

Portage contract \$2.3-B windfall

Flight school to add 180 jobs

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By Paul Samyn

OTTAWA -- A Portage la Prairie military flight-training facility will get a \$200-million facelift and 180 new jobs, the *Free Press* has learned.

The federal government decided yesterday to award a hotly contested \$2.3-billion flight-training contract at Southport Aerospace Centre to a Western-based consortium over the protests of Quebec-based Bombardier Inc.

Senior government sources say National Defence Minister Bill Graham is expected to announce by month's end that Allied Wings is the winning bidder for the contract.

The contract is part of National Defence's plans to greatly expand its operation on the old Portage air force base, which provides military flight training for pilots from foreign countries on both single and multi-engine planes as well as helicopters. About 320 full-time employees currently work at Southport, half of whom work directly at the flight-training school. It is located three kilometres south of Portage la Prairie.

Allied Wings' win of the long-overdue contract caps an intense political struggle evoking memories of the 20-year-old CF-18 fighter contract, which saw Winnipeg's Bristol Aerospace lose out to Montreal-based Canadair, now owned by Bombardier.

While Prime Minister Paul Martin has vowed to make good on his promise to tackle western alienation, the Liberals were under intense pressure to help out the financially ailing Bombardier, which had been running the initial Southport contract.

"It's a win for Manitoba," said one government insider.

Allied Wings, whose lead partner is B.C.'s Kelowna Flightcraft, passed its final cabinet hurdle yesterday and government sources told the *Free Press* that the two competing firms will be notified shortly of the government's final decision.

Jim Rogers, Kelowna Flightcraft's program manager, said he is eagerly awaiting official confirmation from Ottawa but noted his firm understood their bid had won earlier approval from both National Defence and Public Works.

Rogers said Allied Wings will undertake to build a whole new flight-training centre, complete with new aircraft simulators, aircraft, hangar upgrades and a new fuel farm.

"It will be all Manitoba-based," Rogers said. "It will be a stand-alone Manitoba operation."

"It's going to mean quite a bit to our community," said Portage la Prairie Mayor Ian MacKenzie. "We're certainly happy to see the contract's been awarded," he said.

The addition of 180 jobs and the \$200 million facelift "is quite an added bonus," MacKenzie said late last night.

The 20-year contract is worth \$1.8 billion. With a two-year transition built in, the price tag jumps to \$2.3 billion, sources say.

Bombardier has been running the military flight-training program at Portage la Prairie for the past 12 years but that contract expires in August. While Portage was due for a major economic win regardless of who won the bid, there were concerns that political pressure to have Bombardier keep the contract could lead to delays that would hold up expansion plans.

The aerospace giant, long linked to Liberal largesse, recently began complaining it was being victimized because of its success in its bid to keep the Southport contract. Bombardier even alleged that federal officials changed procurement rules to aid its B.C. competitor.

The *Ottawa Citizen* reported earlier this month Bombardier made an appeal Feb. 14 to Treasury Board President Reg Alcock to cancel the competition for the new contract and restart the process. The government refused.

Zev Rosenzweig, Bombardier's vice-president of military aviation training, publicly stated his firm was up against an "ABB sentiment" -- anybody but Bombardier.

"Canadians hate success," he said.

"It's really sad. If we were Americans, everybody would be pushing the successful company, but Canadians can't get their minds around (success)."

Isabelle Savard, a spokeswoman for Defence Minister Bill Graham, said the bidding process has been completely fair, transparent and open.

"A formal announcement of who won the contract will be made soon," she said.

Portage-Lisgar Tory MP Brian Pallister said he is delighted the government has finally made a decision.

"The sooner we can get this contract underway, the better for Manitoba and the better certainly for flight training in Canada," Pallister said.

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-- With files from Carol Sanders