



2013-2014

Annual Report and Verification Reports for commercial fisheries allocations



TURBOT	0A	550 MT
TURBOT	0B	450 MT
SHRIMP SFA 2 (bor.)		250 MT

Prepared for:

Nunavut Wildlife Management Board

July 2014



I. Executive Summary - Public

1. CONTEXT

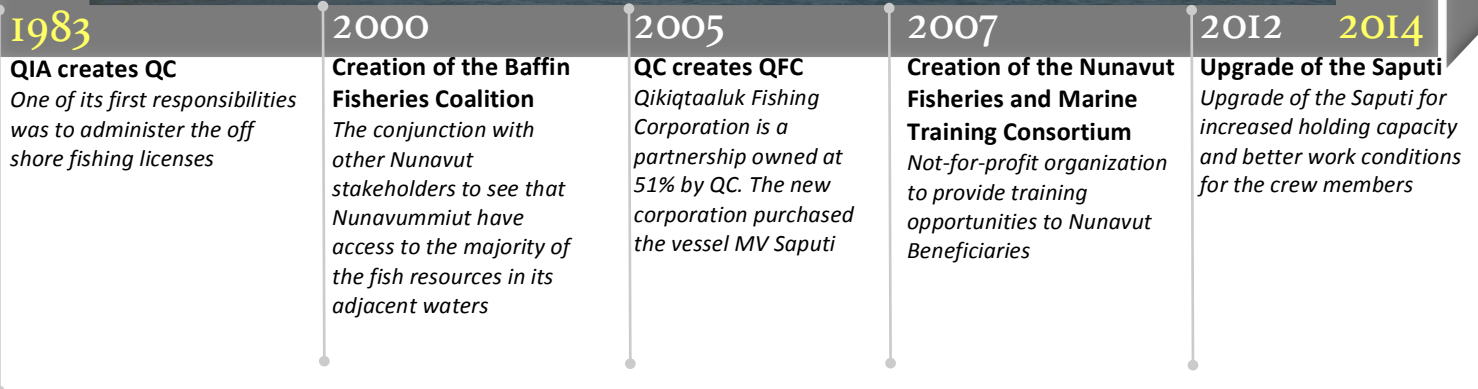
As holder of commercial fisheries allocations and in response to the *Nunavut Wildlife Management Board* (NWMB) call for Annual Reporting, **Qikiqtaaluk Corporation (QC)**, the **Inuit Birthright Development Corporation that is 100% owned by the Qikiqtani Inuit Association (QIA)**, is pleased to present its Annual Report.

In the following pages, QC will highlight its history in the fishing industry, achievements for 2013-2014 regarding corporate and operational goals as well as QC's commitments for the future. QC will also present its harvesting results for turbot and shrimp quota allocations, 100% harvested; and the success achieved at leasing additional quota allocations from other Nunavut licence holders. This win-win situation assists the other Nunavut licence holders to harvest their excess quota allocations while QC, through Qikiqtaaluk Fisheries Corporation (QFC) achieves results that are closer to its maximum harvesting capacity.

2. QC - BUILDING THE NUNAVUT FISHING INDUSTRY SINCE 1983

Qikiqtaaluk Corporation (QC) has been involved in the fisheries industry since 1983 when the Qikiqtani Inuit Association (formerly the Baffin Region Inuit Association) formed QC to undertake for profit activities on behalf of the Inuit of the region. More than 30 years later, QC is still fulfilling that role, providing direct employment and financial opportunities for Inuit within and outside the Qikiqtani Region.

The Timeline below presents an overview of QC's role in the history of the Nunavut Fishing Industry.





Over the years, QC and QFC – QC’s majority-owned fishing company – have built stronger Inuit capacity in the fisheries industry bringing significant benefits to individual Nunavummiut and the fisheries industry; it also leverages a portion of the revenue contributing to several other economic sectors in Nunavut.

NOTABLE FACTS

1.	<i>QC and QFC are both self-sustaining companies based in Iqaluit.</i>
2.	<i>The vessel, the MV Saputi, is registered in Nunavut.</i>
3.	<i>QC is able to provide significant leverage in other economic sectors from earnings attributed to fisheries.</i>
4.	<i>QC’s involvement in the fishery industry does not draw on public money either directly or indirectly through the shareholder unlike other Nunavut operators.</i>
5.	<i>Royalty and profit income along with crew earnings are the most important direct benefits for Nunavut and Nunavummiut.</i>

QC is the **only regional development corporation that is able to stand alone without financial contributions** from its Regional Inuit Organization. The profits of QC activity in fisheries generate wealth and employment for the Inuit of the region. In addition to the direct investment in fisheries, these profits support or provide:

- Annual dividends to QIA for community Initiatives programs*
- Environmental clean-up programs providing training and hundreds of jobs to Beneficiaries*
- Investment in real estate development and management in Nunavut; going from one person office in leased space to owning over \$100,000,000 in property across all of its companies. QC has the only fully BOMA certified Inuit Real Estate Director in Nunavut.*
- Ability to participate in other resource development, most notably the Baffinland Iron Mines; where the skills learned on the clean-up projects are now being applied to camp services. Employees are hired from numerous communities*
- Infrastructure development, including marine infrastructure such as*
 - The floating dock in Pangnirtung,*
 - A feasibility study for the dock in Qikiqtarjuaq,*
 - The bridge built in the Clyde River area,*
 - Preliminary development of a deep-water port facility in Rankin Inlet*
- Lead in the development Inuit Owned Lands as commercial ventures*
- Research and development of affordable housing initiatives and clean energy projects*
- Provision of the first job a student has, where they learn what it is like to be in the work force*
- Distribution of a minimum of \$50,000 a year to youth, cultural and community programs across the region*
- A record of 83% Inuit employment over all of its companies and in every type of position from labourer to President and CEO*

And it accomplishes all this by upholding Inuit values and focusing on capacity building at the core of its decision making.

Participation in the fisheries industry is the platform from which these results have been achieved and with any growth in quotas, QC will be capable of achieving much more.

3. 2013-2014 ACHIEVEMENTS

a. Harvesting

In 2013/2014, QC with QFC once again fully harvested its quota allocation for turbot and shrimp in NAFO 0A-0B and SFA 2 – 1,250MT.

In total, including quota transfers, QFC harvested 2,019.564 MT of turbot and 5,614.122 MT of shrimp for a total of 7,633.686 MT.

From this 7,633.686 MT, around 16% represented QC's annual quota allocation. The remaining 84%, over 6,300MT, was only possible through quota transfers. QC has a relatively low quota allocation in comparison to other Nunavut fishing companies, so QFC has to work with the other Licence Holders in fishing their quota allocations in order to reach the fullest capacity of the MV Saputi.

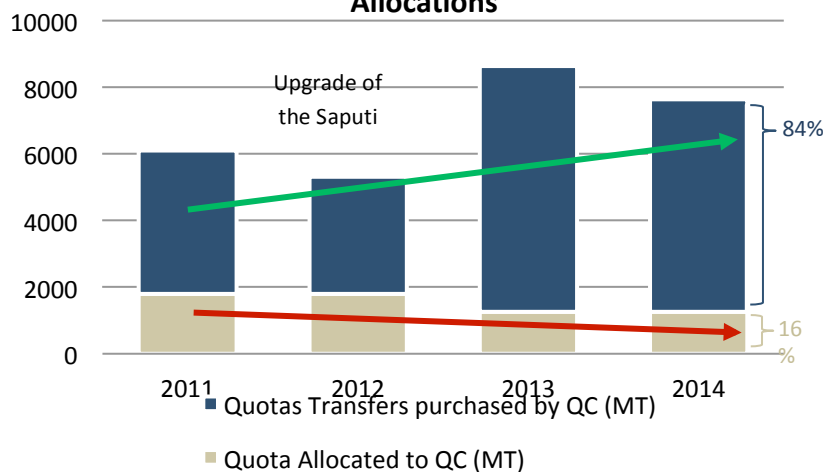
QC along with QFC continues to increase the Nunavut Brand recognition factor for turbot and shrimp in major international markets for seafood. As well, QFC paid significant royalties to QC and other Inuit quota holders.

b. Employment

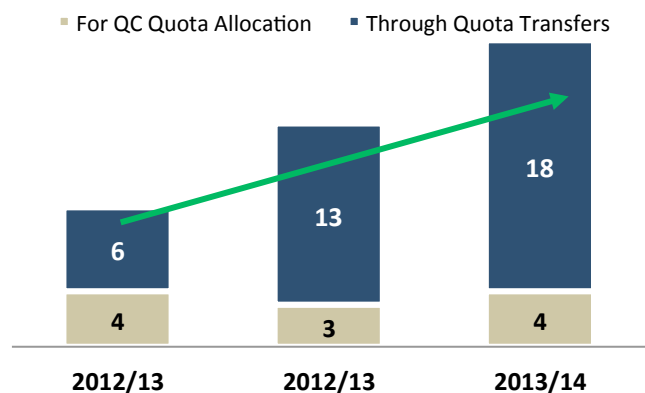
This year, QFC has once again increased its Inuit employment and retention. QFC secured **22** Beneficiaries for the vessel's operations, 6 more than last year. This is the equivalent of **62** Inuit crew member rotations in 2013/2014 or approximately **45.58%** of the factory crew and **19.47%** of the overall crew.

QFC paid approximately **\$162K** in Inuit salaries in relation to its own quota allocations and over **\$830K** in additional salaries related to quota transfers.

QC/QFC Harvest Performance vs. Quota Allocations



Inuit Employment vs Quota Allocation





c. Training

QC continued its long-term formal affiliation with the Nunavut Fisheries and Marine Training Consortium, contributing \$42,504 during the 2013/2014 fiscal year. QFC Inuit crew members completed 17 courses in 2013/2014.

d. Research and Development

In 2013/2014, QC had four major projects in research and development. Most of them were completed during the year. All these projects have the goal to improve the quality of our products (shrimp and turbot), lower our maintenance costs and in some cases, improve our environmental footprint. The overall investment for these projects amounted to \$255,000.

1.	Salt usage for increased production on cookers <i>System implemented</i>
2.	New design of cookers <i>System implemented</i>
3.	Liquid ice cooling system on the MV Saputi <i>System tested; quote from supplier is being evaluated</i>
4.	New streamline trawl for turbot <i>Tested; considered for implementation later on</i>

In addition, QC has also contributed to projects totalling \$406,000 for multiple studies and surveys carried-out by Fishing Foundations or Governmental Agencies in 2013/2014, as follows:

<i>Three Years Porcupine Crab Project carried out by NOAHA</i>	<i>\$53,971.00</i>
<i>Support for a Multi-Species Surveys carried out by DFO</i>	<i>\$175,000.00</i>
<i>Special Needs Assessment – Science Quota carried by the DFO</i>	<i>\$29,412.00</i>
<i>The Northern Shrimp Research Foundation</i>	<i>\$75,000.00</i>
<i>The Northern Shrimp Research Foundation for various research projects</i>	<i>\$73,530.00</i>
TOTAL	\$406,913.00

e. Investment Benefits

i. Fishing Industry

In addition to working on research and development, QC also contributed an additional \$129,235 to promote Nunavut products worldwide. Increasing our market share provides QFC the opportunity to offer better salaries and working conditions to Nunavummiut.



In 2013/2014, QC has worked toward developing markets in Russia and China, which resulted in increased interest for these products and an increase in sales.

ii. Nunavut Economy

QC’s mission is to facilitate the growth of the Nunavut economy for the benefit of all Nunavummiut but more specifically to generate wealth for Inuit in the region. Each year, QC moves forward in achieving this goal. The recent down turn in the economy did not devastate the Corporation because of the cushion provided by the diversification in investment. The following projects are example of QC’s accomplishments in 2013-2014.

1.	Cape Dyer <i>Environmental Remediation Project (over 70% Inuit employment and \$3,879,175.29 paid in salaries to Beneficiaries)</i>
2.	Mary River Project <i>Camp Services (70% Inuit employment)</i>
3.	Nunavut Media Arts Centre (NMAC), Iqaluit <i>Construction of the NMAC is currently on-going in Iqaluit</i>
4.	Industrial Warehouse, Iqaluit <i>QC invested and purchased a warehouse facility in Iqaluit for \$1.2M.</i>
5.	Scholarship Program for post-secondary studies <i>QC approved a \$30,000 scholarship program for Inuit students in finance, business, environmental services, IT, etc.</i>

f. Governance and Stewardship

QC maintains openness, transparency and accountability in all its operations. With 12 consecutive years of profitable growth, QC continues to create meaningful economic, employment and career development opportunities for Inuit.

QC’s goal in the stewardship plan is to maintain full compliance with all the requirements of the industry including those of the NWMB’s and to aim for new higher standards. As an example, MV Saputi was the first vessel in Atlantic Canada to adopt the United Nations **“Montreal Protocol on Substances that Deplete the Ozone Layer”**. Once again, the companies have attained their goal to keep QC and QFC in compliance with all the requirements of responsible stewardship.

4. FUTURE COMMITMENTS

The QC vision for the future is to increase its turbot and shrimp quota in order to maximise the capacity of its vessel, the MV Saputi and /or to find new products. An increase in quotas would lead to more job opportunities and economic benefits for all the Nunavummiut. QC wants to continue working with the NFMTC to further the Nunavummiut employment, training, and retention rates.

With respect to research, development and overall investment, QC is looking to implement the new solutions for marine equipment studied in the recent years and continue to bring contributions to the fishing industry and indirectly to the overall economy of Nunavut. Participation in the fisheries industry is the platform from which current and future success achieved and with any growth in quotas, QC will be capable of achieving even more.