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QIKIQTAAALUK CORPORATION
& Group of Companies

October 28, 2019

CBC
350 Queen Elizabeth
Iqaluit, NU X0A-0H0

On behalf of Qikiqtaaluk Corporation and Group of Companies, we feel it is important to respond to the CBC article entitled "Importing modular homes won't help employ Inuit, minister says" October 18, 2019 resulting from queries raised by Iqaluit-Manirajak MLA Adam Arreak Lightstone and comments made by Minister Lorne Kusugak of Community and Government Services within the Legislative Assembly on October 17, 2019.

While we appreciate the question raised by Mr. Arreak Lightstone specifically related to the extent in which the Minister's department have been monitoring or collaborating with QC on modular construction as a viable option for consideration by the Government of Nunavut for its delivery of capital projects, the Minister's response and essence of the CBC article seemed to focus on the viability of modular construction for housing and the elimination of Inuit and Nunavut employment.

With appreciation that the construction of a Hotel and Conference Center differs in many ways from housing projects and indeed most projects delivered by the Government of Nunavut, we would like to clarify our consideration in choosing to integrate a modular component with conventional construction techniques. The modular units were manufactured by a Canadian company operating in China, as one of the few companies in the world manufacturing modular units with structural steel framing - a necessity for the structural and non-combustible nature of our project - our consideration to construct a portion of the project with modular units was influenced by the opportunity to realize some savings, improve the quality of construction and most importantly by the opportunity to achieve an earlier opening timeline as factor's paramount in our decision. Comfort for future hotel guest through superior sound reduction between rooms and projected operational energy savings also factored into our decision.

We further considered the matter of the reduction in local employment during the construction phase in balance with the benefits of permanent employment being available during the operational phase 6-8 months earlier, in comparison to the conventional approach. QC and Group of Companies has historically achieved over 80 percent annual Inuit employment within our operations and projects so we do not take this core objective of our organization lightly. While a portion of the cost for manufacturing the modular units would relate to labour, a more significant cost percentage of the modular integration relates to the purchase of materials and shipping of materials – which would not differ significantly from the conventional approach of Government procurement.

As the facility is approximately 95,000 square feet in building area, there remains significant wages being realized by Inuit, Nunavutmiut and southern Canadians. Additionally, with the exception of a few specialty contractors, the majority of work is being performed by Nunavut companies lead by NCC



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Development Ltd., whose shareholders are Nunavut's Inuit development corporations. While the number of personnel on site will vary, on average we have 60 to 70 workers on site weekly of which we average between 30 -35 Inuit with 5-10 non-Inuit local employees. We estimate the modular component of our project likely accounts for approximately 15% of the overall wages on the project.

In speaking generally, the modular approach may not be a viable option for every type of project in Nunavut and we acknowledge the Government of Nunavut does not face the realities of trying to do business in Nunavut in the same manner that the private sector faces these realities – if we couldn't afford to finance the project within a reasonable return of Investment projection there would be no construction or operational employment being generated from this initiative. We envision the Aqsarniit Hotel and Conference Center will help attract national and international visitor's and conferences enabling the creation of 60 -70 employment positions as long-term benefits to the City, Region and Territory.

We believe that innovative approaches to mitigate the high cost of doing business in Nunavut should be continuously explored and as such we would be pleased to have our staff provide the Minister's departmental representative an overview of our experience with the modular approach, should this be of benefit to his department in responding to Mr. Arreak Lightstone request.

Regards,

Harry Flaherty
President & CEO
Qikiqtaaluk Corporation & Group of Companies