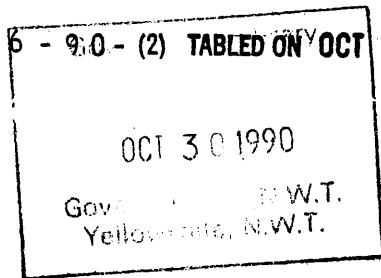




September 27, 1990

TABLED DOCUMENT NO. 46 - 910 - (2) TABLED ON OCT 29 1990

Mr. Peter Ernerk, M.L.A.
 Legislative Assembly
 Government of the Northwest Territories
 Yellowknife, Northwest Territories
 X1A 2L9



Dear Mr. Ernerk:

Thank you for your letter of August 2, 1990 concerning employment and business opportunities at the Forward Operating Location (FOL) at Rankin Inlet.

As you know, my department is committed to the principle that a maximum number of opportunities should be available to the northern communities in which the FOLs are being constructed. We have, in particular, insisted that certain specific contractual obligations be met. In order for bids to be considered valid, for example, they had to provide for a minimum of 15 per cent in northern benefits (including labour and subcontracts). Bidders also had to agree to maximize the use of local labour throughout the contract.

The North American Air Defence Modernization (NAADM) project office organized for the contractor to meet appropriate community and regional government representatives upon arrival at the site on July 24, 1990. Unfortunately, the contractor was inadequately prepared and unable to fully explain his hiring practices and working methods. The NAADM project office and the contracting agency, Defence Construction Canada (or DCC), have since spoken to the contractor and strongly reminded him of his contractual commitments. For the record, the contractor's progress to date in hiring local people is as follows:

<u>Date</u>	<u>Positions Offered</u>	<u>Number Hired</u>	<u>Number Who Have Quit</u>
July 27	5	2	0
August 2	15	13	2
August 16	20	20	7
August 17	25	20	7
August 21	26	26	8

.../2

Among 55 employees currently at the site, 18 are locals (26 were hired, but 8 have quit). That represents some 33 per cent of the work-force, that is to say more than double the agreed minimum requirement. What is more, the jobs span the broad cross-section of trades, including chambermaid, chainman, driver, secretary, compactor operator, mechanic, radio operator, heavy equipment operator, and labourer. The employees brought in from Quebec are the contractor's core staff (project manager, administration manager, some technicians, chef, construction superintendent and foreman, some mechanics, some truck drivers and various heavy equipment operators). It is quite understandable, and permitted under the contract.

The hiring process was agreed with DCC, the NAADM project office, and the Canadian Employment Centre (CEC) in Rankin Inlet after consultation with local residents and officials. The contract provides that "the contractor shall arrange ... for qualified local residents to fill those positions identified as vacant in his organization at the time of contract award". Positions are offered through the local CEC office prior to advertising anywhere else in Canada. The local CEC office then works with the community to fill vacancies. The NAADM project office monitors this process, in conjunction with the CEC, DCC and the Department of Indian Affairs and Northern Development, to ensure that the community benefits to the maximum extent possible.

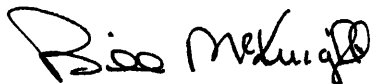
Because of the FOL project's very tight schedule, we have not imposed any training requirements on our contractors. The training done last year in connection with the rough fill contract was undertaken by the CEC and the Government of the Northwest Territories - with voluntary assistance from the contractor. It made it possible for numerous local residents to be hired. Unfortunately, the new contractor's equipment is very different, and while discussions are under way to address this issue before next year, neither the CEC nor the territorial government were in a position to provide additional training this year, in part because of the late date of the contract award and the agreement with the Northwest Territories to do early some work on the runway extension.

To date, we have had a very effective working relationship with the community of Rankin Inlet and representatives from all levels of government. A working group was established 18 months ago. The only complaint of which I am aware about the present contractor is one we have received from the Territories' Regional Director in Rankin Inlet. It seems, however, to have been based on an appraisal of the situation concluded a mere five days after the contractor arrived at the site. The fact that the Regional Director wrote directly to the contractor may also have inadvertently exacerbated the situation and caused some confusion with regard to contract management authority. The problem now seems to have been remedied: the proper government agency, DCC, has itself brought the matter to the contractor's attention.

I share your concern that a maximum number of opportunities should be available to local and Keewatin residents. My department's track record in the entire NAADM project is a good one, and I intend to keep it that way. There have been some difficulties, and the contractor provided insufficient information to the community. I am convinced, however, that initial fears about lack of local employment opportunities are premature. Rest assured that the project management staff will continue to work diligently to ensure that all terms of the contract's Northern Benefits Package are met.

I appreciate your interest in this important defence project. If you require further assistance, please do not hesitate to contact me or to take up your questions with the NAADM Project Manager, Colonel Marvin R. Sywyk, at (613) 992-1124.

Yours sincerely,



Bill McKnight