

Deputy Minister Robert Long

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Speaking Notes: Iqaluit International Airport Improvement Project

- Welcome and thank you for coming.
- The improvement of the Iqaluit International Airport is an important infrastructure project for Nunavut.

Go to slide 3

- There are three factors that are taken into consideration when building an airport – anywhere in the world: safety, efficiency and comfort – in that order.
- Currently, almost every safety, security, and customer service aspect of the airport has some compromise in place to keep it operating.
- The check-in counters are overwhelmed; passenger screening spills out into the waiting area and often blocks people from both checking in and retrieving their bags; and incoming luggage has to be manhandled by both airline agents and passengers through a full arrival/departure area before it gets to a parking lot that cannot handle the volume of vehicles.
- For the public, the Air Terminal Building is the most visible piece of infrastructure, but the runway and related systems are at least as important. These systems are safe, but they are old and need to be replaced.

Go to slide 4

- We are confident that AIP has designed an airport that will be safe, efficient and comfortable for both the employees and passengers. This project includes re-paving the runway, new lighting and safety

equipment, a new combined services building, and a new terminal building.

Go to slide 5

- The one question that has been asked numerous times is – Why does Iqaluit need a new airport?
- In the most basic terms: the runway has reached the end of its life cycle; the terminal building can no longer handle the volume of traffic – both aircraft and passenger; the runway lighting and other safety-related systems are increasingly difficult to maintain and operate; and lastly, the building that houses the fire trucks, emergency response vehicles, snow plows and other runway vehicles is too small to hold the current equipment.

Go to slide 6

- Here is an idea of just how important and busy the airport in Iqaluit is:
 - Air transportation is one of the largest private sector employers in Iqaluit;
 - Iqaluit is the largest business gateway to Nunavut with over twenty thousand aircraft movements in 2012 and over 30 per cent of all aircraft activity in Nunavut;
 - Current passenger movements exceed 140,000 – this has more than doubled since 1985; and
 - More than 40 per cent of all Nunavut travelers enplane or deplane at the Iqaluit International Airport.

Go to slide 7

- After a detailed analysis of costs, risks, scope, schedule, etc., the Government of Nunavut selected the Public Private Partnership approach as the best model for this project, as it not only achieves value

for taxpayers' dollars, but also transfers risks to the private partner through a performance-based, fixed-price contract.

- In a P3 project, government retains ownership, control and responsibility. By setting standards through contracts, and by closely monitoring product service and delivery, government ensures that the public's needs are met — and that the public interest is served. In its simplest terms, a P3 project is a little like a house mortgage — the GN will pay for the project over time, instead of all at once, which allows the GN to deliver other capital projects while this larger one is being undertaken.
- Public private partnerships must provide some mix of the following benefits in order to deliver good value to government and to citizens:
 - **Timely Delivery:** By taking advantage of a holistic project approach, coupled with the P3 model, government can build the entire infrastructure that the Iqaluit Airport needs in a shorter time period; this, while ensuring a guaranteed, risk-free operation and a strict life-cycle maintenance program for the next 30 years; and at the same time leveraging access to federal funding resources through the P3 Canada Fund.
 - **Risk Transfer:** In traditional government construction projects, contractors regularly pass along cost increases from schedule delays and overruns on materials and labour. In those cases the government must also pay to repair problems with ongoing operations and maintenance. Under public private partnerships — especially those in which the private sector is obligated to operate a new facility for a fixed period — the contractor, not government, is liable for those cost risks. And if the contractor doesn't deliver, they don't get paid.
 - **Innovation:** Private companies that are fully responsible for overruns have a greater incentive to innovate at every stage: design, financing, construction methodology, and operations and

maintenance. That innovation accounts for a good part of the overall savings to government and results in better products and services.

- **Job Creation:** As part of our obligations under Article 24 of the Nunavut Land Claims Agreement, we have ensured that the private partner will be required to achieve mandatory minimum requirements for Inuit labour, and there will be a strong emphasis on Inuit training.

Go to slide 8

- An alternative to the NNI Policy has been carefully developed for the Iqaluit International Airport P3 project.
- To ensure that the letter and intent of Article 24 of the NLCA are respected, we worked with Nunavut Tunngavik Incorporated and larger Inuit firms; their feedback has informed our procurement approach.
- We have included requirements for Inuit labour and Inuit training, as well as mandatory requirements for the use of Inuit firms.

Go to slide 9

- Once the construction, repaving and installation of the safety equipment is in place AIP will run and maintain the airport for 30 years. This is long term planning – it's what good governments do. They look at building infrastructure that will last long after the term of their members.
- And what we get at the end is an airport in good condition – there are hand-back conditions written into the contract so that the airport can continue to operate for years following the end of the contract term. The airport must be well-maintained so that when it is returned to the government there is at least 10 years functionality left in all components of the project.

- There are several steps to the procurement process for a P3 project and now that we are at the signing of the financial contract we are pleased to be able to answer all of your questions about the process and project.
- Thank you.