



**President's Report 2012
November 5 2012**

Welcome to HAC's first Fall Convention. We are here because you asked for the move, and this is a promising start. I wanted to start by thanking our Associates and exhibitors for their unwavering support. This is our second convention in the same calendar year, and our last meeting was only seven months ago. For our loyal exhibitors this was an unbudgeted marketing expense, and your show of support for our trade show is remarkable. Our trade-show floor sold-out on October 1 or thereabouts. For our Operators and Individuals, thank-you too for your show of support for your association. We know that it was only a few months ago we met in Ottawa.

The year has been full of changes and challenges for the industry and for your association... again. As they say, the only certain thing is uncertainty. The economy was struggling to recover, and a number of industry sectors are slowly starting to look-up, but the recovery is fragile and sector-specific. Fortunately in most places the Spring came early, and dry, and the Fall season was extended – even by a few late fires.

Your association is still strong – both in terms of its advocacy efforts and financially. You will hear more about our finances later, from our Treasurer Gary McDermid. While we are still receiving new membership applications and renewals, I will try to compare our membership numbers this Spring to where we are now. In March we had 124 Operators and 117 Associates. Our projected membership numbers this year are roughly 126 Operators and 121 Associates, but we have two new Corporate Sponsors – namely GE Capital and Sikorsky Aircraft, bringing our total number of Corporate Sponsors to 17. Welcome to HAC and thank you for your support!

HAC's members still operate over 80% of the civil helicopters in Canada today, but there are many smaller operators and many Quebec operators who are not members of HAC today. What's more, with about 1800 helicopters on the civil registry, Canada boasts the second largest fleet of helicopters in the world, and we intend to extend our reach for Associate members to include international suppliers as well as Canadian ones. In fact, because we are looking for new Associates and exhibitors to fill our growing trade show floor, and because so many of our Operator-members attend HAI, we are tentatively planning to exhibit at HAI in Las Vegas in March of next year.

Safety

HAC continues to be involved in a number of safety-related issues including it's continuing involvement with the International Helicopter Safety Team (IHST), the development of Best Practices, and a more recent dialogue with the department about expanded delegations of authority on operations-related issues.

Canadian Ownership Issues & NAFTA

A significant amount of your Association's time continues to be devoted to advocacy on Canadian Ownership-related issues, the limits set out in the CTA and exemptions thereto. Going forward we will also be examining more closely the factors that are considered by the CTA when they are considering de facto control of a company during the initial application for a license or during a restructuring.

Through the HAC office I also continue to receive calls about American operators in Canada operating under NAFTA's Specialty Air Service (SAS) provisions. The concerns of our members seem to center on the nature of the operation being conducted, and if it is truly a SAS operation. Members recently have also questioned whether the aircraft being operated is type-certified in Canada. Each complaint is followed-up by HAC with Transport Canada.

New Programs

Recently, HAC has decided to move forward with two new programs this year including a Policy Manual program with CPM Manuals that will help operators and associates develop standard policy on a broad range of employee-related issues at a minimal cost, including for example, bereavement leave, sexual harassment, or policy on the use of company vehicles. The policy manual will be available at a minimal cost to HAC members and will be flexible to adapt to your unique operational circumstances. We will be rolling this program out early in the New Year and Hugh Roberts of CPM Manuals will be making a presentation on this subject later today to introduce the project.

Also, building on a presentation we had in the Spring of this year and a pre-convention course that was delivered on November 3, HAC will be rolling out a program to help Operator and Associate members structure their relationship with their seasonal and full-time employees to minimize the potential that they will be scrutinized by Labour Canada. In Without-Prejudice discussions with Labour Canada we hope to develop templates to structure those seasonal and full-time relationships for pilots and maintenance trades in the context of an environment where we generally work very long hours for a few short months. This issue has been the proverbial gorilla-in-the-hall for many years in our industry and HAC believes that some guidance to members on this subject is critical to avoid costly and time-consuming disagreements with Labour Canada and employees, and to find mutually-acceptable solutions.

Litigation with HAC's Former President & CEO

This summer you may recall a Quebec trial judge ruled in HAC's favour in the matter of Brian Jenner's wrongful dismissal litigation. While as-of August 31 2012, our Draft Audited Financials still make reference to the potential for an appeal, I am pleased to report that a panel of three Quebec Superior Court Justices dismissed Mr. Jenner's motion for Leave to Appeal that decision on October 1 2012. Mr. Jenner has until December 29 if he intends to apply to the Supreme Court of Canada for Leave to appeal the decision. In the unlikely event that he does apply to the Supreme Court of Canada, we are advised that there is very little likelihood of success. Having said all that, Mr. Jenner has until November 29th 2012 to file his Leave to Appeal. This litigation has been a significant and time-consuming distraction from the business of running the association – both for your Board and for myself. I am pleased to say that this matter is now almost

behind us and moving forward, HAC can focus more on providing service to our members.

Recognition for Best Practices

In addition to the Best Practices that have already been developed by our committees and approved by the HAC Board - including Pilot Competencies for Helicopter Wildfire Operations, Canadian Onshore Seismic Operations, and Utility Flight Operations, a Fixed Long Line Class D Best Practice was recently approved by the Board and is now available on the HAC website. We also know that a new Mountain Flying Training Best Practice, a Heli-Skiing Best Practice, and a General Charter Operations Best Practice are in development as well.

For many years, Transport Canada has been encouraging certificate holders to embrace SMS and take more responsibility for their own safety experience, but at the same time has been steadfastly refusing to extend any new authority, responsibility or benefit to operators who step-up and operationalize SMS concepts.

I still believe, moving forward, that Transport Canada will provide those operators who can demonstrate that they have embraced these concepts, with recognition for their efforts. What's more, I know that the regulator is *already* looking at our Best Practices with a view to incorporating elements of those documents in to the CARs. This is not a bad thing. It provides our industry with recognition that we are on-the-right-track, and if the regulator "really has to regulate", it might as well be consistent with what we have decided is the "due diligence standard" for any given type of operation.

Flight & Duty Time

For 18 months, HAC and a number of its operator-members have been participating in a Fatigue Risk Management Working Group that has been tasked with making recommendations to update the current Flight & Duty Time Regulations.

The process has been driven largely by the interests of the large scheduled international fixed-wing operators and their unions, and has produced a set of recommendations that really are more suited to Air Canada and WestJet than to an Air Taxi helicopter operator. These recommendations are the single biggest threat to the economic viability of our industry – and what is also frustrating is that HAC simply does not believe that the current recommendations would enhance safety at all. Just to give you a flavour for a couple of the recommendations contained in the Working Group report, it endorses cumulative Duty Times, and a reduction from a maximum of 42-day tours, to 15-day tours.

HAC has aligned itself with four other like-minded associations and we have made a joint dissent to the Working Group Report. The report of the Working Group Co-Chairs and the joint dissent will be presented to the CARAC Technical Committee on November 6 and 7 at a meeting that I will be attending. It is unclear where all this is going to end-up, however HAC and its allies will be continuing this battle, and we will be enlisting your support with your local politicians if Transport Canada continues to proceed down this perilous course.

Governance Changes

You will see from our Agenda today that we are proposing some changes to our By-Laws. This is the first wave in a much larger series of amendments that we will be presenting at the AGM in Vancouver that are being driven by the transition to the new Canadian Not-For-Profit Corporations Act. The Board has formed a Governance Working Group to consider the changes called for by the new Act, but also to take the opportunity to consider other changes to our By-Laws and Letters Patent as part of a larger governance review in the context of our evolving association.

If you have a comment or a concern, please call me on my cell or drop me an email. It is your commitment, your willingness to speak out, and your passion for this industry that propels HAC forward.

Next Year's Convention and AGM will be held in the Vancouver Convention Centre and the Pan Pacific during the period November 7-10 2013, in our first full Fall format. I look forward to seeing you there.

I would like to take a moment to Recognize Barb Priestley's and Ashley Ha's tireless efforts preparing for our Convention and AGM and generally over the last year.

Finally I wanted to thank all of our members – Operators, Associates and Corporate Sponsors for their contributions to HAC's achievements, for your loyalty, and particularly for your patience in this bridge year as we make the transition to the Fall.