

LEGISLATIVE ASSEMBLY OF THE  
NORTHWEST TERRITORIES  
7<sup>TH</sup> COUNCIL, 45<sup>TH</sup> SESSION

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ARTS AND CRAFTS POLICY SESSIONAL PAPERGENERAL

The Territorial Government Arts and Crafts program, as implemented by the Department of Industry and Development, suffers from being an amalgam of two or three conflicting policies. Each of these was designed to cater to a specific condition that existed at a time, or in an area, but in the event has been applied to the Northwest Territories generally. This program has been the subject of considerable criticism in the past and it is now proposed to obtain Council approval for a policy that is practical and can be followed within the Territorial Government objectives. It is then proposed to apply this policy to existing and future arts and crafts programs. It is conceivable that, in its application, some settlements may be deprived of a source of income which they have had for some years but, through loss of the Government subsidization, can no longer be continued. In such cases, it is incumbent upon the Government, wherever possible, to replace these projects with ones that conform to the approved policy.

BACKGROUND

An examination of the types of projects that existed prior to the arrival of the Territorial Government in Yellowknife reveals that there were two basic types. The first was part of a program conducted by the Welfare Division, Department of Indian Affairs and Northern Development, and was very much oriented towards providing money to the indigenous people through some more rewarding means than welfare cheques. The projects were labour-oriented and were not designed to achieve viability as such.

The second type, or family, of projects appears to have been aimed at supplementing, or replacing, non-renewable resource industries. Again, the intention was to get

money into the hands of the indigenous people, who, through no fault of their own, had been deprived of an income.

Neither of these two types of projects had any time limits prescribed for them, but were pursued with varying degrees of success under varying conditions and gradually spread over the entire Arctic. In fact, in many cases the projects were nothing but thinly disguised welfare contributions to the community.

With the arrival of the Territorial Government, the existing Arts and Crafts program was assigned to the Department of Industry and Development and placed under the control of the Industrial Development Division.

The aim of the Industrial Development Division is to promote the development of viable industries in the interests of the Northwest Territories residents. To date experience has shown that the greater proportion of assistance required by aspiring white businessmen is general advice on the location to be selected, labour available, market research, financing and assistance in obtaining property. Generally they require little assistance in their managerial role as they will have acquired the required business experience in Southern Canada.

The lack of experienced management-level personnel amongst the indigenous population makes it difficult to place them in management positions in sufficient numbers to maintain a satisfactory ratio to the non-indigenous population. The Junior Office Management - Training program, instituted by the Department of Industry and Development is the first step in training indigenous people to assume more responsible positions and to move into the management and executive field. It is proposed to employ persons who have passed through this program in small businesses in the Territories. One field which particularly favours the employment of these graduates is the Arts and Crafts industry, as it is in this field that

they may make a most valuable contribution in helping to preserve their native culture. It is here also that the financial implications of each individual project are of the right magnitude for new entrants into the business world. For these reasons, it is proposed that when an Arts and Crafts project is to be established by the Government, only the indigenous people will be given consideration and that no projects will be established which are not of direct benefit to them.

In pursuing its program, the Industrial Development Division proposes to use the following procedures in establishing the Arts and Crafts Industry. First, should an opportunity exist, in which the people have expressed an interest, the Industrial Development Officer will consult with the Settlement Council in an endeavour to select either a local organization or individual who might be interested, and who would be willing and capable of carrying out the functions prescribed in establishing and operating a viable enterprise. The Settlement Council will make the proposed manager aware of the opportunity. The Industrial Development Officer will assist and advise him to the best of his ability in setting up the facilities required. Should the proposed organization or individual not have sufficient capital to become established in the desired location, the Industrial Development Division will assist in obtaining financing from one of the various Government sponsored loans, that it administers. In cases where management assistance is required, the Government is prepared to provide the necessary support. As the management ability of the local people is developed, Government participation will be decreased until the operation is completely independent.

Only if there is a need for revenue in a community and there is no suitable organization or individual available, will the Government consider establishing what has become known as a Government project. Prior to adopting an enterprise as a Government project, a detailed economic study will be

carried out to establish the benefits to be derived to the community through the establishment of this industry, the financial implications, whether or not the project has the possibility of becoming viable within five years and whether or not it is likely that someone can be trained to assume complete responsibility for this project within the prescribed five years. The Settlement Council will be participants in the decision-making process at every step and will be kept fully informed on the financial and social implications.

Assuming for the purposes of this paper that the project will meet the above criteria and has been accepted as a Government project, the following procedure will be adopted. Funds will be allocated from both the Capital and O & M components of the Territorial budget. If the Arts and Crafts project is to be of sufficient magnitude to warrant the hiring of a full time Project Officer, a suitable one will be employed. Here it is hoped to introduce some of the graduates of the Junior Office Management Training Program. If the project will not be sufficiently large to warrant this action, the responsible Area Industrial Development Officer will be charged with its organization. Under the direct supervision of the Area Industrial Development Officer the project will be operated for a period of up to five years. During this time the potential owners and operators will be trained in all the various aspects of the project. When it becomes firmly established that the project is operating on an economically viable base and that the local people involved in the project are willing and ready to assume responsibility for its operation, the Government will turn over complete responsibility to them individually or collectively through some local organization, such as a co-operative.

It must be emphasized that at all times projects

are undertaken by the Government with only one aim in mind - eventual turnover to the local residents of a financially viable project in which they have expressed an interest.

These are the principles on which it is proposed to base the Arts and Crafts industry and there will be no problem fitting future programs into these parameters.

On examination it will be found that many projects, which were in operation at the inception of the Territorial Government, do not conform to the principles outlined, as they were designed for a different purpose. They were not intended to become viable industries nor will they ever reach this status.

In some cases, there is no alternate endeavour that might benefit the communities concerned and it is proposed to continue the projects recognizing them as Government subsidies.

In certain cases it may be possible to replace existing projects with others which may provide greater returns to the communities. Decisions as to which projects are in the best interests of each of the communities must be made through consultation but can only be taken in the light of each set of circumstances. In making changes, both the Territorial Government and the Community Council, who will be involved in these decisions, should be prepared for the criticisms likely to be levied against them by those who may lose their means of livelihood through alterations to the program.

In response to a request by Council at their 44th Session for information concerning the financial implications of projects conducted by the Industrial Development Division, Department of Industry and Development the following are provided:

- a. Appendix A, a report in tabular form, on Arts and Crafts projects.
- b. Appendix B, a report on projects other than Arts and Crafts projects.

#### MARKETING OF PRODUCE

In the early days, when the craftsman prepared his wares, it was either against a fortuitous event that some passer-by might be interested in purchasing them or for the

necessities of life when he took his item for barter to the Hudson Bay Company or other establishment. In any case the number of sales was limited completely by local circumstances. Over a period of time some settlements developed special contacts in the south who placed orders with them for their arts and crafts produce. The lack of a marketing system led to inequities and did not promote trade evenly. Those settlements which were located remote from tourist traffic suffered, while others reaped all the benefits. All bargaining was done on a personal basis and as a result, there was no guarantee that the tradesman received a reasonable payment for his efforts.

It was in this climate that the Department of Indian Affairs and Northern Development established Canadian Arctic Producers in 1965 to provide a marketing service for northern producers. It was obvious that to ensure that the people of the Northwest Territories were provided a just opportunity to improve their economic status a sound marketing policy was required. The policy evolved by the Territorial Government was based on the following principles:

- a. The maximum possible return was to be obtained for the indigenous producers and to northern retail stores, within the limits set by the buying public's willingness to pay.
- b. The northern producers would eventually control and own the marketing system which was set up to sell their produce.

On the setting up of the Government of the Northwest Territories an undertaking was given that the new marketing agency would be supported and that Canadian Arctic Producers would have the right of first refusal on all goods produced by Government projects for sale south of the sixtieth parallel. Co-operative enterprises were encouraged to follow suit. This pledge by the Government was given as it was considered that some such organization was required to market northern produce and no other more logical alternative existed.

Canadian Arctic Producers accepted all goods on consignment, charging 10% for their services. Under this

system the producers did not receive payment until the goods were sold and the money collected. In many instances this took several months. Because of this delay, many co-operatives were precluded from producing on a steady basis due to lack of capital. It was impossible for Canadian Arctic Producers to operate on any other basis than this time-consuming method because they, too, lacked capital.

In an effort to overcome the problems described, the Department of Indian Affairs and Northern Development took action in 1969 to provide Canadian Arctic Producers with working capital so that the producers would receive payments for their products within thirty days of receipt of the articles in Ottawa. In addition, an arrangement was made so that the profits from Canadian Arctic Producers' sales might be invested, on behalf of the northern producers, in shares of the company and thus they would acquire control of its operation progressively and ultimately own the organization. To ensure that the interests of the northern producers were considered in reaching decisions the present Board of Directors of Canadian Arctic Producers is composed of a total of ten Directors of whom four have been appointed from the Northwest Territories. At the time of the capitalization in 1969, the Territorial Government re-confirmed its pledge of support.

Under the current system, Canadian Arctic Producers purchases most items from northern producers and pays for them within thirty days of receipt. The normal procedure is for Canadian Arctic Producers to place orders with co-operatives, or with the Territorial Government for Government projects, and a price is agreed upon for delivery of the items to Canadian Arctic Producers. Canadian Arctic Producers is responsible to pay shipping charges. The case of Eskimo carvings is a little more difficult as it takes considerable experience to be able to establish the current selling price for a carving. Carvings are received in Canadian Arctic Producers and are valued at that time. The producer, co-operative or Government project is recompensed on this basis. Prints are sold on consignment for a 20% commission on the wholesale selling price.



Canadian Arctic Producers has, up to the present, operated two retail outlets in the North, one in Frobisher Bay and one at Fort Churchill. The decision has recently been taken by the Canadian Arctic Producers' Board of Directors that they will leave the opportunity of marketing northern goods in the North, to northern retailers and Canadian Arctic Producers will cease its retail operations there in the near future.

It is considered that Canadian Arctic Producers provides an essential service through its exclusive handling of top quality northern goods and best ensures that the optimum market price is realized. They have the ability to ensure the greatest possible exposure for northern goods and a large part of their time is spent in arranging exhibitions through museums and other outlets. They have now built up a sales organization and have established contacts with top quality retailers.

It is the opinion of the Government that any action that may be taken to promote or accelerate the turnover of Canadian Arctic Producers to the producers is in their interests. It follows, therefore, that it is in their interest to ensure that the Canadian Arctic Producers' facilities should be used to the maximum to increase the profits that will be returned to the producers in shares. Any tendency to deal directly with southern retailers should be resisted as it will work to the detriment of the northern arts and crafts industry as a whole. Any action by individual co-operatives to deal with southern retailers independently produces the result that the northern co-operatives are competing with themselves. They have an assured market with Canadian Arctic Producers and it is through Canadian Arctic Producers that the greatest results and benefits will be rendered to northern producers. Because of the foregoing the Department of Industry and Development proposes to follow a marketing policy which will promote the concept that all sales south of 60 should be made through the facilities of Canadian Arctic Producers.

In the North, Government projects will sell on a wholesale basis to recognized retailers and to specified members of the Government for official purposes. All other sales in the North will be made on a retail basis.

A pricing structure for the marketing of goods has been designed to ensure the maximum possible return to the indigenous producers and to northern retail outlets, within the limits set by the buying public's willingness to pay. It is also expected to ensure that visitors and northern residents are provided an opportunity to acquire arts and crafts products on a price substantially lower than that charged by retail outlets in southern Canada. Since the bulk of the market and the continuing requirements will be in the South, the pricing structure has been designed to guarantee adequate supplies of Northwest Territories' arts and crafts to Canadian Arctic Producers for southern distribution, both to ensure continuation of the dealer and collector interest and the overall price structure for all our arts and crafts products. It will also ensure the healthy growth of Canadian Arctic Producers during the process of its transfer to the producers. It will be designed to make bulk purchasing by southern retailers direct from northern producers generally uneconomical as opposed to dealing through Canadian Arctic Producers. The resultant structure is as follows:

- a. Northern Wholesale Price - to recognized northern retailers, to Canadian Arctic Producers, and for official Government purchases.
  - Carvings and high quality tapestries (cloth)  
Purchase price from Artist +50%
  - Regular quality tapestries, artifacts and wall hangings  
Prime Cost (Labour and Materials) + 33 1/3%
  - Fur Garments, tapestries and mukluks  
Prime Cost (Labour and Materials) + 20%
  - Fur Souvenir Items (volume produced)  
Prime Cost (Labour and Materials) + 15%

- Cloth Garments and Footwear  
Prime Cost (Labour and Materials) +20%
- Cloth Souvenir Items (volume produced)  
Prime Cost (Labour and Materials ) +15%
- Indian Handicrafts - all items  
Prime Cost (Labour and Materials) +15%
- b. Northern Retail Price - to be used for all sales not included in a. above.
  - Carvings and high quality tapestries (cloth)  
Northern wholesale price + 80%
  - Regular quality tapestries, artifacts and wall hangings  
Northern wholesale price + 80%
  - Fur Garments, tapestries, and mukluks  
Northern wholesale price + 50%
  - Fur Souvenir Items (volume produced)  
Northern wholesale price + 50%
  - Cloth garments and footwear  
Northern wholesale price + 50%
  - Cloth Souvenir Items (volume produced)  
Northern wholesale price + 50%
  - Indian Handicrafts - all items  
Northern wholesale price + 25%

The institution of the marketing system for northern arts and crafts items, because of the uniqueness of the products and the shipping problems involved, has encountered unique problems. These have been faced and are gradually being eliminated. Some problems remain but it is considered that an operation which during the period 1 November 1969 - 31 October 1970 returned to the indigenous people \$946,899 for purchases of goods produced is worthy of support.

#### RECOMMENDATION

Council approval is requested for the following policy on which the Department of Industry and Development may base its operation of Government financed Arts and Crafts projects:

- (a) Only those Arts and Crafts projects which are of direct benefit to the indigenous people will be established or supported through the use of Government funds.
- (b) Future Government projects will only be undertaken when:
  - 1) no private individual or organization can be located who is willing or able to assume complete responsibility for managing the project.
  - 2) financial assistance, available through Government loans, is insufficient to enable a private entrepreneur to undertake the project.
  - 3) failing (1) and (2) and following an economic study of the financial implications of the project it is determined that:
    - (a) the project has the possibility of becoming viable within five years.
    - (b) there are private individuals available to be trained to assume responsibility for the project.
- (c) Such projects as are now being operated will be kept under constant review:
  - 1) to determine if anything may be done to accelerate their achieving economic viability and their resultant turnover.
  - 2) In the cases where the projects are unlikely ever to be viable:
    - (a) to determine whether a more financially rewarding enterprise is available that may reap a greater benefit to the community; if so, after consultation with the community and a decision by them, it should be undertaken.
    - (b) if no more financially beneficial project is available, a specific decision will be taken:
      - (1) to terminate the project, or
      - (2) to continue the project, recognizing it as a community subsidy.
- d. Council approval is further requested for:

- 1) The marketing policy described in the foregoing paragraphs.
- 2) The principles involved in the establishment of the pricing structure as outlined above.

FORT SMITH REGION  
DEPARTMENT OF INDUSTRY AND DEVELOPMENT  
REPORT ON INDUSTRIAL DEVELOPMENT PROJECTS

APPENDIX "A"

62 002 001

JUNE 1971

ARTS AND CRAFTS  
(April 1, 1970 to March 31, 1971)

Project	Expenditure	Revenue to Govt	Community Income	Remarks	Future Plans
Fort Simpson Handicraft	15,474	6,213	7,283	Project has promise of becoming viable. Finished goods on inventory at year end were \$5,173.	Continue to March 1972 then re-assess viability for turn-over to local organization
Spence Bay Handicraft	13,424	5,037	13,191	Year end finished goods worth \$10,358 being held for economical back haul rate. Project should prove viable during current year and be turned over to Co-operative.	Continue to March 1972. Re-assess viability and turn over to Cooperative if sound
Fort Rae Handicraft	11,020	5,103	7,203	Operated as Govt project 1 Oct 1970 to 31 March 1971. Unlikely to be viable without introduction of new products as result of current research. Should be continued for time being.	Future depends on development research and quality improvement. Re-assess in Mar 1973.
Fort Resolution Handicraft	18,893	2,322	14,144	Continuation only justified by economic importance to community.	Weigh against approved criteria in March 1972.
Snowdrift Handicraft	9,756	2,647	8,090	Serious effort being made to develop market for summer trade. Should improve chances of becoming viable.	Re-assess in March 1972
REGIONAL SUB-TOTAL	68,567	21,322	49,911		

INUVIK REGION

DEPARTMENT OF INDUSTRY & DEVELOPMENT

62 C02 001

JUNE 1971

REPORT ON INDUSTRIAL DEVELOPMENT PROJECTS

ARTS AND CRAFTS

(April 1, 1970 to March 31, 1971)

Project	Expenditure	Revenue to Govt	Community Income	Remarks	Future Plans
Inuvik Crafts Shop	165,795	97,591	Inuvik 37,813 Other 112,999 Settlements	Inventory finished goods 31 March 71 \$42,972. Project should prove viable during current fiscal year. Program to continue on management training.	Re-assess in March 1972
Tuk Fur Garment Shop	130,102	91,431	55,176	Large inventory of finished goods \$42,111 on hand at end of year. Further management training should bring project to viability.	Re-assess in March 1972, to determine suitability for turnover to Co-operative.
REGIONAL SUB-TOTAL	295,897	189,022	205,988		

BAFFIN REGION  
DEPARTMENT OF INDUSTRY & DEVELOPMENT

62 002 001

JUNE 1971

REPORT ON INDUSTRIAL DEVELOPMENT PROJECTS

(April 1, 1970 to March 31, 1971)

ARTS AND CRAFTS

Project	Expenditure	Revenue to Govt	Community Income	Remarks	Future Plans
Arctic Bay Crafts	15,401	3,918	15,401	Bills receivable at end of period \$10,218. Project should become viable during current year.	Re-assess in March 1972 for turnover to co-op.
Broughton Island Crafts	19,984	3,415	11,405	6 months operation only. Should be viable within two years with turnover to Co-op at that time. Accts Rec. 31 March 1971 \$8,073.	Re-assess in March 1973
Frobisher Bay Crafts	31,171	14,424	22,936	If stable labour force can be maintained project has good chance of becoming viable in five years. Accts Rec. 31 March 1971 \$8,590.	Re-assess in March 1973.
Hall Beach Crafts	2,000	387	2,000	1 months operation only. Accts Rec. \$114 as of 31 March 1971	Re-assess in March 1972.
Late Harbour Crafts	3,519	609	3,519	2 months operation only. Accts Rec. period ending \$1,808. Could be viable in 2 years.	Re-assess 31 March 1972
Pangnirtung Crafts	10,382	5,023	6,600	Accts Rec. at year end \$1,462. Should become viable within 5 years.	Re-assess 31 March 1973



Project	Expenditure	Revenue to Govt	Community Income	Remarks	Future Plans
Pond Inlet	13,117	3,387	13,117	Accts Rec. 31 March 1971 \$11,539. Could be viable in 1 year.	Re-assess 31 March 1972
Ingo Schoppel Knitting Project, Frobisher Bay	40,065	10,388	14,129	Serious labour problems held back this project. Could become viable within 5 years.	Re-assess 31 March 1972
Karen Bulow Weaving Project Pangnirtung, N.W.T.	39,655	7,074	8,201	Accts Rec. 31 March 1971 \$4,061. At end of current year, with more space, a better assessment of potential viability will be possible.	Re-assess 31 March 1972.
REGIONAL SUB-TOTAL	175,294	48,625	97,368		

K E E W A T I N R E G I O N

DEPARTMENT OF INDUSTRY & DEVELOPMENT

REPORT ON INDUSTRIAL DEVELOPMENT PROJECTS

(April 1, 1970 to March 31, 1971)

62 002 001

JUNE 1971

ARTS AND CRAFTS

Project	Expenditure	Revenue to Govt	Community Income	Remarks	Future Plans
Baker Lake Prints & Carving	125,687	41,824	105,873	Turnover of prints in first year was very slow as it was necessary to build up backlog for approval by Eskimo Art Council for production. It is expected that this project will be viable within two years. Finished inventory at 31 March 1971 was worth \$68,350 and Accts Rec. \$4,153.	Re-assess as to viability in March 1972 to determine suitability for turnover to local organization.
Baker Lake Garments	24,304	6,976	11,231	Project suspended to revert to cottage industry	Product development and assessment of project March 1973
Chesterfield Inlet Crafts	8,637	2,179	6,489	May reach viability in 2 yrs.	Re-assess in March 1973
Eskimo Point Crafts	49,219	31,076	40,522	Should be viable within two years. Accts Rec. 31 March 1971 \$13,788. Finished goods inventory 31 March 1971 \$4,583.	Re-assess in March 1973 for suitability for turnover to local organization.

Project	Expenditure	Revenue to Govt	Community Income	Remarks	Future Plans
Rankin Inlet Crafts & Ceramics	65,123	9,053	41,895	High ratio between expenditure and revenue reflects results of devaluation of ceramics by Eskimo Art Council. Finished inventory as of March 31/71 was \$7,571. Project being re-oriented. Too early to assess time to reach viability.	Assess in March 1973, to determine suitability for continuation.
REGIONAL SUB-TOTAL	272,970	91,108	206,010		
TERRITORIAL TOTAL	812,728	350,077	559,277		

REPORT ON INDUSTRIAL DEVELOPMENT PROJECTS

APPENDIX "B"

OTHER THAN ARTS AND CRAFTS

62 002 001

(Apr 1, 1970 to Mar 31, 1971)

JUNE 1971

Project	Expenditure	Revenue to Govt	Community Income	Remarks	Future Plans
Cambridge Bay Fisheries	800	-0-	22,233	Propose to sell plant to Coop on lease purchase arrangement based on 5¢/lb charge. Expenditure was for annual maintenance.	Continued Gov't ownership until turnover to local organization arranged.
Lac La Martre Fisheries	9,843	10,259	28,095	Revenue to Govt based on lease purchase arrangement for plant of 5¢/lb charge.	Continued operation until turnover to local organization
Nahanni Butte Store	19,236	7,198	2,400	Closing inventory of \$14,013 worth of groceries. Operating costs to be reduced this year Operated since Sept. 1970	Continued operation.
Bay Chimo Store	38,110	8,798	5,600	Closing inventory of \$31,116 worth of groceries. Store operated since Sept. 1970.	Continued operation.
Fort Simpson Agriculture	4,616	2,060	3,954	Revenue from sale of potatoes. Project to be operated in future by Ft. Simpson residents as private enterprise.	Project turned over to local organization. Govt nursery to continue.
Rankin Inlet Cannery	123,424	43,086	46,761	Finished product inventory at 31 Mar 71 \$150,512. New sales agent being selected for future operations.	If not disposed of to private organization future to be reviewed in March 1972.

Project	Expenditure	Revenue to Govt	Community Income	Remarks	Future Plans
Frobisher Bay Laundry	85,533	48,749	64,164	Project not likely to be viable ever, due to high cost of utilities and labour. Expect revenue to increase by approx \$25,000 in next year's operations	To be continued as essential community service. Detailed management study underway to improve operation.
TERRITORIAL TOTAL	281,562	120,150	173,207		