EVALUATION OF THE KLONDIKE SOFT GOLD PROGRAM

prepared for

YUKON DEPARTMENT OF ENVIRONMENT

by:

WILDEOR WILDLIFE RESEARCH & CONSULTING

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Evaluation of the Klondike Soft Gold Program
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EXECUTIVE SUMMARY

Fluctuations in demand for wild furs have been particularly dramatic in the past three decades, starting with a market surge and high pelt prices in the 1980s followed by sharp decline and relatively low returns throughout the 1990s and early 2000s. The resulting depressive effect on levels of trapper participation and production in the Yukon were evident and cause for concern, based on recognition of the social, cultural, and relative economic value of the industry in rural Yukon in particular.

Since 2000-2001 the Yukon Government (YG) has provided financial support for an initiative known as the "Klondike Soft Gold Program" (KSG). Administered by the Yukon Trappers Association (YTA), the broad intent of the KSG initiative has been to revitalize the fur industry in Yukon, relying in particular on the marketing of a product brand. The Klondike Soft Gold logo was developed for that purpose, with the idea that it would be used in all promotional and advertising activities and to label pelts at auction, to call attention to and increase demand for the Yukon product. The underlying premise was that increased demand would translate to higher prices for Yukon pelts, and that would stimulate increased participation and effort among Yukon trappers, resulting in increased harvests and increased overall fur revenue.

After eight years, YG required a review and evaluation of the KSG Program, and this report presents the results and recommendations from that review. Our evaluation of program success was based on retrospective analysis of "traditional" government trapping data (harvest, value, and trapper activity patterns) and on a series of interviews to document the impressions and opinions of the people involved (i.e., throughout the fur trade). That approach, focussing on overall program goals, was based on the assumption that success should be reflected in increasing levels of trapper participation, harvests, and revenues, and by enhanced end-user awareness and demand.

Our analyses found that fur harvests, fur revenues, and trapper activity have not increased since initiation of KSG, and there was no evidence of pelt price changes that could be attributed to KSG rather than to normal market fluctuations. Further, observations at auction and interviews with fur buyers, manufacturers, auction house representatives, fashion media, and Canada's national fur promotion agency (Fur Council of Canada) demonstrated no significant recognition of the KSG label or marketing effort. To assist interpretation of those results, we provide some background on how the fur market works, how pelt prices relate to trapper income, and the potential for increasing fur production in Yukon.

We acknowledge the considerable time and energy expended on the various facets of the KSG Program undertaken to date, and wish to affirm our view that the KSG initiative was well-intentioned and directed to important overall objectives. Unfortunately, it was based on the misguided assumption that the problems faced by the Yukon fur industry were external and thus could be resolved with an external "marketing" initiative. Even if that been a valid approach, long-distance marketing is challenging and expensive even for experienced professional fur marketing agencies. KSG endeavoured to compete with those professionals despite the fact that quality Yukon furs (even without a label) have long been well-positioned in international markets. That external focus took energy and resources from other approaches that may have had better chances for success.

We believe that the overall objective of KSG, to revitalize the fur industry in Yukon, is both desirable and achievable, but there is a need to re-focus on a set of "within Yukon" initiatives. Attendant to that is the development of a business plan with realistic objectives and time-frames, an action plan, and clearly identified deliverables. As a first step, we recommend the establishment of a Steering Committee composed of representatives from the YTA, appropriate government agencies, and the Yukon Fish and Wildlife Management Board, with whatever level of Renewable Resources Council participation it deems necessary or desirable.

Most activities directed by the Steering Committee would require contracted services by appropriately qualified providers. Although the YTA, as a volunteer organization, does not have the expertise or the resources to execute a concerted internal (Yukon) marketing initiative, we suggest that the association is well-positioned to administer 3rd party contracts and recommend that they be given the opportunity to do so. Based on our analyses and interviews, some within-Yukon initiatives for potential consideration include:

- Develop the cottage industry aspect, with particular reference to the potential tourism market.
- Review applicable government regulations and policies for ways and means to enhance trapline use and trapper profitability.
- Maintain and expand the YTA fur depot and attendant operations.
- Use trapper education to encourage more holistic trapline management and provide targetted fur handling instruction.
- Investigate the potential for marketing lesser valued furbearer species and normally discarded parts within Yukon.
- Investigate the applicability and usefulness of Genuine McKenzie Valley Fur program components to Yukon fur industry.
- Develop and implement communications strategies and delivery mechanisms relating to a within-Yukon fur industry initiative.

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ACKNOWLEDGMENTS

This evaluation, is based in part, on the input of numerous individuals who have enriched the process with their thoughtful, informed, and enthusiastic input. Without exception, respondents were positive and generous with their comments, suggestions, and concerns and we are profoundly grateful.

We particularly thank the YTA's manager, Mara Spricenieks, who cheerfully responded to our requests, and made extra efforts to track down documents and information that helped us in this work. Wendy Fournier, Andrea Fischer, Ryan Sealy, Frank Johnstone, Jean Legare, and Gunther Meuller provided informative input at the beginning of this process which has proven to be helpful throughout.

We are equally grateful to Francois Rossouw (NWT, Industry, Tourism, & Investment) for providing data and for his insights, professionalism, commitment, and candid comments related to the NWT's experience with Genuine MacKenzie Valley Furs.

Fur Harvesters Auction (Mark Downey and Jim Gibb) and North American Fur Auction (Bob McQuay) representatives were unfailing in their readiness to provide information, explanation, and illuminating commentary. Their support has been much appreciated.

Yukon Department of Environment Data Administrator Tena Fox put in some long hours "tidying" complex harvest data so that we could provide the best analysis possible for this report and we are extremely thankful for her efforts and dedication.

Finally, Helen Slama, Department of Environment Fur Harvest Technician, has been a most valuable source of information, feedback, and clarification. We have thoroughly appreciated her candour, support, energy, input, and professionalism throughout this process.

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"I'm a designer and I want to use the resources around me to create my art. I used to be an "anti" because that's what everyone is until they know better."

Megan Waterman, Dawson City

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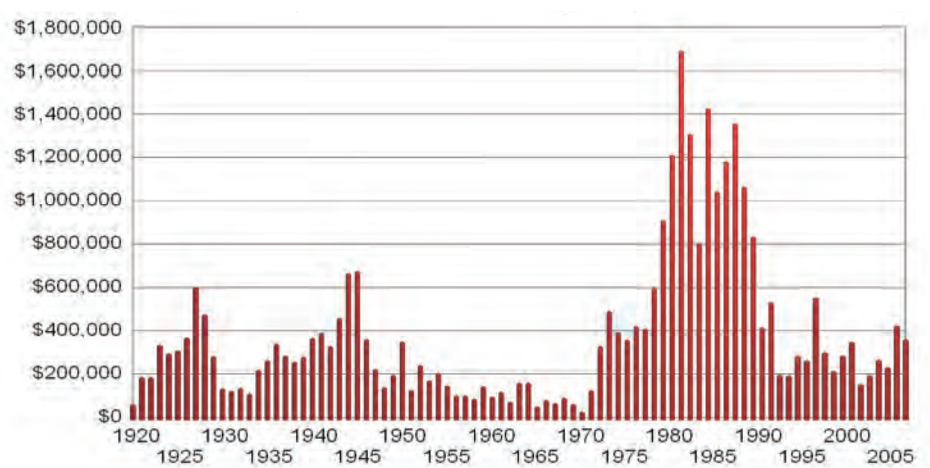
1) INTRODUCTION

The Yukon Territory has a long and proud history in the fur industry, but to date largely limited to the primary production level (providing raw pelts for export to distant markets). Although some of those pelts have been produced on fur farms, the majority have been and continue to be from wild-caught animals. The subject, in a word, is trapping. As with most long-term enterprises, commercial fur trapping has been subject to many changes over the years including changes in tools, methods, logistics, regulatory oversight, social attitudes, the availability of alternate employment opportunities, and market demand for the product.

Changes in demand have been particularly dramatic in the past three decades, characterized by a market surge and concomitant high pelt prices in the 1980s followed by sharp decline and relatively low returns throughout the 1990s and early 2000s (Figure 1). The resulting depressive effect on levels of trapper participation and production in the Yukon were evident, and cause for concern. That concern, based on recognition of the social, cultural, and relative economic value of the industry, in rural Yukon in particular, led to a search for solutions both formally through trapper surveys (Yukon Government 1997, Ogden 1999), more informally in local and regional working group discussions, and ultimately in calls to government for assistance (e.g., see Mueller 2000).

Figure 1. Total annual sales of Yukon pelts, all species, 1920-2006. NOTE: Unless stated otherwise, all compilations and references to annual revenues are expressed in original dollars, i.e., not adjusted for consumer price variations or related economic factors.



Since 2000-2001 the Yukon Government has provided financial support for an initiative which is generally known as the "Klondike Soft Gold Program" (KSG). Administered by the Yukon Trappers Association (YTA), the KSG is described by the lead government agency, Yukon Department of Renewable Resources (now Department of Environment [DoE]) as "...a marketing initiative ... to enhance the market value of Yukon wild fur..." and "...to revitalize the northern fur industry, returning it to a level of commercial strength".

The original DoE funding commitment was for a five-year period, but it has been extended at reduced levels through the current year (2007-08). The KSG program has also received additional funding support from the Department of Economic Development (EcDev) in five of the eight years to date. Included in the EcDev contributions was a rebate to Yukon trappers for auction house commissions on furs submitted through KSG since 2005. After eight years of support, the Yukon Government (YG) has contracted Wildeor Wildlife Research & Consulting to evaluate the KSG program. As listed in the Request for Proposal (RFP), the specific questions to be addressed are as follows:

How well has the KSG program succeeded in meeting the stated objectives?

Has the Yukon trapping industry improved in the 8 years since the KSG program began? How?

Describe how any components of the KSG program may have been instrumental in increasing the capacity and viability of the Yukon trapping industry.

Has the quality of furs from the Yukon improved since KSG program began? Describe how any components of KSG can be identified as contributing to this improvement in the quality of Yukon fur.

Has market interest in Yukon furs increased since the KSG labelling and marketing program began? Can you describe how any increased interest is attributable to KSG?

Have the market prices for Yukon furs increased since the KSG program began? Is this increase separate from market fluctuations? Can you describe if and how this increase may be attributed to the KSG program, and buyer interest zeroing in on KSG furs?

Quantify the level of awareness by retailers and consumers, of the KSG marketing label and their understanding of what it represents. Describe if the KSG label affects their purchase decision ?

Has the volume of Yukon fur harvest increased and is any increase attributable to the KSG program?

Describe what the response by Yukon trappers is to the KSG program? Which components are perceived as beneficial; which are perceived as unproductive from the trappers' perspective? Which components provide greater stability for trappers in today's marketplace?

What are reasons trappers have participated in the KSG program? What are the reasons some trappers have chosen not to participate in the KSG program?

Has the KSG program been a cost effective way to achieve the stated and desired objectives?

The auction commission rebate to trappers was only provided for furs entering the KSG program. What were the benefits to the Yukon fur industry and/or KSG as a result of trappers receiving the commission rebate? When determining if the rebate should continue and/or be expanded, what pertinent facts should be taken into consideration?

2) KSG PROGRAM DESCRIPTION

It must be emphasized at the outset that, despite the original five-year time frame and references to a “5-year plan” in DoE contribution agreements through 2003/04, the Klondike Soft Gold Program has not been a “program” in the sense of an orchestrated strategy involving well-defined components and specified time-lines. Rather, it has been a relatively loose collection of activities that appear to have been undertaken adaptively in response to changing opportunities and perspectives, usually as related to budget realities, personnel turn-over, and organizational restructuring. A central theme, and the word most regularly appearing in references to KSG is “marketing”. That focus was provided by YTA’s consultant and partner (L’Héritage of Montreal) in the original proposal, based on a similar program initiated by that firm earlier (1999) in NWT.

As listed in the RFP for this evaluation project, the original objectives for the KSG initiative are elucidated in five categories, as follows:

1) Increase harvesting/fur value
- increase fur harvesting to the optimum sustainable level
- keep KSG furs separate from low quality furs; market KSG as a distinct & exclusive collection
- increase employment opportunities in other sectors of the fur trade

2) Yukon Trappers Association involvement
- provide fur depot services & possible expansion to include a grading centre and retail space

3) Training & Employment
- expand value-added production in Yukon
- identify needs to enable fur industry growth in Yukon

4) Marketing
- develop strategic and aggressive promotional campaign around all aspects of the proposal.
- plan and implement export market initiatives including internet retail sales.

5) Linkages
- create a communications network on a regional, national, and international level.

At a broader level, the preamble in the Terms of Reference (TOR) for DoE contribution agreements with YTA in years 2-4 was somewhat flexible, specifying that the contribution was to “....enable the Recipient, who has been engaged in providing a fur marketing service to Yukon Trappers, to implement, *and if needed revise, the 5-year plan for* an enhanced fur marketing strategy, and without restricting the generality of the foregoing, provide such services as....”

By 2004/05 the italicized phrase had been removed, presumably because the original agreement expired in that year. The “services” identified in the TOR over the years are as follows:

a) A local system of fur pick up and shipment (yrs 1-8).

b) A cash advance to trappers (yrs 1-8).

c) An alternative market(s) to the traditional auction house sales (yrs 1-5).

d) Promotional marketing that highlights Yukon furs (yrs 1-5).

e) Explore the possibility of establishing penalty free system for furs held over or unsold (yrs 1-5).

f) Fur depot facilities and service (yrs 6-8).

g) Improved communication with Yukon trappers (yrs 6-8).

h) Initiatives which improve harvest production and quality levels (yrs 6-8).

For perspective and completeness in reporting, Table 1 identifies government contributions in support of the KSG Program. However, it must be emphasized that this project is an evaluation of program results and not a financial audit.

Table 1. Yukon Government financial support of the KSG Program, 2000 through 2008.

AGENCY	**2000/01**	**2001/02**	**2002/03**	**2003/04**	**2004/05**	**2005/06**	**2006/07**	**2007/08**
Dept. of Environment	40,000	40,000	40,000	40,000	50,000	50,000	15,000	25,000
Dept. of Econ Devel. 1[1]	2,500	-	-	-	50,000	50,000	-	-
Dept. Of Econ Devel. 2[2]						CR		CR[3]
TOTALS								

[1]Community Development Fund
[2] CR = Commission Rebate, paid to KSG shippers in these years; the amounts were not specified in documents available to us.
[3] June 2007 sale only

3) EVALUATION ACTIVITIES AND METHODS

The broad intent of the KSG initiative has been to revitalize the fur industry in Yukon, relying in particular on the marketing of a clearly recognized product brand. The Klondike Soft Gold logo was developed for that purpose, with the idea that it would be used in all promotional and advertising activities and to label pelts at auction, to call attention to and increase demand for the Yukon product. The underlying premise was that increased demand would translate to higher prices for Yukon pelts, and that would stimulate increased participation and effort among Yukon trappers, resulting in increased harvests and increased overall fur revenue.

In the absence of any previously established process to monitor the effects and success of the KSG Program, it was necessary to conduct this evaluation by a combination of a) retrospective analysis of "traditional" government trapping data (harvest and value patterns), and b) subjective interviews to document the impressions and opinions of people theoretically, actually, and ideally involved (i.e., throughout the fur trade). That approach, focussing on overall program goals, is based on the assumption that success should be reflected in increasing levels of trapper participation, harvests, and revenues, and by enhanced end-user awareness and demand. A description of our general evaluation program follows.

3.1) Assessment of Trapper Harvests, Revenues, and Activity For the retrospective analyses, we compiled and analyzed comparative harvest and revenue data from all four western jurisdictions (Yukon, NWT, British Columbia, and Alberta), to help assess how or whether recent trends vary in those with (Yukon, NWT) and without (BC, Alberta) fur marketing programs. The basic data were species specific annual summaries (numbers of pelts, average pelt prices, and total revenue) compiled by Novak et al. (1987) for the years 1920-1984 and mostly from the respective management agencies from 1985 onward. Updating from Statistics Canada (www.statcan.ca/bsolc/english/bsolc?catno=23-013-X) was required to fill gaps for BC after 2000 and Alberta after 2004. Data were complete through the 2006-07 trapping season for Yukon and NWT, and through 2005-06 for BC and Alberta.

In addition to comparisons between jurisdictions, we conducted detailed analyses on the available Yukon data for trends within furbearer species, between years, and in measures of trapper participation for the years 1980 through 2006, thus providing comparisons for periods before and after initiation of KSG.

This report references 14 mammal species designated by Yukon as furbearers. The names used are mostly as provided in fur harvest databases from the government. The single exception is our use of "ermine" rather than "weasel". Appendix 1 more specifically identifies the 14 species of interest, listing both their official common and scientific names.

3.2) Fur Trade Interviews The objective of this study component was to document the level of KSG awareness in a wide-spectrum sample of fur industry representatives. The emphasis in the previous sentence is on "sample", since there was neither time nor budget to conduct intensive, large-scale, statistically rigorous surveys of any one target group. For efficiency, most contacts for this component of the evaluation were direct and personal, either by telephone or face-to-face, although supplemented by email correspondence in some cases. We developed and followed open-ended discussion guides that were designed to ensure consistent coverage and results for points of particular interest in KSG context, but with sufficient flexibility to explore opinions and ideas more broadly. Interviews targetted two categories of fur trade interests, as follows:

1) Within Yukon, Perceptions of KSG Success: This component documented the impressions of those most directly involved in the program, with interviews directed to:

a) Yukon Trappers Association representatives (executive and staff). Contacts included a 2- hour briefing meeting in Whitehorse with follow-up at the YTA store to identify data and information needs and sources (25-26 Jan), and numerous telephone calls and emails to request documents and ask questions through the remainder of the study period.

b) Yukon fur shippers (trappers). Because of the potential for sample bias, this was the most structured of our interview categories (Appendix 2). Using a YTA membership list (March '08) and a trapping concession list (December '07), we numbered each listed trapper and selected a random sample of 50 of those individuals for contact. All of the trapper interviews were conducted by telephone, using numbers secured from the Canpages Yukon Telephone Directory. A maximum of three calls were made to each number, leaving messages to return calls on the first two attempts. Making contact proved to be challenging, and the final tally of completed trapper interviews was 22. Those contacted were generally interested and willing to respond, and we encountered no refusals for interviews.

We had an extended interview with Megan Waterman, a Dawson City based fur designer and artist. Coincidentally, some of the trappers we interviewed revealed that their wives/partners are involved in the production of crafts using fur and we were able to speak with some of with those individuals.

c) Yukon Government and Yukon Regulatory and Advisory bodies Present and former representatives who have been involved in or associated with the KSG program. Included in that category were representatives of Yukon Department of Environment,Yukon Economic Development, a representative of the Yukon Fish and Wildlife Management Board, and one representative from the Dawson District Renewable Resources Council.

2) Outside Yukon, Product Awareness and Desirability: To assess the degree to which the KSG label has permeated the marketplace, we interviewed a number of "downstream" fur trade interests including:

a) Fur-buyers and manufacturers/retailers attending the Fur Harvesters Auction (16-18 Feb 2008) in Seattle. We spoke to five fur buyers (purchasing products for their own manufacturing and retail enterprises) and brokers (purchasing for various manufacturers). In addition we spoke to representatives of national US fur trade agencies. Given the general "busyness" of all buyers attending auction (they are there to purchase, not to chat) our approach was opportunistic. We showed respondents the KSG label as a means of measuring initial recognition and then as a lead-in to measuring interest and awareness of the marketing initiative. Attendance at the auction also afforded an opportunity to observe, first hand, the conspicuousness of and buyer attraction to KSG products.

b) Fur Harvesters Auction. This is the auction house that has been engaged to market the KSG label. We had an hour long discussion with the General Manager while in Seattle, and pursued additional discussions with him, and other FHA representatives, later in the study period.

c) Other Auction House Representatives. We spoke to representatives from North American Fur Auctions, (Toronto) and Western Canadian Raw Fur Sales (Vancouver). Those discussions were largely of a follow-up nature as we sought clarification and outside opinion on fur marketing. In addition, we spoke with a representative from the Toronto-based Wild Fur Shippers Council for information in our description of the overall collection and marketing structure for North American wild furs.

d) Fur Council of Canada (FCC). The FCC is Canada's national fur promotion agency, primarily representing Canadian fur designers, manufacturers, and retailers. The FCC has established the "Beautifully Canadian" generice logo for Canadian manufacturer fur fashion products, provided the impetus for the hugely successful "fur is green" promotional initiative, and organizes the annual North American Fur Fashion Exposition Montreal (NAFFEM). We discussed the overall effort to "brand" and market Canadian furs, issues related to concept, exposure, and product availability, and the overall KSG concept.

e) Selected media (Fur/Fashion Press). We spoke with four fashion reporters who are known to have a particular interest in fur fashion, and to one consultant who was involved with the KSG program at the conceptual stage, and who has a strong track record developing fashion marketing initiatives, designer competence, and production capability.

f) NWT, current status and perceived success of the Genuine Mackenzie Valley Fur Program. Since the original KSG concept was a direct offshoot of GMVF, it was important to obtain a comparison in terms of activities and progress*.

3.3) Identification and Evaluation of KSG Components In addition to assessment of the success of the KSG Program in achieving or demonstrably moving forward on long-term objectives, the terms of reference for this project call for evaluation of individual program components/activities in terms of their contributions to program viability. Probably due to personnel turnover and the resulting breaks in continuity and changes in reporting formats, it proved difficult to track program activities from year to year and, indeed, to even identify program activities in some years. Commonly, the available documents addressed long-term objectives (e.g., increase fur harvest) rather than annual activities directed to those objectives. We consulted three categories of documents (proposals, contribution agreements, and progress reports, Appendix 3) in attempts to discover what was planned or accomplished in the various years. Tables 2 and 3 list the result of those efforts, identifying what we believe to be most of the activities conceived and/or carried out under KSG Program funding arrangements.

* *Although sharing the idea of fur industry revitalization in part through international marketing, the KSG and GMVF Programs differ in context, broad objectives, and program components, and the analyses and conclusions in this report are directed to and relate only to KSG.*

Table 2. Components / Activities of the Klondike Soft Gold Program 2000-2008. In the table body, Y indicates "yes", N indicates no activity, ? indicates no record of activity, blank/grey cells are used to indicate years prior to first mention in available docments, and [1-7] indicate footnotes to be found on page 9.

KSG PROGRAM COMPONENTS	*YEARLY PROGRESS*							
	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Bulk dressing of handicraft quality fur for use in the Yukon.	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]
"Job training and job creation, through multilevel employment opportunities..."	N	Y	N	N	N	N	N	N
Labelling of <u>all</u> KSG fur with a hang tag, and logo for finished fur products.	Y?	Y	N	N	N	N	N	N
Seattle and North Bay auctions Offering KSG at a "special auction"/PT	Y N	Y N	Y N	Y N	Y N	Y N	Y N	Y N
Marketing/promotions: media	Y	Y	Y	?	?	Y[2]	Y[2]	Y[2]
harvesters	Y	Y	Y	?	?	Y	?	?
local communities	Y	?	?	?	?	Y	Y	?
government		?	?	?	?	?	?	?
trade (NAFFEM, Milan, HongKong)	YNN[3]	YNN[3]	YNN[3]	YNN[3]	YNN[3]	YNN[3]	YNN[3]	YNN[3]
Sorting/grading facilities	N	N	N	N	N	N	N	N
Retail outlet and showroom	Y	Y	Y	Y	Y	Y	Y	Y
Assistance in design and marketing services for regional businesses.	N	N	N	N	N	N	N	N
Website	N	N	N	Y	N	N	N	N
Track buyers and country of origin	N	N	N	N	N	N	N	N
Promote Yukon as a tourist destination	N	Y	N	N	N	N	N	N
Production awards	N	Y	Y	Y	?	?	?	?
Develop KSG accessory and small garment collection[4]			Y[4]	N	N	N	N	N
Operation and management of fur depot	Y	Y	Y	Y	Y	Y	Y	Y
Trademark/LOGO				Y?	Y?	Y?	Y?	Y?
Collection and delivery of furs by YG						Y[5]	N	N
Direct Marketing at Seattle fur auction						?	N	N
Fur Handling workshops with FHA						Y	Y	Y
Payment of 11% commissions by YG						Y	Y	Y
Payment of shipping from Whitehorse to FHA by YTA/YG	Y?	Y?	Y	Y	Y	Y	Y	N?
Attend local events to increase exposure for "marketing" initiatives							Y[6]	?
Northern Canadian Wild Fur Collection	N	N	N	See Section 4.3.6				

Table 3 KSG Program Components specified in DoE Contribution Agreements, 2000-2008. In the table body, Y indicates "yes", N indicates no activity, ? indicates no record of activity, blank grey cells are used to indicate years prior to first mention in available docments.

YG CONTRIBUTION AGREEMENTS	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
A local system of fur pick up and shipment		N	N	N	N	N	?	?
A cash advance to trappers.	Y	Y	Y	Y	Y	Y	Y	Y
An alternative market(s) to the traditional auction house sales.		N?	N?	N?	N?	N?	N?	N?
Promotional marketing that highlights Yukon furs.		Y	Y	N	N	N	N	N
Explore the possibility of establishing penalty free system for furs held over or unsold.	?	?	?	?	?	?	?	?
Fur Depot facilities and service						Y	Y	Y
Improved communications with Yukon Trappers						?	?	?
Initiatives which improve harvest production and quality levels						Y	Y	?

FOOTNOTES (Table 2)

[1] These may be furs brought in by local trappers, provided through trapper education or, when quantities are not sufficient, purchased from outside of Yukon.

[2] Advertising for the YTA store and for pelt handling workshops has been purchased in local media, but we are not aware of any mention of KSG. Alternatively, it would appear that advertising in RedBook has been ongoing with GMVF taking on the responsibility for development and placement. We have not seen any KSG advertising dated beyond 2005/06.

[3] We are not aware of any YTA/YG personnel attending trade fairs in either Milan or HongKong; however, the KSG label has been promoted in the confines of the joint KSG/GMVF/NSC/FHA exhibition booths at these venues. Until 2005 this was done on a cost sharing basis but since then KSG costs have been absorbed by GMVF.

[4] This activity appears to have gone forward only in 2002/2003 when a Montreal-based designer was contracted to create a Yukon accessories collection for display at NAFFEM. The collection was then sent to Whitehorse for sale at the YTA outlet and there is no record of any further activity on this initiative.

[5] According to available information, this activity was initiated at the request of YTA but was not supported by a comprehensive communications strategy and there was very little participation from communities. The idea was to have the CO service provide a pick-up service however, we were informed of only one such pick-up undertaken.

[6] We are aware of only one such initiative which took place in Dawson City.

4) RESULTS

4.1) Trapper Harvests, Revenues, and Activity The following six subsections present the results of our analyses on the harvest and revenue data. The first three (4.1.1 - 4.1.3) are primarily descriptive in nature, designed to characterize and provide perspective on these matters. The next three (4.1.4 - 4.1.6) are the specific comparisons designed to evaluate the success of the KSG Program in terms of increasing harvest and trapper participation.

4.1.1 The Yukon Fur Decline in Perspective Figure 2 depicts long-term fur harvests and revenues in each of the four western Canada jurisdictions. With minor variations, these graphs show a remarkably consistent pattern of a) steady decline in pelts produced over time, and b) the 1980s peak and subsequent decline in revenues. It can be concluded that "the problem" (decline in fur production in recent decades) has <u>not</u> been Yukon-specific. Indeed, although our analysis focuses only on western Canada, we are comfortable in stating that this has been the general picture continent-wide. As will be discussed later, these results have implications for some of the solutions posed in the KSG Program.

Figure 2. Comparative summaries, by decade since 1950, of fur harvests (numbers of pelts, all species) and revenues (annual sales, all species), in Yukon, Northwest Territories, British Columbia, and Alberta.

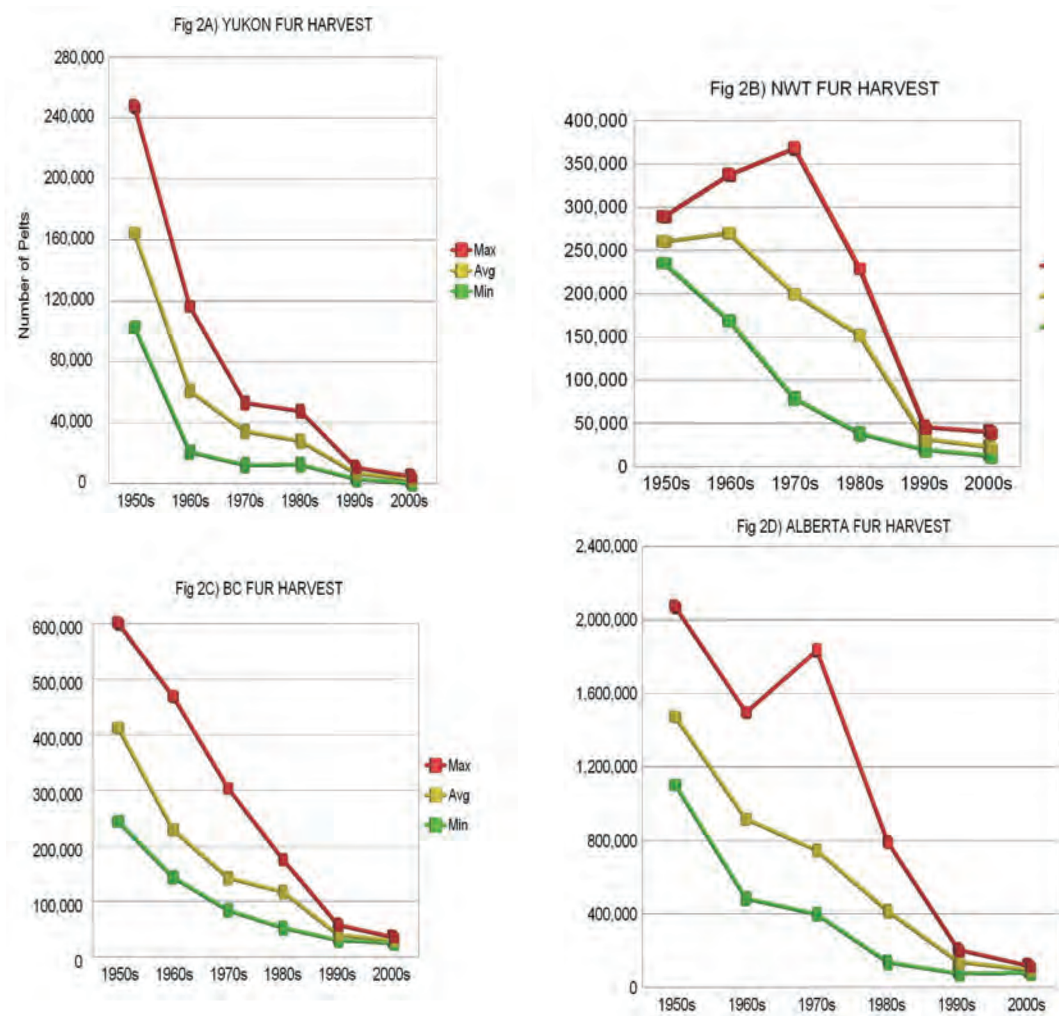
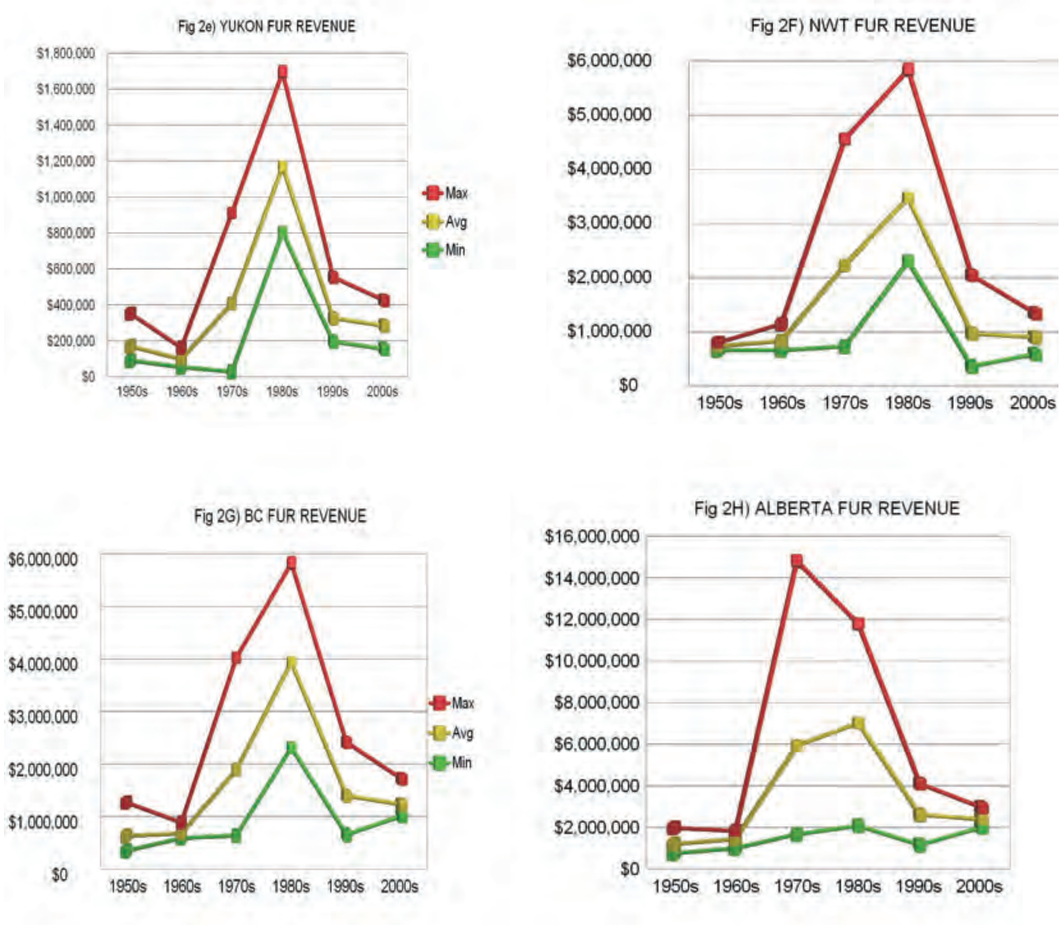


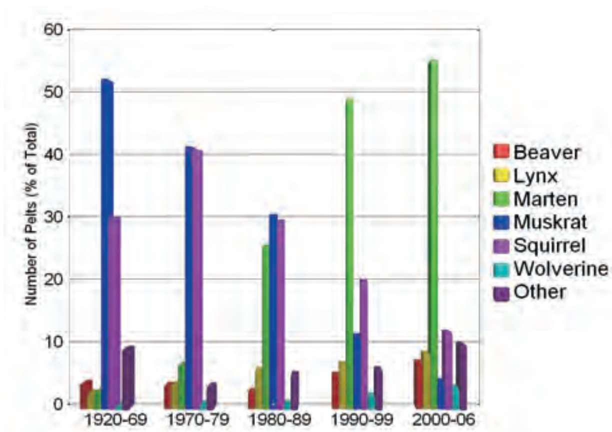
Fig 2 continued:



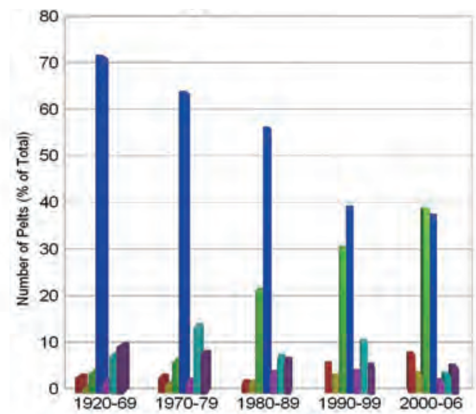
4.1.2 Species Considerations The apparent contradiction in Figure 2 results, a peak in revenues in the midst of decreasing pelt production, is explained in part by changes over time in the species composition of the harvest (Figure 3). Showing results for the top six species in each jurisdiction since 1920, Figure 3 also demonstrates some consistent patterns. The most dramatic of those is the increasing dominance of marten in proportion of both total pelt numbers and total fur revenues, and the concomitant decreases in harvests and revenues of a few formerly important species (particularly beaver, muskrat, and red squirrel).

Figure 3. Primary species composition of fur harvests and revenues in Yukon, Northwest Territories, British Columbia, and Alberta. The species selected for each graph are those ranking in the top six in terms of average revenue share in one or more of the time periods indicated.

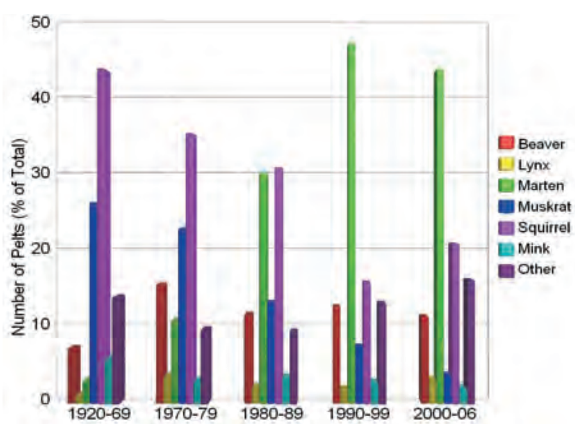
YUKON FUR HARVEST



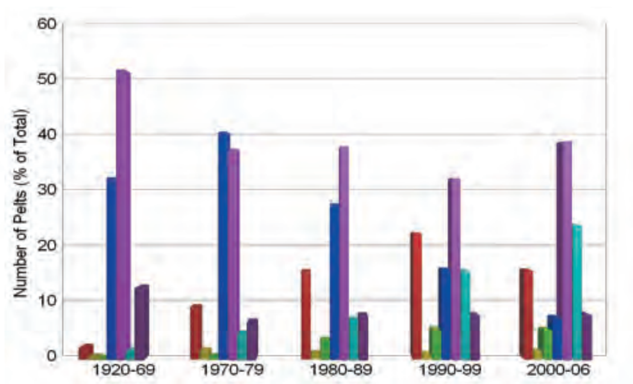
NWT FUR HARVEST



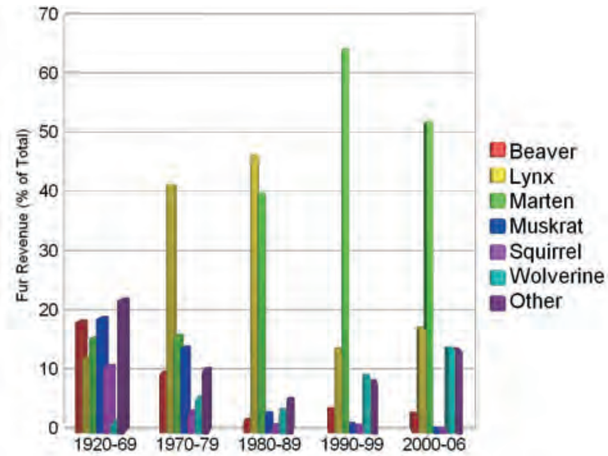
BC FUR HARVEST



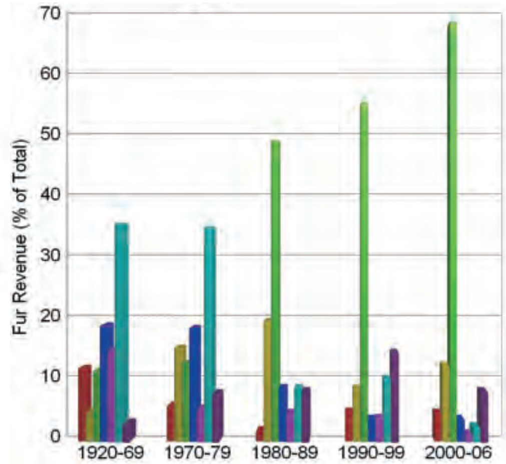
ALBERTA FUR HARVEST



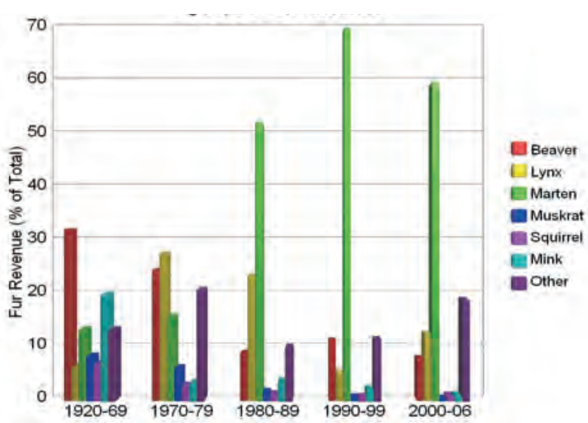
Yukon Fur Revenues



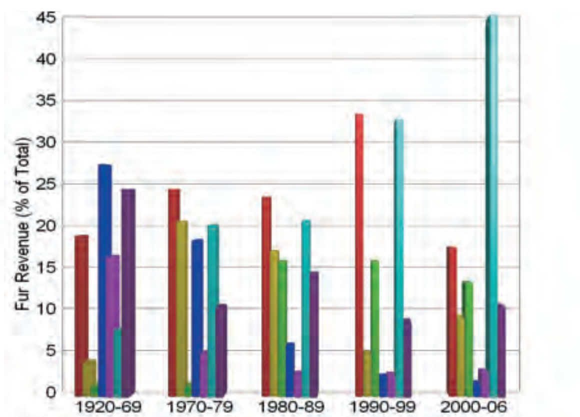
NWT Fur Revenues



BC Fur Revenues



Alberta Fur Revenues



Alberta, the number one producer among the four jurisdictions (both pelt numbers and revenue), is the exception, showing considerably less dependence on marten and a generally more balanced overall harvest in terms of species. The continuing importance of beavers and the rise to dominance of coyotes in the harvest is unique to Alberta in these comparisons, and is in part reflective of habitat differences (more deciduous woodlands and open country). However, it is likely also due to other factors, including the large number of private property (resident) trappers in the, mostly privately owned, southern half of the province.

Figure 4 completes the long-term picture of Yukon's fur harvest, showing the composition (pelt numbers and revenues) of the "other" species category, i.e., the eight Yukon furbearers in addition to the six primary species identified in Figure 3. For convenience, they will be referred to as "secondary" species in the remainder of this document. In terms of numbers, ermine, mink and red (coloured) fox were the predominant secondary species for 70 years and, although remaining important, all have been surpassed by wolf pelt numbers from the 1990s onward.

Figure 4. Secondary species composition of fur harvests (a-d) and revenues (e-h) in Yukon, 1920 - 2006. Species listed are those ranking below the top six in each time period, and shown collectively as "other" in Figure 3. Their indicated percentage occurrence is only within the "other" species category (N), and not total annual harvests and revenues (T).

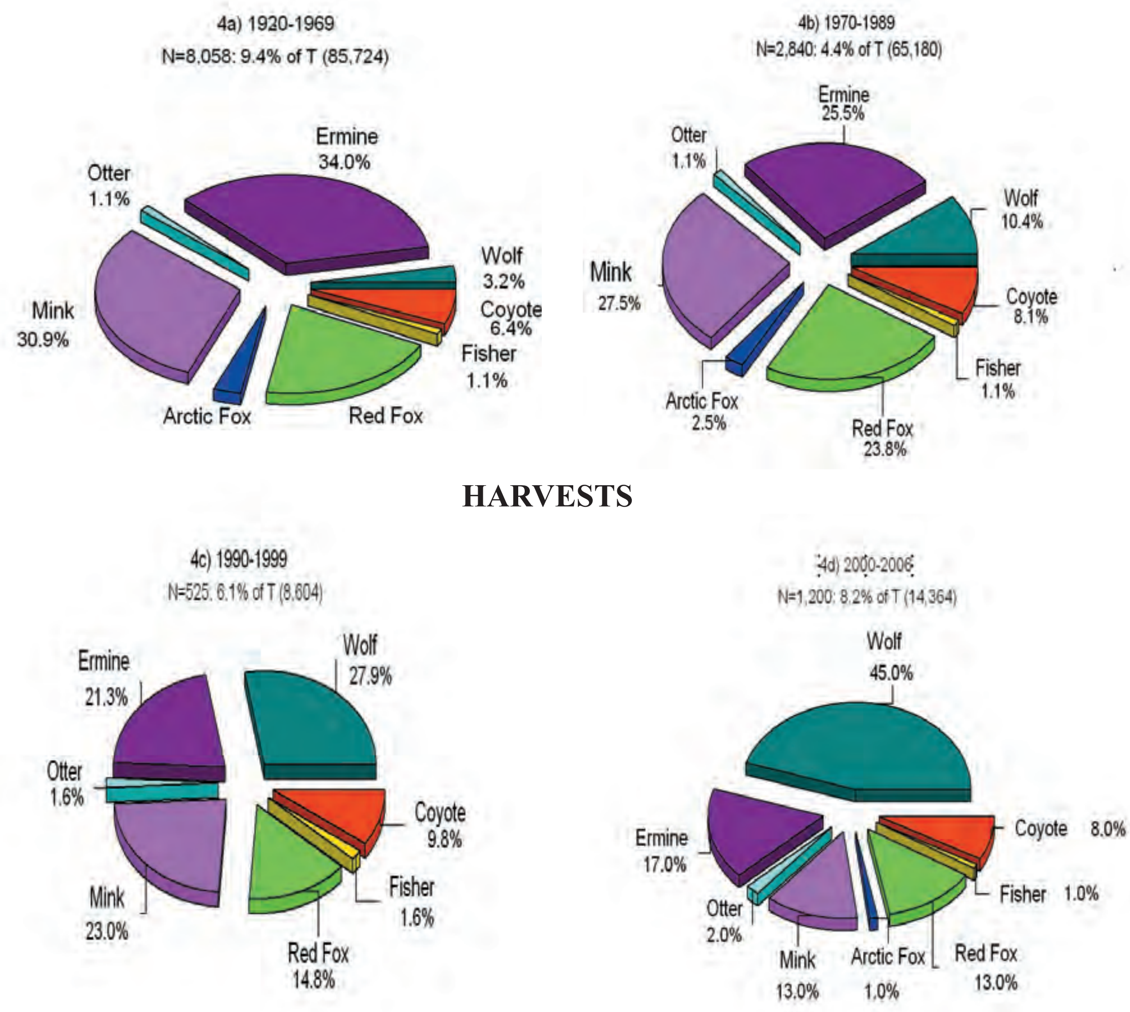
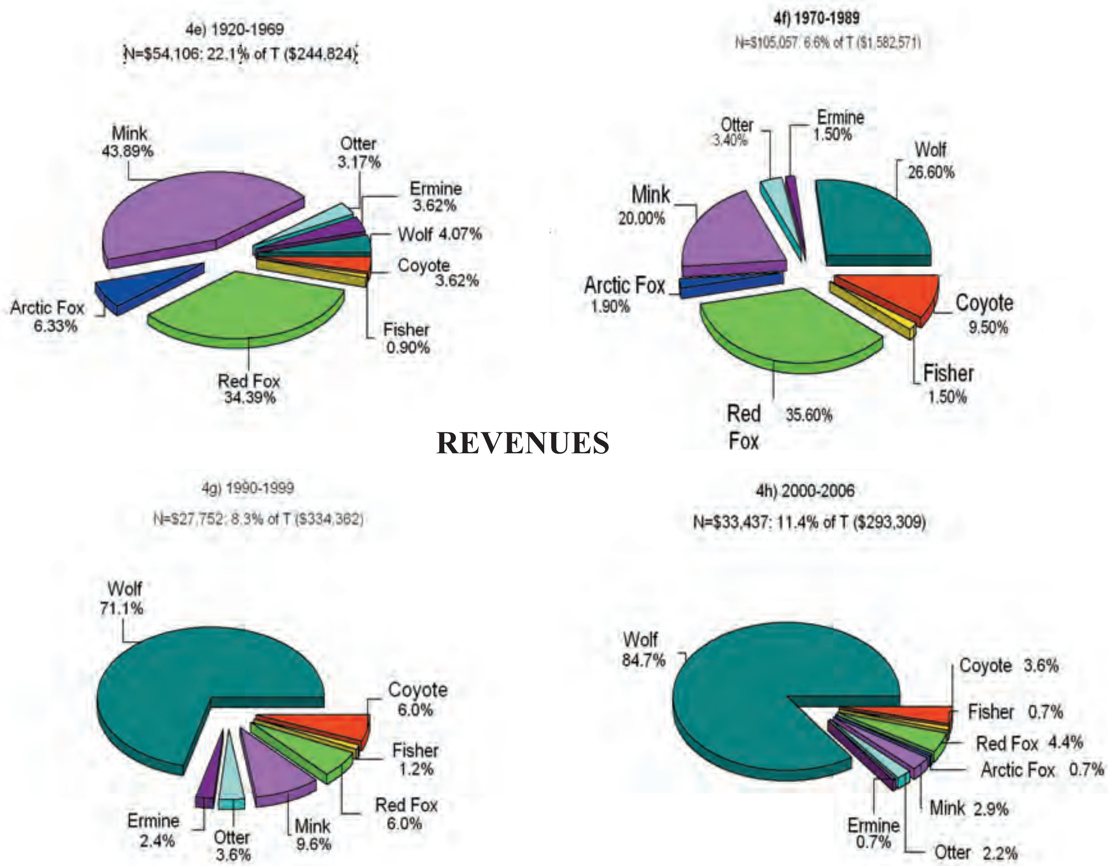


Figure 4, cont'd



In regard to revenues, mink and red fox were demonstrably the most important of the secondary species through the 1960s, but the proportion of revenue attributable to wolf pelt sales began to increase in the 1970s and has dominated since the 1990s (nearly 80% of the total "other species" revenue since 2000). The demand for mink and fox, especially in the early decades of this comparison, was the factor leading to the establishment of fur farms for those species and it is possible that some of the numbers and revenue attributed to them in Figure 4 involved farmed rather than wild-caught animals. Overall, the secondary species are of interest as related to their potential to contribute to enhanced Yukon fur harvests and revenues in the future.

4.1.3 Pelt Price Considerations

Annual fur revenues attributable to each species are calculated by multiplying the number of pelts sold times the average price received for them. An unexpected development in our evaluation was the discovery that the average annual pelt price figures are apparently not calculated/estimated the same way in all jurisdictions and possibly not even within jurisdictions over time. As a result, and because we had no choice but to accept the data received at face value in this project, the comparisons presented here may not precisely reflect reality. However, given the nature of the fur market system, it is likely that the broad relationships depicted in this section are accurate.

Figure 5 shows pelt price trends in western Canada for three of Yukon's primary furbearers (as defined above) and for wolf, its currently top revenue generator among the secondary species. In the case of the primary species depicted (marten, lynx, and beaver), the major trend of interest is the fairly close agreement among jurisdictions. That is, there are few cases of significant pelt price differences within years either pre- (1980-2000) or post- (2001-2006) KSG, and the year-to-year pattern is pretty much the same for all four jurisdictions. The results for wolf (Figure 5d) are quite different, showing less year-to-year consistency among jurisdictions and with extreme outlying values indicating the strong market preference for northern wolves. That was especially evident for NWT in the 1980s and 1990s, but has moderated somewhat since.

The other trend of interest is the regular appearance of Yukon pelt price values at or near

Figure 5 Average annual pelt prices for selected furbearers in Alberta, BC, NWT, and Yukon, 1920 - 2006

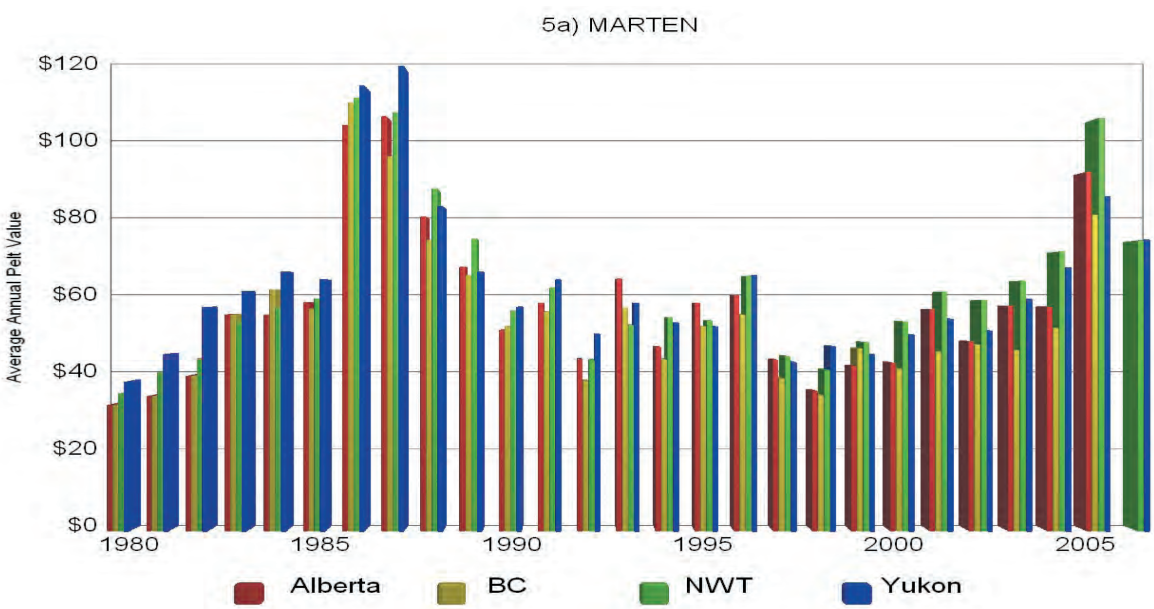


Figure 5 (cont'd)

Fig 5b) LYNX

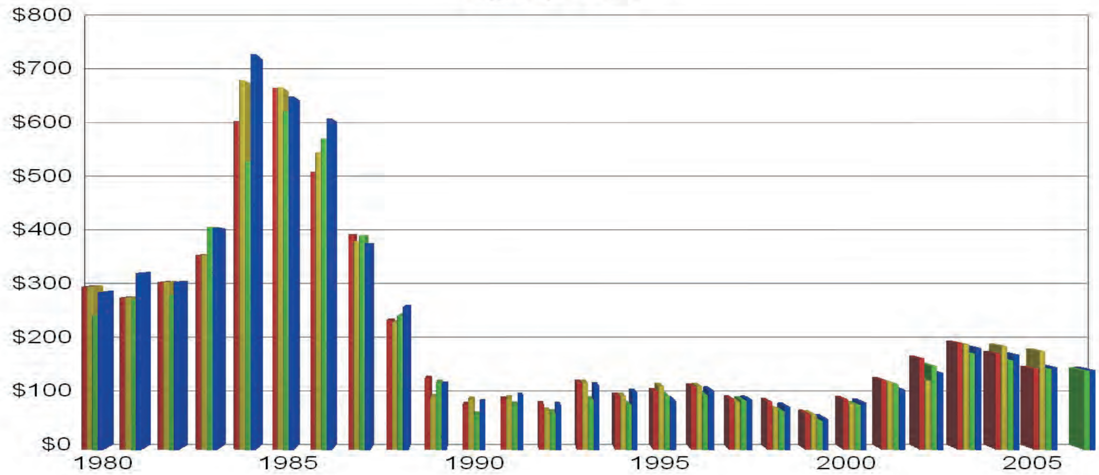


Fig 5c) BEAVER

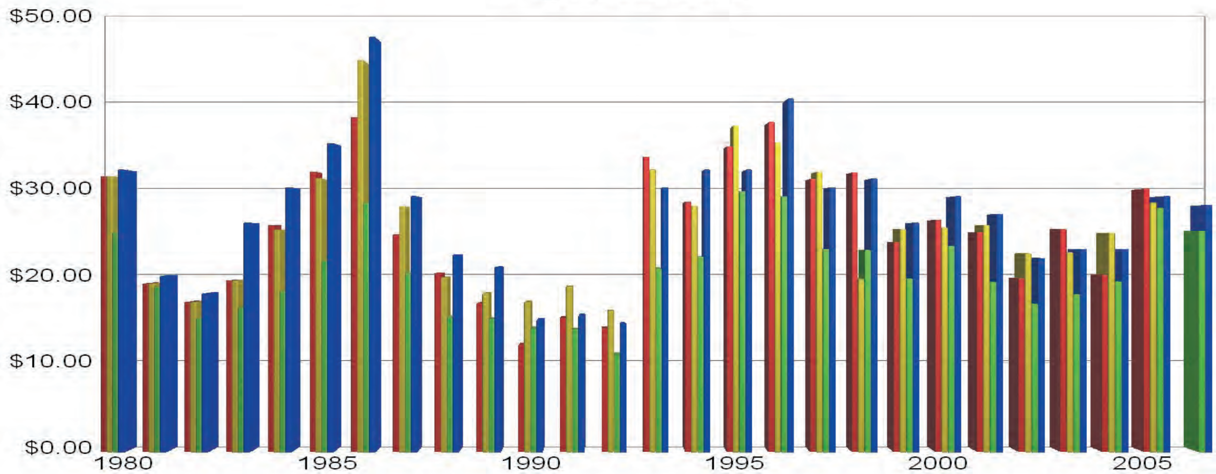
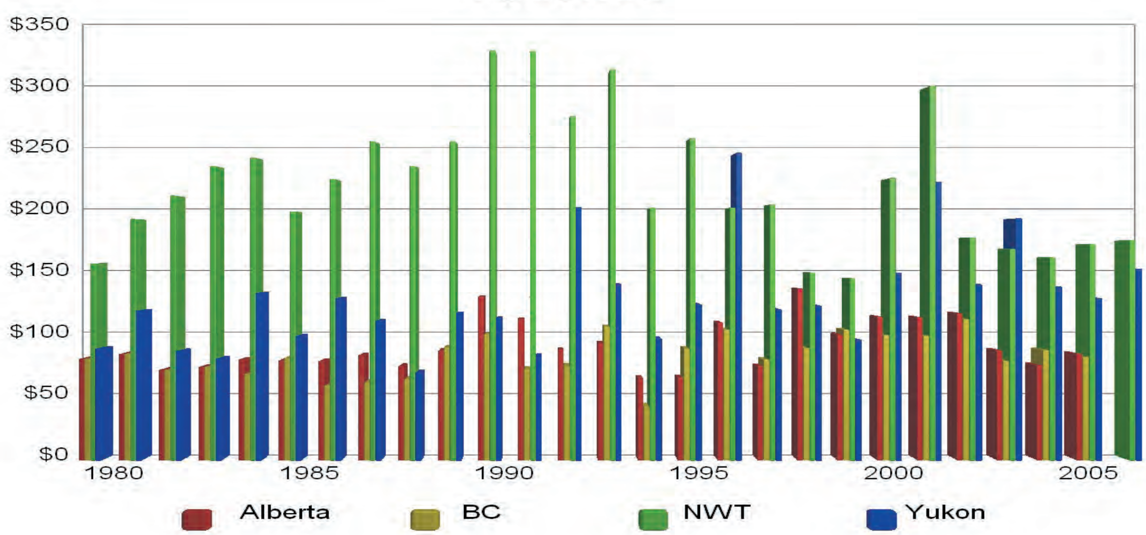


Fig 5d) WOLF



the top of the charts. This is further shown in Table 4, which ranks annual Yukon pelt prices (for all six primary species and the top three secondary species) in comparison to those in the other three jurisdictions. The number of "1s" across the board, including many years pre-KSG, tends to confirm an underlying premise of KSG (that Yukon produces furs of high quality). However, it also shows that Yukon fur has long competed well in the marketplace, and therefore raises questions about why or how it was felt that could be improved upon.

Table 4. Annual pelt price comparisons for selected species, 1980 to 2005. Each entry in the table body is the annual rank for Yukon (from 1 = highest to 4 = lowest), in comparison to the other three western jurisdictions (Alberta, British Columbia, and Northwest Territories).

SPECIES	Pelt Prices: Annual Ranks in Yukon in Three Time Periods		
	Pre-KSG: 1980 to 1989	Pre-KSG: 1990 to 1999	KSG: 2000 to 2005
Marten	1-1-1-1-1-1-1-1-2-3	1-1-1-2-2-3-1-3-1-2	2-3-2-2-2-3
Lynx	3-1-1-2-1-3-1-4-1-3	2-1-2-3-1-4-3-2-2-3	2-4-3-3-3-2
Beaver	1-1-1-1-1-1-1-1-1-1	2-2-2-3-1-3-1-3-2-1	1-1-2-2-2-2
Muskrat	3-3-1-3-1-3-1-1-2-2	1-1-2-1-1-4-1-1-1-1	1-1-1-1-1-2
Squirrel	3-1-1-4-1-3-1-4-2-1	1-3-1-2-1-1-3-3-1-3	4-1-4-2-1-2
Wolverine	4-1-1-3-1-3-2-2-3-3	4-2-2-2-2-4-3-2-3-1	3-1-3-1-1-1
Ermine	2-1-3-1-1-2-4-4-1-1	3-3-1-2-3-2-3-3-1-2	3-2-3-1-2-3
Mink	4-2-3-4-2-1-4-1-2-4	2-3-1-4-4-4-2-4-2-3	1-3-4-3-3-1
Red Fox	1-1-1-1-1-1-1-2-1-1	4-1-2-1-3-1-2-2-1-2	2-1-2-3-2-2
Wolf	2-2-2-2-2-2-2-2-3-2	3-3-2-2-2-2-1-2-3-4	2-2-2-1-2-2

For perspective, the dominant theme of the data compiled for Figure 5 and Table 4 is the consistency among jurisdictions. In many cases, the pelt price differences between rank levels within years (e.g., between number 1 and number 2) were small, often just a few pennies. Thus, there is need for some caution in interpretations based on these compilations. With that in mind, the data presented in Figure 5 and Table 4 do not indicate that Yukon has secured an added competitive advantage or increase in product demand since KSG (from 2000 onward).

4.1.4 KSG Success As Indicated by Fur Harvest Trends

One of the broad objectives of the KSG Program was to increase Yukon fur harvests over time. In attempting to evaluate program success in that regard, the fact that more than 50% of the annual harvest has been attributable to one species (marten) in recent years is problematic. That is because there was reportedly a territory-wide "crash" in marten populations during the second year of KSG (2001-02), with effects extending into following years. Thus, recovery to immediately pre-KSG harvest levels (4000+) still hadn't occurred by 2006-07 (Figure 6), and there is probably no "fair" baseline for comparison. The most recent (2006) harvest is more than twice as high as the low point in 2001-02, but is still 30% lower than the level (4174) at the start of the KSG Program (2000-01).

Figure 6) Recent marten harvests (1995-2006) in Yukon.

The increase in overall fur harvest levels envisioned by the KSG Program presumably would involve more than just marten. As shown in Table 5, which compares harvest level changes since KSG start-up for the other 13 Yukon furbearers, that effect is not yet apparent. Differences between first year and "last" year harvest numbers were increases for fewer than a quarter of the Yukon species, as compared to half or better for those same species in the other three jurisdictions. Further, the indicated increases in Yukon were relatively minor, probably relating to cyclic factors for the 10% lynx increase and barely significant at 4% for muskrat (up from 178 to 185, but far less than the 30,000+ regularly taken in the 1920s through the 1950s). In fairness, the same can be said for some of the increases shown for the other jurisdictions. For example, the more than 600% increase in the ermine harvest in NWT between 2000-01and 2006-07 brought the number up to only 1068, barely 20% of the 5000+ harvest levels in the 1960s, and the 115% increase in squirrel harvest in BC, up to 9675, compares with harvests of well over 100,000 in most years prior to 1970.

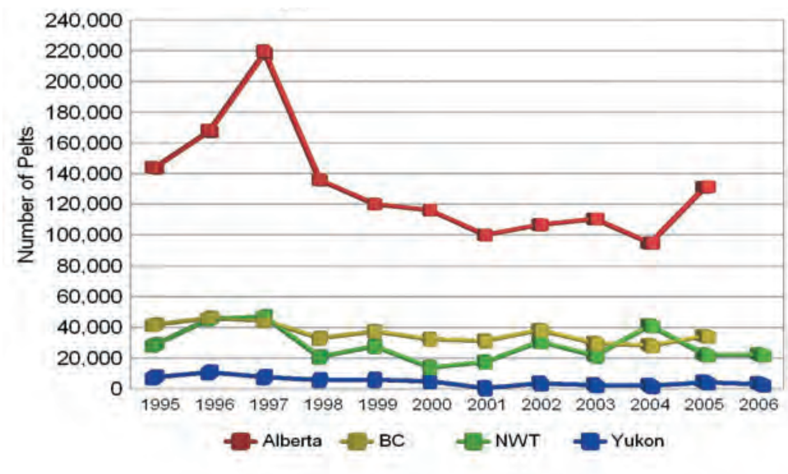
Table 5. Percentage increase (+) or decrease (-) in harvest numbers between the year of KSG start-up (2000-01) and the most recent year of record (2005-06 in Alberta and BC, and 2006-07 in NWT and Yukon).

SPECIES	ALBERTA	BC	NWT	YUKON
Arctic Fox	n/a	n/a	-54	0
Beaver	-9	+10	-23	-60
Coyote	+16	+110	+25	-73
Ermine	-17	-27	+637	-61
Fisher	-17	+62	+78*	-50
Lynx	-40	+63	-23	+10
Mink	+8	-20	-46	0
Muskrat	+21	-20	+101	+4
Otter	-16	+55	-60	-83
Red Fox	+17	-10	-59	-42
Squirrel	+29	+136	+43	-51
Wolf	+115	+29	+37	+15
Wolverine	-35	-24	+95	-60
Number Increased	6 (46%)	7(54%)	7(54%)	3(23%)

*Change from 2003-04 to 2006-07 (no harvest recorded prior to 2003-04)

Recognizing that general pattern, i.e., lower numbers for most species in all areas, the results in Table 5 do not indicate that either of the two jurisdictions with marketing programs were any more successful at increasing general harvest levels than were those without, although NWT apparently did better than the Yukon in that regard. A comparison of total pelt numbers (all species) recorded over the past decade (Figure 7) confirms that conclusion, showing an essentially flat-line pattern for Yukon both before and after KSG implementation versus slight overall increases after 2000-01 in the other three jurisdictions.

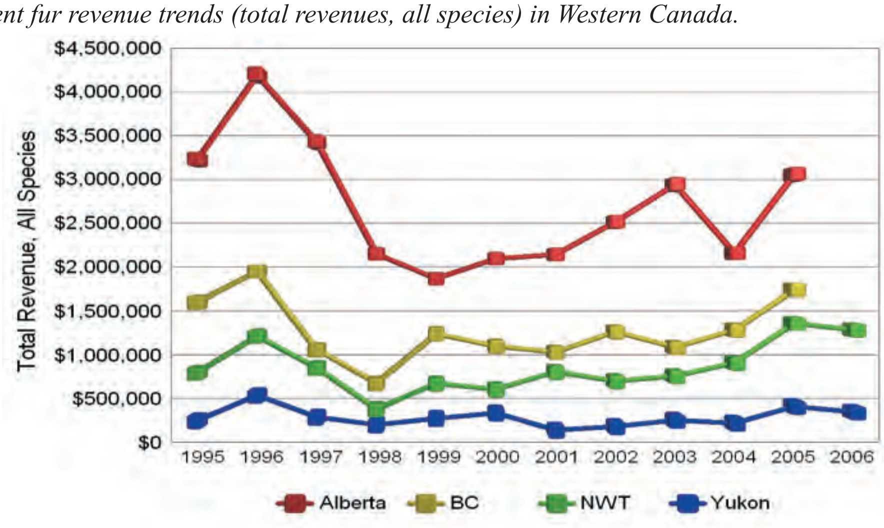
Figure 7) Recent fur harvest trends (total numbers, all species) in Western Canada.



4.1.5 KSG Success As Indicated by Fur Revenue Trends

As shown in Figure 8, all four of the western jurisdictions showed signs of increasing revenues since 2000, therefore not providing any clear evidence of a competitive advantage secured by the marketing programs initiated by NWT and Yukon at that time. As with the comparison of total pelt numbers (Figure 7), the result for Yukon is probably biased downward, reflecting the effects of the marten population failure early in the KSG Program time period. Again, the negative effect relates in part to the heavy reliance of Yukon trappers on that one species, i.e., their failure to more fully utilize the multi-species fur resources on their traplines.

Figure 8) Recent fur revenue trends (total revenues, all species) in Western Canada.



4.1.6 KSG Success As indicated by Trapper Activity

Figure 9 depicts trends of two measures of annual trapper activity in the Yukon since 1980. As shown, both the numbers of documented trappers (licensed) and the numbers of those that were known to have harvested one or more furbearers (active) decreased to low levels in the 1990s, but have shown modest increases in the last few years. That recent increase trend may be partly attributable to some component(s) of the KSG Program, but is probably mostly related to the general improvement in fur prices experienced by trappers in all four western jurisdictions (see Figure 5). Consistent with general patterns, the proportion of licensed trappers that were active by the above definition averaged 62% in the 1980s, fell to 45% in the 1990s, and fell further during the KSG period (2000s) to 38%. The significance is unclear but, from the standpoint of major KSG Program objectives (increasing fur production and revenues in Yukon), the number of active trappers is probably the most important of these measures. The recent "peak" (188 in 2006) is still well below the average maintained in the 1980s (476) and, as shown in Table 6, the number of trappers contributing to the Yukon fur harvest since implementation of the KSG Program (2000-01) has also remained well below the longer-term average both generally and locally. Comparing the last year for which we have data (2006-07) with the KSG start-up year, three of nine districts showed moderate increases in the number of active trappers although the pattern for the Yukon as a whole was a slight (3.1%) decrease. It is unclear whether any KSG Program components might have contributed to the increased trapper activity in the Mayo, Old Crow, and Watson Lake Districts. Of those, only Watson Lake is known to have had a KSG-sponsored fur handling workshop (in both 2004 and 2005), and we are aware of no other district-specific initiatives.

Figure 9) Yukon trapper activity trends, 1980 - 2006.

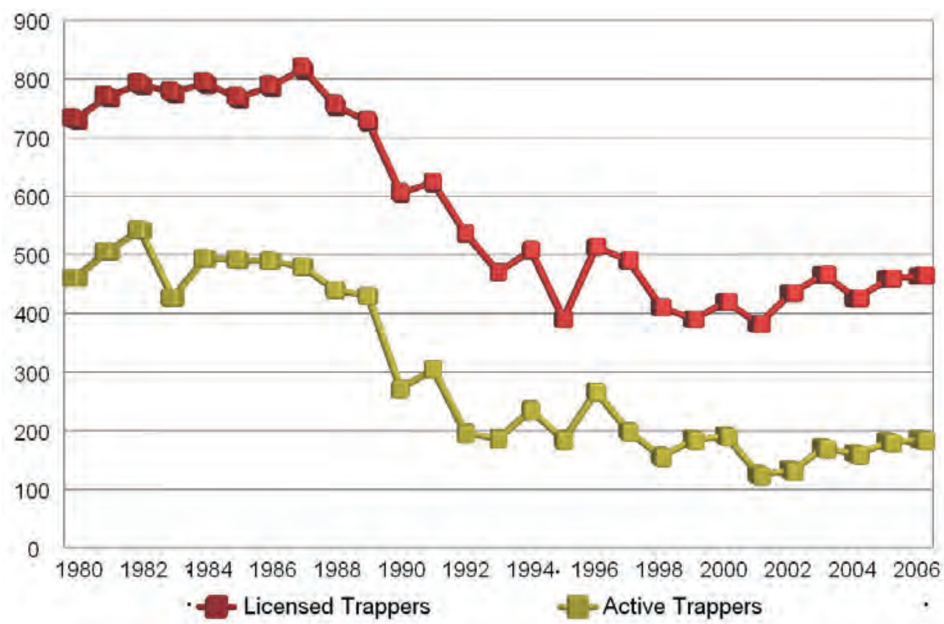


Table 6. Trends in number of active trappers in Yukon, long-term (1980-2006) in comparison to recent (post KSG start-up).

Districts	1980 - 2006			KSG Ref Yrs		2006 Versus 1980-2006 Avg.	2006 Versus 2000 (Pre-KSG)
	Avg	Max	Min	2000	2006		
Dawson	34.4	55	14	30	27	-7.4 (21.5%)	-3 (10%)
Faro	19.9	40	4	10	6	-13.9 (69.9%)	-4 (40%)
Haines Jct	37.1	95	12	20	18	-19.1 (51.5%)	-2 (10%)
Mayo	38.3	68	12	22	25	-13.3 (34.7%)	+3 (13.6%)
Old Crow	22.2	71	3	8	13	-9.2 (41.4%)	+5 (62.5%)
Ross River	37.7	67	12	22	19	-18.7 (49.6%)	-3 (15.8%)
Teslin	25.0	44	11	23	19	-6.0 (24.0%)	-4 (21.1%)
Watson Lake	47.6	82	23	35	40	-7.6 (16.0%)	+5 (14.3%)
Whitehorse	39.3	97	15	24	21	-18.3 (46.6%)	-3 (12.5%)
All Yukon	301.4	541	129	194	188	-113.4 (37.6%)	-6 (3.1%)

4.2) Fur Trade Interviews - Within Yukon

4.2.1 Yukon Trappers Association On January 25, while in Whitehorse, we had the opportunity to meet with past and current members of the YTA Executive. The purpose of the discussion was to obtain a basic understanding of the structure and operations of the YTA as it relates to the Klondike Soft Gold Program.

We learned that the association currently boasts about 120 members and 100 shippers. It is not necessary to be a member of the YTA to ship furs via the YTA fur depot. There is no fur grading currently being done at the depot and it is presently unclear which furs are eligible for the KSG designation. The YTA does not currently have a comprehensive communications strategy.

Over the past 8 years the YTA has undergone numerous changes to its political and administrative structures, along with a significant change in physical location from downtown Whitehorse to the outskirts of town. This has resulted in changing corporate priorities, loss of corporate memory, changes in record-keeping, and a need to retrain personnel. Over time, this has also led to a diluted understanding of the original KSG goals, objectives, and activities, although an underlying belief in the potential good of the program remains.

One individual opined that it seemed premature to initiate an international fur marketing campaign when there were production issues to be addressed in Yukon. Recruitment of new trappers and activation of unused traplines were continually referenced as ongoing impediments to increasing production. It was also noted that encouraging First Nation communities to increase involvement in trapping was challenging.

One respondent felt that success could not (and should not) be measured only by economic impact, but that the social, cultural, and health benefits of the trapping lifestyle should also be acknowledged, and if possible, quantified.

Under the current Board of Directors of the YTA (2008) it would appear that a decision has been made to focus attention on responding to internal political issues, with emphasis on dealing with local/membership concerns specifically related to providing services at the depot. (We were unable to access the Minutes of meetings where these decisions would have been made because of logistical issues related to the recent move of the YTA.)

We were informed that, at some point in 2003, because Yukon marten, lynx, and wolverine quantities received at FHA were so low, a decision was made to incorporate these furs into the Genuine MacKenzie Valley Fur (GMVF) collection under the Northern Canadian Wild Fur Collection (NCWFC) banner. YTA apparently agreed to this decision and since then it has been by tacit consent that, where volume of Yukon furs is insufficient to make a "bundle", the KSG furs are marketed as GMVF. In 2004, an attempt to formalize the NCWFC concept was articulated in a draft Memorandum of Understanding to be signed by Yukon, NWT, and Nunavut. While this MOU appears to have fallen by the wayside for apparent legal reasons, the concept has been tacitly adopted and is reflected as a reality in the Yukon Trapping Regulations Summary (2007/2008).

Since 2000, the KSG label has been promoted at NAFFEM in a booth shared by KSG, Fur Harvesters Auction, GMVF, and Nunavut. The associated costs have been borne by GNWT and YTA/KSG personnel have not attended since 2005.

YTA sends furs to both FHA and North American Fur Auctions (NAFA), according to the trapper's instruction. The auction house pays the association a 3% commission on furs shipped. All furs are shipped "collect" to the auction; however, FHA is reported to charge the shipping back to YTA. YTA will ship furs for members and non members alike.

In discussion, YTA representatives expressed their general concern that government should "do more" for trappers.

4.2.2 Yukon Trappers - Detailed results of the trapper interviews are provided in Appendix 4. The random sample of trappers contacted included a range of experience of from 0 (newly licensed) to more than 30 years. Over the past 10 years, the proportion of respondent trappers who have decreased effort, harvests, and trapping revenue has ranged from about 40-50%, while the rest have either maintained (40%) or increased (20%) in those measures of activity (Questions 2-4). Nearly 80% responded that they were not trapping as much as they would have preferred to, and mostly cited economic reasons (not enough net income) as the primary factor involved.

About three-quarters of those responding were generally aware of the KSG program, and most appeared to be "involved" in the sense that they were shipping fur via YTA to FHA (Questions 6 and 7). However, only 47% (8 of 17, Question 10) actually claimed to be KSG participants. Only one believed he had received direct acknowledgement of his participation (Question 11).

About half of those aware of KSG understood "better prices" to be a benefit of the program, although that understanding appeared to be based more on potential than on actual at this time. The most commonly cited actual benefit was the 11% auction commission rebate. Most respondents appeared to be in favour of both KSG and related government financial involvement, although some expressed concern about supporting one auction house and one was strongly opposed to government subsidies or grants of any kind ("If we can't pay our own way, we should stay home.")

Two-thirds of the respondents (12 of 18) had received fur-handling instruction in the past 10 years, but only five (28%) of those were known to have been in workshops offered under the KSG Program (Question 12). All but one (91%) that had attended some kind of workshop found it useful. Only three of the five attending KSG workshops remembered getting briefed on the KSG Program at those sessions, and none that attended other fur-handling gatherings were so briefed (doubtlessly in some cases because they pre-dated the KSG Program).

Of 11 respondents to Question 13 (desired fate of KSG), 6 (55%) were in favour of it being continued and expanded, 1 (9%) thought it should end, and the other 4 had no opinion on the matter. Specific ideas for expansion of the program were scattered, with only one (address the cottage industry concept) listed by more than one respondent (2). Other suggestions included increased promotional activity, development of trapline tourism, and provision of additional subsidies (renew 11% rebate, develop income stabilization program, provide logistical assistance to get furs "out of the bush", provide "grubstake" program as in NWT).

Among specific concerns and interests expressed about KSG and revitalization of the fur industry in Yukon (Question 13, item B), six respondents referred to the need for an enforced use-it-or-lose-it policy to help make traplines available to people who will use them. Other items directed to government include the desire for more financial support, the need for regulatory changes to further facilitate trapline tourism, and development of a business relationship reflecting trappers' role as the "eyes and ears in the bush/stewards of the land". The most frequent interests not directed to government related to a) the use of local markets for crafts and whole furs, in support of the cottage industry potential (5 respondents) and b) the need for addressing recruitment of young trappers (4 respondents).

4.2.3 Yukon Government,

Department of Environment While discussions with DoE were ongoing throughout the term of this evaluation, our preliminary meeting in late January had several focal areas including: availability of data related to trapping and harvest; need for documentation of contribution agreements, annual reports and other pertinent material; understanding the roles of the Yukon Fish and Wildlife Management Board and the Renewable Resources Councils; expectations; and the general history (evolution) of KSG.

We learned that the YG, through Department of Environment, had agreed to support the KSG initiative by a contribution agreement with the YTA. In essence, it was/is up to the YTA to manage and administer the program, report to government on status, progress, and results, and to oversee all marketing initiatives conducted by third parties (initially L'Heritage and then Fur Harvesters Auction). Annual renewal of contribution agreements was subject to government satisfaction with reported progress. DoE has remained the YTA's main contact agency for this program.

Economic Development We spoke with two representative who had some involvement with providing financial support to the KSG program. To date, EcDev support for KSG has included the travel subsidy for YTA participation at NAFFEM (00/01), general program support (04/05 & 05/06), and the 11% commission rebate to trappers (05/06 & 07/08).

We were told that EcDev was concerned about the issue of low production/inactive traplines and the department is reluctant to fund until the production issue has been properly addressed. We were also informed that EcDev does have "planning and development" funding available; however, there are specific requirements that must be satisfied in order to access those funds.

4.2.4 Other

Crafters, local manufacturers We also had the opportunity to speak with several individuals who have developed their own "crafting" businesses using fur that they either harvest themselves, or which is harvested by their spouse. In those cases, furs are shipped out to a fur tannery, in some cases by the YTA and in others by the individual and then returned to Yukon for crafting. Products are sold directly to local consumers, or placed on consignment with local shops or with the YTA store. Those crafters we spoke to were pleased with the return on their efforts and some affix the "handmade in Yukon" label that is available from the Chamber of Commerce.

We also spoke extensively with Megan Waterman of Northern Garments Inc, based in Dawson City. Ms Waterman is an independent business woman who has achieved some recognition in local and national markets, and has exhibited at NAFFEM. She reports that she is pleased with the reception the markets have afforded her and likes the KSG concept because it "authenticates Yukon fur and adds value". She has also had some media exposure through the CBC series Venture, and other media outlets. She noted that it is difficult to develop export markets (i.e., out of Yukon) when production capacity is limited. Most retailers are seeking secure and reliable product sources, and any increase in production would involve considerable financial risk to a small manufacturer. That being said, Ms Waterman indicated that she is not interested in business subsidies noting "as a business person I want to be independent, there is nothing like pressure to make you work."

Crafting has not caught on as a significant financial option, with respondents citing it as being too time consuming when there are "good paying jobs" available. However, it was thought that a labour pool may encourage local crafters and artisans. Ms Waterman noted a degree of frustration at the fact that some crafts are being imported from other jurisdictions (NWT) or countries, and sold to tourists in Yukon.

It was also noted that the Yukon Arts Branch has been offering courses on marketing, value added products, and setting up exhibits and trade shows.

Yukon Fish and Wildlife Management Board While there is a strong relationship between the YTA and the YFWMB, there is no immediate relationship between the YFWMB and the KSG program. We learned that a second phase study, as a follow-up to Jones *et al.* (2005), has yet to be initiated. It was noted that under-utilization of traplines is a major issue and it is up to the RRCs to develop guidelines to encourage more trapper activity and recruitment. It was suggested that carefully planned workshops could be delivered in RRCs, with a strategy for follow-up and support to the RRCs.

Dawson District Renewable Resources Council We noted that in 2005, YTA had initiated contact with RRCs to encourage attendance at fur handling workshops. In this respect, we endeavoured to speak to the various RRC representatives named in the files, and were successful in reaching one individual. She indicated that she had been interested but had had no further contact. In the discussion the representative noted that she thought a "First Trapping" program, as a complement to the "First Fish" and "First Hunt" initiatives would be a positive step forward in responding to numerous community needs for all youth. In addition, our respondent noted that she thought an incentive program for equipment renewal, more training, and some kind of instructor/mentoring program could be positive measures in encouraging people to trap.

4.3) Fur Trade Interviews - Outside of Yukon

4.3.1 Attendees at Fur Harvesters Auction, Seattle, 17-19 Feb 2008 - In discussions with fur buyers, manufacturers, dressers, and brokers, there was only one spontaneous recognition of the Klondike Soft Gold name. When asked to examine the label, none of the respondents indicated any recognition and all put the label down almost immediately, with no demonstrated interest to learn more. Nevertheless, we pursued discussion on the label design and purpose, eliciting the following comments:

> *"If you want to sell expensive fur, don't bring trappers into it. Trappers aren't marketers."*
>
> *"A label should make you think luxury, soft, fashion...this doesn't do it."*
>
> *"The wording is irrelevant to fashion."*
>
> *"I'm looking for words like 'authentic', 'precious', 'natural', 'unique', and 'art' because that's what I'm looking for in quality fur."*
>
> *"Where is Klondike? Where is Yukon? What's that got to do with it?"*
>
> *"I'm not looking for a birth certificate when I'm buying fur, I'm looking for quality and price."*
>
> *"If there were lots of skins you could have a private collection, but there aren't enough to choose from."*
>
> *"Even if I knew about this label, I'm more interested in price, quality, quantity."*

Buyers acknowledged that furs from colder regions are generally of better quality, but emphasized the need for large and relatively uniform collections to choose from. Regardless of species or source location, only a small percentage of pelts (less than 10%) are graded into the highest quality lots targeted by KSG (see Discussion, Section 5.3). For example, the highest annual production of Yukon marten since the inception of the KSG Program (2499 in 2006) would provide no more than 250 pelts eligible for KSG/GMVF/ Northern Fur Collection labelling, with those graded into different lots by factors such as colour. Upon learning about Yukon production numbers (e.g., fewer than 1000 top quality marten pelts per year), buyers would say something like "that's not enough fur. I need more choice."

4.3.2 Fur Harvesters Auction Representatives Our discussions with FHA representatives focused first on the history of the relationship between L'Heritage, FHA, and YTA. We learned that early in the program L'Heritage had negotiated with FHA to auction some of the KSG collection at the North Bay facility. It would appear that by 2003, YTA had made a decision to release L'Heritage from any obligations and to take on the management of KSG internally. An agreement was then struck with FHA to act as the exclusive auction for KSG products, and confirming that Yukon-sourced furs shipped to FHA would qualify for KSG. However, it became evident that not all furs were of optimal quality, nor were they handled with the same expertise. Those two factors limit the number of pelts that meet the criteria (see page 35) for highest quality and the KSG label.

We were told that when quantities of top quality Yukon furs are insufficient to make a KSG bundle, FHA includes what pelts they do have in the GMVF collections, and that this is often the case. FHA was unable to tell us how many Yukon furs actually end up with the KSG (or GMVF) label.

FHA and YTA have an ongoing agreement whereby YTA agrees to act as an agent of FHA, for a 3% commission. FHA outlines eighteen services to be supplied (Appendix 5). While this is not a common practice for auction agents, YTA has paid the freight costs to ship to FHA.

We were recently informed that promotional materials at point of sale are generally provided by YTA. Of late, it has been the GNWT/GMVF representative who has fulfilled the task of providing for visibility at auctions and at fur trade expositions with costs related to KSG currently being absorbed by GNWT. NWT, Nunavut, and YTA share exhibition space with FHA at fur trade expositions in Moscow, Bejing, HongKong, Milan, and Montreal.

4.3.3 Representatives from Other Auction Houses - Effective in early 2008, Western Canadian Raw Fur Auctions (Vancouver) merged with Fur Harvesters Auction for the purposes of wild fur sales. Nevertheless, in recognition of their long experience in the fur trade and their historic position as a preferred market for many Yukon trappers, it was important to get separate WCRFRA input on the KSG Program. The following quote succinctly summarizes their position on the matter: *"I think we need a northern fur collection but you can't sell furs piece by piece. Yukon furs are among the best, but there aren't enough of them so they have to be grouped together in a northern collection. The Yukon is capable of producing more furs."*

Similar comments were received from what is now FHA's only Canadian competitor in wild fur sales, North American Fur Auctions, Toronto. They noted that *"...there is not enough fur produced in the Yukon for a successful isolated campaign, since no buyer or manufacturer is interested in little bundles of limited quantity furs"*. It was their opinion that Yukon furs would do better in larger lots of similar skins (intersort) promoted under an existing label already established and recognized by buyers, retailers, designers and consumers (e.g., their "NAFA Northern"). For perspective, it was noted that NAFA spends in excess of $4 million US dollars each year to accomplish (marketing) objectives and the two European auctions (specialized in ranched furs) spend even more.

4.3.4 Fur Council of Canada - There was no immediate recognition of the KSG label itself although, because of the position the FCC plays in organizing the North American Fur Fashion Exposition Montreal (NAFFEM), there was recognition of a northern initiative to market quality furs produced by First Nations trappers. When asked about the Northern Fur Collection, the respondent identified it as the banner under which GNWT, Nunavut, KSG, and FHA have been displaying their respective labels in a collective exhibit at NAFFEM.

Further discussion emphasized that significant funding and long-term effort are required to clearly establish a brand or label to both manufacturers and consumers, and it is now "branding" that drives most marketing initiatives. For the consumer, a brand or label will identify her/him with a fashion icon, a desirable affiliation for most younger consumers.

In the international marketplace, brands or labels are successful because they stand out from the ordinary. An effective luxury marketing or branding campaign requires long-term consistency, a very considerable financial investment, originality, creativity, and a "look" that has international and timeless appeal. Such a campaign needs continuous and supported exposure to fashion media, a long term advertising strategy, a target audience or audiences, measurable results and milestones, and the ability to "grow" and refine the effort with the passage of time.

It was the respondent's opinion that the Northern theme should feature concepts such as "quality", "heritage", "culture", "authenticity", and "myth", and the Northern brand should create a "romantic vision." An indication that the present KSG label may fall short of those goals was illustrated by the comment *"It would look good on a tractor."*

4.3.5 Selected Media (Fur/Fashion Press) - None of four media representatives contacted were aware of the KSG initiative, or recalled seeing any applicable press releases or advertising. One reporter who regularly attends NAFFEM did recall a booth with a northern theme, but could not pinpoint any specifics. The primary message from these contacts was that they would be unlikely to gain working awareness of such a program without direct contact and considerable promotion and follow-through. (*"One announcement won't be sufficient to catch my interest" and "This label doesn't tell me a thing."*)

The only respondent in this category aware of KSG was a fashion consultant who had been involved in developing the original concept, and had worked with L'Heritage at the onset of the program. She attributed the general current lack of awareness of the program to shortcomings of the label itself ("designed by committee"), and the fact that the strategy was not being run by "professionals with marketing backgrounds".

4.3.6 NWT Representative, Genuine Mackenzie Valley Fur (GMVF) Program Although the GMVF and KSG Programs had similar roots in their association with L'Heritage at the beginning, there are a number of important differences in structure, administration, and general focus. Some of those differences are highlighted as follows:

- *NWT does not have a trappers' association; rather wildlife management and trapping decisions are made through a network of Hunting and Trapping Committees and Land Claim Agreements.*
- *Since the vast majority of NWT trappers are First Nations members, administration of the landbase is via a system of traditional territories rather than registered traplines.*
- *The GMVF Program is strategized, managed, and administered entirely by the Government of Northwest Territories (GNWT). A staff member (our contact for this review) specifically assigned to the task of developing and supporting the program has been there since its inception. Among the services and assistance provided are:*

  Acting as the agent for all NWT fur shippers.

  Providing a no-interest advance for furs (based on the average price at the previous year's auction) to trappers if requested.

  Assuming costs of shipping and handling, the 11% auction Commission, and all trapper education.

  Providing a grubstake program to trappers (to a maximum of $1,000), to assist in preparing for the trapping season.
- *The long-term goal of the GMVF program is that it will eventually generate enough return to make it entirely self-financed. The motivation for the NWT to become involved in the Program was to help NWT people renew their links with the land in a productive and socially consistent fashion. The local socio-economic benefits to this initiative include:*

  The provision of seasonal employment

  Transmission of skills and knowledge from elders to youth

  Introduction of "new" money to local economies

  Income stabilization for trappers

In regard to marketing, the GMVF program debuted in 1999 through an agreement between GNWT and L'Heritage. In 2001, GNWT did not renew that agreement and undertook to manage the program without engaging a third party, working directly with Fur Harvesters Auction and trappers. The original plan was that all GMVF furs were to be designated as such and kept separate from fur that did not originate in NWT.

The GMVF collection was modified to include only the highest quality NWT sourced furs and, over time the GNWT encouraged Yukon and Nunavut to become involved in marketing their respective fur labels under the Norther Canadian Wild Fur Collection banner. A draft memorandum of understanding was prepared to support a formal endorsement of the NCWFC and to market each label (KSG, GMVF, and the NIC (Nunavut Inuit Collection). Thus far none of the governments has signed the MOU.

According to the person responsible for the GMVF program, the GNWT is pleased with its success to date, which includes an increase in younger trappers active in the territory, and intends to keep "growing" the program over time.

4.4) Other Evaluation Initiatives

4.4.1 Observations at Auction - At the Seattle wild fur auction (18 February), there was strong buyer attendance from major markets including Russia, China, Korea, Britain, Germany, Italy, and the US. The wild fur auction is held the day prior to that for ranched furs, and is offered by agreement between Seattle Fur Exchange and Fur Harvesters Auction (FHA). This partnership provides two venues for FHA sales, the other being in North Bay, Ontario, and exposes buyers who are typically interested in ranched furs to wild fur assortments.

We observed the sales, had an opportunity to speak with some buyers and other industry representatives, previewed the wild fur offerings and reviewed the sales catalogue, and inspected goods for references to KSG.

Buyers were enthusiastic and bid competitively for marten (91% sold), raccoon (95%), red fox (92%) , lynx (95%), bobcat (95%), Wolf (97%), wolverine (100%), and ermine (100%), but displayed selective to limited interest for others. Generally speaking, the highest quality goods were all sold.

The sales catalogue identified two "Yukon" lynx lots consisting of 33 and 24 pelts, respectively, "six "NWT" lynx lots with a total of 380 pelts, and 11 "Alaska" lots totalling 166 pelts. None of the other catalogue sections specifically identified Yukon origin furs, and there were no observed listings under KSG.

It was only on inspection of goods in the warehouse that we found any indication of the KSG promotion. That was visible only on KSG tags that had been affixed to some wolverine, lynx, marten, and wolf pelts.

In interviews and chats with buyers, observers, and industry representatives, there was no recognition of KSG nor was there much interest in the concept. Again, we were told that buyers don't care where the pelts originate. They want "quality, consistency, and quantity".

4.4.2 Internet Search In the interest of measuring presence on the internet, we searched for KSG on the top four search engines (Google, Yahoo, Sympatico, and Altavista). We did the same for GMVF, Nunavut Inuit Collection, and Northern Canadian Wild Fur Collection for the purposes of comparison. We limited our search to the first two pages of each engine.

Results (see Appendix 6) showed low exposure for all names, but higher exposure for GMVF, than for the other labels. The referred internet sites were for Fur Harvesters Auction, NWT government, Nunavut government, and Yukon government. In the latter case the sole exposure was a copy of the annual Yukon Trapping Regulations Summary that refers to the Northern Canadian Wild Fur Collection.

5) DISCUSSION

Jones et al. (2005) outlined "three main reasons" in favour of supporting the Yukon fur industry and development of applicable strategies:

1) It is an under-utilized resource that provides employment and a sense of pride in the Yukon.

2) Trapping provides additional "new money" in rural Yukon communities at a time of the year when the economy is at its slowest.

3) The trapping industry has the potential to achieve new heights through the development of new markets, value-added products, and integration with other sectors, such as tourism.

We strongly agree with that perspective and wish to acknowledge, with great respect, the considerable time and energy expended by a number of people in implementing the various facets of the KSG Program identified and undertaken to date. In our view, the discharge of that initiative has been a classic case of good intentions all around, with everyone involved (YTA executive and staff and YG officials at all levels) wanting and attempting to do the right things to help revitalize the industry. Unfortunately, we have to suggest that the main thrust of KSG ("marketing") was built on an essentially false premise...that one jurisdiction (in this case the Yukon) could somehow manipulate and change the global system of fur demand and pricing to its exclusive advantage.

Sections 5.1 and 5.2 provide some background on how that system works and why the envisioned marketing activity for KSG had a low likelihood of success in that context. In addition, since all of the documentation assessing the Yukon fur situation in recent years (Yukon Government 1997, Ogden 1999, Mueller 2000, Jones et al. 2005) has identified "fur prices" as the primary factor affecting trapper activity, we offer some thoughts on the realities associated with fur prices, on the relationship of fur prices to trapper income, and on the potential for increasing trapper income (Sections 5.3 and 5.4).

5.1 The Auction System: Moving Furs from the Trapline to the International Marketplace

5.1.1 History and Structure - For more than 400 years, raw furs have been sold primarily as a commodity on an open market under an auction system. During the early days of economic development in Canada, numerous "country buyers" purchased furs from trappers in remote areas, paying them in cash and basing their price on fur returns from the previous year or, often, on elaborate tales of reduced demand and/or pending economic collapse. In many cases, those same furs would then be consigned to auction with the expectation of increased profit for the country buyer. That method provided the trapper with immediate cash rather than requiring the wait for auction but, on better understanding of the system, many trappers learned to be more patient. Although country buyers still exist, auction companies have adapted to compete against them, offering advances against future returns.

Canada's first fur auction was under the auspices of the Hudson Bay Company (1670), which operated a monopoly until the establishment of the NorthWest Company in 1779. Forty-two years later (1821), the two companies amalgamated under the Hudson Bay Company banner. Though it is now a separte entity, Canada's largest fur auction house North American Fur Auctions (NAFA) evolved from the HBC.

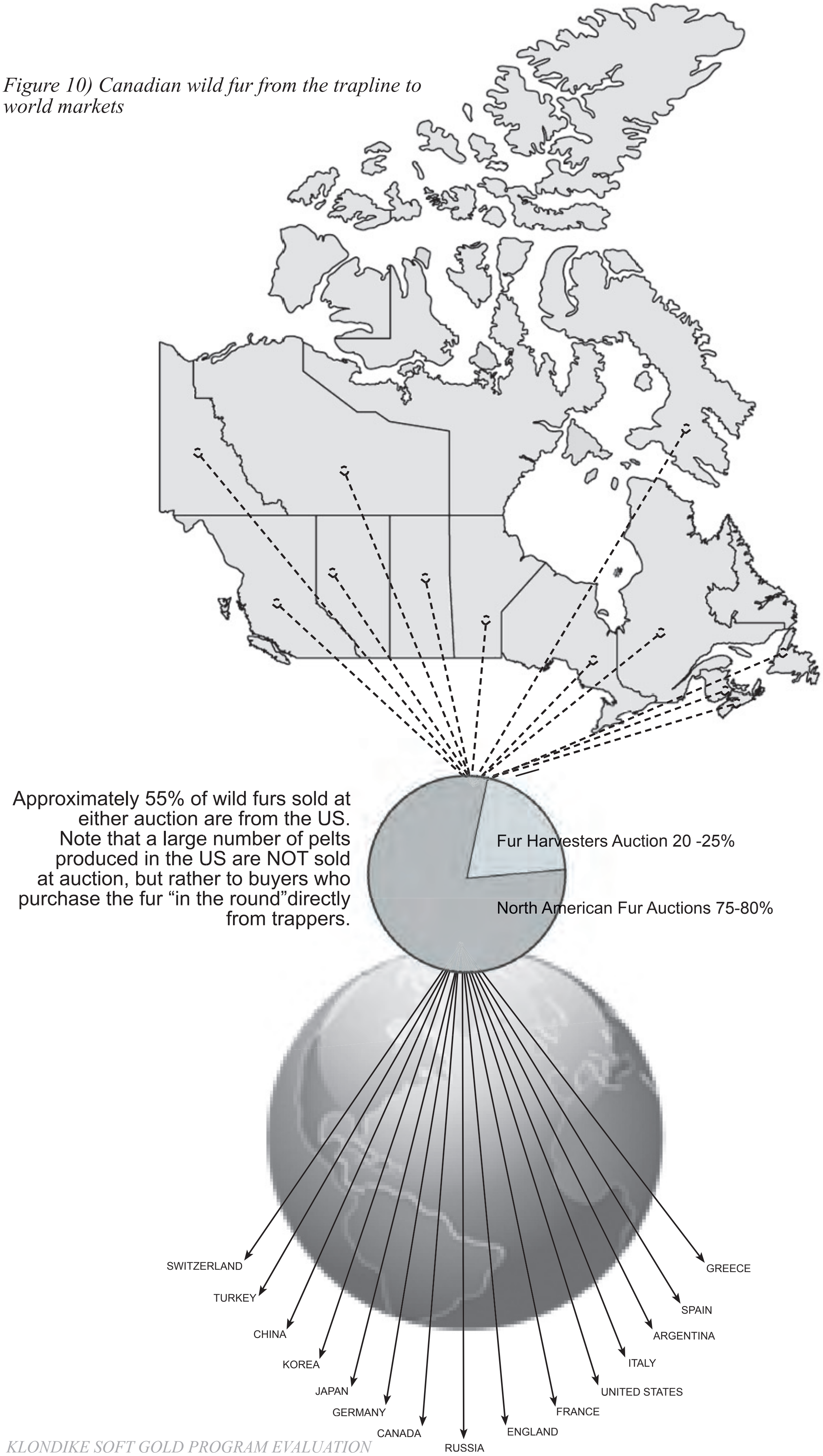
Western Canadian Raw Fur Sales opened its doors in the early twentieth century, and, in 1991, Fur Harvester's Auction (FHA) a cooperative trapper-owned-and operated auction was established in North Bay, Ontario. Since that time, FHA has proved to be a successful concept and has been handling from 20% to 25% of North American wild fur sales in recent years. In 2007, Ted Pappas of Western Canadian Raw Fur Sales announced his retirement and the closing of his auction facility in Vancouver leaving two Canadian fur auction houses, and the Seattle-based American Legend auction house.

5.1.2 Raw Fur Sales - Most Canadian furs are sold to international markets through one of the two existing auction houses (FHA or NAFA) or, exceptionally, through Private Treaty Sales (±5% annually). While the auction houses are necessarily competitive, both recognize that competition is good for markets and for trappers. Today, in keeping with predetermined auction schedules, trappers send their pelts to their auction facility of choice. Each pelt is bar-coded with information leading back to the specific trapper who shipped it. At the auction house, pelts are initially separated according to species, size, colour, and general quality. Then, within each of those categories, specially trained graders do a finer separation and "bundling" for final presentation to buyers (see Section 5.3). Bundles generally represent a collection of pelts of sufficiently uniform characteristics that they could be made into a single garment.

The sale and distribution of pelts world-wide (see Figure 10) is highly competitive, and tremendously complex. Hundreds of fur buyers, acting as agents for numerous tanners, brokers, manufacturers, and retailers travel the world to auctions, private suppliers, and individual trappers, bargaining for quality and quantities of fur. These markets are frequently speculative, and furs purchased at one auction are sometimes re-sold (at a higher price) at another; however, trappers benefit only from the first transaction.

The important point here, is that the auction system is well established and "mega"-scale, and will continue to be the primary venue within which raw furs from Yukon will be offered to and accepted by world markets.

Figure 10) Canadian wild fur from the trapline to world markets



5.2 Manufacture and Retail Markets

5.2.1 Institutional Changes - The basic structure of the fur manufacturing and retailing sectors has undergone significant transformation over the past 50 years. From small operations producing full fur garments for local or regional customers, the trade has now developed into significant import/export enterprises employing hundreds of skilled craftspeople.

There was a time when a local furrier purchased furs from a local trapper or farmer, designed and manufactured fur garments, sold them at retail, and then provided after-sales services like cleaning, storage, repairs, and even re-models. Indeed, the only thing that was done off-premise was the dressing and dying of the pelts. It was the furrier's "Mom & Pop" reputation, based on services and local reputation, that established the brand (or mark of excellence) for a particular company or fur type. Following the Second World War, and certainly from the mid-1970s in concert with the development of international market economies, the fur trade adapted to evolving market realities. Increased production costs pushed the growth of manufacturers who supplied retailers. Less expensive labour costs sent those manufacturers offshore, particularly to Greece in the 1970s and 1980s. By the 1990s, Pacific Rim countries (China, Korea, Japan) were beginning to play a significant role in the large scale production of commercial quality goods and thus became significant buyers of both commercial and higher quality raw furs.

5.2.2 Brands and Labels - Parallel to that, the world became a much smaller place thanks to ease of travel, the advent of hi-tech communications, the spread of "pop" culture, and a new generation of consumers exposed to increasing numbers of products, and increasing choices within product lines. Marketers began to develop strategies to create consumer loyalties to brands and labels that would promise "something" to the buyer. The "something" generally involved prestige, glamour, adherence to a particular ideal, trend, group, ethnic, or socio-cultural stratum and was "branded" with a universally recognizable name or symbol. Those strategies continue to involve many millions of dollars in research, design, advertising, and promotional activities carried out over the long term.

For higher end/luxury products destined for more elite markets, the basic strategy is the same but with a potentially greater level of investment in more prestigious and exclusive showcases. Gone are the traditional Mom & Pop markets based on family loyalties, proprietary reputation, service, and small business relationships built over several generations. Essentially, this means that in just 20 years we have moved from locally built markets, based on family name and reputation, to significant international markets where "branding" is critical to commercial success. Companies such as NIKE, VERSACE, ROLEX, LUIS VUITON, THE GAP, CHANEL, and YSL have invested considerable effort and financial resources to build international recognition for their brands. Their brand rankings are extremely competitive, and each must continually evolve their marketing campaigns to maintain their standings. The major "brands" have developed distinctive logos/labels (at tremendous expense), and those are marketed extensively and intensively on a continuing basis.

Over the past twenty years, there are only a few labels that have demonstrated lasting success on the fur market. These include, for farmed mink and fox - Saga Furs, American Legend/Black Glama, and NAFA's "Black", and "Gold" labels and, for wild furs, NAFA's "Northern" label. In all cases, only the very highest quality pelts receive these labels of excellence. Owned by auction house and/or producer groups, the labels are generally associated with quality and not country or region of origin.

As an interesting side-bar to this particular market-place dynamic, the current trend for "eco-friendly" products has provided some very positive traction for the Fur Council of Canada's "fur is green" press and advertising campaign (featuring Canadian fur products) which has gained international attention and garnered unprecedented positive media.

It is important to understand that most retailers remove whatever labels that come with fur garments or accessories and replace them with their own once goods have been received; however, if the designer and or quality label is prestigious "enough" it may be retained. (We were informed very recently that one of Canada's most prestigious designer/manufacturers has verbally committed to using the GMVF label in his forthcoming sable collections.)

Although it was hoped that the KSG label would flow to all market levels, the label has had very limited exposure, and has not been promoted sufficiently to create any lasting awareness, or appeal, to the manufacturing/retail community, much less to consumers.

5.3 Trapper Income, Pelt Prices, and Hard Reality

From responses to recent trapper surveys (Yukon Government 1997, Ogden 1999), and confirmed in interviews conducted for this study, it is apparent that the primary factor in the reduced levels of trapper activity and fur production in Yukon in the past two decades has been unsatisfactory financial returns. The following sub-sections provide some additional perspective on that subject.

5.3.1 All Pelts Are <u>Not</u> Created Equal - As all trappers know, pelt value varies considerably among furbearer species. The dramatically increased emphasis on marten in Yukon harvests over the past few decades (see Section 4.1.2) is a direct reflection of that fact. Trappers with even a modicum of experience should also be aware that pelt values are also highly variable within some species, and that is particularly applicable to marten. Although pelt preparation is important, no level of skill in that regard can change a particular trapped marten's size, colour, fur length and sheen, or other genetic characteristics, or make up for damage or condition factors sustained while it was alive. Figure 11 depicts the enormous complexity of the factors and choices facing the fur grader while putting together uniform collections ("bundles" and "lots") of this species. While it is no doubt true that the Yukon produces high quality fur, the reality is that the finest, large, dark Yukon marten pelt may receive top dollar not because it was a Yukon marten, but because there were sufficient numbers of similar pelts from elsewhere to make up a desirable bundle. Likewise, the pelt of a small female Yukon marten that has been bitten by other animals and is soiled by spruce pitch will be relegated to a bundle of similarly poor pelts quite irrespective of the fact that it is from the Yukon.

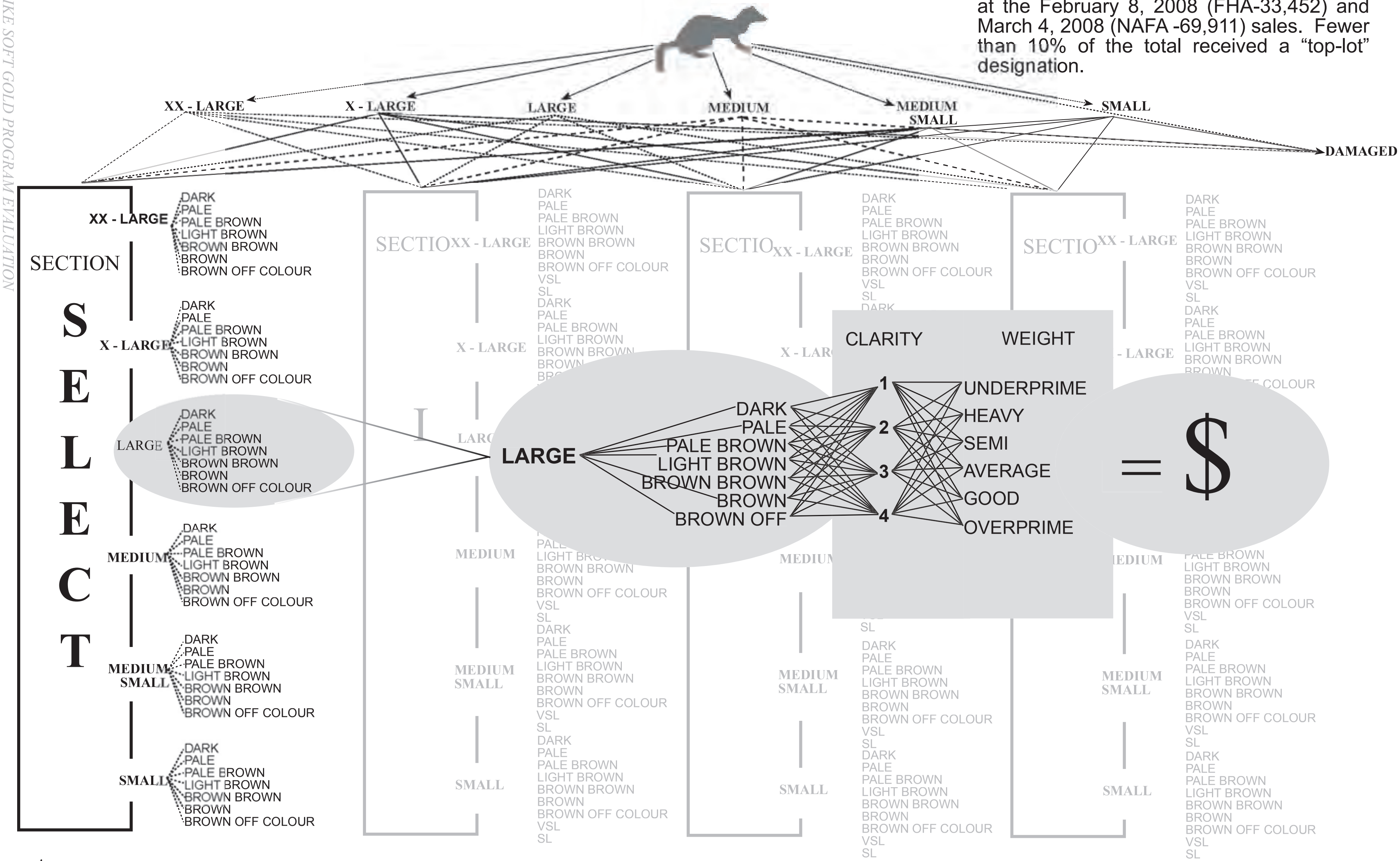
The implied variability of marten pelt characteristics is further confirmed by examination of some auction returns from the same trapline (Table 7). In no case were more than three pelts from that trapline sufficiently matched so that they ended up in the same lot, and most individual pelts (79% of 124 over three years) were graded into to separate lots.

Table 7. Distribution of marten pelts from BC Trapline 0855T055 into lots, as recorded in returns from three different auctions.

AUCTION DATE	# PELTS	# LOTS
26 February 2003	51	45
25 February 2004	42	37
15 February 2007	31	26

Figure 11) Simplified basic marten grading chart

There were 103,363 marten pelts offered at the February 8, 2008 (FHA-33,452) and March 4, 2008 (NAFA -69,911) sales. Fewer than 10% of the total received a “top-lot” designation.



For perspective, Table 8 lists the number of pelts and lots offered at a recent sale (FHA's Seattle auction in February 2008), in comparison to the most recent annual harvest totals for Yukon. If all of the 2006-07 Yukon harvest had been available on that sale, there would have been an insufficient number of pelts to make up even a single lot for 9 of the 14 species. The result for marten, a theoretical total of 34 separate lots (grading considerations aside), is the best showing among those species offered in lots, but that would constitute only 8.7% of the total sale offering (392 lots) which is itself only a fraction of the total Canadian offering for the year (all sales, both auction houses). The reality is that Yukon fur production is currently too small, and will likely always be too small, to attract serious attention as a separate entity no matter how prominently it might be labelled. Yukon trappers will need to take what they can get in that context, as there is no venue or basis for dictating what they might want. That said, well-handled individual Yukon pelts will continue to find their way into higher grade lots that do well in global markets, as they have in the past (Section 4.1.3).

Of additional interest in Table 8 are the two species that are offered one-at-a-time rather than in lots (wolf and wolverine) and the three that are offered in very large lots (ermine, muskrat, and squirrel). Yukon trappers are already taking advantage of the high quality characteristics of the former but are largely ignoring the latter which, since they are graded into only a few lots, also provide a relatively good opportunity for achieving top lot returns.

Table 8. Number of pelts and lots offered at the FHA's Seattle Fur Exchange auction, 16 Feb 2008, in comparison to total Yukon harvest in the most recent year of record (2006-07).

SPECIES	NO. PELTS OFFERED	NUMBER OF LOTS	AVG NUMBER PELTS/LOT	YUKON TOTAL 06-07[1]	YUKON LOTS[2]
Arctic Fox	1,101	43	26	0	0
Beaver	39,380	559	70	172	2.4
Coyote	8,243	134	62	27	0.4
Ermine	7,226	8	903	46	0.1
Fisher	5,511	59	93	3	<0.1
Lynx	1,244	40	31	657	21.1
Marten	33,452	392	85	2,909	34.1
Mink	24,717	234	106	59	0.6
Muskrat	81,126	83	977	185	0.2
Otter	7,151	170	42	4	0.1
Red Fox	8,965	153	59	61	1.0
Squirrel	6,326	6	1,054	178	0.2
Wolf	124	124	1	145	145
Wolverine	55	55	1	77	77

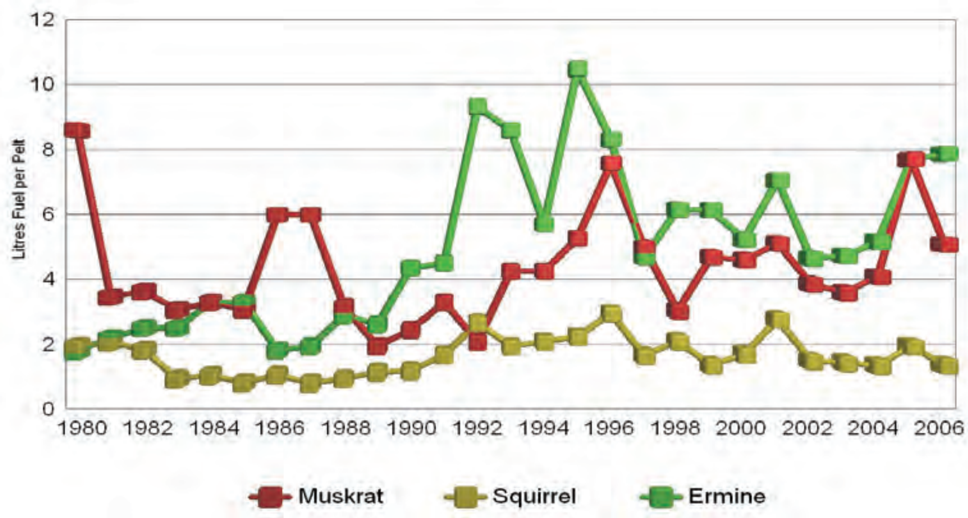
[1]Total Yukon harvest (number of pelts) in the year indicated.
[2]Yukon Lots: Theoretically, the number of lots that could be made up in that sale from the entire 2006-07 Yukon harvest (Yukon Total divided by average number of pelts per lot).

5.3.2 Trapper Income vs Pelt Prices - The minimum level of net income (gross pelt sales minus expenses) required to keep a trapper active varies with the financial needs, experience, attitude, and expectations of the individual. Expectations are important, and at least some of the dissatisfaction with trapper returns in the Yukon is likely based on expectations that are unrealistic. For example, an anonymous document in YTA files included a chart of what current pelt prices "should be" based on extrapolation from consumer price index data. The reality is that the fur industry operates outside of such considerations. In the 1920s and 1930s, a single muskrat pelt brought more than could be earned in a long day of hard labour, and a full year's income could be obtained during a few months on the trapline. The reality now is that trapline revenue is seasonal, unlikely to cover for a full year except in the case of those with the most minimal needs and family responsibilities. The $1000 lynx and $250 marten of the mid-to late 1980s were the result of a "perfect storm" where supply, demand, and economic conditions. Such things could occur again, and that is part of the allure of trapping, but anyone who expects that marketing schemes or "fairness" in the marketplace will bring them on is likely to be disappointed.

As in any business, a trapper's net income is the difference between sales and expenses. An obvious feature of the sales side in present context is the almost exclusive focus on pelt prices for a very few species. That is, many trappers appear to be high-grading their traplines for marten and lynx and demanding higher prices for those species, while ignoring or possibly even discarding other sources of potential increase to their gross revenue.

It is beyond the scope of this report to consider the expenses side of the equation other than to suggest what should be obvious -- that a more balanced approach to trapline management can help pay expenses and thereby increase profits. In the example provided in Figure 12, over the past 25 years the value of one squirrel pelt was sufficient to offset the cost of 1-2 litres of fuel, for a muskrat the return was 4 or more litres in most years, and the trapper who had an assortment of ermines available for sale in 1995 would have been pleasantly surprised to obtain the value of over 10 litres of fuel for each of them. Further, those three species are potentially available in large numbers. Yukon trapper R. Sealey (2008) has recently espoused the potential of increasing revenue by harvesting squirrels, and has added some ecological reasons for doing so. The fact that Yukon Trappers have been selling fewer ermines than wolves in recent years (Figure 4d) is little short of amazing. One BC trapper brought in more than $1,300 for his ermines in 2007-08, catching most of them incidentally on his marten line. That figure is of some interest in comparison to what was reported to be the average annual Yukon trapper income ($500-$1,200, Yukon Fish and Wildlife Management Board/RRC Meeting Notes, 30 April 2003).

Figure 12) Potential buying power of Yukon muskrat, squirrel, and ermine pelts as applied to purchase of regular gasoline (data on average pelt prices from DoE; on gasoline prices from Statistics Canada at: wwwlfuelfocus.nrcan .gc.ca/issues/2007-02-16/supplement_e.cfm.



5.4 Yukon Fur Harvest Potential

Based on historic data, Table 9 gives some additional perspective on the current under-utilization of Yukon fur resources, and provides a basis for projecting potential yields and possible program targets for the various species. While it is a certainty that furbearer habitats have changed in various ways over the years, it is assumed for the purposes of this discussion that the reduced harvest levels indicated here are more related to trapper activity than to long-term, habitat-based animal population changes. The fact that the reduced levels apply to all of the species is supportive of that assumption, since habitat change effects would likely be more species specific.

The "max" figure in Table 9 (highest annual total for each species) is shown for general interest and perspective, but comparisons are based on decade averages to provide for a measure of sustainability. The working comparisons are current harvests levels (2000s, i.e., since KSG) versus 1) the highest past decade average, and 2) the average for the 1980s (the most recent high point for Canadian trappers). In general, the former can probably be considered a theoretical maximum, possible only with most trapline concessions active and occupied for full seasons, while the latter is more reflective of current logistical and economic realities for modern trappers.

The most glaring results in Table 9 are for two of the primary species, muskrat and red squirrel, with current harvests averaging far less than 1% of those in the record (high) decades and less than 10% of what was being taken in the 1980s. Based on 1980s results, it is likely that marten and beaver harvests can be at least doubled and it would appear that, over the period of a population cycle, lynx harvests can possibly be quadrupled. Wolverines are "bonus" species, for which harvest numbers would increase with increased trapper activity, but which are too sparsely distributed on the landscape to be a primary target.

Among the secondary species, only the wolf is being taken in numbers approaching those in the 1980s. Increased trapper interest in wolves in response to trapping/snaring workshops and the Yukon Outfitters Association's incentive program is likely but, as with wolverines, wolves are bonus species rather than primary targets for most trappers. Owing to generally smaller population numbers in Yukon, coyotes, fishers, and otters are also primarily bonuses for trappers whose main targets are other species. The situation for arctic fox is unclear, since there has been little significant harvest in Yukon since the 1930s. The past numbers would suggest that there may be potential for considerably increased harvests of that species but obviously that opportunity, if it exists, is quite local and specialized. The three secondary species of greatest interest in relation to increase potential are ermine, mink, and red fox, all of which can likely sustain harvests at least 4-5 times larger than the current (2000s) average.

Table 9. Potential harvest levels of Yukon furbearers, as indicated by historic data.

Species	Max (Yr)	Highest Decade Avg (Decade)	1980s Avg	2000s Avg	2000s % of Historic	
					Highest	1980s
PRIMARY SPECIES						
Beaver	4825 (1953)	2658 (1920s)	713	302	11.3	42.4
Lynx	3877 (1981)	2298 (1920s)	1646	381	16.6	23.2
Marten	8342 (1989)	6227 (1980s)	6227	2499	40.1	40.1
Muskrat	92,953 (1929)	53,090 (1940s)	9640	174	<1	1.8
Squirrel	186,345 (1952)	112,029 (1950s)	9541	568	<1	6.0
Wolverine	610 (1927)	382 (1920s)	189	135	35.3	71.4
SECONDARY SPECIES						
Arctic Fox	1080 (1923)	361 (1920s)	3	1	<1	33.3
Coyote	1776 (1927)	644 (1930s)	120	37	5.8	30.8
Ermine	5182 (1932)	3095 (1930s)	381	74	1.4	19.4
Fisher	74 (1944)	34 (1940s)	2	3	4.1	150.0
Mink	5026 (1925)	2707 (1930s)	390	55	2.0	14.1
Otter	234 (1946)	87 (1930s)	25	10	11.5	40.0
Red Fox	3188 (1924)	1981 (1920s)	395	62	3.1	15.7
Wolf	721 (1937)	311 (1930s)	287	236	75.9	82.2

6) CONCLUSIONS

In regard to conclusions, we are required by contract to provide concise and direct answers to the specific questions set out below.

Before doing so, we wish to affirm our view that the KSG initiative was well-intentioned and directed to important overall objectives. Unfortunately, the program was based on the mis-guided assumption that the problems faced by the Yukon fur industry were external and thus could be resolved with an external "marketing" initiative. Even if that been a valid approach, long-distance marketing is challenging and exceedingly expensive even for experienced professional fur marketing agencies. On the assumption that the world would beat a path to their door, KSG endeavoured to compete with those professionals despite the fact that quality Yukon furs (even without a label) have long been well-positioned in international markets. That external focus took energy and resources from other approaches that may have had better chances for success.

Since the inception of the KSG program there is no evidence of a consolidated business plan, identified contingencies, timelines and deadlines, measures of success or failure, or accountability. In addition, the assumption that such a program could be run by volunteers, with a minimum of logistical support, input from funding agencies, expertise from qualified marketing agencies, or accountability from service providers was overly optimistic at best.

The added issues of executive and staff turnover, with attendant loss of corporate memory, has left conscientious people in the unenviable position of trying to support and expand a legacy of unrealistic expectations.

<u>Answers to Questions:</u>

As a preliminary observation, we have found no evidence of an action/business plan that would have provided the necessary form, structure, and consistency to report progress and measure success in meeting KSG Program objectives. In regard to the objectives listed in the RFP:

Q1: How well has the KSG program succeeded in meeting the stated objectives?

Increase harvesting/fur value:

increase fur harvesting to the optimum sustainable level	Not accomplished, see section 5.4. This is a longer term objective and unrealistic to anticipate success within the time-frame to date.
increase fur prices	No measurable success, but it was unrealistic to expect this to occur, see section 4.1.3
keep KSG furs separate from low quality furs; market KSG as a distinct & exclusive collection of the best furs	No evidence of success, but it was unrealistic to expect this to happen see sections 4.3, 5.1, and 5.3.1.
increase employment opportunities in other sectors of the fur trade	The intent of this was not clear but, if it was directed at Yukon employment, we can see no evidence of activity or success.

Yukon Trappers Association involvement

promote benefits of involvement to trappers and communities	Some progress, see section 4.2.2, but no sustained activities, no action plan and no tracking of success or needs assessment.
continue to provide fur depot services and consider possible expansion to include a grading centre and retail establishment	There is no potential or need for creating a grading establishment in Yukon however depot and retail services are offered (and were, pre- KSG).

Training & Employment

expand value-added production in Yukon	There were already crafting and tanning enterprises established prior to KSG but, despite strong potential **(see Section 4.2.4)**, we found no evidence of KSG- influenced expansion of opportunity
identify needs to enable fur industry growth in Yukon	We found no evidence of effort or results in identifying or documenting needs, nor strategies to address potential action items.

Marketing

develop strategic and aggressive promotional campaign around all aspects of the proposal.	Significant effort was expended in the development and promotion of the KSG label but this was based on the unrealistic expectation that Yukon could change the global system of doing business. (**See Section 5.1 and 5.3.1)**
plan and implement export market initiatives including internet retail sales.	No evidence of activity or success.

Linkages

create a communications network on a regional, national, and international level.	In our understanding of the phrase "communications network" we can see no evidence of effort or success.

Q2 Has the Yukon trapping industry improved in the 8 years since the KSG program began?

There is no evidence to suggest that there have been any significant improvements to the trapping industry in Yukon. However, two government agencies (DoE and EcDev), the Yukon Fish and Wildlife Management Board, and the YTA have established strong relationships and interest in addressing the issue. We suspect that lack of progress can be attributed to the supposition that the problems were external to Yukon and thus could be resolved by international "marketing" campaigns.

Q3 Describe how any components of the KSG program may have been instrumental in increasing the capacity and viability of the Yukon trapping industry.

While we have identified the potential for this (see recommendations), consistent with the responses above, there has not yet been any substantial increase in capacity and viability.

Q4 Has the quality of furs from the Yukon improved since KSG program began? Describe how any components of KSG can be identified as contributing to this improvement in the quality of Yukon fur.

We have seen no clear evidence that fur quality was ever an issue in Yukon (see Section 4.1.3). That being said, fur handling can always be improved, and the workshops undertaken under KSG have no doubt contributed to improved fur handling for those who participated (see recommendations).

Q5 Has market interest in Yukon furs increased since the KSG labelling and marketing program began? Can you describe how any increased interest is attributable to KSG?

We have seen no evidence to suggest that this may be true. Again we believe that the concept of marketing at the global level, particularly with the low volumes characteristic of Yukon fur harvest in recent years, was misguided, see Section 4.3 and 5.1. We suggest that resources could have been better expended in other areas (see recommendations).

Q6 Have the market prices for Yukon furs increased since the KSG program began? Is this increase separate from market fluctuations? Can you describe if and how this increase may be attributed to the KSG program, and buyer interest zeroing in on KSG furs?

Fur prices appear to be on the increase at the time of this report, but this increase is not clearly separate from general market fluctuations. We found no evidence of increased buyer interest for KSG furs.

Q7 Quantify the level of awareness by retailers and consumers, of the KSG marketing label and their understanding of what it represents. Describe if the KSG label affects their purchase decision ?

While this was not a stated objective of the KSG program, given the challenges and expense of achieving "awareness" at the buyer/retailer level, there is no reason to expect that it would permeate all the way to the consumer.

Q8 Has the volume of Yukon fur harvest increased and is any increase attributable to the KSG program?

No, see Section 4.1.4.

Q9 Describe what the response by Yukon trappers is to the KSG program? Which components are perceived as beneficial; which are perceived as unproductive from the trappers' perspective? Which components provide greater stability for trappers in today's marketplace?

Most trappers sampled favour those components that reduce their trapping related costs (e.g, 11% commission rebate) but there is no unified position on what it would take to improve their industry (see section 4.2.2) or individual stability.

Q10 What are reasons trappers have participated in the KSG program? What are the reasons some trappers have chosen not to participate in KSG program?

The initial reason was based on the belief that participation would provide better prices, although there was also an element of loyalty to a particular auction house. More recently, the 11% commission rebate, applicable only to FHA destined furs, was an added enticement.

Some trappers have not participated because they were not aware of the program, and others because they strongly believe that government should not be favouring one auction house over the other.

Q11 Has the KSG program been a cost effective way to achieve the stated and desired objectives?

Generally no, see responses to Q1.

Q12 The auction commission rebate to trappers was only provided for furs entering the KSG program. What were the benefits to the Yukon fur industry and/or KSG as a result of trappers receiving the commission rebate? When determining if the rebate should continue and/or be expanded, what pertinent facts should be taken into consideration?

The rebate provides short-term financial benefits to individual trappers, but there is no clear path from that to successfully implementing overall KSG objectives. Given that trapping is a small business, commissions are already an allowable expense for income tax purposes and this government-paid rebate may be perceived as an indirect subsidy to a single auction facility.

Program proponents need to consider whether directing their furs to only a portion of the overall market is in their long-term best interests.

7) RECOMMENDATIONS

The overall objective of KSG, to revitalize the fur industry in Yukon, is both desirable and achievable, but what is needed is to re-focus on a set of “within Yukon” initiatives. Attendant to that is the development of a business plan with realistic objectives and time-frames, an action plan, and clearly identified deliverables.

As a first step, we recommend the immediate establishment of a Steering Committee composed of representatives from the YTA, appropriate government agencies, and the YFWMB, and probably with RRC participation. The urgency implied in the use of the word “immediate” is to ensure that interest and momentum are not lost.

Most activities directed by the Steering Committee will require contracted services by appropriately qualified providers. Although the YTA, as a volunteer organization, does not have the expertise or the resources to execute a concerted internal (Yukon) marketing initiative, we suggest that the association is well-positioned to administer 3rd party contracts and recommend that they be given the opportunity to do so.

Based on our analyses, some within-Yukon initiatives for potential consideration may include, but not be limited to, the following:

Development of the cottage industry aspect, particularly as related to the potentially lucrative tourism market (300,000 + visitors annually). We suggest the Klondike Soft Gold message will have a far more responsive audience in that context.

Review applicable government regulations and policies for ways and means to enhance trapper profitability (e.g., activation of unutilized traplines, export permit concerns, continued necessity/desirability for the marten quota area, others to be identified in committee).

Maintain and expand the YTA depot operation.

Assess the benefits of the current one-auction focus of the KSG program and the attendant financial commitments (11% rebate, cost of shipping to FHA).

Educate trappers on more holistic trapline management as related to increasing income and long-term profitability (demonstrating the inadvisability of high-grading for selected species and “stock-piling” others).

Continue fur handling instruction activities noting that, as receiver for most fur, YTA is in a unique position to identify problem areas (particular species, communities, or even individual trappers)

Review Yukon participation in Northern Canadian Wild Fur Collection. Currently, GNWT “foots-the-bill” for KSG presence at NAFFEM and other trade shows.

Although all Yukon furbearers compete well on international markets, investigate the potential for marketing currently lesser-valued species (e.g, muskrat, squirrel, mink, ermine, beaver) and normally discarded parts (e.g., skulls, claws, paws, teeth, bacula) within Yukon (cottage industry/tourism).

As suggested by several respondents, investigate the potential applicability of individual components of the GMVF Program to the Yukon fur industry.

Develop and implement communications strategies and delivery mechanisms (website, media relations, print material in several languages) relating to a within-Yukon fur industry initiative.

8) ADDITIONAL OBSERVATIONS AND THOUGHTS

During the course of our evaluation work we recorded a number of observations and reflections that were at least indirectly related to KSG activities and/or objectives, but which were either outside the specific terms of reference or for which extensive discussion did not appear to be warranted at this stage of deliberations. Some of those observations and thoughts are provided below, as a potential source of ideas and considerations for the proposed Steering Committee:

Progress Reports

The lack of consistency and specificity in reporting was no doubt problematic for changing YTA executive and staff in maintenance of the KSG Program, and made it difficult for observers on the outside to monitor progress. Based on our experience working with KSG documentation to date, we suggest that:

For both YTA and YG, maintain a "KSG Administration" file block with at least the following folders: proposals, contracts/agreements, financial reports, and progress reports. An additional file block "KSG Activities" with separate folders for specific program components is also advised. A policy and procedures manual should also be developed, to better inform staff and Board members when turnover occurs.

Marketing

Re promotional marketing, the only fashion advertisements for KSG that we actually saw were in MEXA MODA, and MEXA MUPA (Russian fur trade publications), a copy of an ad that appeared in REDBOOK International (FHA, Michaels's Furs, KSG), and the NAFFEM Buyers Guide. The MEXA advertising feature (no 4/2 (37) 2005) appeared under the FHA banner and included the GMVF label, while in the 2005-2006 edition of Mexa Moda, there was no mention of either label although FHA was featured. Moreover and somewhat surprisingly, of the two garments presented as KSG, one was made of a combination of skunk and ranched mink, neither product having any roots in Yukon, and the other was of red fox for which Yukon has had only limited production since 2000. The REDBOOK ad features coyote, again not a traditional Yukon fur and one that is not typically used as a high fashion/prestige garment.

The "label" focus of KSG does not take into consideration that if world markets decide they don't want a particular species, it doesn't matter which jurisdiction has the best ones (i.e., no matter how aggressively one might promote one's own lynx, it won't help if the buyer is not shopping for lynx).

Receiving and Shipping

In most areas, the trapper is responsible for delivering/shipping furs to an auction house or its agent (in Yukon, the YTA acts as agent for both Canadian auctions), and subsequent shipping (from agent to auction) is covered by the auction house. Note that for trappers who file income tax on their earnings, and for the auction houses, shipping is a deductable expense.

An attempt to develop a local system of fur pick-up and delivery to YTA by Conservation Officers was initiated in 2005/06, but there was little applicable follow-through and communication to communities and only one pick-up was reported. A dependable and relatively economical delivery service may be desirable, particularly in the more remote communities, but probably not involving government staff.

The situation regarding payment of shipping costs from YTA to FHA remains unclear. It would appear that until this year, YTA paid the costs for shipping fur from the Whitehorse depot to FHA (North Bay). This is a highly unusual practice and we find no indications that other auction agents are required to pay shipping.

The request for financial support to provide cash advances to trappers (a service requested by about 75% of Yukon trappers according to YTA) is also unclear. In most cases we are aware of, the agent merely writes the cheque and all subsequent paperwork is covered by the auction house. YTA/YG contribution agreements imply a larger role for the agent (and government?) in Yukon.

Although "sorting and grading" were frequently mentioned in KSG documents, it must be emphasized that those activities are routinely and necessarily undertaken by professionals at the auction house and there is no need or potential for them in Yukon given current markets.

Trapper Education Program(s)

Loeks (1998) reviewed and evaluated the existing Yukon program, with special reference to First Nations needs and requirements under the Umbrella Final Agreement. His general conclusions and recommendations in that context are likely still appropriate, but the low fur production and diminished trapper activity that prompted the KSG Program indicate that the stated "proper purpose" of trapper training ("...to encourage effective involvement of trappers in the management and development of traplines") has not been fully met.

Since trapper education is one of the most important potential vehicles for enhancing Yukon's fur industry, some additional review on content is strongly advised. Particularly in the area of trapline management, there is a need for a more holistic approach that emphasizes the inadvisability of high-grading or attempting to stock-pile particular species, and demonstrates the potential for increasing revenues by more exploitation of species such as muskrat, ermine, and squirrel (where numbers rather than individual pelt values create income). There is also a need to emphasize the business aspects of running a trapline, from pre-season preparations and planning to the important topic of getting furs to market. Some new information on these topics (e.g., see Hatler and Beal 2007) has been developed in the intervening 10 years since Loeks (1998) review.

Through trapper education, there is also a need to re-establish the sense of pride and personal independence involved in managing a trapline, and to disabuse trappers of the idea that they or the fur industry generally can or will be sustained over the long term by outside forces and public generosity. Assistance/subsidies will last only as long as particular governments or societies are in favour of them.

Although any review and modification of trapper training in the Yukon should be applied to the basic, mandatory course offered to new trappers, the matter of upgrading those already licensed is probably even more important given the problems that KSG hoped to address. Although Loeks (1998) recommendation # 4 (relating to the need for "customized courses"), was directed primarily to First Nations needs, it has potential applicability in this regard.

As an example of customized courses, fur handling workshops are usually worthwhile although generally *ad hoc* in delivery, and not necessarily addressing specific needs (geographical locations, species, individual trappers). An option would be to provide more broad-based workshops that include trapline management as well as fur handling topics, on a more scripted basis. For efficiency, customized course materials (cds, brochures) could be developed.

Of additional interest is the fact that fur handling courses offered by FHA through YTA have been subsidized by the YTA. Other auction houses offer fur handling courses at their own expense.

Government Issues

To date, the principals involved in revitalizing the Yukon Fur Industry have opted for and focussed on a carrot rather than stick approach. In view of the number of responses we received relating to "use it or lose it" policy, the latter may also be an option to consider.

We had no mandate to compare trends on Category 1 and 2 Trapping Concessions *(under the First Nation Final Agreements, Furst Nation governments have final allocation authority for Category 1 trapping concessions and YG has final allocation authority for Category 2 trapping concessions),* but it is likely that there are differences and that viable "solutions" will differ as well (there is no one-size-fits-all answer, and that also applies to the Trapper Education discussion, above).

Although trappers we talked to often mentioned the high cost of fuel as a deterrent to trapping activity, we note that trappers are eligible for a fuel tax rebate from the Yukon Government (Yukon Trapping Regulations Summary 2007-2008, page 24). The extent to which that opportunity is known and taken advantage of is unclear (no trapper referred to it), but it is matter for consideration in the Trapper Education Program.

9) REFERENCES CITED

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Appendix 1. Nomenclature[1] of furbearer species referenced in this report.

Name Used in this Report	Official Common Name	Latin Name
Arctic Fox	Arctic Fox	*Vulpes lagopus*
Beaver	American Beaver	*Castor canadensis*
Coyote	Coyote	*Canis latrans*
Ermine[2]	Ermine	*Mustela erminea*
Fisher	Fisher	*Martes pennanti*
Lynx	Canada Lynx	*Lynx canadensis*
Marten	American Marten	*Martes americana*
Mink	American Mink	*Neovison vison*
Muskrat	Muskrat	*Ondatra zibethicus*
Otter	Northern River Otter	*Lontra canadensis*
Red Fox[3]	Red Fox	*Vulpes vulpes*
Squirrel	Red Squirrel	*Tamiasciurus hudsonicus*
Wolf	Grey Wolf	*Canis lupus*
Wolverine	Wolverine	*Gulo gulo*

[1]Authority: Wilson, D.E., and D.M. Reeder (eds). 2005. Mammal Species of the World. A taxonomic and geographic reference, 2 Vols. 3rd Ed. The Johns Hopkins University Press, Baltimore, MD. 2142 pp.

[2]Referred to generically as "weasel" in government databases, since in most jurisdictions more than one species may be involved. In Yukon, the only regularly occurring species other than ermine is the Least Weasel (*Mustela nivalis*), which is rarely taken and almost never marketed by trappers.

[3]Red Fox, sometimes referred to as "coloured fox", includes the red, cross, and silver (black) colour phases.

Appendix 2 : Discussion guide for Yukon trapper interviews.

1.) How many years have you trapped?

2.) Tell me about your own trapping effort over the past 10 years .

Have you increased ? Y N if Y why?
Decreased? Y N if Y why?
Stayed about the same? Y N if Y why?

3.) Tell me about your own trapping HARVEST over the past 10 years.

Has your HARVEST increased ? Y N if Y why?
Decreased? Y N if Y why?
Stayed about the same? Y N if Y why?

4.) Tell me about your fur- related revenues over the past 10 years.

Have your revenues increased ? Y N if Y why?
Decreased? Y N if Y why?
Stayed about the same? Y N if Y why?

5.) How / where do you ship your furs?

6.) Are you aware of KSG program?

7.) Can you tell me who is responsible for the program?

8.) Can you tell me what the benefits of the program are to you as a trapper?

9.) Can you tell me what the benefits of the program are to the YTA?

10.) Have you participated? WHY? WHY NOT?

11.) Do you receive any kind of certificate or acknowledgment for having your furs graded as KSG? Would you like to?

12.) Over the past 10 years have you attended any fur handling workshops? Y N

if Y: Did you find it useful? if Y : Did anyone talk about KSG?

13.) Would you like to see the KSG expand? stay the same? come to an end?

Appendix 3. Documents Available: Klondike Soft Gold Program

Year	Proposals/Plans	Contracts/Agreements	Progress Reports
1999-00	Orig. Project Overview, L'Heritage for YTA	N/A	N/A
2000-01	YTA Proposal to DoE (Jan 2000)	DoE Contrib. Agreement DED Contrib. Agreement	L'Heritage Interim Rep. (28 Feb 01) L'Heritage Rep. (25 Jun 01)
2001-02	None seen	DoE Contrib. Agreement	L'Heritage Rep. Jul 02) YTA Final Rep. (Aug 02)
2002-03	None seen	DoE Contrib. Agreement	L'Heritage Rep. (Jun 03)
2003-04	YTA Proposal to DoE	DoE Contrib. Agreement	YTA Interim Rep. (Mar 04)
2004-05	YTA Proposal to DoE	DoE Contrib. Agreement	YTA Interim Rep. (Mar 05)
2005-06	YTA Proposal Fur Industry Strategy Proposal	DoE Contrib. Agreement	YTA Evaluation and Final Rep. (Not dated, but from an 05/06 file folder)
2006-07	None seen	DoE Contrib. Agreement	YTA Final Rep.
2007-08	YTA Proposal to Community Development Fund (DED)	DoE Contrib. Agreement	Not yet Due?

Appendix 4. Numerical results and selected notes and comments from trapper interviews for KSG evaluation.

1) YEARS TRAPPING

0-10	10-20	20-30	30-40	40+
8* (38%)	5 (24%)	4 (19%)	4 (19%)	0

* Four respondents were new trappers who had not yet caught anything.

2) TRAPPING EFFORT OVER PAST 10 YEARS?

INCREASED	DECREASED	SAME
3 (19%)	7 (44%)	6 (37%)

A) COMMENTS RELATING TO INCREASED EFFORT
- I'm a diehard trapper
- I've increased effort for lynx, wolf, and coyote.
- I'm just starting, but I intend to do a lot. We've cut trail, and have 3 good cabins.

B) COMMENTS RELATING TO DECREASED EFFORT
- Prices are too low--no incentive (4 respondents).
- Have small children and associated responsibilities (2).
- The economy is really good and I can get a good paying job (1).
- We used to live on the trapline, but have moved to town for work–can't commute (1).
- I'm not very active right now, but others are using the trapline (1).
- Fuel is too expensive (1).

C) COMMENTS RELATING TO SAME EFFORT
- It fluctuates depending on snow conditions and ability to access my line (1)
- We're just starting again. Our line was burnt about 3 years ago and we're watching to see what will happen.

3) TRAPPING HARVEST OVER PAST 10 YEARS?

INCREASED	DECREASED	SAME
3 (20%)	6 (40%)	6 (40%)

A) COMMENTS RELATING TO INCREASED HARVEST
- It fluctuates but is generally increasing...I try harder.
- I've made new trails--a better network on my trapline–and I try to be there at the right time.
- More lynx, wolf, and coyote.

B) COMMENTS RELATING TO DECREASED HARVEST
- Less effort/fewer traps set (3 respondents).
- I haven't trapped marten since "the burn". There aren't as many animals (1).

C) COMMENTS RELATING TO SAME (MAINTAINED) HARVEST LEVELS
- I trap lynx and wolf because of the snaring program
- It's cyclical because I have a marten line.
- It fluctuates. Some years its good for lynx, some years for marten. I've got wolves but they are scarce.
- It varies a bit...marten have been down for some reason.

4) TRAPPING REVENUES OVER PAST 10 YEARS?

INCREASED	DECREASED	SAME
3 (19%)	8 (50%)	5 (31%)

A) COMMENTS RELATING TO INCREASED REVENUES
- I'm getting wolves and wolverines, I market to private clients. Also, auction prices are increasing (1 respondent).
- I use the fur to make crafts and sell them...value added (1).

B) COMMENTS RELATING TO DECREASED REVENUES
- Lower prices (2).
- Not as much fur (1).

C) COMMENTS RELATING TO SAME (MAINTAINED) REVENUES
- None

5) DO YOU TRAP AS MUCH AS YOU'D LIKE?

YES	NO
4 (22%)	14 (78%)

A) IF NO, WHY NOT?
- Other work and competing activities (4 respondents).
- Family responsibilities (3).
- I want a simple and meaningful lifestyle but I need to support myself. If we can increase revenues, I can increase trapping (1).
- I need more trapline (1).
- I'm getting old (1).
- We have to check traps too often...fuel is too expensive (1).
- lifestyle choices, career choices. It is very expensive to be on the line (1).
- Personal injury...will recover and try to do more (1).
- I'm only opening up my line now, but would like to build a cabin and trap consistently every winter (1).
- Waiting for post burn rehab (1).

Appendix 4 (cont'd).

B) WHAT WOULD IT TAKE TO INCREASE YOUR EFFORT?
- Better prices (4 respondents).
- More time (3).
- I would like to be able to put lifestyle first and money second (1).
- We can't control the weather, but better snow conditions would be good (1).
- We need to think about the 7 -day trapline check (1).
- We need funding to rebuild cabins (1).

6) FURS SHIPPED/SOLD TO (note: some used more than one; all responses captured)

FHA	NAFA	WCRFS	OTHER
10 (47%)	2 (10%)	6 (29%)	3 (14%)

- I don't ship my furs, I cut them up and make hats, moccasins, teddy bears–there is more money in that.
- I don't ship much, as my sister makes stuff with the fur. We get it tanned in Edmonton or in Whitehorse. It's about lifestyle.
- We're new to Yukon and are YTA members, but don't yet have a trapping concession.
- I sell my fur at the Trading Post. I still have some in my freezer.
- I used to sell to the country buyers.

7) FURS SHIPPED VIA (note: some shipped via more than one; all responses captured)

YTA	SELF
12 (71%)	5 (29%)

8) AWARE OF KSG PROGRAM?

YES	NO
15 (79%)	4 (21%)

- I usually ship to NAFA. This was the first year for FHA, and if they had kept the 11% rebate going, we would have sent everything to FHA.
- Don't know much about it, but I think they are trying to even out prices, allow YT to be more competitive with high quality fur

9) KNOW WHO IS RESPONSIBLE FOR KSG PROGRAM?

YTA	YTG	DON'T KNOW
7 (50%)	0	7* (50%)

* 3 of the 7 "don't know" responses were from trappers not aware of KSG.

A) PERCEIVED BENEFITS TO TRAPPERS
- Better prices/improved bottom line (7 respondents)
- 11% commission rebate (5)
- Keeps Yukon furs together (4)
- Combines Yukon and NWT furs in northern collection (2)
- Makes market more aware of quality (1)
- Results in more furs to market (1)

*Appendix 4 (cont'd)***.**

- Sale of craft items in YTA store (1)
- Skinning demonstrations (1)
- Subsidy for trappers (1)
- Fridge magnet (1)
- Helps raise awareness of humane trapping (1)

B) PERCEIVED BENEFITS TO YTA
- Don't know (10 respondents)
- More fur shipped (1)
- May encourage more trappers to ship with YTA (1)

C) OTHER COMMENTS
- Too much effort going overseas and not enough on increasing production.
- I don't like KSG. It favours one auction house.
- Government has no business supporting one auction house.
- I don't believe in grants or subsidies. If we can't pay our own way we should stay home.
- We need funding to help re-build our cabins.
- We are there at the national level, but need more work at the local level. FHA is doing everything. We need more initiatives.

10) DO YOU PARTICIPATE IN KSG?

YES	NO
8 (47%)	9 (53%)

A) IF YES, WHY?
- I guess I do, since I ship some fur to FHA.
- Not every year. I used to ship to WCRFS because there was only a two week period between deadline and sale. Now it's longer and hard to meet the deadlines, because I have a remote trapline.

B) IF NO, WHY NOT?
- It's good to have competition with other auctions
- I will when I've trapped
- I can't support one auction house. Must have fair treatment for everyone–no grants.

11) CERTIFICATE/ACKNOWLEDGMENT OF KSG PARTICIPATION RECEIVED?

YES	NO	DON'T KNOW
1 (9%)	8 (73%)	2 (18%)

A) IF YES, WHAT WAS IT?
- a sticker and a certificate.

B) IF NO, WOULD YOU LIKE TO?
- Yes, no details (3)
- Yes, in the form of more money for my fur
- No...give me an extra $10 instead! I've had Top lot certificates and it's BS.

Appendix 4 (cont'd).

C) OTHER COMMENTS IN RESPONSE TO ACKNOWLEDGMENT OF KSG PARTICIPATION
- I got top lot for my lynx
- I might have, but it didn't strike me.
- Nothing about KSG, but I have received top lot designation.
- I did get a top lot certificate and an FHA logo, but nothing KSG.
- I got top lot for fox and marten.

12) ATTENDED FUR HANDLING WORKSHOP IN PAST 10 YEARS?

YES	NO
12 (67%)	6 (33%)

A) WHICH ONE?
- FHA, KSG sponsored (5 respondents)
- Mandatory Trapper Education Program, YTA/YG (3)
- Don't know (3)
- Wolf workshop (1)

B) WAS IT USEFUL?
- 10 yes and 1 no.

C) APPLICABLE COMMENTS
- I know if fur isn't handled properly you don't do as well.
- Very good on marten and lynx.
- I went to one in the '80s.
- WOW, I'm a new trapper and had a lot to learn. There were lots of people, so a good range of exposure to experience and tips on what to look for and how to handle fur.
- There is a problem with communicating about the program...need more awareness of good fur handling.
- I have some fur handling videos from Alaska that are very good.

D) DID WORKSHOP INCLUDE A KSG BRIEFING?
- Of the 5 respondents who attended FHA workshops, 3 said yes and 2 said no; all other responses were no (5) or don't know (1).

13) WOULD YOU LIKE TO SEE KSG

EXPAND?	END?	STAY THE SAME?	DON'T KNOW
6 (55%)	1 (9%)	0	4 (36%)

A) IF EXPAND, HOW?
- Address the "cottage industry" idea that was part of original KSG plans (2)
- Sale dates are a problem...they need to be stabilized (1).
- We need help getting fur out of the bush (1).
- The 11% rebate helped get folks interested (1).
- Develop an income stabilization program...fluctuations make it hard to plan (1).

*Appendix 4 (cont'd)***.**

- Needs more promotion and publicity because some trappers don't participate (1).
- GMVF gives a label for inside the garment...KSG should have that too (1).
- Expand like GNWT...get a grubstake program (1).
- I bring clients to accompany while I go trapping or wolf hunting...they pay (1).

B) OTHER COMMENTS:

<u>i) To YG, re trapline utilization policy (6 respondents):</u>

- I'm discouraged at all the under-utilized traplines; what is the point of the program if we can't trap...if lines aren't accessible?
- Make sure you say it is a good program but there must be incentives for activating traplines, a use-it-or-lose-it policy.
- YG and RRCs need to get tough on inactive traplines...there are people on waiting lists
- The problem with assistant trapper licences/renting of traplines is that the investment is huge and the assistant licence doesn't guarantee continuity.
- Enforce the use-it-or-lose-it.
- Traplines are not being used. There are too many vacant traplines.

<u>ii) To YG, re general support and possibly regulatory changes (6 respondents):</u>

- YG isn't prepared to support us like other industries.....agriculture gets 10X more than fur program and tourism also has incentives.
- I think that they make too much difference between FN and non-FN. My reason for being there is just like them...we're all there for the same reason.
- We need to be able to bring tourists on our line, but cabins are only for trapping related activities. Trapline tourism is now in the ACT.
- Government needs to recognize that trappers are an asset (they "see stuff" in the bush) and should work with them to recognize that value (as part of the business, not for free).
- 20 years ago government reimbursed 25% of trapline development costs.
- Everyone else has royalties to pay...we should too.

<u>iii) Comments re "value added" initiatives (5 respondents):</u>

- I sell my crafts through the YTA and go to craft fairs.
- I sell my lynx locally because I get more money.
- FN sell crafts privately and thru shops to tourists.
- My wife uses our fur to make crafts for tourists and locals. We either home-tan, or send it to BC.
- When I get wolves, I sell them locally.

<u>iv) Comments re recruitment (4 respondents):</u>

- We need some younger trappers.
- Once I did training with kids and taught them trapping, survival, and fishing. They got paid for learning, but now they get paid for doing nothing so they go "drinkin' and druggin'" and its' getting worse.
- I was trying to get money for healing programs so the kids can get out and learn.
- We have to talk about getting new trappers—about finding workable initiatives to bring groups of students to the line so that maybe 1 or 2 will want to come back.

v) General comments (one respondent each):

- YTA is trying to stay afloat but suffers from volunteer burnout.
- YTA has been changing and I support the idea, but they need to be more proactive and provide more information and incentives. They need to show trappers the benefits.
- Some trappers switched because of the 11% rebate, but didn't like having to do so.
- I liked Western Canadian because they would hold over for better prices...were more faithful to trappers interests.
- Some trappers don't know they have a choice of where to ship.
- I don't see the benefit of KSG, and I send my furs to NAFA.
- The 11% rebate was good but cancelled
- We have a good year-round economy in Yukon, so alternative jobs are available for good money.

Appendix 5, Services provided by Fur Harvesters Auction related to Agreement with YTA.

Fur Harvesters AUCTION INC.

1867 Bond Street, Box 1455
North Bay, Ontario P1B 8K6
Canada
Tel: (705) 495-4688
Fax: (705) 495-3099
www.furharvesters.com

CONFIDENTIAL

FAX TRANSMISSION

TO: Carmen Nantel
Yukon Trappers Association

FROM: Mark Downey
Chief Executive Officer

DATE: October 10, 2003

Dear Carmen:

Let me start by saying that we, here at Fur Harvesters Auction in North Bay, are pleased to have your organization on board. This section of fur fits well with our strong northern assortment. As of now, Nunavut, Northwest Territories, Ungava (Northern Quebec) and the Yukon market exclusively through North Bay. This makes buyer solicitation easier as goods of this caliber stand alone.

As you are aware, FHA is not the purchaser of fur. We are an auction house owned by the producers selling raw skins on consignment and charging a selling commission of 11%.

The agent in the case of the Yukon would be the Yukon Trappers Association. After each auction, your association will receive a commission cheque of 3% of all Yukon skins shipped and sold at auction. We are proud to add your organization to our growing family of agents.

Your members will be eligible for FHA RPCs on profit making years. For clarification, RPC is Revenue Participation Certificate. On profit making years, our board of directors approves a commission rebate back to its shippers based on each individual sales commission paid. If the rate is set at 4%, your people would receive 4% rebate back on their previous year's harvest.

Following are the services FHA will supply to the Yukon Trappers Association.

1. Receive fur (unpack, tag, computer bar code ticket, check and confirm quantity).
2. Keep Yukon fur separate from other jurisdiction (when quantities warrant).
3. Drum all long hair species.
4. Size.
5. Grade.

.../2

- 2 -

6. Lot (Count, computer scan and arrange appropriate representation sample for each and every lot, specie by specie).

7. Catalogue and value goods according to market conditions. (Produce separate Yukon catalogue for those species warranted within our buyers auction catalogue).

8. Label. Yukon Soft Gold labels will be attached to all Yukon pelts put up on their own (warranted quantities - labels supplied by YTA).

9. Promote to buyers at our auction, be it Seattle or North Bay, or privately over the phone.

10. Auction the merchandise.

11. Private treaty sales after auction

12. Computer reports, summaries to YTA and government.

13. Issue top lot certificate to trappers.

14. Yukon's top shipper will receive an FHA (Yukon Soft Gold) leather Jacket.

15. Print cheques and statement for each Yukon shipper.

16. Set up advance account in the Yukon and track all transaction and submit report of each sale.

17. Pack and ship collection worldwide.

18. Attend international fur fairs to advertise and promote Yukon wild furs as well as all wild goods in general. (Greece, Russia, Montreal, Seattle, Italy 2003-2004)

These above procedures will be performed by a large team of extensively competent and dedicated individuals.

Your members will realize directly that when you entrust your catch to North bay, you're more then just a number. You are instantly upon receipt a partner in the only producer owned wild fur auction of its kind in the world.

I personally am very optimistic about our future here in North Bay and to have the Yukon on board starting this selling season is a large feather on our cap. This trust we do not take lightly and for this we thank you and your members for taking the steps to move into our forum.

Respectfully,

Mark Downey
Chief Executive Officer

Appendix 6, Internet search results, February, 2008. Numbers in the table body indicate the number of "hits"in the first two pages of each search engine.

	Google	Yahoo	Sympatico	Alta Vista
KSG	0	0	0	0
Klondike Soft Gold	3	1	1	0
GMVF	4	6	3	6
Genuine Mackenzie Valley Fur	21	13	9	17
Nunavut Inuit Collection	0	0	0	0
Nunavut Seal collection	0	1	0	0
Northern Canadian Wild Fur Collection	3	2	2	2

Joint FHA - GMVF - KSG - NUNAVUT booth at 2008 North American Fur Fashion Exposition Montreal
photo courtesy FHA.