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HUNTERS AND TRAPPERS ASSOCIATION CARIBOU HARVEST

DRAFT BUSINESS/WORK PLAN

Prepared By:

CARIBOU HARVEST

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EXECUTIVE SUMMARY

1. Introduction:

The 1991 - 1996 Canada/GNWT Economic Development Agreement (EDA) recognizes the large potential for developing commercial wildlife harvesting industries for caribou and musk-ox in various areas of the NWT. Consequently, significant funding has been identified in the EDA to cover the costs of developing this industry in areas of the NWT with the most potential in terms of resource availability, logistics and economics. At the outset of this initiative, it was determined that the community of Coral Hr. offered the greatest potential to develop a viable caribou harvesting operation in the Keewatin Region.

2. Business Profile & Management:

Ownership:
The Hunters and Trappers Association (HTA) plan to incorporate a business, yet to be named, that will be 100% owned by the HTA.

Product Offered:
The new business will be a caribou harvesting operation supplying Agriculture Canada inspected carcasses to processors/wholesalers for sale in southern Canadian and foreign markets.

Management:
The president of the HTA will also act as president and general manager of the new business.

A project manager trainee will be hired from the community and will receive on-the-job training from an experienced contract project manager during the first two years of operation. This should prepare the trainee to eventually take over the project manager position which is responsible for all aspects of operations and is key to the success of the business.

An experienced bookkeeper will also be hired to assist the HTA secretary manager during busy periods of the year such as immediately prior to, during and immediately after a harvest.

There is also a commitment from the GNWT to offer the assistance of various personnel including the local Economic Development Officer and Renewable Resource Officer to help with administrative and operational duties as required.

3. The Resource:

The business will have commercial access to 4,000 caribou or approximately 320,000 lbs. of meat annually provided GNWT projections of herd size and growth are realistic. The meat produced by this operation should be of superior quality as the present overall health and disease status of the herd is judged to be excellent.

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4. Marketing Plan:

have offered to purchase all meat produced by this operation at $1.25/lb. F.O.B. Rankin Inlet. All carcasses will be quartered, packed in 800 lb. combo-bins and delivered to Rankin Inlet via HS 748 scheduled flights and charters.

5. Development Plan:

The commercial harvest of 4,000 caribou to Agriculture Canada standards is a huge undertaking and is a giant logistical step-up from recent efforts that involved harvesting 184 caribou to draft NWT harvesting guidelines. As a result, a phased development effort over at least a two year period is recommended in order to maximize chances of success with this initiative.

The development plan will have the following key elements:

- For the first two years, harvest operations are to be coordinated by an experienced harvest team. recommended for this purpose.
- Classroom training followed by on-the-job training is to be implemented for some of the communities younger and less experienced workers.
- A phased approach to reaching the harvest target of 4,000 caribou is recommended. A pilot harvest in 1994/95 will take 2,000 animals. 4,000 caribou will be taken in 1995/96 and every year thereafter.
- One person from the GNWT is to be assigned ultimate responsibility for this initiative to ensure the proponents receive all required cooperation from the GNWT.

6. Harvest Equipment and Operations:

Caribou will be processed through a portable abattoir facility located in a camp equipped with a large kitchen tent, accommodation tents and washroom facilities adequate to service 50 people.

The recommended window of operations is in the spring from early March to late April. The alternative of conducting the hunt in both the fall and spring is also a possibility, though for various reasons is less cost effective and therefore not recommended. The proposed camp site is in an area approximately 50 KM south east of Coral Hr. By year #2 of operations, approximately 45 - 50 local residents of Coral Hr. will be required in order to harvest and process an estimated 180 caribou per day.

Production flow can be summarized as follows:

Caribou are head or neck shot and immediately bled by cutting the carotid artery. Unfrozen carcasses are delivered to the abattoir by the hunters where they are processed, inspected and hung on racks to freeze. Carcasses are quartered at the camp prior to transporting them to temporary holding facilities at the airport by snowmobile and komatik. All meat is packed in 800 lb. containers prior to shipping by air to the purchaser in Rankin Inlet.

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7. Financial Analysis:

It is estimated that to develop and maintain this business will require an initial investment by government in 1994/95 and 1995/96 of approximately $965,000 for capital equipment, training, contracting and operational subsidization, followed by an ongoing operational subsidy of approximately $250,000 per year.

Projections of net income and required operational subsidy levels may have to be revised after implementing trial harvests as, currently, a significant degree of uncertainty surrounds the values of several key factors affecting production. Furthermore, because certain production factors, and therefore net income, are inherently variable from year to year, government likely must committ to underwriting it during negative income and cash years.

Comparison of two options for timing of operations shows that conducting the hunt in the spring only should be significantly more cost effective than conducting it during fall and spring months.

8. Regulatory Requirements:

Three Departments are responsible for ensuring adherence to regulations regarding various aspects of the project - Agriculture Canada, Department of Health and the Department of Indian Affairs and Northern Development. Inspectors for these departments will be on-site to review the suitability of equipment and operations.

9. Government Investment Vs. Benefits:

Exhibit 3 provides a summary of selected proforma investment and economic benefit statistics for the first four years of operations. These statistics compare quite favorably with the other renewable resource based industry in the Keewatin, the char fishery and with the NWT fishing industry as a whole.

Exhibit 3: A Cost/Benefit Analysis for the H.T.A. Caribou Harvest

	1994/95	1995/96	1996/97	1997/98
Total Harvest	**160,000 lbs**	**320,000 lbs**	**320,000 lbs**	**320,000 lbs**
Harvest Price	**$1.25/lb**	**$1.25/lb**	**$1.25/lb**	**$1.25/lb**
Hunt Revenue	**$200,000**	**$400,000**	**$400,000**	**$400,000**
Ave. Wholesale Price	**$3.00/lb**	**$3.00/lb**	**$3.00/lb**	**$3.00/lb**
Market Value	**$480,000**	**$960,000**	**$960,000**	**$960,000**
Government Assistance	**$548,000**	**$417,000**	**250,000**	**250,000**
Gov $: Hunt Revenue	**1:0.36**	**1:96**	**1:1.6**	**1:1.6**
Gov$:Market Value	**1:0.88**	**1:2.30**	**1:3.84**	**1:3.84**
Present Value Gov $:	**$3,010,000**			
Present Value Market $	**$9,207,000**			
PV Gov$:PV Market $	**1:3.06**			

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Other important benefits include a high degree of employment creation and management of the caribou herd for both commercial and subsistence purposes.

September, 1994

September, 1994

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Caribou Herd represents a tremendous opportunity to create wealth and employment for the people of Coral Hr.

It should be noted that, as with any population management situation, quotas are subject to change based on ongoing analysis of the health of the population. This represents an inherent risk to the viability of this operation that should be considered by the proponents as well as other financial contributors and stakeholders.

4. MARKETING PLAN

4.1 General

Because one local processor, , has agreed to purchase all production of up to 4,000 carcasses per year, the marketing strategy is very straightforward.

4.2 Target Market

All production will be sold to in Rankin Inlet. will process all meat for sale in various Canadian and/or foreign markets. Initially, some production may be sold unprocessed as considerable time may be required to upgrade their processing facility to meet Agriculture Canada standards.

4.3 Competitors

This will be the only business producing Agriculture Canada approved caribou meat in the Keewatin Region. Because Coral Hr. is the only community in the region with commercial access to the large numbers of caribou required for an Agriculture Canada hunt, there is no danger of a new entrant to this sector in the foreseeable future.

4.4 Product Form & Packaging

All carcasses will be quartered, wrapped in stockinet and plastic and packaged in 800 lb. standard meat industry combo - bins for delivery to Only Agriculture Canada approved carcasses will be sold.

4.5 Price

The NWT Development Corporation, owners of , have offered a price of $1.25/lb. F.O.B. the plant in Rankin Inlet.

4.6 Distribution

All product will be shipped from Coral Harbour to Rankin Inlet via and H.S. 748 aircraft. Maximum use of scheduled flights will be made in order to minimize freight costs

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with the remainder being shipped on more expensive charters. All product must be shipped during the actual harvest period while Agriculture Canada inspectors are on site.

5. DEVELOPMENT PLAN

The commercial harvest of 4,000 caribou to Agriculture Canada standards is a huge undertaking and is a giant logistical step up from recent efforts that involved harvesting 184 caribou to draft NWT harvesting guidelines. As a result, a phased development effort over at least a two year period is recommended in order to maximize chances of success with this initiative.

5.1 Elements Of The Development Plan

The development plan will have the following *key elements*:

A. Facilitation of Project by Experienced Harvest Team

The most important element of the development plan is the requirement for guidance and field facilitation by a qualified, 'NWT experienced" harvest team. There are at least three aspects of the proposed harvest operation that would warrant such involvement. These include:

I. Conformation to Agriculture Canada Standards:

A number of regional people gained experience in 1993 in conducting a controlled harvest to NWT standards. However, there are sufficient differences in equipment requirements and operations between NWT guidelines and Agriculture Canada requirements to make implementation of this project by regional personnel extremely difficult. The additional costs associated with involving an experienced harvest team are thought to be far outweighed by the potential expenses associated with improper implementation or complete failure of the initiative.

II. Training by Professional Meat Cutters/Handlers:

Like any production oriented business, eventual success of this operation hinges on maximizing throughput and product quality. The only way to accomplish this is to be trained, mainly through on-the-job demonstration, by professional meat cutters and handlers which would make up part of the harvest team referred to above.

III. Magnitude of Operations:

Compared to all previous caribou harvesting efforts in the NWT, the logistics of this operation are enormous. Consequently, to maximize chances of success, the logical option is to involve a team with similar "large scale" project experience.

The recommended choice for the required harvest team is of Victoria, B.C. This firm has conducted successful Agriculture Canada approved harvests for both musk-ox and caribou in the NWT and to the authors' knowledge is the only group with this experience (resume in Appendix B). have been contacted by the authors and is available for this project.

The *duties* to be performed by for this project are as follows:

- coordinate and plan two Agriculture Canada approved caribou harvests on Southampton Island - one in 1994/95 and one in 1995/96;
- purchase all equipment and supplies required for the harvesting operation;
- implement, by way of supplying a project manager and several critical harvest crew personnel, the 1994/95 and 1995/96 harvests;
- train, by way of demonstration, local personnel for the eventual transfer of operational responsibility to the
- prepare interim and final project reports. The final project report is to contain sufficient detail regarding operations to act as a "blueprint" for future operations.

B) Classroom Training

It is proposed that for each of the first two years of operation, up to ten people (with little or no commercial caribou harvesting experience) will receive formal classroom training followed by on-the-job training in various aspects of the harvest operation. The goal of this training component is to provide an opportunity for some of the community's younger, less experienced residents to become involved with the industry. This is especially important as the large human resource requirement of the project will necessarily mean drawing upon the lesser experienced hunters and workers in the community. This training will hopefully increase the skills of these residents to a level where they can effectively contribute to the operation.

In addition to the above, a project coordinator trainee will be funded under the same training program. This person will work closely with the contract project manager, GNWT personnel and the It is intended that this person will receive sufficient training to take over project management duties after contractors are removed prior to year #3.

Details of course curriculum for the trainees is to be worked out by Arctic College in consultation with program stakeholders.

C) Phased Approach

As is usually the case with large, new initiatives there is danger associated with taking on 'too much too soon". In this case, various operational "uncertainties" can only be addressed by

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implementing a pilot harvest, which, because of the risks associated with the uncertainty, should be on a smaller scale than the eventual full scale harvest. The pilot harvest will allow this business to "iron out most of the bugs" in the operation and re-evaluate whether initial targets are realistic. In this instance, areas of greatest concern or uncertainty include:

- potential production "bottlenecks" - hunting capacity, abattoir production, transportation to Rankin Inlet, etc;
- availability of the resource in the "workable radius" from camp;
- availability of sufficient numbers qualified human resources at Coral Hr.;
- weather conditions.

Because of the seriousness of the above, it is recommended that in 1994/95 a harvest of one half the available quota or 2,000 caribou be conducted. This is to be followed by a harvest of 4,000 caribou in 1995/96 providing an analysis of the pilot hunt indicates that it would be feasible to do so at that time.

D) Assignment Of Regional GNWT Personnel To Project Management

One of the key roles required for successful implementation of this initiative is that of "GNWT Initiative Manager". This is a government employee from Economic Development & Tourism or Renewable Resources who is responsible for ensuring that this initiative receives all required GNWT cooperation in terms of accessing funding, field assistance, liasing with the contractor, etc. Although it is assumed that a number of GNWT personnel will provide project assistance, unless ultimate responsibility is assigned to one individual, confusion and problems are likely inevitable.

One of the first tasks of the initiative manager would be to assign specific duties to other regional GNWT staff (in consultation with both regional superintendents) and to ensure that he/she has the authority, within reason, to call on these personnel as needed. As both departments strongly support this initiative, full cooperation in this regard is anticipated.

The *schedule of steps* in the proposed development plan are as follows:

- Approval of all project funding.

  ➲ **by Oct. 25, 1994**

- Regional personnel from Economic Development & Tourism and Renewable Resources meet to select a GNWT Initiative Manager(Initiative Manager assigns tasks to other GNWT personnel).

  ➲ **by Nov. 1, 1994**

- Classroom training session #1 begins

  ➲ **by Nov. 10, 1994**

- Pre-harvest planning meeting involving regional stakeholders, the harvest contractor and an Agriculture Canada Official(s).

  ➲ **by Nov. 15, 1994**

- 1994/95 planning/equipment procurement - contractor.

  ➲ **by Feb. 1, 1995**

- Classroom training session #1 ends.

  ➲ **by March 10, 1995**

- 1994/95 harvest begins - 2,000 caribou - facilitated by contractor.

  ➲ **by March 10, 1995**

- 1994/95 harvest ends.

  ➲ **by Apr. 24, 1995**

- Interim report produced by contractor/plans for 1995/96 confirmed.

  ➲ **by May 31, 1995**

- Additional year 2 capital purchased.

  ➲ **by Aug. 31, 1995**

- Classroom training session #2 begins.

  ➲ **by Nov. 1, 1995**

- Classroom training session #2 ends.

  ➲ **by March 1, 1996**

- 1995/96 hunt begins- 4,000 caribou - facilitated by contractor.

  ➲ **by March 8, 1996**

- 1995/96 hunt ends.

  ➲ **by Apr. 26, 1996**

- Final report produced by contractor.

  ➲ **by May 31, 1996**

- Evaluation of program to date. If proceeding as planned, all responsibility for hunt operations turned over to the Regional GNWT personnel remain assigned to the project for as long as necessary to help ensure a smooth transition from contract management to HTA management.

6. HARVEST EQUIPMENT & OPERATIONS

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6.1 Equipment Requirement

Most equipment required for this business can be placed into one of three categories - abattoir equipment, camp equipment and transportation equipment. All equipment must meet two main criteria. First, it must meet with the requirements of all regulatory agencies, most notably Agriculture Canada and the Department of Health. Second, it must be adequate to allow for the harvest and processing of the target 2,000 caribou in year #1 and 4,000 caribou every year thereafter in the short harvest window(s) available.

A) Abattoir Equipment:

The slaughter facility proposed is a design of the proposed contractor, . The facility is basically a portable abattoir comprised of a tent shell surrounding standard slaughter equipment arranged in processing line fashion. A hanging rail system for carcass hardening, streamlining, freezing and weighing/wrapping extends from the back of the abattoir tent. The design is similar to that used in another Agriculture Canada approved caribou harvest facilitated by in 1993. A schematic drawing of the abattoir layout can be seen in figure 1 on the following page.

A somewhat similar facility was used in the 1993 funded Southampton Island Caribou Harvest that was performed to draft NWT harvest standards. Although many aspects of that design do not meet Agriculture Canada standards, discussions with the proposed contractor indicate that much of this equipment can likely be incorporated into the new design in some manner. For example, the tent shell can likely be used as an enclosed packaging and meat storage area and various other pieces of equipment such as saws, generators, etc. may be suitable as spares or back-up equipment for the operation. A detailed analysis, however, of "useable parts" of this equipment can only be made after visual assessment by the contractor. Because of the nature of this equipment usage, as spares or add-ons to the new facility, the proposed capital budget for this project should not be materially affected by the eventual nature of the equipment incorporation.

The facility proposed for year #1 will be adequate for processing the target 2,000 animals in the suggested spring harvest window. To process 4,000 caribou, as is proposed for year #2, minor modifications are required. For the most part, this means adding a second skinning line at the front of the facility and additional hanging racks at the back. As the skinning function is the major limiting factor affecting abattoir throughput (assuming adequate hunting capacity), the addition of the second skinning line should double the abattoir production capacity from an estimated 90 carcasses per day to 180 per day.

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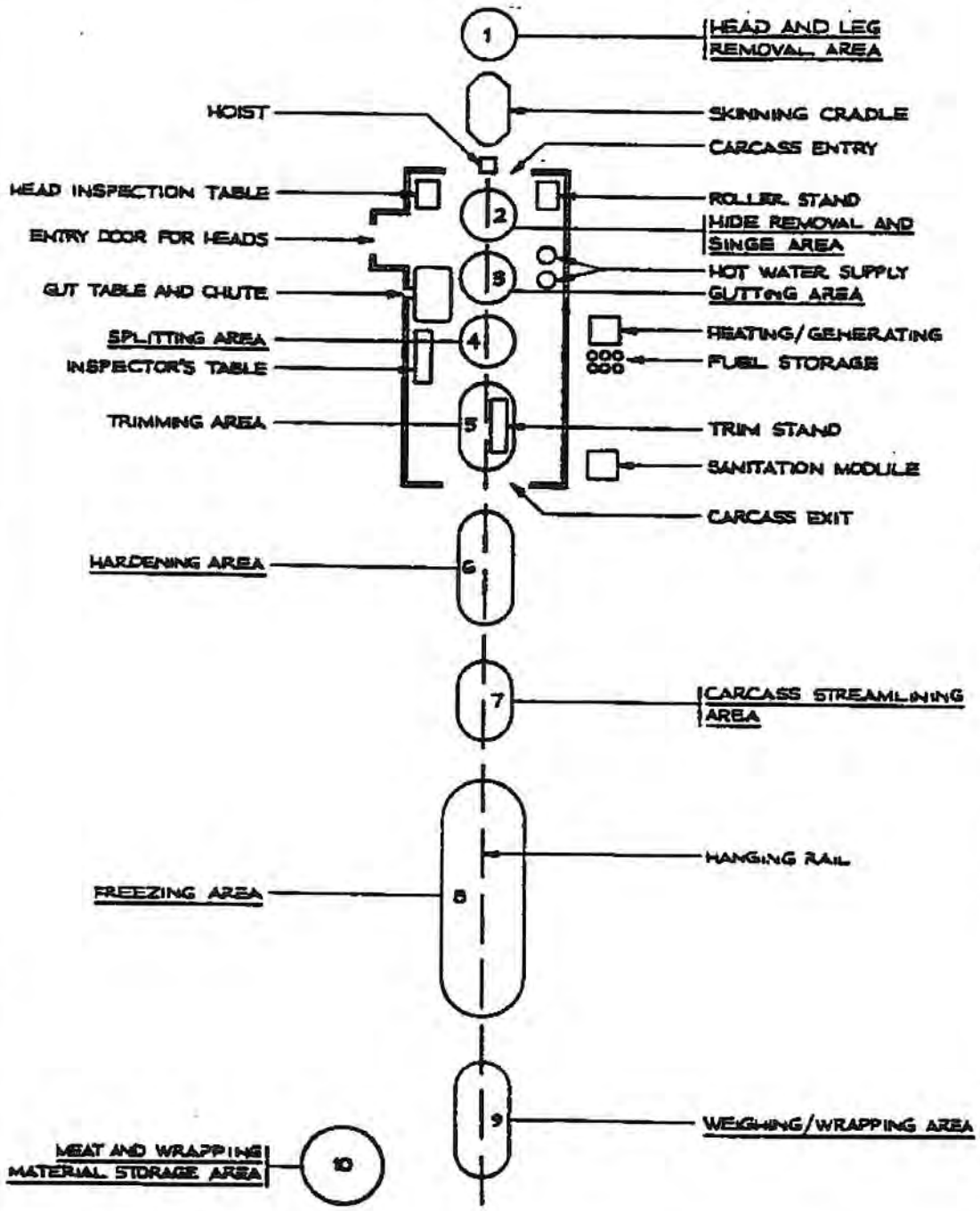
Figure 1:

PROCESSING OPERATION



B) Camp Equipment

Camp equipment consists of a kitchen tent, accommodation tents and washroom facilities to accommodate 38 people in year #1 and 50 people in year #2. The proposed compliment of camp accommodation is as follows:

Year 1

- 1 Kitchen Tent - accommodate 30 at a sitting (sleep accommodation for two)
- 3 ten man insulated sleep tents with bunks and floor units
- 2 four man insulated sleep tents
- Washroom facilities to accommodate full crew
- Miscellaneous other equipment including cookware, space heaters, lighting and generators (note: one ten man tent and two four man tents are available from the 1993 harvest project)

Year 2

The same equipment will be used in year 2. One additional ten man sleep tent will be purchased.

C) Transportation Equipment

Air transport will be used to ship all meat from the airport at Coral Hr. to Rankin Inlet. However, because the cost of air transport for moving carcasses the estimated 30 to 40 miles from the harvest site to the Coral Hr. airport is prohibitive, an alternate means of transport must be used for this leg. Investigation into the various alternatives for this leg led to a recommendation of Alpine snowmobile and komatik transport (see Appendix C for discussion of transportation alternatives).

In year 1, four Alpines and five large komatiks (approximately 4' by 20') will be purchased. Three additional Alpines and four komatiks will be purchased prior to year 2. All komatiks will be fitted with boxes and lined and covered with tarpaulins in order to prevent contamination of meat as per Agriculture Canada standards.

One additional single track snowmobile and komatik will be purchased in year 1 for hauling offal to dump sites.

D) Miscellaneous Equipment:

Additional equipment requirements include:

- dedicated single track snowmobile/komatik for use by project management and Agriculture Canada inspectors;
- appropriate arctic outer wear for inspectors - five each of parkas, windpants, hats, mitts and boots;
- five arctic rated (five star) sleeping bags for inspectors;
- one base station HF radio for the camp.

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6.2 Harvest Operations

A) Timing

Various factors are considered in selecting a window(s) for conducting harvests. These include, in order of importance:

- *Season*; the hunt has to take place when there is sufficient snow cover for use of snowmobiles.
- *Temperature*; the hunt has to be performed while it is cold enough to allow carcasses to freeze completely within a 24 hour period (approximately -10° C or colder). Conversely, severely cold temperatures which make working outdoors difficult are avoided if possible.
- *Weather conditions*; to maximize economic efficiency by minimizing downtime, periods with the most severe weather conditions should be avoided.
- *Daylight hours*; to maximize throughput, periods with longer daylight hours will be selected.

Table 1 summarizes selected statistics on daylength, temperature and weather since 1984 for the months of november to april. From this analysis, two periods are recommended as alternatives for conducting hunts. The first choice is in the spring from early March to late April. The second choice is in the fall, from early November to early December. Compared to the fall window, the spring window is longer, has a significantly higher average daylength, has warmer temperatures for working and generally has better weather - less snowfall and lower winds. The months of May to October are ruled out because of lack of snow and/or high temperatures. The period between mid - December to the end of February is ruled out mainly because of very short daylengths and/or extreme cold.

For the purposes of discussing harvest operations, the authors assume a spring hunt. However, the option of a combined fall/spring hunt is an alternative that management may use, though for various reasons including short daylight hours and more downtime, is significantly less cost effective than the "spring only" option.

Table 1: Selected temperature and weather statistics by month; 1984 to 1992.

FACTOR	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Average snowfall (cm)	24	15	8	8	14	22
Average daylight hrs	6.5	4.2	5.5	8.5	11.8	15.2
Average windspeed (km/hr)	23	20	20	19	18	19
Average temperature (°Celsius)	-18	-26	-31	-31	-26	-17
No. days mean temp. above -10° C	5	0	0	0	0	5

(From Environment Canada Statistics)

In year 1, the harvest will take place over a 45 day period between march 10 and april 24. This period allows for 23 days of hunting, 2 days for erection of camp facilities, 2 days for dismantling of facilities, 4 days for one camp move part way through the hunt and 14 days or 30% downtime due to poor weather conditions. In year 2, the harvest will take place over a 50 day period from march 8 to april 27. The year 2 hunt is slightly longer than the year 1 hunt to allow for conducting two camp moves instead of one. It is expected that an additional move will be required to access the larger numbers of caribou targeted in the second year.

Should a combination fall/spring hunt be employed by project management, it is estimated that to attain the same target harvest levels, this option would require approximately 59 days with the following projected breakdown:

Fall: 10 days of hunting, 2 days for camp erection, 2 days for camp dismantling and 10 days or 40% downtime (Total = 24 days).

Spring: 16 days of hunting, 2 days for camp erection, 2 days for camp dismantling, 4 days for one camp move and 11 days or 30% downtime (Total = 35 days).

The reasons for this option requiring more time than the "spring only" option include a predicted higher rate of downtime and a lower average daily throughput due to less daylight hours in the fall portion of the hunt.

B) Site Selection

Unlike many caribou herds, the Southampton herd is not migratory. This allows for relative ease in selecting a general harvest site as caribou can usually be found in the same general area from year to year. Additionally, except for movement caused by hunting pressure, caribou should remain in the same general area for the duration of the hunt.

The main criteria used in selecting a harvest site are caribou concentrations, proximity to the airport and access to potable water. These factors were considered when selecting the site for the 1993 domestic harvest where a site approximately 50 km South East of Coral Harbour and 60 km from the airport was chosen.

Discussions between Renewable Resources and the HTA earlier this year indicate that this same general location would be appropriate for the proposed new hunt. However, immediately prior to each hunt it is recommended that the project manager, accompanied by several experienced hunters, conduct snowmobile reconnaissance trips to confirm the presence of large numbers of caribou and pinpoint the best location for the camp within the general area that has been identified.

The option of locating the abattoir close enough to town to enable the harvest crew to sleep at home has also been considered for these harvests. Although this would result in a cost saving in terms of lower capital equipment requirements and somewhat lower operational costs, this site would offer access to lower concentrations of caribou and would create serious doubts regarding

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the ability to reach harvest targets. Mainly for this reason, this option has been ruled out for the present time.

C. Personnel

Personnel required to conduct this operation are as follows:

Contract Team:

A contracted harvest team, . will coordinate the harvest and facilitate implementation of the hunts in years #1 and #2. The contract team consists of a project manager and five additional experienced personnel to fill critical harvest positions. These are:

- Plant Foreman
- Mechanical/electrical technician
- Skinner
- Gutter
- Cook

Local Labour:

Table 2: Jobs to be filled by local personnel during the caribou harvest

	Number per Position		
Position Title:	**1994/95**	**1995/96**	**1996/97 +**
Project Mgr.	0	0	1
Project Mgr. Trainee	1	1	1
Plant Foreman	0	0	1
Mech/Electr.	0	0	1
Gutter	0	0	1
Skinner	2	5	6
Leggers	2	2	2
Trimmers	2	2	2
Packers/Wrappers	2	2	2
Cook	0	0	1
Cook Assistants	2	2	2
Camp Attendant	1	1	0
Hunters	8	16	16
Carcass Haulers	4	7	7
Gut Hauler	1	1	1
Extra Trainees	3	0	0
Camp Movers	8	8	8
Total	36	47	52

Other Personnel:

In addition to the contract team and local harvest personnel, others involved with the operation include:

- Agriculture Canada Inspectors: 3 - 4 for duration of the harvest;
- Health Inspector: 1 for initial inspection of facilities;
- GNWT wildlife management and resource personnel: 3 - 5 present for various aspects of the harvest.

D. Production Flow

Hunting:

Hunters are sent out in pairs by the project manager who schedules departures/arrivals so as to maximize throughput while avoiding a backlog of carcasses at the abattoir. Hunters are instructed to kill as many caribou as possible in a time frame that will allow them to return to the abattoir with unfrozen carcasses. The time frame for this will vary depending on temperature but could be as short as one hour or less during colder periods.

Caribou are to be head or neck shot and immediately bled by cutting the carotid artery. The esophagus is also slit to avoid bloating. Carcasses are transported to the abattoir by hunter-owned snowmobiles and komatiks while wrapped in clean tarpaulins to prevent contamination.

Processing:

Leggers remove shanks and heads from carcasses as they arrive at the abattoir. Carcasses are then partially skinned on a cradle before being hoisted on to the railing where the hide is stripped off. Organs and viscera are removed at this point and placed in a tray for inspection.

Next, each portion of the carcass including the meat, organs, viscera and head are inspected by the Agriculture Canada inspectors and condemned or downgraded carcasses or carcass portions are removed from the production line. Condemned meat is disposed of with other offal at set disposal sites several kilometers from the camp.

Acceptable carcasses are moved to the trimmers who remove the neck, excess body fat, connective tissue and any remaining contaminated portions. Carcasses are then inspected again and stamped. Stamped carcasses are moved outside of the facility for hardening and removal of the brisket and front shanks. Once frozen, sides are cut into quarters and wrapped in paper and stockinet and weighed.

Transportation:

Carcass quarters are transported daily to the airport at Coral Hr. by dedicated Alpine snowmobiles hauling custom designed large komatiks capable of carrying an estimated 1,500 lbs.

Komatiks will be equipped with wooden boxes and lined and covered with tarpaulins to prevent contamination.

At the airport, meat is placed in one of two temporary holding facilities (former walk in freezer units). An estimated 400 carcasses or 32,000 lbs. of meat can be held in these units until air transportation can be arranged.

Prior to loading in the aircraft, meat is placed in 800 lb. standard meat industry combo- bins on palettes. The bins are then loaded onto the aircraft with a forklift.

All air transport will be via HS 748's operated by and Maximum use of scheduled flight backhauls will be made over the course of the hunt as this method is least expensive on a per pound basis. Because of the limited weekly capacity of the scheduled flights however, most of the meat will be transported via HS 748 charters which are a more costly option but is by far the next cheapest freight option available. Once at Rankin Inlet, meat will be shipped to the purchaser, by the local freight company, Enterprises.

6.3 Analysis of Harvest Production Rates

Critical to the economic efficiency of this operation is the ability to meet or surpass predicted production rates. Production rate(total lbs/time period) is a function of throughput (carcasses/day), carcass yield (lbs./carcass) and percentage downtime (% of total days with no production due to weather/other conditions) such that:

Production rate = throughput * carcass yield * [total project days *(1 - % downtime/100)]

Production rate and hence net income is very sensitive to variation in the value of these factors (see section 7.2 for discussion of magnitude of sensitivity). Therefore, a discussion of the projected values of these factors and the degree of uncertainty regarding projections is warranted.

Throughput:

In year 1 it is projected that, for operational days, the average throughput of the operation will be 90 caribou. This figure was arrived at through discussions with several people including the proposed contractor . This rate appears to be realistic given that 60 animals per day were attained in the fall 1993 hunt. The 1993 hunt took place in the same location proposed for this operation, but used only six hunters, did not involve professional meat cutters/handlers and had minimal daylight hours to work with. Furthermore, on one of the eight days of hunting in the 1993 North Slave Caribou Hunt, also coordinated by , 102 caribou were processed in only eight hours.

In year 2 it is projected that the average daily throughput will be 180 caribou or double the production in year 1. This is accomplished by analyzing production flow from the hunter to the purchaser to determine major limiting areas of daily production. Research in this regard indicates that the hunting and the skinning tasks along with freezing rack capacity are the only major

limiting factors within the range of harvest levels being contemplated (; pers comm., 1994). As a result, doubling production can be achieved by doubling the number of hunters from 8 to 16, doubling the number of skinners from 3 to 6 (with two skinning lines feeding the main abattoir processing line) and by increasing the length of the freezing racks (, pers. comm., 1994).

Although logistically attainable, doubling the daily throughput as described above depends on several critical assumptions, at least two of which carry some uncertainty. First, this approach assumes that there are sufficient human resources in Coral Hr. to fill the extra positions necessary to carry this out. Second, it assumes that there will be sufficient concentrations of caribou in a workable radius of camp to harvest the required numbers.

Neither assumption can presently be made with certainty and can only be investigated by attempting the harvest. The results of the pilot harvest of 2,000 caribou in year 1 should shed light on the attainability of these numbers - if, for example, the pilot harvest has difficulty in reaching its target of 90/day then it is highly unlikely that 180/day is attainable under the proposed harvesting system. Analysis of this pilot harvest will allow project management to confirm or fine tune year 2 targets.

Percentage Downtime:

For the purposes of projections, average percentage downtime has been estimated at 30% of the total harvest time (for a spring hunt). As there is no history of controlled spring harvesting in this area, an accurate projection is practically impossible - our figure represents a 'best guess" that can only be confirmed by a number of years of operations.

In addition to average percentage downtime (over a number of years) being somewhat of an unknown, the amount of downtime will be highly variable (around the long term average value) from year to year. Given the strong sensitivity of net income to downtime, this represents a serious problem for the owners of this operation as bad weather years could bankrupt the business.

Carcass Yield:

Average carcass weight or yield also affects total production. For this operation, an average carcass weight of 80 lbs. is projected. This figure seems reasonable given that the average carcass weight from the 1993 harvest, 70 lbs should be significantly lower than that of the proposed hunt since the 1993 hunt sex ratio was 9:1 (females to males) compared to the proposed ratio of 7:3 for this operation. However, without a good data set on the weights of males and females in the herd there is some uncertainty surrounding this estimate. As net income is very sensitive to carcass yield, any variance in this factor will significantly affect the profitability of the operation. Once again, data from the pilot harvest in year 1 will enable management to fine tune current projections of carcass yield.

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In summary, net income is sensitive to a number of factors of production including average daily throughput, percentage down time and carcass yield. Although a best effort has been made to make realistic projections regarding the value of each factor, because of the lack of relevant historical data , there is a significant amount of uncertainty surrounding these projections. Even if we assume 100% accuracy in projecting average values for these figures, another problem that exists is that certain production factors, most notably percentage downtime, will be highly variable from year to year resulting in large fluctuations in net income.

7. FINANCIAL ANALYSIS

Two hunt options were considered when developing financial projections:

Option 1: **A split hunt with approximately 30% of the caribou being harvested in the fall (November/December), followed by a spring (March/April) hunt to harvest the remaining animals.**

Option 2: **One single hunt during the spring (March & April) when all animals will be harvested.**

Most of the following discussion centers around option 2, as this option proved least expensive given the assumptions made during the course of the analysis and explained in the notes which accompany the projected financial statements (see Appendix D).

The following table summarizes the operating results for the spring harvest:

Table 3: Operational Summary of . Caribou Harvesting Project

	1994/95	1995/96	1996/97	1997/98	1998/99
Revenue	$200,000	$400,000	$400,000	$400,000	$400,000
Expenses	$458,830	$684,860	$589,810	$596,330	$602,990
Net Operating Loss	($258,830)	($284,860)	($189,810)	($196,330)	($202,990)
Loss as % Revenue	1.29	0.71	0.47	0.49	0.51
Subsidy Required*	$301,730	$339,360	$244,310	$250,830	$257,490

The information above indicates significantly higher operating losses during years one and two. The primary reason for this is the higher costs associated with training and contracting in those first two years. Because these costs are fixed, the percentage of losses to revenue are exaggerated, especially in 1994/95. For financial analysis purpose, the most important figures are those beyond year two when the operation is supposed to stand on its own without training or specialized contractors to facilitate the harvest. The percentage of losses to revenue in these

* This number reflects the total amount of operating subsidy required, plus an additional amount as a Capital Replacement Reserve.

years is approximately 50%, with a 2% increase on an annual basis (the result of the inflation factor applied to many of the expenses, but not to the revenue since we have assumed it to be fixed for the period of the study).

Most government funds will be injected into the project during the first two years, much of which goes toward capital purchases, as well as "developmental costs" such as training and contracting of hunt facilitators. The analysis above, however, indicates that, apart from paying for capital and developmental costs, additional subsidization will be required each year in order for the business to break-even. This can be seen most easily in years three to five which represent normal operations (ie. no "developmental costs"). During this period, operating losses hover around $200,000 per year, an amount which is approximately equal to the freight expense incurred in those years. As a result, subsidization of freight for this venture is one possible way of helping the operation to break-even.

In addition to the $200,000 subsidy identified above, capital replacement represents an additional demand for further subsidization. Because all assets for this harvest are to be purchased with government funds, there is no real "amortization" expense as it is exactly equal the amount of "deferred government assistance". Unfortunately, however, will deteriorate and eventually need replacement. As a result, a "Capital Replacement Reserve" is recommended, so that money can flow to the be used for replacement of equipment as required. Payments into this reserve would equal the normal amortization calculated for the equipment on the basis of useful life. As a result, approximately $50,000 per year will be required to be paid into the replacement reserve, thereby bringing the total amount of additional funds required on a yearly basis to approximately $250,000.

Two of the more evident options for raising the $250,000 each year are through operational subsidies (possibly through a freight subsidy) or price increases, or a combination of both. Exhibit 2 on page 24 shows the various combinations of price and freight subsidy needed to raise this amount. It shows that an additional $0.78/lb. is required from one or both of the above sources.

7.1 Investment Plan (Years 1 & 2)

Year 1:

Funding Program		Funding Sources	
Equipment	$246,000	EDA Initiative 6.1	$253,690
Operational	301,730	EDA Initiative 3.5	50,000
		Investing in People Prog.	119,240
		Additional Operating Sub.	124,800
	$547,730		$547,730

Year 2:

Equipment	$ 78,000	Investing in People Prog.	$120,000
Operational	339,360	Additional Operating Sub.	236,050
		Initiative 6.1	61,310
	$417,360		**$417,360**
Year 1 & 2 Total:	**$965,090**		**$965,090**

Note: A detailed breakdown of funding uses and sources is presented in Appendix E.

The foregoing "Investment Plan" summarizes the uses and sources of funds associated with this project in Years 1 and 2. In short, the project will require the injection of $965,090 from government or other sources (i.e. price increases), in addition to the $600,000 revenue generated over the course of the first two years, in order to break-even going into year three. Furthermore, the projected cashflow statement for the harvest shows that the company will require substantial financial backing (maybe through a commercial lending institution) in the months of March and April as large outflows of cash are required prior to the receipt of revenues and the balance of government contributions.

It should be noted however, that certain critical assumptions, most notably those regarding production rates, carry a certain amount of uncertainty. As a result, actual financial results could differ considerably from those outlined in the projected financial statements.

Exhibit 2: Various Price and Freight Combinations that Equal the Necessary Financial Support for the Caribou Harvest to be Successful

→ Cost of Caribou per Pound ($)

↑ Operating Subsidy

	1.25	1.30	1.35	1.40	1.45	1.50	1.55	1.60	1.65	1.70	1.75	1.80	1.85	1.90	1.95	2.00	2.03
0.78	$250																
0.73	$234	$250															
0.68	$218	$234	$250														
0.63	$202	$218	$234	$250													
0.58	$186	$202	$218	$234	$250												
0.53	$170	$186	$202	$218	$234	$250											
0.48	$154	$170	$186	$202	$218	$234	$250										
0.43	$138	$154	$170	$186	$202	$218	$234	$250									
0.38	$122	$138	$154	$170	$186	$202	$218	$234	$250								
0.33	$106	$122	$138	$154	$170	$186	$202	$218	$234	$250							
0.28	$90	$106	$122	$138	$154	$170	$186	$202	$218	$234	$250						
0.23	$74	$90	$106	$122	$138	$154	$170	$186	$202	$218	$234	$250					
0.18	$58	$74	$90	$106	$122	$138	$154	$170	$186	$202	$218	$234	$250				
0.13	$42	$58	$74	$90	$106	$122	$138	$154	$170	$186	$202	$218	$234	$250			
0.08	$26	$42	$58	$74	$90	$106	$122	$138	$154	$170	$186	$202	$218	$234	$250		
0.03	$10	$26	$42	$58	$74	$90	$106	$122	$138	$154	$170	$186	$202	$218	$234	$250	
0.00	$0	$16	$32	$48	$64	$80	$96	$112	$128	$144	$160	$176	$192	$208	$224	$240	$250

Note: In Thousands of Dollars

7.2 Sensitivity Analysis

As discussed in section 6 (D), net income is very sensitive to a number of key factors related to production. These include "Throughput", "Carcass Weight" and the amount of "Downtime".

Note: the three sensitivity analysis that follow are based on "normal operations" and as a result Year 3 projections are used. Because of additional "developmental" costs in the first two years of operation the sensitivity of net income to the above factors will differ somewhat from that described below.

Throughput:

Throughput is the number of caribou that are processed in the abattoir each day. Financial projections projections are based on throughput of 180 animal per day. If the actual numbers are lower than this, the operation loses money and will require further subsidization. The sensitivity of net income levels to variation in throughput is shown in figure 2, page 26. For every animal under the projected throughput of 180, there is a decrease in net income of $2,418. A slightly greater than -10% variance in throughput (throughput = 160) will cause net income to decrease by approximately $48,000.

Calculation of effect of unfavourable throughput variance:

- [Per Carcass (ie. change resulting from average throughput equalling 179/day compared to 180)]
- [Assumes that the number of total project days is fixed (ie. cannot increase the number of hunting days)]

Chg. in Net Income = Price per pound (including $.78 subsidy) - Applicable Variable Costs/Pound x carcass weight x # of hunting days
= [(1.25 + 0.78) - 0.716] x 80 lbs x 23 days
= 1.314/lbs. x 80 x 23 = **$2,418**

Where: Applicable Variable Costs Include:

Cost	Price/Pound
Packaging	$0.039/lb
Freight	$0.624/lb
Fuel for Haulers	$0.021/lb
Ammunition	$0.0275/lb
Waste Hauler	$0.004/lb
Total Cost/lb.	**$0.716/lb**

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A favourable variance in throughput will have the opposite effect in that Net Income will increase. When throughput increases, it decreases the number of days required to process 4,000 animals. For example, an increase in average throughput of just one carcass per day reduces the number of work days required by 0.13 days (23 animals total/# projected throughput of 180). Decreasing the number of work days also decreases the expected downtime days by same factor. Using the above example, downtime days would be reduced by 0.13 * 0.3 (ratio of down days due to weather to total project days - 15/50)

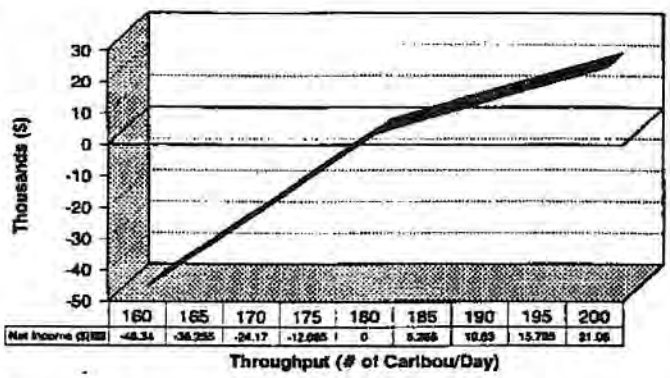

Figure 2: Effect of Throughput Sensitivity on Net Income

Caribou Harvest

As a result, the savings associated with an increased throughput of one carcass (ie. throughput 181 instead of 180) can be calculated using the following formula:

Chg. in Net Income = (Applicable Hunt Day Costs x 0.13) + (Applicable Down Day Costs x 0.13 * 0.30)

Where: applicable costs include:

Applicable Daily Cost	Hunt Days	Down Days
Labour	$4,750	
Camp Fuel/Propane (Estimate)	$150	$100
Rentals - Hunters	$1,200	
Daily Downtime Fees		$2,400
Food	$960	$960
Total Daily Costs	**$7,060**	**$3,460**

Therefore: A positive change in throughput of one animal per day increases Net Income as follows:

Calculation: ($7,060 x 0.13) + ($3,460 x 0.13 x 0.30) = **$1,053**

Carcass Weight:

The sensitivity of Net Income to carcass weight is similar to the effects of Throughput. A 10% variance in carcass weight from the 80 pounds used in the projections will cause an approximate $43,000 change in Net Income as shown in figure 3. To calculate the effect of a one pound change in carcass weight, the following formula is used:

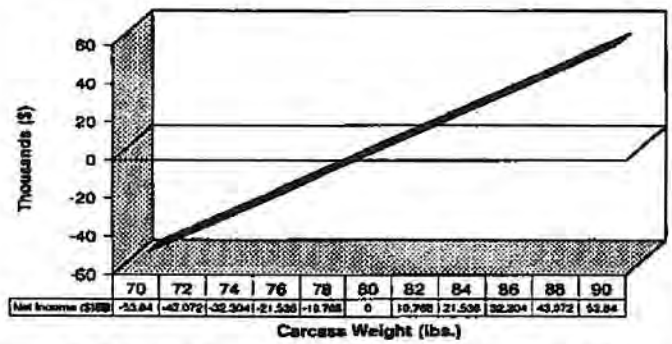

Figure 3: Effect of Carcass Weight Sensitivity on Net Income

Caribou Harvest

Change in Net Income = [Price/lb. (including $0.78lb. subsidy) - Applicable Variable Costs/lb] * target harvest - 4,000 caribou.

Where: applicable variable costs include:

Cost	Price/Pound
Packaging	$0.039/lb
Freight	$0.624/lb
Fuel for Haulers	$0.021/lb
Total Cost/lb.	**$0.684/lb**

Therefore: Change in Net Income = ($1.25 + $0.78 - $0.68) * 4,000 = $5,400

Downtime:

Net Income is also highly sensitive to the amount of downtime. Figure 4 shows that a negative variance in downtime from the projected level 30% to 40% (assuming a fixed total hunt time of 50 days) causes a $72,430 decrease in Net Income. Conversely, a positive variance in the amount of downtime causes an increase in net income. A calculation of the effect of both negative and positive variances in the level of downtime is given below.

Negative Variance Calculation:

Change in Net Income = Daily Revenue - Applicable Variable Cost Savings
= [180carcasses/day x 80 lbs./carcass x $2.03/lb.] - $14,746
= **$14,486**

Associated cost savings include:

Cost Item	Cost per Downtime Day	Cost per Hunt Day	Net Saving
Rentals	$0	$1,200	$1,200
Freight	$0	$8,991	$8,991
Ammunition	$0	$792	$792
Packaging	$0	$562	$562
Food	$960	$960	$0
Fuel - Hunters	$0	$504	$504
Fuel - Camp	$100	$100	$0
Fuel - Haulers	$0	$315	$315
Fuel - Waste Hauler	$0	$32	$32
Labour	$2,400	$4,750	$2,350
Total Cost Savings	**$3,460**	**$18,206**	**$14,746**

Positive Variance Calculation:

Increase In Net Income = Cost savings associated with one less down time day
= **$3,460**

It is evident from the three sensitivity analyses above that Net Income is very sensitive to changes in the variables examined. Furthermore, it is evident that:

A) There is a significant amount of uncertainty regarding the projected values of these factors, and

B) There is inherent year to year variability in certain of the factors, especially percentage downtime.

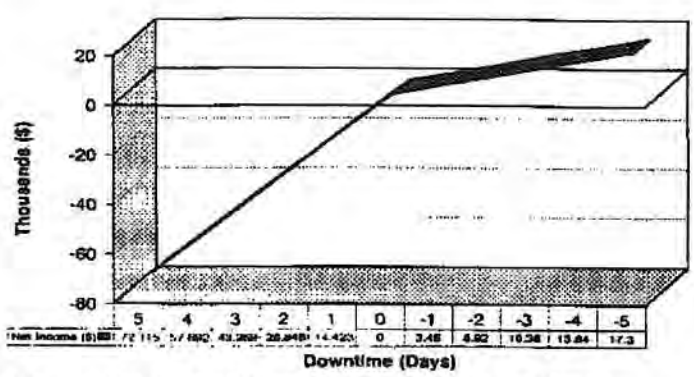

Figure 4: Effect of Downtime Sensitivity on Net Income

Caribou Harvest

The *significance* of the above to stakeholders and government investors can be summarized as:

- because of the uncertainty surrounding the above factors of production, projected average levels of required subsidization may have to be adjusted after carrying out trial harvests in years 1 and 2.

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- because of the inherent year to year variability of certain production factors and hence net income, government must be prepared to underwrite this business in years where net income is negative.

7.3 Option 1 (Fall/Spring Hunts):

Both hunt options 1 and 2 were analyzed thoroughly in this study. From the foregoing financial analysis, it is evident that even under option two, a great deal of financial support will be needed for this harvest to break-even. Analysis of option 1 indicates that significantly greater funds would be required for it to break-even. The following table compares the levels of subsidization required for the two options.

Table 4: A Comparison of Operational Subsidization for Options One and Two

	1994/95	1995/96	1996/97	1997/98	1998/99	Total
Option 1	$380,210	$409,940	$320,730	$327,570	$334,530	$1,772,980
Option 2	$301,730	$339,360	$244,310	$250,830	$257,490	$1,393,720
Difference	$74,480	$70,580	$76,420	$76,740	$77,040	$379,260

From a financial standpoint, option 2 is clearly the more economical option. The projected subsidies required to break-even over the course of the first five years are $379,260 less than those projected for option 1. For this reason, as well as others already mentioned, it is recommended that the hunt proceed only in the spring.

8. REGULATORY REQUIREMENTS

8.1 Agriculture Canada

Three to four Agriculture Canada inspectors must be on-site for the duration of each harvest. Inspectors review the suitability of facilities and equipment as well as operational procedures to ensure that they meet with departmental regulations. The harvest can only begin after initial approval of the facilities and equipment and can be shut down at any time as a result of improper procedures.

Agriculture Canada officials have been contacted by the authors to discuss the proposed hunt methodology, especially those aspects which will differ from the successful Agriculture Canada approved hunt in 1993 in the North Slave Region. No major problems with the proposed equipment and hunt methodology were identified from those discussions. However, certain equipment, facilities and aspects of methodology must be observed by the officials before final approval is given. Specific examples include the proposed temporary holding facilities at the Coral Hr. airport and the method of transporting processed carcasses to the airport via snowmobile and komatik. A review of facilities and procedures is the main reason for the proposed pre-harvest meeting between the project contractor, Agriculture Canada and other regional stakeholders at referenced in the "Development Plan", section 5.

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8.2 Department of Health

Officials of this department are responsible for ensuring that basic sanitation requirements are met in regard to the camp facility itself and in regard to the safe handling of food during processing. Officials of this department have been contacted regarding the general harvest methodology. As did Agriculture Canada officials, they have agreed to review this document and provide input regarding any potential problems they envision with the operation.

It is expected that this Department will send an inspector to the camp, at least at the beginning of operations, to review facilities and procedures.

8.3 Department of Indian Affairs and Northern Development

This department is responsible for issuing land use permits for the harvest operation. The regional Department of Renewable Resources have applied for this permit on behalf of the proponent. No problems with procuring this permit are expected.

9.GOVERNMENT INVESTMENT VS. BENEFITS

9.1. Regional Economic Impact

Exhibit 3, page 31, provides a summary of selected proforma investment and economic benefit statistics for the first four years of operation. This table shows a large government investment requirement in the first two years of operation of ~~nearly~~ $~~800,000~~ 965,000 followed by an ongoing operating subsidy requirement of approximately $~~150,000~~ 250,000.

This investment will generate approximately $400,000 annually in revenue for the HTA (after year 1). After processing, the annual market value of the meat produced is estimated to be $960,000. The present values (assuming perpetuity) of government investment, hunt revenue and market value are $3,010,,000, $3,836,000 and $9,207,000 respectively. In other words, in present value terms, each dollar of government investment generates $3.06 in overall market value. As a high percentage of the inputs to the production of the final product are regional, gross revenues generated by this industry, approximately $1,000,000 annually, will have a large direct economic impact on the regional economy.

These figures compare quite favourably with the only other large renewable resource based industry in the region. The char fishery has an average annual market value of approximately $325,000 (much lower in recent years) and a government investment to market value ratio of approximately 1:1.66 (RT & Associates, 1994). The average government investment to market value ratio for all NWT fisheries combined is also significantly lower than that of this initiative at 1:2.40.

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Exhibit 3: Selected Proforma Investment and Economic Benefit Statistics.

	1994/95	1995/96	1996/97	1997/98
Total Harvest	160,000 lbs	320,000 lbs	320,000 lbs	320,000 lbs
Harvest Price	$1.25/lb	$1.25/lb	$1.25/lb	$1.25/lb
Hunt Revenue	$200,000	$400,000	$400,000	$400,000
Ave. Wholesale Price	$3.00/lb	$3.00/lb	$3.00/lb	$3.00/lb
Market Value	$480,000	$960,000	$960,000	$960,000
Government Assistance	$548,000	$417,000	$250,000	$250,000
Gov $: Hunt Revenue	1:0.36	1:0.96	1:1.60	1:1.60
Gov$:Market Value	1:0.88	1:2.30	1:3.84	1:3.84
Present Value Gov $:	$3,010,000			
Present Value Market $	$9,207,000			
PV Gov$:PV Market $	1:3.06			

Tabel ? Assumptions:
1. 10% discount rate.
2. Present value calculations assume perpetuity.
3. Average wholesale price of $3.00/lb. based on discussions with Dev. Corp. personnel and considered conservative.
4. No increase in current price offerring of $1.25/lb. F.O.B. Rankin Inlet

9.2 Employment

The employment creation from this project is by far the highest of any Keewatin renewable resource based project in recent times, and possibly the highest in the Keewatin's history. By year 2, this operation will employ more than 50 local residents on a permanent, seasonable basis. This represents more than 10% of the entire population of - an unprecedented employment increase for a renewable resource based harvesting project for this area. It is worth noting that many of the people who will be employed in this operation are those who would have great difficulty finding employment with the area's main traditional source of wage income - Government.

In addition to employment creation at , there will undoubtedly be a significant increase in seasonal and year round employment at the secondary processing facility owned by in Rankin Inlet.

9.3 Wildlife Management

Management of the caribou population on Southampton Island is one very important benefit to be derived from this initiative. Since indications are that, without intervention, this herd may be quickly heading for a severe crash, the hunt is critical in regard to harvesting the required numbers of caribou to prevent a crash. This obviously maintains the herd so that commercial harvesting can continue indefinitely but also maintains it for subsistence consumption purposes. Assuming a continued subsistence harvest of approximately 1,000 caribou per year, the imputed value of this

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meat (ie in terms of the cost of an equal amount of beef, pork, etc.) would be several hundred thousand dollars annually.

Therefore, failure to manage the herd properly could jeopardize both a commercial harvest, valued at nearly $1,000,000 annually and a subsistence harvest worth several hundred thousand.

9.4 Cultural/Social Significance

Given the nature of this operation, it should mesh well with the traditional 'hunter" lifestyles still maintained by many residents of small communities like Workers can find wage employment in an activity similar to that practiced by many residents for generations. This undoubtedly increase the "attractiveness" of this operation to the people of . from the standpoint of cultural and social well being.

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CARIBOU HARVEST

Appendix A: Exhibit 1 - Status of Southampton Island Caribou Herd

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CARIBOU HARVEST

Appendix B: Resume -

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CARIBOU HARVEST

Appendix C: Transportation Alternatives

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CARIBOU HARVEST

Appendix D: Financial Projections & Notes

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. CARIBOU HARVEST

"Spring Harvest Only"

Projected Statement of Operations

(For the five year period beginning in 1994/95)

	1994/95	1995/96	1996/97	1997/98	1998/99
REVENUE	**$200,000**	**$400,000**	**$400,000**	**$400,000**	**$400,000**
EXPENSES					
Accounting	2,000	2,000	2,000	2,000	2,000
Administration	5,000	6,000	6,000	6,000	6,000
Ammunition	5,500	9,900	10,100	10,300	10,500
Contracting Fees	118,110	120,160	0	0	0
Food	31,800	42,440	42,430	43,280	44,150
Freight	83,900	195,900	199,820	203,810	207,890
Fuel & Oil	18,350	32,480	33,370	34,040	34,720
Interest and Bank Charges	2,000	2,000	4,000	4,000	4,000
Legal	2,000	0	0	0	0
Miscellaneous	5,000	5,000	5,000	5,000	5,000
Packaging	6,300	12,600	12,850	13,110	13,370
Rentals	23,100	41,700	42,900	42,900	42,900
Repair & Maintenance	5,000	7,500	10,000	10,000	10,000
Salaries & Benefits	87,950	136,480	193,660	193,660	193,660
Supplies	5,000	6,000	6,120	6,240	6,370
Training	34,920	34,920	0	0	0
Travel & Accommodations	22,900	29,780	21,560	21,990	22,430
	458,830	**684,860**	**589,810**	**596,330**	**602,990**
Net Operating (Loss)	-258,830	-284,860	-189,810	-196,330	-202,990
Less: Capital Replacement Reserve*	42,900	54,500	54,500	54,500	54,500
Net Loss (Prior to Subsidy)	**-301,730**	**-339,360**	**-244,310**	**-250,830**	**-257,490**
Plus: Government Subsidy	301,730	339,360	244,310	250,830	257,490
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

* The equipment will be owned by the The newly incorporated company shall pay an amount equal to normal amortization calculated on the basis of useful life as a replacement reserve.

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(Non-Profit Association)*
"Spring Harvests Only"

Projected Balance Sheet
(At June 30th, 1995 to 1999)

	Opening	1994/95	1995/96	1996/97	1997/98	1998/99
ASSETS						
Current Assets:						
Cash	$0	$42,900	$97,400	$151,900	$206,400	$260,900
Inventory	3,000	0	0	0	0	0
Total Current Assets	3,000	42,900	97,400	151,900	206,400	260,900
Capital Assets:						
Equipment	89,000	70,400	82,200	56,000	29,800	23,600
Harvest Facilities (net)	236,000	211,700	223,400	195,100	166,800	138,500
Total Capital Assets	325,000	282,100	305,600	251,100	196,600	162,100
Total Assets	**$328,000**	**$325,000**	**$403,000**	**$403,000**	**$403,000**	**$423,000**
LIABILITIES & SHAREHOLDER'S EQUITY						
Deferred Government Assistance (net)	328,000	282,100	305,600	251,100	196,600	162,100
Total Liabilities	**328,000**	**282,100**	**305,600**	**251,100**	**196,600**	**162,100**
Replacement Reserve Funds	0	$42,900	$97,400	$151,900	$206,400	$260,900
HTA Contribution						
HTA Equity	**0**	**42,900**	**97,400**	**151,900**	**206,400**	**260,900**
TOTAL LIABILITIES & HTA EQUITY	**$328,000**	**$325,000**	**$403,000**	**$403,000**	**$403,000**	**$423,000**

* All equipment will remain with the Hunters and Trappers Association and the new corporation will pay into a replacement reserve for the necessary replacement of any equipment when required. Because the new corporation essentially just carries out the hunt at break-even and does not own any assets, its balance sheet is blank.

CARIBOU HARVEST

"Spring Harvest Only"

Projected Monthly Cashflow Statement

(For the fiscal years 1994/95 & 1995/96)

	Opening	Jul.-Feb.	Mar.	Apr.	May	Jun.	1994/95	Jul.-Feb.	Mar.	Apr.	May	Jun.	1995/96
CASH RECEIPTS													
Sales				$100,000	$100,000		$200,000			$200,000	$200,000		$400,000
Operating Subsidy*					62,400	62,400	124,800				118,025	118,025	236,050
Contribution - Dept.	95,390				23,850		119,240	120,000					120,000
Contribution - Dept ED & T	202,950				50,740		253,690	49,050				12,260	61,310
Contribution - Dept.	40,000				10,000		50,000						
TOTAL RECEIPTS	**338,340**			**100,000**	**246,990**	**62,400**	**747,730**	**169,050**		**200,000**	**318,025**	**130,285**	**817,360**
DISBURSEMENTS													
Accounting						2,000	2,000					2,000	2,000
Administration		500	2,000	2,000	500		5,000	1,000	2,000	2,000	1,000		6,000
Ammunition			5,500				5,500		9,900				9,900
Capital Equipment	246,000						246,000	78,000					78,000
Contracting Fees		15,975	51,065	51,070			118,110	5,000	57,000	58,160			120,160
Food			15,900	15,900			31,800		21,220	21,220			42,440
Freight			41,950	41,950			83,900		97,950	97,950			195,900
Fuel & Oil			9,150	9,200			18,350		16,240	16,240			32,480
Income Tax Expense							0						0
Interest and Bank Charges					1,000	1,000	2,000				1,000	1,000	2,000
Legal	2,000						2,000						0
Miscellaneous			2,500	2,500			5,000		2,500	2,500			5,000
Packaging		6,300					6,300	12,600					12,600
Rentals			11,500	11,600			23,100		21,000	20,700			41,700
Repair & Maintenance			2,000	2,000	1,000		5,000		2,500	2,500	2,500		7,500
Replacement Reserve (Equipment)						42,900	42,900					54,500	54,500
Salaries & Benefits			43,975	43,975			87,950		68,240	68,240			136,480
Supplies		5,000					5,000	6,000					6,0
Training		34,920					34,920	34,920					34,92[illegible]
Travel & Accommodations	3,200		10,000	9,700			22,900		15,000	14,780			29,780
TOTAL DISBURSEMENTS	**251,200**	**62,695**	**195,540**	**189,895**	**2,500**	**45,900**	**747,730**	**137,520**	**313,550**	**304,290**	**4,500**	**57,500**	**817,360**
CASH GAIN (DEFICIT)	**$87,140**	**($62,695)**	**($195,540)**	**($89,895)**	**$244,490**	**$16,500**	**$0**	**$31,530**	**($313,550)**	**($104,290)**	**$313,525**	**$72,785**	**$0**
CASH BEGINNING OF PERIOD	**$0**	**$87,140**	**$24,445**	**($171,095)**	**($260,990)**	**($16,500)**	**$0**	**$0**	**$31,530**	**($282,020)**	**($386,310)**	**($72,785)**	**$0**
CASH END OF PERIOD	**$87,140**	**$24,445**	**($171,095)**	**($260,990)**	**($16,500)**	**$0**	**$0**	**$31,530**	**($282,020)**	**($386,310)**	**($72,785)**	**$0**	**$0**

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. CARIBOU HARVEST

"Spring Harvest Only"

Projected Monthly Cashflow Statement

(For the fiscal years 1996/97, 1997/98 & 1998/99)

	Jul.-Feb.	Mar.	Apr.	May	Jun.	1996/97	1997/98	1998/99
CASH RECEIPTS								
Sales			$200,000	$200,000		$400,000	$400,000	$400,000
Operating Subsidy				122,155	122,155	244,310	250,830	257,490
Contribution - Dept.						0	0	0
Contribution - Dept. ED & T						0	0	0
Contribution - Dept.						0	0	0
TOTAL RECEIPTS	0	0	200,000	322,155	122,155	644,310	650,830	657,490
DISBURSEMENTS								
Accounting					2,000	2,000	2,000	2,000
Administration	600	2,400	2,400	600		6,000	6,000	6,000
Ammunition		10,100				10,100	10,300	10,500
Capital Equipment						0	0	0
Contracting Fees						0	0	0
Food		21,215	21,215			42,430	43,280	44,150
Freight		100,000	99,820			199,820	203,810	207,890
Fuel & Oil		17,000	16,370			33,370	34,040	34,720
Income Tax Expense						0		
Interest and Bank Charges				2,000	2,000	4,000	4,000	4,000
Legal						0	0	0
Miscellaneous		2,500	2,500			5,000	5,000	5,000
Packaging	12,850					12,850	13,110	13,370
Rentals		21,450	21,450			42,900	42,900	42,900
Replacement Reserve (Equipment)	27,250				27,250	54,500	54,500	54,500
Repair & Maintenance		4,000	4,000	2,000		10,000	10,000	10,000
Salaries & Benefits		97,000	96,660			193,660	193,660	193,660
Supplies	6,120					6,120	6,240	6,370
Training						0	0	0
Travel & Accommodations		11,000	10,560			21,560	21,990	22,430
TOTAL DISBURSEMENTS	46,820	286,665	274,975	4,600	31,250	644,310	650,830	657,490
CASH GAIN (DEFICIT)	($46,820)	($286,665)	($74,975)	$317,555	$90,905	$0	$0	$0
CASH BEGINNING OF PERIOD	$0	($46,820)	($333,485)	($408,460)	($90,905)	$0	$0	$0
CASH END OF PERIOD	($46,820)	($333,485)	($408,460)	($90,905)	$0	$0	$0	$0

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CARIBOU HARVEST

"Spring Harvests Only"

Projected Statement of Change in Financial Position
(For the five year period beginning in 1994/95)

	1994/95	1995/96	1996/97	1997/98	1998/99
OPERATING ACTIVITIES:					
Net income	$0	$0	$0	$0	$0
Less: Operating Subsidies	301,730	339,360	244,310	250,830	257,490
	-301,730	-339,360	-244,310	-250,830	-257,490
Adjustments for items not affecting cash:					
Plus: Amortization of Capital Assets	42,900	54,500	54,500	54,500	54,500
Less: Amortization of Deferred Government Assistance	42,900	54,500	54,500	54,500	54,500
Funds Generated by Operations	-301,730	-339,360	-244,310	-250,830	-257,490
Changes in Working Capital Accounts	0	0	0	0	0
Cash Generated by Operations	-301,730	-339,360	-244,310	-250,830	-257,490
FINANCING ACTIVITIES:					
Contributions:					
Operating Subsidy	124,800	236,050	244,310	250,830	257,490
EDA Initiative 6.1 - Wildlife Harvesting	253,690	61,310	0	0	0
EDA Initiative 3.5 - Traditional Economy	50,000	0	0	0	0
Investing in People - Dept. of	119,240	120,000	0	0	0
	547,730	417,360	244,310	250,830	257,490
INVESTING ACTIVITIES:					
Capital assets	246,000	78,000	0	0	0
	246,000	78,000	0	0	0
Increase (decrease) in cash	0	0	0	0	0
Cash, beginning of year	0	0	0	0	0
Cash, end of year	$0	$0	$0	$0	$0

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CARIBOU HARVEST

"Fall & Spring Harvests"

Projected Statement of Operations

(For the five year period beginning in 1994/95)

	1994/95	1995/96	1996/97	1997/98	1998/99
REVENUE	**$200,000**	**$400,000**	**$400,000**	**$400,000**	**$400,000**
EXPENSES					
Accounting	2,000	2,000	2,000	2,000	2,000
Administration	7,000	8,000	8,000	8,000	8,000
Ammunition	5,500	9,900	10,100	10,300	10,510
Contracting Fees	146,500	138,020	0	0	0
Food	42,440	54,540	54,510	55,600	56,710
Freight	80,200	192,200	196,040	199,970	203,960
Fuel & Oil	21,540	37,000	38,230	39,000	39,780
Interest and Bank Charges	2,000	2,000	4,000	4,000	4,000
Legal	2,000	0	0	0	0
Miscellaneous	5,000	5,000	5,000	5,000	5,000
Packaging	6,300	12,600	12,850	13,110	13,370
Rentals	31,800	52,200	54,600	54,600	54,600
Repair & Maintenance	5,000	7,500	10,000	10,000	10,000
Salaries & Benefits	109,510	166,160	241,240	241,240	241,240
Supplies	5,000	6,000	6,120	6,240	6,370
Training	34,920	34,920	0	0	0
Travel & Accommodations	30,600	27,400	23,540	24,010	24,490
	537,310	**755,440**	**666,230**	**673,070**	**680,030**
Net Operating (Loss)	-337,310	-355,440	-266,230	-273,070	-280,030
Less: Capital Replacement Reserve*	42,900	54,500	54,500	54,500	54,500
Net Loss (Prior to Subsidy)	**-380,210**	**-409,940**	**-320,730**	**-327,570**	**-334,530**
Plus: Government Subsidy	380,210	409,940	320,730	327,570	334,530
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

* The equipment will be owned by the The newly incorporated company shall pay an amount equal to normal amortization calculated on the basis of useful life as a replacement reserve.

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___ (Non-Profit Association)
"Fall & Spring Harvests"

Projected Balance Sheet
(At June 30th, 1995 to 1999)

	Opening	1994/95	1995/96	1996/97	1997/98	1998/99
ASSETS						
Current Assets:						
Cash	$0	$42,900	$97,400	$151,900	$206,400	$260,900
Inventory	3,000	0	0	0	0	0
Total Current Assets	3,000	42,900	97,400	151,900	206,400	260,900
Capital Assets:						
Equipment	89,000	70,400	82,200	56,000	29,800	23,600
Harvest Facilities (net)	236,000	211,700	223,400	195,100	166,800	138,500
Total Capital Assets	325,000	282,100	305,600	251,100	196,600	162,100
Total Assets	**$328,000**	**$325,000**	**$403,000**	**$403,000**	**$403,000**	**$423,000**
LIABILITIES & SHAREHOLDER'S EQUITY						
Deferred Government Assistance (net)	328,000	282,100	305,600	251,100	196,600	162,100
Total Liabilities	**328,000**	**282,100**	**305,600**	**251,100**	**196,600**	**162,100**
Replacement Reserve Funds	0	$42,900	$97,400	$151,900	$206,400	$260,900
HTA Contribution						
HTA Equity	**0**	**42,900**	**97,400**	**151,900**	**206,400**	**260,900**
TOTAL LIABILITIES & HTA EQUITY	**$328,000**	**$325,000**	**$403,000**	**$403,000**	**$403,000**	**$423,000**

* All equipment will remain with the Hunters and Trappers Association and the new corporation will pay into a replacement reserve for the necessary replacement of any equipment when required. Because the new corporation essentially just carries out the hunt at break-even and does not own any assets, its balance sheet is blank.

CARIBOU HARVEST

"Fall & Spring Harvests"

Projected Monthly Cashflow Statement

(For the fiscal year 1994/95)

	Opening	Jul.-Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Total
CASH RECEIPTS											
Sales				$42,000	$18,000			$70,000	$70,000		$200,000
Operating Subsidy*	70,985									70,985	141,970
Contribution - Dept.	95,390								23,850		119,240
Contribution - Dept. ED & T	252,000								63,000		315,000
Contribution - Dept.	40,000								10,000		50,000
TOTAL RECEIPTS	458,375			42,000	18,000			70,000	166,850	70,985	826,210
DISBURSEMENTS											
Accounting							2,000				2,000
Administration		500	1,500	1,000		500	1,500	1,500	500		7,000
Ammunition			2,000				3,500				5,500
Capital Equipment	246,000										246,000
Contracting Fees		15,975	36,550	15,660			39,155	39,160			146,500
Food			13,100	3,900			12,720	12,720			42,440
Freight			16,560	7,080			28,280	28,280			80,200
Fuel & Oil			8,600				6,470	6,470			21,540
Interest and Bank Charges								500	1,000	500	2,000
Legal	2,000										2,000
Miscellaneous			2,000				1,500	1,500			5,000
Packaging			1,890				4,410				6,300
Rentals			8,900	3,820			9,540	9,540			31,800
Repair & Maintenance			1,000	1,000			1,500	1,500			5,000
Replacement Reserve (Equipment)										42,900	42,90
Salaries & Benefits			30,660	13,140			32,855	32,855			109,510
Supplies			2,000				1,500	1,500			5,000
Training		8,730		8,730	8,730	8,730					34,920
Travel & Accommodations	3,200		9,130				9,130	9,140			30,600
TOTAL DISBURSEMENTS	251,200	25,205	133,890	54,330	8,730	9,230	154,060	144,665	1,500	43,400	826,210
CASH GAIN (DEFICIT)	$207,175	($25,205)	($133,890)	($12,330)	$9,270	($9,230)	($154,060)	($74,665)	$165,350	$27,585	$0
CASH BEGINNING OF PERIOD	$0	$207,175	$181,970	$48,080	$35,750	$45,020	$35,790	($118,270)	($192,935)	($27,585)	$0
CASH END OF PERIOD	$207,175	$181,970	$48,080	$35,750	$45,020	$35,790	($118,270)	($192,935)	($27,585)	$0	$0

*Funds, in addition to identified sources, required to cover "Operating Losses, " "Replacement Reserve" and "Capital Equipment".

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CARIBOU HARVEST

"Fall & Spring Harvests"

Projected Monthly Cashflow Statement

(For the fiscal years 1996/97, 1997/98 & 1998/99)

	Jul.-Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	1996/97	1997/98	1998/99
CASH RECEIPTS												
Sales			$84,000	$36,000			$140,000	$140,000		$400,000	$400,000	$400,000
Operating Subsidy	160,365								160,365	320,730	327,570	334,530
Contribution - Dept	0									0	0	0
Contribution - Dept. ED & T	0									0	0	0
Contribution - Dept.	0									0	0	0
TOTAL RECEIPTS	**160,365**		**84,000**	**36,000**			**140,000**	**140,000**	**160,365**	**720,730**	**727,570**	**734,530**
DISBURSEMENTS												
Accounting						2,000				2,000	2,000	2,000
Administration	500	1,500	1,000		500	2,000	2,000	500		8,000	8,000	8,000
Ammunition		4,080				6,020				10,100	10,300	10,510
Capital Equipment										0	0	0
Contracting Fees										0	0	0
Food		15,260	6,550			16,350	16,350			54,510	55,600	56,710
Freight		41,165	17,645			68,615	68,615			196,040	199,970	203,960
Fuel & Oil		15,290				11,470	11,470			38,230	39,000	39,780
Interest and Bank Charges							1,000	2,000	1,000	4,000	4,000	4,000
Legal										0	0	0
Miscellaneous		2,000				1,500	1,500			5,000	5,000	5,000
Packaging		3,880				8,970				12,850	13,110	13,370
Rentals		15,290	6,550			16,380	16,380			54,600	54,600	54,600
Repair & Maintenance		1,500	2,000			3,250	3,250			10,000	10,000	10,000
Replacement Reserve (Equipment)									54,500	54,500	54,500	54,500
Salaries & Benefits		67,550	28,950			72,370	72,370			241,240	241,240	241,240
Supplies		2,040				2,040	2,040			6,120	6,240	6,370
Training										0	0	0
Travel & Accommodations		7,850				7,850	7,840			23,540	24,010	24,490
TOTAL DISBURSEMENTS	**500**	**177,405**	**62,695**	**0**	**500**	**218,815**	**202,815**	**2,500**	**55,500**	**720,730**	**727,570**	**734,530**
CASH GAIN (DEFICIT)	**$159,865**	**($177,405)**	**$21,305**	**$36,000**	**($500)**	**($218,815)**	**($62,815)**	**$137,500**	**$104,865**	**$0**	**$0**	**$0**
CASH BEGINNING OF PERIOD	$0	$159,865	($17,540)	$3,765	$39,765	$39,265	($179,550)	($242,365)	($104,865)	$0	$0	$0
CASH END OF PERIOD	**$159,865**	**($17,540)**	**$3,765**	**$39,765**	**$39,265**	**($179,550)**	**($242,365)**	**($104,865)**	**$0**	**$0**	**$0**	**$0**

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CARIBOU HARVEST

"Fall & Spring Harvests"

Projected Statement of Change in Financial Position

(For the five year period beginning in 1994/95)

	1994/95	1995/96	1996/97	1997/98	1998/99
OPERATING ACTIVITIES:					
Net income	$0	$0	$0	$0	$0
Less: Operating Subsidies	380,210	409,940	320,730	327,570	334,530
	-380,210	-409,940	-320,730	-327,570	-334,530
Adjustments for items not affecting cash:					
Plus: Amortization of Capital Assets	42,900	54,500	54,500	54,500	54,500
Less: Amortization of Deferred Government Assistance	42,900	54,500	54,500	54,500	54,500
Funds Generated by Operations	-380,210	-409,940	-320,730	-327,570	-334,530
Changes in Working Capital Accounts	0	0	0	0	0
Cash Generated by Operations	-380,210	-409,940	-320,730	-327,570	-334,530
FINANCING ACTIVITIES:					
Contributions:					
Additional Operating Subsidy	141,970	367,940	320,730	327,570	334,530
Initiative 6.1 - Wildlife Harvesting	315,000	0	0	0	0
Initiative 3.5 - Traditional Economy	50,000	0	0	0	0
Investing in People - Dept. of	119,240	120,000	0	0	0
	626,210	487,940	320,730	327,570	334,530
INVESTING ACTIVITIES:					
Capital assets	246,000	78,000	0	0	0
	246,000	78,000	0	0	0
Increase (decrease) in cash	0	0	0	0	0
Cash, beginning of year	0	0	0	0	0
Cash, end of year	$0	$0	$0	$0	$0

CARIBOU HARVEST DRAFT

Notes to Projected Financial Statements

The following key assumptions are critical to understanding how operational expenses were derived:

a. Two hunt options have been considered: (1) A fall hunt commencing in November, followed by a spring hunt in March and April, and (2) a hunt conducted in the spring only.

b. It is assumed that downtime due to adverse weather condition s will occur at a rate of 40% during any fall activities and at a rate of 30% during spring hunts.

c. Throughput in year one has been assumed at 60 animals per day in the fall and 90 per day in the spring. The reason for the difference in throughput is related to the different number of daylight hours available for hunting during the fall as compared to spring.

In years two and beyond with the addition of extra skinning capacity at the harvest facility (i.e. dual railing) accompanied by a doubling in the number of hunters, the throughput is assumed to double.

d. A price of 1.25 per pound (F.O.B. Rankin Inlet) has been offered by the purchaser.

e. The target harvest level for year 1 is 2,000 caribou. After year 1, it is expected that the annual commercial quota of 4,000 animals will be harvested.

f. In addition to the actual hunting time required, time will be needed for camp set-up and dismantling, as well as for any necessary reallocations. This differs with the two options considered, as well as between year 1 and following years - due to larger number of animals and hence more relocation. It is expected that two days will be required both for the initial set-up as well as the dismantling, and four days have been allowed for the relocation of the facility nearer the caribou herds. The following totals for set-up, dismantling and reallocations have been assumed:

Option 1	Option 2
Year 1:Fall days = 4; Spring days = 8	Spring days = 8
Year 2:Fall days = 4; Spring days = 8	Spring days = 12

A relocation is assumed to be required after every 1000 animals taken in year one. In year two and beyond, however, even though the numbers to be harvested are doubling, it is assumed that the efficiencies associated with the extra hunters will prevent more reallocations, except for option 2, where an extra relocation is thought to be needed.

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g. Total days allocated to the hunt is as follows:

Year 1 :	Option 1 - 24 (fall) + 35 (spring) = 59
	Option 2 - 45
Year 2 :	Option 1 - Same as year 1
	Option 2 - 50

INCOME STATEMENT

1. Revenue: Based on a price per pound of $1.25. It is assumed that the average weight of a carcass is 80 lbs and 2,000 caribou will be harvested in year one followed by 4,000 per year thereafter.

2. Operational Expenses:

Many operational expenses are based on the following personnel breakdown:

Required Positions	Year 1 Amount	Year 2 Amount	Year 3 - ? Amount
1. Project Manager	1c*	1c*	1
2. Project Manager Trainee	1	1	1
3. Plant Foreman	1c*	1c*	1
4. Electrician	1c*	1c*	1
5. Gutter	1c*	1c*	1
6. Skinners	1c*+2	1c*+5	6
7. Leggers	2	2	2
8. Trimmers	2	2	2
9. Packers/Wrappers	2	2	2
10. Cook	1c*	1c*	1
11. Cook Assistants	2	2	2
12. Camp Attendant	1	1	0**
13. Hunter	8	16	16
14. Haulers	4	7	7
15. Gut Hauler	1	1	1
16. Extra Trainees	3	0	0
17. Inspectors***	4	4	4
Totals	38	49	48
18. Movers****	8	8	8

Notes: * Indicates contract workers in years one and two.

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** The electrician and camp attendant positions will be combined after year 2. ***
Inspectors salaries are not a cost to the project, but their meals, accommodations and certain asset purchases, are project costs.
**** Movers are only required when a relocation is necessary.

Salaries & Benefits:

Salaries are based on the following pay schedule:

Position	# of Positions	Rate/Day ($)	# of Days	Labour Cost	Weather Fee ($50/d)	Total
Trainees						
Year 1	10	10	41	4,100	NA	4,100
Year 2	10	10	42	4,200	NA	4,200
Year 3 +	0	NA	NA	NA	NA	NA
Project Manager						
Year 1	C	C	C	C	C	C
Year 2	C	C	C	C	C	C
Year 3 +	1	200	60	12,000	NA	12,000
Project Manager Tr.						
Year 1	T	T	T	T	T	13,500
Year 2	T	T	T	T	T	13,500
Year 3 +	1	100	60	6,000	NA	6,000
Plant Foreman						
Year 1	C	C	C	C	C	C
Year 2	C	C	C	C	C	C
Year 3 +	1	150	27	4,050	750	4,800
Electrician						
Year 1	C	C	C	C	C	C
Year 2	C	C	C	C	C	C
Year 3 +	1	125	27	3,375	750	4,125
Gutter						
Year 1	C	C	C	C	C	C
Year 2	C	C	C	C	C	C
Year 3 +	1	100	27	2,700	750	3,450
Haulers						
Year 1	2	125	27	6,750	1,400	8,150
Year 2	5	125	27	16,875	3,750	20,625
Year 3 +	7	125	27	23,625	5,250	28,875
Movers						
Year 1	8	100	4	3,200	NA	3,200
Year 2	8	100	8	6,400	NA	6,400
Year 3 +	8	100	8	6,400	NA	6,400
Hunters/Others						
Year 1	15	100	27	40,500	10,500	51,000
Year 2	23	100	27	62,100	17,250	79,350
Year 3 +	32	100	27	86,400	24,000	110,400

Total Salaries: Year 1 = $ 79,950
Year 2 = $124,075
Year 3 = $176,050

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(Benefits have been applied at a rate of 10%.)

Total Salary Expense: Year 1 = $ 87,945
Year 2 = $136,483
Year 3 = $193,655

Notes: C = Contract Position
T = Training Position

Trainees take up various positions during years one and two. From year three onward, it is assumed that no training money will be required and the business will have to cover all employee costs.

The above salary schedule applies to option 2 (spring harvest). The salary expense for option 1 (fall/spring harvest) was derived in the same way, with the only difference being the number of full-pay days and weather days.

Rentals:

All snowmobile rentals are based on a rate of $75 per operating day (no rental fee is paid for storm days). Furthermore, a maximum number of rental days has been set on the basis of the need dictated by the personnel position. The maximum number of rental days for each of the various positions under options 1 and 2 is as follows:

Position	**Number of Rental Days**	
	Option 1	*Option 2*
Hunters	34	27
Movers	4	4 & 8*
Gutter/Form..Elect.	8	4
Other Workers	8	4

A total of nine snowmobiles will be purchased by the project over the course of the first two years; one dedicated machine for the use of the Project Manager, Coordinator Trainee and Inspectors; one dedicated machine for the hauling of waste products (Skandic Widetrak); and seven machines for hauling the processed carcasses to the airport (Alpines). The purchase of these machines will mean that no rentals will be required to fulfill these duties.