opportunities and benefits for their residents. The examples are also a reminder that all of the surplus realized from access to adjacent marine resources is invested and/or is used as leverage for the public good in the region.

Example investments are drawn from the following:

Strategic Investments – investments in business activities without which the region cannot function effectively or, without some element of local control, at acceptable cost. Investments in transportation (air and marine specifically), communications and banking are examples that fall into this category.

Opportunistic Investments – businesses which in themselves may not be necessary to the functioning of the region or its communities, but which provide employment, income, training, advancement and other benefits for the region's residents and diversification of the economy. Investments in resource development projects such as mining at Mary River, Nunavut, Raglan in Nunavik, and Voisey's Bay, Labrador are examples in this category.

Clean/renewable Energy Sector Investments – dependence on diesel fuel, with its high financial and environmental costs, has prompted investment interest in clean/renewable energy projects.

Community Support Investments – the North is a high-cost environment in which to live and its residents often have limited ability to afford basic life requirements such as housing, healthy foods and heating fuel. Businesses providing these products and services may not be major profit sources for the organization but are essential to the well-being of people in the region. In addition to business investments, all Coalition members support their communities with

donations and awards and other contributions to help sustain community groups, projects and events. Examples of these activities are given.

6.1 Case Study – Makivik Corporation and Strategic Investment in Air Transportation

Ground and marine transportation for goods and people in the Eastern Arctic and on the Labrador coast is limited due to the harsh climate, limited infrastructure, distances between communities, and terrain or marine conditions (Dunlavy et al. 2009). Consequently, Northern residents have a high propensity to travel by air and many consumer goods have to be delivered by plane, both of which have significant impacts on household expenditures and costs of doing business.

Reliable and affordable air transportation is essential, and Makivik Corporation has chosen to invest in this sector as one of the ways to deliver its economic and social development mandate. Air transportation can be a very challenging business, which perhaps helps to explain why other larger and more established private sector companies have not invested in the region in this sector to the same degree.

Canadian North is a 100 per cent Inuit-owned airline that connects people and delivers essential goods throughout Canada's North. It is wholly owned by Makivik Corporation and the Inuvialuit Development Corporation (IDC). It currently operates to 25 destinations within the Northwest Territories, Nunavik and Nunavut, from its Southern gateways of Ottawa, Montreal and Edmonton, and is the premier provider of air charter services for large resource sector clients requiring fly-in/fly-out charter services. Canadian North also offers charter flights across North America and beyond for sports teams, cruise lines and other large groups (Canadian North 2019). In 2019, it employed about 800 people across the North.

Canadian North was first established in 1989. The current company is the result of the merger of First Air and Canadian North in 2019.

First Air evolved from a small air services operation, Bradley Air Services, which began in 1946 providing services to customers in the North as development projects accelerated in the post-war period. In 1973 Bradley Air Services became First Air and in 1975 it established its Iqaluit base. In 1990 Makivik Corporation purchased First Air and over the next twenty years the company continued to expand its operations in Western Canada and the North through acquisition of other regional airlines, and to increase its focus on Inuit users by reaching transportation agreements with a number of regional Inuit associations (Canadian North 2019).

Canadian North was established as a subsidiary of Canadian Airlines and focused on the transportation needs of northern Canadian communities. In 1998, Canadian North was purchased by NorTerra, a wholly Northern Indigenous-owned holding company, whose ownership was divided equally among the IDC, representing the Inuvialuit of the western Canadian Arctic, and Nunasi Corporation, representing the Inuit of Nunavut (Wikipedia 2020).

In 2014, the IDC bought the 50 per cent share in NorTerra held by Nunasi, giving it complete control of Canadian North and other companies that were jointly held (CBC 2014).

Makivik Corporation and the Inuvialuit Regional Corporation announced the merger of First Air and Canadian North in 2018 to create a pan-Arctic airline to operate under the Canadian North name. The merger was finalized in November 2019 (Canadian North 2019).

In making its case to the federal government for the merger the partners made the point that:

The Makivik Corporation and the Inuvialuit Regional Corporation have been tasked by our Inuit beneficiaries, stakeholders and all Inuit to bridge the gap between northern and southern living conditions. Currently, exorbitantly high costs of living – in part due to the challenging and high-cost nature of operating businesses in the North – result in sub-standard living conditions for our peoples. Before Inuit can be meaningful participants in the national economy, they must be meaningful participants in the northern economy; an efficient Pan-Arctic airline is the only long-term, viable answer that will provide immediate benefits (Cision 2019).

Makivik Corporation is also the sole owner of Air Inuit. Created after the signing of the James Bay and Northern Quebec Agreement in 1975, Air Inuit's mission was to provide the Inuit people of Nunavik with regular and reliable air service that keeps them connected, meets their needs and particularities and contributes to their socio-economic development by promoting access to employment for Inuit. Air Inuit currently employs over 700 persons, of whom approximately 30 per cent are Inuit.

Air Inuit offers regular flights to over twenty destinations in Quebec and connects all of Nunavik's villages. A specialized transportation cargo service has been created to address the specific needs of the population, offering discounted rates for items specific to the Inuit culture and daily life in the region. These may include country foods, artisanal items, perishable goods, outboard engines, snowmobiles and all-terrain vehicles (Air Inuit 2020).

Both Canadian North and Air Inuit are also committed to social and community programs focused in areas of cultural events, educational and sports programs, preservation of the Northern culture, and leadership.

Canadian North, for example, provides in-kind contributions in the form of air travel and cargo assistance. This includes:

- delivery of fabric donations and materials to the Canada Goose Resource Centre Program;
- travel assistance to Influencers Motivate, a non-profit organization that travels to Inuit communities to work with youth, adults, elders and government officials to promote mental health awareness, anti-bullying, self-esteem, leadership, suicide prevention and more;

- travel assistance to Akuk Youth, a program that provides training, networking, and activities to empower Inuit youth to reach their full potential;
- Canada North also sponsors the Nunavut Kamatsiaqtut Help Line (Makivik Corporation 2017; 2018a; 2019).

Air Inuit's community investment contributions include:

- an annual contribution of over \$500,000 to the Nunavik Food Basket;
- courtesy tickets and discounted fares to post-secondary students and beneficiaries of the Ilaujuq program (A joint Makivik Corporation and Air Inuit initiative created to make air travel more accessible for the Inuit of Nunavik. It offers reduced rates for beneficiaries of the James Bay and Northern Quebec Agreement whose work or lifestyle requires frequent travel between communities.); and
- participation in the Sparrow Pilot Training Program. (Beneficiary students who successfully complete the program migrate to Inuit Air for training in careers as pilots.) (Makivik Corporation 2017; 2018a; 2019b).

Both First Air, as was, and Air Inuit have established themselves as viable and sustainable business entities in Makivik Corporation's portfolio. In 2019, First Air paid a dividend of \$5m to Makivik Corporation, while Air Inuit contributed \$3m (Makivik Corporation 2019b), funds which are available for investment into this or other business and social development opportunities.

As discussed earlier, dividends from profits earned by individual businesses are returned to general revenue for the organization's governing body to make decisions regarding reinvestment. The offshore fishery has been a long-term contributor of such dividends from which newer businesses in the organization's portfolio have benefited, either directly from access to those funds or from the leverage that they can generate. The fact that both First Air and Air Inuit now contribute dividends in their own right is a clear indicator of the "virtuous circle" that Makivik Corporation's reinvestment strategy can offer to the economic and social development process in Nunavik.

6.2 Case Study – The Eagle River Credit Union and Strategic Investment in Banking

In 1984, residents of the L'Anse au Clair to Red Bay area on the Labrador Coast were shocked to learn that the Bank of Montreal, who had been operating in L'Anse au Loup since 1978, was withdrawing its services and moving all accounts to Deer Lake, NL, some 300 km away (Eagle River Credit Union 2020). Loss of the bank meant a long journey by land and sea to the nearest alternative and raised the very real possibility of a return to a pre-banking era of barter, a prospect which area residents found unacceptable (Wickham et al.1989).

Unable to convince the bank to retain a branch in Labrador, attract another bank, or persuade a St. John's credit union to establish a branch in the area, local residents decided to establish their own financial institution. At the same time, the LSC was in the process of forming its own "closed bond" credit union, open only to its fisher and plant worker members. On learning that

under provincial law such a restricted credit union could not be registered, the community and the LSC joined forces and in 1984 established what was to become the Eagle River Credit Union.

On the basis of its income from the shrimp fishery, the LSC was able to contribute \$100,000 in the form of a deposit as a start-up fund, \$13,000 towards the salary of the credit union manager and \$7,000 towards travel expenses for credit union staff. In addition, the Southern Labrador Development Association provided a \$5,000 loan to pay for furniture and equipment that the Bank of Montreal sold the group at a nominal price, and the Community Council of L'Anse au Loup, owners of the Bank of Montreal premises, offered the premises to the Credit Union on a rent-free basis for a year.

The credit union opened in May 1984. A key factor in its early success is attributed to the leadership of the former Bank of Montreal branch manager who stayed on at the new institution. Equally important was the assistance extended by the *caisse populaire* in nearby Blanc Sablon, which provided cheque clearing facilities, travellers' cheques, money orders and investment facilities for its surplus funds (Wickham et al. 1989).

Membership in the credit union grew rapidly. Within two months of opening there were 396 members and four years later some 55 per cent of the region's population were members. By 1987 credit union activity had resulted in seven full time jobs in L'Anse au Loup.

The credit union was initially intended to serve communities in the region from Cartwright to L'Anse au Clair, but has since expanded its operations with branches in Labrador in L'Anse au Loup and Mary's Harbour on the southeast coast and in Happy Valley-Goose Bay. It also has branches on the Island of Newfoundland in St. Anthony, Port Saunders and Deer Lake. From the initial injection of capital of \$100,000 by the LSC in 1984, total assets stood at \$4.5m by 1987, and 36 years later, in 2019, at over \$159m with almost 9,000 member/owners (Wickham et al 1989; Eagle River Credit Union 2020). In addition to usual banking functions, the credit union provides business and consumer loans to its members and tailor-made loans for fish harvesters needing finance to buy, upgrade, or repair their vessels (LSC 2018; Foley and Mather 2016).

The Eagle River Credit Union is unusual for its start in a small, geographically remote region. The example illustrates the importance of partnerships between businesses, labour and voluntary organizations in the economic development process and demonstrates that public investment in local organizational capacity building can produce results. Over its history, it has won a number of awards and recognition for its contribution to community and economic development. Members have always been very supportive of their Credit Union and take great pride in their accomplishment. The struggle to form the Credit Union united communities, and residents refer to it as "the best thing that ever happened in this area" (Eagle River Credit Union 2020). The initial and continuing success of this enterprise has helped reinforce in community members a belief in themselves and their abilities. At the heart of this, however, is that none of this would have been likely had not the LSC had access to the necessary investment capital provided by its shrimp licence.

6.3 Case Study – Investment in Mining Services and Employment Generation

Industrial mining is a relatively new phenomenon in the Canadian North and an even more recent in the eastern part of the region. Before 1945, industrial mining was largely concentrated in the Yukon and the western Northwest Territories (NWT), but post-war demand for industrial and strategic minerals stimulated more widespread exploration and development in both the eastern NWT and the provincial norths, including nickel mining at Rankin Inlet (now Nunavut) and iron ore in Quebec and Labrador (Schefferville, Labrador City).

Mining has had a transformative impact on the North, stimulating exploration and settlement, investment in infrastructure and the increasing integration of these once-remote territories into the national economy. However, the promise of development and prosperity for northern regions has, until recently, frequently delivered only ephemeral benefits, while often leaving behind lingering social and environmental problems (Keeling and Sandlos 2015). Since the 1980s, impact assessment requirements and increased Indigenous political power have helped reduce some of the adverse environmental effects and redressed some of the power imbalances with respect to development decisions.

The requirement for Impact Benefits Agreements between developers and Indigenous groups, for example, has led to new opportunities for local labour and business, including employment, training and skills development for individuals, and development of business practices, technology transfer and diversification opportunities for local businesses. Nickel mining operations at the Raglan (1997) and Nunavik Nickel (2013) mines in Nunavik, and at Voisey's Bay (2005) in Labrador, and iron ore mining at Mary River (2015) and gold mining at Meadowbank (2010) in Nunavut have all been added to the mining landscape in the Eastern Arctic and Labrador in the last 20 years.

Mining services are not essential to the functioning of the regional economy in the same way as transportation and banking services may be. However, they are important from a development perspective because the jobs available provide opportunities for those with fewer skills and less initial training, an entry point into the world of work and the possibility of advancement with greater experience and training. Vale's Voisey's Bay Mine/Mill operation in Northern Labrador, for example, has been particularly successful in hiring Indigenous workers. In 2016, 55 per cent of the total work force were Inuit or Innu with 90 per cent of these workers coming from adjacent communities (Langlois 2016). The following examples illustrate some of the benefits that have been captured through investment in mining services by subsidiary companies of NGC and QC.

Torngait Services Inc. (TSI) is a majority (51 per cent) NGC-owned company with ATCO Structures and Logistics (49 per cent) its partner. The company has been site services provider at the Voisey's Bay nickel mine since production commenced there in 2005. TSI's employees perform numerous operational functions, including:

- road maintenance, including road grading, snow clearing, and dust control;

- loading and off-loading planes and vessels;
- ore and fuel haulage;
- freight delivery;
- managing water and sewer services;
- transporting staff; and
- general labour.

At the end of 2020, TSI had 212 employees on site at the Vale project, a 20-percent increase during the year. Those numbers are expected to grow in 2021 as Vale requests additional skilled employees to support the development of the underground mine. TSI is committed to increasing the percentage of Nunatsiavut Beneficiaries employed at the site (37% at the end of December 2020) through a dedicated training program.

Vale estimates that the underground mine will operate for at least 15 years. This will provide new employment opportunities for Nunatsiavut Beneficiaries. TSI is working to ensure that Beneficiaries have the chance to fill as many positions as possible in the underground mine. The company promotes education and trades skills development to secondary school students through its annual scholarship awards program and has developed a Job Readiness Training Program to expose Beneficiaries to employment opportunities at Vale¹. For existing employees, TSI has a program that allows Beneficiary employees to receive training that will increase their skill sets. For example, labourers have been trained and approved to work on equipment such as backhoes, trucks, and excavators. Some have filled higher skilled positions during backfill for permanent employees.

In 2019 and 2020, NGC focused on developing additional partnerships to take advantage of Vale's Underground Mine Expansion program at Voisey's Bay. These partnerships provide further employment opportunities for Nunatsiavut Beneficiaries, generate revenue for NGC, and are overseen by boards where NGC has representation.

Timmiak Construction Limited is a partnership between NGC (51 per cent) and Bird Heavy Civil Limited (49 per cent). Its focus is on heavy civil construction projects.

Timmiak, and its predecessor, Nillik Construction Ltd., have successfully completed several contracts and subcontracts at Voisey's Bay. In July 2020, Timmiak completed a subcontract at the Vale underground mine site to place concrete, formwork, and rebar for integral components for the tops of five mineshafts. Although the work was interrupted in mid-March when Vale closed the site due to the impact of COVID-19, work on the project resumed in June.

During peak construction in 2020, 44% of Timmiak's craft employees - people who support construction trades - were Indigenous and Labradorian.

¹ Due to the Voisey's Bay 4-month project close down because of the COVID-19 pandemic and its subsequent gradual resumption, implementation of JRTP will be delayed until 2021.

The newest partnerships are Innu-Inuit Envest LP (II Envest) and Innu Inuit Faroco LP (II Faroco). II Envest was established in 2020 to structure, develop, finance, build, own, operate, and maintain a wind generation microgrid system to displace diesel generation capacity at the Vale mine site. Experience with this system may allow its use in other situations where diesel generation is currently the only option. II Faroco was formed in early 2021 to pursue diamond-drilling opportunities at the underground mine.

Other Vale partnerships include:

- Innu-Inuit Redpath LP (Underground Development and Infrastructure Construction);
- Innu-Inuit Toromont LP (Heat and Power Plants);
- ACI Labrador LP (Primary Heating and Ventilation System and Auxiliary Mine Fans);
- Innu-Inuit MacLean LP (Provision of mining equipment);
- Innu-Inuit PDI GP Inc. (Design, provision, maintenance of mine ventilation doors, control systems, and auxiliary equipment);
- Integrated Nunatsiavut Logistics (INL) (The company conducted 12 barge lifts to support the Vale Underground Mine Expansion in 2019; in 2020 INL was awarded a 2-year contract to continue this work.).

A mining services example in Nunavut is Qikiqtani Industry Limited (QIL), a multi-disciplinary company within the QC that provides varied services for the mining, environmental, government and construction sectors. Services include:

- housekeeping and catering for remote camp sites;
- snow clearing;
- courier services;
- professional moving services;
- employee recruitment and training services for major projects.

QIL also supports the QC and Group of Companies through the provision of skilled labourers, automotive and heavy equipment mechanic services and rented equipment for major projects. It has two main divisions:

- Logistics Division; and
- Employment and Training Division.

In 2018 QIL employed 334 persons at the Mary River Project site of whom 224 (67 per cent) were Inuit. In 2019 the total increased to 342, of whom 240 (70 per cent) were Inuit.

QIL continues to be the main service provider for catering and housekeeping services at the Mary River mine. 2019-2020 was the 14th consecutive year QIL has been contracted to provide camp services. The company operates in three Mary River campsites and serves close to 800 people daily, 365 days of the year. QIL employs 108 people who fill 54 positions at the

campsites on rotation. In 2019, all QIL employees on the Mary River site received Food Safe Training and Food Safe Certificates.

In 2019-2020, Baffinland, the Mary River Project operator, requested that QIL manage a small convenience store at the Port Camp, with all profits going to the Baffinland social committee. This created two new positions. QIL also secured a new contract with Baffinland for security services. This new contract created 15 full-time positions for 30 employees with five relief staff.

In the past, expectations for indigenous employment levels at mining operations in the North have often been overly optimistic. Voisey's Bay, with over 50 per cent indigenous employment in its initial open-pit phase, has had employment levels often twice those experienced at many other Northern operations, demonstrating that involving high numbers of indigenous workers is possible. With trends towards greater automation and use of digital technologies, skills requirements are changing and potentially further constraining indigenous employment opportunities because of a lack of education and training. Maintaining and increasing indigenous involvement in this sector is likely to continue to remain challenging but, given the likelihood of more resource exploration and development in the North and a shrinking labour supply in the South, opportunities for indigenous employment are likely to continue to grow.

6.4 Case Study – Investment in Clean/Renewable Energy Projects

In April 2015, with temperatures as low as -17C, Pangnirtung's (Nunavut) diesel generator caught fire. Residents were advised to gather in the school gym to stay warm. Rotating outages lasted for several days and hospital patients were evacuated to Iqaluit (CBC 2015).

The generator that caught fire was one of many outdated diesel generators in the territory. The Qulliq Energy Corporation, which supplies power to Nunavut's communities, has said that 13 of its 25 generators are beyond their expected lifespans and that their cash flow is insufficient to fund replacement of older power plants. The Corporation reported that it burned 55mil litres of diesel each year, at a cost of \$54m, to provide power to 38,000 people (Thomson 2019).

Figure 6.1 indicates the large number of communities in the North, and even the mid-North, that are diesel dependent. This situation has long been recognized as expensive, harmful to health, environmentally damaging and unsustainable, but it is only relatively recently that serious attempts to address the problem have been initiated.

CANADA'S DIESEL DEPENDENT COMMUNITIES

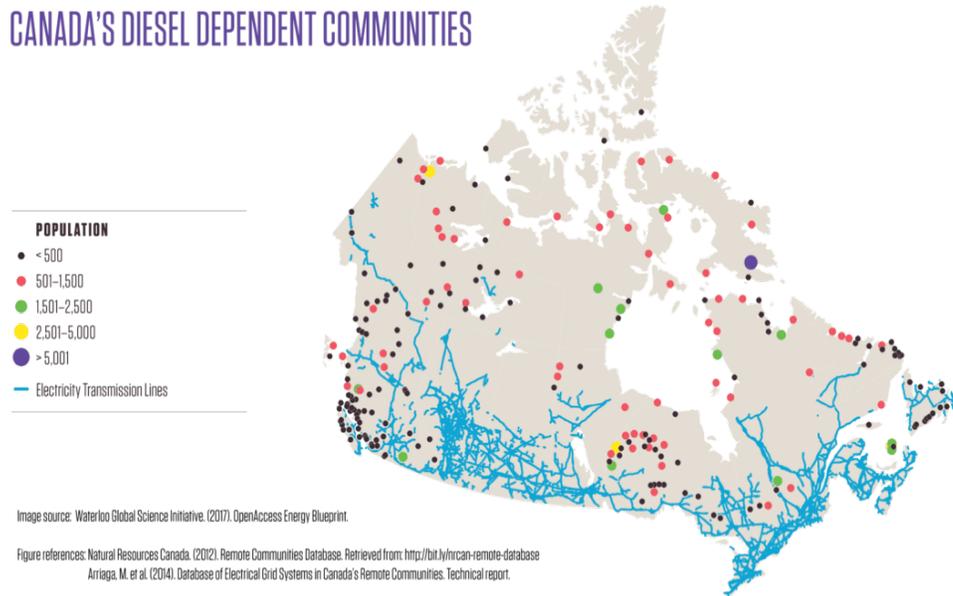


Figure 6.1 – Canada's Diesel Dependent Communities

6.4.1 Qikiqtaaluk Business Development Corporation, Nunavut

Qikiqtaaluk Business Development Corporation (QBDC), a wholly owned subsidiary of QC, was created to stimulate local and regional development opportunities. It works to build prosperous, more self-sufficient, communities by cultivating strategic partnerships to build essential infrastructure, advance new and innovative solutions, and to leverage third-party investments. This has included a number of clean energy initiatives.

QBDC has been assessing the wind regime in Sanikiluaq and the viability for wind energy since 2017. The Sanikiluaq project is a 1MW wind farm with battery energy storage designed to offset approximately 50 per cent of the community diesel-fuel usage for electricity. In 2019-2020 Natural Resources Canada (NRCan) awarded QBDC funding for project planning, with the understanding that should the planning and permitting processes be successful, funding will also be provided toward procurement and construction.

The Inuit Owned Land (IOL) Development in Iqaluit, a mixed commercial, retail, residential and industrial project, is currently progressing as a clean energy development. In addition to highly energy efficient buildings, the development will pursue energy independence through a smart microgrid, renewable energy installations, combined heat and power primary power stations, and energy storage technology. It is anticipated the system will be scalable with components added as the IOL is developed.

In August 2019, QBDC secured a contribution from NRCan to help fund a front-end engineering and design (FEED) study for a clean energy microgrid system to service the IOL development area. The objective of the study is to determine the optimal method of delivery for a clean, affordable and reliable clean energy power system. If the FEED study has positive results, further funding will be provided toward procurement and construction.

The importance of clean energy development in the region has also been emphasized by the creation of a new QBDC subsidiary, Nunavut Nukkiksautiit Corporation (NNC) in 2017-2018, whose mandate is to pursue clean energy developments in the Qikiktani Region (Qikiqtaaluk Corporation 2017-2020).

A current priority is territorial energy advocacy. Nunavut currently lacks formal programs that enable independent power producers to integrate larger-scale renewable energy systems into existing electrical distribution networks. NNC advocates for the development of independent power production policies and programs for Nunavut that will ensure that benefits to Inuit and local communities are maximized while compensating independent power producers based on the true avoided cost of diesel in Nunavut.

NNC continues to work with QBDC on developing a regional-community ownership model to own and operate clean energy projects across the region. With limited resources, Nunavut communities often do not have the administrative, technical, or financial capacity to independently lead large-scale renewable energy projects. A partnership with QC can help ease the financial and capacity burdens while still maintaining community ownership and leadership.

This partnership structure gives communities the opportunity to invest in and operate local renewable energy systems to create local jobs, and to ensure financial returns remain within the community.

NNC has also prepared and submitted Expressions of Interest to the Canadian Northern Economic Development Agency (CanNor) for funding to assess the solar energy potential and marine renewable energy potential across the Qikiktani Region. Both were received positively and NNC was asked to submit full proposals, which are currently under review by CanNor (Qikiqtaaluk Corporation 2020).

6.4.2 Tarquti Energy Corporation, Nunavik

Clean energy projects are also the subject of attention in Nunavik. Currently all of the electricity produced in the Nunavik region is from diesel generators and Quebec's new 2030 Energy Policy has set a goal of 40 per cent reduction in the burning of fossil fuels by 2030.

Tarquti Energy Corporation is a joint venture between la Fédération des Coopératives du Nouveau Québec (FCNQ), and Makivik Corporation that will allow Inuit to control the long-term development of renewable energy in Nunavik and ensure projects are environmentally sound and tailored to each community's needs. Its objectives include:

- favouring Inuit employment and promoting economic development in Nunavik by ensuring returns from activities in the region are invested in Nunavik;
- ensuring landholding corporations and co-ops are involved in local projects by reserving participation opportunities for these organizations; and
- developing a knowledge base and Inuit expertise in the field of renewable energy.

The Corporation intends to focus on the following types of renewable energy projects:

- Local energy projects and other projects with the main objective being to supply energy to a community. These projects will be developed jointly with the community through a local corporation in which both the local landholding corporation and the local co-op will be invited to hold an equity position.
- Renewable energy projects in the Nunavik region, for example, at mining companies.
- Developing strategic alliances with companies selected for their expertise in renewable energy technologies.

Tarquti Energy Corporation will develop renewable energy projects that will contribute to Nunavik Inuit efforts to reduce Canada's greenhouse gas emissions announced as part of the Pan-Canadian Framework on Clean Growth and Climate Change in December 2016 (Canada 2017).

Clean energy initiatives are fundamental to the health and well-being of all residents of the North. With climate change and greenhouse gas emissions currently high priorities for the federal, provincial and territorial governments, greater attention to this issue can be expected in the coming years. While there has been a significant increase in federal funding for clean energy projects, northern regions will also be expected to contribute to their energy futures. Funds generated from other business sectors in the regions, including the offshore fishery, for investment in the energy sector can play an important contributory role.

6.5 Case Study – Individual and Community Support Through Financial Contributions

While economic development, primarily through investment in and creation of business opportunities, is the primary objective of Northern Coalition members, social development, explicitly or implicitly, is also an important element of their mandates. Some are realizing this through investment in businesses that have social objectives as their primary focus including, for example, the provision of housing, but much comes through financial support to individuals, communities and organizations for education, events, community infrastructure, programs and other activities designed to improve the health and well-being of residents.

The funding for these contributions may come directly from individual enterprises within the organization, such as their fishery subsidiaries, or from the parent organizations allocating part of the dividends they receive from their subsidiaries and funds from other sources.

Differences in the sources and the ways that Coalition members report these social contributions mean that organization-to-organization comparisons are not always possible or meaningful, but the following data from member sources are indicative of the contributions made:

6.5.1 Qikiqtaaluk Corporation

Community contributions by QC have totalled more than \$600,000 over the past four years (Table 6.1.)

Table 6.1 – Qikiqtaaluk Corporation Direct Community Contributions

	2016-2017	2017-2018	2018-2019	2019-2020
Community Contributions	\$102,223	\$127,500	\$293,000	\$84,000

Source: Qikiqtaaluk Corporation Annual Reports

In 2019-2020 contributions were directed as follows (Table 6.2):

Table 6.2 – Qikiqtaaluk Corporation Community Contributions 2019-2020

Contribution Type	Contribution
Community events, fundraisers, programs	\$32,400
Individual donations	\$10,330
Sports teams, sports events	\$41,175
Total	\$83,905

Source: Qikiqtaaluk Corporation Annual Report 2019-2020

Specific community projects may change from year to year, but in 2018-2019 they included:

- School breakfast program (\$16,000);
- Students on Ice (\$32,000 over three years) – Polar Education Foundation, educational expeditions;
- Scholarships (\$6,000 per year x 4) for Beneficiaries pursuing post-secondary education;
- City of Iqaluit Parades – float building, participation; and
- Event Sponsorship – trade shows, events, community games.

6.5.2 Makivik Corporation

Community contributions by Makivik from all sources over the past eight years have totalled more than \$31m (Table 6.3)

Table 6.3 – Makivik Corporation Community Contributions

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Community Contributions (\$million)	\$4.91	1.78	3.18	3.28	3.32	5.29	5.35	4.22

Source: Makivik 2016; Makivik 2018c; Makivik Corporation Annual Reports

While its community contributions come from a variety of sources, not only the fishery (see Table 4.2), in its submission to the federal government’s review of the Last In First Out (LIFO) policy respecting the shrimp fishery, Makivik Corporation offered the following:

Makivik’s contribution to communities from 2011-2015 was \$16,500,000. The multiplier effect of this reinvestment has enabled Makivik to vastly expand the benefits of the fishery in a wide variety of other economic development activities and assisted in the diversification of the regional economy. Community sewing centres, harvesting activities, the support of cultural and youth organizations, and other essential activities have benefited from the revenue from the fishery and help meet important social, cultural and economic goals (Makivik Corporation 2016).

6.5.3 Nunatsiavut Government Group of Companies

Table 6.4 indicates that NGC contributed in excess of \$1.4 million to communities in its region over the past four years. The major contribution is a snow crab quota that is allocated to the LICST. This quota is managed by the Nunatsiavut Government, which engages individual Beneficiary harvesters to carry out the fishery.

Table 6.4 – Nunatsiavut Group of Companies Community Contributions

	2017	2018	2019	2020
Community Contributions	\$ 350,000	\$ 350,000	\$ 400,000	\$325,000

Source: Nunatsiavut Government Group of Companies

The community contributions are made through NGC’s Corporate Social Responsibility program (CSR). CSR is built on six pillars:

- Stewarding a sensitive environment
- Protecting health and safety
- Supporting employment
- Supporting local economies through profitable operations
- Reflecting our Inuit culture

- Acting ethically and with transparency

NGC has developed a sponsorship and donations policy, which is also part of CSR. Assistance is provided based on four criteria:

- activities geared toward children and elders;
- programs that contribute to the preservation of Inuit culture;
- local committees that are focused on the overall well-being of communities in Nunatsiavut; and
- Earth-friendly causes.

Examples of contributions by NGC and its subsidiaries include the following:

- In 2019, NGC donated 20 boxes of frozen shrimp to the Max Winters Community Freezer, food bank, in Happy Valley-Goose Bay.
- For several years prior to 2018, NGC provided free firewood to families and people in need in Hopedale and Nain, two Nunatsiavut communities with minimal access to firewood. The program was supported by NGC, Nunatsiavut Construction Inc. (accessing and transporting the firewood to the dock at Goose Bay), and Nunatsiavut Marine Inc. (transporting the wood by ship and unloading). The cash equivalent contribution was \$40,000 annually.

The firewood supply became inaccessible after the 2017 season. In its place in 2018 NGC instituted a cash donation of \$40,000, which was divided among communities in Nunatsiavut. Some communities chose to use the money as part of their food assistance program, while others opted to purchase firewood for those in need.

- NGC and several of the partnerships have developed scholarship programs for students pursuing post-secondary and training programs. These awards total \$18,500 annually:
 - PiKalujuak Fisheries \$5000 (four awards of \$1,250 each);
 - NGC \$5000 (four awards of \$1,250 each);
 - Torngait Services Inc. \$6000 (six awards of \$1,000 each);
 - Air Borealis \$1,000;
 - Bird Heavy Civil Construction (now Bird-Olson) \$1,500.
- In January 2019, NGC sponsored the Nunatsiavut visit of the first Inuk player in the NHL, Jordin Tootoo. Tootoo assisted with local hockey camps, spoke to school groups, and encouraged Inuit youth to follow their dreams.
- In spring 2020, Air Borealis transported materials to sewers in Nunatsiavut who created masks for members of their communities to wear during the COVID-19 pandemic.

- In September 2020, Air Borealis (and operator PAL Airlines) delivered 2,000 pounds of frozen meat and other products free-of-charge to the Nain Food Bank. The food was donated by Dominion Stores.
- Air Borealis has supported numerous sports groups and community organizations with air travel since the airline’s inception in June 2017.
- NGC supported a snowmobile team from Nain in the 3100 km Cain’s Quest with a \$1,000 donation.
- In December 2020, NGC donated \$54,500 to food banks and community freezers in Nunatsiavut and Upper Lake Melville.
- NGC donated 44 boxes of shrimp to the community freezer in Nain

6.5.4 Labrador Fishermen’s Union Shrimp Company Ltd. (LSC)

Beyond its economic development activities, the LSC also uses their royalties from the fishery to support a wide range of social and community-based activities. These include annual scholarships for students attending Memorial University and the Labrador Straits Academy and support for recreation, cultural events and charities. In 2017 and 2018, for example, the LSC donated \$20,000 in each year to the Canadian Cancer Society’s Daffodil Place in St. John’s to help cover accommodation and travel costs for those having to travel there for treatment (LSC 2014). Community contributions for 2016-2020 are indicated in Table 6.5.

**Table 6.5 – Labrador Fishermen’s Union Shrimp Company Limited
Community Contributions 2016-2020 (\$)**

	2016	2017	2018	2019	2020
Community events, fundraisers, programs	28,524	47,721	46,536	79,041	32,919
Individual donations	3,316	5,950	5,260	8,627	4,500
Sports teams, events	4,050	4,000	4,550	7,037	
Total	35,891	57,671	56,346	94,705	37,419

6.5.5 Torngat Fish Producers Co-operative Society Limited

Torngat Fish Co-op uses royalties from the fishery to support community-based activities both on a regular basis and upon request. For example, for ten years through the 1990s the Co-op contributed \$25,000+ per year to assist individuals in communities with low employment levels through make-work projects. It has also donated to Christmas hamper programs in the five communities in their region, in amounts ranging from \$20,000 to the current \$5,000 per year. Each year the Co-op also donates product to a number of seasonal festivals. More recently the

company has sponsored Healthy Teens magazine for distribution in schools (\$1,500 per year) and children's colouring books for community clinics and the hospital in Happy Valley-Goose Bay (\$1,200 per year).

6.5.6 Support for Traditional Culture

Not all community contributions are to local communities or organizations. The Arctic Inspiration Prize rewards multi-disciplinary teams that make concrete contributions for the benefit of the Canadian Arctic, its peoples, and Canada as a whole. Makivik Corporation, Qikiqtaaluk Corporation and the Nunatsiavut Government Group of Companies each provide financial support for the Prize.

In 2017 the prize, worth \$500,000 was won by the Unaaq Men's Association of Inukjuak in Nunavik and used to strengthen the group's mission and pursue its mandate to help young men through support of traditional culture. The Association began as a small group of men trying to help deal with issues that some young men were facing alone. It is now an established program, providing a range of programs for young men 18-35, offering instruction in and the practice of traditional skills. Programs include learning and practicing traditional hunting skills, producing and using traditional tools and equipment, learning survival skills for different seasons and learning traditional and modern navigation techniques.

Seasonal skills programs include:

- Winter: sea-ice conditions awareness; igloo building; and construction of a *umiaq* (small boat for seal hunting);
- Spring: goose hunting; ice fishing; and navigation and mapping;
- Summer: wilderness first aid; caribou hunting; and fish net making;
- Fall: carpentry skills, making Inuit traditional tools and equipment, hunting and butchering skills, and navigation and mapping skills.

Filming of the activities will provide a database of tool-making techniques and their usage and through a sharing of the data base the Association hopes that other communities in the North will form similar groups to recognize and deal with the challenges that young Inuit, male and female, are facing today (Makivik 2018).

7.0 Summary, Discussion and Recommendations

7.1 Summary

The members of the Northern Coalition all hold or have an interest in offshore shrimp licences, other shrimp, and Greenland halibut quota allocations. Some fish their licences and quotas themselves, others arrange for other companies to do this for them, from which they receive royalty payments. Net incomes generated from the fisheries are reinvested in the regions that the Coalition companies represent or within which they operate.

Depending on costs, operating conditions and prices, these fishing activities can generate a substantial amount of investment capital on an annual basis. Reinvestment of that capital in the region over the past forty years has resulted in significant economic and social benefits to individuals and communities. Coalition members have demonstrated that they have strong governance regimes with high levels of transparency and financial probity. Annual audits and reports demonstrate their performance, provide accountability and help to ensure that funds are used in accordance with the companies' mandates. These benefits for the public good would not be experienced if those profits were simply returned to individual company shareholders of privately-owned companies as dividends.

The economies within which the Coalition members operate are undeveloped compared with most of their southern counterparts, fragile and vulnerable by virtue of their dependence on a few sectors and constrained by host of factors associated with their location, climate, lack of infrastructure, colonial history and social conditions, among others. Economic and social development benefits from reinvestment offer opportunities for the regions themselves to address independently many of these factors. The fishery represents a long-term, sustainable resource with fewer environmental risks compared with many other types of resource development and has demonstrated the ability to generate substantial ongoing benefits over the years.

The benefits of reinvestment of fishery profits in new or established local businesses can include, but are not limited to:

- Generation of additional funds for reinvestment in the region and leverage of other capital;
- Ownership of businesses and infrastructure giving decision-making control, increasing self-reliance, self-determination and independence;
- Diversification of the economy which:
 - creates new revenue streams;
 - reduces dependence on a small number of sectors;
 - enhances the sustainability of all operations;
 - injects dynamism into the overall organization.
- Development of sectors that:
 - are essential to the functioning of that economy;

- add necessary infrastructure to the region;
- contribute to the social well-being of residents;
- promote environmental stewardship;
- reduce seasonality of operations;
- help sustain cultural values and traditions.
- Generation of employment, incomes and taxes (personal, corporate and municipal);
- Contributions to local workforce and management capacities through:
 - education;
 - training;
 - skills development;
 - experience;
 - advancement;
 - recruitment and retention.
- Encouragement of:
 - research;
 - development;
 - technology transfer.
- Building of partnerships and relationships to
 - leverage skills that may not currently exist;
 - gain experience in management and decision-making;
 - collaborate with others with similar interests.

The mandates of the Coalition members also explicitly or implicitly include a social development component. While this may in part be associated with business projects whose primary objectives are social development-related, the common approach is through a variety of funding mechanisms for:

- scholarships;
- community groups (e.g., elders, youth, women) or organizations (e.g., hunting and trapping; recreation);
- community programs (e.g., food banks; school breakfast programs; residential heating; family violence prevention);
- community infrastructure (e.g., recreation facilities);
- travel cost assistance;
- arts, crafts and traditional culture;
- community events and festivals.

Where the Coalition member is solely or primarily concerned with fisheries-related activities, the reinvestment effects of the offshore shrimp and Greenland halibut profits can be clearly seen. When those profits are paid as dividends to the parent organization and aggregated as part of general revenues prior to being reinvested, the specific role of the fishery in that process is less easily demonstrated. That said, and as discussed in Section 4.0, there can be little doubt that the reinvestment of capital from these fisheries has generated significant economic and social benefits within Canada's Arctic and North.

7.2 Discussion

In 2019, the federal government launched its Arctic and Northern Policy Framework (Canada 2019b). The document notes that there have been numerous Arctic strategies in the past, but that these have typically been strategies “for the North” rather than “with the North”, and none have closed the economic and social gaps for the people of the North or created a lasting legacy of sustainable development. The Policy Framework claims to be a “profound change of direction for the Government of Canada” and identifies a number of priorities and actions set out by the federal government and its partners. One of these is to create jobs, foster innovation and grow Arctic and northern economies (Goal 3) and one of the sectors in which growth is anticipated is the commercial fishery.

The objectives of this Goal include:

- increasing Indigenous participation in the economy;
- growing the northern and Arctic economy, to the benefit of Northerners and all Canadians;
- increasing retention of wealth in Canada's Arctic and North;
- providing the necessary supports to help businesses grow; and,
- building on a strong economic base and fostering economic diversification through innovation and partnerships (Canada 2019b).

Each of these is already either explicit or clearly implicit in the mandates and actions of Northern Coalition members which, for some 40 years, have prosecuted the fishery in their region and reinvested the profits generated to meet these and other goals. In this they have enjoyed considerable success and their efforts provide an example of a business investment ownership/partnership model that might be built upon for the future here and elsewhere in the Arctic and North.

The new Framework is intended to “put the future into the hands of the people who live there to realize the promise of the Arctic and the North”. How this will be achieved remains to be seen, but the next phase in the co-development process of the Framework will focus on implementation, investment strategies and governance through more integrated federal-territorial-provincial and Indigenous approaches to the challenges and opportunities presented in the region. This need not involve a reinventing of the wheel. Rather, it would seem more appropriate to examine, for example, what has been done over the past 40 years in the Eastern Arctic and Labrador coast region to learn from that experience and to consider how it can be further developed to try to ensure that, this time, an Arctic policy leads to some real results in terms of economic and social development.

In terms of the Arctic and northern fisheries, the federal government has the opportunity to restructure licence and allocation arrangements to allow Indigenous fishing operations to derive greater benefits from local resources than is currently the case. This is potentially contentious and may require some significant policy changes, but if the federal government is

serious about changing current inequalities with respect to access to those resources these are issues it will need to address, issues which have been long-standing concerns for the Northern Coalition and other fishery organizations in the region.

For many global fisheries, including Canada's, licence/quota holders pay access fees, but do not pay royalties to governments. In resource industries such as mining and oil and gas, resource development firms normally pay royalties based on the surplus revenue available. This is not the case in the fishery.

Similarly, there is nothing comparable to the benefits or similar types of agreements that are now standard requirements in the mining, oil and gas, and other sectors. Rather, the majority of the companies involved in the offshore shrimp and Greenland halibut fisheries serve only their shareholders, with profits shared through dividend payments. In contrast, Northern Coalition members pay no dividends to individuals, but serve their membership, Inuit Beneficiaries and the general population through reinvestment of fishery-generated profits in businesses and through distributions to the communities in their regions.

Historical practices of fishery licence and quota allocations now appear inequitable both in light of the growing demand by northern residents to be able to act on their own priorities and aspirations and the government's wish to advance reconciliation and renew Canada's relationship with Inuit and other Indigenous groups.

The Qikiqtani Inuit Association (Qikiqtani 2020), for example, argue that Inuit have not had the opportunity to fully participate in adjacent fisheries due to historic barriers to entry and limited quota expansions. In division 0B, for example, Nunavut holds only 40 per cent of the turbot allocation, and since 2004, Nunavut's share of its adjacent shrimp stocks has only increased from 31 per cent to 37 per cent. Compared to jurisdictions on Canada's East Coast, where fisheries resources held by interests in adjacent jurisdictions are roughly 88 per cent of total resources, Nunavut's share of adjacent stocks remains far less. Without action by Canada and license transfers to Inuit, Nunavut and other regions in the North will continue to remain underrepresented.

Restructuring the current system has its risks, including damaging working relationships between Coalition and non-Coalition companies that have developed over many years, but under current arrangements, there is no mechanism or process by which change can occur. Without an allocation process designed to "help to realize the promise of the Arctic and the North," the full potential of fishery resources as economic and social benefit generators seem unlikely to be realized.

7.3 Recommendations

The following recommendations relate to strategies for increasing Indigenous participation and access to adjacent fishery resources in the Eastern Arctic and on the Labrador coast in particular, but have applicability to much of the Arctic and the North generally. They are not

new, but to date remain either unimplemented or only partially so. Implementation will benefit fishery organizations throughout the region and for those with mandates comparable to the members of the Northern Coalition; offer the opportunity to develop a diversified Inuit economy, aligned with principles of adjacency and sustainable use; and provide the ability to participate in a variety of economic development opportunities in the fishery and other sectors.

To ensure maximum impact in any discussions with the federal government, regional organizations need to be able to speak with one voice. To that end:

- Consensus among Nunavut, Nunavik, Nunatsiavut and Southern Labrador fishing interests, particularly with respect to interregional allocation principles/policies, should be pursued; and,
- Indigenous groups in Eastern Arctic and Labrador need to collaborate with DFO and Indian and Northern Affairs Canada, toward development of a comprehensive fisheries management and development framework that will support economic and ecologically sustainable fisheries, executed by and for Northerners.

There has been increased recognition that resource development comes with a responsibility to ensure that benefits are shared between developers and those living in the regions where that development occurs. Benefits Agreements between developers and Indigenous groups or developers and provincial/territorial governments, for example, are now standard for mining, oil and gas (including offshore oil) and resource and major infrastructure projects. While there is nothing comparable for the Eastern Arctic or Labrador fisheries, the findings of this report demonstrate that the benefits of commercial fish allocations (Northern Shrimp and Greenland Halibut) have provided substantial contributions to meeting Canada's Arctic Policy objectives. Unfortunately, there is currently no process by which these benefits are monitored or recognised and no mechanism by which that information is incorporated into allocation decisions.

- The contribution of Canadian offshore fishery activities to Canada's Arctic policy objectives should be recognized and incorporated in future resource allocation decisions.

Indigenous and Northern groups in the Eastern Arctic and Labrador (including Northern Coalition members) collectively hold an estimated 60 per cent and 70 per cent respectively of adjacent Shrimp and Greenland halibut allocations. In 2017, these resources generated an estimated revenue stream of roughly \$75 million. Full access to these adjacent resources would generate annual revenues for Northerners to almost \$120 million, based on 2017 quotas/markets. At present, there are no resource allocation policies or financial pathways that would enable increased access by Northerners to adjacent marine resources. To help realize this and with respect to future access and allocation policies:

- In keeping with the Government of Canada’s Arctic Policy objectives of self-reliance and reconciliation for Northerners, increased access to adjacent marine resources should be considered as a mechanism to foster pursuit of social and economic benefits in the Eastern Arctic and Labrador regions;
- Consistent with fisheries allocations throughout Canada, DFO’s Access and Allocation policies should ensure that commercial fisheries opportunities in the Eastern Arctic and Labrador are for the primary benefit of adjacent Northern and Indigenous groups;
- Recognizing the limited resource growth opportunities over the short- to medium-term and the decline in Northern Shrimp quotas, access for Northerners to adjacent licences and quotas could be increased by allocation policies such as:
 - Differential Quota Adjustments – Establishment and/or adjustment to quota levels, should be for the benefit of Northern licence/quota holders; and,
 - Implementation of a Right of First Refusal requirement for all Eastern Arctic/Labrador quotas/licences, in favour of Northern/Indigenous community-based interests.²

A lack of information about fishery resources in the North and the ongoing impact of climate change require more research. For example, while groundfish recovery is uncertain over the short- to medium-term, there is increasing evidence of groundfish (e.g. cod and redfish) availability in Northern waters, but more needs to be known about the opportunities that this represents.

Members of the Northern Coalition are already undertaking research that will help determine new opportunities, but:

- Further collaboration between Arctic and Northern fishery organizations and DFO and additional federal funding for fisheries research will contribute to the future growth, development and sustainability of the fishery in the region.

Implicit in this is that:

- Priority access to adjacent emerging or rebuilding fisheries should be granted to Indigenous and Northern groups in the Eastern Arctic and Labrador as opportunities arise.

² The sale of Clearwater Seafoods to Premium Brands and a coalition of Mi’kmaq First Nations in 2020 is a case in point. There was no “right of first refusal” that would have allowed holders of licences or quotas adjacent to the fishing areas in question first opportunity to bid for the company, nor do members of the Northern Coalition have access to funding instruments such as the First Nations Finance Authority that could have assisted such a purchase.

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