

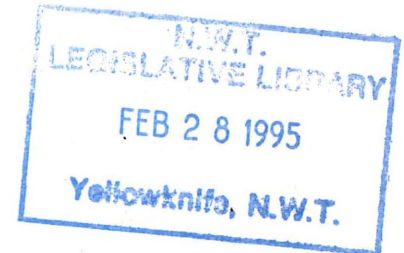


Dene Metis Holdings Ltd.  
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TABLED DOCUMENT NO. 34-12 (7) TABLED ON FEB 27 1995

October 17, 1994

Honourable Mr. D. Morin, Minister  
Department of Public Works & Government Services  
Government of the NWT  
Box 1320  
Yellowknife, NWT  
X1A 2L9



Dear Mr. Minister;

Re: Concerns Over Statement of Requirement Proposal By Our Firm

We have been advised by our Project Co-ordinator, Mr. J.A. Heron, that the Committee of Deputy Ministers had some significant concerns over our proposed approach to responding to the Statement of Requirement. The concerns were specifically expressed in Mr. R. Dorherty's October 6th, 1994 letter to Mr. J. Heron. The issues revolve around our desire to enter into a joint venture with Conair Aviation Ltd., which is "contrary to clearly defined objectives to make this a 100% northern project." And the appearance our firm has undertaken "to ignore the desire of others outside of Fort Smith to be involved in the project from the start." It was our understanding that the Project Co-ordinator's efforts to work with the Committee of Deputies was to serve several purposes. However, the main purpose was to use it as the means to guide the development of our response to the Statement of Requirement. Subsequently, Mr. Heron's October 5, 1994 letter reflected our initial approach in dealing with the entire project. Consequently, we appreciate achieving the "Overall Objectives" does pose complex challenges and issues for both the Government of the NWT and ourselves.

Dene Metis Holdings Ltd. is committed to being a major participant in the "Provision, Operations, and Maintenance of Heavy Land Based Air Tankers, CL-215 Fire-fighting Aircraft and Bird Dog Aircraft Services in the Northwest Territories." We see the Government playing and fulfilling a dual role in the process. First, the Government does so by making a real effort to assist us in achieving our economic objectives, which will contribute to the entire community's overall development. Second, the Government's fiduciary responsibilities compels it to ensure efficient spending of the taxpayers resources, in the provision of forest fighting services. Thus in a spirit of cooperativeness, we concur with the apparent Cabinet direction for negotiated contracts as they apply to capital items.

We are requesting that you consider sanctioning a two pronged approach in our response to the Statement of Requirement. Our two

pronged approach is to deal separately with the hanger and the provision, operation and maintenance fire-fighting aircraft respectively.

The first segment of our approach would be to provide a proposal for the construction of the hanger facility in Fort Smith. We agree fully with the need to have 100% Northern ownership of the hanger facilities in Fort Smith. Further more, we can envision achieving this objective with 100% Northern participation. The participation can take several forms, but we do feel confident that both Northern Capital and construction expertise can be obtained in the North. For example, we are prepared to solicit capital resources from different sources, but particularly from Aboriginal groups with large enough capital pools to finance the hanger project. We are also not adverse to such groups being the contractors, given that satisfactory terms and conditions for the financing can be arranged. The ultimate design of the facility will be to ensure that the needs of the anticipated provision, operation and maintenance activities associated with the fire-fighting activities are met. As a business, we foresee the need to develop our capital construction plans on the basis of sound market driven practises, such as; public tendering. Hence, we are prepared to put more effort into seeking both capital and construction expertise from sources outside of our community and in the North.

The second segment of our approach, is based upon the realization that the delivery of services related to the provision, operation and maintenance of the heavy land based air tankers, CL-215 and bird dog aircraft is both complex and highly specialized. In our humble opinion, the involvement and selection of the right entity or entities to undertake this type of activity requires substantially more detailed evaluations. At this juncture, our business sense leads us to believe that Conair Aviation Ltd. of Abbotsford, B.C. has all the necessary human and capital resources to make our participation profitable. However, we recognize that both the Government and the Dene Metis are vulnerable and susceptible to having acted in too much haste. Thus, the Dene Metis is prepared to reconsider its initial position and would like to propose a possible alternate course of action. One in which we believe we can both become winners.

We propose that the Committee of Deputies work with us in formulating a process to address the operation and maintenance activities of the project. Jointly our respective representatives will develop and approve details for a set of Terms of Reference. The Terms of Reference will be based upon critical issues, which are essential in achieving our respective objectives. For example, the Terms of Reference should reveal with certainty the existing capacity of the Northern aviators to provide suitably equipped bird dog aircraft. The main objective of the Terms of Reference themselves will be to allow us to conduct an objective

evaluation of potential Northern and invitational Southern participants in the project.

We further appreciate that the fire-fighting season will not wait for either of us and some arrangements for the upcoming season must be addressed now. To that end, we would recommend a further one season contractual extension be granted to Conair Aviation Ltd. for the 1995/96 fiscal year.

We believe that the process can be jointly cooperative in all aspects, including items like financing and making people available to participate where necessary. We have received some preliminary notification that our group does qualify for contribution funding and can access those resources on short notice to conduct this evaluation. We also believe that the time to complete this process must be kept to a minimum. In that respect, we think it can be accomplished within three months of your approval of this approach. Consequently, we are requesting that you give us the time needed to accomplish this evaluation and commit the Committee of Deputies to work with us on establishing the Terms of Reference.

You can appreciate that we have concerns, which stems from the fear of being either left out totally or playing a very minor role. As it has already been stated in a previous document, this "is probably the single most significant economic event offered to the Aboriginal people of Fort Smith in the history of the Government of the NWT." We depend upon your understanding and commitment to seeing that we maintain our majority ownership in the total project. Therefore, we want to make it abundantly clear that your offer to us, as represented in the Statement of Requirement, must be fully maintained. We are naturally anxious to see that the Government's commitment in this matter to our firm is binding and irrevocable.

In summary, we are very confident that we can provide a full proposal for the hanger by December 15, 1994, with commencement of construction in the summer of 1995. We are equally comfortable that 100% Northern ownership can be achieved and interest outside of the community can become a reality. We are requesting the Government's commitment and involvement in the design of Terms of Reference for the evaluation of potential Northern and Southern involvement in the project. Finally, we believe that you are committed to seeing the socio-economic well being of the Aboriginal people be achieved with dignity and hard work. It will be achieved through the maintenance of control in this project by our remaining a majority shareholder in a new company and your continuing commitment to our firm being the sole source contractor.

We would appreciate meeting with you to elaborate further on our approach at the your earliest convenience, if you so desire. We look forward to your earliest favourable response to our revised approach.

Yours truly,

  
Raymond Beaver  
Co-chairman

  
Earl Jacobson  
Co-chairman

c.c. J. Marie-Jewell, MLA  
Thebacha