

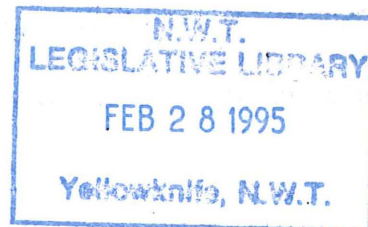


Northwest  
Territories Public Works and Services

TABLED DOCUMENT NO. 33-12 (7) TABLED ON FEB 2 7 1995

Mr. J. A. Heron  
Project Coordinator  
Dene Metis Holdings Ltd.  
P.O. BOX 89  
FORT SMITH NT XOE OPO

OCT 06 1994



Dear Mr. Heron:

I am replying to your letter of October 5 1994 in which you outline the initial position of the Dene Metis Holdings Ltd (DMHL) for the Air Tanker contract. I have reviewed the proposal with Minister Morin, who has the authority to act on behalf of Cabinet in this matter, and provide the following responses on behalf of the GNWT.

The government is disappointed in the DMHL proposal to joint venture with Con Air Ltd., contrary to clearly defined objectives to make this a 100% northern project. The plan to establish a solid business foundation is laudable, but appears to ignore the desire of others outside of Fort Smith to be involved in the project from the start.

Since forest fire fighting involves many areas of the North, the GNWT views this project as a necessary opportunity to involve contractors and aboriginal organizations from those areas. Fort Smith should benefit primarily from the construction and operation of the hangar, while the benefits from the air tanker operation would be more widely distributed. The government is also confident that the expertise and resources are available in the North. Several operators and organizations have since brought to the Minister's attention their concern for; a lack of consultation from DMHL and an apparent and developing relationship with Con Air. They have also indicated their interest in being involved in the project. It was the government's expectation that DMHL would recognize this and be committed to bringing those resources together.

We are several weeks into a very constrained time frame, but it appears that insufficient effort has been made by DMHL to organize other northern involvement in the project. The air tanker operation offers the best opportunity for other Northern involvement through investment and subcontracting for example. The government understands that northerners want those opportunities made available to them now, not later as would be the intent of the DMHL strategy.

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Again, time is of the essence. As it is becoming apparent that we will not be able to conclude a successful agreement and contract in time to have air tanker services in place (under DMHL) next year, we are beginning to examine alternatives and how we can do that. We would like however, to be able to continue to develop this project with DMHL, under the direction set by Cabinet. Our instructions however, are that we must obtain very soon from DMHL, a proposal to proceed as per Cabinet direction, or to recommend alternate action to secure those services in the long term.

Would you please ask your client to reconsider its position in this matter. The Minister is not prepared to accept or take to Cabinet a position which does not address Cabinet's stated direction and objectives for the project.



Robert Doherty  
Deputy Minister

c. Honourable Don Morin  
Minister

Roland Bailey  
Deputy Minister  
Dept. of Economic Development & Tourism

Joe Handley  
Deputy Minister  
Dept. of Renewable Resources