

**HTA CARIBOU HARVEST
PROJECT OVERVIEW**

RATIONALE:

1. Renewable Resources Need to Manage Southampton Herd.
 - Imputed value of subsistence harvest \$300,000
2. Economic Impact on Level 3 Community.
 - management presents an economic opportunity
 - employs upwards of 50 individuals in an activity suited to their cultural background

3. FINANCIAL OVERVIEW:

Price assumed at \$1.25/lb. FOB Rankin Inlet

COSTS:

	Developmental		Operational
	Year 1	Year 2	Year 3
Costs - Operational	459,000	685,000	598,000
- Replacement Reserve	45,000	54,000	54,000
Capital Costs	246,000	78,000	0
Total	748,000	817,000	644,000

FUNDED BY:

Meat Sales	200,000	400,000	400,000
EDA - Capital 6.1	254,000	61,000	0
- Trad Econ 3.5	50,000	0	0
Invest In People	120,000	120,000	0
Total	624,000	581,000	400,000

SHORTFALL:

	124,000	230,000	244,000
Freight	84,000	196,000	200,000
Price Variance:	40,000	44,000	44,000
	\$0.25/lb	\$0.14/lb	\$0.14/lb

*Caribou harvest
\$300,000*

\$23,220

22,000

2,220

ECONOMIC IMPACTS

Government Support

EDA	365,000
Invest In People	240,000
Freight Disadvantage	480,000

1,085,000

Total Project Revenue 3 Years 1,000,000

COST - BENEFIT

Employment (Coral) 27 Person Years	418,000
Employment (KMF - Rankin) 9 PY	180,000

598,000

Ongoing Employment 260,000

Operational Costs 1,734,000
90% Northern 1,561,000

Ongoing Operational 600,000

GOVERNMENT ASSISTANCE THROUGH PAYROLL: 5 YEARS

GOVERNMENT ASSISTANCE THROUGH TOTAL OPERATIONAL: 1 YEAR

BUSINESS RISK:

Large financial risk associated with this projected due to:

- Uncertainty of hitting production targets (ie weather, caribou availability, human resource availability, etc)
- Potential for herd crash despite management efforts
- Potential for bad public relations (ie. Killing pregnant caribou)
- Potential for loss, contamination, spoilage, etc. during shipping
- Price fluctuations
- Disease

MARKETING:

The draft business plan took into account two basic assumptions:

1. A final price of \$1.25/lb FOB Rankin Inlet; and
2. That the NWT would accept and market all the production.

Given the \$1.25 per pound the financial projections indicate a high level of government subsidy (\$250,000) and brings into question the issue of relevancy when seeking funding through EDA.

The while expressing their support for the project, has modified their projected need for product to a minimum of 500 animals per year.

In order for the project to go forward and satisfy the demands of relevancy, additional work must be done to secure a market that would yield a sufficient price to minimize the need for government subsidy.

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