

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
7TH COUNCIL, 49TH SESSION
RECOMMENDATION TO COUNCIL
NO. 2-49



Not for release before
tabling during the
49th Session of Council

COUNCIL OF THE NORTHWEST TERRITORIES
CANADA

RECOMMENDATION TO COUNCIL 2-49

TRAPPERS' ASSISTANCE PROGRAM

DISPOSITION

Tabled	To Committee	Accepted as Read	Accepted as Amended	Deferred (to Session)	Rejected	Noted not Considered

PAYMENT OF GRANTS AND LOANS TO TRAPPERS

PROBLEM

For the past ten years the present program of assistance to trappers has been carried out to meet the following objective: To provide repayable loans to licenced trappers of the Northwest Territories to assist them to reach their trapping area and to outfit themselves with enough food and equipment to enable them to carry out an effective fur harvesting program.

It is now proposed to expand the program:

- 1) to provide a greater incentive to those persons in the trapping industry who are serious about their profession, and show good faith in honouring the debts they incur under the program;
- 2) to permit a trapper to raise his standard of living through his profession and remain independent of Social Assistance; and
- 3) to increase administrative efficiency by combining the two existing programs of assistance to trappers into a single program.

BACKGROUND

Until recent years the trappers of the Northwest Territories were able to obtain their "grubstake" from the fur trader within their home community. At that time the trader was fairly well assured of having these loans returned. Trapping was a way of life that was taken for granted and most able-bodied men would take to the land for several months each year. Education and other social services were almost unheard of in most isolated areas, and it was attractive and necessary to take the whole family group out to the trapping area. In order to survive the trapper was obliged to work hard enough to obtain a quantity and value of fur equal to the value of supplies he required from the trader.

Over the past several years there has been a rapid transition in the trappers' way of life. The decline in trapping interest is real and easily traced to the amenities of present day community living. Some permanent jobs have become available,

opportunities for casual employment have increased, adequate housing has been provided, social services are now available, upgrading courses with pay are being sponsored by the Government, and subsistence is guaranteed by the easily available Social Assistance.

In the eyes of many, it is no longer necessary or desirable to attempt to earn a living through hunting and trapping. The incentives are gone and, with the exception of a few, most trappers can not be classed as active or professional.

Trapping and hunting are now often considered as an income supplement or a traditional pastime rather than as a primary source of livelihood.

Traders can no longer be ensured of recovering outstanding loans to trappers and this source of credit has been gradually withdrawn. In 1961 the Government of the Northwest Territories set up a program to provide trappers with interest-free loans for the purpose of outfitting them for the trapping season. Goods and services were provided to him rather than cash. Except for minor changes this program has been continued to the present. For the purpose of administration the Eskimo hunters who harvest bear and seal are also eligible.

In addition, in the fiscal year 1971-72 a Social Development Program was transferred to the Department of Industry and Development by which a yearly maximum of \$100 can be given to a person who requires small amounts of supplies for day to day or casual hunting or trapping. A low priority is placed on the recovery of this money.

When the Trappers' Assistance Program was initiated there was little criteria for refusing loans and almost all applications were approved.

Our Financial Regulations state:

- "4. This assistance shall not be available to those trappers who:
- a) in the judgement of the local Game Management Officer, do not warrant a loan; or
 - b) have not repaid loans from preceding years except where the local Game Management Officer and the Superintendent of Game are satisfied that previous assistance has not been repaid for a valid reason such as:

- (i) an exceptionally poor season;
- (ii) personal illness; or
- (iii) a lack of quality fur in the area"

Many trappers made little or no attempt to repay and have been eliminated by Subsection (b). Some have been given the benefit of the doubt under Subsection (b)(i) but often additional loans only increase the total debt. First applications are still given favourable consideration. A nucleus of trappers have maintained their credit rating and are making good use of the program.

As stated, the original objective of the program, was to provide for the outfitting needs of the trapper. In this new proposal additional objectives have been included which would add an incentive to those who wish to pursue trapping as a vocation.

At present those who honour their trapping loans have little to gain over those who do not. In repaying a loan the trapper may often deplete any of the hard-earned profit he has made from the sale of his product. Those who ignore their responsibility are able to retain the full amount of their profit. If they are refused future loans they are still assured of a comfortable existence through other government programs.

Recognizing the need for continuing assistance to trappers, it would seem desirable to revise the present program so that those who show a sincere interest in harvesting the resource will receive a greater benefit. Those showing lesser interest or ambition would not be excluded, but rather placed in a category where it is to their advantage to increase their harvest and repay their loans.

Under the present program recent expenditures and recoveries have been as shown hereunder. It should be noted that the majority of recoveries are normally made in the fiscal year following that in which loans are granted.

1969-70	Expenditures	\$49,284	
1970-71	Recoveries	17,661	
	Repayments approx.	36%	
1970-71	Expenditures	\$39,947	(274 trappers)
1971-72	Recoveries	17,480	
	Repayments approx.	43%	

Those trappers making full payment on accounts are as follows:

1968	56 trappers	\$ 9,417.01
1969	79 trappers	11,052.80
1970	117 trappers	11,861.26

As of January 31, 1972 there were approximately 600 borrowers with outstanding accounts for various amounts totalling approximately \$81,000.

There has been no attempt made to assess the total administrative costs of the program, but they are very high because of the amount of time spent in issuing and processing various warrants, in record keeping and in attempting collection.

Aside from the social and cultural significance of the trapping industry it is essential that we explore every avenue open to possible improvement in this field.

Under a recently approved policy proposal funds will be provided to trapper groups who wish to form into active associations for the purpose of acting as advisors to the Game Management staff, of undertaking mutually beneficial projects, of becoming active in the handling of loans, grants or other financial matters and of promoting a more professional approach to trapping.

There is every indication that at present the full potential of our fur resource is not being utilized. However, if all trappers' assistance programs were effectively applied, and significant incentives are added, the present \$1,000,000 fur industry could be substantially increased.

Established programs for trappers will continue to receive attention. These are as follows:

- a) Fur Marketing Service
- b) Trapping cabins on the land
- c) Upgrading of trapping techniques
- d) Upgrading of pelt preparation

Efforts will also be applied in the following areas:

- a) Promotion of Trappers' Associations
- b) Training of young trappers as funding permits. This is deemed necessary as the number of professional trappers is declining since it is rarely possible for the sons to learn the trade under their fathers

- c) The use of humane trapping equipment will be promoted
- d) An economical source of traps and trapping supplies is required and is being investigated
- e) Fur bearer management studies will be undertaken as rapidly as staffing and funding will permit

SOLUTION

General

Although there are annual fluctuations in fur prices, the long term average price has not risen and in some cases has declined. More important is the fact that the buying power of the trapper's dollar falls each year and thus his real profit will continue to decrease even if he maintains his current level of production. It appears necessary therefore, to consider significant changes in the program if the present decline in trapping is to be reversed.

The following alternatives to the present financial assistance program for trappers have been reviewed.

Alternative I - Combined Loan and Grant Assistance Program

Eligibility - All General Hunting Licence Holders in the Northwest Territories

Maximum Loan- For established trappers, the lesser of \$1,000 or 75% of the average value of their fur production in the previous three trapping years

Maximum Grant - \$500

Criteria for Issuing Loans - The main criteria for issuing a loan will be the trapper's past performance. Active and producing trappers often require larger loans for fall outfitting than do the part-time trappers. By increasing production the less productive trapper can become eligible for a larger loan.

In the case of a new trapper the issuing officer will negotiate the amount of the loan based on the intended length of trapping activity, equipment requirements, number of family members participating, and the known reliability of the applicant.

Criteria for Issuing Grants - If the loan is repaid in full within the following twelve months then the trapper would be eligible for a grant at the beginning of the next trapping season equal to 30% of the value of the fur taken the previous season up to a maximum of \$500. If this amount does not take care of their outfitting needs then a further loan may be issued. To qualify for a grant a minimum of \$200 in fur value must have been taken the previous season. Those trappers who do not participate in the loan portion of the program will still be eligible for grants.

If the loan-grant concept is adopted the assistance provided to trappers under the Resource Harvesting Assistance Program would be withdrawn thus reducing the cost of that program. Casual trapping only serves to deplete the fur resource in the immediate vicinity of the communities and should not be greatly encouraged.

The administrative costs of the loan-grant program would be considerably lower than the present program as many trappers who received grants would provide for their own outfitting needs without taking loans. Loans involve warrants to the supplier, invoicing and payment of the warrants, debt recording and collection.

Social Assistance payments would be reduced by an undetermined amount because of the added incentive for trappers to produce a greater volume of fur.

Costing

For the purpose of estimating the cost of this program the fur records of individual trappers have been analyzed. These records are only available for the Mackenzie District 1967-68, 1968-69 and 1969-70. To obtain an estimate of cost for the other two Districts the eligible trapper and total grant percentages for the Mackenzie were applied. For example in 1968-69 there were 42% of the General Hunting Licence holders who would have qualified for a grant in the Mackenzie District. The same percentage was assumed for Baffin and Keewatin. In the same year the total grant for the Mackenzie would have been 21% of the total fur take. Again this percentage was assumed for the east.

To qualify for a maximum grant of \$500 a trapper would have to take \$1,669 in fur value. A minimum qualifying value was set at \$200. This would give the trapper a \$60 grant.

Polar bear were excluded from the calculation of total fur value and they would be excluded when calculating actual grants as it would not be desirable to create further competition for the taking of this species.

Using Proposal No. 1 the costs of the program have been computed for the past several years for illustrative purposes.

Estimated Cost 1967-68

Trappers with fur value over \$200 (Mackenzie)	718
Trappers with fur value over \$200 (Baffin-Keewatin)	<u>486</u>
Trappers eligible for grant 1967-68	1,204
Total grant Mackenzie District	\$116,370
Total grant Keewatin and Baffin	<u>39,783</u>
Total grant 1967-68	\$156,153
Average grant per trapper	<u>\$129.70</u>

Estimated Cost 1968-69

Trappers with fur value over \$200 (Mackenzie)	928
Trappers with fur value over \$200 (Baffin-Keewatin)	<u>618</u>
Trappers eligible for grant 1968-69	1,546
Total grant Mackenzie District	\$175,126
Total grant Keewatin and Baffin	<u>55,411</u>
Total grant 1968-69	\$230,537
Average grant per trapper	<u>\$149.12</u>

Estimated Cost 1969-70

Trappers with fur value over \$200 (Mackenzie)	813
Trappers with fur value over \$200 (Baffin-Keewatin)	<u>573</u>
Trappers eligible for grant 1969-70	1,386

Total grant Mackenzie District	\$147,963
Total grant Keewatin and Baffin	<u>79,768</u>
Total grant 1969-70	\$227,731
Average grant per trapper	<u>\$164.00</u>
Estimated total grant 1967-68	\$156,153
Estimated total grant 1968-69	230,537
Estimated total grant 1969-70	<u>227,731</u>
	\$614,421
Average cost of grant for the three years	<u><u>\$204,807</u></u>

Alternative II - Grant Assistance

If it is deemed desirable to make the trapping industry competitive with more lucrative industries, the loan program could be discontinued and replaced with a pre-trapping season grant up to the value of the fur taken during the previous trapping year.

For many trappers this would mean a grant of \$500 to \$1,000 and a maximum amount of \$2,000 would be stated.

This system would provide incentive and a high subsidy to the trapping industry. The administrative costs would be much lower than the present loan system but the overall cost of providing these grants would be very high.

Alternative III - Floor Price for Furs

A floor price for each fur species could be reconsidered. This, however, would encourage the production of poor quality and poorly handled pelts. Basically the value of pelts is determined by primeness and the care taken in preparation. Even with a sliding scale of guaranteed prices much of the fur production would be early winter or late spring and thus would be of marginal value.

In administering the sale of such a product the Government would ultimately be obliged to absorb the resulting loss. Under this system the trapper's image and prestige would suffer.

Alternative IV - Present Loan Assistance

The present system of loans to trappers can be maintained only if we are prepared to accept the state of negative incentive for the industrious trapper.

As previously stated the trappers' net earnings are greatly reduced if he makes full repayment of his outfitting loan and there has been a great tendency to disregard any obligation to make repayments. Under this system a continual write-off of a large volume of bad debts will be required.

RECOMMENDATION

It is recommended that Alternative I be adopted. This would provide for a system of repayable loans where required and would also provide incentive for the trapper to increase his production to the point where loans would not be required.