



HELICOPTER ASSOCIATION OF CANADA
Fall 2018 AGM
PRESIDENT’S REPORT
November 2 2018, Vancouver BC

It has been my great pleasure to serve HAC for my 10th year. They say that time passes quickly when you are busy – and it has gone by in a flash, for me at HAC. It hasn’t been without its challenges, though.

Industry & Association Circumstances

Our 2017-2018 Fiscal Year has been a particularly challenging for the Association and the industry. We continue to invest a significant amount of time and money on advocacy with respect to Flight & Duty Time Limits. It has been a significant distraction from other Association business, but your Association has been one of the leaders on this file. We have been working cooperatively with other National and Regional Associations to oppose the DRAFT regulations that were published in Canada Gazette I in July of last year. They are simply not suited to our industry segment, and they would aggravate a growing shortage of flight crews in our industry. While the regulations would not come in to force for at least four years – “Bad news – never gets better with time”, they say - and the issue is one of the most important regulatory issues to confront our industry in over nine years. We do know that the regulations have yet to pass Treasury Board, yet. We cannot say with certainty whether they will, or will not pass in the coming few weeks.

Fees

Over the last seven years, your Board and I have been reluctant to increase membership fees at all - resorting instead to modest increases in convention delegate fees and exhibitor fees to offset the Association’s rising costs. We know that you experience a similar dilemma with the cost of your own products and services.

You will hear from our Treasurer that HAC experienced a significant deficit of \$116,000 in the last Fiscal Year – owing primarily to a smaller-than-anticipated Eastern Convention in Ottawa, and the cost of our Advocacy efforts on Flight &

Duty time. The Association still has sufficient reserves, but the Board and I needed to take some decisive action, to see that the trend is reversed. As you know, we implemented a 6% membership fee increase in 2018-2019, and a 25% increase in our convention delegate fees – the delegate fee increase was largely to accommodate more international speakers, and the growth of the footprint of our convention from 2 ½ days to 3 ½ days – but also to offset rising Convention-related costs. Our membership fees have not increased since 2011. The Board and I were driven to increase our fees to ensure the long-term viability of HAC; and to rebuild our reserves, to be certain that we can continue to fund projects like Flight & Duty Time advocacy, going forward.

Our past practice has been to alternate between Eastern and Western conventions however, roughly 65% of our operator-members are in Alberta and BC. Our convention delegate numbers and our trade show numbers decline when we hold a convention in Eastern Canada – in Montreal, Quebec or Ottawa, for example. As a rule, we experience smaller trade show floors, and a lower number of delegates. To try and hold-the-line on further membership fee increases, the Board decided to hold our 2018 and 2019 Conventions in Vancouver, and they have recently decided to hold our 2020 convention in Vancouver as well.

While we have not settled on any policy to make Vancouver a permanent home for our Convention, the Board felt that this decision would help offset any requirement to significantly increase fees again in the near term, and felt that we should consult with members and associates – particularly those in the East – before coming to any firm conclusions on this subject of a longer term commitment to Vancouver. We are a national association, after all, but three consecutive Vancouver conventions we expect will help re-build our reserves to a more sustainable level in the near-term. As always, I also continue to search for non-dues sources of revenue, and to reduce our costs, to mitigate the potential for fee increases. We were delighted to have the Airbus International Powerline Symposium just prior to our own Convention, this year. It serves to attract greater interest in the HAC Conference, particularly from the international helicopter community and international exhibitors.

We know that your business circumstances have been challenging, notwithstanding a busy fire season this year. The price of oil is slowly rising and we know that mining and exploration have been slow – but showing signs of life. We continue to see explosive growth of UAV's or as they are known, now – Remotely Piloted Aircraft Systems (RPAS) or Drones. As they move forward to Beyond Visual Line of Sight operations we can expect more competition, and we continue to see conflicts occurring between manned, and unmanned aircraft – mostly from recreationally operated drones.

The helicopter business has never been easy, and we have seen a variety of business consolidations – and some failures occur in the last few years. We know that there is still a “race to the bottom” on rates, and the demand for experienced

flight crews has been increasing, and outstripping the supply. Ironically, we have received a reprieve from the effects of this HR phenomena because of the slower economy, but as the recovery takes place, we are feeling its pinch in a very significant way. More of our Operator-members continue to explore opportunities outside Canada, and exploit niche opportunities, inside Canada.

This past year, we have been engaged from an advocacy perspective on Light Data recorders; CRM Training; Laser Strikes; Flight & Duty Time & Fatigue Risk Management Systems; discussion of a new definition of Flight Time and Air Time; the use of Cannabis; new Passenger Rights laws; Dangerous Goods; and on Phase II of the Canadian Transportation Act review, to name a few.

I continue to sit on the International Helicopter Safety Team's Executive Committee, and on the Board of the Canadian Council for Aviation & Aerospace – two organizations who promote the interests of the Canadian helicopter industry, in their own important ways. I also sit on the NAV CANADA Advisory Committee, that provides advice to the NAV CANADA board on issues affecting the interests of the industry and the Corporation.

I wanted to take a moment to recognize and thank Barb, and Darlene, Katherine and Theresa and our volunteer students from Heli-College for their hard work and preparations for this year's convention. I know that they work tirelessly for you.

I know that Brian Clegg, our Treasurer will make reference to them individually, in his Treasurer's Report, but I also wanted to say a personal thank-you to our Corporate Sponsors and our Convention Sponsors – and to all of our member-Operators, Associates and Individuals for their on-going support for HAC. We couldn't do it without you. Thank-you.