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LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
7TH COUNCIL, 51ST SESSION
RECOMMENDATION TO COUNCIL
NO. 2-51



Not for release before
tabling during the 51st
Session of Council

COUNCIL OF THE NORTHWEST TERRITORIES
CANADA

RECOMMENDATION TO COUNCIL 2-51

Musk-Oxen Ranching

DISPOSITION

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

MUSK-OXEN RANCHING

Purpose

The purpose of this recommendation is to seek your approval for the establishment of a musk-oxen ranching operation and a concomitant cottage knitting industry. In order to establish the ranching operation it will be necessary to enter into an agreement with a private rancher presently operating in the Northwest Territories. Therefore, your approval is also sought for a set of guidelines within which officials of the Department of Economic Development can negotiate in order to reach such an agreement.

Description and Evaluation

Proposals have been received from two private ranching concerns in the N.W.T. Both proposals call for an initial herd of musk-oxen to be delivered to farm at government expense, some contribution to capital costs, an operating subsidy and an agreement to purchase all the qiviut at a negotiated price. The only significant difference between them is the amount of operating subsidy requested. Since the animals would not start producing economic amounts of qiviut for two or three years, strong government support is necessary at the outset. Were it not provided the farmer would have to ask an artificially high price for the qiviut in an attempt to minimize losses. This might prejudice the development of a long term knitting program because of a very high priced finished product which could cause an adverse market reaction.

Although neither private proposal mentions compensation for government assistance it would seem reasonable to require the rancher to return to the government after five years a herd of animals of approximately the same age and sex distribution as the original starter herd. This herd could then be turned over to another rancher under a similar agreement and result in a new breeding herd every five years. In this way, government will maximize benefits from its original capture investment by introducing several farmers to musk-oxen husbandry.

There are some geographic factors which affect the choice of where the operation could be located. The Canadian

Wildlife Service and our own Game Management Division have expressed grave concern over the lack of knowledge as to the possible interaction between musk-oxen and buffalo in the Fort Smith area. Because of this problem it is preferable to start the first project in the Fort Providence area and by the time a second starter herd is ready these concerns could be confirmed or eliminated by study.

In examining the feasibility of the knitting operation advice was sought from Canadian Arctic Producers, Ingo Schoppel Knitwear Ltd., the Federal Department of Industry, Trade and Commerce and the Alberta Research Council. The results show that handspun fibre is by far superior to commercially processed fibre and that it can be combined with an equal amount of pure sheeps wool to produce a highly marketable product. A sweater made from this blend would retain the characteristic luxurious softness of qiviut and yet be considerably less expensive than one made of pure qiviut.

The volumes of qiviut produced will be insufficient to support a full time knitting operation until year three of the project. Even then there will be only enough to support a cottage based industry. If the operation is successful, volumes sufficient to support a knitwear plant could be achieved after about 10 years of continuous qiviut production.

Based on the experience gained in the development of the Frobisher Bay knitwear industry, government financial support, particularly in the form of management assistance will be required for about five years.

The estimated costs of the project could be summarized as follows:

Ranching Operation -

Capture of starter herd (30 @ \$2400)	\$ 72,000
Fencing	12,000
Operating subsidy (3 years @ \$5000)	15,000
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	\$ 99,000

Knitting Operation -

Qiviut purchases (years 1-8 inclusive)	\$ 72,500
Wool Purchases	10,000
Spinning wheels, cards and other equipment	4,500
Consultants' salary and expenses (5 years @ \$20,000)	100,000
Labour (5 years @ \$15,000)	75,000
Revenue from sale of sweaters (4,350 @ \$60)	(261,000)
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	1,000

Total estimated cost for first 8 years \$100,000

After year eight the knitting operation should become quite profitable while if the revolving herd concept works, little if any, additional expenditures will be incurred in bringing new ranches into production.

Recommendations

It is recommended that the Government of the N.W.T. enter into a 10 year agreement with a private farmer in the N.W.T. for the ranching of musk-oxen for qiviut.

It is recommended that the government undertake to supply a starter herd of 30 animals (25 female, 5 male) which will constitute the establishment of a revolving breeding herd every 5 years.

It is recommended that the government make a contribution towards capital costs as well as grant an operating subsidy during the first 3 years of operation.

It is recommended that the rancher bear all other costs associated with the project, that he return to the government a similar starter herd after 5 years and that he sell all qiviut produced to the government at a negotiated price.

It is also recommended that during the third year of the project a consultant be retained to design and develop a program to totally process the qiviut within the Northwest Territories and to manage the operation for a five year period.