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QIKIQTAAALUK CORPORATION
& Group of Companies

A Negotiated Agreement Model



Cape Dorset Metal Dump Clean Up

Pilot Project | Briefing Document | February 2019

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Project Funders



Polar Knowledge
Canada

Savoir polaire
Canada



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QIKIQTAAALUK CORPORATION
& Group of Companies

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Qikiqtaaluk Corporation is the for-profit development arm of the Qikiqtani Inuit Association. Qikiqtaaluk Corporation is a wholly-owned birthright Inuit Corporation. Our mission is to create meaningful economic, employment, and career development opportunities for Inuit.

Benefits of an Inuit-led and Inuit-delivered project

Local jobs – particularly jobs for Inuit

Transferable skills and training

Sense of community pride and empowerment

“We are very proud and happy to clean up our community.”

Steven Pootoogook

Hamlet Foreman

“We are very pleased to see action towards not only supporting our community with cleaning up the site, but also with providing the training to enable the continued proper management of our waste.”

John Hussey

Senior Administrative Office

“It’s the first time I am seeing this land without old metals on it. It feels like progress.”

Pitseolak Pudlaq

Project Hire



“...most of the dumps [in Nunavut] are decades old, contaminated, and filled to capacity. . . not a single facility in the territory meets modern standards for waste management.”

- CBC



Current state of metal waste in Nunavut

Delivery of solid waste infrastructure and operations falls within the jurisdiction of the Government of Nunavut. However, fiscal realities and competing priorities at all levels of the government translate to outdated, undersized, and inadequate solid waste infrastructure in our communities.

This is exacerbated by legacy waste piles that pre-date the current regulatory and management frameworks. The majority of this legacy waste is scrap metal including old vehicles, fridges and building materials. This metal contains hazardous waste that, if left as-is, will eventually seep into the environment posing risk to human health and polluting our land, water and air.

“We appreciate that QC recognized the need for funding and training to support solid waste management and sought out such support systems on behalf of Cape Dorset.”

John Hussey
SAO Cape Dorset



Qikiqtaaluk Corporation action on solid waste

Qikiqtani communities are concerned about their dumpsites and are looking for support to improve local solid waste management and infrastructure, and to address the waste stockpiles.

In 2017 Qikiqtaaluk Corporation successfully secured funding from Polar Knowledge Canada to mitigate negative environmental impacts of the Cape Dorset metals dumpsite. The Regional Inuit Development Corporation, Qikiqtaaluk Corporation, led and managed the project. The project approach was a collaboration among Qikiqtaaluk Corporation, the Municipality, and the Territorial Government. The intent was to demonstrate the benefits of an Inuit-led and Inuit-delivered project.

The Cape Dorset pilot project successfully demonstrated that project delivery through Inuit Development Corporations is not only viable but is advantageous. Expanding on this pilot project translates to future negotiated agreements between the Government of Nunavut and each Regional Development Corporation in the Qikiqtani, Kitikmeot and Kivalliq Regions.

Benefits of a negotiated agreement

Negotiated agreements between Regional Development Corporations and the Government of Nunavut are a sustainable delivery model. Negotiated agreements with each the Qikiqtaaluk, Kivalliq and Kitikmeot Development Corporations could be advanced to clean up the metal stockpiles in our communities. Building a stronger and more resilient Nunavut requires new approaches, strategies and collaborations.

The Cape Dorset pilot project made clear the benefits of a negotiated agreement. The negotiated agreement supported an Inuit-led and Inuit-delivered project. This made possible an approach that prioritized local jobs for Inuit. The training and transferrable skills gained through these jobs instilled worker empowerment, and community pride.

Fifty-nine percent of the Cape Dorset pilot project funding stayed in the community in the form of wages, equipment and materials. This percentage would increase in a Regional delivery approach.

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Furthermore, an additional forty percent of the initial funding was leveraged beyond the original funding envelope. This money was used to expand the scope of the project to include things such as a community clean up. Abandoned cars and large metal waste items littered throughout the community were safely depolluted and moved to the dumpsite to promote a cleaner and safer community.

“The waste site has been a source of concern for our community for decades... the project has fostered a community-wide enthusiasm.”

John Hussey
Senior Administrative Office

“It’s the first time I am seeing this land without old metals on it. It feels like progress.”

Pitseolak Pudlaq
Project Hire



“provide Inuit with financial compensation and means of participating in economic opportunities, and to encourage self-reliance and the cultural and social well-being of Inuit.”

- Nunavut Agreement

“establish strategic partnerships with Inuit organizations, the federal government, and the private sector to meet the needs of our communities”

- Turaaqtavut; Government of Nunavut

“...the Executive Council may, on behalf of the Government of Nunavut, enter into or direct a contract authority to enter into a contract with any person.”

- Financial Administration Act Government of Nunavut

Negotiated agreement to address Nunavut’s metal stockpiles

A negotiated agreement to address the metal stockpiles will not only respond to objectives of the Nunavut Agreement, it will also provide an alternative to the status quo tender-bid approach. The uncertainties in metal stockpile volumes and market resale value of metal will likely drive up tender bids.

The exact quantities of metals stockpiled in each community are unknown. In a tender approach, the uncertainly associated with the volume of metal stockpiles in each community would require a considerable contingency to support a fixed-cost tender bid. Additionally, the market volatility of the resale value of scrap

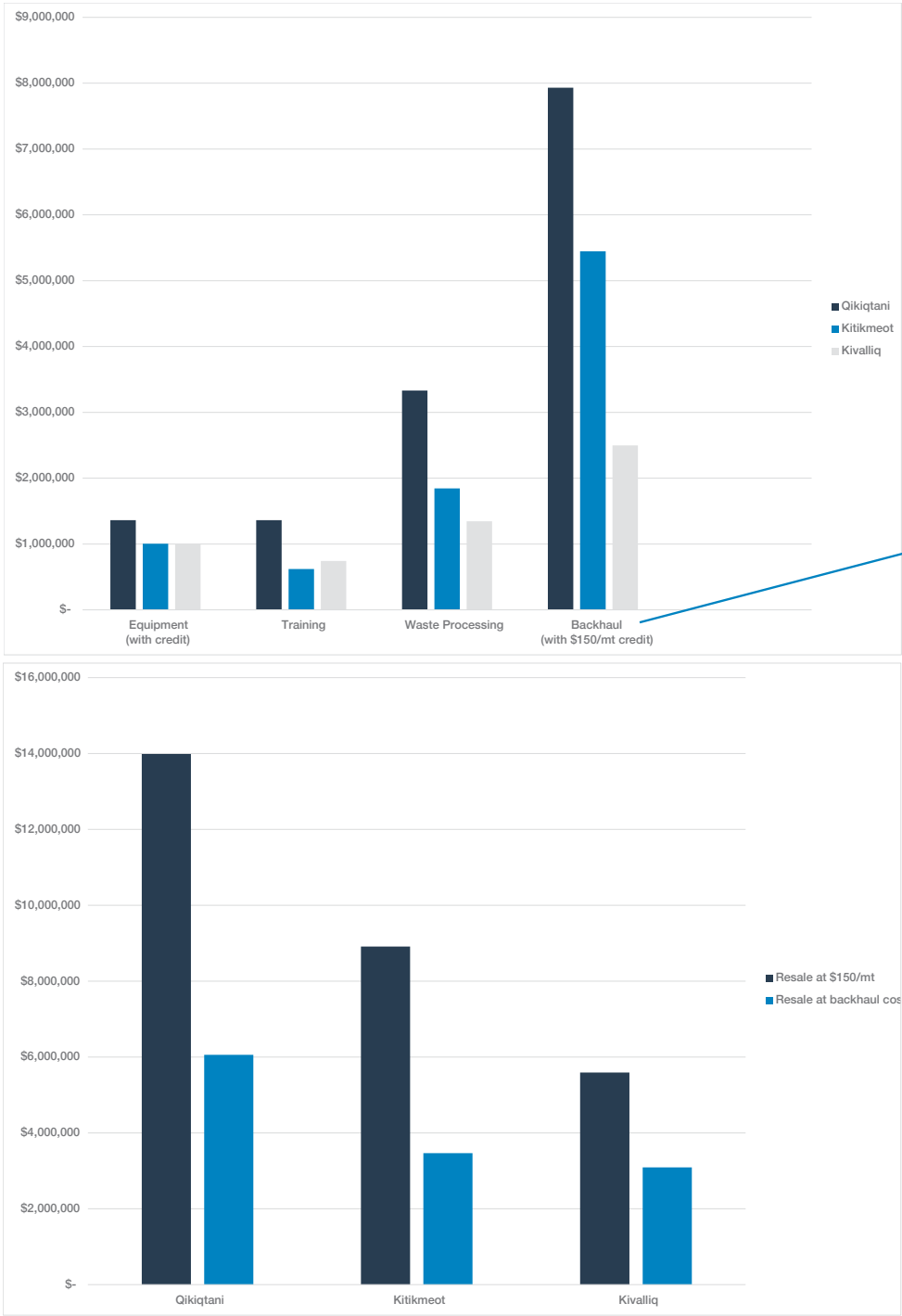
metal would further increase the contingency of a bid. A fluctuation of only \$10 per metric tonne in metal market value translates to a \$550,000 project cost or saving.

A negotiated agreement between the Regional Development Corporations and the Government of Nunavut offers an alternative delivery approach. The Financial Management Act provides the instrument for the Government of Nunavut to progress a negotiated agreement with the Regional Development Corporations.

Negotiated agreement opinion of probable cost

A high-level costing for depolluting, baling, and backhauling metal waste from all Nunavut communities ranges from \$12,700,000 to \$28,500,000. This variation in cost is the influence of the resale value

of the metal. \$12,700,000 assumes resale revenue equal to backhaul cost, whereas \$28,500,000 assumes resale value at \$150/metric tonne, or about 50 percent of backhaul cost.



Projected costs for backhaul. Variable and depends on resale value of metals. In 2018 resale value equaled backhaul costs.



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John Hussey
Senior Administrative Office

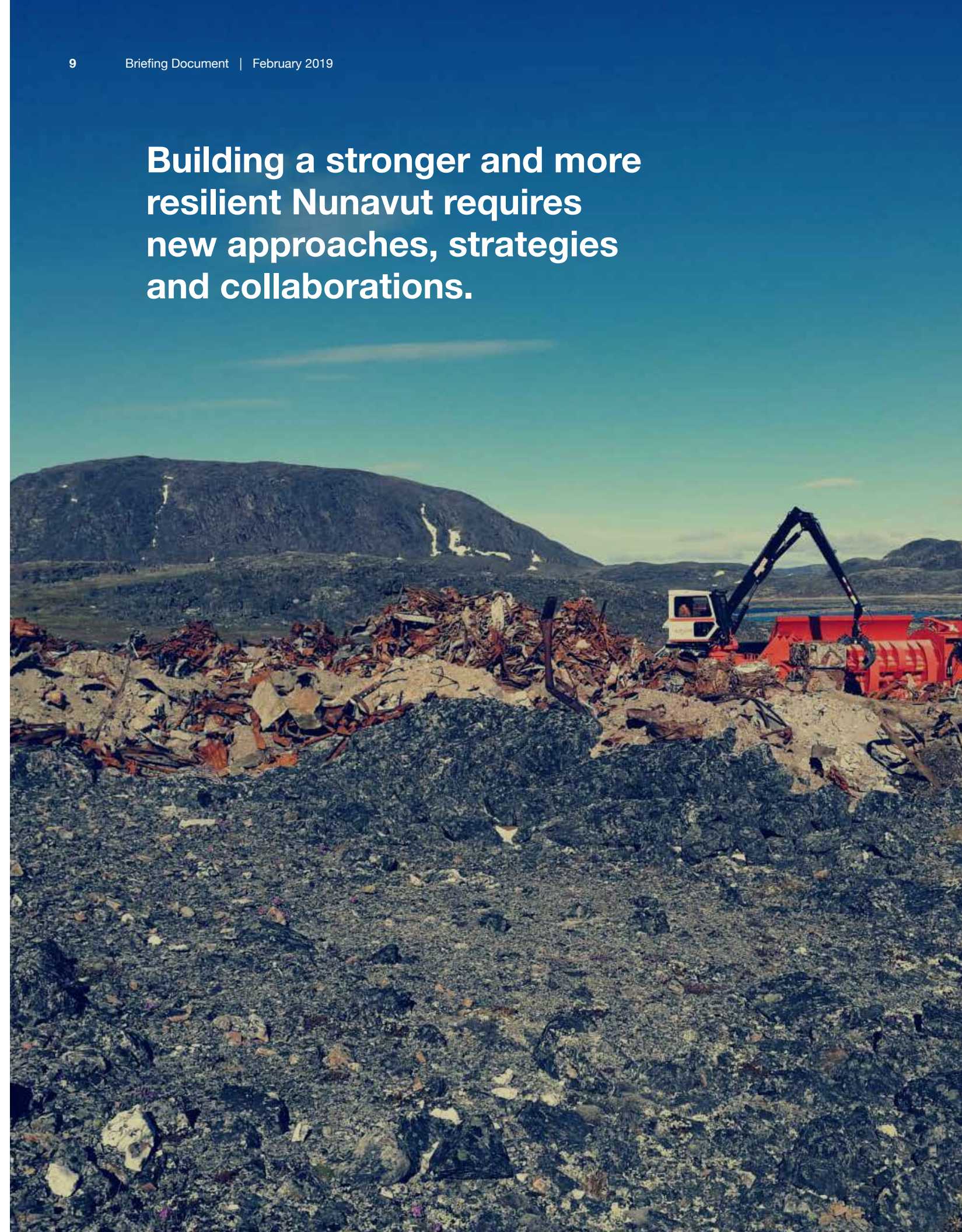
Cape Dorset pilot project

Priority 1: Replicable model development

The Cape Dorset project piloted a new funding and delivery model that could be applied to address the metal stockpiles that exist in all Nunavut communities. The foundation of the delivery approach was Inuit-led and delivered through a partnership with the Government of Nunavut, the Hamlet of Cape Dorset and Qikiqtaaluk Corporation. Cape Dorset was

selected as the pilot location to capitalize on the Government of Nunavut's baling equipment that was onsite in Cape Dorset. Qikiqtaaluk Corporation analyzed the Cape Dorset pilot project delivery approach and developed a project model to address the stockpiles across the Qikiqtani Region. This report will be finalized in March 2019.

Building a stronger and more resilient Nunavut requires new approaches, strategies and collaborations.





Priority 2: Building Nunavut's capacity

The Cape Dorset project prioritized building Nunavut Inuit capacity through a project delivery approach that focused on social return on investment. Capacity building and skills transfer was two-fold: building Inuit Development Corporation capacity in solid waste management and leading and delivering projects, coupled with local training and skills building in Cape Dorset.

Qikiqtaaluk Corporation has gained valuable experience through the delivery of the Cape Dorset pilot project. The experience has strengthened our subsidiary companies, including training on baling operations, application of community-based waste processing, and

successful collaboration with communities and government. This valuable experience strengthens our corporate knowledge and can be applied not only to the future of a Regional metals project, but in other applications as well.

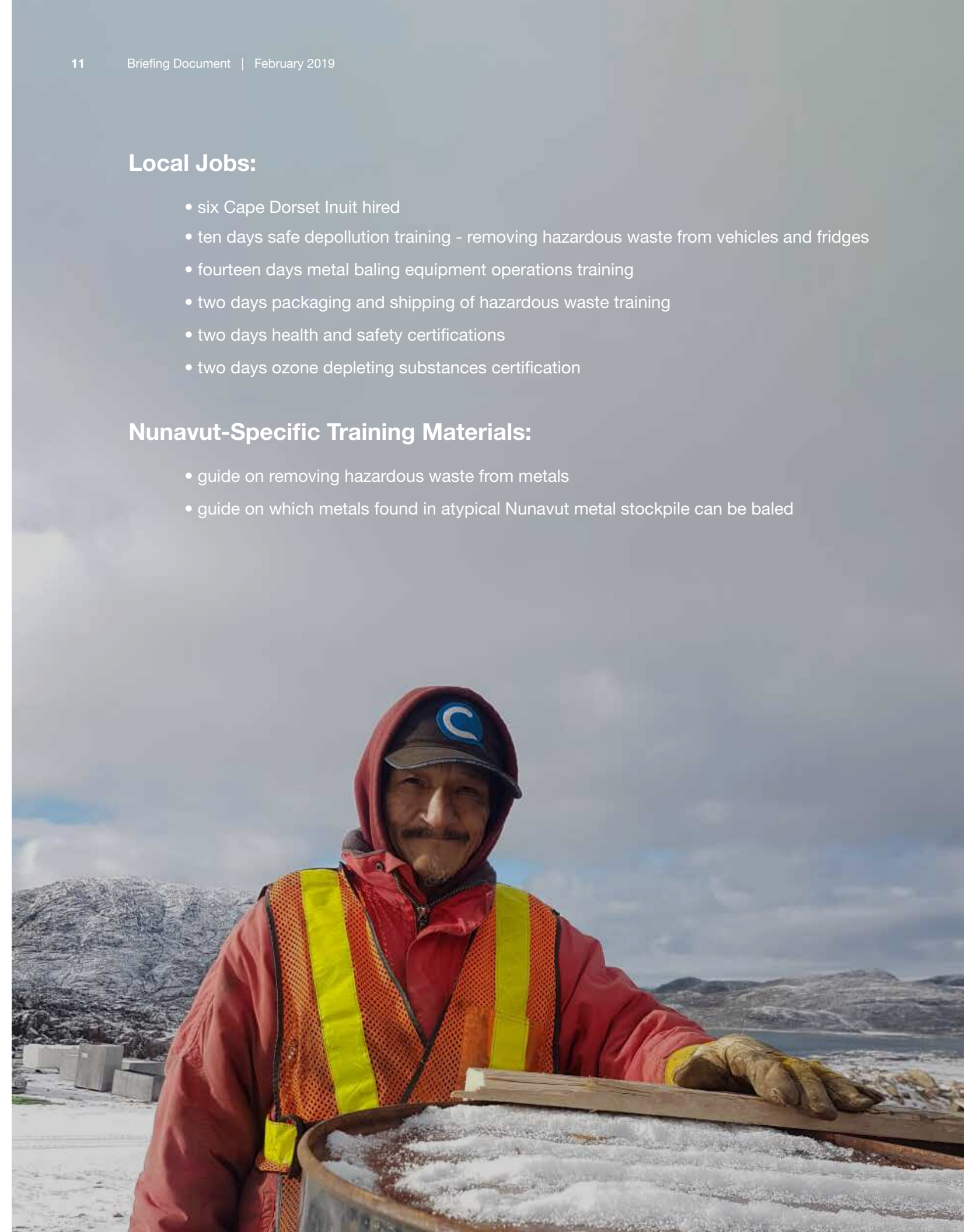
Social return on investment is the foundation of the Cape Dorset pilot project. All onsite work was completed by community members hired through the Municipality. Training was delivered onsite, and if applicable was opened to other community members to partake. The public works department gained the experience and resources necessary to continue to properly manage their metal dumpsite after the project winds down.

Local Jobs:

- six Cape Dorset Inuit hired
- ten days safe depollution training - removing hazardous waste from vehicles and fridges
- fourteen days metal baling equipment operations training
- two days packaging and shipping of hazardous waste training
- two days health and safety certifications
- two days ozone depleting substances certification

Nunavut-Specific Training Materials:

- guide on removing hazardous waste from metals
- guide on which metals found in atypical Nunavut metal stockpile can be baled





Priority 3: Mitigate environmental impacts and reduce the volume of waste in dumpsites

The Cape Dorset pilot project scope was to decommission and bale metal waste. The footprint of the metal stockpile in Cape Dorset in 2014 was estimated as 10,977m². This is 35 percent above the average metal stockpile footprint in Nunavut.

Metal stockpiles contain old cars, snowmobiles, trucks, and appliances, such as fridges. Each of these contains hazardous waste. Old vehicles contain mercury switches, lead, and various liquid wastes such as oil and gasoline. Fridges contain oils and ozone depleting gasses. Decommissioning metal waste prevents hazardous waste from entering the environment.

Baling metal waste reduces the volume of waste by approximately 30 percent. A 2014 report prepared for the Government of Nunavut estimates there is a total footprint of 149,515 m² of waste stockpiles cumulative across our 24 communities. Of this footprint, waste metals represent 118,541 m², or 79 percent.

Removing the metal waste protects the environment and lengthens the lifespan of the existing dumpsite. This reduces the need to increase the size of dumpsites to accommodate future waste and decreases the risk of environmental contamination.

Protecting our land, water and air



Hazardous waste from all cars, trucks and snowmobiles was removed

Hazardous waste from all safely accessible appliances was removed

Hazardous waste was packaged and prepared for backhaul

“ We are very pleased to see action towards not only supporting our community with cleaning up the site, but also with providing the training to enable the continued proper management of our waste.”

John Hussey
Senior Administrative Office

Cape Dorset lessons learned

Metal Baler Operator

Qikiqtaaluk Corporation's intent was to maximize local community participation in all project activities. Local hires were trained both in metal waste depollution and metal baler operations. Project results suggest that training select dedicated and specialized metal baler operators rather than metal baler operators in each community is a more effective approach for metal baling operations. Having dedicated operators for complex machinery, such as a metal baler, increases output efficiency and decreases wear and tear on machinery.

Through a training model based on The Nunavut Fisheries and Marine Training Consortium, Qikiqtaaluk Corporation believes that training select dedicated metal baler operators will significantly improve operations and reduce project costs and schedule.

Local Hires

The Cape Dorset pilot hired local workers through the Municipality. This was an effective mechanism for fostering employee retention, developing the public works waste management capacity, and instilling a sense of ownership and community pride. Employing through a local entity promotes a sense of community responsibility and working for the community, with the community.

Backhauling Metals

Undertaking a Nunavut or Regional-wide metals cleanup program presents an opportunity to capitalize on the market volatility of scrap metal. A long-term strategy to remove baled metal allows backhaul to be scheduled when the resale value of scrap metal renders backhaul viable and potentially profitable. Depolluted metal bales pose minimal risk to the environment and thus can be stockpiled in communities until such a time the market facilitates backhaul.





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